

REFINITIV STREETEVENTS

EDITED TRANSCRIPT

TMUS.OQ - T-Mobile US Inc Capital Markets Day

EVENT DATE/TIME: SEPTEMBER 18, 2024 / 4:00PM GMT

OVERVIEW:

Company Summary

CORPORATE PARTICIPANTS

Cathy Yao *T-Mobile US Inc - Senior Vice President of Investor Relations*

G. Michael Sievert *T-Mobile US Inc - President, Chief Executive Officer, Director*

Sam Altman *OpenAI LLC - Chief Executive Officer, Co-Founder*

Jensen Huang *NVIDIA Corp - Founder, President, Chief Executive Officer, Director*

Ulf Ewaldsson *T-Mobile US Inc - President - Technology*

Michael Katz *T-Mobile US Inc - President, Marketing, Innovation and Experience*

Jonathan Freier *T-Mobile US Inc - President - Consumer Group*

Callie Field *T-Mobile US Inc - President - Business Group*

Peter Osvaldik *T-Mobile US Inc - Chief Financial Officer, Executive Vice President*

CONFERENCE CALL PARTICIPANTS

Dave Barden

John Hodulik *UBS - Analyst*

Craig Moffett *Moffett Nathanson - Analyst*

Jonathan Chaplin *New Street Research - Analyst*

Mike Rollins *Citi - Analyst*

Ric Prentiss *Raymond James - Analyst*

Jim Schneider *Goldman Sachs - Analyst*

Sam Mchugh *BNP Paribas - Analyst*

Walt Piecyk *LightShed Ventures - Analyst*

Avi Greengart *Techspontential - Analyst*

Sebastiano Petti *JPMorgan - Analyst*

PRESENTATION

Cathy Yao - *T-Mobile US Inc - Senior Vice President of Investor Relations*

Good morning, and welcome to T-Mobile's Capital Markets Day. To those of you here in person, thank you for joining us in San Francisco. We're so excited you're here. I'm Cathy Yao, Senior Vice President of Investor Relations for T-Mobile.

We've got an amazing action packed agenda for you here today. We're so excited to share our next chapter with you, but for some disclaimers.

Today, we may make some forward-looking statements that involve risks and uncertainties. We encourage you to review the risk factors set forth in our SEC filings.

In addition, we may discuss non-GAAP financial metrics. Reconciliations of these non-GAAP financial metrics with GAAP financial metrics are at the end of this presentation and also on our Investor Relations website. Please review our materials made available to you in connection with this event.

Okay. Onto the fun part, we're breaking the day up into eight components. First, our CEO, Mike Sievert, is going to kick off the day and set the stage for each of our individual speakers as we think about our next chapter. Second, Ulf Ewaldsson, will then touch on extending our network leadership while providing the foundation for enabling growth. Mike Katz will then follow to discuss transformative customer experiences followed by John Freier and Callie Field, who will build on how those experiences translate into profitable growth in consumer and in business, respectively.

We'll then move back to Mike Katz to talk about broadband and new businesses before handing it off to our CFO, Peter Osvaldik, who's going to tie it all together through our financial outlook, and we'll wrap our day with plenty of time for Q&A.

Like I said, our first presentation of the day will come from our CEO, Mike Sievert. Thank you.

(video playing)

Please welcome, Mike Sievert.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

You guys didn't think we were going to start this without a video. Did you?

Hey, welcome to San Francisco. Thanks for tuning in online. We have a great day planned for you. And my goal today is so simple. It is to transfer to you. My fervent belief that the most exciting chapter in T-Mobile's history is the one we are just now starting.

The next three or four years will not only continue, but actually extend and accelerate our success. And that's saying something, right? When you think about the last decade, the story journey that we've been on for the last decade plus, we will take the core ingredients that have made us successful and add to them the ingredients that only our current scale and today's technologies can provide to accelerate our momentum.

That's why we're calling this chapter, 'Challenger to Champion', because T-Mobile with our scale and our newfound capabilities rapidly developing the technologies that are available today that simply weren't on hand as recently as a couple of years ago. Provide us with opportunities to accelerate our profitable growth that we never had before by serving customers in transformative new ways.

And in today's discussion, I hope you take away a few things. First of all, that our Un-carrier ethos, our customer first identity will accelerate us forward. The key ingredient to our success will only get stronger as we transform our business around data and AI, working to perfect every customer journey and that this team is uniquely positioned to be the ones to do it. With our track record, our ability to set the bar high, our long tenure of working together of making big promise to you, and then delivering on them as we'll discuss today.

Third, that we have lots of room to run. That our outsized growth runway, we'll continue to propel our business forward. And unlike last time, we spoke to you, those key strategies for growth while they still have massive room to run are now proven.

And finally, that our ongoing technology leadership will not just be defended over the next few years, but actually extended and expanded. And all of that taken together will result in industry leading financial growth and the most exciting era of value creation ever in our history.

Now, as we think about this plan, Challenger to Champion, our ambitions are pretty simple. Industry leading growth. You're going to hear that word a lot today. T-Mobile is a growth company, and this plan is all about extending that leading growth and translating it at an even greater rate than ever before into value creation for our customers and for our shareholders. And of course, you'll take away that during this multiyear period, we will be making the thoughtful investments that allow us to extend that success even block beyond the planning horizon.

Now, let's take a moment to reflect on how we got here. The last time we had one of these meetings was 3.5 years ago in March of 2021. And it was a virtual meeting, right? March, 2021, unlike today's super spreader event. And I want to reflect on the results we delivered through 2020 from that plan in 2021. If you allow me, it's going to sound a little bit like a victory lap because our performance against that plan has been outstanding.

But I also want to make sure that we stop for a moment and examine the whys and the hows because they are instructive as we think about our plan going forward.

Let's start with the network. When we were here together in March of 2021, we were executing on a merger plan conceived in 2018, when we were dead last. Dead last in the 4G LTE era without a lot of runway for growth. And we, unlike the others, had an idea for how 5G would unfold in the mid-band, and we'll come back to that.

But when we got together on the heels of that merger, right after it and made our plan, we said that we would combine these companies and the most historic combination of two networks ever and create outsized success like scaled mergers in this industry are not famous for and leapfrog everyone from dead last to first invest in the 5G era, and become for the first time ever, the same company that can simultaneously offer the best value and the best network. At that time, it sounded a little crazy and I'm here to tell you, I know, you know this already because we check in often. We've done it.

T-Mobile's network is the best in the industry by any objective measure. We have the largest 5G network covering 2.1 million square miles., that's 4 times one of our benchmark competitors, 1.5 times the other benchmark competitor. The average speed and performance and capacity versus our competitors is now 2.5 times their speeds.

Nationwide. A margin of superiority that has only accelerated even in the time since they've rolled out all of their C-band. That's one of the reasons for that is that 80% of our sites now have multiple layers. In fact, three layers of 5G deployed. And we're using advanced carrier aggregation techniques to get the most out of every network. We're going to talk a lot about that today, but we said we would do it and we did it.

We also laid out at that time a pretty audacious plan to get after underpenetrated markets and to expand our addressable markets as a business. We said we'd get after smaller markets and rural areas when we were nowhere in this area and we are killing it in smaller markets and rural areas with now the highest win share in this sector. We said we would convince people who shop primarily on network, particularly in the top 100 markets to give us a look and now that is a major source of growth for us and a part of the market that a lot of people thought we would be lucky simply to defend.

And finally, we said we would get a beachhead in business and create a growth engine for the company that's outsized, and we've been growing at double-digit revenues since 2020 and outperforming every one on net adds for many quarters in a row with the highest port ratios in our history. All that has resulted since the merger in 12 million postpaid phone net additions generated organically more than twice our principal competitors combined.

We said in March of 2021, at a time when we had no 5G broadband customers on home Internet that we would generate 7 million to 8 million when we had none that we would take on the broadband incumbents and we would do it without affecting the performance of mobile customers and we would do it without significant dedicated capital using our unique fellow capacity model.

While the results speak for themselves, we now have 5.6 million home broadband customers on 5G well on their way on our way to the 7 million to 8 million goal that we established. And over the last two years, we have consistently every single quarter delivered more net adds than the entire rest of the scaled competitors combined, 4.9 million versus 3.9 million.

And of course, we were busy during all this. I've often said that our team can handle running the business and one big scaled gnarly transformation project at a time. And over the last few years that big gnarly transformation project has been the merger. We said in 2018, when we announced the merger to you that we would deliver \$6 billion in annual run rate synergies.

We updated that in March of '21 and said we would get \$7.5 billion in annual run rate synergies and we would get it a year early. And as you know, we delivered \$8 billion and delivered it a year early unlocking a higher NPV than anyone ever anticipated.

Now, taken together, all of this has resulted in outsized financial performance. In fact, we beat the high end of our Capital Markets Day guidance on EBITDA for 2023. Our overall EBITDA has grown by 32% since the merger. That's multiples of what our competitors have grown, 4 times higher

than our next closest competitor and the same dynamics have been true with outsized growth and service revenues, several times our competitors and of course, massive free cash flow growth of over 400% during this time.

So one of the things I want to underscore is that this journey that we've been on is not just about has not just been doing well, and that last slides slide shows how well we've been doing. That's also about doing good. And in 2019 with John Legere, I unveiled our historic plan called Project 10 Million, inspired by Sprint's 1 Million Project.

As an exercise and the art of the possible of what could this combined company create for society with our newfound scale in a world-leading 5G network. And we decided to go after what's called the homework gap and to tackle it, to connect every single under connected child in this country, and they're about 10 million of them over a decade. And we are well on our way. As of the most recent report, we have now connected over 6 million school children with free or highly subsidized services valued at \$6.4 billion and we won't stop. This is a really exciting initiative.

So before we move past this look-back, I want to examine some of the whys and reinforce for you, why I think we're able to do these things? Because, as I said, it's instructive on the future. And the first is ambitious goals. This management team that at this point, you know so well is not interested in meeting your consensus. We're not interested in meeting a bar set for somebody else for us, our Board or anyone else.

We are interested in delivering success. We set a high bar and we do it after a studied plan that we've developed sometimes over a period of months. And today, we're unveiling to you plans that have been making for almost two years. We set ambitious goals.

And our culture, we act with speed and agility. This is an entrepreneurial team that moves very quickly. That constantly challenges the boundaries, that throws out the bad ideas and double downs on the great ideas with clarity and with speed. And over and over again, you've seen us do that. One of the reasons why we can do that, is we have a leadership team that's experienced and tenured. And one that's not interested in what I call weddings and funerals. There's a hands on team. There is a leadership team of doers.

We travel the country, we meet with customers, we meet with the people who serve our customers, we smash pain points. We drive the decisions ourselves. We have our hands on the controls of this business together, and we've been together at this point for a long time. And of course, the essential DNA of this company, our love for customers is perpetuated by this leadership team as much as any other group.

Customer centricity, customer love that's the number one core value of our company. It's the ethos of the Un-carrier and it's what drives our success. And I can tell you from that lens of experience that this is what customers want. They want the best network, they want it at the best value and they want outstanding customer experiences and what those customer experiences look like, what they demand of us is changing. They want a dynamic, data-driven, bespoke, mostly digital experience to augment the incredible experiences that they get from us in person. And today we'll be talking a lot about that.

These strategic differentiators you've been hearing from me ever since the merger and they are the core ingredients that we will keep perpetuating in this Challenger to Champion business plan.

So let's talk about that, Challenger to Champion. Why did we call it that? A challenger, that's an exciting thing to be and we've been a challenger brand for many years. And frankly, as a leader, it's a lot easier to run a Challenger business. Challenger stories are about heroes and villains and the challengers punch up at the mouths of the villains and do right, wrongs and that kind of stuff and it's kind of easy to create an esprit de corps for a leadership team as a challenger.

And what we've been doing over the last couple of years is re-crafting that customer ethos that loved for customers around the idea of being a champion, champions are different. Champions don't try to change the rules made by other people. They make new rules with capabilities no one else has and we're going to talk a lot about that today.

Champions don't try to disrupt other people's businesses. They have the courage to disrupt their own and create something new that's never been done before. And that's what we're going to talk about today. So that's why we've chosen this concept of Challenger to Champion. And of course, that's going to create incredible momentum for us.

And before I tell you the how soon this plan. I want to tell you the outcomes. I'm going to give you right up front the answer, key where we're going to go, and I want you to walk with me into 2027, and beyond, and understand the aspirations that we've put in front of ourselves after deeply studying our own capabilities and what we believe we can deliver.

So first, let's talk about the network. In 2027. We will back the back here telling you that we did not only defend our lead in network as the nation's best network. We further extended it. I've been telling you for years, we're ahead of the competition right now as we speak we are further ahead than two years ago. We'll demonstrate that to you.

In 2027, we will be even further ahead, taking advantage of the core ingredients that have driven our success that are durable advantages that we are investing in rapidly and expanding our capabilities.

Second, we will sustain our industry leading growth. In fact, each and every year between now and 2027 and likely beyond T-Mobile will be the leader in postpaid net additions this year, next year and every year.

Third, broadband. We will continue to lead in broadband. We will achieve our goal of 7 million to 8 million customers on our 5G broadband by next year. And I'm pleased to announce today for the first time that after studying this for a long time, our new goal for 5G broadband is 12 million customers nationwide, and we will achieve that by 2028. We'll come back to the hows and whys.

Next, we will cover with fiber 12 million to 15 million homes through our historic joint ventures and our key fiber brand or more should we decide to invest further in this space. I want you to think about this for a minute. On the last slide, I said 12 million homes as actual customers on 5G broadband. Now if you're a traditional wireline provider, you target somewhere 35% to 45% penetration against [Homes pass]. So what's used use 40% for easy math.

I want you to understand that 12 million customers on 5G broadband is essentially the wireline equivalent of 30 million homes passed, right? Following me there, 12 million actual customers, 30 million homes passed equivalent. On top of that, we will add \$12 million to \$15 million from the already announced partnerships with Metro Net, Lumos and our wholesale providers. And of course, as we previously unveiled, we're examining whether or not to invest further.

Let's talk about transforming customer experiences and again, I'll give you the answer first. We are interested in redefining this company into a deeply data informed, AI enabled, digital first company. And what that means in terms of the outcomes is that by 2027, you'll look back and see that we are achieving 100% of upgrades done digitally, sometimes with the assistance of people or AIs. At least half of activations done digitally.

And we will realize the reduction of 75% in inbound contacts for customer service to our care and retail operations with rising customer satisfaction. That's going to be one of the main topics for today. And of course, all of this is going to result in a business that's growing even more rapidly than over the past few years. We will accelerate our service revenue CAGR from about 4% over the past few years to closer to 5% between last year and 2027.

And I'm very pleased to say that, that's going to result in an annualized EBITDA in 2027, about \$10 billion higher than last year at the high end of our guidance, \$38 billion to \$39 billion relative to \$29 billion last year. And of course, all that's going to result in a continued outperformance on cash flow. And as you know, we are the leader in terms of cash conversion against service revenues. We will extend that to 25%, a lead that's currently about 4% will extend to 7 to 12 points relative to our benchmark competitors, making us sustainably the highest cash producer per service revenue dollar in the industry.

So what's it all going to add up to. Massive firepower. When you take the expansion of our EBITDA at a flat net debt, at a flat leverage of about 2.5 times the expansion of our EBITDA against that, and you take these massive cash flows, the cumulative cash flexibility that we will generate between now and 2027 is \$80 billion.

And let's just break that down. We will dedicate the first \$10 billion of that to the transactions we've already had. We will dedicate about \$50 billion for up to \$50 billion in shareholder remuneration through dividends and share buybacks through that period. And just do the quick math that

leaves \$20 billion for flexibility for further investments in our business organically or inorganically for potential delevering or for increased shareholder remuneration beyond the \$50 billion. That's incredible flexibility.

So how are we going to do all of that? There's five key themes that we're going to talk about today. First, extending our network leadership. We will demonstrate to you that we have the plans, the assets and the capabilities to, not just defend, but to extend our lead. A center point of our discussion will be about how we are transforming in this plan, the lived experience of every customer, redefining customer love, redefining what the Un-carrier does and how it delivers differentiated customer experiences in the era of data and AI.

Profitable share-taking against strategies that are well known and now unlike last time proven, but with massive room to run across both consumer and business leading broadband growth across both 5G now up to 12 million homes and rapidly moving into fiber. And of course, using the same advantages that got us broadband growth and an incredibly successful adjacency, new businesses that tap into the same capabilities, investments and know-how.

So let's start by talking about network leadership. Ulf will be up and a little bit and what he is going to talk about is that our best assets and innovation will further extend our lead. And before I touch on this, I want to reinforce that there is no team in this company that represents the ethos of our mission better than our network team.

We have redefined how we think about network and how we think about allocating our resources with a deeper understanding of the customer and their lived experience than ever before and I'm going to show you how. But our mission to be the best in the world at connecting customers to their world is really sitting on the shoulders of our network team as much as any other part of our organization.

And we are going to extend our lead through three simple strategies. First best spectrum and network assets. The bottom line is that T-Mobile has more and better 5G spectrum deployed nationwide than any other competitor and will have for years to come. Because of our stand-alone 5G core, we're able to dedicate and allocate spectrum to 5G in ways. Others aren't.

Our Spectrum is actually better in that. It's lower across all three tiers of spectrum. Our low-band spectrum is lower than theirs. Our mid-band spectrum is lower than theirs. Even our millimeter wave not much discussed for good reasons is lower than theirs at 24 gigahertz. What this means is that, at every layer, our spectrum penetrates further from towers and reaches further inside buildings and yet interestingly, we have that spectrum deployed on the country's densest grid, a benefit of our merger and an artifact of our history of not having low-band years ago.

And so when you have the furthest reaching and best spectrum and most spectrum and the densest grid, what you get is better overlap of network, what you get is less cell edge condition, what you get is higher performance and Ulf will show you we now enjoy several times our benchmark competitors and 5G availability, not percentages better than them, multiples better than that in terms of the lived experience of customers actually experiencing today, the benefits of 5G.

Second, we have redefined how we build this network for customers, and I want to explain that to you. Now you might have heard Ulf and I using the phrase for the last year or so, customer driven coverage, and we didn't really tell you what that was. In fact, at one point we were about to and I was like, no, no, let's actually let's actually talk about this at Capital Markets Day. Hold on to that. It's too good. And so we've been quietly doing this for the last year.

Plus customer driven coverage. What it means? It's the biggest AI lift in the history of our company. We have transformed how we think about allocating capital in this company against our network. And I want you to sort of come on this journey with me, picture this vast country. We have divided it with our data sets into individual hex bins. We call them hexagonal, pieces of geography, about 165 meters across even smaller in urban areas, as millions of these across the country.

And in every one of these hex bins, we are able to study in the dataset, billions and billions of data points at this point, every single network interaction that happens in that hex bin. And for the first time ever because we've invested in redefining our data at a state and putting our network data along with our commercial data into a place where AI can be trained on both simultaneously, we are able to see not just what those network experiences are, but how they subsequently comport to customer satisfaction and performance and success with T-Mobile.

So whether you have a dropped call in a particular place or experienced a cell edge condition or a weak signal or perfect signal. We're able to see that, we're able to extrapolate how our competitors perform in those areas, and we're able to understand whether that later results in a call to customer care and a dissatisfaction issue even in churn.

And we are able to therefore understand whether upgrades in that area, tilts in that area, small optimizations in that area builds and capital dollars new network built in that area, how that will actually comport to future customer success because we can see these things and an incredibly granular scale together in our AI for the first time.

