



3Q 2016 Earnings Conference Call

November 7, 2016

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

Third Quarter 2016 Highlights (Q3'16 v. Q3'15)

■ Adjusted OIBDA Growth

- Increased 100.4% to \$73.7 million

■ Revenue Growth

- Increased 84.1% to \$156.8 million

■ Net Loss in Q3'16

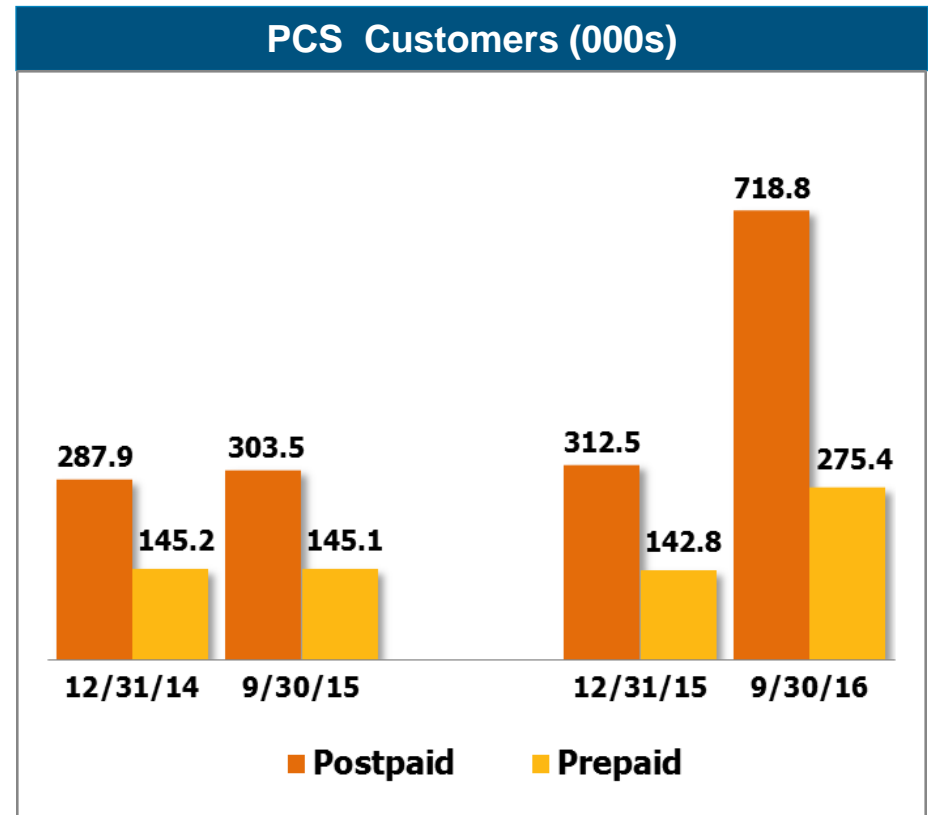
- Net loss of \$7.6 million in Q3'16 compared to net income of \$8.0 million in Q3'15

■ Customer Growth

	<u>9/30/15</u>	<u>9/30/16</u>	<u>Change</u>
Wireless	448,631	994,231	+545,600
Cable (RGUs)	124,522	132,430	+7,908

Wireless Highlights

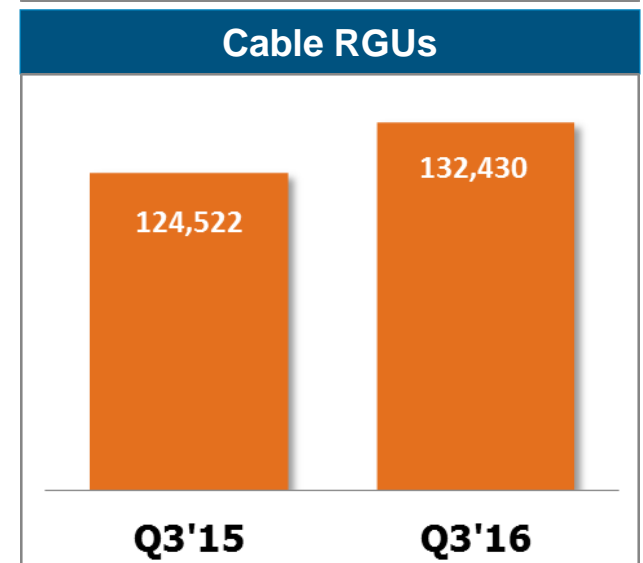
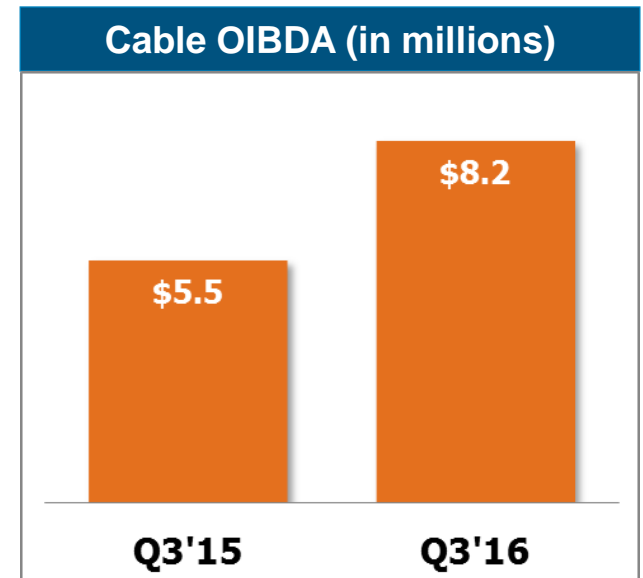
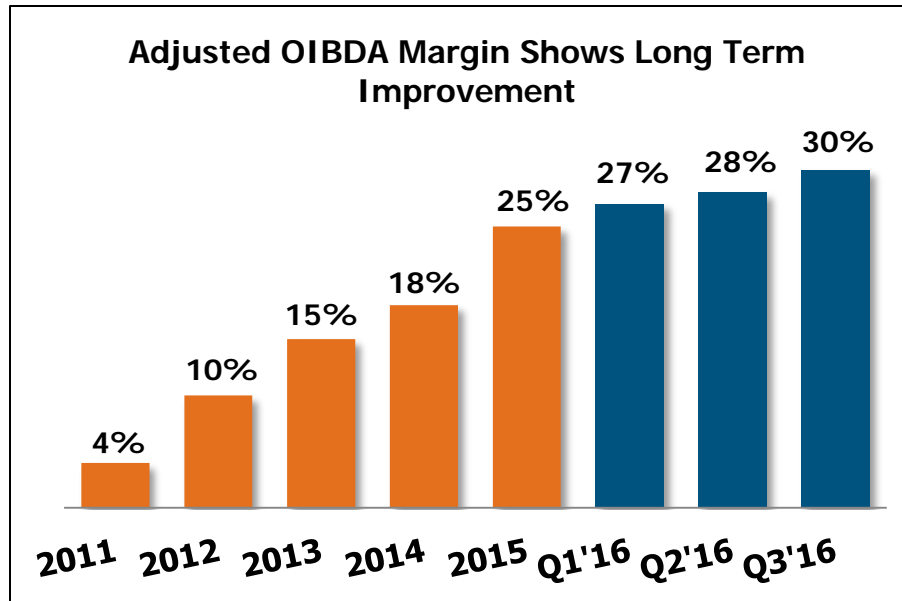
- **Postpaid Growth**
Postpaid customers up 136.8% over last 12 months
- **Prepaid Growth**
Prepaid customers up 89.8% over last 12 months
- **Adjusted OIBDA Growth**
Increase of \$35.3 million, or 130%
- **Continuing OIBDA**
Increased to \$53.0 million



