



SHENTEL[®]

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NASDAQ: SHEN

Shenandoah Telecommunications Company

RAYMOND JAMES

INSTITUTIONAL INVESTOR CONFERENCE

MARCH 6, 2019

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, among other things, 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
- ❑ A complex and uncertain regulatory environment.

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, 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.

Included in this presentation are certain non-GAAP financial measures that are not determined in accordance with US 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 US 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.

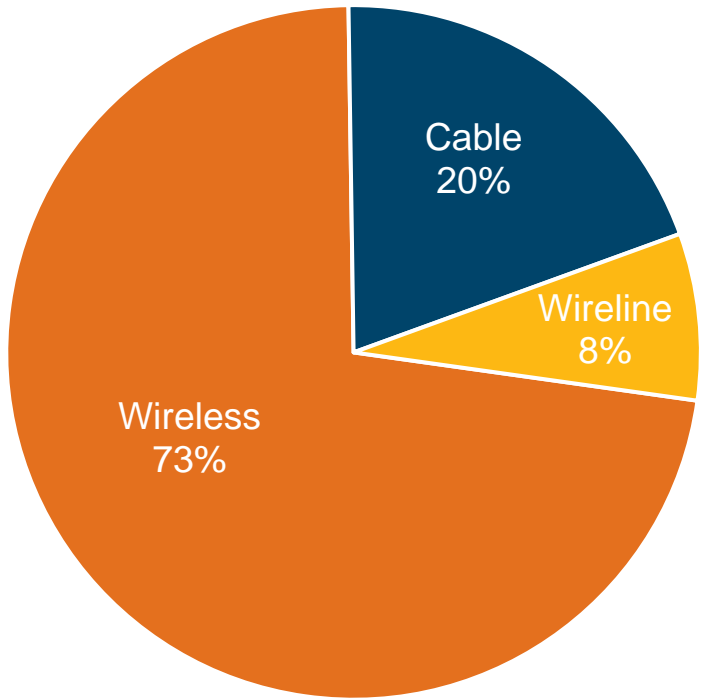
Who We Are:

- Diversified telecommunications services provider of wireless, cable, fiber network and local and long distance telephone to customers in the Mid-Atlantic United States
- Focused on small communities and rural areas
 - Upgraded high speed network provides coverage and reliability comparable to more densely populated areas
- Sprint affiliate

Our Strategy

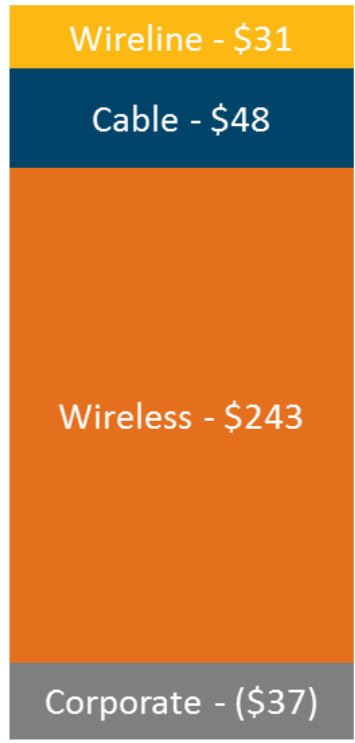
- Leverage our extensive and growing coverage area, high-caliber network and exceptional service to grow our leadership position in the markets we serve

- **3 Complementary Revenue Streams: Wireless, Cable & Wireline**



2018 Revenue

Consolidated - \$286



2018 Adj. OIBDA
\$ in millions

- Strong subscriber growth
 - Added 58,579 net postpaid wireless subscribers
 - Added 32,882 net prepaid wireless subscribers
 - Added 4,261 net broadband subscribers in Cable, an increase of 6.7%, while growing broadband ARPU 9.2% year over year

- Commercial fiber revenue growth of 7.3% year over year

- 212 new fiber route miles constructed bringing the total to 5,641 with 83% of total fiber capacity available

- Increased the number of company-owned towers from 192 to 208

- Constructed 89 new Fiber to the Tower (FTTT) sites bringing the total to 423 driving lower backhaul related operating expenses in Wireless.

