eir Second Quarter and Half Year FY17 Results Presentation

Richard Moat – Chief Executive Officer
Huib Costermans – Chief Financial Officer

26 January 2017

Disclaimer

This document does not represent an offer, constitute or form part of, and should not be construed as an advertisement, an offer or an invitation to subscribe to or to purchase securities of eircom Holdings (Ireland) Limited (the **"Company"**) or any entity holding shares directly or indirectly in it from time to time and its subsidiaries from time to time (the **"Group"**), nor is the information or documents contained herein meant to serve as a basis for any kind of contractual or other obligation.

This document does not form, and should not be construed as, the basis of any credit analysis or other evaluation an investment or lending recommendation, advice, a valuation or a due diligence review. The information contained in this document is for indicative purposes only. This document may include forward-looking statements regarding certain of the Group's plans and its current goals, intentions, beliefs and expectations concerning, among other things, the Group's future results of operation, financial condition, liquidity, prospects, growth, strategies and the industries in which the Group operates. These forward looking statements can be identified by the fact that they do not relate only to historical or current facts. Generally, but not always, words such as "may", "could", 'should", "will", "expect", "intend", "estimate", "anticipate", "assume", "believe", "plan", "seek", "continue", "target", "goal", "would", or their negative variations or similar expressions identify forward looking statements. By their nature, forward-looking statements are inherently subject to risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Group cautions you that forward-looking statements are not guarantees of future performance and that its actual results of operations, financial condition and liquidity and the development of the industries in which the Group operates may differ materially from those made in or suggested by the forward-looking statements contained in this document. In addition, even if the Group's results of operations, financial condition and liquidity and the development of the industries in which the Group operates are consistent with the forward-looking statements contained in this document, those past results or developments may not be indicative of results or developments in future periods.

The Group does not undertake any obligation to review, update or confirm expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this document.

No warranty or representation of any kind, express or implied, is or will be made in relation to, and to the fullest extent permissible by law, no responsibility or liability in contract, tort, or otherwise is or will be accepted by the Group or any of its officers, employees, advisers or agents, or any other party as to the accuracy, completeness or reasonableness of the information contained in this document, including any opinions, forecasts or projections. Nothing in this document shall be deemed to constitute such a representation or warranty or to constitute a recommendation to any person to acquire any securities. Any estimates and projections in this document were developed solely for the use of the Group at the time at which they were prepared and for limited purposes which may not meet the requirements or objectives of the recipient of this document. Nothing in this document should be considered to be a forecast of future profitability or financial position and none of the information in the document is or is intended to be a profit forecast or profit estimate.

The Company is not providing advice (whether in relation to legal, tax or accounting issues or otherwise). You should receive legal, tax, accounting and any other necessary advice from your advisors in relation to the contents of this document.

This document has not been approved by any regulatory authority.

The distribution of this document in certain jurisdictions outside of Ireland may be restricted by the laws of those jurisdictions. Accordingly, copies of this document must not be mailed or otherwise forwarded, distributed or sent into any jurisdiction where to do so would constitute a violation of the relevant laws of such a jurisdiction and the Group accepts no liability to any person in relation to its distribution in any jurisdiction.

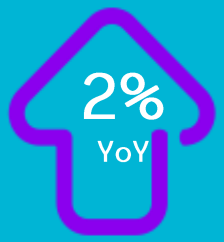
Agenda

- Business highlights
- Economic update
- Strategic priorities
- Trading highlights
- Business unit performance
- FY17 outlook
- Q&A

Business highlights

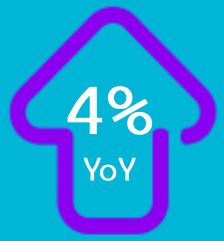
Financial

Q2 Revenue €330m



- Underlying revenue growth of 2%[1]

Q2 EBITDA €121m



- +YoY EBITDA growth of 4%

Operational KPIs

500k fibre customers

- 142,000 connections YoY
- 31% Fibre Penetration

Multi-play bundles

23% of households now subscribing to 3P+ bundles

200k eir Sport customers

Postpay subs- 508k

Key developments

- 84% of fibre rollout complete
- 53,000 premises passed with FTTH
- 95% 4G coverage ahead of March 2017 Target
- Focus on convergence with voice over broadband, wi-fi and LTE coming soon
- New non-executive directors further strengthens eir Board

Competitive market dynamics remain

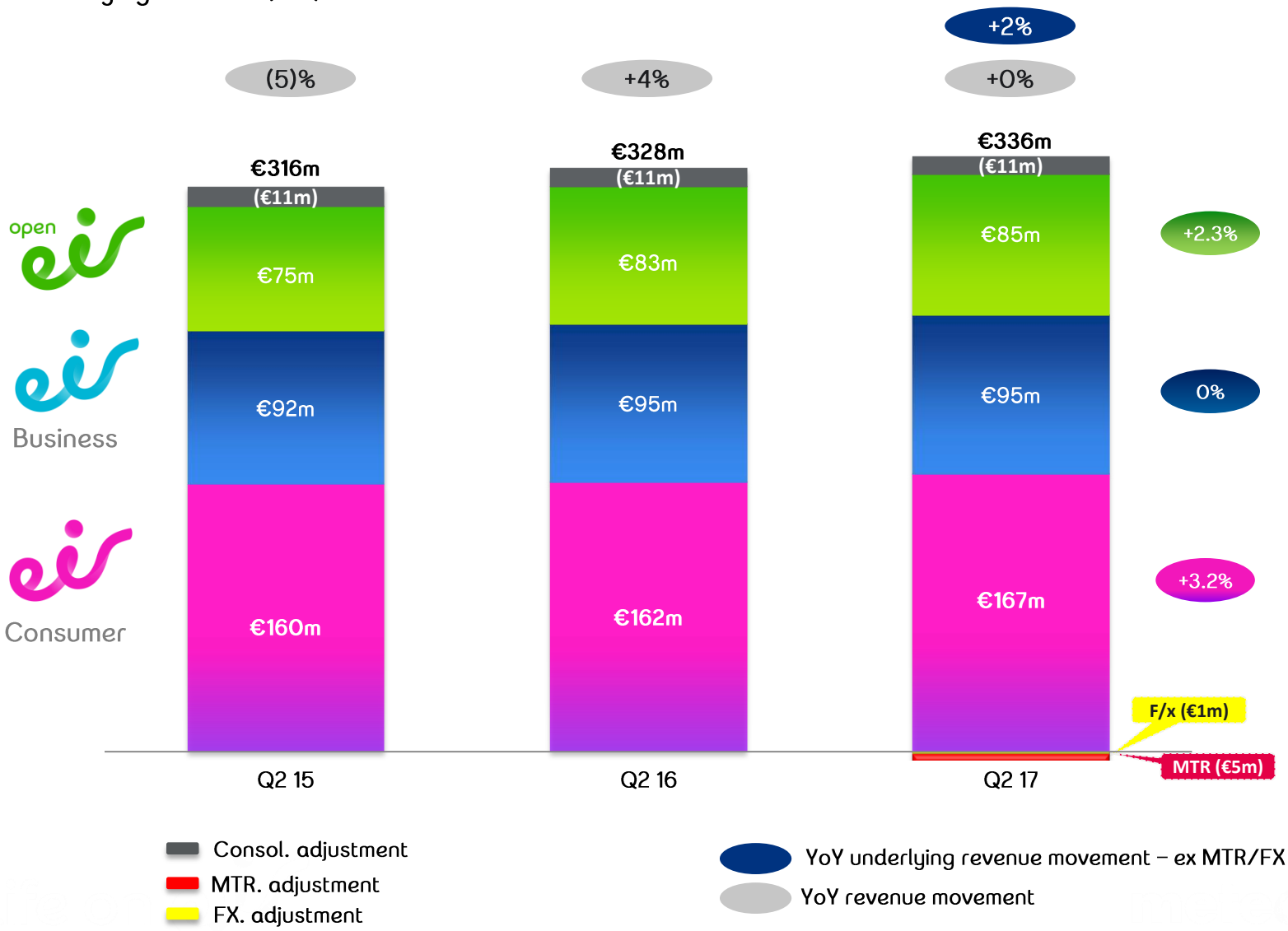
[1] *Reported Q2 revenue was broadly flat YoY*

eir Sport repositioning the eir Group

- Exclusive content , including Ireland vs. New Zealand match, driving eir Sport customers
- Approx. **200,000** customers with **38%** uptake by eir consumer broadband customers
- Early days but broadband churn rates improving –customers with eir Sport **are 3 times** less likely to churn.

