

LSEG STREETEVENTS

EDITED TRANSCRIPT

TMUS.OQ - Q3 2026 T-Mobile US Inc Earnings Call

EVENT DATE/TIME: OCTOBER 28, 2026 / 8:30PM GMT

CORPORATE PARTICIPANTS

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

Srini Gopalan *T-Mobile US Inc - President, Chief Executive Officer, Director*

Peter Osvaldik *T-Mobile US Inc - Chief Financial Officer*

Andre Almeida *T-Mobile US Inc - Chief Marketing, Brand and Broadband Officer*

John Saw *T-Mobile US Inc - Chief Technology Officer*

Jonathan Freier *T-Mobile US Inc - Chief Operating Officer*

CONFERENCE CALL PARTICIPANTS

Craig Moffett *Moffettnathanson LLC - Analyst*

Kutgun Maral *Evercore Inc. - Equity Analyst*

Samuel McHugh *Exane Bnp Paribas - Analyst*

Sean Diffley *Morgan Stanley - Analyst*

John Hodulik *UBS AG - Analyst*

Kannan Venkateshwar *Barclays Services Corp - Equity Analyst*

Peter Supino *Wolfe Research LLC - Equity Analyst*

Michael Ng *The Goldman Sachs Group, Inc. - Analyst*

Sebastiano Petti *JPMorgan Chase & Co. - Analyst*

PRESENTATION

Operator

Good afternoon. (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 Inc - Senior Vice President of Investor Relations*

Good afternoon. Welcome to T-Mobile's third quarter 2026 earnings call. Joining me on our call today are Srini Gopalan, Peter Osvaldik, Jessica Uhl, as well as other members of the 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 Factbook 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 Srini.

Srini Gopalan - *T-Mobile US Inc - President, Chief Executive Officer, Director*

Thanks, Cathy, and good afternoon, everyone. We're here in Bellevue today, very much looking forward to discussing our results. But first, I'd like to welcome two new faces at the table. Jessica Uhl, CFO-designate, and Chris Sambar, Chief Enterprise Officer. Jessica and Chris

bring tremendous talent and experience to this leadership team, and I'm thrilled to have them join us, and I'm looking forward to all of you getting to know them very well.

Turning to Q3. This was another great quarter of executing on our strategy, and it reflects our ability to optimize both volume and value to deliver industry-leading results. In Q3, we once again led the industry in postpaid phone net additions and 5G broadband net additions, both of which helped translate to strong postpaid net account additions of 274,000.

Alongside this, importantly, we saw over 4% postpaid ARPA growth year-over-year. We also saw 5G broadband ARPU grow year-over-year and sequentially in Q3. These strong unit results translated to industry-leading financial growth.

Postpaid service revenue grew 9%, total service revenue 6%, core adjusted EBITDA 11% and we reported a really strong adjusted free cash flow margin of 26%. Now what underlies all of this is our unique proposition of best value, best network, best experience. So let me double-click into that. From a value standpoint, this is something we continue to guard zealously.

We are maintaining our unique back book to front book pricing advantage, which is that on average, our existing customers actually pay less than our new customers. We do not, however, take our best value position for granted. Earlier this week, we launched our T-Mix portfolio, the latest example of disruption by solving customer pain points.

For far too long, carriers have chosen how customers get value. 84% of surveyed customers want more control of how their wireless plans are structured. And T-Mix is smashing through the pain point by allowing customers to choose what benefits they want and allowing them to change them when their needs change.

On customer experience, we're leveraging our amazing team empowered with digital and AI tools to deliver a best-in-class experience. Last quarter, we shared with you that the customer excitement around Member Month drove us to over 30 million monthly active users of T-Life. That was in June. That momentum continued throughout Q3, and T-Life now has 32 million monthly active users.

As a result, more and more of our transactions are being done directly in the app ecosystem. In Q3, over 80% of our upgrades and half of our phone line activations were done digitally between customers using the app on their own or being guided through it by our associates.

Now underpinning both value and experience is, of course, our network, which positions us for outsized growth for the next decade and beyond. We have the industry's best network both through the lens of real, tangible, lived customer experiences as well as recognized through third-party awards.

Our overall median speeds are approximately 60% to 70% faster than our two largest competitors based on Ookla data. And the awards, they just keep coming. Among many this quarter, Opensignal awarded us the global winner in 5G coverage. In fact, T-Mobile has been named an Opensignal 5G global winner every year the program has existed. And no other US operator has ever been named a 5G global winner.

Our margin of network leadership will continue to widen through our unreplicable spectrum holdings and our focus on leadership and innovation. Talking of innovation, we completed the world's first AI-RAN call here in Bellevue, not in the lab, but out there in the real world using our network. We also continue to see more proof points in the physical AI opportunity where we've progressed beyond connecting humanoid robots with eSIMs and are now testing how the network helps deliver the intelligence itself.

To enable all of these use cases, we're partnering with Amazon Web Services, AWS, to build the first instances of our Kinetic Edge. Now Kinetic Edge is a distributed intelligence infrastructure for physical AI. It combines our nationwide 5G Advanced network and distributed edge with AWS's cloud orchestration and AI services. This puts together deterministic connectivity, compute, and intelligence closer to the machines and gives enterprises exactly what they need to take physical AI from isolated demos to production at scale.

Let me now turn to how we're monetizing our unique capability to deliver the best network, best value and best experience. In wireless, the consistent improvement in our network perception year-over-year and our heritage of value and experience leadership allowed us to once again grow our share of postpaid households across the top 100 and in smaller markets and rural areas.

