

VERIZON
UP TO SPEED LIVE - 1Q 2020 Results
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- >> Most people think of Verizon as a reliable phone company.
- >> We are a reliable partner.
- >> We are engineers.
- >> Proud architects.
- >> Developers.
- >> Data scientists.
- >> We keep companies ready for what's next.
- >> We do things like protect their data.
- >> With security built right into their business.
- >> We virtualize their operations with software based technologies.
- >> Even build AI into the customer experiences.
- >> We also keep them ready for the next opportunity.
- >> Like 5G.
- >> We will make things just incredible.
- >> Almost all of the Fortune 500 with us.
- >> No matter what business you are in. Digital transformation never stops.
- >> Verizon keeps business ready.

>> Network has to be prepared for whatever comes its way.

>> We are always preparing.

>> Make sure the network is working all the time.

>> We are constantly looking at it and constantly monitoring. Take that responsibility very seriously.

>> Most rewarding thing about the work we do is whenever we see a customer able to communicate back to their loved ones.

>> That is why we do what we do.

>> We relentlessly committed to the network so in times like this America can stay connected to work, school and most importantly to each other.

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>> The businesses we are a reliable partner.

>> We are engineers.

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>> Going to make things just incredible.

>> Almost all of the Fortune 500 partner with us.

>> Thousands of other companies of all sizes.

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>> Almost all of the Fortune 500 partner with us.

>> Plus thousands of other companies of all sizes.

>> No matter what business you are in, digital transformation never stops.

>> Verizon keeps business ready.

>> Behind the first, the triumphs, the accolades, behind all of the solutions we provide, the experiences we create, all we built over the years, behind our culture, our purpose, our commitment to social responsibility, behind every check everywhere, big or small, is a team of people with a set of beliefs.

>> Everything we do we build on a strong network foundation.

>> We focus outward on the customer.

>> We deliver superior customer experiences.

>> We embrace diversity.

>> We are committed to do the right thing.

>> We run to a crisis, not away.

>> We act fast and take risks every day.

>> We share our success with the community.

>> This is our Verizon credo.

>> It's a set of values.

>> About how we show up.

>> Each and every day. And it goes to the heart of who we are.

>> How we treat each other.

>> How we serve our customer.

>> How we relate to the world.

>> This is our Verizon credo.

>> And it's behind everything we do.

>> Hello and good afternoon. Welcome to our special edition of up to speed live today talking 1Q results. Joining me is Hans Vestberg as well as our Chief Financial Officer, Matt Ellis. Some words that ring so true in the credo video every time I see it, a team of people doing incredible things. That's what we have seen from the start of this pandemic and going back to the beginning of the year and that's a lot of what we are talking about today.

Hans is coming in now. I have seen you on TV a lot this morning. Seems a lot of folks are wondering how we have done. Give us the latest on the quarter, please, sir.

>> Thank you, Jeremy and great to be back on and up to speed today. We have been working with earnings all this week, and, yes, I have been TV all this morning trying to talk about the results of that. Let's start with the main mission we have here. That is, of course, in this pandemic it's a safe and health of all of our employees and broader family. That's our mission and keeping the networks up. Let me talk a little bit about the first quarter as well. Everything we talked about is up to speed during this last month. I think that first of all very proud of what we have done in this pandemic. We have an unprecedented situation. I have been this crisis before. I have been in the telephone crisis in the beginning of 2000 and I have been in the bank crisis of 2008 and 9. This is something that's totally

different. It's a health crisis that impacts each and every one wherever you are in the world which is something very different. We decided at the company early on to see we good grip on the crisis. And started the operating early in the quarter as well as the majority of our leadership team and our organization working on the big issues to -- and continue doing business. And also working on how will the new normal look like in the future. What are the new products. How will it work in the future as well. That's a three prong way of dealing with this is very important.

Secondly, is keeping in mind is the stakeholders to this quarter and thinking about doing decisive decisions, very balanced that the long-term will impact all of the stakeholders in a positive way.

Let me start with the employee side, all of us. We have done a dramatic transformation bringing a lot of us working from home. And I have to say that is almost flawless. I flow are challenges but in general it's working very well. Then a shout out to the front line. We still have a lot of our employees in the front line serving customers with this infrastructure -- this critical infrastructure that we are operating and the update in our safety and health is every day and every week to see that we are all the time ahead of the curve of this pandemic. And thank you all for that. It has been fantastic work.

