



**4Q 2017**  
**Earnings Conference Call**  
March 15, 2018

# Safe Harbor Statement

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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](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.

# Use of Non-GAAP Financial Measures

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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.



# Chris French

President and CEO

# Full Year 2017 Highlights

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- **Revenue**

Increased 14.3% to \$612.0 million compared with 2016.

- **Operating Income**

Increased 106.5% to \$46.5 million compared with 2016.

- **Net Income**

\$66.4 million in 2017 compared to a net loss of \$0.9 million in 2016.

- Includes a one-time non-cash tax benefit of \$53.4 million as a result of the remeasurement of our deferred tax assets and liabilities as of 12/31/17.

- **Adjusted OIBDA**

\$280.9 million; representing a 46% Adjusted OIBDA margin.

# Fourth Quarter 2017 Highlights

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- **Revenue**

Decreased 2.5% to \$151.6 million compared with Q4'16.

- **Operating Income**

Increased 48.4% to \$18.1 million compared with Q4'16.

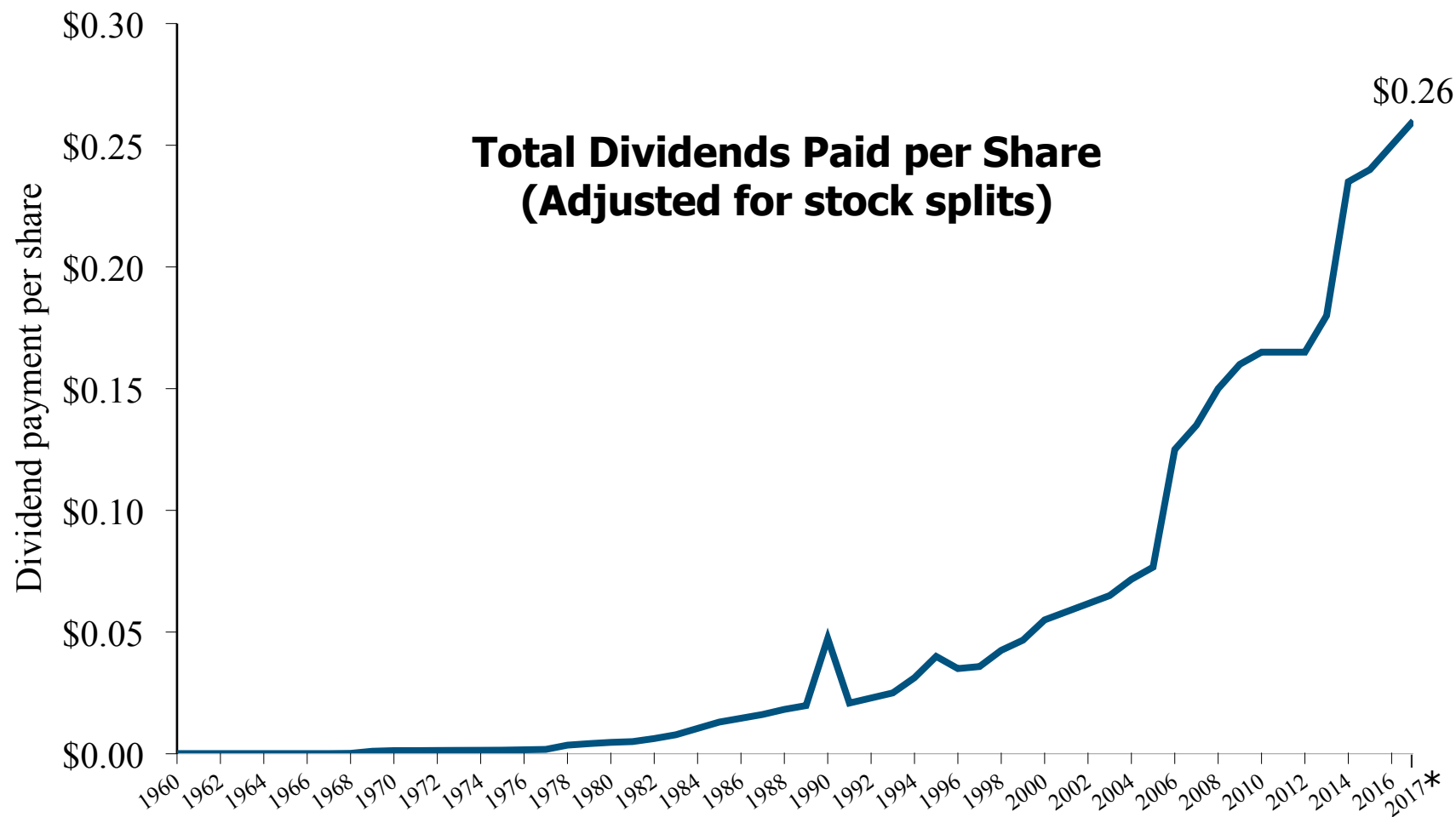
- **Net Income in Q4'17**

Net Income of \$60.6 million in Q4'17 compared to a net loss of \$0.2 million in Q4'16. Includes the one-time non-cash tax benefit.

- **Adjusted OIBDA**

\$71.0 million; representing an Adjusted OIBDA margin of 47%.

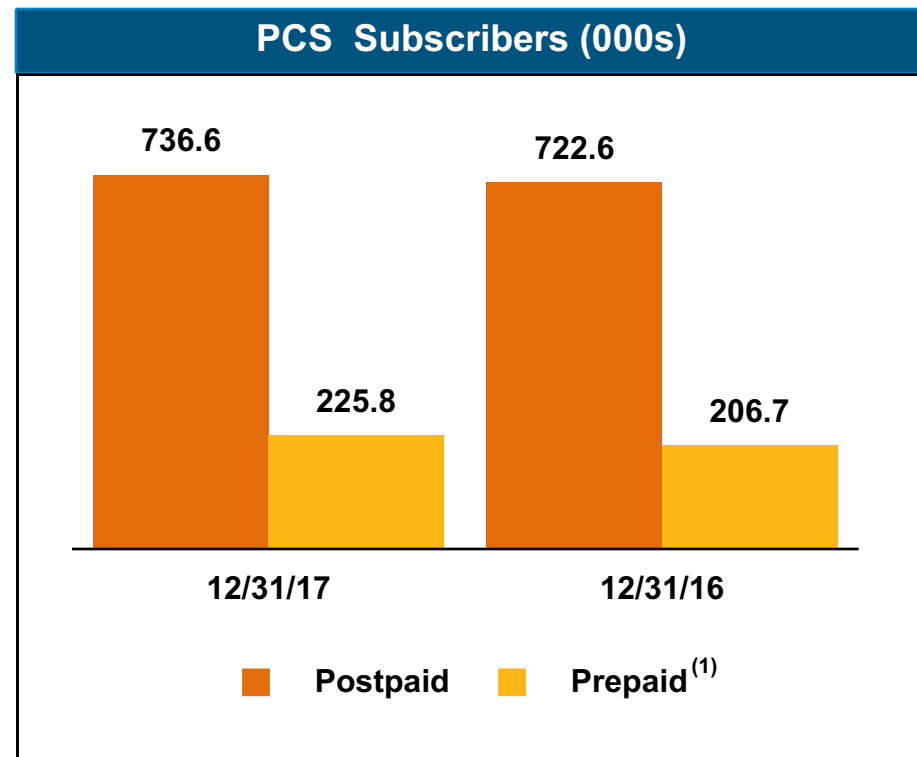
# Annual Dividend Paid Every Year Since 1960



\*58th consecutive year of paying a dividend.

# Wireless Highlights

- **Postpaid Subscribers**  
Postpaid subscribers increased 1.9% over Q4'16
- **Prepaid Subscribers**  
Prepaid subscribers increased 9.3% over Q4'16
- **Adjusted OIBDA**  
Decreased by \$7.0 million, down 11.0% in Q4'17 vs Q4'16



