



AT&T Investor Update

2nd Quarter Earnings

July 23, 2020

Q2

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>.

The "quiet period" for FCC Spectrum Auction 105 is in effect. During the quiet period, auction applicants are required to avoid discussions of bids, bidding strategy and post-auction market structure with other auction applicants

Important additional Information:

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



2020 Priorities

Executing our plan with a market focus on:

- *Wireless – Nationwide 5G and FirstNet*
- *Fiber-based connectivity – for wireless, consumer and business*
- *Software-based entertainment – HBO Max and AT&T TV*
- *Increased customer engagement – insights across all platforms*

Effective and efficient in everything we do

- *Key products drive customer value proposition, brand positioning*
- *Aligning operations to our market focus*
- *Improving the experience we deliver to our customers*
- *Ramping transformation and sizing our operations to new environment*
- *Managing impacts of COVID*

Solid balance sheet and deliberate capital allocation

- *Investing in strategic growth areas – Fiber, 5G, FirstNet, HBO Max*
- *Committed to supporting the dividend – 36-year record of increasing*
- *Reducing debt – maintaining investment grade status*
- *Continued portfolio review – monetizing non-core assets*

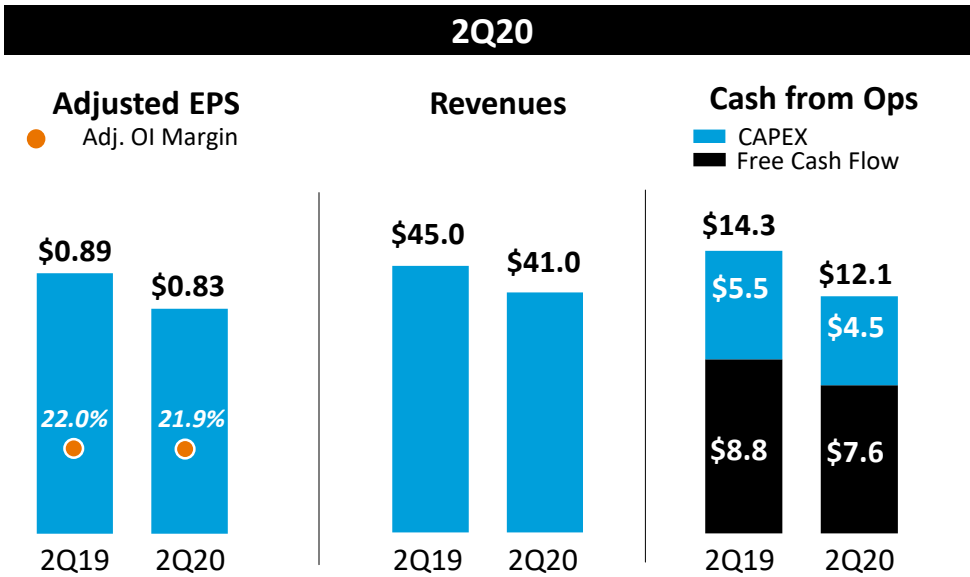


2Q20 Financial Results



2Q20 Financial Summary

\$ in billions, except EPS



	2Q19	2Q20
Reported EPS	\$0.51	\$0.17
Adjustments:		
• Actuarial loss / non-cash impairments ¹	\$0.18	\$0.32
• Amortization of intangibles	\$0.21	\$0.24
• Merger integration items	\$0.05	\$0.02
• Severance	\$0.01	\$0.10
• Other adjustments	(\$0.07)	(\$0.02)
Adjusted EPS	\$0.89	\$0.83

1 - 2Q20 includes \$0.29 Vrio goodwill impairment, net of noncontrolling interest, and \$0.03 other asset impairments.

