



3Q 2015 Earnings Conference Call

October 30, 2015

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

Third Quarter 2015 Highlights

■ Net Income

- \$8.0 million at Q3'15 is flat to Q3'14
 - Q3'15 includes \$1.3 million of acquisition expenses and a \$1.6 million depreciation adjustment, net of income taxes
- Adjusted OIBDA increased 10.7% to \$36.8 million

■ Revenue Growth

- Revenue grew 3.6% over Q3'14 to \$85.2 million

■ Customer Growth

	<u>9/30/14</u>	<u>9/30/15</u>	<u>Change</u>
Wireless	423,102	448,631	+25,529
Cable (RGUs)	120,466	125,182	+4,716

Wireless Highlights

- **Postpaid Growth**

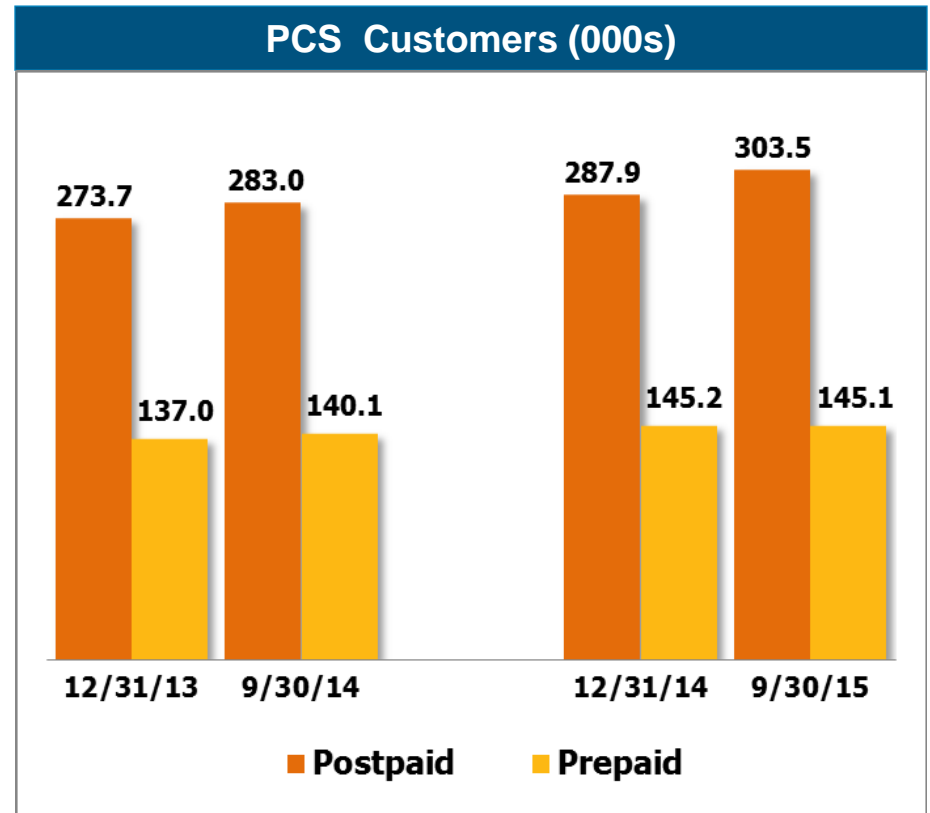
Postpaid customers up 7.3% over last 12 months

- **Prepaid Growth**

Prepaid customers up 3.6% over last 12 months

- **Operating Income Increase**

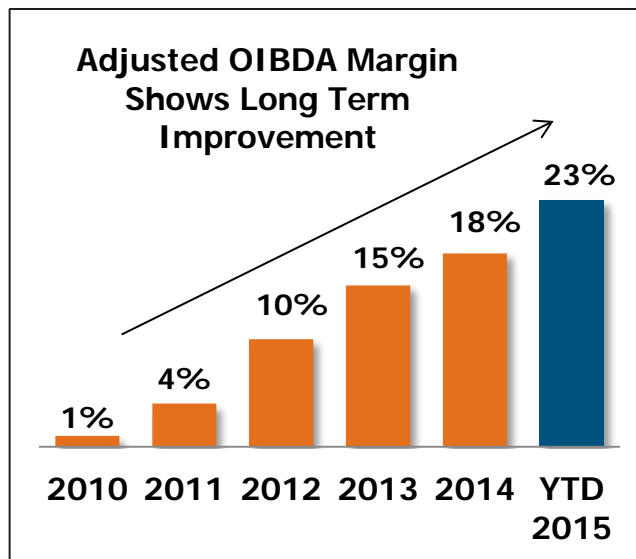
Improvement of \$945 thousand, or 6.7%



Cable Highlights

■ Revenue Growth

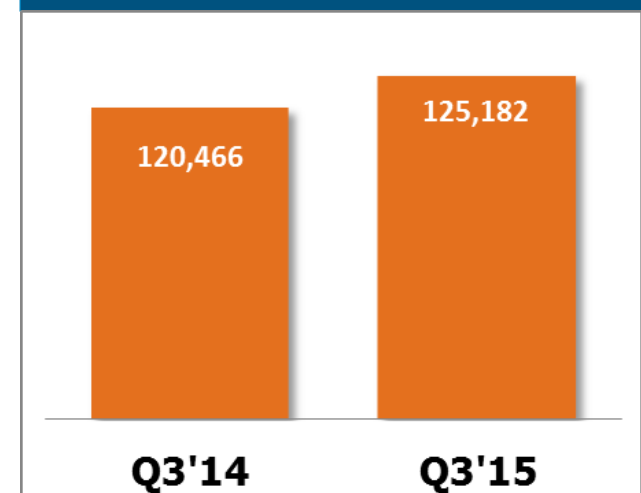
- Operating revenues \$24.4 million, growth of 16.2% over Q3'14
- Q3'15 Adjusted OIBDA \$5.5 million, up 62.0% from Q3'14
- 125,182 RGUs at Q3'15, up 3.9% over Q3'14



Cable OIBDA (in millions)



Cable RGUs

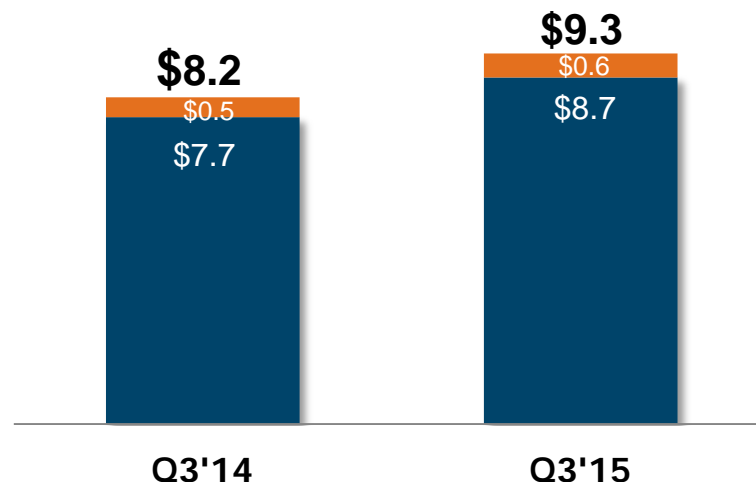


Other Highlights

- Wireline and Cable - Fiber lease revenues of \$9.3 million, up 13.8% from Q3'14
- 154 towers generated \$1.7 million of OIBDA

*Fiber Lease Revenue (in millions)

■ Wireline ■ Cable



*Includes both Affiliate and Non-affiliate revenues

Mobile Tower OIBDA (\$ thousands)

<i>(in thousands)</i>	<u>Q3'14</u>	<u>Q3'15</u>
Operating Income	\$1,380	\$1,547
Deprec. and Amort.	391	142
Loss on Asset Disposals	-	-
Share Based Compensation	5	9
Adjusted OIBDA	\$1,776	\$1,698

