



# eir Group Results

for the full year and  
fourth quarter FY20

to 30 June 2020

2 September 2020





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## Presented by

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**Carolan Lennon**

CEO



**Stephen Tighe**

CFO

# Business highlights

## Financial

FY20 Revenue <sup>1</sup>  
€1.224 billion

▼ 2% YoY

- ▶ FY20 revenue decline of €25m YoY
- ▶ Q4 revenue €300m, down 2% or €5m YoY

FY20 EBITDA <sup>1,2</sup>  
€600 million

▲ 4% YoY

- ▶ FY20 EBITDA growth of €22m YoY
- ▶ Q4 EBITDA €159m, up 5% or €7m YoY

## Operational

767,000 fibre customers

▲ 9% YoY

- ▶ +65,000 connections YoY
- ▶ 82% of Irish premises passed with fibre <sup>3</sup>

776,000 postpay customers

▲ 37% YoY

- ▶ 67% of mobile base on postpay, up 12pp YoY

Multi-play bundles

▲ 3pp YoY

- ▶ 36% of fixed households on multi-play bundles, up 3pp YoY

## Key Developments

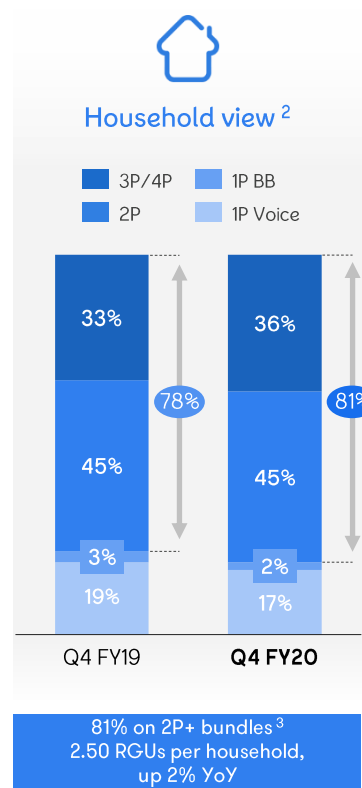
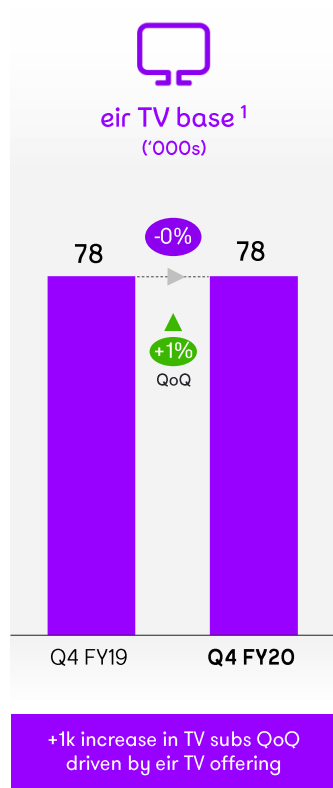
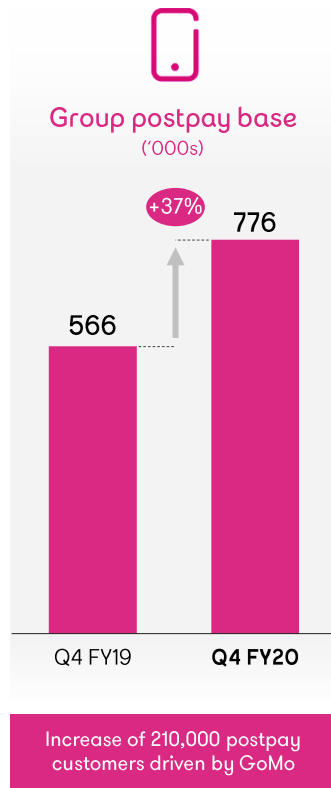
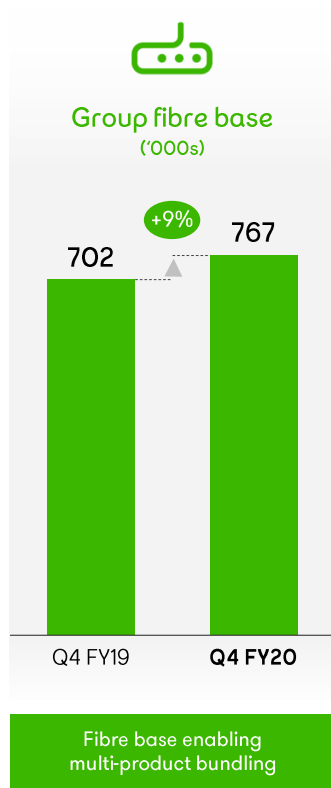
- ▶ **Keeping Ireland connected:** with restrictions eased, our retail stores are open and our support and sales functions remain fully operational, with office-based staff working remotely
- ▶ **Ireland's Fibre Network:** progress rolling out fibre to the home continues at pace, with thousands more homes and businesses now passed with ultrafast broadband
- ▶ **Ireland's best mobile network:** continued successful take up of GoMo, with subscribers of well over 200k now joined in under one year
- ▶ **Tower deal:** eir successfully completes c.€300m tower deal with Phoenix Tower International, selling entire share capital of Emerald Tower Limited

