

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **November 2, 2017**

**Shenandoah Telecommunications Company**

(Exact name of registrant as specified in its charter)

**Virginia**

(State or other jurisdiction of incorporation)

**0-9881**

(Commission File Number)

**54-1162807**

(IRS Employer Identification No.)

**500 Shentel Way**

**P.O. Box 459**

**Edinburg, VA**

(Address of principal executive offices)

**22824**

(Zip Code)

Registrant's telephone number, including area code: **(540) 984-4141**

**Not Applicable**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 7.01. Regulation FD Disclosure.**

The following information is furnished pursuant to Regulation FD: On November 2, 2017, Shenandoah Telecommunications Company held its third quarter 2017 earnings release conference call. The materials attached hereto as Exhibit 99.1 were utilized during the conference call. These materials are also available on the Company's website, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

These materials may contain forward-looking statements about Shenandoah Telecommunications Company 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 or similar words, or by discussions of strategy or risks and uncertainties. Shenandoah Telecommunications Company undertakes no obligation to revise or update such statements to reflect current events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events.

**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits**

The following exhibit is furnished with this Current Report on Form 8-K.

[99.1](#) **Third Quarter 2017 Earnings Release Conference Call Slides**

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SHENANDOAH TELECOMMUNICATIONS COMPANY

November 2, 2017

/s/ Adele M. Skolits

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Adele M. Skolits  
Vice President - Finance and  
Chief Financial Officer



**3Q 2017**  
**Earnings Conference Call**  
November 2, 2017

# Safe Harbor Statement

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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](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.

# Use of Non-GAAP Financial Measures

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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 2017 Highlights

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- **Net Income in Q3'17**

- Net Income of \$3.5 million in Q3'17 compared to a net loss of \$7.6 million in Q3'16

- **Adjusted OIBDA**

- Decreased 9.3% to \$66.9 million over Q3'16

- **Revenue**

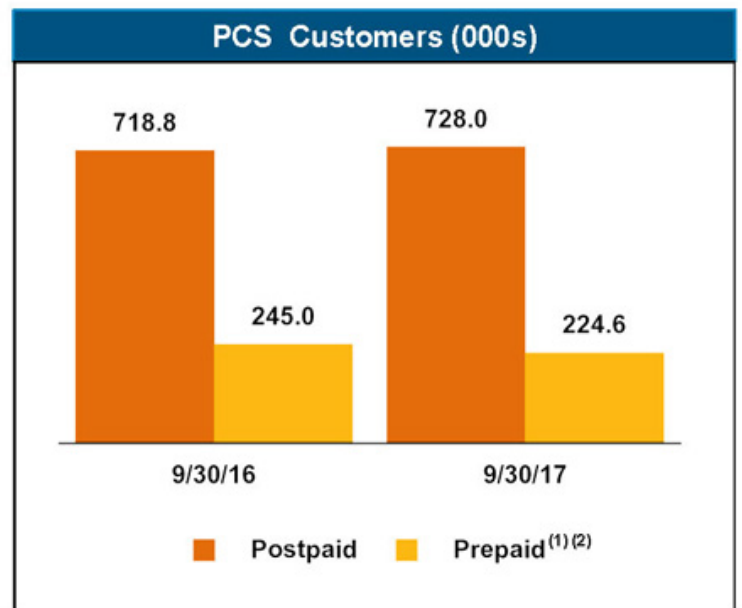
- Decreased 3.2% to \$151.8 million over Q3'16

- **Customer Change**

	<u>9/30/16</u>	<u>9/30/17</u>	<u>Change</u>
Wireless	963,831	952,563	(11,268)
Cable (RGUs)	132,430	133,240	810

# Wireless Highlights

- **Postpaid Customers**  
Postpaid customers increased 1.3% over Q3'16
- **Prepaid Customers**  
Prepaid customers decreased 8.3% over Q3'16
- **Adjusted OIBDA**  
Decreased by \$8.3 million, down 13.3% in Q3'17 vs Q3'16



(1) Prepaid subscribers reported in the September 2017 period include the impact of a change in the Company's policy as to how long an inactive customer is included in the customer counts. This policy change, implemented in December 2016, effectively reduced prepaid customers by approximately 24 thousand.

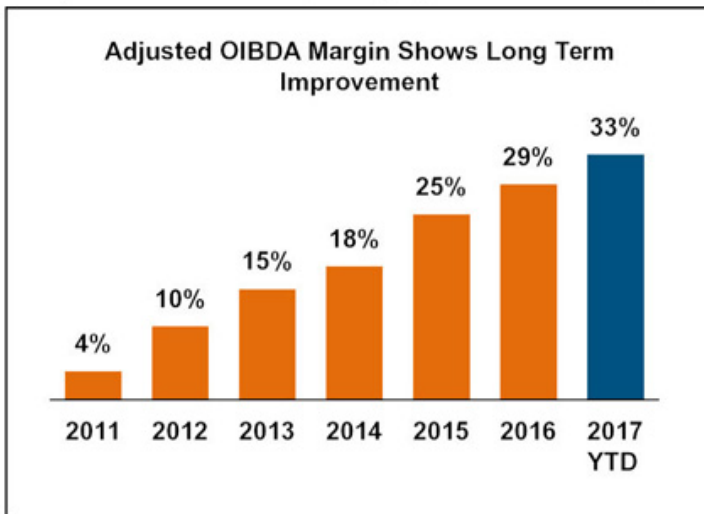
(2) As of September 2017, The Company is no longer including Lifeline subscribers to be consistent with Sprint's policy. The historical customer count has been adjusted accordingly.



# Cable Highlights

## Revenue Growth

- Operating revenues \$30.1 million, growth of 9.2% over Q3'16
- Q3'17 Adjusted OIBDA \$10.0 million, up 21.1% from Q3'16
- 133,240 RGUs at Q3'17, up 0.6% over Q3'16



## Cable Adjusted OIBDA (in millions)

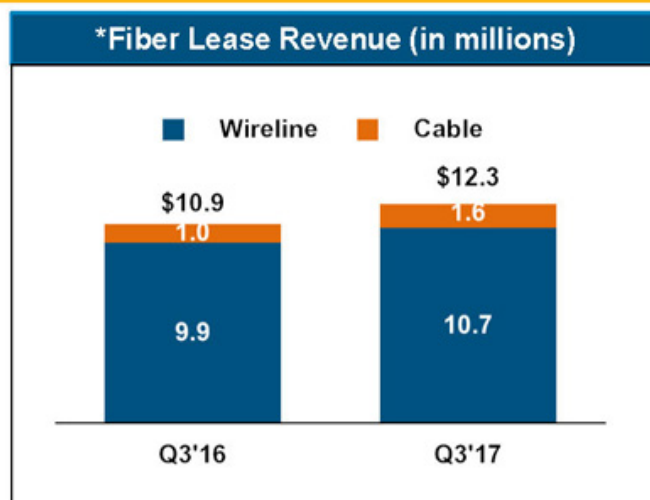


## Cable RGUs



## Fiber and Tower Highlights

- Wireline and Cable fiber lease revenues of \$12.3 million, up 12.8% from Q3'16
- 201 towers generated \$1.9 million of OIBDA in Q3'17, an increase of 8.9%



