



4Q 2016 Earnings Conference Call

March 20, 2017

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

Fourth Quarter 2016 Highlights (Q4'16 v. Q4'15)

■ Net Loss in Q4'16

- Net loss of \$0.2 million in Q4'16 compared to net income of \$12.1 million in Q4'15

■ Adjusted OIBDA Growth

- Increased 89.2% to \$76.0 million

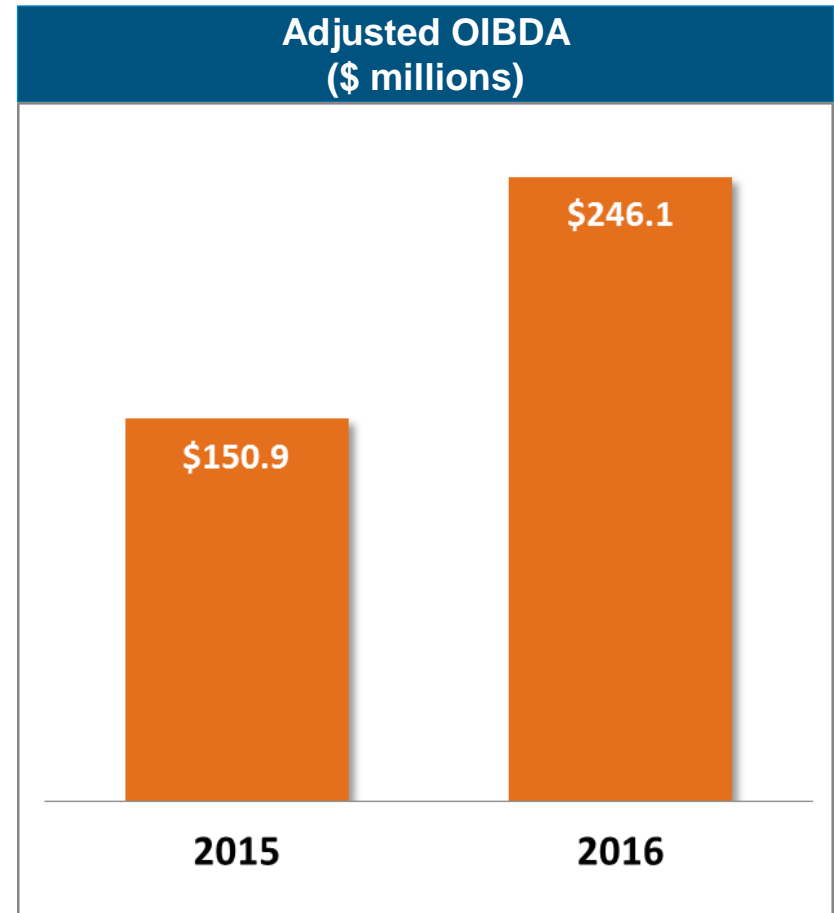
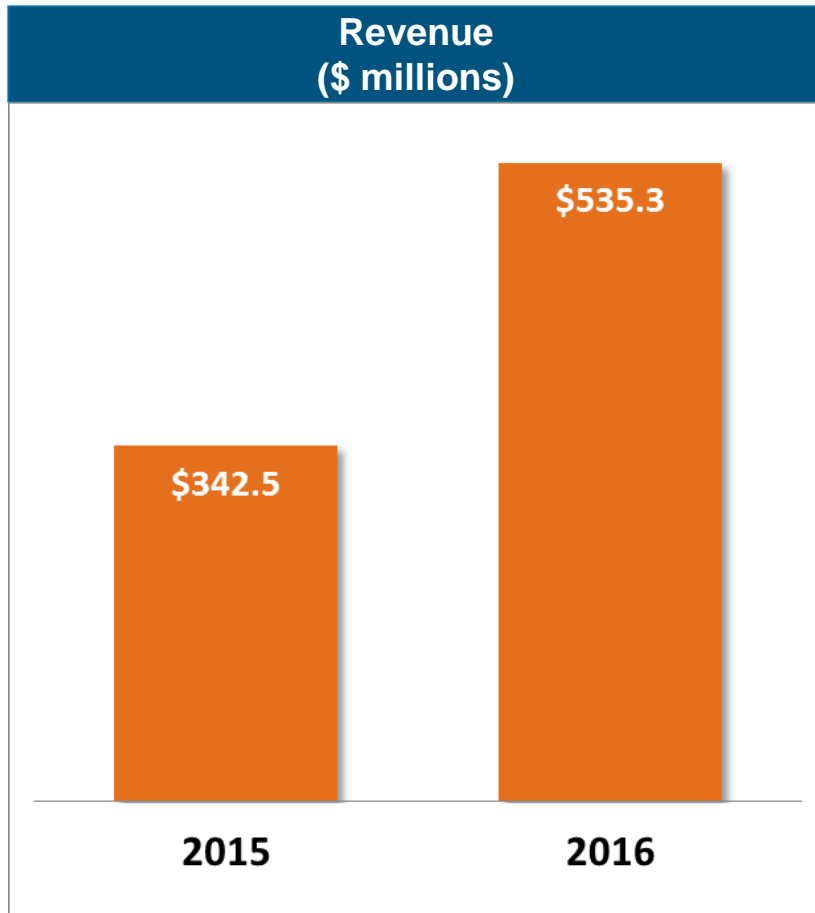
■ Revenue Growth

- Increased 78.2% to \$155.6 million

■ Customer Growth

	<u>12/31/15</u>	<u>12/31/16</u>	<u>Change</u>
Wireless	455,352	958,700	+503,348
Cable (RGUs)	125,512	132,465	+6,953

2016 Financial Highlights



Wireless Highlights

- **Postpaid Growth**

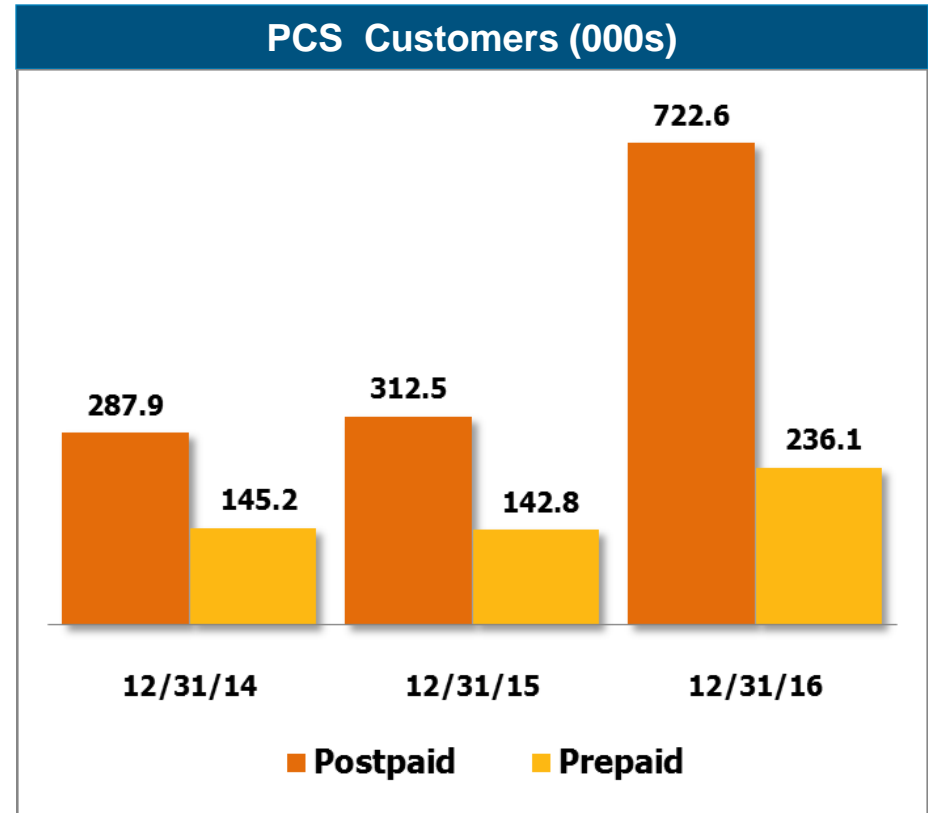
Postpaid customers up 131.2% over last 12 months

- **Prepaid Growth**

Prepaid customers up 65.3% over last 12 months

- **Adjusted OIBDA Growth**

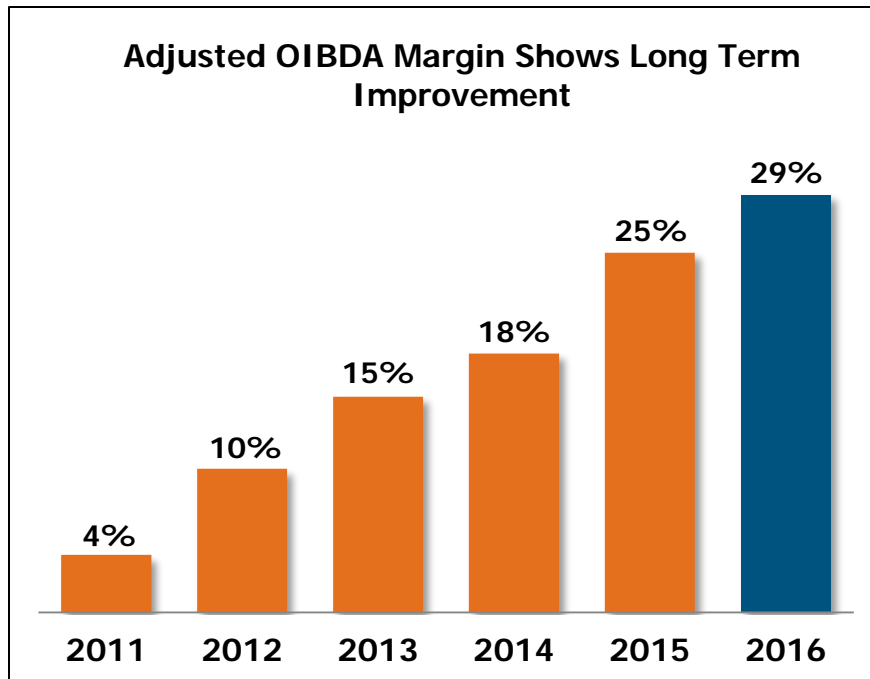
Increased to \$63.6 million, up 133% in Q4'16 vs Q4'15



