



**SHENTEL®**

Always connected to you

**Q1 2020**

**Earnings Conference Call**

April 30, 2020

# Safe Harbor Statement

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This presentation includes “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, regarding our business strategy, our prospects and our financial position. These statements can be identified by the use of forward-looking terminology such as “believes,” “estimates,” “expects,” “intends,” “may,” “will,” “should,” “could” or “anticipates” or the negative or other variation of these similar words, or by discussions of strategy or risks and uncertainties. These statements are based on current expectations of future events. If underlying assumptions prove inaccurate or unknown risks or uncertainties materialize, actual results could vary materially from the Company’s expectations and projections. Important factors that could cause actual results to differ materially from such forward-looking statements include, without limitation, risks related to the following:

- ❑ Increasing competition in the communications industry; and
- ❑ Interruption in or other adverse change to Sprint's business, liquidity or financial conditions; and
- ❑ Certain provisions of our Sprint affiliate agreement may diminish the value of our PCS business; and
- ❑ The pending dispute with Sprint over the resetting of the travel fee; and
- ❑ Changes in other factors, including public health crises, such as pandemics and outbreaks of a contagious disease like the novel coronavirus, either nationally or in the local markets in which we operate.

A further list and description of these risks, uncertainties and other factors can be found in the Company’s SEC filings which are available online at [www.sec.gov](http://www.sec.gov), [www.shentel.com](http://www.shentel.com) or on request from the Company. The Company does not undertake to update any forward-looking statements as a result of new information or future events or developments.



# Chris French

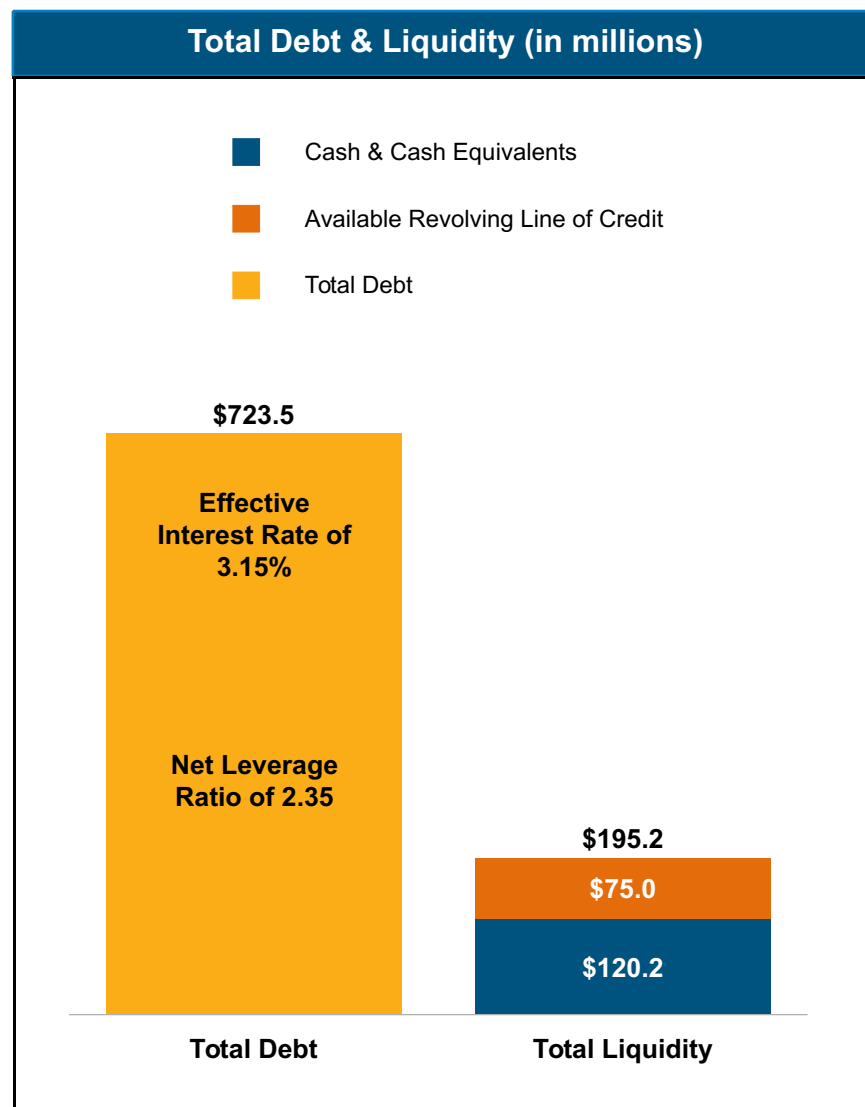
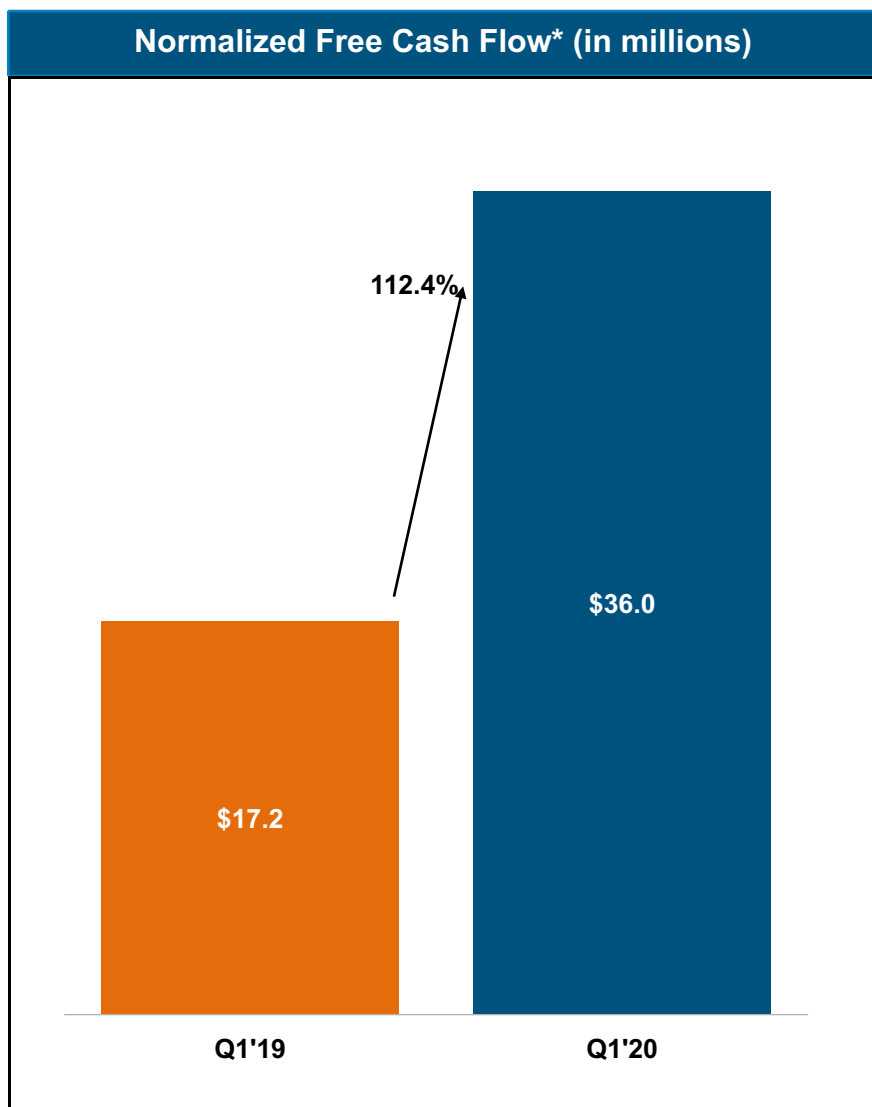
President and CEO

# COVID-19 Actions

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- Protect our employees and the communities that we serve
  - Instituted work at home policy for most employees
  - Outfitted customer facing employees with personal protective equipment
  - Implemented social distancing guidelines in our retail stores and customer homes during installations
  - Temporarily closed approximately 40% of our Sprint branded retail stores
- Serve our customers
  - Maintain and monitor the uptime and performance of our essential networks
  - Temporarily increase the minimum broadband bandwidth speeds to 50 Mbps
  - Temporarily increase data allowances for all broadband customers by 250 GBs
  - Temporarily suspend disconnects for customers unable to pay due to COVID-19
  - Introduced a new \$25 per month prepaid broadband service

