



2Q 2013 Earnings Conference Call

August 2, 2013

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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, 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.

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Chris French

President and CEO

Q2'13 Highlights

■ Net Income Growth

- Increased 41% to \$7.8 million

■ Revenue Growth

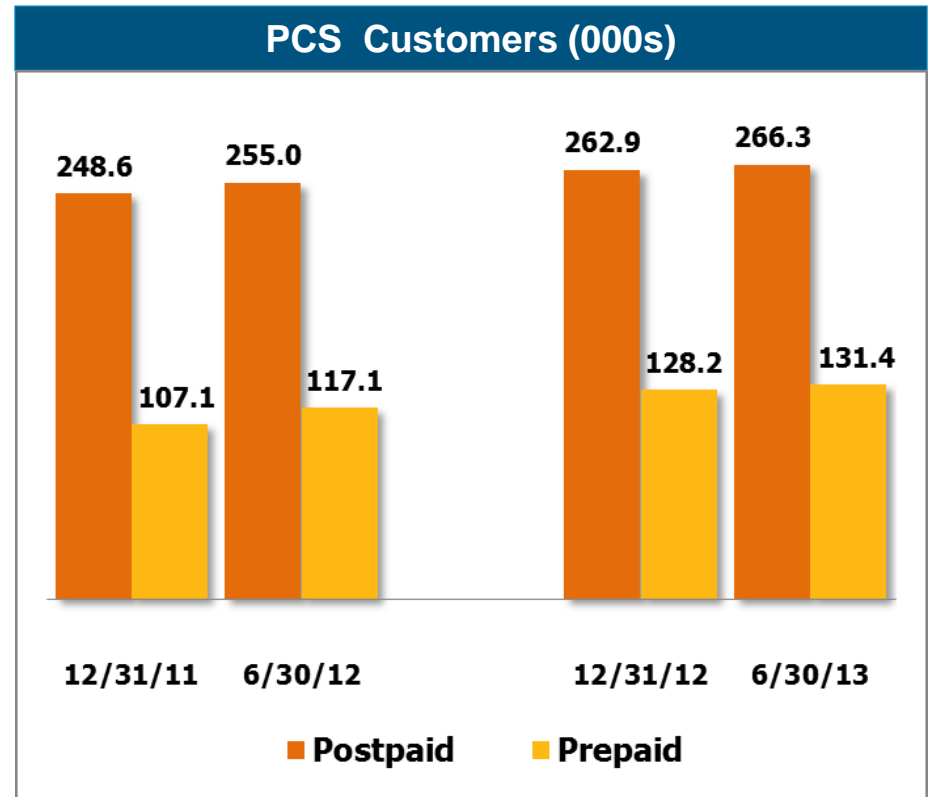
- Revenue grew 8.5% over Q2'12 to \$77.5 million.

■ Customer Growth

	<u>6/30/12</u>	<u>6/30/13</u>	<u>Change</u>
Wireless	372,095	397,669	+22,574
Cable (RGUs)	112,493	116,115	+3,622

Wireless Highlights

- ❑ **Steady Postpaid growth**
Postpaid customers up 4.4% in the last year
- ❑ **Decline in Prepaid for Quarter**
Q2'13 net decline of 3,023; due to recertification of government subsidized Assurance customers
- ❑ **Operating Income Increase**
Improvement of \$2.6 million, or over 20%
- ❑ **Network Vision**
85% of covered POPs have our 4G LTE service



Cable Highlights

■ Cable Upgrades

- Final upgrade to markets acquired in mid-2010 is substantially completed.

■ Revenue Growth

- Operating revenues grew 6.0% over Q2'12
- 116,115 RGUs at 6/30/2013

Tail End of Significant Capital Expenditures

We Are Here



2008-2010

2010-2013

2014

Acquisitions

Upgrades

Reduced CapEx

Cable

- Acquired various cable assets in West Virginia, Maryland and Virginia
- Many assets had been neglected by former owners

Wireless

- Acquired right to portion of 50,000 Virgin Mobile customers and began selling Virgin Mobile and Boost prepaid

Cable

- Upgraded acquired networks to offer “Triple Play” with robust high speed data offering
- Streamline network to gain operating efficiency

Wireless

- Investing heavily in upgrading wireless networks to 4G LTE as part of the Sprint Network Vision project
- 88% of covered POPs have 4G LTE service

- Capital Expenditures should decrease after network upgrades are complete

Strategic Initiatives

Wireless

- Complete 4G upgrade by end of year
- Leverage improved network and our regional advantage to drive growth

Cable

- Leverage significant improvements made to network
- Drive unified brand initiative launched in 2012
- Continue to deliver total RGU growth

Cable & Wireline

- Grow fiber lease revenues



Adele Skolits

VP of Finance and CFO

Profitability

Net Income and Earnings Per Share (\$ in thousands, except per share amounts)

	<u>6/30/12</u>	<u>6/30/13</u>
Operating Income	\$ 11,137	\$ 14,500
Net Income	\$ 5,560	\$ 7,842
Basic and Diluted Earnings Per Share	\$ 0.23	\$ 0.33

Profitability

Adjusted OIBDA (\$ thousands)

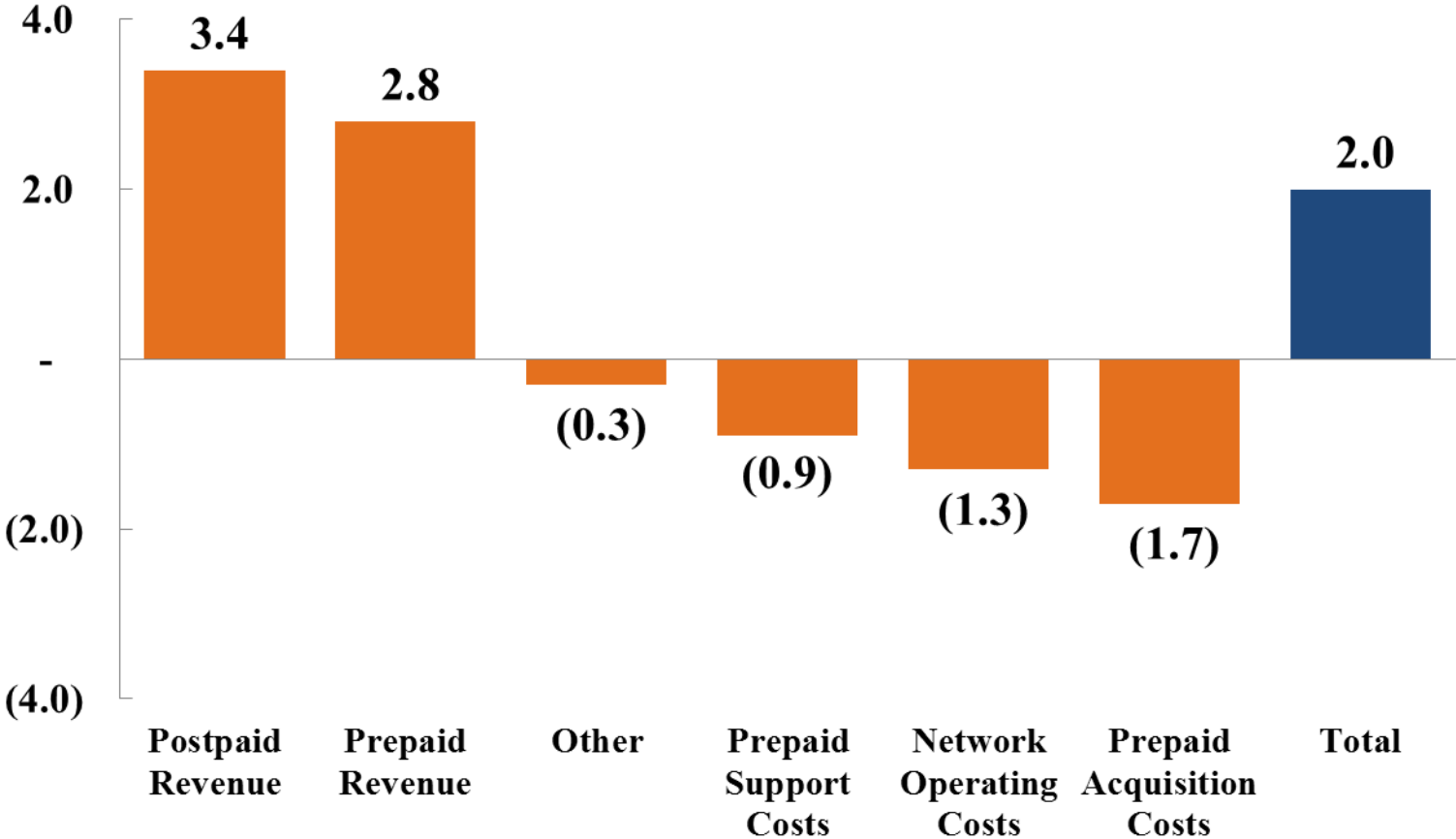
For the Quarter Ended:

