

✓ **Event Details**

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✓ **Company Participants**

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

Steven J. Moskowitz - Crown Castle, Inc., President, Chief Executive Officer & Director

Daniel K. Schlanger - Crown Castle, Inc., Executive Vice President & Chief Financial Officer

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✓ **Other Participants**

Simon Flannery - Analyst

Michael I. Rollins - Analyst

Ric Prentiss - Analyst

Brendan James Lynch - Analyst

Nicholas Ralph Del Deo - Analyst

James Edward Schneider - Analyst

Brandon Nispel - Analyst

Batya Levi - Analyst

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## **MANAGEMENT DISCUSSION SECTION**

### **Operator**

Good afternoon, and welcome to the Fourth Quarter 2024 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.

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

### **Kristoffer Hinson**

Thank you, Barcy. And good afternoon, everyone. Thank you for joining us today as we discuss our fourth quarter 2024 results. With me on the call this afternoon are Steven Moskowitz, Crown Castle's Chief Executive Officer; and Dan Schlanger, 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](http://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 Factors sections of the company's SEC filings. Our statements are made as of today, March 13, 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](http://crowncastle.com).

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

### **Steven J. Moskowitz**

Thank you, Kris. And good afternoon, everyone. Today, our company announced very exciting news that we successfully signed a definitive agreement to sell our Fiber segment to a combination of companies, EQT Active Core Infrastructure fund and Zayo Group Holdings. EQT has agreed to acquire Crown Castle's small cell business, and Zayo has agreed to acquire Crown Castle's commercial enterprise Fiber business.

The transaction will be subject to customary regulatory approvals, and we expect the transaction to close sometime in the first half of 2026. I'm happy to say that with this announced transaction, we have officially concluded Crown Castle's Fiber strategic review. Let me repeat, we have officially concluded Crown Castle's Fiber strategic review.

As we've conveyed in the past, the board of directors dedicated a tremendous amount of time to conduct a comprehensive, strategic and operational review of our Fiber businesses with the endgame in mind to maximize shareholder value. After considering a variety of transaction structures and potential counterparties, we believe the sale of these businesses to EQT and Zayo will maximize the long-term value to Crown Castle's shareholders from the combination of the proceeds from this transaction and Crown Castle's ability to enhance the value of our tower business by creating a focused and premium pure-play US tower company.

In consultation with financial, legal and strategic advisors and the executive management team of Crown Castle, Crown Castle made the decision to sell the businesses at this time for the following reasons. Although the 90,000 route miles of high-strand count fiber located in the largest markets in the US are great assets, the fiber solutions business has a different business model and different customer base than Towers, and requires different operational capabilities.

Because the similarities between Towers and fiber solutions are somewhat limited, we determined they should be separated to enhance focus on the systems, structure and capabilities needed to maximize the value of Towers. And while Towers and small cells share similar market dynamics, we ultimately decided that the operating capabilities needed to run a tower business and a small cell business were dissimilar enough that the synergies between the two businesses were more than offset by the enhanced value we believe we will unlock in the tower business by creating a focused and premium pure-play US tower company.

Lastly, we felt that if we were able to secure enough value for the Fiber portfolio, it would position the tower business well for future growth and maximize shareholder value. After the anticipated transaction closes, we will generate substantial cash proceeds from the sale of our Fiber segment that we expect to use to transform our tower business by repaying debt, strengthening our balance sheet, and returning capital to shareholders through dividends and share repurchases.

We believe this greater financial flexibility and optionality will help us to grow into the future as the only pure-public US tower company, which I will comment a little bit later in the discussion. Additionally, we believe in the attractive value of our US tower business and that share repurchases are a compelling opportunity in the current market environment.

So before I move on, I would like to send a message of thanks and appreciation to the Crown Castle employees, particularly those on the Fiber side and those who have been providing extensive corporate

support to the Fiber businesses. Your tireless work has allowed us to continue delivering solid results as we've evaluated strategic alternatives.

As part of the strategic and operating review, we announced a realignment of our operational strategy to focus on free cash flow generation as opposed to top line revenue growth. We increased the hurdle rates of our project pipeline, increased the efficiency of our capital spending, and updated our 2024 forward forecast. And through all of this, our fiber solutions, our small cells and our corporate support teams remain positive, intent on delivering for customers at the same rate as always, and focused on achieving solid financial and operating results. So thank you. Thank you to the Crown Castle team members.

I also want to send a shout-out to our lead advisors: Marco and Calvin (00:07:15) at Morgan Stanley; Dan and Chris (00:07:17) at Bank of America; Andrew and Scott (00:07:20) at Paul, Weiss; David and Harry (00:07:22) at Morgan Lewis; and Sarah (00:07:25) at Ernst & Young. We appreciate you and your team's dedication to helping us complete this transaction.

