

4Q 2019 Earnings Results

January 30, 2020

“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” 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: adverse conditions in the U.S. and international economies; the effects of competition in the markets in which we operate; material changes in technology or technology substitution; disruption of our key suppliers’ provisioning of products or services; changes in the regulatory environment in which we operate, including any increase in restrictions on our ability to operate our networks; breaches of network or information technology security, natural disasters, terrorist attacks or acts of war or significant litigation and any resulting financial impact not covered by insurance; 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; material adverse changes in labor matters, including labor negotiations, and any resulting financial and/or operational impact; significant increases in benefit plan costs or lower investment returns on plan assets; changes in tax laws or treaties, or in their interpretation; 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; the inability to implement our business strategies; and the inability to realize the expected benefits of strategic transactions.

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.

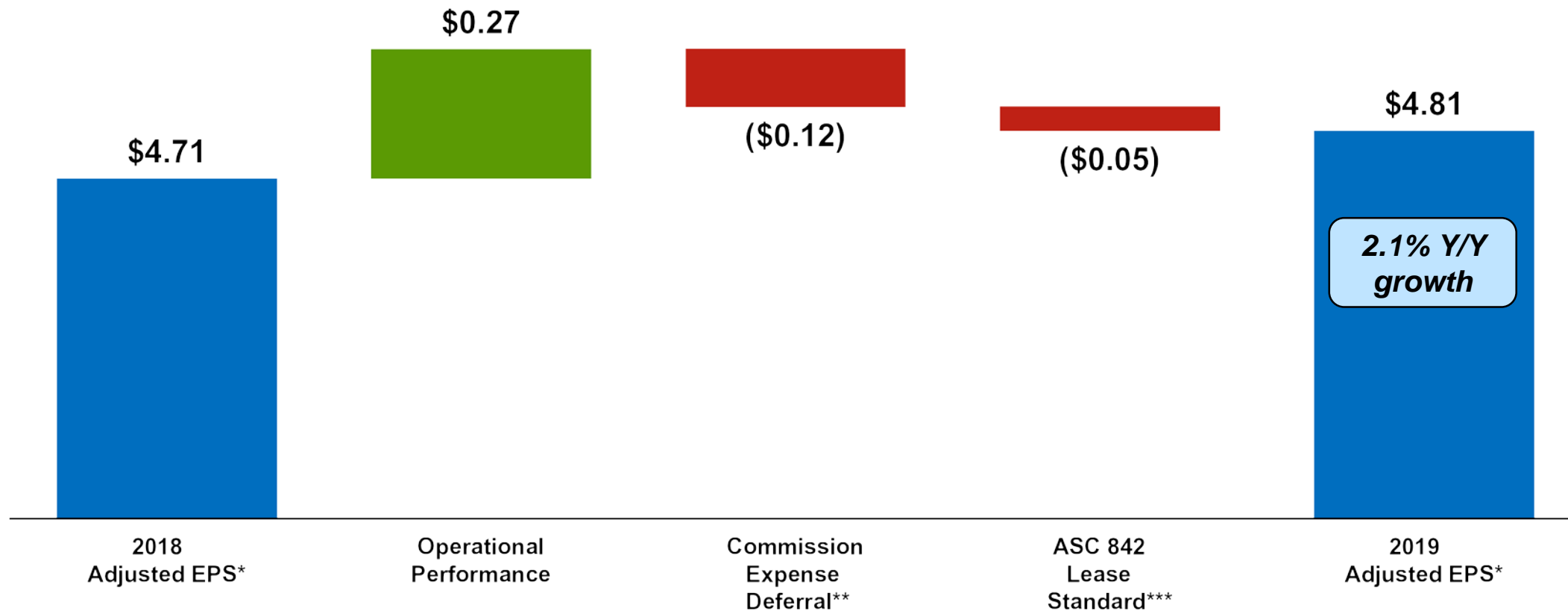
Consolidated: Earnings Summary

	4Q '19	2019
Reported EPS	\$1.23	\$4.65
Special items:		
Early debt redemption costs	\$0.37	\$0.64
Severance, pension and benefits charges	\$0.03	\$0.06
Impairment charges	\$0.05	\$0.05
Tax benefit from disposition of preferred stock	(\$0.54)	(\$0.54)
Net gain from dispositions of assets and businesses	—	(\$0.05)
Adjusted EPS*	\$1.13	\$4.81

Note: Amounts may not add due to rounding.

