eir Q4 & Full Year 2018 Results Presentation

Hosted by:

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Stephen Tighe – Chief Financial Officer

04 September 2018

let's make possible...

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Business Highlights

Trading Highlights

Outlook for FY19

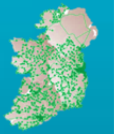
Q&A

FY18 Year in Review

Q1 Jul – Sep 2017

Meteor rebrand to eir supporting convergence strategy

72% of Irish premises passed with super fast fibre, or 1.7m homes and businesses



152,000 premises passed with FTTH - one third of rural roll out delivered

Q2 Oct – Dec 2017

NJJ-led consortium agree to acquire majority stake in eir

Over 170k FTTH premises passed, 130k of rural rollout delivered

19% year on year increase of fibre customers, to 595,000

Exit from NBP Programme

Q3 Jan – Mar 2018

Completion of NJJ-led acquisition in April 2018

Announcement of new management team, appointment of Carolan Lennon as new CEO

Over 200,000 FTTH premises passed

Rural FTTH rollout progressing with over 160k premises passed

More than half of mobile customers now on postpay

Q4 Apr - Jun 2018

Annual EBITDA growth of 2% year on year to €531m before storm costs

242,000 FTTH premises passed, with 195k of rural 300k rollout complete

76% of Irish premises now passed with fibre

Pro 14 Rugby broadcasting rights secured by eir Sport

Launch of voluntary redundancy scheme to drive cost reduction, headcount decrease of approximately 25%

Business Highlights

Financial

- **FY18 EBITDA €531m** [1]

↑ 2% YoY

- EBITDA growth of €11m YoY [1]

- **FY18 Revenue €1,270m**

↓ 2% YoY

- Underlying revenue decline of €24m YoY [2]

Operational

- **635,000 Fibre Customers**

↑ 15% YoY

  - 84,000 additional connections YoY
  - 36% penetration of fibre premises passed

- **Multi-Play Bundles**

↑ 4p.p YoY

  - 29% of households on 3P+ bundles
  - Over 255,000 eir sport customers, 52% of consumer broadband base

- **543,000 Postpay Subs**

↑ 6% YoY

  - 52% of customers on postpay

Market backdrop remains competitive

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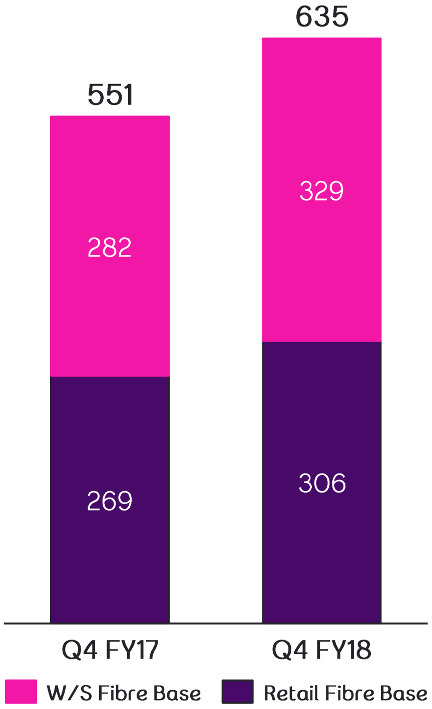
[1] Before storm costs of €3m due to Storm Ophelia.

[2] Excludes YoY MTR variance of €5m

Strong growth across all key performance indicators

Group Fibre Base

('000)



Fibre base enabling multi-product bundles

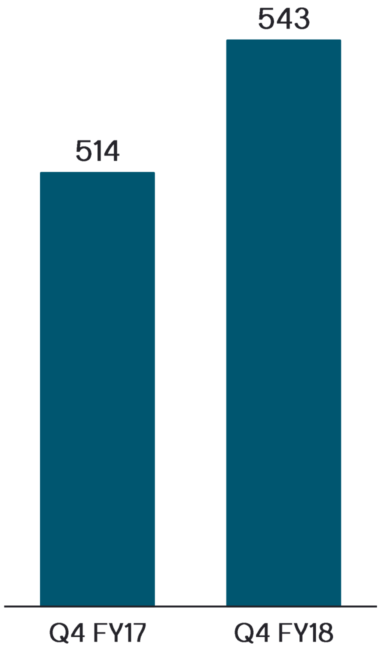
eir Vision Base

('000)