	<u>6/30/12</u>	<u>6/30/13</u>	<u>Change</u>
Operating Income	11,137	14,500	3,363
Depreciation and Amortization	15,259	16,071	812
Adjusted prepaid results	1,562	-	(1,562)
Share based compensation	523	537	14
(Gain) loss on asset sales	(9)	152	161
Adjusted OIBDA	28,472	31,260	2,788

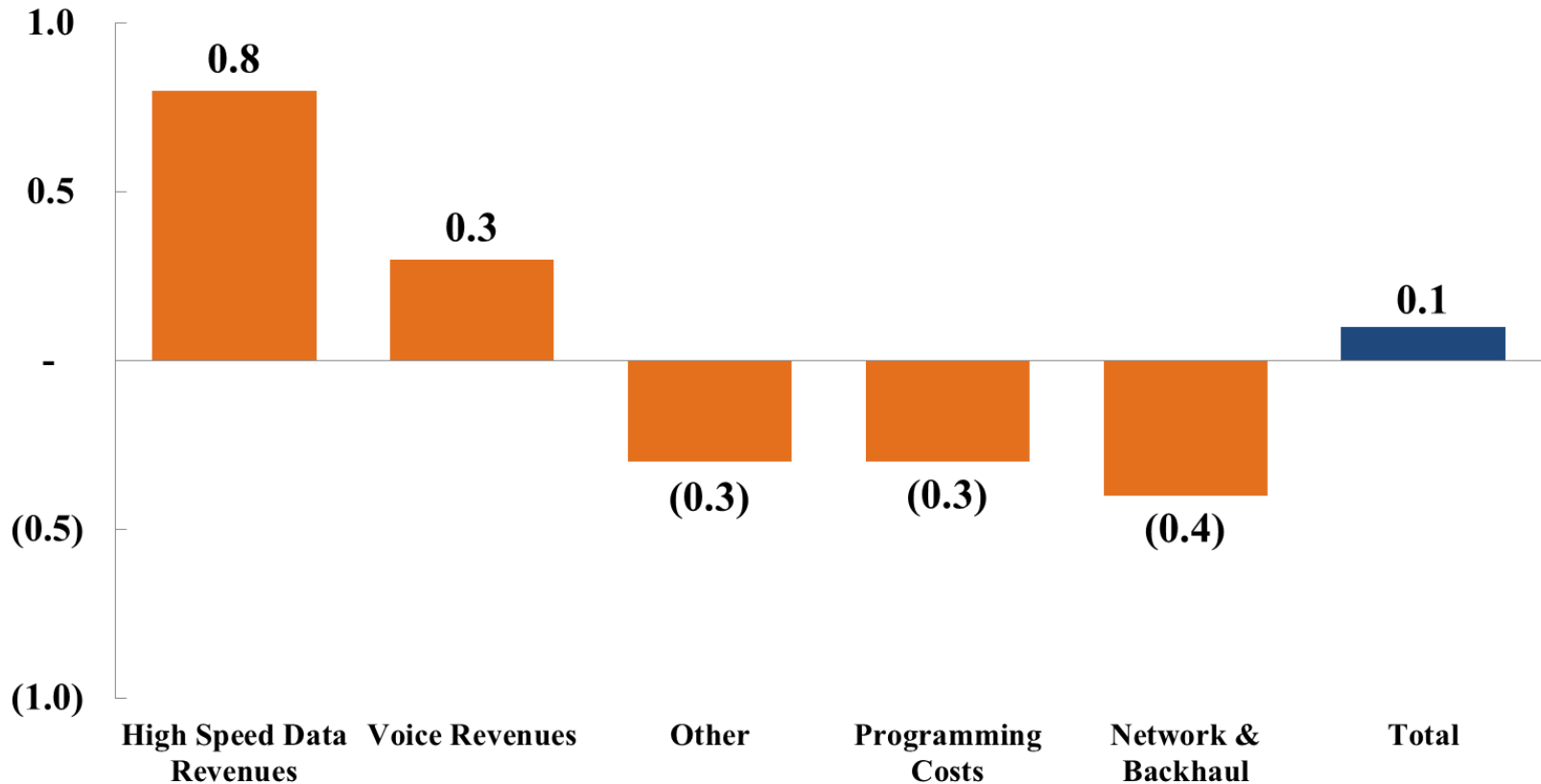
Adjusted OIBDA by Segment (\$ millions)

	<u>Wireless</u>		<u>Cable</u>		<u>Wireline</u>	
	<u>Q2'12</u>	<u>Q2'13</u>	<u>Q2'12</u>	<u>Q2'13</u>	<u>Q2'12</u>	<u>Q2'13</u>
Operating Income	\$ 12.5	\$ 15.1	\$ (4.0)	\$ (3.6)	\$ 3.3	\$ 3.7
Depreciation and amortization	6.7	7.7	6.2	5.9	2.3	2.4
Adjusted prepaid results	1.6	-	-	-	-	-
Plus (gain) loss on asset sales	-	-	-	-	-	-
Share based compensation	0.2	0.2	0.2	0.2	0.2	0.2
Adjusted OIBDA	<u>\$21.0</u>	<u>\$23.0</u>	<u>\$2.4</u>	<u>\$2.5</u>	<u>\$5.8</u>	<u>\$6.3</u>
Percent Change		9.5%		4.2%		8.6%

Wireless Segment – Change in Adjusted OIBDA Q2'13 vs. Q2'12 (\$ millions)

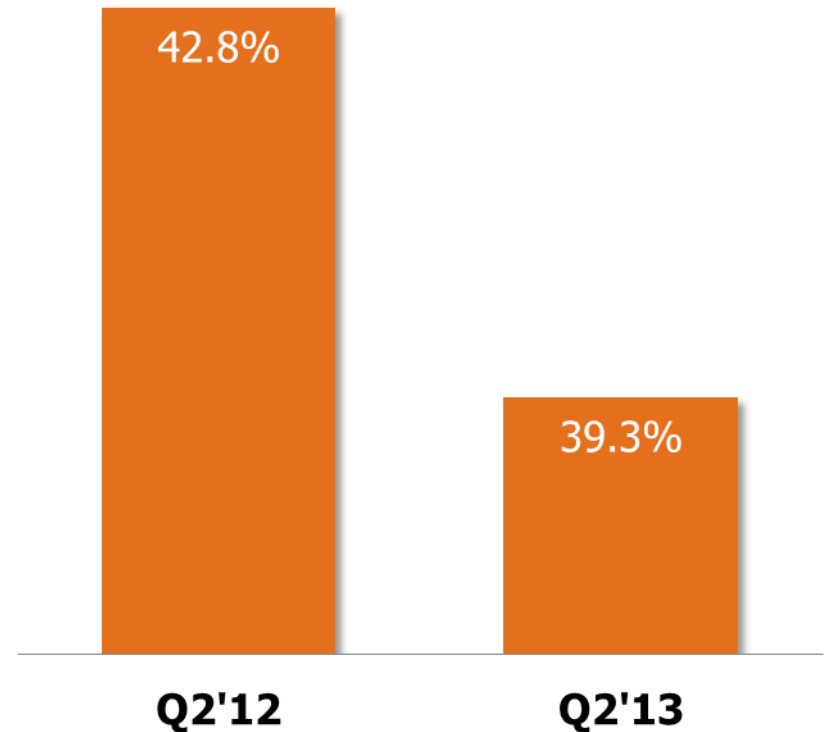


Cable Segment – Change in Adjusted OIBDA Q2'13 vs. Q2'12 (\$ millions)



Effective Tax Rate

- ❑ Decrease in rate is the result of organizational changes made in 2012
- ❑ These changes resulted in savings of approximately \$450k in Q2'13.