When it comes to customers who know what we have done and Matt will talk more about this, some things like the keep America connected that we are not disconnecting any small, immediate businesses or residential customer during this time. Of course, has a financial impact but again it's important when we think about the four stakeholder making balanced decision that long term is going to be right. It's not right to disconnect people during this time. And will do additional -- for all of the wireless customers and a long list. When it comes to the societal impact we continue to do a lot here. Pay it forward live is an excellent example. We are taking the lead to support a smaller need with an enormous people attending it and also paying forward most important. We are also voluntary -- as well as donating to the most vulnerable in our society.

Finally the financial stakeholder which is important. We have been early on planning for uncertainty. Taking cost measures even in the first quarter which we will have to do. We are traveling less, but also seeing that the third quarter is coming down and -- what we are doing to reduce to prepare ourselves. More important Matt and his team has continued to work on a balancing to get in good position coming into this crisis adding money to the balance sheet in the first

quarter with a new bond, but not all of that. Work for three years to bring it there. P and ultimately mentioned the network and the network is very much part of our overall delivery to our customer has stepped up fantastic. And I talked to investors about all of the changes in the capacity we are seeing in the network and our head room in the wireless network has kept up well. Shout out to Kyle and his team which are doing a great job keeping it up.

Ultimately, that's how we have been running the company and we continue to do so. Seeing that we have taken the right position for the four stakeholders.

I think when we look at the first quarter, I am proud what we have done. We have continued to focus on our target. Continued to grow our core business where we added more spectrum with the latest spectrum option, not only seeing that customer can continue to buy from us with an uptick in the challenge. We are also leveraging our assets going forward where Kyle has been telling where we plan for 5G and fiber. We continue to see that we are going to provide that to our customers where we still are finding obstacles in the field. Our field is fantastic. They are working with municipalities, working with the supply chain, so things are coming out. So we are actually planning for doing everything with that in the beginning of the year -- working on the wide band and having nationwide on 5G and continuing on. We are on plan. We don't know if we can continue, but I have confidence in the team that is doing this and finding new ways every day.

Continue to be disciplined on our financials. Keeping a very prudent view on it on the balance sheet because we want to come stronger out of this. And finally, I think what is more important in our priorities and it is, of course, the purpose of the company where the team or across the whole company working hard to deliver to our customers and we are 20,000 of you that has been retrained to do other tasks. That's amazing. And thousands -- are delivering as well. So all in all, keeping all of the priorities that I outlined in the beginning of the year I can see we are doing all of them even in this pandemic. And this is a delicate balance, but I think we have done it well. And look into the financials and it's a strong quarter and we continue to have growth in our cash flow as well as in our share. And in our revenue which is explainable because some of the explanation is we decided to put it safety and health first rather than having doors open or actually doing more installation than needed. We have really thought about this balance to balance it out. That's a summary of the quarter, but it's so much more this quarter than on the financials to see that all stakeholders in our matrix is actually having a positive feedback long-term finally.

By that, I will leave it back to you and Matt to go a little deeper in the financials.

>> Thank you so much. And a lot of stuff there that you covered and Matt will join us here this a moment as well to talk about them. A lot of great questions have come in for both of you. Be ready for those and we will go deeper in depth on those. If you have any questions you can drop us an e-mail and we will take a look at it.

We talk about 1Q and all of the things that happened. We like to give you a recap of what did go on in the quarter. So I want you to sit back and enjoy this for the next few minutes as our 1Q review. Here you go.

>> If I had just one word to describe my team this quarter, it would be inspired.

>> Courageous.

>> Transformational.

>> Passionate.

>> Dedication.

>> We delivered results.

>> We showed up for each other.

>> We continued to find new and better ways to better our customers.

