Q4 2019 Earnings Call

Company Participants

- J. Braxton Carter, Executive Vice President and Chief Financial Officer
- John J. Legere, Chief Executive Officer
- Mike Sievert, President and Chief Operating Officer
- Neville Ray, President, Technology
- Nils Paellmann, Vice President, Investor Relations

Other Participants

- Brett Feldman, Analyst
- Craig Moffett, Analyst
- John Hodulik, Analyst
- Matt Staneff, Executive Vice President, Chief Marketing Officer
- Michael Rollins, Analyst
- Peter Supino, Analyst
- Philip Cusick, Analyst
- Ric Prentiss, Analyst
- Simon Flannery, Analyst
- Walter Piecyk, Analyst

Presentation

Operator

Good afternoon. Welcome to the T-Mobile US Fourth Quarter and Full Year 2019 Earnings Call. Following opening remarks, the earnings call will be open for questions via the conference line or via Twitter. (Operator Instructions)

I would now like to turn the conference over to Mr. Nils Paellmann, Head of Investor Relations for T-Mobile US. Please go ahead, sir.

Nils Paellmann {BIO 3438408 <GO>}

Thank you very much. Welcome to T-Mobile's fourth quarter and full year 2019 earnings call. With me today are John Legere, our CEO; Mike Sievert, our President and COO; Braxton Carter, our CFO; Neville Ray, our President Technology, and other members of the senior leadership team.

Let me read the disclaimer briefly. During this call, we will make forward-looking statements that includes projections and statements about our future financial operating results, our plans. The benefits we expect to receive from the proposed merger with Sprint and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of our management and are subject to significant risks and uncertainties outside of our control that could cause our actual results to differ materially, including the risk factors set forth in our annual report on Form 10-K.

Reconciliations between GAAP and the non-GAAP results we discuss on this call can be found in the quarterly results section on the Investor Relations page of our website. In addition, in connection with the proposed transaction on July 30, 2018, we filed a registration statement on Form S-4 with the SEC related to the merger. The registration statement became effective on October 29, 2018 and is available on the new T-Mobile website. It contains important information about T-Mobile and Sprint, the merger and related matters.

With that, let me turn it over to John Legere. John?

John J. Legere {BIO 1729754 <GO>}

Okay, well done, Nils. Good afternoon, everyone, and welcome to T-Mobile's fourth quarter and full year 2019 earnings call and Twitter conference. Coming to you live from beautiful sunny Bellevue, Washington.

We've got a lot to cover today, we're going to do it a little bit differently. So first, let me start with what everyone is curious about and that's the deal. The State AG trial has concluded, and our team did an incredible job making our case and backing it up with the facts. We are a 100% convinced that this merger will result in a more competitive market, with lower prices and a better network for customers. As new T-Mobile, our plans have not changed. We plan to build a transformational 5G network that will unlock a massive amount of capacity, 14 times more than T-Mobile today. Now we are waiting to judge verdict and we remain confident in a positive outcome.

We firmly believe that the facts are on our side. And while I'm sure there are questions around the remaining steps in the process, including financing, outstanding regulatory approvals and the final resolution with Sprint on the business agreement. We are actively working those decision points as appropriate. But we don't plan to answer specific questions related to the deal process on this call.

Now as you all know, Mike Sievert and I have been working on the CEO transition, as he prepares to take over the reins on May 1st. I've said it before and I'll say it again, this company will be in great hands with Mike and the rest of the senior leadership team we have so carefully assembled. This CEO transition is a culmination of a comprehensive multi-year succession planning process that I have worked on with the Board of Directors. As you can see from our results today, we continue to fire on all cylinders and we'll absolutely remain a disruptive force, solving pain points and delivering value to customers.

So today, I'm going to hand the call over to Mike, who will take you through the results for Q4 and the full year. But before I officially hand the mic to Mike, I couldn't pass up the opportunity for a quick teaser. Yes, that's right. We're working on another Un-carrier announcement. Our team of evil geniuses are hard at work on plans to announce our next Un-carrier move that should come later this quarter, because you know we'll never stop changing this industry for the better. Stay tuned for more and let the speculation games begin.

All right, Mike and turn it over to you.

Mike Sievert {BIO 2140857 <GO>}

Thanks a lot, John. As John mentioned, it's an incredibly busy time here as we continue to work on our merger and clearly continue to simultaneously deliver outstanding business results. As you all know we pre-released our incredibly strong customer results in early January and once again led the industry with over 1 million branded postpaid phone net customer additions in Q4. Despite continued strong competition, particularly from Verizon and Big Cable.

For the full year 2019, we reported 3.1 million postpaid phone net adds and total postpaid net additions up 4.5 million, well ahead of our increased 2019 guidance range of 4.1 million to 4.3 million. And I'm proud to let you know that the financial results that we're reporting today are just as strong, leading our guidance range for both adjusted EBITDA and free cash flow. Our team continues to stay focused and deliver all time record financials quarter-after-quarter, all while working on our pending merger.

So let's dive into those amazing Q4 and full year results. First, let's start with our financials, since that's newly reported for all of you today. Service revenues hit an all-time record high, reaching $8.7 billion in Q4, continuing to grow by more than 6% year-over-year. Total revenues increased 4% year-over-year to $11.9 billion in Q4, also an all-time record high. We hit a Q4 record high adjusted EBITDA of $3.2 billion, up 9% year-over-year. For the full-year adjusted EBITDA amounted to $13.4 billion, up 8% year-over-year and comfortably beating our increased 2019 guidance range of $13.1 billion to $13.3 billion.

We also delivered strong net income of $751 million in Q4, up 17% year-over-year. Free cash flow, excluding payments for merger related costs was a record high $1.5 billion in Q4, up 21% year-over-year. For the full year free cash flow, also excluding payments for merger related cost amounted to $4.8 billion in 2019, up 31%. Yet another record high.

The best part is that we posted all these strong financials along with great customer results. We gained share and we're the only one to beat expectations for service revenues and adjusted EBITDA during Q4. We've always said that customer growth would lead to revenue growth, which would lead to growth in EBITDA and ultimately free cash flow, allowing us to continue to invest in our customers and our network. These results reflect our success in exercising financial discipline to bring growth and profitability as always and show that our winning formula continues to benefit consumers and shareholders alike. 1.9 million total net customers joined the Un-carrier movement in Q4. That makes 27 quarters in a row that we've had more than 1 million total net customer adds per quarter.

