Q3 2026 Earnings Call *(Corrected version)*

Event Details

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Company: Crown Castle, Inc.
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Company Participants

Hamilton West - Crown Castle, Inc., Treasurer & Vice President-Corporate Finance
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
Brendan James Lynch - Analyst
Michael J. Funk - Analyst
Nicholas Ralph Del Deo - Analyst
Cameron McVeigh - Analyst
Michael I. Rollins - Analyst
Michael Ng - Analyst
Matthew Niknam - Analyst
David W. Barden - Analyst
Batya Levi - Analyst

MANAGEMENT DISCUSSION SECTION

Operator

00:00:12 Good day, and welcome to the Third Quarter 2026 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, this event is being recorded.

00:00:31 I would now like to turn the conference over to Mr. Hamilton West, Vice President of Corporate Finance & Treasurer. Please go ahead.

Hamilton West

00:00:39 Thank you, Chuck, and good afternoon, everyone. Thank you for joining us today as we discuss our third 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. 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.

00:01:04 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 Factors sections of the company's SEC filings. Our statements are made as of today, October 21, 2026, and we assume no obligation to update any forward-looking statements.

00:01:31 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.

00:01:46 With that, let me turn the call over to Chris.

Christian H. Hillabrant

00:01:50 Thank you, Hamilton. And good afternoon, everyone. As I reflect on my first year at Crown Castle as CEO, I am pleased with the meaningful progress we have made to sharpen our strategic focus, simplify the business, and build a strong foundation for future growth.

00:02:08 Over the past year, we have taken several significant steps towards becoming a best-in-class US tower operator, in addition to completing the sale of our Small Cell and Fiber businesses. First, at the beginning of the year, we took decisive actions to align our cost structure with the current business model, while preserving our ability to support customers, deliver best-in-class efficiency and enable future growth. These actions resulted in $65 million of annualized run rate operating cost savings.

00:02:42 Second, we launched an enterprise-wide transformation program to create a more efficient and scalable operating model that supports our long-term's growth objectives. Our transformation program spans the entire business and includes initiatives such as modernizing our systems, optimizing our facilities footprint, and reducing corporate non-labor costs.

00:03:06 This year, we launched a new project management system, improving the application to air process and a new field services system, enhancing our asset information and utilization data. We are also on track to exit our transition services agreement related to the previous sale of our Fiber and Small Cell businesses, which we believe will allow us to further simplify our corporate functions.

00:03:32 Third, we continue to scale our ground lease buyout program, while meeting or exceeding our target returns. In 2026, we expect to purchase more than 400 ground leases, more than double the number completed in 2025. We believe 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.

00:04:00 Finally, we are also making progress, strengthening our customer relationships, and driving customer engagement. We resolved a longstanding commercial issue in the quarter with one of our largest customers that advances our strategic relationship and positions us for future growth opportunities. We acquired a residual economic interest on a subset of our tower sites and extended the customer's lease terms for those sites. We believe this agreement creates value for both parties by simplifying economics, increasing predictability, and limiting long-term churn risk. We believe this progress positions Crown Castle to capitalize on an increasingly supportive, long-term backdrop for wireless communications infrastructure.

00:04:50 Mobile data demand, one of the clearest indicators of demand for our infrastructure, continues to grow at a healthy pace and is showing no signs of stopping with the emergence of AI-enabled applications, physical AI and the acceleration of data only wireless devices.

00:05:10 We are also seeing continued investment in spectrum by our customers and others in the wireless industry. Over the past year, carriers and other wireless operators have committed significant capital to acquire spectrum assets, including AT&T's acquisition of 3.45 gigahertz and 600 megahertz spectrum, Verizon's acquisition of AWS-3 licenses and SpaceX's acquisition of AWS-4, H-block and 800 megahertz spectrum.

00:05:48 These transactions demonstrate the commitments of the wireless industry to aggressively invest and to secure spectrum resources needed to support future terrestrial wireless network growth. Notably, as part

of its 800 megahertz spectrum acquisition, SpaceX said it aims to "become the first network operator to deploy both satellite and terrestrial spectrum".

00:06:13 We believe SpaceX's mobile network ambitions could provide an additional catalyst in two ways. First, to invest directly by leasing towers to build their previously announced terrestrial network; and second, as a catalyst for network operators to achieve investment in their mobile networks to enhance performance and coverage against new entrants in the wireless marketplace.

00:06:39 Looking ahead, we expect the FCC to auction approximately 800 megahertz of spectrum, consistent with Chairman Carr's efforts to advance spectrum policy and maintain US leadership in telecommunications. This includes approximately 160 megahertz of upper C-band spectrum, expected to be auctioned by July 2027. Historically, new spectrum deployment has been an important driver of network investment, and we believe the industry's spectrum pipeline remains supportive of long-term infrastructure demand.

