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WHAT THE INDUSTRY READS FIRST

Texas Tough: AT&T Lays Out Vision at Investor Day

Tuesday was AT&T's chance to map out its multi-year plan to remain a key player in fiber and wireless connectivity. The company hosted its 2024 Analyst & Investor Day from AT&T Stadium in Arlington, Texas, where it touted a vision to expand its fiber broadband network while fueling more than \$40 billion of anticipated shareholder returns through dividends and share repurchases over the next three years.

It's no surprise convergence was a buzzword throughout the day, and it was a chance for CEO *John Stankey* to talk about the value fiber possesses and how AT&T is positioned to utilize it along with wireless offerings. He predicted that fiber will be "nearly ubiquitous by the end of the decade," and if all goes to plan, AT&T will reach more than 50 million total locations with fiber by the end of 2029. That includes an expectation to reach around 45 million locations through organic fiber deployment in addition to serving 5 million fiber locations through **Gigapower**—its jv with **Blackrock**—and commercial open-access providers.

"We expect that consumers are going to continue needing to connect to the internet in more significant ways moving forward, and we think the only way you do that effectively is by having dense, rich fiber assets in the right place so that you can run world-class wireless networks and word-class broadband networks that are connected to people's homes and businesses," Stankey said Tuesday morning on **CNBC's** "Squawk on the Street." "We think that the amount of fiber

that we're putting in the U.S., putting in the ground and how we're going to engineer and offer those networks is going to put us in a very unique position versus our competitors."

AT&T will end the year with 29 million locations passed with its owned and operated fiber network. Before the end of 2029, it plans to grow its reach by 15 million locations for an incremental average of 3 million passings delivered annually.

Although fiber alone is beneficial to AT&T from a scalability, performance and cost perspective, customers are trending toward wanting an all-in-one experience with their connectivity. AT&T currently has around 9 million fiber subscribers, and four out of 10 of those customers also have AT&T for wireless. Additionally, the company has grown its converged penetration rate by about 400 basis points over the past three years.

"Our belief is, at this point in time, we're uniquely positioned to be the operator that has an organic path to do all this—to wind up with a scaled, modernized, fiber-based converged network infrastructure that we've got the right kind of owner economics on," Stankey said. "It drives an improved customer experience, it drives better product innovation, it lowers cost structure and all those things drive better returns for shareholders."

What convergence ultimately means to AT&T is continuing to modernize its wireless network operations at the same time. It's been around a year since AT&T revealed plans to modernize its wireless RAN, which will ultimately update nearly every one of the AT&T cell sites. That'll allow the company to boost capacity, increase coverage and speed while optimizing its cost structure

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as part of the program. By the end of 2026, AT&T will deploy spectrum assets to cover 300 million POPs with its midband spectrum—up from nearly 270 million by the end of this year.

“This transformation of modernizing our wireless RAN is actually to transform it to a more open architecture that will enable us to serve the growing traffic demands with a better customer experience and at a better cost curve,” COO *Jeff McElfresh* said. “By the end of 2026 we expect that 70% of our 5G traffic will flow across open hardware, and this transition to a more open radio architecture will enable and invite new disruptive technology partners to engineer wireless access endpoints for our network at a much better cost curve.”

On the financial side, AT&T is planning on providing \$50 billion of financial capacity over the next three years, primarily via organic growth. The company still expects to achieve its net leverage target of net-debt-to-adjusted EBITDA in the 2.5X range in 1H25, and maintain leverage within that range through 2027.

The \$40 billion expected to return to shareholders will come through dividends and share repurchases. Under the capital return plan, AT&T anticipates maintaining its current annualized common stock dividend of \$1.11 per share, and it would also result in over \$20 billion in total dividend payments with capacity for around \$20 billion in share repurchases from 2025-27. The first move came Tuesday as AT&T's Board authorized an initial tranche of approximately \$10 billion in common stock repurchases. Company management expects those share repurchases to commence when AT&T reaches its net leverage target range and expects to conclude by the end of 2026.

AT&T's long-term outlook entails consolidated service revenue growth to be in the low-single-digit range annually from 2025-27. Mobility service revenue growth will fall between 2-3%, while consumer fiber broadband revenue growth will land in the mid-teens each year. Adjusted EBITDA growth will be 3% or better annually within the next few years, with capital investment in the \$22 billion range annually as well. Free cash flow, excluding DirecTV, is expected to hit \$16 billion in 2025 along with annual growth of \$1 billion through 2027.

