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OVERVIEW:

Company Summary

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PRESENTATION

Operator

Good morning. (Operator Instructions) I would now like to turn the conference over to Cathy Yao, Senior Vice President of Investor Relations for T-Mobile US. Please go ahead.

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

Good morning. Welcome to T-Mobile's Fourth Quarter and Full Year 2024 Earnings Call. Joining me on our call today are Mike Sievert, our President and CEO; Peter Osvaldik, our CFO; as well as other members of the senior leadership team.

During this call, we will make forward-looking statements, which involve risks and uncertainties that may cause actual results to differ materially. We encourage you to review the risk factors set forth in our SEC filings. Our earnings release, investor back book and other documents related to our results, as well as reconciliations between GAAP and non-GAAP results discussed on this call can be found on our Investor Relations website.

With that, let me now turn it over to Mike.

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

Okay. Thanks, Cathy. Good morning, everybody. My senior team and I are coming to you from New York today, ready to close the books on a fantastic 2024 for T-Mobile. Before we start, I'd like to first express that our thoughts are with everyone affected by the devastating California wildfires. And I want to thank our team members who worked tirelessly to keep Californians connected.

Our network held up very well during the emergence restored to 99% within a few days, thanks to advanced network self-optimizing technologies. And in addition, we activated T-Mobile Starlink satellite to cellular capabilities on an emergency basis, allowing customers to send hundreds of thousands of texts and receive emergency alerts via satellite even from affected areas. As we speak, our people remain on the ground, engaging in community support and we'll continue to do what we can to help.

Okay. Let's shift to those fantastic 2024 results, which I know you're all eager to hear about. Once a year, at the end of the year, we have the opportunity to widen the aperture a little bit, and let's start with growth. In 2024, more customers than ever before, decided to join the Un-carrier. We delivered our highest-ever postpaid phone gross additions.

We also saw our best-ever postpaid phone churn. In fact, 2024 marked our third straight year of more than 3 million postpaid phone net additions. Now sometimes I get asked whether our greatest growth years might be in our past. So, I want to be clear. In our storied growth history, 2024 was our greatest growth year ever across multiple metrics and we finished strong.

In Q4, we once again led the industry in postpaid phone net additions with 903,000, growing our share of households year-over-year across both the top 100 and smaller markets in rural areas, while leading the industry in postpaid switching share.

At the same time, we continued to deepen our relationship with customers and meet them where they want us to be. Many are taking the opportunity to self-select up the rate card. In Q4, we continued to see over 60% of our new customers selecting our premium plans and we grew our postpaid ARPA at the highest rate in over seven years.

As you know, a big part of our growth trajectory centers on tapping into digital to transform customer experiences, and we're already seeing great results from our efforts in this area. And one example is our flagship digital platform, T Life. Customers are loving it. We said we'd see 40 million downloads by the end of the year, but we saw more than 50 million and with some incredible engagement numbers. And we are just delivering industry-leading growth in consumer mobile. We're also doing it in business.

In Q4, we delivered our best-ever quarter in phone net additions, our best-ever quarter in phone net additions and saw our lowest ever total postpaid churn, driving our tenth consecutive quarter and positive port trends across every part of the T-Mobile business group.

An example of this momentum, I'm excited to share that the City of New York awarded us with a significant contract, which includes services for the city's public safety network. Look, there's no city in the country with higher standards or more complex needs than New York. Given our differentiated ability to deliver network capabilities, including our groundbreaking T priority service that I first unveiled to you at our Capital Markets Day.

It's no wonder the City of New York chose the T-Mobile network to keep their team connected. Speaking of network, third parties continue to affirm our leadership. In January, OpenSignal named us the winner in all five overall network experience categories. And Ookla, once again recognized how our network outperformed others across the country by a lot.

I promised you that we would not just defend, but we would further extend T-Mobile's 5G network leadership for the long haul, and that is exactly what we're doing. Let's hit on growth some more. This time, turning to our 5G broadband offering.

We captured our highest-ever share of industry net once again this year. And in Q4, for the 12 quarter in a row, we led the industry in broadband growth with 428,000 net additions. We also updated our pricing construct, allowing us to compete for the most price to certain customers while simultaneously creating opportunities to self-select up the rate card to more feature-packed plans.

In fact, in Q4, we delivered our highest year-over-year broadband ARPU growth. And we did it while simultaneously winning customer hearts with superior value. That is a great formula. And it's consistent. We have sustainable long-term structural advantages allowing us to continue to offer the unique combination of best network, best value and best experience and we have lots of room to run.

Let me be clear, we are not chasing growth for growth's sake. In fact, we're focused on delivering thoughtful, smart, and profitable growth and that translated to industry-leading financial growth in 2024. In Q4, our postpaid service revenue grew over 8%, a rate more than double that of peers.

We saw our core adjusted EBITDA growth of 10% in the quarter and 9% for the full year, continuing to lead the industry by a wide margin. And for the full year, we delivered our highest-ever diluted earnings per share, paired with our highest-ever free cash flow of \$17 billion, generating industry-leading cash flow conversion from service revenues of 26%. This outsized cash generation has allowed us to return a cumulative \$31.4 billion. The stellar year we just delivered, along with the strong Q4 exiting momentum sets us up extremely well for 2025.