T-Mobile for Business now under Chris's stewardship continues to flourish as we bring customers technology solutions powered by America's best network. Q3 marked the 17 straight quarter of positive ports, contributing to healthy double-digit revenue growth year-over-year. And in the quarter, JD Power named us the most awarded business for business wireless customer satisfaction as well as number one in both large enterprise and small business customer satisfaction. This is an incredible accomplishment and a testament to the power of our network, our brand and our value.

Governments and enterprises today are not only rigorously testing networks, but also focusing on how new network capabilities can solve their business needs before they make the buying decision. We recently won the top spot in the Department of Justice's wireless purchasing contract. As one of the largest public safety agencies in America, the DOJ is an incredibly discerning buyer.

They've spent hours of testing hundreds of hours of testing and evaluating our network against others before they chose the best public network -- public safety network in America. This is again proof that we're growing our TFB presence with large and influential customers. Broadband, another key component of our growth portfolio. Our 5G broadband offers near fiber-like download speeds over Wi-Fi, seamless setup and an award-winning customer experience.

Ookla once again ranked us as the fastest 5G broadband provider for both upload and download speeds. It's no wonder our 5G broadband customers continue to have the highest NPS of any broadband connectivity category, and that includes fiber. We're tracking well ahead of the pace we set for you to reach 15 million customers by the end of the decade.

Importantly, in addition, our phone-like ARPU's in FWA have grown on a year-over-year and sequential basis. Our fiber business is also scaling well with approximately 20% 12-month penetration and a sequential and year-over-year acceleration in customer growth. We're well on track towards our target of 3 million to 4 million customers by 2030.

To conclude, the environment we're operating in has been dynamic for quite some time. But through it all, this team right here is laser-focused on delivery, execution and controlling our controllables. We're incredibly confident in our differentiation consistently leading to outsized growth today and in the future.

Peter, over to you.

Peter Osvaldik - T-Mobile US Inc - Chief Financial Officer

All right. Thank you, Sridhar. First of all, I'd also love to welcome Jessica to the T-Mobile team. The depth and breadth of Jess' experience, not only as CFO but also importantly, as a strategic business leader at large complex organizations makes her a tremendous win for T-Mobile. Jessica and I will continue to transition over the next few months as part of this long-planned succession process.

All right. Turning to our outlook. We delivered a fabulous Q3, which reinforces our strong guidance for the remainder of the year, so let me add some additional color. Starting with accounts, we now expect approximately 1 million account net additions for the year once again, far exceeding the industry on real value-creating share-taking.

Turning to service revenues. We now expect full year service revenues of approximately \$76.8 billion, representing 8% growth for the full year, driven by ongoing outperformance of the postpaid business, partially offset by declines in the wholesale and other line, including from the faster roll-off of the Boost MVNO as well as the ongoing trends in prepaid.

As part of the postpaid outperformance, we now expect full year postpaid ARPA growth of approximately 3.5%, up from our previous expectation of 2.5% to 3%, driven by our continued success in customer adoption of premium rate plans, deepening relationships with

customers as well as our rate plan modernization initiatives. This drives the all-important postpaid business to continue to excel in growth, with Q4 postpaid organic service revenue growth now expected to be approximately 7% year-over-year.

Core adjusted EBITDA is now expected to be between \$37.35 billion and \$37.45 billion for the full year, up \$100 million at the midpoint from our previous guide. Our expectation for full year 2026 cash CapEx remains unchanged at approximately \$10 billion. And finally, we now expect adjusted free cash flow to be between \$18.7 billion and \$18.8 billion, up \$150 million at the midpoint from our previous guidance. So to sum it all up, the differentiation in the business continues to deliver industry-leading results, and this entire team cannot be more excited for the future.

With that, I'll now turn it over back to Cathy to begin the Q&A. Cathy?

QUESTIONS AND ANSWERS

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

Thanks, Peter. Okay, let's get to your questions. You can ask questions via phone by pressing star and then one via X by sending a post to @TMobileIR or @Srinigopalan using #TMUS. We will start with a question on the phone. Operator, first question, please.

Operator

Craig Moffett, Moffett Nathanson.

Craig Moffett - *MoffettNathanson LLC - Analyst*

I wonder if we could start with FWA. I know we're all sort of left a little bit in the dark without subscriber metrics. But we saw a pretty dramatic deceleration from Verizon, a little bit of acceleration from AT&T, and we're just trying to get a sense of what's going on with FWA for you specifically and for the industry more broadly. So I wonder if you could just comment on that a bit.

And also, I may have missed your postpaid phone churn number that you typically give on the call, just as a housekeeping item, if I missed that. What was that number?

Srini Gopalan - *T-Mobile US Inc - President, Chief Executive Officer, Director*

Sure. Thanks for the question, Craig. Just before I begin to answer it, I read with fascination your piece on convergence and causality versus correlation. I really enjoyed it because it agreed with a lot of our views on it. To your question on FWA, look, we're seeing continued very strong momentum. So deceleration, et cetera, is not where we are. We're seeing really strong momentum, and we're tracking really well ahead of pace to our goal of hitting 15 million customers by 2030. I think I also commented on the fact that importantly, we're seeing ARPU growth both sequentially and year-on-year.

And I think a lot of that comes back to the pure quality of the product. I know there have been comments from others in terms of not offering above a certain speed, et cetera, et cetera. The ultra capacity nature of our network just means this thing goes from strength to strength. And in terms of both speeds as well as performance. And I guess our NPS is the best way of thinking about how all of that comes together. And the fact that we have category-leading NPS in broadband including fiber sort of speaks to the fact that we're really not being impacted by any of these other issues in terms of network capacity or any of that.

Andre, I don't know if you wanted to add any more color to FWA itself.

