



News Release

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Verizon reports 2Q and first-half 2022 results

2Q 2022 highlights

Consolidated:

- \$1.24 in earnings per share (EPS), compared with \$1.40 in second-quarter 2021; adjusted EPS¹, excluding special items, of \$1.31 compared with \$1.39 in second-quarter 2021².
- Total revenue of \$33.8 billion, relatively flat from second-quarter 2021.
- Net income of \$5.3 billion, a decrease of 10.7 percent from second-quarter 2021, and adjusted EBITDA¹ of \$11.9 billion, down 2.6 percent year over year.

Total Broadband:

- Total broadband net additions of 268,000, including 256,000 fixed wireless net additions. Total broadband net additions increased 39,000 from first-quarter 2022, and fixed wireless net additions increased 62,000 from first-quarter 2022.
- 36,000 Fios Internet net additions.

Total Wireless:

- Total wireless service revenue of \$18.4 billion, a 9.1 percent increase year over year.
- Total retail postpaid churn of 1.03 percent, and retail postpaid phone churn of 0.81 percent.
- Postpaid phone net additions of 12,000.

NEW YORK - Verizon Communications Inc. (NYSE, Nasdaq: VZ) today reported its second-quarter and half-year 2022 results.

"As the market leader, in a very competitive industry, we are determined to improve our operational and financial performance for the second half of the year," said Verizon Chairman and CEO Hans Vestberg. "With our network-as-a-service foundation, our new consumer mobility plans, and recent pricing actions, we are being deliberate in our decisions to improve our profitable growth opportunities today and into the future."

For second-quarter 2022, Verizon reported EPS of \$1.24, compared with \$1.40 in second-quarter 2021. On an adjusted basis¹, excluding special items, EPS was \$1.31 in second-quarter 2022, compared with adjusted EPS¹ of \$1.39 in second-quarter 2021².

Second-quarter 2022 EPS included a pre-tax loss from special items of approximately \$435 million, including a net pre-tax charge of \$198 million related to a mark-to-market adjustment for pension liabilities. In addition, the impact of amortization of intangible assets related to TracFone and other acquisitions was \$237 million.

"Although recent performance did not meet our expectations, we remain confident in our long-term strategy," said Verizon Chief Financial Officer Matt Ellis. "We believe that our assets position us well to generate long-term shareholder value."

Consolidated results

- Total consolidated operating revenue in second-quarter 2022 of \$33.8 billion, relatively flat from second-quarter 2021. Wireless service revenue growth and higher wireless equipment revenue were offset primarily by wireline declines and the net impact of merger and acquisition (M&A) activity in 2021.
- Total wireless service revenue growth of 9.1 percent, reflecting the company's ownership of TracFone, further progress on its premium Unlimited strategy and its strong Business volumes.
- Service and other revenue declined 3.9 percent year over year in second-quarter 2022, as the revenue lost from Verizon Media more than offset net incremental revenue from the company's acquisition of TracFone.
- Net income of \$5.3 billion, a decrease of 10.7 percent from second-quarter 2021, and adjusted EBITDA¹ of \$11.9 billion, a decline of 2.6 percent year over year, due to the divestiture of Verizon Media, higher device subsidies and promotional spending associated with increased wireless activations, wireline revenue declines and inflationary cost pressures.

- First-half 2022 cash flow from operating activities totaled \$17.7 billion, compared with \$20.4 billion in first-half 2021. The reduction was primarily due to working capital impacts from higher device activations, and increased inventory levels as part of the company's supply chain management in the current environment.
- Capital expenditures in first-half 2022 were \$10.5 billion, including C-Band spending of \$2.8 billion.
- Verizon's unsecured debt as of the end of second-quarter 2022 decreased by \$4.8 billion sequentially to \$132.5 billion. The company's net unsecured debt¹ balance decreased sequentially by \$5.0 billion to \$130.6 billion, and its net unsecured debt to adjusted EBITDA ratio¹ at quarter-end was approximately 2.7 times.

Verizon Consumer results

- Total Verizon Consumer revenue was \$25.6 billion, an increase of 9.1 percent year over year, driven by the inclusion of TracFone, higher equipment revenue and core wireless service revenue growth.
- Wireless service revenue increased 10.5 percent year over year, driven by the inclusion of TracFone and growth in postpaid Average Revenue Per Account (ARPA).
- Consumer wireless retail postpaid churn was 0.93 percent in second-quarter 2022, and wireless retail postpaid phone churn was 0.75 percent.
- Consumer reported 168,000 fixed wireless net additions and 30,000 Fios Internet net additions in second-quarter 2022. Consumer Fios revenue was \$2.9 billion in second-quarter 2022, flat year over year.
- In second-quarter 2022, Consumer reported 215,000 wireless retail postpaid phone net losses, due to a year over year increase in churn and a year over year decline in phone gross additions. Consumer ended second-quarter 2022 with nearly half of its wireless phone customers having 5G-capable devices.
- In second-quarter 2022, Consumer operating income was \$7.2 billion, a decrease of 4.6 percent year over year, and segment operating income margin was 27.9 percent, a decrease from 31.9 percent in second-quarter 2021. Segment EBITDA¹ in second-quarter 2022 was \$10.4 billion, a decrease of 0.3 percent year over year. A higher contribution from TracFone was more than offset primarily by higher promotional activity. Segment EBITDA margin¹ was 40.5 percent, a decrease from 44.3 percent in second-quarter 2021.

