

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

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

Date of Report (Date of earliest event reported): **May 9, 2019**

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**SHENTEL®**

**Shenandoah Telecommunications Company**

(Exact name of registrant as specified in its charter)

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**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 22824**  
(Address of principal executive offices) (Zip Code)

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

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Common Stock (No Par Value)  
(Title of Class)

SHEN  
(Trading Symbol)

NASDAQ Global Select Market  
(Name of Exchange on which Registered)

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.

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**Item 7.01. Regulation FD Disclosure**

On May 9, 2019, Shenandoah Telecommunications Company (the "Company") issued a press release announcing its financial position as of March 31, 2019, results of operations for the three months ended March 31, 2019, and other related information. The Company also posted supplemental earnings presentation materials on the investor section of the Company's website at [www.Shentel.com](http://www.Shentel.com). A copy of the supplemental earnings presentation is furnished 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\\*](#)      [Shenandoah Telecommunications Company Q1 2019 Earnings Conference Call supplement](#)

\* Furnished herewith

**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

Dated: May 9, 2019

/s/ James F. Woodward

James F. Woodward

Senior Vice President - Finance and Chief Financial Officer

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**Q1 2019**  
**Earnings Conference Call**  
May 9, 2019

# 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 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 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.



# Chris French

President and CEO

## First Quarter 2019 Highlights

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- **Revenue**

- \$158.8 million in Q1'19 compared with \$154.1 million in Q1'18.

- **Operating Income**

- \$24.8 million in Q1'19 compared with \$16.8 million in Q1'18.

- **Net Income**

- \$13.9 million in Q1'19 compared with \$6.6 million in Q1'18.

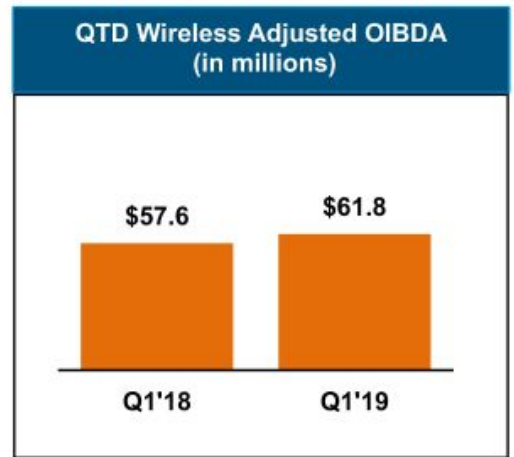
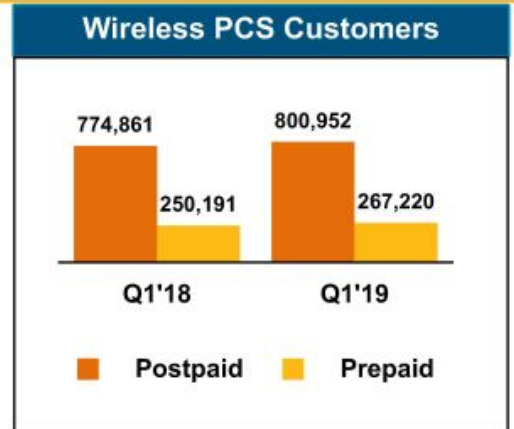
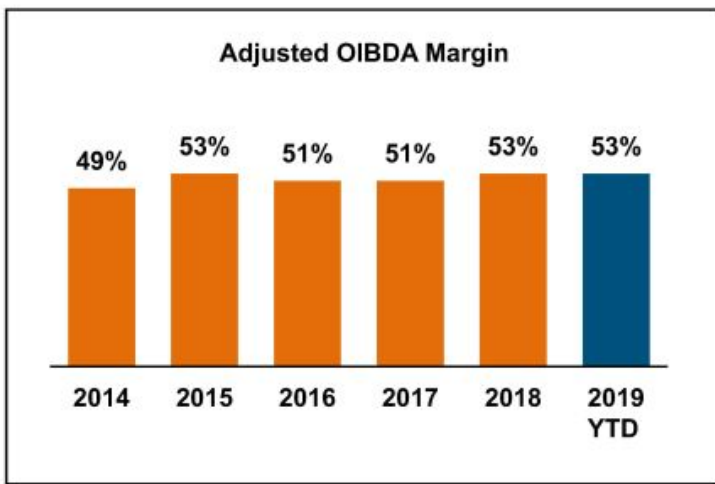
- **Adjusted OIBDA**

- \$73.0 million, representing a 45.9% Adjusted OIBDA margin, in Q1'19 compared with \$68.7 million and 44.6% in Q1'18.

# Wireless Highlights

## Continued Growth

- Operating revenue \$115.7 million, up 2.5% over Q1'18
  - Postpaid customers 800,952, an increase of 3.4% over Q1'18
  - Prepaid customers 267,220, an increase 6.8% over Q1'18
- Adjusted OIBDA \$61.8 million, up 7.4% over Q1'18