▪ Revenue

- \$630.9 million compared with \$612.0 million in 2017

▪ Operating Income

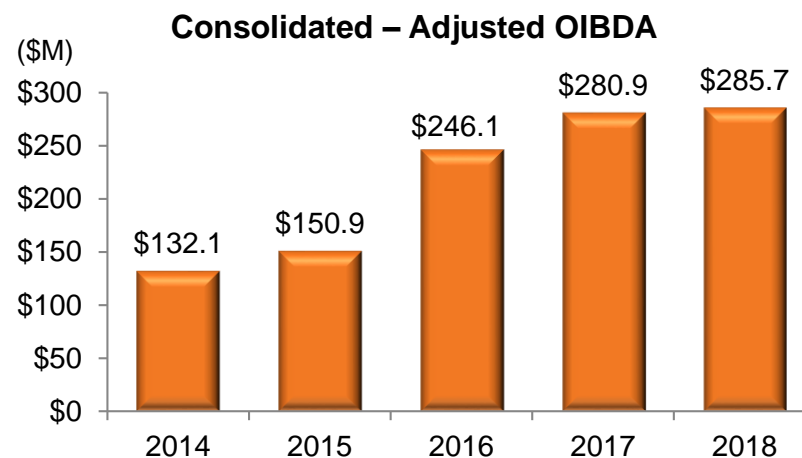
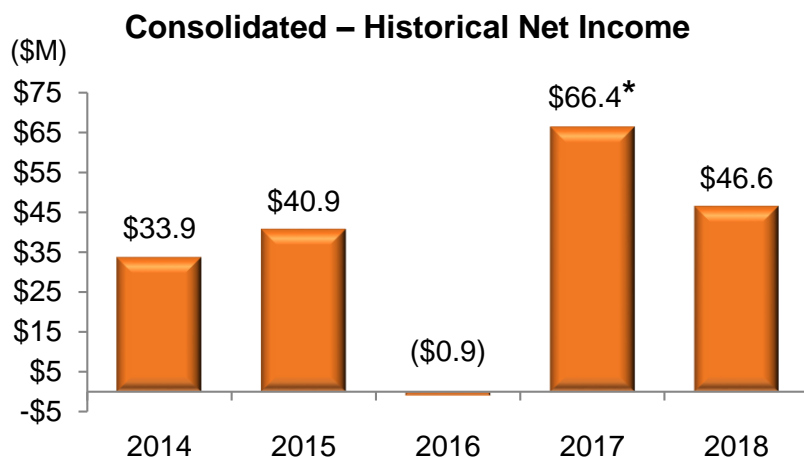
- More than doubled to \$93.2 million

▪ Net Income

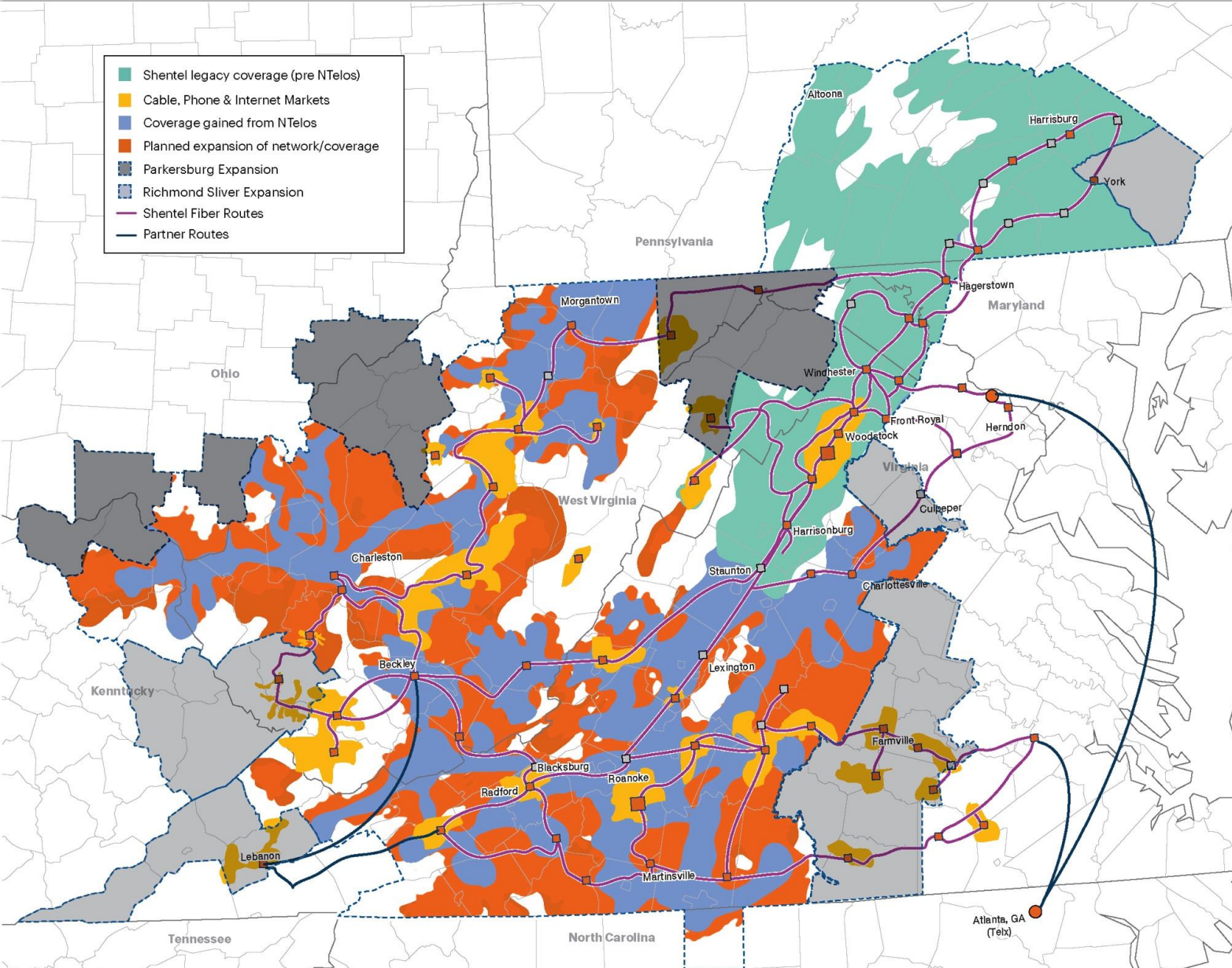
- \$46.6 million in 2018 or \$0.94 per basic share