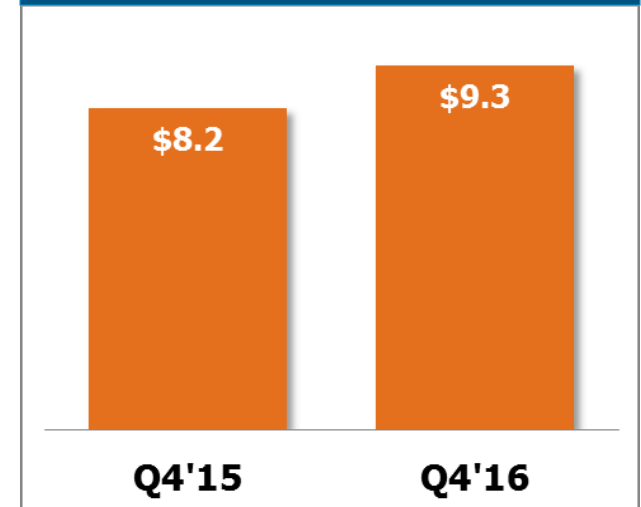
Cable Highlights

■ Revenue Growth

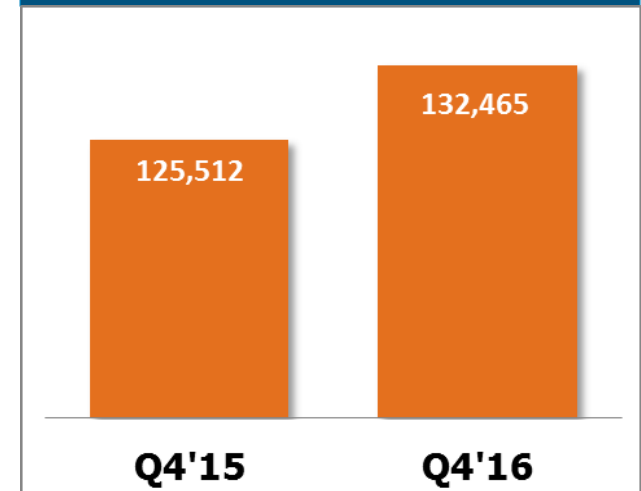
- Operating revenues \$28.3 million, growth of 10.0% over Q4'15
- Q4'16 Adjusted OIBDA \$9.3 million, up 13.7% from Q4'15
- 132,465 RGUs at Q4'16, up 5.5% over Q4'15



Cable Adjusted OIBDA (in millions)



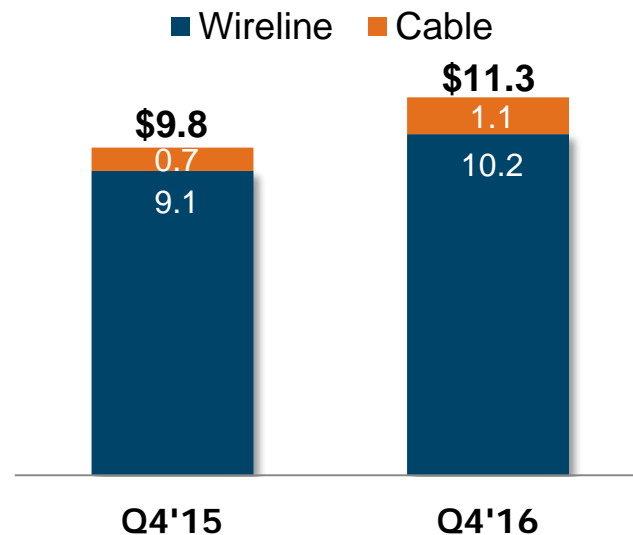
Cable RGUs



Fiber and Tower Highlights

- Wireline and Cable fiber lease revenues of \$11.3 million, up 15.3% from Q4'15
- 196 towers generated \$1.6 million of OIBDA in Q4'16

*Fiber Lease Revenue (in millions)

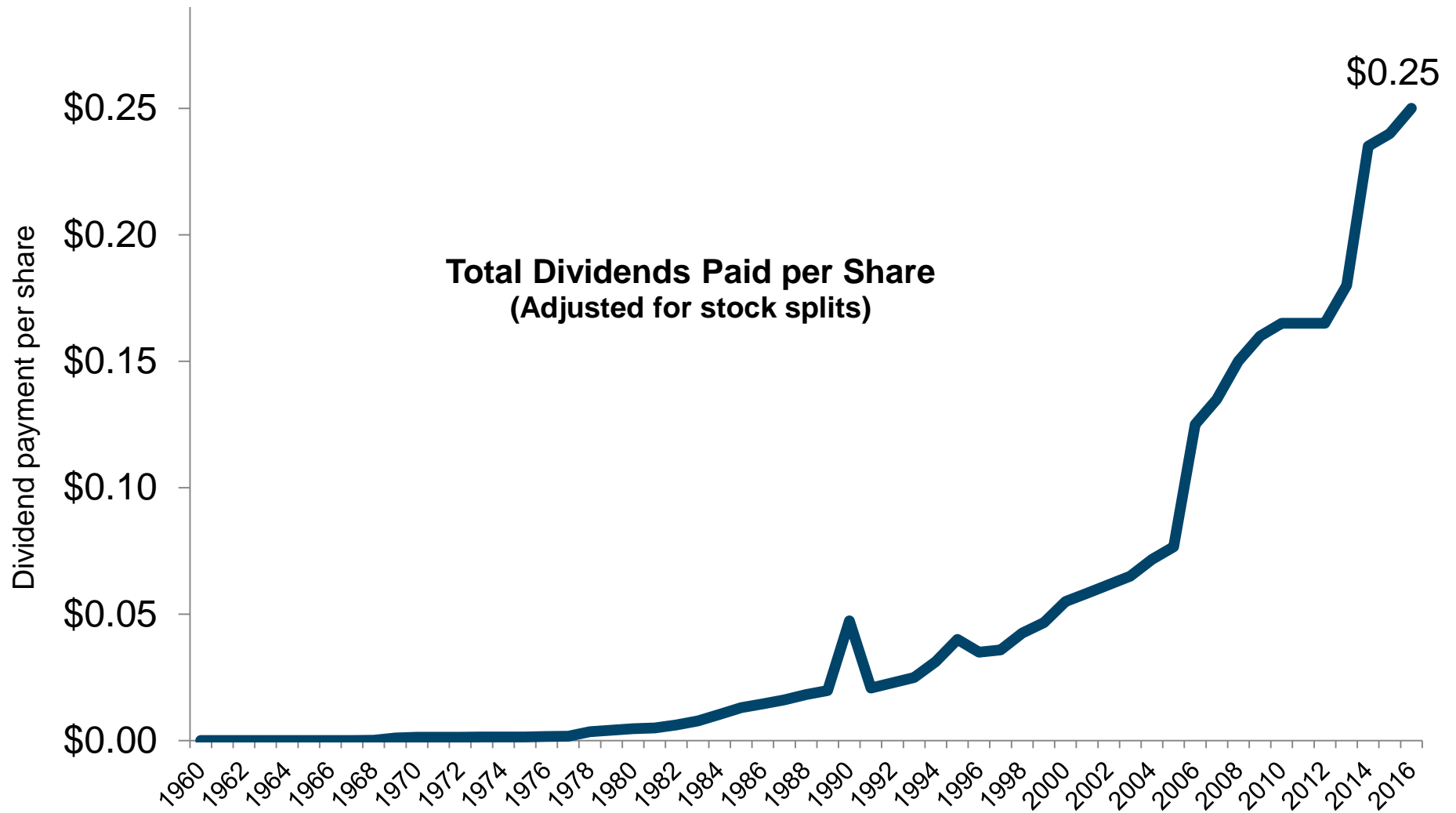


*Includes both Affiliate and Non-affiliate revenues

Mobile Tower OIBDA (\$ thousands)

<i>(in thousands)</i>	<u>Q4'15</u>	<u>Q4'16</u>
Operating Income	\$1,405	\$1,257
Deprec. and Amort.	437	337
Loss on Asset Disposals	(5)	-
Share Based Compensation	9	9
Adjusted OIBDA	\$1,846	\$1,603

Annual Dividend Paid Every Year Since 1960





Adele Skolits

VP of Finance and CFO

Profitability

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

	<u>For the Quarter Ended:</u>		
	12/31/15	12/31/16	Change
Operating Income	\$ 21.7	\$ 12.2	(44)%
Net Income (Loss)	\$ 12.1	\$ (0.2)	(102)%
Earnings (Loss) Per Share:			
Basic	\$ 0.24	\$ (0.00)	(102)%
Diluted	\$ 0.24	\$ (0.00)	(102)%

