



**SHENTEL**<sup>®</sup>

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**Q3 2021**

**Earnings Conference Call**

October 29, 2021

# 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 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:

- ❑ Intensifying competition in the communications industry; and
- ❑ Natural disasters, pandemics and outbreaks of contagious diseases and other adverse public health developments, such as COVID-19;

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](http://www.sec.gov), [www.shentel.com](http://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.



# Chris French

President and CEO

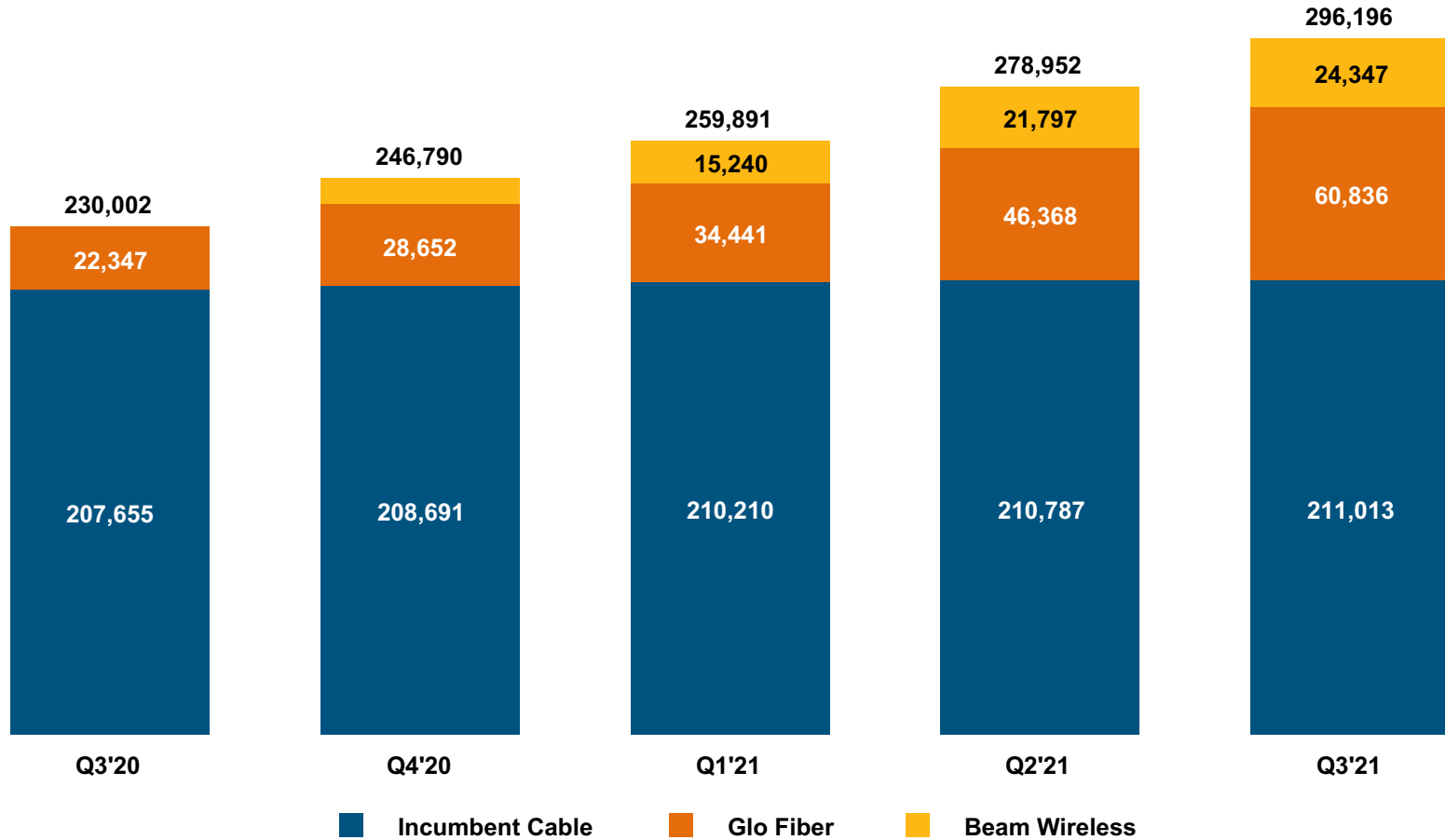
# Strategy Update

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- 2026 broadband target remains at 730,000 serviceable addresses with a fiber first, future-proof network design
- Upgrading target for Glo Fiber serviceable addresses to 450,000 home and business passings
  - Strong municipality demand for offering choice of broadband
  - Executed 17 new franchise agreements in 2021 adding ~ 160,000 future passings for a total of 304,000 franchise approved passings
  - Pursuing attractive funnel of additional markets
- \$1.3 billion in government grants available for building broadband to unserved homes in our markets, creating new FTTH opportunities
- Adopting a success-based investment model for Beam expansion based on hybrid fiber/fixed wireless government grant awards