Value TV offering & eir sport supporting bundling and convergence

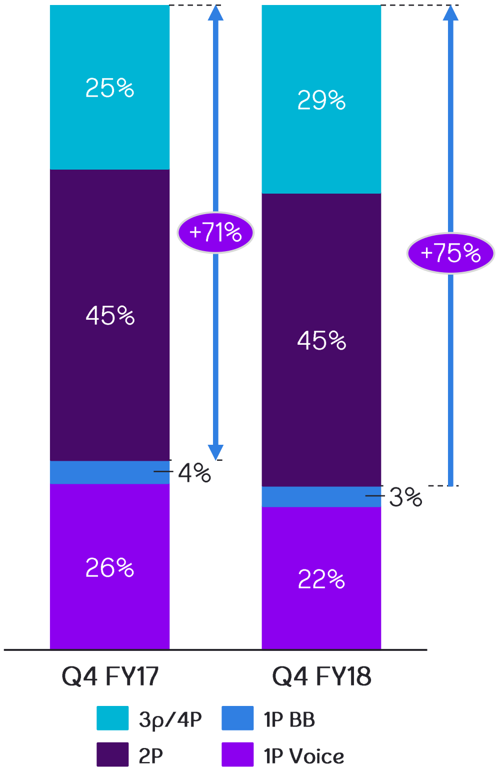
Postpay Subscriptions

('000)



Increasing higher value postpay contracts & bundle penetration

Household View [1]



75% of customers with 2P or more 2.31 RGUs per HH in Q4'18, up from 2.19RGU's Q4'17

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

eir strategy

How we will become the best broadband and mobile provider in Ireland

Insourcing of Customer-Facing Functions

- Bringing key customer engagement activities back in house to improve our customer experience

Network Investment

- Investment in urban FTTH network technology to regain urban market share, and further mobile network investment to drive mobile market share

Cash Flow Generation

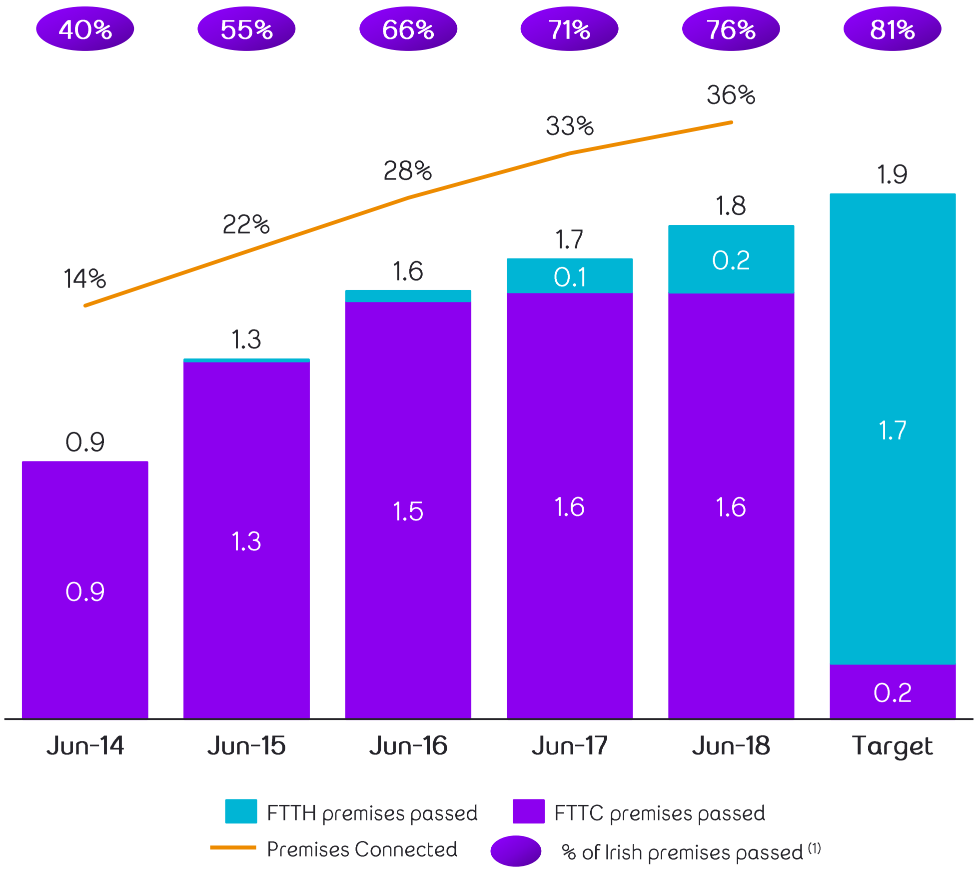
- Increased free cash flow generation through simplification, streamlining and cost reductions

