Moschovakis Capital

Verizon Communications Inc.

VZ

EQUITY RESEARCH REPORT

October 19, 2026

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VZ — VERIZON COMMUNICATIONS INC.

Report Date: October 19, 2026

Analyst: Moschovakis Capital Research

Authoritative Current Price: $44.79 USD / €39.95 EUR

EXECUTIVE SUMMARY

Metric | Value

Recommendation | BUY

Current Price | $44.79 / €39.95

Fair Value (Base Case) | $52.50 / €46.85

Margin of Safety | 17.2%

Target Entry (if HOLD) | Not applicable

Return Profile | Value

Dividend Yield | 6.3%

Expected Dividend Growth | 2.0% (conservative)

Expected Price Appreciation | 4.2% CAGR (base)

Total Expected Return (Base) | 10.5% CAGR

Bear Case Total Return | 5.2% CAGR

Bull Case Total Return | 14.0% CAGR

Probability-Weighted Return | 10.0% CAGR

Risk Assessment | Value

Wealth Preservation Score | 70 / 100

Downside Protection Score | 70 / 100

Quality Score | 50 / 100

Risk Level | MODERATE

Probability of >50% Loss | 8%

Recession Profile | SENSITIVE

One-Line Thesis:

You collect a 6.3% dividend while owning a U.S. connectivity incumbent that converts roughly $20 billion of annual free cash flow, trades near 9 times forward earnings, and carries enough downside cash-flow cushion to keep the bear case total return above zero.

INVESTMENT THESIS

Verizon qualifies for a BUY because it pays you to wait. The current price of $44.79 prices the equity at roughly 9.0 times the midpoint of 2026 adjusted EPS guidance of $4.99 to $5.04 and at roughly 8.8 times trailing twelve-month free cash flow. The dividend is $2.83 per year, a 6.32% yield at the authoritative current price. A 4% high-yield savings account produces no price participation and no dividend growth. Verizon produces both a cash distribution and a realistic route to modest equity appreciation, which moves the total expected base-case

return to 10.5% annually against a hurdle of roughly 7%.

The business is not a growth story. Verizon is a U.S.-centric connectivity provider with two reportable segments: Verizon Consumer Group and Verizon Business Group. Revenue is recurring, dominated by wireless service, broadband, and enterprise connectivity. The supplied data show FY2025 revenue of $138.19 billion, free cash flow of $19.8 billion, and an operating cash flow margin of roughly 27%. The network requires constant capital spending, but the cash flows are durable. The company raised its dividend for the 19th consecutive year and authorized a $25 billion buyback inside an approximately $55 billion shareholder return program through 2028. That capital return program signals management confidence in cash generation.

Downside protection does not come from a bulletproof balance sheet. Verizon carries roughly $193 billion of total debt against $1.8 billion of cash, with net debt to EBITDA near 3.42 times. The leverage is real and is the main reason the Wealth Preservation Quality Score is only 50 out of 100. The protection comes from free cash flow and dividend coverage. FY2025 free cash flow of $19.8 billion covered the dividend roughly 1.66 times. TTM free cash flow through June 2026 reached $21.4 billion, a 15.4% margin. Even in a flat earnings decade and an 8.0 times terminal multiple, the bear case produces a positive total return of about 5.2% annually, because the dividend and the cash flows offset a modest price decline.

The manageable risks are competitive pressure from T-Mobile, elevated postpaid phone churn, a nearly 20% decline in wireless equipment revenue in Q2 2026, and litigation around lead-sheathed copper cables. Those risks explain the low multiple. They do not justify avoiding a 6.3% yield with positive bear-case math. This position competes against a 4% savings account and against other defensive equities. At $44.79, the risk-adjusted return clears the hurdle and meets the absolute wealth preservation requirements.

1. BUSINESS QUALITY ASSESSMENT

Verizon is a large-scale connectivity provider with two operating segments. The supplied materials describe the Consumer segment as the primary revenue anchor and the Business segment as the enterprise and wholesale arm. In Q1 2026, Consumer revenue was $26.5 billion and Business revenue was $7.4 billion. The Consumer segment sells wireless service under the Verizon and TracFone brands, fixed wireless access broadband, and wireline service across the Mid-Atlantic, Northeast, and Washington D.C. The Business segment serves enterprise, public sector, and wholesale customers, with a broader portfolio that includes wireless, wireline, FWA, IoT, video, security, networking, and voice.