# Consolidated Normalized Free Cash Flow and Uses



# Sprint/T-Mobile Merger Options

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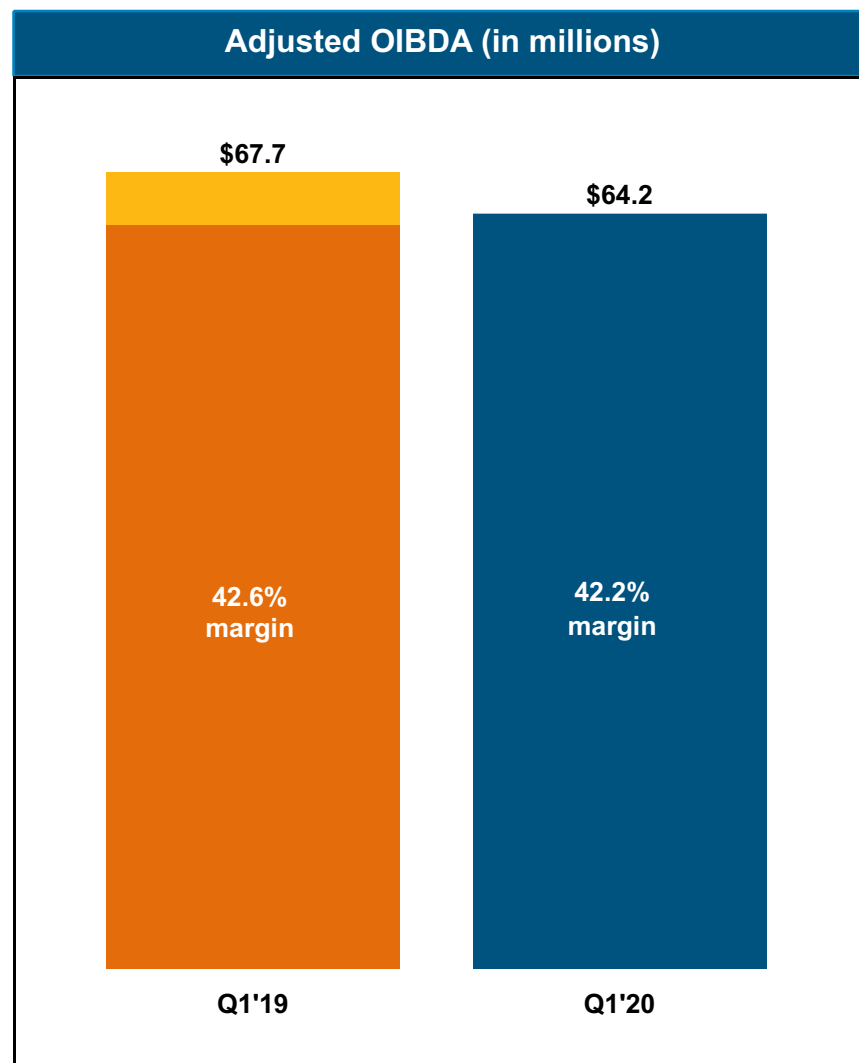
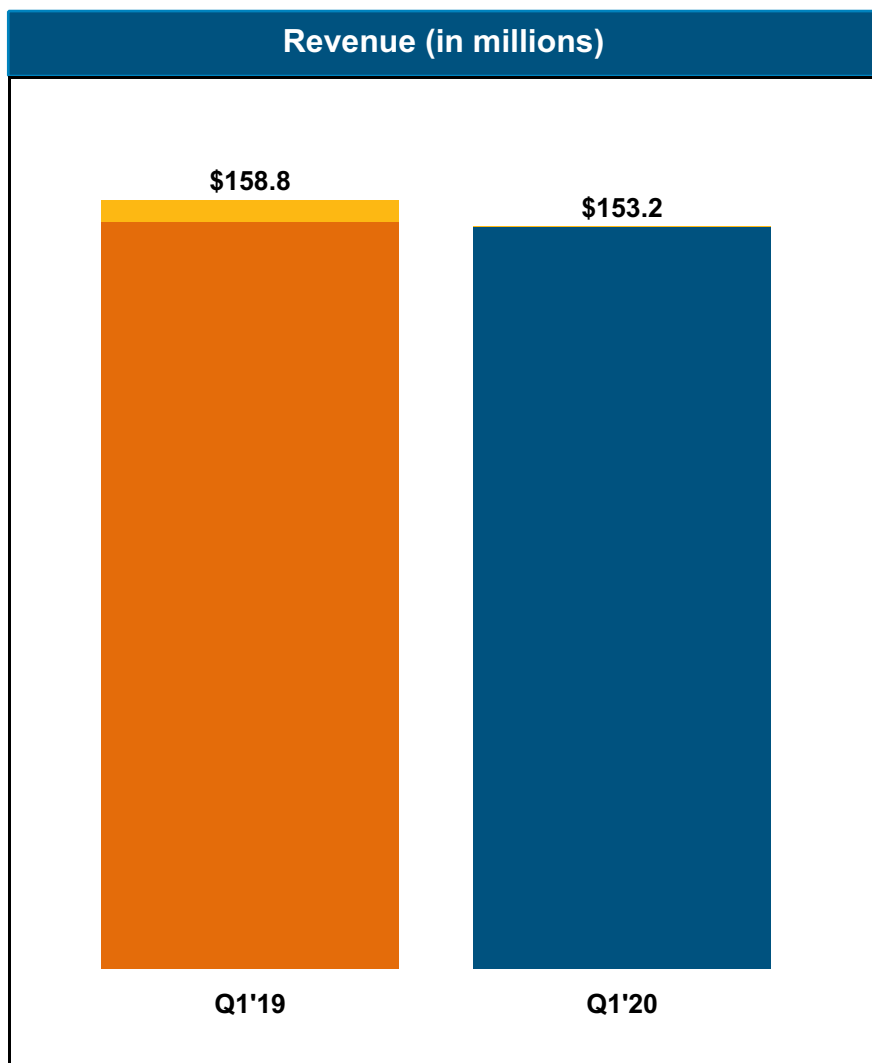
- 4/1/2020
  - ▶ Sprint / T-Mobile merger closed
  - ▶ Network Technology, Brand, and Combination Conversion Notice received
  
- 4/1/2020 - 6/30/2020
  - ▶ Negotiation period
  
- 7/1/2020 - 8/31/2020
  - ▶ New T-Mobile may elect an option to purchase the operating assets of our PCS business for 90% of EBV (entire business value)
  
- 9/1/2020 - 10/31/2020
  - ▶ If T-Mobile declines purchase option, Shentel may elect an option to purchase the legacy T-Mobile network and subscribers in our service area and incorporate them into our amended affiliate agreement
  
- 11/1/2020 - 10/31/2022
  - ▶ If Shentel declines purchase option, New T-Mobile must sell or decommission the legacy T-Mobile network and customers in our service area so Shentel becomes the exclusive provider of the new T-Mobile in our service area



# Jim Volk

SVP of Finance and CFO

# First Quarter Consolidated Results



Travel revenue



# First Quarter Consolidated Results

Operating Income (in millions)



