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OVERVIEW:

Company Summary

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CONFERENCE CALL PARTICIPANTS

John Hodulik UBS Group AG - Moderator

PRESENTATION

John Hodulik - UBS Group AG - Moderator

Okay. We're going to get started here with Day Two of the UBS Media and Telecom Conference. Again, I'm John Hodulik, Media and Telecom Analyst. And before we get started, I just want to say a big thanks to our corporate access and events team, specifically Nicole Kirby, Jeff Thompson and Lauren MacIntosh. There's a lot of work that goes into putting a conference like this together on the back of our tech conference last week, and I just want to say they're doing a great job and thank them for their effort.

Very pleased to introduce our speaker this morning, John Stankey, the CEO of AT&T. John, thanks for being here.

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

Thanks, John. And if I could just take a moment, remind everybody of our safe harbor statement. Some of the things we're going to talk about this morning are subject to risk and uncertainty, and they may or may not come to pass. And if you'd like to see more information, you can go to our Investor Relations website, where the entire safe harbor statement is available for your reading and [producing] as well as a whole bunch of other fabulous information.

John Hodulik - UBS Group AG - Moderator

Okay. That's a good release statement there.

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

I think I won't get all that when I get back to the office now.

QUESTIONS AND ANSWERS

John Hodulik - UBS Group AG - Moderator

Yeah, I think you're covered. So I think the best place to start off is sort of where we left off with the Analyst Day you guys had last week. You guys offered a differentiated view on convergence in the telecom industry. Can you give us a high level of summary of how AT&T use convergence.

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

Yeah. So part of, I think, the way we view it is it's kind of like what's going to evolve over the next 10 years. And that's part of my job is to think about it in that context, not necessarily the 90-day numbers per se. And I think there's probably four things I'd mention. One, there's no question, demand for high-performance bandwidth is going to continue to increase. I suspect somewhere in the range of 80% over the next five years.

Two, I think there's a fundamental technology that's necessary to meet the kind of workloads that we're going to see, and it's going to be dense fiber networks. Not only are we going to continue to see increases in the growth of downstream bandwidth, but actually some of the dynamics that are occurring in the market today. Symmetrical bandwidth will become even more important moving forward to the dynamics of user generated content.

I think what we're going to likely see with the mix of home work and office work, driving upstream video, what we see with AI, in particular, taking video sensors that will be everywhere and then that video has to be moved up into the network for processing. So we think symmetrical bandwidth becomes more important along with just the pure growth in bandwidth and there's no better technology to do that on than fiber. There's no lower marginal cost technology to do it on.

Third and maybe most important, customers don't necessarily relish having complex relationships in their life. And two relationships to get on the Internet or three relationships to get on the Internet is more complex than one.

So a company that can offer something to a customer to say, my job is to get you on the Internet, no matter where you are, how you're going to use your services, I believe, over time, has it a compelling customer dynamic around it. In fact, when we go out to the market and ask folks, 77% of customers tell you that they would like to have one provider to deal with their Internet access wherever they are.

If you look at their behavior once they have it, those customers of ours that buy both from us higher value to us over the lifetime value equation of what they have, they churn lower, they ultimately buy more. That's a good thing. And then ultimately, I think where we kind of finally come in on this and the last thing is network, and the economics of networks are built in endpoints.

And the more endpoints that you have and the more endpoints you aggregate, and if you can aggregate end points at lower marginal cost, you are going to have a superior performing network. You'll have superior performing network economics. Your network will provide more value because it can get to more endpoints more effectively than another network.

And that's been the foundation of how networks have been built over years. It's no different whether it's a transportation network and airline network, same thing in telecommunications. And we believe that we're on a path to do that with how we're investing in fiber and how we marry our other assets of wireless and fiber together.

John Hodulik - UBS Group AG - Moderator

A lot of good points there that we'll dig into. But maybe we'll start with a regulatory question. Obviously, the elections, new administration, is what you're seeing out of the administration so far, maybe what you saw during the first Trump administration. Did they share this vision that you guys espoused last week?

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

Look, I don't think there's ever a regulator who comes in and does everything you want to do. There's always give and take. But I would say there's no question the leanings of this administration, first of all, has a pro-investment dynamic to it. You take tax policy from the first administration and you look at what occurred, it worked. I mean it worked for us.

