

T-MOBILE US, INC (TMUS)

May 1st, 2026

Communications Services – Telecommunications

Stock Rating

HOLD

Investment Thesis

T-Mobile remains the structural growth leader in U.S. wireless, supported by continued postpaid share gains, premium ARPA expansion, and improving enterprise mix. Management guides to ~6% organic service revenue growth in 2026 and high-single-digit EBITDA expansion, with free cash flow compounding near 10% through 2027. Longer term sustained mid-single-digit revenue growth and disciplined capital intensity support durable ROIC. At ~21x forward earnings, shares appear fairly valued, supporting a HOLD rating .

Drivers of Thesis

- **Durable Postpaid and ARPA Growth Through 2030:** ~2.5 million annual postpaid phone net adds near term, combined with 2.5–3% ARPA growth from premium plan mix and enterprise expansion, support sustained mid-single-digit service revenue growth beyond 2027
- **Enterprise, Rural, and Mix Upgrade Runway:** Continued penetration in smaller markets (~24% share vs. 13% in 2020) and double-digit TFB growth expand addressable accounts and improve revenue quality.
- **Margin Expansion and Capital Discipline:** Incremental cost savings of \$1.3B in 2026 and \$2.7B in 2027, CapEx normalization to \$9–10B, and asset-light fiber JVs improve free cash flow conversion and long-term ROIC stability.

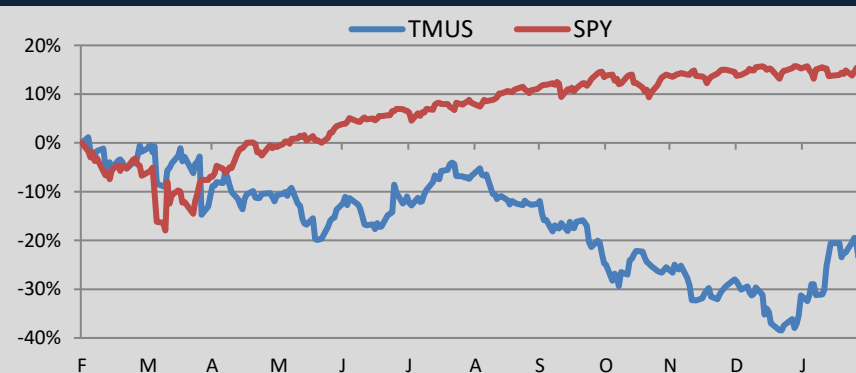
Risks to Thesis

- **Competitive Repricing Cycle:** Increased promotional intensity could compress ARPA growth and slow share gains, pressuring long-term revenue CAGR assumptions.
- **Network Parity Risk:** Verizon or AT&T could close the performance gap, premium loading and “network seeker” share gains may moderate.
- **Capital Intensity Creep:** Unexpected acceleration in 6G investment or lower-than-expected fiber economics could pressure FCF and reduce ROIC

Earnings Estimates

Year	2023	2024	2025	2026E	2027E	2028E
EPS	\$6.93	\$9.66	\$9.72	\$10.45	\$13.45	\$16.49
HF est. growth		39.4%	0.6%	12.6%	25.7%	26.5%

12 Month Performance



Target Price

\$255

Henry Fund DCF	\$277.62
Henry Fund DDM	\$292.67
Relative Multiple	\$245.17

Price Data

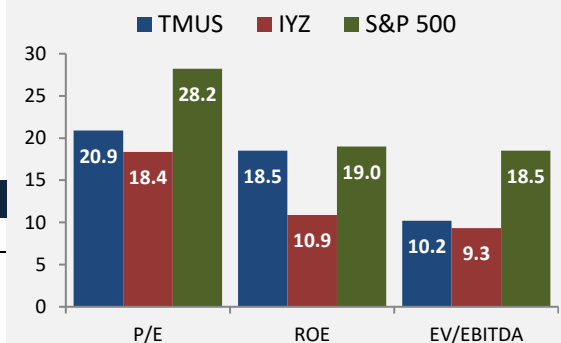
Current Price	\$194.07
52wk Range	\$181.36 – 263.79
Consensus 1yr Target	\$265.45

Key Statistics

Market Cap (B)	\$213.84
Shares Outstanding (M)	1.108
Institutional Ownership	42.58%
Beta	0.57
Dividend Yield	2.10%
Est. 5yr Growth	17.9%
Price/Earnings (TTM)	20.9
Price/Earnings (26E)	18.8
Price/Sales (TTM)	2.6
Price/Book (mrq)	3.9

Profitability

Operating Margin	21.23%
Profit Margin	12.45%
Return on Assets (TTM)	4.80%
Return on Equity (TTM)	18.18%



Company Description

T-Mobile US, Inc. is the second-largest wireless carrier in the United States, serving approximately 142 million postpaid and prepaid customers under the T-Mobile, Metro by T-Mobile, and Mint Mobile brands. The company is majority-controlled by Deutsche Telekom AG ("DT"), which holds a ~52% ownership stake; DT is itself approximately 28% owned by the German government through direct holdings and its state-owned development bank

COMPANY DESCRIPTION

The company's modern competitive position was fundamentally shaped by its 2020 merger with Sprint, which transferred a deep portfolio of mid-band 2.5 GHz spectrum to T-Mobile and transformed it from a distant third-place carrier into a legitimate network leader. That spectrum advantage underpins what is now the most widely recognized 5G network in the country, covering 99% of Americans.

Spectrum is the invisible radio frequency bandwidth that wireless carriers license from the government to transmit data and voice signals between cell towers and customers' devices. The simplest way to think about it is as a highway system: the more spectrum a carrier holds, the more lanes it has on the road, meaning more customers can send and receive data simultaneously without congestion, resulting in faster speeds and better network quality. In the telecom industry, spectrum is the most critical and scarce strategic asset because it directly determines a carrier's capacity, speed, and geographic coverage, making it the primary source of competitive differentiation and a significant barrier to entry. Wireless spectrum is divided into three bands: low-band offers wide coverage but slow speeds, high-band delivers extremely fast speeds but with very limited range, and mid-band sits in the sweet spot, balancing both coverage and capacity

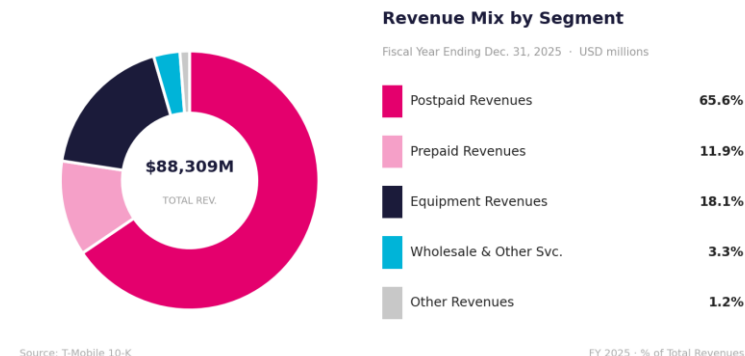
T-Mobile operates in the U.S. wireless industry, a mature, capital-intensive market characterized by near-universal penetration, intense competition among three national carriers, and increasing pressure from cable MVNOs offering low-cost plans on leased network capacity.

T-Mobile built its cultural identity around the "Un-carrier" movement, a series of industry-disrupting moves that eliminated contracts, data overages, and opaque fees, establishing the brand as the customer-friendly disruptor in a commoditized industry.

Beyond wireless, T-Mobile is actively building a second growth engine in broadband. Its fixed wireless access product leverages excess 5G capacity to serve residential and business broadband customers without physical infrastructure buildout, reaching approximately 8.5 million subscribers by year-end 2025. The company has also entered fiber through joint ventures with Metronet and Lumos, positioning itself as a converged connectivity provider over the medium term. Effective November 1,

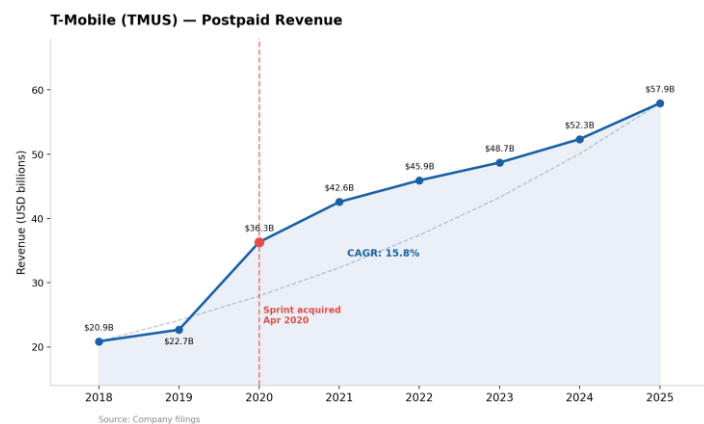
2025, Srin Gopalan, who joined T-Mobile as COO earlier in 2025 after serving as CEO of Deutsche Telekom Germany, succeeded Mike Sievert as President and CEO, with Sievert transitioning to Vice Chairman of the Company and Board.

T-Mobile reports on five segments: Postpaid, Prepaid, Wholesale, Equipment, and Other. The former three encompass Service revenue, which accounts for 81% of their total revenue.



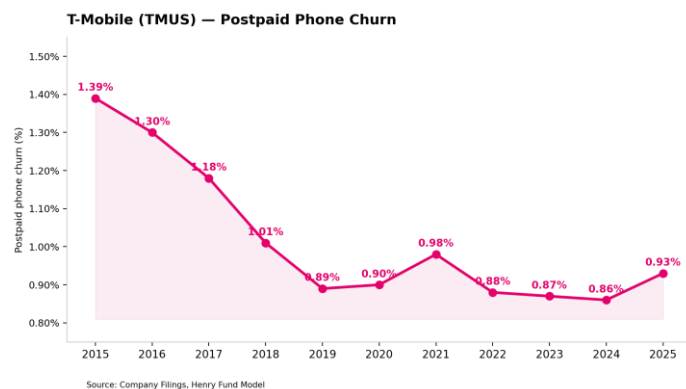
Service Revenue – Postpaid

Postpaid service revenue is T-Mobile's largest and most important revenue stream, representing 81% of total service revenues in 2025. It is the recurring monthly revenue T-Mobile earns from customers who pay for wireless service after receiving it. It includes revenue from phone subscribers, broadband gateways, tablets, wearables, and other connected devices on a postpaid billing arrangement. Growth in this segment is driven by three core variables: net account additions, average revenue per account (ARPA) or per user (ARPU), and churn.



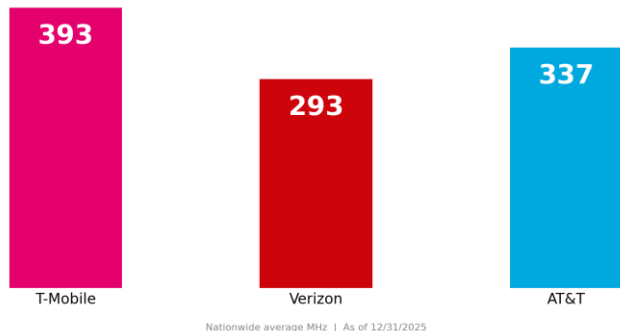
T-Mobile is today the second-largest wireless carrier in the United States by subscribers. However, for much of its

history, T-Mobile was a distant third-place carrier with a weaker network, higher churn, and a capital structure that reflected those challenges. The company carried high-yield rated debt and was seen more as a speculative growth story than a scaled competitor.



The 2020 acquisition of Sprint was the defining inflection point. Management executed the transaction well, generating significant synergies that lead TMUS to become an investment-grade company. T-Mobile was able to use Sprint's big mid-band spectrum portfolio to become the first carrier to build a standalone 5G network nationwide.

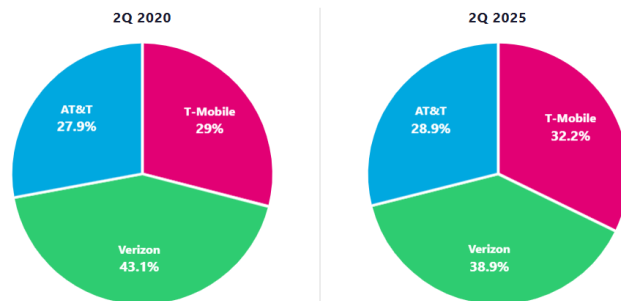
Low- and Mid-Band Spectrum Holdings



Historically T-Mobile was a wireless-only business, meaning postpaid revenue came entirely from phone and device customers on its mobile network. The company has since entered the home internet market through two channels: fixed wireless access (FWA), which uses spare capacity on its existing 5G network to deliver broadband to homes without laying any new infrastructure, and fiber, through joint ventures with Lumos (EQT) and Metronet (KKR) where T-Mobile owns the customer relationship and sells service under its own brand. As these products scale, postpaid revenue will increasingly reflect a broader connectivity business, expanding T-Mobile's addressable

market and creating an additional driver of revenue per account growth going forward.

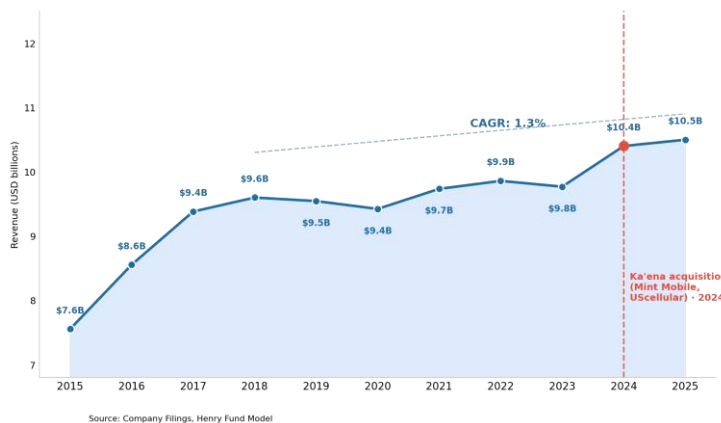
Postpaid Subscriber Share — Excluding Fixed Wireless



Service Revenue – Prepaid

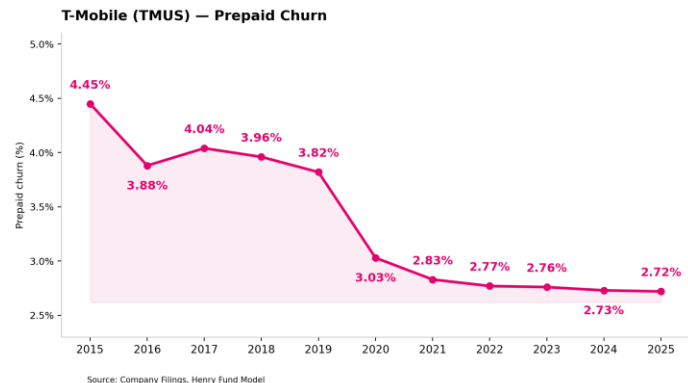
Prepaid customers generally pay for service in advance. T-Mobile serves prepaid customers under the T-Mobile, Metro by T-Mobile, Mint Mobile and Ultra Mobile brands. Prepaid revenue is structurally more price sensitive and exhibits higher churn compared to postpaid. Growth in this segment is primarily volume driven rather than ARPU driven. While prepaid provides incremental subscriber additions, it typically carries lower lifetime value and lower margin.

T-Mobile (TMUS) — Prepaid Revenue

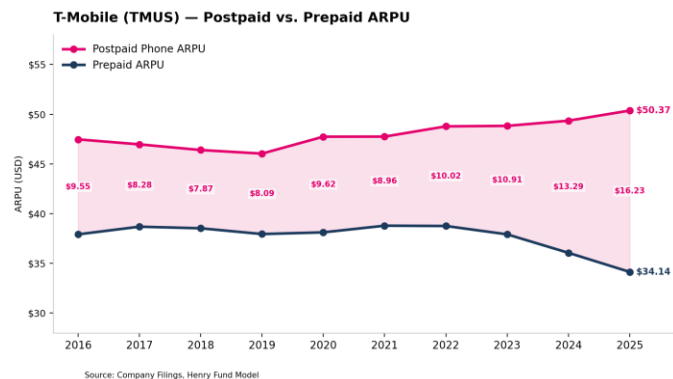


Before May 2024, Mint Mobile and Ultra Mobile were wholesale customers of T-Mobile. They bought network capacity from T-Mobile at a wholesale rate and resold it to end consumers under their own brands. For T-Mobile, this showed up as Wholesale and other service revenues on the income statement. When T-Mobile acquired Ka'ena on May 1, 2024, the relationship changed. T-Mobile then owned the customer relationships directly. Those same Mint Mobile and Ultra Mobile subscribers moved from

being wholesale customers to being T-Mobile's own prepaid customers. Their revenue now flows through Prepaid revenues instead of Wholesale revenues.



Strategically, prepaid serves as a feeder channel into postpaid conversion and supports share in value-conscious segments. Prepaid ARPU declined approximately 5% year over year, primarily due to mix dilution from the inclusion of lower-ARPU customers acquired through the Ka'ena transaction as well as elevated promotional activity.