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

<sup>2</sup> Excludes non-cash pension charge, fair value lease credits and management 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 and mobile growth, continued QoQ rebound in TV



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

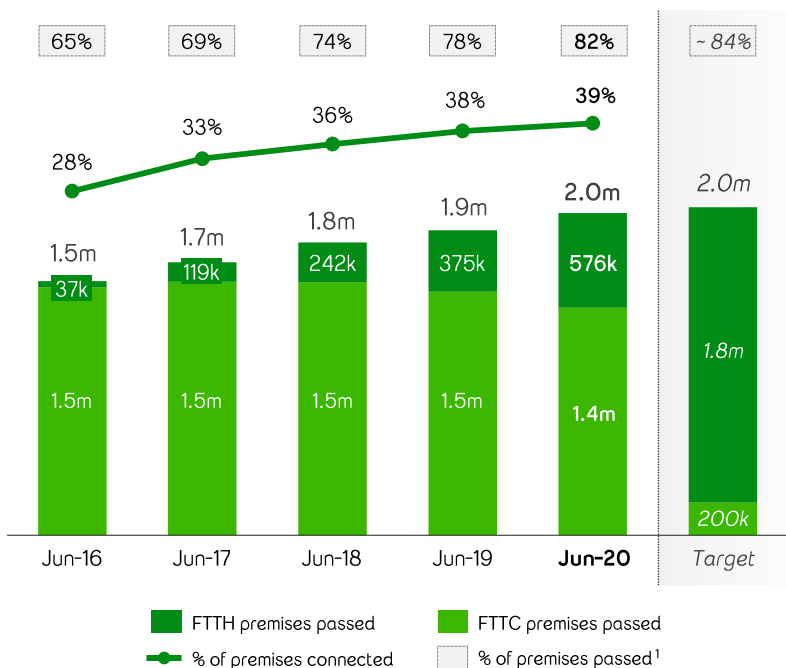
<sup>2</sup> Percentage of consumer households with fixed access paths subscribing to fixed voice, fixed broadband, TV, and / or bundled mobile services (excluding 1P mobile).

<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

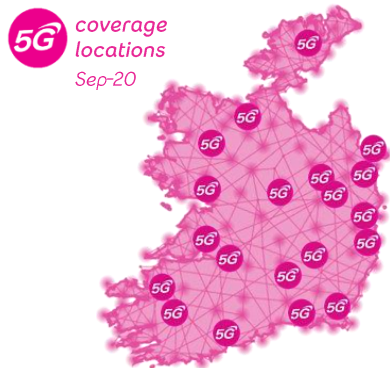
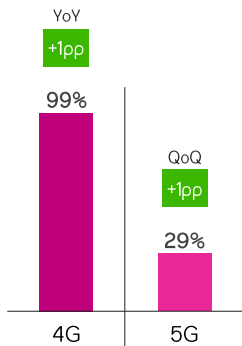
- ▶ Ireland's Fibre Network now passing 138,000 urban and suburban premises, up 92% or 66,000 QoQ
- ▶ Overall FTTH rollout continues to progress; now passing 576,000 premises across Ireland, up 54% or 201,000 YoY
- ▶ 2 million or 82%<sup>1</sup> of Ireland's premises passed with eir fibre; 39% of passed premises connected to our network, up 1pp YoY



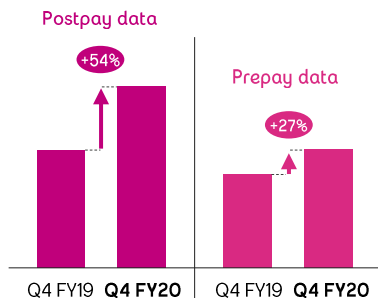
<sup>1</sup> Approximate percentage of an estimated total premises in Ireland of 2.4 million, based on data from GeoDirectory.