00:07:14 We continue to see momentum in edge compute infrastructure as demand for storage and compute continues to accelerate, while many large data center deployments face multi-year construction and power delivery delays. Crown Castle now has 100-plus edge sites deployed in several concurrent trials underway. While initial results appear promising, we continue to evaluate whether these edge solutions will scale. Crown Castle is positioned well to serve this demand in a capital efficient manner through its nationwide network of tower sites, each with existing power and broadband connectivity, and can provide select, distributed, move-in-ready locations.

00:08:01 Our talented and dedicated teammates continue to play a critical role in our progress transforming the business, and we are seeing rising levels of engagement with our clear and focused strategy. We are committed to investing in their continued development through additional training, individual development plans and training in the cost-effective use of AI.

00:08:24 In conclusion, over the past year, we have taken decisive steps to simplify the business, strengthen our operating model and build the right leadership team. This progress allowed us to increase our full year 2026 guidance, and positions us to capitalize on the sector tailwinds and opportunities. We believe our pure-play US tower strategy, investment-grade balance sheet and capital allocation framework positions Crown Castle to maximize long-term shareholder value.

00:08:57 With that, I'll turn it over to Sunit to walk us through the details of the quarter.

Sunit S. Patel

00:09:03 Thank you, Chris, and good afternoon, everyone. We continued to execute on our strategy towards becoming a best-in-class US tower operator in the third quarter, positioning us to increase our full year 2026 guidance.

00:09:17 Starting on page 3. Third quarter organic growth, excluding the impact of Sprint cancellations and DISH terminations, was 3.5% or $35 million. Third quarter organic growth increases to 3.8%, if DISH revenues are excluded from prior-year site rental billings. This growth was more than offset at site rental revenues by $5 million of Sprint cancellations, $61 million of DISH terminations and a $17 million decrease in non-cash straight-line revenues and amortization of prepaid rent. Third quarter services margin was $15 million, which we expect to increase in the fourth quarter.

00:10:01 Turning to page 4. We are increasing our full year 2026 outlook by $20 million for site rental revenues, $25 million for adjusted EBITDA and $5 million for AFFO to reflect, first, a $20 million increase in straight-line revenues related to contractual term extensions as a result of the agreement Chris highlighted earlier; and second, a $5 million decrease in site rental cost of operations as we continue to drive efficiencies and increase our ground lease buyout activity. Excluding the impacts of the transaction, full year 2026 adjusted EBITDA and AFFO are each increasing $5 million.

00:10:48 I would like to take a moment to further highlight our progress on driving cost savings. Since issuing our original full year 2026 guidance in February, if you set aside the increases to our revenue and the decrease from our services contribution, we have increased full year 2026 adjusted EBITDA by $20 million from run rate cost savings or approximately 50 basis points as a percent of our site rental revenues. On top of these improvements, we still expect to expand margins by more than 200 basis points by 2030 relative to 2026.

00:11:29 Turning to page 5. Full year 2026 organic growth, excluding the impact of Sprint cancellations and DISH terminations, remains unchanged at $135 million or 3.4% at the midpoint. Full year 2026 organic growth increases to 3.6% at the midpoint, if DISH revenues are excluded from prior-year site rental billings. We continue to expect 2026 to mark the low point for organic growth. Our full-year 2026 organic growth outlook includes $60 million to $70 million in core leasing activity. And based on our current view of the leasing pipeline, we expect to finish the year towards the bottom end of the range.

00:12:17 Now, I'd like to provide additional detail on the customer agreement we completed in the third quarter. We paid $275 million to acquire a residual economic interest in a subset of towers originally acquired many years ago, extend the customer's lease term for those sites, and limit long-term churn across this portion of our portfolio. By acquiring this residual economic interest, we expect to increase site rental billings by nearly $4 million in the fourth quarter, or $16 million on an annualized basis, and decrease amortization of prepaid rent by $2 million, or $8 million on an annualized basis.

00:13:00 We are not changing our full-year 2026 guidance ranges for site rental billings, amortization of prepaid rent, and interest expense, as these fourth quarter impacts are captured within the existing ranges. On an annualized basis, we expect the impact of the transaction to be approximately $4 million accretive to AFFO, excluding the impact of prepaid rent amortization. We expect the term extension will result in an additional $20 million of straight-line revenues in the fourth quarter.

00:13:37 Turning to the balance sheet. We ended the quarter with 97% fixed rate debt with a weighted average maturity of 7 years and leverage at 6.5 times net debt to last-quarter annualized adjusted EBITDA. Net debt to last-quarter annualized adjusted EBITDA decreases to 6.3 times, when including the impact from the incremental straight-line revenues related to the term extensions commencing in the fourth quarter.

00:14:05 Lastly, we're increasing our outlook for discretionary CapEx by $40 million to $240 million to reflect the higher volume of ground lease buyouts we expect to complete in 2026. Discretionary CapEx, net of anticipated prepaid rent additions of $40 million at the midpoint, is expected to be $200 million at the midpoint.

00:14:30 To wrap up, the actions we've taken this year to improve efficiency and strengthen the business support our increased 2026 full-year guidance. We also remain on track to deliver $2.1 billion of AFFO at the midpoint across the second half of 2026 and first half of 2027. We believe our investment-grade balance sheet, disciplined capital allocation framework, and focus on becoming a best-in-class US tower operator positions us well to generate attractive long-term shareholder returns.

