



eir Group Results

for the third quarter FY19

29 May 2019



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1. Business highlights

2. Trading update

3. Financing

4. FY19 outlook

5. Q&A

Presented by



Carolan Lennon

Chief Executive Officer



Stephen Tighe

Chief Financial Officer

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Business highlights

Financial

Q3 EBITDA
€147 million

 **7%** YoY

EBITDA growth of €10m YoY

Q3 Revenue
€310 million

 **2%** YoY

Revenue decline of €7m YoY


Operational

688,000 fibre customers

 **11%** YoY

- 68,000 connections YoY
- 81% of Irish premises passed with fibre

Multi-play bundles

 **3 p.p.** YoY

- 32% of fixed households on 3P+ bundles
- 304k eir sport customers, up 22% YoY
- 58% of consumer broadband base availing of eir sport

561,000 postpay subs

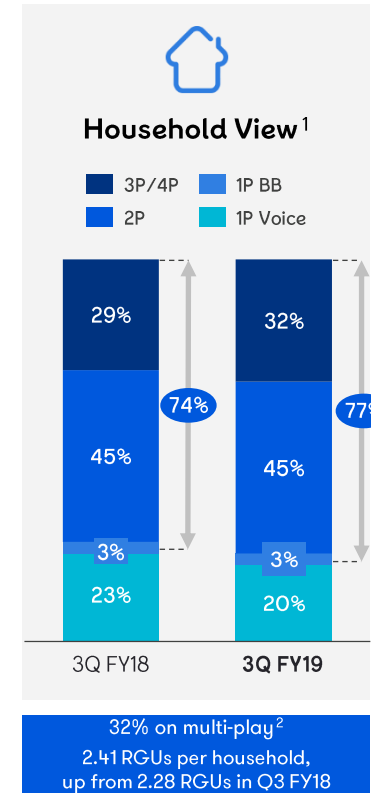
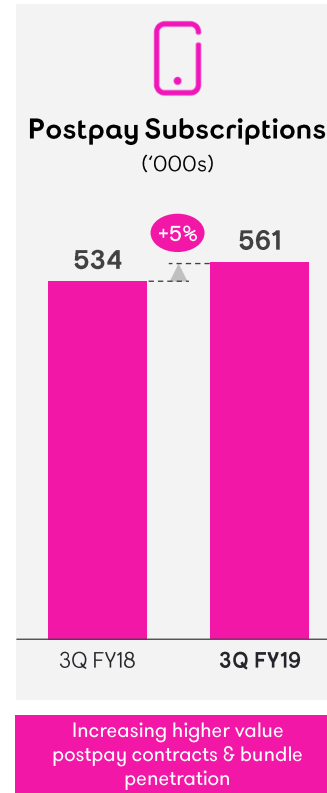
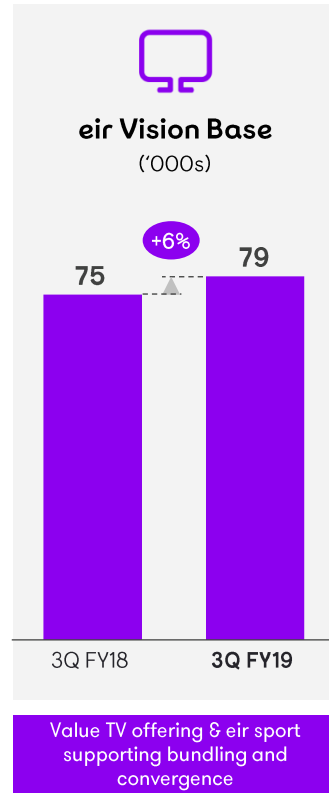
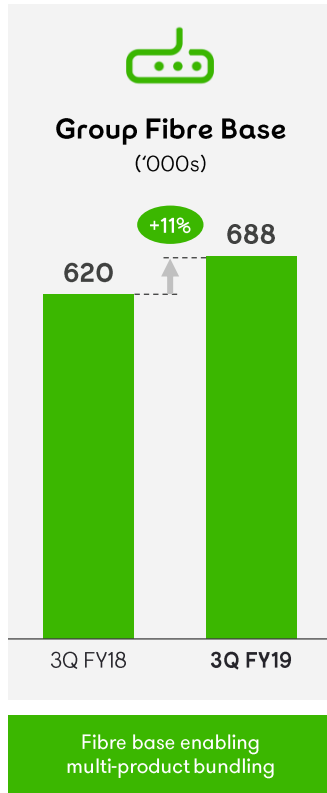
 **5%** YoY

