Company Analysis Research Project

Bus 342 - Anna Sandberg, Duncan Burns, Steven Brooks, Johnny Brozovich

Company Overview

Verizon Communications, a telecommunications giant, initially entered the scene with the ambition to revolutionize communication services, but over time, it has evolved into a nationwide conglomerate offering a diverse range of telecommunications and technology solutions. Verizon's primary focus is on providing top-notch communication services to individuals, businesses, and government entities. Operating in the telecommunications industry, Verizon caters to a broad customer base, offering services such as wireless communication, broadband internet, television, and enterprise solutions. The company aims to connect people globally, emphasizing seamless communication and advanced technological capabilities. Verizon's CEO, Hans Vestberg, is at the helm of the company's strategic vision, steering it towards innovation and customer satisfaction. Under Vestberg's leadership, Verizon has managed to generate substantial revenue, reaching an impressive value of $135,132 million. The company's commitment to excellence is evident in its constant efforts to enhance connectivity and introduce cutting-edge technologies. Despite the competitive landscape, with rivals like AT&T, T-Mobile and Vodafone vying for market share, Verizon stands as a formidable force in the telecommunications sector. AT&T, with its diversified portfolio, poses a significant challenge, while T-Mobile competes fiercely in the wireless communication space. Verizon is publicly traded on the New York Stock Exchange (NYSE), and its 52-week high/low is observed between $42.19 - $30.67. The fluctuating stock prices reflect the dynamic nature of the telecommunications industry and the challenges and opportunities it presents. As Verizon navigates the competitive landscape, the company remains dedicated to its mission of connecting people globally. With an unwavering commitment to technological advancement and superior customer experiences, Verizon aims to secure its position as a leader in the ever-evolving telecommunications industry.

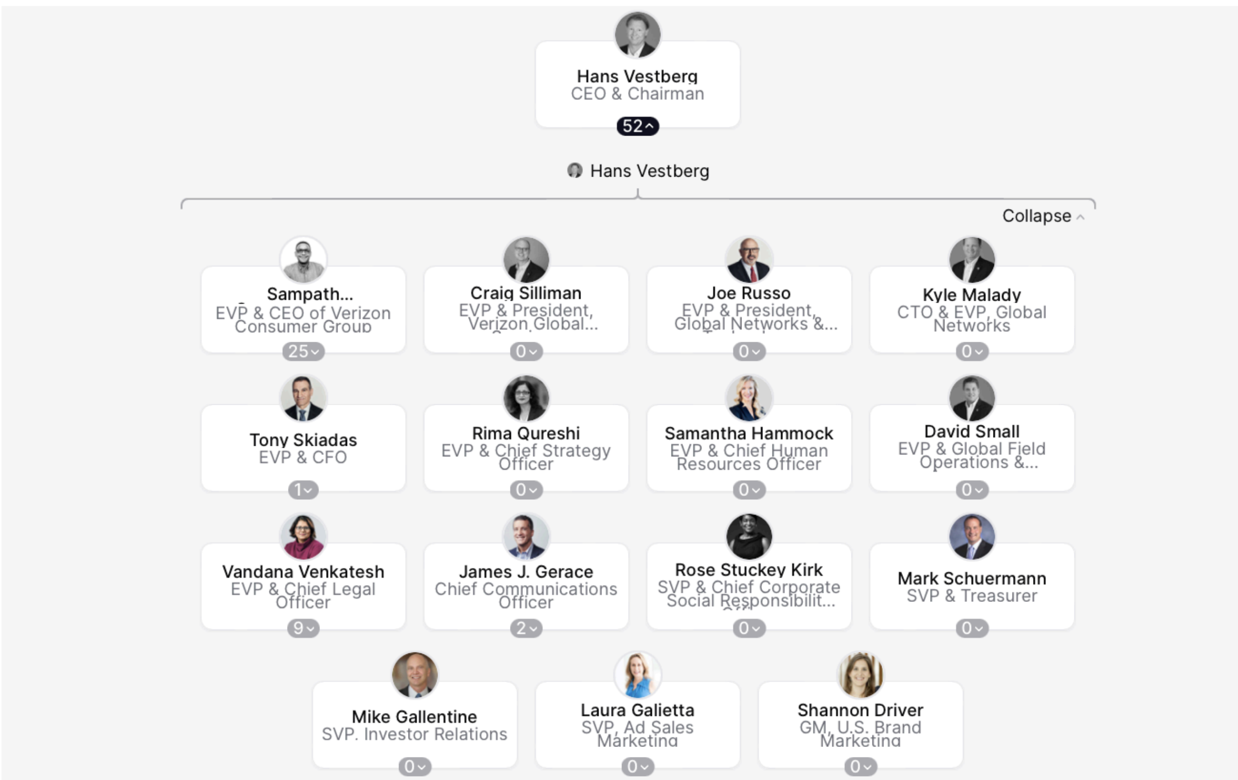


Figure 1: Organization chart with Zerizon's Key Officers

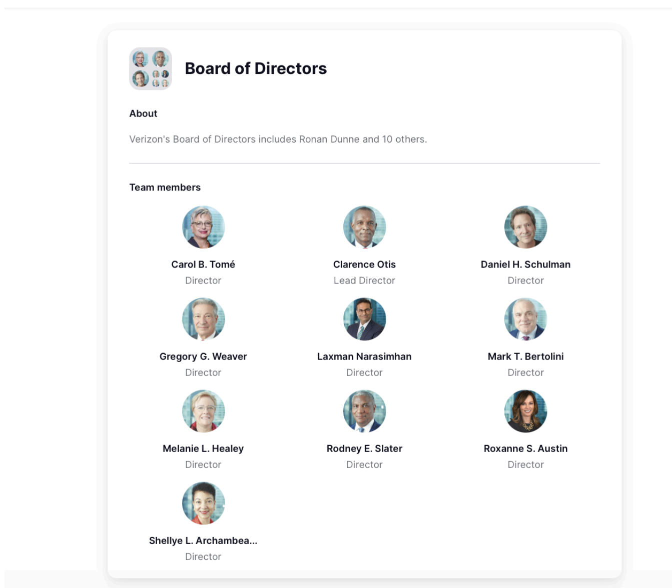


Figure 2: Organizational Chart of Verizon's Board of Directors.

