



# eir Group Results

for the first quarter FY21

to 30 September 2020

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17 November 2020

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## Presented by

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**Carolan Lennon**

CEO



**Stephen Tighe**

CFO

# Business highlights



## Financial

Q1 FY21

Revenue <sup>1</sup>

€298m

▼ 2% YoY

► Revenue down €6m

EBITDA <sup>1, 2</sup>

€142m

▲ 1% YoY

► EBITDA up €2m

## Operational

Fibre customers

784,000

▲ 9% YoY

- +67,000 connections YoY
- 85% of Irish premises passed with fibre <sup>3</sup>

Postpay customers

791,000

▲ 40% YoY

- +224,000 customers YoY
- 67% of mobile base on postpay, up 12pp YoY

Multi-play bundles

36%

▲ 2pp YoY

- 81% of fixed households on 2P+ bundles, up 3pp YoY

## Key Developments

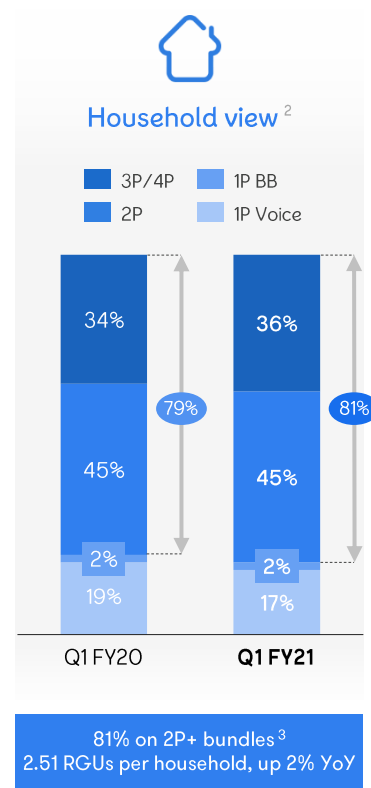
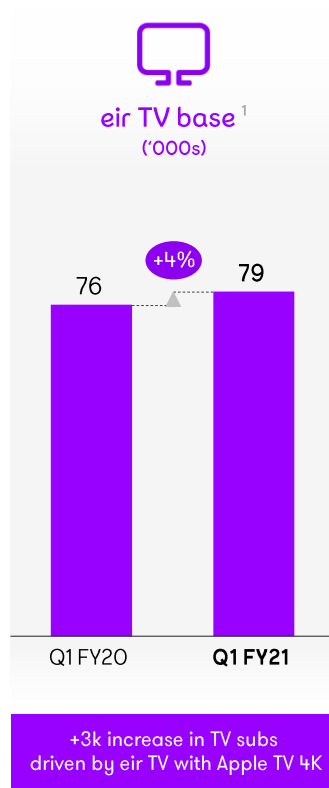
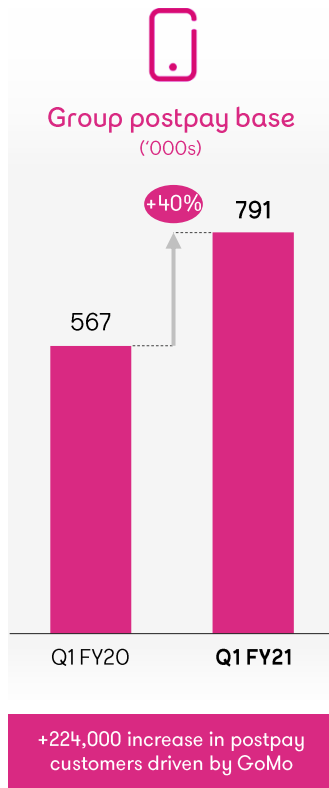
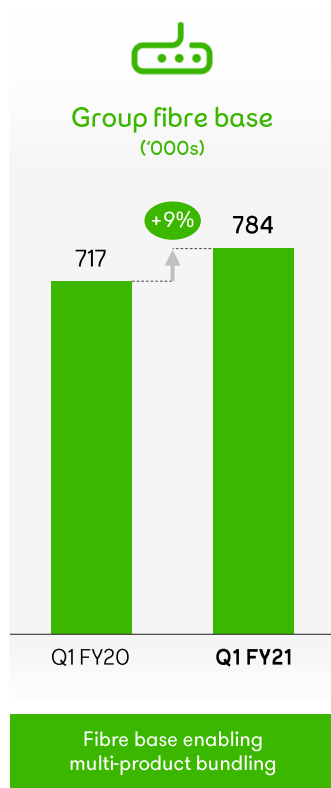
- **Keeping Ireland connected:** our network, activities and people remain fully operational, connecting our customers to family, friends and colleagues with ultrafast fibre and mobile
- **Ireland's Fibre Network:** our €500m investment in our ultrafast fibre broadband network continues at pace across Ireland, with over 674,000 premises now passed with FTTH
- **Ireland's largest 5G network:** our €150m investment in mobile site upgrades and expansion continues to advance, with 5G now available in 106 towns and cities in all counties, with population coverage now >45%
- **Another GoMo milestone:** Ireland's revolutionary mobile network surpasses over 250,000 sign-ups before its first birthday

