

## AT&T 2Q20 Highlights

Following are certain 2Q20 highlights. The full set of earnings materials with all reported results and non-GAAP reconciliations is posted [here](#), including trend schedules.

Consolidated Results	2Q20	
EPS Reported	\$0.17	Reported EPS includes Vrio goodwill impairment of ~(\$0.29) and severance costs of ~(\$0.10)
EPS Adjusted	\$0.83	2Q20 adj. EPS down \$0.06; Did not adjust COVID impacts of (\$0.03) for incremental costs and (\$0.06) of estimated revenue impacts
Revenues	\$41.0 billion	Down 8.9%; ~(\$2.8B) estimated impact from COVID; ~(\$0.5B) FX impact
Adj. EBITDA	\$14.1 billion	Down 6.2%; (\$830M) estimated impact from COVID
Free Cash Flow	\$7.6 billion	Dividend payout ratio of 49%
Capex	\$4.5 billion	Additionally, invested ~\$1B in 5G spectrum this quarter
Net Debt to Adj. EBITDA	~2.6x	~\$152B net debt; ~\$17B cash on hand at end of 2Q20 ~\$17B long-term debt issued to refinance at attractive rates

Revenues (\$M)	2Q20	2Q19	% Change	\$ Change	COVID impact (estimated)
Mobility <sup>1</sup>	17,149	17,292	-0.8%	(143)	
<i>Wireless service revenue</i>	<b>13,669</b>	<b>13,824</b>	<b>-1.1%</b>	<b>(155)</b>	
Entertainment Group	10,069	11,368	-11.4%	(1,299)	
Business Wireline <sup>1</sup>	6,374	6,607	-3.5%	(233)	
WarnerMedia <sup>2</sup>	6,814	8,835	-22.9%	(2,021)	
Latin America	1,232	1,757	-29.9%	(525)	
Other <sup>1,3</sup>	(688)	(902)	-23.7%	214	
<b>Total</b>	<b>40,950</b>	<b>44,957</b>	<b>-8.9%</b>	<b>(4,007)</b>	<b>(2,810)</b>

Adj. EBITDA (\$M)	2Q20	2Q19	% Change	\$ Change	COVID impact (estimated)
Mobility <sup>1</sup>	7,817	7,770	0.6%	47	
Entertainment Group	2,339	2,853	-18.0%	(514)	
Business Wireline <sup>1</sup>	2,595	2,632	-1.4%	(37)	
WarnerMedia <sup>2</sup>	2,080	2,399	-13.3%	(319)	
Latin America	33	63	-47.6%	(30)	
Other <sup>1,4</sup>	(752)	(676)	11.2%	(76)	
<b>Total</b>	<b>14,112</b>	<b>15,041</b>	<b>-6.2%</b>	<b>(929)</b>	<b>(830)</b>

Adj. Operating Income (\$M)	2Q20	2Q19	% Change	\$ Change
Total	8,972	9,899	-9.4%	(927)
<i>Adj. Operating Income Margin</i>	<b>21.9%</b>	<b>22.0%</b>		<b>-10 bps</b>

<sup>1</sup>2Q19 historical results in the Mobility and Business Wireline business units of the Communications segment have been recast to remove operations in Puerto Rico and the U.S. Virgin Islands, which are now reported in Corporate & Other.

<sup>2</sup>Segment results have been recast for all periods to include the prior Xandr segment within the WarnerMedia segment.

<sup>3</sup>2Q20 is primarily Communications segment content eliminations (\$765) and EG advertising eliminations (\$294) offset by Corp/Other revenues +\$437 (see footnote 1).

<sup>4</sup>2Q20 Corp. EBITDA (\$496) and advertising eliminations (\$256).

Key Statistics		2Q20
<b>Mobility <sup>1</sup></b>		
Service Revenue	\$13,669 M	Down \$155M; ~\$300M impact from lower international roaming
EBITDA	\$7,817 M	Up \$47M, or 0.6%; efficiencies offset lower international roaming revenue impacts
EBITDA Svc Margin	57.2%	
Total Phone Net Adds	-16k	-151k postpaid, +135k prepaid
Postpaid Phone Net Adds	-151k	includes (338K) accrued involuntary disconnects <sup>2</sup>
Postpaid Phone Churn	0.84%	2 bps improvement from last year <sup>2</sup>
Postpaid Phone ARPU	\$54.47	Down 1.9%, mostly from lower international roaming
Prepaid Net Adds	+165k	Prepaid churn less than 3%, a record low
<b>Entertainment Group</b>		
Revenue	\$10,069 M	Down 11.4%, mostly video and lower advertising and commercial declines due to COVID
EBITDA	\$2,339 M	COVID impacts as reflected in lower revenues; includes non-cash impacts
EBITDA Margin	23.2 %	
Premium Video ARPU	\$124.98	Up 6.4% with focus on life-time value of subscribers
IP Broadband ARPU	\$51.61	Up 1.6% - mix shift to Fiber
Premium Video Net Adds	(886k)	Focus on profitability; includes (91k) accrued involuntary disconnects from KACP <sup>2</sup>
OTT Video Net Adds	(68k)	
AT&T Fiber Net Adds	225k	(102k) Broadband net adds; includes (159k) accrued involuntary disconnects from KACP <sup>2</sup>
<b>WarnerMedia <sup>3</sup></b>		
Revenue	\$6,814 M	COVID-19 revenue impact from lower theatrical, production hiatus and lower sports advertising
Op. Income	\$1,913 M	Included ~\$400M HBO Max investment; Positive impact from lower sports costs
<b>Balance Sheet</b>		
Net Debt	\$152 B	~\$17B cash on hand at end of 2Q20 before redemption of \$5B of notes in July
Net Debt to Adj. EBITDA	~2.6x	~\$17B long-term debt issued at attractive rates for liability management – leverage neutral

1 - 2Q19 historical results and volumes have been recast to remove operations in Puerto Rico and the U.S. Virgin Islands.

2 - 2Q20 reflects subscribers counted as disconnects for whom we have agreed not to terminate service under the FCC's "Keep Americans Connected Pledge."

3 - Segment results have been recast for all periods to include the prior Xandr segment within the WarnerMedia segment.

## 2Q20 COVID Impact Summary

Three Months Ended June 30, 2020		
<i>Dollars in millions</i>	<b>Estimated Revenue Impact</b>	<b>Estimated EBITDA Impacts</b>
<b>Revenues:</b>		
WarnerMedia Content and Other	\$ (890)	\$ (230)
WarnerMedia Advertising	(620)	420
Video Advertising <sup>1</sup>	(170)	(170)
Entertainment Group Commercial Video	(80)	(50)
Mobility Wireless Service	(450)	(380)
Mobility Wireless Equipment	(250)	(10)
Latin America Wireless Equipment, Foreign Exchange and Other	(280)	(65)
Other	(70)	(25)
<b>Total</b>	<b>\$ (2,810)</b>	<b>\$ (510)</b>
<sup>1</sup> Includes certain Xandr advertising revenues which are reported in the WarnerMedia and Communications segments and are eliminated in consolidation.		
Three Months Ended June 30, 2020		
<i>Dollars in millions</i>	<b>EBITDA Impacts Included in Reported Results</b>	
<b>Expenses:</b>		
Commissions/Compassion Payments	\$ (185)	
Production Disruption Costs	(100)	
Other Costs	(35)	
<b>Total</b>	<b>\$ (320)</b>	