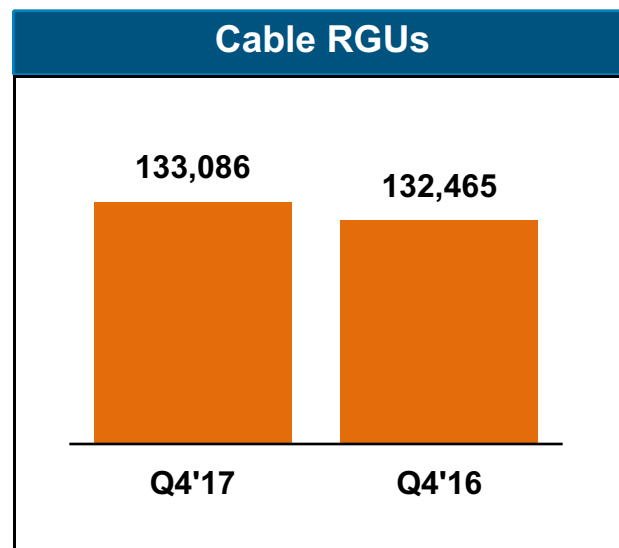
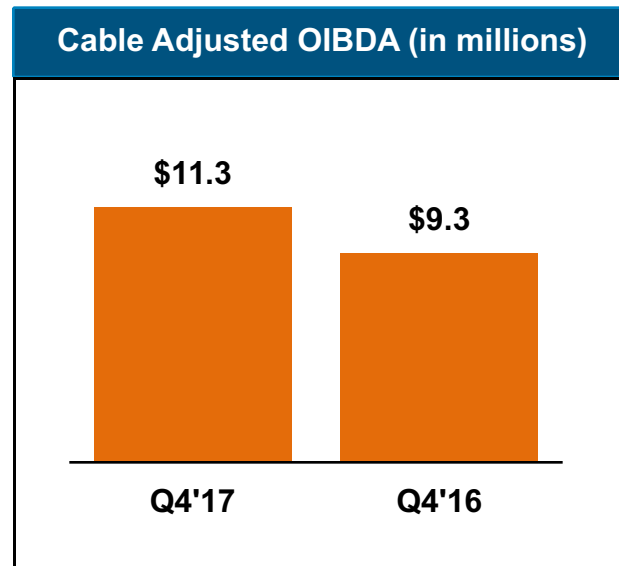
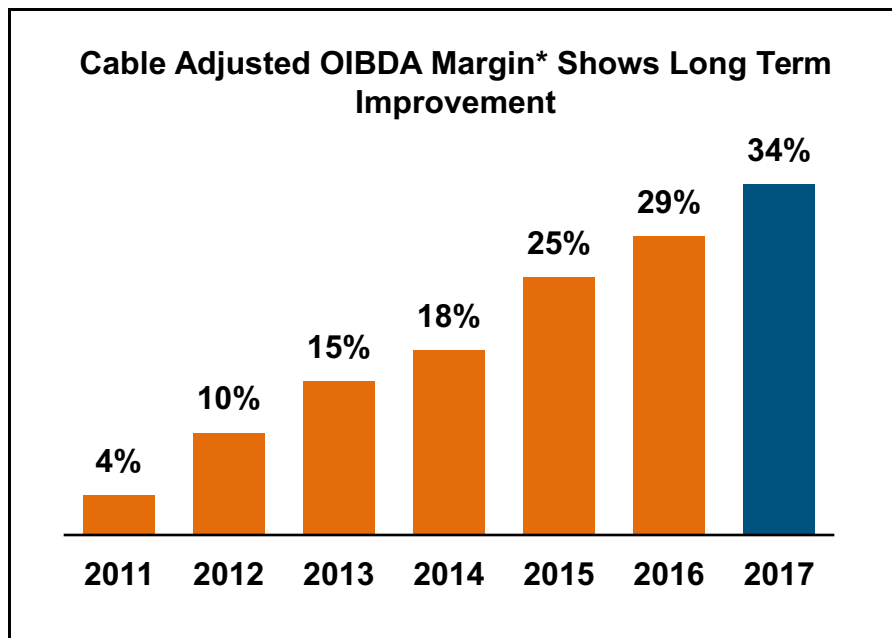
(1) Prepaid subscribers reported in the December 2016 and subsequent periods include the impact of a change in policy as to how long an inactive customer is included in the customer counts. This policy change, implemented in December 2016, effectively reduced prepaid customers by approximately 24 thousand. As of September 2017, The Company is no longer including Lifeline subscribers to be consistent with Sprint's policy. Historical customer counts have been adjusted accordingly.



# Cable Highlights

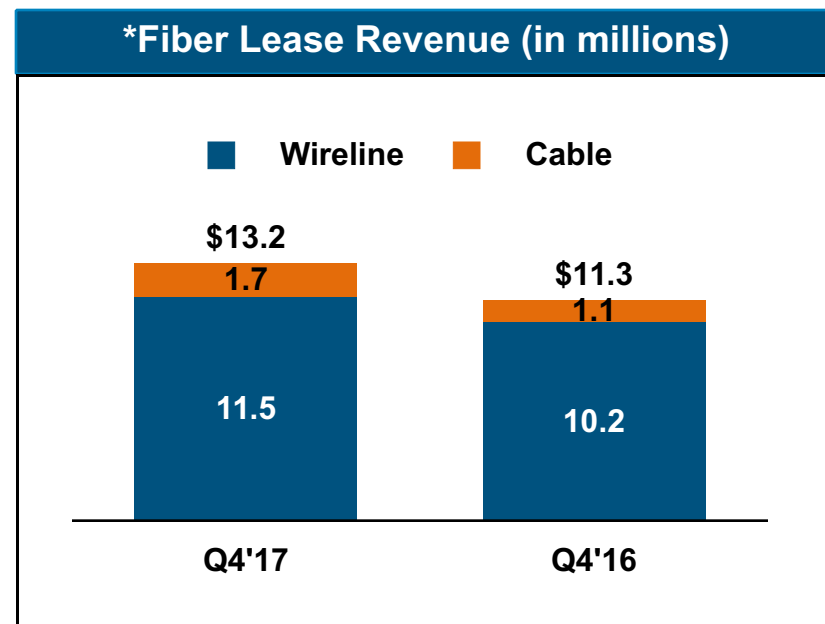
## Continued Growth

- Operating revenues \$30.5 million, growth of 7.7% over Q4'16
- Q4'17 Adjusted OIBDA \$11.3 million, up 21.3% from Q4'16
- 133,086 RGU's at Q4'17, up 0.5% over Q4'16



# Fiber and Tower Highlights

- Wireline and Cable fiber lease revenues of \$13.2 million, up 16.7% from Q4'16
- 192 towers generated \$1.9 million of Adjusted OIBDA in Q4'17, an increase of 18.4%



\*Includes both Affiliate and Non-affiliate revenues

Wireless Segment - Mobile Tower Adjusted OIBDA (\$ thousands)			
(in thousands)	Q4'17		Q4'16
Operating Income	\$	1,423	\$ 1,257
Deprec. and Amort.		465	337
Share Based Compensation		10	9
<b>Adjusted OIBDA</b>	<b>\$</b>	<b>1,898</b>	<b>\$ 1,603</b>



# Jim Woodward

SVP of Finance and CFO

# Consolidated Quarterly Results

## Consolidated Results (\$ in millions, except per share amounts)

	Three Months Ended:			
	12/31/17	12/31/16	Change (\$)	Change (%)
<b>Operating Revenues</b>	\$ 151.6	\$ 155.6	\$ (4.0)	(2.6)%
<b>Operating Income</b>	18.1	12.2	5.9	48.4 %
<b>Net Income <sup>(1)</sup></b>	\$ 60.6	\$ (0.2)	\$ 60.8	30,400 %
<b>Earnings Per Share:</b>				
<b>Basic</b>	\$ 1.23	\$ 0.00	\$ 1.23	NM*
<b>Diluted</b>	\$ 1.21	\$ 0.00	\$ 1.21	NM*

(1) - 2017 Net Income includes a one-time non-cash tax benefit of \$53.4 million as a result of the remeasurement of our deferred tax assets and liabilities as of 12/31/17 to reflect the reduction in the U.S. corporate income tax rate from 35% to 21%.

\*NM = not meaningful

# Adjusted OIBDA - Quarterly Results

## Adjusted OIBDA (\$ millions)

	For the Quarter Ended:			
	12/31/2017	12/31/2016	Change (\$)	Change (%)
Operating income	\$ 18.1	\$ 12.2	5.9	48 %
Plus Depreciation and amortization	43.3	46.7	(3.4)	(7)%
Plus (Gain) loss on asset sales	—	0.1	(0.1)	(100)%
Plus Share based compensation	0.5	0.5	—	— %
Plus the benefit received from the waived management fee	9.0	9.0	—	— %
Plus amortization of intangibles netted in rent expense	(0.6)	0.7	(1.3)	(186)%
Plus temporary back office costs to support the billings operations through migration	1.0	4.8	(3.8)	(79)%
Less actuarial gains on pension plans	(1.4)	(4.4)	3.0	(68)%
Plus integration and acquisition related expenses	1.1	6.4	(5.3)	(83)%
<b>Adjusted OIBDA</b>	<b>\$ 71.0</b>	<b>\$ 76.0</b>	<b>(5.0)</b>	<b>(7)%</b>
Less waived management fee	(9.0)	(9.0)	—	— %
<b>Continuing OIBDA</b>	<b>\$ 62.0</b>	<b>\$ 67.0</b>	<b>(5.0)</b>	<b>(7)%</b>

