

AT&T 2Q19 Highlights

Following are certain 2Q19 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	2Q19	
EPS Reported	\$0.51	Adj. EPS includes ~\$0.02 impact of higher YOY effective tax rate
EPS Adjusted	\$0.89	
Revenues	\$45.0 billion	Up 0.6% on a pro forma basis
Adj. EBITDA	\$15.0 billion	Up 0.8% on a pro forma basis
Free Cash Flow	\$ 8.8 billion	\$29.1B for TTM; includes \$2.6B WarnerMedia A/R sale Cap. Investment of \$6.5B (~\$1B vendor financing pmts)
Capex	\$ 5.5 billion	
Net Debt to Adj. EBITDA	2.7x	\$6.8 billion of de-levering in 2Q19

Revenues (\$M)	2Q19	2Q18 ¹	% Change	\$ Change	Const. Currency (ex. Ven.)*
Mobility	17,512	17,282	1.3%	230	~ +7.3% ~ +4.0%
Wireless service rev	14,006	13,682	2.4%	324	
Entertainment Group	11,368	11,478	-1.0%	(110)	
Business Wireline	6,628	6,650	-0.3%	(22)	
WarnerMedia	8,350	7,913	5.5%	437	
Latin America	1,757	1,951	-9.9%	(194)	
Xandr	485	392	23.7%	93	~ +1.6%
Other ²	(1,143)	(969)	NM	(174)	
Total	44,957	44,697	0.6%	260	

¹2Q18 is presented on a pro forma basis for a full quarter of WarnerMedia and Other.

²2Q19 is primarily content eliminations (\$840) and EG advertising eliminations (\$399) offset by Corp/Other revenues.

Adj. EBITDA (\$M)	2Q19	2Q18 ¹	% Change	\$ Change	Const. Currency (ex. Ven.)*
Mobility	7,858	7,619	3.1%	239	~ +8.1% ~ +5.4%
Entertainment Group	2,853	2,821	1.1%	32	
Business Wireline	2,646	2,612	1.3%	34	
WarnerMedia	2,061	1,955	5.4%	106	
Latin America	63	148	-57.4%	(85)	
Xandr	338	333	1.5%	5	
Other ^{3,4}	(778)	(567)	NM	(211)	~ +1.8%
Total	15,041	14,921	0.8%	120	
Comparability Reclass ⁴	(112)	(132)		20	
Pro Forma Prior Methodology	14,929	14,789	0.9%	140	

³2Q19 is Corp. EBITDA (-\$529) and advertising elims (-\$361), offset by purchase accounting reclass of released content amort (\$112) (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 2Q19, the acquisition date is 6/14/18; for 2Q18 it is assumed to be 1/1/17 as per pro forma filings.

Key Statistics 2Q19		
Mobility		
Service Revenue	\$14,006 M	Up \$324M, or 2.4%
EBITDA Svc Margin	56.1%	55.7% last year
Total Phone net adds	355k	72k postpaid, 283k prepaid
Total Smartphone Net Adds	388k	144k postpaid, 244k prepaid
Postpd Phone Net Adds	72k	vs. 51k last year
Postpd Phone Churn	0.86%	Up 4bps
Postpd Phone ARPU	\$55.68	Up 2.2%
Prepaid Net Adds	341k	including 283k phones
Entertainment Group		
Revenue	\$11,368 M	Down 1.0% (IPBB +6.5%; video -1.7%)
EBITDA	\$2,853 M	Up \$32M, or 1.1%
EBITDA Margin	25.1%	24.6% last year
Premium Video ARPU	\$117.49	Up 4.7%
IP Broadband ARPU	\$50.82	Up 5.2%
Premium Video Net Adds	(778k)	Impacted by price increases, focus on profitable subs
OTT Video Net Adds	(168k)	Price increases, fewer promos
AT&T Fiber Net Adds	318k	(34k) Broadband net adds
WarnerMedia		
Revenue	\$8,350 M	Up 5.5%, or \$437M
Op. Income	\$1,970 M	\$184M higher YOY, driven by Turner and Warner Bros.
Turner Ad revenue growth	-4.4%	Dom. ~ -3%, incl ~250bps neg impact of NCAA Champ shift
Balance Sheet		
Net Debt	\$162 B	\$9B de-levering YTD; \$18B since merger close
Net Debt to Adj. EBITDA	2.7x	On track for 2.5x range by year-end

* Constant currency growth calculation excludes Venezuela