



4Q 2015 Earnings Conference Call

February 26, 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.

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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. 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 2015 Highlights

■ Net Income Growth

- Increased 40% over Q4'14 to \$12.1 million
- Adjusted OIBDA increased 17.5% to \$40.1 million

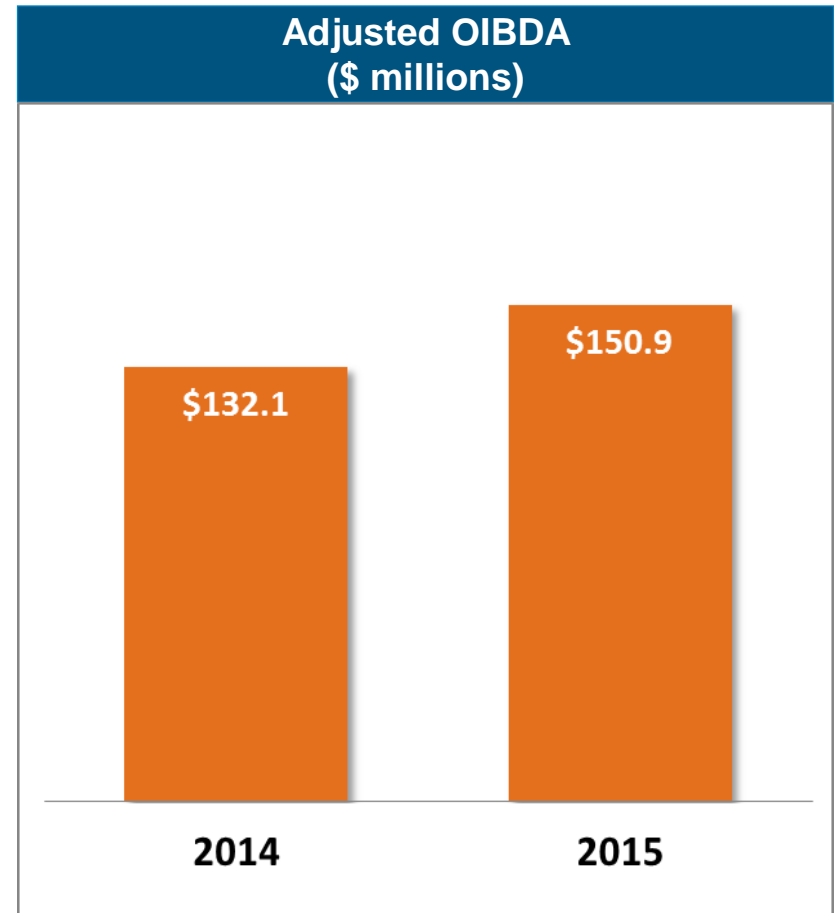
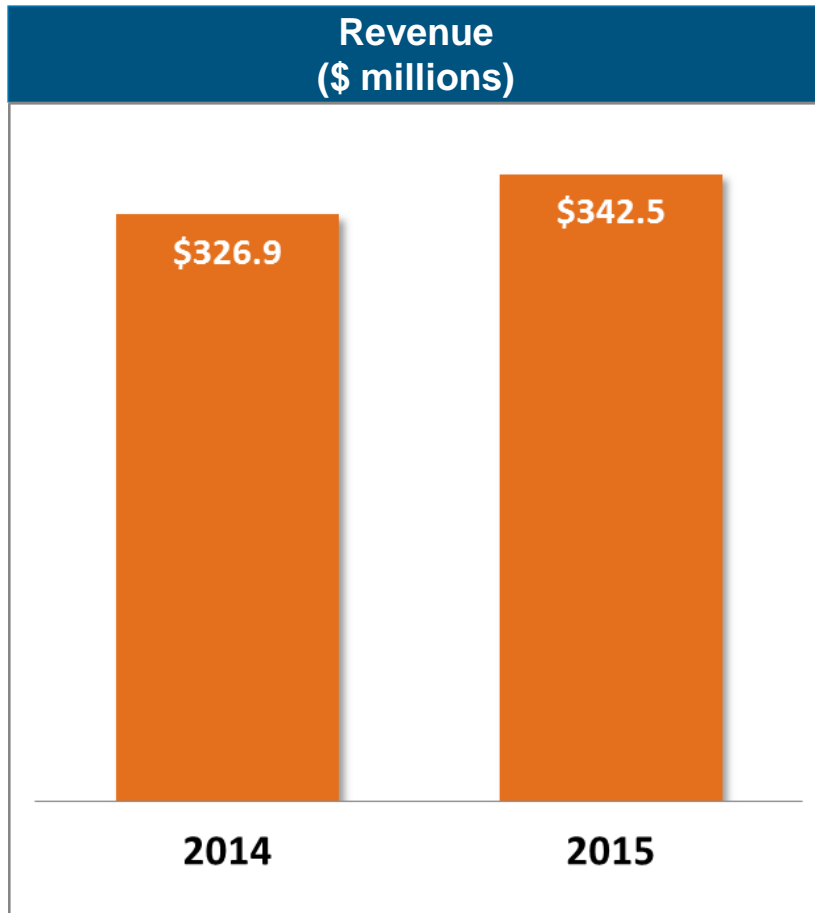
■ Revenue Growth

- Revenue grew 5.4 % over Q4'14 to \$87.3 million

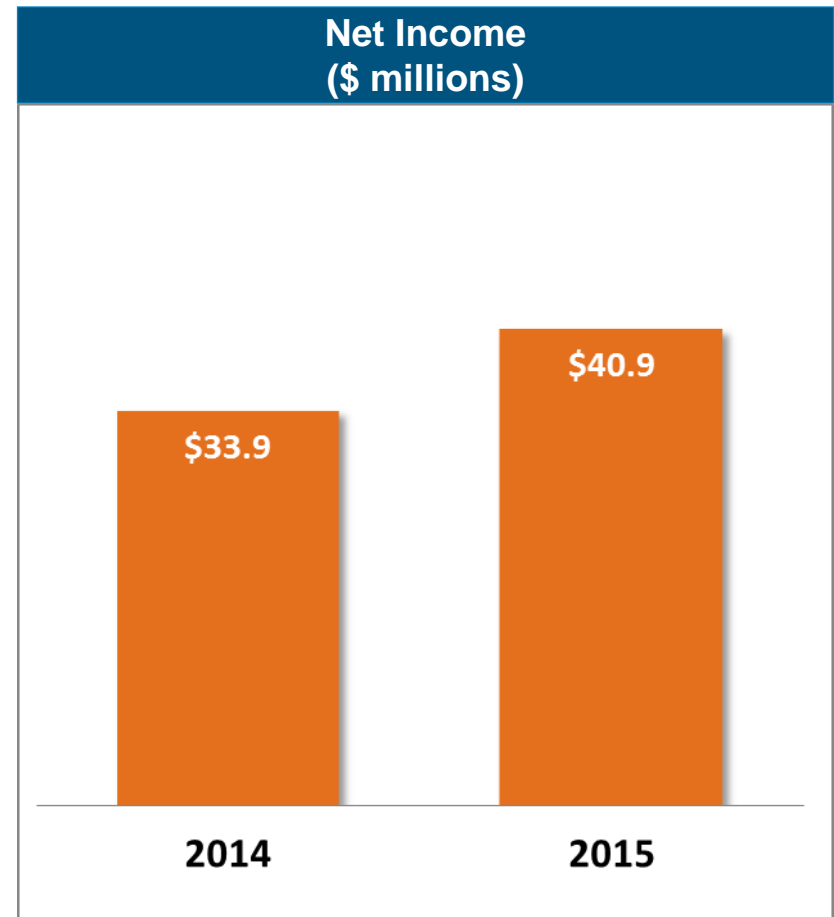
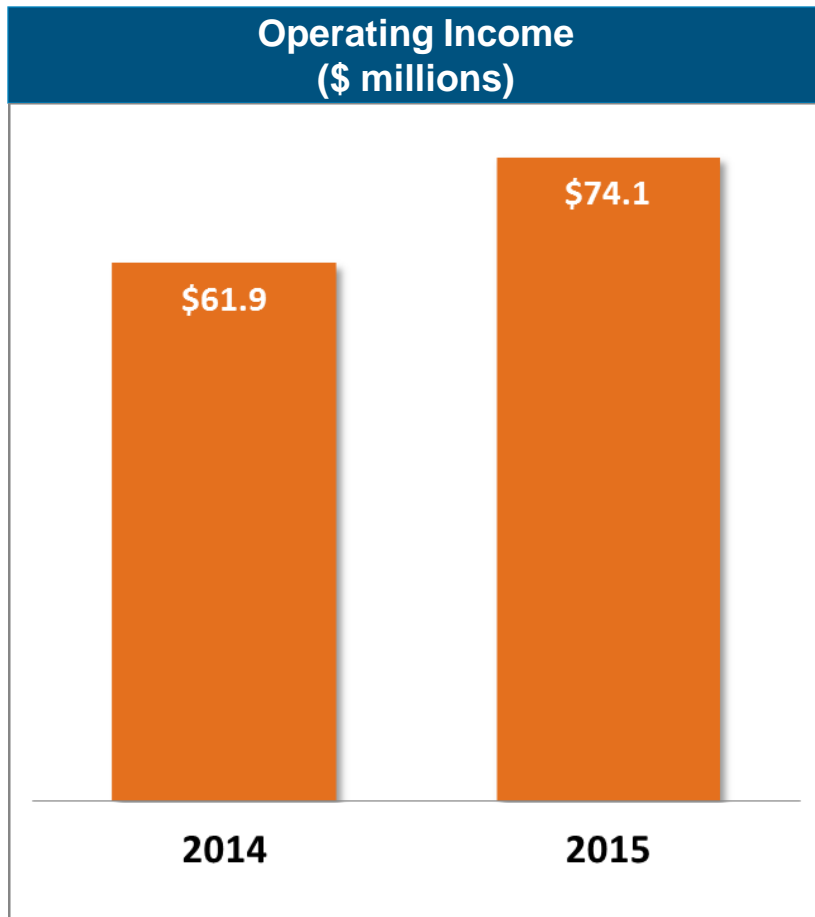
■ Customer Growth

	<u>12/31/14</u>	<u>12/31/15</u>	<u>Change</u>
Wireless	433,029	455,352	+22,323
Cable (RGUs)	121,716	126,071	+4,355

