

# 2Q 2021 EARNINGS

July 21, 2021

verizon<sup>v</sup>

# “Safe Harbor” Statement

NOTE: In this presentation 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.

**As required by SEC rules, we have provided a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable GAAP measures in materials on our website at [www.verizon.com/about/investors](http://www.verizon.com/about/investors).**

# Consolidated Earnings Summary

	2Q 2021
<b>Reported EPS</b>	<b>\$1.40</b>
<i>Special items:</i>	
Pension remeasurement credit	(\$0.24)
Early debt redemption costs	\$0.20
<b>Adjusted EPS*</b>	<b>\$1.37</b>

Note: Amounts may not add due to rounding.

\* Non-GAAP measure.

# 2Q 2021 Highlights



## Financials

- Adjusted EPS\* of \$1.37, best on record
- Wireless service revenue momentum
- Adjusted EBITDA\* growth of 5.6% Y/Y
- Raising Wireless service revenue and Adjusted EPS\* guidance



## Operations

- Strong momentum in wireless and Fios
- Network leadership
  - RootMetrics: 16<sup>th</sup> consecutive overall performance award
  - JD Power: 27<sup>th</sup> consecutive #1 award for network quality
- C-Band build on track; growing mmWave usage

\* Non-GAAP measure.

# Continued Progress on Five Vectors of Growth

## Network-as-a-Service at Scale

### Five Vectors of Growth

**5G  
Adoption**



**Network  
Monetization**



**Next-Gen B2B  
Applications**



**Customer  
Differentiation**



**New  
Markets**



\* TracFone acquisition expected to close in 2H 2021, subject to regulatory approval.

# Consolidated 2Q 2021 Financial Summary

**\$33.8B**

**Total revenue**  
(up 10.9% Y/Y)

**\$12.2B**

**Adjusted EBITDA\***  
(Adjusted EBITDA margin of 36.1%)\*

**\$1.37**

**Adjusted EPS\***  
(up 16.1% Y/Y)

\* Non-GAAP measure.