Competitive & Industry Analysis

Verizon Communications Economic Environment

Verizon Communications operates within a dynamic economic environment, shaped by a range of macro and micro-environmental factors that influence the company's trajectory. Macro-environmental factors significantly impacting the demand for Verizon's telecommunication services include employment trends, wage levels, inflation, and customer confidence. As of the latest available data, the national unemployment rate plays a crucial role in assessing consumer discretionary spending. A lower unemployment rate, such as the 3.9% reported in November 2023, and an expected decrease to 3.5% by the end of 2022, suggest a potential increase in discretionary spending on telecommunications services. Moreover, the creation of new jobs, forecasted at nearly 9.2 Million jobs (Bureau of Statistics, 2023) just in the month of September, aligns with economists' predictions of heightened sales in nonessential services, a category that includes telecommunication services. Wage trends also impact the economic landscape for Verizon. In response to the risks associated with COVID-19, wages are expected to increase to attract workers back into the workforce (The White House, 2022). This has implications for consumer spending patterns, potentially contributing to higher demand for telecommunications services. Inflation, a key economic indicator, affects the pricing of consumer goods and services, including those provided by Verizon. If inflation persists, it could lead to increased prices for telecommunication services, impacting consumer affordability and demand The White House 2022). Micro-environmental factors, such as the demand for Verizon's services and increased competition, are critical considerations. The telecommunications industry is characterized by a constant need for advanced technology and connectivity, making the demand for Verizon's services a key driver of its success. As technological advancements and consumer preferences evolve, Verizon must continually adapt to meet customer needs. Competition in the telecommunications sector is intense, with rivals like AT&T and T-Mobile vying for market share. The ability to provide innovative services, competitive pricing, and excellent customer experiences is crucial in this highly competitive environment.

Trends & Opportunities Affecting Verizon Communications Stock Price

The telecommunications industry, in which Verizon Communications operates, is undergoing a transformative phase with several notable trends and opportunities shaping the landscape. As Verizon and its competitors prepare to announce their second-quarter financial results, key industry dynamics merit attention. One significant trend is the accelerated pace of 5G deployments and fiber roll-outs, which is expected to positively impact quarterly results for major telecom players. The roll-out of 5G technology is a focal point for companies like Verizon and AT&T, offering substantial revenue opportunities. However, challenges such as aging telephone lines and high debt balances have contributed to year-to-date declines in stock prices.

Cable operators are expected to witness slightly negative to slightly positive net additions, indicating the evolving landscape of broadband services. Concurrently, fixed wireless services are projected to experience significant subscriber growth of over 100% across major providers (Tipranks 2023). However, ongoing declines in copper/digital subscriber line usage may contribute to modest declines in wireline broadband subscriber bases for major telecom providers. A broader industry slowdown and increased cable competition are anticipated to impact phone net additions, presenting challenges for major players. Despite these industry-wide dynamics, Verizon has navigated challenges through strategic initiatives, including simplified pricing, segmented go-to-market strategies, and C-Band spectrum upgrades. These endeavors are designed to drive growth in service revenue, free cash flow, and earnings.The 5G landscape presents both opportunities and challenges for Verizon. While the delayed impact of 5G synergies on its consumer wireless business and sluggish revenue from 5G business services are acknowledged challenges, Verizon's commitment to technological innovation is evident in the extensive coverage of its 5G network, reaching 200 million people in the U.S. The company is intensifying efforts in 5G fixed broadband services and expects 5G business services to gain momentum in 2024 (Investors Business Daily, 2023). Partnerships with industry leaders like Amazon Web Services and IBM underscore Verizon's dedication to staying at the forefront of 5G advancements. As Verizon and its competitors navigate these trends and opportunities, investors should closely monitor the upcoming financial results and assess how these strategic moves align with the broader industry dynamics. Verizon's positioning within the telecommunications industry reflects a mix of resilience, innovation, and strategic foresight.

Key Issues Plaguing Verizon and the Industry

In the ever-evolving landscape of the telecommunications industry, recent market shifts have brought both challenges and opportunities to the forefront, impacting major players such as Verizon and its competitors. Examining the current state of affairs, Verizon's stock has demonstrated resilience, currently priced at $37.76, marking a noteworthy month-over-month increase from $34. This stands in contrast to the varied trajectories observed in the stock prices of industry counterparts, including AT&T, T-Mobile, and Vodafone, during the same period. What adds a unique dimension to Verizon's standing is its beta coefficient of 0.4013, implying a lower level of volatility and risk compared to its peers. As the industry collectively steers toward the widespread adoption of 5G technology, a pivotal transformation is underway. This transition, although promising, introduces a set of challenges. The rollout of 5G demands substantial capital investment and deliberate strategic planning to ensure effective implementation and to capitalize on the emerging revenue opportunities that this advanced technology promises. Amid this transformative period, analysts express a level of uncertainty regarding the future cash flow dynamics related to 5G, underscoring the importance of nuanced strategies and adaptability. Concurrently, competitive dynamics within the telecommunications sphere are undergoing a paradigm shift. Companies are increasingly converging, bundling an array of products and services across the communications and entertainment spectrum. This shift necessitates a recalibration of business models and strategies to meet the changing demands of consumers who seek integrated solutions (Ohio State, 2020) It also prompts a reevaluation of market positioning and differentiation strategies.In navigating this multifaceted landscape, telecommunications companies must strike a delicate balance between capitalizing on emerging technologies, such as 5G, and addressing the evolving expectations of consumers. Adaptability, innovation, and strategic foresight emerge as critical components for success in an industry where the intersection of technological advancements and shifting consumer preferences defines the path forward. The nuanced interplay between these factors shapes the trajectory of companies like Verizon as they navigate the complex landscape of the telecommunications industry.

Three Competitors and Their Impact on Verizon

Navigating the competitive landscape, Verizon Communications contends with formidable rivals in the telecommunications industry, primarily AT&T, T-Mobile, and Vodafone. AT&T, a major player in the field, with revenue of $121.749 Billion for the twelve months ending September 30. AT&T engages in direct competition with Verizon across various services, propelling technological innovation and competitive pricing strategies.The ongoing rivalry serves as a driving force for technological innovation, with both corporations striving to outpace each other in deploying cutting-edge technologies, particularly in the realm of 5G network development. The competitive pricing strategies adopted by AT&T influence Verizon's own pricing models as both companies vie for consumer attention and loyalty. Network expansion becomes a crucial battleground as Verizon invests significantly to surpass AT&T in terms of coverage and reliability. The imperative to attract and retain customers intensifies, with each company enhancing its customer service and offering compelling plans to stay ahead. Additionally, the broader market dominance sought by AT&T influences Verizon's strategic decisions, prompting considerations such as entering new markets or forging partnerships to counterbalance AT&T's influence. In essence, the relationship between Verizon and AT&T is a multifaceted interplay of competition and response, shaping the trajectory of both companies in the fiercely contested telecommunications sector. For the latest and most specific insights, consulting recent financial reports, market analyses, and industry updates from both Verizon and AT&T is recommended. T-Mobile, known for its disruptive "Un-carrier" approach, intensified its competitive standing through the merger with Sprint, posing a substantial threat to Verizon, particularly in the race for 5G network deployment. The global presence of Vodafone, a key competitor, adds an international dimension, influencing Verizon's strategies in diverse markets. These competitors collectively impact Verizon by driving advancements in technology, necessitating strategic pricing adjustments, spurring network expansion efforts, and fostering a continual focus on customer acquisition and retention. Understanding and responding to the strategies and strengths of these competitors is imperative for Verizon to navigate the complexities of the telecommunications industry successfully.