Andre Almeida - *T-Mobile US Inc - Chief Marketing, Brand and Broadband Officer*

No, I just wanted to add, as you said, I think the performance of the product has been outstanding. And to your concern, Craig, around nets, although we don't divulge in net as you -- line net, as you know, but I think we can state that we had industry-leading FWA nets this quarter. So you can take that as an indication of what we're seeing in terms of our strength in the market.

Peter Osvaldik - *T-Mobile US Inc - Chief Financial Officer*

Craig, we didn't give a postpaid phone churn number. We really are focused in on postpaid account net additions and postpaid account churn. Honestly, the postpaid phone churn came in about as we expected and also led to industry-leading postpaid phone net additions.

But much as we said at the start of the year, and I think what's demonstrated in our results, is when you focus on the right thing, which is account share taking and then translating that into financial leadership, that's what we're trying to keep our eyes on. That's what we're all focused on as a management team and the day-to-day. So we're trying to resist the urge to kind of walk backwards and focus on KPIs that we don't think are the most relevant for the all of value-creating picture.

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

All right. Operator, let's go to the next question.

Operator

Kutgun Maral, Evercore ISI.

Kutgun Maral - *Evercore Inc. - Equity Analyst*

Great. Thanks for taking the question. I wanted to ask about physical AI as well as your AI-driven network efficiency efforts. So first, Srin, John Saw had a very interesting blog post this week on physical AI discussing, for example, the Kinetic Edge build out with AWS than to work with Figure AI and Serve Robotics.

As these initiatives move toward commercial scale, what does T-Mobile actually get paid for, is it primarily connectivity or a share of the edge compute economics as well? And who funds the incremental compute infrastructure? Is T-Mobile or your partners? And just generally, anything you could share around the model and future opportunity more broadly would be very helpful.

And then separately, you've recently reported spectral efficiency gains from the Ericsson trials. How close are those gains to being reflected in your capacity planning? And could they meaningfully expand the runway for 5G broadband or change your need for incremental spectrum? Thanks so much.

Srini Gopalan - *T-Mobile US Inc - President, Chief Executive Officer, Director*

Thanks so much for the question, Kutgun. So on Physical AI, let me start by saying we are in the very early innings of this, of the evolution of how this plays out. But I don't think there's anyone in this large virtual room who debate what the world will be like in 2035, whether we're going to see millions of robots, drones, all sorts of other connected moving objects. I think that's kind of a given when you future cast the world. Now the question is what kind of infrastructure do you need to support that? We've all seen what's happened in GenAI, whereas GenAI has grown, there's been a huge infrastructure build-out and TAM to support that technology.

Now our view on physical AI, and I think it's a view that most people agree with is you'll need an infrastructure build-out to support physical AI, especially with millions of robots, moving things, et cetera, et cetera, that rely on AI, what we call physical AI loosely. I think that infrastructure build is going to look very different because that infrastructure needs to be different. It needs for starters on these 3 different things. It needs low latency connectivity. It needs inference at the edge and most likely for a lot of use cases, it needs voice.

Now you put those three things together, and what you get is a 5G stand-alone advanced network, which we're the only provider who has nationwide presence off. So we feel like there is going to be this big build out. I'm not going to sit here and speculate whether that is '27 or '28. But for sure, it will happen by '35. And that we're in pole position to be accessing that build-out.

On the economics of the model and everything that we're doing with -- on Kinetic Edge, the early use cases have really not been about selling connectivity or selling compute separately. They've been about selling solutions. And those solutions typically what they've done, and this is the important bit, they've reduced the cost of the device because suddenly, you don't need as much battery.

You don't need as much AI on board because you can offload that compute. And when you reduce the cost of a device, people are paying for a solution rather than specific pieces of it. So most of our monetization to date has been through providing that solution as a whole and charging for the solution and taking a share of the reduction of the cost of the device.

Now we'll see how this evolves because I think, this is still early doors on it. We love the fact that we're in pole position on this. As we roll into beyond 5G advanced to 6G, as we double down on this, we're really excited about how this thing progresses. Part of the comment I was making earlier on people like the DOJ testing, what they're testing for is not just coverage any longer, but also capabilities because these more sophisticated buyers are fully aware that the world will evolve in a different way.

And they're looking to test all of these capabilities before they actually buy the network. And that's a big driver to why our enterprise business has seen substantial traction.

John, do you want to pick up the piece on network optimization using AI?

John Saw - T-Mobile US Inc - Chief Technology Officer

And spectral efficiency. Yes. On the question, Kutgun on spectral efficiency, yes, we do bake in spectral efficiency gains when we do our planning and growth. But what -- candidly, what we are pleasantly surprised is when we actually handed the wheel to AI for doing things like radio resource planning, the gains were actually more than what we expected. And we actually, just to be sure, took this out of the lab and tested this in New York in a lot of sites, and we're seeing some significant gains that we were not expecting without the use of AI.

So the upside is not done yet, and we are optimistic that potentially there could be even better spectral efficiency coming. And that was with Ericsson and with Nokia they are already talking about spectral efficiency gains of 20% up to 100% as AI-RAN develops. So we are very optimistic. What this means is that in the next few years, our customers especially our fixed wireless customers will get even better experience for that premium fixed wireless product that we offer as well. So very optimistic. The early results look very promising. And this is actually fielded in the market, not tested in the lab.

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

Great. Thanks, Kutgun. Operator, next question, please.

Operator

Sam McHugh, BNP.

Samuel McHugh - *Exane Bnp Paribas - Analyst*

Good afternoon, guys. I think you made it super clear, you don't see any good reasons to give SpaceX. And then we've talked a lot about the Kinetic Edge today already. How would you characterize your willingness to work with someone like SpaceX on Edge Mobile Compute? And you do already resell Starlink in super broadband. Could you envisage reselling it in consumer as well? And do you see any benefit of trying to engage with them on this to see if it might be an alternative to them building out their own network for similar purposes?

