

AT&T 1Q19 Highlights

Following are certain 1Q19 highlights to assist in comparability. The full set of earnings materials with all reported results and non-GAAP reconciliations is posted [here](#), including trend schedules.

Consolidated results	1Q19	
EPS Reported	\$0.56	Adj. EPS includes ~\$0.03 of WarnerMedia accretion and
EPS Adjusted	\$0.86	~\$(0.04) impact of accounting changes
Revenues	\$44.8 billion	Down 0.9% on a pro forma basis, or \$395M (wireless equipment -\$177M; FX impact of ~ -\$550M)
Adj. EBITDA	\$14.8 billion	Up 0.3% on a pro forma basis
Free Cash Flow	\$ 5.9 billion	\$25.4 billion on TTM basis
Capex	\$ 5.2 billion	Cap. Investment of \$6.0b (~\$800M vendor financing pmts)
Net Debt to Adj. EBITDA	2.8x	\$2.3 billion of de-levering in 1Q19

Revenues (\$M)	1Q19	1Q18 ¹	% Change	\$ Change	Const. Currency (ex. Ven.)*
Mobility	17,567	17,355	1.2%	212	
Wireless service rev	13,792	13,403	2.9%	389	
Entertainment Group	11,328	11,431	-0.9%	(103)	
Business Wireline	6,498	6,747	-3.7%	(249)	
Latin America	1,718	2,025	-15.2%	(307)	~ +3.3%
WarnerMedia	8,379	8,108	3.3%	271	~ +5.3%
Xandr	426	337	26.4%	89	
Other ²	(1,089)	(781)	NM	(308)	
Total	44,827	45,222	-0.9%	(395)	~ +0.3%

¹1Q18 is presented on a pro forma basis for WarnerMedia and Other.

²1Q19 is primarily content eliminations (\$858) and advertising eliminations (\$350) offset by Corp/Other revenues.

Adj. EBITDA (\$M)	1Q19	1Q18 ¹	% Change	\$ Change	Const. Currency (ex. Ven.)*
Mobility	7,386	7,253	1.8%	133	
Entertainment Group	2,801	2,620	6.9%	181	
Business Wireline	2,458	2,731	-10.0%	(273)	
Latin America	127	221	-42.5%	(94)	~ +19%
WarnerMedia	2,386	2,181	9.4%	205	~ +12%
Xandr	266	287	-7.3%	(21)	
Other ^{3,4}	(622)	(537)	NM	(85)	
Total	14,802	14,756	0.3%	46	~ +1.6%
Comparability Reclass ⁴	(150)	(164)		14	
Pro Forma Prior Methodology	14,652	14,592	0.4%	60	~ +1.7%

³Corporate exp. (-\$454) and advertising elims (-\$318), offset by reclassification of pre-acq. Released Content amortization (+\$150) (see Note 4).

⁴To compare to the historical method of amortizing of Released Content, all pre-acq. Released Content amortization is shown in "Comparability Reclass" as a reduction to EBITDA. For 1Q19, the acquisition date is 6/14/18; for 1Q18 it is assumed to be 1/1/17 as per pro forma filings.

Key Statistics		1Q19
Mobility		
Service Revenue	\$13,792 M	Up \$389M, or 2.9%
EBITDA Svc Margin	53.6%	54.1% last year; accounting impacts YOY comparison
Postpd Smartphone Net Adds	179k	vs. 42k last year
Postpd Phone Net Adds	80k	vs. -60k last year
Postpd Phone Churn	0.93%	Up 9bps YOY
Postpd Phone ARPU	\$55.36	Up 3.7% YOY
Prepaid Net Adds	96k	257k Cricket net adds; AT&T Prepaid less promotional
Entertainment Group		
Revenue	\$11,328 M	Down 0.9% (IPBB +10%; video -1.8%)
EBITDA	\$2,801 M	Up \$181M, or 6.9%
EBITDA Margin	24.7%	22.9% last year
Premium Video ARPU	\$114.98	Up 2.2% YOY
Broadband ARPU	\$50.10	Up 8.3% YOY
Premium Video Net Adds	(544k)	Impacted by price increases, fewer promos
OTT Video Net Adds	(83k)	Price increases, fewer promos; DTVNOW ARPU up >\$10
AT&T Fiber Net Adds	297k	45k Broadband net adds
WarnerMedia		
Revenue	\$8,379 M	Up 3.3%, or \$271M
Op. Income	\$2,243 M	Up 11.6%, with growth in all three units
Turner Ad revenue growth	-5.9%	Dom. -4.5%, incl.~ -400bps impact of NCAA Final Four shift
Latin America		
Mexico Revenue	\$651 M	Equipment down \$58M; service up \$38M, or 9%
Mexico EBITDA	\$(74 M)	Up \$58M YOY
Vrio Revenue	\$1,067 M	Down \$287M due to FX; up ~6% in constant currency*
Vrio EBITDA	\$201 M	Down \$152M, mainly due to FX
Balance Sheet		
Net Debt	\$169 B	~\$165B reflecting 2Q Hulu deal and Hudson Yards transaction; on track for ~\$150B range by year-end
Net Debt to Adj. EBITDA	2.8x	On track for 2.5x range by year-end

* Constant currency growth calculation excludes Venezuela