

US Cable, Satellite, & Telecom Services

Quarter unlikely to change cable vs telco narrative

Cable narrative unlikely to change with Q2 earnings; Positive telecom positioning also seems tactical; Dish PT cut due to higher cost of capital.

Overview

As we get closer to Q2'22 earnings, some of the following variables may be the key drivers:

(1) Cable numbers may not have bottomed yet

While Q2 tends to be a seasonally slower growth quarter for cable broadband, the slowdown being seen intra quarter goes beyond seasonality impacts, based on comments from cable management teams. Charter talked down broadband sub growth for Q2 due to the impact of the rollover from old subsidy programs into new programs in late Q1, and the company's consumer broadband net adds may tip into negative growth in the quarter. This is difficult to explain without assuming continued structural impacts on gross adds due to competition as well as broader market saturation. In fact, we could see Verizon and TMUS each post greater unit growth in fixed wireless in the quarter than the entire cable industry. We also believe the full impact of competition and factors such as weakening consumer credit is yet to be realized.

In this context, we believe Charter is likely to face bigger headwinds than Comcast due to its footprint and consumer credit quality differences (please see [Will industry-wide improvements in bad debt persist?](#), 22 March 2022). As a result, broadband net add growth between the two companies may have a bigger gap than usual. Also, broadband tends to have a high fixed cost base, which helps when units are growing but will also likely hurt margins when growth slows. For Charter and ATUS, this is an even bigger issue given their high leverage and dependence on buybacks for valuation support. From a valuation perspective we note that, pre-Covid, Comcast and Charter grew cable revenues roughly in the mid single digit range largely because of broadband revenue growth in the 10%+ range. Roughly half of broadband revenue growth was on account of unit growth and half was due to price. However, with unit growth now potentially in the 2% range and potentially less pricing power due to growing competition, cable topline growth could drift lower to increasingly resemble telecom companies in the 3-4% range. Comcast already appears to be pricing this in to some extent, trading at 7x EV/2023 EBITDA and 6.9% unlevered FCF yield even without adjusting for NBCU and Sky (vs. VZ at 7.1x and 6.2% respectively). Charter valuation (7.8x EV/2023 EBITDA; 6.2% unlevered 2023 FCF yield) is more expensive than TMUS (8.3x and 6.6%, respectively), despite TMUS having greater growth visibility in our opinion. Based on this, the long telecom/short cable trade seems likely to

CORE Earnings Preview

North America Cable, Satellite & Telecom Services

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Kannan Venkateshwar

+1 212 528 7054

kannan.venkateshwar@barclays.com

BCI, US

David Joyce

+1 212 526 7156

david.joyce@barclays.com

BCI, US

Lauren Bonham

+1 212 526 3856

lauren.bonham@barclays.com

BCI, US

Siyuan Huang

+1 212 528 7952

siyuan.huang@barclays.com

BCI, US

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persist over the near term. On a single name basis, we continue to rate TMUS and T as Overweight, with CHTR rated Equal Weight.

(2) Telecom positioning largely tactical

While investors continue to be positioned defensively in telecom, we believe this is largely tactical due to near term visibility, and there isn't much long term conviction on industry trends. In our opinion, the biggest risk is that of a steep drop off in unit growth at some point comparable to cable last year, given above normal post-paid phone growth in '21 and '22. In addition, if cable broadband growth does continue slowing next year, there is a risk that more legacy cable companies like Charter slip into negative unit growth in broadband. This in turn would likely force them to be a lot more aggressive in wireless and, while wireless companies grow faster than cable companies in broadband, cable providers are likely to grow faster than some telecom companies like Verizon in wireless. Longer term, it is tough to see how either industry ends up benefitting from the on-going convergence in wireless/wireline offerings. The end state of this process is likely to be potentially more M&A; however, with capital costs rising and a tougher regulatory environment, this may not be available as a solution for a while.

In our opinion, Verizon is likely the most exposed to these headwinds near term, interestingly because of its industry leading market share, APRU and margins, as a result of which it can at best play defense. In our opinion, it is quite telling that, despite being aggressive in raising prices recently across its entire base in response to AT&T's price increase, the company hasn't really taken up its full year earnings guidance much. While both AT&T and Verizon have called out inflation as a source of cost pressure, this is a bit surprising given the high proportion of fixed cost in telecom networks and union contracts providing some buffer and visibility on cost. We also believe labor cost could become a bigger issue across both cable and telecom next year and beyond, when money from the \$1tn infrastructure spending program starts flowing in a bigger way.

This backdrop further supports the long telecom/short cable view. We are Equal Weight Verizon vs. Overweight TMUS and T.

(3) Dish PT cut on higher cost of capital

We reduce our price target for Dish to \$19 (from \$25) on the back of change in WACC due to a higher risk free rate (3%, up from 2%) as well as a reduction in our DBS estimates (2022E adj EBITDA of \$3.4bn, down from \$3.6bn). We note that the equity has underperformed the broader market significantly this year (Dish down ~44% vs SPX down ~20% YTD).

(4) Continued rate increases may add another layer of risk in coming quarters

Another growing consideration across cable and telecom names in the coming quarters is likely to be potential pressure on cash flow from floating rate debt. Verizon called this out earlier in the year as a \$150-200mm headwind in 2022. However, many names in our universe are lower rated, are more levered, and have a higher proportion of total debt in floating rate instruments than Verizon. Figure 1 below highlights floating rate risk exposure across our covered names.

Summary of our Ratings, Price Targets and Earning Estimates

	Rating		Price	Price Target			EPS FY1 (E)			EPS FY2 (E)		
Company	Old	New	6-Jul-22	Old	New	%Chg	Old	New	%Chg	Old	New	%Chg
North America Cable, Satellite & Telecom Services	Neu	Neu										
AT&T (T)	OW	OW	21.09	22.00	22.00	-	2.58	2.51	-3	2.58	2.55	-1
Altice USA (ATUS)	EW	EW	9.21	12.00	12.00	-	1.59	1.52	-4	1.59	1.50	-6
Charter Communications, Inc. (CHTR)	EW	EW	471.64	436.00	436.00	-	33.11	32.79	-1	37.67	34.60	-8
Comcast Corp. (CMCSA)	OW	OW	39.83	48.00	48.00	-	3.59	3.59	-	4.02	3.99	-1
DISH Network Corp. (DISH)	UW	UW	18.12	25.00	19.00	-24	2.75	2.52	-8	1.62	1.56	-4
T-Mobile US Inc. (TMUS)	OW	OW	137.00	150.00	150.00	-	2.71	2.64	-3	6.07	6.19	2
Verizon Communications Inc. (VZ)	EW	EW	51.51	53.00	53.00	-	5.45	5.41	-1	5.69	5.62	-1

Source: Barclays Research. Share prices and target prices are shown in the primary listing currency and EPS estimates are shown in the reporting currency. FY1(E): Current fiscal year estimates by Barclays Research. FY2(E): Next fiscal year estimates by Barclays Research. Stock Rating: OW: Overweight; EW: Equal Weight; UW: Underweight; RS: Rating Suspended Industry View: Pos: Positive; Neu: Neutral; Neg: Negative Potential +/-: Potential Upside/Downside 1 Percentage change in EPS relative to previous year.

Liquidity Summary for Our Coverage Universe

FIGURE 1. Debt metrics

\$ millions	Ticker	Credit Rating	Revolver		Total Debt Outstanding		Recent Issues		% Fixed vs. Floating		Net Leverage	Interest Coverage	Avg. Cost of Debt	
			Available	Capacity	2021	Q1-22	2021	Q1-22	Fixed	Float	Q1-22	Q1-22	2021	Q1-22
Cable & Satellite														
Altice	ATUS	BB-	1,701	2,575	26,547	26,441	4,595	150	78.0%	22.0%	5.6x	3.3x	5.1%	4.9%
Charter	CHTR	Ba2/BB+	5,500	5,500	91,561	95,222	20,874	6,676	89.0%	11.0%	4.4x	4.9x	4.5%	4.6%
Comcast	CMCSA	A3/A-	11,000	11,000	94,850	94,561	2,628	117	88.1%	11.8%	2.4x	9.2x	4.5%	4.2%
DISH	DISH	B2/B-	-	-	21,417	21,426	6,716	-	100.0%	0.0%	2.7x	NM	NM	NM
Sirius XM	SIRI	Ba3/BB	981	1,750	8,832	9,832	4,380	981	78.0%	22.0%	3.5x	6.7x	4.7%	4.0%
Grupo Televisa	TV	Baa1/BBB+	872	910	6,275	5,638	130	-500	60.5%	39.5%	1.3x	4.3x	7.3%	8.8%
Telecom														
AT&T	T	Baa2/BBB	15,000	15,000	177,354	207,558	25,593	31,797	92.9%	6.6%	3.4x	6.8x	4.1%	3.6%
T-Mobile	TMUS	BB+	5,500	5,500	74,193	72,470	14,727	0	100.0%	0.0%	2.7x	7.5x	4.6%	4.7%
Verizon	VZ	Baa1/BBB+	9,500	9,500	150,868	153,382	41,417	7,149	77.0%	23.0%	3.1x	15.3x	2.5%	2.1%
America Movil	AMX	A3/BBB+	1,500	1,500	28,210	29,707	4,685	3,006	76.5%	14.0%	1.8x	10.3x	6.8%	8.6%
BCE	BCE	Baa1/BBB+	1,585	1,585	24,298	24,472	4,093	1,085	85.0%	15.0%	2.4x	9.3x	3.8%	3.5%
Telus	TU	Baa1/BBB+	1,385	1,385	16,475	16,680	3,791	1,772	90.0%	10.0%	2.5x	8.4x	3.9%	3.4%
Media														
Disney	DIS	A2/BBB+	12,250	12,250	54,132	52,023	2,285	904	98.1%	1.9%	2.0x	12.1x	2.6%	2.7%
Endeavor	EDR	B	375	405	5,812	5,802	1,053	7	25.0%	75.0%	3.8x	4.6x	4.5%	4.1%
Formula One	FWONK	n/a	500	500	3,631	3,695	-	-	75.0%	25.0%	6.5x	5.6x	3.4%	3.2%
Fox	FOXA	Baa2/BBB	1,000	1,000	7,954	7,205	-	-	100.0%	0.0%	0.9x	8.9x	4.7%	1.2%
Netflix	NFLX	Ba1/BBB	1,000	1,000	15,393	14,535	-	-	100.0%	0.0%	1.2x	11.5x	5.0%	5.0%
The New York Times	NYT	n/a	250	250	-	-	-	-	-	-	-	-	-	-
Paramount	PARA	Baa2	3,500	3,500	17,709	16,812	-	1,028	100.0%	0.0%	3.1x	3.8x	5.3%	5.6%
Warner Bros. Discovery	WBD	BBB-	6,000	6,000	16,815	16,488	-	-	87.1%	12.9%	4.8x	3.3x	4.3%	5.9%
Warner Music Group	WMG	BB+	293	300	3,846	3,829	1,093	535	92.0%	8.0%	2.9x	8.8x	3.8%	3.3%
WWE	WWE	n/a	200	200	610	619	-	-	100.0%	0.0%	1.7x	7.9x	5.1%	5.9%

TV, AMX, BCE, and TU are converted into \$USD. Leverage = net debt / TTM EBITDA. Interest coverage = EBITDA / interest expense. AT&T and WBD leverage and coverage ratios are 2022E. AT&T debt balance as of end of Q1 '22 and includes debt for the WM transaction.

