

THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

VZ - Q2 2019 Verizon Communications Inc Earnings Call

EVENT DATE/TIME: AUGUST 01, 2019 / 12:30PM GMT

OVERVIEW:

Co. reported 2Q19 consolidated reported revenues of \$32.1b and GAAP EPS of \$0.95.



AUGUST 01, 2019 / 12:30PM, VZ - Q2 2019 Verizon Communications Inc Earnings Call

CORPORATE PARTICIPANTS

Brady Connor *Verizon Communications Inc. - SVP of IR*

Hans Vestberg *Verizon Communications Inc. - Chairman & CEO*

Matt Ellis *Verizon Communications Inc. - EVP & CFO*

CONFERENCE CALL PARTICIPANTS

Brett Feldman *Goldman Sachs Group Inc., Research Division - Equity Analyst*

Colby Synesael *Cowen and Company, LLC, Research Division - MD and Senior Research Analyst*

Craig Moffett *MoffettNathanson LLC - Founding Partner*

David Barden *BofA Merrill Lynch, Research Division - MD*

Doug Mitchelson *Crédit Suisse AG, Research Division - MD*

Jennifer Fritzsche *Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst*

John Hodulik *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

Michael Rollins *Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst*

Michael McCormack *Guggenheim Securities, LLC, Research Division - MD & Telecommunications Senior Analyst*

Philip Cusick *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

Simon Flannery *Morgan Stanley, Research Division - MD*

PRESENTATION

Operator

Good morning, and welcome to the Verizon Second Quarter 2019 Earnings Conference Call. (Operator Instructions) Today's conference is being recorded. If you have any objections, you may disconnect at this time.

It is now my pleasure to turn the call over to your host, Mr. Brady Connor, Senior Vice President, Investor Relations.

Brady Connor - *Verizon Communications Inc. - SVP of IR*

Thanks, Brad. Good morning, and welcome to our second quarter earnings conference call. This is Brady Connor, and I'm here with Hans Vestberg, our Chairman and Chief Executive Officer; and Matt Ellis, our Chief Financial Officer.

As a reminder, our earnings release, financial and operating information and the presentation slides are available on our Investor Relations website. A replay and transcript of this call will also be made available on our website.

Before I get started, I'd like to draw your attention to our safe harbor statement on Slide 2. Information in this presentation contains statements about expected future events and financial results that are forward-looking and subject to risks and uncertainties. Discussion of factors that may affect future results is contained in Verizon's filings with the SEC, which are available on our website.

This presentation contains certain non-GAAP financial measures. Reconciliations of these non-GAAP measures to the most directly comparable GAAP measures are included in the financial materials on our website. The quarterly growth rates disclosed in our presentation slides and during our formal remarks are on a year-over-year basis, unless otherwise noted as sequential.



AUGUST 01, 2019 / 12:30PM, VZ - Q2 2019 Verizon Communications Inc Earnings Call

Now let's take a look at consolidated earnings for the period. For the second quarter of 2019, we reported earnings of \$0.95 per share on a GAAP basis. These reported results include a pretax charge of approximately \$1.5 billion related to early debt redemption costs. The impact, after tax, was approximately \$1.1 billion or \$0.28 per share, resulting in adjusted earnings per share of \$1.23. This represents growth of 2.5% on an adjusted basis compared to \$1.20 a year ago.

Let's now move to Slide 4 and take a closer look at our earnings profile for the second quarter. Consistent with the approach we discussed last quarter, we have illustrated the ongoing impacts to earnings from the adoption of accounting standard ASC 606 for revenue recognition as well as the adoption of ASC 842 for leases. As we pointed out last quarter, we expect a smaller benefit in 2019 than we realized last year from the adoption of ASC 606 primarily due to the deferral of commission expense. The reduction in benefit creates a year-over-year headwind to both reported earnings per share and adjusted earnings per share. The impact was a \$0.03 headwind in the quarter and \$0.06 year-to-date. As a reminder, this headwind is expected to continue until the end of 2020.

At the beginning of this year, we adopted accounting standard ASC 842 for leases, which resulted in a gross-up on the balance sheet for all operating leases. In addition, the lease standard affects our earnings per share primarily due to the expensing of certain lease costs. As highlighted previously, we expect this to result in a \$0.01 to \$0.02 per quarter headwind on earnings per share throughout 2019. For the second quarter, this headwind was \$0.01 on the earnings per share. As you can see on the slide, the 2.5% growth in adjusted EPS includes both the impacts from the deferral of commission expense related to the revenue recognition standard and the adoption of the leasing standard. This highlights the strong underlying performance of the business. Matt will take you through the details and key drivers later in the call.

With that, I'll now turn the call over to Hans.

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

Thanks, Brady, and thanks, everybody for joining this second quarter earnings call. We had a strong second quarter. It was fueled by a very good wireless service revenue growth as well as a strong EPS -- adjusted EPS growth as well. So I think the team had a good quarter with a lot of focus on the execution.

At the same time, our operation metrics was good with net additions on the wireless side as well as a very low churn. That, in combination with a very solid capital allocation, as well as efficiency coming out from our capital allocation process, all in all, summed it up to a very good cash flow.

So if I sum it up very quickly, a very good quarter from us financially. Together with our work in the network, which is so important to us when we're building our network as a service, we also won all the top third-party measurements. We won from J.D. Power the 23rd consecutive time; when it comes to RootMetrics, the 12th straight win there as well. So we are really getting the right feedback from the market and the measurements that is really valuable in this market.

At the same time, we won some more spectrum in the millimeter wave auction, which is now adding up to our portfolio, which means that we have a portfolio for the 5G era where we can build capacity, and we can build coverage, which we have said all the time. We're going to build the real 5G with all the 8 currencies that I've talked about before.

We also have launched quite a lot of cities lately adding up, so we are on track for the 30 markets that we have said we will do this year.

At the same time, we continue to add new devices to the portfolio. The latest one was the Inseego MiFi 5G device that we launched recently, and we have now 4 different devices on 5G.

