

✓ **Event Details**

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Company: Crown Castle, Inc.

Ticker: CCI-US

✓ **Company Participants**

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

Daniel K. Schlanger - Crown Castle, Inc., Interim President and Chief Executive Officer

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

✓ **Other Participants**

Jonathan Atkin - Analyst

Ric Prentiss - Analyst

Michael I. Rollins - Analyst

James Edward Schneider - Analyst

Alexander Waters - Analyst

Benjamin Swinburne - Analyst

Nicholas Ralph Del Deo - Analyst

Richard Choe - Analyst

Batya Levi - Analyst

Jonathan Chaplin - Analyst

Brandon Nispel - Analyst

Brendan James Lynch - Analyst

MANAGEMENT DISCUSSION SECTION

Operator

Good day, and welcome to the Q1 2025 Crown Castle Earnings Conference Call. All participants will be in a listen-only mode. After today's presentation, there will be an opportunity to ask questions. Please note that this event is being recorded.

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

Kristoffer Hinson

Thank you, Darcy, and good afternoon, everyone. Thank you for joining us today as we discuss our first quarter 2025 results. With me on the call this afternoon are Dan Schlanger, Crown Castle's Interim President and Chief Executive Officer, and Sunit Patel, Crown Castle's Chief Financial Officer.

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 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 factor sections of the company's SEC filings.

Our statements are made as of today, April 30, 2025, 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.

With that, let me turn the call over to Dan.

Daniel K. Schlanger

Thanks, Kris, and good afternoon, everyone. Before I begin, I'd like to thank the board for placing its confidence in me to lead the company during this interim period as they work to identify the next CEO. I'm grateful to have this opportunity, and I'm excited we're on a path to becoming a pure-play US tower company. I believe the decision to sell our fiber segment positions each of our tower, small cell, and fiber solutions businesses to be highly successful going forward while unlocking substantial value in our tower business.

To help realize that value, while in this role, my top priorities are facilitating the successful and efficient close of the small cell and fiber solution sale, delivering on the company's financial and operating objectives for 2025, and positioning the tower business to maximize value for shareholders on a standalone basis.

We are off to a good start by delivering strong first-quarter results, giving us confidence in our full-year 2025 outlook. Additionally, although we are in the early phases, we are making good progress towards separating our fiber solutions and small cell businesses so that we can close the sale in the first half of 2026.

Going forward, I believe we have a unique value creation opportunity as the only public pure-play tower company focused exclusively on the US, which we continue to believe is the best market in the world for tower ownership.

Since the early stages of 5G network deployment in 2020, mobile data demand in the US has grown substantially. To maintain network capacity and quality, our customers have invested over \$35 billion annually in their networks, resulting in more than 5% average annual organic growth in our tower business from 2020 to 2024.

Looking forward, we believe that continued growth in data demand will drive durable growth in our business. As you can see on page four of our earnings materials, history demonstrates just how durable US tower demand growth has been across market cycles and macroeconomic conditions.

Over the past two decades, the US has experienced two recessions and 10-year treasury yields have fluctuated by almost 4% while cash site rental revenues in our tower business have grown consistently. Further underscoring the strength of the US tower business model and the resiliency of the demand for our assets, tariff policies do not impact our full year 2025 outlook.

In addition to benefiting from the durable and healthy market dynamics we enjoy in the US, we believe that being a pure-play tower company will allow us to unlock value by focusing on customer service, operational excellence, and improved profitability. We believe these areas of focus will drive both higher top and bottom-line growth by positioning us to win additional revenue opportunities, improve operational efficiency, and deliver for our customers and shareholders.

We are complementing the attractive cash flow profile from our US tower business with a capital allocation framework that balances predictable return of capital to shareholders with financial flexibility and balance sheet strength. With limited sustaining capital expenditures, variable costs, and growth capital required to

drive incremental revenues, the tower business generates significant cash flows, giving us flexibility in our capital allocation.

As announced last quarter, we will first look to return capital to our shareholders via a quarterly dividend set in any given year at a rate of about 75% to 80% of anticipated AFFO excluding amortization of prepaid rent. Consistent with this framework, the board has indicated that it intends to reduce our annualized dividend per share to \$4.25 beginning in the second quarter of 2025.

Additionally, after the close of the sale transaction, we expect to spend between \$150 million and \$250 million of annual capital expenditures net of prepaid rent received. This capital spend primarily includes modifying our towers, purchasing land under our towers, and investing in technology and systems that will enhance profitability.