Q1'19

Q1'20

Travel revenue

Net Income Per Diluted Share

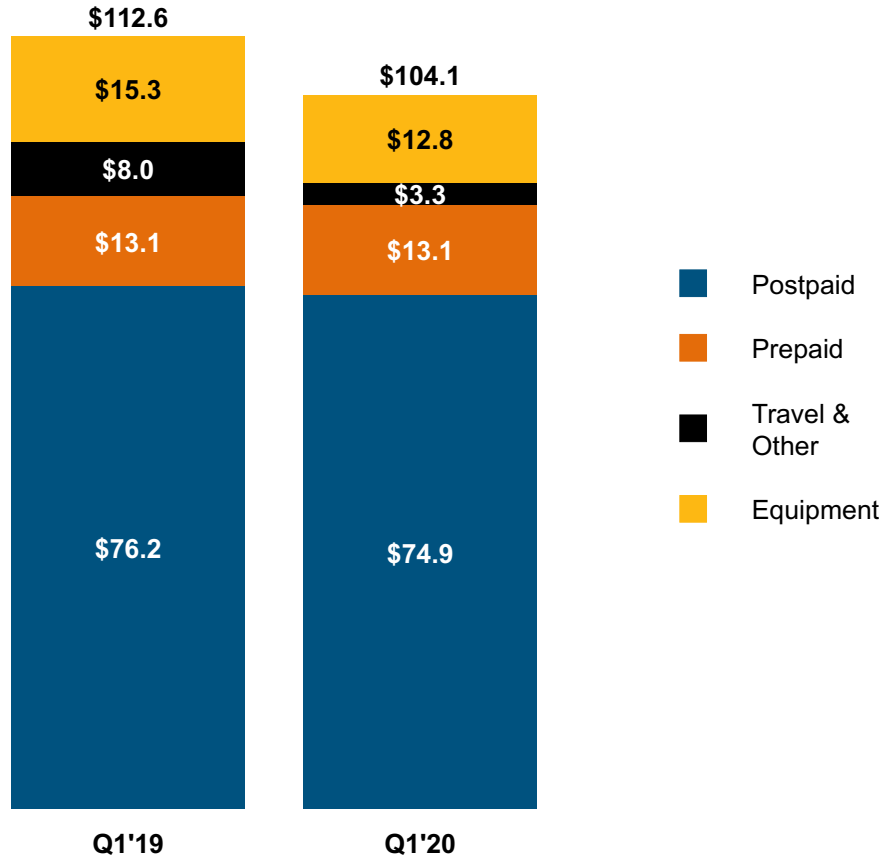


Q1'19

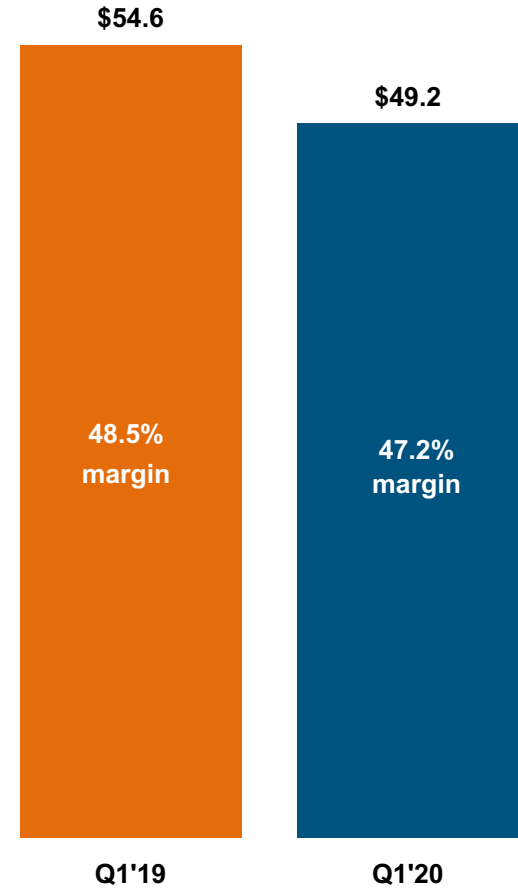
Q1'20

# Wireless Highlights - First Quarter Results

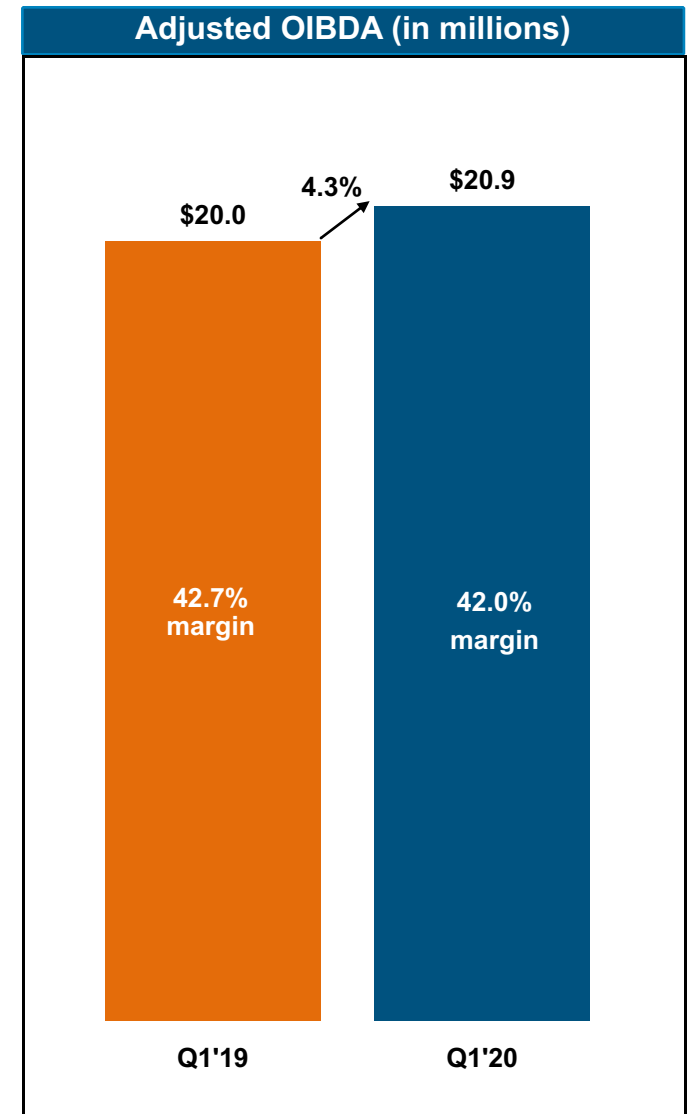
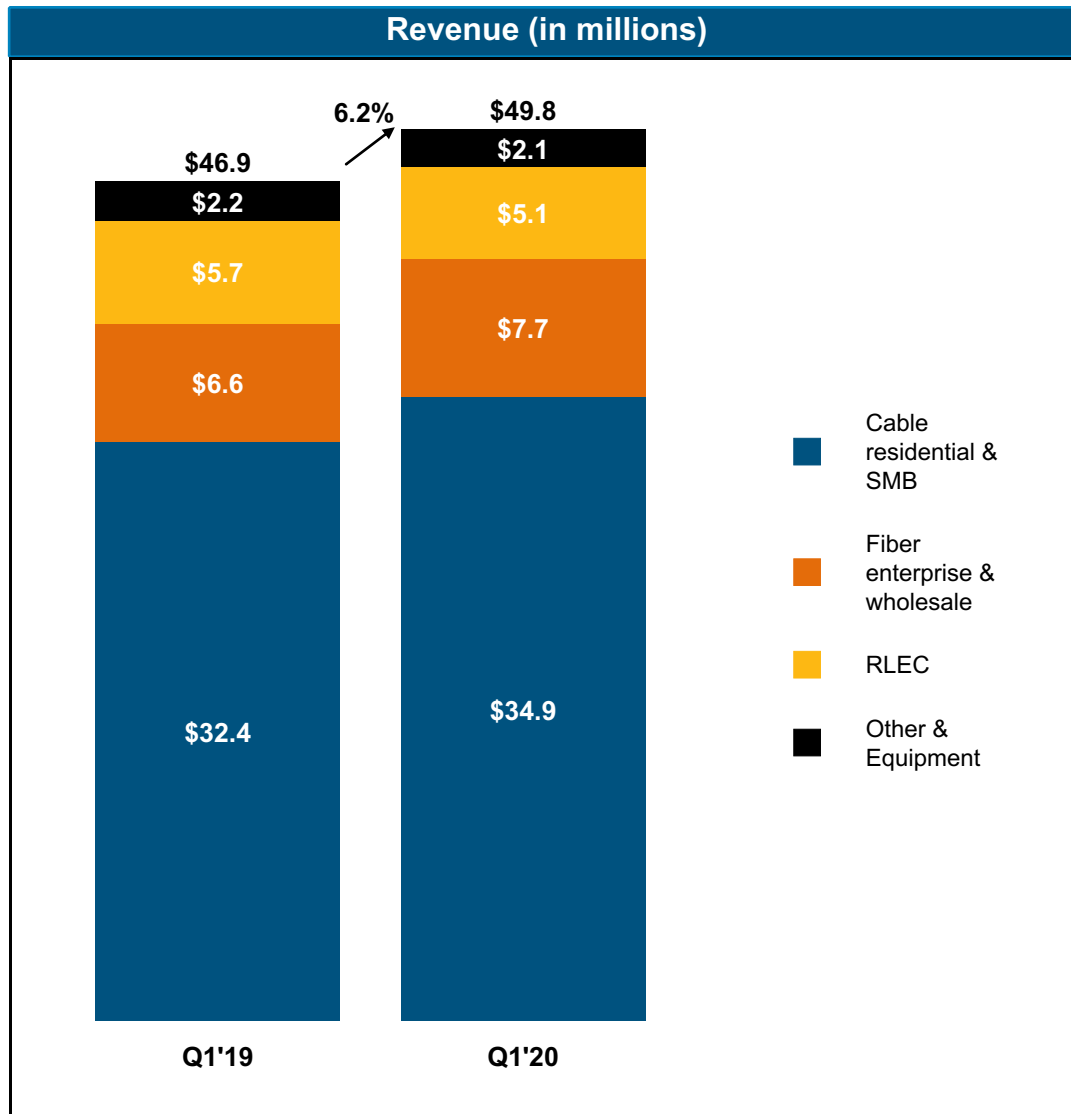
Revenue (in millions)