We're also very focused on the fiber because, ultimately, if you're going to do 5G, you need fiber. Our fiber deployment is now in more than 60 cities, and we had 1,400 route miles a month in average in this quarter, which means that we increased from the first quarter, continued this so important build for our overall Intelligent Edge Network and for the 5G deployment we're doing.



AUGUST 01, 2019 / 12:30PM, VZ - Q2 2019 Verizon Communications Inc Earnings Call

When it comes to Verizon 2.0 transformation, one of the proof points is, of course, today that we now are reporting Verizon Consumer Group and Verizon Business Group as segments in the earnings release that we're doing today.

I can also say that we got a lot of good traction with our customers, especially with enterprise customers with the new support and the new go-to-market we have, where we can show the full portfolio of Verizon and seeing that we have the right support also for the people in the line meeting our customers every day.

At the same time, we continue with the network as a service concept, where we have now announced our collaboration with YouTube TV, where we're going to offer it up both to our Fios customers, but also the wireless customers. Again, working on the model where we outlined earlier this year how we can partner with some of these content players instead of investing ourselves in it and seeing that we can bring a seamless service for our customer, but also making it very efficient for ourselves and for our customers.

We also have continued and finalized the Voluntary Separation Program in the quarter, and we have done quite a lot of that. And that, in total now, puts us up to have a competitive cost base and actually done quite a lot of the changes recently.

So I would say that we are doing this transformation from a position of strength, and I'm really proud of the team that have done all of these changes and transformation in the last 12 months and delivering these results at the same time. And it really sets us up for continue to be very competitive in this market and definitely continue to be the leader in this market. So I'm proud of the team and what we're producing this quarter.

By that, I hand it over to Matt to go over the financials more in detail.

Matt Ellis - Verizon Communications Inc. - EVP & CFO

Thanks, Hans, and good morning, everyone. Let's start with a recap of our consolidated operating and financial results. On a reported basis, second quarter consolidated revenue was \$32.1 billion, which was down slightly as compared to the prior year. Wireless service revenue growth was offset by lower wireless equipment revenue and wireline service revenue. On a year-to-date basis, consolidated revenue is up slightly at 0.4%. We are maintaining our full year GAAP consolidated revenue guidance of low single-digit percentage growth for 2019.

On a consolidated basis, second quarter adjusted EBITDA margin was 37.7%, which was up from 36.8% in the prior year and includes headwinds of approximately 80 basis points from the deferral of commission expense and the impact of the lease accounting standard that Brady mentioned earlier.

Adjusted EBITDA increased more than \$200 million or 1.8% over the prior year due to wireless service revenue performance as well as continued improvement in operational efficiencies across the business.

Our business excellence initiatives have realized cumulative cash savings of \$4.1 billion since the program started in 2018. We have now completed all 3 phases of our Voluntary Separation Program and have realized approximately \$480 million of expense savings year-to-date. With the last tranche of employees exiting in late June, we expect additional incremental savings in the third quarter. We remain on track to achieve our goal of \$10 billion of cumulative cash savings by 2021.

As Brady mentioned, adjusted earnings per share for the quarter were \$1.23, up from \$1.20 a year ago. The increase in our earnings per share was driven by growth of more than \$200 million in adjusted EBITDA, slightly offset by a higher tax rate. The higher tax rate resulted in an approximately \$0.01 headwind to adjusted earnings per share. As a reminder, last year's tax rate included certain one-time benefits related to the Tax Cuts and Jobs Act, which do not repeat this year. For 2019, our adjusted effective tax rate is now expected to come in at the lower end of the 24% to 26% range.

Continued wireless service revenue momentum and solid margin performance keep us on track to achieve our guidance of low single-digit percentage growth in adjusted EPS, excluding the impact of the new lease accounting standard. Our expectation of the lease accounting headwind remains unchanged at approximately \$0.04 to \$0.08 for full year 2019.

AUGUST 01, 2019 / 12:30PM, VZ - Q2 2019 Verizon Communications Inc Earnings Call

Now let's move on to the review of the new operating segments under Verizon 2.0, starting with consumer on Slide 7. As a reminder, our new consumer segment encompasses both wireless and wireline products and services targeting retail customers as well as our wireless wholesale operations.

In the second quarter, total consumer operating revenue was \$22.0 billion, which is flat compared to the prior year. These results were primarily driven by continued strong growth in wireless service revenue and Fios service offerings, offset by declines in wireless equipment and legacy wireline services.

Consumer wireless service revenue increased by 2.5% driven by customer step-ups to unlimited plans and migration within Unlimited to higher-tiered plans as well as an increase in connections per account. Less than 50% of our customer account base are on unlimited plans.

In the second quarter, consumer wireless equipment revenue decreased 8.2% as lower upgrade rates more than offset an increase in phone gross adds.

Consumer Fios revenue increased by 1.2% due primarily to the demand for our broadband offerings.

Consumer EBITDA margin as a percentage of total revenue in the quarter was 46.5%, which was up 80 basis points from the prior year. This includes headwinds of approximately 100 basis points from the deferral of commission expense and the new lease accounting standard, as previously mentioned.

Let's now turn to Slide 8 and take a closer look at consumer operating metrics. Within consumer, wireless performance is very strong, while operating in a highly competitive environment. Phone net additions were 73,000 for the quarter as compared to 17,000 last year, including postpaid smartphone net additions of 209,000, up 17% from the prior year. This was driven by phone gross additions, which were up more than 5% year-over-year.

Postpaid net additions totaled 126,000, including other connected device net additions of 187,000, primarily wearables, offset by tablet net losses of 134,000. Postpaid phone churn was 0.72%, improved sequentially due to focused retention efforts around our high-value customer base as well as normal seasonal patterns. This performance was in line with last year's strong results. Our superior network quality and personalized offerings continue to resonate with our customers. Total retail postpaid churn of 0.97% was up compared to 0.93% last year.

Total postpaid device activations, of which 81% were phones, were down 7.6%. Our retail postpaid upgrade rate was 4.3%, down from 5.1% a year ago, reflecting the continued elongation of the handset upgrade cycle.

In the second quarter, prepaid net losses were 213,000 compared to a loss of 236,000 last year. We continue to focus on high-value accounts and profitability in our retail prepaid wireless offerings.

