



News Release

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Strong wireless service revenue growth highlights Verizon's 4Q and 2022 results

Company enters 2023 with momentum in wireless mobility and wireless broadband

2022 highlights

Consolidated:

- Full-year 2022 earnings per share (EPS) of \$5.06, compared with \$5.32 in 2021; adjusted EPS¹, excluding special items, of \$5.18, compared with 2021 adjusted EPS^{1 2} of \$5.50.
- Total operating revenue of \$136.8 billion in full-year 2022, up 2.4 percent year over year.

4Q 2022 highlights

Consolidated:

- \$1.56 in EPS, compared with \$1.11 in fourth-quarter 2021; adjusted EPS¹, excluding special items, of \$1.19, compared with \$1.33 in fourth-quarter 2021².
- Total operating revenue of \$35.3 billion, an increase of 3.5 percent from fourth-quarter 2021.
- Net income of \$6.7 billion, an increase of 41.4 percent from fourth-quarter 2021, and adjusted EBITDA¹ of \$11.7 billion, down 0.2 percent year over year.

Total Wireless:

- Total wireless service revenue⁵ of \$18.8 billion, a 5.9 percent increase year over year.
- Postpaid phone net additions³ of 217,000, and retail postpaid net additions³ of 1,434,000, which was the best single quarter performance in seven years. Full-year 2022 retail postpaid net additions³ were 2,605,000, an increase of 23.2 percent from full-year 2021. This success was driven by strong fixed wireless momentum, tablet and wearables adoption and sequential improvement in phone net additions.
- Total retail postpaid churn³ of 1.14 percent, and retail postpaid phone churn³ of 0.89 percent.

Total Broadband:

- Total broadband net additions of 416,000 was the best total broadband performance in over a decade, reflecting a strong demand for Fios and fixed wireless products. This result included 379,000 fixed wireless net additions, an increase of 37,000 fixed wireless net additions from third-quarter 2022. The company reported sequential quarterly net addition growth in fixed wireless throughout 2022. Full-year 2022 total broadband net additions were 1,290,000, an increase from 409,000 total broadband net additions in full-year 2021.
- 59,000 Fios Internet net additions.

NEW YORK - Verizon Communications Inc. (NYSE, Nasdaq: VZ) closed 2022 with fourth-quarter results marked by wireless service revenue growth and the highest total wireless retail postpaid net additions³ in seven years.

"We delivered on the operational expectations and financial targets that we set in the second half of 2022," said Verizon Chairman and CEO Hans Vestberg. "We are rapidly building out our C-Band spectrum with the most aggressive network deployment in our company's history and are well positioned to improve and accelerate our performance. Wireless mobility and nationwide broadband will be two of the most significant contributors to our growth for the next several years."

For fourth-quarter 2022, Verizon reported EPS of \$1.56, compared with \$1.11 in fourth-quarter 2021. On an adjusted basis¹, excluding special items, EPS was \$1.19 in fourth-quarter 2022, compared with adjusted EPS¹ of \$1.33 in fourth-quarter 2021².

Fourth-quarter 2022 earnings included a pre-tax net gain from special items of approximately \$2.1 billion. This included a net pre-tax benefit of approximately \$2.5 billion related to a mark-to-market adjustment for pension and OPEB (other post-employment benefits) liabilities, a \$304 million charge related to severance and the impacts of amortization of intangible assets related to TracFone and other acquisitions of \$115 million.

For full-year 2022, Verizon reported \$5.06 in EPS, compared with \$5.32 for full-year 2021. On an adjusted basis¹, excluding special items, 2022 EPS was \$5.18, compared with \$5.50 for 2021².

