



SHENTEL[®]

Always connected to you

NASDAQ: SHEN

Shenandoah Telecommunications Company

October 2019

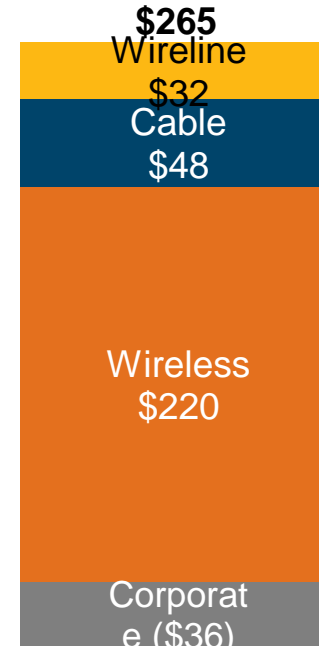
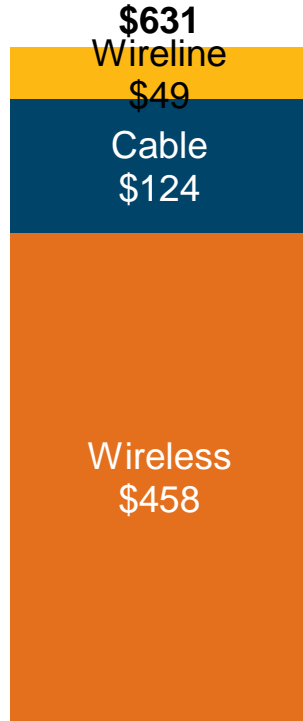
This presentation includes “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, regarding, among other things, our business strategy, our prospects and our financial position. These statements can be identified 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.

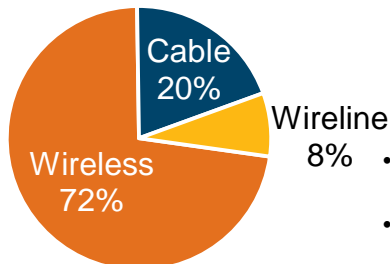
A further list and description of these risks, uncertainties and other factors can be found in the Company’s SEC filings which are available online at www.sec.gov, www.shentel.com or on request from the Company. The Company does not undertake to update any forward-looking statements as a result of new information or future events or developments.

- Diversified facilities-based telecom services provider in tier 2/3 markets in the Mid-Atlantic region
 - 1.1 million wireless subscribers operating as a Sprint affiliate
 - 84,000 cable customers and 139,000 Revenue Generating Units (RGUs)
 - ~ 6,000 fiber route miles and 300,000 fiber strand miles
 - 217 towers
 - Legacy local telephone company represents ~ 5% of revenues
- Market leader in our service areas
- High quality and scalable networks
- Local marketing and customer service
- Growing Free Cash Flow
- Strong balance sheet

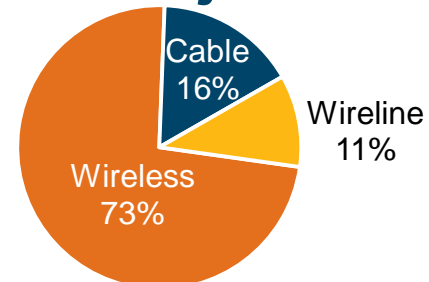
\$ in millions



2018 Revenue

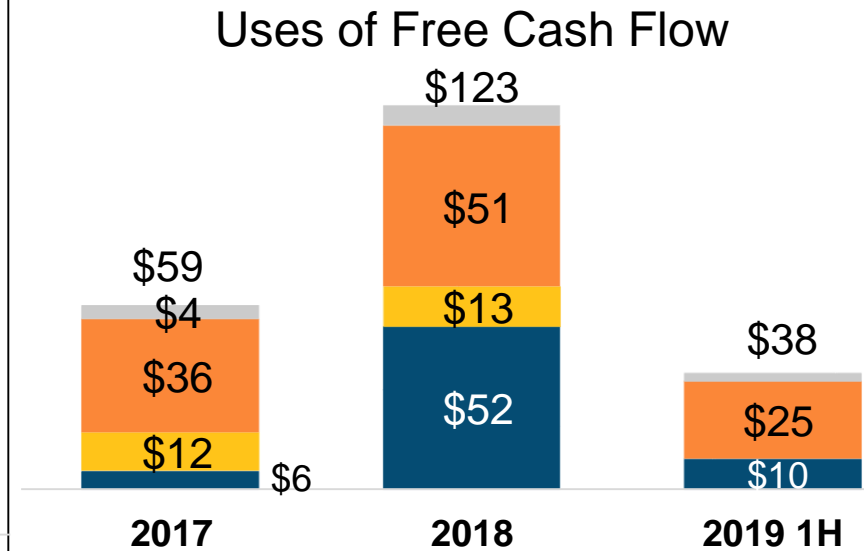
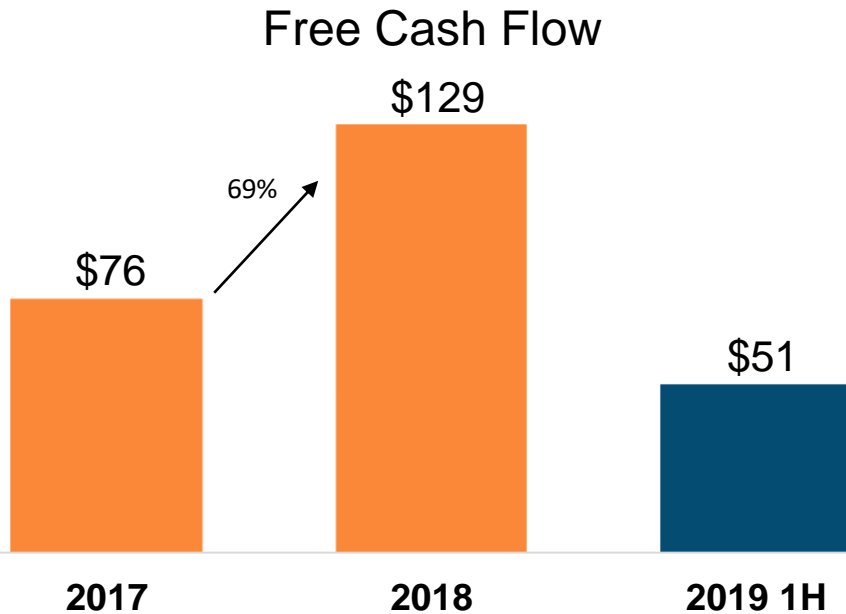
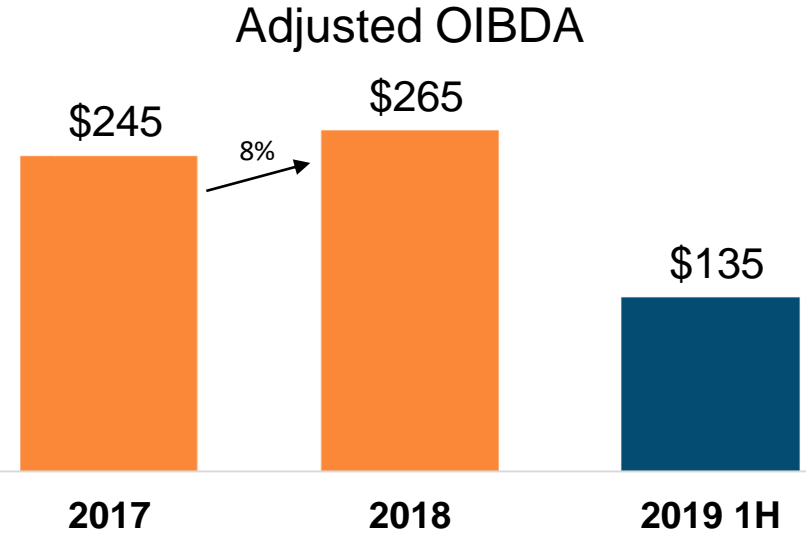
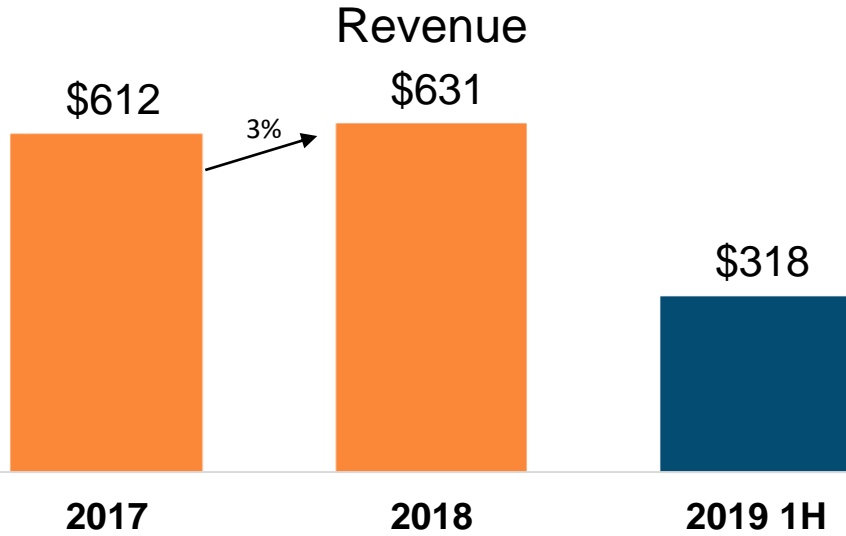