We added over 1 million branded postpaid phone customers in Q4, well ahead of our competition in a very competitive quarter. We continue to make inroads into our growth adjacencies, T-Mobile for business is now present in over half of Fortune 500 companies and in 2019 we added over 2000 new logos across enterprise and government.

Also in Q4, we announced if you recall Un-carrier 1.0 for new T-Mobile, where we outlined not one, but three major initiatives focused on utilizing the tremendous 5G capacity of the new T-Mobile network to deliver 5G for good, including the Connecting Heroes Initiative where we've committed to providing free services to all state and local law enforcement and EMS agencies. And I might add, we've already seen a tremendous response with over 2000 agencies nationwide signing up for more information.

And there's project 10Million, which is designed to eradicate the homework gap over five years. And of course, T-Mobile Connect, splashing our lowest price plan in half. We're immensely proud of these groundbreaking initiatives and can't wait to bring them to the market with the new T-Mobile.

So turning back to our results, in a seasonally busy and competitive quarter, we reported branded postpaid phone churn of 1.01%, up just 2 basis points year-over-year. This 2 bp increase in churn compared favorably to all of our peers and our postpaid phone churn was better than AT&T for the fifth quarter in a row. The slightly higher churn was more than offset by higher branded postpaid phone gross adds, which were up 5% year-over-year in Q4 and again, a very competitive climate. And we grew both sides of the business with branded prepaid net customer additions 77,000 in Q4. This momentum brings us to 68 million total branded customers and 86 million total customer connections, including wholesale as of Q4 2019. That's approximately 53 million more total customer connections since the launch of the Un-carrier.

Underpinning all of this is our best-in-class care team. Since Callie Field and team launched Team of Experts, T-Mobile has won the J.D. Power Award for Customer Care every single time. And this morning, we announced, we've done it again, earning another record-breaking score in the latest J.D. Power, the U.S. Wireless Customer Care Full Service Study. This marks the 19th time T-Mobile has ranked highest more than anyone in the industry of -- in the history of the study and T-Mobile has done it again, the third time in a row setting a new record breaking score.

And I have to reiterate this point, these results further demonstrate our ability to aggressively compete and take share, while continuing to execute on our long-term strategy to balance growth and profitability.

Okay. Let's talk network for a moment. As you know, Neville and team launched America's first nationwide 5G network in early December, covering more than 200 million POPs and more than 1 million square miles right out of the gate, a start contrast to Verizon's fragmented 5G strategy to sprinkle 5G connectivity across 20 some square miles in select

American cities. Having already launched three 5G capable smartphones last year, including two in December, that can tap into our nationwide 5G, we anticipate offering an industry leading smartphone portfolio, built to work on nationwide 5G this year.

These new devices including 5G smartphones from major OEMs are expected to operate across multiple spectrum bands, giving us an advantage over Verizon, which is focused almost exclusively on millimeter-wave 5G.

We're looking forward to a potential 5G device super cycle, given our lead in nationwide 5G coverage. And let's not forget, this is all while we continue to expand our 4G LTE network coverage and deliver industry-leading performance. Our coverage reach is at parity with AT&T and Verizon, with 327 million Americans covered with 4G LTE as of Q4 2019.

Our low-band spectrum investment both 600 megahertz and 700 megahertz combined continues to deliver for consumers with 316 million Americans covered by low band as of Q4 2019. We have more than 33 million devices that are 600 megahertz compatible already on our network today, which is live in nearly 8,900 cities and towns in 49 states in Puerto Rico. We've made tremendous progress on the rapid deployment of our 600 megahertz spectrum over the last year, more than tripling the number of cities and towns we cover. This deployment covers 1.5 million square miles and approximately 248 million POPs and you know we won't stop.

Okay. So to wrap up, I couldn't be more excited about our performance this quarter, I hope you can tell. We continue to work towards closing our merger to create the new T-Mobile. And we're doing so without skipping a beat in our business performance, much to the frustration of AT&T, Verizon and Big Cable. Q4 '19 was another competitive quarter for T-Mobile and our unprecedented momentum continued, as we gained postpaid volume share and delivered record financial results, yet again.

And for the full year, we beat our guidance for '19, in terms of total postpaid net adds, adjusted EBITDA and free cash flow, while continuing to balance growth and profitability. Our guidance for 2020 that Braxton will talk about shortly shows that we remained confident in our standalone outlook. But, of course, it would be that much more exciting to successfully close this merger and begin rapid delivering --- rapidly delivering those vast benefits of the merger to America's consumers.

Well, okay. It's time to ask the magenta cowboy himself Braxton Carter to take us through the financials and our guidance for 2020. Braxton?

J. Braxton Carter {BIO 4363971 <GO>}

Hey, thanks, Mike. I really appreciate that. First of all, I just want to say, I'm so excited about the future prospects of T-Mobile. We got an amazing team of winning combination, and we're here to create continued value over the long run. I am super proud to report the wrap up of 2019, but more importantly, to give you a view on 2020 on a standalone basis, which is very, very strong guidance.

First of all, strong net income amounted to $751 million in Q4, up 17% year-over-year and diluted earnings per share was $0.87, up 16%. The effective tax rate amounted to 22% in Q4. For 2019 as a whole, the effective tax rate amounted to 25%, at the low end of our 2019 guidance range of 25% to 26%. For 2020, we expect an effective tax rate in the range of 26% to 27%.

Note that net income and EPS were fully burdened by the Sprint merger-related costs of $105 million and $0.12 per share after-taxes respectively. In the fourth quarter, that was the impact, please note that. These costs $126 million before taxes are in fact excluded from adjusted EBITDA.

Adjusted EBITDA amounted to a Q4 record of $3.2 billion, up 9% and include leasing revenues of $153 million versus $168 million in the prior year. For the full year, adjusted EBITDA amounted to $13.4 billion, up 8%, beating our updated and increased 2019 guidance range of $13.1 billion to $13.3 billion. The adjusted EBITDA performance reflects strong cost management, especially in SG&A.

SG&A as a percentage of service revenues decreased by 70 basis points year-over-year in Q4, despite the increase in merger-related costs. Excluding the Sprint merger-related costs, SG&A decreased by a 100 basis points year-over-year in Q4, despite the headwind of $93 million from additional amortization of commission costs relative to last year from the adoption of a new revenue recognition standard in the prior-year.

Cost of service as a percentage of service revenues decreased by 10 basis points year-over-year, despite the continued rapid roll-out of 600 megahertz spectrum. Reported free cash flow increased by 15% year-over-year to $1.4 billion in Q4 due to a 61% increase in net cash provided by operating activities, with cash capex relatively flat year-over-year at $1.2 billion in Q4, including capitalized interest.

