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# EDITED TRANSCRIPT

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## CONFERENCE CALL PARTICIPANTS

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

## PRESENTATION

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

Good morning to those of you in the U.S., and good afternoon to everybody in Europe, and welcome to the European TMT Conference. Unfortunately, virtual this year, but we hope to be back in Barcelona next year. We're delighted to have Verizon and Matt Ellis, the CFO, joining us again. Welcome, Matt.

Before we get started, please note for important disclosures, please see Morgan Stanley research disclosures at [www.morganstanley.com/research/disclosures](http://www.morganstanley.com/research/disclosures). And also, we do have a chat -- or a question function. So feel free to submit questions during the course of the interview, and we'll try to get to them towards the end.

So welcome, Matt. Thanks for joining us today.

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**Matt Ellis** - *Verizon Communications Inc. - Executive VP & CFO*

Good to see you, Simon. I'd like to say good to be with you, but maybe next year, we'll be able to say that. So -- and just before we get started, I'd also draw everyone's attention to our safe harbor statement, which can be found on our Investor Relations website. Obviously, I assume, we'll make some forward-looking statements this morning, which is subject to risks. So just people can get that on our SEC filings on our IR website.

## QUESTIONS AND ANSWERS

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

Great. So let's pull back, if we can, start with sort of a big picture view around Verizon's positioning and priorities. And over the course of 2021, we sort of emerged, hopefully, from COVID, and you've been able to raise your guidance on a couple of occasions. We've had a very strong wireless growth industry-wide. Perhaps you just update us on Verizon's priorities and how you think about the long-term guidance at this point.

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**Matt Ellis** - *Verizon Communications Inc. - Executive VP & CFO*

Yes. Thanks, Simon. And so the long-term priority is really unchanged. We've been focused on our network-as-a-service strategy now for a few years. That continues to be the heart of our priority. And you start with the best assets, whether that's fiber that supports our Fios business, but also the backbone of our wireless network, the spectrum assets we have, the best-performing wireless network in the country, that provides a platform. We then lay on top of that our vectors of growth. We think we have more growth opportunities than anyone else in the space because of the breadth of the business. I'm sure we'll dig into those as we go forward here.

But that gives us confidence to believe the path to accelerating revenue growth as we spoke about earlier in the year. Obviously, service revenue this year, wireless service revenue this year, we expect to come in around 4% when we finish up the year here soon. And we've talked about service and other revenue being 3-plus percent in '22 and '23, 4-plus percent in '24 and '25, as we build on those growth vectors, obviously, 5G being a

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

Great. But before we just get into the specific businesses, just maybe, perhaps, just update us on some of the recent management changes at the company.

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**Matt Ellis** - Verizon Communications Inc. - Executive VP & CFO

Yes. So obviously, in the last couple of weeks, there's a couple of announcements at Hans' direct report level. Manon Brouillette is joining us -- joined us 6 months ago as Verizon Consumer Group, as COO and Deputy CEO. And then early last week, Ronan -- we announced that Ronan will be stepping down as Head of the Verizon Consumer Group at the end of the year, and Manon stepping in and taking over that role. So she's been here for 6 months now.

Ronan and -- had been very transparent with Hans around his own timing that he wanted to stay in the role. So it gave Hans and the rest of the team the opportunity to really manage this transition. So we're able to bring in the right person well in advance. As I mentioned, Manon's been here 6 months, already kind of dug in deep in the business. So this was a very planned transition, and we think it will allow us to continue on the trajectory the Verizon Group has been on.

And then just earlier this week, we announced that Sam Hammock will be our new HR lead. Christy Pambianchi left a few months ago and completed that search. Sam has been here for a little while now, made a great impression on the team already. So glad to have both of them join us around Hans' top table.