This has completely transformed how we think about building our network because now we understand the value of every capital dollar, not just some esoteric network outcome, but to the outcomes in terms of customer success. That is what customer driven coverage is all about, and it's a huge part of our future. And it will allow us to do two things, get more performance out of every slice of spectrum in terms of customer outcomes and more performance and from every capital dollar in terms of customer outcomes.

Now the third thing I showed you on that chart was technology leadership and also step you through this. But despite suffice it to say, we are a team, but while we are the most advanced implementers of 5G in the world. We are a team that is not enamored with technology for its own sake. We invest in these things and are the world leaders in these things so that we can get more performance for our customers. And Ulf will explain to you how we do that.

Second. Transformative customer experiences, redefining the Un-carrier into delivering customer love not through treating every customer the same and guessing what they want, but bespoke customer experiences, delivered digitally, reaching every customer with a message or a treatment or an action designed to optimize their success with T-Mobile. That's what this is about.

Customer led, data informed, AI enabled and digital first. So how do we think about this? Well, my phrase for it is customer love at scale. Now the reason I say that is because in our company we have five core values. And the first and most important one is love our customers that we everything we do is to differentiate their experience. But the thing is we've gotten big and we live in an era of AI, and we live in an era of rapidly changing customer expectations.

I mean, why is the wireless industry so far behind on digitalization, right? I mean, we do everything else it seems digitally and you have people spend a Saturday of their lives at a T-Mobile store, trying to switch to T-Mobile. And as the reason for that. It's complicated. This transaction is complicated. Well, what AI is all about, if it's about anything, it's about making the complicated simple.

Everybody knows that at this point and that's why there's an opportunity in front of us to redefine what customer loves looks like. And with a specific measured purpose, earning every customer's business for life because I promised you in a previous meeting and I'll double down today, T-Mobile is on a journey to be the nation's churn leader.

So how do we think about that? Well, first of all, in order to engage digitally with customers, you need a leading digital platform. And we quietly launched months ago a completely new way of thinking about this called T Life, one of the foundational investments in our digital future. And T Life is more than an app to check your bill at T-Mobile.

It's increasingly a lifestyle app with broad benefits. It's a place to manage your magenta status benefits. It's a place to redeem your T-Mobile Tuesdays rewards. It's a place to think about new experiences that T-Mobile can provide you spanning across multiple domains, working with our partners and of course, it's a place to manage your T-Mobile relationship.

T Life replaces. It's designed to replace otherwise dozens of applications between T-Mobile and our partners and funnel all that engagement into one place. And we now are very well on track to have 40 million active users this year on our way to an ambition of every single user engaged with T Life. Now what data can do? When you've rethought your data estate and when you've rethought your strategies on how to treat customers, is it can do more than just enhance our ability to serve customers. That's right side of the page.

I think every company in America, every company in the world, every CEO is talking about. We will use AI for customer service and we will have the robots, take cost out. Look that of course, we're already doing that, and that's helping a lot. In fact, we're well on our way to that 75% reduction because of it. But this is so much more than that.

The way to deliver real value in the AI era is to unlock individualized experiences for customers informed by the data and the way humans can never do. And in real time. And so this is about automating that engagement informed by the data. If you call us because you had a dropped call moments ago. AI can answer that call with a real-time interrogation of the network AI to AI, understanding what happened in your particular instance and using its training, provide a deep answer as to why that happened and what we're doing about it and what you can expect.

Traditional service can't do that and of course prevent. The magic of our strategy is using the massive amounts of data to prevent the problems in the first place. I'm going to tell you the underside of churn, last before I say this, remind you. Last year, T-Mobile had our best churn year ever in two of the quarters, we had the best churn in the industry, we're doing incredible work when it comes to retaining customers and earning their business to life we're very proud of.

Okay, but at our scale, even our low churn results in millions of customers leaving T-Mobile, throwing their hands up after an exit of chain, set of things that we didn't get right by the millions. And I can tell you this now that we're well into our AI transformation. Every single one of those customers who left us by the millions left a separate and individualized bread crumb trail of data as to what went wrong.

And what we've done and every other company like ours in the world have done historically with that data. Nothing. Imagine the opportunity because, accident chains get repeated, they get repeated over and over and AI can ascertain what went wrong and why and actually prevent those problems. Years ago before we began our decline in 2022 in calls coming in and problems coming in, we were getting 3 million calls into our customer service centers per week.

Every one of those is an abject failure on T-Mobile's part to prevent the problem you're calling about. And that is the unlock in AI and we are well on our way. Otherwise, we wouldn't be making this 75% prediction. So why now? Why us? Why are we here talking about all this? And with a backdrop of some cynicism that I know some people feel about AI and data and the era that we're living in.

Well, look, I'd say two key things. One is customers are ready for this. Make no mistake and almost every other aspect of their lives as I said, customers are engaging with the brands they love digitally, and we are the ones getting in the way in this industry of that happening at scale and they're ready.

Second the technologies are ready. AI is ready to make the complex simple. That wasn't true a couple of years ago, even innovations like e-sim capabilities that allow seamless switching from inside an app. And of course, a broadly distributed digital platform that's increasingly popular and rapidly being engaged with T Life, which is an essential ingredient to be able to have a digital relationship with customers.

We are incredibly well positioned for all those reasons and one more important reason. This team is absolutely committed. We have programmed ourselves. We have spent the last two years, we have focused on our capabilities. We have done what T-Mobile does. We have written down a plan. We have taken something that was a dream two years ago and written it down and parsed it down and made a plan quarter by quarter by quarter for the next four years that we know we can execute.

That is what your T-Mobile management team does. Profitable share take. So 3.5 years ago, as I mentioned earlier, when we laid out these plans, we were nowhere in small markets in rural areas. And that's why we kept saying we had lots of room to run because we were nowhere. Now there was so much room to run at that time that we still are underpenetrated in fact, this year for the first time in consumer, we achieved in smaller markets and rural areas switching leadership for the first time, we are now winning switching decisions in smaller markets and rural areas at double the rate of our market share.

I want to talk about why for a minute. As we studied switching in the industry, switching by the way, which is vibrant. I will remind you that a lot of people are saying what's happening with net additions in this industry and therefore, quote unquote industry growth and that has softened a

bit since 2021. I will remind you that switching has not. Switching is up 8% since 2020. So you can look at the porting data that you all subscribe to. Switching remains vibrant in this industry.

And the reasons for Switching have always been pretty much consistent, network, value and customer experience. The very things we've been talking about with you for years that we focus on and some other things too. There's some device factors and other factors and of course, for about 5% switch due to a bundle discount being offered to them. That's the same as five years ago, not changing. And of course, we do that and every other provider does that.

Today about 80% of American households have the ability to buy wireless and wireline Internet from the same company. And five years ago, about 80% had. So nothing's really changing in this front contrary to some of the discourse on this topic. So best network, best value, best customer experience is the kind of thing that's delivering that kind of momentum I just described in smaller markets and rural areas, not just the highest share of switchers I mentioned, but also the highest satisfaction showing that this strategy in smaller markets is sustainable. Our market share is half what our win share is and we are on the move, and John Freier will talk more about that.

An interesting topic we don't talk about much is what's happening in the top 100 markets, and in 40% of those markets, we are the market leader and growing, not defending, growing. But interestingly, in 30% of the markets, we're number two and in 30% of the markets, we are number three. So there is a similar dynamic unfolding in the top 100 markets as smaller markets and rural areas.

In this case, it's network seekers. Our years of success in these areas was in a world where people felt they were making a trade-off on network. And we are finally winning the attention of people who shop primarily on network in the top 100 markets and this is a potential source of underpenetrated strength for us going forward. And again, John will talk more about it.

And of course, business. I won't steal Callie's thunder, but the main message here is we have been on a journey from sims to solutions from being an on the edge price cost for your smartphone plans with our principal competitors to being an essential partner, helping you tackle the most comprehensive network connectivity needs of your company, winning corner office relationships, tackling the future with our best customers and I'm very excited about what has unfolded here. The growth that it's resulting in Callie will tell you about the quarters and quarters of net add share taking leadership and port ratio leadership that we have delivered. It has resulted in revenue growth and will result in revenue growth over the next few years in the double digits per year.

Broadband. Mike Katz will give you an update on how we're doing. And of course, you know that we've achieved the 5.6 million. We're on our way to the 7 million to 8 million. We have a new goal of 12 million customers on broadband, and we will continue growing not just the size of that business, but the value of it.

And I do at least want to touch on the four key strategies that both Ulf and Mike will outline for you because I told you before, we're working on this and we would have an update for you. There's four key ingredients that allow us to do this increase in our TAM, and there will be no change to achieve this number in our fallow capacity model.

There will be no dedicated capital at scale to this business. And so this is really about unlocking the performance that our network can deliver. Advanced network technologies are coming onto our network faster than we had anticipated. Things like multiple way, carrier aggregation, massive MIMO, et cetera. We have more spectrum deployed than our plan anticipated across the Board. We're moving faster on re-farming, but also auction 108 happened and made a difference in terms of our ability to get scale and capacity to our customers.

We're getting better at precision marketing. Part of our reprogramming of ourselves in the era of data and AI includes marketing and Mike Katz will tell you what we're doing to get a better yield against actual customers against our supportable households where customers would be eligible as well as doing a better job targeting customers that are the right kind of customers for our products.

And finally, the CPEs are getting not just a little better, but a lot better. And all of those things have come together to allow us to move that TAM up by more than 50%. So, 5.6 million customers. I do want to underscore that those customers are using half a terabyte a month, and that's growing

rapidly at roughly industry rates and the speeds and performance of those customers on our home Internet is now 3 times what it was when we launched three years ago.

Smartphone customers who share that same network enjoy a wider speed capacity and performance advantage versus our principal competitors than ever before while we support these customers. Why? Because we're only putting these customers where they don't compete for capacity with a highly sophisticated fallow capacity algorithm model that's updated nightly that understands for every single hex bin, whether or not an additional broadband customer would compete for performance with smartphones, not just now, but in the future and if not, that customer gets approved. And of course, all of this is resulting in the single highest satisfaction rates of any scaled broadband provider.

So augmenting this strategy, we were pleased to announce earlier this year that T-Mobile is creating T fiber, and we will become a scaled fiber provider with advanced connectivity features like symmetrical speeds, a complementary service that adds to what we do in broadband. And I want to remind you why we're doing this and it's very simple.

It's because we have real advantages that we think make a big difference in this space. Things like a scale brand, a scaled 5G broadband operation, the trust of customers, embedded relationships with 126 million customer connections and counting fantastic physical and digital distribution. And of course, partnerships with the best players in this industry.

Metronets planned over the next year is 600,000 homes passed. This month, they are on track to pass 65,000 homes. Could you just like stop and think about that for a minute, 65,000 homes in a month. What's your neighborhood have 300 homes.

Picture them. This is unbelievable scale in one month. So we have partnered across Metronet and Lumos with the most important pure play fiber assets in the country. And we're in this because we think we can make a better return and deliver a better product than a stand-alone over builder or their financial investors by virtue of our embedded assets, capabilities and know-how.

And finally, those same things. Those same things will allow us to go after adjacent marketplaces. Now we don't have a lot built in our plan for this. We have some, but, we, the opportunity in front of us is enormous. This is about leveraging our unique and scaled assets. Things like that. Our customer relationships, our incredible distribution of beloved brand, the data we've been talking about so far in this meeting, which allows us to do unbelievable, an unbelievable ability to serve customers the way they want to be served, and of course, the nation's leading 5G network.

These things give us advantages as we think about adjacencies across the board like marketing, where we have a [T] ads business that's rapidly growing and Mike Katz will speak about this. In the consumer space, there's a, this is meant to show you a stack. There's a whole bunch of things we're working on. One, we've unveiled in satellite cellular, where we see an opportunity to move people at scale up to higher rate plans and to sell additional services to customers.

But also, if you're watching us closely, you see us investigating all kinds of areas using those advantages I talked about on the last slide from financial services to travel to insurance and other lifestyle engagements that augment your service with T-Mobile and take advantage of our unique permission to win.

Advanced network solutions. When we last met with you, we said these were not built into our plan. We are now at a place where at scale, customers are demanding advanced services that only T-Mobile can provide like at scale slicing services of 5G. For example, T priority, Callie Field and I are delighted today to announce for the first time the launch of a new service for government customers called T priority.

And T priority is the world's first 5G network slice for first responders with lower latency, faster speeds and priority across not just one lane, but all of the lanes, not on LTE, but on 5G, dynamically able to be delivered to the nation's first responders. And we are pleased that we have designed this service T priority for and with the City of New York who will be implementing it with their services and we're working already with first responder agencies across the country. This is an exciting new business opportunity for T-Mobile.

So, I want to transition now. You're going to hear more about all these topics from us after the break. But I want to do a couple of things, I want to double-click on an announcement we made this morning about how we will do a lot of this. And one of the backdrops I'm aware of is that there's a lot of cynicism out there about AI.

Some people say we might be living in an AI bubble because companies at scale like T-Mobile haven't figured out how to unlock value from it for customers and for our business models. And so today, we announced a unique partnership with OpenAI to create a new kind of engagement model for customers. And this is with the intention of not just slapping on AI to some existing business processes, but actually changing those business processes profoundly, so that they can take advantage of this transformative technology, and that is the unlock that will allow us to get benefit from today's technologies at scale.

And in order to help you understand that, I'd like to have a conversation about it with none other than the CEO of OpenAI and our friend and partner, Sam Altman. Please welcome, Sam. (video playing)

QUESTIONS AND ANSWERS

G. Michael Sievert - *T-Mobile US Inc - President, Chief Executive Officer, Director*

Alright. Look. before we get into what we're doing with T-Mobile. I have to congratulate you on the 01 model and the preview happening and maybe you could get this audience sort of settled by telling us what the new stuff is all about because it's pretty amazing.

Sam Altman - *OpenAI LLC - Chief Executive Officer, Co-Founder*

Yes, we're extremely excited for this. We've been working on it for a long time. The GPT series of models was amazing at sort of System One type thinking for lack of a more nuanced word. But we knew what we really wanted was systems that could reason and there's so much value if (inaudible) can reason through more complex problems.

You saw a glimpse of that with the GPT four models, but 01 really is the first system that can do pretty advanced reasoning if you give it difficult programming challenge, very difficult math problem, difficult science thing you need help with. You can really get pretty extraordinary results and we believe this is going to unlock over time, this will look as significant as the GPT series and unlock a huge set of new very very valuable use cases.

G. Michael Sievert - *T-Mobile US Inc - President, Chief Executive Officer, Director*

So and you've publicly said that what we're seeing is a preview and it's going to be rapidly iterated. How is it all going to unfold over the next few months.

Sam Altman - *OpenAI LLC - Chief Executive Officer, Co-Founder*

Think of this as like a, we are at the GPT two stage of these new kind of reasoning models and, you will see it over the coming years go up to the GPT four equivalent. But even in the coming months, you'll see it get a lot better as we move from 01 preview to 01, which we shared some metrics for in our lunch blog post. It's a very significant step forward. And I think one of the many fun things about these moments of new paradigms is that the curve, the improvement curve is really steep.

And so, things that the models can't solve right now in a few months to be able to solve few months after that be able to solve even more. And most importantly, I don't know about most importantly. I think we're going to see a whole new set of ways to use these models when we had GPT 3.5, it was in the API for a while and then it was really the ChatGPT moments that made people use it a lot. And even that it took people a while to figure how to use ChatGPT and it took us a while to build all the other features and other things that people wanted.

So I think with that early with 01, there will be totally new ways to use that that are not just a chat interface. It will take us a while to build those and other people about the builders. It will also take users a while to figure out how to use it. And this is pretty different than the GPT models. We have these five levels of AI we talk about.

The first was chat box. The second, which we've just reached now as recent as. The third is agents. The fourth is sort of innovators, the ability to figure out new scientific information and the fifth is for organizations. So this move from one to two took a while, but I think the most exciting, one and most exciting about two is that it enables level three relatively quickly after and the agentic experiences that we expect this technology to eventually enable, I think, will be quite impactful.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

So when you and I first met, it became kind of obvious, we had a shared belief and something which is there's a lot of work to be done by industry to figure out how to use all of this to unlock value. That real thinking has to be done inside companies as to how to apply these, thinking about the data state, the business processes themselves in order to show that these transformative technologies may be the most transformative in our lifetime can actually translate to business value at scale. Why did you want to partner with T-Mobile to help unlock all that?

Sam Altman - OpenAI LLC - Chief Executive Officer, Co-Founder

Yes, one of the things I believe is when you sit down in a meeting where you're talking about potential major partnership, you can kind of feel on the first few minutes if you really want to do it or not. And I very much felt that sitting down with you. I thought this sort of shared belief in what this new technology can do for customers for people and kind of just having better experiences, better lives.

The spirit of T-Mobile as a innovative experimental company willing to excited to jump in with us and figure it out together, demonstrate the specific use cases that we talked about really improving that sort of customer experience and sort of what this can mean for totally reimagine customer support works. It was like, I was like in your office up in Washington knows just like immediately. I remember leaving and being like we're going to do this. I'm really excited like let's go, we'll just put our (inaudible)

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

And that's what we're doing, right? So you've got a dedicated team on this. We have a dedicated team on this, and we're working on ways to unlock the power of this by really examining the pools of data that are available to get the AI to be able to not just inform our agents like we've been doing with other partners, but to deeply understand in real time, what is the next best action for that customer.

Now, this phrase next best actions kind of like been around a while, but what we're attempting to do is really, really different from that. Can you talk about that a little bit?

Sam Altman - OpenAI LLC - Chief Executive Officer, Co-Founder

Yes. One of the many things that we're most excited about for this new generation of models is what we can do for personalization for an individual, user or customer and also what we can do for integration, where these models will be able to look at a huge amount of data and use a huge amount of tools and access a huge amount of systems and deliver these hopefully fairly magical experiences.

And so as we think about what's possible with intense CX, and this personalization, integration coming together, I, we can dream up pretty far about what it's going to be like for a customer and the next best action and we can even think further out the things we haven't focused on as much. But I was just watching backstage as you talked about the all the amazing networking work that you're doing and what I can imagine these models doing there.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

Yeah, it's interesting, a more sort of traditional machine learning model or AI model, we'll look at and try to pre-programme with people what are like the finite number of intentions that customer might have and then try to pattern match that to a finite number of treatments that (inaudible) make sense versus what this is able to do is more human like, right, listen to the customer's actual intentions, which is why we call it intense CX, and then choose a treatment based on massive pools of data that will optimize their success journey with T-Mobile.

And so it's not about finite set of intentions. And it's not about a finite set of treatments because it's examining in the background and eventually in real time massive pools of data. And the good news is it can be inspired by millions and millions of both success and failure cases from prior interactions generated by AI or humans.

Sam Altman - OpenAI LLC - Chief Executive Officer, Co-Founder

Yes, I think this will be one of these things where no one ever wants to go back to the old way. No customer ever wants the whole thing. Again, this is just going to be such a better experience.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

We said in our goal that we wanted to see a 75% reduction in calls offered. That means not just intercepting those with a faster, better AI, but also preventing problems. And we can use OpenAI capabilities to really understand how did these accident chains happened in the first place, like what happened that cause somebody to throw their hand up and finally quit T-Mobile totally.