Adjusted EPS of \$0.83

COVID impacts of (\$0.03) from incremental cost and (\$0.06) of estimated revenue-related impacts

Revenues of \$41.0 billion

Estimated COVID impacts of \$2.8 billion; FX impacts of ~\$0.5B
Subscription-based businesses remained resilient

Solid cash flows

\$7.6 billion free cash flow

Second-quarter dividend payout ratio of 49%

Continued investment in strategic focus areas

Proactive balance sheet management

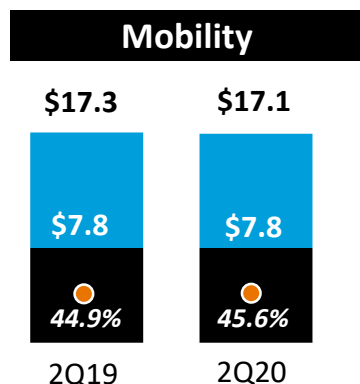
Refinanced debt at historically low rates

Significantly lowered near-term debt towers



2Q20 Communications Segment

\$ in billions ■ REVENUES ■ EBITDA
● EBITDA MARGIN



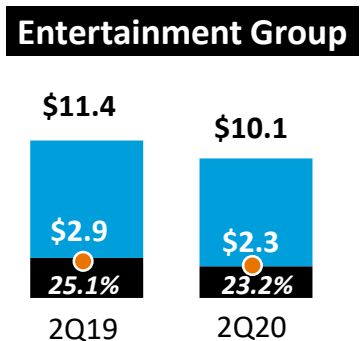
Wireless business proves resilient; margin expansion; solid FirstNet growth

Total voice subscriber base stable; includes ~340K of accrued disconnects

Strong Cricket performance with record-low prepaid churn

HBO Max supports adoption of premium unlimited plans with higher ARPU

EBITDA stable even with significantly lower international roaming revenues



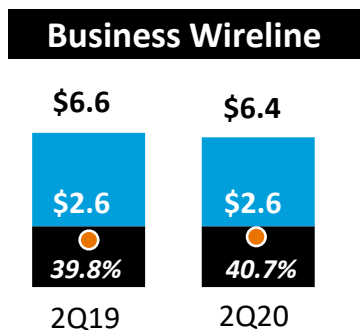
Entertainment Group results impacted by lower video, advertising and commercial revenues

Fiber demand remained solid with 225K net additions

AT&T TV building momentum and driving broadband attach rates

Premium TV net loss of 886K includes 91K of accrued disconnects

Broadband net loss of 102K includes 159K of accrued disconnects



Business Wireline delivers margin expansion and maintains stable revenue trends

Revenues declined 3.5%; excluding a prior year \$125M IP sale, revenue would have declined 1.7%

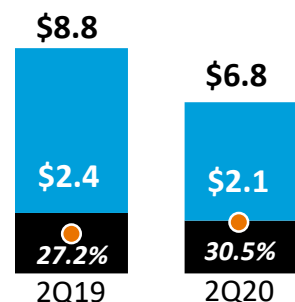
EBITDA stability and higher margins from cost management and scaling strategic services



2Q20 WarnerMedia Segment

\$ in billions ■ REVENUES ■ EBITDA
● EBITDA MARGIN

WarnerMedia



WarnerMedia operations significantly impacted by COVID

Revenue impacts - theatrical releases; TV sales; advertising

EBITDA and cash flow impact more than offset by lower sports, production and marketing costs

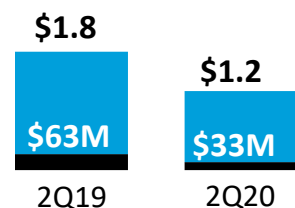
Successful launch of HBO Max with strong engagement