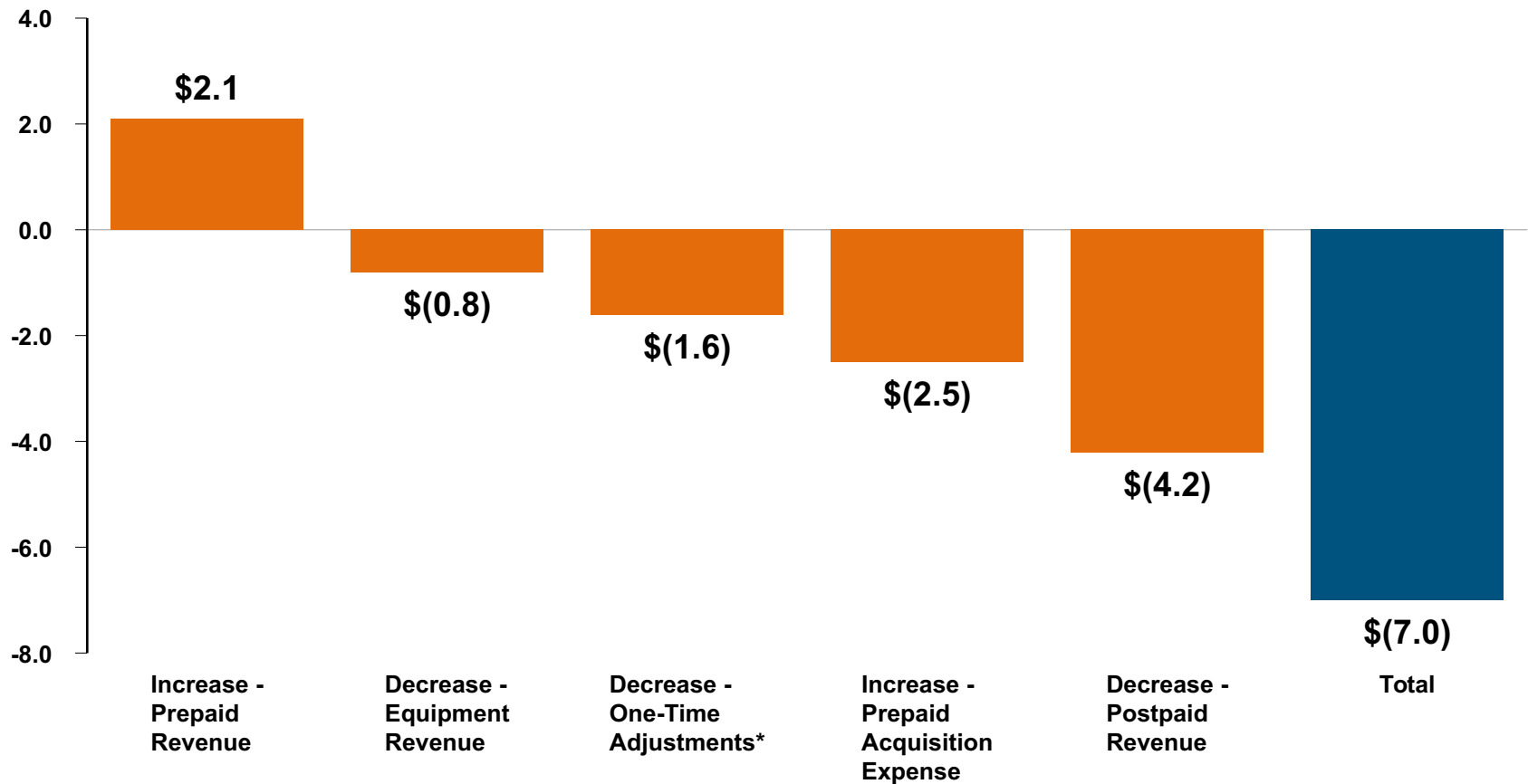
# Quarterly Results

## Adjusted OIBDA by Segment (\$ millions)

	Wireless		Cable		Wireline		Other	
	Q4'17	Q4'16	Q4'17	Q4'16	Q4'17	Q4'16	Q4'17	Q4'16
Operating income	\$ 11.9	\$ 5.3	\$ 5.4	\$ 3.0	\$ 5.4	\$ 5.5	\$ (4.6)	\$ (1.6)
Plus Depreciation and amortization	33.9	37.6	5.9	6.1	3.3	2.9	0.2	0.1
Plus (Gain) loss on asset sales	—	—	(0.1)	0.1	—	(0.1)	0.1	—
Plus Share based compensation	0.2	0.3	0.1	0.1	0.1	0.1	0.1	0.1
Plus the benefit received from the waived management fee	9.0	9.0	—	—	—	—	—	—
Plus amortization of intangibles netted in rent expense	(0.6)	0.7	—	—	—	—	—	—
Plus temporary back office costs to support the billings operations through migration	1.0	4.7	—	—	—	—	—	0.1
Less actuarial gains on pension plans	—	—	—	—	—	—	(1.4)	(4.4)
Plus integration and acquisition related expenses	1.2	6.0	—	—	—	—	(0.1)	0.4
<b>Adjusted OIBDA</b>	<b>\$ 56.6</b>	<b>\$ 63.6</b>	<b>\$ 11.3</b>	<b>\$ 9.3</b>	<b>\$ 8.8</b>	<b>\$ 8.4</b>	<b>\$ (5.7)</b>	<b>\$ (5.3)</b>
Percent Change		(11)%		21%		5%		8%
Adjusted OIBDA Margin*	51%	54 %	37%	33%	43%	43%	N/A	N/A

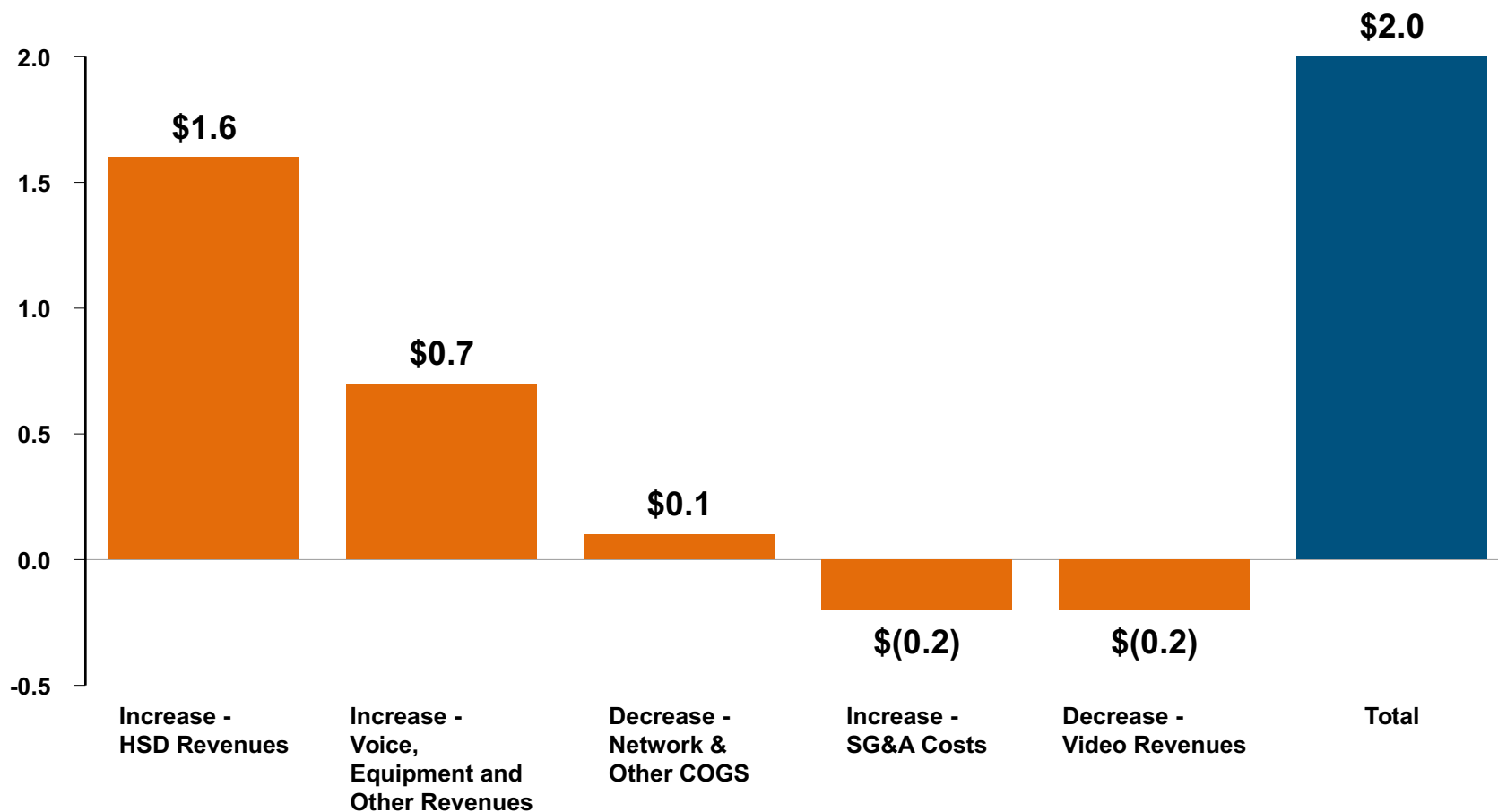
\*Adjusted OIBDA Margin represents Adjusted OIBDA divided by Operating Revenues.

# Wireless Segment – Change in Adjusted OIBDA Q4'17 vs. Q4'16 (\$ millions)



\* nTelos settlements and non-cash straight-line rent adjustments.