We came out of that process, and we were investing at record levels. We are \$24 billion, some cases, close to \$25 billion a year, and that's largely because we were getting accelerated depreciation and all the R&D write-offs that we could get and that improved cash flow dramatically. And then you go back and you kind of look at as accelerators and those things started to expire. And our tax bill started going up, our investment correlated directly toward it because it was cash go into the tax man as opposed to cash going into the network.

So do I think from a posture perspective, if there is a repeat from a tax policy perspective, that could accelerate some investment or maybe have us take the plans we discussed last week and execute them quicker. Sure. I could see that happening. I think that would be good for the US because it's competitive infrastructure. It means more jobs, the kind of work we do is directly in communities, you trench. It's a local construction company.

Secondly, I think we -- I know Brendan pretty well. Certainly, he's fairly public with his point of view. I'm not I think telling you anything that he hasn't said, which is he believes markets solve a lot of problem. And I think he's going to be much more market oriented. I think he believes it's time that we have an actual policy that we execute around competitive infrastructure in this country, which means making deliberate decisions on things like how to migrate away from legacy.

How to make sure that there's more spectrum in place. So the companies can invest in newer technologies and have options to deal with those things. So I think he will lean into those things. And I think you're going to see a much more proactive stance in putting coherent policy together to achieve those things. And they'll be market-based, which if you're a company that allocates capital and manages and compete, that's a good thing.

John Hodulik - UBS Group AG - Moderator

So on the tax point, we've done some math in terms of bonus depreciation and deductibility of interest, it could amount to depending on what we get to plus a couple of billion dollars of incremental free cash flow per year for you guys. So you talked about going a little faster. I mean how do you think about how that -- assuming things do go your way, how do you think of sort of allocating that incremental capital across the different buckets that you laid out last week.

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

I think it's premature. I mean we don't know, right? We don't know. There's a lot of sausage to be made. And there's a lot of give and take. And I can't sit here as a citizen of the United States and not acknowledge that there's a bit of a revenue problem in the US government. And so I don't know where this all plays out. I'd be surprised it was just a carbon copy repeat of what was done before without some other give and take in the process.

So it'd be premature to kind of project until you understand what the give and take are -- give and takes are. It's -- and there's so many things in play. There's so many different ways the tax code can be dealt with, and revenues can be raised. So I'd probably say let's wait and see what happens.

But what I would say is to the extent that you're in a capital-intensive industry like we are. And if we can get into a situation where the right incentives are put in, in terms of how investment is looked at, have we had a history and a path of actually reinvesting back in the business? And the answer is yes.

John Hodulik - UBS Group AG - Moderator

Makes sense. A big part of the growth that you laid out is margin improvement in consumer driven by decommissioning the legacy copper networks. What determines the pace at which you guys can start to take wire centers off-line?

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

It's a multifactor optimization equation right now. There's no single thing you go to say it's this, that doesn't right now, clearly, if you were to say where is the governing dynamic around it, regulatory process is at the front of the list.

So last week, we spent a little bit of time talking about this. And as I described it, we have a framework now on how to get the regulatory action done in the vast majority of our states. That framework doesn't scale yet because the regulator hasn't moved enough paper through the process to be able to say, I'm going to go ahead and approve you to do X, Y or Z, but all the elements are in place.

So we talked last week about what we've done to make sure we have capabilities on product to move customers to newer technologies, to make sure that nobody is left behind on the kind of services they need, but you need deliberate incentives, and you need deliberate approaches to make that actually happen.

So we've been in front of the FCC getting AT&T Phone - Advance, which is a replacement pots product that runs on the wireless network, authorized as an equivalent replacement. We've been working on filing in certain wire centers to show that we can move completely off of legacy technology and meet the needs of customers with newer technologies and the markets are supporting choice for customers that's all out there right now. We just need folks to be able to say we can do this at a much faster rate and pace.

And this is to your first -- to your second question about the regulatory structure, I think there'll be kind of a lean-in dynamic in the new FCC around let's get a deliberate policy and approach and scale this. And so I'm comfortable we're moving into this at the right time.

We couldn't have hit it better in terms of -- I don't think the last FCC was opposed to it; they've just been cautious. I think we'll now see a little bit of a lean forward approach and maybe a little bit more action and constructiveness around moving it faster. Then it just gets down to -- we were talking a little bit about this with the group last night. It's like, these are real customers. And it's for people over 50 square miles.

