

Q1 2026 Earnings Call *(Corrected version)*

✓ Event Details

Date: 2026-04-22

Company: Crown Castle, Inc.

Ticker: CCI-US

✓ Company Participants

Kristoffer Hinson - Crown Castle, Inc., Vice President-Corporate Finance & Treasurer

Christian H. Hillabrant - Crown Castle, Inc., President, Chief Executive Officer & Director

Sunit S. Patel - Crown Castle, Inc., Executive Vice President & Chief Financial Officer

✓ Other Participants

Ric Prentiss - Analyst

Matthew Niknam - Analyst

Ari Klein - Analyst

Michael J. Funk - Analyst

Richard Choe - Analyst

Eric Luebchow - Analyst

Nicholas Ralph Del Deo - Analyst

Brendan James Lynch - Analyst

Madison Rezaei - Analyst

David W. Barden - Analyst

Batya Levi - Analyst

Brandon Nispel - Analyst

Michael I. Rollins - Analyst

MANAGEMENT DISCUSSION SECTION

Operator

00:00:15 Good day, and welcome to the Crown Castle First Quarter 2026 Earnings Conference Call. All participants will be in listen-only mode. After today's presentation, there will be an opportunity to ask questions. Please note this event is being recorded.

00:00:32 I would now like to turn the conference over to Kris Hinson, Vice President of Corporate Finance and Treasurer. Please go ahead.

Kristoffer Hinson

00:00:41 Thank you, Chloe, and good afternoon, everyone. Thank you for joining us today as we discuss our first quarter 2026 results. With me on the call this afternoon are Chris Hillabrant, Crown Castle's President and Chief Executive Officer; and Sunit Patel, Crown Castle's Chief Financial Officer.

00:00:56 To aid the discussion, we have posted supplemental materials in the Investors section of our website at crowncastle.com that will be referenced throughout the call. This conference call will

contain forward-looking statements, which are subject to certain risks, uncertainties, and assumptions, and the actual results may vary materially from those expected. Information about potential factors which could affect our results is available in the press release and the Risk Factors sections of the company's SEC filings.

- 00:01:22 Our statements are made as of today, April 22, 2026, and we assume no obligation to update any forward-looking statements. In addition, today's call includes discussions of certain non-GAAP financial measures. Tables reconciling these non-GAAP financial measures are available in the supplemental information package in the Investors section of the company's website at crowncastle.com.
- 00:01:44 I would like to remind everyone that having an agreement to sell our Fiber segment means that the Fiber segment results are required to be reported within Crown Castle's financial statements as discontinued operations.
- 00:01:54 Consistent with last quarter, the company's full-year 2026 outlook and first quarter results do not include contributions from what we've previously reported under the Fiber segment, except as otherwise noted.
- 00:02:06 With that, let me turn the call over to Chris.

Christian H. Hillabrant

- 00:02:10 Thank you, Kris, and good afternoon, everyone. We delivered solid first quarter results and are reiterating our guidance for full year 2026. This is a transformative year for Crown Castle, and we believe we have an opportunity to generate attractive shareholder returns as we transition to a standalone tower business and pursue our goal of becoming a best-in-class US tower operator.
- 00:02:33 To maximize shareholder value and to reach our goal of becoming best-in-class, we are focused on three business priorities. Our first priority is to conclude the sale of our small cell and Fiber businesses, which we believe remains on track to close in the first half of 2026. We have received almost all required approvals and have largely completed the separation of our small cell and Fiber businesses.
- 00:02:58 Second, we are working diligently to preserve the value captured in our original DISH agreement from 2020. Along with the Wireless Industry Association, we have taken an active role in engaging with the relevant government authorities to ensure that DISH honors its commitments. We have also taken appropriate legal action.
- 00:03:17 After DISH defaulted on its payment obligations in January, we exercised our right to terminate the agreement and we are seeking to recover the remaining payments DISH owed for the terms of the contract. We believe we have a strong legal case against DISH and continue to vigorously pursue a legal remedy in the Federal courts.
- 00:03:36 During the first quarter, we amended our pending litigation against DISH to include a claim for breach of contract alongside our requests for declaratory judgment. The amendment also asserts a claim against EchoStar for their role in helping DISH evade its contractual commitments.

- 00:03:52 And finally, to become a best-in-class US tower operator, we are performing a thorough review of our business, looking for ways to drive improvement in our operational efficiency and effectiveness. In the first quarter, we successfully executed a restructuring of our tower and corporate organizations, resulting in an anticipated \$65 million reduction to annualized run rate cost.
- 00:04:14 We have benchmarked our performance against competitors to both drive efficiency and excellence in operations. I would like to thank our Crown Castle teammates for working hard to ensure that we continue delivering for our customers during this transition period. I remain impressed by the resilience and determination along this journey.
- 00:04:36 Our 2026 guidance also includes a year-over-year increase in capital expenditures, as we seek to acquire more land under our towers and invest in systems and processes which we believe will drive operational efficiency and effectiveness in the following ways.
- 00:04:54 First, we believe that acquiring land under our towers improves our margin and increases operational control of our assets, allowing us to deliver more value to the customer by meeting their needs more rapidly.
- 00:05:06 Second, we believe the investments we are making to enhance, streamline and automate our systems and processes will improve the quality and accessibility of our asset information and empower the Crown Castle team to make better business decisions in a more timely manner.
- 00:05:23 As I look to the future, I'm excited by the opportunities in our sector, including the persistent growth in mobile data demand, the upcoming spectrum deployments by Crown Castle's customers, and over 800 megahertz of new spectrum auctions beginning in 2027. I believe our focus on becoming a best-in-class US tower operator will position us to capitalize on these trends and maximize cash flow by unlocking additional organic growth and improving profitability.
- 00:05:51 In summary, we believe we will generate attractive shareholder returns by focusing on the following priorities. Concluding the sale of the small cell and Fiber businesses, preserving the value captured in our DISH agreement, and improving our operational efficiency and effectiveness. We believe these priorities, combined with our disciplined capital allocation framework and investment grade balance sheet will maximize shareholder value.
- 00:06:16 With that, I'll turn it over to Sunit to walk us through the details of the quarter.

