

eir Group Results

for the second quarter FY19

27 February 2019



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1. Business highlights

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3. FY19 outlook

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Business highlights



Financial

Q2 EBITDA
€141 million

 **15%** YoY

- EBITDA growth of €19m YoY

Q2 Revenue
€322 million

 **0%** YoY

- Revenue stable YoY

Operational

670,000 fibre customers

 **13%** YoY

- 75,000 connections YoY
- 79% of Irish premises passed with fibre

Multi-play bundles

 **4 p.p.** YoY

- 31% of fixed households on 3P+ bundles
- 297k eir sport customers, up 24% YoY
- 56% of consumer broadband base availing of eir sport

557,000 postpay subs

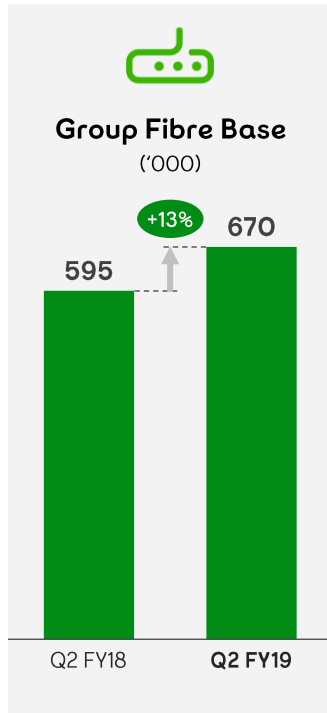
 **7%** YoY

- 53% of customers now on postpay

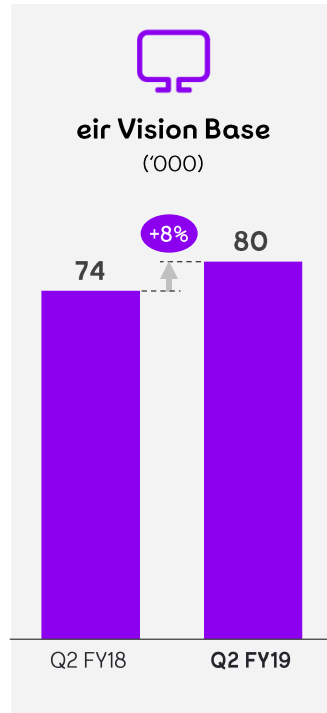
Key Developments

- Commencement of €150 million mobile network upgrade
- Rural FTTH rollout now passed over 246k homes and businesses with super-fast broadband
- Voluntary leave programme successfully implemented, achieving targeted cost savings
- Insourcing of customer care, sales, and other functions nearing completion

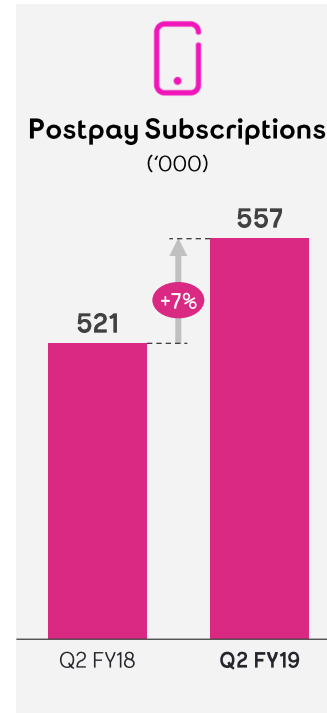
Operational KPIs | Solid growth across the board



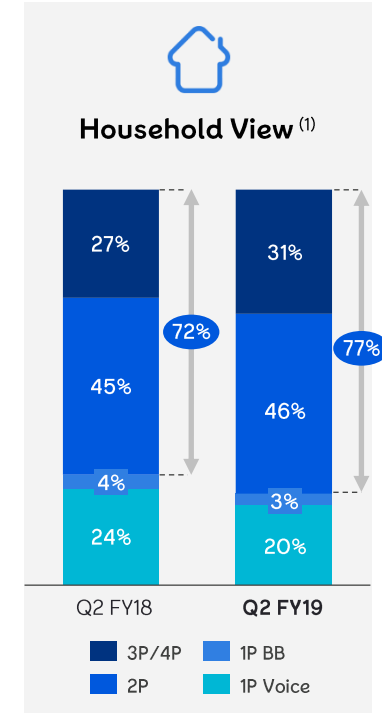
Fibre base enabling multi-product bundles



