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**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 3, 2018

**Shenandoah Telecommunications Company**  
(Exact Name of Registrant as Specified in Charter)

**Virginia**  
(State or Other Jurisdiction of Incorporation)

**0-9881**  
(Commission File Number)

**54-1162807**  
(I.R.S. Employer Identification Number)

**500 Shentel Way**  
**P.O. Box 459, Edinburg, Virginia 22824**  
(Address of Principal Executive Offices) (Zip Code)

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

**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 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). 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 2.02. Results of Operations and Financial Condition.**

On May 3, 2018, Shenandoah Telecommunications Company (the “Company”) issued a press release announcing its financial position as of March 31, 2018, results of operations for the three months ended March 31, 2018, 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 press release 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\\*](#)      [First Quarter 2018 Earnings Press Release](#)

\*      Furnished herewith

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**SIGNATURE**

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 hereunto duly authorized.

**Shenandoah Telecommunications Company**

Date: May 3, 2018

By: /s/ James F. Woodward

James F. Woodward

Senior Vice President - Finance and Chief Financial Officer

## Shenandoah Telecommunications Company Reports First Quarter 2018 Results

### Sprint Territory Expansion Completed

Net Income More Than Doubles, Operating Income Improved 34%

EDINBURG, Va., May 03, 2018 (GLOBE NEWSWIRE) -- Shenandoah Telecommunications Company ("Shentel") (NASDAQ:SHEN) announces financial and operating results for the three months ended March 31, 2018.

#### Consolidated First Quarter Results

For the quarter ended March 31, 2018, the Company reported net income of \$4.8 million, compared to net income of \$2.3 million in the first quarter of 2017, representing an improvement of \$2.5 million, or 106.3%. The Company completed the acquisition and integration of Sprint subscribers related to the additional Sprint territory under the affiliate agreement on February 1, 2018. The 2018 financial results include the impact of the new revenue recognition standard and Tax Reform.

Earnings per Share was \$0.10 in the first quarter 2018 compared to \$0.05 in the prior year period. Excluding the impact of the new revenue recognition standard, earnings in the first quarter 2018 were \$0.09 per share.

Total revenues were \$151.7 million, a decrease of 1.4% compared to first quarter 2017 revenues of \$153.9 million. Excluding the impact of the new revenue recognition standard, which became effective January 1, 2018, total revenues improved approximately \$2.0 million. The adoption of the new revenue standard now requires the Company to report costs such as commissions for the national sales channel that are settled separately with Sprint as reductions of revenue. Previously these costs were recorded in cost of goods and services and in selling, general and administrative expense.

Total operating expenses were \$137.4 million in the first quarter of 2018 compared to \$143.2 million in the prior year period, a decrease of \$5.8 million or 4.1%. Excluding the impacts of the new revenue standard, operating expenses decreased \$1.4 million due to a decrease in acquisition and integration costs related to the nTelos integration, and a decrease in depreciation and amortization as assets acquired in the nTelos acquisition were retired. These declines were partially offset by increases in network and selling costs associated with the continued expansion of our networks to support the increase and demand of our subscriber base.

Adjusted OIBDA decreased 6.6% to \$68.7 million in the first quarter of 2018 from \$73.5 million in the first quarter of 2017. Continuing OIBDA (Adjusted OIBDA less the benefit received from the waived Sprint management fee) decreased 7.7% to \$59.6 million from \$64.6 million. The adoption of the new revenue recognition standard did not have an impact on Adjusted OIBDA.

President and CEO Christopher E. French commented, "We're pleased to have continued our momentum from the fourth quarter, delivering enhanced net profitability as well as revenue improvement in two of our segments. The early completion of our transition of nTelos to the Sprint affiliate model resulted in a significant reduction in operating expenses for the quarter and our upgraded network and service packages position us well as a leading telecommunications provider in all of the markets in our extended coverage area."

#### Wireless

First quarter wireless revenue decreased \$5.1 million or 4.4%, due primarily to the adoption of the new revenue recognition standard. Excluding the impacts of the new revenue recognition standard, revenues decreased \$0.9 million driven by a decline in average revenue per subscriber offset by an increase in the number of Sprint's subscribers, including the acquisition of the new territory on February 1, 2018. The decline in average revenue per subscriber was driven by promotions and discounts.

First quarter operating expenses decreased \$10.8 million or 10.1%. Excluding the impacts of the new revenue recognition standard, operating expenses decreased \$6.3 million. The decrease was due to the elimination of acquisition and integration costs related to the nTelos integration and a reduction in depreciation and amortization. These decreases were offset by increases in network costs resulting from the completion of our 4G roll-out and expanded coverage, as well as additional selling costs.

Shentel served 774,861 wireless postpaid customers at March 31, 2018, up 8.0% over March 31, 2017. First quarter postpaid churn was 1.9% and flat to the preceding quarter. The Company had net additions of 38,264 postpaid customers in the quarter, including 38,434 postpaid subscribers in the acquired territory. As of March 31, 2018, tablets and data devices were 8% of the postpaid base reflecting a net gain of 187 for these devices in the quarter.

Shentel served 250,191 prepaid wireless customers at March 31, 2018, an increase of 35 thousand compared to the first quarter of last year. Total first quarter prepaid churn was 4.4%, down from 5.0% in Q1 2017. The Company had net additions of 24,369 prepaid customers in the first quarter of 2018, including 15,691 prepaid subscribers in the acquired territory. Excluding the impact of the acquired territory, prepaid subscribers grew 3.7%.