# Cable Segment – Change in Adjusted OIBDA Q4'17 vs. Q4'16 (\$ millions)



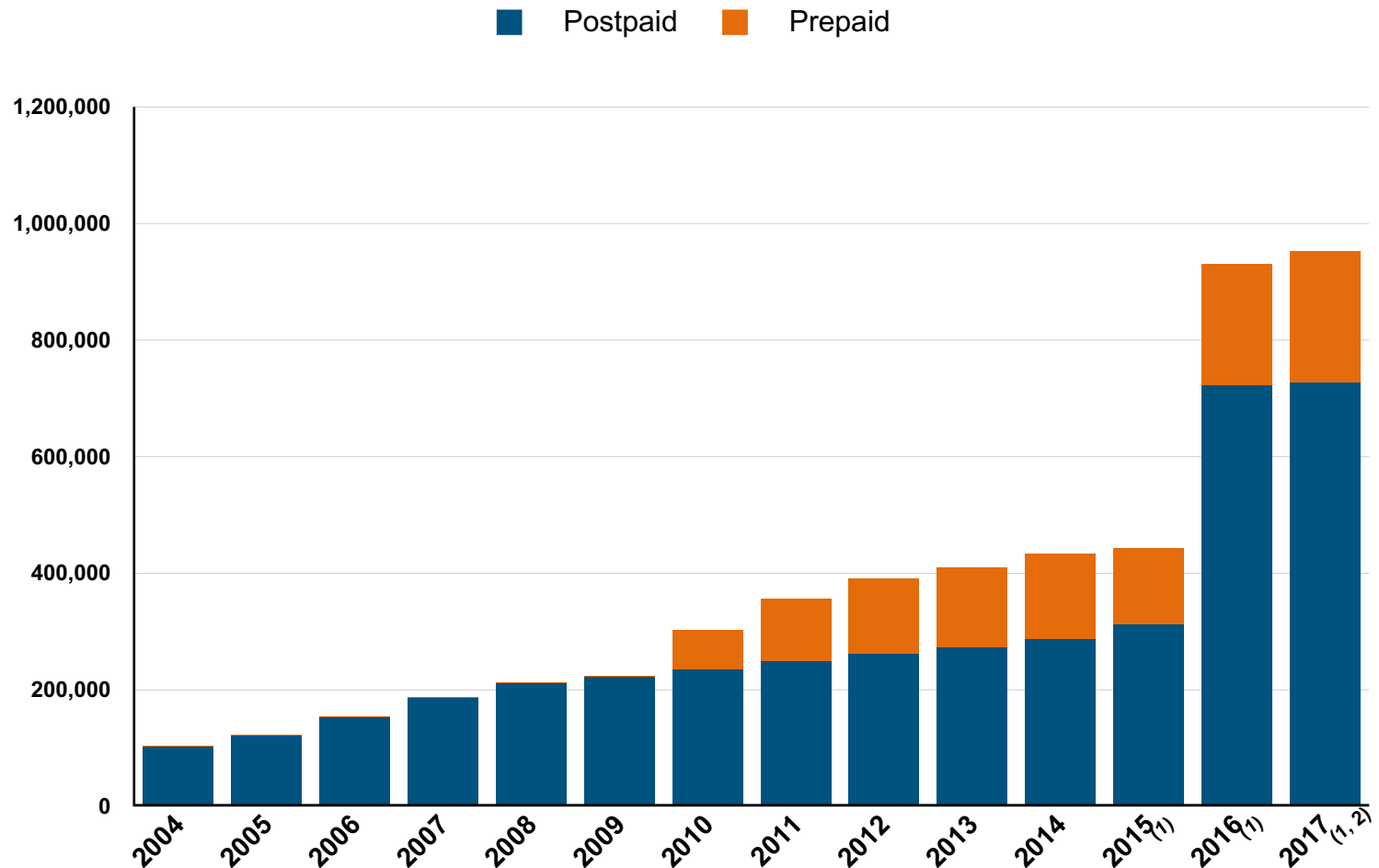




# Earle MacKenzie

EVP and COO

# Wireless - Subscriber Growth

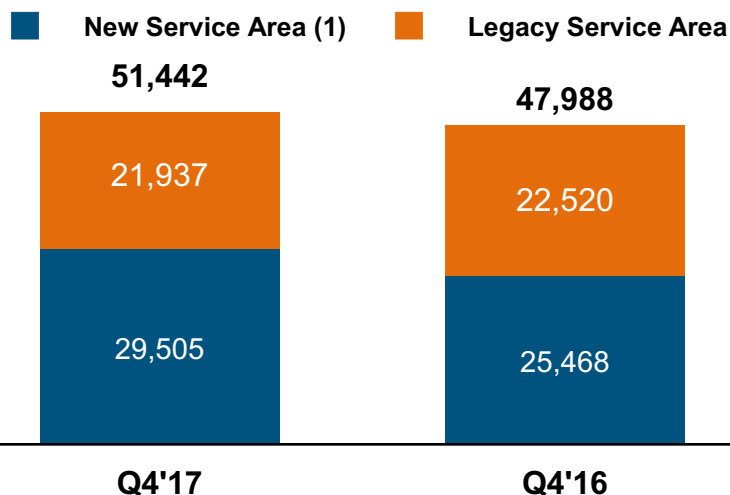


(1) Prepaid totals in 2015, 2016, and 2017 were adjusted to exclude Lifeline subscribers.

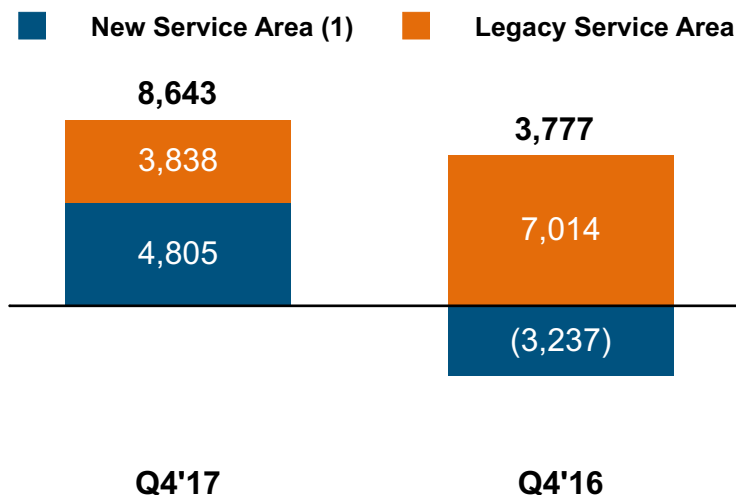
(2) Includes approximately 19,000 postpaid and 4,500 prepaid customers acquired from Sprint on 4/6/17.

# Wireless - Postpaid Subscribers

## Gross Additions - Postpaid



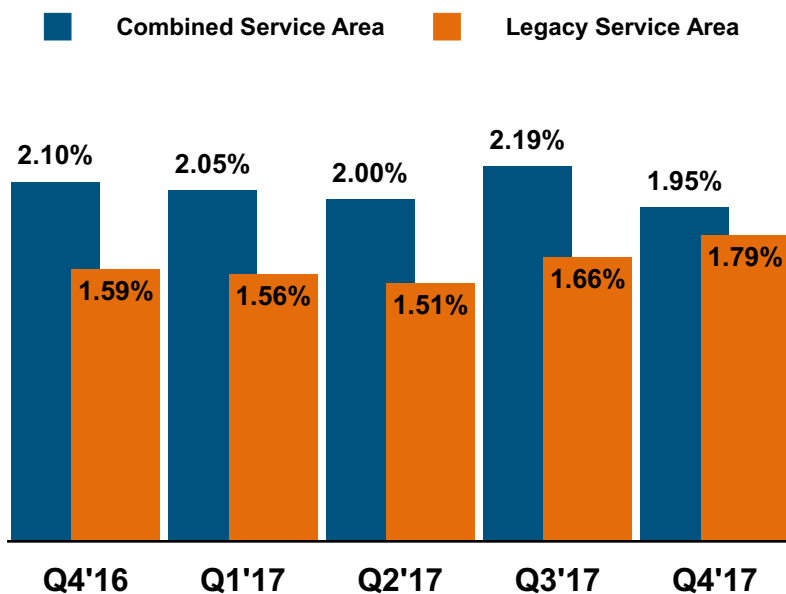
## Net Change - Postpaid



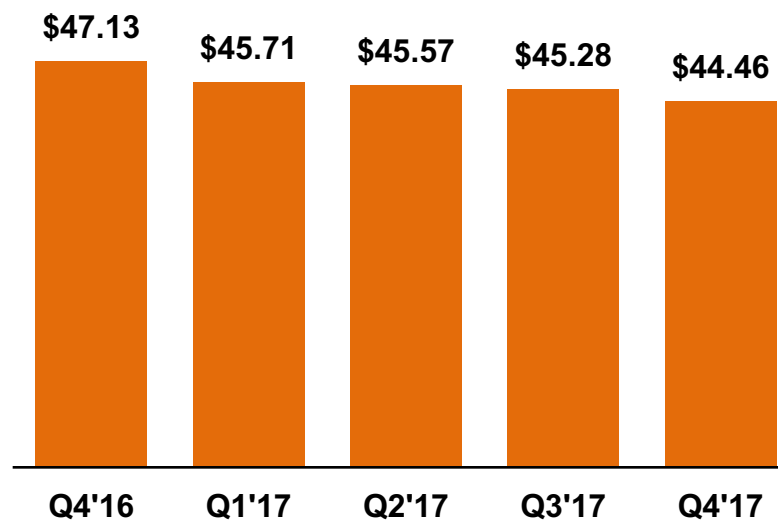
(1) - New Service Area represents the territory acquired with the Company's May 6, 2016 acquisition of nTelos and exchange transaction with Sprint and the April 6, 2017 Expansion for Parkersburg.

