eir Group Results

for the full year and fourth quarter FY19

3 September 2019

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Agenda

Presented by

Carolan Lennon

Chief Executive Officer

Stephen Tighe

Chief Financial Officer

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Business highlights

Business highlights | Continued momentum in the fourth quarter

Financial

FY19 EBITDA [1, 2]
€578 million

10% YoY

- EBITDA growth of €50m YoY
- Q4 EBITDA of €152m up 6% YoY

FY19 Revenue [1]
€1,249 million

2% YoY

- Revenue decline of €21m YoY
- Q4 revenue of €305m down 3% YoY

Operational

702,000 fibre customers

10% YoY

- 67,000 connections YoY
- 81% of Irish premises passed with fibre

Multi-play bundles

4 p.p. YoY

- 33% of fixed households on 3P+ bundles
- 305k eir sport subscribers, up 19% YoY
- 58% of consumer broadband base availing of eir sport

566,000 postpay subs

4% YoY

- 55% of customers on postpay contracts

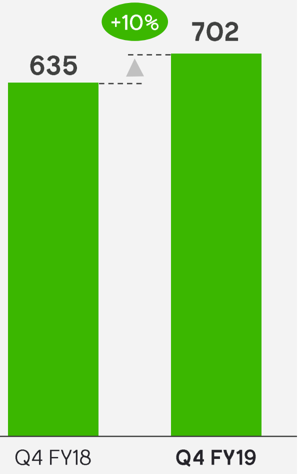
Key Developments

- Rural FTTH programme drawing to a close, with teams now moving focus to 1.4 million premises build across urban and suburban Ireland
- Refinancing of entire capital structure successfully completed, with residual term loan maturity now extended to 2026
- Sligo customer care hub officially opened and insourcing programme complete

[1] Excludes the impact of IFRS 9 and IFRS 15 implementation.
[2] Excludes non-cash pension charge, fair value lease credits and management charge.

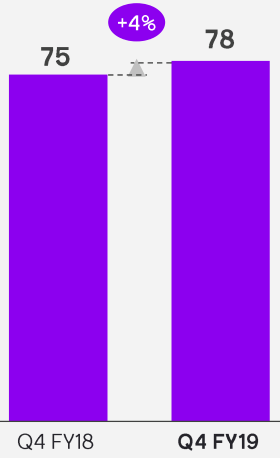
Operational KPIs | Continued growth in the fourth quarter

Group Fibre Base
(‘000s)



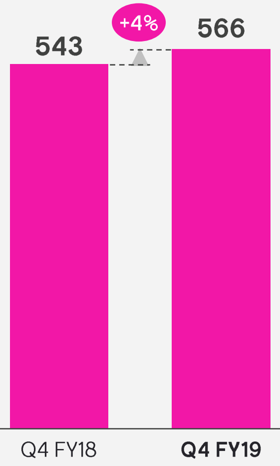
Fibre base enabling multi-product bundling

eir Vision Base
(‘000s)



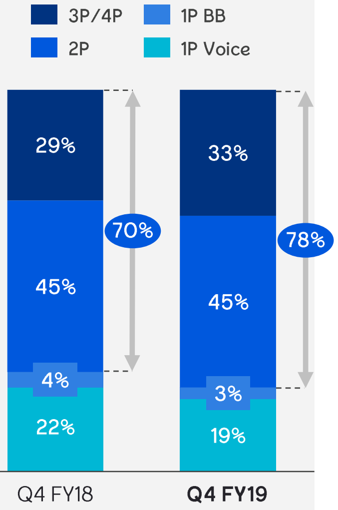
Value TV offering & eir sport supporting bundling and convergence

Group Postpay Base
(‘000s)



Increasing higher value postpay contracts & bundle penetration

Household View[1]