2015 Financial Highlights



2015 Financial Highlights



Wireless Highlights

- **Postpaid Growth**

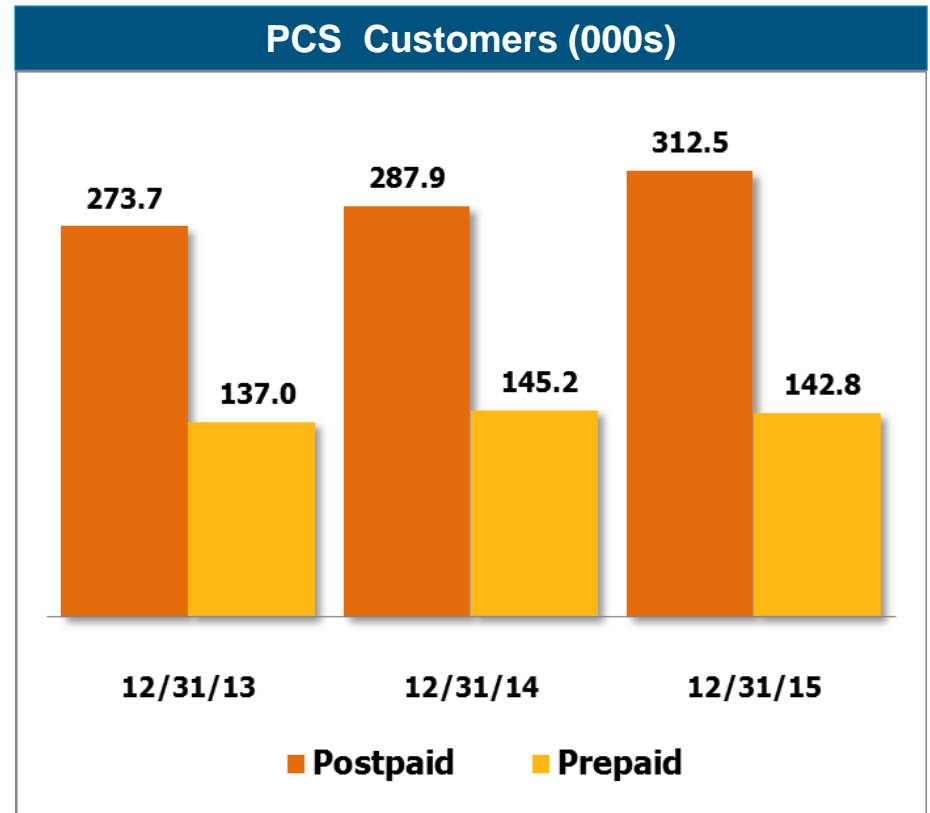
Postpaid customers up 8.6% over last 12 months

- **Prepaid Decline**

Prepaid customers down 1.6% over last 12 months

- **Operating Income Increase**

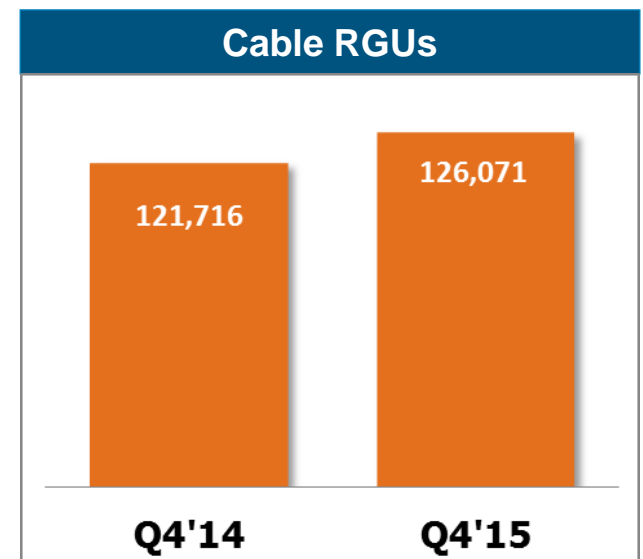
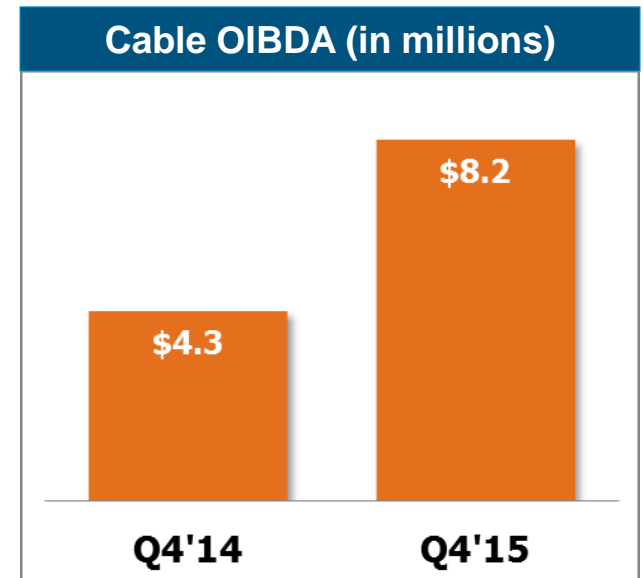
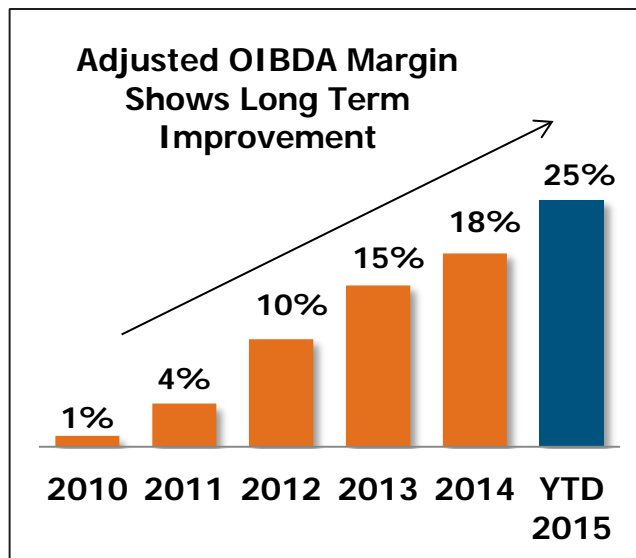
FY'15 Improvement of \$5.1 million, or 7.4%



Cable Highlights

■ Revenue Growth

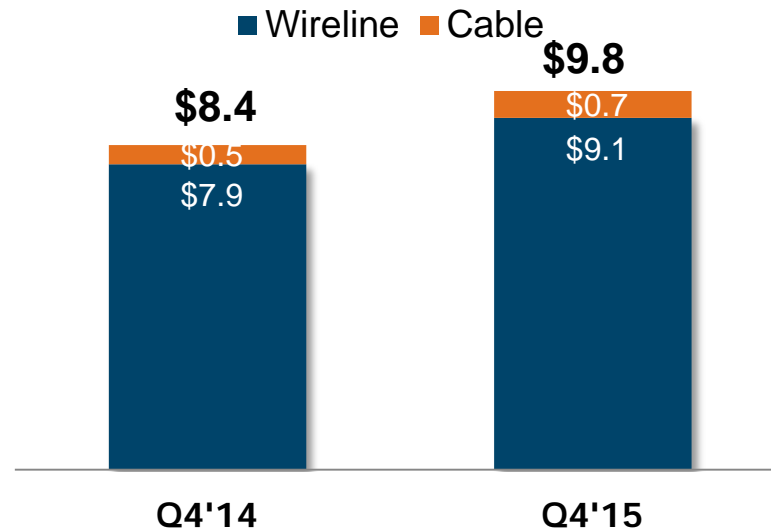
- Operating revenues \$25.7 million, growth of 15.8% over Q4'14
- Q4'15 Adjusted OIBDA \$8.2 million, up 90.4% from Q4'14
- 126,071 RGUs at Q4'15, up 3.6% over Q4'14



Other Highlights

- Wireline and Cable - Fiber lease revenues of \$9.8 million, up 17.0% from Q4'14
- 158 towers generated \$1.8 million of OIBDA

*Fiber Lease Revenue (in millions)

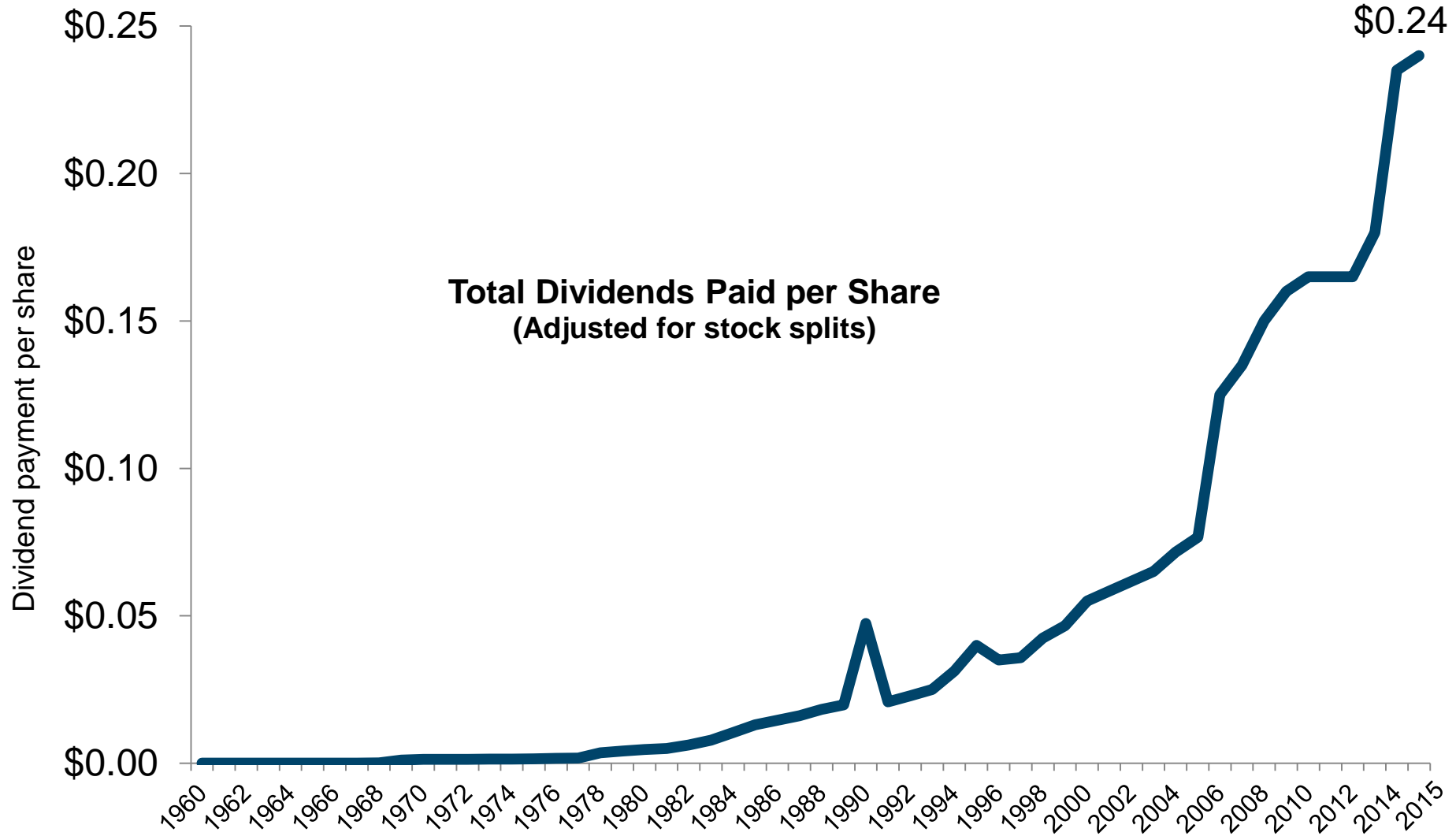


*Includes both Affiliate and Non-affiliate revenues

Mobile Tower OIBDA (\$ thousands)