* Non-GAAP measure.

Consolidated: Adjusted EPS



* Non-GAAP measure.

** ASC 606 – Revenue Recognition Standard adopted on January 1, 2018.

*** ASC 842 – Lease Accounting Standard adopted on January 1, 2019.

Delivering healthy earnings growth

2019 Momentum & Results

2.0 TRANSFORMATION



Leader in LTE network quality; winning RootMetrics and J.D. Power awards



Leader in wireless customer loyalty; strong response to Mix & Match and Disney+



5G leadership with 31 mobile cities, 16 NFL stadiums, 4 basketball arenas; launched 5G Edge and NR-based 5G Home



Strategic partnership ecosystem



2019 RESULTS

- Highest total wireless phone net adds since 2013
- Highest wireless service revenue growth since 2014
- Solid Y/Y adjusted EPS growth; best cash flow from operations since 2015
- Business Group transformation with investments toward new market opportunities

2019 transformation creating strong platform for future strategy

2020 Priorities

1

**Strengthen & Grow
Core Business**

- Extend our network leadership through continued innovation
- Strengthen and grow core business in Consumer, Business & Media

2

**Leverage Assets to
Drive New Growth**

- Scale 5G / MEC / OneFiber & other assets for new growth
- Differentiate brand through trust & innovation

3

**Drive Financial
Discipline & Strength
in Balance Sheet**

- Accelerate revenue and earnings growth to drive strong cash flows
- Disciplined capital and operating spend

4

**Infuse a Purpose-
Driven & Customer-
Centric Culture**

- Put customers at the center of everything we do
- Drive responsible business as part of our strategy

Executing 2020 from a position of strength

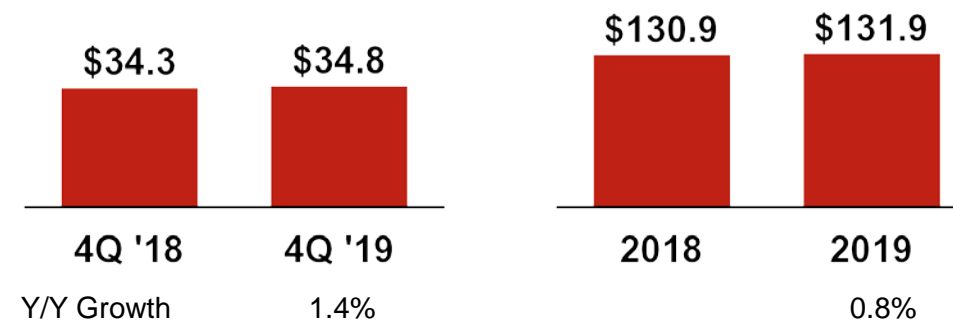
Consolidated: Financial Summary

4Q '19 Total revenue of \$34.8B, up 1.4% Y/Y

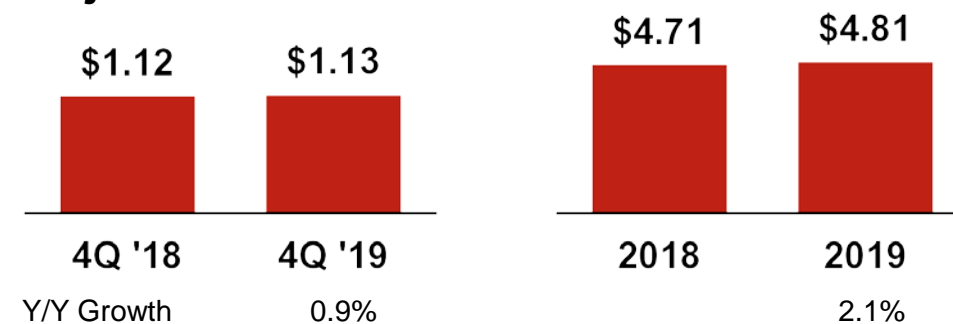
4Q '19 Adjusted EBITDA of \$11.1B; adjusted EBITDA margin of 32.0%*

2019 Adjusted EBITDA of \$47.2B; adjusted EBITDA margin of 35.8%*

Total Revenue (\$B)



Adjusted EPS*



* Non-GAAP measure.