In fact, we're starting 2025 with our highest-ever beginning of the year guide for expected postpaid net additions. And in addition, we're increasing our service revenue growth expectation for '25 versus what we shared just a few months ago. Peter is going to share our detailed guide in a minute, but it's clear that 2025 will be an exciting year that should outperform prior growth expectations while also setting the table for '26 and '27 with important network investments and transformation investments.

Also, I am pleased to say that the next time we do this, Srini Gopalan will be here at the table with us as our new COO. You may have seen our news on this Monday about his appointment starting March 1. As we get deeper into our Challenger to Champion plan, arguably the most exciting chapter in our history, I decided now is the time to return to having a COO at T-Mobile, so I can have a left-to-right operating partner. And therefore, focus even more of my time on our longer-term opportunities and strategy.

Srini is the right guy, and one of the reasons for that is he is well known to all the rock stars here at this table. I can't wait to see his impact. Let me wrap up by expressing pride in our incredible team who produced these powerful results. This is a team who sets out to do hard things and is full of ambition. And often, we actually even over deliver on those ambitions. Our 2024 results speak for themselves.

But what I'm more excited about is the clear-eyed strategy we have for the future and the momentum running into '25 that should allow us to not only deliver strongly this year, but position us even better for '26, '27 and beyond. This team is laser-focused on consistent execution and value creation, both for the short term and the long term, and I have never been more excited about what's ahead. All right, Peter, over to you to provide an update on our guidance.

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

All right. Thanks a lot, Mike. As Mike already mentioned, we delivered industry-leading results in 2024, and that momentum is carrying on through 2025. So, starting with customers. We expect to deliver total postpaid customer net additions of between 5.5 million and 6 million, our highest ever beginning of the year guide. We expect approximately half of that toll to be postpaid phone net additions also representing our highest-ever beginning of the year outlook.

The strength we've seen in our service revenue growth underpins our expectation to now deliver approximately 5% growth in service revenue for the full year up from the 4% we indicated during our Capital Markets Day. As part of that service revenue growth is our expectation for postpaid ARPA growth of around 3% for the full year as we see continued deepening of customer relationships and continue to find opportunities to optimize our rate plan structure.

We will intentionally leverage the strength in our top line to both fund our highest ever beginning of the year, total postpaid net customer additions expectation and also bolster investments across our network and digital capabilities, not only to deliver on 2025 but continuing to set up momentum against our multiyear guide. In line with what we told you in September, we expect core adjusted EBITDA to be between \$33.1 billion and \$33.6 billion for the full year, up 5% at the midpoint.

Turning to cash CapEx. We expect cash CapEx to be approximately \$9.5 billion as we outlined for you at our Capital Markets Day, fueling the investments to not only maintain but extend our network leadership. Finally, we now expect adjusted free cash flow, including payments for merger-related costs in the range of \$17.3 billion to \$18 billion driven by both margin expansion and capital efficiency, resulting in industry-leading service revenue to free cash flow conversion.

To add some more color on this, this includes an expectation for 2025 cash income tax payments of approximately \$700 million based on current tax policy and increased cash interest payments of approximately \$3.9 billion adjusted EBITDA. And I want to be clear that none of this contemplates the impact of our announced and pending M&A. We remain on track to close our outstanding transactions between early to mid-2025 and we'll provide additional information after they close.

So looking back, 2024 was another strong milestone year that continued to highlight our consistent execution, delivering industry-leading growth once again. And we are so excited for the long runway we have to further deliver our profitable growth in the years ahead. And with that, I will now turn the call back to Cathy to begin the Q&A. Cathy?

QUESTIONS AND ANSWERS

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

Okay, let's get to your questions. (Operator Instructions) We will start with a question on the phone. Operator, first question, please.

Operator

John Hodulik, UBS.

John Hodulik - *UBS Equities - Analyst*

Maybe first on the -- Mike, on the guidance, the 5% service revenue growth. And Peter, I think you sort of teased it out a little bit, but are you assuming faster postpaid service growth or sort of less of a slowdown on the wholesale side? Because wholesale obviously sequentially, which surprised us this quarter.

But maybe a little color on what's going on in terms of the piece parts there. And then on the postpaid sub guide, the -- I'd say the guidance sort of goes against the narrative that we're seeing slowing growth in subscribers. Can you talk about your confidence against that dynamic to put up these type of numbers? And is it driven more by sort of changes in gross adds or potentially better churn as we look out into '25?

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

Well, I'll let Peter start with the revenue guide, especially compared to what we saw a few months ago and then maybe I'll start on the postpaid subscribers and see who else wants to jump in.

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

Perfect. Thanks, John. So yes, your question around wholesale. So, remember, what's happening in wholesale has long been foreshadowed and planned for us and particularly what's happened with, as we anticipated, both track phone as well as DISH as they build their own network and offload off of our network that we would see the tapering of those two ultimately going to zero. And what we foreshadowed at Capital Markets Day is that 2025 would be the low point for wholesale revenue and with growth thereafter.

Because underlying those two things plan to come off, there's growth in the wholesale base for us. So, I'd expect probably the exit rate being very similar to what we'll see throughout 2025. And so to that point you're making, it really is both a function of growth in customers on total postpaid customers as well as postpaid phone customers as well as that deepening of the relationship that drives ARPA growth.

We just delivered just over 3% ARPA growth in a very successful '24 and expect '25 to look the same there. And that's fueled by all of those growth opportunities that Mike talked about across every single business sector that we have.