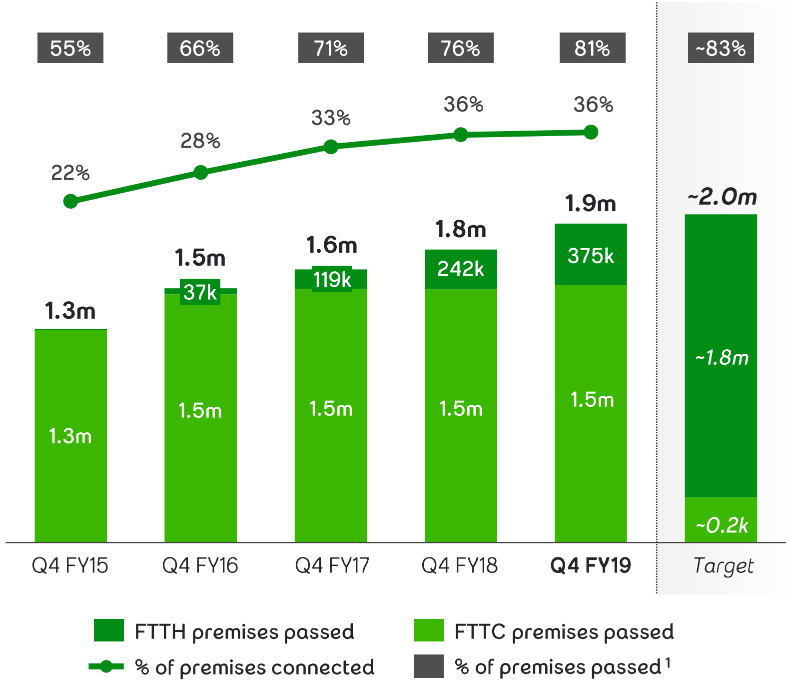
33% on multi-play[2]
2.44 RGUs per household, up 5% YoY

[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.

Fibre broadband | Building the best fibre network in Ireland

eir fibre footprint

Number of premises passed with fibre



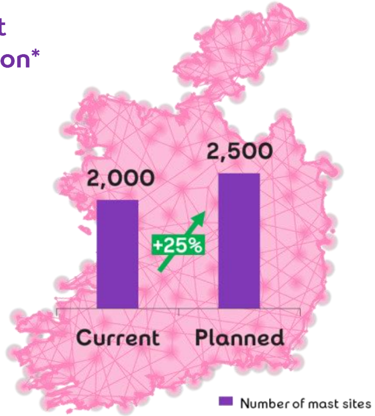
Commentary

- Current fibre rollout passing **1.9 million** or **81%** of Irish premises [1] and connecting **36%** of premises passed
- **375,000** premises passed with FTTH, including over **308,000** as part of rural rollout passed at quarter end
- Moving on from rural areas to IFN urban and suburban FTTH build

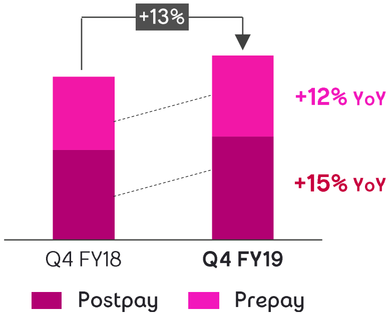
[1] Assumes total of 2.35 million premises in Ireland.