Delivered against 2019 goals

Consolidated: Cash Flow Summary

(\$ in billions)

	2018	2019
Cash flow from operations	\$34.3	\$35.7
Capital expenditures	\$16.7	\$17.9
Free cash flow*	\$17.7	\$17.8
Dividends paid	\$9.8	\$10.0
Total debt	\$113.1	\$111.5
Unsecured Debt	\$103.0	\$99.1
Net unsecured debt to adjusted EBITDA*	2.1x	2.0x

Note: Amounts may not add due to rounding.

* Non-GAAP measure.

Strong cash flow funds capex, dividend increase and leverage reduction

Consumer: 4Q 2019 Key Metrics

9.5M Postpaid device activations

- Phone gross adds up 9.3%
- Upgrade rate of 6.3% vs 6.6% in 4Q '18

852K Retail postpaid net adds*

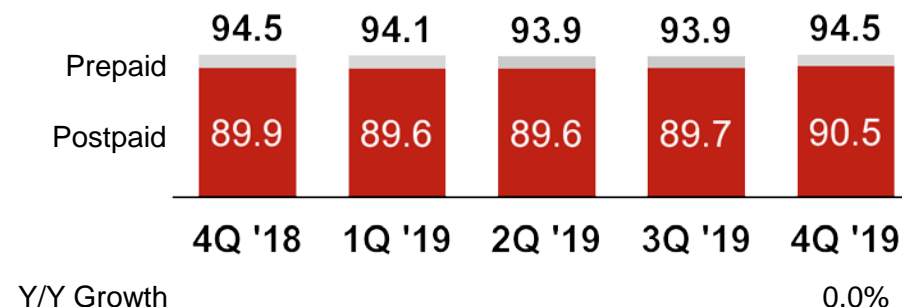
- 723K Postpaid smartphone net adds*
- 588K Phone net adds*
- 41K Tablet net losses*

35K Fios Internet net adds

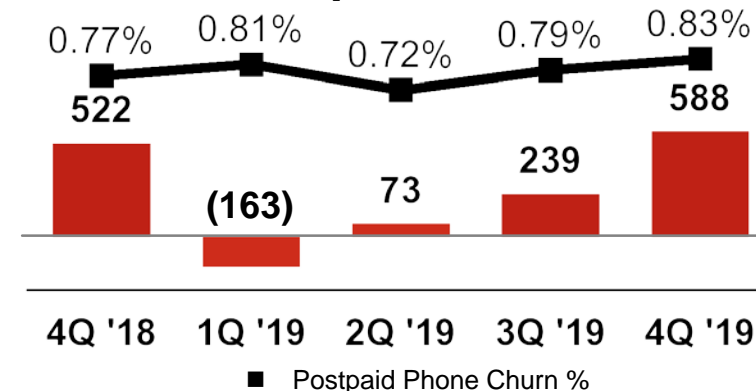
51K Fios Video net losses

* Includes certain adjustments.

Wireless Retail Connections (M)



Wireless Retail Postpaid Phone Net Adds (K)



Delivered strong volumes

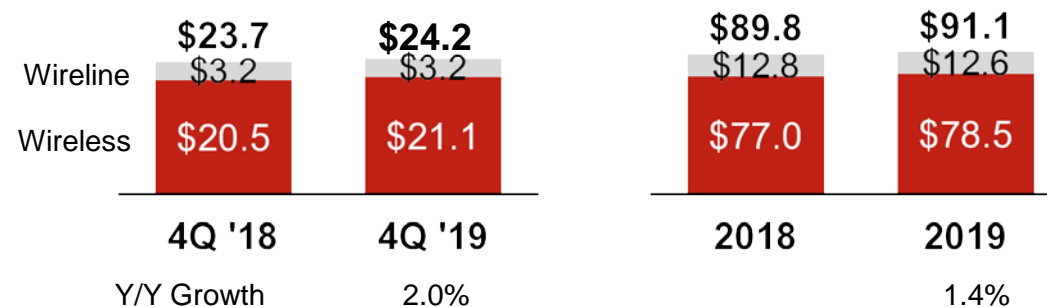
Consumer: Financial

4Q '19 Total revenue of \$24.2B

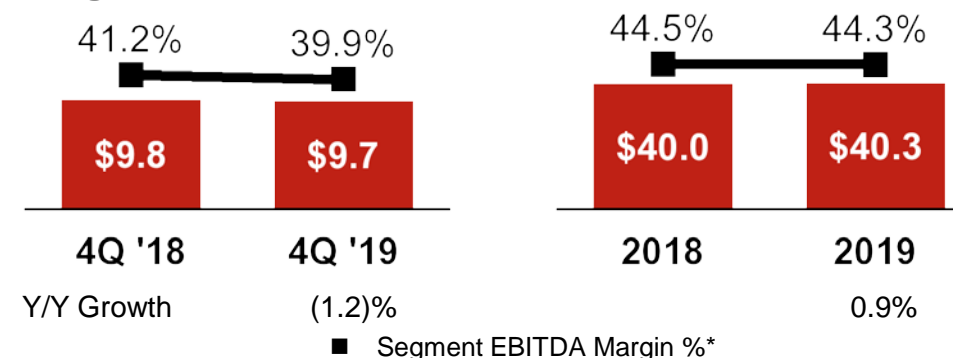
- Wireless revenue of \$21.1B, up 2.6% Y/Y
 - Wireless service revenue of \$13.4B, up 1.9% Y/Y
- Wireline revenue of \$3.2B, down 1.7%
 - Fios revenue grew 0.3% Y/Y

4Q '19 Segment EBITDA margin on total revenue of 39.9%*

Total Revenue (\$B)



Segment EBITDA* (\$B)



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

Wireless service revenue growth producing strong margins

Business: 4Q 2019 Key Metrics

2.6M Postpaid device activations

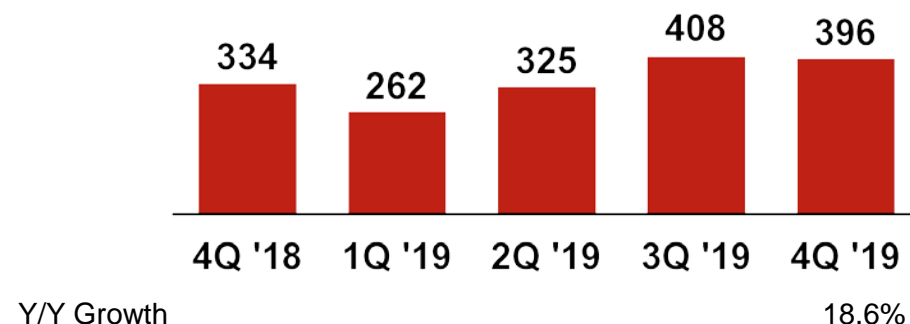
- Gross adds up 11.7%
- Phone gross adds up 10.5%
- Upgrade rate of 5.0%

396K Wireless retail postpaid net adds*

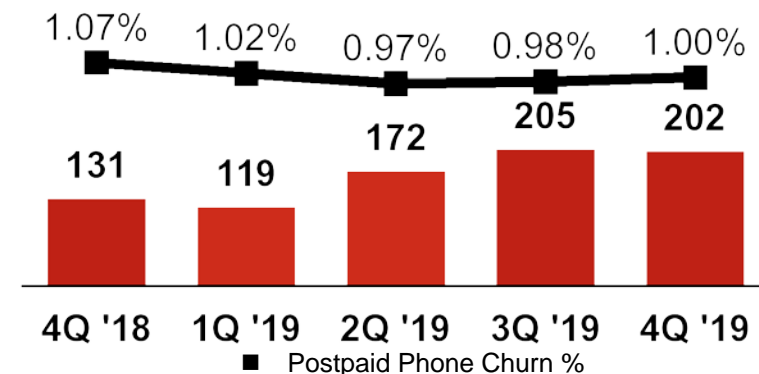
- 246K Postpaid smartphone net adds*
- 202K Phone net adds*
- 132K Tablet net adds*

* Includes certain adjustments.