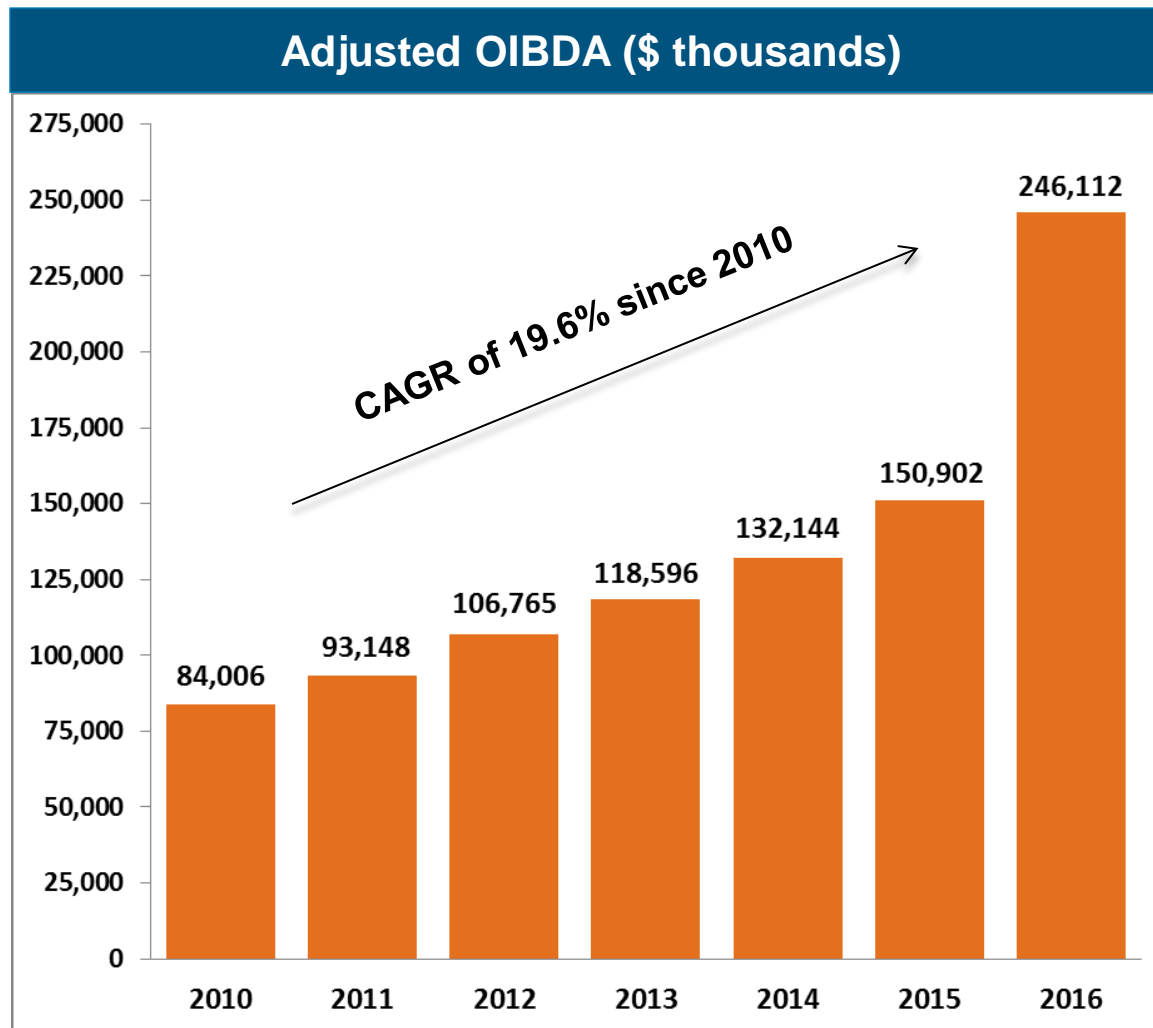
Profitability

Adjusted OIBDA (\$ millions)

	For the Quarter Ended:			For the Year Ended:		
	12/31/15	12/31/16	Change (\$)	12/31/15	12/31/16	Change (\$)
Operating income	\$ 21.7	\$ 12.2	\$ (9.5)	\$ 74.1	\$ 22.5	\$ (51.6)
Depreciation and amortization	17.6	46.7	29.1	70.7	143.7	73.0
Share based compensation	0.4	0.5	0.1	2.3	3.0	0.7
(Gain)/Loss on asset disposals	-	-	-	0.2	-	(0.2)
Straight line adjustment to reduce management fee waiver	-	4.3	4.3	-	12.0	12.0
Amort. of intangible netted in rent expense	-	0.7	0.7	-	0.7	0.7
Amort. of intangible netted in revenue	-	5.2	5.2	-	14.0	14.0
Integration, acquisition and migration expense	0.4	6.4	6.0	3.6	42.2	38.6
Temporary backoffice costs to support the billings operations through migration ⁽¹⁾	-	4.4	4.4	-	12.4	12.4
Less actuarial gains on pension plans	-	(4.4)	(4.4)	-	(4.4)	(4.4)
Adjusted OIBDA	\$ 40.1	\$ 76.0	\$ 35.9	\$ 150.9	\$ 246.1	\$ 95.2
Less waived management fee	-	(9.0)	(9.0)	-	(24.6)	(24.6)
Continuing OIBDA	\$ 40.1	\$ 67.0	\$ 26.9	\$ 150.9	\$ 221.5	\$ 70.6

(1)- As former nTelos customers migrate to Sprint, Sprint retains certain postpaid fees and passes on certain prepaid costs that offset a portion of these savings, estimated at \$1.5 million in Q4'16.

Growth in Adjusted OIBDA (\$ thousands)

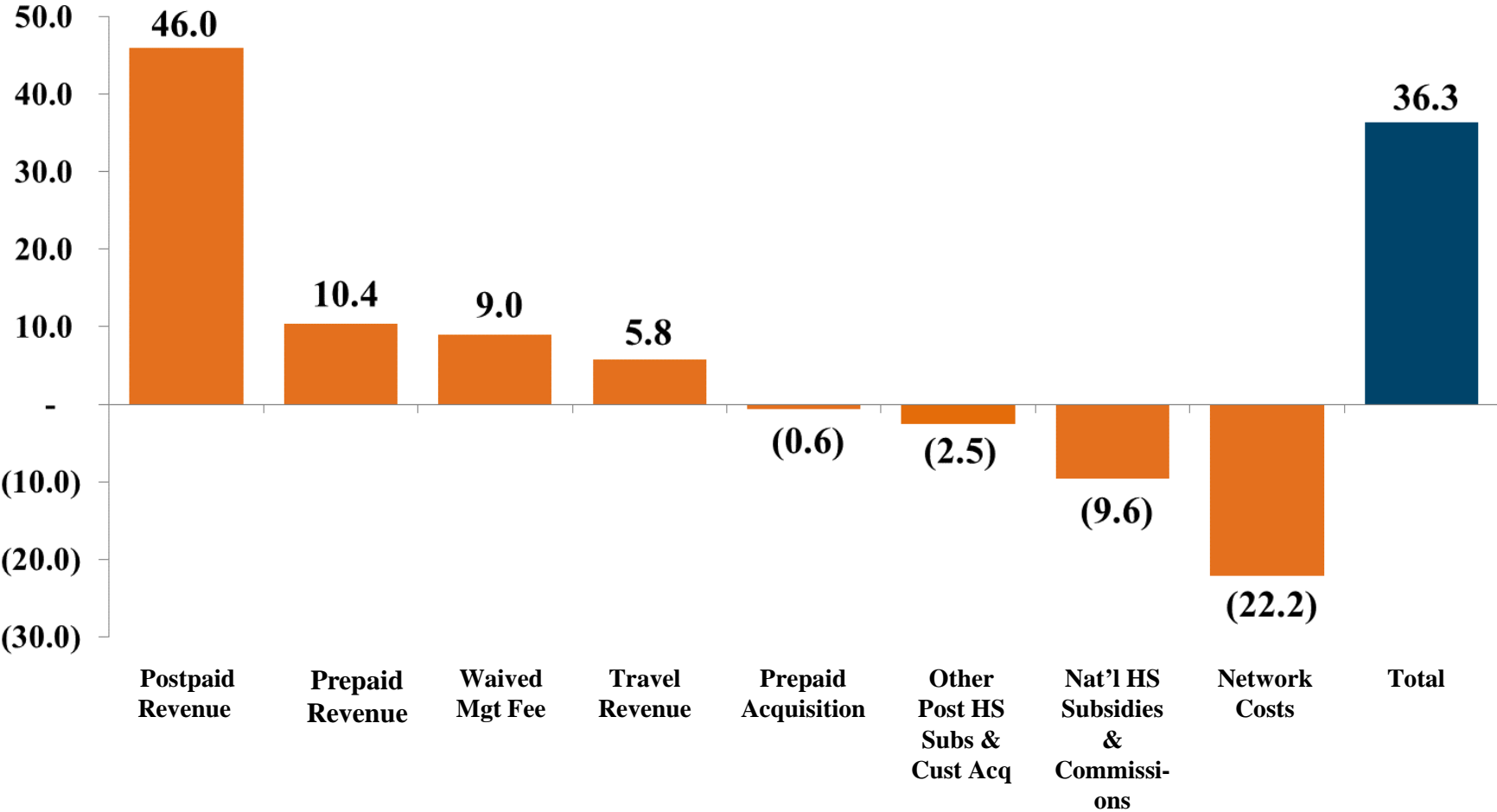


*See Appendix for reconciliation of net income to adjusted earnings per share.

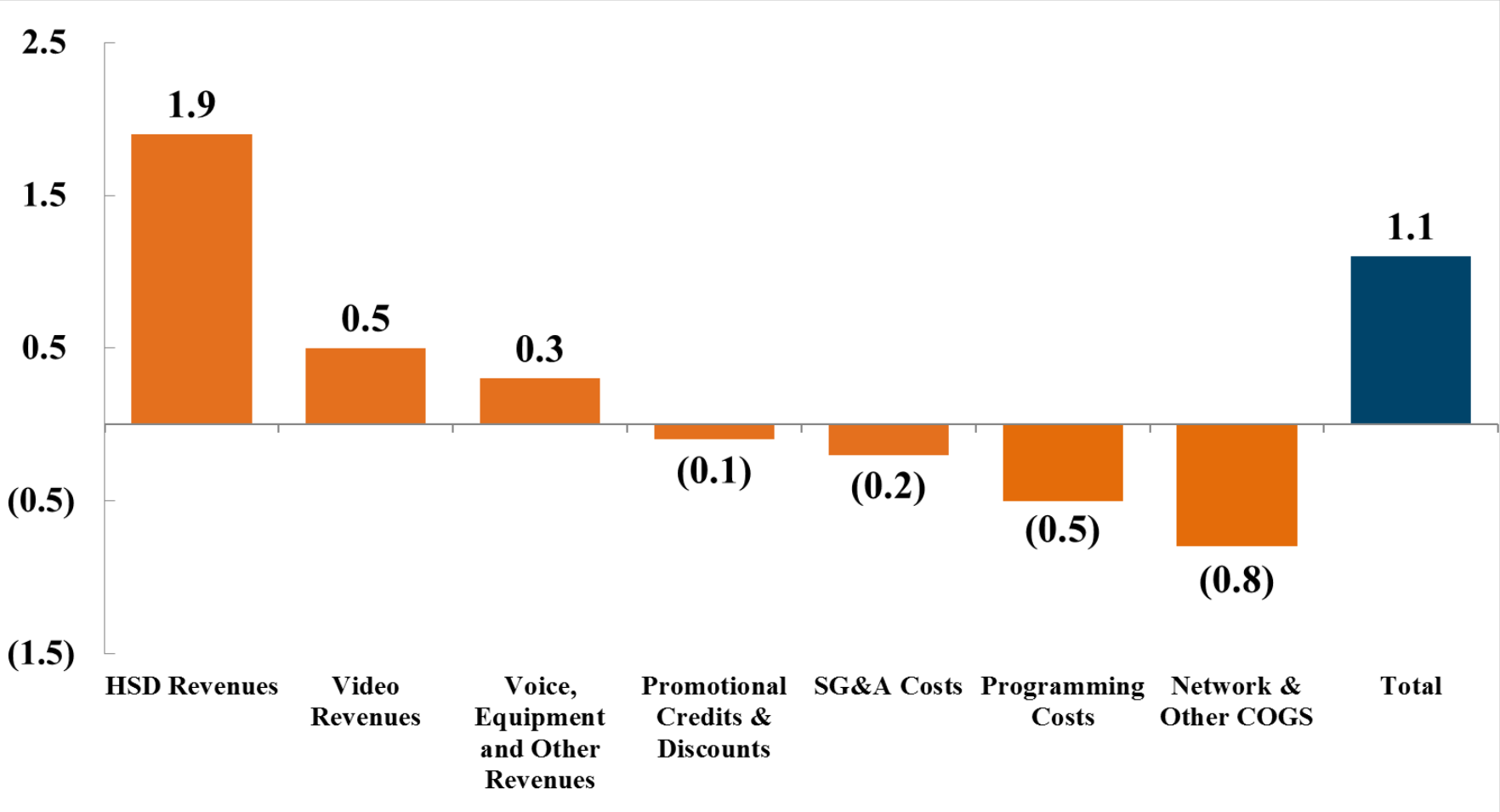
Adjusted OIBDA by Segment (\$ millions)

