NASDAQ:ATNI Q4 2025 Earnings Call Transcript

Generated on 6/10/2026

Operator | Conference Call Operator:

Hello, and thank you for standing by. Welcome to ATN International 4th Quarter 2025 Earnings Conference Call and Webcast. 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 the question during the session, you will need to press star 11 on your telephone. You will then hear an automated message advising your hand is raised. To withdraw your question, please press star 11 again. I would now like to hand the conference over to Michelle Sutrosky. You may begin.

Michelle Sutrosky | Vice President, Investor Relations:

Thank you, Operator, and good morning, everyone. I'm joined today by Brad Martin, ATN's Chief Executive Officer, and Carlos Doglioli, ATN's Chief Financial Officer. This morning, we'll be reviewing our fourth quarter and full year 2025 results and providing our 2026 outlook. As a reminder, we announced our 2025 fourth 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 certain forward-looking statements concerning our current expectations, objectives, and underlying assumptions regarding our future operations. These statements are subject to risk and uncertainties, and 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 at 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 fourth quarter and full year 2025 results. Before I get into the details, I want to recognize the exceptional work of our teams across all of our markets. The progress we delivered this year, both in our financial performance and in the underlying health of the business, reflects their commitment to operational excellence and to building long-term value for our customers and shareholders. Our fourth quarter results show the continued execution of our strategic plan and further validate the operational improvements we have been implementing across our business segments. In the quarter, we grew revenue, expanded adjusted EBITDA, and improved operating income while continuing to expand our base of high-speed broadband homes paths and high-speed subscribers. For the full year, that execution translated into higher operating profitability, stronger cash generation, and a business that is better aligned with our strategic focus on mobility, high-speed data, and differentiated carrier and enterprise solutions. While there's still more work ahead to fully optimize the business, I believe we are on the right track. 2025 was a turning point for ATN as we shifted from stabilizing the business to clearly demonstrating progress against our strategy. We increased net cash provided by operating activities, reduced capital intensity while continuing to invest in our networks, and grew and improved the quality and durability of our mobility and high speed subscriber bases across our markets. At the same time, we improved operating income, expanded full year adjusted EBITDA, and held revenues essentially flat year over year. Together with a recently announced pending sale of our Southwest US portfolio of towers, this positions us to enter 2026 with greater resilience, more flexibility, and with a clear focus on our core strategic objectives. Let me take a moment to review the performance of our two business segments in the fourth quarter. In our international segment, our network investments and focus on service quality are driving growth in mobility and high-speed data subscribers and contributing to adjusted EBITDA expansion. We are seeing the benefits in better network performance, stronger customer retention, and higher data usage, which together support a more durable earnings profile in these markets. We remain focused on deepening customer relationships, continuing to upgrade our networks, and optimizing our operations to further enhance profitability and long-term value. In our U.S. segment, we are seeing tangible benefits from the strategic shift we've been executing in response to changing industry dynamics, particularly in combat. As our large carrier customers have expanded and matured their own product offerings, our approach has been to deepen our role as a partner to increase carrier-managed services, while steadily pivoting away from legacy subsidized and lower margin consumer offerings in certain southwest consumer markets. This strategy is gaining traction, and we are seeing improved performance as a result, particularly in the second half of 2025. We have a durable presence in Alaska and New Mexico, anchored by fiber and fiber-fed fixed wireless infrastructure that is supporting growth in the consumer broadband and carrier services. Over the past year, the number of homes passed by high-speed broadband increased 