

AT&T Grows Margins Despite Record 1Q Smartphone Sales

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AT&T Mobility managed to grow its margins even as it reported a first-quarter record of 6 million smartphone sales. On \$16.6 billion in total wireless revenues, \$5.1 billion of which was from mobile data, AT&T Mobility managed wireless operating income margins of 28 percent.

Margins are typically adversely affected by the sale of large numbers of smartphones, which tend to carry high subsidies.

AT&T's iPhone activations hit 4.8 million for the quarter, but the company did not break those out by model.

While consolidated revenues slipped 1.5 percent over the same quarter last year, earnings per share of \$0.67 were in line with Wall Street's expectations. Overall net income hit \$3.7 billion on total revenues of \$31.4 billion, which was off 1.4 percent annually.

Postpaid net additions in wireless hit 296,000 and postpaid churn improved to 1.04 percent. AT&T now counts 70 million total postpaid subscribers.

AT&T's new shared data plans saw traction as well. AT&T now counts 3.3 million customers that have moved to the company's Mobile Share plans. Those plans account for 10 million subscribers or devices, which includes smartphones and tablets. More than a quarter of Mobile Share accounts are on plans that include 10GB of data or more.

The carrier appears to be moving right along with its LTE deployment as well. The company is running ahead of schedule with nearly 200 Million LTE Points of Presence (POPs). The company expects to complete nearly 90 percent of its total coverage of 300 million POPs by the end of this year.

Aside from wireless, the company's u-Verse revenues including business were up 31.5 percent annually. AT&T now counts 8.7 million total subscribers (TV and high speed Internet) in service. AT&T added a record 731,000 high speed Internet subscribers in the quarter, which included a net gain of 232,000 U-verse TV subscribers.

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After an initial decline, shares of AT&T were up nearly a point in after hours to \$39.00.

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