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

Great. As we wrapped up the third quarter earnings, and let's sort of start with wireless here, I think everybody was pleasantly surprised that the momentum in the wireless KPIs continues at a pretty healthy pace, even though we're at pretty high levels of penetration. I guess the question continues to be how sustainable is this? And what is Verizon seeing in terms of the areas where you're seeing the best opportunities?

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**Matt Ellis** - Verizon Communications Inc. - Executive VP & CFO

Yes. So as we look at the performance in the third quarter with the phone net adds we had, we continued the momentum that we'd seen in the business that we have built up in second quarter, especially as the economy really reopened from COVID. When you look at the volumes that we reported, when you compare them back to 2019, 2018, the historical context, our numbers kind of show the continuation of our strategy. They're certainly in line with what you would have expected based off the historical performance previously.

And it comes from us continuing to execute on our strategy of not just focusing on the highest volume number, but bringing volumes into the business to add value and create growth at the revenue line, and that's where we're most focused on. So we're bringing customers in, and then we have the opportunity to step them up within the plans that we have as we deepen the relationship with them. That strategy has been working well.

We were seeing good service revenue trajectory before COVID. Obviously, COVID disrupted that for 2 to 3 quarters. But as I mentioned earlier, on track for wireless service revenue growth, 4% this year. And that's because of those movements we've been making, getting more customers on unlimited, getting more of those customers on premium unlimited, bringing high-quality customers in. You see our churn continues to be very, very low. So we're obviously retaining customers at a great rate, too.

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

Great. And you've put a lot of emphasis on both the postpaid and the wholesale market for your growth, and prepaid is now becoming a focus for you more with perhaps the upcoming TracFone deal. So perhaps just help us understand how you think about postpaid, prepaid, wholesale as holistically.

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**Matt Ellis** - Verizon Communications Inc. - Executive VP & CFO

Yes. Great question, Simon. So if I maybe bring it back to the first question, we talked about the Network-as-a-Service strategy. We obviously build great networks, and we love our postpaid retail customers. But there's other ways to monetize the network, too. I think where we're uniquely positioned is to be -- bring all of those opportunities to monetize the network forward. So that can be obviously postpaid. It can also be prepaid. And I'm sure we'll talk more about TracFone here as we go forward, but our ability to play more fully in that part of the market.

And then on the wholesale side. As I said, look, I'd be very happy if all of our customer interactions were retail. But we know there's people out there who want to have wholesale arrangements, and we're happy to be the partner of choice in that space. Obviously, we talk a lot about that in the wireless side, but we've been wholesaling on the wireline side for decades, right?

So it's really about you make this investment in the network. You build the best network. It means lots of people want to be on that network. Both direct customers and also wholesale customers gives us the opportunity to maximize the revenue streams and the return on the investment in building that network. So it's consistent with our strategy. You should expect to see us continue to do that. And really, the 5 vectors that we spoke about speak to that ability to drive revenue across the network from every available source.

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

Great. And you talked about the network a couple of times. 5G is really becoming a reality now. You've talked -- you've had guidance out there of 100 million POPs with C-band in the first quarter. Can you update us on how that build is going? And we have this FAA request to delay by a month to January 5. How confident are you that that's not going to have to be extended again?

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**Matt Ellis** - Verizon Communications Inc. - Executive VP & CFO

Yes. So first of all, Simon, the team has done a fantastic job, we think, from a standing start earlier this year to be in a position where we'll have over 100 million people covered with that spectrum by first quarter of next year. Within a 12-month period to do that has been just an unbelievable work by the team, and they are completely on track to deliver against that target. So we'll get the 100 million on in the first quarter of next year and then to continue to expand at a rapid pace after that.

And you see that we not only, obviously, acquired the C-band spectrum, but we then said we'll put in the capital dollars to work so that we can deploy it as quickly as possible. And the team is doing exactly that, so on track to deliver the 100 million in the first quarter. I'm proud of the team's efforts there.

