

# Sellside Analyst Day

November 11, 2020

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# Safe Harbor Statement

NOTE: In this presentation we have made forward-looking statements. These statements are based on our estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed future results of operations. Forward-looking statements also include those preceded or followed by the words “anticipates,” “believes,” “estimates,” “expects,” “hopes” or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The following important factors, along with those discussed in our filings with the Securities and Exchange Commission (the “SEC”), could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: 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 global outbreak of COVID-19 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 outbreak; 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 business; 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.

**As required by SEC rules, we have provided a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable GAAP measures in materials on our website at [www.verizon.com/about/investors](http://www.verizon.com/about/investors)**



# **Hans Vestberg**

**Chairman & CEO**

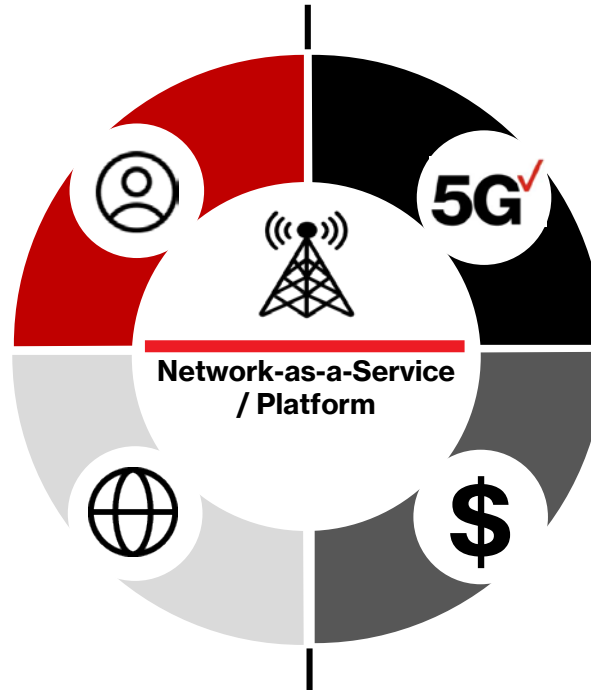
# Strategy Fundamentals Driving 2.0 Transformation

## CUSTOMERS FIRST

- Best Network Experiences
- Customer-Centric Models

## PURPOSE-DRIVEN CULTURE

- Responsible Business
- Preferred Place for Talent



## INNOVATION DRIVING NEW GROWTH

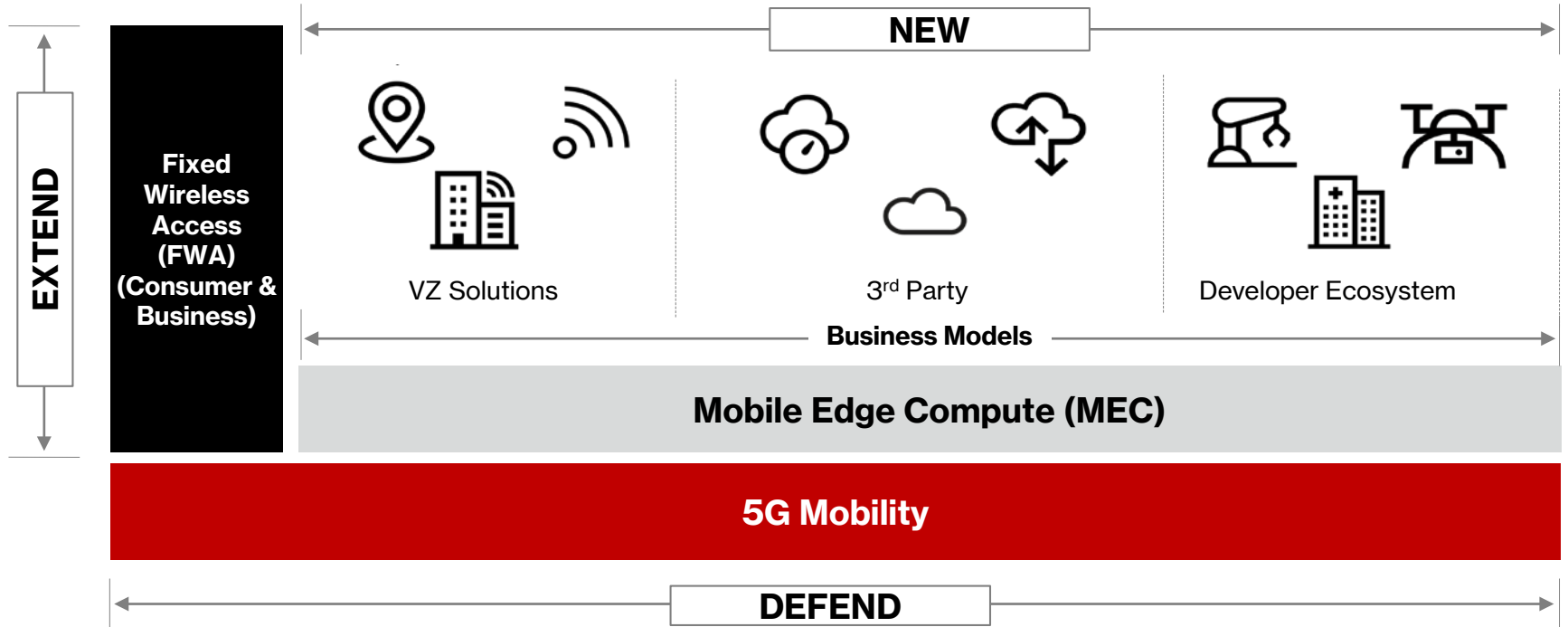
- 5G & Edge Compute
- New Market Opportunities

