

# AT&T Investor Update

October 19, 2023

2023 3<sup>rd</sup> QUARTER 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. Information about non-GAAP financial measures is contained on slide 10 and reconciliations between the non-GAAP financial measures and the GAAP financial measures are available on the company's website at [www.att.com/investor.relations](http://www.att.com/investor.relations).



# 2023 Business Priorities

1

## Grow durable 5G and Fiber relationships

- *Execute consistent and disciplined go-to-market strategy*
- *Implement tailored approach that delivers solutions to meet customers' needs*
- *Create and enrich profitable long-term customer relationships across 5G and Fiber*

2

## Effective and efficient in everything we do

- *Achieve incremental \$2B+ in targeted savings within next three years*
- *Transform network to enable legacy rationalization and workforce efficiencies*
- *Drive operating leverage and margin expansion with scale gains and AI-enabled process improvements*

3

## Deliberate capital allocation

- *Invest for long-term growth – 5G and Fiber*
- *Strengthen balance sheet by reducing net debt and other liabilities, improving financial flexibility over time*
- *Provide an attractive dividend with improving credit quality*

3Q23

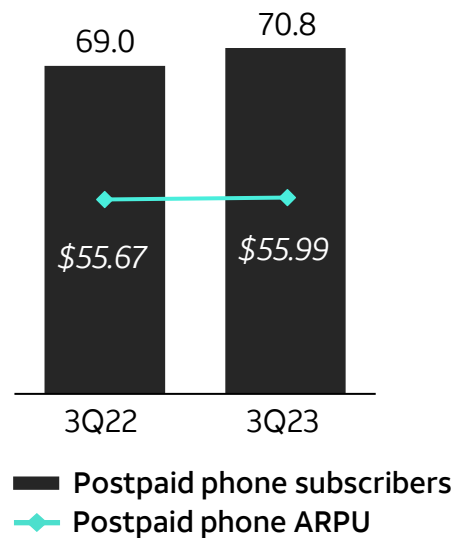
# Financial Results



# 5G and Fiber

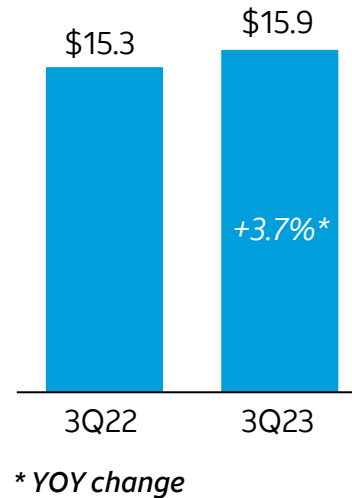
## Postpaid Phone Subscribers

millions



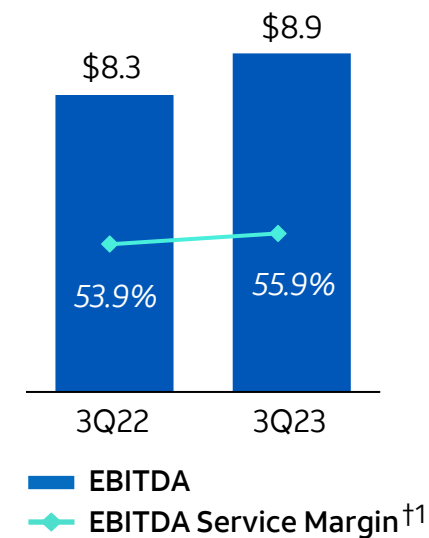
## Mobility Service Revenues

\$ in billions



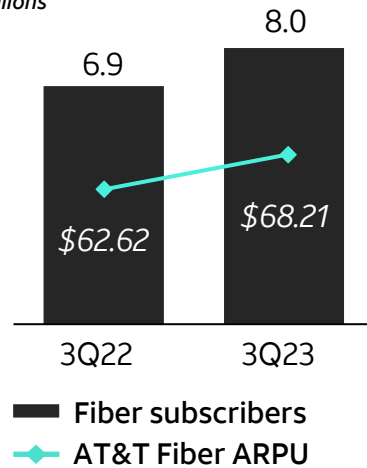
## Mobility EBITDA<sup>†1</sup>

\$ in billions



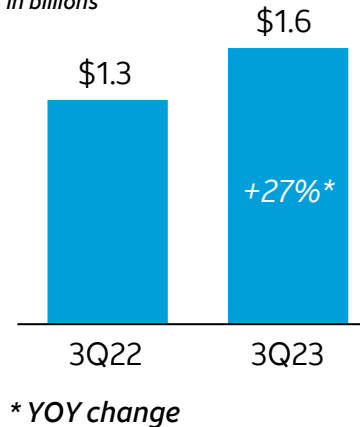
## AT&T Fiber Subscribers

millions



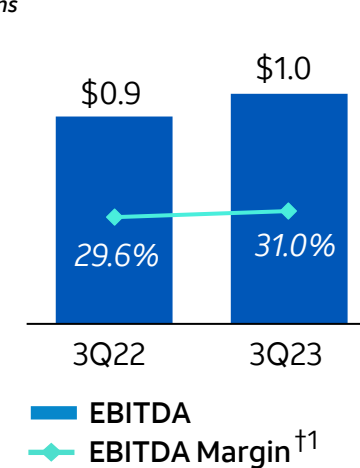
## AT&T Fiber Revenues

\$ in billions



## Consumer Wireline EBITDA<sup>†1</sup>

\$ in billions



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<sup>†</sup> See notes slide 10