Source: Company Filings, Bloomberg, S&P Market Intelligence, Barclays Research

FIGURE 2. Cash and free cash flow metrics

\$ millions	Cash Balance	Total Liquidity	Minimum Cash Balance*	Free Cash Flow				% Fixed vs. Floating		Buybacks		Dividends		Capital Return Ratio	Payout Ratio
	Q1-22			2019	2020	2021	2022E	Fixed	Float	2021	2022E	2021	2022E	2021	2021
Cable & Satellite															
Altice	196	1,897	221	1,200	1,906	1,622	682	78.0%	22.0%	805	-	-	-	49.6%	0.0%
Charter	2,431	7,931	1,283	4,608	7,070	8,684	7,171	89.0%	11.0%	15,431	13,083	-	-	177.7%	0.0%
Comcast	8,880	19,880	8,880	13,269	13,103	17,089	14,758	88.1%	11.8%	4,672	12,283	4,532	4,664	53.9%	26.5%
DISH	2,696	2,696	2,444	1,180	2,119	2,068	-1,467	100.0%	0.0%	-	-	-	-	0.0%	0.0%
Sirius XM	76	1,057	79	1,654	1,668	1,607	1,557	78.0%	22.0%	1,626	1,106	268	1,327	117.9%	16.7%
Grupo Televisa	2,998	3,870	1,432	432	638	216	625	60.5%	39.5%	32	29	155	146	86.5%	71.7%
Telecom															
AT&T	38,565	53,565	11,342	25,983	24,489	22,157	14,136	92.9%	6.6%	202	197	15,068	9,749	68.9%	68.0%
T-Mobile	3,245	8,745	4,055	2,201	2,293	6,583	7,579	100.0%	0.0%	-	-	-	-	0.0%	0.0%
Verizon	1,661	11,161	4,657	17,807	23,576	19,253	16,168	77.0%	23.0%	-	-	10,445	10,831	54.3%	54.3%
America Movil	8,824	10,324	4,914	3,764	7,566	7,869	5,685	76.5%	14.0%	1,121	1,437	1,392	1,344	31.9%	17.7%
BCE	80	1,664	839	2,867	2,568	2,297	2,390	85.0%	15.0%	88	0	2,674	2,813	120.2%	116.4%
Telus	600	1,985	600	932	1,435	777	958	90.0%	10.0%	-	-	810	227	104.2%	104.2%
Media															
Disney	13,272	25,522	14,339	1,108	3,594	1,988	2,302	98.1%	1.9%	-	-	-	1,604	0.0%	0.0%
Endeavor	2,030	2,405	939	223	210	-451	642	25.0%	75.0%	40	-	9	-	-11.0%	-2.0%
Formula One	2,265	2,765	1,684	251	-155	464	336	75.0%	25.0%	55	-	-	-	11.9%	0.0%
Fox	4,634	5,634	3,340	2,288	2,006	2,155	1,896	100.0%	0.0%	1,001	898	330	295	61.8%	15.3%
Netflix	6,009	7,009	6,028	-3,274	1,921	-159	255	100.0%	0.0%	600	975	-	-	-377.6%	0.0%
The New York Times	169	419	256	144	263	234	170	0.0%	0.0%	11	-	45	60	24.1%	19.3%
Paramount	5,302	8,802	2,984	0	2,489	843	548	100.0%	0.0%	110	-	647	641	89.8%	76.7%
Warner Bros. Discovery	4,162	10,162	1,893	0	0	4,648	3,741	87.1%	12.9%	-	-	-	-	0.0%	0.0%
Warner Music Group	385	678	532	479	378	545	534	92.0%	8.0%	-	-	265	311	48.6%	48.6%
WWE	448	648	443	56	292	139	14	100.0%	0.0%	171	30	36	36	149.1%	26.1%

*Minimum cash balance is the median quarterly cash over the last 3 years. Negative payout ratios indicate negative free cash flow. TV, AMX, BCE, and TU are converted into \$USD. AT&T cash balances is as of end of Q1 '22 and include cash for the WM transaction.

Source: Company Filings, Bloomberg, S&P Market Intelligence, Barclays Research

FIGURE 3. Summary of current debt maturity schedule

\$ millions	Debt Maturities												
	2022	%	2023	%	2024	%	2025	%	2026	%	Thereafter	%	Total Debt
Cable & Satellite													
Altice	640	3%	-	0%	1,449	6%	2,824	12%	1,225	5%	18,216	75%	24,354
Charter	-	0%	1,545	2%	1,998	2%	6,833	7%	747	1%	84,114	88%	95,237
Comcast	1,872	2%	891	1%	4,250	4%	6,013	6%	4,977	5%	76,558	81%	94,561
DISH	2,038	10%	1,536	7%	3,036	14%	2,017	9%	7,754	36%	5,016	23%	21,397
Sirius XM	-	0%	193	2%	-	0%	-	0%	1,971	20%	7,680	78%	9,844
Grupo Televisa	150	2%	174	3%	497	8%	612	10%	438	7%	4,191	69%	6,062
Telecom													
AT&T	593	0%	6,288	4%	8,082	5%	2,762	2%	7,982	5%	127,013	83%	152,720
T-Mobile	2,280	3%	4,250	6%	2,500	4%	6,075	9%	5,500	8%	50,615	71%	71,220
Verizon	9,675	6%	7,033	5%	10,014	6%	8,396	5%	9,083	6%	110,348	71%	154,548
America Movil	7,223	24%	1,224	4%	3,981	13%	263	1%	1,566	5%	15,659	52%	29,917
BCE	2,175	9%	1,138	5%	2,020	9%	2,013	8%	1,528	6%	14,887	63%	23,762
Telus	1,818	11%	687	4%	1,102	7%	1,403	8%	1,197	7%	10,620	63%	16,828
Media													
Disney	4,161	8%	1,266	2%	2,902	6%	3,720	7%	4,578	9%	34,162	67%	50,789
Endeavor	87	2%	92	2%	73	1%	2,733	47%	2,723	47%	64	1%	5,771
Formula One	-	0%	386	12%	2,902	86%	-	0%	-	0%	-	0%	3,356
Fox	-	0%	-	0%	1,250	17%	600	8%	-	0%	5,351	74%	7,201
Netflix	-	0%	-	0%	400	3%	1,779	13%	1,000	7%	10,796	77%	13,974
The New York Times	-	NA	-	NA	-	NA	-	NA	-	NA	-	NA	-
Paramount	-	0%	239	2%	-	0%	547	3%	916	6%	14,121	89%	15,823
Warner Bros. Discovery	-	0%	1,358	3%	11,311	21%	3,147	6%	789	1%	36,738	69%	53,343
Warner Music Group	-	0%	-	0%	-	0%	-	0%	-	0%	3,760	100%	3,760
WWE	-	0%	215	91%	-	0%	20	8%	-	0%	-	0%	236

Source: Company Filings, Bloomberg, Barclays Research

FIGURE 4. EBITDA and FCF sensitivity to revenues

Company	Impact on EBITDA from 1% decrease in ad revenue	Impact on FCF of 1% decrease in ad revenue	Impact on EBITDA from 1% increase in cord cutting	Impact on FCF of 1% increase in cord cutting
Cable & Satellite				
Comcast	-0.3%	-0.5%	-0.5%	-0.2%
Charter	-0.1%	-0.1%	-0.2%	0.2%
Altice US	-0.1%	-0.4%	-0.2%	0.5%
Dish	-0.1%	see footnote #	-1.1%	1.8%
Sirius XM	-0.5%	-0.6%	n/a	n/a
Grupo Televisa	-0.5%	-0.8%	-0.2%	2.5%
Telecom Services				
AT&T	n/a	n/a	n/a	n/a
Verizon	n/a	n/a	0.0%	0.0%
T-Mobile	n/a	n/a	n/a	n/a
America Movil	n/a	n/a	n/a	n/a
BCE	-0.2%	-0.5%	n/a	n/a
Telus	n/a	n/a	n/a	n/a
Media				
Disney	-0.6%	-3.0%	-0.8%	-4.2%
Fox	-1.2%	-1.6%	-1.5%	-2.0%
Paramount	-1.7%	-9.1%	-1.6%	-8.7%
Discovery	-0.7%	-1.5%	-1.4%	-3.1%
New York Times	-1.2%	-1.6%	n/a	n/a
Netflix	n/a	n/a	n/a	n/a
Warner Music Group	n/a	n/a	n/a	n/a
Endeavor *	-0.1%	-0.1%	n/a	n/a
WWE *	-0.2%	-1.6%	n/a	n/a
FWON *	-0.5%	-0.9%	n/a	n/a

*Includes sponsorship revenue under advertising revenue. ^CY 2022 numbers for DIS and FOX. #DISH 2022E FCF is negative.

