



1Q20 Earnings Presentation

May 11, 2020

windstream 



Safe Harbor Statement

Windstream Holdings, Inc. claims the protection of the safe-harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically identified by words or phrases such as “will,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “target,” “forecast” and other words and terms of similar meaning. Forward-looking statements are subject to risks and uncertainties that could cause actual future events and results to differ materially from those expressed in the forward-looking statements.

Forward-looking statements include, but are not limited to, projections regarding our 2020 Financial Plan, including adjusted OIBDAR and adjusted OIBDAR margin, anticipated net Kinetic broadband subscriber growth, improved Enterprise contribution margin, and acceleration of Enterprise strategic sales and services; our ability to successfully execute our 2020 priorities; certain revenue and contribution margin trends in our business units; opportunities to expand our strategic products and services for our small and medium sized business customers; increasing broadband penetration levels and availability of faster broadband speeds to more households and businesses within our service areas; anticipated results and funding opportunities related to the Rural Digital Opportunity Fund and the current CAF II program, both administered by the Federal Communications Commission; statements concerning the current settlement in principle and arrangements with Uniti Group, Inc.; expectations regarding expense management activities, including interconnection expense, and the timing and benefit of such activities; and any other statements regarding plans, objectives, expectations and intentions and other statements that are not historical facts. These statements, along with other forward-looking statements regarding Windstream’s overall business outlook, are based on estimates, projections, beliefs, and assumptions that Windstream believes are reasonable but are not guarantees of future events, performance or results. Actual future events and results may differ materially from those expressed in these forward-looking statements as a result of a number of important factors.

Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include risks and uncertainties relating to current or future adverse economic, political or market conditions related to epidemics, pandemics, or other outbreaks of contagious diseases, including the current COVID-19 pandemic, and the impact of these conditions on our business operations and financial position; risk and uncertainties relating to our voluntary filing for reorganization under Chapter 11 of the Bankruptcy Code (“Chapter 11 Cases”) and the length of time we will remain subject to the restructuring process; our ability to pursue our business strategies and achieve our 2020 financial and operational goals in light of the Chapter 11 Cases; diversion of management’s attention as a result of the Chapter 11 Cases; the volatility of our financial results due to the Chapter 11 Cases; risks associated with third party actions or motions in the Chapter 11 Cases; that the expected benefits of cost reduction and expense management activities are not realized or adversely affect our sales and operational activities or are otherwise disruptive to our business and personnel; further adverse changes in economic conditions in our markets unrelated to the COVID-19 pandemic; the impact of new, emerging, or competing technologies and our ability to utilize these technologies to provide services to our customers; general U.S. and worldwide economic conditions and related uncertainties; and the effect of any changes in federal or state governmental regulations or statutes. For other risk factors that could cause actual results and events to differ materially from those expressed, please refer to our filings with the Securities and Exchange Commission. Windstream does not undertake any obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Participants



Tony Thomas
Chief Executive Officer



Bob Gunderman
Chief Financial Officer & Treasurer



Chris King
VP, Investor Relations



Rising to Covid-19 Challenge For Our Customers & Employees



- All but essential on-site employees empowered and encouraged to work from home



- Less than 7% of employees working on-location in Windstream's five-largest offices as of March 31st



- Distributed personal protective equipment to field technicians



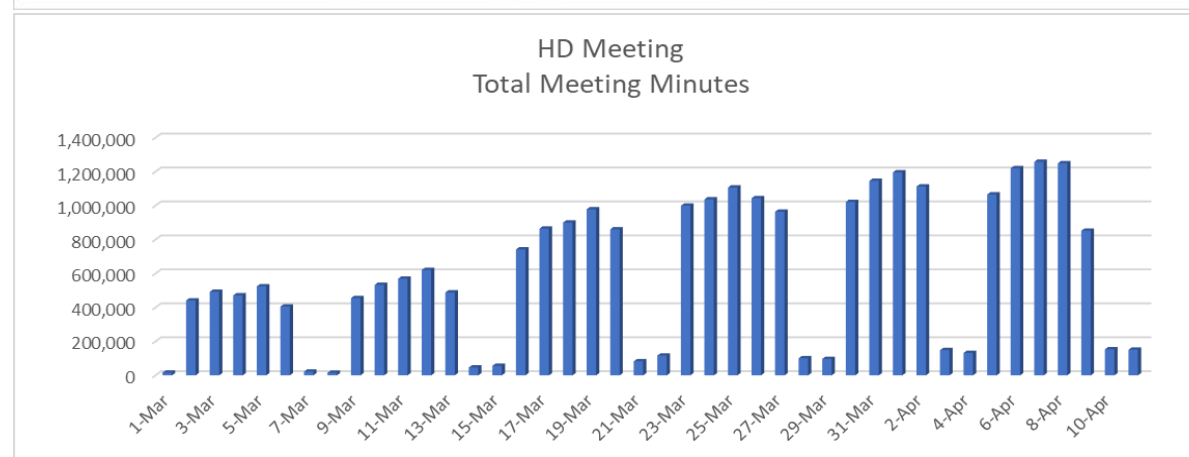
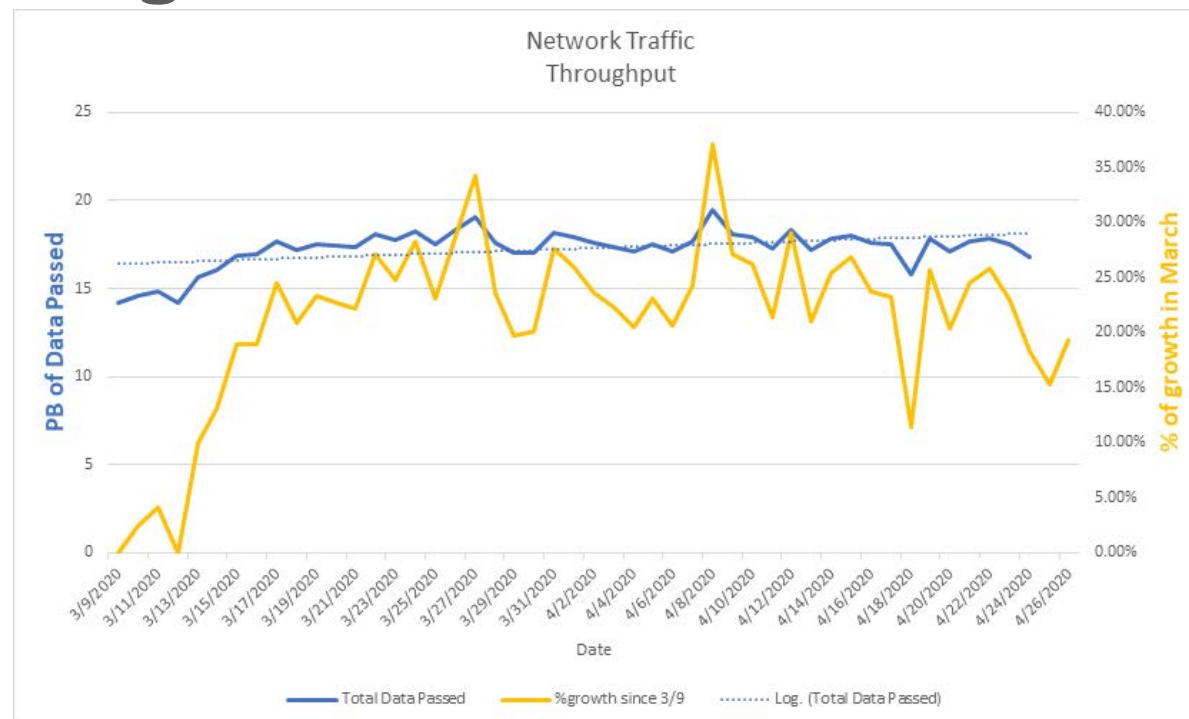
- Minimal supply chain issues