	<u>Wireless</u>		<u>Cable</u>		<u>Wireline</u>	
	<u>Q4'15</u>	<u>Q4'16</u>	<u>Q4'15</u>	<u>Q4'16</u>	<u>Q4'15</u>	<u>Q4'16</u>
Operating income	\$ 18.9	\$ 5.3	\$ 2.2	\$ 3.0	\$ 4.6	\$ 5.5
Depreciation and amortization	8.3	37.6	5.8	6.1	3.3	2.9
Plus (gain) loss on asset sales	-	-	0.1	0.1	0.1	(0.1)
Share based compensation	0.1	0.3	0.1	0.1	0.1	0.1
Straight line adjustment - mgmt fee waiver	-	4.3	-	-	-	-
Amort. of intangible netted in rent expense	-	0.7	-	-	-	-
Amort of intangible	-	5.2	-	-	-	-
Integration, acquisition and migration expense	-	6.0	-	-	-	-
Temporary backoffice costs	-	4.2				
Adjusted OIBDA	\$27.3	\$63.6	\$ 8.2	\$ 9.3	\$8.1	\$ 8.4
Percent Change		133%		13%		4%
Adjusted OIBDA Margin	53%	54%	32%	33%	45%	43%

Wireless Segment – Change in Adjusted OIBDA Q4'16 vs. Q4'15 (\$ millions)



Cable Segment – Change in Adjusted OIBDA Q4'16 vs. Q4'15 (\$ millions)

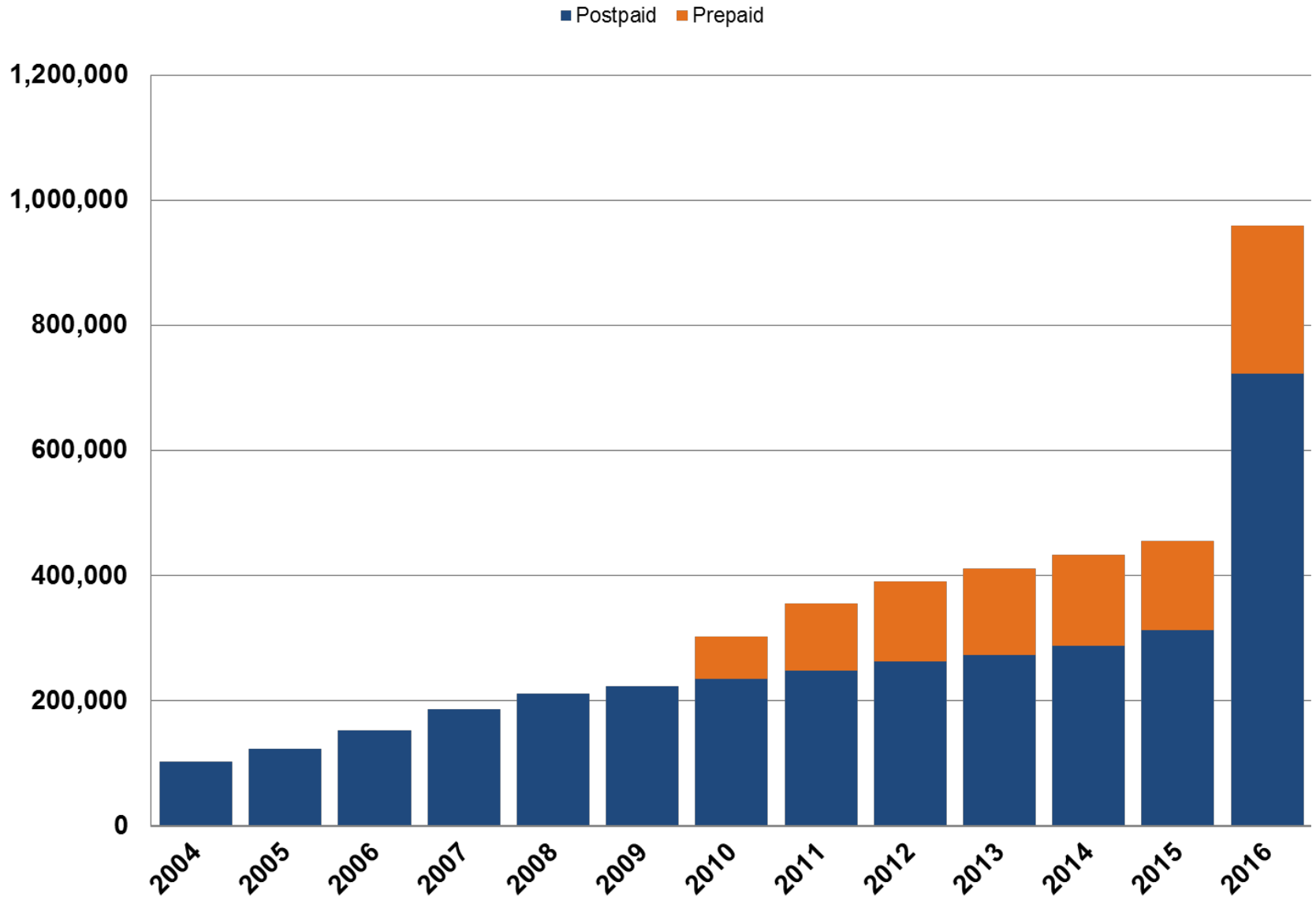




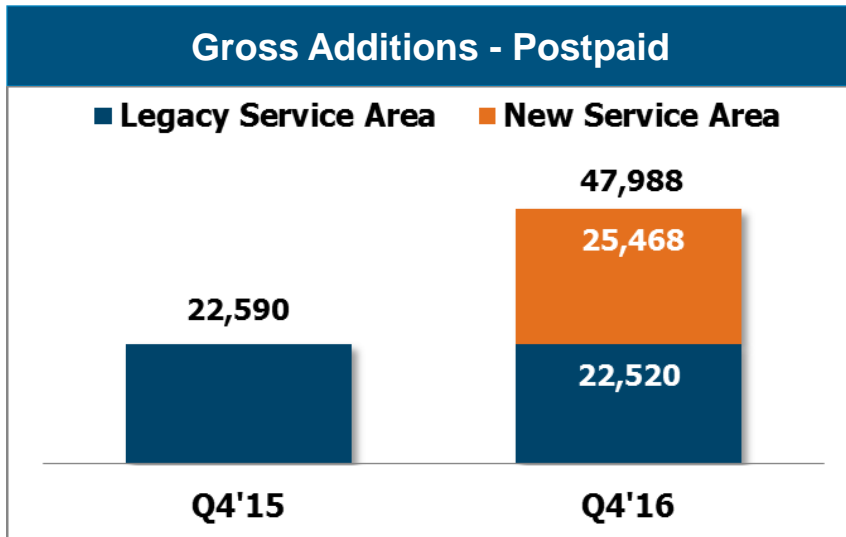
Earle MacKenzie

EVP and COO

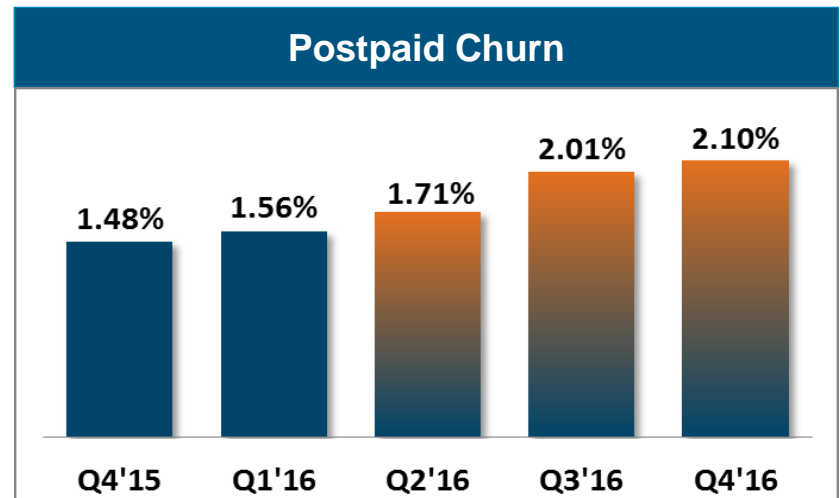
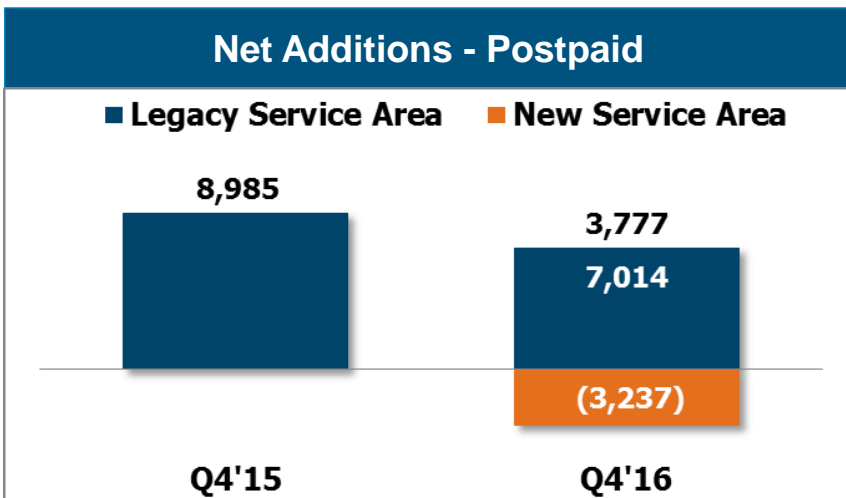
Postpaid Subscriber Growth