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

Sep-20

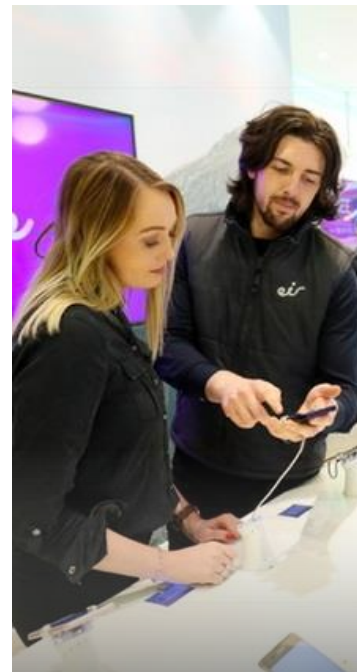


## eir network data traffic volumes



## Commentary

- ▶ 5G network rollout continuing, with ultrafast speeds available in 21 towns & cities
- ▶ 5G coverage 29%, 4G coverage 99% <sup>1</sup>
  - ▶ 4G geographic coverage now over 95%
- ▶ Continued success of GoMo with further strong take up and market share gain
- ▶ Upgrade and expansion of mast sites continues, with improvements in network speeds, coverage and resilience
- ▶ Overall mobile data traffic growth of 42% YoY, with postpay growth of 54% driven by GoMo



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



# Trading update

- ▶ Revenue down 2% in full year and Q4<sup>1</sup>
- ▶ Operating costs reduced by 7% in full year, down 1% in Q4<sup>1,2</sup>
- ▶ EBITDA up 4% in full year, up 5% in Q4<sup>1,2</sup>

- ▶ Continued KPI growth
  - ▶ +18,000 broadband customers YoY
  - ▶ 80% of broadband base using fibre
  - ▶ +210,000 postpay subscribers YoY
  - ▶ 67% of mobile base on postpay

- ▶ Capex of €265m in FY20, 22% of revenue<sup>3</sup>
- ▶ June closing cash of €255m, in line with expectations
- ▶ Net debt to EBITDA down 0.2x or 5% QoQ
- ▶ S&P revises outlook from stable to positive

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

<sup>2</sup> Excludes non-cash pension charge, fair value lease credits and management charge.

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

# Group EBITDA | Savings drive continued EBITDA growth; 4% in FY20, 5% in Q4 YoY



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

€ millions	FY20	FY19	Change YoY €m Better/(Worse)	Change YoY % Better/(Worse)	Q4 FY20	Q4 FY19	Change YoY €m Better/(Worse)	Change YoY % Better/(Worse)
Fixed Line Revenue	917	939	(22)	(2%)	227	230	(3)	(1%)
Mobile Revenue	343	344	(1)	(0%)	82	83	(1)	(1%)
Eliminations	(36)	(34)	(2)	(6%)	(9)	(8)	(1)	(4%)
<b>Group Revenue</b>	<b>1,224</b>	<b>1,249</b>	<b>(25)</b>	<b>(2%)</b>	<b>300</b>	<b>305</b>	<b>(5)</b>	<b>(2%)</b>
Cost of Sales	(245)	(265)	20	8%	(49)	(60)	11	18%
Gross Profit	979	984	(5)	(1%)	251	245	6	2%
Gross Margin %	80%	79%	-	1pp	84%	80%	-	4pp
Pay Costs	(165)	(151)	(14)	(9%)	(39)	(38)	(1)	(3%)
Non-Pay Costs	(214)	(255)	41	16%	(53)	(55)	2	4%
Total Operating Costs <sup>1</sup>	(379)	(406)	27	7%	(92)	(93)	1	1%
<b>Group EBITDA <sup>1</sup></b>	<b>600</b>	<b>578</b>	<b>22</b>	<b>4%</b>	<b>159</b>	<b>152</b>	<b>7</b>	<b>5%</b>
EBITDA Margin %	49%	46%	-	3pp	53%	50%	-	3pp