Earle MacKenzie

EVP and COO



Wireless Segment

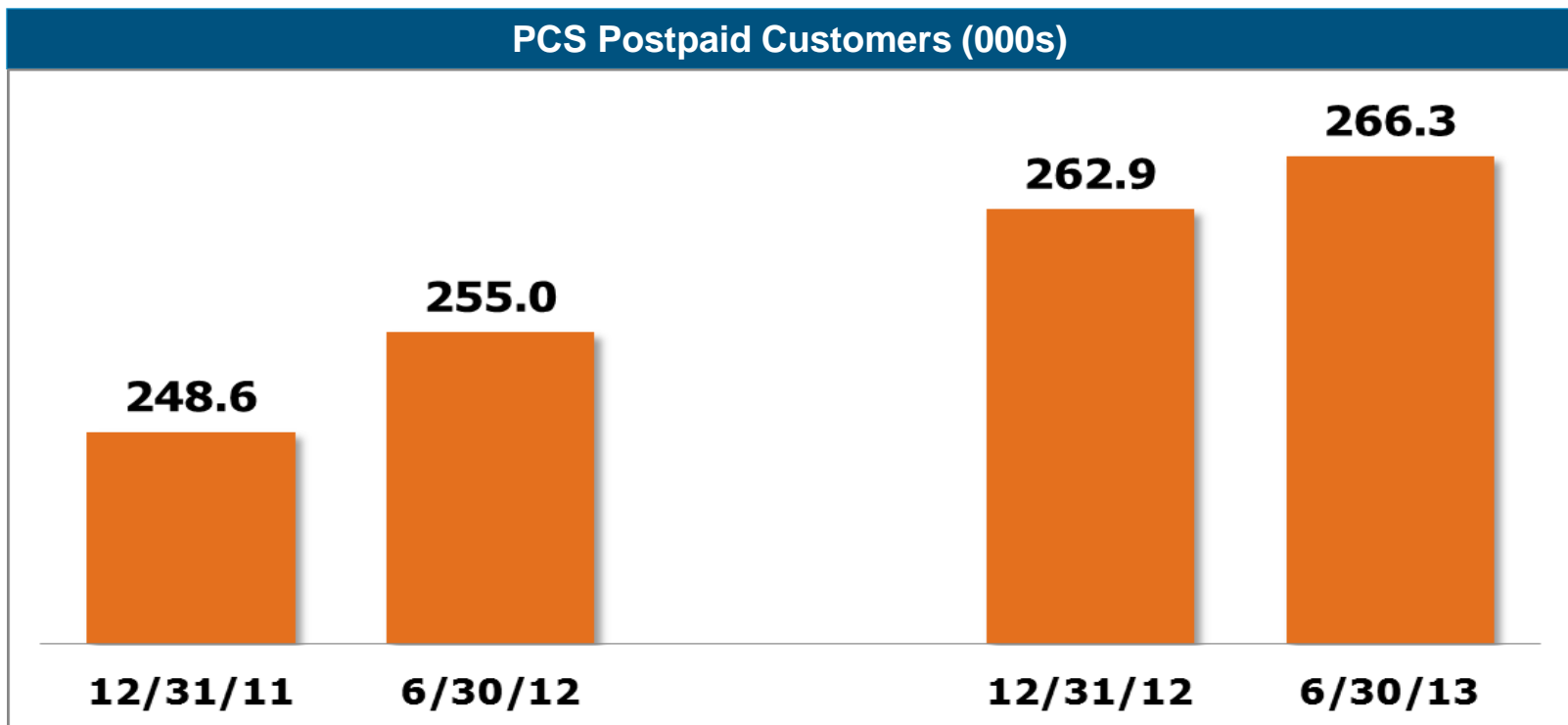
Network Vision Scorecard – as of 7/29/13

To Date, out of 525 sites:

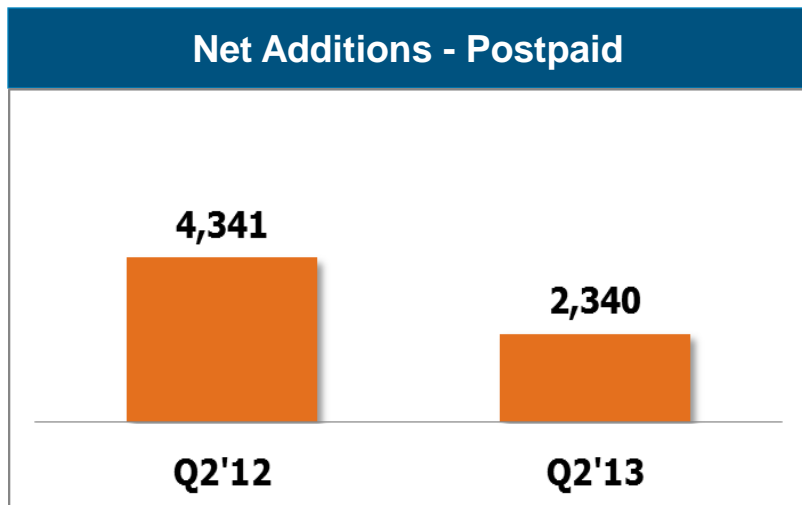
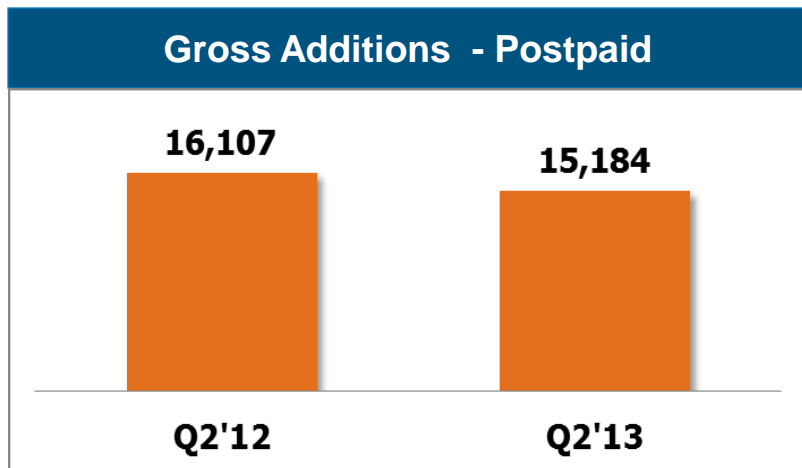
Leasing & Zoning Complete	501 or 95%
Sites on air	458 or 87%
Sites with 4G LTE launched	394 or 75%

- Number of sites on air has increased 67% since Q1 2013
- 4G LTE currently available to 88% of covered POPs
- 4G LTE service launched in 11 out of 13 local markets