First quarter 2018 Adjusted OIBDA in Wireless was \$57.6 million, a decrease of 6.3% from the first quarter of 2017. Continuing OIBDA in Wireless was \$48.5 million, down 7.6% from the first quarter of 2017.

Mr. French continued, “We have significantly grown our coverage area through both the nTelos acquisition and the recent expansion of our Sprint relationship which added 1.1 million POPs in Lancaster County, Pennsylvania, central and southwestern Virginia, southern West Virginia and eastern Kentucky. With the addition of these new markets, we’ve focused our marketing efforts on increasing customer awareness around our state-of-the-art network, extended coverage area and enhanced service offerings. We have expanded into complementary markets where we can build networks designed to improve the customer experience by bridging coverage between our existing service areas and Sprint’s metro networks while also providing more continuous, reliable service. We believe the benefits of our upgraded network and expanded market coverage will drive continued customer additions and market share growth.”

## **Cable**

Service revenues in Cable increased \$2.1 million or 7.8% to \$28.5 million, primarily due to growth in High Speed Data and Voice RGUs, video rate increases implemented in January 2018 to pass through programming cost increases, and new and existing customers selecting higher speed data packages. Operating expenses increased 1.2% or \$0.3 million in the first quarter of 2018. In the first quarter the Company added 1,223 High Speed Data users and 188 voice users, and lost 1,058 video users. The impact of the new revenue recognition standard, which includes the deferral of incremental commissions and installation costs, was immaterial to operating income for the period ended March 31, 2018.

Adjusted OIBDA in Cable for first quarter 2018 was \$11.7 million, up 26.2% from \$9.3 million in the first quarter of 2017.

“Consumers increasingly demand high speed, availability, and reliability when they select a new cable provider or look to upgrade their existing service, and our robust network meets and exceeds these requirements. Our ability to provide both high speed bandwidth and dependability is a competitive advantage that allows us to attract new customers and to seamlessly meet the changing needs of our existing customers,” Mr. French stated.

## **Wireline**

Revenue in Wireline increased 2.9% to \$19.7 million in the first quarter of 2018, as compared to \$19.2 million in the first quarter of 2017. Carrier access and fiber revenue for the first quarter of 2018 was \$12.9 million, an increase of 1.5% from the same quarter last year, primarily as a result of new fiber contracts. Increases in broadband service revenue offset the loss of regulated voice service revenue. Operating expenses increased 6.1% or \$0.9 million to \$14.9 million for first quarter 2018, primarily due to costs to support new fiber contracts. The impact of the new revenue recognition standard, which includes the deferral of incremental commissions and installation costs, was immaterial to operating income for the period ended March 31, 2018.

Adjusted OIBDA in Wireline for first quarter 2018 was \$8.1 million, as compared to \$8.4 million in first quarter 2017.

## **Other Information**

Capital expenditures were \$24.4 million in the first quarter of 2018 compared to \$38.6 million in the comparable 2017 period. The Company has spent or committed \$47.7 million of the estimated 2018 capital budget.

Cash and cash equivalents as of March 31, 2018 were \$49.4 million, compared to \$78.6 million at December 31, 2017. During the quarter, the Company funded the expansion of the Sprint territory with \$52 million of cash on hand. Outstanding debt at March 31, 2018 totaled \$810.9 million, net of unamortized loan costs, compared to \$822.0 million as of December 31, 2017. As of March 31, 2018 no amounts were outstanding under the revolving line of credit.

## **Conference Call and Webcast**

Teleconference Information:

Date: May 3, 2018

Time: 10:00 A.M. (ET)

Dial in number: 1-888-695-7639

Password: 9476919

Audio webcast: <http://investor.shentel.com/>

An audio replay of the call will be available approximately two hours after the call is complete, through May 17, 2018 by calling (855) 859-2056.

## **About Shenandoah Telecommunications**

Shenandoah Telecommunications Company (Shentel) provides a broad range of diversified communications services through its high speed, state-of-the-art network to customers in the Mid-Atlantic United States. The Company’s services include: wireless voice and data; cable video, internet and digital voice; fiber network and services; and regulated local and long distance telephone. Shentel is the exclusive personal communications service (“PCS”) Affiliate of Sprint in portions of Pennsylvania, Maryland, Virginia, West Virginia, and portions of Kentucky and Ohio. For more information, please visit [www.shentel.com](http://www.shentel.com).

*This release contains forward-looking statements that are subject to various risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of unforeseen factors. A discussion of*

factors that may cause actual results to differ from management's projections, forecasts, estimates and expectations is available in the Company's filings with the SEC. Those factors may include changes in general economic conditions, increases in costs, changes in regulation and other competitive factors.

