



Verizon Communications (VZ)

Updated April 28th, 2025 by Nathan Parsh

Key Metrics

Current Price:	\$42	5 Year CAGR Estimate:	11.6%	Market Cap:	\$177 B
Fair Value Price:	\$52	5 Year Growth Estimate:	2.5%	Ex-Dividend Date:	04/10/25
% Fair Value:	81%	5 Year Valuation Multiple Estimate:	4.2%	Dividend Payment Date:	05/01/25
Dividend Yield:	6.5%	5 Year Price Target	\$58	Years Of Dividend Growth:	20
Dividend Risk Score:	D	Sector:	Communication Services	Rating:	Hold

Overview & Current Events

Verizon Communications was created by a merger between Bell Atlantic Corp and GTE Corp in June 2000. Verizon is one of the largest wireless carriers in the country. Wireless contributes three-quarters of all revenues, and broadband and cable services account for about a quarter of sales. The company's network covers ~300 million people and 98% of the U.S.

On September 14, 2024, Verizon announced that it was increasing its quarterly dividend 1.9% to \$0.6775 for the November 1st, 2024 payment, extending the company's dividend growth streak to 20 consecutive years.

On April 22nd, 2025, Verizon reported first quarter results for the period ending March 31st, 2025. For the quarter, revenue grew 1.5% to \$33.5 billion, which topped estimates by \$220 million. Adjusted earnings-per-share of \$1.19 compared favorably to \$1.15 in the prior year and was \$0.04 ahead of expectations.

For the quarter, Verizon had postpaid phone net losses of 289K, which compares to net losses of 114K in the same period of last year. Wireless retail postpaid phone churn rate remains low at 0.90%. Wireless revenue grew 2.7% to an industry-leading \$20.8 billion while the Consumer segment increased 2.6% to \$17.2 billion. Broadband totaled 339K net new customers during the period, ending what had been 10th consecutive quarters of at least 375K net adds. Still, this shows that this aspect of the business is performing very well. The total fixed wireless customer base is more than 4.8 million. Verizon aims to have 8 to 9 million fixed wireless subscribers by 2028. Fios additions totaled 45K. Business revenue decreased 1.2% to \$7.3 billion as gains in wireless service revenue were once again more than offset by weakness for wireline revenue. Wireless retail postpaid net additions were 94K for the period. Free cash flow was \$3.6 billion for the quarter, up from \$2.7 billion in the prior year.

Verizon reaffirmed prior guidance for 2025 as well, with the company expecting wireless service revenue to grow 2% to 2.8% for the year. The company is now expected to earn \$4.69 per share in 2025, up from \$4.60 previously.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$3.99	\$3.87	\$3.75	\$4.71	\$4.81	\$4.90	\$5.39	\$5.18	\$4.71	\$4.59	\$4.69	\$5.31
DPS	\$2.23	\$2.29	\$2.32	\$2.37	\$2.46	\$2.47	\$2.52	\$2.57	\$2.62	\$2.67	\$2.71	\$2.99
Shares¹	4073	4077	4080	4050	4025	4141	4169	4207	4214	4222	4222	4210

Verizon has seen its earnings-per-share grow at a rate of 1.6% per year for the past 10 years. We have reaffirmed our forward growth rate of 2.5%. Applying our expected earnings growth rate to the company's guidance for 2025 means that shares of Verizon could earn \$5.31 per share by 2030.

¹ Share count in millions

Disclosure: This analyst has a long position in the security discussed in this research report.



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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	11.8	13.3	12.3	13.1	12.8	11.5	9.6	7.7	8.0	8.7	9.0	11.0
Avg. Yld.	4.7%	4.5%	4.8%	4.1%	4.0%	4.2%	4.8%	6.6%	6.9%	6.7%	6.5%	5.1%

Shares of Verizon have increased \$2, or 5.0%, since our January 24th, 2025 report. Based off the current share price and earnings guidance for 2025, Verizon has a forward P/E of 9.0. We reaffirm our target P/E of 11.0 as this brings the target valuation more in-line with peers as well. If shares were to return to this ratio by 2030, then multiple expansion could add 4.2% to total annual returns over this period. With a dividend yield of 6.5%, Verizon’s stock offers investors a yield that is nearly five times the average yield of the S&P 500.

Safety, Quality, Competitive Advantage, & Recession Resiliency

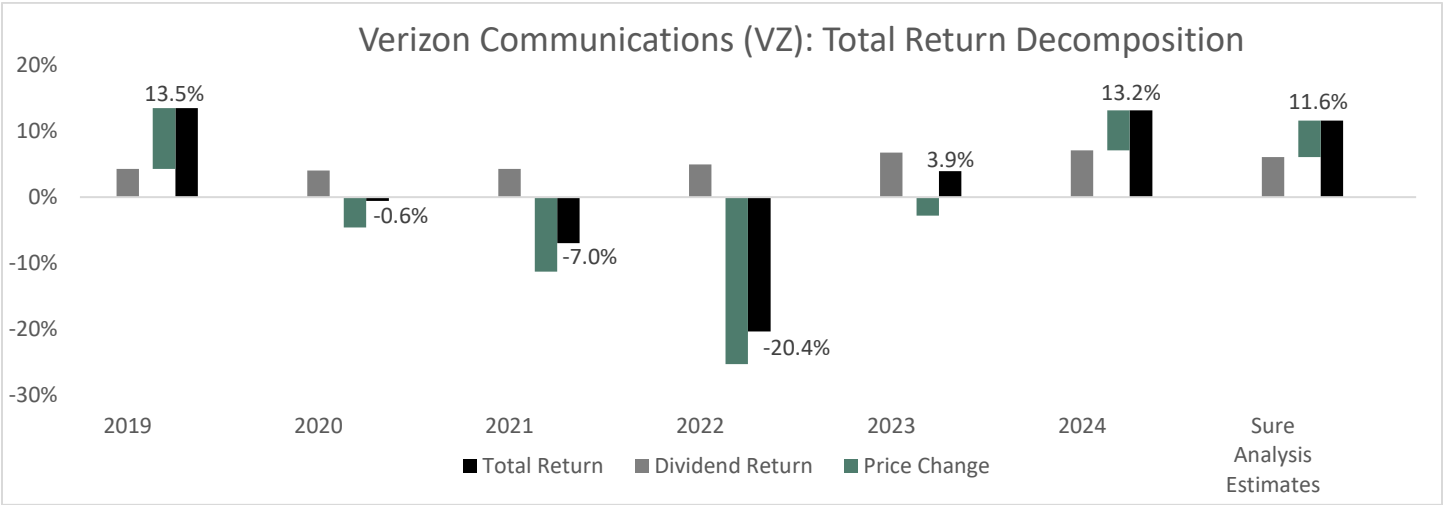
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	56%	59%	61%	50%	51%	50%	47%	50%	56%	58%	58%	56%

