



2Q 2017 Earnings Conference Call

August 2, 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

Second Quarter 2017 Highlights

■ Net Loss in Q2'17

- Net loss of \$80 thousand in Q2'17 compared to a net loss of \$7.0 million in Q2'16

■ Adjusted OIBDA Growth

- Increased 24.2% to \$69.4 million over Q2'16

■ Revenue Growth

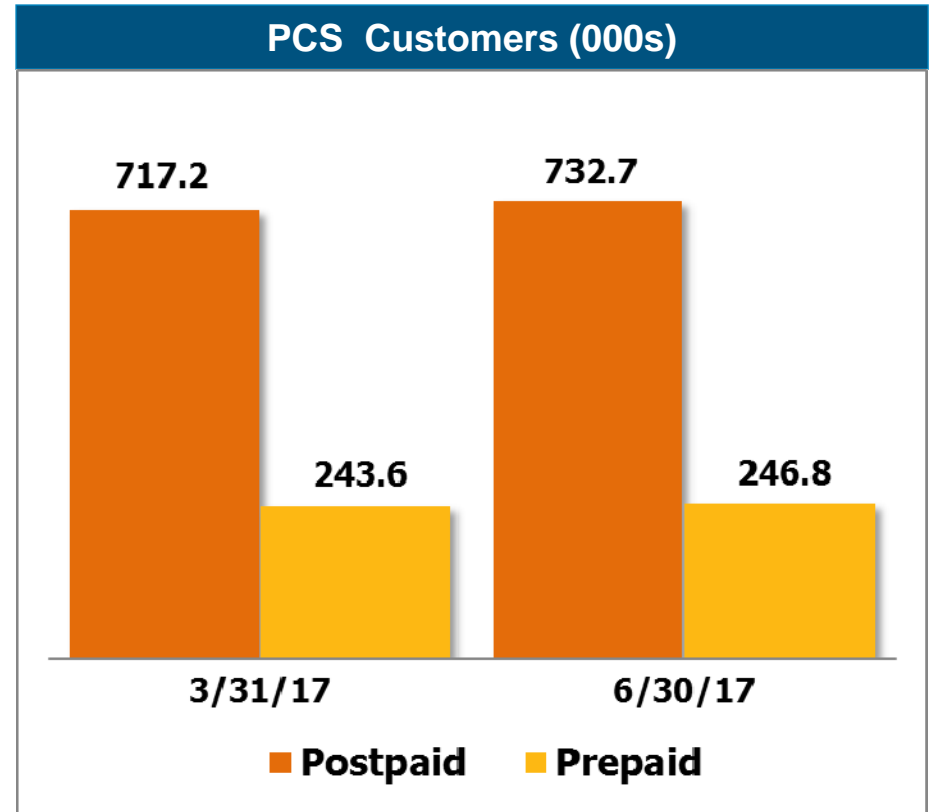
- Increased 17.6% to \$153.3 million over Q2'16

■ Customer Change

	<u>3/31/17</u>	<u>6/30/17</u>	<u>Change</u>
Wireless	960,707	979,464	18,757
Cable (RGUs)	132,846	132,287	(559)

Wireless Highlights

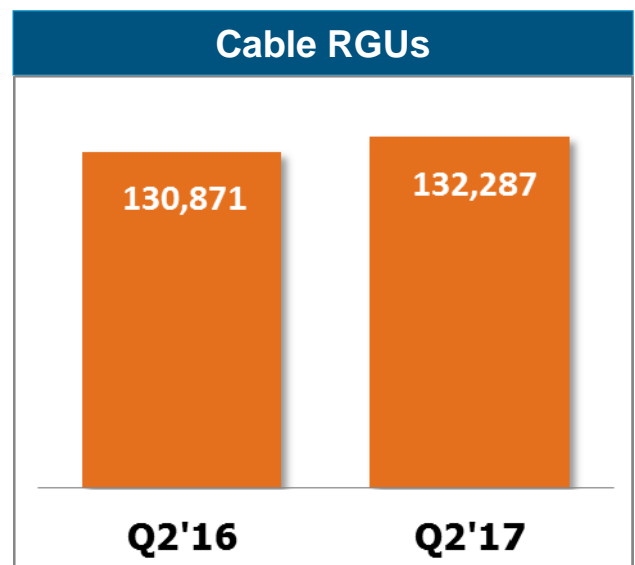
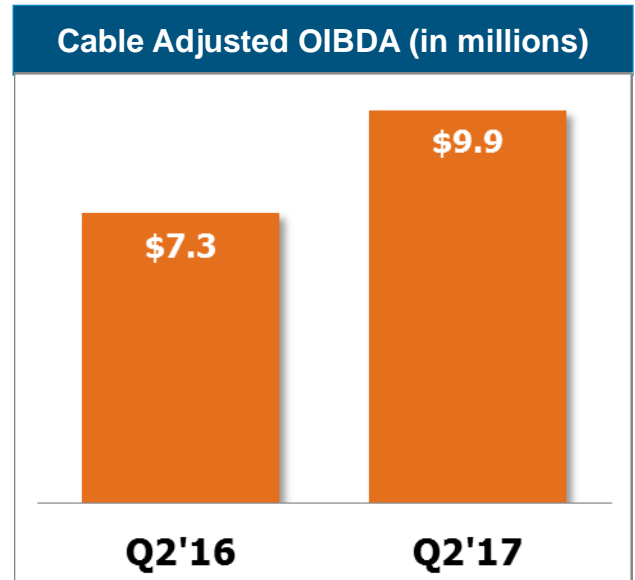
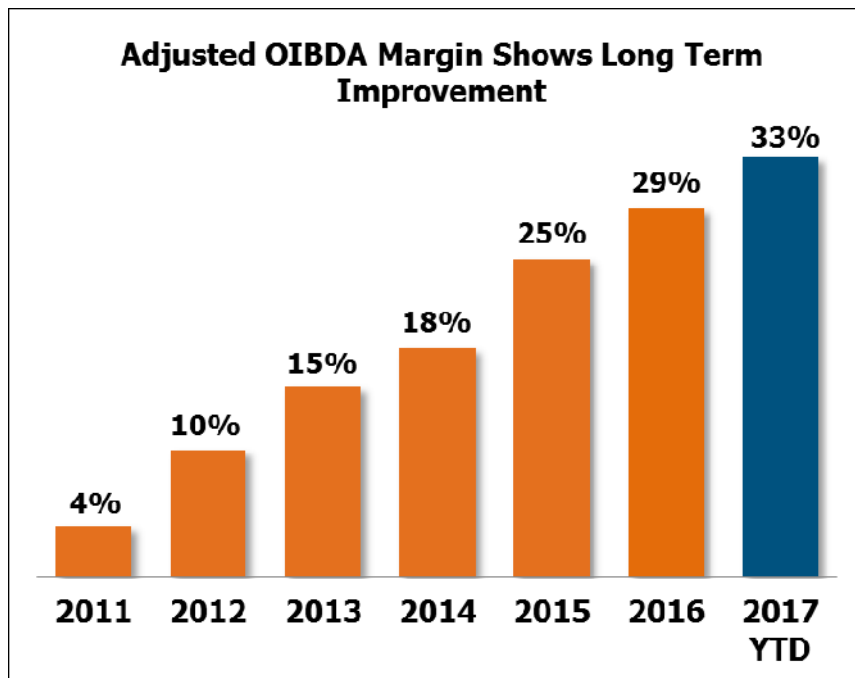
- **Postpaid Growth**
Postpaid customers up 2.2% over last 3 months
- **Prepaid Customers**
Prepaid customers up 1.3% over last 3 months
- **Adjusted OIBDA Growth**
Increased to \$58.2 million, up 29.4% in Q2'17 vs Q2'16



Cable Highlights

■ Revenue Growth

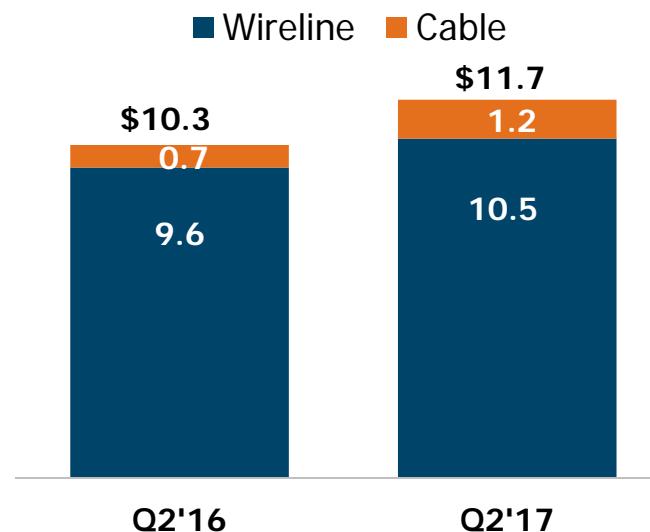
- Operating revenues \$29.6 million, growth of 12.0% over Q2'16
- Q2'17 Adjusted OIBDA \$9.9 million, up 35.6% from Q2'16
- 132,287 RGUs at Q2'17, up 1.1% over Q2'16