Network Performs Well As Usage Climbs

- Strong increases in overall demand seen from mid-March given the rapid increase in work-from-home activities across the country
- Kinetic data traffic stabilizing at approximately 30% above pre-Covid levels; Voice minutes initially increased by approximately 50% but have since normalized at usual levels
- Seeing increasing Windstream Enterprise and Kinetic OfficeSuite/HD Meeting demand in both number of participants and number of meetings/total minutes with total meeting minutes tripling from pre-pandemic levels
- Expect demand to level off at higher levels, however longer-term trends will likely depend on work-from-home trends





Uniti Settlement Highlights

\$1.75B

Uniti Network
Investments for
Windstream

Uniti to invest \$1.75 billion in network investments for Windstream enabling Windstream to deliver 1 Gig Internet speed to approximately half of our Kinetic broadband footprint, positioning us for long-term success

\$775M

Total Uniti Cash
Consideration to
Windstream

Uniti to pay Windstream approximately \$490 million and to purchase certain unused and underutilized dark fiber assets from Windstream for an additional \$285 million

Net Payments to Uniti lowered by \$294 million per year in 2021-2025





Restructuring Timeline (all dates subject to change)

Mid-May	Order approving disclosure statement and 9019 motion
June 15	Confirmation Hearing and Confirmation Order
June 22	Exclusivity Period Deadline
Late-August*	Plan Effective Date (Emergence)

* Subject to regulatory approvals

Current Debt Levels Reduced by More than \$4 billion per current plan





First Quarter 2020 Highlights

\$423 million in adjusted OIBDAR

Flat Adjusted OIBDAR for third consecutive quarter

Sequential revenue growth for Kinetic

Consolidated adjusted OIBDAR
margin of 35.2%

Up 140 bps y-o-y

Consolidated cash expenses down 11.0% y-o-y

Continued acceleration in **SD-WAN**
and **Strategic Sales**

Largest SD-WAN service provider in country today

Strong OfficeSuite meeting demand increase

Strategic Enterprise revenues grew 28% y-o-y

Consumer broadband growth of **18,000**
subscribers in 1Q20

Broadband subscriber growth up 58% y-o-y

9,900 broadband subscribers added in March alone



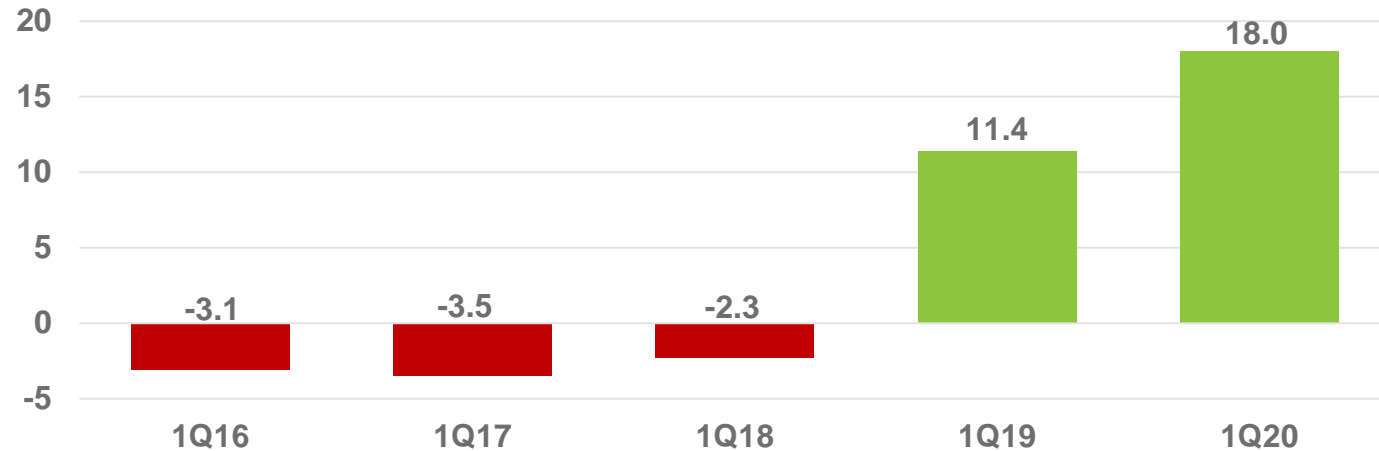
Delivered Broadband Subscriber Growth in 2020



