



1Q 2013 Earnings Conference Call

May 3, 2013

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, 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.

Use of Non-GAAP Financial Measures

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. These financial performance measures are commonly used in the industry and are presented because Shentel believes they provide relevant and useful information to investors. Shentel utilizes these financial performance measures to assess its ability to meet future capital expenditure and working capital requirements, to incur indebtedness if necessary, return investment to shareholders and to fund continued growth. Shentel also uses these financial performance measures to evaluate the performance of its businesses and for budget planning purposes.



Chris French

President and CEO

Q1'13 Highlights

■ Net Income Growth

- Increased 87% to \$8.4 million

■ Revenue Growth

- Revenue grew 10.4% over Q1'12 to \$76.0 million.

■ Customer Growth

	<u>3/31/12</u>	<u>3/31/13</u>	<u>Change</u>
Wireless	365,068	398,361	33,293
Cable (RGUs)	114,006	116,576	2,570

Wireless Highlights

❑ Steady Postpaid growth

Postpaid customers up 5.3% in the last year

❑ Rapid Prepaid Growth

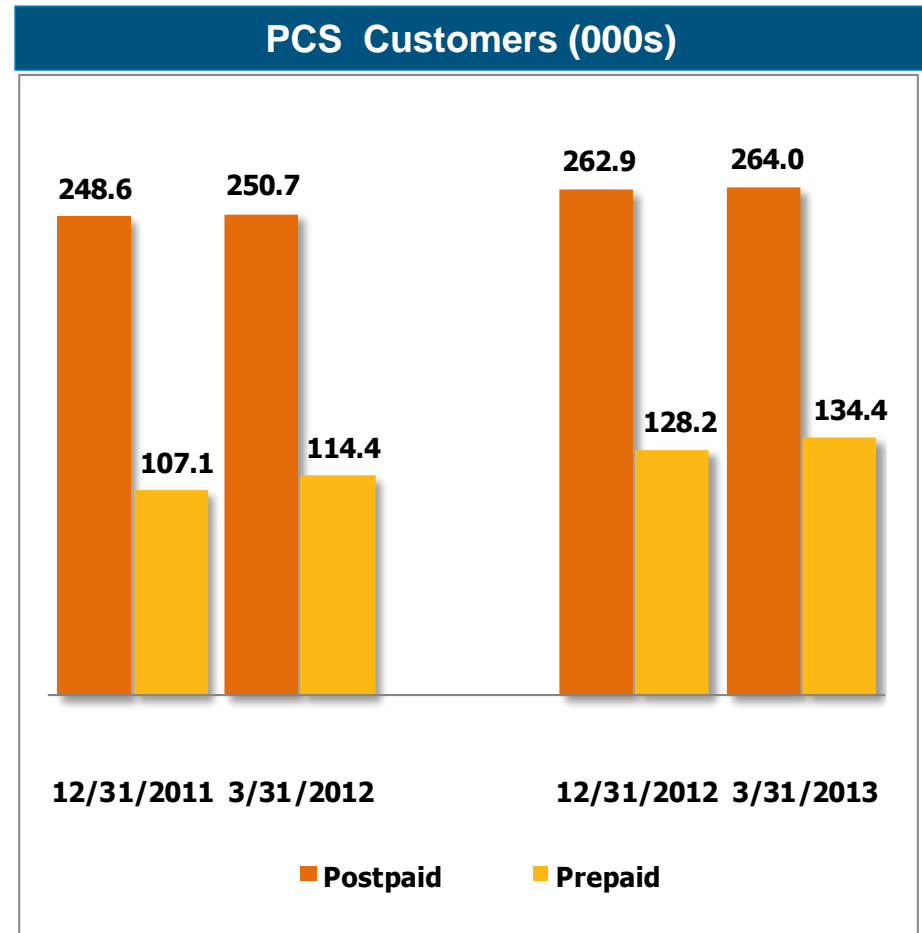
Q1'13 net additions of 6,227;
134k prepaid subs at 03/31

❑ Operating Income Increase

Improvement of \$5.3 million,
or over 50%

❑ Network Vision

70% of covered POPs have
our 4G LTE service



Cable Highlights

■ Cable Upgrades

- Final planned upgrade to markets acquired in mid-2010 is nearing substantial completion.

■ RGU Growth

- Total RGU growth of 1.5% in Q1'13
- 116,576 RGUs at 3/31/2013



Adele Skolits

VP of Finance and CFO

Profitability

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

	<u>3/31/12</u>	<u>3/31/13</u>
Operating Income	\$ 8,817	\$ 15,209
Net Income	\$ 4,466	\$ 8,351
Basic and Diluted Earnings Per Share	\$ 0.19	\$ 0.35

Profitability

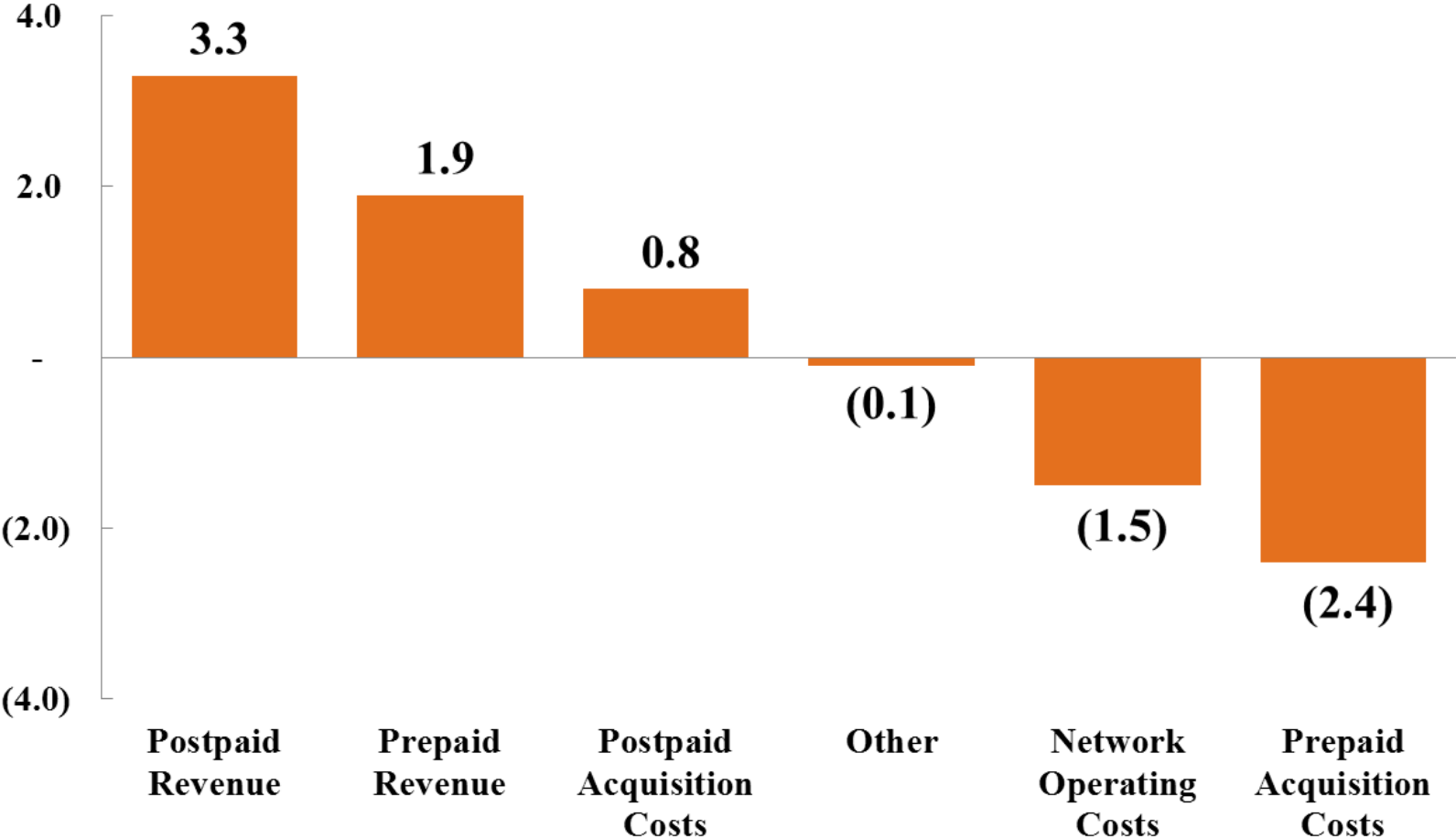
Adjusted OIBDA (\$ thousands)

