

REFINITIV STREETEVENTS

EDITED TRANSCRIPT

T.N - AT&T Inc at Deutsche Bank Media Internet and Telecom Conference

EVENT DATE/TIME: MARCH 11, 2025 / 12:50PM GMT

OVERVIEW:

Company Summary

CORPORATE PARTICIPANTS

Pascal Desroches *AT&T Inc - Chief Financial Officer, Senior Executive Vice President*

CONFERENCE CALL PARTICIPANTS

Bryan Kraft *Deutsche Bank - Analyst*

PRESENTATION

Bryan Kraft - *Deutsche Bank - Analyst*

Okay. Good morning, everyone, again. So I'm excited to introduce our next fireside chat here today. So from AT&T, we have Pascal Desroches, Chief Financial Officer.

I think Pascal wants to start with some Safe Harbor language before we get into Q&A. So welcome, Pascal, and over to you.

Pascal Desroches - *AT&T Inc - Chief Financial Officer, Senior Executive Vice President*

Thank you, everybody, and it's a pleasure to be here. Up on the slide and our investor website, the Safe Harbor statements, some of the statements we may discuss are forward-looking and subject to risk and uncertainties referred to our IR website for more information.

QUESTIONS AND ANSWERS

Bryan Kraft - *Deutsche Bank - Analyst*

Okay. Why don't we just start off with the press release that the company put out yesterday afternoon just talking about free cash flow guidance for the first quarter.

Can you just explain, just what you were trying to communicate with the press release and why you put it out? I think you know that's just kind of the questions we're getting on.

Pascal Desroches - *AT&T Inc - Chief Financial Officer, Senior Executive Vice President*

Sure thing. This year, when we gave guidance excluding all cash proceeds and earnings from DIRECTV even though we were going to own DIRECTV for part of the year. And so what we wanted to make sure is that the Wall Street estimates reflected the exclusion of DIRECTV and at this stage, some analysts have updated, others did and we thought for avoidance of doubt.

Let's make very sure that we provided, we reiterated some of the information that we've previously given regarding the exclusion of DIRECTV. So for free cash flow we indicated that we were going to be for the, we're expecting for the year \$16 billion or more of free cash flow.

We also indicated that for the quarter we would expect the cash flow of \$2.8 billion or higher. First quarter last year excluding DIRECTV was \$2.8 billion so we would expect a comparable amount or higher in Q1.

For EPS, last year excluding DIRECTV in Q1, was \$0.48. We're expecting \$0.48 or better in Q1 of this year, and it was really more of a housekeeping to get estimates in line to reflect the exclusion of DIRECTV. Also, we noted in our press release that we received cash proceeds this quarter that are not part of our free cash flow definition, the considerable cash proceeds. First, we received \$1.4 billion and \$1.5 billion of cash from DIRECTV associated with our sale.

The sale closes in the middle of the year, but we received a partial payment of the proceeds. We also closed down our structured sale-leaseback transaction with Reign Capital.

From that sale we're expecting to get \$850 million. So all to over \$2 billion of proceeds that won't be free cash flow, but that will contribute to our ongoing deleveraging.

Bryan Kraft - Deutsche Bank - Analyst

So reiterated free cash flow guidance for the year, wanted to just put out some prescriptive guidance on one cube because different analysts are using different definitions of cash flow. Not everyone's conforming yet to the ex-DTV distribution definition.

Pascal Desroches - AT&T Inc - Chief Financial Officer, Senior Executive Vice President

That's right.

Bryan Kraft - Deutsche Bank - Analyst

Okay, great, that's really helpful. So maybe to get back to the core questions here. So on your growth strategy, a year ago we were on the stage. I asked you if you wanted to take a moment to walk through really how much AT&T had evolved over the preceding four years, given how sentiment among investors really suggested that nothing had changed or improved at all.

Since then though, and this is before the last few days, so the numbers outdated, but your stock is up 65%. Investors clearly have taken notice and gained more confidence in the company. So the question is what do you think finally changed the perception of AT&T in the market and what were the important accomplishments over the past year that you think helped to build that confidence?

And then, maybe if you could talk about what lies ahead for '25 and your key priorities?

Pascal Desroches - AT&T Inc - Chief Financial Officer, Senior Executive Vice President

Sure thing. Look, and I remember that discussion quite vividly. It seems like yesterday, and I remember when we talked about it, I told you, it was frustration in the lack of movement in the stock price. I was incredibly proud of what we had done over the last several years under John Stankey's leadership.