Fiber and Tower Highlights

- Wireline and Cable fiber lease revenues of \$11.7 million, up 12.7% from Q2'16
- 195 towers generated \$1.8 million of OIBDA in Q2'17

*Fiber Lease Revenue (in millions)



*Includes both Affiliate and Non-affiliate revenues

Mobile Tower OIBDA (\$ thousands)

<i>(in thousands)</i>	<u>Q2'16</u>	<u>Q2'17</u>
Operating Income	\$1,121	\$1,320
Deprec. and Amort.	472	471
Loss on Asset Disposals	22	-
Share Based Compensation	13	6
Adjusted OIBDA	\$1,628	\$1,797



Adele Skolits

VP of Finance and CFO

Profitability

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

	<u>For the Quarter Ended:</u>	
	6/30/16	6/30/17
Operating Income	\$ (6.2)	\$ 8.3
Net Income	\$ (7.0)	\$ (0.1)
Earnings Per Share:		
Basic	\$ (0.14)	\$ (0.0)
Diluted	\$ (0.14)	\$ (0.0)

Profitability

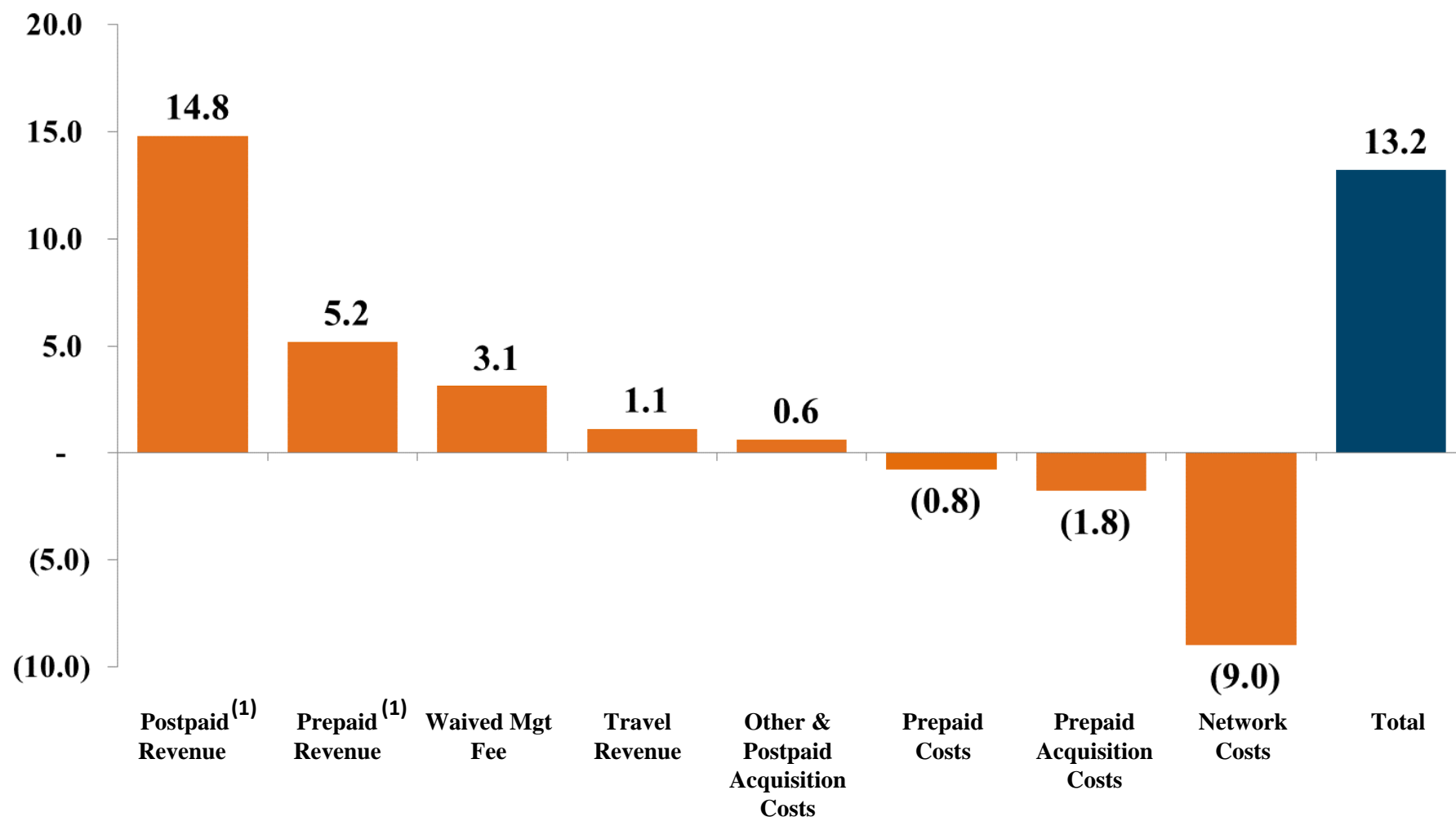
Adjusted OIBDA (\$ millions)

	For the Quarter Ended:			
	6/30/16	6/30/17	Change (\$)	Change (%)
Operating income	(6.2)	8.3	14.5	234%
Depreciation and amortization	32.4	44.9	12.5	39%
Share based compensation	1.0	0.8	(0.2)	-20%
Straight line adjustment to reduce management fee waiver	3.0	4.4	1.4	47%
Amortization of intangible netted in revenue	3.3	5.3	2.0	61%
Amortization of intangible netted in rent expense	-	0.3	0.3	N.M.
Integration, acquisition and migration expense	20.1	3.7	(16.4)	N.M.
Temporary backoffice costs to support the billings operations through migration	2.3	1.7	(0.6)	-26%
Adjusted OIBDA	55.9	69.4	13.5	24%
Less waived management fee	(6.1)	(9.2)	(3.1)	51%
Continuing OIBDA	49.8	60.3	10.5	21%

Adjusted OIBDA by Segment (\$ millions)

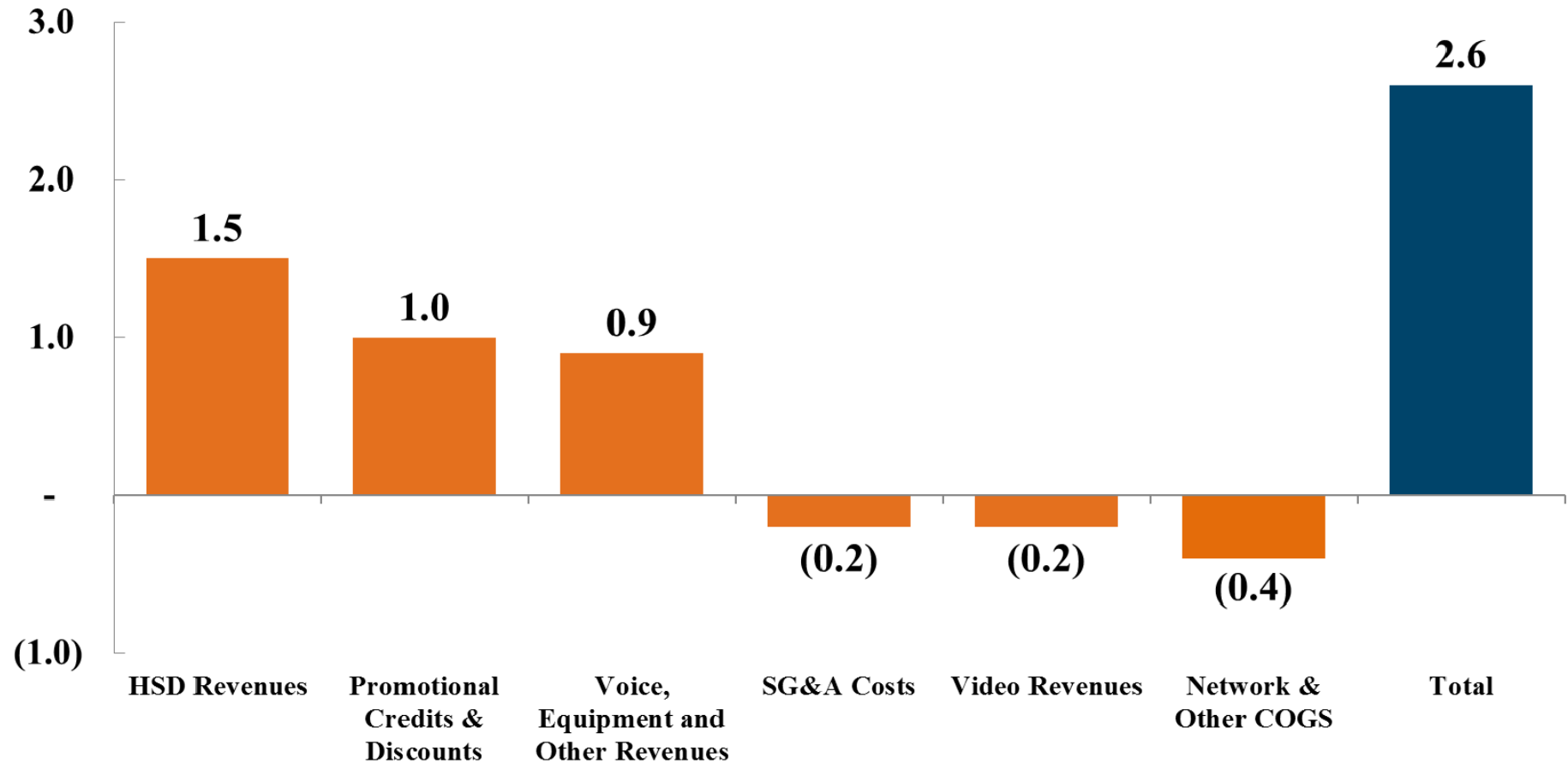
	<u>Wireless</u>		<u>Cable</u>		<u>Wireline</u>	
	<u>Q2'16</u>	<u>Q2'17</u>	<u>Q2'16</u>	<u>Q2'17</u>	<u>Q2'16</u>	<u>Q2'17</u>
Operating income	\$ 7.3	\$ 6.4	\$ 1.2	\$ 3.7	\$ 5.2	\$ 5.4
Depreciation and amortization	23.5	35.6	5.8	6.1	2.9	3.2
Plus (gain) loss on asset sales	-	-	-	(0.1)	0.1	-
Share based compensation	0.3	0.4	0.3	0.2	0.1	-
Straight line adjustment - mgmt fee waiver	3.0	4.4	-	-	-	-
Amort. of intangible netted in revenue	3.3	5.3	-	-	-	-
Amort. of intangible netted in rent expense	-	0.3	-	-	-	-
Integration, acquisition and migration expense	5.3	4.1	-	-	-	-
Temporary backoffice costs	2.3	1.7				
Adjusted OIBDA	\$45.0	\$58.2	\$ 7.3	\$ 9.9	\$8.3	\$ 8.6
Percent Change		29%		36%		4%
Adjusted OIBDA Margin	48%	51%	28%	34%	45%	44%

