



**SHENTEL**<sup>®</sup>

Always connected to you

**NASDAQ: SHEN**

Shenandoah Telecommunications Company

March 2020

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
- ❑ 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.

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.

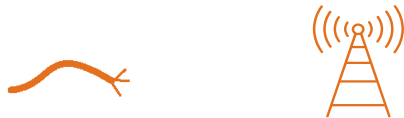


## Nation's 6<sup>th</sup> Largest Wireless Carrier

*Operating as a Sprint affiliate*

*6.3 million covered POPs*

*1.1 million wireless subscribers*



## Valuable Communication Infrastructure Assets

*6,000 fiber route miles*

*225 towers*



## Leading Regional Broadband Provider

*~210,000 homes passed*

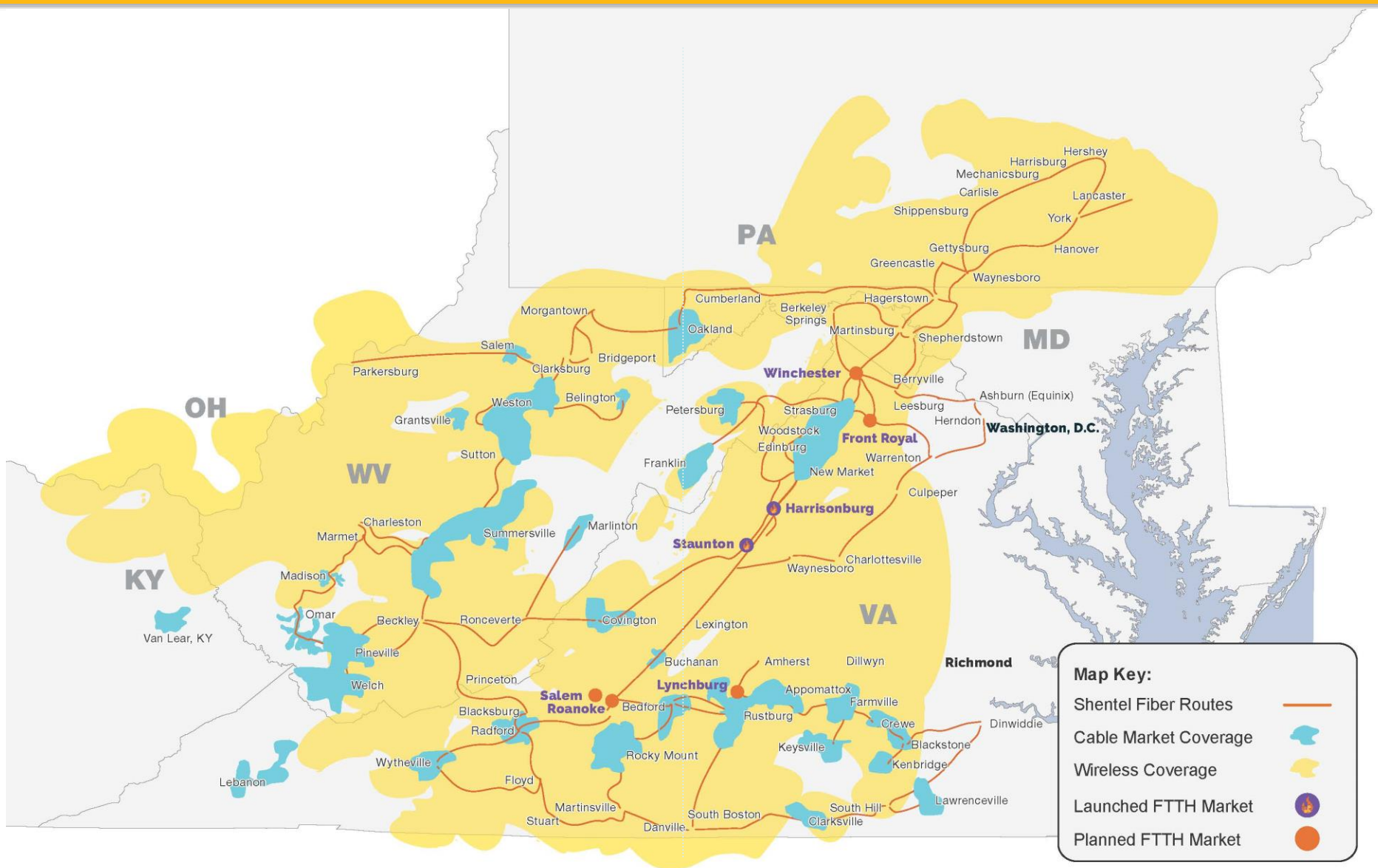
*FTTH expansion to cover 77,000 homes in 7 new markets*

