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Anterix, Inc. (ATEX)

Q2 2020 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon, ladies and gentlemen, and welcome to the Anterix Second Quarter Update Conference Call. At this time, all participants have been placed on a listen-only mode and we will open the floor for your questions and comments after the presentation.

It is now my pleasure to turn the floor over to your host, Natasha Vecchiarelli. Ma'am, the floor is yours.

Natasha Vecchiarelli

Director-Investor Relations & Corporate Communications, Anterix, Inc.

Good afternoon everyone and thank you for joining us. With me today are Brian McAuley, our Chairman; Morgan O'Brien, our CEO; Rob Schwartz, our President and COO; and Tim Gray, our CFO.

Before we begin, I'd like to highlight that during our call we will present both GAAPs and non-GAAPs financial measures. A reconciliation of non-GAAP to GAAP measures is included in today's 8-K which can be found on our investor relations page. Please also note that we may make reference to forward-looking statements and our actual results could differ materially from those implied. Information regarding the risk factors that could cause such differences can be found in our public filings, including our most recently filed form 10-Q for the quarter ended September 30th, 2019.

With that, I'd like to turn the call over to Morgan O'Brien.

Morgan Edward O'Brien

Chief Executive Officer & Director, Anterix, Inc.

Thank you, Natasha. Thank you everybody for joining us this afternoon. It's been five years since Anterix proposed to the FCC a modification of the rules at 900 megahertz to permit the operation of a six megahertz broadband segment in the band. While no decision is final until a vote of the five FCC commissioners and the

publication of the final order, we at Anterix are encouraged by recent signs that a positive outcome may be near. For example on October 9th, the Wireless Bureau of the FCC issued a decision granting our request by Anterix that the licensing fees to be lifted to prevent incumbents to file applications to relocate out of the proposed broadband segment. This does not prejudge rulemaking of course but to us it suggests that the staff is actively considering a broadband allocation as proposed.

In addition, the record in the proceeding reflects a number of recent meetings with the Bureau staff on issues that we interpret as underlying a favorable decision on the merits of creating a broadband segment and focus on the details of how that process might work. As reflected in a series of ex-party filings made by Anterix there have been discussions with the FCC on a wide range of technical and operational issues around repurposing the band. Our experience suggests to us that the staff is getting ready to make final recommendations in the proceeding to the commissioners and we're optimistic that the outcome will be consistent with the broadband allocation as we have signed. As we continue the regulatory process Anterix has been active on a number of other fronts. These are the most important of the steps necessary to be ready immediately upon a final order to clear spectrum and make it available for broadband use. After the recent capital raise, Anterix prioritized the hiring of staff for the retuning process.

Over the last few months, we built the team, we anticipate meeting for the first phase of retuning, an enhanced staff with a combined 150 years of retuning experience is now on the job implementing our plans. Also, we're pleased that EWA, our partner in filing the original petition, recently announced an agreement within Anterix to play an integral role in the retuning process. As our investors now there are approximately 400 incumbent licensees who will need to be retuned or otherwise relocated to clear the 6 megahertz broadband segment that's proposed. A large number of these incumbents are members of EWA and have long established relationships with the staff at EWA for frequency coordination.

So, it makes sense that EWA play an introductory role in that retuning process, to lay out the FCC decision when it's published and to minimize disruption to operations and to facilitate the retuning. Many incumbents are likely to prefer a simple retune of channels from one part of 900 megahertz to another, something which their existing equipment can accommodate easily. Others may use the opportunity to see if another band of spectrum might make more sense or they may choose to request from Anterix an offer to purchase their license. We believe EWA is the perfect neutral arbiter to make these discussions productive and to speed up the process overall.

Many other actions are underway to reduce the size of the retuning task and to give Anterix a stronger spectrum position. Recently three spectrum transactions have been contracted. The proposed rules require all 20 MTA licenses to be included in any application for broadband. So, we've prioritized acquiring MTA agreements. Of only 11 MTA licenses that are not already in our name, we either have signed agreements or in active discussions with 7. Our experience so far, although these are still early days, would suggest that the process of enhancing our spectrum position will fall pretty much in line with earlier expectations. In a variety of other ways the team at Anterix is continuing to prepare for a future as a provider of broadband spectrum for private enterprise users. Our thinking is not varied from putting emphasis on the electric utility industry, as we have laid out in a lot of detail on the record on this proceeding and to our investors. The pace of grid modernization and the challenges entailed seem to create a compelling opportunity for wide scale adoption of LTE broadband technology.

