



# eir Group Results

for the third quarter FY21

to 31 March 2021



20 May 2021

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Presented by

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**Carolan Lennon**

CEO



**Stephen Tighe**

CFO

# Business highlights



## Financial

Q3 FY21  
to 31 March 2021



Revenue<sup>1, 2</sup>

€299m ▼ 3% YoY

Revenue down €8m.

EBITDA<sup>1, 2, 3</sup>

€154m ▶ 0% YoY

EBITDA stable.

## Operational

Fibre customers



810,000 ▲ 8% YoY

- ▶ +62,000 connections YoY.
- ▶ 88% of Irish premises passed with fibre.<sup>4</sup>

Postpay customers

836,000 ▲ 10% YoY

- ▶ +76,000 customers YoY.
- ▶ 70% of mobile base on postpay, up 5pp YoY.

Multi-play bundles

37% ▲ 1pp YoY

- ▶ 82% of fixed households on 2P+ bundles, up 1pp YoY.

## Key Developments

- ▶ **Ireland's Fibre Network:** our €500m rollout of ultrafast FTTH broadband now passes 382,000 premises, with target to pass 1.4 million urban and suburban premises well on track.
- ▶ **Smart WiFi:** our new Smart WiFi Hub enables customers to enjoy ultrafast broadband in every part of the home, with no more blackspots.
- ▶ **Ireland's largest 5G network:** our €150m investment to upgrade and expand our mobile network continues, with 5G now covering 57% of the population across 288 towns & cities.<sup>5</sup>
- ▶ **GoMo:** our revolutionary virtual mobile network surpasses over 275,000 sign-ups.
- ▶ **ESG:** eir becomes first telecoms operator in Ireland to publish a gender pay gap report, setting out specific initiatives to achieve an on-going reduction of the pay gap.

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

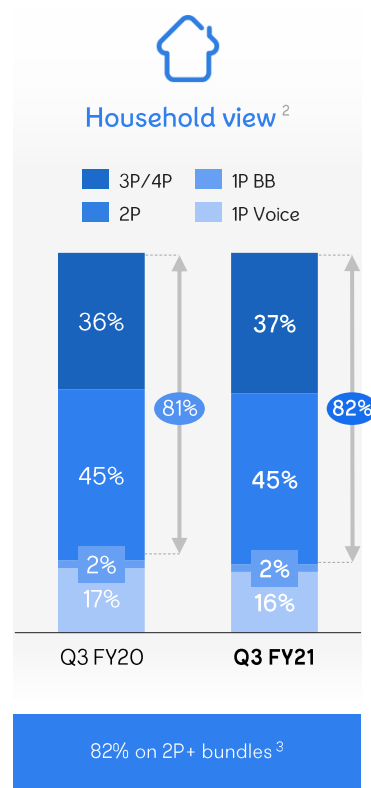
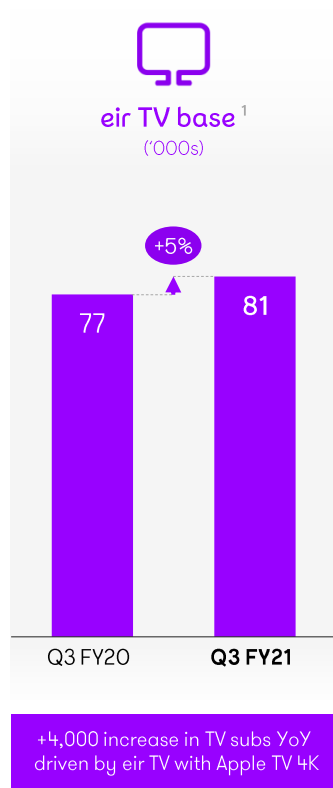
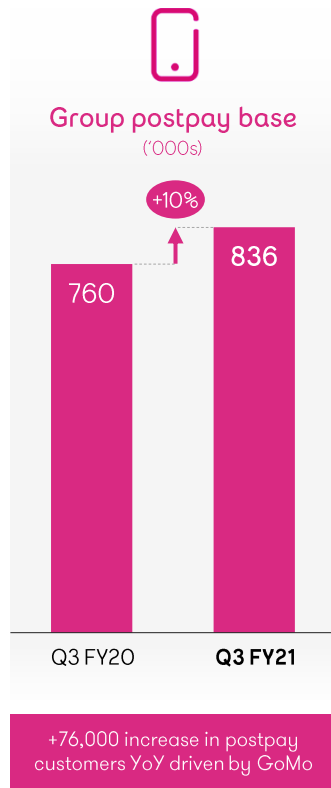
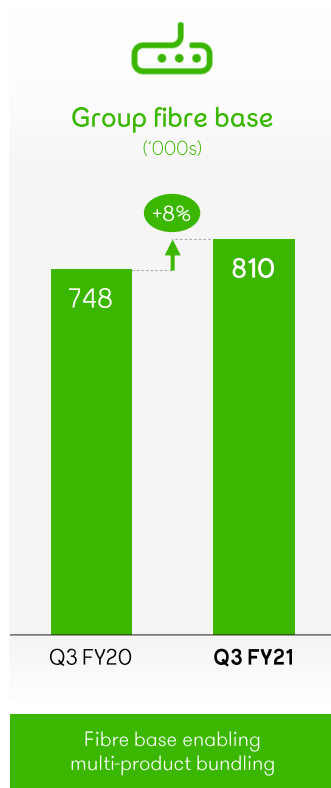
<sup>2</sup> Includes impact of Evros acquisition from 1 March 2021.