>> Let me give you a few. Our G and T group continue to build out our 5G ult wide band in cities like Cincinnati, Little Rock and Kansas City while providing differentiated experiences like the Super Bowl and Oscars. We continue to invest in our 4G, fiber and global team networks and recognize a strong performance by J.D. Power and metrics. We adjusted to meet our customers demands. We enabled the massive shift of our customer service to our on-line channels to make it easier for them to get the support they need. We scaled up our internal networks and integrated hardware and software enabling over 500,000 V-teamers to work from home. We adopted social distancing to work from the field to maintain essential field services and that was a fraction of what this team accomplished. Our consumer group continues to lead in the quarter with the introduction of a range

of new 5G devices including the S20 and the LGV60. We disrupted things with a launch of mix and match on FiOS. With the start of the crisis our team wanted to make sure those most vulnerable stayed connected so we waived late fees and overage charges for residential and small business customers and pledged not to terminate service. We added 15 gigs a day for customers at no charge and created a new affordable internet option for those that need it most. We free premium content for our FiOS customers and access to educational tools for students now learning at home. In order to continue to serve customers safely, we shifted as much service as possible online. We rapidly evolved procedures in the retail stores modifying opening hours and reducing the number of stores opened. Instituting social distancing and using in-store pickup and by appointment only processes. And we launched our retail redeployment strategy to help to keep everyone working productively.

>> Our business group announced strategic partnerships with Audi, NASCAR and Honeywell first quarter to deliver enhanced connectivity. We our 5G ecosystem with the opening of our 5G lab in London. Verizon business group, we serve customers in 150 countries around the world. So we have been on this COVID battle since day one. It's accelerated our customers adoption of new solutions and technologies. Businesses everywhere of all sizes turned to us to find new ways for them to expand connectivity, VPN, security and provisioning. I have been -- first responders from municipalities from across the country. Like grocery chains for helping to keep their shelves stocked. By health care providers, hospital systems and emergency service sites. Los Angeles schools for stepping up to provide essentials. Distance learning connectivity to over 100,000 under-served students. In these unprecedented times we had a core objective within Verizon business groups. Be the partner of choice for our customers as they work their business continuity disaster recovery plans. We have done just that. We have been critical to what they deliver in terms of connectivity and helping them accomplish their mission.

>> This quarter has transformed our media group in so many ways. We unveiled Yahoo! mobile, our first ever unlimited ecosystem plan and when COVID-19 hit, it highlighted the need for trusted and reliable content as well as business innovation for our advertisers and publishers. Consumers are coming to us for content and information. They can rely on during this pandemic. For COVID-19 update which lifts a ecosystem as billion page we use a billion video streams. Yahoo! mail usage has grown as people are looking for ways to stay connected. We helped launch pay forward live a weekly live stream showing the business names in entertainment and gaming. We donated

\$10 million in advertising to central health organizations help. We partner with the ad council to create public service announcements and launched Yahoo! live a new site focused on mental, emotional and physical well being. Our media platforms are seeing delivery and streaming as consumers turn to gaming and entertainment.

>> We continue to lead in the way we care for our employees and the world around us. We started to the year out of the gate with the learning school. To serve our customers in this new era we fundamentally changed how we work equipping and training over 100,000 V-teamers to work from home with manageable for them and their loved ones. We transformed how it communicate to keep everyone current and connected. We opened up virtual volunteering opportunities for our V-team. We committed tens of millions of dollars to non-profits who support students and health care workers. We tripled our data allowance for our Verizon learning stores and make free digital access to the New York Times for all U.S. high school students.

>> If I was to sum up the quarter I would say we delivered.

>> More customer centric than ever.

>> Another reminder of how essential our work is.

>> And proud of the work this team did and grateful for the way served our customers.

>> This is the V-team at its best.

>> There is the V-team at its best. Think back to all of the things that happened in January, February, March and here we are, I want to switch gears and talk to Matt Ellis, our Chief Financial Officer. I know he is a long time viewer and first time joiner here on the show. Matt, how are you? Give us the latest from wall street.

>> Good to hear you, Jeremy. Good to join everyone today. We've released our earnings this quarter and I think when you look at the quarter as a whole there is a lot to be proud of from the financial results. You heard about on the video there from other members of the VLC everything going on. When you look at the financial results there was a lot to be proud of.

Let's start with the revenue. Revenue is down 1.6%. And you might say, okay, that doesn't sound too great but it was driven by the wireless equipment which was down by 16% in the quarter. As you

look where that came from, obviously in March when we started closing our stores to protect our employees and customers, and also customers even if our stores weren't closed they were under the social distancing procedures and stayed home. We saw a significant change in the volume there within our equipment revenue. That was down 16%.