Source: Company Filings, Barclays Research

Appendix

FIGURE 5. T - Current vs. Old

\$mms, except EPS & subs	2Q22 Cur	2Q22 Old	Delta	FY22 Cur	FY22 Old	Delta	FY23 Cur	FY23 Old	Delta
Mobility Net Adds (000s)									
Postpaid Phone Net Adds	557	487	14%	2,281	2,211	3%	1,584	1,549	2%
Postpaid Net Adds	840	598	40%	3,355	2,900	16%	1,851	1,851	0%
Prepaid Net Adds	190	190	0%	526	526	0%	425	425	0%
Consumer Wireline Net Adds (000s)									
Voice	(210)	(210)	0%	(798)	(798)	0%	(750)	(750)	0%
DSL	(19)	(19)	0%	(80)	(80)	0%	(65)	(65)	0%
Fiber Broadband Net Adds	317	317	0%	1,307	1,307	0%	1,427	1,427	0%
Total Broadband	52	52	0%	258	258	0%	571	571	0%
Segment Revenue									
Mobility Revenue	19,690	19,777	0%	81,219	80,969	0%	82,950	82,658	0%
Consumer Wireline Revenue	3,169	3,169	0%	12,718	12,718	0%	13,097	13,117	0%
Business Wireline Revenue	5,747	5,869	-2%	22,936	23,142	-1%	22,553	22,827	-1%
Latin America Revenue	710	710	0%	2,858	2,858	0%	2,813	2,813	0%
WarnerMedia	849	849	0%	9,590	9,590	0%			
Total Revenue	30,242	30,504	-1%	129,490	129,605	0%	121,983	122,144	0%
Segment EBITDA									
Mobility EBITDA	8,171	8,208	0%	32,121	32,242	0%	33,213	33,097	0%
Consumer Wireline EBITDA	1,014	1,014	0%	4,128	4,128	0%	4,331	4,338	0%
Business Wireline EBITDA	2,184	2,230	-2%	8,701	8,785	-1%	8,445	8,618	-2%
Latin America EBITDA	43	43	0%	189	189	0%	169	169	0%
WarnerMedia	122	122	0%	1,568	1,568	0%			
Total Adj. EBITDA	10,351	10,786	-4%	42,679	43,342	-2%	43,770	43,991	-1%
Capital Expenditures									
	4,909	4,952	-1%	19,910	20,011	-1%	19,802	19,910	-1%
Free Cash Flow	4,299	4,691	-8%	14,136	14,145	0%	20,202	20,403	-1%
Adjusted Diluted EPS	\$0.56	\$0.61	-7%	\$2.51	\$2.58	-3%	\$2.55	\$2.57	-1%

Source: Company Filings, Barclays Research

FIGURE 6. TMUS - Current vs. Old

(\$mms, except EPS & subs)	2Q22 Cur	2Q22 Old	Delta	FY22 Cur	FY22 Old	Delta	FY23 Cur	FY23 Old	Delta
Wireless Net Adds (000s)									
Branded Postpaid Phone	570	592	-4%	2,667	2,689	-1%	2,478	2,500	-1%
Branded Postpaid	1,265	1,257	1%	5,501	5,493	0%	5,305	5,297	0%
Branded Prepaid	64	64	0%	263	263	0%	249	249	0%
Total Branded Net Adds	1,329	1,321	1%	5,764	5,756	0%	5,554	5,546	0%
Wholesale Net Adds	362	362	0%	1,557	1,557	0%	1,317	1,317	0%
Total Net Adds	1,691	1,683	0%	7,321	7,313	0%	6,871	6,863	0%
Postpaid Phone Churn	0.92%	0.92%	0%	0.97%	0.97%	0%	0.96%	0.96%	0%
Postpaid Phone ARPU	\$47.71	\$47.85	0%	\$48.07	\$48.23	0%	\$48.15	\$47.85	1%
Service Revenue	\$15,128	\$15,274	-1%	\$61,425	\$61,271	0%	\$63,783	\$62,436	2%
Equipment and Other Revenue	4,911	4,770	3%	19,673	19,271	2%	20,472	20,048	2%
Total Revenue	20,038	20,045	0%	81,098	80,542	1%	84,255	82,483	2%
Adjusted EBITDA	\$6,787	\$6,785	0%	\$27,326	\$27,499	-1%	\$30,435	\$29,980	2%
% EBITDA Margin	34%	34%	0%	34%	34%	-1%	36%	36%	-1%
% Service EBITDA Margin	45%	44%	1%	44%	45%	-1%	48%	48%	-1%
Core EBITDA	\$6,419	\$6,417	0%	\$25,975	\$26,149	-1%	\$29,837	\$29,384	2%
% EBITDA Margin	32%	32%	0%	32%	32%	-1%	35%	36%	-1%
% Service EBITDA Margin	42%	42%	1%	42%	43%	-1%	47%	47%	-1%
EPS	\$0.29	\$0.49	-40%	\$2.64	\$2.72	-3%	\$6.19	\$6.09	2%
Capex	3,326	3,327	0%	13,339	13,249	1%	9,552	9,351	2%
Free Cash Flow	1,475	1,525	-3%	7,579	7,530	1%	13,831	13,771	0%

Source: Company Filings, Barclays Research

FIGURE 7. VZ - Current vs. Old

(\$ mms, except EPS & subs)	2Q22 Cur	2Q22 Old	Delta	2022 Cur	2022 Old	Delta	2023 Cur	2023 Old	Delta
Wireless Net Adds (000s)									
Postpaid Phone	228	194	18%	945	980	-4%	854	847	1%
Postpaid	377	374	1%	1,976	2,020	-2%	1,774	1,792	-1%
Prepaid	(90)	(90)	0%	(390)	(390)	0%	(39)	(39)	0%
Fixed Wireless Access	249	233	7%	979	941	4%	1,183	1,183	0%
Postpaid Churn %	0.97%	0.97%	0bps	1.01%	1.00%	1bps	1.01%	1.01%	0bps
Postpaid ARPA \$	\$145.7	\$145.7	0%	\$148.4	\$146.5	1%	\$151.3	\$149.4	1%
Wireline Net Adds (000s)									
Fios Broadband	51	90	-43%	319	358	-11%	347	348	0%
High-Speed Internet	(23)	(23)	0%	(104)	(104)	0%	(84)	(84)	0%
Fios TV	(73)	(73)	0%	(280)	(280)	0%	(238)	(238)	0%
Wireless Service Revenue	\$18,472	\$18,531	0%	\$75,120	\$74,638	1%	\$78,608	\$78,051	1%
Wireless Equipment / Other	8,175	7,849	4%	33,219	32,861	1%	32,254	32,091	1%
Wireless Total	26,647	26,380	1%	108,339	107,499	1%	110,862	110,142	1%
Wireline Total	6,742	6,761	0%	26,597	26,857	-1%	26,802	26,935	0%
Consumer	\$25,391	\$25,160	1%	\$103,156	\$102,629	1%	\$105,021	\$104,460	1%
Business	\$7,923	\$7,906	0%	\$31,479	\$31,427	0%	\$32,372	\$32,345	0%
Total Revenue	33,864	33,567	1%	136,839	136,114	1%	139,462	138,875	0%
Consumer EBITDA	\$10,527	\$10,659	-1%	\$43,031	\$42,960	0%	\$45,023	\$44,947	0%
Margin %	41.5%	42.4%	-90bps	41.7%	41.9%	-15bps	42.9%	43.0%	-16bps
Business EBITDA	1,786	1,780	0%	7,258	7,316	-1%	7,671	7,709	0%
Margin %	22.5%	22.5%	2bps	23.1%	23.3%	-22bps	23.7%	23.8%	-14bps
Total EBITDA	12,124	12,201	-1%	49,476	49,375	0%	51,824	51,784	0%
Margin %	35.8%	36.3%	-55bps	36.2%	36.3%	-12bps	37.2%	37.3%	-13bps
Adjusted EPS	\$1.33	\$1.33	0%	\$5.41	\$5.45	-1%	\$5.62	\$5.69	-1%
Total Capex	5,339	5,292	1%	23,053	22,933	1%	20,314	20,230	0%
FCF	5,536	5,552	0%	16,168	16,402	-1%	20,052	20,294	-1%

Source: Company Filings, Barclays Research

FIGURE 8. ATUS - Current vs. Old

ATUS	New			Old			New			Old			% change		
(\$ Millions)	Q2 22E	Q2 22E	% change	2022E	2022E	% change	2023E	2023E	% change	2023E	2023E	% change	2023E	2023E	% change
Revenues															
Video	\$828	\$830	(0.2%)	\$3,279	\$3,299	(0.6%)	\$3,053	\$3,073	(0.7%)	\$3,053	\$3,073	(0.7%)	\$3,053	\$3,073	(0.7%)
HSD	986	998	(1.2%)	3,920	3,974	(1.4%)	4,005	4,125	(2.9%)	4,005	4,125	(2.9%)	4,005	4,125	(2.9%)
Voice	85	90	(5.0%)	326	347	(6.2%)	279	306	(9.0%)	279	306	(9.0%)	279	306	(9.0%)
Residential Revenue	1,899	1,917	(1.0%)	7,524	7,621	(1.3%)	7,337	7,505	(2.2%)	7,337	7,505	(2.2%)	7,337	7,505	(2.2%)
Business services	379	379	0.0%	1,515	1,512	0.2%	1,578	1,589	(0.7%)	1,578	1,589	(0.7%)	1,578	1,589	(0.7%)
Advertising	134	134	0.0%	596	589	1.1%	555	555	0.0%	555	555	0.0%	555	555	0.0%
Other	3	3	0.0%	14	14	0.0%	14	14	0.0%	14	14	0.0%	14	14	0.0%
Wireless	24	24	0.0%	106	106	0.0%	174	174	0.0%	174	174	0.0%	174	174	0.0%
Total Revenue	\$2,440	\$2,458	(0.7%)	\$9,755	\$9,842	(0.9%)	\$9,659	\$9,838	(1.8%)	\$9,659	\$9,838	(1.8%)	\$9,659	\$9,838	(1.8%)
Expenses															
Programming & other direct costs	843	847	(0.5%)	3,316	3,328	(0.3%)	3,122	3,135	(0.4%)	3,122	3,135	(0.4%)	3,122	3,135	(0.4%)
Other Operating Expense	559	559	0.0%	2,218	2,218	0.0%	2,219	2,219	0.0%	2,219	2,219	0.0%	2,219	2,219	0.0%
Wireless	46	46	0.0%	188	188	0.0%	294	294	0.0%	294	294	0.0%	294	294	0.0%
Total Expenses	1,448	1,452	(0.3%)	5,722	5,734	(0.2%)	5,635	5,648	(0.2%)	5,635	5,648	(0.2%)	5,635	5,648	(0.2%)
Adjusted EBITDA	\$992	\$1,006	(1.4%)	\$4,033	\$4,108	(1.8%)	\$4,023	\$4,191	(4.0%)	\$4,023	\$4,191	(4.0%)	\$4,023	\$4,191	(4.0%)
Margin %	40.7%	40.9%	(0.7%)	41.3%	41.7%	(1.0%)	41.7%	42.6%	(2.2%)	41.7%	42.6%	(2.2%)	41.7%	42.6%	(2.2%)
Capex	441	463	(4.7%)	1,757	1,730	1.5%	1,937	1,846	4.9%	1,937	1,846	4.9%	1,937	1,846	4.9%
Diluted EPS	\$0.32	\$0.32	(0.9%)	\$1.52	\$1.59	(4.0%)	\$1.50	\$1.59	(5.9%)	\$1.50	\$1.59	(5.9%)	\$1.50	\$1.59	(5.9%)
Residential net adds															
Video	(80)	(68)	(17.6%)	(281)	(275)	(2.2%)	(205)	(205)	0.0%	(205)	(205)	0.0%	(205)	(205)	0.0%
HSD	(20)	(11)	(81.8%)	(3)	11	(127.3%)	76	76	0.0%	76	76	0.0%	76	76	0.0%
Voice	(63)	(49)	(28.6%)	(216)	(202)	(6.9%)	(185)	(185)	0.0%	(185)	(185)	0.0%	(185)	(185)	0.0%
Wireless	15	15	0.0%	76	76	0.0%	145	145	0.0%	145	145	0.0%	145	145	0.0%
FCF (millions)	\$198	\$187	5.8%	\$682	\$774	(11.9%)	\$698	\$687	1.5%	\$698	\$687	1.5%	\$698	\$687	1.5%