▪ Adjusted OIBDA

- \$285.7 million, representing a 45.3% Adjusted OIBDA margin, compared with \$280.9 million and 45.9% in 2017.



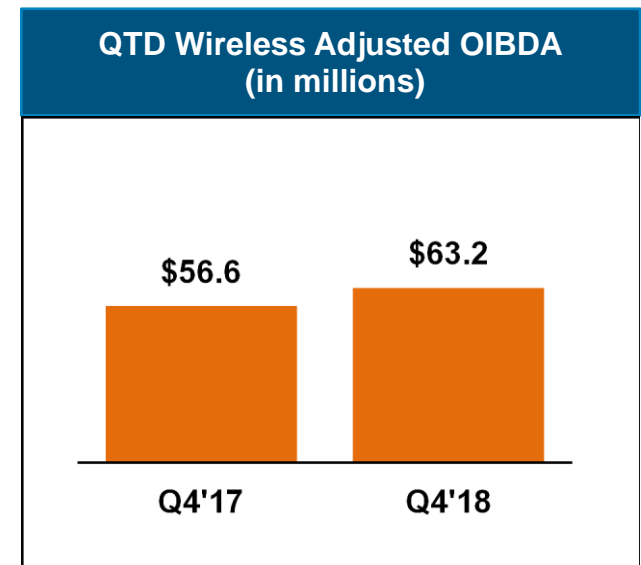
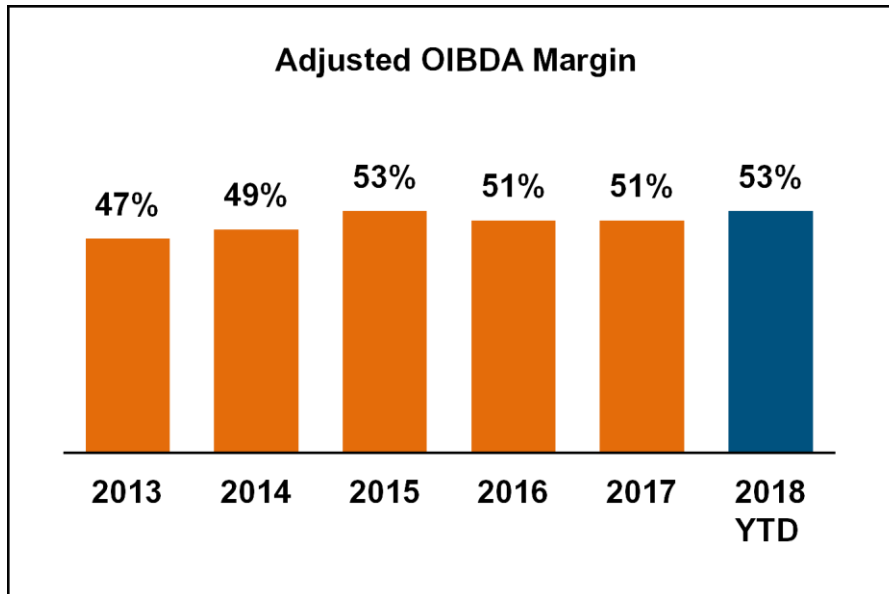
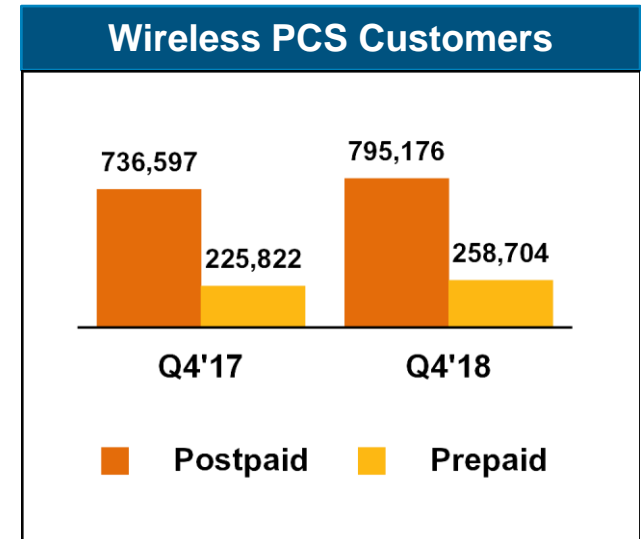
* Includes a one-time non-cash tax benefit of \$53.4 million as a result of the remeasurement of our deferred tax assets and liabilities as of 12/31/17, in connection with the 2017 Tax Act.