Postpaid Customer Growth



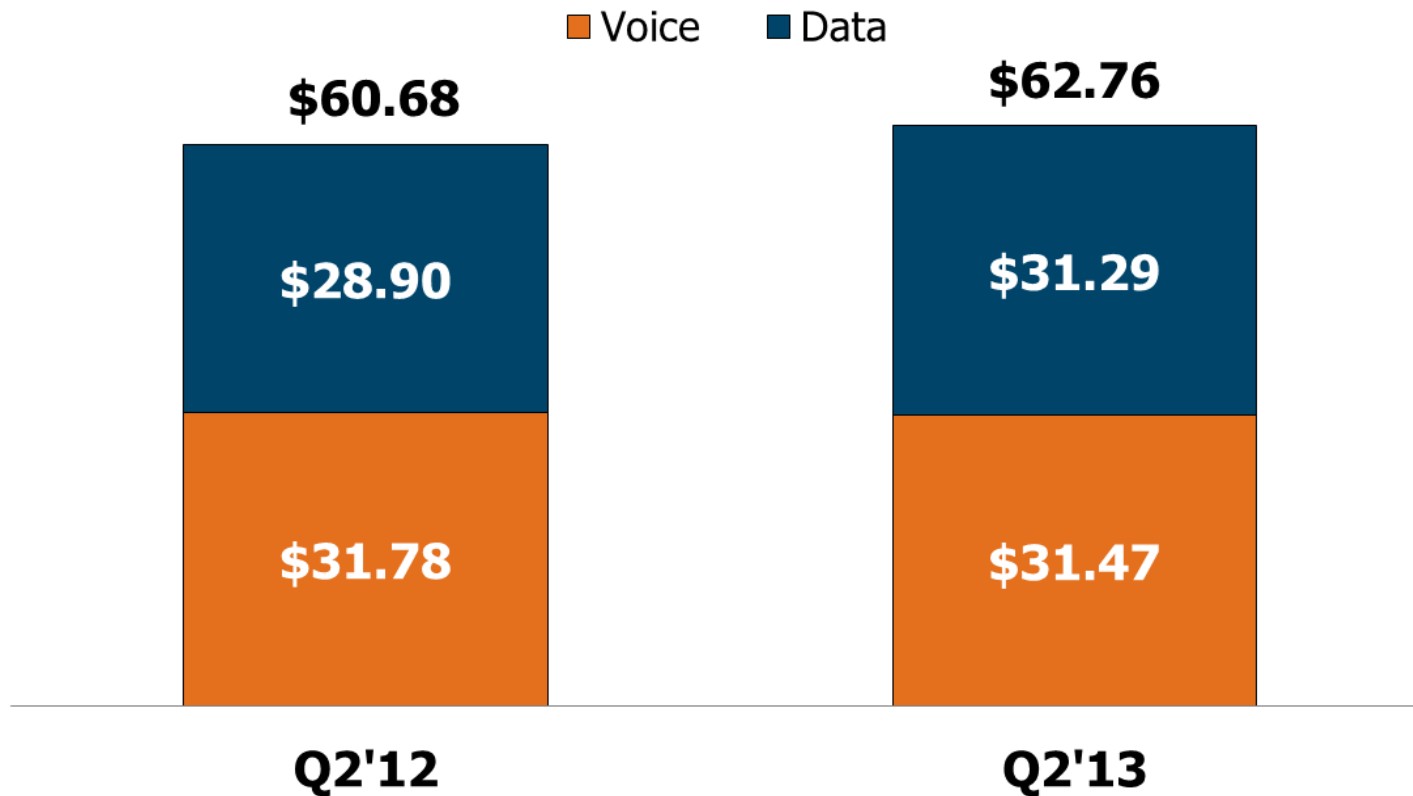
Postpaid Customer Additions



- Net adds of 2,340 in Q2 2013 versus 4,341 in Q2 2012
- Q2 2013 churn of 1.62% up from 1.55% in Q2 2012
- Shentel-controlled channels produced 44% of gross adds in Q2 2013 and 48% in Q2 2012

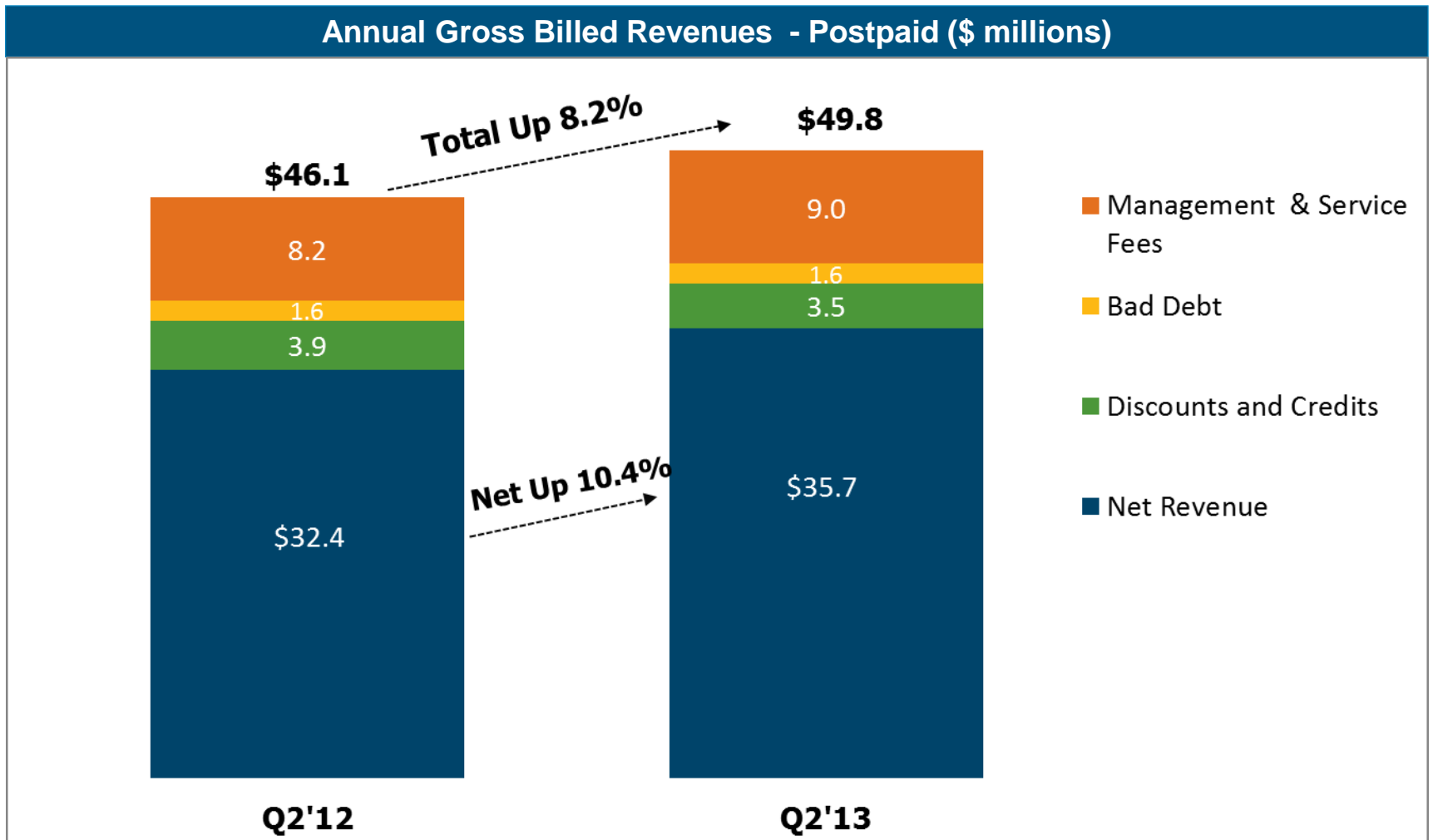
Total Revenue per Customer Up; Data Usage Increasing

