

2021

1ST QUARTER EARNINGS



AT&T Investor Update

April 22, 2021

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This presentation may contain certain non-GAAP financial measures. Reconciliations between the non-GAAP financial measures and the GAAP financial measures are available on slide 11 of this presentation and on the company's website at <https://investors.att.com>.

Our Market Focus

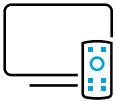
Our 2021 Priority

Deliberate Capital Allocation



Broadband connectivity

5G, Fiber



Software-based entertainment

HBO Max



Fantastic storytelling

Industry leader for
2020 Emmy wins

GROW

Customer
Relationships



Investing in strategic growth –
5G, Fiber, HBO Max

Committed to sustaining dividend
at current levels

Utilizing cash after dividends
to reduce debt

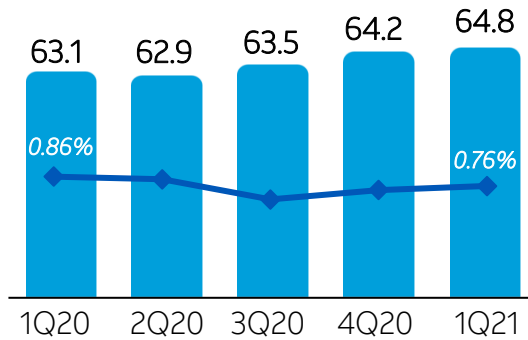
Continued portfolio review –
restructuring non-core assets

1Q21 Progress Toward Growing Customer Relationships

Wireless

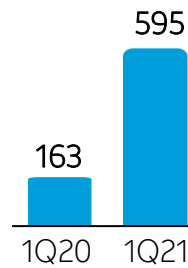
Postpaid Phone Subscribers

millions



Net Adds

thousands

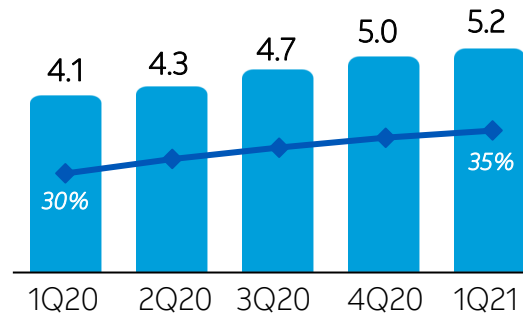


■ Postpaid phone subscribers
◆ Postpaid phone churn

Fiber

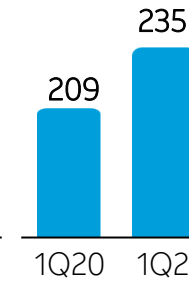
AT&T Fiber Subscribers

millions



Net Adds

thousands

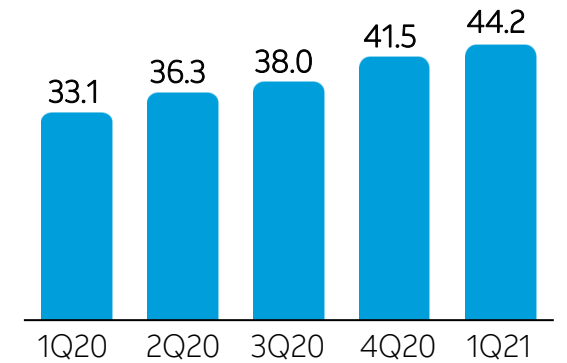


■ Fiber subscribers
◆ Penetration

HBO Max

HBO Max and HBO Subscribers

millions



■ Domestic HBO Max and HBO subscribers †

Efficient and Effective

- Mobility EBITDA grew 2.3%
- EBITDA service margins expanded 100bps

- IP Broadband revenues up ~5%
- IP Broadband revenue growth offsetting legacy declines

- DTC subscription revenues up ~35%
- Transformation savings helping offset HBO Max investment

2021

1ST QUARTER EARNINGS



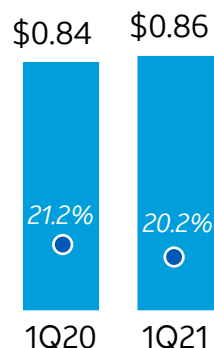
1Q21 Financial Results

1Q21 Financial Summary

\$ in billions, except EPS

Adjusted EPS

● Adj. OI Margin



Revenues



Cash from Ops

■ Free Cash Flow
■ CAPEX



Adjusted EPS of \$0.86

On track with full-year guidance of stable adjusted EPS^{†1}

Revenues of \$43.9 billion

Communications segment revenues up 5.2%, led by Mobility

Confident in ~2% wireless service revenue growth projection for 2021

WarnerMedia growth driven by higher subscription and advertising revenues

Strong cash flows and liquidity position

Cash from operations of \$9.9B, up \$1B

Capex of \$4.0B; gross capital investment^{†2} of \$5.7B

\$5.9B free cash flow^{†3}; dividend payout ratio^{†3} of ~63%

Reported EPS

1Q20

\$0.63

1Q21

\$1.04

Adjustments:

Actuarial gain on benefit plans	-	(\$0.30)
Amortization of intangibles	\$0.23	\$0.12
Gain on spectrum transaction	(\$0.10)	-
Other adjustments, net	\$0.08	-

Adjusted EPS

\$0.84

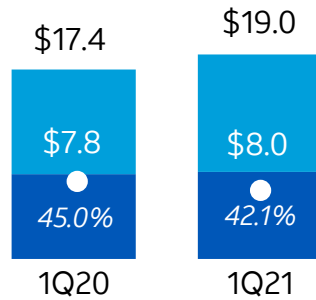
\$0.86

1Q21 Communications Segment

\$ in billions

Revenues EBITDA EBITDA Margin

Mobility



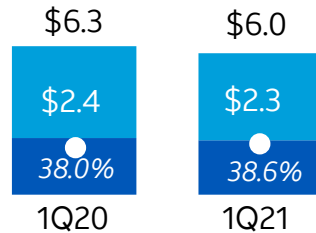
Strong subscriber momentum

Service revenue growth driven by subscriber gains

Growing EBITDA and improving service margins

Higher gross adds and lower phone churn

Business Wireline

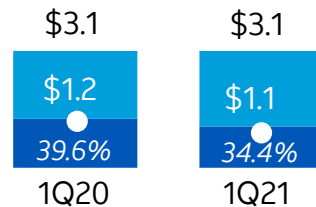


Continued to deliver solid margins

Emphasizing core network and transport connectivity

Remain focused on cost management

Consumer Wireline



Focus on fiber growth

Solid AT&T Fiber gains; penetration exceeding 35%

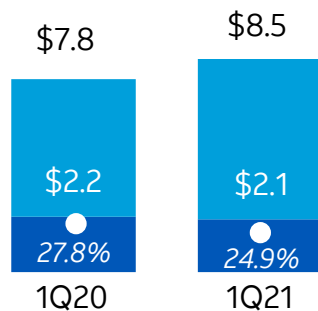
Expect EBITDA growth to improve in second half of 2021

1Q21 WarnerMedia Segment

\$ in billions

Revenues EBITDA EBITDA Margin

WarnerMedia



Higher subscription growth and improved advertising trends

Advertising revenues up 18.5% with return of sports

Expect continued theatrical revenue improvement in 2021

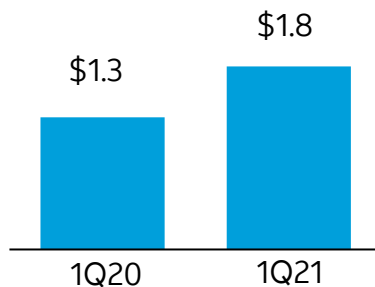
HBO Max success drove DTC subscription revenue growth of ~35%

Domestic ARPU^{†4} stable at ~\$12; rising retail mix provides upside opportunity