- 54% of customers now on postpay

Key Developments

- Successful €1.15bn refinancing transaction completed with strong investor interest
- Further insourcing and recruiting of customer care agents complete, with consistent improvement in service levels
- Relocation of our Dublin HQ complete, with over 1,000 staff relocated to existing company locations

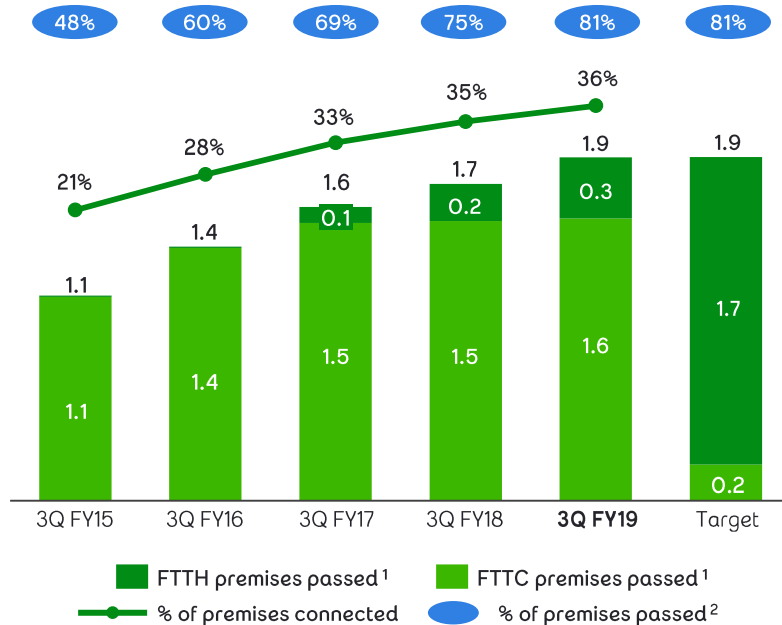
Operational KPIs | Continued growth in the third quarter



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

² Percentage of fixed consumer households subscribing to three or more products.

eir fibre footprint



Commentary

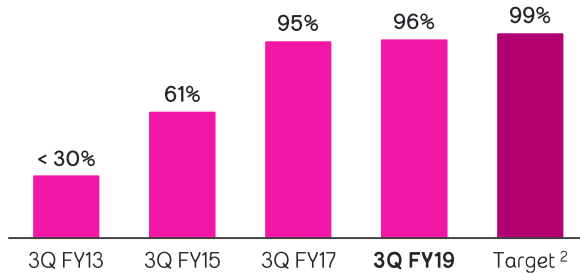
- Current fibre rollout passing 1.9 million or 81% of Irish premises² and connecting 36% of premises passed
- 337,000 total premises passed with FTTH, including 275,000 as part of the rural rollout complete at quarter end
- **Contract recently awarded for urban FTTH network build-out, providing a further 1.4 million premises with superfast broadband**



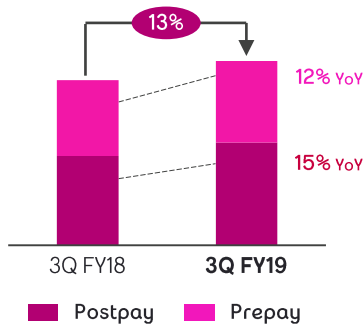
¹ Number of premises in millions.

² Assumes total of 2.35 million premises in Ireland.