00:15:22 With that, operator, I'd like to open the line for questions.

QUESTION AND ANSWER SECTION

Operator

00:15:27 Thank you. We will now begin the question-and-answer session. And our first question for today will come from Ric Prentiss with Raymond James. Please go ahead.

Analyst: Ric Prentiss

00:15:37 **Question – Ric Prentiss:** Yeah. Thanks, everybody. Good afternoon.

00:15:39 **Answer – Christian H. Hillabrant:** Hi, Ric.

00:15:40 **Question – Ric Prentiss:** Hey. A couple of questions. First, as you know, we always say follow the spectrum, really not the CapEx. And so, one of the most interesting things, obviously, you touched on it a little bit in the last couple of weeks was Grain selling spectrum to SpaceX, the 800MHz spectrum. So, a couple questions in regards to that. We've heard some to maybe all of the towers out there that DISH rented might already include radios and antennas or some equipment for the 800MHz frequency that SpaceX is buying. Can you help us understand is that something you understand that might actually already be on your towers?

00:16:22 **Answer – Christian H. Hillabrant:** Ric, the answer is there is some equipment that is on the sites. What specifically the radio types and bands are, I couldn't tell you off the top of my head, but that is correct that the equipment is up there from when DISH abandoned it.

00:16:37 **Question – Ric Prentiss:** Okay. And obviously, it's also the old Nextel stuff. So our understanding is also it's still in the handsets for a lot of handsets that are out there. So, that's also good to have. But are you – does it feel like to you that that is in the chipsets in a lot of the devices?

00:16:55 **Answer – Christian H. Hillabrant:** The 800 megahertz spectrum?

00:16:58 **Question – Ric Prentiss:** Yeah.

00:16:58 **Answer – Christian H. Hillabrant:** Again, I couldn't comment specifically on what the carriers have out there.

00:17:03 **Question – Ric Prentiss:** Sure.

00:17:03 **Answer – Christian H. Hillabrant:** But obviously, I think, more importantly, as you and I both know, 800MHz does solve one of the critical challenges for an eventual SpaceX deployment, which is you need low band to get into buildings, you need low band to be able to provide breadth of coverage. And so, it's obviously a huge milestone in their acquisition of that spectrum.

00:17:26 **Question – Ric Prentiss:** Makes sense. A little confusing process, obviously, with the escrow setup at the FCC with EchoStar selling spectrum to AT&T. Can you update us as far as we've been hearing some chatter when we were in D.C. for the Wireless History Foundation dinner a couple of weeks ago that the tower industry might be getting closer to figuring out who's going to get how much out of the escrow? And maybe an update on what are you hearing from MLAs with satellite companies, any progress?

00:17:58 **Answer – Christian H. Hillabrant:** Okay. Well, let's handle the DISH one first. So, here's a quick update. So, the current proceedings in the bankruptcy court have been placed on pause, while the parties attempt to negotiate a settlement in a court ordered mediation. There's no specific update to report on the progress of that yet. But as we communicated, I think, on prior earnings calls, the fact that this has now moved into a bankruptcy process will likely result in an accelerated timeline comparative to a traditional court proceeding. So, I think, that's a good news story. And the parties will remain in this mediation through early November.

00:18:34 And then, sorry, your second question was just around...?

00:18:38

Question – Ric Prentiss: Yeah. Update on any MLA progress from satellite companies whether it's SpaceX, Amazon or anyone else? Just kind of how are we doing there?

00:18:47 **Answer – Christian H. Hillabrant:** Yeah. So, I don't think I want to get into customer-specific detail, but you can assume that we're talking to all parties.

00:18:55 **Question – Ric Prentiss:** Okay. And last one for me, a lot of all these interrelated questions, the equipment that was abandoned by DISH on the towers, who – if somebody wanted to buy that for pennies on the dollar or take ownership of that, what's the process? Would they come to you guys and different tower companies? Do they need to go to the bankruptcy court? Do they need to go to DISH? Like if somebody wanted to say, hey, there's some equipment up there that's interesting to me, what's that process look like?

00:19:20 **Answer – Christian H. Hillabrant:** Yeah, I think it's probably a question best left to the lawyers in terms of what that is. I mean from our perspective, DISH has abandoned equipment. They walked away from it. We've given them every opportunity to reclaim that equipment and take it off our towers, which they have elected not to do and have effectively abandoned it. But in terms of how that would work contractually, I think that would be something I'd have to refer out to the lawyers.

00:19:45 **Question – Ric Prentiss:** Yeah. I guess Shakespeare wasn't right about first thing we do about the lawyers. But anyway, okay. Thanks, everybody.

00:19:50 **Answer – Christian H. Hillabrant:** We love our lawyers, Ric. Thank you for the questions.

Operator

00:19:56 The next question will come from Brendan Lynch with Barclays. Please go ahead.