# Wireless - Postpaid Statistics

## Postpaid Churn



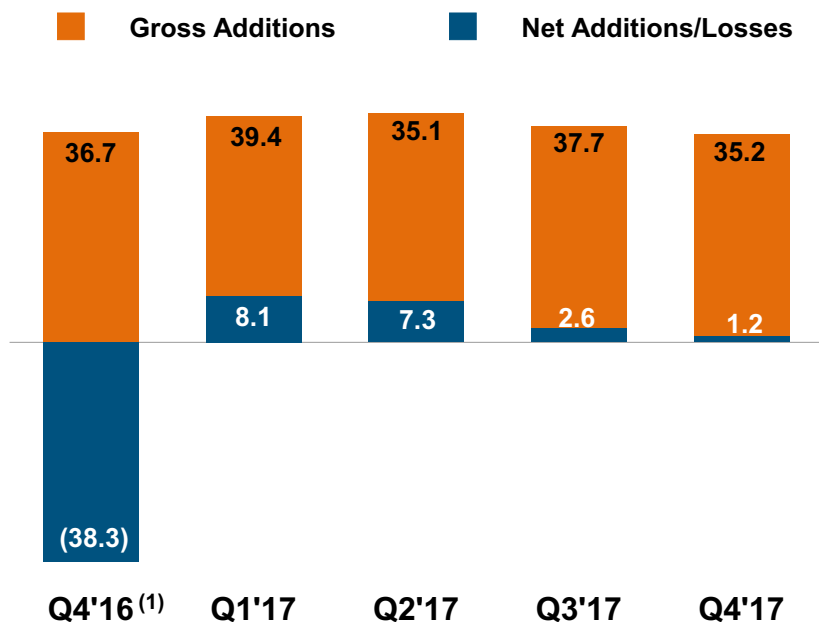
## Postpaid ARPU\*



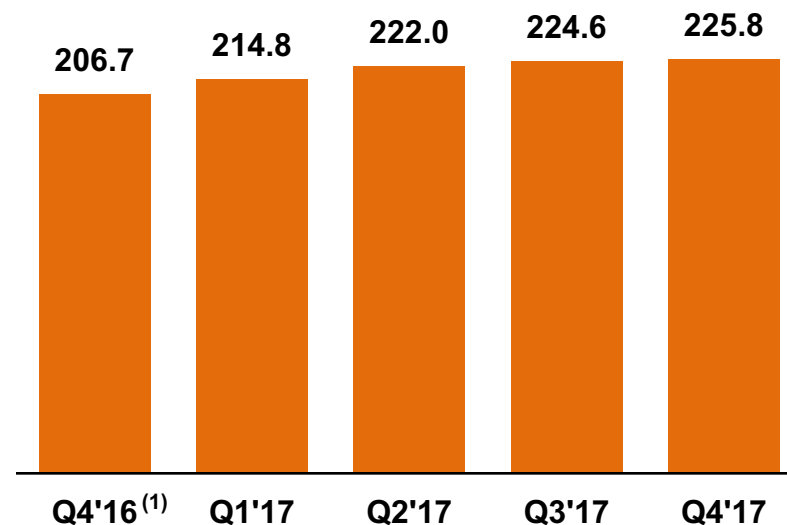
\*ARPU represents Average Revenue Per Unit. See Appendix for reconciliation of Wireless segment operating revenues to Postpaid ARPU.

# Wireless - Prepaid Statistics

## Gross Additions (000s)



## Cumulative Customers (000s)



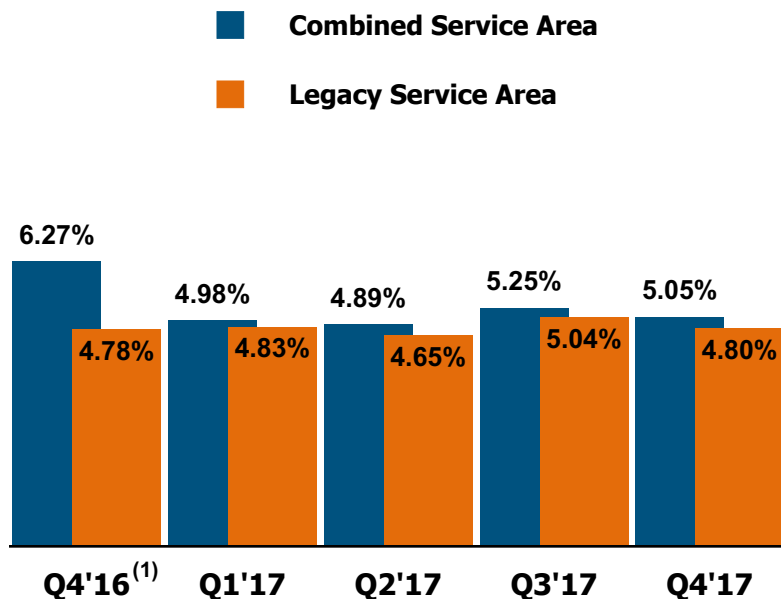
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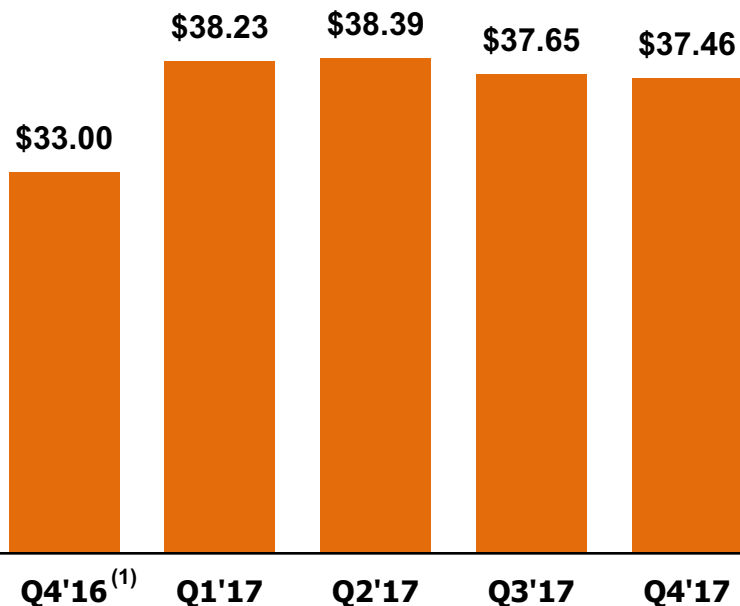
\*ARPU represents Average Revenue Per User. See Appendix for reconciliation of Wireless segment operating revenues to Prepaid ARPU.

# Wireless - Prepaid Statistics

## Prepaid Churn



## Prepaid ARPU\*



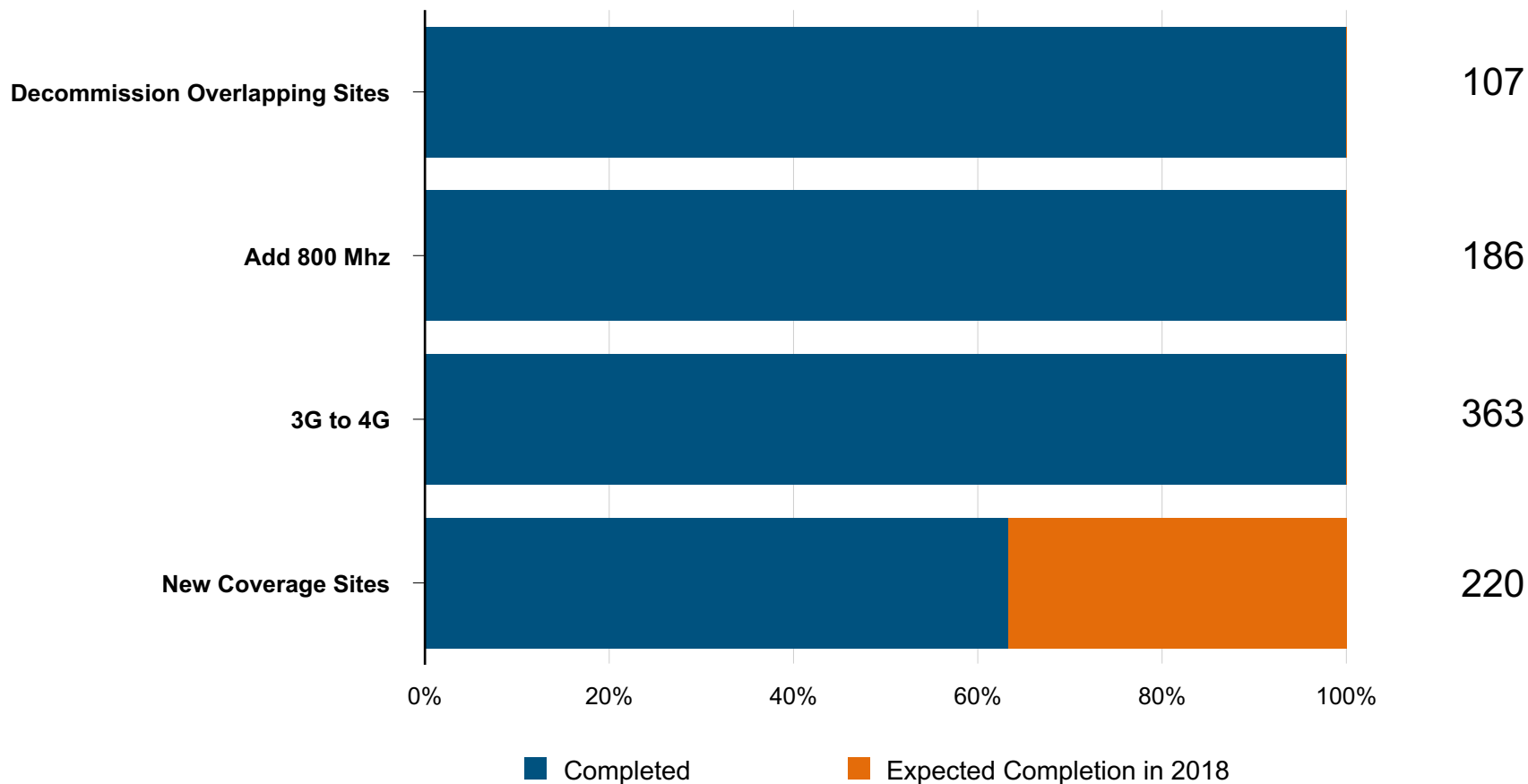
(1) Prepaid subscribers reported in the Q4'16 and subsequent periods include the impact of a change in policy as to how long an inactive customer is included in the customer counts. This policy change, implemented in December 2016, effectively reduced prepaid customers by approximately 24 thousand.