Now, let me focus for a few minutes on our results for last year. I'm pleased to report that our teams delivered solid operating and financial performance for the fourth quarter and full year 2024 across our Towers, fiber solutions and small cell businesses. Our results continue to validate our ability to deliver for our customers and shareholders in a year where we implemented significant changes to how we operate and invest in our business.

In fact, we drove structural reductions in operating costs of \$100 million on an annualized basis and reduced net CapEx by almost \$200 million versus the revised 2024 full year forecast that we announced in June, and \$400 million versus the original 2024 guidance we provided in October of 2023. We achieved these cost reductions while delivering organic growth, net of Sprint churn, of 4.5% in towers, 12% in small cells, and 2% in fiber solutions.

There is a point I want to emphasize, and that is the 12% organic growth in small cells was driven by over 12,500 revenue-generating nodes that we added during 2024. And not only is that in line with the updated guidance we gave in conjunction with our operating plan changes that we announced in June, it happens to be the highest level of incremental annual node production in the company's history.

There are a couple of additional items we noted in our press release that I would like to comment on briefly. First, we've enhanced the way we report our organic growth to provide investors with more specificity around recurring revenue. And these changes are reflected in the numbers that I just mentioned, 4.5% growth in towers, 12% growth in small cells, and 2% growth in fiber solutions.

With this more granular approach to organic growth reporting, which you can find in our earnings supplement, we've separated out other billings and other revenues which capture the impact of items unrelated to recurring leasing activity, including nonrecurring revenue items like back billings, like pass-through taxes, and tenant cancellation fees.

We believe providing this additional level of transparency is a better indication of recurring growth and will help investors better track our underlying business and progress. We will continue to look at ways to improve our disclosures and provide investors with more granularity and transparency, which we hope is helpful to understand the financial and operating performance of the business.

As is always the case, in the fourth quarter, we performed our annual goodwill impairment test, which indicated that the carrying amount of the Fiber reporting unit, which includes both our small cells and fiber solutions businesses, exceeded its estimated fair value. As a result, we recorded a goodwill impairment charge of about \$5 billion for full year 2024 and have no goodwill remaining for the Fiber reporting segment.

The reduction to fair value was driven primarily by our decision to reduce and defer our small cell development plans because of the changes we made in our return thresholds, also the work that we did with our customers on their recalibrated network deployment plans in the short and midterm, and the higher cost of capital we've experienced as interest rates have stayed higher for longer than anticipated.

So for the outlook for 2025, I wanted to start the discussion off by mentioning that our 2025 outlook looks different, since it excludes the results of our Fiber segment, which on a go-forward basis for reporting purposes will be accounted for in discontinued operations. We will continue to operate the Fiber segment as in the ordinary course of business during 2025, and believe it will generate results largely in line with 2024. As a result of these changes in reporting, I will only be talking about tower outlook for 2025.

So as it relates to towers, underlying our 2025 outlook, we believe we will deliver organic growth of 4.5% in towers, excluding the impact of Sprint consolidation churn, as we see our customers' activity levels being similar in 2025 to what we experienced in 2024. The wireless carriers' level of activity continues to be positive as they are busy fortifying their networks with new spectrum and new equipment. Most of the work on our sites continues to be 5G overlays. As our customers shift toward densification, we believe our towers are well positioned to capture this activity.

As a result, for 2025, we believe it will be a continuation of solid growth with organic growth, excluding Sprint cancellations, of 4.5%. Now, our growth in 2025 is offset by the impact of the Sprint consolidation churn, which the company has previously reported. This churn, which has hit as of January 1, will be approximately \$205 million in Towers.

Now, staying with churn expectations for Towers, we also expect to have just under 1% churn, excluding Sprint, in 2025. And looking beyond this year, our expected churn range remains 1% to 2%. Now, this includes around \$20 million in annual Sprint churn that we have from leases that will be coming to their natural final termination date between 2026 and 2034. So our longer term churn expectations, excluding the trailing Sprint churn, is between 0.5% to 1.5%.

In Towers, for 2025, you can expect to see an increase in capital spending, and a majority of that anticipated increase is going toward investing and controlling the parcels of land under our towers. This higher expected level of investment will be focused on select site locations that we deem as both strategic, they may generate significant revenue or be prime sites for future colocation activity, and also provide us positive returns. By either extending leases through perpetual easements or acquiring the deed, we'll use our capital wisely to secure future cash flows and improve operating margins.

We also expect to spend more to improve our project management capabilities and to enable us to work more closely with our customers to make faster and more informed commercial and operating decisions. We believe these initiatives will make it more efficient for our customers to add equipment or colocate on our sites, accelerate the customer application cycle time, and increase the rate by which customers can complete their installations.