4G population coverage ¹

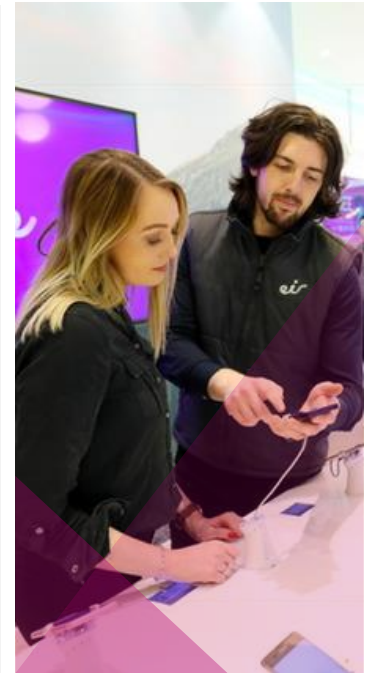


eir network data traffic volumes



Commentary

- Mobile network investment of €150m well underway with sites going live in Dublin and five other counties
- 4G coverage at 96% population coverage at end of the quarter with 99% geographic coverage targeted within the next two years
- FWA technology being trialled to deliver rural broadband to locations in 4 counties
- 5G technology to be rolled out later in 2019, enabling ultra-high data speeds
- Network investment will meet the demands of growing data traffic volumes, up 13% YoY



¹ 4G coverage refers to outdoor population coverage.

² Target refers to both geographic coverage.

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Trading update

- Revenue down 2% YoY Q3 and 1% YoY YTD
- EBITDA up 7% YoY Q3 and 11% YoY YTD
- Operating cost savings of 16% YoY Q3 and 14% YoY YTD
- Continued KPI growth for the quarter:
 - +22,000 broadband customers YoY
 - 73% of broadband base using fibre
 - +27,000 postpay subscribers YoY
 - 54% of mobile base now on postpay
- Capex¹ spend of €68m in Q3, or 22% of revenue
- Closing cash of €237m, up €109m YoY



Group EBITDA | Continued momentum in EBITDA growth and cost efficiencies



	Q3 FY19 €m	Change YoY €m Better/(Worse)	Change YoY % Better/(Worse)	YTD FY19 €m	Change YoY €m Better/(Worse)	Change YoY % Better/(Worse)
Fixed Line Revenue	234	(9)	(3%)	709	(15)	(2%)
Mobile Revenue	85	3	2%	261	5	2%
Eliminations	(9)	(1)	(7%)	(26)	(1)	(2%)
Total Group Revenue	310	(7)	(2%)	944	(11)	(1%)
Cost of Sales	(63)	(2)	(4%)	(205)	2	1%
Gross Profit	247	(9)	(3%)	739	(9)	(1%)
Gross Margin %	80%	-	(1 p.p.)	78%	-	-
Pay Costs	(41)	5	10%	(113)	28	20%
Non-Pay Costs	(59)	14	19%	(200)	23	10%
Total Operating Costs*	(100)	19	16%	(313)	51	14%
Total Group EBITDA*	147	10	7%	426	42	11%
EBITDA Margin %	47%	-	4 p.p.	45%	-	5 p.p.

Commentary

- Q3 revenue down 2% or €7m YoY, YTD revenue down 1% or €11m YoY
- Q3 EBITDA up 7% or €10m YoY, YTD EBITDA up 11% or €42m YoY
- Continued YoY growth broadband, postpay, bundling, TV and sport customers offset by reduced access, traffic, and managed services revenue and promotions to drive growth
- Gross margin of 80% in Q3 down 1 p.p. YoY, stable YoY YTD at 78%
- Total operating costs reduced by 16% or €19m YoY in Q3 and by 14% or €51m YoY YTD, with savings in both pay and non-pay costs

* Total Operating Costs and Total Group EBITDA are stated before non-cash pension charge, fair value lease credits and exceptional costs. Year on year EBITDA movement includes storm costs in the prior year.

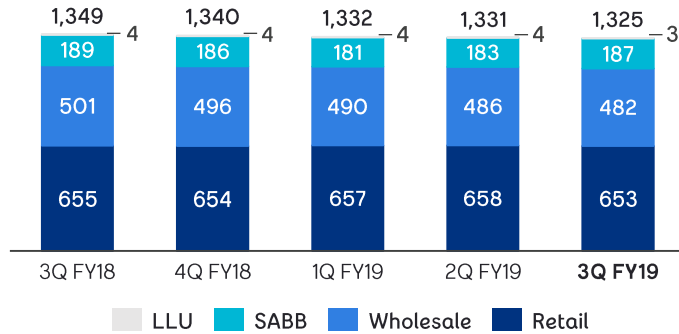
¹ The above table includes proportionate consolidation of Tetra Ireland at 56% for actual and prior year.