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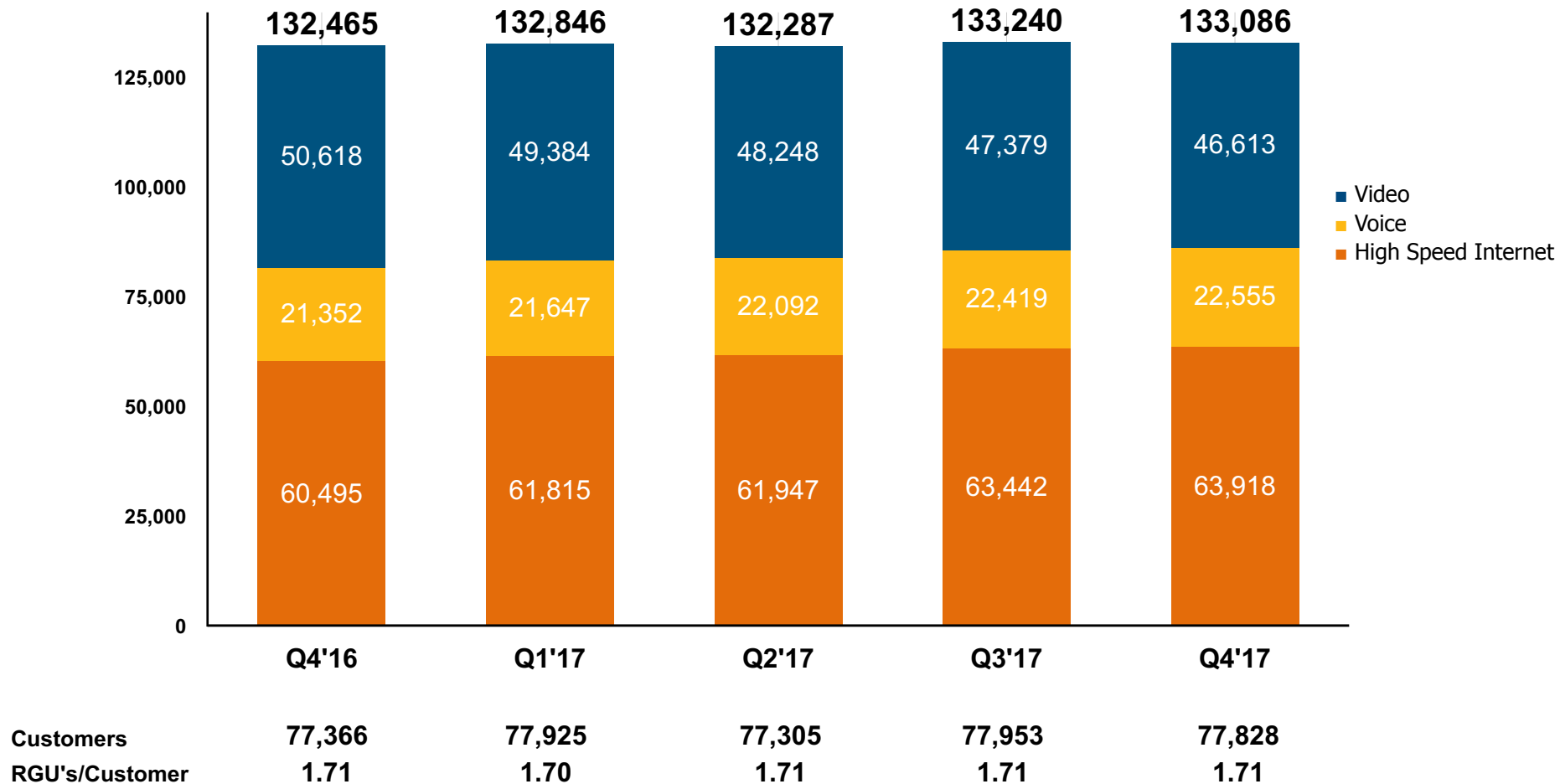
# Wireless - Status of Network Enhancements Acquired nTelos Service Area

## Enhancement

## # of cell sites

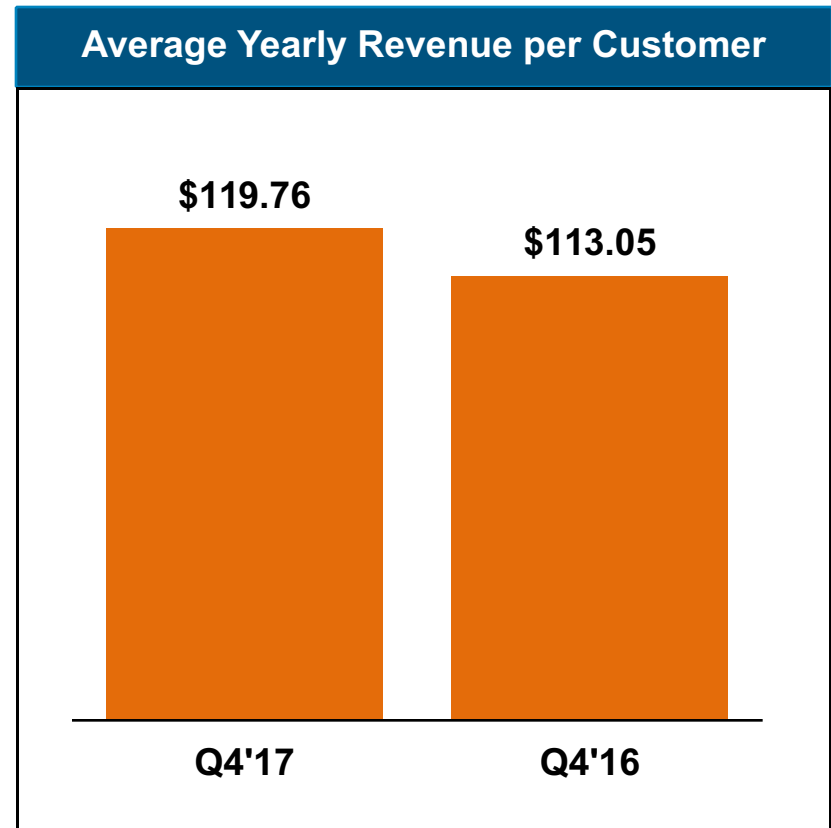
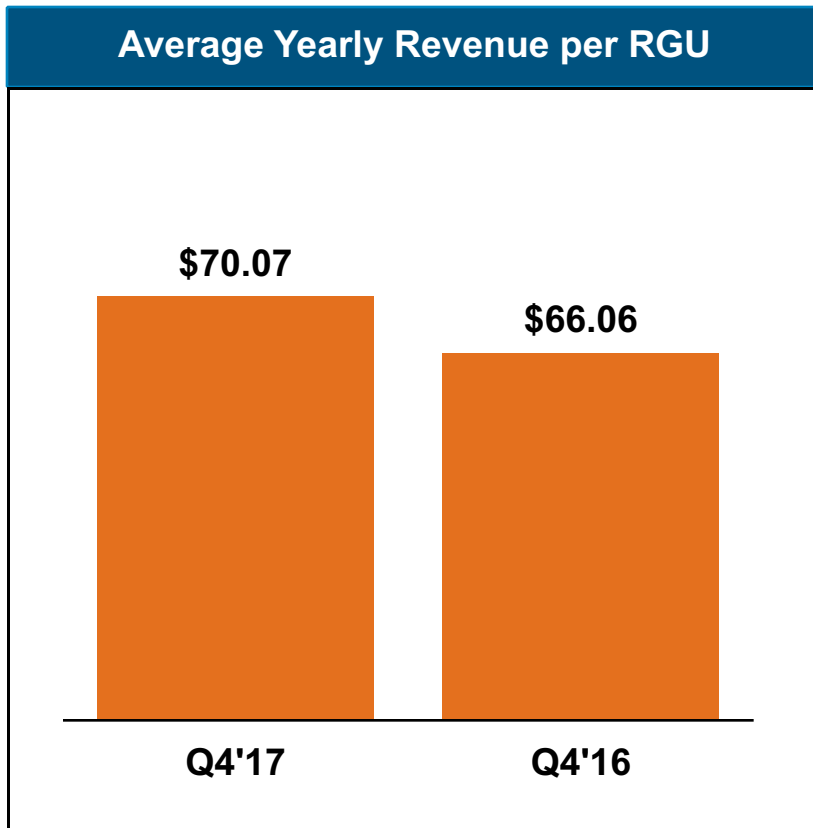


