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EDITED TRANSCRIPT

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OVERVIEW:

Company Summary

CORPORATE PARTICIPANTS

Hans Vestberg *Verizon Communications Inc - Chairman of the Board, Chief Executive Officer*

CONFERENCE CALL PARTICIPANTS

John Hodulik *UBS Equities - Analyst*

PRESENTATION

John Hodulik - *UBS Equities - Analyst*

Okay, everyone. If everyone could please take their seats, we'll start with our first corporate speaker this morning. Very pleased to have with us today, Hans Vestberg, the CEO and Chairman of Verizon. Hans, thanks for joining us this morning.

Hans Vestberg - *Verizon Communications Inc - Chairman of the Board, Chief Executive Officer*

Thank you very much for having me. Great to be here.

John Hodulik - *UBS Equities - Analyst*

Fantastic. I think you have some disclosures to read, it seems like a lot but --

Hans Vestberg - *Verizon Communications Inc - Chairman of the Board, Chief Executive Officer*

But it's Safe Harbor statement. I may say something that is forward-looking. So now we have done that, so now we can start.

John Hodulik - *UBS Equities - Analyst*

Okay. Perfect . So as we look out here --

Hans Vestberg - *Verizon Communications Inc - Chairman of the Board, Chief Executive Officer*

I would say may saying something, but we'll see.

QUESTIONS AND ANSWERS

John Hodulik - *UBS Equities - Analyst*

We'll see. So as you sit here in December, you guys recently had an Analyst Day, strong third quarter results. Can you give us a sense for how you guys think of the priorities in the landscape as you look out into 2025?

Hans Vestberg - *Verizon Communications Inc - Chairman of the Board, Chief Executive Officer*

Yeah. I think we have had now for some five, six quarters really good momentum in our business. We have a very clear strategy. We build a network once and we want as many profitable connections on top of it. So when we go into '25, we're going to continue to execute on that strategy.

Of course, we measure ourselves on three things. Wireless service revenue growth, EBITDA, and cash flow growth. And we have geared our business much more to the offerings we have, myPlan, myHome in the consumer business and of course, on the business side, a lot on the wireless and broadband as well.

So for us, we're going into next year, it's very much about executing on what we started, I would say, some four, five quarters ago with offerings we have because we see good momentum with all the offerings we have certainly. We have some sort of structural challenges that we're working with.

We've always had wireline and we continue to take out costs. But what we're seeing this year, sequential improvements on every indicator we have financial, et cetera. So we feel we're in a good place, focus a lot on customers, focus a lot on our products, and that has really made the difference.

And then I think that next year, we're going to get even more leverage from our refresh of our brand that we did in the middle of the year. So we have a lot of things that is just starting, even our AI ambitions that we're starting, and we see a lot of opportunities with that.

So going into next year, very much the same, but I come with a clear strategy and the momentum, and of course, we will start preparing for an integration on Frontier that is the acquisition we've announced in September.

John Hodulik - UBS Equities - Analyst

A lot of great topics there. We're going to dig deeper on each one of them. But before we start, you talked about the momentum in the business. How would you characterize the Black Friday promotion, Black Friday and the holiday season always a big selling season for the wireless market. How would you characterize competition and what you saw on Black Friday?

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

Competition is the same, and we have seen the same type of competition for quite a while, so nothing new. I think what we see on our end is the continued momentum we have had since we launched myPlan and myHome, capturing more volumes than we have done before. And it just resonates with our customers. Our ambition is to have more than 50% of our customers on myPlan.

It's the quickest or fastest growing service product we have had for wireless consumer. So we're very happy with that, and that continues with it. And then we have had these which were unique in the consumer segment, which is the guaranteed trade in, which is also working very well at this moment in the market. So came out from the third quarter with good momentum, as you said. You saw that we continue to grow quite nicely on the wireless side. That has continued.

Now still with some holiday season left here, but so far, so good, I would say, we're very pleased with how the team is performing and the execution doing. Also remember, we have our prepaid business, the value segment performed really well after the third quarter, actually turned the corner for the first time and we see that continuing as well.

So all in all, good momentum in the business, I would say, and then never forget our business side that is constantly on the wireless side, adding 125-150 phone net adds, just having a market share almost up to 50%, really strong business. So again, but it's all about having the right product the right service and the brand and the network supporting it.

And the network is just getting better all the time. It's going to pass 70% of the network having C-band and next year up to 80%, 90%, whereas we said from the beginning, we're going to be done with C-band somewhere in the beginning of '26, I think.

