



AT&T Investor Update

1st Quarter Earnings

April 22, 2020

Q1



2020 AT&T EARNINGS

Cautionary Language Concerning Forward-Looking Statements

Information set forth in this presentation contains financial estimates and other forward-looking statements that are subject to risks and uncertainties, and actual results might differ materially. A discussion of factors that may affect future results is contained in AT&T's filings with the Securities and Exchange Commission. AT&T disclaims any obligation to update and revise statements contained in this presentation based on new information or otherwise.

This presentation may contain certain non-GAAP financial measures. Reconciliations between the non-GAAP financial measures and the GAAP financial measures are available on the company's website at <https://investors.att.com>.

Important additional Information:

AT&T has filed a Form 8-K reporting the quarterly results for the first quarter of 2020. The 8-K must be read in conjunction with this presentation and contains additional important details on the quarterly results.



Our Focus

Protect our employees

- *Instituted work at home policies — ~50% are working from home*
- *Protection protocols for those who cannot work from home*

Serve our customers

- *Unprecedented volumes; network is performing well*
- *FirstNet serving health-care providers, government and first responders*
- *Providing entertainment and critical news*

COVID-19 implications

- *Changing how society interacts*
- *Economic impacts are unclear*
- *Due to lack of visibility, withdrawing financial guidance*

Capital allocation

Suspended share repurchase program

Committed to:

- *Investing in critical growth areas — 5G, broadband, HBO Max*
- *Paying the dividend*
- *Maintaining high-quality debt metrics*



Effectively Managing our Operations

Strength in our core subscription businesses

- *Wireless, Broadband, Enterprise*
- *Provides resiliency and strong foundation*

Sizing operations to economic activity

- *Optimize Wireless and Business Solutions distribution*
- *WarnerMedia – theatrical and advertising challenges*

Evolve cost transformation initiatives

- *Opportunity to approach business differently*
- *Increasing efficiencies to lower operating costs*
- *Aligning businesses to changing customer behavior*

Committed investment in key capital projects

- *Network investment including 5G and expanding fiber*
- *Technology and content investment in HBO Max*



COVID-19 Financial Impacts

Financial guidance is withdrawn

- *COVID-19 uncertainty limits visibility for now*
- *Expect free cash flow to provide ample dividend coverage and debt paydown*

Temporary actions have short-term financial impacts

- *Bill-paying flexibility for customers*
- *Supporting employees with additional compensation*
- *Content production on hiatus*

Adjusting our business for the long term

- *Evolving distribution for changing demand*
- *Emphasizing self-installation and software-based platforms*

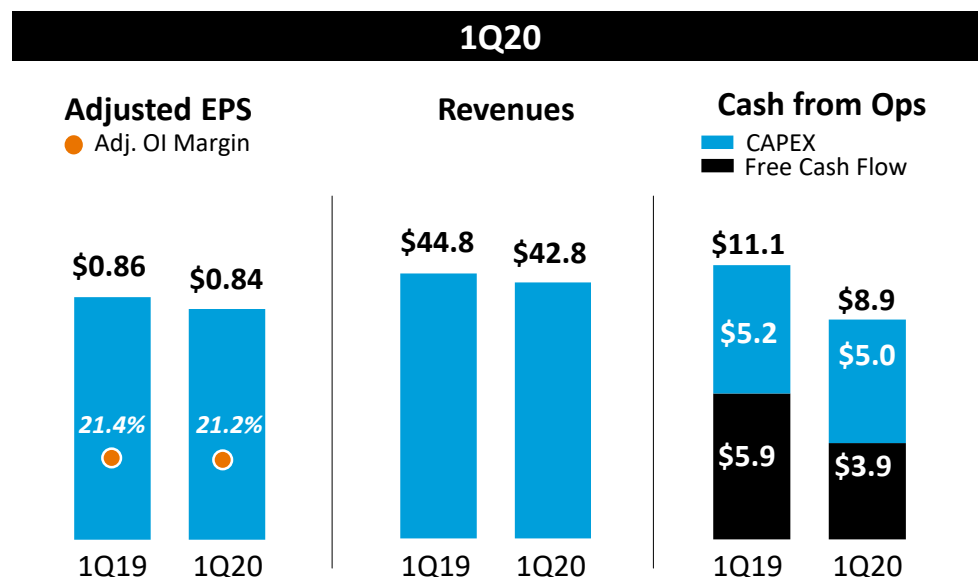


1Q20 Financial Results



1Q20 Financial Summary

\$ in billions, except EPS



	1Q19	1Q20
Reported EPS	\$0.56	\$0.63
Adjustments:		
• Actuarial loss on benefit plans	\$0.05	-
• Amortization of intangibles	\$0.21	\$0.23
• (Gain) on spectrum transaction	-	(\$0.10)
• Merger integration items	\$0.01	\$0.02
• Other adjustments ¹	\$0.03	\$0.06
Adjusted EPS	\$0.86	\$0.84

1 – 1Q20 includes \$0.03 holding loss on benefit related investments, \$0.02 impairments, and \$0.01 other adjustments