*Favorable competitive environment*



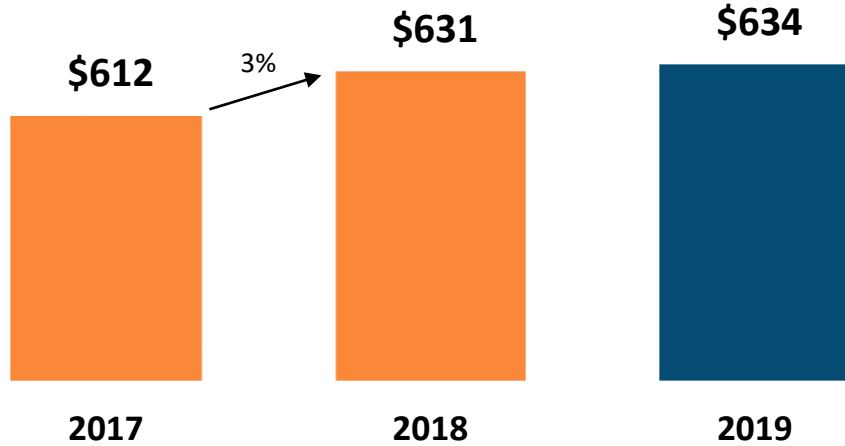
## Strong Free Cash Flow Growth

*~20% of revenues convert to normalized free cash flow*

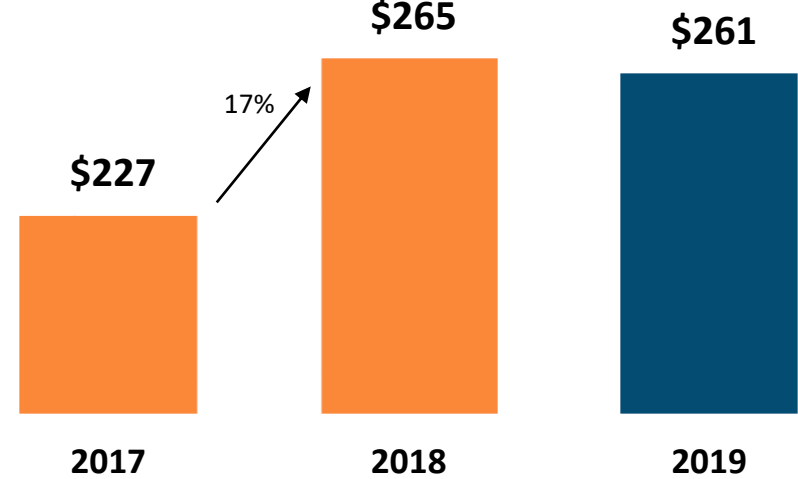


*\$ in millions*

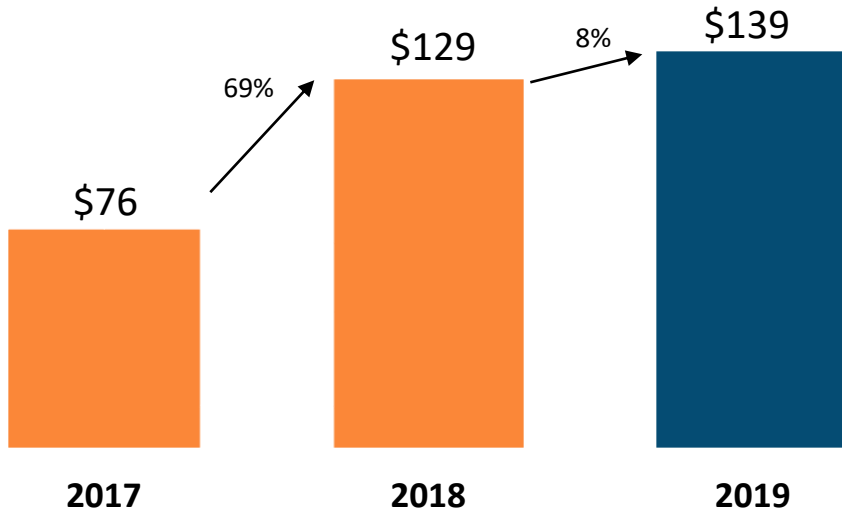
## Revenue



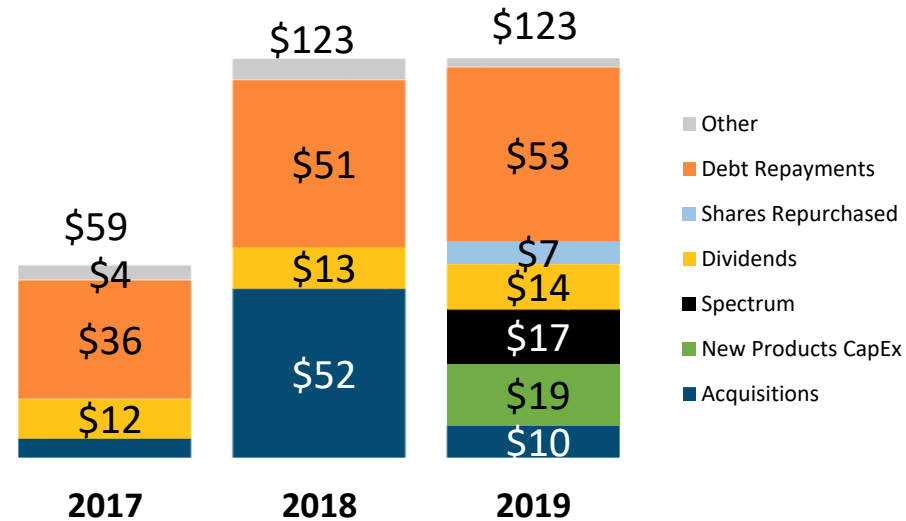
## Adjusted OIBDA



## Normalized Free Cash Flow



## Uses of Free Cash Flow



- Other
- Debt Repayments
- Shares Repurchased
- Dividends
- Spectrum
- New Products CapEx
- Acquisitions



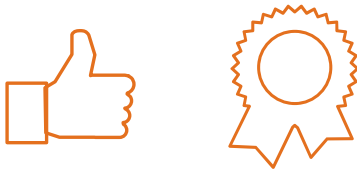
## Nation's 6<sup>th</sup> Largest Carrier

*Shentel's ~2K Cell Sites cover more than 6.3 million people and over 1.1 million wireless customers*



## Track Record of Growth

*Grew postpaid subscribers by 10% since nTelos integration*



## Strong Customer Satisfaction

*Net Promoter Scores more than triple Sprint's national scores*



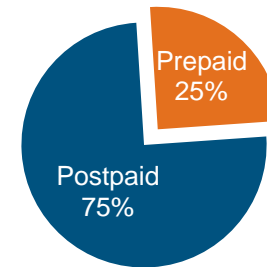
## Scalable Network

*Expect capital intensity to decline from 17% to 10%*



## Differentiated Market Expertise

*Regional knowledge over competitors, allowing for hyper-local marketing tactics*

