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EDITED TRANSCRIPT

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OVERVIEW:

Company Summary

CORPORATE PARTICIPANTS

Anthony Skiadas *Verizon Communications Inc - Chief Financial Officer, Executive Vice President*

CONFERENCE CALL PARTICIPANTS

Bryan Kraft *Deutsche Bank AG - Analyst*

PRESENTATION

Bryan Kraft - *Deutsche Bank AG - Analyst*

Sure, okay, good morning, everyone. Thanks for joining us for our first session this morning. So I'm really pleased to introduce, Tony Skiadas, who's the Executive Vice President and Chief Financial Officer of Verizon. Tony, welcome.

Anthony Skiadas - *Verizon Communications Inc - Chief Financial Officer, Executive Vice President*

Thank you for hosting us Bryan.

Bryan Kraft - *Deutsche Bank AG - Analyst*

And before we get started, I think you've got some Safe Harbor language you want to share.

Anthony Skiadas - *Verizon Communications Inc - Chief Financial Officer, Executive Vice President*

Sure. Just wanted to mention that Verizon Safe Harbor statement and SEC filings are on our Investor Relations website and comments that we may make are forward-looking in nature and subject to risks and uncertainty. So with that, we can get going. Thanks.

QUESTIONS AND ANSWERS

Bryan Kraft - *Deutsche Bank AG - Analyst*

Our pleasure. Maybe to start off, can you give us just some perspective on the transformation that Dan Schulman commenced after taking on the CEO role in October. What are some of the goals the management team is trying to achieve with it and how will that accrue to the company and shareholders in terms of benefits?

Anthony Skiadas - *Verizon Communications Inc - Chief Financial Officer, Executive Vice President*

Sure. We have a lot going on as you, as you've heard, we're creating a new Verizon and with the goal of being the best and playing to win. And as Dan outlined on the earnings call back in January, he talked about the company being at a critical inflection point, and making sure that we make significant changes to our culture and shift our culture towards the goals of delighting customers and delivering for shareholders.

And in doing that, leveraging our network excellence to drive mobility and broadband growth and doing that in a fiscally responsible way. And the last 100 or so days have been filled with a lot of change, but also a renewed sense of excitement and optimism inside the company.

We moved quickly and took bold actions to drive \$5 billion of cost out of the business. Some of that will be reinvested in the customer, with the remainder falling to the bottom line. We also took actions to right size the organization to make us more agile in serving our customers.

And then from a capital perspective, we really sharpened our capital envelope to focus on mobility and broadband and driving about \$4 billion in savings along the way. And then lastly we also gave a guidance for 2026 which is a significant improvement over what you've seen from us in the past. We're very excited about the future and in process and executing our plans.

Bryan Kraft - Deutsche Bank AG - Analyst

And what about your priorities this year in the context of that overarching plan for the company?

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

Sure. So, if I start at the top of the house, the team is very aligned on growing both mobility and broadband, and as I said, doing it through sustainable, volume-based growth, that's extremely important for us. Second is around executing on our transformation. A lot of work ongoing with the customer experience and improving the customer experience and also doing that through loyalty and churn improvements as well.

Part of that transformation includes, executing on our Frontier integration. We closed on Frontier back on January 20, so we're in the middle of that integration work right now, and that's going extremely well. And then thirdly is, continuing our network excellence, and that includes, deploying C-Band and also continuing to build fiber.

And then if I dive down into my priorities, I have three of them. First is to support the leaders in the business and narrow our focus to both operational performance and execution day in and day out and I think you saw that in our performance in the fourth quarter.

Second is delivering on our guidance for the year and if I can give you a little color on that, we gave guidance on volumes, service revenue mobility and broadband. Service revenue of 2% to 3% and we said 2026 will be a transitional year for wireless service revenue as we build up sustainable volumes.

Adjusted EPS 4% to 5% growth is our expectation and that's a significant improvement over where we've been the last few years. And then cash flow we said at least 7% growth we have industry leading cash flows, so at least \$21.5 billion, and those cash flows bring us to my third priority which is executing on our capital allocation framework and having strong cash flows allows us to execute on all four pillars of our framework including, share buyback program that we announced earlier. So, we're very excited about it and focusing on executing.

