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# EDITED TRANSCRIPT

ADTN.OQ - Q4 2025 ADTRAN Holdings Inc Earnings Call

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**Christian Schwab** *Craig-Hallum Holdings LLC - Senior Research Analyst*

**George Notter** *Wolfe Research LLC - Analyst*

**Dave Kang** *B. Riley Securities Holdings Inc - Analyst*

## PRESENTATION

### Operator

Good morning. My name is Julianne, and I will be your conference operator. At this time, I would like to welcome everyone to ADTRAN Holdings' fourth quarter and full year 2025 financial results conference call. (Operator Instructions)

Thank you. Mr. Peter Schuman, Vice President, Investor Relations, you may begin your conference.

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**Peter Schuman** - *ADTRAN Holdings Inc - Vice President, Investor Relations*

Thank you, Julianne. Welcome, and thank you for joining us today, and welcome to all those joining by webcast.

During the conference call, Adtran representatives will make forward-looking statements that reflect management's best judgment based on factors currently known. However, these statements involve risks and uncertainties, including those detailed in our earnings release, our annual report on Form 10-K, as amended, and our other filings with the SEC.

These risks and uncertainties could cause actual results to differ materially from those in our forward-looking statements, which may be made during the call. We undertake no obligation to update any statements to reflect events that occur after this call. During today's call, we will refer to certain non-GAAP financial measures. Reconciliations of GAAP to non-GAAP measures and certain additional information are also included in our investor presentation and our earnings release.

We have not provided reconciliations of our first quarter 2026 outlook with regard to non-GAAP operating margins because we cannot predict and quantify without unreasonable effort all of the adjustments that may be occur during the period. The investor presentation has been updated and is available for download on the Adtran Investor Relations website.

Turning to the agenda, Tom Stanton, ADTRAN Holdings' CEO and Chairman of the Board, will provide key highlights for the fourth quarter and full year 2025. Timothy Santo, our Senior Vice President and CFO, will review the quarterly and full year financial performance in detail and provide our first quarter 2026 outlook, and then we will take questions that you may have.

I would now like to turn the call over to Tom Stanton. Operator, we are receiving notification that the line is bad and that recipients are not hearing us correctly. Is there a way to improve the line before we proceed?

**Operator**

You're coming in loud and clear from my end.

**Thomas Stanton - ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer**

Thank you very much. Thanks, Peter. Good morning, everyone. Adtran delivered a strong fourth quarter [and finished 2025 with solid momentum. Our quarterly results reflected higher demand and strong execution, with revenue above the high-end of our original outlook, overcoming typical year-end seasonality. Operating leverage continued to improve] (added by company after the call) and earnings came in above expectations, with all three business categories achieving sequential and year-over-year growth.

In the fourth quarter, Adtran generated revenue of \$291.6 million, reflecting a strong year-over-year growth of 20% and sequential growth of over 4%. This marks the sixth consecutive quarter of sequential growth and the fifth consecutive quarter of year-over-year improvement, reinforcing the strength of our company and our key markets. Our US business led the quarterly growth, with revenue up 31% year-over-year and 14% sequentially. Non-US revenue grew 12% year over year and declined 3% sequentially, as expected, and consistent with recent ordering patterns among some of our larger European customers.

Optical networking solutions grew 33% year over year, driven by strong sales to cloud providers and enterprise customers. This increase also drove the contribution of enterprise and cloud providers to 25% of our revenue in Q4 and 21% for the full year of 2025. These results reinforce a trend we are seeing cloud providers expanding data center capacity and large enterprises upgrading their optical networks.

During the quarter, we continued to broaden our optical customer base. We saw solid activity across service providers, cloud providers, enterprises, and public sector networks, reflecting the flexibility of our optical platforms across different use cases. Access and aggregation revenue grew 9% year-over-year and 6% sequentially, supported by continued fiber access investment across the US and European operators. During the quarter, customer activity reflected a mix of expansion projects and network upgrades as operators advanced deployments.