Financial Analysis

Cash Ratio	2022	Verizon	AT&T
	Cash	2,605,000,000	3,701,000,000
	Current Liabilities	50,171,000,000	56,173,000,000
		0.0519	0.0659
Cash Ratio	2021	Verizon	AT&T
	Cash	2,921,000,000	21,169,000,000
	Current Liabilities	47,160,000,000	85588000000
		0.0619	0.2473
Current Rati	2022	Verizon	AT&T
	Current Asstes	37,857,000,000	35,260,000,000
	Current Liabilities	50,171,000,000	51,684,000,000
		0.755	0.682
Current Ratio:			
	Current Asstes	36,728,000,000	170768000000
	Current Liabilities	47,160,000,000	85588000000
		0.779	1.995
		Verizon	AT&T
Quick Ratio:	Current Assets	37,857,000,000	35,260,000,000
2022	Inventory	2,388,000,000	3,123,000,000
	Current Liabilities	50,171,000,000	51,684,000,000
Quick Ratio:	Current Assets	36,728,000,000	170768000000
2021	Inventory	3,055,000,000	3464000000
	Current Liabilities	47,160,000,000	85588000000
		0.714	1.955
Total Debt Ratio		Verizon	AT&T
2022	Total Debt	172,020,000,000	155,730,000,000
	Total Assets	379,680,000,000	406,698,000,000
		0.453	0.38291312
Total Debt Ratio		Verizon	AT&T
2021	Total Debt	177,930,000,000	199,950,000,000
	Total Assets	366,596,000,000	551622000000
		0.485	0.362476478

Debt Equity ratio		Verizon	AT&T
2022	Total Debt	172,020,000,000	155,730,000,000
	Total Equity	91,144,000,000	406,698,000,000
		1.887	0.38291312
Debt Equity ratio			
2021	Total Debt	177,930,000,000	199,950,000,000
	Total Equity	83,200,000,000	551622000000
		2.139	0.362476478
Equity Multiplier		Verizon	AT&T
2022	Debt Equity	1.887	1.4628
		2.887	2.4628
Equity Multiplier			
2021	Debt Equity	2.139	0.3624
		3.139	1.3624
Times-Interest-Earned		Verizon	AT&T
2022	EBIT	30,467,000,000	-4,587,000,000
	Interest	-3,613,000,000	-1,791,000,000
		-8.432604484	2.561139028
Times-Interest-Earned			
2021	EBIT	32,448,000,000	25,897,000,000
	Interest	-3,485,000,000	-6,716,000,000
		-9.310760402	-3.856015485
Cash Coverage		Verizon	AT&T
2022	Operating Ca	7,473,000,000	3,793,000,000
	Total Debt	172,020,000,000	155,730,000,000
		0.043442623	0.024356258
Cash Coverage			
2021	Operating Ca	22,171,000,000	21,316,000,000
	Total Debt	177,930,000,000	199,950,000,000
		0.124605182	0.106606652

Figure 3: Financial Ratios

Inventory Turnover		Verizon	AT&T
2022	COGS	106,368,000,000	125,328,000,000
	Average Inv	2,388,000,000	3,123,000,000
		45	40.13064361
Inventory Turnover		Verizon	AT&T
2021	COGS	101,165,000,000	108,141,000,000
	Average Inv	3,055,000,000	3,123,000,000
		33	34.62728146
Days' Sales in Inventory		Verizon	AT&T
2022	Inventory Tu	8.111	1.16875E-07
Days' Sales in Inventory			
2021	Inventory Tu	11.061	10.54303871
Receivables Turnover		Verizon	AT&T
2022	Sales	136,835,000,000	120,741,000,000
	Accounts rec	24,176,000,000	14,518,500,000
		5.660	8.316354995
Receivables Turnover			
2021	Sales	133,613,000,000	168,864,000,000
	Accounts rec	24,176,000,000	18,893,000,000
		5.527	8.937913513
Payables Turnover		Verizon	AT&T
2022	COGS	106,368,000,000	24,568,000,000
	Accounts pa	8,750,000,000	36,670,500,000
		12.156	0.669966322
Payables Turnover			
2021	COGS	101,165,000,000	108,141,000,000
	Accounts pa	8,040,000,000	39,285,000,000
		12.583	2.75273005
Days' Sales in Receivable		Verizon	AT&T
2022	Receivables	0.000	1.48567E-08
Days' Sales in Receivables			
2021	Receivables	30.025	544.8035046

Days' Cost in Payables		Verizon	AT&T
2022	Payables Tu	30.02547759	544.8035046
Days' Cost in Payables			
2021	Payables Tu	29.00805615	132.595639
Total Asset Turnover		Verizon	AT&T
2022	Sales	136,835,000,000	120,741,000,000
	Total Assets	379,680,000,000	406,698,000,000
		0.360	0.296881224
Total Asset Turnover			
2021	Sales	133,613,000,000	134,038,000,000
	Total Assets	366,596,000,000	551622000000
		0.364	0.242988858
Capital Intensity		Verizon	AT&T
2022	Total Assets	379,680,000,000	406,698,000,000
	Sales	136,835,000,000	120,741,000,000
		2.774728688	3.368350436
Capital Intensity			
2021	Total Assets	366,596,000,000	551622000000
	Sales	133,613,000,000	134,038,000,000
		2.743715058	4.115415032
Profit Margin		Verizon	AT&T
2022	Net Income	21,256,000,000	-7,055,000,000
	Sales	136,835,000,000	120,741,000,000
		0.16	-0.058430856
Profit Margin		Verizon	AT&T
2021	Net Income	22,618,000,000	20,081,000,000
	Sales	133,613,000,000	134,038,000,000
		0.17	0.149815724
ROA		Verizon	AT&T
2022	Net Income	21,256,000,000	-7,055,000,000
	Total Assets	382,392,500,000	406,698,000,000
		0.056	-0.017347024
ROA			
2021	Net Income	22,618,000,000	20,081,000,000
	Total Assets	382,392,500,000	551622000000
		0.059	0.036403552

Figure 4: Financial Ratios Continued

ROE			Verizon	AT&T
	2022	Net Income	21,256,000,000	-7,055,000,000
		Shareholder	86,467,000,000	131,916,000,000
			0.245827888	-0.053481003
ROE				
	2021	Net Income	22,618,000,000	20,081,000,000
		Shareholder	83,200,000,000	551622000000
			0.271850962	0.036403552
Price Earnings			Verizon	AT&T
	2022	Price per sha	37.25	16.19
		Earnings per	4.9699	-1.5419
			7.495120626	-10.50003243
Price Earnings			Verizon	AT&T
	2021	Price per sha	48.7	18.63
		Earnings per	4.9846	-1.52
			9.770091883	-12.25657895
Price Sales			Verizon	AT&T
	2022	Price Per sha	37.25	16.19
		Sales per sha	32.9646	17.1232
			1.130000061	0.9455
Price Sales				
	2021	Price Per sha	48.7	18.63
		Sales per sha	34.29577	20.25
			1.420000192	0.92
Market to Book			Verizon	AT&T
	2022	Market Valu	37.25	16.191
		Book Value	21.7	13.68
			1.716589862	1.183552632
Market to Book				
	2021	Market Valu	48.7	18.63
		Book Value	19.82	23.29
			2.457114026	0.799914126
EBITDA=		2022	46286000000	19,075,000,000
EBITDA=		2021	46831000000	51,829,000,000