NTELOS Transaction Status

- Retail Syndication of the credit facilities oversubscribed without any change in terms
- Regulatory Approvals
 - Early termination of Hart-Scott-Rodino review
 - All state regulatory approvals received
 - FCC transfer application is expected to go on public notice soon
- Integration
 - Extended employment offers to nTelos employees
- On track to close in early 2016



Adele Skolits

VP of Finance and CFO

Profitability

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

	<u>For the Quarter Ended:</u>		
	9/30/14	9/30/15	Change
Operating Income	\$ 14,144	\$ 15,089	6.7%
Net Income	\$ 8,003	\$ 7,996	(0.1%)
Earnings Per Share:			
Basic	\$ 0.33	\$ 0.33	--
Diluted	\$ 0.33	\$ 0.33	--

Profitability

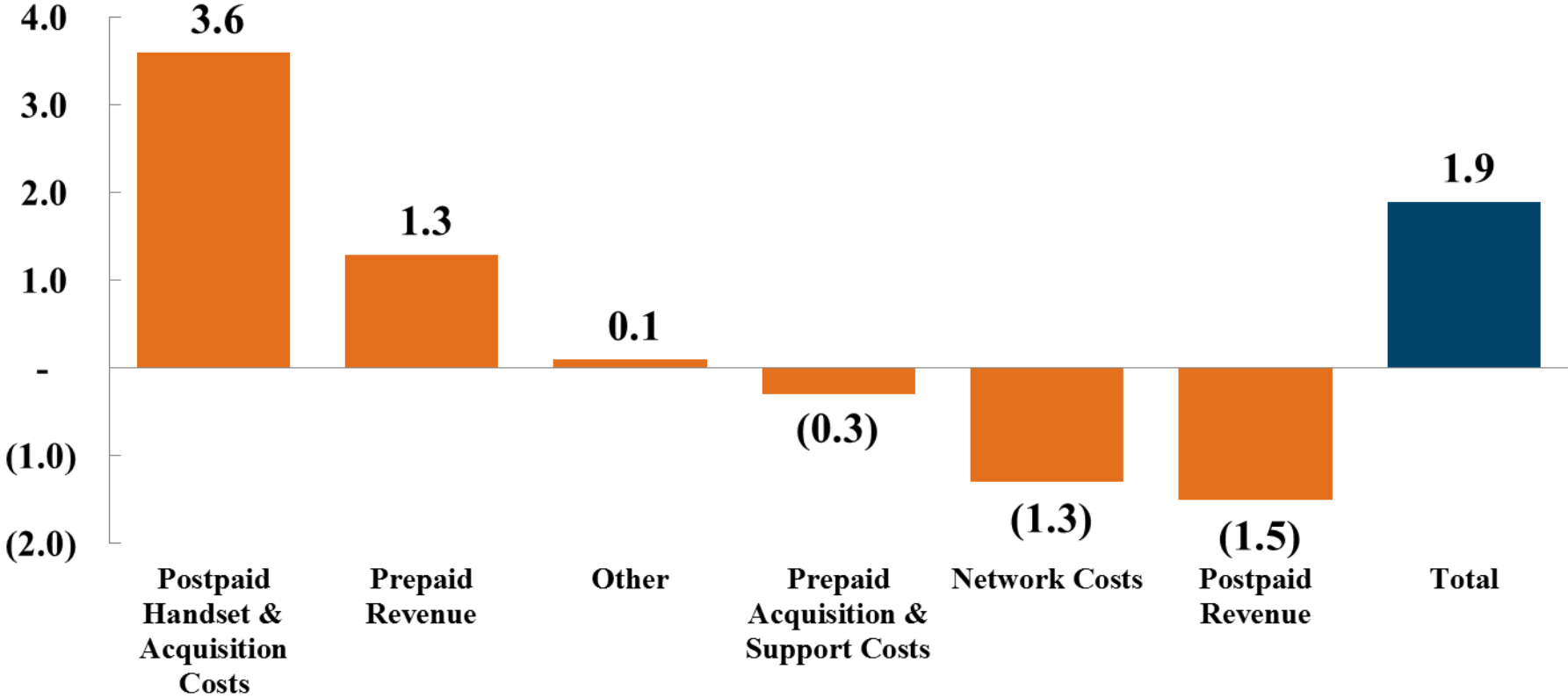
Adjusted OIBDA (\$ thousands)

	<u>For the Quarter Ended:</u>		
	<u>9/30/14</u>	<u>9/30/15</u>	<u>Change</u>
Operating Income	14,144	15,089	7%
Depreciation and Amortization	16,731	19,118	14%
Share Based Compensation	325	469	44%
(Gain)/Loss on Asset Disposals	2,053	(1)	N.M.
nTelos acquisition related expenses	-	2,129	N.M.
Adjusted OIBDA	33,253	36,804	11%

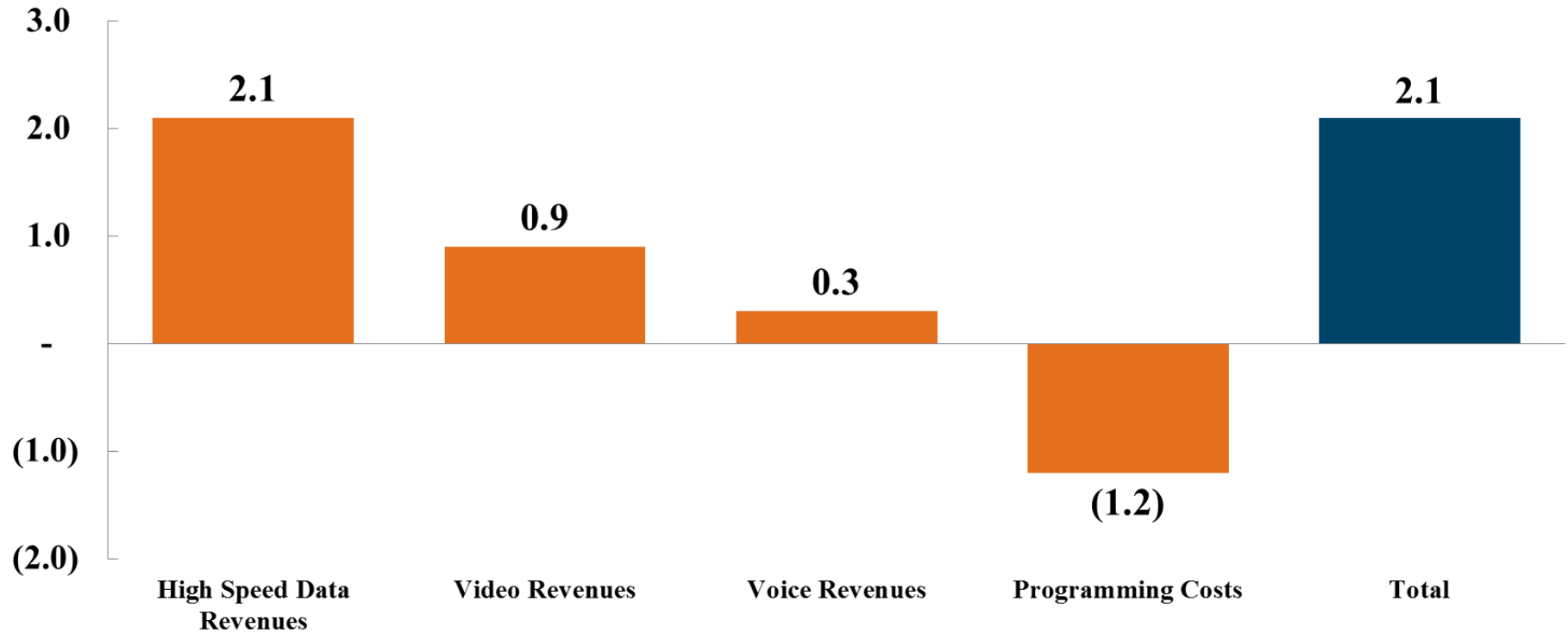
Adjusted OIBDA by Segment (\$ millions)