For 2024, AT&T expects wireless service revenue growth in the 3% ballpark. Broadband revenue growth is slated to hit 7% while adjusted EBITDA growth will be in the 3% range. Capital investment will be at the high end of the \$21-22 billion range, and free cash flow is tracking toward the midpoint of \$17-18 billion.

MOFFETTNATHANSON SEES NO SPINCO DEALS UNTIL 2026

It's been two weeks since **Comcast** announced its plans to spin off most of its cable networks, and analysts have had a chance to dig into the ins and outs of the arrangement. In

a note to clients Tuesday, **MoffettNathanson** said Comcast didn't need to establish SpinCo to engage in different M&A talks across the industry or strike other partnerships. This just makes everything easier, and the firm believes **Warner Bros. Discovery's** cable portfolio would make “the most natural dancing partner” for SpinCo. But MoffettNathanson doesn't anticipate any cable network consolidation involving SpinCo until at least 2026. “While it is debatable whether there is actually a two-year ‘waiting period’ post-spin for deal making, it is certainly the case that deals can't happen right away (and the spin itself won't be completed for another year). Comcast is committed to protecting the tax-free nature of SpinCo,” MoffettNathanson said. “SpinCo naturally will have its stand-alone goals of driving higher revenues (or more realistically trying to limit the pressures of the ecosystem) and reducing costs. That said, investors will inevitably be focused on potential acquisition targets that can drive additional synergies and maintain relative stability in future cash flows.”

MEGA BROADBAND'S \$100M DIVIDEND RECAP

Mega Broadband Investment plans a \$100 million dividend recapitalization. **Eagle** and co-borrowers **Northland Cable Properties** and **Northland Cable Television** plan to raise \$100 million in incremental Term Loan B to fund a distribution to Mega shareholders. Moody's said the additional debt will increase Mega's consolidated leverage by approximately .6x pro forma for the transaction close, with the ratings service estimating the additional debt obligation will increase annualized interest expense by about 10%, or \$7.5 million. “We estimate certain credit ratios including gross leverage and retained cash flow to debt (incorporating our standard adjustments) will be slightly outside our tolerances for the B2 rating. However, we believe any downward rating pressure is offset by the planned acquisition of Mega's remaining 55% interest (near year-end 2025) by its current 45% owner **Cable One**, a stronger Ba3-rated credit,” **Moody's** said.

2025 CABLE HALL OF FAME

Six new leaders will be inducted into the Cable Hall of Fame Class of 2025. The group will be recognized at the annual Cable Hall of Fame celebration hosted by **The Syndeo Institute at The Cable Center**, which is set for April 24 from the Ziegfeld Ballroom in NYC. Joining the ranks will be former **General Instrument** Chairman/CEO **Ed Breen**; **Joe Cohen**, President, **The Switch Sports Group** and Chairman/CEO of **West Ridge Associates**; **Point Broadband** CMO **Zenita Henderson**; **Pat Kehoe**, Founder/President of **PK Network Communications**; “Squawk Box” co-anchor and **CNBC**

analyst *Andrew Ross Sorkin* and *Bill Stemper*, Chairman Emeritus for **Comcast Corp.** and **Comcast Business.**

Project UNITE, a partnership that was created between the two entities to bring reliable internet service to Duck River Electric members in Middle Tennessee.

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PEACOCK BRINGS MULTIVIEW TO PREMIER LEAGUE

Peacock is finally bringing its Multiview feature to its Premier League coverage. The feature, which aims to enhance the viewing experience through data, the ability to catch up with key plays and more, will be available Wednesday at 2:30pm ET for four key showdowns. Viewers will be able to watch all four matches at once, be able to move around the screens, switch the audio and choose any game to enhance to fullscreen. Multiview will be available for Premier League matches for the rest of the season.