Analyst: Brendan James Lynch

00:20:02 **Question – Brendan James Lynch:** Great. Thanks for taking my questions. Available Infrastructure is a company that has identified you as their vendor for deploying edge data centers. Can you elaborate on what you see as the potential growth for this relationship?

00:20:16 **Answer – Christian H. Hillabrant:** Yeah. Let me start by saying we're excited to partner with Available Infrastructure. As you know, they are building a nationwide network of edge neocloud data centers. And while edge data centers are not new to CCI, we look at this as an exciting niche space, and we look forward to seeing how it evolves over time.

00:20:36 More broadly, I guess an update on – we've had this trial now for a number of months. As you heard me announce earlier, we've now eclipsed 100 sites deployed. Part of what we're looking at is to learn from these trials and understand both the demand profile from potential customers, but also just gaining an inventory of what we actually have and what we can actually market to our customers. And as we've gone through this process, we've identified – we have something like 5,000 existing structures or shelters that are already existing that are out at our sites today in various levels of condition, but in many cases, able to take customers to move in right away.

00:21:21 We've been researching power. And I think you've heard us talk about before the sweet spot for us is between, say, a 0.2 megawatt to 0.5 megawatt installation, utilizing the existing power on sites for customers to be able to utilize it. Some customers have come back to us and have asked and inquired whether we would be able to bring additional power out to the sites.

00:21:45

And just as a sampling, what we found across, like, 25 sites that we just recently completed, what we found out was across those 25 sites, there would be an opportunity to bring up to 100 megawatts in aggregate across those 25 sites. And this is power that could be delivered in approximately 9 to 11 months with very limited capital required from Crown.

00:22:09 So, I think from an optionality perspective, it opens up the possibility of providing even greater service to our customers. But again, until we've finalized on how we can scale this profitably, I would still characterize this as a trial phase where we're still learning a lot. And this update I'm providing with you now is indicative of what we're learning along the way and how this might emerge as a business opportunity over time.

00:22:41 **Question – Brendan James Lynch:** Great. That's helpful color. You've also suggested that you've hit an inflection point on organic growth. When we think about the cadence into 2027, can you break down where you anticipate an acceleration or deceleration between the components of core leasing, the escalator as Sprint churn fades and normal course churn?

00:23:02 **Answer – Christian H. Hillabrant:** Yeah. Let me just start by saying, we reiterate that we believe 2026 is the low point for organic growth in our business and across the industry. The reasons why we believe that are the following. One is the MLAs that we have in place that gives us visibility to that future contracted activity. We announced in this past quarter, we resolved this longstanding customer issue, which both strengthens our relationship and clears a path for future growth opportunities with the customer. The recent spectrum transactions, albeit somewhat delayed in the AT&T acquisition of 600 megahertz, Verizon's acquisition of AWS-3 and now SpaceX with the 800 megahertz, these are all positive catalysts for towers.

00:23:51 And then longer term, we've talked about the opportunity of 6G and the fact that the FCC and administration has made it a priority to earmark 800 megahertz of spectrum. And more importantly, stating 6G is a battle to be won and is a kind of matter of life and death for the country to win that battle versus others and starting that spectrum acceleration auction in July 2027.

00:24:16 And then, the edge infrastructure ecosystem that is now starting to emerge, combined with the underlying factor that mobile data demand continues to grow and is even expected to double over the next five years and the powering of AI inference that's driving a much higher percentage of uplink traffic, all of these are activities of why we believe that 2026 is a low-water mark for growth. But obviously, that has to be borne out into 2027 and beyond. But these are positive tailwinds for the industry and for Crown as we look towards our future growth without me speaking specifically towards our 2027 guidance, which I'm not prepared to share today.

00:24:57 **Answer – Sunit S. Patel:** Yeah. And keep in mind, now we've had some of the satellite players also declared their interest in a terrestrial network. So, I think that's a positive also.

00:25:07 **Question – Brendan James Lynch:** Great. Thank you very much for the color.

00:25:10 **Answer – Christian H. Hillabrant:** Thank you, Brendan.

Operator

00:25:11 Your next question will come from Michael Funk with Bank of America. Please go ahead.

Analyst: Michael J. Funk

00:25:18 **Question – Michael J. Funk:** Yeah. Great, guys. Thank you for the questions this evening. So, first, I'm going back to the 800 megahertz and SpaceX comments. Just if they wanted to deploy that nationwide,

can you give some approximation for number of tower sites for a minimum level of service with 800 megahertz? And then, your thoughts on the timing of a build of that scale, given any kind of labor constraints, equipment purchasing, just when you think about the framing for timing and personal contribution to Crown Castle, if they do deploy 800? And I have one more follow-up.

00:25:54 **Answer – Christian H. Hillabrant:** Yeah. Michael, I think it's a tough question to answer because it really depends on the strategy in which SpaceX decides to go to market. If part of their goal is to move as quickly as possible across the terrestrial network, that would lead them towards maximizing the number of co-locations on existing towers and rooftops that exist today. And they'd have to accept the heights of what's available in the RAD centers.