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.

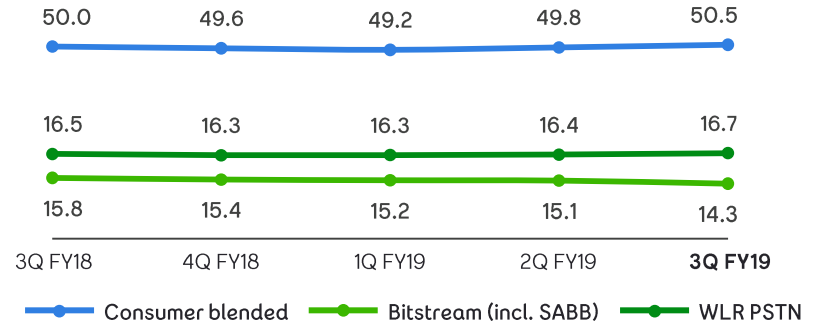
Group fixed KPIs | Continued customer growth in broadband



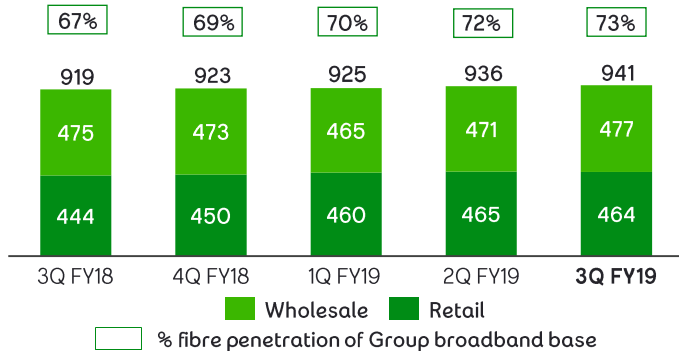
Group access paths ('000s)



Fixed line ARPUs (€)



Group broadband base ¹('000s)



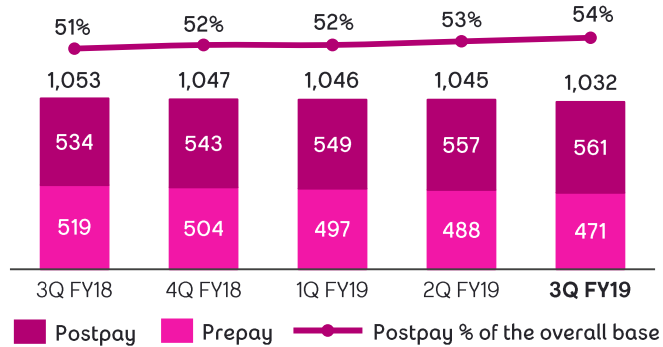
Commentary

- Group access paths down 6k QoQ; down 24k lines or 2% YoY due to traditional access reductions
- **Group broadband base growth of 5k QoQ; up 22k customers or 2% YoY**
- 73% of Group broadband base on fibre, up 6 p.p. YoY
- Consumer Blended ARPU up 1% QoQ and YoY, due to pricing and bundling
- Bitstream ARPU down 5% QoQ and 9% YoY due to regulated price decrease; WLR ARPU up 2% QoQ and 1% YoY driven by regulated price increase

Group mobile KPIs | Move to higher-value postpay continues



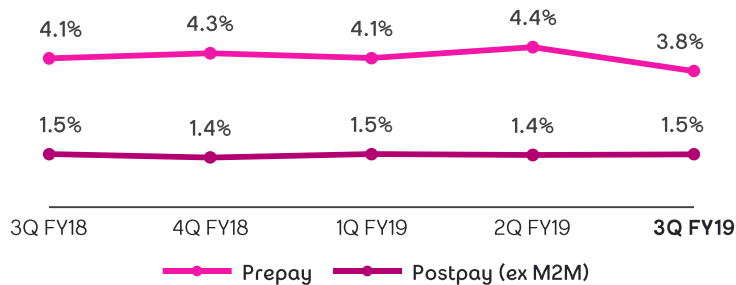
Mobile subscribers ('000s)