Verizon Business results

- Total Verizon Business revenue was \$7.6 billion in second-quarter 2022, down 1.8 percent year over year.
- Business wireless service revenue was \$3.2 billion, an increase of 3.0 percent year over year. This increase was driven by momentum in Small and Medium Business, and the best performance in Global Enterprise since first-quarter 2020.

- Business reported 430,000 wireless retail postpaid net additions in second-quarter 2022, including 227,000 postpaid phone net additions. This was the third consecutive quarter that Business reported more than 200,000 postpaid phone net additions. Phone gross additions in Business increased nearly 30 percent year over year.
- Wireless retail postpaid churn was 1.37 percent in second-quarter 2022, and wireless retail postpaid phone churn was 1.07 percent.
- Business reported 88,000 fixed wireless net additions in second-quarter 2022.
- In second-quarter 2022, Verizon Business operating income was \$675 million, a decrease of 21.1 percent year over year, and segment operating income margin was 8.9 percent, a decrease from 11.0 percent in second-quarter 2021. Segment EBITDA¹ was \$1.7 billion in second-quarter 2022, a decrease of 6.5 percent year over year. In addition to Wireline revenue declines, Business experienced elevated device subsidies related to wireless activations in the quarter. Segment EBITDA margin¹ was 22.9 percent, a decrease from 24.1 percent in second-quarter 2021.

Outlook and guidance

Verizon is updating financial guidance for full-year 2022. The company now expects the following:

- Reported wireless service revenue growth of 8.5 to 9.5 percent, an update from prior guidance for reported wireless service revenue growth of 9 to 10 percent.
- Reported service and other revenue growth of minus 1 percent to flat, an update from prior guidance for reported service and other revenue growth to be approximately flat.
- Adjusted EBITDA¹ growth of minus 1.5 percent to flat, an update from prior guidance for adjusted EBITDA¹ growth of 2 to 3 percent.
- Adjusted EPS¹ of \$5.10 to \$5.25, an update from prior guidance for adjusted EPS¹ of \$5.40 to \$5.55.

Additionally, Verizon continues to expect the following results for full-year 2022:

- Adjusted effective income tax rate¹ in the range of 23 percent to 25 percent.
- Capital spending, excluding C-Band, in the range of \$16.5 billion to \$17.5 billion. Additional expenditures related to the deployment of the company's C-Band 5G network are expected to be in the range of \$5 billion to \$6 billion.

¹Non-GAAP financial measure. See the accompanying schedules and www.verizon.com/about/investors for reconciliations of non-GAAP financial measures cited in this document to most directly comparable financial measures under generally accepted accounting principles (GAAP).

²Adjusted EPS for the prior year period has been reclassified to conform to current period presentation.

Verizon Communications Inc. (NYSE, Nasdaq: VZ) was formed on June 30, 2000 and is one of the world's leading providers of technology and communications services. Headquartered in New York City and with a presence around the world, Verizon generated revenues of \$133.6 billion in 2021. The company offers data, video and voice services

and solutions on its award-winning networks and platforms, delivering on customers' demand for mobility, reliable network connectivity, security and control.

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Forward-looking statements

In this communication we have made forward-looking statements. These statements are based on our estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed future results of operations. Forward-looking statements also include those preceded or followed by the words "anticipates," "believes," "estimates," "expects," "hopes," "forecasts," "plans" or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The following important factors, along with those discussed in our filings with the Securities and Exchange Commission (the "SEC"), could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: cyber attacks impacting our networks or systems and any resulting financial or reputational impact; damage to our infrastructure or disruption of our operations from natural disasters, extreme weather conditions or terrorist attacks and any resulting financial or reputational impact; the impact of public health crises, including the COVID-19 pandemic, on our operations, our employees and the ways in which our customers use our networks and other products and services; disruption of our key suppliers' or vendors' provisioning of products or services, including as a result of geopolitical factors, the COVID-19 pandemic or the potential impacts of global climate change; material adverse changes in labor matters and any resulting financial or operational impact; the effects of competition in the markets in which we operate; failure to take advantage of developments in technology and address changes in consumer demand; performance issues or delays in the deployment of our 5G network resulting in significant costs or a reduction in the anticipated benefits of the enhancement to our networks; the inability to implement our business strategy; adverse conditions in the U.S. and international economies, including inflation in the markets in which we operate; changes in the regulatory environment in which we operate, including any increase in restrictions on our ability to operate our networks or businesses; our high level of indebtedness; significant litigation and any resulting material expenses incurred in defending against lawsuits or paying awards or settlements; an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations or adverse conditions in the credit markets affecting the cost, including interest rates, and/or availability of further financing; significant increases in benefit plan costs or lower investment returns on plan assets; changes in tax laws or treaties, or in their interpretation; and changes in accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings.