

# NASDAQ:ATNI Q3 2025 Earnings Call Transcript

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## **Operator | Conference Operator:**

Good day and thank you for standing by. Welcome to the ATN International Q3 2025 Earnings Conference Call. At this time, all participants are in a listen-only mode. After the speaker's presentation, there will be a question and answer session. To ask a question during the session, you will need to press star 1 1 on your telephone. You will then hear an automated message advising your hand is raised. To withdraw your question, please press star 1 1 again. please be advised that today's conference is being recorded. I would now like to hand the conference over to your first speaker today, Michelle Citrowski, Head of Investor Relations. Please go ahead.

## **Michelle Citrowski | Head of Investor Relations:**

Thank you, operator, and good morning, everyone. I'm joined today by Brad Martin, APN's Chief Executive Officer, and Carlos Doglioli, APN's Chief Financial Officer. This morning, we'll be reviewing our third quarter 2025 results and our outlook for the remainder of 2025. As a reminder, we announced our 2025 third quarter results yesterday afternoon after the market closed. Investors can find the earnings release and conference call slide presentation on our investor relations website. Our earnings release and the presentation contain forward-looking statements concerning our current expectations, objectives, and underlying assumptions regarding our future operations. These statements are subject to risks and uncertainties that could cause actual results to differ from those described. Also, in an effort to provide useful information for investors, our comments today include non-GAAP financial measures. For details on these measures and reconciliations to comparable GAAP measures, And for further information regarding the factors that may affect our future operating results, please refer to our earnings release on our website, [ir.atni.com](http://ir.atni.com), or the 8K filing provided to the SEC. Now, I'll turn the call over to Brad.

## **Brad Martin | Chief Executive Officer:**

Good morning, and thank you for joining us to discuss ATN's third quarter 2025 results. Before I dive into our performance, I want to take a moment to recognize the exceptional work of our teams across our markets. Today's results reflect their commitment to operational excellence and their dedication to building long-term value. Our third quarter results show the continued execution of our strategic plan and validate the operational improvements we've been implementing across our business segment. The 3% revenue growth and 9% increase in adjusted EBITDA year over year demonstrate the positive momentum we've been building and the effectiveness of our operational efficiency initiatives. During the third quarter, we grew our high-speed broadband homes past by 8% and increased our total high-speed subscriber base by 1% year-over-year. These operational metrics underscore the value creation potential of our fiber and broadband investments. Let me take a moment to review the performance of our two business segments in the third quarter. In our international segment, we continue to make steady progress on our key priorities, enhancing mobile networks, improving service quality, and driving operational efficiency. The investments we've made in network quality and data capabilities are translating into measurable results, better customer retention, and higher average revenue per user, preparing the segment for sustained profitable growth. Third quarter revenues were up 1% with adjusted EBITDA growing 3%. The stronger EBITDA growth reflects the operational leverage we're achieving through improved efficiency initiatives. We remain focused on driving sustainable value across our international markets by deepening customer engagement, optimizing operations, and enhancing profitability. In our U.S. segment, we're seeing tangible benefits from our

investments in carrier and enterprise solutions, with new site activations from our carrier-made services efforts and continued momentum in our fiber-fed deployments. We're particularly encouraged by gains in Alaska's enterprise revenue and consumer-fixed wireless wins, demonstrating improved operational execution and stronger pipeline conversions compared with last year. Third quarter revenues in the U.S. segment increased 4.6% year-over-year, with sequential improvement driven primarily by carrier services growth. Adjusted EBITDA for the quarter was up 19.6% compared with the same quarter last year, reflecting both our strategic transition from legacy revenue streams to higher growth higher margin services and recovery from a challenging third quarter last year we remain focused on our key priorities expanding fiber and fiber fed fixed wireless across markets where we have a durable consumer presence while growing our base of business and carrier solutions we are aligning our network strategy and capital deployment with this long-term vision. And while the transition continues, we're building the foundation for a more resilient, higher margin domestic business. Domestically, our broadband infrastructure expansion continues to progress as planned, with several government-funded projects advancing through key milestones during the quarter. These fiber network investments remain central to our long-term U.S. growth strategy, enhancing our network capabilities while creating new revenue opportunities as deployments reach completion. We continue to actively monitor federal broadband policy developments and funding mechanisms, including BEAD, which offer opportunities to further penetrate underserved areas. As always, we're maintaining our careful approach to capital deployment while positioning ATN for additional infrastructure opportunities. Across our international operations, we are tracking geopolitical developments and the conclusion of hurricane season in our Caribbean markets, with business continuity and network resilience remaining key priorities. Our network teams work collaboratively with local authorities and partners to address potential disruptions while maintaining our service standards. To support these strategic and operational initiatives, we remain focused on the strength of our cash flow from operations to support our business initiatives while preserving the financial flexibility needed to capitalize on growth opportunities. Looking ahead, we're encouraged by the steady momentum across our business segments and remain focused on executing our operational roadmap. The revenue growth in our domestic operations led by carrier managed services expansion and targeted enterprise sales execution reinforces our confidence in the direction we've set. While internationally, we're seeing stabilization in mobility trends and improving operational metrics. With three-quarters of solid execution behind us, we are refining our adjusted EBITDA outlook while reaffirming our guidance for revenue, capital expenditure, and net debt ratio. We're methodically strengthening our operational foundation and improving our cost structure to position the business for sustainable growth as we move towards 2026. We remain confident in our ability to generate long-term value for our shareholders. With that, I'll turn it over to Carlos for a detailed review of our financial performance.