Subscriber Solutions revenue grew 17% year-over-year and 3% sequentially, driven by demand for our residential fiber CPE as customers continue to connect more subscribers. The revenue in this category continues to be generated by a diverse mix of residential, enterprise, and wholesale service offerings. Today, our software solutions serve over 1,000 carrier customers across three of our product categories, automating everything from optical networks to in-home subscribers' experiences.

These customers include nearly 500 service providers adopting our Mosaic One platform and more than 100 service providers deploying our recently introduced Intellifi cloud-managed Wi-Fi solutions. We are also advancing our agentic AI platform with numerous Mosaic One Clarity customer trials underway before an official launch later this year. As demand for AI-driven automation grows, we see this application suite as an important addition to our software capabilities.

Looking at the broader environment, we continue to see sustained fiber investment across our core markets. In the US, broadband programs and ongoing investments in data centers are supporting ongoing network expansion. In Europe, increased focus on network security and vendor diversification away from higher-risk suppliers is reinforcing upgrade activity across the region. These trends are supporting continued demand for upgrades across all three product categories.

At the same time, network requirements continue to evolve. Across data centers, between the data center, and out to the customer edge, capacity demands are increasing. Service providers, cloud providers, and enterprises are pairing high-capacity environment networks with automation and software to streamline operations. While this is still an emergency contributor to our revenue, it reinforces the market's longer-term direction towards more intelligence and more automation.

With our broadband fiber network portfolio, software assets, and regional strength, we are well-positioned to support both the current infrastructure cycle and the longer-term evolution towards these more intelligent fiber networks. We delivered a strong Q4 with solid financial results and execution and healthy core and healthy cash flows.

For the full year 2025, we delivered double-digit revenue growth, with each of our three revenue categories also growing at double-digit rates. We achieved this while expanding gross margins and returning to positive non-GAAP operating margin and EPS. Also, during the year, we strengthened our balance sheet by issuing approximately \$200 million of convertible notes at an interest rate meaningfully lower than our revolving credit facility.

We were able to purchase \$27.2 million of Adtran Networks shares during Q4 and \$46.6 million worth of shares during the calendar 2025, reducing the minority interest to less than 30% as we closed the year. As we move into 2026, our priorities remain continued improvement in our leverage model, expanding operating margin, cash generation, and converting the customer momentum that we have been seeing.

We continue to operate in a dynamic cost environment, including variability in components such as memory. We are managing that variability through disciplined procurement and price mechanisms that are already embedded in our model. At this time, we are not seeing conditions that change our demand outlook or execution priorities. In summary, we enter 2026 with a positive outlook. Customer trends are favorable in the US and Europe.

Customer acceptance of products has been strong, and our product offerings and competitive position has never been better. We have several multi-year tailwinds in our key market segments. With that, I'll turn the call over for Tim to review the financial results in more detail. Tim?

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**Timothy Santo** - ADTRAN Holdings Inc - Chief Financial Officer, Senior Vice President - Finance

Thank you, Tom, and thank you all for joining us this morning. We delivered strong results for the fourth quarter and full year 2025, driven by solid execution and healthy revenue growth. As scale improved, we delivered higher margins, and operating efficiency increased across the business. We remain focused on disciplined cost management as we continue to grow.

Over the quarter, we continued to operate with tight financial processes and consistent execution. These remain embedded in how we run the business, improving visibility and planning rigors, and supporting structured capital allocation.

While the mix between gross margin and operating expenses can shift from quarter to quarter as revenue moves, our objective remains focused on steady margin expansion as the business scales. As we noted on our previous earnings call, the capital actions we took last year improved our financial flexibility and added optionality.

Broadly, our focus remains on simplifying the capital structure and maintaining flexibility to support the business and create value. We will continue to deploy cash thoughtfully to reduce the minority interest over time, while maintaining balance sheet strength and evaluating non-core asset monetization opportunities as appropriate. Turning to the financial results for the fourth quarter of 2025.