	For the Quarter Ended:		
	3/31/12	3/31/13	Change
Operating Income	8,817	15,209	6,392
Depreciation and Amortization	15,807	13,972	(1,835)
Adjusted prepaid results	1,695	-	(1,695)
Plus (gain) loss on asset sales	33	82	49
Share Based Compensation	357	372	15
Adjusted OIBDA	26,709	29,635	2,926

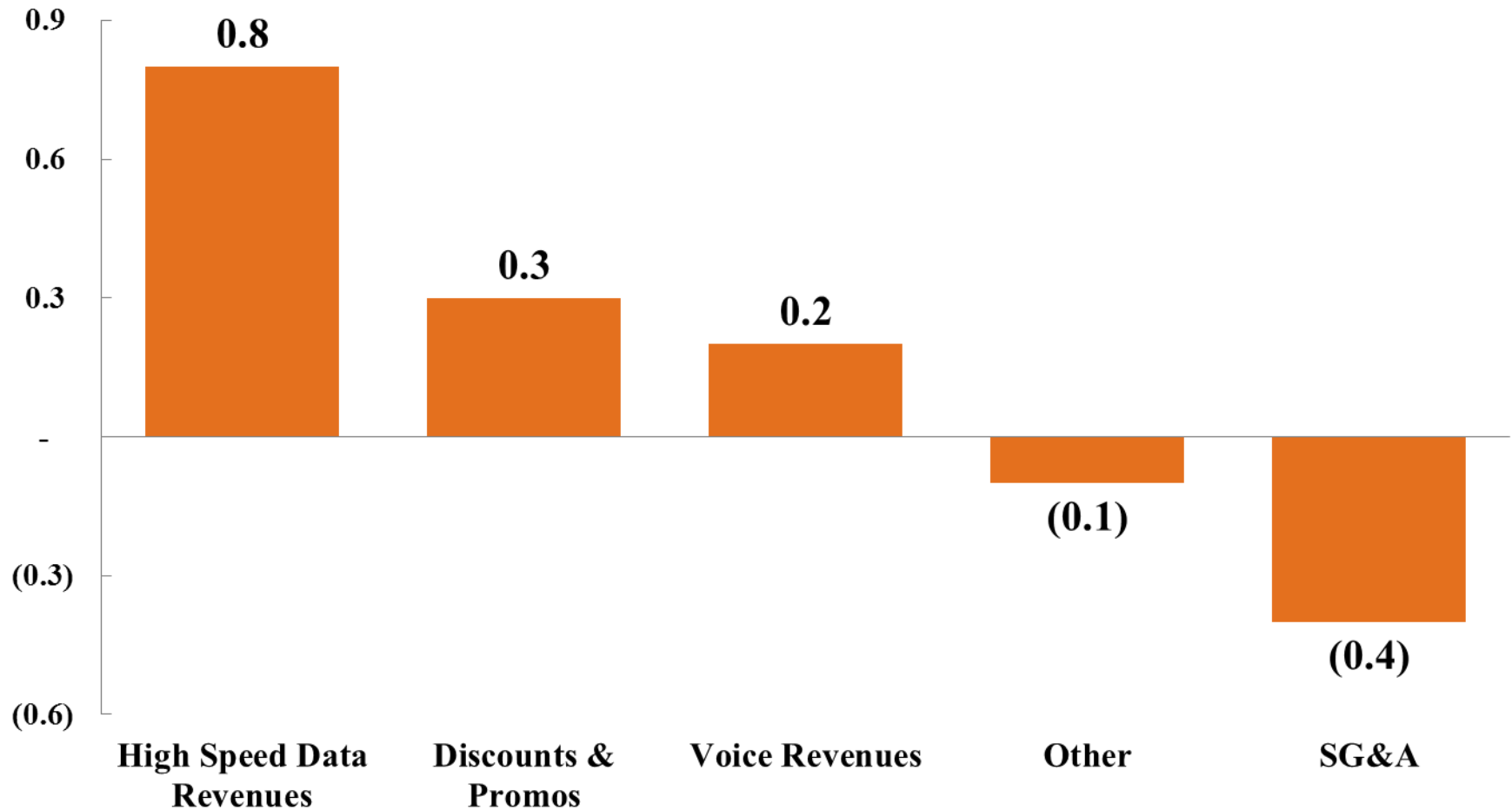
Adjusted OIBDA by Segment (\$ millions)

<i>(in thousands)</i>	<u>Wireless</u>		<u>Cable</u>		<u>Wireline</u>	
	<u>Q1'12</u>	<u>Q1'13</u>	<u>Q1'12</u>	<u>Q1'13</u>	<u>Q1'12</u>	<u>Q1'13</u>
Operating Income	\$ 10.5	\$ 15.8	\$ (4.5)	\$ (3.4)	\$ 3.8	\$ 3.5
Depreciation and amortization	7.8	6.0	5.9	5.6	2.2	2.4
Adjusted prepaid results	1.7	-	-	-	-	-
Plus (gain) loss on asset sales	-	0.1	-	-	-	-
Share based compensation	0.1	0.1	0.1	0.1	0.1	0.1
Adjusted OIBDA	\$ 20.1	\$ 22.1	\$ 1.5	\$ 2.3	\$ 6.1	\$ 6.0
Percent Change		9.9%		53.3%		-1.6%

Wireless Segment – Change in Adjusted OIBDA Q1'13 vs. Q1'12 (\$ millions)