### **Carlos Doglioli | Chief Financial Officer:**

Thank you, Brad, and good morning, everyone. I would also like to echo Brad's recognition of our team. Their disciplined execution has been critical in our third quarter results, as well as in our stabilization efforts to better position us for the future. I'll walk you through our third quarter financial performance in more detail. Total revenues for the third quarter were \$183.2 million, representing a 3% increase from \$178.5 million in the prior year quarter. This growth was driven by increases across multiple revenue streams, including fixed services, carrier services, construction, and other revenue categories, which more than offset the expected decline in mobility revenues as we continue our transition away from legacy products. Operating income improved significantly to \$9.8 million in the third quarter compared to an operating loss of \$38.4 million in the same quarter last year. While this improvement was primarily driven by a \$35.3 million goodwill impairment charge in Q3 2024, our underlying operational performance improved year over year. Key drivers of the year-over-year improvement included a \$5.1 million reduction in depreciation and amortization expenses, reflecting our disciplined capital allocation strategy, and the natural completion of certain asset depreciation schedules, a \$3.3 million reduction in transaction-related charges compared to the prior year, and a \$1.1 million improvement in cost of services through our ongoing cost reduction and containment initiative. Net income attributable to ATN stockholders for the third quarter was \$4.3 million or \$0.18 per share. This

compares with the prior year's net loss of \$32.7 million or \$2.26 per share. Adjusted EBITDA increased 9% to \$49.9 million compared to \$45.7 million in the prior year quarter. This improvement is the result of the company-wide efforts to improve cost management and drive margin expansion. Turning now to segment performance, our international segment continues to deliver solid performance with Q3 revenues up 1% to approximately \$95 million and adjusted EBITDA growing 3% to \$33.3 million. The investments we've made in network quality and data capabilities are translating into measurable results, retention, sequential increase in post-paid customer base, and higher average revenue per user. Combined with our cost management actions, these efforts are positioning this segment for adjusted EBITDA growth. In the US telecom segment, third quarter revenues excluding construction revenues were 87 million, up 3.5% year over year. with improvement driven by carrier services and fixed business revenue growth. Adjusted EBITDA for the quarter was \$21.2 million, up 19.6% compared with the same quarter last year. Our balance sheet position strengthened during the quarter. Total cash, cash equivalents, and restricted cash increased to 119.6 million at September 30, 2025, up from 89.2 million on December 31, 2024. Total debt was 579.6 million, resulting in a net debt ratio of 2.47 times, improving sequentially from 2.58 times at the end of the second quarter. Our disciplined capital allocation continued during the quarter, Capital expenditures for the nine months ended September 30, 2025, totaled \$60.9 million, net of \$67.3 million in reimbursable capital spending, compared to \$85.7 million in capex and \$71.8 million in reimbursables in the prior year period. We also maintained our quarterly dividend of \$0.275 per share, paid in October. This dividend reflects our confidence in sustainable cash flow generation and our commitment to consistent shareholder returns. Based on our improved year-to-date performance and outlook for the fourth quarter, we are refining our adjusted EBITDA guidance for full year 2025 while reaffirming our other key financial metrics. Revenue, excluding construction revenue, is expected to be in line with 2024's results of \$725 million. Adjusted EBITDA is expected to be flat to slightly above 2024's result of \$184 million. Capital expenditures are expected to be in the range of \$90 to \$100 million net of reimbursements, down from 2024's \$110.4 million. Net debt ratio is expected to remain flat with full year 2024, at approximately 2.54 times, with potential for slight improvement exiting 2025. Our refined guidance reflects our continued focus on cost containment and enhanced capital efficiency initiatives that we have been executing over the past several quarters. We expect some residual activity from these efforts in the fourth quarter, resulting in minor reorganization and restructuring costs anticipated to be less than \$1 million. We remain confident in our execution capabilities and our path towards sustainable long-term value creation. With that financial overview, I'll turn the call back to Brad for closing comments before we open it up for questions.