Value TV offering & eir sport supporting bundling and convergence



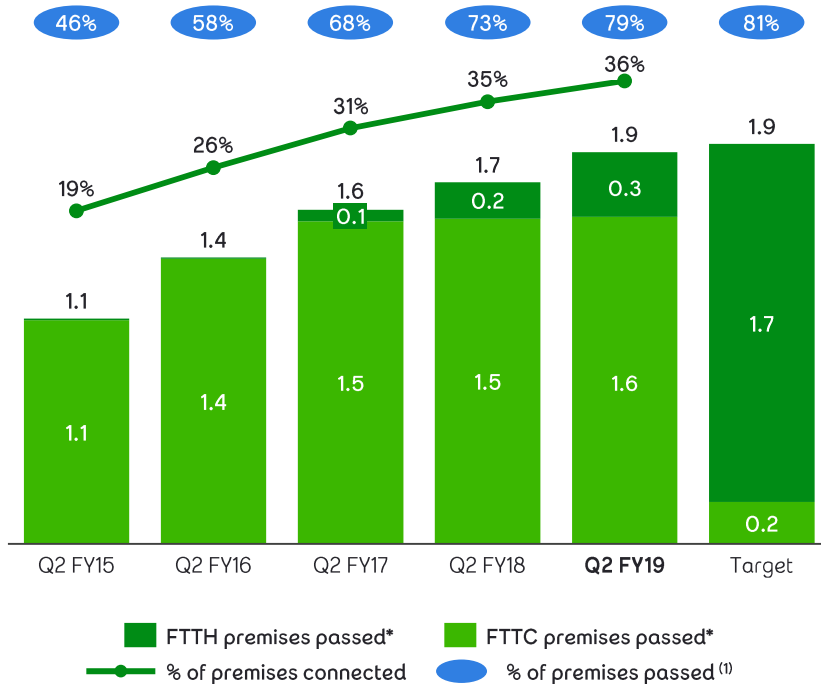
Increasing higher value postpay contracts & bundle penetration



77% of fixed households on multi-play
2.38 RGUs per household,
up from 2.25 RGUs in Q2 FY18

⁽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 fibre footprint



Commentary

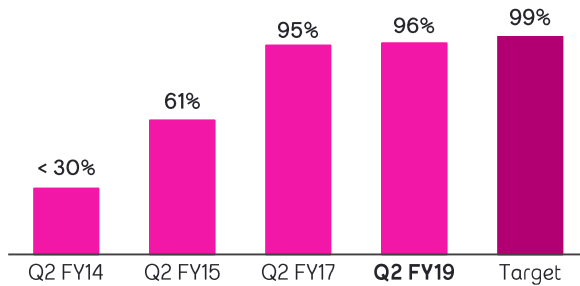
- Current fibre rollout passing 79% of Irish premises ⁽¹⁾ and connecting 36% of premises passed
- Over 307,000 premises passed with FTTH, including over 246,000 as part of the rural rollout complete at quarter end
- Rollout of FTTH to 1.4 million premises across urban and suburban Ireland commencing in July 2019



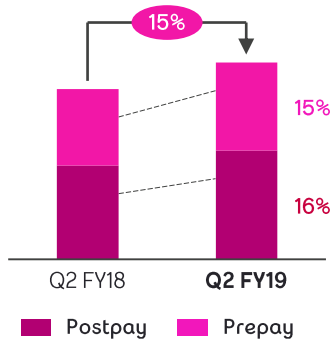
* Number of premises in millions.

⁽¹⁾ Assumes total of 2.35 million premises in Ireland.