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

So wholesale decline is slowing. ARPA growth picking up and the guide on subscribers is the third component, which you asked about. Look, as you look across our subscriber outlook, there's just not an area that's doing anything other than outperforming prior expectations. I talked about in my prepared remarks, that we're gaining share in the top 100 markets, a place where a lot of people felt we would just defend. We are gaining share rapidly in smaller markets and rural areas, an area that represents more than 40% of the country.

We're having -- experiencing our best quarters ever and gaining share rapidly in T-Mobile for Business, fueled by all kinds of things, including groundbreaking tea priority offer and other related 5G advanced services like network slicing capabilities that are now starting to demonstrate that they allow us to unlock market share gains in highly CLV positive ways.

And so there's -- and when we look across the board, this formula of best network, best value, best experiences, it just doesn't have a weak spot right now. And so we looked at it and said, it's time to tune up that guidance as we enter the year.

Operator

Ben Swinburne, Morgan Stanley.

Benjamin Swinburne - *Morgan Stanley - Analyst*

You kind of just touched on it, but I wanted to ask you a bit more about sort of the mix between kind of ARPU growth and account growth. You called out in the deck this morning sort of fewer stand-alone; I think fixed wireless net adds and maybe more selling into the base, a more bundled customer growth, which is driving such strong ARPU growth. Is that a function of sort of your sales and marketing strategy or just sort of how the markets kind of evolving at this point in fixed wireless?

And then I'm just wondering if -- I know it's not a huge check for T-Mobile, but I hope the Vistar acquisition was an interesting one. And you talked about key ads back at your Capital Markets Day. Why is this business interesting? What does it tell us about your ambition's kind of in advertising and sort of the digital out-of-home space?

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

Great. Let's start with the ARPU growth. I'll turn to Peter.

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

Yes. And I think specific to your question around high-speed Internet and account growth, yes, I mean, we saw continued very strong account growth in Q4 of this year. And to the question of what happened relative to last Q4. Every quarter, we see a little bit of ebbs and flows in terms of high-speed Internet and are those high-speed Internet-only accounts as an entry into T-Mobile that we can then sell into other connected devices like postpaid phone or are those existing customers taking it? And that relative mix changes quarter-to-quarter.

In Q4, we saw strong demand for our high-speed broadband product from existing customers still had lots of new to T-Mobile customers come in, but that just drives it. And so that will change quarter-to-quarter. Remember, at the same time, what we did was drive the highest-ever year-over-year fixed broadband ARPU growth. And so, it's a fabulous result of what we've seen and what's been done from a rate plan introduction perspective there. And that underpins the sales.

Overarchingly ARPUs driven by both that, it's really growth across all of those vectors. We talked a little bit about consumers continuing to self-select up the rate plan in our postpaid phone constructs. We see great momentum in high-speed broadband. And we see great momentum across all of our other products as well. And that's given us the confidence to continue to see and guide on ARPA growth as significantly as we have in 2025.

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

Yes, I have a couple of things to add. Everything that's happened with high-speed Internet and account growth is as we forecasted for you and outlined. So, we had talked earlier in the year about settling into a pattern at this level of growth on HSI versus a prior pattern slightly higher when we were much smaller. And so, we're in the 400s now per quarter, the last couple of quarters versus the 500s last year, and that has a small effect on the overall account growth. I want to underscore, though, that this account growth is by far the highest reported in the industry.

And this trend of kind of feeding on just selling into the base is something you're seeing from others. And you see that in their disclosures about a decline in account growth year-over-year pretty significantly. So, we're much higher in reported account growth, and that's because we're the share-taking leader in mobile by far, share of port-ins, overall switching share. That's a really important trend.

As it relates to ARPA, in addition to the other sort of tailwinds that Peter talked about, I mean, we do have an ongoing opportunity to address legacy rate plans across the base. And we began a program last year on this. We didn't complete it -- there's more opportunity this year. And I want to be clear that anything that we might do in this space, we will do in a way that really honors our brand value proposition that we will be the best value, and that means the lowest prices of the majors in this industry.

Look, there are legacy rate plans out there that are very outdated that we still can address at scale. And so, we began this program last year. It went very successfully, and we'll continue it this year. And so that's another potential tailwind for us as we address those outdated plans. You asked about Vistar. This is really exciting. Maybe I'll ask Mike Katz to start this up.

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

Yes. Thanks. Yes, ma'am, we are really excited about this acquisition. First and foremost, because is a great company. And it has a really incredible and impressive leadership team that we're excited to have join T-Mobile and have built out an industry-leading technology platform.

So excited about the company itself. But what we're really excited about is the opportunity to transform an industry. If you think about out-of-home advertising, there hasn't been a lot of change in this industry really and maybe forever. And a lot of the -- if you think about how advertisers think about the outdoor industry, it's really difficult to understand who's seen these ads. And it's very difficult to understand if a customer has seen the ads, what they do afterwards.

And we think we can take this technology platform that Vistar has built, combined with the customer intelligence that T-Mobile has and bring new features into outdoor advertising that can transform the industry and bring things like measurability and impact to an advertising platform that hasn't had them before. And I can tell you, because T-Mobile is one of the biggest advertisers in the country, this is exciting for us and I think it's going to be really exciting for other advertisers.

So I could not be more excited to get this started with these guys.