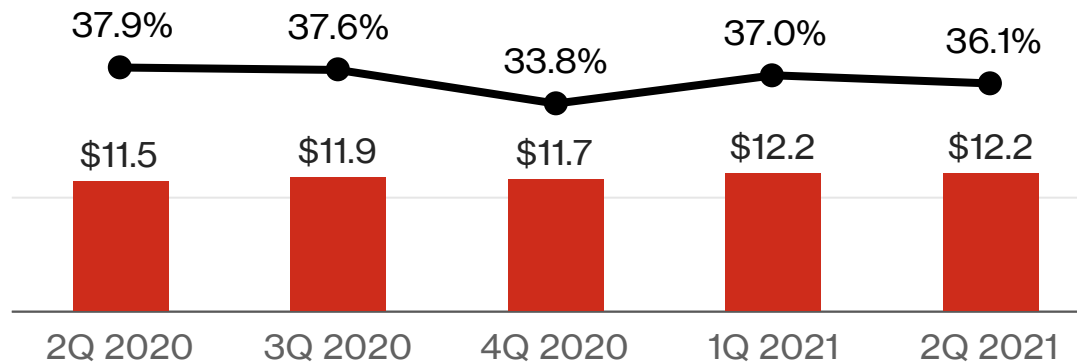


**Total revenue (\$B)**



**Y/Y Growth**  
**10.9%**

**Adjusted EBITDA\* (\$B)**



● Adjusted  
EBITDA  
Margin %\*

**Y/Y Growth**  
**5.6%**

**Delivered strong financial performance in 2Q**

# Consumer 2Q 2021 Key Metrics



**7.0M**

Postpaid device activations



**350K**

Retail postpaid net adds\*



**92K**

Fios internet net adds



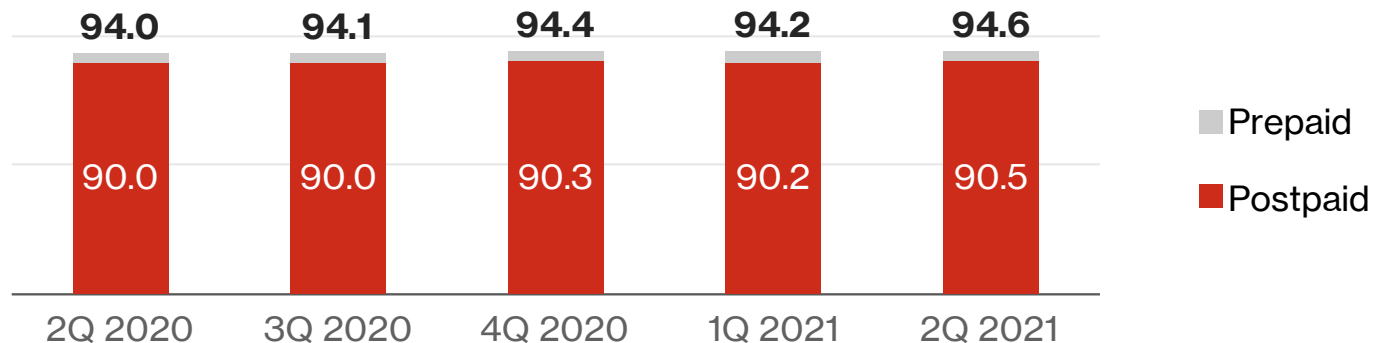
**(62K)**

Fios video net adds

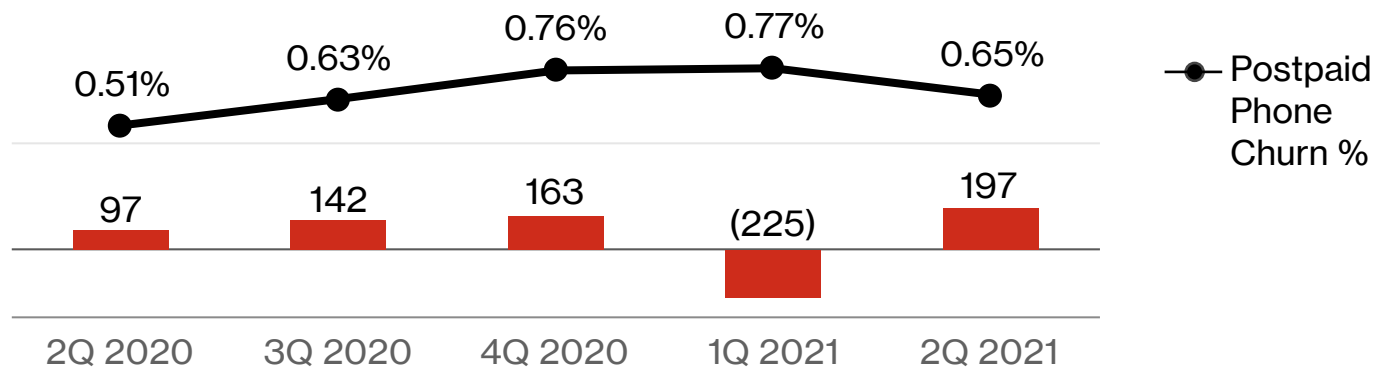
\* Includes certain adjustments.



Wireless retail connections (M)



Wireless retail postpaid phone net adds\* (K)



**Strong Consumer wireless volumes**

# Consumer 2Q 2021 Financial Summary

**\$23.5B**

Total revenue  
(up 11.2% Y/Y)

**\$13.8B**

Wireless service revenue  
(up 5.4% Y/Y)

**\$4.7B**

Wireless equipment revenue  
(up 47.7% Y/Y)

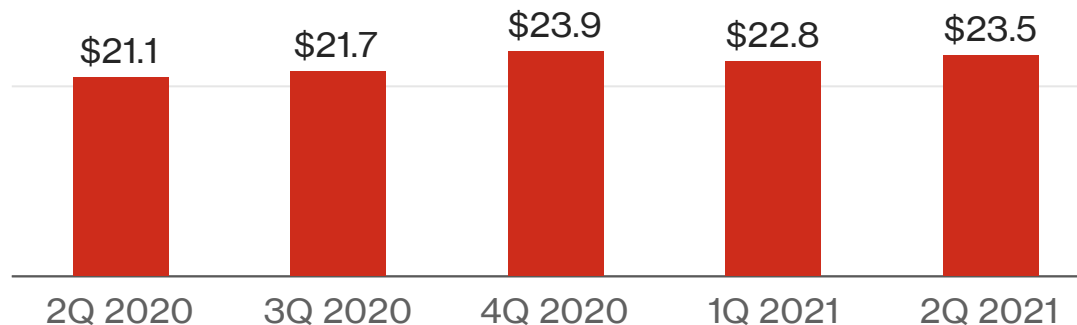
**\$10.4B**

Segment EBITDA\*  
(Segment EBITDA margin of 44.3%)\*

\* Non-GAAP measure.

