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North America Telecom Infrastructure

# SpaceX: A Fourth National Carrier

## Press reports of an 80,000-site SpaceX build: Towers may gain, risk of Telco strain

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**See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations**

# Staying positive on Towers with rising probability of SpaceX mobile network build

- **Three options, Build Now More Likely**. SpaceX can MVNO, build or buy a Telco to enter the US mobile market. An MVNO still seems to be a low probability outcome. Given management commentary and now new press reports, the probability of a build scenario by SpaceX is rising significantly and now seems like the most likely option.

- **A far denser build than we expected.** Bloomberg reports SpaceX is in talks with major tower owners, including Crown Castle, for access to at least 80,000 US cell sites — the terrestrial leg of a fourth national carrier built on Starlink, newly acquired low-band spectrum and leased towers.

- **Net-positive for the Towers.** At 80,000 sites we estimate 22–44% share-price upside, or 12–38% after the move since the low-band purchase was disclosed. Buy-rated CCI is our top-ranked pick, then Buy-rated SBAC, then Buy-rated AMT.

- **Net-negative for the Telcos.** At a 20% long-term fair share, we estimate nominal valuation risk of 29–32% for AT&T, T-Mobile and Verizon, leaving 4–16% of remaining risk after the drawdown from YTD highs.

- **Rising probability for build, but progress takes time.** At least 3–5 years to build and another 5–10 years to approach fair share, placing a national launch in 2029 at the earliest and more likely 2030–2032.

- **Buying still beats building.** A ≥$70B build earns about 20% on capital, while acquiring a national Telco at roughly 9x EV/unlevered FCF would pull market entry forward by 3–4 years and get to scale much more quickly.

- **Another bidder for spectrum.** Further SpaceX interest to build a network may widen the spectrum buyer pool in future auctions & for EchoStar's remaining holdings; we remain Buyers of ECHO at a significant NAV discount.



Source: Citi Research, "Press Reports SpaceX In Discussions to Build a Dense National Wireless Network", 22 October 2026.

# At 10–15k cells a year, an 80,000-site network points to a 2030–2032 launch

SpaceX would combine Starlink satellites, newly acquired low-band spectrum and leased macro towers into a fourth national network. We believe an upbeat build pace is 10–15k cells a year, and not all 80,000 sites are needed to launch service.




Press reports of talks with major tower owners, including Crown Castle, for at least 80,000 US cell sites, following SpaceX's low-band spectrum purchase.

An upbeat pace of 10–15k cells a year. A partial footprint is enough to launch; the balance adds capacity and depth.

National launch, 2029 at the earliest and more likely 2030–2032 on a 3–5 year build window.

Further time needed after launch to approach a fair share of roughly 20% as one of 4.5 national carriers.