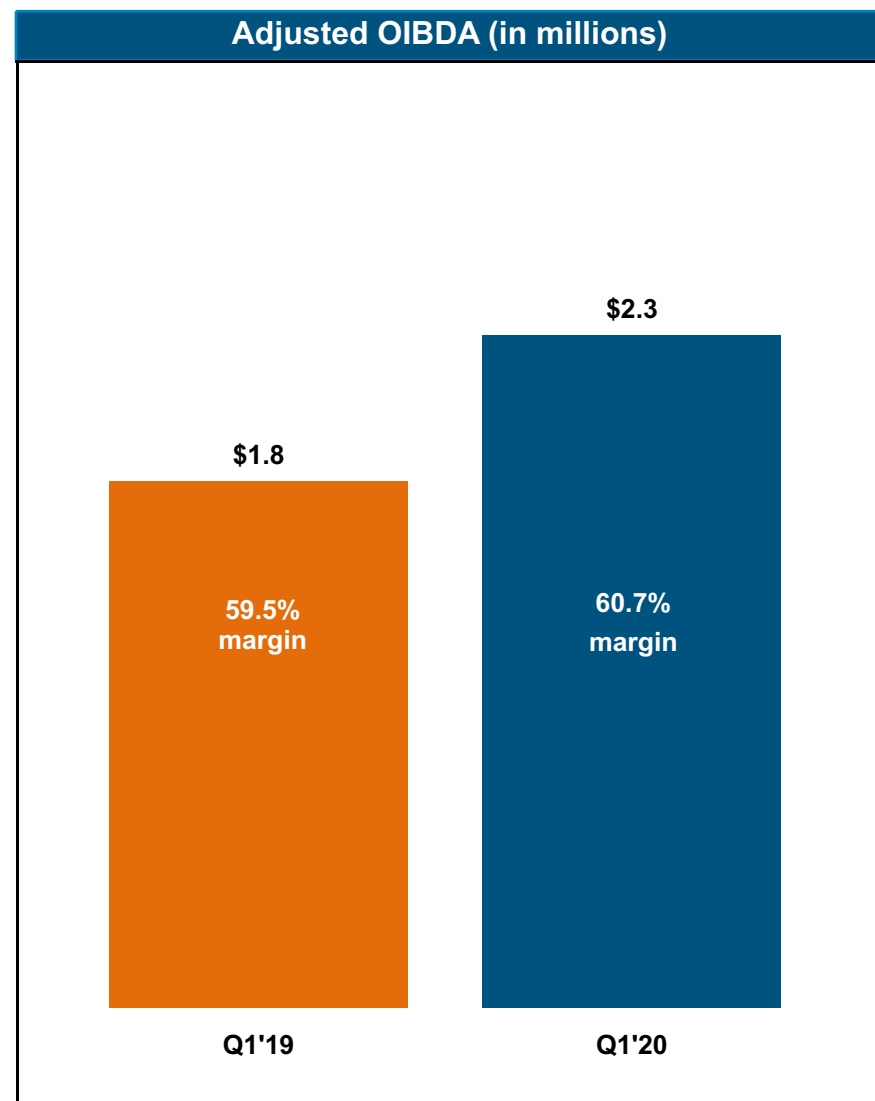
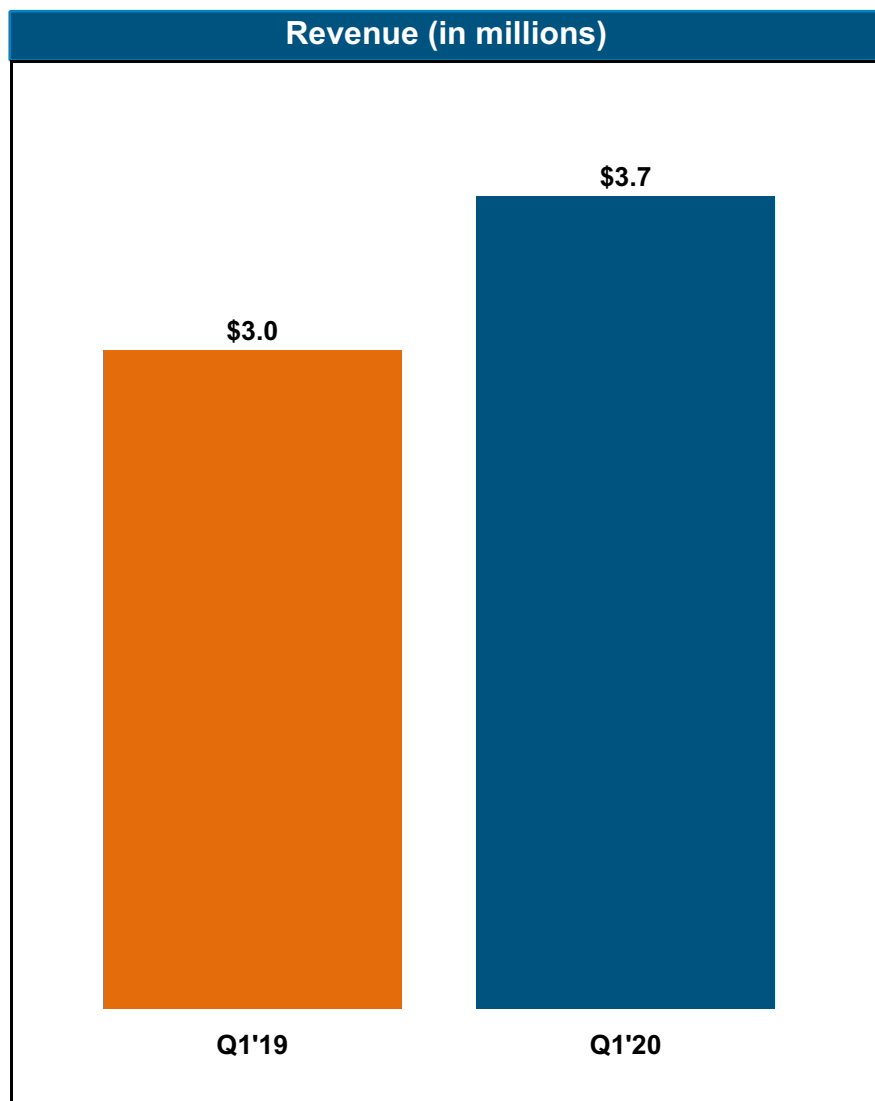
Adjusted OIBDA (in millions)



