



2Q 2014 Earnings Conference Call

August 1, 2014

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

Q2'14 Highlights

■ Net Income Growth – Q2'14 v. Q2'13

- Increased 9.9% to \$8.6 million
- Adjusted OIBDA increased 5.7% to \$33.0 million

■ Revenue Growth

- Revenue grew 5.1% over Q2'13 to \$81.4 million

■ Customer Growth

| | <u>6/30/13</u> | <u>6/30/14</u> | <u>Change</u> |
|--------------|----------------|----------------|---------------|
| Wireless | 397,669 | 415,849 | +18,180 |
| Cable (RGUs) | 109,490 | 116,221 | +6,731 |

Wireless Highlights

❑ Postpaid Growth

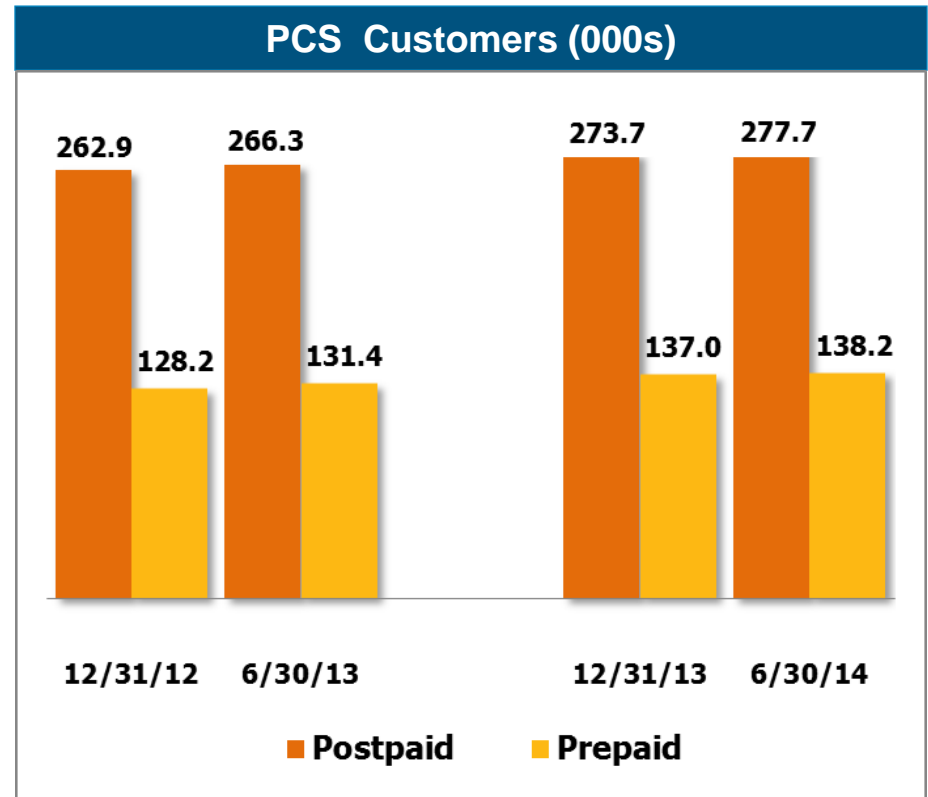
Postpaid customers up 4.3% over last 12 months

❑ Prepaid Growth

Prepaid customers up 5.2% over last 12 months

❑ Operating Revenue Increase

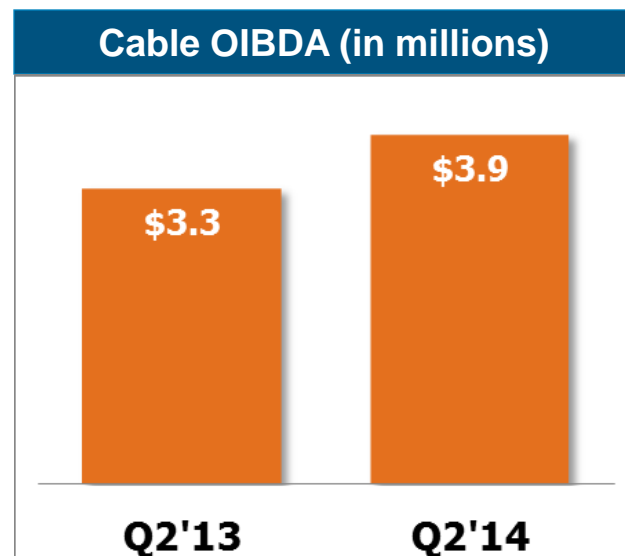
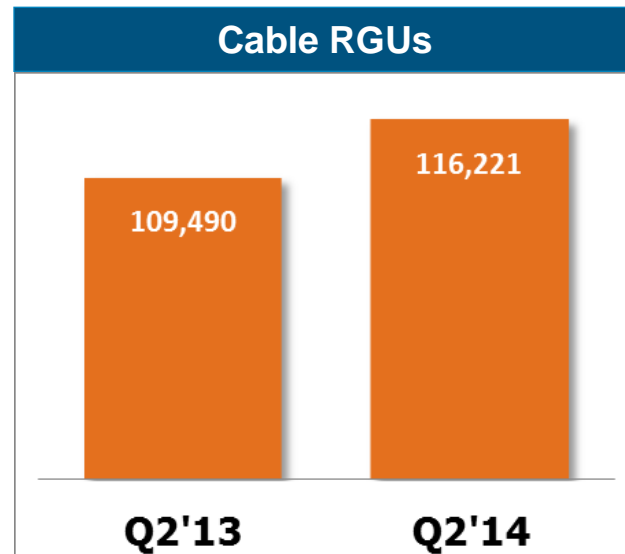
Improvement of \$2.0 million, or 4.0%



Cable Highlights

■ Revenue Growth

- Operating revenues \$20.8 million, growth of 11.2% over Q2'13
- Q2'14 Adjusted OIBDA \$3.9 million, up 20.1% from Q2'13
- 116,221 RGUs at 6/30/2014, up 6.1% over Q2'13



Network Upgrades Helping to Drive Performance

- New and existing wireless customers benefiting from state-of-the-art 4G LTE network
 - \$115 million project completed late 2013
- Cable customers benefiting from improved video services, high-speed data and voice services
 - Upgrades completed in 2013
 - “Net promoter score” has increased dramatically since 2011



Adele Skolits

VP of Finance and CFO

Profitability

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

| | <u>For the Quarter Ended:</u> | | |
|----------------------------|-------------------------------|----------------|---------------|
| | 6/30/13 | 6/30/14 | Change |
| Operating Income | \$ 14,500 | \$ 15,793 | 8.9% |
| Net Income | \$ 7,842 | \$ 8,615 | 9.9% |
| Earnings Per Share: | | | |
| Basic | \$ 0.33 | \$ 0.36 | 9.1% |
| Diluted | \$ 0.33 | \$ 0.35 | 6.1% |

Profitability

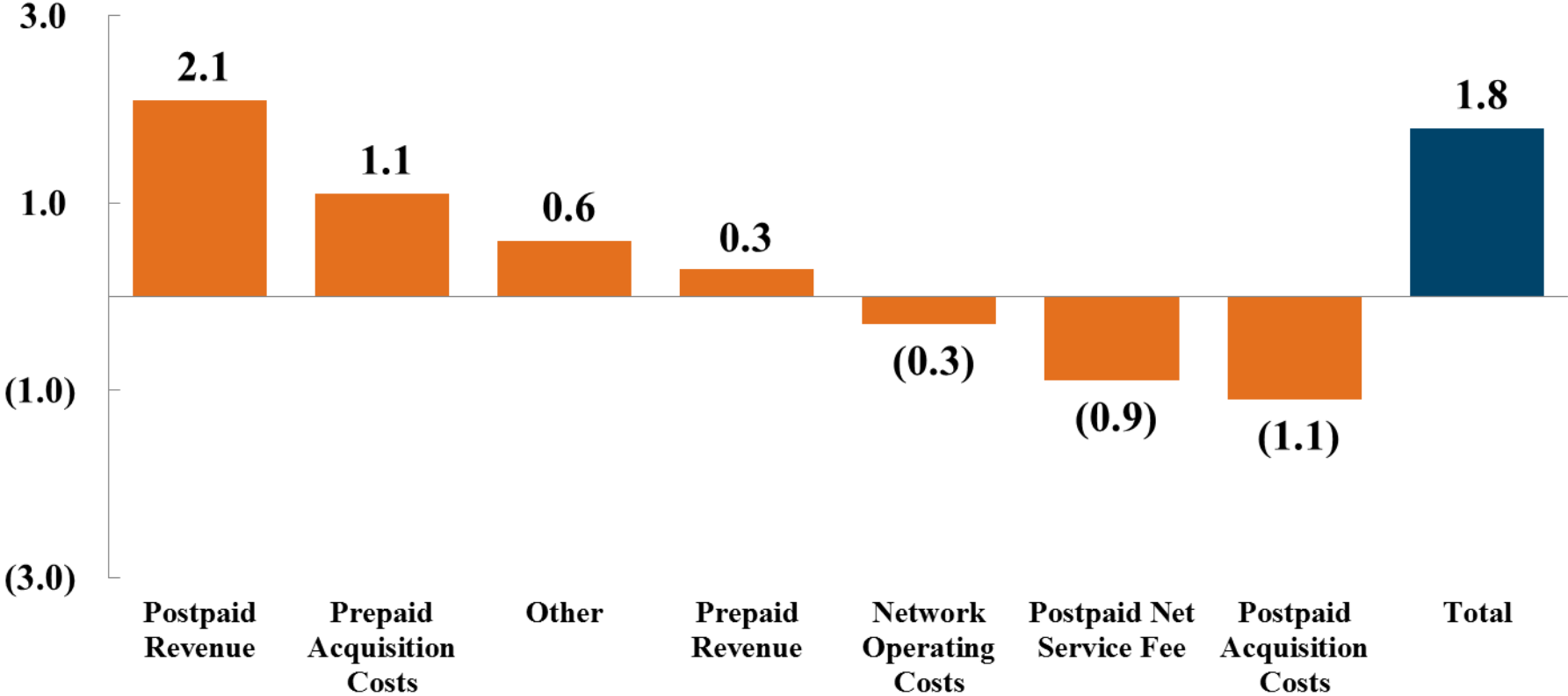
Adjusted OIBDA (\$ thousands)