Bryan Kraft - Deutsche Bank AG - Analyst

All right. So you've talked about the plans and some of the targets for the year. Can you talk about the progress that you've made so far against the plan and how we should see those progress over the course of the year?

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

Sure. So when Dan came in, he had a vision for the company, and that vision and that plan is both bold and transformative. And it's very customer centric, but it's also focused on delighting the customer and delivering and returning capital to shareholders. It's both, and those can go very much hand in hand, and I think leveraging our network excellence is extremely important and foundational for us to do that and growing volumes in a very fiscally responsible way.

And I think when you saw the fourth quarter results, we put up strong volumes, we put on over a million net adds in terms of mobility and broadband. We took meaningful share and we delivered on our financial guidance. So those were the early glimpses of the work that's ongoing.

We're very early in our transformation right now. A lot of the work that's forthcoming and what you alluded to is around the customer experience and improving the customer experience and investing in that as well to make sure that we can continue to reduce churn.

Deploying AI to improve our operations to make us more agile in serving our customers and also having a value prop that resonates with customers and is simple for customers to understand. So when you put that all together with the sustainable volume growth, we'll be able to exit the year in a stronger place than where we started.

Bryan Kraft - *Deutsche Bank AG - Analyst*

And you've talked about \$5 billion in cost savings this year. How are those savings being redeployed to support the strategy?

Anthony Skiadas - *Verizon Communications Inc - Chief Financial Officer, Executive Vice President*

Sure. So we took actions pretty quickly back in the fourth quarter to drive \$5 billion of cost out of the business, and that allows us and that gives us a lot of flexibility. It gives us flexibility to invest in the customer, it gives us flexibility to drop some to the bottom line as well. In terms of, let me just dive a little bit on where some of those costs are coming from.

First on the network side. If you think about legacy network decommissioning, a lot of work being done there. Think about the copper networks that we have continuing to get copper out of the network, including Frontier as well, and we have a lot of opportunities there and reducing access cost.

From a customer experience I mentioned, continuing to take calls out of the system, that's a big driver of cost continuing to improve customer experience. And then from an IT and real estate perspective, continuing to reduce the IT stacks, deploying AI to make us more agile and serving customers, and then reducing real estate both on the network side, network facilities, and also admin facilities as well.

On the marketing side, now that we have Frontier in the fold as well, being very efficient and smart with our marketing spend. And then from a workforce standpoint, we talked about workforce reductions that we had in the fourth quarter, about 13,000, most of those folks are off payroll now in Q1, and we also reduced significantly our contractor and third-party spend as well.

And then lastly from a Frontier perspective, we talked about on the earnings call, doubling the synergy target. So we said at least \$1 billion of operating expense run rates synergies by 2028, and those synergies will ramp over time. So when you put that together and you look at it from an [Adjusted] (added by company after the call) EBITDA standpoint, the work that we're doing and the cost take-out work that we're doing enables us to do a number of things.

First it allows us to run more leaner and more agile. It allows us to invest in the customer experience, and we think that's extremely important. It allows us to absorb the transitional year in service revenue, and it allows us to return capital to shareholders. So that [Adjusted] (added by company after the call) EBITDA growth is really what's underpinning the Adjusted EPS guide that we gave this year.

Bryan Kraft - *Deutsche Bank AG - Analyst*

How much of the volume improvement strategy is intended to deliver, sorry, how much of the volume improvement strategy intended to deliver the 750,000 to 1 million postpaid phone net ad guidance do you expect to be driven by lower churn versus higher gross adds, and where, really is the greater opportunity and focus there?

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

Sure. So we gave guidance for, 750,000 to 1 million postpaid net adds. It's 2 times to 3 times what we did in 2025, and if you think about our performance in 2025, our share of net adds was in the low single-digits, maybe 4% depending on how you do the math. So this year we expect to significantly improve upon that and do it in a very fiscally responsible way, and we see a lot of opportunities with churn to your question around churn versus gross adds, our focus is really on retention and churn improvements.