4G population coverage ⁽¹⁾

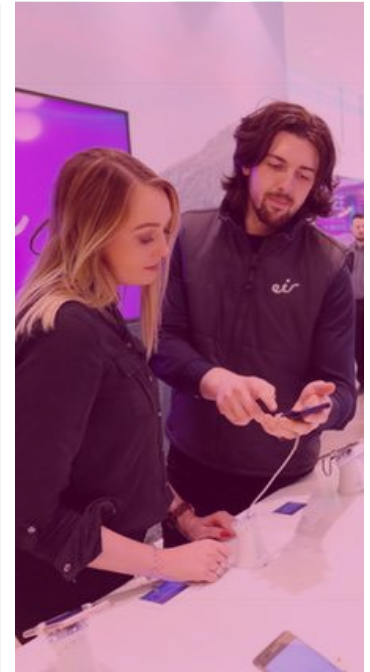


Mobile data usage growth – eir network



Commentary

- Mobile network investment of €150m launched, with first site going live in December 2018
- Up to 2,000 sites will be upgraded with the latest technology to improve coverage and enhance data speeds, with an additional 500 sites coming on line as part of the investment
- 4G will reach over 99% population coverage within the next two years
- 5G technology to enable ultra high speed data will be rolled out later in 2019
- Network investment will meet the demands of growing data traffic volumes, up 15% YoY



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

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Trading update

Trading highlights | for the second quarter and six months to 31 December 2018



- Revenue stable YoY in Q2, down 1% YoY in H1
- EBITDA up 15% YoY in Q2, up 13% YoY in H1
- Operating costs down 15% YoY in Q2, down 13% YoY in H1
- Encouraging KPI growth:
 - +25,000 broadband customers YoY
 - 72% of broadband base on fibre
 - 53% of mobile base now on postpay
- Capex ⁽¹⁾ spend of €59m in Q2, or 18% of Q2 revenue
- FTTH investment continuing, with 246,000 premises now passed as part of rural rollout
- Closing cash of €222m, up €87m YoY



⁽¹⁾ Incurred capex excludes the capitalisation of non-cash pension charges, spectrum and asset retirement obligations.

Group EBITDA | Continued momentum in EBITDA growth and cost efficiencies



	Q2 FY19 €m	Change YoY €m Better /(Worse)	Change YoY % Better /(Worse)	H1 FY19 €m	Change YoY €m Better /(Worse)	Change YoY % Better /(Worse)
Fixed Line Revenue	239	(3)	(2%)	475	(6)	(1%)
Mobile Revenue	92	3	5%	176	2	1%
Eliminations	(9)	-	3%	(17)	-	-
Total Group Revenue	322	-	-	634	(4)	(1%)
Cost of Sales	(76)	-	1%	(142)	4	3%
Gross Profit	246	-	-	492	-	-
Gross Margin %	76%	-	-	78%	-	1 p.p.
Pay Costs	(37)	11	23%	(72)	23	26%
Non-Pay Costs	(68)	8	9%	(141)	9	7%
Total Operating Costs*	(105)	19	15%	(213)	32	13%
Total Group EBITDA*	141	19	15%	279	32	13%
EBITDA Margin %	44%	-	6 p.p.	44%	-	5 p.p.

Commentary

- Revenue stable YoY in Q2, down €4m YoY in H1
- EBITDA up €19m YoY in Q2, up €32m YoY in H1
- Continued growth in broadband and postpay bundling and TV customers offset by reduced access and managed services revenue and promotions to drive growth
- Gross margin of 76% stable YoY in Q2, up 1 p.p. YoY to 78% in H1
- Total operating costs reduced by €19m YoY in Q2 and €32m YoY in H1, with savings in both pay and non-pay costs

* Total Operating Costs and Group EBITDA are stated before non-cash pension charge, fair value lease credits and exceptional costs. Year on year movements include storm costs.