## FINANCIAL DISCIPLINE

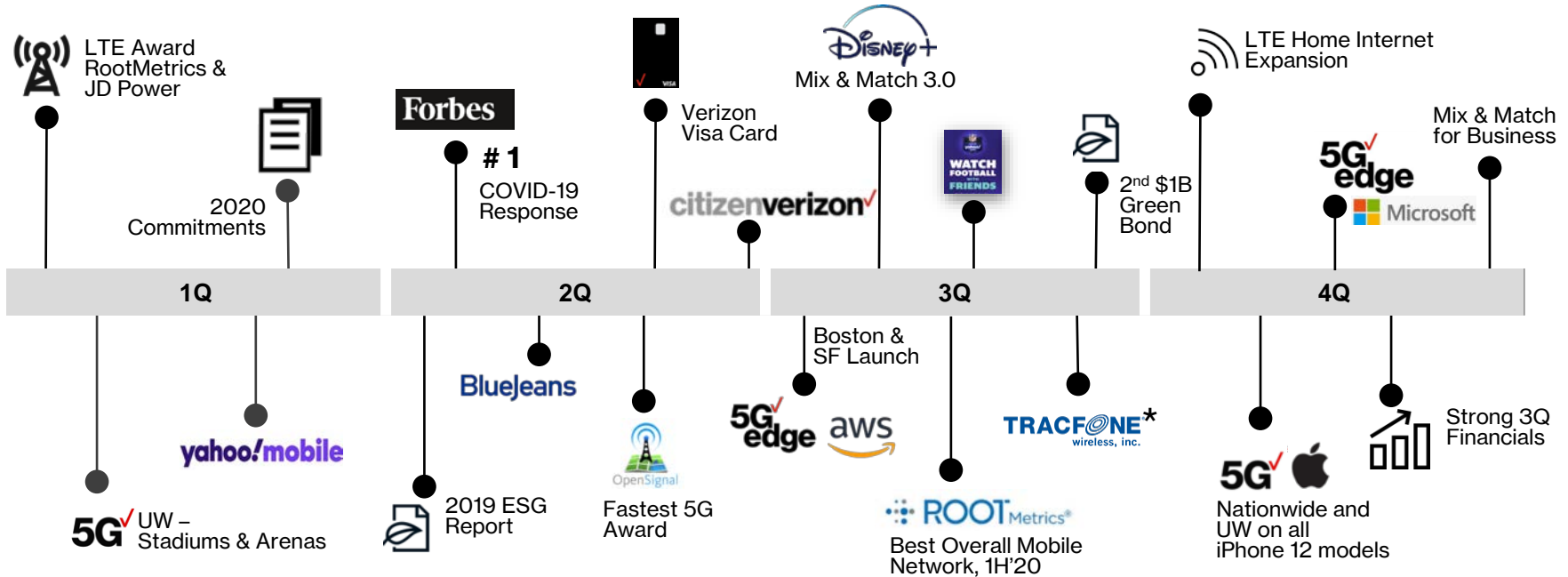
- Balanced Capital Allocation
- Best-in-Class Cost Models

**Target GDP+ Revenue Growth Driving Strong Earnings and Cash Flow**

# 5G Creating Value Across Existing and New Businesses



# 2020: Strong Execution Against Strategic Priorities and ...



\* TracFone acquisition expected to close in 2021, subject to regulatory approval

**YTD 5G Deployment**

**55 UW Mobility Markets**

**12 Home Markets**

**43 Stadiums & 7 Airports**

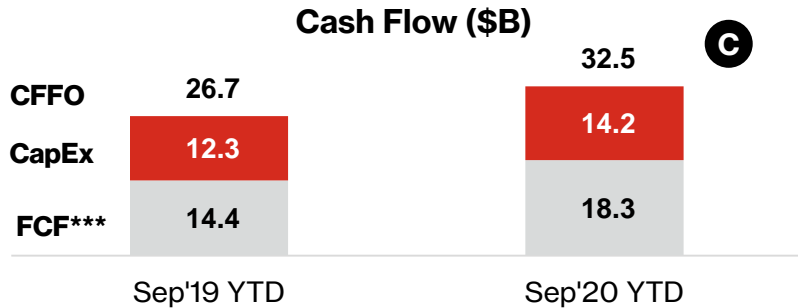
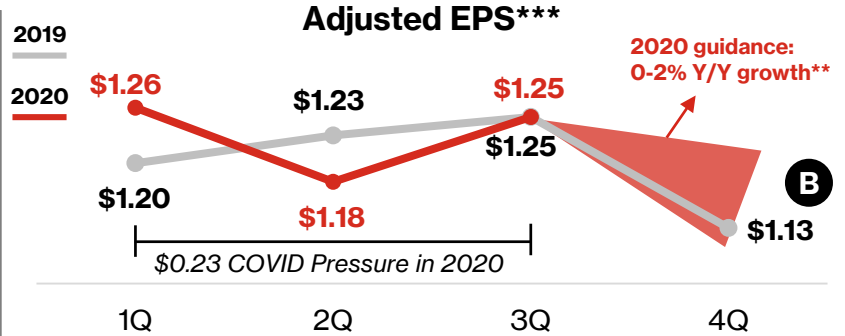
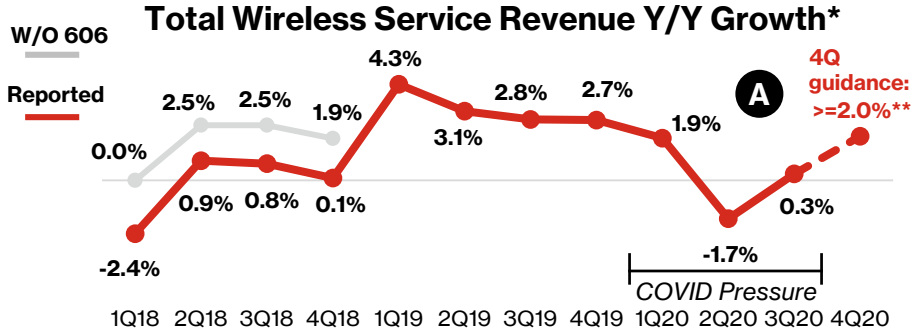
**5 Edge Markets**

**Nationwide Mobility (200M+ POPs, 1.8K Cities)**

# ...Fulfilling 2020 Commitments while Driving COVID-19 Initiatives

 <p><b>Strengthen &amp; Grow Core Business</b></p>	<p><b>Continued 2.0 Transformation</b></p> <p>Network &amp; Customer innovation: IE Network, VZ Credit Card, Mix &amp; Match</p> <p>VBG Investments to capture new markets; deliver on 4-year \$10B cash savings</p>	<p>✓</p> <p><b>On Track</b></p>
<p><b>5G<sup>✓</sup></b></p> <p><b>Leverage Assets to Drive New Growth</b></p>	<p><b>5G Deployment</b></p> <p>Dynamic spectrum sharing (DSS) nationwide roll-out</p> <p>5x+ YoY increase in 5G small cells</p> <p>60+ 5G Ultra Wideband (UW) Mobility cities</p> <p>10+ 5G UW Home cities on 5G NR and nextGen CPE</p>	<p>✓</p> <p><b>On Track</b></p> <p><b>On Track</b></p>
<p><b>\$</b></p> <p><b>Drive Operational &amp; Financial Discipline</b></p>	<p>10+ 5G UW Home cities on 5G NR and nextGen CPE</p> <p>10+ 5G commercial MEC centers</p> <p><b>Revenue Growth and Financial Discipline</b></p>	<p>✓</p> <p><b>On Track</b></p>
 <p><b>Cultivate Purpose-Driven Culture</b></p>	<p>Accelerate revenue &amp; adjusted EPS* growth with consistent levels of capex intensity</p> <p>Balanced capital allocation approaching leverage target</p> <p><b>Responsible Business Commitments</b></p> <p>Climate, digital divide and purpose-driven brand</p>	<p><b>On Track Absent COVID Impact</b></p> <p>✓</p>

# Strategy Execution Resulting in Financial Strength



- A** Wireless service revenue growth driven by Unlimited Mix & Match and expanded customer base
- B** Steady underlying earnings growth in the face of COVID headwinds
- C** Resilient business driving strong cash flow while investing for growth

## Financial Strength Creating Momentum for Growth in 2021



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# The Verizon Growth Agenda

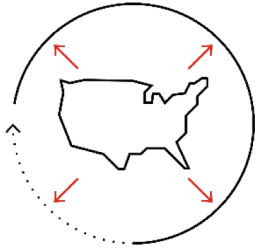
## Network-as-a-Service at Scale

Strategic foundation to maximize growth in the fully networked economy.