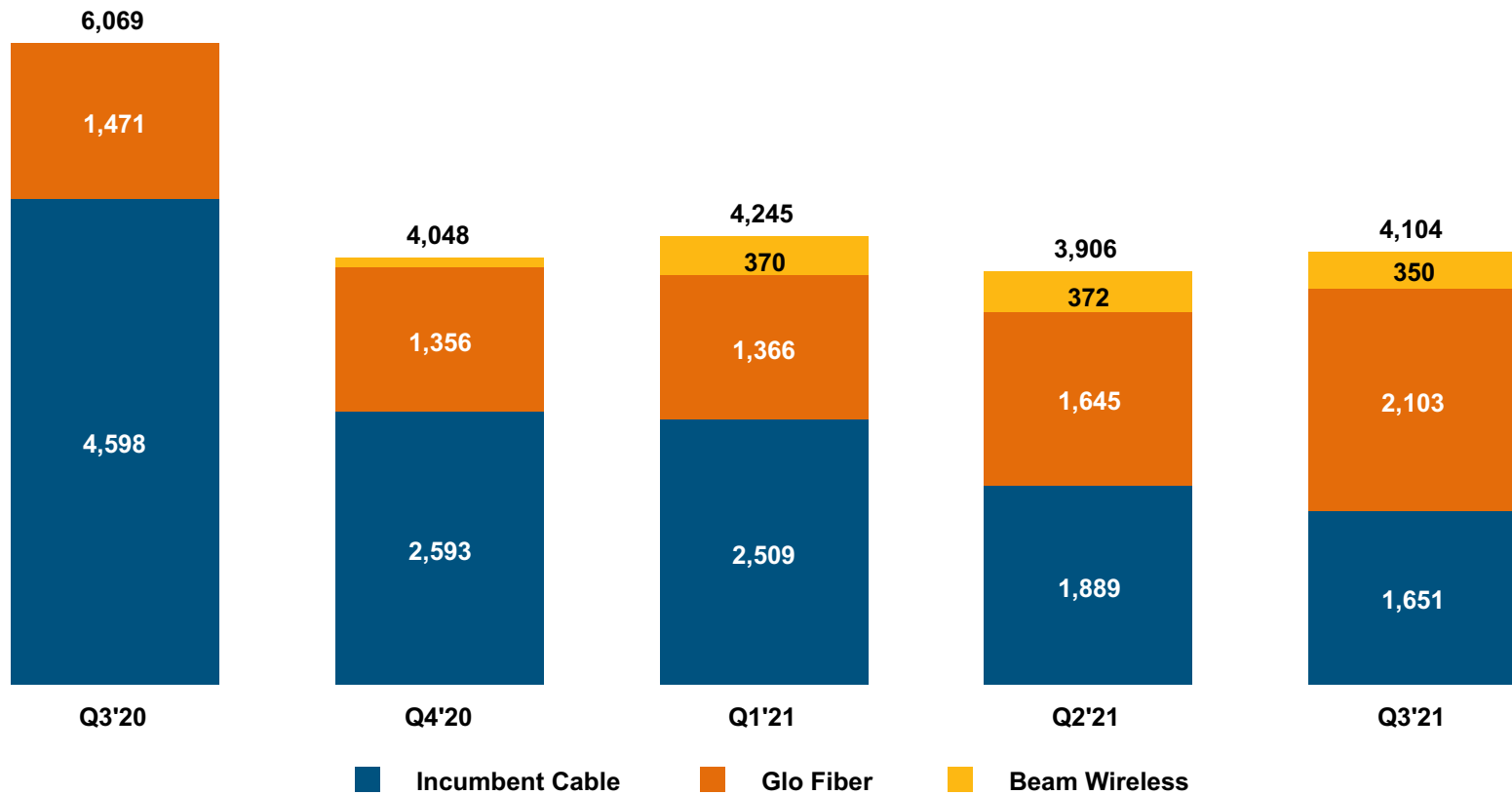
# Growing Broadband Network

Broadband Data Homes and Businesses Passed



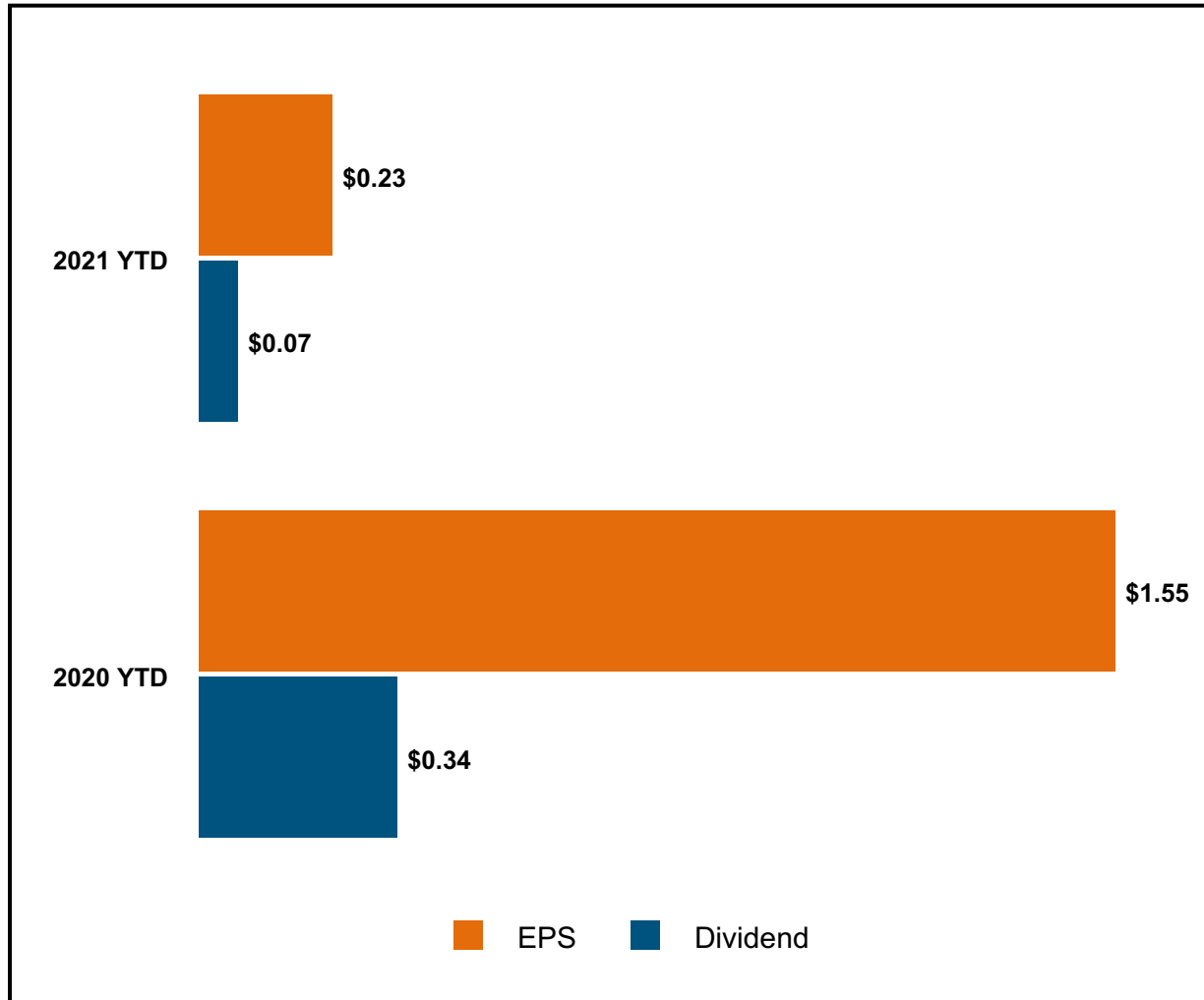
# Solid Broadband Results

Broadband Data Net Additions



# Dividend and Earnings Per Share

## Annual Dividend and Third Quarter YTD Earnings Per Share



### 2021 Annual Cash Dividend

- Payable December 1<sup>st</sup>, 2021 to shareholders of record as of close of business November 8<sup>th</sup>, 2021
- 62<sup>nd</sup> consecutive year of annual dividends

### 2021 Special Cash Dividend

- A special cash dividend of \$18.75 per share was paid on August 2<sup>nd</sup>, 2021
- Represented a return to shareholders from the \$1.5B after tax proceeds of the sale of the Wireless business

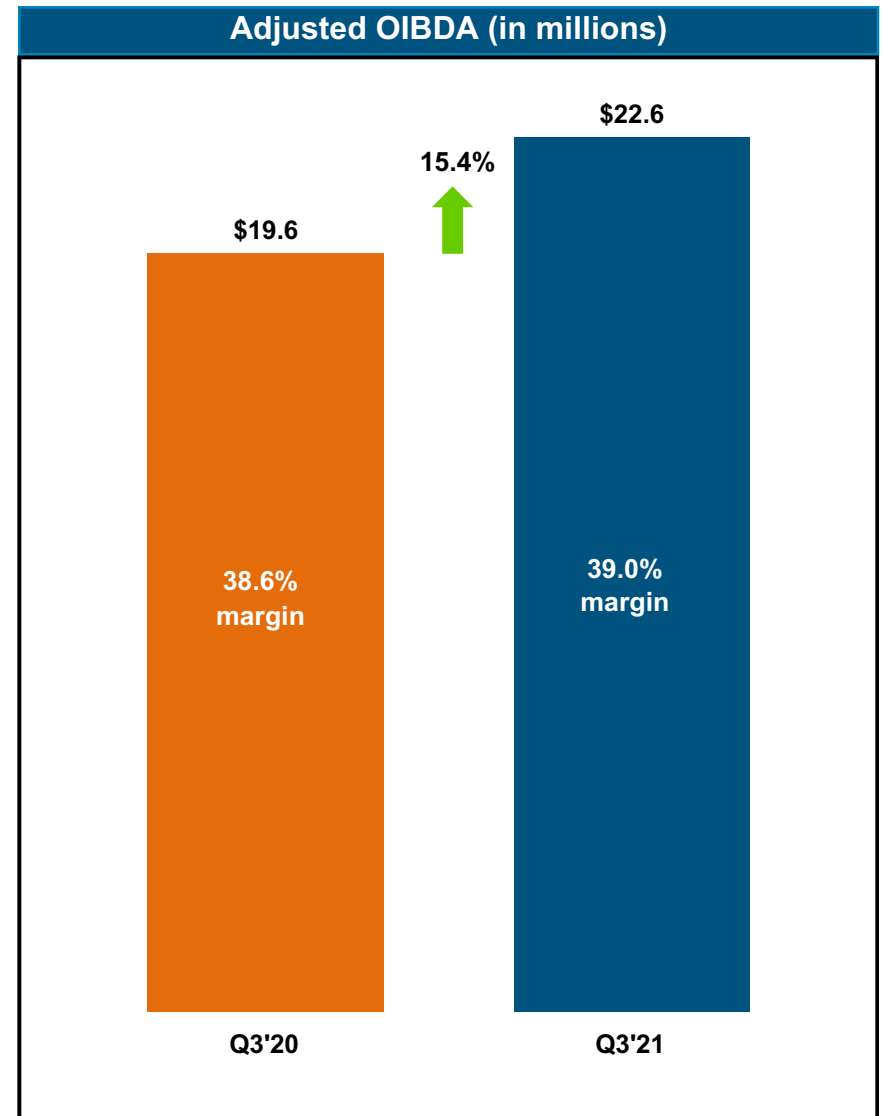
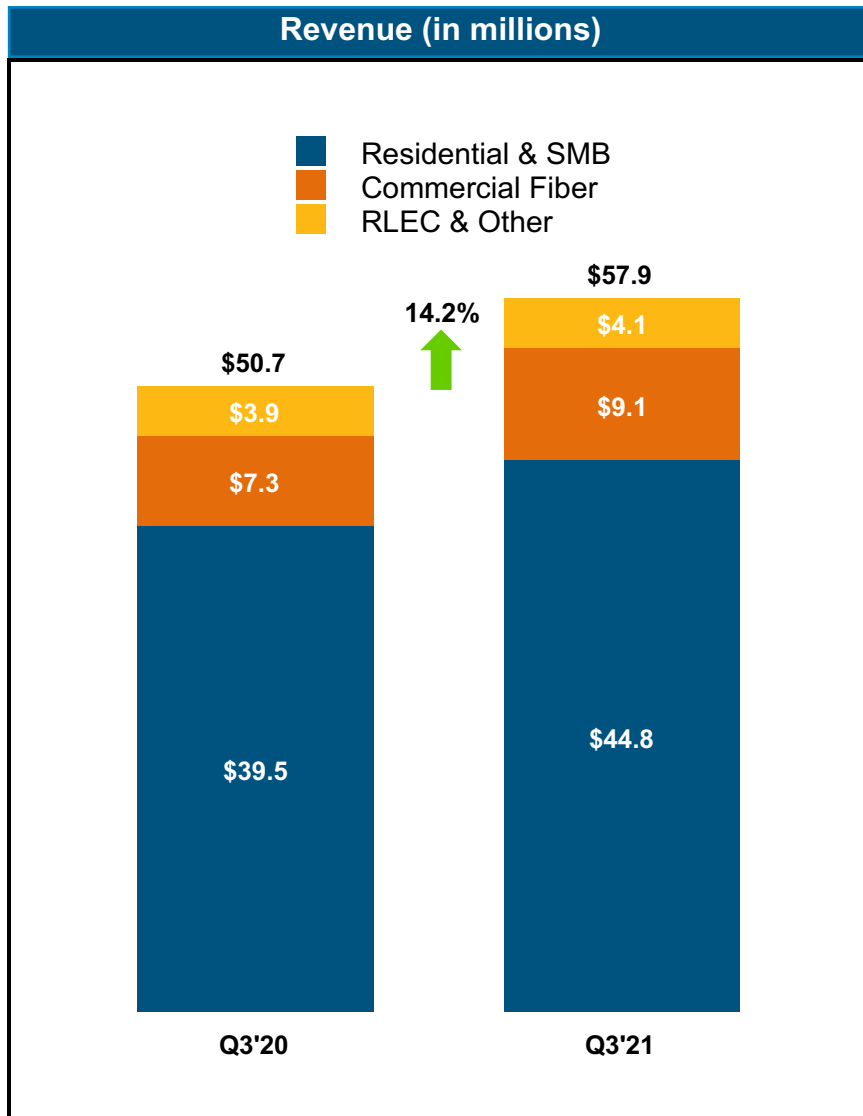