2018 Adj. OIBDA

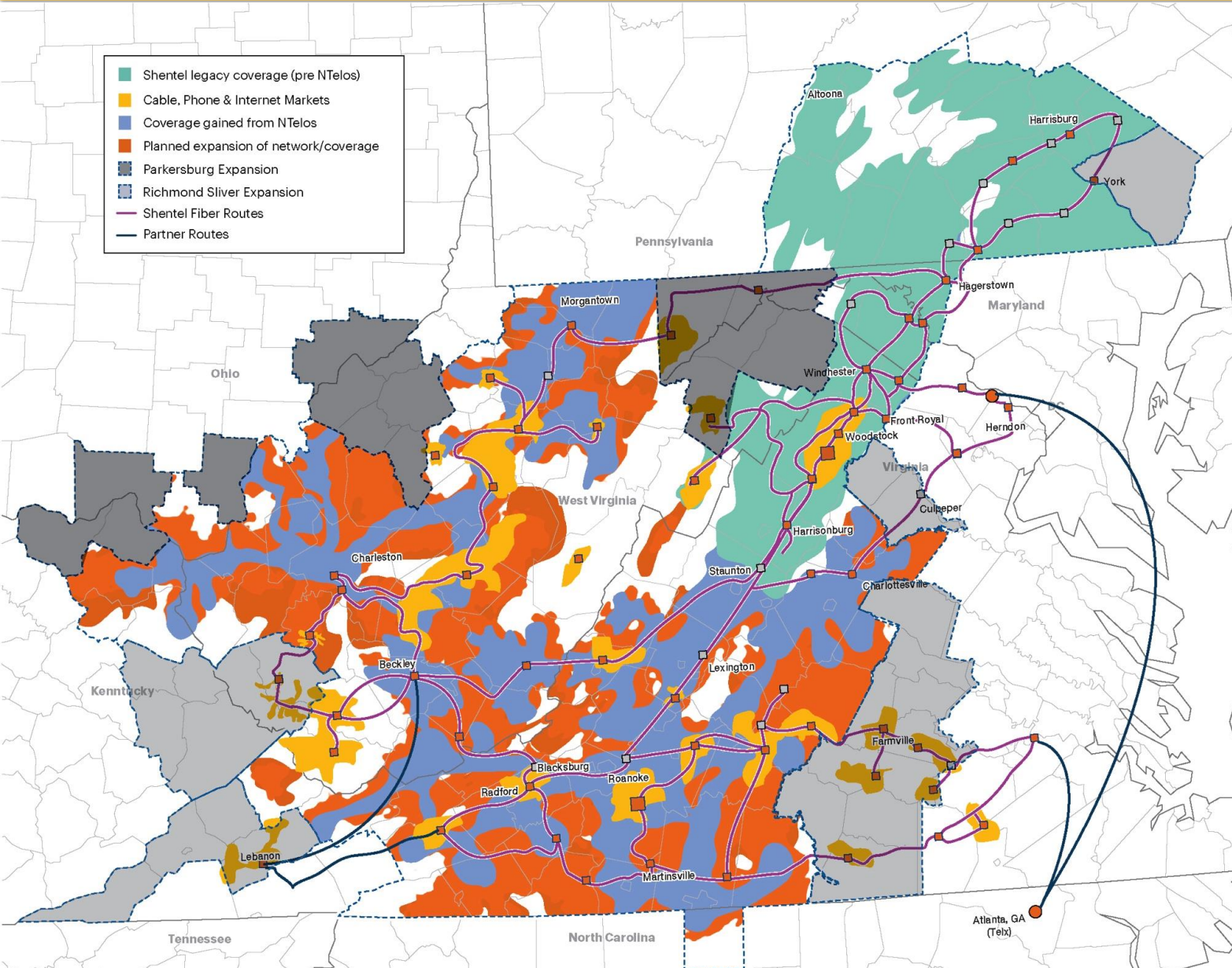


- See Appendix for reconciliation of Adjusted OIBDA to Operating Income.
- Segment revenue is net of intercompany eliminations.