Revenue by business unit remains robust despite negative impacts of regulatory & forex

Business Unit Underlying Revenue (€m)

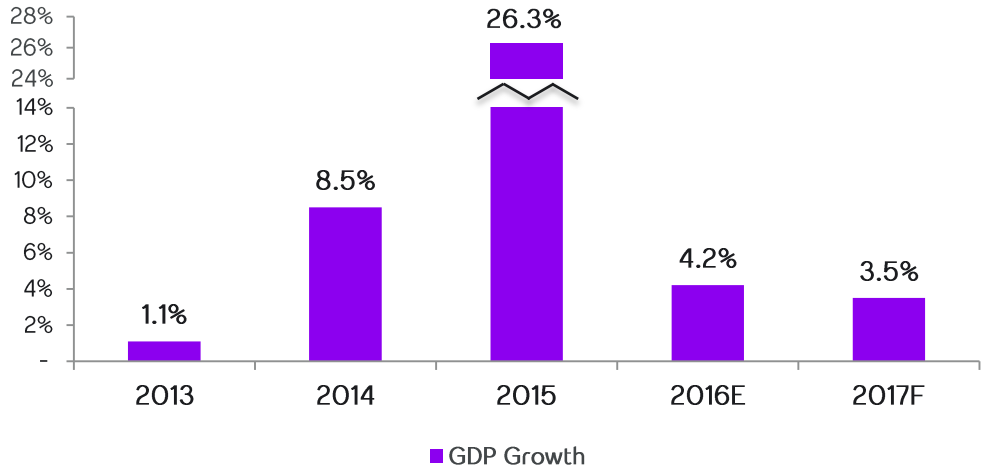


Agenda

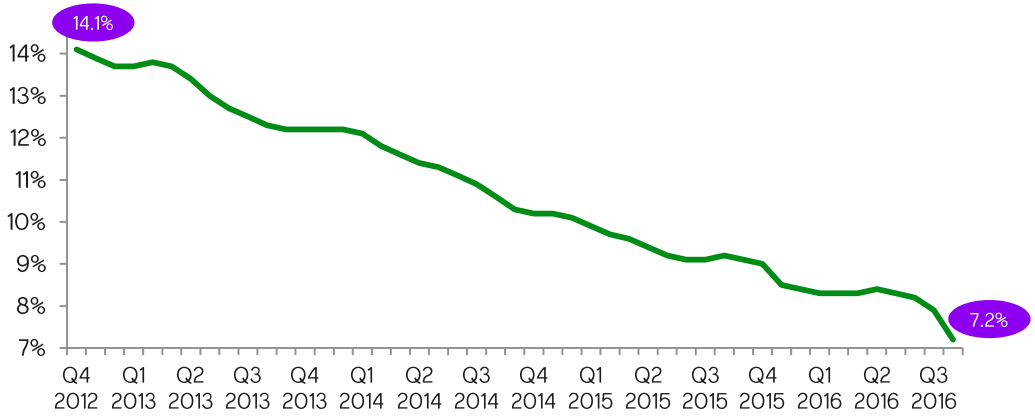
- Business highlights
- Economic update
- Strategic priorities
- Trading highlights
- Business unit performance
- FY17 outlook
- Q&A

Economic backdrop remains robust

Robust economic performance forecast despite Brexit chill



Unemployment has fallen by c. 7 p.p. since Q4 2012



- Positive economic backdrop remains intact despite Brexit concerns and 2017 GDP growth expected to outperform the EU and UK
- Unemployment rate continuing to fall month-by-month to 7.2% in December 2016 from 7.7% in September
- Potential impact of Brexit remains a focus – minor FX impact on UK revenues within eir Business

Source: Economic & Social Research Institute – Quarterly Economic Commentary (Winter 2016).

Agenda

Business highlights

Economic update

Strategic priorities

Trading highlights

Business unit performance

FY17 outlook

Q&A

Key strategic priorities

- **Customers:**

  Improving customer experience and advocacy

- **Best in class network:**

  Connecting everyone and everything in Ireland

- **Smart Growth:**

  Building sustainable growth through innovation and investment

- **Simplicity:**

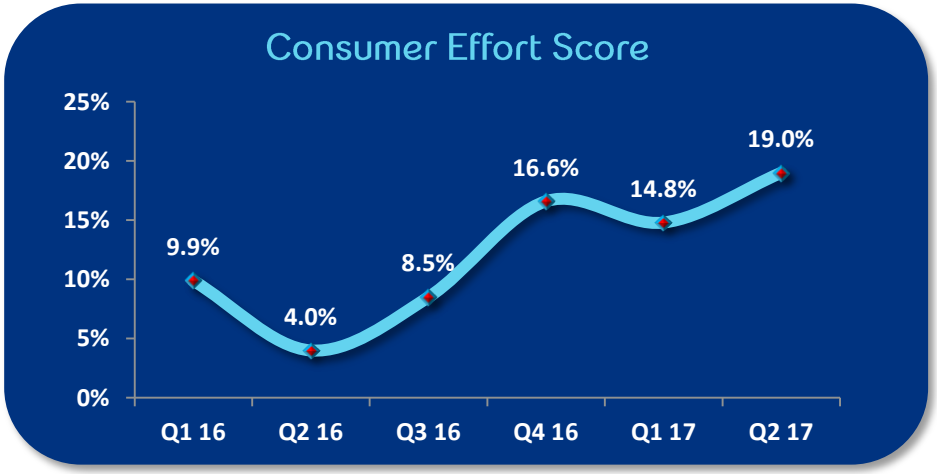
  Striving to continuously simplify our operations and processes

Improving customer experience and advocacy

Improving customer experience..

- **Improved customer on-boarding**
  - ✓ Personalised customer experience through installation journey to first bill.
- **Continued digital expansion**
  - ✓ Upgrade of my eir App including web chat functionality.
- **Focus on reducing propensity to contact**
  - ✓ Identifying and removing customer pain points.

..driving increased customer effort score



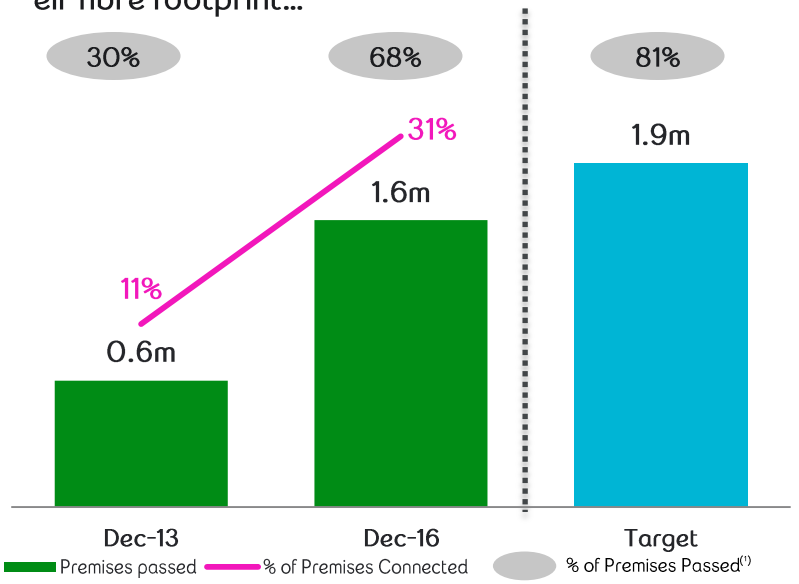
I'm not just a bundle customer...

I'm a busy mum on a tight budget

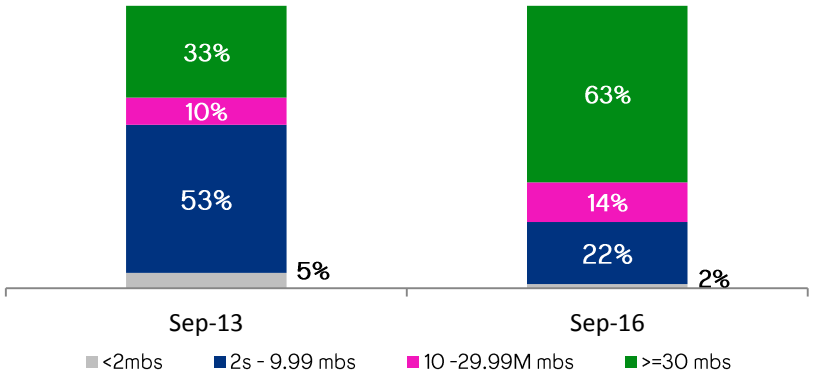
Best in class network - fixed

- Future-proofed network investment passing **68%** of Irish premises & connecting **31%** of customers
- FTTC rollout continues with focus on FTTH – 53,000 FTTH premises passed
- Approx. **€443m** spent to date on the fibre investment
- **84%** of current rollout programme complete and on track to pass 1.9m premises by end 2018
- eir fibre network delivering an increase in available broadband speeds for customers

eir fibre footprint...