Sam Altman - OpenAI LLC - Chief Executive Officer, Co-Founder

I think that should be a great fit for what these models can do. And as we mentioned, you have so much data and I think these models are just so good at making sense of lots of data.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

So we can, can we talk about data safety? One of the questions I know people will have is all right so how is this going to work? I mean, if our customers giving their permission for us to do all this stuff and in that sense, what we're doing isn't much different than how we're already operating, which is to use your data at T-Mobile to make your T-Mobile experience better. But we're getting now opening OpenAI deeply involved I'm can you talk about data safety? How is this data not going to escape T-Mobile and getting used to train the wider models?

Sam Altman - OpenAI LLC - Chief Executive Officer, Co-Founder

So I think one thing that is not well understood about OpenAI is that we don't train our models on API customer data. So like that is your data, other customers data, that's their data. We can do custom models for you with that data or we can do, you can do like in context learning and not even train the model, one of the data, but it's not, this is not data that it's like improving the pace to OpenAI models ever.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

And so why not like, why don't you need, in other words, how is it just shifting gears (inaudible) how is it that OpenAI so far ahead? Like what are you doing differently in this space that's allowing you to develop these models at pace and now working with us to figure out how to unlock their potential at scale to make customers' lives better and business results better.

Sam Altman - OpenAI LLC - Chief Executive Officer, Co-Founder

Fore sure. Thank you for saying that (inaudible) We build on a gigantic amount of work that has come before us. And the field of AI is an old field that people have been contributing really brilliant ideas to for a long time. And more than that, we, if you think about all of the work that had to happen in throughout human history to discover semiconductors, and build chips and networks and these massive data centers.

We're just doing our one little bit on the very top of that, but we try to do it as well as we can and we try to have a very focused research program. I think one of the mistakes that other research programs make is, they don't have enough conviction and a concentration. It's very easy to copy something once it works. So I think the two ways you can succeed are safe.

We're going to be a great fast follower, and we're going to like just copy whatever OpenAI does or whatever somebody else does that works and I don't, I mean, that is negative as it came across because I think there are a lot of companies that just wait to see what works and then do a very good job of polish and execution. But if you're trying to move the frontier, that's very difficult and conviction and focus, I think across a lot of people in a very complex environment, that's the best way forward and that's what we try to do, we say, okay.

We really believe in deep learning. That's our bet. We really believe in our path from where we are to AGI and beyond, but we're willing to get corrected based off of things. We learned along the way, and we're going to keep trying to do the next thing in front of us with as much firepower as we can and trust that over time that will compound, and that's really worked for us and so that's our simple approach.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

So this partnership represents kind of a pattern that OpenAI has now pursuing, which is doubling down in a few areas, where your benchmark partner when it comes to unlocking the value of all this in industry. But I know you're interested in other areas as well since we have a couple of experiments, can you talk about what you're excited about?

I know you're doing amazing more verticalized things, not just with us, but you're interested in health care, you are interested in few other areas where these same technologies with the right kind of your process change that we're doing with intense CX for industry for companies like ours, all over the world. You're doing in other sectors as well. Can you talk about what you're excited about?

Sam Altman - OpenAI LLC - Chief Executive Officer, Co-Founder

Yes. So first of all, it's one of our most important partnerships, but we hope it inspires a lot of other people to see like really how, what you can do for customers with AI like. I think this will be just a tremendous new landmark stepped forward. Healthcare is an area, as you mentioned, where I would expect greatness. I think, most of the world unfortunately does not get access to great health care and what these models can do for that.

I'm really excited to see someone go build the best and actionable AI medical adviser and make that broadly available. I think that will be a big step forward. Education is another area where we're seeing great stuff happen already today watching what people have done. (inaudible) has only been out for like five days or something, six days, maybe watching what people have been doing with it is really remarkable. And what people used to do at GPT four also was pretty good.

But if you imagine every student getting personalized tutoring best for them along with the rest of their educational experience. I think that can be huge. An area that I am extremely personally excited for that, I think is still in the future, but we can now see glimpses of it is AI helping us accelerate scientific discovery.

I believe that most of the real sustainable economic growth in the world, life is getting better for all of us that comes very largely from scientific progress and technological progress. And if AI can accelerate that, they can help us invent new stuff, cure diseases, come up with better energy sources, whatever that will be a huge win.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

So a minute ago, you said that you're building on a 1,000 years of capabilities and just doing a tiny little bit of work on top and that might be one of the most humble things I've ever heard anybody say. You're amazing, what you're doing is amazing. Just thank you for the inspiration, and thanks for this partnership that I think has a huge opportunity to unlock at scale, how this technology can make customers' lives better and then translate into it a better business model for all of us.

Sam Altman - OpenAI LLC - Chief Executive Officer, Co-Founder

Thank you very much. (multiple speakers)

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

Thank you.

PRESENTATION

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

(inaudible) So I wanted to shift gears for a second. And for my last section, I have one more special guest and I want to turn the page with you in this last few minutes and talk about the future. And not to this business cycle of things we're doing right here now like, the last discussion, but the future. And there's a reason for that. I think T-Mobile's, I would assert to you that T-Mobile's ability to peer into the future has been a key differentiator that has led to our success.

I'll remind you take you back to '17 and '18, when the world was absolutely convinced that 5G would equal rollouts of millimeter wave technologies all across this country and that was not just a way, 5G would be implemented. Millimeter wave technology was synonymous with 5G if you look back and remember. This was the vendors of the infrastructure and our benchmark competitors all aligned.

And we looked at it and said, that is not how 5G is going to be won and lost. They, by the way was a hype machine that all this stuff once that done at scale would be, would change everybody's live and like, remember all the hype, we said this is going to be won or lost on smartphones in the mid-band spectrum, and we did that because the experience of this management team, people like Neville Ray and (inaudible) John Saw and I sat next to each other at Clear wire years, ago, and we co owned this 2.5 gigahertz spectrum that is now the center piece of T-Mobile's success strategy and its world-leading 5G networks.

So, seeing the future really matters when it comes to network technology because our mission is to be the best in the world at connecting customers to their world. And now years into the 5G decade, it's time to see the future again. And technologies are rapidly emerging that could tackle some of the limitations that networks now face.

And again, the objective here is a better lived experience for customers, more performance from every piece of spectrum, more performance from every capital dollar using that incredible technology is now available to us in the era of AI.

So this morning, we announced an extension of our partnership within NVDIA, Nokia and Ericsson to create a research center, focused on a new wave of networking technology called AI-RAN. And before I welcome my special guest, take a look at this quick video.

(video playing)

All right. Everyone, please welcome our friend and partner, Jensen Huang. Thanks for being here, man. All right.

Jensen Huang - NVIDIA Corp - Founder, President, Chief Executive Officer, Director

So I've got to be the most un carrier guest you've ever had.

QUESTIONS AND ANSWERS

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

Well, you've got your characteristic leather jacket today, which is great. AI-RAN, who cares?

Jensen Huang - NVIDIA Corp - Founder, President, Chief Executive Officer, Director

Well, my gosh, let's take a step back. First of all, in 2016, we introduced a brand new type of computer called DGX -1 and reinvented computing after 60 years. And the impact of DGX -1 which is now in well-known AI supercomputer, and it's powering AI all over the world is changing the computer industry, revolutionizing how software is done and what software can do.

And it all started with the invention of that system, the processors, the software layer that went into it. At the time, nobody knew about that software layer, but it's called CUDA. And it's based on this algorithm for deep learning. But for this architecture, we call CUDA and which evolved into CUTLASS.

And these underlying libraries revolutionized artificial intelligence, democratized it, put in the hands of researchers everywhere. And today we're announcing a revolutionary new computer and this revolutionary computer is called ARC One, aerial computer.

You saw one just now an image of it. In 2016, I delivered it DGX -1 to OpenAI. I was hoping to deliver ARC One to you today. However, I learned that it's been shipped to you already. And so unfortunately because we're not in the same city, I don't get to deliver it to you personally.

And so it's on its way to Seattle to power the laboratory that we're building. And really what's happened is we created a new computer, a brand new type of computer that fused radio processing, insanely complex wireless algorithms.

And most people need to understand the wireless communications. The spectrum is limited. The algorithms are complicated, the environments are diverse, dynamic, electric -- electromagnetic radiation is not a simple physics and yet you're trying to optimize the quality of service for everybody manage the spectrum, manage energy efficiency.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

Yeah. (multiple speakers) We all take this for granted. We go around with these incredible computers in our hands and by the millions we connect it to vast quantities of data being sent down at hundreds of megabits per second no matter where we are.

And in real time the computing power to give each of us the signal we need. It gets harder and harder and harder, the more we use. And so this is all about getting more and more performance from each unit of frequency.

Jensen Huang - NVIDIA Corp - Founder, President, Chief Executive Officer, Director

And for another first time, we're going to break artificial intelligence to it.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

So let's talk about that because the video showed one of the case studies in the video was kind of trying to demonstrate how a radio has to do the job of optimizing its performance given the real world it faces. And every radio faces a different piece of real world.

The shape of each of the world around each radio is different and it's not static. It changes in real time as well. And yet you expect your signal to be perfect at all times even though the world is moving and you're moving. So how does AI help with all this?

Jensen Huang - NVIDIA Corp - Founder, President, Chief Executive Officer, Director

We're going to have to create a brand new type of computer and the computer we created called ARC One fuses radio processing and artificial intelligence processing into one platform. And so as a result, we have the ability to do two things.

We could apply all of the deep reinforcement learning algorithms that we use for robotics. We could teach these AI models how to optimize signal quality in hundreds of thousands of virtual cities that we showed you.

Then when we finally put it out to another the real virtual -- the real city, then that real city becomes the 100,001 scenario. And so it's already learned how to optimize across so many different scenarios through domain randomization and simulation in these supercomputers.

Now, the next version, the next one in all these different cities and different environments, it would have been optimized before. And we're going to use similar algorithms that we use for robotics. And so robotics, have to deal robots, have to deal with very complicated environments and reinforcement learning does that.

AlphaGo uses reinforcement learning. Many reasoning systems in the future, AI reasoning systems are going to use reinforcement learning. Robotics uses reinforcement learning. So we use very similar techniques that allows us to enhance the delivery of services using a lot lower hopefully spectrum energy and reduce energy efficiency.

Meanwhile, that same base station that same computer that is now all over the world is an AI computer that can host AI traffic. And of course, the amount of traffic that is in any particular radio changes throughout the day. And whenever it has more computation resources than is necessary for the traffic, we can utilize that for additional services for T-Mobile.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

Okay. So non-RAN load workloads at the edge near the customer is what you're talking about. I want to come back to that, but first I want to sort of, because I know we're seeking out about this and we have the most -- the world's most important telecom investors and investor analysts in the room and online.

And I want to try to make this kind of real about dollars and cents and customer experience for people. There's been a trend for a long time that we're moving in this industry towards a more open RAN architecture towards software defined RAN, trying to get all that tech, sort of technology out of the radio, and into the cloud for obvious financial benefits, efficiencies.

But that has proved kind of elusive at scale around the world. How can accelerated computing of the kind that NVIDIA produces with this new product make a difference and finally make some of these promises of virtualization of RAN technology into clouds, a reality.

Jensen Huang - NVIDIA Corp - Founder, President, Chief Executive Officer, Director

Software defined networks obviously a wonderful thing. However, the radio network is just so intensely computationally intensive and to do the signal processing, to do the error correction, insanely hard, Massive-MIMO, insanely hard.

And so the first challenge is how do you move to a software defined environment where Moore's Law is really run its course, the CPU can't keep up with the workload of an ASIC. And so the answer of course, is accelerated computing using CUDA to do that.

It took us five years to create the Aerial library which allows us to use CUDA to accelerate 5G radio and prepare for 6G radio. The second thing is of course, once we do that, then the computation stack can also support AI.

Now we fused signal processing and AI into one computing platform. Your radios are going to be extraordinary 5G radios and be prepared for 6G in the future as well as an AI computing platform to deploy, to host, to run AI on it. And the AI could be used to of course, improve the efficiency of the network itself as well as of course host brand new AI services like the ones we showed in the video.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

So I can tell you why we're interested in all this as a partnership. And then I want to ask you why you're interested in working with us. But it's very clear to us and the most objective observers how far ahead NVIDIA is in leading the accelerated computing transformation around the world.

And for us, as we think about how that applies to our industry, it's going to completely change network architectures. And so, this 5G chapter that we're living in is several years old now. We're thinking about what's next and we're thinking about how to get there in a highly cost effective way.

And that obviously means we've got to think about virtualizing the technology, put it in the cloud. And there been barriers to that you just talked about. Traditional computing just can't keep up with the ASIC that have traditionally been deployed in non-virtualized, non-software defined RAN environments.

And so for us, our view is that if we can be co-authors of this transformation. We can have our engineers in there deep as not passengers on this train, but conductors working with the world's leader like NVIDIA, like Ericsson, like Nokia, to create the future.

T-Mobile customers will benefit disproportionately, that's our belief. And we have that belief because that's exactly what unfolded in the 5G era and that T-Mobile customers will get it sooner and they'll get it better and they'll get it more cost effectively. So we are very excited about inventing this future with you. There are 300 operators around the world, why did you decide to work with T-Mobile?

Jensen Huang - NVIDIA Corp - Founder, President, Chief Executive Officer, Director

Well, first, you made a huge difference. The fact that we were talking about this vision. We've reinvented -- we're in the process of reinventing the automotive industry from a car industry to a technology industry that's software defined.

They have the same challenges going to software defined, ASIC, and yet they would like to move into a world that's accelerated powered by AI. You've seen that with medical imaging, we've seen that and of course, we're seeing that now right now in robotics.

Our first meeting, we connected the dots almost right away. And you saw the vision of the technology, you offered the massive might of T-Mobile and the incredible engineering team, Ulf in the engineering team leaned right into it.

I think we all saw the same opportunity to re-invent telecommunications with the fundamental technologies that is reinventing one of the largest industries in the world, which is computing. And so this underlying technology will unquestionably revolutionize every industry.

The fact that you jumped on to it, you personally jumped on to it, drove the conversation between our two companies. And then now our two engineering teams are working so intensely closely together, launch this new innovation center, start deploying infrastructure so that we could develop the software, get the software ready, industrialized, optimized all over the world. It's going to be incredible.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

A minute ago, you started to talk about a secondary benefit of all this that has us very excited. And I want to explain it. The idea of if when we virtualize our RAN technology into the cloud, working with the world's leaders, what we will realize is that the same thing will be true of those workloads that's true today of mobile networks, which is the demands against each individual component are highly variable, leaving massive underutilized compute power at all times of the day and dispersed geographically.

Sometimes it's taken up by the workload of the RAN and sometimes it just sits there and this creates an actual business opportunity for us. We just talked with Sam Altman about the rapidly unfolding technologies in AI.

And one of the things that AI requires, especially for the kinds of things we're demonstrating in this video is incredible latency, right? Fast response times because AI is moving from its traditional formats of like text, I'll text you, you'll text back, no latency needed.

But when we're responding in real time to videos and face intonations and working with avatars, that's going to need to be incredibly responsive. And the AI workloads of the future will need compute power in the network close to the customer. And the very compute power that we're going to build together to support this RAN capability could actually also compute secondary workloads for our customers.

Jensen Huang - NVIDIA Corp - Founder, President, Chief Executive Officer, Director

It's exactly the same computing system. Now, we fused radio computing with AI computing into one architecture and we call it ARC One. And this computer that we built is extremely low latency, it's CUDA at extremely low latency.

It has the ability to deal with time precise transactions. All of the things that you need to provision high quality voice services. Now one of the things that people don't realize is that the world's wireless networks are extremely over provisioned and you're over provisioned because you have to deliver such extremely good quality of service when somebody needs it.

So when -- but when somebody doesn't need it, that infrastructure is sitting there and it could be re-utilized. And so when we made a software defined, made it accelerated, made it able to run AI processing. We now turn that entire network into excess capacity when you need it for excess opportunities. And so this is going to be a great new growth opportunity for the telecommunications industry.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

I love it. We have a few spare minutes and so before we let you go, let's just change the topic and talk about what you're excited about. One of the things that --

Jensen Huang - NVIDIA Corp - Founder, President, Chief Executive Officer, Director

I'm excited about reinventing at telecommunication.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

Well, you guys have --

Jensen Huang - NVIDIA Corp - Founder, President, Chief Executive Officer, Director

I don't know about you guys but --

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

You guys have an incredible --

Jensen Huang - NVIDIA Corp - Founder, President, Chief Executive Officer, Director

This is a giant growth opportunities for both of us.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

Yeah, it is. You guys have an incredible lens on this entire revolution because every -- literally everyone at the forefront of AI are working with you. And so as you think about how this most transformative technology in our lifetime can really change people's lives. Like what gets you excited? Like what's Jensen see in terms of how AI is going to impact all?

Jensen Huang - NVIDIA Corp - Founder, President, Chief Executive Officer, Director

Well, we're all going to have a whole bunch of digital agents working with us. And I really love the idea that I will have a computer that is getting smarter and smarter with me as it works with me over time and understands me to help me get things done.

And I love the idea that I'll have my own R2-D2, my own C-3PO. And my R2 will be follow me for many people who are just growing up now, they're going to have their own personal R2 with them for their lives.

And that R2 of course, could be digital versions of it. It could be a work version of it. It could be a physical version of it. I mean, the idea that all of us would have that whether you're a scientist or an engineer or a philosopher or just a person, we're going to have all these amazing agents that help us along with our lives.

Now, one of the things that Sam introduced recently, the reasoning capability of these AIs are going to be so much smarter, but it's going to require so much more computation. And so whereas each one of the prompts today into ChatGPT is a one pass. In the future, is going to be hundreds of passes inside.

It's going to be reasoning, it's going to be doing reinforcement learning. It's going to be trying to figure out how to create a better answer, reason a better answer for you. Well, that's the reason why in the Blackwell platform, we improved inference performance by 50x, by improving the inference performance by 50x. That reasoning engine which now could take up to minutes to answer a particular prompt could still now respond in seconds. And so this is going to be a great new world and I'm excited about that.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

What do you see happening in terms of power consumption? This is one of the most talked about aspects of AI is the carbon footprint.

Jensen Huang - NVIDIA Corp - Founder, President, Chief Executive Officer, Director

Well, we have to use AI to reduce energy consumption. We know now that we can do climate prediction, weather prediction 10,000 times more energy efficiently than using super classical, super computers to do so. Moore's law has really run its course.

We have to use a new type of approach to go figure out how to do this computation. The work that we do together in data processing at T-Mobile, if not for accelerated computing, how would we reduce the amount of energy consumed and the time consumed, the cost consumed by 20x?

And so everything that we accelerate, everything that we teach an AI model to do will do a lot more energy efficiently. One of the examples is my puppies don't know Newtonian physics and they don't understand, they want to understand the trajectory of balls from the concept of simulation.

And we know that the world's first super computers were created to simulate the trajectory of missiles. And yet dogs have no trouble after some practice, snatching the ball right out of the air, sometimes a mid-somersault. And so how did they do that, it's the same idea.

So we're going to teach, we're going to teach AI not to compute whether through multi physics and thermo dynamics and fluid dynamics and convection and conduction and eye science and ocean science and such. We're going to teach it to predict it.

It doesn't completely understand the causality, but it predicts it wonderfully. We just want to know what tomorrow's weather is going to be like. And so we could -- so that's one example. We want to do the same thing with radio networks.

We understand the principal physics of electromagnetics. We understand the principal physics of how radio beams reflect, refract, deals with different environments, and so on and so forth. We understand beam forming, we understand the physics of it.