# Jim Volk

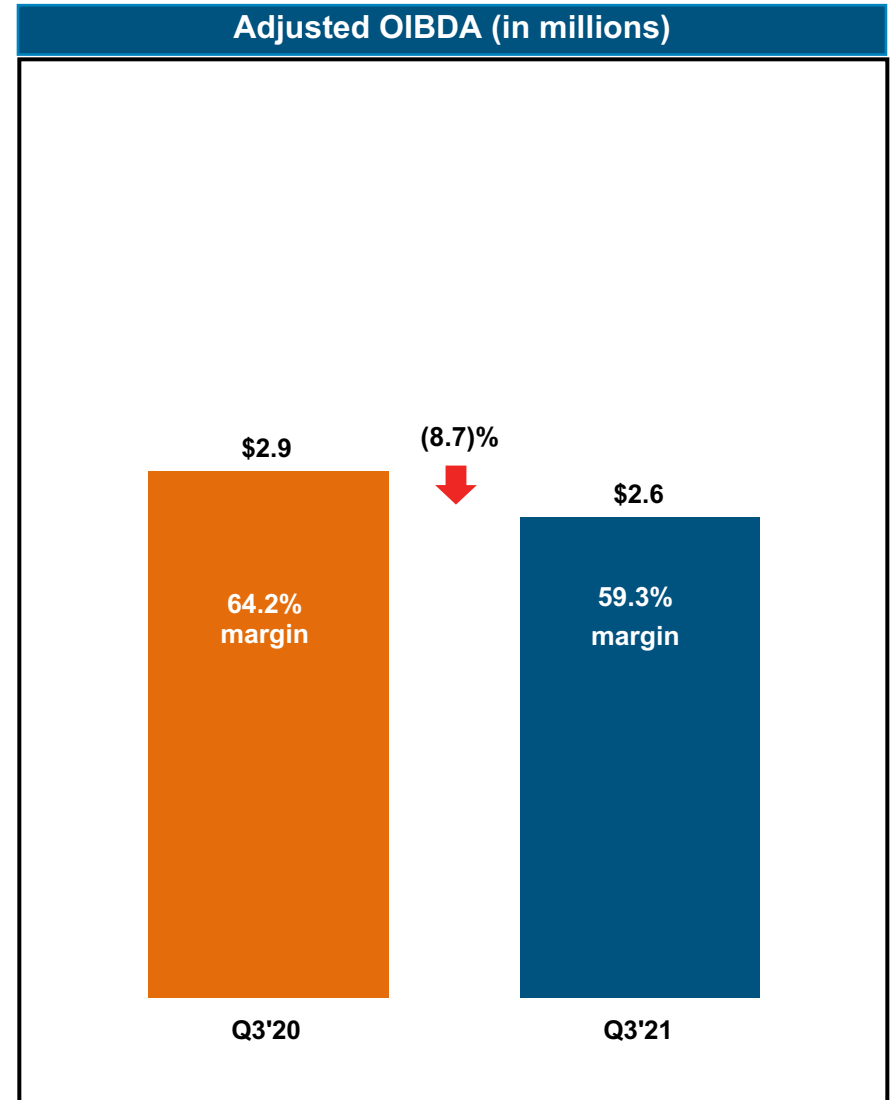
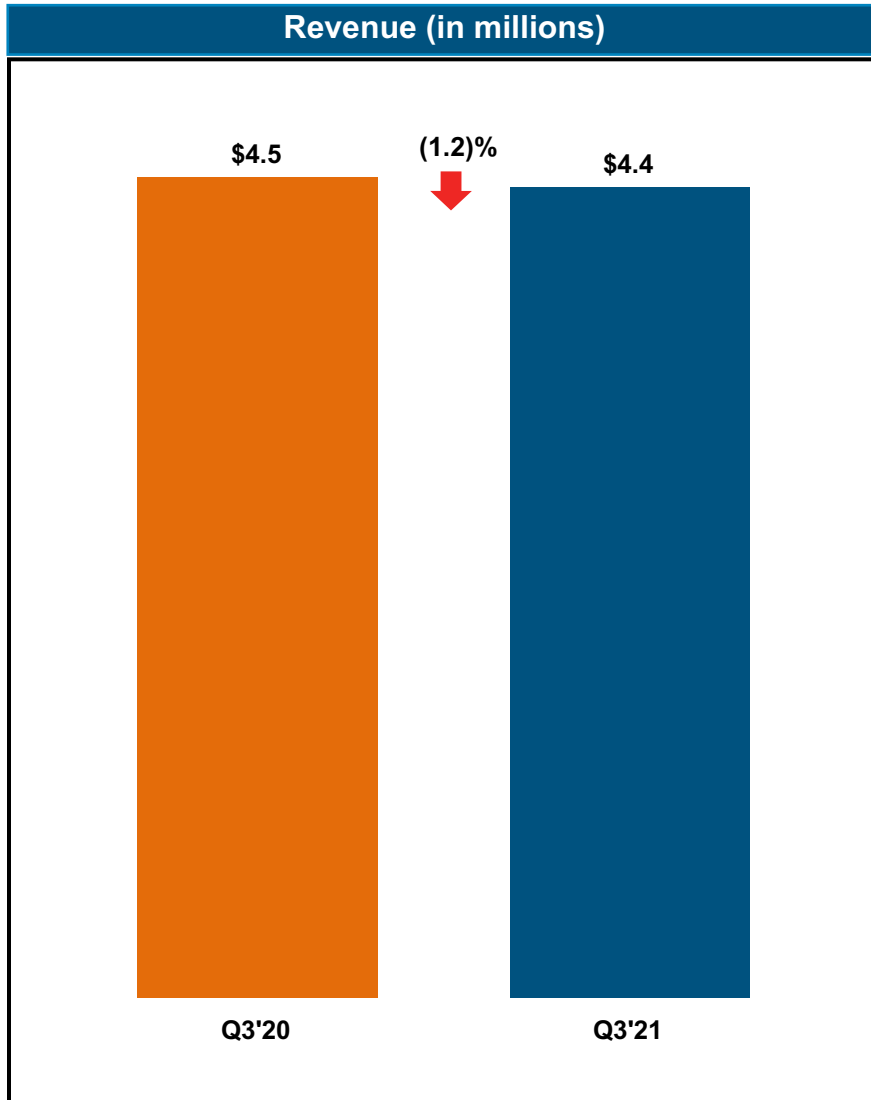
SVP of Finance and CFO