Capital Investment

- €1 billion capital investment programme over five years to become the best broadband and network provider in Ireland and drive market share gains

Delivering the best broadband experience

eir Fibre Footprint ('000)



- Current fibre rollout passing **76%** (1) of Irish premises & connecting **36%** of premises passed
- Over **242,000** FTTH premises passed, approx. **195,000** of FTTH rural rollout complete at year end
- Continuing FTTH rollout to a further **1.4m** urban homes and businesses over 5 years

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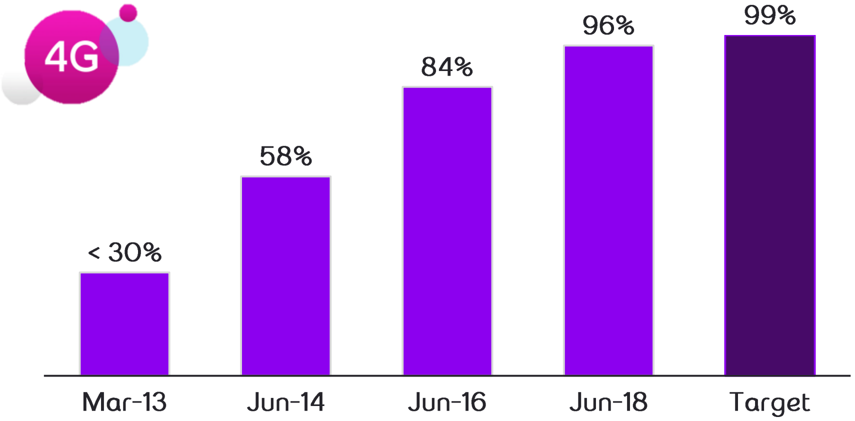
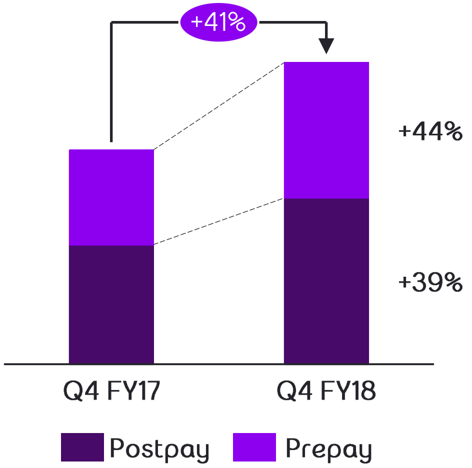
(1) Assumes total of 2.35m Irish premises.

Transforming our mobile network experience

4G Population Coverage (1)



Mobile Data Usage Growth – eir Network



- Further significant investment in our mobile network over the next 2 years to deliver the best mobile network experience in Ireland
- Investment will grow our network with **100's** of new sites focussed on enhancing our high speed data experience throughout Ireland
- Continue our innovation to enable seamless voice mobility on the eir network
- 5G service will be a reality in 2019
- Investment to meet increase in demand for data - data traffic growth of **41%** YoY in Q4 2018

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(1) 4G coverage refers to outdoor population coverage.