Source: Company Filings, Barclays Research

FIGURE 9. CHTR - Current vs. Old

CHTR	New	Old	% change	New	Old	% change	New	Old	% change
(\$ Millions)	Q2-22E	Q2-22E		2022E	2022E		2023E	2023E	
Revenue									
Video	\$4,388	\$4,388	0.0%	\$17,605	\$17,605	0.0%	\$17,301	\$17,301	0.0%
HSD	5,579	5,588	(0.2%)	22,407	22,501	(0.4%)	23,583	24,039	(1.9%)
Voice	356	356	0.0%	1,472	1,472	0.0%	1,335	1,335	0.0%
Residential Revenue	10,322	10,332	(0.1%)	41,484	41,578	(0.2%)	42,219	42,674	(1.1%)
Commercial	1,740	1,740	0.0%	6,998	7,000	(0.0%)	7,234	7,239	(0.1%)
Advertising	424	424	0.0%	1,733	1,733	0.0%	1,626	1,626	0.0%
Mobile	750	699	7.3%	2,951	2,887	2.2%	3,713	3,635	2.1%
Other	230	230	0.0%	943	943	0.0%	1,073	1,073	0.0%
Total Revenue	\$13,466	\$13,425	0.3%	\$54,110	\$54,142	(0.1%)	\$55,864	\$56,247	(0.7%)
Cable EBITDA	5,369	5,379	(0.2%)	21,993	22,089	(0.4%)	22,549	22,820	(1.2%)
Margin %	42.2%	42.3%	(0.1%)	43.0%	43.1%	(0.2%)	43.2%	43.4%	(0.3%)
Wireless EBITDA	-45	-25	80.0%	-160	-140	14.3%	219	218	0.2%
Margin %	-6.0%	-3.6%	67.8%	-5.4%	-4.8%	11.8%	5.9%	6.0%	(1.9%)
Adjusted EBITDA	\$5,324	\$5,354	(0.6%)	\$21,833	\$21,949	(0.5%)	\$22,768	\$23,038	(1.2%)
Margin %	39.5%	39.9%	(0.9%)	40.3%	40.5%	(0.5%)	40.8%	41.0%	(0.5%)
Total Capex	2,083	2,083	0.0%	8,501	8,501	0.0%	8,615	8,527	1.0%
Residential & SMB net adds (000s)									
Video	(110)	(110)	0.0%	(476)	(476)	0.0%	(671)	(671)	0.0%
HSD	0	100	(100.0%)	376	700	(46.3%)	450	908	(50.5%)
Voice	(139)	(139)	0.0%	(590)	(590)	0.0%	(525)	(525)	0.0%
Wireless	360	302	19.2%	1,368	1,311	4.3%	1,334	1,274	4.7%
FCF (millions)	\$1,805	\$1,806	(0.0%)	\$7,171	\$7,260	(1.2%)	\$7,451	\$8,204	(9.2%)
Buybacks (millions)	\$3,300	\$3,100	6.5%	\$13,083	\$13,033	0.4%	\$7,500	\$7,500	0.0%

Source: Company Filings, Barclays Research

FIGURE 10. CMCSA - Current vs. Old

CMCSA	New	Old	% change	New	Old	% change	New	Old	% change
New vs Old Estimates (\$mm)	Q2 22E	Q2 22E		2022E	2022E		2023E	2023E	
Cable Communications Revenue									
Video	5,421	5,420	0.0%	21,553	21,636	(0.4%)	20,597	20,670	(0.4%)
HSD	6,124	6,186	(1.0%)	24,534	24,721	(0.8%)	25,972	26,295	(1.2%)
Voice	776	798	(2.8%)	3,053	3,126	(2.3%)	2,681	2,766	(3.1%)
Business Services	2,389	2,389	0.0%	9,554	9,554	0.0%	10,031	10,031	0.0%
Advertising	683	580	17.9%	2,935	2,831	3.7%	2,544	2,439	4.3%
Other	436	436	0.0%	1,735	1,735	0.0%	1,774	1,774	0.0%
Mobile	740	740	0.0%	2,997	2,997	0.0%	3,689	3,689	0.0%
Total Cable Revenue	16,568	16,547	0.1%	66,362	66,601	(0.4%)	67,287	67,663	(0.6%)
Cable Opex									
Programming Costs	3,535	3,527	0.2%	13,950	13,972	(0.2%)	13,520	13,537	(0.1%)
Non Programming opex	5,614	5,602	0.2%	22,781	23,088	(1.3%)	23,123	23,434	(1.3%)
Cable+Wireless OCF	7,420	7,418	0.0%	29,630	29,541	0.3%	30,644	30,692	(0.2%)
OCF Margin	44.8%	44.8%	-4bps	44.6%	44.4%	29bps	45.5%	45.4%	18bps
Cable Capex	1,823	1,820	0.1%	6,847	6,874	(0.4%)	7,065	7,105	(0.6%)
% of Revenue	11.0%	11.0%	0bps	10.3%	10.3%	0bps	10.5%	10.5%	0bps
Net Adds (in 000s)									
Video	(492)	(499)	1.4%	(1,811)	(1,818)	0.4%	(1,771)	(1,774)	0.2%
HSD	74	100	(26.0%)	600	700	(14.3%)	703	885	(20.6%)
Voice	(211)	(127)	(65.7%)	(773)	(690)	(12.0%)	(754)	(713)	(5.9%)
Wireless	308	308	0.0%	1,242	1,242	0.0%	1,040	1,040	0.0%

Source: Company Filings, Barclays Research

FIGURE 11. CMCSA - Current vs. Old

	New	Old	% change	New	Old	% change	New	Old	% change
NBCU (\$mm)	Q2 22E	Q2 22E		2022E	2022E		2023E	2023E	
NBC Universal Revenue									
Media	5,479	5,562	(1.5%)	23,910	23,993	(0.3%)	22,950	23,033	(0.4%)
Peacock	441	441	0.0%	1,931	1,931	0.0%	2,527	2,527	0.0%
Total Media excl Peacock	5,038	5,121	(1.6%)	21,979	22,063	(0.4%)	20,423	20,506	(0.4%)
Studios	2,408	2,408	0.0%	10,287	10,287	0.0%	10,476	10,476	0.0%
Theme Parks	1,650	1,614	2.2%	7,230	7,194	0.5%	7,642	7,605	0.5%
Headquarters / Elims	(614)	(791)	(22.3%)	(2,960)	(2,960)	0.0%	(3,108)	(3,108)	0.0%
Total NBCU Revenue	8,923	8,970	(0.5%)	38,466	38,513	(0.1%)	37,961	38,006	(0.1%)
Total NBCU Revenue excl Peacock	8,482	8,529	(0.6%)	36,535	36,583	(0.1%)	35,434	35,479	(0.1%)
NBC Universal OCF									
Media	1,118	1,250	(10.6%)	4,137	4,269	(3.1%)	4,602	4,734	(2.8%)
Peacock	(654)	(654)	0.0%	(2,409)	(2,409)	0.0%	(1,690)	(1,690)	0.0%
Total Media excl Peacock	1,772	1,904	(7.0%)	6,546	6,678	(2.0%)	6,292	6,424	(2.1%)
Studios	77	101	(23.9%)	825	849	(2.8%)	602	627	(4.1%)

	New	Old	% change	New	Old	% change	New	Old	% change
NBCU (\$mm)	Q2 22E	Q2 22E		2022E	2022E		2023E	2023E	
Theme Parks	589	587	0.4%	2,528	2,526	0.1%	2,883	2,868	0.5%
Headquarters / Elims	(242)	(242)	0.0%	(1,083)	(1,083)	0.0%	(883)	(883)	0.0%
Total NBCU OCF	1,542	1,696	(9.1%)	6,407	6,561	(2.4%)	7,204	7,346	(1.9%)
Total NBCU OCF Margin	17.3%	18.9%	-163bps	16.7%	17.0%	-38bps	19.0%	19.3%	-35bps
Total NBCU OCF excl Peacock	2,196	2,350	(6.6%)	8,816	8,970	(1.7%)	8,894	9,036	(1.6%)
Total NBCU OCF Margin excl Peacock	25.9%	27.6%	-167bps	24.1%	24.5%	-39bps	25.1%	25.5%	-37bps

Sky (\$mm)	Q2 22E	Q2 22E	% change	2022E	2022E	% change	2023E	2023E	% change
Revenue	4,688	5,115	(8.4%)	18,876	20,142	(6.3%)	18,507	20,176	(8.3%)
EBITDA	763	808	(5.6%)	2,600	2,710	(4.0%)	2,332	2,480	(5.9%)

CMCSA Consolidated Results (\$mm)	Q2 22E	Q2 22E	% change	2022E	2022E	% change	2023E	2023E	% change
Total Revenue	29,431	29,971	(1.8%)	121,063	122,703	(1.3%)	121,245	123,422	(1.8%)
Total OCF	9,322	9,520	(2.1%)	37,014	37,149	(0.4%)	38,635	38,931	(0.8%)
Total OCF Margin %	31.7%	31.8%	-9bps	30.6%	30.3%	30bps	31.9%	31.5%	32bps
Total Consolidated Net Income	3,560	3,678	(3.2%)	14,206	14,217	(0.1%)	15,418	15,527	(0.7%)
Net Income to CMCSA	3,633	3,751	(3.2%)	14,498	14,509	(0.1%)	15,458	15,567	(0.7%)
Adjusted Diluted EPS	\$0.89	\$0.91	(2.9%)	\$3.59	\$3.59	(0.1%)	\$3.99	\$4.02	(0.6%)
FCF	4,104	4,437	(7.5%)	14,758	14,958	(1.3%)	15,563	15,624	(0.4%)