Sunit S. Patel

- 00:06:20 Thanks, Chris, and good afternoon, everyone. We had a solid start to the year in the first quarter as we executed the previously announced restructuring. First quarter organic growth, excluding the impact of Sprint cancellations and DISH terminations, was 3.1% or \$30 million and included 0.3% or \$3 million decrease in other billings.

- 00:06:44 First quarter organic growth increases to 3.3% if DISH revenues are excluded from prior year site rental billings. Excluding the decrease in other billings, organic growth was 3.6%. This growth was more than offset at site rental revenues by \$5 million of Sprint cancellations, \$49 million of DISH terminations, and a \$26 million decrease in non-cash straight line revenues and amortization of prepaid rent.
- 00:07:16 Adjusted EBITDA and AFFO in the first quarter benefited from lower repair and maintenance costs, sustaining capital expenditures and other non-labor costs. These lower costs were largely due to timing and seasonality, so we expect them to occur later in the year. We also experienced a modest decrease in quarterly interest expense due to lower than anticipated short-term borrowing rates.
- 00:07:44 Turning to page 4. Our full-year outlook remains unchanged. When excluding DISH revenues from prior year site rental billings, our full year outlook includes 3.5% organic growth, excluding the impact of Sprint cancellations and DISH terminations, which we expect to mark the low point. At the midpoint of the range for full year 2026, we expect site rental revenues of approximately \$3.9 billion, adjusted EBITDA of approximately \$2.7 billion and AFFO of approximately \$1.9 billion.
- 00:08:21 As a reminder, for the purposes of building our full year 2026 outlook, we'll assume the sale of the small cell and Fiber businesses closes on June 30. Following the close of the transaction, we plan to allocate approximately \$1 billion to share repurchases and approximately \$7 billion to repay debt, allowing us to remain at our target leverage range between 6 and 6.5 times.
- 00:08:50 Our full year 2026 outlook positions us well to meet our unchanged range for AFFO for the 12 months following the anticipated close of the transaction of \$2.1 billion at the midpoint.
- 00:09:03 Turning to the balance sheet. We ended the quarter with significant liquidity and flexibility, positioning us to efficiently maintain our investment grade rating after the sale of the small cell and Fiber businesses based on our previously announced target capital structure and capital allocation framework.
- 00:09:21 Lastly, our outlook for discretionary CapEx remains unchanged at \$200 million or \$160 million net or \$40 million of prepaid rent received.
- 00:09:33 To wrap up, we believe we have an opportunity to generate attractive shareholder returns as we transition to our standalone tower business and pursue our goal of becoming a best-in-class US tower operator.
- 00:10:03 With that, operator, I'd like to open the line for questions.

QUESTION AND ANSWER SECTION

Operator

- 00:10:08 Thank you. We will now begin the question-and-answer session. The first question comes from Ric Prentiss with Raymond James. Please go ahead.

Analyst:Ric Prentiss

- 00:10:21 **Question – Ric Prentiss:** Yeah. Thanks. Good afternoon, everybody.
- 00:10:25 **Answer – Christian H. Hillabrant:** Hey, Ric.
- 00:10:26 **Question – Ric Prentiss:** Hello. Hey, two questions for me. One, we had noticed at the FCC website that there's an application maybe to split the Fiber, small cell transaction into domestic and international to maybe try and get a May 1 closing. Can you update us as far as is that hopeful? What would be the process? And seems to make sense, but if you could just comment on that FCC letter that's saying maybe you could split it into and the vast majority of the value seems to be in domestic.
- 00:10:57 **Answer – Christian H. Hillabrant:** Yeah. Ric, maybe I'll just start by saying we continue to work towards our stated goal of closing the transaction by the end of first half. We have received the vast majority of approvals, as I mentioned in my statement, and continue to feel very positive about the direction that things are headed. While not getting into the specifics of some machinations that might be going on behind the scenes, we remain extremely confident that we will close by the end of first half, or as soon as possible.
- 00:11:29 **Question – Ric Prentiss:** Okay. Makes sense. And so just trying to work the Washington levers given the government shutdown maybe had affected things. Okay. Second question that we get a lot is when you think about Crown's portfolio of US towers and the peer group, of both public and private companies out there, is there any reason systemically or fundamentally on why over a medium or long term your growth rates should vary from the peer group? Maybe it's something as simple as where we are in the 5G cycle and then heading into a 6G cycle. Is there anything systemically or fundamentally different in your towers that is leading to the kind of lower new lease activity where we're seeing in this year's guidance?
- 00:12:16 **Answer – Christian H. Hillabrant:** Ric, you almost answered the question for me. So thanks for the context there. Yeah. I think if you look at the full course of the 5G cycle to-date, our organic growth has been roughly in line with at least one of the peers and slightly lagged the other. When you include DISH, organic growth was in line with one peer and exceeded the other. So, nothing systemically more cycle of what you have, if you go back in time to the beginning of the 5G cycle, is the timing of when that growth occurred.
- 00:12:46 **Question – Ric Prentiss:** Okay. And as we think of the 6G, you guys might exceed or be similar depending on those cycles. So as we look at 6G coming around someday.
- 00:12:56 **Answer – Christian H. Hillabrant:** I mean, one of the benefits of having a portfolio that tends to skew towards urban and suburban, where the pop coverage is, is it actually drives for us earlier in the cycle. So yes, I think we're looking forward to the 800 megahertz of spectrum being released starting in 2027, in the auctions and what it might be for both Crown and the industry as a whole.
- 00:13:18 **Question – Ric Prentiss:** Makes sense. Thanks, guys. Appreciate it.
- 00:13:20 **Answer – Christian H. Hillabrant:** Thank you, Ric.