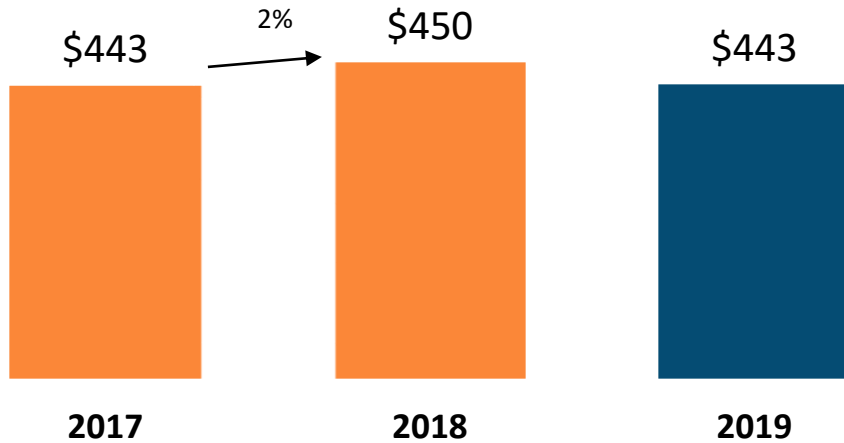


## Postpaid Focused Subscriber Base

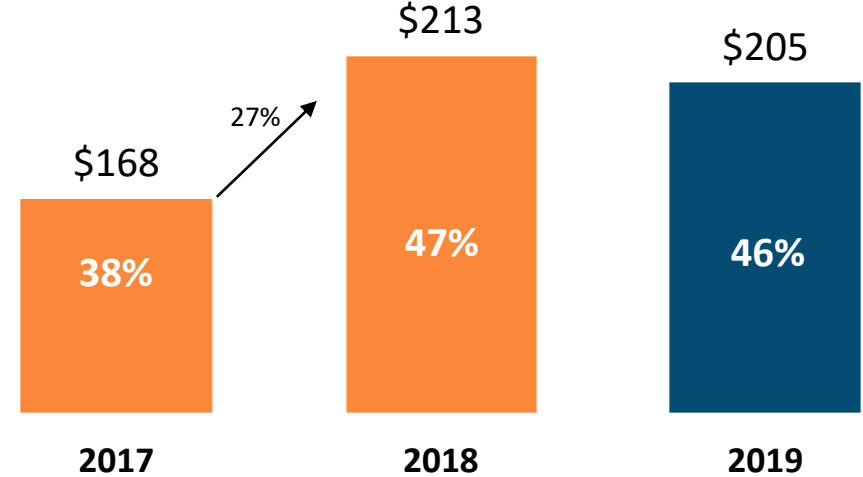
*Phones are 88% of postpaid subscriber base  
64% prime credit class subscribers*

*\$ in millions*

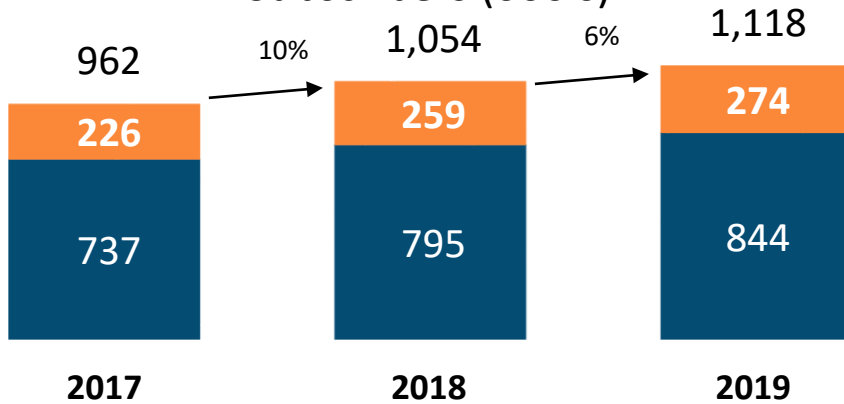
## Revenue



## Adjusted OIBDA

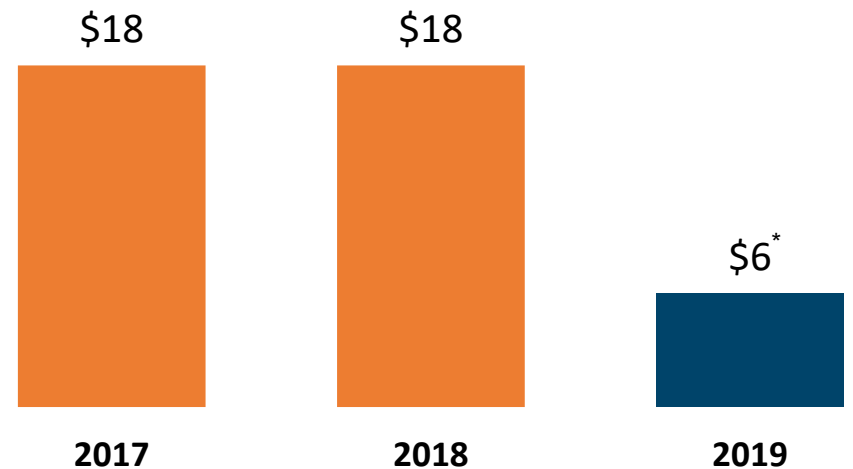


## Subscribers (000's)



■ Postpaid Subscribers ■ Prepaid Subscribers

## Travel Revenue



See Appendix for reconciliation of Adjusted OIBDA to Operating Income

\* In dispute resolution with Sprint.

## Commentary

## Data / Metrics

### Network / Coverage



- **Best-in-region network**
  - Largest LTE coverage footprint in region
  - Track record of network integrations and upgrades
  - Proven success deploying new technologies
- **Building where competitors aren't**
  - Successful coverage expansion / strategy implementation
- **Consistently taking share from competitors**

- ✓ 100% LTE network leveraging Sprint 4G Core
- ✓ RootMetrics Overall Performance Award in West Virginia (2H 2017)
- ✓ Actively deploying Massive MIMO in preparation for 5G trial

### Strong Distribution



- **28 corporate stores in key locations**
  - Drives customer satisfaction and strong sales productivity
- **Long-term relationships with distributors**
  - Full-time Shentel support
  - Investment in partner engagement
  - Training to support their hires
- **Regional expertise over competitors**
  - Network investments
  - Culture, values, and demographics