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

I don't want to overstate things, but it is a big piece of our ambition that we shared at Capital Markets Day. And you think about the digital outdoor place-based media industry, right now it's about a \$10 billion TAM. We think it has the opportunity to grow rapidly and take share from nondigital. And look, our dream here is to transform like we think we have the capability to transform and we can give marketers insights into how that media performed, who saw it, what they did.

And we can even in close quarters like bus, depots, retail media networks, we can even change what is shown based on who's present. And we can do all this with the explicit opt-in permission of customers to make their digital lives and their advertising lives more relevant to them. So, it's -- this is a great opportunity. We think it's transformational and it's part of a larger focus on becoming a leading for marketers by marketers, advertising support service.

Operator

James Schneider, Goldman Sachs.

James Schneider - Goldman Sachs & Company, Inc. - Analyst

As you open the aperture of your broadband business to include fiber this year and going forward, how are you thinking about the overall broadband environment we're set into this year from a net add perspective. And also sort of your ability to kind of either take price on your high-speed wireless product or to potentially segment the market with different price tiers across fiber and high-speed Internet, especially relative to cable competitors.

And then maybe secondly, on the capital allocation front, how are you thinking about the potential pace of buybacks you're going to execute in 2025? In light of some of the cash needs you have to close the acquisitions you mentioned in the first half, are you going to keep that sort of ratable or be potentially a little bit more opportunistic throughout the year?

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

Great. Well, let's start the second question with Peter, and then we'll come back to fiber growth.

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

Absolutely. So yes, you're right. We have -- 2025 is exciting from all the announced acquisitions that we have as well as JV partnerships. So, US Cellular, Metro NetLemos. All of those were contemplated in terms of the authorization that we came up with as the Board did and communicated the up to \$14 billion in 2025. So, all of that is contemplated within there.

In terms of pacing, I'd anticipate '25 after -- we saw some things and learn some things and adjusted how we approach the marketplace from a share buyback perspective in 2024. '25, I'd expect it to be probably more ratable during the course of the year as we think about it and approach shareholder returns.

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

Growth picture. Like, first of all, I would just say it's not that big of an input to our algorithm. Like in other words, the rate of growth of the market is much less interesting to us than the rate of share taking because what we've been doing, the vast majority of people that sign up for T-Mobile 5G broadband are switching from something else.

And that goes to the second part of your question, which is making sure that we have a price construct that is very competitive. One of the things I said in my prepared remarks is we actually made some changes in Q4 that allowed us to compete for the most price discerning customers.

But what's interesting is we did that while realizing some of the biggest gains in broadband ARPA that we've ever seen. And so, what we've done is created a construct that addresses the value shopper, but also shows them that there's even more value if they trade up our rate card. And so far, that's going really well. And we have more opportunities to continue to deepen ARPU, not just within the core broadband service, but with associated services as time unfolds. And so, we're very optimistic about the revenue trends on this business.

Operator

Peter Supino, Wolfe Research.

Peter Supino - *Wolfe Research - Analyst*

A question on your wholesale philosophy. I wondered, as you look at wholesale opportunities over the next couple of years, MVNO opportunities, what's the philosophy you bring to the opportunity to bid for and you're thinking about how to price those bids as new opportunities come up. And then in fixed wireless, I wondered if you could talk about your strategy in cells that have become more highly utilized and where you continue to see high fixed wireless consumer demand.

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

Okay. First on wholesale. It's a pretty straightforward algorithm. We look for partners that are able to go after audiences in a better way than we can go after them with our existing brands. Brands have a certain amount of liability, but there are audiences and pockets of opportunity out there that partners are better positioned with an alternative brand to go after in a cost-effective way.

And that's what we generally look for. As it relates to pricing, the algorithm is to get a great return on our network. When you take out the cost of caring for customers and acquiring customers and you look down at the -- essentially the margin stream we get per unit of capacity on the network, we want it to be attractive at a wholesale level, not just at a retail level.

And so that's generally the algorithm that we used. As it relates to capacity on fix, let me just remind that what we try to do in our business model is to avoid the situation that you talked about, which is certain sectors of certain towers becoming congested due to fixed wireless.

Because remember, what we do when approving applicants for fixed in the first place is we study our algorithm right down to the expi level, 165 meters across and look at not just the capacity available now but the capacity likely to be available for years to come with a normal amount of share taking on mobile in that sector as well as normal amount of mobile usage gains. And if the algorithm says that sector will continue to have excess capacity, then we approve an applicant for home broadband.

And with that algorithm, we are, by far, for 12 quarters in a row, the leading home broadband growth provider in this industry with more growth than the rest of the industry combined. And so, it works really well. And when it's working correctly, we don't see sectors or towers become saturated due to fixed wireless.

Operator

David Barden, Bank of America.

David Barden - *BofA Global Research - Analyst*

I can't believe it got to me before we had to mention that the Satellite Live ad was kind of incredible. So, I thought that was a win. So, I guess, one question for Peter. Peter, this is an amazing guide. Thank you for all the updated information, but there's a lot that's happening, right, the Vistar, the Lumos, the Metronet, the US Cellular deal.

Can you kind of just sum it up and say, obviously, it's revenue positive, but is -- what is it going to do to EBITDA in aggregate maybe either through the year or on a run rate basis and to free cash flow in terms of the investments that need to be made in these fiber projects so that we can kind of get a more holistic picture.