	<u>Wireless</u>		<u>Cable</u>		<u>Wireline</u>	
	<u>Q3'14</u>	<u>Q3'15</u>	<u>Q3'14</u>	<u>Q3'15</u>	<u>Q3'14</u>	<u>Q3'15</u>
Operating Income	\$ 17.3	\$ 17.4	\$ (4.1)	\$ (0.6)	\$ 4.4	\$ 4.0
Depreciation and amortization	7.9	9.6	5.9	5.9	2.9	3.4
Plus (gain) loss on asset sales	-	0.1	1.5	-	0.5	-
Share based compensation	0.1	0.1	0.1	0.2	0.1	0.1
Adjusted OIBDA	<u>\$25.3</u>	<u>\$27.2</u>	<u>\$ 3.4</u>	<u>\$ 5.5</u>	<u>\$7.9</u>	<u>\$ 7.5</u>
Percent Change		7%		62%		-6%
Adjusted OIBDA Margin	48%	53%	16%	22%	50%	43%

Wireless Segment – Change in Adjusted OIBDA Q3'15 vs. Q3'14 (\$ millions)



Cable Segment – Change in Adjusted OIBDA Q3'15 vs. Q3'14 (\$ millions)

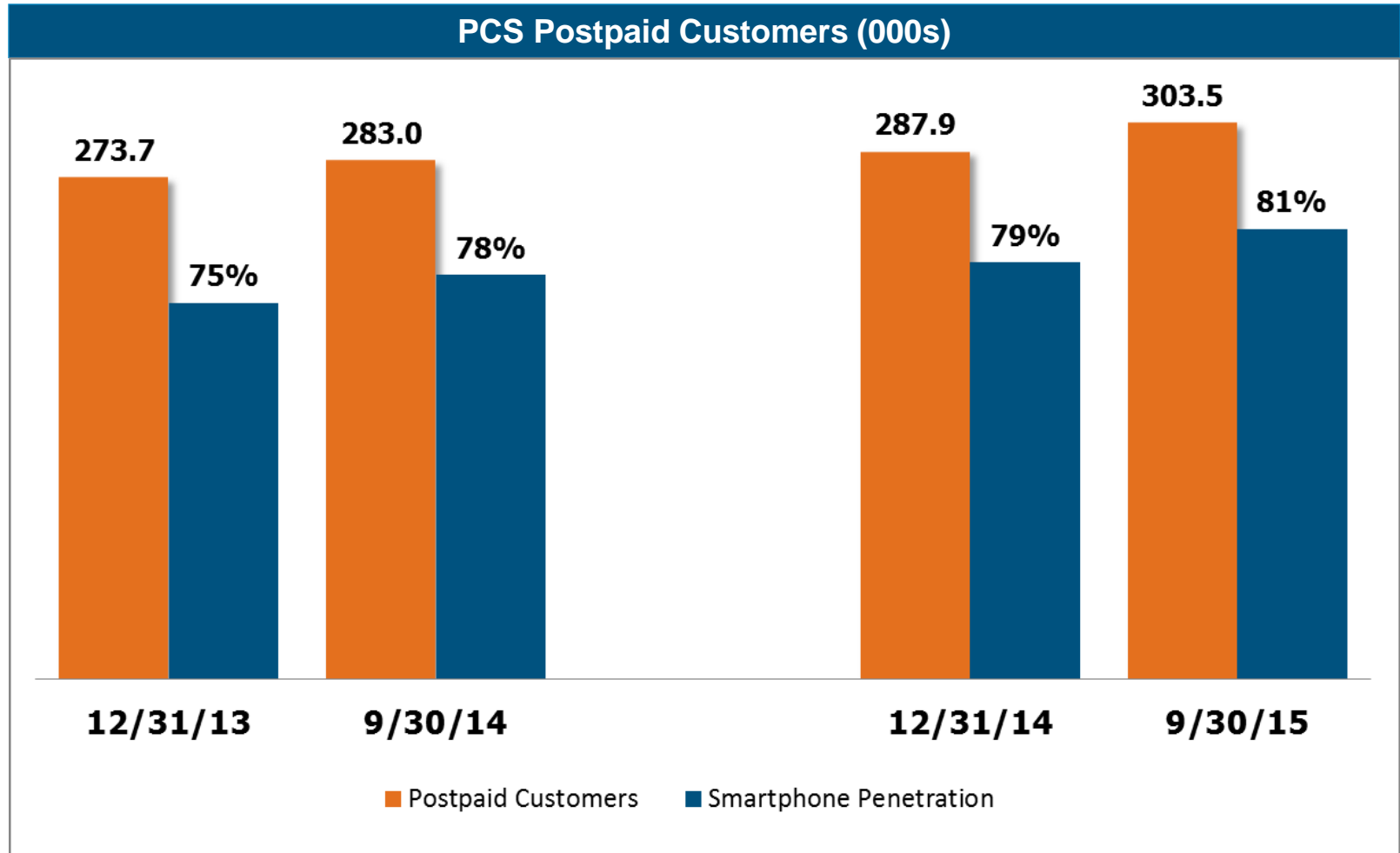




Earle MacKenzie

EVP and COO

Postpaid Customer Growth



Postpaid Customer Additions

Gross Additions - Postpaid

20,095



Q3'14

19,638



Q3'15

- Net adds of 7,035 in Q3 2015 versus 5,303 in Q3 2014
- Shentel-controlled channels produced 35% of gross adds in Q3 2015 and 49% in Q3 2014
- Q3 2015 churn of 1.40%, down from 1.76% in Q3 2014