# Cable - RGU Growth by Quarter





# Cable - Average Revenue



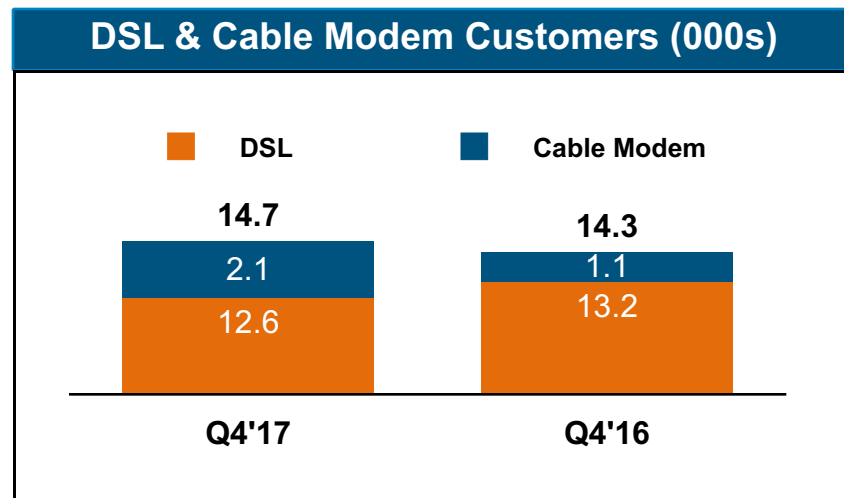
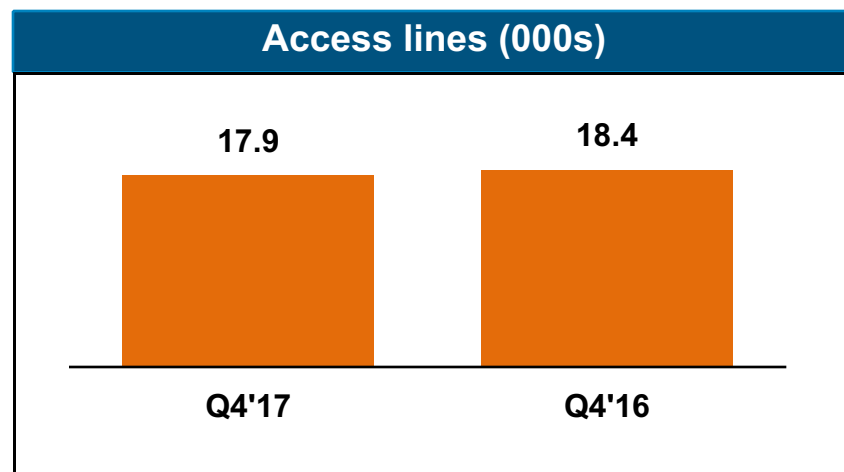
# Cable - Key Operational Results

	As of December 31,	
	2017	2016
<b>Homes Passed <sup>(1)</sup></b>	<b>184,910</b>	<b>184,710</b>
<b>Total Revenue Generating Units</b>	<b>133,086</b>	<b>132,465</b>
<b>Customer Relationships</b>	<b>77,828</b>	<b>77,366</b>
<b>RGUs per Customer Relationship</b>	<b>1.71</b>	<b>1.71</b>
<b>Video</b>		
Revenue generating units	46,613	50,618
Penetration	25.2%	27.4%
Digital video penetration	76.2%	77.4%
<b>High-speed Internet</b>		
Available Homes	184,910	183,826
Revenue generating units	63,918	60,495
Penetration	34.6%	32.9%
<b>Voice</b>		
Available Homes	182,379	181,089
Revenue generating units	22,555	21,352
Penetration	12.4%	11.8%

(1) Homes Passed exclude cable operations in Shenandoah County, VA which are included in Wireline. Wireline includes approximately 16.5k homes passed, 5.0 video customers, and 2.1k cable modem customers.

# Wireline - Key Operational Results

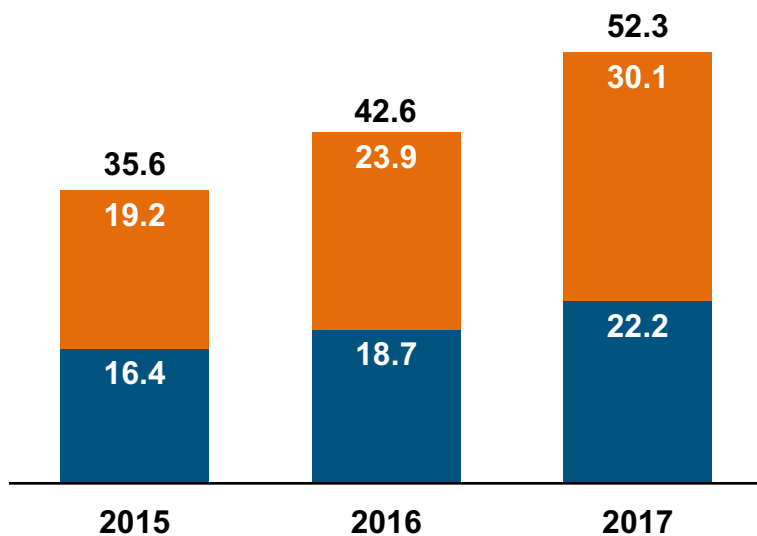
- Access line loss of 2.8% as a result of no longer requiring an access line to purchase internet service.
- Effective Q4'15, subscribers were offered a cable modem internet option up to 101 Mbps.
- 5,019 video subscribers at December 31, 2017.



# Wireline and Cable Fiber Sales (\$ millions)

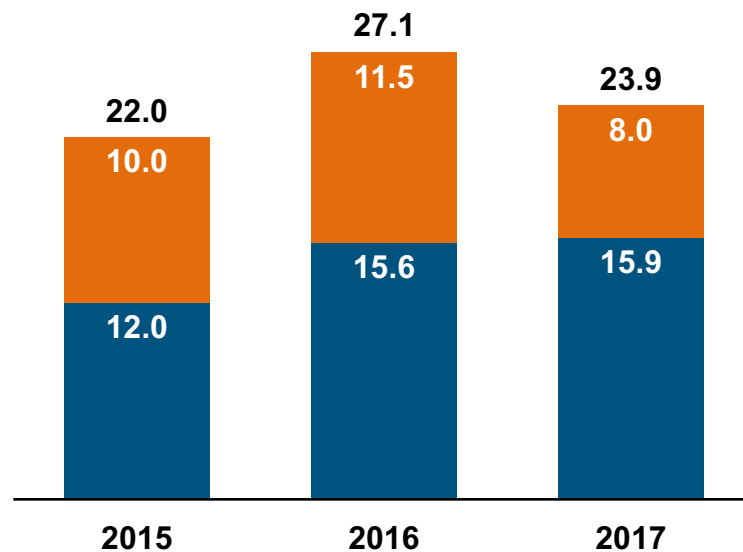
## Fiber Lease Revenue

■ Non-affiliate Revenue   ■ Affiliate Revenue



## New External Fiber Lease Contracts\*

■ Wireline   ■ Cable

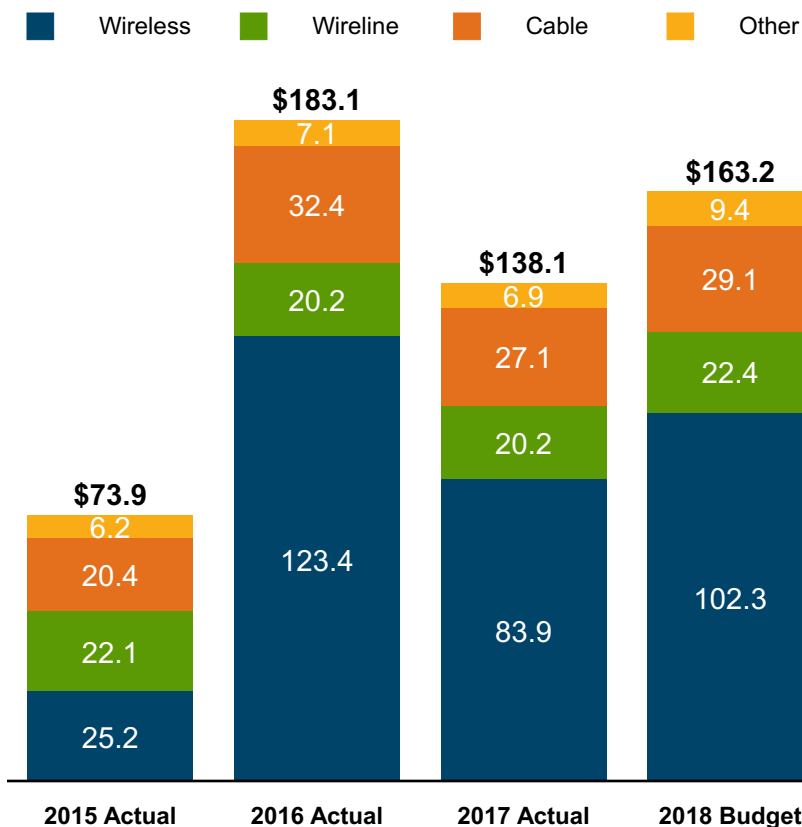


\* Estimated amounts represent the first 10 years of expected contract value. Contract Terms range from 36 to 120 months.