Not only did we reposition the company to focus solely on connectivity. We significantly stepped up our investment in the customer. We improved our network significantly, including our spectrum position. We built out a considerable amount of fiber. At the same time, we realized we weren't as competitive as we needed to be from a promotional standpoint, and we introduced our best deals for everyone where we gave existing customers the same deals as new customers.

That coupled with improved customer service has driven significant growth in both wireless and fiber subscribers. You couple that with a pretty aggressive transformation program where we're transforming our cost base. We have consistently grown earnings for the last few years and as well as offering cash flow.

Those things coupled with ongoing deleveraging. I think we hit a tipping point in 2024, where investors realized that the progress would be sustained and it got reflected in our stock price. What's really exciting is as we go into 2025, we are just getting started on what I believe will be a new era of growth and return for AT&T shareholders, specifically.

As I look out the next few years, we are going to continue to press our advantage in fiber, building out 15 million incremental locations in our footprint plus we have a joint venture Gigapower and between Gigapower and open access partnerships we expect to build out 5 million-plus. So all told we closed last year 29 million with the what we plan to build, we expect to be at 50 million plus locations over the by 2029.

Also, we are modernizing our wireless network. And this year we're at peak investment for our wireless network and we expect that to step down over the next several years, allowing us more of our capital budget to go into fiber deployment. All those things will drive continued growth in our overall company.

We expect EBITDA to grow 3% or more over the next several years, over the next three years, and we expect double digit EPS growth. All are driving improved free cash flow. We expect free cash flow to grow from \$16 billion-plus this year to \$18 billion-plus by 2027.

All that will help us unleash \$50 billion of incremental financial capacity at 2.5 times. So what do we plan to do with that capacity? \$20 billion-plus will go to dividends, another \$20 billion will go to buybacks, and we have \$10 billion as a contingency to go to pursue opportunities if they become available to the extent they don't we -- they don't materialize or we don't see anything that would be created for our investors.

We'll return that to shareholders. So as we sit here today, the future looks really bright after several years of repositioning to AT&T.

Bryan Kraft - Deutsche Bank - Analyst

Okay. Great. Let's talk about wireless a bit. Can you talk about your assessment of the health of the wireless industry, the industry growth drivers over the next few years in the competitive environment? And what's -- within that, what's your confidence level on AT&T's ability to continue to drive a healthy balance of mobile subscriber volume and ARPU growth and to achieve that 2% to 3% mobility service revenue growth over the next three years that you've guided to?

And I think maybe as you're talking about this topic, if you could talk about the public commentary last week around January softness with the postpaid phone. Any additional commentary you'd add there?

Pascal Desroches - AT&T Inc - Chief Financial Officer, Senior Executive Vice President

Yes, sure thing, Brian. Yeah, 2024 was a really good year for the industry. And we -- coming into this year, we expect 2025 to be a good year. We did say at the start of the year that we expect an ongoing normalization of customer volumes. In other words, the industry, we didn't -- we don't expect the industry to grow as much in 2025 as it did in 2024.

And that's been an ongoing trend we've seen over the last several years. And so for the gross adds that are available, there will be more competition. That was all part of our planning assumptions. Similarly, we reached the point where last year, we were -- we benefited from a trough in contract roll-offs.

Contract roll-offs are, for customers on plans, was at the low point in the first part of last year, and the fourth quarter saw an elevation of that. And candidly, in that environment, we did better than we thought. Last week, John, our CEO, made comments about the fact that we did see some of that churn from contract roll-offs that we were expecting the fourth quarter to happen in January.

And as a result, we saw elevated churn. And we tweaked our offer in January. We also introduced the AT&T guarantee. And the response has been really positive.

February was a really good month. And then we're one-third of the way through March, and we're really pleased with how March has started. So while January saw an elevated churn, but now things are back on track.

Bryan Kraft - Deutsche Bank - Analyst

Okay. So temporary blip in churn in January and then things got better in February and March.

Pascal Desroches - AT&T Inc - Chief Financial Officer, Senior Executive Vice President

Yes, absolutely. And taking a step back for the year, I would say, here's what -- how we expect our wireless business to perform. We expect to grow subscribers. And that growth is going to come from competing effectively for the gross ads that are in the market. We're going to lean into our convergent advantage.

We're going to -- we think we have an opportunity to improve our penetration in underpenetrated -- the value segment. And altogether, those things should drive subscriber growth. We expect to grow ARPU modestly. The trend that we benefited from the last few years has been customers moving up to higher-value plans.

