Q3 2021 Earnings Call

Company Participants

- Dow Draper, Executive Vice President, Emerging Products
- John Saw, Executive Vice President, Advanced & Emerging Technologies
- Jud Henry, Senior Vice President and Head of Investor Relations
- Mike Katz, Executive Vice President, T-Mobile Business Group
- Mike Sievert, President & Chief Executive Officer
- Neville R. Ray, President of Technology
- Peter Osvaldik, Executive Vice President & Chief Financial Officer
- Unidentified Speaker

Other Participants

- Brett Feldman
- Craig Moffett
- David Barton
- John Hodulik
- Jonathan Chaplin
- Phil Cusick

Presentation

Operator

Good afternoon. Following opening remarks, the earnings call will be open for questions via the conference line. (Operator Instructions) I would now like to turn the conference over to Mr.Jud Henry, Senior Vice President and Head of Investor Relations for T-Mobile US. Please go ahead, sir.

Jud Henry {BIO 22149760 <GO>}

All right. Welcome to T-Mobile's Third Quarter 2021 Earnings Call. Joining me on the call today are Mike Sievert, our President and CEO; Peter Osvaldik, our CFO; as well as other members of the senior leadership team.

During this call, we'll make forward-looking statements that contain a number of risks and uncertainties that may cause actual results to differ materially from our forward-looking statements. We provide a comprehensive list of risk factors in our SEC filings, which I encourage you to review.

Our earnings release, investor fact book and other documents related to our Q3 results as well as reconciliations between our GAAP and non-GAAP results discussed on this call can be found on the Quarterly Results section of the Investor Relations website. I'd like to remind everyone that historical results prior to the second quarter of 2020 represent stand-alone T-Mobile prior to the merger with Sprint. I would also like to note that we are now in the quiet period for Auction 110 and will not comment on that today.

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

Mike Sievert {BIO 2140857 <GO>}

Okay. Thanks, Jud. Hi, everybody. It's so great to be here to share this quarter's results with you. And as you might have noticed, we're entering the home stretch for 2021, and our team is feeling more confident than ever. We've exceeded not only Wall Street expectations, but even our own targets at this stage of our integration journey in terms of customer growth, profitability and synergies. And with that success, we're once again increasing our guidance expectations across the board today.

The Un-carrier is about solving pain points. And you may remember that when we closed our merger last year, we said that our combined assets meant that we would end the biggest pain point of all, that age-old problem, having to choose between the best network and the best value. We said we'd be in a unique position as the new Un-carrier, with our unique assets and financial position in the 5G era to end that trade-off and deliver both.

Well, let me tell you, this differentiated playbook that has never been done before in wireless is already contributing to our results and creating market-leading profitable growth where it counts in top line postpaid customers and revenues and in cash flows at the bottom line.

Only T-Mobile provides the best value proposition with truly unlimited plans, fairly priced on the best 5G network and with award-winning service. This combination is differentiating our model from the other guys and uniquely positioning T-Mobile in significant ways that have long-term implications.

In Q3, we led the industry in postpaid net adds and postpaid service revenue growth. Again, just as we've done every quarter since we closed the merger. We also led the industry in core EBITDA growth and free cash flow growth. Let's talk about a few of the highlights that are driving all of this growth.

Smaller markets and rural areas are already contributing about 1/3 of our new accounts and brand equities are up across the board. And we're still in the very early innings of our distribution expansion and Ultra Capacity build-out in smaller markets. In enterprise, we delivered our highest ever gross adds and net adds because organizations really understand our 5G leadership better than anyone.

For 5G high-speed Internet, we delivered our highest ever net adds in Q3, more than double Verizons and 2/3 of our net adds came from urban and suburban markets. In other words, cable territory.

All right. Coming back to my point on how T-Mobile is uniquely positioned in our industry. I understand that many of you have raised questions about the promotional environment and also about the source and sustainability of recent industry growth. And some have actually questioned whether 5G really matters to consumers.

While I do believe this is a healthy and growing industry, I understand that the actions of some of our peers may have soured sentiment on our category for some. So today, I'm purposely focused on addressing these perceptions head on and sharing my view of how our approach and competitive position is differentiated, both for customers and for T-Mobile's business.

The first question I'm sure is top of mind is the promotional intensity in this industry. Listen, as I've said before, at T-Mobile, we actually like healthy competition because we historically win when customers start shopping around. Our competitors are leaning into device offers. And while I can't really explain what they're up to, I can't imagine it's out of abject fear that we're coming to take all their customers because they don't have compelling pricing or a competitive 5G network or significant underpenetrated growth factors like T-Mobile has. So they're trying to temporarily buy down churn while they sell off assets and come up with a plan.

In contrast, our competitive push into device offers is strategic. Listen, we have a once-in-a-decade opportunity to leap ahead and stay ahead of everyone else as customers embrace 5G. We're years ahead on 5G, as you know, we're positioned to stay ahead. And we're, therefore, incented to get people on 5G so they can experience that advantage.

Every time we upgrade a customer from 4G to 5G, we take them from a device that works similarly on all three big networks to a device that works way, way better at T-Mobile. And secondly, we're laser focused on completing our merger integration ahead of schedule. This is huge because of the significant churn opportunity that we have, which is why we're putting device offers in place to bring Sprint customers to T-Mobile as quickly as possible. And unlike some, we generally pay for all of this in our P&L as we go along.

Meanwhile, AT&T and Verizon are running expensive promotions to put 5G devices in their customers' hands, even though they are unlikely to find a much faster 5G signal or notice the difference in speeds most of the time. In fact, every time they upgrade a customer from a 4G device to a 5G device, they're playing right into our strength and spending a fortune to do it. In AT&T's case, racking up billions of dollars of future impacts on their balance sheet.

How do their customers feel when they take that shiny new 5G phone home, only to realize that most of the time, it works just like their 4G phone? At T-Mobile, those devices work demonstrably better, with Ultra Capacity 5G reaching more than half the country today, rocking speeds of 400 megabits per second on average. Every one of those competitive customers being upgraded to 5G at great expense is a potential future T-Mobile customer.

The second question is around the source and sustainability of recent customer growth in the industry. This one would be easier to answer if everyone in our industry was as transparent as T-Mobile, such as disclosing accounts or what adjustments are being made, et cetera. What I do know is that T-Mobile has a diversified growth opportunity in underpenetrated and new markets that's unmatched in this industry.

One way to cut to the chase is to look at accounts instead of lines. Our postpaid net new accounts in Q3 doubled year-over-year with our highest Q3 account growth in 7 years, even while in the thick of our integration. We're up more than 1 million net new accounts year-over-year. We did this while Verizon had no account growth year-over-year and AT&T didn't disclose accounts. And what's more, we see significant opportunities ahead.