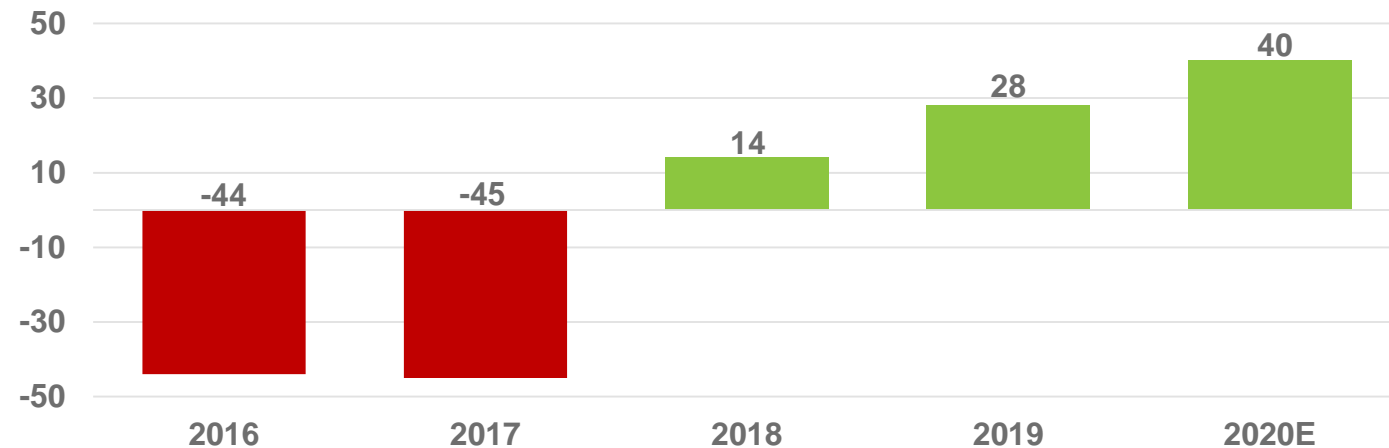
kinetic.
by windstream.

- Eight consecutive quarters of consumer broadband unit growth through 1Q20
- 9,900 net subscriber additions in March 2020 alone
- Driven by Project Excel investments and efforts to extend faster broadband speed tiers to more customers across ILEC footprint
- Achieved 18,000 net subscriber additions in 1Q20

Net Broadband Adds (in thousands)



Significant Improvement in Broadband Subscriber Growth (in thousands)

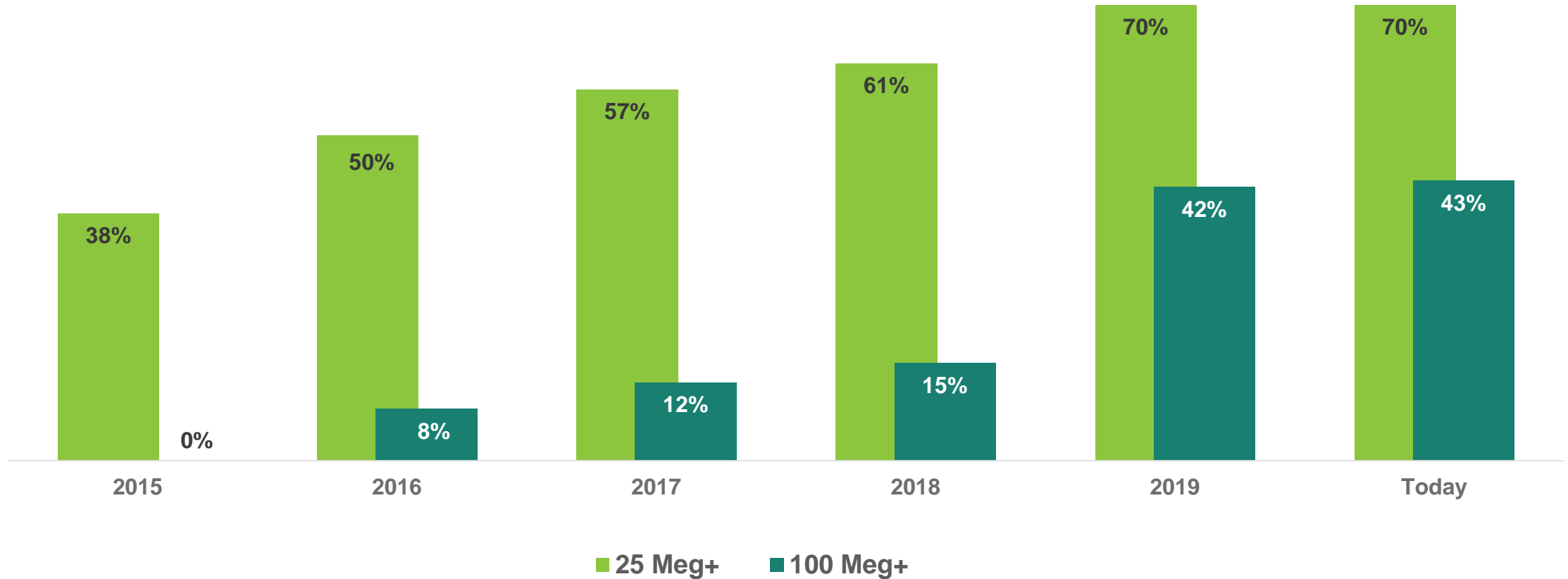


Kinetic Speed Addressability



kinetic.
by windstream.