Postpaid Customer Additions

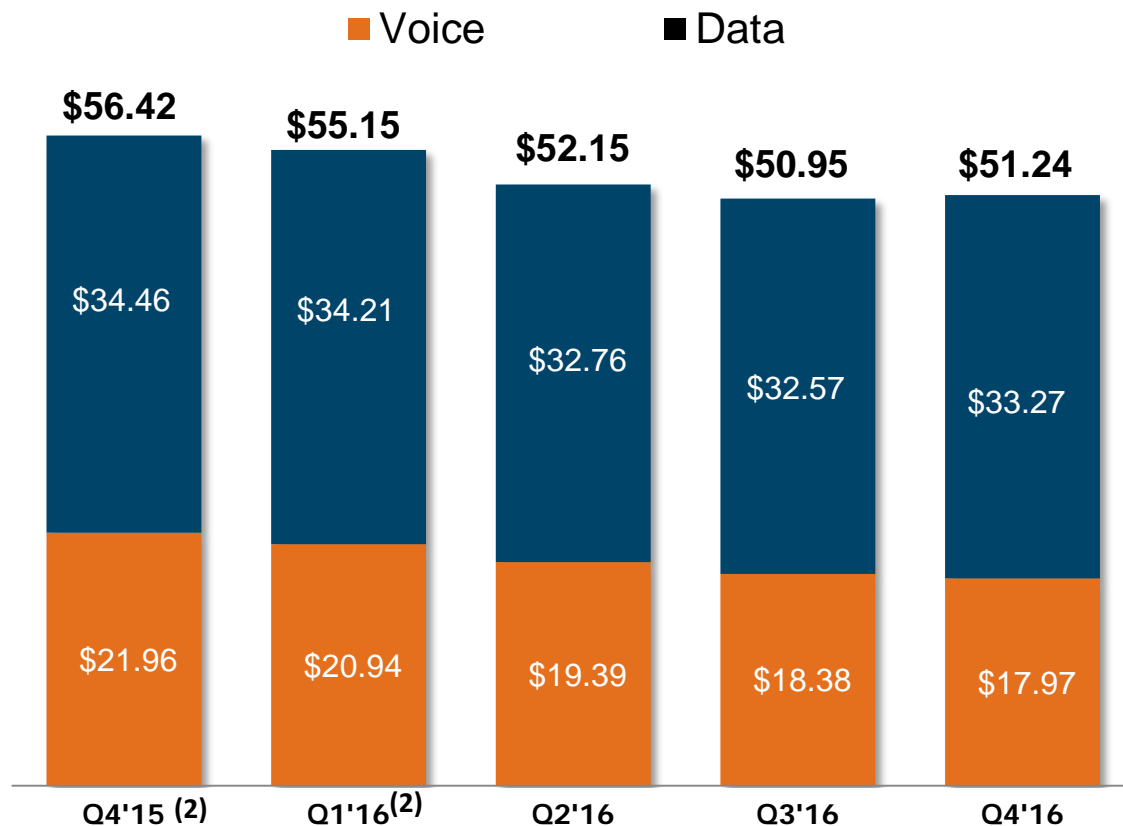


- Q4'16 Legacy area churn of 1.59%, up from 1.48% in Q4'15
- Combined Q4 2016 churn of 2.10%



Billed Revenue per Customer Stabilizing

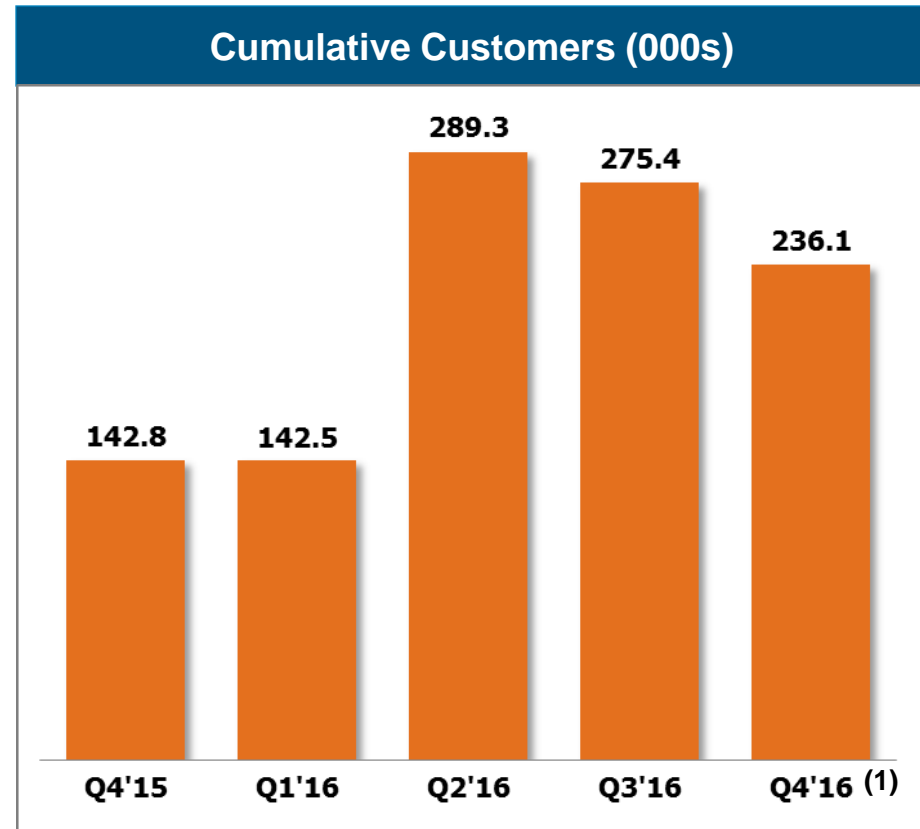
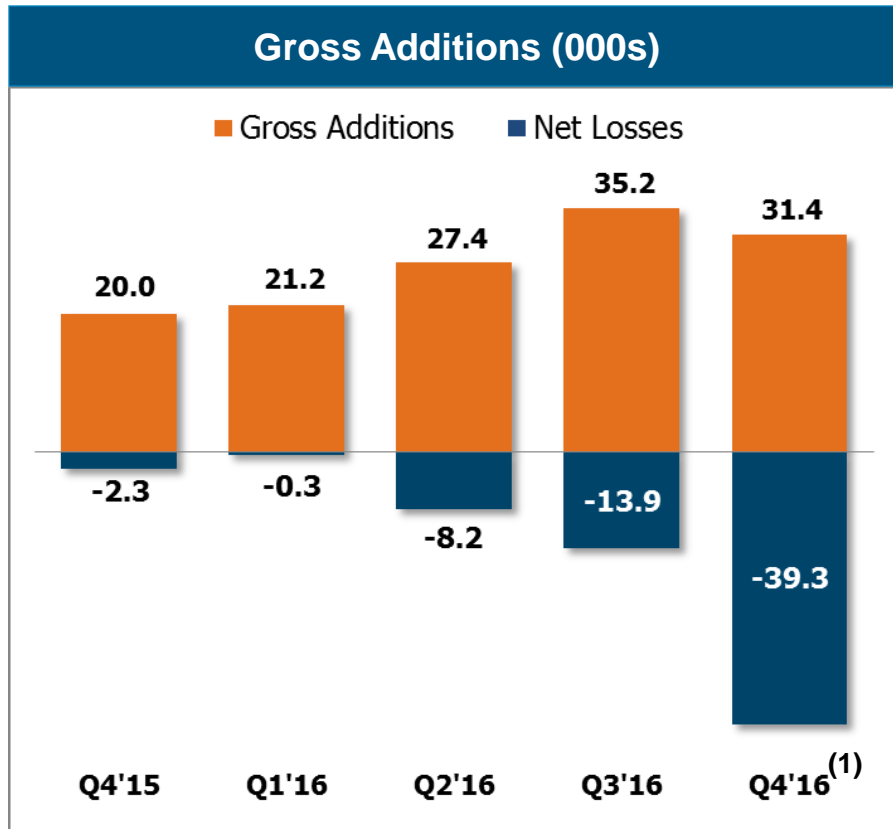
Gross Billed Service Revenue per Postpaid User – Data & Voice ⁽¹⁾



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

² – Legacy markets only

PCS Prepaid Statistics

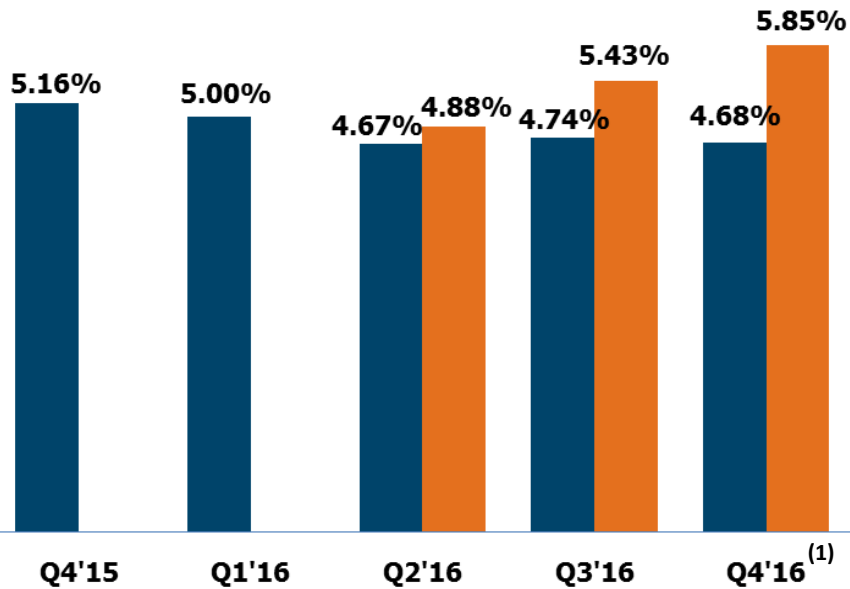


(1) - In Q4'16, customers were dropped from the prepaid customer count as a result of reducing the period of time a customer can be inactive and be included in the customer count.