The quality of the franchise is mixed. Verizon has real scale. Portrak reports 147 million wireless retail connections and 14 million broadband connections as of December 31, 2025. Koalagains reports 126 million postpaid connections and 31 million enterprise connections. That enterprise position is a genuine differentiator against T-Mobile, whose enterprise presence is historically weaker. The Fixed Wireless Access and Fios platform is also expanding. The Iowa Tippie student report cited in the data expects roughly 5.1 million FWA/Fios subscribers in 2025 to rise toward 8 million in 2028, using existing infrastructure with limited incremental cost. That is operating leverage if the rollout executes.

The moat is not the kind you would pay a premium for. The supplied analysis describes the U.S. wireless market as highly competitive and commoditizing. Verizon holds roughly 30 to 32 percent of U.S. wireless service revenue, slightly below T-Mobile on recent share gains. Subscriber momentum has been weak. Koalagains reports wireless net adds fell 63.4 percent year over year in FY2025 and totaled only 188,000 in Q2 2026. The Q1 2026 postpaid phone number of 55,000 net additions was the first positive first-quarter result since 2013, which actually illustrates how poor the prior years were. Consumer prepaid churn was 3.59 percent in Q2 2026, consistent with industry norms but far higher than postpaid churn.

The financial quality is stable but not improving quickly. FY2025 gross margin was 45.64 percent and operating margin was 21.2 percent. Q2 2026 total operating revenue declined 0.7 percent year over year because a nearly 20 percent drop in wireless equipment revenue offset 3.5 percent growth in service revenue. Service revenue is the durable part of the model. Equipment revenue is lower quality and increasingly promotional. The strategic shift away from low-margin device subsidies helps margins but pressures reported revenue.

Verizon is not a structurally protected franchise in consumer wireless. It is a scale-based cash generator with an enterprise differentiation. You are not buying a wide moat. You are buying a recurring revenue base at a low multiple with a high distribution. That distinction matters for position sizing and for monitoring. The durable economics come from service charges, broadband subscriptions, and business connectivity. The supply of new subscribers is not assured.

2. FINANCIAL FORTRESS ANALYSIS

Verizon passes the solvency gate on a forward cash-flow basis but fails the strict balance-sheet filters. The supplied data do not provide a current ratio, a debt maturity schedule, or precise interest coverage. What they do provide is a leverage picture that demands respect. Yahoo shows total debt of $193.65 billion against $1.8 billion in cash. Enterprise value sits near $379.99 billion. Net debt to EBITDA is approximately 3.42 times. The equity cushion is modest. With a price-to-book ratio near 1.86 and a market value near $189 billion to $193 billion, book equity is roughly $100 billion to $104 billion. Debt to equity is therefore near 1.8 to 1.9 times. That exceeds the framework's preferred threshold of 0.5 to 1.0 times, although the utility adaptation allows leverage up to 2.0 times because regulated returns support higher debt.

Cash generation is the offset. FY2025 operating cash flow was $37.1 billion and capital spending was $17.4 billion, leaving free cash flow of $19.8 billion at a 14.3 percent margin. The TTM figures through June 2026 are stronger: free cash flow of $21.4 billion at a 15.4 percent margin, up 9.3 percent year over year. Free cash flow was positive in every period disclosed. The company does not have a solvency problem in the ordinary course. The problem is that a sustained revenue shock would squeeze, not eliminate, the free cash flow.

A 30 percent revenue decline would test the model. If revenue fell to roughly $97 billion and operating cash flow fell proportionally from $37 billion to about $26 billion, management would still need to spend on the network. If capital intensity stayed near $17 billion, free cash flow would drop to around $9 billion. The dividend currently costs about $11.9 billion annually. In that stress, the dividend would not be fully covered without cutting capex, pausing buybacks, or taking other action. Verizon could cut capital spending temporarily, but that trades future competitiveness for current distribution. The debt then becomes a secondary pressure point, because refinancing at higher rates would raise interest expense.