\*Includes both Affiliate and Non-affiliate revenues

**Mobile Tower OIBDA (\$ thousands)**

(in thousands)	Q3'16	Q3'17
Operating Income	\$ 1,274	\$ 1,439
Deprec. and Amort.	475	470
Share Based Compensation	9	5
<b>Adjusted OIBDA</b>	<b>\$ 1,758</b>	<b>\$ 1,914</b>



# Adele Skolits

VP of Finance and CFO

# Profitability

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

	<b>For the Quarter Ended:</b>	
	<b>9/30/16</b>	<b>9/30/17</b>
<b>Operating Income</b>	\$ (3.9)	\$ 9.5
<b>Net Income</b>	\$ (7.6)	\$ 3.5
<b>Earnings (Loss) Per Share:</b>		
<b>Basic</b>	\$ (0.16)	\$ 0.07
<b>Diluted</b>	\$ (0.16)	\$ 0.07

# Profitability

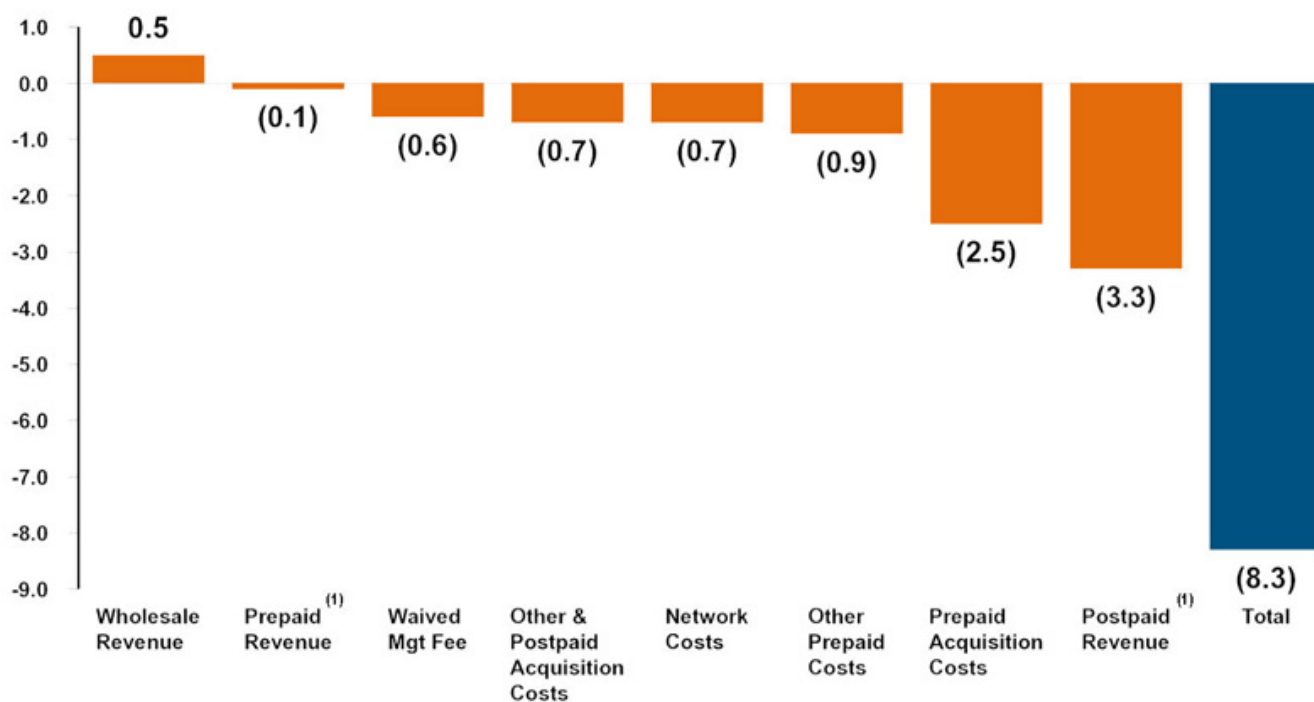
## Adjusted OIBDA (\$ millions)

	For the Quarter Ended:			
	9/30/2016	9/30/2017	Change (\$)	Change (%)
Operating income	(3.9)	9.5	13.4	344%
Depreciation and amortization	46.8	42.6	(4.2)	(9)%
(Gain) loss on asset sales	(0.1)	0.2	(0.3)	(300)%
Share based compensation	0.5	0.6	0.1	20%
Straight line adjustment to reduce management fee waiver	4.6	4.3	(0.3)	(7)%
Amortization of intangible netted in revenue	5.6	5.2	(0.4)	(7)%
Amortization of intangible netted in rent expense	—	1.6	1.6	100%
Integration, acquisition and migration expense	15.3	1.7	(13.6)	(89)%
Temporary backoffice costs to support the billings operations through migration	4.9	1.2	(3.7)	(76)%
<b>Adjusted OIBDA</b>	<b>73.7</b>	<b>66.9</b>	<b>(6.8)</b>	<b>(9)%</b>
Less waived management fee	(9.5)	(9.0)	0.5	5%
<b>Continuing OIBDA</b>	<b>64.2</b>	<b>57.9</b>	<b>(6.3)</b>	<b>(10)%</b>