Wireless Segment – Change in Adjusted OIBDA Q2'17 vs. Q2'16 (\$ millions)



(1) Postpaid Revenue and Prepaid Revenue exclude the effect of allocating the management fee waiver

Cable Segment – Change in Adjusted OIBDA Q2'17 vs. Q2'16 (\$ millions)

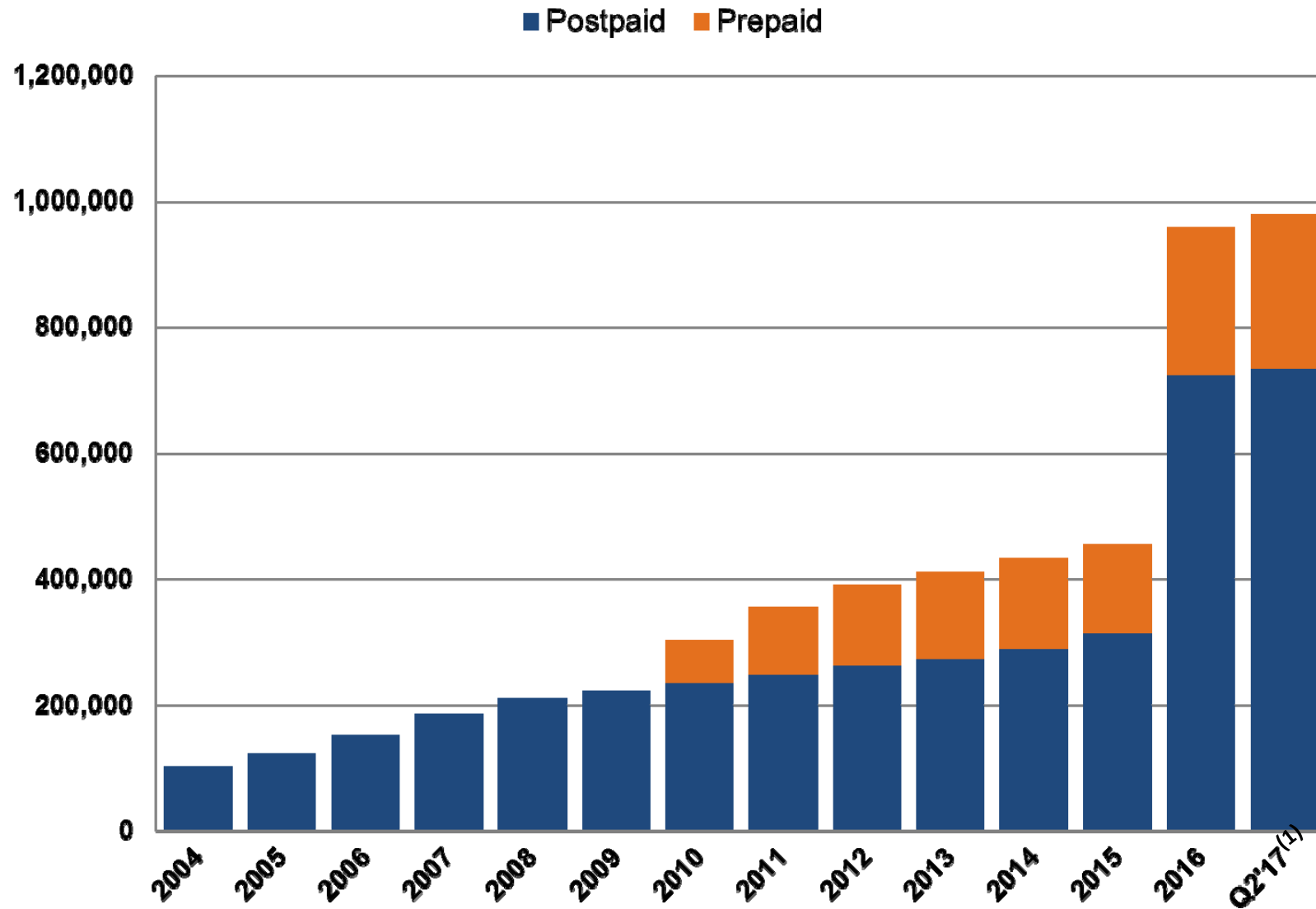




Earle MacKenzie

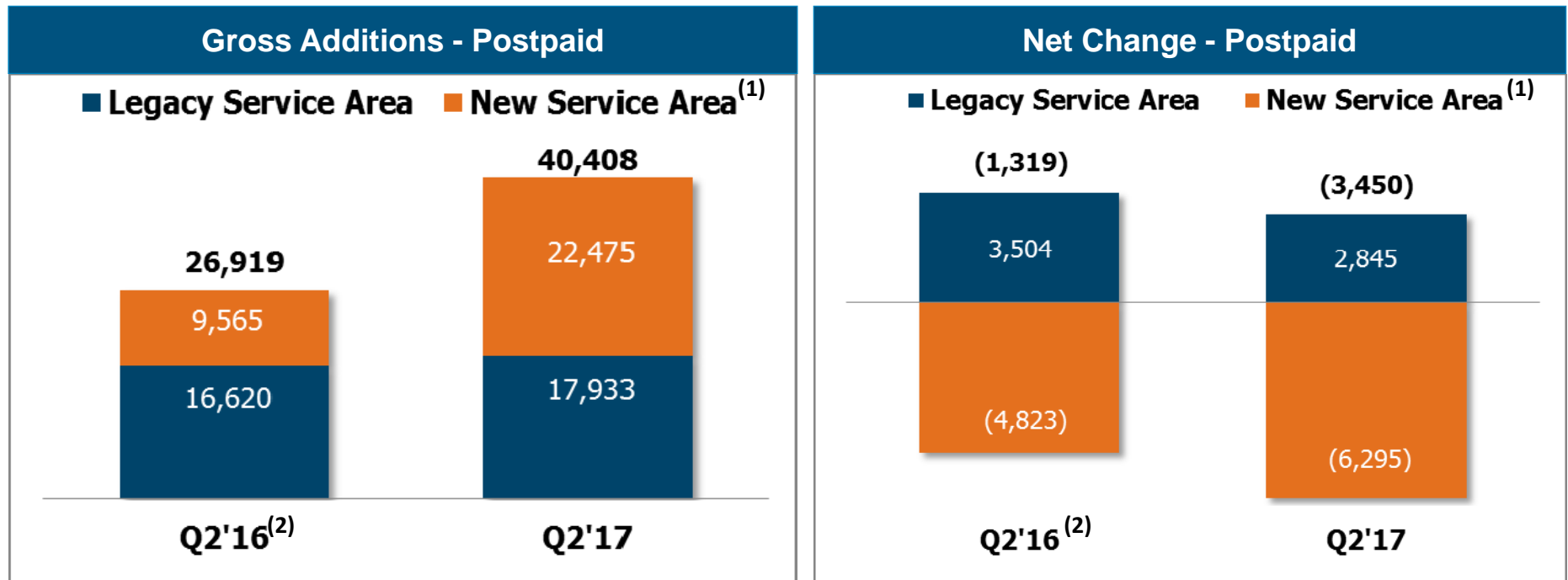
EVP and COO

Subscriber Growth



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