| | <u>For the Quarter Ended:</u> | | |
|--------------------------------------|-------------------------------|----------------|---------------|
| | <u>6/30/13</u> | <u>6/30/14</u> | <u>Change</u> |
| Operating Income | 14,500 | 15,793 | 1,293 |
| Depreciation and Amortization | 16,071 | 16,595 | 524 |
| Share Based Compensation | 537 | 532 | (5) |
| (Gain)/Loss on Asset Sales/Disposals | 152 | 123 | (29) |
| Adjusted OIBDA | 31,260 | 33,043 | 1,783 |

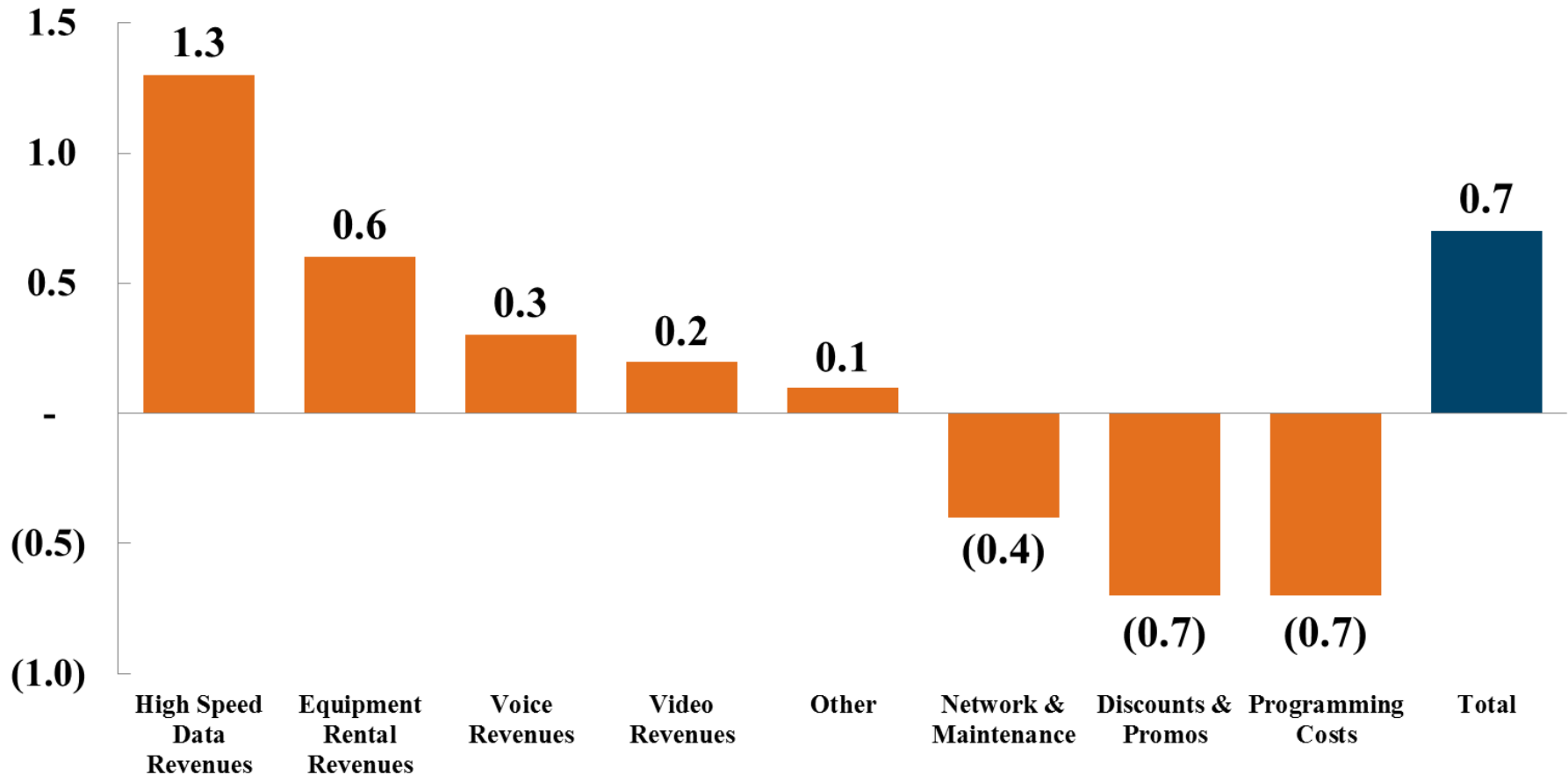
Adjusted OIBDA by Segment (\$ millions)

| | <u>Wireless</u> | | <u>Cable</u> | | <u>Wireline</u> | |
|---------------------------------|-----------------|---------------|---------------|---------------|-----------------|---------------|
| | <u>Q2'13</u> | <u>Q2'14</u> | <u>Q2'13</u> | <u>Q2'14</u> | <u>Q2'13</u> | <u>Q2'14</u> |
| Operating Income | \$ 16.1 | \$ 17.6 | \$ (2.5) | \$ (2.1) | \$ 4.0 | \$ 3.8 |
| Depreciation and amortization | 7.8 | 8.1 | 5.5 | 5.8 | 2.8 | 2.6 |
| Plus (gain) loss on asset sales | - | - | 0.1 | - | 0.1 | - |
| Share based compensation | 0.1 | 0.1 | 0.2 | 0.2 | 0.1 | 0.1 |
| Adjusted OIBDA | \$24.0 | \$25.8 | \$ 3.3 | \$ 3.9 | \$7.0 | \$ 6.5 |
| Percent Change | | 8% | | 20% | | (7%) |