Figure 5: Financial Ratios Continued

Strengths and Weaknesses Between Verizon and AT&T

In our financial analysis of Verizon and its top competitor AT&T, we uncovered many weaknesses and strengths from each respective company. These strengths and weaknesses show no comparison between the two companies, rather they show each company's performance from 2021 to 2022. Verizon had many strengths from 2021 to 2022 which included an increase in their Times Interest earned ratio, Inventory turnover, and Day sales in inventory. Verizon also saw increases in receivables turnover, day sales in receivables, days cost in payables, and their capital intensity over the one year period. Verizon did see decreases in their cash ratio, current ratio, quick ratio, total debt ratio, debt equity ratio. Some more areas where they declined were equity multiplier, cash coverage, payables turnover, total asset turnover, profit margin, return on assets, return on equity, price earnings, price sales, market to book and EBITDA. Moving onto AT&T's financial analysis of 2021 to 2022 we can see an increase in total debt ratio, debt equity ratio, equity multiplier, Inventory turnover, days sales in receivables. AT&T also saw increases in days cost in payables, total asset turnover, price earnings, price sales ratio, market to book ratio. Finally AT&T did also have areas where decline occurred, for example their cash ratio, current ratio, quick ratio, times interest earned, cash coverage, and day sales in inventory. They also fell short in the areas of receivables turnover, payables turnover, capital intensity, profit margin, return on assets, return on equity, and EBITDA.

Financial Ratios Analysis

After reviewing the liquidity ratios from Verizon and AT&T we uncovered that Verizon's ability to off short term debt obligations was greater than that of AT&T. Now even though both companies' Liquidity ratios decreased from 2021 to 2022 AT&T took a worse decline than Verizon as their ability to pay off short term debt decreases significantly more than Verizon. The current ratio for Verizon in 2021 was 0.779 and in 2022 it was 0.755. The Quick ratio for Verizon in 2021 was 0.714 and in 2022 it was 0.707. Verizon had a decrease of 3.17% for current ratio and 0.99% decrease in quick ratio. Whereas AT&T had a decrease in their current ratio of 192.5% and a decrease in quick ratio of 214%. Even though both companies don't hold healthy liquidity due to the ratios being less than 1, we can easily say Verizon's ability to off short term debt obligations was greater than that of AT&T over the span of a year.

When analyzing both companies leverage ratios and debt ratios a lot was uncovered. In 2022 Verizon had a total debt ratio of 0.453 and At&T had a ratio of 0.38. Both companies have greater assets than their liabilities which means that creditors of each respective company are likely to get their money back when and if the company defaults to loans. This means that Verizon is more highly leveraged than AT&T, meaning that a larger proportion of the company's assets is financed by debt which can be attractive to new investors because the company generates most of its revenues through debt. However despite all this At&T still showed a growth from 2021 of 5.2% of their total debt ratio, showing improvements in utilizing its debt in terms of assets. Verizon's total debt ratio dropped from 0.485 to 0.453 over the span of a year, showing that the company has less debt and more total assets for that debt. Moving onto each company's debt equity ratios where we are examining the balance between debt and equity financing with each company. With the equity debt ratio a number below 1 suggests a higher proportion of equity financing, and a number above 1 suggests a higher proportion of debt. We can see in 2022 Verizon had a ratio of 1.887 and At&T had a ratio of 0.38. Verizon has a higher proportion of debt, concluding a higher portion of debt financing whereas AT&T has a higher portion of equity financing. This shows that the majority of ownership in AT&T is from equity where it has 406.6 billion dollars in equity and Verizon only has 91.1 billion. Even though Verizon here is more leveraged and that means that they carry more risk of missing debt payments when revenues decline, Verizon's revenues have steadily been increasing over the years so for new investors there is nothing to worry about. With AT&T's low debt equity ratio it is also implied that they are not taking steps to use debt financing to expand. Now in regards to growth or decline from 2021 Verizon's ratio decreased 13,35 % and AT&T's ratio increased by 5%. This means that AT&T got more risky within a year and Verizon got less risky, which is very attractive to new investors. Finally we examined each company's interest earned ratios which tells us how well a company can cover its interest payments, before taxes. This will show investors how risky a company is and whether or not they will likely get their money back or not. Verizon in 2022 had an EBIT of 30.4 billion with an interest expense of 3.6 billion, producing a healthy ratio of 8.43. AT&T had a loss in earnings of 4.5 billion and an interest expense of 1.7 billion in which their ratio of -2.5 clearly shows a problem in their ability to pay back investors due to their lack of revenue. Now from 2021 Verizon’s ratio decreased from 9.31 to 8.43, and AT&T’s ratio decreased from 3.8 to -2.5 due to the loss in revenues in 2022. Even though both companies got riskier, Verizon stood tall with still very healthy times interest earned ratio.

After analyzing both companies' asset management ratios, we discovered that Verizon's ability to utilize its assets to generate revenue surpassed that of AT&T. In 2022 Verizon's inventory turnover was stronger than AT&T with an inventory turnover of 45 and AT&T with 40.13. Both numbers are at a healthy rate for the industry, however Verizon overpowers that story. Despite having a higher inventory turnover rate than AT&T, Verizon also showed growth in turnover rate from 2021-2022 with a 26% increase. AT&T only had a 13.7% increase, clearly demonstrating that Verizon is selling its goods quicker, but still in line with customer demand in the industry. In pertaining to asset turnover Verizon had a stronger ratio than AT&T did for the fiscal year 2022, however Verizon's growth with its ability to use its assets fell short of AT&T. Even though Verizon had an asset turnover ratio of 0.360 for 2022 and AT&T had 0.29, AT&T still outshines Verizon in regards to growth since the previous year. AT&T’s asset turnover grew 18.2% where Verizon decreased 1.11%. Verizon's 0.360 asset turnover ratio is below average at being able to efficiently produce sales. An explanation for this is people have already been subscribed to Verizon so not many new customers were available especially is a very saturated market. Also a decrease in prices could also be the reason for this. In summary Verizon out performs AT&T in their ability to use assets efficiently, however in terms of growth per year AT&T takes the upper hand.