Simplification to deliver further savings

ACTIONS

1. Product Streamlining

Product pruning and simplification, coupled with exciting new propositions and competitive pricing for our customers

2. Investing in IT

Planning, design and build of new customised IT stack to deliver significant savings

3. Process Simplification

Removing redundant processes and reorganising structures to support headcount reductions

SAVINGS

A. Staff Reductions

- Fewer products are easier to market, cheaper to support with IT systems, and require less admin and IT support
- Simpler processes mean fewer administrators/managers and more doers
- Voluntary redundancy of c. 25% of staff

B. Non-Pay Cost Savings

- External advisors and consultants cut, every vendor challenged
- Direct media buying, independent production and creative agencies
- HQ relocation

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Full Year 2018

EBITDA growth of **2%** YoY (1)

Underlying revenue reduction of **2%** YoY (2)

Pay and Non-Pay cost savings of **4%** or **€21m** YoY (1)

Encouraging KPI growth:

- **27,000** YoY growth in broadband
- **69%** of broadband base on fibre
- **52%** of mobile base on postpay

CapEx spend of **€300m / 24%** of revenue (3)

- Continued FTTH rollout, 195,000 rural homes passed

Closing cash of **€203m** in Q4 2018, increasing by **€75m** from Q3 2018

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(1) Figures quoted before €3m storm costs relating to Storm Ophelia.
(2) Underlying revenue variance excludes €5m MTR impact for FY18.
(3) Incurred Capex excludes the capitalisation of non-cash pension charges and spectrum.

Group Revenue & EBITDA

Full Year and Q4 2018

Group Revenue & EBITDA	FY18	v Prior Year Better/(Worse)[1]	Q4'18	v Prior Year Better/ (Worse)
	€m	%	€m	%
Fixed Line Revenue	965	(3%)	241	(3%)
Mobile Revenue	338	1%	82	(2%)
Eliminations	(33)	-	(8)	(5%)
Total Revenue	**1,270**	**(2%)**	**315**	**(2%)**
Cost of Sales	(270)	8%	(61)	7%
Gross Profit	**1,000**	**(1%)**	**254**	**(1%)**
Gross Margin %	*79%*	*1p.p*	*81%*	*1p.p*
Pay Costs	(183)	4%	(44)	(2%)
Non-Pay Costs	(286)	5%	(66)	3%
Operating Costs (2)	**(469)**	**4%**	**(110)**	**1%**
Group EBITDA (before storm costs)	**531**	**2%**	**144**	**(1%)**
Storm Costs	(3)	N.M	-	-
Group EBITDA (after storm costs)	**528**	**2%**	**144**	**(1%)**
EBITDA Margin %	*42%*	*1.6p.p*	*46%*	*0.7p.p*
Fixed EBITDA	**443**	**(2%)**	**114**	**(7%)**
Fixed EBITDA Margin %	*46%*	*0.4p.p*	*47%*	*(2p.p)*
Mobile EBITDA	**85**	**25%**	**30**	**28%**
Mobile EBITDA Margin %	*25%*	*5.2p.p*	*37%*	*8.7p.p*

- **EBITDA** up 2% YoY or €11m before storm costs in FY18, down 1% YoY or €2m in Q4'18
- **Revenue** down 2% YoY for both FY18 and Q4'18
- **Growth in mobile** (excl. MTR), **TV and bundling,** offset by lower access lines, traffic usage, and low margin eir business revenues
- **Gross margin percentage** up 1p.p YoY for both FY18 and Q4'18
- **Operating costs** (2) reduced by 4% in FY18 and 1% in Q4'18, with savings in both pay and non-pay costs