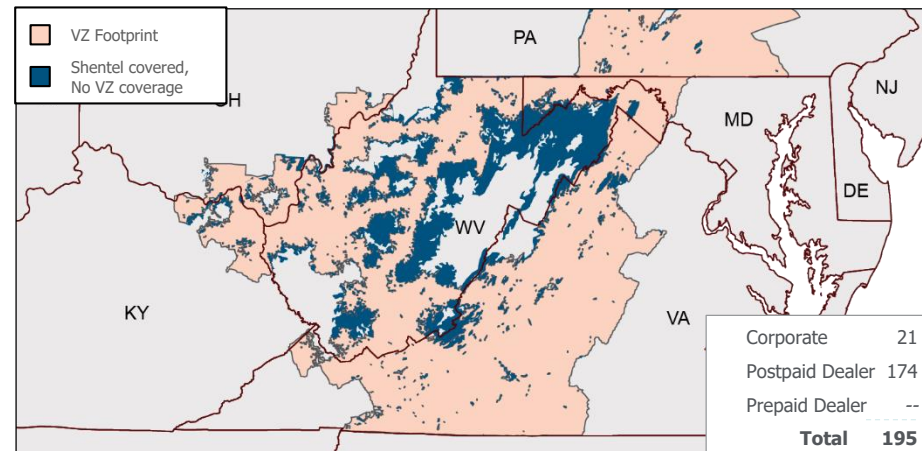
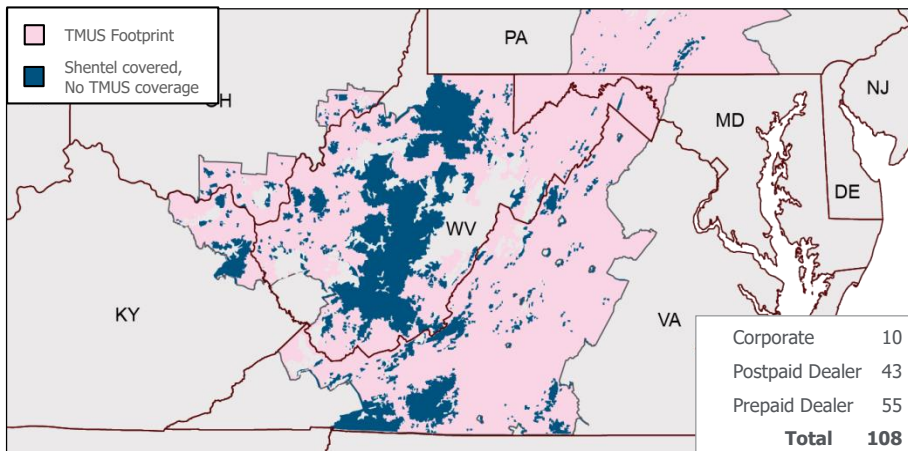
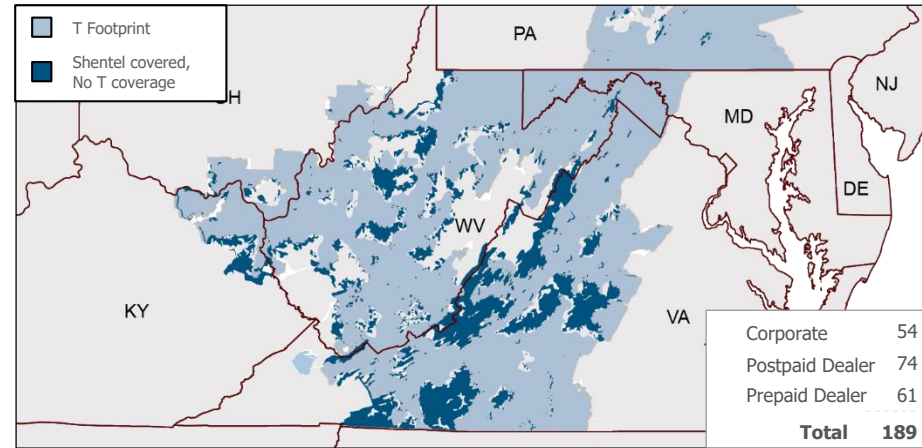
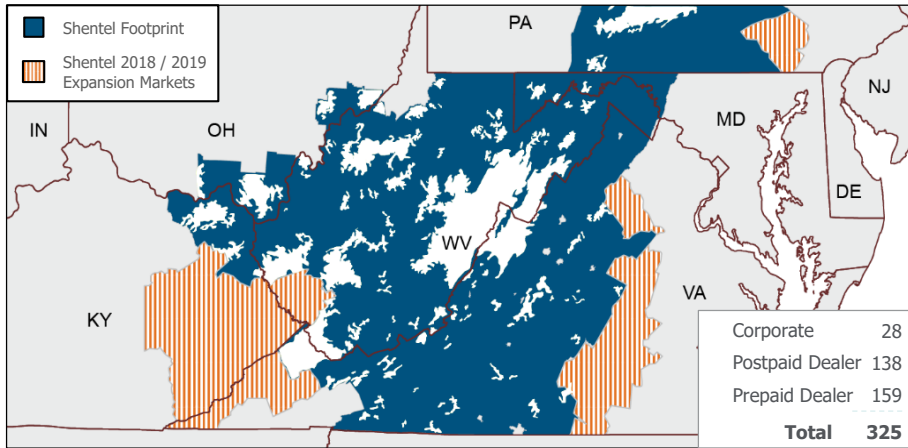
- ✓ Preferred partner of choice
- ✓ Enhanced and localized Sprint training program
- ✓ Upgrading / investing in dealers' stores
- ✓ Shentel is local in the communities it covers
- ✓ Hyper-local marketing tactics