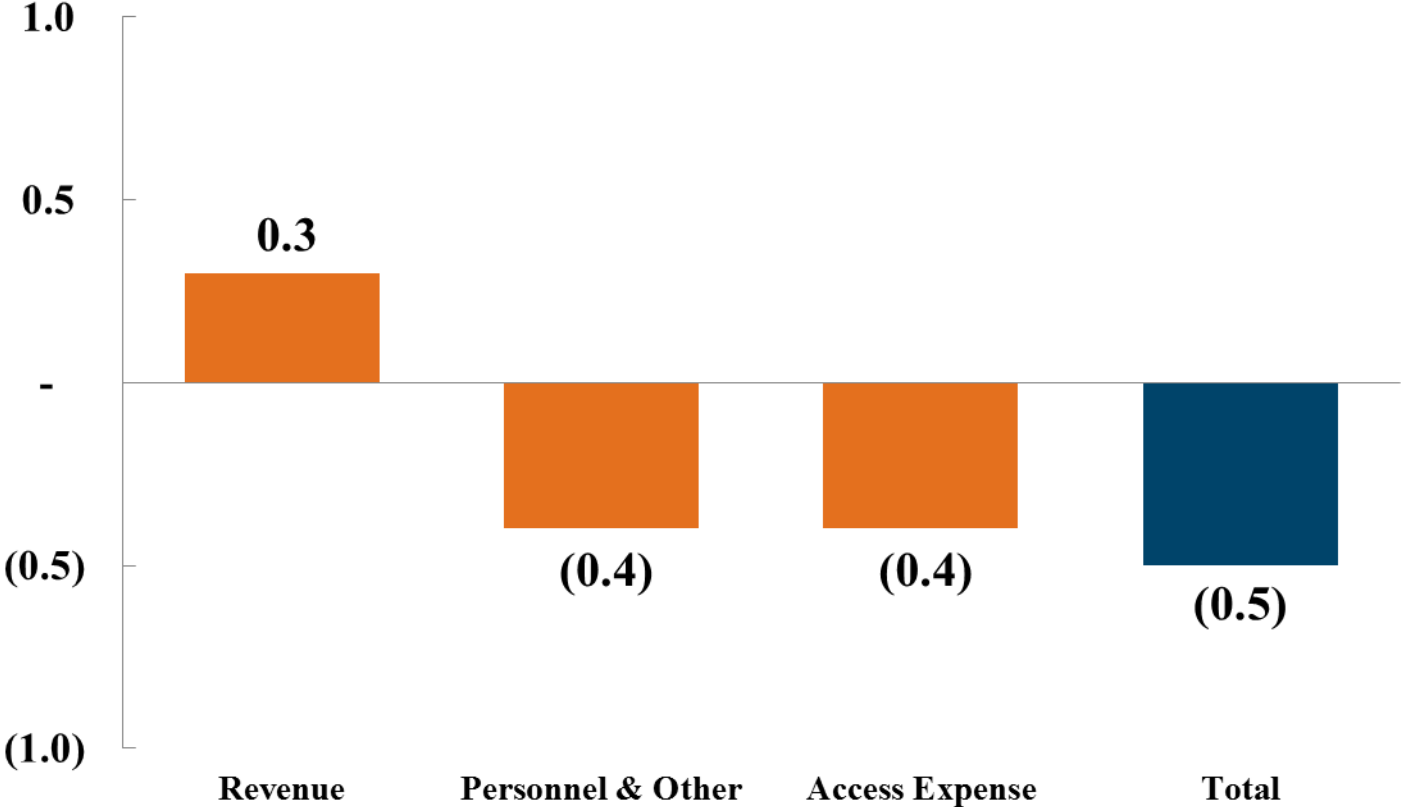
Wireless Segment – Change in Adjusted OIBDA Q2'14 vs. Q2'13 (\$ millions)



Cable Segment – Change in Adjusted OIBDA Q2'14 vs. Q2'13 (\$ millions)



Wireline Segment – Change in Adjusted OIBDA Q2'14 vs. Q2'13 (\$ millions)





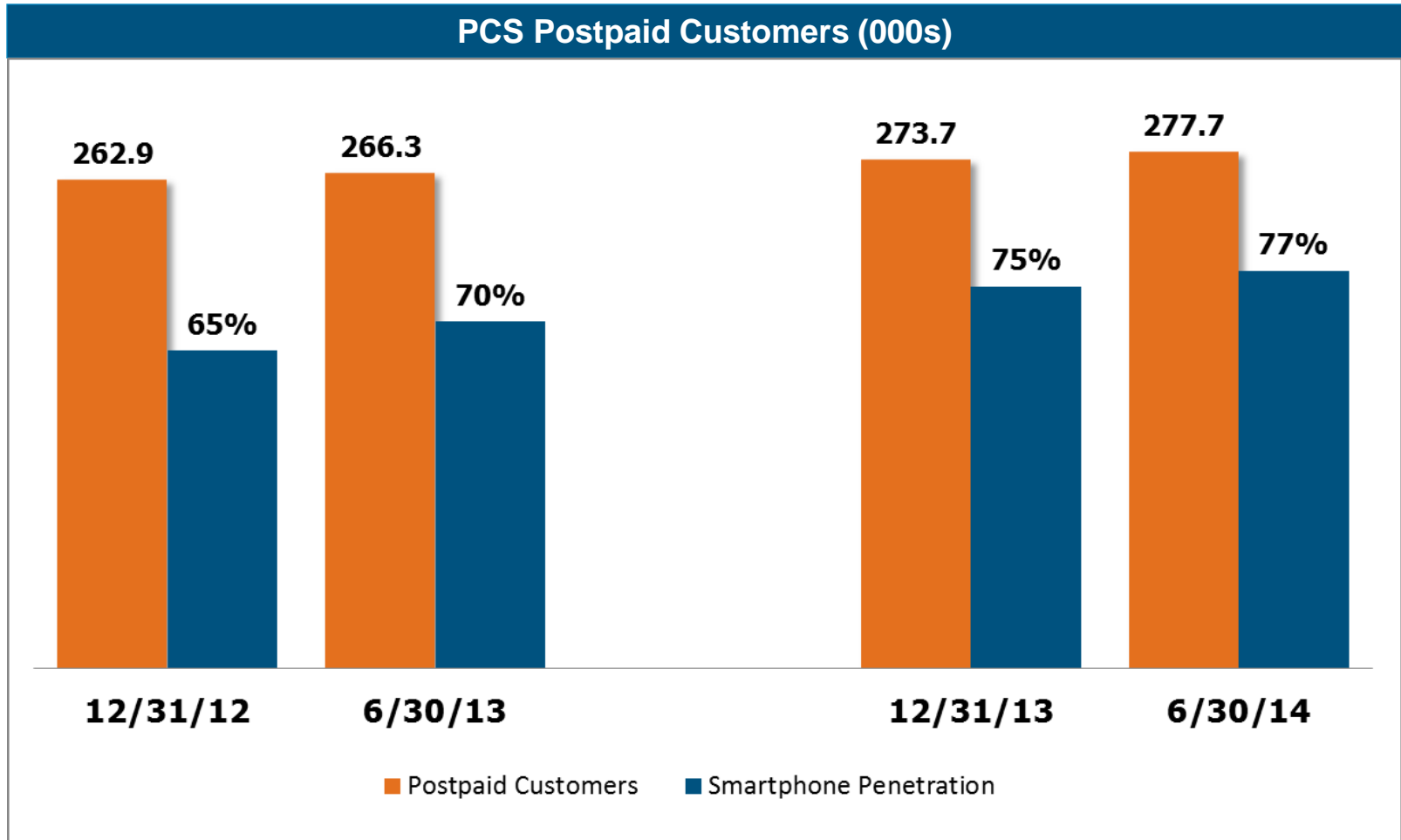
Earle MacKenzie

EVP and COO

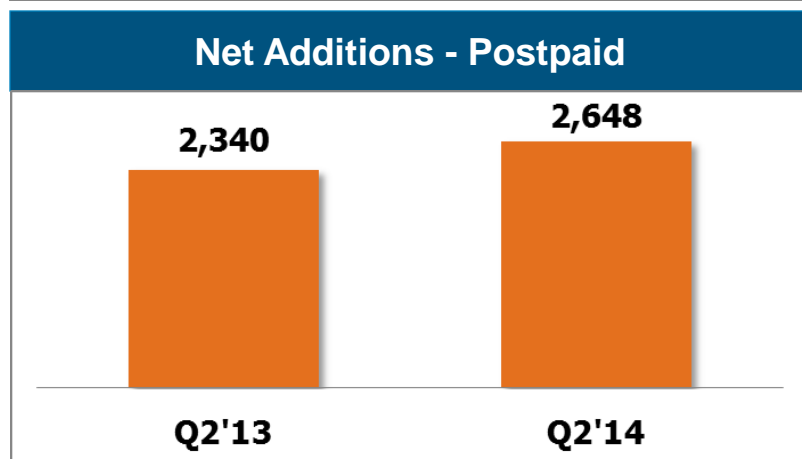
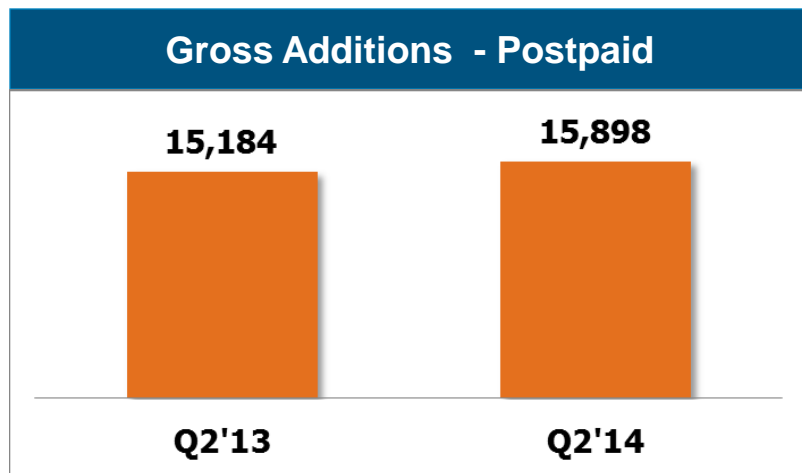