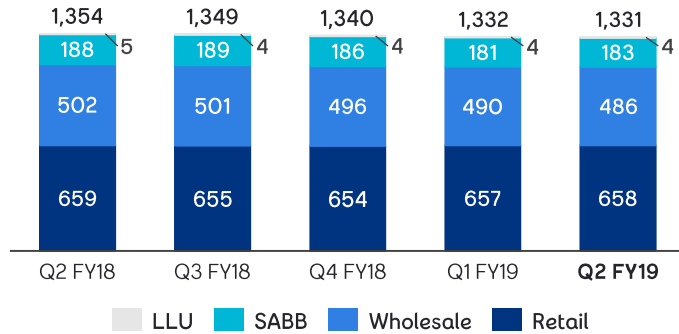
(1) The above table includes proportionate consolidation of Tetra Ireland at 56% for actual and prior year.

(2) 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.

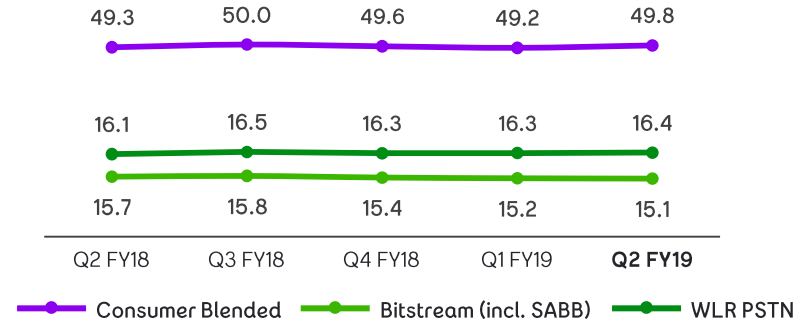
Group fixed KPIs | Continued customer growth in broadband



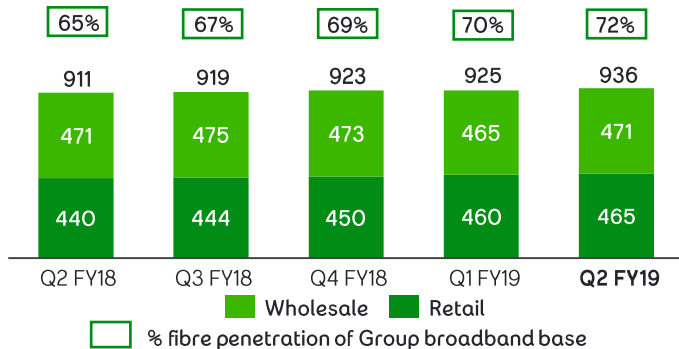
Group access paths ('000)



Fixed line ARPUs (€)



Group broadband base ⁽¹⁾ ('000)



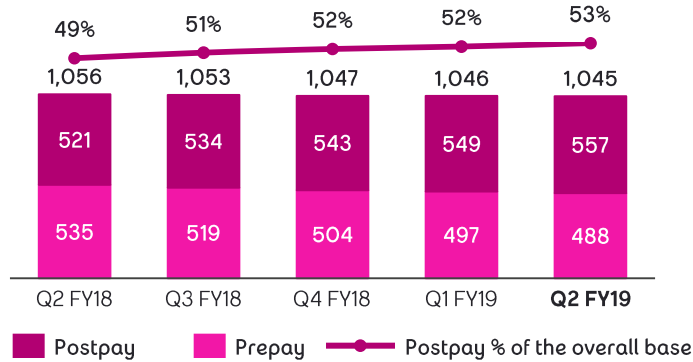
Commentary

- Group access paths stable QoQ, down 2% YoY due to traditional access line reductions
- Group broadband base growth of 1% or 11,000 QoQ, up 3% or 25,000 customers YoY
- 72% of Group broadband base on fibre
- Consumer Blended ARPU up 1% QoQ and YoY, due to pricing and bundling
- Bitstream ARPU down 1% QoQ, down 4% YoY
WLR ARPU stable QoQ, up 2% YoY