Revenue was \$291.6 million, up 20% year-over-year and 4% sequentially, above the high end of our original guidance. Year-over-year growth was driven by all three product categories, with optical networking the largest and fastest contributor, with revenue increasing by \$26.9 million, or 33% from the prior year. Geographically, non-US revenue accounted for 53% of total revenue, while US revenue accounted for 47%.

Non-GAAP gross margin increased to 42.5%, up 44 basis points sequentially and 122 basis points year-over-year, driven by scale efficiencies, product mix, and cost discipline. We remain focused on sustaining gross margin in the 42%-43% range over the long term. Non-GAAP operating profits rose to \$18.8 million, or 6.4% of revenue, exceeding the midpoint of our original outlook and up 103 basis points sequentially and 406 basis points year-over-year. Non-GAAP tax expense in Q4 2025 was \$3.8 million, or an effective rate of 22.6%. Non-GAAP EPS was \$0.16, compared to \$0.05 in Q3 2025, and a loss of \$0.02 a year ago.

EPS benefited by \$0.03 from the acquisition of shares from minority holders in the fourth quarter. We continued to strengthen our financial position during the year. Year-over-year, net working capital improved by \$8.7 million due to meaningful inventory reductions, largely offset by increases in accounts receivable due to increased sales.

During the year, inventory declined by almost \$50 million, including \$8 million during the fourth quarter. Days Inventory Outstanding improved by 47 days year-over-year and 10 days in the fourth quarter to 114. DSO increased to 66 days, down by one day year-over-year and up seven days sequentially due to increased sales and the timing of Q4 invoicing. As revenue scales, our focus remains on improving working capital efficiency. Operating cash flow was \$42.2 million for the quarter, and free cash flow was \$22.5 million.

For the full year, we generated \$129.8 million in operating cash flow and \$60.5 million in free cash flow, representing healthy increases of 25% and 58%, respectively, compared to 2024. We ended Q4 with \$95.7 million in cash and cash equivalents after purchasing \$27.2 million, or 1.2 million shares of Adtran Networks SE stock.

For calendar year 2025, we purchased \$46.6 million, or 2 million shares of Adtran Networks SE stock, and now own just over 70%, and meaningfully reduced the interest rate on our outstanding debt as a result of the convertible note offering. Turning to our operational performance for the year, we made meaningful progress across key financial metrics during 2025. Revenue increased 17.5% year-over-year, totaling \$1.084 billion.

We expanded full-year non-GAAP gross margin by approximately 90 basis points to 42.1%, reflecting increased scale, higher efficiency, and favorable product mix. Non-GAAP operating margin increased to 4.8% in 2025 from -0.3% in 2024, and non-GAAP diluted EPS returned to a positive \$0.23 per share.

We delivered a strong year of cash flow generation, with net cash provided by operating activities increasing by \$26.2 million to \$129.8 million. We remain disciplined on cost structure while positioning the company to convert revenue into sustained earnings growth. Looking ahead at our outlook for the first quarter of 2026, we expect revenue to be between \$275 million and \$295 million, and non-GAAP operating margin of 4%-8%, reflecting traditional seasonality and current supply chain dynamics.

I will now turn the call back over to Tom.

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**Thomas Stanton** - ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer

All right. Thanks very much, Tim. Julianne, I think at this point, we're ready to open it up for any questions people may have.

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## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) Mike Genovese, Rosenblatt Securities.

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**Mike Genovese** - Rosenblatt Securities Inc - Equity Analyst

Great, thanks. you know, a great conference call, you know, clearly upbeat messaging. Tom, can you just talk a little bit more, I guess, specifically about the demand picture in US and Europe, and sort of what you're seeing from your clients on the optical side and on the Fiber to the Home side, and just talk a little bit more about the drivers of the revenue growth? I guess related to that, like, you know, do you think obviously, you're not giving full year revenue guidance, but, you know, coming off a year where you grew 20%, you know, do you think double-digit growth is top-line growth is in the cards for 2026?

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**Thomas Stanton** - *ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer*

Yeah. Let me start on a little down note, which is, you know, we don't give full year guidance for a reason, and that's because our outlook is, you know, typically our still our book to ship period is relatively small, so it's a little difficult.