Wireless Segment

Postpaid Customer Growth



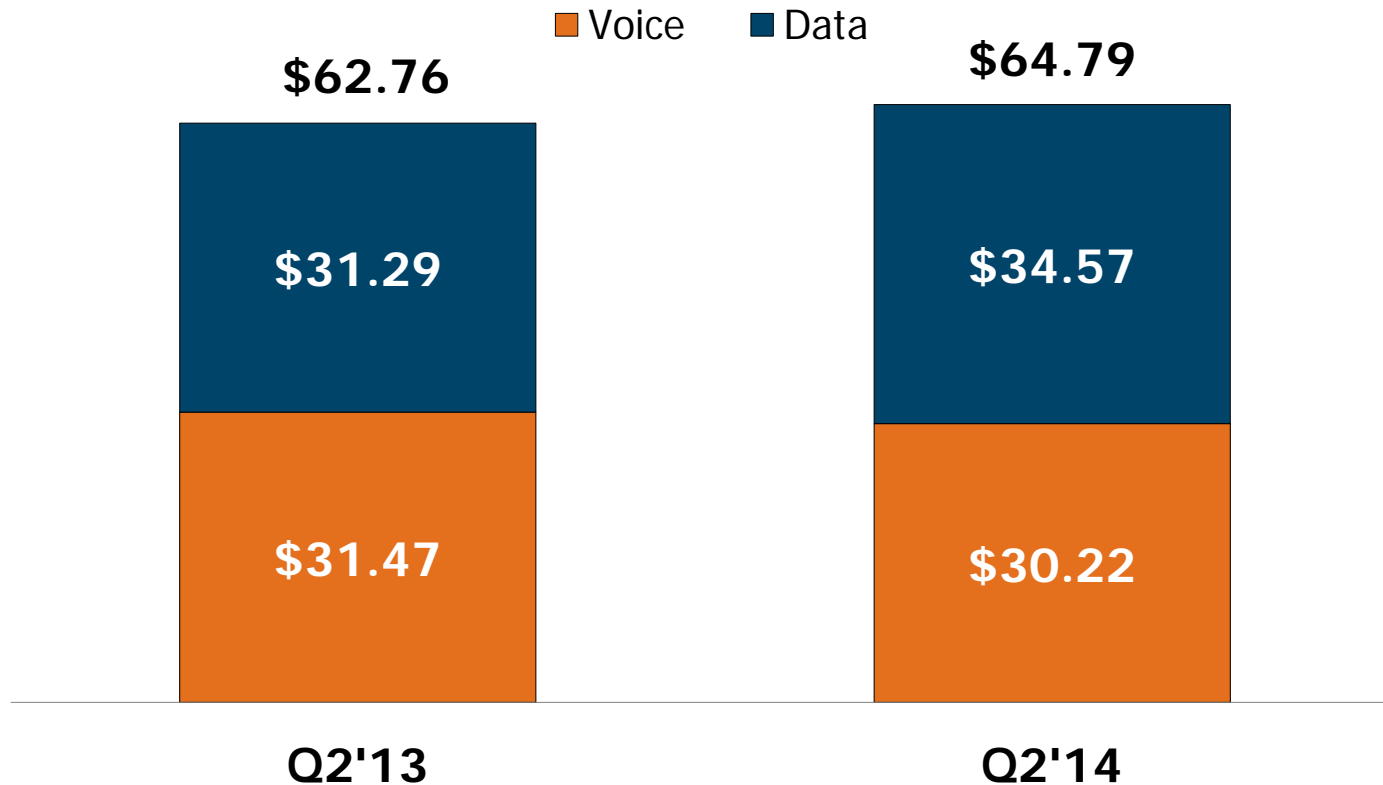
Postpaid Customer Additions



- Net adds of 2,648 in Q2 2014 versus 2,340 in Q2 2013
- Q2 2014 churn of 1.60% down from 1.62% in Q2 2013
- Shentel-controlled channels produced 47% of gross adds in Q2 2014 and 44% in Q2 2013

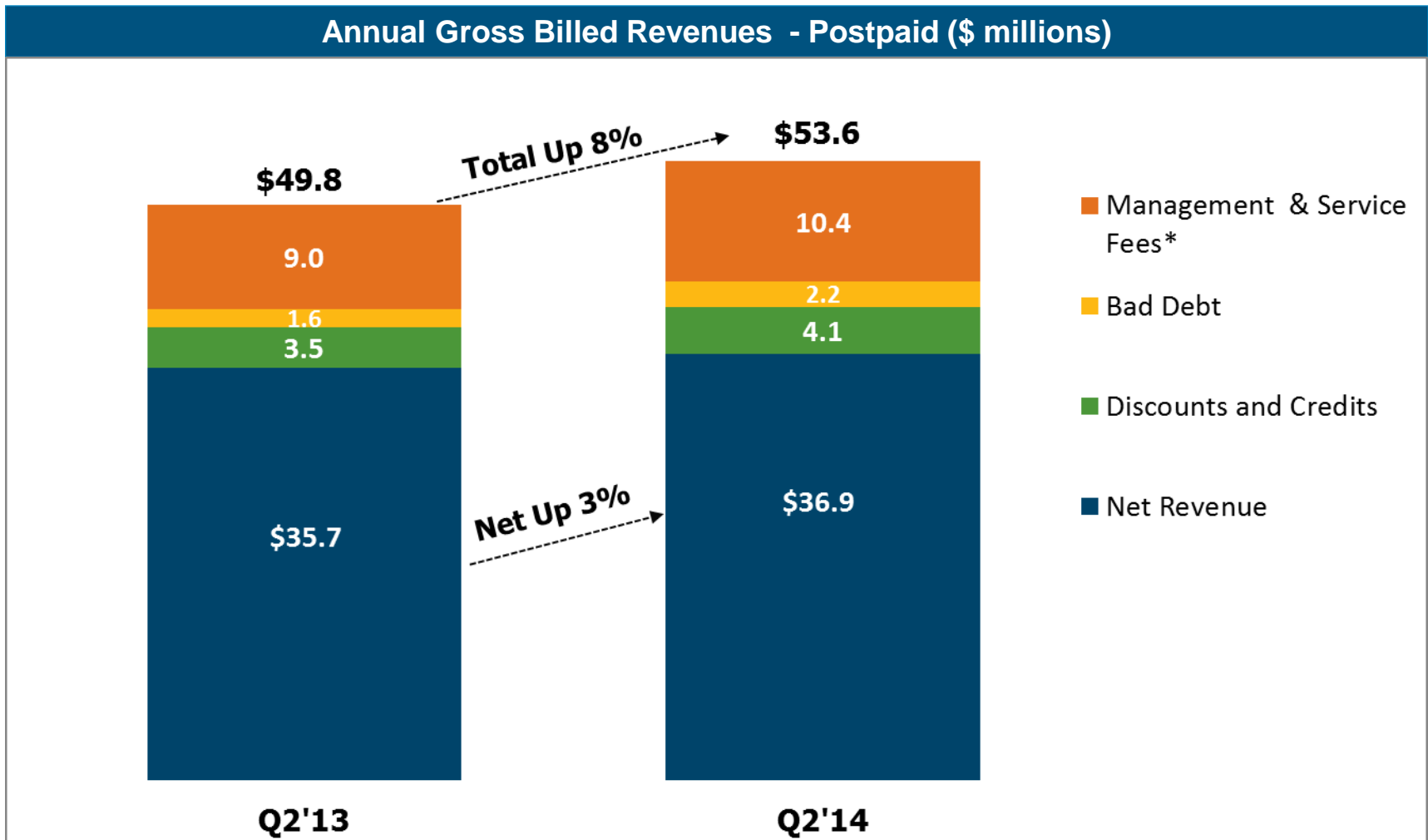
Total Revenue per Customer Up; Data Usage Increasing