25 percent, given primarily by Alaska's deployment of fiber-fed fixed wireless solutions across Anchorage, Fairbanks, Juneau, and the Kenai Peninsula. These efforts contributed to fourth quarter revenue growth and create opportunity for additional subscriber growth. At the same time, our structural cost actions drove higher operating income and improved margins, particularly in the second half of 2025. Domestically, our broadband infrastructure expansion continued to progress as planned, with several government-supported projects advancing through key milestones during the quarter. These investments remain central to our long-term U.S. growth strategy, enhancing our network capabilities and creating new revenue opportunities as deployments are completed. We continue to leverage available government funding, including federal broadband programs, while maintaining a careful, disciplined approach to capital deployment and aligning spend with the highest return opportunities. We also recently advanced several important strategic initiatives. First, we received notice of provisional BEAT awards and preliminary commitments totaling more than $150 million in key markets such as New Mexico and Alaska. expanding our opportunity to pass additional homes with fiber and high-speed broadband in underserved communities, and reinforcing our position as a partner of choice in these regions. We're approaching these programs selectively and expect to invest approximately 10 to 15 percent of total project costs with our own capital, ensuring that BEAD-supported builds align with our financial return thresholds and long-term infrastructure strategy. We currently expect these initiatives to begin contributing to our business results in 2027 and beyond. In addition, we completed the sale of certain U.S. spectrum assets, allowing us to unlock value and further optimize our operations, reinforcing our focus on infrastructure and service-based revenue streams. Taken together, these actions support the long-term growth potential of our U.S. business and demonstrate our ability to attract incremental government funding for network expansion and monetize non-core assets in a disciplined way. Just after year end, we took another important step with the announced pending sale of our Southwest U.S. Tower Portfolio for up to $297 million in total cash consideration. Upon full completion, we expect the divestiture to modestly reduce revenue and EBITDA associated with those assets, while providing meaningful proceeds to strengthen our balance sheet and support our long-term growth plans. This transaction unlocks value from an asset we've built over many years, and importantly, allows us to sharpen our focus across ATN on our mobility, broadband, and carrier services business. Combined with the operational improvements we delivered in 2025, the tower sale increases our financial flexibility and enhances our ability to invest in sustainable long-term value creation. Throughout 2025, we did what we said we would do, advance our strategic plan to improve the profitability and cash generation of our operations, maintain high-quality revenue streams and customer relationships, optimize our operating structure, and strengthen the balance sheet. We also grew our mobility and high-speed subscriber base across our markets. These outcomes reinforce our confidence that we are building a stronger, more efficient ATM. Looking ahead, we are encouraged by the steady momentum across our business segments and remain focused on disciplined execution. Our priority for 2026 is to convert the network and system investments we have made over the past several years into margin expansion, cash flow, and further balance sheet strength. We are entering the year with positive momentum in both our international and US business segments with a more efficient operating model. We are maintaining a disciplined approach to capital allocation and leveraging available government funding to support continued network growth while enhancing returns. The pending tower sale is a key milestone in unlocking asset value and strengthening of our balance sheet, and we intend to use the added flexibility to support our highest priority growth opportunities. Before I turn it over to Carlos for a detailed review of our financial performance, I want to leave you with a clear takeaway. Our 2025 results show that ATN is stronger, more efficient, and better positioned than it was a year ago. We remain confident in our ability to build on this progress and generate long-term value for our shareholders. With that, I will hand it over to Carlos for a detailed review of our financial performance.