Fios Internet net additions of 28,000 were driven by continued demand for our high-quality fiber broadband products. Fios Video losses totaled 52,000 as consumers continue to adopt over-the-top video services to replace traditional linear video offerings.

Now let's move to our business segment on Slide 9. Our business segment includes wireless and wireline products and services provided across 4 customer groups: global enterprise; small and medium business; wholesale; and public sector and other, which includes Verizon Connect. Total operating revenues for the business segment decreased 1.1% in the quarter as growth in wireless services and our high-quality fiber products were offset by ongoing secular pressure from legacy technologies.

In the quarter, revenue from our business wireless products grew 5.6%, including 6.1% wireless service revenue growth. This strong performance reflects Verizon's best-in-class network quality, reliability and solutions-based approach with our business customers. Revenue from our wireline products declined 7.6% in the quarter.

From a customer group perspective, global enterprise and wholesale declined 4.8% and 15.1%, respectively, driven primarily by legacy pricing pressure and technology shifts. Small and medium business revenue increased 5.4% driven by wireless service and Fios growth, partially offset by

AUGUST 01, 2019 / 12:30PM, VZ - Q2 2019 Verizon Communications Inc Earnings Call

ongoing declines in traditional data and voice services. Public sector and other revenue increased 3.8% as a result of growth in wireless and wireline products and services.

Business segment EBITDA margin for the quarter was 27.3%, which was down 20 basis points compared to the prior year driven by declines in legacy wireline product revenues. This includes headwinds of approximately 10 basis points from the deferral of commission expense and the new lease accounting standard, as previously mentioned.

Now let's move on to Slide 10 to discuss business operating metrics. Business wireless trends remained consistent and strong. Postpaid net adds were 325,000, which includes 172,000 phones; 90,000 tablets; and 63,000 other connected devices. Phone churn of 0.97% improved sequentially, while total postpaid churn of 1.21% increased 5 basis points compared to the prior year. Total postpaid device activations were up slightly at 0.6%, while our retail postpaid upgrade rate was 4.2%, down from 4.6% in the prior year.

Let's now move on to Slide 11 to discuss Verizon Media Group. For the second quarter, Verizon Media Group revenue is \$1.8 billion, which was down 2.9% versus the prior year, a significant improvement from the 7.2% year-over-year decline reported in the first quarter. Gains in native and mobile advertising continue to be offset by declines in desktop advertising, though the business continues to build on positive momentum in key areas.

We are continuing to migrate customers to our recently integrated advertising platforms, simplifying interactions with partners and driving synergies within the business. We remain focused on growing our audience, engagement and monetization across our super channels, which include sports, finance, news, entertainment, home and mail. During the quarter, we launched Yahoo Finance Premium and HuffPost Plus, which are subscription services to enhance the experience of 2 of our most popular media assets.

Let's now move to Slide 12, which reconciles Verizon 2.0 results to our legacy Verizon 1.0 results. As we mentioned during our Verizon 2.0 segment reporting webcast in mid-June, we will be providing overall wireless and wireline results through the remainder of this year. You can find these results in our supplemental information included on our website. Slide 12 shows a reconciliation from Verizon 2.0 to Verizon 1.0 for both consumer and business revenue. The waterfall charts show the bridge from consumer revenue to wireless and from business revenue to wireline. The top chart shows consumer, which had \$22.0 billion of revenue in the quarter. The subtraction of consumer wireline removes \$3.1 billion, and the addition of business wireless brings in \$3.8 billion, resulting in total wireless revenues of \$22.7 billion.

The bottom chart shows a similar reconciliation from business to wireline revenue. We start with business revenue of \$7.8 billion, subtract \$3.8 billion of business wireless and \$0.2 billion of Verizon Connect and then add \$3.1 billion of consumer wireline to ultimately arrive at total wireline revenue of \$7.1 billion in the quarter.

Total wireline operating revenues in the quarter declined 4.5%, while wireline margins were 19.3%.

Let's move to Slide 13, which highlights our overall legacy wireless results. Looking at overall wireless results, which includes both consumer and business wireless, total wireless operating revenue increased 1.0% to \$22.7 billion in the second quarter primarily driven by a 3.1% increase in service revenue. For the remainder of the year, we continue to expect overall wireless service revenue growth to be within the mid-2% to 3% range.

Total wireless EBITDA margin as a percentage of total revenue in the quarter was 48.2%. This includes headwinds of approximately 100 basis points primarily from the deferral of commission expense and the new lease accounting standard, as previously mentioned. Excluding the impact from the accounting standards, second quarter EBITDA margin was 49.2%, up 140 basis points year-over-year.

Total postpaid net adds were 451,000 in the quarter. This includes phone net adds of 245,000, which were up from 199,000 a year ago. Postpaid smartphone net additions in the quarter were 420,000. Postpaid phone churn of 0.76% was similar to last year, while total retail postpaid churn of 1.02% was up 5 basis points year-over-year.

For the quarter, we increased customer accounts by 8,000 as compared to a loss of 24,000 in the second quarter of last year.



AUGUST 01, 2019 / 12:30PM, VZ - Q2 2019 Verizon Communications Inc Earnings Call

Total postpaid device activations were down 5.7%. This was driven by an increase in postpaid gross additions of 3.9 million from 3.8 million in the prior year, offset by a decrease in our retail postpaid upgrade rate of 4.3% from 5.0% a year ago.

Let's now focus on our consolidated cash flow results and the balance sheet on Slide 14. Year-to-date cash flow from operating activities totaled \$15.8 billion, down from \$16.4 billion during the prior year. Benefits from operational improvements were offset by higher cash tax payments and payments related to the Voluntary Separation Program. The one-time benefits realized last year related to tax reform were primarily recognized in the first half of 2018.

Capital spending for the first half of the year was \$8.0 billion, which is up slightly from the prior year. Our capital expenditures continue to support the growth in data and video traffic on our industry-leading 4G LTE network, the launch and continued build-out of our 5G Ultra Wideband network, the upgrade to our Intelligent Edge Network architecture and significant fiber deployment in 60-plus markets outside our ILEC footprint. We maintain our full year 2019 CapEx guidance range of \$17.0 billion to \$18.0 billion. The net results of cash flow from operations and capital spending is free cash flow for the first half of the year of \$7.9 billion.