Free cash flow in Q4 included $133 million of payments from merger-related costs. Excluding these merger-related payments, free cash flow would have been $1.5 billion. For the full year 2019, reported free cash flow amounted to $4.3 billion, up 22% year-over-year. Excluding payments from merger-related costs of $442 million, free cash flow would have been $4.8 million, well ahead of our 2019 target range of $4.5 billion to $4.6 billion. Therefore, the actual three-year free cash flow CAGR was 49%, beating our guidance range of 46% to 48%.

Branded postpaid phone ARPU amounted to $45.79 in Q4. For the full year 2019, ARPU amounted to $46.04, down 0.8% year-over-year right at the midpoint of our 2019 guidance range of minus 0.7% to minus 0.9%. As mentioned last quarter, this decrease was driven in part by a reduction in the non-cash, non-reoccurring benefit related to Data Stash, as a majority of impacted customers had transitioned to unlimited plans by the third quarter.

For 2020, we expect ARPU to continue to be generally stable in the range of plus to minus 1% compared to the full year 2019. In terms of customer quality, our results for the fourth quarter continued to be strong with total bad debt expense and losses from the sale of receivables of $128 million or 1.07% of total revenues compared to $118 million or 1.03% of total revenues in the fourth quarter of 2018. For the full year 2019, total bad debt expense and losses from receivables were 0.97% of total revenues, down 8 basis points year-over-year. Starting in Q1 '20, we plan to report average revenue per postpaid account or postpaid ARPA in addition to the existing ARPU metrics, reflecting the increasing importance of non-phone devices to our customers. We also plan to discontinue reporting wholesale customers and instead focus on branded customers and wholesale revenues, which we consider more relevant than the number of wholesale customers, given the expansion of M2M and IoT products.

Now let's come to our exciting 2020 guidance. Since we don't know the outcome of the deal yet, this is our standalone guidance for 2020. And I'll comment, you know our playbook, in seven years we have never not hit or exceeded our guidance in over the last several years in addition to consistently increasing our growth guidance on a quarterly basis. We've also done it with other key financial metrics.

We expect branded postpaid net customer additions to be between 2.6 million and 3.6 million. This guidance continues to consider our long-term strategy to balance growth and profitability and a continuation of the heightened competitive environment, we have seen recently. We expect adjusted EBITDA to be in the range of $13.7 billion to $14 billion, this guidance takes into account leasing revenues of $450 million to $550 million in 2020. It also takes into account our continued network expansion, in particular, the 600 megahertz in 5G rollout.

Pre-close Sprint merger related costs before taxes are expected to be $200 million to $300 million in the first quarter of 2020, which does include approximately $150 million of consent fees payable to Sprint, if the merger does not close. These costs will be excluded from adjusted EBITDA, but will impact net income and cash flows. Really excited about this. We target cash capex of $5.5 billion to $5.8 billion, this excludes capitalized interest, which is expected to be approximately $400 million in 2020. All in our cash capex guidance of $5.9 billion to $6.2 billion, which really leaves to a very strong free cash flow picture.

Free cash flow for 2020 is expected to be in the range of $5.4 billion to $5.8 billion in 2020, excluding payments for merger-related costs. The underlying net cash provided by operating activities is expected to be in the range of $7.9 billion to $8.5 billion, excluding payments for merger-related costs. Our free cash flow guidance does not assume any material net cash inflows from securitization.

Also note that we are expecting 2020 to have a similar seasonal development of free cash flow as in 2019, with a lower free cash flow in the first quarter ramping in later quarters based on a cash capex profile that is heavily weighted to early in the year, similar to 2019.

Now let's get to your questions. Please note that we cannot answer any questions related to the millimeter wave auction due to the quiet period. You can ask questions via phone or via Twitter. We'll start with a question on the phone. Operator, first question please.

Questions And Answers

Operator

Thank you. (Operator Instructions) And our first question comes from John Hodulik with UBS.

Q - John Hodulik {BIO 1540944 <GO>}

Great, thank you. Maybe a couple questions on the guidance for, Braxton,. It looks like the guidance for EBITDA at the midpoint, gets you to about 4% growth for the year and I think that's versus about 8% what we saw in '19. Is that just some conservatism built in or is there some extra cost built in for the super cycle maybe that Mike referenced in the call? And maybe, if so, what that might look like?

And then similarly on the capex side, it looks like the network capex is being guided for down slightly on a year-over-year basis. It was our sort of belief that on a standalone basis, you guys would need to ramp up the expenditures on small cells and additional capacity. So I'm just wondering if that number is the number on a stand-alone basis going forward or something else? That would be great, thanks.

A - J. Braxton Carter {BIO 4363971 <GO>}

Yes, great question. So first of all, my intro into the guidance, I talked about our playbook. We have always approached our guidance to the Street in a conservative manner and on a quarter-to-quarter basis as we execute and perform during the year, we step it up as appropriate. For last two years there hasn't been a quarter that we have not stepped up adjusted EBITDA.

But there are other things that you need to consider. First of all, the headwinds from the new revenue recognition standard where you have the amortization of the commissions over time that affects the year-over-year comparability. So you have to take that into account.

Next, we are continuing a very aggressive rollout. It's amazing what happened during 2019 with what Neville and the team accomplished on the 600 megahertz rollout in 5G, we have very large aspirations for this during the year, which does drive more opex into the equation. You've got to build that before they come. So that's all embedded in the guidance.

So as your question on the super cycle, we are the only carrier who didn't have a dip in upgrade rates in the fourth quarter and that's a really good thing, because upgrading as reinvesting in the value proposition. And we have sized, what we believe will be the upgrade outlook for the upcoming year in our guidance. When it comes to the cash capex. Yes, there is a slight dip. But remember that a lot of what we do is project oriented and now that we have rolled out the extent of low band POPs, we're shifting those dollars into 5G and continued rollout of the 600 megahertz. There is a baseline spend, but every year we've had a project, and those projects roll to other areas. We believe that we've adequately designed this cash capex guidance if it similar to the last several years, we'll be at the very high end of that guidance. And I think that's an appropriate way to look at it. But we do believe we can accomplish everything we need to do with that guidance. Great questions and glad to provide the additional detail there.

Q - John Hodulik {BIO 1540944 <GO>}

Thanks, Braxton.

