AT&T Reports Record 3Q Smarpthone Sales, Postpaid Adds Drop

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AT&T Wednesday reported best-ever third-quarter smartphone sales of 6.7 million. Total smartphone base increased by 1.2 million in the quarter, with smarpthones accounting for a record 89 percent of postpaid phone sales.

Interestingly, AT&T did not break out iPhone sales but did say that it had seen record Android sales. Verizon last week said the iPhone accounted for 51 percent of all its smartphone sales in the third quarter. Verizon activated 3.89 million last quarter.

AT&T did break down the types of a plans those customers were on. Fully 22 percent of smartphone subscribers were on high data plans (4+GB), while 58 percent were on medium plans (2-3GB).

In all, 16 million customers were on AT&T's Mobile Share plans. AT&T's LTE network now reaches 250 million POPS, in 435 markets.

The company added nearly 1 million new wireless subscribers, including prepaid customers. Postpaid net adds were just 363,000, down from 551,000 in the previous quarter. AT&T also reported 178,000 smartphone net adds, while 388,000 new tablets hit the company's network in the most recent quarter.

Total wireless revenues for the quarter hit $17.5 billion, up 5.1 percent over the same quarter last year. Data revenues were up 17.6 percent over last year to $5.5 billion. Consolidated revenues topped $32.2 billion, up 2.2 percent annually, which the company said was driven by wireless and Uverse gains.

In an afternoon earnings call Wednesday, John Stephens, AT&T's CFO, acknowledged the company was seeing pressure on the low end of the wireless market but emphasized that churn continued to drop. He also said that getting the deal to acquire Leap Wireless done would also help AT&T compete in that space.

"When we get Leap closed in the first quarter...we'll have another channel...to challenge that low end of the market."

Stephens also remarked that the company's Next upgrade program was helping drive smartphone growth, which in turn was helping push higher data plans.

Shares of AT&T remained flat in after hours trading Wednesday at $35.27.

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