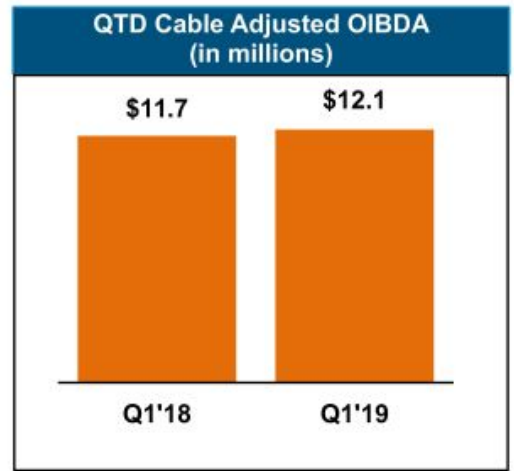
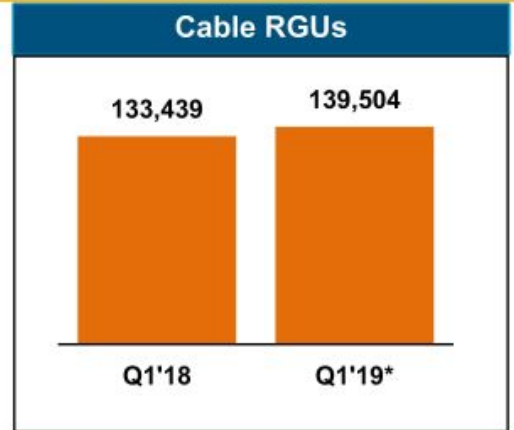
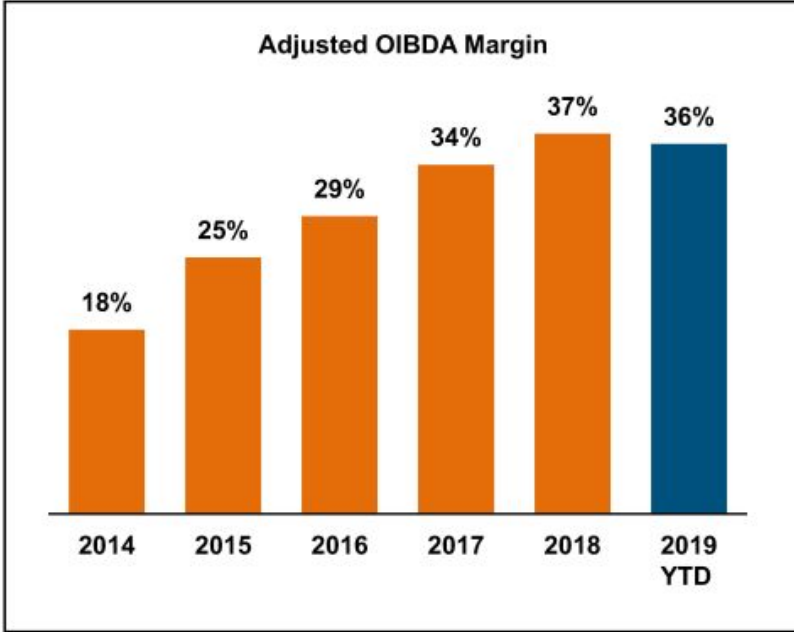




# Cable Highlights

- Continued Growth

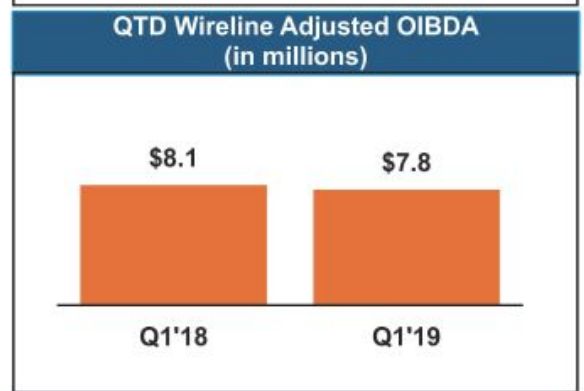
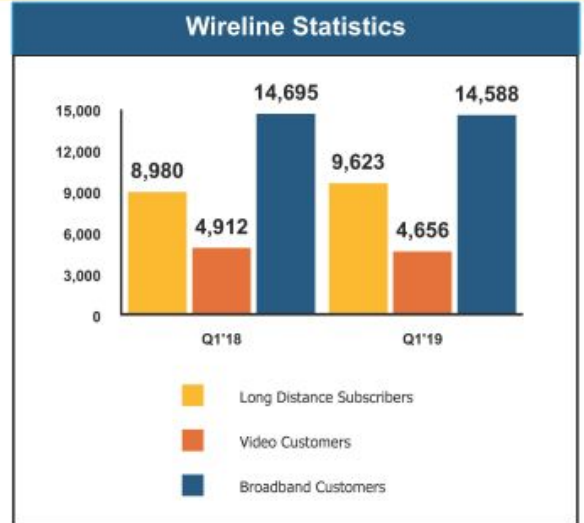
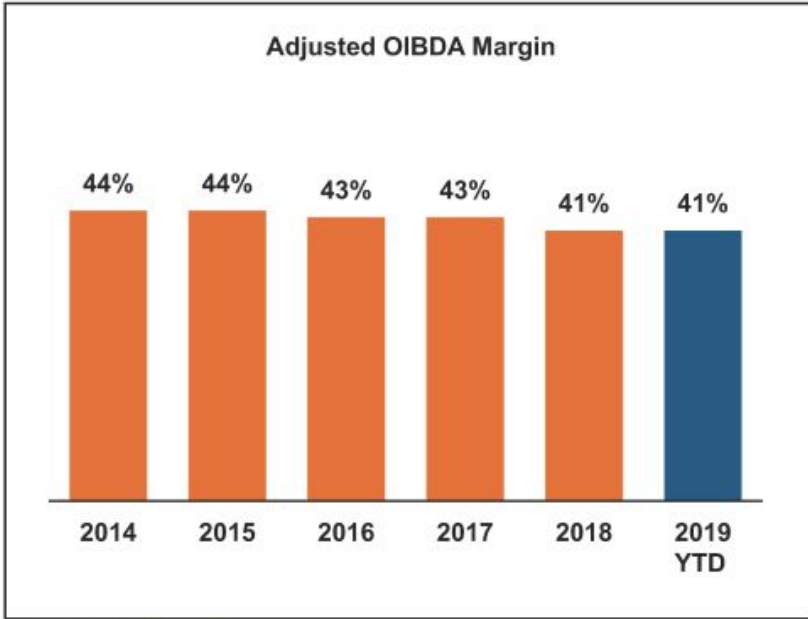
- Operating revenue \$33.7 million, up 6.3% over Q1'18
  - RGUs 139,504, up 4.5% over Q1'18
- Adjusted OIBDA \$12.1 million, up 3.1% over Q1'18



\*Includes approximately 4,800 RGUs with the addition of Big Sandy on February 28, 2019

# Wireline Highlights

- Revenue and Adjusted OIBDA declines driven primarily by affiliate backhaul circuit repricing.
- Continued stability in Wireline subscriber base.





