Company Name: T-Mobile
Company Ticker: TMUS US
Date: 2018-05-01
Event Description: Q1 2018 Earnings Call

Market Cap: 50,393.51
Current PX: 59.43
YTD Change($): -4.08
YTD Change(%): -6.424

Bloomberg Estimates - EPS
Current Quarter: 0.919
Current Year: 3.310
Bloomberg Estimates - Sales
Current Quarter: 10638.737
Current Year: 43032.875

Q1 2018 Earnings Call

Company Participants

- Nils Paellmann
- John J. Legere
- J. Braxton Carter
- G. Michael Sievert
- Neville R. Ray

Other Participants

- Brett Feldman
- Simon Flannery
- Philip A. Cusick
- John C. Hodulik
- Jonathan Chaplin
- Cathy Yao
- Ric H. Prentiss
- Timothy Horan
- Mike McCormack
- Scott Goldman
- Walter Piecyk

MANAGEMENT DISCUSSION SECTION

Nils Paellmann

GAAP and Non-GAAP Financial Measures

Reconciliations between GAAP and the non-GAAP results we discuss on this call can be found in the Quarterly Results section of the Investor Relations page of our website

John J. Legere

Business Highlights

Opening Remarks

- Welcome to T-Mobile's first quarter 2018 earnings call and Twitter conference coming to you live from Washington, D.C.
- It was five years ago today that we closed our transaction with MetroPCS and became a public company
- With increased scale and resources of T-Mobile and MetroPCS, we joined forces in our mission to make wireless better by putting customers first

- The results have been nothing short of remarkable
- On Sunday, we announced another giant milestone in our journey to drive change on behalf of consumers

Agreement with Sprint

- We reached a definitive agreement with Sprint to come together and form a larger, stronger competitor
- And yesterday, we spent the day with a number of broadcast media outlets
- And today we're here in Washington, D.C. making sure the world understands how this transaction will create robust competition in the 5G era and outstanding benefits to U.S. wireless consumers

Pro-Consumer

- The new company will be a pro-consumer strongly disruptive force
- This transaction and the unique combination of resources it brings will enable the new company to do things that neither T-Mobile or Sprint could do on its own, all for the benefit of the American consumer
- The new company will be able to rapidly build the first and best nationwide 5G network with unprecedented capacity and scale to truly accelerate innovation and increase competition
- The combination will also supercharge the pro-consumer Un-carrier strategy with innovative service offerings, lower prices and increased competition in wireless, broadband, entertainment and beyond
- Let me be clear
- We will continue to be an aggressive disruptor, unafraid to challenge and status quo and force the competition to respond
- It's in our DNA
- It's who we are
- We will continue to be pro-consumer and that means lower prices, better service and more choices to more consumers in every corner of the country
    - We are confident that once the regulators learn about the compelling benefits of this transaction, they will agree that this is the right move at the right time for America

Customer-Obsessed Company

- Our customer-obsessed company will be the leader in delivering a nationwide 5G network in the pivotal early years that will unleash a wave of new innovation for American businesses, catapulting the U.S. back into a leadership position and ensuring we will be a global economic and innovation leader in the 5G era
- Together, we will build a network with historic capabilities that will have the breadth and depth to reach every person across the country, assuring a new competition for the underserved rural American markets

Postpaid Phone Net Additions

- While I'm sure you have a few questions about the transaction, but in the meantime, let's talk about first quarter results

- We added 1.4mm total net customers, extending our winning streak to 20 quarters in a row with more than 1mm total net customer additions
  - That's a half a decade, if you're keeping score at home
- With 617,000 branded postpaid phone net additions, we are expected to capture 93% of the industry postpaid phone growth, including Comcast, and 12 times more than Verizon, Comcast and AT&T combined
- And let's not lose sight of the fact that Dumb and Dumber both lost postpaid phone customers this quarter
- We also had strong branded postpaid net additions of 1mm, due in part to the particular success of the Apple Watch and other wearables
  - These customers are staying longer than ever before
- Q1 was our lowest ever branded postpaid phone churn of 1.07%, down 11BPS y-over-y
  - This is in large part due to the tremendous performance of the network and the amazing work being done by our frontline organizations
- Our frontline teams are working hard to serve our customers and it shows

Net Promoter Score

- Our retail organization posted a Net Promoter Score of 65.5 in Q1, up from 57.6 a year ago
- And customer care just recorded its lowest ever calls per account
- And prepaid net customer additions picked up from Q4 with 199,000 despite a delayed tax season

Service Revenues, Net Income, EPS and Adjusted EBITDA

- Our financial results were just as solid
- Service revenues grew by 6.5% y-over-y to $7.8B, which was a record high
- We remain the only growth company in U.S. wireless
- Total revenues grew 8.8% y-over-y to $10.5B.
- Net income was strong at $0.7B and fully diluted EPS came in at $0.78
- Adjusted EBITDA amounted to $3B, up 12.4% y-over-y, excluding the spectrum gain of $37mm in Q1 2017
  - This was the highest adjusted EBITDA for a first quarter in our history and the second highest quarterly adjusted EBITDA ever

FCF

- Based on our very strong FCF profile, we initiated a share buyback program in December 2017
- As of April 27, we have bought back almost 24mm shares for a total of $1.5B, completing our initial program
- Braxton will give you more details on buybacks, including the board-approved three-year plan for $9B total, including the completed initial $1.5B

Merger with Sprint

- As a result of our announced merger with Sprint, we have now suspended any further buybacks
- 2017 was a transformational year for our network and distribution footprint and we are off to a running start in 2018
- We now cover 322mm POPs with LTE
- By year-end, we expect to close the coverage gap with Verizon by covering 325mm POPs
- The 600 megahertz rollout continues at a furious pace
- We are now live in 823 cities and towns and 31 states
- And the 600 megahertz gear we are deploying now will be upgradable to 5G with the software update, laying the foundation for the first nationwide 5G network

5G

- Speaking of 5G, at Mobile World Congress this year, we announced plans to bring 5G in 30 cities in 2018, using both 600 megahertz and millimeter wave spectrum
- This network will harness 4G and 5G bandwidth simultaneously for dual connectivity and will be ready for the first 5G smartphones in H1 2019
- Coming back to our 600 megahertz rollout, in March, we launched our first 600 megahertz-capable flagship smartphone, the Samsung Galaxy S9, which was our third 600 megahertz-capable smartphone
- Including the GS9, we expect more than a dozen new smartphones in 2018 to be 600 megahertz-capable