**CONTACTS:**

Shenandoah Telecommunications, Inc.  
James F. Woodward  
Senior Vice President, Finance and Chief Financial Officer  
540-984-5990  
James.Woodward@emp.shentel.com

Or

John Nesbett/Jennifer Belodeau  
Institutional Marketing Services (IMS)  
203-972-9200  
jnesbett@institutionalms.com

**SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**  
*(in thousands)*

|   | March 31,<br>2018   | December 31,<br>2017 |
|---|---------------------|----------------------|
| Cash and cash equivalents                         | \$ 49,448           | \$ 78,585            |
| Other current assets                              | 131,816             | 94,310               |
| <b>Total current assets</b>                       | <b>181,264</b>      | <b>172,895</b>       |
| Investments                                       | 11,717              | 11,472               |
| Property, plant and equipment, net                | 672,017             | 686,327              |
| Intangible assets, net                            | 413,537             | 380,979              |
| Goodwill  | 146,497             | 146,497              |
| Deferred charges and other assets, net            | 33,934              | 13,690               |
| <b>Total assets</b>                               | <b>\$ 1,458,966</b> | <b>\$ 1,411,860</b>  |
| Total current liabilities                         | 130,604             | 137,584              |
| Long-term debt, less current maturities           | 736,387             | 757,561              |
| Other liabilities                                 | 183,539             | 166,493              |
| Total shareholders' equity                        | 408,436             | 350,222              |
| <b>Total liabilities and shareholders' equity</b> | <b>\$ 1,458,966</b> | <b>\$ 1,411,860</b>  |

**SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
*(in thousands, except per share amounts)*

|   | Three Months Ended<br>March 31, |                |
|---|---------------------------------|----------------|
|   | 2018                            | 2017           |
| Service revenues and other                      | \$ 134,153                      | \$ 150,521     |
| Equipment revenues                              | 17,579                          | 3,359          |
| <b>Total operating revenues</b>                 | <b>151,732</b>                  | <b>153,880</b> |
| Operating expenses:                             |                                 |                |
| Cost of services                                | 49,342                          | 48,776         |
| Cost of goods sold                              | 15,805                          | 4,985          |
| Selling, general and administrative             | 28,750                          | 40,153         |
| Acquisition, integration and migration expenses | —                               | 4,489          |
| Depreciation and amortization                   | 43,487                          | 44,804         |
| <b>Total operating expenses</b>                 | <b>137,384</b>                  | <b>143,207</b> |
| <b>Operating income (loss)</b>                  | <b>14,348</b>                   | <b>10,673</b>  |

Other income (expense):

|  |                 |                 |
|--|-----------------|-----------------|
| Interest expense                             | (9,332)         | (9,100)         |
| Gain (loss) on investments, net              | (32)            | 120             |
| Non-operating income (loss), net             | 1,021           | 1,255           |
| <b>Income (loss) before income taxes</b>     | <u>6,005</u>    | <u>2,948</u>    |
| Income tax expense (benefit)                 | 1,176           | 607             |
| <b>Net income (loss)</b>                     | <u>\$ 4,829</u> | <u>\$ 2,341</u> |
| Earnings (loss) per share:                   |                 |                 |
| Basic  | \$ 0.10         | \$ 0.05         |
| Diluted                                      | \$ 0.10         | \$ 0.05         |
| Weighted average shares outstanding, basic   | 49,474          | 49,050          |
| Weighted average shares outstanding, diluted | 50,024          | 49,834          |

The Company adopted ASU 2014-09, *Revenue from Contracts with Customers* (“Topic 606”), effective January 1, 2018, using the modified retrospective method as discussed in Note 2, *Revenue from Contracts with Customers*. The following table identifies the impact that the application of Topic 606 had on the Company for the three months ended March 31, 2018:

| (\$ in thousands, except per share amounts) | Topic 606 Impact - Consolidated      |                                   |                          |                       | 3/31/2018<br>As reported |
|---|--------------------------------------|-----------------------------------|--------------------------|-----------------------|--------------------------|
|   | Prior to<br>Adoption of<br>Topic 606 | Changes in<br>Presentation<br>(1) | Equipment<br>Revenue (2) | Deferred<br>Costs (3) |                          |
| Service revenues and other                  | \$ 153,812                           | \$ (20,014)                       | \$ —                     | \$ 355                | \$ 134,153               |
| Equipment revenues                          | 2,059                                | —                                 | 15,520                   | —                     | 17,579                   |
| <b>Total operating revenues</b>             | <b>155,871</b>                       | <b>(20,014)</b>                   | <b>15,520</b>            | <b>355</b>            | <b>151,732</b>           |
| Cost of services                            | 49,199                               | —                                 | —                        | 143                   | 49,342                   |
| Cost of goods sold                          | 6,118                                | (5,833)                           | 15,520                   | —                     | 15,805                   |
| Selling, general & administrative           | 42,967                               | (14,181)                          | —                        | (36)                  | 28,750                   |
| Depreciation and amortization               | 43,487                               | —                                 | —                        | —                     | 43,487                   |
| <b>Total operating expenses</b>             | <b>141,771</b>                       | <b>(20,014)</b>                   | <b>15,520</b>            | <b>107</b>            | <b>137,384</b>           |
| <b>Operating income</b>                     | <b>14,100</b>                        | <b>—</b>                          | <b>—</b>                 | <b>248</b>            | <b>14,348</b>            |
| Other income (expense)                      | (8,343)                              | —                                 | —                        | —                     | (8,343)                  |
| Income tax expense                          | 1,110                                | —                                 | —                        | 66                    | 1,176                    |
| <b>Net income</b>                           | <b>\$ 4,647</b>                      | <b>\$ —</b>                       | <b>\$ —</b>              | <b>\$ 182</b>         | <b>\$ 4,829</b>          |
| <b>Earnings per share</b>                   |                                      |                                   |                          |                       |                          |
| Basic                                       | \$ 0.09                              |                                   |                          |                       | \$ 0.10                  |
| Diluted                                     | \$ 0.09                              |                                   |                          |                       | \$ 0.10                  |
| Weighted average shares o/s, basic          | 49,474                               |                                   |                          |                       | 49,474                   |
| Weighted average shares o/s, diluted        | 50,024                               |                                   |                          |                       | 50,024                   |