..delivering increasing speeds for broadband customers(2)



(1) Assuming 2.35m premises in Ireland
(2) Source: ComReg – fixed broadband download speeds

eir bringing high-speed broadband to rural Ireland

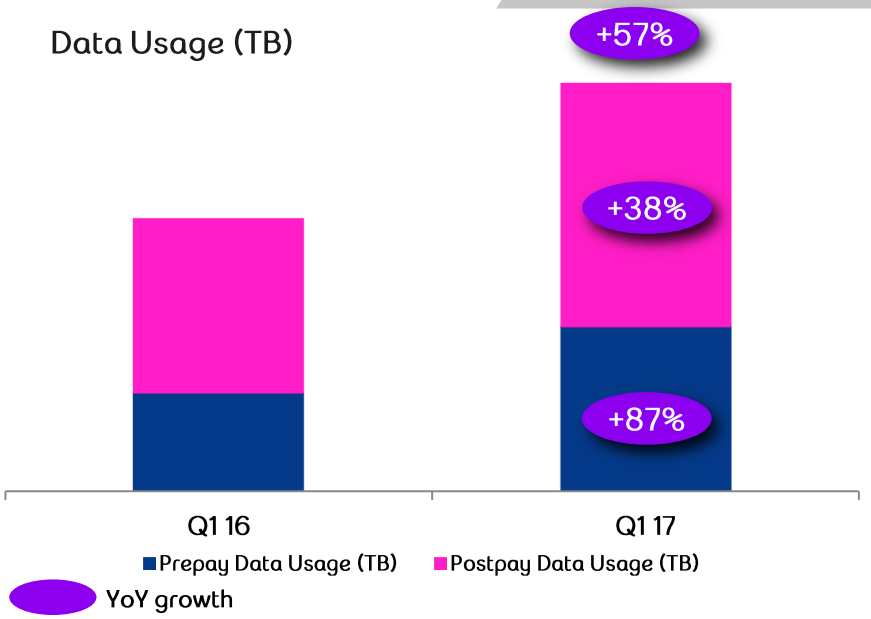
- eir commercial FTTH rollout to 300,000 premises by Dec 2018 continues at pace
- 53,000 premises already passed offering speeds of up to 1 Gb/s
- These 300,000 premises are currently within the Government National Broadband Plan (NBP) intervention footprint
- eir has qualified as a bidder and is fully engaged in the NBP process
- Highly complex project – expect contract award 2017

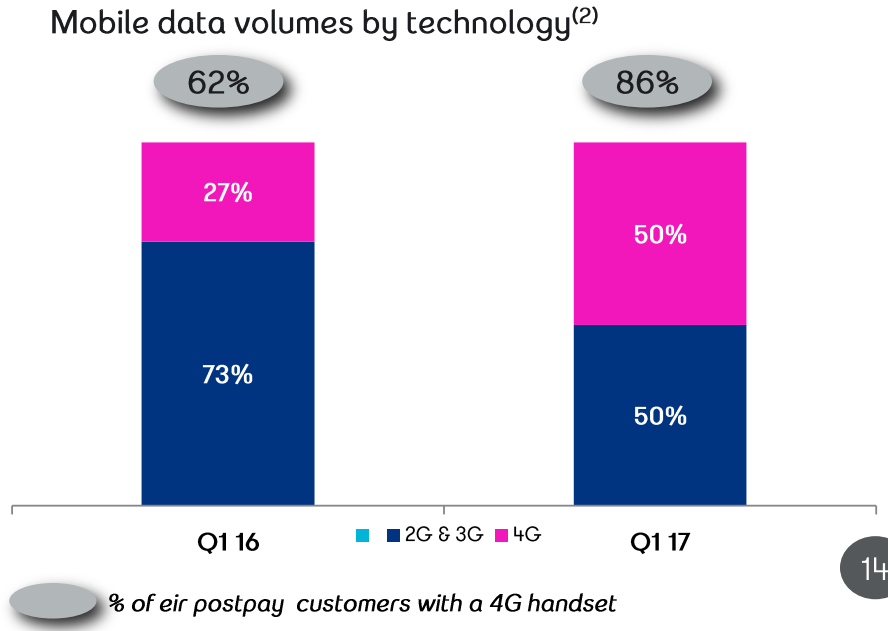
eir will pass 1.9m premises by 2018 – 81% of Irish population

Best in class network - mobile

- Extending 4G footprint driving increased data usage:
  - **95%** 4G coverage[1] ahead of original March 2017 target
- Nationwide 3G with 99% coverage network including dual carrier HSPA + coverage of 80%
- Data usage up 57% YoY driven in part by new prepay social media offers of Facebook, Twitter, Instagram and You Tube.

- **50% of mobile data generated on 4G network, up from 27% in the PY –**
  86% of eir postpay customers have a 4G handset

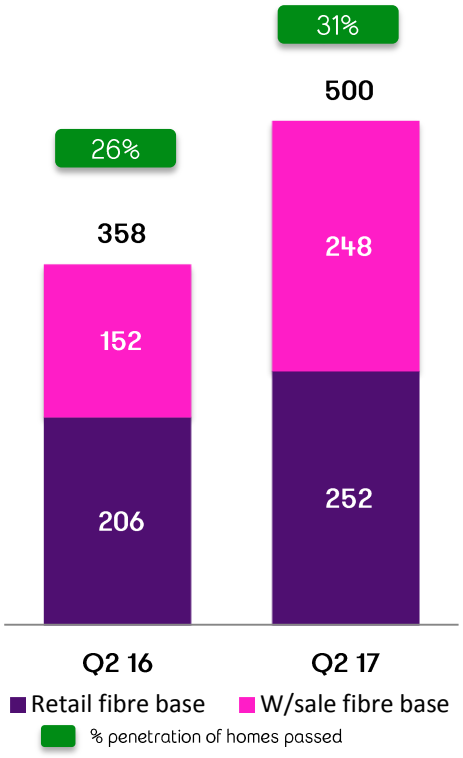




(1) Coverage refers to outdoor population coverage
(2) Source: ComReg Q3 2016 Quarterly Key data Report

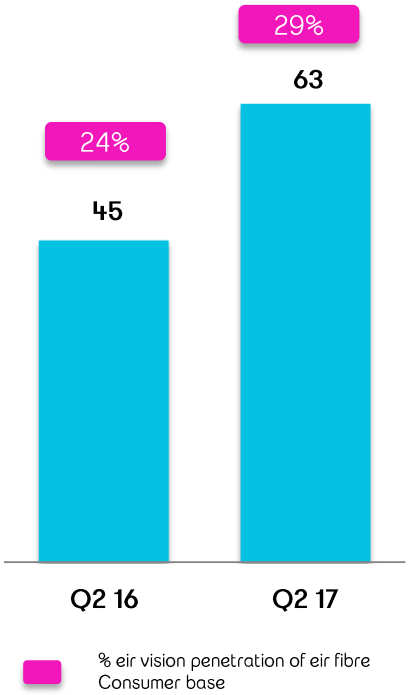
Smart growth

Group fibre base ('000)



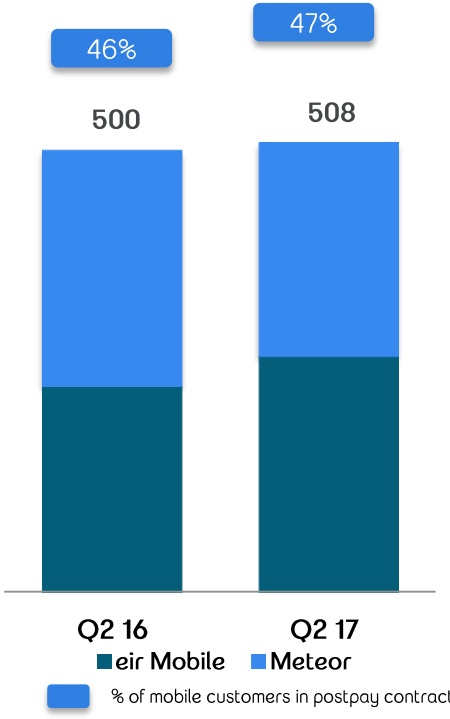
Fibre base enabling multi-product bundles

eir vision base ('000)



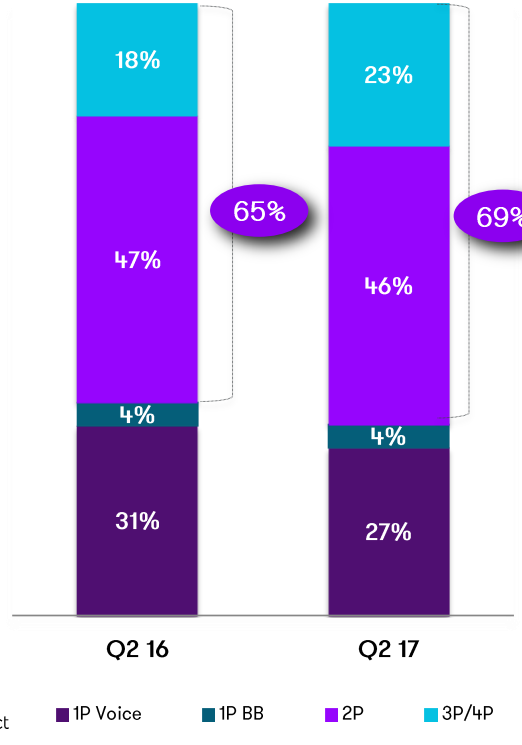
Value TV offering driving & eir sport quad play take-up

Postpay subscriptions ('000)



Increasing higher value postpay contracts & bundle penetration – 14% increase in eir mobile base

Household view[1]



69% of customers with 2P+ 2.15 RGU's per HH, up from 2.0 RGU's Q2 FY16

[1]*Represents percentage of consumer households with fixed access paths subscribing to fixed voice, fixed broadband, TV and/or bundled mobile services*