# 3Q23 Financial Summary

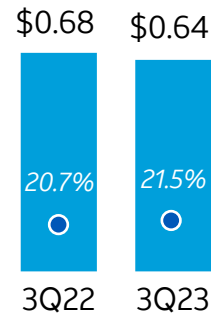
Continuing Operations, \$ in billions, except EPS

## Revenues



## Adjusted EPS<sup>†2</sup>

● Adj. OI Margin<sup>†1</sup>



## Cash from Ops

■ Free Cash Flow<sup>†3</sup>



## Revenue growth driven by subscriber and ARPU gains

- Revenues of \$30.4B, up \$0.3B
- Mobility service revenue growth of 3.7%, 4.6% YTD
- Consumer broadband revenue growth of 9.8%, 8.1% YTD

## Adjusted EPS of \$0.64

- Includes ~(\$0.08) impact from higher non-cash pension costs, lower capitalized interest, higher effective tax rate and lower equity income from DIRECTV

## Cash from operations of \$10.3B; \$26.9B YTD, up \$1.5B

- Free cash flow<sup>†3</sup> of \$5.2B; includes \$0.9B from DIRECTV
- Capital expenditures of \$4.6B
- Capital investment<sup>†4</sup> of \$5.6B; includes \$1.0B of vendor financing payments
- 2023 YTD free cash flow<sup>†3</sup> of \$10.4B, up \$2.4B, with \$0.9B lower DIRECTV cash

	3Q22	3Q23
<b>Continuing Operations Reported EPS</b>	<b>\$0.79</b>	<b>\$0.48</b>
<b>Adjustments:</b>		
DIRECTV intangible amortization (proportionate share)	\$0.04	\$0.03
Actuarial (gain)/loss	(\$0.14)	(\$0.01)
Restructuring and non-cash impairments*	\$0.01	\$0.11
Other adjustments	(\$0.02)	\$0.03
<b>Continuing Operations Adjusted EPS</b>	<b>\$0.68</b>	<b>\$0.64</b>

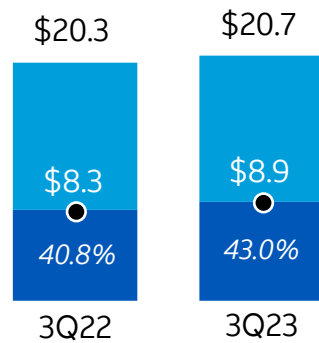
\*3Q23 includes \$0.06 severance charge and \$0.05 impairment of an equity investment

# 3Q23 Mobility Results

■ Revenues
 ■ EBITDA<sup>†1</sup>
● EBITDA Margin<sup>†1</sup>

\$ amounts in billions

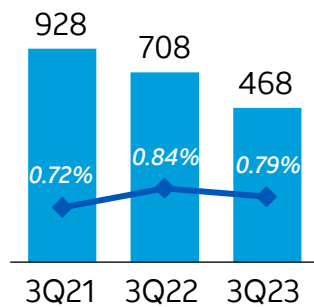
## Mobility



## Strong revenue and EBITDA<sup>†1</sup> growth from high-quality subscriber and ARPU gains

- Wireless service revenues grew \$571M, up 3.7%
- Postpaid phone ARPU of \$55.99, up 0.6%
- EBITDA<sup>†1</sup> of \$8.9B, up 7.6%
- Continued strong EBITDA and margin expansion from sustainable go-to-market strategy and cost transformation