Download and Upload Speeds

- Download and upload speeds continue to accelerate
- In Q1, our average download 4G LTE speed was 32.1 megabits, well ahead of our competitors
- Q1 marks by the way the 17th quarter in a row that T-Mobile was the fastest LTE network

Network Expansion

- Our network expansion has enabled our store expansion
- We are seeing very encouraging results, especially in greenfield markets where initial results are tracking well above expectations
- We continue to see strong momentum with business customers
- Business had its best-ever first quarter in terms of activations and we added 74 new logos in the quarter, including some of the biggest names in retail

Outlook

Our increased outlook for 2018 calls for 2.6mm to 3.3mm branded postpaid net customer additions and adjusted EBITDA of $11.4B to $11.8B

Our three-year CAGR estimate for FCF remains at 46% to 48% with cash CapEx still expected to be in the range of $4.9B to $5.3B

J. Braxton Carter

Financial Highlights

Tax Reform and Net Income

- Let me start with tax reform
- Last quarter, we told you that we expect tax reform to be very beneficial for us with a significant lower effective tax rate going forward, while fueling additional pro-consumer competitive moves
- For this quarter, net income amounted to $671mm with an effective tax rate of 24%
- Net income also included the benefit of $71mm from the new revenue recognition standard
- When comparing our net income with the last year, recall that Q1 2017 benefited from an income tax benefit of $270mm due to a valuation allowance adjustment and an after-tax spectrum gain of $23mm
- On a sequential basis, net income was also impacted by higher depreciation, which increased 6.1% from Q4 2017 due to lease depreciation and the impact of the build-out of our 4G LTE network
  - We expect this trend of higher depreciation to continue into Q2 and full year and impact net income accordingly

Adjusted EBITDA, Cost of Services and SG&A

- Adjusted EBITDA amounted to $3B, up 10.8% or 12.4% excluding the spectrum gain of $37mm in Q1 2017 and including lease revenues of $171mm vs. $324mm in the prior year
- Note that adjusted EBITDA included a negative impact from last year's hurricane of $36mm
- The adjusted EBITDA performance is a reflection of strong cost management
- Cost of services stayed essentially flat sequentially despite the rapid rollout of 600 megahertz spectrum
- SG&A was down 3.9% from the elevated Q4 seasonal spending
- Equipment losses decreased significantly both y-over-y and sequentially in connection with a light postpaid upgrade rate of just 5%

FCF

- FCF increased by 261% to $668mm
- This was driven by a 27% increase in net cash provided by operating activities combined with a slight reduction in CapEx to $1.4B.
- Note that we have redefined FCF to align with the new cash flow standard and to present cash flows on a consistent basis for investor transparency

Branded Postpaid Phone ARPU

- Branded postpaid phone ARPU, even with the $0.22 negative impact of the new revenue standard, proved very resilient in Q1 at $46.66, up from $46.54 adjusted for hurricanes in Q4
- We are very pleased about this

Customer Quality

- In terms of customer quality, our results in Q4 were outstanding
- Total bad debt expense and losses from sale of receivables were $106mm or a record low 1.01% of total revenues compared to $188mm or 1.96% in Q1 2017 even with a significantly higher customer base
- Total EIP receivables classified as prime including EIP receivables sold amounted to 53%, in line with the prior year

2018 Guidance

Okay, let’s take a look at 2018 guidance

We expect branded net customer additions to be between 2.6mm and 3.3mm, up substantially from our initial guidance range of 2mm to 3mm

The guidance takes into account our long-term strategy to balance growth and profitability, the lower switcher volume we’ve seen in recent quarters and our pursuit of growth adjacencies, which we expect will afford us the option to be less promotional in our legacy markets

Adjusted EBITDA,Revenue and Cash CapEx

- We expect adjusted EBITDA to be in the range of $11.4B to $11.8B, again a significant increase, not including the impact of the new revenue recognition standard, up from the initial guidance range of $11.3B to $11.7B
- The new revenue recognition standard will increase adjusted EBITDA by another $0.2B to $0.5B for an all-in guidance range of $11.6B to $12.3B
  - This guidance takes into account an expected decline in leasing revenues in 2018
- Remember, our target is at $600mm to $700mm in 2018 compared to $877mm in all of 2017 as well as the build-out of our low-band spectrum, including the accelerated rollout of 600 megahertz, driving up cost of services by $300mm to $400mm y-over-y
- Our increased outlook for 2018 demonstrates we’re following the same playbook with regard to the guidance that we’ve done in the past
- And we definitely announced that on our last earnings call and you can see that’s exactly what we’re doing
- We target cash CapEx of $4.9B to $5.3B, excluding capitalized interest
  - This includes expenditures for 5G deployment
  - This is unchanged from the prior guidance

FCF

- Finally, we expect FCF to increase at a three-year CAGR of 46% to 48% from full year 2016 to full year 2019, unchanged from the prior range
- During the same period, we expect the underlying net cash provided by operating activities to increase at a CAGR of 7% to 12% compared to the prior range of 16% to 18%
  - This change resulted solely from the adoption of the new cash flow accounting standard

Buyback Program

- To conclude, let me provide you some more details on our $9B three-year buyback program that was already mentioned by John
- This program consists of buybacks of a total opportunity of $2B by the end of 2018, including the initial $1.5B and the $200mm that DT bought, $3B in 2019 and $4B in 2020
    - This demonstrates our extreme confidence in the future cash flows of the business
- The program was approved by our board in April, but given the just announced merger with Sprint, in order to preserve our cash for the upcoming integration phase with Sprint, this program is contingent upon the termination of the Business Combination Arrangement with Sprint
- The actual total repurchases amounted to approximately $2B, including the repurchases of Deutsche Telekom

QUESTION AND ANSWER SECTION

<Q - Brett Feldman>: And just a few about costs. Braxton, you noted that you are continuing to expect your cost of service to increase $300mm to $400mm this year vs. last year. I think you're at that run rate now, but if there's going to be another step-up at some point in the year that will be helpful.

And then just a topic that I've come back to you before, SG&A. Your SG&A expenses relative to your service revenues are the highest in the sector and, obviously, that's been partly a function of your growth. But I was hoping you could give us some insight into what's going to get you to a point where you're going to show more operating leverage? And then maybe even thinking about merger synergies, how we can think about SG&A and getting efficiencies there, as you bring the companies together? Thank you.

