

AT&T 1Q2025 EARNINGS

2025 1st Quarter Earnings

April 23, 2025

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 (as identified throughout with an “*”). Reconciliations between the non-GAAP financial measures and the closest GAAP financial measures are available at the end of this presentation and on the company's website at investors.att.com.

2025 Business Priorities

1

Grow durable 5G and Fiber relationships

- Continue **disciplined go-to-market strategy** with a focus on putting the customer first
- Grow AT&T Fiber and 5G subscribers while **increasing the converged customer penetration rate**

2

Effective and efficient in everything we do

- Expand consolidated Adj. EBITDA margins* and make progress toward achieving **\$3B+ run-rate cost savings target** by the end of 2027
- **Integrate AI** to drive efficiencies, increase productivity and improve customer experiences
- Continue **transition of legacy copper** to 5G and fiber services
- Execute **wireless network modernization** with peak investment in 2025

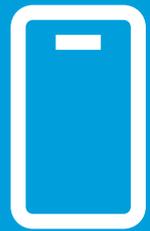
3

Deliberate capital allocation

- Invest for growth in 5G and fiber with **~\$22B in Capital Investment***
- Achieve net debt-to-adjusted EBITDA* in the **2.5x range** in the first half of 2025
- Begin enhanced shareholder return program through our **\$10B share repurchase authorization**
- Provide an **attractive dividend** with improved quality

* See end of presentation for non-GAAP reconciliations

1st Quarter Highlights



73M

Postpaid Phone Subscribers
+324K Net Adds



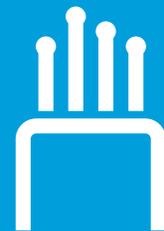
+4.1%

Mobility Service Revenue Growth
(year over year)



9.6M

AT&T Fiber Subscribers
+261K Net Adds



+19.0%

AT&T Fiber Revenue Growth
(year over year)

