



**SHENTEL®**

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**NASDAQ: SHEN**

Shenandoah Telecommunications Company

March 2021

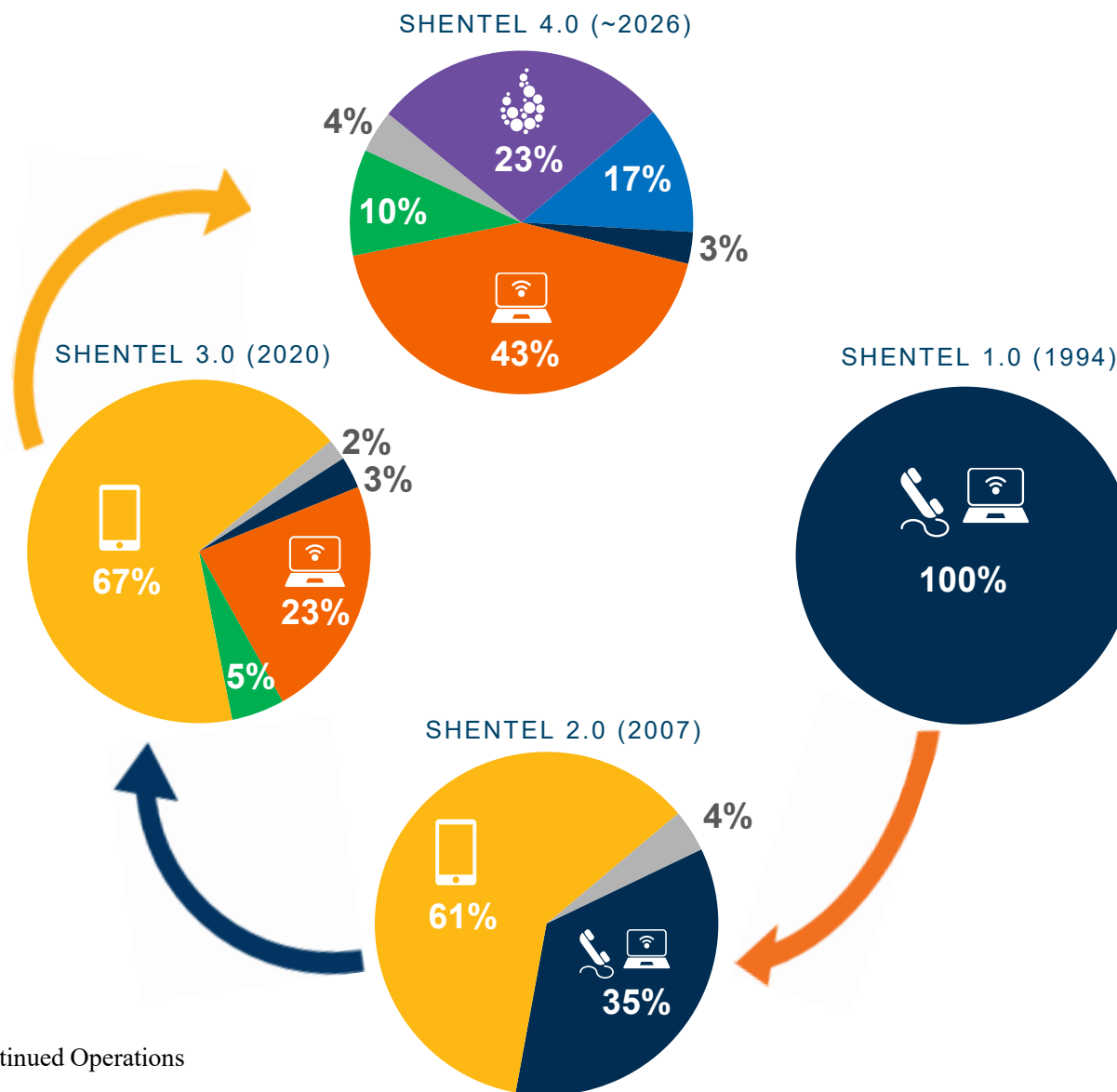
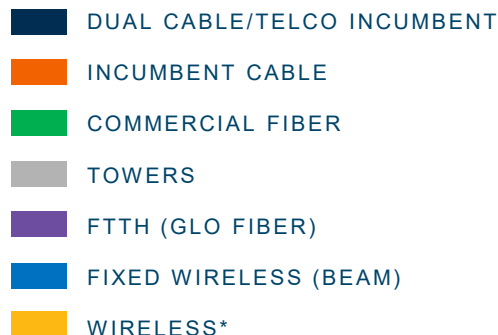
# Safe Harbor Statement

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:

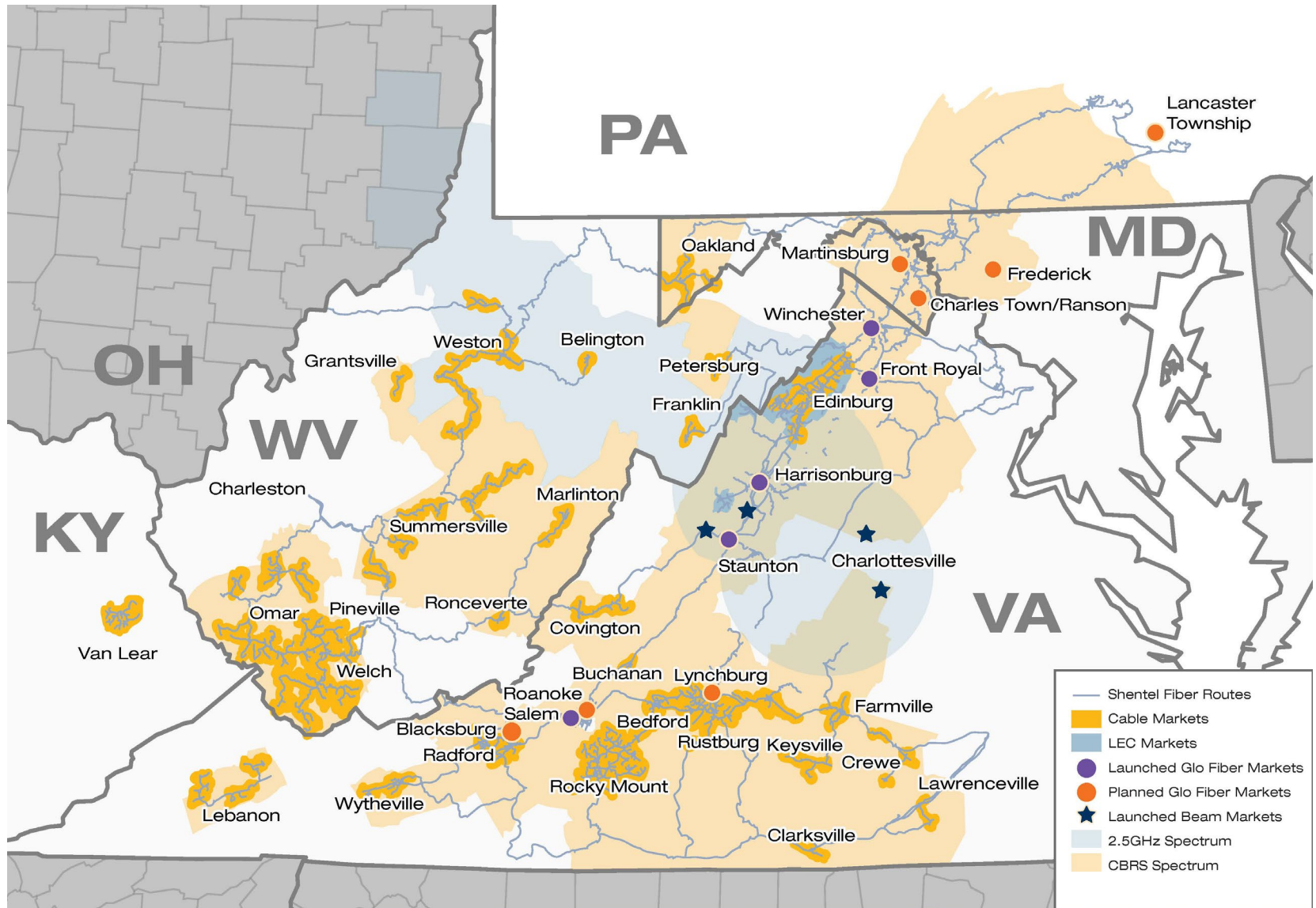
- ❑ Increasing competition in the communications industry; and
- ❑ Business combination between T-Mobile and Sprint could cause significant volatility in the value of our stock and adversely affect the operating and financial results of our Wireless segment; and
- ❑ Our ability to execute a definitive asset purchase agreement, secure required regulatory approvals, close the sale of our discontinued Wireless operations to T-Mobile and pay a special dividend to our shareholders; and
- ❑ Natural disasters, pandemics and outbreaks of contagious diseases and other adverse public health developments, such as COVID-19;