So as we move to our priorities in Towers for 2025, I'll refer to slide 5 in the earnings presentation. Basically, here's what you can expect from us. Customer service. We're going to be absolutely laser-focused on delivering great customer service for the wireless carriers as we drive operational excellence into the business, refining processes, leveraging technology better, and enhancing automation, all in the effort to improve speed and ease of service.

I mentioned operational excellence. Operational excellence is critical for us. Again, we're going to look to leverage technology and make sure that we have what we need to be able to make very well-informed commercial and operating decisions with our customers, benefiting both of us.

Improved profitability is also critical, and we will leverage our scale and operational efficiency as we look to secure and optimize our long-term revenue and drive operating margins higher through efforts like those to economically secure the land under our towers, which I just mentioned before.

And strong balance sheet. We will target investment-grade credit rating and practice strong financial discipline while allocating capital to maximize shareholder returns. And while we will focus on these four strategic priorities, we'll be working very hard to deliver for the buyers of our Fiber businesses and to pursue a transition and separation plan with the closing anticipated to be in the first half of 2026.

So, while we're focused on these priorities as we work to close the sale of the Fiber and small cell businesses, we know the next goal for our company is to maximize shareholder value as a focused pure-play US tower company. And with the sale of the Fiber segment, we're updating our capital allocation framework to focus more on free cash flow generation and financial flexibility, as you can see on slide 6.

It starts, first and foremost, with returning capital to our shareholders via a quarterly dividend. Going forward, Crown Castle intends to set its dividend at a rate of about 75% to 80% of AFFO, excluding amortization of prepaid rent. We anticipate reducing our annual dividend to approximately \$4.25 per share, starting in the second quarter of 2025, based on our expected annual AFFO, excluding amortization of prepaid rent, following the close.

Second, after the close, we will target about \$150 million to \$250 million of annual organic capital expenditures, opportunistically pursuing value-enhancing growth. And this includes purchasing land under our towers, which is a key priority for us this year and in the future, selective new builds as we have opportunities, and investing more in technology to enhance our margins for our revenue growth.

The third thing we're going to do post closing is we plan to manage our debt balance to maintain an investment-grade credit rating. After closing the Fiber transaction, we expect to use substantial cash proceeds to repay debt. And based on preliminary analysis, we believe the enhanced stability of our free cash flow profile as a pure-play US tower business will allow us to maintain an investment-grade credit rating with a target leverage between 6 and 6.5 times.

Finally, we expect to repurchase shares. Currently, Crown Castle intends to implement a share repurchase program of approximately \$3 billion in conjunction with the close of the transaction, which we expect to happen, again, in the first half of 2026. We believe this capital allocation framework provides an attractive near-term capital return, while allowing financial flexibility to pursue opportunistic share repurchases as well as organic growth and inorganic growth opportunities in the future.

I'd like to conclude by saying that as a pure-play US tower company, with clear focus on driving best-in-class customer service and more efficient operations, we believe we will have a unique opportunity to enhance shareholder value by providing focused exposure to the best market for wireless infrastructure in the world with positive secular trends, bolstered by 15%-plus annualized growth in mobile data consumption, financially sound counterparties who are spending at a rate of \$30 billion or more annually on network deployment and optimization, all leading to an environment that should drive tower growth for years to come.

I also want to thank our employees, who helped us achieve our fourth quarter and full year 2024 results. Your effort and focus enabled us to deliver solid revenue growth, while significantly lowering operating costs and capital expenditures as we implemented revised operating plans and concluded the Fiber strategic review.

Finally, as you know, Dan Schlanger will be leaving Crown Castle at the end of this month. Amazing that this will be his last earnings call. And I'd like to take the opportunity to thank Dan for the many contributions that

he has made for our company over the last nine years, particularly in the past year, supporting me as I joined this company and for his work on the strategic review and transaction. I know I can speak for everyone at Crown Castle. Dan, we wish you all the best in your next endeavors.

Now, I'll turn it over to Dan to walk us through the details of the quarter.

### **Daniel K. Schlanger**

Thanks, Steven. I appreciate the kind words. Good afternoon, everyone. As Steven mentioned, we delivered fourth quarter and full year 2024 results in line with expectations, and we continue to perform well after implementing the meaningful changes in our operating plan announced in June.

Our solid fourth quarter results included 4.5% consolidated organic growth, which was driven by an increase in demand across our portfolio of towers, small cells and fiber solutions. Partially offsetting our strong organic growth during 2024, we incurred \$10 million of higher-than-expected advisory fees in the fourth quarter that impacted both adjusted EBITDA and AFFO. These fees related to our ongoing strategic review and resulted in full year 2024 total advisory fees of \$40 million related to both our strategic review and the proxy fight earlier in the year.

