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**SBC-News Center**

## SBC Reports Fourth-Quarter Results

### *Growth in Data, Wireless and Long Distance Highlights SBC's Fourth-Quarter Results*

**Revenues increase 9.1 percent to \$14.1 billion in quarter;  
Diluted earnings per share increase to \$0.57, from \$0.54 a  
year ago, before one-time items**

### **Fourth-Quarter Data Revenues Up 44 Percent**

San Antonio, Texas, January 25, 2001

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SBC Communications Inc. (NYSE: SBC) today reported that continued strong growth in data services, the first full quarter of long-distance service in Texas, and contributions from Cingular Wireless, its nationwide wireless joint venture, combined to fuel fourth-quarter growth.

Fourth-quarter revenues, including proportionate Cingular results, increased 9.1 percent to \$14.1 billion. Diluted earnings per share for the quarter grew 5.6 percent before one-time items to \$0.57, compared with \$0.54 in the fourth quarter of 1999. Earnings before one-time items increased 5.6 percent to \$2.0 billion, up from \$1.9 billion in the fourth quarter of 1999.

"In the fourth quarter we saw strong results from data services and Cingular Wireless, which began operations in October, and continued strong sales from our Texas long-distance operations," said Edward E. Whitacre Jr., chairman and CEO. "We're heading into 2001 with a solid core business, all the right assets, and executing against the best growth strategy in the business."

#### **Highlights of SBC's fourth-quarter growth include:**

- 44.3 percent growth in data revenues to \$2.2 billion in the quarter. For the full year 2000, SBC's data revenues were \$7.5 billion, a 41.7 percent increase from 1999, nearly doubling SBC's 1998 total data revenues.
- 767,000 Digital Subscriber Line (DSL) customers at year's end, reflecting a fourth-quarter gain of 251,000, more than double the net gain in the third quarter of 2000 and SBC's best DSL growth in any quarter to date.
- An 814,000 net gain in wireless customers at Cingular, bringing the company's total to 19.7 million. On a pro-forma basis, wireless service revenue increased 17 percent compared with the fourth quarter of 1999. SBC has a 60 percent stake in Cingular.
- 1.7 million long-distance lines in Texas at year's end representing more than 1.4 million customers, all added in less than six months since SBC's market launch in



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mid-July 2000.

- Full-year 2000 revenues grew 8.8 percent to \$53.3 billion, before one-time items. Earnings before one-time items for 2000 were \$7.7 billion, compared with \$7.4 billion in 1999, and diluted earnings per share for 2000 before one-time items increased 5.1 percent to \$2.26, compared with \$2.15 in 1999.

"In 2000, we made the investments and strategic decisions necessary to put SBC in the best position to pursue data and wireless growth opportunities," said Whitacre. "We've done well offering long-distance service in Texas, and we're very pleased with recently winning approval to offer long distance in Kansas and Oklahoma, making SBC the only former Bell company to have long-distance approval in multiple states. Now we need to gain the same freedom in our other states, particularly California.

"Looking ahead, we're focused on what we do best - executing our growth strategy while maintaining financial strength and flexibility," Whitacre said.

#### **Additional fourth-quarter highlights:**

- **Data Services:** Total data services revenues exceeded \$2.2 billion during the fourth quarter, compared with \$1.5 billion in the year-ago quarter. Data comprised 21.5 percent of SBC's total wireline revenues in the quarter, up from 16.2 percent in the fourth quarter of 1999. Major data-growth drivers during the quarter included a 68 percent increase in SONET revenues, due primarily to large corporate customers' growing use of new, bandwidth-hungry applications that help drive their businesses. Revenues from application services - which includes network integration services, Internet services and e-commerce - increased nearly 100 percent during the quarter. Also during the fourth quarter SBC achieved a net gain of 251,000 DSL subscribers, compared with 117,000 net adds during the third quarter of 2000. The company ended 2000 with a total of 767,000 DSL subscribers. By year-end 2000, 18.3 million SBC wireline customer locations were DSL-capable, up from 10.2 million at the start of 2000; this means more than half of SBC's customers now can receive the company's DSL services.
- **Wireless:** Cingular Wireless, SBC's joint venture with BellSouth, began operations at the beginning of the fourth quarter. Cingular combines SBC's and BellSouth's domestic wireless operations into the second-largest wireless carrier in the United States with 19.7 million subscribers, serving an area with a population of more than 190 million. SBC owns 60 percent of Cingular. During the fourth quarter Cingular had a net gain of 814,000 subscribers. On a pro-forma basis, wireless service revenues increased 17 percent to \$3.0 billion compared with the fourth quarter of 1999; and full-year 2000 pro forma revenues for Cingular were \$12.6 billion. Cingular launched data and wireless information services in several major markets during the fourth quarter including Chicago, Washington, D.C., Baltimore, Dallas, St. Louis and Kansas City. In a step to further expand its market coverage, in the fourth quarter Cingular entered into a spectrum exchange with VoiceStream Wireless that allows Cingular to operate in the New York City metropolitan area and adds spectrum in St. Louis and Detroit without financial dilution.
- **Long Distance:** Southwestern Bell Long Distance began marketing long-distance services in Texas on July 10, 2000. The company added 547,000 new long-distance customers in Texas during the fourth quarter. Southwestern Bell has about 10 million telephone access lines in Texas, and the total Texas long-distance market is estimated at \$7.7 billion. On Jan. 22, 2001, the FCC approved SBC's application to provide long-distance services in Kansas and Oklahoma, whose combined long-distance markets are estimated at more than \$1.2 billion. The company expects to begin providing long-distance services in Kansas and Oklahoma in early March.
- **National Expansion:** SBC plans to enter 30 metropolitan-area markets outside its

traditional regions through its SBC Telecom unit; it has marketing activities under way in 12 of those 30 markets. SBC's national expansion initiative is focused on winning a bigger part of telecom spending from major business customers, while also marketing to smaller businesses and residential customers. Combined with SBC's in-region market presence, where nearly half the Fortune 500 are headquartered, national expansion is expected to give SBC a local presence in 50 of the top U.S. metropolitan areas by April 2002.

- **International:** During the fourth quarter, equity in net income of international affiliates, before one-time items, was \$258 million, up 33.7 percent compared with the year-ago period. Overseas wireless growth was evident in Belgium during the fourth quarter as Belgacom added its 3 millionth wireless customer in November, about 10 months after passing the 2 million customer milestone. SBC took part in transactions through which Tele Danmark will create the No. 2 telecom operator in Switzerland. SBC also leveraged its growth potential in Latin America during the fourth quarter by helping to create Telecom Americas, a venture of SBC, America Movil and Bell Canada International. SBC has an 11.4 percent stake in the venture which will serve as its primary growth platform in Latin America's four largest markets-Brazil, Venezuela, Argentina and Colombia. The company will focus on mobile, broadband and Internet communications throughout Latin America.

#### **Cingular Wireless effect on SBC's reported revenues**

Beginning with the fourth quarter of 2000, SBC's 60 percent portion of Cingular's results are included as part of the Equity in Net Income of Affiliates line on SBC's reported Income Statement. In SBC's normalized, or before one-time items, Income Statement, Cingular's fourth-quarter 2000 proportionate results are included in revenue and expense lines. On both statements, results from prior periods-all of 1999 and the first three quarters of 2000-have not been restated to reflect the operations of the joint venture.

#### **Results including one-time items**

Including one-time items and the cumulative effect of accounting changes, SBC's reported net income for the fourth quarter of 2000 was \$1.3 billion, or \$0.38 diluted earnings per share, compared with \$3.1 billion, or \$0.90 per share, in the fourth quarter of 1999. Reported net income for 2000 was \$8.0 billion, or \$2.32 diluted earnings per share, compared with \$8.2 billion, or \$2.36 per share, for the full year 1999.

Reported net income for the fourth quarter of 2000 includes the following one-time items: costs associated with strategic initiatives and other adjustments resulting from the merger integration process with Ameritech of \$204 million, including an early retirement program implemented in November; impairment of the value of several investments of \$677 million, principally Ameritech's SecurityLink business, whose sale is anticipated to close in the first quarter of 2001; and net gains of \$222 million from the contribution of Brazilian operations to Telecom Americas Ltd., and the disposition of overlapping wireless properties.

#### **Cautionary Language Concerning Forward-Looking Statements**

Information set forth in this news release contains financial estimates and other forward-looking statements that are subject to risks and uncertainties. A discussion of factors that may affect future results is contained in SBC's filings with the Securities and Exchange Commission. SBC disclaims any obligation to update or revise statements contained in this news release based on new information or otherwise.

*SBC Communications Inc. (www.sbc.com) is a global communications leader. Through its subsidiaries' trusted brands - Southwestern Bell, Ameritech, Pacific Bell, SBC Telecom, Nevada Bell, SNET and Sterling Commerce - and world-class network, SBC and its affiliated companies provide a full range of voice, data, networking and e-business services, including local and long-distance voice, high-speed Internet access and data transport, voice and data network integration, software and process integration, Web site and application hosting, e-marketplace development, paging and messaging, as well as cable and satellite television, security services, and directory advertising and publishing. In*

the United States, the company currently has 61.3 million access lines and is undertaking a national expansion program that will bring SBC service to the nation's top 50 markets. SBC has a 60 percent equity interest in Cingular Wireless, its joint venture with BellSouth, which serves 19.7 million wireless customers. Internationally, SBC has telecommunications investments in more than 20 countries and has annual revenues that rank it among the largest Fortune 500 companies.

For more detailed information on SBC's fourth-quarter results, visit our Web site at <http://www.sbc.com/Investor/earnings.html>.

**SBC Communications Inc.**  
**Financial Summary and Comparisons**  
(dollars in millions, except per share amounts)  
(unaudited)

EXCLUDING ONE-TIME ITEMS <sup>1</sup> :	2000	1999	CHANGE
Operating revenues	\$14,076	\$12,905	9.1%
Operating expenses	\$11,097	\$9,715	14.2%
Income before extraordinary items and cumulative effect of accounting change	\$ 1,954	\$ 1,851	5.6%
Diluted earnings per share before extraordinary items and cumulative effect of accounting change	\$0.57	\$0.54	5.6%
<b>AS REPORTED</b>			
Operating revenues	\$12,239	\$12,906	-5.2%
Operating expenses	\$10,416	\$10,048	3.7%
Income before extraordinary items and cumulative effect of accounting change	\$ 1,295	\$ 1,727	-25.0%
Extraordinary items, net of tax	-	\$1,379	-
Net Income	\$1,295	\$3,106	-
Diluted earnings per share	\$0.38	\$0.90	-
Weighted average common shares outstanding (in millions)	3,389	3,405	-0.5%
Weighted average common shares outstanding with dilution (in millions)	3,436	3,450	-0.4%

<sup>1</sup>Includes proportionate share of Cingular Wireless revenues.

**SBC Communications Inc.**  
**Financial Summary and Comparisons**  
(dollars in millions, except per share amounts)  
(unaudited)  
-- ANNUAL RESULTS --

EXCLUDING ONE-TIME ITEMS:	2000	1999	CHANGE
Operating revenues	\$53,313	\$49,002	8.8%
Operating expenses	\$40,919	\$36,479	12.2%

Income before extraordinary items and cumulative effect of accounting change	\$7,746	\$7,439	4.1%
Diluted earnings per share before extraordinary items and cumulative effect of accounting change	\$2.26	\$2.15	5.1%
<b>AS REPORTED</b>			
Operating revenues	\$51,476	\$49,531	3.9%
Operating expenses	\$40,733	\$37,933	7.4%
Income before extraordinary items and cumulative effect of accounting change	\$7,967	\$6,573	21.2%
Extraordinary items, Net of tax	-	\$1,379	-
Cumulative effect of accounting change, net of tax <sup>2</sup>	-	\$207	-
Net Income	\$7,967	\$8,159	-2.4%
Diluted earnings per share	\$2.32	\$2.36	-1.7%
Weighted average common shares outstanding (in millions)	3,392	3,409	-0.5%
Weighted average common shares outstanding with dilution (in millions)	3,433	3,458	-0.7%

<sup>2</sup>Changes in directory accounting at Ameritech Corporation during the first quarter of 1999.

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