## Commentary

- ▶ Revenue down 2% or €25m in FY20; down 2% or €5m in Q4
- ▶ Further YoY growth in broadband, data services, postpay and bundling, offset by reduced traffic, content and prepay revenues, as well as by impact of regulatory pricing changes
- ▶ Cost of sales reduced by 8% or €20m in FY20; down 18% or €11m in Q4 partly driven by Covid-related savings and lower content costs.
- ▶ Gross margin % up 1pp to 80% in FY20; up 4pp to 84% in Q4
- ▶ Operating costs reduced by 7% or €27m in FY20; reduced by 1% or €1m in Q4 with savings partially offset by one-off increase to claims provision
- ▶ EBITDA up 4% or €22m in FY20; up 5% or €7m in Q4

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

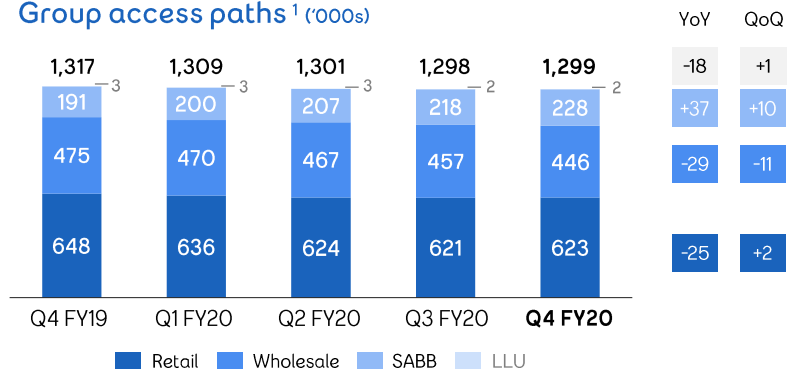
<sup>2</sup> Table includes proportionate consolidation of Tetra joint venture at 56% for actual and prior year.

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

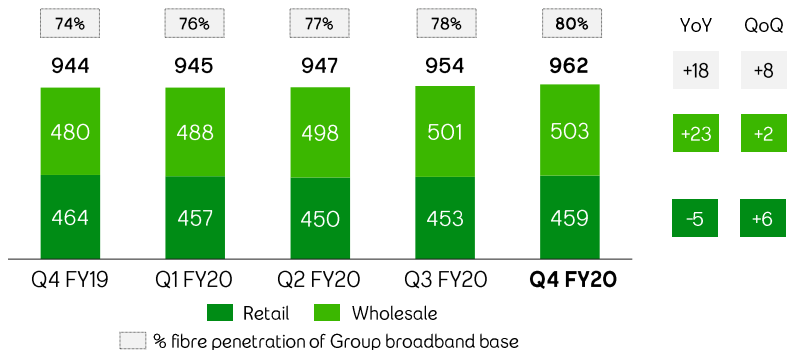
# Group fixed KPIs | Growth in broadband base and fixed ARPUs, access line growth QoQ



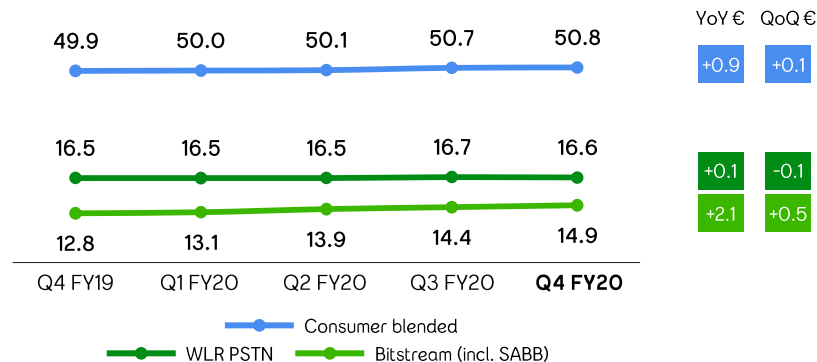
## Group access paths<sup>1</sup> ('000s)