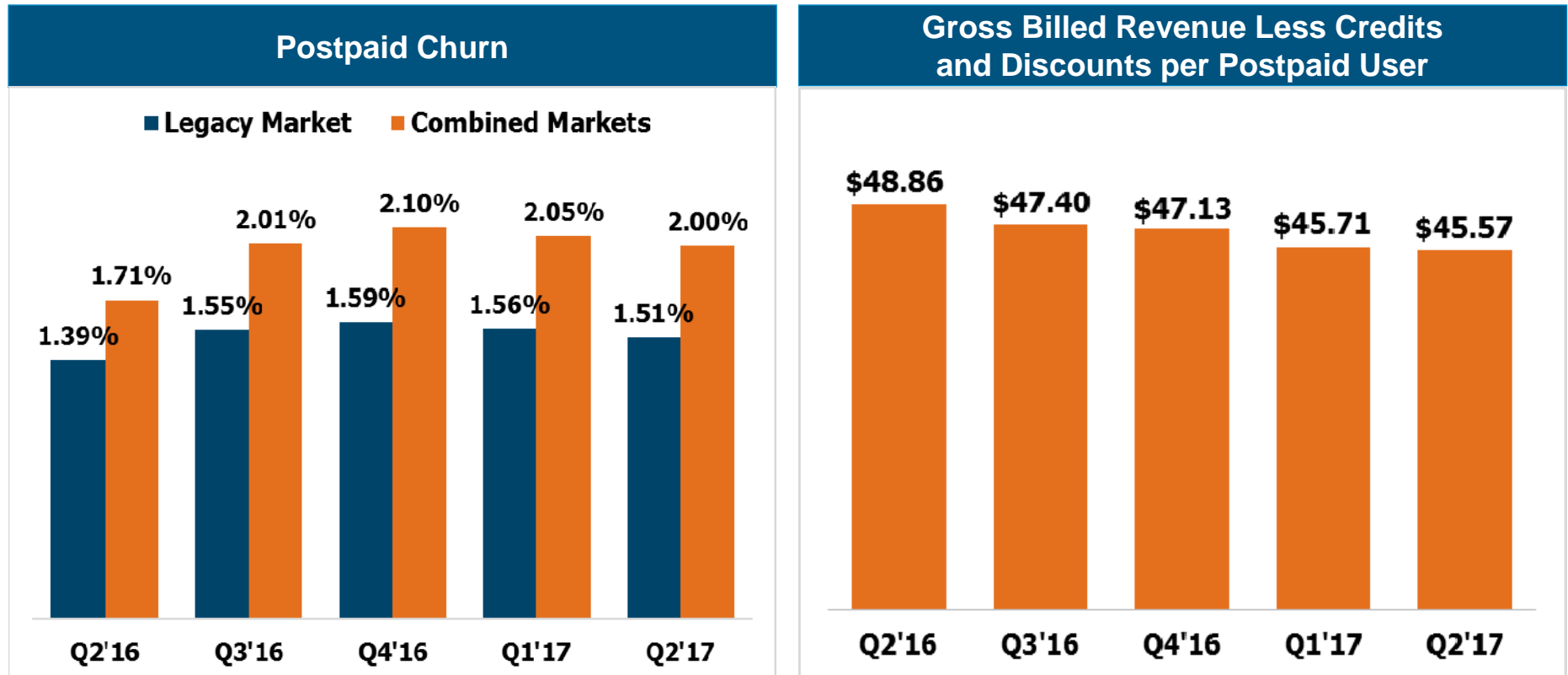
Postpaid Customer Additions



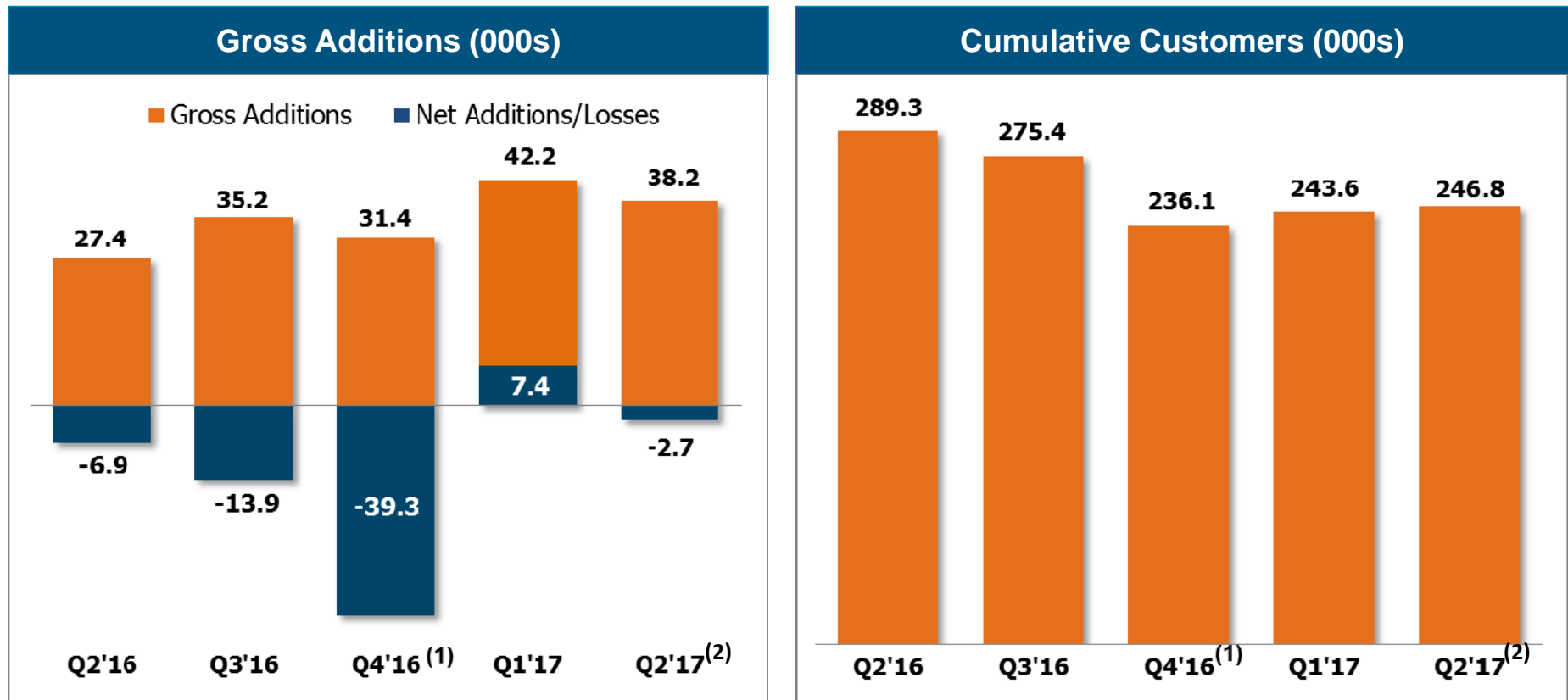
(1) New Service Area includes the nTelos acquisition and the Expansion Area acquired on 4/6/17. Charts exclude the approximately 19,000 postpaid subscribers obtained from Sprint.

(2) Q2'16 results include a partial quarter related to the nTelos acquisition that closed on 5/6/16.