60 international markets planned by year-end

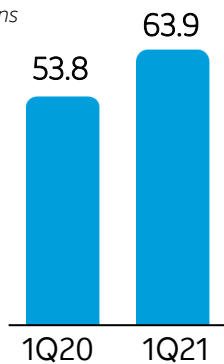
AVOD on target to launch in June 2021

Direct-to-Consumer Subscription Revenues



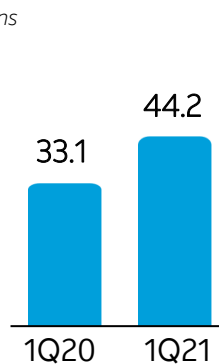
Global Subscribers

millions



Domestic Subscribers

millions



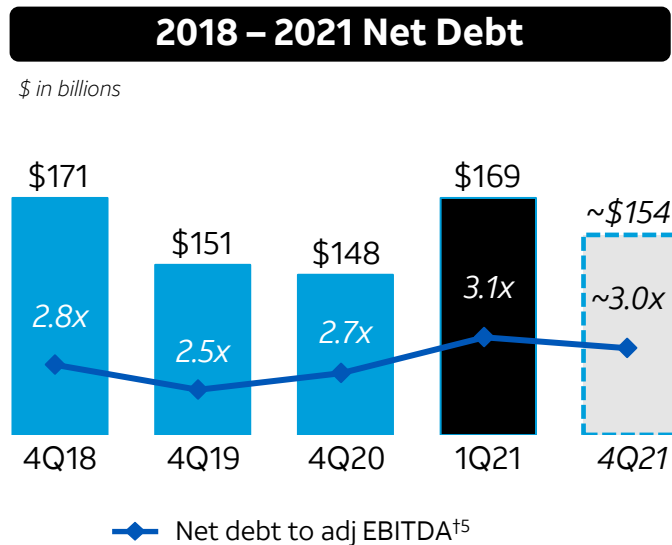
— HBO Max and HBO subscribers^{†4}

HBOmax



Premium content resonating with subscriber base

1Q21 Capital Allocation and Liquidity Update



Debt reduction plan on target with strong cash flows and asset monetization

C-Band financing and \$23B payment in March impacted 1Q21 net debt

Expect net debt to adjusted EBITDA^{†5} of ~3.0x at end of 2021

Long-term target of ~2.5x during 2024

Asset monetization and portfolio review continue

Expect to close DIRECTV and Crunchyroll transactions in 2021 with ~\$9B in proceeds

Continue to evaluate asset monetization opportunities

Debt management provides liquidity and flexibility

Approximately 90% of debt is fixed rate

Weighted avg. maturity is 16 years at 3.8%

Weighted avg. rate is down 50bps

Decline of ~\$150M in interest expense in 1Q21

\$11B cash on hand at end of 1Q21

2021

1ST QUARTER EARNINGS

Q&A

Notes

1. The company expects adjustments to 2021 reported diluted EPS to include merger-related amortization in the range of \$4.3 billion and other adjustments, a non-cash mark-to-market benefit plan gain/loss, and other items. The company expects the mark-to-market adjustment, which is driven by interest rates and investment returns that are not reasonably estimable at this time, to be a significant item. AT&T's 2021 EPS depends on future levels of revenues and expenses which are not reasonably estimable at this time. Accordingly, we cannot provide a reconciliation between these projected non-GAAP metrics and the reported GAAP metrics without unreasonable effort.
2. Gross capital investment includes capital expenditures and cash payments for vendor financing and excludes FirstNet reimbursements. In 1Q21, gross capital investment included \$1.7 billion in vendor financing payments. In 2021, vendor financing payments are expected to be in the \$4 billion range and FirstNet reimbursements are expected to be about \$1 billion.
3. Free cash flow is a non-GAAP financial measure that is frequently used by investors and credit rating agencies to provide relevant and useful information. Free cash flow is cash from operating activities minus capital expenditures. Free cash flow total dividend payout ratio is total dividends paid divided by free cash flow. In 1Q21, dividends paid totaled \$3.741 billion. Due to high variability and difficulty in predicting items that impact cash from operating activities and capital expenditures, the company is not able to provide a reconciliation between projected free cash flow and the most comparable GAAP metric without unreasonable effort.
4. Domestic HBO Max and HBO subscribers consist of accounts with access to HBO Max (including wholesale subscribers that may not have signed in) and HBO accounts, and exclude free trials and Cinemax subscribers. Domestic ARPU is defined as domestic HBO Max and HBO subscriber revenues during the period divided by domestic HBO Max and HBO subscribers during the period, excluding HBO commercial revenues and subscribers. Global HBO Max and HBO subscribers consist of domestic HBO Max subscribers and domestic and international HBO subscribers and exclude free trials, and basic and Cinemax subscribers.
5. Net debt to adjusted EBITDA ratios are non-GAAP financial measures that are frequently used by investors and credit rating agencies to provide relevant and useful information. Our net debt to adjusted EBITDA ratio is calculated by dividing the net debt by the sum of the most recent four quarters of adjusted EBITDA.

Net Debt to Adjusted EBITDA	4Q18^{1,2}	4Q19²	4Q20²	1Q21²
Adjusted Annualized EBITDA	\$ 60,615	\$ 59,287	\$ 54,546	\$ 53,878
Total Debt	176,505	163,147	157,245	180,199
Less: Cash and Cash Equivalents	5,204	12,130	9,740	11,342
Net Debt	171,301	151,017	147,505	168,857
Net Debt to Adjusted EBITDA Ratio	2.826	2.547	2.704	3.134

¹ 4Q18 Adjusted Annualized EBITDA is calculated using Pro Forma Adjusted EBITDA to reflect the June 14, 2018 acquisition of Time Warner Inc. as reported in AT&T's Form 8-K filed January 30, 2019 and July 24, 2018.

² As reported in AT&T's Form 8-K filed January 30, 2019, January 29, 2020, January 27, 2021, and April 22, 2021, respectively.