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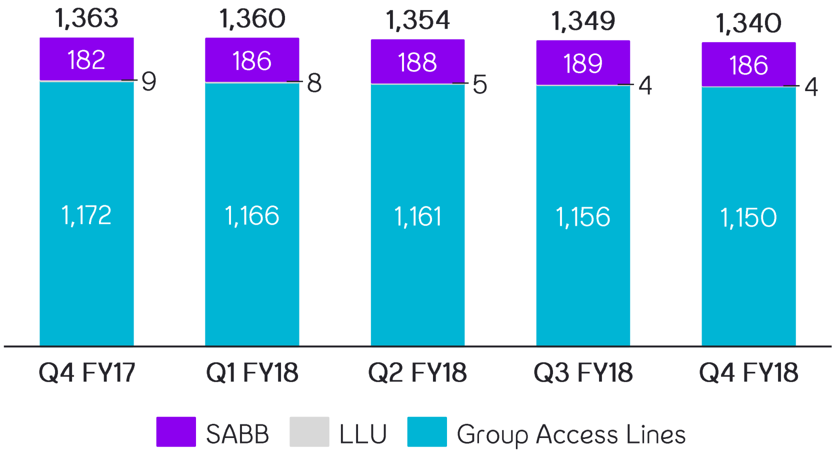
(1) Variance excludes fixed and mobile MTR adjustment of €5m for FY18.
(2) Operating costs are stated before non-cash pension charge, fair value lease credits and exceptional storm costs of €3m incurred in Q2 FY18.
(3) The above table includes proportionate consolidation of Tetra Ireland at 56% for actual and prior year.
(4) 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 Fixed KPIs

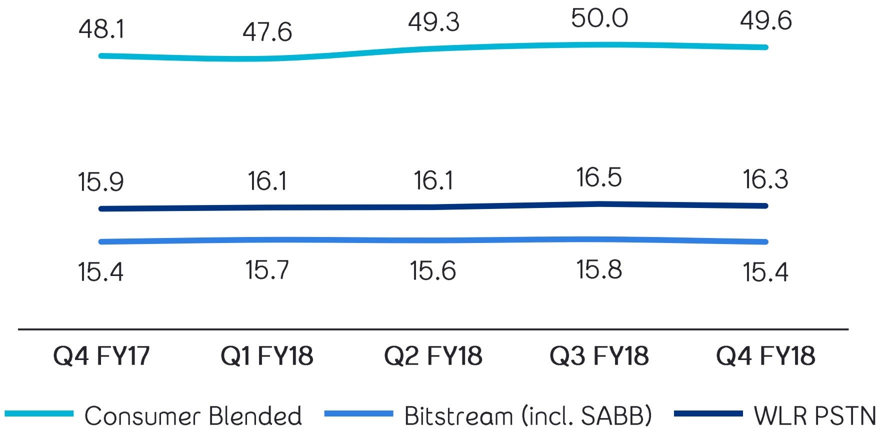
Expansion in broadband continues

Group Access Paths [1] ('000)

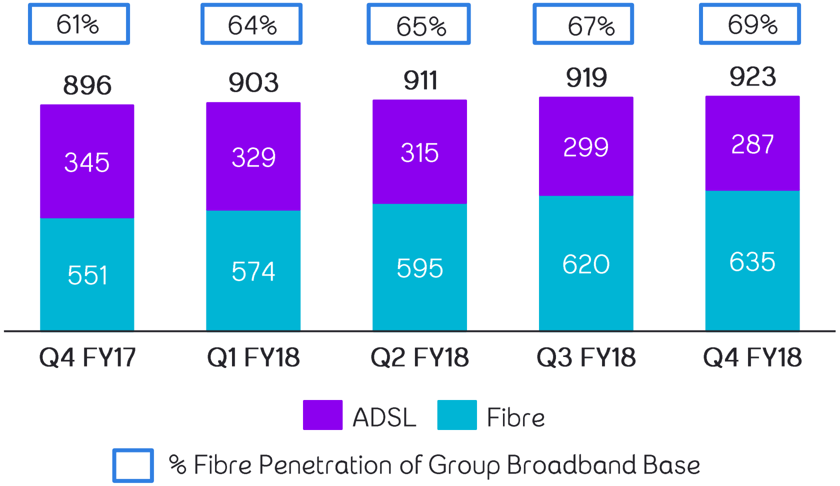


- Group access paths of **1.34m** at end of Q4 in decline due to traditional access line losses
- Continued growth in group broadband: **27,000** YoY; **69%** of broadband base on fibre
- Consumer blended ARPU of €49.6 **up 3%** YoY
- WLR ARPU broadly stable, Bitstream ARPU impacted by usage credits