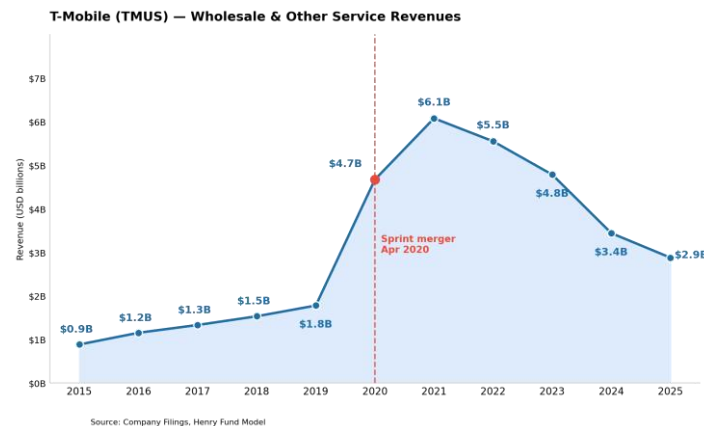


In this market, T-Mobile competes directly with AT&T's Cricket and Verizon's Visible. Beyond the traditional prepaid carriers, T-Mobile also competes against cable MVNOs, most notably Comcast's Xfinity Mobile and Charter's Spectrum Mobile, which offer low-cost wireless plans bundled with their existing broadband subscriptions. What makes this dynamic particularly notable is that many of these cable operators, including Comcast and Charter, run on T-Mobile's own network through wholesale MVNO agreements, meaning T-Mobile is effectively competing against the very customers it charges for network access.

Service Revenue – Wholesale

Wholesale revenue is the revenue T-Mobile earns from third-party companies that lease access to T-Mobile's

network and resell wireless services to their own customers under their own brands. T-Mobile provides the network infrastructure while the MVNO owns the customer relationship, making this a relatively low-margin but asset-light revenue stream. Wholesale revenue represents incremental monetization of network capacity. This revenue stream benefits from improved spectrum efficiency and network utilization.



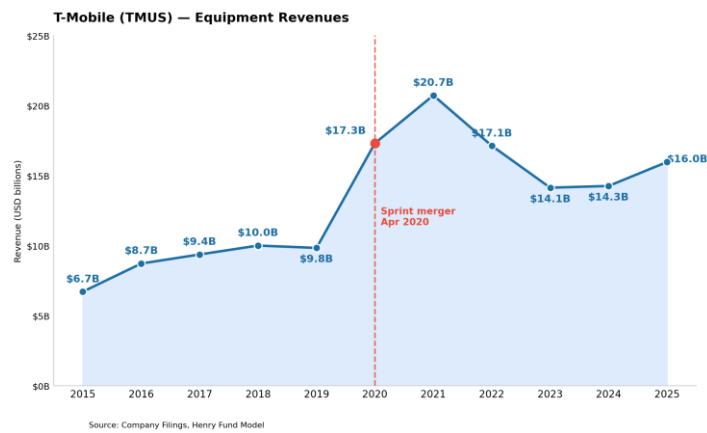
Wholesale and other service revenues declined by \$562 million, or 16%, primarily driven by lower MVNO revenues, including reduced contributions from EchoStar and TracFone, as well as lower Affordable Connectivity Program revenues. These headwinds were partially offset by higher advertising revenues following the acquisitions of Vistar and Blis. T-Mobile made two advertising-focused acquisitions in early 2025. One is Vistar Media (\$621 million, February 2025), a provider of digital-out-of-home advertising technology, and the other is Blis (\$180 million, March 2025), a mobile-first advertising platform that leverages location data to target consumers

This appears to be a management effort to expand into adjacent growth areas by leveraging T-Mobile's competitive advantage, namely its extensive customer data on location and usage patterns. In this case, the strategy is to monetize customer relationships beyond core connectivity services and gain exposure to the broader digital advertising market. Still, both acquisitions remain immaterial to financial performance at this stage, and management has not provided standalone revenue guidance for the advertising business. Looking ahead, management expects wholesale and other service revenues to remain relatively flat to slightly up, with

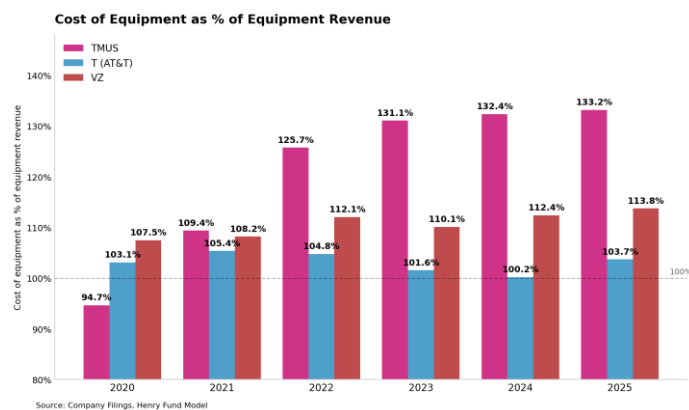
incremental advertising growth offsetting continued pressure in the MVNO channel.

Equipment Revenue

Equipment revenue is the revenue T-Mobile earns from selling wireless devices, primarily smartphones, and accessories to its customers, either at full price or through equipment installment plans (EIPs) where customers pay over a typical 24-month period. Unlike service revenue, equipment revenue is inherently lumpy and tied to device upgrade cycles, promotional activity, and new handset launches, making it a lower-quality, lower-margin revenue stream that tends to net out close to cost.



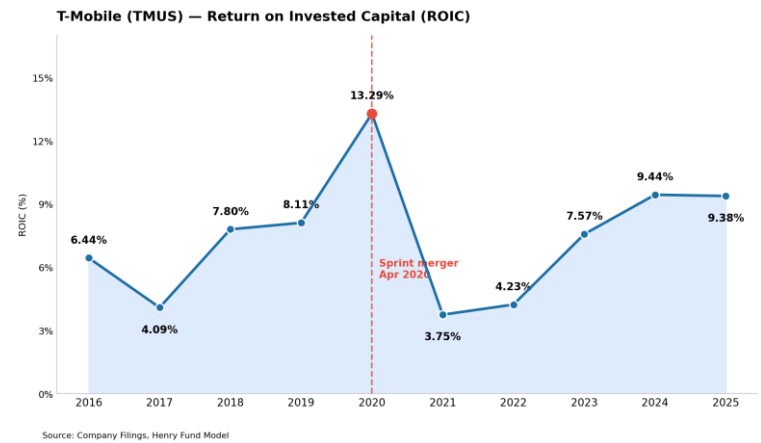
T-Mobile's equipment margins appear structurally lower than AT&T and Verizon, recovering roughly 75 cents for every dollar spent on devices compared to approximately 87-90 cents for peers.



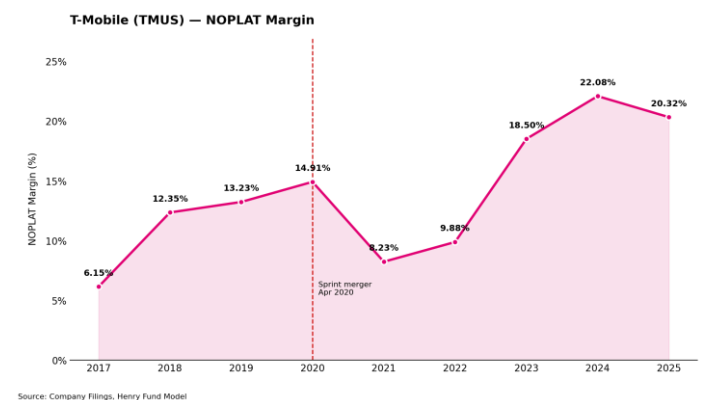
This gap is largely a function of accounting differences in how each carrier treats device promotional subsidies rather than a reflection of T-Mobile being more generous with promotions. T-Mobile recognizes the cost of handset promotions more conservatively and upfront, which

depresses reported equipment margins but keeps service revenue clean, while peers spread promotional costs over time through balance sheet mechanics.

Return on Invested Capital (ROIC)



T-Mobile's ROIC profile exhibits the classic J-curve pattern associated with large-scale M&A. Prior to the Sprint merger, ROIC had been trending positively, reaching 13.29% in 2020. The transaction temporarily compressed returns: ROIC fell to 3.75% in 2021 as the company absorbed a significantly larger capital base inclusive of goodwill, spectrum assets, and merger-related costs. However, the subsequent recovery to 9.38% by 2025 demonstrates effective capital deployment and successful synergy realization.



Invested Capital Analysis

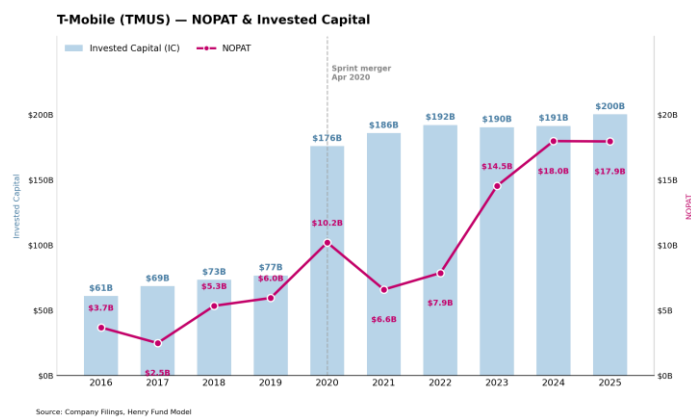
Working Capital

T-Mobile has historically used its equipment installment plan (EIP) receivables as a working capital tool, running a revolving receivables sale facility since 2015 whereby future customer phone payment obligations are sold to

third-party financial institutions in exchange for immediate cash. This effectively allowed T-Mobile to convert what would otherwise be 24-month receivables into same-day liquidity, functioning similarly to a revolving credit facility backed by customer payment streams. In October 2024, T-Mobile amended the structure of this program through the Pledge Amendments, replacing the prior deferred purchase price mechanism with a recourse guarantee. The economic substance of the program did not change, but the accounting classification did: cash proceeds that previously appeared as investing cash flows are now recognized within operating cash flows. As a result, the securitization line that appeared explicitly in prior year FCF reconciliations disappears in 2025, not because the activity stopped, but because it is now embedded within operating cash flows.

Fixed Capital & Intangible Capital

The U.S. wireless industry is structurally capital intensive and front loaded. Carriers must invest in spectrum licenses and network infrastructure years before demand fully materializes. For example, U.S. operators collectively spent more than \$80 billion in the 2021 C-band auction alone, committing capital well in advance of monetization. Similarly, the nationwide 5G buildout required multi-year deployments of midband radios, fiber backhaul, and core network upgrades before incremental revenue was visible. Networks must be engineered for peak demand rather than average usage, which results in excess capacity during off-peak periods but ensures reliability during congestion spikes.

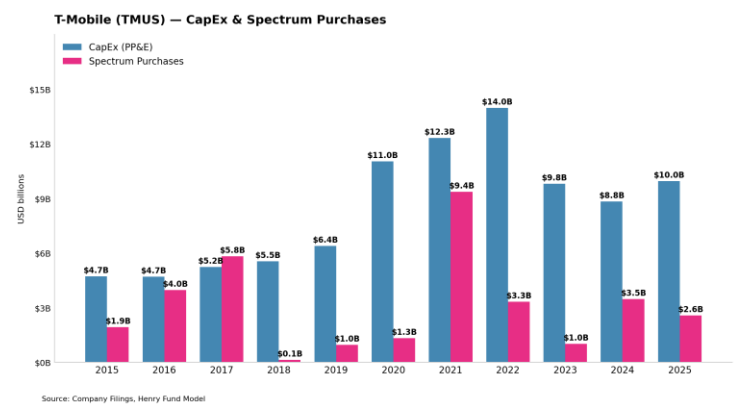


This investment dynamic creates a persistent asymmetry in the digital value chain. Traffic growth is largely driven by streaming platforms, cloud providers, and AI applications, yet pricing power in wireless remains constrained by intense competition. Video streaming growth over the last

decade, for example, materially increased mobile data consumption, but carriers were largely unable to raise prices proportionally, in part because wireless pricing is structured around lines and accounts rather than consumption. Instead, application-layer companies such as Netflix, YouTube, and the major cloud providers monetized the incremental demand. As a result, telecom operators finance the infrastructure layer while application-layer firms capture a disproportionate share of value creation.

Operators have periodically attempted to offset this imbalance through vertical integration. AT&T's \$85 billion acquisition of Time Warner and Verizon's investments in AOL and Yahoo were efforts to capture advertising and content economics rather than remain pure connectivity providers. Both strategies ultimately failed to generate sustained return on capital and were reversed, reinforcing that telecom infrastructure economics dominate long-term value creation. The common thread in both failures is that telecom operators tried to solve a structural problem, being commoditized infrastructure, by buying businesses they didn't understand and couldn't run competitively.

From a capital cycle perspective, wireless investment is episodic. Major technology transitions, such as 4G to 5G, require step increases in capital expenditures followed by normalization once coverage and capacity targets are achieved. For T-Mobile, the Sprint merger and integration of 2.5 GHz midband spectrum represented such a cycle. Capital expenditures peaked during the integration phase and are now declining toward a more maintenance-oriented level, reflecting the maturation of its 5G network buildout.

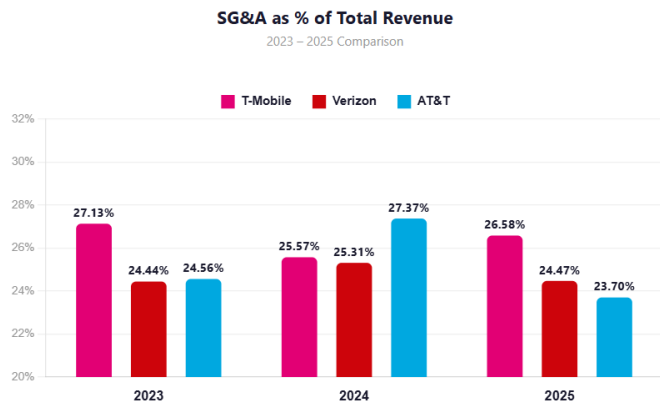


Two financial implications follow. First, the cost structure is predominantly fixed, meaning incremental service

revenue carries high operating leverage once network capacity is in place. Second, free cash flow is highly sensitive to spectrum auctions and upgrade cycles. Periods of elevated capital intensity can temporarily compress cash flow even if underlying service margins remain stable.

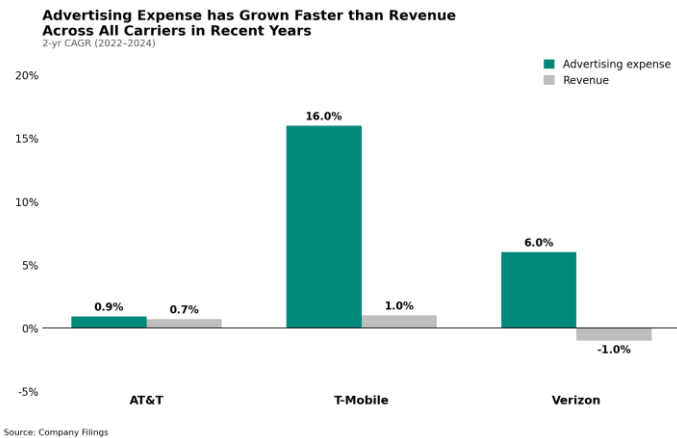
Cost Structure Analysis

T-Mobile's SG&A ratio has historically exceeded peers, driven by a deliberately aggressive go-to-market strategy built around high-visibility national marketing, promotional pricing, and heavy customer acquisition spending.



Source: Verizon, T-Mobile & AT&T 10-K Filings

This approach contributed to industry-leading net add performance alongside its network improvements, but advertising expense grew at a 16% two-year CAGR from 2022 to 2024 against only 1% total revenue growth.



Source: Company Filings

While this divergence partly reflects the lagged nature of brand investment, it also raises a structural question about marginal returns. T-Mobile's net add outperformance was

largely driven by switchers attracted by its network quality and value proposition, a pool that is inherently finite.

However, the company is structurally lowering its cost per account through digitalization and AI integration. T-Life, now the primary engagement platform for its 34 million postpaid relationships, has meaningfully shifted transaction behavior, with upgrade activity increasing from 22% digital in Q4 2024 to 73% currently, including 39% fully unassisted. As more upgrades and add-a-line transactions migrate online, T-Mobile reduces store labor, dealer commissions, and call center expense, structurally compressing SG&A per transaction.



T-Mobile 2025 Q4 Earnings Call and Capital Markets Day

In parallel, the rollout of IntentCX, developed with OpenAI, is designed to personalize interactions and reduce inbound customer contacts by improving first-contact resolution. Management expects these digital and AI initiatives to generate approximately \$1.3 billion of incremental savings in 2026 and \$2.7 billion in 2027 versus 2025 levels. Importantly, these efficiencies are structural rather than cyclical, supporting sustained SG&A leverage. Combined with mid-single-digit service revenue growth, this should drive continued EBITDA margin expansion through operating leverage over the short-medium term.