And you got to find those four people. And you got to tell those -- give those four people some reason to want to do something. And we know how to do this stuff. We've shut down our interfaces on wireless and we shared with you last week what we've already done to actually get ourselves in places where we have cleaned the square mileage of customers, and we've done that by, hey, wouldn't you like to have a nice new wireless phone to use on a wireless network to disconnect that copper and put AT&T Phone-Advance in. And you call and you give the customer a reason to move, but that just takes a little bit of time.

John Hodulik - UBS Group AG - Moderator

Makes sense. And lastly on regulation, consolidation has been an ongoing process since you and I have been in the industry. Do you think we're set with the new administration

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

(inaudible) as old as I am?

John Hodulik - UBS Group AG - Moderator

Not -- [slight] (inaudible) generation though. Do you think the new administration sort of creates the environment for sort of a new pace of -- or another round of consolidation in the industry?

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

Yeah. So I'd start with what's right for the markets. And as I said before, the way markets are structured are not an artifact of how customers wanted to do things. We started with fixed infrastructure and licenses and franchises were granted. And then this thing called wireless came along and we allocated licenses that way and then eventually the Internet came along, the technology as well.

The artifacts of how the industry is structured is really an artifact of how regulators of the industry thought about things, not how customers want to buy and use services. And today, as I just said, customers are saying very clearly, they would prefer to have one relationship.

They don't see the distinction in how they get on the Internet and what they do. They just want to get on the Internet. They want to have some security of knowing what they're paying to have that level of service. That's point one. Point two, technology has moved tremendously since the 1930s when original telecommunications laws were put in place in the 1990s when we kind of did a revise on it.

And -- you think about the fact that we have the Internet. We have high-bandwidth wireless networks. It's just screaming to say it makes no sense how we operate today. And so I start with that, that I think all those things, customer applications, customer desires, the technology is all moving to a place that it's better to have consolidated integrated infrastructure.

I just talked about why we're putting fiber out there because you can pick up workloads on any access technology, wireless, a fixed connection, a business connection, scale at a lower marginal cost and do something better. That's good for the customer eventually, right?

That's good for them. Because lower marginal cost means there's going to be more competition in the market, better pricing, better capabilities. So I think there's a tremendous amount moving that way where any regulator, anybody who sits around says, get in the way of that, and you're going to get rolled over eventually.

And secondly, I do believe that we've got a lot of data and information out there that says when you drive the right kind of structure in a market, investment goes up and service levels go up. I would say the US wireless market is a raging success compared to Europe. And it's because the right regulatory policies were applied in capital-intensive industries to make sure there was enough scale that can be created to improve service levels and put choice in place.

And so I do believe there will be a mindset that says assets can be ordered better because customers need them that way. It's too fragmented today. I don't see any basis of why we need five or six companies to serve in what is effectively a national business today.

And I do believe it will occur exactly how this administration gets there, which transactions they look at with favor on which they don't -- that, I have no idea on how to project, but I do believe there will be a move to some degree of consolidation. And the best part about it is I don't need to participate in any of it because I've got all kinds of things I can do in the asset base that I own today, the capital that I'm generating to be successful in this industry with what I got in executing the plays that we have in front of us.

John Hodulik - UBS Group AG - Moderator

So turning to AT&T, a lot of new detail on the broadband strategy last week, and you guys laid out a vision for 50 million homes over the next five years, 45 million in region, 5 million out of region.

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

You just said what I said.

John Hodulik - UBS Group AG - Moderator

Exactly. I'm just paraphrasing here. So the 45 million in region is about two-thirds of the 67 million broadband homes in your footprint at this point. How should we think -- and I think you mentioned this in your sort of opening remarks, that the US gets to 80%. Is that where -- how you think the US in terms of the competitive fiber footprint evolves over the next four years. I mean how much fiber will we have in the US?

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

I think my estimation by the time you kind of get to 2030, somewhere close to 80% of US homes will have a choice of fiber as one of their fixed broadband alternatives, somewhere in that range. I might be up by a couple of points, maybe gets to a year later, I don't know. But that's kind of the trajectory that I'm looking at and saying that that's likely to be the case. Look, policy could get screwed up in some way, shape or form.

