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1 INDUSTRY ANALYSIS

The telecommunications industry is a dynamic and rapidly evolving sector that plays a critical role in enabling global connectivity and digital transformation. It encompasses a wide range of services, including wireless and wired communications, broadband, and digital technologies. The industry is characterized by intense competition, rapid technological advancements, and evolving consumer demands.

Telecommunications companies, such as Verizon, are at the forefront of driving innovation and expanding network infrastructure to meet the growing demand for high-speed connectivity and digital services. With the emergence of 5G technology, there is a significant focus on enhancing network capabilities to support the increasing connectivity requirements of consumers, businesses, and emerging technologies such as the Internet of Things (IoT) and smart city initiatives.

Verizon, as one of the largest communication technology companies in the world, has a strong presence in both the wireless and wired telecommunications markets. The company's extensive and reliable network infrastructure, particularly in 5G technology, positions it as a key player in the industry. Verizon's strategic focus on product development, digital transformation, and customer experience management reflects its commitment to driving innovation and meeting the evolving needs of the market.



FIGURE 1: COMMUNICATION FACILITIES



2 COMPANY ANALYSIS

Verizon Communications, a major player in the telecommunications industry, benefits from several competitive advantages that bolster its strategic position. The company's extensive and reliable network infrastructure, particularly in 5G technology, positions it as a key player in the industry, enabling the provision of high-speed broadband services and meeting the increasing demand for data connectivity. Verizon's financial stability and market leadership contribute to its resilience in the face of industry challenges, such as regulatory complexities and technological shifts. The company's strong financial position enhances its ability to invest in advanced technologies and maintain a competitive edge in the market.

Moreover, Verizon's generic competitive strategy and intensive growth strategies focus on quality and technological innovation, emphasizing product differentiation and infrastructure expansion. These factors collectively strengthen Verizon's competitive advantage in the dynamic and highly competitive telecommunications industry, positioning the company as a significant player with a strong emphasis on quality, innovation, and 5G technology.



FIGURE 2: VERIZON LOGO



3 SWOT ANALYSIS

Verizon, the largest wireless carrier in the US, possesses several strengths that have contributed to its market dominance. These include its extensive network infrastructure, innovative capabilities, and global operations. However, the company also faces significant weaknesses and threats, such as high prices, stringent regulations, and the risk of hacking and data leaks.

Strengths:

- Market Dominance: Verizon is the strongest and largest wireless carrier in the US, with immense influence over policies that affect the communication industry.
- Global Operations: The company has a strong presence in North America, Europe, and Latin America, providing it with a broad geographic reach.

Weaknesses:

- High Prices: Verizon's services are often more expensive than its competitors, which can be a deterrent for cost-conscious consumers.
- Stringent Regulations: The sensitive nature of information conveyed by telecoms requires intensive regulations to protect data, posing a challenge for the company.

Opportunities:

- Technological Advancements: The ongoing development of 5G technology presents an opportunity for Verizon to further enhance its network capabilities and offer innovative
- Global Expansion: The company can capitalize on its global presence to expand into emerging markets and diversify its revenue streams.

Threats:

- Hacking and Data Leaks: Telecommunication companies are susceptible to hacking and data leaks, which can lead to significant financial and reputational damage.
- Looming Recession: The economic impact of the global pandemic has raised concerns about a potential recession, which could affect consumer spending on telecommunications services.



4 VALUATION USING DIVIDEND DISCOUNT MODEL

Dividend last quarter (2023)	\$0.67
Dividend (2023)	\$2.68
Short-term Growth rate	2.10%
Long-term Growth rate	3.00%
Beta	0.40
Risk Free Rate	3.82%
Market Rate of Return	12.78%
Cost of Equity	7.40%

	2023	2024	2025	2026	2027	2028	2029
Year		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Dividend	\$2.68	\$2.74	\$2.79	\$2.85	\$2.91	\$2.97	\$3.06
Terminal Value						\$69.54	
Dividend + Terminal Value		\$2.74	\$2.79	\$2.85	\$2.91	\$72.52	
Present value	\$60.20						

 Intrinsic Share Price
 \$60.20

 Current Share Price
 \$37.31

 Upside
 61.35%

 Price Target
 \$54.10



5 INVESTMENT RISKS

- 1. Verizon (VZ) stock carries several investment risks that should be considered by potential investors.
- 2. The company has disclosed 14 risk factors in its most recent earnings report, with the highest percentage of risks falling under the "Macro & Political" category, indicating exposure to macroeconomic and political uncertainties.
- 3. Additionally, Verizon's stock is subject to regulatory and legal risks, production-related risks, and risks associated with technology and innovation.
- 4. Furthermore, the company's high dividend yield, while attractive to investors, poses the risk of a potential reduction or pause in regular dividend payments, particularly if the company's free cash flow falls short of expectations.
- 5. Moreover, Verizon's high debt levels and the need to allocate excess cash to deleverage its balance sheet pose financial risks that could impact the company's ability to pursue growth opportunities and maintain dividend payments.



6 DISCLAIMER

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