MARKETS AND COMPETITION

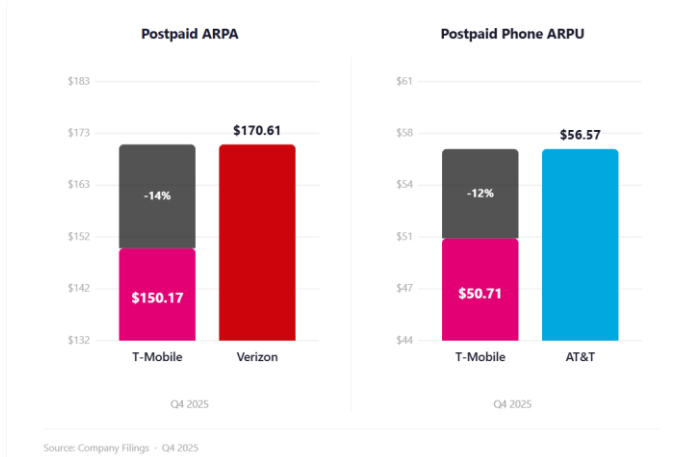
Runway for Growth in Underpenetrated Markets

Subscriber growth is supported by continued share gains in underpenetrated segments, particularly smaller markets and rural geographies. Historically an urban carrier, T-Mobile's buildout of Sprint's 2.5 GHz mid-band spectrum materially expanded its rural coverage footprint, enabling it to grow market share in smaller markets from approximately 13% in 2020 to 24% today, a segment where roughly 40% of the U.S. population resides.

Management has identified over 20 million addressable accounts across underpenetrated segments, which include smaller markets, rural geographies, and network seekers in larger markets. This represents meaningful growth runway that is largely independent of the competitive dynamics in T-Mobile's core urban footprint. Complementing this, T-Mobile for Business provides incremental postpaid account growth with structurally higher ARPU and lower churn characteristics, as enterprise and small business customers tend to exhibit greater plan complexity and longer tenure than consumer subscribers.

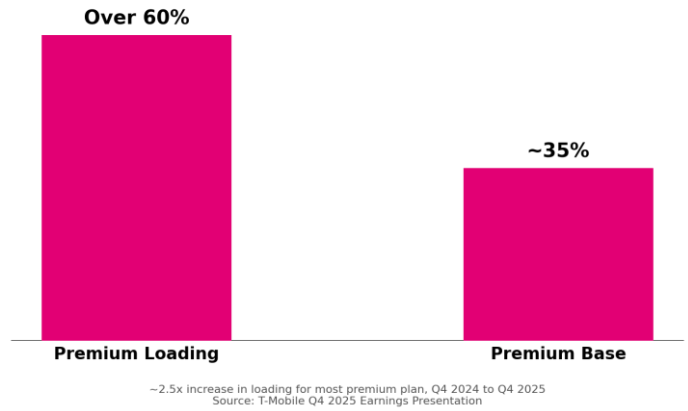
ARPA Expansion Opportunity

T-Mobile's postpaid ARPA of \$150.17 remains approximately 14% below Verizon and its postpaid phone ARPU of \$50.71 sits roughly 12% below AT&T, a gap that reflects both its value-oriented positioning and the composition of its existing subscriber base.



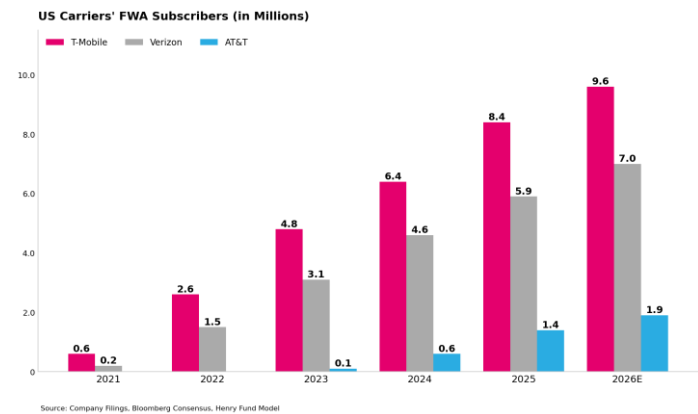
However, this discount is increasingly a source of upside rather than a structural ceiling. T-Mobile's "more for more" strategy is driving a meaningful mix shift toward premium plans, with Q4 2025 premium loading, the share of new subscribers choosing premium tiers, running at over 60%, nearly double the ~35% premium penetration of the existing base. Critically, this is being achieved without diluting the backbook, as T-Mobile's lowest-in-industry frontbook pricing removes the incentive for existing customers to demand discounts. As premium-loaded cohorts season into the base over time, ARPA will mechanically drift higher, closing the gap with peers organically and without requiring price increases that could pressure churn.

Q4 2025 Premium Loading Mix Nearly Double Premium Base



Fiber Build and Convergence

The US broadband market is entering a structural phase of convergence, where traditional distinctions between cable and telecom are breaking down. Cable operators now compete in wireless through MVNO arrangements, while telecom carriers including T-Mobile increasingly offer fixed broadband through fiber partnerships and fixed wireless access. This multi-product competition reduces historical geographic monopolies and increases customer choice across both mobility and home internet. For T-Mobile, convergence is supportive in the near to medium term, as its FWA product continues to capture share from cable incumbents.

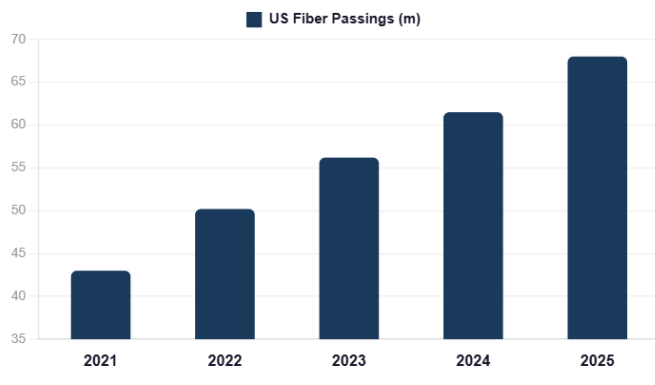


On the other hand, AT&T and Verizon are both descendants of the original Bell System, inheriting decades of existing rights of way, conduit, poles, and underground pathways running directly to tens of millions of American homes. Fiber deployment for them is largely a copper replacement story. They pull fiber through infrastructure that already exists, making the civil engineering work a

fraction of the cost of building from scratch. T-Mobile has none of this. As a pure wireless company with no wireline heritage, building fiber as a greenfield entrant would be prohibitively expensive and slow, which is exactly why management chose the joint venture model with Metronet and Lumos. By partnering with established fiber builders rather than replicating what AT&T and Verizon spent decades accumulating, T-Mobile gains broadband exposure at a fraction of the capital cost. It is the only rational path available to a non-incumbent, but it also means T-Mobile will always be playing catch-up on fiber scale relative to peers who started with a massive structural head start.

Fiber is widely regarded as the superior broadband technology because it transmits data using light through glass strands, giving it virtually unlimited bandwidth capacity, symmetrical upload and download speeds, and significantly lower latency. Cable's coaxial network was engineered decades ago primarily for one-way television delivery, which is why it delivers strong download speeds but structurally weak upload speeds, a limitation that became painfully visible during the pandemic when households suddenly needed to upload as much as they downloaded.

Cable operators are attempting to address this through DOCSIS 4.0, the latest evolution of the standard that governs how data travels over coaxial networks. DOCSIS 4.0 promises multi-gigabit speeds and improved upload capacity, theoretically closing much of the performance gap with fiber without requiring operators to replace their entire physical plant.



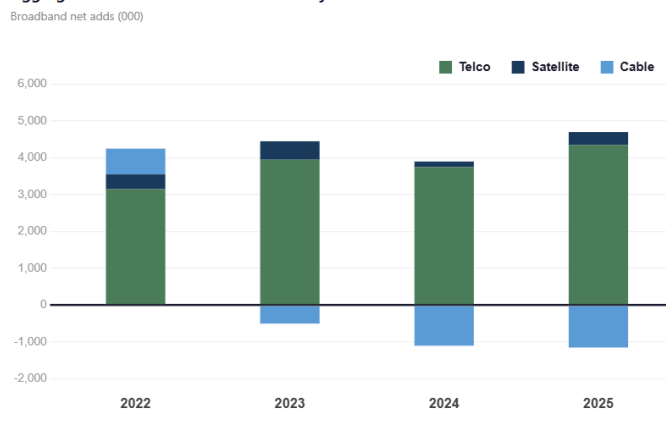
Source: S&P Capital IQ, Barclays Research

However, the upgrade is expensive, complex, and will take years to deploy at scale. Even with DOCSIS 4.0, cable is still pushing signals through aging coaxial infrastructure with

more points of failure than a pure fiber connection. The cable industry is essentially trying to engineer its way around a structural disadvantage rather than solving it, buying time while fiber passings continue to accelerate across the country.

The combination of fiber's structural superiority and FWA's convenience and affordability has driven a clear and accelerating shift in broadband market share from cable to telco, with cable operators posting net subscriber losses while telecoms added approximately 4+ million net broadband subscribers in 2025.

Aggregate broadband net adds were likely ~3mm in 2025

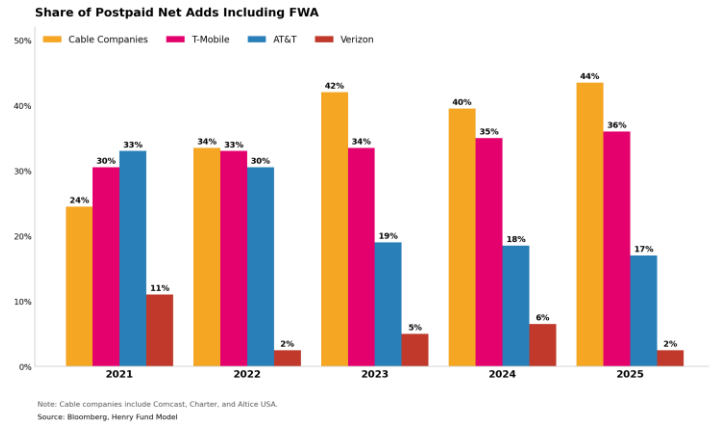


Source: Company Reports, S&P Capital IQ, Barclays Research, Bloomberg

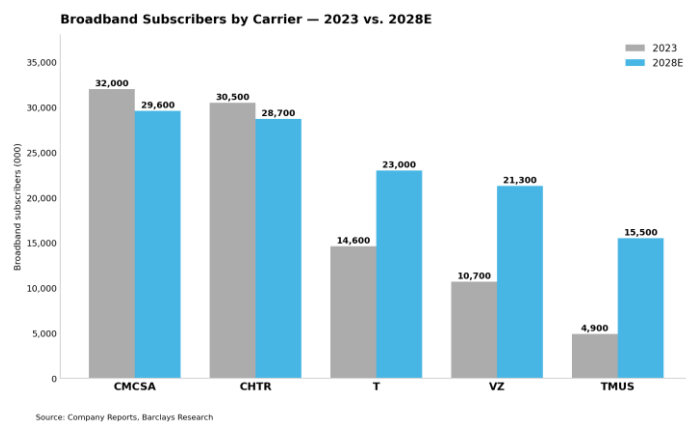
Cable operators have begun responding with price reductions and more aggressive promotional activity, though it is too early to assess whether this will be sufficient to reverse the trend. The longer term trajectory will largely depend on the pace and success of DOCSIS 4.0 deployment and whether cable can close the performance gap with fiber before subscriber losses become more severe.

However, the competitive dynamic cuts both ways. Cable operators have simultaneously mounted a credible offensive in wireless, with Comcast, Charter, and Altice collectively capturing 44% of postpaid net adds in 2025, up from just 24% in 2021. Operating as MVNOs on existing carrier networks, cable companies can offer wireless service at minimal capital cost by bundling it with their broadband subscriptions, a low-friction upsell to an existing customer base. This has made cable the single largest source of industry net add growth, representing a meaningful and growing headwind for traditional carriers. That said, MVNO economics impose structural limits on cable's wireless ambitions. With thin wholesale margins, cable operators cannot afford to match the handset

promotions and device subsidies that facilities-based carriers routinely offer, effectively forcing them to compete almost entirely on price and bundle convenience rather than product differentiation, a positioning that may prove difficult to sustain as customers increasingly demand premium device offers and network quality.



Despite aggressive pricing and promotional bundles, cable companies have struggled to reverse deteriorating broadband subscriber trends as fiber and FWA competition accelerates. A key and underappreciated headwind is consumer perception: cable has accumulated significant NPS deficits over decades of operating in markets with little competition, and this brand deficit will take years to reverse. Compounding this, cable companies were built as regional monopolies, creating organizational cultures that are slow and defensive and ill-suited to the fast-moving competitive environment they now face. Telecom operators, having competed fiercely for decades, are culturally wired to respond quickly to competitive threats, which is a structural behavioral advantage that goes beyond spectrum or pricing alone.



Historically, broadband revenue growth benefited from steady ARPU expansion through annual price increases. In

today's environment, however, increased competition from fiber, fixed wireless, and satellite limits the industry's ability to push prices. While year over year comparisons may improve by 2026, structural competition suggests pricing growth is more likely to stabilize than reaccelerate.

Convergence is pushing management teams to prioritize ARPA growth through bundling rather than pure ARPU expansion. On the surface, this makes sense, as adding services per account can increase share of wallet, reduce churn, and lift lifetime value. However, if growth increasingly relies on discounts, bundles, and added value to win switching customers, consumer expectations reset lower. Once customers become conditioned to receiving more for less, pricing discipline becomes difficult to reestablish. In that environment, any operator attempting to protect ARPU risks losing share, creating a structurally promotional equilibrium. The fact that companies are already guiding to ARPU pressure in both broadband and wireless suggests that this dynamic may already be in place.

Starting in early 2026, the industry began shifting away from reporting ARPU as a primary metric, with T-Mobile formally dropping postpaid phone and prepaid ARPU disclosures starting Q1 2026 and AT&T disclosing account and ARPA information for the first time with its Q4 2025 earnings, signaling that carriers want to be judged on revenue per relationship rather than revenue per line going forward. While the rationale is that ARPA better captures the value of a converged multiproduct account, it is important to note that companies rarely limit disclosure of key metrics because of an improved outlook on that metric, suggesting the shift may also be a convenient way to move attention away from ARPU which faces structural pressure across the industry.

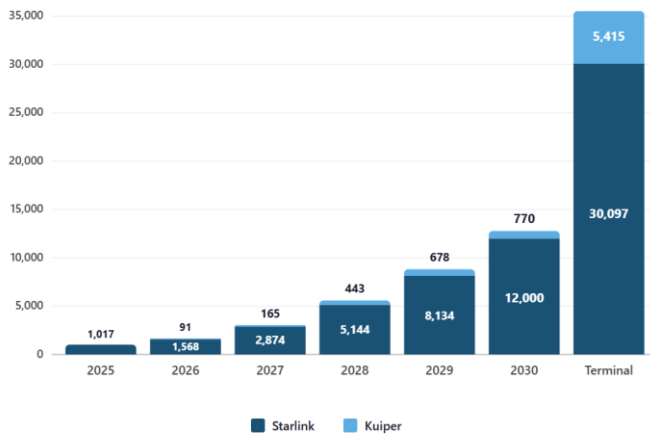
Satellite Companies Entering the Space

In the wireless and broadband ecosystem, satellite companies are the players that deliver connectivity from space instead of through terrestrial towers, fiber lines, or cable networks. Rather than transmitting signals between cell towers and smartphones using licensed spectrum on the ground, they use constellations of satellites orbiting the Earth to beam internet or voice connectivity directly to

user terminals or, increasingly, directly to standard smartphones.

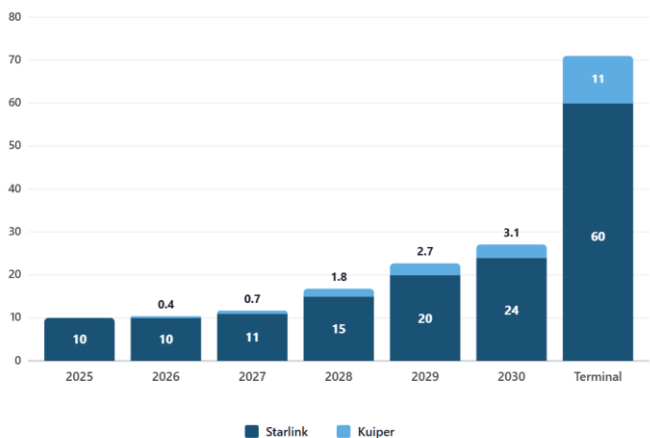
Low Earth Orbit satellite networks, led by Starlink and Amazon Kuiper, are significantly expanding broadband capacity in the United States. Planned satellite launches materially increase total available throughput and expand the number of homes that could technically be served over time.

US capacity available for broadband offerings across major LEO satellite operators
US - BB provisioned capacity (Tbps)



Source: Company filings, Barclays Research

No. of addressable homes in US across major LEO satellite operators
US - no. of addressable homes (mm)



Source: Company filings, Barclays Research

While adoption is likely to remain concentrated in rural and suburban markets due to urban congestion and fiber performance advantages, the growth in satellite capacity introduces a credible alternative broadband option nationwide. For T-Mobile, this dynamic primarily affects its fixed wireless strategy rather than its core mobility business. Although satellites are unlikely to displace fiber

in dense markets, its presence may limit long term ARPU growth and reduce the durability of excess returns in broadband, particularly in less dense geographies where FWA competes most directly.

RECENT DEVELOPMENTS

Recent Earnings Announcement

T-Mobile reported fourth-quarter results that were modestly mixed relative to expectations. Revenue increased 11% year over year to \$24.33 billion, slightly ahead of consensus estimates of \$24.17 billion, reflecting continued service revenue growth and broadband momentum. Adjusted earnings per share of \$1.88 came in below consensus expectations of \$2.05, primarily due to approximately \$293 million in after-tax severance costs recorded during the quarter. Net income declined to \$2.1 billion from \$2.98 billion in the prior-year period.