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.








## REVENUE BY SERVICE OFFERING







\*Wireless segment is now included in Discontinued Operations within our reported financial statements



## TARGET MARKET DYNAMIC

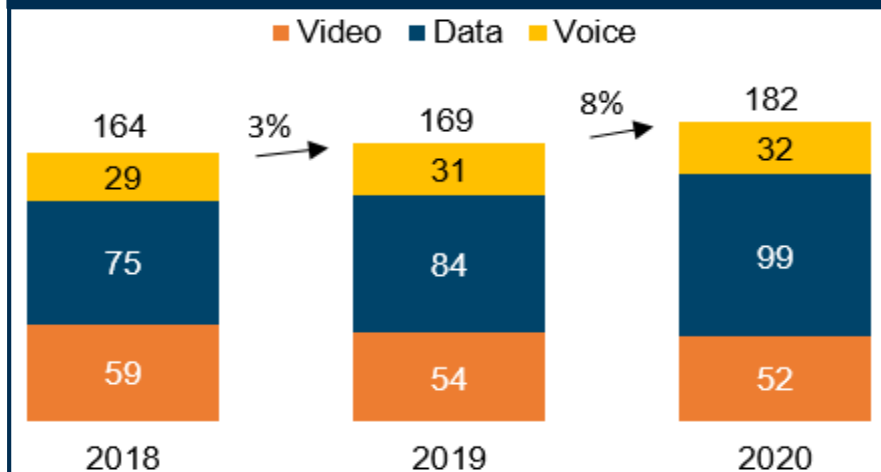
			
POSITION 	Incumbent	Greenfield fiber overbuilder	Greenfield fixed wireless broadband overbuilder
MARKET TYPE 	Various, but mostly rural	Higher density tier III / IV markets	Low density rural
2020/2026 TARGET HOMES PASSED 	209,000 / 215,000	29,000 / 300,000	9,000 / 215,000
COMPETITION 	>95% low-speed Telco DSL or no competition	Incumbent cable operator and low-speed DSL telco operator; no fiber competition	1 or fewer competitors offering 25Mbps speeds

## SHENTEL OFFERING AND KPIs

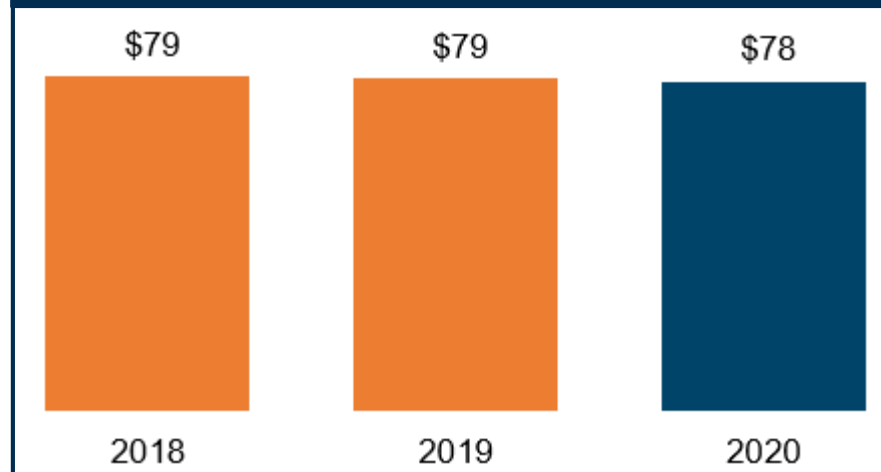
PRIMARY NETWORK TECHNOLOGY 	DOCSIS 3.1 HFC network	XGS-PON FTTH network	Fixed wireless network with a 5G-ready core using 2.5 & 3.5GHz licensed spectrum and massive MIMO technology
BANDWIDTH SPEEDS OFFERED 	Up to 1 Gbps	Up to 2 Gbps	Up to 100 Mbps
HISTORICAL OPERATING PRESENCE AND EXPERIENCE	Incumbent cable operator and wireless provider	Wireless provider and commercial fiber provider	Wireless provider and adjacent to many incumbent cable markets
COST PER PASSING 	\$1,500 - \$2,500*	\$700 - \$1,200	\$250 - \$350
TERMINAL PENETRATION 	55%	36%	31%