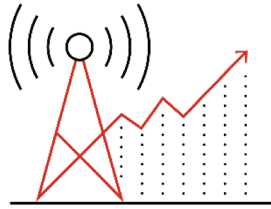
World-class partnerships to accelerate scale.

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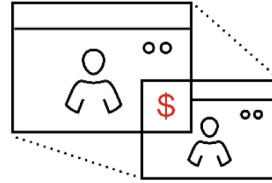
# Executing Growth Across 5 Vectors



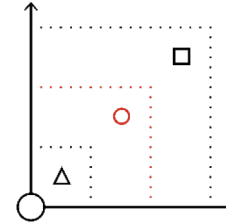
**5G  
Adoption**



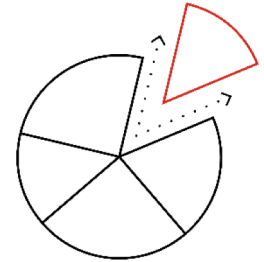
**Network  
Monetization**



**Next-gen B2B  
Applications**



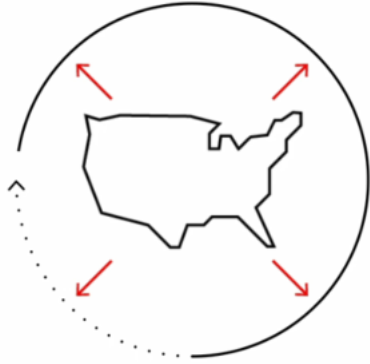
**Customer  
Differentiation**



**New  
Markets**

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# Executing Growth Across 5 Vectors

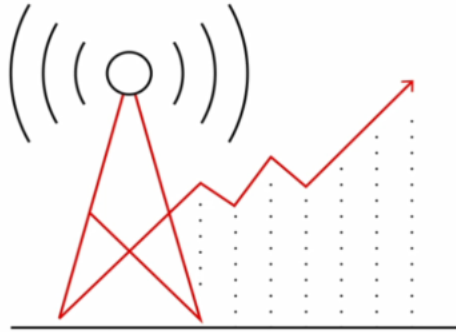


## 5G Adoption

- Expand 5G UW
- Launch 5G Nationwide
- Nationally scale home broadband with 5G Home
- Apple strategic partnership
- Multi-year sports league alliances (NBA, NFL and NHL)



# Executing Growth Across 5 Vectors



## Network Monetization

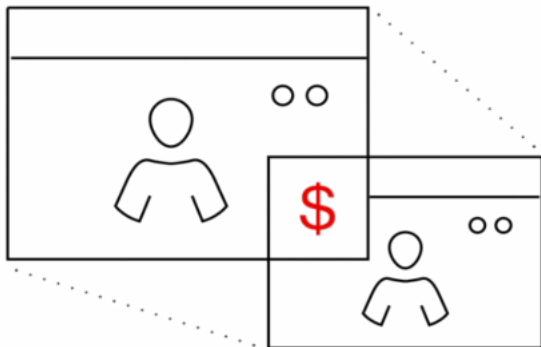
- Long-term cable MVNO partnerships
- Increase 5G traffic, site profitability

Spectrum  
mobile™

xfinity mobile

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# Executing Growth Across 5 Vectors



## Next-gen B2B Applications

- MEC leadership
- Monetize remote work, distance learning, telehealth
- Public sector interoperability

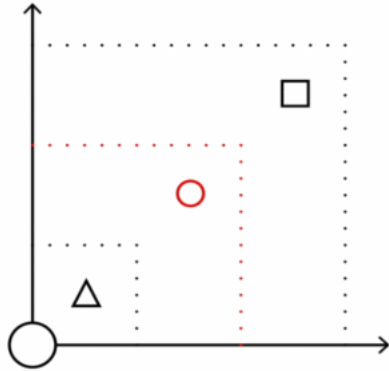
5G<sup>✓</sup>  
edge

aws

Microsoft BlueJeans

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# Executing Growth Across 5 Vectors



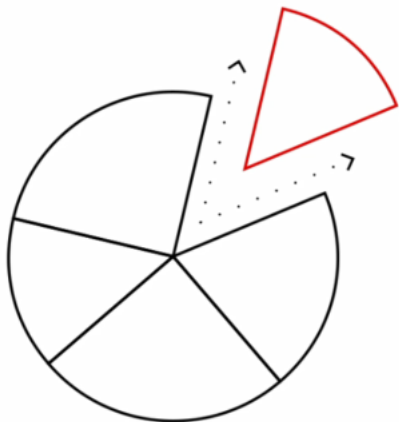
## Customer Differentiation

- Deepen and broaden customer relationships
- New Consumer Mix & Match plans (with Disney+)
- New Business Unlimited plans (with security)



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# Executing Growth Across 5 Vectors



## New Markets

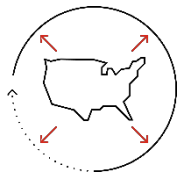
- Grow Tracfone
- Accelerate Visible and Yahoo! Mobile
- Expand LTE Home Internet

**TRACFONE\*** **v's'ble**  
wireless, inc.

**yahoo!mobile**     **LTE Home Internet**

\*TracFone acquisition expected to close in 2021, subject to regulatory approval

# Network-as-a-Service at Scale

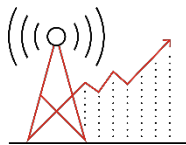


## 5G Adoption

5G UW  
5G Nationwide  
5G Home

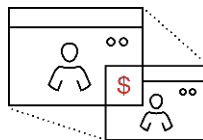
Strategic partnerships:

- Apple, NFL, NBA, NHL



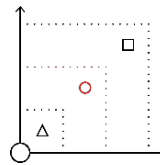
## Network Monetization

MVNO partnerships  
Increase 5G traffic, site profitability



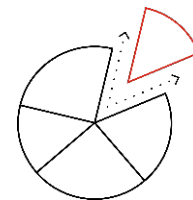
## Next-gen B2B Applications

MEC leadership  
Monetize remote work, distance learning, telehealth  
Public sector interoperability



## Customer Differentiation

Deepen and broaden customer relationships  
New Consumer Mix & Match plans (with Disney+)  
New Business Unlimited plans (with security)



## New Markets

TracFone\*  
Visible and Yahoo! Mobile  
Expand LTE Home Internet





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# Accelerating Momentum Heading into Next Year



