AT&T 4Q19 Highlights

Following are certain 4Q19 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	4Q19	
EPS Reported EPS Adjusted	$0.33 $0.89	4Q19 adj. EPS up 3.5%, $0.02 impact of lower tax rate
Revenues	$46.8 billion	Down 2.4%; ~($1.2B) impact from foregone content licensing revenues at WarnerMedia; FX impact of ~($0.2B)
Adj. EBITDA	$14.4 billion	Down 1.5% including comparability reclass[4]; ~($0.5B) impact from foregone content licensing
Free Cash Flow Capex	$ 8.2 billion $ 3.8 billion	Record $29B for FY19; 4Q19 Cap. investment of $4.2B *(~$450 million in vendor financing payments)*
Net Debt to Adj. EBITDA	~2.5x	>$20B reduction in net debt for full year

Revenues *($M)*	**4Q19**	**4Q18**	***% Change***	***$ Change***	**Const. Currency** *(ex. Ven.)**
Mobility[1]	18,700	18,556	*0.8%*	*144*	
Wireless service rev	***13,948***	***13,700***	***1.8%***	***248***	
Entertainment Group	11,233	11,962	*-6.1%*	*(729)*	
Business Wireline[1]	6,589	6,705	*-1.7%*	*(116)*	
WarnerMedia	8,924	9,232	*-3.3%*	*(308)*	*-2.7%*
Latin America	1,758	1,843	*-4.6%*	*(85)*	*+4.3%*
Xandr	607	566	*7.2%*	*41*	
Other[1,2]	(990)	(871)	*NM*	*(119)*	
Total	**46,821**	**47,993**	***-2.4%***	***(1,172)***	***-2.0%***

[1]4Q18 Historical results in the Mobility and Business Wireline business units of the Communications segment have been recast to remove operations in Puerto Rico and the U.S. Virgin Islands, which are now reported in Corporate & Other.

[2]4Q19 is primarily content eliminations ($779) and EG advertising eliminations ($503) offset by Corp/Other revenues (+$385) (see footnote 1).

Adj. EBITDA *($M)*	**4Q19**	**4Q18**	***% Change***	***$ Change***	**Const. Currency** *(ex. Ven.)**
Mobility[1]	7,530	7,469	*0.8%*	*61*	
Entertainment Group	2,044	2,155	*-5.2%*	*(111)*	
Business Wireline[1]	2,527	2,551	*-0.9%*	*(24)*	
WarnerMedia	2,576	2,762	*-6.7%*	*(186)*	*-5.6%*
Latin America	205	38	*NM*	*167*	
Mexico	***3***	***(187)***	***NM***	***190***	
Xandr	430	386	*11.4%*	*44*	
Other[3,4]	(947)	(332)	*NM*	*(615)*	
Total	**14,365**	**15,029**	***-4.4%***	***(664)***	
Comparability Reclass [4]	*(102)*	*(545)*		***443***	
Prior Methodology	**14,263**	**14,484**	***-1.5%***	***(221)***	

[3]4Q19 is Corp. EBITDA ($596) and advertising elims ($454), offset by purchase accounting reclass of released content amort +$102 [4]

[4]To compare to the historical method of amortizing Released Content, all pre-acquisition released content amortization is shown in "Comparability Reclass" as a reduction to EBITDA.

Adj. Operating Income *($M)*	**4Q19**	**4Q18**	***% Change***	***$ Change***
Total	9,188	9,424	*-2.5%*	*(236)*
Adj. Operating Income Margin	*19.6%*	*19.6%*		*0 bps*

[*] Constant currency growth calculation excludes Venezuela

Key Statistics	**4Q19**	
Mobility*		
Service Revenue EBITDA Svc Margin	$13,948 M 54.0%	Up $248M, or 1.8%; up 1.9% for full year
Total Phone Net Adds Total Smartphone Net Adds *Postpaid Phone Net Adds* *Postpaid Phone Churn* *Postpaid Phone ARPU* Prepaid Net Adds	209k 286k *229k* *1.07%* *$55.52* 8k	229k postpaid, -20k prepaid 302k postpaid, -16k prepaid *vs. 131k last year* *Up 7bps* *Up 0.4%*
Entertainment Group		
Revenue	$11,233 M	Down 6.1% from video and legacy product declines
EBITDA EBITDA Margin	$2,044 M 18.2%	4Q19 impacted by NFLST; 2019 EBITDA stable with 2018
Premium Video ARPU IP Broadband ARPU Premium Video Net Adds OTT Video Net Adds AT&T Fiber Net Adds	$131.00 $51.36 (945k) (219k) 191k	Up 7.6% Up 3.1% Focus on profitability; promotional price roll-offs Fewer promotions (182k) Broadband net adds
WarnerMedia		
Revenue Op. Income	$8,924 M $2,422 M	~($1.2B) revenue and ~($0.5B) EBITDA impact from foregone content licensing related to HBO Max investment; If this content would have been sold, Revenues and EBITDA would have grown ~10% and ~11% respectively.
Balance Sheet		
Net Debt	$151 B	>$20B reduction in net debt in FY19; ~$30B since merger close
Net Debt to Adj. EBITDA	~2.5x	Reached 2.5x range; ~$18B of net asset monetization closed in 2019 56 million shares repurchased in 2019 *Note: 85 million shares purchased in January, 2020*

**4Q18 historical results and volumes have been recast to remove operations in Puerto Rico and the U.S. Virgin Islands.*