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News Release

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Verizon reports increased 5G adoption and record 2Q performance

Award-winning network performance, customer and wireless service revenue growth lead company to revise guidance upward for the year

2Q 2021 highlights

Consolidated:

- $1.40 in earnings per share (EPS); adjusted EPS*, excluding special items, of $1.37.
- Operating revenue of $33.8 billion, a result of strong sequential wireless revenue growth.
- Net income of $5.9 billion and adjusted EBITDA* of $12.2 billion.

Total Wireless:

- Total wireless service revenue of $16.9 billion, a 5.9 percent increase year over year, and a 4.0 percent increase from second-quarter 2019.
- Total retail postpaid churn of 0.94 percent, and retail postpaid phone churn of 0.72 percent.
- 528,000 retail postpaid net additions, including 275,000 phone net additions, resulting in 121.3 million total retail connections.

Consumer:

- Total revenue of $23.5 billion, an increase of 11.2 percent year over year, and an increase of 6.7 percent from second-quarter 2019.
- Total retail postpaid churn of 0.83 percent, and retail postpaid phone churn of 0.65 percent, a record-low retail postpaid phone churn outside of second-quarter 2020 and third-quarter 2020, which were heavily impacted by the COVID-19 pandemic.
- 350,000 retail postpaid net additions, including 197,000 phone net additions, driving 5G-phone adoption to approximately 20 percent of Consumer wireless phone customers and step-ups to premium unlimited plans.
- 92,000 Consumer Fios Internet net additions. The company's trailing 12-month total Fios Internet net addition performance is the highest since 2015.

Business:

- Total revenue of $7.8 billion, an increase of 3.7 percent year over year, and relatively flat from second-quarter 2019.
- Total retail postpaid churn of 1.30 percent, and retail postpaid phone churn of 1.07 percent.
- 178,000 retail postpaid net additions, including 78,000 phone net additions.

NEW YORK - Verizon Communications Inc. (NYSE, Nasdaq: VZ) reported second-quarter earnings today highlighted by an increase in 5G phone adoption, customer and sequential wireless service revenue growth, and superior network reliability. Based on its strong results, Verizon revised its revenue and adjusted EPS guidance* upward for the full year.

"We are executing on our multipurpose network strategy and producing positive results in each of our five growth vectors, recording strong second quarter results. With more connections on our network than anyone else, our already excellent network performance improved in the quarter and was recognized by RootMetrics as the best overall network performance for the 16th time in a row. We are also expanding our 5G Ultra Wideband and 5G Home markets," said Verizon Chairman and CEO Hans Vestberg. "We are excited about our momentum leading into the second half of the year. We are on track to close both the Tracfone and Verizon Media transactions, and will continue to bring value and choice to our customers."

For second-quarter 2021, Verizon reported EPS of $1.40, compared with $1.13 in second-quarter 2020. On an adjusted basis*, second-quarter 2021 EPS, excluding special items, was $1.37, compared with adjusted EPS of $1.18 in second-quarter 2020.

Second-quarter 2021 EPS included a net pre-tax gain from special items of $182 million, consisting of a pre-tax gain of approximately $1.3 billion related to a pension remeasurement credit, and a pre-tax loss of $1.1 billion from early debt redemption costs.

In second-quarter 2021, Verizon announced an agreement to sell Verizon Media to Apollo funds, with an expected close date in second-half 2021. After the announcement, certain assets of the Verizon Media business were classified as an "Asset Held for Sale." As a result, Verizon no longer depreciated or amortized these assets, which resulted in a partial quarter benefit of 3 cents per share in the second quarter. This benefit will continue until the deal closes.

“Second quarter results were exceptional, both financially and operationally,” said Verizon Chief Financial Officer Matt Ellis. “Our strong first half performance and the momentum in our business gives us the confidence to raise our total wireless service revenue growth guidance to between 3.5 percent and 4 percent, an update from prior guidance for 2021 total wireless service revenue growth of at least 3 percent. We are also raising our adjusted EPS guidance* to the range of $5.25 to $5.35, an update from prior guidance for 2021 adjusted EPS* of $5.00 to $5.15."

Consolidated results

- Total consolidated operating revenues in second-quarter 2021 were $33.8 billion, up 10.9 percent from second-quarter 2020, and an increase of 5.3 percent from second-quarter 2019. This increase was the result of wireless revenue growth, strong Fios and Verizon Media results, and increased wireless equipment revenue.