But yet when you operate that network you're just trying to deliver a better quality of service at lower energy, higher throughput for more traffic, lower cost, lower energy, so on and so forth. And so you don't have to do the fundamental physics simulation anymore in real time, just use AI to do that.

And so this principle of simulation to understand, first, principles how things work causality. And then using AI to emulate that fundamental understanding, reduce this energy tremendously. And so people have to realize that training models take a lot of energy, no doubt. However, the goal is not to train models, the goal is to use models, and that's going to save tons of energy.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

So it's just so exciting and there's a big opportunity in this for both of our companies. The bottom line is this billions of people around the world are connecting it every second of every day to millions of cell phone towers.

And that technology has the opportunity to understand the physical environment that they're operating in while they're in motion and while the world is in motion and use advanced AI to predict exactly what signal will reach them best in order to give them the best possible experience at the lowest cost.

And that is given the scale of this industry around the world, that is a massive opportunity for NVIDIA, for Nokia, Ericsson, the other partners in the alliance, but also for T-Mobile as a co-author of all this in working with our customers and potentially with our peers around the world.

Jensen Huang - NVIDIA Corp - Founder, President, Chief Executive Officer, Director

This is an exciting moment and Mike for us is such a joy. It is very rare that we have a partnership where our technology and our know-how could be useful to you in how you run T-Mobile, but also in the technologies that enhances future products but also expands the market opportunity together. And so this is such a great pleasure to be with you and partnership with two engineering teams are just fantastic.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

Well, Jensen, thanks for the partnership and thanks for coming out to speak with our investors.

Jensen Huang - NVIDIA Corp - Founder, President, Chief Executive Officer, Director

Thank you. Yeah, thank you, bye. Good to see you.

PRESENTATION

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

Jensen Huang, everybody. So look, before we have a discussion with you all, we are going to have some double clicks into each of the topics that we've talked about and Ulf, Mike, Jon, Callie, and Peter will give you presentations directly aligned to these focus areas that we have spent the morning teeing up for you.

We can't wait to get into all this and share more with you about our future and then have an open discussion and all of that right after the break. Thanks everybody.

Unidentified Participant

There will now be a 10 minute break. The program will resume in five minutes. The program will resume shortly. Please return to your seats at this time. We do ask you to take your seats.

(video playing)

Please welcome Ulf Ewaldsson.

Ulf Ewaldsson - T-Mobile US Inc - President - Technology

All right. In the last 10 years, we have gone from the worst to the best network. We've gone from a 3G player where everybody else has 4G to the 5G leader in both network and best experience in the US, and perhaps even in the world.

We've built a network leadership that is multiple years over our competition. Many, many doubted that T-Mobile could be the network leader and we proved them wrong. Some may doubt that we can extend this leadership and widening this gap and we will prove them wrong.

Today, I'll talk about how our winning strategy to focus on superior network assets, being customer centric and enhancing our technology leadership has given us the best network that we have today and how we can extend this position, increase the gap way into the future.

We have built the best and deepest assets of spectrum as you heard and together with our optimal site density, side to side distances, this creates a superior network experience. We have a relentless focus on customer centricity that today powered with billions of data points in AI make it possible for us to even individualize customer experiences on our network.

In technology, we have come to a position, thanks to our leadership in 5G that we can sit down with our vendors and innovate the next steps of their road maps, deploy it in our network faster than anyone else and roll out software features that makes our technology leadership even further.

We have come to a situation where this leads to big capacity growth, high customer satisfactions and new advanced services faster to market support our business as we keep growing. Let's go through these strategic pillars, one by one together.

As you can see, we have today the deepest and most far reaching sub 6 gigahertz portfolio in the US market and at lower frequencies on each layer, this means higher speeds, it means higher capacity and a lot better propagation.

If we start from the bottom, we are the only carrier in the US that has a dedicated 5G nationwide low band spectrum all across our geography. This is our famous 600 megahertz asset. It gives us better coverage, but it also gives us a lot better in building performance and other opportunities, our 5G nationwide mid-band as you see here.

With PCS, AWS, and our famous 2.5 gigahertz holding that is very deep, creates a superior ultra capacity experience for each one of our users. This deep mid-band spectrum propagates 30% better than (inaudible) That makes it ideal for our grid, our tower to tower distance, and gives us a unique advantage over competition.

Our side to side distance is actually a legacy from when T-Mobile only had mid-band. And now as a twist in our story, it becomes our key asset. Customers enjoy with this a contiguous 5G ultra capacity on device experience with that little icon that you see if you're a subscriber to us, you see on the phone going across our network and big parts of it.

This is a unique capability which really is explained in our depth and breadth of the T-Mobile network. This dense multi-layer 5G strategy combined with a very strong execution if you remember our processes of upgrading and building towers at a formidable pace month by month by month. And it creates a very, very strong delivery, for example, in the availability compared to our competition.

We have 5 times the availability on our 5G network compared to the closest competitor as you can see in this graph. We are the only carrier who has 5G deployed across all three bands. 80% of our sites portfolio has all layers on them. This is a unique way of building our network to create that experience.

We have 600 megahertz, we have PCS, AWS, that counts as one layer because we use the same antenna, and then we have 2.5. 90% of our sites also have our 600 layer on them. 87% of all our customers are at any given time connected to a tier tower that has all three layers on them.

This is also the reason why you can use carrier aggregation in a more effective way than anyone else can do because we can combine all these layers towards one device and get a higher peak speed, which helps with capacity and performance.

But don't just take my word for it. Look, almost every third party benchmark and report that's come out in the last couple of years has not only had us as a 5G leader, it has us as the overall network leader. In the latest third party report by Ookla, and Opensignal, we in fact took a clean sweep in every category of network performance.

We were awarded the overall best network experience, also most consistent experience and we were also winning in fastest network that is indicating this massive capacity growth on our network and take a look here at our overall downloading speeds. They have actually increased 3 times since the merger.

And right now, we are at 2 times to 2.5 times better and faster overall downloading speeds than our closest competitor. And the gap is widening.

In the last measurements, we came out as the only carrier who actually increased our overall downloading speeds showing that capacity that we have. And over the times, since the merger, our overall advantage has increased as you can see in this graph while adding at the same time, almost 30 million customer devices on the network.

But we have lots more room to run. Look at our capacity runway to be able to on board new customers and new devices on this amazing network. First, we have more spectrum to be devoted to 5G. We are only using 60% of our mid band spectrum on 5G today. Even though 80% of our devices are 5G capable.

With that, we can also later deploy C band. Our C band holdings that hold more than 50 markets where the grid is optimal for it. We can deploy that and add another layer in dense urban areas, increasing capacity even further.

We can continue to upgrade sites with our mid-band and we can deploy new radio features as I explained earlier with our technology leadership faster than competition, one of those is carrier aggregation. It's when a device can use several layers at the same time to increase the peak speeds on that particular device, making sure that device gets done whatever it is doing on the network faster, and by that increase in capacity as well.

We today have four layer carrier aggregation rolled out over the entire network which gives about 30% increase in peak speeds. But here it is we have less than our 20% of our devices that are actually capable of using that today, which gives it a lot more room to run as the penetration of that technology increases in our installed base of devices.

Soon we will introduce five layer carrier aggregation. And after that six layer carrier aggregation, we continue to drive these road maps and we are as well using carrier aggregation in our uplink which gives us a coverage increase of about 15%.

And here is only 5% of our devices at this point in time has the capability of making use of that, but that's increasing all the time. So lots more to room to run also there.

On top of that, we're using massive-MIMO. Massive MIMO is a technology where you use multiple paths to transmit all the information to one single device. This technology we're using a 64 by 64 antenna array to do this.

We have deployed it on 2 and 2.5 gigahertz a day and gives up to 30% capacity increase on that spectrum. Now, we have lots more spectrum where we can continue to deploy massive MIMO. So also lots of room to run there.

With our world's best multi-layer 5G network and our high performance demands and our really good relationships with our vendors, our RAN vendors, we can continue to drive this coordinations of features on the chip sets as well as to the network. And there is no way we will stop doing that. And you heard earlier how we can connect that to the evolution of our radio access network into even more exciting domains in the future.

I also want to announce that as the first carrier in the US, we will implement the next standardized evolution of 5G, 5G Advanced, and we're starting this year we are looking at opportunities in the future with AI powered features, many of them coming in 5G Advanced in a release 18 and beyond in 3GP.

And we're looking at how that can enhance experiences for customers as well as a more effective way to handle radio resources as we move down the road. This can significantly improved network capacity and performance.

T-Mobile's 5G Advanced will also include features like L4S which is for video in congested conditions and making sure that the performance is high. So in other words, when the network is congested, it sends a signal to the application that lowers the bit rate and you get a better customer experience.

It will also include Redcap, the new category in 5G for IoT, all in all, this all together will give us a capacity enhancement of 3 times in this period. We will also take customer centricity to a completely new level. Our customer driven coverage AI formula, this customer driven coverage formula is data driven and AI enabled. And it gives us an approach where we can prioritize network investments and network adjustments that really matters to customers.

Versus I'm just doing pop coverage or (inaudible) coverage which is the traditional approach. We've been working on this a little bit more than a year. And we can see that when we take massive amounts of data and we're assessing both customer experiences as well as experiences on our network.

And we leverage that with business metrics and with real customer outcomes, in actual words, what customers really did, and we create that loop, we can create a formula which is continuously improving, self-learning.

And then we allow that to apply values like customer lifetime values into hexagons. And you heard about the hexagon, 165 meter hexagons, 4 million of them across the country. In the cities, we're using smaller ones, they're 27 meter wide to increase the accuracy.

But that whole pattern creates what you see over here where the dark magenta are the ones with the highest potential value over competition with the highest possible customer impact. It helps us to determine that customer impact in dark magenta. And we can with this continuously reprioritize our build plan.

And in our build plan process, we every month decide exactly how we will allocate our capital, which is a very short span. And with this short span, we use our hexagon models to prioritize that. It creates a precise capital allocation that is different from traditional population coverage approach where we would perhaps have focused more on populated areas.

Customer driven coverage AI in this example here from California surprise shows that in around Lake Tahoe which to the right, you can see that there are a high number of those high head pins, despite Lake Tahoe only having 30,000 people in population.

And you compare that to Sacramento on the left side where there is a higher population but less valuable head spins for us, which shows then that we can take the actions of upgrades of towers or tilting of antennas or take other network actions to improve the customer experiences.

The last pillar in our winning strategy is our technology leadership. From the beginning, we realized that 5G has the potential of being revolutionary to the way that network operators can serve customers. And we went all in, we from the beginning decided to deploy a standalone core.

And we're still the only ones that have a standalone core at scale in our network. That means that we can realize through 5G, end to end with the standalone core, with our radio access network, which means that for example, we can deploy voice over NR, voice over the new air interface, which we have done.

And we have 300 million customer coverage today on voice over NR that can benefit all those devices as it penetrates device fleet that we have in the network gradually. It leads to shorter calls and up times and better sound quality where others have to drop back to 4G to carry out voice calls, we keep them in 5G the whole time.

Then we have network slicing. This is to secure an experience all the way from a cloud through our network call, RAN out to the device and make sure that you can orchestrate the precise experience. Slicing allows us to deliver customized quality on demand for a variety of high value monetizable services to serve customer needs.

We have already demonstrated these powerful features in some sports events and you may have noticed that where we wanted to secure some critical traffic, we did it, it sailed GP, Major League Baseball, PGA golf, Formula One.

And if you look at what we did at the golf tournaments was that we put 5G modems in the cameras and we could secure that broadcasting could happen even though there were thousands and thousands of spectators. Same Formula One, Formula One we had points of sales that needed to be able to do the transactions on their sales.

While 100,000 people were watching a Formula One race with apps on their phones that would give them live broadcasts from the different cars for example. We are also rolling out this now on a much broader base and we are commercially using it in our enterprise solutions, with T-SIMsecure, T-Priority, all based on network slicing, with ANS over private networks.

And you will hear Cali talk later much more about the opportunities that we are creating for our enterprise business with network slicing. I will also mention before we stop on the standalone core that carrier aggregation that we're doing for 5G, 6G is actually based on the opportunity of having a standalone core.

Last but not least we today announced some revolutionary things regarding our network and our architecture. We are very fortunate as a company that when we decide on a strategy like we did with dense 5G multi-layer radio access, we can implement it, and we see many, many other operators all over the world follow our strategy.

It's our ability to look around corners and then execute which we're so proud of. And today we are introducing not one but two such revolutionary implementations of the same class. Number one, we heard AI-RAN and you heard Mike talk to Jensen about the potentials and the capacity of AI-RAN.

We all know that AI is there to revolutionize the way that radio resources and customer experiences are managed in the future. This gives a very powerful AI compute technology with huge potential to the edge of our network to transform mobile networks for the future.

AI resources is part of 5G Advanced. We know that the acceleration of putting this technology to work is very important, not only for T-Mobile, but for the whole industry. This gives us a completely new potential and we're happy to lead it. Why? Because we believe in technology that is our time to lead.

We bring a group of visionaries together with NVIDIA, Ericsson, and Nokia, and we create an AI-RAN innovation center in Bellevue. It's full of aspirations and it will accelerate this exciting opportunity to the future.

The second one that we want to talk to about is really related to the AI-RAN. It's all the rest of what you can do when you get high compute power at the edge of the network. It's the first of its kind cloud at the edge of our network that is processing support for all kinds of AI workloads. Traditional telco non-workloads with core and RAN but also AI internal and AI external workloads.

This architecture creates for us a possible evolution into our 5G future with 5G Advanced but also all the way out to 6G and sixth generation. With this multi-layer five year strategy to summarize. We've combined with our best in class execution.

We have created a multi-year lead over competition with superior frequency assets and tower assets and our relentless customer focus and our fastest deployment of new technology from our vendors and from the community of innovation, we will extend that lead.

We are evolving our world leading network with technologies as AI RAN, multi-purpose cloud, and the evolution of 5G into 5G Advanced. And we're doing all of this technology, all of what I've talked about to serve our customers even better. Thank you very much.

Unidentified Participant

Please welcome Mike Katz.

Michael Katz - T-Mobile US Inc - President, Marketing, Innovation and Experience

Good morning. It's great seeing everybody. Ulf thought just did a great job talking about T-Mobile's journey to becoming the best network in America and how that lead is durable because the unique capabilities that Ulf and his team have deployed only into our network.

And remember this best network is already on top of our decade long plus advantages, both in value and in experience. And those advantages have been built on the back of more than 20 un carrier moves which have been big bold moves where we've smashed industry pain points, where we brought new big experiences to customers and we've given them outsized value.

In our un carred revolution has fundamentally reshaped this industry and not just for T-Mobile customers because as each of our competitors was forced to follow us, their experiences have gotten better too. Being the leader in experience in this industry, it's a privilege, but it also has to be vigorously defended because customer expectations they continue to evolve.

And that's why in addition to continuing our industry leading big bold pain point, smashing and experience driving un carrier moves that are one size fits all, we're also introducing bespoke experiences using the data that we have about customers and their actual lived experience across our network and across our products to create experiences to them.

And we're using literally billions of data points collected from millions and millions of customer interactions that we have across a ton of different domains. So this is everything from our billing systems, from our network, from interactions inside physical channels like care and retail.

And we're combining that with our emerging AI models that allow us to predict and see problems and opportunities for customers, propose and execute solutions, oftentimes before customers even know that they're having an issue.

Let me just give you a couple of examples of the kinds of things that we're talking about. All of us that use networks have our own unique journey across the network. It's almost like a fingerprint, the place where you use it are very, very unique to you.

And we can see when customers have an issue where their lived experience is probably different than their expectations. And we can use this data to not only see that somebody is having an issue, but quickly identify why.

It might be that somebody's traveling into a very specific place where their older generation device isn't properly banded. And if they had like a newer generation iPhone or Samsung phone, they would actually have a better experience in that place.

And we can take those pieces of information and give that customer a very targeted piece of communication that gives them an offer to upgrade their device and improve their experience. We can also use those data points about that customer's experience on the network right back into this customer driven coverage model that talked about to fix areas of issue that impacts not just one customer but potentially multiple customers and deploy our network capital there to fix it.

These bespoke experiences also can help customers get more value out of the services that they're already buying from us. Think about when you're traveling, being at the airport and getting a message, reminding you that you get free Wi Fi across almost every single airline and describing to you how to actually activate that service, or when you land internationally made aware that your plan includes free data roaming in almost every country in the world.

Also this, this gives us an opportunity to expand relationships with customers, a customer that moves. Maybe their new home is in an area of fallow capacity where they're eligible for our high speed 5G broadband service.

And we can give them an offer that not just saves them money but gives them a great broadband experience inside their home. So the customer is getting more value and T-Mobile is getting more value because we've now expanded our relationship with that customer.

Central to this overall strategy is T-Life, which has become the central front door to all things digital T-Mobile. And we've combined all of our experiences of T-Mobile into one single app. And one of the things I love about T-Life is it removes this asymmetry that's existed in our industry forever.

Customers now have access to all the tools and capabilities that have historically been reserved just for people on the other end of the phone in a call center or inside of a retail store. T-Life empowers customers to manage their holistic relationship with T-Mobile so they can do what they want, when they want, where they want.

And this includes some of the less frequent kind of transactional things that customers do, like changing their rate plan or upgrading their phone or checking their usage. But also some of the more frequent interactions that we see with things like managing the different products and services that T-Mobile has, like setting up your, your router or managing your tablets and your watches.

Or in the future when we launch our direct to cell service, actually managing your satellite connection with Starlink. But it also includes the really frequent interactions that we see right now with programs like Magenta Status and T-Mobile tuesdays, when customers are going in to get the unique and exclusive value that they get only because they're a T-Mobile customer, which hopefully by the way, everybody got their free flashlights yesterday. I hope everybody got those.

Literally on T-Life, there's nothing that we can do for a customer that they can't do for themselves. And because of all these frequent interactions, we literally have tens of millions of interactions coming into T-Life every single month.

And in fact, we have 30 million people that have already downloaded the app and on our way to 40 million by the end of this year. And each of these millions of interactions give us a unique opportunity with each individual to proactively solve their problems or issues using their data, their actual lived experience combined with AI to give them a customized experience inside the T-Life app.

Where when they open the app, the tiles that they see are unique to them and give them information and offers to help improve their actual experience. It also gives us opportunity again to deepen our relationship with customers because through that same app, we can customize the tiles and make customers aware of offers that can bring more value and help deepen the relationship with each of our customers.

So why does all this matter? Put very simply, we want to be the best. We want to be the best at experience for our customers. And we think we're starting from a pretty good place because we've long been the best in experience in this industry.

But our aspiration is to translate our experience lead that's getting better into being the best at retaining our customers and having the lowest churn in this industry. We also believe that being the best gives us permission to deepen relationships with customers as more satisfied customers are more open to looking at and considering the wide set of products that T-Mobile offers today and may offer tomorrow.

And like I said, we're starting from a real position of strength. We've long been the leader and we think this combination of continuing to drive big bold un carrier moves and smashing industry pain points, combined with these bespoke experiences can help us expand on our lead and we can start thinking about T-Mobile, not just being the best wireless service provider in the world, which we already are, but being the best overall experienced provider for customers of any kind of any industry in the world.

I thank you so much. I'll be back later to share a little bit more.

Unidentified Participant

Please welcome Jon Freier.

Jonathan Freier - T-Mobile US Inc - President - Consumer Group

Hi, everyone. I'm excited to be here and expand on electromagnetic physics. No, I'm just kidding. I don't know anything about that. Talk about over your head, but what I do know and what I'm excited to talk to you about is how do we take these transformative customer experiences and bring them to life and then how do we take profitable share taking to the next level over the next several years within our consumer business.

