

COMMUNICATIONS

January 1st, 2000 - Initiation of Coverage

EQUITY RESEARCH

VOYAGER COMMUNICATIONS

(NYSE: VYG) – RATING: HOLD

Current Price (01/01/2000 @ close)	\$54.88
Market Cap	\$9 Bn
Dividend Payout (%)	0
Annualized Stock Return Volatility	40%

Voyager Communications is a leading provider of telephone hardware. Among the leaders in almost every market in which it competes, the company manufactures wired and wireless phones. It is also one of the largest phone service providers in the world and has a widely used telecommunications network.

Investment Hypothesis

POSITIVES

- Voyager has been presenting steady business improvements, especially on the cost side.
- Investor expectation is currently very low; relatively any good news could have significant impact in stock price.
- Voyager is in the process of making some bold and promising infrastructure and technological changes.

NEGATIVES

- Stock has been depreciating consistently lately.
- Earnings visibility for the following 18-24 months is not clear, increasing potential stock volatility.

Voyager Communications
Balance Sheet as of December 1999
(\$ Millions)

Assets	
Total Current Assets	7,621
Property, Plant and Equipment	4,034
Other Assets	—
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Total Assets	11,655
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Liabilities & Equities	
Current Liabilities	3,290
Long Term Debt	150
Deferred Taxes	33
Shareholders Equity	8,182
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Total Liabilities and Stockholders' Equity	11,655
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Voyager Communications
Income Statement as of December 1999
(\$ Millions)

Sales	12,942
Cost of Sales	6,795
Operating Expenses	5,585
Interest Expenses	(111)
Other Income	—
<hr/> <i>EBIT</i>	<hr/> 673
Income Taxes	150
<hr/> Net Earnings	<hr/> 523