\$ in millions

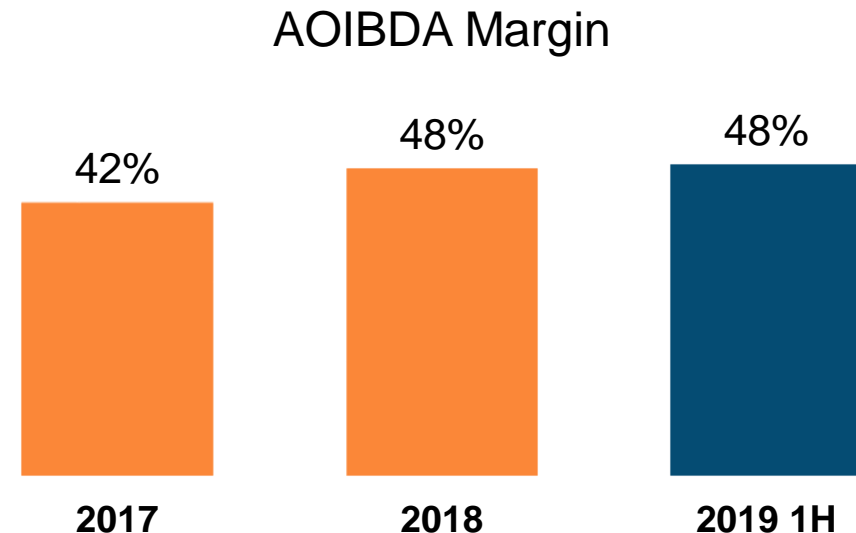
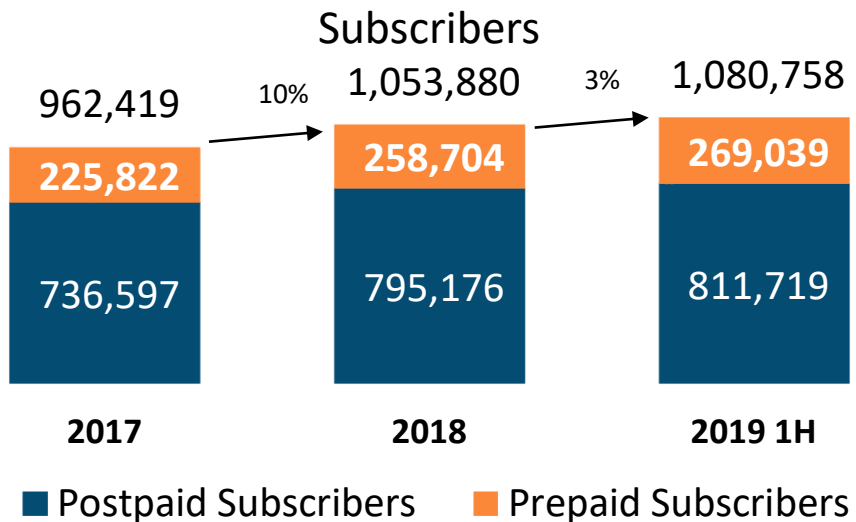
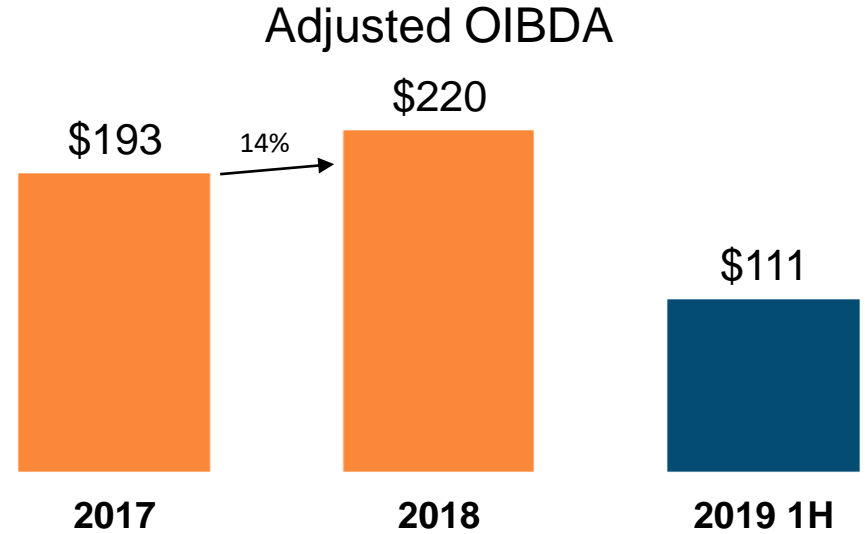
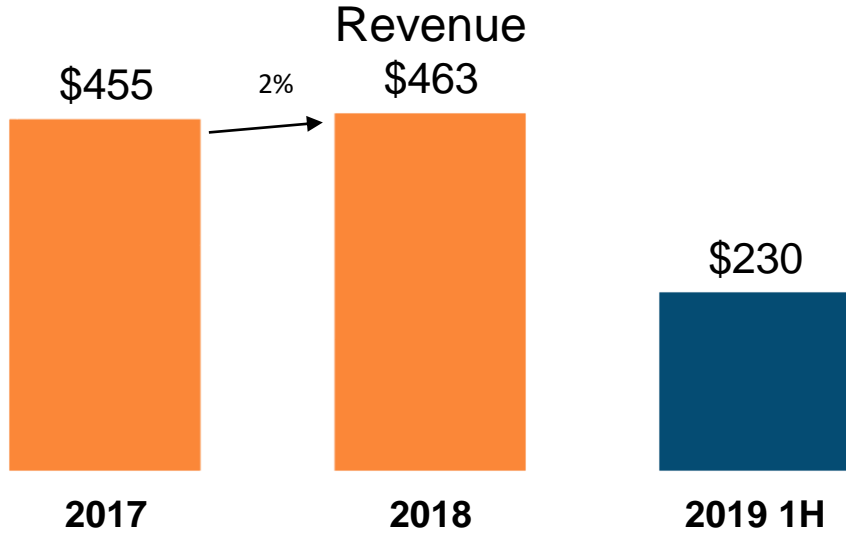


■ Acquisitions ■ Dividends ■ Debt Repayments ■ Other



- 7.2 million Market POPs
- 6.3 million Covered POPs
- 1.1 million total subscribers
- 17.2% penetration of covered POPs
- 1,910 CDMA base stations (sites)
- 217 Towers Owned

\$ in millions



SPRINT PROVIDES

Management Fee

- Spectrum
- Brands
- Exclusive Sprint provider in our service area
- Access to Sprint vendors
- Shentel pays Sprint 8% of postpaid revenues and 6% of prepaid revenues
- Sprint has waived the management fee up to \$4.2 million per month until \$138 million of remaining benefits is provided

Net Service Fee

- Billing/Collections
- Customer Care
- Long Distance
- Equipment Financing
- Shentel pays Sprint 8.6% of postpaid revenues