% of Homes in ILEC Footprint with Access to Available Speeds

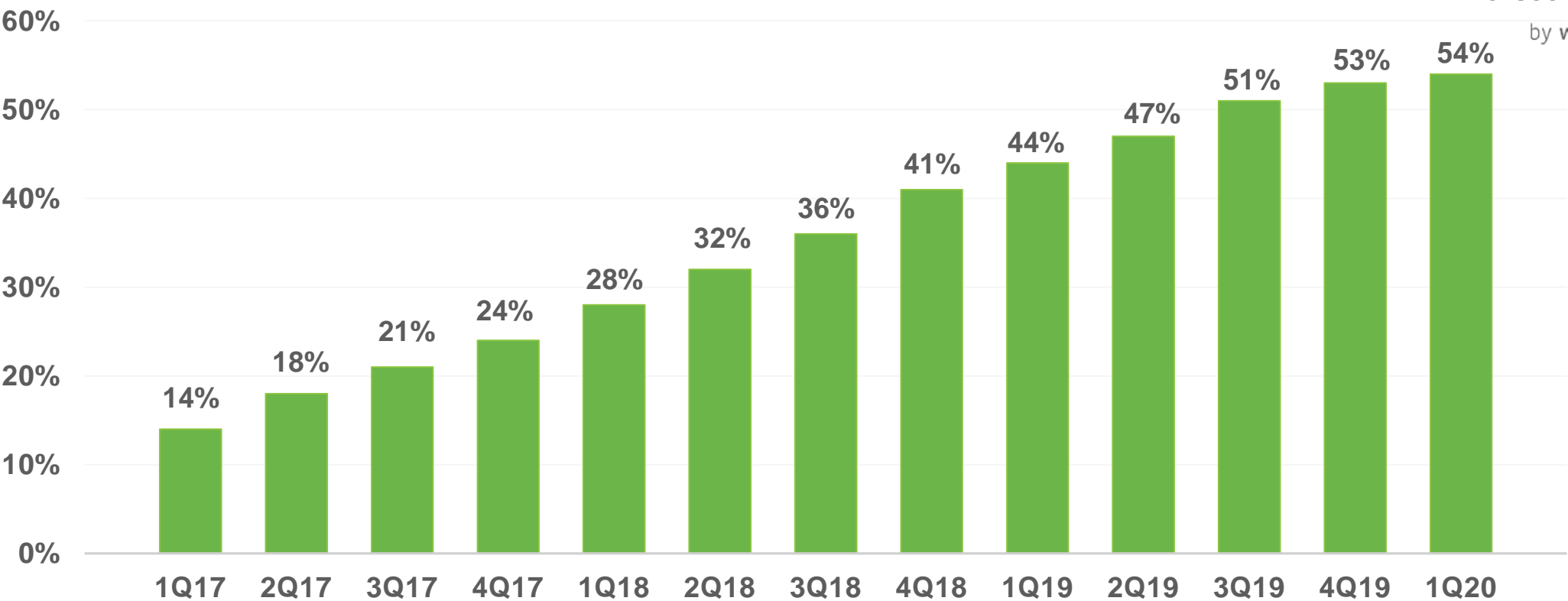


Improved Broadband Speed Capabilities



kinetic
by windstream.