Our core revenues of our business and when you think about those with our service revenue continue to grow well. We saw service revenue was up 1.9%. Wireless across both consumer with business really having a continuation of the strong trends over the past few quarters in service revenue growth. That was 6.9% in the quarter. A lot to be proud of. And within media, continued making good progress early on in the quarter with the trends we had seen last year and then similarly when COVID hit had an impact on their revenue stream. They ended the quarter down 4% on a year-over-year basis with all of that negative impact really coming through in the month of March. All in all, we continue to see good growth in the core parts of our business. And so we enter this period from a position of strength from that standpoint.

When you look at the next line, consolidated adjusted EBITDA. This is the earnings. So you see the core earnings of the business when you take the revenues and subtract out the labor costs and costs of equipment and network costs and so on. And those were essentially flat year-over-year. One key item in there we took a bad debt reserve of \$228 million. And every quarter we assess the amounts of money that customers owe us. They are on our receivables and balance sheet at the end of the quarter. Think about the current service revenue that customers owe us and the balance on there, their handset device. And we look at those and we assess how main of those do we think we will ultimately not collect. As we did that at the end of the quarter there was a slightly different view than under normal times and that's why we had that in there. So that was a higher expense than normal. But absent that, we continue to produce strong earnings.

When you get down the income statement and you get to earnings to share or EPS. This is us that we backed out in addition the labor costs and equipment costs and network costs and we backed out depreciation, interest expense and taxes as the primary other things. And the interest expense was down year-over-year as we managed our debt down and interest rates have come down, too. Depreciation was down slightly as well. Net-net there was a 5% improvement there in the first quarter in a year-over-year basis. So good to continue that trend. We've had over a number of quarters now showing year-over-year growth in EP service.

Free cash flow, this is after capital spending as the money we spend on adding capacity to the network and other activity we do there came in at \$3.6 billion. So two good things about this. Up 26% on a year-over-year basis as Hans mentioned which shows that we are turning the results into cash which obviously matters. But it also meant that we have a dividend each quarter, two and a half billion and after paying the dividend we continue to generate positive cash flow.

That's a summary of the results. Then as I think about the earnings call this morning and this was a very different earnings call. Historically when we do the earnings calls it's a review of the earnings that we reported. And a couple of reasons we didn't spend a lot of time on those earnings, was obviously people are more interested right now in what's going on right now. But the other reason was the results are good in the first quarter so they didn't have as many questions around that so they want to focus on what we see going forward here. And one of the reasons why we didn't spend a lot of time looking at that is to say the results were good and wouldn't be a quarterly earnings without me saying results matter. So that allowed everyone to focus on, okay, what's going on in the business now?

We took some extra time in our prepared remarks this morning and put extra information in there that we wouldn't normally show. We showed the volumes we were seeing across the business from middle of March, through middle of April to really show kind of the first month of COVID impact and see the impact on our business reduced volumes, certainly on the consumer side of the business, but also some of the strong volumes we had seen in public sector and enterprise as those customers reacted to this situation as well with increasing needs for our products and services. So we took some time doing that.

The other big thing we did was updated our guidance. And guidance is something we provide at the start of the year and we tell our investors what they should expect from us in the coming year in terms of revenue growth and earnings growth and a couple of other items. The big ones they focus on is our views on revenue growth and earnings growth. And so normally we do it at the start of the year, we provide all of the updates through the year. But this is very different. A lot of companies have withdrawn guidance for the year because of the uncertainties right now, and we spent some time thinking about that. Did we have enough view and we ultimately decided that we with drew guidance from revenue because with the equipment revenue

component and really not knowing exactly how customer behavior will evolve here over the next few months, we didn't have a high degree of confidence this saying where we thought total revenue would be.

We did want to give our investors and other people a sense of the earnings of our business. So our adjusted EPS guidance had been positive two to 4% growth from the F.M. we produced in 2000 -- from the number we produced in 2019. We took that down and widened the range a bit and spent time talking about the impacts we are seeing in the second quarter on primarily on our revenue line. You heard Hans talk about some of those this morning whether it's keep Americans connected pledge, the additional 16 gigabyte of data, customers not traveling as much and paying for that access while they are international.