I rate solvency ADEQUATE, not FORTRESS. The leverage is too high for fortress status, but the free cash flow record and the recurring service revenue base support adequate status. The supplied data do not include exact interest coverage. Using the disclosed TTM operating income of roughly $29.3 billion against a $193 billion debt stack implies coverage in the 4 to 5 times zone if the blended rate is near 4 percent, and weaker if refinancing costs rise. That is not a margin of error you should ignore. The net unsecured debt reduction target is a positive signal. Q2 2025 data showed net unsecured debt of $116 billion, a $6.9 billion improvement year over year, and the company has stated a target of reducing net unsecured debt relative to adjusted EBITDA. Those actions support the solvency assessment.

3. DIVIDEND ANALYSIS

Verizon pays $0.7075 per quarter, or $2.83 per year. At the authoritative price of $44.79, the yield is 6.32 percent. That yield is above the framework's 6 percent caution line, so the dividend demands scrutiny. The scrutiny passes, with qualifications.

The EPS payout ratio depends on which earnings you use. FY2025 GAAP EPS was $4.06, so the $2.83 dividend consumed 69.7 percent of GAAP earnings. TTM GAAP EPS through June 2026 was $3.84, pushing the payout to 73.7 percent. That is high but still below the 80 percent threat line. The more relevant number is adjusted EPS. 2026 guidance is $4.99 to $5.04. At the $5.02 midpoint, the payout is 56.4 percent. The free cash flow payout is the strongest test. FY2025 free cash flow of $19.8 billion covered the estimated $11.9 billion dividend 1.66 times. TTM free cash flow of $21.4 billion covers it about 1.8 times. A payout ratio above 80 percent is the cut risk flag. Verizon is not there on either adjusted EPS or free cash flow.

The dividend history supports sustainability. The company raised the dividend for the 19th consecutive year. The Iowa report cited in the data says the record stretches beyond 20 years. The data do not provide the exact 5-year dividend growth rate, but the 19-year annual increase record implies at least low-single-digit growth. I use 2.0 percent for modeling. The framework asks whether the dividend survives a 40 percent earnings decline. If adjusted EPS fell from $5.02 to $3.01, the $2.83 dividend would consume 94 percent of adjusted earnings, which looks tight. On free cash flow, however, the dividend could still be covered if capital spending were reduced from $17 billion toward $13 billion in a stress. That is a real but manageable trade.

The high yield is a two-edged sword. It gives you a large current return, which protects the bear case. It also signals the market does not expect much earnings growth and worries about the payout. I rate dividend sustainability SUSTAINABLE, not ROCK SOLID, because the GAAP payout ratio is elevated and the balance sheet lacks a large cash buffer.

4. VALUATION ANALYSIS

Verizon is cheap on earnings and free cash flow and less cheap on enterprise value. At $44.79, the trailing GAAP P/E is approximately 11.7 times using TTM EPS of $3.84. The data from Yahoo show a trailing P/E of 12.11 times. The 5-year average is near 14 to 15 times, so the current multiple sits roughly 13 to 19 percent below history. The forward P/E is about 8.7 to 9.0 times against the 2026 adjusted EPS midpoint of $5.02. That is a deep discount to the Zacks cited Wireless National industry forward P/E of 20.8 times, even though the peer comparison is imperfect because Verizon is a mature carrier.

Free cash flow valuation is the strongest argument. TTM free cash flow of $21.4 billion divided by an estimated 4.216 billion shares gives roughly $5.08 per share. The price-to-free-cash-flow ratio is therefore about 8.8 times, and the free cash flow yield is approximately 11.3 percent. The data show a P/FCF of 9.27 times and a free cash flow yield near 11.7 percent at an August 2026 reference. Either way, the free cash flow yield is far above the sector's 6 to 8 percent.

EV/EBITDA tells a more restrained story. Yahoo reports EV/EBITDA of 7.91 times against a 5-year range of 6.55 to 8.26 times. The current multiple is near the upper end of its own range, though Koalagains had it near 7.1 times in August 2026, below the peer median of 7.5 to 8.5 times. The enterprise value includes the large debt load, so this metric corrects the cheapness of the equity alone. Price-to-book is 1.86 times, supported by a reported ROE of 15.84 percent.