Fixed Line ARPUs [1] [3] (€)



Group Broadband Base [2] ('000)



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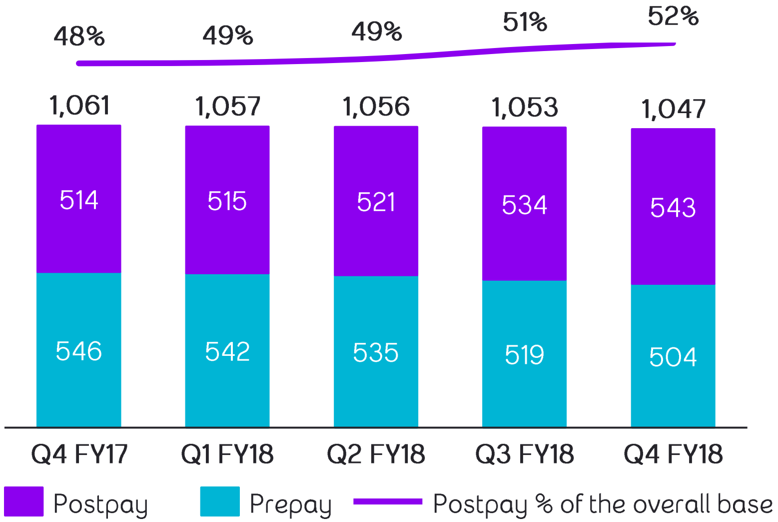
[1] SABB restated in FY 2017 to include 2P SABB and business SABB.
[2] Excludes Line Share / LLU.
[3] Bitstream ARPU in Q4 FY17 excludes a one off retrospective credit applied to operators.

Group Mobile KPIs

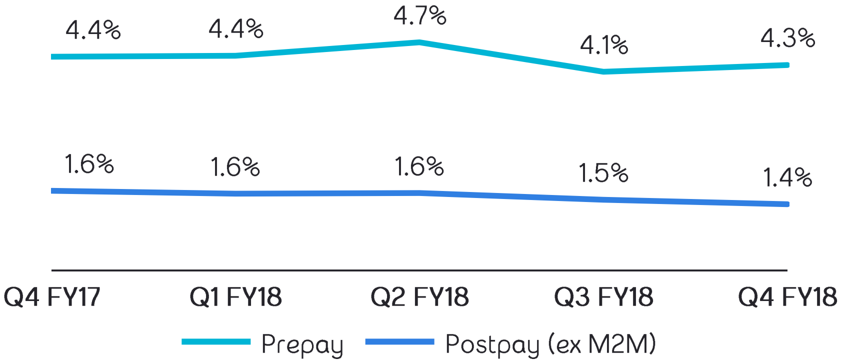
Improving mix of mobile customers

Total Subscribers (1) ('000)

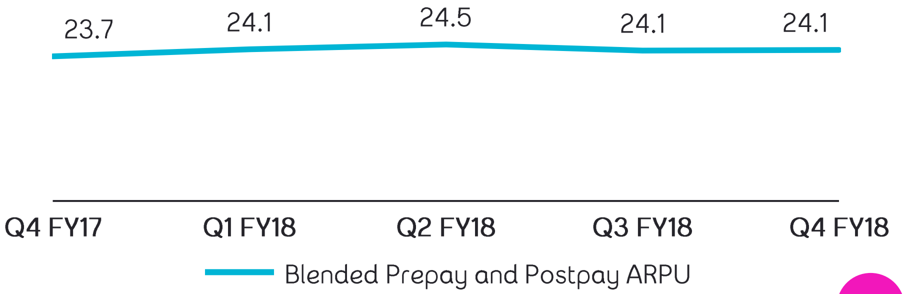


- **52%** of mobile subscribers now on postpay, **up 4 p.p** YoY
- Postpay mix continues to improve - growth of **29,000** YoY for the year
- YoY **churn improvements** driven by changes in market dynamics and bundling propositions
- Blended ARPU **up 2%** YoY driven by change in prepay top up terms