So we talked about a number of those things and explained the guide there with the impact on the second quarter. And then said we will have to see how the second half of the year plays out. So we gave a lot more forward looking comments than we normally do. A lot of good conversation in Q&A with the analysts about that guidance. And now the business going forward. What it really comes down to is while certainly none of us have the level of certainty we would often have, the things I do feel good about, the things we do know is we have a business that's being performing well for a number of quarters now as we have gone into the situation.

We have products and services that customers want and need in normal times and need them even more in a time like this. And we have done things to manage the balance sheet on the front end. I use the term of having shock absorbers in the business to be able to withstand that. So we do know those things that give us a reason why we are still very confident in the long-term of the business. When we get on the other side of this thing, we will be in a good position and we will keep on building out 5G and everything else.

One last comment before I go and you heard all of the comments from Tammy and Rone on the video there. And the team across Verizon is doing incredibly well. I want to take a minute to say thank you so much to the finance team, the work you have done over the past five to six weeks that adjusted -- six weeks that adjusted to get us in a position to report on time. The SCC gave companies the opportunity to extend their reporting cycle with their teams out of the office. We didn't need it because our team is phenomenal. They adjusted quickly and I want to thank all of them for that so Jeremy, back to you.

>> Awesome. Thank you for the update and some questions coming your way. I will switch gears before we get into questions. Usually we recognize either some individual contributors or teams that are out there and doing some work. So I want to back up to the beginning of March for -- or really the end of February. On the night of March 2 into March 3, if we will take a look at this video we are rolling. West and middle Tennessee got mauled by tornado including one that hit downtown Nashville and others and impacted areas in the state. As a result of this, you can see the damage was catastrophic. Our network and key network took a hit in some parts of -- was destroyed. We had more than 250 cell places out of service. The team swung into action as you can see they always do they set up spots which are satellite pico cells on trailers for emergency operations -- four spots and 16 satellites and trailers and installed sick temporary microwave -- and 100% restored within the week. I want to call out two folks on this team who made all of this happen. We can see their photos here and Andy and Jeff. They are field engineers. They went above and beyond during the restoration taking on a lot of this work. Working through a lot of challenges including long hours and managing conditions caused by downed power lines and trees. They never lost focus of their priority of providing service to those who desperately needed it. We always talk about running to a crisis and connecting people. Those two gentlemen did it along with their team. Today happy to present them with a virtual credo award. Here it is in my hands. It's for you. It's for your teams. And for all of you hard working network engineers and folks around the business who keep our customers connected. Hats off to you and thanks so much to you Andy and Jeff.

Another piece, tornadoes hit Chattanooga a couple of weeks later on Easter Sunday. They were back in action connecting those folks again. Hans, when you hear stories like this, what does that mean to you and our business?

>> Be very proud of the team members like Andy and Jeff and their whole team that in these teams they will continue relentlessly to help the customers. They are a team on them, that just made this happen and of course if you think about the people behind it, meaning the people and our customers in Tennessee that's were impacted by this event and getting them connected. We know how important that is. This is telling me how we are working in the company and we have so many examples of it. This is a great example of showing how the team is showing up doing what we call business as usual, which is far away from business as usual to many people. Our people are seeing our

customers are connected. Thank you team. Thank you for doing what you are doing.

>> Hans, thank you for those words.

Let's jump into questions here. We have some that continue to come in. You can send those to us via e-mail live at Verizon.com. Hans, the first question is for you starting with Jennifer Pryor from Wilmington, North Carolina. Jennifer, hope you and Thomas are doing well. No reason I picked this question but it's a good question. Jennifer wants to know about work from home negative impacts. Did you see any negative impact because everyone transitioning -- or a majority of the business transitioning to work from home.

>> Of course there are complications when working from home for many of our employees. And it's a new environment. There are things that in their home environment that are impacting. But overall it has worked tremendously good. I see that we have so much interaction in the company. We are continuing to run our business as usual. While managing this crisis. Yes, there are all challenges. It would be strange to move all 150,000 people to work from home but it still worked. A shout out to all of the employees that make it happen even that you -- you are a parent taking care of your children or things like that. It has worked. A shout out to our IT department has made this happen and I have to say in many instances we are being very productive in this environment. Yes, there are problems, but I think the V-team has overcome them.