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



## Fixed line ARPUs (€)



## Commentary

- ▶ Group access paths down 1% or 18k YoY due to traditional access reductions, broadly stable QoQ
- ▶ Group broadband base up 2% or 18k YoY, up 1% or 8k QoQ
  - ▶ Retail broadband continues to grow, up 1% or 6k QoQ
- ▶ 80% of Group broadband base now on fibre, up 6pp YoY, up 2pp QoQ
- ▶ Consumer blended ARPU up 2% YoY, broadly stable QoQ
- ▶ Bitstream ARPU up 16% YoY, up 2% QoQ, driven by change to product mix; WLR ARPU broadly stable YoY and QoQ

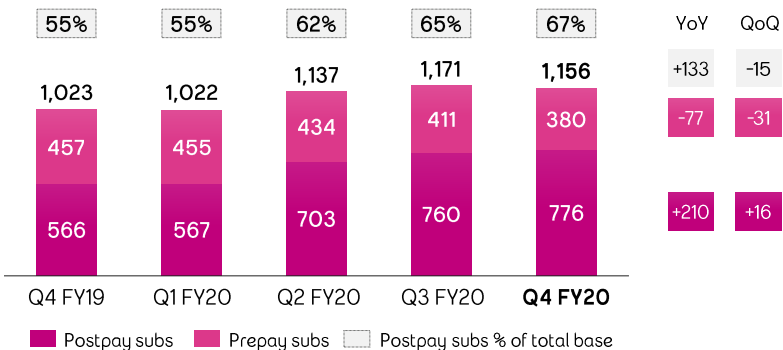
<sup>1</sup> Figures are presented to the nearest thousand and may vary slightly from actual arithmetic totals.

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

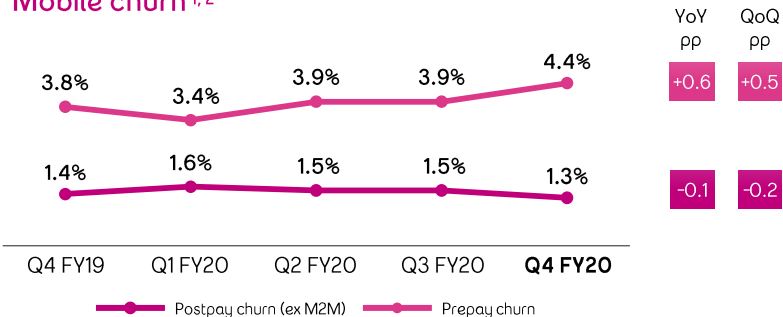
# Group mobile KPIs | Continued strong growth in postpay, up 37% or 210k subscribers YoY



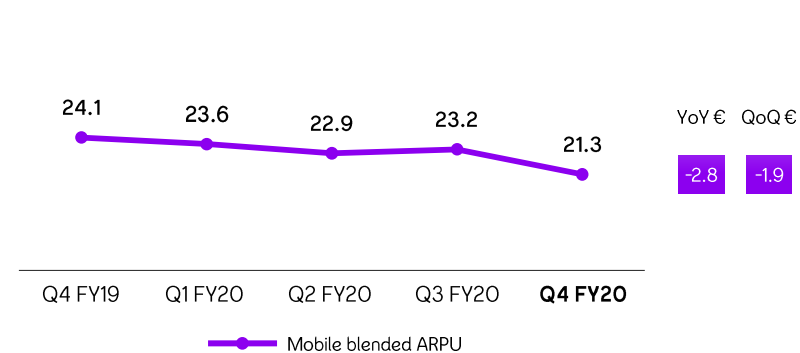
## Mobile subscribers<sup>1</sup> ('000s)



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



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



## Commentary

- ▶ Postpay base growth of 37% or 210k YoY and 2% or 16k QoQ, driven by GoMo's continued strong market performance
- ▶ 67% of mobile base on postpay, up 12pp YoY
- ▶ Total mobile subscribers up 13% or 133k YoY
- ▶ Mobile blended ARPU down 11% YoY, due to a changes to the base mix, an increase SIMO customers, and bundle discounts; down 8% QoQ
- ▶ Prepay churn up 18% YoY and 10% QoQ, driven by migration to postpay