- First-half 2021 cash flow from operations totaled $20.4 billion, a decrease from $23.6 billion year over year, primarily driven by higher cash taxes and higher working capital requirements due to greater volumes. The cash tax impact was the result of a one-time benefit received in second-quarter 2020, as well as a pandemic-related postponement of payments in second-quarter 2020.

- Capital expenditures in first-half 2021 were $8.7 billion. Capital expenditures continue to support the growth in traffic on the company's 4G LTE network and the continued expansion of the company's 5G Ultra Wideband and 5G Nationwide networks. Capital expenditures related to C-Band were more than $160 million in first-half 2021.

- Verizon's unsecured debt balance increased year over year by $39.4 billion to $141.6 billion at the end of second-quarter 2021, but improved by approximately $6.0 billion sequentially from the end of first-quarter 2021. The company’s net unsecured debt* as of the end of second-quarter 2021 increased by $42.5 billion year over year to $136.8 billion, and its net unsecured debt to adjusted EBITDA ratio* was approximately 2.9 times.

Consumer results

- The company continues to provide new and existing consumers with more value in upgraded offerings; seven entertainment options, including gaming; and more choice through its Mix and Match pricing in both wireless and home broadband plans.

- With Verizon's company-operated retail stores fully opened and consumer behavior closer to pre-pandemic levels, Consumer built momentum throughout the quarter and timed its promotions to take advantage of the economic recovery and increased customer activity. This increased activity and Consumer's differentiated customer proposition drove 5G adoption and step-ups to premium unlimited plans. Consumer ended second-quarter 2021 with approximately 20 percent of wireless phone customers having 5G-capable devices.

- Total Verizon Consumer revenues were $23.5 billion, an increase of 11.2 percent year over year, and an increase of 6.7 percent from second-quarter 2019. This increase was primarily driven by wireless equipment revenues of $4.7 billion, which rebounded above pre-pandemic levels.

- Consumer wireless service revenues were $13.8 billion in second-quarter 2021, a 5.4 percent increase year over year, and a 2.5 percent increase from second-quarter 2019. This increase was driven by customer growth, continued adoption of wireless unlimited and premium unlimited plans, products, such as billed content, as well as reseller and prepaid. This growth also came despite minimal contributions from international roaming.

- Total wireless retail postpaid churn was 0.83 percent in second-quarter 2021. Wireless retail postpaid phone churn was 0.65 percent, a record-low retail postpaid phone churn outside of second-quarter 2020 and third-quarter 2020, which were heavily impacted by the pandemic.

- In second-quarter 2021, Consumer reported 350,000 wireless retail postpaid net additions. This consisted of 197,000 phone net additions and 234,000 other connected device net additions, offset by 81,000 tablet net losses.

- The quality and reliability of the company's Fios service continued to drive strong demand for broadband as Consumer reported 92,000 Fios Internet net additions in second-quarter 2021. Consumer Fios revenues of $2.9 billion in second-quarter 2021 were the highest since the company's new operating structure was introduced in 2019. The company's trailing 12-month total Fios Internet net addition performance is the highest since 2015. Consumer reported 62,000 Fios Video net losses in second-quarter 2021.

- In second-quarter 2021, Consumer segment operating income was $7.5 billion, an increase of 6.1 percent year over year, and segment operating income margin was 31.9 percent, a decrease from 33.5 percent in second-quarter 2020. Segment EBITDA* totaled $10.4 billion in second-quarter 2021, an increase of 4.9 percent from second-quarter 2020. Segment EBITDA margin* was 44.3 percent in second-quarter 2021, a decrease from 47.0 percent in second-quarter 2020, primarily resulting from higher activations.

Business results

- During second-quarter 2021, as the economy reopened, Business customers took advantage of promotions and an advanced communications, security and video collaboration product portfolio, creating strong momentum in Small and Medium Business and the first quarter of Global Enterprise growth since the onset of the pandemic.

- Total Verizon Business revenues were $7.8 billion, up 3.7 percent year over year, and relatively flat from second-quarter 2019.

- Business wireless service revenues were $3.1 billion in second-quarter 2021, an 8.0 percent increase year over year, and an increase of 11.4 percent from second-quarter 2019. This increase was led by Small and Medium Business and Global Enterprise.