In smaller markets and rural areas, we're leading America into the 5G era as we march toward covering 300 million people with Ultra Capacity 5G by the end of 2023, a time by which others only aspire to cover 175 million to 200 million people. The difference in geographic coverage between 200 million and 300 million people is huge, roughly 5x the land area, giving us a big competitive advantage in smaller markets and rural areas.

Listen, as the Un-carrier in smaller markets, we are combining a suddenly much stronger network with disruptive value and the best customer service. Does that sound familiar?

It should. Newly competitive network, combined with disruptive value and customer experience. That's exactly the Un-carrier playbook we ran over the last few years in the same playbook to smaller markets and rural areas that took us from Number 4 to Number1 in the major metros.

Except in the smaller markets, we're not just bringing a competitive network. Our goal is to bring a superior one, anchored by our advantage in 5G. And let's not forget that in major markets, we have room to run. We're not just defending our castle. We got to our current leadership position without being perceived as having a network advantage. Now we have the opportunity to appeal to millions more customers in the larger markets as well who shop primarily on network reach, speed and capacity.

In enterprise and government markets, another big opportunity where our 5G leadership is already opening new doors. We've already seen an increase in our win share for traditional postpaid services and we're well positioned to capture advanced 5G services with the most widely built out 5G network and the only stand-alone 5G core, which is exactly why many large enterprises are in active trials with T-Mobile for advanced capabilities like mobile edge compute and private networks. And let me remind you that these advanced 5G services represent upside to our plan.

Bottom line, our competitors are broadly distributed today. They're already in smaller markets and rural areas. And they already have outsized share in enterprise, and they're overpriced with little 5G to show for it, making it tough for them to defend their flags when we come in with a better network and a better value.

I say all of this not to bash anybody, but to make it clear that as competition heats up, you shouldn't paint us all with the same brush. T-Mobile is executing and demonstrating that these profitable growth opportunities are real and they're differentiated.

As part of that industry growth debate, I hear misperceptions out there that T-Mobile's growth has slowed relative to our premerger momentum. And I'd love to set the record straight on this one. What we look at proudly is our Magenta performance as a signal of our future success. We delivered our highest ever postpaid phone net adds on the Magenta brand year-to-date through Q3, our highest ever in company history happening now.

This year, even after normalizing for Sprint transfers into Magenta, the Un-carrier strategy is in full force, and we're competing smartly and the result is high quality, profitable, industry-leading growth.

With our Magenta business firing on all cylinders, we're also working rapidly through the integration of the higher-churning Sprint base. Just to put this in perspective, if the Sprint base had the same churn as our Magenta base, our phone net adds in Q3 would have been about 1.2 million, way ahead of anyone else in the industry. That shows you the potential future tailwind to our growth engine as we work to get Sprint churn down to Magenta churn levels, and it reinforces that our gross add flows are right where we want them to be, at least for this point in our journey.

While others are temporarily benefiting from elevated Sprint churn today, we're working to make that very short-lived. With over half of Sprint customers at least partly migrated, we continue to execute our playbook to finish the integration in a compressed time frame, which does have temporary impacts, but brings forward the time frames when both the customer experience and our business results have the benefit of integration being behind us.

I'm so proud of how the team is executing to get all of this done way ahead of schedule. And we're particularly encouraged by what we see from Sprint customers that have made the full migration to the T-Mobile value proposition as they already have churn on par with Magenta customers.

Changing gears. I've seen some media articles and analyst notes commenting on how consumers should be indifferent between 5G and 4G given the limited availability and similar performance. Well, they're absolutely right when they look at AT&T and Verizon. Those companies have much more geographically distributed customer bases and only a small percentage of their customers are seeing big benefits from 5G and nor are a high percentage of them likely to see a benefit from their early C-band deployments.

At T-Mobile, 5G is a distinct differentiator. Here's a fun fact for you, over 75% of T-Mobile 5G customers are within our Ultra Capacity 5G coverage area that now reaches 190 people, well over half the country enjoying blazing fast speeds of around 10x faster than 4G. Ask AT&T and Verizon what percentage of their customer bases are in the footprint of their fastest 5G.

And at T-Mobile and T-Mobile's 5G leadership is beginning to really matter to customers. We see this demonstrated in several areas. The first area where we see our network leadership resonating is in perception metrics among noncustomers. Or in other words, potential future customers.

According to our polling, perception for overall network reliability has increased over 20% year-over-year and is now higher than AT&T's. Our recognition as the 5G leader among potential customers has increased over 80% from a year ago, 8-0 percent, matching Verizon, while Verizon scores are flat to down, and we scored 3x higher than AT&T. Potential customers are taking notice of our lead.

The second aspect is the adoption of Magenta MAX, the best plan on the best 5G network. Take rates continue to exceed our expectations, and we now see more than half of new customers choosing MAX. The engagement that we have seen just reinforces our belief that the 5G smartphone is the first killer app of the 5G era. From video calling, which has taken off as a primary means of communication to TikTok and mixed reality and emerging metaverse applications, T-Mobile's network is unlocking a differentiated smartphone experience in this industry today.

We see this not only in the take rates that I mentioned, but also in the way that customers are taking advantage of this differentiated experience using 35 gigabytes a month on average when pairing Magenta MAX with a 5G smartphone. 35 gigs a month already. That's roughly triple the average 4G usage in the industry and an experience that AT&T and Verizon will be hard pressed to support from a capacity perspective. offers from the cable guys? Cable is constructing 4G offers in a 5G world. And they will be challenged without wireless owners' economics. Never mind the fact that they're on the smallest 5G network, Verizons. They already automatically throttle anyone using more than 20 gigs on their quite limited, so-called unlimited plan today. That might barely cut it with some consumers for a very short time, but not where this industry is quickly going.

And the final question I want to address is around the quality of earnings in this industry. Sure. There are geography differences and some maybe aren't reflecting the full magnitude of their promotional spending and their EBITDA. At the end of the day, cash is key. And real value creation should be measured by the conversion of service revenues into free cash flow.

T-Mobile has unmatched potential because of our industry-leading growth and synergy-backed model, and we've guided to deliver a significant CAGR of 45% from 2021 to 2024. From our perspective, the current market valuation of our company based on our guided free cash flow would suggest that there is significant potential shareholder value not yet reflected.

Before I wrap up, I do want to comment on the cyber attack we experienced last quarter. As we previously reported and updated in our filings today, we promptly located and closed the unauthorized access to our systems after becoming aware of this criminal cyber attack against T-Mobile and our customers. And we conducted a forensic investigation with the assistance of world-leading cybersecurity experts that's now complete.

We also undertook extensive efforts to support and protect our customers and to further enhance our cybersecurity practices throughout this process. Protecting our customers' data is a top priority for the company, which is why we've taken a number of steps to respond to this incident. Directly to me, elevating our cybersecurity team and this work accordingly. We're further building a security forward mindset into our work and our culture, and we're partnering with the best and the brightest like Mandiant and KPMG to help us do it right.