Cable Highlights

■ Revenue Growth

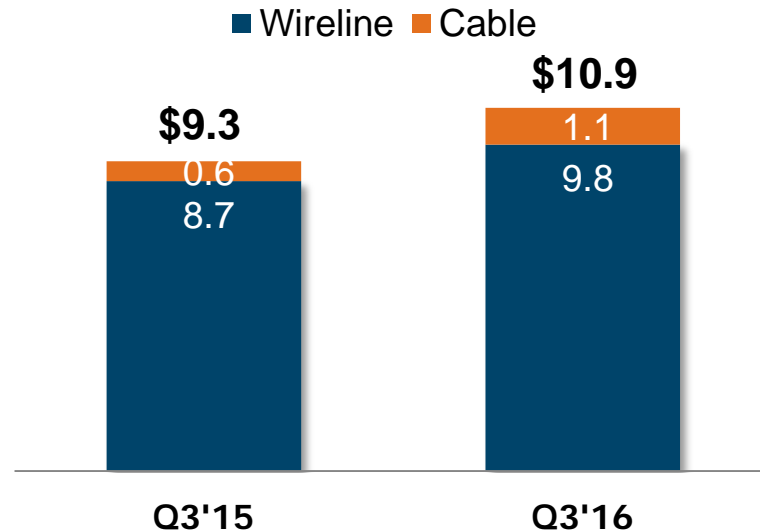
- Operating revenues \$27.6 million, growth of 12.9% over Q3'15
- Q3'16 Adjusted OIBDA \$8.2 million, up 50.5% from Q3'15
- 132,430 RGUs at Q3'16, up 6.4% over Q3'15



Fiber and Tower Highlights

- Wireline and Cable fiber lease revenues of \$10.9 million, up 17.6% from Q3'15
- 181 towers generated \$1.8 million of OIBDA

*Fiber Lease Revenue (in millions)



*Includes both Affiliate and Non-affiliate revenues

Mobile Tower OIBDA (\$ thousands)

<i>(in thousands)</i>	<u>Q3'15</u>	<u>Q3'16</u>
Operating Income	\$1,547	\$1,274
Deprec. and Amort.	142	475
Loss on Asset Disposals	-	-
Share Based Compensation	9	9
Adjusted OIBDA	\$1,698	\$1,758



Adele Skolits

VP of Finance and CFO

Profitability

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

	<u>For the Quarter Ended:</u>		
	9/30/15	9/30/16	Change
Operating Income	\$ 15.1	\$ (3.9)	(126)%
Net Income (Loss)	\$ 8.0	\$ (7.6)	(195)%
Earnings (Loss) Per Share:			
Basic	\$ 0.17	\$ (0.16)	(194)%
Diluted	\$ 0.16	\$ (0.16)	(200)%

Profitability

Adjusted OIBDA (\$ millions)

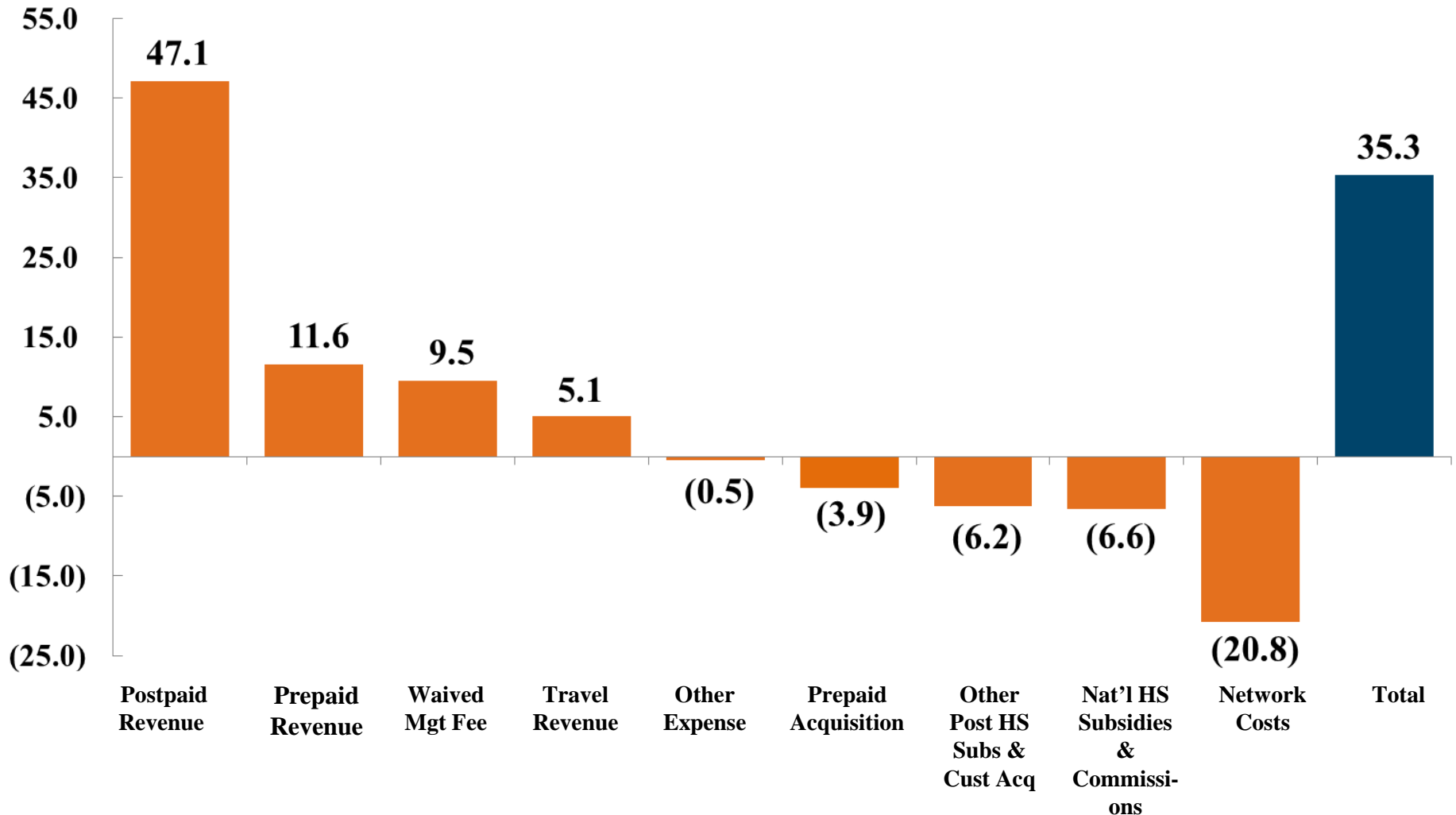
	For the Quarter Ended:			
	9/30/15	9/30/16	Change (\$)	Change (%)
Operating income	\$ 15.1	\$ (3.9)	\$ (19.0)	-126%
Depreciation and amortization	19.1	46.8	27.7	145%
Share based compensation	0.5	0.5	-	0%
Straight line adjustment to reduce management fee waiver	-	4.6	4.6	N.M.
Amortization of intangible netted in revenue	-	5.6	5.6	N.M.
Integration, acquisition and migration expense	2.1	15.3	13.2	N.M.
Temporary backoffice costs to support the billings operations through migration ⁽¹⁾	-	4.9	4.9	N.M.
Adjusted OIBDA	\$ 36.8	\$ 73.7	\$ 36.9	100%
Less waived management fee	-	(9.5)	(9.5)	N.M.
Continuing OIBDA	\$ 36.8	\$ 64.2	\$ 27.4	74%

(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 \$1.3 million in Q3'16.