Srini Gopalan - *T-Mobile US Inc - President, Chief Executive Officer, Director*

Thanks for the question, Sam. So let me start with the MVNO part of it. And I think there's two parts of that question. The way we thought about MVNOs and our MVNO philosophy has fundamentally not changed, right? The way we think about it is does an MVNO give us access to incremental TAM? Does it give us access to new distribution channels? Does it give us incremental capability of any sort? And we've been very clear that in terms of satellite, we see it as a complementary product. And therefore, we don't really see the room for an MVNO for satellite or SpaceX in that context.

Now when you're thinking about Physical and Edge AI, again, we're -- from our perspective, we're steaming ahead and building our 5G SA as well as rolling into 6G, we see ourselves a lead in terms of those capabilities. And we see no space for an MVNO here because, well, what additional capabilities does it give us? Why does it change our ability to compete. If we're talking about SpaceX as a customer or us being a customer of them, that's a purely commercial agreement. But the answer to the MVNO is I see no room for an MVNO with SpaceX either on the consumer side or on the Physical and Edge AI side.

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

Operator, we'll move on to the next question in the queue, please.

Operator

Sean Diffley, Morgan Stanley.

Sean Diffley - *Morgan Stanley - Analyst*

Great. Thanks very much, team. I would love to hear how you describe the competitive landscape now as we move into 4Q. It seems like others are focusing more on one and two lines where you guys have dominated historically. So how are you approaching the market there?

And then secondly, just weighing buyback pacing versus future spectrum acquisition, given the share price, is it possible you could step up the pace buybacks here?

Srini Gopalan - *T-Mobile US Inc - President, Chief Executive Officer, Director*

Okay. Let me pick up the first one and then, Peter, maybe you can lean in on the second. So look, in terms of the competitive environment, I know we all like to obsess about specific elements of this and recent price moves and the rest, right? The way we think about this industry as a whole is fundamentally a multi-variate problem rather than let's take price down in one place, that changed ARPU. Now we need to go back and correct something this. So we think of this as how do we manage the balance between volume and value in a thoughtful value-creating manner.

And in many ways, you could say we have the luxury of doing that because that is enabled by our fundamental differentiation across network value and experience, which is why you see us with industry-leading account volumes with 274,000 as well as a clear breakout on ARPA, where you see 4% ARPA growth.

That formula is the heart of what we manage, and that is -- that is more than kind of drop price in one segment, look to cover that up somewhere else, et cetera, et cetera, right? In terms of the broader industry environment, let me just position where the industry is. I think if you take an arc of 3, 5 years, there's no question that we have seen an increase in subsidies and that's been driven by an increase in device pricing.

Now we have been very thoughtful about that, linked our subsidies to higher CLV opportunities such as higher rate plans, T-Mix which is really a response to a customer problem, which is wanting to have more control over their wireless plan. Another way of putting that is don't give me a free phone if I don't need one, allow me to choose what I want, allow me to choose what I want and change that if my circumstances or my needs change is a further move in that direction of driving even more differentiation in terms of the way we deliver value.

And as we look forward to Q4, look, Q4 always has variability. And in terms of the competitive environment in Q4, I think you'll see more variability this year because of a set of circumstances, which is a staggered iPhone launch, the increase in device prices, the fact that you don't necessarily have all of the variants, especially the sell-down variance. So we'll see how that plays out, and our guide contemplates all of that.

Peter, do you want to pick up?

Peter Osvaldik - T-Mobile US Inc - Chief Financial Officer

Yeah. On share buybacks, it's really, I think, one, just to remind everybody, through October 23, we just disclosed in the 10-Q, we've now done \$10.3 billion in buybacks this year compared to \$9.9 billion in all of 2025. And also importantly, increase the dividend per share by 15%, which is multi years now of being able to do that, and that's a great position to be in. But ultimately, what you're asking about is rightly, what's the capital allocation philosophy and how do we see it going forward? In terms of the approach to capital allocation, it's been remarkably consistent and continues to be so.

Starting with leverage, making sure that we've made the right investments in the core of the business, of course, looking at spectrum opportunities and accretive M&A. And then after we're done with that, looking at shareholder returns in a balanced approach between share buybacks and dividends.

And as I look forward, that's -- by the way, I think the application of that formula, particularly when you think about investment in the business as well as investment in spectrum. It's what's really brought us to this position and not only the accomplishments that we've had to date and how the network has driven that, but also what we see going forward, whether it's the 20 million account opportunity for network seekers, whether it's continued growth in 5G broadband.

And I think you heard a lot of our excitement around Physical AI and what we see happening there. In 2027 and 2028 are going to bring a couple of great opportunities to bolster that approach with the spectrum auctions that are upcoming. And so I see, while, of course, we'll continue to be tremendously diligent in our approach to how we think about spectrum, you've seen that play out, many things we've stayed out of, many things that we've purchased, the value creation that's come from it.

So for '27 and '28, I see with those upcoming opportunities, probably more and more of our capital allocation envelope being devoted to spectrum. What ultimately happens in those auctions, of course, again, we'll apply the diligent approach to valuation that we do there. But we'll probably reserve more of that capital envelope for that opportunity just because of what that means from a long-term value creation for the business.

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

Thank you, Sean. Operator, next question, please.

Operator

John Hodulik, UBS.