John Hodulik - UBS Equities - Analyst

Investors are worried about a potential slowdown in postpaid subscriber growth. It seems to be outsized for the last couple of years. Verizon is going to return to growth in consumer subscribers this year. Can that continue against the backdrop of potential slowdown in sort of overall industry growth?

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

So technically, you're right. It's going to be on the postpaid consumer that we talked about. It's going to be a smaller switcher pool for obvious reasons, demographics, immigration, and all of that. That doesn't take the way that this industry is very healthy. I mean first of all, you have to have a mobile phone in today's society, you need to have broadband.

We have seen the value accretion we have done with our customers, adding things, so we can also have a higher price, being very strong to the last six quarters. So if I look forward 10 years in this industry, I mean there's no other technology that's going to take over wireless technology.

There's no other things taking over the broadband technology, fiber and fixed wireless access neither. And we have a very nice recurrent subscription model. So I think it's just a totally different industry today if we think about in the beginning of 2000.

2000 if you had a new subscriber, everybody was screaming. Right now, of course, going to be still a lot of new consumers coming in, but more important, you can continue to add opportunities. I mean we do all these perks, we have all these adjacent services, all that is growing way quicker than our base service.

But all in all, it's increasing the ARPU and it's accretive to the bottom line. So I see this industry and the positioning we have as very strong going forward.

John Hodulik - UBS Equities - Analyst

One of the things that has helped, I think, from a profitability standpoint and certainly a churn standpoint is the low upgrade rates. And we had a little bit of a, I would say, a bit of a scare at one point midyear when people expected it to spike with the new iPhone.

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

You have it.

John Hodulik - UBS Equities - Analyst

Needless so -- I would say, a bunch of people out there. But there's definitely a lot of worries that we heard from investors. It didn't happen. I mean, do you think this low rate can persist into next year And is there -- every iPhone -- are we going to have -- you think we're going to go through another -- worry that we're going to see --

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

You need to ask Apple, but I think what we have seen right now on the consumer side, customers keep their phone more than 40 months. And if you look back the last 20 years in the wireless industry for consumers, it's only two times when you sort of get more upgrades than normal. One is hardware redesign on the product. And the other has been 3G to 4G, 4G to 5G. Right now, 6G is not in the cards for a while, I would say, at least four, five years.

And I cannot say something about hardware re-design in the market. We saw actually improvements when the Flip came from the Android system, that's a little bit pickup. But that's how consumers think about it right now.

And of course, that has been beneficial for Verizon because ultimately, that creates a continuous free cash flow for us as we spend less on promotion. Then we are much more disciplined on promotion right today.

I mean you see our promotions in the market. We try to segment it much better to seeing that we have the right offering for the customer in the right moment. So now we're going to see. So far, we haven't seen any major because, first of all, the phones are or much higher quality, so that you can have them much longer, and then the whole ecosystem has been a little bit less of normality or new phones lately.

John Hodulik - UBS Equities - Analyst

Another big value driver in the wireless space is ARPU, obviously. And how do you think of ARPU trends, A, given the competitive environment, but B, you talked about the rapid myPlan adoption? How does myPlan in general sort of drive ARPU?

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

So if I take my wireless business first, my business side, they have historically had a strong quantity as well as value increase. So they will continue that because in the SMB, large enterprise government, network is the main, the number one criteria for buying.

Still, there is no debate in any research we're doing that all these customer segments believe that Verizon's network is clearly the best. and the most resilient and highest quality, best coverage. So that is very important that Kyle continue with that.

On the consumer side, it's sort of a trading right now between the offerings, the network, and the price, which are the most important things. What you have seen us doing with the segmentation of myPlan is very much thinking how the customers are wanting to buy. They want flexibility, they want control over the build. But we also want to be able to pick and choose.

Some of you remember when we started with inclusion, with Disney+, which was a great idea, I mean, probably Disney had said it more than us, a lot of the Disney+ customers came from Verizon. But we're also in the research realized that our customers thought that, hey, 50% order was great. That was including [50%-odd], I don't want it, I get the value that I don't use. So that's why we started with myPlan, the perks you can do.

You can control it, make it easy. So I see it that the ARPU growth will continue on the consumer side in the connectivity layer because we're going to have more quantity, but also some value. We have been very strong on value increasing.

And then we have all the things above that, all the way from the perks to the adjacent services that will help us grow even faster because that's growing faster than the connectivity piece. All in all, that will create the combination of service revenue growth as well as EBITDA growth.