I mean, we just came through four years where there clearly was a bias to terrestrial solutions for broadband and, in particular, fixed terrestrial solutions for broadband. I don't think that's right. I actually think a bead construct that looks and says, hey, there are homes in the United States that are best served by satellite. They should be served by satellite. It's the best way to get bandwidth to them. And that number is probably somewhere between 0% and 8%.

There are homes in the United States that are absolutely best served to get some scale broadband and by fixed wireless. And there are homes that are best served by actually having a wire running it for them, either a hybrid fiber coax connection or a fiber connection.

So I think, in my view, there is a percentage of homes that are always going to be served by a different technology. But my guess is through a combination of bead and what the market will support without subsidy, you're going to be sitting right around 80% by the time we get to 2030. That's kind of the planning assumption I use.

And when I think about how we want to make sure our rate and pace of build in any geography allows us to get infrastructure in place that secures the right kind of market that gets us in there fast enough that allows us to get the scale of the number of garages we have, technicians we have, the support infrastructure is sized properly and we get to that low marginal cost position I talked about when we're kind of at steady state.

John Hodulik - UBS Group AG - Moderator

Got you. The two questions, again, on the deployment. How quickly can you -- you laid out a vision for about 4 million incremental homes passed, I think this year it was more like a 3 million rate. Of the 5 -- the 4 million including your partners, how quickly can you get to that rate of passing 4 million homes a year.

And then the other sort of interesting to bid in that section of the Analyst Day with the 50% penetration rate. And I think you guys have typically talked about a penetration curve that sort of topped out more like around 40%. What are you seeing that sort of -- and what's driving the goal of 50% penetration now?

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

So generally speaking, a rule of thumb within our business, our management team, our management capacity, the relationships we have with vendors, we can flex up and down in a bill by about 1 million a year. If I really wanted to put the pedal to metal and go all in and probably be a little less than perfectly efficient, waste some money, we can do more.

But trying to do it in a more orderly fashion, flexing our build machine over the course of a 12-month period to get to a rate of 1 million incremental over a course of 12 months, you have to flex it up. So I'm not saying we get there in one month. Over the course of the year, I can kind of get myself at a run rate that's 1 million better. I'd like to take it down by about no more than 1 million given a year period of time to have orderly reductions as well as we think about scaling down.

So I would tell you, as we think about exiting 2025, can we grow our ability to build more orderly in an effective fashion and pick up about 1 million homes a year, yeah. At the outside, if we ran into dynamics of vendor snags and capacity-related issues coming from particular equipment, it could be 18 months. But generally speaking, if you were to talk about us sitting internally and planning to get to a run rate and scale up by about \$1 million, we'd say we'd get there over a course of a 12-month period.

So why would we talk about 50% right now? Because when we did the business case, we said we would get to 35%. And then we blew by that and we're at 40% now. And we have no indications that the market is stopping at 40% and the product is actually received far better than we ever guessed it was going to receive.

And the importance of high-performance bandwidth connectivity, as I just talked about, is getting more important. We're doing this at a time, and frankly, the switching pool is relatively small. We've got high interest rates, which is restricting home movement. We're doing just fine.

And so we get back to kind of a switching pool dynamic that's more normalized, if we ever get to that. I just think when we talk about terminal value at 50%, and that's what we're talking about, we're not saying 50% in three years. We're talking about terminal penetration at 50%, it's going to happen because the numbers are moving that way.

John Hodulik - UBS Group AG - Moderator

I mean that's one of the debates right now, I'd say with one of investors. What happens when we get to sort of more normalized housing velocity, but you believe that, that means greater sort of fiber net adds for AT&T.

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

We take greater than our share when there's a switching choice being, that's just straight numbers and statistics. We couldn't be doing the kind of numbers right now we're doing if that wasn't the case. And hey, I hate to break the ease to you. We actually have some markets where over 50% I mean, we could be sitting here in a period of time saying, well, why not 55%?

John Hodulik - UBS Group AG - Moderator

Great. That's the next Analyst Day. Okay. Before we move on to this topic, I mean, these higher numbers are coming against -- we've got new fixed wireless targets of over 20 million. Now admittedly, some of those -- that includes some business in there. But just AT&T has definitely a differentiated strategy when it comes to fixed wireless than your MNO competitors. What, in your view, is the sort of long-term sort of opportunity with fixed wireless? And why has AT&T sort of sought this different path than your competitors?

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

Highest and best use for the particular element of capacity you have. It's how I think -- we think about it. And I don't want to invest extensively in high customer acquisition cost is something that doesn't have a long shelf life isn't durable.