Now before I turn it over to Peter to take us through a few financial highlights and our outstanding guidance, I want to express how proud I am of this team. We executed another terrific quarter, leading the industry in postpaid customer growth while delivering industry-leading growth in postpaid subscribers, postpaid service revenue, core adjusted EBITDA and free cash flow, all while further extending our 5G network lead and increasing our expected merger synergies for the year. Overall, our strategy is absolutely working, and we clearly have the best hand to cards to win in the years ahead.

All right, Peter, over to you.

Peter Osvaldik {BIO 18597986 <GO>}

All right. Thanks, Mike.

As you can see, we delivered strong results yet again in Q3 as we executed our winning playbook and exceeded expectations across the board. Let's start by talking about growth, where we doubled our postpaid account net adds from a year ago, adding 268,000. And as Mike mentioned, that is the highest account net adds for Q3 in 7 years.

We also delivered industry-leading postpaid net adds of 1.3 million, including 673,000 postpaid phone net adds. This growth contributed to our record service revenue, including industry-leading postpaid service revenue growth of 6% year-over-year, and we were the only national provider to grow margins year-over-year.

We delivered record high core adjusted EBITDA and our 4x increase in free cash flow from a year ago is just the beginning of our rapid free cash flow expansion journey and the unlocking of significant shareholder value.

I'm also extremely proud of the team as we continue to work with the rating agencies. And in August, all 3 agencies upgraded us based on the company's continued strong financial results and momentum, with Fitch moving to an investment-grade corporate family rating. These upgrades will provide us with significant incremental flexibility to further optimize our capital structure.

So let's talk about how this momentum impacts our outlook of 2021 with another beat and raised quarter. We now expect total postpaid net additions to be between 5.1 million and3 million, reflecting continued profitable growth and prudent share-taking opportunities from increased switching activity expected in Q4. Core adjusted EBITDA is now expected to be between $23.4 billion and $23.5 billion, primarily driven by service revenue growth and higher merger synergies and which are now expected to be between $3.2 billion and $3.5 billion as we continue our progress towards

We expect merger-related costs not included in core adjusted EBITDA to be between $2.8 billion and $3.0 billion before taxes. Net cash provided by operating activities, including merger payments, is now expected to be in the range of $13.9 billion to $14.0 billion. We expect cash CapEx to be between $12.1 billion and $12.3 billion as we continue the robust pace of our 5G deployment and network integration. Together, this results in a free cash flow including payments for merger-related costs, increasing to between $5.5 billion and $5.6 billion and does not assume any material proceeds from securitization.

Our Q3 effective tax rate was materially below our prior 2021 guide of 24% to 26%, primarily due to state tax benefits associated with certain legal entity reorganizations. We expect our effective tax rate to be between 20% and 22% in Q4, which would put us at about a 15% to 17% rate for the full year.

One last guidance item that I'll note is that we now expect full year postpaid phone ARPU to be relatively flat to the 47 74 full year rate in 2020. This is driven by the fact that Q4 ARPU is trending flat to Q3 as a result of benefits from continued Magenta MAX adoption amongst our customers and converting device insurance products for our Sprint customers to the equivalent Magenta products, which have higher revenue recorded and higher EBITDA contribution, both of which are expected to offset the typical seasonal promotional ARPU impact in Q4. And we expect full year ARPA to be up more than $2 from last year, driven by our strategy to continuously expand our revenue within our account relationships.

Before I wrap up, I'd like to come back to Mike's point on addressing questions out there. Some have questioned the real drivers of service revenue growth in the industry, which for some has been supported by grossing up third-party content and cable MVNO growth. At T-Mobile, our growth is primarily driven by our retail business as evidenced by our industry best 6% growth in postpaid service revenue and our content costs are treated as contra revenue. That's a reduction to our ARPU.

And one final point around the quality of earnings in the industry. Several analysts have written about how AT&T has run up over $4 billion of promotions on their balance sheet and how it will pressure their ARPU and margins for years to come. However, I think the industry has been unfairly painted with a broad brush based on the actions of one player.

At T-Mobile, we take most of our promotional expenses upfront with only a minimal amount amortized through the balance sheet. No point in kicking the can on expenses when you are a sustainable growth company.

Altogether, our strong momentum and execution enable us to continue to invest in our network and the business to deliver significant expansion in future free cash flow. We're on track with our plans to unlock value for our shareholders, potentially including substantial share repurchases ahead.

And with that, I'll now turn the call back over to Jud to begin Q&A. Jud?

Questions And Answers

Operator

(Question And Answer)

A - Jud Henry {BIO 22149760 <GO>}

All right. Let's get to your questions. You can ask your question via phone by pressing star 1, or via Twitter by sending a tweet to @TMobileIR or @MikeSievert using #TMUS. All right, we will start with the question on the phone. Operator, first question, please.

Operator

Thank you. We'll take our first question from Phil Cusick of JPMorgan.

A - Jud Henry {BIO 22149760 <GO>}

Hi, Phil.

Q - Phil Cusick {BIO 5507514 <GO>}

Hey, guys. Thanks. Appreciate it. So let's talk about the CDMA slow-down impact. I know you're -- I think you're planning to shut down LTE at the end of next year anyway. How should we think about the CDMA a little bit delayed? And then second, can you just talk about the -- with everything going on in the base, whether it's DISH and AT&T and everything else, but your confidence in growing EBITDA by double digits next year? Is that a reasonable expectation for the industry? Thank you.

A - Mike Sievert {BIO 2140857 <GO>}

Thanks, Phil. I'll start with the first one and maybe hand to Peter, and he'll go ahead and guide you on '22, three months in advance. On the CDMA, yes, I think most of what we had to say was in our disclosure at the time. We've been in talks with all the other parties involved, including the Department of Justice and following those talks, we just decided to take upon ourselves to voluntarily move that date out by three months and plan to sunset the CDMA network at the end of March. And we did that after carefully looking at our own plans and determining that there wouldn't be a material impact from doing that to our outlook or our financials or our ability to deliver synergies as expected.

But we did want to make sure that everyone involved had the time that they needed to make sure that we meet the Department of Justice's, what I know is there a goal in the public interest, which is to make sure that every single customer out there has the opportunity and is given the opportunity to switch to the superior network in time. Now, as we've said all along, we believe that December 31st provides that ample time and we've given everybody involved well over a year, way more notice than they needed. But when we look at the actual run rates, it looked to us like even at the current rates, an extra three months would be something that everyone would appreciate.

And so, I'd like our partners to be moving faster. They don't appear to be, and because of that, we just took that voluntary action on our own. and we think this is based on everything we're seeing, we think this is all that would be necessary. And so that's something that we were pleased to be able to do. As it relates to all the pros and cons and effects on EBITDA for the next year, we're looking forward to an exciting '22, but I doubt Peter will give you a much on it. Let's hand it to my friend, Peter.