We would expect that to continue. We're always making adjustments to our base pricing plans. That should also benefit us. And we've been really smart about that. It's trying to provide the customer with more value at the same time as we're tweaking pricing.

So that playbook, I would expect to continue. Wholesale revenues has been a tailwind, and I would expect that to continue, including dis-migrating more of their customers onto our network. So all in all, the mobility business, I would expect to have another good year in 2025.

Bryan Kraft - Deutsche Bank - Analyst

Okay. All right. Great. AT&T is the lowest market share among the 3 MNOs. Do you see an opportunity to grow share?

So what segments of the market do you think offer the greatest opportunity for growth? How do you envision changes in immigration policy under the new administration impacting industry volumes? And what sort of impact do you expect for AT&T specifically? So a couple of questions in there, but if you could address those, that would be great.

Pascal Desroches - AT&T Inc - Chief Financial Officer, Senior Executive Vice President

Let's start in terms of share. We're number three, there is no structural reason why we should remain number three. I think we have an opportunity in the value segment. We are -- we've underpenetrated the value segment. We think there are opportunities there.

We also think we have -- with our first net -- first responder network, we have an opportunity to drive more penetration in first responders. Small to medium-sized businesses is something that we think we have an opportunity to drive wireless share there.

And in terms of overall immigration impact, I would tell you that, relative to our peers, we are -- we're less exposed. And you go back to the middle of last year, the Biden administration began to clamp down on immigration. So since the middle of last year, integration hasn't been the tailwind that it had been the previous year.

So you see our performance even in that environment. And I think we feel reasonably confident we're going to be able to navigate. And with our target of the value segment, we think we have an opportunity, despite immigration being a headwind, to be able to make progress in the value segment.

Bryan Kraft - Deutsche Bank - Analyst

And then I wanted to talk about upgrades for a moment, kind of the theme that people have been focused on ever since Apple Intelligence was announced last summer. Not that it's had an impact yet. But handset upgrade rates continued to trend downward in 2024.

So what are your expectations for '25? Do you think we'll see some inflection upward? What's assumed for upgrades in your free cash flow guidance? And maybe also if you could talk about the AT&T guarantee that you announced in early January, which came with a pretty significant advertising campaign, what led to launch that program, and any discernible results from it that you've seen yet?

Pascal Desroches - AT&T Inc - Chief Financial Officer, Senior Executive Vice President

All right. Sure thing. In terms of upgrades, coming into the year, one of the things we said is that we had gotten back to our normal level of contract growth loss for customers cutting off contracts, and that we would be operating in that environment. So I would expect in that environment we should see more upgrades, all else being equal.

But you take a -- so you take a step back though, customers, by and large, are holding on to their phones longer. The devices are more reliable, they last longer. And so that should help upgrades. But going the other way is we're at a new level of contract roll-offs that we haven't been for a couple of years.

In terms of the AT&T guarantee, I view this as the next step in our evolution of our investments in our customers. When John took over, we launched Best Deals for Everyone, which treats existing customers the same as new customers. We improved our customer service. Those things have driven an improvement in [RSP] and our NPS scores. Going forward, the AT&T Guarantee is another step.

We are committing to our customers that they will continue to get the best deals from us. They will get prompt, courteous service from us. And we're saying that if we fall short in terms of our network performance and network outage, that we will proactively make it right to them.

All of this is really to increase the affinity for the AT&T brand. And over time, we believe this investment will drive lower churn and higher lifetime values, not different than what we've been seeing with the investments we've made previously. And we're really excited about this. In the term of have we seen any results yet, I think it's far too early to tell. But this is a long-term commitment on our part, and we're confident that the returns will be very attractive for us and our shareholders.

Bryan Kraft - Deutsche Bank - Analyst

Okay. Let's talk about FirstNet for a minute. So this has been a nice growth driver for the company for the past several years. How solid is your position in the first responder segment? One of your competitors has launched their own priority network for first responders and is claiming to have won contracts with certain major US.

cities. So can you just talk about what's really going on in the first responder segment from a competitive perspective given the seat that you have to that show?

Pascal Desroches - AT&T Inc - Chief Financial Officer, Senior Executive Vice President

Sure thing. Look, we are incredibly proud of our relationship with the FirstNet authorities. This is -- we built the network for first responders with the FirstNet Authority. It was based upon input from them, and it contains priority and delivery of our services and special security features. It's not simply a marketing plan saying that we are in the first responder business. This is a first responder network.