On the operating side, T-Mobile added 962,000 net postpaid phone subscribers, slightly below consensus expectations of approximately 991,700. Despite the modest miss, the company continued to lead the industry in absolute postpaid phone net additions. The quarter reflected elevated promotional activity, with both T-Mobile and Verizon launching offers aimed at attracting switching customers.

Broadband performance remained strong. T-Mobile added 495,000 net 5G broadband customers, exceeding analyst expectations of approximately 460,200, and added 63,000 net fiber customers during the quarter. Management also raised its long-term 5G broadband target to 15 million customers by 2030, up from a prior goal of 12 million by 2028, signaling continued confidence in fixed wireless access expansion.

For the full year, T-Mobile expects to add between 900,000 and 1.0 million net postpaid accounts, including phone and broadband. Looking ahead, management raised its long-term financial targets, with service revenue expected to reach between \$80.5 billion and \$81.5 billion by 2027, up from a prior outlook of \$75 billion to \$76 billion. Core adjusted EBITDA is projected at \$37.0 billion to \$37.5 billion this year and \$40 billion to \$41 billion next year, implying approximately 9% compound annual growth from 2023 to 2027 at the midpoint. Adjusted free cash flow is expected to reach \$19.5 billion to \$20.5 billion by 2027, representing roughly 10% compound annual

growth over four years at the midpoint. The company also indicated plans to accelerate shareholder returns, targeting up to approximately \$5 billion in share repurchases in the first quarter, roughly doubling the prior pace.

Management provided updated medium-term guidance reflecting accelerating organic growth and cost discipline. For 2026, T-Mobile expects approximately \$77 billion in service revenue, representing 8% reported growth, including roughly \$3.6 billion from M&A, implying approximately 6% organic expansion. In 2027, service revenue is projected at \$80.5–\$81.5 billion, representing 5% reported growth, including \$4 billion from M&A and approximately 5% organic growth. Postpaid momentum remains central to the outlook, with guidance for 900,000 to 1.0 million net postpaid account additions in 2026, including approximately 2.5 million postpaid phone net adds, alongside expected postpaid ARPA growth of 2.5% to 3%. Cost initiatives are expected to deliver incremental savings of \$1.3 billion in 2026 and \$2.7 billion in 2027 versus 2025, partially offset by approximately \$1.2 billion in merger-related costs tied to UScellular integration, \$450 million in network optimization costs, and \$150 million in workforce restructuring charges in 2026. Capital expenditures are expected to total approximately \$10 billion in 2026, declining to \$9–\$10 billion in 2027, while cash interest is guided to \$4.3 billion in 2026 and \$5.0 billion in 2027, assuming leverage at 2.5x. Adjusted free cash flow expansion remains supported by these growth and efficiency initiatives despite higher cash taxes, which are expected to increase to \$1.5 billion in 2026 and \$3.5 billion in 2027.

Capital Allocation

Since its 2024 Capital Markets Day, T-Mobile has deployed approximately \$12 billion toward strategic investments, including the acquisition of UScellular, joint ventures with Metronet, Lumos, Blis, and Vistar, and additional spectrum purchases to reinforce long-term network leadership. Over the same period, the company returned more than \$20 billion to shareholders through dividends and share repurchases, bringing cumulative capital returns since Q3 2022 to over \$45 billion. Looking ahead to 2026 and 2027, management outlined a remaining capital allocation envelope of over \$52 billion, supported by core EBITDA expansion and free cash flow growth. Of this amount, up to \$30 billion is currently earmarked for shareholder returns, including approximately \$10 billion in annual

share repurchases, with an accelerated buyback of up to \$5 billion announced for Q1. The remaining \$22 billion represents strategic flexibility for incremental ROI-driven investments or additional shareholder returns, all while maintaining a target leverage ratio of approximately 2.5x.

INDUSTRY TRENDS

Open RAN and AI RAN

Historically, the Radio Access Network has been deployed using vertically integrated hardware platforms supplied by vendors such as Ericsson and Nokia. These systems combine radios, baseband units, proprietary ASIC chips, and tightly integrated software into a single optimized stack. This model delivers strong performance and energy efficiency, but it also embeds vendor lock in and concentrates pricing power within a small group of infrastructure providers. For operators such as T-Mobile, RAN capex has historically flowed toward these proprietary hardware vendors.

The industry is now attempting to transition toward Open RAN and software defined RAN architectures. Under this framework, the radio hardware is disaggregated from the baseband processing layer, and much of the signal processing workload is virtualized into software. The long-term objective is to increase interoperability across vendors, enable faster software-driven feature upgrades, and improve capital allocation flexibility. Strategically, this transition reduces dependency on vertically integrated hardware stacks and shifts more of the network intelligence into programmable infrastructure.

However, the primary barrier to full Cloud RAN adoption has been computational intensity. 5G baseband processing requires real time execution of complex workloads, including massive MIMO beamforming, channel coding, and scheduling under strict latency requirements. Historically, these functions were executed on custom ASICs optimized specifically for telecom workloads. While general purpose CPUs offer flexibility, they have struggled to replicate the performance per watt and latency characteristics of specialized silicon at scale.

This constraint has limited the economic viability of pure CPU based virtualization models. As a result, operators have increasingly explored accelerated computing architectures that combine software defined RAN with

hardware acceleration using GPUs and dedicated accelerators. Vendors such as Nvidia and Intel are positioning their platforms to support high performance baseband processing within centralized data center environments.

AI RAN builds on this architectural shift by embedding machine learning models into radio resource management and signal optimization workflows. Rather than statically allocating spectrum and power resources, AI driven systems can dynamically optimize beamforming patterns, interference mitigation, and traffic scheduling in real time. The potential economic benefit is improved spectral efficiency, higher network utilization, and incremental capacity gains without proportional increases in physical infrastructure.

For T-Mobile, the strategic relevance of AI RAN lies in three areas. First, improved spectral efficiency can enhance ROIC by extracting more capacity from existing spectrum assets. Second, centralized and software defined architectures may allow for faster deployment of new features without large scale hardware refresh cycles. Third, if acceleration platforms mature, the company could potentially rebalance portions of its capex mix toward compute infrastructure rather than fully proprietary baseband hardware.

The key question is not whether software defined RAN will exist, but whether it meaningfully alters T-Mobile's cost structure, capital intensity, and long term margin profile. At present, deployment remains incremental rather than fully transformational. However, AI driven RAN optimization represents a potential structural lever for sustaining network performance leadership while moderating future capex growth.

The Overprovisioning Problem

Telecom networks are engineered for peak demand. Capacity must be built to withstand traffic spikes, which structurally results in underutilized infrastructure during off-peak periods. Traditional RAN architectures lock compute resources at individual cell sites, limiting flexibility and leaving capacity idle for large portions of the day.

Certain applications such as industrial automation, computer vision, and latency sensitive robotics require inference close to the end user due to strict latency

constraints. Telecom operators possess distributed physical infrastructure and fiber connectivity that could position them as edge compute providers. However, enterprise edge monetization remains early stage, and hyperscale cloud providers maintain strong relationships and software ecosystems that may limit telecom operators' ability to capture meaningful share of AI compute workloads

While AI RAN and edge compute architectures introduce optionality for future enterprise monetization, we view the primary near term financial impact as potential improvement in capital efficiency rather than material new revenue streams.

Transition from 5G to 6G

T-Mobile continues to position AI-RAN as a foundational architecture for future 6G networks. Following its 2024 Capital Markets Day, the company launched an AI-RAN Innovation Center in partnership with NVIDIA, Nokia, and Ericsson to develop a next-generation RAN platform capable of processing both traditional telecom workloads ("bits") and AI inference workloads ("tokens") on shared accelerated compute infrastructure. Management frames this as a structural shift toward 6G, where base stations could function not only as connectivity nodes but also as distributed AI compute platforms supporting emerging "physical AI" applications such as robotics, autonomous systems, and industrial automation. Technically, the partners have demonstrated full voice calls operating on NVIDIA's AI-RAN platform, with field trials expected to begin in late 2026. While near-term financial contribution is limited, the strategic objective is to enhance long-term network efficiency and create optionality for edge AI monetization as low-latency compute demand expands.

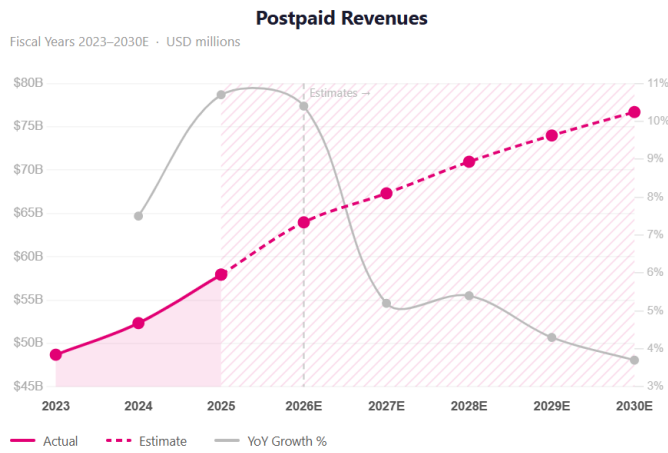
VALUATION

Revenue Assumptions

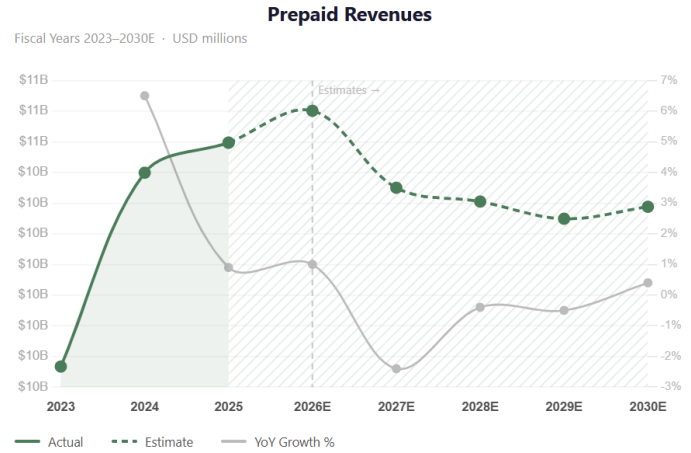
Postpaid ARPA: Our 2026E postpaid ARPA growth assumption of 3.0% is consistent with the high end of management's guidance range of 2.5–3.0% and reflects the ongoing mix shift toward premium plan tiers. As discussed, T-Mobile's premium loading mix ran at over 60% in Q4 2025 against a base penetration of approximately 35%, creating a mechanical tailwind to ARPA as higher-value cohorts season into the existing subscriber base. We model this growth decelerating

gradually from 3.0% in 2026 to 2.0% in 2027-2028 and 1.0% by 2029, reflecting our expectation that the easiest mix shift gains are front-loaded and that competitive intensity will constrain T-Mobile's ability to sustain premium pricing momentum as the market matures.

in the latter part of the forecast period, we model modest ARPU recovery. Prepaid net additions remain positive throughout as T-Mobile's value positioning continues to attract price-sensitive subscribers in a competitive environment.



Source: T-Mobile 10-K, Henry Fund Model · 2026E–2030E are estimates



Source: T-Mobile 10-K, Henry Fund Model · 2026E–2030E are estimates

Postpaid net account additions: We model postpaid net account additions of 1,000K in 2026, in line with the high-end of management's guidance of 900K–1.0M, stepping up modestly to 1,200K in 2027-2030 as T-Mobile continues to penetrate underpenetrated segments including smaller markets, rural geographies, T-Fiber, and T-Mobile for Business. The 24% rural market share today versus 13% in 2020, combined with management's identified runway of over 20 million addressable accounts across underpenetrated segments, supports sustained account growth above industry peers over the medium term. We model a gradual deceleration from 2031 onward as these segments mature and the incremental switching opportunity diminishes.

Prepaid ARPU: We model prepaid ARPU declining from \$34.14 in 2025 to \$32.26 by 2029 before stabilizing and recovering modestly to \$33.24 by 2035. The near-term compression reflects two concurrent pressures: intensifying MVNO competition across all major networks continuously pushing prepaid price points lower, and downward pressure on demand as weakening consumer sentiment drives subscribers toward lower-priced options. The University of Michigan Consumer Sentiment Index stood at 49.8 in April 2026 — near the weakest reading on record and well below the 2024 average — reflecting broad-based deterioration across all income levels, age groups, and political affiliations. As consumer sentiment normalizes and the MVNO pricing environment stabilizes

CapEx and Spectrum Assumptions

Capital Expenditure. We model CapEx as a percentage of revenue declining from 12.89% in 2026E to a trough of 10.87% in 2029E, before re-accelerating modestly through the 2030s. The near-term decline reflects T-Mobile's largely complete network build following the Sprint integration, with incremental wireless spend shifting toward densification and coverage optimization rather than new infrastructure. This is consistent with management's guidance of \$10B in CapEx for 2026, elevated due to UScellular integration overlay costs, normalizing to \$9–10B in 2027. As revenue grows over the forecast period, the fixed cost nature of network infrastructure generates natural operating leverage, driving the declining CapEx intensity through 2029.

The re-acceleration in CapEx intensity from 2030 onward is a direct consequence of our fiber JV buyout assumption, discussed below. As fiber network PPE consolidates onto T-Mobile's balance sheet, maintenance and densification capital associated with the acquired fiber infrastructure becomes T-Mobile's own CapEx obligation, lifting total capital intensity back toward historical levels.

M&A Shocks and Fiber JV Buyout. We model M&A shocks of \$1B in 2026E and \$2B in 2027E, reflecting continued bolt-on spectrum and infrastructure transactions consistent with T-Mobile's recent acquisition cadence. We

assume no material M&A in 2028E as integration efforts from UScellular are absorbed.

The most significant assumption in our model is a \$10B M&A shock in 2030E, reflecting our expectation that T-Mobile will acquire full ownership of its Metronet and Lumos fiber joint ventures as the PE sponsors, KKR and EQT, respectively, approach the end of their typical 7–10 year fund life cycles. Both JVs were established in 2024–2025, making exit pressure most likely to materialize in the 2030–2033 window. Upon buyout, the fiber network PPE consolidates onto T-Mobile's balance sheet, which is consistent with the observed re-acceleration in PPE as a percentage of revenue from 36.3% in 2029E to 38.7% in 2030E and 45.9% in 2031E. Also, fiber maintenance and densification CapEx becomes T-Mobile's direct obligation rather than a JV-level cost.

We estimate the combined buyout at approximately \$10B, derived from the implied network valuations at acquisition, \$932M for a 50% stake in Lumos and \$4.6B for a 50% stake in Metronet, scaled for build progress and assumed penetration rates by 2030. We acknowledge this figure is sensitive to fiber execution; underperformance on penetration would reduce buyout cost, while outperformance would increase it. Critically, the buyout eliminates T-Mobile's wholesale access cost to the JVs, improving long-run fiber margins and bringing T-Mobile's economics structurally closer to owned-fiber peers such as AT&T. We model an additional \$5B M&A shock in 2035E reflecting potential further fiber consolidation or incremental spectrum transactions at that time.

Spectrum. We model spectrum purchases of \$3.5B annually in 2026–2027E, stepping to \$3.0B in 2028E and \$4.0B in 2029–2030E. These assumptions reflect T-Mobile's well-documented strategy of maintaining spectrum depth as a long-term competitive moat, particularly in mid-band where its 2.5GHz holdings underpin 5G network superiority. The modest step-up in 2029–2030 anticipates participation in upcoming FCC auctions as the regulatory environment evolves and 6G standardization begins to shape next-generation spectrum demand. Spectrum purchases as a percentage of total service revenue remain elevated throughout the forecast, averaging approximately 125–130%, reflecting the capital

intensity inherent in maintaining network leadership in a spectrum-constrained industry.

Operating Leases. Operating lease ROU assets as a percentage of revenue decline from 24.3% in 2026E to approximately 19% through 2029E, reflecting the fixed-rate structure of T-Mobile's tower lease agreements, including the 2,015 incremental tower leases secured as part of the UScellular transaction, against a growing revenue base. The gradual decline is consistent with T-Mobile's asset-light tower strategy and provides a natural offset to wireless CapEx intensity over the forecast period.

Discounted Cash Flow (DCF)

We value T-Mobile using a Discounted Cash Flow (DCF) model supported by an Economic Profit (EP) framework, arriving at an intrinsic value of \$277.62 per share, implying approximately 42% upside to the current price of \$196.03.

WACC. We estimate a WACC of 5.94%, derived from a cost of equity of 7.19%, using a 4.14% risk-free rate, a 0.61 beta reflecting T-Mobile's utility-like revenue base and low macro sensitivity, and a 5.00% equity risk premium, and an after-tax cost of debt of 3.73%, based on the YTM of T-Mobile's 10-year corporate bond. The capital structure assumes market-value weights of 64% equity and 36% debt.

Continuing Value. The continuing value assumes 1.0% terminal NOPLAT growth and an 11.49% terminal ROIC, representing approximately 65% of total operating asset value.

Relative Value

We benchmark T-Mobile against its two primary U.S. wireless peers, Verizon Communications (VZ) and AT&T (T), using Price-to-Earnings (P/E) and Price/Earnings-to-Growth (PEG) multiples across 2026E and 2027E estimates.