And so part of what I spent a lot of time talking about last week is if there's anything that maybe I want the hallmark of this period of time of the company to be is that we exit this period of investment with very, very durable business model and revenues. And I believe that it's that fiber dynamic gives you durability because when you can scale at a lower marginal cost per next bit of consumption, it's a great place to be in a capital-intensive industry.

There is -- I mean, anybody want to run numbers for me to tell me the next bit of scaling on a wireless network can be done cheaper than it can on a fiber network. Let's go have a conversation. I'll take that bet all day long. It can't be. And so when I think about durability of revenues, durability of profitability in a dynamic where consumption is going to be unchecked. If you think I'm wrong, you think conception is going to grow 80% over the next five years, then I'm wrong and I will have made a bad bet, bad allocation of capital for the business.

If you think I'm right, if you think that there is still a huge transition going on for the number of bits that are consumed in a household that come over broadcast or multicast, which is a fairly efficient way to deliver them that are eventually going to go to unicast streams, device to one stream.

If you think I'm wrong about the fact that we're going to upgrade content resolution from HD to 4K and that, that's going to drive massive increases in the house. If you think I'm wrong about how technology, [AR] and VR going to drive additional workloads in the house, keep it growing, then I'm wrong, and I'm making the bad call. But if you think those dynamics are sustainable and durable, then you want to grow on the lowest marginal cost.

Now there are some places where we don't see capacity increasing at that same level. There are places that don't consume a lot of Netflix. There are places where people are not working all day long from their home office. And it may be the construction office with a bookkeeper. And that may be well served by fixed wireless, and that may be a great market to walk in and say the best solution for you. Is fixed wireless with handsets that can go with all your contractors that are out in the field. And I got a hell of a deal for you. Great package. It's easy. It's simple.

And there are businesses like that, and they will pay for that at the right value equation, it will be sustainable, it will make sense. And there may even be some consumers that you got one person living in a studio apartment. He's a professional. Works for a consulting firm. They're at home two nights a week, maybe that's the right solution in that case.

But I think it's matching solution to application and not over-indexing and I just don't believe there's sustainability in selling fixed wireless into a four-bedroom home where people are doing what normal customers are doing, what consumption trends are going to be over time, may work now. But three years from now, it gets costly because you now start having incremental investment decisions. And this is important, too. Sustainability and durability of the franchise. We're investing a lot to build fiber right now.

We're putting a lot of money into it. Someday, we're going to hit 50 million homes. And we're not having to build fiber anymore. We're not going to be investing a lot to build fiber anymore because it's in the ground, it's serving those homes, and it's going to be there for 35 or 40 years doing just fine.

John Hodulik - UBS Group AG - Moderator

Makes sense. So that's a good segue to the business market. And one of the things you said last week was that AT&T has every right to think it can win in that market. You pointed to the network reach, all the fiber you're deploying, the 5G, we're not seeing that in the numbers now. What are you missing? What's the missing piece of the equation to get that business sort of moving in the right direction financially?

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

Nothing other than the right distribution, the right product and the right IT infrastructure to support it. But what those three things are -- and that's what we've been working on.

John Hodulik - UBS Group AG - Moderator

How quickly can those get --

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

Look, we've been doing that work the last couple of years, and it takes some time. I mean, you can't -- you don't flip a switch and get distribution right, because a lot of this distribution now in the markets that we -- I'll say, we're not as prevalent in if you want to get extreme, say, maybe neglected because of our strength upmarket in the Fortune 1000 and all the great things we were able to do was probably the right place to put emphasis.

We could walk into Fortune 1000 companies. We had a really strong position in networking, our advantaged access footprint allowed us to win more networking business in those places when VPN was the product of the day, then you could come into a wireless services on top because of your relationship you had account teams in there and you can do all that, and that's where we spend a lot of time and energy.

And while we are doing that, a lot of people spent energy building their capabilities going where we weren't, which was the mid and low end of the market. And now technology changes. We're highly penetrated up market. The market for us is in the mid and low end of the market. That's more indirect distribution, it's more partner distribution, you're more component-oriented of people selling solutions where you may not be the lead, you're not using direct.

It takes a little bit of time to build that capability to build the systems, the third parties and independents work with to be able to distribute your product. We are seeing the green shoots. I mean, we shared with you kind of the last week, the mix of revenue is the legacy base coming down and the transitional products, what's starting to drive up that driving up on the fiber is because we are making progress. We just need to do more of it faster.