Revenue growth									
Video	(2.4%)	(2.4%)	2bps	(2.4%)	(2.0%)	-38bps	(4.4%)	(4.5%)	3bps
HSD	7.1%	8.2%	-108bps	6.8%	7.6%	-82bps	5.9%	6.4%	-50bps
Voice	(10.8%)	(8.2%)	-254bps	(10.7%)	(8.5%)	-212bps	(12.2%)	(11.5%)	-68bps
Business Services	8.5%	8.5%	0bps	7.0%	7.0%	0bps	5.0%	5.0%	0bps
Advertising	0.6%	(14.6%)	1526bps	4.1%	0.4%	369bps	(13.3%)	(13.9%)	51bps
Other	2.5%	2.5%	0bps	1.0%	1.0%	0bps	2.2%	2.2%	0bps
Total Cable Revenue	3.5%	3.4%	13bps	3.2%	3.5%	-37bps	1.4%	1.6%	-20bps

Source: Company Filings, Barclays Research

FIGURE 12. DISH - Current vs. Old

DISH	New			Old			New		
(\$mn, except for per share data)	Q2 22E	Q2 22E	% change	2022E	2022E	% change	2023E	2023E	% change
Revenue									
Pay TV Service revenue	3,079	3,089	(0.3%)	12,253	12,228	0.2%	11,797	11,992	(1.6%)
Pay TV Other Revenue	43	48	(10.5%)	162	172	(5.6%)	154	163	(5.6%)
Wireless Revenue	1,153	1,171	(1.5%)	4,607	4,840	(4.8%)	5,170	5,928	(12.8%)
Total Revenue	4,273	4,309	(0.8%)	17,016	17,240	(1.3%)	17,114	18,083	(5.4%)
Costs & Expenses									
<u>Pay TV</u>									
—Cost of service	1,841	1,824	0.9%	7,414	7,320	1.3%	7,127	6,994	1.9%
—as a % of revenue	59.0%	58.1%		59.7%	59.0%		59.6%	57.5%	
—Cost of sales	23	26	(10.5%)	100	105	(5.3%)	93	99	(6.1%)
—SG&A	345	309	11.8%	1,457	1,374	6.0%	1,396	1,507	(7.4%)
—Pay TV EBITDA	912	979	(6.8%)	3,444	3,600	(4.3%)	3,335	3,555	(6.2%)
—Margin %	29.2%	31.2%		27.7%	29.0%		27.9%	29.3%	
<u>Wireless</u>									
—Wireless Costs	1,255	1,231	1.9%	5,011	5,272	(5.0%)	6,180	7,190	(14.0%)
—Wireless EBITDA	(102)	(60)	70.2%	(404)	(432)	(6.4%)	(1,010)	(1,262)	(20.0%)
—Margin %	(8.8%)	(5.1%)		(8.8%)	(8.9%)		(19.5%)	(21.3%)	
Total Adj EBITDA	811	919	(11.8%)	3,040	3,168	(4.0%)	2,325	2,293	1.4%
Margin %	19.0%	21.3%		17.9%	18.4%		13.6%	12.7%	
Net Income	424	522	(18.8%)	1,606	1,748	(8.1%)	991	1,029	(3.7%)
Diluted EPS	\$0.67	\$0.82	(18.8%)	\$2.52	\$2.75	(8.1%)	\$1.56	\$1.62	(3.7%)
FCF (pre-network buildout)	533	647	(17.6%)	2,056	2,249	(8.6%)	1,289	967	33.4%
FCF/EBITDA	66%	70%		68%	71%		55%	42%	
Pay TV Net Adds (000s)	(184)	(372)	50.6%	(935)	(1,231)	24.0%	(659)	(757)	12.9%
- DBS Net adds	(173)	(216)	19.9%	(736)	(825)	10.8%	(615)	(690)	10.8%
- Sling Net adds	(11)	(156)	93.2%	(200)	(407)	50.9%	(44)	(67)	34.9%
Wireless Net Adds (K)	(293)	(188)	55.9%	(45)	190	(123.5%)	367	400	(8.1%)

Source: Company Filings, Barclays Research

North America Cable, Satellite & Telecom Services

NEUTRAL

Altice USA Inc. (ATUS)

EQUAL WEIGHT

Income statement (\$mn)	2021A	2022E	2023E	2024E	CAGR
Revenue	10,091	9,755	9,659	9,827	-0.9%
EBITDA (adj)	4,427	4,033	4,023	4,091	-2.6%
EBIT (adj)	2,525	2,142	2,133	2,143	-5.3%
Finance costs - net	1,267	1,234	1,211	1,233	-0.9%
Pre-tax income (adj)	1,306	984	942	900	-11.7%
Tax rate (%)	23	27	28	25	3.4%
Net income (adj)	990	690	678	675	-12.0%
EPS (adj) (\$)	2.14	1.52	1.50	1.49	-11.4%
Diluted shares (mn)	462.3	453.2	453.2	453.2	-0.7%
DPS (\$)	0.00	0.00	0.00	0.00	N/A
Margin and return data	2021A	2022E	2023E	2024E	Average
EBITDA (adj) margin (%)	43.9	41.3	41.7	41.6	42.1
EBIT (adj) margin (%)	25.0	22.0	22.1	N/A	23.0
Pre-tax (adj) margin (%)	12.9	10.1	9.8	N/A	10.9
Net (adj) margin (%)	9.8	7.1	7.0	N/A	8.0
ROIC (%)	6.4	5.7	5.5	N/A	5.9
ROA (%)	4.6	3.9	3.8	N/A	4.1
ROE (%)	-201.1	-176.8	-383.1	N/A	-253.7
Balance sheet and cash flow (\$mn)	2021A	2022E	2023E	2024E	CAGR
Tangible fixed assets	6,340	7,878	9,815	11,780	22.9%
Cash and equivalents	196	257	945	1,506	97.3%
Total assets	33,215	32,978	33,811	34,503	1.3%
Short and long-term debt	24,523	25,748	23,766	N/A	N/A
Other long-term liabilities	436	246	246	246	-17.3%
Total liabilities	34,086	33,047	33,130	33,025	-1.0%
Net debt/(funds)	24,327	25,491	22,820	N/A	N/A
Shareholders' equity	-871	-69	681	1,478	N/A
Change in working capital	-179	-124	-79	79	N/A
Cash flow from operations	2,854	2,439	2,635	2,785	-0.8%
Capital expenditure	-1,232	-1,757	-1,937	-1,965	N/A
Free cash flow	1,622	682	698	820	-20.3%
Valuation and leverage metrics	2021A	2022E	2023E	2024E	Average
P/E (adj) (x)	4.3	6.1	6.2	6.2	5.7
EV/sales (x)	2.9	3.0	3.1	3.0	3.0
EV/EBITDA (adj) (x)	6.7	7.3	7.3	7.2	7.1
FCF yield (%)	5.5	2.3	2.4	2.8	3.2
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Net debt/EBITDA (adj) (x)	5.5	6.3	5.7	N/A	5.8

Note: FY End Dec

Source: Company data, Bloomberg, Barclays Research

Price (06-Jul-2022) **USD 9.21**
 Price Target **USD 12.00**

Why EQUAL WEIGHT?

ATUS has not been executing well recently; with downward guidance on broadband subscriber guidance and with the need to reinvest more in the business, shares are trading below cable competitors due to a more challenged growth path. Therefore, we rate ATUS Equal Weight and value it at 7.6x 2022E EBITDA.

Upside case **USD 18.00**

Upside to our estimates could result from stronger than expected ARPU growth, EBITDA growth which could lead to higher FCF growth. We value ATUS at 8.3x 2022E EBITDA.

Downside case **USD 7.00**

Downside to our estimates could result from lower-than-expected synergies, weaker than expected ARPU growth, or competition from Fios and skinny bundles which leads to higher sub declines/ARPU softness. We value ATUS at 7.1x 2022E EBITDA.

Upside/Downside scenarios



North America Cable, Satellite & Telecom Services

NEUTRAL

AT&T (T)

OVERWEIGHT

Income statement (\$mn)	2021A	2022E	2023E	2024E	CAGR
Revenue	168,864	129,490	121,983	122,858	-10.1%
EBITDA	46,209	42,221	43,770	44,336	-1.4%
EBIT	23,347	23,299	26,048	26,428	4.2%
Finance costs - net	6,884	5,891	5,258	5,258	-8.6%
Pre-tax income	26,947	23,796	25,190	24,945	-2.5%
Tax rate (%)	20	21	20	20	-0.5%
Net income (adj)	N/A	N/A	N/A	N/A	N/A
EPS (adj) (\$)	3.34	2.51	2.55	2.48	-9.5%
Diluted shares (mn)	7,199	7,556	7,556	7,556	1.6%
DPS (\$)	2.08	1.36	0.99	1.00	-21.7%

Margin and return data	2021A	2022E	2023E	2024E	Average
EBITDA margin (%)	27.4	32.6	35.9	36.1	33.0
EBIT margin (%)	13.8	18.0	21.4	21.5	18.7
Pre-tax margin (%)	16.0	18.4	20.7	20.3	18.8
Net (adj) margin (%)	11.9	13.8	15.7	15.4	14.2
Operating CF margin (%)	20.6	17.6	19.6	22.2	20.0
ROIC (%)	22.2	17.8	18.8	19.3	19.5
ROA (%)	14.6	13.4	14.1	13.6	13.9
ROE (%)	43.7	36.7	37.0	34.4	37.9

Balance sheet and cash flow (\$mn)	2021A	2022E	2023E	2024E	CAGR
Cash and equivalents	21,169	32,304	45,373	61,765	42.9%
Total assets	551,622	533,318	545,040	556,272	0.3%
Short and long-term debt	177,354	154,658	154,658	154,658	-4.5%
Other long-term liabilities	129,455	126,606	125,756	125,162	-1.1%
Total liabilities	367,767	339,010	337,714	336,174	-2.9%
Net debt/(funds)	156,185	122,354	109,285	92,893	-15.9%
Shareholders' equity	166,332	176,037	188,057	199,776	6.3%
Cash flow from operations	41,957	34,315	41,173	40,192	-1.4%
Capital expenditure	16,527	19,910	19,802	17,108	1.2%
Free cash flow	22,157	14,136	20,202	23,577	2.1%
NOPAT	N/A	N/A	N/A	N/A	N/A

Valuation and leverage metrics	2021A	2022E	2023E	2024E	Average
P/E (adj) (x)	6.3	8.4	8.3	8.5	7.9
EV/sales (x)	1.9	2.2	2.2	2.1	2.1
EV/EBITDA (x)	6.8	6.7	6.1	5.7	6.3
Equity FCF yield (%)	29.4	-4.9	12.7	14.8	13.0
P/BV (x)	0.8	0.8	0.8	0.7	0.8
Dividend yield (%)	9.9	6.4	4.7	4.7	6.4
Total debt/capital (%)	N/A	N/A	N/A	N/A	N/A
Net debt/EBITDA (x)	3.4	2.9	2.5	2.1	2.7

Selected operating metrics	2021A	2022E	2023E	2024E	Average
Postpaid subscribers	81,534	84,029	85,880	87,311	84,688
Total subscribers (k)	201,791.0	208,906.0	224,091.0	238,368.8	218,289.2
Postpaid ARPU (\$)	49.13	48.68	48.35	48.25	48.60
Postpaid churn (%)	0.94	0.98	1.00	1.01	0.98

Note: FY End Dec

Source: Company data, Bloomberg, Barclays Research

Price (06-Jul-2022) **USD 21.09**
 Price Target **USD 22.00**

Why OVERWEIGHT?