Operator

00:13:22 The next question comes from Matt Niknam with Truist. Please go ahead.

Analyst:Matthew Niknam

00:13:28 **Question – Matthew Niknam:** Hey guys. Thanks so much for taking the questions. I will have two questions as well. Just first, on the 5G cycle, I'm just curious, are we at the point now where carriers are coming back to initial 5G coverage layers to add more densification? And is this any different from prior 3G, 4G cycles?

00:13:48 And then secondly, maybe bigger picture question. Is the dynamic of your carrier customers partnering with satellite players for connectivity and remote areas affected at all, how they're approaching network and site planning, in conversations with yourself? Thanks.

00:14:05 **Answer – Christian H. Hillabrant:** Let's start off with the first question, which is around what the carrier behavior has been in terms of densification with 5G. You get a combination of two things. You have both the additional capacity where spectrum is available to add additional radios and tower loading on individual towers in which they're installed today. And then you have a continued densification where maybe they don't have the amount of spectrum that they need and/or they're looking to drive better in building coverage in either residential or workplaces, and therefore go on incremental towers in the form of colocations and not really any change from past deployments and very specific to the individual customer and their spectrum portfolio.

00:14:50 In terms of answering your second question on the satellites. Again, this has been something that I think we've said repeatedly, we see as something that is ultimately a plus up for operators to go into very, very rural locations where maybe coverage is a little more sparse. There's a number of limitations around satellite in terms of in building coverage, line of sight. That doesn't make it a perfect surrogate for really rural sites, but rather something that is an additional plus-up for the satellite companies and the operators to squeeze some incremental revenue opportunities in those very, very rural areas. And in terms of its impact on us as a business, it's really de minimis or inconsequential at this point.

00:15:34 **Question – Matthew Niknam:** Just if I can follow-up quickly, Chris. Does the mix of applications you're seeing between amendments and new colos, has that evolved at all in recent periods?

00:15:45 **Answer – Christian H. Hillabrant:** Nothing specific, no. Thanks, Matt.

00:15:48 **Question – Matthew Niknam:** Great. Thank you.

Operator

00:15:51 The next question comes from Ari Klein with BMO Capital Markets. Please go ahead.

Analyst:Ari Klein

- 00:15:58 **Question – Ari Klein:** Thanks. I think you mentioned in the prepared remarks how you're looking at benchmarking yourself versus peers and curious where you think kind of the biggest incremental opportunity remains on that front?
- 00:16:11 **Answer – Christian H. Hillabrant:** Yeah. Thanks, Ari. I think best in class for us is something that we've defined across several pillars of our business. Think of it in terms of broad base. What do we do to become best in class, towards the customer, towards our teammates here within the company, our shareholders and partners, which are to us landlords and vendors and is just an example of the types of benchmarking we're doing.
- 00:16:33 We're looking at for customer as an example, customer satisfaction and how can we dramatically improve our customer satisfaction over time? We benchmark against our other competitors and find ways to take actions to meet the unmet needs of the customers. It might be in the form of increased cycle time and delivery of an application. It could be in terms of the products that we developed to meet that unmet demand.
- 00:17:00 We look at this holistically of what we can do to drive a superior customer experience, such that when there's choice of a customer between two tower companies, that we win 100% of the jump balls. That's the way I think about it. In terms of teammates, another example might be is looking at employee engagement across the organization post the split. It's about training and developing our employees. It's about process improvement in tools and pay for performance.
- 00:17:25 So in each one of these, we've worked with outside consultants to help us to both define those goals and then to put in goals for 2026 specific to our company performance, but then also over the 2027 to 2028 so that we have a long range transformation that allows us to make that claim that we're a best-in-class tower company. This is how we're approaching it and how we're implementing it in the company today.
- 00:17:50 **Question – Ari Klein:** Thanks for that. And then if I could just follow-up on the last question in relation to satellite risks. I guess if you think about your portfolio and maybe what's in a little bit more remote markets, is there an element that over the long run, whether that's 5 or 10 years, where you think maybe that piece of that risk, are you able to quantify that if that's the case?
- 00:18:12 **Answer – Christian H. Hillabrant:** I mean, we've got no indication from customers. In fact, if you look at most of the public related statements, both of the carriers themselves and even the satellite companies and the Satellite Industry Association, all of them see this as a complementary technology. Now, are there specific use cases in a very rural area for fixed wireless, which we think is obviously we see that they've had some success providing emergency coverage, absolutely. But if I have to walk up the hill to the top of the hill in order to get a satellite signal to place a call, if I want to do anything in the form of mobility and broadband type experience in mobility, this is probably not the substitute that's going to eventually displace towers anytime soon based on all those data sources.
- 00:19:01 **Question – Ari Klein:** Appreciate that. Thank you.
- Operator**
- 00:19:04 The next question comes from Michael Funk with Bank of America. Please go ahead.