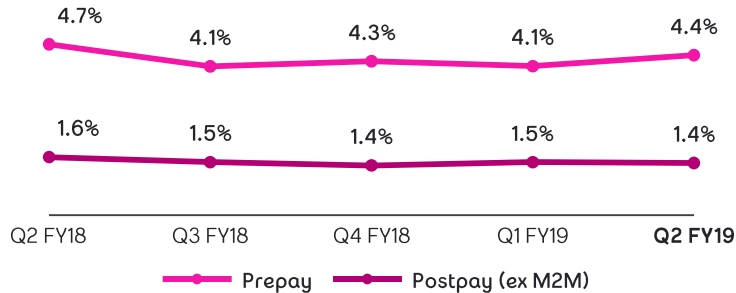
⁽¹⁾ Excludes Line Share / LLU.



Mobile subscribers ⁽¹⁾ ('000)



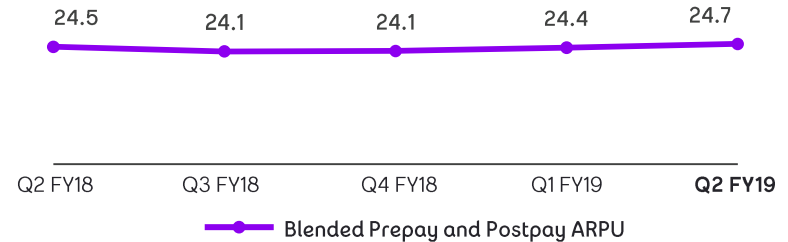
Mobile churn ⁽²⁾



Commentary

- 53% of mobile subscribers on a postpay plan, up 4 p.p. YoY
- Postpay mix continues to improve: growth of 1% or 8,000 customers QoQ, up 7% or 36,000 customers YoY
- Churn improvements driven by changes in market dynamics and bundling propositions
- Blended ARPU up 1% QoQ, up 1% YoY driven by postpay

Mobile blended ARPU ⁽¹⁾ (€)



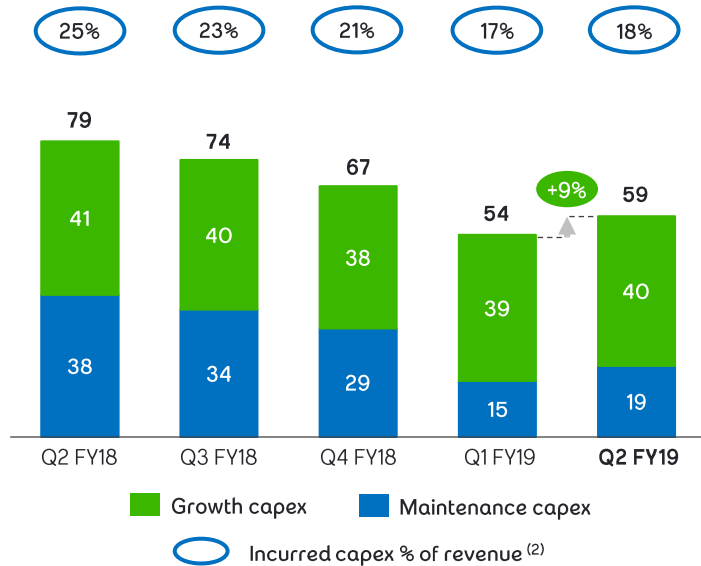
⁽¹⁾ Includes Mobile Broadband and M2M.

⁽²⁾ Three-month average rate for each quarter.

Capital expenditure

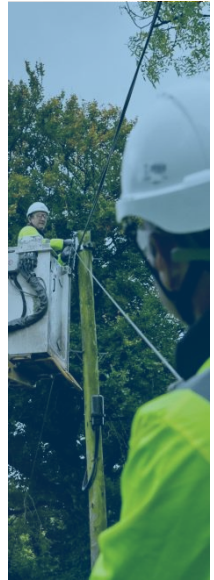


Capex investment ⁽¹⁾ (€m)