Wireless Retail Postpaid Net Adds (K)



Wireless Retail Postpaid Phone Net Adds (K)



Business volumes consistent and strong

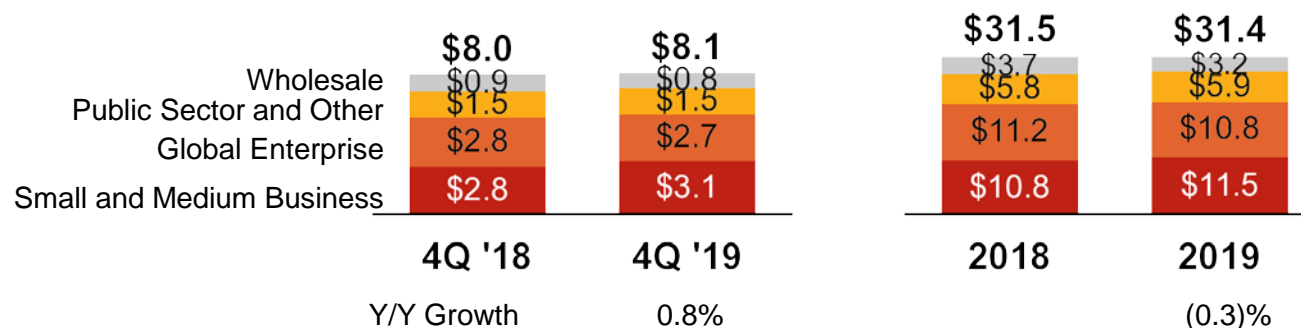
Business: Financial

4Q '19 Total revenue of \$8.1B

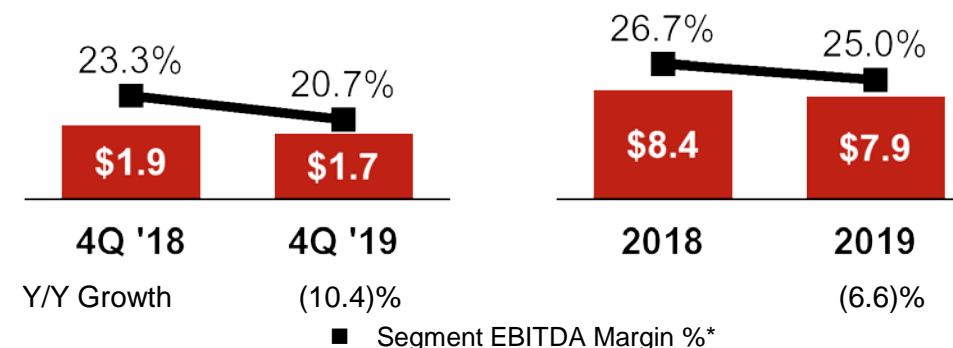
- Wireless revenue of \$4.2B, up 8.4% Y/Y
 - Service revenue of \$2.9B, up 7.0% Y/Y
- Wireline revenue of \$3.7B, down 6.6% Y/Y
 - Fios revenue grew 7.1% Y/Y

4Q '19 Segment EBITDA margin on total revenue of 20.7%*

Total Revenue (\$B)



Segment EBITDA* (\$B)



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

Strong wireless service revenue growth

Verizon Media Group

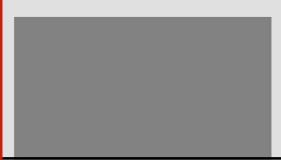
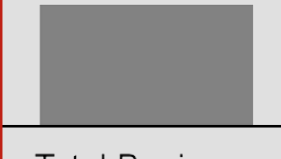
4Q '19 Revenue of \$2.1B, essentially flat Y/Y