<A - J. Braxton Carter>: Yeah, great questions, Brett. So, on the cost of service, no, you're seeing the run rate that we've talked about. So our prior guidance has not changed. And you'll just see that continued cadence throughout the year as we roll out 600 megahertz. No incremental step-ups there.

SG&A, the fact of the matter is we're growing more than AT&T, Verizon, Sprint and Comcast together. It's a fact. And when you have variable selling costs, we as a result have the highest SG&A. I guarantee you our back office is tremendously more efficient than Dumb and Dumber. But we're putting our firepower into organically scaling this business and that's why you don't see some of the efficiency. And we've always talked about, if our growth was to moderate, which is not going to, given the adjacencies of the geographical distribution expansion and new business, you will see an explosion in margin with a significant reduction in SG&A. This is a result of how much we're growing.

In terms of the pro formas for the new company, yeah, let's go into a little bit of detail here. And we had a lot of fun announcing the transaction and we've been avidly looking at what everybody has been writing and publishing. And I want to share some thoughts here because several people have kind of questioned why revenues and EBITDA might look a little bit out in the 3% to 4% range that we put out there. And the fact of the matter is not. This is not a reflection of anything going on at T-Mobile or a reflection that's going on with Sprint.

Our pro formas of those disclosures were based on it's a conservative number and that's exactly what we took into the rating agencies. There were no revenue synergies from fixed wireless broadband, IoT and new 5G opportunities from new businesses that we are going to enter. The EBITDA number assumes no growth in leasing revenues from the current combined Sprint and T-Mobile, which many analysts forecasts have leasing going up for Sprint.

EBITDA forecast also assume that we migrate all Sprint postpaid customers to the lower T-Mobile ARPU by the end of 2021. And that's really important. What we've talked about is driving price competition into America. The fact of the matter is Sprint's ARPU is 10% higher than ours and we're rationalizing an entire combined NewCo base with this price competition. And that is very different than what many people would model on a standalone basis.

2021 EBITDA is burdened by more than $2B of cost to achieve. And by the end of that year, we will have incurred over two-thirds of the $15B cost to achieve that's fully embedded in those numbers. 2021 run rate synergies are only two-thirds of their long run level. Again, we have a conservative representation of this model, but we will not hit the $6B plus of run rate synergy until 2022.

We also do not assume upfront accounting charges for lease payments on decommissioned sites. We've burdened EBITDA as these charges are incurred. And certainly when we get down to the final purchase price allocations, et cetera, most likely you would take a charge upfront and pay it over time. But this is a reflection of the ongoing cash flows of the company. And by the end of 2021, just to repeat, we'll have incurred about two-thirds of the $15B of cost to achieve.

When it comes to SG&A and some of the back office synergies, which is really the gist of your question there, yeah, we have about $1B in savings run rate on back office. So what is that? The savings in IT and billing as well as other fixed G&A. And we also have about $1B in savings in sales, service and marketing. And these are savings from store consolidation, partially offset by increased labor at retained stores to service our full customer base. And we have significant savings in advertising, handset cost, think about the procurement benefits, increased costs for higher quality care, is an offset to that, and we've modeled the care model for the Sprint customer base to be the care model that we deploy at T-Mobile. But the net-net, both the back office and the sales, service and marketing have about $1B of run rate synergies.

I hope that information is helpful for everyone. I mean, we just want to get everybody on the same page as you're absorbing the details on this incredible historic combination that we announced.

<Q - Simon Flannery>: John, given that you are down in D.C., perhaps you could just give us an update on how things went, how you were received down there today? And any updates on the competitive activity around latest porting data? And you said you're going to be less promotional, but does that mean we won't see Un-carriers for the balance of the year? Thanks.

<A - John J. Legere>: Okay. Thank you. I'd to turn my microphone on. Yeah, it's been a very busy few days and kind of in rank order for board meetings, deal announcement, media and employee catch-up and now we're in Washington. And, obviously, there is a tremendous amount to do here that we're just starting. Had a number of meetings at the FCC today that went extremely well. Obviously, it's a start of a process that we want to respect. A lot more sessions here this week and next week. We look forward to meeting with the DOJ and everybody else.

I would say, my assessment so far is that there is a very good open mind to review all of the aspects of what we feel is an amazing potential opportunity for the country. And so far, our statements that we made about why this makes sense around the opportunity for the country in 5G, things that T-Mobile and Sprint could not do alone that we can do together for the breadth and the depth of 5G network that's really important and will cause a change in the country's trend of competitiveness in 5G.

The ability for us, as you see what we're accomplishing here and what we're doing for consumers to supercharge that and really bring additional services and additional competition, additional speed as well as price to customers as a result of supercharging the Un-carrier. And then, of course, discussing the fact that in the new company that we will create with Sprint, more people will be employed from day one and on than of the two companies separately.

So that conversation has started. I'm very pleased with it. Certainly over the last 48 hours, I have understood that there is a lot of misconception and a lot of conversation, but our story is strong and I'm extremely confident that it will be approved. So we'll keep you posted there. It's a beautiful day in D.C. and I look forward to spending many more here and meeting and discussing this incredible opportunity with everyone that will hear me. So we'll keep you posted on that.

Mike, why don't you discuss some of the competitive activity?

<A - G. Michael Sievert>: Of course. It was another competitive quarter. And I think what this quarter's results show is that when it gets competitive, this company is able to deliver. Just some color on porting ratios. Overall, they were about flat from those elevated levels we saw in Q4. Remember, in Q4, we were up from Q3, which was up from Q2, and we were able to maintain all that. The complexion of it is we advanced vs. AT&T and Verizon just a bit. We were down marginally vs. Sprint who made a nice step forward in porting.

Let me give a couple of the numbers. AT&T, our numbers for Q1 were 1.87; was 1.8 for Verizon, up from 1.7 last quarter vs. Sprint, it was 1.35, down from 1.45 in the prior quarter. And the trends continue in Q2. Again, a little stronger so far quarter-to-date. So it's – you saw the numbers with these incredible performance in postpaid, prepaid, postpaid phones, postpaid other across the board in what turned out to be a really competitive quarter. The story of the quarter was everybody was waiting around on tax season because it was delayed. And so you saw everybody kind of take a pause and then they went crazy. Some tried to dip in before tax season, decided they didn't like it and dipped back out. So it was really interesting to try to watch our competitors navigate through.

Our strategy is not really like that. We usually just get our game plan, we put our heads down and we execute it, and it included some value propositions that we announced last fall that we just continued on, and they turned out to be really successful and the results speak for themselves. But thanks for the question.