As we've been talking, we've been talking about the overall transformation of the customer experience and that starts with T-Life. And how are we going to accelerate adoption and engagement of T-Life, number one. Number two, how do we unlock AI powered and hyper personalization for consumers to transform the way that we serve customers.

And the number three, how do we see retail evolving to not just be a place where you transact but to be increasingly a center of exponential excellence on a go forward basis. We believe that the service experience matters and we're going to continue to invest in the surface experience as a means to differentiate our brand and continue to drive distinctiveness in the marketplace.

Let's talk about T-Life. Mike just talked about this for a few moments around what's really happening around T-Life and so exciting that we're on the path to 40 million users by the end of this year. And what we've been busy doing is reimagining the customer journeys, the digitally native customer journeys within T-Life and rebuilding them.

And we've started with that whole process around customer upgrades. And here at T-Mobile, we have a vision of moving away from an upgrade taking hours to two minutes to do, from anywhere at any time. And we're just getting started within T-Life to be able to pull that off.

We have this whole new journey around the upgrade happening within T-Life today. And customers that have been ordering and pre-ordering the latest iPhone 16 have been taking advantage of that in new ways that's different than what we've had in the years before.

Now what we're busy doing is we're enabling our retail systems across point of sale inventory and bringing that together with T-Life, so that we can increasingly have T-Life at the center of commerce for customers outside of the store or customers within the store, and think about an upgrade happening not behind one of our computers with our special superior access to our computers, but rather taking a device from a customer and logging right into their T-Life app doing that upgrade with a few simple steps.

It's unbelievable in terms of what we're trying to do. You heard Mike talk a little bit this morning, we're inspired by other industries. Doing an upgrade or switching to T-Mobile or expanding your service and deepening your relationship with T-Mobile ought to be as simple as choosing the aisle seat or the window seat on an airline.

It ought to be as simple as moving a few \$100 on a Friday night from your checking account to your savings account. We're way behind in this particular industry and we see a big opportunity to serve customers in the 2020s as we get into the second half of this decade in a new and more powerful way.

As you think about transforming service, to me, around this overall framework that we've been talking about for a couple of years here at T-Mobile, around prevention, around automation, around enhancement. Great customer service in the 2020s is not proudly solve any problem.

It's about proudly preventing a problem. And that's why I'm so excited about what you heard from earlier with Mike and Sam around OpenAI and Intent CX and how we can supercharge the strategy even further with Intent CX by preventing many of the issues that happen within the customer experience today.

Because often times the best service that we can provide is no service at all, at least in the eyes of a customer. And then automation, you heard Mike talk a few things about automation a little while ago as well. Automation can also happen in a much bigger way, thanks to AI with routine tasks that should be effortless to customers.

Think about changing and upgrading your rate plan to go 5G Plus, think about adding a feature, think about changing the e sum, those things ought to be easy, that should not require transactional assistance from our people.

And enhancing, when you do need to talk to us, we're increasingly going to be there, and we have an opportunity to enhance that overall interaction by giving our experts when you talk to us, a head start in that overall transaction by taking network data, billing data, customer interaction data and bringing that together to help our agents and our customer experts know what might be happening with that particular customer.

How do we assist our experts by taking generative AI which we've been doing since 2023 and bringing about a whole new way of surfacing information internally to help our customers with simple real world prompts to be able to quickly in fractions of time that it took before to surface the information that our people need to serve its customers.

And then how do we recap those overall transactions too so that we have continuity in the experience between our own teams and our customers. This is all going to result in an operation that has 75% less contacts to each one of our customer experience centers with rising customer satisfaction because less calls and less contacts ought to have higher and higher satisfaction, because the opposite is true when there's a lot of extreme effort or a lot of calls that's happening.

You heard Mike talk about this, a couple of years ago, we were taking 3 million calls per week within our customer operation. They're not calling to say, I love you. They're not calling to say, I hope you guys are having a great day at T-Mobile. I just had some extra time. I wanted to talk.

They're calling with the problem and we're taking up valuable time in their day and we see an opportunity to move beyond that. Increasingly, this is different for us in terms of our strategy. Increasingly, we're going to make the calls that we do take and bring them almost exclusively within our own customer experience centers.

We believe in premium customer care. We don't believe in taking customer care and treating it as a unit cost just to offshore. So increasingly, throughout our customer experience centers all across the country from here in California, Kingsbury, California, all the way to Oakland Maine or from Tampa, Florida to Bellingham, Washington.

We have call centers strategically located throughout the entire country to regionally serve customers. And we want to do that in new and powerful ways. Customer service is not just a department in our company. It's a way of life and this whole strategy between our product teams, our IT teams, our customer facing teams to be able to bring about this new way of serving customers is something that I'm incredibly excited about.

Retail, we have an opportunity to differentiate retail, not just have more and more stores as a proxy of convenience. Convenience for customers will be more and more capabilities through T-Life and how we think about the role of retail changing to be much more exponential, to be more about brand storytelling, to be more about product and service discovery, being able to interact with the very best people that this country has to offer in our retail stores.

Be it a lot less about transactions. We do see a world where we're going to have fewer stores and a more concentrated portfolio of stores. But the stores that we do have will be even better staffed, higher quality people with much more, much more rewarding jobs because having people that are so incredible in our company just do transactional stuff that is not maximizing the capabilities and the power and the magic of our people.

And we see a world where they can really drive expertise, think about all of the world and how it's changing and what technology is doing and how our people can play a role with our customers. We're unbelievably excited about that.

As I think about this, I think about a universal truth that I talk to my team about a lot, which is very simply every future dollar of revenue that a company recognizes is currently in our customer's possession. And we have never been more clear eyed about what it takes to best serve customers in this digital era, to earn their business and to inspire loyalty and make customers for life. So we're really excited about what we're doing in this overall space around customer experience transformation.

Now what I would like to do is I'd like to take you to how we're taking our business in expanding share taking. And Mike talked about this a little while ago too, in terms of our winning formula, around having the best network, having the best value and having the best experience.

And when you think about this, your probably our biggest un carrier move of all that we never have announced is the fact that customers no longer have to trade off having the best value to get the best network. At T-Mobile you get both, the very best value with the very best network and then complimented from the very best experiences from the best team.

Now, I've talked a little bit about the experience and so I won't go much more into that, but I want to give you a little bit more flavor of what's happening in terms of our customers and prospective customers around the network and how we're seeing value as well.

This network is incredible. You heard Ulf talk about it just a few moments ago and what's happening around the network. We were way behind like a distant number three back in 2020, a laggard in the LTE 4G era to an early leader at the beginning of this decade around 5G that is transformed into being the overall network leader for the entire industry.

That's where we are today, from way behind to now closing the gap with number one in terms of how our own customers are feeling in terms of their satisfaction with the network. That's great news, that bodes well for ongoing loyalty, that bodes well for ongoing advocacy with our 126 million customer connections.

Now, when you look at the next chart around switchers. We're the only operator since 2020 that has actually improved network perception amongst switchers. And we've improved dramatically as you can see here, a little over 40%.

It's incredible in terms of what we have been able to do. Perceptions are hard, brands are stubborn, these things take time to be able to change and you always have an opportunity to close the gap between perceptions and between reality. So we've been hard at work doing that over the last four years.

And what I'm really excited about is our opportunity to then take this perception change and put that to use in new ways. And I'm going to talk to you about that across our geographic segments. But also we have much more room to run at closing these perceptions. And I'm going to talk to you about that as well as we get into top 100 markets and smaller markets in rural area.

Around value, we have incredible value across every single one of our customer segments, whether that's budget conscious consumers or customers that want the most out of their wireless relationship, prime customers who want the most out of their relationships, between this incredible portfolio of brands T-Mobile, Metro by T-Mobile, Connect by T-Mobile. And now just recently earlier this year, Mint and Ultra.

We're excited about this and it's also a great set of brands and portfolio brands that works for people at different points along their life journey or perhaps works for changing economic circumstances for us as well. These are a great portfolio of brands. It's the industry's leading portfolio of brands. We're unbelievably excited about this.

When you think about un carrier differentiation and what we have been doing since 2013 with un carrier differentiation, one of the biggest moves is one that we announced earlier this year around Magenta Status, which is a great brand vessel for us to be able to carry the message of all of the benefits, the perks, the discounts, everything that you get exclusively with T-Mobile.

And it's a way for our people and our customers to understand the value, not only our customers to understand the value so that they stick with us, but also prospective customers who understand that those kinds of benefits are only available at T-Mobile.

When you think about Go5G Plus in hundreds of dollars, \$270 worth of monthly benefits that you can take image of with Go5G Plus. It's incredibly, incredibly exciting. Now, as you can see here on the last chart, we have new customers that are coming in to our business, new accounts that are taking these plans that are packed full of value, Go5G Plus, Go5G Next.

65% of our new accounts are taking those plans and we still have an incredible opportunity within our existing base because about 30% of our existing postpaid base has a premium plan. So you have this delta between customers coming in and what our existing customers have.

That bodes well for ongoing postpaid to ARPA expansion and how we can story tell to our existing customers on the value that they're missing out on with Go5G Plus or Go5G Next. So we're excited about that as well in terms of ongoing opportunity to expand the value proposition, not only across our prospective customers but within our customer base as well.

When you look at how this is going to manifest itself across the top 100 markets and smaller markets for rural areas, we have massive opportunities with growth. I mean, when you think about it, no other company has the outsized winning formula matched with outside growth potential.

No other company has that. This incredible formula with this incredible potential. Like Mike talked about just a few moments ago, then the top 100 markets, there's still a lot of opportunity for us. We're number one in 40% of the markets and still growing. And the other 60% of the top 100 markets were either number two or number three in our share position.

But that NPS across our top 100 markets is now number one, so we have great satisfaction within our existing customer base. We're closing the perception gap around the network quality and we have even more room to run in the top 100 markets.

And I would tell you in about 30% of the markets where we're number three, in terms of the share leader, that's much more like smaller markets and rural area, like opportunity where our share of households is much closer to smaller markets in rural areas, and our wind share of switchers continues to build.

Now in smaller markets, in rural areas, I've been talking to you about this since March of 2021. We've been so excited about this and this overall opportunity for us, which is 40% of the US, 140 million people, a little bit more than 50 million households, now it's a durable growth driver for our business.

We've been at this for 3.5 years, durable growth driver. Now, number one in share of switching, our highest share of switching that we've ever delivered was in Q2 in our latest reported quarter Q2 of this year. We've expanded nearly 500,000 square miles of 5G coverage.

We've expanded our presence and hired thousands of people in our own company owned stores in smaller markets, rural areas. We've put out programs that have made a huge difference in these communities. Think about hometown grants and Friday night 5G lights that have made big differences that have gotten us a lot of fame in smaller markets, rural areas.

And now our net promoter score nearly 20% higher than the next highest competitor, and number one from way back as number three back in 2021 when we started this entire journey. So we're excited about that. We have a lot more runway to grow and a lot more runway to go.

And so when you think about this runway, relative to what we're trying to do around the customer experience and what we're going to do in the customer experience because we're clear eyed about that and very convicted about that paired with this outsized growth runway that's in front of us. We have a proven playbook to continue to profitably take share to serve our customers even better, to create value for our shareholders because of that profitable share taking and ongoing operating efficiencies that we will have in our business. Thank you all very much.

(video playing)

Unidentified Participant

Please welcome Callie Field.

Callie Field - T-Mobile US Inc - President - Business Group

There's nothing that inspires me more than hearing our customers share how T-Mobile for business has been an essential partner for their critical communications. I'm Callie Field, the President of the Business Group and I'm so eager to share with you all today the journey that TFB has been on and what lies ahead.

Three years ago, we set out an ambitious plan to drive outsized growth. We wanted to grow our core business and we did, we saw 20% growth in our postpaid phone base. We wanted to be a consistent share taker and we are with eight consecutive quarters of positive port ratios.

We wanted to expand an enterprise and we did, we deepened our relationships with the Fortune 500 and grew our base by 60%. And we did all of this profitably with growing CLVs. We delivered this growth by leveraging our 5G network leadership, focusing on customer experience and augmenting our portfolio to meet the complex and evolving needs of businesses.

And there's still more room for us to run. Our addressable market continues to expand, fueled by core mobility spend and the adoption of emerging technologies and AI. Our technology leadership puts us years ahead of others. Fueling our ambition to capture an even larger share of this growing market.

And speaking of growth, it was essential for us to chart the course and transform from selling SIMS to providing solutions. T-Mobile for business has shifted from competing for a portion of smartphone business, working in the procurement office, to having strategic engagements in the C suite, solving their pressing connectivity problems.

We've built relationships with businesses of all sizes who wanted a connectivity provider with a great network, providing a great value and excellent service. For example, we have been the primary wireless partner for the Department of Veteran Affairs since 2018, providing wireless service to VA customers to the nurses and to staff and bringing health care closer to veterans.

And because at T-Mobile for business we're unencumbered by technology -- legacy technologies and revenue write downs, we have the flexibility to deliver solutions in direct response to emerging business needs.

We launched cloud based communication applications to support trends like hybrid working and the increase in regulatory compliance. For example, we launched MultiLine which addresses the need in financial services for integrated compliance and regulation.

We also launched T IoT with Deutsche Telecom, a game changing value proposition that provides seamless global IoT connectivity on native transatlantic networks. As our nationwide 5G capacity and coverage has increased, we continued to expand our portfolio.

First, we launched high speed internet, our fixed wireless solution, Tractor Supply is one of our customers in smaller markets in rural areas, leveraging our solution for in-store connectivity in over 2,200 locations nationwide.

Next, with the increased reliance on software applications, businesses needed secure reliable connectivity to ensure optimal performance, especially when Wi-Fi just doesn't cut it. We responded by creating a new category, advanced 5G Advanced Network Solutions.

5G ANS delivers purpose built connectivity with hybrid and private networks. With Miller Electric for instance, one of our customers were deploying a private network for autonomous shuttles in Jacksonville, Florida, or the US Coast Guard as an example, relies on our private networks for ship to shore communications, ensuring secure transmission of mission critical data.

And as the only provider with a 5G standalone core, we were able to deliver the industry's first sim based SASE providing seamless and secure connectivity across all mobile devices and the first ever commercial deployment of a network slice with T-Mobile Security Slice.

And listen, we don't just love technology for the sake of technology, we love it for what it can do for our customers. For instance, we love that our 5G standalone core enables slicing which allows businesses to customize network performance for their specific needs.

We were the first to demonstrate this power at large scale events. For example, as you saw in the video at the PGA, we deployed golf's first private network slice which supported operations such as live broadcasting with high bandwidth, wireless 5G cameras.

While also giving fans the 5G speeds that they needed for streaming and live interactions with the event and also designating a slice for point of sale system so that customers and fans didn't have to wait in line and that vendors got to do more business, more securely.

More business more securely, not only has our transformation from Sims to solutions helped us gain new customers in enterprise and in government, it's also deepened our relationship with our existing customers. As you heard Ed the CEO of Delta share in the video earlier, Delta chose T-Mobile as their premier and priority mobility partner. But since that time, they've expanded with us with IOT and fixed wireless for airport operations and more recently, they've deployed an ANS hybrid network at their headquarters.

There's so much more opportunity ahead of us supported by innovations such as network APIs which will give users real time control and configuration capabilities over the connectivity of their entire portfolio. And AI round that you've heard us talk about will push the frontier of customizable capabilities even further for business customers.

We've achieved a lot, the innovation in our network, the partnerships that we're building, and the credibility that we are gaining as an enterprise solutions provider. And all of this points to a huge opportunity for growth for us.

To fuel our next phase of growth, we will double down on our approach, designing innovative solutions for our customers with our customers. And as we're launching more advanced solutions, we're rethinking not only what our customers require but also what our employees need. In order to scale these solutions profitably.

There's three distinct areas that will shape our next phase of growth. Number one, we will deploy enhanced digital tools and a world class platform. For years, enterprise customers have had to work through inefficient tools to manage their solutions with operators. We are building a fit for purpose tech app that will transform the lead to cash journey and make it even easier to do business with T-Mobile.

We're also delivering an integrated TFB platform to manage connectivity and solutions giving customers visibility, management and action ability across their entire portfolio all through a single pane of glass. We'll be able to unlike AI driven actions for B2B customer for B2B customers centralizing all of our data with contextualized recommendations and alerts delivered to the customers digitally and predictive insights that enable our front line sales and service teams to build specific account strategies real time.

Second, we will extend our leadership from micro to mid-market. We're so proud to be a leader in micro and we'll lean heavily into our digital and retail channels to serve these businesses where they want to be served. But we're realigning our channel investments to shift human capital upmarket and equip our teams with the right training, the right leads and the right incentives while augmenting our portfolio with solutions such as manage services for mid-market.

Our success in [SMB] is proof that when we bring it together our core principles of best value, best network and best experience to a targeted and underserved market, we win. Third, we will continue to deliver advanced solutions to enterprise and government.

We're expanding our strategic partnerships to drive value creation by developing solutions with leading hardware and software companies such as how we worked with Versa to develop and deliver T-Mobile SASE. And we're also delivering joint value propositions, leveraging deep industry expertise with partners like OCS and Sempre who have helped us unlock and grow our federal relationships with customers.

We're also scaling our 5G advanced network solutions. We're signing more 5G ANS deals each quarter than the quarter before and making the investments needed to continue this momentum, our TFB platform, this innovation and our operational execution will accelerate ANS deployment timelines.

So you can see we're leveraging our network investments to pursue under penetrated markets for T-Mobile. A powerful example of this is how we're unlocking first responders as a growth segment with T-Priority. First responder connectivity is our literal lifeline, it really is the most important connection in all of our lives.

But first responders are being held back by dated 4G LTE infrastructure. They face three key pain points: congestion, insufficient speeds for data intensive and modern communications like drones and 5G security cameras and coverage gaps. AT&T's first net was the right solution for its time. A nationwide network, dedicated to first responders to help tackle congestion in the wake of 911.

But it was built for the 4G era. In fact, first net even put out a press release earlier this year explicitly calling out how important it is to upgrade their network with 5G standalone core capabilities and how it will take them years to complete. With T-Priority, first responders not only get priority and pre-emption on the largest, fastest and most advanced 5G network, but we also deliver all of the benefits of T-Mobile's 5G standalone core now.

Let me bring to life how this is meaningfully different than what is available to first responders today. First, let's talk about congestion. We have 40% more 5G capacity than our competitors, think of it this way, if there's an emergency Verizon or AT&T can support and connect the first 100 responders on their network. T-Mobile can support 140.

When first responders switched to T-Mobile, they tell us that they thought the other guy's dedicated network wouldn't congest, but it did when it mattered most. And this is why our incremental capacity can help save lives. And to illustrate the importance of 5G capacity and emergencies. I want to describe a customer situation in Allen, Texas.

Last year, an incredible tragedy was unfolding at a local mall. And the cellular traffic in the area surged by 150%. According to Fire Chief, Jonathan Boyd, if his team was relying on 4G as they had in the past, this surge could have overwhelmed the network leading to failed connections and there's no room for error in a situation like this.

He credits our 5G network for its ability to handle more devices, deliver faster speeds and reduce latency while keeping everyone not just first responders connected when it matters the most. Second, speed is critical when seconds count. T-Mobile's network is already 2.5 times faster than the competition.