Gross Billed Revenue per Postpaid User – Data & Voice ¹



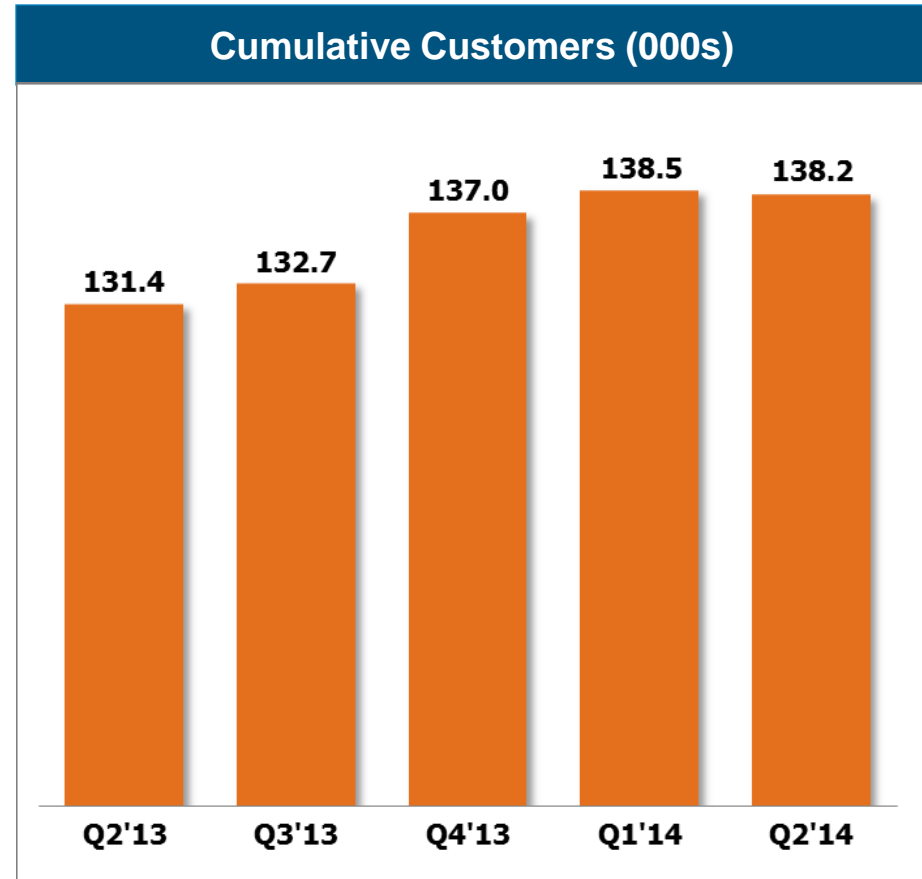
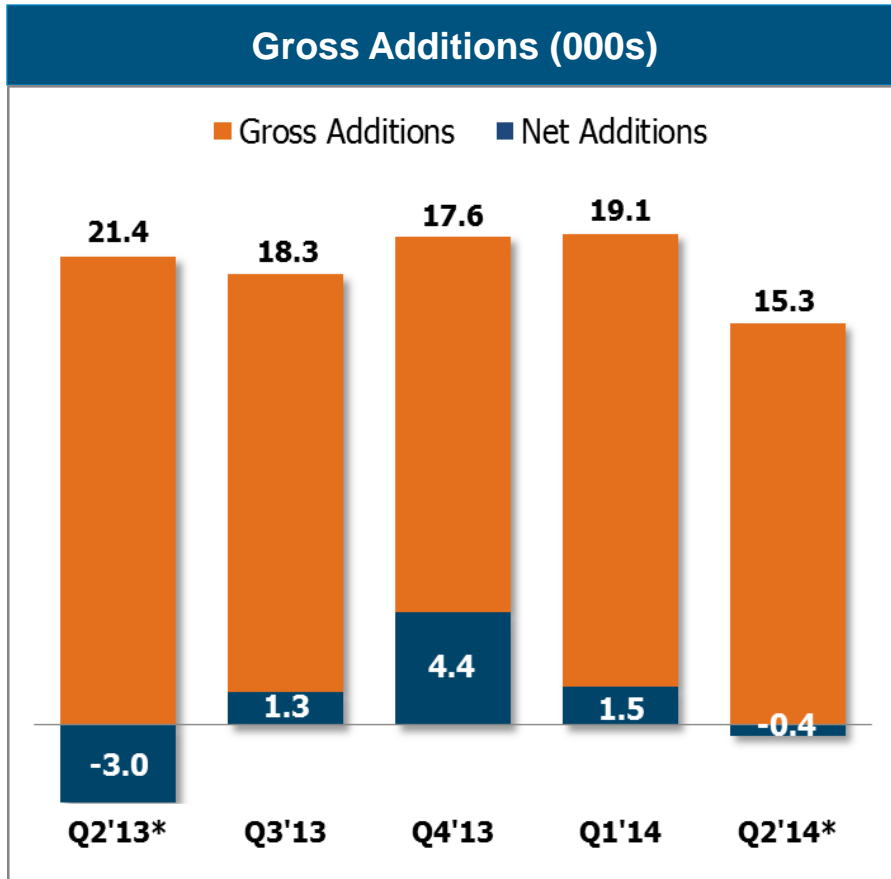
¹ – Before Service credits, bad debt, Sprint Nextel fees.

PCS Revenues



*Net service fee increased from 12% to 14% effective 8/1/2013

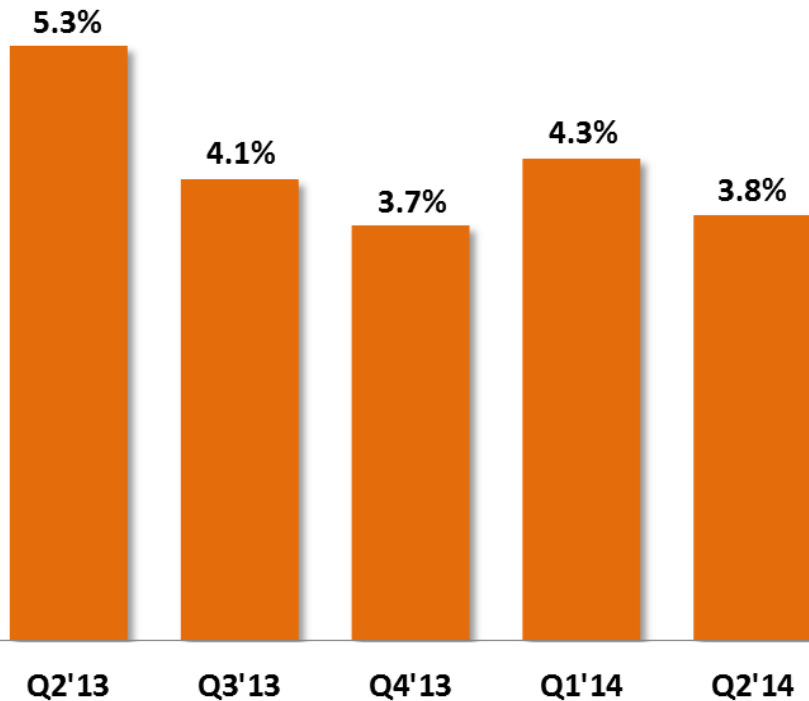
PCS Prepaid Statistics



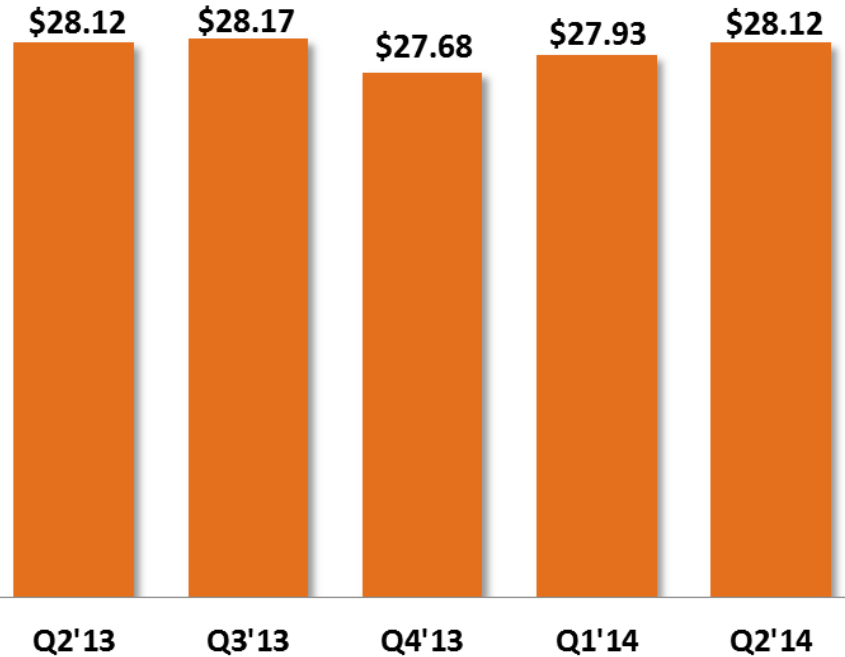
*The loss of customers in Q2'13 and Q2'14 related to more stringent governmental requirements for customers renewing their eligibility for the government subsidized Assurance program.