Gross Billed Revenue per Postpaid User – Data & Voice ¹

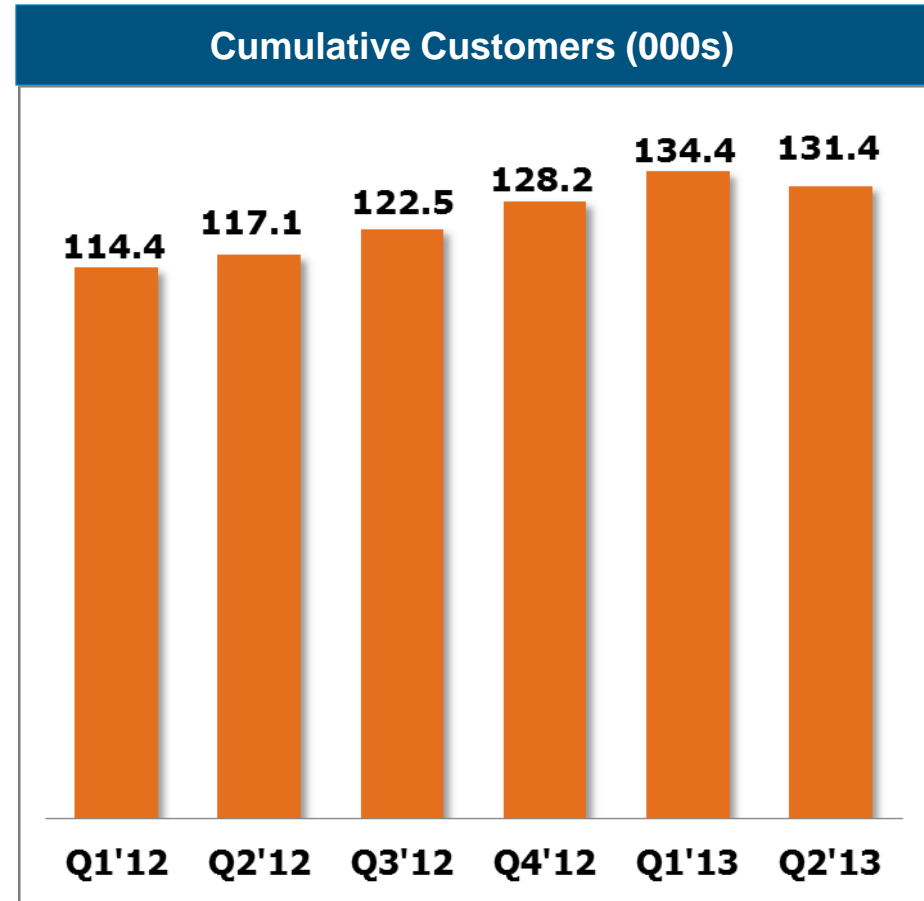
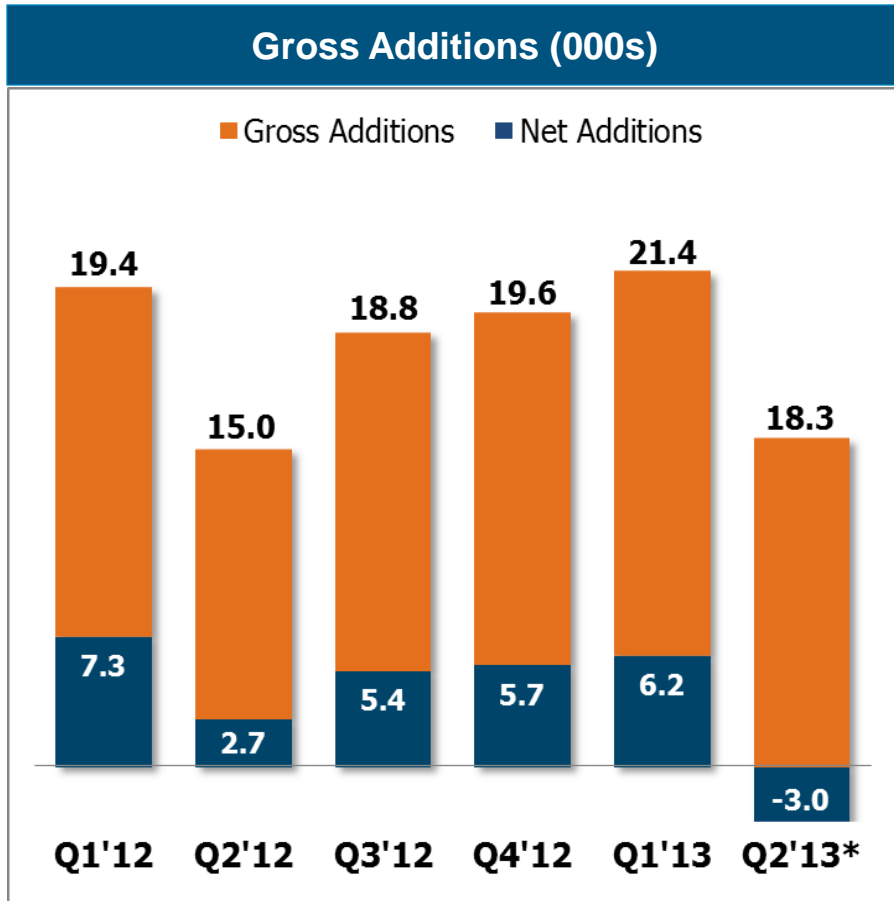


¹ – Before Service credits, bad debt, Sprint Nextel fees.