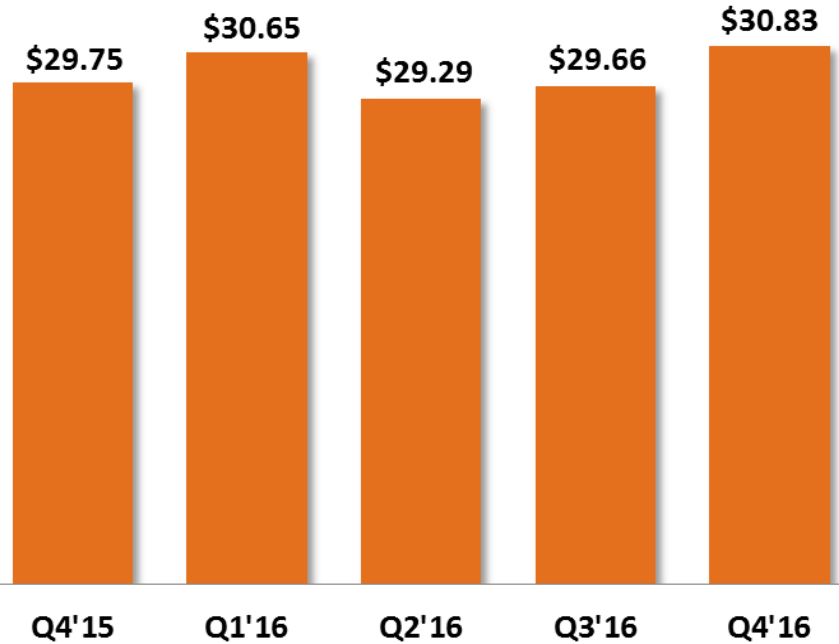
PCS Prepaid Statistics

Churn %

■ Legacy Market ■ Combined Markets

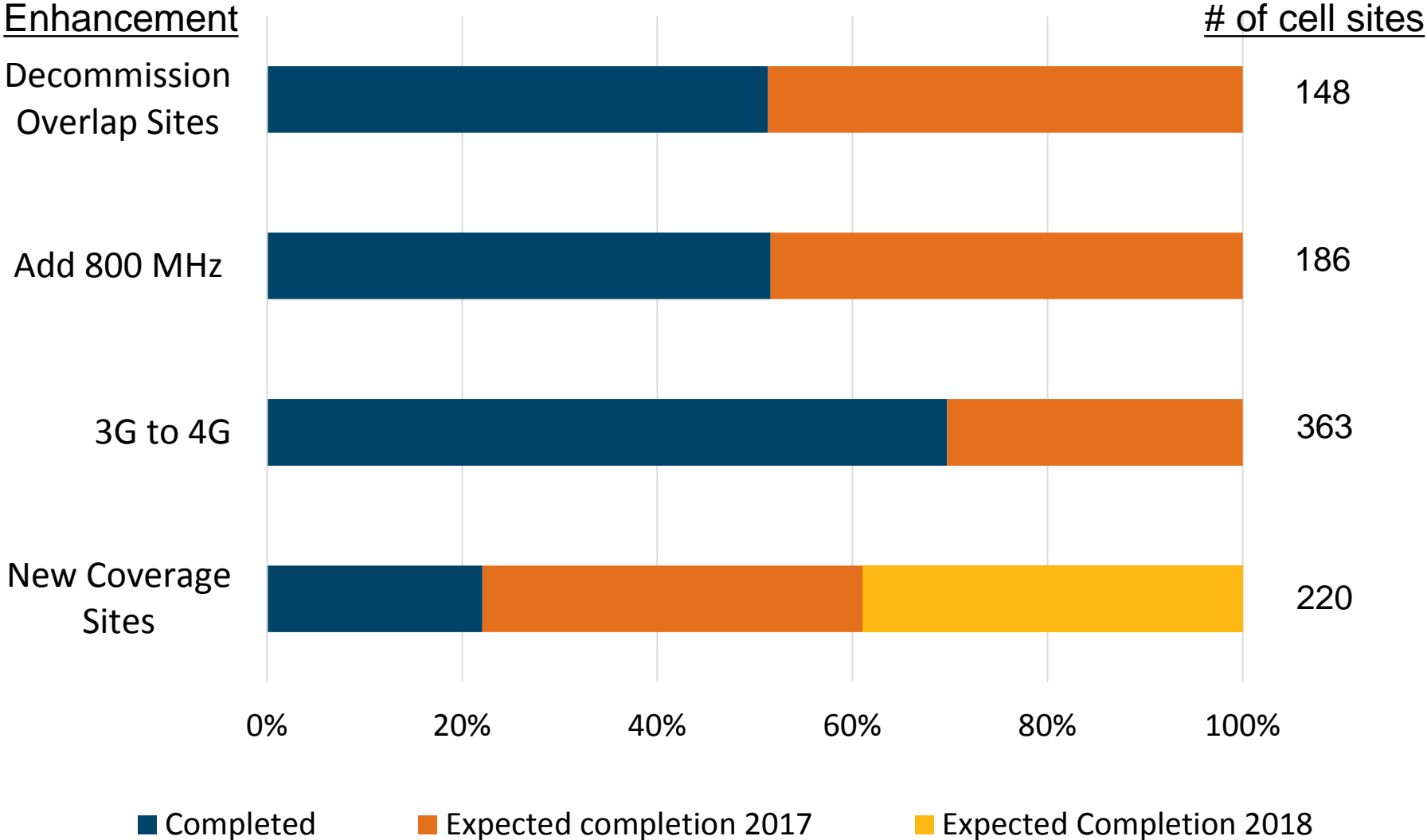


Average Gross Billed Revenue



(1) – In Q4'16, customers were dropped from the prepaid customer count as a result of reducing the period of time a customer can be inactive and be included in the customer count.

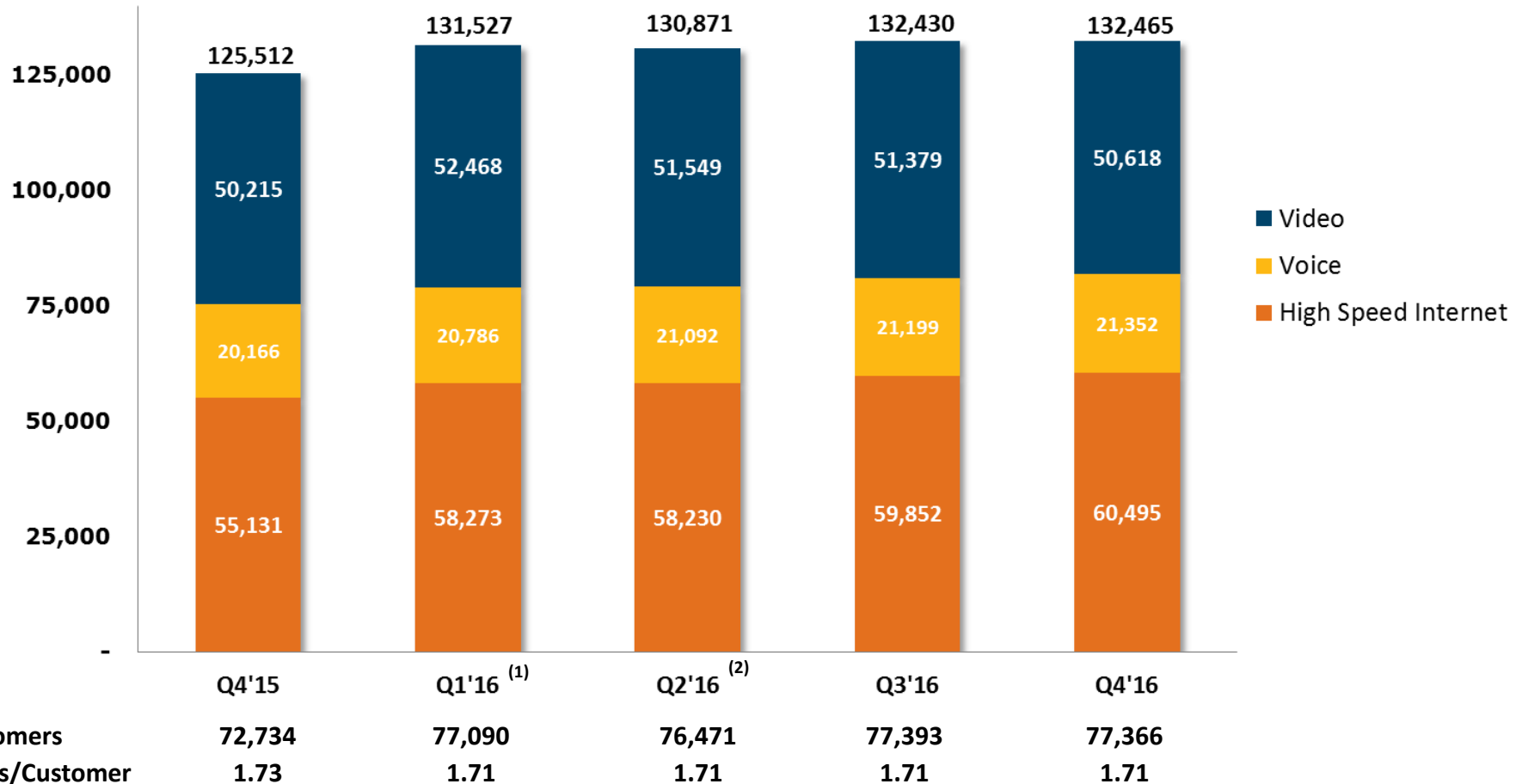
Status of Network Enhancements – nTelos Footprint



Network Statistics at 12/31/16

Cell Sites	Legacy	New
CDMA Base Stations (sites)	566	901
nTelos 3G sites still requiring upgrade	0	110
Sites with 2 nd LTE carrier	545	716
Sites with three carriers, including a 2 nd carrier @ 1900 MHz	217	172
Sites with 2.5 GHz LTE	130	172
Traffic		
% LTE traffic	96%	81%
Data usage increase (Q over Q)	12.6%	10.9%
Avg LTE speeds (Mbps)	5.95	6.00
Avg data usage per subscriber (Gb)	6.6	5.9
Dropped call rate	0.34%	0.52%
Blocked call rate	0.15%	0.24%