Analyst targets do not suggest the stock is expensive. The October 2026 consensus is roughly $48.58 to $51.17, with a median near $49. RBC sits low at $44 and Scotiabank high at $50.5. The VCP Scanner target range is $46 to $52.50, with a bear model scenario of $33.89 and a bull scenario of $70.88. The consensus rating is Hold to Moderate Buy, with 23 Buy ratings, 35 Hold ratings, and 3 Sell ratings in one dataset.

My fair value uses a 10.5 multiple on $5.02 in 2026 adjusted EPS. That produces $52.71, rounded to $52.50. The multiple is below the 14 to 15 times five-year average because the balance sheet is levered and subscriber growth is weak. The fair value implies 17.2 percent upside from $44.79. That margin of safety meets the

framework requirement of at least 10 percent. It is not a deep-value margin, but the dividend provides additional total return.

5. SCENARIO ANALYSIS

I model a 10-year horizon with reinvested distributions. The starting price is $44.79. The starting annual dividend is $2.83. The starting forward EPS is $5.02. The current forward P/E is approximately 9.0 times.

Scenario	Weight	EPS CAGR	Terminal P/E	10-Year Price Target	Total Return CAGR
Bear	25%	0.0%	8.0x	$40.00	5.2%
Base	50%	3.0%	10.0x	$67.50	10.5%
Bull	25%	5.5%	11.0x	$94.30	14.0%
Probability-Weighted					10.0%

In the bear case, revenue growth stalls under competitive pressure and equipment sales remain weak. EPS never grows from $5.02. The market de-rates the stock to 8.0 times forward earnings, near the lowest historical trailing multiple in the supplied Yahoo series. The 10-year price drops to $40.00, a decline of 10.7 percent from today. The dividend, however, delivers approximately $28 in cumulative cash if held flat. The total return over 10 years is still positive at about 5.2 percent compounded annually. That is the capital preservation result the framework requires. The bear price decline is below the 20 percent threshold that would trigger the downside-score penalty.

In the base case, Verizon grows adjusted EPS at 3 percent annually, consistent with 2026 service revenue guidance of 2.5 to 3.0 percent and steady adjusted EPS growth of 6 to 7 percent in the immediate year. The terminal multiple is 10.0 times. The 10-year price reaches $67.50, producing price appreciation of roughly 4.2 percent annually. Adding the 6.3 percent dividend yield gives a total return of 10.5 percent.

In the bull case, the FWA and fiber build-out succeeds, enterprise wins accelerate, and churn stays below 1 percent. Adjusted EPS grows 5.5 percent annually, and the market pays 11.0 times. The 10-year price reaches $94.30, producing a total return of about 14 percent annually. The probability-weighted return is 10.0 percent, comfortably above the 7 percent hurdle.

The maximum drawdown estimate in the bear case is 10.7 percent in price terms before dividends, which is contained. Capital at risk from the bear scenario is 25 percent probability times a 10.7 percent price decline, or roughly 2.7 percent expected price loss at the scenario level, before the dividend offset. The probability of a 50 percent permanent loss is below 10 percent because a 50 percent decline to $22.40 would require the market to apply about 4.5 times forward earnings to $5.02 in EPS while simultaneously cutting the dividend, a combination not supported by the free cash flow profile.

6. RISK ASSESSMENT

The biggest risk is competitive. T-Mobile has gained subscriber share and forced Verizon into a more defensive posture. The data show postpaid phone net additions of only 188,000 in Q2 2026 and a 63.4 percent drop in FY2025 wireless net adds. Sustained postpaid phone churn above 1.0 percent would indicate Verizon is losing the retention battle. DBS Bank downgraded the stock from Buy to Hold on April 8, 2026, citing valuation concerns after a rally and increased competitive pressure from T-Mobile.

The second risk is the balance sheet. Roughly $193 billion of total debt limits financial flexibility if interest rates remain elevated. Net debt to EBITDA of 3.42 times is higher than the framework prefers. Recent exchange offers

and new note issuances show the company regularly refinances. A sharp rise in borrowing costs would compress interest coverage and free cash flow. The management target of reducing net unsecured debt to adjusted EBITDA is the right direction, but it is not immediate.

The third risk is regulatory and litigation. The 2023 Form 10-K discloses potential exposure from lead-sheathed copper cables, including penalties, removal costs, compliance costs, operational impact, and reputational damage. The supplied data do not name specific cases or fine amounts, so the range of outcomes is wide. Verizon also operates in a highly regulated environment, and changes in regulatory policy could add compliance costs.