Analyst:Michael J. Funk

- 00:19:10 **Question – Michael J. Funk:** Yeah. Thank you for taking the questions. I had two, if I could. So, we've heard this here from a couple of the carriers that they intend to do more densification on their own fiber with small cells in 2026. Just wondering if you're hearing similar comments from your carrier customers, if you look to densify with 5G, then I have one for a follow-up after.
- 00:19:36 **Answer – Christian H. Hillabrant:** If I understand the question correctly, Michael, it's around densification, specifically in the small cells business that we're listing as discontinued operations.
- 00:19:45 **Question – Michael J. Funk:** Well, the carrier is utilizing their own fiber and then using small cell to add capacity, rather than contracting with the tower companies for densification in some of the urban and suburban areas that you mentioned earlier.
- 00:20:00 **Answer – Christian H. Hillabrant:** I don't have any specific knowledge of that. I do know this is that we've seen continued demand of operators starting to ask us if we're interested in going back in the business of building macro cell towers for them. So I would assume that there's some need. As you know, the cost has gone up considerably in the last 6 or 7 years post-pandemic in order to be able to build new sites and therefore, the business cases that we or any other builder of those types of facilities would apply, have to have an appropriate return based on those investments. And so that they might be going off and doing a spot small cell here or there, I wouldn't doubt it, but it certainly isn't something that we've seen a widespread impact into the business or the industry as a whole.
- 00:20:45 **Question – Michael J. Funk:** Okay. And any early conversations with AT&T about points in the spectrum they're acquiring from EchoStar that deal is also expected to close relatively soon, first half of the year.
- 00:20:59 **Answer – Christian H. Hillabrant:** We have continuous conversations with AT&T and all of our customers. I mean, I think we're very eager for that spectrum that DISH had to be put to work. It's a good thing for Crown and for the industry as a whole. And so I'll just leave it at that. We have ongoing commercial conversations with nothing to share at this time.
- 00:21:16 **Question – Michael J. Funk:** Great. Thank you very much.
- 00:21:19 **Answer – Christian H. Hillabrant:** You bet.

Operator

00:21:19 Your next question comes from Richard Choe with JPMorgan. Please go ahead.

Analyst:Richard Choe

- 00:21:25 **Question – Richard Choe:** Hi. I wanted to ask Chris a few – a while back, you talked about looking at growth opportunities, and I was wondering when should we expect, I guess, to see maybe the outcome of looking at those growth opportunities. Would it be after the close of the transaction

and kind of going forward, or is that something that is happening now and something that you can implement sooner?

- 00:21:52 **Answer – Christian H. Hillabrant:** Okay. A couple comments. One is you see from our guide that it is a second half loaded growth guide that we've given, and therefore we're in the process of developing and starting to build that. In terms of like specific things, I'd leave you with what I've said historically, which is the great news is when we talk to our customers, they're looking to do additional business with us and looking for ways that we can partner with them. Some of that is related to, obviously, new colocations or amendments. Some of it's related to an expanded service offering. Many folks are asking for turnkey based services versus the service model that we currently have.
- 00:22:32 We are starting to talk to folks about new tower builds again, which is exciting as a tower company to build new towers and then other things like power-as-a-service or shared generators, things that we believe will help us to openly build the revenue for tower and the profitability of Crown are all on the – all being considered now.
- 00:22:52 And then most recently, if you would have seen, I think, a press release one of our partners recently released, which is around the exciting opportunity potentially here of edge compute and making our 40,000 odd sites available for co-location with data centers. Given that in many of our sites, we have existing shelters that can be reutilized or repurposed for this usage. So there's a bunch of stuff in the pipeline. And I'd just say, look, as our guide is shown for this to be more of a second half series of opportunities.
- 00:23:25 **Question – Richard Choe:** And I have to follow-up with the edge data center comment. Like, how meaningful could that be this year and going into next year? And to actually kind of follow-up on that a little bit. Will you need to add more backhaul at your tower sites, or is the current backhaul situation at most of your towers pretty robust?
- 00:23:47 **Answer – Christian H. Hillabrant:** Yeah. Well, let's start with – as an opportunity, I would characterize this in the trial phase, right. So we've signed an additional partnership to test the waters here. I think I'd mentioned in the last earnings call we're at Mobile World Congress in Barcelona, we saw a lot of very interesting edge use cases starting to develop there.
- 00:24:06 So I think we're excited potentially where this could take us. But these are early days still. And our key is to utilize our existing assets and to find ways to drive new revenue streams. So we're looking at this as a very opportunistic thing for us to pursue with very little capital required. But yet, as a real estate company fully utilizing our assets.
- 00:24:28 So, this is how we're thinking about it. I'd say, let's stay tuned to this. And maybe this is something that we can continue to update you on through the course of the year, as we start to see some of the initial results of the efforts underway.
- 00:24:41 In terms of the Fiber, sorry, second part of that question, the question of the question. Fiber, most of our sites do have Fiber backhaul into them, so there's ample ability to scale those sites. One of the attractive things about tower companies is edge data centers is that you have ample fiber, you have ample power and you have space, which we have all three. Then therefore fairly easy in terms of speed to market for interested parties.