And that's what we're all here for, seeing that we serve our customers even better with better offerings, and they are then open to spend more with us from their pocket because they get more value. Think about Netflix and with us, which is today \$10. And if you buy it yourself, it's \$13, \$14. So you save \$3, \$4 with us. So everything is saving for our customers at the same time as we're sort of bundling it and we're making money on that as well.

John Hodulik - UBS Equities - Analyst

Sure. Along with one of the drivers of the ARPU growth has been pricing. It seems like the industry in general --

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

On the consumer side.

John Hodulik - UBS Equities - Analyst

Exactly on the consumer side, moving prices up. I mean how do you think of the pricing power of, maybe Verizon, and the wireless industry in general on the consumer side as we look into '25?

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

I think more about what more value I can give to my customers so they spend more with us. That's how I think about it. And you have seen us adding to our ARPU quite a lot in our service revenue quite a lot because with these perks the adjacent services, all the way from home insurance to device insurance, the credit cards, all that is accretive to our bottom line, but also increasing the loyalty and the churn.

Because ultimately, the more service you have with the consumer, the longer they stay with you because they feel that they get the value from us. So I think that the plan that Sampath and the whole consumer team is to continue on that journey.

The only small tilt is we want a little bit more quantity, meaning on new subscribers on the consumer side as well. So that is a small thing that we're changing. Then super focused on the offerings to the customers, doing it right all the way from the digital front end, but also in the stores, be much better on how we offer this, making the personalization for the customers when they come into the store. So we don't tell them, hey, we want Netflix. I already have Netflix to you.

We just need to be better on that. That's why we put in AI personalization for all our customers right now, so we can even serve them better.

John Hodulik - UBS Equities - Analyst

Got you. Let's talk about competition from cable. For Verizon sort of pluses and minuses, I would say, I mean --

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

Who saw the minuses?

John Hodulik - UBS Equities - Analyst

That's a good question. So I guess, as it relates to that. Do you believe that you're losing share on a retail basis to your cable partners? And I guess, in your mind, is that offset by the -- what I would characterize as very strong wholesale -- high-margin wholesale growth on the wholesale side.

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

Usually, we don't comment much on this commercial relationship we have. I usually say a couple of things. We lose less on our fair share when they take 10 new customers, it's less than our fair share that is coming from Verizon. And number two, I get wholesale customers straight into my base. So if you remember what I said in the beginning, the strategy is to build the networks once and have as many profitable connections on top of it.

As long as this is profitable connections for us, together with the overall picture. This is a great business for us. I think and I hope that my counterparts, the cable companies, also feels that we have a good commercial relationship. And from our side, these are important commercial relationships.

John Hodulik - UBS Equities - Analyst

Got you. Okay. Maybe we can shift to the broadband strategy, really in two parts. First, we'll talk about fixed wireless, then we'll move on to the Frontier deal and your fiber strategy.

First with fixed wireless, it's been a fantastic growth driver for you. And given your new guidance, it looks like it's going to continue to be. How should we think of the competitiveness of fixed wireless as we look out over the next several years in terms of the speeds you guys can provide and that the overall sort of data transfer that residential customers are using?

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

Yeah, you're absolutely right. Fixed wireless access is an extraordinary, great product. It's easy to install. It's meeting all the consumer demands that you have, easily installed, you do it yourself, you get it quickly, and it gives you all the performance you need. And that's why you are seeing the growth that you have seen that we have had in the last couple of years hitting our target, almost 1.5 year in advance. Now we have a new target of 8 million to 9 million.

When I see it, we started having two different tiers, for example, the vast majority of our customers take the higher tier, the premium tier on fixed wireless access. And as I probably talked to this audience many times, our job is to start with one and then you start elaborating on new solutions.

We are now coming in the beginning of next year, MDU solution for fixed wireless access where we actually have fixed wireless access to the MDU to the multi-dwelling unit and then we can take using whatever cabling they have in the in the building. So we just continue to develop.

And the second thing is that we still have a lot of 5G Advanced coming into the network, improving the capacity and all of that. So that's one thing. The second thing is that in this plan of record where we're now geared for doubling the amount of fixed wireless access, we still have mobility first.

We build mobility because on the mobility when we build the C-band, we get higher growth ads, lower share, and higher premium. So we build that first and then we get the fixed wireless access opportunity. So we don't do success based yet. We are not there in that moment.