Let me speak a little bit, though, more about the kind of the environment that we're in right now. I would say it's kind of the same tone and kind of building momentum that we saw throughout last year, and we expected that to continue on. That's exactly what's happening. We on the Fiber to the Premises side, nothing has slowed down. Programs are still going well. We're still adding new customers to those product areas, and, you know, we're continuing to operationalize carriers in Europe.

All of that is just a continuation of the same type of activity we saw last year. On the fiber front, the dynamic is a little bit different because we were still at the very beginning of the year, kind of crawling out of the revenue inventory uptick that we had seen in our customer base. That cleared itself up last year.

We started seeing that real progress in the second half of the year. We also, you know, as you're maybe aware, that, you know, we had won some additional customers, both here in the US with wider scale, kind of tier two deployments, as well as in Europe, where we won some tier ones, and that momentum is just continuing on.

I would say, you know, that is driven not just by the Huawei replacement, which is going on in Europe, but just in general, I just think activity. We just saw customers starting to unleash capital and trying to increase their bandwidth for obvious reasons. I mean, I think all of them are trying to figure out how they're going to play in a new AI-driven world. I think MoFi is a driver. We definitely I mentioned it on the call, we saw some real positive momentum on the enterprise side, which includes ICP carriers, right? Yeah, it's just generally a good environment.

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**Mike Genovese** - *Rosenblatt Securities Inc - Equity Analyst*

Great. My second and last question will just be on, you know, pretty wide operating margin outlook of 4%-8% for the quarter. Is that, is that, you know, because of things like memory prices, that, you know, that the range is that wide, or is that kind of maybe more of a normal range, and I'm just reading it as being wide?

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**Thomas Stanton** - *ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer*

To us, I don't think there's any difference in the range that we get from what we typically do. There is tightening supply, as everybody is aware of, on memory. There's some tightening supply on optics. I would say that's not overly impacting the guidance range. Our kind of operating model is still what we fully expect it to be, what we've communicated, which is, you know, operating expenses in the low 100 range and gross margins in the 42%-43% range, I don't see a deviation from that. Tim, any comments?

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**Timothy Santo** - *ADTRAN Holdings Inc - Chief Financial Officer, Senior Vice President - Finance*

No, I'd reiterate. As Tom said, the guidance range is about 4 points, which, if you look historically, is where we've been, and it's actually up a little bit from last quarter. You know, the leverage model would remain up from what we guided last quarter.

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**Thomas Stanton** - *ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer*

You mean midpoint. Yeah.

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**Mike Genovese** - *Rosenblatt Securities Inc - Equity Analyst*

Perfect. I'll pass it on. Thanks so much.

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**Thomas Stanton** - *ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer*

Okay.

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**Operator**

Ryan Koontz, Needham & Company.

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**Ryan Koontz** - *Needham & Company LLC - Analyst*

Great. Can you hear me okay?

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**Thomas Stanton** - *ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer*

Yeah.

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**Ryan Koontz** - *Needham & Company LLC - Analyst*

Super. Hey, guys. When asked about optical, maybe if you can unpack a little bit, and you talked about enterprise ICPs, I assume that's a big driver of optical. You know, do you have any ideas like how much of that is really, you know, hyperscale and AI, you know, data center, cloud-related versus what I would call, like, traditional SP and enterprise networking? Can you maybe help us understand some of those dynamics there within the optical strength?

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**Thomas Stanton** - *ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer*

Sure. There was actually good contribution on both of those fronts in the quarter. I'm trying to think if it was. Yeah, I would say, and this is not having the note in front of me, that the mix on traditional enterprise, including the banking sector and all of the larger enterprise that we play into is a portion of that, and then ICP did come in stronger in the quarter than what we had historically seen, and we expect that momentum to continue on through this year.