Commentary

- Capex of €59m, or 18% of Q2 revenue, lower due to timing of network activity
- 1.86 million premises passed with fibre – 79% of total premises in Ireland ⁽³⁾
- Fibre investment continues with focus on FTTH – approx. 307k premises passed, of which over 246k relate to rural rollout
- €150m investment in mobile network has commenced, enhancing coverage and providing faster data speeds
- Investment in IT to upgrade and enhance equipment and systems

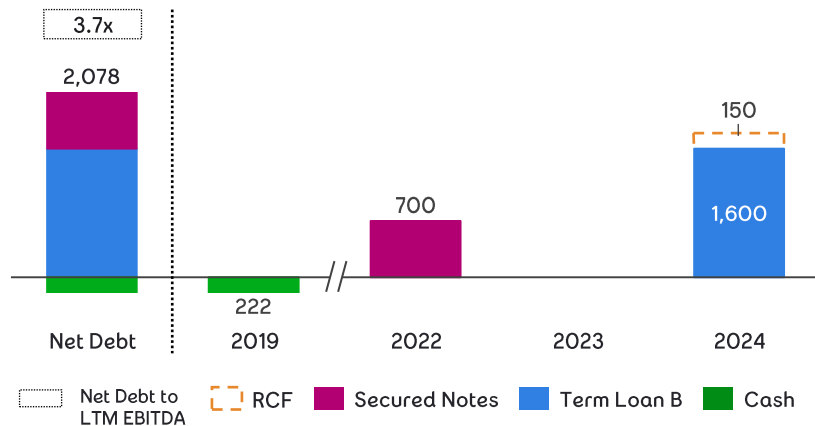


⁽¹⁾ Table represents incurred capex. Growth capex includes investment to rollout new NGA and mobile networks as well as the development of a new IT stack. Maintenance capex includes network and IT renewal.

⁽²⁾ Incurred capex % of revenue excludes non-cash pension charge, spectrum, and asset retirement obligations.

⁽³⁾ Assumes total of 2.35m Irish premises.

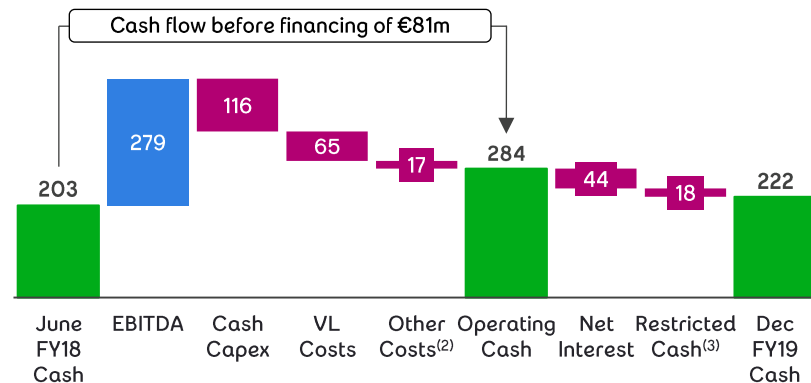
Net debt profile (€m)



- Improving leverage trajectory, net debt to LTM EBITDA ratio reduced to 3.7 times at quarter end
- Long-dated debt maturity with average cost of debt of 3.63% ⁽¹⁾
- €150m RCF (undrawn), reducing to €100m from March 2019
- Ratings – B1, B+, B+ (stable outlook) by Moody's, S&P, and Fitch respectively

⁽¹⁾ Excluding swaps and RCF.

Cash profile (€m)



- Cash on balance sheet ⁽⁴⁾ of €222m at quarter end, an increase of €87m YoY despite higher voluntary leave costs and exceptional restricted cash
- Other costs includes working capital and VAT payments

⁽²⁾ Other costs cash flow movements include working capital and VAT payments.

⁽³⁾ Restricted cash includes a €9m letter of credit and a €9m escrow account deposit.

⁽⁴⁾ Cash on balance sheet includes eir Group's share of Tetra cash.

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FY19 outlook

EBITDA

High single digit growth

Capex

Between 21% and 23% of revenue

Cash flow

Significant YoY growth ⁽¹⁾

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

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Q&A

for further information visit:

eir.ie/investorrelations

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