# Jim Woodward

SVP of Finance and CFO

# Consolidated Quarterly Results

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

	Three Months Ended:			
	3/31/19	3/31/18	Change (\$)	Change (%)
Operating revenue	\$158,843	\$154,138	\$ 4,705	3.1 %
Operating expenses	\$134,056	\$137,384	\$ (3,328)	(2.4)%
Operating income	\$ 24,787	\$ 16,754	\$ 8,033	47.9 %
Net income	\$ 13,910	\$ 6,583	\$ 7,327	111.3 %
Net income per share:				
Basic	\$ 0.28	\$ 0.13	\$ 0.15	115.4 %
Diluted	\$ 0.28	\$ 0.13	\$ 0.15	115.4 %

## Adjusted OIBDA by Segment - Quarterly Results

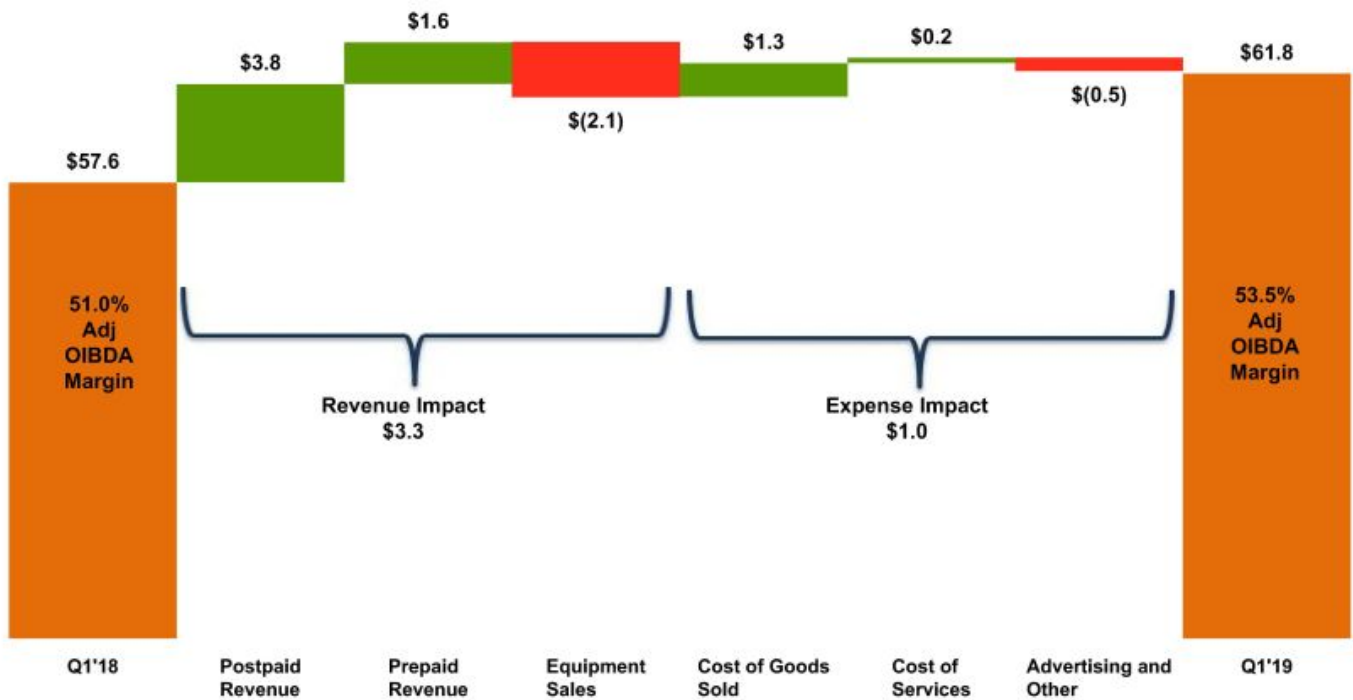
### Adjusted OIBDA by Segment

Three Months Ended March 31, 2019

<i>(in thousands)</i>	Wireless	Cable	Wireline	Other	Consolidated
Operating income	\$ 25,337	\$ 5,703	\$ 4,346	\$ (10,599)	\$ 24,787
Non-cash amortization of deferred contract costs	(4,211)	(237)	(64)	(2)	(4,514)
Depreciation and amortization	31,050	6,458	3,533	138	41,179
Share-based compensation expense	—	—	—	1,714	1,714
Benefit received from the waived management fee	9,628	—	—	—	9,628
Actuarial (gains) losses on pension plans	—	—	—	(38)	(38)
Other	19	136	—	65	220
Adjusted OIBDA	61,823	12,060	7,815	(8,722)	72,976
Waived management fee	(9,628)	—	—	—	(9,628)
Continuing OIBDA	\$ 52,195	\$ 12,060	\$ 7,815	\$ (8,722)	\$ 63,348
Adjusted OIBDA Margin	53.5%	35.8%	41.3 %	N/A	45.9%
Q1'18 Adjusted OIBDA	57,561	11,692	8,131	N/A	68,671
Q1'18 Continuing OIBDA	48,513	11,692	8,131	N/A	59,623
% increase (decrease) in Adjusted OIBDA	7.4%	3.1%	(3.9)%	N/A	6.3%
% increase (decrease) in Continuing OIBDA	7.6%	3.1%	(3.9)%	N/A	6.2%