And so I feel really good with the traction we're making as a business matter there. And contrary to popular belief, we still have the New York City Fire Department and Police Department as customers of FirstNet.

Bryan Kraft - Deutsche Bank - Analyst

Cable. So Comcast is getting ready to launch new packaging of its mobile and broadband services. It sounds like it will be similar to what Charter launched last fall, although we haven't seen the details yet. Based on your experience competing with Charter, how do you think it might -- this new offer from Comcast might impact results in mobility as well as on the wireline broadband side?

Pascal Desroches - AT&T Inc - Chief Financial Officer, Senior Executive Vice President

We've been competing with cable for some time and haven't seen discernible changes in our port ratios with the cable companies at large. I'm comfortable competing. And you saw the results that, from Charter's introduction, I don't think it's had any meaningful impact on the wireless customers. So we'll see what the offerings Comcast brings, but we're confident in our ability to continue to compete.

Bryan Kraft - Deutsche Bank - Analyst

Okay. Satellite-directed device has been kind of a popular topic lately. How important is it to AT&T to have the relationship with AST SpaceMobile that gives you this direct-to-device capability? What do you think it does to enhance your competitive position? And do you see any risk in the short term from not having the D2D texting capability on the Android side between now and the launch of AST's commercial service next year?

Pascal Desroches - AT&T Inc - Chief Financial Officer, Senior Executive Vice President

Yeah, I think you fast forward, all the wireless companies will have the ability to connect one day to remote parts of the country that don't have wireless coverage through satellite. That will be, in my view, table stakes over time.

But I look at the overall total addressable market for this product. Wireless is ubiquitous. It covers 99% of the country and the population. So it's a much more cost-effective way to deliver connectivity, cost-effective and reliable way. Do I think over time there will be service by satellite to supplement that? Yeah. And it makes all the sense in the world. But it's not an enormous business opportunity today. It's very nascent. But over time, we have every confidence we'll be able to deliver that capability.

Bryan Kraft - Deutsche Bank - Analyst

Okay. Let's talk about your fiber footprint a bit. So you've got the largest fiber footprint in the US and did fiber-to-the-home footprint in the US. You ended '24 at 29 million locations.

You've announced plans to get to 45 million on an O&O basis, plus another 5 million through JVs and commercial open access. What's the opportunity here for AT&T? How does it fit into the broader corporate strategy and growth outlook?

And related to that, how did the investment case for expanding fiber-to-the-home footprint evolve to a point where it became attractive to increase to build to 45 million homes? The expanded fiber build is going to require a faster pace of new builds each year too.

So if you could talk about what shape the acceleration in that build pace looks like in 2025 and over the next few years, that would be great. And then just curious as to whether you see the potential for increasing your fiber exposure beyond the 50 million target that you have, whether it's through organic or Gigapower or acquisitions.

Pascal Desroches - AT&T Inc - Chief Financial Officer, Senior Executive Vice President

Yeah. You take a step back, we ended 2024 with 29 million locations. Several years ago, we said we expected to get to 30 million plus by the end of this year. So we are ahead of the pace on that.

Why did we increase our target? Well, simply put, the returns were better than we thought. Why are they better? We are penetrating faster than we thought. And customers are signing up to higher-tier plans. So those two things are helping the business case relative to our initial expectations.

There's been much written about, well, is it costing you more to build than when you first started? Sitting here today, I'll tell you that, yes, it has increased, but the rate of increase has been less than inflation overall.

Why is that the case? One, I think we've done a really good job of managing the relationships with our vendors committing to higher volumes in exchange for discounts. That's both materials vendors as well as our labor vendors. I think the way we have constructed the network using a modular approach whereby the team has connectorized the fiber installations, while that costs a little bit more in terms of buying, the efficiency in that -- in installations more than pays for that.

Also, as we get more and more deeper penetrated, more of the customer installations are self-installed. We've connected the home the first time. The next customer, we don't need to do a truck roll in order to connect that customer. All those things are driving efficiencies in the build such that we are -- while we're seeing increases in cost, they are less than the overall inflationary increase we've seen in the last several years.

As you -- the other benefit that we're really seeing is the benefits of convergence. When you are able to drive incremental penetration of our wireless products to fiber customers, that's also extending the life and reducing churn and driving up lifetime values. All those things leaves us incredibly excited about the next 15 million in our footprint and 5 million-plus out of our footprint.