<Q - Philip A. Cusick>: I guess, for Mike, can you go more into the trends in the connected car and Apple Watch that are driving those postpaid net add numbers? What does SAC look like in there? And how much additional revenue and value do you really derive from those devices? Thanks.

<A - G. Michael Sievert>: Sure, of course. It's good business. And that's why we pursue it. These are products that come in $10, $20 family lines sort of ARPU levels. And that's not a lot different than [ph] nth (00:31:53) smartphone that comes in once you have three or four lines in. So it's just a nice way for us to continue advancing our business with customers. It's similar to a SyncUP Drive, which is one of the things that connects cars from us. Man, we are on 700,000 plus units into that initiative. And this is just another way for families to take advantage of their connectivity and extend their relationship with us. So the strategy for us with our customers is really simple.

Number one, make sure we have a brand and a network and a value proposition that attracts families and go after segments that we've historically been underrepresented in. It's very similar. And number two, have the portfolio of products so that people can deepen their relationship with us. And that's not measured so much in ARPU as it's measured in whether or not they pick up a variety of these other connections, which are a big source of strength for us. So, generally speaking, we're really pleased with what we're seeing. And to your point, Apple Watch was a nice surprise hit. I think there was some pent-up demand for a connected device from Apple because that device has been run our third version of it. But this time, with built-in connectivity, it's turned out to be very popular.

<A - John J. Legere>: I'd just add, Mike. Our postpaid devices [indiscernible] (00:33:14) in addition to our 617,000 [indiscernible] (00:33:18) phone addition. So if you look at our full portfolio of what we're adding into customers, it's [indiscernible] (00:33:26) I will leave it at that.

<Q - John C. Hodulik>: I guess, first, with the deal, I mean, Braxton, you pointed to some of the misunderstanding maybe from a financial standpoint. Anything else out there that's resonating with you that maybe sort of – that you think might be misunderstood and causing some of the sort of price moves we've seen?

And the second question following up on the earlier sub question, looks like gross adds were down a little bit, postpaid phone gross adds seem to be down a little bit y-over-y. I guess, first, what's driving that? Did you guys just pull back a little bit vs. some of the other sort of promotional activity we saw, especially at AT&T? And are you seeing a shift in the gross add share as you would expect sort of from the urban areas to some of these rural areas as you roll out the spectrum in the stores? Thanks.

<A - J. Braxton Carter>: Yeah. Hey, thanks for the open invitation because there are some more things I'd like to communicate just to make sure everybody is on the same page.

<A - John J. Legere>: You could have asked him how his weekend was.

<A - J. Braxton Carter>: The first thing we talked about run rate synergies of $6-plus billion. I want to emphasize that's pre-tax. We've talked about cost to achieve $15B and gave you more details on this call. That's pre-tax. And we've talked about the NPV of the synergies being an amazing $43B plus. The NPV is discounted at an 8% WACC and is post the tax effect. So I just want to make sure everybody is aligned on those.

The other thing that I would add – and then I'll turn it over to Mike – is the portion of CapEx vs. OpEx in the synergies. And [ph] in the side of the deck (00:35:40), we said 93% of these were OpEx synergies and the balance was CapEx synergies. But I think an important part when you're taking all the information, I know there is a lot to absorb here, but the CapEx synergies are net of avoided capital costs because we have so much existing network asset to work from. And that avoided cost is about $8B of CapEx that otherwise the two individual standalone companies would have incurred. And that's an offset to the total cost get to the $15B of cost to achieve, which is truly the cash outlay that needs to happen during this period. So those were the other things that I wanted to pass on.

And I'll turn it over to Mike.

<A - G. Michael Sievert>: Yeah. On your business question, you were asking about gross adds and what drives it and the industry switching. Couple things and Braxton has pointed this out many times in prior quarters. What we execute when we launch each quarter is a balanced plan designed to achieve the net adds and therefore the run rate, revenue growth and profit growth that will flow from those. Not designed to achieve the gross adds.

And what's happened is that industry switching has fallen some. You're going to see that in the churn rates of all the competitors and you have seen it in ours – historically low churn of 1.07%. What that means is you could look at it cynically and say, well, there's less opportunity to grow. We look at it and say, we actually don't have to do as much to get the net adds in an environment like that. And that's a good thing if you're a net gainer.

For us, we can go get the growth that we need and we go get as much as we plan to get and keep our plan in balance. That's why you see our EBITDA profile improving, guidance being raised again this quarter on that front because it's really working. So there are less switchers in the market. That means we don't need as many gross adds to deliver on our net plan that we committed to and there are certainly financial benefits to that.

You asked about the complexion of the growth. Here's some things going on. Number one, it is more rural and small town than it used to be. And it really shows the expansion of the stores is kicking in and helping. It's fantastic to see all-time highs in rural, suburban, smaller town growth. It's more prime than it's been in a long time. It's really nice to see prime suburban families picking T-Mobile at some of the highest levels we've seen.

Another piece that's very encouraging is a higher proportion of our net adds are coming from new accounts, not just data lines. And that was a great development in Q1 and we're seeing it continue into Q2, all three of these trends. So, really nice to see.

Last thing I'll point out on all this is that the big iconic launch of the quarter came late. The GS9 came in March and that affected things throughout the playbook, like upgrade rates as well as the total number of switchers in the switching pool.

<A - John J. Legere>: And, John, so those are some of the details. I'll just throw it back up to the highest level for one second and say, when you say what have people missed, and I'm not sure that people missed anything. For me, right now, over the past couple of days, I have tremendous knowledge that in various degrees is making its way out to the rest of the world. And it's in two buckets. And I think part of what we've been conversing about very deeply with investors is the value of this transaction to shareholders, and the value is tremendous, as well as our execution ability. What we're extremely confident in our ability to execute against this plan. That's A. And that will over time become clear to people.

Then there is the approval processes. And I also not only know the headline stories that we've been telling, the very detailed understandings that underpin those headlines as well as the econometric models and things that we'll able to prove. The trick is for these two things to come together and be fully understood at the same time. And I'm very confident that we'll be able to get that message out. The question is, is it out there yet. And that's just a matter of time. And I'm very confident that over time those two things will merge. And asking for that to happen in 36 hours is a lot to ask. It may take at least another day. I'm joking, [ph] nonetheless (00:40:19).

