

AT&T 4Q20 Highlights

Following are certain 4Q20 highlights. The full set of earnings materials with all reported results and non-GAAP reconciliations is posted [here](#), including trend schedules.

Consolidated Results	4Q20	
EPS Reported	(\$1.95)	4Q20 adj. EPS down (\$0.14); including (\$0.08) of estimated COVID impacts
EPS Adjusted	\$0.75	
Revenues	\$45.7 billion	Down (\$1.1B) YOY; sequential growth of \$3.4B ~(\$2.5B) estimated YOY impact from COVID partially offset by higher Mobility revenue +\$1.4B
Adj. EBITDA	\$12.9 billion	Down (\$1.5); including (\$0.7B) estimated impact from COVID
Free Cash Flow	\$7.7 billion	2020 free cash flow of \$27.5B
Capex	\$2.4 billion	Total dividend payout ratio of ~55% for full year;
Gross Cap Investment	\$4.3 billion	Expect 2021 free cash flow in \$26B range and gross capital investment in the \$21B range
Net Debt to Adj. EBITDA	2.70x	\$147.5B net debt; ~\$10B cash on hand at end of 4Q20 Reduced ~\$33B in net debt since closing of TWX transaction Restructured '21-'25 debt maturities in 2020

Revenues (\$M)	4Q20	4Q19	% Change	\$ Change	COVID impact (estimated)
Mobility	20,119	18,700	7.6%	1,419	(250)
<i>Wireless service revenue</i>	14,022	13,948	0.5%	74	(250)
Video ¹	7,168	8,075	-11.2%	(907)	(210)
Broadband ¹	3,116	3,161	-1.4%	(45)	0
Business Wireline ¹	6,319	6,586	-4.1%	(267)	(100)
WarnerMedia ²	8,554	9,453	-9.5%	(899)	(1,550)
Latin America	1,498	1,758	-14.8%	(260)	(350)
Other ^{2,3,4}	(1,083)	(912)	-	(171)	(20)
Total Revenues	45,691	46,821	-2.4%	(1,130)	(2,480)

Adj. EBITDA (\$M)	4Q20	4Q19	% Change	\$ Change	COVID impact (estimated)
Mobility	7,096	7,530	-5.8%	(434)	(240)
Video ¹	619	628	-1.4%	(9)	(60)
Broadband ¹	1,104	1,412	-21.8%	(308)	0
Business Wireline ¹	2,326	2,530	-8.1%	(204)	(100)
WarnerMedia ²	2,719	3,005	-9.5%	(286)	(20)
Latin America	95	205	-53.7%	(110)	(155)
Other ^{2,3,4}	(1,071)	(945)	-	(126)	(75)
Total Adj. EBITDA	12,889	14,365	-10.3%	(1,476)	(650)

Adj. Operating Income (\$M)	4Q20	4Q19	% Change	\$ Change
Total	7,814	9,188	-15.0%	(1,374)
Adj. Operating Income Margin	17.1%	19.6%	-250bps	

¹ Entertainment Group results have been recast for all periods into Video and Broadband business units. Business wireline results have been recast to exclude commercial video, which is now included in the Video business unit.

² WarnerMedia segment results have been recast for all periods to include Xandr and exclude Crunchyroll, which is now classified as held-for-sale in 4Q20.

³ 4Q20 is primarily Communications segment content eliminations (\$761) and Video advertising eliminations (\$603) offset by Corp/Other revenues +\$388.

⁴ 4Q20 Corp. EBITDA (\$506) and advertising eliminations (\$565)

Key Statistics - Volumes 4Q20		
AT&T Communications		
Total US Wireless Net Adds	5.9M	1.2M postpaid; 14k prepaid; 4.8M connected devices
US Postpaid Net adds	1.2M	
Postpaid Phone Net Adds	800k	Higher device adoption and retention promotions
Postpaid Phone Churn	0.76%	Record-low for a 4 th quarter; 0.79% full year
Postpaid Phone ARPU	\$54.46	Down (\$1.06) due to lower international roaming
US Prepaid Net Adds	14k	Prepaid churn ~3%
AT&T Fiber Net Adds	273k	-2k broadband net adds
IP Broadband ARPU	\$53.72	Up 4.6%; mix shift impact with 1M+ fiber adds in 2020
Premium Video Net Adds	(617k)	Lower churn due to higher-quality base
Premium Video ARPU	\$137.64	Up 5.1% with focus on life-time value of subscribers
WarnerMedia		
HBO/HBO Max domestic subscribers	41.5M	Domestic HBO/HBO Max subscribers up ~7 million in 2020
Latin America		
Mexico Wireless Net Adds	529k	Driven by lower YOY churn
Vrio Video Net adds	49k	24k improvement YOY

Select Financial Results 4Q20		
AT&T Communications		
Mobility		
Revenue	\$20,119 M	Up \$1.4B with higher device sales; 6.5% upgrade rate
Service Revenue	\$14,022 M	Up 0.5%, even with ~(\$200M) lower international roaming revenues
EBITDA	\$7,096 M	Down (\$434M), due to COVID and successful growth and promotions
EBITDA Svc Margin	50.6%	
Video		
Revenue	\$7,168 M	Down (\$0.9B) due to fewer video subscribers and COVID impacts
EBITDA	\$619 M	Continued focus on cash generation
EBITDA Margin	8.6%	Margins reflect NFL Sunday Ticket seasonality
Broadband		
Revenue	\$3,116 M	Down (1.4%) as broadband revenue growth was offset by legacy declines
EBITDA	\$1,104 M	Down ~(\$300M) due to investment in customer base and higher non-cash amortization
EBITDA Margin	35.4%	

WarnerMedia ²		4Q20
Revenue	\$8,554 M	Down (\$0.9B); ~(\$1.6B) estimated COVID impact from lower TV and theatrical revenues and sports timing; HBO Max drove higher subscription revenues
Op. Income	\$2,542 M	Down (\$0.3B) due to HBO Max investment offset by lower content costs and higher election year advertising revenues

4Q20 COVID Impact Summary

Three Months Ended December 31, 2020		
	Estimated Revenues Impact	Estimated EBITDA Impacts
<i>Dollars in millions</i>		
Revenues:		
WarnerMedia Content and Other	\$ (1,490)	\$ (280)
WarnerMedia Advertising (sports) and Other	(120)	50
Video Advertising ¹	60	60
Video	(210)	(60)
Mobility Wireless Service	(250)	(240)
Business Wireline	(100)	(100)
Latin America	(350)	(155)
Other	(20)	(15)
Total	\$ (2,480)	\$ (740)
¹ Includes certain Xandr advertising revenues which are reported in the WarnerMedia and Communications segments and are eliminated in consolidation.		
Three Months Ended December 31, 2020		
	EBITDA Impacts Included in Reported Results	
<i>Dollars in millions</i>		
Expenses:		
Production Disruption Costs	\$ (30)	
<i>Business Disruption Recoveries</i>	180	
Other Costs	(60)	
Total	\$ 90	