PCS Prepaid Statistics

Churn %



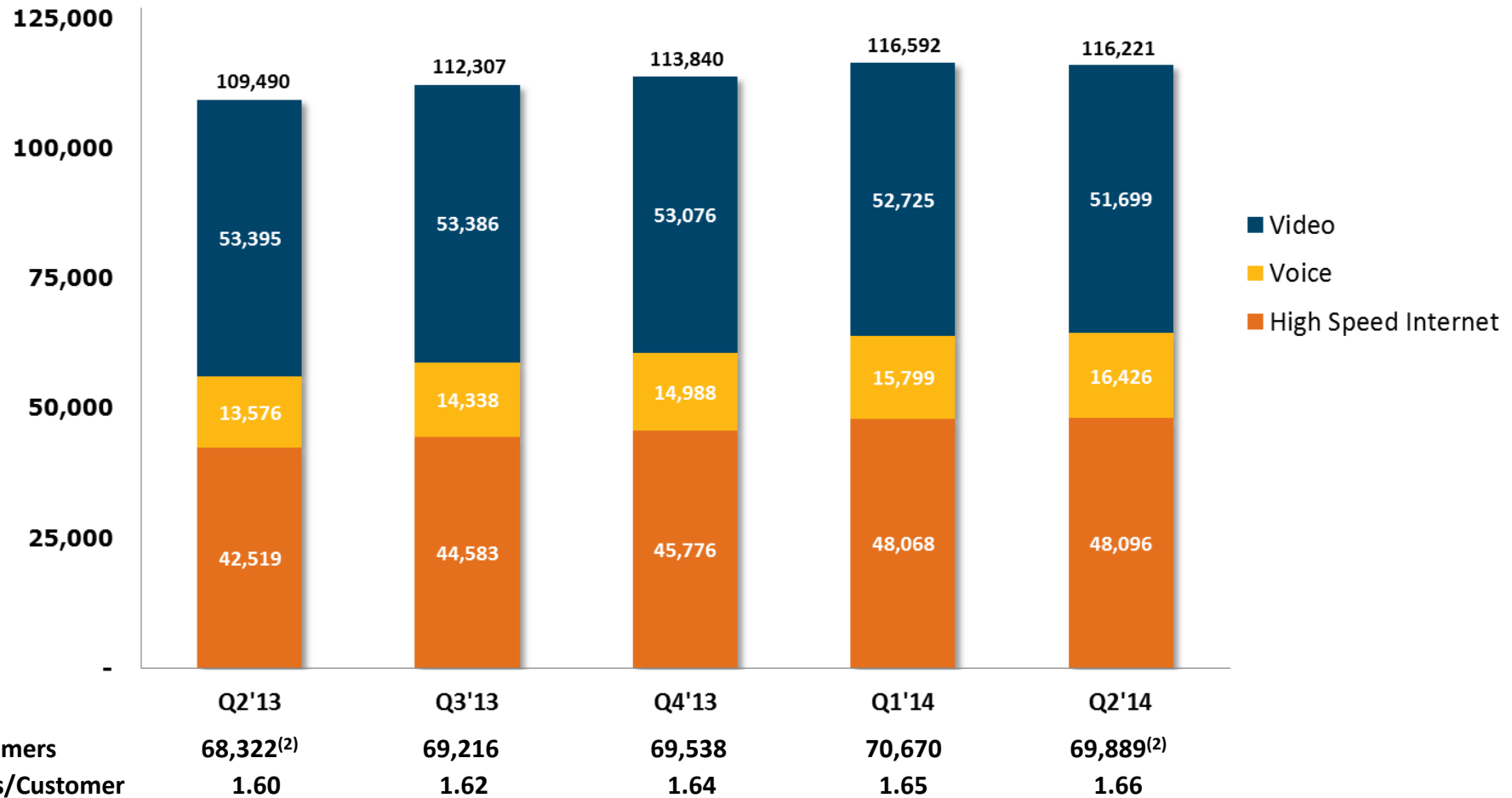
Average Gross Billed Revenue





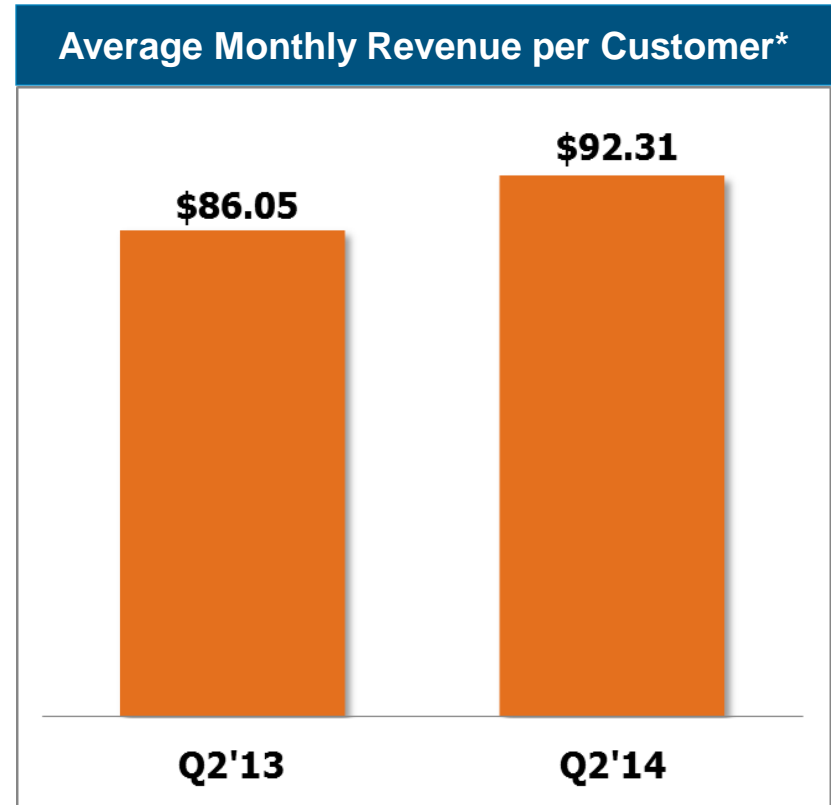
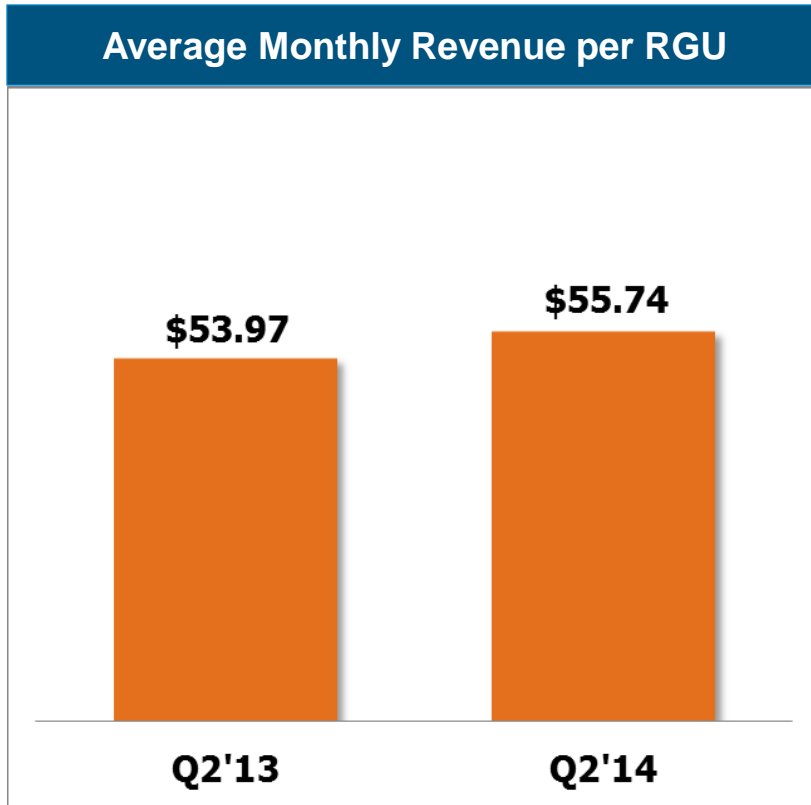
Cable Segment

Cable - RGU Growth by Quarter



1. Prior periods revised to reflect transfer of Shenandoah County, VA video activities to Wireline
2. College students disconnect during summer

Increasing Average Monthly Cable Revenue



*Average monthly revenue per video subscriber was \$109.66 and \$124.32 for Q2 2013 and Q2 2014, respectively.