We ended the quarter with \$113.4 billion of total gross debt, which is \$1.3 billion lower than the prior year. The unsecured debt balance was \$102.1 billion, which is lower year-over-year by \$3.9 billion and lower sequentially by \$1.2 billion. Our net unsecured debt to adjusted EBITDA ratio at the end of the quarter was 2.1x versus our targeted range of 1.75 to 2.0x and is down from 2.3x last year, reflecting the continued strength of our balance sheet. We continue to actively manage our debt portfolio to minimize near-term maturities, optimize our overall funding footprint and lower our cost of capital.

During the quarter, we tendered \$4.5 billion of notes that resulted in the pretax charge of \$1.5 billion that Brady mentioned earlier. The charge is predominantly noncash.

Our balance sheet strength provide us with financial flexibility to execute on our strategy. We continue to maintain near-term maturities at low levels, giving us confidence to operate and invest throughout the business cycle.

So in summary, second quarter saw a continuation of our strong performance, while we made the transition to Verizon 2.0. We grew customer relationships and increased service revenues. The growth in our earnings was driven by operational performance from the business, which also led to strong cash flow results for the quarter. We continue to be disciplined in our approach to capital allocation, and we remain committed to strengthening our balance sheet.

With that, I'll turn the call over to Brady, so we can get to your questions.

Brady Connor - *Verizon Communications Inc. - SVP of IR*

Thanks, Matt. Brad, we're now ready to take questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from Philip Cusick of JPMorgan.

Philip Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

One short term and one long term, if I may. First, your 2.5% to 3% service revenue growth guide seems very conservative at this point versus the 3.7% in the first half. Are there headwinds in the back half that we should think will get the average down below 3%? And second, Hans, can you



AUGUST 01, 2019 / 12:30PM, VZ - Q2 2019 Verizon Communications Inc Earnings Call

dig more into the 60 market fiber build and help us understand any early progress on in-sourcing backhaul as well as when you will start marketing that to consumer or business out of region?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

Thank you. Let me start with the wireless service growth and then Matt will come back on that. But I think that the team has really shown a really good work here in the last couple of quarters since, I would say, we have this new structure. So we're -- I'm confident, we have a good momentum in our business. Ronan and the team probably have some more chords up their sleeves, thinking how they will continue to compete in this market. So we think it's -- our -- at least, I have a lot of confidence in the team of Ronan and continue to progress on the service revenue growth that we have done so far.

On the fiber build, yes, that's a very important build for us, and we have been on for that for quite a while right now. And the speed in this quarter was 1,400 route miles per month in average in the quarter. Remember, in the first quarter, we talked about 1,000, so definitely we're coming up. Right now, the majority of the fiber is going to our own sites to go -- if we -- if I may say. But over time, of course, when we roll in later in part of this year, next year, we're also going to be able to offer that to our enterprise customers and wholesale, et cetera. So that's how we're working right now, and we're building it in 60 markets because it is just so essential for the whole Intelligent Edge Network. It's so essential for the whole 5G play that we have to have this fiber. So we have a good speed now. The team has been there on for quite a while. And so it will take a little bit longer before we can offer it to all our customers. But mainly, I would say, we're -- right now, we're taking to our own sites, which is a very important improvement for our efficiency. Matt?

Matt Ellis - Verizon Communications Inc. - EVP & CFO

Yes. So good morning, Phil. So on the service revenue, certainly pleased with the results we've seen in the first half of the year, 3.1% in the second quarter driven by over 6% in the business segment. So great momentum in the wireless products and services across both segments, as we head into the second half of the year. We like the momentum we have as we jump off into second half. And we'll wait and see how the back half of the year plays out in terms of the total service revenue growth. We certainly see a continued path to continue on the service revenue growth that we've had for over a year or so now.

Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

And Hans, if I can follow up. The in-sourcing of your backhaul as you take fiber to your sites, has that really begun to start lowering cost? Or are you not starting to light that up yet?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

We have been starting, but, of course, today, on the total cost that we have, it's not significant yet. But this is all part of the Intelligent Edge Network, the multipurpose network we're building, and that's what you have seen in our CapEx the last 2 years, the efficiencies. So -- and as you remember, Kyle talked about that the Intelligence Edge network build is going a couple year more. So we, of course, believe that we have more efficiencies that will come out within, and one of them is definitely the fiber, which we are now building. That definitely should get us a better owner economics long term. And also remember that also that this is a growth opportunity for us as well in certain areas.

Operator

The next question will come from Brett Feldman of Goldman Sachs.



AUGUST 01, 2019 / 12:30PM, VZ - Q2 2019 Verizon Communications Inc Earnings Call

Brett Feldman - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

This one's for Matt. As you'd shown on Slide 14, you're getting very close to achieving the net unsecured leverage target you outlined at your Analyst Meeting a couple of months ago. Is it a question that, as you sort of get down the 2 turns of leverage and below, how do you think about prioritizing the incremental capital you'll be generating at that point? Should we think about that as dry powder for spectrum, which you may be able to flex up on CapEx a bit? Or are we actually getting closer to a point where share repurchases become a higher and more immediate priority?

Hans Vestberg - *Verizon Communications Inc. - Chairman & CEO*

So let me start here because this is, of course, something that me and Matt is working with constantly. Remember of what we outlined in February, we're very clear and disciplined with our capital allocation. Number one into the business, the CapEx, you have seen what we have done with the CapEx the last couple of years. We do everything we need. And we are on historical levels, and we will continue to be very disciplined there.

Secondly, we want to put our Board in a position to make dividends that we have been working and, lastly, we work with our debt. That's how we work all the time. So the business, dividend and debt. And we just want to continue this commitment that we made to get into this range. And remember that was a commitment long before me. But as you know, we are a company that always deliver on the commitments. So that's why it's important. And ultimately, we will get there. We will get optionality to our Board to have a great conversation on what we're going to do with it. That's how I see it. And then of course Matt is working with this daily to see that we have the right balance sheet structure and the capital allocation in the company.