The profitability ratios were in the next order up for discussion where we examined the profit margin, return on assets and the return on equity for each company. Something interesting was discovered. First of all Verizon's Profit margin, Return on Assets and Return on Equity all outshines that of AT&T’s in the year 2022. Verizon's profit margin was 0.16, its ROA was 0.056 and ROE was 0.245. In 2022 AT&T had a profit margin of -0.058, an ROA of -0.0173 and a ROE of -0.053. Clearly in 2022 Verizon performed much better sustaining a greater profit on its product, and also having greater return on both assets and equity making for a more financially healthy product than AT&T. What's interesting about this is that from 2021 to 2022 AT&T saw a decline in all three areas, 380%, 308% and 167% respectively. Verizon also saw a decrease in all three areas from 2021 to 2022 however not as bad. Verizon decreased 6.2% in profit margin, 5.35% in ROA and 12.9% in ROE. Although both companies declined AT&T took the brunt of the fall as in 2022 their net income and earnings like mentioned before went negative and took a bad hit. All in all Verizon is a more reliable company to invest in because of its strength in producing profit and its ability to return earnings to assets and equity holders.

When comparing Verizon to its number one competitor AT&T in terms of Market value ratios, both companies showed pros and cons. The market to book ratio for Verizon in 2022 was 1.71 and AT&T’s stood at 1.18 which means Verizon's stock was more overvalued than AT&T’s stock. However this was a decrease from 2021 where it was 2.45, which means Verizon’s stock is getting closer to its current value and less overvalued each year. AT&T's market to book value in 2021 was 0.789 meaning the stock is undervalued and now it sits at 1.18 meaning it's increasingly getting more overvalued, which is not a good thing for future investors. In regards to price earnings ratio investors favor the lower number ratio because it means that they are paying less for every dollar for everything they earn. This is where Verizon fell short as their price earnings ratio is 7.49 and AT&T is -10.50, meaning investors will be more inclined to choose AT&T because they are paying less for the return they will receive. However this being one of Verizon's flaws, mentioned about in the long run and in the future Verizon is stronger as its stock is more closely valued meaning investors won't be losing as much money.

Qualitative Factors Impacting Verizon’s Financial Performance

Qualitative factors for Verizon or essential for growth and financial performance. When dealing with qualitative factors we veer away from finance and think about other aspects that a first can improve on to have growth for years to come. First thing in mind is an advancement in technology. Since Verizon is a telecommunications company the industry is dominated by technology to keep running. The ability for Verizon to establish new ways to efficiently speed up current technology and even adapt the newest and greatest inventions such as 5G can and will separate them from any competitor they may face. Understanding their market dynamic is also an area for improvement. In the Telecommunication market competition is high and the room to fail is endless, so with smart planning on competitors and the market demand, Verizon can stay ahead of the pack within the industry. With Verizon having 143.3 million subscribers to date, it is important to maintain and grow in the area of network security and making sure their customers know that their data is kept safe. This can be possible by again keeping up to date with new technology and maybe bringing in some outside sources to help with the security aspect as the company grows every year and creates a bigger target on its back. Verizon also uses its partnerships with industry leaders like Amazon Web Services and IBM to boost productivity and at the forefront of 5G advancements.

Stock Performance Quarterly Analysis

52 Week High/Low: $42.19/$30.67 Beta Coefficient: 0.4013 → Low Risk
% Price Change (100 Days): 13.55
200-Day Moving Average: $34.42

The current price of Verizon stock is 37.76, increasing from 34 last month. For the major competitors, At&t is 16.30, increasing by 15 last month. T-mobile’s stock price is 149.55, increasing from 141 last month. Vodafone has a current stock price of 9.02, decreasing from 9.38 last month. The beta coefficient of our firm is 0.4013, which is less than one making it less

volatile and less risky to invest in. The beta coefficient of our primary competitor At&t is 0.71, which is also less than 1, meaning it is relatively not risky as well. Our secondary competitor T-mobile has a beta of 0.53, meaning that it is less volatile, and has low risk. Our third and final competitor is Vodafone, which has a beta coefficient of 0.51. Meaning it is not very volatile and is not too risky at all. Our team finds it surprising that At&t's beta is nearly double Verizons, given the fact they have been major competitors for the last decade. One other aspect of the various beta coefficients that surprised the team is the fact that our company has the lowest beta of between every major 5G company in the industry. Verizon has a 52 week high of $42.58 and a 52-week low of $30.14, the 52 week change is 3.36%. Their primary competitor At&t has a 52-week high of $21.53
And a 52 week low of $13.43, the 52 week change is -10.78%. Our company's secondary competitor t-mobile has a 52-week high of $153.36 and a 52-week low of $124.92, and a 52 week change of 3.50%. Our company's third competitor, Vodafone, has a 52-week high of $12.52 and a 52-week low of $8.84. Meaning there is a 52 week change of -15.45%. Compared to the SP 500, there is a 52-week high of $4,607.07 and a 52-week low of $3,764.49. Meaning there is a 52 week change of 16.10%. One of the industry specific risks that our team found for Verizon is the recent inflation. With rising costs of supplies in the world, the biggest cost is energy. That paired with the ongoing cost of living crisis affects the changes in prices. This inevitably affects both the supply and demand for Verizon Inc for the worse. Another risk for Verizon could be the ever-changing nature of the telecommunication industry. Recently Sprint, a former competitor of Verizon, ceased to be a company due to several reasons. One being the fact that this industry is always moving forward to the best technology for the fastest 5G network. Another example of a potential risk for Verizon could be the failure to keep up with the changing technologies of other competitors poses a big threat for every major player in the industry. Each company has to keep up with technological advancements that could spark major changes for the industry. Just one example of this could be seen in the introduction of AI technologies. With AI comes a whole new world of information and technology. If Verizon does not utilize this potential asset competitors could take advantage and surpass Verizon as the number one telecommunications network. Lastly, one more risk that could potentially harm Verizon in the future could be the fact that many other telecommunication firms are starting to bundle product lines around online

streaming services, lowering the average revenue per buyer. This could give other telecommunication companies a competitive advantage. Verizon has spent around 23.09 billion dollars on capital expenditures and projects within the last year to secure their spot as the number one telecommunications company. This was a massive increase from last year as they spent 20.29 in 2021. They have invested in projects such as investing in wireless and high-speed fiber networks. Another investment that Verizon has looked into and recently implemented is their breakthrough in the cable industry with the launch of Mix and Match on its FiOS platform. This enables viewers to combine TV with Internet plans effectively without any hidden charges and annual contracts.