And then, Mike, if I could, obviously, the subscriber growth guidance, very strong, strongest ever at the beginning of the year. Obviously, there's still a lot of questions about T-Mobile's exposure to the immigration question. And what does your exposure to the prepaid market, the wholesale market even your retail base, how do we think about and get comfortable with that piece of it? That would be helpful.

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

Okay. We'll start to Peter and fair warning; I'm going to go to John on the second one. So, Peter?

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

Yes absolutely. You're right. And again, the guide that we gave, other than for purposes of leverage and the associated cash interest and, of course, being incorporated into the authorization from a capital returns perspective. Everything else is incremental to the guide. And I think it's a little premature for a number of reasons for me to give you what does the aggregate look like.

One is what -- when are we going to close each and every one of these two. Some are private companies, some are public companies, I don't think it would be appropriate for me ahead of close to give that color. But I can tell you one thing, which is for example, with US Cellular, one of the things, and we'll give color on this as and when we close. We're looking at, we learned a lot from a very successful integration with Sprint both from how to make it even better for customers, how to really quickly -- as quickly as possible with the customer in mind first connect these two companies and generate the synergies.

So we're looking at all of that as we're getting closer to close and assessing how quickly can we do this? What does that mean from a cost to achieve perspective, et cetera. And I think when and as these close is probably the better time to give you color on it for all of those reasons. But they're all very accretive, certainly value accretive in the long run, which is why we did all of these very exciting for us. And I'm just excited to get them closed, and I'll give you some color.

I will say a little bit more about the JVs and your question around investments and free cash flows. Remember, part of the reason that we did the JV structure is to, one, focus on who's best at what element of it. We're great at customer sales, servicing, marketing, and that's what we're taking on. The JVs and the infrastructure co behind it is really great, some of the best in the US at laying fiber and the ability to have that JV there also means we can lever it up appropriately so and really leverage that capacity and go from a build perspective.

So there isn't a CapEx burden on us. So it really will be very efficient, very effective from a P&L perspective with respect to the JVs for us.

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

And these are some of the reasons why we've I think, provided the extra discipline of giving you our outlook before the consideration of all of these accretive opportunities that should drive the top line, should drive EBITDA and after sort of modest and normative cost to achieve should drive cash flows as well. So, a really positive story developing on the acquisition front.

Okay. Let's talk about prepaid and the dynamics that we see there. Maybe what's going on in the prepaid business and what do we expect as it relates to the immigration question.

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

You bet. So, hi Dave. Our prepaid business is doing incredibly well. When you look at the overall contribution of this prepaid business with industry-leading brands, led by our flagship brand of Metro by T-Mobile, we're very, very pleased with the overall prepaid business. As you can see in our overall 2024 results over 250,000 prepaid net adds, the company's lowest churn ever for a full year in 2024. So, we're very, very pleased with the stability of that business.

Business continues to incrementally grow. Relative to immigration, it's really early for us to really say in terms of what's happening around immigration. But I can tell you this that when you look at the peak immigration flows into the country, whether legal immigration, legal -- the overall peak in 2022, when you look at our prepaid business, we didn't really see an outsized impact in terms of inflow into our prepaid business.

And we believe that's the case because our business is primarily revolving around the very highest premium monthly prepaid subscriptions and not necessarily the transactional prepaid business. We have some of that, but most of that is concentrated within other companies throughout the entire prepaid category.

So relative to our base, we feel that's very, very stable. We didn't see huge inflows in 2022 and 2023. So whatever might be playing out, we think we're very insulated from that perspective around our prepaid business and the overall broader business as a whole.

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

I know we don't talk about prepaid off, and that's a good point about 22%, and it doesn't seem to be that correlated to immigration because of the nature of our portfolio of brands. That's good news. I just want to say, like we don't talk about this business much and the team has done an extraordinary job. I mean we're growing prepaid reliably, consistently. This quarter was, by far, the growth leader and we just -- we have the best portfolio of brands and the best executing teams, and our customers love our product.

And you think about they're getting this incredible market-leading 5G network at an extraordinary value. And so, as the leader, you would expect -- you wouldn't necessarily expect the kind of consistent execution and ongoing growth that this team delivers. So (technical difficulty)

Operator

Craig Moffett, MoffettNathanson.

Craig Moffett - *MoffettNathanson LLC - Analyst*

So AT&T has talked a lot about the attach rate of wireless in its fiber footprint with the latest disclosure showing 40% attach rate for wireless. I wonder if you could just talk a bit about what kind of dynamics you see in converged footprints for your competitors?

And whether the very high attach rates that at least AT&T is presenting and Verizon talks about, whether that influences your view of how much of a converged footprint you actually need as you think about are MetroNet and Lumos enough? Or do you need something bigger?

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

Sure, Craig. I mean not much has changed on this since we outlined it for you last time, which is we believe that Americans are already operating in a converged world, where they have the option to purchase wireline and wireless from the same provider more than 80% of the time, and they've had that option for more than five years.

And what we see is that in the places where our competitors have their wireline offers out there, and experience attached and the attach that you're describing, we also experienced outperformance in those areas. We also experienced better churn. And so there's some selection bias in it that goes beyond the causality that's suggested by the numbers.

What we find is that customers, when you ask them in a survey, would you like to get your wireless and your wireline from the same company, they're like, well, sure. But what we also find that it doesn't seem to be a core motivator of purchase in either category. That customer -- this is a considered sale, and customers will make the best broadband decision for them. And again, we're by far the broadband leader in this country and have been for 12 quarters in terms of growth. And they'll make the best wireless decision for themselves. And if those come from the same company, great.