And we think, for example, if we can reduce our churn by 5 basis points that gets us more than halfway to our net add target for the year, and if we do that we can be much more targeted and much more surgical with our promotional spend to drive the other half of the volume growth. So we're putting money behind this, with the cost take-outs and the efficiency work that we're doing to improve our churn and do it in a smart way and we said, we're going to deliver volumes in a fiscally responsible manner and we think we can do it through churn improvements.

Bryan Kraft - Deutsche Bank AG - Analyst

How achievable is that churn improvement opportunity though, what's the timeline look like for bringing that down and what are some of the tactics that you can employ to do that?

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

Yeah, sure. We've been getting after it right out of the gate, a lot of work ongoing right now. In terms of the tactics and what's driving it, there's a few factors there I would say. First is around some of the pricing moves that we did in the past. We did a number of pricing changes, while they've been a good tailwind to revenue, they have put pressure on churn. (technical difficulty)

Promotional dollars and to get after growth. So that's not necessarily the most sustainable strategy and while I can't talk about what we might do from a pricing perspective in the future, we'll always evaluate pricing with the corresponding value prop. That's something we're very mindful of. We think about customer experience and customers being frustrated, customers calling in multiple times, for example, that's not a good experience that drives churn, that drives significant churn.

Customer doesn't understand their bill or their promotion. We've made it too complex for them to do business with us. So those are areas where we're getting after. And then, convergence, and we see a lot of opportunity with convergence and even particularly now with the Frontier in the mix as well. When we have a converged customer, we see significant improvements in churn, a 30% reduction in churn when we have a converged customer. So there's a lot of ways to get after it. And because we continue to have cost take-outs, we have the flexibility to invest in some of these areas to make sure we drive it down.

Bryan Kraft - Deutsche Bank AG - Analyst

Your guidance for 2% to 3% service revenue growth includes flat wireless services revenue growth, which implies some modest ARPU and [ARPA] pressure in 2026, which I think you alluded to already. What's driving that pressure? Give us more detail on that and how should investors think about the longer-term ARPU trend? Do you expect ARPU to begin to grow again in 2027? What, how are you thinking about that?

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

Sure. So our guidance for mobility and broadband service revenue is 2% to 3%, and that includes, Frontier and it really reflects our focus on both mobility and broadband being the drivers of our growth strategy. And what we said is 2026 would be a transitional year for wireless service revenue as we make that pivot towards driving sustainable volume based growth.

And in terms of your question around some of the pressures we see this year, we have the ongoing promo amortization pressure, that we've seen from the last couple of years, that's going to be there. Also we're lapping pricing actions from last year, and that'll put about 180 basis points of pressure on our revenue as well.

And then combating that, there's a number of ways to combat that. First, if you think about having perks in our portfolio, last year, we exceeded 15 million perks. Those perks give great value to customers. They're also great revenue, great margin for us. So continuing to penetrate the base with perks, customers stepping up to premium plans is also another way our customers taking adjacent services such as handset insurance.

Also we've seen improvements in our prepaid business and after several quarters now of volume growth we're starting to see revenue growth as well. So on the mobility side, I think we have ways to stabilize that this year. And then on the broadband side, we have over 16 million, broadband subs in the base now when you include Frontier, and Frontier did a great job. They added about 500,000 fiber subs this past year.

And we see a lot of opportunity with convergence and growing both fiber and fixed wireless access, and both of them are keys to our growth strategy, and we're getting after it as soon as we closed the deal we had convergence offers in market within 48 hours and we're getting after it with a sense of urgency.

Bryan Kraft - Deutsche Bank AG - Analyst

And I wanted to ask you about the fourth quarter on the promotional environment. I think Verizon was fairly aggressive in the quarter of the promotions. Some would say more aggressive than warranted by the economics of the customers. Do you agree with that view and will we see Verizon continue to be that aggressive on the acquisition side?