>> Hans, the next one is for you as well from Lori in Hilliard, Ohio. Lori wants to know, given the innovation we have seen and you talked about this from our GTS team making the remote work enabled. What have we learned that we can continue to do to make us even more effective once we are in the post crisis world?

>> I think a lot. Some of the societal impacts that we see right now that people who work from home more and eLearning and telehealth will be there. We will learn from that and some of them we will care of and then think about the innovation and how we deal with our customers in stores and online but not only that. Then we have our field engineers that they see the -- and things like that, that will stay. All of that innovation is just productivity and serving our customers even better. Yes, as we see it work, we work with the crisis which Christy is leading and majority of our team working with the business and also part of our team thinking about what long-term impact will this pandemic have and how will we be stronger out of this and how

will our offering evolve and how will we see it as a company as well. Yes, short answer is, we will see changes which will improve for our customers and for us.

>> Hans, some more questions from you in a moment. Matt, I want to swing this one your way. This one comes from Reggie Black on the business group team in Houston, Texas. I wanted to talk about revenue growth and new normal. With us all globally living in this new normal, what from a revenue growth perspective surprises you most and how does the rise in best leverage that for years to come?

>> Yeah, great question. Thanks, Reggie. So as I look at the revenue, nothing major has surprised me so far. When you think about our business, our revenue is built on the subscription model. We bill customers every month for most of the services we do. And they are services that customers need. We continue to see strong numbers. Obviously there is some adjustments as we talked about from not charging late fees. Not charging overage by giving customers the extra 15 gigabyte of data a month. The travel roaming is all down. But in general the revenue is where we need to be right now. As I think about this new normal going forward, I know both Ronen's team and Tammy's team are thinking about both the consumers and businesses, how does this change how they do things going forward and develop into products and services to allow us to continue to be so important in our customer's lives? So there is a lot of good work going on there. I think we are well positioned as we go into this new normal. Because we all know on the other side of this thing how we work and so on isn't going to be exactly the same as it was before hand. And I think we are in a good position. We can adapt and provide these products and services that customers need, and allow us to grow revenue going forward. It's critically important that we spend time understanding what those new customer needs are and make sure we are in a position to meet them. The teams are working on that. If we execute again, I think we will like the revenue trajectory of our business is going after that.

>> Good stuff with that, Matt. Going to stick with you for this next question as well from Andres in New Jersey on the consumer group team. Talking about the brand value that we've gained over the past few weeks. How would you define that number that of value that we created in the past four to six weeks around the response to coronavirus?

>> Yeah, I think I'm very proud of the way the company has shown up in the response to this, whether it be the things we've done with the network can continue phenomenal service in usage, whether it's pay

it forward live and so many other things that we've done. The things we have done to take care of our people. Here is the way I think about it from a CFO seat. A lot of the investments we make in this company by the very nature of who we are, we make significant investments largely in network, but other things, too, but are there to generate business for not just years but decades. And we will generate the return on those investments if we are around for that time period. So to be around for a long time period you have to be a company that is local communities are proud to have your assets based in their communities. You will be a company that employees want to work for because without having a great set of employees, those assets don't turn into the great company that we have. And you have to be there for society as a whole. You think about the things we do around the environment and obviously a lot more to do there. So we had the opportunity to really showcase all of the things that we normally do across all of our stakeholders and in an environment like this. I think it puts us in a position where people have a better opportunity to see the great values that this company has. I'm certainly proud talking about those when I talk to the folks on wall street. But sometimes unfortunately people don't hear all of that in a normal environment. The situation like this you really see how companies are and I'm can't be more proud, and for our investors, too. Absolutely I agree with your point that there is a lot of brand value that we created here. Doesn't show in revenue day one, but is the type of thing that will have a sustainable business in the long haul where our customers are proud to say that they have Verizon as their carrier and provide services to them.

>> Yeah, I know we continue to get notes from customers thanking us for everything we are doing.

Hans, I want to go to you for this one and probably one of the most like that that we had since we started up to speed live but Trent and a few others want to know about business as usual and re-opening. What will the procedure for opening offices back up for work be? Will it be in phases or roles or role dependent or job dependent when we are back to that?