00:26:18 If, on the other hand, they decided to go alone and to build thousands and millions and billions of micro cells, that might take quite a bit longer based on the scale of not only identifying the land available, but also the time, cost and effort of bringing backhaul to every site and power to every site. So, that's a very good question. It really depends on what SpaceX decides to do in their network design. I think what we would offer to them is the fact that we've got approximately 40,000 sites. In many cases, we do have prior installations that have already been through the zoning and permitting process, so that it could help them along with others in the industry of getting to market faster and getting that 800MHz deployed.

00:27:03 **Answer – Sunit S. Patel:** I mean, one indication it took DISH like four years. And as Chris pointed out, some of that is already up. So, it probably be in a – if they wanted to, depending on the ambitions, you could do it in a much more compressed timeline, depending on how many sites they want to get to, but they can move quickly, if they want to.

00:27:23 **Question – Michael J. Funk:** So, say, a 2029 timeline ballpark it for wireless service, utilizing DISH sites is obviously the easiest line of sight to get there versus doing the micro cell strategy?

00:27:37 **Answer – Christian H. Hillabrant:** This is the industry cheat code that exists in that DISH just built this network. I know the people that built that network, many of which were former colleagues at T-Mobile, they're very good smart deployment people. They move very, very fast. Companies like Crown leaned in very aggressively to help them and staffed up in the services side to actually help enable that. So that does represent a huge time-to-market advantage, if they go down that route. But in the end, it's going to depend on what route, is speed of essence or is some other model more appropriate for them, I think you have to wait to hear from them. But I think on our side, we stand ready and available and, obviously, as one of the lead providers of tower space to DISH, obviously have the scale to really help accelerate that.

00:28:26 **Question – Michael J. Funk:** Great. Thank you. One more, if I could. How are you thinking about the 600 megahertz contributing to leasing activity and timing, whether that's going to be a four or five-year normal maintenance activity from AT&T or if you expect that will be new equipment, shorter duration for deployment?

00:28:51 **Answer – Christian H. Hillabrant:** I think if I'm being honest here, I think it's – first, the approval of 600 megahertz of the transaction, obviously, took additional time as they went through the FCC approval process. And now, I think the customer is very much in the throes of doing the design engineering and selection of their OEM vendor, which would provide the equipment for them to put up. And so, it's probably been a little bit slower of a rollout than we anticipated.

00:29:18 That said, 600 megahertz is the equivalent of beachfront property is the way that I describe this. Its propagation is such that it helps to drive in-building coverage in urban and suburban areas. It extends coverage in the rural areas. And the customer just paid $23 billion for the spectrum. It's highly valuable. I would think that they would look to deploy this as quickly as possible, given the value in the overall spectrum portfolio of what they've just acquired. And again, with the handset manufacturers having already built these frequencies in for other customers, it's something that they can actually put to good use very, very quickly.

00:29:59 **Question – Michael J. Funk:** Great. I appreciate the time. Thank you, guys.

00:30:01 **Answer – Christian H. Hillabrant:** You bet.

Operator

00:30:03 The next question will come from Nick Del Deo with MoffettNathanson. Please go ahead.

Analyst: Nicholas Ralph Del Deo

00:30:10 **Question – Nicholas Ralph Del Deo:** Hey. Thanks for taking my questions. First, Chris, you noted that you're supporting over 100 edge sites. What would that number have been a quarter or two or three ago? And what portion of that 100 are supporting GPU deployments versus other use cases?

00:30:25 **Answer – Christian H. Hillabrant:** Yeah. Let me start with the second part. I can't tell you exactly what is in those. These have been build-outs that have continued to accelerate through the course of the year. Starting at the beginning of the year, I think we're effectively at zero or very few sites. So we've been able to build that number in that period of time.

00:30:43 Again, the key learnings for us has been understanding what the requirements are of edge data customers that is different than our traditional tower customers and making sure that we're able to provide them with that timely basis information to help them accelerate their deployment. And so, it's been pretty much a steady build. I think it peaked – really peaked into third quarter. It's built up steam. And again, the key for us is, is this something that's scalable, so that we're not just talking like 100 sites, but that we're talking hundreds or even thousands of sites over time is when it really starts to make sense for us as a new line of business.

00:31:23 **Answer – Sunit S. Patel:** Yes. Nick, (00:31:23) still small in the scheme of our overall revenues, but it's a good sign. And I would say, compared to the beginning of the year, we are talking to more players. And I think just doing some more research on our sites and power availability and supply lines, as Chris was saying, we can – it looks like on certain subsets of sites, we can provide a bigger power footprint, which I think gets more in the sweet spot of what edge needs are. But again, it's still early days and we'll have more to talk about this in subsequent quarters.

00:32:00 **Question – Nicholas Ralph Del Deo:** Okay. Okay. That's good to hear. Thank you. And then, maybe one on the leasing outlook. You noted it's going to come in at the low end of the expected range, probably a little bit of a change from prior comments that leasing would be back-end loaded. So is that driven by leasing getting pushed into 2027 for some reason, or are you seeing a shift in the underlying trajectory or is something else going on? Anything you can share that would be great.