- Strong holiday Ad performance
- NFL live stream traffic up significantly Y/Y
- MGM sports betting partnership launched



Improving revenue trends continue

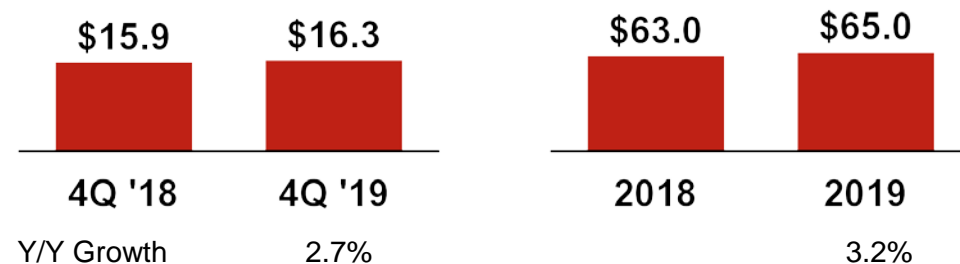
VZ 2.0 to VZ 1.0 Reconciliation: 4Q '19

		Consumer Revenue (\$B)				
		VZ 2.0				
		\$24.2				
						
			(\$3.2)	\$4.2	\$0.1	
		Total Consumer	Consumer Wireline	Business Wireless	Eliminations	Total Wireless
		\$9.7				\$10.4
EBITDA*						
Margin %*		39.9%				41.0%
		Business Revenue (\$B)				
		VZ 2.0				
		\$8.1				
						
			(\$4.2)	(\$0.2)	\$3.2	\$0.2
		Total Business	Business Wireless	VZ Connect	Consumer Wireline	Eliminations
		\$1.7				\$0.8
EBITDA*						
Margin %*		20.7%				11.9%

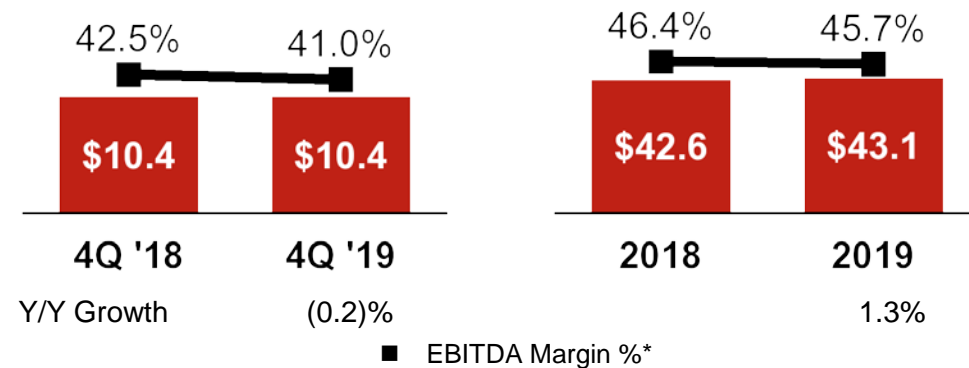
* Non-GAAP measure.

Verizon 1.0: Total Wireless

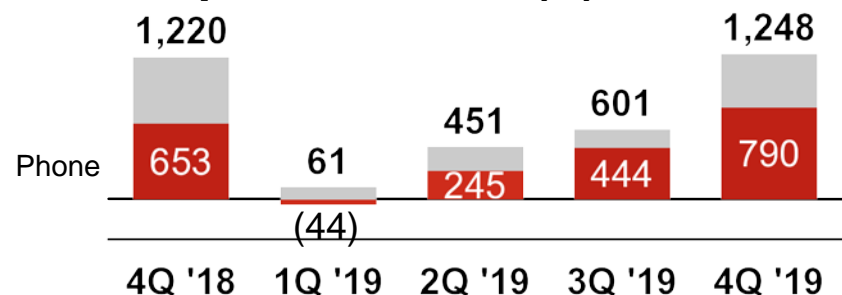
Service Revenue* (\$B)