## Adjusted OIBDA by Segment (\$ millions)

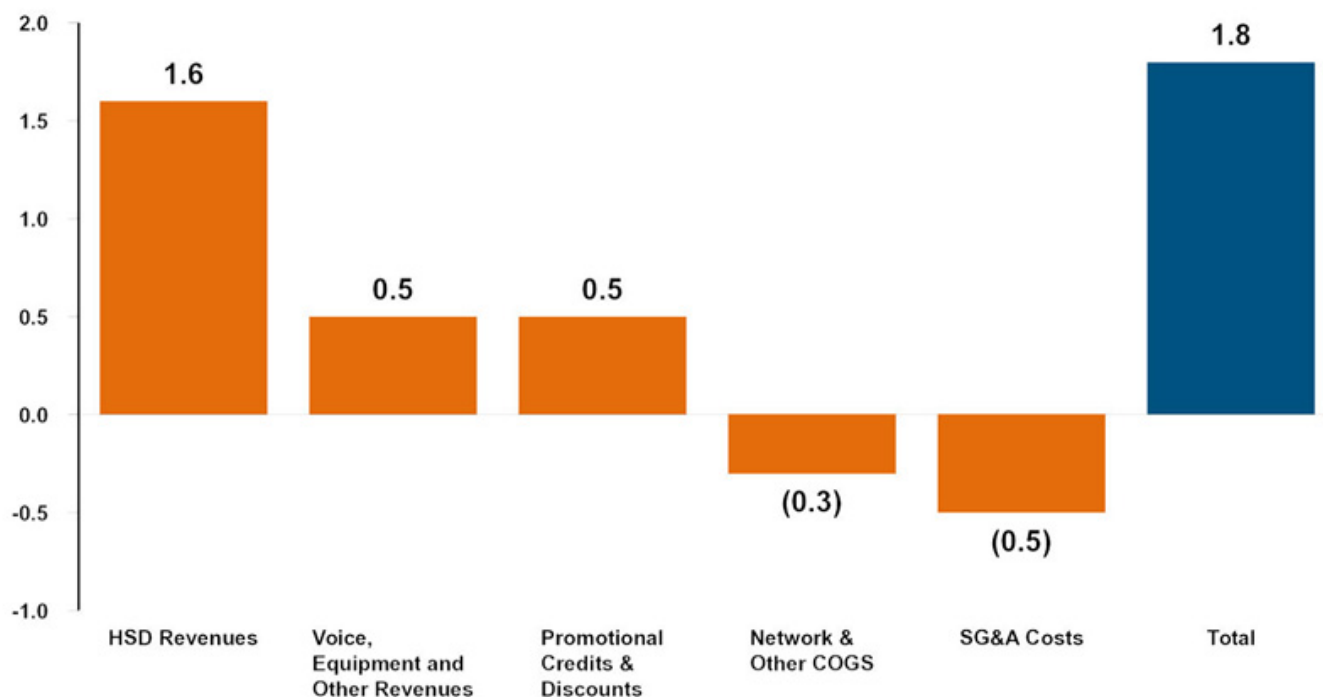
	<u>Wireless</u>		<u>Cable</u>		<u>Wireline</u>	
	Q3'16	Q3'17	Q3'16	Q3'17	Q3'16	Q3'17
Operating income	\$ (5.4)	\$ 6.7	\$ 2.3	\$ 3.6	\$ 4.8	\$ 5.1
Depreciation and amortization	38.0	32.9	5.9	6.2	2.8	3.2
Plus (gain) loss on asset sales	—	0.2	—	—	—	—
Share based compensation	0.2	0.3	0.1	0.2	—	0.1
Straight line adjustment - mgmt fee waiver	4.6	4.3	—	—	—	—
Amort. of intangible netted in revenue	5.6	5.2	—	—	—	—
Amort. of intangible netted in rent expense	—	1.6	—	—	—	—
Integration, acquisition and migration expense	14.5	1.7	—	—	—	—
Temporary backoffice costs	4.9	1.2				
<b>Adjusted OIBDA</b>	<b>\$ 62.5</b>	<b>\$ 54.2</b>	<b>\$ 8.2</b>	<b>\$ 10.0</b>	<b>\$ 7.7</b>	<b>\$ 8.4</b>
Percent Change		(13)%		21%		10%
Adjusted OIBDA Margin	52%	48%	30%	33%	41%	42%