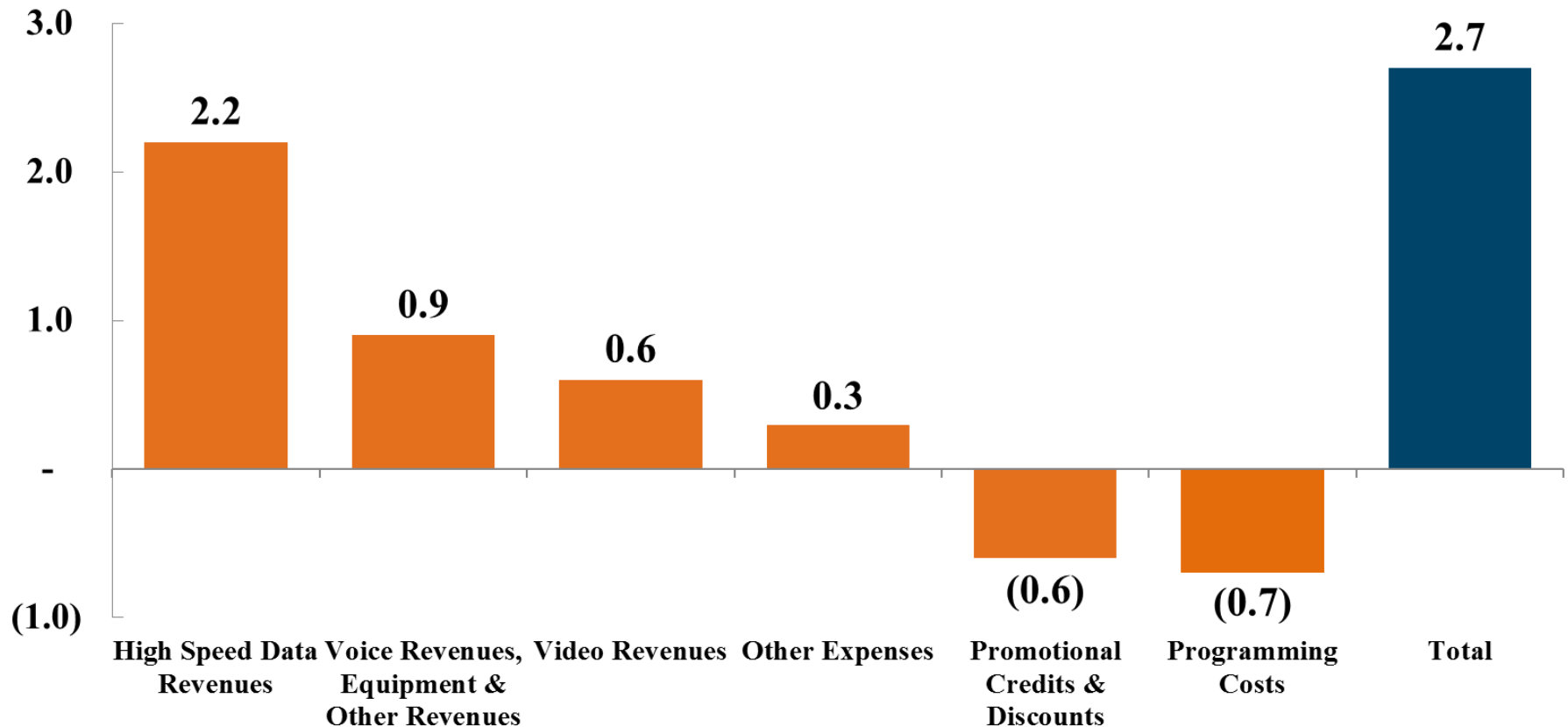
Adjusted OIBDA by Segment (\$ millions)

	<u>Wireless</u>		<u>Cable</u>		<u>Wireline</u>	
	<u>Q3'15</u>	<u>Q3'16</u>	<u>Q3'15</u>	<u>Q3'16</u>	<u>Q3'15</u>	<u>Q3'16</u>
Operating income	\$ 17.4	\$ (5.4)	\$ (0.6)	\$ 2.3	\$ 4.0	\$ 4.8
Depreciation and amortization	9.6	38.0	6.0	5.9	3.4	2.8
Plus (gain) loss on asset sales	0.1	-	(0.1)	(0.1)	-	-
Share based compensation	0.1	0.3	0.2	0.1	0.1	0.1
Straight line adjustment - mgmt fee waiver	-	4.6	-	-	-	-
Amort of intangible	-	5.6	-	-	-	-
Integration, acquisition and migration expense	-	14.5	-	-	-	-
Temporary backoffice costs	-	4.9				
Adjusted OIBDA	\$27.2	\$62.5	\$ 5.5	\$ 8.2	\$7.5	\$ 7.7
Percent Change		130%		49%		3%
Adjusted OIBDA Margin	53%	52%	22%	30%	43%	41%

Wireless Segment – Change in Adjusted OIBDA Q3'16 vs. Q3'15 (\$ millions)



Cable Segment – Change in Adjusted OIBDA Q3'16 vs. Q3'15 (\$ millions)

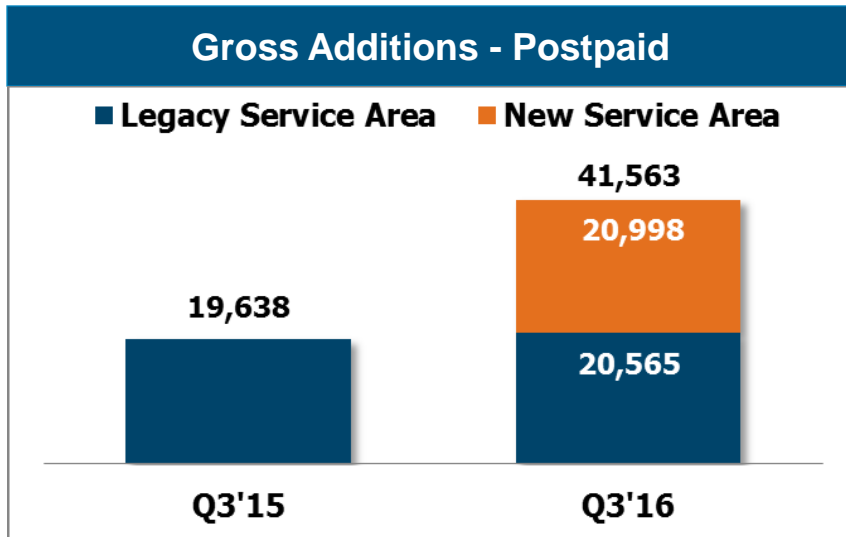




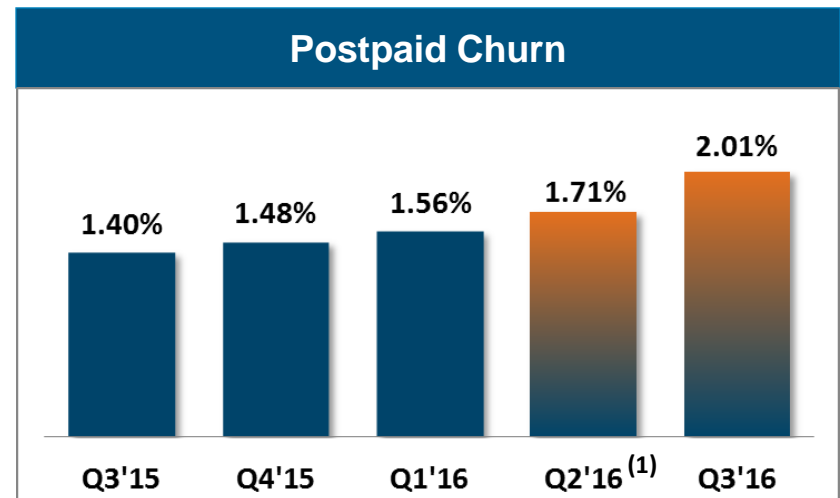
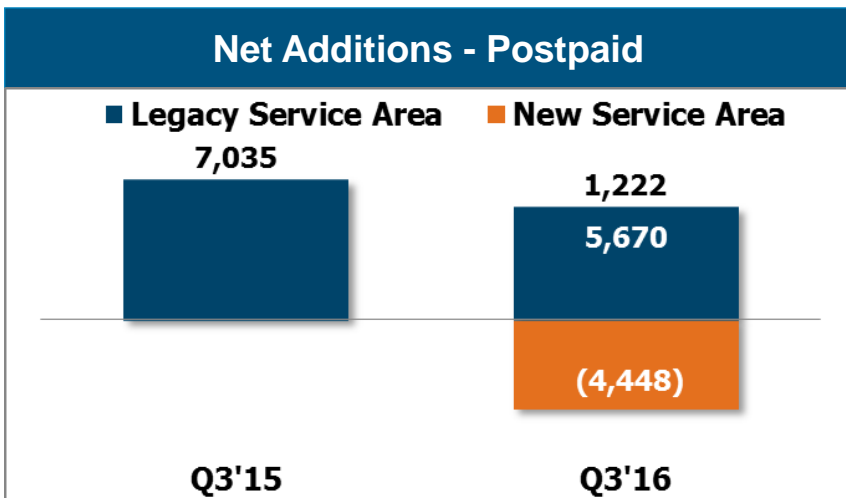
Earle MacKenzie