Turning to our 2025 outlook. As Steven mentioned, having an agreement to sell our Fiber segment means that beginning in the first quarter of 2025, Fiber segment historical 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 does not include contributions from its Fiber segment other than in net income and net income per share.

There are a couple of items I want to point out about our 2025 outlook. First, all financing expenses remain with Towers in our outlook and do not reflect the impact of any use of the proceeds from the sale of our Fiber business. And second, SG&A has been allocated between Towers and discontinued operations to develop our outlook. However, these allocations may not represent the run rate SG&A for Crown Castle as a stand-alone tower company. As a result of these items, adjusted EBITDA, AFFO, and AFFO per share in our 2025 outlook may not be representative of the company's anticipated performance following the close of the sale.

On page 7 of our earnings materials, you can see a bridge from the AFFO provided in our 2025 outlook to a range of expected annual AFFO following the anticipated close of the transaction. Starting with our 2025 outlook for AFFO of approximately \$1.8 billion, we add back around \$235 million for the reduction of interest expense based on using anticipated proceeds from the transaction to repay around \$6 billion of debt at our current weighted average debt rate of 3.9%.

Next, we see further improvements of about \$310 million due to anticipated revenue growth and an adjustment to SG&A to more accurately reflect the anticipated cost structure of a stand-alone tower company, partially offset by incremental borrowing costs through transaction close. Putting all this together results in an estimated annual AFFO at the anticipated close of the sale transaction of around \$2.3 billion.

Moving to our full year 2025 outlook, we expect a solid, stable level of demand for our tower assets we experienced in 2024 to persist into 2025, resulting in a second consecutive year of 4.5% tower organic growth, excluding the impact of Sprint cancellations, consisting of 2.8% from core leasing, 2.5% from escalators, and negative 0.8% from churn. As Steven mentioned, our definition of core leasing activity has historically included the impact of items unrelated to recurring leasing such as tenant cancellation fees and back billings.

To more accurately reflect changes to our recurring revenues, the impact from back billings will now be captured in other billings, and the impact from revenues unrelated to recurring leasing will be captured in other revenues, which will also include the impact from Sprint cancellation and other early termination payments.

Under our revised definition, we expect tower core leasing activity of \$110 million at the midpoint, which compares to \$110 million in 2024 and results in \$175 million of organic contributions to site rental billings excluding the impact of Sprint cancellations. This growth is more than offset at site rental revenues due to the \$205 million of Sprint cancellations Steven mentioned, and a decrease in noncash straight-lined revenues and amortization of prepaid rent.

We believe the underlying growth of the tower business, combined with its efficient cost structure, will generate sufficient AFFO, excluding amortization of prepaid rent, upon close of the transaction to fund our dividend per share target of approximately \$4.25 per share. We believe the target annualized dividend per share of approximately \$4.25 is consistent with the dividend policy Steven discussed earlier of setting our dividend at approximately 75% to 80% of the annual AFFO, excluding amortization of prepaid rent, following the close of the transaction.

Turning to the balance sheet. We ended the quarter with significant liquidity and flexibility, positioning us to efficiently maintain our investment-grade rating after the sale of the Fiber business based on the target capital structure and capital allocation framework that Steven mentioned earlier.

In conclusion, we delivered solid results in full year 2024, and we expect to deliver similar tower organic in full year 2025 as we continue to benefit from the persistent increase in mobile data demand. I believe in the long-term strength of the tower business model, and I also believe the US continues to be the best market in the world for wireless infrastructure ownership. The sale of our Fiber segment positions Crown Castle as the only public pure-play US tower company, and I believe this is the best outcome for driving shareholder value.

Thank you to all the Crown Castle team who worked diligently to conclude the strategic review and for all the team members who helped the company deliver our solid fourth quarter and full year 2024 results.

Finally, I'd like to express my sincere appreciation to everyone at Crown Castle. You have made the last nine years the best years of my professional life. You're a dedicated and talented team and a wonderful group of people. I'm going to miss working with you, and wish you all nothing but the very best.

With that, Barcy, 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 Simon Flannery from Morgan Stanley. Please go ahead.

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**Analyst:** Simon Flannery

**Question – Simon Flannery:** Great. Thank you so much. And let me add my best wishes, Dan, to your future endeavors. Great working with you.

**Answer – Daniel K. Schlanger:** Great working with you too, Simon.

**Question – Simon Flannery:** Thank you. Thank you. Thanks for all the color. Very helpful. In the past, the company has expressed interest in developed market opportunities for macro towers. I guess, years ago, you had investments in Australia. But is that off the table now? Are you pretty much locked into the US? Or might you be interested in something in Europe if the right opportunity arose?

And then, Dan, back to the organic growth. As we go forward here and get past a lot of these onetime items like Sprint churn, if we take a mid-single-digit organic growth number, is it fair to say that the AFFO per share growth should be in that mid-to-high single digits and that the dividend per share should also be in that sort of trajectory on a kind of medium-term basis?