Operator

And our next question will come from Philip Cusick with JP Morgan.

Q - Philip Cusick {BIO 5507514 <GO>}

Hey, guys, thanks. Two, if I can, typically your are promotional in 1Q when others are quiet, can we assume that the new Un-carrier announcement could play into that? And then Neville, what do you see an average 5G versus 4G experience for customers so far? Can you talk about utilization of the 5G network today and how customer experience should change as that network fills up? Thanks a lot.

A - Mike Sievert {BIO 2140857 <GO>}

I can start on the first one and maybe see if, Matt, wants to add some color. What we like to be when it comes to our promotions is unpredictable. And you're right, if you look in the past, there have been some 1Qs where we've come out swinging, because we know other people aren't and that's worked out very well for us. But here we sit at almost halftime. I don't want to lay out for you the rest of the quarter, owing to the main part of the strategy being, we like to be unpredictable. We did tease an Un-carrier move. And I will say that if you look at the broad picture of our Un-carrier moves they don't always signal price, what they signal is solving pain points. Sometimes there's promotional intensity involved with that, sometimes there is not, but we're really excited about this one, the pain points in this industry are far from solved and we'll be demonstrating that yet again before the quarter is up. Anything to add, Matt?

Q - Matt Staneff {BIO 20459281 <GO>}

Yes. I mean, the only thing I'd add to that is what you saw in Q4 and what we did is, when the market heats up competition gets bigger. We end up doing what we do every day, which is winning the market share and take share as we go forward. What we've done with the network, we were poised and positioned with 600 and our nationwide 5G, we absolutely want to take advantage of that. And if that means stirring the pot and getting competition going, than we're going to keep doing some of that in Q1.

A - John J. Legere {BIO 1729754 <GO>}

And now we dare to turn to, Neville Ray, to discuss the comparative 5G experiences that he sees and for those of you that need a short break, I would suggest now would be a good time.

A - Mike Sievert {BIO 2140857 <GO>}

And all the other people that wanted to ask a question. Thank you for the interest.

A - Neville Ray {BIO 15225709 <GO>}

I just can't talk now. So I'll be brief.

Q - Philip Cusick {BIO 5507514 <GO>}

This is the last time you're going to get that from John, so take it in a friendly way, right.

A - Neville Ray {BIO 15225709 <GO>}

I doubt that, Phil, but so no I'll be super quick. Obviously, we are incredibly excited about launching the first nationwide 5G network in the U.S. and gives me great pleasure every day to hear about AT&T and Verizon, trying to catch us at some point this year, maybe next. But, I mean, we've gone and laid down that first nationwide layer of 5G. So huge accomplishment, we have to do an incredible amount of work to open up kind of the FDD and a door around on deploying 5G in Sub-6 gigahertz. So kudos to the team that made that happen and super important for our business to position ourselves there.

What's coming through with that, Phil, is new spectrum, right? This isn't just about rolling out 5G at T-Mobile, we are rolling out all of that 600 spectrum that we secured in an auction not too long ago. So we're adding new spectrum, new capacity, back to the capital question. All of this 5G rollout, we are deploying and future-proofing this network. So we've come a long way right now to the 5G experience. Everything we do is incremental, right, with dual connectivity on top of our LTE layer. So when we add that 5G goodness on top of what we have in LTE, bringing in, in some markets 30 to 40 megahertz of spectrum coming in now with 600 megahertz deployment.

So -- and a lot of that going into rural America places that have been traditionally badly served, never got 4G until 10 years after the New Yorks and LA got it. So we're spreading the 5G goodness all over the U.S. So super excited. The incremental experience is good, but we're just getting started. And we have a long, long way to go. Obviously, with the closing of the transaction, the hopeful closing with Sprint, you're going to see an incredible layer of depth of spectrum especially in metro and urban areas to start, going in on top of what we've done with 600 megahertz 5G.

So industries that start, it's way too early to talk about how much utilization there is. We're seeing good pick up on the two devices we launched in December, but it's very early days still, Phill, for the industry.

A - Mike Sievert {BIO 2140857 <GO>}

Can I say one more thing, Phil, while we're on this topic you're bringing together two interesting topics, network and promotional intensity. And I want to do point out one thing, which is, these results that we announced for Q4, a million postpaid phone net adds leading the industry significantly again. We're in an environment where what we were talking about with all that competitive intensity out there was these topics that

Neville just talked about. We were talking about the network much to the credit of Matt and Janice and their marketing and communications teams. We spent a higher percentage of our dollars and our energy on network than I can remember. And yet delivered in quarter results in a promotionally intensive period when we weren't talking about the other topics, the promotional topics as much. We're laying a foundation and telling people about this differentiation that we have and the fact that we've caught up with the competition on network and are poised to just spring ahead of them in 5G. So that's very exciting.

A - John J. Legere {BIO 1729754 <GO>}

And what Mike what might really meant to say is, Matt and Janice did that while he and I were in Washington and in court for the entire quarter. So we really do mean it was led by them. And the last thing I'll say is, I like the talk about the Un-carrier move. Un-carrier moves always signal one thing, which is a really bad day for Verizon and AT&T. And to me that's just in and of itself worth every single moment.

Well, is there anyone who want to take on the -- I can take one here -- get it? There is Wayde Philpot wants to know what's up with Neville's shirt.

A - Neville Ray {BIO 15225709 <GO>}

Nothing's up with this shirt. It's like that's the future, right?

A - John J. Legere {BIO 1729754 <GO>}

And Wade, we will send you one.

A - Mike Sievert {BIO 2140857 <GO>}

Oh! yes, there you go.

A - Neville Ray {BIO 15225709 <GO>}

Coming your way, Wade.

A - John J. Legere {BIO 1729754 <GO>}

I really feel like we should take one of Walt's questions, because if we don't, he's going to just keep putting them up there. We can wait, I mean, are any of these Walt's question once you want to take or should we wait?

A - Mike Sievert {BIO 2140857 <GO>}

Most of them are statements.

A - John J. Legere {BIO 1729754 <GO>}

Okay. All right, Walt, keep typing away. We'll get back to the phones. We'll get to you.

A - Mike Sievert {BIO 2140857 <GO>}

We'll get to you.

A - John J. Legere {BIO 1729754 <GO>}

Operator?

Operator

And our next question over the phone comes from Michael Rollins with Citigroup.