And while we may not provide the only way of meeting the challenges, we think our spectrum in 900 megahertz provides the best or most economical way of doing so. It's worth noting, however, the utilities are not alone in appreciating the value of wireless broadband. We're starting to see other potential users of the spectrum showing an interest in the prospect that 900 megahertz broadband spectrum will become available for private system use. I'd like to conclude my comments by saying that we recognize that this long process, the regulatory scrutiny and

record building is taxing on the patience of investors. We're lucky to have investors who understand just how much is involved in being successful in this kind of undertaking.

There is a definite upside in the passage of time, however, and we're seeing that every day as more and more attention is being paid to the opportunities for private broadband. While LTE was definitely in use back when we filed a petition, there have been literally billions of devices deployed around the world since. While the advantages of LTE for latency, security and throughput were being discussed by enterprises back then, the passage of time has brought much greater understanding of its value. Being at Anterix throughout this process has given us a chance to appreciate the complexity of decision making at large private enterprises and their need to proceed with caution. [indiscernible] (00:07:36) we can feel every day the momentum that is building for bringing this amazing new technology into use the critical infrastructure on which modern life is built. We're understandably anxious to see the regulatory process run its course and put our spectrum to use.

I'll now turn it over to Rob.

Rob Schwartz

President & Chief Operating Officer, Anterix, Inc.

Thanks Morgan and good afternoon everyone. I'd summarize the theme for this first half of Anterix's fiscal year as momentum. You just heard from Morgan about the continued progress with the FCC and our belief that we are approaching the end zone for near-term report and order.

In parallel I want to highlight three other important areas of Anterix's momentum. First we're working intensively with a large group of potential customers to both foster and satiate the growing commercial demand of our private LTE solutions.

Second, we're continuing to build on our industry-wide top down initiatives and we are seeing expanding industry support and involvement. And third, we continue to build our operational organization to be commercially ready for our broadband future.

So, let me start with the customer progress. Looking broadly at our targeted customer verticals and the critical infrastructure industries they represent, there continues to be increasing awareness and movement towards private broadband networks to facilitate their mission critical communications needs. We're seeing this rising tide of interest from electric utilities as well as from other industrial enterprise sectors. There's a growing appreciation for the value of private LTE networks to solve an increasing number of vital use cases for these sectors. And scarce options of any that provide the advantages of 900 megahertz low band spectrum that works within the existing LTE band standards to secure a cost effective solution. These factors increasingly elevate 900 megahertz to be a preferred choice.

As a result of this continued increase in market demand coupled with our expanding teams hard work we see a seasoning of our pipeline in anticipation of the FCC order as potential customers get a deeper understanding of the full possibilities and value creation of private LTE.

Utilities developing their business cases for a more robust telecom capability identifying the need for spectrum as evident in the RFIs and RFPs for modernized networks. While many of these customer relationships are subject to non-disclosure agreements, a valuable indicator of this progress is reflecting – is reflected in the public filings for 900 megahertz broadband experimental licenses at the FCC that entities are using for pilots and other programs. To date there're five broadband licenses granted that leverage our 900 megahertz spectrum including the two recent grants to Exelon and UPS. Ameren was the first to file for experimental license and recently

completed its initial broadband pilot of 900 megahertz private LTE successfully demonstrating 14 different use cases.

This project has positioned Ameren to be a leader in advocating for the immediate need for 900 megahertz private LTE both at the FCC, but also within the industry. Southern Company, the pioneer in private LTE deployment for utilities, also filed an experimental license to leverage Anterix's 900 megahertz spectrum for the growing requirements. Their trial was set up to test the capacity and latency of various applications and use cases to support electric and gas utility operations as well as confirm the lack of interference to systems operating in adjacent bands. And Phase 2 of our important work with the Department of Energy's National Renewable Energy Lab or NREL is now underway which also leverages an FCC experimental license.

NREL continues to analyze the performance of private LTE broadband networks in communications dependent controlled architectures such as advanced distribution management systems known as ADMS. This important program includes an industry advisory board of seven leading utilities that covered 19 different states. The Phase 2 of this program expand the private LTE network to include a full suite of utility grid automation devices and an ADMS control system. Similar wireless congestion scenarios will be tested with high impact communications such as control signals and prioritize over normal traffic such as meter reads.

