

T-Mobile US (TMUS US)

FUNDAMENTAL VIEW¹

As of 28 Jul 2025

- We expect T-Mobile will maintain its position as the industry leader in postpaid phone net additions, service revenue and EBITDA growth in 2025. We think the company has significant subscriber runway remaining in the suburban/rural and enterprise markets.
- Adjusted net leverage (2.3x at 2Q25) is 0.3x/0.6x lower than AT&T/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.

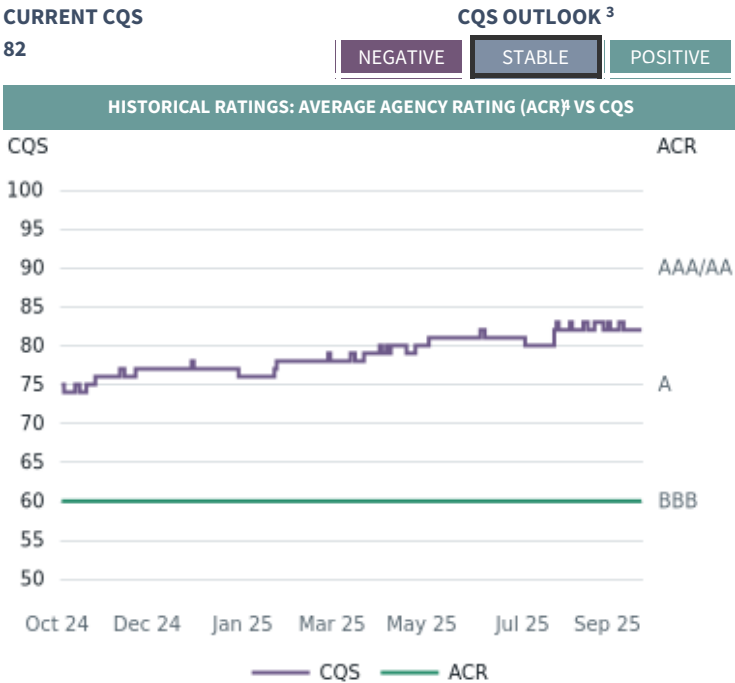
RISKS & CATALYSTS

As of 28 Jul 2025

- Converged wireless/broadband offers from cable operators raises the risk of pricing pressure in the mature consumer wireless market.
- The company has not shied away from acquisitions. T-Mobile recently acquired Mint Mobile, two FTTH JVs and will soon close its purchase of US Cellular. So far, M&A has not had much impact on T-Mobile's credit metrics, but further moves into FTTH may be received poorly by investors.
- 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 shareholder returns.

CREDIT QUALITY SCORE (CQS)²

As of 17 Sep 2025



KEY METRICS

As of 28 Jul 2025

\$ MN	FY21	FY22	FY23	FY24	LTM 2Q25
Revenue	80,118	79,571	78,558	81,400	84,052
Organic Revenue Growth	7.3%	(0.7%)	(1.3%)	3.6%	6.3%
EBITDA	26,924	27,821	29,428	31,864	32,965
Adj. EBITDA Growth	(64.0%)	33.9%	5.8%	8.3%	8.0%
Adj. EBITDA Margin	33.6%	35.0%	37.5%	39.1%	39.2%
CapEx % of Sales	15.4%	17.6%	12.5%	10.9%	10.7%
Total Debt	79,574	78,425	83,586	84,255	88,871
Net Debt	72,943	73,918	78,451	78,846	78,612
Gross Leverage	3.4x	3.0x	2.9x	2.7x	2.7x
Net Leverage	3.0x	2.7x	2.6x	2.4x	2.3x
Interest Coverage	7.2x	8.0x	8.3x	8.7x	8.7x
FCF as % of Debt	13.7%	13.2%	19.2%	23.0%	22.7%

Free cash flow = AEBITDA - Capex - Int. expense

BUSINESS DESCRIPTION

As of 28 Jul 2025

- TMUS is the one of the top 3 U.S. wireless carriers and is owned ~51% 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 2024 with ~130 mn customers, including 104 mn postpaid and 25 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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