Net Additions - Postpaid

5,303



Q3'14

7,035



Q3'15

Postpaid Churn

1.76%



Q3'14

1.92%



Q4'14

1.60%



Q1'15

1.40%



Q2'15

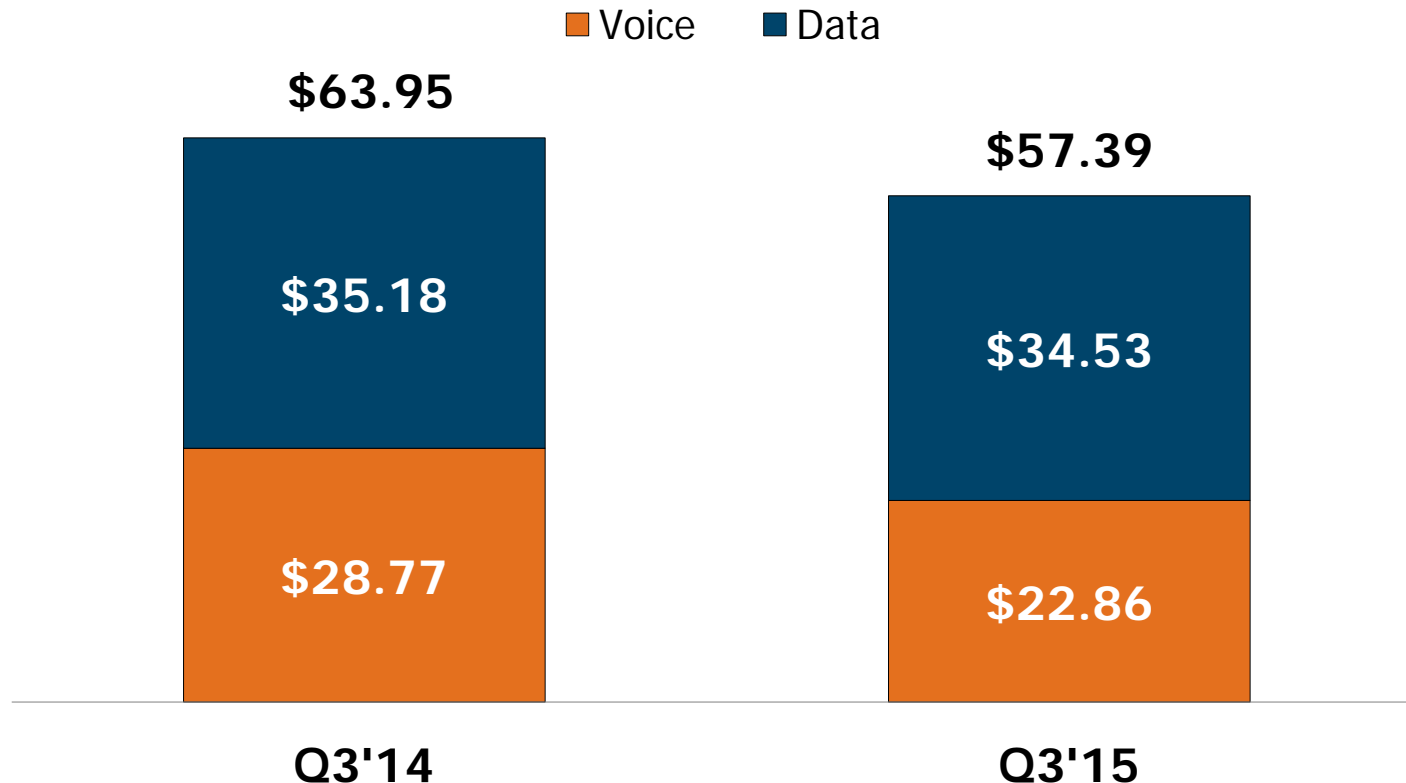
1.40%



Q3'15

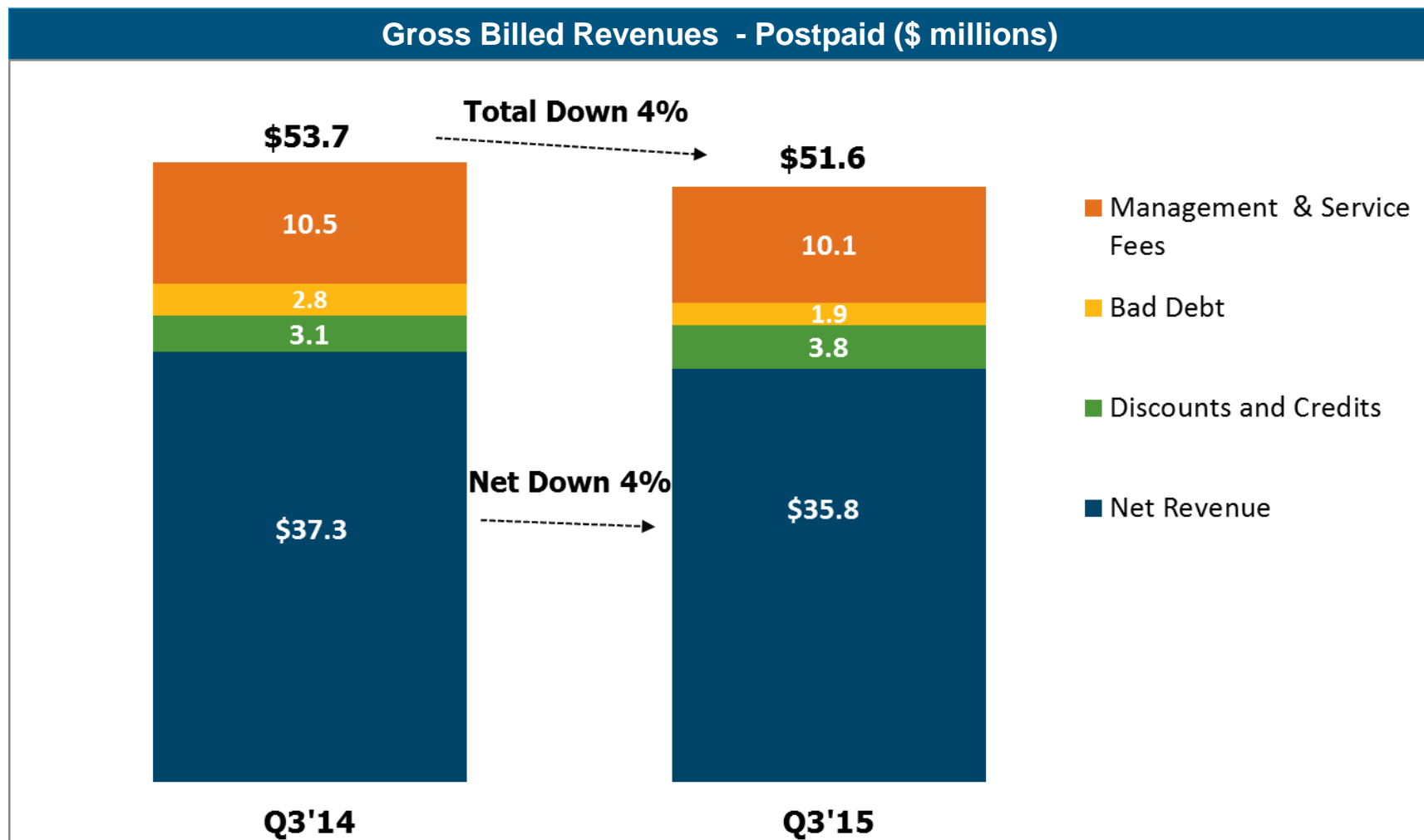
Billed Revenue per Customer Down; Data Usage Increasing

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

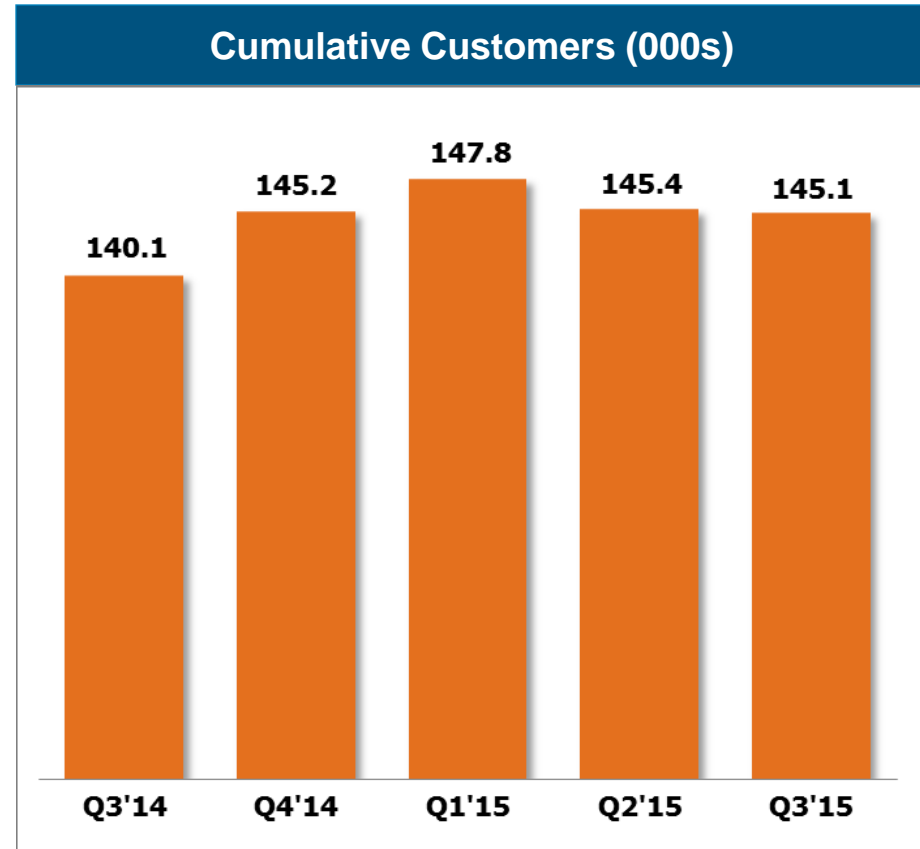
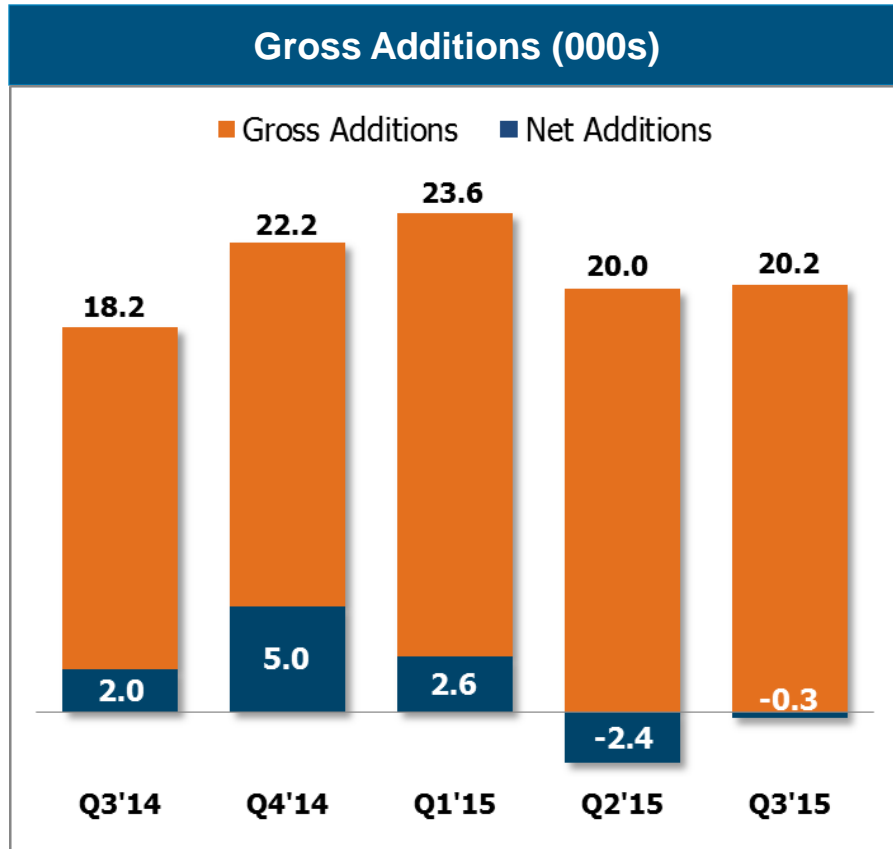