<sup>1</sup> Excludes IFRS 15 and IFRS 16 adjustments. See appendix for details.

<sup>2</sup> Excludes management charge and non-cash pension charge.

<sup>3</sup> Approximate percentage of an estimated total premises in Ireland of 2.4 million, based on data from GeoDirectory.

# Operational KPIs | Strong fibre, postpay and bundling growth, continued rebound of TV subs



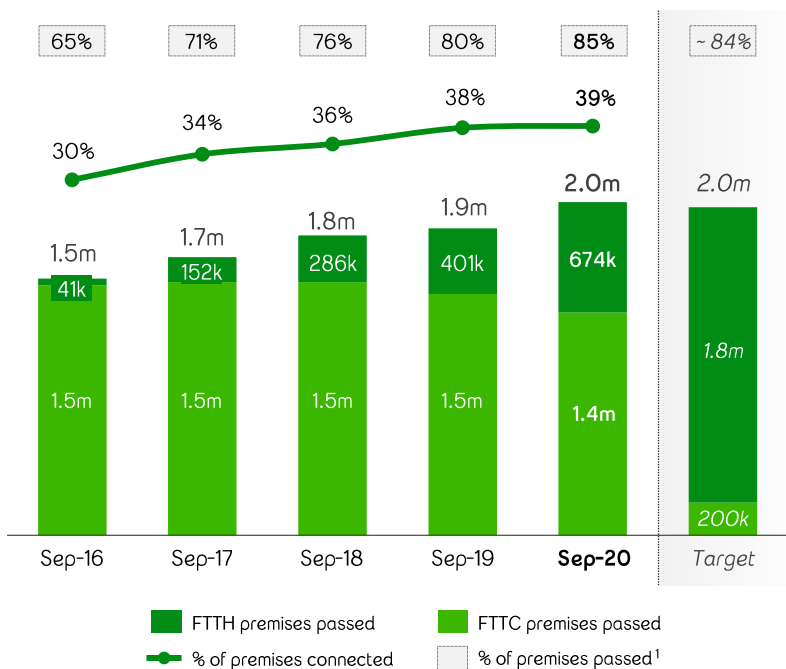
<sup>1</sup> eir TV base includes eir Vision subscribers.

<sup>2</sup> Percentage of consumer households with fixed access paths subscribing to fixed voice, fixed broadband, TV, and / or bundled mobile services (excluding 1P mobile).

<sup>3</sup> Percentage of fixed consumer households subscribing to two or more products.

## eir fibre footprint

Premises passed with FTTH and FTTC | Last 5 years



### Commentary

- ▶ **FTTH rollout continues to progress; now passing 674,000 premises across Ireland**
  - ▶ up 17% or 98,000 QoQ, 68% or 273,000 YoY
- ▶ **2 million or 85%<sup>1</sup> of Ireland's premises passed with eir fibre; 39% of passed premises connected to our network, up 1pp YoY**

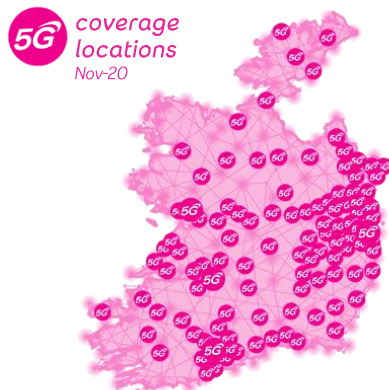
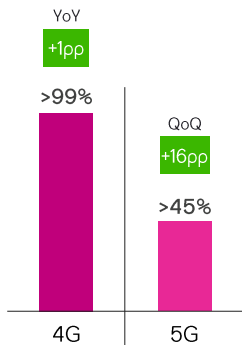


<sup>1</sup> Approximate percentage of an estimated total premises in Ireland of 2.4 million, based on data from GeoDirectory.