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

Yeah, Bryan, here's how we think about it. We had a strong fourth quarter. We delivered over 1 million net adds across both mobility and broadband. We took share in our broadband business and we also delivered on our raised financial guidance and a few reasons for that, we had offers that resonated in the market and to your question and we matched competitor offers. We had strong execution in the field which is the sales team did a great job, so that was extremely important for us and we had a consistent presence in the market which is something different than where we had been earlier in the year.

So those three factors contributed to a strong fourth quarter. And as we look ahead we said we're going to drive sustainable volume growth but be financially disciplined, and I think when you look back on the fourth quarter, we had strong volumes, we had full year EBITDA, Adjusted EBITDA \$50 billion and we had industry leading cash flow. So I think the outcome speaks for itself.

Bryan Kraft - Deutsche Bank AG - Analyst

What have you been seeing in the market during the first quarter in terms of industry switching, retail store traffic, promotion levels, talk about the competitive environment a little bit there. Yeah, sure.

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

Yeah, sure. It's still a competitive environment that hasn't changed. We don't give quarterly guidance, so I'm not going to share any quarterly environment guidance. But in terms of, from what we're doing, we have a consistent presence in the market and we saw that in the fourth quarter. We see that in the first quarter. We're continuing to focus on making sure that we execute well in the field, day in and day out. And

look, the goal here is to grow year over year. The volumes will follow a normal seasonal pattern and we're going to be very fiscally responsible as we do that as I outlined.

Bryan Kraft - Deutsche Bank AG - Analyst

You just closed the Frontier acquisition in January. Can you walk us through your strategy in fiber to the premises broadband, the current footprint, your build pace, and your longer-term targets?

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

Sure. So we're very pleased that we finally got the Frontier deal closed on January 20th. It was a long road, but, we got there and, kudos to the Frontier team too for keeping the business in great shape during that period of time. That the Frontier team executed extremely well during that pendency period. So we're very happy with the asset.

And now with the deal closed, we have over 30 million prems passed with fiber in our footprint, which is great to see. And in terms of your question around build pace, we expect this year that we have around 2 million prems passed with fiber, and that's across the entirety of the footprint. We have a number of ways to get there, whether it's with our own organic build within the combined footprint or whether with partners like Tillman, who allow us to also build outside the footprint to our specifications and with really good economics.

And then what we said is, over the medium term, we expect to pass 40 million to 50 million homes with fiber and do that in a very efficient way and we see the power of convergence and the converged customers, a very sticky customer. And, as I said, we're, now that the deal is closed, we're getting after it with urgency, and we're also knee deep in the integration as well.

Bryan Kraft - Deutsche Bank AG - Analyst

What about penetration levels? What kind of penetration do you think the company can achieve across the fiber footprint? What's the opportunity for ARPU growth and convergence that you see in the broadband business?

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

Sure. And we have, as we have 20 years of experience building fiber with Fios, and our Fios product is the best in class product. We're extremely proud of it, and Fios is still growing 20 years later. So we know how to build fiber. We know what extent looks like. In our most mature Fios markets, we have penetration rates that are in the high 40% range.

So when we look at the Frontier footprint, we think there's upside to what we have there, and we think we can improve upon that, and that's really the goal there. And doing it in an efficient way, we're going to look at the fiber build, we're going to see where the best return is, and that could be in the Verizon footprint, it could be in the Frontier footprint.

We'll look at build economics, we'll look at geography, cost per prem passed, et cetera. And, we're going to get after it with urgency and we're not stopping. So, but we're very pleased with what we have done with Fios and we think we could bring the best of Fios into the Frontier footprint as well.

Bryan Kraft - Deutsche Bank AG - Analyst

I forget if you've said, does the 2 million accelerate after this year, or is that?

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

We haven't given a target beyond that, Bryan. So, but we're not stopping. I mean, I think that the message that we've given is, we're being very focused on driving mobility and broadband, and we're not stopping with our fiber build. We're going to continue.

Bryan Kraft - Deutsche Bank AG - Analyst

Okay. How should we think about the growth, outlook for Verizon's fixed wireless access product? Do you expect any re-acceleration in the pace of growth there?