The FAA is -- highly confident this is just a 30-day delay. We obviously know that this spectrum can be used. It's being used in places like Japan and Australia and parts of Europe without an impact on aviation operations. And so we just need to go through a little bit of a process here to get everyone aligned.

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

Great. Well, good luck with that. When we look at the postpaid business, I think investors are often concerned about the seemingly massive handset discounts that we see, the offers out there. I mean how do you think about the promotional environment about the return on the investment? And Verizon is sort of more selective, perhaps, in terms of how it participates in this, but characterize that for me and how you feel good about the ability to make the growth profitable.

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**Matt Ellis** - Verizon Communications Inc. - Executive VP & CFO

Yes. Yes. So look, the industry has been competitive for many, many years. The nature of how that competitive action shows up, changes right now is very handset-focused in that. But when we look at the value that we have when we bring a customer in and we're able to step them up, also, what we see with the churn, the improved longevity with those customers over time, it really gives us the opportunity to be very thoughtful about how we do our promotional activity but also lean in at the appropriate time.

So absolutely, you see the appearance of those promotions. But when we do the math underneath, we look at the underlying value, the opportunity to step those customers up over time that we've delivered on, the extending the relationship with the customer over time as well, and the math continues to work in terms of being driving profitable growth as we go forward.

But that's why you see a step in and step out of the promotional market at different times of the year. We will do certain promotions when it makes sense. And then other times, we'll back off a little bit to manage that across the full 12 months. But I'm very comfortable with the environment we're in right now, our ability to grow the right subs on the base and to produce revenue growth as a result of that, both on a cash basis and then also on accounting basis when, obviously, you think about how we amortize those handset promotions over a 2- to 3-year period.

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

Great. And as we think about the promotion, how do you kind of plan to market the C-band? Is that going to be consistent with your sort of Ultra Wideband strategy? Is that something we should hear more from you as that rolls out?

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**Matt Ellis** - Verizon Communications Inc. - Executive VP & CFO

Yes. I would -- I can promise you that there's a lot of good thought gone into that, and we look forward to unveiling that at the appropriate time. And I'm not going to get in front of the commercial and marketing teams on that, but absolutely, we think it's an important event for us and excited to get to that point.

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

Great. So turning to prepaid. Perhaps you can just update us on TracFone. We've got a CPUC hearing, I think, tomorrow or a commission vote on that. So is that still on track for year-end?

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And then the other piece is the FCC. Certainly, while there's waiting for a couple of the commissioner seats to get filled, some uncertainty there. Great to see, in the last couple of weeks, that the administration has put forward nominations for those 2 seats. And so we think we're very much on track to complete that transaction during the course of the quarter.

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

Great. And remind us of the kind of the rationale for the TracFone deal and then the opportunity to kind of drive synergies there.

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**Matt Ellis** - Verizon Communications Inc. - Executive VP & CFO

Yes. So if you think about, we've built a tremendous postpaid business, the largest postpaid business, the best, the highest-quality base in the industry. Where we haven't spent as much time focusing, from an owned-brand standpoint, is in the prepaid sector, as you think more about the value segment.

That segment is one of the fastest-growing, and we think it makes most sense for us to participate directly in that, rather than doing it through a wholesale partner like Trac, who has obviously been very successful over the past couple of decades. So we think the opportunity to bring Trac in-house, we obviously want to maintain all of the great things they have been doing, but also bring direct access to the Verizon asset base, especially on the cusp of the 5G era.

If you think about back to 4G, Trac customers didn't really get access to LTE for 3 to 4 years after the launch of that technology. That's not going to be the case for those customers in 5G. As we can bring a lot of the things we're working on with our postpaid customers, we can customize those solutions also for the TracFone base here as well and give us the opportunity to be a #1 player in that segment, just like we are in postpaid. So very excited about the opportunity.