In terms of the 5 million-plus, while it's early days for Gigapower, our out-of-footprint JV, what we have seen is that the AT&T brand hunts really well outside of our traditional footprint. And as a result, we think there's an opportunity to drive convergence with Gigapower.

So all those things leaves us incredibly excited about the returns. And do we stop at 50 million? We'll see. But for now, we have line of sight to 50 million-plus.

Bryan Kraft - Deutsche Bank - Analyst

Okay. Great. And I think the natural next question relates to convergence. You've talked a lot about this opportunity for AT&T. You recently reached 40% mobility penetration of fiber subscribers.

What does that mean for the business? And how much opportunity is there to continue increasing share of the base taking both services? And then somewhat related, on the fixed side, fixed wireless side, Internet Air is another leg to the fixed broadband strategy and also has been a solid contributor to growth. So if you could maybe talk about that as well.

Pascal Desroches - AT&T Inc - Chief Financial Officer, Senior Executive Vice President

Yeah. In terms of fiber and convergence, look, customers just want to be connected, whether you're in the home, on the go, in the car, on a plane, you want to be connected. Dealing with one vendor that provides those services is so much easier. Our interactions and our research has shown that over 70% of customers would rather be with one provider.

And when you have the very best broadband product in the market, it's very easy to convince somebody to try a wireless product that you're pairing with it. And we think it's a natural advantage for us. Over time we believe we'll be able to control the experiences, both in the home and outside the home, better.

And that's the great unlock. And where we have both products, we see an uplift in our share of wireless 500 basis points. In other words, when you had AT&T Fiber in the region, our share of wireless is 500 basis points higher than in those locations that we don't have AT&T Fiber.

And so we think the opportunity there is really attractive. And there is no reason why we should [lose that]. Although we're at 40% penetration, there's no reason why it can't be considerably higher. And we've seen those instances where you have low products, the churn is considerably lower and the lifetime value is meaningfully higher.

Bryan Kraft - *Deutsche Bank - Analyst*

And maybe we could talk about wireline business some more. So net adds have been ramping up over the past several quarters. Are you at a normal run rate now for net adds? Or is there room, do you think, to further increase the quarterly pace of customer growth?

And then on the margin side, consumer wireline margin was 33% last year. You've guided to 40% longer term. Some of your competitors have margins that are higher than that. So how should we think about the levers for margin expansion in consumer wireline?

I think you've given some targets for timing and cost savings associated with retiring the legacy copper infrastructure. Maybe if you could also talk about how that effort is progressing and what you've accomplished so far and the next steps that you need to take there?

Pascal Desroches - *AT&T Inc - Chief Financial Officer, Senior Executive Vice President*

When you look at fiber as a broadband product, it draws less power, it requires less maintenance. And so structurally, there is no reason why the margins for an at-scale fiber broadband product to be less than co-ax. Also you look at the position we're currently in, we have a copper network included in consumer wireline that is descaling and acting as a headwind to margins.

You have a cost base that is part fixed, part variable. And the fixed portion of that cost base will come out over time, but it's not coming out on a ratable basis as the subscribers decline. So that dynamic is causing a tailwind to margins.

We said we expect to be out of copper by the next five years. So each year, I would expect that tailwind to dissipate. Two, we are scaling our fiber network. Much of our build has happened over the last three years, three, four years. We're not yet at terminal penetration in a lot of that build. And with time, we will add more and more scale to that network. So you have two things that are happening that are headwinds to margins that will gradually dissipate.

And over time, we're really excited about the potential of margin expansion. You've seen about 400 basis points of margin expansion in the last couple of years. I think that we are in the very early innings of that.

Bryan Kraft - *Deutsche Bank - Analyst*

Great. Let's talk about business wireline for a moment. You've guided to mid-teens EBITDA decline this year and to low double-digit CAGR through 2027 decline in business wireline. What is that path to stabilizing EBITDA look like?

What gives you confidence in being able to stabilize EBITDA in, say, three to four years? And maybe if you could also talk about the importance of business wireline strategically for AT&T.

Pascal Desroches - *AT&T Inc - Chief Financial Officer, Senior Executive Vice President*

All right. We're in the connectivity business, for both consumers and businesses. We run one network that supports both consumers and businesses. So taking business customers off of that would descale that network.

In terms of why am I confident, we have fiber, we have fixed wireless. We have wireless relationships with business customers that are all growing at a pace that is at a pace that is really attractive, and we would expect that to continue.