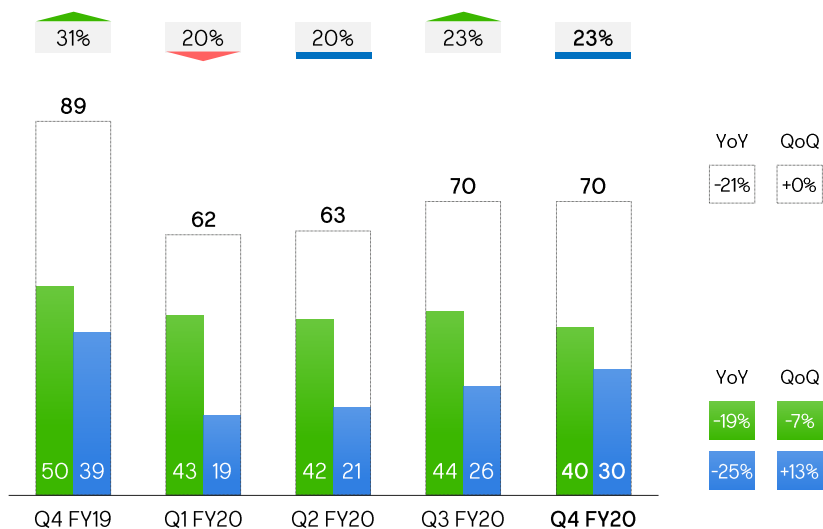
<sup>1</sup> Figures are presented to the nearest thousand and may vary slightly from actual arithmetic totals.

<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)



- Total capex<sup>1</sup>
- Growth capex
- Maintenance capex
- Total capex % of revenue<sup>2</sup>

## Commentary

- ▶ Q4 capex of €70m, or 23% of revenue, stable QoQ, down 21% or €19m YoY
- ▶ Growth capex down 7% or €4m QoQ, due to timing of network investments
- ▶ Maintenance capex up 13% or €4m QoQ, due to IT spend and targeted pole replacement programme
- ▶ FY20 capex of €265m, or 22% revenue, down 2% or €5m YoY



<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.

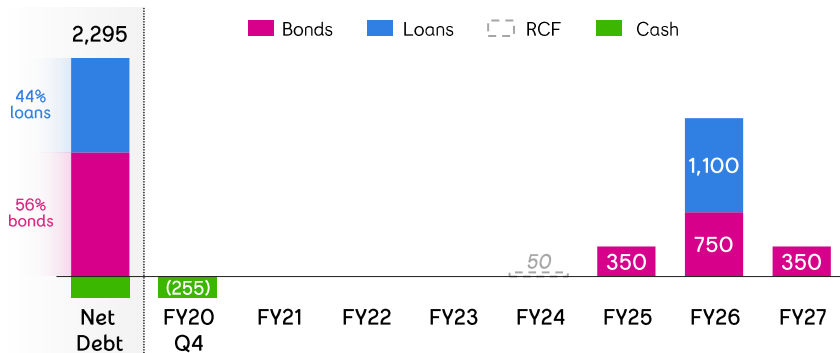


# Financing

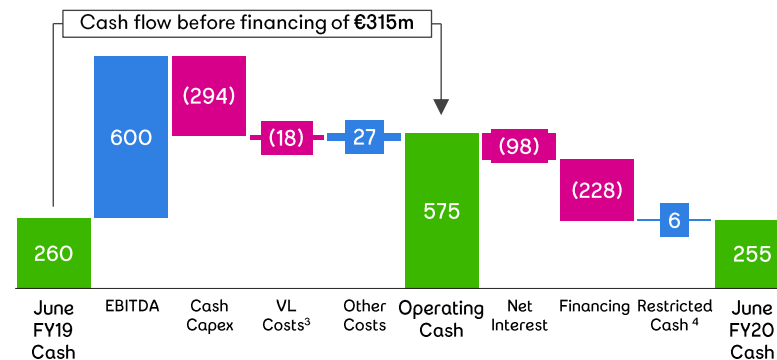
# Capital structure | Net debt to EBITDA down 5% QoQ to 3.8x, operating cash up 38% YoY



## Debt profile at quarter end (€m)



## Cash profile at quarter end (€m)



- ▶ Net Debt to EBITDA 3.8x at quarter end, down 0.2x QoQ<sup>1</sup>
- ▶ Average cost debt 3.03%, down 27bps YoY<sup>2</sup>
- ▶ Undrawn RCF of €50m
- ▶ S&P revises outlook to positive
- ▶ 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 €255m at quarter end<sup>5</sup>
- ▶ Other costs include working capital, provisions, exceptionals, management charge, and tax
- ▶ Financing includes RCF repayments, distribution to equity shareholders in Q2, and financing costs relating to refinancing activities in Q1

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

<sup>2</sup> Excluding swaps.