1) Amounts payable to Sprint for the reimbursement of costs incurred by Sprint in their national sales channel for commissions and device costs, and to provide on-going support to their prepaid customers in our territory were historically recorded as expense when incurred. Under Topic 606, these amounts represent consideration payable to our customer, Sprint, and are recorded as a reduction of revenue. In 2017, these amounts were approximately \$44.8 million for the national commissions, previously recorded in selling, general and administrative, \$18.7 million for national device costs previously recorded in cost of goods and services, and \$16.9 million for the on-going service to Sprint's prepaid customers, previously recorded in selling, general and administrative.

2) Costs incurred by the Company for the sale of devices under Sprint's device financing and lease programs were previously recorded net against revenue. Under Topic 606, the revenue from device sales is recorded gross as equipment revenue and the device costs are recorded gross and reclassified to cost of goods and services. These amounts were approximately \$63.8 million in 2017.

3) Amounts payable to Sprint for the reimbursement of costs incurred by Sprint in their national sales channel for commissions and device costs, which historically have been expensed when incurred, are deferred and amortized against revenue over the expected period of benefit of approximately 21 to 24 months. In Cable and Wireline, installation revenues are recognized over a shorter period of benefit. The deferred balance as of March 31, 2018 is approximately \$52.9 million and is classified on the balance sheet as current and non-current assets, as applicable.

The following table identifies the impact that the application of Topic 606 had on the Company's Wireless operations for the three months ended March 31, 2018:

| (\$ in thousands)                 | Topic 606 Impact - Wireless          |                                   |                          |                       | 3/31/2018<br>As reported |
|-----------------------------------|--------------------------------------|-----------------------------------|--------------------------|-----------------------|--------------------------|
|                                   | Prior to<br>Adoption of<br>Topic 606 | Changes in<br>Presentation<br>(1) | Equipment<br>Revenue (2) | Deferred<br>Costs (3) |                          |
| Service revenues and other        | \$ 112,683                           | \$ (20,014)                       | \$ —                     | \$ 355                | \$ 93,024                |
| Equipment revenues                | 1,854                                | —                                 | 15,520                   | —                     | 17,374                   |
| <b>Total operating revenues</b>   | <b>114,537</b>                       | <b>(20,014)</b>                   | <b>15,520</b>            | <b>355</b>            | <b>110,398</b>           |
| Cost of services                  | 33,750                               | —                                 | —                        | —                     | 33,750                   |
| Cost of goods sold                | 6,040                                | (5,833)                           | 15,520                   | —                     | 15,727                   |
| Selling, general & administrative | 26,316                               | (14,181)                          | —                        | —                     | 12,135                   |
| Depreciation and amortization     | 33,925                               | —                                 | —                        | —                     | 33,925                   |
| <b>Total operating expenses</b>   | <b>100,031</b>                       | <b>(20,014)</b>                   | <b>15,520</b>            | <b>—</b>              | <b>95,537</b>            |
| <b>Operating income</b>           | <b>14,506</b>                        | <b>—</b>                          | <b>—</b>                 | <b>355</b>            | <b>14,861</b>            |

1) Amounts payable to Sprint for the reimbursement of costs incurred by Sprint in their national sales channel for commissions and device costs, and to provide on-going support to their prepaid customers in our territory were historically recorded as expense when incurred. Under Topic 606, these amounts represent consideration payable to our customer, Sprint, and are recorded as a reduction of revenue. In 2017, these amounts were approximately \$44.8 million for the national commissions, previously recorded in selling, general and administrative, \$18.7 million for national device costs previously recorded in cost of goods and services, and \$16.9 million for the on-going service to Sprint's prepaid customers, previously recorded in selling, general and administrative.

2) Costs incurred by the Company for the sale of devices under Sprint's device financing and lease programs were previously recorded net against revenue. Under Topic 606, the revenue from device sales is recorded gross as equipment revenue and the device costs are recorded gross and reclassified to cost of goods and services. These amounts were approximately \$63.8 million in 2017.

3) Amounts payable to Sprint for the reimbursement of costs incurred by Sprint in their national sales channel for commissions and device costs, which historically have been expensed when incurred, are deferred and amortized against revenue over the expected period of benefit of approximately 21 to 24 months. The deferred balance as of March 31, 2018 is approximately \$43.2 million and is classified on the balance sheet as current and non-current assets, as applicable.

### Non-GAAP Financial Measures

In managing our business and assessing our financial performance, management supplements the information provided by financial statement measures prepared in accordance with GAAP with Adjusted OIBDA and Continuing OIBDA, which are considered "non-GAAP financial measures" under SEC rules.