And you can see that in the numbers where, for example, where Verizon says that they have lower churn where they also have fiber, well, we also have lower churn where Verizon has fiber. And I'm not trying to discount the bundle effect. We see the bundle effect in our own business when customers have a family plan of all mobile. They churn less. When they have multiple products from us, they churn less.

But there's lots of ways to construct a bundle. In our wireless business and our competitors' wireless business, the phone itself constructs a bundle, where you have the rate plan of the service and a rate plan to pay that phone off over two years or more, that's a bundle. So, there's multiple ways you can see this churn dynamic of the bundling effect take hold. And as I said, Americans have had the choice for years of getting the same service from their wireline and their wireless and most don't purchase them at the same time.

Operator

Michael Rollins, Citi.

Michael Rollins - CITI - Analyst

Mike, given some of your introductory comments, can you give us a teaser on some of the other strategic questions that you'd like to see T-Mobile answer over the next 12 months? And then second, just back on the topic of SWA, can you share with us how much of the SWA success is coming from the business or SMB segment an incremental opportunity from what you're experiencing today?

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

Yes. Well, we'll start on the second one with Cali and it's a great question because we do see some really vital growth here, even though it's mostly so far, a consumer dynamic, and that may show that there is some tailwinds ahead.

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

Yes. Thanks, Mike. And Mike, we've -- let me just pause for a second and say, I've had the opportunity to speak with hundreds of CIOs and CTOs in enterprise and small business in the public sector, and my team who I'm so proud of for the results that we delivered this quarter. They literally speak to thousands of them. And what we're hearing from CIOs and CTOs is that they're really looking for more secure, more reliable connectivity with more modern connectivity solutions that allow them to focus as partners and innovation on the value that fixed wireless brings.

We see a lot of opportunities in multi-unit retail operations in pharmacies in insurance agencies where they have thousands of buildings across the country where we're serving as the primary connection. We also have lots of opportunities that are growing in our funnel for secondary and tertiary connections with our fixed wireless.

And with small businesses, we really see people adopting the value that they can get and then expanding our portfolio outside of just the fixed wireless solution, but with innovative solutions like dial pad that allows them to replace some of the more outdated technology in their operations, which brings the -- in the way that they handle their customer calls or and the way they communicate with their employees. And it's really been -- and it will continue to be a great growth opportunity for us.

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

Terrific. So were you asking me about Mike, about my comments that I want to spend more time on strategy and so on. It's -- (technical difficulty)

Michael Rollins - CITI - Analyst

Yes.

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

Yes. Okay. Listen, I am so proud of the multiyear plan that we put out in the fall at our Capital Markets Day. And one of the things underpinning it, if you kind of take our comments in is that in this core business of ours, by some measures, we're the most successful telecom in the world.

And yet, we have so many embedded capabilities around incredible data and incredible network capabilities with room to run in terms of creating new services around them, a leading brand, incredible physical distribution and rapidly growing incredible digital distribution and so many other advantages that we can create new sources of value creation from.

And we began to tease some of those things at Capital Markets Day. We laid out a future relative to AI. We laid out a future relative to how 5G advanced and 6G will unfold and we hinted at new business models. And for us, as we arrive at this size and this level of success in our core, we need to have the appropriate amount of focus on Horizon 3 opportunities. And so that's one of the areas where I'm focused and have been focused, which is why we were able to articulate this multiyear plan to you.

So that gives you a sense for it. It's as I look at what we have and how we're executing and the assets and capabilities and the know-how that we have built, we are so well positioned to add value to this company. And it's going to take a lot of creativity and energy and partnerships, and I've been putting my focus there. And you saw some of that in our Capital Markets Day, I think.

Operator

Jonathan Chaplin, New Street.

Jonathan Chaplin - New Street Research LLP - Analyst

Mike, I'm wondering if we could tap into two of those Horizon 3 opportunities in a little bit more detail. First, given the focus that you faced on AI at the Capital Markets Day. I'd love to get a sense for the impact that you're seeing on network basic from AI at the moment, how you think that evolves? And what that does for sort of future spectrum demand for you and the industry?

And then I was impressed to hear about the availability of the Starlink direct-to-device service in California. I didn't realize how they've been rolled out across the entire market. I'm wondering if there is an opportunity to monetize that or if that sort of fits into the more value for the same price construct. And then last quick one. Should we be thinking about 400 again this year for fixed rides access?

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

Okay. Great. And is it only four, do you want to get a couple more questions in there?

Jonathan Chaplin - New Street Research LLP - Analyst

I've got more (technical difficulty).

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

It's great to hear from you. Let's start with the Starlink piece. The -- what you saw is that we quietly began in addition to the emergency service that we provided during the wildfires. We've been quietly allowing people into our beta over the past few weeks. And it's just starting.

We've been emphasizing a little more in the northern part of the country, where the density of satellites is better. And meanwhile, there's rapid launches happening right now. So, the satellite density is rapidly improving. And what you're going to see is a phasing. So first, we're letting people in in limited numbers to the beta, then pretty soon, there's going to be a moment where we widen that aperture by quite a bit and that will be an exciting moment.