# Broadband Highlights - First Quarter Results



# Tower Highlights - First Quarter Results



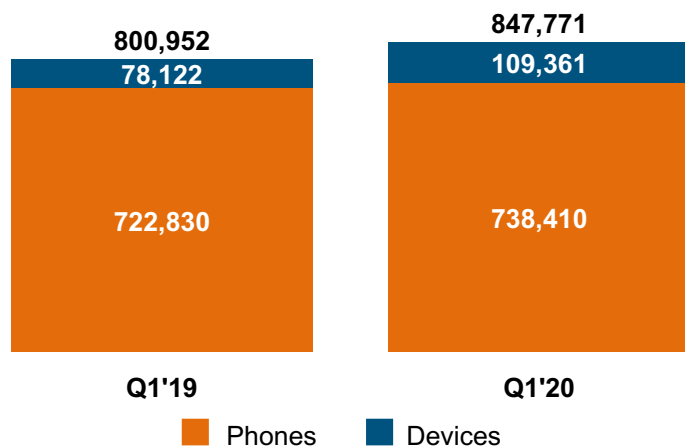


# Dave Heimbach

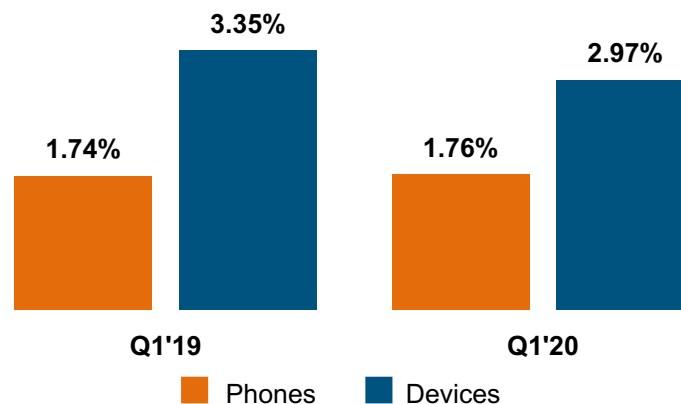
EVP and COO

# Wireless - Postpaid Metrics

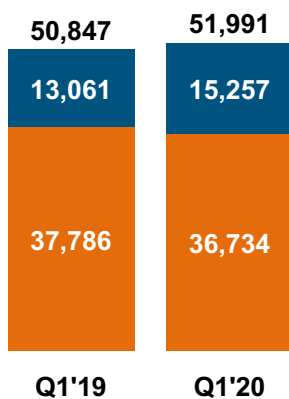
## Subscribers



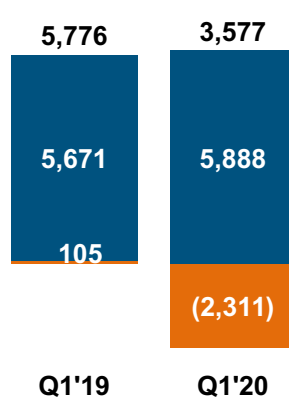
## Churn



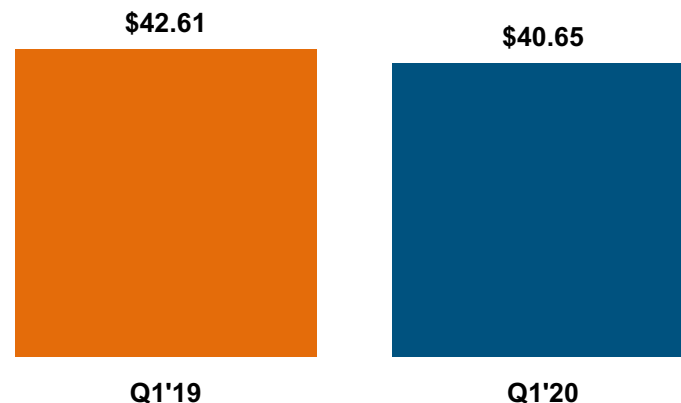
## Gross Additions



## Net Additions

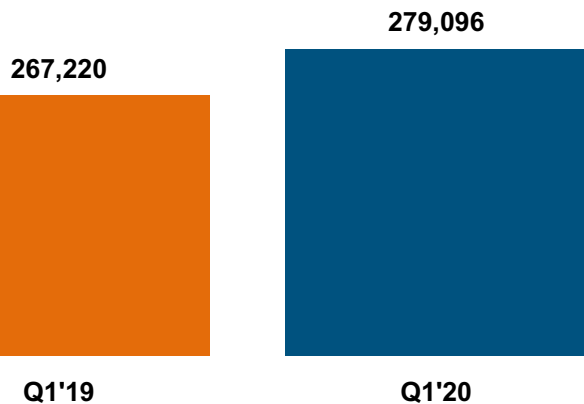


## ARPU\*

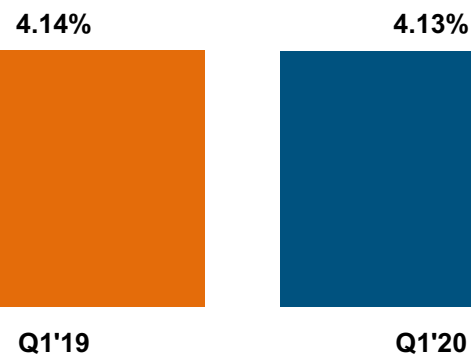


# Wireless - Prepaid Metrics

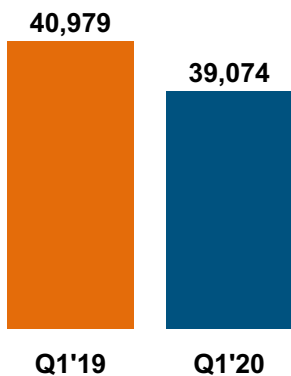
## Subscribers



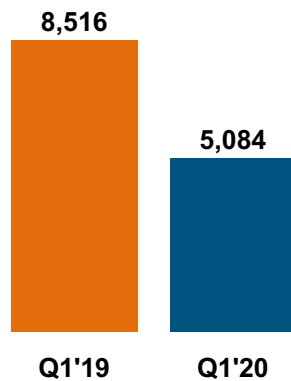
## Churn



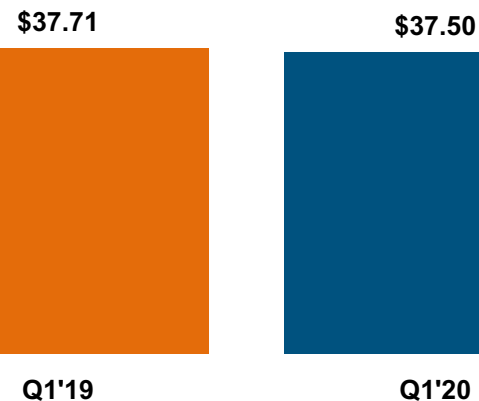
## Gross Additions



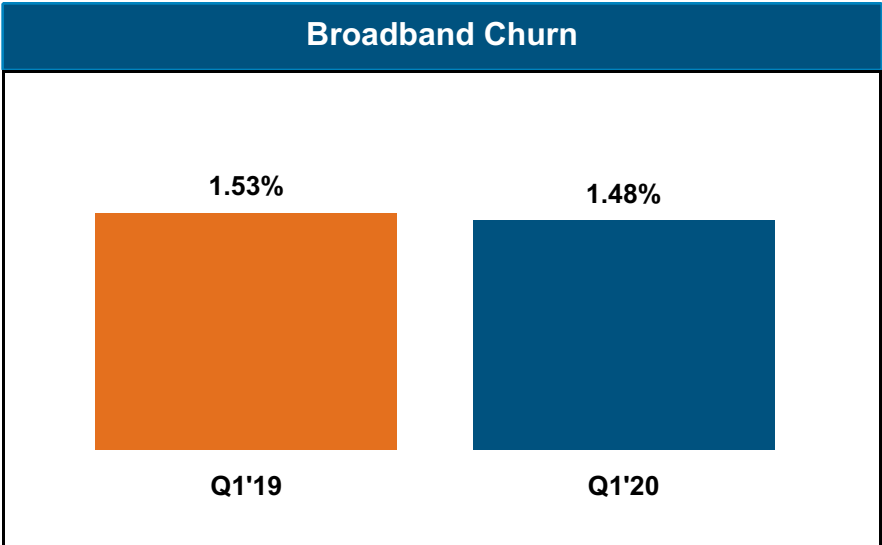
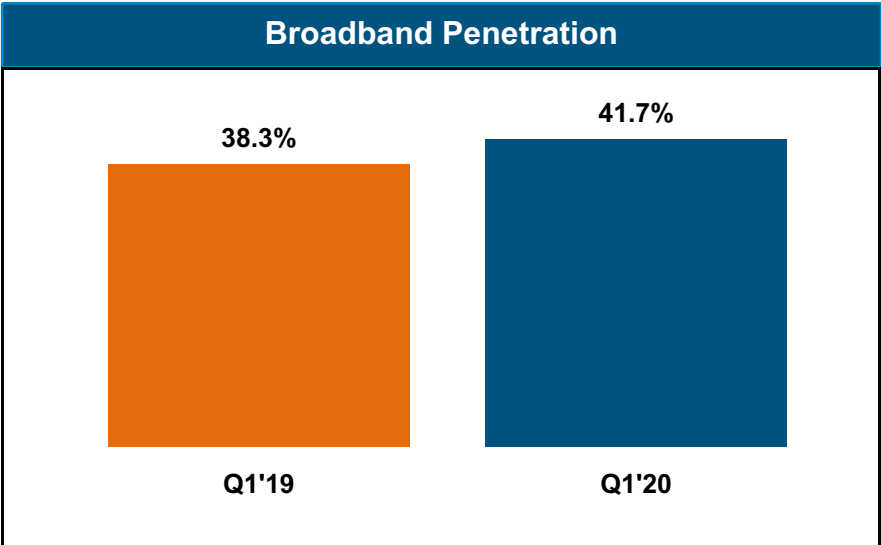
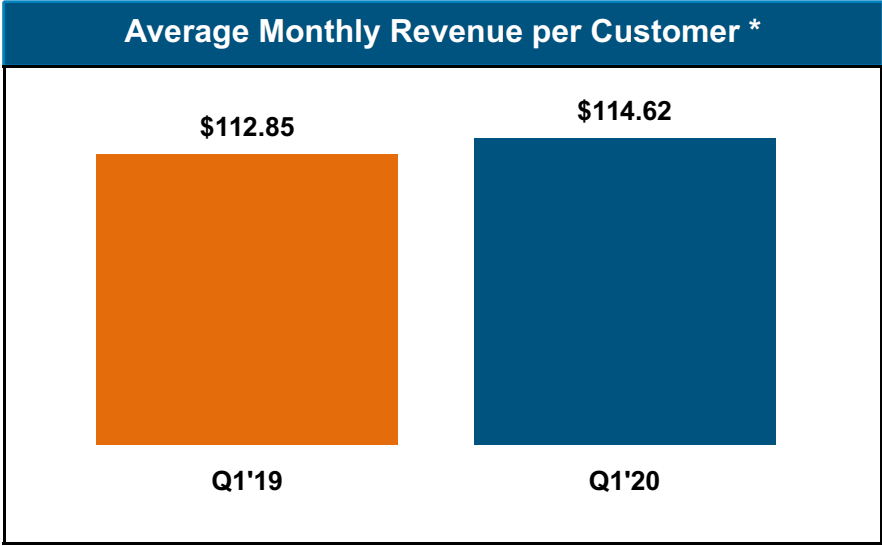
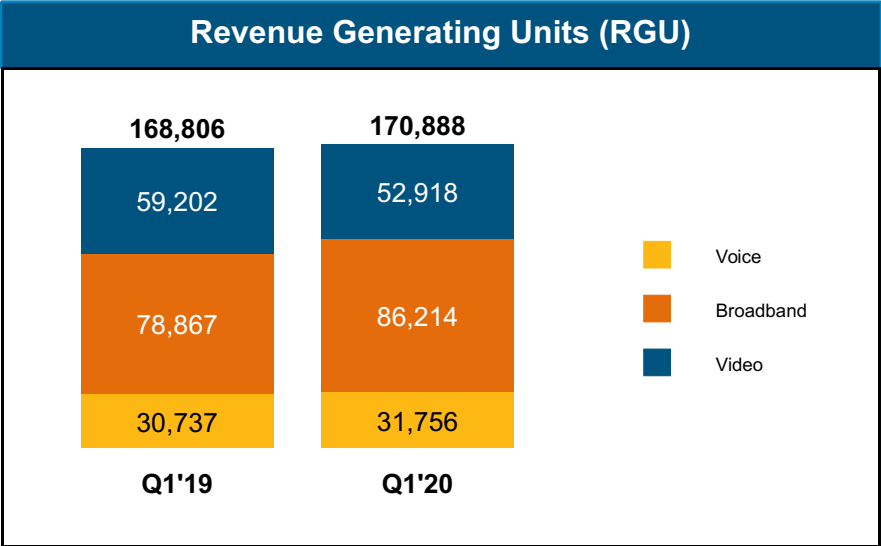
## Net Additions