<i>(in thousands)</i>	<u>Q4'14</u>	<u>Q4'15</u>
Operating Income	\$1,233	\$1,405
Deprec. and Amort.	402	437
Loss on Asset Disposals	158	(5)
Share Based Compensation	7	9
Adjusted OIBDA	\$1,800	\$1,846

Annual Dividend Paid Every Year Since 1960





Adele Skolits

VP of Finance and CFO

Profitability

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

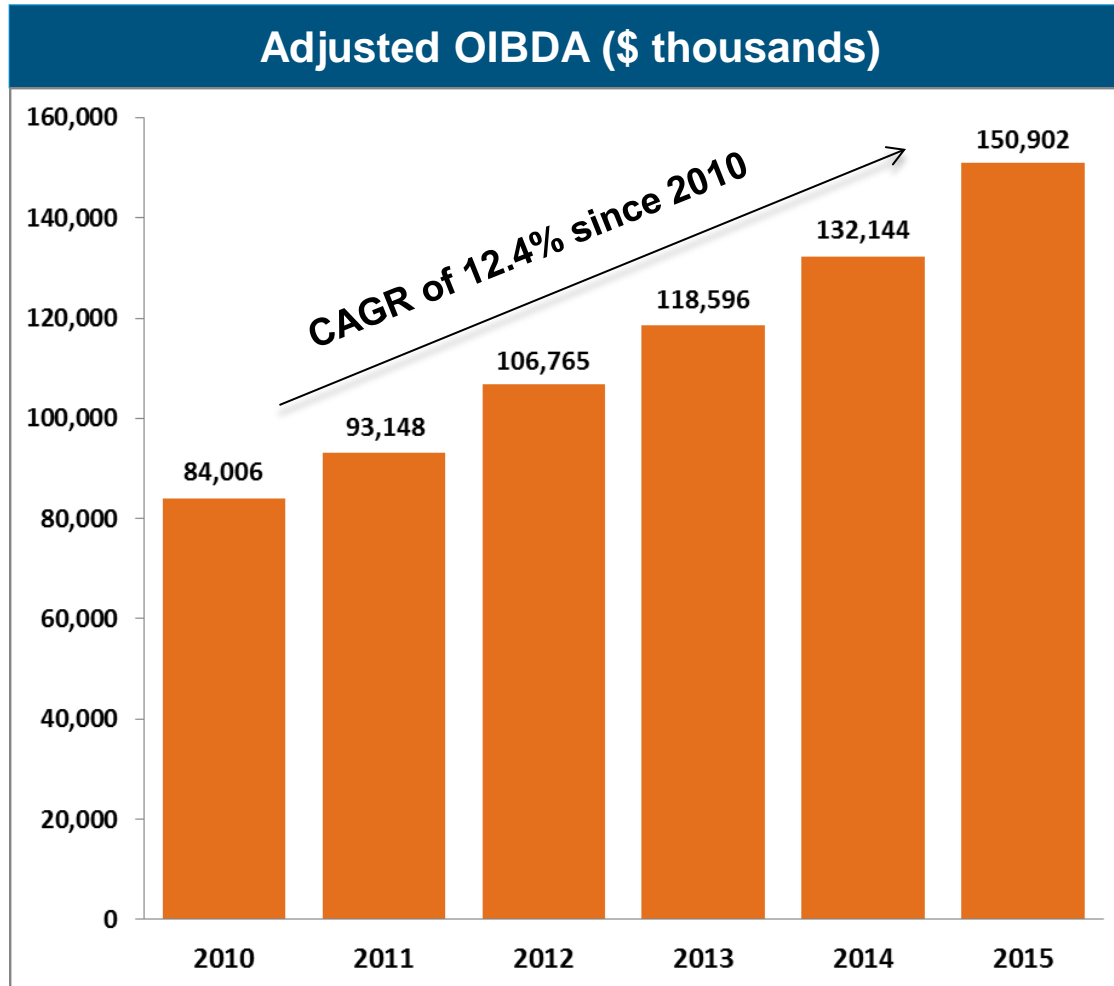
	<u>For the Quarter Ended:</u>		
	12/31/14	12/31/15	Change
Operating Income	\$ 16,326	\$ 21,721	33.0%
Net Income	\$ 8,649	\$ 12,108	40.0%
Earnings Per Share:			
Basic	\$ 0.18	\$ 0.24	33.3%
Diluted	\$ 0.18	\$ 0.24	33.3%

Profitability

Adjusted OIBDA (\$ thousands)

	For the Quarter Ended:			For the Year Ended:		
	12/31/14	12/31/15	Change	12/31/14	12/31/15	Change
Operating Income	16,326	21,721	5,395	61,943	74,086	12,143
Depreciation and Amortization	17,176	17,583	407	65,890	70,702	4,812
Share Based Compensation	408	437	29	2,257	2,333	76
Loss on Asset Disposals	243	6	(237)	2,054	235	(1,819)
nTelos Acquisition Related Expenses	-	392	392	-	3,546	3,546
Adjusted OIBDA	34,153	40,139	5,986	132,144	150,902	18,758
Percent Change			17.5%			14.2%

Growth in Adjusted OIBDA (\$ thousands)

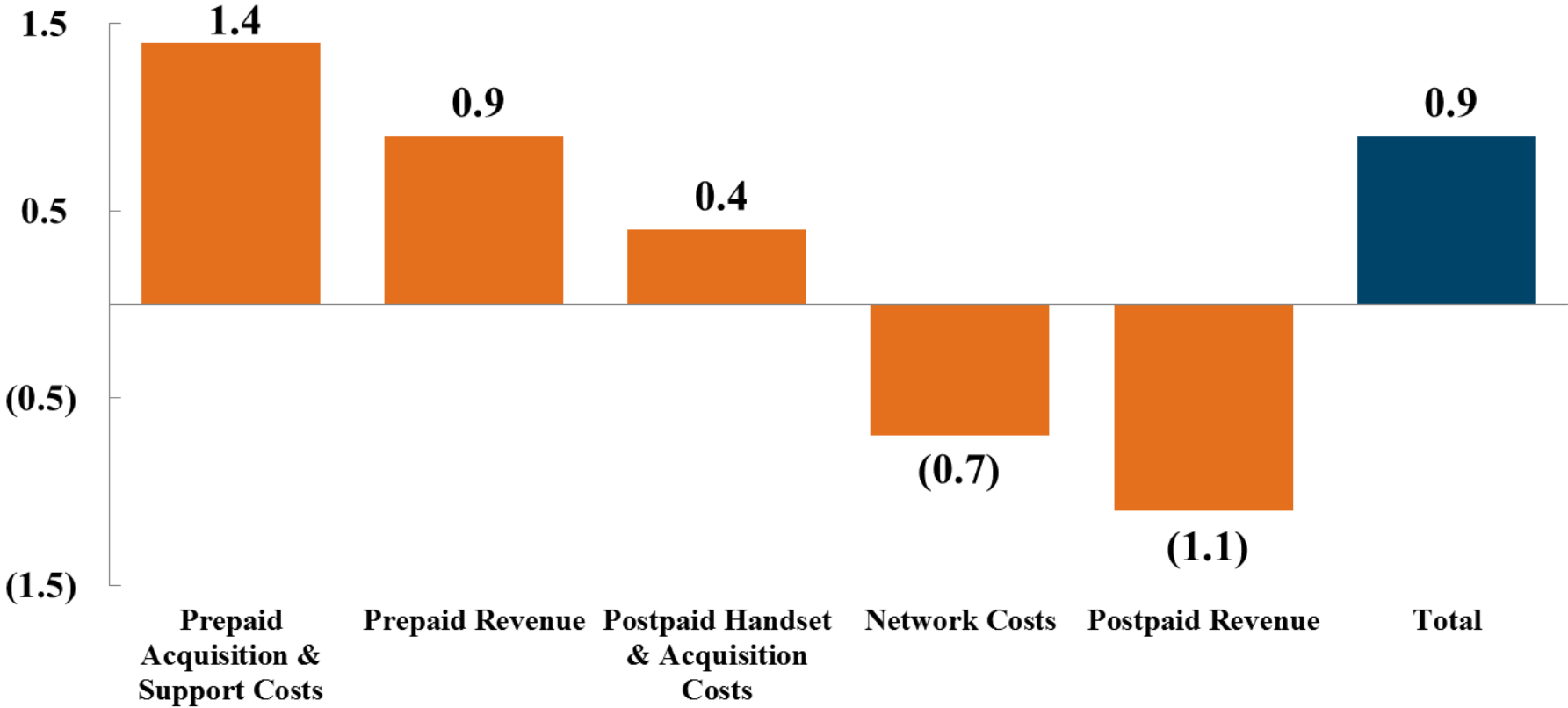


*See Appendix for reconciliation of net income to adjusted earnings per share.

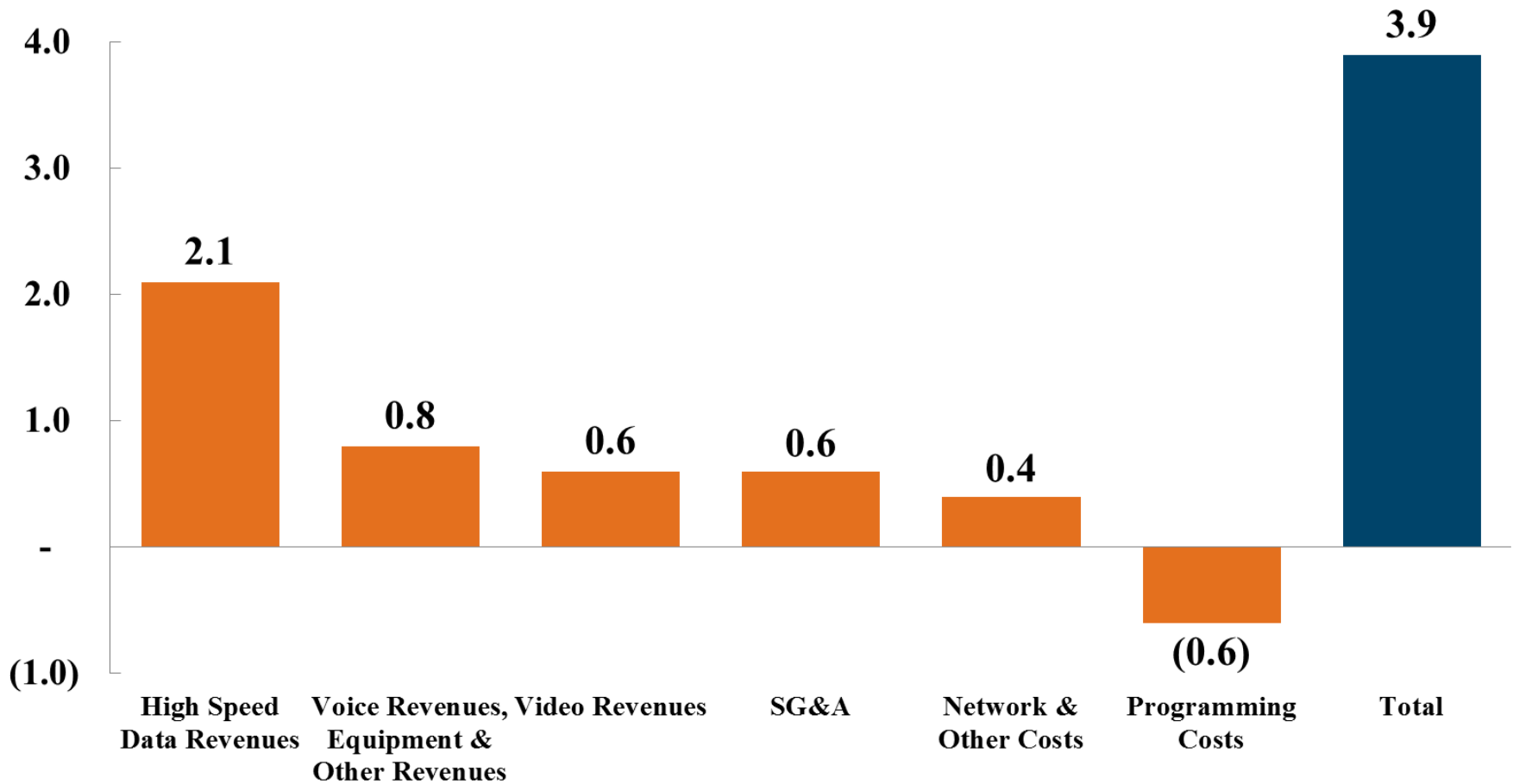
Adjusted OIBDA by Segment (\$ millions)