EVP and COO

Postpaid Customer Additions



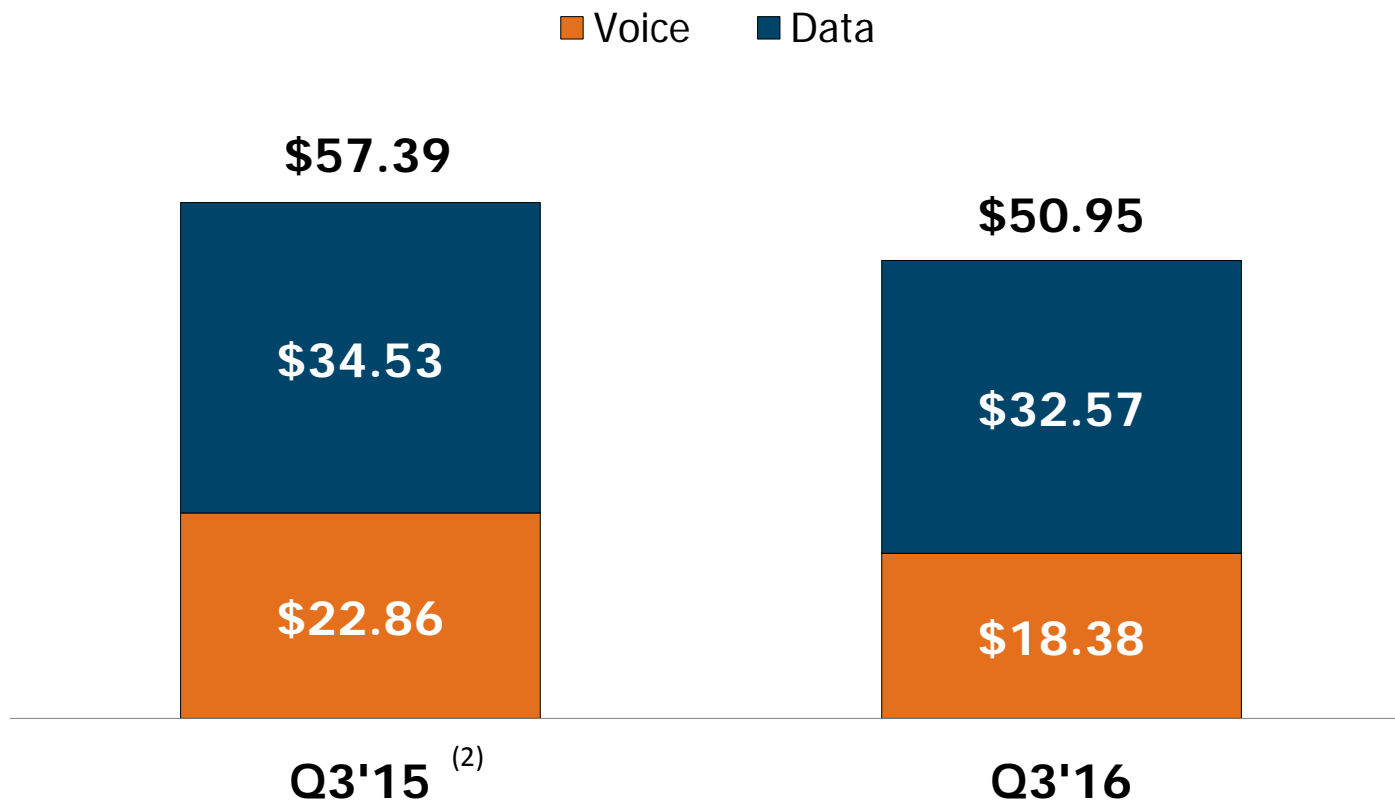
- Q3'16 Legacy area churn of 1.55%, up from 1.40% in Q3'15
- New service area churn was 2.37% in Q3'16
- Combined Q3 2016 churn of 2.01%



(1) - Q2'16 rate has been normalized to reflect a full quarter of churn for the new market.

Billed Revenue per Customer Down

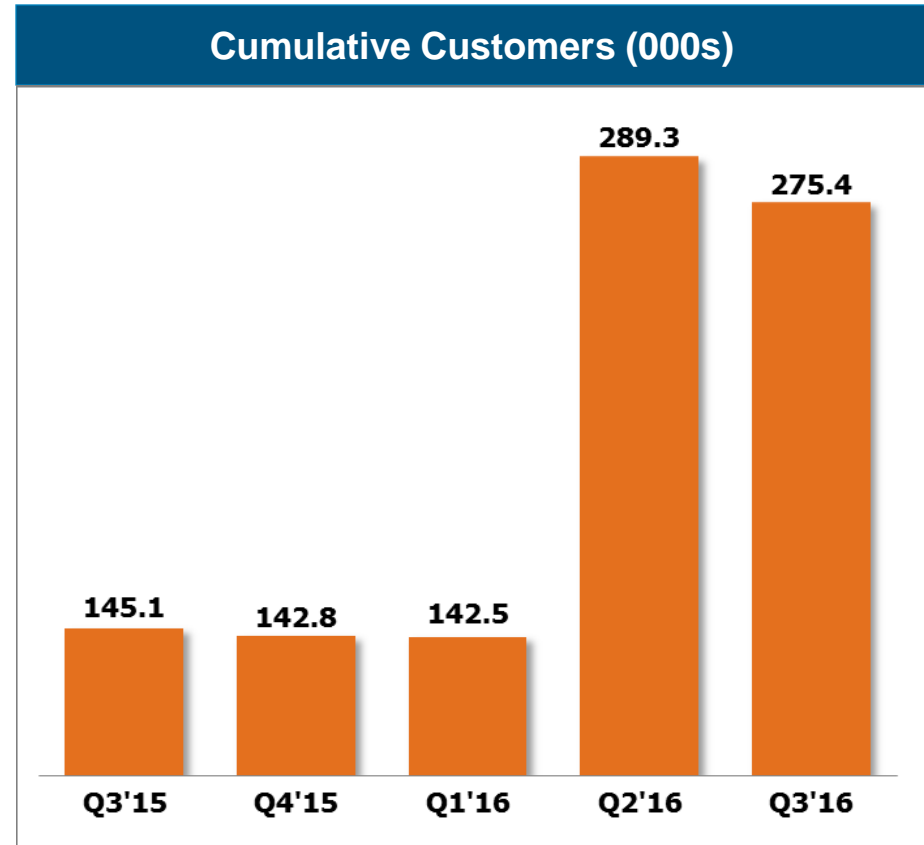
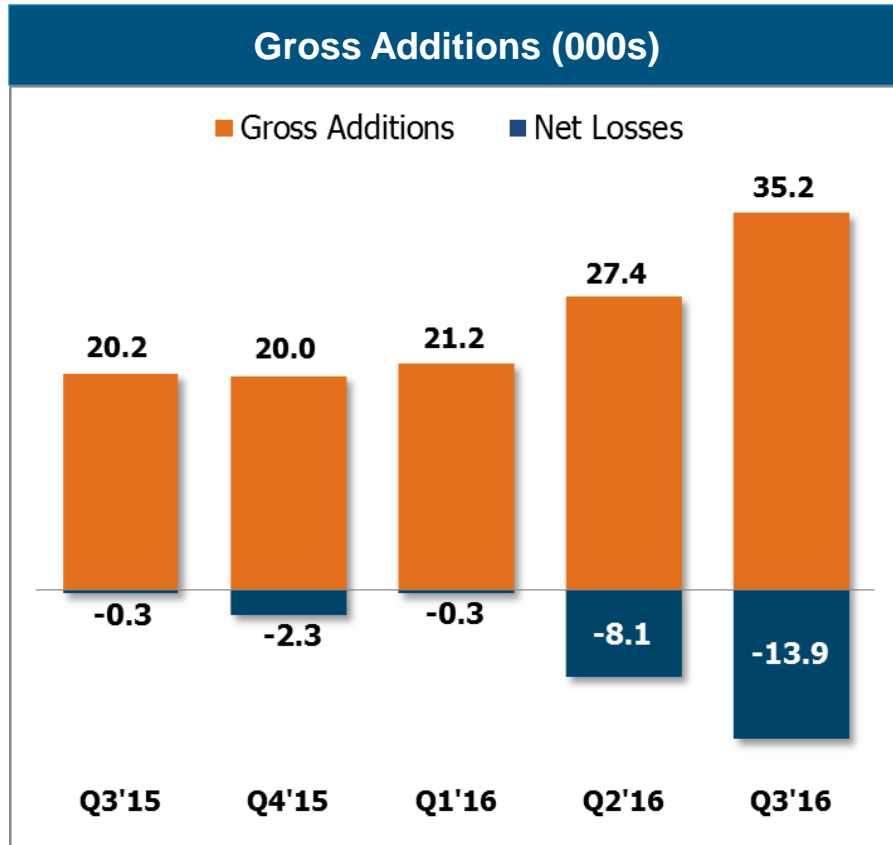
Gross Billed Service Revenue per Postpaid User – Data & Voice ⁽¹⁾