Mobile network | Building the best mobile network in Ireland

Mobile mast site expansion*

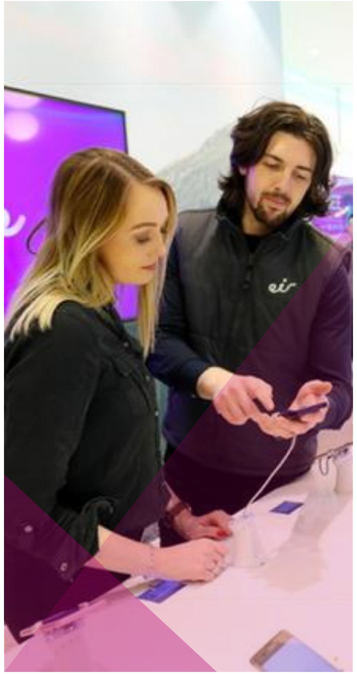


eir network data traffic volumes



Commentary

- **€150m investment to upgrade and expand the mobile network by 25% well underway**
- Extensive upgrades and new sites now live across 16 Irish counties
- 99% geographical 4G coverage within two years, providing speeds of up to 350Mbps
- 5G services launching in 5 major cities later in 2019, with speeds of up to 1Gbps
- FWA trials to deliver rural broadband now live in 4 Irish counties
- Q4 data traffic volumes up 13% YoY



* Approximate mast site figures.

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Trading update

Trading highlights | for the full year and fourth quarter ended 30 June 2019

- FY19 revenue down 2% YoY, Q4 down 3% YoY [1]
- FY19 EBITDA up 10%, Q4 up 6% YoY [1, 2]
- FY19 operating costs reduced by 14%, Q4 reduced by 16% YoY [1, 2]
- Continued KPI growth for the quarter:
  - +21,000 broadband customers YoY
  - 74% of broadband base using fibre
  - +23,000 postpay subscribers YoY
  - 55% of mobile base now on postpay
- Capex of €270m in FY19, 22% of FY19 revenue; €89m in Q4, 31% of Q4 revenue [3]
- Closing cash of €260m, up €57m YoY

[1] Excludes the impact of IFRS 9 and IFRS 15 implementation.
[2] Excludes non-cash pension charge, fair value lease credits and management charge.
[3] Incurred capex excludes the capitalisation of non-cash pension charges, spectrum, and asset retirement obligations.

Group EBITDA | Full year EBITDA growth of 10% or €50m YoY

Excluding IFRS 9 and IFRS 15 impacts. See appendix for IFRS adjusted items

	FY19 €m	Change YoY % Better/(Worse)	Change YoY €m Better/(Worse)	Q4 FY19 €m	Change YoY % Better/(Worse)	Change YoY €m Better/(Worse)
Fixed Line Revenue	939	(3%)	(26)	230	(5%)	(11)
Mobile Revenue	344	2%	6	83	2%	1
Eliminations	(34)	(4%)	(1)	(8)	11%	-
Total Group Revenue	**1,249**	**(2%)**	**(21)**	**305**	**(3%)**	**(10)**
Cost of Sales	(265)	1%	2	60	1%	-
Gross Profit	984	(2%)	(19)	245	(4%)	(10)
Gross Margin	79%	-	-	80%	(1 p.p.)	-
Pay Costs	(151)	18%	34	(38)	14%	6
Non-Pay Costs	(255)	12%	35	(55)	18%	12
Total Operating Costs [1]	(406)	14%	69	(93)	16%	18
Total Group EBITDA [1]	**578**	**10%**	**50**	**152**	**6%**	**8**
EBITDA Margin %	46%	4 p.p.	-	50%	4 p.p.	-

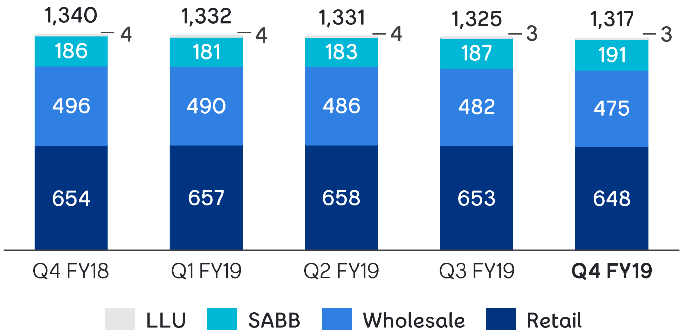
Commentary

- FY19 revenue down 2% or €21m YoY; Q4 revenue down 3% or €10m YoY
- FY19 EBITDA up 10% or €50m YoY; Q4 EBITDA up 6% or €8m YoY
- Further YoY growth in broadband, bundling and postpay offset by regulatory FTTC pricing as well as reduced access, managed services and prepay revenue
- FY19 gross margin stable YoY at 79%; Q4 gross margin down 1 p.p. YoY to 80%
- FY19 operating costs reduced by 14% or €69m YoY; Q4 reduced by 16% or €18m YoY. Significant savings in both pay and non-pay costs