## Macro and Industry Considerations

- **Economic uncertainty** likely to persist
- **Mobility & Broadband** to remain key economic drivers
- **Strong demand** continues for network reliability
- **5G adoption** to increase
- **5G ecosystems** to be differentiator



## Verizon Leadership and Execution

- Build on **momentum in core** businesses
- Scale in **5G deployment & monetization**
- Capitalize on **new opportunities**
- Maintain **customer-centricity & brand strength**
- **Strong balance sheet & cash flow** generation

**Strength in Network, Brand & Financials Provides Platform for 2021 Execution**



**Kyle  
Malady**  
EVP & CTO

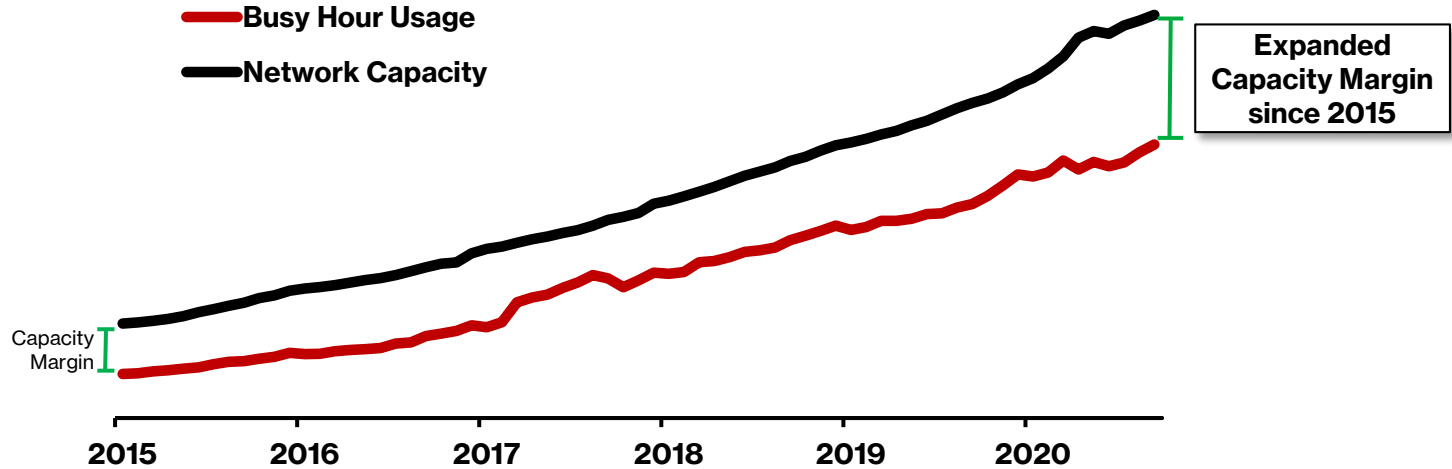
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# Delivering on our network initiatives in 2020

- 1** Continue to provide highest-quality, most reliable service
- 2** Launched 5G Nationwide DSS in October
- 3** On track with 5G mmWave expansion
- 4** Maintaining network leadership in 4G LTE and 5G
- 5** Obtained significant CBRS spectrum to augment network capacity

**Superior performance, today and tomorrow**

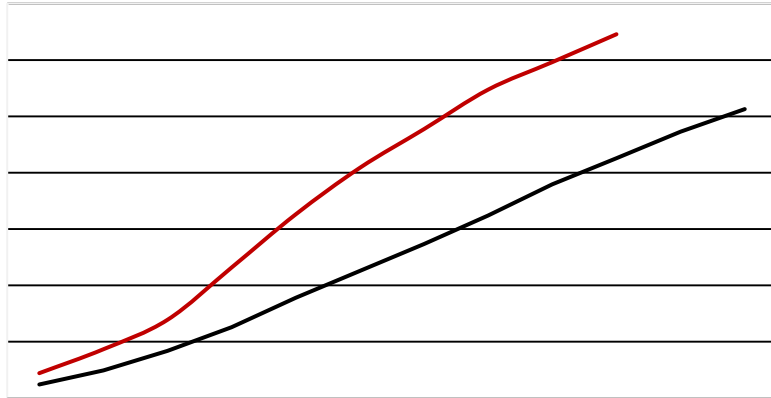
# 4G capacity margin remains healthy despite usage changes



Increasing network capacity ahead of expected data growth

# Accelerated pace of 4G capacity expansion given demand

## 4G – Carrier Adds

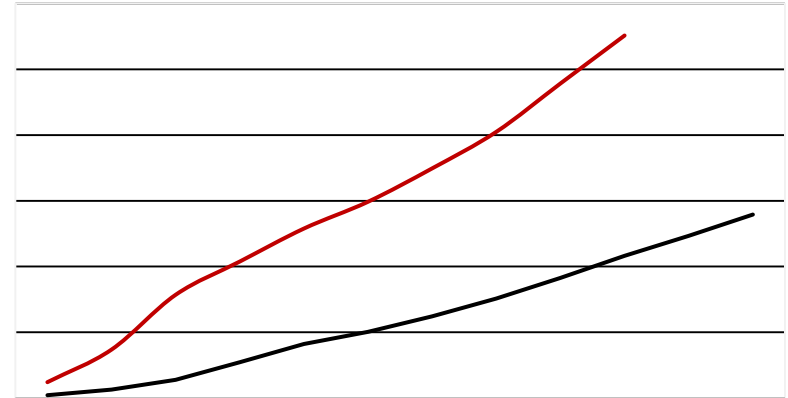


Jan-20 Feb-20 Mar-20 Apr-20 May-20 Jun-20 Jul-20 Aug-20 Sep-20 Oct-20 Nov-20 Dec-20

— Actual

— Target

## CBRS Adds



Jan-20 Feb-20 Mar-20 Apr-20 May-20 Jun-20 Jul-20 Aug-20 Sep-20 Oct-20 Nov-20 Dec-20