And then, of course, on the cost side, today, about 1/3 of their customers aren't on the Verizon network. Two things there. One, those customers are going to get a step-up in the quality of the network experience they get as we bring them onto our network. Secondly, there's a cost benefit within that business as a result of doing that, too. So it's -- we're very excited about closing that later this quarter and bringing the 20-million-or-so TracFone customers into the Verizon family and continuing to build on the great business that they've built in that area.

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

Great. Great. So on wholesale, I think the deals with the cable companies and their new promotions we've seen from the cable companies make people concerned about, have they got more aggressive economics from you, perhaps? So can you just talk about the philosophy that Verizon has, both as using them as an additional distribution channel, but at the same time, ensuring that it is attractive economics, and you're not creating a competitor that can be disruptive to any too much a degree?

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**Matt Ellis** - Verizon Communications Inc. - Executive VP & CFO

Yes. Yes. And I think, if I kind of link back to the last question, we're talking about Trac, great relationship with Trac over many years. That allowed them to build their business. It was also good for us as well. I think when you're talking about some of the other wholesale arrangements, you're talking more specifically about the cable companies, which has obviously been the largest growth in the wholesale business over the last 2 to 3 years.

So it showed that we continue to produce good results as they put those pricing constructs in place. So they will continue to compete. They aren't able to do the same things on the handset side that you see the network operators do. We think that's an important context as well to think about. But look, we -- as they grow their subscriptions, it grows the traffic on our network. It grows our revenue streams.

So we'll -- we look forward to continuing to be the partner of choice. We don't -- we view wholesale customers just like a consumer customer or a business customer. If people want wireless service, either for their direct use or they want to indirectly as a wholesaler, we want to be the carrier of choice for them to come work with.

That means providing good service. That means continuing to evolve the relationship over time as technology and other things change. And I think we've got a great track record of doing that in a way that brings value to Verizon overall as well. So I look forward to that continuing.

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

Great. Well, I think one of the comments that you made on your earnings call that got the most attention was your fixed wireless customer disclosure of 55,000 adds in the quarter and 150,000 subscribers. So it sounds like it's really starting to gain momentum here. You've obviously got the C-Band coming on shortly. So what's different this time? Help us understand, is this one of the key 5G killer apps that you see? And what is the potential for Verizon from fixed wireless?

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**Matt Ellis** - Verizon Communications Inc. - Executive VP & CFO

Yes, it is, and a short answer in terms of is it one of the 5G killer apps. We absolutely believe that would be the case. Look, when you see what we've done over the past year or so, we've got the millimeter wave in -- 5G Home on millimeter wave in those markets. Where we have millimeter wave, we've expanded that footprint significantly. We'll be over 30,000 millimeter wave sites by the end of the year. Two years ago, we had about 2,000. So a significant increase in that footprint over time.

And then a year ago, we launched 4G Home, mostly in rural markets, initially, where we had excess capacity in the LTE network. And over the past year, we've expanded the aperture on that, and we've, on a site-by-site basis, identified where there's excess capacity that we can make available for fixed wireless on the LTE network in suburban areas and also some urban areas, too. And we've seen good traction there.

Also, the CPE device, the router that we're using for LTE Home, we upgraded it in the summer. That piece of hardware also has C-Band in it. So as we turn C-Band on, we already have the hardware available. It's already in some customers' homes. So those customers who are in those first 46 markets that the C-Band will get turned on will have the opportunity to step up from the 4G Home to the C-Band version of that as well.

So good momentum, you saw in the third quarter, as both of those opportunities are increasing. Absolutely on track to hit the open-for-sale, the number of households covered by fixed wireless by the end of the year. And then we add on C-Band as well.

And so we think, with the -- we'll have 50 million homes passed by 2025 on fixed wireless access. You add that to the high teens on Fios, we'll have close to 70 million premises passed in a few years with broadband solutions. So we think it gives us tremendous opportunity to deepen the relationships we already have with our customers on the wireless side, on the mobility side into the home.