¹ – Before Service credits, bad debt, Sprint Nextel fees.

PCS Revenues



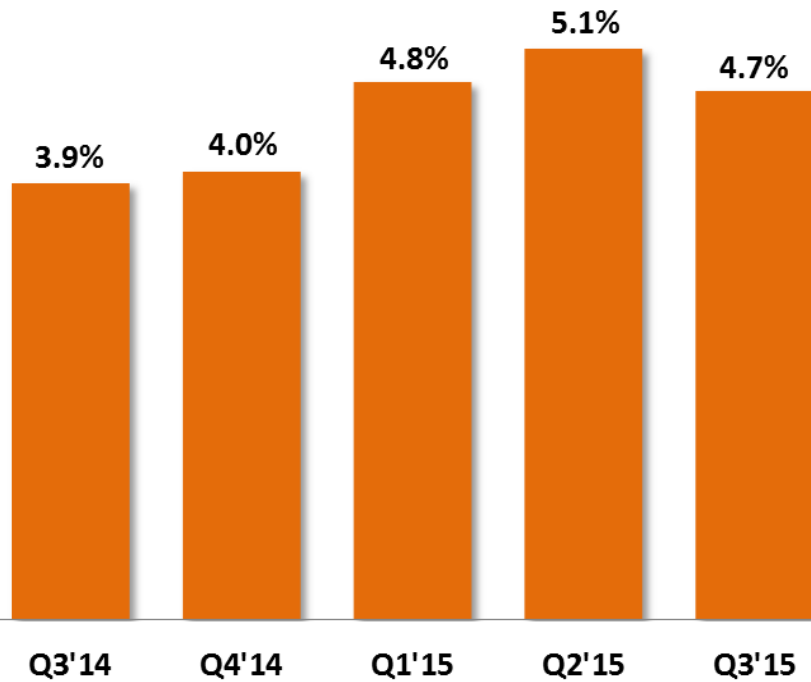
PCS Prepaid Statistics



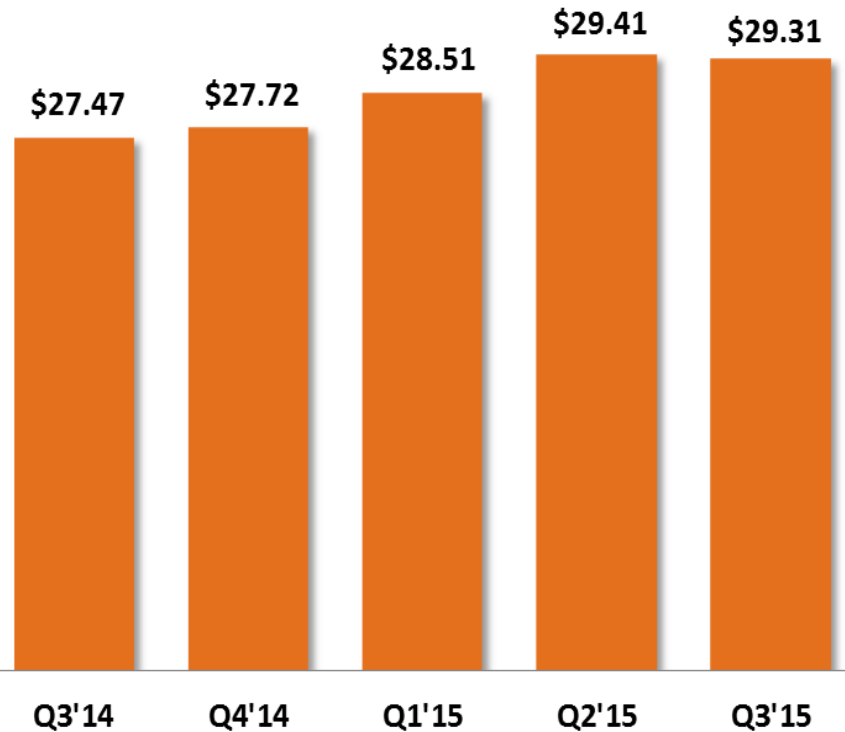
*The loss of customers in Q2'14 related to more stringent governmental requirements for customers renewing their eligibility for the government subsidized Assurance program.