Lastly, we expect to repurchase shares. Currently, Crown Castle's board intends to implement a share repurchase program of approximately \$3 billion in conjunction with the close of the sale of our fiber solutions and small cell businesses.

To support our capital allocation framework and balance sheet strength, we plan to manage our debt balance to maintain an investment-grade credit rating. With this in mind, after closing the sale transaction, we expect to use approximately \$6 billion of cash proceeds to repay debt. We believe this balance between debt repayment and share repurchases positions us well to drive future value creation.

To wrap up, first, we are excited to be on the path to becoming a pure-play tower company, and we are making good progress separating our fiber solutions and small cell businesses, keeping us on track to close the sale in the first half of 2026.

Second, we are pleased by our strong first quarter results and are confident we can deliver our full year 2025 outlook. And third, we are focused on driving operational improvements while implementing our balanced and disciplined capital allocation framework to enhance shareholder returns over time.

Finally, I'd like to welcome Sunit Patel, who started as Chief Financial Officer at the beginning of April. Sunit brings extensive industry and leadership experience. Although he has only been CFO here for a short time, Sunit has already provided great insights that helped me tremendously in my interim role. It's great to have him on the Crown Castle team.

And with that, I'll turn it over to Sunit to walk us through the details of the quarter.

Sunit S. Patel

Thanks, Dan, and good afternoon, everyone. Thank you for the warm welcome. I'm excited to be here, and I look forward to working together to deliver for our customers and shareholders.

As Dan mentioned, our focus right now is on closing the sale of the fiber business and positioning the tower business to maximize shareholder values on a standalone basis as we aim to deliver on our financial and operating objectives for the year.

Before I review the first quarter results, 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. As a result, the company's full year 2025 outlook and first

quarter results do not include contributions from what we previously reported under the fiber segment, except as otherwise noted.

To aid in the review of our first quarter results, we've included in our earnings materials full year 2024 results on a comparable basis. As we indicated last quarter, within our 2025 outlook and in our quarterly results, all financing expenses are included in continuing operations and do not reflect the impact of any expected use of proceeds from the sale of our fiber business.

Additionally, SG&A has been allocated between continuing and discontinued operations to develop our outlook. However, these allocations may not represent the run rate SG&A for Crown Castle as a standalone tower company. As a result, adjusted EBITDA, AFFO, and AFFO per share in our 2025 outlook and quarterly results may not be representative of the company's anticipated performance following the close of the sale.

Turning to our results on page 5 of our earnings materials, you can see that we had a solid start to our year in the first quarter. Site rental revenues included 5.1% tower organic growth, excluding the impact of Sprint cancellations. This growth benefited from a \$3 million contribution from other billings, primarily related to intercompany back-billings that is not expected to recur going forward.

Site rental revenues also included \$19 million of straight-lined revenues. Please keep in mind that we expect our straight-lined revenues to turn negative, consistent with our full year 2025 outlook of zero. Adjusted EBITDA and AFFO in the first quarter benefited from lower repair and maintenance costs, sustaining capital expenditures, and other non lower 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.

Turning to page 6, our full year outlook remains unchanged. Our full year outlook includes 4.5% organic growth, excluding the impact of Sprint cancellations, adjusted EBITDA of approximately \$2.8 billion, and AFFO of approximately \$1.8 billion. Additionally, we still expect to see \$250 million of free cash flow from our discontinued operations in the full year 2025. In the first quarter, we generated \$53 million of free cash flow from our discontinued operations, or \$75 million, excluding a \$22 million increase in net working capital. We do not expect working capital to be a significant use of cash for the remainder of 2025.

Moving to page 8, our full year outlook positions us well to meet our range for expected annual AFFO following the anticipated close of the transaction of \$2.3 billion to \$2.4 billion, which remains unchanged.

Turning to the balance sheet, we entered the quarter with significant liquidity and flexibility, and we are well positioned to maintain our investment-grade rating after the sale of the fiber business. We entered the quarter with an average maturity of over 6 years, 89% fixed rate debt, approximately \$5.3 billion of availability under our revolving credit facility, and \$2.1 billion of debt maturities over the next 12 months. Lastly, our outlook for discretionary CapEx remains unchanged at \$185 million, or \$145 million, net of \$40 million of prepaid rent received.