John Hodulik - *UBS AG - Analyst*

Great. Thank you. Maybe for Peter, the guidance implied for the year here in '26 sort of implies a slowdown in EBITDA growth and account growth, which is a little bit odd, just given the fourth quarter is typically a strong seasonal quarter for account growth. And I guess really just dovetailing off Srin's comments on the variability in the fourth quarter. Is there -- is there anything sort of to call out as we look into the fourth quarter? Or are you guys just trying to set a low bar for Jessica here. That's number one.

And then number two is just on churn. You guys -- you said that the higher churn of the 12 bps higher churn is sort of what you guys expected, I guess, really driven by the price increase you had. Just how is that trending now as we look into the fourth quarter? Do you think that goes sort of -- you sort of get that back over time and that goes back into a more normalized area?

Peter Osvaldik - *T-Mobile US Inc - Chief Financial Officer*

Yes, sure. Well, let me take that. There was a lot in that question. So Q4, one on EBITDA, I just want to remind everybody, of course, that when you're thinking about Q4, it's sequentially when you're thinking about it, of course, Q4 is when we have the holiday season generally tends to be the most promotionally intensive season. And so you tend to see a Q3 to Q4 EBITDA investment profile as a result of that. The other thing that you have happening is M&A.

Because for the balance of the year, what's been happening is really odd timing with respect to which quarter included what M&A last year, including Q3, if you recall, the timing of the close of US Cellular as well as some of the fiber acquisitions. So what you have happening in Q4, and this is why I mentioned the postpaid service revenue of 7% on a year-over-year basis is you're going to get a great picture of organic growth.

And so that's how I think about EBITDA, 7% postpaid service revenue growth for Q4. On an accounts perspective, yes, to your point, look, it's a 1 million postpaid net account additions guide that we're giving you, which is if you think about the heydays of the Un-carrier that we sometimes get asked about in 2014, 2013, we're delivering more postpaid net account additions in 2026 than during those days. And obviously, you're seeing that translate into just the magnitude of the absolute dollar growth in the financials as well.

And so Q4, yes, it has variability for all the reasons that Srin just mentioned, there's a difference in terms of the iPhone cycle. There's no base model phone. We have to see how customers react to the OEM price increases. And so -- and there's frankly also been some Q3 inventory constraints as well that have shifted some things from Q3 into Q4 including from an EBITDA perspective because we don't recognize the cost until we actually ship it and fulfill it. So there's a lot of the variability there. But at the end of the day, it's 1 million postpaid net account additions and of course, \$100 million up at the midpoint of the range on core adjusted EBITDA.

On churn, there's a couple of dynamics at play, especially as you're thinking about it into Q4. One, again, seasonally for everybody, Q4 tends to be a higher churn quarter than Q3 because of the holiday season. There's a lot of excitement around it. I'd expect that seasonality to continue. So churn implicitly would go up, account churn as well.

And the other thing that you have happening in accounts, again is there's more 5G broadband and fiber only accounts. However, we had US Cellular as well come on board. And so you're still going to see the dynamics of yes, accounts include blended accounts, but they also

include more and more 5G broadband-only or fiber-only accounts, which offer obviously a great opportunity in the future for cross-sell and deepening the relationship, but just as a result of, well, broadband churn is higher than postpaid phone, it's a pure mathematical exercise.

So those 2 things will still happen in Q4. All of that is contemplated again in the postpaid net account addition guide that we gave as well as the core EBITDA range. So I'm hoping some of that helps with all the myriad of questions you threw at me. And I can't give you the spreadsheet as always.

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

Operator, next question please.

Operator

Kannan Venkateshwar, Barclays.

Kannan Venkateshwar - *Barclays Services Corp - Equity Analyst*

So maybe on ARPA, when we look at the mix here in terms of subscribers, there is a push towards family accounts that you guys are heading towards that as your peers are obviously focused on single line and double-line accounts. And so as we extrapolate some of these mix differences, it feels like some of the ARPA strength could be structural and could basically heading into next year could also help your growth. So any color around that would be helpful in terms of the trajectory of ARPA growth from here?

And then on the satellite side, Sridhar, I mean, we get your pushback on the MVNOs broadly. But there is also an advantage if you were to work with satellite in some ways in the sense that you could open up some of your spectrum capacity if you can lean on satellite broadband to some extent. And of course, you get the coverage breadth your fiber scale is a lot smaller than your peers. So to that extent, you get an advantage of using that footprint on satellite. So is this more a SpaceX-specific pushback? Or is this just philosophically something that you're not keen on with respect to any satellite provider. Thank you.

Sridhar Gopalakrishnan - *T-Mobile US Inc - President, Chief Executive Officer, Director*

All right. Let me pick up the satellite question first and then go to you, Peter. So Kannan, thanks for that. I saw your note as well in terms of the shape shifting nature of SpaceX strategy. So it's hard to refer to them now as a satellite provider or a satellite provider that is going to build terrestrial. So hard to think about whether this is SpaceX alone or all of satellites.

So let me answer that question in its broadest terms, right? Here's the way we think about broadband. We've got a great product in FWA and really, in many ways, except for some deep rural parts satellite is an inferior version of FWA with even more constraints in terms of things like what is the size of the beam, right? So I don't see the synergy there between FWA and satellite. In many ways, two thirds of our customers come from dense urban areas. We see huge growth opportunities in those areas still all under the fallow capacity model. So we don't really see a synergistic opportunity with satellite providers, and that's a broader piece. We see it as a complementary product very much in the nature of T-Satellite.

But if you're thinking of that in broader MVNO terms, I think it comes back to the philosophy with which we operate MVNOs, which is what is the incremental TAM that something opens out. And am I willing to get into a deal for the incremental TAM? If it's a complementary product I'm very happy to look at a resale arrangement, which is exactly what the satellite was, which gets built into it. But an MVNO is a wholly different thing. So that's -- I hope that clarifies where our head's at on MVNOs and more broadly, satellite.