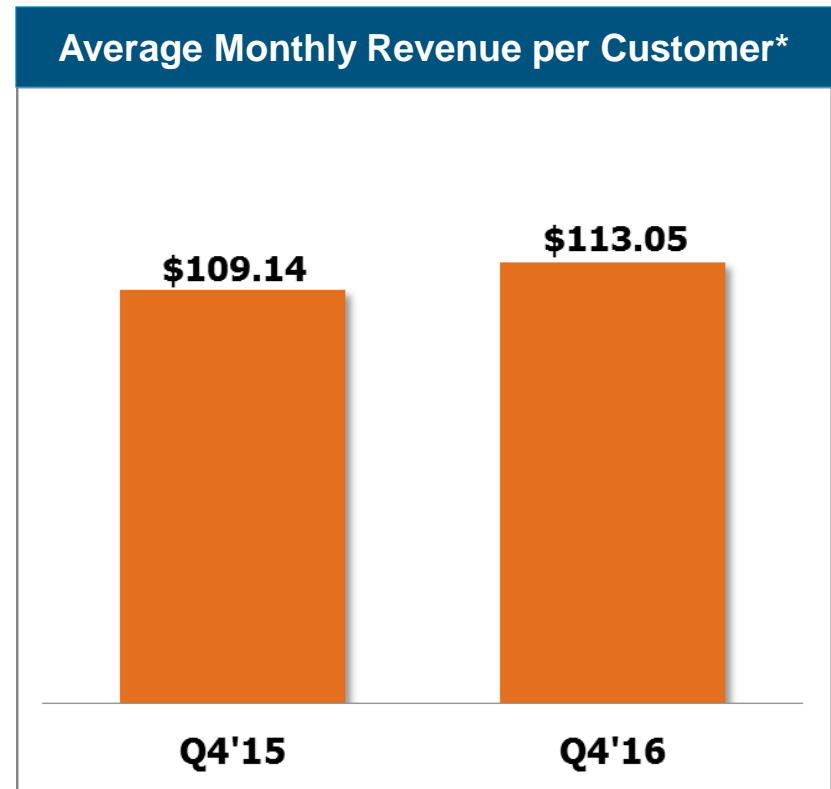
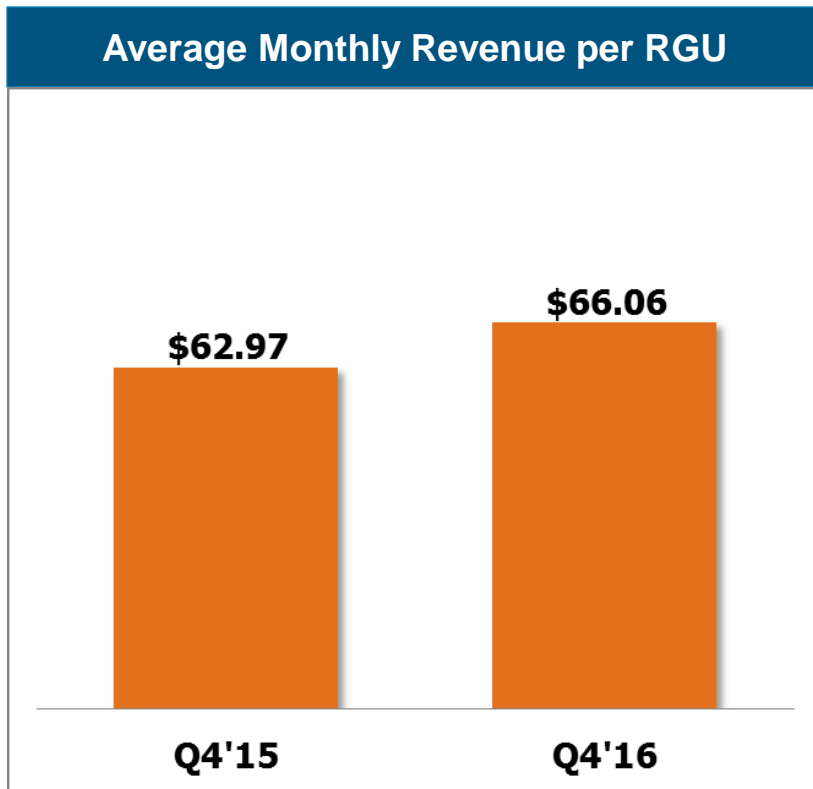
Cable - RGU Growth by Quarter



1. Includes acquisition of Colane Cable (1/1/2016)

2. College students disconnect during summer

Increasing Average Monthly Cable Revenue



*Average monthly revenue per video subscriber was \$156.57 and \$171.47 for Q4 2015 and Q4 2016, respectively.

Key Operational Results – Cable

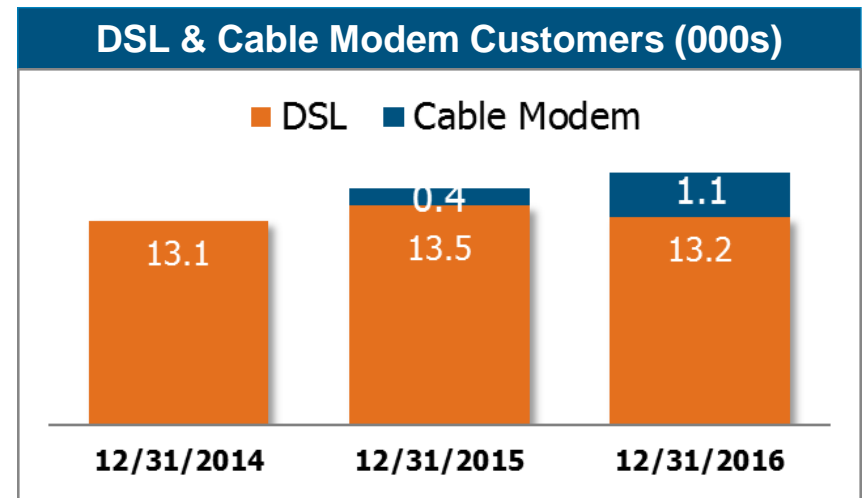
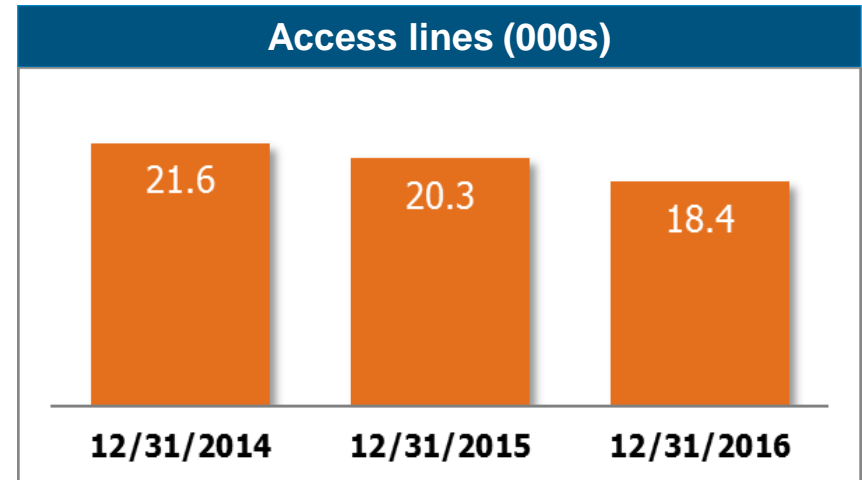
	Q4 2015	Q4 2016
Homes Passed ⁽¹⁾	172,538	184,710 ⁽²⁾
Total Revenue Generating Units	125,512	132,465
Customer Relationships	72,734	77,366
RGUs per Customer Relationship	1.73	1.71
Video		
Revenue generating units	50,215	50,618
Penetration	29.1%	27.4%
Digital video penetration	77.9%	77.4%
High-speed Internet		
Available Homes	172,538	183,826
Revenue generating units	55,131	60,495
Penetration	32.0%	32.9%
Voice		
Available Homes	169,801	181,089
Revenue generating units	20,166	21,352
Penetration	11.9%	11.8%

(1)- Excludes cable operations in Shenandoah County, VA which are included in the Wireline segment.

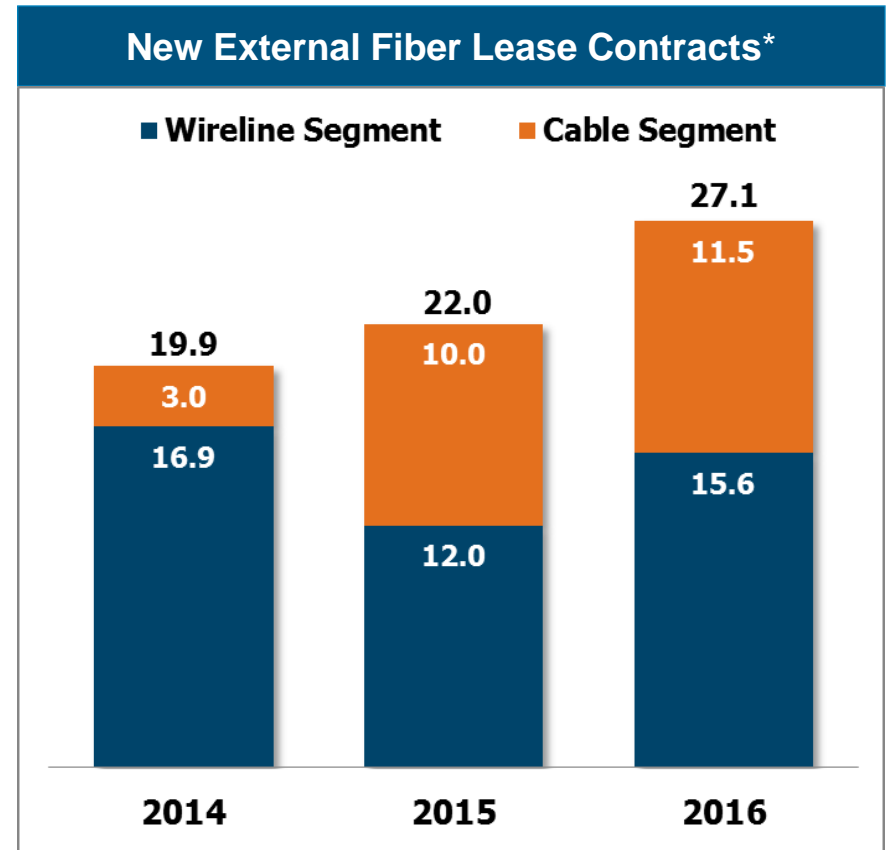
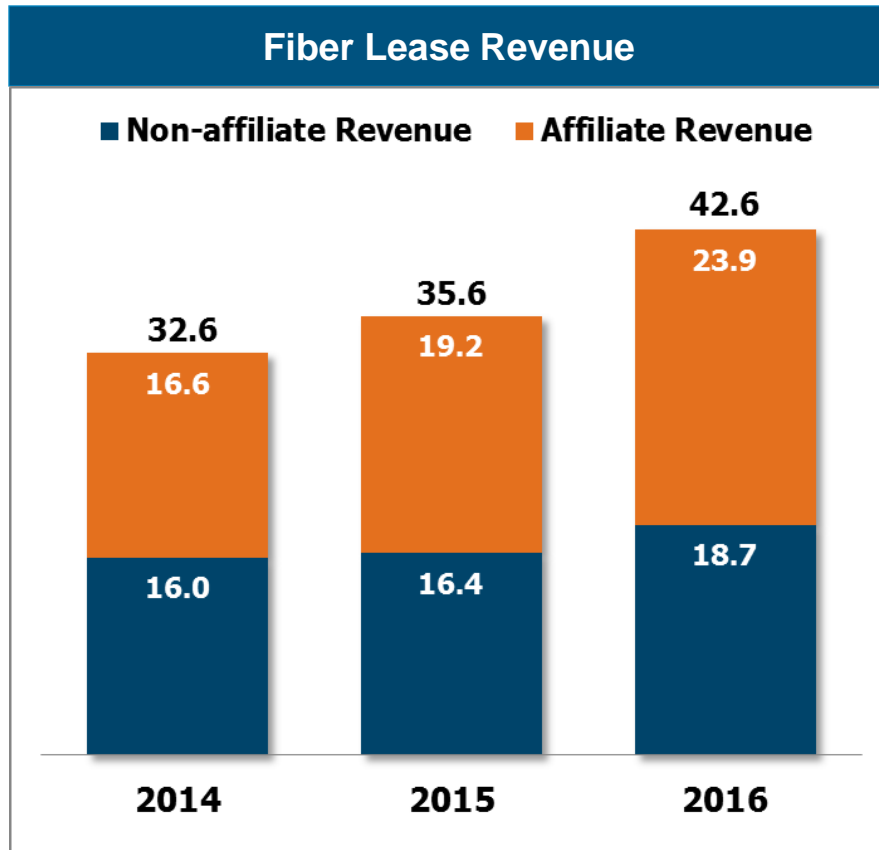
(2)- Wireline segment includes approximately 16k homes passed, 5.3k video customers, and 1.1k cable modem customers