## Wireless Segment – Change in Adjusted OIBDA Q3'17 vs. Q3'16 (\$ millions)



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

## Cable Segment – Change in Adjusted OIBDA Q3'17 vs. Q3'16 (\$ millions)



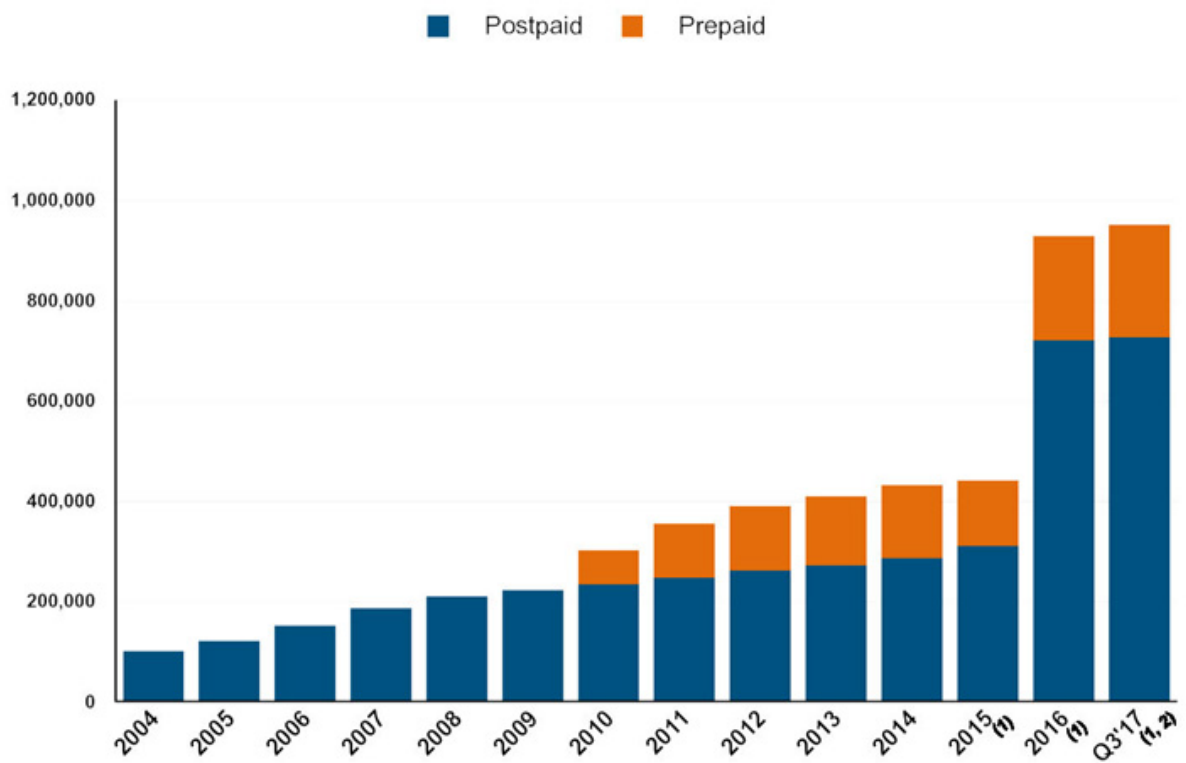




# Earle MacKenzie

EVP and COO

# Subscriber Growth

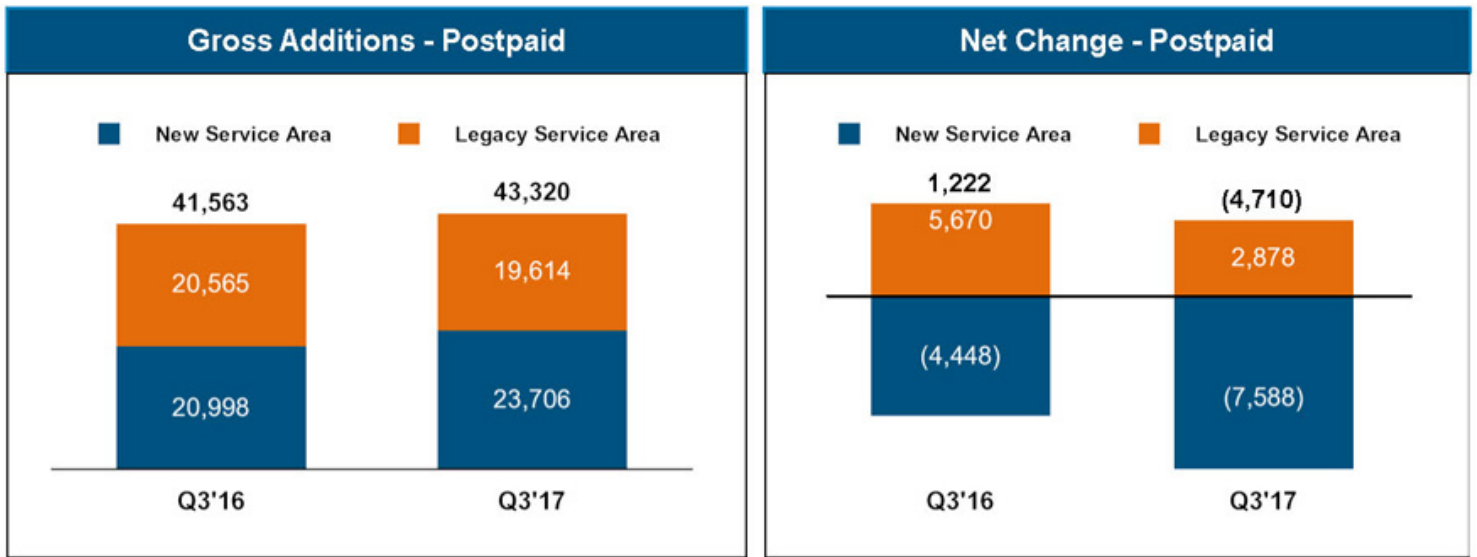


(1) Prepaid totals in 2015, 2016, and Q3'17 were adjusted to exclude Lifeline subscribers consistent with Sprint's reporting policy.

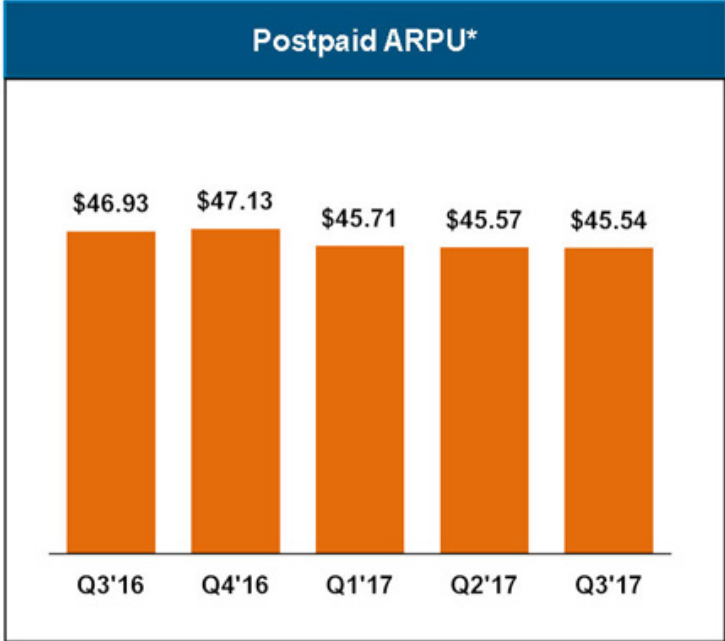
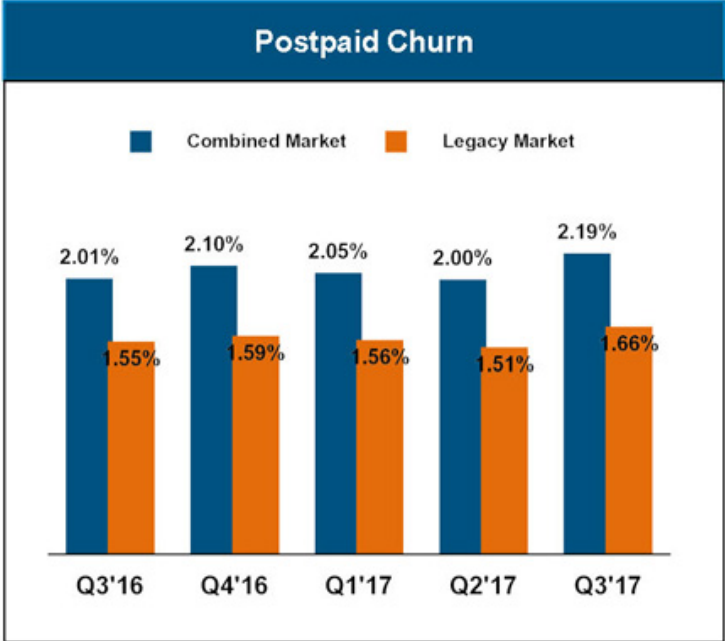
(2) Includes approximately 19,000 postpaid and 6,000 prepaid customers acquired from Sprint on 4/6/17



# Postpaid Customer Additions



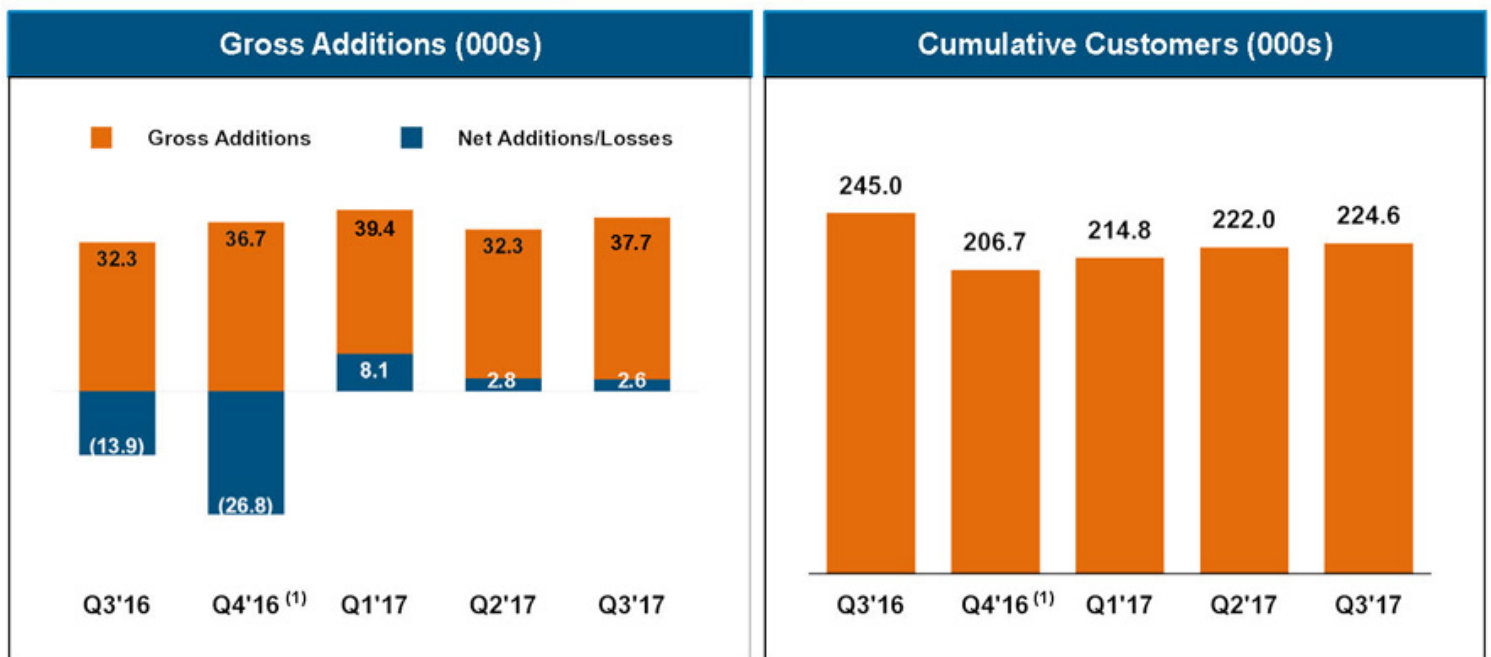
# PCS Postpaid Statistics



\*See Appendix for reconciliation of Wireless segment operating revenues to Postpaid ARPU.