Monthly Mobile Churn (2) (%)



Blended Mobile ARPU (1) (€)

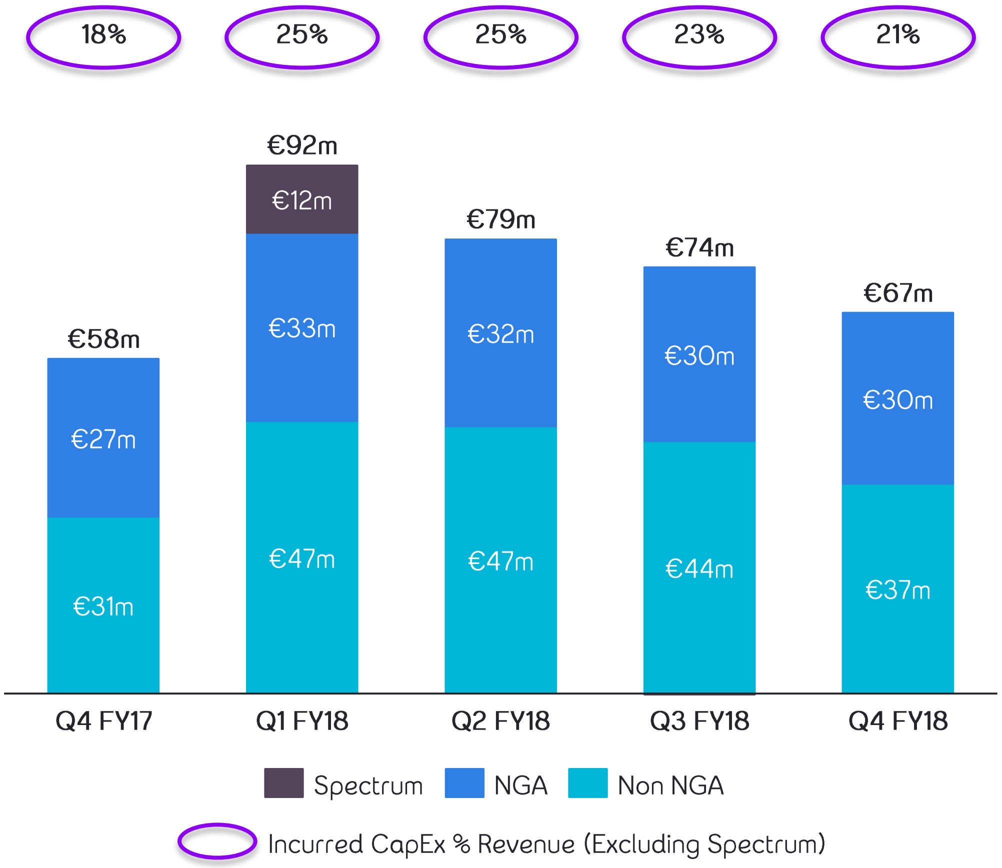


[1] Includes Mobile Broadband and M2M.

[2] Churn rate is the three month average for each quarter.

CapEx investment continues to drive long term growth

CapEx Investment



- CapEx of **€67m / 21%** of revenue in Q4 2018
- **1.8m** premises passed with fibre – **76%** of Irish premises
- Fibre investment continues with focus on FTTH – **c.242,000** premises passed, of which over **195,000** relate to rural rollout
- **96%** 4G population coverage
- **Investment in IT** to upgrade and enhance equipment and systems

KPIs	Q4'17	Q4'18
% of Irish premises passed with fibre	71%	76%
Fibre penetration	33%	36%
4G coverage	96%	96%
FTTH rollout	118,000	242,000
Fibre connections	551,000	635,000

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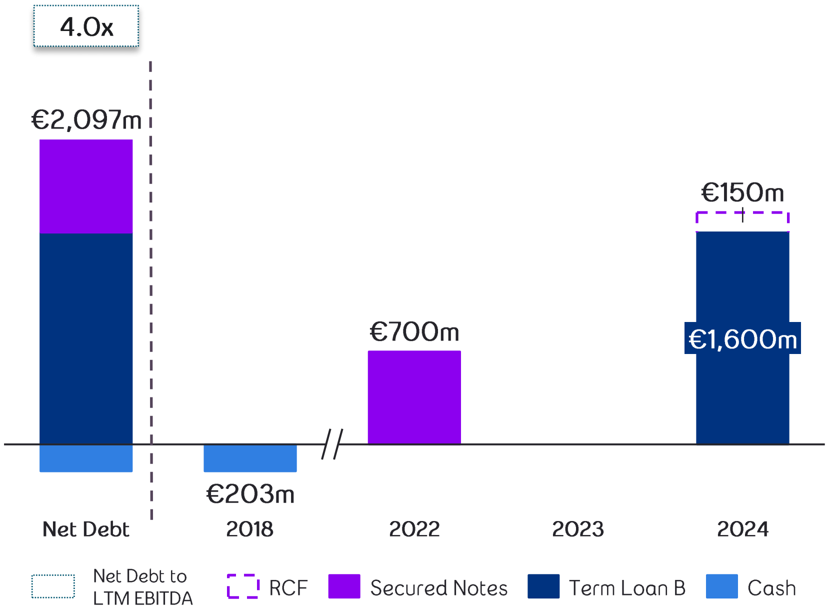
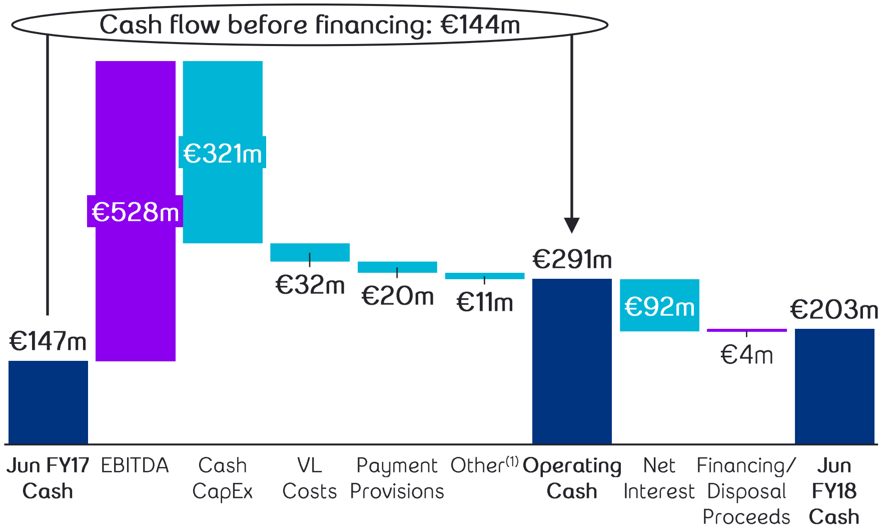
[1] Table represents Incurred CapEx.
[2] Non cash pension charges now excluded.

Capital structure

Net Debt Profile – June 18



Cash Profile – June 18



- Long dated debt maturity with average cost of debt of 3.63% (2)
- €150m RCF (undrawn)
- Ratings – B1, B+, B+ (stable outlook) by Moody's, S&P & Fitch respectively
- Improving leverage trajectory, expected ratio under 4 times next year

- Cash on Balance Sheet of €203m for FY18, up €56 million YoY and €75m since Q3'18 (3)
- Cash flow before financing of €144m
- Other includes exceptional costs, working capital and corporation tax payments

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[1] 'Other' cash flow movements include working capital movements, exceptional costs, and corporation tax payments.
[2] Excluding swaps and RCF.
[3] Cash on balance sheet includes eir's group share of Tetra cash.

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Outlook for FY19

EBITDA	Single digit growth
Capex	Between 21% and 23% of revenue
Cash flow	Significant YoY growth (1)

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(1) Excludes cash impacts arising from any refinancing or M&A activities.

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eir Q4 and Full Year 2018
Results Presentation

Carolan Lennon – CEO
Stephen Tighe – CFO

Thank You

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