### **Brad Martin | Chief Executive Officer:**

Before we open the call for questions, I want to leave you with a clear takeaway. We are focused on disciplined execution, grounded in financial responsibility, and confident in the strategic path we set. Our revenue and adjusted EBITDA improvements demonstrate that our key initiatives are gaining traction and translating into stronger performance. These results underscore our ability to execute effectively while adapting to evolving industry dynamics. Our long-term objective remains unchanged, to build a stronger, more efficient, and more resilient ATM that delivers sustainable value for our shareholders. The foundation we built through operational stability and strategic investment positions us well to achieve this goal. With that, operator, we'd like to open it up for questions.

### **Operator | Conference Operator:**

Thank you. At this time, we will conduct the question and answer session. As a reminder, to ask a question, you will need to press star 1-1 on your telephone and wait for your name to be announced. To withdraw your question, please press star 1-1 again. Our first question comes from the line of Greg Burns of Sidoti. Your line is now open.

**Greg Burns | Analyst, Sidoti & Company:**

Morning. Are you being impacted in any way by the government shutdown? Is it affecting any awards for government subsidy programs or maybe like the rural healthcare market in Alaska? Are you seeing any impact from the shutdown on any of those areas?

**Brad Martin | Chief Executive Officer:**

Hey, Greg. Good morning. Yeah, really, all payments, we've not seen any impact in regards to payments on programs, subsidies that we typically participate in. You know, and we expect, you know, no impacts here really through Q4. On that, you know, things, you know, Things pervading the future, longer, things like permitting. We do a lot on Bureau of Land Management lands, permitting things into 26 could pose some challenges, but as of right now, no.

**Greg Burns | Analyst, Sidoti & Company:**

Okay, and it's not delaying any new awards, or is there any other impact to maybe new business developments?

**Brad Martin | Chief Executive Officer:**

No, so one of the primary areas we reference in the call is BEAD, and BEAD is still in the review cycle under NTIA. Expected results from that will be in January, so we're still expecting those schedules to be held. But no, no impact as of yet.

**Greg Burns | Analyst, Sidoti & Company:**

Okay. And you kind of mentioned maybe better pipeline conversion or execution. Can you just maybe talk about some of the initiatives you put in place over the last year or so to kind of get the close rates and the improvement in the execution in Alaska up and what you've done and what you're seeing there in terms of results from those initiatives?

**Brad Martin | Chief Executive Officer:**

Yeah, so a couple of fronts there, Greg. And we've had a new team in Alaska. There has been new management in the last year. So with any new leadership team, they come in and really establish their ground game on the ground. And we're happy with what the team is doing there. We have been in the process of working with key partnerships. uh key partnerships with the leo operators uh to help address more of the uh of the uh some of the rural health care opportunities that are that are in that market is pretty large part of the telecom market in alaska uh and again that's and that's uh some of the some of the progress we're seeing here this year okay and then just lastly in terms of um cash flow it's obviously um improving nicely this year what are your priorities going forward um you know you are you uh

**Greg Burns | Analyst, Sidoti & Company:**

okay with where the leverage is on the business, or do you want to bring that down, or do you have other priorities for the improved cash flow that you're seeing?

**Carlos Doglioli | Chief Financial Officer:**

Hey, Greg. This is Carlos. So, look, we're happy with the way the cash flow is trending, you know, as you say. The operating cash flow is doing well and with the more normalized level of CapEx, we expect to continue to trend leverage down. And at the same time, we are very pleased with the support that we're getting to the business with some of the grants and reimbursable programs that we have there. So we believe that things are working the way we have been expecting and we should continue to be able to push leverage down.

**Greg Burns | Analyst, Sidoti & Company:**

Great, thank you.

**Operator | Conference Operator:**

Thank you. I am showing no further questions at this time, so I would like to turn it back to Brad Martin, Chief Executive Officer, for closing remarks.

**Brad Martin | Chief Executive Officer:**

Thank you, operator, and thank you all for joining us today. We appreciate your continued engagement as we execute our strategy. We look forward to sharing more progress on our fourth quarter call. Have a great day.

**Operator | Conference Operator:**

Thank you for your participation in today's conference. This does conclude the program. You may now disconnect.