



News Release

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Verizon reports strong 3Q revenue growth momentum

Accelerated 5G adoption drives 3Q performance

3Q 2021 highlights

Consolidated:

- \$1.55 in earnings per share (EPS), compared with \$1.05 in third-quarter 2020; adjusted EPS*, excluding special items, of \$1.41, compared with \$1.25 in third-quarter 2020.
- Operating revenue of \$32.9 billion, up 4.3 percent from third-quarter 2020. This includes two months of Verizon Media revenue of approximately \$1.4 billion on a segment basis. Excluding Verizon Media*, operating revenues increased 5.5 percent.
- Net income of \$6.6 billion, an increase of 45.5 percent from third-quarter 2020, and adjusted EBITDA* of \$12.3 billion, an increase of 3.3 percent from third-quarter 2020.
- 129,000 total broadband net additions, defined as wireline and fixed wireless.

Total Wireless:

- Total wireless service revenue of \$17.1 billion, a 3.9 percent increase year over year, driven by higher access revenue, volume growth and products.
- Total retail postpaid churn of 0.94 percent, and retail postpaid phone churn of 0.74 percent.
- 699,000 retail postpaid net additions, including 429,000 phone net additions, resulting in 122.0 million total retail connections. Phone net additions increased 51.6 percent year over year.

NEW YORK - Verizon Communications Inc. (NYSE, Nasdaq: VZ) reported third-quarter earnings today highlighted by revenue and customer growth as more than one in four Consumer wireless phone customers now have a 5G-capable device.

"We had a strong third quarter, delivering on our strategy and growing in multiple areas," said Verizon Chairman and CEO Hans Vestberg. "Our disciplined strategy execution demonstrated growth in 5G adoption, broadband subscribers and business applications. We are increasing our 2021 guidance, and we continue to expand our 4G LTE and 5G network leadership. We fully expect to have a strong finish to the year as we accelerate deployment of 5G to our customers across the country."

For third-quarter 2021, Verizon reported EPS of \$1.55, compared with \$1.05 in third-quarter 2020, a 47.6 percent increase year over year. On an adjusted basis*, third-quarter 2021 EPS, excluding special items, was \$1.41, compared with adjusted EPS of \$1.25 in third-quarter 2020, a 12.8 percent increase year over year.

Third-quarter 2021 EPS included a net pre-tax gain on the sale of Verizon Media to Apollo funds of \$706 million, and a net pre-tax charge of approximately \$247 million, which included a net charge of \$144 million related to a mark-to-market adjustment for pension liabilities, and \$103 million related to a severance charge for voluntary separations under existing plans. Third-quarter 2021 results also included two months of Verizon Media, as the sale closed on September 1.

"Verizon reported another quarter of strong financial and operating performance," said Verizon Chief Financial Officer Matt Ellis. "We are seeing strong demand for connectivity across our Consumer and Business segments as our Mix and Match and Business Unlimited value propositions, network quality and unique partnerships are resonating with both new and existing customers. We grew revenue in the quarter, achieved solid cash flow, completed the sale of Verizon Media and increased the dividend for a 15th consecutive year."

Consolidated results

- Total consolidated operating revenues in third-quarter 2021 were \$32.9 billion, up 4.3 percent from third-quarter 2020. These results included two months of Verizon Media revenue of approximately \$1.4 billion on a segment basis. Excluding Verizon Media*, total consolidated operating revenues increased 5.5 percent.
- Year-to-date cash flow from operations totaled \$31.2 billion, a decrease from \$32.5 billion year over year. This decrease was primarily driven by lower cash taxes from a one-time benefit in 2020, as well as higher working capital requirements in 2021 due to greater volumes.
- Capital expenditures year-to-date were \$13.9 billion. Capital expenditures continue to support the growth in traffic on the company's 4G LTE network and the continued expansion of the company's 5G Ultra Wideband and 5G Nationwide networks. Capital expenditures related to C-Band were more than \$1 billion year-to-date.
- The company ended third-quarter 2021 with free cash flow* of \$17.3 billion.
- Verizon's unsecured debt balance increased year over year by \$36.1 billion to \$141.6 billion at the end of third-quarter 2021, remaining relatively flat sequentially from the end of second-quarter 2021. The company's net unsecured debt* as of the end of third-quarter 2021 increased by \$35.1 billion year over year to \$131.6 billion, but improved by \$5.2 billion sequentially from the end of second-quarter 2021, with its net unsecured debt to adjusted EBITDA ratio* at approximately 2.7 times. Verizon's cash balance of \$9.9 billion at the end of third-quarter 2021 included the proceeds associated with the company's sale of Verizon Media.