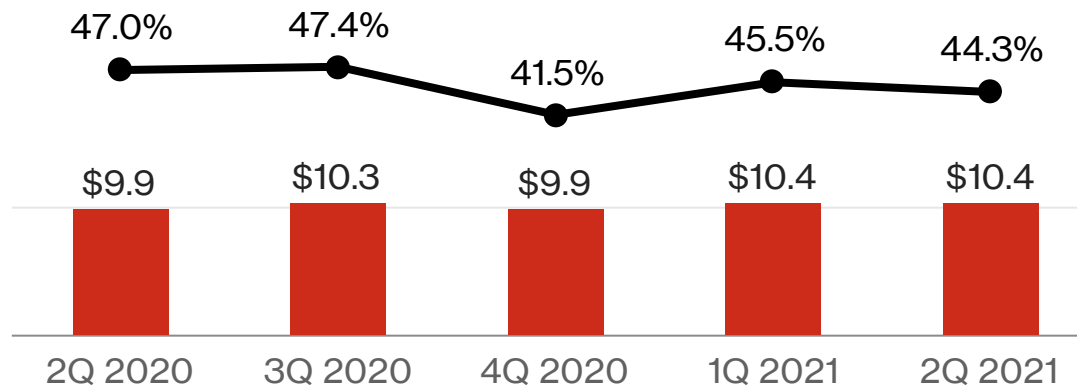


Total revenue (\$B)



Y/Y Growth  
**11.2%**

Segment EBITDA\* (\$B)



● Segment  
EBITDA  
Margin %\*

Y/Y Growth  
**4.9%**

**Service revenue growth supported by higher phone activations**



# Business 2Q 2021 Key Metrics



**2.1M**

## Postpaid device activations

- Gross adds up 6.3%
- Phone gross adds up 18.0%



**178K**

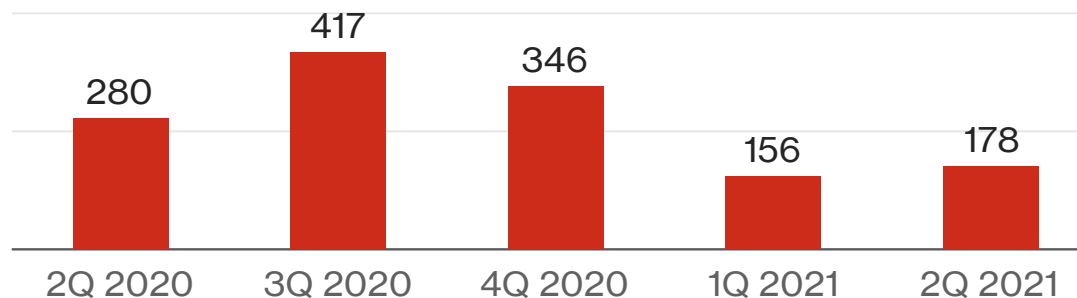
## Wireless retail postpaid net adds\*

- 78K Phone net adds\*
- 96K Tablet net adds\*

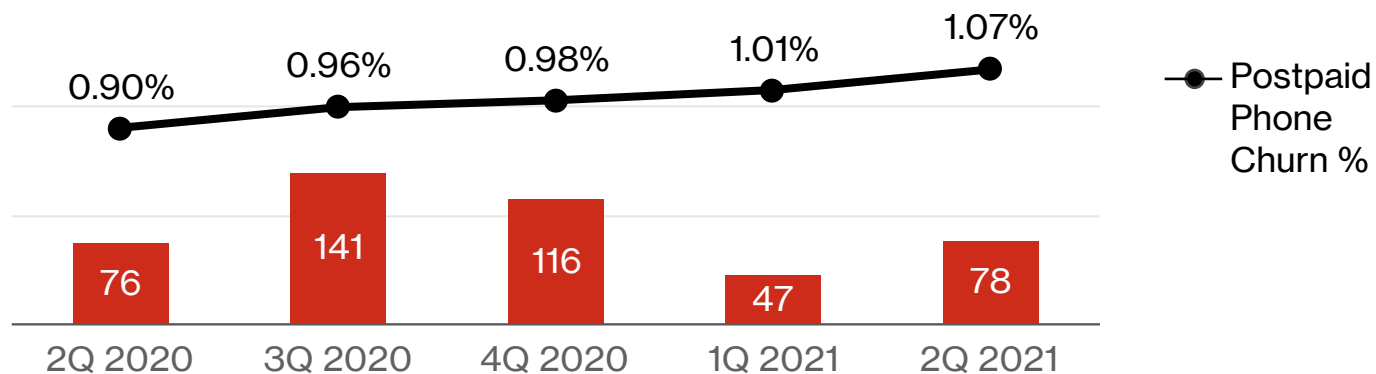
\* Includes certain adjustments.