- 7.0 million Market POPs
- 6.1 million Covered POPs
- 1.1 million total subscribers
- 17.3% penetration of covered POPs
- 1,853 CDMA base stations (sites)

Continued Growth

- 795,176 Postpaid customers Q4'18, up 8.0% over Q4'17
- 258,704 Prepaid customers Q4'18, up 14.6% over Q4'17
- Operating revenue \$119.0 million, up 6.7% over Q4'17
- Adjusted OIBDA \$63.2 million, up 11.7% over Q4'17



- Contract through November 2029
- Two 10-year renewals
- Payment at termination of 90% EBV (entire business value) for PCS.
- Postpaid revenues received from Sprint are recorded net of an 8% Management Fee and an 8.6% Net Service Fee that is retained by Sprint.
- Prepaid wireless products and service revenues received from Sprint are recorded net of a 6% Management Fee that is retained by Sprint. We incur prepaid fees that are charged on a per unit basis that are separately recorded as expense for periods prior to 2018 and netted against prepaid revenues starting 1/1/2018.
- Management fee waived on a cash basis, up to \$4.2 million per month until the total amount waived reaches approximately \$255.6 million, which is expected to occur in 2022.

SPRINT PROVIDES

Management Fee

- Spectrum
- Brand
- National Platform
- Access to Sprint vendors

Postpaid Payment = 8% of Postpaid Net Billings

Prepaid Payment = 6% of Prepaid Net Billings

Net Service Fee

- Billing/Collections
- Customer Care
- Long Distance
- Equipment Financing

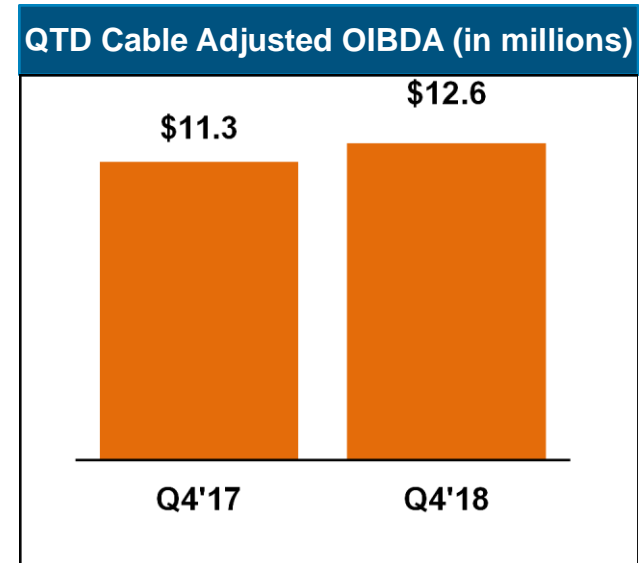
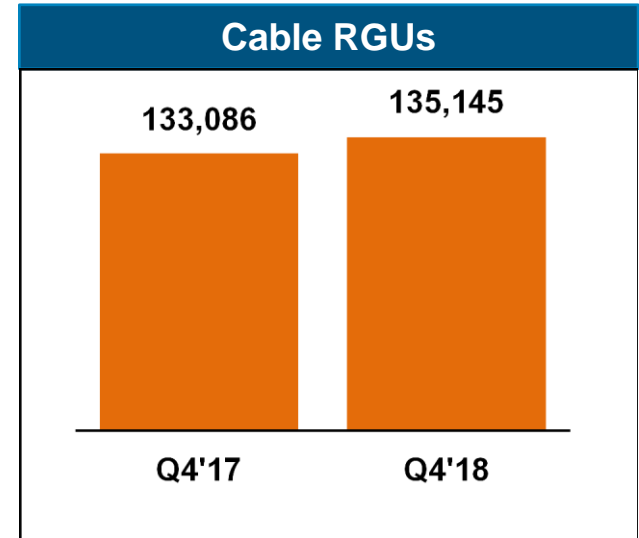
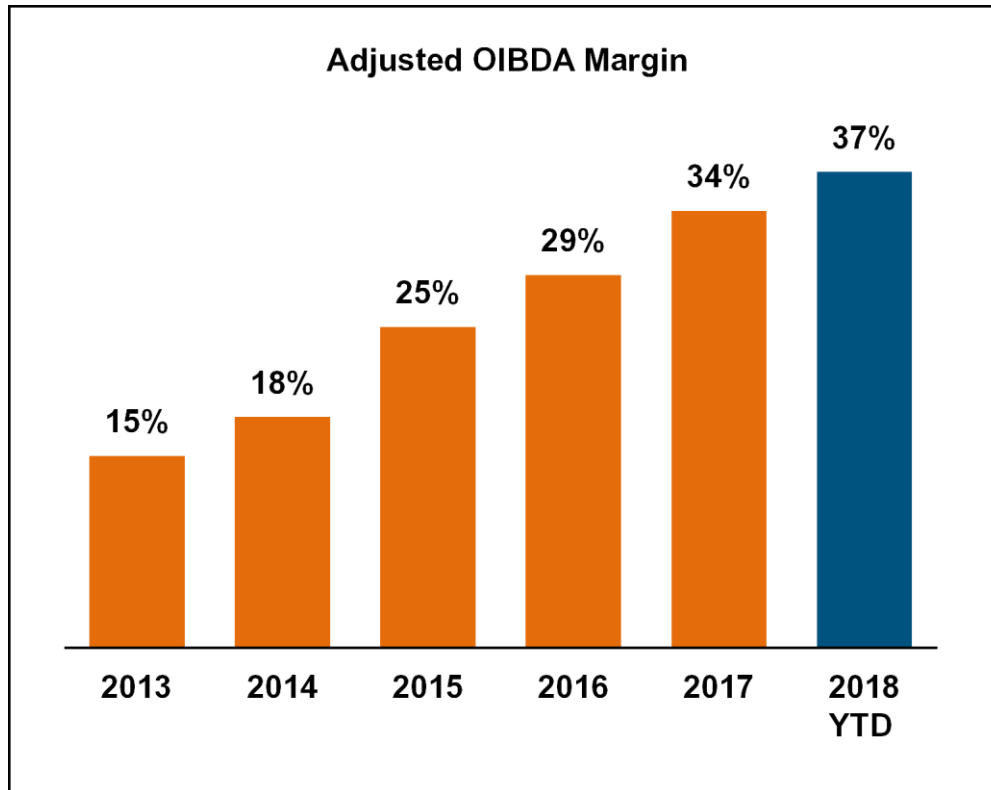
Postpaid Payment = 8.6% of Postpaid Net Billings