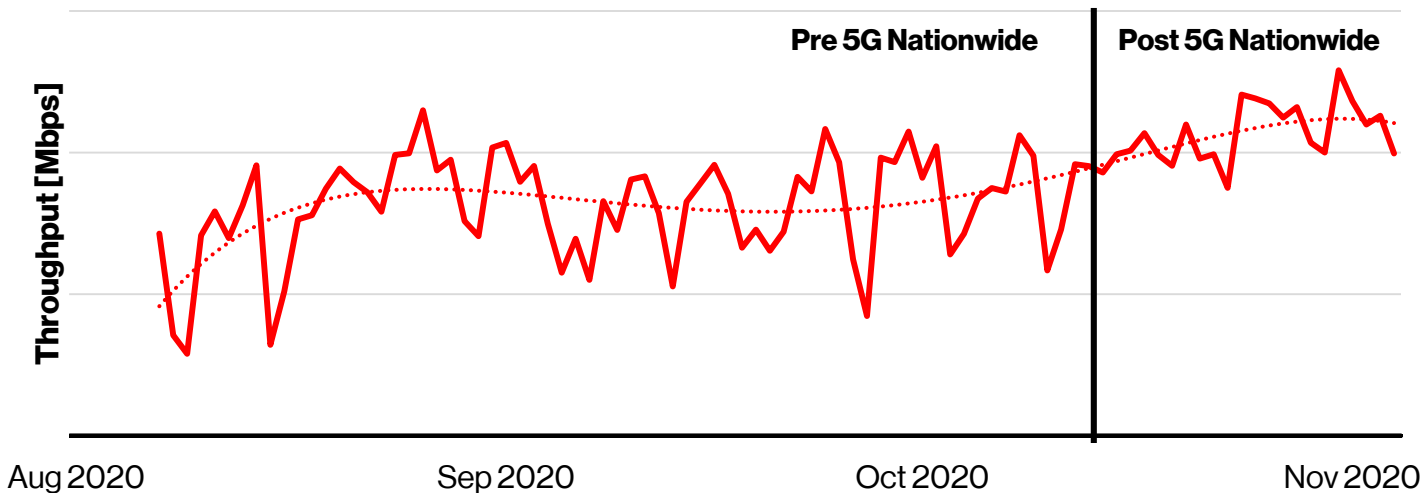
— Actual

— Target

**4G Carrier Adds and CBRS Adds have already exceeded year-end goal**

# Dynamic Spectrum Sharing (DSS) working well

## Ookla® Median Download Speed of 5G Capable Devices

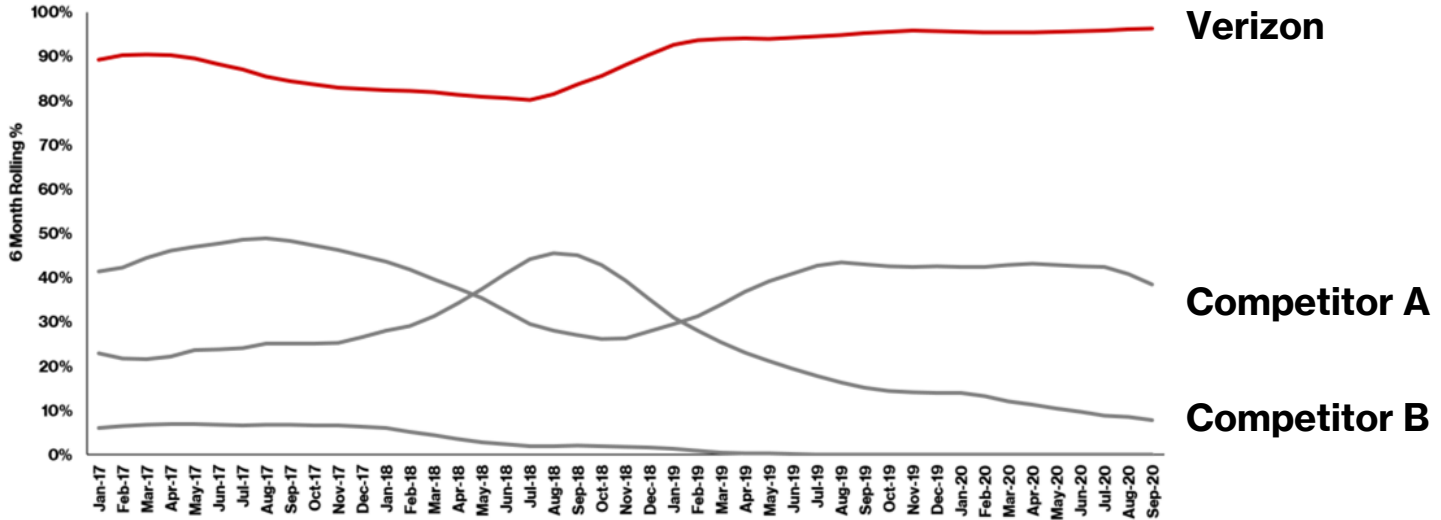


Based on Verizon's analysis of Ookla® Speedtest Intelligence® U.S. daily data of median download speeds from August 7, 2020 through November 4, 2020. Ookla trademarks used under license and reprinted with permission.

## Great performance and throughput with launch of DSS

# Extending our lead in network performance rankings

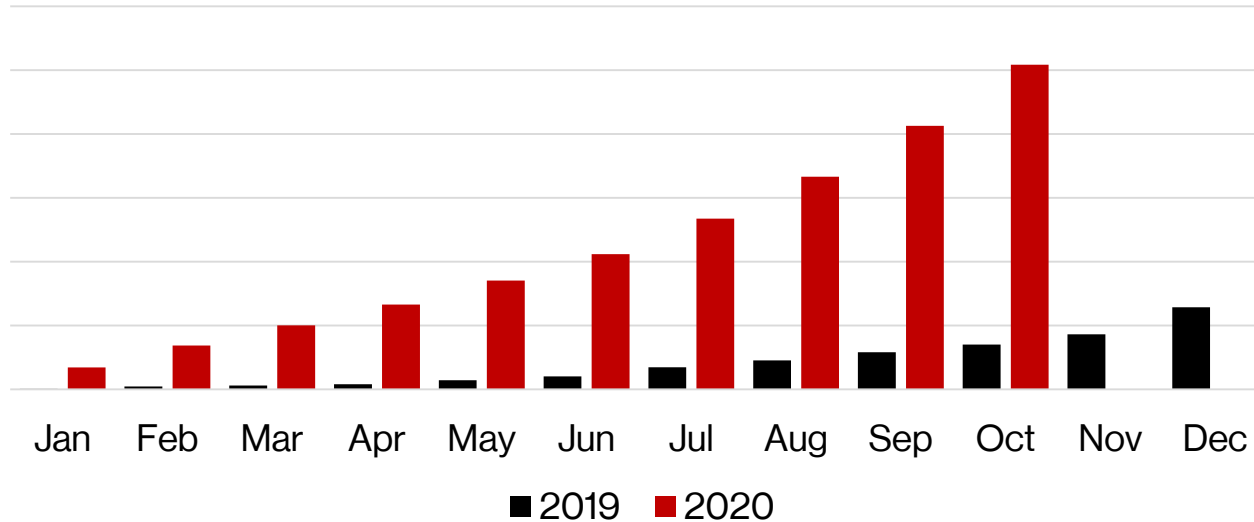
Root Metrics – Overall Win Rate



Verizon maintains network leadership by a wide margin

# 5G Ultra Wideband (UW) build tracking ahead of plan

5G UW Sites Activated YTD



**Strong momentum in putting sites on air at scale**



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# 5G UW enables unmatched performance

- **5G UW available in 55 cities** now, vs. 31 at year-end 2019
- On track for **60 5G UW cities by year-end**
- Build areas represent a high percentage of peak hour usage
- **Real-world speeds of 4 Gbps**, faster than wired broadband, and up to 5 Gbps in the lab
- October 2020 mmWave usage is 4x that seen in January 2020
- **Significant improvement in capital efficiency** (\$/MHz) vs. 4G LTE