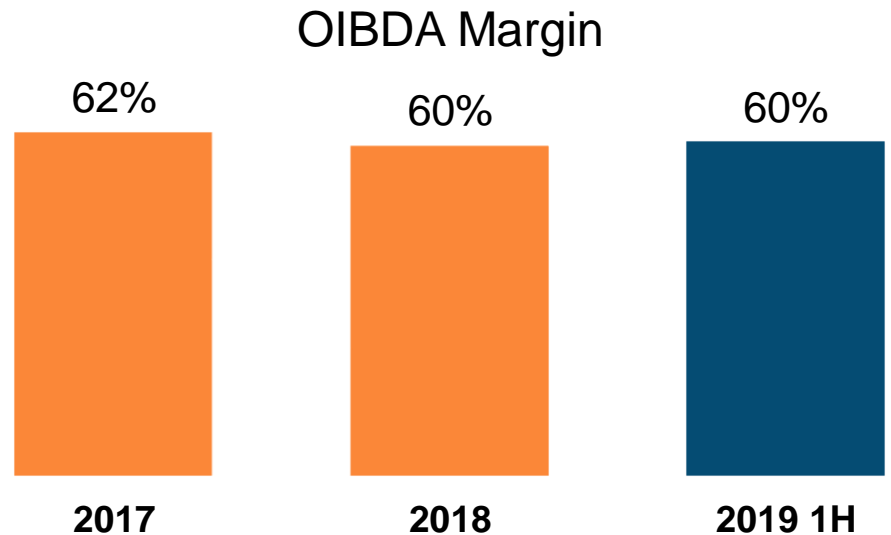
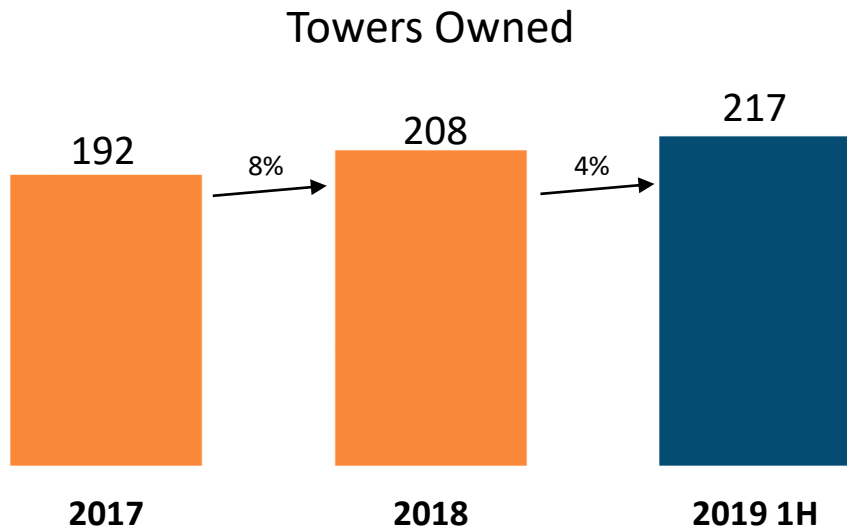
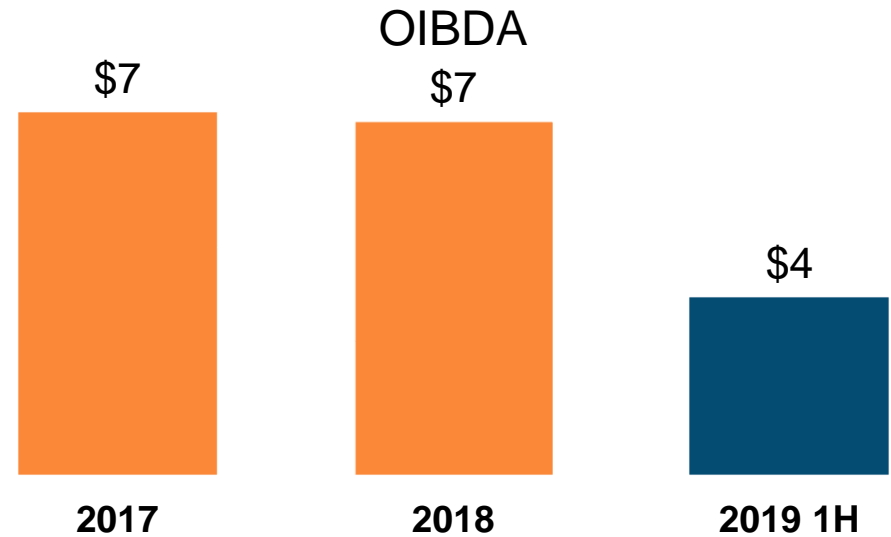
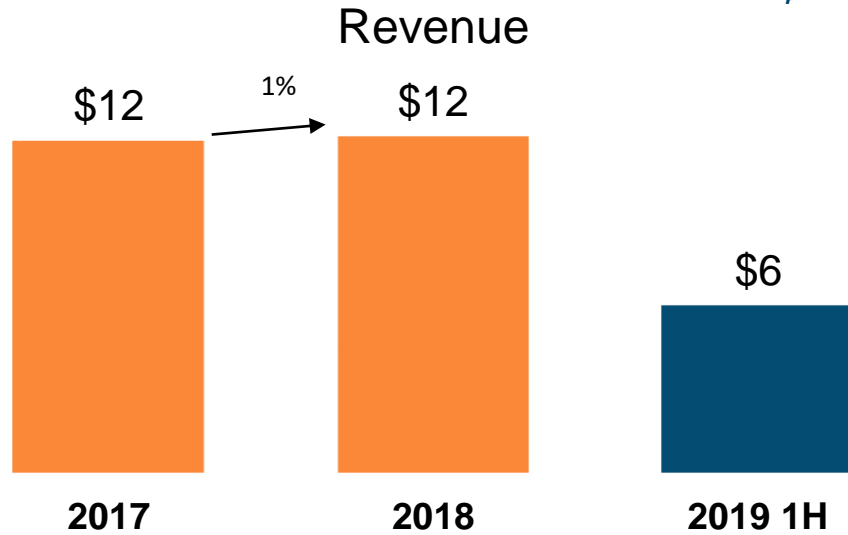
SHENTEL PROVIDES