>> First of all, we need to remind ourself that we have a fair amount of our employees that actually are still open and they are in the field and working every day. So shout out to them first of all.

When we are re-opening, the team is working to think through those details. And as we said before, it will be some sort of a staggered coming back. We haven't 100% defined but we are working

on it every day and it will be geographically different. We have offices in Asia, Europe, United States where it is biggest market. So it will be different in different places. We will continue to think about the safety and health of all of us as number one when we do this. And see that we do this in a very organized way. And encourage you to stay tuned to up to speed because Christy and I will be there to continue to give you updates of what's happening through this process and nothing is defined yet. We are working with it and will have guidelines we will do with it when we will come back to the offices.

>> Hans, thank you for that. And don't forget, we will be back here next week every day at noon eastern and we will continue to update folks. Hans, this is for you as well. Since the announcement of the deal with blue jeans, Charles wants to know the acquisition are we going to standardize internally and use that along with all of the other tools that we have to connect?

>> So we are not really close with a deal yet. There are some regulatory approval that need to be left there that will take us some weeks more. As the business close, the team will have a clear priority of what type of product development we need to do in order to -- for our customers and also the team, our CIO will also work how we can use this product in our sort of internal work. So that's going to happen. But we need to make a list of priorities in order to see that we continue to serve the customer using blue jeans but in time I see us using blue jeans internally as well.

>> I know when Tammy joined earlier she said she was using it a bit but are looking at the early stages what that looks like. It's not a closed deal so definitely more to come.

Matt, folks want to know about reducing costs and financial impact. Obviously we are keeping our customers connected and our commitment there. But the customers are saving money on utilities since implementing the work from home strategy. How are those elements impacting our bottom line, she wants to know.

>> Great question. So as you think about it really breaking down between the first quarter results and then the second quarter. So obviously this started to show in the first quarter. We will see a bigger impact from those items in the second quarter. Obviously a number of our buildings are closed right now and there will be -- associated with that whether that's utilities or the other operating costs around that. We are seeing a reduction in travel expenses. Remarking to someone earlier before we came on that I think

I forgotten how to approve an expenditure report because it's been awhile. We are certainly seeing those things come through in terms of savings. But really the message that I have for everyone around this is, we have been doing a lot of work over the past few years around making our business as efficient as it can be. And I'm proud of the work we've done. We still have work to.

Do that work doesn't stop. But because of that work we've done, it puts us in a better position. When you enter an unexpected period like this and you never know when those things will come along or what they are going to be and so on, but it's a lot easier to respond to the changing situation when you are in good shape. And we put ourselves in that position where we are in better shape from a cost standpoint which is allowing us to continue to invest in our business going forward. As you heard on the video with Carl talking about the things -- our rollout of 5G and fiber continues. So that's why we are continuously working on the cost side of the business. Making our operations as efficient as they can be, creates a lot more choices for most in terms of investing. We just talked about blue jeans. One of the reasons we had the capability of doing that is because of the way we have run the business and we had talked about the strong cash flow in the first quarter that allows us to take advantage of those opportunities when they come up even in a time like this.

Yes, absolutely, we have some things on the cost side that are probably a little more favorable right now, but there are other cost items that are higher than normal right now as well. Encouragement to everyone is as we get used to this environment, let's not lose sight of our ongoing efforts to continue to make our businesses as efficient as it can be. Thank you.

>> Thank you, Matt.

Hans bouncing back to you from Newport news, asking about network buildout. You mentioned the reliability and the reasons and -- or the pieces of our network wireless 6 as well as fiber, how do those look to be coming? Will we expand fiber out to more as people are working from home or 5G, does that mean we will go into new markets. What is your sense of that?

>> I think -- our strategy is the network build that Kyle and his team has outlined together with the commercial side. I think it has -- how we want to roll out meaning we think 5G will be a really important offering for broadening that. We continue with FiOS deployment and have the engineers talking about the FiOS and continuing with that. The difference is we have our footprint where we can have FiOS and

we will continue there. And also mentioned the mobility with 5G will also be important in these times and we will continue to do that. So nothing has changed how we build the network, but use of the network might be different. It doesn't change our core strategy of building the network. As I said earlier, our plans for the year are five times more 5G stations, computer centers, national 5G coverage. All of that, all of the plan that we have. And our team is executing fantastically that doesn't mean there might be problems, but we are so far found ways to work around it. So our technology capacity is intact. And we will continue to execute on that -- in this environment.