SHENTEL PROVIDES

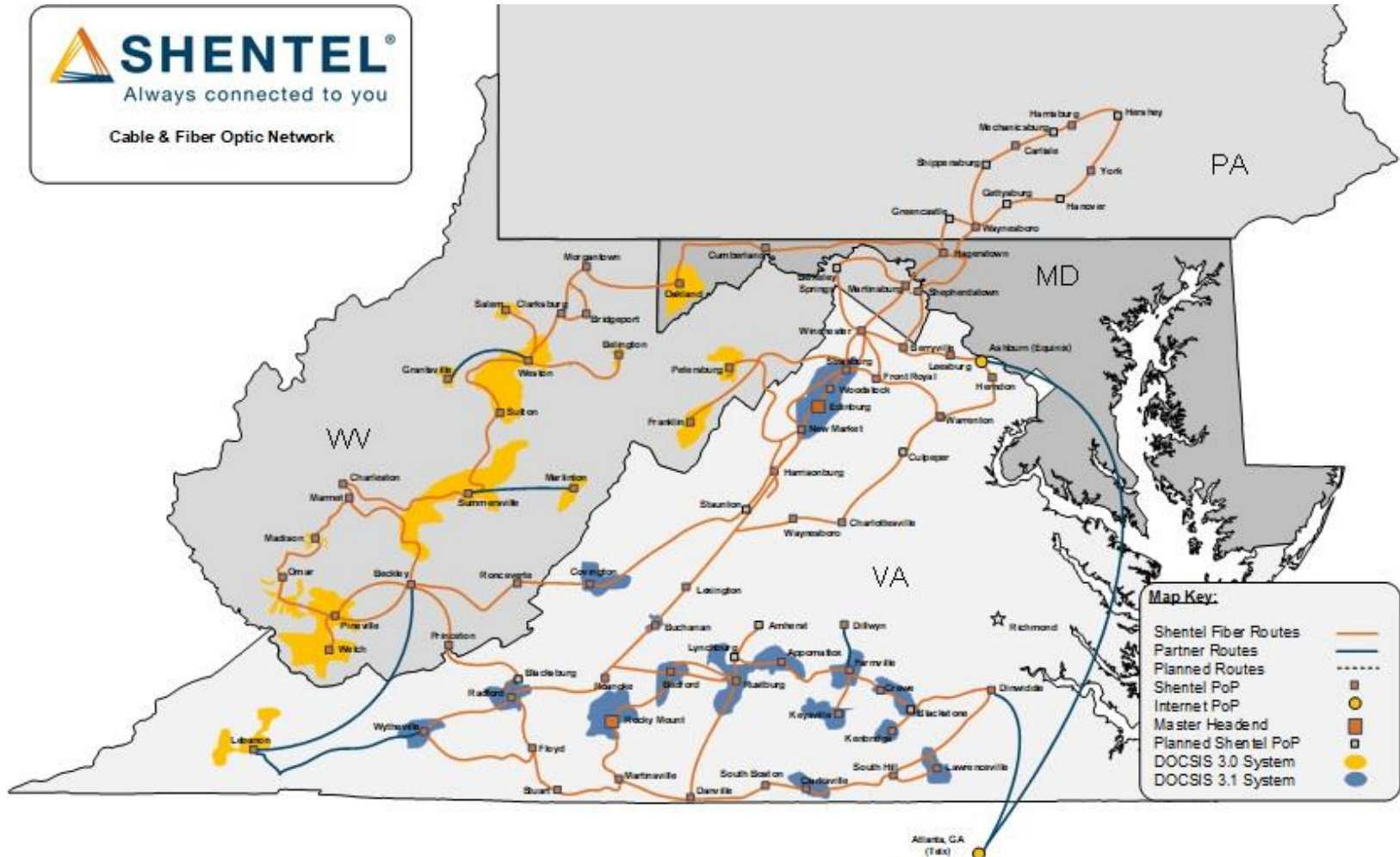
- Network (Towers, Cell Sites, Backhaul, Local Switch)
- Local Sales and Service
- Local Advertising & Promotions