## ARPU \*



# Broadband - Incumbent Cable Metrics

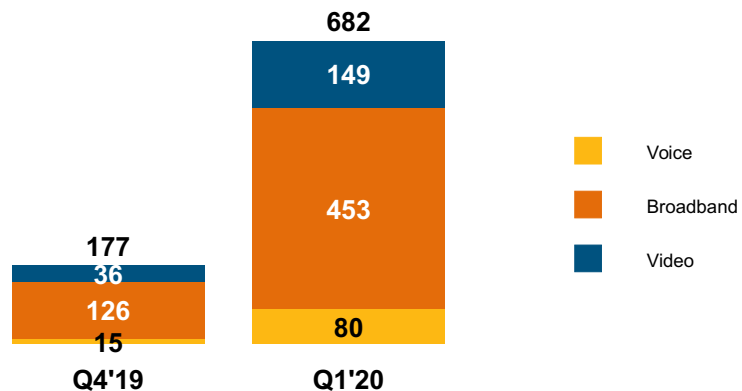


\* Refer to the Appendix for a reconciliation of Broadband segment revenue to average revenue per customer relationship.

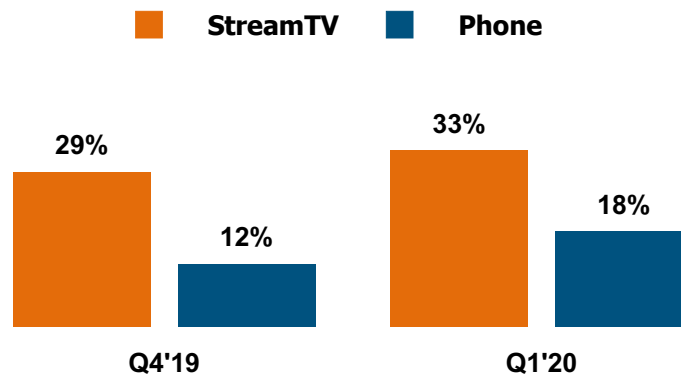


# Broadband - Glo Fiber Metrics

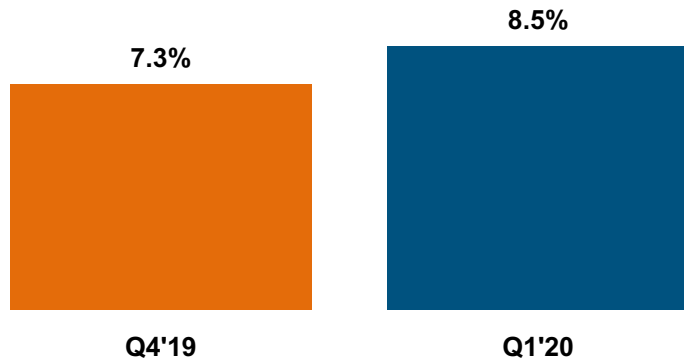
## Revenue Generating Units (RGU)