PCS Revenues



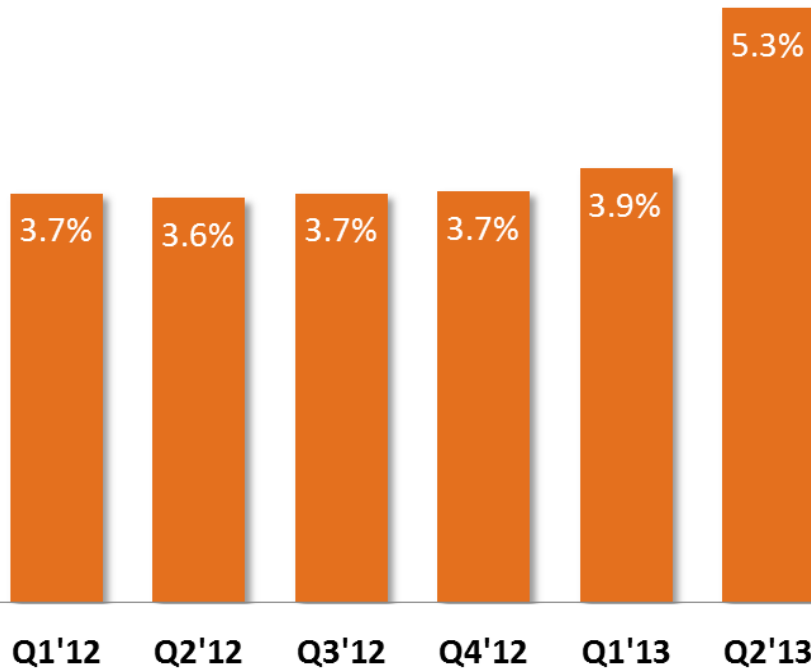
PCS Prepaid Statistics



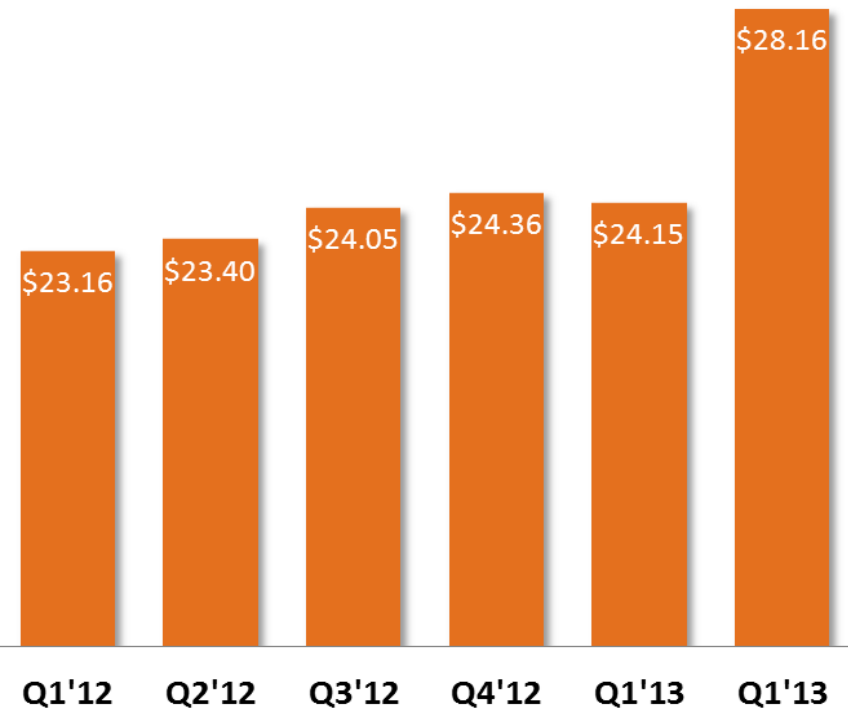
*The loss of customers in Q2'13 related to more stringent governmental requirements for customers renewing their eligibility for the government subsidized Assurance program.