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**Ryan Koontz** - *Needham & Company LLC - Analyst*

Great. I recall a conversation from OFC last year about this opportunity in MOFIN, where the, you know, the hyperscalers are contracting with traditional SPs or maybe some of the tier twos, like Colt, et cetera, to build for them. Are you seeing some benefit there as well? Would that show up in your SP business, as opposed to your enterprise business, if it was a MOFIN-type deal?

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**Thomas Stanton** - *ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer*

No, that would show up in our carrier. We would consider that to be a carrier customer. We're definitely seeing that. We talked about that in the last maybe couple of conference calls, how we were starting to see some of the carriers position themselves to be able to do MOFN. That's just a continuing, ongoing kind of upgrade, cyclical thing that's adding positive momentum to that business. That, that is separate and apart from the enterprise piece that we're talking about.

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**Ryan Koontz** - *Needham & Company LLC - Analyst*

Maybe just one last, if I could, on Fiber to the Home side, relative to new footprint, you know, it seems like the US has been a little bit hit and miss, where some segments do better than others. Any update there on how Q4 turned out in terms of new greenfield footprint and how you're thinking about 2026 going forward for US Fiber to the Home, greenfield builds?

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**Thomas Stanton** - *ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer*

I think it was a solid quarter, kind of consistent with what we had seen in the year. I'd mentioned that the, in general, the US business was definitely stronger on a sequential and year-over-year basis. I think we're expecting good things this year. You know, we finally, I probably shouldn't say the word, BEAD dollars are actually starting to flow. 1 customer in Louisiana that is expecting BEAD dollars hopefully next week. I don't want to over-rotate on that, guys, because the build-out is gonna consistently be driven for most carriers by kind of fiber deployment for this year and then equipment next year. The fact that that's actually flowing is real positive.

I think there's six other states that are expect money any day now. The fact that those dollars are starting to flow, I think is a positive thing. It's just as positive, not just the BEAD dollars, but, you know, from a planning perspective and knowing that it's gonna happen and giving carriers surety as to how they plan their capital budgets is very important.

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**Ryan Koontz** - *Needham & Company LLC - Analyst*

Right. The planning, engineering, and maybe the fiber optic, you know, cable spending this year from BEAD sees an earlier uptick, you're saying, than your equipment would see this year?

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**Thomas Stanton** - *ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer*

Oh, yeah.

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**Ryan Koontz** - *Needham & Company LLC - Analyst*

Quarter two behind.

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**Thomas Stanton** - *ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer*

Yeah, you've got to be able to deploy that fiber. I think the positive thing for us, which we don't know how that'll impact, and it may just be a kind of positive influence, is the fact that you get surety in your budget planning cycle for not just your BEAD funding, but your normal capital spend as well. I think that that's been missing for some time.

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**Ryan Koontz** - *Needham & Company LLC - Analyst*

That's great, guys. Thanks for the commentary. Thanks, Tom.

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**Thomas Stanton** - *ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer*

Yeah.

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**Operator**

Christian Schwab, Craig-Hallum.

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**Mike Genovese** - *Rosenblatt Securities Inc - Equity Analyst*

Great execution in the quarter, guys.

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**Christian Schwab** - *Craig-Hallum Holdings LLC - Senior Research Analyst*

Tom, I know so we're sitting here at the end of February, non-core asset sales and potential building sales and leaseback activity. Would you be disappointed if we didn't have resolution on both by the end of calendar 2026?

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**Thomas Stanton** - *ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer*

Leaseback activity, more than likely, that is not going to happen with the North tower, so excuse me, the East tower. Let me be clear on where we are with that. I think we've been trying to talk about this now for a couple of quarters. We did get several lease offers on the building. Financially, it didn't make sense for us because of where we are with our cash position right now and what we'd use for the cash and what that lease would ultimately cost us. We have put that on hold. We can always revisit that if we want to. On the North South Tower, which is the thing that's up for sale, I'm gonna let Tim jump in here and give you an update on that.

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**Timothy Santo** - *ADTRAN Holdings Inc - Chief Financial Officer, Senior Vice President - Finance*

A lot of activity in the Huntsville market. We're not currently under contract, but we have activity, so we continue to work that, and when the right deal comes along, we will close that. As we had hoped, it would happen in 2025. We are very optimistic it will happen in 2026, but the market will dictate.