1Q25 Consolidated Results

+1.2%

Service Revenue Growth
YoY

+4.4%

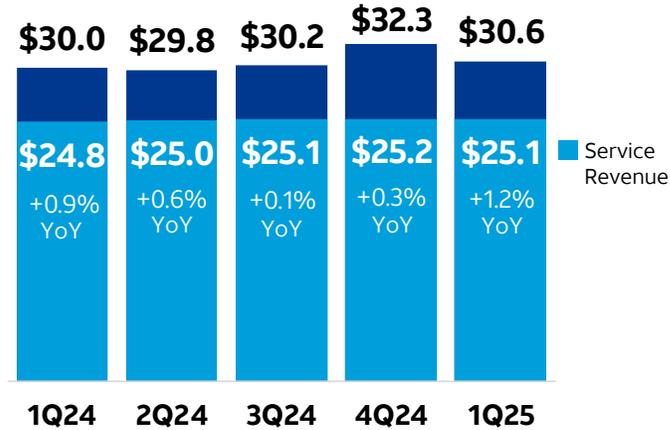
Adj. EBITDA* Growth
YoY

\$3.1B

Free Cash Flow*

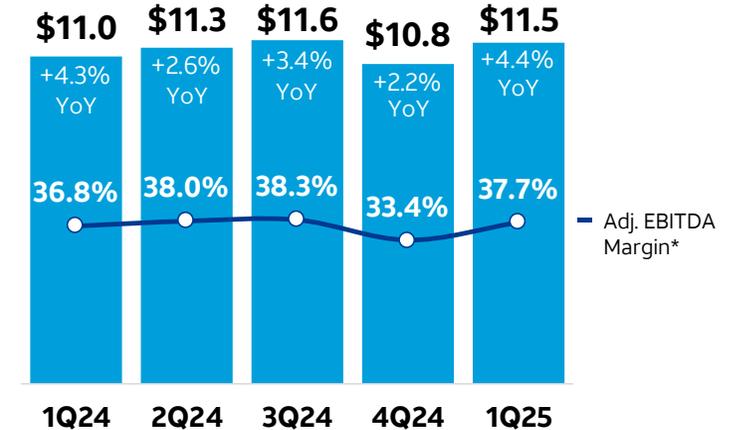
Revenue

\$ in billions



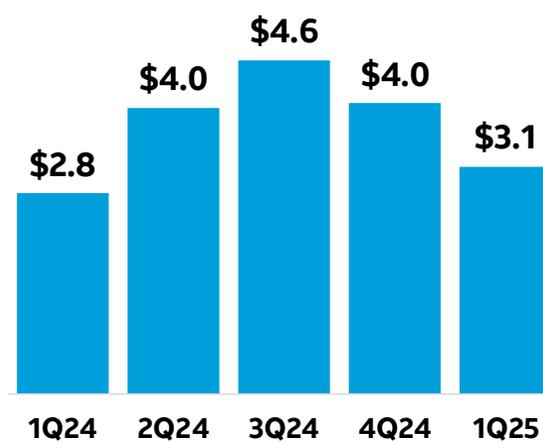
Adjusted EBITDA*

\$ in billions



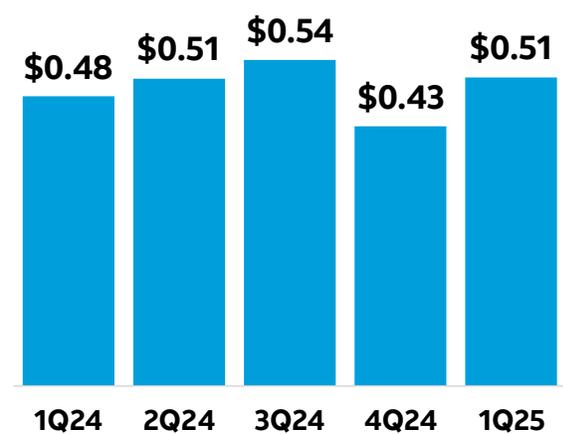
Free Cash Flow*

\$ in billions, excludes DIRECTV



Adjusted EPS*

excludes DIRECTV



* See end of presentation for non-GAAP reconciliations

1Q25 Mobility | *Delivering Balanced & Profitable Growth*

+324k

Postpaid Phone Net Adds

+4.1%

Service Revenue Growth
YoY

+3.5%

EBITDA* Growth
YoY

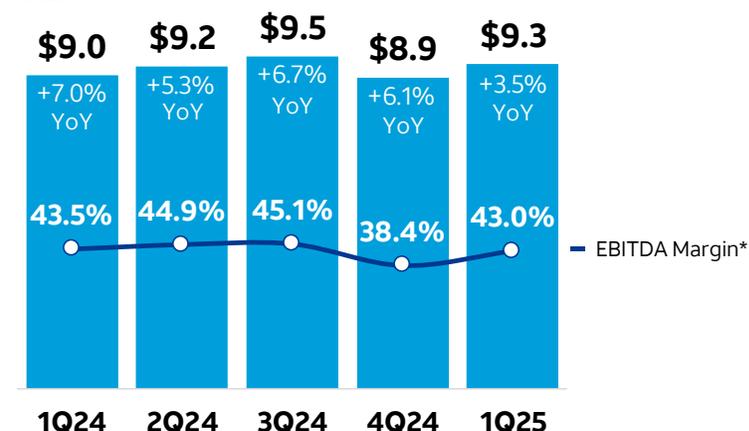
Revenue

\$ in billions



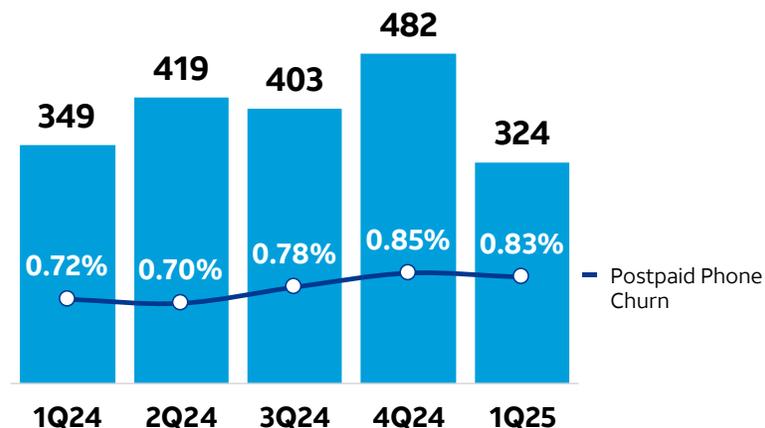
EBITDA*

\$ in billions

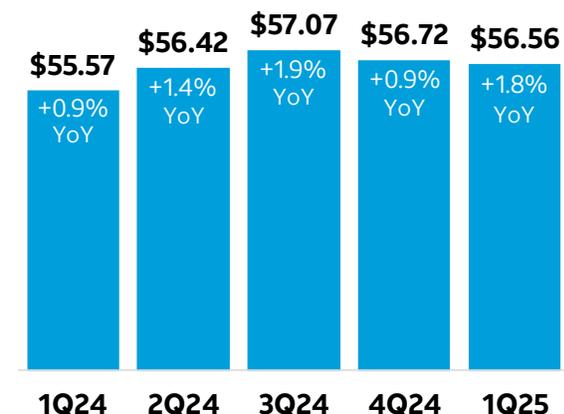


Postpaid Phone Net Adds

Net Adds in thousands



Postpaid Phone ARPU



* See end of presentation for non-GAAP reconciliations

1Q25 Consumer Wireline | *Winning in Fiber & Convergence*

+261k

AT&T Fiber Net Adds

+181k

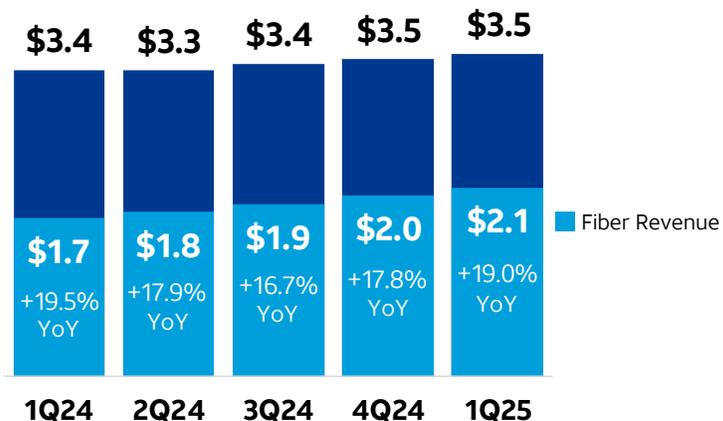
AT&T Internet Air Net Adds

+19.0%

AT&T Fiber Revenue Growth YoY

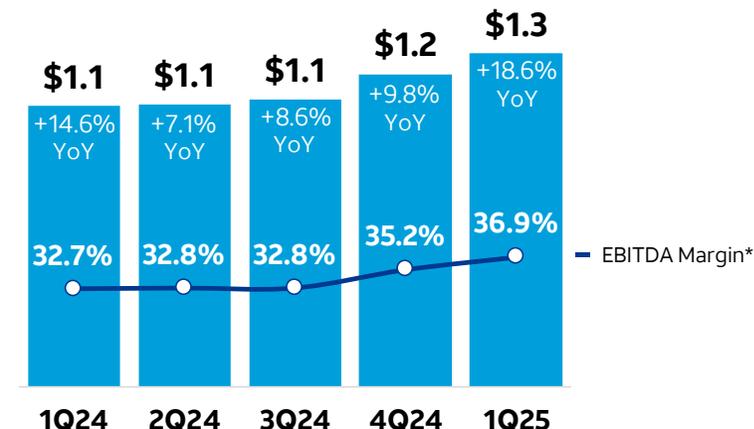
Revenue

\$ in billions



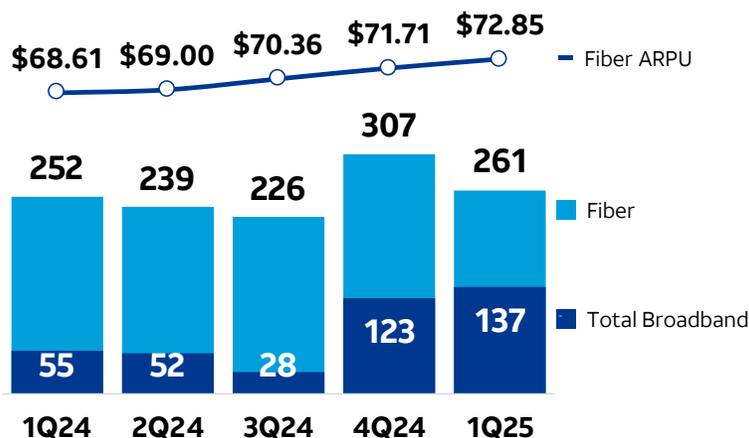
EBITDA*

\$ in billions



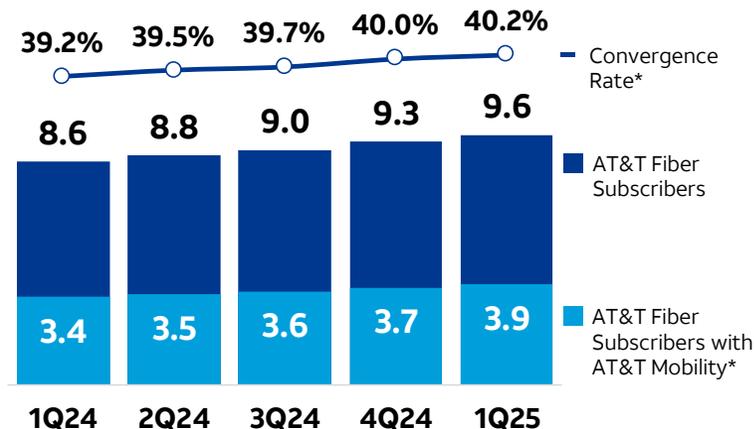
Net Adds

Net Adds in thousands



Converged Customers

in millions



* See end of presentation for non-GAAP reconciliations

1Q25 Business Wireline | *Managing Connectivity Transition*

-9.1%

Business Wireline Revenue Growth YoY

-1.8%

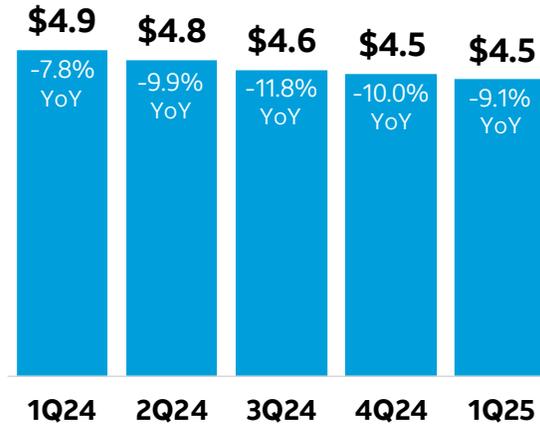
Business Wireline EBITDA* Growth YoY

+341k

FirstNet Connections Added

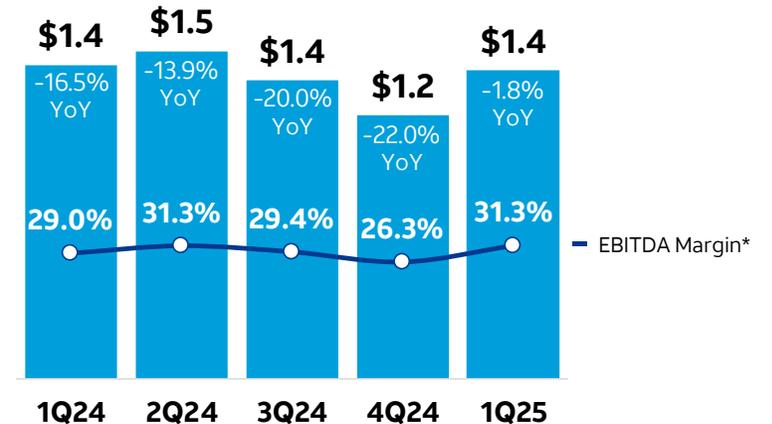
Business Wireline Revenue

\$ in billions



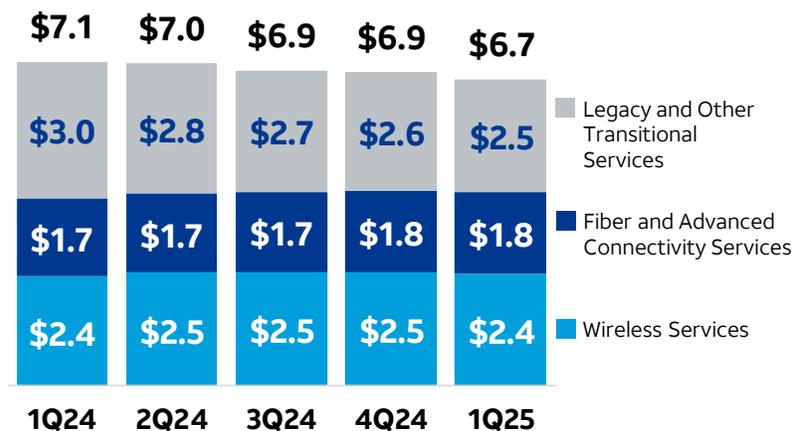
Business Wireline EBITDA*

\$ in billions



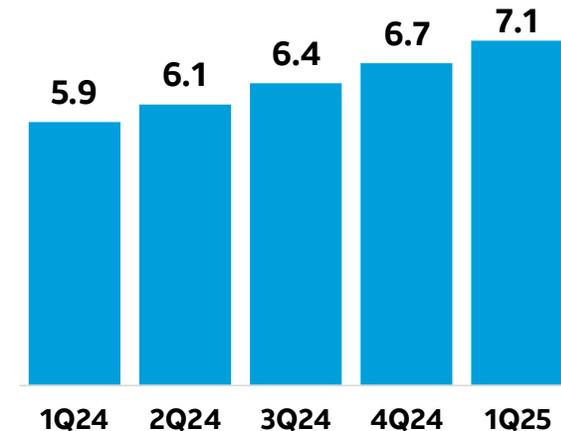
Business Solutions* Service Revenue

\$ in billions



FirstNet Connections

in millions



* See end of presentation for non-GAAP reconciliations

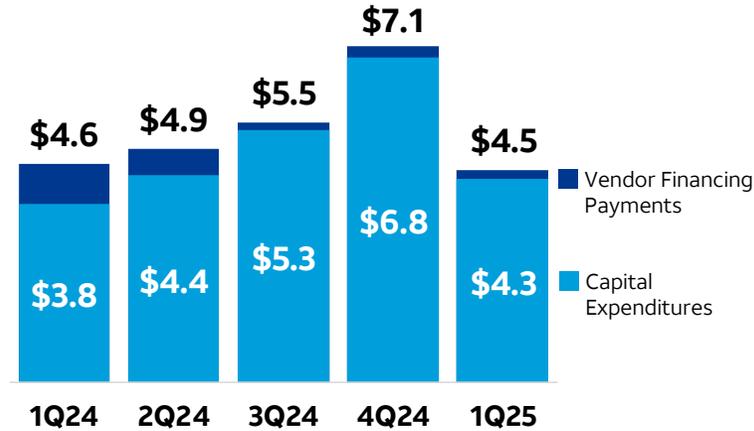
1Q25 Capital Allocation

-\$9.6B

Net Debt* Reduction
YoY

2.63x
Net Debt-to-Adjusted EBITDA*

Capital Investment*
\$ in billions



- \$1.4B total cash distributions from DIRECTV, including \$1.1B dividend
- More than \$850M of proceeds from monetization of legacy network facilities
- FX impacts increased debt balance by \$1.2B

Net Debt* & Leverage
\$ in billions



Shareholder Returns
\$ in billions



* See end of presentation for non-GAAP reconciliations

2025 Financial Guidance

REVENUE GROWTH

Consolidated Service Revenues
Mobility Service Revenues
Consumer Fiber Broadband Revenues

2025 Guidance

low-single-digit range
higher end of 2% to 3% range
mid-teens %

ADJUSTED EBITDA* GROWTH

3% or better

CAPITAL INVESTMENT*

\$22B range

FREE CASH FLOW*

excludes DIRECTV

\$16B+

ADJUSTED EPS*

excludes DIRECTV

\$1.97 to \$2.07

* See end of presentation for non-GAAP reconciliations

Q&A



Non-GAAP Measures and Reconciliations to GAAP Measures

EBITDA, EBITDA margin, adjusted EBITDA, and adjusted EBITDA margin are non-GAAP financial measures that are frequently used by investors and credit rating agencies to provide relevant and useful information.

Adjusted EBITDA is calculated by excluding from operating revenues and operating expenses certain significant items that are non-operational or non-recurring in nature, including dispositions and merger integration and transaction costs, significant abandonments and impairments, benefit-related gains and losses, employee separation and other material gains and losses.

Adjusted EBITDA margin is adjusted EBITDA divided by total operating revenues.

EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin									
<i>Dollars in millions</i>	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25
Net Income	\$ 4,453	\$ 4,762	\$ 3,826	\$ 2,582	\$ 3,751	\$ 3,949	\$ 145	\$ 4,408	\$ 4,692
Additions:									
Income Tax Expense	1,314	1,403	1,154	354	1,118	1,142	1,285	900	1,299
Interest Expense	1,708	1,608	1,662	1,726	1,724	1,699	1,675	1,661	1,658
Equity in Net (Income) of Affiliates	(538)	(380)	(420)	(337)	(295)	(348)	(272)	(1,074)	(1,440)
Other (Income) Expense - Net	(935)	(987)	(440)	946	(451)	(682)	(717)	(569)	(455)
Depreciation and amortization	4,631	4,675	4,705	4,766	5,047	5,072	5,087	5,374	5,190
EBITDA	10,633	11,081	10,487	10,037	10,894	10,832	7,203	10,700	10,944
Transaction, legal and other costs ¹	-	-	72	26	32	35	34	22	79
Benefit-related (gain) loss	(44)	(28)	40	(97)	(39)	(10)	(73)	55	6
Asset impairments and abandonments and restructuring	-	-	604	589	159	480	4,422	14	504
Adjusted EBITDA	\$ 10,589	\$ 11,053	\$ 11,203	\$ 10,555	\$ 11,046	\$ 11,337	\$ 11,586	\$ 10,791	\$ 11,533
<i>YoY Growth Rate</i>					4.3%	2.6%	3.4%	2.2%	4.4%
Operating Income	\$ 6,002	\$ 6,406	\$ 5,782	\$ 5,271	\$ 5,847	\$ 5,760	\$ 2,116	\$ 5,326	\$ 5,754
<i>YoY Growth Rate</i>					(2.6)%	(10.1)%	(63.4)%	1.0%	(1.6)%
Total Operating Revenues					30,028	29,797	30,213	32,298	30,626
Operating Income Margin					19.5%	19.3%	7.0%	16.5%	18.8%
Adjusted EBITDA Margin					36.8%	38.0%	38.3%	33.4%	37.7%

¹ 1Q25 includes costs associated with legacy legal matters and the expected resolution of certain litigation associated with cyberattacks disclosed in 2024, which is presented net of expected insurance recoveries.

Non-GAAP Measures and Reconciliations to GAAP Measures

At the segment or business unit level, **EBITDA** is operating income before depreciation and amortization. **EBITDA margin** is EBITDA divided by total revenues.

Convergence rate represents the ratio of AT&T Fiber subscribers to the number of primary Mobility account holders that also subscribe to consumer postpaid phone service. 1Q25 convergence metrics are presented based on available information and are subject to revision.

Business Unit EBITDA, EBITDA Margin									
<i>Dollars in millions</i>	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25
Mobility									
Operating Income	\$ 6,271	\$ 6,613	\$ 6,763	\$ 6,214	\$ 6,468	\$ 6,719	\$ 7,003	\$ 6,124	\$ 6,740
<i>YoY Growth Rate</i>					3.1 %	1.6 %	3.5 %	(1.4)%	4.2 %
Add: Depreciation and amortization	2,098	2,123	2,134	2,162	2,487	2,476	2,490	2,764	2,526
EBITDA	\$ 8,369	\$ 8,736	\$ 8,897	\$ 8,376	\$ 8,955	\$ 9,195	\$ 9,493	\$ 8,888	\$ 9,266
<i>YoY Growth Rate</i>					7.0%	5.3%	6.7%	6.1%	3.5%
Total Operating Revenues					20,594	20,480	21,052	23,129	21,570
Operating Income Margin					31.4%	32.8%	33.3%	26.5%	31.2%
EBITDA Margin					43.5%	44.9%	45.1%	38.4%	43.0%
Consumer Wireline									
Operating Income	\$ 94	\$ 168	\$ 160	\$ 229	\$ 213	\$ 184	\$ 196	\$ 276	\$ 349
<i>YoY Growth Rate</i>					126.6 %	9.5 %	22.5 %	20.5 %	63.8 %
Add: Depreciation and amortization	861	857	871	880	881	914	924	942	949
EBITDA	\$ 955	\$ 1,025	\$ 1,031	\$ 1,109	\$ 1,094	\$ 1,098	\$ 1,120	\$ 1,218	\$ 1,298
<i>YoY Growth Rate</i>					14.6 %	7.1 %	8.6 %	9.8 %	18.6 %
Total Operating Revenues					3,350	3,347	3,416	3,465	3,522
Operating Income Margin					6.4 %	5.5 %	5.7 %	8.0 %	9.9 %
EBITDA Margin					32.7 %	32.8 %	32.8 %	35.2 %	36.9 %
Business Wireline									
Operating Income (Loss)	\$ 378	\$ 396	\$ 350	\$ 165	\$ 64	\$ 102	\$ (43)	\$ (211)	\$ (98)
<i>YoY Growth Rate</i>					(83.1)%	(74.2)%	(112.3)%	(227.9)%	(253.1)%
Add: Depreciation and amortization	1,330	1,333	1,345	1,369	1,362	1,386	1,399	1,408	1,498
EBITDA	\$ 1,708	\$ 1,729	\$ 1,695	\$ 1,534	\$ 1,426	\$ 1,488	\$ 1,356	\$ 1,197	\$ 1,400
<i>YoY Growth Rate</i>					(16.5)%	(13.9)%	(20.0)%	(22.0)%	(1.8)%
Total Operating Revenues					4,913	4,755	4,606	4,545	4,468
Operating Income Margin					1.3 %	2.1 %	(0.9)%	(4.6)%	(2.2)%
EBITDA Margin					29.0 %	31.3 %	29.4 %	26.3 %	31.3 %

Non-GAAP Measures and Reconciliations to GAAP Measures

Net debt-to-adjusted EBITDA ratios are non-GAAP financial measures that are frequently used by investors and credit rating agencies to provide relevant and useful information. Our net debt-to-adjusted EBITDA ratio is calculated by dividing net debt by the sum of the most recent four quarters of adjusted EBITDA (defined and calculated above). **Net debt** is calculated by subtracting cash and cash equivalents and time deposits (deposits at financial institutions that are greater than 90 days, e.g., certificates of deposit and time deposits), from total debt. Net debt of \$151.0 billion at December 31, 2019 (as previously reported before recast for Continuing Operations) is calculated as total debt of \$163.1 billion less cash and cash equivalents of \$12.1 billion. Net debt and adjusted EBITDA estimates depend on future levels of revenues, expenses and other metrics which are not reasonably estimable at this time. Accordingly, we cannot provide a reconciliation between projected adjusted EBITDA and net debt-to-adjusted EBITDA and the most comparable GAAP metrics and related ratios without unreasonable effort.

Net Debt-to-Adjusted EBITDA					
<i>Dollars in millions</i>	1Q24	2Q24	3Q24	4Q24	1Q25
Adjusted EBITDA	\$ 11,046	\$ 11,337	\$ 11,586	\$ 10,791	\$ 11,533
Trailing Twelve Months Adjusted EBITDA	43,857	44,141	44,524	44,760	45,247
Total Debt	132,764	130,604	129,012	123,532	126,161
Less: Cash and Cash Equivalents	3,520	3,093	2,586	3,298	6,885
Less: Time Deposits	500	650	650	150	150
Net Debt	128,744	126,861	125,776	120,084	119,126
Annualized Net Debt-to-Adjusted EBITDA Ratio	2.94	2.87	2.82	2.68	2.63

Capital investment includes capital expenditures and cash paid for vendor financing. Due to high variability and difficulty in predicting items that impact capital expenditures and vendor financing payments, the company is not able to provide a reconciliation between projected capital investment and the most comparable GAAP metrics without unreasonable effort.

Capital Investment					
<i>Dollars in millions</i>	1Q24	2Q24	3Q24	4Q24	1Q25
Capital expenditures	\$ 3,758	\$ 4,360	\$ 5,302	\$ 6,843	\$ 4,277
Payment of vendor financing	841	550	180	221	203
Capital Investment	\$ 4,599	\$ 4,910	\$ 5,482	\$ 7,064	\$ 4,480

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. Prior periods have been recast to conform to the current period presentation to remove cash flows from our investment in DIRECTV, which we have agreed to sell to TPG. Free cash flow is defined as cash from operations minus cash flows related to our DIRECTV equity method investment (cash distributions less cash taxes paid from DIRECTV), minus capital expenditures and cash paid for vendor financing (classified as financing activities). Due to high variability and difficulty in predicting items that impact cash from operating activities, capital expenditures and vendor financing payments, the company is not able to provide a reconciliation between projected free cash flow and the most comparable GAAP metric without unreasonable effort.

Free Cash Flow					
<i>Dollars in millions</i>	1Q24	2Q24	3Q24	4Q24	1Q25
Net Cash Provided by Operating Activities	\$ 7,547	\$ 9,093	\$ 10,235	\$ 11,896	\$ 9,049
Less: Distributions from DIRECTV classified as operating activities	(324)	(350)	(281)	(1,072)	(1,423)
Less: Cash taxes paid on DIRECTV	149	121	132	254	-
Less: Capital expenditures	(3,758)	(4,360)	(5,302)	(6,843)	(4,277)
Less: Payment of vendor financing	(841)	(550)	(180)	(221)	(203)
Free Cash Flow (excludes DIRECTV)	\$ 2,773	\$ 3,954	\$ 4,604	\$ 4,014	\$ 3,146

Non-GAAP Measures and Reconciliations to GAAP Measures

Adjusted EPS is calculated by excluding from operating revenues, operating expenses, other income (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 impairments, benefit-related gains and losses, employee separation and other material gains and losses. Prior periods have been recast to conform to the current period presentation to remove equity in net income from our investment in DIRECTV, which we have agreed to sell to TPG. Reconciliations of adjusted EPS to the most directly comparable GAAP metric can be found at investors.att.com and in our Form 8-K dated April 23, 2025. The company expects adjustments to 2025 reported diluted EPS to include an adjustment to remove equity in net income of DIRECTV, a non-cash mark-to-market benefit plan gain/loss and other items. The adjustment to remove the equity in net income of DIRECTV is dependent upon cash distributions from DIRECTV and the timing of the closing of the sale of our DIRECTV investment, which is expected in mid-2025. The company expects the mark-to-market adjustment, which is driven by interest rates and investment returns that are not reasonably estimable at this time, to be a significant item. Our projected 2025 adjusted EPS depends on future levels of revenues and expenses, most of which are not reasonably estimable at this time. Accordingly, we cannot provide a reconciliation between this projected non-GAAP metric and the most comparable GAAP metric without unreasonable effort.

Adjusted Diluted EPS					
	1Q24	2Q24	3Q24	4Q24	1Q25
Diluted Earnings Per Share (EPS)	\$ 0.47	\$ 0.49	\$ (0.03)	\$ 0.56	\$ 0.61
Equity in net income of DIRECTV	(0.03)	(0.04)	(0.03)	(0.12)	(0.15)
Actuarial (gain) loss - net	-	-	-	0.01	-
Restructuring and impairments	0.06	0.05	0.61	-	0.05
Benefit-related, transaction, legal and other items	(0.02)	0.01	(0.01)	0.01	-
Tax-related items	-	-	-	(0.03)	-
Adjusted EPS (excludes DIRECTV)	\$ 0.48	\$ 0.51	\$ 0.54	\$ 0.43	\$ 0.51

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, including FirstNet, 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. Business Solutions Service Revenue is calculated as business mobility service revenue (Mobility service revenue less adjustment for non-business Mobility service revenue reported in the Communications segment under the Mobility business unit) plus Legacy and other transitional services, plus Fiber and advanced connectivity services.

Supplemental Operational Measures																				
Dollars in millions	1Q24				2Q24				3Q24				4Q24				1Q25			
	Biz. Mobility	Biz. Wireline	Adj.	Biz. Solutions	Biz. Mobility	Biz. Wireline	Adj.	Biz. Solutions	Biz. Mobility	Biz. Wireline	Adj.	Biz. Solutions	Biz. Mobility	Biz. Wireline	Adj.	Biz. Solutions	Biz. Mobility	Biz. Wireline	Adj.	Biz. Solutions
Wireless service	\$ 15,994	\$ -	\$(13,608)	\$ 2,386	\$ 16,277	\$ -	\$(13,809)	\$ 2,468	\$ 16,539	\$ -	\$(14,056)	\$ 2,483	\$ 16,563	\$ -	\$(14,088)	\$ 2,475	\$ 16,651	\$ -	\$(14,202)	\$ 2,449
Legacy and other transitional services	-	2,997	-	2,997	-	2,839	-	2,839	-	2,669	-	2,669	-	2,590	-	2,590	-	2,475	-	2,475
Fiber and advanced connectivity services	-	1,703	-	1,703	-	1,732	-	1,732	-	1,748	-	1,748	-	1,786	-	1,786	-	1,780	-	1,780
Total Service Revenues	\$ 15,994	\$ 4,700	\$(13,608)	\$ 7,086	\$ 16,277	\$ 4,571	\$(13,809)	\$ 7,039	\$ 16,539	\$ 4,417	\$(14,056)	\$ 6,900	\$ 16,563	\$ 4,376	\$(14,088)	\$ 6,851	\$ 16,651	\$ 4,255	\$(14,202)	\$ 6,704