Adjusted EPS of \$0.84, down \$0.02 from last year

Includes about \$0.05 of COVID-19 cost impacts, more than half are short term

Revenues of \$42.8 billion

COVID-19 impact of ~\$600M, mostly from lower sports-related advertising and lower wireless equipment sales

~\$300M impact from foreign exchange

Solid wireless service revenue growth offset by declines in video, theatrical and legacy services revenues

Cash flows

\$8.9B cash from operations

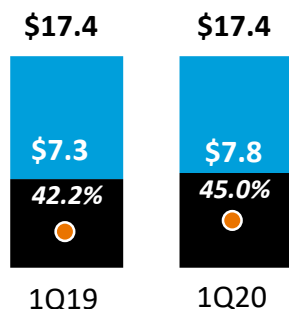
\$3.9B free cash flow, with normal seasonality impacts



1Q20 Communications Segment

\$ in billions ■ REVENUES ■ EBITDA
● EBITDA MARGIN

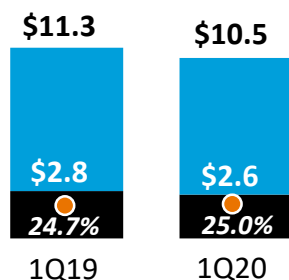
Mobility



Wireless resiliency drives solid EBITDA of \$7.8B, up 7% or \$511M

Service revenues up 2.5%, reflecting subscriber growth and higher postpaid phone ARPU
163K postpaid phone net additions; FirstNet connections top more than 1.3 million
1Q20 postpaid phone churn of 0.86%

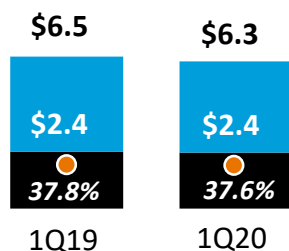
Entertainment Group



Cash generation remains stable

Solid Fiber growth; 209K Fiber net adds – surpassing 4M total subscribers
Premium video losses of 897K
~10% Video ARPU growth from quality focus and strong advertising sales

Business Wireline



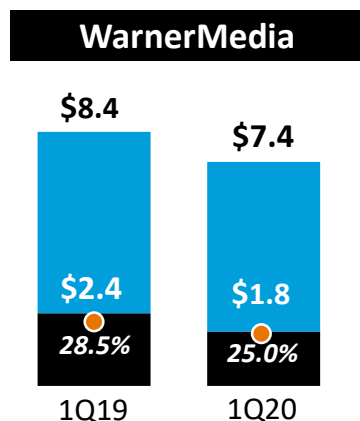
Business Wireline EBITDA margins remain essentially stable

Strategic and managed services growth of 2.6%; EBITDA margins stable with focus on efficiency
Business Solutions growth continued with integrated wireless distribution and FirstNet momentum



1Q20 WarnerMedia Segment

\$ in billions ■ REVENUES ■ EBITDA
● EBITDA MARGIN



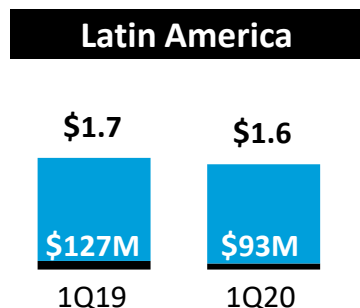
WarnerMedia revenues reflect lower advertising due to March Madness cancellation along with comparisons to strong 1Q19 theatrical results

EBITDA primarily impacted by COVID-19 and HBO Max investment

HBO Max to launch May 27

1Q20 Latin America Segment

\$ in billions ■ REVENUES ■ EBITDA



Mexico EBITDA improvements continued, up \$63M

Vrio impacted by FX; continued positive EBITDA and cash flow

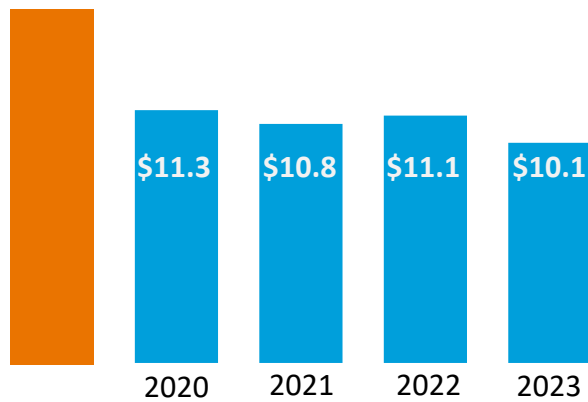


Effectively Managing Liquidity and Capital

\$ in billions

2020 – 2023 Debt Towers

\$14.1 — 2019 Free Cash Flow after dividends



Debt Maturities

(on 3/31/2020; excludes Commercial Paper and term loan that matures at end of '20)

Expect free cash flow after dividends and cash on hand to more than cover debt maturities

- Even without accessing debt markets, maturities remain manageable
- Bond markets remain available and have improved considerably since March
- ~\$10 billion of cash at end of 1Q20
- Completed \$5.5B term loan on April 6
- \$15B revolver in place that we do not expect to utilize
- Suspended share repurchase program
 - Prudent to remain conservative with balance sheet capacity
- Asset sales add to flexibility





Q&A

Q1



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