**Answer – Steven J. Moskowitz:** Simon, let me take the first question, which I appreciate, about the potential of inorganic growth opportunities. Yeah, I mean, listen, we love the tower business. We're focused in the US, and we have a lot of work to do over the next 12 to 15 months to make sure we deliver a great product to the two buyers that we're selling to on the Fiber side, and also deliver results for the tower business and continue to set ourselves up for even greater success as we go into 2026.

So right now, that's really the focus. It doesn't mean that we wouldn't be looking at inbound opportunities. I'm not sure if I'd be spending a lot of time on a plane going over and try to uncover things in Europe or developed markets. But if there's things that come to us, we would look at it. We'd evaluate it. We'd see what type of opportunity it presents to create shareholder value. We discuss it with the board of directors, and we come to some type of conclusion. So we'd like to be opportunistic. It's just part of it's about timing and price.

**Question – Simon Flannery:** Makes sense.

**Answer – Daniel K. Schlanger:** Simon, on the second question, we just went out with our 2025 guidance. We're going to keep it at that for now, which is we think we're going to get 4.5% growth in the tower business. As you pointed out, there is operating leverage in this business. And it is the intention to have dividend per share growth that mirrors AFFO per share growth over time. As Steven mentioned earlier, it's about 75% to 80% of AFFO, excluding prepaid rent amortization. So the dividend growth will be in line with that AFFO growth as we move forward.

**Question – Simon Flannery:** Great. Thank you so much.

**Operator**

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

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**Analyst:**Michael I. Rollins

**Question – Michael I. Rollins:** Thanks, and good afternoon. I also want to express my thanks and best wishes to Dan.

**Answer – Daniel K. Schlanger:** Thanks, Mike. I appreciate it. It's been great working with you.

**Question – Michael I. Rollins:** And just a few questions. So, first, it seems appropriate as you're focusing now on domestic towers to ask a bit about the leasing activity that you're seeing within that \$110 million for 2025. And if you could share if there's any differences, whether it's in the shaping of that over the course of the

year in terms of where it may be coming from. I think you mentioned densification earlier. And just curious, the types of activity that you're seeing this year that may differ from last year.

And then, secondly, on capital allocation, as you look at managing the Fiber business as a discontinued operation through close, can you give us a sense of what the base case assumption is for how much free cash flow that business could contribute or consume for Crown Castle? Thanks.

**Answer – Steven J. Moskowitz:** Sure, Michael. Thanks for the questions. I guess I'd start off by saying that from an application perspective, and we don't give out specific numbers, but we have seen a sequential increase in applications, kind of through our pipeline, I'd say, from Q4 to today. But it's not enough for us to necessarily forecast any significant change for this year versus the 4.5% growth that we've mentioned.

And the largest contributors to the applications that we're seeing are continued deployments by carriers of their mid-band spectrum. They're primarily using the rest of their C-band spectrum to add and swap out equipment that supports their 5G initiatives. So, most of what we're seeing still is overlays. There is some activity that's brewing, but I'll use brewing lightly, of colocations or first-time installs. We'll see how that develops over time and maybe toward the back half of the year.

But just also appreciate from an activity perspective with us, when it comes to revenue, most of our revenue is baked into our comprehensive master lease agreements. So, again, the good news is we provide relative stability and visibility in terms of our outlook. So, we don't anticipate any type of significant – going outside that range in any significant way. I hope that answers your question.

**Question – Michael I. Rollins:** It does. Thanks.

**Answer – Daniel K. Schlanger:** Okay. I'll take the second one on free cash flow from the Fiber segment. We intend to operate this business in the ordinary course as Steven mentioned during the prepared remarks. And what that's going to mean is we think we can drive a similar level of activity through the business in 2025 as what we saw in 2024.

And as part of that discontinued operations, we've given net income as well as the CapEx associated with the business. And we think that the free cash flow generation under that treatment is going to be very similar in 2025 as it was in 2024. And that's going to be in the neighborhood of \$250 million positive for the year.

**Question – Michael I. Rollins:** Thanks.

**Operator**

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

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**Analyst:**Ric Prentiss

**Question – Ric Prentiss:** Yeah. Thanks, everybody. Yeah, Dan, I'll echo that, too. Enjoyed working with you, and glad you were there to help get everybody over the finish line here.

**Answer – Daniel K. Schlanger:** You and me both, Ric. It's been a pleasure.

**Question – Ric Prentiss:** Yeah. And obviously, the finish line looks really similar to what we were thinking. One aspect, were you thinking at all of keeping small cells or even a stake of small cells, because there is

some excitement about densification or was it just going to be too complicated to try and keep a stake in the small cell?