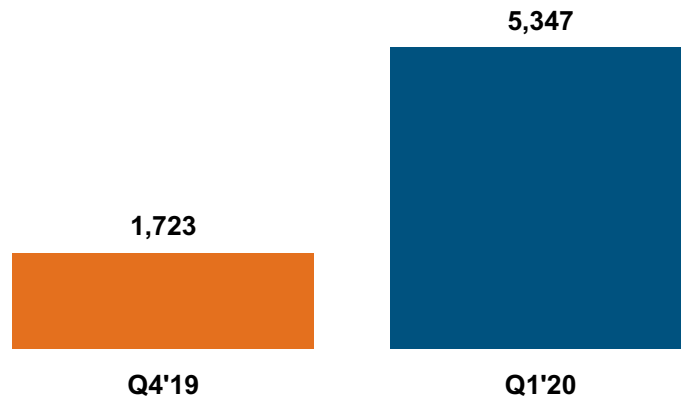
## Product Attach Rates




## Broadband Penetration

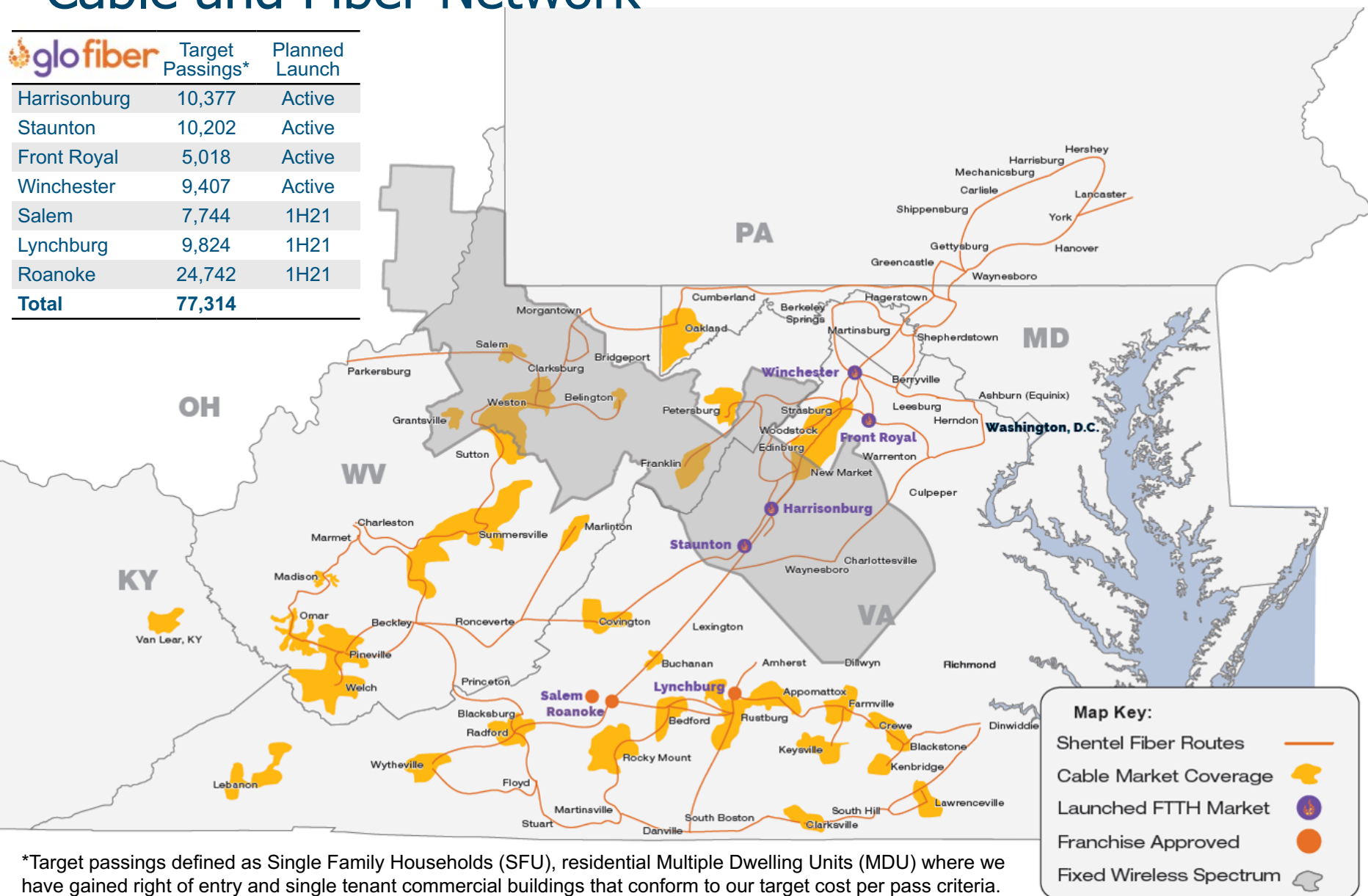


## Homes Passed



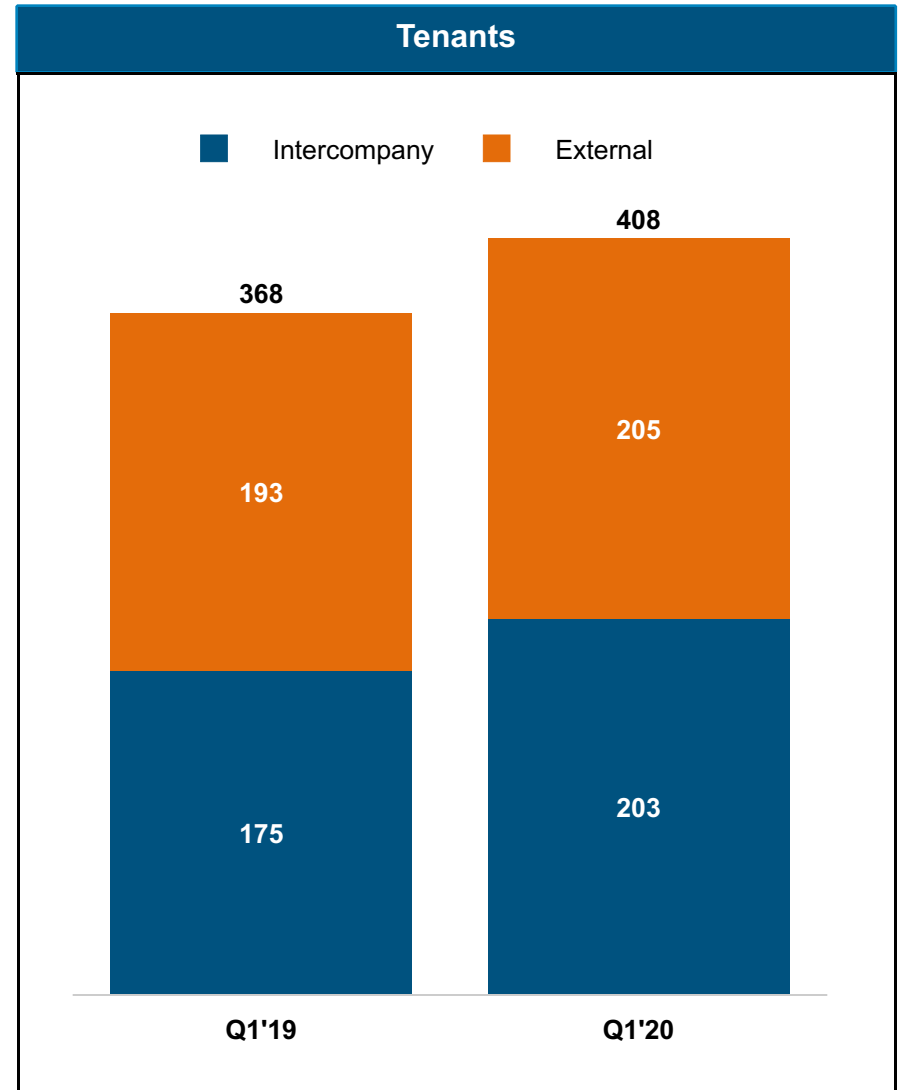
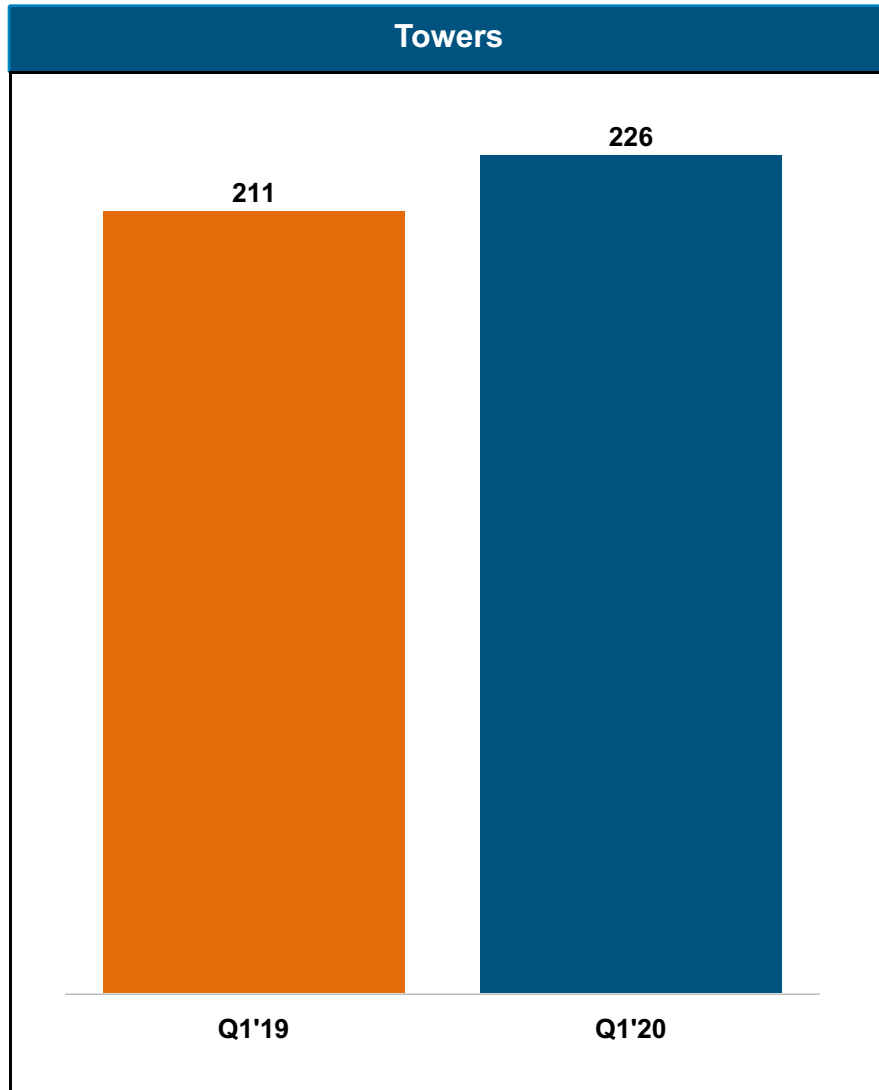
# Cable and Fiber Network

 glofiber	Target Passings*	Planned Launch
Harrisonburg	10,377	Active
Staunton	10,202	Active
Front Royal	5,018	Active
Winchester	9,407	Active
Salem	7,744	1H21
Lynchburg	9,824	1H21
Roanoke	24,742	1H21
<b>Total</b>	<b>77,314</b>	