And I'm committed to it because I think there's no reason our brand. There's no reason our products. There's no reason our infrastructure doesn't match to these market segments. There's no reason we can't sell both wireless and fixed services into these segments.

And if you believe what I said earlier, which is assembling more traffic at endpoints is ultimately the holy grail to having the most profitable network that's out there. Businesses generate traffic just like consumers do. And so you can get to better scale, you can get to more endpoints, you can get the better fixed cost coverage, if you're relevant in both, and that's what I believe.

John Hodulik - UBS Group AG - Moderator

Makes sense. In mobility, your biggest segment, you laid out expectations for 3% to 4% EBITDA growth over the next few years, which is better than what we had expected. What gives you reason to believe you can maintain this pace even as your competitors also lean into convergence and these lingering fears of subscriber slowdown.

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

Because we've maintained it over the last three years or four years, as most people said we couldn't. And we know the plays to do it, and we're going to continue to do that. It starts with doing the right thing by customers (inaudible) years ago, we're still not perfect.

So as we get better, as we start to do the innovation that we're working on right now on why buying those services from one company makes sense. We can take a disproportionate share. We can walk individuals up the value equation more effectively that way because, as I've said for several years, our distribution is far more diverse than people give credit for.

We're pulling our growth in from a variety of different places. We shared last week, the percentage of our growth, it's been coming from the business segment, which has actually been a huge contributor to our improved performance in that case. And I just talked about why we do particularly well in that segment, what we've been able to do to move share in the first responder community, how that's been able to be extended out into their families now, once we get the primary individual on a better network and a better experience and then start rolling additional handsets in the family. Based on affinity plans, not putting them on the FirstNet network, but ultimately giving them pricing and affinity capabilities that are anchored to that first responder that gets access to the FirstNet network.

And we still have ways to run our business more effectively and efficiently. We've been getting better and better and better. And we're not out of those ideas, and we've got more that we can do to improve our cost structure, it's ultimately going to contribute on that front that I think is a big opportunity for us as we continue to move forward.

So look, I look at it and say, we have built a network that's the largest network in the United States. We've given you what we're doing in wireless to make our network even better over the next couple of years, and it will be better, and we will be able to add capacity at a lower marginal cost than anybody else in that network.

And there is no reason why with our brand, with our position in managing the business well that we should remain in the position we're in, in the market. We can do better, and we have growth in markets to attack that we're underpenetrated in. Largely, as I've shared before, in the values business.

John Hodulik - UBS Group AG - Moderator

Got you. So I think coming out of last week, I think we have a much better picture of sort of framing the operational opportunities, both in terms of new revenues, cost rationalization that you touched on as well as the \$22 billion industry-leading capital investment. So let's talk about the financial profile of AT&T coming out of the other side. How should we think of sort of longer-term top line growth, margin profile and maybe the capital intensity of the business changing as we move through this three-year period you've laid out.

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

Yeah. So we've talked about the fiber commitment at 50 million-plus, it goes through that end of that three-year period. So we're not done with investing in the business at the end of the three-year guidance that we gave, I think that's important to understand. But we will hit that point, right?

And as we shared with you, we have the shift in decline that will start to occur in capital intensity once you have that fiber infrastructure in place. And I think that's a different place. It's a different world. It's, as I said, whoever is sitting in this chair at that point in time should be writing me a thank you note every year because the business will be engineered to perform differently around that.

John Hodulik - UBS Group AG - Moderator

You said the infrastructure last 30 years. So it's not -- there's no [identification] that you're going to need to do on the fiber.

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

It's painful at the front end, but it's the gift that keeps on giving at the back end, right? And that's the nature of these businesses. I mean, you're all too young in this room. We used to talk about wireless networks and how much cash will they ever turn cash positive? Just sitting in these chairs and when are you going to eventually turn these things cash positive? Don't worry, it's going to happen.

And look where we are today, right? It's the gift that keeps on giving at the back end once you get over that hump. And I think that's the kind of franchise we're building right now with fiber. And I think it will be dramatically different as we move forward.

John Hodulik - UBS Group AG - Moderator

That's great. That's a great place to leave it. John, thanks for being here today.

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

I appreciate it, John. Thanks for having us here.

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