- **Continued Growth**

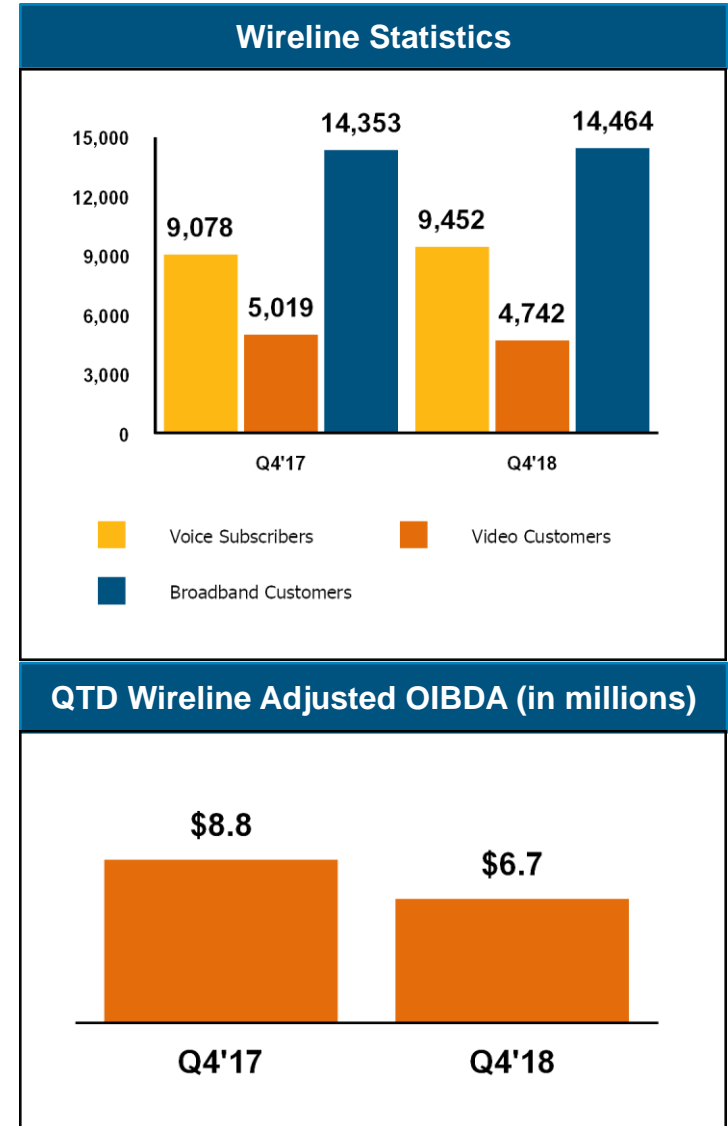
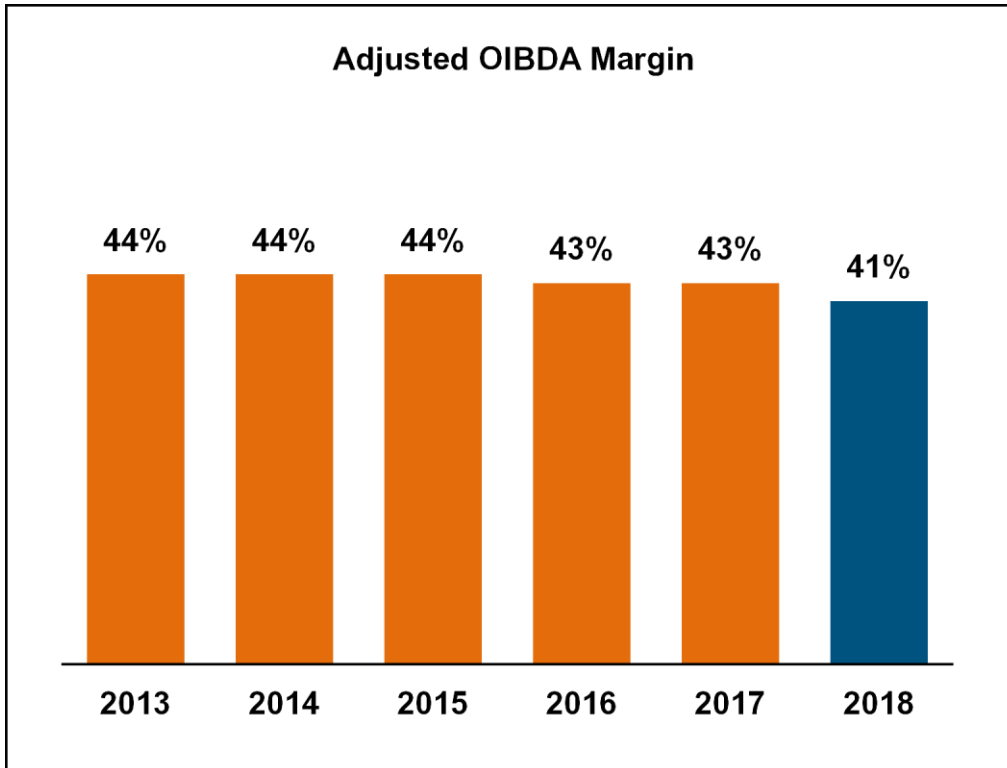
- Operating revenue \$32.9 million, up 7.9% over Q4'17
- Adjusted OIBDA \$12.6 million, up 11.8% over Q4'17