<Q - Jonathan Chaplin>: Thanks for the really detailed discussion around the build-out for pro formas and synergies, that's super useful. Two questions related to that, if I may. So the first would be, I think you've very appropriately taken a conservative approach on assuming that Sprint's ARPU comes down to TMUS' ARPU. But Braxton, what have you assumed for TMUS' ARPU or pricing in the industry in general as you take competition to the market with the new cost structure that you're going to have?

And the second question is, in the event that the deal doesn't pan out for some reason, the only cost I see to you is the MVNO that you have given Sprint. How should we think about the impact that providing that MVNO would have on your network? In which parts of the country does it apply or is it everywhere? And how should we think about sort of valuing that impact?

<A - J. Braxton Carter>: So, on the ARPU equation, we're reiterating once again when you look at all of our materials that we have generally stable ARPU, which we define as plus to minus 1%. Now two giant headlines here – the amazing churn results this company is recording, you also saw a sequential increase for normalized ARPU between Q4 and Q1. And you haven't seen that for a while. We were within the 1% tolerance down last year. Now when we modeled pro forma and how do we really predict the stuff, but when we modeled pro forma on a year-to-year basis going forward, by 2021, all of the Sprint ARPU will be at the T-Mobile ARPU. But we're also assuming price competition and is fueled by the tremendous tax benefits, the margin unlock because we are now able to inorganically scale. You saw the margin expansion that we're projecting. And all this can fuel maintaining a significant pricing umbrella and continuing to put some pressure into the marketplace.

If you were thinking about an annual model, I would think about it on the lines of the type of guidance that we've given. But this is way out there, too early to predict, but we have assumed price competition in all this modeling. Hope that makes sense.

<Q - Jonathan Chaplin>: Yeah. It does.

<A - J. Braxton Carter>: Now, on the MVNO, it's really not an MVNO, it is really truly a traditional roaming agreement. And there are no geographical limitations to this agreement. And they are paying a rate to us for that. There's no reverse reciprocal roaming on the Sprint network. And I'd like to turn it over to Neville who can much more clearly articulate the modeling what was done and that we have absolute capacity to support this roaming agreement over the course of its four-year term. Neville?

<A - Neville R. Ray>: Yeah. I'll just to add on and be brief. I mean, the main focus here is to provide the Sprint customers LTE service where they don't have that service today effectively. So, it's LTE coverage, as Braxton said, in many areas of the country, it allows the Sprint customers to leverage the breadth and depth of the T-Mobile network and the expansive footprint that we put down on LTE.

<A - G. Michael Sievert>: Yeah. And last word on it. I mean, we can't get into all the details, but this is going to be accretive to our business. And so we've designed this, as Neville said, in a way that we're not concerned about it having capacity impacts on our existing customers and there's some provisions in there that make sure that our customers' experience is not going to be affected, but we do have available capacity on this network and we're now monetizing that with an incremental flow of revenue. So we're really excited about this as a business and we think it's going to be accretive to our results assuming that they turn it up and start to use it extensively.

<Q - Jonathan Chaplin>: I can quickly just follow-up to Neville. I'm guessing if this is really just to cover areas that their network doesn't cover, those areas where with your spectrum portfolio you're going to have massive excess capacity anyway. And that's why it doesn't place any strain or additional cost on your network?

<A - Neville R. Ray>: Absolutely, Jonathan. That's the whole intent here. I mean, we've modeled this thing and worked through the geographic areas and so on. And we're not worried on that front.

<Q - Cathy Yao>: Can you dive into your network synergy estimate of $4B plus in a little bit greater detail just from a quick bottom-up of the envelope calculation? If you were to assume a 25,000 cell site shutdown and foregone tower rents, that only gets you to maybe something like $1.5B or so in network synergies there. And then my second question is, how do you manage through the transition? Do you stop opening new stores? Does that jeopardize standalone growth potentially? Thank you.

<A - Neville R. Ray>: You want me to run? Yeah. I mean, so thanks for the question, Cathy. So the way to think about the synergies is 35,000 sites worth of decommissioned site volume over the integration period. There's also about 16,000 sites that both companies would have built on their own that we won't now need to build. And so, the synergy volume is driven by over 50,000 sites worth of effectively avoided OpEx. So it's pretty easy to map out. You can put $70,000, $80,000 a year on a site, you do that on 50,000 sites and you've got your run rate. That's fairly straightforward math. So that's the quick breakdown for you. Now there's other synergistic costs, obviously, in terms of the core and small cells and other pieces, but that's the major foundational piece is the 50,000 avoided sites.

<Q - Cathy Yao>: Thank you.

<A - John J. Legere>: Do you want to follow up on stores?

<A - G. Michael Sievert>: The plan here obviously is we're going to build additional stores in rural areas and areas that neither company reaches. So that's a big part of the plan. And within areas that both companies operate, there is a rationalization of store footprint. What's interesting is our plan covers costs associated with employing many of the people as we rationalize those stores in a more concentrated way in the remaining stores. Because, remember, well, you still have all these customers to take care of and traffic in stores, whether it's in two store or one store, tends to be a function of the customer sites. So we're still going to need an awful lot of these people, but we're going to change around where they work and be much more efficient with where they're located and save a lot in leasing, overtime, et cetera.

<A - John J. Legere>: And during the – hopefully goes unsaid, but both on network and on retail, et cetera, our plan through the approval period is business as usual and continuing forward.

<A - G. Michael Sievert>: And speaking of business as usual, John's question one piece that didn't get answered was he said are you still going to have Un-carrier moves and...

<A - John J. Legere>: Oh, yeah, it's a good point.

<A - G. Michael Sievert>: ...hell yes. Let's make sure everybody understands that. I think we actually have a date.

<A - John J. Legere>: No we're not going to share – yeah.

<A - G. Michael Sievert>: But yes, of course.

<A - John J. Legere>: Yeah, we do.

<Q - Ric H. Prentiss>: A couple of questions, guys. First, Braxton, you had mentioned about the adjusted EBITDA and how that includes the lease impact flat at Sprint. Help us understand how much that number should be in the 2018 pro forma for both you guys and what that looks like into the future? And then a second question I'll come back with on the site decommissioning if you answer the first one first please.

<A - J. Braxton Carter>: Yeah, sure. It's $500mm to $600mm for T-Mobile and I think Sprint is having their call later this week. I really should not speak about Sprint from a standalone and I think it's probably more appropriate to ask them that question at the tail-end of this week when they announce.