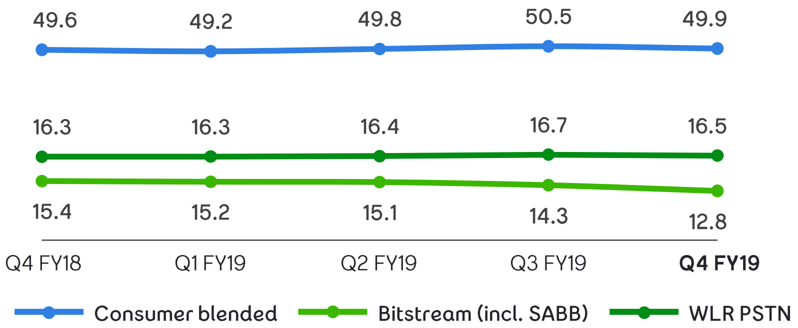
[1] Total Operating Costs and Total Group EBITDA are stated before non-cash pension charge, fair value lease credits, management charge, and exceptional costs. Year on year EBITDA movement includes storm costs in the prior year.
[2] The above chart includes proportionate consolidation of Tetra Ireland at 56% for actual and prior year.
[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 fixed KPIs | Continued customer growth in broadband

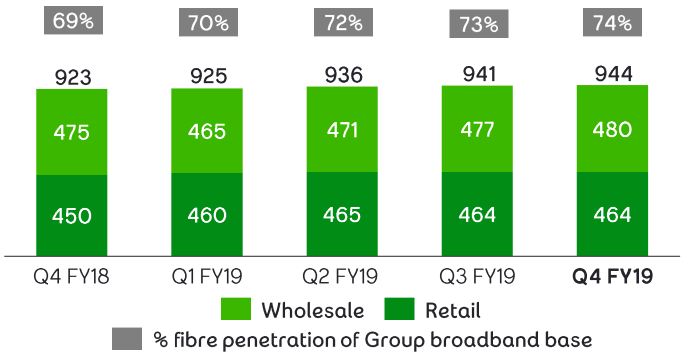
Group access paths ('000s)



Fixed line ARPUs (€)



Group broadband base [1] ('000s)



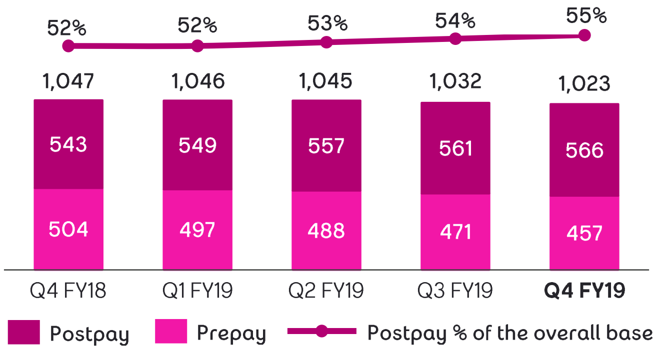
Commentary

- Group access paths down 8k QoQ; down 23k lines or 2% YoY due to traditional access reductions
- **Group broadband base growth of 3k QoQ; up 21k customers or 2% YoY**
- 74% of Group broadband base on fibre, up 5 p.p. YoY
- Consumer Blended ARPU down 1% QoQ due to pricing and bundling; up 1% YoY
- Bitstream ARPU down 11% QoQ and 17% YoY due to regulated price decrease; WLR ARPU down 1% QoQ, up 1% YoY driven by regulated price increase

[1] Excludes Line Share / LLU.