Also though, we have enormous legacy product footprint because of the depth of our relationship with the Fortune 1000 customers. Those are declining. And that's really why the business overall declined. We are in the middle innings of evolving that business. What's encouraging to me is, I look at the growth products, these are products that are going to be needed for businesses for years to come.

We have great relationships with the businesses. So it's one that it's only a matter of time before you reach the other side of that. We went through it with the consumer business. I have every confidence we're going to be able to go through it with it -- in business.

Bryan Kraft - Deutsche Bank - Analyst

That's true. And it seemed like no one believed it would ever happen in the consumer business, until it did. And the sentiment and the way people view that business is completely different.

Pascal Desroches - AT&T Inc - Chief Financial Officer, Senior Executive Vice President

Yeah. We see the same behavior happening. And I've said this before, I think it's really worth underscoring. I think COVID delayed this transition by two to three years. Businesses were out of the office, they weren't focusing on the transition of their technology and your communication tools. And I think it's only a matter of time.

Bryan Kraft - Deutsche Bank - Analyst

They were focused on getting people connected outside of the office. That was the priority. Okay. Maybe we could go to network and CapEx for a moment. So you've guided to flat CapEx over the next few years at \$22 billion a year.

At the same time, you're planning some acceleration though in fiber investment. So what's going on underneath the hood that keeps that investment constant? And what could cause any deviation in either direction on CapEx, for example, changes in corporate tax rates or restoration of bonus depreciation?

Pascal Desroches - AT&T Inc - Chief Financial Officer, Senior Executive Vice President

The dynamic that's happening now is like we are -- there are two major things happening. We are investing to modernize our wireless network. We announced an initiative to go to open run architecture. And that is -- we're at the peak level of that investment. We're also starting to ramp our fiber investment.

The reason why we're able to do both this year is because we did a lot of the work that we did last year in preparation for that. We paid for last year, paying down our vendors. So all those things allow us to do both things in 2025. As I look forward, we're going to -- our plan is to keep the same CapEx envelope, and I would expect our investments in wireless to step down, and more of it going to fiber.

Fiber build not only in our footprint, but also, as you are building outside of our footprint, there's a variable CapEx component, that CPE that we are responsible for, that's also going to draw some of the CapEx as we look forward. So over time, we're confident we're going to be able to manage both within a \$22 billion envelope.

What could change it? We've been very clear in saying that if there is an extension of tax incentives, bonus depreciation, R&D as well as some of the interest limitation provisions, we have an ability to potentially invest more. We also plan to use some of that goodness to drive more returns to shareholders. So we would do both things as we -- if that were to happen.

Bryan Kraft - Deutsche Bank - Analyst

Understood. Then the last question I wanted to ask you just relates to spectrum. I think that AT&T has talked about the need for more spectrum to be made available for the industry. We're starting to see some movement in Congress at Commerce and at the FCC toward that end. What are your expectations for additional spectrum to be auctioned? And what's AT&T's appetite to participate like?

Pascal Desroches - AT&T Inc - Chief Financial Officer, Senior Executive Vice President

If you're in the wireless business, you're always interested in acquiring spectrum because it's the best, most cost-effective way to provide coverage and capacity, and the returns on it are proven and true. And so we would always be interested if more spectrum became available.

We are encouraged by the dialogue out of the Trump administration. Chairman Carr has been very constructive in saying that he believes there's more spectrum should become available. Now when I think about the timing of that spectrum, by the time you go through an auction process, clearing the spectrum, you're talking a period that's probably outside of the period we provided guidance on. So we'll see when that materializes.

In the near term, there's also spectrum on the secondary market that becomes available from time to time, and we always take a look at it as it becomes available. You saw with the US Cellular transaction with T-Mobile, we were able to acquire about \$1 billion of their 3.45 spectrum.

And largely, I would expect in the near term for spectrum acquisition for us to line up with our existing spectrum deployment. So you probably would not have a need to deploy new equipment.

So look, we're excited about the prospects of more spectrum coming to market. And we think the good news from where we sit today with our balance sheet in a much stronger position structurally, it really positions us well to take advantage of a very valuable asset. And so really exciting.

Bryan Kraft - Deutsche Bank - Analyst

Okay. All right. Great. We'll wrap it up there. Thanks, Pascal. I appreciate it. Thanks.

Pascal Desroches - AT&T Inc - Chief Financial Officer, Senior Executive Vice President

Thank you, everybody. Take care.

DISCLAIMER

Refinitiv reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2025, Refinitiv. All Rights Reserved.