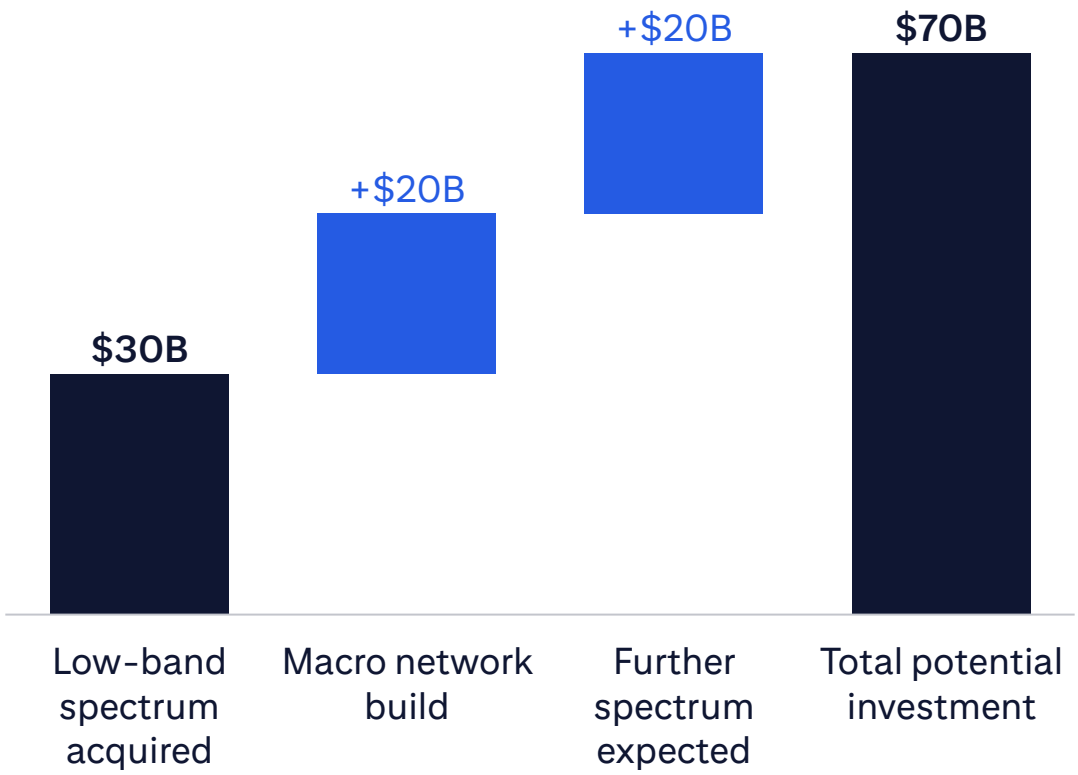
A larger site commitment of this size gives SpaceX a long runway to add capacity, deepen share and improve performance well after the initial launch.

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Source: Citi Research, "Press Reports SpaceX In Discussions to Build a Dense National Wireless Network", 22 October 2026; Bloomberg (23 Oct).

# We expect at least $70B of investment for an 80k site scenario with pending & possible spectrum purchases

Potential SpaceX investment in a national mobile network, $B




## What sits behind the build …

**$250k per macro cell site**

Our average cost assumption; 80,000 sites imply roughly $20B of network capital.

**$30B of spectrum already bought**

We expect at least another $20B of spectrum investment to follow.

**Fits the existing envelope**

The ≥$70B total sits underneath the possible $150B of non-broadband capex (i.e. mobile, D2C, and other capital) within Connectivity through 2031.

**Satellite Investments Are Extra**

Our scenario does not include the cost of the D2C satellites that are likely to provide complementary coverage and capacity.

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Source: Citi Research, "Press Reports SpaceX In Discussions to Build a Dense National Wireless Network", 22 October 2026.

# At a 20% share, the SpaceX mobile network could earn ~$14B annually for a return on capital of ~20%

Long-term scenario assumptions behind SpaceX mobile unlevered free cash flow

**366M**
US population, 2030E

**20%**
SpaceX share as one of 4.5 national carriers

**$35**
Monthly ARPU

**45%**
Unlevered FCF margin, ex equipment

**~$14B of annual unlevered free cash flow**
On at least $70B of spectrum and network investment, a return on capital of roughly 20%.