Customer Speed Distribution of 25 Mbps or Faster

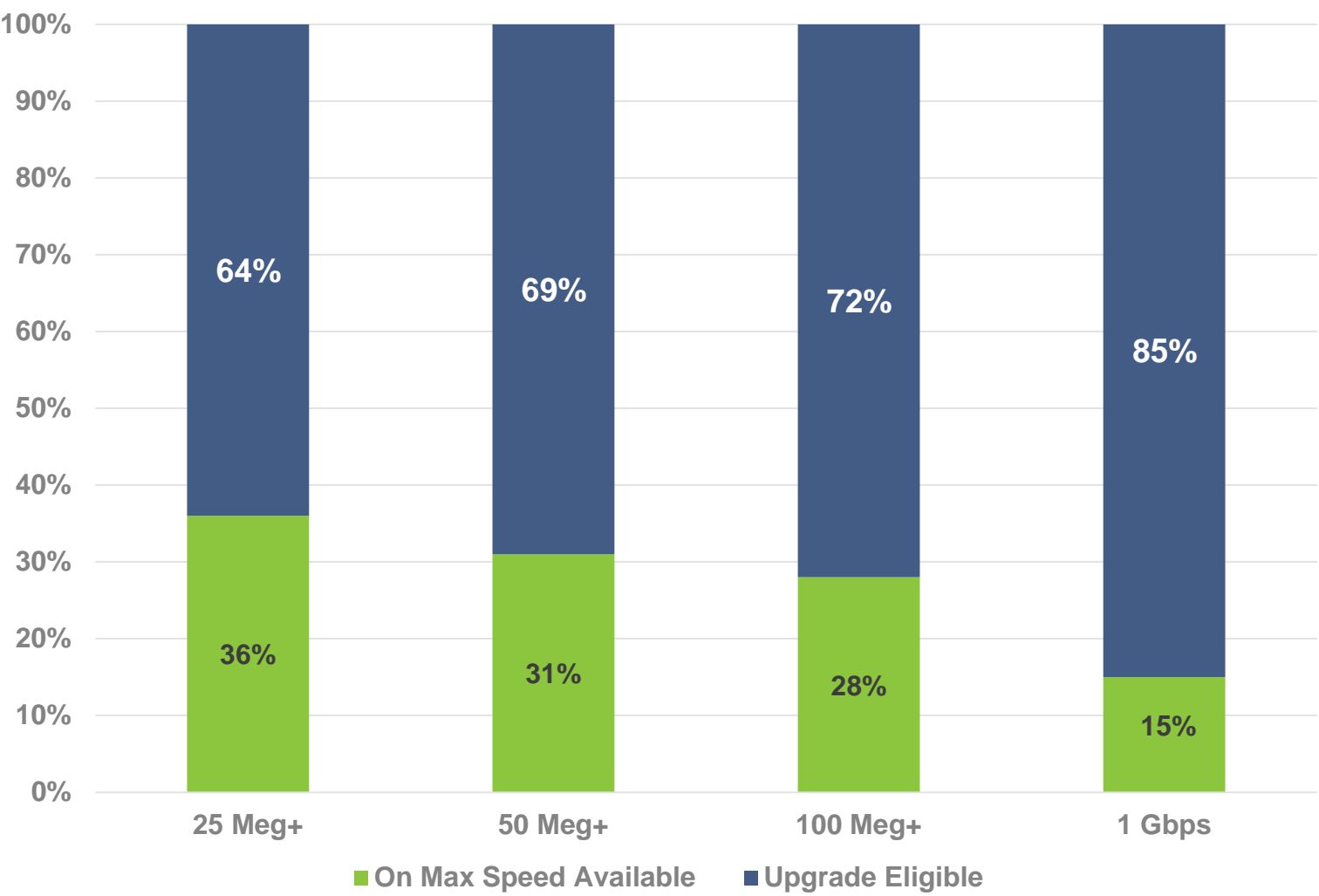


1GB Fiber Internet Service now expanded to 100,000 business locations



More Speed Available to Activate

Kinetic Customer Speed Penetration



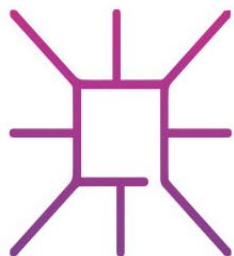


Windstream Enterprise 1Q20 Results



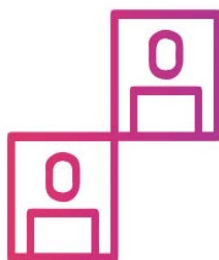
3,200

SD-WAN Customers
Under Contract



29,000+

SD-WAN Endpoint
Locations Under Contract



~540K

UCaaS Seats
Installed



~\$322M

Annualized Strategic
Product Revenue
(based on 1Q20 results)



28%

Strategic Product
Revenue Growth Y-O-Y

14%

Strategic Revenue %
of Total Enterprise
Service Revenue
(based on 1Q20 results)



2019 Gartner Magic Quadrant for UCaaS



2019 SD-WAN Service Provider of the Year

Maintained position as the nation's largest SD-WAN provider



1Q20 Financial Results



Financial Overview						
(Dollars in Millions)						
	Q1	Q2	Q3	Q4	2019 YE	2020 Q1
Revenue						
Kinetic	\$514	\$509	\$506	\$503	\$2,032	\$505
Enterprise	\$696	\$673	\$650	\$623	\$2,642	\$590
Wholesale	\$93	\$88	\$86	\$83	\$350	\$85
Segment Service Revenue	\$1,302	\$1,270	\$1,242	\$1,210	\$5,024	\$1,179
Product/Fiber Sales	\$18	\$16	\$28	\$29	\$92	\$22
Total Revenue and Sales	\$1,321	\$1,287	\$1,270	\$1,238	\$5,115	\$1,201
Contribution Margin						
Kinetic	\$309	\$303	\$287	\$290	\$1,189	\$302
Enterprise	\$133	\$139	\$126	\$121	\$519	\$113
Wholesale	\$63	\$65	\$66	\$67	\$261	\$62
Segment Contribution Margin	\$504	\$508	\$479	\$479	\$1,969	\$477
Shared Expenses	\$57	\$57	\$55	\$57	\$226	\$54
Adjusted OIBDAR ^{(1) (2) (3)}	\$447	\$450	\$423	\$423	\$1,743	\$423
<i>Margin %</i>	33.8%	35.0%	33.3%	34.1%	34.1%	35.2%
Segment Contribution Margin %						
Kinetic	59.2%	58.7%	55.0%	56.3%	57.3%	58.2%
Enterprise	18.8%	20.4%	19.1%	19.2%	19.4%	18.9%
Wholesale	67.7%	73.8%	73.0%	73.6%	72.0%	73.3%

(1) Adjusted OIBDAR is adjusted OIBDA before the annual cash payment due under the Uniti arrangement

(2) Adjusted OIBDA is operating income (loss) before depreciation and amortization and goodwill impairment, excluding expense associated with the arrangement with Uniti, pension expense, share-based compensation expense, restructuring charges, merger, integration and certain other costs

(3) Margins are calculated by dividing the respective profitability measures by total revenues and sales.

Expanding Enterprise Margins

Annual Interconnect Cost Reductions Greater than 10%

Significant Interconnection Cost Reduction Opportunities Remain

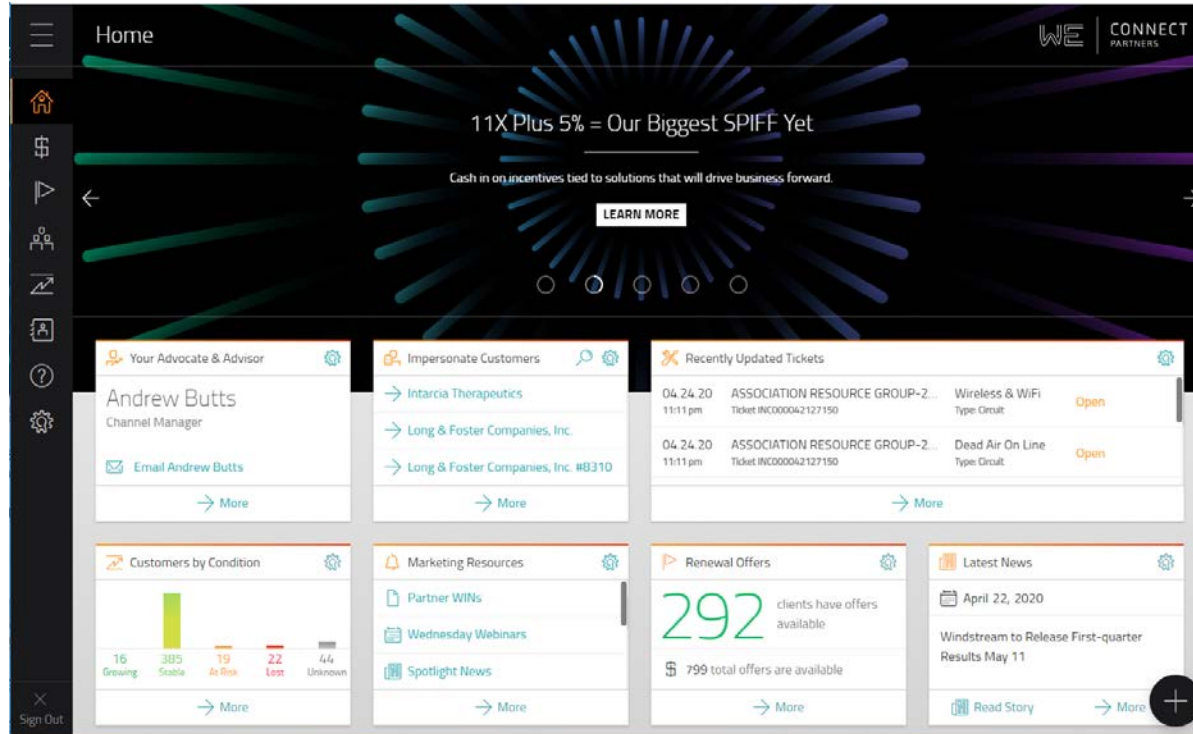
Interconnection Expenses (in millions)