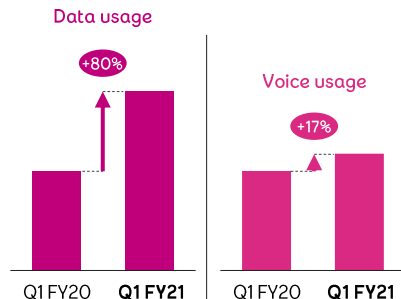


## Mobile coverage <sup>1</sup>

Nov-20

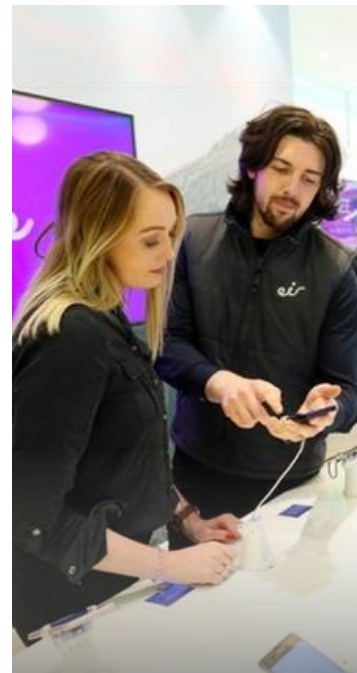


## eir network traffic volumes



## Commentary

- ▶ 5G network rollout continuing, with ultrafast speeds now available in 106 towns & cities across all counties
- ▶ 5G coverage now over 45%; 4G coverage 99% <sup>1</sup>
  - ▶ 4G geographic coverage over 95%
- ▶ Over 1,100 sites now upgraded as part of €150m network investment, with improvement in speeds, coverage and resilience across Ireland
- ▶ Continued success of GoMo with strong take up and market share gain, now over 250,000 subs
- ▶ Overall mobile traffic growth of 49% YoY, with 80% increase in data usage driven by GoMo and Covid-19 restrictions



<sup>1</sup> 4G and 5G coverage refers to outdoor population coverage in Ireland.



# Trading update

- ▶ Revenue down 2% <sup>1</sup>
- ▶ Operating costs stable <sup>1,2</sup>
- ▶ EBITDA up 1% <sup>1,2</sup>

- ▶ Continued KPI growth
  - ▶ +22,000 broadband customers YoY
  - ▶ 81% of broadband base using fibre
  - ▶ +224,000 postpay subscribers YoY
  - ▶ 67% of mobile base on postpay

- ▶ Capex of €80m in Q1, 27% of revenue <sup>3</sup>
- ▶ September closing cash of €528m, in line with expectations after asset disposal proceeds
- ▶ Net debt to EBITDA of 3.4x, down 0.4x QoQ

<sup>1</sup> Excludes IFRS 15 and IFRS 16 adjustments.

<sup>2</sup> Excludes management charge and non-cash pension charge.

<sup>3</sup> Incurred capex, excludes capitalisation of non-cash pension charge, spectrum, and asset retirement obligations.

# Group EBITDA | Stable costs and further EBITDA growth despite challenging Covid environment



Excludes IFRS 15 and IFRS 16 adjustments. See appendix for details.