To wrap up, we had a strong start to the year, and we made good progress separating the fiber business and positioning the tower business to maximize shareholder value on a standalone basis. Longer term, we believe we have a unique value creation opportunity as the only public tower company exclusively focused on the US, the best market in the world for wireless infrastructure ownership.

With that, Darcy, I'd like to open the line for questions.

QUESTION AND ANSWER SECTION

Operator

Thank you. We will now begin the question-and-answer session. Your first question today comes from Jonathan Atkin from RBC Capital Markets. Please go ahead.

Analyst:Jonathan Atkin

Question – Jonathan Atkin: Thank you. Two questions. It's been a very eventful year when it comes to kind of the executive range with Dan's movement now into the acting CEO seat, and then soon you're getting hired on.

And I wonder if you could shed a little bit of light as to what happened since the last earnings call that led to this sort of sequence of events? And then secondly, you outlined kind of the strategy going forward around capital return to shareholders, US-only. And within the context of that, any further thoughts relative to what was shared on the last call around build-to-suits or external growth through tuck-in M&A and so forth? Thank you.

Answer – Daniel K. Schlanger: Yeah, Jon, thanks for the question. I really can't speak for what happened with Steven specifically, other than to say you can just refer back to the press release the board put out about what happened there. What I can say is that I'm excited to be a part of this company still.

I think that the strategy that we are going under as we talked about is one that I think will create significant value for shareholders over time, and I'm excited to be a part of it. I think we can get the separation of our fiber and small cell businesses done effectively, and it's something that I'm focused on. And having Sunit here with all of his experience both in the industry as well as doing significant M&A transactions through his career, I believe will help us get that transaction done as efficiently as possible and as quickly as possible.

So what I can say is whatever has happened has led us to this point where I think we're really well-positioned going forward, and I'm excited that we have a story that is focused on the US tower market only because I think it's a great market. And it simplifies our story and allows us to focus on the things that are most important to us, which are creating more value through growing our revenues and reducing our costs, which is what we're focused on.

To that, you may have further thoughts on what our strategy looks like. I think given where we are with a major sale transaction going on, M&A for us in the short term is unlikely. We have a lot of focus on getting done what is most important to us, which is separating the fiber and small cell business. So I don't think there's going to be a lot of M&A for us in the short term.

Build-to-suit, however, absolutely be interested in as long as the returns are good. And investing organically in our business is something that we're very interested in because we think that the tower business is a great business that will generate great returns over time, and the more of it we can invest into, we would like to do.

Question – Jonathan Atkin: Thank you.

Operator

Your next question comes from Ric Prentiss from Raymond James. Please go ahead.

Analyst:Ric Prentiss

Question – Ric Prentiss: Thanks, good afternoon. Thanks, good afternoon, everybody.

Answer – Daniel K. Schlanger: Hey, Rick.

Question – Ric Prentiss: Hey. Sunit, welcome. Looking forward to working with you and seeing you.

Answer – Sunit S. Patel: Thank you.

Question – Ric Prentiss: Let's start with one with Sunit, if I could. Obviously, you've been on the board of Crown for a while. What appealed to you and what kind of triggered your thoughts of let's move from a board role to a CFO role, and what do you think you then bring to that role?

Answer – Sunit S. Patel: Yeah, look, I think, one, I really like the team at Crown, very long-term capability in the tower business. I'm excited about the tower business and the prospects, having been at T-Mobile for a few years. I think there's continued demand for infrastructure.

And thirdly, I do think that as a pure tower-only company, that singular focus on that business, will allow us to look at other things with respect to automation and system and platform investments that will continue to drive not just efficiency, but better customer experience and, over time, better top-line performance. So, glad to be here and being on the board as well to get to know the business.

Question – Ric Prentiss: And, Dan, you mentioned a couple of times top priority, key focus, get the deal done. Walk us through kind of where you're at in the process, it was only announced shortly ago? But what are the difficulties of getting this deal over the finish line? Is it particular states, or where are you at in the process? But, obviously, key focus, what are the difficulties?

Answer – Daniel K. Schlanger: Yeah, I wouldn't call them difficulties. I think the reason that the transaction is going to take until the first half of 2026 to close is for regulatory approvals, because we have to get approvals in all the states in which we operate, as well as from the federal government. And those things just take time.

I don't think that I would call them difficult. I would just say they're time-consuming. It's a while for us to put together all the information we have to put together, and it's a while for them to review that information.