The fourth risk is revenue quality. Q2 2026 equipment revenue declined nearly 20 percent. GAAP EPS fell 22 percent year over year to $0.92, though adjusted EPS rose 6.6 percent to $1.30. The gap comes from $1.8 billion of pre-tax special items tied to asset sales, restructuring, and the Frontier acquisition. Special items are recurring enough at Verizon that GAAP earnings understate economic earnings, but they also make the income statement noisy.

The fifth risk is governance and reporting. KeyBanc criticized the new Q1 2026 financial reporting structure for lacking transparency and comparability. Insider sales show zero open-market purchases and three sales by Kyle Malady over six months, totaling 19,000 shares for about $835,000. That is not a fraud signal, but it is not alignment either. Activist shareholders have pushed back on ESG-linked compensation and climate-risk reporting.

The sixth risk is a recession. The supplied data do not provide a verified 2008 or 2020 revenue decline for Verizon. I classify the recession profile as SENSITIVE, not RESILIENT, because a 30 percent revenue drop would strain the dividend coverage without a capex cut. The business would likely remain solvent, but it would not be comfortable.

7. MANAGEMENT & GOVERNANCE

The supplied search results do not contain a full management quality assessment. That absence is itself a limitation. The data identify Daniel H. Schulman as entering an amended employment letter on July 23, 2026, with the original dated October 13, 2025. A transition letter agreement between Hans E. Vestberg and Verizon is dated October 5, 2025. Sowmyanarayan Sampath ceased serving as EVP and Group CEO of Verizon Consumer on February 4, 2026. The leadership churn is worth monitoring.

Capital allocation has two faces. The positive face is the shareholder return program. Verizon raised the dividend for the 19th consecutive year and authorized a $25 billion buyback inside an approximately $55 billion return to stockholders through 2028. Management also targets reducing net unsecured debt to adjusted EBITDA. Those are shareholder-friendly actions. The negative face is insider selling and governance pressure. Kyle Malady sold 19,000 shares in six months with no purchases. The insider sales do not automatically indicate a lack of confidence, but they remove a supporting signal. Activist shareholders have raised concerns over board oversight, ESG pay metrics, and climate reporting.

The Frontier and Starry acquisitions closed in January 2026. Frontier expands fiber to 31 states and Washington D.C. Starry adds fixed wireless for multi-dwelling units in five markets. Those deals support the broadband build-out thesis, but they also increase integration complexity. The $1.8 billion of special items in Q2 2026 shows the integration cost is not zero.

I rate management quality ADEQUATE, not GOOD, because the provided data do not show a clear track record of value creation over the last five years and because insider purchases are absent. The capital return plan and dividend record are real positives, but they sit alongside executive transition and reporting criticism.

8. PEER COMPARISON

The supplied data do not include full peer financial statements for T-Mobile or AT&T, so a complete peer table is not possible. The comparison below uses the available peer context.

Dimension	Verizon	Available peer context	Preservation view
Free cash flow yield	~11.3%	Sector 6-8%	Verizon favorable
EV/EBITDA	7.91x	Peer median 7.5-8.5x	In line
Enterprise connections	31M	T-Mobile historically weaker	Verizon favorable
Consumer postpaid phone net adds	188k in Q2 2026	AT&T/T-Mobile outperforming	Verizon negative
Prepaid churn	3.59% in Q2 2026	Industry norm	Neutral
Net debt/EBITDA	3.42x	Not provided	Verizon elevated
Dividend record	19 consecutive increases	Not provided	Verizon strong

Verizon's enterprise base is the clearest structural advantage over T-Mobile. The 31 million enterprise connections provide a service revenue stream that T-Mobile has not replicated at the same scale. The free cash flow yield is also attractive relative to the sector. The weakness is in consumer subscriber momentum. T-Mobile and AT&T have taken share in postpaid phone net additions, and Verizon's churn remains under pressure. For preservation, the dividend and cash flow matter more than quarterly net adds, but the trend cannot be ignored. If churn moves above 1.0 percent and stays there, the thesis weakens.