00:32:26 **Answer – Christian H. Hillabrant:** Yeah. Just more broadly, I think we're seeing interest from many different customers, including our traditional mobile network operator customers and these edge data center operators. In order to finish the year above the low end of the range that we guided to, we would have to see these opportunities materialize earlier than we currently anticipate. So, it's more of a timing issue.

00:32:47 **Answer – Sunit S. Patel:** Yeah, it's more a shift. I would say the excitement around what people want to do is probably built up. But it's a timing shift as opposed to a trajectory shift.

00:32:59 **Question – Nicholas Ralph Del Deo:** Okay. Thank you, both.

00:32:59 **Answer – Christian H. Hillabrant:** You bet.

Operator

00:33:02 The next question will come from Cameron McVeigh with Morgan Stanley. Please go ahead.

Analyst: Cameron McVeigh

00:33:08 **Question – Cameron McVeigh:** Hi. Thank you. So, Elon yesterday said that he expects AI agents to drive orders of magnitude growth in bandwidth demand. And I'm curious, as we think of the extent that AI agents are driving higher uplink traffic, how much can the carriers accommodate with their existing equipment and potential software upgrades?

00:33:31 And then, to that point, have you had conversations with customers looking to upgrade equipment related to higher uplink traffic so far? Thanks.

00:33:40 **Answer – Christian H. Hillabrant:** Maybe to put this in context and share, at a recent analyst conference where we sat with the three CTOs of the operators and what they described was a very interesting and exciting future around AI and the impacts on the carrier networks. Predominantly that it would take the current network profile of where, say, 90% of the total mobile traffic data load is on the downlink and only 10% is on the uplink, that longer term that would move closer to a 50/50 between the downlink and the uplink, meaning that you have people in the field ingesting data through video, through voice, through text, whereby they would be ingesting that data and uploading it in order to gain real time information.

00:34:29 And the implications of that are two-fold. One of which is, to your point, there's some re-architecting of the network, both in terms of capacity and then the configuration of how to balance that traffic load up and down. Two is, it starts to talk to latency and does that become a bigger issue. And as you think about the edge of data compute is something where, over time, as those applications evolve, the need to have very fast response times lends itself towards the potential for future growth in the edge data centers.

00:35:00 So, those are the two implications that we've heard directly from customers in terms of the difference in the customer profile. The broader context of the data growth, again, the latest data that I saw published was a doubling of total data payload over the next five years. This was the CAGR that was implied.

00:35:20 **Answer – Sunit S. Patel:** Yeah. I think it's going to be a big growth driver, as he was pointing out. I think, it also means that fiber infrastructure into towers. I think he also talked about the implications for a need for a lot more edge compute and storage. So, these all things that should be good drivers for our business. And to your point, I don't think it's just a software upgrade. If you just have raw growth in bits and it takes power to move bits, it might need upgrade of equipment over time.

Question – Cameron McVeigh: Thanks.

00:35:59 **Answer – Christian H. Hillabrant:** Thank you.

Operator

00:36:01 The next question will come from Michael Rollins with Citi. Please go ahead.

Analyst: Michael I. Rollins

00:36:07 **Question – Michael I. Rollins:** Thanks, and good afternoon. Two different topics, if I could. So first, going back to the customer dispute, can you provide just a little bit more background? You said it was

long standing. What was unique about that dispute versus the normal types of relationships that you have with your large carrier customers? And the payment that you made, is that related to the deferred purchase price associated with some of the carrier sale leasebacks, where there's a certain amount of money that gets deferred into the future? Or is there just – I know you mentioned some of the benefit you expect to leasing dollars, but any other context that you can provide there would be super helpful.

00:36:55 And then just separately, back to the topic of DISH, can you share how many of your 40,000 locations did DISH get to with their infrastructure before they hit the stop button? Thanks.

00:37:12 **Answer – Christian H. Hillabrant:** Yeah. Let me start with the second one first. I think the easy answer on the DISH was they had 12,000-plus installed sites with the ability to go up to 20,000 over time as they develop their network. And then, in terms of, again, not so much a dispute, but just more of a long standing customer issue. This is – I would characterize it as just part of the normal back and forth that tower companies and their customers have over time. But it was something that, by resolving it, opens up the door for additional growth. That was the key for us as a catalyst in getting this sorted.

00:37:53 **Answer – Sunit S. Patel:** Yes. And a couple of additional things. You asked if we were purchasing futures. This wasn't that at all. This was more to do with the fact that this residual economic interest is they were getting benefits from some of the revenues. So, this just was a simplification. That was a win-win for both of us. I think for them it simplifies things for them on their side. For us, it was accretive transaction for us, if you look at on a multiple basis. And also it came with a term extension and an agreement to limit churn on a longer term basis.

00:38:34 So, I would say if you look at it in terms of, from a balance sheet perspective, yeah, it's $275 million, of which $158 million we put on other intangible assets, and then the other $118 million in just other current activities. But that's the value of the contractual term extension and limiting the churn. So that's what it was. It didn't really have any – anything to do with any purchase options or anything like that.