	<u>Wireless</u>		<u>Cable</u>		<u>Wireline</u>	
	<u>Q4'14</u>	<u>Q4'15</u>	<u>Q4'14</u>	<u>Q4'15</u>	<u>Q4'14</u>	<u>Q4'15</u>
Operating Income	\$ 18.2	\$ 18.9	\$ (1.9)	\$ 2.2	\$ 3.2	\$ 4.6
Depreciation and amortization	7.9	8.3	6.1	5.8	3.0	3.3
Plus (gain) loss on asset sales	0.2	-	(0.1)	0.1	-	0.1
Share based compensation	0.1	0.1	0.2	0.1	0.1	0.1
Adjusted OIBDA	\$26.4	\$27.3	\$ 4.3	\$ 8.2	\$6.3	\$ 8.1
Percent Change		4%		90%		28%
Adjusted OIBDA Margin	50%	53%	19%	32%	40%	45%

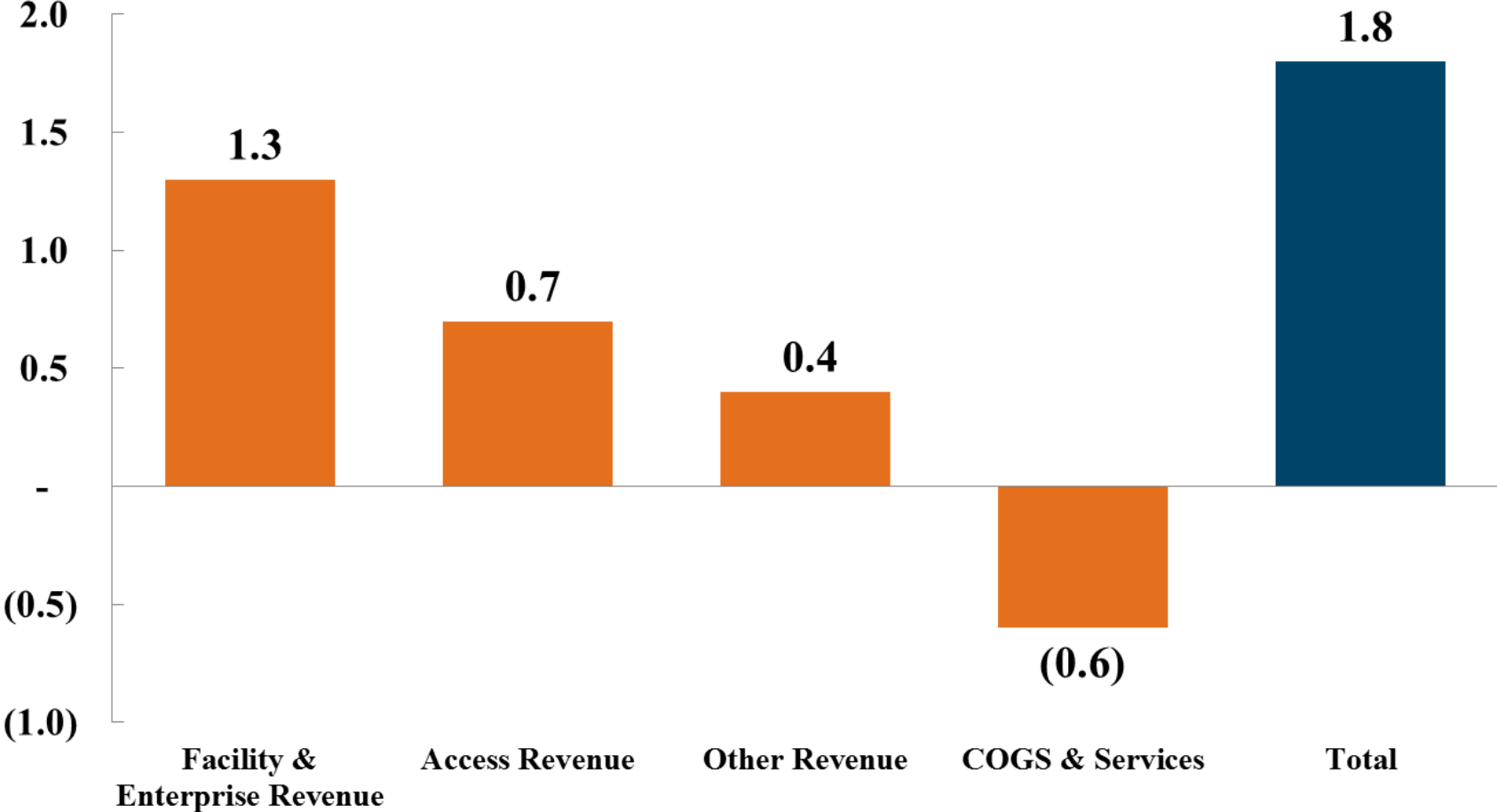
Wireless Segment – Change in Adjusted OIBDA Q4'15 vs. Q4'14 (\$ millions)



Cable Segment – Change in Adjusted OIBDA Q4'15 vs. Q4'14 (\$ millions)



Wireline Segment – Change in Adjusted OIBDA Q4'15 vs. Q4'14 (\$ millions)