## Postpaid Phones



## Consistent and disciplined execution with profitable customer growth

- 468,000 postpaid phone net additions
- Continued low postpaid phone churn of 0.79%, as value proposition continues to resonate
- Focus on high value customers with deliberate segmentation

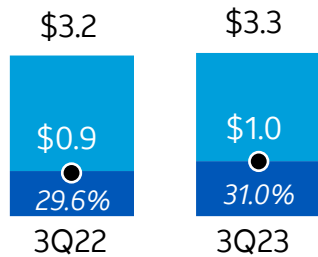
■ Net additions (in thousands)  
◆ Churn

# 3Q23 Consumer and Business Wireline Results

■ Revenues   
 ■ EBITDA<sup>†1</sup>   
 ● EBITDA Margin<sup>†1</sup>

\$ amounts in billions

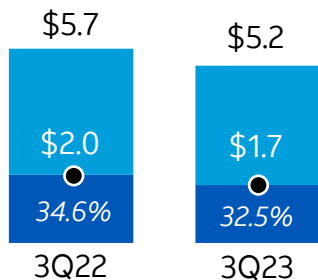
## Consumer Wireline



## Revenue and EBITDA<sup>†1</sup> growth driven by Fiber adoption, with Fiber revenues up ~27%

- Broadband revenues grew 9.8%, driven by Fiber subscriber and ARPU growth from mix shift to Fiber
- Fiber ARPU of \$68.21, up 8.9%, with intake ARPU \$70+
- AT&T Fiber net additions of 296K, reflecting resilient demand and product superiority
- Introduced AT&T Internet Air fixed wireless access service in 20 locations

## Business Wireline



## Business Wireline results impacted by ongoing transition toward core connectivity

- Portfolio rationalization continuing to impact year-over-year comparisons
- Continued fiber expansion supports connectivity gain opportunities in small/medium businesses
- Business Solutions<sup>†5</sup> wireless service revenues grew 7.0%; FirstNet added ~275K connections





# Q&A



# Notes

1. EBITDA, EBITDA margin, EBITDA service margin and adjusted operating income margin are non-GAAP financial measures that are frequently used by investors and credit rating agencies to provide relevant and useful information. Reconciliations 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](https://investors.att.com).
2. Adjusted EPS from continuing operations is calculated by excluding from operating revenues, operating expenses and income tax expense, certain significant items that are non-operational or non-recurring in nature, including dispositions and merger integration and transaction costs, actuarial gains and losses, significant abandonments and impairment, benefit-related gains and losses, employee separation and other material gains and losses.
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. In 3Q23, free cash flow of \$5.2 billion is cash from operating activities from continuing operations of \$10.3 billion, plus cash distributions from DIRECTV classified as investing activities of \$0.5 billion, minus capital expenditures of \$4.6 billion and cash paid for vendor financing of \$1.0 billion. For 3Q23 year-to-date, free cash flow of \$10.4 billion is cash from operating activities from continuing operations of \$26.9 billion, plus cash distributions from DIRECTV classified as investing activities of \$1.4 billion, minus capital expenditures of \$13.3 billion and cash paid for vendor financing of \$4.7 billion. For 3Q22 year-to-date, free cash flow of \$8.0 billion is cash from operating activities from continuing operations of \$25.5 billion, plus cash distributions from DIRECTV classified as investing activities of \$2.2 billion, minus capital expenditures of \$15.4 billion and cash paid for vendor financing of \$4.2 billion.
4. Capital investment includes capital expenditures and cash paid for vendor financing (\$1.0 billion in 3Q23 and \$4.7 billion for 3Q23 year-to-date).
5. As a supplemental presentation to our Communications segment operating results, AT&T Business Solutions results are provided in the Financial and Operational Schedules & Non-GAAP Reconciliations document on the company's Investor Relations website, [investors.att.com](https://investors.att.com). AT&T Business Solutions includes both wireless and fixed operations and is calculated by combining our Mobility and Business Wireline operating units and then adjusting to remove non-business operations. This combined view presents a complete profile of the entire business customer relationship and underscores the importance of mobile solutions to serving our business customers.



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