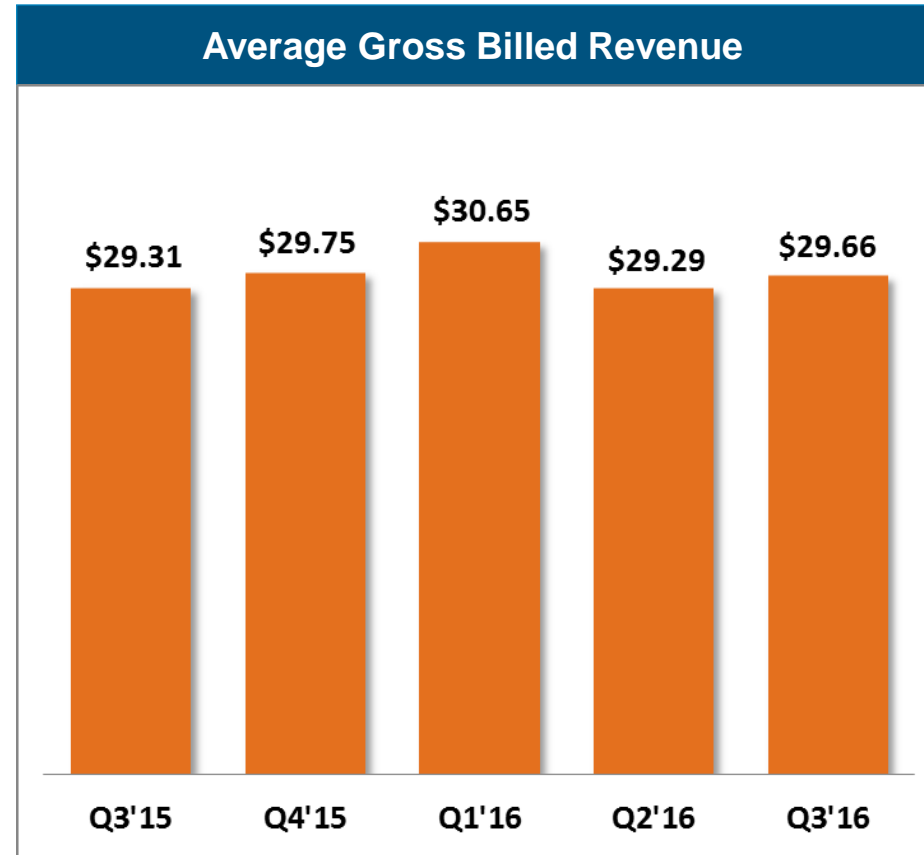
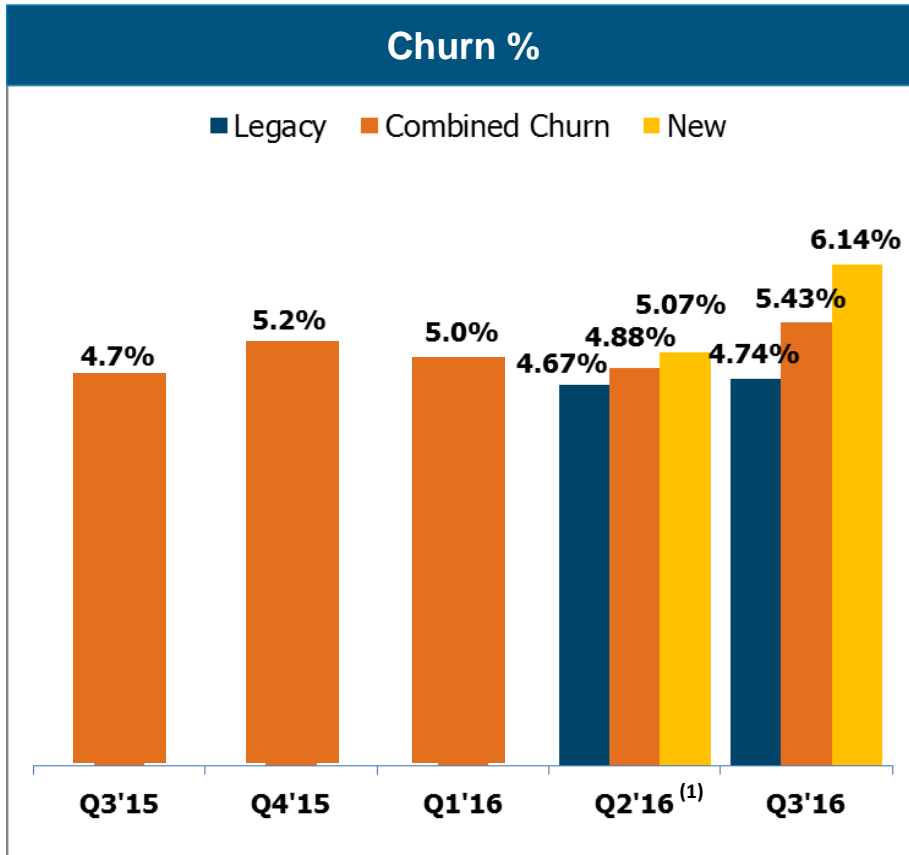
¹ – Before Service credits, bad debt, Sprint fees.

² – Legacy markets only

PCS Prepaid Statistics

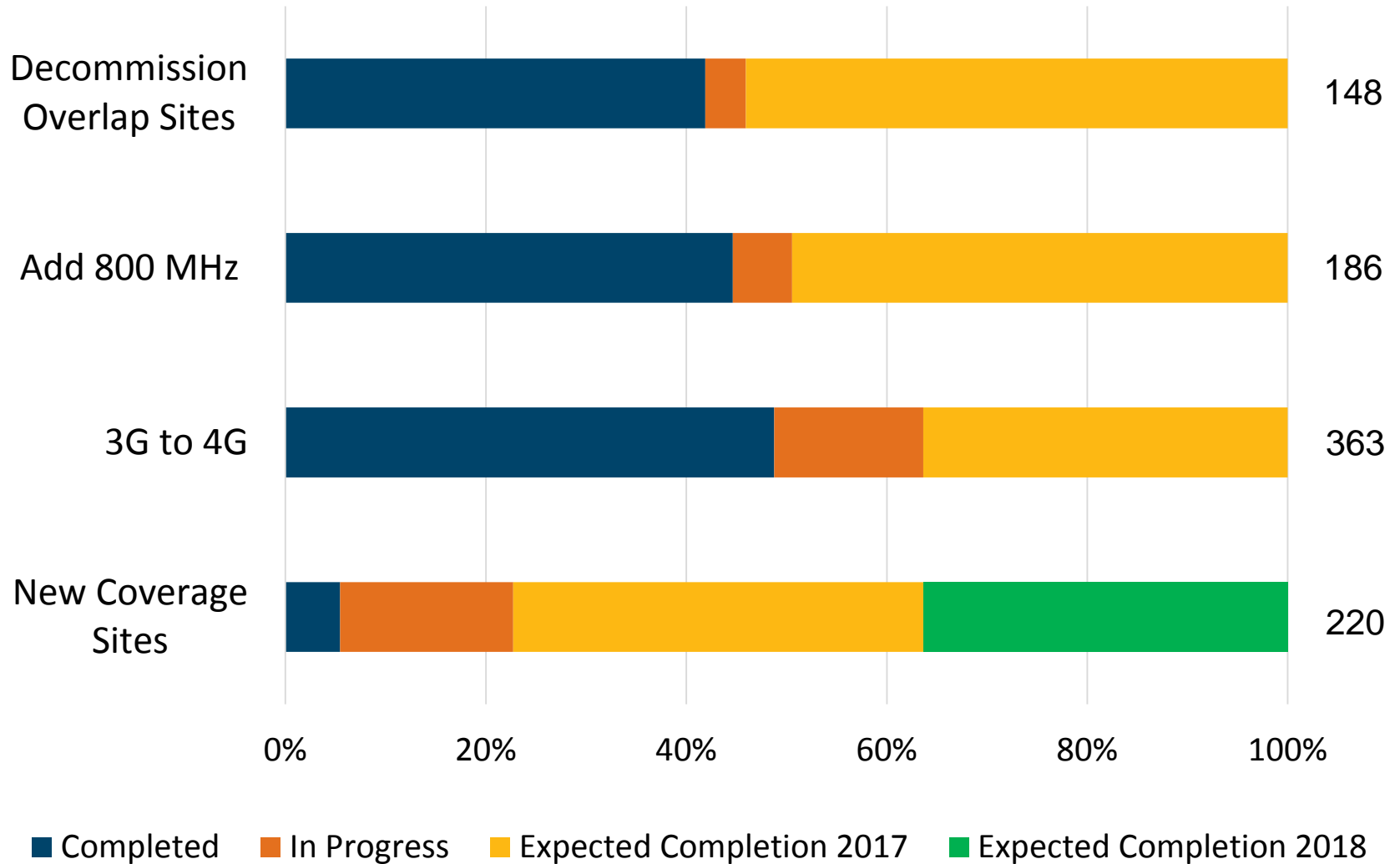


PCS Prepaid Statistics



(1) - Q2'16 rate has been normalized to reflect a full quarter of churn for the new market.