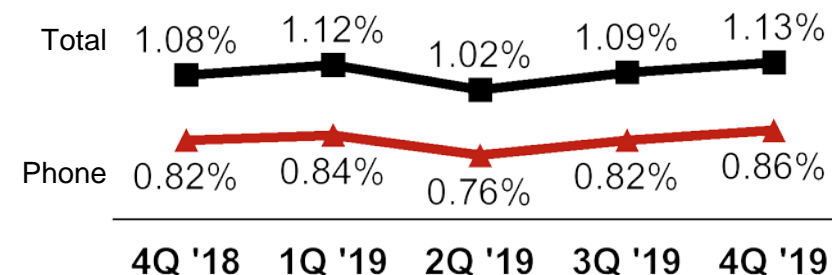
EBITDA* (\$B)



Retail Postpaid Net Adds (K)



Retail Postpaid Churn



* Non-GAAP measure.



Consolidated: 2020 Outlook

Revenue	Earnings Per Share	Capital Expenditures
<ul style="list-style-type: none">• Low-to-mid single digit percentage growth in consolidated revenue• Continued momentum and growth in both Consumer and Business wireless service revenue• Increase in wireless equipment revenue	<ul style="list-style-type: none">• 2% – 4% EPS growth on an adjusted basis*• Strength in recurring revenues• Investment in VBG to drive future performance• Depreciation & amortization relatively flat Y/Y• Interest expense slightly lower than 2019 levels• Adjusted effective tax rate: 23% – 25%*	<ul style="list-style-type: none">• Capex of \$17B – \$18B• Capital intensity consistent with historical levels• Expansion of 5G deployment while maintaining 4G network leadership

* Non-GAAP measure.

Positioned for accelerating growth

Consolidated: Capital Allocation


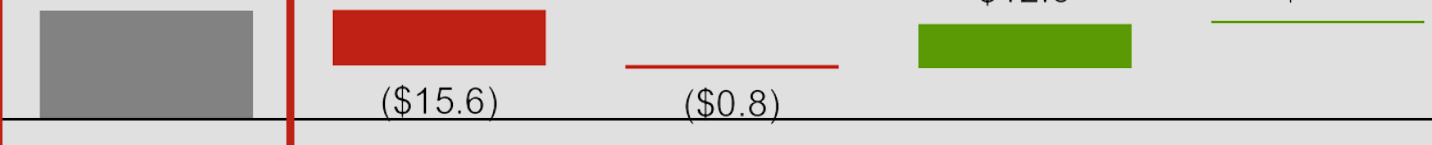
Priority #1 Investment in the Business	Priority #2 Commitment to Dividend	Priority #3 Strong Balance Sheet	Priority #4 Share Repurchases
Capex <ul style="list-style-type: none">• \$17B – \$18B expected in 2020• Capital intensity consistent with historical levels Spectrum Mergers & acquisitions <ul style="list-style-type: none">• Bolt-on / tuck-in• Consistent with strategy	<ul style="list-style-type: none">• 13 consecutive years of increases• Position to support further consistent dividend increases	<ul style="list-style-type: none">• Return to pre-Vodafone credit profile• Strong pension funding• Target net unsecured debt to adjusted EBITDA* range of 1.75x – 2.0x	<ul style="list-style-type: none">• Efficient return of excess cash flow to shareholders• Current authorization of 100M shares

* Non-GAAP measure.

Adding fourth priority: Share repurchases

Supplemental Information

VZ 2.0 to VZ 1.0 Reconciliation: 2019

		Consumer Revenue (\$B)				
		VZ 2.0				
		\$91.1				
						
		Total Consumer	Consumer Wireline	Business Wireless	Eliminations	Total Wireless
EBITDA*		\$40.3				\$43.1
Margin %*		44.3%				45.7%
		Business Revenue (\$B)				
		VZ 2.0				
		\$31.4				
						
		Total Business	Business Wireless	VZ Connect	Consumer Wireline	Total Wireline
EBITDA*		\$7.9				\$4.9
Margin %*		25.0%				17.2%

* Non-GAAP measure.