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**Christian Schwab** - *Craig-Hallum Holdings LLC - Senior Research Analyst*

Great, thank you. Then on the non-core asset side, Tom, do you think that can get resolved this year, or is that a fluid situation?

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**Thomas Stanton** - *ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer*

Let me, let me try and do this in a proper way. We have taken a look at the non-core assets. We've gotten values on what we think the non-core assets that we think are not strategic, right, to our business. We have. We are doing things right now that we think will increase the value of those assets, and we'll reevaluate that in the second half of this year.

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**Christian Schwab** - *Craig-Hallum Holdings LLC - Senior Research Analyst*

Perfect. Then my last question, as we go throughout calendar 2026, you know, is there one area, we spoke positively, obviously, about, you know, finally, loosening up after many years of seeing some progress as speed is concerned. You know, as we look at, you know, equipment replacement in Europe, the strength in optical, you know, geographical strength in Europe, et cetera, is there one thing more than another that you're most excited about as we go through 2026, that we can monitor?

**Thomas Stanton** - ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer

Yeah, I think. Let me just hit on a couple. One is, I think Enterprise is doing really well. As I mentioned earlier on the Q&A, there are multiple drivers for that. We expect that to be strong this year. That's that strength is above whatever the company is doing on a corporate average perspective, so that's really good to see. The other is there is some legislation going on. I don't know how much success it's gonna have. It's good that it's going on. In the EU right now, to accelerate the Huawei replacement piece, it's not so much whether or not that actually happens, which there's a high likelihood it happens, just the focus on that is positive for our business.

I'll remind people, you know, we think that's a near \$1 billion a year type opportunity that Huawei is selling, into the European market, that, we think we have a very good chance of being able to capitalize on. As that pressure continues on, and it is, you know, there was legislation that was sent out in the EU in early last year, that is positive, right? That, that addresses this issue. Yeah, I think both of those things are real positive catalysts.

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**Christian Schwab** - Craig-Hallum Holdings LLC - Senior Research Analyst

Great. Thank you for the clarity. No other questions.

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**Operator**

George Notter, Wolfe Research.

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**George Notter** - Wolfe Research LLC - Analyst

Hey, thanks a lot, guys. I guess I just want to keep going on the question of Huawei replacement in the EU. You know, I think the regulatory stance currently basically has it not compulsory to replace Huawei, but I guess suggested would be kind of the idea in terms of the current regulatory environment.

I know the stuff that's coming down the pike is gonna mandate Huawei replacement, and it sounds like it could be a few years away until that legislation actually requires companies to or carriers to replace Huawei. I guess I'm just curious, like, what has the inflection happening right now? Is there something you're seeing with your customers that, you know, allows them to move more quickly? Is it, is it funding?

Is it, you know, more, you know, pressure, from a political perspective? I guess I'm just trying to understand what's driving this. Thanks.

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**Thomas Stanton** - ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer

Yeah, I agree. Well, let me just make one caveat to that. Although the EU's directive is more of a recommendation, the country by country and carrier by carrier, requirements or legislative actions are different, right? We do have some countries that in the EU that have, you know, explicitly been stronger on that. And it's not so much that, I think that legislation and the talk of that legislation, and the fact that we're even talking about it here, is exactly the point, which is if you're a carrier and you're doing a new award, you're kind of crazy to be deploying Huawei at this point.

If there's a new region, a new footprint that has to be built out, even if they're an approved vendor, you know, you know you're going to have a problem. What that's doing is putting on increasing the braking pressure on continuing to deploy them on an ongoing basis. I would agree that pulling them out is a different thing, and that will take years. You know, we've characterized that north of, and it's an easy math, George, for you to do, right? It's a north of \$10 billion opportunity for the pullout. What we're talking about is just on the annual spend, where they're going in and filling in new car, building out new footprint. That kind of activity is gonna continue to slow down.