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

Yeah. And with fixed wireless access, what we've said is, we're building a long-term, sustainable business with plenty of runway, and that's what we're doing. In 2025, we added about, 1.2 million fixed wireless net adds, and our base of business right now is over 5.7 million FWA customers. So, customers are very happy with the product. It's a great revenue stream.

When I think about the network, our engineers do a fantastic job in engineering the network with capacity that's way out in front of the demand that's out there. And we're entering 2026 with more capacity on fixed wireless access than we entered 2025. So I would feel really good about that. The shape of growth for fixed wireless access, to your question, will probably follow seasonal patterns with mobility. It's generally sold with mobility, so you would expect it to follow that sort of trend.

And then when you think about some of the other work we're doing with multi-dwelling units, we just completed our acquisition of Starry, and that'll help us expand our product there in the MDU space and give us more open for sale fixed wireless access. So we're very happy with the product and, as I said, customers love it and we can do FWA and fiber at scale and that's what we're doing.

Bryan Kraft - Deutsche Bank AG - Analyst

Okay. Maybe you could talk about, just free cash flow growth a bit. So despite a number of areas where you're investing, where, what you talked about, you've guided to a decline in CapEx this year and free cash flow growth of about \$1.5 billion or more. How are you achieving the CapEx savings, especially, now that you're bringing Frontier into the company and the asset base is growing.

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

Sure. So our first priority is to invest in the business and that's what we're doing. Our CapEx envelope for this year, we said is \$16 billion to \$16.5 billion is all in and sufficient to address all of our growth initiatives, and we've really narrowed our focus to both mobility and broadband platforms.

If I start with, on the mobility side, if you think about C-Band, we talked about in January, we're about 90% done with our C-Band build. So 90% of our planned sites are now on C-Band. And the goal is to substantially complete that C-Band build this year. And as we do that, that build is going to be with more with small cells which come at a lower unit cost.

So, and that was planned. We did a lot of this investment in C-Band earlier. We accelerated a lot of that investment in years past. So, we're coming towards the end of that with small cells. So that's one side of it. And then on fiber, we just touched on continuing to deploy fiber in the network. We said 2 million prems passed this year and focused on doing that in a very efficient way.

And then to your question about, why is it lower, we really took a hard look and we put a lot of rigor both around OpEx and CapEx and narrowing that focus to both mobility and broadband in areas not aligned to growth, we actually rationalized and or eliminated. So if you think about some of the legacy areas, if you think about business wireline, if you think about wholesale, copper areas, there's a lot of areas

that we don't need to invest in or projects with too long of a payback, we really put a lot of rigor when we put our capital plan together this year. And we're focused on deploying capital in an efficient way and we know how to do that. So that's the focus of the team this year.

Bryan Kraft - Deutsche Bank AG - Analyst

Okay. Maybe just to follow-up on C-Band if you don't mind on. You talked about it being predominantly small cell. Is that because you've already deployed on the macro cells and now you're filling in?

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

Yeah, we're filling in at this point. As I said, a lot of the investment, we accelerated a lot of that investment, and we have over 300 million pops now on C-Band. So we're getting towards the end of that build. And it's mostly around densifying now. So, but we're very happy with the performance. We see great performance on C-Band and we also see lower churn as well where we have C-Band deployed.

Bryan Kraft - Deutsche Bank AG - Analyst

And maybe you could just walk us through the bigger moving pieces this year for free cash flow bridge.

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

Sure. So, if I start at the top, we really have strong cash flow generation in the business and we like the cash generation in the business. We have industry leading free cash flows and coming into the year, underpinning that is a strong [Adjusted] (added by company after the call) EBITDA profile, and our Adjusted EBITDA last year was about \$50 billion. And then when you bring Frontier, a base of business into the fold, they had a good [Adjusted] (added by company after the call) EBITDA profile as well. So that's helpful.

You take the cost work that we're doing the \$5 billion of cost work. We have about \$4 billion in CapEx savings. And then you put back the investment in the customers. So those are the big moving pieces. And then in terms of some of the puts and takes, we talked about our CapEx envelope being \$16 billion to \$16.5 billion so we're going to be very focused there.