<sup>3</sup> Voluntary leave (voluntary redundancy) programme costs.

<sup>4</sup> Restricted cash primarily relates to escrow deposit.

<sup>5</sup> Cash on balance sheet includes eir Group's share of Tetra joint venture cash.

# Outlook

FY21 outlook

EBITDA

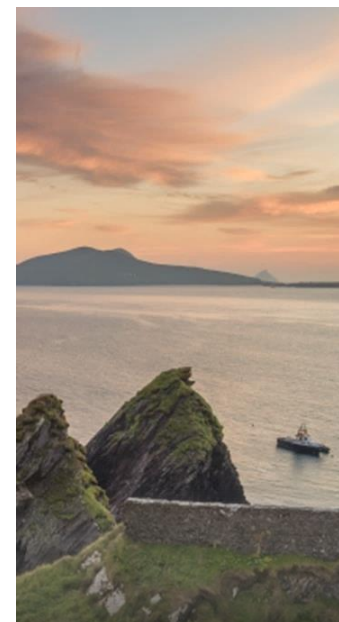
Low single digit EBITDA growth

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

Q4 FY20 investor conference call  
2 September 2020 – 13:00 IST/BST  
with CEO Carolan Lennon and CFO Stephen Tighe

*Operator-managed call*  
*Press \* followed by 1 to ask a question*

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



# Appendix

IFRS adjustments

The logo for eir, featuring the lowercase letters 'eir' in a white, cursive font. Below the logo, the tagline 'let's make possible...' is written in a smaller, white, sans-serif font. The logo and tagline are positioned on a pink circular background that is partially visible in the bottom right corner of the slide.

eir  
let's make possible...



# IFRS adjustments



	FY20				FY19		
	Before adjustments	IFRS 15 adjustments	IFRS 16 adjustments	After adjustments	Before adjustments	IFRS 15 adjustments	After adjustments
€ millions							
Fixed Line Revenue	917	-	-	917	939	-	939
Mobile Revenue	343	-13	+2	332	344	-13	331
Eliminations	(36)	-	-	(36)	(34)	-	(34)
<b>Group Revenue</b>	<b>1,224</b>	<b>-13</b>	<b>+2</b>	<b>1,213</b>	<b>1,249</b>	<b>-13</b>	<b>1,236</b>
Cost of Sales	(245)	-	-	(245)	(265)	-	(265)
Gross Profit	979	-13	+2	968	984	-13	971
Gross Margin %	80%	-	-	80%	79%	-	79%
Pay Costs	(165)	-	-	(165)	(151)	-	(151)
Non-Pay Costs	(214)	+8	+36	(170)	(255)	+9	(246)
Total Operating Costs <sup>1</sup>	(379)	+8	+36	(335)	(406)	+9	(397)
<b>Group EBITDA <sup>1</sup></b>	<b>600</b>	<b>-5</b>	<b>+38</b>	<b>633</b>	<b>578</b>	<b>-4</b>	<b>574</b>
EBITDA Margin %	49%	-	+3pp	52%	46%	-	46%

Mobile revenue impacted by -€13m adjustment in both FY20 and FY19, related to IFRS 15 revenue recognition of mobile handset service and equipment revenue as well as +€2m in FY20 mobile revenue related to the implementation of IFRS 16.

Non-pay costs impacted by +€8m and +€9m adjustment in FY20 and FY19 respectively, related to IFRS 15 recognition of sales commissions. Non-pay costs also impacted by +€36m adjustment in FY20 related to IFRS 16 treatment of operating lease rental costs.

<sup>1</sup> Stated before non-cash pension charge, fair value lease credits, management 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

## More information

for more information visit:

[eir.ie/investorrelations/reports/2020](http://eir.ie/investorrelations/reports/2020)

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