VZW Hits Record $30B in 4Q Revenue, Losses Double on Charges

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Verizon Tuesday reported record fourth-quarter revenues of over $30 billion, up 5.7 percent annually, but still managed to swing to a quarterly loss that was double what it was in the same quarter last year.

Losses that were largely due to charges related to the annuitization of $7.5 billion in pension and benefits, and repairing damages incurred during Superstorm Sandy, managed to overshadow a previously announced record addition of net postpaid wireless customers, which came in at 2.1 million.

In all Verizon reported a loss of $4.2 billion, or $1.48 in earnings per share in the fourth quarter, compared with a loss of 71 cents per share in the same quarter last year.

The company's wireless business continued its strong performance on record smartphone growth and better-than-expected adoption of new shared data plans. For full-year 2012, total wireless revenues were $75.9 billion, up 8.1 percent over full-year 2011.

During an earnings call, Verizon CFO Fran Shammo said that postpaid Average Revenue Per Account (ARPA) was up $9, or 6.6 percent, on an annual basis and driven largely by the faster speeds of LTE and the number of devices customers are now connecting to a single account.

"After a period of six months, they actually double the amount of devices attached to the plan," Shammo said, adding that as people consume more, they will "buy up in the tiers."

Verizon Wireless had 35.1 million retail postpaid accounts at the end of the fourth quarter, a 1.4 percent increase over the fourth quarter 2011, and an average of 2.6 connections per account, up 4.3 percent year over year.

Verizon has been aggressively moving customers to its LTE network, which is now available to more than 273 million people or close to 89 percent of the population in 476 markets across the U.S. Total LTE device sales increased to 7.3 million for the quarter and smartphone activations represented 6.4 million of that total. At year-end 2012, smartphones accounted for more than 58 percent of the Verizon Wireless

retail postpaid customer phone base, up from 53 percent on a quarterly basis.

On the iPhone, Shammo said Verizon activated 6.2 million iPhones in the fourth quarter, which would account for 63 percent of total smartphone activations, up from 46 percent in Q3, and 56 percent annually.

Shammo said he doesn't foresee anything "unusual" in terms of upgrade activity in relation to the upcoming launch of RIM's new BlackBerry 10 devices, calling the Blackberry as yet "just another platform."

Shammo said sales of LTE-capable tablets had doubled over the third quarter.

Shares of Verizon were up slightly in early morning trading to $42.85.

Source URL (retrieved on *09/02/2014 - 3:02pm*):
http://www.wirelessweek.com/news/2013/01/vzw-hits-record-30b-4q-revenue-losses-double-charges