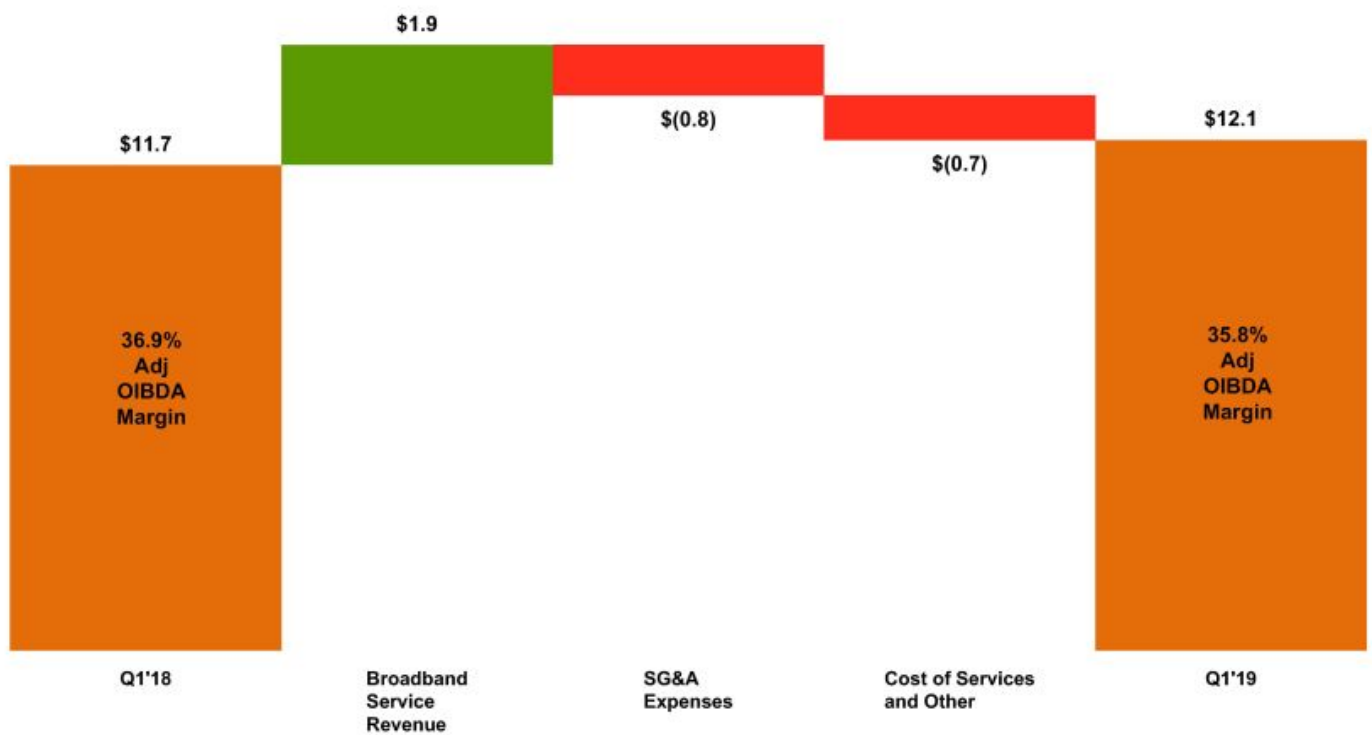


# Wireless Segment – Change in Adjusted OIBDA Q1'19 vs. Q1'18 (millions)



Adjusted OIBDA growth of 7.4% to \$61.8 million for the quarter ended March 31, 2019.

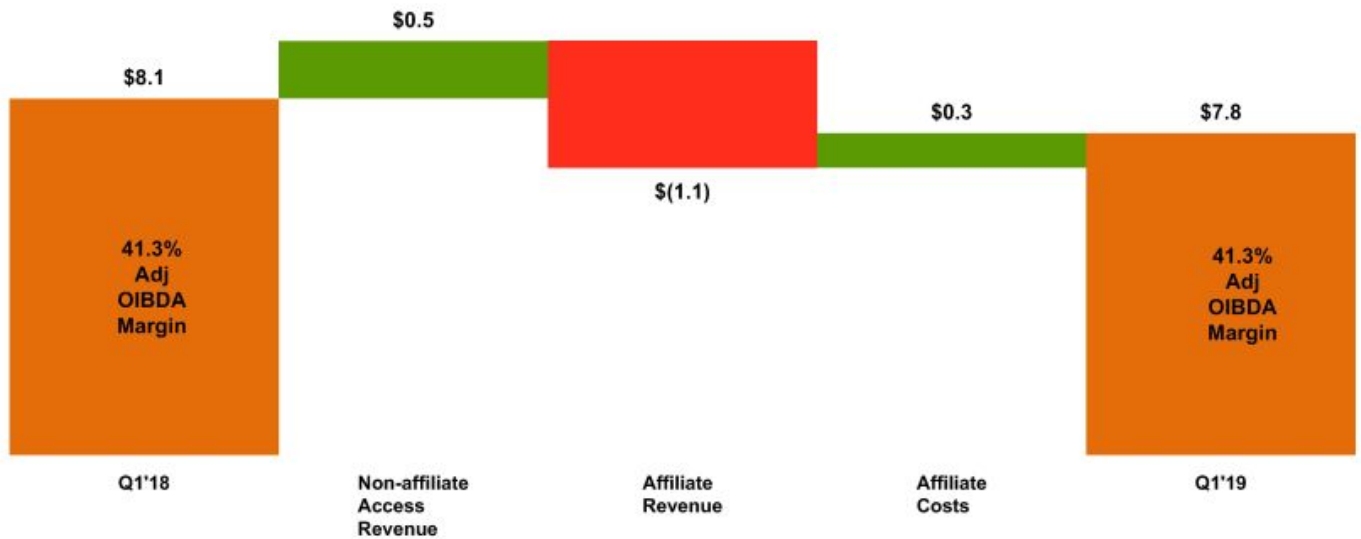
# Cable Segment – Change in Adjusted OIBDA Q1'19 vs. Q1'18 (millions)



▪ Adjusted OIBDA growth of 3.1% to \$12.1 million for the quarter ended March 31, 2019.