PCS Postpaid Statistics



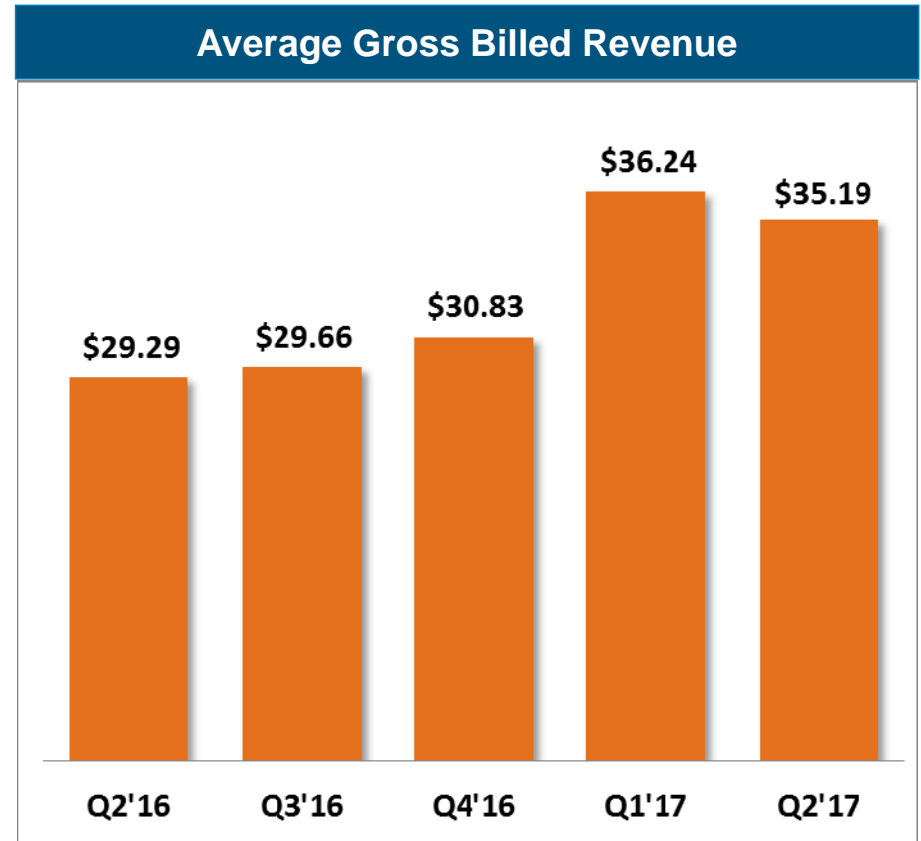
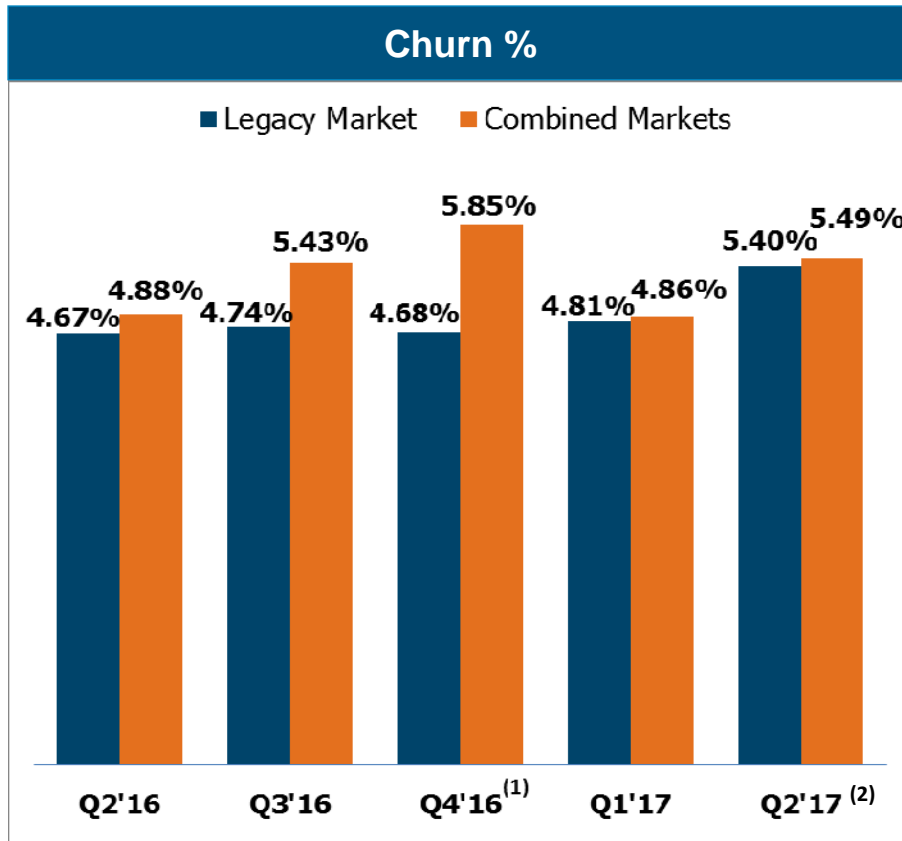
PCS Prepaid Statistics



(1) - In Q4'16, approximately 24,000 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.

(2) - In Q2'17, approximately 4,300 prepaid customers were deactivated as a result of government recertification requirements for customers renewing their eligibility for the government subsidized Assurance prepaid line. Total includes approximately 6,000 prepaid subscribers acquired from Sprint on 4/6/17.

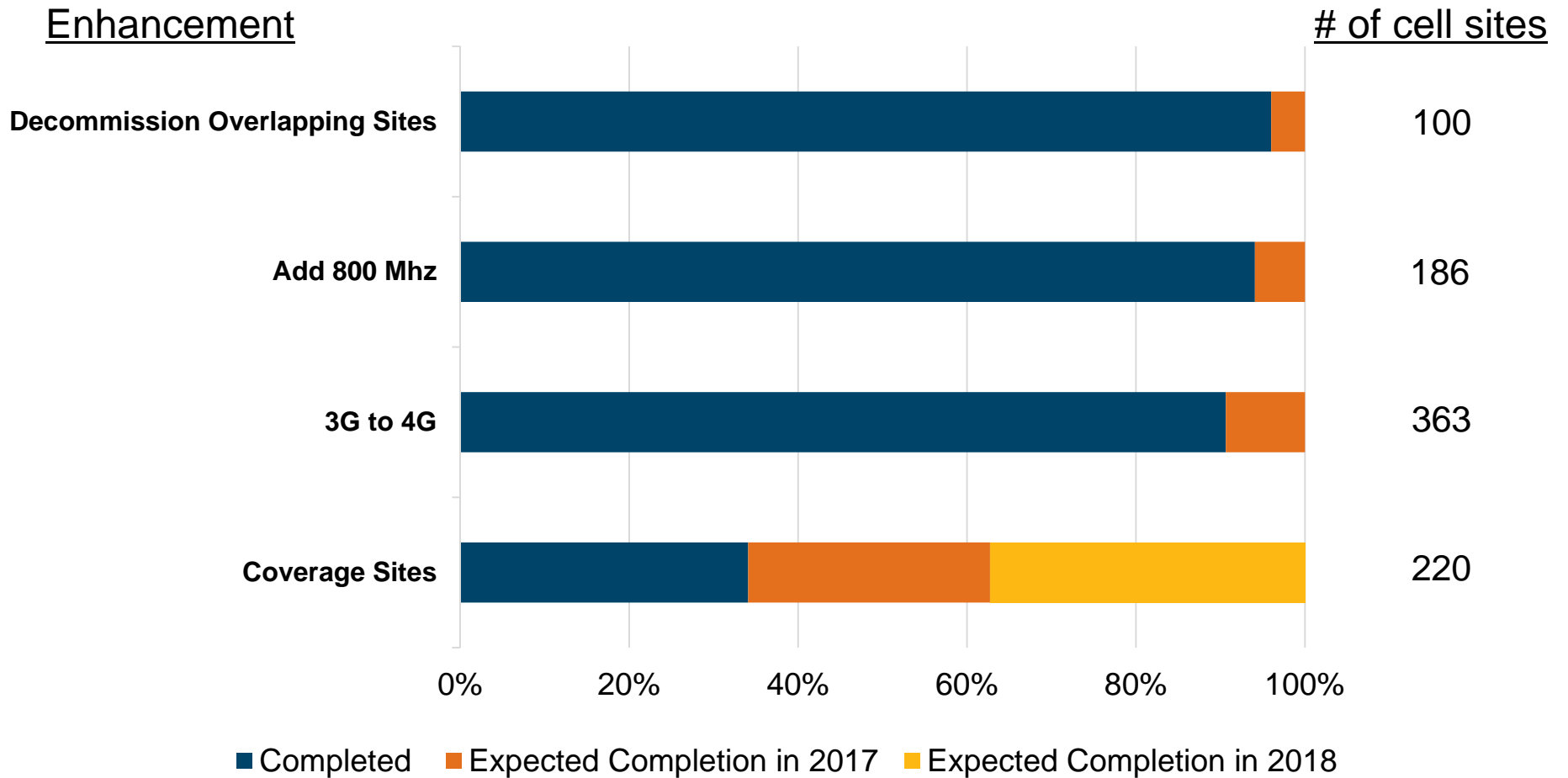
PCS Prepaid Statistics



(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. The churn calculation excludes the impact from this one-time event.

(2) – In Q2'17, approximately 4,300 prepaid customers were deactivated as a result of government recertification requirements for customers renewing their eligibility for the government subsidized Assurance prepaid line. Excluding the impact of this activity, prepaid churn would have been 4.91% for the period ending Q2'17.