We look forward to sharing more results with you from this project in the coming quarters. Exelon through its Delmarva subsidiary stated in its recently granted experimental license filing it intends to use private LTE network for electric distribution and gas system sensors and controls substation backhaul monitoring AMI and control of customer owned distributed energy inverters. The broad range of applications at these sites includes distribution automation, SCADA, remote engineering access, Wi-Fi, telephony, push to talk and general workforce mobility applications. And UPS as publicly stated in its 900 megahertz FCC experimental license filing intends to provide Internet connectivity to various client devices, smartphones, tablets, push to talk devices and edge router supporting wired connectivity to computers and other network devices.

They intend to then migrate to UPS' internal data network. So, testing can continue with production UPS applications. They also stated intention to deploy 900 megahertz LTE in a common network with CBRS infrastructure. We're continuing to prioritize our federal and state efforts as part of our top down program as we work to drive utility industry regulators to understand and support our initiatives. At the federal level, we're working to educate key agencies on how our solution support grid modernization and the requirements for private communications networks. These associations include the National Institute of Standards and Technology or NIST; the Department of Energy; and the Federal Energy Regulatory Commission.

At the state level, we are also actively working to educate regulators about the need for an availability of private LTE to benefit electric consumers. For example, we recently attended and have presented at meetings of the National Association of Regulatory Utility Commissioners or NARUC, including being invited to educate the commission staff on these important topics. We see these industry wide initiatives as a catalyst to bring industry together toward the adoption and funding of private broadband networks. A great example of our collective work with the industry is our founding of utilities broadband alliance or UBBA. Since its launch in February, it has evolved to be a robust utility member driven organization and a form that allows utilities to collaborate with vendors to understand and simplify the deployment of private LTE networks.

Just last month UBBA's first member summit was hosted by fellow founding member Southern Company at their Alabama power facilities. About 150 participants attended including utility executives, industry technology leaders along with participation from the US Department of Energy, NIST, Edison Electric Institute, National Rural Electric Cooperative Association, Navigant, Ericsson, Nokia, Motorola, Cisco, Federated Wireless, and a really great

supporting team in Alabama Power who opened their doors and demonstrated their private LTE network and the innovative critical use cases it solves.

At the summit, I participated on a panel addressing the complementary nature of spectrum including 900 megahertz CBRS and even the unlicensed bands. This discussion given the recent CBRS FCC progress was timely as we're often asked at Anterix how we view CBRS. We see CBRS as a complement to our low band offering, where low band provides valuable cost effective [ph] wide area (00:15:33) coverage, think of a state wide service territory of utility and CBRS is a great complimentary band for campus or venue solutions to add capacity incrementally as needed. Anterix is a member of the CBRS alliance and together with industry participants we've been working collectively to develop solutions for critical infrastructure providers including facilitating dual band trials. Tami Barron, the CEO of Southern Linc, summarized it well on her keynote at the summit. Grid modernization and communication networks are in lockstep, one cannot happen without the other. Private wireless broadband is a key component of this strategy providing the security and resiliency our networks need.

UBBA has been an incredible progress. I found it very gratifying to see the strong membership engagement and clear underlying message resonating throughout the event. The industry has spoken and the utilities need private broadband now to solve critical needs. An another important initiative we're actively working on a program to help utilities in California mitigate future wildfire risks by utilizing private broadband networks to have better control and situational awareness. In a recent NPR piece entitled the blackouts or blackout the future for California, the CEO of San Diego Gas & Electric, Carolyn Wynn, is quoted as saying having these high speed devices that are intelligent and smart is the only way that I believe we can effectively manage the grid of the future. It really does need high speed communication and therefore we're installing our own private LTE communications network.

SDG&E has developed the essential technology to de-power falling electric lines before they reach the ground and prevent fires from starting. To enable the widespread deployment of this technology, a low latency communications network is essential. 900 megahertz spectrum because of its efficiency in covering wide areas is well-suited for the deployment of sensors in the broad footprint where high wildfire risks exist. Recent estimates of outage costs as stated by Michael Wara of the Stanford Woods Institute for the Environment totaled the cost of residential, commercial and industrial losses from a 48-hour public safety power shutdown at PG&E and \$2.5 billion in outage costs for just that single event. While the cost of acquiring spectrum and building a private LTE system are formidable, the cost of not putting prevention in place now has been shown to be far greater. As we continue to build the organization to prepare for the commercialization of broadband operations and based on all this collective momentum I believe we're very well positioned for the further strong progress in the second half of our fiscal year.

And with that I'll turn it over to Tim.

Timothy Gray

Chief Financial Officer, Anterix, Inc.