Matt?

Matt Ellis - *Verizon Communications Inc. - EVP & CFO*

Yes. So thanks for those points. And just building maybe on the back end of that. So as you said, Brett, we are as close as we've been to that range in the past 5-plus years. And so we're making good progress to get there, and that comes from having strong results that drive good cash flow. And you see the progress we've been able to make.

But just a couple of add-on points to what Hans said that it's a range that we say we want to be in for the long term. That means we don't want to go past the 1.75 end of that range either, and so get into the range and then be in the range. And then we also don't expect to build up cash on the balance sheet beyond our normal operating level. So as we get into the range, we look at the opportunities. But our priority #1, which is to invest in the business and the rest of the items that Hans talked about, we'll then decide the most appropriate use of cash that we may have to drive long-term value for our shareholders.

Operator

The next question comes from Simon Flannery of Morgan Stanley.

Simon Flannery - *Morgan Stanley, Research Division - MD*

Hans, I wonder if you could update us a little bit more on your 5G. You talked a bit about opening up the new mobile broadband market. Perhaps, you can talk about your learnings so far and where we stand on expanding 5G Home. I think you've talked before about new markets later this year and dynamic spectrum sharing. How is that panning out? And when do we expect to see that hitting the Verizon network?



AUGUST 01, 2019 / 12:30PM, VZ - Q2 2019 Verizon Communications Inc Earnings Call

Hans Vestberg - *Verizon Communications Inc. - Chairman & CEO*

Thanks. Great questions. So on the 5G, you have seen our progress in the quarter. We have basically now launched 9 markets on the way to get to the 30 that we have talked about for the full year. You can also see on the 5G Mobility how the improvements has gone extremely fast. I mean, take a couple of the cities where we basically have doubled the footprint in this since we launched the markets, and that's the pace we're onto. At the same time, we have gone from roughly having 600 megabits in speed on the handsets, now we're doing easily 1.3, 1.5 and averaging up to 2 gig. What I want to tell you is that the development we're doing on technology is actually extremely fast compared to what I saw in 4G. And remember, I was part of 4G as well. I mean, we are just a quarter into all these 9 markets. We have launched with all the 3 infrastructure vendors we have, which means that we are coming out from sort of just scaling in the beginning, getting all the technology to work and now again start scaling. At the same time, we are now 3 handsets, and we have the Inseego MiFi that we launched, which is sort of a business proposition as well for 5G. So I think that -- that's what you see. We see a great improvement. But still, it's a lot of the intelligent antenna sort of technology that we're developing. The team is out in the field every day. So I'm confident that we will continue to do well here. And remember now, in the 5G Ultra Wideband that we're doing right now, we're doing that in the most dense populated areas where, really, 5G is coming to its rights with a fantastic sort of the performance there. So that's it.

We then talked about the 5G Home, you're absolutely right when I said that later this year, we're going to launch 5G or 5G Home with the NR chipset. So that we will come back. There's no changes to those plans. Ultimately, your question about DSS, which is dynamic spectrum sharing, which is an important piece for anyone that wants to do coverage on 5G, that is still coming in the first half of next year. But in our case, what I said before, the most important is to get that customer the best experience. We have the best experience on 4G right now. We are just giving them an extraordinary experience on the Ultra Wideband. We're going to be in the position to give optionality when we turn that on -- then we're going to turn it on with coverage and capacity when we see it's a benefit for our customers. But I would say the activity level in the engineering team, the team working on the ground in every city doing the fiber is extremely high in Verizon right now. So I think our focus is absolutely in the right place to see that our network is the #1. Now remember also what I said previously, the 4G network now continue just to win all the third-party awards. I mean, RootMetrics, J.D. Power in this quarter, so we're not neglecting that part neither. So you need to think about that when you have a customer in front of you.

Operator

The next question comes from David Barden of Bank of America.

David Barden - *BofA Merrill Lynch, Research Division - MD*

I guess 2, if I could. One for Matt. If we're guiding for the low end of the tax rate for 2019, should we be then thinking that we're kind of steering our earnings per share growth up? Or are there other things in the mix that we shouldn't be kind of taking that improvement right to the bottom line? And then the second question would be just with respect to the legacy 1.0 reporting for the business segment. I think one of the surprises that came out of the AT&T result was the strength that they showed relative to history in the enterprise business. And they talked about price stability and other things. I think Randall said that this was as good an outlook as he have for that unit for some time. I think that the performance at Verizon didn't seem to kind of reflect the same strength, but I'm wondering if it had something to do with the reorganization in the quarter and we should start to see some improvement there. I wonder if you can kind of elaborate a little bit on that.

Hans Vestberg - *Verizon Communications Inc. - Chairman & CEO*

Yes. I can start with the last question there about the business side of it. And I think that when it comes to what you call the wireline business, I mean, it was early to be blended, a little bit tougher on the enterprise side. But on the other hand, the governmental and the -- the governmental business and the small and medium had a good growth for us. So I think we see a very good possibility. We continue to see that with the actual rates sort of declining in enterprise. We have a great funnel in the enterprise business as well. And remember, I mean, there's no impact of the reorganization we've done. I mean, I would go the opposite. I will say that, hey, the changes we have done the last 12 months compared to what we've done the last 5 to 10 years, and we delivered these results in all the units, I think it's a really strength of the company that we are doing a



AUGUST 01, 2019 / 12:30PM, VZ - Q2 2019 Verizon Communications Inc Earnings Call

transformation from a position of strength and -- which would set us up to be even stronger going forward. And of course, Tami and our team are working daily with our customers. And as I said also in my -- previously, I mean, the excitement from our enterprise customers when we come with a full portfolio, so be it fiber or UCCaaS or if it's coming with the 4G or 5G solution mobile edge compute, I think we have a good and compelling story to continue to work harder. So that's how I see the business. Then of course we still have some legacy business declining on the enterprise side, which we'll have for a couple of quarters right now. Our work is to see that they accelerate all the time.

Matt?