A - Peter Osvaldik {BIO 18597986 <GO>}

Yes, Phil. We will certainly provide a full update and guide you as part of our year-end calls, but let me give you a couple points around how we think about '22. First, I know there's been questions around what's the potential impact of DISH. And I think we highlighted it well at our Q2 earnings call, DISH revenue is already under $2 billion in '21. And as we look about how the business momentum is continuing, we said that was always part of the plan. Again, we took DISH on their word and always assume that they would become a full facilities player and the duration of the LRP, that revenue would go away. And you heard us recommit and we're doing it again today around the '23 and the '26 service revenue guides given the underlying strength of the business. And so that is probably the area where I'm most excited.

I mean, you saw the results today, you've seen the net account additions and the real growth around, not just postpaid phone, but postpaid other. One of the areas of the business that I'd like to highlight for '22 is probably ARPU and with the momentum that we've seen in our updated guide just now to be relatively flat full year '21 to full year '22, I see a path with Magenta MAX and the excitement there from our customer base to be less than 1% dilution in '22. And remember, that's off of a higher base in 2021, which is now going to be flat to 2020.

The other area I'd say is really where we're excited is free cash flow. And you see what's happening are continually raising our guide this year. As you look into the 10-Q, you also see it's allowed us to take opportunity and do significant prepayments with certain vendors and generate flexibility and savings. And that working capital is already fully contemplated in our updated guide today. So as we think about '22, I'm very excited about the opportunity for free cash flow, and as Mike said, that really is the ultimate expression of value creation, is how you take that service revenue and translate it into cash flow.

A - Jud Henry {BIO 22149760 <GO>}

Perfect. Thanks, Phil.

Q - Phil Cusick {BIO 5507514 <GO>}

Okay. Thanks, Mike. Thanks, Pete.

A - Jud Henry {BIO 22149760 <GO>}

You bet. Next question?

Operator

Our next question comes from Brett Feldman of Goldman Sachs.

Q - Brett Feldman {BIO 3825792 <GO>}

Thanks. And maybe just to start off with a follow-up question. Thank you for giving us some of that insight into next year. Why would postpaid ARPU still have dilution next year? The sequential trend has obviously been pretty positive as you've been moving customers into the MAX plan and you're deeper into the integration. So any other puts and takes that really just would play out over the next few quarters, would be appreciated.

And then the comment you made about how strong your phone net adds would have been if Sprint churn was aligned with legacy Magenta churn, implies you're losing a couple hundred thousand Sprint subs a quarter, or still at the stage in the integration with 90% of the Sprint customer traffic on the T-Mobile network and over half of those customers having been moved over. What's your experience been with the point at which a Sprint customer takes on the characteristics of a legacy Magenta customer? In other words, at what point, could we see a material positive inflection in the aggregate Sprint losses? Thank you.

A - Mike Sievert {BIO 2140857 <GO>}

Terrific. I'll start with the second one and then maybe hand it to Peter on the first one, and I'll ask John if he has anything to add on the first one. On Sprint churn, listen, we're really pleased with what we're seeing, but you have to bear in mind that what we're doing in this strategy is we're compressing integration into a tighter timeframe. And that means that whatever Sprint churn is going to happen as a function of integration, is going to happen in a shorter period of time and affect the integration period to a greater extent. And our Sprint customers are showing us a tremendous amount of patience as we give them a much better 5G network experience and get that migrated over. But still as anybody who follows this industry knows, when you have an integration, during that period of integration, there can be puts and takes for customers. And we're trying to do our best to give every customer a great experience.

As it relates to what we're seeing, when somebody comes across from Sprint to Magenta and what we call a full migration and there aren't that many that have a full migration yet. So there could be some selection bias here. That means you're fully on the T-Mobile network. You're fully on the T-Mobile biller. You're engaged with the T-Mobile brand. You've moved to T-Mobile tax inclusive rate plans, and you're experiencing T-Mobile team of experts service. So wherever going we're going very quickly for everyone. Those customers that have come all the way across are showing so far this about the same churn profile as Magenta customers. And that's very exciting because Magenta is on par with anybody out there. And in many time periods has been the best in the industry.

So that's really, really promising. Now, I think what we have the opportunity because we're compressing the timeframes, and we're only seeing somewhat elevated churn to actually come through this integration with less overall losses than we would have expected from the Sprint side, because it's happening during a compressed time frame. So we're very pleased with those trends and you'll see us in our actions with things like our Sprint forward initiative and things like our device offers, moving to get Sprint customers the handsets they need, particularly 600 megahertz compatible handsets, as well as everything else they need to take full advantage of the Magenta network.

And before we go on to ARPU, I know John, if you'd like to add anything to what you're seeing and what your team seeing with Sprint customers, because it's one of the most important questions, I think we'll talk about today, because as you saw the underlying Magenta performance is unbelievably great and we just have to get through this integration period. So what do you think, John?

A - John Saw {BIO 15401563 <GO>}

Yes. Well, Mike, you -- I think you hit on a number of things that we're seeing within our team here. And Mike, what you said is that we've got to make sure that we bring this full experience and we've done this integration in the last 18 months in disparate parts with rate plans for one, two, moving traffic and changing our SIM cards, but really bringing that full experience to get like Mike said, great T-Mobile on tax inclusive plans, one. Two, having the latest and greatest devices with the full network capabilities associated with those devices, namely 600 megahertz, because if you don't have a 600 megahertz device on the T-Mobile network, it's like the T-Mobile network from 2015. That's really important that we do that.

And then, of course, the award-winning team of experts -- customer experience and bringing all that together and not being in still in a Sprint application, you're logging in the sprint.com, you're going through the Sprint app, moving the whole experience over to T-Mobile, that's the big unlock for us. That's what we're really focused on. We've been -- a lot of effort and a lot of work starting in Q3 on moving the full accounts over and not doing that in discrete events.

But, we started that in earnest in Q3. We've seen great results from that so far, when you take a look at the customers that we're reporting now from Sprint, and they were coming back. In the T-Mobile, we've seen dramatic increases since we put a number of initiatives in place back in August of this year and in Q3, and that we're still running so far in Q4. So I'm really pleased about that. We continue to be bullish, like Mike said, it's going to be a compressed overall timeframe during that for any of you who have been covering this business for a long time, integrations, migrations and those things are tough. There's always a little bit painful and they're always a little bit grueling, but as I take a look at my 27 years in this business in terms of how we've been handling this migration and overall integration, I would say it's first in class and best in class. So we got a lot of work still to do in front of us. No question about that, but we're well on track to do what we need to do in 2022 and beyond.

A - Mike Sievert {BIO 2140857 <GO>}

I hope you understand why we see tailwinds ahead, because obviously we're in the height of this integration right now and we have a lot of work left to do. We have a lot of keep sites that need to come over on the Magenta side still that they're still on the Sprint side. We have a lot of handset migrations to do, so people can take full advantage of that destination network and we have lots of migrations that we need to do on customer service, on rate plans, on the full picture. So a lot of work ahead and -- but our goal is to get it all done at least a year ahead of schedule. So we're very focused on adding, you've seen a show up each time with updates, telling you we're going faster than expected.