Q - Michael Rollins {BIO 1959059 <GO>}

Hi, thanks. During the opening comments, you referenced competition from Big Cable and Verizon during the quarter. And I was curious, if you could frame the competitive impact that you saw them have and how your strategy is evolving, whether it's geographically or customer verticals to keep the subscriber growth going? And then, just secondly, on the subject of content bundling, can you give us an update as to what the content bundles are doing for your base and for your economics, whether it's with Netflix or Amazon Prime? Thanks.

A - John J. Legere {BIO 1729754 <GO>}

I'll start and throw it your way, Mike. I'm going to say, the simplest way to think about it is, Comcast and Charter had good strong quarters, spending shitloads of money to take customers from Verizon. And I think that's -- at the highest level you can see you when you pay $160 million of loss in your wireless business to gain about 270,000 customers that are coming mostly from Verizon certainly not from us, there is a lot more to it. But Mike do want to pick?

A - Mike Sievert {BIO 2140857 <GO>}

Yes, they seem to be duking it out. We've seen over this journey of seven years, we've seen every circumstance of competitive intensity and I will say Q4 and Q3 to a certain extent these were highly competitive periods. And you see, as John says, Verizon responding to Cable, Cable responding to Verizon, you see the prepaid kind of foundering, except T-Mobile's where we grew yet again.

And what's interesting is, while there have been changes over there, there haven't been changes over here. And we've been saying pretty consistently that our model flexes for a more competitive periods than less competitive. In a less competitive period you have falling churn and we lead the pack in falling churn. In fact, even in this competitive period, we had the best year-over-year churn performance relative to our prior year.

But when it is more competitive and switching picks up, that's an opportunity for us because we have more jump balls to go after. So we don't fear competition. You saw Verizon toasting at great expense to their EBITDA by the way. Some of the best growth numbers that we've seen from them in years on customers. And yet our numbers were as good as ever. So it's not coming from our side, but they're all duking it out over there.

I'm curious about Verizon's approach, they've definitely got the pedal down on growth and they're spending a lot of money to get there and missing expectations on EBITDA, all while loading up a network that's out of capacity. That's -- to us that's fascinating. We'll have to see what becomes of all that. But one thing you should take some assurance of, it's not coming from us and doesn't affect our approach really much at all.

A - John J. Legere {BIO 1729754 <GO>}

It's important to remember too, if you look at the overall results of the Big Cable players. They are bleeding video customers. So they certainly in a portion of their business, understand the concept that they haven't had to learn about yet in wireless, which is called churn. This is pretty much low-hanging fruits, subscribers coming in, bleeding video customers, skimming off some wireless customers, but once churn comes back around the block, customers won't forget who the most hated companies in America were and still are. So we look forward to that.

A - Mike Sievert {BIO 2140857 <GO>}

This is another learning, there is the churn for cable companies and then there is the consequences of BOGO-palooza [ph] that I think we'll have to figure out what happens in the market.

Verizon definitely led the way with BOGO, some of the -- rest of the industry responded. We do those promotion sometimes. But over the years, we've learned through a variety of different things that we do, what kinds of promotions cause sticky customers that last, that are real and fundamental and what kind are kind of round trippers. And a lot of this stuff that we see happening led by Verizon and the BOGO-palooza, it does raise real questions as to how real are those added customers, how long will they be around, will there be a bounce back phenomenon? Is some of the "market growth on the postpaid side of the equation, really just that artifact" and those are unknowns. But again it's -- it doesn't affect our strategy. We've been down some of those roads in our past and we're very focused on what we're doing, which is taking legitimate share from AT&T and Verizon.

Q - Michael Rollins {BIO 1959059 <GO>}

Okay.

A - John J. Legere {BIO 1729754 <GO>}

Operator.

Operator

Thank you. Our next question comes from Simon Flannery with Morgan Stanley.

Q - Simon Flannery {BIO 1505834 <GO>}

Thank you very much. Good evening. A couple of questions from Nils -- Sorry for Mike, on the subscriber projections. How are you thinking about the key verticals around things like regional expansion enterprise segments 55 and over? Where do you see the opportunities to drive that? Is that changing from what you did this year as well? And then for Neville, how does CBRS play into your strategy and dynamic spectrum sharing? Thanks.

A - Mike Sievert {BIO 2140857 <GO>}

Yes, Simon. On the customer front, you're going to see a continuation. And by the way, this strategy that we've been outlaying for you is really working well. You didn't mention it, but T-Mobile for business is firing on all cylinders. We saw the biggest quarter in our history in the enterprise segment. And there has been a change too in how enterprises are engaging with us. First, it was small and medium where we had a right to win then we started a couple of years ago wedging into enterprise discussions. But honestly, our role was more as a price cut. We were getting a little piece of enterprise business in exchange for offers that really police their main contracts with AT&T and Verizon. Suddenly, over the past year and particularly the past couple of quarters there has been a change we shared a couple of the numbers with you in our remarks big enterprises, strategic engagements out of the corner office are partnering with us across the enterprise. And that's really exciting for us. It's a testament to the network progress that we've made and the solutions that we've developed and our team's tenacity at working our way into more strategic relationship. So that's something we're very excited about.

You mentioned suburban and rural growth, obviously very important over 55 military continues to contribute. So these adjacencies, if you will, have been part of the strategy now very clearly for over a year and half and one of the reasons why we have a business that's able to deliver 1 million postpaid phone nets in an environment where some of the competitors like Cable and Verizon do can get out with each other, we're able to generate more growth than their past. And it shows the resiliency of our model. So thanks for asking that.

A - Neville Ray {BIO 15225709 <GO>}

Yes, Simon has had two questions, you had the CBRS. So obviously the unlicensed stuff is moving into -- we can freely deploy that now with some of the sharing mechanisms out in the market. The auction on the license segment so the 70 megahertz coming up for auction mid-year. So we know a lot about CBRS already, we see it as primarily a small cell spectrum layer. It has some material limitations, not so much from the sharing but from power limitations. But there is something there and so we joins the toolbox, so to speak, and we have one license other opportunities we continue to explore and expand upon. So it sits in there and I don't think it's going to be transformative. I think we all know that, but it can be helpful.

Your second question was on dynamic spectrum sharing. So that's the ability to share both LTE and 5G on a common radio. We've been a key proponent and driver of that technology. But it's late, clearly for us we are in a position where we can deploy 5G as we demonstrated on our low-band spectrum, because we have new spectrum today. We do not have to wait for DSS to mature as Verizon is, for example, Verizon stuck today. They don't have the ability, without DSS to really deploy --in low-band they don't have enough spectrum to go do it.