Group mobile KPIs | Move to higher-value postpay continues

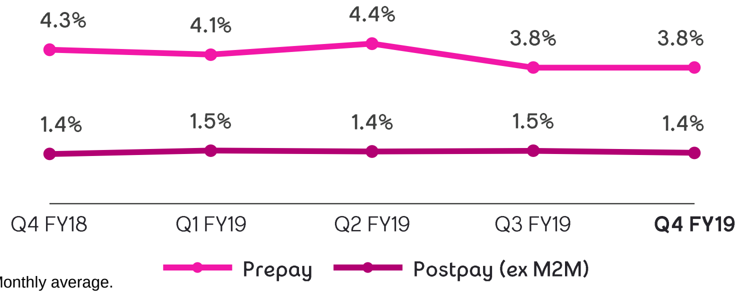
Mobile subscribers ('000s)



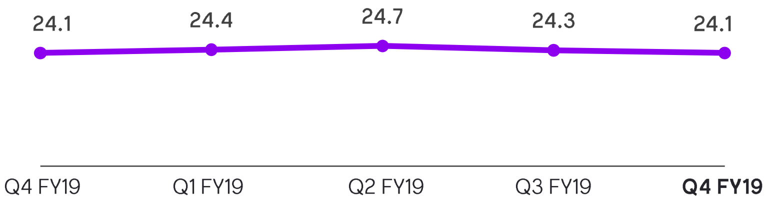
Commentary

- 55% of mobile subscribers on postpay, up 3 p.p. YoY
- Postpay mix continues to improve: growth of 4% or 23k subscribers YoY, up 1% or 5k QoQ
- Prepay churn improvement driven by changes in market dynamics and bundling propositions
- Mobile blended ARPU stable YoY, down 1% QoQ

Mobile churn [1, 2]



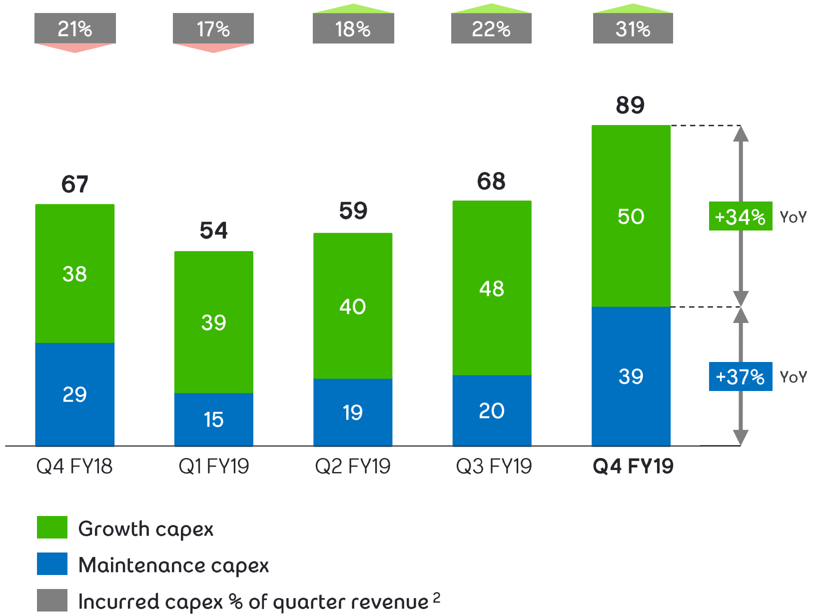
Mobile blended ARPU [2, 3] (€)



[1] Monthly average.
[2] Excludes impact of IFRS 15 implementation.
[3] Includes Mobile Broadband.