And then pretty soon after that, we begin commercial service. And all of this is going to start happening now in kind of rapid succession. So, we're kind of finally at that moment, we've been dreaming about on this service, and we see things coming together pretty quickly. So that's really exciting.

As it relates to commercial service when we get it going, I mean there's a couple of things here. One is we think this will be another reason, maybe the most compelling reason in a long time to self-select up our rate card. And so, this will be something that our -- the customers on our most value-packed plans will be able to benefit from. And so that's an area that we'll monetize.

Attracting and retaining customers market share. That's an area where we'll monetize because this is a differentiated service that we think touches a card the American public, the idea of being connected everywhere. If you can see the sky, you're connected, this is powerful. It's likely to save lives, it's likely to change lives, and it's very attractive. So, share taking.

And then finally, a la carte sales for those that don't have the plans that include it, and lots of other customers, there may be opportunities there. And so taken together, it's a pretty exciting moment for us. Fixed wireless. It's -- I can't give you a guide on it today other than to say that you've seen us over the past few quarters executing remarkably consistently. We're really happy with this performance. So, we like it where it is. I don't think that's exactly a guide.

It's a present statement, but we like it where it is, and we can execute pretty consistently there. So -- that gives you a sense. And then finally, and get ready, we're going to crank up both here. You asked for it. How are we using AI in the network?

Unidentified Participant

Yes. Well, thanks for that question. It's great. And let me just start before we go into the absolute detail there that the network is based on some fundamental things that are really delivering for us. One is our assets, our deepest frequency asset, sub-6 in every one of those assets, the lowest part of the frequency.

All of those together with this grid we have are delivering just amazing results in terms of third parties looking at our network and all that. How we evolve that with AI is applying AI gradually into the RAN, for example. We went out on Capital Markets Day, talked about AI-RAN. where we are able to evolve our network. This is about an evolution into 5G advanced into eventually even sixth generation, all of that in the RAN piece.

Then it comes to our customer centricity. The whole network team has industrialized a process over the last years that gives the opportunity for us to dedicate towers, build up, upgrades, everything we do to exactly where customers need it.

We're using AI to analyze thousands and millions of millions of data points across the network on a daily basis to understand exactly sentiments and movements in our customer base and correlate that with business outcomes which is giving us the ability to allocate capital into those expends that Mike talked about earlier. And the aspect not least, it's our technology leadership. And that technology leadership, we are applying AI together with our partners and vendors on the road maps that they provide to us.

I would pride our team, and I'm extremely proud of our team that is able to take the latest and greatest of features and software that come out of our partners and put that to work in our network and a lot of that is already AI-based.

Last but not least, I think what is really good with the network team now is that we are able to platformize the network using AI capabilities for an autonomous network model, and we've already got there. Others are talking about it, but we have already done it. And by that, we can support fryers consumer business, Cali's enterprise business, Mica's new business development. So great question and lots of work, more to come.

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

This is really exciting.

Jonathan Chaplin - New Street Research LLP - Analyst

Are you seeing an acceleration in traffic?

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

I want to make sure I get to that, Jonathan. So -- and just before I do, I want to give all that opportunity to talk about what we're doing and how advanced it is because it's really differentiated. And you see it all over the place in terms of how we apply capital dollars with our AI model, we talked about at Capital Markets Day called customer-driven coverage. It's a breakthrough in terms of how capital gets allocated with the business outcomes in mind or in my prepared remarks, I talked about self-optimizing technologies. This is remarkable stuff where the network can self-heal now using AI techniques.

And so if we see an area for whatever reason, go down due to a wildfire, the network can tilt other sectors to beam in from further away and borrow from that sector's capacity to make sure that nobody goes unconnected. It's very powerful. And it's stuff that we don't get to talk about much that that are -- some of which are real differentiators that are resulting in additional reasons why we keep winning all these awards.

As it relates to AI, I would put it a different way, which is AI demands on our network are going to be one of the reasons that we are able to ongoing showcase the additional differentiation that we have. In other words, I don't see this being a reason why we're going to need more capacity or more spectrum. It's going to be a reason to showcase the massively superior capacity that we already have. And you can see that in the speeds. We won Ookla by a lot, nationwide. I mean 46 out of 50 states, we are the fastest provider.

And what that translates to? I mean, speeds like a proxy for capacity, right? So, what that translates to is that we have way more available capacity per customer than anyone else. And so AI growth and AI workloads are going to be a way for us to increasingly showcase that differentiation, especially as AI begins to make the leap from textual interfaces to much more video, audio, imagery that we're now seeing the popularity take off on.

It's early days, but I think this is a nice tailwind for our business because it's going to be important that we're able to showcase these advantages to customers in ways other than you go to a speed test and see a needle that's higher. And you know what I mean because video only plays so fast. And so, if you're able to get these responses in a more immersive way, that's powerful, and I think people are going to appreciate T-Mobile for it.

Operator

Kannan Venkateshwar, Barclays.

Kannan Venkateshwar - *Barclays Capital Inc. - Analyst*

(technical difficulty) with the (technical difficulty) Obviously, the numbers are pretty strong. But I just wanted to understand (technical difficulty) during maybe it may have been a headwind for a pace. And then more broadly, as we think about this partnership opportunity with given that they're also launching bigger satellites with more capacity and so on, potentially.