PCS Prepaid Statistics

Churn %



Average Gross Billed Revenue



Network Statistics at 9/30/15

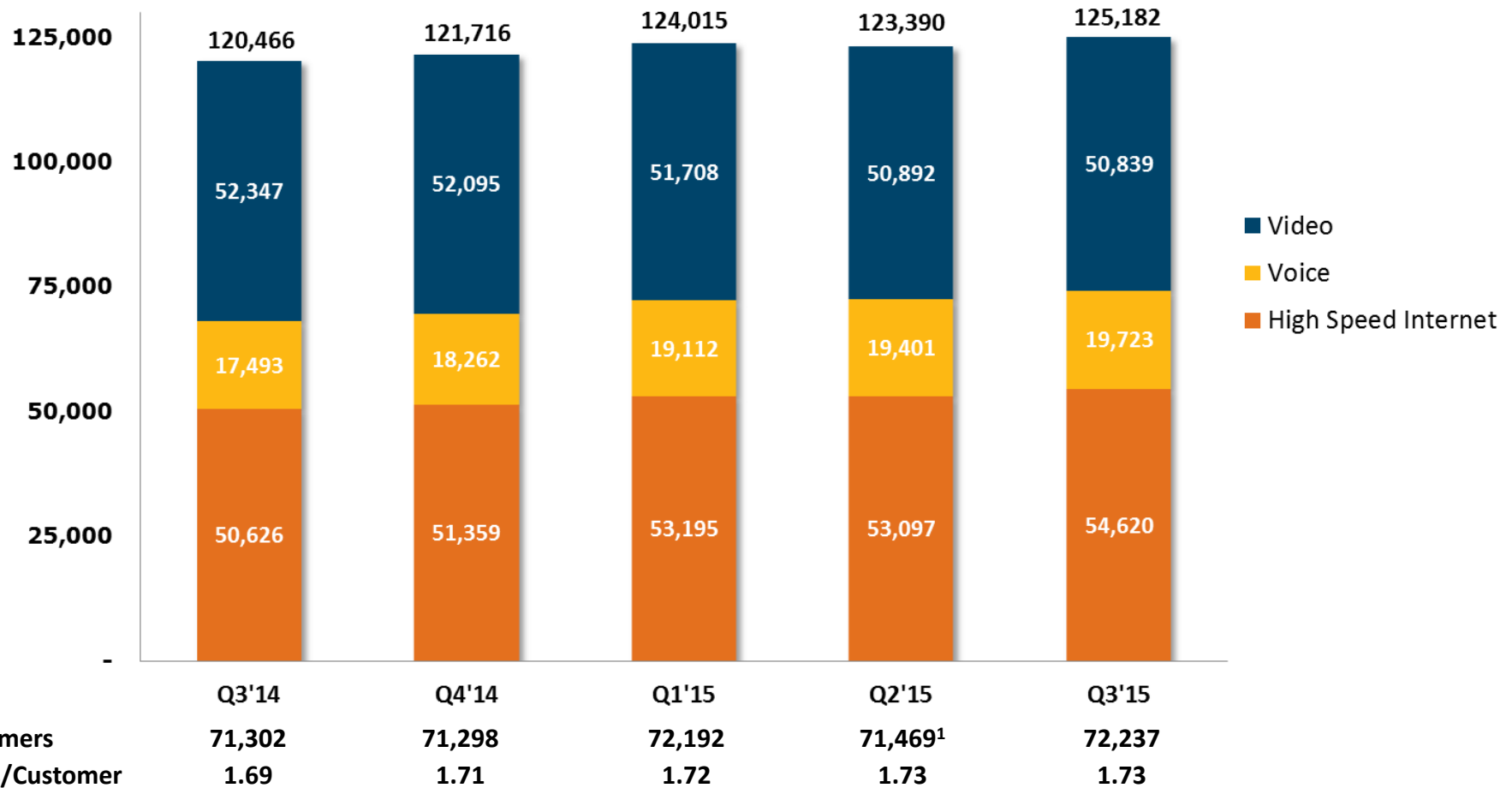
■ 548 Cell Sites

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

■ Traffic

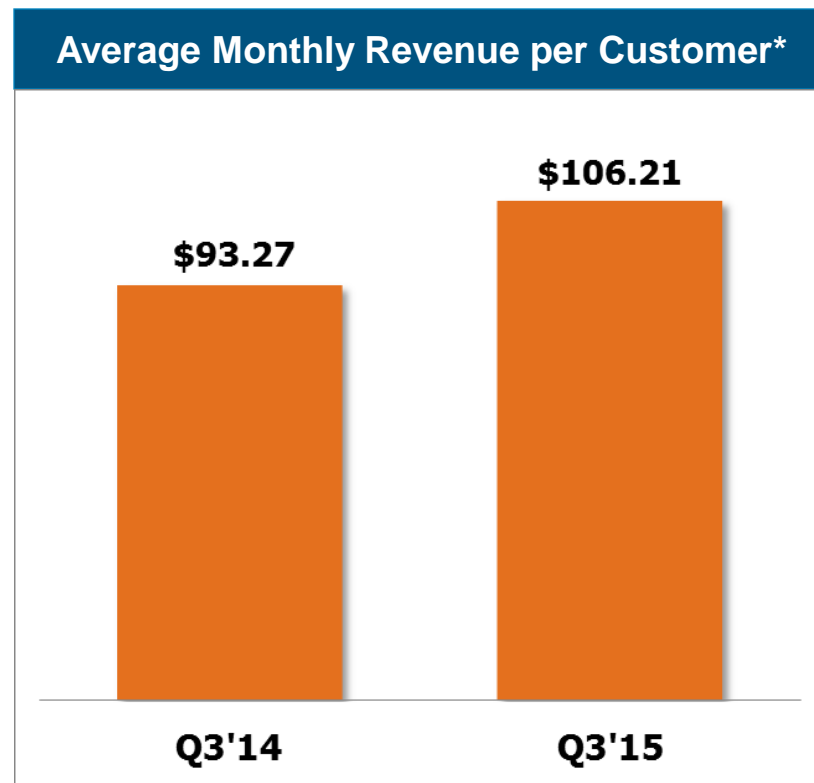
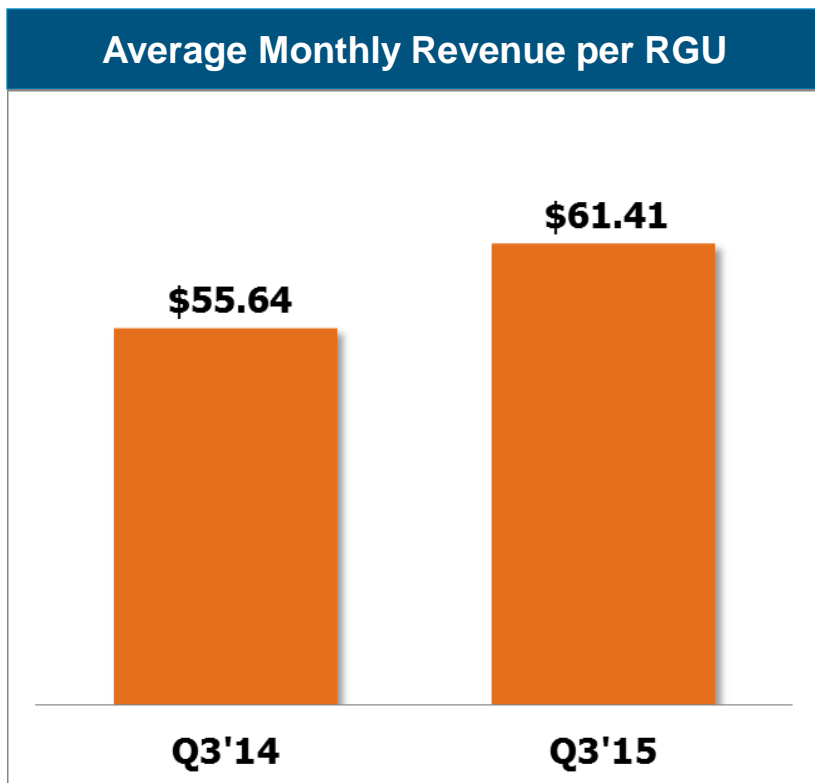
- 89% of data traffic is on LTE, with 33% on 800 MHz
- Data usage grew 11% in Q3'15
- Average speeds of approximately 4 Mbps
- Average customer uses approximately 4 GB per month
- Dropped calls - 0.5%
- Blocked calls - 0.3%

Cable - RGU Growth by Quarter



1. College students disconnect during summer

Increasing Average Monthly Cable Revenue



*Average monthly revenue per video subscriber was \$126.64 and \$150.04 for Q3 2014 and Q3 2015, respectively.