PCS Prepaid Statistics

Churn %



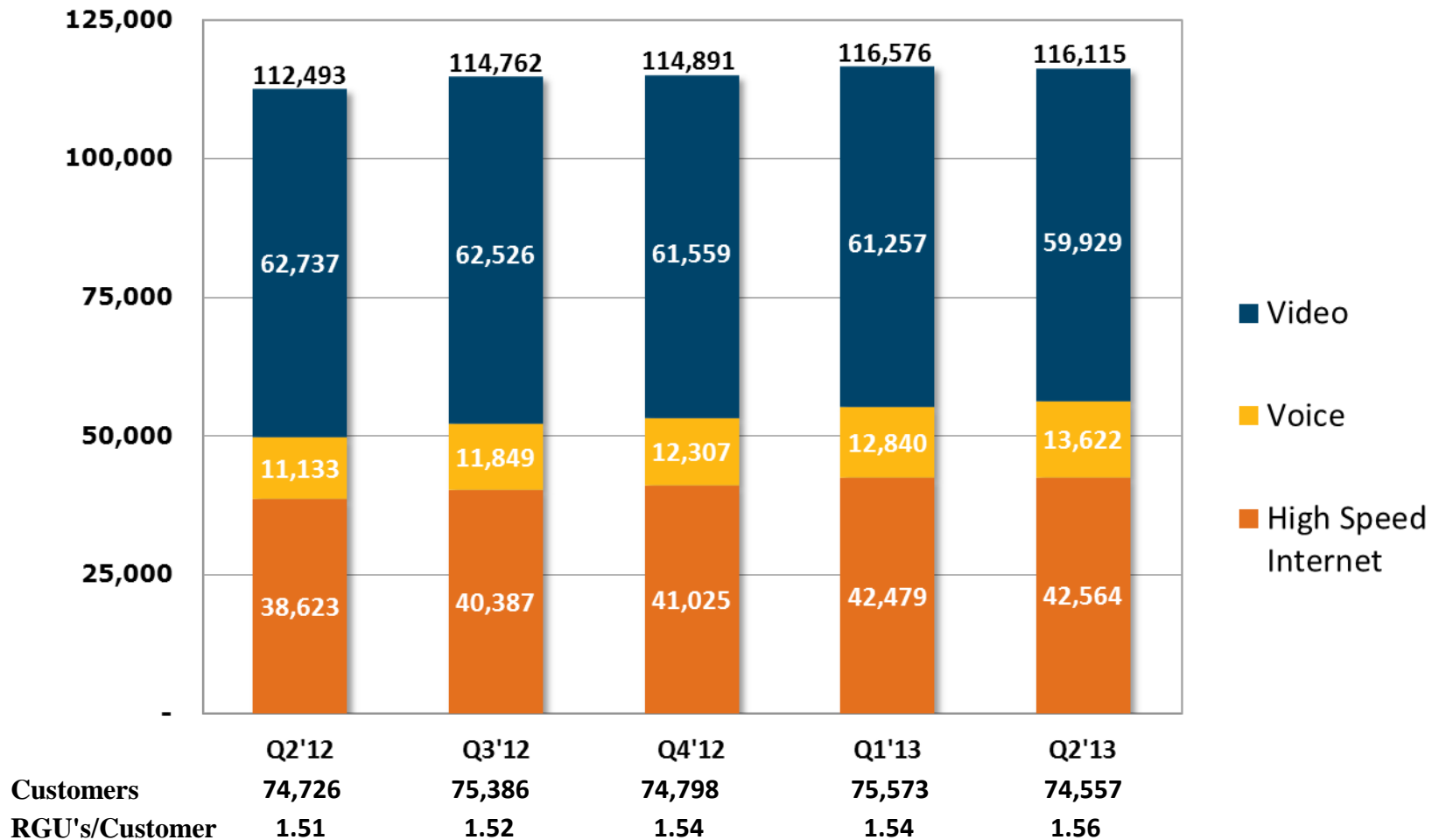
Average Gross Billed Revenue



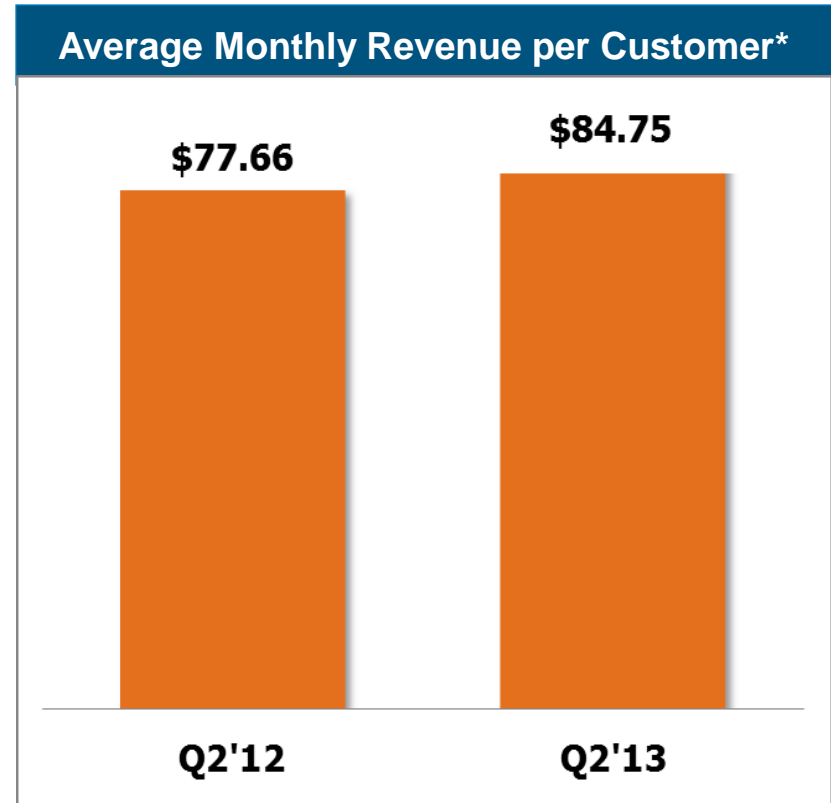
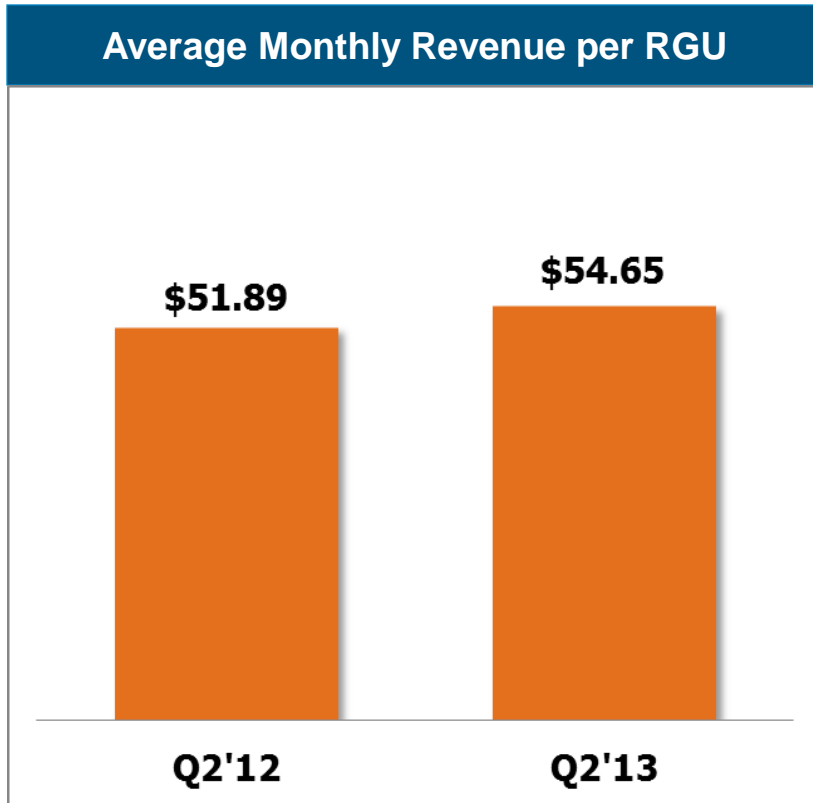


Cable Segment

Cable - RGU Growth by Quarter



Increasing Average Monthly Cable Revenue



*Average monthly revenue per video subscriber was \$92.38 and \$104.99 for Q2 2012 and Q2 2013, respectively.

Key Operational Results – Cable

	Q2 2012	Q2 2013
Homes Passed	183,190	184,615
Customer Relationships	74,726	74,557
Video		
Revenue generating units	62,737	59,929
Penetration	34.2%	32.5%
Digital video penetration	39.1%	40.2%
High-speed Internet		
Available Homes	157,153	166,675
Revenue generating units	38,623	42,564
Penetration	24.6%	25.5%
Voice		
Available Homes	150,759	161,709
Revenue generating units	11,133	13,622
Penetration	7.4%	8.4%
Total Revenue Generating Units	112,493	116,115
RGUs per Customer Relationship	1.51	1.56

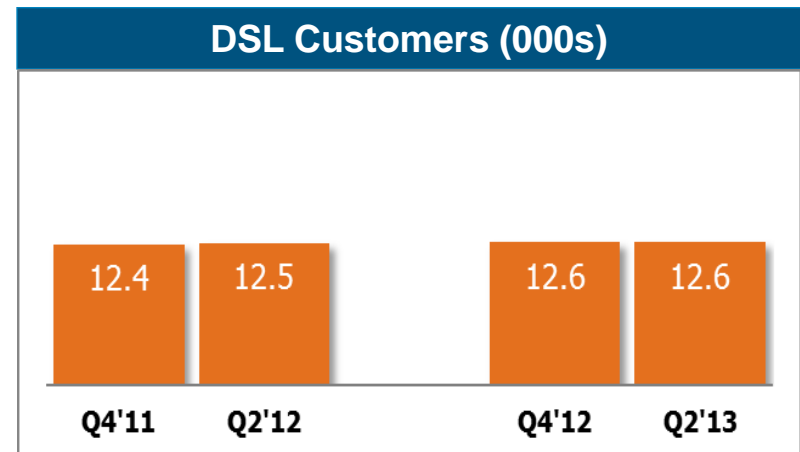
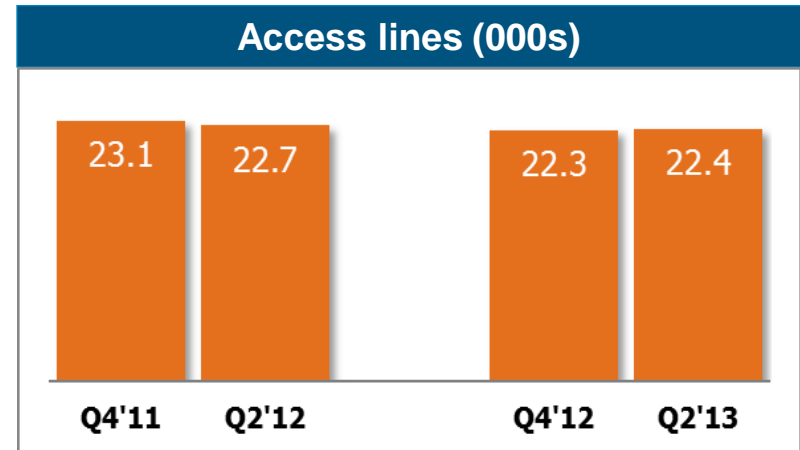
Note: Video homes passed includes 16K homes located in Shenandoah County, VA, where internet and voice services are provided by the Wireline segment.



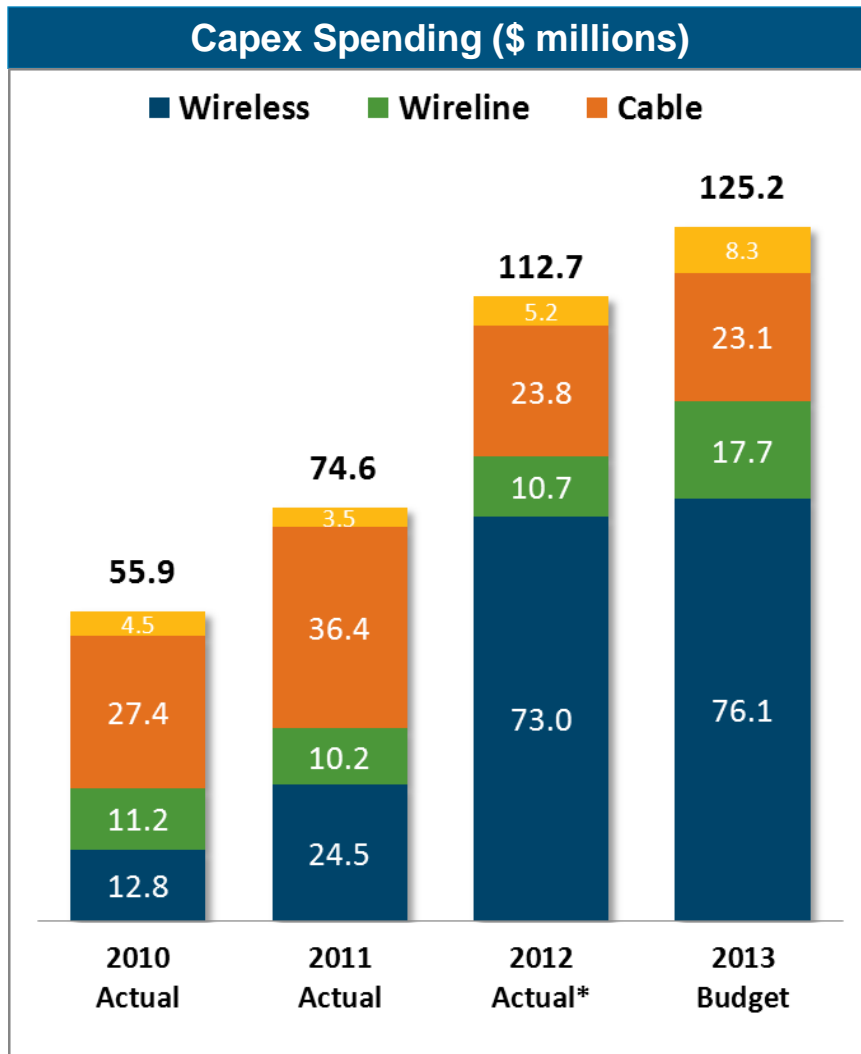
Wireline Segment

Key Operational Results - Wireline

- Access line loss of 1.3% in past 12 months
- Broadband penetration in LEC area at 56.1%
- Total connections at 06/30/13 of 35.0 thousand