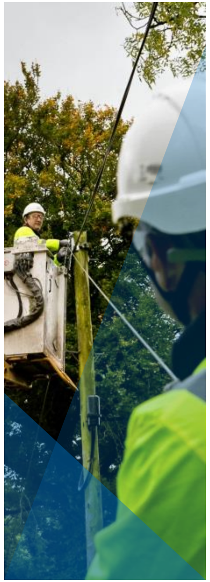
Capital expenditure | Continued increase in growth capex

Capex investment[1] (€m)



Commentary

- **Q4 capex of €89m, or 31% of Q4 revenue**
- Q4 growth capex up 34% YoY driven by acceleration of mobile network upgrade
- Q4 maintenance capex up 37% YoY driven by fleet replacement programme
- Full year capex of €270m, down 13% YoY and 22% of full year revenue



[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

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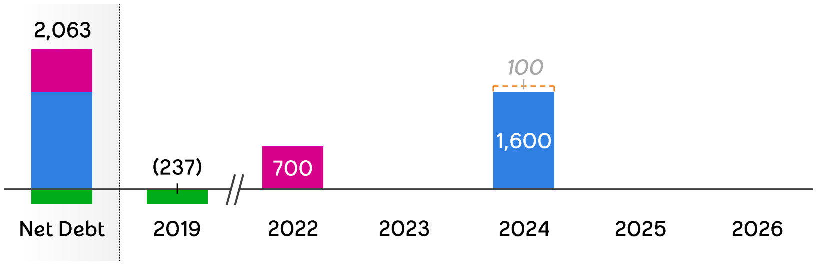
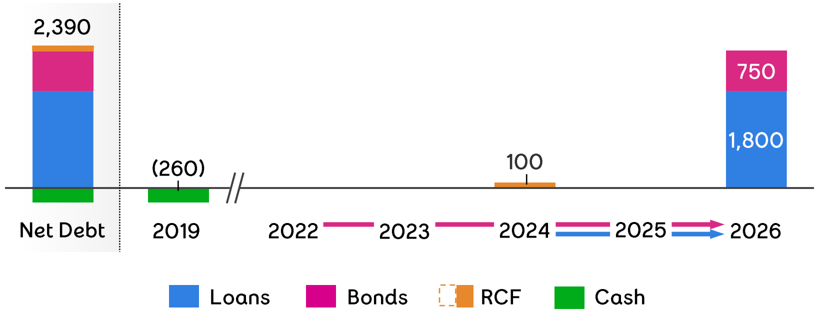
Financing | Residual term loans due 2024 successfully extended by two years

Net debt profile March 2019 – before refinancing & extensions (€m)



Net debt profile June 2019 – after refinancing & extensions* (€m)

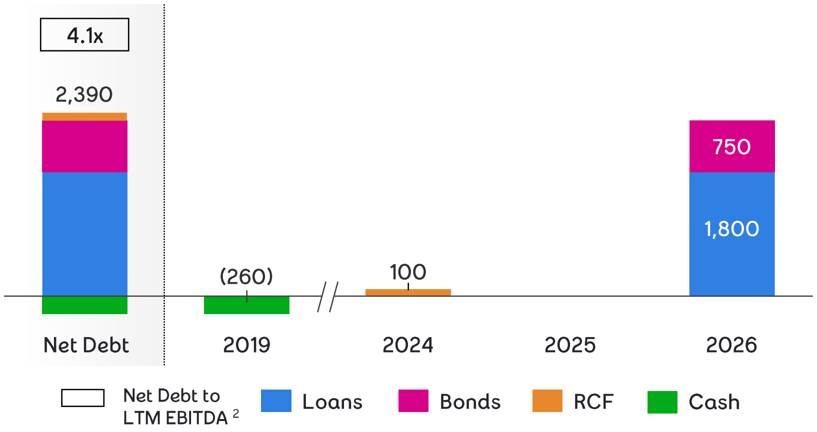


- **Successful extension by two years of the residual secured term loans due 2024, now maturing in 2026**
- eir will have no funded maturities until May 2026
- Increased flexibility with weighted average life of capital structure now 6.8 years
- No change to annual interest costs