Carlos Doglioli | Chief Financial Officer:

Thank you, Brad, and good morning, everyone. Let me walk you through the 2025 results and provide some context on our 2026 outlook. Our fourth quarter capped a year of improved financial performance, especially in the second half of the year. Total revenues for the fourth quarter grew 2% to $184.2 million compared with $180.5 million in the prior year quarter. Excluding construction and other revenues, communication service revenues increased 3% driven by growth across multiple service offerings. For the full year, revenues were essentially flat at $728 million and in line with our expectations. Increases in carrier services, construction, and other revenues offset decreases in mobility and fixed revenues driven in part by our transition away from legacy offerings in our U.S. market. Operating income was $15.7 million in the fourth quarter, up from $8.7 million in the same period last year. The improvement reflects the benefit of cost management efforts, including reductions in selling, general, and administrative expenses, and gains on asset dispositions. For the full year, operating income increased to $28.4 million, compared with an operating loss of $0.8 million in 2024, which included a $35.3 million goodwill impairment charge. Net loss attributable to ATN stockholders in the fourth quarter was $3.3 million, or $0.32 per share, compared with net income of $3.6 million, or $0.14 per diluted share in the prior year quarter. The change reflects the absence of an $8.9 million tax benefit that positively impacted Q4 2024, along with higher other expense resulting from marking a minority equity investment to market in 2025. For the full year, our net loss narrowed to 14.9 million or $1.38 per share versus a net loss of 26.4 million or $2.10 per share in 2024. Adjusted EBITDA for the fourth quarter was $50 million, up 8% from $46.2 million in the prior year quarter. For the full year, adjusted EBITDA increased 3% to $190 million, compared with $184.1 million in 2024. The year-over-year growth in both the quarter and the full year reflects our ongoing focus on cost management and margin improvement. Turning now to segment performance. Our international segment continued to deliver top-line growth and margin expansion in 2025. The combination of targeted capital investments in support of our commercial progress and disciplined cost management contributed to higher adjusted EBITDA, even as we navigated heightened competitive dynamics in certain markets. Specifically for the fourth quarter, international revenues increased nearly 3% to $97.3 million from $94.8 million in the prior year quarter. And for the full year 2025, revenue was up 1% to $381.9 million from $377.5 million for full year 2024. Adjusted EBITDA for the international segment increased 1% to $32.7 million for the fourth quarter and approximately 4% to $131.6 million for the full year. In our domestic segment, during the fourth quarter, revenues increased 1% to $86.9 million from $85.8 million in the prior year quarter. And for the full year 2025, revenue declined just under 2% to $346.1 million compared with $351.6 million for full year 2024. Adjusted EBITDA for the domestic segment increased 11% to $21.6 million for the fourth quarter and declined approximately 2% to $78.5 million for the full year. Our results for the segment reflect the impact of transitioning away from legacy and subsidy driven revenue streams in the first half of the year. and the benefits of stronger performance in carrier solutions in the second half, supported by continued margin improvement efforts. Let me now turn to the balance sheet and cash flow highlights. Total cash, cash equivalent, and restricted cash increased to $117.2 million at December 31, 2025, compared with $89.2 million at the end of 2024. Total debt was $565.2 million versus $557.4 million a year ago, resulting in a net debt ratio of 2.36 times as of year-end and improvement from 2.54 times at December 31, 2024. Just as a reminder, approximately 60% of total debt resides at the subsidiary level and is non-recourse to ATN parents. Net cash provided by operating activities increased 5% year-over-year to $133.9 million, driven in part by improved working capital management. Capital expenditures for the full year were $90 million, net of $84.6 million in reimbursable capital expenditures, compared with $110.4 million, net of $108.5 million in reimbursement in 2024. Our capital spending for the year was in the lower end of our guidance range, driven by the timing of some investments that are now expected and incorporated in our 2026 outlook. The year-over-year reduction in net capital spending also reflects our commitment to maintaining more normalized levels of CapEx. We maintained our quarterly dividend of 27.5 cents per share, paid on January 9, 2026, to shareholders of record as of December 31, 2025. We did not repurchase any shares during the quarter. Turning to the 2026 outlook. As Brad mentioned, earlier this month, we announced that our ComNet subsidiaries agreed to sell a portfolio of 214 Southwestern U.S. towers and related operations an affiliate of everest infrastructure partners for up to 297 million in an all cash transaction we continue to expect the initial closing to occur in the second quarter of 2026 with gross proceeds of approximately 250 million to 270 million with additional closings occurring over the following 12 months tied to construction and operational milestones for full year 2026 and excluding any impact from the pending sale of our US Tower portfolio, we expect adjusted EBITDA to increase modestly from 2025 levels to a range of $190 million to $200 million. Our 2026 outlook incorporates a headwind of approximately $5 million related to the conclusion of high-cost funding support for our US Virgin Islands market. Based on current expectations of the second quarter timing of the initial closing for the tower sale, we would anticipate a reduction of approximately $6 million to $8 million to that annual adjusted EBITDA outlook. We also expect capital expenditures to remain within a disciplined range of $105 million to $115 million net of reimbursable expenditures and reflective of the timing of some investments initially expected in 2025. Together with available government funding, this supports continued network growth while maintaining our focus on cash generation and managing leverage. We plan to revisit and update our 2026 outlook as appropriate after the initial closing of the Tower portfolio sale. Before handing the call back to Brad, let me provide some insight into how we expect the quarters to play out in 2026. In the first quarter, we expect adjusted EBITDA to improve compared with the prior year period, and we expect the second half of the year to deliver the majority of our annual results consistent with our typical business seasonality. As part of the actions embedded in our plan to achieve our adjusted EBITDA outlook for the year, we expect to incur restructuring and reorganization expenses of $3 million to $4 million in the first half. with most of those costs occurring in the first quarter. Looking ahead, our financial focus remains unchanged. Drive operating efficiencies to support margin expansion, continue to allocate capital in a disciplined way, maintain a healthy balance sheet, and expand cash flow. We believe our 2025 results and 2026 outlook show progress toward our long-term objectives and in line with maximizing shareholder value. 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:

Thanks, Carlos. To summarize, we closed 2025 with solid operating momentum, stronger cash generation, and a more focused, higher-quality revenue mix that supports our long-term strategy. We are entering 2026 with a healthier balance sheet, more efficient cost structure, and a clear line of sight to further the benefits of our strategic initiatives in the pending tower transaction.