00:39:04 **Question – Michael I. Rollins:** I appreciate all that detail. If I could just follow up with one other then on that. So, given what you described on the churn side, does this make the case stronger that annual churn ex the Sprint decommissioning side of it could stay below 1% per year?

00:39:27 **Answer – Sunit S. Patel:** Yeah. I mean, so, as you know, we said our churn is 50 basis points to 100 basis points. 50 basis points, probably call it, but – so it impacts churn. But, as I said, it's for a small subset of the towers, so not big enough to kind of impact our guide – long-term guidance we've talked about with respect to churn. They're certainly beneficial.

00:39:57 **Question – Michael I. Rollins:** Thanks very much.

00:39:58 **Answer – Christian H. Hillabrant:** Thank you.

Operator

00:39:58 Your next question will come from Mike Ng with Goldman Sachs. Please go ahead.

Analyst: Michael Ng

00:40:04 **Question – Michael Ng:** Hey. Good afternoon. Thanks for the question. I just have two. First, I was just wondering if you could comment on some of the lower network services activity in the quarter, and if you expect that to kind of return back to more of a normal cadence after this quarter?

00:40:24 **Answer – Christian H. Hillabrant:** On the service business...?

00:40:26 **Answer – Sunit S. Patel:** Yeah. Yeah, I mean, look, if you look at our guidance for the service business this year, it's $85 million. So, if you look at what we reported in the third quarter, that implies we'll see a nice pickup in the fourth quarter, a nice increase in the fourth quarter. So, yeah, it returns to more of a normal cadence. Probably not at the levels we might have guided to, but yeah, in that – close enough in that vicinity, at least in the fourth quarter.

00:40:57 **Question – Michael Ng:** Great. Thanks. And, I was just wondering if you could talk a little bit more about the operational efficiencies in the quarter and some of the kind of key drivers of the 200 bps of margin expansion over the next few years. Any change in terms of key things that could help you there?

00:41:17 **Answer – Sunit S. Patel:** Yeah. I mean, so Chris talked about a couple of systems implementations we've done. We've got more of those coming up next year and the year after that. And then, we also talked about exiting our transition services agreement that will lead to further simplification in future periods. So, I think, we've been consistent about saying our margins will improve to 200-plus basis points between here and 2030. But the fact is, we made more progress on that on this year and still sticking to that guidance, which I think should say on the margin we're doing better than what we had indicated at the beginning of the year.

00:42:05 **Answer – Christian H. Hillabrant:** Well, particularly, the GLBO is a driver of our business. We identified at the start of the year that we had a gap to what our key competitors had in terms of owning land underneath our towers and embarked on a strategic program to accelerate those activities, which we effectively doubled – more than doubled year-over-year and continues to be a large driver of the efficiency and cost savings that we're investing in that today.

00:42:35 **Question – Michael Ng:** Great. Thank you very much.

Operator

00:42:38 The next question will come from Matt Niknam with Truist. Please go ahead.

Analyst: Matthew Niknam

00:42:44 **Question – Matthew Niknam:** Hey, guys. Thanks for taking the questions. I'll keep it at two as well, but I'll keep them simple. First, on services, I know you would maybe alluded to the expected downtick that we actually ended up seeing in the third quarter. Is there any indication of broader, softer leasing from carriers ahead of next year's upper C-band auctions?

00:43:04 And then secondly, on the edge data centers, can you speak to whether there's a general type or size of customer you're speaking to for these trials? And if there are any sort of specific use cases they're typically trying to solve for? Thanks.

00:43:21 **Answer – Christian H. Hillabrant:** Yeah. I mean in terms of the services, you heard me refer earlier to the fact of that 600 megahertz have been pushed out. And so, this was something that, when we lay it on the guide to, would have an uptick in 4Q is now that the transaction has been completed and applications are starting to flow is that – is the largest individual component from a services perspective.

00:43:46 In terms of the edge data centers, again, the traditional installation has been in a sub 1 megawatt in a 0.2 to 0.5. It's providing edge data compute at the cell site in the existing structures that we have, supporting use cases of kind of both a combination of capacity supply in a high-demand data center environment, combined with folks that need the low latency that's provided by the fact of our cell sites being as close to the edge as they are. Those are the primary installation types that we're seeing in that space.

00:44:33 **Answer – Sunit S. Patel:** Yeah. And a couple of things. I mean, remember, I think we've said that the service business has always been lumpy for us in any given quarter. We've talked about that in the past. From a long-term trend perspective, no – and I think we talked about this earlier, we've seen a time shift, but the interest level in general continues to be pretty strong and active and maybe helped by the change in the competitive environment a little.

00:45:01 **Question – Matthew Niknam:** Thank you.

00:45:01 **Answer – Christian H. Hillabrant:** You bet.

Operator

00:45:05 The next question will come from David Barden with New Street. Please go ahead.