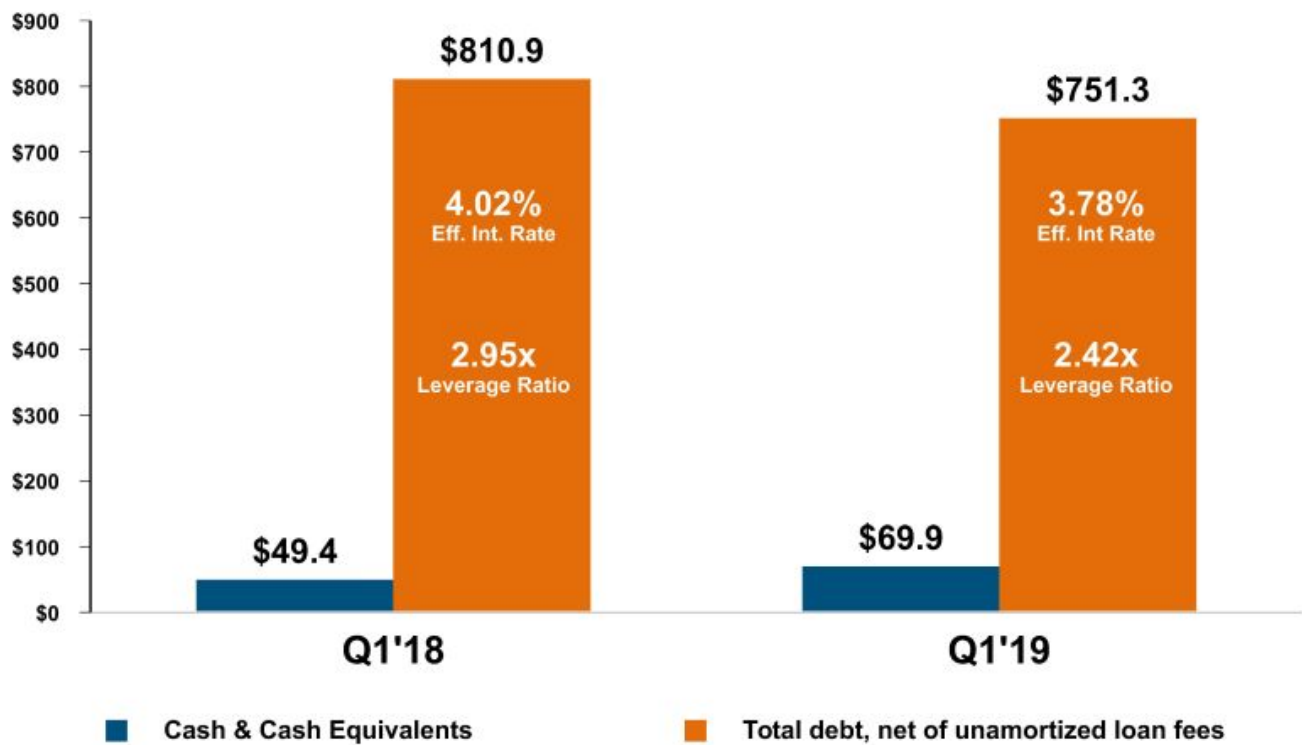


# Wireline Segment – Change in Adjusted OIBDA Q1'19 vs. Q1'18 (millions)





# Capitalization - Q1'19 vs. Q1'18 (millions)



- Leverage ratio and effective interest rate declined.
- Voluntary debt payment of \$15.0 million.

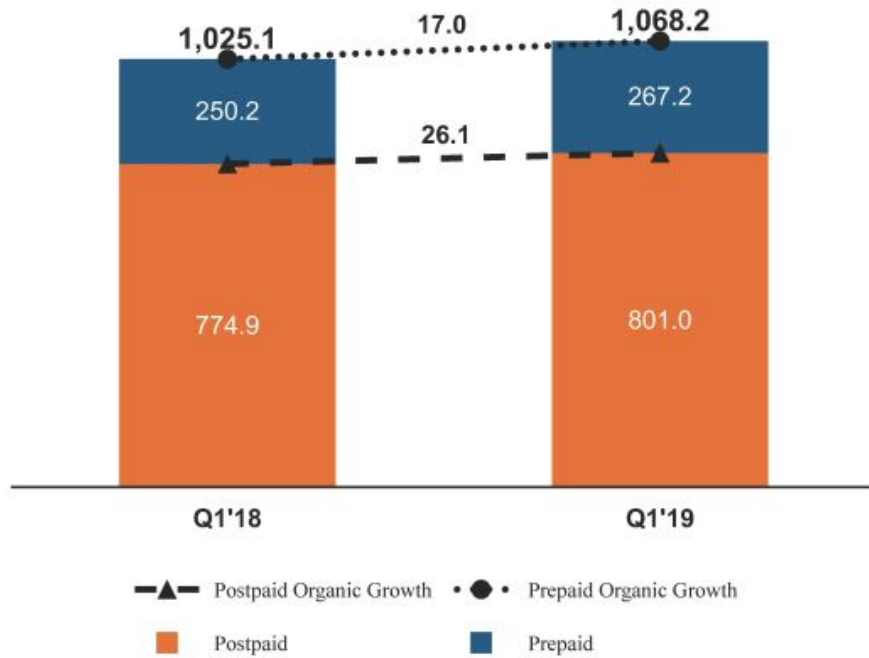




# Dave Heimbach

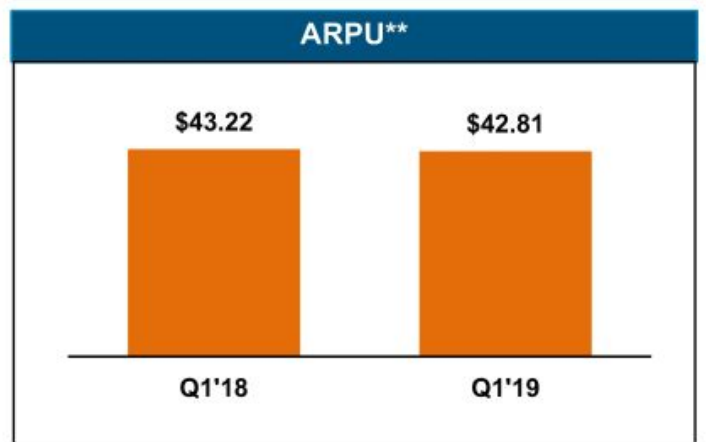
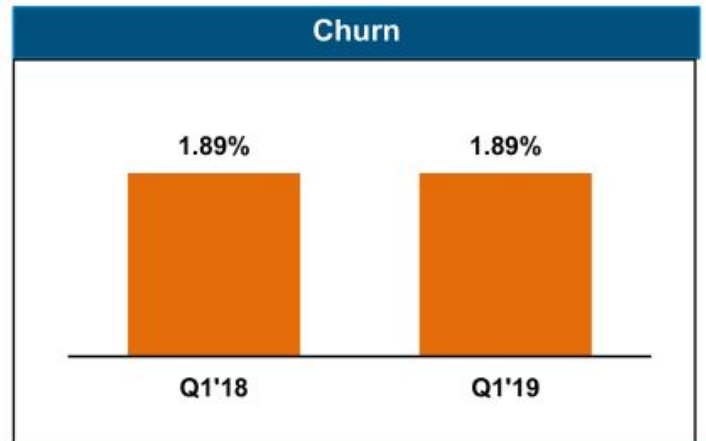
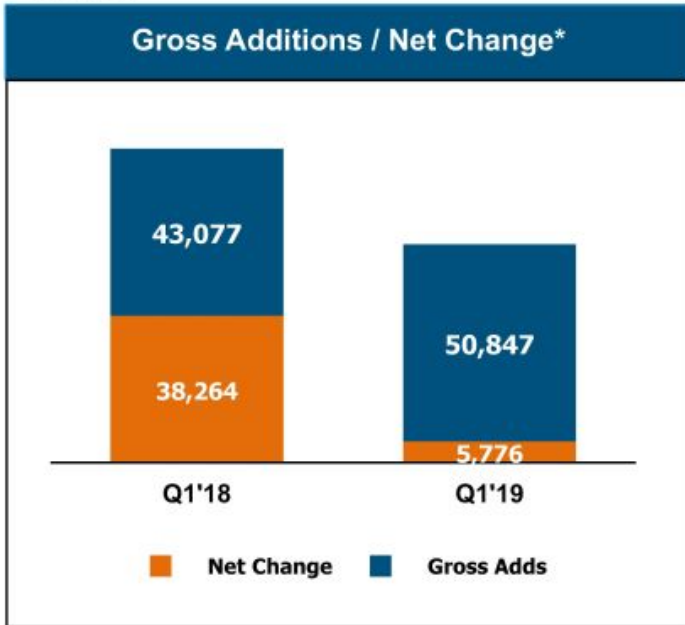
EVP and COO