**George Notter** - *Wolfe Research LLC - Analyst*

If I look at that \$1 billion annual spend, how well-positioned do you think you are on that? I mean, obviously, that's across a number of product categories. It's across a large number of specific operators, maybe some you're in, some you're not. I mean, is there a way to kind of pin down that \$1 billion in annual spend in terms of what's, like really reasonable for you?

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**Thomas Stanton** - *ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer*

Yeah, please, let me not be so sloppy on that number. The last time we looked at it, we do have another. We have an outside firm trying to take a look at exactly what that number is at this point. That number is derived from about an 800, I think it was 850 or \$860 million number for EMEA in our target product areas, and that was in 2024.

We think that that number is going to continue to slow down. It was north of \$1 billion not that long ago, that number will continue to slow down as we actually pick up that market share. That's for products that are specifically in our product sweet spot, which is kind of mid-mile, regional, network, optical, access, and aggregation.

It is those products that we're actually talking about. It's really what we believe the TAM is for our products. Like I'm trying to say, it's a rough number right now, and it's just based off of the earnings results of Huawei.

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**George Notter** - *Wolfe Research LLC - Analyst*

Great. Thank you very much.

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**Thomas Stanton** - *ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer*

Okay.

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**Operator**

Dave Kang, B. Riley.

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**Dave Kang** - *B. Riley Securities Holdings Inc - Analyst*

Thank you. Good morning. First, regarding European telcos, you talked about them being front-loaded. Just wondering if you can kind of quantify whether it's 55, 45, or is it more exaggerated?

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**Thomas Stanton** - *ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer*

I'm sorry, your question broke up for me. Could you rephrase it or restate it?

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**Dave Kang** - *B. Riley Securities Holdings Inc - Analyst*

Yeah. regarding your European telcos, tier ones, in the previous call, you said they tend to be front-loaded. Just wondering if they're, like, 55/45 or more like 60/40, any color?

**Thomas Stanton** - ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer

Oh, as far as, in the year. Is that what you're talking about? Yeah.

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**Dave Kang** - B. Riley Securities Holdings Inc - Analyst

Yeah.

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**Thomas Stanton** - ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer

I don't know if I've seen that actual breakout. I would say Last year, it was probably 60-ish, 40-ish, and This is just off the cuff, and this is predominantly in the access and agg product category. you'll see that. You see that last year. You could see that last year in our access and agg number. You actually saw that kind of big bump in the first half of the year, and then it kind of tailed down. It's not as prominent in the rest of the product areas. They kind of They're just not on the same cycle.

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**Dave Kang** - B. Riley Securities Holdings Inc - Analyst

Are you kind of expecting similar dynamics, this year or any changes from last year?

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**Thomas Stanton** - ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer

Really good question. I will tell you, we weren't happy with that bump because of what that does operationally. You know, bumpy is never as good as smooth. We have been talking to them about that and trying to get that to be more even flow this year. I don't know how successful we've been with it at this point, so hopefully you won't see that same type of kind of waterfall.

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**Dave Kang** - B. Riley Securities Holdings Inc - Analyst

My second question is regarding the same European telcos. Just where are we in terms of the, you know, their broadband deployment cycle? Are we in still early stages, or mid, or getting towards the late innings?

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**Thomas Stanton** - ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer

Good. If you take Europe as a whole, there's no way to characterize it other than early. You know, we've brought just recently some new carriers on that are, that haven't been deploying with us, and then they all kind of have this Huawei issue as well. If you take specific areas, there are countries that are farther along. The UK is, I would say, kind of more towards the middle. Germany is probably definitely within the first half. It depends on the carrier. Some of them are, haven't started yet.

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**Dave Kang** - B. Riley Securities Holdings Inc - Analyst

Got it. Thank you.

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**Thomas Stanton** - ADTRAN Holdings Inc - Chairman of the Board, Chief Executive Officer

Okay. At this point, I think we are no more questions in the queue. I'd like to thank everybody for their participation today. We look forward to talking to you next quarter.

**Operator**

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

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