Thanks, Rob. Good afternoon everyone. We're more than halfway through our current fiscal year. And as Morgan and Rob discussed we're pleased with all that we've accomplished. As you know the second quarter of our fiscal year was highlighted by the equity raise we completed in July to provide us with the funding needed to move forward on our business plans as we advance our retuning efforts for the 900 megahertz spectrum block. We're accelerating our market clearing activities and prioritizing those markets where we believe we have near-term customer opportunities, thereby shortening the time to revenue post an FCC Report and Order. Although our second quarter retuning spend was minimal, we expect to ramp up in the current quarter and accelerate as we move forward with the process.

I've been asked several times about our planned accounting for retuning as we move forward so I wanted to address it. Any acquisitions of spectrum will continue to be capitalized to our intangible asset. Until the Report and Order is final, retuning costs will be expensed in the general and administrative operating expense line item of our income statement. Post the Report and Order, retuning costs will be capitalized to our intangible asset. Our balance sheet continues to be strong. As of September 30, 2019, the company had a \$157.5 million in available cash and is debt free. The increasing cash in the prior quarter was driven by the \$94 million in net proceeds raised in July. Our spend for the quarter was approximately \$6 million and was within our expectations before restructuring and spectrum related acquisitions. This spend did include \$200,000 in retuning related items and \$500,000 in restructuring related payments. Looking at our results, the second fiscal quarter ended September 30, 2019, the company reported a net loss of \$7.7 million or negative \$0.46 per share versus a net loss of \$11.8 million or negative \$0.81 per share for the same quarter in the previous year. Last year's second quarter included \$4.1 million for restructuring related charges due to the realignment of our business. Adjusted EBITDA for the second quarter was negative \$6.2 million, compared with negative \$7.6 million for the same period in the prior year. The improved performance in fiscal 2020 resulted from lower restructuring related charges, offset partially by lower revenue resulting from the transfer of our TeamConnect businesses. Anticipating a decision by the FCC shortly, we're going to be ramping up expenses and retuning, continuing to build our commercial team and enhancing our operational readiness. These expense increases will be within our previously mentioned spend parameters and will be necessary to drive our longer term objectives.

That concludes our prepared remarks. I'll now turn it back over to the operator for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. Ladies and gentlemen, the floor is now open for questions. [Operator Instructions] Please hold a moment while we poll for questions. Your first question is coming from Mike Crawford. Your line is live.

Mike Crawford

Analyst, B. Riley FBR, Inc.

Q

Hi. Thanks. Mike Crawford from B. Riley FBR. Given that, your, your pipeline is seasoning as you get deeper in discussions of business cases of potential 900 megahertz licensees. Have you found any reason to change your expectation for what revenue model might look like for Anterix with the spectrum leases you anticipate to be entering into?

Rob Schwartz

President & Chief Operating Officer, Anterix, Inc.

A

Thanks, Mike. This is Rob Schwartz. No,. I don't see any, any changes per se. I mean, clearly what we're seeing and we talk about seasoning you know we have a really great level of interest from all kinds of parties in the – the predominance which are our investors on utilities and the level of demand and conversations has been, has been great. The specific conversations around how they want to engage to be able to contract for the spectrum, as – I think, as we've talked about in the past our core offering is long-term spectrum leases still. There absolutely are folks who would as you've seen on the record who would rather own the spectrum if they could, but clearly our core model is focused on how we can achieve the same kind of long-term revenues that we talked about back to Investor Day.

Mike Crawford

Analyst, B. Riley FBR, Inc.

Q

Okay. Thanks, Rob. And then also pursuant to your request the FCC did grant a lifting of the freeze to enable clearing of incumbents. So, can you quantify how many parties you might already be working with to do that voluntarily?

Morgan Edward O'Brien

Chief Executive Officer & Director, Anterix, Inc.

A

Oh, Mike. This is Morgan. There were certainly enough to make it worthwhile going in and asking. And as I said, we were super pleased that the bureau took the constructive step of going ahead and saying don't use the waiver approach because it's too cumbersome – we'll just permit these things so enough to be very much worthwhile that we can – as I say we have – we now have a lot of the players in place to do this retuning and so they're – now they're talking to people.

Mike Crawford

Analyst, B. Riley FBR, Inc.

Q

Okay. Thank you, Morgan. And then would you expect that the Report and Order would come just via circulation or an official FCC meeting and in agenda and meeting.

Morgan Edward O'Brien

Chief Executive Officer & Director, Anterix, Inc.

A

Mike I think it's always a question of what the Chairman has going in the course of that particular period of time. He may want to bundle a number of spectrum related issues and do it all in the meeting, that's pretty common or he may just take the position that hey something's ready, it's ready to go. There's an urgency, we've certainly tried to communicate that, let's put it out.