We're augmenting this with T-Priority slice. The world's first network slice dedicated to first responders enabled and empowered by our 5G standalone core. Our dedicated slice is how we steer traffic across the largest fastest 5G network to give first responders up to 5 times more network resources than the average user, even and especially in times of extreme congestion.

Today, first responders rely mostly on FirstNet Band 14, which is 4G and has 10 times less capacity than our 5G network. And while priority and pre-emption will get first responders on the network. Our dedicated slice is what gives them the resources that they need to transmit the content for their mission critical applications.

Think of a slice like a traffic cop. It's always directing network traffic to ensure first responders have the best possible experience. It ensures they consistently get lower latency, faster 5G speeds and the highest prioritization across every single 5G band that we have at all times.

And in a truly rare situation of extreme congestion, our entire network effectively becomes dedicated to critical communication. In this situation, the slice will maintain a minimum service level for all first responders and 911 calls on the network.

And why does this matter? It matters? Because when there's an emergency, we need to ensure that video from body cams or drones or security cameras is being prioritized on the best network in America and getting back to first responders who need it to save lives. And let's be clear, our competitors do not have these slice driven capabilities today.

Third, let's talk about coverage. We cover 98% of the US population and we know however, that emergencies happen everywhere, even in rural areas out of reach for cell signals. We've made significant investments in 5G coverage in rural areas and we're working to bring satellite to cell coverage to areas previously out of reach for cell signals.

We have to date by far the lowest share with first responders in the market. This opens up another significant under penetrated market for us, starting with the biggest first responder agencies in the country, New York City. I'm thrilled to announce that the city of New York will be the anchor customer for T-Priority.

This is a true testament to the power of T-Priority, considering that New York City is the city that first net was initially built for. We designed T-Priority with New York City and for New York City. T-Priority expands our momentum with first responder agencies such as Chicago PD, LA Fire Department and smaller more rural cities like Peoria Arizona.

T-Priority is a great example of the kinds of solutions that we plan to bring to market in order to realize our growth ambitions for TFB. In closing, let me leave you with this. Our ambition is clear drive double-digit CAGR in our service revenue as a growth engine for T-Mobile, supported by continuing to be the share taker invoice across all of our segments and growing our solutions revenue by fixed wireless and 5G ANS and new solutions like T-Priority.

B2B remains an under penetrated market for T-Mobile with lots more room to run. And we've proven that our approach works, addressing new and under penetrated markets, leaning on our network leadership to innovate new solutions, purpose built for businesses and delivering customer first solutions and experiences designed for the modern era. With this proven approach, we will continue deliver outsized profitable growth.

Thank you guys for your attention.

Unidentified Participant

Please. Welcome back Michael Katz.

Michael Katz - T-Mobile US Inc - President, Marketing, Innovation and Experience

It's me again. Earlier this morning, you heard from Mike, the main Mike, not other Mike about the T-Mobile unique advantages that are giving us permission to compete in new areas outside T-Mobile's traditional core wireless business.

And just as a reminder, these include things like our 126 million customers, our distribution, both physical and digital, our brand, our leading 5G network that talked about earlier as well as our data. And we're already putting these advantages to work in businesses like our 5G broadband business.

And this is a business that you heard earlier has grown to be the fifth largest ISP in America. We've been the fastest growing broadband provider every single quarter since we launched 3.5 years ago and now serve over 5.6 million customers.

And first and foremost, the reason why we've been so successful is because this 5G broadband is a great product. It's a great product and it's a product that's getting better. Since the launch 3.5 years ago, our speeds for customers on 5G broadband have increased by more than 3X.

And because we've seen the performance improvements, customers are reporting satisfaction, which already has been the best in the industry since we launched ahead of every other broadband category. They're also reporting satisfaction, getting better, expanding our lead relative to every other broadband technology in the US.

And because this is an excess capacity, [fallow] capacity business, we are not making compromises between the how we're servicing our 5G broadband customers and our mobile customers. In fact, as performance gets better on 5G broadband and as we bring more customers on to 5G broadband, we have simultaneously seen our mobile customer experience get better.

Since we launched our broadband service, mobile speeds have increased by 6X. And we're seeing customers report satisfaction with our network at an all-time high. So this increased performance and increased satisfaction that we're seeing is what's powered us to get on track to where we are today, which is right where we said we would be last time at the Capital Markets Day.

And it's what gives us confidence about what Mike talked about earlier, getting to 12 million customers at the end of 2028. And we have a great plan to go from where we are today to 12 million all still inside our fallow capacity business model.

You know, earlier today, you heard from off about the capabilities and technologies, MNS team are deploying into our network to build the highest capacity mobile network in the US. And at the center of that, you heard talk about this that it starts with being the only end to end 5G network in America with a fully dedicated 5G mobile core in the center.

And that gives us unique 5G only capabilities that only T-Mobile has like massive MIMO and Multi-Carrier Aggregation, which are key ingredients to create this massive capacity network that we've built. And when you combine that with a spectrum deployment into 5G that's gone faster than even we expected, we are seeing areas of fallow capacity across the country that are beyond even our initial forecasts.

But let me tell you a little bit more of in addition to network on how we are getting to 12 million customers. And but one of the first things I wanted to hit is I want to talk about eligibility and supportability in a fixed wireless business because I think there's some confusion about this. Eligibility for 5G broadband or fixed wireless is quite different than homes served that you hear in like fiber businesses.

And the reasons it's different is because fixed wireless businesses leverage fallow capacity, which changes literally on a daily basis. And it changes for reasons like who bought 5G broadband yesterday. And what upgrades did all team make to our network and what mobile users where they're using service and how much service they're using.

So literally on an everyday basis, our fallow capacity and the households eligible are dynamic. And while we serve and have 70 million eligible homes today, these homes change every day. A subset of these homes can simultaneously be supported by 5G broadband and that's a smaller number, but it's rapidly getting larger because of all of the network innovations that we talked about earlier.

Plus, we have real innovations happening in home with some of the in home technology that I'll talk about here in a second. So because we have this real time, very, very good dynamics around who is eligible and who is supportable. Our marketing has become much more precise.

So we're able to look and see exactly who is resides inside areas of our network with foul capacity and target them with very specific messages. But we're also able to use the data that we've collected over the last 3.5 years to augment location with actual insights about usage that help us target customers that enable us to sell to more customers inside the same geographic area of fallow capacity.

So also over the course of running this business, we've seen big enhancements in CPEs. And CPEs are simply the routers that we put inside people's home that power our 5G broadband service. And we're at a point now where the CPE technology and the routers have become much more powerful. But we've also simultaneously seen the cost curve come down.

So the newest routers cost approximately the same as previous generation routers. And these more powerful routers with more powerful radios allow us inside fallow capacity sectors to approve more customers than we could before. And when customers take service inside of one of these areas, using one of these routers, they also get a better experience because they're experiencing less cell edge conditions, they get things like higher speeds and more reliability of connectivity to the macro network.

So all of this, all of this growth leadership and scale that we've seen is now a national broadband provider, combined with these unique assets that I and Mike talked about earlier are what gives us so much confidence as we move into the fiber business.

And since we're the fifth largest ISP with 5.6 million customers and customer scale across the country as a national broadband provider, we think there's real synergies with our fixed wireless customer base in markets where we're launching fiber. And I'll give you a couple of examples when our fixed wireless customers upgrade to fiber, which some will because some customers are looking for connections that are over a gig or symmetrical speed connections.

When a customer does that upgrade, they're getting a, a the kind of connection that they're looking for. But it also opens up a new incremental slot for additional 5G broadband customer inside of our fallow capacity. We also -- because we are running a fallow capacity 5G broadband business have pockets across the country where demand outstrips supply.

In fact, across the us, we have over a million customers on a waiting list for 5G broadband that we haven't yet been able to serve. And as we roll fiber out into markets, we can take immediate -- we can take advantage immediately of that demand and convert those customers into paying fiber customers.

Mike mentioned earlier about the acquisitions that we've done in fiber and we're really excited about these companies that we're going to be partnering with because these are the best, fastest growing, highest quality fiber pure play builders in the US.

And they have been tremendously successful as standalone companies, both building fiber but also penetrating their fiber footprints each with penetration 35% or better. And that's without all these amazing assets that T-Mobile brings to the table, our brand, our national distribution, our national marketing for broadband, our big broadband customer base.

And so we think with those advantages T-Mobile can take what have already been great businesses from a penetration standpoint and do even better. And we think we can do better in penetration while also using those advantages to get efficiencies in acquisition cost and servicing cost.

So I know I talked a lot about the broadband business, but we also think these unique advantages give us opportunities and permission to compete in other areas outside of our core mobility businesses.

And one example, I just want to take a second on today to talk about is T-Ads. Our T-Ads business is already today over \$1 billion business. And this is a business that's taking advantage of a lot of these assets that we've talked about later. Our big 126 million customer connections. Our 40 million T-Ad downloads that we'll have by the end of this year, our national store distribution.

And we're really focused on growth and T-Ads in two areas. One, is providing ad inventory for advertisers, leveraging T-Mobile's retail media network with things like digital screens, inside stores and screens inside rideshare vehicles. And the second is providing ad tech solutions to marketers, helping marketers more effectively target and reach their customers.

And in fact, one of T-Ads customers is T-Mobile itself. If you didn't know T-Mobile happens to be one of the largest advertisers in the US. And we think there's more opportunities to leverage these advantages into other smart adjacency because the un carrier brand can go into other categories and create better experience and better value for our customers.

And we think we can translate that better experience, better value in other adjacent areas to even more outsized returns for T-Mobile US.

Thank you all so much. We'll see you in a bit.

Unidentified Participant

Please welcome, Peter Osvaldik.

Peter Osvaldik - T-Mobile US Inc - Chief Financial Officer, Executive Vice President

Thank you. All right. Well, the caffeine may be wearing off, but by my estimation, we've arrived at the most dynamic and the most exciting portion of today. So let's hop right into that. I thought I'd get more laughs on that. Anyway, let me take one last opportunity to reflect on the past three years the results that we've delivered.

And obviously the plans that we shared with you were very ambitious. But more importantly, it's the detail that underpinned those plans. It's this team's focus on execution and looking around corners for risks and opportunities that allows us to deliver on those ambitions. And the last three years were a perfect example of that. Look, there were unprecedented changes in this industry in the world.

If you think about cables ongoing foray into wireless, if you think about a shift to more device centric promotions in the industry and of course significant inflation and interest rate changes not only affecting the industry and us, but also affecting consumers and businesses alike. Despite all of that, we delivered against those ambitions.

Not only did we succeed in pulling off the most successful telecom merger in history but simultaneously outgrew the industry from a customer perspective and translate that into ongoing industry leading financial results as well.

So why do we succeed? We succeed, because you've heard today, we are relentless in our focus on the customer. We are adaptable to dynamic environments and are always looking around corners. And frankly, we also have fun working together as a team. That same approach to how we planned and delivered our aspirations and ambitions from our last Capital Markets Day is what underpins the guidance that we're sharing with you today.

But we've heard a lot of exciting themes today. So let me just jump a little bit deeper into how those will translate into not only ongoing industry out performance from a customer growth and financial delivery perspective, but also the exciting capital allocation and shareholder returns that affords.

All right, so beginning with service revenue. But before I do that, let me set the stage, all of the guidance that we've shared with you today excludes the impact from pending M&A. So UScellular, Metronet, Lumos, are all excluded from the guidance elements and all would represent upside to what we're sharing with you today as and when they close.

So turning to service revenue, we're very excited that we now anticipate service revenue growth to accelerate. And that's fundamentally driven by a few things beginning with what you've heard today around ongoing profitable share taking. Whether that's across smaller markets and rural areas, and now proven strategy with consistent wind share leadership and tremendous room to run.

Whether that's in top 100 markets, both from network seekers in markets where we might already be number one, but also all the way down the compendium to markets where we're number three and actually behave quite similar to Smaller Markets in Rural Areas in terms of the playbook that we're running and the growth that that is generating.

In TFB, as Callie shared, not only growth in SMB enterprise government around core connectivity, but the ability to solve real problems for customers leading to TAM expansion beyond that. And of course, in broadband where our aspirations now to reach 12 million customers by 2028.

Aside from share taking, we see continued opportunity for ARPA expansion, something we've been focused on for quite a bit of time and again, that's driven by a number of factors first, higher featured and value packed rate plans.

We see consumers continue to be attracted to our highest tiered value packed rate plans both in new acquisition but also as John shared with the opportunity to continue in our base, attracting them as they upgrade as they have interactions to move to higher value rate plans.

In prepaid with our slew of brands and ability to address all customer segments. We see the runway for continued growth despite ongoing expectations of industry dynamics where prepaid is shifting to postpaid. And of course tremendous excitement around new businesses, whether that's in consumer TFB marketing, you heard things like SpaceX, T-Priority, which I couldn't be more excited about and our T-Ads business, which is a significant business already but has so much runway ahead of it.

Now most of that from new businesses, most of that is opportunity over and above the plan itself. But we see a lot of runway there not only through 2027 but fueling growth beyond. As I think about shaping, I anticipate 2025 relative to 2024 to be another year of exciting 4% growth.

And that's driven primarily by the fact we will hit the inflection point around wholesale revenue. Both from the impact of ACP a full year of runoff of ACP. But also the planned transitions of some of our NBNO partners like track phone that are continue to decline. So we see that being the low point and the inflection point with growth beyond 2025 accelerating. Underpinning all of that is postpaid service revenue growth that is continuing to grow at 6%.

All right on EBITA, equally as exciting to me is our ability to continue to deliver industry leading EBITA growth at a 7% CAGR, even as we are now past the period of rapid and massive synergy unlock. And that ability to continue to grow [EBITDA] is really just primarily driven by two factors. One, the ongoing profitable service revenue growth and being able to drop the marginal benefit of that revenue onto the fixed cost base and continue expansion that way.

But second through efficiencies, a lot of things you heard here today around the ongoing transformation in both the network and customer experience. If I think about the line items themselves and shaping through the period in cost of service, we have continual operating efficiencies particularly in the network that will partially offset our ongoing investment in more site build and upgrades driven and guided by customer driven coverage.

In SG&A, that focus on ensuring we're delivering the best digital customer experiences have the secondary benefit of driving up costs. You heard our aspirations today, whether it's moving to 100% of upgrades and the majority of our activations to be digital. In customer service, the continual evolution that will result in a reduction of 75% in inbound contacts while increasing customer satisfaction.

Those are big aspirations. Now, the plan we're sharing with you and what underpins the assumptions underpinning the 2027 guide aren't at those aspirational levels much like you'd expect from this team. We set very high aspirations and to the extent we reach those in 2027 that represents upside to the plan.

But more importantly, this demonstrates another element of customer Centricity and why we can succeed because we put the customer experience first. So many companies fail at this because they put cost take out as number one that is the guiding principle that drives them for us it is the customer experience and when you get that right, you will drive cost out of the business.

Okay, similarly, as I think about shaping for 2025, I'm expecting about a 5% year-over-year increase relative to '24 with core just that EBITDA driven by one, the inflection point again, of wholesale service revenue as well as very prudent ongoing enhanced investments in 2025 on this continuing transformational journey to unlock what we have promised in 2027.

All right, moving on to capital expenditures. So we see and believe vigorously, our \$9 billion to \$10 billion ongoing envelope represented here by, \$9.5 billion is the midpoint, but it's really \$9 billion to \$10 billion will not only maintain as we've heard today, but further extend our network leadership.

And that's built one on the best set of spectrum assets coupled with our technology leadership, not for technology's sake, but for customer experience sake, whether that's our 5G standalone core, whether that's voice over new radio or bonar, whether that's slicing or whether it's being the first as we announced today on deploying 5G advance all drive not only incremental capacity but also spectral efficiency.

And when you pair that with customer driven coverage, the approach you heard today of data intensive customer centric approach to the network build, again not only has the benefit of making sure you're enhancing the customer experience, but it also ensures that you are driving the maximum ROI on the CapEx that you're investing in the network.

Aside from the network of course, there's also IT platforms and other elements of CapEx here. And we're investing in those as we continue to drive this transformation. Whether that's front end, whether it's the digital, whether it's platforms, as you've heard, Callie speak about to enable consumers in the TFB space to self-serve or whether it's our back end elements, all of that is also ongoing transformation to make them more efficient, more scalable and more dynamic in order to support this ongoing growth.

All right. And with CapEx in had \$9 billion to \$10 billion range tremendously excited about the operating cash flow expansion that fuels a free cash flow profile that we believe will achieve \$18 billion to \$19 billion or an 8% CAGR through 2027. And underpinning that are some significant changes relative to today.

In 2027 we will be a full cash taxpayer and relative to today that drives an incremental approximately under today's tax laws, \$5 billion in cash taxes that is assumed in the \$18 billion to \$19 billion. We're also holding our leverage assumptions steady as we've spoken about through the day at 2.5 times, core adjusted EBITDA leverage, which with the core adjusted EBITDA growth in the pendency of this plan means for purposes of what we've assumed in the \$18 billion to \$19 billion that you will drive higher cash interest payments on the steady leverage against a growing EBITDA.

All of this though, as we said, unlocked continued leadership in free cash flow margin. And this to me, we get a lot of questions around EBITDA margin, relative to peers and how are you doing? And can you help me normalize?

That this is the measure that normalizes it all. It takes all the below the line core EBITDA line items it takes all the differences between CapEx and OpEx in the industry on owned back haul, leased back haul all the other elements. And it really gives you a picture of how efficient and effective are you at converting service revenue into free cash flow with free cash flow of course, being the unlock for further shareholder value creation in the form of returns, investments, et cetera.

And I couldn't be more excited about where we're going to continue to be in 2027. All right, well, that free cash flow generation of course gives us the ability to continue significant shareholder value creation. And to do that, we're going to continue with a very consistent capital allocation methodology beginning with how we set leverage targets.

And for us, it's very important to maintain a prudent leverage target, we're the lowest in the industry. And for purposes of this plan, we continue to assume a 2.5 times net debt to core just but a leverage ratio with of course, having flexibility to deliver slightly if necessary. We're always going to be cognizant of what's happening in the external environment and making sure that we're keeping this company tremendously healthy from a balance sheet perspective, enabling all of that growth.

Our first step after that is of course investing in the core business, we spoke a lot about the \$9 billion to \$10 billion in CapEx. That is the first order of priority in our capital allocation philosophy. After that, it's always working at, are there opportunistic high ROI value creating opportunities for us. And that can be across spectrum, that could be across M&A.

And if I look back from the pendency of just the merger, I think we've seen tremendously smart investments utilizing this opportunistic bucket of just slightly over \$15 billion in spectrum purchases since the merger and our ability to acquire and close on mint ultra, both of those creating high long term value creation opportunities.

And of course, beyond that, we're always looking to shareholder returns with the balance. And that is looking at a very balanced dividend and share buyback strategy to maintain flexibility. Again, we are a growth company and we are going to ensure we have all the tools to enable that success into 2027 and beyond.

And of course, another exciting things we have returned \$25.1 billion to date including last week's dividend. So how are we thinking about this going forward? We talked about that tremendous core EBITDA and free cash flow growth, create a compelling ongoing envelope. And we're going to utilize the same philosophy as we have in the past.

Mike mentioned, it begins with funding our strategic investments, our announced M&A transactions around UScellular, Metronet and Lumos. And when I think about those fiber transactions, we model those at being at or potentially slightly above 20% IRRs that is what makes it a very opportunistic smart value creating investment for us.