# Wireless Subscriber Changes - Q1'19 Year Over Year (in thousands)



# Wireless - Postpaid Metrics

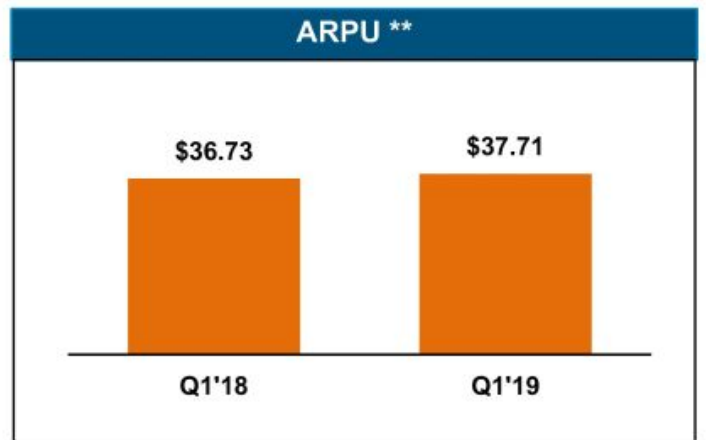
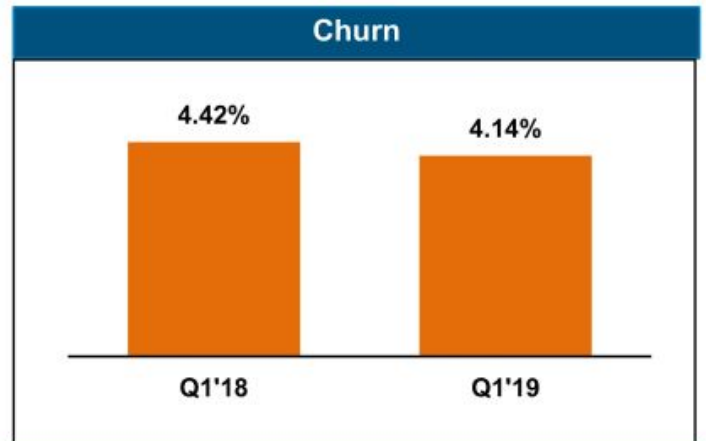
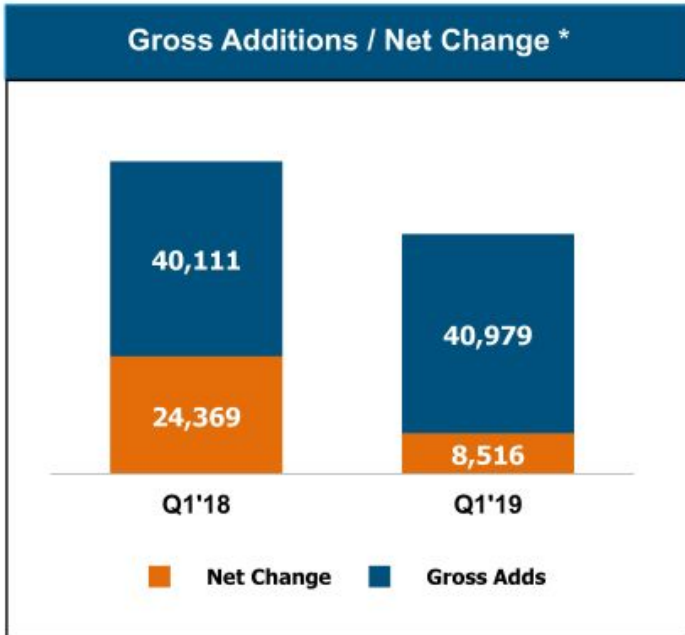
- Postpaid gross and net additions at an all-time high for a first quarter.
- Organic postpaid net additions increased 5,855 subscribers year over year.\*
- The new Sprint rate card combined with changes in promotional discounting moderated the pace of ARPU erosion.\*\*



\* Q1'18 net change includes 38,343 for the Richmond Expansion Area.  
 \*\* Refer to the Appendix for a trend of Postpaid ARPU for the last five quarters.

# Wireless - Prepaid Metrics

- Prepaid gross additions up 2.2% over Q1'18.
- Churn improved 28 basis points over Q1'18 on the reliability of our network and the strength of the Boost brand.
- Prepaid ARPU increased, up 2.7% from Q1'18 as a result of a greater mix of Boost branded subscribers in 2019.