Status of Network Enhancements – nTelos Footprint



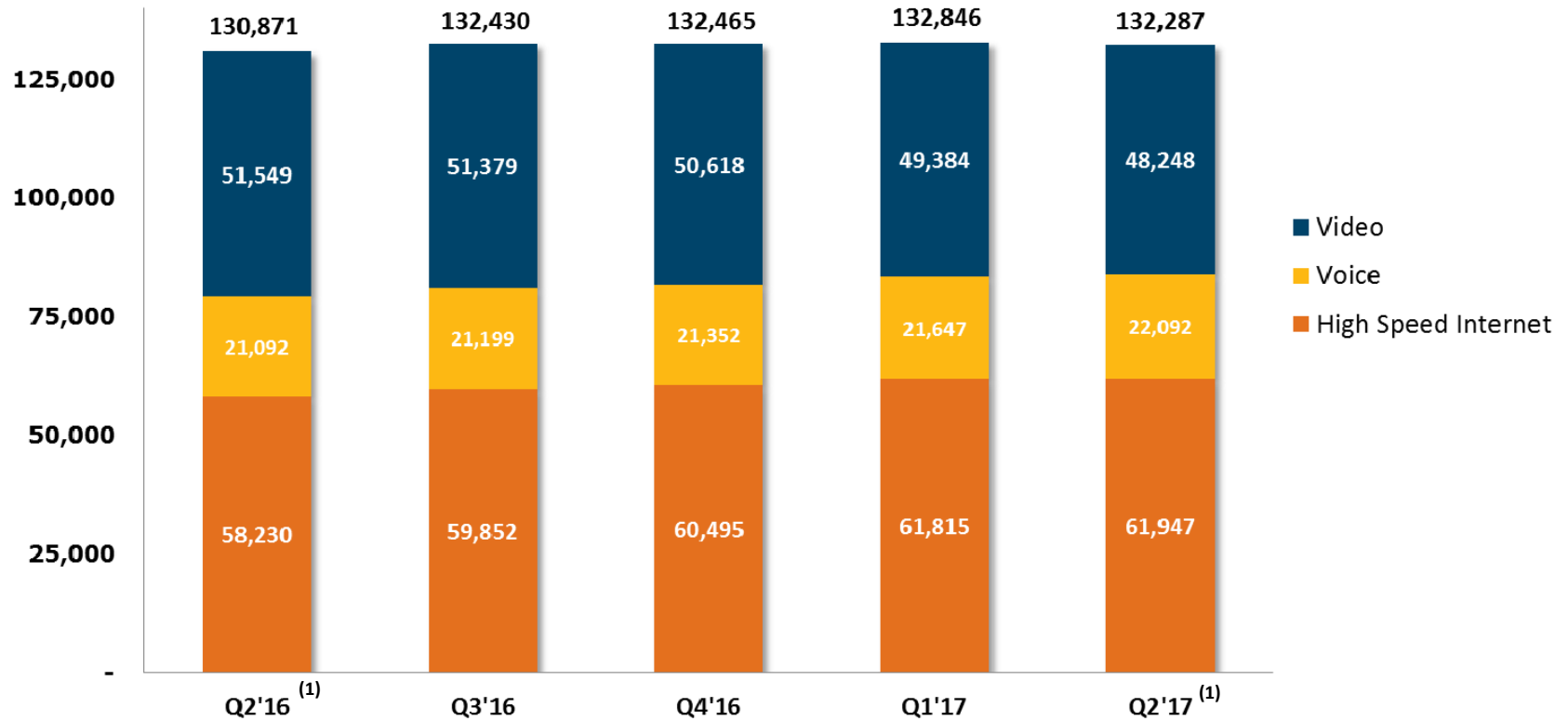
nTelos Area Distribution

	May 6, 2017	Q2 2017	Estimated YE 2017
Company Owned Stores	41 ⁽¹⁾	31	29
Agent Postpaid Stores	55	69	79
Nationals – Postpaid	29	32	32
Total Postpaid Stores	125	132	140
Agent Boost Stores	33	64	83
Nationals - Boost	50	56	56
Total Boost Stores	83	120	139

\$2m of local advertising in last 4 months of 2017!

(1) Includes nTelos and Sprint stores

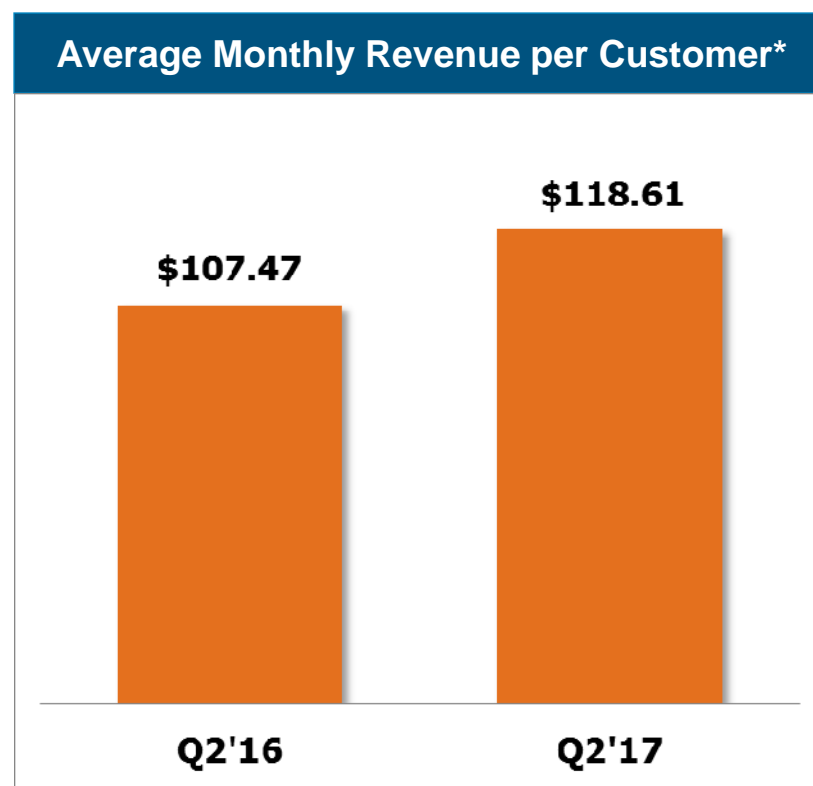
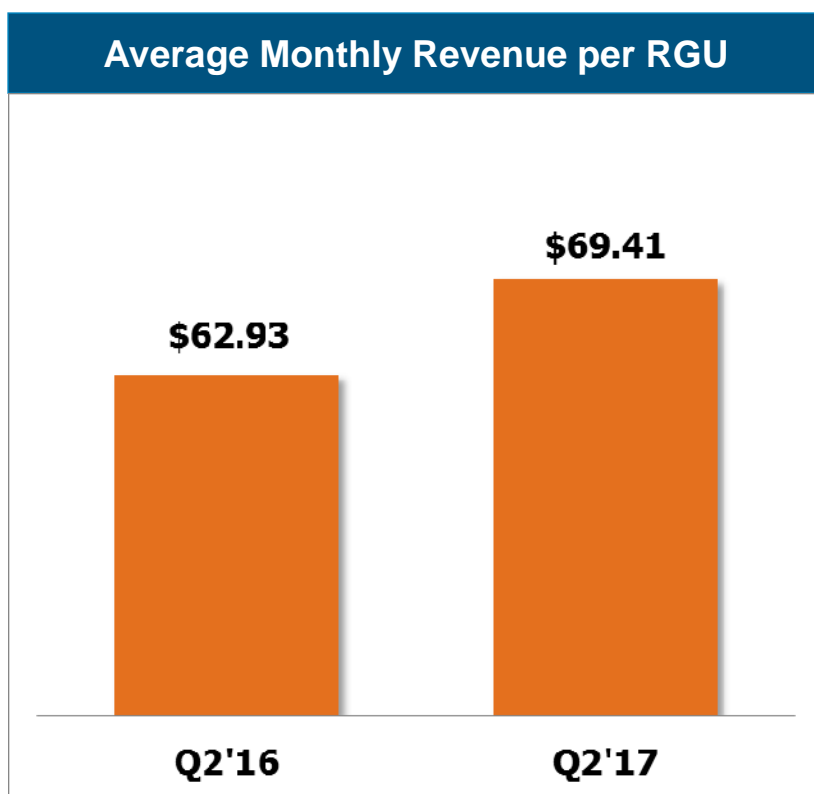
Cable - RGU Growth by Quarter



Customers	76,471	77,393	77,366	77,925	77,305
RGU's/Customer	1.71	1.71	1.71	1.70	1.71

(1) College students disconnect during summer

Increasing Average Monthly Cable Revenue



*Average monthly revenue per video subscriber was \$158.71 and \$188.45 for Q2 2016 and Q2 2017, respectively.

