



News Release

FOR IMMEDIATE RELEASE
October 24, 2023

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Verizon reports strong 3Q results momentum, raises free cash flow guidance

Company ended the quarter with approximately 10.3 million broadband subscribers, an increase of nearly 21 percent year over year

Year-to-date cash flow from operations increased approximately \$600 million year over year, and year-to-date free cash flow¹ increased \$2.2 billion year over year

3Q 2023 highlights

Consolidated:

- \$1.13 in EPS, compared with \$1.17 in third-quarter 2022; adjusted EPS¹, excluding special items, of \$1.22, compared with \$1.32 in third-quarter 2022.
- Total operating revenue of \$33.3 billion, a decrease of 2.6 percent from third-quarter 2022.
- Year-to-date cash flow from operations of \$28.8 billion, an increase from \$28.2 billion in 2022.
- Free cash flow¹ year-to-date was \$14.6 billion, an increase from \$12.4 billion in 2022.
- Net income of \$4.9 billion, a decrease of 2.8 percent from third-quarter 2022, and consolidated adjusted EBITDA¹ of \$12.2 billion, up 0.2 percent year over year.

Total Broadband:

- Total broadband net additions of 434,000, representing the fourth consecutive quarter that Verizon reported more than 400,000 broadband net additions. Total broadband net additions included 384,000 fixed wireless net additions, an increase of 42,000 fixed wireless net additions from third-quarter 2022. Verizon now has approximately 10.3 million total broadband subscribers, including nearly 2.7 million subscribers on its fixed wireless service.
- 72,000 Fios Internet net additions, an increase from 61,000 Fios Internet net additions in third-quarter 2022.

Total Wireless:

- Total wireless service revenue² of \$19.3 billion, a 2.9 percent increase year over year.
- Postpaid phone net additions of 100,000, and retail postpaid net additions of 581,000.
- Total retail postpaid churn of 1.15 percent, and retail postpaid phone churn of 0.90 percent.

NEW YORK - Verizon Communications Inc. (NYSE, Nasdaq: VZ) reported third-quarter results today and raised its free cash flow guidance for the year. The company's performance was highlighted by continued wireless service revenue growth, total broadband net additions, and improving profitability.

"We continued to make steady progress in the third quarter with a clear focus on growing wireless service revenue, delivering healthy consolidated adjusted EBITDA and increasing free cash flow," said Verizon Chairman and CEO Hans Vestberg. "Our financial discipline, combined with our healthy balance sheet, enabled us to increase our dividend for the 17th consecutive year, which is the longest current streak of dividend increases in the U.S. telecom industry."

For third-quarter 2023, Verizon reported EPS of \$1.13, compared with \$1.17 in third-quarter 2022. On an adjusted basis¹, excluding special items, EPS was \$1.22 in third-quarter 2023, compared with adjusted EPS¹ of \$1.32 in third-quarter 2022.

Third-quarter 2023 earnings reflected a pre-tax loss from special items of approximately \$579 million. This included the impacts of amortization of intangible assets related to TracFone and other acquisitions of \$224 million, a pre-tax non-strategic business shutdown charge of \$179 million related to the shutdown of the BlueJeans business offering and pre-tax business transformation costs of \$176 million.

Consolidated results

- Total consolidated operating revenue in third-quarter 2023 of \$33.3 billion, a decrease of 2.6 percent from third-quarter 2022. This decline was primarily due to reduced wireless equipment revenue and lower postpaid upgrade activity.
- Total wireless service revenue² in third-quarter 2023 increased 2.9 percent year over year and 1.1 percent from second-quarter 2023. This increase was driven by targeted pricing actions implemented in recent quarters, the larger allocation of administrative and telco recovery fees from other revenue into wireless service revenue, and growth from fixed wireless offerings.
- Net income of \$4.9 billion, a decrease of 2.8 percent compared to third-quarter 2022, and consolidated adjusted EBITDA¹ of \$12.2 billion, an increase of 0.2 percent year over year.
- Year-to-date cash flow from operations totaled \$28.8 billion, an increase from \$28.2 billion in 2022. This increase is related to continued working capital improvements associated with fewer upgrades and lower inventory levels, partially offset by higher interest payments.
- Capital expenditures year-to-date were \$14.2 billion.

- Free cash flow¹ year-to-date was \$14.6 billion, an increase from \$12.4 billion in 2022.
- Verizon's unsecured debt as of the end of third-quarter 2023 decreased by \$4.9 billion sequentially to \$126.4 billion. The company's net unsecured debt¹ balance improved sequentially by \$4.3 billion to \$122.2 billion. At the end of third-quarter 2023, Verizon's ratio of unsecured debt to net income (LTM) was approximately 5.9 times, and its net unsecured debt to adjusted EBITDA ratio¹ was approximately 2.6 times.