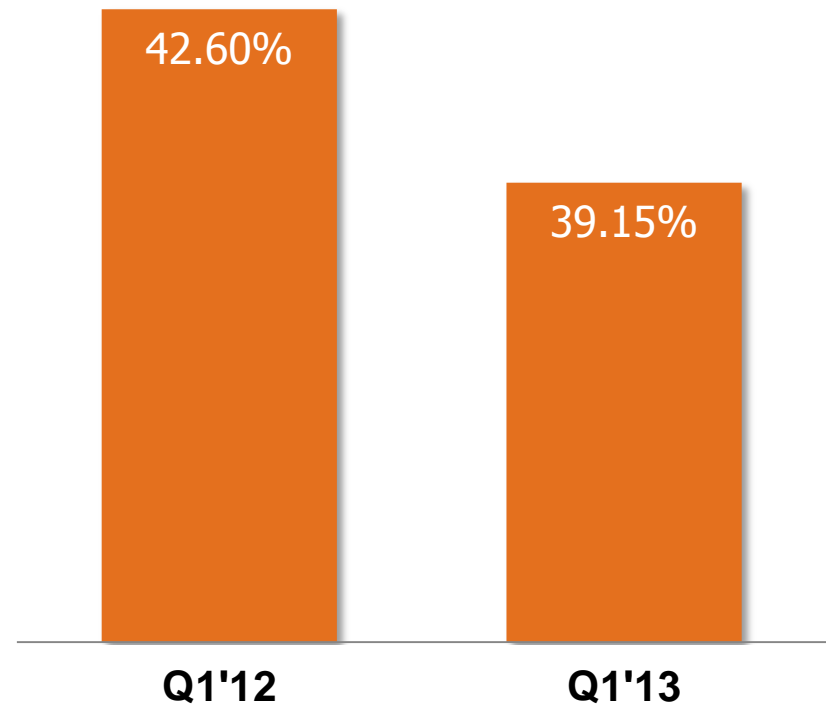


Cable Segment – Change in Adjusted OIBDA Q1'13 vs. Q1'12 (\$ millions)



Effective Tax Rate

- Decrease in rate is the result of organizational changes undertaken in 2012
- These changes resulted in savings of approximately \$470k in Q1'13.





Earle MacKenzie

EVP and COO

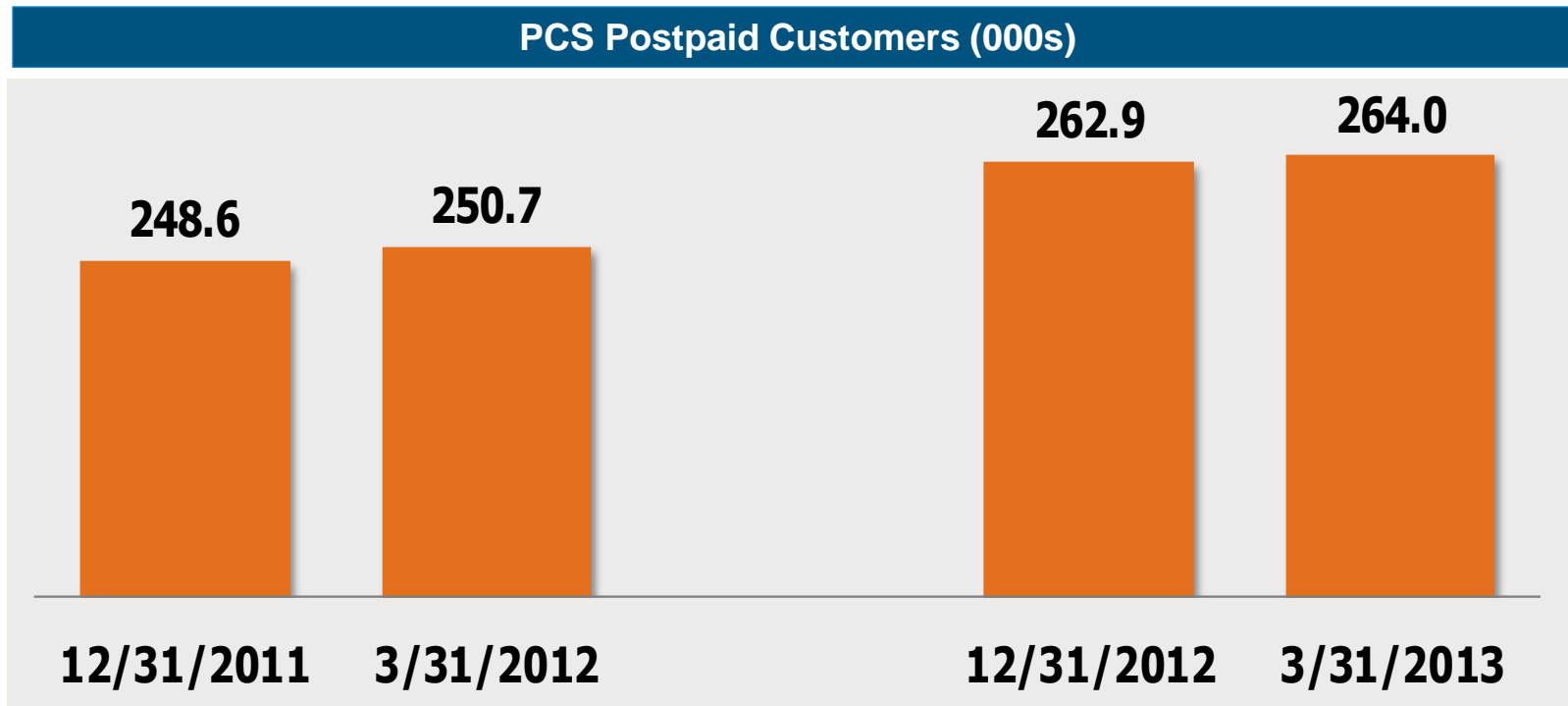
Network Vision Scorecard – as of 4/29/13

To Date:

Leasing & Zoning Complete	456 out of 521 sites
Sites on air	328 out of 521 sites
Sites with 4G LTE launched	276 out of 521 sites

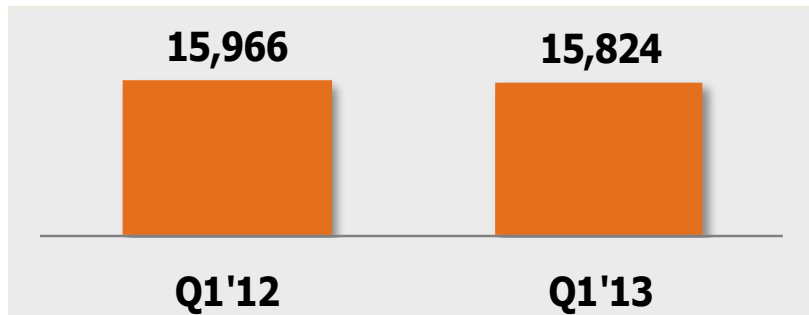
- Number of sites on air has increased 45% since YE 2012
- 4G LTE currently available to 75% of covered POPs
- 4G LTE service launched in 10 out of 13 local markets