\*Incumbent cable only

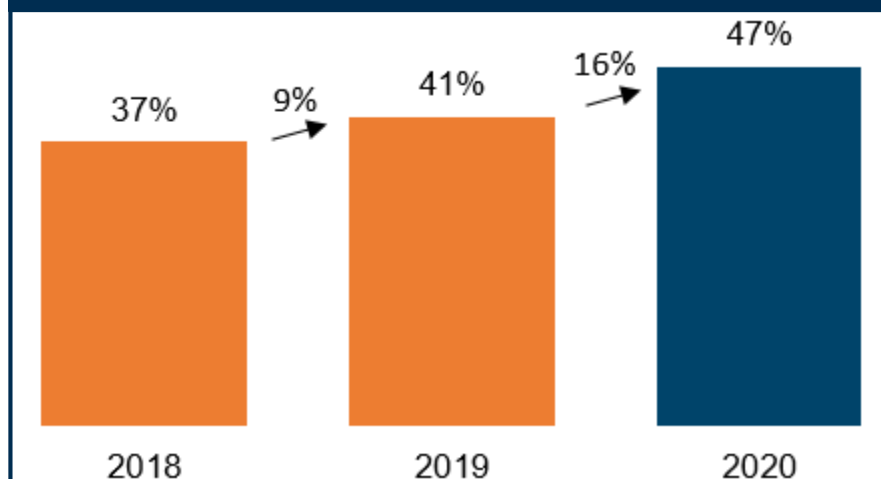
## REVENUE GENERATING UNITS (RGUS IN THOUSANDS)



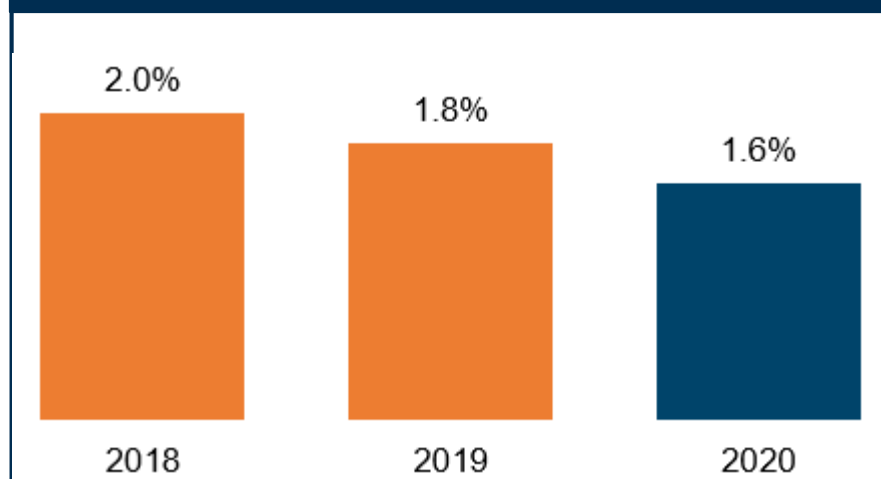
## BROADBAND DATA AVG REVENUE PER USER (ARPU)



## BROADBAND DATA PENETRATION



## BROADBAND DATA CHURN



## Recent investments and key initiatives...

### NETWORK INVESTMENTS

**\$80m** invested in cable network upgrade since 2017

99% gigabit availability



**99%**

### CUSTOMER FRIENDLY OFFER EVOLUTION

**68%**

Launched new PowerHouse rate card, with **70%** adoption



- Increased data allowance and introduced unlimited plans
- Improved price to value ratio

### OPERATIONS AND CUSTOMER SERVICE CHANGES

- Increased customer care and field operations headcount



**5%**

Abandon rate dropped from 10% to **5%**

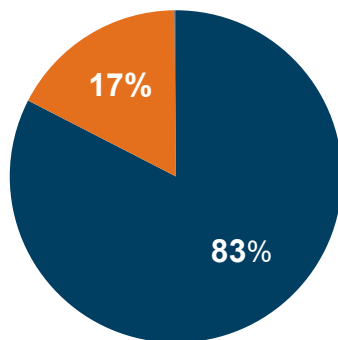
- Days outstanding for installs and repairs have decreased by **26%** and **36%** since 2018