Modestly improving wireless and fiber growth drives our relative OW rating on the shares.

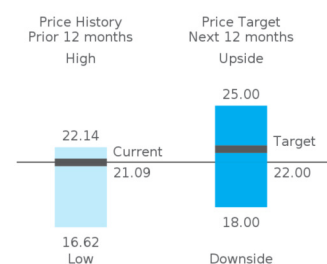
Upside case **USD 25.00**

Key fundamental drivers to our upside case include buybacks, ability to maintain wireless and broadband growth, and ongoing margin expansion.

Downside case **USD 18.00**

Our downside case assumes slowdown in wireless subscribers and ARPU pressure.

Upside/Downside scenarios



North America Cable, Satellite & Telecom Services

NEUTRAL

Charter Communications, Inc. (CHTR)

EQUAL WEIGHT

Income statement (\$mn)	2021A	2022E	2023E	2024E	CAGR
Revenue	51,682	54,110	55,864	57,677	3.7%
EBITDA (adj)	20,630	21,833	22,768	23,751	4.8%
EBIT (adj)	10,526	12,200	12,931	13,979	9.9%
Finance costs - net	-4,037	-4,372	-4,522	-4,633	N/A
Pre-tax income (adj)	6,388	7,851	8,329	9,346	13.5%
Tax rate (%)	17	22	24	24	12.8%
Net income (adj)	4,654	5,383	5,486	6,259	10.4%
EPS (adj) (\$)	25.48	32.79	34.60	40.48	16.7%
Diluted shares (mn)	208.8	187.9	183.0	175.5	-5.6%
DPS (\$)	0.00	0.00	0.00	N/A	N/A
Margin and return data	2021A	2022E	2023E	2024E	Average
EBITDA (adj) margin (%)	39.9	40.3	40.8	41.2	40.6
EBIT (adj) margin (%)	20.4	22.5	23.1	N/A	22.0
Pre-tax (adj) margin (%)	2.5	2.4	3.5	N/A	2.8
Net (adj) margin (%)	9.0	9.9	9.8	N/A	9.6
ROIC (%)	9.6	11.3	12.0	N/A	11.0
ROA (%)	7.3	8.5	9.0	N/A	8.3
ROE (%)	43.5	63.6	76.2	N/A	61.1
Balance sheet and cash flow (\$mn)	2021A	2022E	2023E	2024E	CAGR
Tangible fixed assets	34,310	33,952	33,253	32,798	-1.5%
Cash and equivalents	601	941	1,300	1,188	25.5%
Total assets	142,491	142,352	142,203	141,844	-0.2%
Short and long-term debt	91,561	98,222	99,222	N/A	N/A
Other long-term liabilities	4,217	4,466	4,449	4,332	0.9%
Total liabilities	124,335	131,172	132,342	132,529	2.2%
Net debt/(funds)	90,960	97,281	97,922	N/A	N/A
Shareholders' equity	18,156	11,180	9,861	9,315	-19.9%
Cash flow from operations	16,239	15,507	16,066	16,754	1.0%
Capital expenditure	-7,635	-8,501	-8,615	-8,774	N/A
Free cash flow	8,684	7,171	7,451	7,980	-2.8%
Valuation and leverage metrics	2021A	2022E	2023E	2024E	Average
P/E (adj) (x)	18.5	14.4	13.6	11.7	14.6
EV/sales (x)	3.7	3.7	3.6	N/A	3.7
EV/EBITDA (adj) (x)	9.4	9.2	8.8	N/A	9.1
FCF yield (%)	4.5	3.6	3.7	N/A	3.9
Dividend yield (%)	0.0	0.0	0.0	N/A	0.0
Total debt/capital (%)	83.5	89.8	91.0	N/A	88.1
Net debt/EBITDA (adj) (x)	4.4	4.5	4.3	N/A	4.4
Selected operating metrics	2021A	2022E	2023E	2024E	CAGR
Residential ARPU (\$)	113.58	115.09	116.27	N/A	N/A
Video net adds	-367	-476	-671	N/A	N/A
Telephony net adds (k)	-536.0	-590.0	-525.0	N/A	N/A
Broadband net adds (k)	1,210.0	376.0	449.5	N/A	N/A

Note: FY End Dec

Source: Company data, Bloomberg, Barclays Research

Price (06-Jul-2022) **USD 471.64**
Price Target **USD 436.00**

Why EQUAL WEIGHT?

We believe CHTR is one of the most defensive names in our space if the economy goes into a recession. Additionally, CHTR's FCF growth story is likely to be one of the highest across the cable industry. However, we acknowledge that CHTR's current valuation likely already prices in a lot of this.

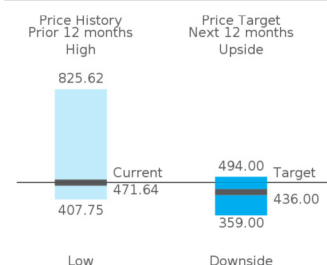
Upside case **USD 494.00**

CHTR has upside potential in case it is able to extract higher cost synergies and have faster data ARPU growth. Along with that, any M&A-related speculation could also drive upside. Therefore, we value CHTR at ~8.5x 2022E our upside scenario EBITDA of ~\$22B.

Downside case **USD 359.00**

Inability to extract synergies, increased cord shaving/cutting due to new skinny bundles, and slower ARPU growth could result in EBITDA margin compression. Also, pursuing inorganic path could weigh on the stock. We value CHTR at 7.4x 2022E our downside scenario EBITDA of ~\$22B.

Upside/Downside scenarios



North America Cable, Satellite & Telecom Services

NEUTRAL

Comcast Corp. (CMCSA)

OVERWEIGHT

Income statement (\$mn)	2021A	2022E	2023E	2024E	CAGR
Revenue	116,385	121,063	121,245	124,749	2.3%
EBITDA	34,708	37,014	38,635	39,760	4.6%
EBIT	20,826	22,828	24,359	26,226	8.0%
Finance costs - net	-4,281	-3,965	-3,965	-3,881	N/A
Pre-tax income	19,101	19,052	20,394	22,345	5.4%
Tax rate (%)	28	25	24	24	-4.5%
Net income	15,055	16,126	16,978	18,502	7.1%
EPS (reported) (\$)	3.23	3.59	3.99	4.59	12.4%
Diluted shares (mn)	4,654.0	4,495.5	4,255.7	4,034.1	-4.7%
DPS (\$)	0.97	1.04	1.13	1.24	8.3%

Margin and return data	2021A	2022E	2023E	2024E	Average
EBITDA margin (%)	29.8	30.6	31.9	31.9	31.0
EBIT margin (%)	17.9	18.9	20.1	21.0	19.5
Pre-tax margin (%)	16.4	15.7	16.8	17.9	16.7
Net margin (%)	12.2	12.0	12.7	13.6	12.6
Operating CF margin (%)	19.5	20.0	21.4	21.6	20.6
ROIC (%)	7.3	7.6	8.2	9.2	8.1
ROA (%)	5.2	5.3	5.7	6.3	5.6
ROE (%)	15.0	15.1	16.5	18.6	16.3

Balance sheet and cash flow (\$mn)	2021A	2022E	2023E	2024E	CAGR
Cash and equivalents	8,711	6,589	3,498	-5	N/A
Total assets	275,906	274,322	269,850	267,324	-1.0%
Short and long-term debt	94,851	97,217	97,217	97,217	0.8%
Other long-term liabilities	25,790	25,942	26,364	26,727	1.2%
Total liabilities	177,897	178,754	177,440	176,501	-0.3%
Net debt/(funds)	86,140	88,171	91,262	92,765	2.5%
Shareholders' equity	97,490	95,133	91,897	90,310	-2.5%
Cash flow from operations	29,146	27,540	28,239	29,925	0.9%
Capital expenditure	-9,173	-9,969	-9,825	-9,980	N/A
Free cash flow	20,191	15,483	16,307	17,806	-4.1%
NOPAT	15,092	17,022	18,415	19,932	9.7%

Valuation and leverage metrics	2021A	2022E	2023E	2024E	Average
P/E (reported) (x)	12.3	11.1	10.0	8.7	10.5
EV/sales (x)	2.3	2.2	2.2	2.2	2.2
EV/EBITDA (x)	7.7	7.3	7.0	6.9	7.2
FCF yield (%)	7.6	5.8	6.0	6.5	6.5
P/BV (x)	1.9	1.9	1.8	1.8	1.9
Dividend yield (%)	2.4	2.6	2.8	3.1	2.7
Payout ratio (%)	30.1	28.9	28.3	27.0	28.6
Total debt/capital (%)	49.2	49.8	50.6	50.5	50.0
Net debt/EBITDA (x)	2.5	2.4	2.4	2.3	2.4

Selected operating metrics (k)	2021A	2022E	2023E	2024E	CAGR
Basic video subs	18,176.0	16,365.0	14,594.5	12,983.8	-10.6%
Total broadband subscribers	31,901.0	32,501.0	33,204.0	33,927.0	2.1%
Telephony subs	10,454.0	9,680.5	8,926.3	8,111.9	-8.1%

Price (06-Jul-2022) **USD 39.83**
Price Target **USD 48.00**

Why OVERWEIGHT?

We believe CMCSA is in the best position to benefit as it 1) is the only vertically integrated global media company with scale technological capabilities which provide meaningful programming cost hedges and international diversification; 2) has the ability to drive revenue, cost and capex synergies from Sky acquisition as well as drive strong FCF generation.