Key Operational Results – Wireless

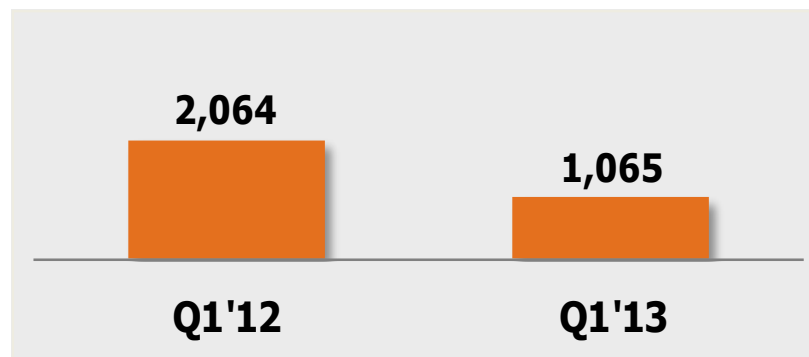


Key Operational Results – Wireless

Gross Additions - Postpaid

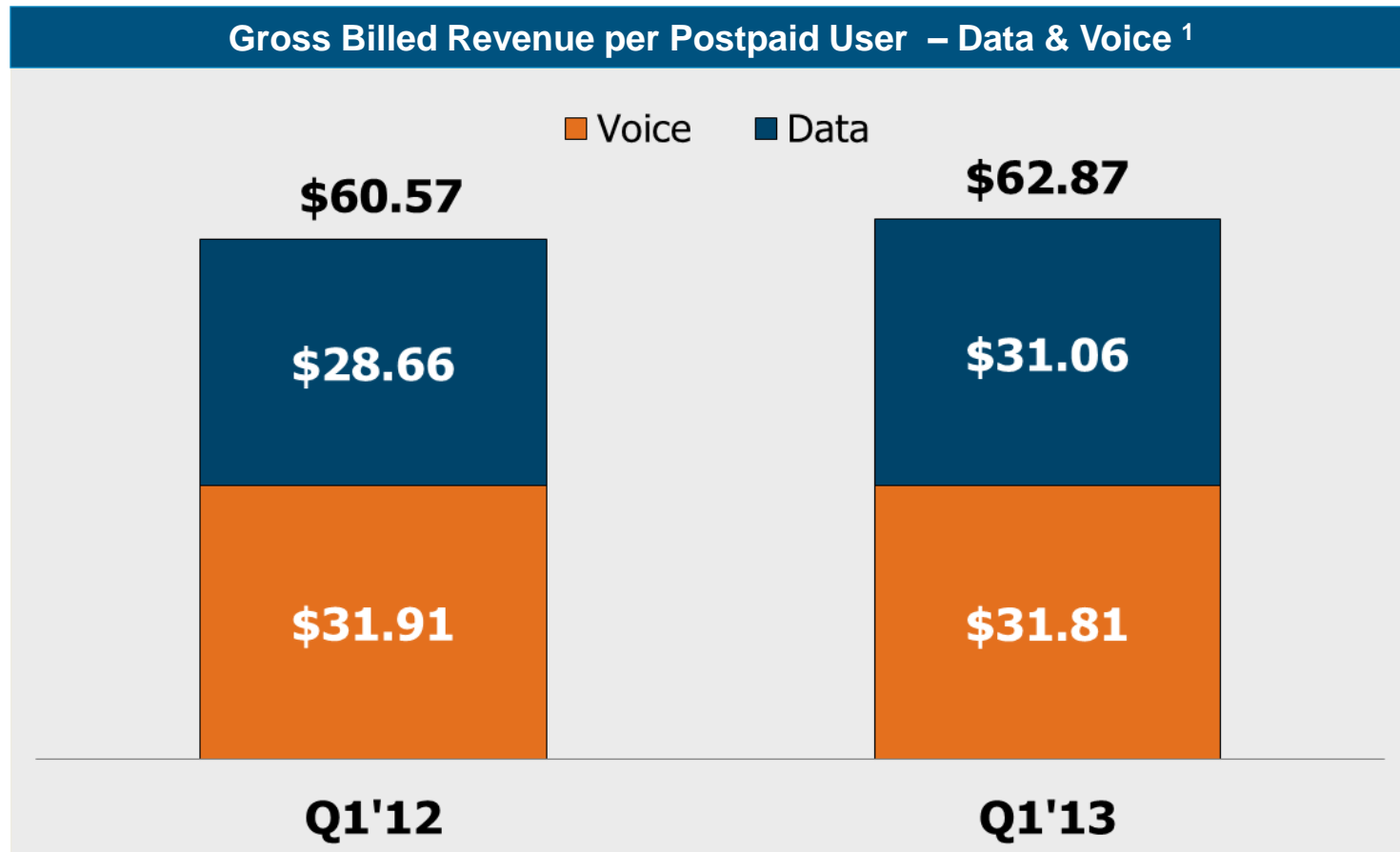


Net Additions - Postpaid



- Net adds of 1,065 in Q1 2013 versus 2,064 in Q1 2012
- Q1 2013 churn of 1.87% up from 1.86% in Q1 2012
- Shentel-controlled channels produced 45% of gross adds in Q1 2013 and 50% in Q1 2012