We're going to work very closely with our counterparties and with our outside councils to make sure we get through that process as quickly as we possibly can. But, as you know, it really is going to be up to those governmental agencies. There's nothing we can do to force them into anything. So we're just going to work with them and be as good a counterparty to them as we possibly can to try to get this deal done.

So I wouldn't say I'm concerned about anything. Where we are is that we're starting that process. We're starting all those filings. We're starting those conversations with the governmental agencies. And we're starting to separate the businesses, because we also have to deliver to each of our buyers a business that operates. And we need to separate those businesses from our underlying tower business. And so we're starting that process and have started that process, and believe we're making really good progress and have worked really well with both Zayo and EQT to make that happen.

Question – Ric Prentiss: Great. Last one for me is, obviously, first quarter was pretty good, very good. Had the \$3 million back-billing intercompany primarily. You touched on a couple things that might be positives or negatives, but it seems like your confidence is well-founded, should I say? Also, you just gave the guidance a month and a half ago, but walk us through maybe what the pacing for new lease activity should look like in

2025, and kind of how we from the outside should think about the ability or desire maybe at some point to say we can now adjust our guidance?

Answer – Daniel K. Schlanger: Yeah. As we talked about it when we gave the guidance, we thought that the activity levels in our business would likely be consistent over the course of 2025 from 2024. And if you look at what we had in terms of core new leasing for the first quarter, it is consistent with the fourth quarter. And so we don't see a significant move up or down from those numbers.

But as you know, it's never going to be exactly the same every quarter. So what we see is if we look out over the course of the rest of 2025, we believe for new leasing activity and ultimately organic growth, we'll be in the ranges that we provided as part of our guide of somewhere between \$105 million and \$115 million of leasing activity, and then the growth of about 4.5%.

Obviously, in the first quarter, we did better than that. And if we can continue to do a little bit better on new leasing activity and a little bit better on churn, which is what happened in the first quarter, as we got through the year and saw those things with more clarity through the back half of the year, I think we will feel comfortable talking about either being at the high end of the range or if it's even better than that, expanding the range.

But we're just not there yet. As you said, we gave guidance seven weeks ago. We still believe in our guidance. We still believe we will be in the ranges we provided. But we're happy with where we are. It's better to start with the first quarter being really good and explaining that it's – why isn't it going to be that good all the time as opposed to starting with it bad and saying everything's going to get better. So we're happy with that.

And then on the cost side, there were some things that happened in the quarter that were acceleration or where we didn't spend money we thought we were going to spend. It's just going to happen in the rest of the year. But there's also some that we just – we've spent a lot of time and effort trying to control our costs. And you saw that over the course of the last couple years with significant reductions in the number of people here and a significant focus on cost control. And you're seeing the impacts of that cost control coming into our numbers.

And we're hopeful we can continue that going through 2025. But again, we're just too early to see through the year in order to feel really certain about that quite yet.

Question – Ric Prentiss: Excellent. Thanks, guys.

Operator

Thank you. Your next question comes from Michael Rollins from Citi. Please go ahead.

Analyst:Michael I. Rollins

Question – Michael I. Rollins: Thanks. And good afternoon. And also, welcome to Sunit. Two questions, if I could. First, just maybe going back to some of the comments on activity that you're just describing. Can you frame a little bit in terms of what you're seeing on the colo side of the equation versus the amendment side of the equation? And within that context, any changes in the way the carrier conversations have been progressing?

And then second, on the last call, you talked about the tail of churn from the merger, the Sprint merger, that's going to start in 2026 and continue for a few years. And just curious if there's any creative ways to try to

remediate that or try to create an additional comprehensive relationship where you could try to address that and kind of clean that up in a way that's good for you and good for the customer?

Answer – Daniel K. Schlanger: Thanks, Mike. On the first question on colo versus amendment, we have not seen a significant shift in the mix in our business between colo and amendment. We've just seen a continuation of a very good activity level. And as that activity level has grown in 2024 from 2023 and continued good activity in 2025, we've seen more of each, amendments and co-locations.

And the conversations with our carrier customers have been very good. We have those conversations all the time. I think that they are very focused on making sure that their networks are competing well on quality. And as we see their announcements over the course of the last week or so, the competitive pressure among our customers has increased. And we think that generally speaking, that's good for tower companies.