Key Operational Results – Cable

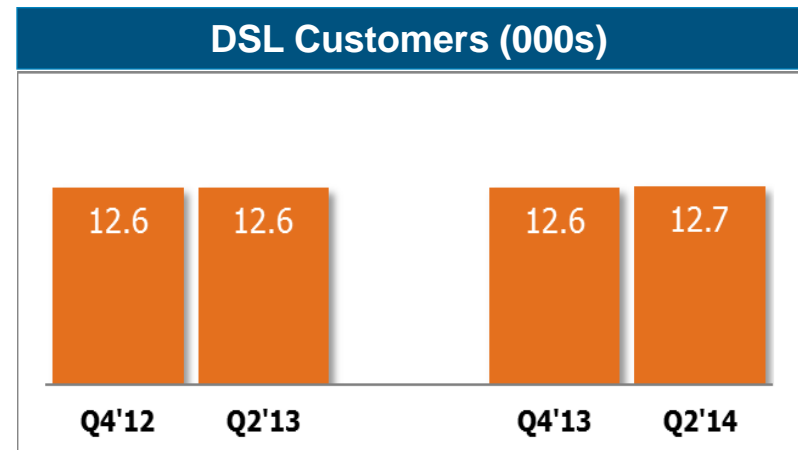
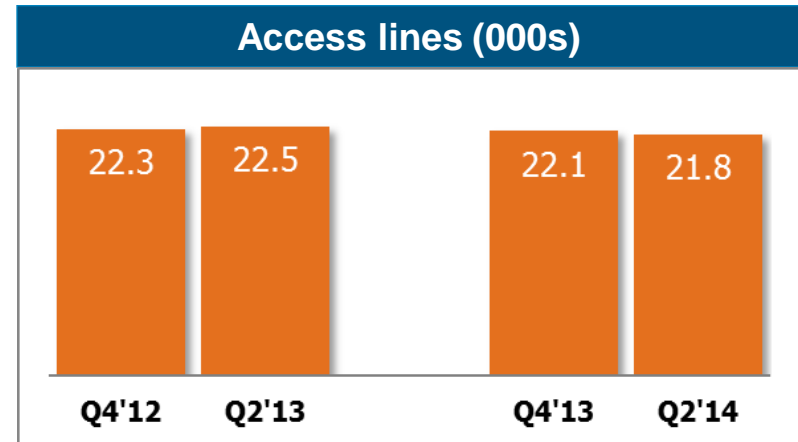
| | Q2 2013 | Q2 2014 |
|---------------------------------------|----------------|----------------|
| Homes Passed | 168,523 | 171,147 |
| Total Revenue Generating Units | 109,490 | 116,221 |
| Customer Relationships | 68,322 | 69,889 |
| RGUs per Customer Relationship | 1.60 | 1.66 |
| Video | | |
| Revenue generating units | 53,395 | 51,699 |
| Penetration | 31.7% | 30.2% |
| Digital video penetration | 40.2% | 63.6% |
| High-speed Internet | | |
| Available Homes | 166,675 | 168,923 |
| Revenue generating units | 42,519 | 48,096 |
| Penetration | 25.5% | 28.5% |
| Voice | | |
| Available Homes | 161,709 | 166,186 |
| Revenue generating units | 13,576 | 16,426 |
| Penetration | 8.4% | 9.9% |



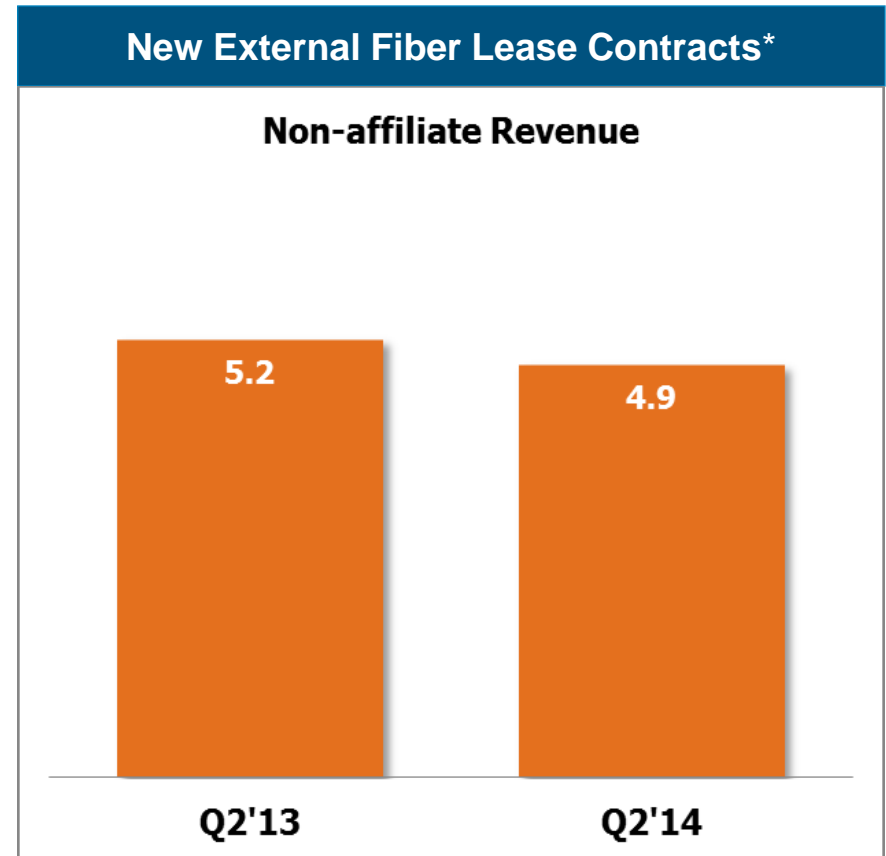
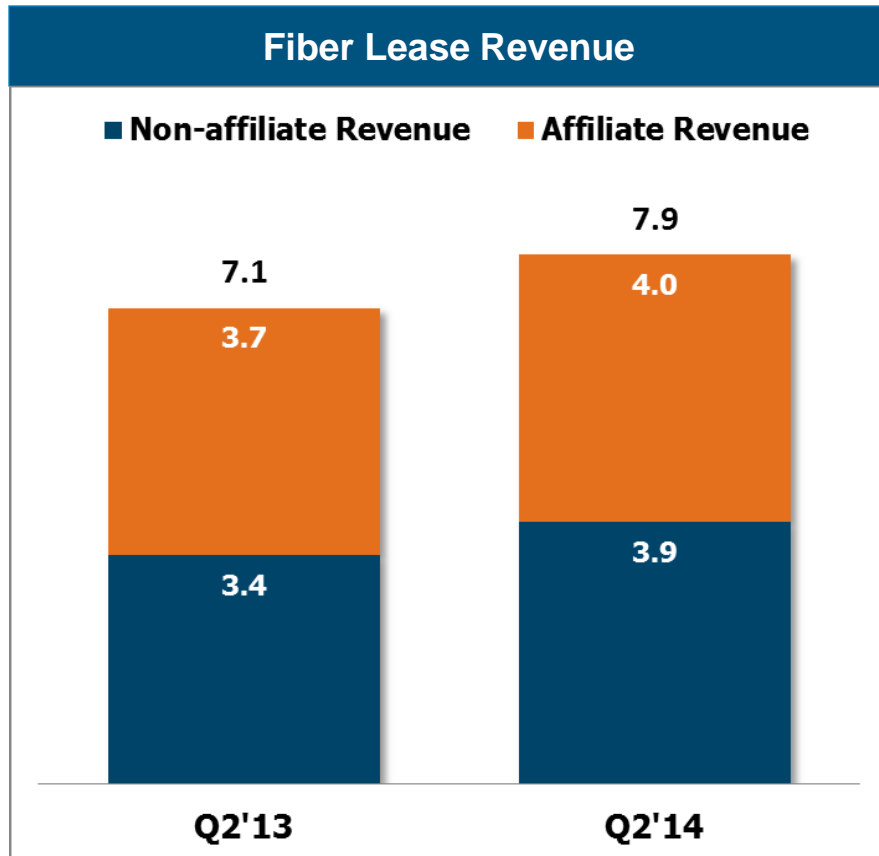
Wireline Segment

Key Operational Results - Wireline

- Access line loss of 2.8% in past 12 months
- Broadband penetration in LEC area at 58.2%
- Total connections at 6/30/14 of 34.5 thousand
- 5,904 video subscribers at 6/30/14