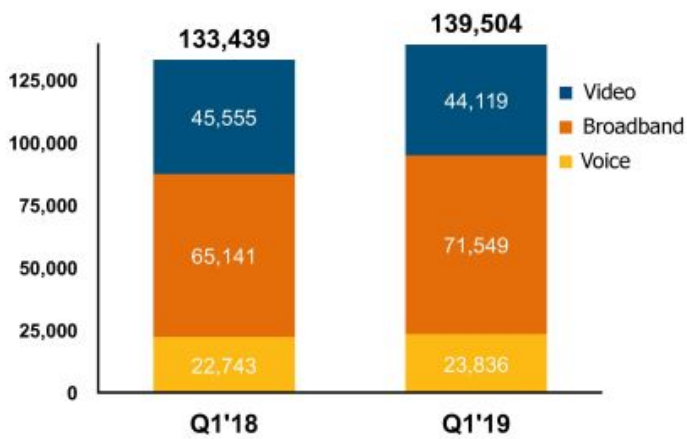


\* Q1'18 net change includes 15,691 for the Richmond Expansion Area.  
 \*\* Refer to the Appendix for a reconciliation of Wireless segment operating revenues to Prepaid ARPU.

# Cable - RGUs and Average Revenue

- 1.7% growth in average monthly revenue per RGU primarily due to broadband.
- Broadband penetration increased from 35.2% to 37.7%.
- Added approximately 4,800 RGUs with the addition of Big Sandy.

Revenue Generating Units (RGU)



Average Monthly Revenue per RGU \*

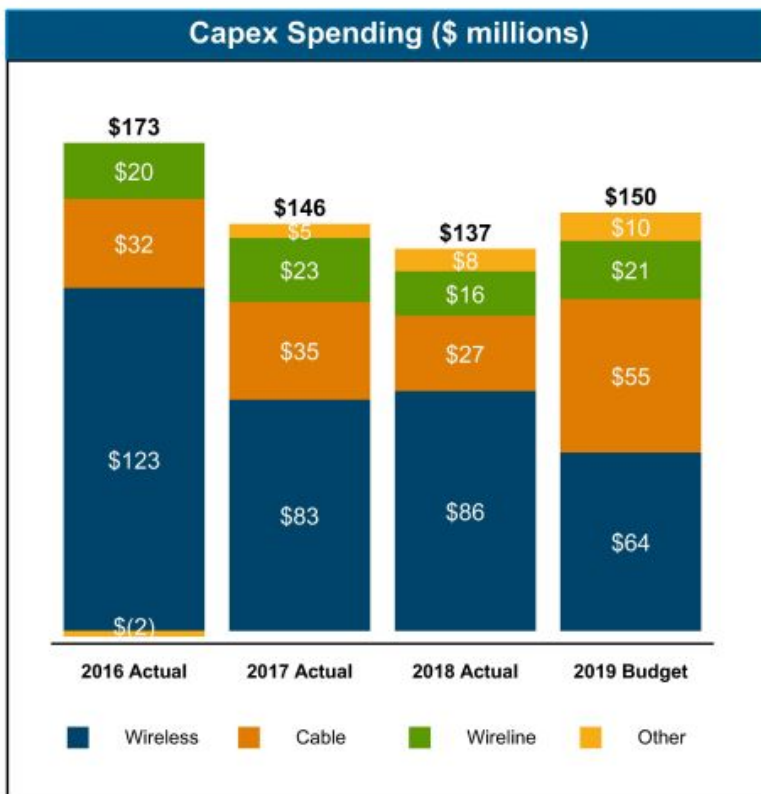


Average Monthly Revenue per Customer \*



\* Refer to the Appendix for a reconciliation of Cable segment operating revenue to average revenue per RGU and per customer relationship.

# Capital Expenditures - Investing in the Future



- 2019 Capex Budget Estimates
  - 17% Upgrades and Expansion of Acquired Territories
  - 22% Network Expansion
  - 27% Network Capacity
  - 21% Network Maintenance
  - 13% Success-Based
- Cable Capex now includes integration costs and planned upgrades related to the Big Sandy acquisition.

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# Q&A



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# Appendix

## Wireless Average Monthly Billed Revenue per Subscriber - Postpaid and Prepaid

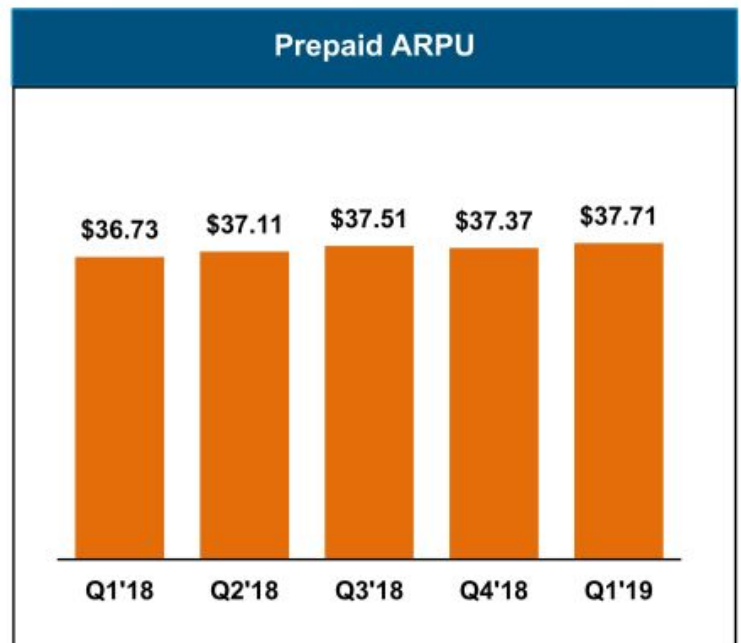
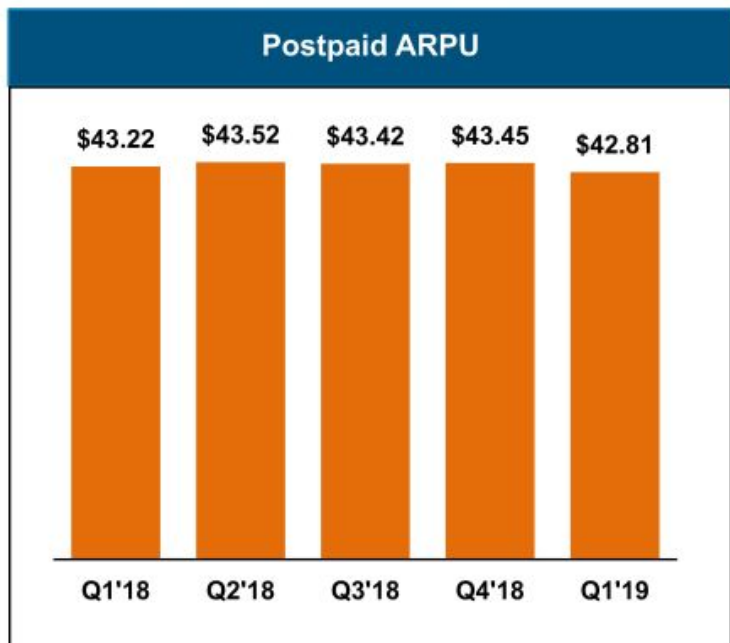
*(\$ in thousands, except subscribers and revenue per subscriber amounts)*