	1Q19 Annualized	1Q20 Annualized	YoY Change %
TDM	\$ 426	\$ 327	(23.2%)
IP/Ethernet	354	322	(9.0%)
Last Mile Access	781	650	(16.8%)
TDM	169	125	(26.1%)
IP/Ethernet	44	36	(18.4%)
Network Access	213	161	(24.5%)
Voice/Other	186	127	(31.8%)
Total Interconnect ⁽¹⁾	\$ 1,180	\$ 938	(20.6%)
Network Real Estate	\$ 176	\$ 173	(1.7%)
Colocation	109	106	(2.9%)
Network Facilities Expense	285	279	(2.2%)
Fiber Expense	67	64	(4.4%)
Total Network Facilities & Fiber Expense	\$ 352	\$ 343	(2.6%)
Total Interconnect, Network Facilities & Fiber Expense	\$ 1,532	\$ 1,281	(16.4%)

⁽¹⁾ Total Interconnect, per this view, excludes Colocation expense

- 1Q20 annualized run-rate of \$1.3 billion in interconnection, network facility and fiber expenses; annualized decline of over 16%
- Legacy TDM represents over \$450 million of annualized expenses and last mile TDM access is falling by almost 25% a year
- Cost improvements from migrating customer from other carrier networks to on-net fiber solutions and continued network grooming efforts to contract our legacy TDM network access costs
- Increasing leverage of access-agnostic technologies such as SD-WAN and UCaaS

2020 New Product Announcements



WE Partner Portal Launch



Infinera 400 GB trial



Kinetic by Windstream and
YouTube Partnership

Windstream 2020 Priorities



Focus on Growth

- Exit Restructuring
- New Capital Structure
- Strategic Capital Investment



Maintain Product & Software Leadership

- Broadband Speed Expansion
- SD-WAN, UCaaS
- Metro and Long-Haul Network Services
- Digital Experience



Consistently Deliver Excellent Customer Experiences

- Provide Enhanced Customer Network Visibility and Design
- More Automation and Better Software Tools to Serve Customers



Drive Adoption of Strategic Products

- Highlight Our Strategic Solutions
- Convert Existing Customers from Legacy to Strategic Products



Manage Costs Aggressively

- Reduce Network Real Estate Footprint
- Reduce Interconnection

Appendix



Contents:

- Quarterly supplemental schedules (Pro Forma)



Supplemental Financial Information

WINDSTREAM HOLDINGS, INC.

UNAUDITED ADJUSTED RESULTS OF OPERATIONS (NON-GAAP)

QUARTERLY SUPPLEMENTAL INFORMATION

for the quarterly periods in the years 2020 and 2019

(In millions)

	2020	2019				
	1st Qtr.	Total	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
ADJUSTED RESULTS OF OPERATIONS:						
Revenues and sales:						
Service revenues	\$ 1,178.9	\$ 5,023.6	\$ 1,209.5	\$ 1,241.7	\$ 1,270.2	\$ 1,302.2
Product and fiber sales	22.0	91.8	28.7	28.4	16.3	18.4
Total revenues and sales	1,200.9	5,115.4	1,238.2	1,270.1	1,286.5	1,320.6
Costs and expenses:						
Cost of services	580.6	2,543.8	611.0	635.9	633.1	663.8
Cost of product and fiber sales	21.5	77.6	22.6	22.9	15.2	16.9
Selling, general and administrative	175.9	751.0	182.1	188.0	187.8	193.1
Costs and expenses excluding pension and share-based compensation expense	778.0	3,372.4	815.7	846.8	836.1	873.8
Adjusted OIBDAR (A)	422.9	1,743.0	422.5	423.3	450.4	446.8
Cash payment under contractual arrangement with Uniti	165.0	658.9	165.0	165.0	164.7	164.2
Adjusted OIBDA (B)	\$ 257.9	\$ 1,084.1	\$ 257.5	\$ 258.3	\$ 285.7	\$ 282.6
Margins (C):						
Adjusted OIBDAR margin	35.2%	34.1%	34.1%	33.3%	35.0%	33.8%
Adjusted OIBDA margin	21.5%	21.2%	20.8%	20.3%	22.2%	21.4%
Capital expenditures	\$ 232.4	\$ 878.5	\$ 249.6	\$ 221.5	\$ 214.6	\$ 192.8
Adjusted free cash flow:						
Adjusted OIBDA	\$ 257.9	\$ 1,084.1	\$ 257.5	\$ 258.3	\$ 285.7	\$ 282.6
Capital expenditures	(232.4)	(878.5)	(249.6)	(221.5)	(214.6)	(192.8)
Cash paid for interest on long-term debt obligations	(76.0)	(349.9)	(79.6)	(85.7)	(81.0)	(103.6)
Cash refunded (paid) for income taxes, net	(0.1)	8.5	9.6	(1.1)	(1.6)	1.6
Adjusted free cash flow	\$ (50.6)	\$ (135.8)	\$ (62.1)	\$ (50.0)	\$ (11.5)	\$ (12.2)
Available liquidity as of March 31, 2020:						
Cash and cash equivalents	\$ 454.7					
Available capacity under DIP credit facility	100.0					
Available liquidity	\$ 554.7					

(A) Adjusted OIBDAR is operating income (loss) before depreciation and amortization and goodwill impairment, excluding straight-line expense under the contractual arrangement with Uniti, share-based compensation expense, restructuring charges, merger, integration and certain other costs.

(B) Adjusted OIBDA is adjusted OIBDAR after the annual cash payment due under the contractual arrangement with Uniti.