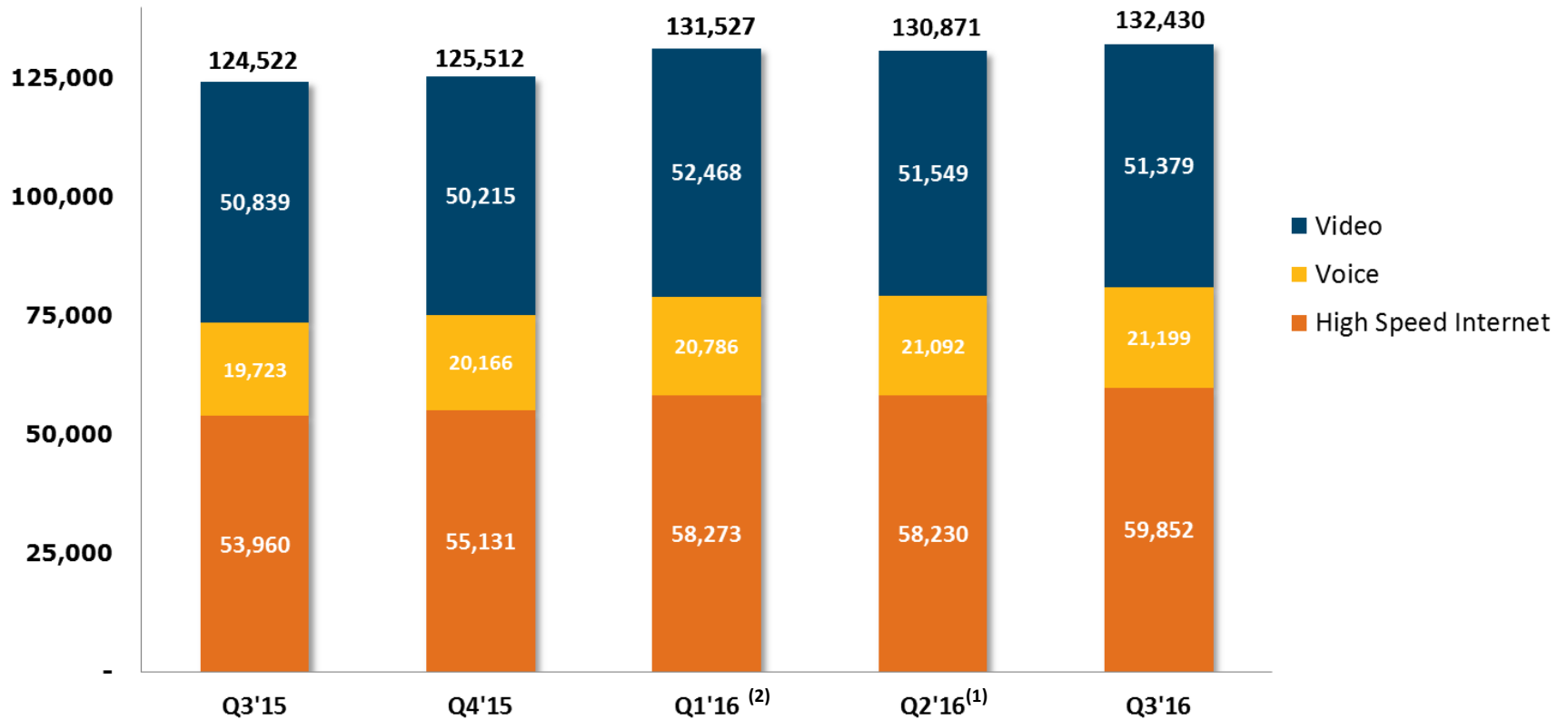
Network Enhancements – nTelos Footprint



Network Statistics at 9/30/16

Cell Sites	Legacy	New
Total PCS Sites	557	868
nTelos 3G sites still requiring upgrade	0	198
Sites with 2 nd LTE carrier	531	570
Sites with three carriers, including a 2 nd carrier @ 1900 MHz	205	139
Sites with 2.5 GHz LTE	92	171
Traffic		
% LTE traffic	95%	83%
Data usage increase (Q over Q)	6.6%	2.4%
Avg LTE speeds (Mbps)	5.6	5.7
Avg data usage per subscriber (Gb)	5.5	4.5
Dropped call rate	0.41%	0.65%
Blocked call rate	0.21%	0.35%

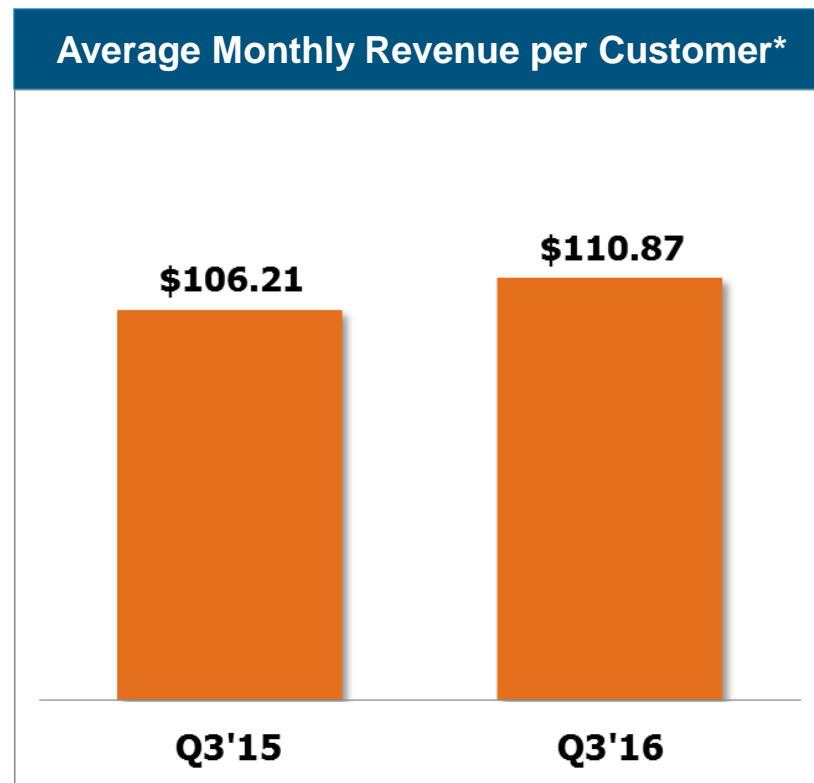
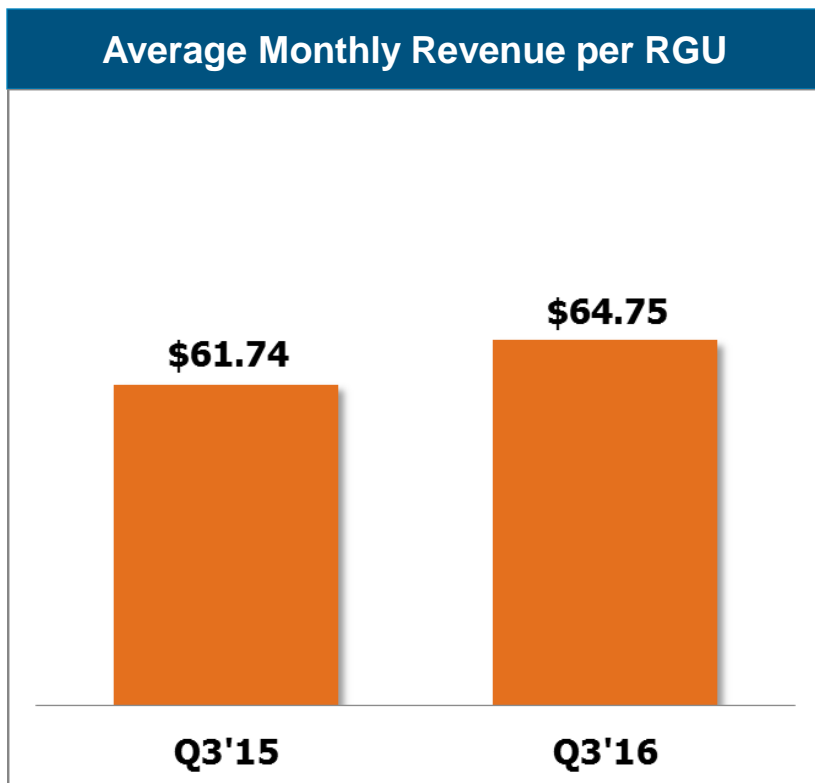
Cable - RGU Growth by Quarter



Customers	72,237	72,734	77,090	76,471	77,393
RGU's/Customer	1.72	1.73	1.71	1.71	1.71

1. College students disconnect during summer
2. Includes acquisition of Colane Cable (1/1/2016)

Increasing Average Monthly Cable Revenue



*Average monthly revenue per video subscriber was \$150.04 and \$165.64 for Q3 2015 and Q3 2016, respectively.