## ... have significantly improved customer experience while re-accelerating data subscriber trends

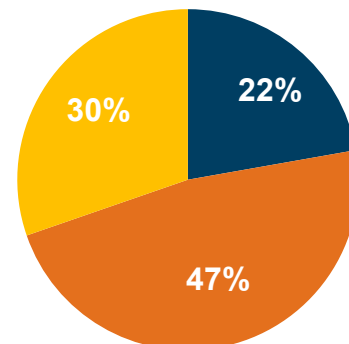
<25 Mbps

25 – 150 Mbps

>150 Mbps

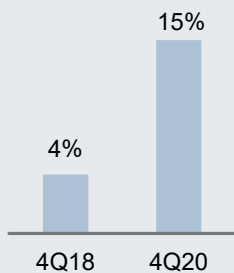


4Q18

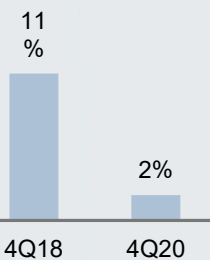


4Q20

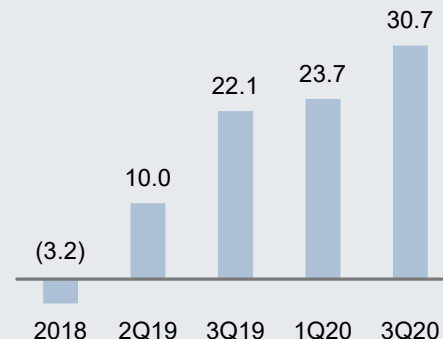
### UNLIMITED SUB BASE % OF TOTAL SUBS














### SUBS WITH OVERAGES % OF TOTAL SUBS

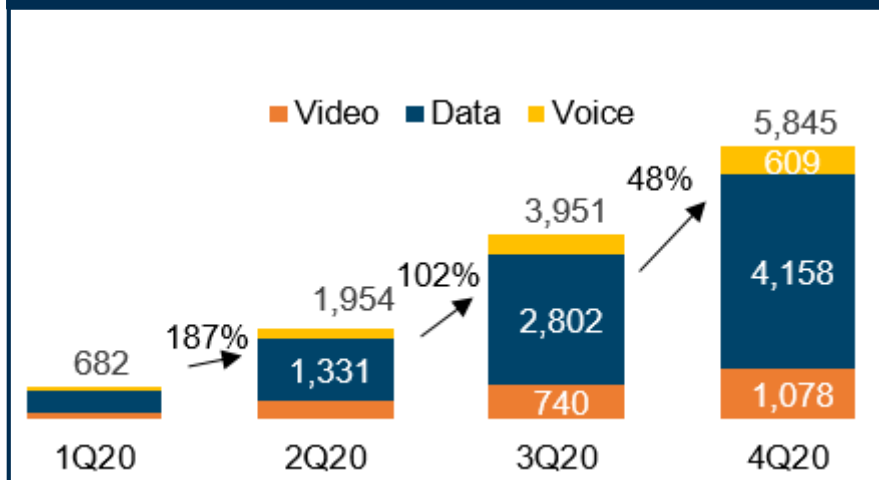


### DATA NPS

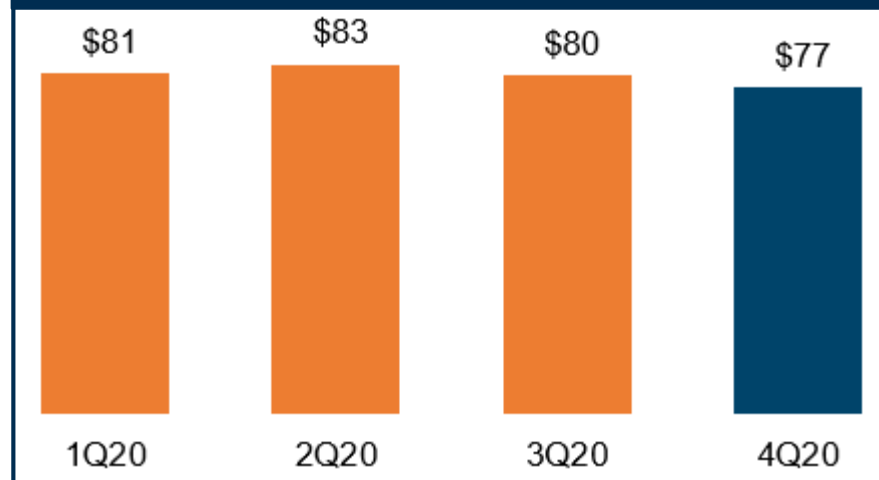


	INCUMBENT CABLE FOOTPRINT					DUAL-INCUMBENT FOOTPRINT
			 CenturyLink™		Other	None
% OF INCUMBENT HOMES PASSED 	33%	33%	17%	4%	4%	8%
COMPETING TECHNOLOGY 	DSL	DSL	DSL	FTTH	DSL	N/A
VOICE 	✓	✓	✓	✓	✓	N/A
DATA 	✓	✓	✓	✓	✓	N/A
VIDEO 	✗	✗	✗	✓	✗	N/A
COMPETITOR MAX MARKETED DATA SPEED 	24 Mbps	15 Mbps	40 Mbps	1 Gbps	1–12 Mbps on average	N/A
AVAILABILITY OF SHENTEL 1 GBPS OFFERING 	✓	✓	✓	✓	✓	✓

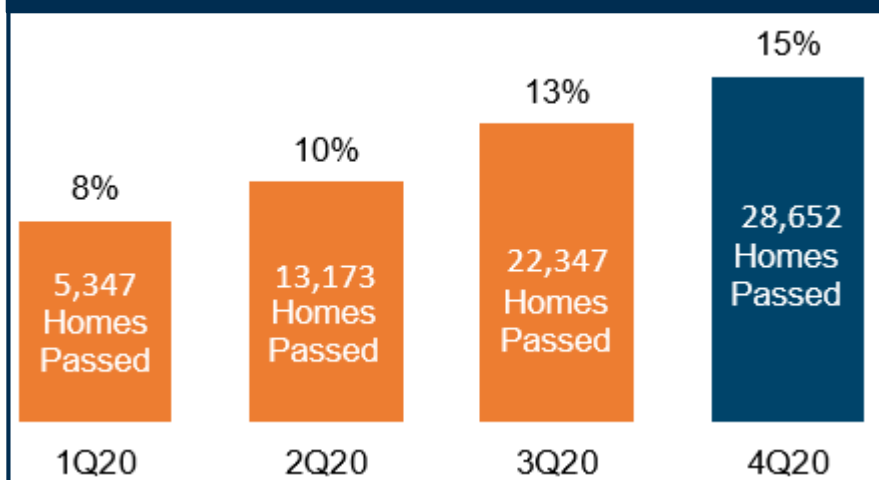
## REVENUE GENERATING UNITS (RGU)



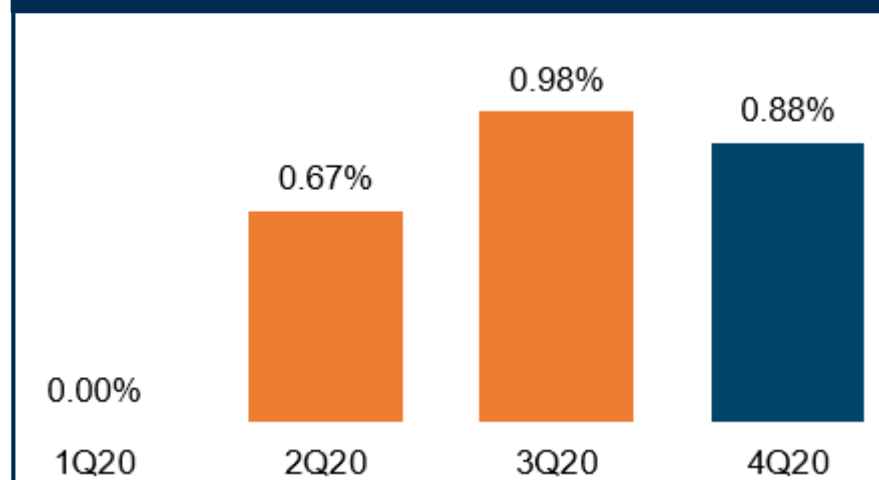
## DATA AVERAGE REVENUE PER USER (ARPU)