Competitive pressure leads to pressure on network quality, which leads to investment in towers over a period of time. But when that increase in activity would happen is very difficult to predict. And whether it would be over and above what we see today or just a continuation for a longer period of time is very difficult to predict.

But we feel good about that competitive pressure increasing and ultimately being good for us in our business. And in the conversations we're having with our customers, I think we're seeing some signs of that desire to increase the quality of the network.

On the tail of Sprint churn going out, as you pointed out, we do have Sprint churn that is beyond the amount that hits in 2025, which has been explained a lot. And on a yearly basis, of course, if we could do something that would be good for us and our customer and clean up that churn, we would do so. The question becomes, what does that mean, be good for us and our customer? And how would we get to that conclusion?

So we will have conversations and try to come up with something that makes sense. But having churn is not bad in our business beyond the fact that it's just generally bad to have churn. But even including that Sprint churn, what we had talked about is true, is that our churn is going to be in the normal range of 1% to 2% over a long period of time, inclusive of that Sprint churn. And that has been what we've seen over the course of our history. So I would not say that living with that churn is a bad outcome. But if we could make it better somehow, we absolutely would.

Question – Michael I. Rollins: Thanks very much.

Operator

Thank you. Your next question comes from Jim Schneider from Goldman Sachs. Please go ahead.

Analyst: James Edward Schneider

Question – James Edward Schneider: Good afternoon. Thanks for taking my question. Maybe just to ask the management question in a different way. Dan, can you maybe share with us the board's thinking about sort of what they may be looking for in a CEO this time around with a more streamlined company rather than what they were – as opposed to what they were looking for back 18 months ago when they were considering Steven's candidacy?

Answer – Daniel K. Schlanger: Sure. Thanks, Jim. Yeah, I think from my conversations with the board, what they're looking for is really somebody who has the leadership skills to drive this company forward as a tower-only company and make us a best-in-class operator across the board.

As Sunit said, both in terms of reducing costs but also improving the customer experience and therefore trying to improve our revenue take. And somebody who has the experience to do that in many cases might have prior public company experience and has had experience in driving those types of improvements and is also on board with the strategy that has been outlined by the board of being a US tower-focused company that has capital to spend in order to grow that business within the constraint of making sure that we abide through the capital allocation framework we talked about earlier of having a dividend, having a share repurchase, keeping our – maintaining our investment-grade debt profile, but also investing in the business. And I think the board is looking for somebody who can manage all of that, balance all of those things, and come out the other side the best tower business we possibly can be.

Question – James Edward Schneider: Very helpful. Thanks so much.

Operator

Thank you. Your next question comes from Alex Waters from Bank of America. Please go ahead.

Analyst:Alexander Waters

Question – Alexander Waters: Hi, Dan and Sunit. Thanks so much for taking my questions and welcome, Sunit. Maybe first for you, Sunit, could you maybe just talk about some of the kind of strategic priorities you have coming in as CFO and kind of your preference between leverage reductions, programmatic or opportunistic buybacks?

And then secondly, could you guys maybe just talk a little bit about the services side of the business? Both your competitors highlighted that they're seeing pretty good demand from customers on that. Thanks.

Answer – Sunit S. Patel: Thank you, Alex. I'll start with the first part of your question. I mean, look, the key priority for us right now over the course of this year is to get this separation, this transaction closed. So we're all focused on that as the top, top priority.

Beyond that, as we talked about, how do we position a US tower-only company? We are starting to think through that in terms of things we need to do operationally, system-wise, platform-wise, process-wise. So at least beginning to think about that and what's the right cost structure we want to operate on, what sort of things we want to do better for customers. So really, those are the key things.

On the leverage and the buyback, I think we've been very clear, having been on the board too, on the finance committee in terms of our capital allocation framework. So whatever Dan said and I said, I think essentially the goal is to be investment-grade to pay down debt for the sale, as we talked about, return capital to our shareholders through buyback and the dividend.

And at the same time, I think that given that it's 75% to 80% of our FFO, we do have some degrees of freedom where we see the opportunity to put money to work in terms of investments to drive top-line growth. So in essence, I mean, that's the framework and that's what we're sticking to.

Answer – Daniel K. Schlanger: Yeah. And I'll take the second question on services. We are seeing good demand from our customers on the services business. I would like to point out, though, and I think you know this, Alex, is that we got out of the construction services business and no longer have that as part of our offering.

