

T-Mobile US (TMUS US)

FUNDAMENTAL VIEW ¹

As of 15 Feb 2024

- We expect T-Mobile will maintain its position as the industry leader in postpaid phone net additions, service revenue, EBITDA and FCF growth in 2024. We think the company has significant subscriber runway remaining in the suburban/rural and enterprise markets.
- Adjusted net leverage (2.6x at 4Q23) is nearly half a turn lower than AT&T and Verizon. Relatively strong EBITDA growth and a modest dividend commitment results in greater financial flexibility than peers.
- T-Mobile benefits from the strongest spectrum position in the industry, including an average of 181 MHz in the 2.5 GHz band, which results in better 5G network coverage than AT&T and Verizon.

RISKS & CATALYSTS

As of 15 Feb 2024

- Converged wireless/broadband offers from cable operators and an upstart competitor in the form of DISH raises the risk of pricing pressure in the mature consumer wireless market.
- With T-Mobile's credit rating now comfortably in the mid-BBB area and leverage in the vicinity of the group's mid-2x target area, we expect the company's capital allocation to shift toward share buybacks.
- The company has expressed an interest in fiber assets. At present, T-Mobile is focused on an "asset-lite" fiber strategy, but there is some concern the group could eventually deploy more capital to this area (potentially via M&A).

CREDIT QUALITY SCORE (CQS)²

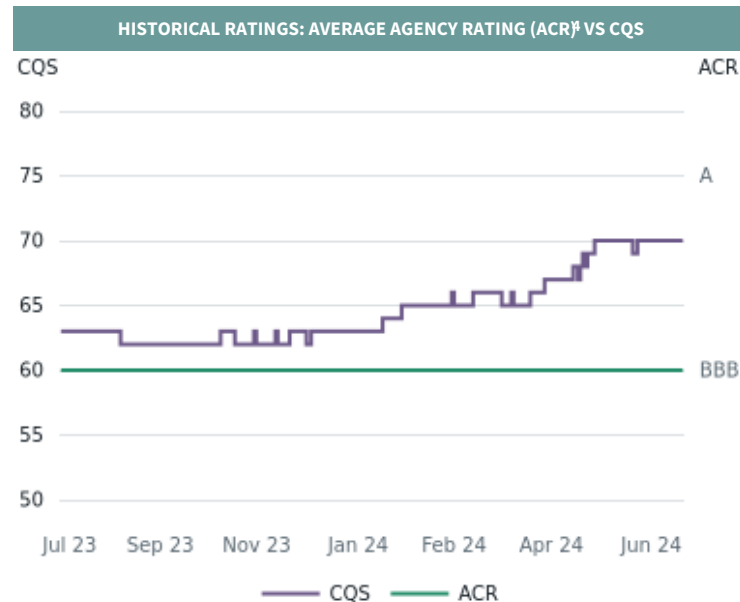
As of 21 Jun 2024

CURRENT CQS

70

CQS OUTLOOK ³

NEGATIVE STABLE POSITIVE



KEY METRICS

As of 15 Feb 2024

BAA2/BBB/BBB+	FY19	FY20	FY21	FY22	FY23
Revenue	45,151	68,397	80,118	79,571	78,558
Organic Revenue Growth	4.3%	5.8%	7.3%	(0.7%)	(1.3%)
EBITDA	13,536	24,557	26,924	27,821	29,428
Adj. EBITDA Growth	9.8%	4.3%	(64.0%)	33.9%	5.8%
Adj. EBITDA Margin	30.0%	35.9%	33.6%	35.0%	37.5%
CapEx % of Sales	13.1%	16.1%	15.4%	17.6%	12.5%
Total Debt	29,508	76,660	79,574	78,425	78,425
Net Debt	27,980	66,275	72,943	73,918	73,290
Gross Leverage	2.2x	3.5x	3.4x	3.0x	2.7x
Net Leverage	2.1x	3.0x	3.1x	2.8x	2.5x
Interest Coverage	11.9x	9.0x	7.2x	8.0x	8.3x
FCF as % of Debt	22.0%	14.1%	13.7%	13.2%	19.2%

Free cash flow = AEBITDA - Capex - Int. expense

BUSINESS DESCRIPTION

As of 15 Feb 2024

- TMUS is the one of the top 3 U.S. wireless carriers and is owned ~50% by Deutsche Telekom (DT). On April 1, 2020, TMUS and S completed an all-stock merger, valuing S at an EV of approximately \$59.7 bn.
- TMUS ended 4Q23 with ~120 mn customers, including 98 mn postpaid and 22 mn prepaid.
- TMUS reaches 330+mn POPs with its Extended Range 5G network (using the 600 MHz spectrum) and reaches 300mn customers with its Ultra Capacity 5G.

GLOSSARY

¹ The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

² The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

³ The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

⁴ The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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