While investors are not likely to see a significant pickup in earnings growth, Verizon offers a very high and stable dividend yield that is well covered. While the current net debt level is still high, it has been reduced recently. One of Verizon’s key competitive advantages is that is often considered the best wireless carrier in the U.S. This is evidenced by the company’s wireless net additions and very low churn rate. This reliable service allows Verizon to maintain its customer base as well as give the company an opportunity to move customers to higher-priced plans. Verizon’s 5G service coverage area gives it an advantage over other carriers. Another advantage for Verizon is the stock’s ability to withstand a downturn in the market.

Final Thoughts & Recommendation

Following first quarter earnings results, Verizon Communications is expected to return 11.6% annually through 2030, down from our prior estimates of 12.4%. Our projected return stems from a 2.5% earnings growth rate, a starting yield of 6.5%, and a mid-single-digit contribution from multiple expansion. Verizon did experience a sizeable decline in net additions, but this is typical of the company in the first quarter. Elsewhere, the company performed better and continues to generate an immense amount of free cash flow. We have raised our 2030 price target \$1 to \$58 due to earnings estimates for the year. While the yield is attractive, we now rate the stock as a hold due to a weaker dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue (\$B)	131.6	126.0	126.0	130.9	131.9	128.3	133.6	136.8	134.0	134.8
Gross Profit	79,063	73,279	72,971	75,355	77,142	77,091	77,312	77,702	79,087	80,691
Gross Margin	60.1%	58.2%	57.9%	57.6%	58.5%	60.1%	57.9%	56.8%	59.0%	59.9%
SG&A Exp.	29,986	27,095	26,818	31,083	29,896	31,573	28,658	30,136	32,745	34,113
D&A Exp.	16,017	15,928	16,954	17,403	16,682	16,720	16,206	17,099	17,624	17,892
Op. Profit	33,060	30,256	29,199	26,869	30,564	28,798	32,448	30,467	28,718	28,686
Op. Margin	25.1%	24.0%	23.2%	20.5%	23.2%	22.4%	24.3%	22.3%	21.4%	21.3%
Net Profit	17,879	13,127	30,101	15,528	19,265	17,801	22,065	21,256	11,614	17,506
Net Margin	13.6%	10.4%	23.9%	11.9%	14.6%	13.9%	16.5%	15.5%	8.7%	13.0%
Free Cash Flow	11,310	4,096	6,488	16,252	16,909	21,450	-28,343	10,401	12,912	18,922
Income Tax	9,865	7,378	-9,956	3,584	2,945	5,619	6,802	6,523	4,892	5,030

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets (\$B)	244.2	244.2	257.1	264.8	291.7	316.5	366.6	379.7	380.3	384.7
Cash & Equiv	4,470	2,880	2,079	2,745	2,594	22,171	2,921	2,605	2,065	4,194
Acc. Receivable	13,457	17,513	23,493	25,102	25,429	23,917	23,846	24,506	25,085	26,109
Inventories	1,252	1,202	1,034	1,336	1,422	1,796	3,055	2,388	2,057	2,247
Goodwill (\$B)	119.50	122.78	127.84	128.52	128.95	130.28	187.9	189.9	189.6	190.6
Total Liab. (\$B)	226.33	220.15	212.46	210.12	228.89	247.21	283.3	287.2	286.5	284.1
LT Debt (\$B)	109.73	108.08	117.10	113.06	111.49	129.06	150.9	150.6	150.7	144.0
Total Equity	16,428	22,524	43,096	53,145	61,395	67,842	81,790	91,144	92,430	99,237
LTD/E Ratio	6.68	4.80	2.72	2.13	1.82	1.90	1.84	1.65	1.63	1.45

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	7.5%	5.4%	12.0%	5.9%	6.9%	5.9%	6.5%	5.7%	3.1%	4.6%
Return on Equity	125%	67.4%	91.7%	32.3%	33.6%	27.5%	29.5%	24.6%	12.7%	18.0%
ROIC	14.0%	10.1%	20.5%	9.4%	11.3%	9.6%	10.2%	8.9%	4.8%	7.2%
Shares Out.	4,073	4,077	4,080	4,050	4,025	4,141	4,169	4,207	4,214	4,223
Revenue/Share	32.16	30.83	30.82	31.67	31.85	30.97	32.20	32.55	31.79	31.92
FCF/Share	2.76	1.00	1.59	3.93	4.08	5.18	-6.83	2.47	3.06	4.48

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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