00:25:08 **Question – Richard Choe:** Great. Thank you.

00:25:10 **Answer – Christian H. Hillabrant:** You bet.

Operator

00:25:11 The next question comes from Eric Luebchow with Wells Fargo. Please go ahead.

Analyst:Eric Luebchow

00:25:18 **Question – Eric Luebchow:** Great. Appreciate it. Just to follow-up on Richard's question, I think you mentioned that there might be some opportunity for new tower builds. I think that's something we haven't seen a lot among the public tower REITs in the last few years. Just curious like what form that could take, how significant it could be, and what kind of returns do you think you could get on that? I think generally speaking, single tenant towers are not generally pretty low return business. But maybe you could elaborate a little bit on that, that comment.

00:25:47 **Answer – Christian H. Hillabrant:** Yeah. And I certainly don't want to raise expectations that we're going into a mass tower build here. It's more a demand profile from our customers looking for partners to help them build towers. I think some of the other smaller companies have started to slow down. And as the cost of capital, to your point has become more expensive, it requires making sure that you really have potentially multiple tenants lined up in order to build these towers and to make the business cases work.

00:26:14 So, we have a very disciplined approach in place on how we look at this. It's initially going to be small volumes here. But I think our hope is to eventually find a way to provide this as a service to our customers, as I think we're in a unique position given our size and scale to deliver this at a price that's effective and attractive in the marketplace, but allows for the returns that Sunit and his team require in order for us to put cement in the ground.

00:26:45 **Question – Eric Luebchow:** Great. And just one follow-up. I think you've talked the last couple quarters about kind of cost efficiencies through SG&A and gross margins and getting your margins up 300 or 400 basis points over some period of time. So just wanted to confirm that. And potentially anything you can reveal on kind of some of the cost initiatives that we'll see after the Fiber and small cell deal closes, that could kind of close some of the margin gap you have versus your two tower peers? Thanks.

00:27:14 **Answer – Sunit S. Patel:** Yeah. Let me take that. It's Sunit. So, we've already done a fair bit of that with that 20% reduction in staffing this last quarter. Having said that, I do think there are two big areas. One is what Chris talked about in his remarks, which is us buying ground leases at returns that exceed our cost of capital. We think that is a long-term opportunity for us where structurally our costs are higher than our peers because they own more of the towers underneath the – more of the land underneath the towers than we do.

00:27:54 So that is a good long-term opportunity for us where we're executing harder on. And then the second is what we talked about, which is investments in platforms and systems and automation, which we think will continue to drive efficiencies over the next peers. So yeah, I mean, as I look at where we're in 2026, let's all the way out to 2030, definitely think that we can do another, meaning

in addition to the reduction we made, probably another well over 200 basis points in margin improvements.

00:28:29 **Question – Eric Luebchow:** Thank you.

Operator

00:28:32 The next question comes from Nick Del Deo with MoffettNathanson. Please go ahead.

Analyst:Nicholas Ralph Del Deo

00:28:38 **Question – Nicholas Ralph Del Deo:** Hi. Thanks for taking my questions. Maybe Sunit, to continue on the land topic, you currently own land in about 30% of your towers. How high do you think that can go over some reasonable time horizon? And how would you characterize the level of competition to acquire land and like, the number of opportunities that you're seeing?

00:29:01 **Answer – Sunit S. Patel:** Yeah, it's a great question, Nick, because some of it is like how we engage with our landlords and make sure that they want to do something, they would prefer us. Some of it is financial returns. We are right. We might be competing against other people. We do believe our cost of capital is lower than many of those operators. Just focus on land purchases.

00:29:26 So, I mean, I think that you're beginning to – you saw some benefit in the first quarter, you saw our CapEx is a little higher. But we do think this is a long-term opportunity. And where can we get to? I mean, our goal is over the next handful of years, get to a point where we own from 30% to as much as 40% of the land underneath our tower. So it's a long-term opportunity for us that we think we just stay focused on and turn up the dial on that and continue to execute well on.

00:30:01 **Question – Nicholas Ralph Del Deo:** Okay. Should we think of the level of CapEx over the last couple of quarters as being reasonable prospectively, or do you think that might even go a little higher to the extent that you can get the machine operating efficiently?

00:30:12 **Answer – Sunit S. Patel:** I think the guide we provided for this year, I think is fine. And then we'll see kind of where we get to towards the end of the year from a run rate production perspective and then see if what guide we provide next. But yeah, I think this year's guide should be adequate in terms of the range to get done what we think need to get done.

00:30:32 **Question – Nicholas Ralph Del Deo:** Okay. Thanks, Sunit.

Operator

00:30:36 The next question comes from Brendan Lynch with Barclays. Please go ahead.