And I think a lot of what I heard from some of our peers and what they said was that some of the construction services were driving an increase in activity. What we're seeing is really good activity that we've seen. Like I said earlier, that's a continuation, both in our services and our leasing businesses.

But we are seeing an uptick in some of the services activity we had. I'll just remind you that some of our services in 2024 were one-time in nature. So we need to make up for those in order just to remain flat. We think we will do so. And that speaks to an increasing level of activity.

Question – Alexander Waters: Thank you, both.

Operator

Thank you. Your next question comes from Benjamin Swinburne from Morgan Stanley. Please, go ahead.

Analyst: Benjamin Swinburne

Question – Benjamin Swinburne: Thanks. Good afternoon. Dan, you touched on it a little bit earlier, but I just wanted to come back to the expense side of the business this year. A very strong margin quarter in Q1, a couple hundred basis points, I think ahead of expectations. And I think if we were to annualize the first quarter EBITDA, you'd be ahead of the full year range. Can you talk a little bit about sort of the phasing of costs through the year? And maybe it's simply the straight-lined revenue putting downward pressure on EBITDA the rest of the year. But any color would be appreciated.

And then I don't think this was discussed last call on the fiber, small cell sale. But any tax implications, either tax, cash tax liabilities tied to the sale or any other tax implications for the company as you close the pending sale next year that we should be thinking about? Thanks so much.

Answer – Daniel K. Schlanger: Yeah, thanks, Ben. I'm going to take them in reverse because the second question is easy. There are no tax implications you should be considering as part of the sale.

Question – Benjamin Swinburne: Got it.

Answer – Daniel K. Schlanger: We won't have a tax impact. On the expense side, you're right. The first quarter was very strong margins. But as Sunit said in our prepared remarks, some of that reduction or lower expense was due to seasonality and timing where we think that some of it will be – a lot of it will be incurred. A lot of that expense will be incurred the rest of the year.

But as I had mentioned, we also have been very focused on cost control. So we're hopeful that we can maintain some of that lower cost structure going forward. It's just we're not yet at the position where we feel comfortable enough to talk about that as being sustainable.

But like I said earlier on the leasing side, it's great to start out significantly below on the expense line because it gives us a lot of visibility and comfort in our current guide. And I would also just you mentioned the straight-line. The reason that we talked about it a bit was straight-line does turn negative by the end of the

year as part of our as you could just math shows you that if it's positive now and our guide is for zero, it has to turn negative in the back half of the year.

And that does put pressure on our EBITDA, which is why we mentioned it is that annualizing fourth quarter is – I mean, first quarter is not an appropriate way to look at the full year because of that and other impacts.

Question – Benjamin Swinburne: Yeah, that makes sense. Great. Thanks for the color.

Operator

Thank you. The next question comes from Nick Del Deo from MoffettNathanson. Please go ahead.

Analyst:Nicholas Ralph Del Deo

Question – Nicholas Ralph Del Deo: All right. Thanks for taking my question. And Dan, congratulations to both you on the appointments.

I think I think you had initiated or were studying a number of operational improvement or efficiency projects under Steven kind of with the expectation that that work might pick up when the strategic review had wrapped up. I was wondering if you could update us on like what's underway and in motion versus things that might be on pause, either for Sunit or the new CEO to kind of review them and have an opportunity to apply their stamp?

Answer – Daniel K. Schlanger: Yeah. The things that Steven had discussed are still on our radar and we are executing against them. We are not waiting for a new CEO. We know that there's some things we need to do to make our tower business better. And we do not believe that a new CEO would have a different view of that and would be very happy to inherit something that is in a better shape than it is today.

So we are still working through automation of our process. We're still looking at working through implementation of systems, upgrades and implementations of systems changes that we think will make our process more streamlined and our customer experience easier.

And we're looking at ways to digitize our assets and ensure that we are both getting paid everything we need to get paid and we have the right amount of marketable asset space that we can go talk to our customers about. We're doing all those things and hoping that they get done very quickly. And if that happens before a new CEO, then more power to us and to that person because I think that would be better for everybody involved.

And then we'll find new things to go do because we have a lot to do. And I think the benefit, one of the benefits of streamlining our business into a tower only business is that we can focus all of our attention on getting better at towers. And we believe that will lead to improvements over time.

Question – Nicholas Ralph Del Deo: All right. Terrific. Thanks, Dan.

