

AT&T INC.
Form 10-Q
May 03, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
(Mark One) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 1-8610

AT&T INC.

Incorporated under the laws of the State of Delaware
I.R.S. Employer Identification Number 43-1301883

208 S. Akard St., Dallas, Texas 75202
Telephone Number: (210) 821-4105

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See definition of "accelerated filer," "large accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Yes

No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes

No

At April 30, 2018, there were 6,141 million common shares outstanding.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

AT&T INC.

CONSOLIDATED STATEMENTS OF INCOME

Dollars in millions except per share amounts

(Unaudited)

	Three months ended March 31,	
	2018	2017
		As Adjusted
Operating Revenues		
Service	\$33,646	\$36,456
Equipment	4,392	2,909
Total operating revenues	38,038	39,365
Operating Expenses		
Cost of services and sales		
Equipment	4,848	3,848
Broadcast, programming and operations	5,166	4,974
Other cost of services (exclusive of depreciation and amortization shown separately below)	7,932	9,288
Selling, general and administrative	7,897	8,772
Depreciation and amortization	5,994	6,127
Total operating expenses	31,837	33,009
Operating Income	6,201	6,356
Other Income (Expense)		
Interest expense	(1,771)	(1,293)
Equity in net income (loss) of affiliates	9	(173)
Other income (expense) – net	1,702	488
Total other income (expense)	(60)	(978)
Income Before Income Taxes	6,141	5,378
Income tax expense	1,382	1,804
Net Income	4,759	3,574
Less: Net Income Attributable to Noncontrolling Interest	(97)	(105)
Net Income Attributable to AT&T	\$4,662	\$3,469
Basic Earnings Per Share Attributable to AT&T	\$0.75	\$0.56
Diluted Earnings Per Share Attributable to AT&T	\$0.75	\$0.56
Weighted Average Number of Common Shares Outstanding – Basic (in millions)	6,161	6,166
Weighted Average Number of Common Shares Outstanding – with Dilution (in millions)	6,180	6,186
Dividends Declared Per Common Share	\$0.50	\$0.49
See Notes to Consolidated Financial Statements.		

AT&T INC.
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 Dollars in millions
 (Unaudited)

	Three months ended March 31,	
	2018	2017
Net income	\$4,759	\$3,574
Other comprehensive income (loss), net of tax:		
Foreign currency:		
Translation adjustment (includes \$2 and \$6 attributable to noncontrolling interest), net of taxes of \$175 and \$391	108	372
Available-for-sale securities:		
Net unrealized gains (losses), net of taxes of \$(4) and \$15	(12)	33
Reclassification adjustment included in net income, net of taxes of \$0, and \$3	-	5
Cash flow hedges:		
Net unrealized gains, net of taxes of \$180 and \$7	674	13
Reclassification adjustment included in net income, net of taxes of \$3 and \$5	12	10
Defined benefit postretirement plans:		
Net prior service credit arising during period, net of taxes of \$185 and \$0	567	-
Amortization of net prior service credit included in net income, net of taxes of \$(105) and \$(139)	(323)	(228)
Other comprehensive income (loss)	1,026	205
Total comprehensive income	5,785	3,779
Less: Total comprehensive income attributable to noncontrolling interest	(99)	(111)
Total Comprehensive Income Attributable to AT&T	\$5,686	\$3,668
See Notes to Consolidated Financial Statements.		

AT&T INC.

CONSOLIDATED BALANCE SHEETS

Dollars in millions except per share amounts

	March 31, 2018 (Unaudited)	December 31, 2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 48,872	\$50,498
Accounts receivable - net of allowances for doubtful accounts of \$642 and \$663	16,290	16,522
Prepaid expenses	1,335	1,369
Other current assets	12,008	10,757
Total current assets	78,505	79,146
Property, plant and equipment	317,127	313,499
Less: accumulated depreciation and amortization	(192,003)	(188,277)
Property, Plant and Equipment – Net	125,124	125,222
Goodwill	105,482	105,449
Licenses	96,556	96,136
Customer Lists and Relationships – Net	9,878	10,676
Other Intangible Assets – Net	7,201	7,464
Investments in and Advances to Equity Affiliates	2,623	1,560
Other Assets	20,974	18,444
Total Assets	\$ 446,343	\$444,097
Liabilities and Stockholders' Equity		
Current Liabilities		