P/E Analysis. T-Mobile trades at 17.9x 2026E and 14.3x 2027E earnings, representing a significant premium to the peer average of 11.25x and 10.37x, respectively. In isolation, this premium suggests overvaluation relative to peers. However, we believe a simple P/E comparison is misleading in this context, as it fails to account for the

material difference in growth profiles between T-Mobile and its legacy wireline-heavy peers.

PEG Analysis. Adjusting for growth, T-Mobile's PEG ratio of 1.0x (2026E) falls below the peer average of 1.26x, indicating that on a growth-adjusted basis, T-Mobile is actually the cheapest name in the group. This is driven by T-Mobile's estimated 5-year EPS growth rate of 14.2%, more than double Verizon's 6.2% and meaningfully above AT&T's 11.5%, reflecting the operating leverage and margin expansion embedded in our thesis. We therefore view PEG as the more appropriate relative valuation metric for this comparison.

Implied Values. P/E-based implied values of \$123–\$142 understate fair value by mechanically penalizing T-Mobile's premium multiple without adjusting for growth. PEG-implied values of \$210–\$245 are more representative, and are broadly consistent with our DCF-derived intrinsic value of \$277.62, which we view as the primary valuation anchor.

Limitations. We acknowledge that a two-company comp set introduces limitations, Verizon and AT&T, are structurally different businesses with significant legacy wireline exposure and lower growth trajectories. This makes a pure multiple comparison inherently imperfect. Nonetheless, as T-Mobile's closest domestic wireless competitors, they remain the most relevant publicly available benchmarks.

Sensitivity Analysis

The appendix contains many different sensitivity tables, but here we present three sensitivity analyses to stress-test our base case intrinsic value of \$277.62. Each table is designed to isolate a distinct risk dimension relevant to our investment thesis.

DCF		CV Growth of NOPLAT						
\$277.62		0.25%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%
WACC	5.19%	\$318.30	\$326.92	\$336.52	\$347.26	\$359.36	\$373.11	\$388.85
	5.44%	\$296.98	\$304.31	\$312.42	\$321.44	\$331.53	\$342.91	\$355.83
	5.69%	\$277.64	\$283.88	\$290.76	\$298.36	\$306.83	\$316.30	\$326.98
	5.94%	\$260.00	\$265.33	\$271.18	\$277.62	\$284.75	\$292.68	\$301.56
	6.19%	\$243.85	\$248.42	\$253.41	\$258.88	\$264.90	\$271.56	\$278.98
	6.44%	\$229.02	\$232.94	\$237.20	\$241.85	\$246.95	\$252.57	\$258.79
	6.69%	\$215.35	\$218.71	\$222.35	\$226.32	\$230.65	\$235.40	\$240.62

Our first sensitivity varies WACC (5.19%–6.69%) against terminal NOPLAT growth (0.25%–1.75%), producing a value range of \$215–\$388. At our base case of 5.94% WACC and 1.0% CV growth, we derive \$277.62. Notably, intrinsic value exceeds the current price of \$196.03 across

virtually all scenarios, suggesting the stock is not aggressively valued even under moderately adverse assumptions.

DCF	Δ Net Account Additions (vs. base)							
	\$277.62	(15.0%)	(10.0%)	(5.0%)	-	5.0%	10.0%	15.0%
Δ Postpaid ARPA YoY Growth (vs. base)	(1.5%)	\$204.29	\$208.27	\$212.28	\$216.29	\$220.30	\$224.30	\$228.31
	(1.0%)	\$222.66	\$226.87	\$231.08	\$235.30	\$239.51	\$243.75	\$248.01
	(0.5%)	\$241.89	\$246.34	\$250.83	\$255.31	\$259.79	\$264.28	\$268.76
	-	\$262.19	\$266.91	\$271.62	\$277.62	\$283.72	\$289.81	\$295.91
	0.5%	\$286.11	\$292.49	\$298.87	\$305.25	\$311.62	\$318.00	\$324.38
	1.0%	\$314.00	\$320.67	\$327.34	\$334.01	\$340.68	\$347.35	\$354.03
	1.5%	\$343.04	\$350.01	\$356.99	\$363.97	\$370.94	\$377.92	\$384.90

Our second sensitivity stress-tests Driver 1 directly, varying net account additions (±15% vs. base) against postpaid ARPA growth (±1.5% vs. base), producing a range of \$204–\$384. ARPA is the more powerful lever: a 1.5% deterioration alone, holding net adds flat, compresses value to \$216, within touching distance of the current price

DCF	Net Debt / EBITDA (2035E target)											
	1.5x	1.8x	2.0x	2.2x	2.4x	2.6x	2.8x	3.0x	3.5x	4.0x	4.5x	
Capex as % of Revenue	13.0%	\$330.75	\$316.08	\$304.20	\$290.87	\$277.63	\$271.25	\$269.77	\$268.24	\$264.22	\$260.03	\$255.76
	16.0%	\$312.75	\$303.87	\$296.16	\$287.04	\$276.57	\$264.85	\$252.01	\$239.20	\$222.51	\$218.77	\$214.77
	19.0%	\$289.49	\$283.90	\$278.83	\$272.63	\$265.26	\$256.74	\$247.11	\$236.41	\$205.59	\$180.22	\$172.91
	22.0%	\$264.04	\$260.32	\$256.87	\$252.54	\$247.28	\$241.07	\$233.88	\$225.72	\$201.23	\$171.45	\$145.73
	25.0%	\$237.58	\$234.99	\$232.53	\$229.41	\$225.57	\$220.95	\$215.52	\$209.26	\$189.93	\$165.49	\$136.56
	28.0%	\$210.62	\$208.72	\$206.92	\$204.59	\$201.70	\$198.19	\$194.02	\$189.15	\$173.78	\$153.79	\$129.29
	31.0%	\$183.36	\$181.94	\$180.56	\$178.79	\$176.56	\$173.82	\$170.55	\$166.70	\$154.35	\$137.91	\$117.32
	35.0%	\$146.78	\$145.75	\$144.76	\$143.47	\$141.84	\$139.82	\$137.38	\$134.49	\$125.08	\$112.25	\$95.81

Our third and most forward-looking sensitivity models a scenario we characterize as the defensive investment trap: a structural risk unique to the current competitive and technological environment facing U.S. wireless carriers.

Intensifying competition across multiple vectors: traditional carriers (Verizon, AT&T), cable-based MVNOs (Comcast Xfinity Mobile, Charter Spectrum Mobile), value MVNOs (Visible, Boost), and emerging satellite direct-to-cell providers (AST SpaceMobile, Starlink) erodes T-Mobile's pricing power and compresses service revenue growth. Simultaneously, an earlier-than-expected 6G transition forces accelerated network investment not to generate incremental revenue, but simply to defend existing market share and maintain network parity. CapEx becomes defensive rather than growth-generating, a fundamentally different and value-destructive dynamic.

In this environment, T-Mobile faces a binary choice. It can preserve its investment grade credit rating by capping leverage at approximately 2.8x Net Debt/EBITDA, which is the threshold below which rating agencies and debt markets remain comfortable, and fund incremental defensive CapEx by reducing shareholder returns. Alternatively, it can maintain capital returns and lever up, but faces a hard ceiling at 2.8x beyond which investment

grade status is at risk, cost of debt spikes, and the equity re-rates sharply lower.

At our base case of 13% CapEx intensity and 2.4x leverage we derive \$277.62. However, if defensive competitive spending and an accelerated 6G transition force CapEx to 28 to 31% of revenue while leverage approaches the 2.8x investment grade ceiling, intrinsic value falls to \$170 to \$194, at or below the current market price. In this scenario the stock offers no margin of safety.

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T-Mobile
Revenue Decomposition

Fiscal Years Ending Dec. 31	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Revenues																
Postpaid revenues	36,306	42,562	45,919	48,692	52,340	57,932	63,966	67,311	70,956	73,987	76,691	79,618	82,298	83,984	85,472	86,761
Prepaid revenues	9,421	9,733	9,857	9,767	10,399	10,497	10,601	10,350	10,305	10,249	10,288	10,326	10,355	10,478	10,603	10,729
Wholesale and other service revenues	4,668	6,074	5,547	4,782	3,439	2,877	2,986	3,067	3,036	3,127	3,237	3,350	3,417	3,485	3,555	3,626
Total service revenues	50,395	58,369	61,323	63,241	66,178	71,306	77,553	80,728	84,298	87,364	90,215	93,294	96,071	97,948	99,630	101,117
Equipment revenues	17,312	20,727	17,130	14,138	14,263	15,972	16,291	16,617	16,950	17,289	17,634	17,987	18,347	18,714	19,088	19,470
Other revenues	690	1,022	1,118	1,179	959	1,031	1,011	992	973	955	937	919	902	884	868	851
Total revenues	68,397	80,118	79,571	78,558	81,400	88,309	94,856	98,338	102,221	105,607	108,786	112,200	115,319	117,546	119,586	121,438
Growth rates																
Postpaid revenues	60.13%	17.23%	7.89%	6.04%	7.49%	10.68%	10.42%	5.23%	5.42%	4.27%	3.65%	3.82%	3.37%	2.05%	1.77%	1.51%
Prepaid revenues	-1.28%	3.31%	1.27%	-0.91%	6.47%	0.94%	0.99%	-2.37%	-0.43%	-0.55%	0.38%	0.38%	0.38%	1.19%	1.19%	1.19%
Wholesale and other service revenues	162.54%	30.12%	-8.68%	-13.79%	-28.08%	-16.34%	3.80%	2.70%	-1.00%	3.00%	3.50%	3.50%	2.00%	2.00%	2.00%	2.00%
Total service revenues	48.25%	15.82%	5.06%	3.13%	4.64%	7.75%	8.76%	4.09%	4.42%	3.64%	3.26%	3.41%	2.98%	1.95%	1.72%	1.49%
Equipment revenues	75.93%	19.73%	-17.35%	-17.47%	0.88%	11.98%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Other revenues	-40.72%	48.12%	9.39%	5.46%	-18.66%	7.51%	-1.90%	-1.90%	-1.90%	-1.90%	-1.90%	-1.90%	-1.90%	-1.90%	-1.90%	-1.90%
Total revenues	52.00%	17.14%	-0.68%	-1.27%	3.62%	8.49%	3.61%	3.61%	3.61%	3.61%	3.61%	3.61%	3.61%	3.61%	3.61%	3.61%
KPIs (in thousands)																
Postpaid phone customers	66,618	70,262	72,834	75,936	79,013	85,594										
YoY Growth	65.12%	5.47%	3.66%	4.26%	4.05%	8.33%										
Postpaid other customers	14,732	17,401	19,398	22,116	25,105	30,851										
YoY Growth	120.24%	18.12%	11.48%	14.01%	13.52%	22.89%										
Total postpaid customers	81,350	87,663	92,232	98,052	104,118	116,445										
YoY Growth	72.96%	7.76%	5.21%	6.31%	6.19%	11.84%										
Prepaid customers	20,714	21,056	21,366	21,648	25,410	25,943	26,123	26,283	26,423	26,523	26,623	26,723	26,773	26,823	26,873	26,923
YoY Growth	-0.70%	1.65%	1.47%	1.32%	17.38%	2.10%	0.69%	0.61%	0.53%	0.38%	0.38%	0.38%	0.19%	0.19%	0.19%	0.19%
Total customers	102,064	108,719	113,598	119,700	129,528	142,388										
YoY Growth	50.33%	6.52%	4.49%	5.37%	8.21%	9.93%										
Net customer additions (losses)																
Postpaid phone customers	2,218	2,917	3,093	3,082	3,077	3,294	2,500									
YoY Growth	-28.93%	31.51%	6.03%	-0.36%	-0.16%	7.05%	-24.10%									
Postpaid other customers	3,268	2,578	3,326	2,568	2,989	4,504										
YoY Growth	134.43%	-21.11%	29.01%	-22.79%	16.39%	50.69%										
Total postpaid customers	5,486	5,495	6,419	5,650	6,066	7,798										
YoY Growth	21.51%	0.16%	16.82%	-11.98%	7.36%	28.55%										
Prepaid customers	145	342	338	282	258	184	180	160	140	100	100	100	50	50	50	50
YoY Growth	-57.23%	135.86%	-1.17%	-16.57%	-8.51%	-28.68%	-2.17%	-11.11%	-12.50%	-28.57%	0.00%	0.00%	-50.00%	0.00%	0.00%	0.00%
Total net customer additions	5,631	5,837	6,757	5,932	6,324	7,982										
YoY Growth	16.01%	3.66%	15.76%	-12.21%	6.61%	26.22%										
Churn																
Postpaid phone churn	0.90%	0.98%	0.88%	0.87%	0.86%	0.93%										
Prepaid churn	3.03%	2.83%	2.77%	2.76%	2.73%	2.72%										
Postpaid device upgrade rate	18.7%	19.6%	16.6%	11.7%	11.1%	11.8%										
Accounts, end of period																
Total postpaid accounts	25,754	27,216	28,526	29,797	30,894	34,240	35,240	36,440	37,640	38,840	40,040	41,040	41,940	42,740	43,440	44,040
YoY Growth	71.16%	5.68%	4.81%	4.46%	3.68%	10.83%	2.92%	3.41%	3.29%	3.19%	3.09%	2.50%	2.19%	1.91%	1.64%	1.38%
Net account additions																
Postpaid net account additions		1,188	1,436	1,271	1,097	1,180	1,000	1,200	1,200	1,200	1,200	1,000	900	800	700	600
YoY Growth		20.88%		-11.49%	-13.69%	7.57%	-15.25%	20.00%	0.00%	0.00%	0.00%	-16.67%	-10.00%	-11.11%	-12.50%	-14.29%
Inorganic account additions			(126)	0	0	2,166										
Broadband customers, end of period																
Postpaid 5G broadband customers		646	2,410	4,288	5,742	7,602										
Prepaid 5G broadband customers		0	236	488	688	848										
Total 5G broadband customers	0	646	2,646	4,776	6,430	8,450	9,850	11,250	12,550	13,850	15,150					
YoY Growth		309.60%	80.50%	34.63%	31.42%		16.57%	14.21%	11.56%	10.36%	9.39%					
Fiber customers	0	0	0	0	9	997	1,697	2,297	2,897	3,497	4,097					
YoY Growth					10977.78%		70.21%	35.36%	26.12%	20.71%	17.16%					
Total broadband customers	0	646	2,646	4,776	6,439	9,447										
YoY Growth		309.60%	80.50%	34.82%	46.72%											
Broadband - net customer additions																
Postpaid 5G broadband customers		546	1,764	1,878	1,454	1,719										
Prepaid 5G broadband customers		0	236	252	200	160										
Total 5G broadband net customer additions	0	546	2,000	2,130	1,654	1,879	1,400	1,400	1,300	1,300	1,300					
YoY Growth		#DIV/0!	266.30%	6.50%	-22.35%	13.60%										
Fiber customers	0	0	0	0	8	136	700	600	600	600	600					
Total broadband net customer additions	0	546	2,000	2,130	1,662	2,015										
Operating measures																
Postpaid ARPA	131.78	134.03	137.43	139.27	143.85	148.97	153.44	156.51	159.64	161.23	162.04	163.66	165.30	165.30	165.30	165.30
YoY Growth	1.04%	1.71%	2.54%	1.34%	3.29%	3.56%	3.00%	2.00%	2.00%	1.00%	0.50%	1.00%	1.00%	0.00%	0.00%	0.00%
Postpaid phone ARPU	47.74	47.75	48.78	48.83	49.35	50.37										
YoY Growth	3.69%	0.02%	2.16%	0.10%	1.06%	2.07%										
Prepaid ARPU	38.12	38.79	38.76	37.92	36.06	34.14	33.94	32.92	32.59	32.26	32.26	32.26	32.26	32.58	32.91	33.24
YoY Growth	0.45%	1.76%	-0.08%	-2.17%	-4.91%	-5.32%	-0.60%	-3.00%	-1.00%	-1.00%	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%
Postpaid Service Revenue Driver:																
Average Postpaid Accounts		26,485	27,871	29,162	30,346	32,567	34,740	35,840	37,040	38,240	39,440	40,540	41,490	42,340	43,090	43,740
ARPA Scaled		1,608.36	1,649.16	1,671.24	1,726.20	1,787.64	1,841.27	1,878.09	1,915.66	1,934.81	1,944.49	1,963.93	1,983.57	1,983.57	1,983.57	1,983.57
Implied Postpaid Service Revenue	42,597.41	45,963.74	48,735.87	52,382.40	58,218.07	63,965.69	67,310.91	70,955.92	73,987.25	76,690.57	79,617.80	82,298.37	83,984.41	85,472.09	86,761.41	
Overestimated (Underestimated)		35.41	44.74	43.87	42.40	286.07										
Prepaid Service Revenue Driver:																
Average Prepaid Accounts		20,885	21,211	21,507	23,529	25,677	26,033	26,203	26,353	26,473	26,573	26,673	26,748	26,798	26,848	26,898
ARPU Scaled		465.48	465.12	455.04	432.72	409.68	407.22	395.01	391.06	387.14	387.14	387.14	387.14	391.02	394.93	398.88
Implied prepaid revenue	9,721.55	9,865.66	9,786.55	10,181.47	10,519.15	10,601.21	10,350.32	10,305.48	10,248.88	10,287.59	10,326.31	10,355.35	10,478.45			

T-Mobile (TMUS)
Income Statement (in millions)