Adjusted OIBDA is defined as operating income (loss) before depreciation and amortization, adjusted to exclude the effects of: certain non-recurring transactions; impairment of assets; gains and losses on asset sales; actuarial gains and losses on pension and other post-retirement benefit plans; and share-based compensation expense, amortization of deferred costs related to the adoption of Topic 606, and adjusted to include the benefit received from the waived management fee by Sprint over the next approximately five-year period. Continuing OIBDA is defined as Adjusted OIBDA, less the benefit received from the waived management fee by Sprint. Adjusted OIBDA and Continuing OIBDA should not be construed as an alternative to operating income as determined in accordance with GAAP as a measure of operating performance.

In a capital-intensive industry such as telecommunications, management believes that Adjusted OIBDA and Continuing OIBDA and the associated percentage margin calculations are meaningful measures of our operating performance. We use Adjusted OIBDA and Continuing OIBDA as supplemental performance measures because 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 potential differences caused by the age and book depreciation of fixed assets (affecting relative depreciation expenses) as well as the other items described above for which additional adjustments were made. In the future, management expects that the Company may again report Adjusted OIBDA and Continuing OIBDA excluding these items and may incur expenses similar to these excluded items. Accordingly, the exclusion of these and other similar items from our non-GAAP presentation should not be interpreted as implying these items are non-recurring, infrequent or unusual.

While depreciation and amortization are considered operating costs under generally accepted accounting principles, these expenses primarily represent the current period allocation of costs associated with long-lived assets acquired or constructed in prior periods, and accordingly may obscure underlying operating trends for some purposes. By isolating the effects of these expenses and other items that vary from period to period without any correlation to our underlying performance, or that vary widely among similar companies, management believes Adjusted OIBDA and Continuing OIBDA facilitates 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 that Adjusted OIBDA and Continuing OIBDA and similar 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 and Continuing OIBDA have limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. These limitations include the following:

- they do not reflect capital expenditures;
- many of the assets being depreciated and amortized will have to be replaced in the future and Adjusted OIBDA and Continuing OIBDA do not reflect cash requirements for such replacements;
- they do not reflect costs associated with share-based awards exchanged for employee services;
- they do not reflect interest expense necessary to service interest or principal payments on indebtedness;
- they do not reflect gains, losses or dividends on investments;
- they do not reflect expenses incurred for the payment of income taxes; and
- other companies, including companies in our industry, may calculate Adjusted OIBDA and Continuing OIBDA differently than we do, limiting its usefulness as a comparative measure.

In light of these limitations, management considers Adjusted OIBDA and Continuing OIBDA as financial performance measures that supplement but do not replace the information reflected in our GAAP results.

The following tables reconcile Adjusted OIBDA and Continuing OIBDA to operating income, which we consider to be the most directly comparable GAAP financial measure, for the three months ended March 31, 2018 and 2017:

| <b>Three Months Ended March 31, 2018</b>                                |           |           |          |             |              |
|---|-----------|-----------|----------|-------------|--------------|
| <i>(in thousands)</i>   | Wireless  | Cable     | Wireline | Other       | Consolidated |
| Operating income  | \$ 14,861 | \$ 5,527  | \$ 4,772 | \$ (10,812) | \$ 14,348    |
| Deferral of costs due to Topic 606                                      | (354)     | 141       | (35)     | —           | (248)        |
| Plus depreciation and amortization                                      | 33,925    | 6,024     | 3,394    | 144         | 43,487       |
| Plus share based compensation expense                                   | —         | —         | —        | 2,037       | 2,037        |
| Plus the benefit received from the waived management fee <sup>(1)</sup> | 9,048     | —         | —        | —           | 9,048        |
| Plus amortization of intangibles netted in rent expense                 | 81        | —         | —        | —           | 81           |
| Less actuarial gains on pension plans                                   | —         | —         | —        | (82)        | (82)         |
| Adjusted OIBDA  | 57,561    | 11,692    | 8,131    | (8,713)     | 68,671       |
| Less waived management fee  | (9,048)   | —         | —        | —           | (9,048)      |
| Continuing OIBDA  | \$ 48,513 | \$ 11,692 | \$ 8,131 | \$ (8,713)  | \$ 59,623    |

| <b>Three Months Ended March 31, 2017</b>  |           |          |          |            |              |
|---|-----------|----------|----------|------------|--------------|
| <i>(in thousands)</i>   | Wireless  | Cable    | Wireline | Other      | Consolidated |
| Operating income  | \$ 9,137  | \$ 3,139 | \$ 5,073 | \$ (6,676) | \$ 10,673    |
| Plus depreciation and amortization  | 35,752    | 5,788    | 3,132    | 132        | 44,804       |
| Plus (gain) loss on asset sales   | (24)      | (23)     | 30       | (11)       | (28)         |
| Plus share based compensation expense   | 725       | 364      | 146      | 331        | 1,566        |
| Plus the benefit received from the waived management fee <sup>(1)</sup>                             | 9,184     | —        | —        | —          | 9,184        |
| Plus amortization of intangibles netted in rent expense   | 258       | —        | —        | —          | 258          |
| Plus temporary back office costs to support the billing operations through migration <sup>(2)</sup> | 2,593     | —        | —        | 2          | 2,595        |
| Plus acquisition, integration and migration related expenses  | 3,792     | —        | —        | 697        | 4,489        |
| Adjusted OIBDA  | 61,417    | 9,268    | 8,381    | (5,525)    | 73,541       |
| Less waived management fee  | (8,940)   | —        | —        | —          | (8,940)      |
| Continuing OIBDA  | \$ 52,477 | \$ 9,268 | \$ 8,381 | \$ (5,525) | \$ 64,601    |

1) Under our amended affiliate agreement, Sprint agreed to waive the Management Fees charged on both postpaid and prepaid revenues, up to \$4.2 million per month, until the total amount waived reaches approximately \$255.6 million, which is expected to occur in 2022.