Is there an opportunity here to expand the project on the direct to device market, especially in rural areas, you have your fixed wireless offering -- but is there a bundling opportunity potentially (technical difficulty)

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

Great. And can I just -- to let you know your microphones kind of breaking up, so we're only able to get some of that. But as it relates to SpaceX, look, we're really happy to be partnered with them. They're the world's most advanced space organization. They had more launches last year than the rest of the world combined.

So they're a very important partner for us. We're in a multiyear partnership that we think will confer real differentiated benefits for our customers. As it relates to partnering on home broadband, not right away, I don't want to speak for them, but they have more demand for their service than capacity right now. And so, they can sell everything they have available without any help from us. That being said, they are launching a lot. And so those curves may cross at some point, and we'd be delighted to be their partner. As it relates to the core EBITDA questions, storms, insurance, et cetera, I'll turn to Peter.

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

Yes. I mean Q4, obviously, we're very, very excited about the Q4 core EBITDA result and to your question, of course, every quarter has some puts and takes. I think we had foreshadowed. There was a spectrum gain there. And of course, we were going to have impacts headwinds from ACP, which wound up being a little bit above the midpoint of the range that we gave and of course, storms as well. But despite all that, like every single quarter, this team goes and executes.

And not only did we deliver a very fabulous Q4 core EBITDA, but we did it while funding even more customer growth. And so I don't see right now in terms of the guide that I gave you a lot of onetime tailwinds or headwinds, it really is for '25, about being able to take that top line service revenue growth and fund our highest ever guide and also make the right investments, again, not only to deliver 25 but set us up for those Capital Markets Day commitments that we gave you.

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

Okay. Janice, I know we're tight on time, but what are we seeing coming in from social?

Janice V. Kapner - T-Mobile US Inc - Executive Vice President & Chief Communications & Corporate Responsibility Officer

Yes, I'm going to consolidate two questions that are particularly relevant for Callie. One is from Bill Ho about how 5G SA as a first mover translated into any wins is network slicing the biggest service revenue opportunity so far. And we can't not take the Chetan question that has to do with -- I want to see how the demand for priority is shaping up for scenarios where enterprises are interested in using the network slicing, so it all ties together.

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

I see what you did there. So, it's over to Callie.

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

I love to talk about key priority. I want to say, first and foremost, we don't fall in love with our technology for the sake of technology. We listen to our customers. We listen to first responders. We listen to CIOs who say, look, we really have a need for better coverage, for more capacity and we need more modern solutions to address the way that firefighters and police officers are needing to perform their responsibilities and life savings literal lifeline to our society with technology. And that's where T priority came from.

And with T priority we are able to present the first responders 40% more capacity in our network to two and a half time speeds. And in a time of extreme congestion, we're able to allocate more than 5 times the network resources that we do to the average consumer. And we're seeing this play out in North Carolina and Nashville, in Florida in Los Angeles. And you heard Mike say in his opening remarks that we have been awarded the single carrier contract with the city of New York.

This is the city of New York. They take 9 million -- over 9 million 911 calls. They have 1 million buildings in the city. They don't joke around when it comes to the safety of their communities and the strength of the network. That's why we are awarded this deal because of the power of our network, our 5G superiority.

And we're really excited about the partnership and the opportunity to innovate with the public safety network as well as connecting school kids in meaningful ways and really understanding what a true partnership looks like for the city of New York.

But that's not all. When we look at the first responder community, we told you at Capital Markets Day that 1 of our strategies was to look at areas of our business where we are underpenetrated and provide solutions in those areas were underpenetrated. And first responders happen to be one of those areas. There's today, 14 million lines that are available in that community.

And by 2028, we expect that to be around \$18 million. And this is an opportunity where the strength of our network -- the way that our team partners with customers really listens to what first responders need in a time of crisis to be able to better support and save lives. We really think this is a great opportunity for us. And so that's where we're predominantly using Bill, to your question slicing today. We have a lot of exciting opportunities.

We've talked about Tsim Secure and using our network slicing as a way to make connectivity more secure for all types of applications in our network, and we're starting to see our funnels and our demands fill there. But thanks for the question.

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

Yes. And Bill and Chetan, I would just add that we waited a long time before starting to talk about all this stuff because we wanted to see a real business model develop around it. Some people were out there talking about it years ago and built it into business plans. And we were very deliberate that we said, no, we're going to wait. But the moment is kind of arriving and T priority is certainly an expression of it.

Other 5G slicing use cases, advanced network capabilities that Olfen team have brought where we're leaders, where we're differentiated, are creating the biggest pipeline of interest for TFB that we have ever seen. I mean, our funnel is better right now than it has ever been.

And we're demonstrating these capabilities at scale. I mean Callie had like 70 CIOs at the F1 racing event where we had a dedicated network space powering all the commercial operations of the race, where there are 1 million people nearby and yet the commercial operations are operating on their own 5G slice.

And everybody saw that and the people's eyes are opening. And what's interesting here is that it's not just a direct revenue opportunity. It's also a share-taking opportunity because the dynamic we've seen, and we described it in New York, is that people come in for the differentiated capability of the 5G advanced services that only T-Mobile could provide, but then they pivot all their smartphones or many of their smartphones over. And so, there's two ways for us to grow based on all this. So, is that it, Cathy?

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

That is it. That's all the time we have. Thank you for joining us today. We look forward to speaking to you again soon. If you have any further questions, you may contact the Investor Relations or media departments.

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

Thanks for your interest and your questions, everybody. See you.

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