Fiscal Years Ending Dec. 31	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Revenues														
Postpaid revenues	45,919	48,692	52,340	57,932	63,966	67,311	70,956	73,987	76,691	79,618	82,298	83,984	85,472	86,761
Prepaid revenues	9,857	9,767	10,399	10,497	10,601	10,350	10,305	10,249	10,288	10,326	10,355	10,478	10,603	10,729
Wholesale and other service revenues	5,547	4,782	3,439	2,877	2,986	3,067	3,036	3,127	3,237	3,350	3,417	3,485	3,555	3,626
Total service revenues	61,323	63,241	66,178	71,306	77,553	80,728	84,298	87,364	90,215	93,294	96,071	97,948	99,630	101,117
Equipment revenues	17,130	14,138	14,263	15,972	16,291	16,617	16,950	17,289	17,634	17,987	18,347	18,714	19,088	19,470
Other revenues	1,118	1,179	959	1,031	1,011	992	973	955	937	919	902	884	868	851
Total revenues	79,571	78,558	81,400	88,309	94,856	98,338	102,221	105,607	108,786	112,200	115,319	117,546	119,586	121,438
Operating expenses														
Cost of services, exclusive of D&A	14,666	11,655	10,771	11,497	12,504	13,016	14,331	14,852	15,337	15,020	15,467	15,770	16,040	16,280
Cost of equipment sales, exclusive of D&A	21,540	18,533	18,882	21,277	21,703	22,137	22,579	23,031	23,492	23,961	24,441	24,929	25,428	25,937
Selling, general and administrative	21,607	21,311	20,818	23,470	25,232	25,568	25,555	26,402	27,197	29,172	31,136	31,738	33,484	34,003
Impairment expense	477	-	-	278	0	0	0	0	0	0	0	0	0	0
(Gain) loss on disposal group held for sale	1,087	(25)	-	-	0	0	0	0	0	0	0	0	0	0
Cost of MetroPCS business combination	-	-	-	-	0	0	0	0	0	0	0	0	0	0
Gains (loss) on disposal of spectrum licenses	-	-	-	-	0	0	0	0	0	0	0	0	0	0
Depreciation and amortization	13,651	12,818	12,919	13,508	14,567	13,384	11,529	11,248	12,265	13,469	16,470	15,886	15,615	15,278
Total operating expenses	73,028	64,292	63,390	70,030	74,005	74,105	73,994	75,533	78,290	81,622	87,514	88,323	90,568	91,497
Operating income	6,543	14,266	18,010	18,279	20,851	24,233	28,227	30,074	30,497	30,578	27,805	29,223	29,018	29,941
Other expense, net														
Interest expense, net	(3,364)	(3,335)	(3,411)	(3,774)	(4,464)	(4,495)	(4,632)	(4,637)	(4,932)	(5,068)	(5,901)	(5,718)	(5,573)	(5,422)
Interest expense to affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income (expense), net	(33)	68	113	(224)	(400)	(300)	(150)	(50)	50	40	30	20	20	20
Total other expense, net	(3,397)	(3,267)	(3,298)	(3,998)	(4,864)	(4,795)	(4,782)	(4,687)	(4,882)	(5,028)	(5,871)	(5,698)	(5,553)	(5,402)
Income before income taxes	3,146	10,999	14,712	14,281	15,987	19,438	23,445	25,387	25,614	25,550	21,934	23,526	23,465	24,538
Income tax expense	(556)	(2,682)	(3,373)	(3,289)	(3,997)	(4,859)	(5,861)	(6,347)	(6,404)	(6,388)	(5,484)	(5,881)	(5,866)	(6,135)
Income (loss) from discontinued operations, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income	2,590	8,317	11,339	10,992	11,990	14,578	17,584	19,040	19,211	19,163	16,451	17,644	17,599	18,404
Basic Earnings per Share (EPS)														
Basic Earnings per Share (EPS)	2.07	7.02	9.70	9.74	10.94	13.75	17.40	19.86	21.22	22.58	20.81	24.12	26.19	29.91
Year end shares outstanding (basic)	1,234	1,196	1,145	1,107	1,085	1,036	985	933	878	819	762	701	643	588
Weighted average shares outstanding class (basic)	1,250	1,185	1,169	1,128	1,096	1,060	1,011	959	905	849	790	732	672	615
Annual Dividends per Share	0.00	0.65	3.71	3.80	4.20	4.53	4.95	5.74	6.30	6.72	7.34	7.93	8.63	9.75
Margins:														
Gross profit margin	54.50%	61.57%	63.57%	62.89%	63.94%	64.25%	63.89%	64.13%	64.31%	65.26%	65.39%	65.38%	65.32%	65.24%
Operating income margin	8.22%	18.16%	22.13%	20.70%	21.98%	24.64%	27.61%	28.48%	28.03%	27.25%	24.11%	24.86%	24.27%	24.66%
EBT margin	3.95%	14.00%	18.07%	16.17%	16.85%	19.77%	22.94%	24.04%	23.55%	22.77%	19.02%	20.01%	19.62%	20.21%
EBITDA margin	25.38%	37.46%	39.14%	38.43%	39.08%	38.25%	38.89%	39.13%	39.31%	39.26%	38.39%	38.38%	37.32%	37.24%
Cost Assumptions:														
Cost of services as a % of service revenue	23.9%	18.4%	16.3%	16.1%	16.1%	16.1%	17.0%	17.0%	17.0%	16.1%	16.1%	16.1%	16.1%	16.1%
Cost of equipment sales as % of equip. revenues	125.7%	131.1%	132.4%	133.2%	133.2%	133.2%	133.2%	133.2%	133.2%	133.2%	133.2%	133.2%	133.2%	133.2%
Selling, general, and administrative as a % of total rev	27.2%	27.1%	25.6%	26.6%	26.6%	26.0%	25.0%	25.0%	25.0%	26.0%	27.0%	27.0%	28.0%	28.0%
Depreciation rate	34.3%	30.5%	32.0%	35.1%	38.0%	37.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%
Effective tax rate					25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%

T-Mobile
Balance Sheet (in millions)

Fiscal Years Ending Dec. 31	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Assets:															
Cash and cash equivalents	6,631	4,507	5,135	5,409	5,598	5,174	8,238	11,724	16,018	18,417	29,760	24,321	16,880	8,312	881
Accounts receivable	4,194	4,445	4,692	4,276	4,874	5,312	5,409	5,622	5,808	5,983	6,171	6,343	6,465	6,577	6,679
Equipment installment plan receivables	4,748	5,123	4,456	4,379	4,997	5,132	5,151	5,254	5,359	5,467	5,576	5,688	5,801	5,917	6,036
Inventory	2,567	1,884	1,678	1,607	2,405	2,444	2,326	2,373	2,248	2,116	2,158	2,202	2,246	2,291	2,336
Prepaid expenses	746	673	702	880	1,215	1,495	1,746	2,020	2,087	2,149	2,217	2,279	2,323	2,363	2,399
Other current assets	2,005	2,435	2,352	1,853	5,372	5,217	4,425	3,578	3,379	3,264	3,366	3,460	3,526	3,588	3,643
Total current assets	20,891	19,067	19,015	18,404	24,461	24,773	27,295	30,571	34,900	37,396	49,248	44,291	37,241	29,048	21,975
Property and equipment, net	39,803	42,086	40,432	38,533	38,333	36,173	36,027	35,152	38,328	42,089	51,468	49,645	48,797	47,744	52,743
Operating lease right-of-use assets	26,959	28,715	27,135	25,398	25,692	22,788	21,358	19,685	20,339	21,109	24,466	21,952	19,989	17,996	18,352
Financing lease right-of-use assets	3,322	3,257	3,270	3,091	2,760	2,604	2,594	2,531	2,760	3,030	3,706	3,574	3,513	3,438	3,798
Goodwill	12,188	12,234	12,234	13,005	13,678	13,728	13,828	13,828	14,028	14,228	14,728	14,728	14,778	14,778	15,028
Spectrum licenses	92,606	95,798	96,707	100,558	98,032	101,532	105,032	108,032	112,032	113,032	114,032	115,532	117,032	118,532	120,032
Other intangible assets, net	4,733	3,508	2,618	2,512	3,843	2,856	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Equipment installment plan receivables due after one year, net	2,829	2,546	2,042	2,209	2,683	2,538	2,588	2,640	2,693	2,747	2,802	2,858	2,915	2,973	3,033
Other assets	3,232	4,127	4,229	4,325	9,755	9,755	9,755	9,755	9,755	9,755	3,755	3,755	3,755	3,755	3,755
Total assets	206,563	211,338	207,682	208,035	219,237	216,747	220,978	224,694	237,335	245,887	266,704	258,835	250,520	240,763	241,216
Liabilities and Stockholders' Equity:															
Current Liabilities:															
Accounts payable and accrued liabilities	11,405	12,275	10,373	8,463	10,280	10,434	10,817	11,244	11,617	11,966	11,220	12,685	12,930	11,959	13,358
Short-term debt	5,623	5,164	3,619	4,068	5,135	5,051	5,212	5,218	5,561	5,716	6,698	6,482	6,311	6,133	6,190
Deferred revenue	856	780	825	1,222	1,533	1,202	1,246	1,295	1,338	1,379	1,422	1,461	1,490	1,515	1,539
Short-term operating lease liabilities	3,425	3,512	3,555	3,281	3,814	3,023	2,834	2,612	2,698	2,801	3,246	2,912	2,652	2,388	2,435
Short-term financing lease liabilities	1,120	1,161	1,260	1,175	1,163	969	965	941	1,026	1,127	1,378	1,329	1,307	1,278	1,412
Other current liabilities	1,070	1,850	1,296	1,965	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575
Total short-term liabilities	23,499	24,742	20,928	20,174	24,500	23,264	23,649	23,885	24,816	25,564	26,539	27,445	27,265	25,848	27,509
Long-term debt	67,076	65,301	69,903	72,700	79,649	80,398	82,969	83,058	88,527	90,988	106,625	103,186	100,465	97,629	98,537
Long-term debt to affiliates	1,494	1,495	1,496	1,497	1,498	1,498	1,498	1,498	1,498	1,498	1,498	1,498	1,498	1,498	1,498
Tower obligations	2,806	3,934	3,777	3,664	3,532	3,498	3,517	3,521	3,659	3,761	3,917	3,877	3,863	3,843	3,973
Deferred tax liabilities	10,216	10,884	13,458	16,700	19,583	21,981	24,897	28,414	32,222	36,064	37,980	39,625	41,390	43,149	44,990
Operating lease liabilities	25,818	29,855	28,240	26,408	26,371	23,007	21,563	19,875	20,535	21,312	24,701	22,164	20,181	18,169	18,529
Financing lease liabilities	1,455	1,370	1,236	1,151	1,107	1,080	1,075	1,049	1,144	1,256	1,536	1,482	1,456	1,425	1,574
Other long-term liabilities	5,097	4,101	3,929	4,000	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794
Total long-term liabilities	113,962	116,940	122,039	126,120	135,534	135,256	139,313	141,209	151,378	158,673	180,052	175,626	172,647	169,508	172,896
Stockholders' Equity:															
Common equity (Additional paid-in capital)	73,292	73,941	67,705	68,798	69,460	71,104	71,104	71,104	71,104	71,104	71,104	71,104	71,104	71,104	71,104
Treasury stock, at cost	(13)	(3,016)	(9,373)	(20,584)	(30,545)	(40,545)	(50,545)	(61,545)	(73,545)	(86,545)	(101,545)	(116,545)	(133,545)	(150,545)	(167,545)
Accumulated other comprehensive income (loss)	(1,365)	(1,046)	(964)	(857)	(848)	(848)	(848)	(848)	(848)	(848)	(848)	(848)	(848)	(848)	(848)
Retained earnings	(2,812)	(223)	7,347	14,384	21,136	28,526	38,305	50,889	64,429	77,940	91,402	102,053	113,897	125,696	138,100
Total stockholders' equity	69,102	69,656	64,715	61,741	59,203	58,237	58,016	59,600	61,140	61,651	60,114	55,764	50,608	45,407	40,811
Total liabilities and stockholders' equity	206,563	211,338	207,682	208,035	219,237	216,747	220,978	224,694	237,335	245,887	266,704	258,835	250,520	240,763	241,216

T-Mobile
Historical Cash Flow Statement

Fiscal Years Ending Dec. 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating activities											
Net Income	733	1,460	4,536	2,888	3,468	3,064	3,024	2,590	8,317	11,339	10,992
Depreciation and amortization	4,688	6,243	5,984	6,486	6,616	14,151	16,383	13,651	12,818	12,919	13,508
Stock-based compensation expense	201	235	306	424	495	694	540	595	667	649	829
Deferred income tax expense	256	914	(1,404)	980	1,091	822	197	492	2,600	3,120	2,864
Bad debt expense	547	477	388	297	307	602	452	1,026	898	1,192	1,370
Losses from sales of receivables	204	228	299	157	130	36	15	214	165	62	58
Deferred rent expense	167	121	76	26	0	0	0	0	0	0	0
Losses on redemption of debt	0	0	86	122	19	371	184	0	0	0	0
Gains on disposal of spectrum licenses	(163)	(835)	(235)	0	0	0	0	0	0	0	0
Impairment expense	0	0	0	0	0	418	0	477	0	0	278
Loss on disposal group held for sale	0	0	0	0	0	0	0	377	9	0	0
Funds from operations (FFO)	6,633	8,843	10,036	11,380	12,126	20,158	20,795	19,422	25,474	29,281	29,899
Changes in operating assets and liabilities											
Accounts receivable	(259)	(3,459)	(3,931)	(4,617)	(3,709)	(3,273)	(3,225)	(5,158)	(5,038)	(3,088)	(755)
Equipment installment plan receivables	1,089	(673)	(1,812)	(1,598)	(1,015)	(1,453)	(3,141)	(1,184)	170	(523)	(877)
Inventory	(2,495)	(802)	(844)	(201)	(617)	(2,222)	201	744	197	131	(615)
Operating lease right-of-use assets	0	0	0	0	1,896	3,465	4,964	5,227	3,721	3,480	3,635
Other current and long-term assets	(402)	(133)	(575)	(181)	(144)	(402)	(573)	(754)	(358)	(411)	(1,488)
Accounts payable and accrued liabilities	693	(1,201)	1,079	(867)	17	(2,123)	549	558	(1,126)	(2,041)	1,542
Short and long-term operating lease liabilities	0	0	0	0	(2,131)	(3,699)	(5,358)	(2,947)	(3,785)	(3,879)	(3,457)
Other current and long-term liabilities	22	158	(233)	(69)	144	(2,178)	(531)	459	(839)	(678)	(379)
Other, net	133	46	111	52	257	367	236	414	143	21	445
Net change in working capital (NCWC)	(1,219)	(6,064)	(6,205)	(7,481)	(5,302)	(11,518)	(6,878)	(2,641)	(6,915)	(6,988)	(1,949)
Net cash provided by operating activities	5,414	2,779	3,831	3,899	6,824	8,640	13,917	16,781	18,559	22,293	27,950
Investing activities											
Purchases of property and equipment, including capitalized interest	(4,724)	(4,702)	(5,237)	(5,541)	(6,391)	(11,034)	(12,326)	(13,970)	(9,801)	(8,840)	(9,955)
Purchases of spectrum licenses and other intangible assets	(1,935)	(3,968)	(5,828)	(127)	(967)	(1,333)	(9,366)	(3,331)	(1,010)	(3,471)	(2,568)
Purchases of short-term investments	(2,997)	0	0	0	0	0	0	0	0	0	0
Proceeds from the sale of property, equipment and intangible assets	0	0	0	0	38	0	40	9	12	0	0
Proceeds from sales of lower cities	0	0	0	0	38	0	40	9	12	0	0
Proceeds related to beneficial interests in securitization transactions	0	3,356	4,319	5,406	3,876	3,134	4,131	4,836	4,816	3,579	0
Acquisition of companies, net of cash acquired	0	0	0	(338)	(31)	(5,000)	(1,916)	(52)	0	(373)	(3,523)
Other, net	96	(8)	1	21	(18)	(338)	51	149	154	33	327
Investments in unconsolidated affiliates, net	0	0	0	0	(632)	632	0	0	0	0	(4,056)
Proceeds from disposals of property and equipment and intangible assets	0	0	0	0	0	0	0	0	0	0	0
Sales of short-term investments	0	2,998	0	0	0	0	0	0	0	0	0
Proceeds from the divestiture of prepaid business	0	0	0	0	0	1,224	0	0	0	0	0
Net cash provided by investing activities	(9,560)	(2,324)	(6,745)	(579)	(4,125)	(12,715)	(19,386)	(12,359)	(5,829)	(9,072)	(17,607)
Financing activities											
Proceeds from issuance of long-term debt	4,119	997	10,480	2,494	0	35,337	14,727	3,714	8,446	8,587	12,010
Proceeds from issuance of short-term debt	0	0	0	0	0	18,743	0	0	0	0	0
Payments of consent fees related to long-term debt	0	0	0	0	0	(109)	0	0	0	0	0
Repayments of financing lease obligations	(57)	(205)	(486)	(700)	(798)	(1,021)	(1,111)	(1,239)	(1,227)	(1,367)	(1,252)
Repayments of long-term debt	0	(20)	(10,230)	(3,349)	(600)	(20,416)	(11,100)	(5,556)	(5,051)	(5,073)	(6,199)
Repayments of short-term debt	0	0	0	0	0	(18,929)	0	0	0	0	0
Repayments of short-term debt for purchases of inventory, property and equipment, net	(564)	(150)	(300)	(300)	(775)	(481)	(184)	0	0	0	0
Issuance of common stock	0	0	0	0	0	19,840	0	0	0	0	0
Repurchases of common stock	0	0	(427)	(1,071)	0	(19,536)	0	(3,000)	(13,074)	(11,228)	(9,974)
Dividends on preferred stock	(55)	(55)	(55)	0	0	0	0	0	0	0	0
Dividends on common stock	0	0	0	0	0	0	0	0	(747)	(3,300)	(4,121)
Tax withholdings on share-based awards	(156)	(121)	(166)	(146)	(156)	(439)	(316)	(243)	(297)	(269)	(434)
Cash payments for debt prepayment or debt extinguishment costs	0	0	(188)	(212)	(28)	(82)	(116)	0	0	0	0
Other, net	126	17	5	(52)	(17)	103	(191)	(127)	(147)	(165)	(111)
Net cash provided by financing activities	3,413	463	(1,367)	(3,336)	(2,374)	13,010	1,709	(6,451)	(12,097)	(12,815)	(10,081)
Change in cash and cash equivalents, including restricted cash and cash held for sale	(733)	918	(4,281)	(16)	325	8,935	(3,760)	(2,029)	633	406	262
Cash & cash equivalents, beginning of period	5,315	4,582	5,500	1,219	1,203	1,528	10,463	6,703	4,674	5,307	5,713
Cash & cash equivalents, end of period	4,582	5,500	1,219	1,203	1,528	10,463	6,703	4,674	5,307	5,713	5,975
Free Cash Flow Calculation:											
Funds From Operations	6,633	8,843	10,036	11,380	12,126	20,158	20,795	19,422	25,474	29,281	29,899
Change in Working Capital	(1,219)	(6,064)	(6,205)	(7,481)	(5,302)	(11,518)	(6,878)	(2,641)	(6,915)	(6,988)	(1,949)
Cash From Operations	5,414	2,779	3,831	3,899	6,824	8,640	13,917	16,781	18,559	22,293	27,950
Capital Expenditures	(4,724)	(4,702)	(5,237)	(5,541)	(6,391)	(11,034)	(12,326)	(13,970)	(9,801)	(8,840)	(9,955)
Spectrum Purchases & Other Intangibles	(1,935)	(3,968)	(5,828)	(127)	(967)	(1,333)	(9,366)	(3,331)	(1,010)	(3,471)	(2,568)
Free Cash Flow Before Dividends	(1,245)	(5,891)	(7,234)	(1,769)	(534)	(3,727)	(7,775)	(520)	7,748	9,982	15,427

T-Mobile

Forecasted Cash Flow Statement

Fiscal Years Ending Dec. 31	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Operating Cash Flows										
Net Income	11,990	14,578	17,584	19,040	19,211	19,163	16,451	17,644	17,599	18,404
Depreciation	14,567	13,384	11,529	11,248	12,265	13,469	16,470	15,886	15,615	15,278
Change in Accounts receivable	(438)	(97)	(214)	(186)	(175)	(188)	(172)	(123)	(112)	(102)
Change in Equipment installment plan receivables	(135)	(20)	(103)	(105)	(107)	(109)	(112)	(114)	(116)	(118)
Change in Inventory	(39)	117	(47)	125	131	(42)	(43)	(44)	(45)	(46)
Change in Prepaid expenses	(280)	(252)	(273)	(67)	(63)	(67)	(62)	(44)	(40)	(37)
Change in Other current assets	155	792	847	198	116	(102)	(94)	(67)	(61)	(56)
Change in EIP due after one year	145	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
Change in Other assets	0	0	0	0	0	6,000	0	0	0	0
Change in Accounts payable and accrued liabilities	154	383	427	372	350	(746)	1,465	245	(972)	1,400
Change in Deferred Revenue	(331)	44	49	43	40	43	40	28	26	23
Change in Other current liabilities	0	0	0	0	0	0	0	0	0	0
Change in Deferred tax liability	2,398	2,916	3,517	3,808	3,842	1,916	1,645	1,764	1,760	1,840
Change in Other long-term liabilities	0	0	0	0	0	0	0	0	0	0
Net cash flows from operating activities	28,187	31,796	33,265	34,425	35,556	39,280	35,532	35,120	33,595	36,528
Investing Cash Flows										
Capital expenditures	(10,000)	(10,000)	(9,500)	(9,500)	(11,000)	(12,000)	(13,000)	(12,500)	(13,000)	(14,000)
Change in spectrum licenses	(3,500)	(3,500)	(3,000)	(4,000)	(1,000)	(1,000)	(1,500)	(1,500)	(1,500)	(1,500)
M&A shocks	(1,000)	(2,000)	0	(4,000)	(4,000)	(10,000)	0	(1,000)	0	(5,000)
Change in Other intangibles, net	987	356	0	0	0	0	0	0	0	0
Change in Operating lease right-of-use assets	1,448	92	519	(1,779)	(1,996)	(4,703)	866	375	432	(1,885)
Change in Financing lease right-of-use assets	156	10	63	(229)	(271)	(675)	131	61	76	(360)
Net cash flows from investing activities	(11,910)	(15,042)	(11,918)	(19,508)	(18,267)	(28,379)	(13,502)	(14,564)	(13,993)	(22,745)
Financing Cash Flows										
Change in Short-term operating lease liabilities	(791)	(190)	(222)	87	102	445	(333)	(261)	(264)	47
Change in Long-term operating lease liabilities	(3,364)	(1,444)	(1,688)	660	777	3,389	(2,538)	(1,982)	(2,012)	360
Change in Short-term financing lease liabilities	(194)	(4)	(23)	85	101	251	(49)	(23)	(28)	134
Change in Long-term financing lease liabilities	(27)	(4)	(26)	95	112	280	(54)	(25)	(31)	149
Change in Short-term debt	(84)	162	6	344	155	982	(216)	(171)	(178)	57
Change in Long-term debt	749	2,571	90	5,468	2,461	15,637	(3,439)	(2,721)	(2,836)	908
Change in Tower obligations	(34)	19	4	138	102	157	(40)	(14)	(20)	130
Change in Common equity	1,644	0	0	0	0	0	0	0	0	0
Repurchases of stock	(10,000)	(10,000)	(11,000)	(12,000)	(13,000)	(15,000)	(15,000)	(17,000)	(17,000)	(17,000)
Total Dividends paid	(4,600)	(4,800)	(5,000)	(5,500)	(5,700)	(5,700)	(5,800)	(5,800)	(5,800)	(6,000)
Net cash flows from financing activities	(16,702)	(13,690)	(17,861)	(10,623)	(14,890)	441	(27,469)	(27,997)	(28,170)	(21,214)
Change in cash	(424)	3,064	3,486	4,294	2,399	11,343	(5,439)	(7,441)	(8,568)	(7,431)
Beginning of year cash	5,598	5,174	8,238	11,724	16,018	18,417	29,760	24,321	16,880	8,312
End of year cash	5,174	8,238	11,724	16,018	18,417	29,760	24,321	16,880	8,312	881

T-Mobile
Value Driver Estimation

Fiscal Years Ending Dec. 31	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
NOPLAT:															
Total service revenues	58,369	61,323	63,241	66,178	71,306	77,553	80,728	84,298	87,364	90,215	93,294	96,071	97,948	99,630	101,117
Equipment revenues	20,727	17,130	14,138	14,263	15,972	16,291	16,617	16,950	17,289	17,634	17,987	18,347	18,714	19,088	19,470
Other revenues	1,022	1,118	1,179	959	1,031	1,011	992	973	955	937	919	902	884	868	851
Total revenues	80,118	79,571	78,558	81,400	88,309	94,856	98,338	102,221	105,607	108,786	112,200	115,319	117,546	119,586	121,438
Cost of services, exclusive of D&A	13,934	14,666	11,655	10,771	11,497	12,504	13,016	14,331	14,852	15,337	15,020	15,467	15,770	16,040	16,280
Cost of equipment sales, exclusive of D&A	22,671	21,540	18,533	18,882	21,277	21,703	22,137	22,579	23,031	23,492	23,961	24,441	24,929	25,428	25,937
Selling, general and administrative	20,238	21,607	21,311	20,818	23,470	25,232	25,568	25,555	26,402	27,197	29,172	31,136	31,738	33,484	34,003
Depreciation and amortization	16,383	13,651	12,818	12,919	13,508	14,567	13,384	11,529	11,248	12,265	13,469	16,470	15,886	15,615	15,278
Less: Total operating expenses	73,226	71,464	64,317	63,390	69,752	74,005	74,105	73,994	75,533	78,290	81,622	87,514	88,323	90,568	91,497
Operating EBIT	6,892	8,107	14,241	18,010	18,557	20,851	24,233	28,227	30,074	30,497	30,578	27,805	29,223	29,018	29,941
Add: Implied interest in operating lease rent expense	1,451	1,368	1,586	1,509	1,412	1,500	1,294	1,213	1,118	1,155	1,198	1,389	1,246	1,135	1,022
Add: Implied interest in financing lease rent expense	119	120	120	119	112	113	102	101	99	108	118	145	140	137	134
Operating EBIT adjusted for leases	8,461	9,596	15,947	19,638	20,081	22,464	25,629	29,541	31,291	31,759	31,895	29,339	30,609	30,290	31,097
Estimated operating tax rate	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Less: Estimated operating taxes (accrual)	2,115	2,399	3,987	4,910	5,020	5,616	6,407	7,385	7,823	7,940	7,974	7,335	7,652	7,573	7,774
Plus: Change in Deferred Taxes	250	668	2,574	3,242	2,883	2,398	2,916	3,517	3,808	3,842	1,916	1,645	1,764	1,760	1,840
NOPLAT	6,596	7,865	14,534	17,971	17,944	19,246	22,137	25,672	27,276	27,662	25,837	23,649	24,722	24,478	25,163
Invested Capital (IC):															
Plus: Operating Current Assets (CA):															
Cash and cash equivalents	4,243	4,214	4,161	4,311	4,677	5,024	5,208	5,414	5,593	5,762	5,942	6,108	6,225	6,333	881
Accounts receivable	4,194	4,445	4,692	4,276	4,874	5,312	5,409	5,622	5,808	5,983	6,171	6,343	6,465	6,577	6,679
Equipment installment plan receivables	4,748	5,123	4,456	4,379	4,997	5,132	5,151	5,254	5,359	5,467	5,576	5,688	5,801	5,917	6,036
Inventory	2,567	1,884	1,678	1,607	2,405	2,444	2,326	2,373	2,248	2,116	2,158	2,202	2,246	2,291	2,336
Prepaid expenses	746	673	702	880	1,215	1,495	1,746	2,020	2,087	2,149	2,217	2,279	2,323	2,363	2,399
Other current assets	2,005	2,435	2,352	1,853	2,472	5,217	4,425	3,578	3,379	3,264	3,366	3,460	3,526	3,588	3,643
Total operating current assets	18,503	18,774	18,041	17,306	20,640	24,623	24,266	24,261	24,475	24,741	25,431	26,077	26,586	27,069	21,975
Less: Non Interest-Bearing Current Liabilities (CL):															
Accounts payable and accrued liabilities	11,405	12,275	10,373	8,463	10,280	10,434	10,817	11,244	11,617	11,966	11,220	12,685	12,930	11,959	13,358
Deferred revenue	856	780	825	1,222	1,533	1,202	1,246	1,295	1,338	1,379	1,422	1,461	1,490	1,515	1,539
Other current liabilities	1,070	1,850	1,296	1,965	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575
Total non-interest bearing liabilities	13,331	14,905	12,494	11,650	14,388	14,211	14,638	15,115	15,530	15,920	15,217	16,721	16,995	16,049	17,472
Net operating working capital (NOWC)	5,172	3,869	5,547	5,656	6,252	10,412	9,628	9,146	8,945	8,821	10,214	9,356	9,592	11,020	4,503
Net Other Long-term Operating Assets:															
Property and equipment, net	39,803	42,086	40,432	38,533	38,333	36,173	36,027	35,152	38,328	42,089	51,468	49,645	48,797	47,744	52,743
Operating lease right-of-use assets	26,959	28,715	27,135	25,398	25,692	22,788	21,358	19,685	20,339	21,109	24,466	21,952	19,989	17,996	18,352
Financing lease right-of-use assets	3,322	3,257	3,270	3,091	2,760	2,604	2,594	2,531	2,760	3,030	3,706	3,574	3,513	3,438	3,798
EIP receivables due after one year	2,829	2,546	2,042	2,209	2,683	2,538	2,588	2,640	2,693	2,747	2,802	2,858	2,915	2,973	3,033
Other assets	3,232	4,127	4,229	4,325	9,755	9,755	9,755	9,755	9,755	9,755	3,755	3,755	3,755	3,755	3,755
Other long-term liabilities	5,097	4,101	3,929	4,000	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794
Total net other long-term operating assets	71,048	76,630	73,179	69,556	75,429	70,064	68,528	65,969	70,081	74,937	82,402	77,990	75,175	72,111	77,887
Goodwill and Acquired Intangibles:															
Goodwill	12,188	12,234	12,234	13,005	13,678	13,728	13,828	13,828	14,028	14,228	14,728	14,728	14,778	14,778	15,028
Spectrum licenses	92,606	95,798	96,707	100,558	98,032	101,532	105,032	108,032	112,032	113,032	114,032	115,532	117,032	118,532	120,032
Other intangible assets, net	4,733	3,508	2,618	2,512	3,843	2,856	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Total goodwill and acquired intangibles	109,527	111,540	111,559	116,075	115,553	118,116	121,360	124,360	128,560	129,760	131,260	132,760	134,310	135,810	137,560
Invested Capital without goodwill	173,559	179,805	178,051	178,282	183,556	184,864	185,688	185,647	193,557	199,289	209,148	205,378	204,299	204,163	204,922
Invested Capital (IC)	185,747	192,039	190,285	191,287	197,234	198,592	199,516	199,475	207,585	213,517	223,876	220,106	219,077	218,941	219,950
Free Cash Flow (FCF):															
NOPLAT	6,596	7,865	14,534	17,971	17,944	19,246	22,137	25,672	27,276	27,662	25,837	23,649	24,722	24,478	25,163
Change in IC	9,953	6,292	(1,755)	1,003	5,947	1,358	924	(41)	8,110	5,932	10,358	(3,769)	(1,029)	(136)	1,009
FCF	(3,357)	1,573	16,289	16,968	11,997	17,888	21,213	25,713	19,166	21,730	15,479	27,419	25,751	24,614	24,154
Return on Invested Capital (ROIC):															
NOPLAT	6,596	7,865	14,534	17,971	17,944	19,246	22,137	25,672	27,276	27,662	25,837	23,649	24,722	24,478	25,163
Beginning IC	175,794	185,747	192,039	190,285	191,287	197,234	198,592	199,516	199,475	207,585	213,517	223,876	220,106	219,077	218,941
ROIC	3.75%	4.23%	7.57%	9.44%	9.38%	9.76%	11.15%	12.87%	13.67%	13.33%	12.10%	10.56%	11.23%	11.17%	11.49%
Economic Profit (EP):															
Beginning IC	175,794	185,747	192,039	190,285	191,287	197,234	198,592	199,516	199,475	207,585	213,517	223,876	220,106	219,077	218,941
x (ROIC - WACC)	-2.19%	-1.70%	1.63%	3.50%	3.44%	3.82%	5.21%	6.93%	7.73%	7.39%	6.16%	4.62%	5.29%	5.23%	5.55%
EP	(3,845)	(3,167)	3,129	6,669	6,583	7,532	10,343	13,823	15,429	15,333	13,156	10,353	11,649	11,466	12,160

T-Mobile

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:

Risk-Free Rate	4.14%
Beta	0.61
Equity Risk Premium	5.00%
Cost of Equity	7.19%

ASSUMPTIONS:

10Y Treasury Bond
5Y Weekly raw beta
Henry Fund Estimate

Cost of Debt:

Risk-Free Rate	4.14%
Implied Default Premium	0.83%
Pre-Tax Cost of Debt	4.97%
Marginal Tax Rate	25%
After-Tax Cost of Debt	3.73%

10Y Treasury Bond

YTM on TMUS 10Y Corporate Bond

Market Value of Common Equity:

Total Shares Outstanding	1,102
Current Stock Price	\$196.03
MV of Equity	216,005.46

MV Weights

63.86%

Market Value of Debt:

Short-Term Debt	5,135
Current Portion of LTD	0
Long-Term Debt	84,679
PV of Operating Leases	32,455
MV of Total Debt	122,269

36.14%

Market Value of the Firm

338,274.46

100.00%

Estimated WACC

5.94%

T-Mobile

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:

CV Growth of NOPLAT	1.00%
CV Year ROIC	11.49%
WACC	5.94%
Cost of Equity	7.19%

Fiscal Years Ending Dec. 31	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
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DCF Model:

Free Cash Flow (FCF)	17,888	21,213	25,713	19,166	21,730	15,479	27,419	25,751	24,614	24,154
Continuing Value (CV)										465,134
PV of FCF	16,885	18,901	21,627	15,216	16,284	10,950	18,309	16,231	14,644	276,740
	3.97%	4.44%	5.08%	3.57%	3.82%	2.57%	4.30%	3.81%	3.44%	64.99%
Value of Operating Assets:	425,786									
<i>Non-Operating Adjustments:</i>										
Excess Cash	921									
Total Debt	(122,269)									
PV of ESOP	(65)									
Underfunded Pension	(176)									
Value of Equity	304,198									
Shares Outstanding	1101.9									
Intrinsic Value of Last FYE	\$ 276.07									
Implied Price as of Today	\$ 277.62									

EP Model:

Economic Profit (EP)	7,532	10,343	13,823	15,429	15,333	13,156	10,353	11,649	11,466	12,160
Continuing Value (CV)										246,193
PV of EP	7,110	9,215	11,626	12,249	11,490	9,307	6,913	7,342	6,822	146,477
Total PV of EP	228,552									
Invested Capital (last FYE)	197,234									
Value of Operating Assets:	425,786									
<i>Non-Operating Adjustments</i>										
Excess Cash	921									
Total Debt	(122,269)									
PV of ESOP	(65)									
Underfunded Pension	(176)									
Value of Equity	304,198									
Shares Outstanding	1,102									
Intrinsic Value of Last FYE	\$ 276.07									
Implied Price as of Today	\$ 277.62									

T-Mobile

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

Fiscal Years Ending	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
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EPS	\$ 10.94	\$ 13.75	\$ 17.40	\$ 19.86	\$ 21.22	\$ 22.58	\$ 20.81	\$ 24.12	\$ 26.19	\$ 29.91
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Key Assumptions

CV growth of EPS	2.50%
CV Year ROE	40.53%
Cost of Equity	7.19%

Future Cash Flows

P/E Multiple (CV Year)											20.x
EPS (CV Year)											\$ 29.91
Future Stock Price											\$ 598.36
Dividends Per Share	4.20	4.53	4.95	5.74	6.30	6.72	7.34	7.93	8.63		
Discounted Cash Flows	3.92	3.94	4.02	4.34	4.45	4.43	4.51	4.55	4.62	320.29	

Intrinsic Value as of Last FYE	\$ 359.06
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Implied Price as of Today	\$ 361.09
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T-Mobile

Relative Valuation Models

Ticker	Company	Price	EPS		P/E 26	P/E 27	Est. 5yr		
			2026E	2027E			EPS gr.	PEG 25	PEG 26
VZ	Verizon Communications	\$50.14	\$4.91	\$5.21	10.21	9.62	6.2	1.65	1.55
T	AT&T	\$28.01	\$2.28	\$2.52	12.29	11.12	11.5	1.07	0.97
CMCSA	Comcast	\$30.96	\$3.69	\$3.97	8.39	7.80	0.2	41.95	38.99
CHTR	Charter Communications	\$234.63	\$43.68	\$49.90	5.37	4.70	-0.2	(26.86)	(23.51)
Average					11.25	10.37		1.36	1.26
TMUS	T-Mobile	\$196.03	\$10.94 ▲	\$13.75 ▲	17.9	14.3	14.2 ▲	1.3	1.0

Implied Relative Value:

P/E (EPS25)	\$ 123.09
P/E (EPS26)	\$ 142.57
PEG (EPS25)	\$ 210.35
PEG (EPS26)	\$ 245.17
P/B	\$ 128.90
P/Tangible BV	\$ 107.42

T-Mobile

Present Value of Operating Lease Obligations

Fiscal Years Ending Dec. 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Year 1	2,379.0	2,417.0	2,448.0	2,698.0	2,754.0	4,903.0	3,868.0	4,847.0	4,829.0	4,491.0	5,060.0
Year 2	2,235.0	2,118.0	2,041.5	2,342.0	2,583.0	4,354.0	4,237.0	4,466.0	4,380.0	4,400.0	4,782.0
Year 3	2,046.0	1,832.0	2,041.5	2,342.0	2,311.0	3,759.0	3,846.0	3,953.0	4,048.0	4,093.0	4,425.0
Year 4	1,900.0	1,511.0	1,343.0	1,645.0	1,908.0	3,339.0	3,343.0	3,694.0	3,733.0	3,763.0	4,111.0
Year 5	1,679.0	1,102.0	1,343.0	1,645.0	1,615.0	2,807.0	2,971.0	3,367.0	3,410.0	3,478.0	3,730.0
Thereafter	5,583.0	2,188.0	2,251.0	3,762.0	3,797.0	18,940.0	17,387.0	21,453.0	18,634.0	15,664.0	13,987.0
Total Minimum Payments	15,822.0	11,168.0	11,468.0	14,434.0	14,968.0	38,102.0	35,652.0	41,780.0	39,034.0	35,889.0	36,095.0
Less: Cumulative Interest	2,927.7	1,652.8	1,702.6	2,341.0	2,415.5	8,907.7	8,120.5	9,875.2	8,673.6	7,475.1	7,003.0
PV of Minimum Payments	12,894.3	9,515.2	9,765.4	12,093.0	12,552.5	29,194.3	27,531.5	31,904.8	30,360.4	28,413.9	29,092.0
Implied Interest in Year 1 Payment		640.8	472.9	485.3	601.0	623.9	1451.0	1368.3	1585.7	1508.9	1412.2
Pre-Tax Cost of Debt	4.97%	4.97%	4.97%	4.97%	4.97%	4.97%	4.97%	4.97%	4.97%	4.97%	4.97%
Years Implied by Year 6 Payment	3.3	2.0	1.7	2.3	2.4	6.7	5.9	6.4	5.5	4.5	3.7
Expected Obligation in Year 6 & Beyond	1679	1102	1343	1645	1615	2807	2971	3367	3410	3478	3730

T-Mobile

Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding

Number of Options Outstanding (shares):	7
Average Time to Maturity (years):	0.86
Expected Annual Number of Options Exercised:	8

Current Average Strike Price:	\$ 216.00
Cost of Equity:	7.19%
Current Stock Price:	\$196.03

Fiscal Years Ending Dec. 31	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Increase in Shares Outstanding:	8									
Average Strike Price:	\$ 216.00	\$ 216.00	\$ 216.00	\$ 216.00	\$ 216.00	\$ 216.00	\$ 216.00	\$ 216.00	\$ 216.00	\$ 216.00
Increase in Common Stock Account:	1,644	-	-	-	-	-	-	-	-	-
Share Repurchases (\$)	10,000	10,000	11,000	12,000	13,000	15,000	15,000	17,000	17,000	17,000
Expected Price of Repurchased Shares:	\$ 196.03	\$ 206.09	\$ 216.66	\$ 227.78	\$ 239.47	\$ 251.75	\$ 264.67	\$ 278.25	\$ 292.53	\$ 307.54
Number of Shares Repurchased:	51	49	51	53	54	60	57	61	58	55
Shares Outstanding (beginning of the year)	1,128	1,085	1,036	985	933	878	819	762	701	643
Plus: Shares Issued Through ESOP	8	0	0	0	0	0	0	0	0	0
Less: Shares Repurchased in Treasury	51	49	51	53	54	60	57	61	58	55
Shares Outstanding (end of the year)	1,085	1,036	985	933	878	819	762	701	643	588

T-Mobile

Valuation of Options Granted under ESOP

Current Stock Price	\$196.03
Risk Free Rate	4.14%
Current Dividend Yield	2.06%
Annualized St. Dev. of Stock Returns	22.50%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	6	215.34	0.80	\$ 9.49	\$ 57
Range 2	1	223.71	1.60	\$ 14.07	\$ 7
Total	7	\$ 216.00	0.86	\$ 11.30	\$ 65

T-Mobile
Sensitivity Tables

DCF		Equity Risk Premium						
\$277.62		3.50%	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%
Beta	0.43	\$374.70	\$358.39	\$343.14	\$328.84	\$315.42	\$302.79	\$290.89
	0.49	\$358.75	\$341.43	\$325.33	\$310.34	\$296.34	\$283.24	\$270.95
	0.55	\$343.82	\$325.65	\$308.86	\$293.32	\$278.88	\$265.44	\$252.89
	0.61	\$329.81	\$310.93	\$293.59	\$277.62	\$262.86	\$249.18	\$236.46
	0.67	\$316.63	\$297.17	\$279.39	\$263.10	\$248.10	\$234.26	\$221.44
	0.73	\$304.22	\$284.27	\$266.15	\$249.61	\$234.46	\$220.52	\$207.66
	0.79	\$292.51	\$272.17	\$253.78	\$237.06	\$221.81	\$207.83	\$194.98

DCF		Δ Spectrum Capex % of Rev (base 2.1%)						
\$277.62		-1.50%	-1.00%	-0.50%	0.00%	+0.50%	+1.00%	+1.50%
Δ PR&E Capex % of Rev	-3.00%	\$310.57	\$306.91	\$303.25	\$299.59	\$295.93	\$292.27	\$288.61
	-2.00%	\$303.25	\$299.59	\$295.93	\$292.27	\$288.61	\$284.95	\$281.28
	-1.00%	\$295.93	\$292.27	\$288.61	\$284.95	\$281.28	\$277.62	\$273.96
	0.00%	\$288.61	\$284.95	\$281.28	\$277.62	\$273.96	\$270.30	\$266.64
	+1.00%	\$281.28	\$277.62	\$273.96	\$270.30	\$266.64	\$262.98	\$259.32
	+2.00%	\$273.96	\$270.30	\$266.64	\$262.98	\$259.32	\$255.65	\$251.99
	+3.00%	\$266.64	\$262.98	\$259.32	\$255.65	\$251.99	\$248.33	\$244.67

DCF		CV Growth of NOPLAT						
\$277.62		0.25%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%
WACC	5.19%	\$318.30	\$326.92	\$336.52	\$347.26	\$359.36	\$373.11	\$388.85
	5.44%	\$296.98	\$304.31	\$312.42	\$321.44	\$331.53	\$342.91	\$355.83
	5.69%	\$277.64	\$283.88	\$290.76	\$298.36	\$306.83	\$316.30	\$326.98
	5.94%	\$260.00	\$265.33	\$271.18	\$277.62	\$284.75	\$292.68	\$301.56
	6.19%	\$243.85	\$248.42	\$253.41	\$258.88	\$264.90	\$271.56	\$278.98
	6.44%	\$229.02	\$232.94	\$237.20	\$241.85	\$246.95	\$252.57	\$258.79
	6.69%	\$215.35	\$218.71	\$222.35	\$226.32	\$230.65	\$235.40	\$240.62

DDM		Cost of Equity						
\$292.67		5.69%	6.19%	6.69%	7.19%	7.69%	8.19%	8.69%
CV Growth of EPS	-0.50%	\$340.32	\$305.68	\$276.23	\$250.95	\$238.22	\$229.05	\$209.94
	0.00%	\$362.58	\$323.58	\$290.80	\$262.92	\$238.98	\$218.25	\$200.14
	0.50%	\$389.13	\$344.62	\$307.71	\$276.69	\$250.30	\$227.64	\$207.99
	1.00%	\$421.35	\$369.72	\$327.60	\$292.67	\$263.31	\$238.33	\$216.87
	1.50%	\$461.24	\$400.16	\$351.32	\$311.47	\$278.42	\$250.63	\$226.98
	2.00%	\$511.95	\$437.87	\$380.10	\$333.89	\$296.19	\$264.91	\$238.59
	2.50%	\$578.55	\$485.80	\$415.74	\$361.09	\$317.37	\$281.69	\$252.09

DCF		Δ Cost of Services % (vs. base)						
\$277.62		-1.50%	-1.00%	-0.50%	0.00%	+0.50%	+1.00%	+1.50%
Δ SG&A % (vs. base)	-1.50%	\$318.13	\$312.00	\$305.88	\$299.75	\$293.62	\$287.49	\$281.36
	-1.00%	\$310.76	\$304.63	\$298.50	\$292.37	\$286.25	\$280.12	\$273.99
	-0.50%	\$303.38	\$297.25	\$291.13	\$285.00	\$278.87	\$272.74	\$266.61
	0.00%	\$296.01	\$289.88	\$283.75	\$277.62	\$271.49	\$265.37	\$259.24
	+0.50%	\$288.63	\$282.50	\$276.38	\$270.25	\$264.12	\$257.99	\$251.86
	+1.00%	\$281.26	\$275.13	\$269.00	\$262.87	\$256.74	\$250.62	\$244.49
	+1.50%	\$273.88	\$267.75	\$261.62	\$255.50	\$249.37	\$243.24	\$237.11

DDM		Δ Annual Dividend \$ (vs. base)						
\$292.67		-30%	-20%	-10%	0%	+10%	+20%	+30%
Δ Annual Buyback \$ (-30%	\$221.70	\$225.83	\$229.96	\$234.09	\$238.22	\$242.35	\$246.48
	-20%	\$238.06	\$242.33	\$246.59	\$250.86	\$255.13	\$259.40	\$263.66
	-10%	\$256.92	\$261.34	\$265.76	\$270.18	\$274.59	\$279.01	\$283.43
	0%	\$278.91	\$283.50	\$288.09	\$292.67	\$297.26	\$301.85	\$306.44
	+10%	\$304.90	\$309.67	\$314.45	\$319.23	\$324.01	\$328.78	\$333.56
	+20%	\$336.08	\$341.08	\$346.07	\$351.06	\$356.06	\$361.05	\$366.05
	+30%	\$374.23	\$379.47	\$384.72	\$389.96	\$395.20	\$400.44	\$405.68

DDM		CV Year ROE										
\$292.67		15.5%	20.5%	25.5%	30.5%	35.5%	40.5%	45.5%	50.5%	55.5%	60.5%	65.5%
CV growth of EPS	(0.5%)	\$255.11	\$253.46	\$252.47	\$251.79	\$251.31	\$250.95	\$250.66	\$250.44	\$250.25	\$250.09	\$249.96
	-	\$262.92	\$262.92	\$262.92	\$262.92	\$262.92	\$262.92	\$262.92	\$262.92	\$262.92	\$262.92	\$262.92
	0.5%	\$271.91	\$273.79	\$274.94	\$275.71	\$276.27	\$276.69	\$277.01	\$277.27	\$277.49	\$277.67	\$277.82
	1.0%	\$282.34	\$286.42	\$288.90	\$290.57	\$291.77	\$292.67	\$293.38	\$293.94	\$294.41	\$294.80	\$295.12
	1.5%	\$294.62	\$301.27	\$305.32	\$308.04	\$310.00	\$311.47	\$312.62	\$313.54	\$314.30	\$314.93	\$315.47
	2.0%	\$309.25	\$318.98	\$324.90	\$328.88	\$331.74	\$333.89	\$335.57	\$336.92	\$338.03	\$338.95	\$339.73
	2.5%	\$327.00	\$340.46	\$348.65	\$354.15	\$358.11	\$361.09	\$363.41	\$365.28	\$366.81	\$368.08	\$369.17

DCF		Net Debt / EBITDA (2035E target)										
\$277.62		1.5x	1.8x	2.0x	2.2x	2.4x	2.6x	2.8x	3.0x	3.5x	4.0x	4.5x
Capex as % of Revenue	13.0%	\$330.75	\$316.08	\$304.20	\$290.87	\$277.53	\$271.25	\$269.77	\$268.24	\$264.22	\$260.03	\$255.76
	16.0%	\$312.75	\$303.87	\$296.16	\$287.04	\$276.57	\$264.85	\$252.01	\$239.20	\$222.51	\$218.77	\$214.77
	19.0%	\$289.49	\$283.90	\$278.83	\$272.63	\$265.26	\$256.74	\$247.11	\$236.41	\$205.59	\$180.22	\$172.91
	22.0%	\$264.04	\$260.32	\$256.87	\$252.54	\$247.28	\$241.07	\$233.88	\$225.72	\$201.23	\$171.45	\$145.73
	25.0%	\$237.58	\$234.99	\$232.53	\$229.41	\$225.57	\$220.95	\$215.52	\$209.26	\$189.93	\$165.49	\$136.56
	28.0%	\$210.62	\$208.72	\$206.92	\$204.59	\$201.70	\$198.19	\$194.02	\$189.15	\$173.78	\$153.79	\$129.29
	31.0%	\$183.36	\$181.94	\$180.56	\$178.79	\$176.56	\$173.82	\$170.55	\$166.70	\$154.35	\$137.91	\$117.32
	35.0%	\$146.78	\$145.75	\$144.76	\$143.47	\$141.84	\$139.82	\$137.38	\$134.49	\$125.08	\$112.25	\$95.81

DCF		Δ Net Account Additions (vs. base)						
\$277.62		(15.0%)	(10.0%)	(5.0%)	-	5.0%	10.0%	15.0%
Δ Postpaid ARPA YoY Growth (vs. base)	(1.5%)	\$204.29	\$208.27	\$212.28	\$216.29	\$220.30	\$224.30	\$228.31
	(1.0%)	\$222.66	\$226.87	\$231.08	\$235.30	\$239.51	\$243.75	\$248.01
	(0.5%)	\$241.89	\$246.34	\$250.83	\$255.31	\$259.79	\$264.28	\$268.76
	-	\$262.19	\$266.91	\$271.62	\$277.62	\$283.72	\$289.81	\$295.91
	0.5%	\$286.11	\$292.49	\$298.87	\$305.25	\$311.62	\$318.00	\$324.38
	1.0%	\$314.00	\$320.67	\$327.34	\$334.01	\$340.68	\$347.35	\$354.03
	1.5%	\$343.04	\$350.01	\$356.99	\$363.97	\$370.94	\$377.92	\$384.90