Peter Osvaldik - *T-Mobile US Inc - Chief Financial Officer*

And on the ARPA question, this isn't really -- I think your inference there was, we've given up on one and two lines, and we're getting multi-lines and that's driving all of the ARPA growth. And that couldn't be further from the truth. I think what you're seeing is, again, the differentiation between the value, the network, the experience, there is plenty of customer pain points left, whether you're talking about a single-line plan or a multiline plan.

You just saw T-Mix and that launch starting to address yet another carrier customer pain point that we're here to break. I think what's really driving customers and what's really driving ARPA and we've highlighted some of this in the fact book as well that you can see are a few things, introduction of new rate plans and the ongoing adoption of premium rate plans by our customers.

We continue to see for new accounts coming to T-Mobile, 60% of those lines are on our premium rate plans. That's one big factor. Obviously, you have deepening of account relationships, inclusive of ongoing sell in a 5G broadband and now with fiber as well, other connected devices. You're continuing to see port-in ARPUs that are 20% higher than port out ARPA.

So it talks about that proposition, particularly the network and the network seekers is allowing us to capture higher value customers. But in terms of your ask of what's 2027 like? Well, we're going to update 2027 guidance when we get to the Q4 call. We're heads down here in terms of how do we execute this year and continue the growth that we see. But those are the main factors driving ARPA. And I can tell you, this team is heads down on whether you're on a single line or a multiline account family, we want you here because this is a place to be.

Srini Gopalan - *T-Mobile US Inc - President, Chief Executive Officer, Director*

And to your point of whether there is something structural that advantages us, I'll be boring, but go back to my standard thing of the structural thing is having the best network, the best value and the best experience. That's what drives a lot of the ARPA. And then we choose to compete in different segments based on value, but we also choose to compete based on where we get most customer traction.

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

Great. Thank you, Kannan. I'm going to take one from the social board from Chetan. What assumptions about 2030 traffic profile are driving T-Mobile's network investment decisions today? Where do you expect the first meaningful capacity constraints to appear on the radio uplink, on edge compute, transport interconnection with AI infrastructure?

John Saw - *T-Mobile US Inc - Chief Technology Officer*

I'll take that. This is John. Chetan, thank you for your question. For 2030, we plan a traffic profile that's still downlink heavy, I think, but increasingly uplink rich. driven by the rise in AI usage, AI, wearables, AI agents and also the explosive growth by then of physical AI devices, like humanoid, robots, delivery drones, vehicles and factory machines, et cetera.

2030 will also see 6G networks being built and T-Mobile will be the first with 6G in this country with new applications like integrated sensing and communications ISA. I think 6G will be the first G, where the base stations and radios, behave as radars, sensors unlike the previous Gs.

So that opens up a lot of new use cases with remote sensing, et cetera, that I think is going to drive a lot of usage as well. One thing I learned over the years of building all the Gs is that when you give customers a more capable network, they will find ways to use it and usage always goes up. In fact, in the last five years, starting from when we started rolling out 5G, we see an explosive 5x increase in tonnage that we carried until today.

Srini Gopalan - *T-Mobile US Inc - President, Chief Executive Officer, Director*

And our speeds have nearly doubled.

John Saw - *T-Mobile US Inc - Chief Technology Officer*

And our speeds have more than doubled as well. So we expect nothing less from 6G, if anything, even more. So our capacity plan already assumes network payloads increasing like this. And so we are more than ready for the growth in 2030. Now on your question on constraints, my job and my network team's job is to make sure that we have none.

But if there's one thing that we need to keep an eye on is the radio uplink. Especially in dense and BZ sectors and especially with the growth in physical AI and a lot of AI agents. This is why 5G Advanced matters. This is why we roll out the country's first and only 5G Advanced network where uplink enhancements like uplink carrier aggregation, uplink MIMO, transmit switching, diversity and higher power uplinks, right? And they are also backed by our strong TDD spectrum depth that we can actually use to support a bigger uplink requirement if there's a need to.

And this is why with 6G, I'm so happy that the FCC is now putting onto the auction pipeline, the C-band 2.0 and the 2.7 gigahertz bands all of which are TDD. It gives operators like us the option to allocate more capacity and more spectrum for the uplink.

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

Thanks, Dr. Saw. Operator, let's get back to the queue with the next question, please.

Operator

Michael Rollins, Citigroup Inc.

Craig Moffett - *Moffett Nathanson LLC - Analyst*

Thanks, and good afternoon. I wanted to follow up on Dr. Saw's comments regarding AI agents. And from a customer perspective, curious if you're seeing any impact, any influence from the early use of agents? And how you look at that in terms of interacting with customers and what that can mean for customers trying to extract more efficiency out of the rate plans and hence, the potential risk to revenue for wireless and broadband for that matter?

And then just one other question, if I could. So, you made the decision earlier this year to move to a 3-year equipment cycle. I'm curious what you're seeing from that, what you're seeing from device replacement rates? And given what you're seeing, is there a case to push that cycle even out longer for customers? Thanks.

Srini Gopalan - *T-Mobile US Inc - President, Chief Executive Officer, Director*

So let me pick up the replacement cycle, and John can lead into the agents on how we're seeing that. So on devices as a whole, look, I think the operating principle for us is really to give customers choice on when they wanted to replace their device. Part of the whole beauty of the T-Mix structure is that. Right now, whether we'll go to 48 months or 60 months, whatever is all going to be for us led by the customer and what we're seeing in terms of replacement cycles.