Matt Ellis - Verizon Communications Inc. - EVP & CFO

Yes. So David, on the ETR, so as I look at that, remind you that on a year-over-year basis, the adjusted ETR is actually is up, as I mentioned in the prepared remarks. And it's largely just because of the one-time impacts a year ago from the adoption of the tax reform. So we do see that continuing to be higher year-over-year. But despite that, the EPS in the quarter was up \$0.03, even with some headwind from the ETR on a year-over-year basis and also approximately \$0.04 of headwind on the -- from the accounting standard.

So kind of similar to the first quarter, so good EPS performance year-over-year in both first quarter and second quarter, strong momentum there for us. We jump off into the second half of the year and so feel good about where we are so far this year. And we'll see how the back end plays out. But certainly, a very strong platform to be building from.

Operator

The next question comes from John Hodulik of UBS.

John Hodulik - UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst

Two questions. First on the 5G Home, Hans, how should we think about the expansion of the 5G Home footprint once you get the standards-based equipment? And anything you could tell us on sort of growth in the target market or how your expected subscriber base to grow out? And then second base -- the second question is on spectrum. Obviously, you guys control less spectrum than your current competitors. And with a T-Mobile-Sprint deal, we're looking at the combination company with over 300 megahertz of spectrum. Is that a competitive disadvantage for you at this point? And would that situation worsen with a competitor out there with that much spectrum certainly relative to its smaller subscriber base?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

Okay. On the 5G Home, I think, remember, we have the limited sort of 5G Home in 4 markets right now. And we capped both the development on our software as well on how many cities. We have that with the proprietary solution. The only thing I can say, our win share is really good in those markets. There seems to be good appetite for 5G Home. We have a good performance of it. And then we're going for the second half of this year -- or this part of the year, we're going to come back with NR sort 5G Home CP equipment. And I think that what we're going to do, we need a certain size of market that -- so it makes sense for us. So I think, as we said before, I mean, this is a 2021, where it's going to have a significant impact on our revenue. So 2020 is going to be an important year for us. And of course, coming out now in the latter part of this year and starting adding markets over time will be very important.

On the spectrum side, I mean, I think that we always have the headwind that people don't think we have enough spectrum and all of that. I mean, what this organization and this engineering team is doing with the spectrum, it is, I would say, is magnificent. And remember, sometimes, when we talk about spectrum, it's so much more. It is softer, how you plan, how you build the network, how you get utilization out of it. And I think that, that's -- that the team has done very good all the time. As I said previously, we have a very compelling position when it comes to millimeter wave for Ultra Wideband, but we also have spectrum where we can deploy 5G. In the other bands, ultimately, 5G is going to be on all bands. And I have



AUGUST 01, 2019 / 12:30PM, VZ - Q2 2019 Verizon Communications Inc Earnings Call

a high confidence that my team is going to be doing that well, continue to have the leadership in the market when it comes to network performance. There might also come up opportunities all the time where it could be added spectrum. But right now, to launch both capacity and coverage, we feel confident on the assets we have.

Operator

The next question comes from Jennifer Fritzsche of Wells Fargo.

Jennifer Fritzsche - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

If I may, I just wanted to revisit on the fiber activity. I think you said you're now adding 1,400 miles of fiber route miles every month versus 1,000. Some power companies has cited some issues with municipalities and power companies and utility. Are you finding that easier lately or harder because that just seems like a 40% increase monthly is a big jump?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

Thank you for the question. I would say this is not an easy work. This is -- but, this is really what Verizon is great at. I mean, we have people all the way from working with the municipalities, working with engineering, planning, working with the third parties. And remember, in the couple of years since we have decided to invest together with Corning in the fiber factory, we have come to actually running 1,400 route miles a month. So yes, you're right. We are scaling right now. And the team is really, really responding to the demands we have on them. We're always going to have even higher internal demands on them. But as you can see, we definitely have a good roll right now, but that doesn't mean that it's easy to do it. But I think we have put the machine in place with a team that I have lot of confidence that they can do it.

Jennifer Fritzsche - Wells Fargo Securities, LLC, Research Division - MD & Senior Analyst

And Hans, if I mention, we continue to see that number increase throughout the year as you gain more scale.

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

Not so much. I think we started getting on the volumes we are, and that's really important to understand because there has been questions on the market, the CapEx will go up and all of that. Remember, we are almost on the higher sort of volume where we believe we need to lead in order to serve this market because there are, of course, technicalities of doing it. So I think we have a machine right now that is actually executing very well on the high volume. There might be some increases, but maybe not so much more. I think now it's more about the broad deployment in all these markets where we are right now deploying fiber.

Operator

The next question comes from Michael Rollins of Citi.

Michael Rollins - Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst

Couple of questions. First, has there been any recent changes to the cable MVNO deal? And how do you see your role continuing to evolve as a wholesaler of capacity in the industry? And then secondly, is there an update on any of the potential strategic moves you could make on the wireline side, whether it's asset optimization or trying to figure out maybe how to proceed in the video business with the current size that you have?



AUGUST 01, 2019 / 12:30PM, VZ - Q2 2019 Verizon Communications Inc Earnings Call

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

Okay. Thank you. On the MVNO side, no, there's -- there are no major differences. But the important is that we believe it's good model. Remember, we outlined our network as a service strategy where we, sometimes, we're doing the connectivity and then we have others being on top of this MVNO. Sometimes, we do the connectivity to platforms. And in some cases, we do the whole strategy. So I think that, that continue to be important for us, and we're happy with our partnership with the cable MVNOs, which is part of how we are actually doing a monthly usage of our assets getting maximum utilization of the investments we're doing. So for us, this is playing straight into the long-term goals as we have -- as a company.

On the wireline optimization, we -- I would say that the biggest assets we have here is, of course, all the infrastructure we have, but also the customer relations we have, and we are working. Of course, we are looking into all the areas we need to fortify or all the areas we should drop, which was the market is not demanding. And I think that's a very normal way of reviewing the strategy all the time. And Tami and her team that now has been in place for this quarter, they are constantly talking to the customer what we need to do and where we need to fortify in some areas where the products may not be hitting. But it's not major. It is just the daily grinding that you do in order to optimize how you work with your customers and how you optimize your capital and efficiency. And I can also add, of course, that in this quarter, we announced then that we're going to work with YouTube TV when it comes to the sort of the linear TV, both for the Fios optionality as well as for the wireless customers. So again, working with the model that we outlined in February and just continue with that.