Okay, Brett. The second part of your question. I can roughly paraphrase. As Peter, you promised us negative 1% ARPU this year and we're going to pull into the station sounds like with flat ARPU after all. So why isn't that going to happen again next year?

A - Peter Osvaldik {BIO 18597986 <GO>}

Absolutely, Brett. Let me -- as you know, right, the underpinned assumption under the LRP was 1% dilution year-over-year through the end of 2023 because the plan was really always focused on how do you get account growth and how do you expand those relationships and how ARPU growth. So as we look forward to next year, there's a number of things that could impact. Certainly we talked about the great momentum from Magenta MAX and other value-added services that will be a tailwind to ARPU. But as you think about some of the growth opportunity areas for you and I'll give you one example, which would be large enterprise and government, where our X phone ARPU may be lower than our blended base and so you're going into a new account relationship in the enterprise or government, where that might be ARPU dilutive, but certainly a very, very strong ARPA type of relationship and typically you also see a lot of the postpaid other connected devices wherein many cases, the CLE amongst those are much stronger than the phone business in and of itself.

So that's one area where you could see ARPU dilution and yet tremendously value accretive to T-Mobile from a whole account relationship. So, I'm not going to give all the puts and takes. You got to leave me something to guide you on at year-end earnings instead of Q3. But certainly great momentum. And again, focused on ARPA expansion throughout the course of this plan.

Q - Brett Feldman {BIO 3825792 <GO>}

That's great. Thank you.

A - Jud Henry {BIO 22149760 <GO>}

Thanks, Brett. Okay, we'll go back to the phone and then just to prepare the team if you can call out one or two, you see on the Twitter feed, that'd be great. We'll do that after this next one.

Operator

Thank you. Our next question comes from Craig Moffett with MoffettNathanson.

Q - Craig Moffett {BIO 5987555 <GO>}

Hi. Two questions for you if I could. One, now that we've seen your numbers and everybody else's, the industry growth rate is now pushing even higher, a total phone subscriptions, prepaid and postpaid combined to almost 3%. So now what seven times population. I wonder if you could just talk about what you're seeing there. Is that EBB or what is making the industry grow the way it is.

And then second, there's been a lot of talk about convergence from your competitors about what they can do with fiber and their wireless plans. I wonder if you could just talk about how you see the role of combined offers of wireless and wireline and whether you think that, that -- or fixed wireless and whether you think that's critical to be competitive.

A - Mike Sievert {BIO 2140857 <GO>}

Terrific. Well, I'll start with the first one. I don't think we have all the answers as to what's driving account growth or line growth over at all of our competitors. And you don't see quite the same amount of transparency. It's one of the reasons why we decided to start talking much more about accounts and about ARPA, because there's no ambiguity in that. Our 268,000 net new account relationships on the postpaid side was the largest in seven years for a Q3. And you see ARPU rising and so, it shows you the quality of that business. One of the things we didn't talk about is that our prime percentage is up several points from year ago, and we're getting more and more prime, not surprisingly because we have a better and better network. So a track where it's starting to attract to higher levels the best customers in the industry.

And so for us, it's not some of the things that you might expect. It's not EBB because we have no material EBB in our numbers. Generally, that program is over on our lifeline side, which isn't in our subscriber roles, but is for our competitors, to a certain extent. It's not due to subprime, might be for our competitors, but our prime mix continues to improve. It's not due to some weirdness of lines underneath the accounts, because you see account growth and ARPA growth very healthy. And you see that flowing through to industry-leading postpaid EBITDA growth as well as industry-leading cash flow growth. And so, look, I don't know how sustainable it is. Prepaid is about flat, so there's certainly been some amount of transference there from what you would have expected to be an organic rate. I don't know how sustainable it is, but what investors should ask themselves is, if it doesn't become sustainable, who's going to win and who has a reliable ongoing strategy that will be able to deliver growth in all the different time periods.

And look, for us, we have a strategy and a set of assets. It's going after majorly underpenetrated segments, like small markets in rural areas, which are 40% of the country, like enterprise, like home broadband, your second question. These are huge places where we don't play and the other guys do. And so, between that and our massive lead in 5G, we're two years ahead on the 5G race and I'm here to tell you that in two years from now, we'll be two years more ahead in the 5G race and that's going to translate as well to opportunity for us. And so look, I think there is some amount of temporariness happening with the other guys. They're feeding to a small extent on our integration driven Sprint churn. Investors will have to ask themselves, whether you believe us that, that's going to be very short lived. And not only not be a tailwind for them anymore, but will turn around. So, we'll see how all that goes. But we're really pleased with where things are going and with the underlying trends.

Now, your second question is about convergence, and about home broadband. First, I want to talk about how we're doing as being a multi category player with our push into home broadband. And then maybe we can talk about the question on fiber, et cetera. So Dow.

A - Dow Draper {BIO 17618940 <GO>}

So, the question on convergence is, we'll have to see, but one thing we do know, is that consumers are beginning to realize that there are choices and they aren't having to put up with what they get today. What we're seeing is that while there are a lot of places they are very limited choices in terms of what their cable or fiber offering are, and those offerings are typically very punitive. They start out with promotions, they explode those, they end up paying very, very high prices, fees for modems, for other taxes, other charges that customers don't like.

And so what's translating for us in that is that we're seeing customers -- the majority of our customers are not only coming as Mike mentioned from urban and suburban areas, but they're also coming from cable and fiber providers. And why is that? Well, a big part of that is customers want a good product and a great price and that's what they're getting with our product. And so we're seeing people come in and say, this is a product that actually works. And you know what, I'm paying an amount that doesn't explode, I'm paying a very fair amount and I don't have to be extremely irritated about having my existing cable company sort of gouge me on these things.

And so for us, this has resulted in what we've seen is our highest net add quarter since we launched the product and we see continued momentum from people coming from cable fiber, and quite frankly even other sources, DSL, satellite, et cetera, in rural markets. So, as our 5G ultra capacity network gets built more and more, we're going to continue to follow that and begin giving more and more customers choice. So we're still very excited about this project.

A - Mike Sievert {BIO 2140857 <GO>}

Perfect. Okay. Let's go Jud. Let's see what's on Twitter and then we'll come back to the phones after that.

A - Jud Henry {BIO 22149760 <GO>}

Sounds good. We've got a great question here. Can you talk about potential enterprise 5G use case opportunities?

A - Mike Sievert {BIO 2140857 <GO>}

Let's go right to Mike Katz.