<Q - Ric H. Prentiss>: Okay. And on the network synergy question, the $4B, you mentioned a little bit about the cost, I appreciate that detail, Neville. You think about the $10B cost to achieve, can you help us understand how that pace is throughout the years? And how does that compare to your MetroPCS deal as far as your synergy vs. what it cost to achieve those synergies? And are there any MetroPCS sites still left in that 35,000 de-comm number that Neville was mentioning?

<A - J. Braxton Carter>: Let me start and then I'll hand it over to Neville. On the cost to achieve, we said that we would have two-thirds of it incurred by 2021. And that's of the total. And I think that the final thing I'll leave at before

I turn it over to Neville to get into more details as we beat the time and we beat the total amount of synergies on the Metro deal and, again, the same people who did that are the same people sitting at this table putting together these projections. Neville?

<A - Neville R. Ray>: Yeah. Thanks, Ric. So quickly on the cost to achieve piece, a big chunk of that is obviously prepaid rent and [ph] ETLs (00:50:56) on back haul on the sites that we're going to decommission. So, in terms of timing, which I think is the core of your question, I mean, the integration period we've been very successful with Metro. It was about two years from when we started. Obviously, many more markets to run at, although the scale of the markets aren't that much greater when you look at customer bases being migrated compared to Metro. But two to three-year integration period, at the end of that, you're in a position to start curtailing and decommissioning sites. And so that's when the cost to achieve starts to kick in. Probably year three through year four somewhere in that timeframe, but somewhat dependent on how we plough through on the integration front. But as Braxton said, we're very confident. We really know how to do this. We have an excellent playbook to model and replicate and work through.

<Q - Ric H. Prentiss>: Are the augmentation and the new cell sites included in that cost to achieve? I think you mentioned putting in the 10,000 new rural sites and augmenting Clearwire spectrum onto T-Mobile sites and T-Mobile spectrum onto Sprint sites. Is that built into that cost to achieve concept as well?

<A - Neville R. Ray>: Yeah. Every dollar, Ric, that we need to drive into this network to create this incredible 5G opportunity is covered in the financials that you've seen. There is $40B invest in the network in here, which is a fabulous opportunity. And so the scale and pace of everything we need to do here is all in the plan. And then the really incredible thing and I know this is hard to get your heads around it, right, but we're going to be integrating and at the same time we're integrating, we're upgrading all that radio we add on the Sprint keep sites and on the T-Mobile sites is 5G capable. And so this is the piece. We're integrating. We had to go spend that money on a combination anyway. We can now leverage hardware readiness and as we move through this over the next 12 to 18 months and we get started software readiness on 5G gear.

And so the way I look at this every dollar we spend is a 5G dollar to build. So we're getting that as a benefit, sometimes the timing got shine on you on these things that's very much the case here. So not only are we integrating the two networks together, but we're building this awesome 5G network in the process.

<Q - Timothy Horan>: John, I wanted to talk about wireless quad-play service maybe something that can completely replace wireline. It seems like it could be really disruptive to the wireline industry and save customers $1,000 a year. I know you guys mentioned in the press release over the weekend that 12% households are wireless-only for Internet access. And we think over-the-top pay TV is only like 4%, 5% at this point. But if your network can support this price effectively and cost effectively, first off, can your network support it? And secondly, will the FCC then look and the DOJ look at this as a combined market wireline, wireless as one market? Thanks for your thoughts.

<A - John J. Legere>: Yeah. First of all, I think that should be considered a statement and not a question. But, Mike, why don't you comment on the first part?

<A - G. Michael Sievert>: Yeah. I'll tell you what. The answer is yes. And that's why we talked about it on Sunday. When Neville shared those network capacity numbers that we have clear line of sight and a detailed integration plan to get 15 times our national average and speeds with the potential for 100 times.

Let's just do that math. 15 times, he just told you that that our national average speed is 33 megabits per second. That's not peak speeds or urban speeds. That includes every town, village and hamlet in this country on average. That means that's going to 450 megabits per second within the planning horizon of this business.

As a national average, not a place to getting some parts of some towns, like our competitors millimeter wave strategies that can go higher than that in very isolated places. So what you do with a nationwide average of 450 megabits per second? Well, first you recognize that's way higher than most people get in their home broadband today. So, of course, we can be a competitor in that space. And this is a market that is incredibly underserved. 53% of broadband -well, high-speed broadband customers have only one choice for high-speed broadband in their area. So there's a huge opportunity here for us to bring real competitiveness to that market for the first time.

Now secondly, you know we acquired Layer3 TV last year with the aspiration of entering the TV business. Those aspirations obviously get ratcheted up in the context of bringing together Sprint and T-Mobile because now you have a network where you can provide this all IPTV service not just through their home broadband connection or onto their smartphone, but through a wireless alternative to their home broadband as well. So T-Mobile is in a position as a new T-Mobile to be able to offer a quad-play, if that's what the market wants. And we don't know what the market want, they don't ask for services in the context of the industries that built all that capital a while back. They don't think of it as the cable industry and the wireless industry, which happen to be named, as John has pointed out in the past, for capital we all deployed years ago. They just want great services. This new company will be uniquely positioned to be able to compete across all three segments of a rapidly converging market – distributing entertainment to people wherever they may be, including their home, serving their home Internet needs and serving their wireless needs when they're on the go.

<A - John J. Legere>: And I really appreciate the [ph] content of your (00:56:38) question. There's two parts to it. And I want to be highly respectful to one of them. One of them is how will decision makers in Washington make their decision. And that's not something that – I have to respect they have their processes, they're trying to protect competition, protect American consumers, et cetera. Your point, though, is very consistent with what my and our dialogue will be. Where are we going? Where is the competitive environment going? What do consumers want? What do they need? And how should this dialogue be had? I'm not only highly confident about the transaction making tremendous sense under traditional measurements. But under the evolution of what you're suggesting and what we see as to where things are going in a converged environment, I think it makes tremendous, tremendous sense, but I can't prejudge how decision makers are going to evaluate it themselves.

<Q - Timothy Horan>: Well, just to clarify that, your conversations with decision makers, are they being forward-looking or rearview mirror looking? Because it seems like the DOJ's metrics are always rearview mirror, but the question is, is the FCC really going to look and your conversations, are they around the future of the industry or the past?

<A - John J. Legere>: Yeah. And, again, so far what my dialogue has been is a very respectful notification of what we're doing, a strong suggestion to decision makers that they not prejudge and they allow us to prepare all the information and a strong confidence by me that we have the detail and the data to match our headlines. And I do see across the board a willingness to listen to something that can be strong for consumers and for America on many fronts. So, so far, so good. We'll continue to plug in. But I want to be highly respectful to a process that's just beginning and make sure that a lot of my initial context are telling that I'm overly willing to engage in detail and that we do have things to match our headlines and things that are great for the country.