Operator

The next question comes from Craig Moffett of MoffettNathanson.

Craig Moffett - MoffettNathanson LLC - Founding Partner

I wonder if we could go back to the spectrum question for a second. I understand that the longer-term spectrum position for 5G, you have a lot of spectrum bands outside of millimeter wave. But there's been a lot of concern in the market of late that for the near term, your coverage map may be more limited than your competitors until you can start peeling away some of your LTE and 3G committed spectrum bands and dedicate them. Can you just talk about that issue and how you think about the coverage layer of 5G over the next few years as you make the transition?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

Now that's a great question. I think, first of all, DSS, which is dynamic spectrum sharing, is the same for all, and that's a standard solution coming out in the market of software. So I think that we're not disadvantaged by anyone if we want to deploy our coverage. And I think that's how on -- at the same time, you also want to see that there's enough handsets and things out in the market when you start turning on 5G, so you get -- because we want to do a transformative feeling of what 5G is. We don't want to rebrand them and say it's 5G, and you don't feel the difference. We already have the best 4G network. And for us, the customer is the most important. So you're right. I mean, I see that we will have a coverage map whenever it's going to be needed for our customers and there's going to be enough handsets in the market and not disadvantaged for anything. So I think that, historically, we have had those feedbacks that we are not in the right position with spectrum, et cetera. I come from the outside. I worked in saying what Verizon has done with spectrum and with new softwares and with the optimizing how you build the networks, and I'm confident that we have a good path here. I'm not feeling that we're disadvantaged. I feel that we're executing right now. We're launching markets where others are doing other things.

Craig Moffett - MoffettNathanson LLC - Founding Partner

Is there any concern that even from a marketing messaging perspective, though, that your competitors will have more ink on the map, so to speak, early on in 5G even if the experience in 5G may not be all that much better than your 4G networks?



AUGUST 01, 2019 / 12:30PM, VZ - Q2 2019 Verizon Communications Inc Earnings Call

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

Let's see how that turns out. Because again, that's a lot of promises. I think that Verizon has had -- and I actually inherited a fantastic sort of DNA in this company that we first do the things and then we start marketing it. And then I think that's what we will continue to do. Other might have other strategies. So I'm not going into that contest about who is talking most right now. I'm working with a technology team myself weekly to see that we are doing this right for our customers, and that's the consumer, it's an enterprise customer, it's a governmental customers, it's an IoT customers. We think it through and that's why we built the Intelligent Edge Network already started 2 years ago. And I think that the significance of understanding how important that is for the success for Verizon, I think, has not really been understood yet. And we will just continue to execute on that. But there's going to be a lot of message in the market, and you know it as well. Just be confident that our company, Verizon, will continue to execute on the real 5G with 8 currencies and seeing that we can actually give the right sort of performance to all our customers in the right moment.

Operator

The next question comes from Colby Synesael of Cowen and Company.

Colby Synesael - Cowen and Company, LLC, Research Division - MD and Senior Research Analyst

Two questions, if I may. First for Matt, I was hoping you could quantify the cost of the VSP plan that was implemented in the second quarter. I think that didn't seem to have an impact on free cash flow. And then secondly, if you're able to just kind of quantify the savings we could expect from that as we go into the third quarter. And then my second question has to do with the fiber route miles that you're referencing on the call. I just wanted to separate the conversation between the route miles and small cells. So I appreciate your adding about 1,400 miles -- route miles per month in the second quarter. But are you seeing the same momentum in terms of actually getting the small cells put up as well? Because I feel like you could still be adding the fiber route miles, but not necessarily getting the actual small cells up. And seems like those 2 things would have to go hand-in-hand, and that might explain why some of other companies that are out there doing the same thing might be seeing delays on the small cell side.

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

I can start with the fiber, and Matt will respond on the other one.

So the fiber, remember, it's a multiuse fiber, and I have several different customers. I have the network guys that need the 4G and 5G. I have the enterprise. I have the small and medium. And I have wholesale. And that's, of course, very important when we build that. We can have owner economics on fiber, and we can build it as we had all those customers. But of course, initially, quite a lot of the fiber is coming and going to the small cells. And that's why we are able to turn up 9 cities we have done so far. And -- but again, the question earlier was about how much are we now actually gaining on it. I think this is an early indicator about how we're building the network because you need to start with the fiber and getting the permits in the cities before you can deploy the 5G. So this is early indication we have a high speed organization to be prepared for the 5G and, whatever, all the use cases we have for fiber.

Matt?

Matt Ellis - Verizon Communications Inc. - EVP & CFO

Yes. So Colby, on the voluntary separation, yes, obviously, the income statement charges we took in the fourth quarter of last year. From a cash flow standpoint, we took for the largest piece was in the first quarter and then some in 2Q and 3Q. Certainly, I think that there's good savings in the first half of the year. We mentioned like \$418 million of positive impact in the first half of the year. And we'll have another step-up in 3Q as the final tranche of employees came off payroll at the end of June. So for the full year, I expect that to be north of \$1 billion of impact, and that benefit on a year-over-year basis will carry over into the first half of next year until we get to a full run rate by June of next year. So certainly being a positive



AUGUST 01, 2019 / 12:30PM, VZ - Q2 2019 Verizon Communications Inc Earnings Call

thing is part of our overall focus on improving the cost efficiency of the business, and we will continue to focus on that. We're well on track to more than meet the \$10 billion commitment we made, and the VSP was a big component of that.

Operator

The next question comes from Mike McCormack of Guggenheim Partners.

Michael McCormack - *Guggenheim Securities, LLC, Research Division - MD & Telecommunications Senior Analyst*

Hans, just a quick comment on what you're seeing at robust subscriber estimate business segment for wireless. What are you seeing from a competitive standpoint in the B2B marketplace? I know one of your competitors was pretty loud about getting bigger there. And just thinking about the ARPA drivers going forward. What do you see there? Obviously, you have more room to move to Unlimited. Any other puts and takes of ARPA should we be thinking about for the back half?