Subscriber growth in-line with targets; robust engagement levels vs. HBO NOW

2Q20 Latin America Segment

\$ in billions ■ REVENUES ■ EBITDA

Latin America



Latin America results reflect volatile country economies (COVID) and FX impacts

LATAM profitability and cash flow continue to grow excluding FX impacts

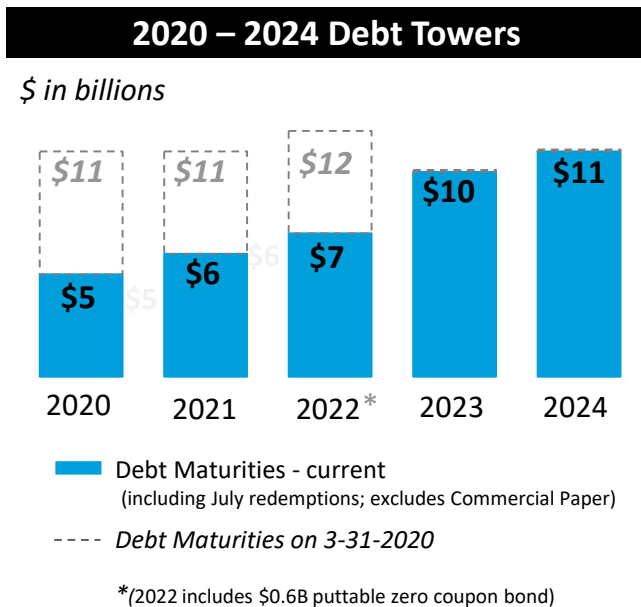
Mexico results impacted by COVID with material store closures and traffic declines



Capital Allocation and Liquidity Update

Solid 2Q20 free cash flow of \$7.6B, \$11.5B year to date

- *Expect 2020 dividend payout ratio in the 60s%, targeting the low 60s%*
- *Gross capital investment on track for \$20 billion range in 2020*
- *FirstNet build remains well ahead of plan*
- *Expect incremental network benefits as 5G reached nationwide coverage today*



Effective liability management provides additional financial flexibility

- *Issued ~\$17 billion in long-term debt in 2Q20 to refinance at attractive rates*
- *Debt towers reduced by about \$15 billion over next three years*
- *Net debt of \$152 billion at end of 2Q20; ~\$17 billion of cash on hand*

Continued focus on monetization of non-core assets

- *Puerto Rico, CME, real estate, tower option transactions pending*
- *Other asset reviews continue*



Transformation

Reducing labor costs

Achieved benefit efficiencies and began implementing workforce reductions in July

Streamlining distribution

Closed under-performing retail stores; optimizing channel mix; innovating for new environment

Rationalizing IT systems and network operations

SDN reached 75% virtualization goal; system reviews underway; optimizing real estate footprint

Simplifying processes and support functions

Business sales effectiveness; call center productivity; provisioning; billing and collections

Pursuing incremental corporate rationalization

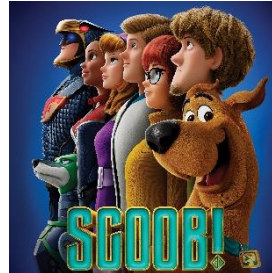
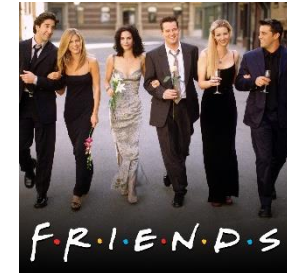
Opportunities for additional cost reductions



HBO Max Update

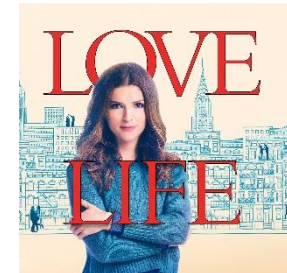
Successful Launch

- Tracking towards initial targets
– subscribers, activations & revenues
- HBO Max/HBO subscribers total
~36 million



Strong Customer Engagement

- Engagement significantly higher
compared to HBO NOW
- Appeals to broader demographic
with attractive and diverse content



Benefits of Integrating Content and Connectivity

- Improved upgrade rates on wireless and broadband plans
- Customer activation of HBO Max highest on AT&T platforms





Q&A

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