<Q - Mike McCormack>: Braxton, maybe just a quick comment on handset ARPU. It looks to me like H1 had sort of tougher comps and the back half gets easier. Is that goal of sort of +/- 1% being pretty conservative? And then, obviously, good results on the churn side this quarter. Can you just walk through some of the things that drove that? And as we step into Q2, Q3, Q4, how that should be pacing? Thanks.

<A - J. Braxton Carter>: Yeah, sure. On the ARPU, you got to go back to what is our strategy. And our strategy is that we're going to create more terminal value for our shareholders by organically scaling the business and unlocking the margin and realizing that margin expansion as we organically scale vs. a monetization of ARPU. So, certainly, if the choice was made with a different strategy, there would be opportunities to do more than 1% increase in ARPU. That's not the model we're executing to.

And Mike made it very, very clear that we have upcoming Un-carrier moves. We're going to continue to add value. We're going to continue to be ultra-aggressive. The NewCo puts it on steroids. And you really need to stay within the overall guidance that we've given to the marketplace of generally stable. And the churn equation has just been amazing. I'll turn it over to Mike to talk about some of the operational things that are behind us. So the first thing, and I'll say this first and foremost, is everything about those fantastic network that Neville and his team have created, that continues to get better by the day, but I'll turn it over to Mike.

<A - G. Michael Sievert>: That's exactly right. I mean, I think you're seeing churn rates fall across the board and we're really delighted that we're seeing our historically lowest churn rates ever. We're not giving guidance on this metric, but we remain really optimistic about it. We may continue to see new benchmarks being hit here. And it has to do with the network. And the network – what's happening is interesting. We're reaching in the next couple of years the end of the 4G LTE lifecycle and plunging into 5G. And what you're seeing is a maturation of networks where if you back up two and three and four years ago, network was a major point of difference for one or two of the players in this market and it was their reason for being. It was Verizon's reason for being. That advantage has been removed. We have a mature LTE environment now. And T-Mobile has certainly put itself in a position where there is nobody out there that can differentiate on network vs. us anymore and that you see that in our rates.

Secondly, people are sticking with their smartphones a lot longer. You've seen these upgrade rates hit historic lows since the smartphone boom began. And smartphone changing is a time when you can consider changing carriers. So that's been another contributor. Both of these trends are trends that we see in our business potentially continuing to develop. I think this new company, the new T-Mobile has a chance to create a new kind of network-based competition that could drive switching again. And we intend to be a very fierce competitor on value, on price and on network, and we think there is a chance to drive real differentiation back into the market on network. But basically, that traditional advantage that Verizon used to have in network is gone. They don't know what to do about it. But in the meantime, our business is thriving as a result.

<A - John J. Legere>: Braxton?

<Q - Mike McCormack>: Thanks, guys.

<A - J. Braxton Carter>: Yeah. I had a very important email question that just came in. And if it wasn't clear before, I want to definitively state that our EBITDAs and our margins that we gave pro forma for NewCo include all cost to achieve and integration expenses. Now, I realize from an accounting standpoint, that stuff is typically separated. It's very important for everybody to understand that those margins are inclusive of all the cost to achieve.

<Q - Scott Goldman>: Two questions, if I could. Maybe first for Neville. If we go back to one of the questions a couple of questions ago just around the speeds, capabilities and talking about 450 megabits per second, is that just leveraging the 600 megahertz as well as the Sprint mid-band that we're talking about there or does that require millimeter wave to get those types of speed? And I'm just trying to figure out in there sort of what your potential interest might be in the millimeter wave and CBRS auctions, should they come up over the next year and change.

And then, secondly, maybe for Mike, just if you could just give us an update a little bit on the business opportunity. I think that accounted for about a fifth of net adds last year, and what impact that has on the economics, when we think about churn and ARPU and those types of metrics? Thanks.

<A - Neville R. Ray>: Okay, let me start, Scott. So, the speeds and incredible kind of capacities and performance capabilities that Mike talked about, they come from this unique opportunity between Sprint and T-Mobile to combine an incredible set of spectrum assets; 600 megahertz, obviously the spectrum we secured in the auction not too long ago, we've been deploying at a furious pace. The 2.5 gig spectrum, as you rightly point out from Sprint, the timelines by which we can achieve these types of speeds and capabilities will be refarming other spectrum assets that we have within the company, our PCS spectrum, for example. And on top, in the dense urban environments where we do believe, you can deploy millimeter wave, but it needs to be in the right locations and it's going to be sparsely deployed in urban environments because of the propagation constraints.

But you put all of those spectrum assets to work and the resultant capabilities are just awe inspiring. But the lion's share of the capability here is coming from the combination of the existing assets, millimeter wave helps on top, but the 2.5 gig brings an incredible capability. And the combination of these two companies allows that 2.5 gig spectrum to be committed to 5G at a pace and scale that you couldn't do otherwise on your own. So, it's a resultant incredible capacity story.

I think then if you look at millimeter wave auctions and clearly there is going to be an auction this year, 28-gig and it's going to carry along 24-gig too. We are interested and we've been very clear. Both companies will determine their path forward independently on those auctions. And so, millimeter wave is still going to be of material interest to us as a company. And then, you mentioned CBRS, and soon, we hope, or at some point in time, there'll be a C-band auction. And all of those spectrum assets are going to be important to look at and consider.

<A - G. Michael Sievert>: Okay. On business – you asked about business. Yeah, you're right. I mean, 2017 was an all-time high and record on performance. Q1 again, fantastic results, 20% of net adds. What's happening here is that companies – we're winning new logos at a historically high rate. And we disclosed some of that to you in our discussion. That's exciting to see because we're not just seeing the old favorites doubling down. We're winning new companies. And we're winning them after they conduct extensive trials. And I really love this, because it kind is a predictor of our consumer success that we can look forward to because consumers buy on reputation. And our reputation lags our actual network facts. Businesses buy more on facts, because they try them all. They get 100 units of each and take them for weeks at a time and then come back, and we're winning those bids with more new logo development than we've ever seen.

Now, I want to stress a couple things. One is, that we are winning, what I call, stress test customers; airlines, hotel chains, retailers, highly distributed companies that are virtually everywhere that need coverage. So, we have virtually all the airlines now. We have 8 of the top 10 retailers in the country, 39 state governments, et cetera.