We've talked about the next allocation being up to \$50 billion of incremental shareholder returns incremental to the \$25.1 billion we've done to date. And I'm excited to announce that also includes our Q4 dividend beginning this year, increasing by 35% to \$0.88 a share.

And we see room on an annual basis to continue driving potential double digit per share growth in the dividend enabled again by the free cash flow generation. And when we step back and decide what's the right level of dividend, we want to make sure that we are maintaining it as a prudent portion of free cash flow.

And this is right in that mid 20% portion plus or minus. I'm not going to guide you to every year, but we believe that's the right level to not only increase the dividends sizably here but also maintain it as a very prudent portion of our free cash flow leveraging share repurchases for the balance of this program to maintain the right level of flexibility.

And as Mike mentioned earlier, that leaves us with \$20 billion of flexibility through 2027. Right now, it doesn't include anything planned, but we wanted to make sure we have the right envelope in front of you to have opportunistic M&A, spectrum potential deleveraging or that could be utilized for potentially incremental shareholder returns.

It is really truly what we wanted to maintain as really thoughtful additional capacity that can be allocated anywhere across our philosophy and our capital allocation framework. All right, well, the sum it all up before we jump into Q&A, that customer centric focus you've heard about today coupled with the best value, the best network and the best experiences combined with where are now proven share taking opportunities on the runway that each of those has in front of us and expanding TAM continue to have us delivering industry leading financial performance across the board.

Whether that's on service revenue, where we now expect increased growth to 5% CAGR which happens to represent over 4 times the industry peer group expected to consolidate the service revenue growth in the same period. Whether it's on EBITA, where our 7% CAGR represents a growth rate that is 3 times the expected growth of our peers.

Or free cash flow, which again normalizes for all the puts and takes below the line items and demonstrates not only our industry leading conversion of service revenue into free cash flow, but that represents the most efficient value creation mechanism in our industry.

And as I highlighted what's equally as exciting is this does not include our announced but pending acquisitions of UScellular, Metronet and Lumos all of which would represent upside to this plan. All right, with that, if you just give us a moment, we're going to get set up for Q&A and get right into your questions and thank you for making the time and the trips come over here and appreciate it.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

Hey, everybody. I know you're hungry. I hope you're not angry. We're looking forward to a great discussion with you and hopefully you can have seen by now how excited this team is about the next few years. So, Cathy, how's this all going to work?

QUESTIONS AND ANSWERS

Cathy Yao - T-Mobile US Inc - Senior Vice President of Investor Relations

(Event Instructions) Dave Barden.

Dave Barden

Hey guys, thanks so much for taking the questions. I appreciate it. Mike, it was really interesting to see you up there with um you know, NVIDIA and open AI and we talked about a lot of very interesting stuff which mostly I didn't understand. And but I would understand if you could put numbers around it, how much money is T-Mobile putting into this and how much money are investors going to get out of it? Would be a super helpful starting point. Thank you.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

Yeah. Well, everything we talked about over the next few years fits into the envelope that Peter just summarized at the end of the presentation. So the investments we make in all of our future network capabilities fit within the \$9 billion to \$10 billion CapEx envelope that we're outlining.

One of the things I said at the very beginning of the meeting was that we got to do all three things at once and we know that we have to drive growth, outsized growth and be the leader in growth we have to translate that into value creation, leadership year by year as we go along, we're doing that. But we also know we have to plant the seeds for the future and we have to spread our CapEx priorities across all three things and have a plan that fully realizes that.

As it relates to the open AI stuff that we talked about, those aspirations around things like 75% reduction in calls offered to us for customer service problems which we're well on our way to by the way or a 50% digital activations, 100% upgrades being digital, Peter snuck in a little comment there at the end I don't know if you caught it, which is the financial plan that we have shown you does not assume full achievement of those things.

So in other words, we put these big and by the way, those aren't the complete list. We have 11 what we call hero missions that are informing our customer journey transformation. We wrote them down over a year and a half ago. We have been heads down quietly building this plan for you for a long time. That's why we're confident enough to come out and say these things.

And when we achieve those hero missions, we will in the world where we do that, there is upside to this plan and we don't give you the extreme case, we give you the center of the wheelhouse case. So we're really excited about all that. I hope that answers the question, Dave.

Cathy Yao - T-Mobile US Inc - Senior Vice President of Investor Relations

Thank you, Dave. Next question. John, John (inaudible) up here.

John Hodulik - UBS - Analyst

Great. Thank you. John Hodulik from UBS, a couple follow up questions on the fiber to the home strategy. The cable companies obviously saw some dilution when they started with their wireless MB and OS and, and Peter from the guidance you gave on '25. It sounds like there's a, a bit of dilution as you pursue these transformative strategies.

Is there any way you could sort of bracket that for us and get the kind of spending that we should expect on that in '25? I realize it's not in the guidance but I guess it's affect, it appears to be affecting the '25 EBITDA growth. And then how should we think of that business longer term, both in terms of sort of penetration of that \$12 million to \$15 million homes and maybe the longer term margins of that business?

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

Can I start, Peter and then you jump in? I feel like one thing to clear is that the '25 growth which will outpace everyone in this industry when it comes to EBITDA, is on the marginal less than the CAGR. And that's not actually to do with fiber investments, that has to do with some one time artifacts. We're working our way through in '24 and '25 like long anticipated declines in the wholesale business.

Remember some merger driven wholesale that we always knew would kind of fall off around this time frame as well as an unanticipated decline in ACP related. Those are just one time artifacts and so they have nothing, they are overwhelmed by the momentum of this business, have nothing to do with fiber investments, but I had Peter to talk about the overall.

Peter Osvaldik - T-Mobile US Inc - Chief Financial Officer, Executive Vice President

No, that's exactly right, Mike, none of that presumes or the investments that I spoke about in addition to the wholesale inflection point are not related to fiber to the home. It really is related to ensuring this journey around network extension of the network leadership, as well as the transformational elements around the build and how we're investing in that build and the customer experiences to unlock the 2027 and beyond growth as well as some small investments.

Again, we make very prudent thoughtful investments that yield results later and around the new businesses that you heard, there's a portion dedicated to those that can unlock a lot more beyond 2027 as well. So it's kind of all of those elements but not fiber to the home.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

You asked about penetration and kind of business goals for fiber. One of the, and again, I go back to this and I and I do think this differentiates a little bit. When we give you a business plan, it's because we've been heads down working on it, studying it, conducting trials for a long time. And we've been kind of quietly talking about fiber for a couple of years now if you've been paying close attention.

So we've developed a lot of conviction that T-Fiber because of the things that Mike talked about the scaled 5G operation that we have in 5G broadband, meaning we're marketing broadband all across this country. Our customer base, our brand, our assets, our data, the trust we have with customers.

Will allow us to do two things. One, achieve marginally higher penetration than a standalone over builder could do. And two, get there more cost effectively. And if I can cheat and say three and serve those customers subsequently, more cost effectively.

And so those are -- and if you look at the overall CLV or IRR of a business like this, those are very material parts of the financial equation of an over builder. The fact that this is pure play, we've shown our bias in our first two transactions in this space that this is we like pure play. And our view is that moving to \$12 million to \$15 million homes with the elegance and simplicity of this business model and also hiring some of the nation's experts to do the part that isn't part of our expertise, which is actually putting the fiber in the ground is just a wonderful business model for us.

It allows us to build T-Fiber as a brand across each one of those transactions.

Cathy Yao - *T-Mobile US Inc - Senior Vice President of Investor Relations*

Thanks, Peter.

John Hodulik - *UBS - Analyst*

Thanks. I'll follow up on the fiber topic and I wondered how should we expect in the next couple of years? Your fiber joint ventures, I guess this is for Peter to contribute to your consolidated financials and specifically your PNL. And then looking out further, is there any reason we shouldn't imagine some or all that \$20 billion going towards buying in the balance of those ventures assuming that they succeed as you expect them to should they eventually be wholly consolidated within T-Mobile over many, many years it's a strategic question, not a 2027 question.

And then as a related aside, if anybody would comment on frontier, it's about the size of that \$20 billion bucket and obviously in the same strategic zip code you've discussed today, we'd love to know how you assessed that asset. Thank you.

Peter Osvaldik - *T-Mobile US Inc - Chief Financial Officer, Executive Vice President*

Yeah. Well, let, let me begin and anybody can pile on in terms of the financial accretion from these transactions. It's premature to say. The reason being one don't know exactly the timing of when they'll close. And secondarily, of course, these are private entities that I'm not at liberty at the moment ahead of close to really disclose where they're at from a service revenue or other perspective.

The JV construct, remember both of the JV constructs, we have the wholesale partnerships, but the JV constructs included are exclusive retail rights. So we're not only purchasing into the JV itself, but we're also taking on all of the exclusivity for consumer retail sales and that comes with all the customers that are there existing customers there.

So as I think about how it's going to contribute, it certainly contributes service revenue and EBITA so long as they are JVs, they'll also be, distributions from the JV. And we kind of painted a picture of the plan at least for metro net as it stated includes the ability for over \$1 billion in distributions back.

Those wouldn't hit the P&L necessarily, but certainly would be in the free cash flow, but we'll give you a more wholesome picture around service revenue and all of that as and when these elements close. Yeah.

G. Michael Sievert - *T-Mobile US Inc - President, Chief Executive Officer, Director*

Yeah. And I, as it relates to later consolidation of those assets, look, it's a total we'll see. And I'm sorry, that's a little unrewarding. But we really like this approach and it is not a foregone conclusion that we will exercise those options. There's no put, so there's no ability for the partner to put it to us.

It's completely at our option. And if it looks like a great idea for our shareholders down the road, we'll entertain that. On the other hand, we like the idea of being in business with some of the world's savviest investors in these areas and that construct may serve us for the long haul.

We can move from 50% to 50% and change as a subsequent step that costs almost nothing and allows us to consolidate and gain more control on the board, et cetera. So there's other options along the way that are available to us besides full consolidation.

The second thing I'll say is, we're not working on anything else in this space right now. So like these transactions are the transactions, we signaled previously that we're open minded about that and we've even showed our hand for the kinds of things we prefer but we're not working on it. It's just not, we're focused on these transactions they're both amazing opportunities. We're going to get them closed the way Peter said and then make them great. So that's our priority for right now.

You asked about frontier, we know the frontier guys really well. And I think it's fair to say we admire them and we respect them they've done some great work with that asset. That being said in our look over at this over the last couple of years, we have met just about everybody taking a hard look at options for our shareholders and decided to do the things you saw us do.

And I am really proud to be partnering with EQT and with KKR to acquire Metronet and Lumos. These, the elegance and pure play of these potential models and how T-Fiber will go against them. Kind of really draws on the DNA of this team. We like fast moving, elegant, simplistic business models like our mobile business.

And we understand that plunging into broadband a few years ago in 5G was a big leap of faith for you as our investors. And we showed you how successful we made that. And we also understand that augmenting that with fiber with T-Fiber is a bit of a leap of faith again that we're asking you to take with us.

And we will make it a giant success and partly by choosing strategies that draw on what we know, we're great at.

Cathy Yao - *T-Mobile US Inc - Senior Vice President of Investor Relations*

Craig Moffett, please.

Craig Moffett - *Moffett Nathanson - Analyst*

Thank you, Craig Moffett from Moffett Nathanson. I want to ask you a regulatory question that's sort of along these lines. You in buying UScellular, you limited yourselves to a relatively small part of the spectrum portfolio, presumably because of potential regulatory limitations, as you look for and now you've got these fiber deals.

As you look forward, there could potentially be some significant spectrum pools coming available from dish network. I wonder how you think about the -- what limitations or lack thereof that you might have in being allowed to buy significant amounts of spectrum. And similarly because I get the question constantly and I'm sure a lot of people are thinking about it. What's your view of the regulatory prospect of bringing wireless and cable together?

G. Michael Sievert - *T-Mobile US Inc - President, Chief Executive Officer, Director*

Ok, great. Well, there's a lot there, Craig. Let me start and I'm not a lawyer, but I do, I guess play one on TV. And I'll be looking at my lawyer who's going to give me nod or shake his head. Look, I think our advocacy on this issue has been pretty clear, which is, we believe that the US needs more spectrum for mobile, that US mobile providers and US competitiveness relies on this, I think we generally agree with our industry counterparts on that.

We need the FCC to get their auction authority restored and to actively work with other agencies to bring spectrum to bear for the American public and for an American competitiveness. As a part of that, we also believe that the spectrum screen methodologies that have been in place since the 3G era need to be modernized.

And that's been very clear in our advocacy as well. And that being said, when conducting a transaction like UScellular, expecting that will be modernized at the same time as the consideration of a transaction that we'd like to close quickly, probably wouldn't be realistic.

And so, and I do think modernization of it is realistic, but we want to get this transaction done and done quickly. So as you could see, it was designed in such a way that the spectrum that we would bring on doesn't trigger spectrum screen reviews.

And those are just reviews, those aren't hard caps and hard limits the agency's job is to make sure that any action taken is in the interest of the American public. That being said, we felt like structuring it this way was, was the best move for our shareholders and for both companies involved.

As it relates to, -- you were asking about cable. Look, I think it's a premature question, to me our strategy of being able to have a value packed offer unburdened by capital and that's here to stay for the long haul as technology advances and shows that mobile has a role to play in broadband to have that strategy with our 5G broadband and to augment it with what data shows, what physics requires in fiber will always be the best product, the highest capacity product that runs at the speed of light.

That is a great place for us to start down this path. And any other speculation about futures in the industry would be difficult to make.

Cathy Yao - T-Mobile US Inc - Senior Vice President of Investor Relations

Jonathan Chaplin, please.

Jonathan Chaplin - New Street Research - Analyst

Thanks Jonathan Chaplin from New Street Research. Two, I guess for Peter, could you give us a sense of what the retail EBITDA margins would be in the fiber business for you? And then the 20%-plus IRRs, is that just for the retail business or does that incorporate your 50% on the JV as well?

Peter Osvaldik - T-Mobile US Inc - Chief Financial Officer, Executive Vice President

Yeah. So it incorporates the 50% as well. So it's the holistic business and for each of them again, I can't go into details because we haven't closed yet. Each of them are a little bit different in terms of the economics that are allocated to the retail side or the equity side.

So it's hard to give a, this is the retail margin picture, but the holistic returns are 20% or potentially higher. Again, much like everything else that we approach with a conservative lens. This too, Mike mentioned that there's an opportunity for potentially more penetration than a pure financial investor or them themselves can get.

And there's an ability for higher CLVs from lower acquisition costs and lower servicing costs. We didn't make all of those elements into the 20% assumptions so that could grow that potentially as well.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

One thing that's not included is any benefit to our mobile business. We've been pretty clear that we're not doing this to defend our mobile business. And so that's not in the 20%-plus calculation. That being said, there, some evidence, it's hard to discern whether it's causal or correlative, but there's some evidence with both us and our competitors that, there could be churn benefits and other benefits to the mobile business as well.

Certainly as you think about synergies of having our teams tackle both things at once. There's some cost benefits. That being said, I'd be cautious about over relying on statements made about these kinds of things in the industry and that's why we don't rely on them and the numbers that we just shared with you.

Some interesting data points on this front like, okay. I heard one of our competitors recently say that they have much lower mobile churn where they have fiber. And so we looked at it and what we found was that we have much lower mobile churn where they have fiber.

Absolutely true. And we're growing our business in places where fiber exists and the best broadband wire line connections exist at a faster rate than we as a pure play provider give or take are growing our business in places where don't those things don't exist.

And so you see the cautionary tale here around causality, I mentioned in my remarks at the beginning of the day, that today and because people say, what about the coming convergence? And I'm like, well, it's here, when you've heard me use the phrase the -- it's in the run rate quite a bit over the last few years.

And what I mean by that is look today, over 80% of American households have the choice to buy their mobile service and their wireline broadband from the same company. And have had for over five years. Yeah, so this pressure that people think might be coming is in the run rate.

Jonathan Chaplin - *New Street Research - Analyst*

Can you just expand on that a tiny bit? So the markets where you're 30%, 30% within the top 100. Is there something that characterizes those markets versus the one where you're the number one? So the markets where you're second and third those markets where AT&T and Verizon or the ILAC, is there anything else that characterizes them?

G. Michael Sievert - *T-Mobile US Inc - President, Chief Executive Officer, Director*

Not really, other than the best we can discern it. Your two question cheater is, the best we can discern it is that it has the most to do with time since we achieved network competitiveness.

Cathy Yao - *T-Mobile US Inc - Senior Vice President of Investor Relations*

Mike Rollins, please.

Mike Rollins - *Citi - Analyst*

Hi, Mike Rollins from Citi. I'm curious if we could tackle the subject of upgrades and curious what the business plan anticipates over the next few years in terms of customer upgrades. And if you can give us a, near time update on what you've been seeing so far with this upgrade cycle.

And if I could sneak in just one last part, two year installment plan for T-Mobile versus your competitors at three, maybe talk to the cost benefit of staying with the two versus the three years.

G. Michael Sievert - *T-Mobile US Inc - President, Chief Executive Officer, Director*

Okay, great. Well, first of all on the recent launch. So another round of an exciting set of products from Apple. I think this one may unfold a little differently in terms of when the word of mouth value takes off because the principal differentiating feature is coming in a later software release. That being said sales are higher than last year, which is saying something because sales last year were quite strong.

And these are great share taking moments for us. I don't know, I get asked a lot. Is this a super cycle? I don't know what that is. This probably isn't it. But it's vibrant and it's higher than last year and we suspect that it will be drawn out over time a little more as people get the Apple intelligence features later, start showing their friends and generate later excitement as opposed to in prior years, it was a screen size, a camera, things like that that arrive on day one.

Now when we do earnings, I have a piece of paper in front of me and I write down your questions and now I already forgot your first one.

Mike Rollins - Citi - Analyst

Now, within the multiyear guidance, how you're expecting upgrade pace?

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

Absolutely. Well, we're at historically low upgrade rates. And that's driven by a dynamic that I think is a little different than with some other players. And that is that people are really satisfied with how their phone performs on our network. The customer can't disambiguate whether or not a slow non responsive device is due to the network being laggy or the device and at our competitors, they go trade in devices more often.

So, that's one of the things that's driving this, we have 80% of our customers already on highly capable 5G devices. And, so that's a dynamic that I'm sure plays into this. We like these two year plans. I don't know if I could break down for you, the benefits of it -- they're a little better for our cash management. I think customers feel a little less trapped. They seem to like them but I don't know, do you have anything to add to all that, Mike?

Michael Katz - T-Mobile US Inc - President, Marketing, Innovation and Experience

No, I mean, we like the two year plans and you've seen it as use as a differentiator and it's mattered, after and when we first launched as that uncare move around two year plans and the ability to upgrade sooner, it was one of our most successful upgrade uncare moves we've ever done.

And it's really helped fuel some of the growth success that we've seen over the past year. So we totally agree, customers like the flexibility of do it. They don't want to be stuck. And what we find with a lot of customers are in these three year contracts is they're surprised. They don't, really realize they're on a three year

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

And they feel trapped. If you have much lower satisfaction than we have and lower churn, there's a word for that. Trapped.

Mike Rollins - Citi - Analyst

Thanks.

Cathy Yao - T-Mobile US Inc - Senior Vice President of Investor Relations

Rick, please.

Ric Prentiss - Raymond James - Analyst

Ric Prentiss, Raymond James. I want to get back to Churn. You hit on it early in the day, Jimmy Kimmel called it Chernobyl at the Disney upfront. So everybody's affected by churn and recurring business model. Churn is a huge item. How much -- what are your aspirations as far as how much you can improve? How does AI play into that and what's in the plan?