A - Mike Katz {BIO 20454845 <GO>}

Yes, perfect. Well, as Mike talked about at the beginning, let's not forget that the first big five -- killer 5G use case is core connectivity, smartphones, tablets and other connected devices. And I'm really proud to say that, we have seen our win rate continue to improve in that area. And our win rate is trending well above what our market share is and continue to improve like we saw in Q3. And that's resulting in huge growth. If you just look at what's happened over the course of the last two years from 2020 to now.

Our growth in core connectivity is more than 50% better than Verizon's in the business space. So we're seeing that the correlation of us as T-Mobile lead -- emerging as the 5G leader, correlate with this big growth in core connectivity in business. But your question around these additional 5G use cases, one of the things that we talked a little bit about at last earnings is we're involved in multiple trials with enterprise and government customers. And we think we're really well positioned to bring these new enterprise advanced network services to market because of the way that we've delivered our 5G Network, Mike has talked a lot about the scale of our network covering. 190 million people that are -- our mid band 5G network, but we also have some other key features that we've built our 5G network around that are really positioning us well to differentiate on these 5G use cases, like the fact that we've got a dedicated 5G network core.

So our 5G traffic isn't running through our 4G network first. It's we have a dedicated network core that's delivering better performance for customer and customer applications. It also gives us the ability to bring really cool features to market like network slicing that we think is going to be a big opportunity for us with enterprise and government customers in the future. We have a highly distributed network of data centers. So we can help customers process data closer to their application on average than our competitor's scheme. And so we've got a number of these trials going with customers right now. And these are big -- even though you don't see us doing press releases every single week about this, we have big customers with big significant use cases, like for instance, we're working with one of the largest airlines in America right now.

On a mobile edge use case application that allows them to process data faster under wing and improved their on ground operations at one of their major hubs. We're working with one of the largest U.S., auto OEM to help support a bunch of self-driving use cases, and an autonomous fleet that they're building. So we're working with some of the biggest companies in the world, helping co-innovate these solutions with them, and we think we're really well positioned because of the engineering decisions that Neville and his team made to differentiate on these advanced 5G network use cases for enterprise and business customers going forward.

A - Mike Sievert {BIO 2140857 <GO>}

Terrific. Operator, let's go back to the phone.

Operator

Thank you, we'll take our next question from Jonathan Chaplin of New Street Research.

Q - Jonathan Chaplin {BIO 4279061 <GO>}

Thanks guys. Mike, might your SOGA is the lowest it's been in the third quarter since you guys closed the merger. And I understand that's not really a fair measure based given that you guys said earlier in the year on the second quarter call that you're really saving your dry powder for the period of the year, where switching is going to be high, presumably not now. And so I am wondering if you can give us some insight into what you think has happened to your share of decisions since the iPhone launched in September?

A - Mike Sievert {BIO 2140857 <GO>}

Yes. One of the things that we've talked about and I think you heard in Peter's earlier remarks is that, after -- we did see, to the first question, an impact from the data breach, that happened in August and there was a muted effect there, because of that. I was quoted early in the fourth quarter saying that we finished much stronger and we were seeing nice trends as we entered the fourth quarter and that kind of shows that this was while a big event and something we're very, very sorry happened, something that customers have generally prepared themselves to move on from. And so that's good.

On the other hand, look, our model, one of the things I pointed out was that, if you were to normalize our churn and look at what it may look like after we're finished with this integration. And just for a minute, I don't know if it'll look like this, but just for a minute to say, what if all of our churn was at the Magenta levels? Our net adds this quarter with that SOGA figure you talked about, would have been 1.2 million on the postpaid phone side, by far the biggest in the category and outsized versus time periods in our history as well. And it really shows you that, that SOGA level that we're getting is reliable, sustainable and it's not where we want it for this point in our journey.

And what you don't see us doing Jonathan that you may see elsewhere, is kind of knee-jerk reactions and lurches into unanticipated very expensive promotions, et cetera, et cetera, with no strategic apparent linkage behind it. And we've got a plan, we consistently deliver, we're -- in any given period, we could take more gross add share, but we want to make sure that we're also delivering the industry-leading EBITDA growth and industry-leading cash flow growth, and we're creating the wherewithal to make this a sustainable journey as we go penetrate all these underpenetrated segments that our competitors don't have. And that takes consistency and reliability rather than chasing that last couple points of SOGA like the other guys are doing. And so, we're very pleased with this execution. And, we think investors ought to be too when they look at the big picture.

Q - Jonathan Chaplin {BIO 4279061 <GO>}

Mike, I can just quickly follow-up on that. It also -- you guys have mentioned a couple of times, how complex and enormous the integration process is, and how this integration is going far better than any integration of comparable scale ever in the industry, at least that we've seen. When you say that at this point in your journey, you're happy with the SOGA that you've got. Is it a function of just all of the complexity that needs to be managed in the business right now. And once you get through the integration, the sort of the churn benefits on the Sprint side, you'll have more management bandwidth and resources to focus on increasing the pace at which you take share. Is I -- maybe focusing on SOGA right now just unfair given the complexity in the business.

A - Mike Sievert {BIO 2140857 <GO>}

I don't think it's about management bandwidth, but resources are certainly a relevant point. One of the things we're doing as you see is, we're spending heavily into this integration and outpacing our expectations on the time frames for our cost to achieve plan so that we can get this integration done more quickly. And we think that's by far the right strategy, the customers get the benefits sooner, their shareholders get the benefits sooner. Probably, the magnitude of the benefits is positively affected by the rate and pace, but during that sausage making, it takes a lot of resources, and we want to be able to reliably deliver cash flows to you and down payments as we go along.

I think asking the market for a giant leap of trust for us to plow deeply into our cash flow plan in a different way than you expected just because we're ahead on integration, that wouldn't be a I think a great trade-off for us to ask investors to ride along with. So we're paying for this as we go and we're delivering the amount of SOGA and investing accordingly in SOGA that allows us to deliver high-quality prime customers that deliver outpacing EBITDA and cash flow growth. Even during the height of this integration which is something I'm very pleased about.

But to your point, the underlying Magenta business which is all we're going to have as we get into a major part of '23 is performing beautifully and it shows you the power of this brand and that the uncarrier is in full force and effect. We're tackling the biggest pain point of all that does that trade off the people of always had to make between quality and price? We're delivering both and they're noticing like never before and those trends I think bodes very well for us on the backside of this integration.

A - Peter Osvaldik {BIO 18597986 <GO>}

And I would just add Jonathan, you were thinking ahead to what happens post integration. You've got to remember, we're delivering this SOGA while we're still expanding distribution and building the network around smaller markets and rural area. So this is the SOGA that we're delivering before we're fully deployed the uncarrier machine and 40% of the population. And when you heard Mike talk about, just how differentiated that experience is going to be, we're bringing everything that made us so successful to date, except doing it with a fully differentiated network experience that is just going to blow the other guys away.

In that 100 million covered POPs, that is going to be a 4G, I don't know kind of 5G experience relative to ultra capacity with T-Mobile with all of the uncarrier goodness that comes from the last eight years bringing it there. So just that's another area as you look forward as we bring this machine to that 40% of how it could impact SOGA.