At this point, we think 36 is the right duration. We offer both 24, 36. And 36 is the right duration to go to. But the important piece for me is not just to restrict our thinking on choice to device cycle length. That's a very restricted view of how you give customers flexibility. We want

to give them flexibility on whether they want the device at all or not. We want to give them flexibility on -- they may not need it right now. They may wait for the new version in six months. That's okay.

We don't believe in the current view of you either take it out an acquisition or you lose the chance to. And a lot of our philosophy on how we think about customer flexibility, including on device choice is reflected in T-Mix.

John, do you want to talk about agents and our view on that?

Jonathan Freier - *T-Mobile US Inc - Chief Operating Officer*

Yeah. Thanks, Mike, for the question. We haven't really seen anything to date nor do we see anything emerging around Muse or Instinct or any of the AI agents that are out there. But as you would expect, we're watching this very closely. We're being very thoughtful about it as we continue to advance in an AI-centric world. We're going to see more and more of this. But I think it's also important to remember that were the customer champion on this? And when you think about fairness and transparency and value, we've always been the champion for this.

Transparency has always been a big, huge thing for us and making sure that customers are getting the very best value for every dollar that they spend with us, making sure that customers are getting the best product quality and, of course, getting the very best experience. One of the things, too, that I think it's also important to note is we have this asymmetrical advantage at T-Mobile, unlike our competitors, when you look at the front book versus back book, back book being much lower on average than front book. So we feel like we're very well positioned on this entire front. And just like AI search, if there's people asking about their wireless relationship and are they getting the very best deal of all the options out there.

Just like AI Search, we like those jump balls and people asking those kinds of questions because it's going to lead them to, if you're not with T-Mobile, you should be with T-Mobile. And if the AI agents are proliferating that in some way in the future, and again, we haven't seen anything of significance. But if that's happens in the future, we see that overall really, really a good thing on balance. But we're very, very thoughtful. We're staying really close to it, but I like where we sit here relative to our advantages and what this could do potentially in the marketplace.

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

Thank you. Thanks, Mike. Operator, next question, please.

Operator

Peter Supino, Wolfe Research.

Peter Supino - *Wolfe Research LLC - Equity Analyst*

Hi, everybody. A question about spectrum. Last quarter, you spoke positively about the auctions the FCC is planning for 2027 and '28. And many investors are interested in understanding how to reconcile your leading position in spectrum with your appetite for those auctions. And particularly given you've talked about FWA as a fallow capacity model. So I just wondered if you could expand on the driver of your interest in those spectrum auctions?

Srini Gopalan - *T-Mobile US Inc - President, Chief Executive Officer, Director*

Sure. Thanks for that, Peter. So the way we think about spectrum is there are 2 factors that drive our appetite for spectrum. And I'll come back to kind of C-band and 2.7. One of them is a commitment to continue to drive network leadership, not for its own sake. But because of the opportunity that it has opened out for us historically and the opportunity leaning in. If you just go back to 5G from the point we made the decision to go all in on 5G. It has had a dramatic transformational impact on this business. In terms of our small markets and rural areas share going from 13% to 24% in terms of being able to drive a fallow capacity business to 15 million FWA customers by the end of the decade.

In terms of the opportunity, it's opened out in enterprises. As we look forward to things like 6G and where that goes, the same set of opportunities exist. And you also have, in addition, this whole idea of what the TAM could be for Physical and Edge AI and how that drives it. So that's one set of considerations. We're just looking at the overall impact of network leadership and its multifaceted impact on different parts of our business. And we look at that very rigorously.

Now in parallel to that, there's also a very analytical build or densify versus buy piece that determines the value of that spectrum. And you've seen us at points in time, walk away from spectrum because the build versus densify -- sorry, the densify versus buy clearly pointed us in the direction of densify. Good example of that is the EchoStar spectrum, where we walked away from that deal because it didn't make economic sense.

So keeping these two in balance, making sure that we understand the upside of network leadership and its multifaceted impact on the business, while being really rigorous about thinking through analytically the right price to buy that spectrum is the way we approach it. So as we look at C-band 2.0 or the next C-band auction and 2.7, that's how you should expect us to approach it. We, in general, in principle, always welcome the coming of more spectrum to the market because it opens up a ton of possibilities. That doesn't mean we're going to pay an uneconomic price for it. So that's the balance of how we think about it.

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

Thanks, Peter. Operator, let's go to the next question, please.

Operator

Michael Ng, Goldman Sachs.

Michael Ng - *The Goldman Sachs Group, Inc. - Analyst*

I just have two as well. Could you talk a little bit about some of your cost and digital flow initiatives, just given the success that you've had with T-Life and then the network optimization across your RAN footprint.

And then just as a housekeeping item, I was just wondering if you could talk about the drivers of the wholesale and I think the prepaid outlook changed for the full year? Thank you.

Srini Gopalan - *T-Mobile US Inc - President, Chief Executive Officer, Director*

So let me pick up the cost piece and more broadly, I think the AI and digital transformation, and then Peter can come back to the housekeeping stuff. So, we're really pleased with the progress we're making on the AI and digital transformation. Now this is multifaceted. It starts with things like what we've seen in care. We boldly said three years ago that we would reduce the number of calls coming into care by 75%. We're well on track on that journey. We've seen real progress there in terms of our AI voice assistant in terms of not just call deflection, but proactive call prevention by solving the problem before the customer has it, which comes back to our broader philosophy on digital and AI, which is -- this is not about cost.

This is about improving the experience so that people don't need to call, so that people don't need that service. We use it extensively in driving our network optimization with our self-optimizing network, but also all of our CapEx is directed by an AI-driven tool that we call customer-driven coverage and that's providing really, really strong results as well. I think the one place we've not talked about as much in the past is how much AI is fundamentally changing our tech capabilities, especially on our IT stack and the extent to which you look at something like T-Mix, and you should go have a player with the floor.