2) Represents back office expenses required to support former nTelos subscribers that migrated to the Sprint back office.

## Operating Results

| <b>Three Months Ended March 31, 2018</b> |           |           |          |       |              |                     |
|--|-----------|-----------|----------|-------|--------------|---------------------|
| <i>(in thousands)</i>                    | Wireless  | Cable     | Wireline | Other | Eliminations | Consolidated Totals |
| External revenues                        |           |           |          |       |              |                     |
| Service revenues                         | \$ 89,759 | \$ 28,471 | \$ 5,308 | \$ —  | \$ —         | \$ 123,538          |
| Equipment revenues                       | \$ 17,374 | \$ 159    | \$ 46    | \$ —  | \$ —         | \$ 17,579           |

|   |           |          |          |             |          |           |
|---|-----------|----------|----------|-------------|----------|-----------|
| Other   | 2,026     | 2,050    | 6,539    | —           | —        | 10,615    |
| Total external revenues                         | 109,159   | 30,680   | 11,893   | —           | —        | 151,732   |
| Internal revenues                               | 1,239     | 1,031    | 7,814    | —           | (10,084) | —         |
| Total operating revenues                        | 110,398   | 31,711   | 19,707   | —           | (10,084) | 151,732   |
| Operating expenses                              |           |          |          |             |          |           |
| Costs of services                               | 33,750    | 15,156   | 9,802    | —           | (9,366)  | 49,342    |
| Cost of goods sold                              | 15,727    | 56       | 22       | —           | —        | 15,805    |
| Selling, general and administrative             | 12,135    | 4,948    | 1,717    | 10,668      | (718)    | 28,750    |
| Acquisition, integration and migration expenses | —         | —        | —        | —           | —        | —         |
| Depreciation and amortization                   | 33,925    | 6,024    | 3,394    | 144         | —        | 43,487    |
| Total operating expenses                        | 95,537    | 26,184   | 14,935   | 10,812      | (10,084) | 137,384   |
| Operating income (loss)                         | \$ 14,861 | \$ 5,527 | \$ 4,772 | \$ (10,812) | \$ —     | \$ 14,348 |

### Three Months Ended March 31, 2017

|   |            |           |          |            |              |                     |
|---|------------|-----------|----------|------------|--------------|---------------------|
| <i>(in thousands)</i>                           | Wireless   | Cable     | Wireline | Other      | Eliminations | Consolidated Totals |
| External revenues                               |            |           |          |            |              |                     |
| Service revenues                                | \$ 108,186 | \$ 26,411 | \$ 5,048 | \$ —       | \$ —         | \$ 139,645          |
| Equipment revenues                              | \$ 3,145   | \$ 182    | \$ 32    | \$ —       | \$ —         | \$ 3,359            |
| Other   | 2,897      | 1,853     | 6,126    | —          | —            | 10,876              |
| Total external revenues                         | 114,228    | 28,446    | 11,206   | —          | —            | 153,880             |
| Internal revenues                               | 1,235      | 567       | 7,948    | —          | (9,750)      | —                   |
| Total operating revenues                        | 115,463    | 29,013    | 19,154   | —          | (9,750)      | 153,880             |
| Operating expenses                              |            |           |          |            |              |                     |
| Costs of services                               | 33,423     | 15,178    | 9,233    | —          | (9,058)      | 48,776              |
| Cost of goods sold                              | 4,895      | 50        | 40       | —          | —            | 4,985               |
| Selling, general and administrative             | 28,464     | 4,858     | 1,676    | 5,847      | (692)        | 40,153              |
| Acquisition, integration and migration expenses | 3,792      | —         | —        | 697        | —            | 4,489               |
| Depreciation and amortization                   | 35,752     | 5,788     | 3,132    | 132        | —            | 44,804              |
| Total operating expenses                        | 106,326    | 25,874    | 14,081   | 6,676      | (9,750)      | 143,207             |
| Operating income (loss)                         | \$ 9,137   | \$ 3,139  | \$ 5,073 | \$ (6,676) | \$ —         | \$ 10,673           |

### Wireless Service Revenues

|  |                                 |                   |                    |               |
|--|---------------------------------|-------------------|--------------------|---------------|
| <i>(in thousands)</i>  | Three Months Ended<br>March 31, |                   | Change             |               |
|  | 2018                            | 2017              | \$                 | %             |
| Wireless Service Revenues:                                     |                                 |                   |                    |               |
| Postpaid net billings <sup>(1)</sup>                           | \$ 93,290                       | \$ 92,989         | \$ 301             | 0.3           |
| Amortization of deferred contract & other costs <sup>(3)</sup> | (6,871)                         | —                 | (6,871)            | *             |
| Management fee   | (7,400)                         | (7,383)           | (17)               | 0.2           |
| Net service fee  | (7,955)                         | (7,200)           | (755)              | 10.5          |
| Total Postpaid Service Revenue                                 | 71,064                          | 78,406            | (7,342)            | (9.4)         |
| Prepaid net billings <sup>(2)</sup>                            | 26,341                          | 25,202            | 1,139              | 4.5           |
| Amortization of deferred contract & other costs <sup>(3)</sup> | (12,788)                        | —                 | (12,788)           | *             |
| Sprint management fee  | (1,649)                         | (1,557)           | (92)               | 5.9           |
| Total Prepaid Service Revenue                                  | 11,904                          | 23,645            | (11,741)           | (49.7)        |
| Travel and other revenues                                      | 6,791                           | 6,135             | 656                | 10.7          |
| <b>Total Service Revenues</b>                                  | <b>\$ 89,759</b>                | <b>\$ 108,186</b> | <b>\$ (18,427)</b> | <b>(17.0)</b> |