## DATA PENETRATION



## DATA CHURN

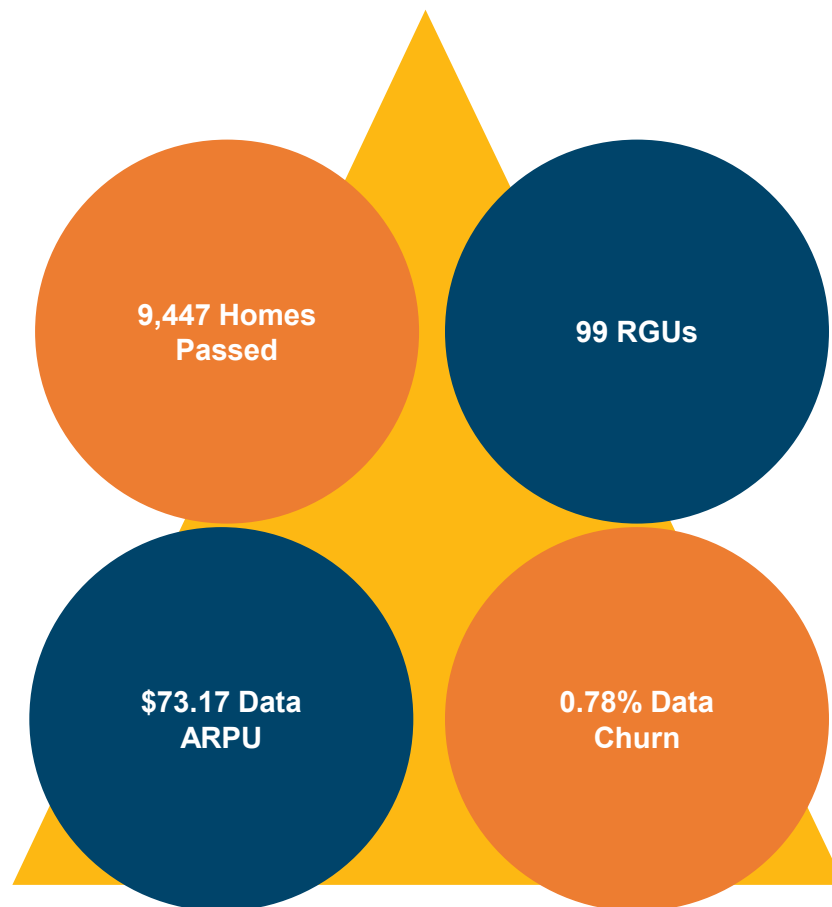


	Passings Released to Sales	Target Passings*	Launch Date	Penetration as of 12/31/2020
Harrisonburg VA	9,843	11,399	October 2019	18.6%
Staunton VA	9,856	9,895	February 2020	13.8%
Front Royal VA	4,237	4,933	March 2020	11.3%
Winchester VA	4,716	9,957	March 2020	10.3%
Salem VA		8,044	January 2021	
Lynchburg VA		16,039	2Q21	
Roanoke VA		28,207	2Q21	
Frederick MD		12,486	2H21	
Charles Town - Ranson WV		2,828	2H21	
Martinsburg WV		5,836	2H21	
Blacksburg VA		3,114	2022	
Lancaster Township PA		4,506	2022	
<b>Total</b>	<b>28,652</b>	<b>117,244</b>		<b>15%</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.

**HIGHLIGHTS**

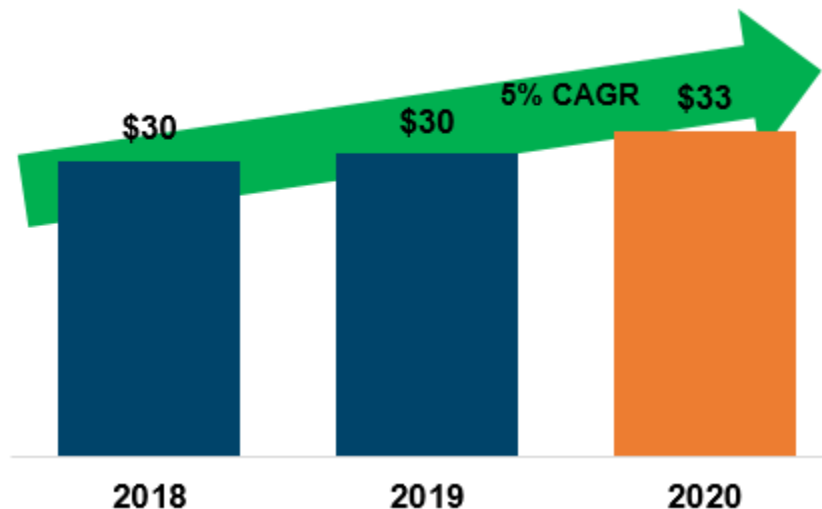
- **Exclusively licensed mid-band spectrum**
  - Deep 2.5/3.5 GHz spectrum holdings: between 30-90MHz per market
- **Existing relationships**
  - with tower owners and backhaul providers due to in-house wireless expertise
- **Outdoor customer premise equipment**
  - Eliminates building penetration loss
  - Ensures optimal network performance and capacity
- **Cutting-edge 5G-ready network**
  - Standards-based network architecture
  - Redundant LTE Network Core
  - Advanced massive MIMO antenna technology for efficient cell coverage
  - Peak throughput of 2Gbps per site today with increases to 3.5Gbps per site expected over time
  - Tier 1 equipment vendors
- **Robust indoor WiFi solution at customer premise**
  - maximizes customer satisfaction
  - minimizes installation time

**2020 Operating Results since 10/5/2020 launch**

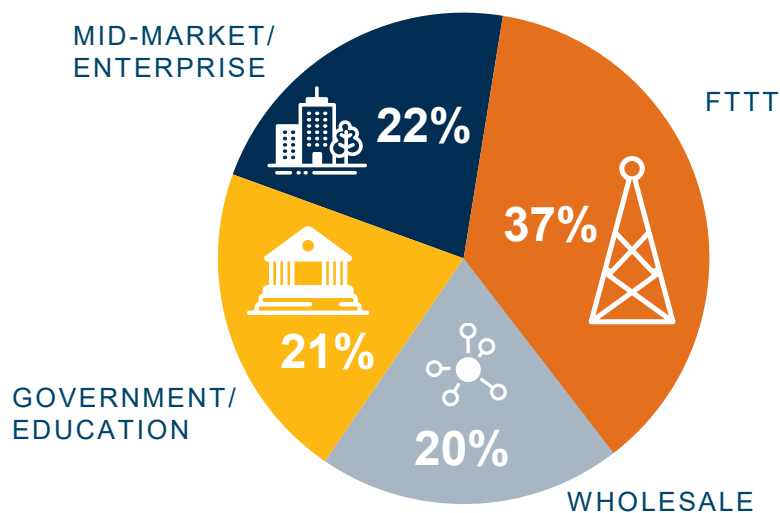
## PRODUCT OVERVIEW (% OF COMMERCIAL FIBER REVENUE)

 <b>DATA</b>	<b>84%</b>	<ul style="list-style-type: none"> <li>Ethernet</li> <li>DIA</li> <li>Wave</li> <li>Dark Fiber</li> </ul>
 <b>VOICE</b>	<b>10%</b>	<ul style="list-style-type: none"> <li>SIP</li> <li>VoIP</li> <li>Switched LD</li> </ul>
 <b>OTHER</b>	<b>6%</b>	<ul style="list-style-type: none"> <li>Managed Services</li> <li>Bulk-Video</li> <li>Other</li> </ul>