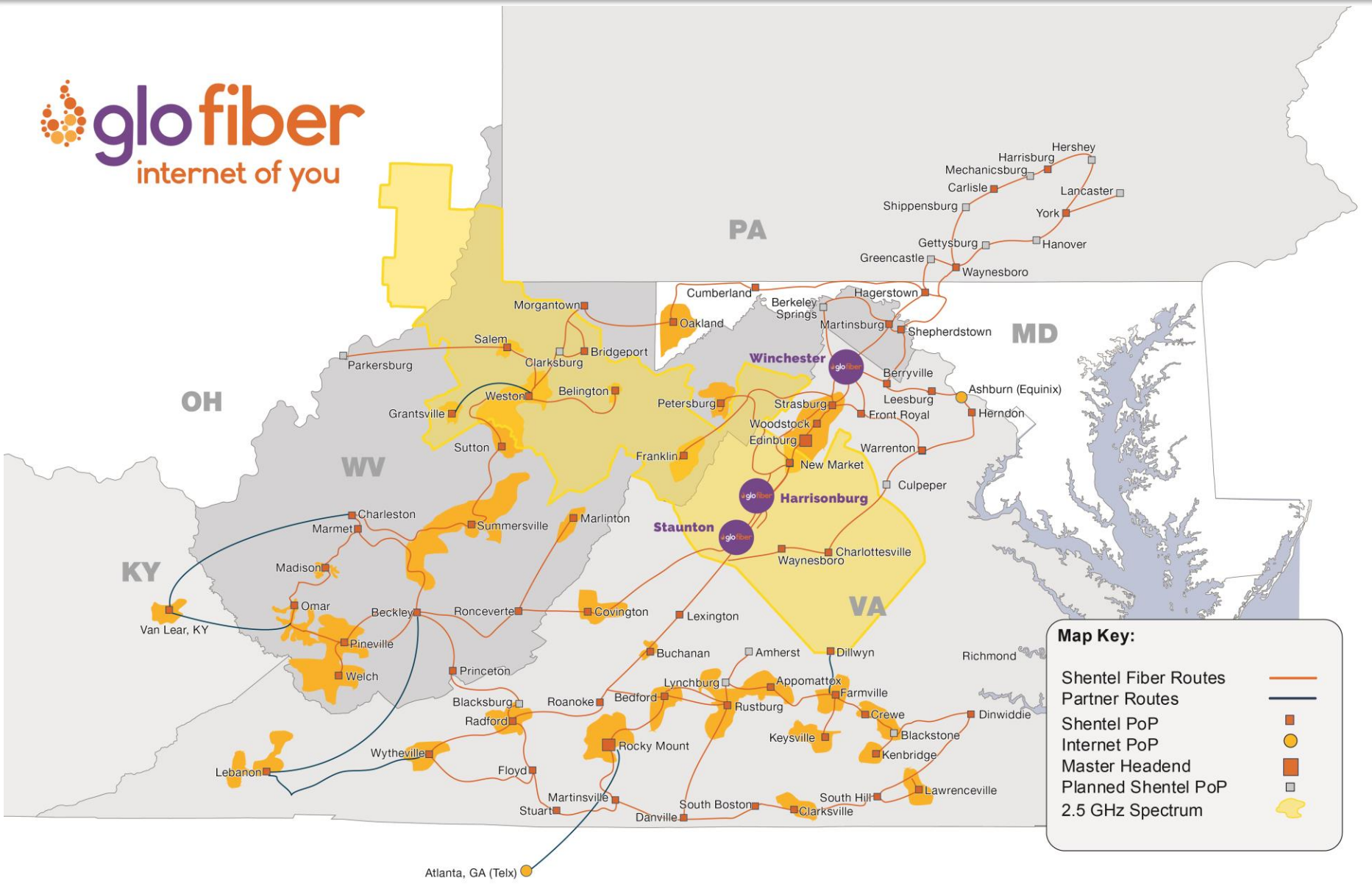
- Network (1,910 Cell Sites, Backhaul, 2 Mobile Switching Centers)
- Local Sales (320 stores) and Service
- Local Advertising & Promotions