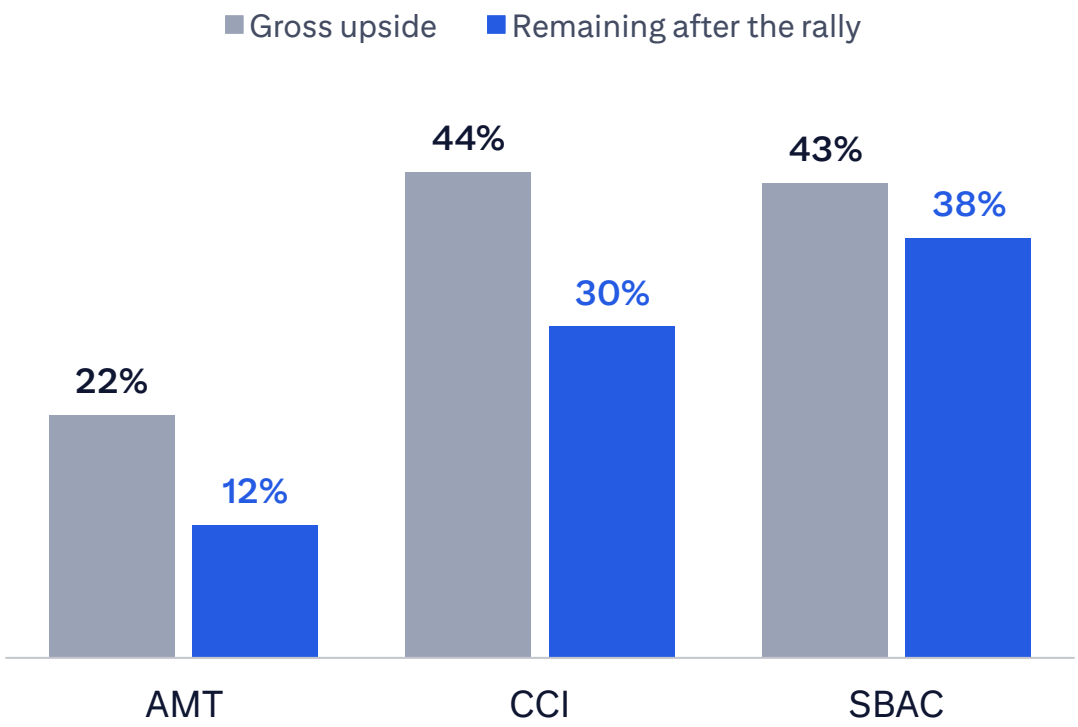
Reaching this level of share takes time: at least 3–5 years to build the network and another 5–10 years after launch to approach fair share. We still see a quicker and more economic route in buying a national Telco.



ource: Citi Research, “Press Reports SpaceX In Discussions to Build a Dense National Wireless Network”, 22 October 2026. Scenario estimate, not a forecast.

# Towers retain further upside potential in larger network build scenario (of 80k+ sites)

Tower share-price upside at 80,000 macro sites, %
Gross, and net of the move since the low-band acquisition was disclosed (T-1, 10/7)




## The three scenarios

**25,000 sites** 9–19% gross, 0–14% left
**80,000 sites** 22–44% gross, 12–38% left
**80,000 with CCI at 1.5x share** CCI 69% gross, 54% left

The 80,000-site case also assumes a volume discount on rent, from $2,500 to $2,000 a month, and two points of multiple expansion on the stronger growth outlook.

Our scenarios interprets the press report as 80k+ macro sites on colocation structures, while we recognize a portion of these sites may reflect other forms of coverage/capacity (i.e. small cells, etc).