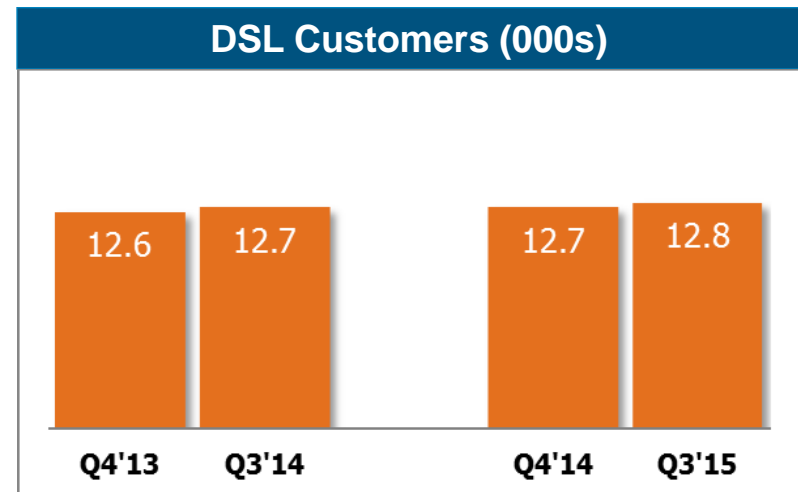
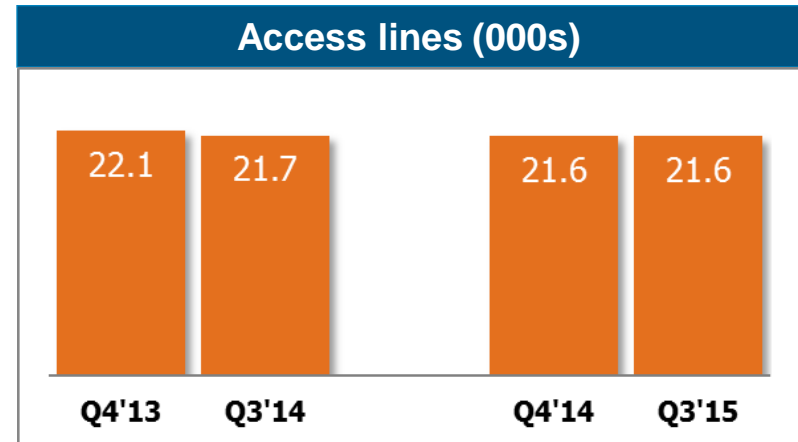
Key Operational Results – Cable*

	Q3 2014	Q3 2015
Homes Passed	171,382	172,388
Total Revenue Generating Units	120,466	125,182
Customer Relationships	71,302	72,237
RGUs per Customer Relationship	1.69	1.73
Video		
Revenue generating units	52,347	50,839
Penetration	30.5%	29.5%
Digital video penetration	64.8%	75.2%
High-speed Internet		
Available Homes	170,728	172,388
Revenue generating units	50,626	54,620
Penetration	29.7%	31.7%
Voice		
Available Homes	167,991	169,651
Revenue generating units	17,493	19,723
Penetration	10.4%	11.6%

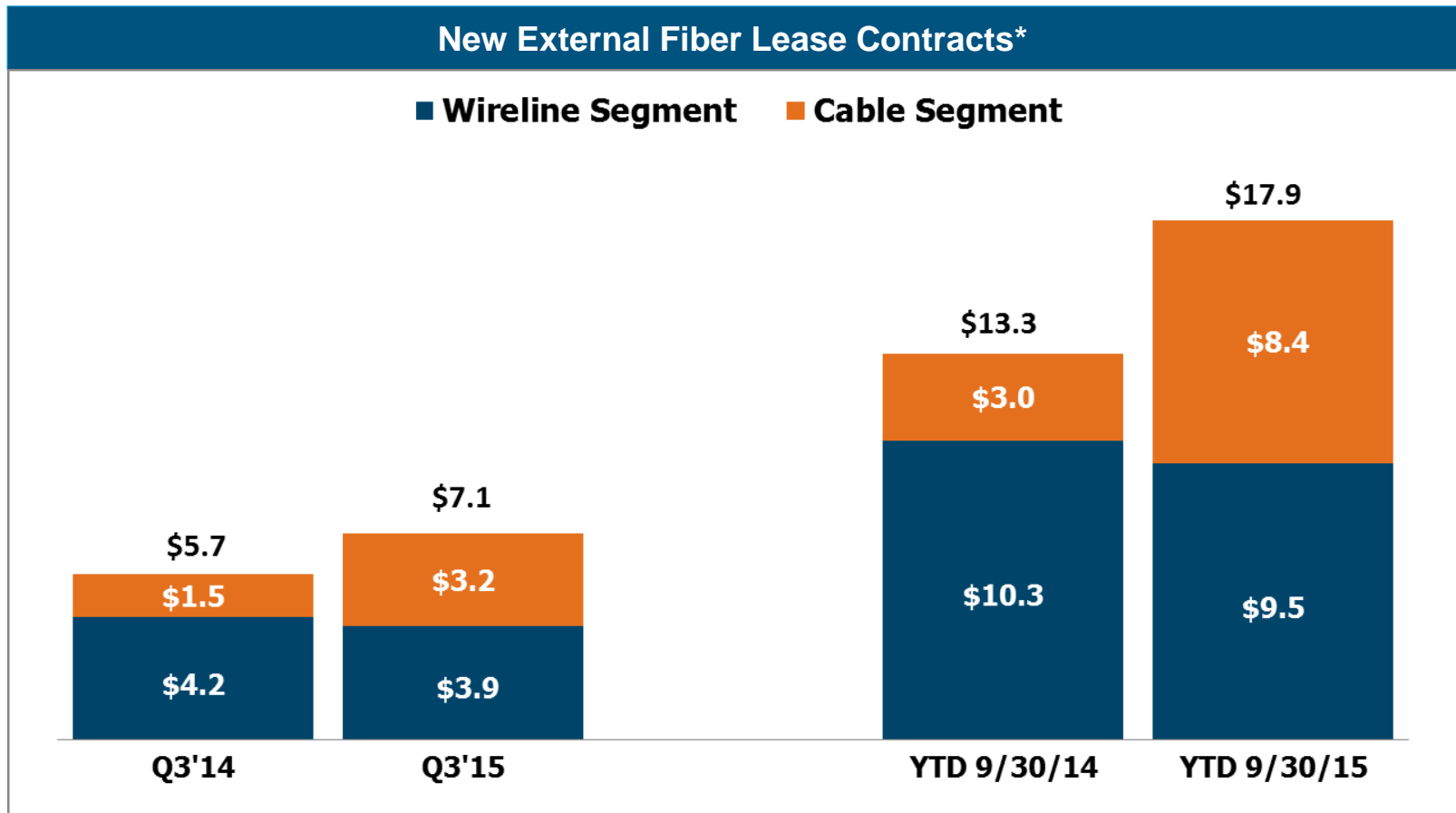
*Excludes cable operations in Shenandoah County, VA which are included in the Wireline segment.

Key Operational Results - Wireline

- Access line loss of 0.7% in past 12 months
- Broadband penetration in LEC area at 59.4%
- Total connections at 9/30/15 of 34.4 thousand
- 5,375 video subscribers at 9/30/15
- Effective Q4'15, subscribers will have additional high-speed internet options