Q - Jonathan Chaplin {BIO 4279061 <GO>}

That's a great point. Thanks Peter. Thanks, Mike.

A - Mike Sievert {BIO 2140857 <GO>}

You bet. Let's go to the next question, operator.

Operator

Thank you. We'll take our next question from John Hodulik of UBS.

Q - John Hodulik {BIO 1540944 <GO>}

Hey, great. Hi, Mike. How are you? A couple quick questions for you. First on cash EBITDA has been decelerating for the last few quarters, grew 4.5% this quarter, but the guidance for the year sort of suggests growth of over 5%, I mean first of all, is that the way to think of it that this is probably -- this is the bottom in terms of cash EBITDA growth? And then maybe to pull Neville into it because I see him sitting over there by himself is, do you guys have visibility in terms of the synergies coming through with the Sprint network that -- it's a sort of linear growth from here in terms of the acceleration of cash EBITDA as you pull down that Sprint network? That's number one.

And then on fixed wireless, anything else you can tell us about the sub base. Maybe the size of the sub base. Okay. I think you have that 500,000 subs by year-end target out there, or anything about usage or how that was performing in areas where you expect?

A - Mike Sievert {BIO 2140857 <GO>}

Okay. EBITDA, Synergy pacing, and fixed wireless. So Peter, we will start with you.

A - Peter Osvaldik {BIO 18597986 <GO>}

Yes, John, I think you're trying to tease out of me '22 core EBITDA, so good job again. I think, I'll revert back to all the comments about the business and how I see '22 shaping and the excitement around free cash flow.

On the 2021 guide, yes, you're absolutely right. Was another, not only synergy increase as a result of the integration, but also the growth from the underlying business that's allowed us to increase yet again for third quarter in a row core adjusted EBITDA to between $23.4 billion and $23.5 billion. So tremendously excited about how that continues to grow and of course, the opportunity and momentum of the business as we look out into the '23 and '26 period of LRP, and maybe I'll hand it over to Neville to talk through decommissioning, but it's not linear in terms of how you achieve the synergies or as we spoken before, how you really achieve and when you record the merger related costs, but next year is certainly a big year in terms of decommissioning. And I'll let Neville talk about that. That sets us up for such a significant portion of the synergies as we decommission the sites.

Neville?

A - Neville R. Ray {BIO 15225709 <GO>}

Yes. Thanks, Peter, and I'm not on my own John, I got hope there's a whole team here. We're all in the room.

Q - John Hodulik {BIO 1540944 <GO>}

It seems like you are being ignored.

A - Neville R. Ray {BIO 15225709 <GO>}

Very quickly on synergy and the developments in pipeline. I mean we're already well into synergy development in. We made a good start in '20, we're making great progress in '21. As Peter just outlined, '22 is really our biggest year and it's not linear. Our goal is to substantially complete our decommissioning activity across the network inside 2022.

So, we made good progress to date, but '22 is going to be our big year. And unrealistically we won't be linear during the year either. I mean things will certainly pick up and there'll be a tail or positive tail as we move into the second half. But we're making great progress. And as we've always said this integration, migration, decommissioning strategy is all based on building the network first and you've heard from almost everybody on the call today, the progress we're making in terms of building the capacity and scale and reach and breadth of this network is just super exciting. We're ahead of our plan within arm's reach of a nationwide, mid band 5G ultra capacity network, really before the other guys even get started.

So, we're in a great place and to your -- the back half of your question, John around how we're performing in areas where Dow is successfully growing in-home broadband products at great rate, we're doing really well. The growth is strong, there is huge demand for the product and the capacity that we can generate with this network is just phenomenal. That 200 million people by the end of the year that covered with ultra capacity, we're targeting 100 megahertz of dedicated 5G spectrum across that footprint. That's more spectrum on mid band and AT&T and Verizon will have available from C-band between them both, and so the capacity and capability that we're generating is truly exciting and a lot of growth factors and great growth opportunities including specific in-home broadband product, you referenced.

A - Mike Sievert {BIO 2140857 <GO>}

Yes. That's for that, we didn't disclose lots of details. I did tell you that we were running last quarter at twice the pace of Verizon, who had a three-year head start. We launched this out of beta earlier this year and as well as this last quarter, Dow and team delivered more net new home broadband customers on 5G than Verizon did on fiber and 5G combined, which kind of shows you that there's a lot of latent demand out there and it also shows you the capacity of our 5G network and the kinds of things people are doing on that broadband, hundreds of gigs a month on that 5G network and of course, we have that footprint now out there pretty widely available. So maybe Dow, you could talk about what kind of feedback we're getting from customers.

A - Dow Draper {BIO 17618940 <GO>}

Yes. Thanks, Mike. As Mike mentioned, we're seeing customers, one we're seeing great uptick -- uptake with the product. We're seeing customers use the product and several hundred gigs a month. We also have many using many more and Neville's network is serving them just fine. What's great to see to is a lot of third-party recognition from like PC Magazine, and I think at Readers' Choice Awards, they rated us higher than all the other cable companies. And we -- even this last quarter, we had a record-high NPS that we track internally. So customers seem to be liking this very much and we -- initially, we -- at the beginning of the year, we said we aspired to be at 500,000 customers by the end of the year. We're well on track to do that, on our way to 7 to 8 million customers by 2025, which I think we remind everyone, that's only a couple percentage points of the overall industry. So, there is really big opportunity for us, is really just a small penetration into the industry and gives us lots of opportunities. So off to a great start.

A - Mike Sievert {BIO 2140857 <GO>}

I mean, it's not surprising that there is a lot of delight out there and I hope we can keep that up. I think we will be able to. Looks like the usage while it rises is not rising as fast as our capacity. But look, we're solving problems for these customers. That's why they're so satisfied. We're either solving the problem of giving them a real viable high-speed choice, where there wasn't one, and boy that changed your life. Or coming into a place where you're so frustrated by cable and you want a decent deal on a fair price and a company that will put you first and treat you right, so you can unplug that cord. That's a big problem solved too, $5.00 for home broadband. The kind of home broadband, we have like 5% or 6% of our customers using a terabyte a month. That's solving real problems for people. And so not surprisingly, those net promoter scores are high. We're so excited about this business.

Q - John Hodulik {BIO 1540944 <GO>}

Thanks.

A - Mike Sievert {BIO 2140857 <GO>}

Thanks, John. Let's go back to the operator. And then maybe we want to prepare us one more, Jud, from this big screen of Twitter feed.

Operator

Thank you. The next question we have comes from David Barton of Bank of America.

Q - David Barton {BIO 20396794 <GO>}

Hey, guys. Thanks so much for taking the questions. I guess, the first would be, I think, Mike, you talked about more than 50% of the customers are taking Magenta MAX at the margin. Obviously, Verizon, AT&T have chewed through a lot of the opportunity to migrate metered to unlimited. I was wonder if you could kind of share where Magenta MAX stands as a percentage of the base and relative to the base, what kind of ARPU lift are you getting?