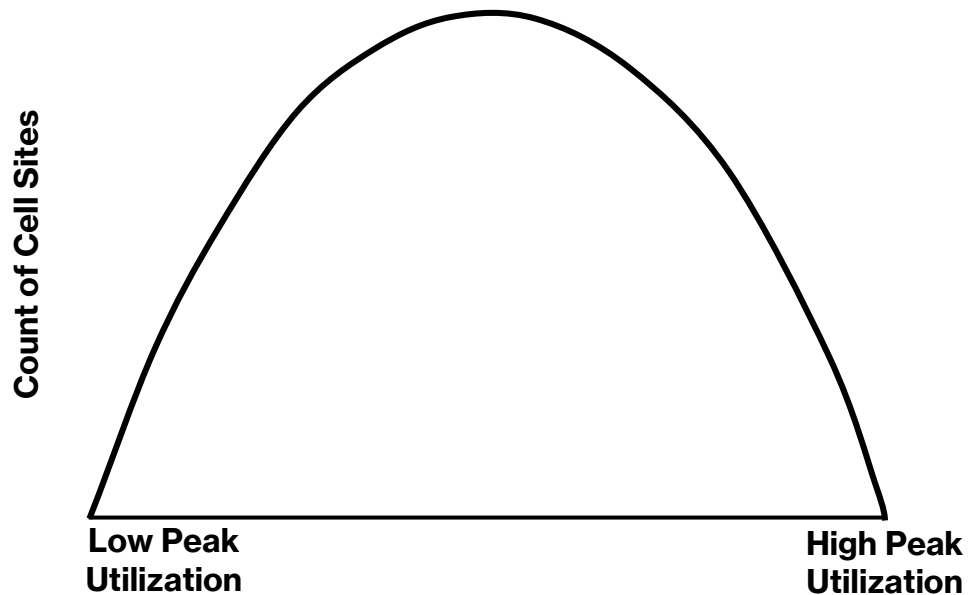


**Rapidly scaling the breadth and power of 5G UW**

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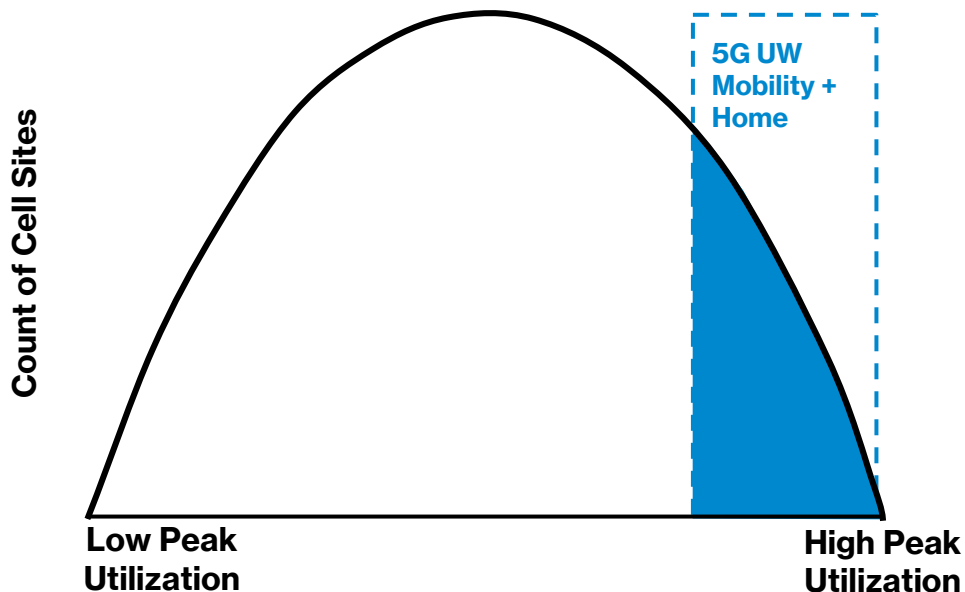
# Driving efficient use of assets

## Illustrative Distribution of Cell Sites based on Utilization



# Driving efficient use of assets

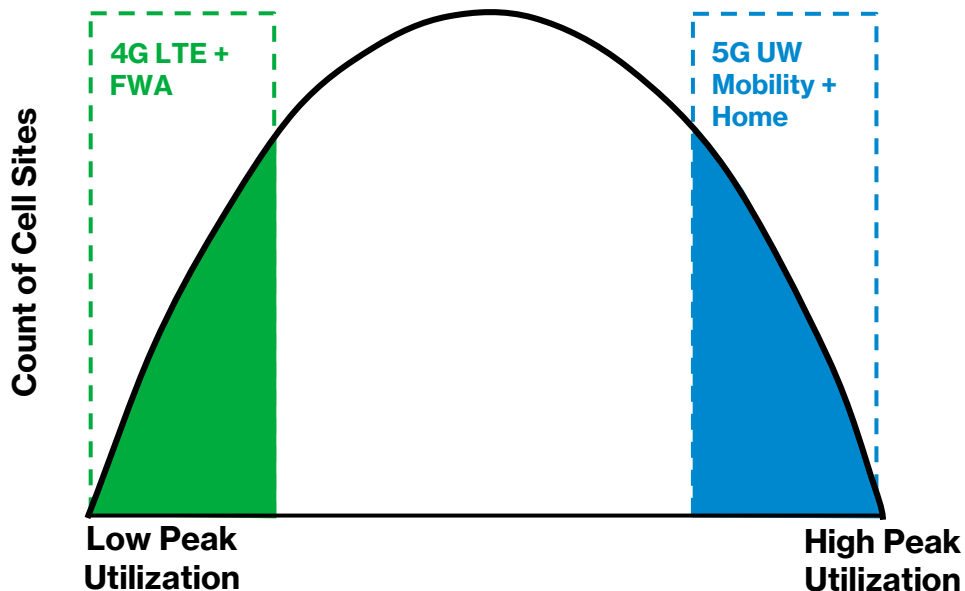
## Illustrative Distribution of Cell Sites based on Utilization



- In highest utilization areas (most dense and highest traveled locations), deploy mmWave spectrum