* Pro-forma basis after residual €455m term loan extension to 2026

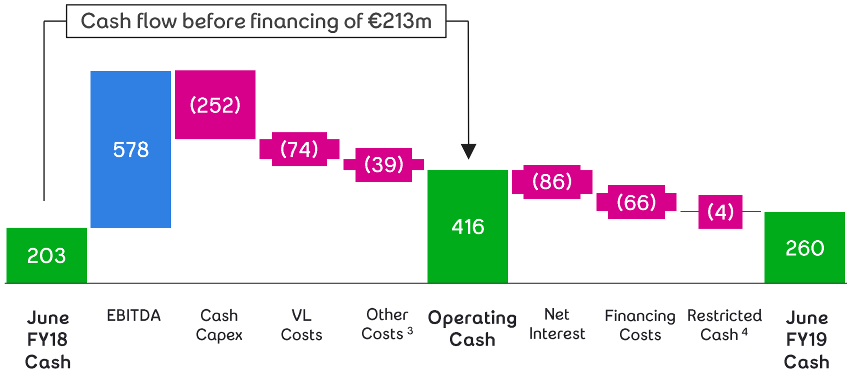
Capital structure | Further strong cash flow generation in fourth quarter

Debt profile at quarter end [1] (€m)



- Net debt to EBITDA of 4.1 times at quarter end, compared to 4.0 times for the same period last year [2]
- RCF of €100m fully drawn at quarter end
- Corporate ratings: Moody's B1; S&P B+; Fitch B+ (all stable outlook)

Cash profile at quarter end (€m)



- Cash on balance sheet [5] of €260m at quarter end up €57m YoY, despite higher voluntary leave costs and exceptional financing costs and restricted cash
- Other costs include working capital and VAT payments
- Financing costs relate to recent €1.15bn refinancing transaction

[1] Pro-forma basis after residual €455m term loan extension to 2026
[2] Excludes management charge

[3] Other costs cash flow movements include working capital and VAT payments.
[4] Restricted cash primarily relates to escrow account deposit.
[5] Cash on balance sheet includes eir Group's share of Tetra cash.

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Outlook

Outlook | FY19 guidance achieved, FY20 outlook continues positive trend

	FY19 guidance delivered	FY20 outlook positive
EBITDA	High single digit growth ✔	Low single digit growth
Capex	Between 21%-23% of revenue ✔	Between 21%-23% of revenue
Cash flow	Significant YoY growth* ✔	Further YoY growth*

* Excludes cash impacts arising from refinancing and/or M&A activities.

5

Q&A

let's make possible...

6

Appendix

IFRS Adjustments

let's make possible...

IFRS Adjustments | FY19

Figures in € millions

	FY19 Before IFRS Adjustments	IFRS 9 Adjustment	IFRS 15 Adjustment	FY19 After IFRS Adjustments
Fixed Line Revenue	939	-	-	939
Mobile Revenue	344	-	*(13)*	331
Eliminations	(34)	-	-	(34)
Total Group Revenue	**1,249**	-	*(13)*	**1,236**
Cost of Sales	(265)	-	-	(265)
Gross Profit	984	-	*(13)*	971
Gross Margin %	79%			79%
Pay Costs	(151)	-	-	(151)
Non-Pay Costs	(255)	*(2)*	*11*	(246)
Total Operating Costs*	(406)	*(2)*	*11*	(397)
Total Group EBITDA*	**578**	*(2)*	*(2)*	**574**
EBITDA Margin %	46%			46%

Commentary

- Mobile revenue impacted by -€13m IFRS 15 adjustment, driven by change in revenue recognition of mobile handset service & equipment revenue
- Non-pay costs impacted by -€2m IFRS 9 adjustment for expected credit losses on trade debtors, replacing previous bad debts accounting policy
- Non-pay costs also impacted by +€11m IFRS 15 adjustment, driven by the change in recognition treatment of sales commissions

* Total Operating Costs and Total Group EBITDA are stated before non-cash pension charge, fair value lease credits, management charges and exceptional 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.

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