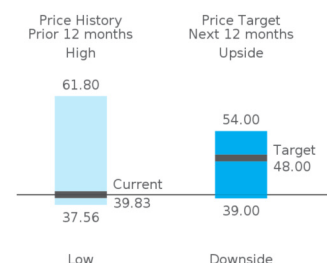
Upside case **USD 54.00**

Stronger-than-expected ARPU growth, improving subscriber and viewership trends, and greater than expected Sky synergies could weigh positively on the stock. We value it at blended 8.2x 2022E EBITDA.

Downside case **USD 39.00**

Weaker than expected ARPU growth, accelerated subscriber and viewership declines, and subpar Sky execution could weigh negatively on the stock. We value it at blended 6.5x 2022E EBITDA.

Upside/Downside scenarios



Note: FY End Dec

Source: Company data, Bloomberg, Barclays Research

North America Cable, Satellite & Telecom Services

NEUTRAL

DISH Network Corp. (DISH)

UNDERWEIGHT

Income statement (\$k)	2021A	2022E	2023E	2024E	CAGR
Revenue	17,881,106	17,015,622	17,113,917	18,608,060	1.3%
EBITDA	3,927,887	3,040,091	2,324,876	1,715,710	-24.1%
EBIT	3,203,035	2,131,095	1,365,848	623,707	-42.0%
Finance costs - net	-4,836	-12,659	-23,725	-38,721	N/A
Pre-tax income	3,218,756	2,163,150	1,357,159	600,022	-42.9%
Tax rate (%)	24	23	23	23	-1.0%
Net income	2,410,642	1,605,883	990,561	404,843	-44.8%
EPS (reported) (\$)	3.79	2.52	1.56	0.64	-44.8%
Diluted shares (k)	636,063.0	636,470.0	636,470.0	636,470.0	0.0%
DPS (\$)	0.00	0.00	0.00	N/A	N/A
Margin and return data	2021A	2022E	2023E	2024E	Average
EBITDA margin (%)	22.0	17.9	13.6	9.2	15.7
EBIT margin (%)	17.9	12.5	8.0	N/A	12.8
Pre-tax margin (%)	18.0	12.7	7.9	3.2	10.5
Net margin (%)	13.5	9.4	5.8	2.2	7.7
Operating CF margin (%)	22.5	18.2	18.1	N/A	19.6
ROIC (%)	5.7	3.2	1.7	0.7	2.9
ROA (%)	5.0	3.1	1.5	0.6	2.5
ROE (%)	15.5	9.0	4.9	1.8	7.8
Balance sheet and cash flow (\$k)	2021A	2022E	2023E	2024E	CAGR
Tangible fixed assets	3,257,787	6,987,731	15,854,873	18,917,596	79.7%
Intangible fixed assets	28,632,665	28,888,467	28,888,467	N/A	N/A
Cash and equivalents	2,428,188	1,712,966	7,068,216	10,205,437	61.4%
Total assets	48,001,725	51,514,953	66,129,363	73,398,454	15.2%
Short and long-term debt	21,417,016	21,977,912	34,064,263	38,554,468	21.6%
Other long-term liabilities	4,038,588	3,217,974	3,217,974	3,217,974	-7.3%
Total liabilities	32,078,612	33,238,582	45,474,569	50,204,475	16.1%
Net debt/(funds)	16,013,310	19,726,171	26,457,273	27,810,256	20.2%
Shareholders' equity	15,527,891	17,865,112	20,243,536	22,782,722	13.6%
Cash flow from operations	4,031,251	3,090,127	3,095,068	2,801,742	-11.4%
Capital expenditure	-1,617,061	-3,799,031	-8,111,737	-2,057,218	N/A
Free cash flow (\$mn)	2,068	-1,660	-6,731	N/A	N/A
NOPAT	2,530,398	1,683,565	1,079,020	492,729	-42.0%
Valuation and leverage metrics	2021A	2022E	2023E	2024E	Average
P/E (reported) (x)	4.8	7.2	11.6	28.5	13.0
EV/sales (x)	895.5	1,159.3	1,546.0	1,494.5	1,273.8
EV/EBITDA (x)	4,076.8	6,488.7	11,380.1	16,209.2	9,538.7
FCF yield (%)	0.0	-0.0	-0.0	N/A	-0.0
P/BV (x)	0.7	0.6	0.6	0.5	0.6
Dividend yield (%)	0.0	0.0	0.0	N/A	0.0
Total debt/capital (%)	58.0	55.2	62.7	N/A	58.6
Net debt/EBITDA (x)	4.8	6.7	11.6	N/A	7.7
Selected operating metrics (k)	2021A	2022E	2023E	2024E	
Total subscribers	10,707.0	9,772.0	9,113.0	N/A	
Net adds	-583.0	-935.0	-659.0	N/A	
Total ARPU (\$)	96.01	100.66	104.39	N/A	

Note: FY End Dec

Source: Company data, Bloomberg, Barclays Research

Price (06-Jul-2022) **USD 18.12**
Price Target **USD 19.00**

Why UNDERWEIGHT?

While we believe Dish's entry into wireless has significant long-term earnings potential, we believe that the path could be difficult due to funding needs and new entrant execution risk. Therefore we are UW with a \$19 PT.

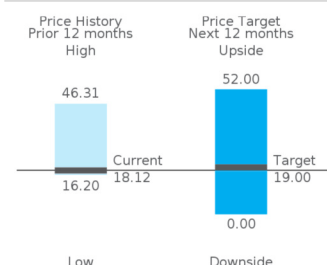
Upside case **USD 52.00**

Our upside case assumes that Dish is successful in its ability to create a scaled wholesale and retail wireless business with Rakuten like opex and low capital raise in line with guidance.

Downside case **USD 0.00**

Our downside case of \$0 assumes either that Dish builds a wholesale-only or retail-only business which would have no equity value, or is unable to raise capital to fund its network build.

Upside/Downside scenarios



North America Cable, Satellite & Telecom Services

NEUTRAL

T-Mobile US Inc. (TMUS)

OVERWEIGHT

Income statement (\$mn)	2021A	2022E	2023E	2024E	CAGR
Revenue	80,118	81,098	84,255	88,405	3.3%
EBITDA (adj)	26,924	27,326	30,435	32,433	6.4%
EBIT	6,892	7,842	13,325	18,534	39.1%
Finance costs - net	-3,189	-2,510	-3,347	-3,347	N/A
Pre-tax income	3,351	4,412	9,843	15,112	65.2%
Tax rate (%)	10	25	25	25	36.1%
Net income (adj)	3,024	3,315	7,404	11,394	55.6%
EPS (adj) (\$)	2.41	2.64	6.19	10.03	60.8%
Diluted shares (mn)	1,254	1,255	1,197	1,136	-3.2%
DPS (\$)	0.00	0.00	0.00	0.00	N/A

Margin and return data	2021A	2022E	2023E	2024E	Average
EBITDA (adj) margin (%)	29.4	32.0	35.4	36.3	33.3
EBIT margin (%)	8.6	9.7	15.8	21.0	13.8
Pre-tax margin (%)	4.2	5.4	11.7	17.1	9.6
Net (adj) margin (%)	3.8	4.1	8.8	12.9	7.4
Operating CF margin (%)	17.4	20.0	22.6	25.3	21.3
ROIC (%)	2.3	2.5	5.8	9.3	5.0
ROA (%)	1.5	1.5	3.6	5.6	3.0
ROE (%)	4.4	4.5	12.1	21.4	10.6

Balance sheet and cash flow (\$mn)	2021A	2022E	2023E	2024E	CAGR
Cash and equivalents	6,631	9,250	3,081	244	-66.8%
Total assets	206,563	216,731	208,345	204,048	-0.4%
Short and long-term debt	76,999	80,037	84,387	88,737	4.8%
Other long-term liabilities	5,097	4,080	4,080	4,080	-7.2%
Total liabilities	137,461	143,636	147,211	150,843	3.1%
Net debt/(funds)	70,368	70,787	81,306	88,493	7.9%
Shareholders' equity	69,102	73,021	61,059	53,130	-8.4%
Cash flow from operations	13,917	16,204	19,033	22,360	17.1%
Capital expenditure	-12,326	-13,339	-9,552	-9,548	N/A
Free cash flow	5,646	7,579	13,831	17,162	44.9%
NOPAT	3,024	3,315	7,404	11,394	55.6%

Valuation and leverage metrics	2021A	2022E	2023E	2024E	Average
P/E (adj) (x)	56.8	51.9	22.1	13.7	36.1
EV/sales (x)	3.0	3.0	3.0	2.9	3.0
EV/EBITDA (adj) (x)	9.0	8.9	8.3	8.0	8.6
Equity FCF yield (%)	4.6	3.3	8.4	11.0	6.8
P/BV (x)	2.5	2.4	2.7	2.9	2.6
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Total debt/capital (%)	52.7	52.3	58.0	62.5	56.4
Net debt/EBITDA (adj) (x)	2.6	2.6	2.7	2.7	2.7

Selected operating metrics (k)	2021A	2022E	2023E	2024E	CAGR
Core (adj) EBITDA (\$mn)	23,576	25,975	29,837	32,118	10.9%

Subscriber data

Total postpaid subscribers	87,663.0	92,606.0	97,911.0	103,126.0	5.6%
Total subscribers	141,804.8	148,249.1	154,817.9	161,171.5	4.4%
Total postpaid net adds	6,313	4,943	5,305	5,215	-6.2%
Total net adds	7,926	6,444	6,569	6,354	-7.1%
Postpaid phone churn (%)	1.0	1.0	1.0	0.9	-1.1%
Postpaid phone ARPU (\$)	47.75	48.08	48.15	48.27	0.4%

Note: FY End Dec

Source: Company data, Bloomberg, Barclays Research

Price (06-Jul-2022) **USD 137.00**Price Target **USD 150.00**

Why OVERWEIGHT?

Our OW rating is predicated on significant realized synergies post-Sprint merger, revenue growth from fixed wireless, continued subscriber momentum, and substantial potential for free cash flow generation.

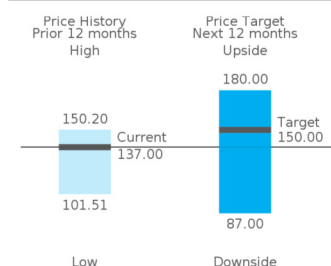
Upside case **USD 180.00**

Our upside scenario assumes a premium multiple due to a significant turnaround of Sprint, better than expected synergies, better than expected fixed wireless growth or better shareholder returns.