And also, don't forget the business side of fixed wireless access, very strong opportunities there as well. Just like on Fios, it's not just a consumer product, it's also a -- it supports a number of businesses, the same thing on fixed wireless access. So good momentum on 4G LTE and millimeter

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

Great. And just to clarify, you're talking about 15 million homes by the end of this year. Is that the right number?

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**Matt Ellis** - Verizon Communications Inc. - Executive VP & CFO

Yes, 15 million, we said, and that was once we turn on C-Band. Already at 11.6 million at the end of the third quarter across just LTE and millimeter wave. So as the C-Band gets turned on, there will be another bump up in that number as well. So significant opportunity there and a lot of growth ahead of us.

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

Great. And I think you've referenced on a number of occasions recently, this notion of being a broadband provider nationwide. So help us think about that and how that interacts with your wireless and the opportunities to bundle broadband and wireless together across the country.

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**Matt Ellis** - Verizon Communications Inc. - Executive VP & CFO

Yes. So if you think about today, we get to offer broadband predominantly in our Fios footprint. We get to take the ability to provide broadband from being a regional play to a nationwide play. And that's tremendously exciting when we think what we can do with that. As I mentioned, across the different technologies, getting up towards 70 million homes by the end of 2025, we think that, that gives us the opportunity to play in this space in a way nobody has done so far.

And so a lot of runway there, the ability to bring the home and the mobility products together. Consumers are going to think about, I have my connectivity partner, and it works when I'm on the move, and it works when I'm at home. Or a business owner saying it works when my staff are out in the field, whatever that is, it also works in the home office location or the store location or wherever my business happens to be.

So the ability to go from being just a regional player on the broadband, as we were a couple of years ago, to a nationwide and how we market to our customer base in terms of offering those products together, is a significant part of the growth opportunity that we discussed upfront, part of our vectors of growth. And we look forward to driving that here as we go forward.

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

Great. Well, it's a good opportunity to pivot across maybe to Fios. And it's been a really strong run of results on the net add front over the last few quarters. What are you seeing in the marketplace? What are you seeing with consumers that's really driven this acceleration?

Obviously, COVID's part of it, but it feels like it's more than that. And perhaps update us on your kind of expansion plans, because it sounds like you've got a little bit more clarity on opportunities to expand that footprint further.

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**Matt Ellis** - Verizon Communications Inc. - Executive VP & CFO

Yes. So as you say, Fios has had tremendous results over the past 4, 5 quarters. We've added -- in the last 4 quarters, roughly 400,000 Internet net adds to the Fios space. So that's significant. And we've done that because of the quality of the product.

And so you mentioned the expansion of the Fios footprint. Not really a significant uptick, maybe just speaking about it a little more, but we'll add about 400,000 open-for-sale this year, again, in the ILEC footprint. Some of that is just as when developers build new buildings, whether that be houses or apartment units or whatever, in the footprint, obviously, we like to -- being able to go and wire Fios in upfront there.

But then also in continuing to -- our project of replacing copper in the ILEC footprint with fiber obviously gives us an opportunity to sell Fios into those consumer and business locations, also gives us the opportunity to pull out the copper that is expensive to operate. Certainly not -- the equipment on that has -- also has higher emissions than some of the newer equipment, too. So from a green standpoint, it's also a benefit, too.

But we expect to do north of 400,000 open-for-sale each year for at least the next 2 to 3 years, and then we'll see where it goes from there. So it continues to be an opportunity to expand the Fios footprint within our existing ILEC space and not just get the revenue opportunities from expanding the size of the Fios customer base, but also some cost benefits and green benefits from removing some of the copper network at the same time.

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

Great. Well, you've talked about C-Band. You've talked about Fios. You haven't mentioned the supply chain or cost inflation or whatever, which we hear from a lot of other people in the food chain. So how are you feeling about the visibility into ensuring that you have access to the equipment, the labor to continue at this sort of pace.