So, I think every time in the past we've tried to predict, we haven't been very good about predicting which it is. And I think it's – we'll just have to wait and see. But to emphasize the point I was trying to make earlier it certainly feels like we're approaching while we've been seeking for so long.

Mike Crawford

Analyst, B. Riley FBR, Inc.

Q

Okay. Thank you and then final question is are we less likely now to see any kind of MoU with someone before a final Report and Order so that we would look for that first before we would see any – what any potential lease or agreement might look like.

Rob Schwartz

President & Chief Operating Officer, Anterix, Inc.

A

Yes. Mike it's Rob. So, I think clearly – as we talked about these are parallel efforts right so we've got the FCC process as we talked about being and we think close to the end zone. At the same time, we were also moving forward with a number of customers. Clearly there are those customers who are going to wait to see Report and Order before they transact for spectrum but we're still optimistic that – both are moving in parallel.

Mike Crawford

Analyst, B. Riley FBR, Inc.

Q

All right, thank you, Rob.

Operator: Your next question is coming from George Sutton. Your line is live.

George F. Sutton

Analyst, Craig-Hallum Capital Group LLC

Q

Thank you and nice to see the continued progress. So, Rob, you talked a little bit about PG&E and I just want to use the hypothetical example if they had your broadband in place and were sort of fully functional. How might they be operating differently today just to give us a perspective of some of the use case examples that would take place?

Rob Schwartz

President & Chief Operating Officer, Anterix, Inc.

A

Sure and I'll stick with your hypothetical versus specific to them but – the functionality that a broadband network and specifically a low band broadband network like 900 megahertz can enable for utility – especially out in California in trying to combat the wildfires. There's kind of two sides of it, one is what's done today at some level and clearly not enough with the detection of events occurring, right. So, a lot of what you hear about from a technology and a surveillance standpoint is finding fires as fast as possible to put them out and so sensors and things that – there's heat sensors, there's cameras – they're using everything from satellite to – to the helicopters sensing that stuff.

So, if you had a network available with greater level of sensors that can be deployed way more broadly and there's good maps that show exactly where it's needed. The high fire risk zones, in those places, there absolutely should be more sensors and you can be quicker to respond, but more importantly is really the technology that San Diego Gas and Electric has developed and put forward in their wildfire mitigation plan as I cited earlier that really is focused on preventing fire from starting in the first place. And so that's from if you can deploy this on poles that you can really depower a line in the time it takes to fall to the ground, before it falls to the ground, then you're preventing a fire from starting and so that deployed widely also will add a much greater ability to prevent fires from starting in the first place.

The other thing is we have talked to folks about these PSPS the power shut offs that are occurring. Some of those happened because there's no physical control of wide areas of territory. And literally there's trucks rolling out to turn off power and turn back on power, any greater command of control which has to be remotely done communications network is going to enhance that as well and so those are kind of three areas where I think there's strong capability to enhance the prevention of fires. Is it going to be perfect in that difficult environment. I don't think anything's going to be perfect. But clearly anytime you can reduce any of the fire incidences, it's going to be highly valued.

George F. Sutton

Analyst, Craig-Hallum Capital Group LLC

Q

Just keeping on the Southern California theme. Just today there's an application narrative statement from Southern California Edison. Can you just give us a sense of what that document means?

Rob Schwartz

President & Chief Operating Officer, Anterix, Inc.

A

I'm not certain of the document you're referring to today George maybe you can give me a little more detail on that...

Morgan Edward O'Brien

Chief Executive Officer & Director, Anterix, Inc.

Maybe paraphrase it for us to.

A

George F. Sutton

Analyst, Craig-Hallum Capital Group LLC

It's a complicated one which is why I asked, they want to convert to non-common carrier SMR and add emissions. And they want to also add an area of mobile operations.

Q

Rob Schwartz

President & Chief Operating Officer, Anterix, Inc.

Yeah. Well, we haven't seen as – we are preparing for the call ...

A

[indiscernible] (00:29:33)

Rob Schwartz

President & Chief Operating Officer, Anterix, Inc.

... but we'll have to take a look at it and get back to you George and give you a perspective.

A

George F. Sutton

Analyst, Craig-Hallum Capital Group LLC

Okay. Morgan you mentioned in your prepared comments that there are – other potential uses of the spectrum, we've seen on the record some things related to oil and gas companies, and chemical operators. Can you just give us a sense of what you're referring to in terms of the other potential users?