### Wireless retail postpaid net adds\* (K)



### Wireless retail postpaid phone net adds\* (K)



**Customer demand returning to pre-Covid levels**

# Business 2Q 2021 Financial Summary

**\$7.8B**

**Total revenue**  
(up 3.7% Y/Y)

**\$3.1B**

**Wireless service revenue**  
(up 8.0% Y/Y)

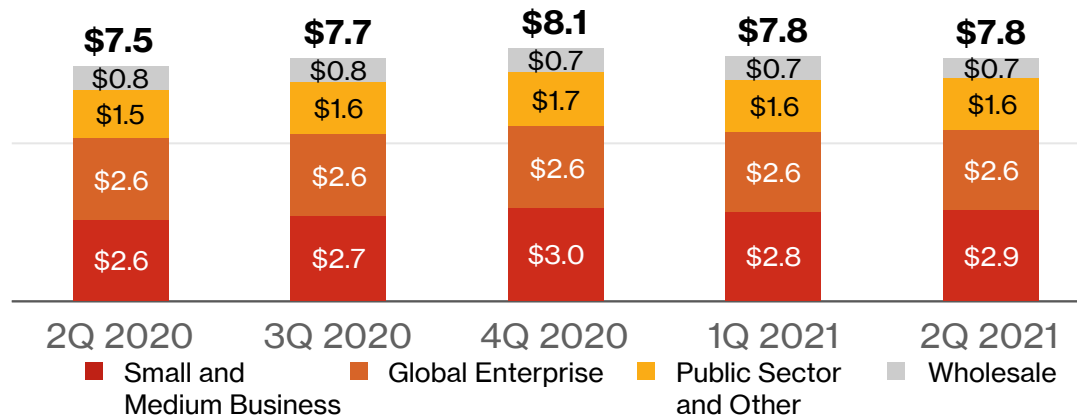
**\$1.9B**

**Segment EBITDA\***  
(Segment EBITDA margin of 24.1%)\*

Note: Amounts may not add due to rounding.  
\* Non-GAAP measure.