Investing in the Future



- Network Vision spend of \$55M in 2012. Budget of \$60M in 2013.
- Success-based spending is 23% of total 2013 budget.
- Capex should decrease significantly in 2014.

* Capex spending for 2012 included \$24.7 million of contracted commitments that was included in accounts payable at 12/31/12.

Q&A

Appendix

Non-GAAP Financial Measure – Billed Revenue per Postpaid Subscriber

Dollars in thousands (except subscribers and revenue per subscriber)

<u>Gross billed revenue</u>	<u>2Q 2012</u>	<u>2Q 2013</u>
Wireless segment total operating revenues	\$44,263	\$49,766
Equipment revenue	(1,341)	(1,270)
Tower Lease Revenue	(2,280)	(2,576)
Prepaid Net Service Revenues	(7,793)	(10,612)
Other revenue	(455)	442
Wireless service revenue – postpaid	32,394	35,750
Discounts and Credits	3,860	3,519
Write-offs	1,626	1,613
Management fee	3,270	3,584
Service fee	4,905	5,374
Gross billed revenue – postpaid	<u>\$46,056</u>	<u>\$49,840</u>
Average postpaid subscribers	252,982	264,723
Billed revenue per postpaid subscriber	\$60.68	\$62.76

Postpaid PCS Customers Top Picks Q2 2013

■ **Top Service Plans** – 74% of Gross Adds

Everything Data 1500	55%
Everything Data 450	19%

■ **Top Devices** – New Activations – All Channels

iPhone	25%
Samsung Galaxy S III	21%
Samsung Galaxy Victory	8%

Smartphones made up 70% of the Postpaid base in Q2 2013, up from 65% in Q4 2012 and 59% in Q2 2012.

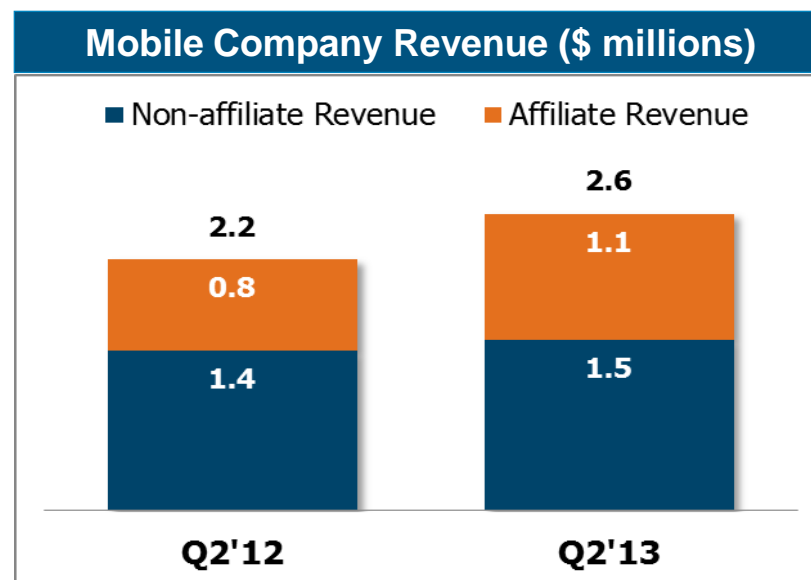
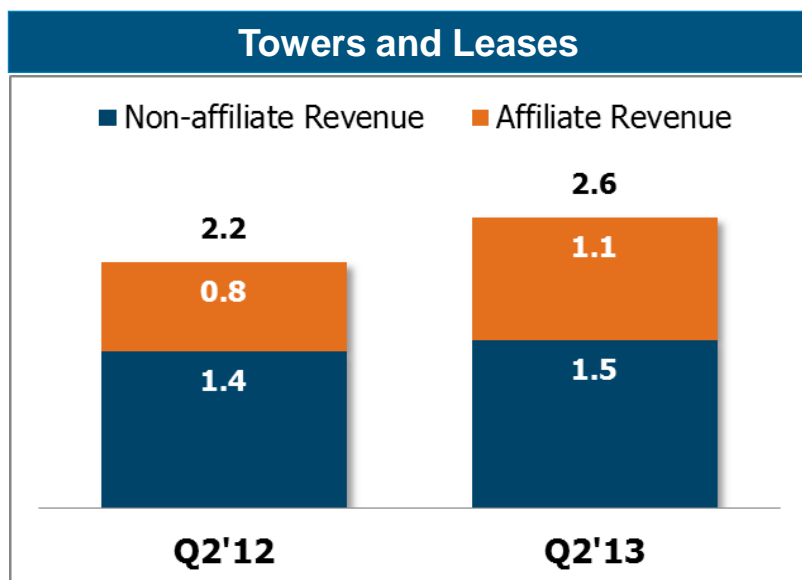
iPhone Statistics – Q2'13

- 25% of Q2 Gross Adds
- 28% of iPhones were sold or upgraded in Shentel-controlled channels
- 23.7% of 06/30/13 Postpaid customers had the iPhone, up from 21.2% at 03/31/13
 - 49% iPhone 4S
 - 30% iPhone 4
 - 20% iPhone 5

Non-GAAP Financial Measure – Average Monthly Cable Revenue

	<u>2012</u>	<u>2013</u>
<i>(dollars in thousands)</i>		
Net Service Revenue	\$ 16,356	\$ 17,564
Set-top box rentals	1,045	1,237
FUSC and pass-through fees	244	284
Video, Internet & Voice Revenue	17,645	19,085
Other miscellaneous revenue	1,367	1,059
Total Operating Revenue	19,012	20,144
Video revenue	12,135	12,509
Internet revenue	4,477	5,295
Voice revenue	1,033	1,281
Video, Internet & Voice Revenue	\$ 17,645	\$ 19,085
<u>Average Subscribers</u>		
Video	63,665	60,594
Internet	38,769	42,580
Voice	10,908	13,246
Revenue Generating Units (RGUs)	113,341	116,419
Customer Relationships	75,739	75,065
<u>Average Revenue Per User (ARPU)</u>		
Revenue Generating Units (RGUs)	\$51.89	\$54.65
Customer Relationships	\$77.66	\$84.75
Video	\$92.38	\$104.99

Key Operational Results – Mobile Company



(in thousands)

	<u>Q2'12</u>	<u>Q2'13</u>
Operating Income	\$1,157	\$939*
Depreciation and Amortization	336	395
Share Based Compensation	5	5
Adjusted OIBDA	\$1,498	\$1,339

* The decrease in operating income primarily resulted from a \$0.5 million adjustment to reduce straight-line rent accruals at a small number of sites related to termination of Sprint's iDEN leases.

Wireline Statistics – Fiber Sales (\$ millions)

