

AT&T Investor Update

April 20, 2023

2023 1st 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.



2023 Business Priorities

1

Grow durable 5G and Fiber relationships

- *Execute consistent and disciplined go-to-market approach*
- *Deliver targeted solutions for underpenetrated segments*
- *Generate value by creating and maintaining long-term customer relationships*

2

Effective and efficient in everything we do

- *Achieve \$6B+ run-rate cost savings target*
- *Transform network to enable copper footprint rationalization*
- *Target incremental margin expansion with additional cost structure improvement*

3

Deliberate capital allocation

- *Invest for long-term growth – 5G and fiber*
- *Strengthen balance sheet by reducing net debt*
- *Provide an attractive dividend with improving credit quality*

1Q23

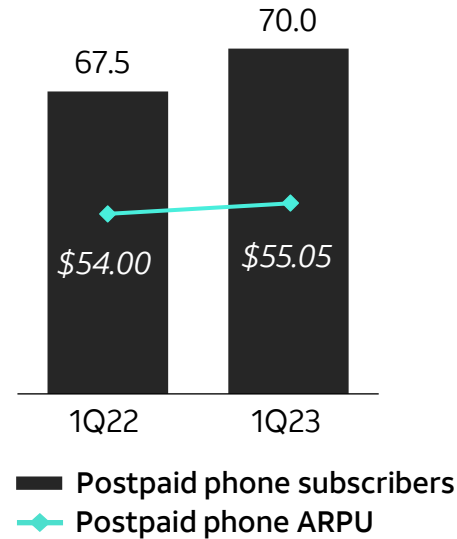
Financial Results



5G and Fiber

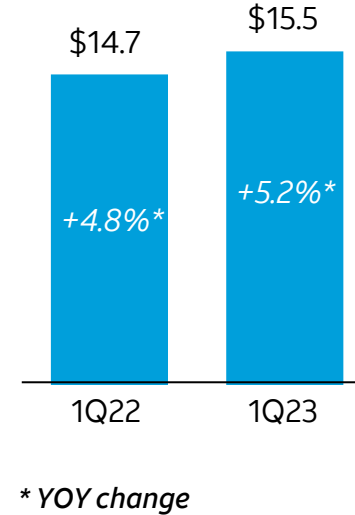
Postpaid Phone Subscribers

millions



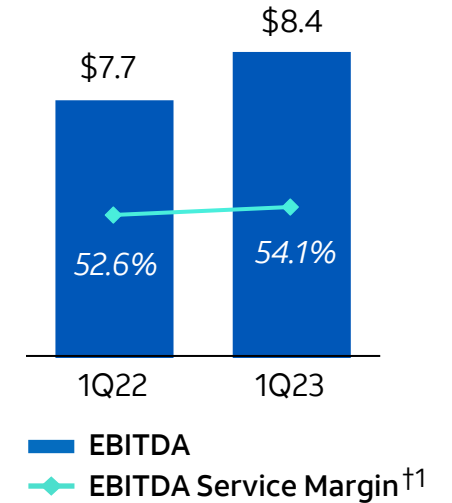
Mobility Service Revenues

\$ in billions



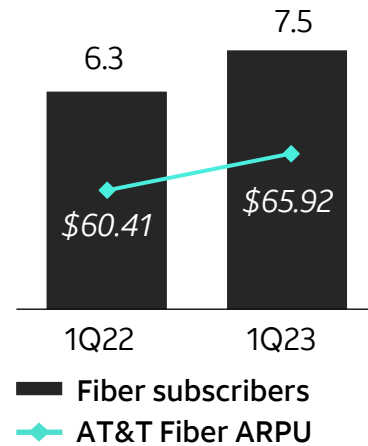
Mobility EBITDA^{†1}

\$ in billions



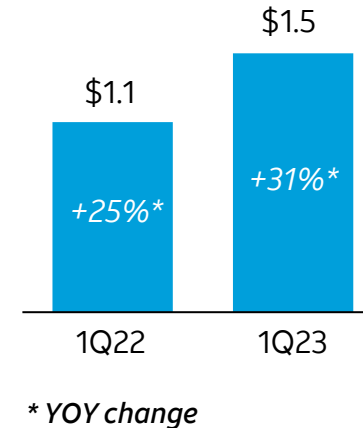
AT&T Fiber Subscribers

millions



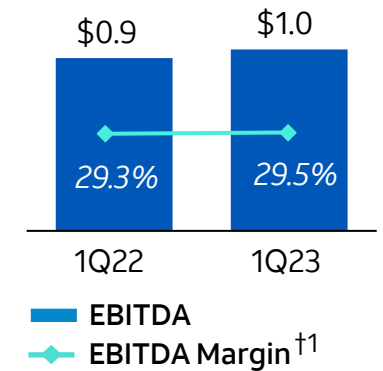
AT&T Fiber Revenues

\$ in billions



Consumer Wireline EBITDA^{†1}

\$ in billions



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[†] See notes slide 10

1Q23 Financial Summary

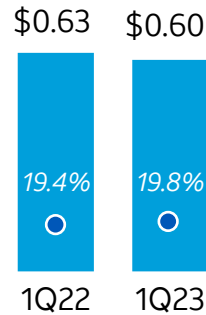
Continuing Operations, \$ in billions, except EPS

Revenues



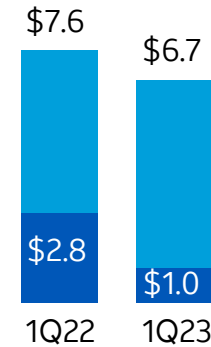
Adjusted EPS^{†2}

● Adj. OI Margin^{†1}



Cash from Ops

■ Free Cash Flow^{†3}



Revenue growth driven by subscriber and ARPU gains

- Revenues of \$30.1B, up \$0.4B
- Mobility service revenue growth of 5.2%
- Consumer Broadband revenue growth of 7.3%

Adjusted EPS of \$0.60

- Includes ~(\$0.06) impact from higher pension costs, lower DIRECTV contribution and higher tax rate

Cash from operations of \$6.7B

- Free cash flow^{†3} of \$1.0B reflects seasonality, capital investment cadence and timing of working capital; includes \$1.3B from DIRECTV
- Capital expenditures of \$4.3B
- Capital investment^{†4} of \$6.4B, up \$0.3B; includes \$2.1B of vendor financing payments

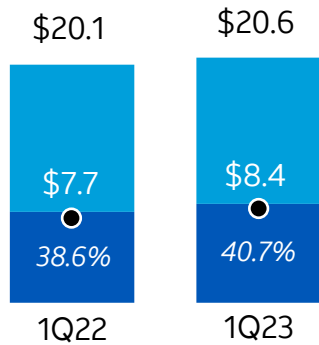
	1Q22	1Q23
Continuing Operations Reported EPS	\$0.65	\$0.57
Adjustments:		
DIRECTV intangible amortization (proportionate share)	\$0.04	\$0.04
Actuarial (gain)/loss on benefit plans	(\$0.11)	-
Other adjustments	\$0.05	(\$0.01)
Continuing Operations Adjusted EPS	\$0.63	\$0.60

1Q23 Mobility Results

■ Revenues
 ■ EBITDA^{†1}
 ● EBITDA Margin^{†1}

\$ amounts in billions

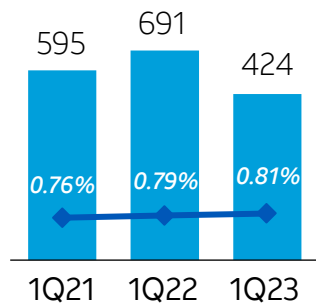
Mobility



Strong revenue and EBITDA^{†1} growth from high-quality subscriber and ARPU gains

- Wireless service revenues grew \$759M, up 5.2%
- EBITDA^{†1} of \$8.4B, up 8.0%
- Postpaid phone ARPU of \$55.05, up nearly 2%
- Continued strong EBITDA and service margins from sustainable go-to-market strategy and cost transformation

Postpaid Phones



Consistent and disciplined execution as industry growth normalizes

- 424K postpaid phone net additions
- Continued low postpaid phone churn of 0.81%, as improved value proposition continues to resonate with customers

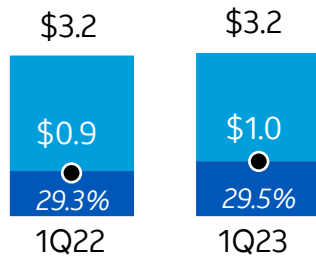
■ Net additions (in thousands)
◆ Churn

1Q23 Consumer and Business Wireline Results

■ Revenues
 ■ EBITDA^{†1}
 ● EBITDA Margin^{†1}

\$ amounts in billions

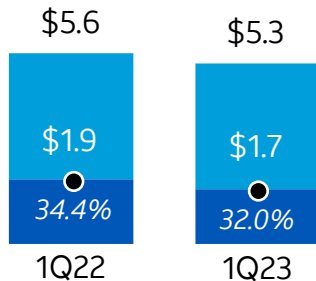
Consumer Wireline



Revenue and EBITDA^{†1} growth driven by Fiber adoption, with Fiber revenues up ~31%

- Broadband revenues grew 7.3% with fiber subscriber growth and mix shift to Fiber
- Fiber ARPU of \$65.92, up 9.1%, with intake ARPU about \$70
- Strong AT&T Fiber growth with 272K net additions, even with significantly lower move activity

Business Wireline



Business wireline results impacted by ongoing transition toward core connectivity

- Portfolio rationalization impacted year-over-year comparisons
- 1Q23 EBITDA^{†1} comparability impacted by ~\$50M in favorable items in the prior year
- Business Solutions^{†5} wireless service revenues grew nearly 7%; FirstNet added ~300K 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.
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 1Q23, free cash flow is cash from operating activities from continuing operations of \$6.7 billion, plus cash distributions from DIRECTV classified as investing activities of \$0.8 billion, minus capital expenditures of \$4.3 billion and cash paid for vendor financing of \$2.1 billion.
4. Capital investment includes capital expenditures and cash paid for vendor financing (\$2.1 billion in 1Q23).
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. 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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