**Answer – Steven J. Moskowitz:** Yeah. I mean, Ric, it's a great question. I mean, again, we assessed different offers, different structures from financial buyers, from strategic buyers. You know how I feel about the small cell business from the past. And it is a great business and has lots of opportunity into the future. But from our perspective, the board had to make the evaluation and felt that if they can get a fair value for that business, then it made sense to sell it, monetize it and then use those proceeds to help grow and maximize shareholder value for the US Tower business.

**Question – Ric Prentiss:** Okay. And then it talks about the deal. We did see from Zayo that they're saying the Fiber side is \$4.25 billion, implying that the small cell is \$4.25 billion. Is it one transaction with two parties? Is it separate transactions? And how should we think about kind of the long poles in the tent of getting the approval process?

**Answer – Steven J. Moskowitz:** So, it's one transaction. One purchase price. Two parties involved. And we'll have to go through the typical regulatory processes, which is Hart-Scott-Rodino, and also working with the states on the agreements that we have to get those agreements to be transferred over to the new businesses on both sides.

**Question – Ric Prentiss:** Okay. And the FCC as well? Yeah.

**Answer – Steven J. Moskowitz:** Yeah, I'm sorry. And I was just saying that the process takes a little bit longer, particularly when you're dealing with certain states out there, as we know, and that's why we're projecting this to be probably a 12- to 15-month close.

**Question – Ric Prentiss:** Okay. Well, the last one for me is, is the leverage you talk about targeting 6.0 to 6.5 times, have you gotten any confirmation from the rating agencies that they do view that as investment-grade zone, particularly as they also might consider the final purchase options?

**Answer – Steven J. Moskowitz:** I mean, there has been some discussions with the rating agencies. And again, the preliminary analysis has us at least believing that as a pure-play US tower business with our type of superior free cash flow, we should be able to maintain investment-grade credit with target leverage between 6 and 6.5 times.

**Question – Ric Prentiss:** Okay. Thanks, guys. And again, I'm glad we reached the finish line. And Dan, glad you were there to get it done, and best wishes.

**Answer – Daniel K. Schlanger:** Thanks, Ric, to you, too.

**Operator**

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

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**Analyst:**Brendan James Lynch

**Question – Brendan James Lynch:** Great. Thank you for taking my questions. Maybe you could talk a little bit about the timeframe for the \$3 billion of repurchases and your thought process around repurchases versus other options such as a special dividend.

**Answer – Steven J. Moskowitz:** Yeah. I mean, again, the way we're going to prioritize in terms of the capital allocation is CapEx, right, it's CapEx spending that we believe is going to maximize investment returns for us, then debt reductions, dividend payments and buybacks. I mean, that's kind of the order. And we feel there's ample opportunity in those areas to be able to generate lots of shareholder value.

And every decision that we make in size is going to go through two different kind of three gates. We have a capital committee here within the management team of the company. We have a finance committee that was formed at the board level, and we have the board. So we're going to have kind of on a quarterly basis post closing, lots of discussions about how we spend our capital and be very disciplined in our approach.

**Question – Brendan James Lynch:** Okay. Thank you. That's helpful.

**Answer – Daniel K. Schlanger:** And Brendan, I would follow up a bit on the timeframe. Obviously, what Steven mentioned is, or one of us mentioned, is a \$3 billion, approximately \$3 billion share repurchase intention for when the transaction closes. We're far away from that. So it's hard to say what we're going to do when that comes. It's going to be what we think is the best, in the best interest of the shareholders and subject to what the board wants to do at the time.

And thinking about repurchases versus special dividends, I think that we think of it kind of as the best way to maximize value is to provide a regular dividend and provide opportunistic flexibility to pursue all the things that Steven mentioned in terms of allocation of capital. And that includes CapEx or some sort of share repurchase. And we'll leave the dividend most likely in the regular dividend. But I think looking at the special dividend over time won't be off the table. It's just we believe, at this point, a share repurchase seems like a better way to return the capital to shareholders.

**Question – Brendan James Lynch:** Great. Thank you. That's helpful. And maybe just a clarification question on the Sprint churn beyond 2025. Steven, you mentioned that there was some lingering components beyond the \$205 million this year. Can you just clarify how we should think about that?

**Answer – Steven J. Moskowitz:** Sure. Yes. I mean, we've mentioned in the past that our churn rate into the future was to be expected in the 1% to 2% range. And I thought it'd be best at this time to just be more granular and just call out the Sprint churn in particular, which is about \$20 million, again, starting in 2026, just to clarify what was included in that range. So I guess, again, think of our long-term range, as I mentioned, as being around 1% and the Sprint churn being 40 to 50 basis points starting in 2026.

**Question – Brendan James Lynch:** Great. That's helpful. Thank you very much. And Dan, it's been a pleasure working with you. All the best going forward with whatever comes next.