We will do that when it's deemed necessary. So we see more runway. And of course, Joe and his team in our network, they've always been more capacity than whatever targets we have. That's a job -- and as we saw, I mean, last target were four and five, We hit that almost 1.5 years ahead on a 4.5-year plan. So I guess my team is very focused on continuing.

But the most important is that customers and the consumer likes it. They really think it's a good product. And don't forget our business side but continue to do with us as for SMBs as the number one broadband for them. Even large enterprises in the retail distribution chain are using it. So there's a vast opportunity with fixed wireless access we never thought we would have from the beginning, and when you're starting.

John Hodulik - UBS Equities - Analyst

Yeah. I spent some time with Joe at your Analyst Day and he could not be more bullish on that.

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

And there are improvements on the device that is at least even better. So we're just in -- I mean, think about this, we started with five just 20 years ago. I mean, we are into three in fixed wireless access, and we have this success. So the question is how we can evolve it and be even better over time. I see a lot of technology evolution that will benefit fixed wireless access over time.

And I think like this for my customers, they should have optionality. It's not the competition between fixed wireless access and fiber. They are actually different types, some customers like fixed wireless access better because of the simplicity. Some want the fiber. Both are meeting the needs for our customers. And we work with optionality all the time.

John Hodulik - UBS Equities - Analyst

Okay. Moving on to fiber. With the Frontier shareholder vote behind you, how would you --

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

That's behind me.

John Hodulik - UBS Equities - Analyst

Thank goodness, Yeah. And you guys, I think, came out very well. How would you describe the benefits of having a much larger fiber footprint at Verizon?

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

It's a scale game and we had already a broadband strategy because our broadband strategy was to continue to expand out in different regions. The Frontier was a clear buy versus build. Both the build would be cheaper to buying it and the time to market would be quicker. So it made sense. But again, we were very financial discipline and said that this is what we can pay, and that's a better return on investment for our shareholders.

And clearly, it is. They have come very far on the fiber. They went through the bankruptcy, so they can do a lot of things that it probably couldn't have done if they were inside Verizon. So we're excited for it. We still are probably some 12 months away from it.

But clearly, it would add to the footprint we have. And remember, in fiber central offices and how you connect the network is extremely important. We already have this. This is just connecting straight into our network, our Fios network, going to more than 30 states right now with high ambitions to continue to develop that footprint. So I would say, Kyle and Sampath, very excited on the front end, getting more fiber to the prem, both for enterprises, but of course, for consumer, but also Joe running the network because he sees the synergies of all that.

And as we said when we bought it, they have been doing good, but they're still not up to be Fios performance, and we want them to get the Fios performance and there's a lot of synergies coming in there. We talked about \$500 million. Yeah, let's see how much it is. We haven't got the asset yet, but I believe the team would find even more synergies as we come in and even more important revenue synergies.

John Hodulik - UBS Equities - Analyst

That's great. Yes. Speaking of revenue synergies. Do you expect to have a stronger wireless business where you have the fiber footprint? Maybe talk a little bit about what -- and this gets to the whole --

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

Yeah, they call out this question. Yeah, today, the market is -- it's not super high on convergence because there are not many -- there are no one that is nationwide on broadband. I think we're going to be as close as it can be. Our ambition is to cover more than 100 million households with broadband in a couple of years.

That will definitely put us in a position to do a totally different offering. We wanted -- we see that demand led or consumer led. If the customer want to buy both wireless and broadband from us, we're going to sell it, of course. And there are some values that we can share because it's lower when it comes to the building, the customer satisfaction, and all of that, but also operations. All that is -- so we can share that with our customers.

But it's not like, hey, if you take my broadband business, I give you wireless. That's not the intention for us. We want them to be stand-alone. And if a customer wants to buy both for us because they see synergies, we're willing to get them part of that synergy. So we are probably on low 15% or something today.

But of course, with growing the broadband base, we're going to have a higher degree of combined customers. And that's going to be important over time because, again, the more services you have, either horizontally or vertically, the lower churn is. So there are merits to it for us as well, and we're willing to share that. But we want it to be demand-led and consumer-led, nothing else.

John Hodulik - UBS Equities - Analyst

Switching to the business market. You talked about 50% market share in the business market.

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

A little bit different in different areas, but very high let's say.

John Hodulik - UBS Equities - Analyst

Right. Yeah. I mean how would you characterize competition in the business?

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

Everybody tries to beat us. But for a long time, they haven't been able to. So Kyle and his team are, I would say, extraordinary good. It's not only about the network is the best, but also the go-to-market. I mean if we're going to serve all the SMBs in this country, you need to be in those local communities with people that -- or salespeople that are having relationships.