Downside case **USD 87.00**

Our downside scenario assumes deceleration in the core business due to pricing pressure or increased competition or lack of success in fixed wireless.

Upside/Downside scenarios



North America Cable, Satellite & Telecom Services

NEUTRAL

Verizon Communications Inc. (VZ)

EQUAL WEIGHT

Income statement (\$mn)	2021A	2022E	2023E	2024E	CAGR
Revenue	133,613	136,839	139,462	141,454	1.9%
EBITDA (adj)	48,380	49,476	51,824	55,048	4.4%
EBIT	32,448	32,299	34,235	37,320	4.8%
Finance costs - net	-3,485	-3,190	-3,704	-3,996	N/A
Pre-tax income	29,420	28,082	30,330	33,324	4.2%
Tax rate (%)	23	23	23	23	0.3%
Net income (adj)	22,065	21,000	22,802	25,092	4.4%
EPS (adj) (\$)	5.44	5.41	5.62	6.16	4.2%
Diluted shares (mn)	4,149.5	4,202.0	4,202.0	4,202.0	0.4%
DPS (\$)	2.54	2.59	2.64	2.69	2.0%

Margin and return data	2021A	2022E	2023E	2024E	Average
EBITDA (adj) margin (%)	36.2	36.2	37.2	38.9	37.1
EBIT margin (%)	24.3	23.6	24.5	26.4	24.7
Pre-tax margin (%)	21.8	20.5	21.7	23.6	21.9
Net (adj) margin (%)	16.5	15.3	16.3	17.7	16.5
Operating CF margin (%)	29.6	28.7	28.9	30.7	29.5
ROIC (%)	9.7	8.8	9.3	10.1	9.5
ROA (%)	6.2	5.7	5.9	6.3	6.0
ROE (%)	27.0	22.8	22.0	21.4	23.3

Balance sheet and cash flow (\$mn)	2021A	2022E	2023E	2024E	CAGR
Cash and equivalents	4,161	3,772	8,738	19,600	67.6%
Total assets	366,596	378,149	392,626	408,551	3.7%
Short and long-term debt	150,868	153,382	153,382	153,382	0.6%
Other long-term liabilities	77,401	80,156	81,625	82,467	2.1%
Total liabilities	283,396	284,338	286,577	288,200	0.6%
Net debt/(funds)	146,707	149,610	144,644	133,782	-3.0%
Shareholders' equity	81,790	92,005	103,720	117,498	12.8%
Cash flow from operations	39,539	39,221	40,366	43,492	3.2%
Capital expenditure	-20,286	-23,053	-20,314	-17,315	N/A
Free cash flow	19,253	16,168	20,052	26,177	10.8%
NOPAT	22,407	21,524	23,248	25,543	4.5%

Valuation and leverage metrics	2021A	2022E	2023E	2024E	Average
P/E (adj) (x)	9.5	9.5	9.2	8.4	9.2
EV/sales (x)	2.7	2.7	2.6	2.5	2.6
EV/EBITDA (adj) (x)	7.5	7.4	7.0	6.4	7.1
Equity FCF yield (%)	14.6	3.7	6.8	9.9	8.7
P/BV (x)	2.6	2.4	2.1	1.8	2.2
Dividend yield (%)	4.9	5.0	5.1	5.2	5.1
Total debt/capital (%)	41.2	40.6	39.1	37.5	39.6
Net debt/EBITDA (adj) (x)	3.0	3.0	2.8	2.4	2.8

Selected operating metrics (\$mn)	2021A	2022E	2023E	2024E	Average
Wireless Revenue	99,488	108,339	110,862	111,644	107,583
Wireless EBITDA	43,074	47,198	49,777	52,641	48,172
Wireline Revenue	27,154	26,597	26,802	28,047	27,150
Wireline EBITDA	5,981	2,990	2,818	3,271	3,765
Postpaid subscribers	118,954	120,930	122,704	124,403	121,748
Postpaid ARPA (\$)	143.18	148.36	151.25	154.62	149.35
Postpaid churn (%)	0.98	1.01	1.01	1.02	1.01
Fios video subs (k)	3,644.0	3,364.0	3,125.9	2,906.1	3,260.0

Note: FY End Dec

Source: Company data, Bloomberg, Barclays Research

Price (06-Jul-2022) **USD 51.51**Price Target **USD 53.00****Why EQUAL WEIGHT?**

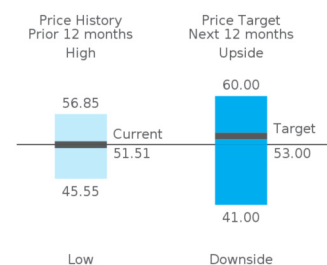
Multiple levers that support improving fundamentals are now adequately reflected in Verizon's valuation levels, in our view, while the company's growth ambitions in fixed wireless and MEC will need time to grove.

Upside case **USD 60.00**

Our upside scenario assumes the company is able to unlock revenue opportunities, margin comps improve and the company manages to increase porting ratios.

Downside case **USD 41.00**

Our downside scenario assumes lack of revenue growth acceleration, competition continues to rise and peers narrow network perception gap.

Upside/Downside scenarios

Valuation Methodology and Risks

North America Cable, Satellite & Telecom Services

AT&T (T / T)

Valuation Methodology: Our price target of \$22 is based on ~7.5x 2022E telco EBITDA of ~\$41Bn.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: Increased wireless competition or pricing pressure, and execution risk.

Altice USA Inc. (ATUS / ATUS)

Valuation Methodology: We value Altice USA at 7.6x 2022E EBITDA of \$4B and arrive at our price target of \$12.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: Risks include high leverage, competition from skinny bundles, higher overlap with Verizon FiOS, execution to continue drive synergies and programming renewals.

Charter Communications, Inc. (CHTR / CHTR)

Valuation Methodology: Our price target of \$436 is based on ~8x 2022E adjusted EBITDA of ~\$22bn and assuming Charter buybacks keeping a minimum Net Debt of 4.5x EBITDA.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: Inability to execute and extract synergies, increase in cord shaving/cutting, pursuing an inorganic path, along with high leverage could result in stock trading down. We also note that Covid could cause an increase in bad debt expense among all cable companies. CHTR has upside potential in case it is able to extract higher cost synergies, have faster data APRU growth. Along with that any M&A related speculation could also drive upside. Valuation presents a downside risk for the name.

Comcast Corp. (CMCSA / CMCSA)

Valuation Methodology: Our price target of \$48 is based on a sum-of-the-parts methodology based on FY 2022 multiples of 7.5x Cable EBITDA, 6.5x NBCU EBITDA (2022-23 Avg. for Broadcast), 6x Sky EBITDA, 4x Corporate and 2x for Peacock's 2025 revenues.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: Risks to investment in CMCSA include: (1) accelerated rate of sub declines due to cord cutting; (2) softer ARPU growth due to increased wireline competition; (3) faster than expected sub and ratings declines in NBCU; and (4) subpar execution with Sky.

DISH Network Corp. (DISH / DISH)

Valuation Methodology: Our price target of \$19 is based on a DCF for the wireless business and a sum of the parts for the consolidated business, using ~4x 2022E adjusted DBS EBITDA of ~\$3.4bn. This valuation framework uses expected future capital structure of the wireless business.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: Risks to our price target include funding requirements, execution risk on the wireless rollout, DISH subscriber trends and EBITDA margins deteriorating faster than expected.

T-Mobile US Inc. (TMUS / TMUS)

Valuation Methodology: Our price target of \$150 applies a 9.6x multiple on our estimate for 2026E PF TMUS+S EBITDA of ~\$36Bn and 1Q22 net debt and discounted at 8% over five years.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: Increased competition in the wireless market from new or existing entrants, deflationary pricing pressure, macroeconomic pressure, inability to replicate share gains in rural/under penetrated areas, and lack of clarity around regulatory approval process for Sprint merger.

Verizon Communications Inc. (VZ / VZ)

Valuation Methodology: Our PT of \$53 is based on 7.5x '22E EBITDA of ~\$49Bn, reflecting new revenue opportunities.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: Risks include heightened competition, macroeconomic pressure, and lower than expected return on 5G initiatives.

Source: Barclays Research

Analyst(s) Certification(s):

We, Kannan Venkateshwar and David Joyce, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

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Primary Stocks (Ticker, Date, Price)

AT&T (T, 06-Jul-2022, USD 21.09), Overweight/Neutral, A/CD/CE/D/E/J/K/L/M/N

Altice USA (ATUS, 06-Jul-2022, USD 9.21), Equal Weight/Neutral, CE/D/E/FA/J/K/L/M

Charter Communications, Inc. (CHTR, 06-Jul-2022, USD 471.64), Equal Weight/Neutral, A/CE/D/E/J/K/L/M/N

Comcast Corp. (CMCSA, 06-Jul-2022, USD 39.83), Overweight/Neutral, A/CD/CE/D/E/J/K/L/M/N

DISH Network Corp. (DISH, 06-Jul-2022, USD 18.12), Underweight/Neutral, CD/CE/D/FA/J/L

T-Mobile US Inc. (TMUS, 06-Jul-2022, USD 137.00), Overweight/Neutral, A/CD/CE/D/J/K/L/M/N

Verizon Communications Inc. (VZ, 06-Jul-2022, USD 51.51), Equal Weight/Neutral, A/CD/CE/D/E/J/K/L/M/N

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Our coverage analysts use a relative rating system in which they rate stocks as Overweight, Equal Weight or Underweight (see definitions below) relative to other companies covered by the analyst or a team of analysts that are deemed to be in the same industry (the "industry coverage universe").

In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

Stock Rating

Overweight - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

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Neutral - industry coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

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Below is the list of companies that constitute the "industry coverage universe":

North America Cable, Satellite & Telecom Services

Altice USA (ATUS)	America Movil (AMX)	AT&T (T)
BCE Inc. (BCE)	BCE Inc. (BCE.TO)	Charter Communications, Inc. (CHTR)
Comcast Corp. (CMCSA)	DISH Network Corp. (DISH)	Grupo Televisa, S.A.B. (TV)
Liberty SiriusXM Group (LSXMA)	Rogers Communications Inc. (RCI)	Rogers Communications Inc. (RCI-B.TO)
Shaw Communications Inc. (SJR)	Shaw Communications Inc. (SJR-B.TO)	Sirius XM Radio Inc. (SIRI)
T-Mobile US Inc. (TMUS)	Telus Corp. (T.TO)	Telus Corp. (TU)
Verizon Communications Inc. (VZ)		

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Barclays Equity Research has 1714 companies under coverage.

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