**Answer – Daniel K. Schlanger:** Thank you very much. Appreciate it.

**Operator**

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

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**Analyst:**Nicholas Ralph Del Deo

**Question – Nicholas Ralph Del Deo:** Hey, guys. And first off, Dan, again, thank you for all the time and insights you've shared with us over the years. And best of luck in whatever you choose to do next.

**Answer – Daniel K. Schlanger:** Thank you very much.

**Question – Nicholas Ralph Del Deo:** Steven, you talked about the opportunity to improve market share as one of your strategic priorities going forward. I think a lot of folks think of this business on a tower-by-tower basis. You're kind of either there or you're not. And there tends not to be a lot of competing towers within a relevant radii. So through that lens, how are you thinking about the opportunity to boost the share of cell sites you host?

**Answer – Steven J. Moskowitz:** Well, again, we're trying to maximize the share of revenue that's out there. And in terms of boosting market share, part of that comes from delivering better service, right? I mean, if we could really be known as the company out there that each of the major wireless carriers and the regional carriers want to choose first, there are some sites that are competing out there, as you know.

And so, ideally, based on the way in which we perform and the confidence level that we have with our customers, and the MLAs that we have structured with our customers, and the speed and the quality that we deliver to our customers on a day-to-day basis, that they would want to have their RF engineers, RF, with our sites in mind first.

And so, again, some of the things I just mentioned are really critical for us to continue to enhance in order for the customers to look at us as being the most essential player in this business in the US and kind of always target a Crown Castle site first in terms of a colocation. Obviously, with the overlays, there's not much of a choice because they're doing upgrades. It's when they densify or it's when they add coverage.

The other thing I would say is we haven't played in the new tower build game in a long time. We haven't played in the inorganic tower M&A game in a long time. So we're going to be putting more effort, more thought around that. There are some customers of ours who would like us to do building for them as they're trying to expand in certain markets where we have economies of scale also. So we're going to be looking at that and thinking about how we could put together some agreements and some opportunities that leverage our abilities and relationships and also provide good returns long term for our shareholders.

**Question – Nicholas Ralph Del Deo:** Okay. That's helpful. Thank you, Steven. Can I ask one about unallocated G&A as well? In the slide where you kind of bridge to the estimated AFFO at transaction close, you seem to assume that a lot of the unallocated G&A eventually goes away. I guess, can you help to mention how much of that you think you can eventually get rid of and over what sort of timeframe?

**Answer – Daniel K. Schlanger:** Yeah. I'm not exactly sure how you got to that conclusion, Nick. But I can tell you that the bar you're talking about, which is kind of the third bar from the left on that page 7, is a combination of several different impacts to our business. It's revenue growth. It's cost reductions, and it's interest expense. As we said, I think that there will be some reductions over time to appropriately size towards a tower-only business. And you can maybe get a range of that from the bar, but we're not going to get right now into specifics of how that's going to go until we get further along in the process.

**Answer – Steven J. Moskowitz:** Yeah. I mean, we have – there's a lot of opportunity for the employee base of this company through these transactions, and we have a good amount of time between now and the closing to work with both EQT and with Zayo on needs. And there's also a lot of opportunity for folks at tower as we want to continue to enhance our business and grow our business and expand our business.

So I agree with Dan. We're always going to be looking at opportunities to focus on cost management. What that means from a SG&A or a corporate perspective on a post-closing basis, time will tell. And we'll obviously update you as we make decisions.

**Question – Nicholas Ralph Del Deo:** Okay. Great. Thank you, both.

**Answer – Steven J. Moskowitz:** Thank you.

**Operator**

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

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**Analyst:**James Edward Schneider

**Question – James Edward Schneider:** Thanks for taking my question. And thanks to you, Dan, and best wishes on your future endeavors. Maybe, just maybe would love to see if you could talk a little bit about your organic growth strategy for Towers in the US business format. And maybe talk about your intention to sort of diversify or go more aggressively against opportunities in rural areas where maybe under-indexed today. Maybe talk about how aggressively, to your earlier answer, you might want to go after the tower build opportunity.

And then maybe as a second part of that question, the \$150 million to \$200 million in go-forward CapEx, how do you think about that beyond this year? You mentioned land, but how do you think about how that splits out over time? Thank you.

**Answer – Steven J. Moskowitz:** Yeah. I didn't get the first. Can you just repeat the first part of the question? I got about the rural and about the build to suit and about the CapEx. The first was about just carrier demand or...

**Answer – Daniel K. Schlanger:** Yeah. It was the rural opportunity.

**Answer – Steven J. Moskowitz:** Okay. About the rural. We're starting to evaluate that, Jim, on the rural side. Most of our footprint, as you know, is urban and suburban and corridor driven. We don't have a lot of steel and parcels of land in rural America. Other companies that we compete with do. So the question for us is which carriers are going into those markets? Is there opportunity for colocation versus just having a single stick with a single carrier on it? And what're the economics involved?