€ millions	Q1 FY21	Q1 FY20	Change YoY €m Better/(Worse)	Change YoY % Better/(Worse)
Fixed Line Revenue	221	230	(9)	(4%)
Mobile Revenue	83	83	(0)	(1%)
Eliminations	(6)	(9)	3	28%
<b>Group Revenue</b>	<b>298</b>	<b>304</b>	<b>(6)</b>	<b>(2%)</b>
Cost of Sales	(60)	(68)	8	12%
Gross Profit	238	236	2	1%
Gross Margin %	80%	78%	-	2pp
Pay Costs	(41)	(42)	1	2%
Non-Pay Costs	(55)	(54)	(1)	(2%)
Total Operating Costs <sup>1</sup>	(96)	(96)	(0)	(0%)
<b>Group EBITDA <sup>1</sup></b>	<b>142</b>	<b>140</b>	<b>2</b>	<b>1%</b>
EBITDA Margin %	48%	46%	-	2pp

## Commentary

- ▶ Revenue down 2% or €6m YoY
- ▶ Further growth in broadband, managed and data services, postpay and bundling, offset by reduced traffic, content and prepay revenues, as well as by the impact of promotions
- ▶ Cost of sales reduced by 12% or €8m
- ▶ Gross margin % up 2pp to 80%
- ▶ Operating costs stable, with 2% reduction in pay costs offset by 2% increase in non-pay costs driven by higher lease costs
- ▶ EBITDA up 1% or €2m
- ▶ EBITDA margin up 2pp to 48%

<sup>1</sup> Stated before management charge, non-cash pension charge and exceptional costs.

<sup>2</sup> Table includes proportionate consolidation of Tetra joint venture at 56% for actual and prior year.

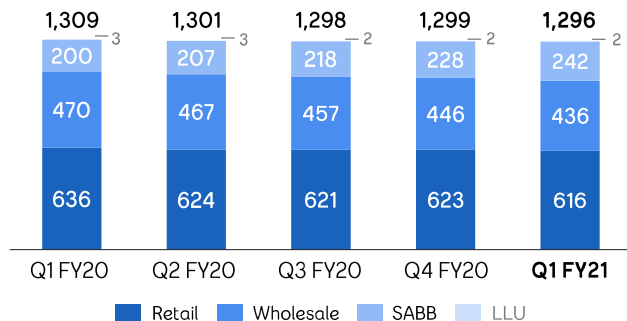
<sup>3</sup> Figures are presented to the nearest million and may vary slightly from actual arithmetic totals.

# Group fixed KPIs

Continued growth in broadband base, up 2% or 22k subs YoY

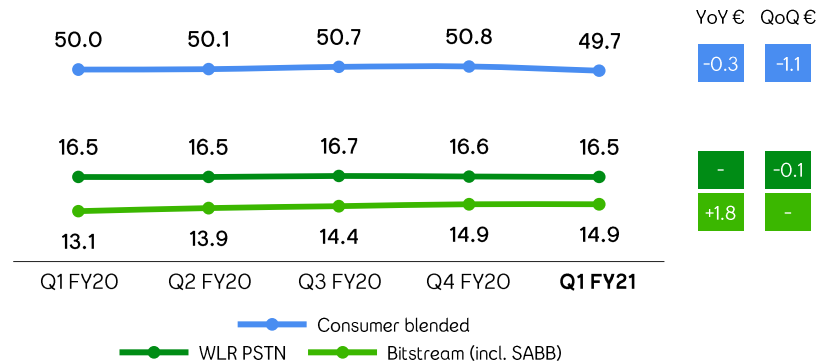


## Group access paths<sup>1</sup> ('000s)



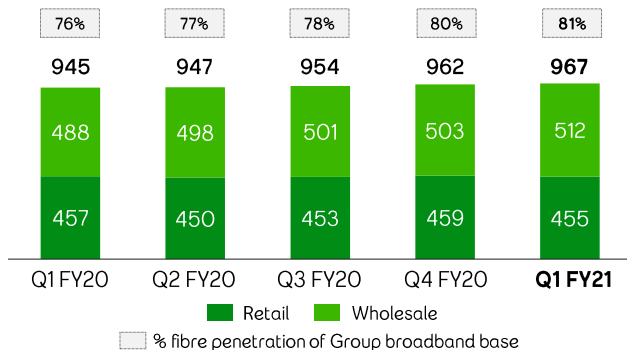
	YoY	QoQ
Total	-13	-3
Retail	+42	+14
Wholesale	-34	-10
SABB	-20	-7