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

\$ in millions

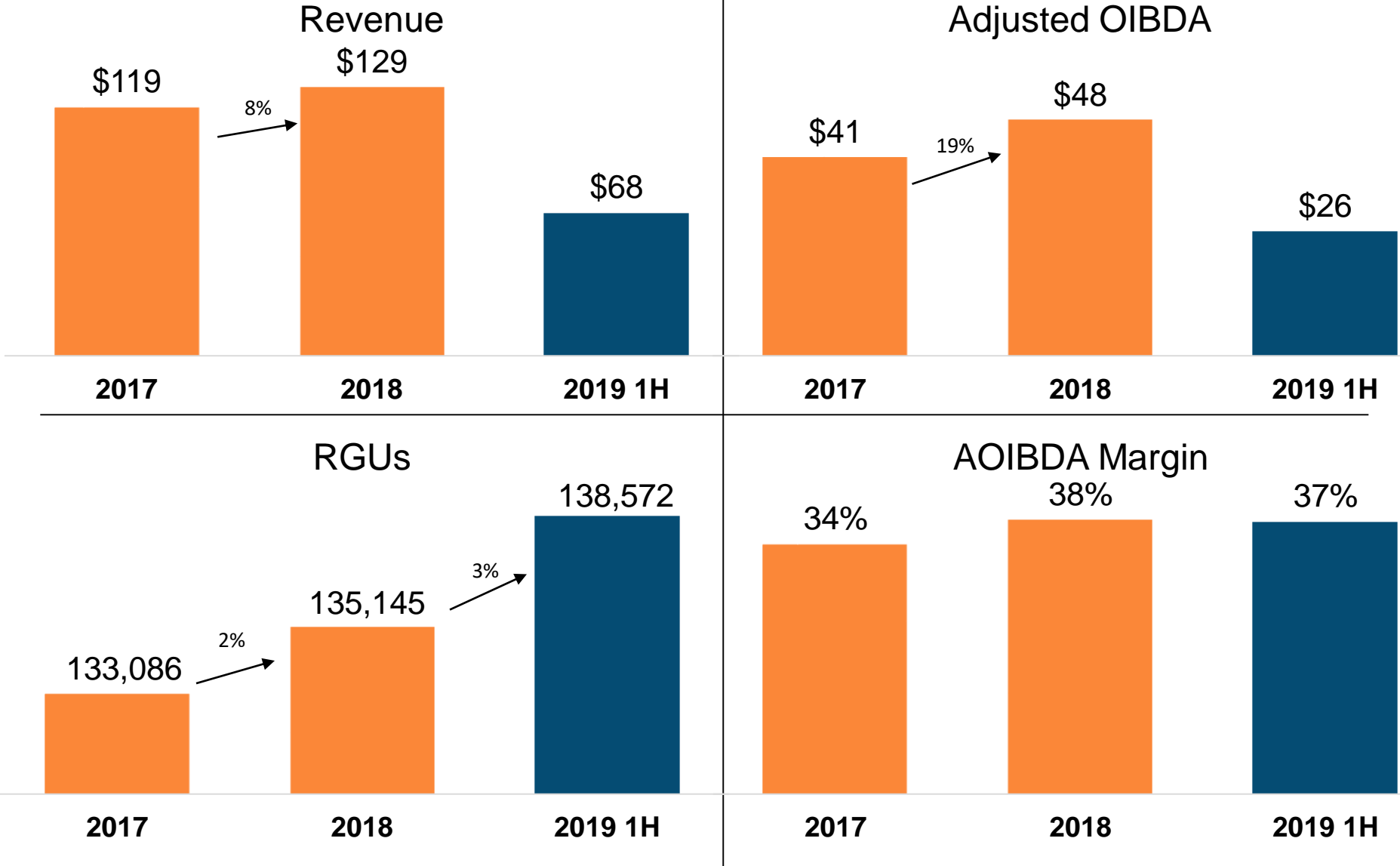




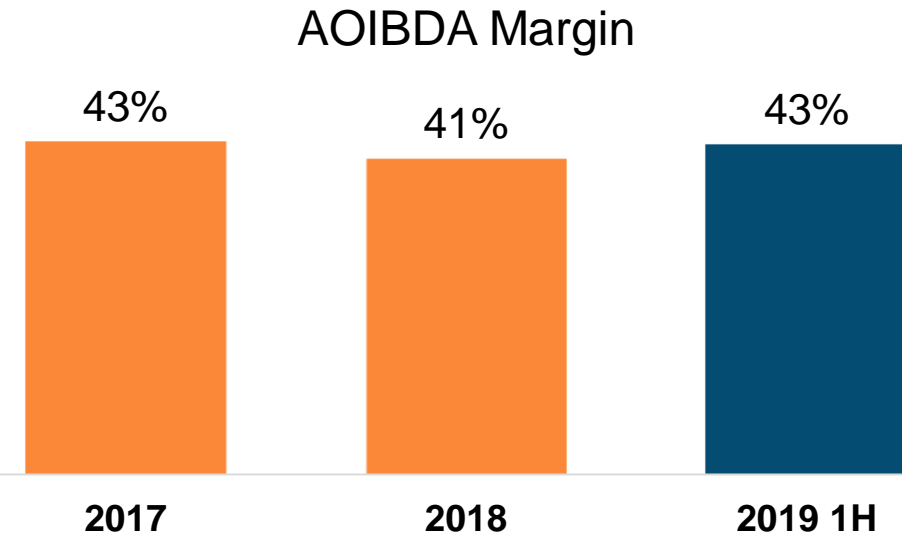
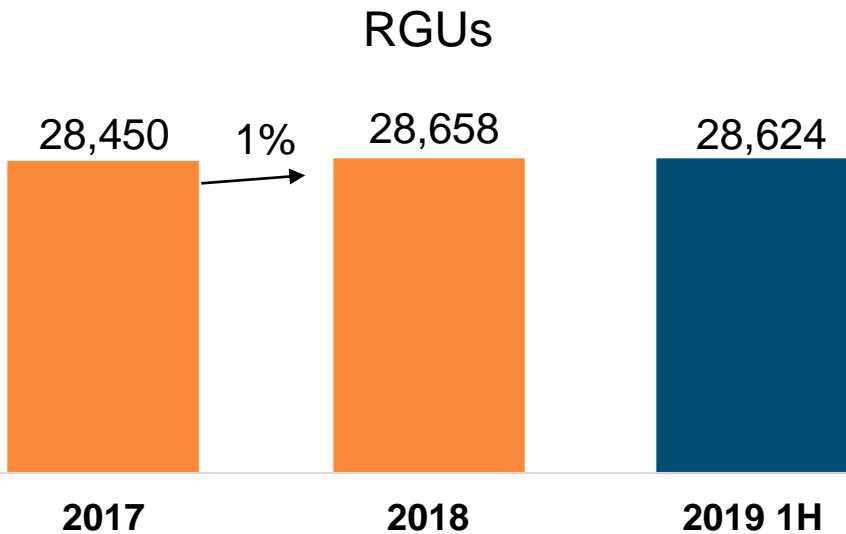
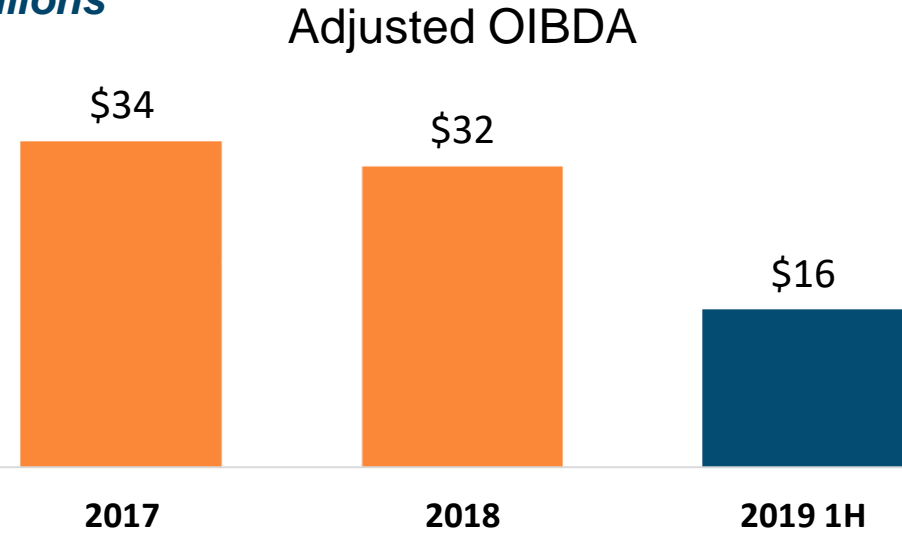
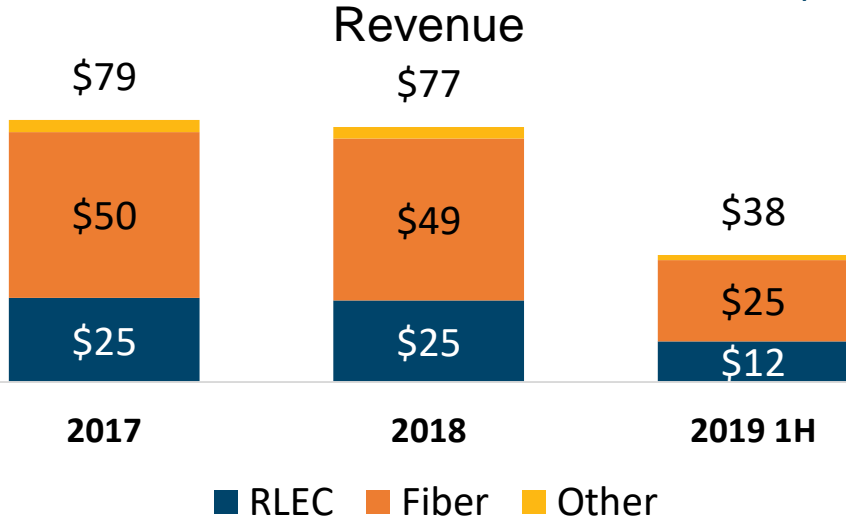
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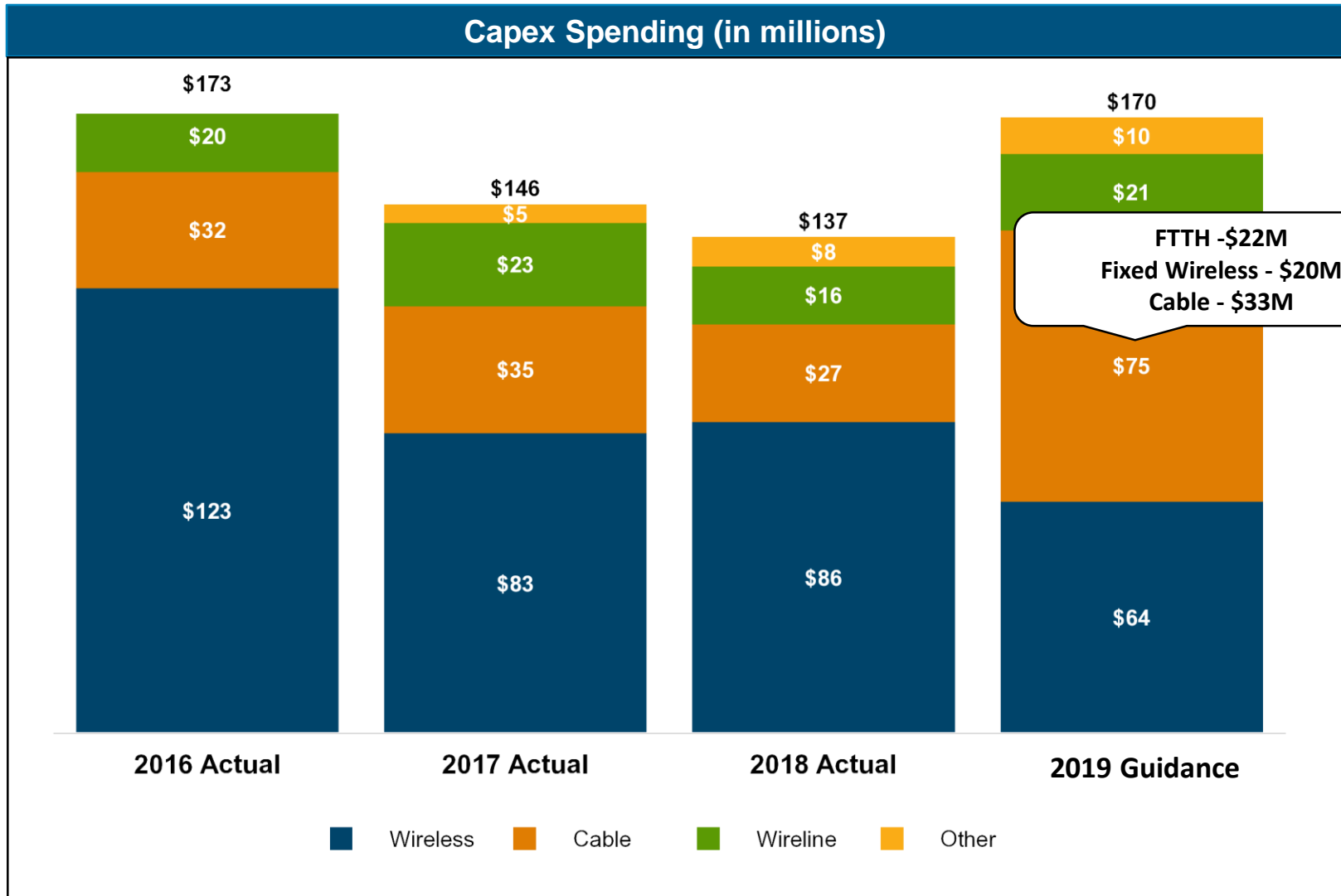
- Shentel Fiber Routes —
- Partner Routes —
- Shentel PoP ■
- Internet PoP ■
- Master Headend ■
- Planned Shentel PoP
- 2.5 GHz Spectrum