Analyst:Brendan James Lynch

00:30:41 **Question – Brendan James Lynch:** Great. Thanks for taking my questions. Maybe to start with the satellite deployments. And Chris I would agree with your assessment that there isn't too much of a

risk from direct-to-device to the tower business. Maybe you could comment on the fixed wireless access demand that you've had over the years, and how that might be at some risk of increased competition from satellite, from broadband satellite?

00:31:08 **Answer – Christian H. Hillabrant:** Well, let's start with the premise of the start of fixed wireless for the operators, and I've spent half my career on the operator's side, so little bit of insights here. It was really about excess capacity being soaked up, and monetized by the operators. Since that time, if you look at the current growth rate of data being on a CAGR of like 30% plus, it's now clear this is a new line of business, and that is driving incremental activity in terms of densification, and capacity in the 5G networks as these operators really go and push this as an opportunity to grow their top line business.

00:31:47 Again, our portfolio tends to skew more towards suburban and urban. The hypothesis that you're going to replicate the capacity that a terrestrial network has to service that customer from a broadband perspective seems highly problematic to me comparative to that very rural customer where you might have excess capacity. The coverage areas of the individual satellites are much larger in terms of the service areas that they provide to than say a terrestrial network in general.

00:32:15 And therefore, I think we feel pretty confident that that won't be something anytime soon where the satellite guys are going to be going after the urban customer, but rather the rural customer, rather the guy who's out in his boat somewhere, and wants to have broadband available or the farmer out in the farmland. This is how I think we're looking at it and as the industry looks at it today.

00:32:40 **Question – Brendan James Lynch:** Okay. Thank you. That's helpful. And maybe a related question, because we've also seen a lot of fiber being rolled out, fiber to the home. How should we think about that as competition that might be a little bit more urban, suburban focused than the satellite capacity that might be available?

00:32:56 **Answer – Christian H. Hillabrant:** Well, if you're thinking about like voice over Wi-Fi as an example using VoIP, obviously it's been great for the operators to find a way to offload their networks, to provide that capacity using Wi-Fi, and broadband. But again, as a – this is the same experience, and that somebody is utilizing going on to Wi-Fi outside of the home as a way of offloading. If there's a new business model in there, I'm not aware of it.

00:33:27 So in terms of threats that we look at is what could conceivably reduce the capacity requirements of our network across our portfolio. We don't see Wi-Fi beyond what is already being used as a huge disruptor in the marketplace, and suddenly shifting huge amounts of capacity off the operator networks. I think they would have done it already if they could.

00:33:51 **Question – Brendan James Lynch:** Okay. Thank you. And maybe just one other on the satellite front. To the extent that the satellite networks are going to need to connect to terrestrial networks, is there any upside potential from the satellite operators deploying at some terrestrial sites?

00:34:09 **Answer – Christian H. Hillabrant:** I mean; the good news is Crown Castle is open for business. So to the extent that one of the satellite operators decides to build a terrestrial network, and going into the type of competition that you described previously, I think we're open for business, and eager to offer our towers, and rooftops to those operators. I haven't seen anything that says that they're going to do this in any publications, maybe you know something that I don't. But again, it's

an opportunity that exists, if somebody would step into the breach that the DISH has left in the market.

00:34:47 **Question – Brendan James Lynch:** Great. Thank you, Chris.

00:34:48 **Answer – Christian H. Hillabrant:** You bet.

Operator

00:34:50 The next question comes from Madison Rezaei with Bernstein. Please go ahead.

Analyst:Madison Rezaei

00:34:57 **Question – Madison Rezaei:** Thank you. Appreciate the extra color on the DISH litigation guys. I know it's a little bit of a black box, and we're all just sort of waiting to see. In this theoretical scenario where outcomes move in your favor, I guess how should we think about sort of recoveries? Are we thinking this is potentially a primary like one-time cash proceeds? Do we think there could be something more structural? How do we think that could ultimately flow through if we have any sort of context?

00:35:23 **Answer – Christian H. Hillabrant:** Well, let me start by reiterating what I always do, which is that we are aggressively taking every action to compel DISH to fulfill its obligations both from a legal perspective, from a lobbying, and public interest perspective. I've certainly been getting the frequent flyer miles back and forth to DC, meeting with members of the administration, members of Congress, the FCC, and the like kind of telling the story. And I think hats off to the WIA or Wireless Industry Association. I think they've done a very good job laying out compellingly why this is not in the public interest to allow DISH to walk away from their obligations without paying their bills. And so I'm hopeful that there will be some action taken, although we don't have any specific knowledge of how this will unfold exactly.

00:36:08 In terms of the legal process, we feel really good about our lawsuits. I think we feel like we're in a good position disputing the force majeure, and the various suits that we filed. But I think I've always cautioned the folks on these calls that legal outcome is going to take at least a year, and so there's some time that it will take to get to a resolution there. And then any type of government intervention on our negotiated settlement would be on an ad hoc basis, and that would also take time.

00:36:37 So there's no, I don't have a crystal ball in front of me right now. But I would say, if at the end of the day, I will feel very good having left it all out on the pitch. We've done everything we possibly can to try to drive to a favorable outcome for our shareholders. But, and I think legally we're in a good position, but the timing of that, how it might manifest itself is still very much an unknown.

00:37:04 **Question – Madison Rezaei:** Appreciate it guys. Let us know if you find a crystal ball. We would like a view.

00:37:08 **Answer – Christian H. Hillabrant:** I'll let you know. Thank you.