# Capital Expenditures

## Investing in the Future

Capex Spending (\$ millions)



### 2018 Capex Budget:

- 52% Upgrades and Expansion of Acquired Territories
- 14% Network Maintenance
- 13% Success-Based
- 12% Network Capacity
- 9% Network Expansion

# Recent Developments

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## Expansion

Signed *Expansion Agreement* on Feb. 1, 2018 with Sprint to expand our wireless service area to include certain areas in Kentucky, Pennsylvania, Tennessee, Virginia and West Virginia, effectively adding 1.1 million POPs.

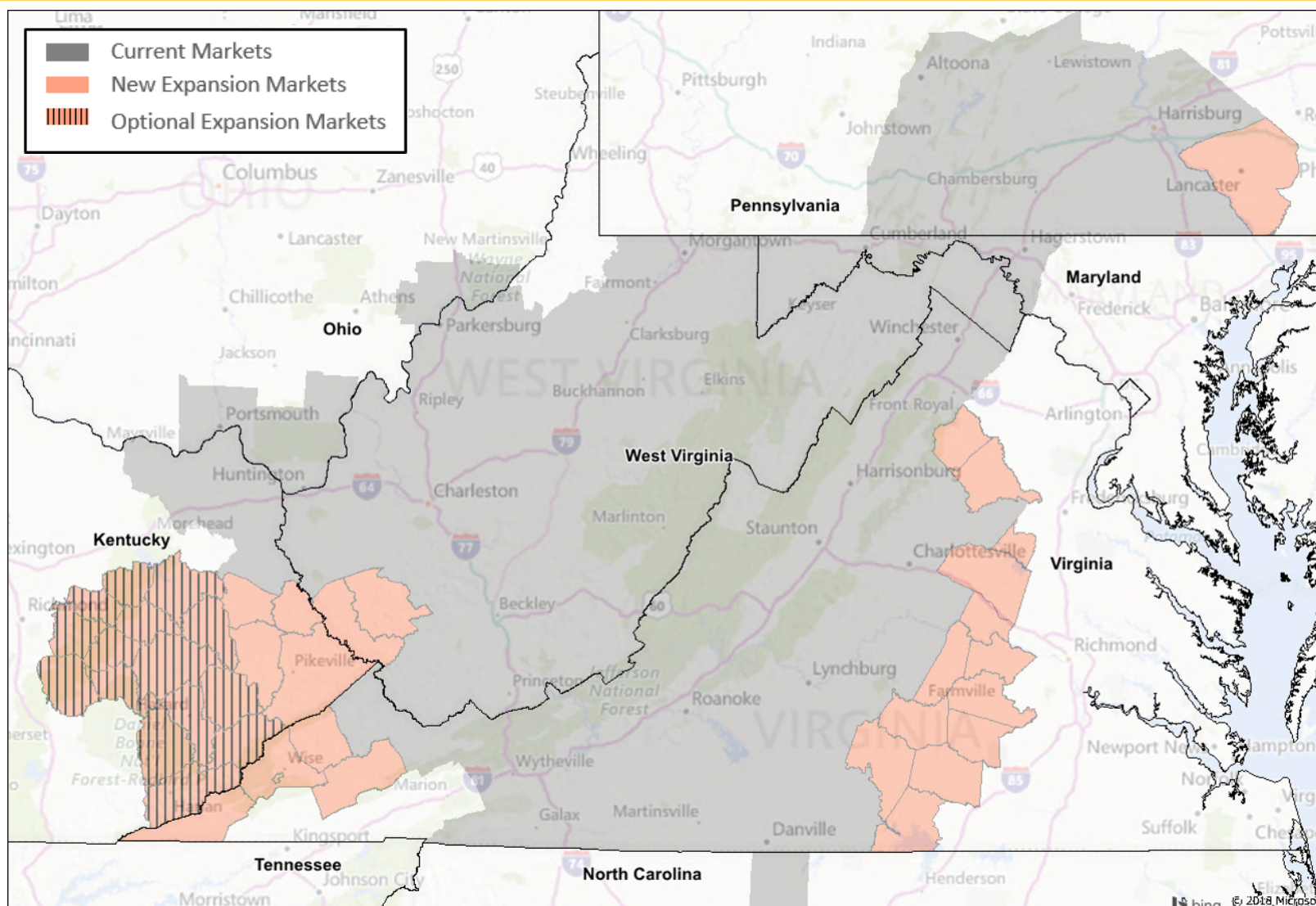
### Expansion Includes:

- 38 thousand Postpaid Subscribers
- 21 thousand Prepaid Subscribers
- 105 Cell Sites

Plan to invest \$56 million over next three years.  
Opportunity to serve an additional 200k POPs.

# Wireless Network Expansion

Effective February 1, 2018



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# Q&A



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# Appendix

# Non-GAAP Financial Measures

## Billed Revenue per Prepaid & Postpaid Subscriber

<b>Gross billed revenue</b>	<b>Q4'17</b>	<b>Q4 2016</b>
Wireless segment total operating revenues	\$ 111,522	\$ 117,822
Equipment revenue	(1,800)	(2,903)
Tower lease revenue	(2,928)	(2,808)
Gross billed revenue – prepaid	(25,203)	(23,101)
Sprint prepaid management fee	1,568	1,435
Travel revenue, net	(6,610)	(6,664)
Other revenue	(580)	(2,125)
Wireless service revenue – postpaid	75,969	81,656
Write-offs	6,277	5,388
Sprint postpaid management fee	7,392	7,629
Sprint net service fee	7,899	6,967
Gross billed revenue less discounts – postpaid	\$ 97,537	\$ 101,640
<b>Average Prepaid subscribers</b>	<b>224,288</b>	<b>233,319</b>
<b>Billed revenue per Prepaid subscriber</b>	<b>\$ 37.46</b>	<b>\$ 33.00</b>
<b>Average Postpaid subscribers</b>	<b>731,279</b>	<b>718,896</b>
<b>Billed revenue per Postpaid subscriber</b>	<b>\$ 44.46</b>	<b>\$ 47.13</b>

Calculation of Billed revenue per subscriber = Gross billed revenue less discounts / Average subscribers / 3 months

Dollars in thousands (except subscribers and revenue per subscriber)

# Wireless - Network Statistics at December 31, 2017

## Wireless Network Statistics

<b>Cell sites</b>	<b>Legacy</b>	<b>New<sup>(1)</sup></b>
CDMA Base Stations (sites)	572	1,051
Sites with 2 <sup>nd</sup> LTE carrier	555	989
Sites with three carriers, including a 2 <sup>nd</sup> carrier @ 1900 MHz	182	268
Sites with 2.5 GHz LTE	162	207
<b>Traffic</b>		
% LTE traffic	97.8%	96.2%
Data usage increase (Q over Q)	16.8%	28.9%
Avg LTE speeds (Mbps)	7.4	7.9
Avg data usage per subscriber (GB)	10.0	9.4
Dropped call rate	0.33%	0.41%
Blocked call rate	0.15%	0.18%

(1) "New" is comprised of acquired nTelos and Q2'17 Expansion Areas.

# Cable - Non-GAAP Financial Measure

## Average Revenue

	Q4'17	Q4'16
Net Service Revenue	\$ 25,452	\$ 23,718
Set-top box rentals	2,079	2,122
FUSC and pass-through fees	456	414
<b>Video, Internet &amp; Voice Revenue</b>	<b>27,987</b>	<b>26,254</b>
Other miscellaneous revenue	2,510	2,067
<b>Total Operating Revenue</b>	<b>\$ 30,497</b>	<b>\$ 28,321</b>

### Average Subscribers

Revenue Generating Units (RGUs)	133,142	132,469
Average Customer Relationships	77,899	77,412

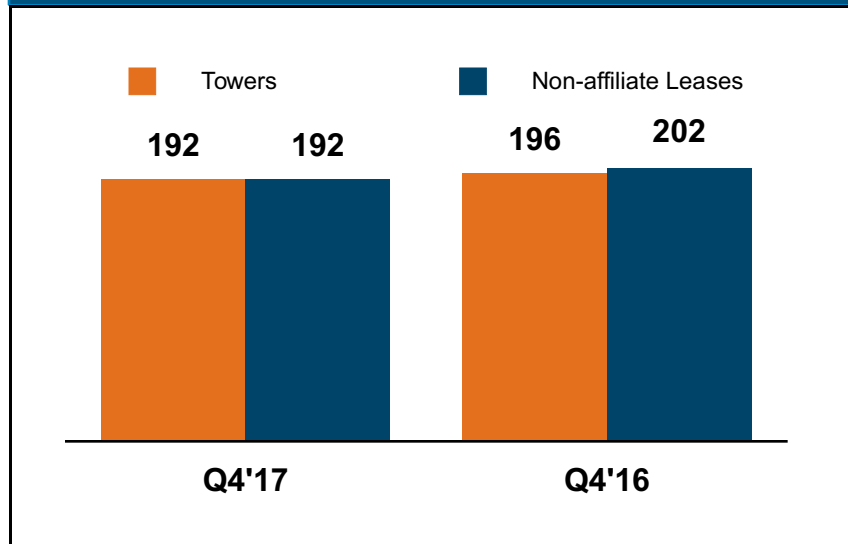
### Average Revenue Per User (ARPU)

Revenue Generating Units (RGUs)	\$ 70.07	\$ 66.06
Customer Relationships	\$ 119.76	\$ 113.05

*Dollars in thousands (except subscribers and revenue per subscriber)*

# Wireless - Tower Statistics

## Towers and Leases



## Mobile Tower Revenue (\$ millions)