Answer – Daniel K. Schlanger: Sure. Thanks, Nick.

Operator

Thank you. The next question comes from Richard Choe from JPMorgan. Please go ahead.

Analyst:Richard Choe

Question – Richard Choe: Hi. I just wanted to follow up on the core new leasing. Was this from a particular carrier or is it across the board? And then could we get a sense of maybe what your backlog of business looks like for the rest of the year from your carrier customers?

Answer – Daniel K. Schlanger: Yeah. Like I said, it's a continuation of the activity level we had seen. And so it was across the board. There is no specific carrier we would point to. And I'm not sure how to talk about our backlog of business. That's not something business. That's not something that we talk about. I would just say that we are comfortable with the amount of activity that we see coming in from our customers, that we will be able to meet our guidance and believe that the activity levels around the industry as our customers continue to deploy 5G and hopefully, start to densify more in areas where they don't have coverage, that that will continue to drive really good demand for our towers over the course of 2025 and beyond.

Question – Richard Choe: Great. Thank you.

Operator

Thank you. Your next question comes from Batya Levi from UBS. Please go ahead.

Analyst:Batya Levi

Question – Batya Levi: Great. Thanks a lot. Great to talk to you, Sunit, again. And I had a few questions. First, on the SG&A side, can you provide some color on the guidelines you use to allocate SG&A between segments? And to the extent that there is some more allocated back to the tower business, is there a rough percentage that we could think about?

And as you make more progress on cost savings, should we expect that the annual AFFO growth that you provided, that range \$250 million to \$370 million, could be potentially narrowed or updated as you pull-forward some of those savings?

And maybe just a quick one on the regulatory front. Should we expect that the approval process will be a holistic review of both small cell and fiber businesses and close at the same time? Thank you.

Answer – Daniel K. Schlanger: Thanks, Batya. Try to get all of those. But if we miss something, just let me know. The way that we allocate SG&A between segments is, according to the accounting rules, that anybody and any cost that is directly related to our fiber solution and small cell business is allocated to discontinued operations, which leaves some shared costs in the RemainCo of the tower business and Crown Castle's tower business.

And the way that that will work, and as we've talked about, is we do not believe that that is necessarily representative of what the cost structure will be for a tower-only company when we close the deal, which is why we provided a view of the run rate AFFO at the time of close, assuming the time of close is mid-2026. We provided that look so that you can see that there is some benefit that we think we can see in terms of the full run rate cost structure at that time not being as high as it is today as part of our continuing operations.

And therefore, on the second question you said on the cost savings, I think it's true across the board that as we get further into the year and we see what our performance is both on cost and on revenues, we will be able to either narrow the range or change the range according to what those results will be. But we believe we'll get more confidence in the ranges that we have going forward. But I'm not sure that that's going to push all the way to the AFFO at the time of close, because there are a lot of different things that need to happen in order for us to get to that level.

So I'm not sure we'll narrow that band of the AFFO at the time of close until we're much closer to closing. And the last question you asked is on the regulatory and closing. We will close this transaction as one transaction as a sale to two different buyers, but the regulatory looks are for each of those buyers because they're each buying different assets.

So they will close together, but I wouldn't say that it's necessarily that the regulatory review is holistic among both of them. It will happen at the same time, but they're two businesses being sold to two different buyers.

Question – Batya Levi: Got it. Thank you.

Operator

Thank you. Your next question comes from Jonathan Chaplin from New Street Research. Please go ahead.

Analyst:Jonathan Chaplin

Question – Jonathan Chaplin: Great, thanks. Sunit, great to have you back in the fold in the industry. Quick question, just following up on Batya's question on the shared costs that stay in SG&A that have the potential to come out. Can you give us sort of any quantification around the magnitude of opportunity there?

And then on the share repurchase program, the \$3 billion that follows the closing of the deal, could you give us some context for the timing of that? Is it going to be sort of programmatic, spread out over a number of quarters, or will it be an accelerated share repurchase program sort of executed with a bank that will be reflected in the share count instantly? Thanks.

Answer – Daniel K. Schlanger: Yeah, we're not in a position to talk about the quantification of the costs and any type of reductions that might happen at this point. The reason we gave the big buckets is because there's a lot of moving parts there, and we will update what we believe the run rate AFFO to be as a standalone business as we get closer to close. But just we're not in a position of providing any additional color at this point.