## Fixed line ARPUs (€)



	YoY €	QoQ €
Consumer blended	-0.3	-1.1
WLR PSTN	-	-0.1
Bitstream (incl. SABB)	+1.8	-

## Group broadband base<sup>1,2</sup> ('000s)



	YoY	QoQ
Total	+22	+5
Retail	+24	+9
Wholesale	-2	-4

## Commentary

- ▶ Group access paths down 1% or 13k YoY due to traditional access reductions, broadly stable QoQ
- ▶ Group broadband base up 2% or 22k YoY, up 1% or 5k QoQ
  - ▶ Retail broadband broadly stable YoY, down 1% or 4k QoQ
- ▶ 81% of Group broadband base now on fibre, up 5pp YoY, up 1pp QoQ
- ▶ Consumer blended ARPU down 1% YoY and 2% QoQ, due to reduced out of bundle revenues
- ▶ Bitstream ARPU up 14% YoY, driven by change to product mix, stable QoQ; WLR ARPU broadly stable YoY and QoQ

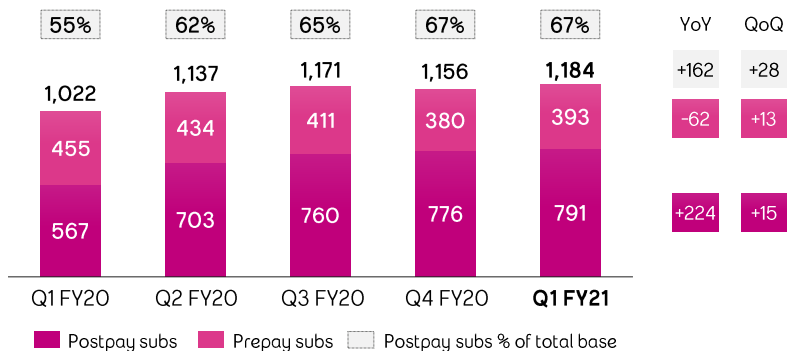
<sup>1</sup> Figures are presented to the nearest thousand and may vary slightly from actual arithmetic totals.

<sup>2</sup> Excludes Line Share / LLU.

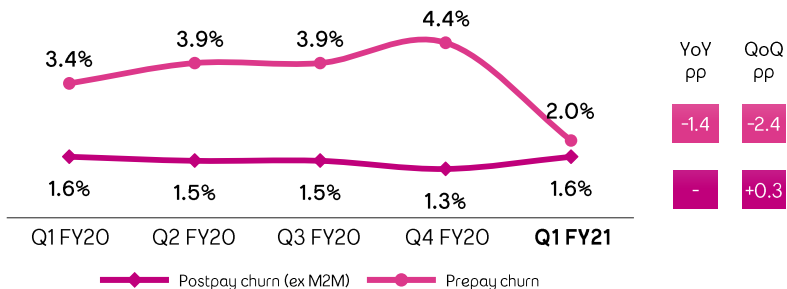
# Group mobile KPIs | Further solid growth in postpay, up 40% or 224k subs YoY



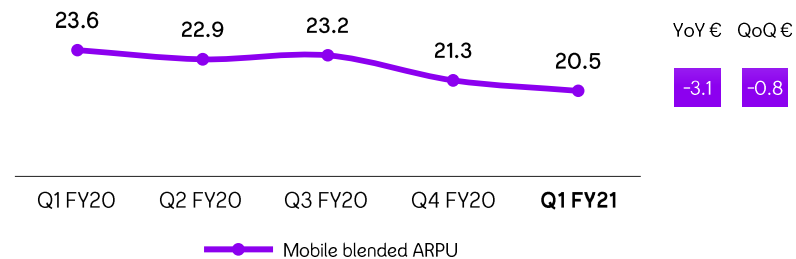
## Mobile subscribers<sup>1</sup> ('000s)