Operator

00:37:12 The next question comes from David Barden with New Street Research. Please go ahead.

Analyst:David W. Barden

00:37:17 **Question – David W. Barden:** Hey, guys. Yeah. I'd love that crystal ball. So if you guys, you want to share it with the rest of the Street, let us know. So I guess I got two questions. So I guess, Chris with respect to the upper C-band auction, which is going to come in 2027, it's kind of the biggest event that's going to really happen next year. Could you lay out what you believe based on your conversations with the community of carriers, the base case deployment expectation is because there's been a lot of reporting about the FAA altimeter interference with the 4.2 to 4.4 gigahertz. And I think it would be great to just get a sense as to whether when we get this auction done, is this going to be something that drives growth in 2027 or 2028 or 2029 or somewhere beyond?

00:38:14 And the second question, if I could please is, there were a couple of questions earlier about the edge data center stuff. And we've been talking about this for a really long time largely in part, because of Crown Castle. And the question is, how does that business model look? Like who owns the shed? What zoning do you require? How political could it be to get a data center plugged into a local community that uses X amount of power? Who owns the servers? Who deploys? How does it work? If you guys have had thoughts about that, it would be really interesting to hear, like the evolved business model would be great. Thank you.

00:39:06 **Answer – Christian H. Hillbrant:** Yeah. I'll start out with the first half and I'll let Sunit opine on the second half. So in terms of the upper C-band and the spectrum that's made available, it is really hard to give you an estimate of when we think that will be put into service. I think the good news is, as you know, we have agreements in place with our customers that drive the capacity loading ability of each of the sites is it's not going to require a lot of work for us to be able to partner with our customers in enabling that rollout and as rapid as they're willing to deploy it.

00:39:44 I do know this. There is a huge, again, back to my more recent experience in D.C., there is a growing excitement amongst members, senior members of Congress and the administration around emerging 6G and the spectrum that's being put into play here starting in 2027, that will enable the US to have a strong leadership position in 6G. Now how that manifests itself. What are the use cases? I can't tell you. I'm not sitting in the boardrooms of those companies. But there's going to be a lot of push from the government to enable this, to provide funding for it, to provide spectrum for it. And so I'm excited about what that means for the industry as a whole as I think about long term. And eventually that will – we'll find a way to have a long-term guidance that you guys will actually be happy with in our guide. But all I can say is we're very hopeful for where we're headed in that perspective.

00:40:37 I think in terms of the second part of the question on the edge data center, do you want to talk about that, Sunit?

00:40:44 **Answer – Sunit S. Patel:** Yeah, I mean, the business model there is, look, we're a real estate company. So, we sell a lot of vertical space. We also have horizontal space. So, in this case it's conditioned shelter space that people would rent that would have power. So it would provide power in some cases they might want power backups. They would look at that.

00:41:05 And then like Chris said earlier, all our towers have fiber backhaul coming into those towers. So, I think the advantage about what we have is you have a fiber connection, you have power, and you can have a sort of secure, conditioned shelter space. And we have a fair bit of that already because of prior initiatives. And in some cases, we look to either improve putting new shelter space. But essentially all we are doing is renting out real estate, which is what we do as a business, mostly vertical real estate and in this case, horizontal real estate. So we're not taking any depreciation or technology risk by deploying our own servers or anything like that.

00:41:52 **Answer – Christian H. Hillabrant:** Yeah. David, the other thing, just from my experience in actually building networks and sites and data centers, is that, there's this not in my backyard around data centers to about the power requirements and the cooling requirements. But one of the advantages of the edge, beyond the fact of that you have really low latency is typically these are much smaller installations. So you don't have the community uproar about a very, very large facility being put into place. And it provides some level of redundancy in that you have it, you have the edge compute put out in multiple locations, and therefore you have additional physical redundancy built into the network. So, couple things of why, if anything, maybe it's even a smaller impediment to getting these out into place than the very large data centers that are getting some pushback in communities now.

00:42:41 **Question – David W. Barden:** All right, Chris, thank you. And Sunit, thank you so much. Appreciate it.

00:42:44 **Answer – Christian H. Hillabrant:** You bet.

Operator

00:42:46 The next question comes from Batya Levi with UBS. Please go ahead.

Analyst:Batya Levi

00:42:52 **Question – Batya Levi:** Great. Thank you. Looking at your renewal cycle, it looks like you have a big one coming up with one of your tenants in 2028. Can you provide some guidance on when those discussions would typically begin, and how you would approach such a renewal with potential competition from private companies or carrier owned deployments, maybe even satellite coverage. I think that would be helpful to understand what elements of a new contract would be of utmost importance for you. Maybe the contract length or escalator? Some guidance around that would be helpful. Thank you.

00:43:28 **Answer – Sunit S. Patel:** Yeah. Thank you, Batya, for your question. We typically don't get into specific customer discussions, but I would say over any 5 or 10-year period, we do have several, at least with the three big ones, one or two of them where we are renegotiating either because it's a new agreement which, which all our agreements are long term, 10 to 15 years, or in some other cases, they want to occupy more space on our tower than they might have had given they're deploying new spectrum band. So, it depends, what those negotiations look like based on what their needs are at the time. But I would just say that we have agreements with all our clients, and we generally try to work on them on a timely basis with all our clients. So that's all I can probably say at this point.