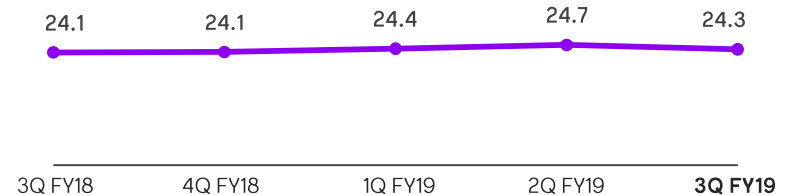
Commentary

- 54% of mobile subscribers on a postpay plan, up 3 p.p. YoY
- **Postpay mix continues to improve: growth of 1% or 4k customers QoQ, up 5% or 27k customers YoY**
- Prepay churn improvement driven by changes in market dynamics and bundling propositions
- Blended ARPU up 1% YoY driven by prepay

Mobile churn ¹



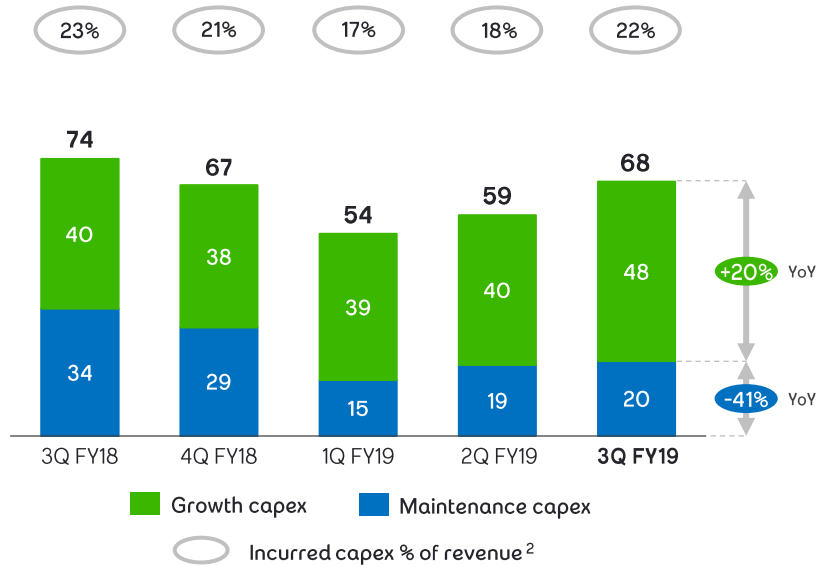
Mobile blended ARPU ² (€)



¹ Monthly average.

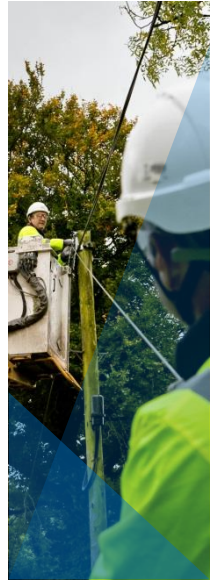
² Includes Mobile Broadband and M2M.

Capex investment¹ (€m)



Commentary

- Capex of €68m, or 22% of 3Q revenue, higher QoQ due to acceleration of mobile network site expansion
- Growth capex of €48m in Q3, up 20% YoY
- Maintenance capex reduced by 41% YoY



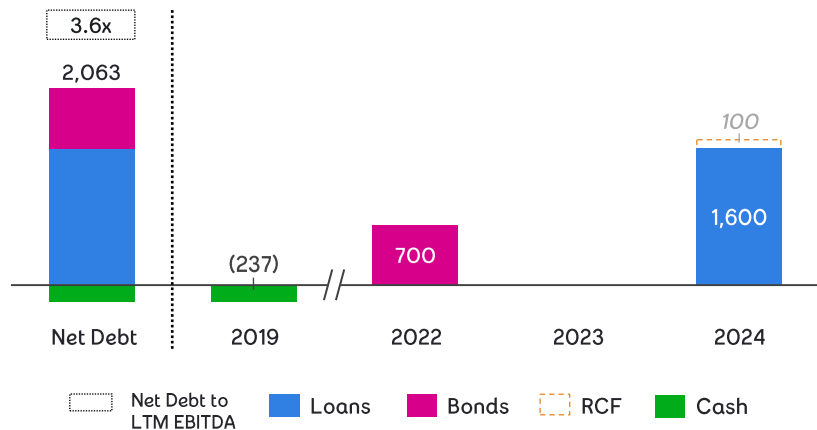
¹ Table represents incurred capex. Growth capex includes investment to rollout new NGA and mobile networks as well as the development of a new IT stack. Maintenance capex includes network and IT renewal.