And then the second question I have, if I could, is just related to again the Sprint network shutdown. It's important to the realization of synergies. And Mike, some of your comments about how you sat down with all the interested parties related to the network shut down and decided to extend the deadline to March 31st. And in the blog post that went out, you said it would have no financial impact at least if we went that far. Are we convinced that we're ready to just end this and begin to get the network shutdown and we're comfortable saying March 31st, it's the last concession we're making? Thanks.

A - Mike Sievert {BIO 2140857 <GO>}

Let me start with the second one, Dave and then we'll talk about Magenta MAX. Yes, we just don't see any cause for a further delay. And this -- getting people upgraded to the right side of the digital divide and getting a high-capacity 4G, 5G network in the hands of people who need it most is urgent. It's certainly also important for our business and when we look at the run rates of upgrades and we study the run rates and the declining base on CDMA, all the curves point to -- just wouldn't be caused to delay it further. So I wouldn't expect a further delay for that reason.

I certainly wouldn't expect a further delay that would have any impact on our financials or our ability to go execute the plan that we promised you and nor does this one. We looked at it carefully, we found a way to do this because we wanted to do the right thing for our partner that was asking us even though we don't feel that they needed it and we're pleased we were able to do it and we're pleased we were able to be responsive to our conversations with the Department of Justice to do this on a voluntary basis. And so, no, we just don't see that there would be cause to delay it further.

And then back to Magenta MAX. No, I can't give you too much on the base here, it's all very competitively sensitive. But the premise of your question is really interesting, which is the other guys might be starting to exhaust their opportunities, man we're just getting started. So the base where there's lots of room to run in the base and this is the very best expression of the best 5G network in the market. And no wonder, it's popular, and people have been able to get amazing handset deals by signing up for this plan. And that's been a catalyst. They're using 35 gigs a month, what we think is on its way to 80 gigs a month. This network will be able to handle, no problem. And that shows you the Magenta MAX experience shows you, as Mike said a little while ago, that the smartphone is the first killer app of 5G. We see huge usage in video and social media growth and mobile hotspot growth. Our Magenta MAX customers don't walk into a building and look around for the Wi-Fi signal and ask you for the Wi-Fi password. They provide the Wi-Fi, and that's where this world's going.

So we're so excited about what we're seeing, but can't really parse it too much, other than I agree with the premise of your question, which is, do we have room to run on the base here? Yes, we do.

Q - David Barton {BIO 20396794 <GO>}

Thanks, Mike. Really appreciate it.

A - Unidentified Speaker

If I can respond. If you put that 35 gig into -- on context on Magenta MAX, that's three times the industry on what you're seeing in 4G LTE. So it's just incredible in terms of the consumption on Magenta MAX, when you pair it with the industry's best and leading 5G network. It certainly helps to put cable competition into perspective as I talked about in my prepared remarks. You see "unlimited offers" that throttle you. We're not talking about prioritization if the network is busy. We're talking about you're throttled after 20 gigs. First of all, why are you calling that an unlimited plan? And second of all, that's a 4G plan in a 5G world and with where we're going, I don't know where they go. I don't think that they're going to be able to have the owners economics in wireless to truly compete on value on the wireless side. And I don't think that AT&T and Verizon have the wherewithal or the plans to compete with us on the quality of the 5G network that we're building. And so we really like the hand of cards for that reason strategically.

Q - David Barton {BIO 20396794 <GO>}

Thank you, guys.

A - Mike Sievert {BIO 2140857 <GO>}

You bet. Thanks, Dave. Do we want to go one more on the -- did you find?

A - Jud Henry {BIO 22149760 <GO>}

Yes. We've got a quick one here from Bill Ho. So he asks, with the recent Best Buy and Walmart distribution relationships, what's the deal on these channels driving 4Q '21 and the future years growth relative to the past? So John, if you want to hit on that quickly and some big announcements recently on a distribution front.

A - John Saw {BIO 15401563 <GO>}

Yes, you bet. We're so excited about this. We made a couple of announcements just in the last 30, 45 days or so, where we have -- we're going to be expanding our T-Mobile and Metro by T-Mobile products. Not all we have expanded them into Walmart and across 2,300 stores in the Walmart and a lot of those in smaller markets and rural areas, of course. And then also have launched T-Mobile in Best Buy across 900 stores. We're incredibly excited about this. I think when you look at what Walmart has done and what Best Buy has done in the pandemic and how they have completely revolutionized their particular companies, Walmart is the place to go shop in rural America. It is incredible what Walmart has done digital transformation. And then when you look at Best Buy as the premier consumer electronics retailer across the United States, those are attractive opportunities for us.

You got to remember too is that, we haven't really played a national retail and these large national retailers in a very long time. As a matter of fact, just in the last quarter, we quadrupled with these announcements our number of national retail locations. So we see those as big opportunities for our company to be in the customer bases of Walmart and in Best Buy and see significant switching opportunities in those spaces as well. So we are very attracted to what Walmart's doing, what Best Buy is doing. And clearly, they're attracted to the industry's best 5G network and all of the opportunity that our company represents over the next several years. So we're very bullish on that. I don't have numbers exactly by channel to give you in Q4 or the years beyond.

But I just tell you that, we're very bullish about these opportunities. We've got great strategic relationships with Walmart and Best Buy. We've been engaged in a lot of conversations over the last several months and we're very excited about the future and very confident in our approach there.

A - Mike Sievert {BIO 2140857 <GO>}

Well. Terrific. I'm going to wrap it up here in a second. First of all, I want to thank you for all these great questions. And I know we gave you some long answers, and so apologies to the people that might have been in the queue, we didn't get to. We're always available to you. I know Jud and team are anxious to talk to you and answer questions in an FD compliant way following this meeting. But I really like the kind of questions that we had. And as you noticed, I prepared my remarks to try to address what I see as some of the big questions out there about our sector and we get a lot of people and man, is it getting competitive. What's going on? Are you guys still the growth leader? And the answer to that is an emphatic yes. We like it competitive. We execute incredibly well when it's competitive. And the question for investors is, who has the situation and the hand of cards and the assets and the team to sustainably deliver in a competitive marketplace with room to run? And that's what we were hoping to address in a high quality way today. And your questions gave us those opportunities to address some of those topics. So we appreciate you.

Thanks for tuning and Jud, anything final.

A - Jud Henry {BIO 22149760 <GO>}

No. Just again, thank you everybody for your time. If you have any follow-up questions, please reach out to Investor Relations or media relations, and we're happy to follow up. Thank you again.

Operator

Ladies and gentlemen, this concludes today's T-Mobile third quarter earnings call. Thank you for your participation. You may now disconnect and have a pleasant day.