



## News Release

FOR IMMEDIATE RELEASE

January 25, 2022

Media contacts:

Kim Ancin

908.559.3227

kimberly.ancin@verizon.com

Eric Wilkens

908.559.3063

eric.wilkens@verizon.com

## **Verizon ends 2021 with strong wireless service revenue and EPS growth**

**Company enters 2022 with significant 5G adoption  
and fixed wireless broadband momentum;**

**Now covering more than 95 million people in the U.S. with 5G Ultra Wideband**

### **2021 highlights**

#### **Consolidated:**

- Full-year 2021 earnings per share (EPS) of \$5.32, compared with \$4.30 in 2020; adjusted EPS\*, excluding special items, of \$5.39, compared with 2020 adjusted EPS\* of \$4.90, a 10.0 percent increase year over year.
- Operating revenues of \$133.6 billion in full-year 2021, up 4.1 percent year over year.

### **4Q 2021 highlights**

#### **Consolidated:**

- \$1.11 in EPS, compared with \$1.11 in fourth-quarter 2020; adjusted EPS\*, excluding special items, of \$1.31, compared with \$1.21 in fourth-quarter 2020, an 8.3 percent increase year over year.
- Operating revenue of \$34.1 billion, down 1.8 percent from fourth-quarter 2020. Adjusting for the sale of Verizon Media on September 1, operating revenue grew 4.8 percent year over year.
- Net income of \$4.7 billion, an increase of 0.4 percent from fourth-quarter 2020, and adjusted EBITDA\* of \$11.8 billion, relatively flat compared to fourth-quarter 2020.

**Total Wireless:**

- Total wireless service revenue of \$17.8 billion, a 6.5 percent increase year over year, driven by a combination of higher ARPA (average revenue per account), volume growth and the contribution from the acquisition of TracFone Wireless, which was completed on November 23.
- Total retail postpaid churn of 1.01 percent, and retail postpaid phone churn of 0.81 percent.
- 1,058,000 retail postpaid net additions, including 558,000 phone net additions, resulting in 142.8 million total retail connections.

**Total Broadband:**

- 106,000 total broadband net additions, defined as wireline (Fios and DSL) and fixed wireless, an increase of 30,000 total broadband net additions year over year.
- 78,000 fixed wireless net additions, an increase from 55,000 fixed wireless net additions in third-quarter 2021.
- 55,000 Fios Internet net additions in fourth-quarter 2021. In full-year 2021, Verizon reported 360,000 Fios Internet net additions, the best annual performance since 2014. Total Fios revenues were \$3.2 billion in fourth-quarter 2021, an increase of 5.7 percent year over year. Full-year 2021 Fios revenues were approximately \$12.7 billion, up 4.6 percent year over year.

**NEW YORK** - Verizon Communications Inc. (NYSE, Nasdaq: VZ) closed 2021 with another quarter of strong wireless service revenue growth and increased 5G phone adoption, as more than one in three Consumer wireless phone customers now have a 5G-capable device.

"2021 was a transformational year for Verizon that will serve as a catalyst for us," said Verizon Chairman and CEO Hans Vestberg. "We delivered on all of our goals in 2021 and made great progress on our five paths of growth, finishing the year with strong operating and financial momentum. As we move into 2022, we have the necessary assets to realize our strategy that we laid out in 2019. We are laser focused on executing our 5G strategy and providing value to our customers, shareholders, employees, and society, as 2022 will be the most exciting year yet for Verizon."

For fourth-quarter 2021, Verizon reported EPS of \$1.11, compared with \$1.11 in fourth-quarter 2020. On an adjusted basis\*, fourth-quarter 2021 EPS, excluding special items, was \$1.31, compared with adjusted EPS\* of \$1.21 in fourth-quarter 2020, an 8.3 percent increase year over year.

Fourth-quarter 2021 EPS included a net pre-tax loss from special items of approximately \$1.2 billion. This included a charge of \$2.4 billion for the early extinguishment of debt, a \$106 million charge related to severance, a \$1.2 billion credit pertaining to annual mark-to-market for pension and OPEB

(other post-employment benefits) liabilities, and a net gain of \$131 million primarily related to the disposition of an investment. Fourth-quarter 2021 results also included the revenue associated with the acquisition of TracFone, as the deal was completed on November 23. The revenue associated with TracFone in 2021 was approximately \$700 million higher than the revenue from TracFone in fourth-quarter 2020.

For full-year 2021, Verizon reported \$5.32 in EPS, compared with \$4.30 in full-year 2020. On an adjusted basis\*, excluding special items, 2021 EPS was \$5.39, compared with 2020 EPS of \$4.90, a 10.0 percent increase year over year.

"Verizon delivered another strong earnings performance this quarter," said Verizon Chief Financial Officer Matt Ellis. "Our financial discipline enabled us to deliver attractive service revenue growth and profitability this quarter as we expanded our portfolio with the TracFone acquisition and saw strong demand for our products and services. In 2021 we delivered on raised adjusted EPS\* expectations, grew revenue, achieved our \$10 billion cost savings goal, and funded our C-Band spectrum investment."

#### **Consolidated results**

- Total consolidated operating revenues in fourth-quarter 2021 were \$34.1 billion, down 1.8 percent from fourth-quarter 2020. Adjusting for the sale of Verizon Media on September 1, operating revenue grew 4.8 percent year over year. Strong wireless service revenue growth and wireless equipment revenue were offset by continued declines in legacy wireline products. Full-year 2021 consolidated operating revenues were \$133.6 billion, up 4.1 percent year over year.
- Cash flow from operations totaled \$39.5 billion in 2021, a decrease from \$41.8 billion year over year. Continued strong performance in the business was offset by higher working capital from device payments receivables, and higher cash taxes.
- Full-year 2021 capital expenditures were \$20.3 billion. Capital expenditures continue to support the growth in traffic on the company's 4G LTE network as the company initiates the first phase of C-Band deployment covering more than 95 million people in the U.S. Capital expenditures related to C-Band were approximately \$2.1 billion in 2021.
- The company ended 2021 with free cash flow\* of \$19.3 billion, a decrease from \$23.6 billion at year-end 2020.
- Verizon's unsecured debt as of the end of fourth-quarter 2021 increased by \$18.2 billion year over year to \$136.7 billion, but improved by \$4.9 billion sequentially from the end of third-quarter 2021. The company's net unsecured debt\* balance increased year over year by \$37.5 billion to \$133.7 billion at the end of fourth-quarter 2021, but decreased by \$3.7 billion from the end of first-

quarter 2021, with its net unsecured debt to adjusted EBITDA ratio\* at approximately 2.8 times at the end of fourth-quarter 2021.

### **Consumer results**

- Consumer saw strong demand in fourth-quarter 2021 for its higher-tier premium mobility and broadband offerings. Strong wireless service revenue momentum, healthy profitability and significant Fios revenue growth highlighted the quarter. Consumer continued to expand its leadership in 5G adoption, ending 2021 with more than one in three wireless phone customers having 5G-capable devices.
- Total Verizon Consumer revenues were \$25.7 billion in fourth-quarter 2021, an increase of 7.4 percent year over year. This included the net revenue change from TracFone of approximately \$700 million, including approximately \$500 million of incremental service revenue year over year. For full-year 2021, total Verizon Consumer revenues were \$95.3 billion, an increase of 7.6 percent from full-year 2020.
- Consumer wireless service revenues were \$14.6 billion in fourth-quarter 2021, a 7.7 percent increase year over year, reflecting ongoing step-ups to unlimited and premium unlimited plans, and the contribution from TracFone. For full-year 2021, total Consumer wireless service revenues were \$56.1 billion, an increase of 4.7 percent from full-year 2020.
- Consumer wireless retail postpaid churn was 0.94 percent in fourth-quarter 2021, and wireless retail postpaid phone churn was 0.77 percent.
- In fourth-quarter 2021, Consumer reported 667,000 wireless retail postpaid net additions. This consisted of 336,000 phone net additions and 369,000 other connected device net additions, offset by 38,000 tablet net losses. Consumer also reported 85,000 wireless prepaid net losses, which included TracFone results since November 23.
- Consumer reported 51,000 Fios Internet net additions in fourth-quarter 2021, and 339,000 Fios Internet net additions in full-year 2021. Consumer Fios revenues were \$2.9 billion in fourth-quarter 2021, an increase of 5.6 percent year over year. Consumer reported 69,000 Fios Video net losses in fourth-quarter 2021.
- In fourth-quarter 2021, Consumer segment operating income was \$7.3 billion, an increase of 3.9 percent year over year, and segment operating income margin was 28.6 percent, a decrease from 29.6 percent in fourth-quarter 2020. Full-year 2021 segment operating income margin was 31.4 percent, a decrease from 32.6 percent in full-year 2020. Segment EBITDA\* totaled \$10.3 billion in fourth-quarter 2021, an increase of 4.1 percent from fourth-quarter 2020, driven by service revenue growth. Segment EBITDA margin\* was 40.3 percent in fourth-quarter 2021, a decrease from 41.5 percent in fourth-quarter 2020, due to higher equipment revenues associated with increased volumes. For the full year, segment EBITDA margin\* was 43.7 percent in 2021, a decrease from 45.5 percent in 2020.

### **Business results**

- Business exited 2021 with strong momentum in business activity and demand for wireless products. Fourth-quarter 2021 was highlighted by strong phone gross additions in Small and Medium Business and the fourth consecutive quarter of wireless service revenue growth for Global Enterprise.

- Total Verizon Business revenues were \$7.8 billion in fourth-quarter 2021, down 3.0 percent year over year. Wireless revenue growth continues to offset ongoing legacy wireline declines. For full-year 2021, total Verizon Business revenues were \$31.0 billion, an increase of 0.3 percent from full-year 2020.
- Business wireless service revenues were \$3.1 billion in fourth-quarter 2021, a 1.5 percent increase year over year. Full-year 2021 Business wireless service revenues were \$12.4 billion, an increase of 4.8 percent from full-year 2020.
- Business wireless retail postpaid churn was 1.26 percent in fourth-quarter 2021, and wireless retail postpaid phone churn was 1.01 percent.
- Business reported 391,000 wireless retail postpaid net additions in fourth-quarter 2021, including 222,000 phone net additions. This was the best quarterly phone net addition performance for Business since the onset of the pandemic.
- In fourth-quarter 2021, Business segment operating income was \$796 million, a decrease of 16.2 percent year over year, and segment operating income margin was 10.2 percent, a decrease from 11.8 percent in fourth-quarter 2020. Full-year 2021 segment operating income margin was 11.1 percent, compared with 12.2 percent in full-year 2020. Segment EBITDA\* totaled \$1.8 billion in fourth-quarter 2021, a decrease of 7.4 percent from fourth-quarter 2020. Segment EBITDA margin\* was 23.5 percent, a decrease from 24.6 percent in fourth-quarter 2020, driven by pressure in legacy wireline products. For the full year, segment EBITDA margin\* was 24.2 percent in 2021, a decrease from 25.4 percent in 2020.

### **Outlook and guidance**

For 2022, Verizon expects the following:

- Organic service and other revenue growth of around 3 percent. On a reported basis, which includes the net impact of the sale of Verizon Media and the company's ownership of TracFone, service and other revenue growth is expected to be in a range of 1.0 percent and 1.5 percent.
- Reported wireless service revenue growth in the range of 9 percent to 10 percent. Excluding the impact of the TracFone acquisition, wireless service revenue is expected to grow at least 3 percent.
- Adjusted EBITDA\* growth in the range of 2 percent to 3 percent.
- Adjusted EPS\* of \$5.40 to \$5.55. The company expects adjusted EBITDA\* growth in 2022 to be offset by headwinds from non-cash items. Beginning in 2022, the company's adjusted EPS\* will exclude amortization of acquisition-related intangible assets. In 2021, the intangible amortization negatively impacted adjusted EPS\* by approximately 11 cents. In 2022, the company anticipates the impact to be approximately 17 cents to 19 cents.
- Adjusted effective income tax rate\* 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, a decrease from \$18.2 billion in 2021, as the company has started its progress towards lower capital intensity. 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 as the company continues to build out the initial markets and begins preparations for deploying Phase 2 spectrum.

*\*Non-GAAP financial measure. See the accompanying schedules and [www.verizon.com/about/investors](http://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 \$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; 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.