Hans Vestberg - *Verizon Communications Inc. - Chairman & CEO*

Yes. On the business side, when it comes to wireless, we are taking share. We feel really good about it. I think that Tami and the team are doing a great job with relationship we had and, of course, with the network quality have come. It's very important for businesses. I mean, there's no doubt about that coverage and capacity becomes even more important. And there's no enterprise company that has not been bigger to transformation. So I'm pleased with that. We want to do even more. So yes.

The second question was about the ARPA, and I will hand it over to Matt. But I can also say that the team with Ronan, especially on the consumer side, has been since the Unlimited was launched, continue to lean forward with new offerings, with new ways of dealing with the market segmenting it up and, actually, continue to have a good service revenue growth. And I think that's what I'm pleased with, and I look at the team. I know that they have more chords up their sleeves, as I say. And what Matt and I are doing together, we're transforming the company to have a disciplined approach to that, to be prepared for that marketplace, to continue to do well. And so I feel good about Ronan and what his team is doing.

Matt?

Matt Ellis - *Verizon Communications Inc. - EVP & CFO*

Yes. Thanks, Hans. So Mike, as you think about wireless as a whole in the ARPA trajectory, it's coming from the overall growth of the business. Just a few things to point out that's really driving both ARPA and obviously the total service revenue worth of that being in the B2B space, which had very strong results in the quarter or the consumer space, which also performed well. Net account growth, positive in second quarter of this year. That's up year-over-year, so good growth there. We continue to lead the industry in phone gross adds, yet again, a number of quarters in a row that we've done that. And in addition to leading the industry in gross adds, growing year-over-year and not -- that's something that not all industry participants can say that they did. So leading the industry in gross adds, also leading the industry in phone churn yet again. The net result there is phone net adds of 245,000, a nice increase over the 199,000 last year. So as I think about the business in the first half of the year, it had nice strong performance that went from the operational side on to the financials, as well, puts us in a great place as we jump into the second half of the year to continue that momentum and feel good about where we are at this point in time.

Operator

Your last question will come from Doug Mitchelson of Crédit Suisse.



AUGUST 01, 2019 / 12:30PM, VZ - Q2 2019 Verizon Communications Inc Earnings Call

Doug Mitchelson - *Crédit Suisse AG, Research Division - MD*

Just a couple on wireless competition. So Hans, you had seen obviously a strong wireless quarter. I'm curious if you're seeing any competitive impact from the FirstNet initiative at AT&T. I know -- I think you recently signed a deal with the Massachusetts First Responder. I'm not sure if that served as a sign of competition going back and forth. And then I was just hoping to revisit bundling and the importance of video to wireless with AT&T planning to bundle HBO Max when they launch it next spring with wireless services. Is bundling video with wireless, is it lower churn? Or is it just necessary to compete on a promotional basis with others that are offering video? I'm just sort of curious how that informs your video strategy.

Hans Vestberg - *Verizon Communications Inc. - Chairman & CEO*

Yes. So you need to speak a little bit when we talk about the consumer and business. But let me say, I mean, if I look in the second quarter, it was a little bit more competitive than the first quarter when it comes to competition in the market, and that tells a lot about our performance then that we gained all those net additions. At the same time, we had a low churn. So I think that on the business side, as I said before, we are doing well on the business side. And again, I think that the wireless part of the business side is important than the network performance, the ease of critical essence, the coverage and the performance. But of course, there's competition for those deals as well. I think we're doing well in that area, and we will continue to do well. We have new offerings coming out. And we'll continue to build the network even more robust and getting more quality on it. So again, I think the team is there. Matt and I are working with the transformation of the company to enable us to continue to compete and do well in the market and given both Tami, I would say, and Ronan the -- sort of the tools to work in the market. And that's what we're doing. And I think we have done it well in this quarter and preparing for the rest of the year.

Matt Ellis - *Verizon Communications Inc. - EVP & CFO*

Just one follow-up on the video question there. Look, we're very confident with the most important thing to customers in wireless is the quality of the network experience. And so for the past couple of years now, we're seeing competitive bundled video offerings in with wireless. And we continue to lead the industry in phone gross adds. And we continue to lead the industry in churn. So I think that demonstrates the most important thing to customers, the quality of that connection, the reliability of that connection and that when you have the best network, you don't need to bundle other things in there in the same way. And we'll continue to be focused on providing the best quality network out there.

Brady Connor - *Verizon Communications Inc. - SVP of IR*

Brad, that's all the time we have right now. Before we end the call, I'd like to hand it over to Hans for some closing comments.

Hans Vestberg - *Verizon Communications Inc. - Chairman & CEO*

Thank you, Brady. I think we've covered quite a lot of ground in this quarter because, basically, question has ranged for all our business.

But just a couple of things. First of all, I'm really proud of the team of what they achieved. I mean, remember, we have changed the structure. We have changed how we build the network. We have done a large voluntary program. We're reporting in new structure. We're putting the new structure. And the team is executing well. I think that's the way we want to work here, continue to lead the market and continue to transform to be a strong company with a strategy we set out in February. So then it comes back to execution on fundamentals. That's what we're doing and will continue to do so, to be disciplined on our capital, also continue to lead to market. And then, of course, I think a lot of questions are circulating around the 5G. What we laid out in the February Capital Markets Day is still valid, and that's what we are aiming for and we are executing on. And I think that the team is doing a great job there.

So I think to sum it up, I'm proud of the quarter and the changes we're doing, at the same time delivering this quarter so -- and financial earnings. So thank you very much for attending this call, and I guess I'll see you out there soon.



AUGUST 01, 2019 / 12:30PM, VZ - Q2 2019 Verizon Communications Inc Earnings Call

Operator

Ladies and gentlemen, this does conclude the conference call for today. Thank you for your participation and for using Verizon Conference Services. You may now disconnect.

DISCLAIMER

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2019, Thomson Reuters. All Rights Reserved.