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**Matt Ellis** - Verizon Communications Inc. - Executive VP & CFO

Yes. So we certainly had more conversations about supply chain this year than any year I can remember. But the team has done a fantastic job with it. So that's not to say that there aren't things that we see out there that we have to manage our way through, but we're continuing to do that.

It starts with the relationship we have with our key suppliers and partners and the amount of forward forecast we've historically given them. That means we're in a great place to be a #1 customer for them to make sure we're getting access to the supply that's out there.

So our teams are executing tremendously well around that. We continue to obviously do see challenges out there. And we approach it like every other challenge you see in the Verizon engineering team approach, which is, "Okay, there's a problem, therefore, there must be a solution. Let's go find it." And that's exactly what they're doing.

You see that in the C-band build, because, yes, there are some challenges out there. They're not the big like radio equipment stuff that we focused very much on, making sure those are available, but maybe some of the smaller things that aren't specific to our industry, other electronic equipment that goes at the site and even like steel boxes, the equipment goes in and so on.

But the team is working through that. That's why we're on track to hit the 100 million POPs in the first quarter. We'll continue to work those through supply chain issues. And I believe the team will do that better than anyone else in the space.

The same thing on the customer equipment side, whether that be handsets in wireless or other customer equipment in the wireline side, too. Obviously, there's some -- you've seen some things there, but the team is doing a great job of working with our partners to make sure that we're getting what we need to continue to be successful.

in our stores, but we pay very close attention to it. And I think, again, the planning we have done around some of these things puts us in a position to not be disruptive to our operations.

So we'll continue to, obviously, work all of those things. But that's why the planning and execution we've been known for really shows up when you have got some of these additional issues in there, and you see the way we work through them.

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

Great. And I think one of the things COVID has done is accelerate digital transformation. So I think more of your customers are probably dealing with you digitally in terms of customer service and activations and so forth. So we do have some cost pressures, but at the same time, Verizon has been very focused on productivity. So how do you think about the opportunities to get more out of the business going forward?

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**Matt Ellis** - *Verizon Communications Inc. - Executive VP & CFO*

Yes, absolutely. We -- obviously, we had our \$10 billion goal. We hit that earlier this year. Just because we hit that goal, it's an activity where we're never done. And that's the mindset we have about cost reduction, but it's doing it in the right way.

You mentioned digital and, obviously, more customers wanting to interact with us that way today, whether that be on the customer service side or even on the sales side. Our goal, our challenge is to make sure that we can give customers a great experience, however they want to interact with us.

If they want to come into the store, we want to have a great experience there. If they want to buy the product online, we want that to be a best-in-class experience. If they want to come in through a phone sales route or do customer service that way, that would be a great experience. If they want to take care of a lot of their customer service issues digitally, make sure we're on the leading edge there.

So it's about finding the ways to take cost out of the business, but also do it in a way that allows us to continue to have a very strong customer experience. So we'll continue to be focused on that. I like the digital opportunities in terms of how we interface with customers. I also think there's -- we still have a huge amount of opportunities, how we use a multitude of digital tools in how we run the business, and we continue to do that.

When you think about -- virtualization in the network is an example of using digital tools to change how we run the business and produce very significant cost outcomes. So we're looking at that across the whole company. Just because we hit our cost target earlier in the year, it doesn't mean we're done. This is an area that we will continue to be -- it's -- continue to be a focus of what we do going forward. So when you combine that with the top line growth, it positions us to be, one, very competitive; and two, produce good results.

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

Great. And in terms of other partnerships, we do have a question here on your partnership with Amazon on the satellite side, Project Kuiper, and you've done partnerships for mobile edge compute. Help us understand what is that kind of mindset in terms of what are you going to be doing on the mobile edge compute with these companies, with Amazon on the satellite side. What's the big picture we, investors, should take away?

on mobile edge compute, both private and public MEC, because it's the combination of those technologies, the combination of what 5G brings and the combination of what cloud brings that opens up opportunities, both in a private and a public MEC world for new use cases.