Key Operational Results – Cable

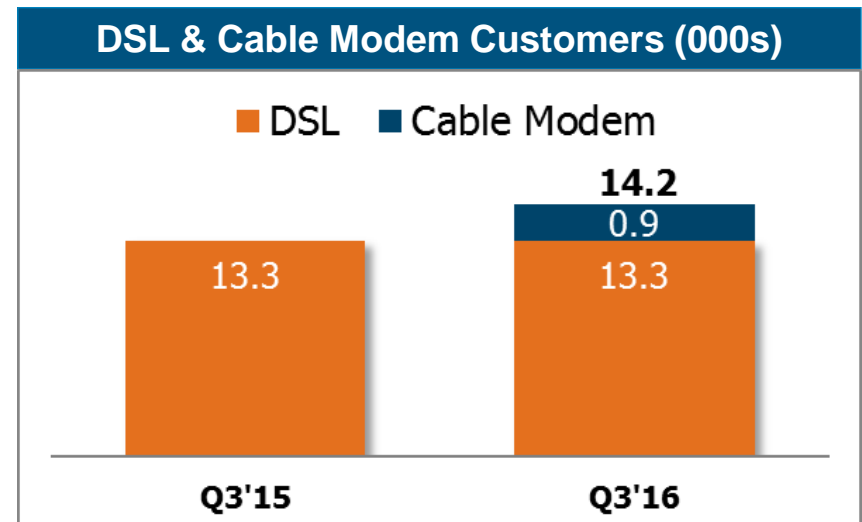
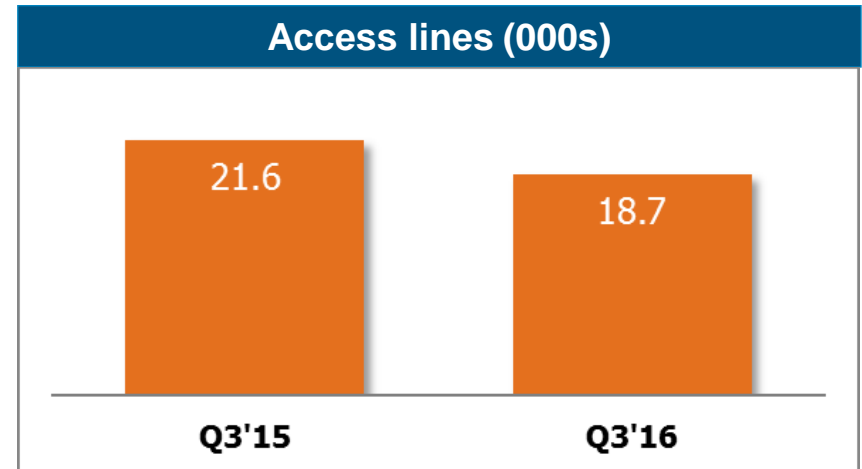
	Q3 2015	Q3 2016
Homes Passed ⁽¹⁾	172,388	184,698 ⁽²⁾
Total Revenue Generating Units	124,522	132,430
Customer Relationships	72,237	77,393
RGUs per Customer Relationship	1.72	1.71
Video		
Revenue generating units	50,839	51,379
Penetration	29.5%	27.8%
Digital video penetration	75.2%	76.3%
High-speed Internet		
Available Homes	172,388	183,814
Revenue generating units	53,960	59,852
Penetration	31.3%	32.6%
Voice		
Available Homes	169,651	181,077
Revenue generating units	19,723	21,199
Penetration	11.6%	11.7%

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

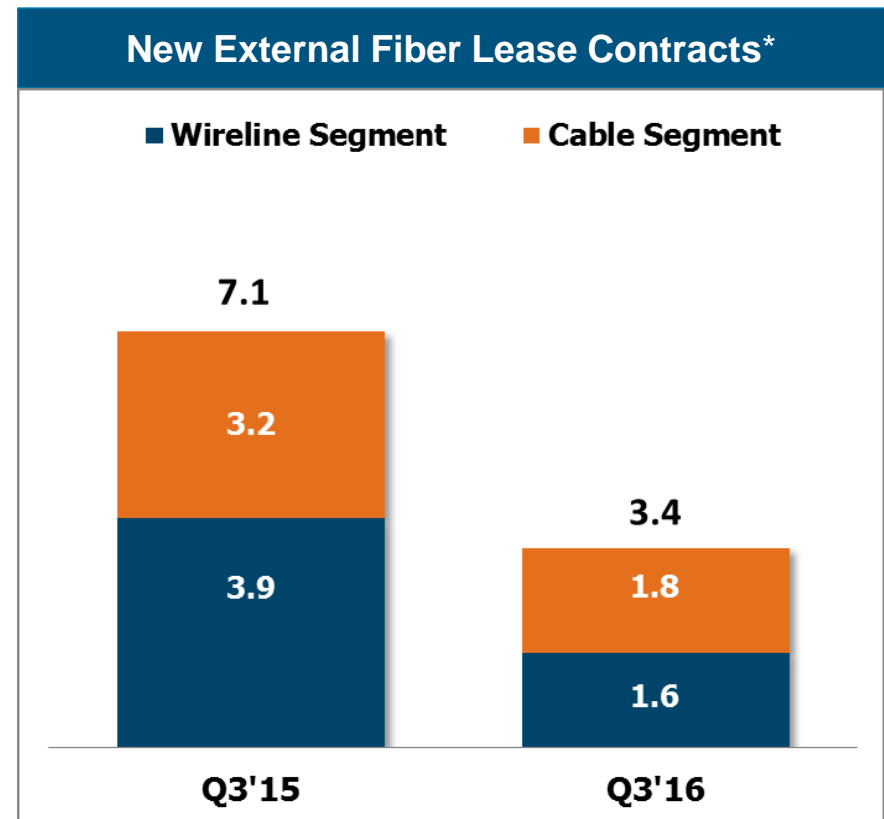
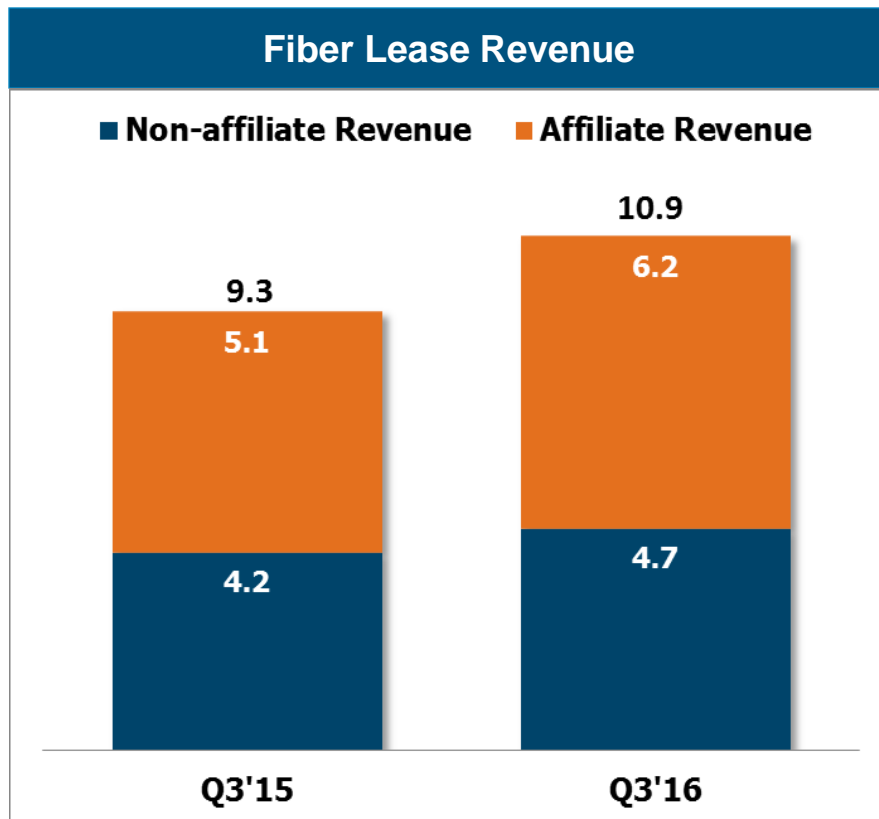
(2)- Wireline segment includes approximately 16k homes passed, 5.3k video customers, and 0.9k cable modem customers