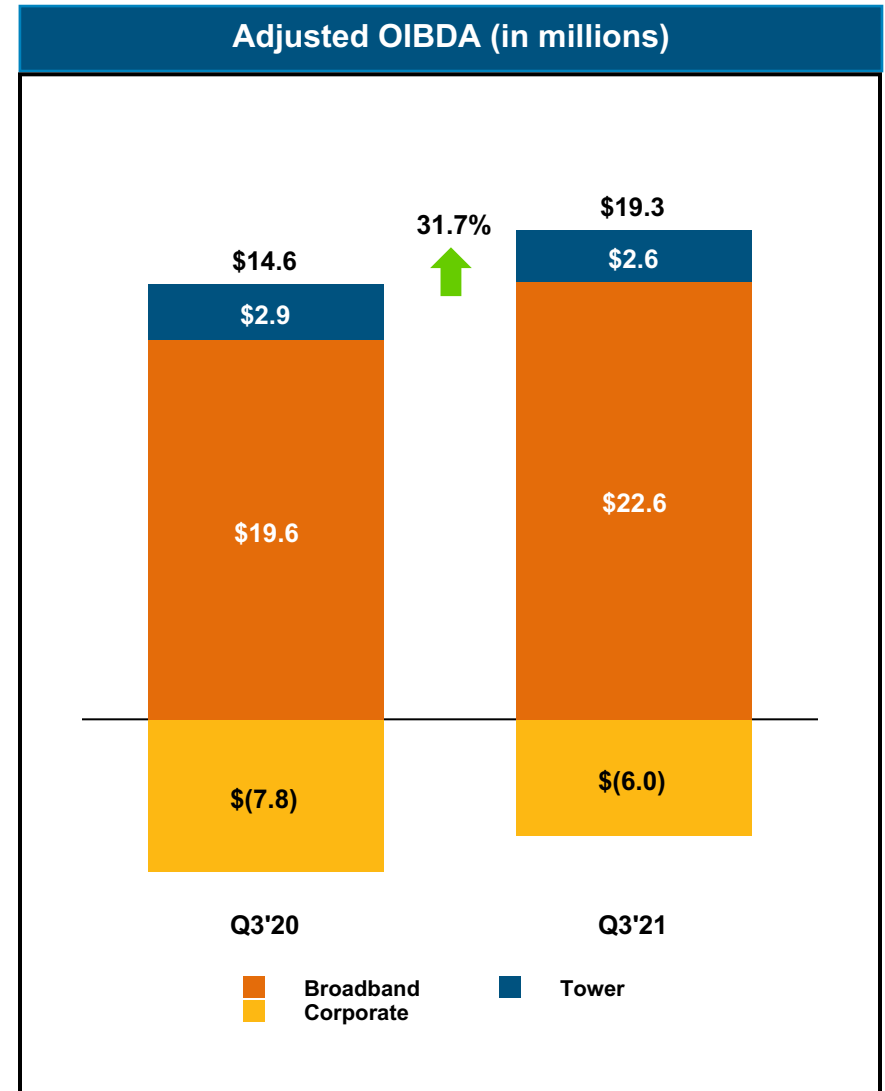
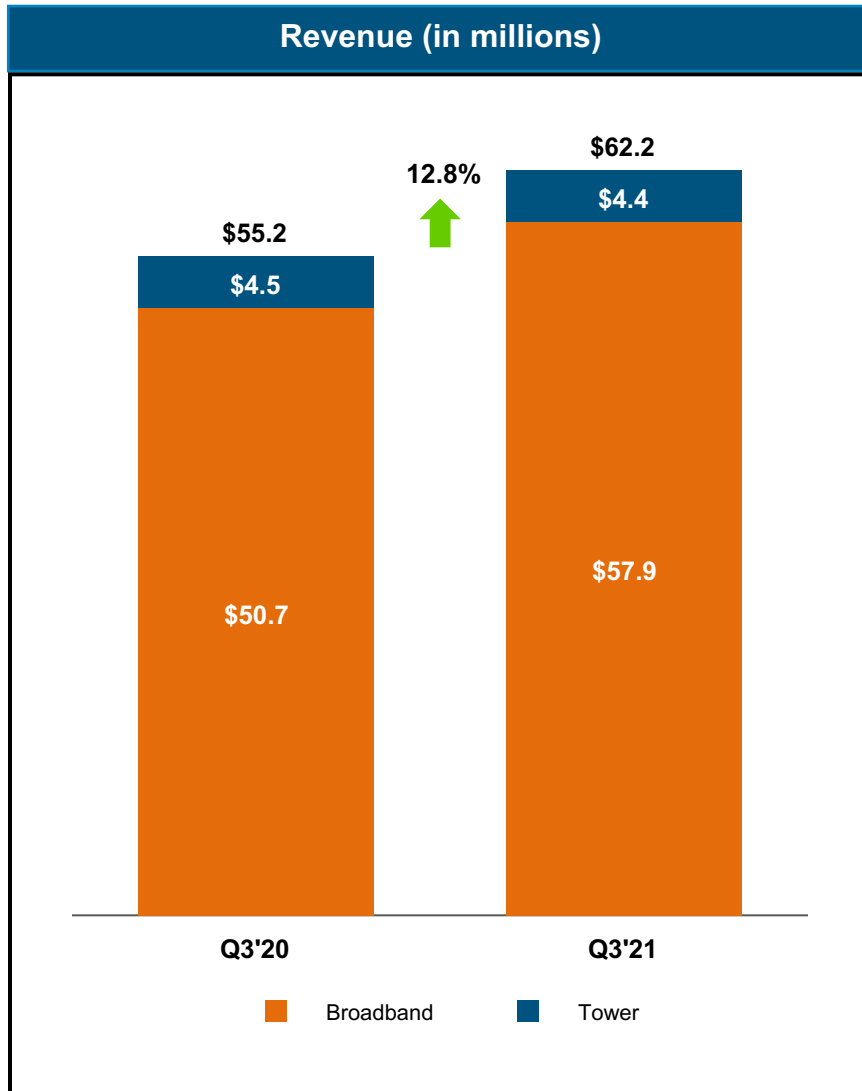
# Broadband Highlights - Third Quarter Results



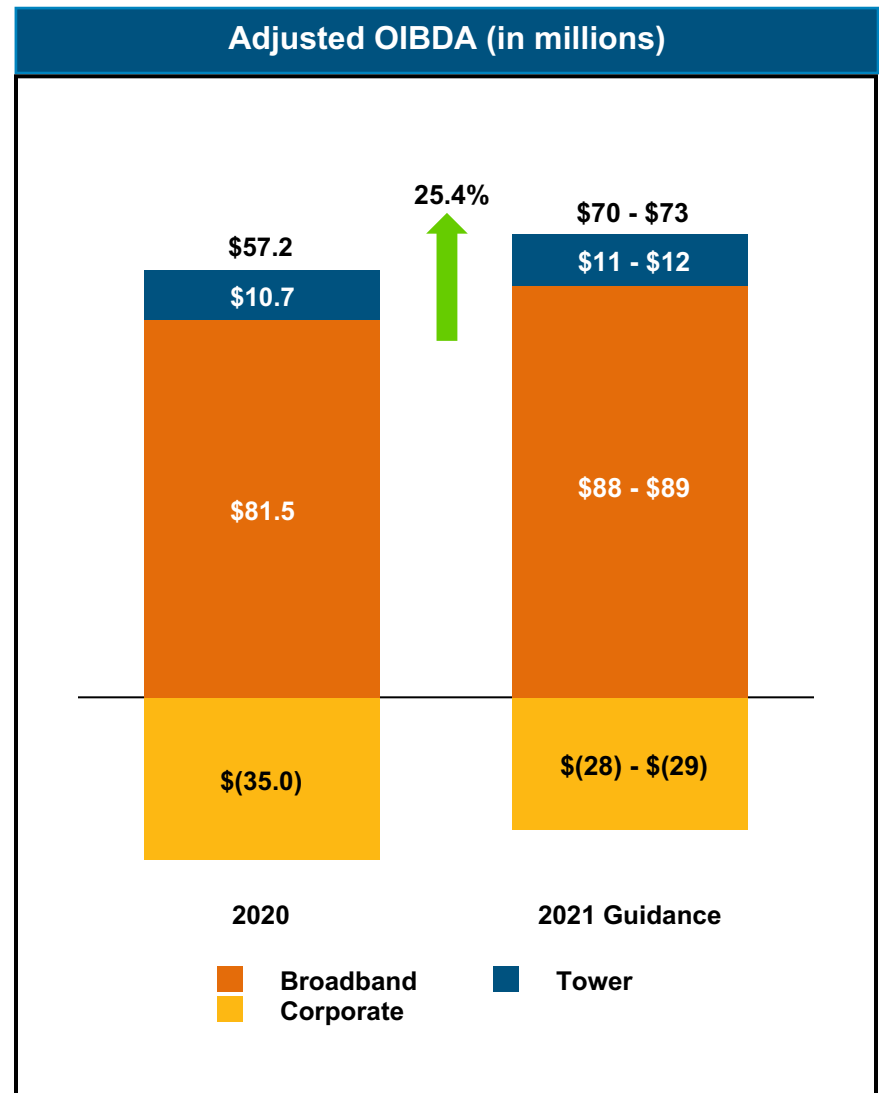
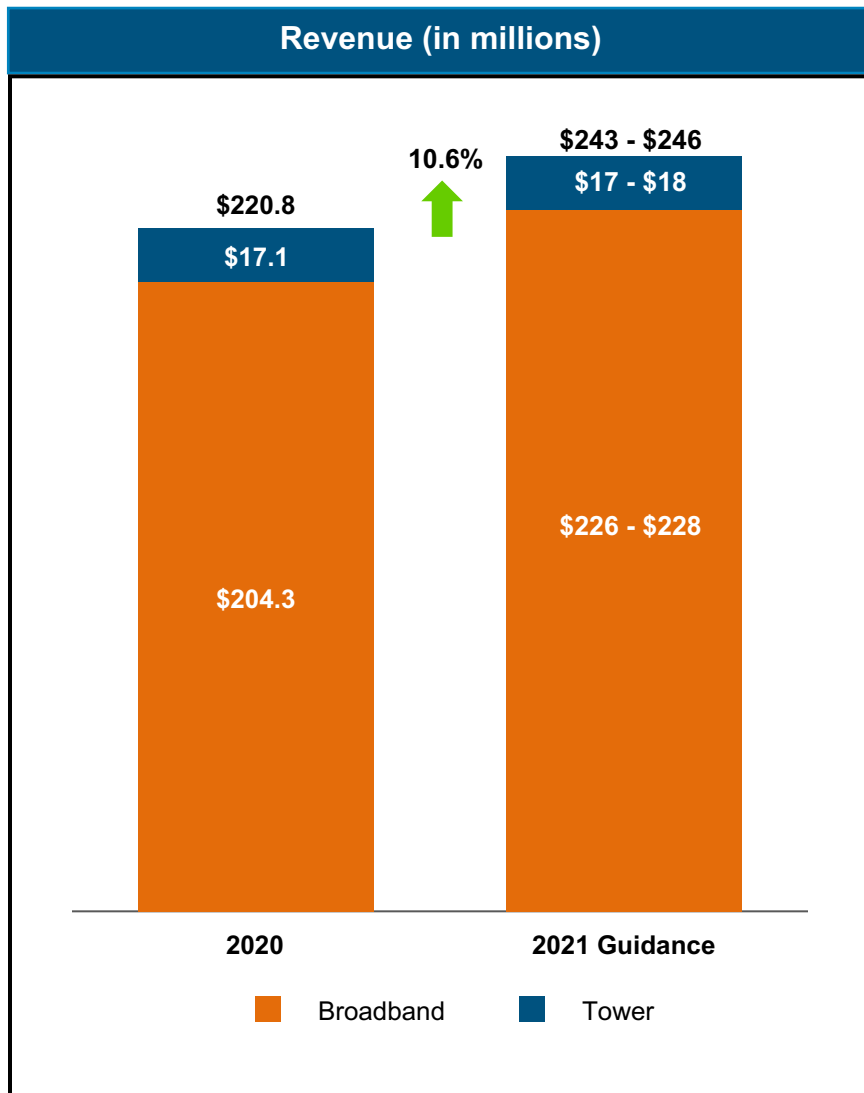
# Tower Highlights - Third Quarter Results



