

2021

3RD QUARTER EARNINGS

AT&T Investor Update

October 21, 2021

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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.

The "quiet period" for FCC Spectrum Auction 110 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.

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 10 of this presentation and on the company's website at <https://investors.att.com>.

Business Priorities – Continued Consistent Execution in 3Q21

Grow Customer Relationships

- ✓ *Most postpaid phone net adds in more than 10 years*
- ✓ *Fiber share gains with sequential increase in net adds*
- ✓ *HBO and HBO Max global subscribers^{†1} near 70 million*

Effective and Efficient in Everything We Do

- ✓ *Increased cost efficiencies enabled reinvestment in growth*
- ✓ *On track to achieve half of \$6B cost savings by end of 2021*
- ✓ *Mobility EBITDA^{†2} growth of 3.6%*
- ✓ *Shift to Fiber driving Consumer Wireline EBITDA^{†2} growth*

Deliberate Capital Allocation

- ✓ *Announced or closed \$55B+ in asset monetization and generated ~\$26B in free cash flow^{†3} over past 12 months*
- ✓ *Closed DIRECTV transaction*
- ✓ *WarnerMedia deal expected to close by mid-year 2022*
- ✓ *Right capital structure in place to support future success*

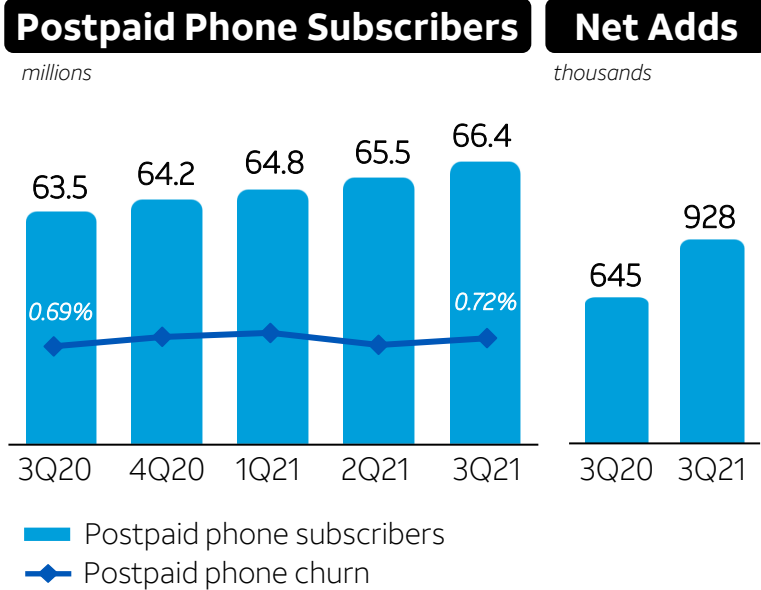
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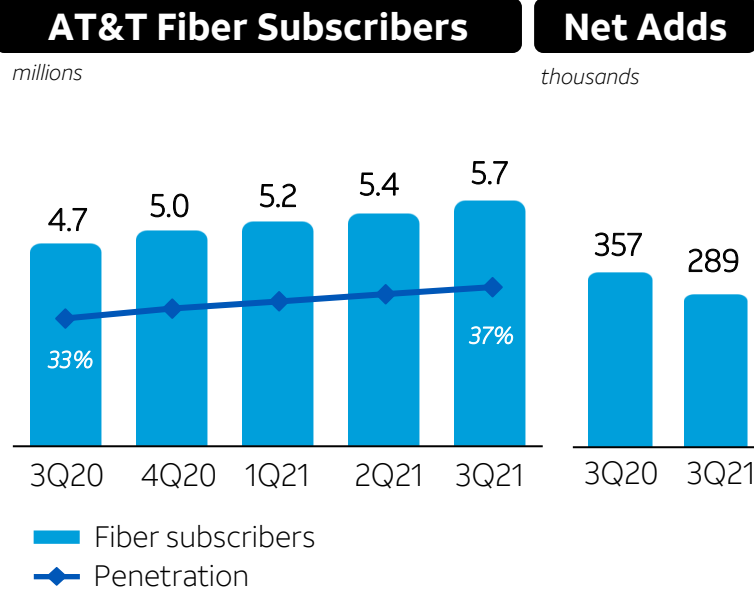
3Q21 Financial Results