### CCI first, then SBAC, then AMT

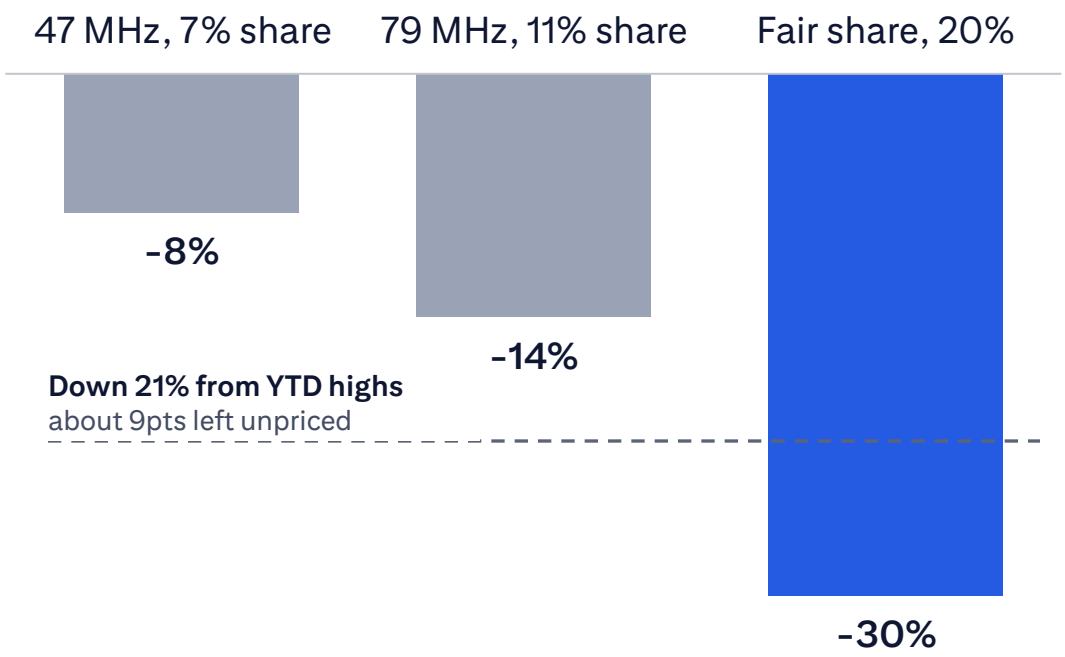
CCI carries the most nominal upside. SBAC has given back the least since 7 October, so on remaining upside the two are close. The third case lifts CCI's share of colocatable structures from 26% to about 39%, reflecting the roughly 50% of the initial DISH 5G deployment it won.

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Source: Citi Research, "Press Reports SpaceX In Discussions to Build a Dense National Wireless Network", 22 October 2026, Figures 1–3.

# Telco valuation risk scales with SpaceX spectrum and fair share gain, from 8% to 30%

Reduction in combined Big-3 Telco market value, %
By SpaceX downlink spectrum and implied subscriber share




## How the risk builds

**47 MHz, 7% share**

Acquired 800 MHz plus EchoStar downlink, 22% of the big-3 average. Implies 19M subscribers and $42B of Telco value at risk.

**79 MHz, 11% share**

Adding a fair share of upper C-band lifts SpaceX to 37% of the big-3 average, 31M subscribers and $71B at risk.

**Fair share, 20%**

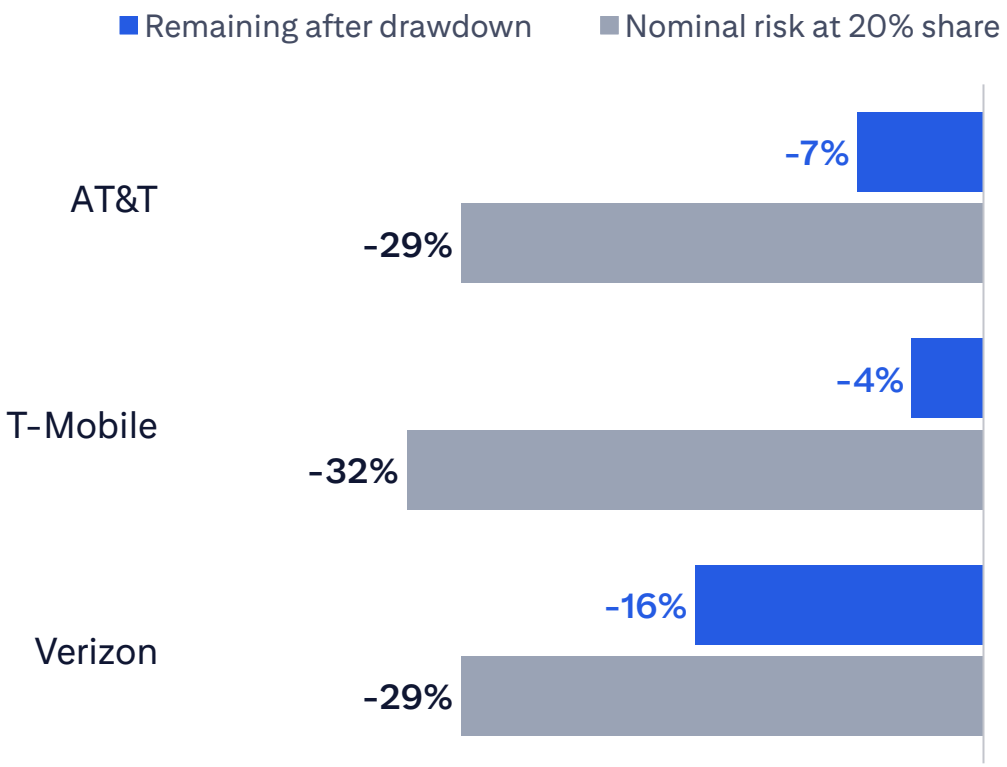
One of 4.5 carriers on 341M retail phone subscriptions is 68M subscribers and $157B at risk.