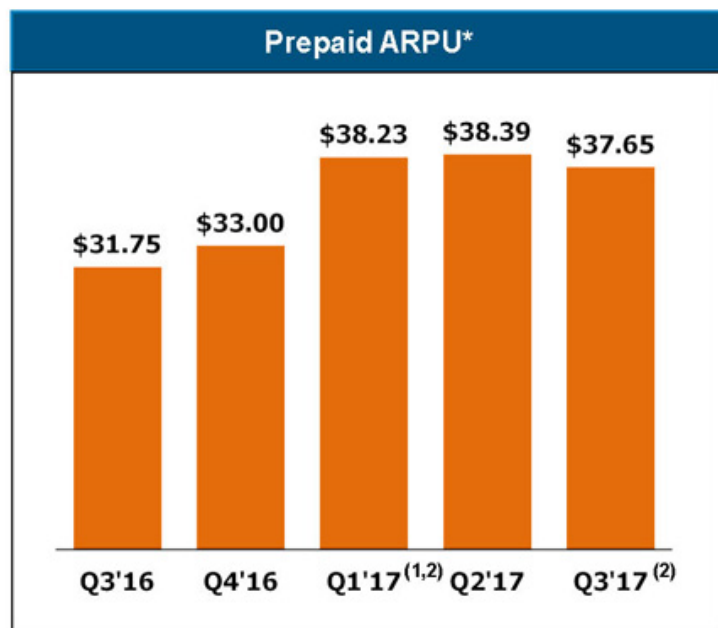
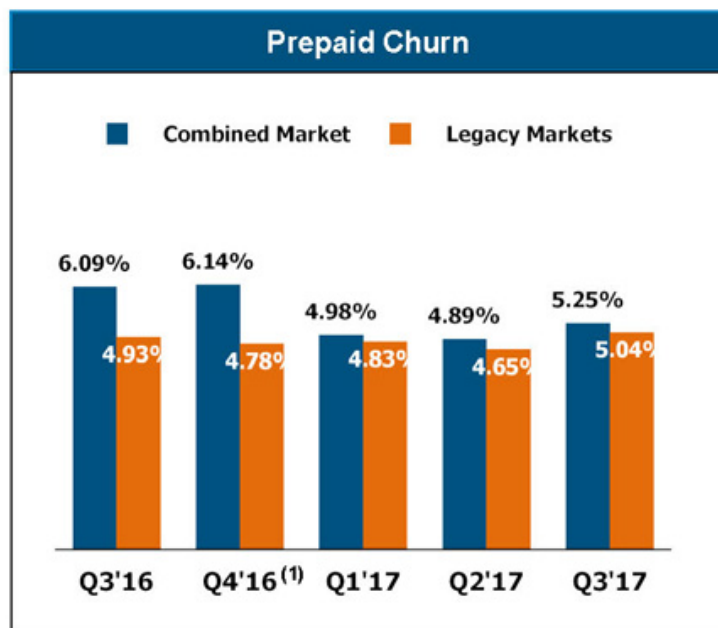
# PCS Prepaid Statistics



Results have been adjusted for all periods presented to exclude Lifeline subscribers consistent with Sprint's policy.

(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.

# PCS Prepaid Statistics



Results have been adjusted for all periods presented to exclude Lifeline subscribers consistent with Sprint's policy.

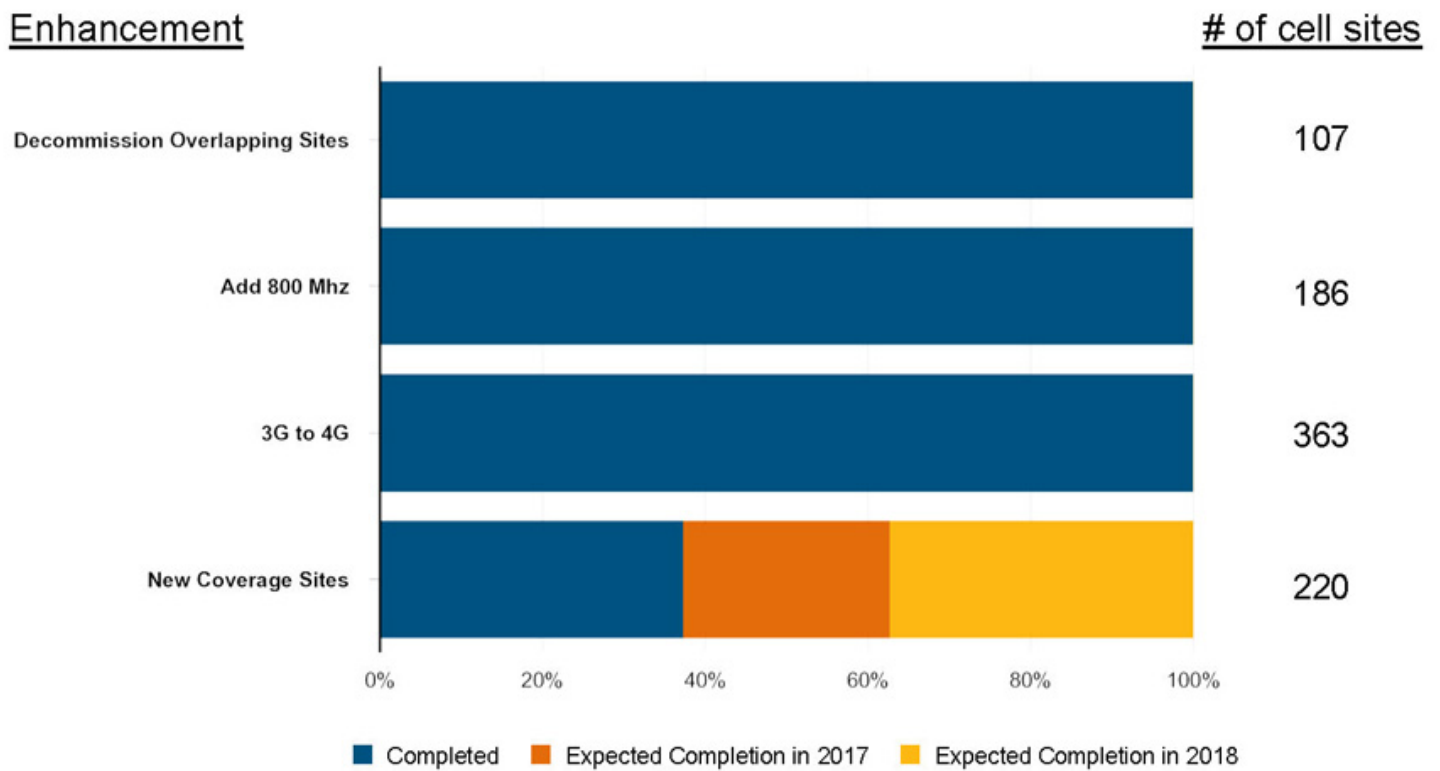
(1) – In Q4'16, 24k customers were adjusted from the prepaid customer count as a result of reducing the period of time a customer can be inactive and be included in the customer count. The churn calculation excludes the impact from this one-time event.