	<b>Q1'18</b>	<b>Q1'19</b>
Postpaid billings	\$ 93,290	\$ 97,476
Adjustment for write-offs	5,336	4,873
Postpaid billings excluding write-offs	<u>\$ 98,626</u>	<u>\$ 102,349</u>
Average postpaid subscribers*	760,631	796,953
<b>Average monthly billed revenue per postpaid subscriber**</b>	<b><u>\$ 43.22</u></b>	<b><u>\$ 42.81</u></b>
Prepaid billings	\$ 26,341	\$ 29,533
Average prepaid subscribers*	239,075	261,069
<b>Average monthly billed revenue per prepaid subscriber**</b>	<b><u>\$ 36.73</u></b>	<b><u>\$ 37.71</u></b>

\* Represents a quarterly average

\*\* Average monthly billed revenue per subscriber = (billed revenue excluding write-offs\*1,000) / average subscribers / 3 months

# Wireless - Average Revenue per User (ARPU) Trend



# Cable - Non-GAAP Financial Measure

## Average Revenue

<i>(\$ in thousands, except subscriber and per subscriber amounts)</i>	<u>Q1'18</u>	<u>Q1'19</u>
Service revenue	\$ 28,471	\$ 29,705
Fiber, FUSC, pass-through and other	1,944	2,552
Internal revenue	(1,031)	(1,469)
<b>Video, broadband and voice revenue</b>	<b>29,384</b>	<b>30,788</b>
Other miscellaneous revenue	2,327	2,921
<b>Total operating revenue</b>	<b>\$ 31,711</b>	<b>\$ 33,709</b>
<b><u>Average Subscribers*</u></b>		
Revenue generating units (RGUs)	132,865	136,911
Average customer relationships	77,893	81,197
<b><u>Average Revenue Per User (ARPU)**</u></b>		
Revenue generating units (RGUs)	\$ 73.72	\$ 74.96
Customer relationships	\$ 125.75	\$ 126.39

\* Represents a quarterly average

\*\*ARPU calculation = (video, broadband & voice revenue \* 1,000) / average subscribers / 3 months

## Cable - Metrics

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	As of March 31,	
	2018	2019
<b>Homes passed</b>	<b>184,975</b>	<b>189,613</b>
<b>Total revenue generating units</b>	<b>133,439</b>	<b>139,504</b>
<b>Customer relationships</b>	<b>78,397</b>	<b>83,859</b>
<b>RGUs per customer relationship</b>	<b>1.70</b>	<b>1.66</b>
Video		
Revenue generating units	45,555	44,119
Penetration	24.6%	23.3%
Digital video penetration	75.8%	85.7%
Broadband		
Revenue generating units	65,141	71,549
Penetration	35.2%	37.7%
Voice		
Revenue generating units	22,743	23,836
Penetration	12.3%	12.6%

# Fiber and Tower Highlights

## Fiber

- Cable and Wireline total fiber lease revenue of \$12.0 million is stable year-over-year.
- Annual FTTT revenue of \$3.1 million, an increase of 10.7% year over year.

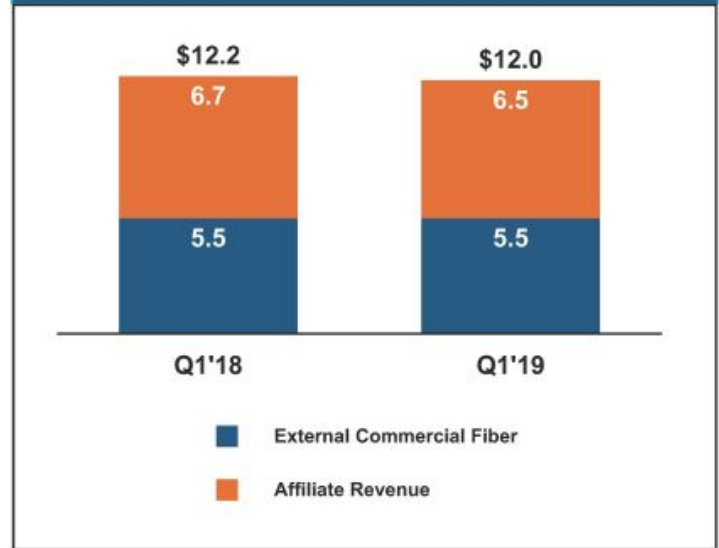
## Tower

- 211 towers generated \$3.0 million of revenue in Q1'19, up 3.4% from Q1'18.
- \$1.7 million driven by external customers.

QTD Mobile Tower Revenue (in millions)



QTD Fiber Lease Revenue (in millions)



Mobile Tower OIBDA (in millions)

	Q1'18	Q1'19
Operating income	\$ 1.5	\$ 1.1
Deprec. and Amort.	0.5	0.7
<b>Adjusted OIBDA</b>	<b>\$ 2.0</b>	<b>\$ 1.8</b>

# Fiber Network - DOCSIS 3.1 Deployment

- 61% of homes passed are now capable of supporting 1Gbps
- 96% of homes passed are now capable of supporting at least 100Mbps