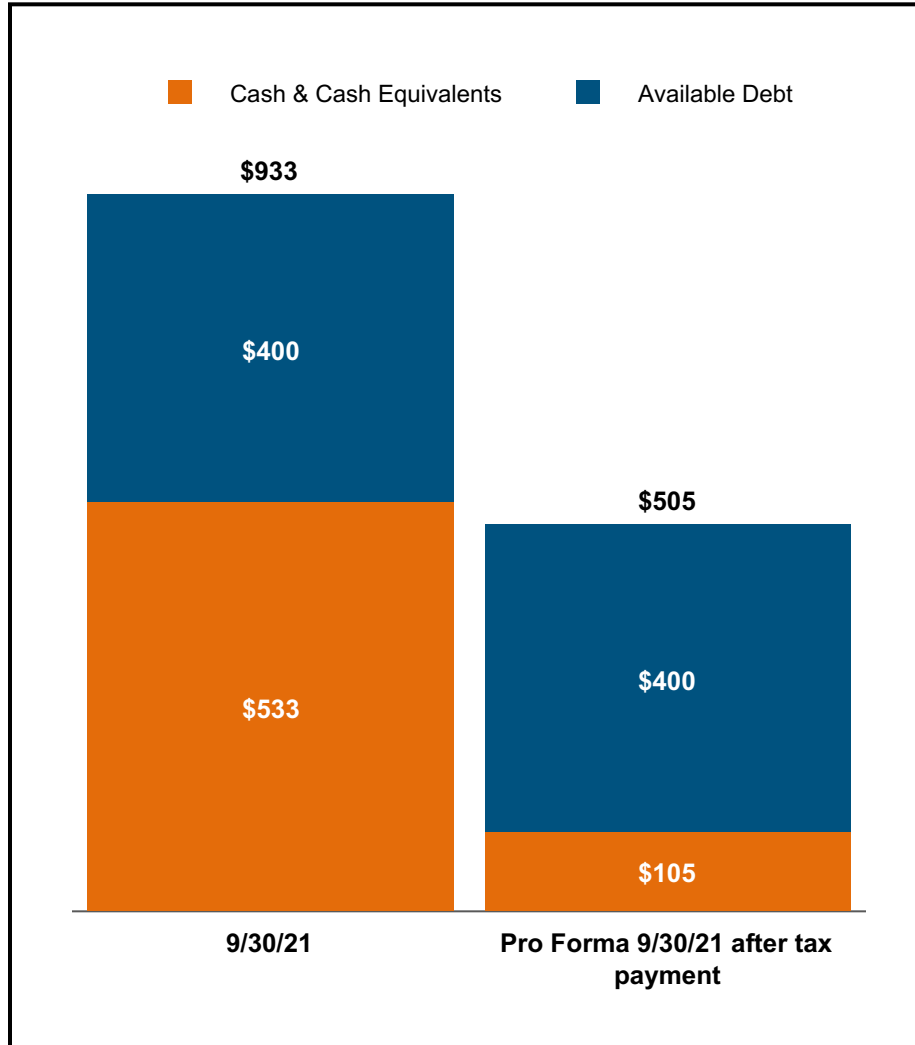
# Consolidated Highlights - Third Quarter Results



# Consolidated 2021 Outlook



# Liquidity Guidance



- Estimated tax payment of \$428M relating to sale of Wireless due in December
- Fully funded business plan
- Expect to turn FCF positive in 2026
- Net leverage is expected to peak at 2.4x in 2024



# Ed McKay

EVP and COO

# Unique network platform with high growth potential



Government Grant Opportunities

Target market dynamic		SHENTEL	glofiber	beam-	Government Grant Opportunities
Target market dynamic	Shentel position	Incumbent cable	Greenfield fiber overbuilder	Greenfield fixed wireless broadband overbuilder	Greenfield hybrid fiber / fixed wireless provider
	Market type	Mostly rural	Higher density tier III / IV markets	Low density rural	Unserviced rural
	Current / 2026 Target Homes Passed	211,000 / 220,000	61,000 / 450,000	24,000 / 28,000	0 / 32,000
	Competition	>90% low-speed DSL or no competition	Incumbent cable and low-speed DSL; no fiber competition	< 25 / 3 Mbps No cable or fiber competition	< 25 / 3 Mbps No cable or fiber competition
Shentel offering and KPIs	Primary network technology	DOCSIS 3.1 HFC	XGS-PON FTTH	5G-ready core 2.5 / 3.5 GHz licensed spectrum massive MIMO technology	XGS-PON FTTH and Fixed Wireless
	Bandwidth speeds offered	Up to 1 Gbps	Up to 2 Gbps	Up to 100 Mbps	100 Mbps to 2Gbps
	Government Grants Available	n/a	n/a	n/a	RDOF American Rescue Plan Infrastructure Bill
	Cost per passing	\$1,500 - \$2,500*	\$1,000 - \$1,400	\$250 - \$350	TBD
	Terminal penetration	55%	38%	31%	TBD

\*Incumbent cable only



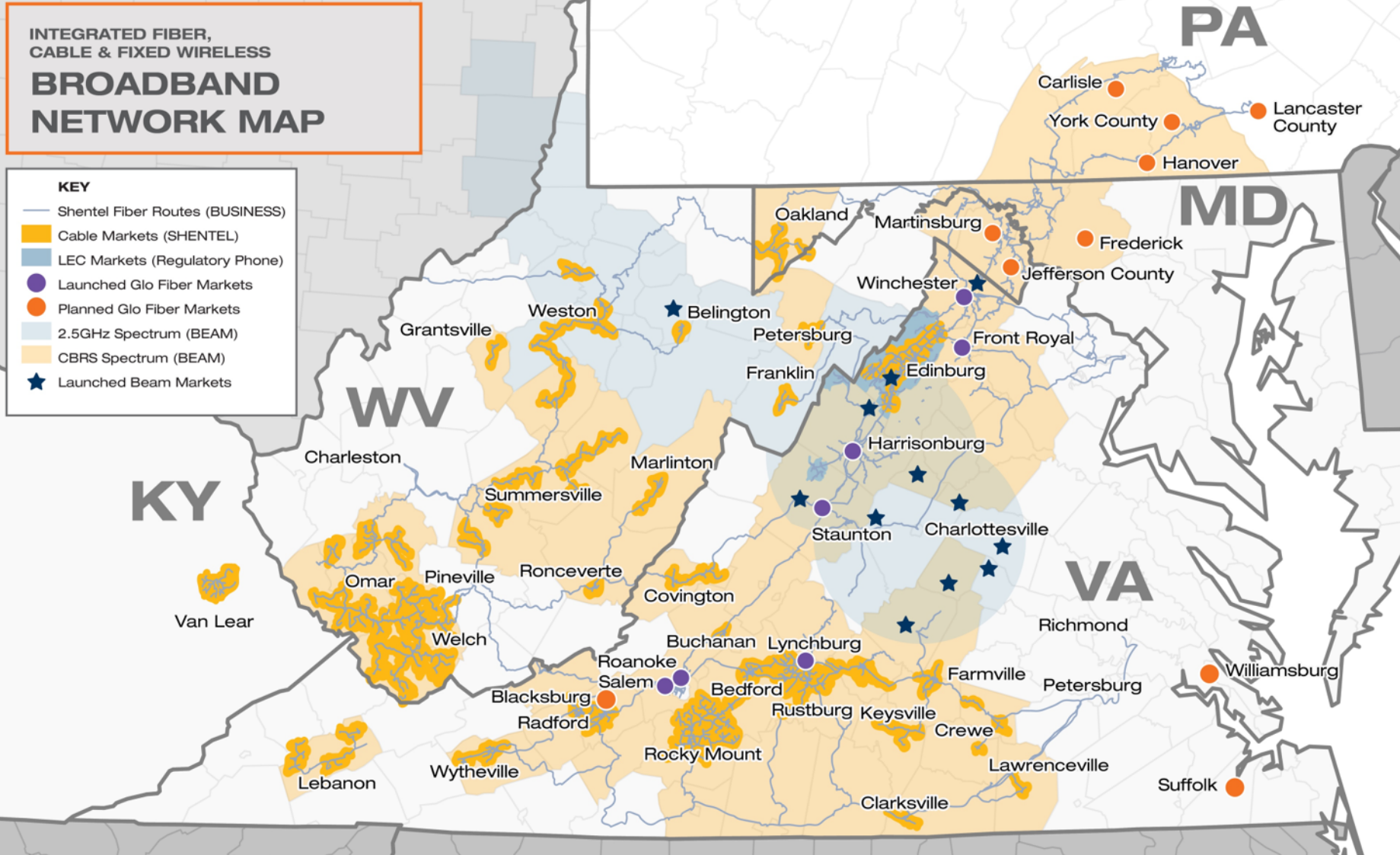
# Strategy Update - Broadband Funding

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- American Rescue Plan (ARP) - Primary source of funding for state broadband programs
  - Virginia - \$700 million for broadband infrastructure
  - Maryland - \$400 million for broadband infrastructure and affordability
  - West Virginia - \$236 million for broadband infrastructure
  - Pennsylvania / Kentucky - TBD
  - Infrastructure funding focused on unserved areas (25M/3M)
  - Shentel has partnered with multiple counties in Virginia and Maryland for grant applications; reviewing opportunities in other states
- Federal Infrastructure Bill - \$65 billion for broadband infrastructure and affordability if passed by Congress
  - \$42 billion to be distributed to states for broadband infrastructure with focus on unserved areas
  - Broadband subsidy for low-income customers (\$30/month)