>> Hans, thank you. Matt, thank you as well. One reminder before we go to Hans for a wrap of the week and thoughts ahead, next week you will get another version of the pulse survey that will hit your mailbox earlier in the week. 73% of you participated in that. Thank you for doing that you heard Hans say and Christy say let's bump that number a little bit more. The feedback matters and our leadership is able to use that to figure out where we need to go with the business and how we need to work as employees because no one knows the business better than you do. Like I said early next week you will get that. It has six questions and a comment box and a chance to provide other feedback and that's been the feedback that we got on the feedback mechanism. We are listening and the team is listening for that and will remain open for three days and will take care of that as soon as it comes in and Hans and Christy will share those results with us at the end of next week it looks like. Just reminder the pulse hitting your mailbox early next week.

Hans, going into the weekend, how are you staying well and keeping your mind straight and final thoughts for us.

>> I was many questions in one there. Reminded on the service is very important. That -- roll our way and get the feedback from all of you out there. We have 73% of you responding and gives you a couple of days. We have to do the same this time because we want to see where we are. And now we have been -- it has been eight weeks into this pandemic and this crisis and four weeks, but all in all we want to hear from all of you. I think that's important.

How do I say clearing my mind? I have a lot of people at work every day and I talk to a lot of people doing what Jeremy and I are doing, reaching out to people. Seeing that the communicate even more in these times and that's what I'm doing. I talked to external people and internal people and talk to my leadership team. And calling to

see that we are all supporting each other during this time because we all need support.

Finally, coming up now if you look back a little bit because this is a little bit of a day of looking back, I feel really good about how we showed up with the company in the first quarter thinking about different stakeholders will have and actually seeing that we actually take the position that are long term positively for all the different stakeholders that we have. I feel really good about that. I also feel good about how we performed in financially and I also feel good about distract -- that we have laid out. It's even more important during this time and good how we execute on it.

I want to remind you all that we continue to go -- in certain times. It's a crisis that is global, impact each and every one of us and they culminate. As Matt said, we cannot rest right now. We just need to continue to push and even though we can look back on the handling it well so far, we just need to continue to push and work and deliver our service to our customer. It can take for awhile before it gets back to normal and it will be a new normal as we discussed many times. I urge you all from a company point of view to continue to push that, think about how we lead in these times and we are all a leader in the market. We need to continue to lead in this market. I urge you to continue the work you are doing now.

And finally, some of you are going to the weekend, always think about rest and energy and see that you come out even stronger next week and the week after that because Verizon and all of the V-teamers we want to come out from this crisis as a stronger company. So once again, thank you for all of the great work you have done, all of the V-teamers and the broader V-team family. We continue to push forward. I will push forward and I will take my leadership and do that and I want you all V-teamers doing the same.

Thank you and back to the host of this fantastic show up to speed live.

>> I told you we had a good one for you today and hopefully I didn't let you down. I will make sure to put that on my pulse survey. Hopefully you and your family will have a good weekend. And everyone out, there time to reconnect, regroup ourselves and what matters in life. A lot of this quarter that we talked about today was spent obviously serving our customers and whatnot. Also an opportunity to look around to our own teammates and say thank you and so today I want to end with a quick thank you to all of you. Thank you so much. We'll

see you Monday.

>> I would like to express my personal thanks to you, your team and Verizon.

>> For the amazing work you delivered in the last couple of week.

>> For what you have done for first responders and small business.

>> I think you guys should get all of my credits and I love you.

>> I am a mother of two and have my elderly father who lives with me in my home. I just wanted to say thank you.

>> I just wanted to take a moment to give accolades to Christina for her professionalism, patience and uplifting attitude.

>> I want to say thank you to our Verizon partners who helped us bring joy and encouragement to the most vulnerable in our community.

>> I want to report to you of the actions of a good Samaritan disguised as a lineman.

>> It's a privilege to be with you and your team. You guys are really synchronized in your vision.

>> My thanks to all, all of the employees and particularly those of you that are really providing all of us in the world kind of access to information. What you are doing is helping not just the United States but the world stay informed.