3Q21 Solid Subscriber Gains in Areas of Market Focus

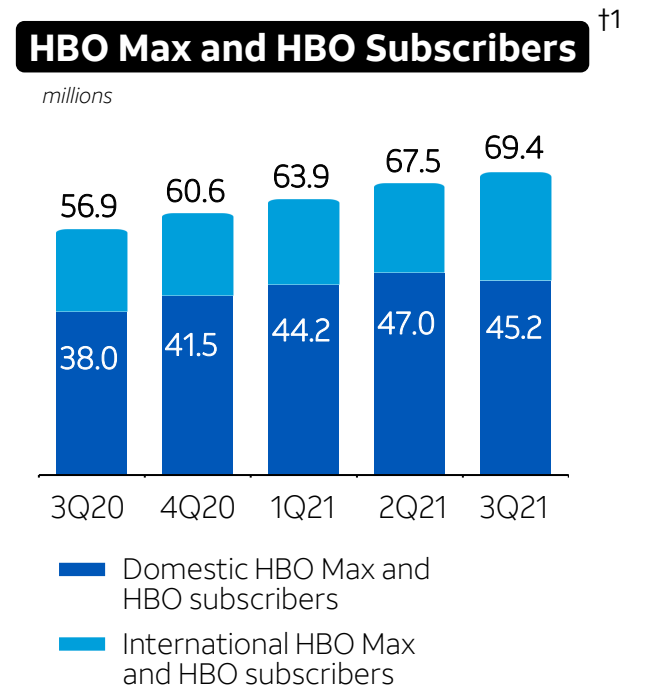
Wireless



Fiber



HBO Max

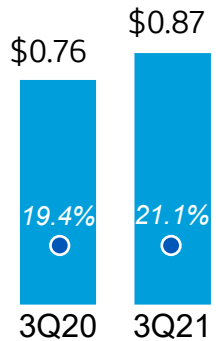


3Q21 Financial Summary

\$ in billions, except EPS

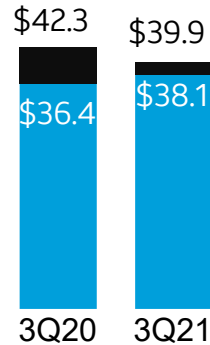
Adjusted EPS

● Adj. OI Margin^{†2}



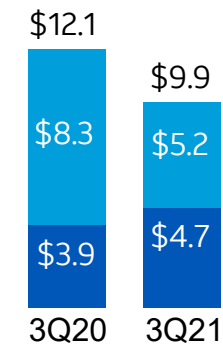
Revenues

■ Revenues Ex U.S. Video^{†4}
■ U.S. Video impact



Cash from Ops

■ Free Cash Flow^{†3}
■ CAPEX



	3Q20	3Q21
Reported EPS	\$0.39	\$0.82

Reported EPS

Adjustments:

Amortization of intangibles	\$0.22	\$0.11
DIRECTV intangible amortization (proportionate share)	-	\$0.04
Gain on sale of assets	-	(\$0.08)
Actuarial loss/(gain) on benefit plans	\$0.01	(\$0.04)
Debt redemption and other adjustments	\$0.14	\$0.02

Adjusted EPS

Adjusted EPS	\$0.76	\$0.87
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Solid revenue growth on a comparable basis

3Q21 reported revenues of \$39.9B included one month of U.S. Video

Excluding U.S. Video^{†4}, revenues up \$1.7B, or 4.7%

Adjusted EPS of \$0.87

Up 14.5% year over year

Strong cash flows and liquidity position

Cash from operations of \$9.9B

Capex of \$4.7B; gross capital investment^{†5} of \$5.7B

\$5.2B free cash flow^{†3}; YTD dividend payout ratio^{†3} of ~63%

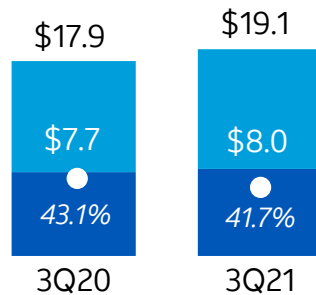
~\$10B of asset monetizations closed, including DIRECTV/TPG transaction

3Q21 Communications Segment

\$ in billions

Revenues EBITDA †2 EBITDA Margin †2

Mobility



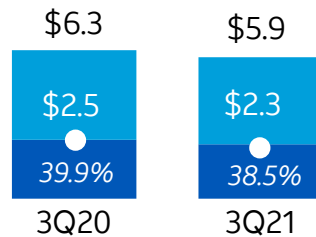
Strong revenue, EBITDA and subscriber gains

Revenues up 7.0%; service revenues up 4.6%

Strong EBITDA and service margins

928,000 postpaid phone net adds; 249,000 prepaid phone net adds

Business Wireline

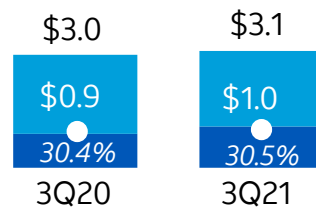


Margins remain strong with a refined portfolio

Revenue comps impacted by pandemic demand in 3Q20 and proactive portfolio rationalization