That's how it works. And we have that. And then you go to large enterprises, it's the same. You need account management. I mean if a company like a big bank would buy from us, you need account management, you have solution management.

So this is not only network, you need solution management, resilience. And then if you go to the government, then I can tell you then the performance and the resilience and the security of the network is becoming high. The team is doing great on all of that.

And I think that we will continue to be very focused on keeping our market share which we have done over quite a while. I mean every quarter, we do between 125,000 to 150,000 new net adds, phone net adds, wireless, and the guys seem to continue that trend.

John Hodulik - UBS Equities - Analyst

Maybe quickly on the network. You mentioned the C-band. When will the C-band be completely deployed? And will differentiate the Verizon user experience for subscribing?

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

Yeah, I would say that the user experience on C-band is way, way better. The 4G is stable and it's working great, but the C-band is just another -- and as we see in every city where I think we have deployed in 76 larger cities, I mean, the step-up or the premium is higher, the gross adds is higher and the churn is lower. So customers are really seeing it. And then on top of that, we're a fixed wireless access opportunity. As I said in the beginning, we are on 70%-ish of our C-band build-out.

Next year, we're going to get up to 80%, 90%. And then we have a residual going into 2026. Basically, we want to have the same C-band deployment that we have on AWS, so a great opportunity. And from there on, you continue with densification, you focus on the on areas where we can make more revenue.

And we already have changed our strategy in '23. So the deployment of our C-band is based on customer satisfaction and on revenue generation. That's where -- we don't go -- even though we're going to cover almost all population, that is not the main driver and the priority right now. That was in the beginning when we started with the first extra 10 billion. That was, hey, we need to get this to as many customers as possible.

Right now, our deployment is much more about getting it to where we need better customer satisfaction. They might be densification or people have moved to a certain area or how do we create even quicker revenue, return on investment?

John Hodulik - UBS Equities - Analyst

So given the C-band buildout, and you talked about 5G advanced, you have this rapid growth in -- you're growing subscribers, usage of the subscribers are growing and now rapid growth in fixed wireless. Do you need to move sort of beyond that to create capacity to support that fixed wireless business, beyond the C-band, beyond the 5G?

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

No. I think right now, with the plans that we have announced eight to nine, we will have ample capacity, even more capacity than is needed and that we always build ahead. And Joe and the team have the money for doing that. We are on the BAU level of capital expenditures, and they're still going to be ahead of our plan. And then if we see more opportunities over time, we're going to accelerate more.

But right now, we capture everything we want to need and it's 100% aligned with my business team and my network team how they deploy.

John Hodulik - UBS Equities - Analyst

You guys obviously sort of popped up and even more so from a spectrum standpoint with the C-band auction. How long do you need more spectrum? Or do you think just given what you're seeing from a traffic growth standpoint, especially with fixed wireless?

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

Some might remember that Verizon bought a lot of C-band and it costed a lot of money. I also usually say that if I optimize my own tenure, I should have bought way less, but Verizon is going to be in telecom as long as I can even think about. So we bought as much C-Band as possible and the Board supported that. So as you rightfully said, this is generation of spectrum. It's going to be for generations.

I cannot say exactly when it's going to exhaust it, but there is multi, multi, multi-years left on the C-band. We just started to deploy 80 to 100 megahertz. We have 161 megahertz nationwide. So we're just starting to do it. Remember, some of the technology we're buying right now cannot handle 161 megahertz because of so many radios. So that's going to be evolution, we can do more. And then it's going to be innovation on that spectrum even more so --

John Hodulik - UBS Equities - Analyst

So it's years away?

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

Yeah, I don't know which number I'm going to put, but it's years and years and years. It's way beyond me, way beyond me.

John Hodulik - UBS Equities - Analyst

Okay. So bringing it all together, the fixed wireless fiber, what you guys are doing in the business market, return to growth on the consumer side. Can service revenue growth accelerate putting it all together?

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

The underlying service -- wireless service revenue growth will continue. We have this accounting with the promotion that sort of are increasing a little bit as we spend in ['24] (corrected by company after the call). But the underlying growth is continuing strongly as a company.

So I feel that we are doing the right thing and much of the depreciation we are doing on promotion has already been spent. So the cash flow will come as we're more -- have been more spending less on promotion, being more financial discipline and we have a better portfolio.