Source: Citi Research, "Press Reports SpaceX In Discussions to Build a Dense National Wireless Network", 22 October 2026, Figures 4, 5 and 8.

# Fair-share risk is 29–32% for the Big-3, and Verizon has the most still to come

Nominal risk at a 20% long-term SpaceX share, and the risk remaining after the fall from YTD highs, %




## Reading the two bars

The grey bar is the full nominal risk at fair share. The blue bar is what is left once each stock's fall from its YTD high is netted off: 7% for AT&T, 4% for T-Mobile and 16% for Verizon, or 9% across the three.

Verizon has given back the least this year, so it carries the most unpriced risk of the three.

Given other value risks from future spectrum purchases and AI agents, downside risk could be between the nominal and remaining risk levels

### $96B to SpaceX equity

The same 68M subscribers are worth $166B of enterprise value to SpaceX Mobile, or $96B after the anticipated $70B of investment — about 5% of SpaceX's market value.

Source: Citi Research, "Press Reports SpaceX In Discussions to Build a Dense National Wireless Network", 22 October 2026, Figure 8.

# Buying a national Telco would accelerate the path to annual cash flow scale

## Build

- At least $70B of spectrum and network investment
- National launch in 2029 at the earliest, more likely 2030–2032
- Another 5–10 years after launch to approach a 20% share
- Roughly a 20% return on capital once mature

## Buy

- Three to four years faster to market
- A path to greater unlevered free cash flow generation of approximately $31B on average for each of the Telcos, at an EV/UFCF of roughly 9x at present
- The time-to-market advantage between the time to build and ramp to a future fair share (or better) equilibrium would justify the higher multiple combined with a better long-term industry structure for all participants
- AT&T and Verizon could be favored over T-Mobile given the chance to acquire fiber broadband in urban and suburban markets

**We still believe a more timely and economic outcome for SpaceX would be to buy a national Telco rather than build its own network.**

The resulting industry structure and cash flow prospects for each participant would likely be significantly greater.

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Source: Citi Research, "Press Reports SpaceX In Discussions to Build a Dense National Wireless Network", 22 October 2026.

# Carriers have a few years, not quarters, to prepare their defenses

At least a 3–5 year build window, and another 5–10 years before SpaceX could approach a 20% share, gives the carriers time to enhance network capabilities, evolve marketing plans and reduce cost structures.



### Converged bundles

Emphasize converged service bundles to improve retention prospects before SpaceX enters the market.



### Unbundled handsets

Separate the handset purchase from the service plan to lower service pricing. Initially this can be net-neutral to subscriber economics.



### Lower cost structures

Use the window to take cost out and enhance network capabilities, protecting margins if share erodes later.

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Source: Citi Research, “Press Reports SpaceX In Discussions to Build a Dense National Wireless Network”, 22 October 2026.