Consumer results

- Consumer built momentum throughout third-quarter 2021 highlighted by its Mix and Match pricing and unique partnerships. Consumer continued to expand its leadership in 5G adoption, ending third-quarter 2021 with more than 25 percent of wireless phone customers having 5G-capable devices.
- Total Verizon Consumer revenues were \$23.3 billion, an increase of 7.3 percent year over year. This increase was primarily driven by strong demand for connectivity and products.
- Consumer wireless service revenues were \$14.0 billion in third-quarter 2021, a 4.0 percent increase year over year. Consumer grew phone net additions and continued to execute on its unlimited and premium unlimited migration strategy.
- Consumer wireless retail postpaid churn was 0.84 percent in third-quarter 2021, and wireless retail postpaid phone churn was 0.67 percent.
- In third-quarter 2021, Consumer reported 423,000 wireless retail postpaid net additions. This consisted of 267,000 phone net additions and 223,000 other connected device net additions, offset by 67,000 tablet net losses. Consumer's phone net additions in third-quarter 2021 were more than Consumer's phone net additions in both third-quarter 2020 and third-quarter 2019.

- The quality and reliability of the company's Fios service continued to drive strong demand as Consumer reported 98,000 Fios Internet net additions in third-quarter 2021. Consumer Fios revenues were \$2.9 billion in third-quarter 2021, an increase of 4.3 percent year over year. Consumer reported 68,000 Fios Video net losses in third-quarter 2021.
- In third-quarter 2021, Consumer segment operating income was \$7.6 billion, an increase of 2.1 percent year over year, and segment operating income margin was 32.5 percent, a decrease from 34.2 percent in third-quarter 2020. Segment EBITDA* totaled \$10.5 billion in third-quarter 2021, an increase of 2.0 percent from third-quarter 2020, driven by high-quality service and other revenue gains from multiple growth vectors. Segment EBITDA margin* was 45.0 percent in third-quarter 2021, a decrease from 47.4 percent in third-quarter 2020.

Business results

- In third-quarter 2021, Business continued to see strong demand for wireless services across multiple verticals. Strong Small and Medium Business momentum, the best performing quarter year-to-date for wireless subscriber growth in Global Enterprise and an increase in activity with enterprises in the private wireless and MEC space led the quarter.
- Total Verizon Business revenues were \$7.7 billion, down 0.8 percent year over year. Wireless revenue growth continues to offset ongoing legacy wireline declines.
- Business wireless service revenues were \$3.1 billion in third-quarter 2021, a 3.6 percent increase year over year.
- Business wireless retail postpaid churn was 1.29 percent in third-quarter 2021, and wireless retail postpaid phone churn was 1.04 percent.
- Business reported 276,000 wireless retail postpaid net additions in third-quarter 2021, including 162,000 phone net additions.
- In third-quarter 2021, Business segment operating income was \$886 million, a decrease of 4.0 percent year over year, and segment operating income margin was 11.5 percent, a decrease from 11.9 percent in third-quarter 2020. Segment EBITDA* totaled \$1.9 billion in third-quarter 2021, a decrease of 2.4 percent from third-quarter 2020. Segment EBITDA margin* was 24.8 percent, a decrease from 25.2 percent in third-quarter 2020, driven by wireline pressure.

Outlook and guidance

Verizon is updating financial guidance for full-year 2021.

- The company now expects total wireless service revenue growth of around 4 percent. This update is at the higher end of the prior guidance of 3.5 percent to 4 percent.
- The company now expects adjusted EPS* of \$5.35 to \$5.40, an update from prior guidance of \$5.25 to \$5.35.

Additionally, Verizon continues to expect the following results for full-year 2021:

- Adjusted effective income tax rate* in the range of 23 percent to 25 percent.
- Capital spending to be in the range of \$17.5 billion to \$18.5 billion, including the further expansion of 5G mmWave in new and existing markets, the densification of the 4G LTE wireless network to manage future traffic demands and the continued deployment of the company's fiber infrastructure. The company notes that its assumption for this guidance is dependent upon no material changes in the current state of the company's supply chain. Expenditures related to the deployment of the company's C-Band 5G network will be in addition to this amount, and the company previously announced an incremental \$10 billion of capital expenditures from 2021 to 2023, of which \$2 billion to \$3 billion is expected in 2021.

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

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 \$128.3 billion in 2020. 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; natural disasters, terrorist attacks or acts of war or significant litigation and any resulting financial or reputational impact; the impact of 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 the COVID-19 pandemic; 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; 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; 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.