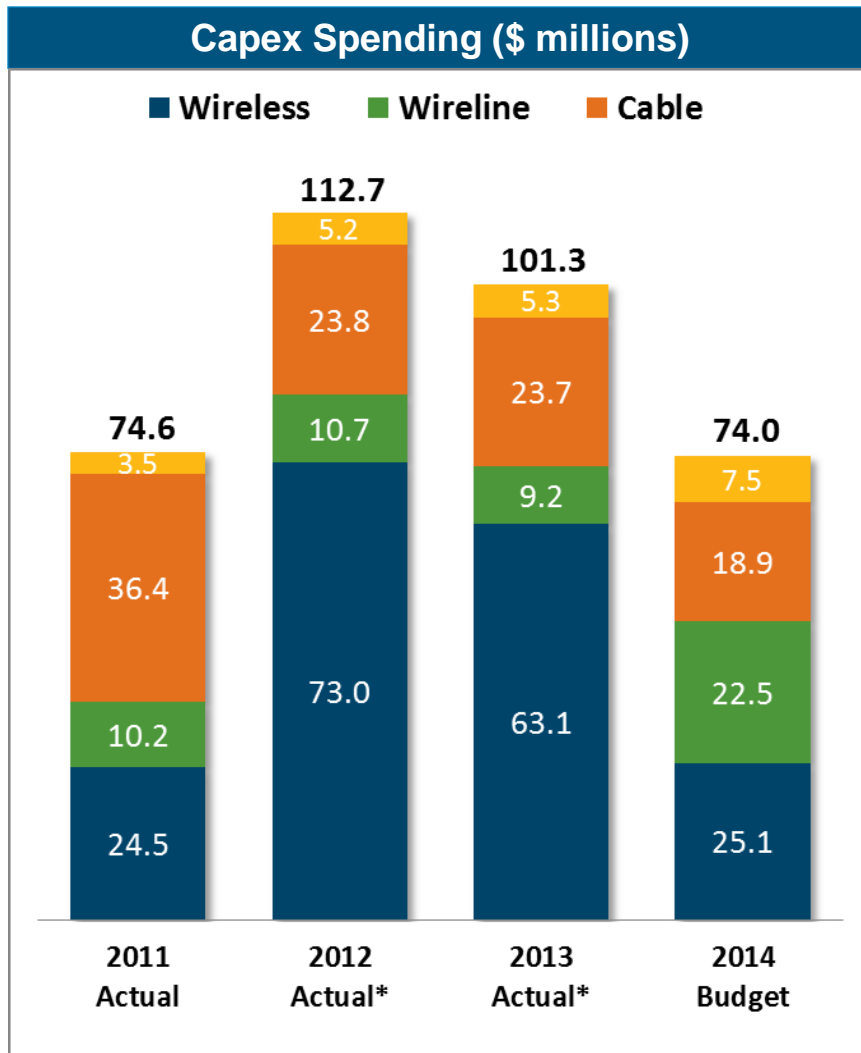


Wireline Statistics – Fiber Sales (\$ millions)



* Amounts shown represent the total contract value. Contract Terms range from 36 to 120 months. Revenues may be booked either in the Wireline or Cable segment depending on which assets are used to provide the service.

Investing in the Future



- 2014 Capex Spending:
 - 24% Maintenance
 - 24% Capacity
 - 30% Network Expansion
 - 22% Success-Based

* Accounts payable at December 31, 2013 and 2012 included \$7.6 million and \$24.7 million associated with PCS Network Vision capital expenditures.

Q&A

Appendix

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

Dollars in thousands (except subscribers and revenue per subscriber)

| | <u>2Q 2013</u> | <u>2Q 2014</u> |
|---|------------------|------------------|
| <u>Gross billed revenue</u> | | |
| Wireless segment total operating revenues | \$ 49,766 | \$ 51,774 |
| Equipment revenue | (1,270) | (1,306) |
| Tower lease revenue | (2,576) | (2,466) |
| Gross billed revenue – prepaid * | (11,262) | (11,648) |
| Prepaid service fee | 650 | 705 |
| Other revenue | 442 | (135) |
| Wireless service revenue – postpaid | 35,750 | 36,924 |
| Service credits | 3,519 | 4,058 |
| Write-offs | 1,613 | 2,241 |
| Management fee | 3,584 | 3,786 |
| Service fee | 5,374 | 6,626 |
| Gross billed revenue – postpaid ^ | <u>\$ 49,840</u> | <u>\$ 53,635</u> |
| | | |
| Average Postpaid subscribers ^ | 264,723 | 275,949 |
| Billed revenue per Postpaid subscriber ^ | \$ 62.76 | \$ 64.79 |
| | | |
| Average Prepaid subscribers * | 133,479 | 138,053 |
| Billed revenue per Prepaid subscriber * | \$ 28.12 | \$ 28.12 |

Calculation: Gross billed revenue / Average subscribers / 3 months

Postpaid PCS Customers Top Picks Q2 2014

■ **Top Service Plans** – 84% of Gross Adds

| | |
|----------------------|-----|
| Unlimited, My Way | 38% |
| * Sprint Framily | 23% |
| 3G/4G Tablet 1GB | 14% |
| Everything Data 1500 | 9% |

■ **Top Devices** – New Activations – All Channels

| | |
|-----------------------|-----|
| iPhone | 32% |
| Samsung Galaxy S | 22% |
| Samsung Galaxy Tablet | 20% |

Smartphones made up 77% of the Postpaid base in Q2 and Q1 2014, up from 70% in Q2 2013.

* New Service Plan offered in Q2 2014

iPhone Statistics – Q2'14

- 33% of Q2 Gross Adds
- 47% of iPhones were sold or upgraded in Shentel-controlled channels
- 31.6% of 6/30/14 Postpaid customers had the iPhone, up from 30.3% at 3/31/14
- iPhone Base – 6/30/14
 - 51% iPhone 4 & 4S
 - 49% iPhone 5, 5C & 5S

Non-GAAP Financial Measure – Average Monthly Cable Revenue

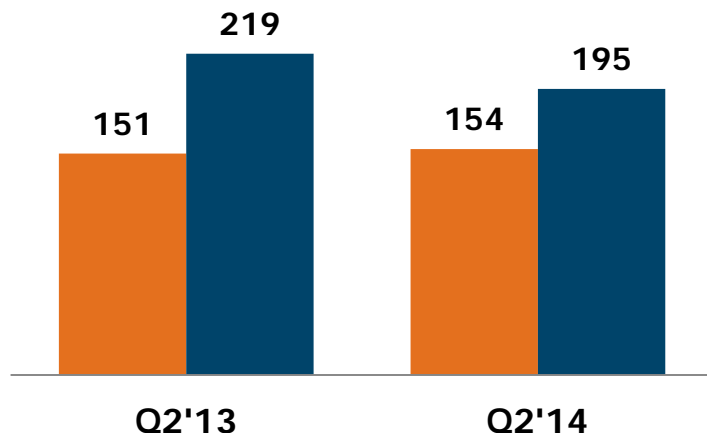
Dollars in thousands (except subscribers and revenue per user)

| | <u>Q2 2013</u> | <u>Q2 2014</u> |
|---|------------------|------------------|
| Net Service Revenue | \$ 16,325 | \$ 17,417 |
| Set-top box rentals | 1,165 | 1,752 |
| FUSC and pass-through fees | 277 | 338 |
| Video, Internet & Voice Revenue | 17,767 | 19,507 |
| Other miscellaneous revenue | 968 | 1,330 |
| Total Operating Revenue | 18,735 | 20,837 |
| | | |
| Video revenue | 11,222 | 11,695 |
| Internet revenue | 5,270 | 6,319 |
| Voice revenue | 1,275 | 1,493 |
| Video, Internet & Voice Revenue | \$ 17,767 | \$ 19,507 |
| | | |
| <u>Average Subscribers</u> | | |
| Video | 54,006 | 52,304 |
| Internet | 42,536 | 48,218 |
| Voice | 13,201 | 16,133 |
| Revenue Generating Units (RGUs) | 109,742 | 116,655 |
| Average Customer Relationships | 68,828 | 70,442 |
| | | |
| <u>Average Revenue Per User (ARPU)</u> | | |
| Revenue Generating Units (RGUs) | \$ 53.97 | \$ 55.74 |
| Customer Relationships | 86.05 | 92.31 |
| Video | 109.66 | 124.32 |

Key Operational Results – Mobile Company

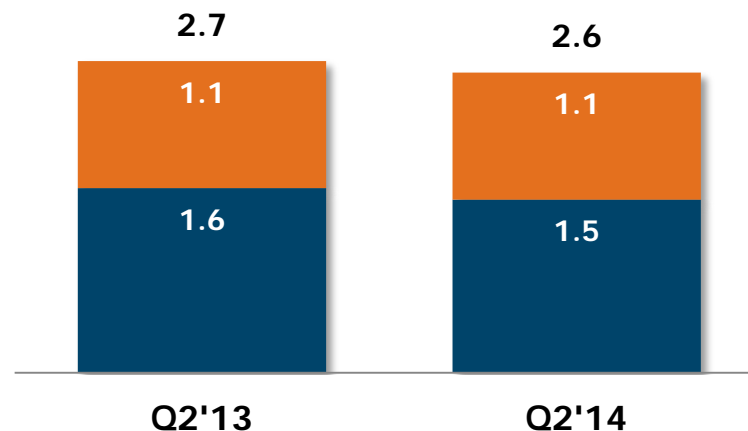
Towers and Leases

■ Towers ■ Non-affiliate Leases



Mobile Tower Revenue (\$ millions)

■ Non-affiliate Revenue ■ Affiliate Revenue



(in thousands)

| | <u>Q2'13</u> | <u>Q2'14</u> |
|-------------------------------|----------------|----------------|
| Operating Income | \$939* | \$1,324 |
| Depreciation and Amortization | 395 | 387 |
| Share Based Compensation | 5 | 4 |
| Adjusted OIBDA | \$1,339 | \$1,715 |

* The lower operating income in Q2'13 primarily resulted from a \$0.5 million adjustment to reduce straight-line rent accruals at a small number of sites related to termination of Sprint's iDEN leases.