- 63% of homes passed are now capable of supporting 1Gbps
- 96% of homes passed are now capable of supporting at least 100Mbps



- Revenue and Adjusted OIBDA declines driven primarily by affiliate backhaul circuit repricing.
- Continued stability in Wireline subscriber base.
- Growth in commercial fiber partially offsetting legacy revenue declines.



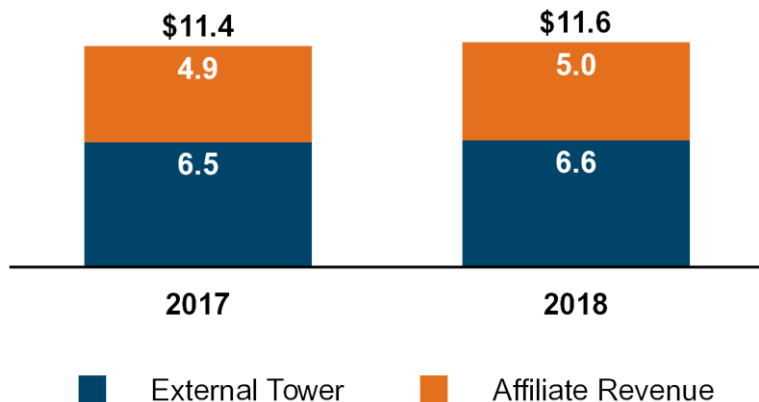
Fiber

- Cable and Wireline non-affiliate commercial fiber lease revenue is up 7.3% from 2017.
- Annual FTTT revenue of \$2.9 million, an increase of 11% year over year.

