

US Telco: Wireless Model Updates

By NSR Team | January 22, 2024

What's new: we have tweaked our wireless models ahead of a big earnings week. The changes weren't material enough to warrant individual notes (see tables below).

For the updated Verizon model, click [HERE](#)

For the updated AT&T model, click [HERE](#)

For the updated T-Mobile model, click [HERE](#)

Verizon: Changes to Estimates

	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E
Service & Other Revenue	109,578	110,760	111,897	112,957	109,618	110,567	111,601	112,627	(40)	194	296	329
memo: Growth Y/Y	0.0%	1.1%	1.0%	0.9%	0.0%	0.9%	0.9%	0.9%	0.0%	0.2%	0.1%	0.0%
Wireless Service Revenue	76,763	78,668	80,404	81,911	76,795	78,391	79,746	80,800	(32)	276	658	1,111
memo: Growth Y/Y	3.2%	2.5%	2.2%	1.9%	-6.1%	2.1%	1.7%	1.3%	9.3%	0.4%	0.5%	0.6%
EBITDA	47,875	48,806	49,202	49,535	47,815	48,510	48,668	48,938	60	296	534	597
memo: Growth Y/Y	0.01%	1.9%	0.8%	0.7%	-0.12%	1.5%	0.3%	0.6%	0.13%	0.5%	0.5%	0.1%
EPS	\$4.72	\$4.72	\$4.79	\$4.92	\$4.72	\$4.74	\$4.76	\$4.83	(\$0.00)	(\$0.02)	\$0.03	\$0.09
memo: Growth Y/Y	-8.8%	0.0%	1.5%	2.7%	-8.8%	0.4%	0.3%	1.5%	0.0%	-0.4%	1.2%	1.2%
Capex	19,218	17,250	17,250	17,250	19,050	17,250	17,250	17,250	168	0	0	0
memo: Growth Y/Y	-16.8%	-10.2%	0.0%	0.0%	-17.5%	-9.4%	0.0%	0.0%	0.7%	-0.8%	0.0%	0.0%
Free Cash Flow	18,093	18,289	19,084	19,879	18,052	18,258	19,643	19,681	40	30	(559)	198
memo: Growth Y/Y	28.7%	1.1%	4.4%	4.2%	28.5%	1.1%	7.6%	0.2%	0.3%	-0.1%	-3.2%	4.0%
Postpaid Phone Net Adds	251	515	578	589	251	401	383	297	0	114	194	292
memo: Change vs. Prior Year	50	263	63	11	50	150	(18)	(86)	0	114	81	98
Total FWA Net Adds	1,540	1,315	822	340	1,540	1,200	637	168	0	115	185	172
memo: Change vs. Prior Year	369	(225)	(493)	(482)	369	(340)	(563)	(469)	0	115	70	(12)
Total FiOS Data Net Adds	253	265	267	271	254	270	279	282	(1)	(5)	(12)	(12)
memo: Change vs. Prior Year	37	11	2	4	38	16	9	4	(1)	(4)	(6)	(0)

AT&T: Changes to Estimates

	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E
Postpaid Phone Net Adds	1,732	1,048	476	308	1,735	978	401	231	(2)	70	75	77
Postpaid Device Net Adds	421	463	488	498	421	420	391	326	0	44	97	172
Total Postpaid	2,153	1,511	964	806	2,155	1,398	792	557	(2)	113	172	249
Prepaid	189	88	15	11	189	180	110	62	0	(92)	(94)	(51)
Retail Net Adds	2,342	1,599	980	817	2,344	1,578	902	619	(2)	21	78	198
Postpaid Service Revenue	47,008	48,560	49,501	50,213	47,008	48,500	49,317	49,867	(0)	60	184	347
Prepaid Service	7,147	7,267	7,361	7,437	7,147	7,272	7,384	7,472	0	(5)	(23)	(35)
Other Service	8,987	9,419	9,643	9,957	8,988	8,913	9,404	9,943	(2)	505	238	14
Wireless Service Revenue	63,142	65,246	66,504	67,607	63,144	64,686	66,105	67,282	(2)	561	399	325
Broadband Revenue	10,450	11,227	12,177	13,391	10,450	11,154	11,994	13,003	0	73	184	388
Other Consumer Wireline	2,695	2,099	1,614	1,236	2,695	2,115	1,641	1,314	0	(16)	(27)	(78)
Consumer Wireline Revenue	13,145	13,326	13,792	14,627	13,145	13,269	13,635	14,317	0	57	157	310
Consumer Wireline Costs	9,028	8,876	8,991	9,345	9,028	8,880	8,929	9,234	0	(4)	62	111
Consumer Wireline EBITDA	4,117	4,449	4,801	5,282	4,117	4,389	4,706	5,083	0	61	94	199
2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E	
Wireless Total Revenue	82,906	85,060	86,418	87,681	82,880	84,494	85,973	87,327	25	566	445	354
Business Wireline Revenue	21,017	19,864	19,021	18,358	21,017	19,976	19,187	18,621	0	(112)	(166)	(263)
Consumer Wireline Revenue	13,145	13,326	13,792	14,627	13,145	13,269	13,635	14,317	0	57	157	310
International Revenue	3,850	4,034	4,217	4,300	3,839	3,738	3,658	3,656	11	296	559	644
Corp & Other Revenue	437	456	456	456	435	445	457	468	2	11	(1)	(12)
PF Revenue	121,354	122,739	123,903	125,422	121,316	121,922	122,909	124,389	39	817	994	1,034
Wireless Total EBITDA	34,540	35,506	35,667	36,019	34,404	34,946	35,478	35,927	136	560	189	92
Business Wireline EBITDA	6,695	6,115	5,753	5,355	6,695	6,227	5,919	5,623	0	(112)	(166)	(268)
Consumer Wireline EBITDA	4,117	4,449	4,801	5,282	4,117	4,389	4,706	5,083	0	61	94	199
International EBITDA	564	549	516	471	579	563	525	476	(14)	(14)	(9)	(5)
Corp & Other EBITDA	(2,321)	(2,300)	(2,300)	(2,300)	(2,434)	(2,374)	(2,377)	(2,378)	113	74	77	78
Reported EBITDA	43,595	44,320	44,437	44,827	43,360	43,751	44,251	44,731	235	569	186	96
Capex	23,578	21,487	20,724	20,000	23,611	21,867	20,875	19,925	(33)	(380)	(151)	75
Interest Expense	6,548	5,851	5,583	5,083	6,399	5,494	5,136	4,749	149	357	447	334
Cash Taxes	1,663	2,713	2,813	2,913	1,663	2,100	2,175	2,250	0	613	638	663
W/C	(1,240)	(320)	(313)	168	(1,461)	(593)	206	982	221	273	(519)	(814)
Underlying FCF	13,046	14,590	15,630	16,664	13,148	14,883	15,859	16,825	(102)	(293)	(229)	(161)
DTV	3,494	2,896	2,344	2,131	3,494	2,896	2,344	2,131	0	0	0	0
= Reported FCF	16,540	17,486	17,974	18,795	16,642	17,779	18,203	18,957	(102)	(293)	(229)	(161)