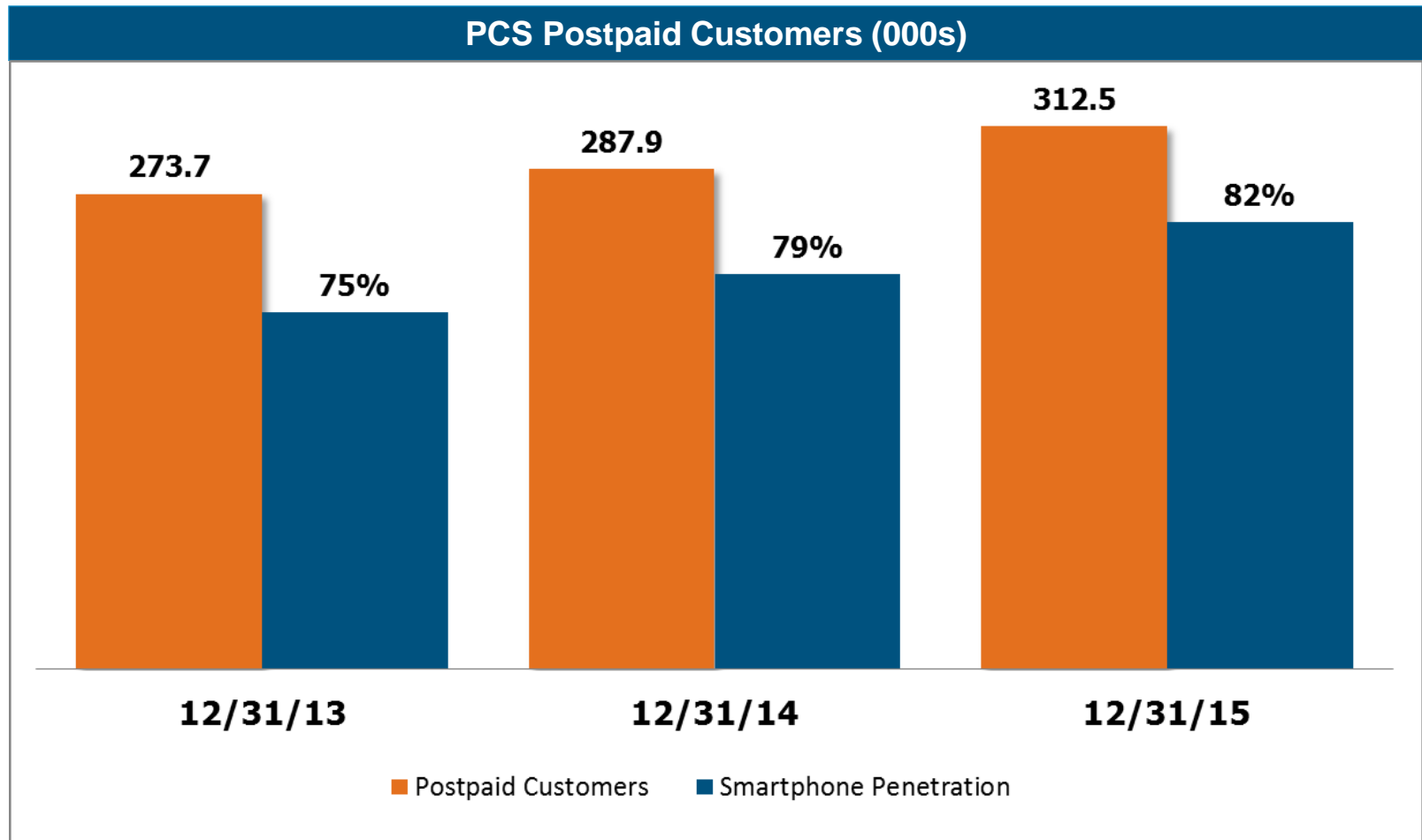




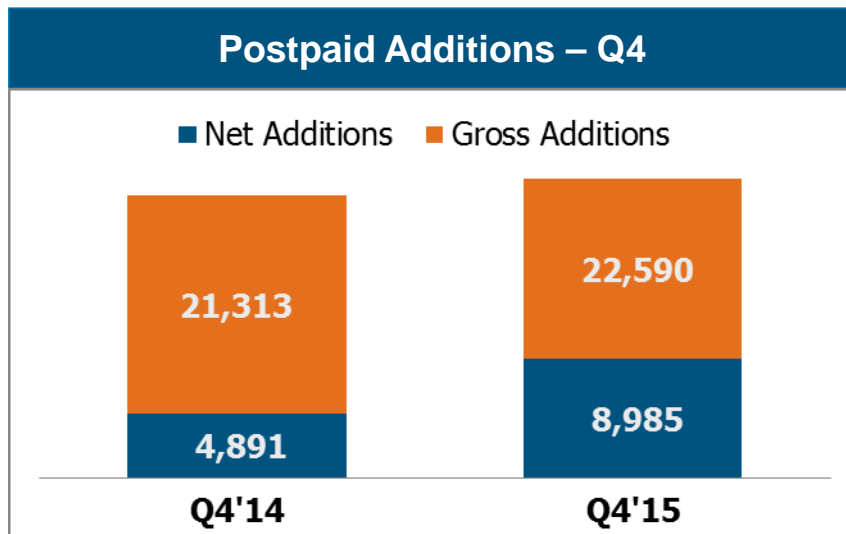
Earle MacKenzie

EVP and COO

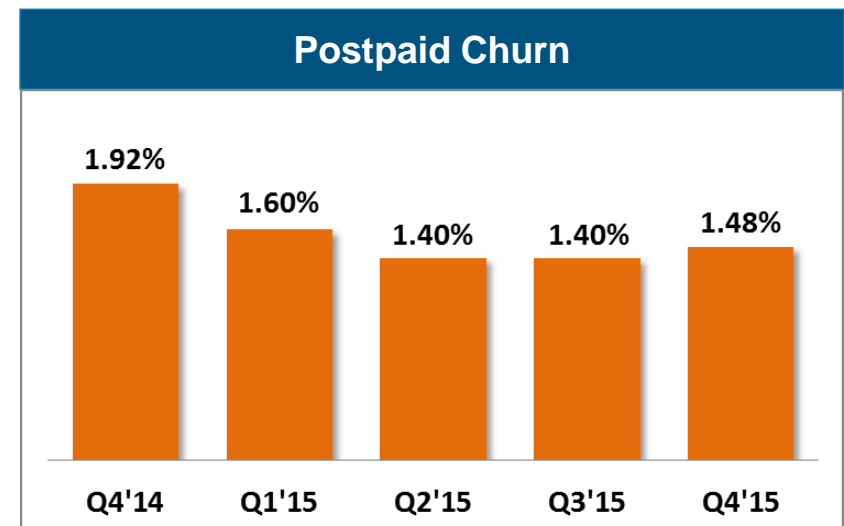
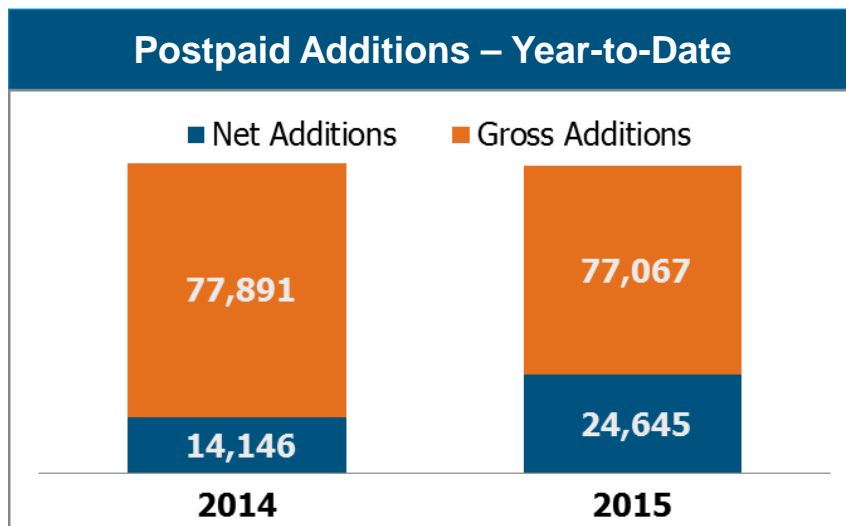
Postpaid Customer Growth



Postpaid Customer Additions

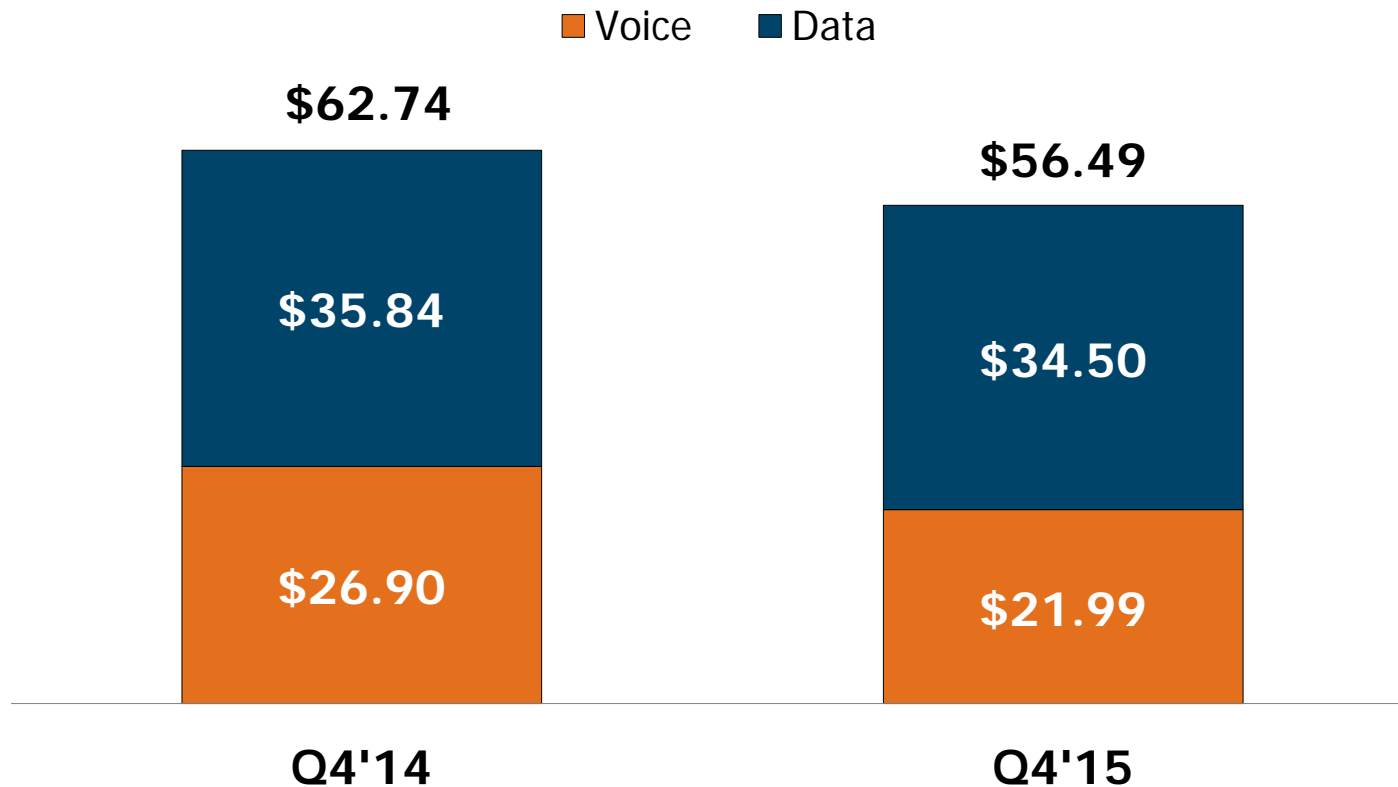


- Net adds of 8,985 in Q4 2015 versus 4,891 in Q4 2014
- Shentel-controlled channels produced 32% of gross adds in Q4 2015 and 34% in Q4 2014
- Q4 2015 churn of 1.48%, down from 1.92% in Q4 2014



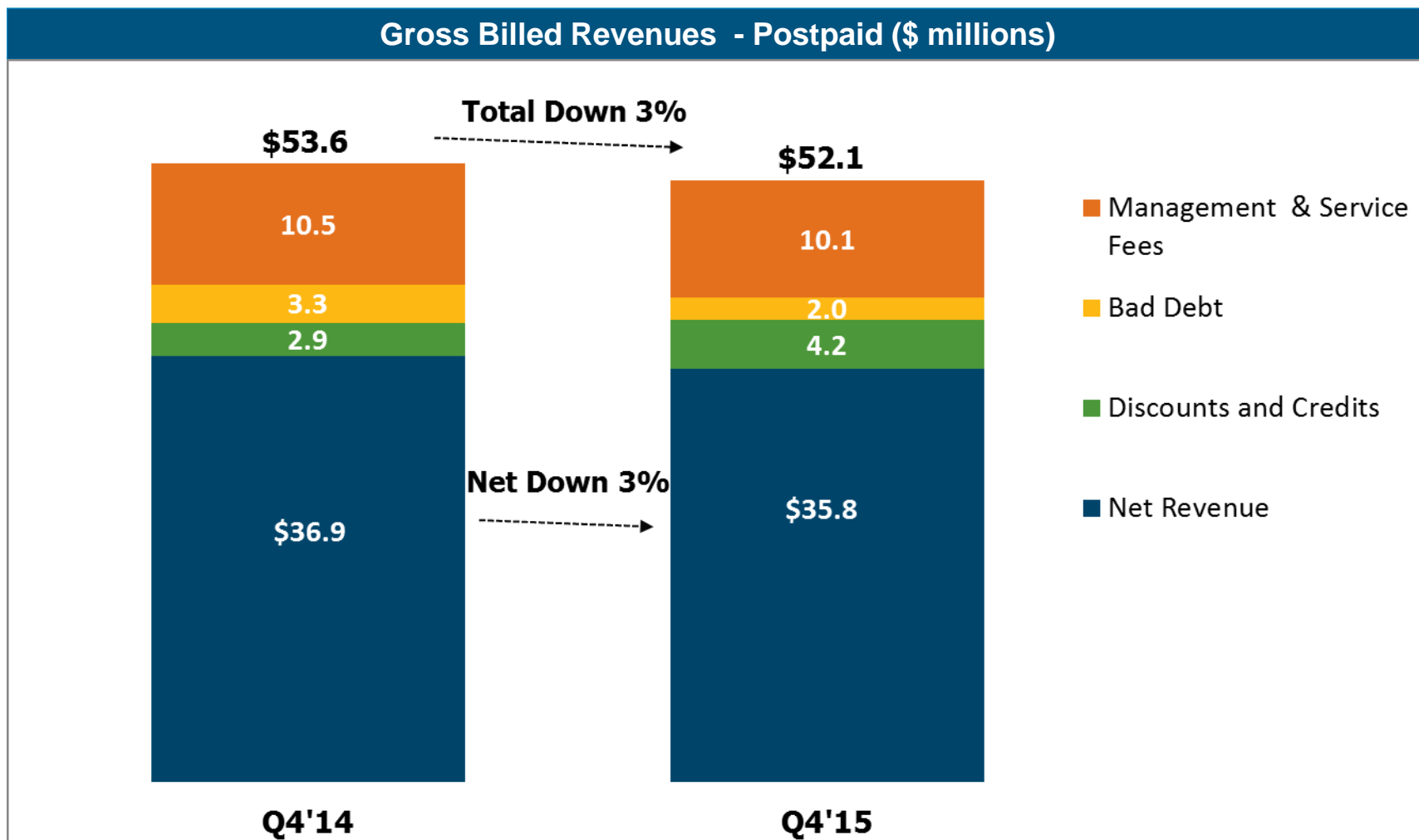
Billed Revenue per Customer Down; Data Usage Increasing