Consolidated results

- Total consolidated operating revenue in fourth-quarter 2022 of \$35.3 billion, up 3.5 percent from fourth-quarter 2021. Revenue growth was driven by service and other revenue and equipment revenue. Full-year 2022 consolidated operating revenue was \$136.8 billion, up 2.4 percent year over year.
- Total wireless service revenue⁵ in fourth-quarter 2022 increased 5.9 percent year over year. This increase was driven by unlimited plan migrations, the company's highest total wireless retail postpaid net additions in seven years, pricing actions that were implemented beginning in June 2022 and a full quarter contribution from TracFone. Full-year 2022 wireless service revenue⁵ increased 8.6 percent year over year. The results for both fourth-quarter 2021 and full-year 2021 included a partial contribution from the acquisition of TracFone, which was completed in November 2021.
- Net income of \$6.7 billion, an increase of 41.4 percent compared to fourth-quarter 2021, and adjusted EBITDA¹ of \$11.7 billion, a decline of 0.2 percent year over year.
- Cash flow from operations totaled \$37.1 billion in 2022, a decrease from \$39.5 billion in 2021. This decline was primarily driven by higher device payment receivables as the company's device payment portfolio increased by approximately \$5 billion during 2022.
- Full-year 2022 capital expenditures were \$23.1 billion, including C-Band spending of \$6.2 billion.
- The company ended 2022 with free cash flow¹ of \$14.1 billion, a decrease from \$19.3 billion at year-end 2021.
- Verizon's unsecured debt as of the end of fourth-quarter 2022 decreased by \$766 million sequentially to \$130.6 billion. The company's net unsecured debt¹ balance decreased sequentially by \$1.3 billion to \$128.0 billion, and its net unsecured debt to adjusted EBITDA ratio¹ at quarter-end was approximately 2.7 times.

Verizon Consumer results

- Total Verizon Consumer revenue was \$26.8 billion, an increase of 4.2 percent year over year, driven by wireless service revenue. For full-year 2022, total Verizon Consumer revenue was \$103.5 billion, an increase of 8.6 percent from full-year 2021.
- Wireless service revenue increased 6.1 percent year over year. For full-year 2022, total Consumer wireless service revenue was \$61.5 billion, an increase of 9.6 percent from full-year 2021. This increase was driven by premium adoption, overall postpaid connection growth, pricing actions that were implemented beginning in June 2022 and the inclusion of TracFone results.
- Consumer wireless retail postpaid churn³ was 1.06 percent in fourth-quarter 2022, and wireless retail postpaid phone churn³ was 0.86 percent.

- In fourth-quarter 2022, Consumer reported 41,000 wireless retail postpaid phone net additions³. Consumer ended fourth-quarter 2022 with 59 percent of its postpaid wireless phone customers having 5G-capable devices.
- Consumer reported 175,000 wireless retail prepaid net losses³ in fourth-quarter 2022.
- Consumer reported 262,000 fixed wireless net additions and 56,000 Fios Internet net additions in fourth-quarter 2022. For full-year 2022, Consumer reported 776,000 fixed wireless net additions and 199,000 Fios Internet net additions. Consumer Fios revenue was \$2.9 billion in fourth-quarter 2022, flat year over year. Full-year 2022 Consumer Fios revenue was \$11.6 billion, an increase of 0.6 percent from full-year 2021.
- In fourth-quarter 2022, Consumer operating income was \$7.0 billion, a decrease of 4.4 percent year over year, and segment operating income margin was 26.3 percent, a decrease from 28.6 percent in fourth-quarter 2021. Full-year 2022 Consumer operating income was \$28.8 billion and segment operating income margin was 27.9 percent, a decrease from 31.4 percent in full-year 2021. Segment EBITDA¹ in fourth-quarter 2022 was \$10.1 billion, a decrease of 2.0 percent year over year. This decline was due to higher promotional expense related to device subsidies. Segment EBITDA margin¹ was 37.9 percent, a decrease from 40.3 percent in fourth-quarter 2021. For the full year, segment EBITDA margin¹ was 40.2 percent in 2022, a decrease from 43.7 percent in 2021.