Emphasizing core network and transport connectivity

Consumer Wireline



Broadband drives revenue and EBITDA growth

Solid AT&T Fiber gains with sequential net add growth

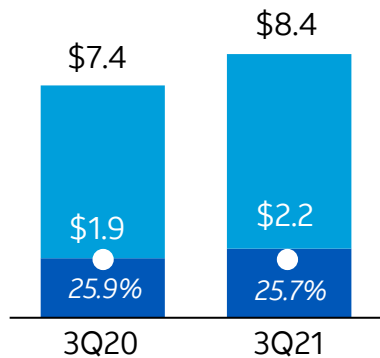
EBITDA and revenue growth as Fiber strength offsets legacy declines

3Q21 WarnerMedia Segment

\$ in billions

■ Revenues
■ EBITDA †2
● EBITDA Margin †2

WarnerMedia



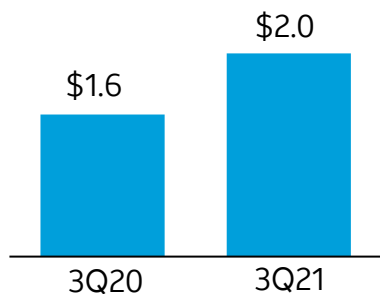
Strong subscription growth offset sports timing impacts on advertising

WarnerMedia revenues up ~14% driven by strong DTC subscription growth and content licensing
 3Q21 includes ~\$200M in DIRECTV advertising revenue sharing costs

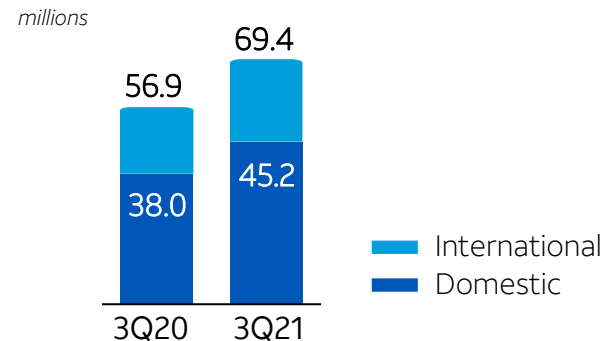
DTC subscription revenue growth of ~25%

Strong HBO Max subscriber growth in Latin America; Spain and the Nordics launch in October
 International and AVOD subscriber growth more than offset impact from Amazon wholesale losses

Direct-to-Consumer Subscription Revenues



Global HBO Max and HBO Subscribers †1



HBOmax



4Q21 content slate is strong

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Q&A

Notes

1. Global HBO Max and HBO subscribers consist of domestic and international HBO Max and HBO subscribers, and exclude free trials, basic and Cinemax subscribers. Domestic HBO Max and HBO subscribers consist of U.S. 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. International HBO Max and HBO subscribers consists of non-domestic accounts with access to HBO Max (including wholesale subscribers that may not have signed in), and HBO accounts and exclude free trial, basic and Cinemax subscribers.

2. EBITDA, EBITDA Margin and adjusted operating income are non-GAAP financial measures that are frequently used by investors and credit rating agencies to provide relevant and useful information. Reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures are provided in the *Financial and Operational Schedules & Non-GAAP Reconciliations* document on the company's Investor Relations website, investors.att.com.

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 for the past 12 months is cash from operating activities of \$40.8 billion, plus cash distributions from DIRECTV classified as investing activities (\$0), minus capital expenditures \$15.1 billion. Cash from operating activities were \$30.7 billion for 3Q21 YTD and \$10.1 billion for 4Q20). Capital expenditures were \$12.7 billion for 3Q21 YTD and \$2.4 billion for 4Q20.

Free cash flow (\$5.2 billion in 3Q21; \$18.0 billion YTD) is cash from operating activities (\$9.9 billion in 3Q21; \$30.7 billion YTD), plus cash distributions from DIRECTV classified as investing activities (\$0 in 3Q21 and YTD), minus capital expenditures (\$4.7 billion in 3Q21; \$12.7 billion YTD). Free cash flow total dividend payout ratio is total dividends paid divided by free cash flow. On a YTD basis, total dividends paid were \$11.3 billion.

4. "Revenues excluding U.S. Video" for 3Q21 is calculated as Operating Revenues of \$39.9 billion minus Video operating revenues of \$2.1 billion, plus WarnerMedia sales for content and advertising of \$0.3 billion that are external after close of the transaction. Further information is included in our Forms 8-K dated September 9 and October 21, 2021.

5. Gross capital investment includes capital expenditures and cash payments for vendor financing and excludes FirstNet reimbursements. In 3Q21, gross capital investment included \$1.0 billion in vendor financing payments and \$0 in FirstNet reimbursements.



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