So all in all, it goes against the three things. We're measured on from the Board and from the market, that's a wider service revenue and it's EBITDA and cash flow expansion. But there are some accounting there, and we will come back with a guide for next year. But other than that, I feel good about the positioning and the momentum we have on our products in all the segments we are.

John Hodulik - UBS Equities - Analyst

And maybe on the cost side, maybe talk a little bit about some of the cost savings initiatives? And then is there an opportunity to save on the legacy network side of cost? AT&T talks a little bit about decommissioning their copper, I think they've got a lot more copper than you guys do.

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

Way more. We have been on fiber for 20 years. I mean we started with that. So of course, all the combination, we have very little left. It's a little bit different there.

John Hodulik - UBS Equities - Analyst

What about in general cost savings opportunities?

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

Every year, we need to take out billions in our company. I feel probably better this year than I have done for many years. First of all, we have done a lot of things. For the ones remembering, we did a lot of structural changes in our go-to-market, both in our business side and our consumer side in core centers and go-to-market and managed services and actually reduced our cost base a lot. And then this year, we had our voluntary separation program, which is our way to make a decent and fair reduction in force.

And that's almost some [4,800] (corrected by company after the call) people as well. And now we see the AI opportunity as a cost driver, both from the go-to-market, but also how we personalize things. So I see more things on the action list to continue to take out cost. Then on the legacy side, we are right. We have a very small footprint on copper base right now, but we still have the central offices.

Now I see the central offices as an asset because with the power, compute, storage, cooling I have, and there are certain people that want lot of that. So I think that we can turn some of those liabilities into assets. We already are selling, of course, fiber to a lot of these data centers, et cetera.

But we have also a lot of other assets and I promised before that I will come back to it when we are ready to talk a little more in depth than the ones that knows Verizon, we usually want to be ready to tell you what we see about the market, which are the customers, maybe what customers will have even. So we're going to come back on that. But clearly, I see now the liability I had with all the central offices, Kyle and I are working on turning that to an opportunity in asset.

John Hodulik - UBS Equities - Analyst

Lastly, CapEx and free cash flow. You guys laid out your view of the sort of CapEx spending over the next couple of years.

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

Only '25, but thank you.

John Hodulik - UBS Equities - Analyst

Yeah, well '25, Batya has got it for the next few years. How should we think of that, though? You're obviously investing in broadband a lot and increasing the wireless network and now the fiber network. I'm just -- how should we expect it to -- how should we think of CapEx trends over the next several years?

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

We have -- when I talked already when I started in 2017 or '18, that we should come back to BAU between 17 to 18.5. I think that's a BAU for us. We can handle all the investments we need inside that envelope. We came down for that, peaked on '23, came down this year somewhere between 17 and 17.5 or something like that. And next year, we said 17.5 to 18.5. The only small increase we did because we are actually increasing Fios passings with almost 50%.

Then, of course, we cannot really say exactly how it's going to work out when we get Frontier in. What we have said is we're going to do plus 1 million passings. And some people take that as 1 million. The plus is very important here because we're going to do it disciplined, and we will have the best return on investment. Suddenly, we have more than 30 states where we have now fiber.

We're going to look into where we're going to do it best and how we're going to spend. But plus 1 might be more than one. So we see that opportunity, but we want to close first. We can only plan right now as we are in regulatory approvals. But as soon as we know, we're going to be much clearer on that and how that will hit. But as I always said if I'm going to increase the capital expenditure from our sort of what is my normal level, it has to be that I can sell more or I can accelerate something.

It has to be connected with that. So of course, if we can do way more than 1 million passings, might cost us a little bit more, but that should also give us more revenue opportunities. So I think we've found the BAU or capital expenditures, which is good, and we get everything in there.

John Hodulik - UBS Equities - Analyst

And finishing up, I guess, it sounds like once you close the Frontier deal, you're going to come back to us with a sort of new outline that talks about investment and growth of the company. What should we expect?

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

Yeah, I think that I already said that we want to address 35 million to 40 million households. So that's pretty given. Then where I'm going to plan it and how we're going to do it, that's too early to say, knowing exactly where we're going to deploy it because it's very different to deploy in a rural area and suburban area, in an urban area. So there's a lot of factors need to come in and where the market is in general.

John Hodulik - UBS Equities - Analyst

Got it. Well, Hans, thanks for being here, really appreciate the time.

Hans Vestberg - Verizon Communications Inc - Chairman of the Board, Chief Executive Officer

Thank you so much. Thank you.

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