# Driving efficient use of assets

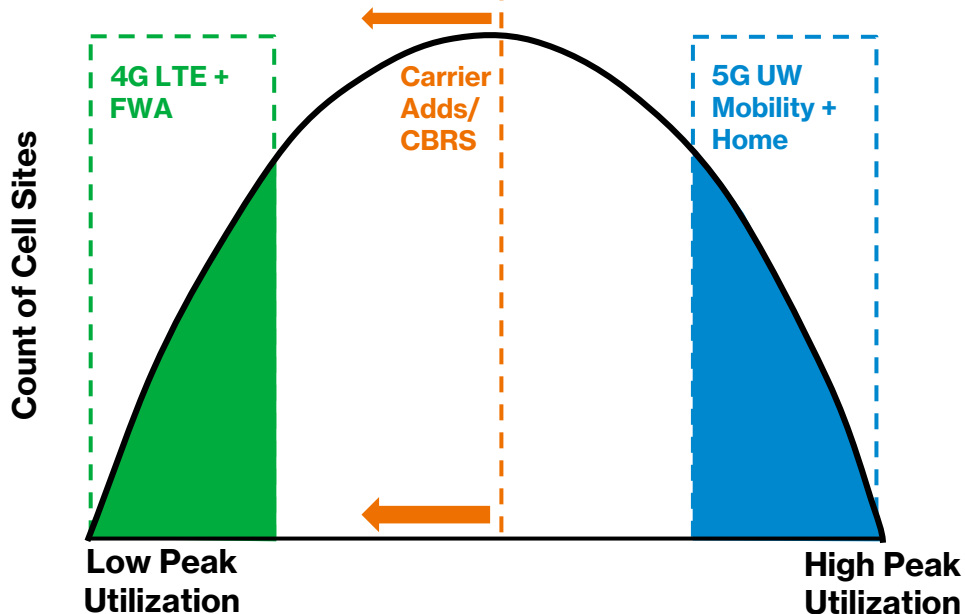
## Illustrative Distribution of Cell Sites based on Utilization



- In highest utilization areas (most dense and highest traveled locations), deploy mmWave spectrum
- In areas with excess capacity, monetize it with 4G FWA product (LTE Home Internet)

# Driving efficient use of assets

## Illustrative Distribution of Cell Sites based on Utilization

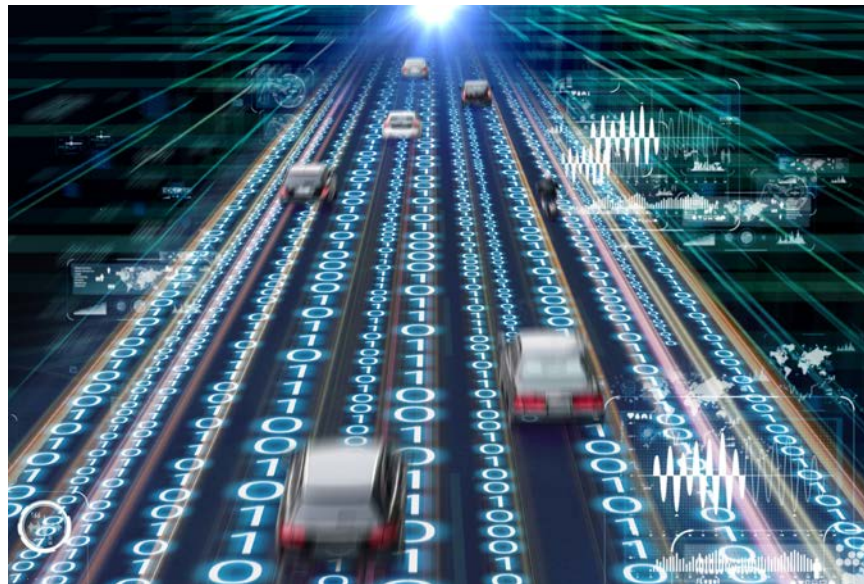


- In highest utilization areas (most dense and highest traveled locations), deploy mmWave spectrum
- In areas with excess capacity, monetize it with 4G FWA product (LTE Home Internet)
- Carrier Adds/CBRS deployment create additional capacity in the network to shift the utilization curve to the left

Shifting the curve improves performance + increases opportunity for network as a service

# 5G UW Technology Roadmap

- New 5G Home CPE & Self-Setup
- 5G In-Building
- 5G Core and 5G Stand Alone
- 10CC for >5Gbps
- Network Slicing
- MEC & Private Networks
- Virtualization and Webscale
- Security



**Verizon is paving the way to deploy the full functionality of 5G**

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# Network-based strategy driving results and path to growth

**4G LTE** + **5G DSS**  
**Nationwide** + **5G UW**

**5G<sup>v</sup> built right**

**Best-in-class and most reliable network, today and tomorrow**

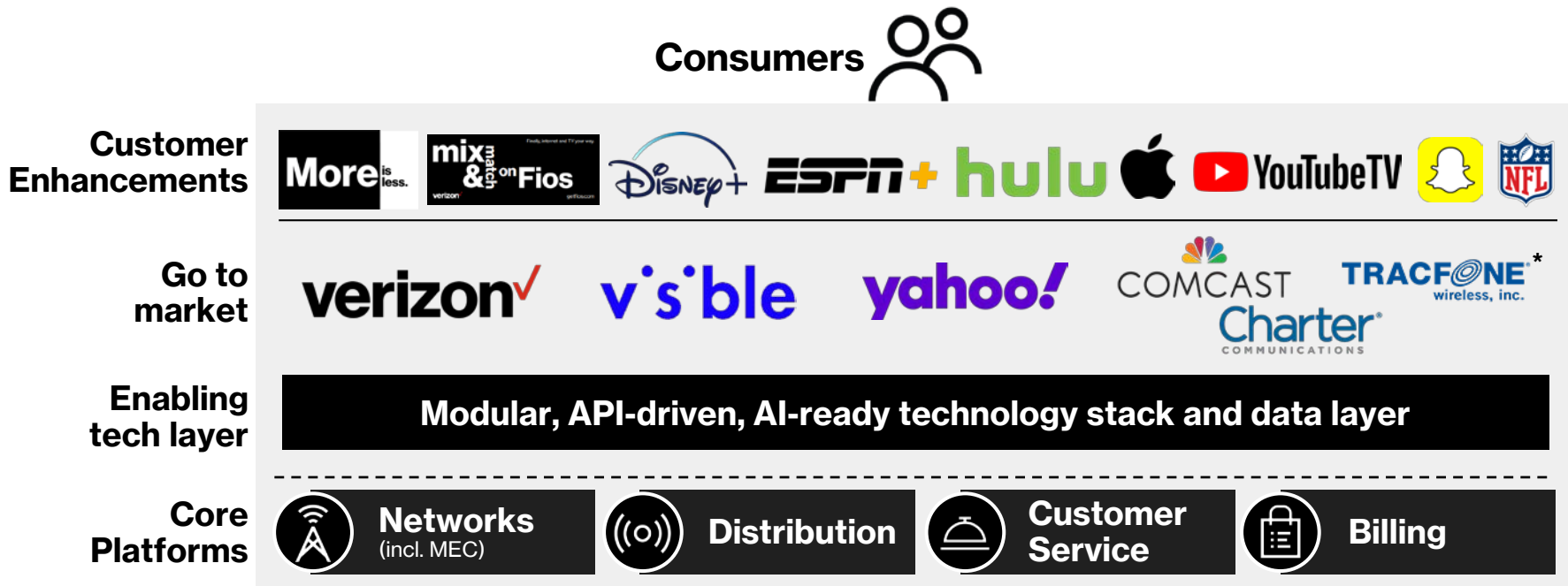


# Ronan Dunne

**EVP & Group CEO  
Verizon Consumer**



# Verizon's platform strategy



# Executing and accelerating our strategy



Digital, Seamless Omni-Channel Journeys, and Contactless Retail



LTE Home Internet Launch



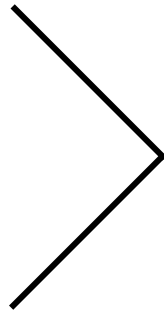
STADIA



TRACFONE\* wireless, inc. visible yahoo!mobile



MSO Partnerships



The 5G America's been waiting for

Signature experiences growing premium accounts

Expanding our home internet presence

More value to customers driving loyalty

Controlling our own destiny in the Value market

Network-as-a-Service platform strategy

Note: \*TracFone acquisition expected to close in 2021 subject to regulatory approval.