### Customer Service

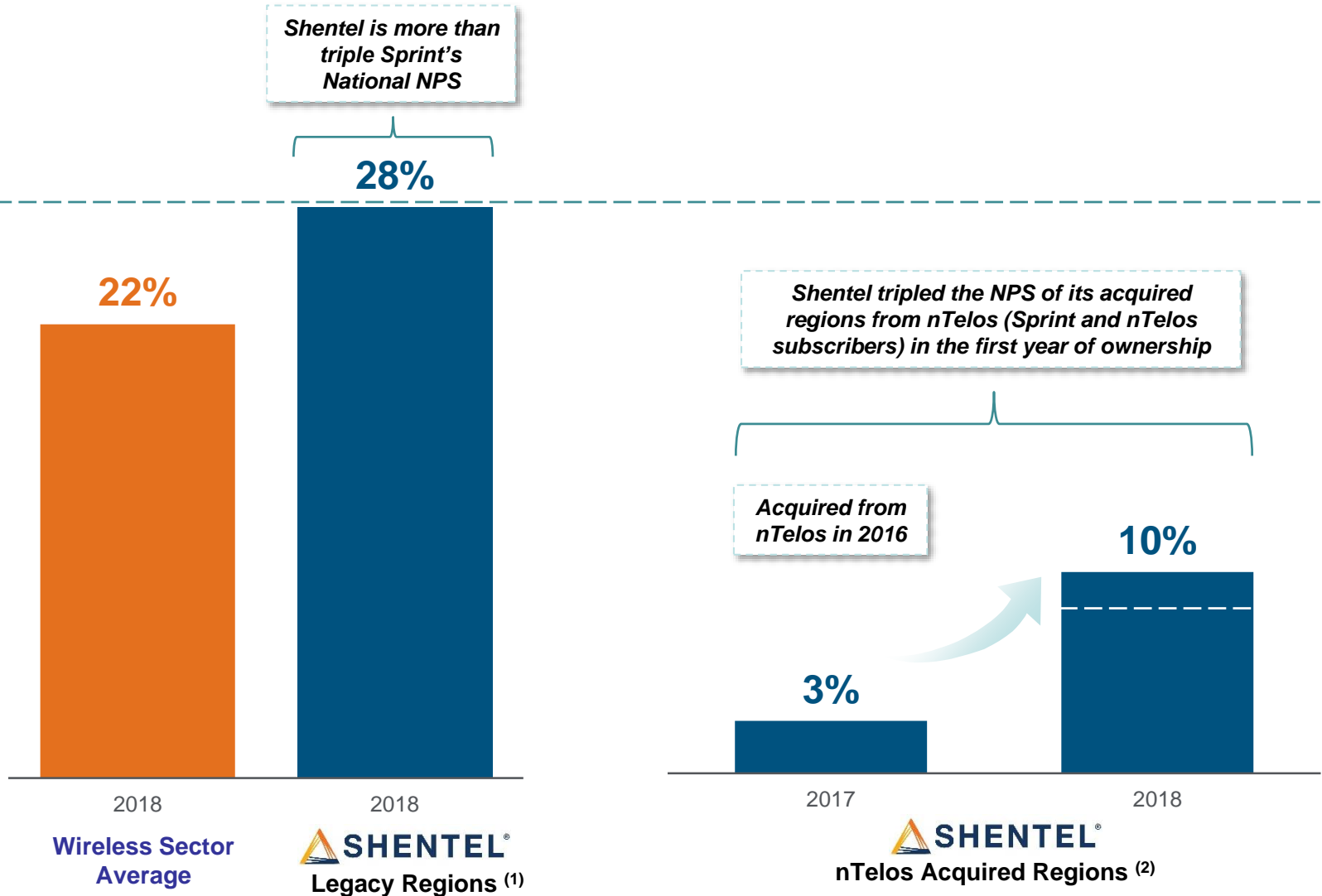


- **Augmented customer care network**
  - Optimized / enhanced Sprint training program
- **Local call centers for residential customers**
- **Specialized local business group**
  - Dedicated to supporting business customers

- ✓ Recently achieved NPS as high as 35% in longest managed region
- ✓ Strengthening NPS across all territories (acquired nTelos and Sprint expansion regions)
- ✓ Not afraid to innovate and improve in-store experience



## Net Promoter Scores by Region



Data source: Lepson Research, Temkin Group. (1) Average of Quad States and Central Pennsylvania regions, having commenced services in 1995 and 2007, respectively. (2) Average of recently acquired West and South regions.

## Sprint Charges / Provides

### Postpaid & Prepaid Management Fee

- Spectrum
- Brand (Boost, Sprint and Virgin)
- Exclusivity
- Access to Sprint vendors
- National Advertising

*Sprint Receives:  
8.0% of Postpaid &  
6.0% of Prepaid Net  
Billings*

### Postpaid Net Service Fee

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

*Sprint Receives:  
another 8.6% of  
Postpaid Net  
Billings*

### Postpaid Discounts & Writeoffs

### Postpaid Sales Commissions

- National Retailers
- Local Dealers
- Web
- Sprint Call Centers
- Sprint Business Sales Team

*Pass-through  
Expenses*

### Prepaid Handset Subsidy, CPGA, and CCPU

### LTE Core Network

*One-time fee per  
LTE Device*

## Shentel Earns / Provides

### Roaming & MVNO

- Other carriers use Shentel network

*Usage based on  
Sprint rates*

### Travel Settlement

- Sprint customers using Shentel network
- Shentel customers using Sprint network
- Resets every 3 years
- Currently in dispute

*Prior fee Sprint  
paid Shentel:  
\$1.5M/month*

### nTelos Spectrum Receivable

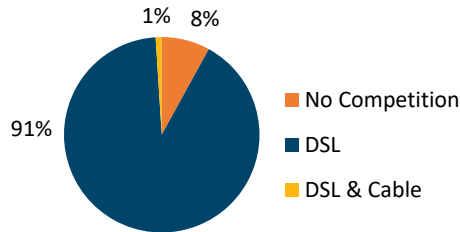
- Sprint waives management fee until paid

*\$118M*

# SHENTEL® Contract Term and Sprint Merger Options

- Contract through November 2029
- Two 10-year renewals
  - Upon non-renewal by either party, parties have put/call options for Sprint to acquire the operating assets of our PCS business for 90% of EBV (entire business value)
- Contract options if Sprint / T-Mobile merger is closed
  - New T-Mobile may elect an option to purchase the operating assets of our PCS business for 90% of EBV (entire business value)
  - 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
  - New T-Mobile may 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

## Competitors



## Nation's 20<sup>th</sup> Largest Broadband Provider

*Favorable competitive environment*



## Glo Fiber

*Launched FTTH in Harrisonburg & Staunton, VA*

*Franchise agreements to pass 77,000 homes in 7 markets*

*Leverages existing fiber network and back-office*



## Regional Middle-Mile Fiber Network

*6,000 fiber route miles*

*\$28 million enterprise & wholesale fiber book of business*

*Fiber optic leasing, Ethernet, & Wavelength services*



## Incumbent Cable MSO

*200,000+ homes passed*

*DOCSIS 3.1 upgraded network can offer 1GB broadband*

*Rural markets likely to limit threat of fiber overbuilders*



## Fixed Wireless

*Purchased 2.5 GHz spectrum to cover ~300,000 homes*

*Developing 100 MB broadband service to under-served homes*

*Plan to launch in 2<sup>nd</sup> half of 2020*



## Rural Local Exchange Carrier

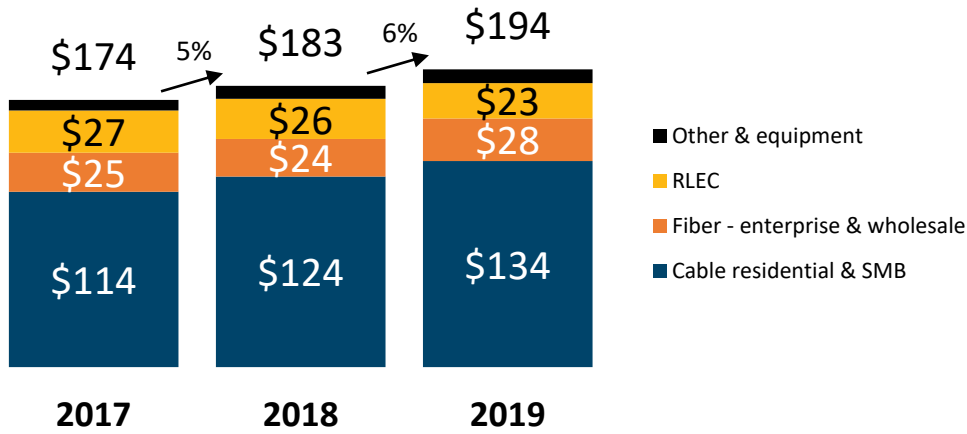
*26,000 homes in Shenandoah County, VA*

*Shentel is the only landline provider*

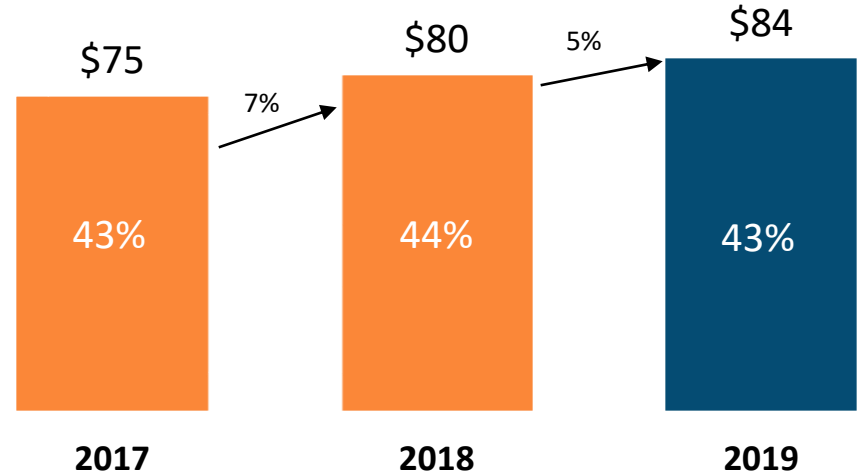
*Industry leading monthly churn of low 1.0%*

*\$ in millions*

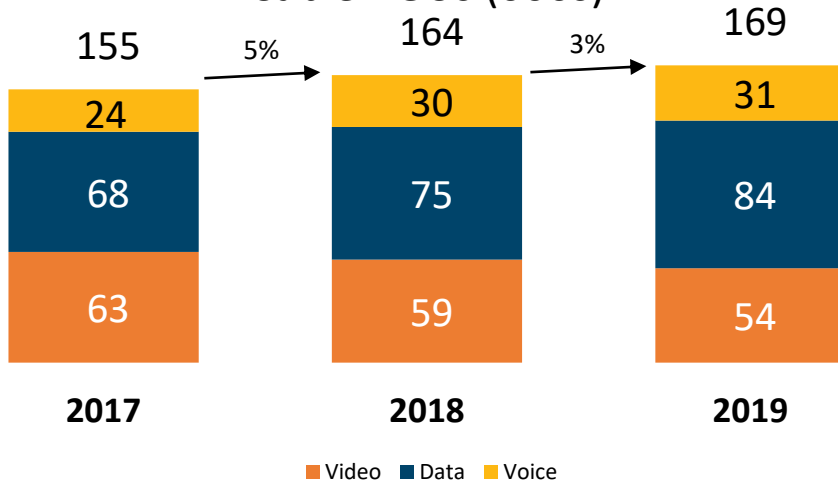
Revenue



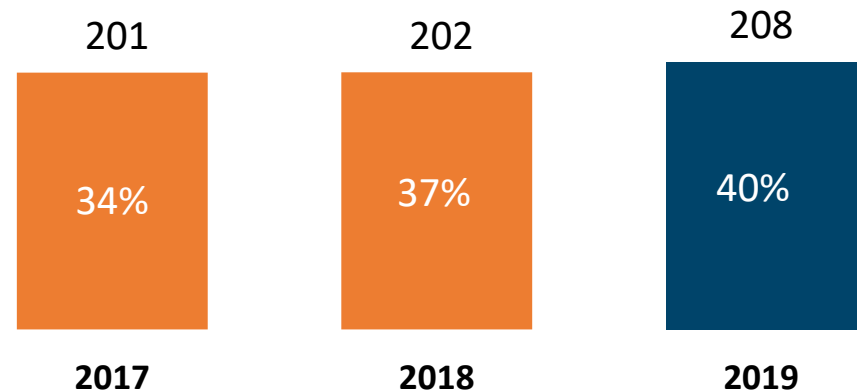
Adjusted OIBDA & Margin %



Cable RGUs (000s)

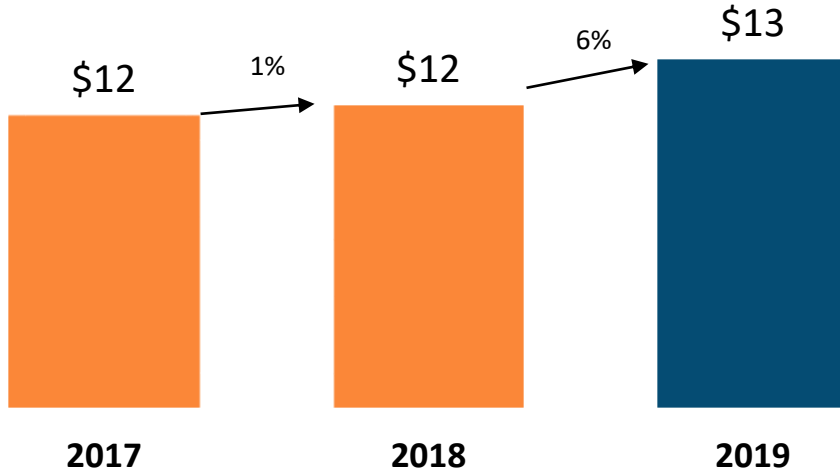


Homes Passed (000s) and Broadband Penetration

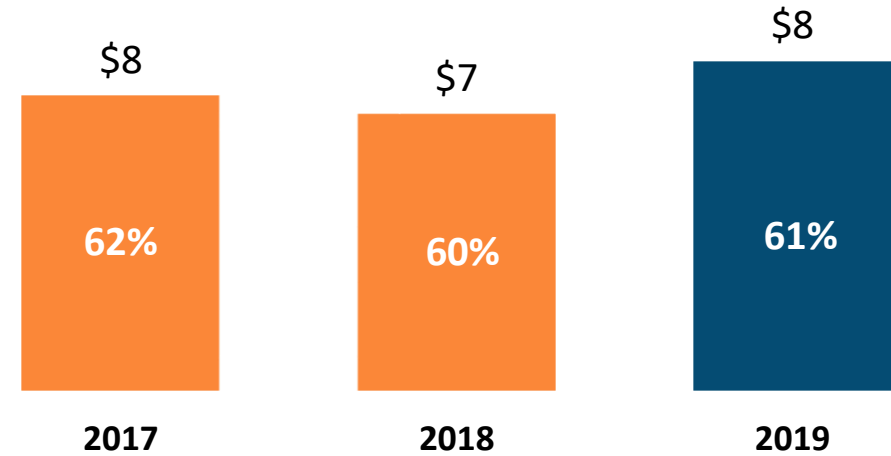


*\$ in millions*

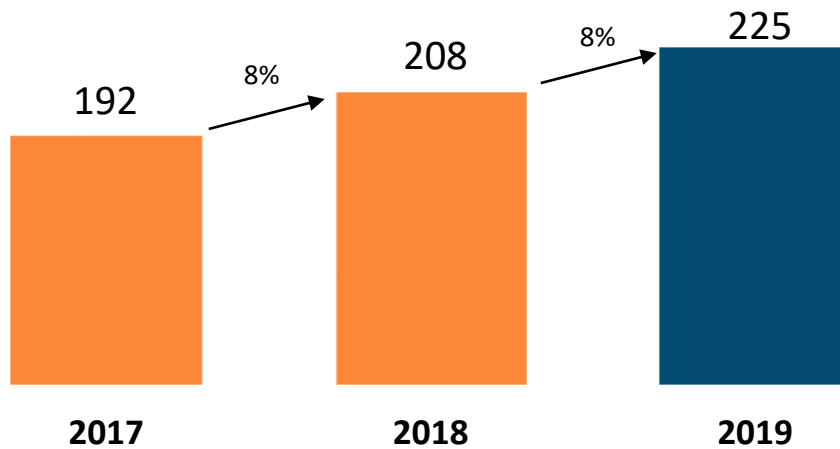
## Revenue



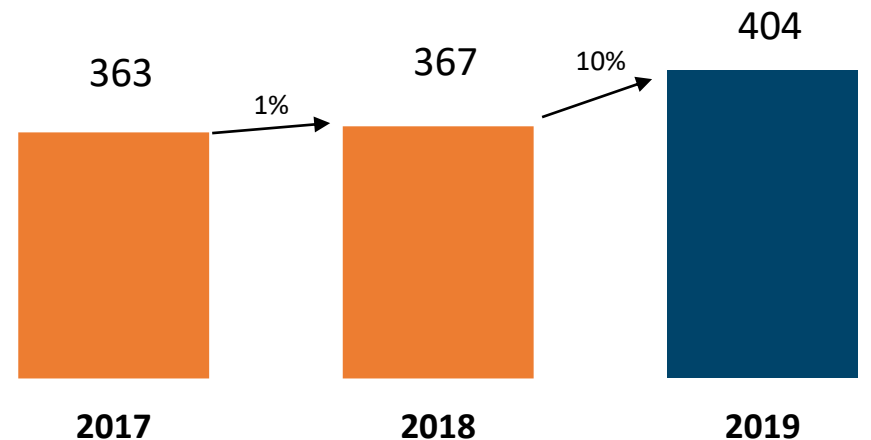
## Adjusted OIBDA & Margin %



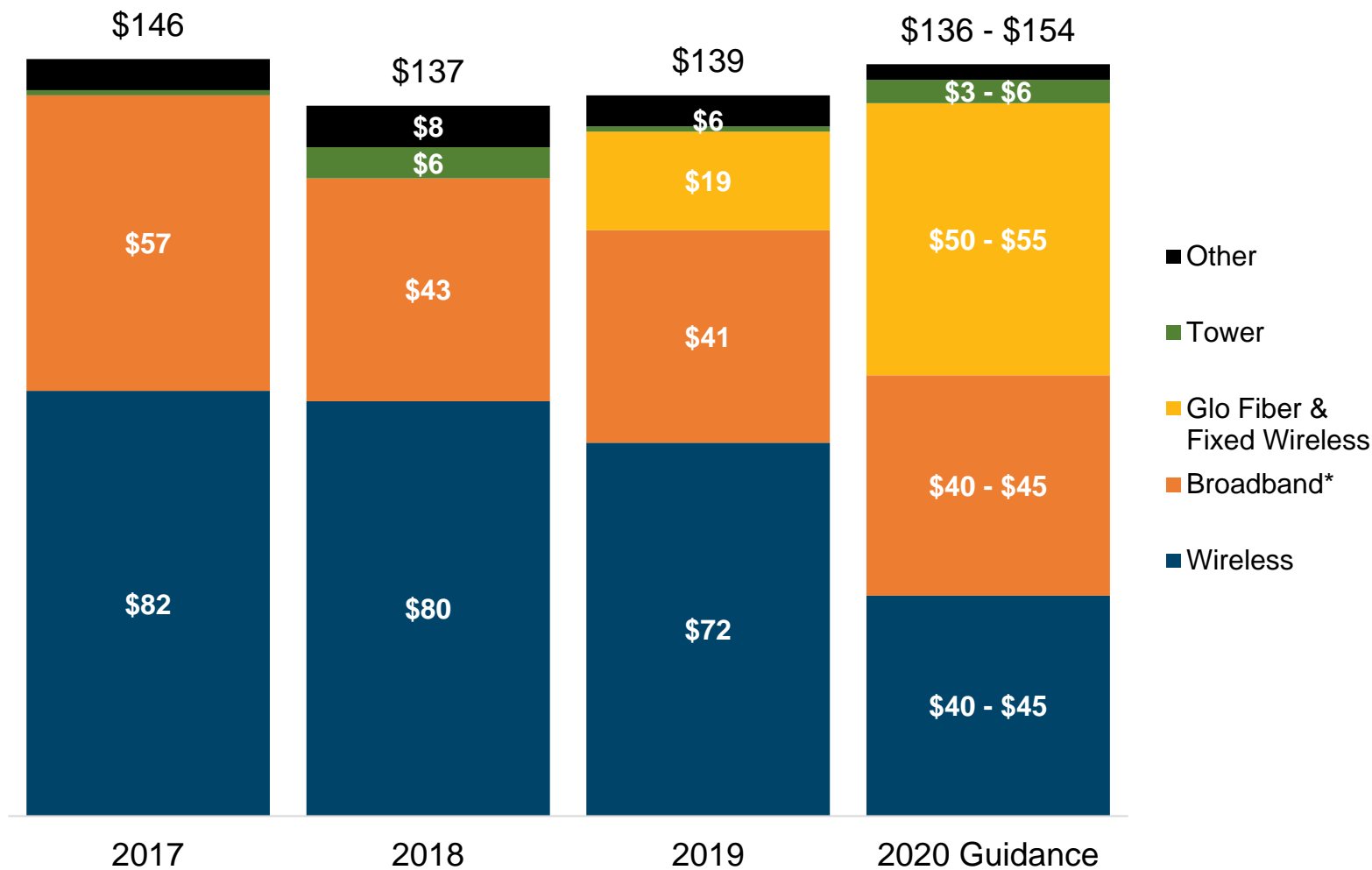
## Towers



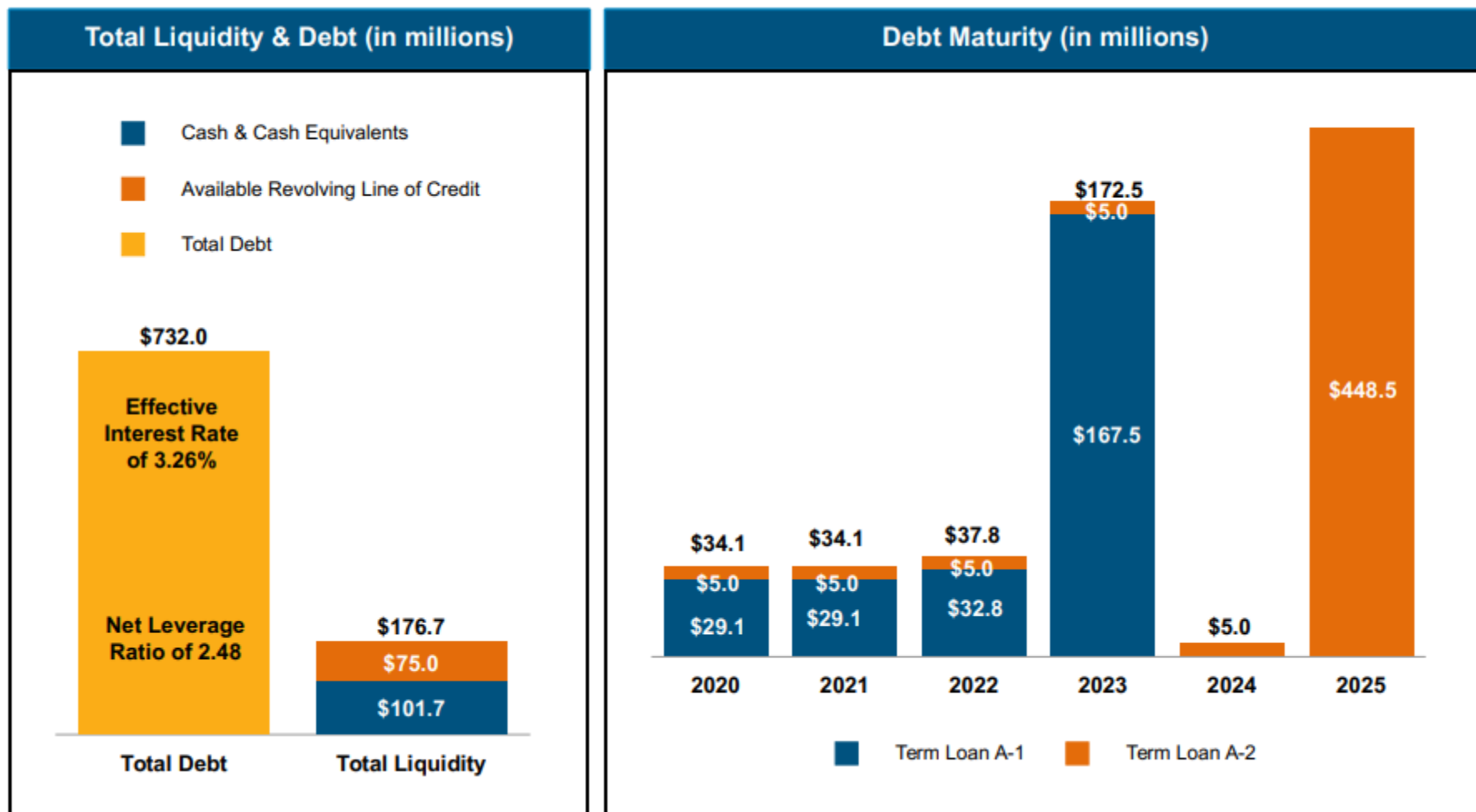
## Tenants



## Capex Spending (in millions)



\*Broadband excludes capex for Glo Fiber and Fixed Wireless



- See Appendix for the calculation of the net leverage ratio.

# Q&A

# Appendix

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.

## Twelve Months Ended December 31, 2017

(in thousands)

	<b>Wireless</b>	<b>Tower</b>	<b>Broadband</b>	<b>Other</b>	<b>Consolidated</b>
Operating income	\$ 28,532	\$ 5,607	\$ 36,811	\$ (24,440)	\$ 46,510
Depreciation	112,559	1,885	36,019	600	151,063
Amortization of intangible assets	25,166		778		25,944
OIBDA	166,257	7,492	73,608	(23,840)	223,517
Share-based compensation expense	1,555	24	1,300	701	3,580
Adjusted OIBDA	\$ 167,812	\$ 7,516	\$ 74,908	\$ (23,139)	\$ 227,097
Total revenue	\$ 443,049	\$ 12,029	\$ 173,980	(17,067)	\$ 611,991
Adjusted OIBDA margin	37.9%	62.5%	43.1%	N/A	37.1%

## Twelve Months Ended December 31, 2018

(in thousands)

	Wireless	Tower	Broadband	Other	Consolidated
Operating income	\$ 88,004	\$ 4,843	\$ 41,620	\$ (41,221)	\$ 93,246
Depreciation	100,950	2,454	38,140	567	142,111
Amortization of intangible assets	24,117		177		24,294
OIBDA	213,071	7,297	79,937	(40,654)	259,651