(C) Margins are calculated by dividing the respective profitability measures by total revenues and sales.

Supplemental Financial Information

WINDSTREAM HOLDINGS, INC.
UNAUDITED ADJUSTED RESULTS OF OPERATIONS (NON-GAAP)
QUARTERLY SUPPLEMENTAL INFORMATION
for the quarterly periods in the years 2020 and 2019
(In millions)

REVENUE SUPPLEMENT	2020	2019				
	1st Qtr.	Total	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Kinetic:						
High-speed Internet bundles	\$ 255.0	\$ 1,008.5	\$ 251.1	\$ 251.1	\$ 253.2	\$ 253.1
Voice only	23.3	108.2	24.7	26.8	28.1	28.6
Video and miscellaneous	7.9	38.6	8.8	9.6	10.1	10.1
Consumer	286.2	1,155.3	284.6	287.5	291.4	291.8
Small business	74.1	310.8	75.7	76.8	78.4	79.9
Wholesale	59.6	211.3	54.0	52.7	52.3	52.3
Switched access	5.4	24.3	5.9	5.9	6.2	6.3
CAF Phase II funding	43.9	177.9	44.0	44.1	44.4	45.4
State USF and ARM support	19.9	84.7	20.6	20.3	21.7	22.1
End user surcharges	15.7	67.5	18.5	18.9	14.3	15.8
Kinetic	504.8	2,031.8	503.3	506.2	508.7	513.6
Enterprise:						
Core (A)	259.8	1,199.1	275.1	293.8	308.8	321.4
Strategic (B)	80.6	280.9	75.9	72.5	69.5	63.0
Legacy (C)	111.6	516.9	118.7	124.3	133.4	140.5
Other (D)	111.9	526.0	122.7	128.0	134.8	140.5
End user surcharges	25.8	119.3	30.5	31.3	26.9	30.6
Enterprise	589.7	2,642.2	622.9	649.9	673.4	696.0
Wholesale:						
Core wholesale (E)	78.8	322.3	77.4	79.3	80.5	85.1
Switched access	5.6	27.3	5.9	6.3	7.6	7.5
Wholesale	84.4	349.6	83.3	85.6	88.1	92.6
Total service revenues	1,178.9	5,023.6	1,209.5	1,241.7	1,270.2	1,302.2
Product and fiber sales:						
Kinetic product sales	13.7	42.9	12.2	14.7	8.0	8.0
Enterprise product sales	7.6	36.3	8.4	9.2	8.3	10.4
Wholesale fiber sales	0.7	12.6	8.1	4.5	-	-
Total product and fiber sales	22.0	91.8	28.7	28.4	16.3	18.4
Total revenues and sales	\$ 1,200.9	\$ 5,115.4	\$ 1,238.2	\$ 1,270.1	\$ 1,286.5	\$ 1,320.6

(A) Core revenues consist of dynamic Internet protocol, dedicated Internet access, multi-protocol label switching services, integrated voice and data, long distance, and managed services.

(B) Strategic revenues consist of Software Defined Wide Area Network ("SD-WAN"), Unified Communications as a Service ("UCaaS"), OfficeSuite, and associated network access products and services.

(C) Legacy revenues consist of TDM voice and data services.

(D) Other revenues primarily consist of administrative service fees, subscriber line charges, and non-recurring usage-based long-distance revenues.

(E) Core wholesale revenues primarily include revenues from providing fiber connections, data transport and wireless backhaul services.

Supplemental Financial Information



WINDSTREAM HOLDINGS, INC.

UNAUDITED ADJUSTED SEGMENT RESULTS (NON-GAAP)

QUARTERLY SUPPLEMENTAL INFORMATION

for the quarterly periods in the years 2020 and 2019

(In millions)

	2020			2019		
	1st Qtr.	Total	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Kinetic						
Revenues and sales:						
Service revenues	\$ 286.2	\$ 1,155.3	\$ 284.6	\$ 287.5	\$ 291.4	\$ 291.8
Product sales	13.7	42.9	12.2	14.7	8.0	8.0
Total Consumer	299.9	1,198.2	296.8	302.2	299.4	299.8
Small business	74.1	310.8	75.7	76.8	78.4	79.9
Wholesale	59.6	211.3	54.0	52.7	52.3	52.3
Switched access	5.4	24.3	5.9	5.9	6.2	6.3
CAF Phase II funding	43.9	177.9	44.0	44.1	44.4	45.4
State USF and ARM support	19.9	84.7	20.6	20.3	21.7	22.1
End user surcharges	15.7	67.5	18.5	18.9	14.3	15.8
Total revenues and sales	518.5	2,074.7	515.5	520.9	516.7	521.6
Costs and expenses	216.7	885.6	225.1	234.3	213.4	212.8
Kinetic contribution margin	\$ 301.8	\$ 1,189.1	\$ 290.4	\$ 286.6	\$ 303.3	\$ 308.8
Kinetic contribution margin %	58.2%	57.3%	56.3%	55.0%	58.7%	59.2%
Enterprise						
Revenues and sales:						
Service revenues	\$ 589.7	\$ 2,642.2	\$ 622.9	\$ 649.9	\$ 673.4	\$ 696.0
Product sales	7.6	36.3	8.4	9.2	8.3	10.4
Total revenues and sales	597.3	2,678.5	631.3	659.1	681.7	706.4
Costs and expenses	484.2	2,159.1	509.9	532.9	542.5	573.8
Enterprise contribution margin	\$ 113.1	\$ 519.4	\$ 121.4	\$ 126.2	\$ 139.2	\$ 132.6
Enterprise contribution margin %	18.9%	19.4%	19.2%	19.1%	20.4%	18.8%
Wholesale						
Revenues and sales:						
Service revenues	\$ 84.4	\$ 349.6	\$ 83.3	\$ 85.6	\$ 88.1	\$ 92.6
Fiber sales	0.7	12.6	8.1	4.5	-	-
Total revenues and sales	85.1	362.2	91.4	90.1	88.1	92.6
Costs and expenses	22.7	101.4	24.1	24.3	23.1	29.9
Wholesale contribution margin	\$ 62.4	\$ 260.8	\$ 67.3	\$ 65.8	\$ 65.0	\$ 62.7
Wholesale contribution margin %	73.3%	72.0%	73.6%	73.0%	73.8%	67.7%



Supplemental Financial Information

WINDSTREAM HOLDINGS, INC.