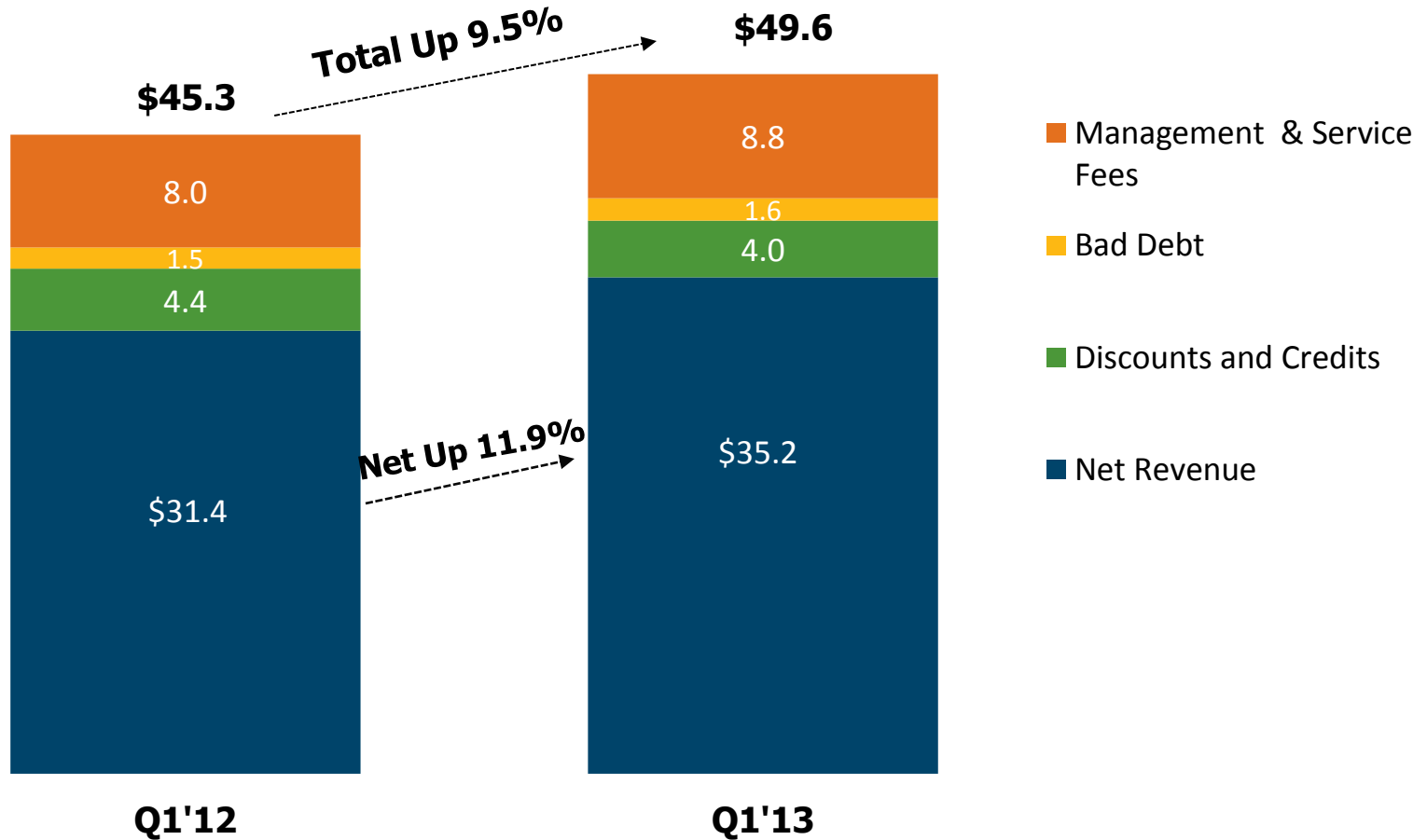
Key Operational Results – PCS



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

PCS Revenues

Annual Gross Billed Revenues - Postpaid (\$ millions)



Postpaid PCS Customers Top Picks Q1 2013

- Top Service Plans – 71% of Gross Adds

- ▶ Everything Data 1500 – 54%
- ▶ Everything Data 450 – 17%

- Top Devices – New Activations – All Channels

- ▶ iPhone 26%
- ▶ Samsung Galaxy S III 19%
- ▶ HTC EVO 4G LTE 11%

- Smartphones made up 68% of the Postpaid base in Q1 2013, up from 65% in Q4 2012 and 57% in Q1 2012

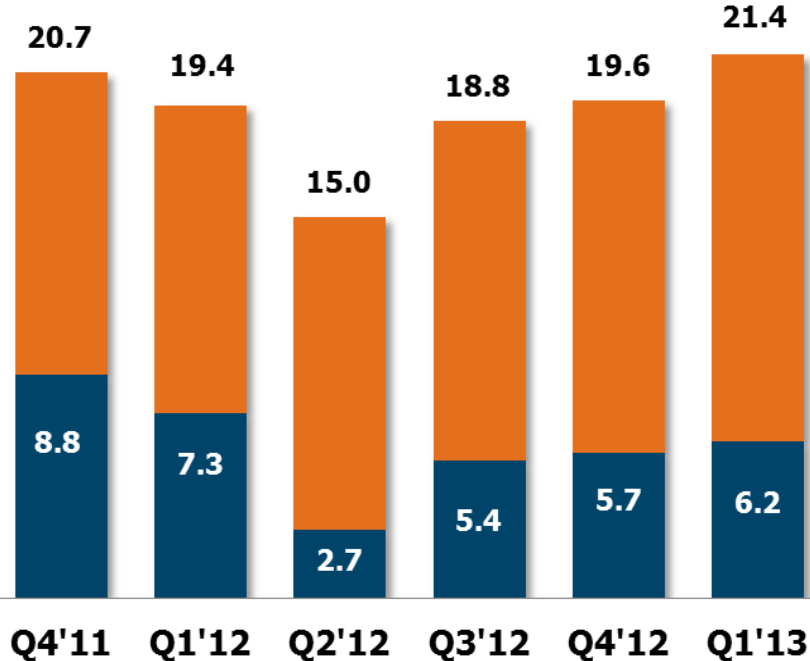
iPhone Statistics – Q1'13

- 26% of Q1 Gross Adds
- 34% of iPhones were sold or upgraded in Shentel-controlled channels
- 21.2% of 03/31/2013 Postpaid customers had the iPhone, up from 17.9% at 12/31/12
 - 51% iPhone 4S
 - 32% iPhone 4
 - 17% iPhone 5

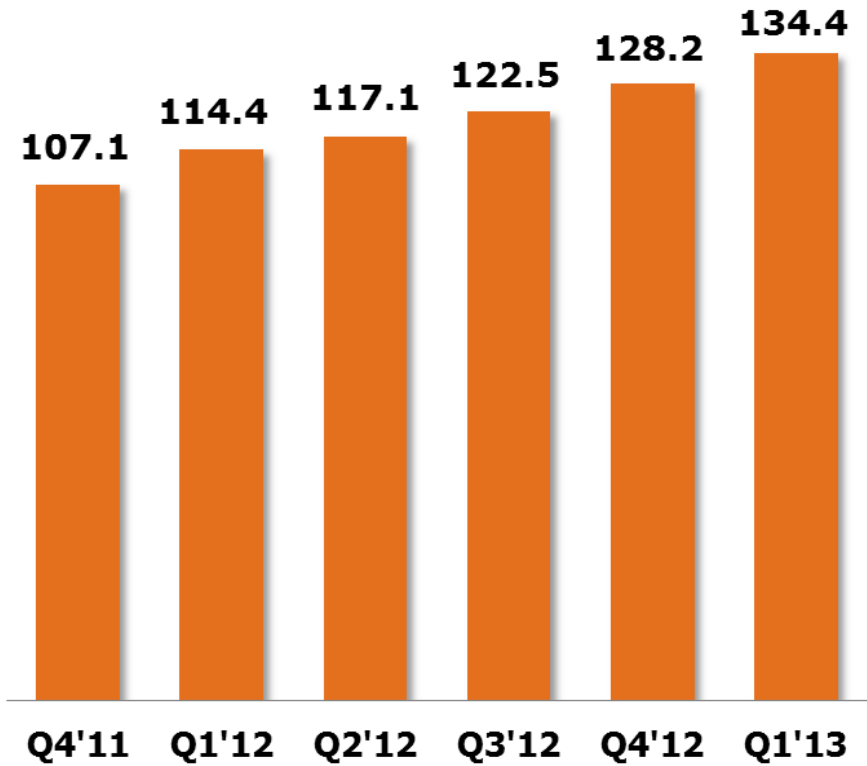
PCS Prepaid Statistics

Gross Additions (000s)