(2) – During Q3'17, the Company recorded a \$1.1 million prepaid settlement adjustment with Sprint related to Q1'17. The numbers above are presented excluding the offsetting entries.

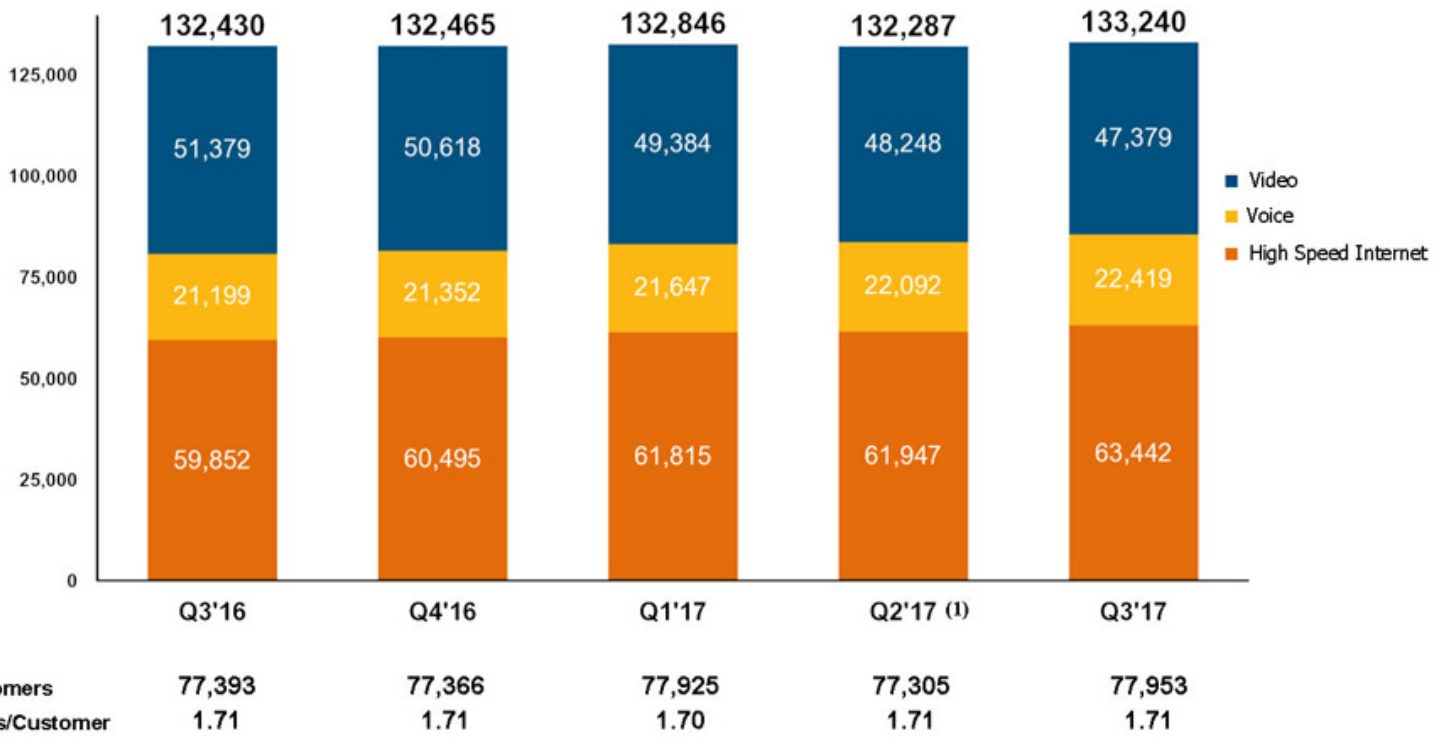


\*See Appendix for reconciliation of Wireless segment operating revenues to Prepaid ARPU.

# Status of Network Enhancements – nTelos Footprint



# Cable - RGU Growth by Quarter

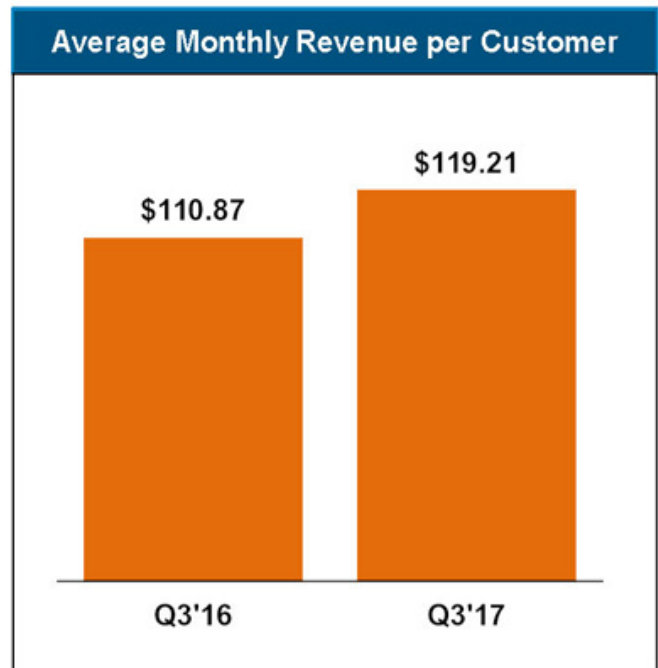
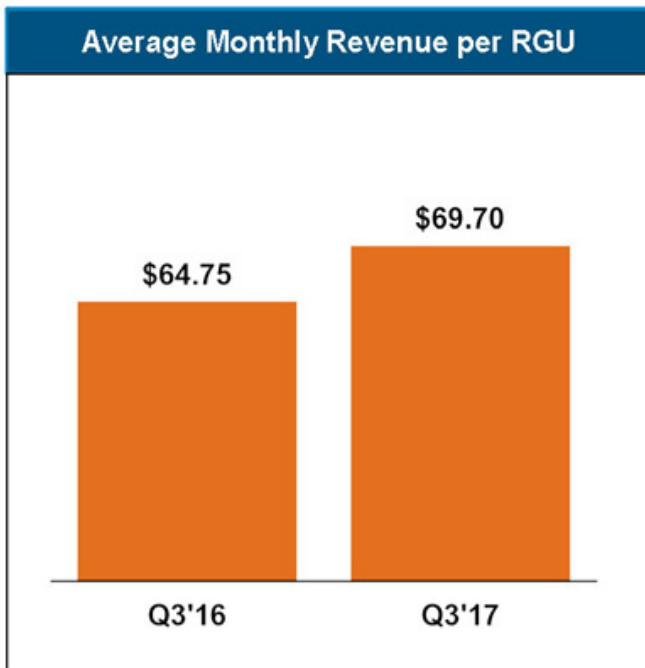


(1) College students disconnect during summer



# Increasing Average Monthly Cable Revenue

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## Key Operational Results – Cable