And what we're seeing unfortunately is, we are seeing some vendor delays there, there is a lot of information coming through as we start to fully test software and capability in the feature, and it's going to be a tough year on DSS. We'll keep pushing, the industry will, but certainly there is one of the major vendors right now that's very late on delivering that capability. The good news for us is that we clearly, as we've demonstrated don't have to wait for DSS for our low-band deployment.

A - John J. Legere {BIO 1729754 <GO>}

Okay. I want to take one of these questions that came in from one of our favorite fans Kyle Romanoff [ph]. And Kyle, got fascinating question he said, even with the Super Bowl past, Verizon is continuing to spend heavily on their ad campaign hitting their LTE network against T-Mobile 5G. You guys plan to keep responding, could there potentially be a promotional response from T-Mobile?

I think we could probably talk about this on multiple different layers. One is let's not just go past the Super Bowl because it was a huge embarrassment for Verizon. The amount of money that they spent and how badly they failed to show anything in their 5G and the gratuitous commercials they tried to run, which flopped miserably. And, of course, we came right back with a lot of information in a blog pointing out the fallacy of what they are talking about, but also talking about and maybe Matt can show you his t-shirt, because he had a very good fight with Verizon and not enough and, yes, tell your mama it's a treat. But, well you guys want to talk a little bit about this at all. Matt?

Q - Matt Staneff {BIO 20459281 <GO>}

Yes. I mean I think the -- first of all it's -- isn't it so amazing that now Verizon feels need to try and poke at T-Mobile for being the leader in coverage, 5G coverage and what we have on a nationwide basis. It's a great question about a potentially promotional response. I don't think there's anything promotional in nature and doing what we've done with our 600 megahertz network in 5G and having that nationwide. We're going to continue to do what Mike said, which is tell a story to every one across America that T-Mobile's here, our coverage is amazing, significantly better than they thought it was. And when you couple that to our industry-leading for a very long time customer service and value proposition, there is no other choice, but to come to T-Mobile, so that's going to remain a consistent piece to how we go at this.

A - John J. Legere {BIO 1729754 <GO>}

Yes.

A - Neville Ray {BIO 15225709 <GO>}

But one last thing for me. I mean, it would be fun to run around the country and show were Verizon's 5G doesn't work, that would be, I think 300 and -- it would be millions and millions of square miles compared to maybe the few hundred thousand square miles, if that with where they have coverage to be so. We're proud of where we are on 5G. Any fool can run around and find somewhere where wireless speeds are low on a network. We beat Verizon on LTE speeds today with our LTE and with our 5G on top, we are even better, stems the facts, if they want to find a street corner somewhere where that -- that they can be they beat, they can navigate something different. So be it. (multiple speakers).

A - John J. Legere {BIO 1729754 <GO>}

I think Neville is doing a very good and responsible job helping the country understand what 5G is and what it isn't. I mean, it didn't take long for people to not fall for the 5GE debacle from AT&T. And the more the Verizon doubles down on their position that 5G is millimeter-wave. The time is going to come, you can poke fun at a nationwide layer of 5G in low band. But when that's combined with the mid-band capability and millimeter-wave and you start to see the applications that require a full capability of all three that's when you realize that they're playing a different game, and they are stuck and just keep asking them please explain to us how millimeter-wave alone can deploy 5G capability.

So I think that's -- Super Bowl was fun, but there is a serious dialog taking place. And I think last thing I saw was Verizon stock has been downgraded because people don't see any catalyst for where they're headed. We're very clear that what we're doing with low band. It's a start and it's a piece of a puzzle. But when the puzzles done we win and consumers win and it's going to be huge. So thanks, Kyle. We just used your question to say whenever we wanted about Verizon. Alright operator.

Operator

Thank you. Our next question will come from Brett Feldman with Goldman Sachs.

Q - Brett Feldman {BIO 3825792 <GO>}

Thanks for taking the question. Braxton, if I look at the standalone guidance you've given for this year. Even if it is conservative this is an outlook for a company that would be organically delevering through EBITDA growth and material cash generation. Obviously plan A for you guys right now is to close a deal with Sprint. But I'm sure as a contingency you've thought about how you would allocate and prioritize that capital going forward, if you were to remain standalone. How do you think through the right calls on that capital on to that scenario? In other words, is it makes sense to sustain dry powder to evaluate whatever spectrum opportunities could evolve. You had previously had a capital returns program. Is that something investors should be thinking through, anything you can do to help us think through the way you and the Board prioritize, that would be very helpful. Thank you.

A - J. Braxton Carter {BIO 4363971 <GO>}

Yes, I sure think, Brett. Really good question. First of all, we are going to win this deal and remember with new T-Mobile we are fully funding a business plan to get us through the three-year period, where we're unlocking $6 billion run rate of synergy, which is going to be a massive value creation. We did pause $9 billion, Board approved buyback when we entered into the transaction with Sprint, but we've been very clear, of that $9 billion we are only $1.5 billion into it, that in that very unfortunate for America's situation that we would return capital to our shareholders.

Our focus has totally been on closing the merger. We have not finalized any phasing or reallocation that was a multi-year program. Remember it was a $2 billion, $3 billion, $4 billion program. And right now it's academic as again, we believe that we're going to close. But if that fact does come to fruition we will certainly be out to the street with guidance and how we're looking at it.

You're right, we're going to be looking at spectrum opportunities on a stand-alone basis that's part of the equation, we have to explore, there's numerous potential opportunities. It was nice to see some of the C-band stuff out today, but there is a lots of developing in this area and more to come, if that's where we end up.

Q - Brett Feldman {BIO 3825792 <GO>}

Thank you.

A - John J. Legere {BIO 1729754 <GO>}

Okay. I'm going to take one of the rating questions, one of the 72 that Walter Piecyk has sent in. Because I think there was some confusion on this point by a number of people. He says the merger agreement, meaning with Sprint was never updated. Does that mean change in deal prices off the table?

A number of people were confused when the long stop date of the business combination arrangement -- agreement came on 11/1, the BCA was still in effect. We have a fully in effect BCA, but at 11/1 without an amendment, either party has a walk away right. So in effect, the partnership is still strong. We just have not updated it to remove the walk-away ability. And no, it doesn't mean that we can't. We've had -- we've a very strong partnership with Sprint and we've had very good discussions. And if there is a need for an amendment to the BCA including possibly price, we would handle that very swiftly after the deal was approved. So, I hope that explains the nuance there. Okay, I think we get some more time. Operator?