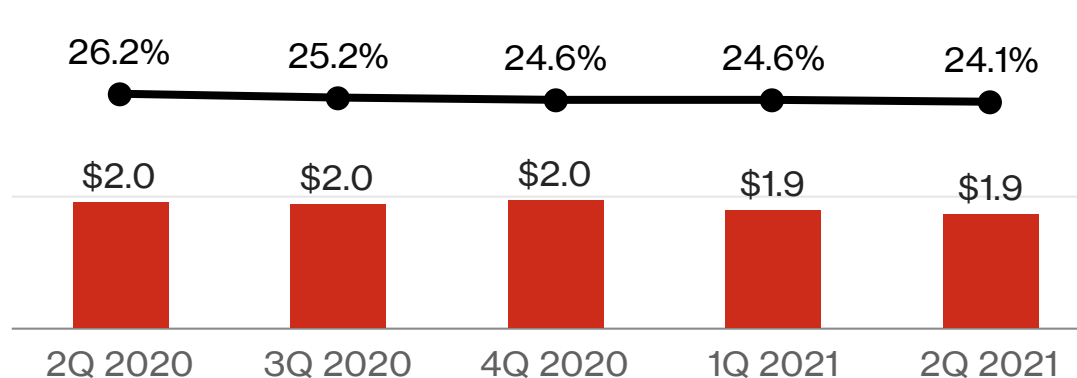


**Total revenue (\$B)**



**Y/Y Growth  
3.7%**

**Segment EBITDA\* (\$B)**



● Segment EBITDA Margin %\*

**Y/Y Growth  
(4.5%)**

**Underlying strength in wireless service revenue growth**

# Verizon Media Group 2Q 2021



Third consecutive quarter of double-digit Y/Y revenue growth

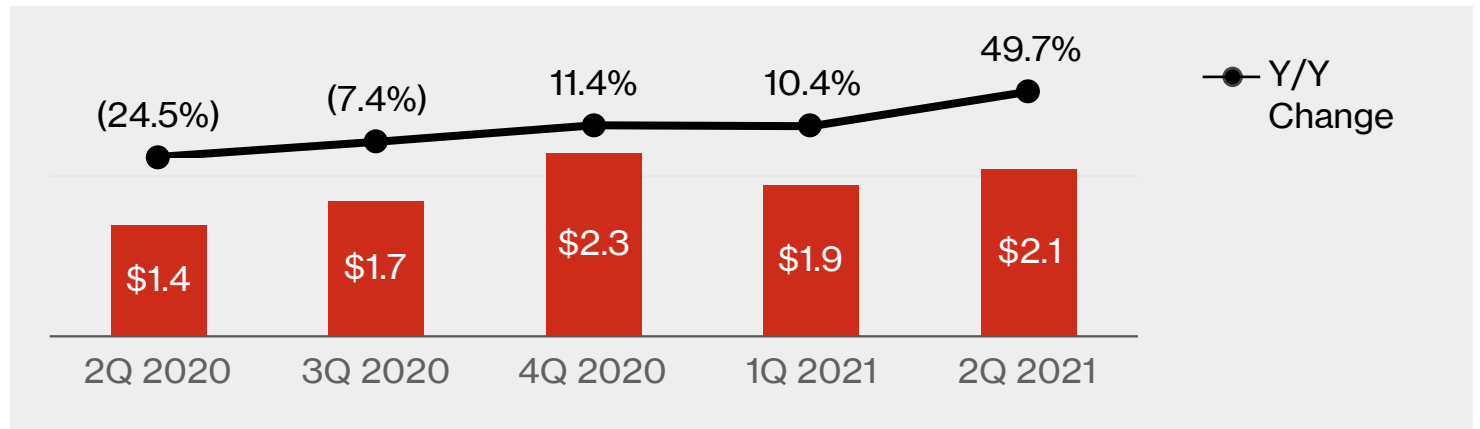


Advertising revenue grew 86% Y/Y driven by user growth and engagement across key verticals



Demand Side Platform revenue grew 152% Y/Y

Total revenue (\$B)



Ad revenue growth trending well above pre-Covid levels

# Consolidated Cash Flow Summary

<i>(\$ in billions)</i>	1H 2020	1H 2021
<b>Cash flow from operations</b>	\$23.6	<b>\$20.4</b>
<b>Capital expenditures</b>	\$9.9	<b>\$8.7</b>
<b>Free cash flow*</b>	\$13.7	<b>\$11.7</b>
<b>Dividends paid</b>	\$5.1	<b>\$5.2</b>
<b>Total debt</b>	\$112.8	<b>\$151.9</b>
<i>Unsecured debt</i>	\$102.2	\$141.6
<i>Cash and cash equivalents**</i>	\$7.9	<b>\$4.8</b>
<i>Net unsecured debt*</i>	\$94.4	\$136.8
<b>Net unsecured debt to adjusted EBITDA*</b>	2.0x	<b>2.9x</b>

## Cash generation supports capital allocation goals

Note: Amounts may not add due to rounding.

\*\* Non-GAAP measure.

\*\* Includes Cash and cash equivalents held for sale, where applicable.

# 2021 Guidance

	Prior Guidance		Updated Guidance
<b>Service and other revenue growth</b>	2%+	▶	Withdrawn*
<b>Wireless service revenue growth</b>	3%+	▶	3.5% – 4.0%
<b>Adjusted EPS**</b>	\$5.00 – \$5.15	▶	\$5.25 – \$5.35
<b>Adjusted effective tax rate**</b>	23% – 25%	▶	Unchanged
<b>Capital expenditures</b>	\$17.5B – \$18.5B +\$2B – \$3B for C-Band	▶	Unchanged

\* Y/Y growth is no longer comparable as the planning assumption includes the Verizon Media Group sale closing at the end of 3Q 2021.

\*\* Non-GAAP measure.

# 2H 2021 Priorities

**5G<sup>✓</sup>**

Expand **5G leadership** and drive adoption; mmWave deployment and C-Band launch



**Customer differentiation** and scaling premium experiences



**Transform the business;** Tracfone acquisition and Verizon Media Group sale\*



Accelerate and amplify **5 vectors of growth;** Network-as-a-Service strategy

**Positioned for success with great market momentum and best set of assets**

\* TracFone acquisition and Verizon Media Group sale expected to close in 2H 2021, each subject to regulatory approval.