1) 2018 includes the effect of the adoption of Topic 606 that requires the Company to report transactions previously classified as cost of goods sold as reductions of revenue.

- 2) Postpaid net billings are defined under the terms of the affiliate contract with Sprint to be the gross billings to customers within our wireless network coverage area less billing credits and adjustments and allocated write-offs of uncollectible accounts.
- 3) Due to the adoption of Topic 606, costs reimbursed to Sprint for commission and acquisition cost incurred in their national sales channel are recorded as reduction of revenue and amortized over the period of benefit. Additionally, costs reimbursed to Sprint for the support of their prepaid customer base are recorded as a reduction of revenue. These costs were previously recorded in cost of goods sold, and selling, general and administrative.

## Supplemental Information

### Subscriber Statistics

The following tables indicate selected operating statistics of Wireless, including Sprint subscribers, as of the dates shown:

|   | March 31,<br>2018 <sup>(3)</sup> | December 31,<br>2017 <sup>(4)</sup> | March 31,<br>2017 | December 31,<br>2016 |
|---|----------------------------------|-------------------------------------|-------------------|----------------------|
| Retail PCS Subscribers – Postpaid               | 774,861                          | 736,597                             | 717,150           | 722,562              |
| Retail PCS Subscribers – Prepaid <sup>(1)</sup> | 250,191                          | 225,822                             | 214,771           | 206,672              |
| PCS Market POPS (000) <sup>(2)</sup>            | 7,023                            | 5,942                               | 5,536             | 5,536                |
| PCS Covered POPS (000) <sup>(2)</sup>           | 5,889                            | 5,272                               | 4,836             | 4,807                |
| CDMA Base Stations (sites)                      | 1,742                            | 1,623                               | 1,476             | 1,467                |
| Towers Owned                                    | 193                              | 192                                 | 196               | 196                  |
| Non-affiliate Cell Site Leases                  | 192                              | 192                                 | 206               | 202                  |

- As of September 2017, the Company is no longer including Lifeline subscribers to be consistent with Sprint's policy. Historical customer counts have been adjusted accordingly.
- "POPS" refers to the estimated population of a given geographic area. Market POPS are those within a market area which we are authorized to serve under our Sprint PCS affiliate agreements, and Covered POPS are those covered by our network. As of December 31, 2017, the data source for POPS is U.S. census data. Historical periods previously referred to other third party population data and have been recast to refer to U.S. census data.
- Beginning March 31, 2018 includes Richmond Expansion Area.
- Beginning December 31, 2017 includes Parkersburg Expansion Area.

|  | Three Months Ended<br>March 31, |         |
|--|---------------------------------|---------|
|  | 2018                            | 2017    |
| Gross PCS Subscriber Additions – Postpaid                      | 81,420                          | 38,701  |
| Net PCS Subscriber Additions (Losses) – Postpaid               | 38,264                          | (5,412) |
| Gross PCS Subscriber Additions – Prepaid <sup>(1)</sup>        | 55,802                          | 39,445  |
| Net PCS Subscriber Additions (Losses) – Prepaid <sup>(1)</sup> | 24,369                          | 8,099   |
| PCS Average Monthly Retail Churn % - Postpaid <sup>(2)</sup>   | 1.89%                           | 2.05%   |
| PCS Average Monthly Retail Churn % - Prepaid <sup>(1)</sup>    | 4.42%                           | 5.01%   |

- The Company is no longer including Lifeline subscribers to be consistent with Sprint's policy. Historical customer counts and churn % have been adjusted accordingly.
- PCS Average Monthly Retail Churn is the average of the monthly subscriber turnover, or churn, calculations for the period.

The subscriber statistics shown above include the following:

|  | February 1, 2018           | April 6, 2017                 | May 6, 2017 |
|--|----------------------------|-------------------------------|-------------|
|  | Richmond<br>Expansion Area | Parkersburg<br>Expansion Area | nTelos Area |
| PCS Subscribers - Postpaid                         | 38,343                     | 19,067                        | 404,965     |
| PCS Subscribers - Prepaid                          | 15,691                     | 5,962                         | 154,944     |
| Acquired PCS Market POPS (000) <sup>(1)</sup>      | 1,082                      | 511                           | 3,099       |
| Acquired PCS Covered POPS (000) <sup>(1)</sup>     | 602                        | 244                           | 2,298       |
| Acquired CDMA Base Stations (sites) <sup>(2)</sup> | 105                        | —                             | 868         |
| Towers   | —                          | —                             | 20          |
| Non-affiliate Cell Site Leases                     | —                          | —                             | 10          |

1. POPS refers to the estimated population of a given geographic area. Market POPS are those within a market area which we are authorized to serve under our Sprint PCS affiliate agreements, and Covered POPS are those covered by our network.
2. As of March 31, 2018 we have shut down 107 overlap sites associated with the nTelos Area.