■ Net Additions ■ Gross Additions

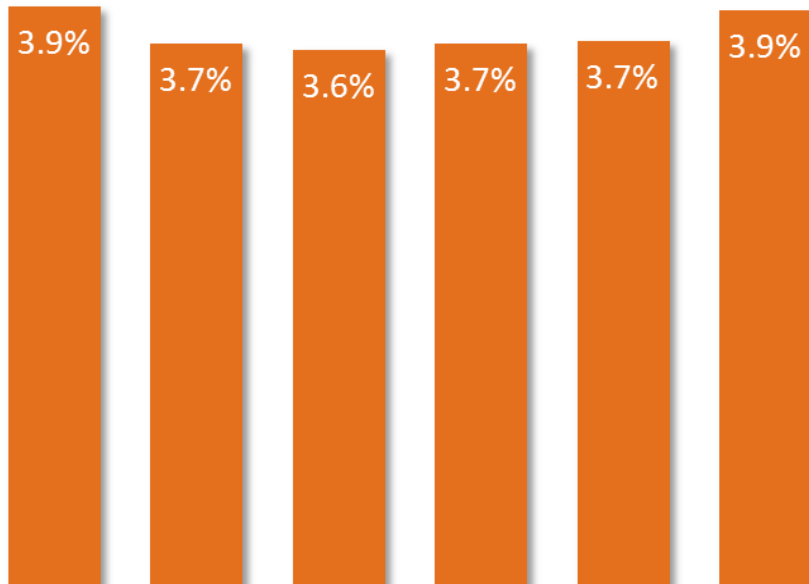


Cumulative Customers (000s)