Key Operational Results – Cable

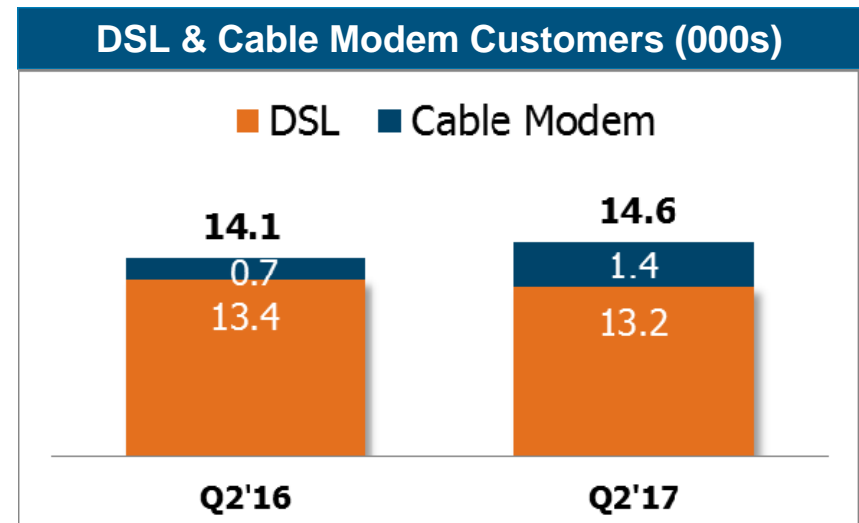
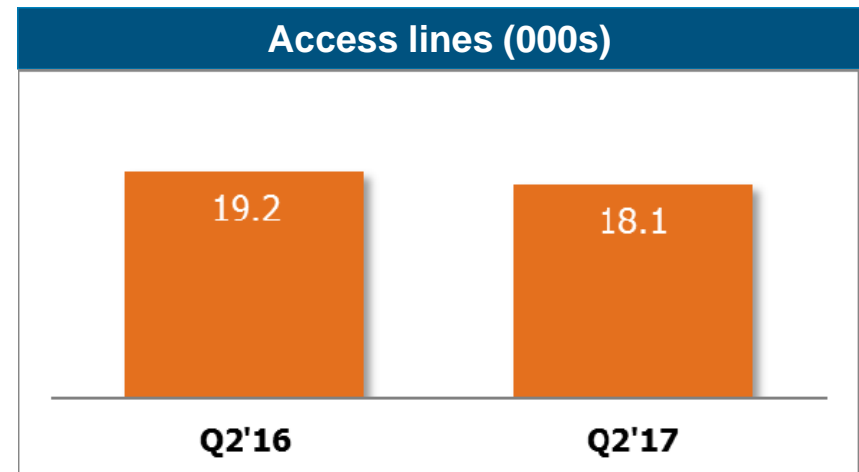
	Q2 2016	Q2 2017 ⁽²⁾
Homes Passed ⁽¹⁾	184,627	184,834
Total Revenue Generating Units	130,871	132,287
Customer Relationships	76,471	77,305
RGUs per Customer Relationship	1.71	1.71
Video		
Revenue generating units	51,549	48,248
Penetration	27.9%	26.1%
Digital video penetration	75.3%	81.5%
High-speed Internet		
Available Homes	183,743	184,834
Revenue generating units	58,230	61,947
Penetration	31.7%	33.5%
Voice		
Available Homes	181,006	182,303
Revenue generating units	21,092	22,092
Penetration	11.7%	12.1%

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

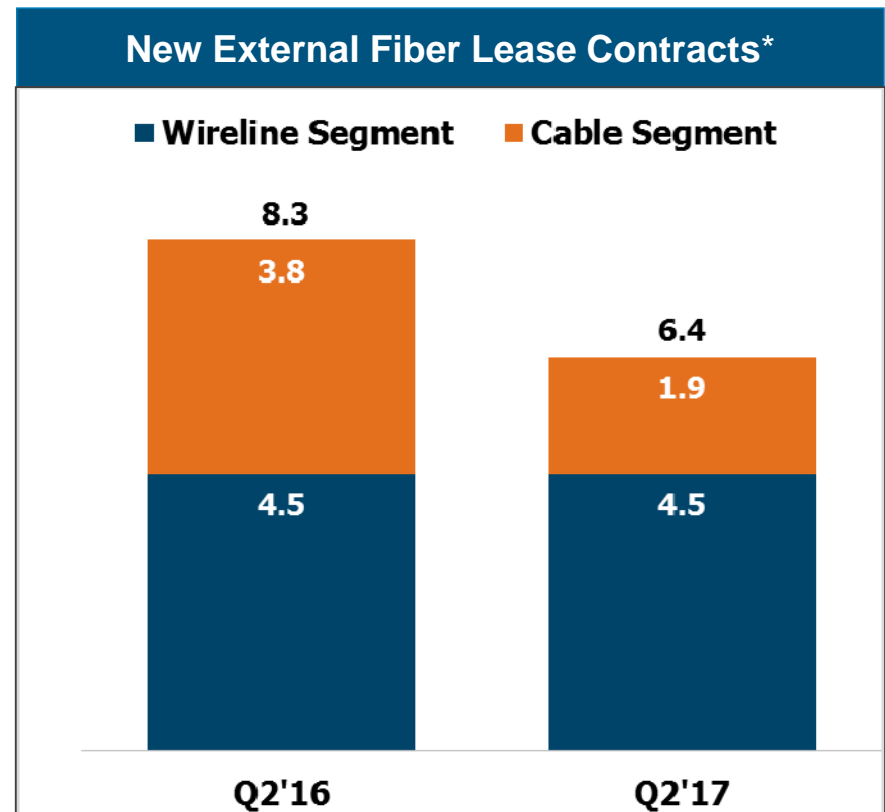
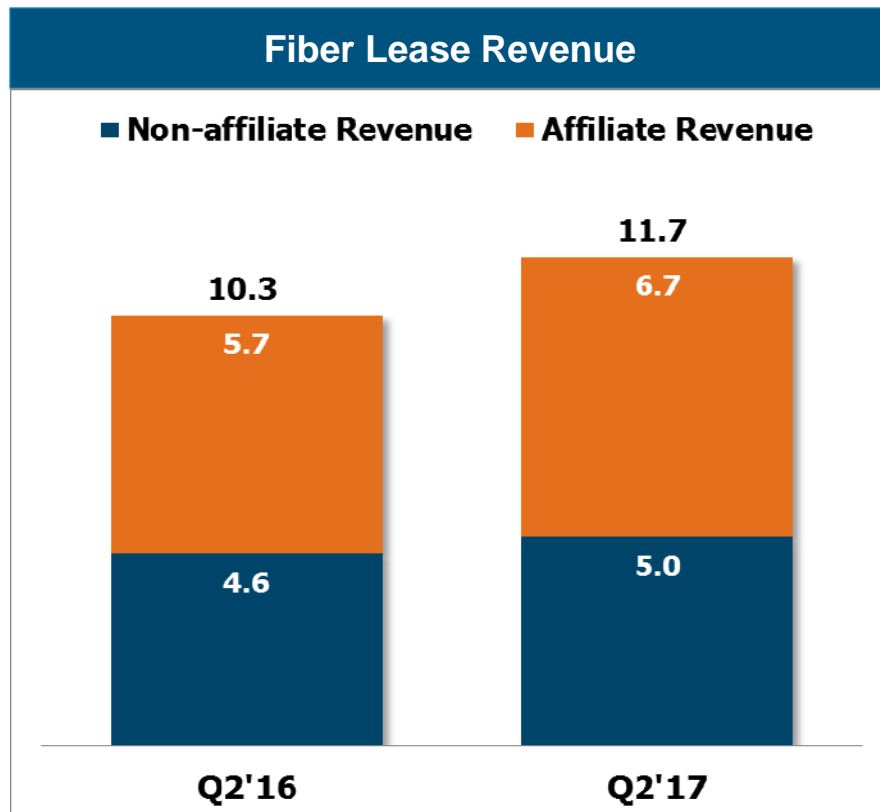
(2)- Wireline segment includes approximately 16.5k homes passed, 5.2k video customers, and 1.4k cable modem customers

Key Operational Results - Wireline

- Access line loss of 5.8% 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
- 5,180 video subscribers at 6/30/17