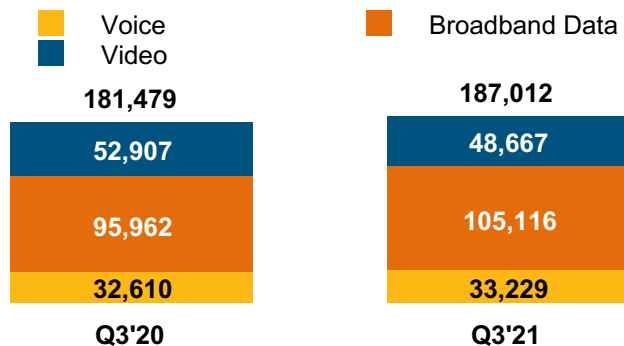


# Integrated Fiber, Cable and Fixed Wireless Broadband Network

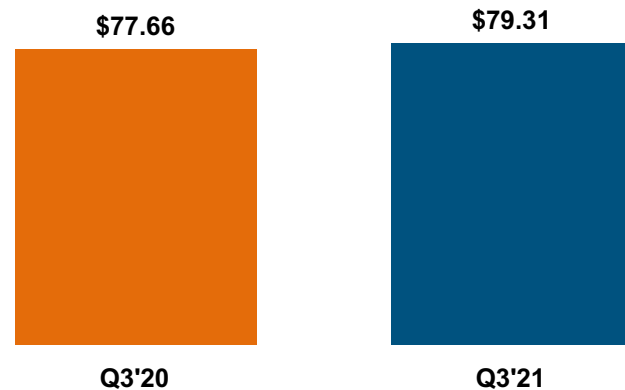


# Broadband - Incumbent Cable Metrics

## Revenue Generating Units (RGU)



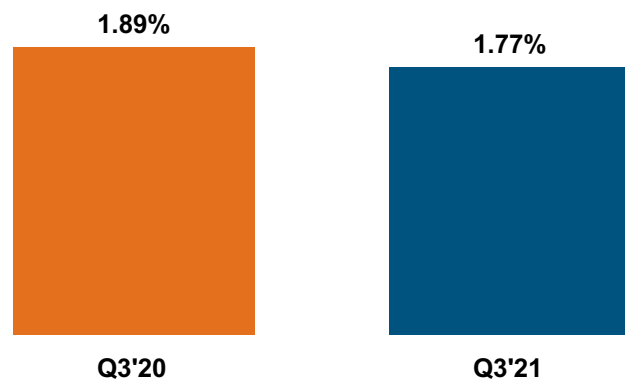
## Broadband Data Average Revenue per User (ARPU)



## Broadband Data Penetration

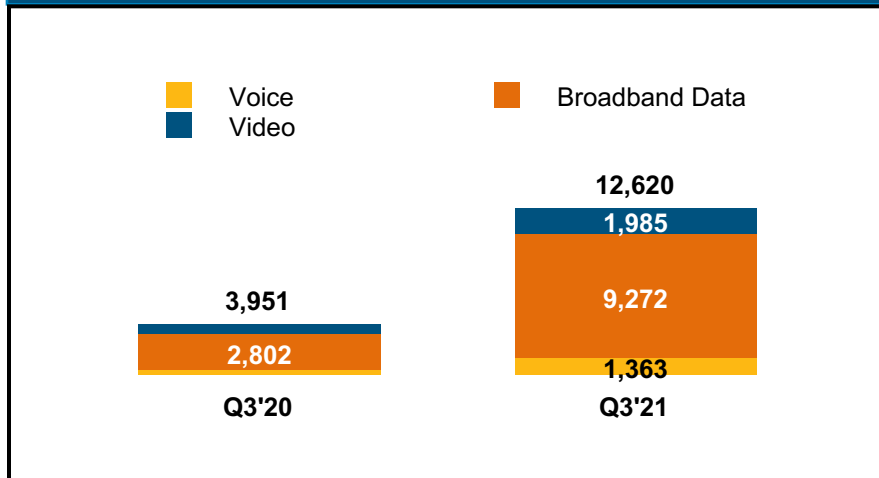


## Broadband Data Churn

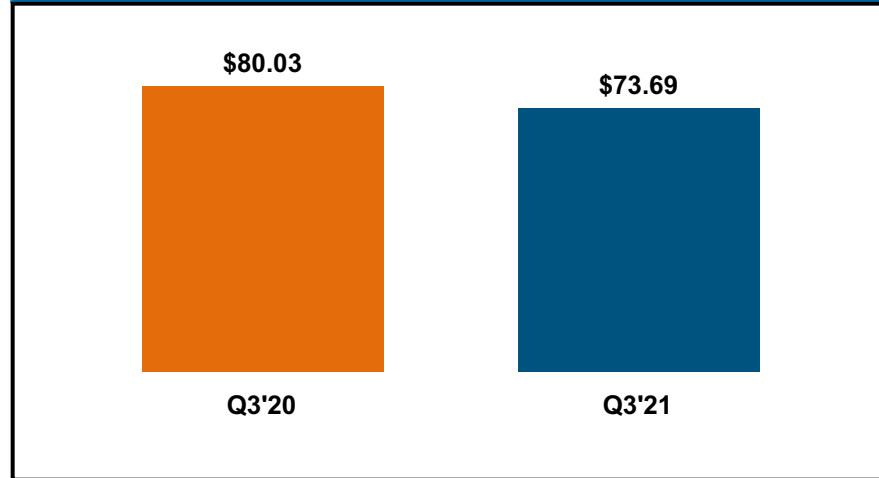


# Broadband - Glo Fiber Metrics

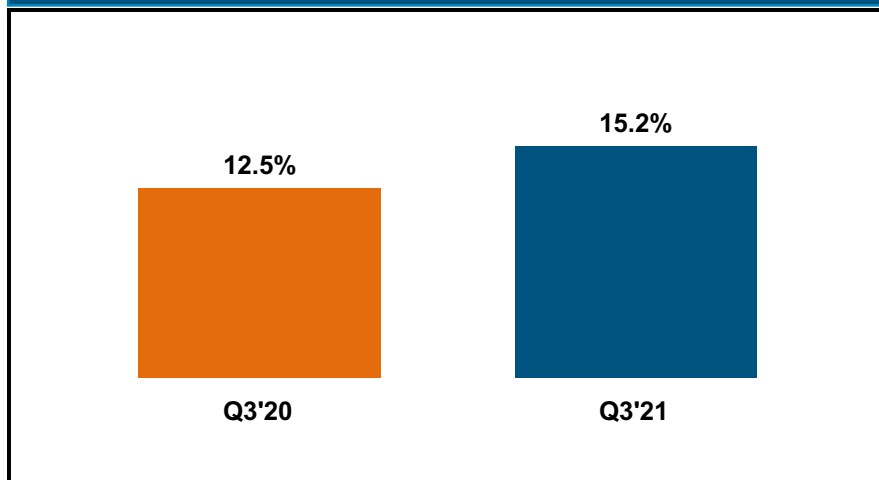
## Revenue Generating Units (RGU)



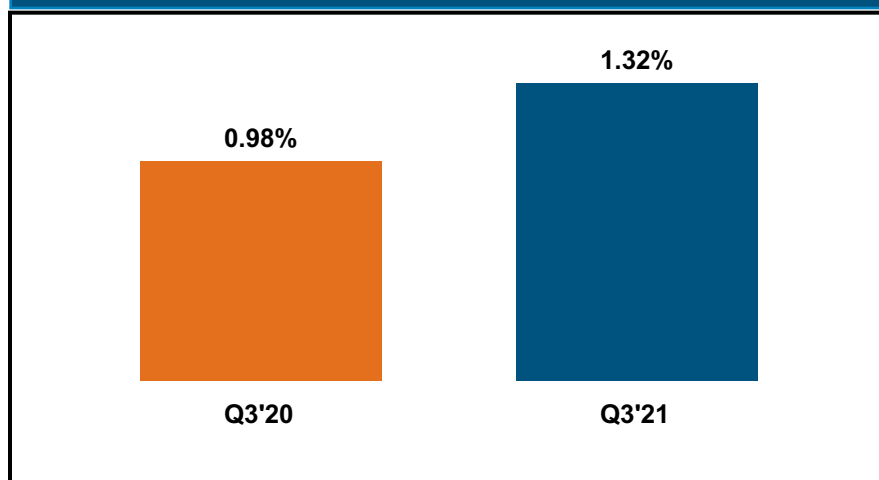
## Broadband Data Average Revenue per User (ARPU)




## Broadband Data Penetration



## Broadband Data Churn



# Glo Fiber Market Update

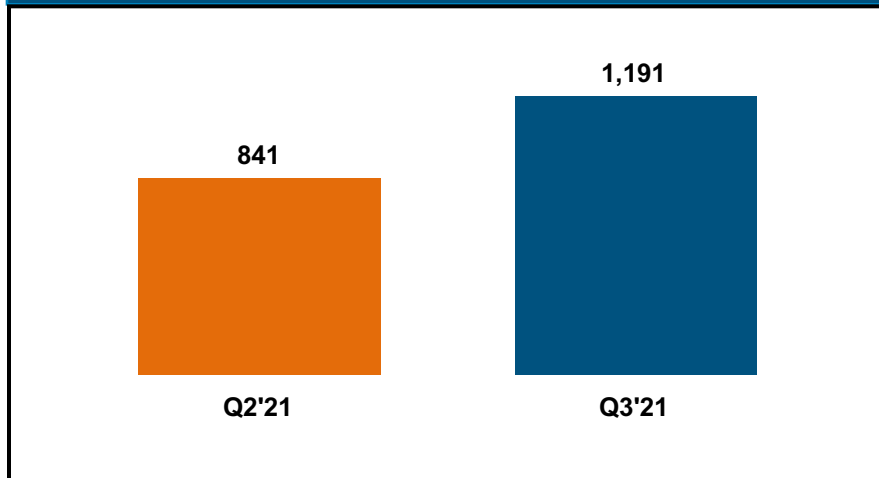
	Passings Released to Sales	Target Passings*	Launch Date	Penetration as of 9/30/2021
Harrisonburg VA	10.9k	18.9k	October 2019	23.7%
Staunton VA	10.4k	12.5k	February 2020	21.9%
Front Royal VA	5.1k	5.4k	March 2020	18.0%
Winchester VA**	8.6k	24.3k	March 2020	15.7%
Salem VA	6.1k	10.5k	January 2021	12.6%
Roanoke VA	11.3k	59.2k	April 2021	8.1%
Lynchburg VA	8.5k	19.3k	April 2021	5.4%
Hanover PA		6.2k	4Q21	
Carlisle PA		7.3k	4Q21	
Martinsburg WV		6.5k	4Q21	
Jefferson County WV		3.9k	4Q21	
Frederick MD		19.6k	4Q21	
Blacksburg VA		6.9k	2022	
Lancaster County PA		35.4k	2022	
York County PA		14.2k	2022	
Suffolk VA		29.3k	2022	
Williamsburg VA		24.9k	2022	
<b>Total</b>	<b>60.8k</b>	<b>304.3k</b>		<b>15.2%</b>

\*Target passings are defined as Single Family Households (SFU) and single tenant commercial buildings that conform to our target cost per passing along with an estimated 40% of passed residential Multiple Dwelling Units (MDU) we gain right of entry.

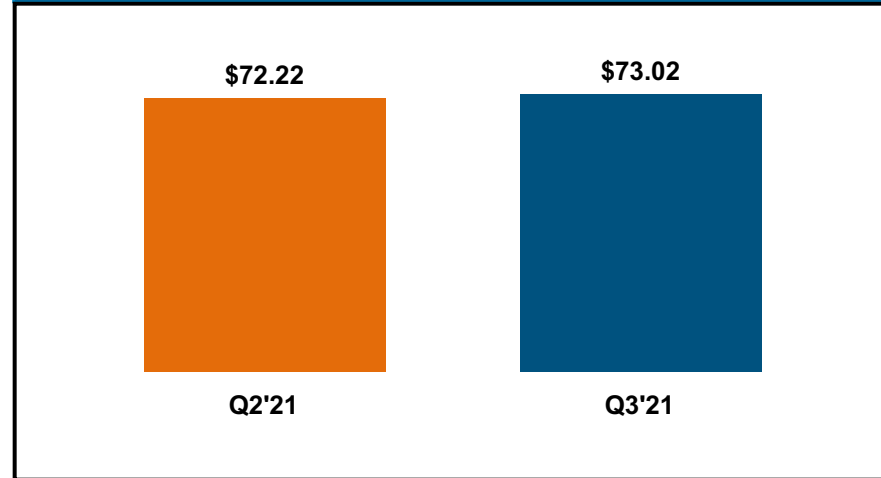
\*\* Includes Frederick County VA

# Broadband - Beam Broadband Data Metrics

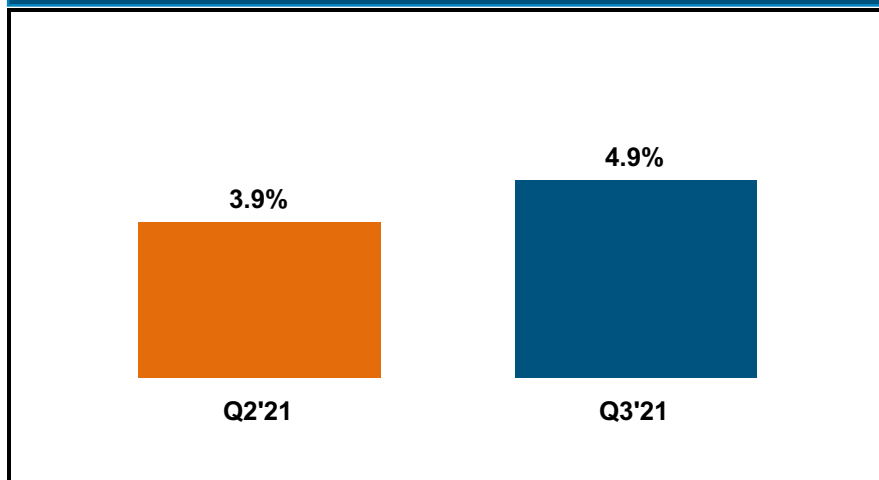
## Revenue Generating Units (RGU)



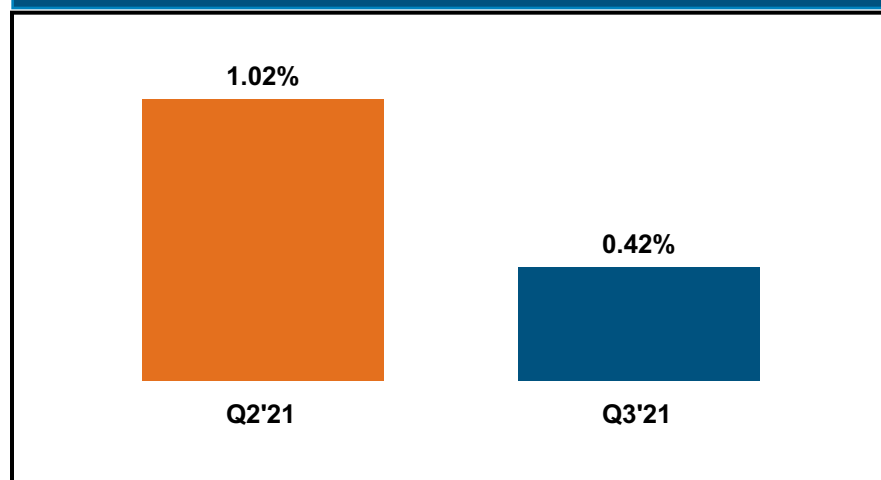
## Average Revenue per User (ARPU)



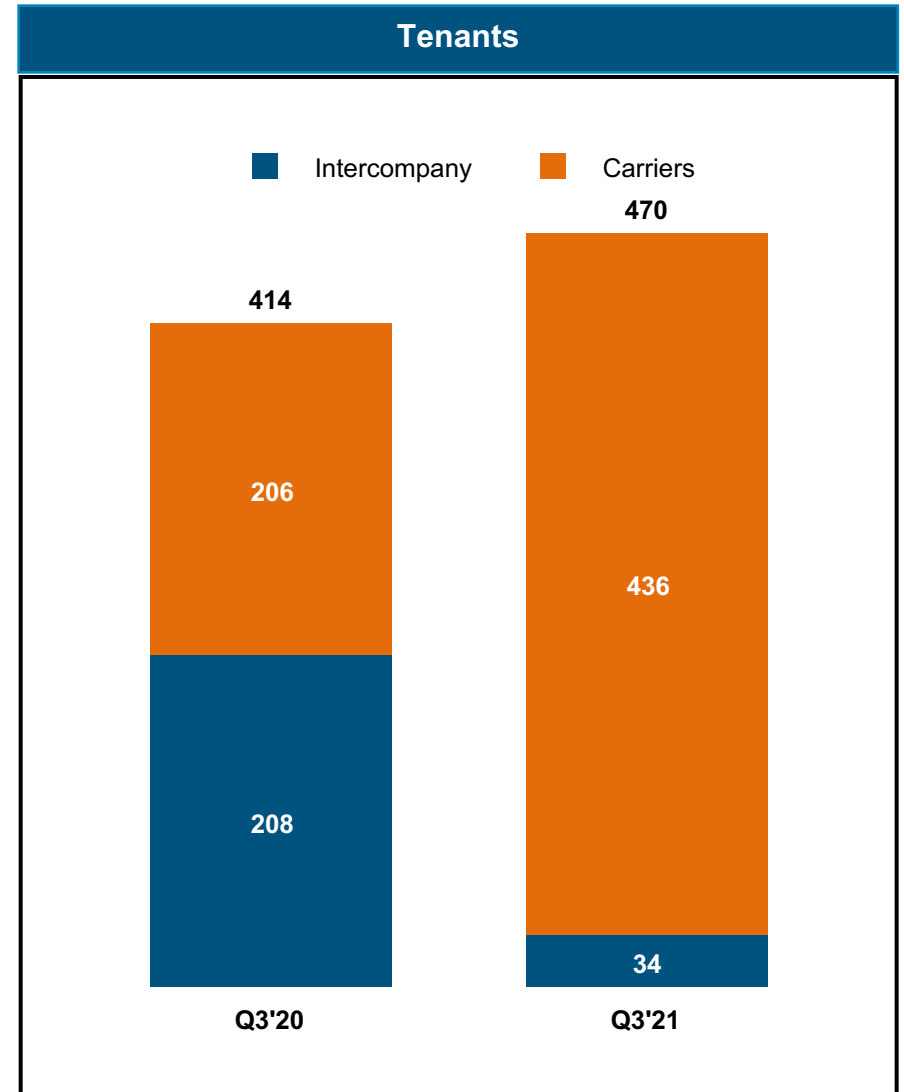
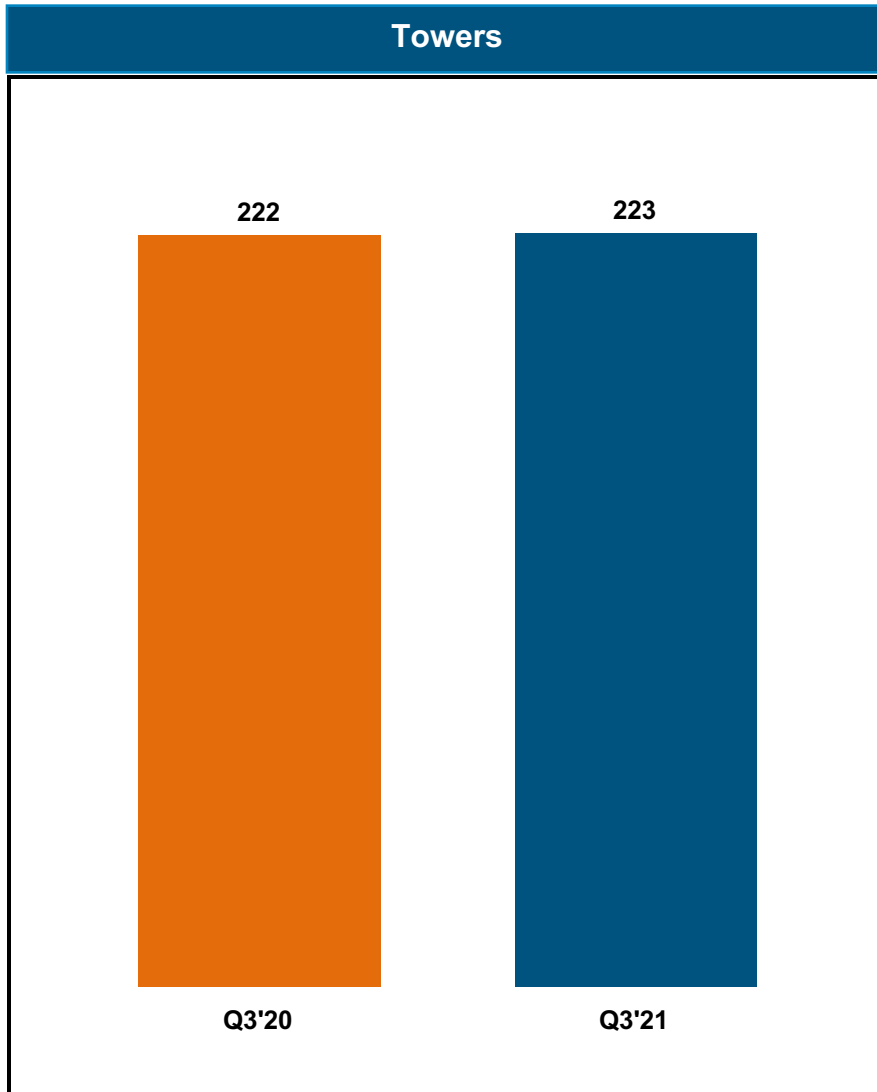
## Penetration