Something like that is fundamentally enabled by a very different AI-enabled tech stack that's resulted in significantly higher throughput and also significantly lower cost to own inclusive of the cost of tokens. So we're seeing a broad impact of AI and digital across the board.

Obviously, things that happen in T-Life and greater penetration further helps reduce care volumes further helps reduce the amount of service that's required and makes it a more frictionless painless process to be -- to be a T-Mobile customer. So it's all going really well. We're feeling very good about it and we're doubling down on how we drive this transformation going forward. Peter?

Peter Osvaldik - T-Mobile US Inc - Chief Financial Officer

Excellent. Yes, Michael, on the house cleaning items, there's really a couple of things. On the wholesale and other service revenue line, when I'm thinking about what is the drag 2026 relative to 2025, it is, while it was a long-standing expectation that both TracFone and Boost would come off, we make estimates at the start of the year at the midyear and those have rolled off at a little bit faster pace than we anticipated. So that's all that's happening there when I think about '26 relative to 2025 and the downward pressure.

On prepaid, again, we foreshadowed this. This is a continuation of a trend that we've seen and talked about this a little bit at Q2. For Q4, I expect that sequential change might be just a slightly bit higher sequential change. But when you step back, I think what's really happening in prepaid for us is there's a subset of prepaid customers.

I would call them, the higher value, more prime customers that we've seen trend-wise start engaging more directly with postpaid brands. Yes. We've long had an established small migration program where some of those higher value customers and a CLV accretive way for us would move from prepaid to postpaid. And I think as an industry and as T-Mobile, we're seeing some more direct engagement with postpaid.

And so when I think about that small subset of prepaid customers, it's important probably to not delineate them between prepaid and postpaid, but think about it a little bit more fluidly. And so I step back and think about that in the context of the total postpaid service revenue growth, what we're seeing because the fundamental question for you would be, okay, is the postpaid service revenue growth healthy then? Are those accounts healthy then if you're seeing some of that direct engagement from pre into post across the industry and us. And I think you've seen both in our 3.5% full year ARPA guide increase as well as the 7% organic postpaid service revenue increase that it's a fabulous business that we're seeing in postpaid.

Michael Ng - The Goldman Sachs Group, Inc. - Analyst

It's very clear. Thank you.

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

Thanks, mike. Operator, next question, please.

Operator

Sebastiano Petti, JP morgan.

Sebastiano Petti - *JPMorgan Chase & Co. - Analyst*

Thank you for taking the question. Just a quick follow-up. I guess, Peter, on your response to John Hodulik's earlier question on just seasonality in the fourth quarter. I mean, should we anticipate that there is in addition to typical seasonality on churn, should we anticipate that there is some level of maybe upward pressure -- residual upward pressure related to the rate plan modernization within the fourth quarter? That's my first question.

Peter Osvaldik - *T-Mobile US Inc - Chief Financial Officer*

Okay. Go ahead, ask your other one.

Sebastiano Petti - *JPMorgan Chase & Co. - Analyst*

And then yes, let me just get out of the way. Sorry about that. And then as you think about, obviously, lots of focus on converged footprints and fixed footprint. I mean has your view on the merits of incremental fiber M&A or accelerating the fiber build through additional on-balance sheet investment? Has that changed at all, particularly, I mean it seems like some of the spectral efficiency gains you're talking about maybe suggested there's more run rate to FWA above and beyond the \$15 million? Just trying to discern between those two? Thank you.

Srini Gopalan - *T-Mobile US Inc - President, Chief Executive Officer, Director*

Maybe I'll take the fiber M&A question, and Peter, the other one. I'll come back to -- we don't believe in convergence when you define it as there is a very strict form of convergence, which is fixed line, along with wireless. We're huge believers in bundling, which is multiple line phone accounts, which is FWA with our phone account, which is more and more often actually our credit card and which can also be fiber with that. It's just one form of bundling, right.

There is no panacea convergence nor do we see a sharply differential churn benefit other than having more relationships. In terms of -- and that sort of informs our view of fiber because we don't approach fiber from a -- we need this because of convergence. We look at fiber as a stand-alone business based on the return on equity that it lands up giving us. And so we will be thoughtful and choiceful and not chase a number of homes passed. We'll look at it from a very rigorous return on capital employed. And what is this land up, meaning in terms of accretion to equity value before we head into those. So if those deals do show up, we're very interested in them.

What we've seen is, typically, these tend to be first to fiber, near first to fiber type deals. They tend to be specific footprints and we're always interested in them. And we've seen and shown that with the existing acquisitions, the T-Mobile brand and the T-Mobile distribution adds more value to it. So if those do show up, we will play, but we're not going to go chase a certain number of homes passed.

Peter Osvaldik - *T-Mobile US Inc - Chief Financial Officer*

Great. Yes. On the churn question, so as a follow-up, I mean there's, of course, the regular seasonality, you'll see the kind of the math, as I said, of just the makeup of postpaid accounts and 5G broadband and fiber only accounts churning predictably as they always do at a higher level structurally than postpaid phone churn itself.

And then you're right, there is a little bit of -- we did mention there will be some residual, typically when you see something like a rate plan optimization it's a couple quarter impact, although the Q4 impact will be much more muted. But we do anticipate a little bit of impact in Q4. All of that is contemplated in the guide that we gave you, though.

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

Thanks, Peter. That's all the time we have for questions today. Thanks, everybody, for joining us. We look forward to connecting with you soon. For any additional questions, please reach out to the Investor Relations or media department. Thank you so much.

DISCLAIMER

LSEG 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 LSEG 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.

©2026, LSEG. All Rights Reserved.