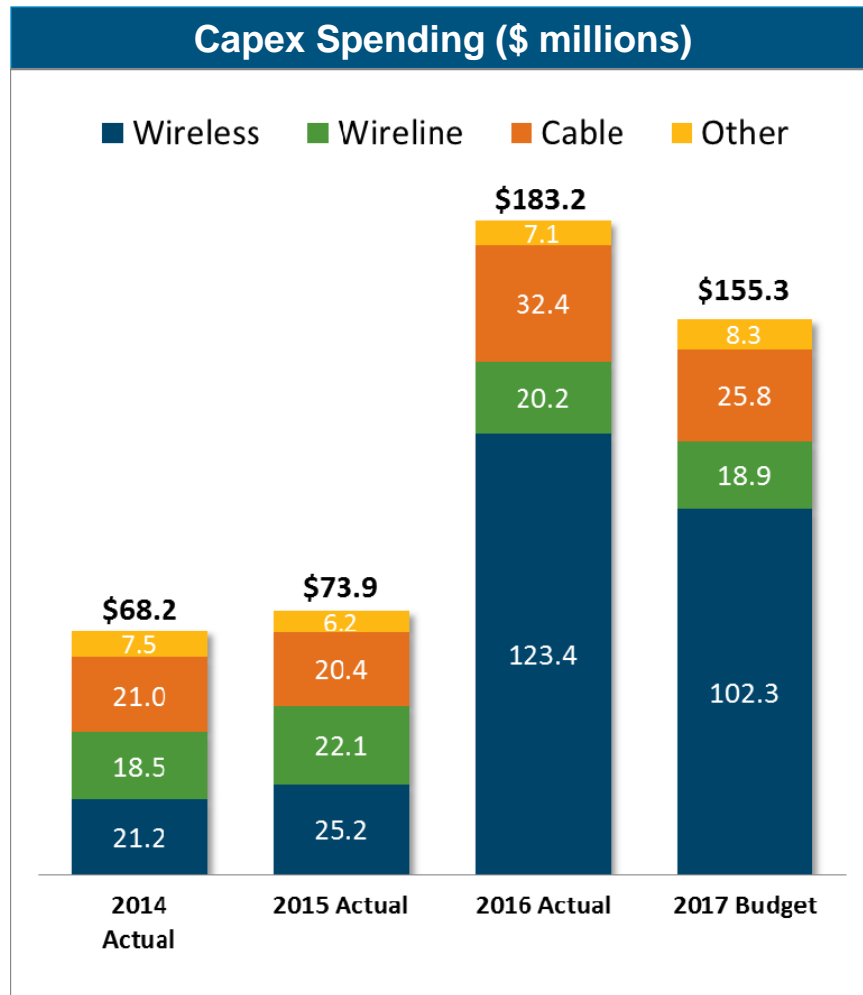


Wireline and Cable Fiber Sales (\$ millions)



* 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

<u>Gross billed revenue</u>	<u>2Q 2016</u>	<u>2Q 2017</u>
Wireless segment total operating revenues	\$ 94,294	\$ 114,133
Equipment revenue	(2,777)	(2,779)
Tower lease revenue	(2,812)	(2,861)
Gross billed revenue – prepaid	(20,504)	(26,058)
Sprint prepaid management fee	1,218	1,563
Sprint management fee waiver - prepaid	(966)	(1,563)
Travel revenue, net	(4,260)	(5,458)
Other revenue	(1,832)	(813)
Wireless service revenue – postpaid	62,361	76,164
Initial deferral	4,304	-
Write-offs	2,539	5,773
Sprint postpaid management fee	6,344	7,623
Sprint management fee waiver - postpaid	(5,129)	(7,623)
Straight line adjustment to Sprint management fee waiver	3,046	4,434
Amortization of expanded affiliate contract	3,290	5,343
Sprint net service fee	5,307	7,781
Gross billed revenue less discounts – postpaid	<u>\$ 82,062</u>	<u>\$ 99,495</u>
Average Prepaid subscribers	233,370	246,842
Billed revenue per Prepaid subscriber	\$ 29.29	\$ 35.19
Average Postpaid subscribers	559,895	727,764
Billed revenue per Postpaid subscriber	\$ 48.86	\$ 45.57

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



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

Network Statistics at 6/30/17

Cell Sites	Legacy	New⁽¹⁾
CDMA Base Stations (sites)	568	973
nTelos 3G sites still requiring upgrade	0	34
Sites with 2 nd LTE carrier	550	869
Sites with three carriers, including a 2 nd carrier @ 1900 MHz	209	195
Sites with 2.5 GHz LTE	141	178
Traffic		
% LTE traffic	96.7%	91.2%
Data usage increase (Q over Q)	6.0%	8.1%
Avg LTE speeds (Mbps)	7.0	6.3
Avg data usage per subscriber (Gb)	7.9	6.7
Dropped call rate	0.37%	0.51%
Blocked call rate	0.16%	0.16%

(1) "New" is comprised of nTelos and Q2'17 Expansion Area acquisitions

Non-GAAP Financial Measure – Average Monthly Cable Revenue

	<u>Q2 2016</u>	<u>Q2 2017</u>
Net Service Revenue	\$ 22,258	\$ 25,145
Set-top box rentals	2,119	2,080
FUSC and pass-through fees	426	435
Video, Internet & Voice Revenue	24,803	27,660
Other miscellaneous revenue	1,559	1,904
Total Operating Revenue	26,362	29,564
Video revenue	12,929	13,014
Internet revenue	9,959	12,308
Voice revenue	1,915	2,338
Video, Internet & Voice Revenue	\$ 24,803	\$ 27,660

Average Subscribers

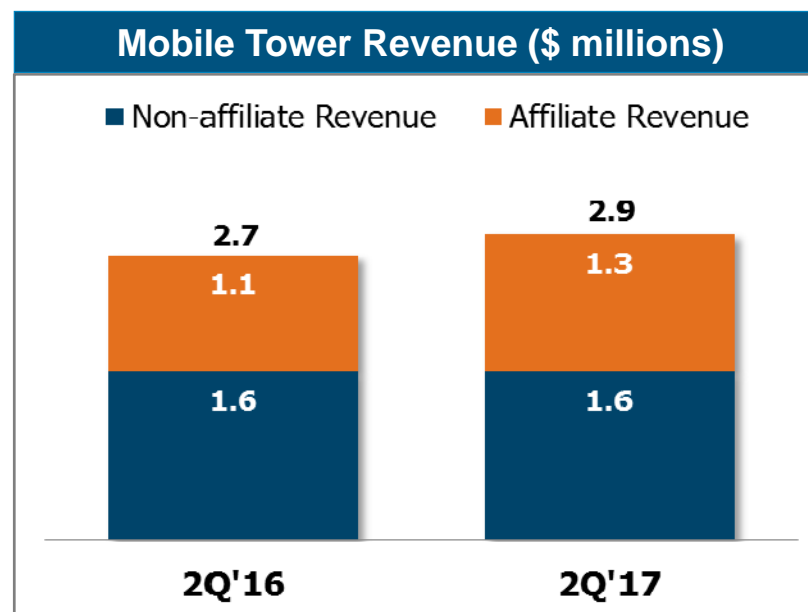
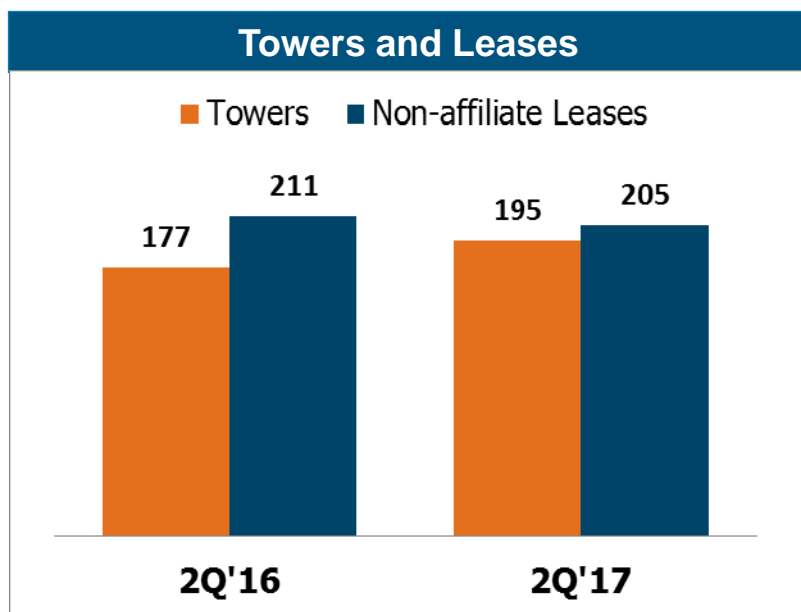
Video	52,093	48,925
Internet	58,355	61,984
Voice	20,937	21,921
Revenue Generating Units (RGUs)	131,385	132,829
Average Customer Relationships	76,929	77,737

Average Revenue Per User (ARPU)

Revenue Generating Units (RGUs)	\$ 62.93	\$ 69.41
Customer Relationships	107.47	118.61
Video	158.71	188.45

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

Key Operational Results – Mobile Company



<i>(in thousands)</i>	<u>Q2'16</u>	<u>Q2'17</u>
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