## Mobile churn<sup>1,2</sup>



## Mobile blended ARPU<sup>3,4</sup> (€)



### Commentary

- ▶ Total mobile subs up 16% or 162k YoY, prepay subs up 13k or 3% QoQ driven by lower early life churn in Q1 as a result of retail restrictions in Q4
- ▶ **Postpay subs up 40% or 224k YoY, and up 2% or 15k QoQ, driven by GoMo's continued strong market performance**
- ▶ 67% of mobile base on postpay, up 12pp YoY
- ▶ Mobile blended ARPU down 13% YoY, due to a changes to the base mix, an increase SIMO customers, and bundle discounts; down 4% QoQ
- ▶ Prepay churn down 1.4pp YoY and 2.4pp QoQ, driven by the impact of Covid-related retail restrictions in the prior quarter

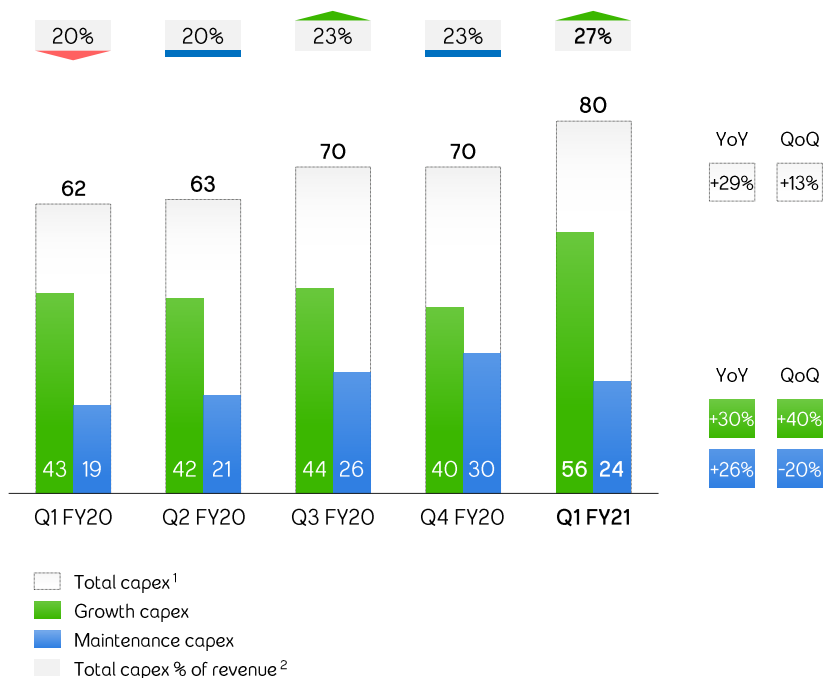
<sup>1</sup> Figures are presented to the nearest thousand and may vary slightly from actual arithmetic totals.

<sup>2</sup> Monthly average churn rate per quarter.

<sup>3</sup> Excludes IFRS 15 adjustments.

<sup>4</sup> Includes mobile broadband.

## Capex investment (€m)



## Commentary

- ▶ Q1 capex €80m, or 27% of revenue; up 29% or €18m YoY, up 13% or €10m QoQ
- ▶ Growth capex up 30% or €13m YoY, due to timing of network investments and property development
- ▶ Maintenance capex up 26% or €5m YoY, driven by investment in network fleet



<sup>1</sup> 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.

<sup>2</sup> Capex % of revenue excludes non-cash pension charge, spectrum, and asset retirement obligations.