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

Market leader, possibly adjusting for some amount of trappiness. So, which would only be a temporary artifact, but we see our way to being the leader. And I can't give you a time frame on that, we didn't guide on it. We got standalone T-Mobile to leadership just with customer love. And now we have customer love plus the best network.

What's interesting is we showed you two different sets of network stats today and I hope we did a good job separating them off showed you we have the best network. But then later, Mike showed you that and John showed you that we're making our way towards the best network reputation. We're not there yet. We're, right in the pack and that's big upside for us as people discover that.

And so, and by the way, this is a not a blind wine tasting. Okay. So like this is each customer base rating their own service compared to the other customer base rating their own service. But remember customers at one of our competitors bought that product because it was the best network and admitting that it's not, is telling yourself you didn't make a great choice.

So your inherent selection bias is already built into that. And we're being rated by our customers exactly give or take a point within the margin of (inaudible) exactly the same as their customers rate theirs and our curve looks like this and theirs looks like that.

So it bodes really well for our ability to keep solidifying this reputation with our customers and bring churn down. And that's before everything we talked about around the potential magic of intense CX and what we're doing to transform around data and AI.

Peter Osvaldik - T-Mobile US Inc - Chief Financial Officer, Executive Vice President

How we've approached this in the plan is very similar to other areas where yeah, we do have a belief that there would be a modest the assumption underpinning the plan is a modest small decline in turn, but way different than our aspirational elements that again could provide upside.

Cathy Yao - T-Mobile US Inc - Senior Vice President of Investor Relations

So we're going to Jim Schneider and then we're going to [Kanan] go that way. Thank you.

Jim Schneider - Goldman Sachs - Analyst

Good morning. Thanks for doing this, Jim Schneider from Goldman Sachs. I was wondering if you can maybe comment broadly speaking, realizing there's nothing in the plan today above and beyond the transaction you need to have announced. But what are your ambitions for fiber scale over time beyond the \$12 million, \$15 million you've already announced?

Is your bias fee much bigger than that footprint you've talked about? And then maybe just comment on how you plan to segment the market for broadband in areas between fixed wireless and fiber in areas where you offer both. (inaudible) speed, et cetera.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

Yeah, absolutely. Let's start with the second one. I'll have Mike comment on it. You talked a little bit about that in your remarks and then I'll come back to the aspiration.

Michael Katz - T-Mobile US Inc - President, Marketing, Innovation and Experience

Yeah, I mean, one of the things that we think gives us a real advantage as we move into fiber is the fact that we have customers today that have tried to buy fixed 5G broadband from us and we haven't been able to support them because of our fallow capacity model.

So we think there's immediate opportunity for us to take that demand and convert it in paying and paying fiber customers. So that's one of the things that we think gives us an immediate advantage as we launch fiber into markets.

We also think that these are really synergistic products and there are 5G broadband customers that at some point may be looking for a broadband solution that does things like one gig speeds and symmetrical speeds and fiber will give us an upsell for our fixed wireless customers.

And like, I mentioned earlier, the beautiful thing about that is when those customers upsell because of our file capacity model, it opens up an incremental new slot for a 5G broadband customer. So we are going to take -- our plan is to that, your question is, we have a scaled national go to market, set of capabilities that we've already built right now to support fixed wireless.

We are leveraging that is in our fiber deployments, along with some of some unique local capabilities. Many of which have been really well tuned by the companies that we're partnering with things like door to door knocking and stuff like that, that we're starting to bring into our model to augment it.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

As for you'll find this a little unrewarding. I'm sorry, as for our fiber ambitions, we don't have any. So in other words, our plan is with these partners to get to \$12 million to \$15 million households or more. And to the extent we would entertain more, it would be for the very simple reason that we've looked at it and decided we can bring a fantastic product to market that we otherwise couldn't, that will delight our customers and we could generate a superior IRR from that.

And we'll be thoughtful and opportunistic about that to the extent we pick up future discussions in this area and it will compare it to other things we could invest in to create momentum. So the one thing that differ, we differ versus some others is that we aren't trying to achieve scale. We have scale now in broadband.

And we aren't trying to defend our mobile business. We aren't fearing a future convergence because we live in a converged world. This market is very, very different than other markets around the world in terms of how it operates and the importance of mobile decision making and the overall [milieu], the importance of bundling and how it affects mobile decisions.

It is fundamentally different than Europe and other markets and will remain so. That's our thesis and that's why we keep executing as the world's one of the world's best, perhaps the best mobile pure play business. So to the extent that we're interested in fiber, it's because we've spent years and billions of dollars building capabilities that on the margin will allow us to get a superior return and delight customers versus a purely disinterested financial investor.

And if we see such an opportunity that augments that in the future, we will engage and look at it closely.

Cathy Yao - T-Mobile US Inc - Senior Vice President of Investor Relations

Kanan, we can go over to Andrew afterwards?

Unidentified Participant

Thank you. So Peter, I guess in terms of mix of growth, I mean, when we look at your guidance, there's components such as advertising which is very high margin and growing double digits. And then of course, you have business which is growing double digits, it will have a much bigger critical mass as you go forward compared to what it's had so far.

So when you think about the mix of growth, it feels like consumer just from a mixed perspective, will be a little lighter than it's been relative to the past and other businesses may contribute more and more. Is that a fair read first of all?

And secondly, when I think about the ARPA growth that you've guided to, -- given the mix shift towards say business and enterprise, I mean, that tends to be a little bit more dilutive to pricing. Is it fair to then say that maybe consumer will rely a bit more on pricing going forward compared to what you've seen so far? Thanks.

Peter Osvaldik - T-Mobile US Inc - Chief Financial Officer, Executive Vice President

Yeah, well, I'm not here to give them unambitious goals. (multiple speakers) When you think about it, kind of what we showed you is in the postpaid space. So prepaid again, predominantly basically all consumer we expect ongoing modest growth in prepaid.

So just like we've been able to extract tremendous, not only value for customers but also continue to grow that business in light of what's happening from an industry dynamic perspective, we see that continuing on. And in the consumer space, the postpaid space now John has tremendous runway ahead of him. Callie has tremendous runway ahead of (inaudible)

And that's why you saw -- when we talk about other businesses, it's predominantly outside of postpaid where we see that growth. So when I gave you a guide that we're going to have continued 6% postpaid service revenue growth, it's 6% but it can continue to be on a bigger base to your point.

So every year, it's more dollars, absolute dollars of a growth. So there is a lot of runway in smaller markets, rural areas, top 100 there's a tremendous amount of opportunity in the TFB space and of course, broadband continued growth there.

And then from an ARPA perspective. So I think when you're referencing TFB there's definitely that dilute of impact on ARPU, right? From an ARPU perspective, when you think about mid-market, where Callie is targeting growth and enterprise and government, you actually get large posts, right. Because you have a deeper relationship with them that can continue to grow beyond the core phone connectivity. So no, every element of this team is growing and not slowing down.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

We think ARPU is a better model. I mean, it's really hard to kind of parse this unit economics when you think about a growing business because as Callie pointed out in her presentation, our CLVs in business are growing and they're really attractive.

And so while you have lower ARPU there, you also have lower unit costs and you have great ROI on a unit of effort and great and even better ROI on a unit of effort. When you adjust it for the amount of network capacity consumed per dollar of lifetime margin created we call this network return this metric return on network.

And so it's great. And then, and people put it in their spreadsheets and say that's dilutive and they're like, no, your spreadsheet doesn't look at it the right way. And that's why it's important to look at it a little bit more holistically. I'm not saying you do that but I'm just saying generally, I get those questions.

Cathy Yao - T-Mobile US Inc - Senior Vice President of Investor Relations

Andrew.

Unidentified Participant

Hi. It's Andrew (inaudible) research. I was just wondering how your \$5.6 million fixed was access customers skew between Metro and SMRA and how that might change, given the sort of capacity changes that was talking about and the planning that you've got there.

And I mean -- and is there a way of getting more open access fiber in Metro? It's not obvious to me. I guess I'm just coming at it from the perspective of, you want to grow your Metro mobile share and that's where your rivals might have an advantage. What are the ways you can counter that?

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

(inaudible) can you explain the last part again?

Unidentified Participant

Well, you may not be any of their numbers of the 400 basis points of extra mobile share where they have fiber, but I mean, that's probably where they have an advantage. It's where you have the highest?

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

I also have higher share where they have fiber. And so what's interesting that others may not. So those two trade off against each other. But we are growing as fast where they have fiber as where they don't have fiber. And our overall share penetration of accounts is higher where they have fiber than where they don't have fiber just like theirs is.

And so what's interesting is this is a big complex dynamic market and there's plenty of room for losers from their share, but so far it's not us. So back to your first question though about the dynamic of what we're seeing in with our um 5G broadband business as it relates to top 100 markets, smaller markets in rural areas and how that might change any thoughts about that.

Jonathan Freier - T-Mobile US Inc - President - Consumer Group

Yeah, I would say it's still playing out exactly how we've said in the past in terms of the split between smaller markets and rural areas and top 100. What we continue to see, remember our share position is lower in SMRA than it is in the top 100 markets. Of course, outsized in some of the top 100 markets a lot more.

And it just creates a new front door for us and a conversation in households that might be a little harder to have without the fixed wireless 5G broadband product. That's just a catalyst for ongoing mobile growth and been one of the big reasons why we have had the kind of success that we've had in smaller markets and rural areas over the last three years based on that product and the catalyst of that product.

And, from an overall capacity perspective, I don't think I see a whole lot of change.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

It's kind of in the runway. Right auction 108 changed that dynamic a little bit recently. You can speak to that.

Unidentified Participant

I'm asking I was already coming to it from the other perspective that, it's a risk in the metro rather than, I can see it's a huge opportunity in this [marine].

Ulf Ewaldsson - *T-Mobile US Inc - President - Technology*

It is, now necessarily with the customer driven coverage AI approach. It's not necessarily, even though my example was from Lake Tahoe and Sacramento, it's not necessarily so that all those expense in the rural side would automatically be, subject to upgrades and changes. A lot of it is opportunities in areas where we are less present today that really will bring a lot of value to customers that don't even live there far away, et cetera.

So we will see how this plays out over time with how much upgrades and how much we move. But we are overall very satisfied with a new building model that can give us the real value instead of just going at it at the old approach where we would just take a highly populated area and throw money at it. Then auction 108. Yeah, that led us to a big, big opportunity to be able to provide more capacity, especially in rural areas.

G. Michael Sievert - *T-Mobile US Inc - President, Chief Executive Officer, Director*

So the last word I'll have on this is, I'm not really worried about the thing you're worried about. And I think one of the reasons for that is that you have to keep in mind that even this new big bold aspiration, it moves us from a single digit to like just barely a double digit aspiration of final penetration.

And so like there's plenty of room even in urban areas for people that want a low cost, great product, that's highly flexible, that's actually designed for apartments and for people that move around and that's elegant and simple, highest net promoter score in the industry targeted more towards, not targeted but enjoyed widely by young people, et cetera, et cetera.

And so, I'm just not -- if I was trying to tell you like we're going to penetrate 50% with this product, then you'd be like, but where our aspirations are, I'm just not worried about our ability to compete in urban areas.

Cathy Yao - *T-Mobile US Inc - Senior Vice President of Investor Relations*

Sam, please.

Sam Mchugh - *BNP Paribas - Analyst*

Awesome. Thank you, Sam Mchugh from BNP Paribas. I didn't see any specific targets on market shares in small or rural this time if you have any good anecdotes on how you're performing in some of those early build markets and then just a small clarification on the shareholder returns is the \$50 billion as of the end of 2Q or are we talking as of today, any small clarification that would be helpful? Thank you.

G. Michael Sievert - *T-Mobile US Inc - President, Chief Executive Officer, Director*

Want to start with that one?

Peter Osvaldik - *T-Mobile US Inc - Chief Financial Officer, Executive Vice President*

Yeah. The \$50 billion is from today forward. So if I look backwards, including last week's dividend that adds up to the \$25.1 billion, the \$50 million is incremental to that.

Sam Mchugh - *BNP Paribas - Analyst*

Let's go back to your first question again. Tell me again. Remind me what?

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

Oh yeah, -- sorry. I kind of knew that this would be sort of conspicuous. Sorry about that. It's just when we did this last time. We were nowhere, and so we felt like we needed to kind of share that we could do this set in the intermediate target, give you updates on how we're doing so that you could come on the journey with us that this is real we're not kidding ourselves, et cetera.

And but what's different now is that this stress is very well proven. We've given tons of updates on the journey along the way. The guidance we did give is much more bold than that and different than we gave last time, which is we will lead this market in overall postpaid net editions every single year of this planning period.

Because of these under penetrated segments across all three of business, including all the pieces underneath business that Callie unpacked for you, network seekers in the top 100 markets and in particularly in the 60% of those where we don't already lead and smaller markets in rural areas where the last time we updated you well on track to smash that initial 20% target.

But remember we also disclosed today that our wind share is now number one in the market as of this year, brand new news and double our market share. And so that should give you an idea of how our aspirations look.

Cathy Yao - T-Mobile US Inc - Senior Vice President of Investor Relations

Walt Piecyk.

Walt Piecyk - LightShed Ventures - Analyst

Thanks, Walt Piecyk from LightShed. Mike, when you were up there with [Gensen], you were, I think at one point you were saying when you get these new products and they compute that you're going to use them and then they'll lay fallow. Were you implying that excess compute power is something that you could then sell to a third party.

Are you using it internally for applications? I think you kind of teed him up for that and then he went a different direction in his answer. So maybe can you put some more meat on that and say, is it part of the current contract track or is it something maybe as a future revenue opportunity?

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

Yeah. No, it's thanks for bringing that back up. Well, it's an aspiration. So all this stuff's pretty far out in the future. So this was our chapter where we're future casting. But our view is that as you look at how AI is unfolding, it's unfolding like every other technology innovation of our lifetime in one aspect, which is it starts with simple text and then turns into more immersive experiences later, right.

ChatGPT came out, ChatGPT came out two years ago and blew all of our minds like you can type it questions and it will type back answers it's all text, right? And then we started getting into photos and now we're seeing videos and what we're talking about. And we demonstrated in our video today is real time dynamic avatars with facial movement and face recognition.

The idea of AI in the future to help mobile users process the world they're living in in real time and give them immediate second by second, salient information about their present circumstances like when you walk up to me and I haven't seen you, I think since the trial and it says and it whispers in my ear that's Walt Piecyk because it knows you and it's instant and second by second.

So these kinds of AI workloads will increasingly demand that processing hap happened on the device which we're starting to see. But there are obvious limitations there or on a cloud near the device. And that's a business opportunity that we see in the future, there are \$0 in our plan for this. But we do see that running third party AI workloads in our Magenta cloud near the customer end point may be something that we can add value to the world with.

And there's nothing in our contract about this because that cloud would be ours, not belonging to our partners. And so what we would be doing is, assembling the network technologies to do it in the future.

Walt Piecyk - *LightShed Ventures - Analyst*

Clarification point. Would it be you selling that as the cloud provider or would you also maybe allow a third party like one of the hyper scalars to come in and take over and just basically have access to that and then?

G. Michael Sievert - *T-Mobile US Inc - President, Chief Executive Officer, Director*

The business models are TBD here. But we would be -- let me just summarize, we would be very open minded about partnering. If there's a way we can, we're a deep partner with all three, probably deepest with Microsoft Azure. But we're also work deeply with AWS, we work with GCP.

Those are the scaled providers and you saw we're working with OpenAI that right now, all the workloads are processed in Azure, but they're a close partner of our. So there's lots of flexibility here. And if we can add value to our partners and have like joint product organization and go to market in the future, that's one area to explore, it's pretty speculative at this point.

Cathy Yao - *T-Mobile US Inc - Senior Vice President of Investor Relations*

Ok. We've got time for one last question. We'll go in the back middle here. And you know what, we'll take a question from Sebastiano right after and then we'll wrap for the day,

Avi Greengart - *TechSponential - Analyst*

Avi Greengart with TechSponential. So capital markets, let's ask about capital allocation specifically around, how are you thinking about device subsidies? That's sort of a follow on question to the two year, three year thing, we're seeing -- with your improved network we're seeing that some of your competitors are offering just ridiculously generous trade in and incentives to give very, very expensive devices to their customers at a reasonable price for them, not for the carrier. So how are you looking at device subsidies on a short term and a long term basis,

G. Michael Sievert - *T-Mobile US Inc - President, Chief Executive Officer, Director*

They went up 2 to 3 years ago by quite a lot. And since then, I'd say the competitive dynamic has been reasonably consistent. Works for us, you see in our revenue growth, EBITDA growth, cash flow growth, we're competing and winning, where the market share gainer, we're winning switchers, Q2 was the best Q2 we've ever had in postpaid phone net editions.

So we're doing great in that context. What they're doing and how they justify it and how all that works out for them, that's not up to me, but I can tell you that our strategy has been pretty consistent. It's very customer oriented and the evidence suggests it's working great.

Cathy Yao - *T-Mobile US Inc - Senior Vice President of Investor Relations*

OK. And our very last question will come from Sebastiano.

Sebastiano Petti - JPMorgan - Analyst

Hi, thank you, Sebastiano Petti, JPMorgan. So just I know you Peter, I think you said you can't necessarily talk about Lumos, Metronet because their private deals haven't closed. But what gives you confidence perhaps maybe in the build targets, right? Because you're talking about, I think Mike, you said 65,000 locations being built this month by Metronet, but you need to double that perhaps to kind of get to that level over time.

And so maybe the confidence in getting to your build targets and then while not necessarily clearly identifying a pen rate, maybe a little bit of longer term kind of color on how you the shaping of that business.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

You want to go Mike. Mike, you want us to jump in on that one.

Michael Katz - T-Mobile US Inc - President, Marketing, Innovation and Experience

I mean, our confidence is really driven by if you think about that build rate that puts them as the fastest pure play fiber builder in the US. And when I say when we say pure play, meaning they're not converting existing copper assets to fiber they, this is all Greenfield fiber builds.

And they've been the most successful in the entire country at it. Lumos is right there behind them. So they've done an incredible job ramping up their operation and putting fiber into the ground. And we think the combination of us together with the financial partners and the assets that we bring, allow us to more rapidly build fiber even than they are doing today.

But as importantly as they put fiber into the ground, rapidly convert that fiber into using paying fiber customers at a rate that's better than what they've been able to do on their own.

Peter Osvaldik - T-Mobile US Inc - Chief Financial Officer, Executive Vice President

And, and remember that \$12 million to \$15 million target also includes wholesale partnership. So some tremendous builders on that side where the relationship is just a little bit different. So we have tremendous confidence in the build. It's proving out in fact that last month that Mike stated is a little bit higher than what we anticipated in the plan. So it's going fabulously well.

Cathy Yao - T-Mobile US Inc - Senior Vice President of Investor Relations

Well, thank you all for joining us. The lunch is outside and upstairs there are people to guide you there. We'll have a cocktail style reception during lunch for the next 30-ish minutes or so. But this concludes the formal portion of our event.

G. Michael Sievert - T-Mobile US Inc - President, Chief Executive Officer, Director

It is so great to see so many familiar faces. Thanks for your engagement on this long, long morning, but we wanted to pack all the information in once every 3, 3.5 years. You're amazing. Thank you for your support and your belief in us. We couldn't do all this without you. Appreciate you. Thank you.

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.

©2024, Refinitiv. All Rights Reserved.