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



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

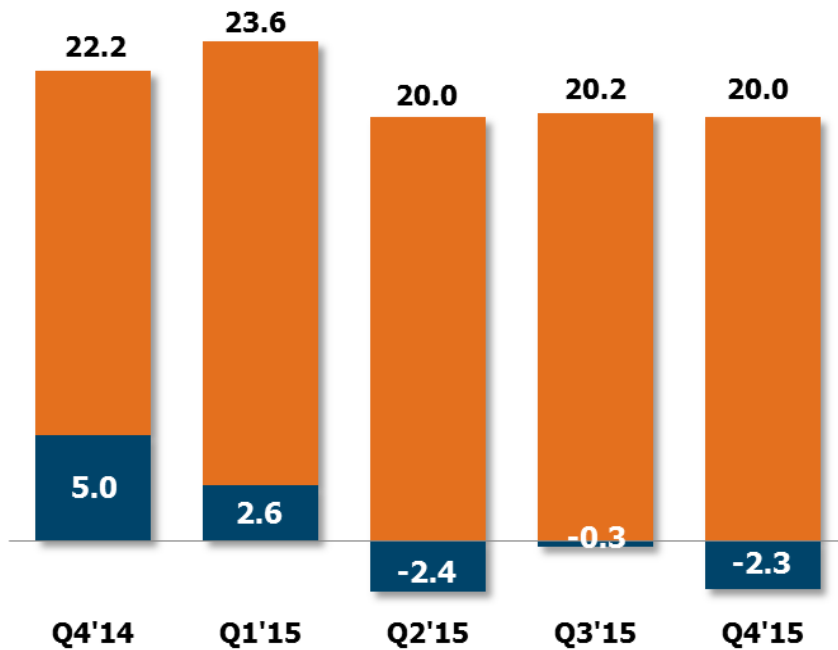
PCS Revenues



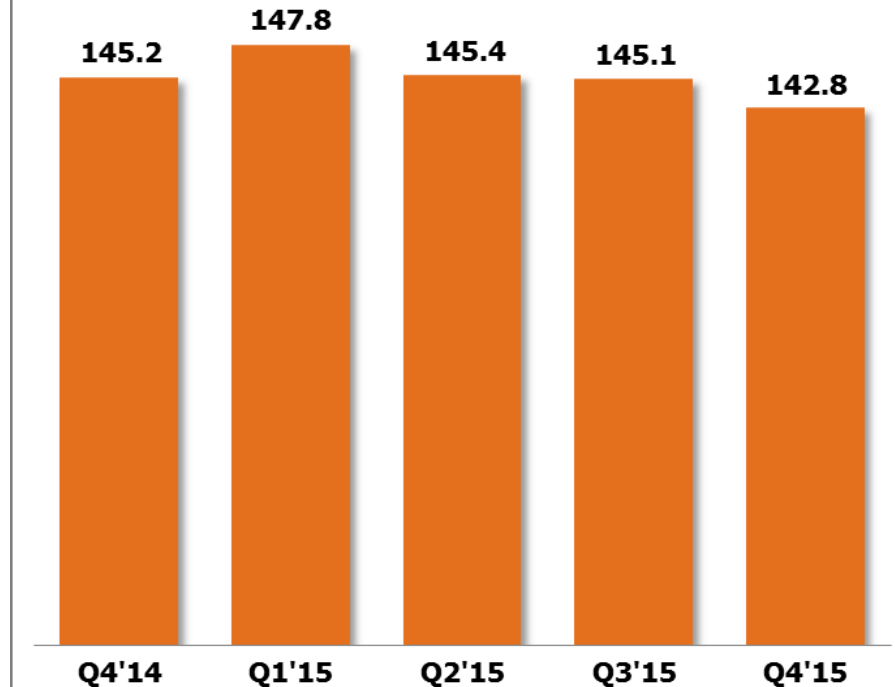
PCS Prepaid Statistics

Gross Additions (000s)

■ Gross Additions ■ Net Additions

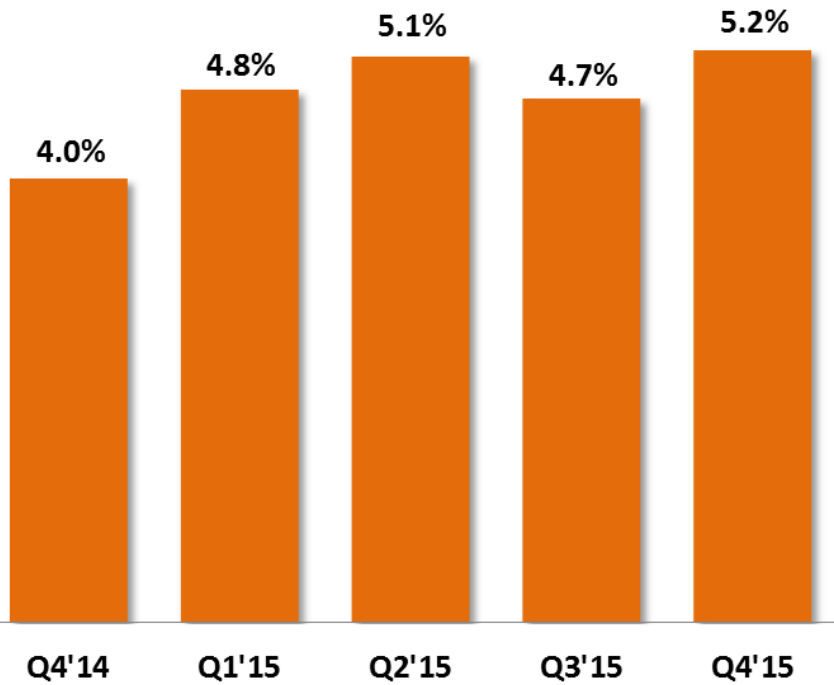


Cumulative Customers (000s)

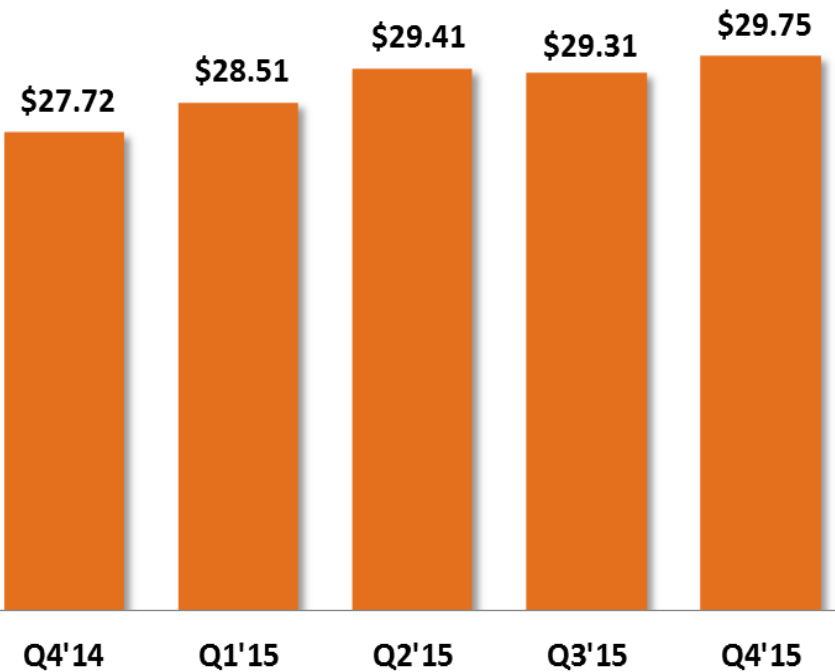


PCS Prepaid Statistics

Churn %



Average Gross Billed Revenue



Network Statistics at 12/31/15

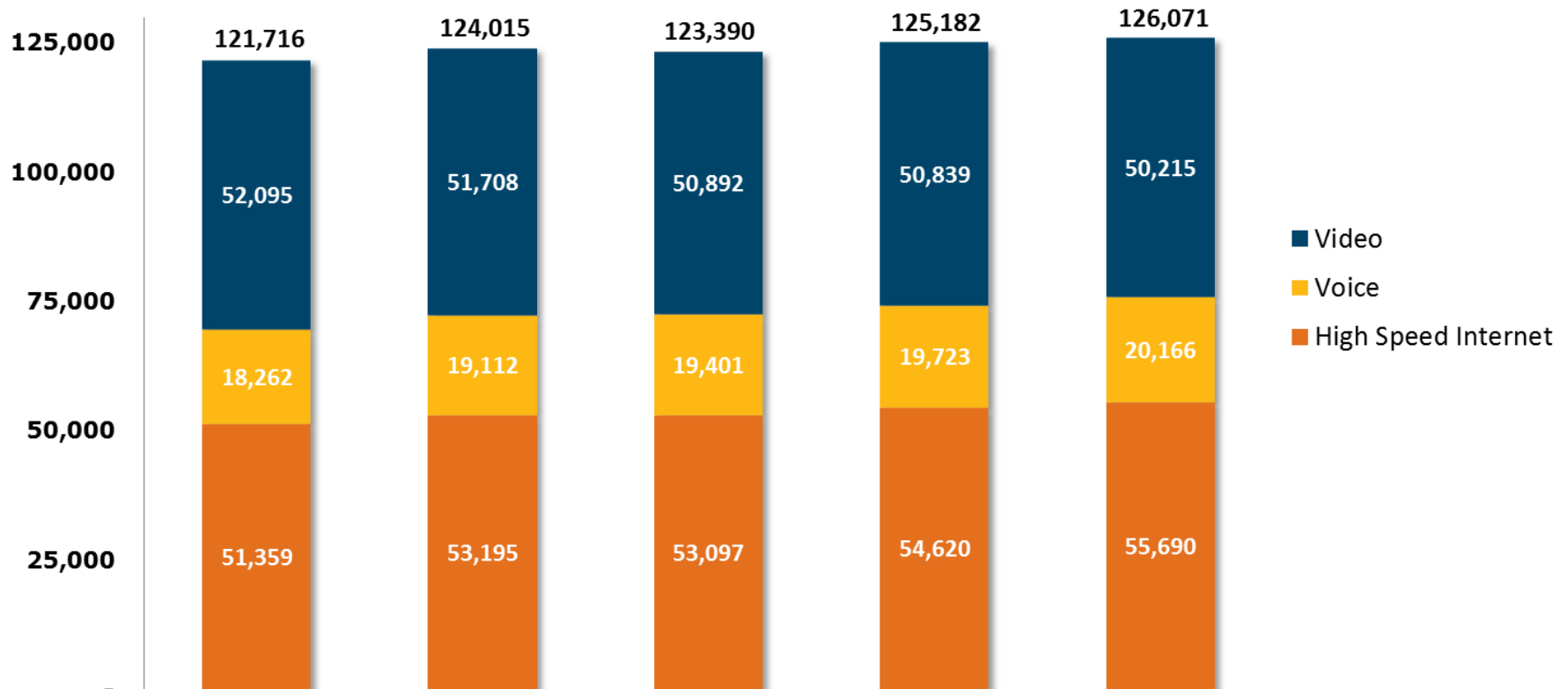
■ 552 Cell Sites

- 93% have a second LTE carrier at 800 MHz
- 189 sites have three carriers, including a second carrier at 1900 MHz

■ Traffic

- 91% of data traffic is on LTE, with 34% on 800 MHz
- Data usage grew 13% in Q4'15
- Average speeds of approximately 4 Mbps
- Average customer uses approximately 4.5 GB per month
- Dropped calls - 0.5%
- Blocked calls - 0.3%

Cable - RGU Growth by Quarter

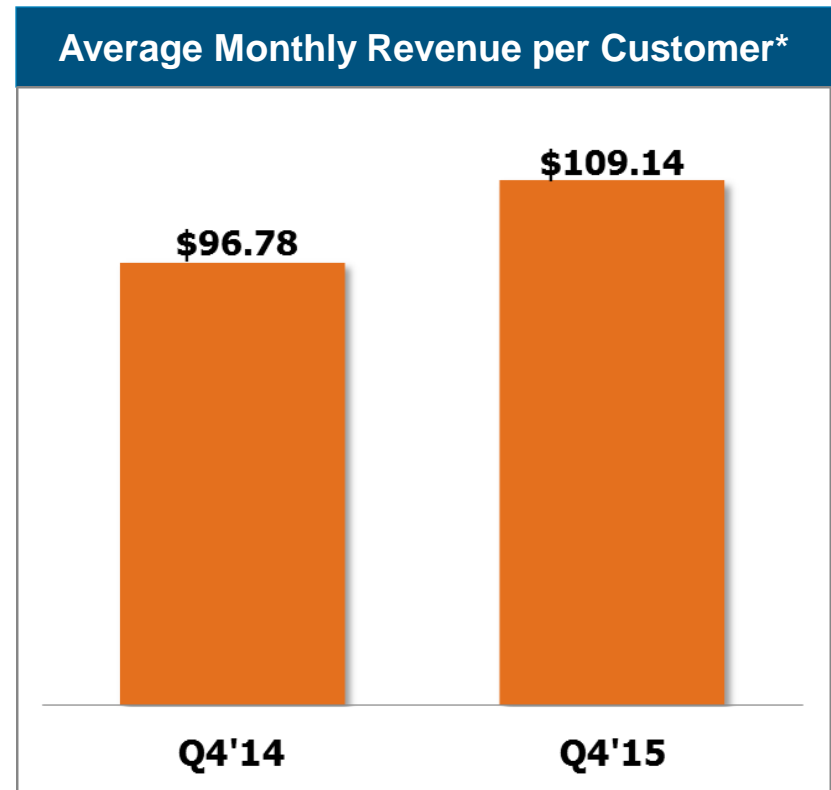
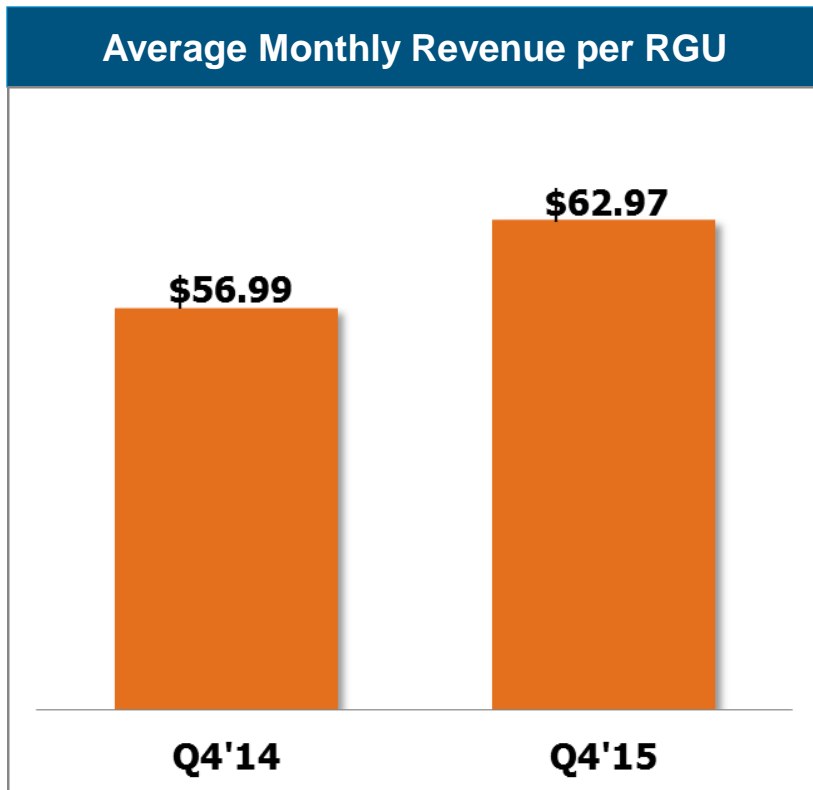


Customers
RGU's/Customer

Quarter	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15
Customers	71,298	72,192	71,469 ¹	72,237	72,734
RGU's/Customer	1.71	1.72	1.73	1.73	1.73

1. College students disconnect during summer

Increasing Average Monthly Cable Revenue



*Average monthly revenue per video subscriber was \$132.22 and \$156.57 for Q4 2014 and Q4 2015, respectively.

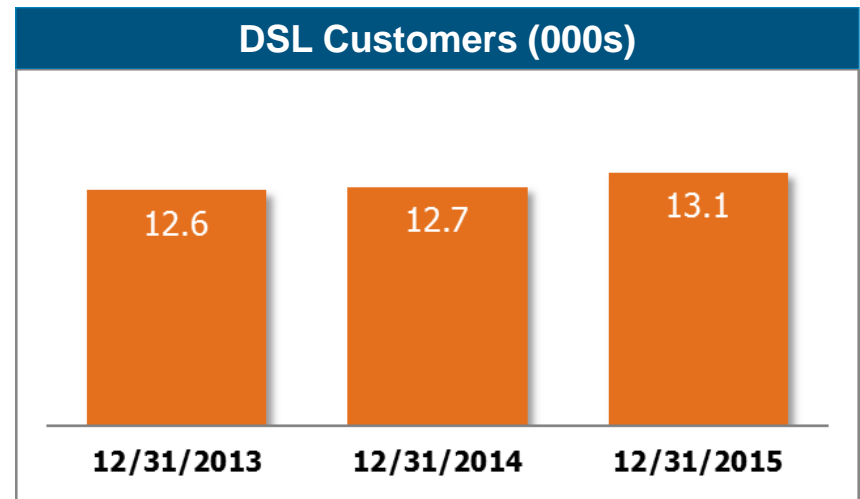
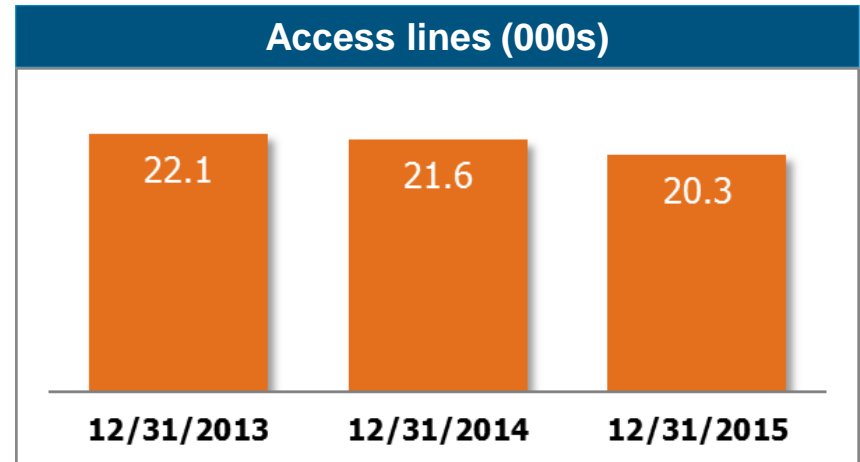
Key Operational Results – Cable*

	12/31/2013	12/31/2014	12/31/2015
Homes Passed	170,470	171,589	172,538
Total Revenue Generating Units	113,840	121,716	126,071
Customer Relationships	69,538	71,298	72,734
RGUs per Customer Relationship	1.64	1.71	1.73
Video			
Revenue generating units	53,076	52,095	50,215
Penetration	31.1%	30.4%	29.1%
Digital video penetration	49.2%	65.9%	77.9%
High-speed Internet			
Available Homes	168,255	171,589	172,538
Revenue generating units	45,776	51,359	55,690
Penetration	27.2%	29.9%	32.3%
Voice			
Available Homes	163,282	168,852	169,801
Revenue generating units	14,988	18,262	20,166
Penetration	9.2%	10.8%	11.9%

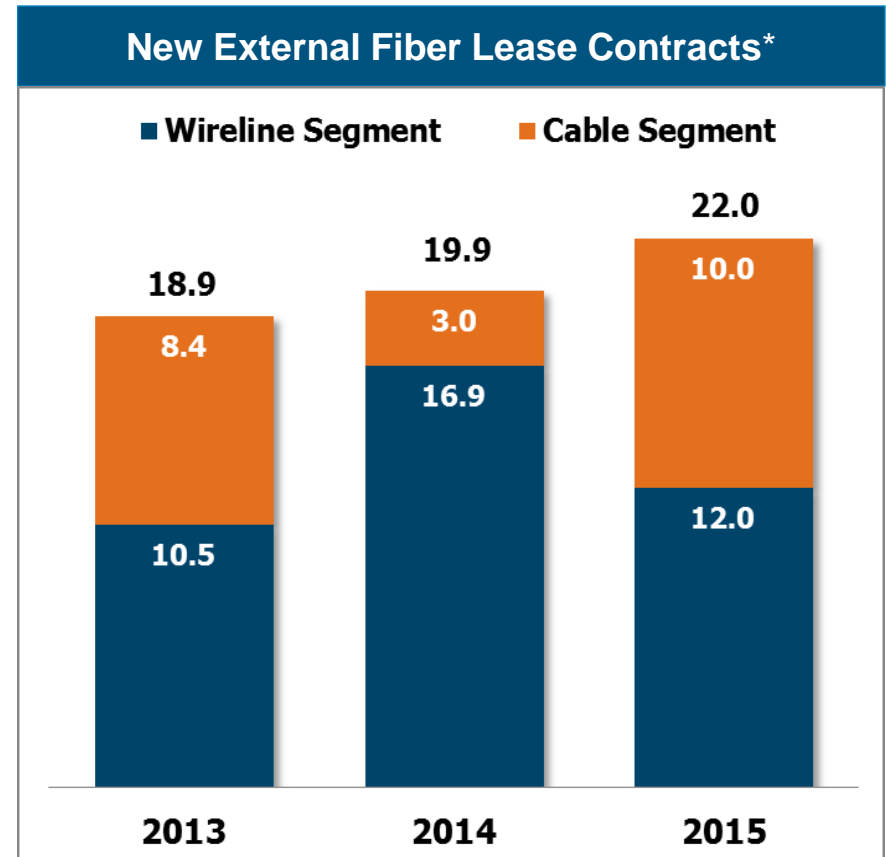
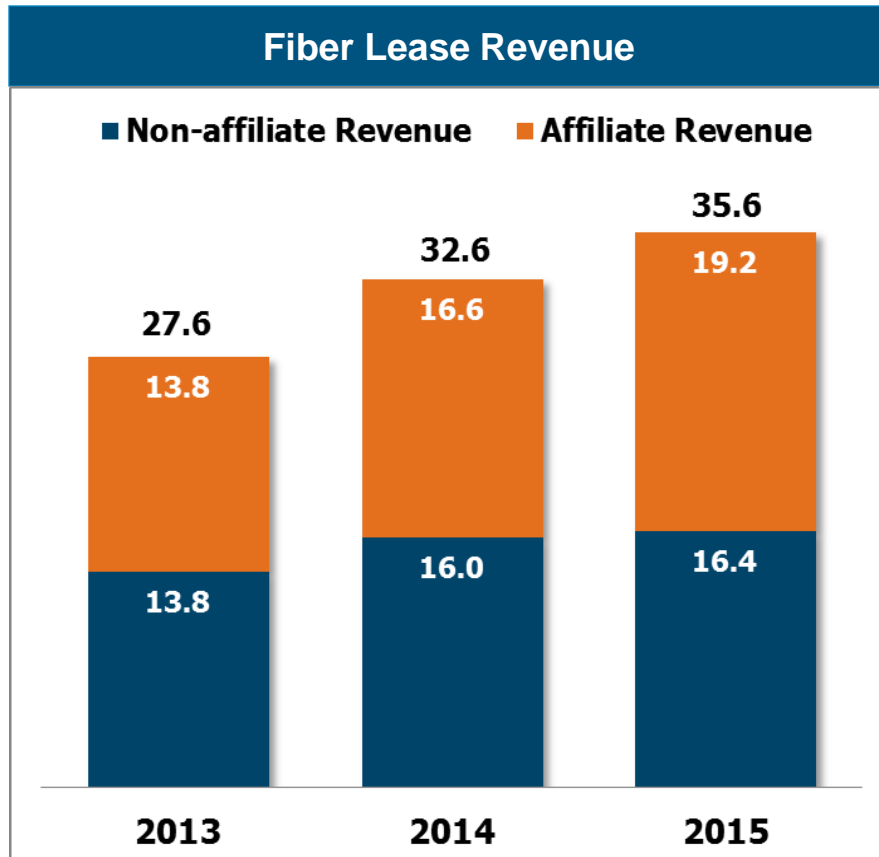
*Excludes cable operations in Shenandoah County, VA which are included in the Wireline segment.