PCS Prepaid Statistics

Churn %



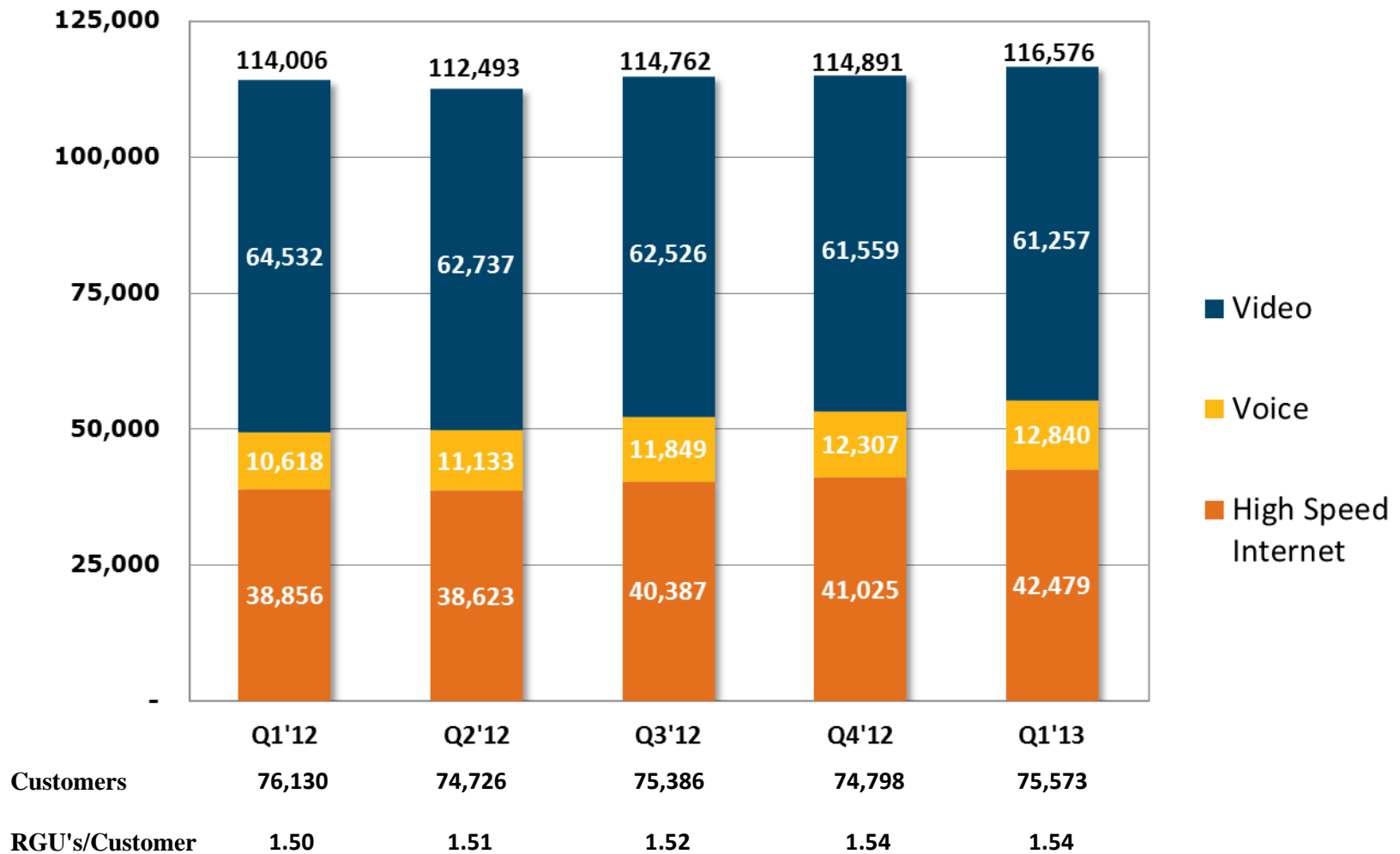
Q4'11 Q1'12 Q2'12 Q3'12 Q4'12 Q1'13

Average Gross Billed Revenue

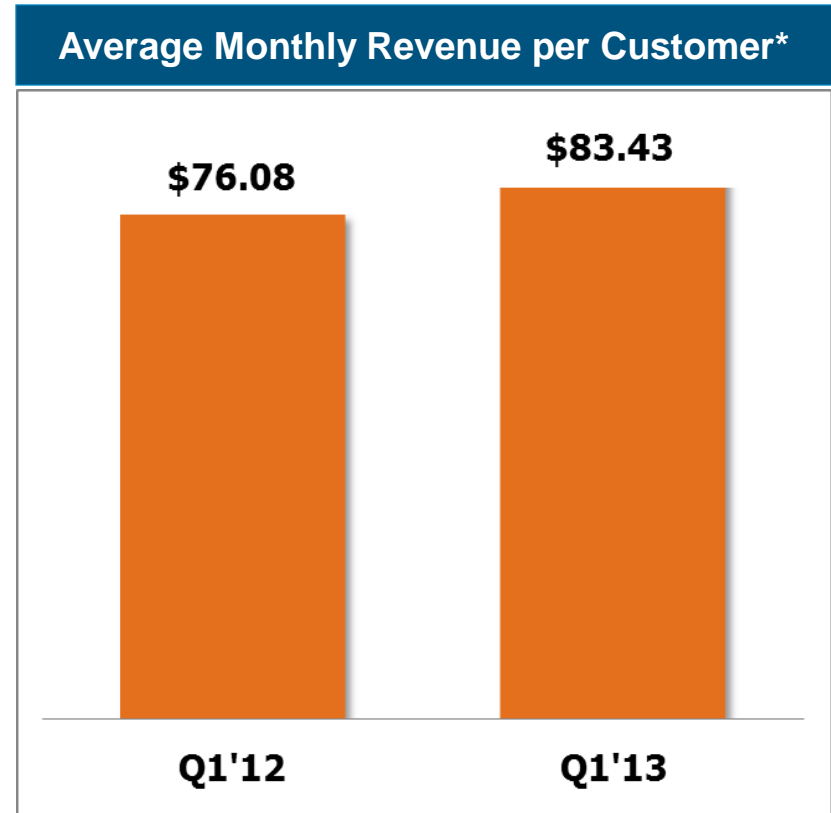
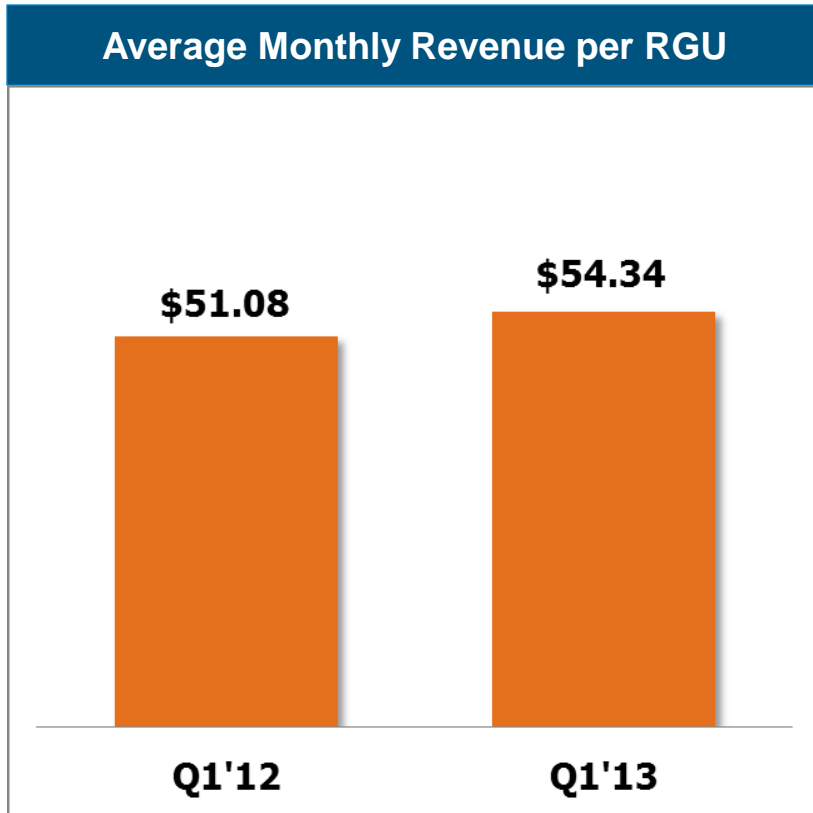


Q4'11 Q1'12 Q2'12 Q3'12 Q4'12 Q1'13

Cable - RGU Growth by Quarter



Cable Statistics



*Average monthly revenue per video subscriber was \$89.13 and \$102.38 for Q1 2012 and Q1 2013, respectively.

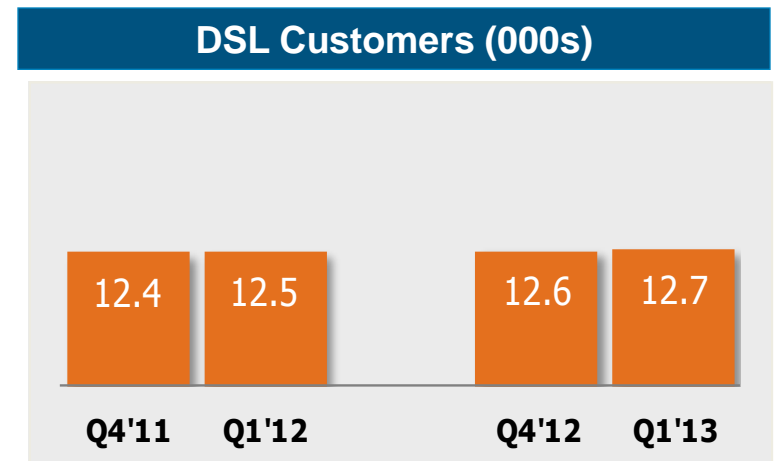
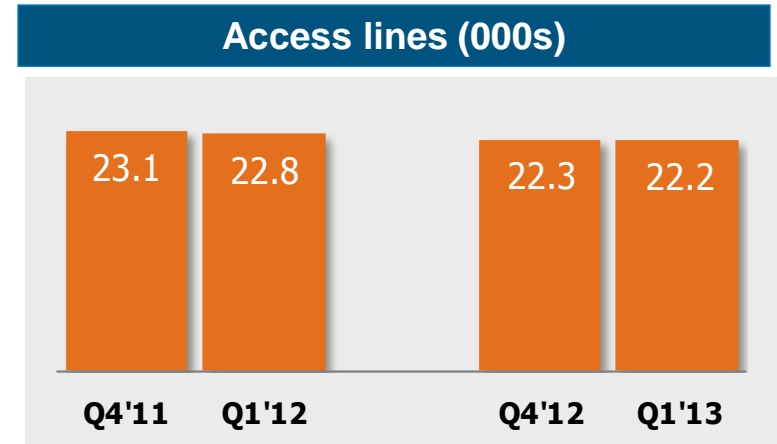
Key Operational Results – Cable

	Q1 2012	Q1 2013
Homes Passed	182,828	185,099
Customer Relationships	76,130	75,573
Video		
Revenue generating units	64,532	61,257
Penetration	35.3%	33.1%
Digital video penetration	39.7%	39.6%
High-speed Internet		
Available Homes	156,791	164,789
Revenue generating units	38,856	42,479
Penetration	24.8%	25.8%
Voice		
Available Homes	143,097	157,409
Revenue generating units	10,618	12,840
Penetration	7.4%	8.2%
Total Revenue Generating Units	114,006	116,576
RGUs per Customer Relationship	1.50	1.54