We feel very comfortable in our ability to be able to do the site acquisition, zoning and permitting and the construction of building sites and doing it with speed and quality. The real opportunity – the real question comes down to what type of economics will we be able to work out where we feel it's a good investment for the business, both in the short run and also over the long-term horizon.

In terms of the capital, a chunk of that capital is going to be going to land, which we're trying to really gear up on because we think there's some good opportunity there. And again, it helps secure the asset for us, it helps drive colocation more quickly, and it helps improve our margins. The balance of it is corporate capital that would be invested, again, both to help improve our systems and other kind of smaller areas of focus for the company.

**Question – James Edward Schneider:** Thank you.

**Operator**

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

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**Analyst:** Brandon Nispel

**Question – Brandon Nispel:** Great. Thanks for taking the questions. Steven, I was hoping you could talk about some of the operational initiatives that you might do. And from a financial standpoint, where do you think something like EBITDA margins can go over the long term? And I ask because one of your peers is also sort of doing an exercise to try to drive out costs in the business, and we can see where your EBITDA margin is this year on the tower business. But where do you think it goes longer term? Thanks.

**Answer – Steven J. Moskowitz:** Yeah. I mean, I'll start with the second one. I mean, it's tough for me to sit here and try to quantify where the EBITDA margins are going to go. I'd like to say that they're going to go up. But I'm not going to give any type of number of basis points or whatever. I'm just going to say that we're going to be working very hard to drive margin.

I think, again, one of the initiatives that I've mentioned a number of times here, and that Cathy Piche, who's the leader of our tower business, is very focused on with her team, is the real estate and in trying to remove the issues that we find impact our margins, which is dealing with landlords toward end of terms where they want much higher rents. So, ideally, we're going to be able to sink capital in there, have good investments. And that will help incrementally improve our margin.

I think another area based on our scale and size is in R&M, which is, again, another big area of our expense structure. So the more that we can do with our operations leadership team and our supply chain team to help drive more economies of scale as we're doing work out in the field, I think would be a way for us to improve margin. And that's again on the operating side.

In terms of some things that we're working on, I've talked about this before, we're renovating our processes to some degree and where we have certain projects that we're working on to enhance the application process flow, really kind of from application to installation to make that quicker and easier, to make sure the data is correct. We're doing a lot of drone work, which I've mentioned in the past, to help digitize our assets. I think we're about halfway through at this point.

And those we're expecting to deliver, again, good ROIs because it really helps us be able to very quickly in the future identify what's on the tower, obviously, and what the wind loads are, and how those match against our holistic agreements, so carriers can deploy more quickly. And the more quickly they can deploy, that helps accelerate revenue for us.

And we're also trying to toy around a little bit with some AI tools. One of the companies that we work with on the supplies systems for workflows has some pretty neat predictive analyses tools. And so, we're trying to incorporate that in, again, back into kind of the property and asset management part of the business, so we can get kind of quicker turnaround times and have less error rates. So, those are just, I guess, a few examples.

**Question – Brandon Nispel:** Thanks for taking the question.

**Answer – Steven J. Moskowitz:** Thank you.

**Operator**

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

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**Analyst:**Batya Levi

**Question – Batya Levi:** Great. Thank you. Just a couple of quick follow-ups. I'm assuming that there isn't any tax consequences with the sale, but just to confirm that?

And maybe just going back to the AFFO bridge. This year's includes maybe a bit of onetime items. You mentioned the \$40 million legal spend. Anything else that you could quantify in terms of the stranded cost?

And looking at that slide 7 again, the \$250 million to \$370 million of AFFO growth is a bit of a wide range, so what's that dependent on? And if you could provide a rough split of revenue growth versus G&A adjustments, it would be great. Thank you.

**Answer – Daniel K. Schlanger:** Yeah. We don't believe there are going to be any significant tax consequences to the deal, so I can confirm that.

As you mentioned, Batya, in 2024, we had \$40 million of costs associated with our advisory costs that we do not believe will recur. We were also able, as we talked about, to take out about \$100 million of annualized costs from our moves in June, about \$35 million of which will be incremental in 2025. And those cost savings are offset somewhat by our regular cost structure.

On page 7, those are pretty wide ranges on purpose because we don't want to pin down what's happening in 2026. We wanted to just try to give the bridge, so that you have a sense for what the company looks like post this transaction. And so, we're not going to give a lot more detail, including the breakdown of costs versus revenue versus interest expense. It was all put in there to try to give you a sense for where we're headed, not try to get into a specific prediction of what's going on over the next 18 months.

**Question – Batya Levi:** Okay. Thank you.

**Operator**

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