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DOING GOOD

ESPN's 18th Annual V Week for Cancer Research kicked off today and runs through Dec. 15. To date, ESPN has helped raise more than \$237 million for the V Foundation in the fight to end cancer. A 15-minute roadblock is set for 7pm ET on Wednesday across ESPN networks that features *Jim Valvano's* 1993 ESPYS speech as well as a tribute to his legacy and the impact of the V Foundation. Other highlights include the **UFC** dedicating its fight on Dec. 14 to the Stuart Scott Memorial Cancer Research Fund. While battling cancer, Scott would do MMA training after chemotherapy treatments. Direct donations can be made at v.org/donate.

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WALMART WRAPS VIZIO PURCHASE

Walmart solidified its presence in the smart TV marketplace Tuesday with the completion of its acquisition of **Vizio**. The pair first announced the deal in February with Walmart agreeing to purchase Vizio and its SmartCast Operating System for \$11.50/share in cash, equating to a fully diluted equity value of approximately \$2.3 billion. Walmart and Vizio will continue to operate separately for the foreseeable future, and *William Wang* will continue to serve as Vizio's CEO.

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PROGRAMMING

"Sweetpea," the comedy thriller from **Sky** and **Starz**, is returning for a second season. The first season is available to watch on Sky and streaming service NOW in the U.K. and on Starz in the U.S. and Canada. – "Sean," a new long-form interview show hosted by *Sean Hannity*, made its debut today on streamer **Fox Nation**. Ep 1 features *Sylvester Stallone* alongside his wife, entrepreneur, and model *Jennifer Flavin Stallone*. New episodes will debut monthly, with upcoming guests including **ESPN's** *Stephen A. Smith* and fitness trainer *Jillian Michaels*. – **TNT Sports** is putting on another golf competition. "The Crypto.com Showdown" will feature *Rory McIlroy*, *Scottie Scheffler*, *Bryson DeChambeau* and *Brooks Koepka* come Dec. 17 at 6pm from Las Vegas. The 18-hole event will be simulcast across **TNT**, **TBS**, **truTV** and the **B/R Sports Add-On on Max**. – **Apple TV+** unveiled a few programming notes. It greenlit a new limited drama "Lucky" that'll star *Anya Taylor-Joy* and be based on the *New York Times* bestselling novel. The 10-part docuseries "The Secret Lives of Animals" will premiere globally on Dec. 18, and Season 2 of the psychological thriller "Surface" will begin its eight-episode run Feb. 21. – **ESPN** platforms will have coverage of every NCAA Division I Women's Volleyball Tournament match this year. **ESPN+** will air the first and second rounds (Dec. 5-7) before the regional rounds (Dec. 12-15) are broadcast across **ESPN**, **ESPN2** and **ABC**. The semi-final round will take place Dec. 19 on **ESPN**, before the national championship begins Dec. 22 at 3pm on **ABC**.

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RDOF REMINDER

The **FCC** is reminding Rural Digital Opportunity Fund support recipients of their obligations to notify the Wireline Competition Bureau if they believe they can't meet the third-year milestone, which requires build out to at least 40% of RDOF locations. Notifications must come within 10 business days of the milestone deadline, which is Jan. 15 for those carriers authorized in 2021. RDOF recipients authorized in 2022 have until Jan. 15, 2026.

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FIBER FRENZY

Midco is building out fiber to 18 communities around Minnesota's Lake Minnetonka. In total, more than 36,000 homes and businesses across Deephaven, Medina, Orono and more will have access to Midco service by 2028. The operator has already begun installing fiber in Independence, Minnetrista and Victoria, and internet services are now available to more than 3,000 locations across those three communities. – Kansas-based **Nex-Tech** announced plans to build a fiber network in the town of Oberlin. The project is scheduled to kick off in April, though preliminary work will begin in the next few weeks as engineering contractors will measure, mark and plan the build. Nex-Tech also plans to open a store in Oberlin in early 2025. – **United Communications** and **Duck River Electric Membership Corporation** are working together to bring internet to an additional 1,000 homes and businesses in Marshall County, Tennessee. It's a \$12 million project that was secured via

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PEOPLE

Charter promoted *Joe Yates* from GVP, Financial Accounting to SVP, Internal Audit. He succeeds *Frank Faist*, who's set to retire early next year after leading the company's internal audit for 16 years. Yates will oversee all internal audit activities and head up Charter's payment cart industry and Sarbanes-Oxley Act compliance programs in addition to fraud-oriented investigations. He'll report to CFO *Jessica Fischer*.