Key Operational Results - Wireline

- Access line loss of 13.2% 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
- 5,285 video subscribers at 9/30/16

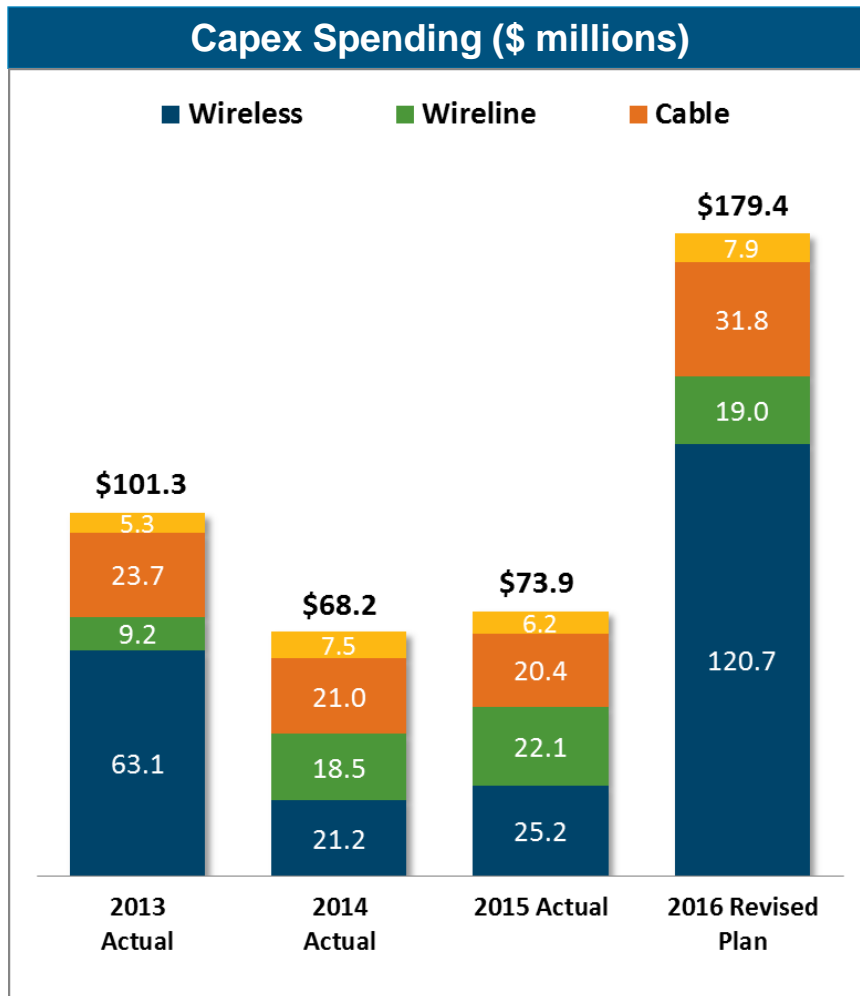


Wireline and Cable Fiber Sales (\$ millions)



* Amounts shown represent the total contract value. Contract Terms range from 36 to 120 months.

Investing in the Future



- 2016 Capex Spending:
 - 56% Upgrades and Expansion of nTelos network
 - 15% Network Expansion
 - 14% Additional Network Capacity
 - 8% Network Maintenance
 - 7% Success-Based

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>3Q 2015</u>	<u>3Q 2016</u>
<u>Gross billed revenue</u>		
Wireless segment total operating revenues	\$ 51,636	\$ 120,119
Equipment revenue	(1,104)	(3,539)
Tower lease revenue	(2,610)	(2,909)
Gross billed revenue – prepaid	(12,760)	(25,156)
Sprint prepaid management fee	766	1,521
Sprint management fee waiver - prepaid	-	(1,521)
Travel revenue, net	(75)	(5,097)
Other revenue	(54)	(2,849)
Wireless service revenue – postpaid	<u>35,799</u>	<u>80,569</u>
Discounts and adjustments	3,826	7,636
Write-offs	1,874	4,674
Sprint postpaid management fee	3,687	7,919
Sprint management fee waiver - postpaid	-	(7,996)
Straight line adjustment to Sprint management fee waiver	-	4,640
Amortization of expanded affiliate contract	-	5,593
Sprint net service fee	<u>6,453</u>	<u>6,745</u>
Gross billed revenue – postpaid	<u>\$ 51,639</u>	<u>\$ 109,780</u>
Average Prepaid subscribers	145,092	282,736
Billed revenue per Prepaid subscriber	\$ 29.31	\$ 29.66
Average Postpaid subscribers	299,938	718,266
Billed revenue per Postpaid subscriber	\$ 57.39	\$ 50.95

Non-GAAP Financial Measure – Average Monthly Cable Revenue

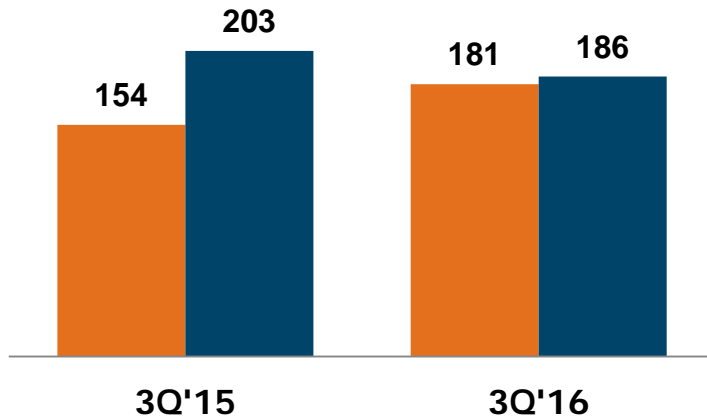
Dollars in thousands (except subscribers and revenue per user)

	<u>Q3 2015</u>	<u>Q3 2016</u>
Net Service Revenue	\$ 20,493	\$ 23,073
Set-top box rentals	1,952	2,118
FUSC and pass-through fees	391	395
Video, Internet & Voice Revenue	22,836	25,586
Other miscellaneous revenue	1,581	1,922
Total Operating Revenue	24,417	27,508
Video revenue	12,419	13,031
Internet revenue	8,596	10,570
Voice revenue	1,821	1,985
Video, Internet & Voice Revenue	\$ 22,836	\$ 25,586
<u>Average Subscribers</u>		
Video	50,733	51,488
Internet	53,711	59,039
Voice	19,516	21,181
Revenue Generating Units (RGUs)	123,282	131,707
Average Customer Relationships	71,669	76,924
<u>Average Revenue Per User (ARPU)</u>		
Revenue Generating Units (RGUs)	\$ 61.74	\$ 64.75
Customer Relationships	106.21	110.87
Video	150.04	165.64

Key Operational Results – Mobile Company

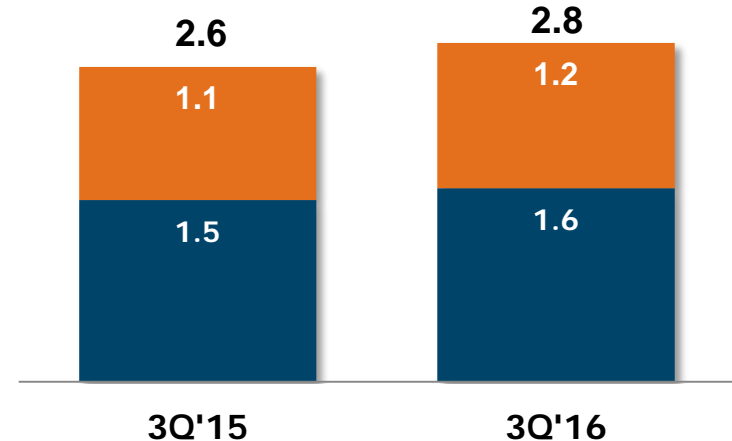
Towers and Leases

■ Towers ■ Non-affiliate Leases



Mobile Tower Revenue (\$ millions)

■ Non-affiliate Revenue ■ Affiliate Revenue



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