9. KEY METRICS SUMMARY

Metric	Value
Current price	$44.79 / €39.95
Approx. shares outstanding	~4.216B (Sep 2025)
Approx. market cap	~$189B
FY2025 revenue	$138.19B
FY2025 net income	$17.2B
FY2025 diluted EPS	$4.06
FY2025 free cash flow	$19.8B
TTM revenue (Jun 2026)	$138.89B
TTM diluted EPS (Jun 2026)	$3.84
TTM free cash flow (Jun 2026)	$21.4B
Total debt	~$193.65B
Cash	~$1.8B
Net debt/EBITDA	3.42x
Dividend per year	$2.83

Metric	Value
Dividend yield	6.32%
Trailing P/E	~11.7x
Forward P/E	~9.0x
P/FCF	~8.8x
EV/EBITDA	7.91x
Price/book	1.86x
ROE	15.84%

10. MONITORING CHECKLIST

Metric	Threshold	Action
Postpaid phone churn	Sustained above 1.0%	Re-evaluate position
Service revenue growth	Below 2% for two straight quarters	Reduce conviction
FY2026 adjusted EPS	Below $4.90	Investigate guidance miss
Free cash flow margin	Below 13% TTM	Re-test dividend coverage
Net debt/EBITDA	Above 4.0x	Upgrade risk level
Dividend	Any cut	Exit immediately
Analyst target revisions	More than 3 Sell ratings or target below $44	Re-check thesis
Insider activity	Additional open-market sales, no purchases	Governance flag
Lead-cable litigation	Material ruling or reserve charge	Re-price downside

11. MARKET EXPECTATIONS & CONSENSUS

The current $44.79 price implies modest growth. Using a constant-growth dividend discount model at a 10 percent required return, the market is pricing roughly 3.7 percent long-run dividend growth: $44.79 equals $2.83 divided by the required return minus the implied growth rate. That implied growth is below the 2026 adjusted EPS growth guidance of 6 to 7 percent, which suggests the market is already discounting slower long-run growth. The gap between near-term EPS growth and long-run implied growth is the source of the margin of safety.

The consensus rating is Hold to Moderate Buy. VCP Scanner reports 61 analysts with a consensus target of $48.58 on October 5, 2026, only 5.8 percent above the then-price of $45.92. The target range is $46 to $52.50, with VCP's own base model at $53.80, bear at $33.89, and bull at $70.88. MarketBeat's January 2026 snapshot showed a consensus target of $50.80. The consensus EPS estimate for the coming year is roughly $5.29, up from $5.03, a 5.17 percent increase. One dataset cites a higher next-year EPS growth figure of 29.1 percent, but that conflicts with the $5.03 to $5.29 path and is likely a different estimate basis.

What would validate the consensus: Q3 2026 service revenue growth at or above the guided 3 percent reacceleration, adjusted EPS at or above $5.00 for 2026, a continuation of the four-quarter beat streak, and a 20th consecutive dividend increase. What would disappoint: service revenue below 3 percent, postpaid phone churn above 1.0 percent, a forward P/E de-rate below 8.9 times, or a rise in Sell ratings. Short interest and days

to cover are not provided in the supplied data.

Forward Valuation (from live data where available)

Metric	Value	vs. Sector Avg	Assessment
Fwd P/E	8.73	Sector near 20.8x (Zacks)	Cheap on earnings
PEG	Not provided	Not available	Unknown
EV/EBITDA	7.91	Peer median 7.5-8.5x	In line
Beta	Not provided	Not available	Assessed as defensive telecom
Short float	Not provided	Not available	Not available

12. KEY BUSINESS DRIVERS

Driver 1: Service revenue growth

Why it matters: Service revenue is the durable, high-margin core of the model.

Current level: Q2 2026 mobility and broadband service revenue grew 2.8 percent; 2026 guidance is 2.5 to 3.0 percent.

Bull threshold: At or above 3.0 percent, with Q4 approaching 4.0 percent.

Bear threshold: Below 2.0 percent for two consecutive quarters.

Next data point: Q3 2026 earnings, expected late October 2026.

Driver 2: Postpaid phone net additions and churn

Why it matters: It measures whether Verizon is gaining or losing the highest-value subscriber base.

Current level: Q2 2026 postpaid phone net adds of 188,000; Q1 2026 positive first-quarter result since 2013.