Operator

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

Q - Craig Moffett {BIO 5987555 <GO>}

Hi, thanks. John, in the event that the deal is not approved, would there be room for you and Sprint to do spectrum sharing type of deal? It seems like the 2.5 is obviously been a very big part of the appeal of the transaction. And I could imagine there is a lot that Sprint would need if the transaction didn't happen.

A - John J. Legere {BIO 1729754 <GO>}

Yes. I make two points. One is, the deal will be approved. Point number two, the deal will be approved. But, obviously to your question, If the deal was not approved, there are certainly a myriad of things that Sprint and we could consider doing to harbor some of what would have taken place when the companies come together. The point four is that the deal will be approved.

Q - Craig Moffett {BIO 5987555 <GO>}

Well, given that the deal will be approved and I want to ask a different question. AT&T talked about possibly sort of joining the negotiations for an MVNO agreement. Would you ever do that and under what circumstances? For Cable, I mean, after you have bashed Cable, would you accept them as partners?

A - Mike Sievert {BIO 2140857 <GO>}

Yes, we would. I mean, in the new T-Mobile, we've been pretty clear on this, I think, which is the new T-Mobile has is all about capacity, just an unprecedented expansion in network capacity. And so our job is to build that network up economically. Already, we have a pretty lucrative wholesale business. But in stand-alone, we have diminishing capacity and our best use of that capacity is with our branded business. So, growth aspirations are more modest there.

In the new T-Mobile, we have a real interest in growing the wholesale side and the retail side of the business. So, we've entertained it absolutely. And we've indicated that as well through the process.

Q - Craig Moffett {BIO 5987555 <GO>}

Okay. Thank you.

A - Mike Sievert {BIO 2140857 <GO>}

You bet.

A - Nils Paellmann {BIO 3438408 <GO>}

Okay. Operator?

Operator

Our next question comes from Peter Supino with Bernstein Research.

Q - Peter Supino {BIO 21231716 <GO>}

Hi. On the subject of SG&A, the long arc of T-Mobile has included terrific margin gains. But they've been driven more by cost of sales, the cost to serve in SG&A leverage this year adjusted to merger expenses. I think there was a little bit of leverage for the year and more for the fourth quarter. And I'm wondering as you look forward, as you -- on your current trajectory, is there a more significant SG&A leverage opportunity as the company matures?

A - J. Braxton Carter {BIO 4363971 <GO>}

Yes. I think that the answer is absolutely yes, there's opportunity. First and foremost, when you look at SG&A, you have to understand that in our business model, where there is a cost to bringing the subscribers on, and I know you very much appreciate that the level of growth that you're obtaining has a direct correlation to the selling expense intensity associated with the business.

And if we were a more matured slower growing business, you would actually see an explosion of margin and significant scale on the SG&A line. But we are and have been a very significant growth company, the only significant growth company in wireless other than the Cable guys who are now coming into the space.

But when you put that aside, there are other efficiencies and it's just part of our D&A to look and evolve the business to never be complacent and comfortable with the status quo. And there are other opportunities even in a high growth area. Some of the great things about the Sprint merger is the inorganic scale that we get is a massive unlock. But even without that, there are certainly an expectation of margin expansion as we continue to grow in scale organically with the business.

And your point on the efficiency of our cost to service or our network expenses. In the early years, we were showing great efficiency there, but remember what we're doing right now. We have fully hedged out and have a nationwide geographically equivalent area in the U.S. And that took a lot of additional opex to do so. I mean, we did it with the low band spectrum. But now, we're rolling out the 5G and I think this is a phenomena you're going to see with a lot of the carriers and some of the scale efficiency on the network side of the equation in this transition period will be somewhat impacted. But even with that said, you saw scale from a cost to service standpoint.

So bottom line, yes, expect continued margin progression. And that's one of the things we're super excited about with the new T-Mobile is there is a massive unlock our margin protection. And my final comment there is, you look at the difference in the margins between AT&T, Verizon and T-Mobile, it's all scale. I can guarantee you we're more efficient at what we do than what they do. And that's the power of that inorganic scaling opportunity that we have with newtel [ph].

Q - Peter Supino {BIO 21231716 <GO>}

Thank you.

A - J. Braxton Carter {BIO 4363971 <GO>}

Okay. You're welcome.

A - Nils Paellmann {BIO 3438408 <GO>}

Operator?

Operator

And moving on to Ric Prentiss with Raymond James.

Q - Ric Prentiss {BIO 1534273 <GO>}

Thanks, good afternoon. Two questions guys. First one, when will the judge wants to know you already know that the deal will be approved? What are you expecting notice from the judge?

A - John J. Legere {BIO 1729754 <GO>}

I should be clear, we know we're going to win, we just don't know when and we really don't. I mean, we could guess and speculate, but we're hoping it's imminent, but it could be whatever the judge decides. So, we don't have any inside track at all as to when it will be. So we'll keep your posting pretty sure you'll hear us loud and proud when it is. But I guess it's not today.

Q - Ric Prentiss {BIO 1534273 <GO>}

Okay. Second question more immediate obviously a lot of wireless has to do with getting spectrum, building a network opening stores and getting the customers. You've talked about your 600 megahertz and your low band, looks like about 75% of the population covered with 600, but about 50% of the geography of Continental U.S. Help us understand back to John's question about capex and Simon's about market share, what should we think about happening with the network and the stores in 2020 and 2021 in that low band area?

A - Neville Ray {BIO 15225709 <GO>}

Yes. So, thanks; good question Ric. I mean, obviously, we talked earlier and Braxton talked about the major investment we're going to make from a capital perspective into the network this year. And we continue to push on our 600 megahertz footprint. So, as you pointed about -- pointed out 200 million POPs about a million square miles, we can readily take that number up 30%, 40% in 2020. So that footprint is going to expand materially. A lot of that reach will extend into a broader swat of the U.S. including rural. And we have a plan to go do it. It's great benefit for us. We are spreading out 600, we're getting more 5G footprint and we're adding capacity into the network. So, it's a great win for us on all dimensions.

And the plan this year is all about continuing the march that we started in 2019. And I love that, because I want AT&T and Verizon to be chasing my tail on nationwide 5G and what we do in 2020 for the next few years. If they get to nationwide this year, we are going to be pass them. So, that's not where the line is drawn for us. We will continue to expand the reach of that network and we're funded and very capable to do it.