Q

Morgan Edward O'Brien

Chief Executive Officer & Director, Anterix, Inc.

Without going into specific discussions that we're having in the category of water and gas – you did see UPS exploration issue – issues like that, perhaps something along the lines of railroads. I mean those are the kind of critical infrastructure players that are aware – newly aware, I would say of what's coming down the road.

A

As I say it's the positive – of the negative amount of time it's taken for this thing to work through the FCC, is that there has been an awakening as to what broadband does, and the point I want to make – really stress is the latency – because I think a lot of people hear the expression latency and they're really not sure, I know you are, but a lot of them are not sure what it means. And it just means the ability of a technology to carry around trip message in milliseconds, and that's what's brand new to these folks. Not just the ability to transmit a lot of data, but to do with that kind of latency.

Rob Schwartz

President & Chief Operating Officer, Anterix, Inc.

And George just to add to that, another – you know I mentioned CBRS with the considerable amount of recognition it's getting as it's progressing to the FCC and the industry support that's occurring as more and more industries are becoming aware of it and the LTE technology that's utilizing. But it's really only campus solution and so if people look at it and say wow this is really annoying but I need a wider area of coverage like a lot of the industries that Morgan mentioned as you start looking for what other bands we'll be able to do so. Again, it's a

A

natural [indiscernible] (00:31:52) to say well 900 megahertz is a potential solution for that. So it's been a good path for us to also get other folks aware and interested in what we're doing.

Morgan Edward O'Brien

Chief Executive Officer & Director, Anterix, Inc.

A

But I don't want to, but this kind of answer. I don't want to suggest that we don't still have a firm conviction that the electric utility industry particularly as it's deployed nationally. There are just all sorts of economies of scale and other reasons why that industry ought to be really riveted on this opportunity. We've certainly done everything we could to rivet their attention. I mean that we haven't – we haven't engineered any of these crises that they have. We just see a technology in a spectrum position that can really address these needs that are so obvious in places like California.

George F. Sutton

Analyst, Craig-Hallum Capital Group LLC

Q

Great. I'd like to make a official prediction when we speak next quarter on an earnings call, we'll be talking about business models and potential deals. We won't be talking about FCC processes. Thanks guys.

Rob Schwartz

President & Chief Operating Officer, Anterix, Inc.

A

Well, let's just – let's just say that we're tireless in trying to make that prediction come true.

George F. Sutton

Analyst, Craig-Hallum Capital Group LLC

Q

Thanks guys.

Morgan Edward O'Brien

Chief Executive Officer & Director, Anterix, Inc.

A

Thanks, George.

Rob Schwartz

President & Chief Operating Officer, Anterix, Inc.

A

Thank you.

Operator: Your next question is coming from [ph] James Radcliffe (00:33:16). Your line is live.

Q

Thanks for taking the question. On the mention of the relatively limited number of areas where you don't have all the MTA blocks. How much of the countries does that represent, and particularly how much of an impediment is it for your most attractive or most for this advanced customer relationships. Thanks.

Morgan Edward O'Brien

Chief Executive Officer & Director, Anterix, Inc.

A

I'm glad you gave me the opportunity to clarify this because I want to make the distinction between having all 20 in any particular county when you go in and apply for broadband and how many of those 20 per county we don't

have. So, it's basically only 11. But having said that and going right to your question, we have a long-term very respectful relationship with the major SMR who has positions in Miami and in Boston and those are obviously major markets of which we have a lot of interest.

But other than that I would say that I feel like we have that situation pretty well in hand. We know the players, we are flexible in what we can do. And I don't really see any long term obstacle to getting to that rule of 20 with the one big exception being the railroads. If the FCC accepts the proposal to move the railroads to Block A then wherever it says 20 it will really mean 19 because the railroads will be sitting on the first block, and we've been solidly supportive of the railroads. And you can see if you look at the record that they've been in talking to the FCC about just how important this is to their industry, and we're solidly behind them, and we're hopeful that they won't end up with those 10 channels that they can deploy wideband technologies.

Q

Great. Thank you.

Operator: There are no further questions from the lines at this time.

Morgan Edward O'Brien

Chief Executive Officer & Director, Anterix, Inc.

All right. Thank you so much. We're with George and hoping to have plenty of opportunity in the future to talk about the good news and thank you so much until next time.

Operator: Thank you, ladies and gentlemen. This does conclude today's conference call. You may disconnect your phone lines at this time and have a wonderful day. Thank you for your participation.

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