Simplicity

Product Rationalisation

Review of complex B2B products commenced

Mass market progressing to FY17 target <200

Process Simplification

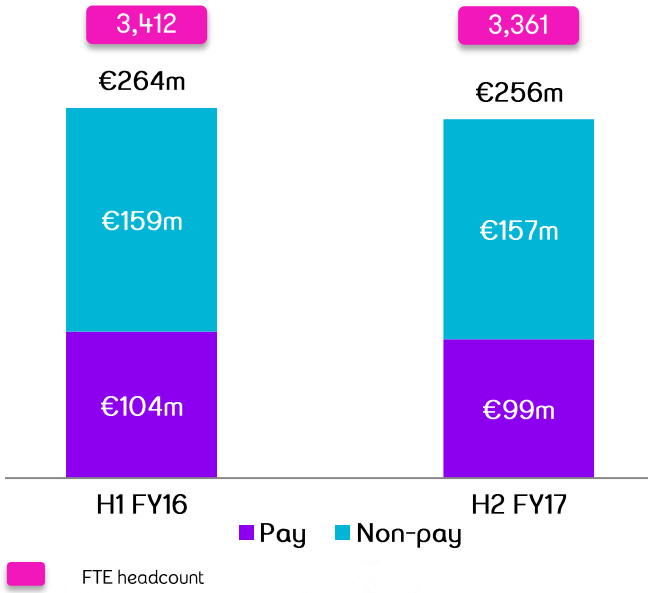
Transformation of bill to cash process has improved the customer journey, debt collection and working capital

Transformation of IT Landscape

Consolidate 6 legacy platforms to single converged platform

Mobile to move to converged platform by end of 2017

Operating costs



3% YoY

- 3% reduction in pay/non pay costs
- Pay cost savings of 5%, non pay cost savings of 2%
- On track to deliver full year savings of 4%
- AT Kearney benchmarking exercise identifies further opportunities

Cross functional simplification driving efficiency and improved customer satisfaction

Agenda

Business highlights

Economic update

Strategic priorities

Trading highlights

Business unit performance

FY17 outlook

Q&A

Trading highlights

- Maintaining underlying revenue growth - **2%** for **Q2** and for **H1**
- EBITDA growth of **4%** YoY for **Q2**/ **2%** for **H1**
- Pay/non pay cost savings of **2%** in **Q2**/ **3%** for **H1**
- MTR regulatory price reductions for full quarter
- **57%** of broadband base now on fibre
- Strong postpay performance – **47%** of base in contract
- Capex and closing cash in line with expectations

Group EBITDA – Q2 FY17

Group EBITDA – Q2 FY2017	Q2 FY17	v Prior Year Better/(Worse)	v Prior Year Better/(Worse)
	€m	€m	%
Fixed line revenue	253	8	3%
Mobile revenue	93	(1)	0%
Eliminations	(10)	1	(1%)
Underlying revenue growth before MTR/FX	**336**	**8**	**2%**
MTR/FX Adjustment	(6)	(6)	N.M
Reported revenue post MTR/FX	**330**	**2**	**0%**
Cost of sales	79	(1)	0%
Gross profit	251	1	1%
Gross Margin	76%	.1 p.p	
Pay costs	(50)	2	4%
Non pay costs	(80)	1	1%
Operating costs	(130)	3	2%
Group EBITDA	**121**	**4**	**4%**
EBITDA Margin	37%	1.1p.p	
Fixed EBITDA	109	4	3%
Fixed EBITDA Margin	*44%*	*0.3p.p*	
Mobile EBITDA	12	flat	12%
Mobile EBITDA Margin	*14%*	*2.3p.p*	

- Underlying revenue of €336m up 2% or €8m YoY
- MTR/FX impact of €6m on revenues
- Operating costs down by 2% with savings in both pay and non-pay costs
- Group EBITDA of €121m, up €4m or 4% YoY driven by growth in both fixed and mobile

[1] *Includes proportionate consolidation of Tetra Ireland at 56% for actual and prior year*
[2] *Operating costs are pay and non pay costs before non-cash pension charge and lease fair value credits*
[3] *Numbers in the above tables have been presented to the nearest million and therefore totals presented above may vary slightly from the actual arithmetic totals of such information*

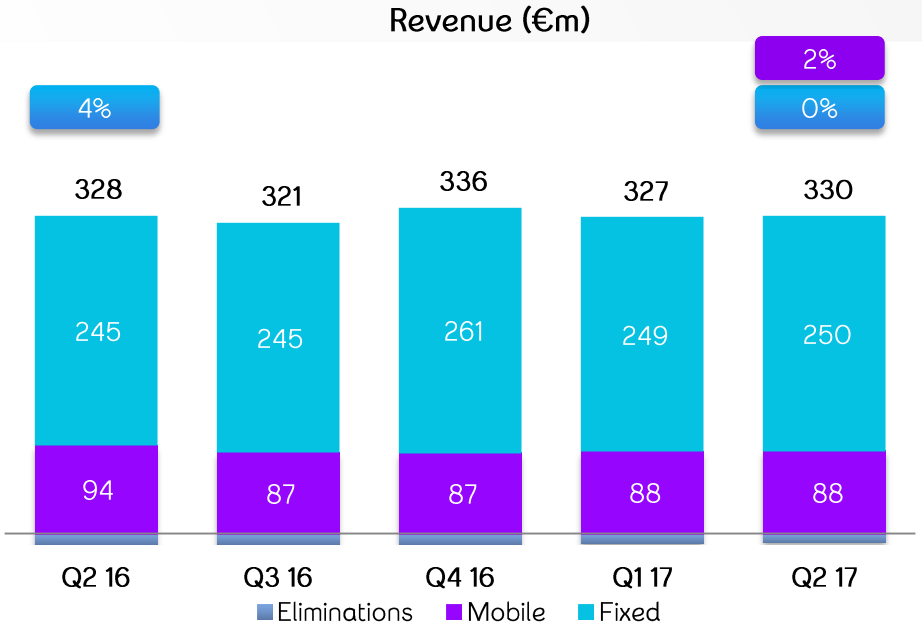
Group EBITDA – Year to date FY17

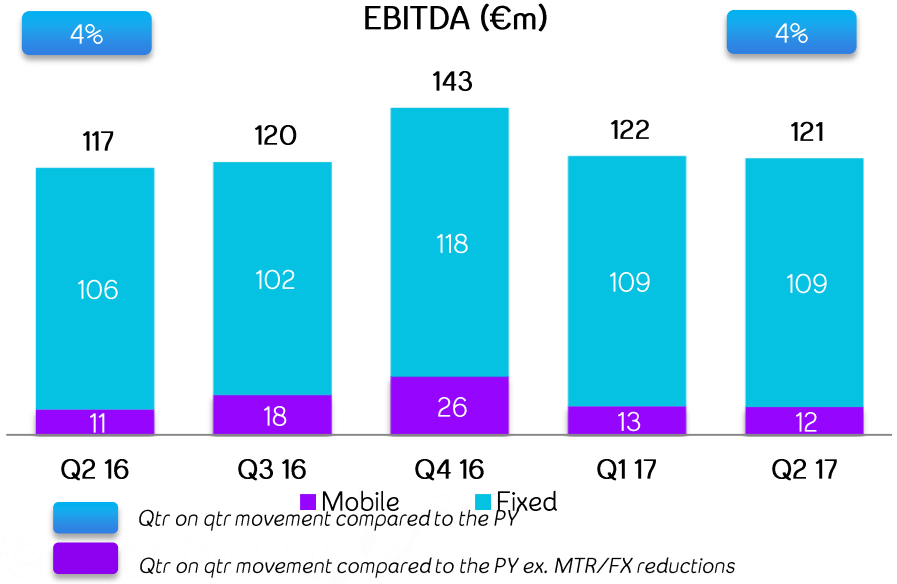
Group EBITDA – YTD FY2017	H1 FY17	v Prior Year Better/(Worse)	v Prior Year Better/(Worse)
	€m	€m	%
Fixed line revenue	504	14	3%
Mobile revenue	184	(1)	(1%)
Eliminations	(22)	0	(2%)
Underlying revenue growth before MTR/FX	**666**	**13**	**2%**
MTR/FX Adjustment	(9)	(9)	N.M
Reported revenue post MTR/FX	**657**	**4**	**1%**
Cost of sales	158	(6)	(4)%
Gross profit	499	(2)	0%
Gross Margin	76%	-0.8p.p	
Pay costs	(99)	5	5%
Non pay costs	(157)	3	2%
Operating costs	(256)	8	3%
Group EBITDA	**243**	**6**	**2%**
EBITDA Margin	37%	0.7p.p	
Fixed EBITDA	218	8	3%
Fixed EBITDA Margin	*44%*	*0.6p.p*	
Mobile EBITDA	25	(2)	(5%)
Mobile EBITDA Margin	*14%*	*flat*	

- Underlying revenue of €666m up 2% or €13m YoY
- MTR/FX impact of €9m on revenues
- Slight dilution in gross margin due to shift in product mix to managed services, TV and content
- Operating costs down by 3% with savings in both pay and non-pay costs
- Group EBITDA of €243m, up 2% YoY

[1] *Includes proportionate consolidation of Tetra Ireland at 56% for actual and prior year*
[2] *Operating costs are pay and non pay costs before non-cash pension charge and lease fair value credits*
[3] *Numbers in the above tables have been presented to the nearest million and therefore totals presented above may vary slightly from the actual arithmetic totals of such information*

Quarterly trading to December 2016 in line with expectations





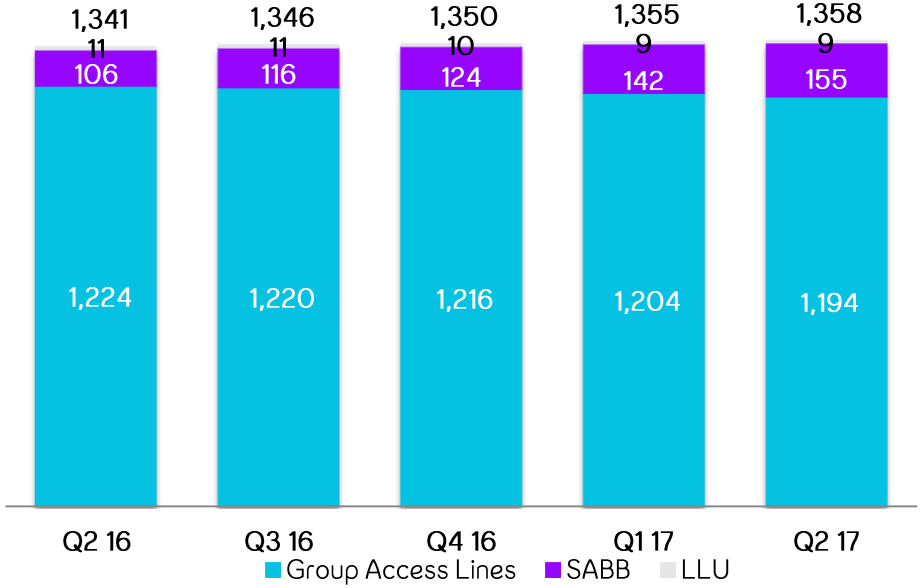
- Continued strong performance on revenues despite regulatory price reductions
- Underlying revenue growth in Q2 of €8m or 2% YoY (before MTR/FX impact)
- Bundles continue to gain traction

- 4% YoY increase in EBITDA to €121m, driven mainly by pay and non-pay cost savings
- Q2 EBITDA includes seasonal investment in customer acquisition costs
- MTR reductions EBITDA neutral at a Group level

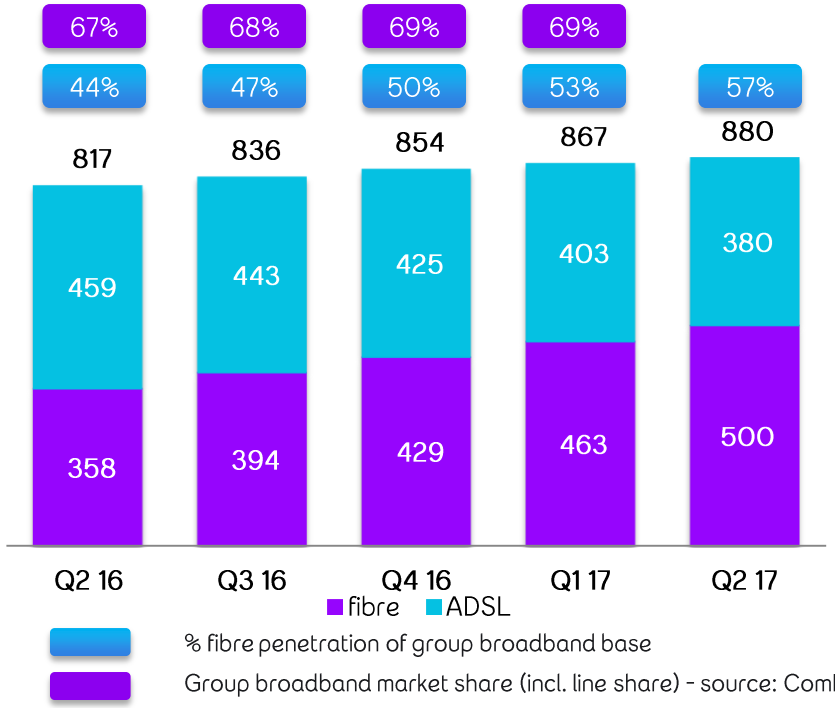
[1] *The above chart includes the proportionate consolidation of Tetra Ireland at 56% for actual and prior year*
[2] *Numbers in the above charts have been presented to the nearest million and therefore totals presented above may vary slightly from the actual arithmetic totals of such information*

Group fixed KPI's

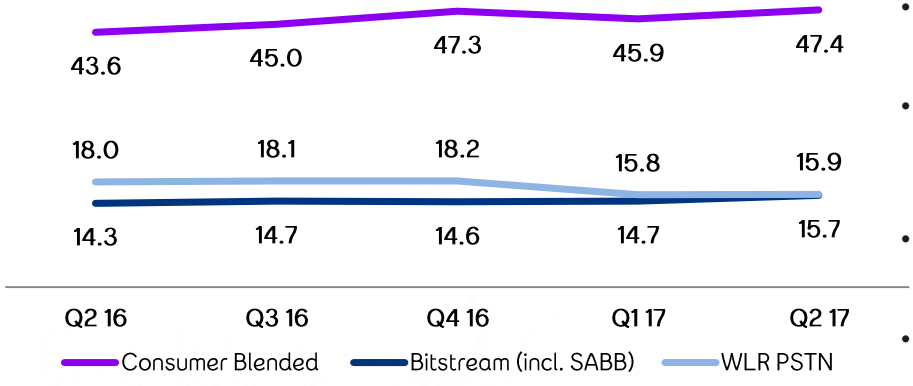
Group access paths[1] (000's)



Group broadband base[2] (000's)



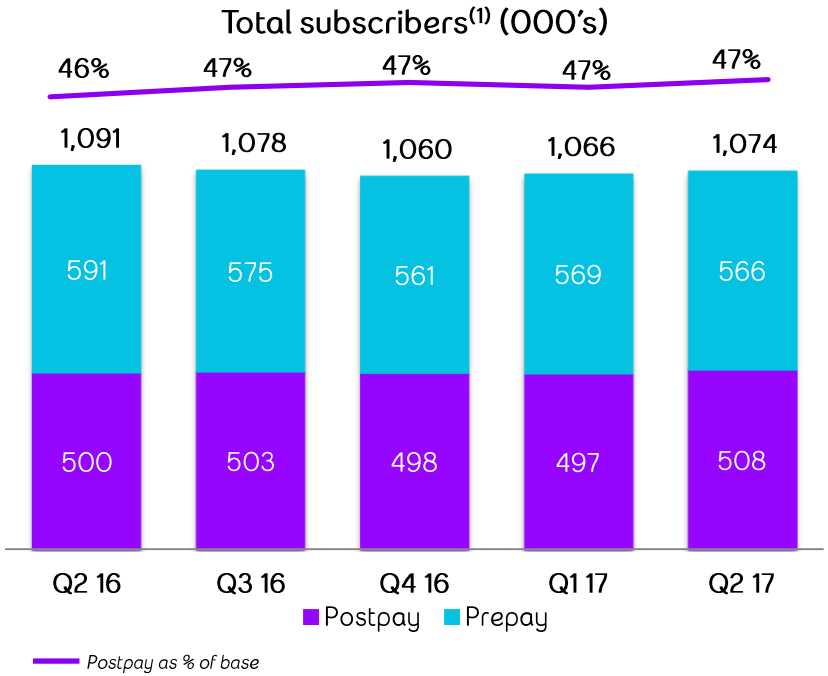
Fixed line ARPU's (€)

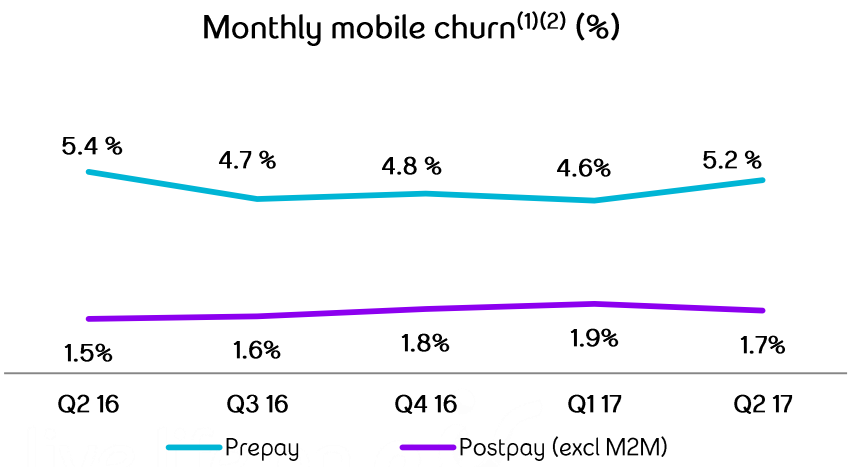


- Group access paths increased by 3,000 in Q2, mainly due to increased take up of SABB.
- Continued group broadband growth: 13,000 QoQ and 63,000 YoY; **57%** of broadband base now on fibre. Group broadband market share remains steady at **69%.**
- Consumer blended ARPU of €47.4 up 8.7% on prior year due to introduction of higher value bundles and increased RGU's
- WLR ARPU remained broadly flat in the quarter. YoY decline due to WLR regulatory price reduction implemented in Q1. Bitstream YoY increase driven mainly by NGA price change and SABB.

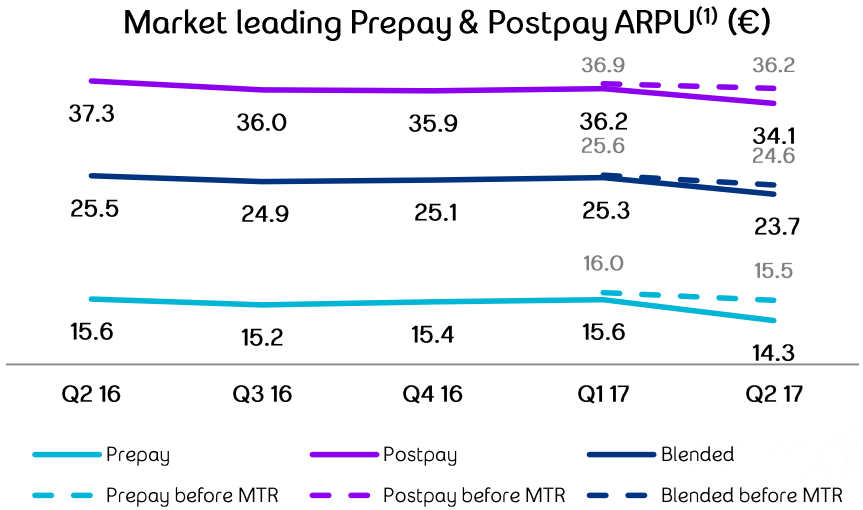
(1) Now includes SABB & LLU as access paths
(2) Excludes Line share

Group mobile KPIs





- 47% of mobile subscribers on postpay contracts, up 1 p.p YoY.
- Overall customer base increased by 8,000 driven by growth in postpay.
- Blended, postpay and prepay ARPU declined during the quarter due to MTR reductions. YoY reduction ex. MTR due to increased promotional activity and bundling to drive customer lifetime value.



(1)Includes Mobile Broadband and excludes M2M
(2)Mobile churn has been restated as a result of data cleansing carried out in Q1 FY17

Agenda

Business highlights

Economic update

Strategic priorities

Trading highlights

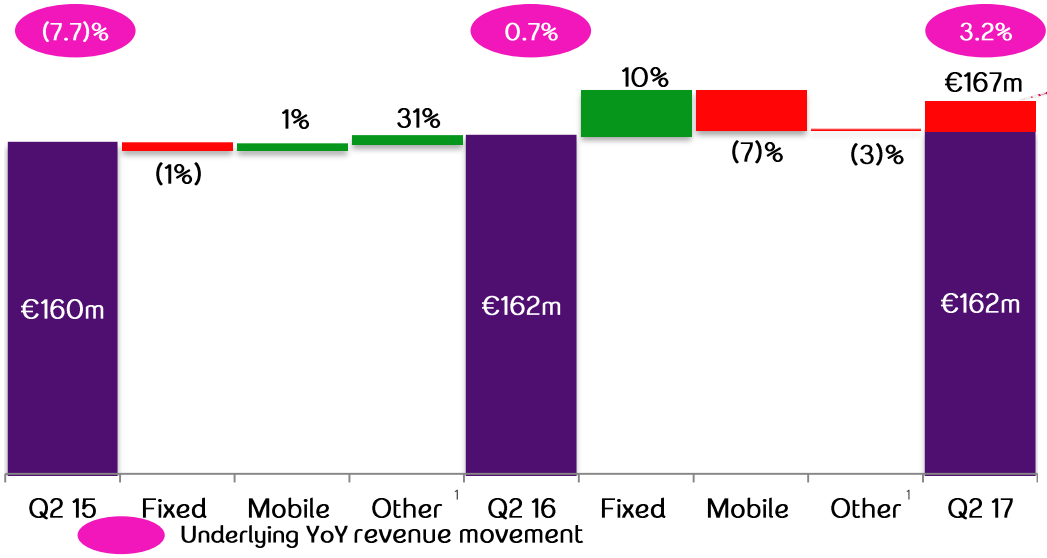
Business unit performance

FY17 outlook

Q&A

eir Consumer

Revenue movement

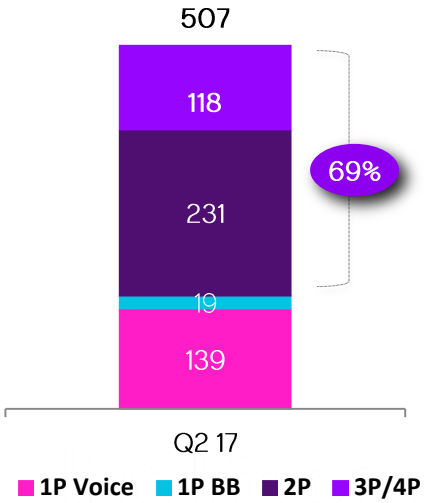


Underlying YoY revenue growth of **3.2%** mainly due to the introduction of higher value bundles including eir sport

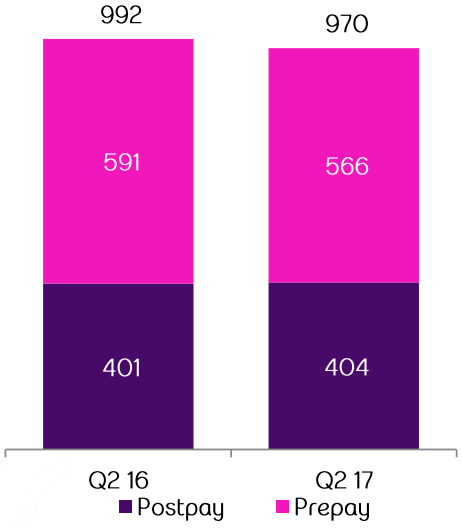
Reported revenue up 0.4%; fixed line up 10% offset by mobile mainly due to regulatory MTR rate reduction and promotional activity

Momentum of eir Sport continues to offer further value to bundle offerings – 38% of broadband base taking eir Sport

Household view[2] ('000)



Consumer mobile base[3] ('000)



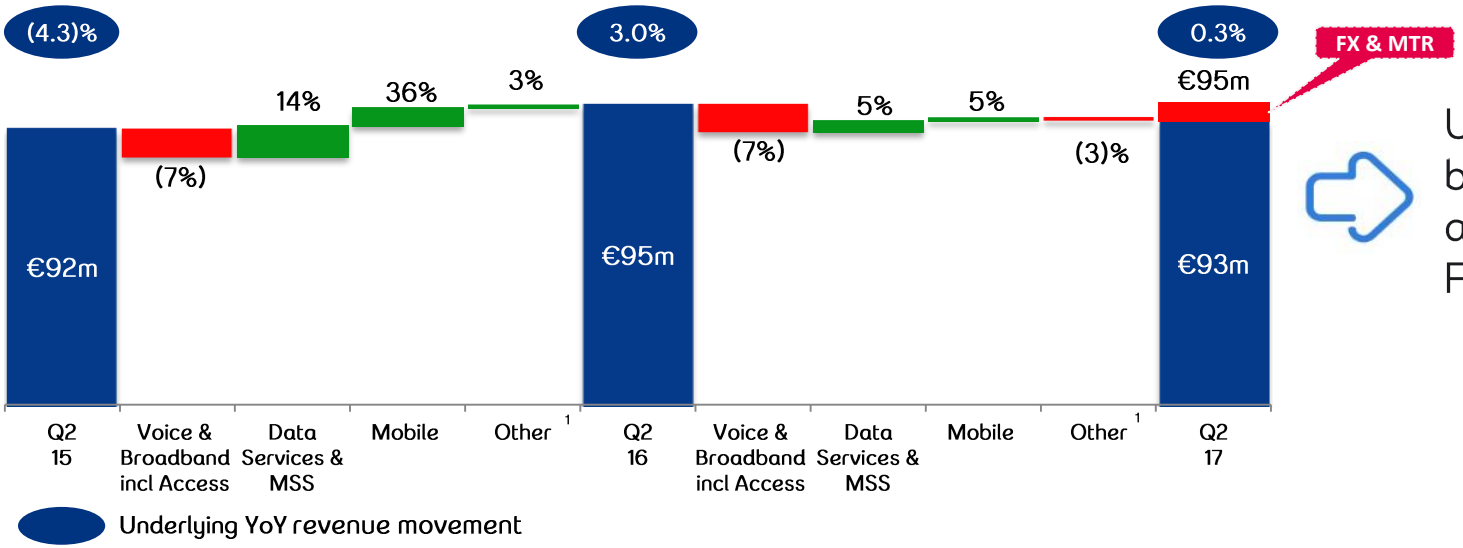
23% triple/quad penetration; up 5 p.p YoY

42% customers on postpay contract; up 2p.p YoY.

[1] *Other includes operator services, TV Income and miscellaneous customer credits*
[2] *Represents number of households with fixed access paths subscribing to fixed voice, fixed broadband, TV and/or bundled mobile services*
[3] *Includes Mobile Broadband*

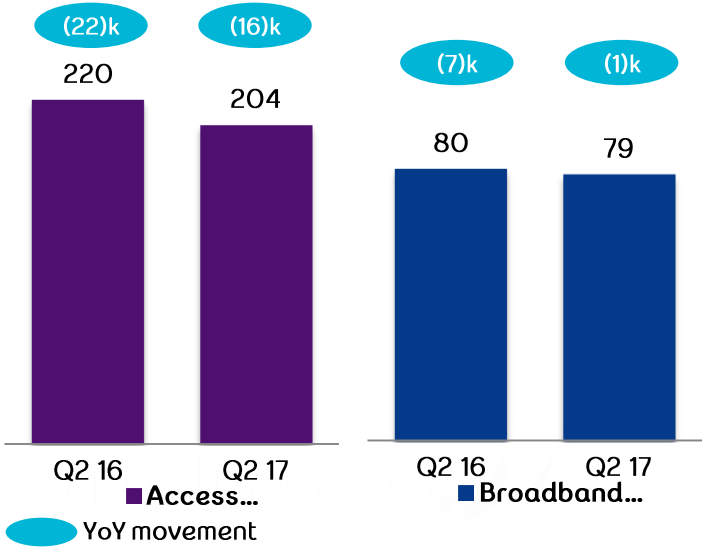
eir Business

Revenue movement

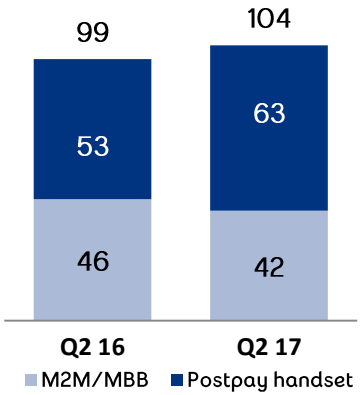


Underlying revenue broadly flat when adjusted for MTR & FX impact

eir Business fixed base ('000)



eir Business mobile base ('000)



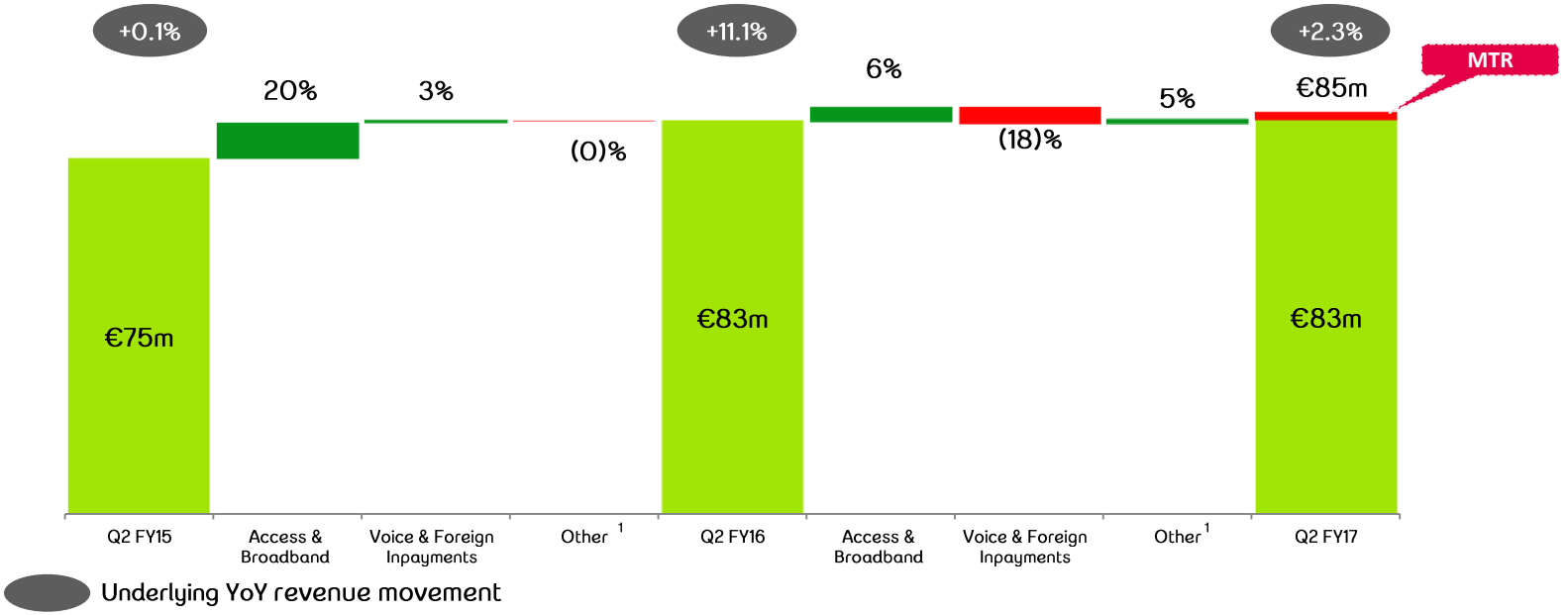
5% YoY growth in B2B mobile handset - 18% growth in Postpaid handsets

Broadband base flat QoQ - 43% of customers on fibre; up 45% YoY

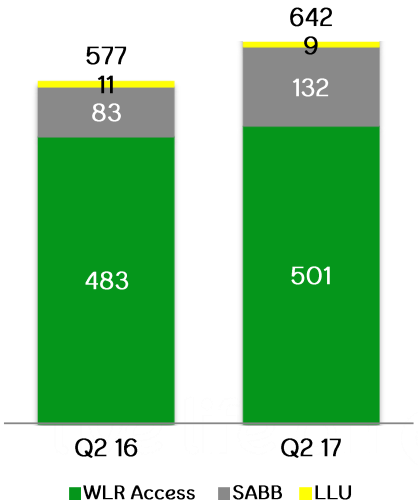
Significant reduction in rate of access losses YoY

[1] Other includes eir UK and Tetra revenues

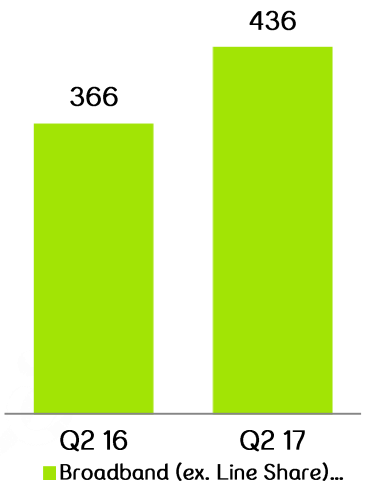
Revenue movement



Access paths '000



Bitstream '000



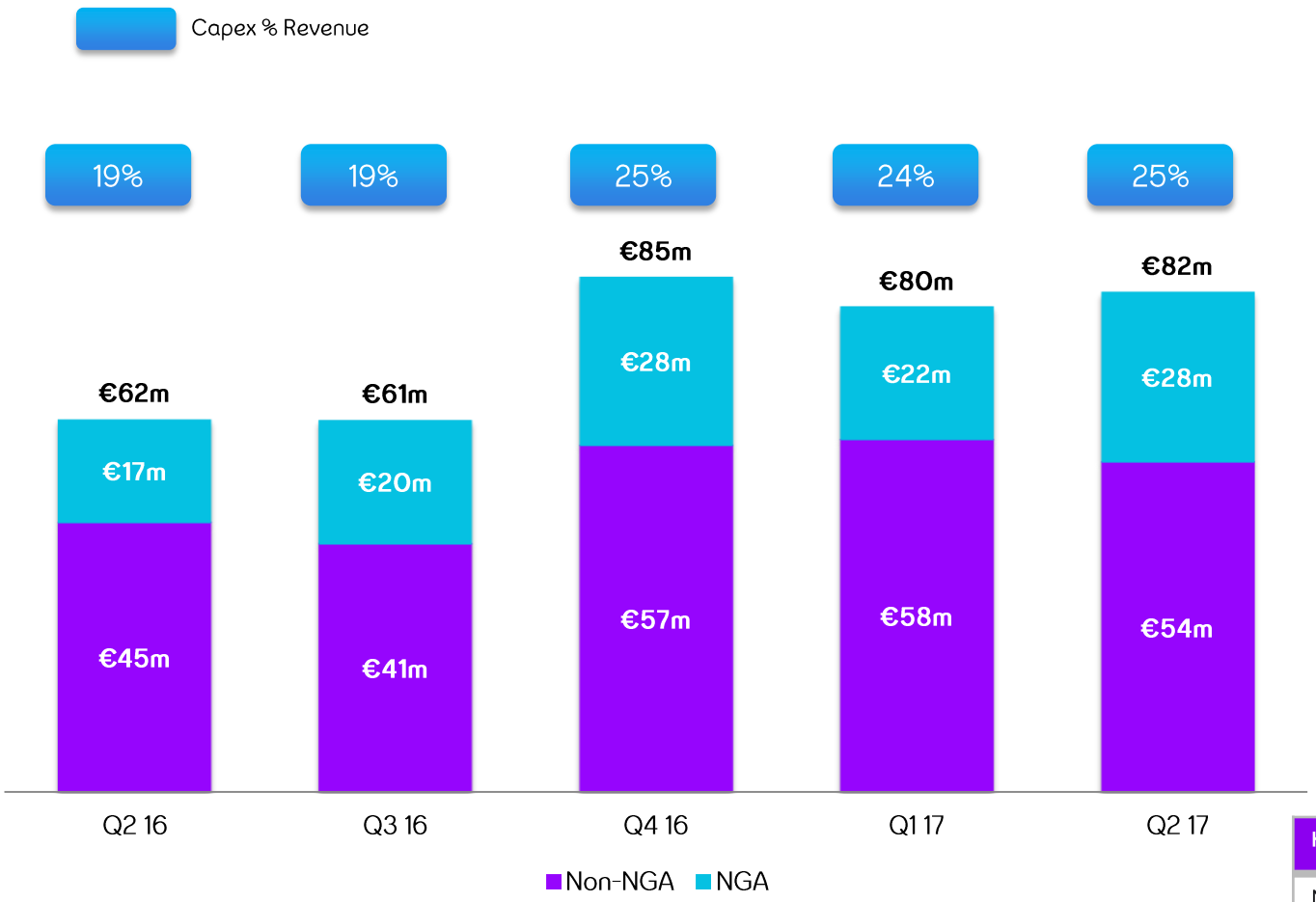
[1] *Other includes Data services, MSS and other revenue*

Underlying revenue growth of 2.3% YoY. MTR impact of c.€2m YoY

Strong growth in access and broadband revenues, up 6% YoY offset by declining voice services and MTR impact

Strong growth in access lines, broadband base and SABB

Capex investment continues to drive long-term growth



Continued investment in FTTC and FTTH 300k rural rollout - 53k premises passed

4G rollout nearly completion ahead of target

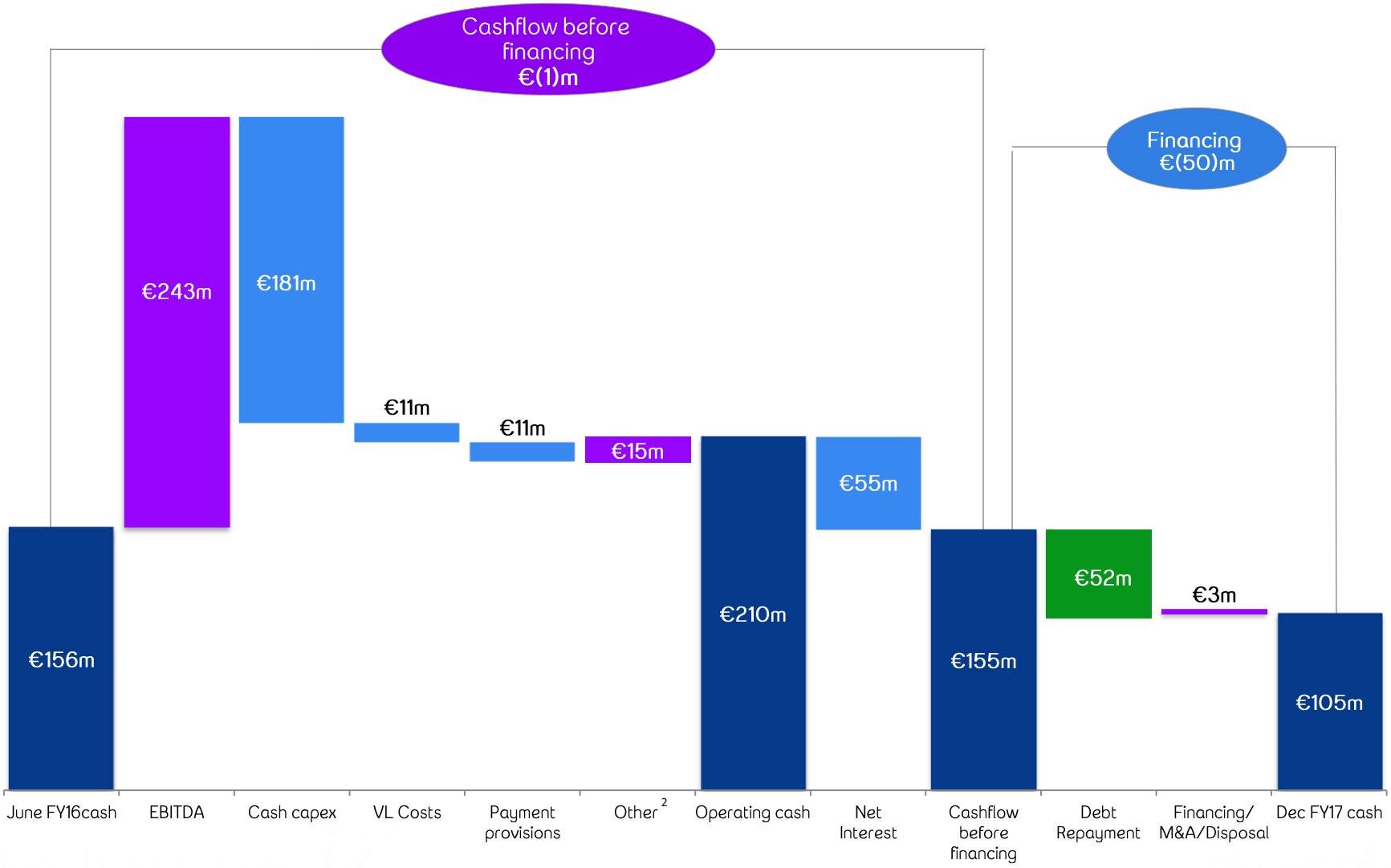
Increased spend on IT driven by eir sport/TV and convergence programme

KPI's	Q2 16	Q2 17
NGA % of Irish premises passed	58%	68%
Fibre penetration	26%	31%
4G coverage	67%	95%

Table represents incurred capex
Capex excludes investments in acquired intangibles pertaining to eir sport

Strong liquidity despite large capex investment

H1 2017 cash movement



Notes:
[1] *Includes eircom share of Tetra cash*
[2] *Other includes working capital movements*

Improved Capital Structure

Capital structure

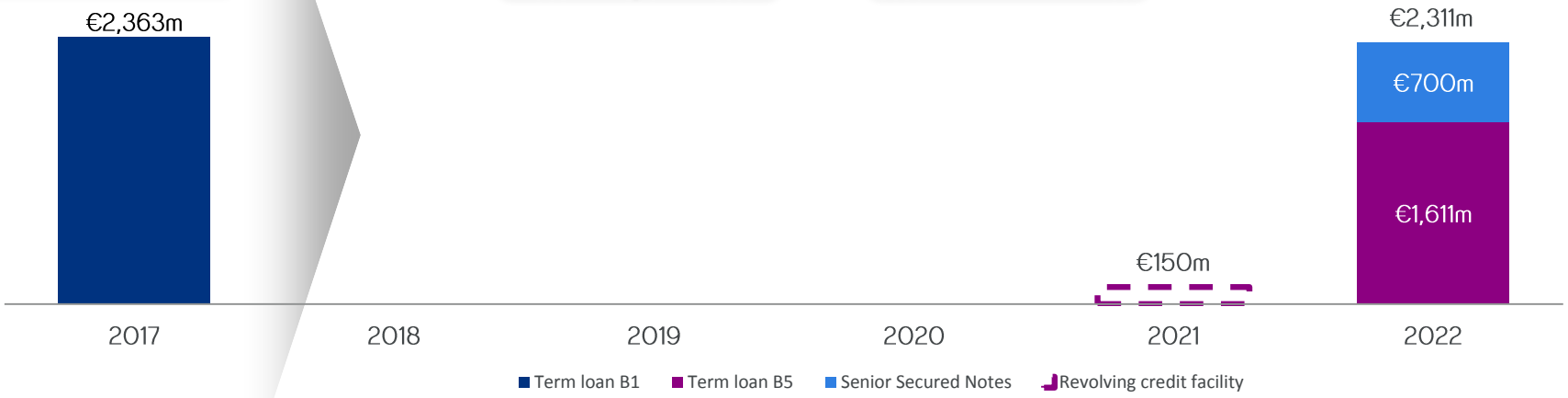
As at Mar '13

Ratings[1]
Moody's: Caa1, stable
Fitch: B-, negative
S&P: B, stable

As at Dec '16 – reduced cost of debt, diversified sources, extended maturity of 5.5 years, no PIK, RCF, positive outlook

Ratings[1]
Moody's: B2, **positive**
Fitch: B, **positive**
S&P: B, **positive**

Average cost of debt now **4.15%** [2] – down from 5.2%



Dec 16 €m	Balance	x LTM EBITDA	Pricing	Maturity
Term loan B5	1,611	3.2x	E + 4%	May-22
Senior Secured Notes	700	1.4x	4.5%	May-22
Gross debt	**2,311**	4.6x		
Cash	(105)	(0.2)x		
Net debt	**2,206**	4.4x		
LTM EBITDA: Dec '16	506			
Available RCF – undrawn	150		E + 3.5%	May-21

- Increased flexibility and reduced cost of debt post refinancing
- **€27 million** in annual interest savings as a result of bond refinancing, SFA reprice from E+ 4.5% to 4%, and €52 million debt repayment

[1] *Corporate family rating*
[2] *Excluding swap agreements and RCF*

Agenda

Business highlights

Economic update

Strategic priorities

Trading highlights

Business unit performance

FY17 outlook

Q&A

On track to achieve FY17 outlook

EBITDA	Low single digit growth
Capex	Between 19% and 22% of revenue
Cashflow	Continued YoY growth[1]

[1] *Excludes cash impacts arising from any refinancing or M&A activities*

Q & A

Thank You

eir.ie