From an interest expense perspective, we're absorbing about \$1 billion of interest costs related to the debt that we took on with Frontier. So we have that in the mix. From a working capital perspective, and our goal is to continue to improve our working capital profile. We do see about \$800 million of year over year pressure from the severance payments that we'll make in the first quarter related to the headcount actions that we took at the end of last year.

And then from a cash tax perspective, we said that we see cash taxes being up slightly. Your view as we, look at our plans and the attributes we have for Frontier, but when you put that all together, the strong work we're doing around cost discipline around capital efficiency gives us a strong and growing cash flow profile. We said we grow our cash flows at least 7% or over \$21.5 billion which is a very strong outcome, and it allows us to execute across all four pillars of our capital allocation strategy.

Bryan Kraft - Deutsche Bank AG - Analyst

You mentioned working capital and trying to improve that. Maybe you could talk about the underlying assumptions in that free cash flow guidance for the working capital investment for upgrades and customer acquisition, especially given that you're trying to bring turn down and I think improve gross adds at the same time so it seems like there's more volume flowing through.

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

Yes, so a couple of things here, Bryan. We don't, we're not guiding on gross adds or upgrades. I think that's a tough thing. Upgrades are very tough to forecast. But what I would say is this, last year, we saw double-digit gross add growth. We also saw double-digit upgrade volumes as well, growth and upgrades, and we were able to still absorb all of that and have a very strong cash flow profile and we delivered on our cash flow, our raised cash flow guidance.

So, this year with the work we're doing to become more flexible from a cost and a capital efficiency standpoint, we plan for various scenarios. We'll have to see how those scenarios play out throughout the year, but we have the flexibility to do that and we said we're going to make sure that when we grow, we grow in a fiscally responsible manner.

Bryan Kraft - Deutsche Bank AG - Analyst

Okay. All right. Well, it's probably a good place to wrap up. So, oh no, sorry, a couple more questions, another page. So business wireless service revenue and customer growth decelerated in 2025 and a lot of that, I think came from government job cuts with Deutsche, as I understand anyway. Can you walk us through the totality of factors that impacted '25 and maybe share your thoughts on '26? Are you expecting an improvement this year?

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

Yeah, and Kyle and the team have done a great job in navigating this environment. I mean, as you mentioned, we did see pressure from the public sector last year with some of the government efficiency efforts and obviously that put pressure on volume growth. In 2026, we see that returning to more normal levels. A lot of that pressure is now behind us, which is great to see.

And Kyle and the team are very focused on growing mobility and broadband, but being very disciplined in the growth we're writing good business and we're making sure that we're being very disciplined at the deal desk both on the wireless side and also on the wireline side as well, and deemphasizing low margin deals.

The team's also done a great job in taking cost out, and we've taken a fair amount of cost out in the last year that's still ongoing and for the first time in a long time we had an improved EBITDA margin year over year which is really great to see.

And as we look ahead, Kyle and the team will continue to focus on growing, both the mobility and broadband, even, fixed wireless access is doing great on the business side, and doing that in a very, sustainable way.

The other thing that Kyle and the team are focused on is what we call AI connect. And having fiber, both dark fiber, lit fiber, we're seeing a lot of demand for that. We have some signed deals with hyper scalers and diversifying with other logos, so this is something we do well. It's good margin business, and we're happy with the deals we see so far. There's a lot of deals in the funnel. We'll see where it goes.

But, that'll hopefully help stem some of the legacy decline that we continue to fight for, but, by being disciplined and by taking cost out, we continue to see a good opportunity to expand margins there and as I said, Kyle and the team have done a great job.

Bryan Kraft - Deutsche Bank AG - Analyst

On the AI opportunity. I mean, I think about a year ago, you were talking about that and I think it helped in the December '24 quarter.

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

It did.

Bryan Kraft - Deutsche Bank AG - Analyst

Then we didn't seem to hear a lot about it since then. Is that something that, maybe there was a law. Now you're starting to see some re-acceleration, or?