The following table shows selected operating statistics for Cable as of the dates shown:

|   | March 31,<br>2018 | December 31,<br>2017 | March 31,<br>2017 | December 31,<br>2016 |
|---|-------------------|----------------------|-------------------|----------------------|
| Homes Passed <sup>(1)</sup>                   | 184,975           | 184,910              | 184,819           | 184,710              |
| Customer Relationships <sup>(2)</sup>         |                   |                      |                   |                      |
| Video users                                   | 43,264            | 44,269               | 47,160            | 48,512               |
| Non-video customers                           | 35,133            | 33,559               | 30,765            | 28,854               |
| Total customer relationships                  | 78,397            | 77,828               | 77,925            | 77,366               |
| Video   |                   |                      |                   |                      |
| Users <sup>(3)</sup>                          | 45,555            | 46,613               | 49,384            | 50,618               |
| Penetration <sup>(4)</sup>                    | 24.6%             | 25.2%                | 26.7%             | 27.4%                |
| Digital video penetration <sup>(5)</sup>      | 75.8%             | 76.2%                | 77.1%             | 77.4%                |
| High-speed Internet                           |                   |                      |                   |                      |
| Available Homes <sup>(6)</sup>                | 184,975           | 184,910              | 183,935           | 183,826              |
| Users <sup>(3)</sup>                          | 65,141            | 63,918               | 61,815            | 60,495               |
| Penetration <sup>(4)</sup>                    | 35.2%             | 34.6%                | 33.6%             | 32.9%                |
| Voice   |                   |                      |                   |                      |
| Available Homes <sup>(6)</sup>                | 184,975           | 182,379              | 181,198           | 181,089              |
| Users <sup>(3)</sup>                          | 22,743            | 22,555               | 21,647            | 21,352               |
| Penetration <sup>(4)</sup>                    | 12.3%             | 12.4%                | 11.9%             | 11.8%                |
| Total Revenue Generating Units <sup>(7)</sup> | 133,439           | 133,086              | 132,846           | 132,465              |
| Fiber Route Miles                             | 3,371             | 3,356                | 3,233             | 3,137                |
| Total Fiber Miles <sup>(8)</sup>              | 124,701           | 122,011              | 100,799           | 92,615               |
| Average Revenue Generating Units              | 132,865           | 132,759              | 132,419           | 131,218              |

1) Homes and businesses are considered passed (“homes passed”) if we can connect them to our distribution system without further extending the transmission lines. Homes passed is an estimate based upon the best available information.

2) Customer relationships represent the number of billed customers who receive at least one of our services.

3) Generally, a dwelling or commercial unit with one or more television sets connected to our distribution system counts as one video customer. Where services are provided on a bulk basis, such as to hotels and some multi-dwelling units, the revenue charged to the customer is divided by the rate for comparable service in the local market to determine the number of customer equivalents included in the customer counts shown above.

4) Penetration is calculated by dividing the number of users by the number of homes passed or available homes, as appropriate.

5) Digital video penetration is calculated by dividing the number of digital video users by total video users. Digital video users are video customers who receive any level of video service via digital transmission. A dwelling with one or more digital set-top boxes or digital adapters counts as one digital video user.

6) Homes and businesses are considered available (“available homes”) if we can connect them to our distribution system without further extending the transmission lines and if we offer the service in that area.

7) Revenue generating units are the sum of video, voice and high-speed internet users.

8) Total Fiber Miles are measured by taking the number of fiber strands in a cable and multiplying that number by the route distance. For example, a 10 mile route with 144 fiber strands would equal 1,440 fiber miles.

The following table shows selected operating statistics for Wireline as of the dates shown:

|  | March 31,<br>2018 | December 31,<br>2017 | March 31,<br>2017 | December 31,<br>2016 |
|--|-------------------|----------------------|-------------------|----------------------|
| Telephone Access Lines                         | 17,765            | 17,933               | 18,160            | 18,443               |
| Long Distance Subscribers                      | 8,980             | 9,078                | 9,134             | 9,149                |
| Video Customers <sup>(1)</sup>                 | 4,912             | 5,019                | 5,201             | 5,264                |
| DSL and Cable Modem Subscribers <sup>(2)</sup> | 14,695            | 14,665               | 14,527            | 14,314               |

|                                  |         |         |         |         |
|----------------------------------|---------|---------|---------|---------|
| Fiber Route Miles                | 2,078   | 2,073   | 1,997   | 1,971   |
| Total Fiber Miles <sup>(3)</sup> | 155,188 | 154,165 | 145,060 | 142,230 |

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1. Wireline's video service passes approximately 16,500 homes.
2. December 2017 and December 2016 totals include 2,105 and 1,072 customers, respectively, served via the coaxial cable network. During 2016, we modified the way we count subscribers when a commercial customer upgrades its internet service via a fiber contract.
3. Fiber miles are measured by taking the number of fiber strands in a cable and multiplying that number by the route distance. For example, a 10 mile route with 144 fiber strands would equal 1,440 fiber miles.