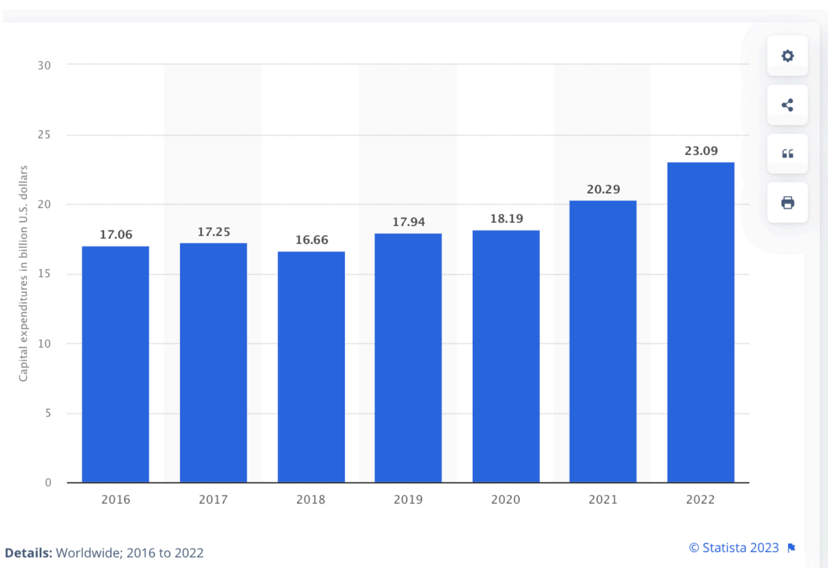


Figure 6: Verizon's Yearly Capital Expenditures since 2016

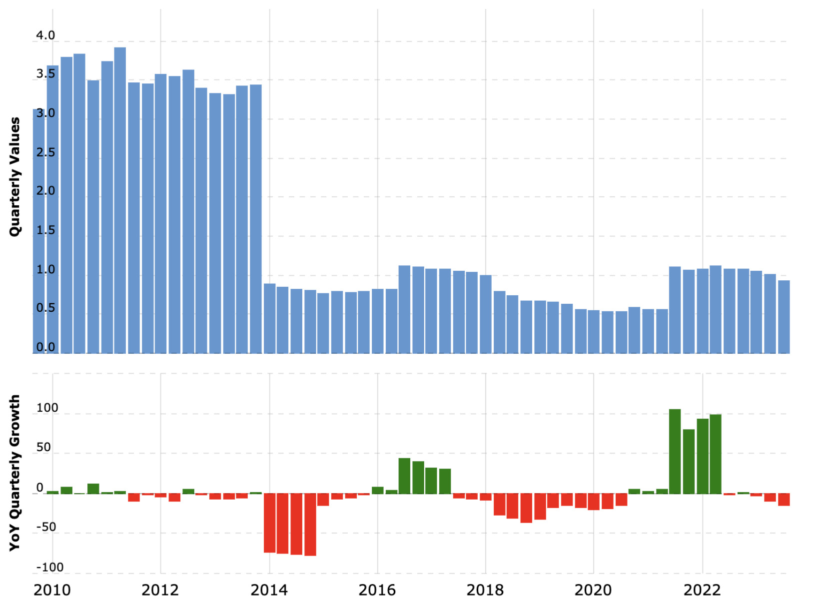


Figure 7: Firms starting to bundle product lines around wireless services, cable and streaming services, and others lowering average revenue per user.

Conclusion

Throughout our comprehensive research of the overview of Verizon Inc., we discovered quite a bit about its recent financial performance, company structure, and the risks involved with Verizon's competitors and their recent performance. Verizon Inc. has developed into a major player in the telecommunications industry, but also has increased its variety of telecommunications products and services since its creation in 2000. Verizon's primary focus is to provide high quality wireless communication, broadband internet, television, and enterprise solutions to its wide variety of customers, including individuals, businesses, and government entities.

Due to the rapid growth Verizon Inc. has experienced since its birth, turning it into one of the largest players in the telecommunications industry, the company's financial performance is incredibly important, particularly to investors. The telecommunications industry is extremely competitive and is frequently changing because of consistent technological advancements throughout the industry, stressing the importance for Verizon Inc. to continue to monitor, not only its own performance, but that of its competitors, as well. Along with monitoring the performance of itself and its competitors, committing to being adaptable and flexible to the dynamic market in which Verizon Inc. operates is extremely crucial for its continued growth and efficient operations.

When looking into Verizon Inc.'s stock performance since January 1, 2021, Verizon Inc. has seen an overall decrease in the performance of its stock, as its opening price on January 1, 2021 was $58.96, while its closing price as of October 31, 2023, was $37.76 (as seen in the Verizon Inc. Monthly Stock Price Graph). This has been something that Verizon Inc. has been trying to fix, as this trend shows a major decrease in the company's value to shareholders. Verizon also had a higher debt

Figure 8: Verizon's Monthly Stock Price since January 1, 2021

There are quite a few factors that have contributed to this decline in performance, as the COVID-19 pandemic is one of the main contributors. Verizon Inc., however, is not the only telecommunications giant that has experienced stock price fluctuations in recent years. One of the main factors that has affected the entire industry is inflation, as that has caused other things to come up that have had major effects, as well. Issues like increase in wages and employment trends have been directly affected by inflation, which has caused changes in the way companies throughout the industry have had to react and operate in order to adapt with the market. Many of Verizon inc.'s biggest competitors, as mentioned before, have experienced stock price fluctuation over the same period that Verizon Inc. has. AT&T, T-Mobile, and Vodafane, three of the biggest competitors for Verizon Inc. in the telecommunications industry, have seen both stock price increases and decreases in recent years, highlighting the ever-changing nature of the industry.

Our financial analysis of Verizon Inc. noted some distinct strengths and weaknesses, especially when compared to its biggest competitor, AT&T. After looking at Verizon Inc.'s financial ratios from 2021 and 2022, we found its strengths to be associated with liquidity, profitability, and profitability ratios. Both AT&T and Verizon Inc. have optimal debt ratios, which helps both companies with appealing to investors, while Verizon Inc.'s ability to pay off short-term debt was better than AT&T's. Verizon's total debt ratio was higher than AT&T's, giving it more financial leverage, as they had more assets financed by debt, making them attractive to investors. Verizon also had other ratios that have been improving, including the asset management ratios. Verizon has improved both its inventory turnover rate, as well as its turnover rate. As noted by much better Return on Assets and Return on Equity ratios, Verizon was more profitable than AT&T, which is very important for Verizon and its future success. Verizon's continued success in improving many of its financial ratios indicates that it is less risky than its major competitor, AT&T, and shows how Verizon has emerged as a very reliable and financially sound investment for investors searching the market for sustained returns and stability.