Analyst: David W. Barden

00:45:10 **Question – David W. Barden:** Hi, guys. Thanks so much for taking the questions. Appreciate it. I guess the first, if I could, would be the language around what SpaceX seems to be trying to do seems to be very prospective, like it's going to maybe probably eventually someday build a network. Your services business has been very much about planning and permitting and those sorts of things. Usually, when companies are planning on building something, they kind of come to you guys first, and then they buy the spectrum. They don't buy the spectrum first and then figure out how to use it later. Could you guys weigh in on that a little bit and how you really think what's actually happening there?

00:46:01 And then, the second question, if I could, please, would be regarding the upper C-band auction. We all know the auction is going to happen next year, but that the deployment is going to be delayed because of the potential interference with the FAA altimeter issues. So, when do you think that that would actually begin? It's probably not going to begin at the last minute in 2030, 2031. It's probably going to begin sooner rather than later. So, if you could give us a sense as to the conversations you're having on that topic, it would be hugely helpful. Thank you.

00:46:42 **Answer – Christian H. Hillabrant:** Sure. Thanks for the question. So, let's start with the SpaceX. And I think you raised a great point. For those of us that have spent their careers designing, building operating networks, which I spent more than half my career doing for Verizon predecessor and T-Mobile, is you realize how complex these things are, how long it takes. And what I think Crown brings to the table is a strong pedigree of experience in helping customers get on air quickly from the time an application comes in to the time that we give them an NTP to get up on air.

00:47:18 And so, if SpaceX is serious, as it sounds like they are, in building a terrestrial network, I think we are a great partner for them in being able to help take a concept and turning it into reality of how to navigate through building a terrestrial network, which is again, very, very different, obviously, than building a satellite network as we'd be the first to admit. So, that's something that we believe we can add value to. And again, based on our portfolio and the fact of the partnership that we had with DISH initially, that we have the majority of our sites in top 100 markets, where the vast majority of pops are located, this is something that we can help to solve for, I think, in a significant way. And so, we stand ready, when and if that time comes.

00:48:07 Then more broadly on your comments on the upper C-band, yeah, so there's always been this issue where spectrum goes to market and auction. It takes the time that it takes to do an auction. Then the aftermath of that is the spectrum clearing, before it can be put into use. What I think I've shared in the past is where there's a will, there's a way. And so, if you think back to when the original C-band spectrum was being put into place and there was issues with potential adjacent channel interference with the altimeters is that the industry found a way to work around that and to accelerate those activities.

00:48:44 And so, I don't know that you can put an exact date on when it is. There's typically a deadline by which the FCC sets for having the spectrum clear. But oftentimes that's not the actual date of the spectrum is cleared and put into service. So, I believe it's one of these things where stay tuned to this space, but I would not anticipate that it takes that long. There is a desperate need to put additional spectrum to work based on the data growth that we've talked about before, and therefore, again, where there's a will, there's a way to find a way to clear it, and get it up on towers as quickly as possible.

00:49:19 **Question – David W. Barden:** I really appreciate those comments. And I just want to be crystal clear that when you say that you stand ready to be a partner, that the reality is that that SpaceX really hasn't reached out to do anything, and that we're just kind of waiting to find out what the plan is. Is that what you're saying?

00:49:42 **Answer – Christian H. Hillabrant:** What I said – I'll just reiterate what I said earlier, which is, we won't discuss individual customer discussions and you can assume that we're talking to all of them.

00:49:52 **Question – David W. Barden:** Great. All right. I really appreciate it. Thank you.

00:49:55 **Answer – Christian H. Hillabrant:** You bet.

Operator

00:49:58 And the last question for the day will come from Batya Levi with UBS. Please go ahead.

Analyst: Batya Levi

00:50:05 **Question – Batya Levi:** Great. Thank you so much. Just wanted to get back to the discussion about the dispute you had with the customer. Is there any reserve that we need to factor in as a reversal as we forecast ahead? Maybe a cash component that you are expecting to receive? And is this an extension of an existing portfolio or addition of a new lease from the key customer? And any color in terms of how long that lease is and if it has a normal escalator would be helpful.

00:50:36 **Answer – Sunit S. Patel:** It's extension of an existing portfolio. There are no reserves or anything in the future. I think it's sort of like what I described it. We are paying $275 million to acquire a residual economic interest on the revenue side. And that's what it is. But in addition to that, they extended the term of the contract for this particular set of towers, if you like, and agreed to limit churn on a longer term basis. So, I think those are the critical value components of this transaction.

00:51:14 **Question – Batya Levi:** Is it a typical five-year extension with a 3% escalator?

00:51:27 **Answer – Sunit S. Patel:** I can't comment on specific extension, but, yeah.

00:51:24 **Question – Batya Levi:** Okay. Thank you.

00:51:25

Answer – Sunit S. Patel: I mean, you get some sense of it from the straight line revenue treatment, but yeah, can't give you more specifics than that. Sorry.

Operator

00:51:38 And this will conclude our question-and-answer session as well as our conference call for today. Thank you for your participation. You may now disconnect.

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