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# Consumer Growth Platform

## Value Proposition



5G<sup>v</sup> built right

## P&L Drivers

New Accounts  
Unlimited Mix  
Premium Mix

## Base Management



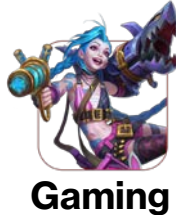
Omni-channel Experience



Verizon Up and Credit Card

Lower Churn  
Step Ups  
Additional Lines  
Product Attach Rate

## Devices & Products



Gaming



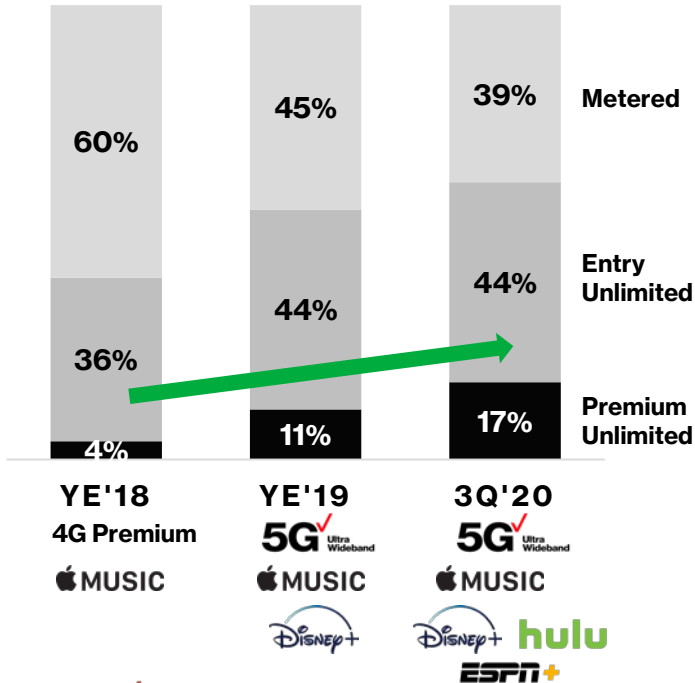
Mobile & Home Equipment Protection

New Revenue  
Increase Penetration

Quality | Choice | Experience

# Mobile: Accelerating growth

## Postpaid Account Mix



## Key Growth Drivers

### New Accounts

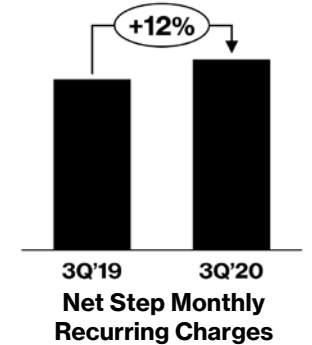
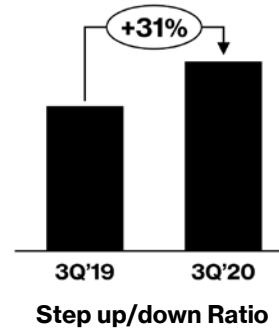
**88%**

of new accounts chose an unlimited plan (3Q'20)

**58%**

of new unlimited accounts chose a premium plan (3Q'20)

### Base Accounts

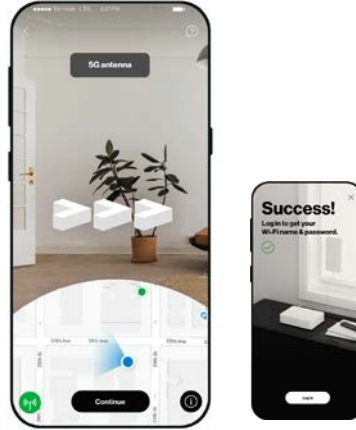


# Changing the Home Experience



## More choice w/ Mix & Match on Fios

- Pay only for what you need
- Mix shift to Premium
- Growing Fios margin



## Customer Experience & Rewards

- Superior network performance
- Mobile + Home Rewards
- Easy self setup



## More at Home

- VZ Protect Home
- Stream TV Platform
- Premium content partnerships
- Advanced home security

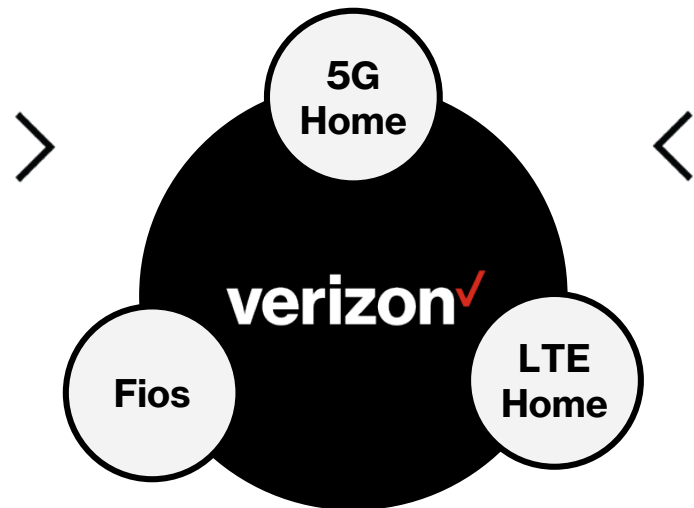
# Mobile: Accelerating growth

## Expanding Coverage

**12** Cities with 5G Home

**48** States with LTE Home

- 5G Home average usage of 20+ GB per day
- Expanding broadband to millions more homes



## Expanding and Innovating device line up



- High power 5G Home CPE
- Integrated home Wi-Fi router
- CBRS/LTE compatibility

**Expanding broadband reach while targeting existing mobile base**

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# Summary

- **Investments and transformations have laid the foundation**
- **Vectors of growth will help deliver on our GDP+ plan**
- **Strength in core business with continued headroom for growth**
- **New revenue streams (5G, FWA, product, Value)**
- **Evolving the broadband experience and differentiating against our mobile competitors**

**Driving growth through disciplined execution on our strategy**

# Q&A