Appendix

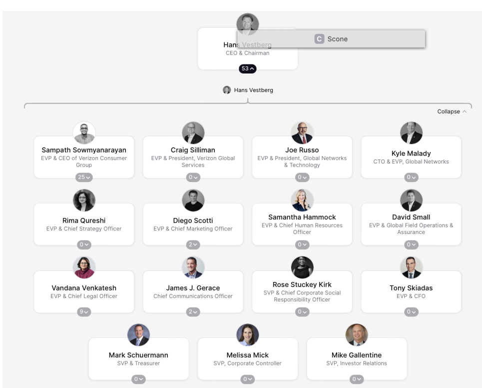
Figure 1: 

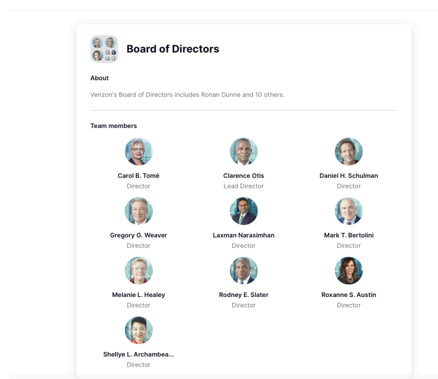
Figure 2: 

Figure 3:

Cash Ratio	2022	Verizon	AT&T
	Cash	2,605,000,000	3,701,000,000
	Current Liabilities	50,171,000,000	56,173,000,000
		0.0519	0.0659
Cash Ratio	2021	Verizon	AT&T
	Cash	2,921,000,000	21,169,000,000
	Current Liabilities	47,160,000,000	85588000000
		0.0619	0.2473
Current Rati	2022	Verizon	AT&T
	Current Asstes	37,857,000,000	35,260,000,000
	Current Liabilities	50,171,000,000	51,684,000,000
		0.755	0.682
Current Ratio:			
	Current Asstes	36,728,000,000	170768000000
	Current Liabilities	47,160,000,000	85588000000
		0.779	1.995
		Verizon	AT&T
Quick Ratio:	Current Assets	37,857,000,000	35,260,000,000
2022	Inventory	2,388,000,000	3,123,000,000
	Current Liabilities	50,171,000,000	51,684,000,000
Quick Ratio:	Current Assets	36,728,000,000	170768000000
2021	Inventory	3,055,000,000	3464000000
	Current Liabilities	47,160,000,000	85588000000
		0.714	1.955
Total Debt Ratio		Verizon	AT&T
2022	Total Debt	172,020,000,000	155,730,000,000
	Total Assets	379,680,000,000	406,698,000,000
		0.453	0.38291312
Total Debt Ratio		Verizon	AT&T
2021	Total Debt	177,930,000,000	199,950,000,000
	Total Assets	366,596,000,000	551622000000
		0.485	0.362476478

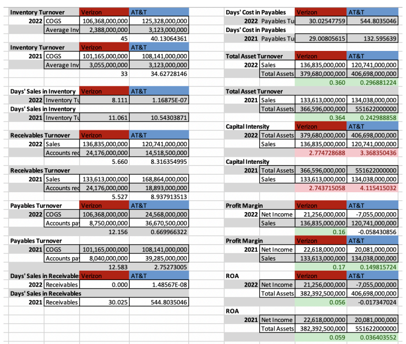
Debt Equity ratio		Verizon	AT&T
2022	Total Debt	172,020,000,000	155,730,000,000
	Total Equity	91,144,000,000	406,698,000,000
		1.887	0.38291312
Debt Equity ratio			
2021	Total Debt	177,930,000,000	199,950,000,000
	Total Equity	83,200,000,000	551622000000
		2.139	0.362476478
Equity Multiplier		Verizon	AT&T
2022	Debt Equity	1.887	1.4628
		2.887	2.4628
Equity Multiplier			
2021	Debt Equity	2.139	0.3624
		3.139	1.3624
Times-Interest-Earned		Verizon	AT&T
2022	EBIT	30,467,000,000	-4,587,000,000
	Interest	-3,613,000,000	-1,791,000,000
		-8.432604484	2.561139028
Times-Interest-Earned			
2021	EBIT	32,448,000,000	25,897,000,000
	Interest	-3,485,000,000	-6,716,000,000
		-9.310760402	-3.856015485
Cash Coverage		Verizon	AT&T
2022	Operating C	7,473,000,000	3,793,000,000
	Total Debt	172,020,000,000	155,730,000,000
		0.043442623	0.024356258
Cash Coverage			
2021	Operating C	22,171,000,000	21,316,000,000
	Total Debt	177,930,000,000	199,950,000,000
		0.124605182	0.106606652

Figure 4:

Inventory Turnover		Verizon	AT&T
2022	COGS	106,368,000,000	125,328,000,000
	Average Inv	2,388,000,000	3,123,000,000
		45	40.13064361
Inventory Turnover		Verizon	AT&T
2021	COGS	101,165,000,000	108,141,000,000
	Average Inv	3,055,000,000	3,123,000,000
		33	34.62728146
Days' Sales in Inventory		Verizon	AT&T
2022	Inventory Tu	8.111	1.16875E-07
Days' Sales in Inventory			
2021	Inventory Tu	11.061	10.54303871
Receivables Turnover		Verizon	AT&T
2022	Sales	136,835,000,000	120,741,000,000
	Accounts rec	24,176,000,000	14,518,500,000
		5.660	8.316354995
Receivables Turnover			
2021	Sales	133,613,000,000	168,864,000,000
	Accounts rec	24,176,000,000	18,893,000,000
		5.527	8.937913513
Payables Turnover		Verizon	AT&T
2022	COGS	106,368,000,000	24,568,000,000
	Accounts pay	8,750,000,000	36,670,500,000
		12.156	0.669966322
Payables Turnover			
2021	COGS	101,165,000,000	108,141,000,000
	Accounts pay	8,040,000,000	39,285,000,000
		12.583	2.75273005
Days' Sales in Receivable:		Verizon	AT&T
2022	Receivables	0.000	1.48567E-08
Days' Sales in Receivables			
2021	Receivables	30.025	544.8035046

Days' Cost in Payables		Verizon	AT&T
2022	Payables Tu	30.02547759	544.8035046
Days' Cost in Payables			
2021	Payables Tu	29.00805615	132.595639
Total Asset Turnover		Verizon	AT&T
2022	Sales	136,835,000,000	120,741,000,000
	Total Assets	379,680,000,000	406,698,000,000
		0.360	0.296881224
Total Asset Turnover			
2021	Sales	133,613,000,000	134,038,000,000
	Total Assets	366,596,000,000	551622000000
		0.364	0.242988858
Capital Intensity		Verizon	AT&T
2022	Total Assets	379,680,000,000	406,698,000,000
	Sales	136,835,000,000	120,741,000,000
		2.774728688	3.368350436
Capital Intensity			
2021	Total Assets	366,596,000,000	551622000000
	Sales	133,613,000,000	134,038,000,000
		2.743715058	4.115415032
Profit Margin		Verizon	AT&T
2022	Net Income	21,256,000,000	-7,055,000,000
	Sales	136,835,000,000	120,741,000,000
		0.16	-0.058430856
Profit Margin		Verizon	AT&T
2021	Net Income	22,618,000,000	20,081,000,000
	Sales	133,613,000,000	134,038,000,000
		0.17	0.149815724
ROA		Verizon	AT&T
2022	Net Income	21,256,000,000	-7,055,000,000
	Total Assets	382,392,500,000	406,698,000,000
		0.056	-0.017347024
ROA			
2021	Net Income	22,618,000,000	20,081,000,000
	Total Assets	382,392,500,000	551622000000
		0.059	0.036403552

Figure 5:



		Verizon	AT&T
Inventory Turnover		Verizon	AT&T
2022	COGS	106,368,000,000	125,328,000,000
	Average Inv	2,388,000,000	3,123,000,000
		45	40.13064361
Inventory Turnover		Verizon	AT&T
2021	COGS	101,165,000,000	108,141,000,000
	Average Inv	3,055,000,000	3,123,000,000
		33	34.62728146
Days' Sales in Inventory		Verizon	AT&T
2022	Inventory Tu	8.111	1.16875E-07
Days' Sales in Inventory			
2021	Inventory Tu	11.061	10.54303871
Receivables Turnover		Verizon	AT&T
2022	Sales	136,835,000,000	120,741,000,000
	Accounts rec	24,176,000,000	14,518,500,000
		5.660	8.316354995
Receivables Turnover			
2021	Sales	133,613,000,000	168,864,000,000
	Accounts rec	24,176,000,000	18,893,000,000
		5.527	8.937913513
Payables Turnover		Verizon	AT&T
2022	COGS	106,368,000,000	24,568,000,000
	Accounts pa	8,750,000,000	36,670,500,000
		12.156	0.669966322
Payables Turnover			
2021	COGS	101,165,000,000	108,141,000,000
	Accounts pa	8,040,000,000	39,285,000,000
		12.583	2.75273005
Days' Sales in Receivable		Verizon	AT&T
2022	Receivables	0.000	1.48567E-08
Days' Sales in Receivables			
2021	Receivables	30.025	544.8035046

		Verizon	AT&T
Days' Cost in Payables		Verizon	AT&T
2022	Payables Tu	30.02547759	544.8035046
Days' Cost in Payables			
2021	Payables Tu	29.00805615	132.595639
Total Asset Turnover		Verizon	AT&T
2022	Sales	136,835,000,000	120,741,000,000
	Total Assets	379,680,000,000	406,698,000,000
		0.360	0.296881224
Total Asset Turnover			
2021	Sales	133,613,000,000	134,038,000,000
	Total Assets	366,596,000,000	551622000000
		0.364	0.242988858
Capital Intensity		Verizon	AT&T
2022	Total Assets	379,680,000,000	406,698,000,000
	Sales	136,835,000,000	120,741,000,000
		2.774728688	3.368350436
Capital Intensity			
2021	Total Assets	366,596,000,000	551622000000
	Sales	133,613,000,000	134,038,000,000
		2.743715058	4.115415032
Profit Margin		Verizon	AT&T
2022	Net Income	21,256,000,000	-7,055,000,000
	Sales	136,835,000,000	120,741,000,000
		0.16	-0.058430856
Profit Margin		Verizon	AT&T
2021	Net Income	22,618,000,000	20,081,000,000
	Sales	133,613,000,000	134,038,000,000
		0.17	0.149815724
ROA		Verizon	AT&T
2022	Net Income	21,256,000,000	-7,055,000,000
	Total Assets	382,392,500,000	406,698,000,000
		0.056	-0.017347024
ROA			
2021	Net Income	22,618,000,000	20,081,000,000
	Total Assets	382,392,500,000	551622000000
		0.059	0.036403552

Figure 6:

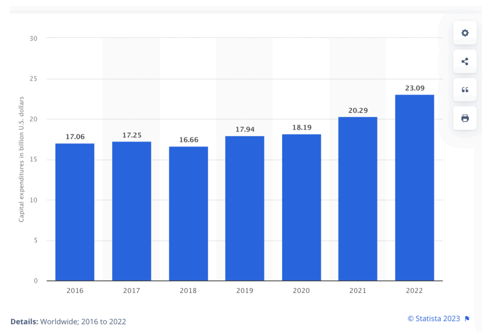


Figure 7:

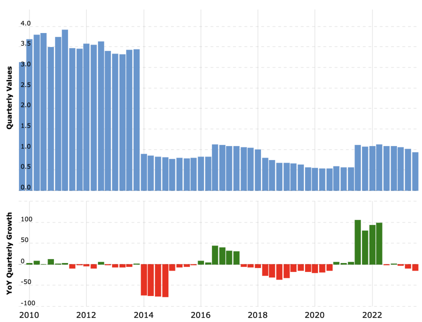


Figure 8:

References

"AT&T Inc. (T) Valuation Measures & Financial Statistics." Yahoo! Finance, Yahoo!, 2 Dec. 2023, finance.yahoo.com/quote/T/key-statistics/.

"AT&T (T) - Total Debt." CompaniesMarketCap.Com - Companies Ranked by Market Capitalization, companiesmarketcap.com/att/total-debt/. Accessed 28 Nov. 2023.

"AT&T Price to Sales Ratio 2010-2023: T." Macrotrends, www.macrotrends.net/stocks/charts/T/at-t/price-sales. Accessed 28 Nov. 2023.

Inline XBRL Viewer, 13 Feb. 2023, www.sec.gov/ix?doc=%2FArchives%2Fedgar%2Fdata%2F732717%2F000073271723000011%2Ft-20221231.htm.

Inline XBRL Viewer, 10 Feb. 2023, www.sec.gov/ix?doc=%2FArchives%2Fedgar%2Fdata%2F732712%2F000073271223000012%2Fvz-20221231.htm.

Mergent Online, https://www-mergentonline-com.calpoly.idm.oclc.org/companyfinancials.php?pagetype=ratios&compnumber=37426. Accessed 27 Nov. 2023.

Mergent Online, https://www-mergentonline-com.calpoly.idm.oclc.org/companyfinancials.php?pagetype=ratios&compnumber=36979. Accessed 28 Nov. 2023.

"Verizon Communications Inc. (VZ) Interactive Stock Chart." Yahoo! Finance, Yahoo!, 6 Dec. 2023, finance.yahoo.com/quote/VZ/chart/.

Saraogi, Radhika. (2023, July 24). *Verizon, AT&T earnings preview: What to expect from Q2*. TipRanks Financial. https://www.tipranks.com/news/article/verizon-att-earnings-preview-what-to-expect-from-q2#

Saraogi, Radhika. (2023, July 24). *Verizon, AT&T earnings preview: What to expect from Q2*. TipRanks Financial. https://www.tipranks.com/news/article/verizon-att-earnings-preview-what-to-expect-from-q2#

"Verizon's Capital Expenditures 2016-2022." *Statista*, Statista Research Department, 3 Aug. 2023, www.statista.com/statistics/1058014/verizon-capital-expenditures/#:~:text=In%202022%2C%20Verizon's%20capital%20expenditures,highly%20competitive%20U.S.%20telecommunications%20market.

Verizon Communications Inc.. Verizon Communications Inc. (VZ). (n.d.). https://files.fisher.osu.edu/department-finance/public/2019-10/Verizon%20Communications%20Inc%20Final%20Paper%20-%20Roan%207-10-19%20final_0.pdf?cQiabhvTqRoAErBDiaa26fT4ziqrNkx7=

“Verizon Long-Term Investments 2010-2023: VZ.” Macrotrends, www.macrotrends.net/stocks/charts/VZ/verizon/long-term-investments. Accessed 27 Nov. 2023.