## Churn



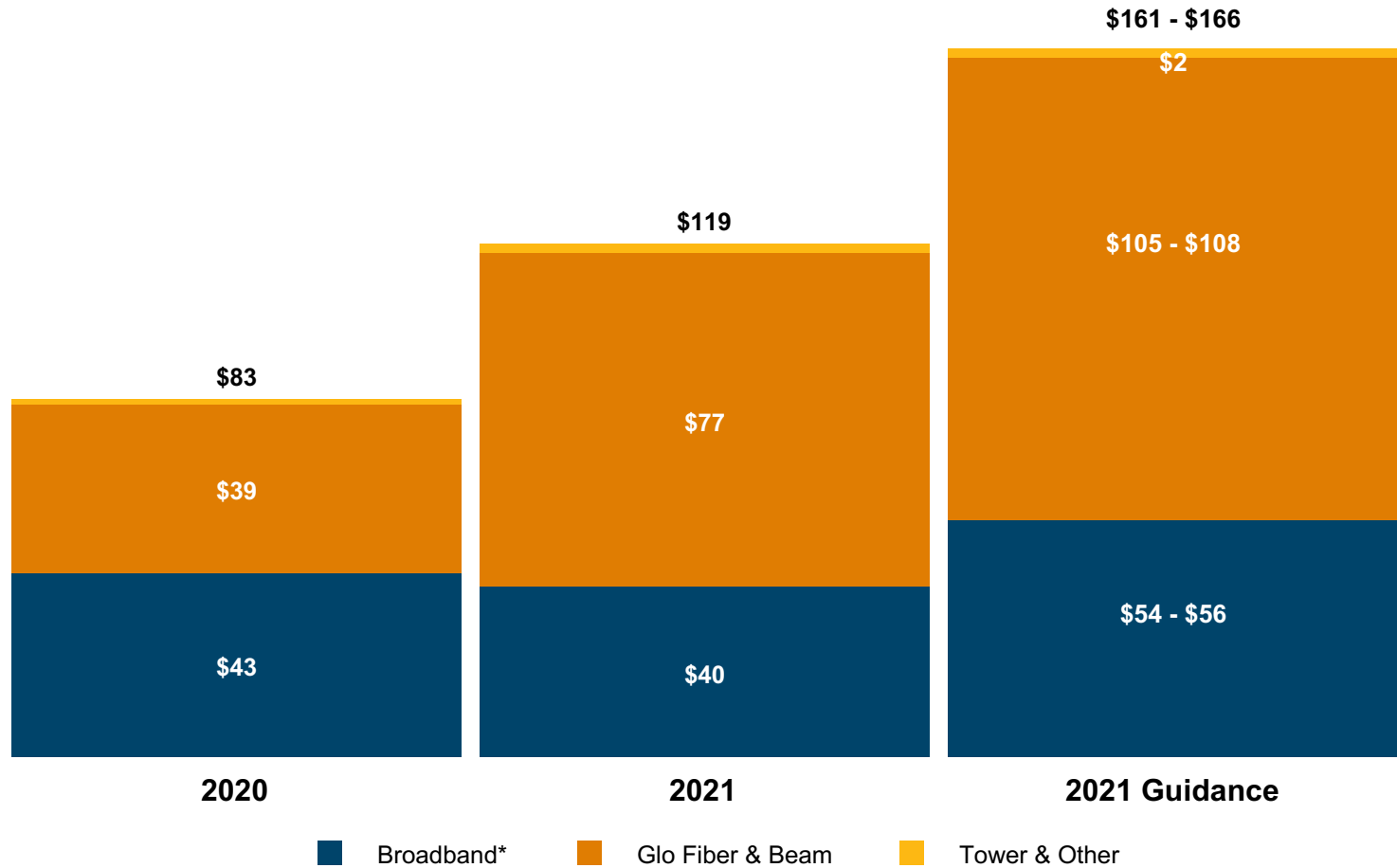
# Tower - Metrics



Intercompany leases assumed by T-Mobile 7/1/2021

# Capital Expenditures

## Capex Spending (\$ in millions)



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# Q&A



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# Appendix

# Use of Non-GAAP Financial Measures

Included in this presentation are certain non-GAAP financial measures that are not determined in accordance with U.S. 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 U.S. generally accepted accounting principles. Management believes these measures facilitate comparisons of our operating performance from period to period and comparisons of our operating performance to that of our peers and other companies by excluding certain differences. Shentel utilizes these financial performance measures to facilitate internal comparisons of our historical operating performance, which are used by management for business planning purposes, and also facilitates comparisons of our performance relative to that of our competitors. In addition, we believe these measures are widely used by investors and financial analysts as measures of our financial performance over time, and to compare our financial performance with that of other companies in our industry.

## Adjusted OIBDA by Segment - Quarterly Results

### Three Months Ended September 30, 2021

<i>(in thousands)</i>	Broadband	Tower	Corporate & Other	Consolidated
Operating income (loss) from continuing operations	\$ 9,721	\$ 2,163	\$ (10,712)	\$ 1,172
Depreciation	12,012	468	1,569	14,049
Amortization	199	—	—	199
OIBDA	21,932	2,631	(9,143)	15,420
Stock compensation expense	—	—	1,119	1,119
Transaction related fees	676	6	2,048	2,730
Adjusted OIBDA	\$ 22,608	\$ 2,637	\$ (5,976)	\$ 19,269
Total revenue	\$ 57,913	\$ 4,449	(118)	\$ 62,244
Adjusted OIBDA margin	39.0 %	59.3 %	N/A	31.0 %

### Three Months Ended September 30, 2020

<i>(in thousands)</i>	Broadband	Tower	Corporate & Other	Consolidated
Operating income (loss) from continuing operations	\$ 9,486	\$ 2,421	\$ (11,437)	\$ 470
Depreciation	9,939	467	1,422	11,828
Amortization	167	—	—	167
OIBDA	19,592	2,888	(10,015)	12,465
Stock compensation expense	—	—	1,137	1,137
Transaction related fees	—	—	1,032	1,032
Adjusted OIBDA	\$ 19,592	\$ 2,888	\$ (7,846)	\$ 14,634
Total revenue	\$ 50,710	\$ 4,501	(38)	\$ 55,173
Adjusted OIBDA margin	38.6 %	64.2 %	N/A	26.5 %

# Broadband - Average Revenue per User (ARPU)

	For the third quarter ended,			
	2020		2021	
Residential & SMB Revenue (000's)				
Broadband	\$	22,261	\$	26,813
Incumbent Cable	\$	21,770	\$	24,780
Glo Fiber	\$	491	\$	1,810
Beam Wireless	\$	—	\$	223
Video	\$	14,823	\$	15,391
Voice	\$	2,894	\$	2,968
Average Revenue Generating Units				
Broadband		95,486		113,356
Incumbent Cable		93,441		104,150
Glo Fiber		2,045		8,188
Beam Wireless		—		1,018
Video		53,085		50,921
Voice		32,581		34,789
Average Revenue per User (ARPU)*				
Broadband	\$	77.71	\$	78.85
Incumbent Cable	\$	77.66	\$	79.31
Glo Fiber	\$	80.03	\$	73.69
Beam Wireless	\$	—	\$	73.02
Video	\$	93.08	\$	100.75
Voice	\$	29.61	\$	28.44