The same thing when you think about the satellite side, we bring tremendous capacity to the network in the vast majority of locations where people are. But satellite is an interesting complement to that as you think and get into other areas, too. So it's the realization. We know the value we bring. And we're confident enough in working with other companies where 1 plus 1 is something -- it's not just 3, it's something much larger than 3.

It's the same thing we've done on the content side, as you think about the partnership with Disney, as an example, originally Disney+, now the whole bundle. You took somebody who's best-in-class on the content side, we had best-in-class, not just network, but customer base, in terms of the reach and so on there. And we brought those 2 together, and again, 1 plus 1 is something much greater than 2 as a result of that.

So it's similar on the technology side. It's understanding those partners who we work with. By working together, we offer our joint customers a differentiated experience. And we think that's something that is going to unlock significant value for both us, our partners and our customers as we go forward here.

Simon, you might be on mute.

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

Thank you. So you've been very busy on the balance sheet side this year with the C-Band auction and accelerating CapEx. So remind us of your philosophy in terms of capital allocation and how you think about investing in the business, the balance sheet, shareholder returns.

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**Matt Ellis** - Verizon Communications Inc. - Executive VP & CFO

Yes. Yes. So we'll continue to be very thoughtful about capital allocation. As you say, it's the balance of those 3 things: investing in the business, the balance sheet and shareholder returns, and we continue to execute across all 3.

When we say about invest in the business, we talk about CapEx and spectrum and M&A, and we've been executing on all 3 of those this year. Obviously, spectrum, with the C-Band acquisition, had a significant impact on the business, also a significant impact on our growth potential going forward and then the CapEx we put with that. And then on the M&A side, with TracFone, but also in the other direction, with Verizon Media being divested as well. So making the right portfolio decisions there will continue to be our primary focus to invest in the business, to create long-term returns for our shareholders.

You mentioned returns to shareholders, and we increased the dividend for the 15th year in a row. So that continues to be important. And in the balance sheet, we expect to -- having a strong balance sheet allows us to take advantage of those big opportunities whenever they come along, whether that be C-Band, whether that be buying out Vodafone's 45% in Verizon Wireless a few years ago. A strong balance sheet allows us to execute on those opportunities when they come along.

So by getting the balance sheet back to the position that, we think, gives us the most optionality going forward will be a focus. And obviously, as we do that, we'll measure in shareholder returns as well as we do that. But we've -- I think we've shown the ability to operate across all 3 of those: investing in the business, shareholder returns and managing the balance sheet. And with the growth profile we have, the acceleration in revenue growth that we expect going forward, they will only further enable out the options that we have around capital allocation.

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**Matt Ellis** - Verizon Communications Inc. - Executive VP & CFO

Yes. So look, I think what it shows, obviously, is the importance in -- of broadband in people's lives and access to every aspect of the digital economy. And so we've been obviously building out Fios in our footprint as part of that fixed wireless access. It gives us the opportunity to also be part of the solution there. Absolutely, we have the opportunity to look at ways of using those funds to accelerate some of the work we're doing. We'll do that in a thoughtful fashion, find the right opportunities to do that.

And I think it's really important that the build doesn't favor particular technologies. And so let's let the marketplace determine the right solution in each geographic location. Does it have to be fiber into each individual premise? Or is it fiber to the cell site and then fixed wireless access is -- provides a compelling product at a great price point for those customers as well.

So absolutely, we look forward to being part of continuing to address what the bill is really about, which is getting more people. And it's a combination of access and affordability around broadband that's important here. So glad to see ongoing support for that, and then absolutely we'll be participating where we think it makes sense.

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

Great. Well, Matt, we appreciate you joining us again this year. Thank you so much, and hope to see you live in Barcelona next year. Thank you.

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**Matt Ellis** - Verizon Communications Inc. - Executive VP & CFO

Look forward to it. Thanks, Simon.

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

Bye.

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