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

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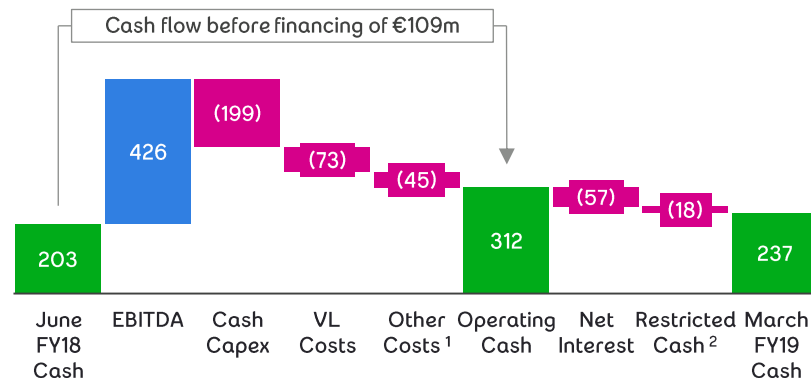
Financing

Net debt profile at quarter end (€m)



- Ratio of net debt to EBITDA reduced to 3.6 times at quarter end, compared to 4.1 times for the same period last year
- RCF of €100m (undrawn at quarter end)
- Ratings: B1, B+, B+ (stable outlook) by Moody's, S&P, and Fitch respectively

Cash profile at quarter end (€m)



- Cash on balance sheet³ of €237m at quarter end, up €109m YoY, despite higher voluntary leave costs and exceptional restricted cash
- Other costs include working capital and VAT payments

¹ Other costs cash flow movements include working capital and VAT payments.

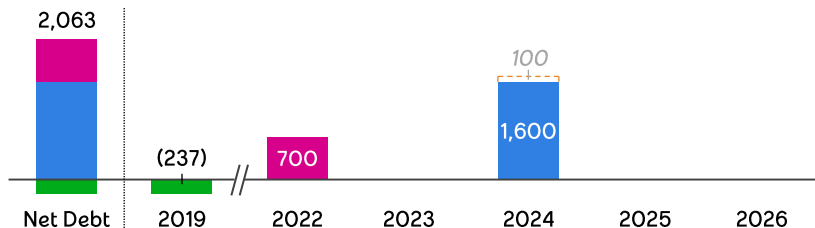
² Restricted cash includes a €9m letter of credit and a €9m escrow account deposit.

³ Cash on balance sheet includes eir Group's share of Tetra cash.

Successful refinancing | Improved bond pricing, reduced average cost of debt



Net debt profile at quarter ended 31 March 2019 (€m)



- Successful debt refinancing completed in May with strong market demand, resulting in €750m of new bonds and €400m term loan facility, both maturing in 2026

- Initial offering was upsized from €850m to €1.15bn due to significant investor demand

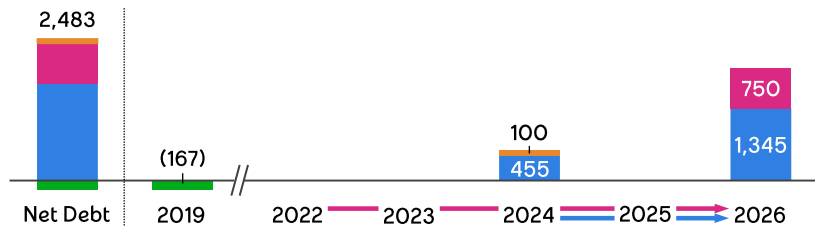
- €700m existing bonds repaid, €200m of existing term loan paid down, with additional €945m of loans extended to 2026

- €400m distribution to shareholders by company

- Improved pricing of new bonds from 4.50% to 3.50%

- Increased flexibility with average debt maturity extended by 2 years to 6.6 years

Net debt profile pro-forma after refinancing (€m)



Loans Bonds RCF 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 refinancing and/or M&A activities.

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Q&A

for more information visit:

eir.ie/investorrelations

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investor.relations@eir.ie

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