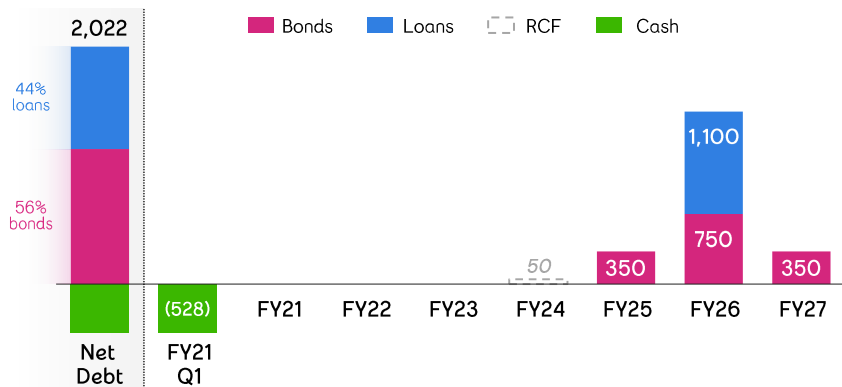


# Financing

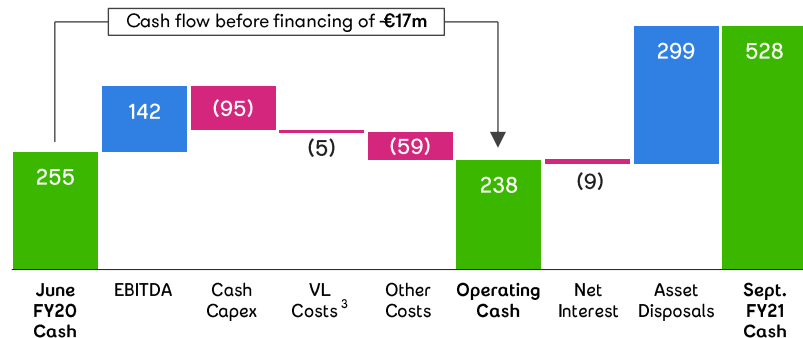
# Capital structure | Strong liquidity position, significant cash generation driven by disposals



## Debt profile at quarter end (€m)



## Cash profile at quarter end (€m)



- ▶ Net Debt to EBITDA 3.4x at quarter end, down 0.4x QoQ<sup>1</sup>
- ▶ Average cost debt 2.92%, down 11% YoY<sup>2</sup>
- ▶ Undrawn RCF of €50m
- ▶ Corporate ratings
 

	Latest review:
▶ Moody's <b>B1 Stable</b>	Apr-20
▶ S&P <b>B+ Positive</b>	May-20
▶ Fitch <b>B+ Stable</b>	Jun-20

- ▶ Cash on balance sheet €528m at quarter end<sup>4</sup>
- ▶ Other costs include working capital, provisions, and exceptionals
- ▶ Asset disposals primarily relate to the proceeds from the sale of Emerald Tower Limited, completed in July 2020

<sup>1</sup> Net Debt to LTM EBITDA management view. Excludes the impacts of IFRS 15 and IFRS 16, management charge and Tetra joint venture.  
<sup>2</sup> Excludes swaps.

<sup>3</sup> Voluntary leave (voluntary redundancy) programme costs.  
<sup>4</sup> Cash on balance sheet includes eir Group's share of Tetra joint venture cash.

# Outlook

FY21 outlook

EBITDA

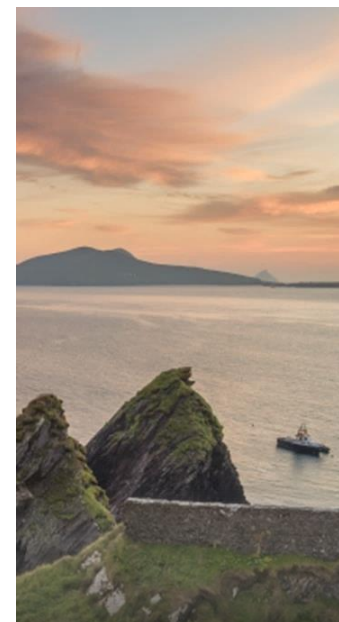
Low single digit EBITDA growth

Capex

Capex between 21%-23% of revenue

Cash flow

Further year-on-year cash flow growth <sup>1</sup>



<sup>1</sup> Excludes cash impacts arising from refinancing and/or M&A activities.

# Q&A

## Q1 FY21 results call

17 November 2020 – 13:00 GMT

with CEO Carolan Lennon and CFO Stephen Tighe

Operator-managed call

See investor notification for dial in details

Press \*1 to ask a question

Call accessible to registered investors and approved analysts only  
[Click here to register before 12:00 GMT if not already previously registered](#)



let's make possible...