Verizon Business results

- Total Verizon Business revenue was \$7.9 billion in fourth-quarter 2022, an increase of 1.2 percent year over year. Growth was primarily driven by Small and Medium Business mobility, partially offset by wireline declines. For full-year 2022, total Verizon Business revenue was \$31.1 billion, flat year over year, as strong wireless performance was offset by wireline declines.
- Business wireless service revenue was \$3.3 billion, an increase of 4.7 percent year over year. This growth was driven predominantly by the continued momentum in adding more customers onto the platform. Full-year 2022 Business wireless service revenue was \$12.8 billion, an increase of 3.9 percent compared to full-year 2021.
- Business reported 455,000 wireless retail postpaid net additions³ in fourth-quarter 2022, including 176,000 postpaid phone net additions³. This was the sixth consecutive quarter that Business reported more than 150,000 postpaid phone net additions.
- Business wireless retail postpaid churn³ was 1.38 percent in fourth-quarter 2022, and wireless retail postpaid phone churn³ was 1.06 percent.
- Business reported 117,000 fixed wireless net additions in fourth-quarter 2022.
- In fourth-quarter 2022, Verizon Business operating income was \$585 million, a decrease of 26.5 percent year over year, and segment operating income margin was 7.4 percent, a decrease from 10.2 percent in fourth-quarter 2021. Full-year 2022 segment operating income was \$2.6 billion and segment operating income margin was 8.5 percent, compared with 11.1 percent in full-year 2021. Segment EBITDA¹ was \$1.7 billion in fourth-quarter 2022, a decrease of 8.2 percent year

over year, which reflected higher subsidies due to increased activations and sales-related expense, as well as declines in high margin wireline revenues. Segment EBITDA margin¹ was 21.3 percent in fourth-quarter 2022, a decrease from 23.5 percent in fourth-quarter 2021. For the full year, segment EBITDA margin¹ was 22.3 percent, a decrease from 24.2 percent in 2021.

Outlook and guidance

For 2023, Verizon expects the following:

- Total wireless service revenue growth^{4 5} of 2.5 percent to 4.5 percent.
- Adjusted EBITDA¹ of \$47.0 billion to \$48.5 billion.
- Adjusted EPS¹ of \$4.55 to \$4.85.
- Adjusted effective income tax rate¹ in the range of 22.5 percent to 24.0 percent.
- Capital spending in the range of \$18.25 billion to \$19.25 billion, including the final approximately \$1.75 billion of the incremental \$10 billion of C-Band-related capital spending.

¹Non-GAAP financial measure. See the accompanying schedules and www.verizon.com/about/investors for reconciliations of non-GAAP financial measures cited in this document to most directly comparable financial measures under generally accepted accounting principles (GAAP).

²Adjusted EPS for the prior year period has been reclassified to conform to current period presentation.

³At the end of the fourth quarter of 2022, Verizon fully decommissioned its 3G network, as a result of which approximately 909,000 wireless retail postpaid connections (576,000 Consumer and 333,000 Business connections), including 392,000 wireless retail postpaid phone connections (180,000 Consumer and 212,000 Business connections), and 237,000 wireless retail prepaid connections were disconnected from its network. The impact of the 3G network shutdown has been excluded for purposes of calculating wireless retail net additions and wireless churn for the respective periods.

⁴Includes a benefit of approximately 190 basis points from the reallocation from Other revenue to Wireless service revenue. This results from a larger allocation of administrative and telco recovery charges which partly recover network operating costs.

⁵Total wireless service revenue represents the sum of Consumer and Business segments.

Verizon Communications Inc. (NYSE, Nasdaq: VZ) was formed on June 30, 2000 and is one of the world's leading providers of technology and communications services. Headquartered in New York City and with a presence around the world, Verizon generated revenues of \$136.8 billion in 2022. 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,” “forecasts,” “hopes,” “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: the effects of competition in the markets in which we operate, including any inability to successfully respond to competitive factors such as prices, promotional incentives and evolving consumer preferences; failure to take advantage of, or respond to competitors' use 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, including inflation in the markets in which we operate; cyber attacks impacting our networks or systems and any resulting financial or reputational impact; damage to our infrastructure or disruption of our operations from natural disasters, extreme weather conditions, acts of war, terrorist attacks or other hostile acts and any resulting financial or reputational impact; the impact of public health crises 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 geopolitical factors, public health crises or the potential impacts of global climate change; material adverse changes in labor matters and any resulting financial or operational impact; 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; significant litigation and any resulting material expenses incurred in defending against lawsuits or paying awards or settlements; 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.