00:44:28

Question – Batya Levi: But maybe would you have a preference to do renewals in parts or does it typically have a sort of all-in renewal?

00:44:39 **Answer – Sunit S. Patel:** It sort of depends on the situation and what the client or the carrier wants to do, given what, where they are. Sometimes you do the old things, sometimes you might do some interim arrangements while you're working on the old things. It just depends.

00:44:56 **Question – Batya Levi:** Okay. Thank you.

Operator

00:45:00 The next question comes from Brandon Nispel with KeyBanc Capital Markets. Please go ahead.

Analyst:Brandon Nispel

00:45:07 **Question – Brandon Nispel:** Yeah. Hey, guys. Thanks for taking the question. I was hoping you could talk about your capital allocation and specifically your dividend framework. The payout ratio is going to be extremely high at 90%. And I think pre deal we were probably expecting the payout ratio to be much lower and work its way up. And with where the stock's at, it seems to make a lot more sense and be more creative if you were to actually cut your dividend and buy back stock, especially as we sort of forecast out AFFO growth next year, assuming you delever. So, I was hoping you could talk about that and sort of your decision to keep the dividend at current levels. Thanks.

00:45:47 **Answer – Sunit S. Patel:** Sure. Thank you. Yeah. I mean, just this question saw a lot of discussion and deliberation, both with the team and also with the Board and the finance committee of the Board, and even back when we first announced this capital allocation framework. If you recall back then, people worried about what DISH make it, for example. So some of this was thought through. And I think that, where we came out is, is to basically reiterate that the dividend would stay where it is now.

00:46:21 We do think that, as we said previously, that we can grow our AFFO pretty well. And so we will, over the next couple of years or so, get to the point where the dividend payout is within the ratio of the range that we've talked about. And then in the short term, we are paying down a lot of debt because one of the key things for us is to remain investment grade. And we are going to be buying out \$1 billion of shares, which should also help both return capital to our shareholders and also drive AFFO per share growth.

00:46:58 So yeah, we did contemplate or think through that more than a year ago. And as I said at the time, people worried about if DISH would even be around. So, that was part of our thinking.

00:47:14 **Question – Brandon Nispel:** Okay. Thanks for taking the question.

Operator

00:47:18 Our final question comes from Michael Rollins with Citi. Please go ahead.

Analyst:Michael I. Rollins

- 00:47:26 **Question – Michael I. Rollins:** Thanks and good afternoon. A couple of topics, if I could. So the first one is, if you were a private company, what could Crown Castle do differently that's difficult or you wouldn't do whether it's operationally or strategically as a public company? And just curious if there's other considerations as you think about where's best for Crown to operate in public versus private markets.
- 00:47:59 And the second question I had was going back to the terms of contracts and I know you can't talk about individual customers. But when you look at the cohorts of towers that you manage and the vintages and where they came from, is there – and you mentioned earlier that you're a real estate company, so I think of mark-to-market. In your portfolio, is there a significant number of towers that could either at some point have a significantly positive mark-to-market or a negative mark-to-market that investors should be mindful of? Thanks.
- 00:48:42 **Answer – Sunit S. Patel:** Yeah. Great questions. On the private versus public, I think that the goals and objectives that Chris articulated, I don't think have changed. Like making sure we are, customer experience, customer satisfaction, improving our cycle times, operating efficiently, driving productivity. I think those would remain in place. I think where we see opportunities to put money to work like we talked about buying ground leases, I don't think that would change. Making investments in platforms and systems, to drive more efficiency, productivity, automation. I don't think that would change.
- 00:49:28 The only real change in a private company is, I believe, how much leverage you might take, and what would you do with your cash? Because you're not paying dividends out whether you pay debt down or pay to your shareholders. But from an operational perspective, I don't know that we would do anything, but I'll let Chris jump in...
- 00:49:46 **Answer – Christian H. Hillabrant:** I was just going to say I just came from leading a private tower company in Europe, and there's not a lot of differences. And in fact, you still pay dividends even as a private company. So I don't know that there's any real advantages or disadvantages. I think in the end, we should always be guided by what's in the best interest of shareholders that would guide a decision like that.
- 00:50:06 I think it would be very expensive possibility, but it, look, we would do whatever is in the best interest of shareholders always. But I can assure you, in terms of running a private tower company versus a public tower company, we all face the same series of pressures to drive efficiency, highest return on invested capital. And it's about servicing the customer, and I don't really see any advantages one way or the other, only in terms of the valuation of how they're looked at in the public and private markets that would differentiate them. No real advantages that I would see. But that's one man's opinion.
- 00:50:49 **Answer – Sunit S. Patel:** Yeah. And then on your question with respect to repricing tower asset value in terms of contracts, we have quite a few levers with clients. One is to the extent they want more space on an existing tower beyond what they are contracted for, how would you charge for that? To the extent they want to add new towers, what's the pricing for that? And in some cases, you might either have average costs over tower. In some cases you might have market specific pricing.
- 00:51:24 So just depending on – escalators is another one. So, depending on the client, the history where you are, what kind of money we might or might not be leaving on the table, competition et cetera.

What kind of commitments the clients is making for the new tower or needing more space on an existing tower, we – all of that gets factored into our commercial models to try and figure out what, how we can craft sort of win-win outcomes for both sides.

00:51:58 **Question – Michael I. Rollins:** Thanks very much.

Operator

00:52:02 The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

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