But the second thing I want to emphasize is, even though that's great, for all of this amazing success, we're a four-share. We've become a four-share in this market. And that's why I want to finish by saying how excited I am about the new T-Mobile and what it can do in this space, because this is a massive market. We are gaining share now, but the truth is this combined network, the world's most advanced 5G network is going to be a game changer when it comes to our relative competitiveness. And being able to finally bring real meaningful competition, not just to AT&T and Verizon, but even to fiber companies, cable companies and others, who serve this space.

So, that's really exciting and really important. And it's one of the early investments we're going to make. Our business plan is funded for an expansion of our enterprise team. In year one, we're going to take advantage of this set of capabilities and get after it. And we funded our plan in year one to hire aggressively to get after the business market.

<Q - Scott Goldman>: Okay. Just as a quick follow-up...

<A - John J. Legere>: Yeah. Go ahead.

<Q - Scott Goldman>: Thank you, John. Just as a quick follow-up, how much of a driver is that of some of the improved churn that we see or even of maybe some of the better ARPU that we see in the quarter? Is that something that drives those metrics going forward?

<A - G. Michael Sievert>: Got it. Yeah. Sorry, you asked that and I didn't answer it. Not really. The overall financial profile is similar to a large family plan. So, we – cost to acquire, churn rates, ARPU rates, there're pros and cons on each side, but they're not materially different, better or worse.

<Q - Walter Piecyk>: I wanted to go back to Chaplin's question on the roaming thing. Just because maybe I don't understand the technology, does the VoIP work – like what has to happen to the VoIP? Do they have to have it in their phones in order for voice calls to work on your network, or is it just have to be enabled in your network? How does that work?

<A - John J. Legere>: It's LTE data.

<Q - Walter Piecyk>: So, will they be able to make VoIP calls? Like, will a Sprit customer – because I don't think they have VoIP in their network, but will their phones work on your network as a VoIP call?

<A - John J. Legere>: They could. Yeah.

<Q - Walter Piecyk>: Or like VoLTE – I'm sorry, VoLTE, that's what I'm meaning to say. [indiscernible] (01:10:19) is yelling at me.

<A - John J. Legere>: They could do VoIP, but not VoLTE at this point. But they obviously...

<Q - Walter Piecyk>: Not VoLTE? Okay. Got it. Yeah, yeah. Sorry. So, no VoLTE. So, the roaming only really gives them data, right? But they would need actual voice calls in these areas where they don't have service.

<A - John J. Legere>: Yeah. They – where they have underlying voice, right, from – on the CDMA side. The issue that we're trying to address and work together on is LTE data coverage.

<Q - Walter Piecyk>: Got it.

<A - John J. Legere>: That's what we're doing with the agreement.

<Q - Walter Piecyk>: Okay. And then, Mike, I forget who asked you, but you were talking about the mix of more prime and more rural and, obviously, this is a huge opportunity for you guys given the very low penetration. Do you guys ever plan on maybe providing more tangible data on that as far as, like, if you're at 3% now, it's going 10% or 15%, is there anything else you can give us to see if this is resonating in the base as far as leveraging some of these investments that you've now been making for over a year?

<A - G. Michael Sievert>: That's great, Walt. I'm sure we can provide some color here and there. When we start breaking it down into segments, the challenge for that is we've got some great things we're doing in pockets of opportunity that we find. And it's very competitively sensitive in a competitive market for us to slice and dice it for you. But I don't see any reason why we can't provide any some additional color here and there on an occasional basis.

<Q - Walter Piecyk>: And then just one last one, I mean, if you look at AT&T, the net adds obviously down when you back out all that migration stuff, but better than I think what people expected. Their upgrade rate also reversed, you were talking about, I think it was your exact quote here that there's downward upgrade rate would continue. So – but it seems like AT&T, through BOGO offers, is yielding some benefits there. Is your view that basically this is not worth to give away a free phone in order to actually grow your phone growth adds? Or can you just give us a little bit more concept on what your thought process is on using phone promotions going forward?

<A - G. Michael Sievert>: I think the more interesting question is what's their thought process. In other words, we were really confused by their plan. And I don't think that their plan was confusing by choice. In other words, they dipped in and out of promotions, and I think they didn't like what it felt like, and want them back. Really, really deep BOGO offers, et cetera, that nobody else in the market matched and then they snatched them back out of the market. They seem confused about whether or not you need to also have satellite service in order to get their best deal and a fair deal.

So, yeah, I mean they did have some pretty heavy device promotions in market that looked to us like they were uneconomic offers, and then they snatched them out, when it didn't result in any meaningful share gains for them. And so, what happens is if you don't get lift and attract customers from offers like that, it's awfully hard to pencil why in a business model – remember, we took subsidies out a long time ago. These run rates are – people are meant to be buying phones by and large, why they would do that. So...

<A - John J. Legere>: Walt, I would just say and I've been today I hesitate to do this. I think you can describe AT&T's plan as Buy One Get One customer, which is what they were doing very specifically. And if you can describe AT&T's numbers as better than expected, the only thing that we need to change is what expectations are because...

<Q - Walter Piecyk>: That element of it, obviously, there are other elements that...

<A - John J. Legere>: Yeah. It was the most terrific print I've ever seen. And if you try to ask part four of a question, we're going to put you on the list that you're already on with the other part of our merger.

<Q - Walter Piecyk>: All right then. Thank you. Have a great night.

<A - John J. Legere>: Okay. I want to say before Braxton says farewell, there is a tremendous amount of questions that came in on Twitter. And they were quite heavily deal related. I will tell you that there were several of a theme that I just want to say, I really enjoyed because there are number of people that are saying, exactly what I wanted to hear and what I'm down here doing, which is, hey, John, this story about what you can create in this merger with Sprint on

5G sounds really interesting. This jobs item sounds interesting. This price competition and supercharging on the carry, yeah, it's interesting and the service expansion. But, hey, the devil's in the detail, so prove it. And that's music to my ears because, obviously, we wouldn't have come out with this, unless we could show it and prove it.

And I almost feel like I should reply on Twitter, which is okay, deal, if I can prove it, are we good? So in effect, I find that awareness of the things that we are seeing fantastic in the right first stage. I'm also extremely proud of the results that we posted here. And I also want to make sure that a lot of the questions came in that momentum and that focus on the business will not change a single iota during this approval process and that something you can count on from us. And Braxton?