Bull threshold: Positive net adds with churn below 1.0 percent.

Bear threshold: Sustained churn above 1.0 percent or continued share loss to AT&T and T-Mobile.

Next data point: Q3 2026 subscriber metrics.

Driver 3: ARPU/ARPA monetization

Why it matters: In a fixed-cost network business, ARPU growth flows directly to EBITDA.

Current level: Consumer postpaid ARPA of $147.31 in FY2025, up 2.3 percent; consolidated postpaid phone ARPU near $168.35 per account in Q2 2026.

Bull threshold: ARPA growth above 2 percent.

Bear threshold: ARPA growth below 1 percent or turning negative.

Next data point: Q3 2026 release.

Driver 4: Free cash flow margin

Why it matters: FCF covers the dividend, buyback, and deleveraging.

Current level: TTM June 2026 FCF of $21.4 billion, 15.4 percent margin.

Bull threshold: FCF margin above 15 percent and rising.

Bear threshold: FCF margin below 13 percent.

Next data point: Q3 2026 cash flow statement.

Driver 5: FWA/Fios broadband subscriber growth

Why it matters: Broadband expansion uses existing infrastructure and supports long-run ARPU.

Current level: Roughly 5.1 million FWA/Fios subscribers in 2025, with a path to 8 million in 2028.

Bull threshold: On track toward 8 million with stable average revenue per account.

Bear threshold: FWA net adds stall and broadband growth decelerates materially.

Next data point: Quarterly broadband net additions.

13. PROXY TRACKERS & LEADING INDICATORS

Proxy	Ticker/Symbol	Relationship	Signal
SPDR S&P Telecom ETF	XTL	Sector sentiment and flow proxy for telecom equities	Bullish if XTL holds above its 50-day MA;
T-Mobile US	TMUS	Competitor for postpaid subscribers and share	Bearish if TMUS postpaid net adds accele
Investment grade credit ETF	LQD	Credit spreads lead corporate refinancing costs	Bearish if LQD breaks down sharply; high
10-year Treasury yield	^TNX	Rate sensitivity of $193B debt stack	Bearish if yield rises above 5%; bullish if y

Monitoring rule: If XTL breaks below its 50-day moving average and VZ postpaid churn prints above 1.0 percent in the same period, re-evaluate the thesis within five trading days.

EXIT TRIGGERS

- A dividend cut or suspension: Exit immediately. This breaks the capital preservation case.
- Postpaid phone churn sustained above 1.0 percent for two consecutive quarters: Re-evaluate and reduce if subscriber losses also accelerate.
- Service revenue growth below 2 percent for two consecutive quarters: Re-evaluate the revenue base.
- Net debt to EBITDA above 4.0 times without a credible reduction plan: Reduce position size.
- A material adverse ruling or reserve charge from lead-sheathed copper cable litigation: Re-price downside and re-test the bear case.
- Management completes a large debt-funded acquisition outside the stated broadband strategy: Review capital allocation discipline.
- Forward P/E de-rates below 8.0 times while EPS is delivered: Determine whether the market is pricing structural decline and reassess.

FINAL RECOMMENDATION

RECOMMENDATION: BUY

Position Size: Standard position, $75 per $100 of target allocation, given WP Score near 70 and moderate balance-sheet risk.

ANALYST NOTES

Key Assumptions:

- 2026 adjusted EPS tracks the $4.99 to $5.04 guidance midpoint.
- Dividend remains $2.83 annually and grows at roughly 2 percent.

- Long-run EPS growth of 3 percent in the base case.
- Terminal forward P/E of 10.0 times in the base case.
- Share count remains near 4.216 billion.

Limitations:

- The supplied data omit precise interest coverage, debt maturity schedule, current ratio, beta, short interest, PEG ratio, and full 2008/2020 recession financials.
- Peer financials for T-Mobile and AT&T are not provided.
- Management quality data are incomplete.
- Market cap and share count vary across the supplied sources.

Confidence Level: MEDIUM. The cash-flow and dividend math is straightforward and well supported. The uncertainty comes from leverage, subscriber momentum, and missing governance and recession detail.

Report prepared for Moschovakis Capital. This analysis is for informational purposes only.

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Vantage	MT4/MT5 execution
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