Key Operational Results - Wireline

- Access line loss of 6.3% in past 12 months
- Broadband penetration in LEC area at 64.6%
- Total connections at 12/31/15 of 33.3 thousand
- 5,356 video subscribers at 12/31/15
- Effective Q4'15, subscribers were offered additional high-speed internet options

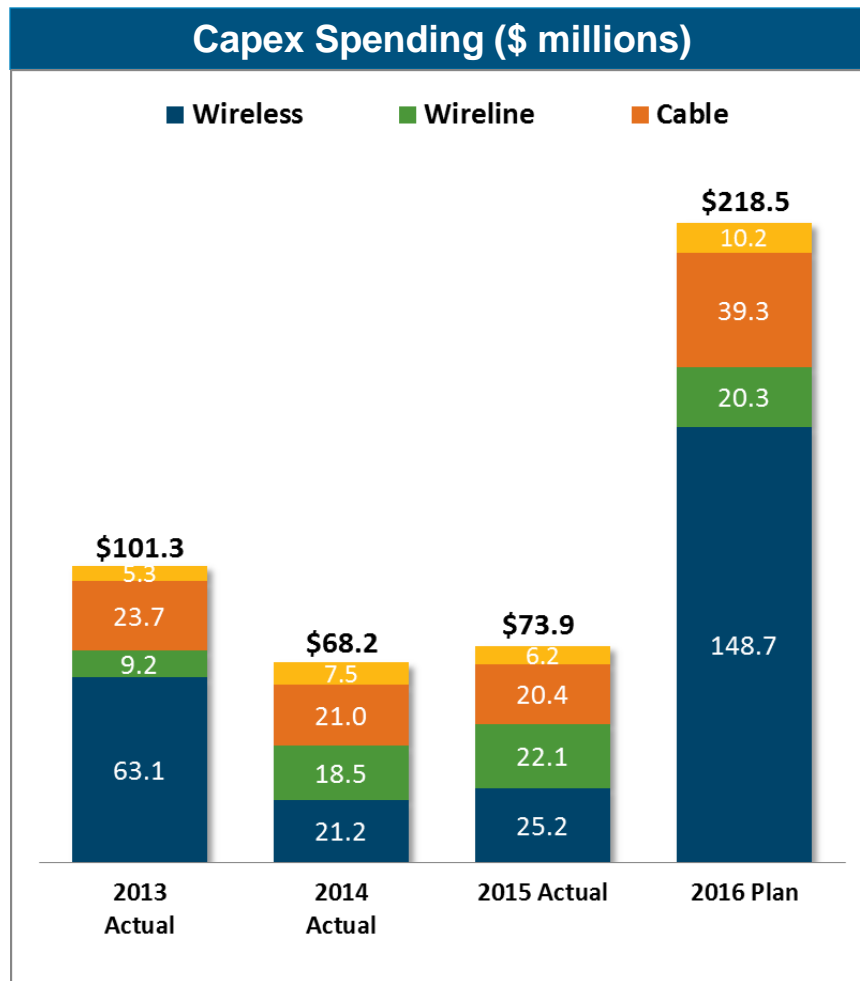


Wireline and Cable Fiber Sales (\$ millions)



* 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
 - 17% Network Expansion
 - 11% Additional Network Capacity
 - 10% Network Maintenance
 - 6% Success-Based

Q&A

Appendix

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

Dollars in thousands (except subscribers and revenue per subscriber)

	<u>4Q 2014</u>	<u>4Q 2015</u>
<u>Gross billed revenue</u>		
Wireless segment total operating revenues	\$ 52,407	\$ 51,954
Equipment revenue	(1,653)	(1,305)
Tower lease revenue	(2,626)	(2,733)
Gross billed revenue – prepaid	(11,826)	(12,827)
Prepaid service fee	700	769
Other revenue	(93)	(81)
Wireless service revenue – postpaid	<u>36,909</u>	<u>35,777</u>
Service credits	2,947	4,194
Write-offs	3,339	1,987
Management fee	3,801	3,681
Service fee	6,651	6,441
Gross billed revenue – postpaid	<u>\$ 53,647</u>	<u>\$ 52,080</u>
Average Prepaid subscribers	142,192	143,723
Billed revenue per Prepaid subscriber	\$ 27.72	\$ 29.75
Average Postpaid subscribers	285,024	307,294
Billed revenue per Postpaid subscriber	\$ 62.74	\$ 56.49

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

Postpaid PCS Customers Top Picks Q4 2015

■ Top Service Plans – 37% of Gross Adds

Unlimited	11%
Tablet Plan (1GB/100MB)	10%
High Speed Data Share (40GB/1GB)	10%
Everything Data Share 1500	6%

■ Top Devices – New Activations – All Channels

iPhone	46%
Samsung Galaxy S	16%
LG G Pad	6%
LG Note	4%
LG G4	3%

Smartphones made up 82% of the Postpaid base in Q4'15, up from 81% in Q3'15, and 79% in Q4'14.

iPhone Statistics – Q4'15

- 46% of Q4 Gross Adds
- 28% of iPhones were sold or upgraded in Shentel-controlled channels
- 39.9% of 12/31/15 Postpaid customers had the iPhone, up from 38.3% at 9/30/15 and 35.1% at 12/31/14.
- iPhone Base – 12/31/15
 - 64% iPhone 6, 6S, 6 Plus, 6S Plus
 - 28% iPhone 5, 5C & 5S
 - 9% iPhone 4 & 4S

Non-GAAP Financial Measure – Average Monthly Cable Revenue

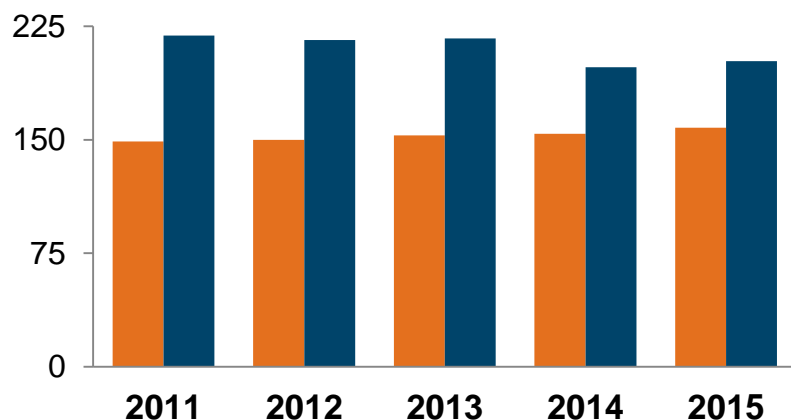
Dollars in thousands (except subscribers and revenue per user)

	<u>Q4 2014</u>	<u>Q4 2015</u>
Net Service Revenue	\$ 18,549	\$ 21,334
Set-top box rentals	1,816	2,041
FUSC and pass-through fees	359	398
Video, Internet & Voice Revenue	20,724	23,773
Other miscellaneous revenue	1,508	1,968
Total Operating Revenue	22,232	25,741
Video revenue	11,738	12,627
Internet revenue	7,319	9,263
Voice revenue	1,667	1,883
Video, Internet & Voice Revenue	\$ 20,724	\$ 23,773
<u>Average Subscribers</u>		
Video	52,248	50,613
Internet	51,033	55,254
Voice	17,928	19,977
Revenue Generating Units (RGUs)	121,208	125,843
Average Customer Relationships	71,380	72,605
<u>Average Revenue Per User (ARPU)</u>		
Revenue Generating Units (RGUs)	\$ 56.99	\$ 62.97
Customer Relationships	96.78	109.14
Video	132.22	156.57

Key Operational Results – Mobile Company

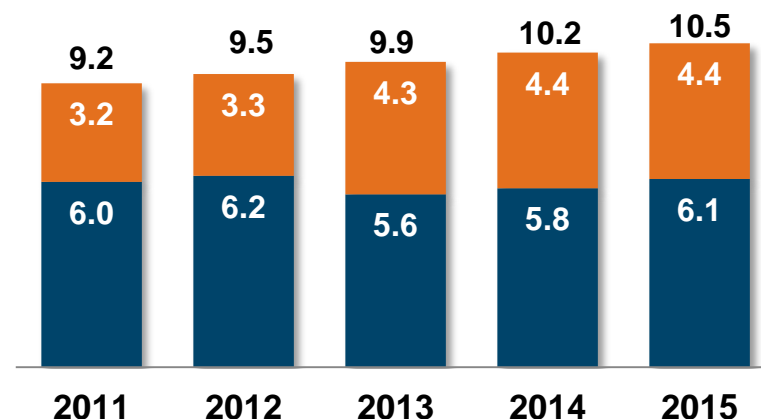
Towers and Leases

■ Towers ■ Non-affiliate Leases



Mobile Tower Revenue (\$ millions)

■ Non-affiliate Revenue ■ Affiliate Revenue



For the Year Ended:

<i>(in thousands)</i>	2011	2012	2013	2014	2015
Operating Income	\$3,962	\$4,302	\$4,623	\$5,332	\$5,388
Depreciation and Amortization	1,326	1,362	1,579	1,539	1,463
Loss on Asset Sales	44	5	118	162	1
Share Based Compensation	18	19	21	22	25
Adjusted OIBDA	\$5,350	\$5,688	\$6,341	\$7,055	\$6,877