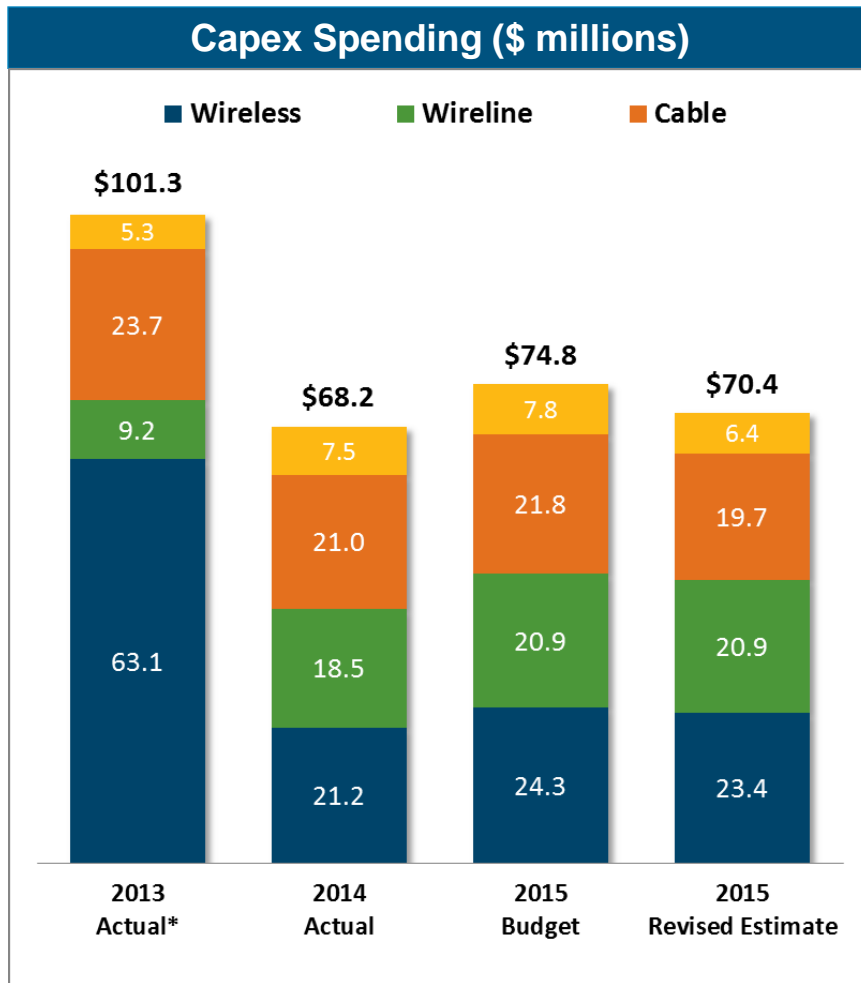


Wireline and Cable Fiber Sales (\$ millions)



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

Investing in the Future



- 2015 Capex Budget:
 - 33% Network Capacity
 - 30% Network Maintenance
 - 20% Network Expansion
 - 17% Success-Based

- 2015 Revised Estimate:
 - Cable: \$2.1MM under budget for success-based spending and maintenance line items
 - Other: \$1.4MM under budget for IT system enhancements

* Accounts payable at December 31, 2013 included \$6.5 million associated with PCS Network Vision capital expenditures.

Q&A

Appendix

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

Dollars in thousands (except subscribers and revenue per subscriber)

	<u>3Q 2014</u>	<u>3Q 2015</u>
<u>Gross billed revenue</u>		
Wireless segment total operating revenues	\$ 52,195	\$ 51,636
Equipment revenue	(1,573)	(1,104)
Tower lease revenue	(2,545)	(2,610)
Gross billed revenue – prepaid	(11,418)	(12,760)
Prepaid service fee	679	766
Other revenue	(64)	(129)
Wireless service revenue – postpaid	<u>37,274</u>	<u>35,799</u>
Service credits	3,030	3,826
Write-offs	2,832	1,874
Management fee	3,826	3,687
Service fee	6,696	6,453
Gross billed revenue – postpaid	<u>\$ 53,658</u>	<u>\$ 51,639</u>
Average Prepaid subscribers	138,576	145,092
Billed revenue per Prepaid subscriber	\$ 27.47	\$ 29.31
Average Postpaid subscribers	279,686	299,938
Billed revenue per Postpaid subscriber	\$ 63.95	\$ 57.39

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

Postpaid PCS Customers Top Picks Q3 2015

■ Top Service Plans – 53% of Gross Adds

Family Unlimited, Talk/Text/Data	21%
Unlimited, Talk/Text	18%
40GB Data Share Pack	7%
10GB Data Share Pack	7%

■ Top Devices – New Activations – All Channels

iPhone	39%
Samsung Galaxy S	16%
LG G Pad	9%
LG G3	4%
LG G4	3%

Smartphones made up 81% of the Postpaid base in Q3'15, no change from Q2'15, up from 78% in Q3'14.

iPhone Statistics – Q3'15

- 39% of Q3 Gross Adds
- 30% of iPhones were sold or upgraded in Shentel-controlled channels
- 38.3% of 9/30/15 Postpaid customers had the iPhone, up from 37.3% at 6/30/15 and 33.2% at 9/30/14.
- iPhone Base – 9/30/15
 - 50% iPhone 6, 6S, 6 Plus
 - 37% iPhone 5, 5C & 5S
 - 13% iPhone 4 & 4S

Non-GAAP Financial Measure – Average Monthly Cable Revenue

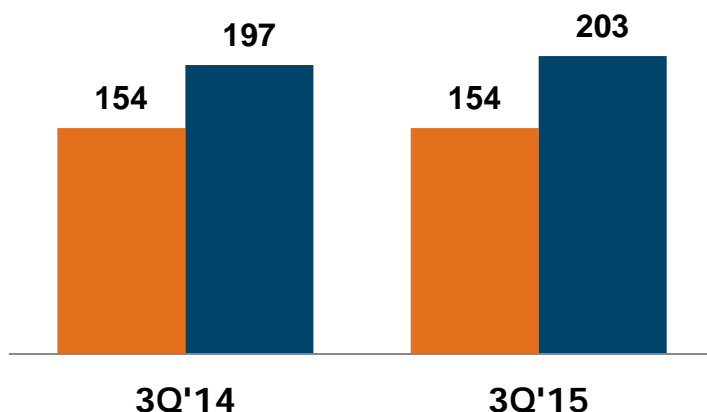
Dollars in thousands (except subscribers and revenue per user)

	<u>Q3 2014</u>	<u>Q3 2015</u>
Net Service Revenue	\$ 17,603	\$ 20,493
Set-top box rentals	1,772	1,952
FUSC and pass-through fees	346	391
Video, Internet & Voice Revenue	19,721	22,836
Other miscellaneous revenue	1,283	1,581
Total Operating Revenue	21,004	24,417
Video revenue	11,482	12,419
Internet revenue	6,686	8,596
Voice revenue	1,553	1,821
Video, Internet & Voice Revenue	\$ 19,721	\$ 22,836
<u>Average Subscribers</u>		
Video	51,909	50,733
Internet	49,336	53,711
Voice	16,912	19,516
Revenue Generating Units (RGUs)	118,157	123,959
Average Customer Relationships	70,481	71,669
<u>Average Revenue Per User (ARPU)</u>		
Revenue Generating Units (RGUs)	\$ 55.64	\$ 61.41
Customer Relationships	93.27	106.21
Video	126.64	150.04

Key Operational Results – Mobile Company

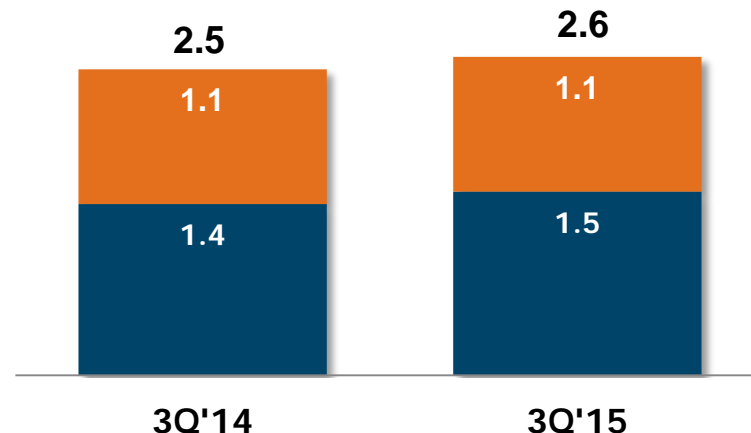
Towers and Leases

■ Towers ■ Non-affiliate Leases



Mobile Tower Revenue (\$ millions)

■ Non-affiliate Revenue ■ Affiliate Revenue



<i>(in thousands)</i>	<u>Q3'14</u>	<u>Q3'15</u>
Operating Income	\$1,380	\$1,547
Deprec. and Amort.	391	142
Loss on Asset Disposals	-	-
Share Based Compensation	5	9
Adjusted OIBDA	\$1,776	\$1,698