A - Mike Sievert {BIO 2140857 <GO>}

And distribution is pretty simple. Right now we have distribution convenient to about 265 million people, we've told you that number before. That's up from 230 million a couple of years ago. So we've seen a nice expansion. And so, obviously, there is more opportunity, there is a big difference between 265 million and 327 million, which is our current network coverage.

I would -- we don't have an announcement today about an expansion plan. But I would tell you, just from a color standpoint, I wouldn't expect a big distribution expansion. What I might forecast is a realignment into more suburban areas and greenfield areas in small town and rural. There may be parts of this country where we are over distributed. And so, -- but there is certainly an opportunity for us to go after continued expansion and making our distribution convenient to more and more Americans. And so, when we're ready to talk to you about that we will have some more facts.

A - John J. Legere {BIO 1729754 <GO>}

Alright operator. So I would say there is -- we don't have the schedule yet, but there is at least a greater than 0% chance that this would be my last earnings call. So there's nothing I'd rather do. If it is, than take the next question being the last question from -- I'm not sure who it is, but let's just see if it's who I think it is.

Operator

And that question will come from Walter Piecyk with LightShed

Q - Walter Piecyk {BIO 1510511 <GO>}

John, I wish I could give you really something very salty for your last call. But I don't have anything for you on this one, but thank you for answering that.

A - John J. Legere {BIO 1729754 <GO>}

We are out of time now.

Q - Walter Piecyk {BIO 1510511 <GO>}

Thanks for answering the one on the BCA though that was definitely very helpful. Mike, on the gross adds. I know -- I understand the playbook. Right. But just curious is 2019 a gross add growth year you've talked a lot about the replacement cycle kind of maybe not extending further and 5G and assuming the merger closes, is this going to be organically another gross add or a gross add growth year for you guys? And then I've got a follow-up on DSS for Neville.

A - Mike Sievert {BIO 2140857 <GO>}

Yes, you know Walt, it depends on what happens in the competitive environment. And one of the things we've -- it sounds a little bit arrogant, when we say it, but I -- the summary way I'd say it is, we will deliver as many gross adds as we need to deliver the net add growth that our business plan requires. And we've proven over and over again, we can do that, there were times through the last 18 months when churn was rapidly falling across the industry and switching was decreasing. And in order to gain the nets, we didn't have to spend your money on gross adds we didn't need to deliver the operating performance of this business. Braxton has been very clear for years, that's all about a balance of growth and profitability and we keep that balance and in every quarter there is a growth we could have gotten, and didn't.

But what happens in a period of rising churn and rising switching that's a great opportunity for our business model, because we are the net share taker and we know how to go get those adds when we need them and those adds can get more efficient as well when there's more jump balls. And so it's a better time to grab the growth, because there is more people in the market. And so that's a nice opportunity too. And the truth is, we don't know., we don't know, which circumstance we're going to see, but we have a model that's confident and ready to execute whichever way it unfolds through the year.

Q - Walter Piecyk {BIO 1510511 <GO>}

Got it. And then on DSS -- I got to get this DSS one in because obviously Verizon is highly reliant on it. I mean -- Neville you are pretty negative...

A - Mike Sievert {BIO 2140857 <GO>}

You are right, Walter. That's a disappointment, you're saying the last big question for John is going to be about DSS.

Q - Walter Piecyk {BIO 1510511 <GO>}

Right. I will ask John about -- I'll ask him about WeWork, you LightShed is WeWork. So, we want you to come visit us, you got CEO position that was rumored. You can have some fruit water at our WeWork.

A - John J. Legere {BIO 1729754 <GO>}

Get on with DSS.

Q - Walter Piecyk {BIO 1510511 <GO>}

But Neville, can I ask about the DSS please.

A - Neville Ray {BIO 15225709 <GO>}

Yes. Go ahead.

Q - Walter Piecyk {BIO 1510511 <GO>}

You've been pretty negative on your comments here saying it's late, it's a tough year. Are there any issues in terms of like one company indicates that it's just -- the waiting for it to be in a phone is it an infrastructure issue, is it a phone issue? When is it going to be available? And does it have any impact on the amount of -- when it gets deployed. Does it take away any capacity from the spectrum that it's getting deployed on?

A - Neville Ray {BIO 15225709 <GO>}

Well, it's in the radio software, Walt, right. So that's the primary -- as the primary area of concern right now. So the radio vendors that supply the infrastructure we put up on our towers. That's where the problem sits in the software there and we are seeing, as we learn more, that as you deploy DSS, it kind of eats away on the net capacity of the shared radio. And if you rush into that now some of the early rollouts and workarounds and pieces that we've seen are pretty corrosive and they would suck up capacity, just by rolling out the feature.

So the benefit you might gain outside of saying, I've got some 5G out there, the capacity loss could be pretty brutal. So -- but I mean what we've been working pushing on this feature we were one of the first in the industry to drive this. So I'm not being super negative about it. I'm just saying it's got challenges and for Verizon its a big challenge. I think you more than anybody have highlighted some of the spectrum and capacity challenges that Verizon has. I think that was a great piece you put out and DSS is not going to materially help them, it's just going to enable them to put something out there, so they can talk about 5G coverage. Just let's be honestly they have nothing on millimeter-wave in terms of 5G coverage, they need something. So we'll see...

Q - Walter Piecyk {BIO 1510511 <GO>}

Alright

A - Neville Ray {BIO 15225709 <GO>}

But right now, what we see February of 2020 it's tough road this year.

A - John J. Legere {BIO 1729754 <GO>}

Thanks, Walt.

Q - Walter Piecyk {BIO 1510511 <GO>}

So what's the next gig, John? What's your next job.

A - John J. Legere {BIO 1729754 <GO>}

Yes. It's going to be -- it's a place called LightShed.

Q - Walter Piecyk {BIO 1510511 <GO>}

We'd love to have you, come have some fruit water.

A - John J. Legere {BIO 1729754 <GO>}

Thanks, Walt.

A - Nils Paellmann {BIO 3438408 <GO>}

Hey thanks, everyone for tuning in. And we look forward to speaking to you again next quarter and another great quarter for T-Mobile. Thank you for your time.

A - John J. Legere {BIO 1729754 <GO>}

Thank you, guys.

Operator

Thank you. Ladies...

A - John J. Legere {BIO 1729754 <GO>}

Operator

Operator

Thank you. Ladies and gentlemen, this concludes the T-Mobile U.S. fourth quarter and full year 2019 earnings call. If you have any further questions you may contact the Investor Relations or Media departments. Thank you for your participation. You may now disconnect and have a pleasant day.