	Q3 2016	Q3 2017 <sup>(2)</sup>
<b>Homes Passed <sup>(1)</sup></b>	<b>184,698</b>	<b>184,881</b>
<b>Total Revenue Generating Units</b>	<b>132,430</b>	<b>133,240</b>
<b>Customer Relationships</b>	<b>77,393</b>	<b>77,953</b>
<b>RGUs per Customer Relationship</b>	<b>1.71</b>	<b>1.71</b>
<b>Video</b>		
Revenue generating units	51,379	47,379
Penetration	27.8%	25.6%
Digital video penetration	76.3%	76.0%
<b>High-speed Internet</b>		
Available Homes	183,814	184,881
Revenue generating units	59,852	63,442
Penetration	32.6%	34.3%
<b>Voice</b>		
Available Homes	181,077	182,350
Revenue generating units	21,199	22,419
Penetration	11.7%	12.3%

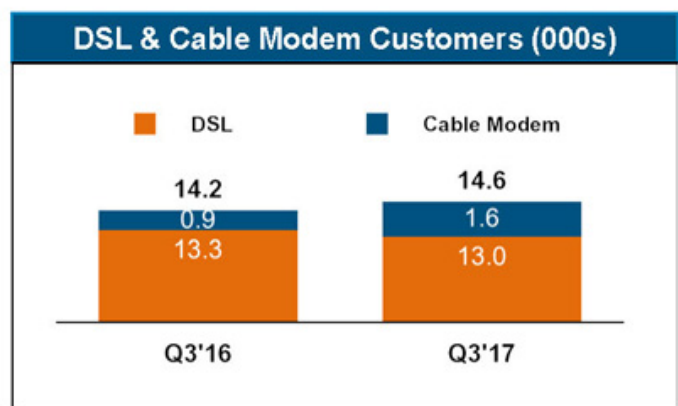
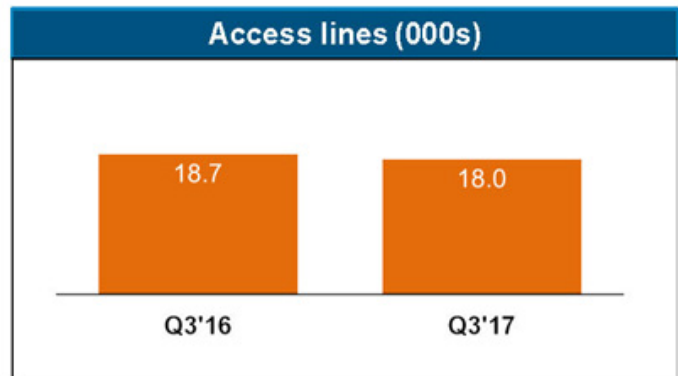
(1)- Excludes cable operations in Shenandoah County, VA which are included in the Wireline segment.

(2)- Wireline segment includes approximately 16.5k homes passed, 5.1k video customers, and 1.6k cable modem customers

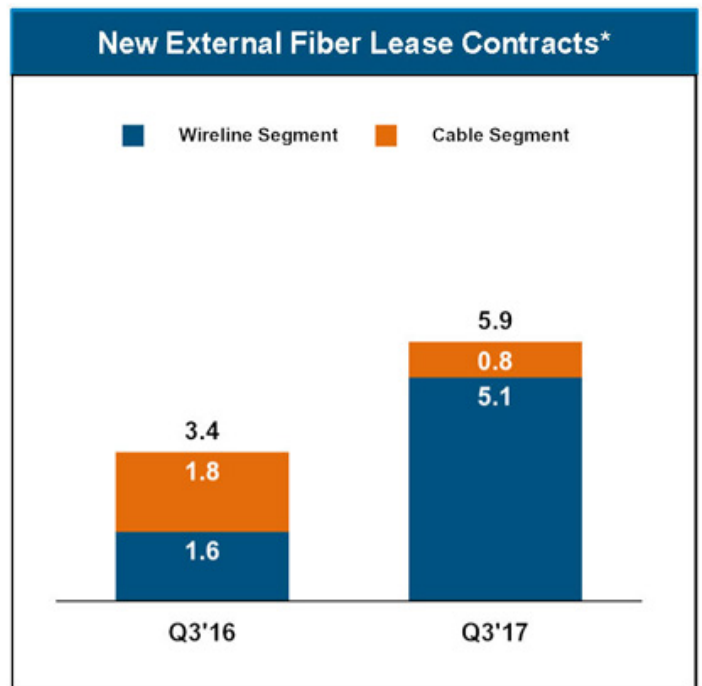
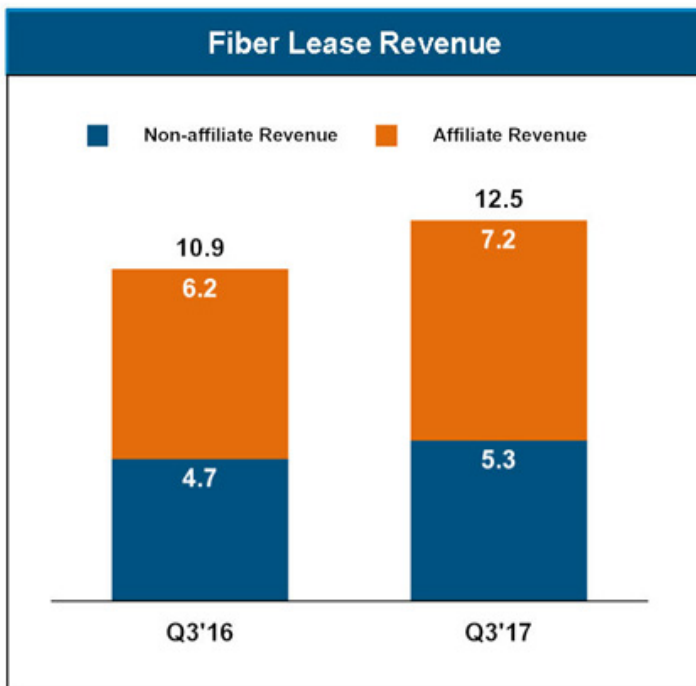


## Key Operational Results - Wireline

- Access line loss of 3.9% 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
- 5,110 video subscribers at 9/30/17

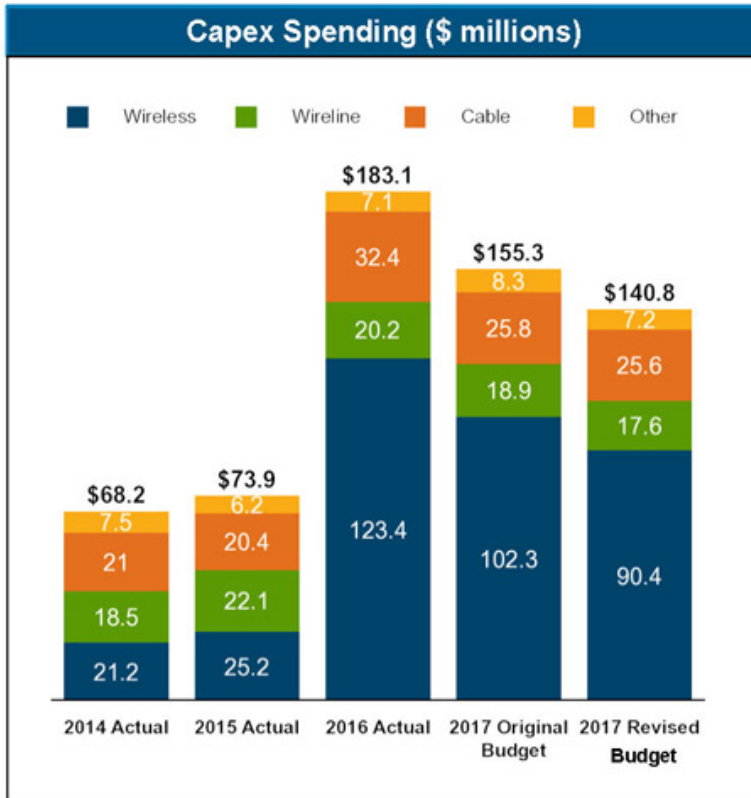


# Wireline and Cable Fiber Sales (\$ millions)



\* Amounts represent the first 10 years of contract value. Contract Terms range from 36 to 120 months.