\$ in millions



\$ in millions

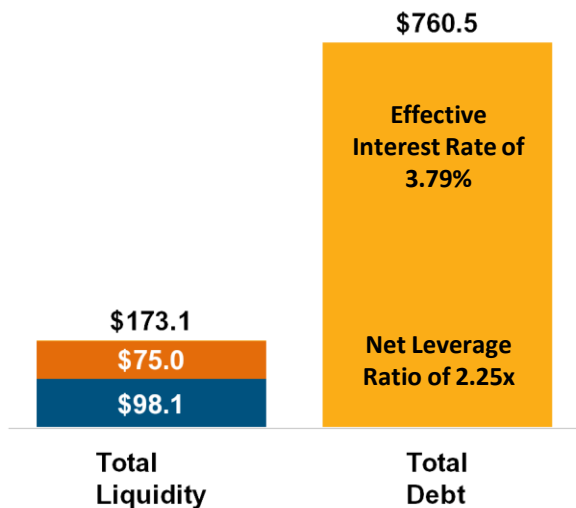




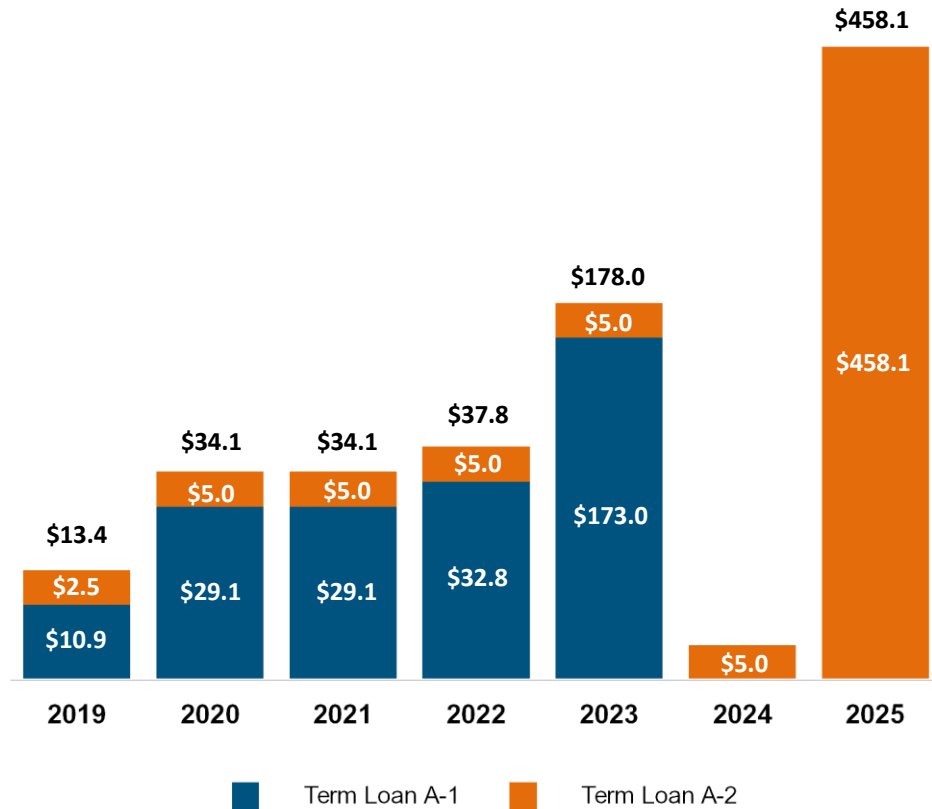
FTTH - \$22M
Fixed Wireless - \$20M
Cable - \$33M

