



AT&T Investor Update

3rd Quarter Earnings

October 22, 2020

Q3

2020 AT&T 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. Reconciliations between the non-GAAP financial measures and the GAAP financial measures are available on the company's website at <https://investors.att.com>.

The "quiet period" for FCC Spectrum Auction 107 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

Important additional Information:

AT&T has filed a Form 8-K reporting the quarterly results for the third quarter of 2020. The 8-K must be read in conjunction with this presentation and contains additional important details on the quarterly results.



Business Priorities

Focused on market-based priorities

- *5G wireless and fiber-based connectivity*
 - *Expanding reach of software-based entertainment platforms*
 - *Relentless commitment to customer experience*
-

Being effective and efficient in everything we do

- *Transformation efforts ramping*
 - *Improving customer experiences with evolving customer needs*
 - *Positioning company for post-pandemic environment*
-

Improved balance sheet and deliberate capital allocation

- *Investing in strategic growth areas – 5G wireless, fiber, HBO Max*
- *Committed to supporting dividend – solid 36-year record*
- *Further debt reduction – focus on metric improvement*
- *Continued portfolio review – monetizing non-core assets*



3Q20 Results



Executing market focus strategy – *strong connectivity results*

- Strong 3Q20 subscriber growth in wireless and fiber broadband
 - 1.1 million postpaid net adds, including 645K postpaid voice
 - 357K fiber net adds; 158K total broadband net adds
- Total HBO and HBO Max domestic subs top 38 million; 57 million worldwide¹
 - HBO Max activations more than doubled

Being effective and efficient – *business transformation on track*

- Optimized sales distribution thru innovation
- Aligning resources to market focus areas
- Continued cost management across the company
- COVID impacted all segments; pronounced in media

Deliberate capital allocation – *improved cash flow, significant debt management*

- Since 1Q20, reduced or extended \$30B+ of near-term maturities
- Expect 2020 free cash flow of \$26B or higher with a dividend payout ratio in the high 50s%²
- Committed to investing in strategic growth areas

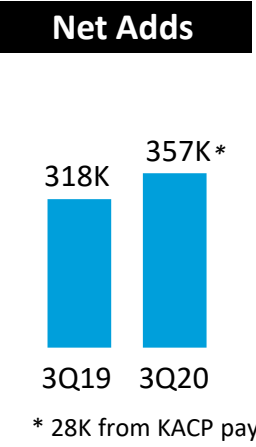
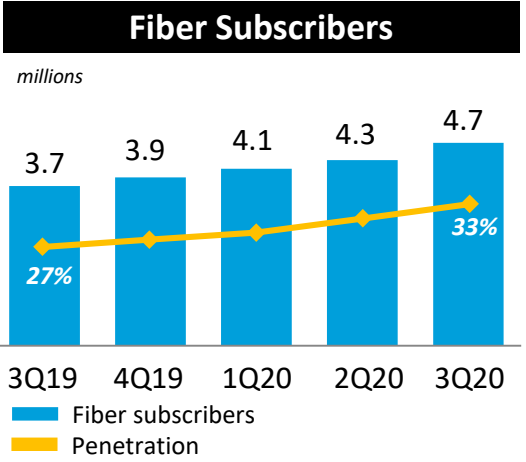
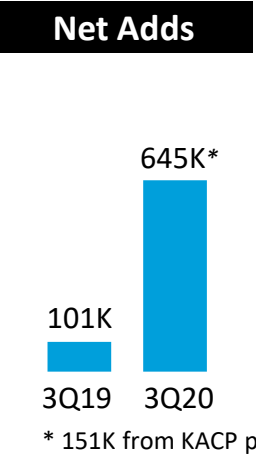
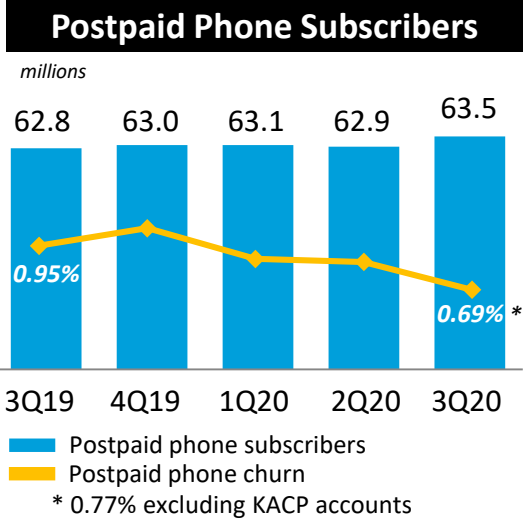
¹Worldwide HBO/HBO Max subscribers consist of domestic and international HBO subscribers and domestic HBO Max subscribers and excludes Cinemax subscribers

²See footnote 1 on page 7

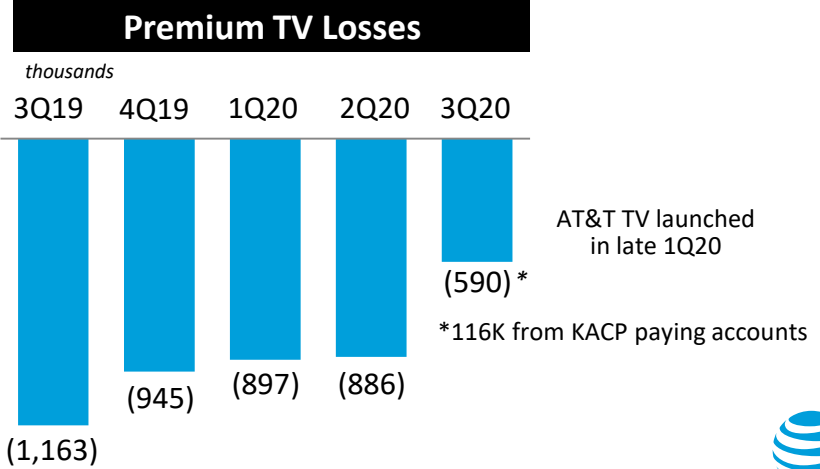
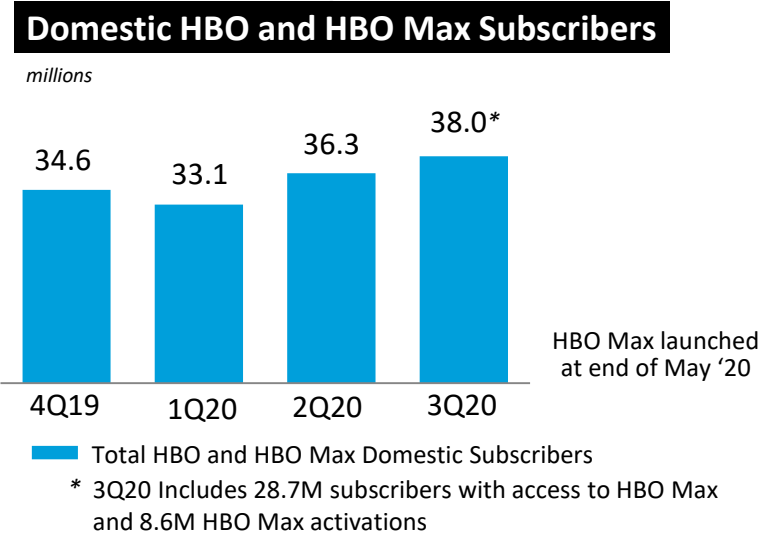


3Q20 – Progress Towards Business Priorities

Broadband Connectivity

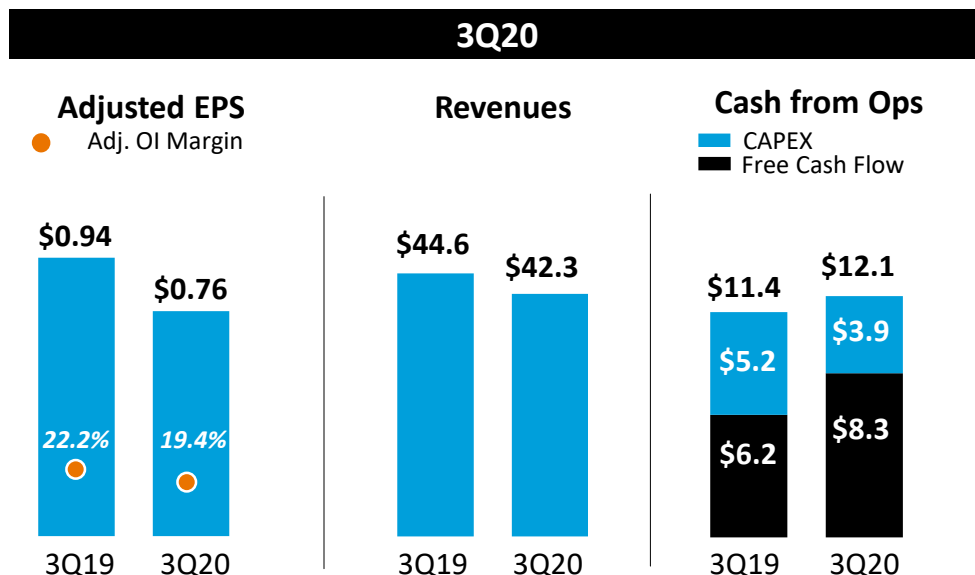


Software-based Entertainment



3Q20 Financial Summary

\$ in billions, except EPS



	3Q19	3Q20
Reported EPS	\$0.50	\$0.39
Adjustments:		
• Amortization of intangibles	\$0.19	\$0.22
• Debt redemption premiums and exchange costs	-	\$0.14
• Actuarial loss on benefit plans	\$0.21	\$0.01
• Merger integration items and other	\$0.04	-
Adjusted EPS	\$0.94	\$0.76

Adjusted EPS of \$0.76

- COVID impacts of (\$0.21) with (\$0.02) from incremental cost and (\$0.19) of estimated revenue-related impacts

Revenues of \$42.3 billion

- Mobility, broadband and business remained resilient
- Estimated COVID impacts of \$2.5B; FX impacts of ~\$0.3B

Strong cash flows

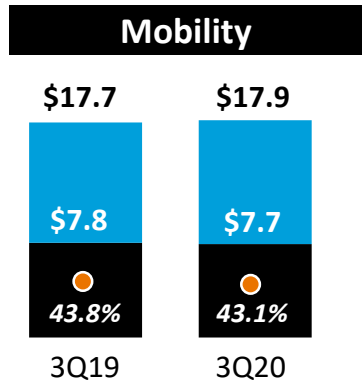
- \$8.3B free cash flow, \$19.8 billion YTD
- YTD dividend payout ratio¹ of ~57%
- Expect 2020 free cash flow of \$26B or higher with a dividend payout ratio in the high 50s%¹
- Full-year gross capital investment on track for \$20B

¹Free cash flow dividend payout ratio is total dividends paid divided by free cash flow. Free cash flow is cash from operating activities minus capital expenditures. 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.



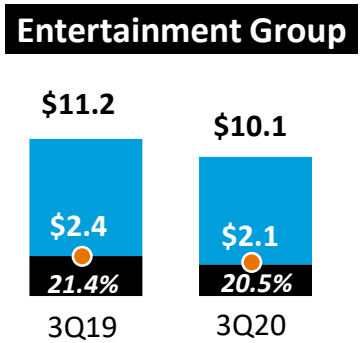
3Q20 AT&T Communications Segment

\$ in billions ■ REVENUES ■ EBITDA
 ● EBITDA MARGIN



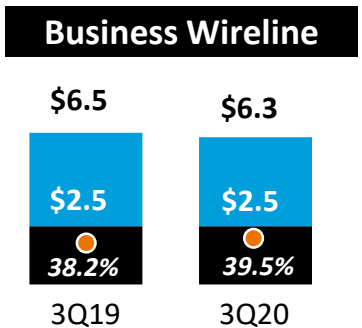
Strong wireless performance driven by network quality, FirstNet benefits and bundling

- Strong subscriber growth with low churn across postpaid and prepaid
- COVID impact to service revenues of (\$450M)
 - ~(\$300M) impact from lower roaming revenues
- Excluding COVID impact, service revenues and margins would have grown



Focused on fiber broadband growth and cash generation from video

- Stabilized broadband revenues with mix shift to fiber
- Premium TV net loss of 590,000 with lower churn from higher-quality base
- EBITDA effected YOY by higher non-cash impacts ~(\$200M) and COVID



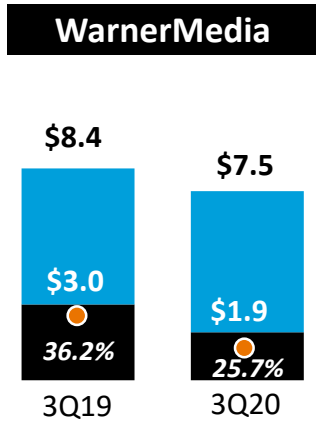
Continued stability in revenue and EBITDA trends

- EBITDA stability with cost management actions
- Strategic revenue growth continued; legacy product revenue trends improved



3Q20 WarnerMedia Segment

\$ in billions REVENUES EBITDA
EBITDA MARGIN



Results significantly impacted by COVID headwinds

- Estimated (\$1.6B) revenue and (\$1.1B) EBITDA impact due to COVID
- Higher advertising revenues and costs from sports shifting into 3Q20

HBO Max investment drove subscriber growth; activations more than doubled

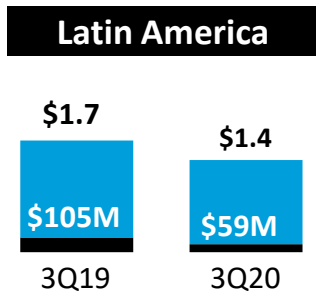
- ~\$600M investment in 3Q20; \$1.3B YTD
- AVOD option on track for 2021 launch

Industry content leader

- Led industry with 38 Primetime and 15 News and Documentary Emmys

3Q20 Latin America Segment

\$ in billions REVENUES EBITDA



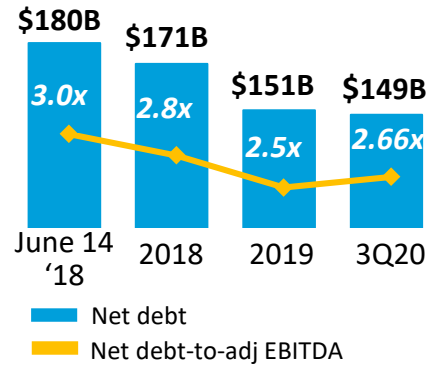
Subscriber trends improve; financial results reflect FX impacts

- Mexico wireless net additions of 441K
- Vrio video subscriber net adds of 229K
- FX revenue impact of ~(\$300M) and EBITDA impact of ~(\$60M)



Capital Allocation and Liquidity Update – Debt management and non-core asset monetization

2018 – 2020 Net Debt



Strong cash flows support debt reduction and dividend payout ratio

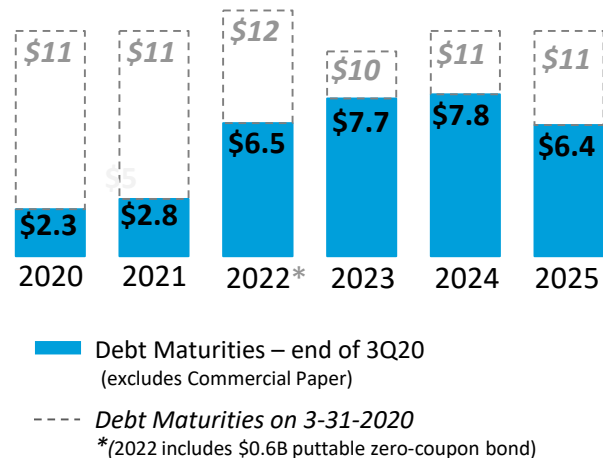
- 3Q20 free cash flow of \$8.3B; YTD free cash flow of \$19.8B
- Net debt at \$149B, down from \$180B at TWX close
- Dividend payout ratio of 45% in 3Q20 and ~57% YTD

Proactive debt management provides flexibility and sufficient liquidity

- ~50% reduction in maturities over next five years
 - Provides flexibility and manageable near-term debt towers
- Overall weighted average maturity of 17 years at 4.1%; improved from 13 years and 4.3% at 1Q20
- ~\$10B cash balance at end of 3Q20

2020 – 2025 Debt Towers

\$ in billions



Strategic review and monetization of non-core assets continue

- \$3B+ in asset sales announced and expected to close in 4Q20
 - Includes CME (closed), Puerto Rico expected to close in October
- Exploring sale of non-core assets, services and other businesses





Q&A

Q3

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