# Appendix

IFRS adjustments





# IFRS adjustments



€ millions	Q1 FY21				Q1 FY20			
	Before adjustments	IFRS 15 adjustments	IFRS 16 adjustments	After adjustments	Before adjustments	IFRS 15 adjustments	IFRS 16 adjustments	After adjustments
Fixed Line Revenue	221	-	-	221	230	-	-	230
Mobile Revenue	83	(2)	-	81	83	(1)	-	82
Eliminations	(6)	-	-	(6)	(9)	-	-	(9)
<b>Group Revenue</b>	<b>298</b>	<b>(2)</b>	<b>-</b>	<b>296</b>	<b>304</b>	<b>(1)</b>	<b>-</b>	<b>303</b>
Cost of Sales	(60)	-	-	(60)	(68)	-	-	(68)
Gross Profit	238	(2)	-	236	236	(1)	-	235
Gross Margin %	80%	-	-	80%	78%	(1pp)	-	77%
Pay Costs	(41)	-	-	(41)	(42)	-	-	(42)
Non-Pay Costs	(55)	3	11	(41)	(54)	2	10	(42)
Total Operating Costs <sup>1</sup>	(96)	3	11	(82)	(96)	2	10	(84)
<b>Group EBITDA <sup>1</sup></b>	<b>142</b>	<b>1</b>	<b>11</b>	<b>154</b>	<b>140</b>	<b>1</b>	<b>10</b>	<b>151</b>
EBITDA Margin %	48%	-	4pp	52%	46%	-	4pp	50%

Mobile revenue impacted by -€2m and -€1m adjustment in FY21 and FY20 respectively, related to IFRS 15 revenue recognition of mobile handset service and equipment revenue.

Non-pay costs impacted by +€3m and +€2m adjustment in FY21 and FY20 respectively, related to IFRS 15 recognition of sales commissions. Non-pay costs also impacted by +€11m and +€10m adjustment in FY21 and FY20 respectively, related to IFRS 16 treatment of operating lease rental costs.

<sup>1</sup> Stated before management charge, non-cash pension charge and exceptional costs.

<sup>2</sup> Table includes proportionate consolidation of Tetra joint venture at 56% for actual and prior year.

<sup>3</sup> Figures are presented to the nearest million and may vary slightly from actual arithmetic totals.

# Abbreviations

- ▶ **2P / 3P / 4P** | Two / three / four-play product bundles
- ▶ **ARPU** | Average Revenue per User
- ▶ **B2B** | Business to Business
- ▶ **B2C** | Business to Consumer
- ▶ **BB** | Broadband
- ▶ **bps** | Basis points
- ▶ **Capex** | Capital expenditure
- ▶ **ComReg** | Commission for Communications Regulation (Ireland)
- ▶ **CSR** | Corporate Social Responsibility
- ▶ **EBITDA** | Earnings before Interest, Tax, Depreciation, & Amortisation
- ▶ **eir NI** | eir Northern Ireland
- ▶ **ESG** | Environmental, Social, and Governance
- ▶ **FCF** | Free Cash Flow
- ▶ **FTE** | Full Time Equivalent Employees
- ▶ **FTTC** | Fibre to the Cabinet
- ▶ **FTTH** | Fibre to the Home
- ▶ **FWA** | Fixed Wireless Access
- ▶ **Gbps** | Gigabits per second
- ▶ **IFN** | Ireland's Fibre Network
- ▶ **IFRS** | International Financial Reporting Standard
- ▶ **KPI** | Key Performance Indicator
- ▶ **LLU** | Local Loop Unbundling
- ▶ **LTM** | Last Twelve Months
- ▶ **M2M** | Machine to Machine
- ▶ **MBB** | Mobile Broadband
- ▶ **Mbps** | Megabits per second
- ▶ **MTR** | Mobile Termination Rate
- ▶ **NBP** | National Broadband Plan (Ireland)
- ▶ **NGA** | Next Generation Access
- ▶ **OAOS** | Other Authorised Operators
- ▶ **Opex** | Operating expenditure
- ▶ **pp** | Percentage point
- ▶ **QoQ** | Quarter on Quarter
- ▶ **RCF** | Revolving Credit Facility
- ▶ **RGU** | Revenue Generating Unit
- ▶ **SABB** | Standalone Broadband
- ▶ **SAC** | Subscriber Acquisition Cost
- ▶ **SIMO** | SIM-Only
- ▶ **TLB** | Term Loan B
- ▶ **USO** | Universal Service Obligation
- ▶ **WLR** | Wholesale Line Rental
- ▶ **VL** | Voluntary Leave (Voluntary Redundancy)
- ▶ **YoY** | Year on Year
- ▶ **YTD** | Year to Date

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