Verizon Consumer results

- Total Verizon Consumer revenue was \$25.3 billion, a decrease of 2.3 percent year over year. Growth in service and other revenue was offset by wireless equipment revenue declines.
- Wireless service revenue increased 2.9 percent year over year. This increase was driven by growth in retail postpaid Average Revenue Per Account (ARPA), partially offset by a decline in retail postpaid phone connections and prepaid connections.
- Consumer wireless retail postpaid churn was 1.04 percent in third-quarter 2023, and wireless retail postpaid phone churn was 0.85 percent.
- In third-quarter 2023, Consumer reported 51,000 wireless retail postpaid phone net losses, representing an improvement of 85,000 from second-quarter 2023 and 138,000 from third-quarter 2022. Consumer postpaid phone gross additions increased 2.3 percent year over year in third-quarter 2023, continuing the momentum that began in second-half 2022.
- Consumer reported 207,000 wireless retail prepaid net losses in third-quarter 2023.
- Consumer reported 251,000 fixed wireless net additions and 69,000 Fios Internet net additions in third-quarter 2023. Consumer Fios revenue was \$2.9 billion in third-quarter 2023, a decrease of 0.2 percent year over year.
- In third-quarter 2023, Consumer operating income was \$7.5 billion, an increase of 2.7 percent year over year, and segment operating income margin was 29.9 percent, an increase from 28.4 percent in third-quarter 2022. Segment EBITDA¹ in third-quarter 2023 was \$10.8 billion, an increase of 2.2 percent year over year. This improvement can be attributed to wireless service revenue growth and lower upgrade volumes. Segment EBITDA margin¹ was 42.8 percent, an increase from 40.9 percent in third-quarter 2022.

Verizon Business results

- Total Verizon Business revenue was \$7.5 billion in third-quarter 2023, a decrease of 4.0 percent year over year. Lower wireline revenue and lower wireless equipment revenue was partially offset by higher wireless service revenue.
- Business wireless service revenue was \$3.4 billion, an increase of 2.9 percent year over year. This growth was driven by continued strong net additions and pricing actions implemented in recent quarters.
- Business reported 330,000 wireless retail postpaid net additions in third-quarter 2023, including 151,000 postpaid phone net additions. This was the ninth consecutive quarter that Business reported more than 125,000 postpaid phone net additions. Business continues to grow volumes and expand its relationships with customers strengthening its position as a wireless market share leader.

- Business wireless retail postpaid churn was 1.47 percent in third-quarter 2023, and wireless retail postpaid phone churn was 1.14 percent.
- Business reported 133,000 fixed wireless net additions in third-quarter 2023.
- In third-quarter 2023, Verizon Business operating income was \$539 million, a decrease of 22.8 percent year over year, and segment operating income margin was 7.2 percent, a decrease from 8.9 percent in third-quarter 2022. Segment EBITDA¹ was \$1.7 billion in third-quarter 2023, a decrease of 6.2 percent year over year, driven by continued declines in high margin wireline revenues. Segment EBITDA margin¹ was 22.1 percent in third-quarter 2023, a decrease from 22.7 percent in third-quarter 2022.

Outlook and guidance

The company does not provide a reconciliation for certain of the following adjusted (non-GAAP) forecasts because it cannot, without unreasonable effort, predict the special items that could arise, and the company is unable to address the probable significance of the unavailable information.

For 2023, Verizon expects the following:

- Cash flow from operations in the range of \$36.25 billion to \$37.25 billion.
- Capital spending at the higher end of the previously guided range of \$18.25 billion to \$19.25 billion.
- Free cash flow¹ above \$18 billion, a \$1 billion increase from the previously issued guidance.

In addition, for 2023, Verizon continues to expect the following:

- Total wireless service revenue growth^{2,3} of 2.5 percent to 4.5 percent.
- Adjusted EBITDA¹ of \$47.0 billion to \$48.5 billion.
- Adjusted EPS¹ of \$4.55 to \$4.85.
- Adjusted effective income tax rate¹ in the range of 22.5 percent to 24.0 percent.

¹ Non-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).

² Total wireless service revenue represents the sum of Consumer and Business segments.

³ Includes a benefit of approximately 190 basis points from the reallocation from other revenue to wireless service revenue. This results from a larger allocation of administrative and telco recovery charges which partly recover network operating costs.

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 \$136.8 billion in 2022. 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,” “forecasts,” “hopes,” “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: the effects of competition in the markets in which we operate, including any inability to successfully respond to competitive factors such as prices, promotional incentives and evolving consumer preferences; failure to take advantage of, or respond to competitors' use 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; 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, acts of war, terrorist attacks or other hostile acts and any resulting financial or reputational impact; the impact of public health crises 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, public health crises or the potential impacts of global climate change; material adverse changes in labor matters and any resulting financial or operational impact; changes in the regulatory environment in which we operate, including any increase in restrictions on our ability to operate our networks or businesses; allegations regarding the release of hazardous materials or pollutants into the environment from our, or our predecessors', network assets and any related government investigations, regulatory developments, litigation, penalties and other liability, remediation and compliance costs, operational impacts or reputational damage; 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.