## ANNUAL REVENUE (\$m)

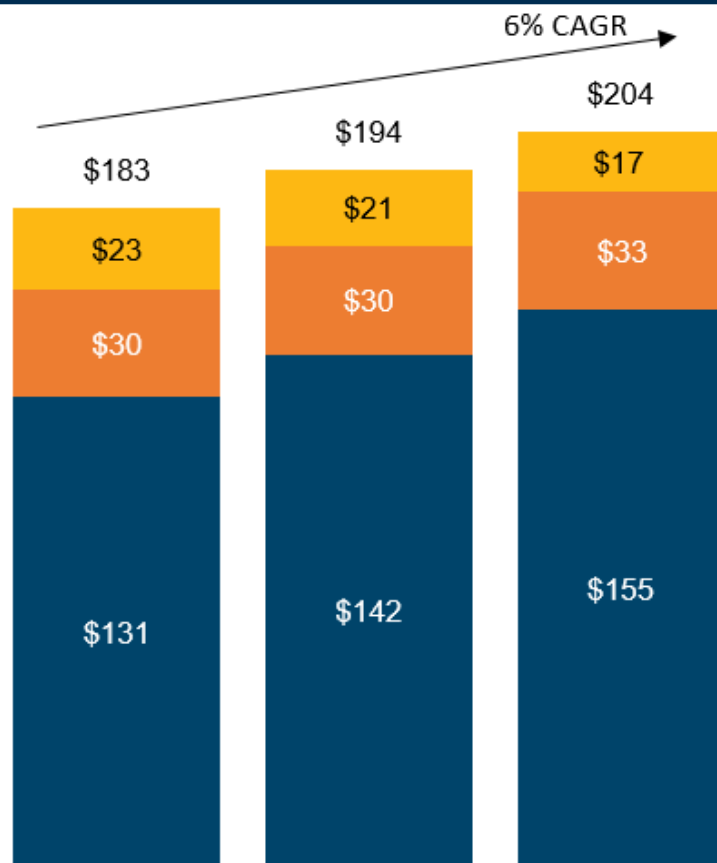


## MRR BY CUSTOMER TYPE



IN MILLIONS

## REVENUE



2018

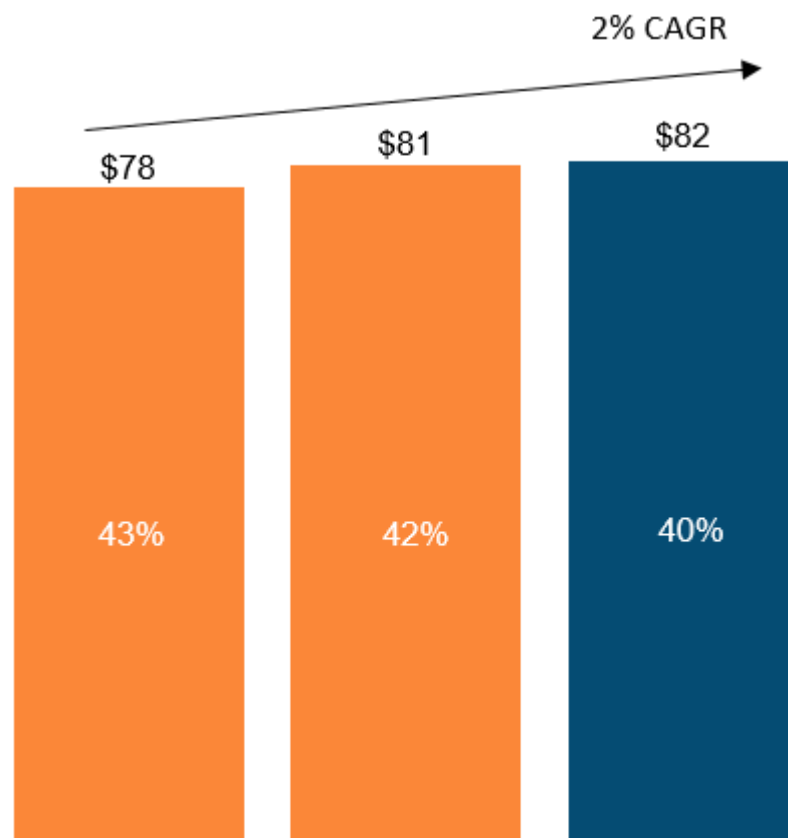
2019

2020

■ Residential & SMB ■ Commercial Fiber

■ RLEC & Other

## ADJUSTED OIBIDA & MARGIN %



2018

2019

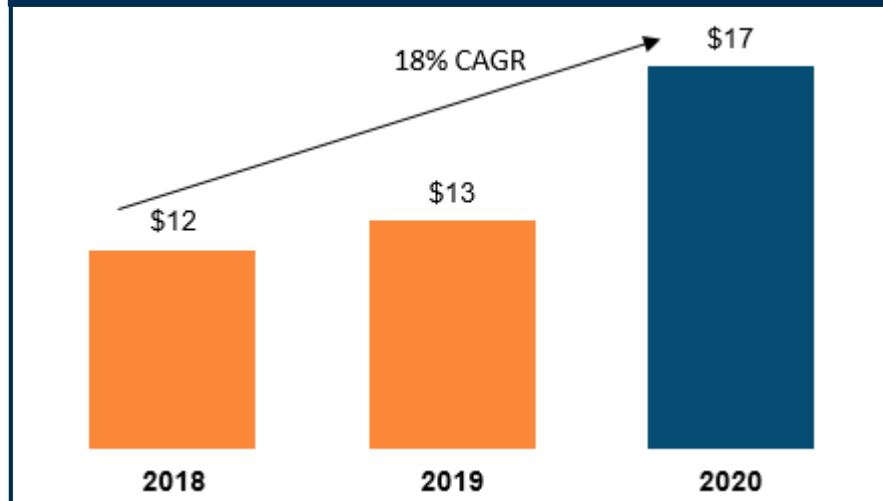
2020

43%

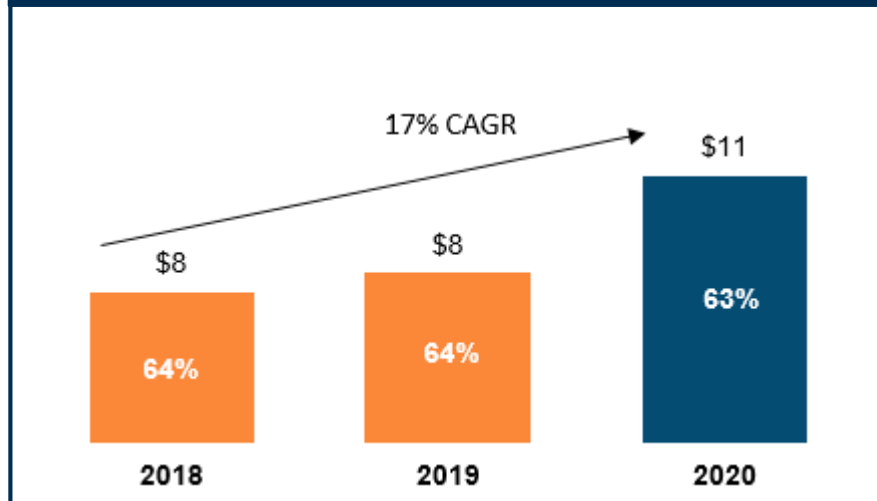
42%

40%

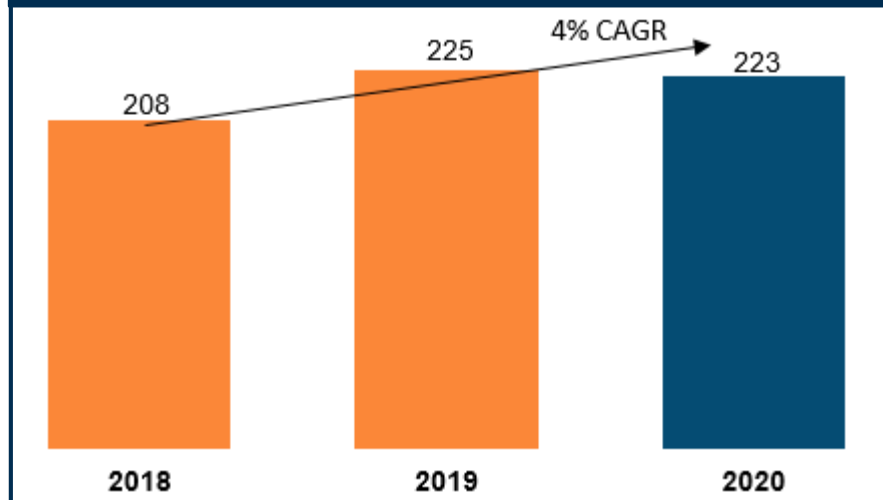
## REVENUE



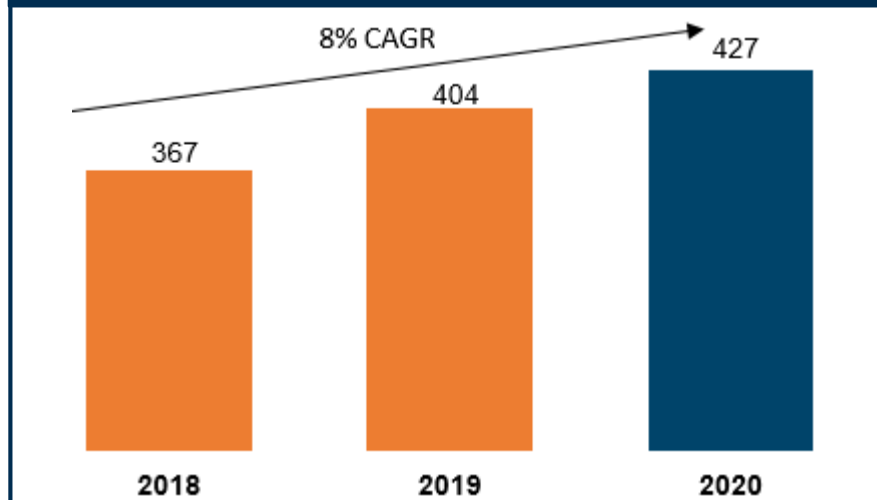
## ADJUSTED OIBDA & MARGIN %



## MACRO TOWERS

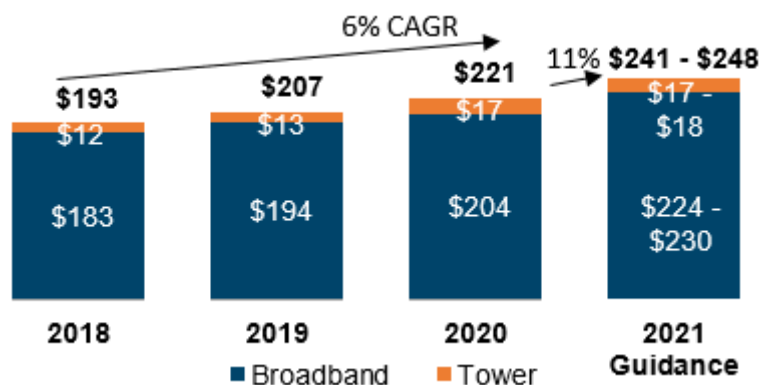


## TENANTS

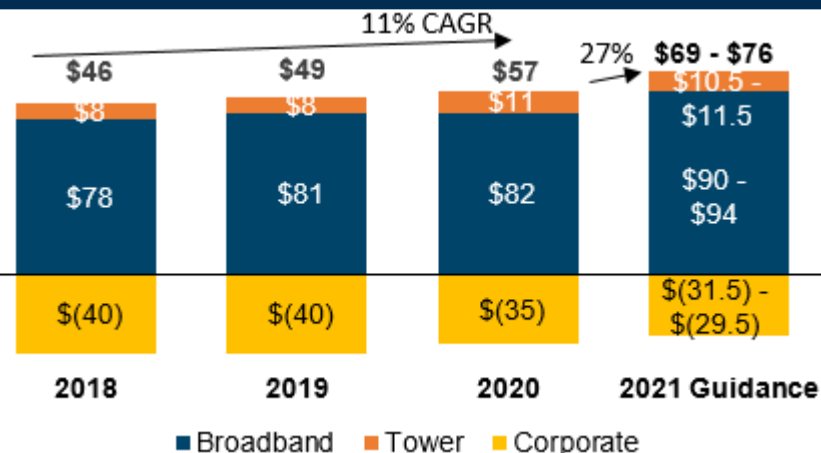


IN MILLIONS

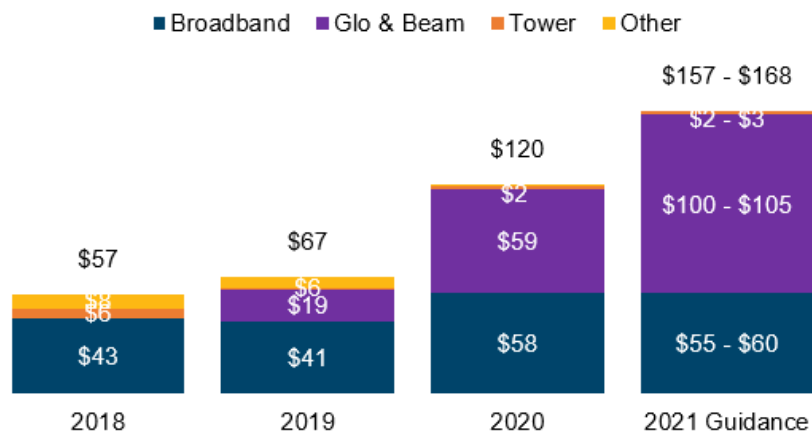
## REVENUE



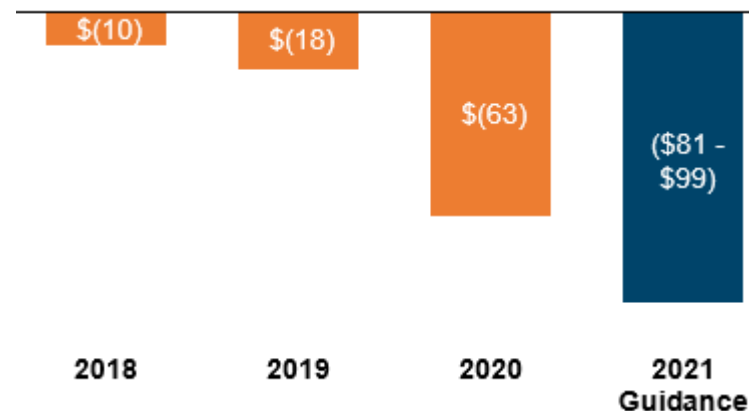
## CONSOLIDATED ADJUSTED OIBDA



## CAPEX SPENDING



## ADJUSTED OIBDA - CAPEX



- ✓ T-Mobile exercised option to purchase Wireless assets operations
- ✓ Sales price of \$1.95 billion determined through appraisal process and agreement with T-Mobile

### Expected timeline:

- ☐ Execute asset purchase agreement in the first quarter 2021
- ☐ Obtain required regulatory approvals in the second quarter 2021
- ☐ Close the transaction in the second quarter 2021

### Planned use of proceeds after close of sale:

- ☐ Pay income taxes
- ☐ Repay existing credit agreements
- ☐ Pay \$18.75 per share special dividend subject to Board of Directors approvals



# 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, 2018

<i>(in thousands)</i>	<b>Broadband</b>	<b>Tower</b>	<b>Corporate &amp; Eliminations</b>	<b>Consolidated</b>
Operating income	\$ 42,294	\$ 5,399	\$ (50,662)	\$ (2,969)
Depreciation	35,816	2,406	5,992	44,214
Amortization	176			176
OIBDA	78,286	7,805	(44,670)	41,421
Share-based compensation expense	—	—	4,745	4,745
Adjusted OIBDA	\$ 78,286	\$ 7,805	\$ (39,925)	\$ 46,166
Total revenue	\$ 183,120	\$ 12,196	\$ (2,633)	\$ 192,683
Adjusted OIBDA margin	42.8%	64.0%	N/A	24.0%

## Twelve Months Ended December 31, 2019

<i>(in thousands)</i>	<b>Broadband</b>	<b>Tower</b>	<b>Corporate &amp; Eliminations</b>	<b>Consolidated</b>
Operating income	\$ 42,597	\$ 6,295	\$ (49,611)	\$ (719)
Depreciation	38,093	1,976	6,244	46,313
Amortization	473			473
OIBDA	81,163	8,271	(43,367)	46,067
Share-based compensation expense	—	—	3,367	3,367
Adjusted OIBDA	\$ 81,163	8,271	(40,000)	49,434
Total revenue	\$ 193,943	\$ 12,985	(66)	\$ 206,862
Adjusted OIBDA margin	41.8%	63.7%	N/A	23.9%

**Twelve Months Ended December 31, 2020**
*(in thousands)*

	<b>Broadband</b>	<b>Tower</b>	<b>Corporate &amp; Eliminations</b>	<b>Consolidated</b>
Operating income	\$ 40,360	\$ 8,823	\$ (50,330)	\$ (1,147)
Depreciation	40,337	1,906	5,721	47,964
Amortization	739	—	—	739
OIBDA	81,436	10,729	(44,609)	47,556
Share-based compensation expense	—	—	5,907	5,907
Deal advisory fees	101	—	3,679	3,780
Adjusted OIBDA	\$ 81,537	\$ 10,729	(35,023)	57,243
Adjusted OIBDA margin	39.9%	62.9%	N/A	25.9%

**Twelve Months Ended December 31, 2021***(\$ in millions)*

	<b>Low</b>	<b>High</b>
Operating income	\$ 7	\$ 14
Depreciation and amortization	55	55
OIBDA	62	69
Share-based compensation expense	6	6
Restructuring and other	1	1
Adjusted OIBDA	\$ 69	\$ 76
Total revenue	\$ 241	\$ 248
Adjusted OIBDA margin	28.6%	30.6%

(\$ in thousands)	<u><b>2018</b></u>	<u><b>2019</b></u>	<u><b>2020</b></u>	<u><b>2021 Guidance</b></u>
Adjusted OIBDA	\$46,166	\$49,434	\$57,243	\$69,000 - \$76,000
Less: Capital Expenditures*	<u>(56,631)</u>	<u>(48,210)</u>	<u>(61,321)</u>	<u>(63,000) – (57,000)</u>
Adjusted OIBDA less incumbent CapEx	<u>(10,465)</u>	<u>1,224</u>	<u>(4,078)</u>	<u>6,000 – 19,000</u>
Glo Fiber & Beam Capital Expenditures	<u>-</u>	<u>(18,838)</u>	<u>(59,129)</u>	<u>(105,000) – (100,000)</u>
Adjusted OIBDA less CapEx	<u>(\$10,465)</u>	<u>(\$17,614)</u>	<u>(\$63,207)</u>	<u>(\$99,000) – (\$81,000)</u>

\*Excludes capital expenditures for Glo Fiber and Beam.

Adjusted OIBDA less CapEx is a non-GAAP financial measure that, when viewed with our GAAP results, provides a more complete understanding of factors and trends affecting our cash flows. Adjusted OIBDA less CapEx is calculated by subtracting capital expenditures from Adjusted OIBDA.

Incumbent Cable	<u>2018</u>	<u>2019</u>	<u>2020</u>
Data Residential & SMB Revenue (\$000's)	\$68,019	\$75,604	\$85,127
Average Revenue Generating Units	<u>71,643</u>	<u>80,035</u>	<u>90,983</u>
Average Revenue per User (ARPU)	<u>\$79.12</u>	<u>\$78.72</u>	<u>\$77.97</u>

Glo Fiber	<u>1Q20</u>	<u>2Q20</u>	<u>3Q20</u>	<u>4Q20</u>
Data Residential & SMB Revenue (\$000's)	\$65	\$201	\$491	\$819
Average Revenue Generating Units	<u>269</u>	<u>810</u>	<u>2,045</u>	<u>3,534</u>
Average Revenue per User (ARPU)	<u>\$80.55</u>	<u>\$82.72</u>	<u>\$80.03</u>	<u>\$77.25</u>

Beam Fixed Wireless	<u>1Q20</u>	<u>2Q20</u>	<u>3Q20</u>	<u>4Q20</u>
Data Residential & SMB Revenue (\$000's)	-	-	-	\$12
Average Revenue Generating Units	<u>-</u>	<u>-</u>	<u>-</u>	<u>82</u>
Average Revenue per User (ARPU)	<u>\$-</u>	<u>\$-</u>	<u>-</u>	<u>\$73.17</u>