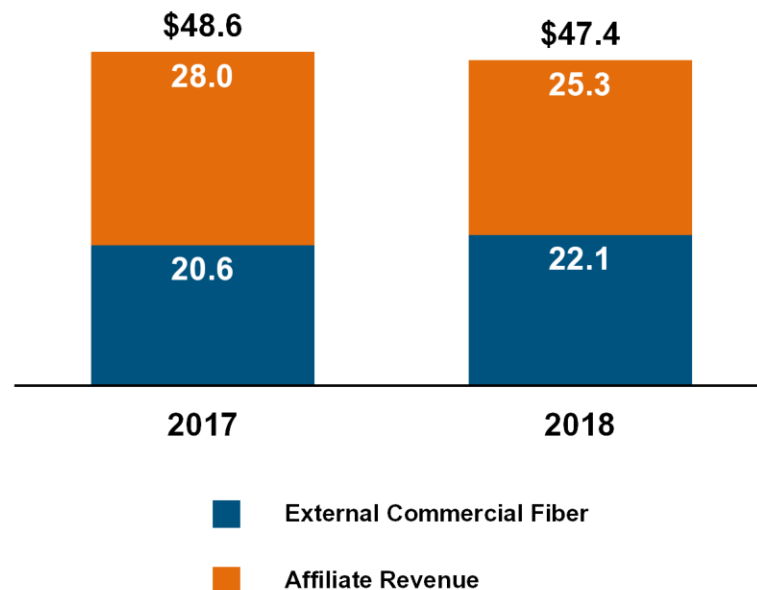
Tower

- 208 towers generated \$11.6 million of rent revenue in 2018, up 1.8% from 2017.
- \$6.6 million driven by external customers.

Mobile Tower Revenue (in millions)

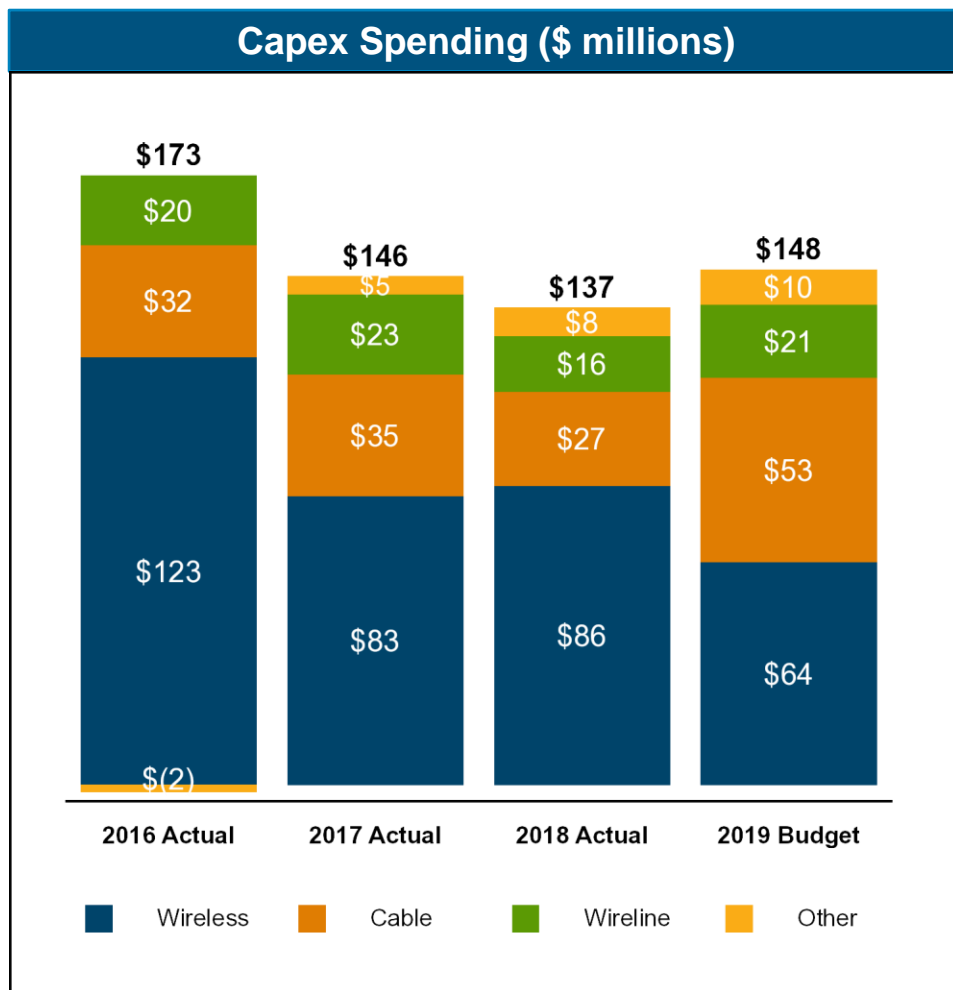


Fiber Lease Revenue (in millions)



Mobile Tower OIBDA (in millions)

	2017	2018
Operating income	\$ 5.6	\$ 4.7
Deprec. and Amort.	1.9	2.6
Adjusted OIBDA	\$ 7.5	\$ 7.3



- 2019 Capex Budget Estimates
 - 17% Upgrades and Expansion of Acquired Territories
 - 22% Network Expansion
 - 27% Network Capacity
 - 21% Network Maintenance
 - 13% Success-Based

- 2019 budgeted Wireless Capex decrease of \$22 million year over year driven by 2018 equipment purchases for new 2019 cell sites and completion of one-time spend in 2018 related to nTelos upgrades/integration.

- 2019 budgeted increase in Cable segment Capex driven by continued investment in the Company's rural broadband investment thesis, FTTT projects and success-based capital in support of the commercial fiber business.

Q&A