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

There's a lot of demand, and obviously these building a fiber route takes time too and getting it to specifications that the customer wants takes work, and but we're seeing. There's a lot of demand for fiber routes to support the AI economy. So we like the business that we see. I like the margins that we're seeing from that business. So, obviously, it's early days, but it can be an enabler to stem a lot of the legacy wireline MPLS declines that we've seen over the years. So, Kyle and the team are right on top of that one.

Bryan Kraft - Deutsche Bank AG - Analyst

And that is that mostly, it sounds like it's mostly build the spec business as opposed.

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

In some cases, yes, it could be specific routes, for example, yes.

Bryan Kraft - Deutsche Bank AG - Analyst

Okay, all right. On the, I wanted to ask you about the wholesale other and prepaid revenue. I think, combined it drove about 100 basis points of the total consumer wireless service revenue in '25. Just wanted to ask, is it fair to assume that the contribution from those two areas will continue at about that rate going forward. How are you thinking about that?

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

Yeah, so, let me start with prepaid. We've had a significant turnaround in our prepaid business. So we now have, after a couple several years of declines, we've had six straight quarters of volume growth, which is great to see. And that volume growth has translated into revenue growth, which is what I wanted to say. So and really and healthy, and healthy, and profitable revenue growth as well, and, that's coming from a couple of places.

It's coming from our visible, brand and total wireless. Both of those brands performing extremely well and we continue to to open distribution doors. So I'm pleased with the progress that we have on our prepaid business.

And then to your question on wholesale and MVNOs. I'm a little bit limited in what I can say there, but as you heard, we recently signed a long-term agreement with the cable companies. We're very happy with the partnership. It's on really strong footing. That business is accretive and allows their customers to stay on the best network and we're very happy with the partnership. And as I said, I can't talk about the commercial deals, but we're very happy with the partnership with the cable companies.

Bryan Kraft - Deutsche Bank AG - Analyst

Okay, alright, great. Sounds like the trajectory is still intact though.

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

Very much so.

Bryan Kraft - Deutsche Bank AG - Analyst

Okay. Maybe you could talk about and this is where we wrap up, okay, capital allocation. So, talk about capital allocation strategy plans over the next year or two, dividends, share repurchases, other investments, whether it be potential fiber acquisition, spectrum, et cetera.

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

Sure. So our capital allocation framework is both disciplined and deliberate, and we have four capital allocation priorities. Those priorities have not changed, but we've made a number of updates inside of those priorities and let me just go through them.

First one, as I mentioned up front is investing in the business and we talked about our capital envelope of \$16 billion to \$16.5 billion to both across mobility and broadband. So we're going to continue to invest in our networks and maintain our network excellence, that's extremely important. Investing in the business also encompasses M&A and we just closed on Frontier and we're in the middle of executing on that integration.

So first and foremost is investing in the business. Second priority is our commitment to the dividend. And I think you heard Dan on the earnings call talk about our commitment to the dividend being ironclad. In January we raised the dividend for the 20th consecutive year. That's a track record that we are extremely proud of. And our goal is to put the board in a position to continue to raise the dividend per share in the future, so that's our focus there.

Our third priority is a strong balance sheet and we've done a lot of work in paying down debt. We've been operating inside of our long-term leverage target, our unsecured leverage target of 2.0 times to 2.25 times over the past two quarters.

And we just took on the debt from Frontier, so that'll add about a quarter turn on the unsecured metric, and what we said is, we expect to return to our long-term leverage target in the 2027 time frame. So the focus will be to continue to generate cash and pay down debt.

And then lastly, our fourth priority is share repurchases and the board authorized up to \$25 billion of share repurchases over the next three years with at least \$3 billion of repurchases in 2026. So when you put that all together, we have a strong cash flow profile and that allows us to execute across all four pillars of our capital allocation strategy and we're getting after it with urgency.

Bryan Kraft - Deutsche Bank AG - Analyst

Okay, alright, great. Thanks, Tony. Thanks everyone.

Anthony Skiadas - Verizon Communications Inc - Chief Financial Officer, Executive Vice President

Thank you so much, Bryan. Appreciate it.

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