T-Mobile: Changes to Estimates

	Current Estimates				Prior Estimates				Changes to Estimates			
	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E	2023E	2024E	2025E	2026E
Wireless Service Revenue	63,246	65,743	68,277	70,806	63,276	66,225	69,067	71,567	(30)	(482)	(790)	(761)
Other Revenue	1,205	1,234	1,256	1,259	1,176	1,220	1,245	1,250	29	14	11	9
Service & Other Revenue	64,451	66,977	69,533	72,065	64,452	67,445	70,312	72,817	(1)	(468)	(780)	(752)
Core EBITDA (Adjusted)	29,252	31,743	34,085	36,306	29,272	31,995	34,257	36,336	(20)	(251)	(172)	(30)
Cash Capex	9,801	9,205	9,276	9,301	9,804	9,261	9,302	9,340	(3)	(56)	(26)	(39)
Cash Interest	3,553	3,741	3,890	3,913	3,554	3,791	3,999	4,137	(0)	(50)	(108)	(225)
Cash Taxes	187	1,155	2,107	3,286	187	806	1,793	2,998	0	349	313	288
Other, W/C, net	2,044	925	675	400	2,042	969	711	408	2	(44)	(36)	(8)
Free Cash Flow	13,667	16,717	18,138	19,407	13,686	17,168	18,452	19,453	(18)	(451)	(314)	(46)
Reported Postpaid Phone Net Adds	3,028	2,961	2,903	2,858	3,024	2,958	2,901	2,857	4	3	2	1
Postpaid FWB Net Adds	1,864	1,348	855	587	1,844	1,340	854	587	20	8	2	0
Postpaid Other excluding FWB Adds	866	1,241	1,136	1,049	960	1,293	1,174	1,070	(95)	(52)	(39)	(21)
Reported Postpaid Net Adds	5,758	5,550	4,894	4,493	5,828	5,591	4,929	4,514	(70)	(41)	(35)	(20)
Prepaid FWB Net Adds	243	253	195	117	250	259	200	129	(7)	(6)	(5)	(12)
Prepaid ex. FWB Net Adds	20	(26)	(31)	(29)	44	19	5	0	(23)	(44)	(37)	(29)
Reported Prepaid Net Adds	263	227	164	88	294	278	205	129	(30)	(50)	(41)	(41)
Traditional Mobile Retail Net Adds	3,914	4,177	4,007	3,878	4,028	4,270	4,081	3,927	(114)	(93)	(74)	(49)
Total FWB Net Adds	2,107	1,601	1,050	704	2,094	1,599	1,053	716	13	2	(3)	(12)
Total Retail Net Adds	6,021	5,778	5,058	4,582	6,122	5,869	5,134	4,643	(101)	(91)	(77)	(61)
Retail Service Revenue	58,437	61,862	65,096	67,742	58,488	61,831	64,841	67,614	(51)	31	255	128
Wholesale, Roaming & Other	3,390	3,026	2,864	3,008	3,738	3,644	3,727	3,828	(348)	(618)	(862)	(820)
Dish MVNO	1,419	855	317	57	1,050	750	500	125	369	105	(183)	(68)
Wireless Service Revenue	63,246	65,743	68,277	70,806	63,276	66,225	69,067	71,567	(30)	(482)	(790)	(761)

Full 12-month historical recommendation changes are available on request

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