Key Operational Results - Wireline

- Access line loss of 8.9% in past 12 months as a result of no longer requiring access line to purchase internet service
- Effective Q4'15, subscribers were offered a cable modem internet option up to 101 Mbps
- 5,264 video subscribers at 12/31/16

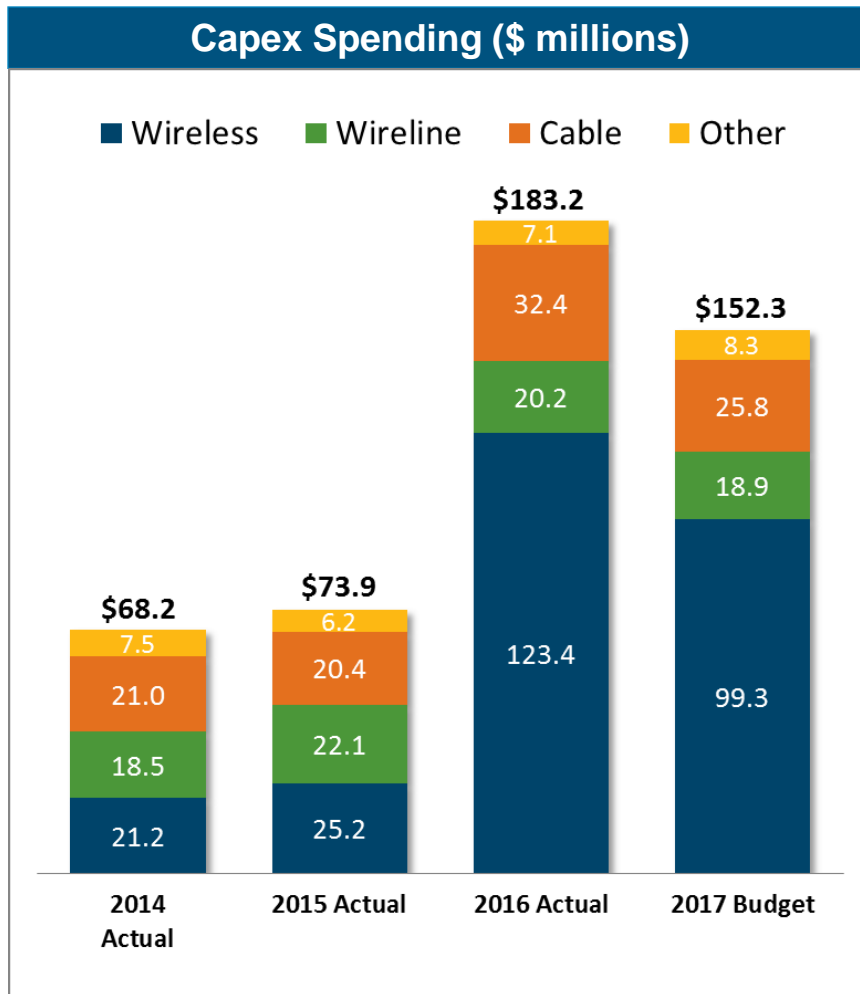


Wireline and Cable Fiber Sales (\$ millions)



* Amounts represent the first 10 years of contract value. Contract Terms range from 36 to 120 months.

Investing in the Future



- **2017 Capex Budget:**
 - 57% Upgrades and Expansion of nTelos network
 - 14% Network Maintenance
 - 10% Network Expansion
 - 10% Additional Network Capacity
 - 9% Success-Based

* Accounts payable at December 31, 2016, 2015 and 2014 included \$14.4 million, \$5.6 million and \$6.5 million associated with capital expenditures.

Q&A

Appendix

Non-GAAP Financial Measures – Billed Revenue per Prepaid & Postpaid Subscriber

<i>Dollars in thousands (except subscribers and revenue per subscriber)</i>	<u>4Q 2015</u>	<u>4Q 2016</u>
<u>Gross billed revenue</u>		
Wireless segment total operating revenues	\$ 51,954	\$ 117,822
Equipment revenue	(1,305)	(2,903)
Tower lease revenue	(2,733)	(2,808)
Gross billed revenue – prepaid	(12,827)	(23,928)
Sprint prepaid management fee	769	1,435
Sprint management fee waiver - prepaid	-	(1,435)
Travel revenue, net	(68)	(5,837)
Other revenue	(81)	(2,576)
Wireless service revenue – postpaid	<u>35,709</u>	<u>79,770</u>
Discounts and adjustments	4,194	8,870
Write-offs	1,987	5,388
Sprint postpaid management fee	3,681	7,629
Sprint management fee waiver - postpaid	-	(7,548)
Straight line adjustment to Sprint management fee waiver	-	4,287
Amortization of expanded affiliate contract	-	5,147
Sprint net service fee	<u>6,441</u>	<u>6,967</u>
Gross billed revenue – postpaid	<u>\$ 52,012</u>	<u>\$ 110,510</u>
Average Prepaid subscribers	143,723	258,722
Billed revenue per Prepaid subscriber	\$ 29.75	\$ 30.83
Average Postpaid subscribers	307,294	718,896
Billed revenue per Postpaid subscriber	\$ 56.42	\$ 51.24



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

Non-GAAP Financial Measure – Average Monthly Cable Revenue

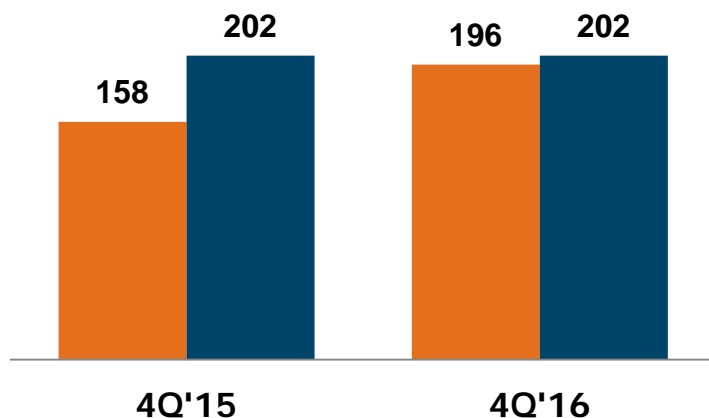
Dollars in thousands (except subscribers and revenue per user)

	<u>Q4 2015</u>	<u>Q4 2016</u>
Net Service Revenue	\$ 21,334	\$ 23,718
Set-top box rentals	2,041	2,122
FUSC and pass-through fees	398	414
Video, Internet & Voice Revenue	23,773	26,254
Other miscellaneous revenue	1,968	2,067
Total Operating Revenue	25,741	28,321
Video revenue	12,627	13,175
Internet revenue	9,263	11,061
Voice revenue	1,883	2,018
Video, Internet & Voice Revenue	\$ 23,773	\$ 26,254
 <u>Average Subscribers</u>		
Video	50,613	51,038
Internet	55,254	60,178
Voice	19,977	21,254
Revenue Generating Units (RGUs)	125,843	132,469
Average Customer Relationships	72,605	77,412
 <u>Average Revenue Per User (ARPU)</u>		
Revenue Generating Units (RGUs)	\$ 62.97	\$ 66.06
Customer Relationships	109.14	113.05
Video	156.57	171.47

Key Operational Results – Mobile Company

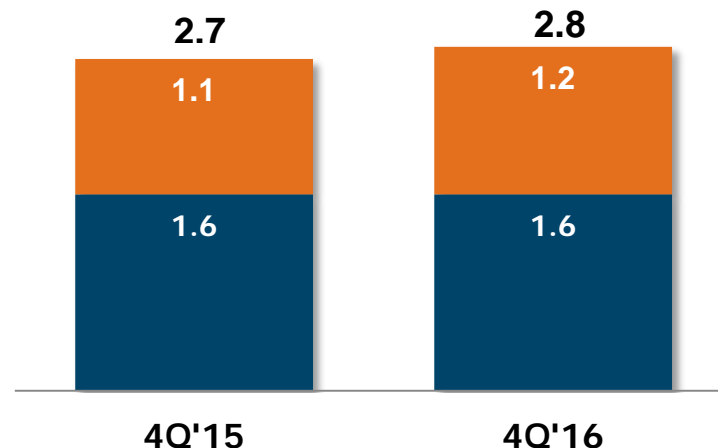
Towers and Leases

■ Towers ■ Non-affiliate Leases



Mobile Tower Revenue (\$ millions)

■ Non-affiliate Revenue ■ Affiliate Revenue



(in thousands)

	<u>Q4'15</u>	<u>Q4'16</u>
Operating Income	\$1,405	\$1,257
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