UNAUDITED ADJUSTED SEGMENT RESULTS (NON-GAAP)

QUARTERLY SUPPLEMENTAL INFORMATION

for the quarterly periods in the years 2020 and 2019

(In millions)

	2020 1st Qtr.	Total	4th Qtr.	2019 3rd Qtr.	2nd Qtr.	1st Qtr.
Total segment revenues and expenses						
Revenues and sales:						
Service revenues	\$ 1,178.9	\$ 5,023.6	\$ 1,209.5	\$ 1,241.7	\$ 1,270.2	\$ 1,302.2
Product and fiber sales	22.0	91.8	28.7	28.4	16.3	18.4
Total segment revenues and sales	1,200.9	5,115.4	1,238.2	1,270.1	1,286.5	1,320.6
Total segment costs and expenses	723.6	3,146.1	759.1	791.5	779.0	816.5
Segment contribution margin	\$ 477.3	\$ 1,969.3	\$ 479.1	\$ 478.6	\$ 507.5	\$ 504.1
Segment contribution margin %	39.7%	38.5%	38.7%	37.7%	39.4%	38.2%
Consolidated revenues and sales						
Service revenues	\$ 1,178.9	\$ 5,023.6	\$ 1,209.5	\$ 1,241.7	\$ 1,270.2	\$ 1,302.2
Product and fiber sales	22.0	91.8	28.7	28.4	16.3	18.4
Consolidated revenues and sales	\$ 1,200.9	\$ 5,115.4	\$ 1,238.2	\$ 1,270.1	\$ 1,286.5	\$ 1,320.6
Consolidated costs and expenses						
Segment costs and expenses	\$ 723.6	\$ 3,146.1	\$ 759.1	\$ 791.5	\$ 779.0	\$ 816.5
Shared expenses (A)	54.4	226.3	56.6	55.3	57.1	57.3
Consolidated costs and expenses	\$ 778.0	\$ 3,372.4	\$ 815.7	\$ 846.8	\$ 836.1	\$ 873.8
Consolidated						
Adjusted OIBDAR	\$ 422.9	\$ 1,743.0	\$ 422.5	\$ 423.3	\$ 450.4	\$ 446.8
Adjusted OIBDAR margin	35.2%	34.1%	34.1%	33.3%	35.0%	33.8%

(A) Shared expenses are not allocated to the segments and primarily consist of accounting and finance, information technology, engineering, network optimization, legal, human resources, investor relations, and outsourcing activities that are centrally managed and are not monitored by management at a segment level.



Supplemental Financial Information

WINDSTREAM HOLDINGS, INC.

QUARTERLY SUPPLEMENTAL INFORMATION

for the quarterly periods in the years 2020 and 2019

(Units in thousands, Dollars in millions, except per unit amounts)

	2020			2019		
	1st Qtr.	Total	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Kinetic Operating Metrics:						
Households served	1,247.2	1,238.9	1,238.9	1,238.7	1,244.0	1,250.6
<i>YOY change in households served</i>	-0.3%	-0.7%	-0.7%	-0.9%	-0.6%	-0.5%
<i>Average revenue per household served per month</i>	\$ 76.75	\$ 77.43	\$ 76.58	\$ 77.20	\$ 77.87	\$ 77.86
High-speed Internet customers	1,067.3	1,049.3	1,049.3	1,040.0	1,034.3	1,032.4
<i>Net customer additions</i>	18.0	28.3	9.3	5.7	1.9	11.4
<i>YOY change in high-speed Internet</i>	3.4%	2.8%	2.8%	2.5%	2.7%	2.8%
Enterprise:						
Strategic sales as a percentage of total Enterprise sales (A)	68.4%	63.3%	66.9%	64.9%	69.4%	55.1%
Service revenues Used in Average Revenue Per Month						
Computations Above (per page 3):						
Kinetic service revenues	\$ 286.2	\$ 1,155.3	\$ 284.6	\$ 287.5	\$ 291.4	\$ 291.8
Small business service revenues	\$ 74.1	\$ 310.8	\$ 75.7	\$ 76.8	\$ 78.4	\$ 79.9
Capital expenditures by segment:						
Kinetic	\$ 133.0	\$ 454.8	\$ 122.1	\$ 128.6	\$ 105.7	\$ 98.4
Enterprise	26.7	152.5	35.9	38.0	36.5	42.1
Wholesale	6.9	27.3	10.2	6.4	5.5	5.2
Corporate/shared (B)	65.8	243.9	81.4	48.5	66.9	47.1
Capital expenditures	\$ 232.4	\$ 878.5	\$ 249.6	\$ 221.5	\$ 214.6	\$ 192.8

(A) Enterprise strategic sales consist of SD-WAN, UCaaS, OfficeSuite and associated network access products and services.

(B) Corporate/shared capital expenditures are not directly assigned to the segments and primarily consist of capital outlays for network enhancements and information technology-related projects benefitting Windstream as a whole.



Projected 2020 Financial Highlights

\$1.63 billion in adjusted OIBDAR

2020 adjusted OIBDAR to decline (~6%), similar to 2019 trends

Consolidated adjusted OIBDAR margin of **34.8%**

Up 70 bps y-o-y

Consolidated cash expenses down ~9%

Consumer broadband **growth** of **40,000 subscribers**

Over 40% improvement in subscriber growth vs. 2019

25MB and 100MB broadband speeds available today to 70% and 42% of Kinetic footprint, respectively

Kinetic **Contribution Margin** trends **Improve Significantly Y-O-Y**

Contribution margin trends improve by 230 bps y-o-y driven by improving revenue trends

Kinetic 1GB fiber Internet service available to 100K business locations today

Continued acceleration in **SD-WAN** and **Strategic Sales**

Largest SD-WAN Service Provider with 2,700 customers under contract totaling 22,000 locations

Enterprise Strategic Revenues are expected to increase by ~20% y-o-y in 2020