- Total wireless retail postpaid churn was 1.30 percent in second-quarter 2021, and wireless retail postpaid phone churn was 1.07 percent.

- Business reported 178,000 wireless retail postpaid net additions in second-quarter 2021, including 78,000 phone net additions.

- In second-quarter 2021, Business segment operating income was $856 million, a decrease of 9.5 percent year over year, and segment operating income margin was 11.0 percent, a decrease from 12.6 percent in second-quarter 2020. Segment EBITDA* totaled $1.9 billion in second-quarter 2021, a decrease from $2.0 billion in second-quarter 2020. Segment EBITDA margin* was 24.1 percent, a decrease from 26.2 percent in second-quarter 2020, driven by higher wireless equipment volumes and wireline pressure.

Media results

- Total Verizon Media revenues were $2.1 billion in second-quarter 2021, an increase of approximately 50 percent from second-quarter 2020, and an increase of approximately 13 percent from second-quarter 2019. Media continued its recent trends and delivered strong performance driven by high customer engagement with its brands and demand for its advertising platforms.

Outlook and guidance

Verizon is updating financial guidance for full-year 2021.

- The company now expects total wireless service revenue growth of 3.5 percent to 4 percent, an update from prior guidance for 2021 total wireless service revenue growth of at least 3 percent. Service and other revenue for 2021 is no longer comparable year over year as the company's planning assumption now includes the closing of the Verizon Media transaction at the end of third-quarter 2021. For this reason, the company is withdrawing its service and other revenue growth guidance at this time.

- The company now expects adjusted EPS* of $5.25 to $5.35, an update from prior guidance for 2021 adjusted EPS* of $5.00 to $5.15.

Additionally, Verizon continues to expect the following results for full-year 2021:

- Adjusted effective income tax rate* in the range of 23 percent to 25 percent.

- Capital spending to be in the range of $17.5 billion to $18.5 billion, including the further expansion of 5G mmWave in new and existing markets, the densification of the 4G LTE wireless network to manage future traffic demands and the continued deployment of the company's fiber infrastructure. Expenditures related to the deployment of the company's C-Band 5G network will be in addition to this amount, and the company previously announced an incremental $10 billion of capital expenditures from 2021 to 2023, of which $2 billion to $3 billion is expected in 2021.

**Non-GAAP financial measure. See the accompanying schedules and www.verizon.com/about/investors for reconciliations to generally accepted accounting principles (GAAP) for non-GAAP financial measures cited in this document.*

Verizon Communications Inc. (NYSE, Nasdaq: VZ) was formed on June 30, 2000 and is one of the world's leading providers of technology, communications, information and entertainment products and services. Headquartered in New York City and with a presence around the world, Verizon generated revenues of $128.3 billion in 2020. The company offers data, video and voice services and solutions on its award-winning networks and platforms, delivering on customers' demand for mobility, reliable network connectivity, security and control.

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Forward-looking statements

In this communication we have made forward-looking statements. These statements are based on our estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed future results of operations. Forward-looking statements also include those preceded or followed by the words "anticipates," "believes," "estimates," "expects," "hopes," "forecasts," "plans" or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The following important factors, along with those discussed in our filings with the Securities and Exchange Commission (the "SEC"), could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: cyber attacks impacting our networks or systems and any resulting financial or reputational impact; natural disasters, terrorist attacks or acts of war or significant litigation and any resulting financial or reputational impact; the impact of the COVID-19 pandemic on our operations, our employees and the ways in which our customers use our networks and other products and services; disruption of our key suppliers' or vendors' provisioning of products or services, including as a result of the COVID-19 pandemic; material adverse changes in labor matters and any resulting financial or operational impact; the effects of competition in the markets in which we operate; failure to take advantage of developments in technology and address changes in consumer demand; performance issues or delays in the deployment of our 5G network resulting in significant costs or a reduction in the anticipated benefits of the enhancement to our networks; the inability to implement our business strategy; adverse conditions in the U.S. and international economies; changes in the regulatory environment in which we operate, including any increase in restrictions on our ability to operate our networks or businesses; our high level of indebtedness; an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations or adverse conditions in the credit markets affecting the cost, including interest rates, and/or availability of further financing; significant increases in benefit plan costs or lower investment returns on plan assets; changes in tax laws or treaties, or in their interpretation; and changes in accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings.