News Release

AT&T CFO Updates Shareholders at Deutsche Bank Conference

DALLAS, March 14, 2022 — Pascal Desroches, chief financial officer of AT&T Inc.* (NYSE:T), spoke today at the Deutsche Bank Media, Internet & Telecom Conference where he provided an update to shareholders.

Desroches reiterated AT&T's growth strategy — introduced at the company's Analyst & Investor Day on March 11 — for the standalone company following the pending close of the WarnerMedia transaction. AT&T intends to become America's best broadband provider, underpinned by a best-in-class network with fiber at its foundation and integrated with wireless.

AT&T has announced that it expects to:

- Drive additional wireless subscriber growth by maintaining its consistent go-to-market strategy, increasing penetration in underserved customer segments and cross-selling wireless services into its expanding fiber footprint.

- Continue to optimize its cost structure via ongoing transformation initiatives, with opportunities to drive an additional $2.5 billion in cumulative cost savings over the next 2 years to reach its previously announced goal of $6 billion in run-rate cost savings by the end of 2023.

- Maintain a total-return oriented capital allocation strategy with a focus on investing for growth — with capital investment in the $24 billion range for 2022 and 2023 — and strengthening its balance sheet. [1] At the same time, AT&T will deliver returns to shareholders via an attractive dividend near the top of the Fortune 500.

In addition to reiterating the company's 2022 guidance provided last Friday, Desroches discussed near-term business trends. As already stated, the company expects to step up investment in 2022 to support its fiber rollout and mid-band 5G spectrum deployment. This investment in growth, combined with additional investment to support the ongoing rationalization of AT&T's business wireline portfolio, is expected to drive a corresponding year-over-year increase in capital investment. Additionally, as noted during its analyst day the company expects about $600 million in headwinds to adjusted EBITDA from its 3G shutdown costs and the absence of CAF II credits, weighted to the first half of the year and particularly the first quarter of 2022.[2] As these headwinds abate, the company expects its adjusted EBITDA trajectory to improve throughout the year. Desroches also said that AT&T has continued to see healthy trends in wireless sales in the first quarter after leading the industry in postpaid phone net additions in 2021. The company announces first-quarter 2022 earnings on April 21, 2022.

[1] Capital investment includes capital expenditures and cash paid for vendor financing. For 2021, reconciliation of this non-GAAP financial measure to the most directly comparable GAAP measure is included in our Form 8-K dated March 11, 2022. In 2022, AT&T Capital Investment is expected to be in the $24 billion range (with capital expenditures in the $20 billion range and vendor financing payments in the $4 billion range). 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.
[2] EBITDA and Adjusted EBITDA are non-GAAP financial measures that are frequently used by investors and credit rating agencies to provide relevant and useful information. EBITDA is operating income before depreciation and amortization. Adjusted EBITDA 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, severance and other material gains and losses. EBITDA and Adjusted EBITDA estimates depend on future levels of revenues and expenses which are not reasonably estimable at this time. Accordingly, we cannot provide a reconciliation between projected EBITDA and projected Adjusted EBITDA and the most comparable GAAP metrics without unreasonable effort.

*About AT&T

AT&T Inc. (NYSE:T) is a diversified, global leader in telecommunications, media and entertainment, and technology. AT&T Communications provides more than 100 million U.S. consumers with communications and entertainment experiences across mobile and broadband. WarnerMedia is a leading media and entertainment company that creates and distributes premium and popular content to global audiences through its consumer brands, including: HBO, HBO Max, Warner Bros., TNT, TBS, truTV, CNN, DC Entertainment, New Line, Cartoon Network, Adult Swim and Turner Classic Movies. AT&T Latin America provides wireless services to consumers and businesses in Mexico.

Cautionary Language Concerning Forward-Looking Statements

Information set forth in this news release contains financial estimates, statements as to the expected timing, completion and effects of the WarnerMedia and Xandr transactions and other forward-looking statements that are subject to risks and uncertainties. These estimates and statements 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 news release based on new information or otherwise.

This news release 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.

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