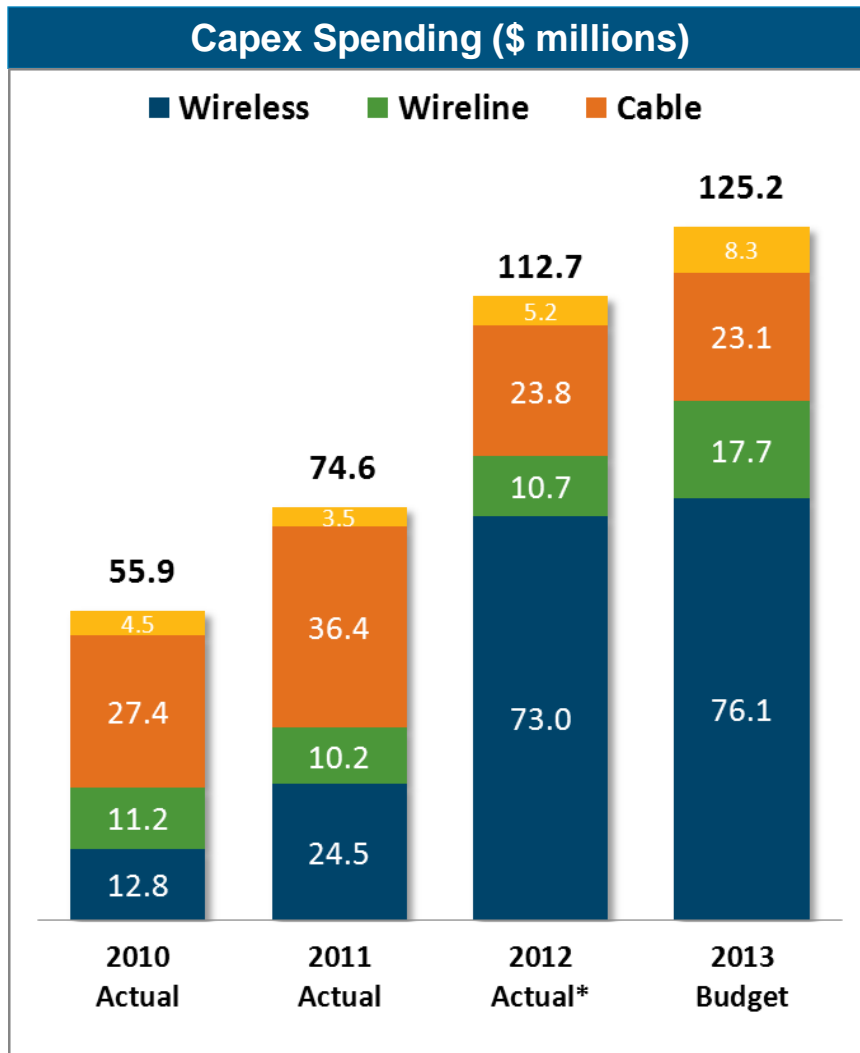
Note: Video homes passed includes 16K homes located in Shenandoah County, VA, where internet and voice services are provided by the Wireline segment.

Key Operational Results - Wireline

- Access line loss of 2.6% in past 12 months
- Broadband penetration in LEC area at 57%
- 1.5% growth in DSL customers since 03/31/2012.
- Total connections at 03/31/13 of 34.9 thousand



Investing in the Future



- Last Cable upgrade of 10,000 homes passed is underway and expected to be complete in 2013.
- Network Vision spend of \$55M in 2012. Budget of \$60M in 2013.
- Success-based spending is 23% of total 2013 budget.

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

Q&A

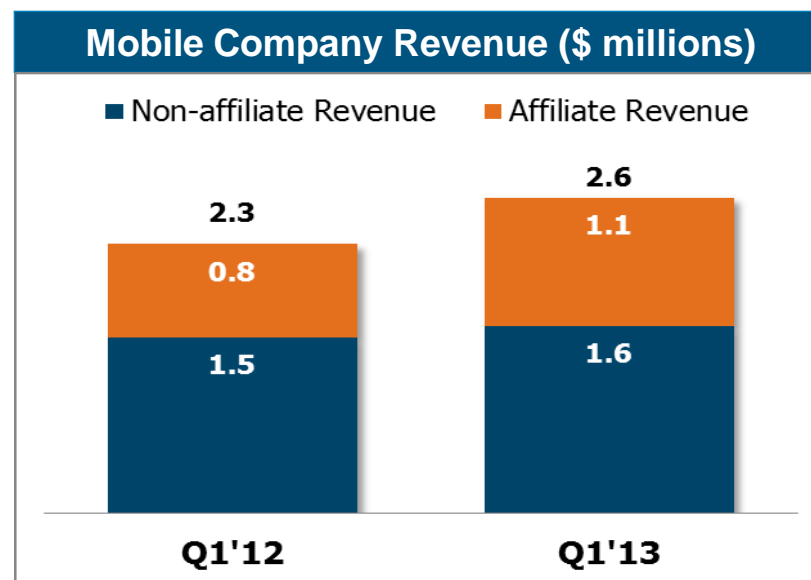
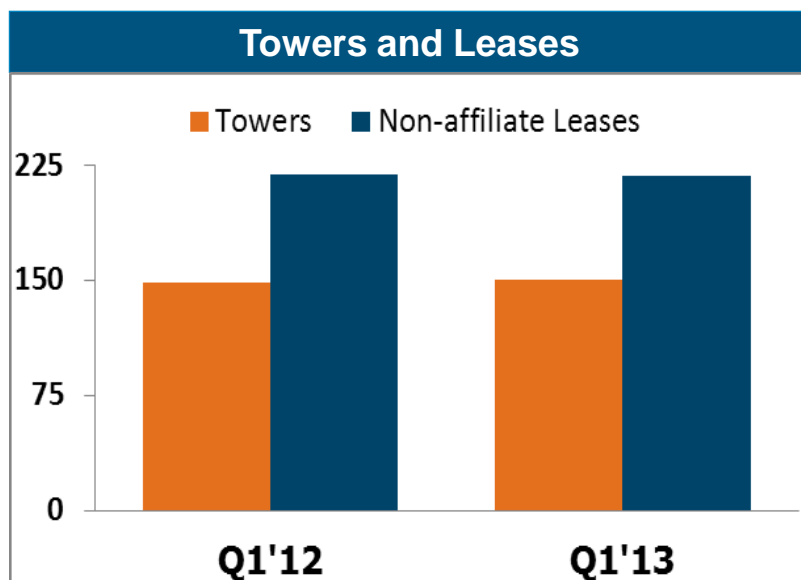
Appendix

Non-GAAP Financial Measure – Billed Revenue per Postpaid Subscriber

Dollars in thousands (except subscribers and revenue per subscriber)

<u>Gross billed revenue</u>	<u>1Q 2012</u>	<u>1Q 2013</u>
Wireless segment total operating revenues	\$ 42,669	\$ 48,157
Equipment revenue	(1,530)	(1,331)
Tower Lease Revenue	(2,251)	(2,562)
Prepaid Net Service Revenues	(6,985)	(8,907)
Other revenue	(485)	(199)
Wireless service revenue – postpaid	<u>31,418</u>	<u>35,158</u>
Discounts and Credits	4,355	4,035
Write-offs	1,529	1,621
Management fee	3,202	3,521
Service fee	4,803	5,280
Gross billed revenue – postpaid	<u>\$ 45,307</u>	<u>\$ 49,615</u>
Average postpaid subscribers	249,331	263,044
Billed revenue per postpaid subscriber	\$60.57	\$62.87

Key Operational Results – Mobile Company



<i>(in thousands)</i>	Q1'12	Q1'13
Operating Income	\$1,090	\$1,288
Depreciation and Amortization	333	409
Share Based Compensation	4	5
Adjusted OIBDA	\$1,427	\$1,702

Wireline Statistics – Fiber Sales (\$ millions)