Operator | Conference Call Operator:

with that when i open the call for questions thank you ladies and gentlemen as a reminder to ask the question please first start one one on your telephone then wait for your name to be announced to withdraw your question please press start one one again please stand by while we compile the q a roster

Operator | Conference Call Operator:

Our first question comes from the line of Greg Burns with Sedoti. Your line is open.

Greg Burns | Analyst, Sedoti & Company:

Good morning. Can you just help us understand maybe how the sale of the tower assets might impact your business model in the U.S.? Does that in any way impact your ability to provide managed services to carriers?

Brad Martin | Chief Executive Officer:

Morning, Greg. Yeah, so really it's an unchanging business model. Today we provide our carrier-managed services on third-party towers and owned towers, almost about half and half. So really, the continuation of the business model will remain.

Brad Martin | Chief Executive Officer:

We'll just be doing more on third-party towers.

Greg Burns | Analyst, Sedoti & Company:

All right, great.

Greg Burns | Analyst, Sedoti & Company:

And then I see you're continuing to grow your high-speed data subscribers. Total broadband subscribers continue to decline. Are we getting to the Are we nearing a point where maybe some of these legacy services that you're turning down or deemphasizing stop detracting from the overall growth of that business? What should we expect next year in terms of maybe your view on broadband subscriber growth?

Brad Martin | Chief Executive Officer:

So, Greg, yeah, as you mentioned, some of the broadband reductions have been from us shutting down legacy services. That is inclusive of legacy copper services in some markets where we've overbuilt and shut down services and decided not to rebuild in areas. And similarly, in areas in the Southwest where we've taken down, where we had unprofitable areas and we decided to not necessarily compete at the consumer level, as we mentioned in my prepared remarks, we will be continuing to partner with

Brad Martin | Chief Executive Officer:

major carriers.

Brad Martin | Chief Executive Officer:

You know, we do have, you know, bead outcomes I spoke to in my remarks.

Brad Martin | Chief Executive Officer:

We do expect that to be a key driver in the out years to expand our high-speed subscriber, you know, subscriber base and obviously expand our assets and facilities.

Greg Burns | Analyst, Sedoti & Company:

Okay.

Greg Burns | Analyst, Sedoti & Company:

And, you know, with the, you know, the expansion of the high-speed data, you know, the reach of your network in Alaska, could you just talk about maybe some of the changes you've made in your go-to-market or sales strategy to kind of start to accelerate maybe the penetration and growth of your services?

Brad Martin | Chief Executive Officer:

Yeah, so Alaska, our Alaska market has been historically heavily weighted towards enterprise and carrier. In this past year, they announced a pretty large build out of a fixed wireless solution. We have been building fiber facilities, fiber to the home in certain areas in Alaska as well. We do have a new leadership team in Alaska in the last couple of years. We are investing in back office platforms to effectively enhance the customer interaction. So it's something we're targeting and continuing to focus on improving our ability to execute there. But we have work to do. We did see some progress in the back half of the year on subscriber acquisition, specifically in Alaska, albeit starting on a small base, but we did actually show over 11% year-over-year improvement in our high-speed data subscribers.

Greg Burns | Analyst, Sedoti & Company:

Okay, thank you. Thank you.

Operator | Conference Call Operator:

Ladies and gentlemen, I am showing no further questions in the queue. I would now like to turn the call back over to Brad, for closing remarks.

Brad Martin | Chief Executive Officer:

Thank you, operator. Thank you all again for joining us today and for your questions. We're encouraged by the progress we've made in 2025. We're confident in the path that we're on. We'll focus on executing against the priorities we've outlined in today's call. Weeks and months ahead, our teams will be meeting with many of you at conferences and one-on-one meetings.

Brad Martin | Chief Executive Officer:

We look forward to continuing the dialogue and continuing updating you on our progress as we move to 2026. Thanks. Have a great day.

Operator | Conference Call Operator:

Ladies and gentlemen, that concludes today's conference call. Thank you for your participation. You may now disconnect.