And on the share repurchase, it's a similar answer. And I'm sorry, Jonathan, it's just we're too far away to have the answers to all those questions. We believe that we will have significant capital to be able to repurchase shares. How we do so and when we do so will likely be based on the current market conditions at the time of close and the view we have of what our stock price is and the view that we have of what we think we want to do with our capital at the time.

But it's very important to us to repurchase shares with the proceeds from this transaction that are beyond what we think is, as we talked about, about \$6 billion of debt repayment. We will use the remainder to buy back shares, and we'll try to do it quickly. It'll just depend on what the market conditions are at the time that close happens to know how quickly that will be and how quickly it'll be reflected in our share count.

Question – Jonathan Chaplin: Great. I'm sorry, Dan, can you just remind me what your target leverage will be following the deal? Following, yeah.

Answer – Daniel K. Schlanger: Yeah. So we think, as Sunit pointed out and I talked about, we want to maintain our investment-grade rating. We have done some preliminary analysis and believe that we can, due to the significant stability of the cash flow profile of the US-only tower business, that we will be able to maintain that investment-grade rating at 6 times to 6.5 times EBITDA.

Question – Jonathan Chaplin: Awesome. Thanks, guys. Really appreciate it.

Operator

Thank you. Your next question comes from Brandon Nispel from KeyBanc Capital Markets. Please go ahead.

Analyst:Brandon Nispel

Question – Brandon Nispel: Hey, guys. Thanks for taking the question. I wanted to ask about sort of new bookings that you signed during the quarter, not necessarily the billing that you report, but could you help us understand how tower leasing bookings were during the quarter? Are they up year-over-year? Are they up quarter-over-quarter? Some color on that would be helpful given some of your peers have called that out. Thanks.

Answer – Daniel K. Schlanger: Yeah. Thanks, Brandon. As we've been talking about, we see the activity levels through 2025 being relatively consistent through the course of the year for us and the new leasing that we have being very consistent over the course of the year.

We think those are very good levels and drive 4.5% growth, which is good for our business. We'll do everything we can to try to improve that. But there's nothing that we've seen that would make us change that expectation that over time we will be pretty consistent over the course of the year.

Question – Brandon Nispel: Thanks for taking the question.

Operator

Thank you. Your last question comes from Brendan Lynch from Barclays. Please go ahead.

Analyst:Brendan James Lynch

Question – Brendan James Lynch: Great. Thanks for taking my question. Dan, you alluded to the transaction closing all at once. I'm curious if there's some sort of regulatory hiccup in one or two states. What would that actually mean for the deal?

Answer – Daniel K. Schlanger: Yeah. First thing I would say is we do not expect any regulatory hiccups in any of the states. We would have to see what exactly they are. And the buyers are aware that if something like that were to happen, we still would likely close the deal. But the question becomes a hypothetical one of how big the hiccup is you're talking about. We don't see a big hiccup coming. So we are not concerned about closing this transaction in the first quarter of 2026 – I mean, first half of 2026. Sorry.

Question – Brendan James Lynch: Okay. That's fair. And then just one on your MLAs. Can you quantify, even if broadly, how much of the growth you are reporting is stemming from MLAs versus demand that is above and beyond what the carriers have already contracted?

Answer – Daniel K. Schlanger: Yeah. I would say that about 90% of our growth for 2025 is already contracted, which leaves us to the 10% that we need to make happen, which is a great place to be. It's always great for a business to be able to look out as far as we are able to look out and understand where our growth is coming from.

And it's one of the great things about the tower business. It's a really good business, partly because the visibility is so great. And we're excited to be where we are. The activity levels are good. And we have a lot of comfort in being able to deliver our 2025 results.

Question – Brendan James Lynch: And if the carriers were able or interested in increasing the pace of their deployment, would that generally fall within the MLAs that you have? Or would that be outside and kind of increase the mix of extra MLA contribution?

Answer – Daniel K. Schlanger: It really depends on how the MLA itself is structured. We're not going to get into how we do that with each customer here. But there are both portions of activity that are already contracted in an MLA and portions of activity that would be incremental to the MLA. It really depends on how each customer acts and what is included in each MLA that we have. We believe we have upside to what is already contracted. And we believe we have a lot of stability based on what is contracted.

Question – Brendan James Lynch: Great. Thank you very much.

Answer – Daniel K. Schlanger: Thank you.

Operator

Thank you. That does conclude our question-and-answer session. And with that, the conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

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