# Investing in the Future



## 2017 Capex Budget:

- 55% Upgrades and Expansion of nTelos network
- 14% Success-Based
- 12% Network Maintenance
- 10% Additional Network Capacity
- 9% Network Expansion

\* Accounts payable at December 31, 2016, 2015 and 2014 included \$14.4 million, \$5.6 million and \$6.5 million associated with capital expenditures.

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# Q&A

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# Appendix

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

<b>Gross billed revenue</b>	<b>3Q 2016</b>	<b>3Q 2017</b>
Wireless segment total operating revenues	\$ 120,119	\$ 112,505
Equipment revenue	(3,539)	(1,742)
Tower lease revenue	(2,909)	(2,933)
Gross billed revenue – prepaid	(24,323)	(24,155)
Sprint prepaid management fee	1,521	1,502
Sprint management fee waiver - prepaid	(1,521)	(1,521)
Travel revenue, net	(6,109)	(6,662)
Other revenue	(3,682)	(435)
Wireless service revenue – postpaid	<u>79,557</u>	<u>76,559</u>
Write-offs	4,674	5,407
Sprint postpaid management fee	7,919	7,460
Sprint management fee waiver - postpaid	(7,996)	(7,440)
Straight line adjustment to Sprint management fee waiver	4,640	4,320
Amortization of expanded affiliate contract	5,593	5,242
Sprint net service fee	6,745	7,872
Gross billed revenue less discounts – postpaid	<u>\$ 101,132</u>	<u>\$ 99,420</u>
<b>Average Prepaid subscribers</b>	<b>255,339</b>	<b>222,766</b>
<b>Billed revenue per Prepaid subscriber</b>	<b>\$ 31.75</b>	<b>\$ 36.14</b>
<i>Dollars in thousands (except subscribers and revenue per subscriber)</i>		
<b>Average Postpaid subscribers</b>	<b>718,266</b>	<b>727,764</b>
<b>Billed revenue per Postpaid subscriber</b>	<b>\$ 46.93</b>	<b>\$ 45.54</b>

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





## Network Statistics at 9/30/17

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<b>Cell sites</b>	<b>Legacy</b>	<b>New<sup>(1)</sup></b>
CDMA Base Stations (sites)	571	973
Sites with 2 <sup>nd</sup> LTE carrier	554	910
Sites with three carriers, including a 2 <sup>nd</sup> carrier @ 1900 MHz	198	205
Sites with 2.5 GHz LTE	158	204
<b>Traffic</b>		
% LTE traffic	96.9%	93.6%
Data usage increase (Q over Q)	5.8%	8.0%
Avg LTE speeds (Mbps)	6.9	5.8
Avg data usage per subscriber (Gb)	8.5	7.5
Dropped call rate	0.40%	0.55%
Blocked call rate	0.17%	0.24%

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

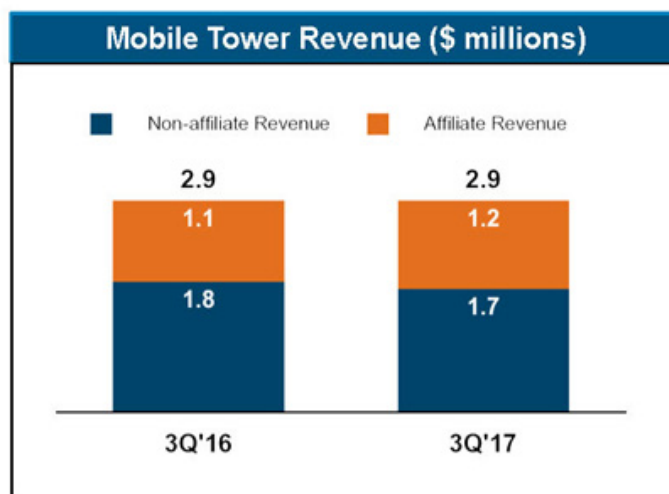
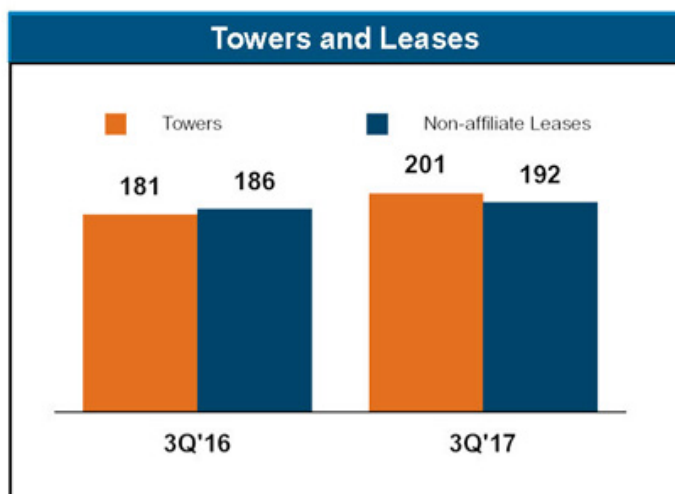
## Non-GAAP Financial Measure – Average Monthly Cable Revenue

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	<u>Q3 2016</u>	<u>Q3 2017</u>
Net Service Revenue	\$ 23,073	\$ 25,246
Set-top box rentals	2,118	2,074
FUSC and pass-through fees	395	430
<b>Video, Internet &amp; Voice Revenue</b>	<b>25,586</b>	<b>27,750</b>
Other miscellaneous revenue	1,980	2,339
<b>Total Operating Revenue</b>	<b>\$ 27,566</b>	<b>\$ 30,089</b>
 <b><u>Average Subscribers</u></b>		
Revenue Generating Units (RGUs)	131,707	132,704
Average Customer Relationships	76,924	77,596
 <b><u>Average Revenue Per User (ARPU)</u></b>		
Revenue Generating Units (RGUs)	\$ 64.75	\$ 69.70
Customer Relationships	\$ 110.87	\$ 119.21

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

# Key Operational Results – Mobile Company



<i>(in thousands)</i>		
Operating Income	\$ 1,274	\$ 1,439
Deprec. and Amort.	475	470
Back Office Acq. Expense	—	—
Share Based Compensation	9	5
<b>Adjusted OIBDA</b>	<b>\$ 1,758</b>	<b>\$ 1,914</b>