Total Liquidity & Debt (in millions)

- Cash & Cash Equivalents
- Available Revolving Line of Credit
- Total Debt



Debt Maturity (in millions)



- 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)

	Wireless	Cable	Wireline	Other	Consolidated
Operating income	\$ 34,139	\$ 15,846	\$ 20,965	\$ (24,440)	\$ 46,510
Depreciation and amortization	139,610	23,968	12,829	600	177,007
OIBDA	173,749	39,814	33,794	(23,840)	223,517
Acquisition, integration, & migration expenses	17,252	-	-	238	17,490
Share-based compensation expense	1,579	916	384	701	3,580
Adjusted OIBDA	\$ 192,580	\$ 40,730	\$ 34,178	\$ (22,901)	\$ 244,587
Total revenue	\$ 455,078	\$ 119,162	\$ 79,253	(41,502)	\$ 611,991
Adjusted OIBDA margin	42.3%	34.2%	43.1%	N/A	40.0%

During Q2 2019, we modified our definition of Adjusted OIBDA to exclude cash savings realized under the benefit received from waived management fee and our non-cash amortization of deferred contract costs, as well as certain other immaterial items. This change enhances the comparability of our non-GAAP performance measure with similar performance measures reported by comparable companies in our industry. In the table below, we reconcile our new definition of Adjusted OIBDA to the previously reported Adjusted OIBDA.

Twelve Months Ended December 31, 2017

(in thousands)

	Wireless	Cable	Wireline	Other	Consolidated
Adjusted OIBDA from above	\$ 192,580	\$ 40,730	\$ 34,178	\$ (22,901)	\$ 244,587
Non-cash amortization of deferred contract costs	-	-	-	-	-
Benefit received from the waived management fee	36,056	-	-	-	36,056
Other	1,742	(243)	79	(1,319)	259
Adjusted OIBDA as previously reported	\$ 230,378	\$ 40,487	\$ 34,257	\$ (24,220)	\$ 280,902

Twelve Months Ended December 31, 2018

(in thousands)

	Wireless	Cable	Wireline	Other	Consolidated
Operating income	\$ 92,847	\$ 23,755	\$ 17,865	\$ (41,221)	\$ 93,246
Depreciation and amortization	127,521	24,644	13,673	567	166,405
OIBDA	220,368	48,399	8,166	(40,654)	259,651
Share-based compensation expense	—	—	—	4,959	4,959
Adjusted OIBDA	\$ 220,368	\$ 48,399	\$ 31,538	\$ (35,695)	\$ 264,610
Total operating revenue	\$ 462,655	\$ 128,903	\$ 77,142	(37,846)	\$ 630,854
Adjusted OIBDA margin	47.6%	37.5%	40.9%	N/A	41.9%

During Q2 2019, we modified our definition of Adjusted OIBDA to exclude cash savings realized under the benefit received from waived management fee and our non-cash amortization of deferred contract costs, as well as certain other immaterial items. This change enhances the comparability of our non-GAAP performance measure with similar performance measures reported by comparable companies in our industry. In the table below, we reconcile our new definition of Adjusted OIBDA to the previously reported Adjusted OIBDA.

Twelve Months Ended December 31, 2018

(in thousands)

	Wireless	Cable	Wireline	Other	Consolidated
Adjusted OIBDA from above	\$ 220,368	\$ 48,399	\$ 31,538	\$ (35,695)	\$ 264,610
Non-cash amortization of deferred contract costs	(15,048)	(74)	(197)	—	(15,319)
Benefit received from the waived management fee	37,763	—	—	—	37,763
Other	342	—	—	(1,688)	(1,346)
Adjusted OIBDA as previously reported	\$ 243,425	\$ 48,325	\$ 31,341	\$ (37,383)	\$ 285,708

Six Months Ended June 30, 2019

(in thousands)

	Wireless	Cable	Wireline	Other	Consolidated
Operating income	\$ 47,361	\$ 12,489	\$ 9,440	\$ (20,483)	\$ 48,807
Depreciation and amortization	63,269	13,013	6,980	270	83,532
OIBDA	110,630	25,502	16,420	(20,213)	132,339
Share-based compensation expense	—	—	—	2,307	2,307
Adjusted OIBDA	\$ 110,630	\$ 25,502	\$ 16,420	\$ (17,906)	\$ 134,646
Total external revenue	\$ 229,794	\$ 68,399	\$ 38,436	(18,872)	\$ 317,757
Adjusted OIBDA margin	48.1%	37.3%	42.7%	N/A	42.4%

During Q2 2019, we modified our definition of Adjusted OIBDA to exclude cash savings realized under the benefit received from waived management fee and our non-cash amortization of deferred contract costs, as well as certain other immaterial items. This change enhances the comparability of our non-GAAP performance measure with similar performance measures reported by comparable companies in our industry. In the table below, we reconcile our new definition of Adjusted OIBDA to the previously reported Adjusted OIBDA.

Six Months Ended June 30, 2019

(in thousands)

	Wireless	Cable	Wireline	Other	Consolidated
Adjusted OIBDA from above	\$ 110,630	\$ 25,502	\$ 16,420	\$ (17,906)	\$ 134,646
Non-cash amortization of deferred contract costs	(8,114)	(269)	(115)	—	(8,498)
Benefit received from the waived management fee	19,320	—	—	—	19,320
Other	—	139	—	353	492
Adjusted OIBDA as previously reported	\$ 121,836	\$ 25,372	\$ 16,305	\$ (17,553)	\$ 145,960

Net Leverage Ratio

	Q2'19
<i>(\$ in thousands)</i>	
Total Debt	\$ 760,459
Cash*	\$ 50,000
Total Debt less Cash	\$ 710,459
LTM EBITDA per Credit Facility Agreement**	\$ 315,519
Net leverage ratio	2.25x

* Cash is limited to \$50.0 million for purposes of this calculation under the terms of the credit facility agreement.

** EBITDA is calculated in accordance with the credit facility agreement and includes the benefit received from the waived management fee and other items not included in non-GAAP Adjusted OIBDA.

Free Cash Flow

(\$ in thousands)	<u>2017</u>	<u>2018</u>	<u>2019 1H</u>
Net Cash Provided by Operations	\$222,930	\$265,647	\$129,632
Less: Capital Expenditures	<u>(146,489)</u>	<u>(136,641)</u>	<u>(79,124)</u>
Free Cash Flow	<u>\$76,441</u>	<u>\$129,006</u>	<u>\$50,508</u>

Free cash flow 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. Free cash flow is calculated by subtracting capital expenditures from net cash provided by operating activities. We believe it is a more conservative measure of our cash flow since purchases of fixed assets are necessary for ongoing operations and expansion. Free Cash Flow is 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.