Share-based compensation expense	—	—	—	4,959	4,959
Adjusted OIBDA	\$ 213,071	\$ 7,297	\$ 79,937	\$ (35,695)	\$ 264,610
Total revenue	\$ 450,459	\$ 12,196	\$ 183,120	(14,921)	\$ 630,854
Adjusted OIBDA margin	47.3%	59.8%	43.7%	N/A	41.9%

## Twelve Months Ended December 31, 2019

(in thousands)

	<b>Wireless</b>	<b>Tower</b>	<b>Broadband</b>	<b>Other</b>	<b>Consolidated</b>
Operating income	\$ 88,541	\$ 5,899	\$ 42,521	\$ (39,915)	\$ 97,046
Depreciation	96,094	2,025	40,831	593	139,543
Amortization of intangible assets	20,062	—	473	—	20,535
OIBDA	204,697	7,924	83,825	(39,322)	257,124
Share-based compensation expense	—	—	—	3,817	3,817
Adjusted OIBDA	\$ 204,697	\$ 7,924	\$ 83,825	\$ (35,505)	\$ 260,941
Total revenue	\$ 443,390	\$ 12,984	\$ 193,944	(16,412)	\$ 633,906
Adjusted OIBDA margin	46.2%	61.0%	43.2%	N/A	41.2%

	<b>Q4'19</b>
<i>(\$ in thousands)</i>	
Total Debt	\$ 732,040
Cash	101,651
Total Debt less Cash	630,389
Adjusted OIBDA	63,459
	X4
Adjusted OIBDA (last quarter annualized)	\$ 253,836
Net leverage ratio	2.48

(\$ in thousands)	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net Cash Provided by Operations	\$222,930	\$265,647	\$259,145
Less: Capital Expenditures*	<u>(146,489)</u>	<u>(136,641)</u>	<u>(119,954)</u>
Normalized Free Cash Flow	<u>76,441</u>	<u>129,006</u>	<u>139,191</u>
Glo Fiber & Fixed Wireless Capital Expenditures	<u>-</u>	<u>-</u>	<u>(18,838)</u>
Free Cash Flow	<u>\$76,441</u>	<u>\$129,006</u>	<u>\$120,353</u>

\*Excludes capital expenditures for Glo Fiber and 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.