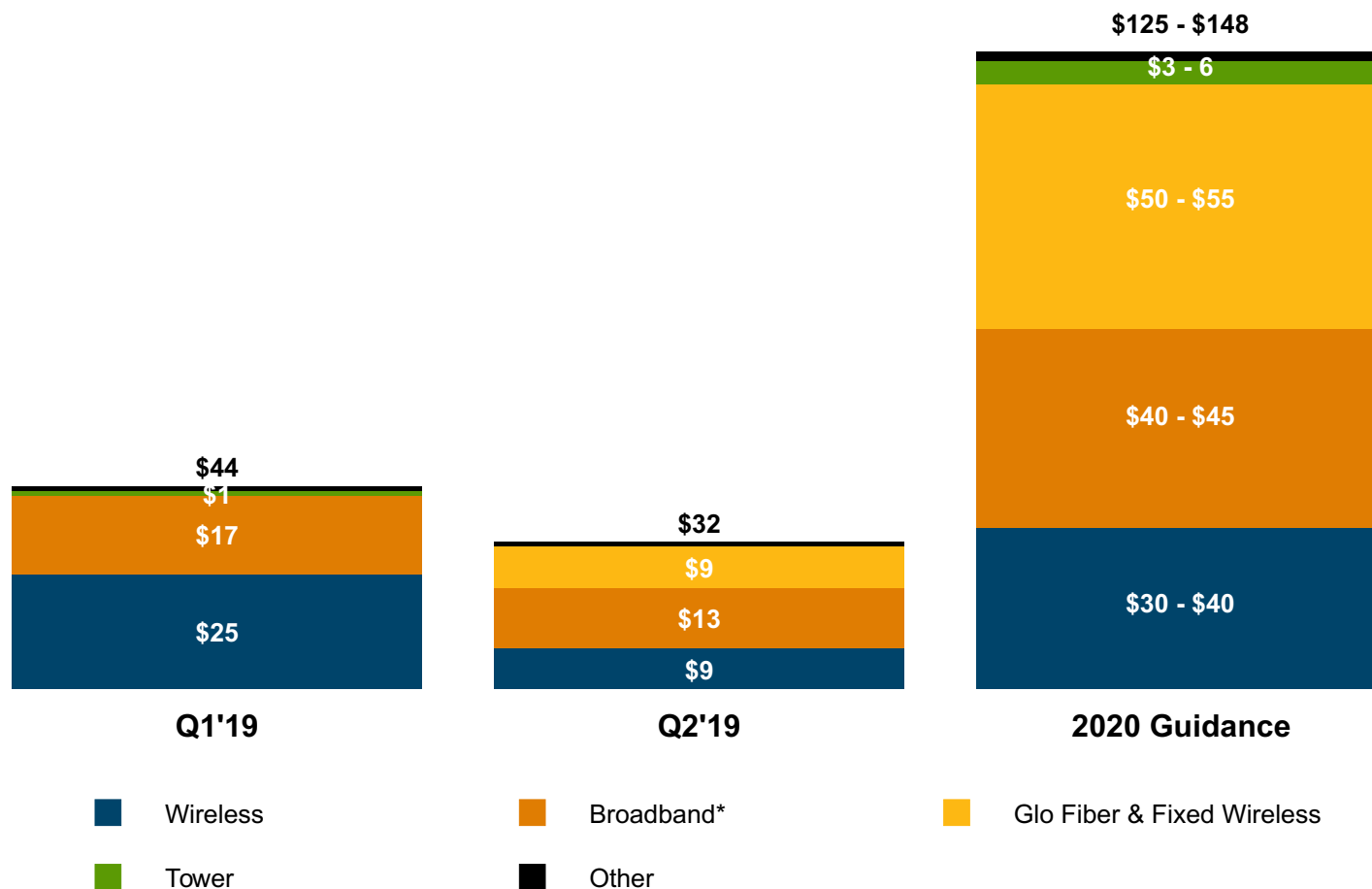
\*Target passings defined as Single Family Households (SFU), residential Multiple Dwelling Units (MDU) where we have gained right of entry and single tenant commercial buildings that conform to our target cost per pass criteria.

# Tower - Metrics



# Capital Expenditures

## Capex Spending (\$ in millions)



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# Q&A

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# Appendix

# Use of Non-GAAP Financial Measures

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Included in this presentation are certain non-GAAP financial measures that are not determined in accordance with U.S. generally accepted accounting principles. These financial performance measures are not indicative of cash provided or used by operating activities and exclude the effects of certain operating, capital and financing costs and may differ from comparable information provided by other companies, and they should not be considered in isolation, as an alternative to, or more meaningful than measures of financial performance determined in accordance with U.S. generally accepted accounting principles. Management believes these measures facilitate comparisons of our operating performance from period to period and comparisons of our operating performance to that of our peers and other companies by excluding certain differences. Shentel utilizes these financial performance measures to facilitate internal comparisons of our historical operating performance, which are used by management for business planning purposes, and also facilitates comparisons of our performance relative to that of our competitors. In addition, we believe these measures are widely used by investors and financial analysts as measures of our financial performance over time, and to compare our financial performance with that of other companies in our industry.

## Adjusted OIBDA by Segment - Quarterly Results

### Three Months Ended March 31, 2020

(in thousands)

	Wireless	Broadband	Tower	Corporate & Eliminations	Consolidated
Operating income (loss)	\$ 23,444	\$ 10,030	\$ 1,795	\$ (12,219)	\$ 23,050
Depreciation	21,010	10,717	470	271	32,468
Amortization of intangible assets	4,714	154	—	—	4,868
OIBDA	49,168	20,901	2,265	(11,948)	60,386
Share-based compensation expense	—	—	—	2,905	2,905
Non-recurring deal advisory fees	—	—	—	910	910
Adjusted OIBDA	\$ 49,168	\$ 20,901	\$ 2,265	\$ (8,133)	\$ 64,201
Total revenue	\$ 104,138	\$ 49,786	\$ 3,730	(4,466)	\$ 153,188
Adjusted OIBDA margin	47.2%	42.0%	60.7%	N/A	41.9%

### Three Months Ended March 31, 2019

(in thousands)

	Wireless	Broadband	Tower	Corporate & Eliminations	Consolidated
Operating income (loss)	\$ 24,213	\$ 10,049	\$ 1,124	\$ (10,599)	\$ 24,787
Depreciation	24,752	9,950	680	138	35,520
Amortization of intangible assets	5,618	41	—	—	5,659
OIBDA	54,583	20,040	1,804	(10,461)	65,966
Share-based compensation expense	—	—	—	1,714	1,714
Adjusted OIBDA	\$ 54,583	\$ 20,040	\$ 1,804	\$ (8,747)	\$ 67,680
Total revenue	\$ 112,621	\$ 46,881	\$ 3,033	(3,692)	\$ 158,843
Adjusted OIBDA margin	48.5%	42.7%	59.5%	N/A	42.6%



# Net Leverage Ratio

*(\$ in thousands)*

	<b>Q1'20</b>
Total Debt	\$ 723,509
Cash	120,232
Total Debt less Cash	603,277
Adjusted OIBDA	64,201
	x4
Adjusted OIBDA (last quarter annualized)	\$ 256,804
Net leverage ratio	2.35

# Normalized Free Cash Flow & Free Cash Flow

(\$ in thousands)	Q1'19	Q1'20
Net Cash Provided by Operations	\$61,663	\$61,108
Less: Capital Expenditures*	(44,420)	(25,104)
Normalized Free Cash Flow	<b>17,243</b>	<b>36,004</b>
Glo Fiber & Fixed Wireless Capital Expenditures	—	(7,195)
Free Cash Flow	<b>\$17,243</b>	<b>\$28,809</b>

\*Excludes capital expenditures for Glo Fiber & Fixed Wireless

Free cash flow and normalized free cash flow are non-GAAP financial measures that, when viewed with our GAAP results, provides a more complete understanding of factors and trends affecting our cash flows. Free cash flow is calculated by subtracting capital expenditures from net cash provided by operating activities. Normalized free cash flow is calculated by subtracting capital expenditures, excluding new services such as Glo Fiber and Fixed Wireless services, from net cash provided by operating activities. We believe they are more conservative measures of our cash flow since purchases of fixed assets are necessary for ongoing operations and expansion. Free cash flow and normalized free cash flow are utilized by our management, investors and analysts to evaluate cash available that may be used to pay scheduled principal payments on our debt obligations and provide further investment in the business.

# Wireless Average Revenue per User (ARPU)

*(\$ in thousands, except subscribers and revenue per subscriber amounts)*

	<b>Q1'19</b>	<b>Q1'20</b>
Postpaid billings	<u>\$ 101,869</u>	<u>\$ 103,096</u>
Average postpaid subscribers*	796,953	845,304
<b>Average monthly billed revenue per postpaid subscriber**</b>	<b><u>\$ 42.61</u></b>	<b><u>\$ 40.65</u></b>
Prepaid billings	\$ 29,533	\$ 30,936
Average prepaid subscribers*	261,069	274,999
<b>Average monthly billed revenue per prepaid subscriber**</b>	<b><u>\$ 37.71</u></b>	<b><u>\$ 37.50</u></b>

\* Represents a quarterly average

\*\* Average monthly billed revenue per subscriber = (billed revenue excluding write-offs\*1,000) / average subscribers / 3 months

# Broadband - Average Revenue Per Customer

(\$ in thousands, except customer and per customer amounts)		Q1'19	Q1'20
Incumbent Cable Residential & SMB Revenue	\$	32,426	\$ 34,866
Average customer relationships*		95,782	101,616
<b>Average Revenue Per Customer**</b>	\$	112.85	\$ 114.62

\* Represents a quarterly average

\*\*Average Revenue Per Customer calculation = (Residential & SMB Revenue \* 1,000) / average customer relationships / 3 months

# Broadband - Cable & Fiber Metrics

	As of March 31,	
	2019	2020
<b>Homes passed</b>	<b>206,113</b>	<b>212,129</b>
<b>Total revenue generating units</b>	<b>168,806</b>	<b>171,570</b>
<b>Customer relationships</b>	<b>95,933</b>	<b>103,287</b>
<b>RGUs per customer relationship</b>	<b>1.76</b>	<b>1.66</b>
 Video		
Revenue generating units	59,202	53,067
Penetration	28.7%	25.0%
 Broadband		
Revenue generating units	78,867	86,667
Penetration	38.3%	40.9%
 Voice		
Revenue generating units	30,737	31,836
Penetration*	16.2%	16.3%

\*Voice penetration based on voice homes passed of 189,613 and 195,537, respectively.