<sup>3</sup> Excludes non-cash pension charge, fair value lease credits, and management charge.

<sup>4</sup> Approximate percentage of an estimated total premises in Ireland of 2.421 million, based on delivery points.

<sup>5</sup> Outdoor population coverage in Ireland.

# Operational KPIs | Continued YoY growth across fibre, postpay, TV, and bundling



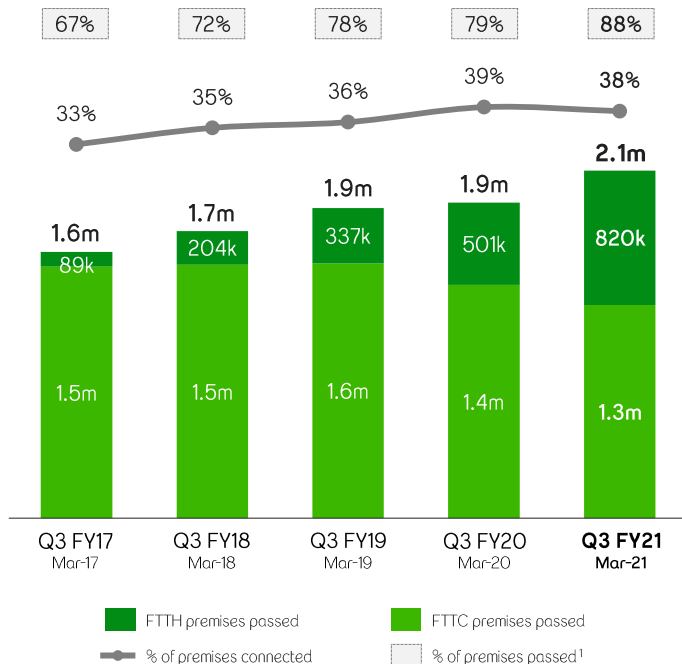
<sup>1</sup> eir TV base includes eir Vision subscribers.

<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, FTTC | Last 5 years



### Commentary

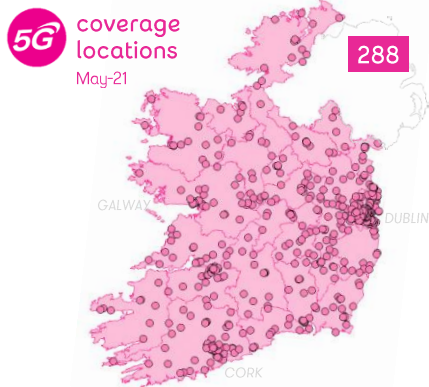
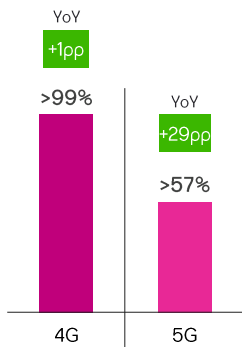
- ▶ **FTTH rollout continues to progress; now passing over 820,000 premises across Ireland.**
  - ▶ up 64% or 319,000 YoY, up 9% or 71,000 QoQ.
  - ▶ of which over 382,000 passed as part of IFN rollout.
- ▶ 2.1 million or 88% of Ireland's premises passed with eir fibre;<sup>1</sup> 38% of passed premises connected to our network
- ▶ Target to pass 1.8 million premises with FTTH on track.



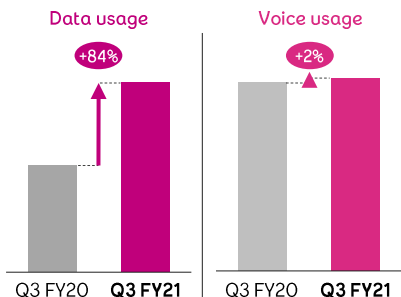
<sup>1</sup> Approximate percentage calculated using an estimated total premises in Ireland of 2.421 million based on delivery points.

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

May-21

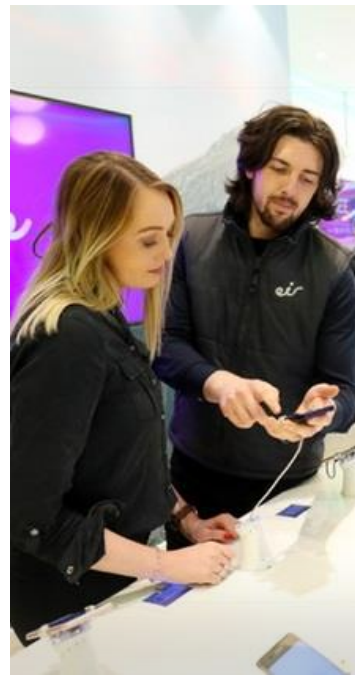


## eir network traffic volumes



## Commentary

- ▶ **5G network rollout continues at pace, with ultrafast speeds now available in 288 towns & cities from 931 sites across all counties.**
- ▶ 5G coverage now over 57%; 4G coverage 99%.<sup>1</sup>
  - ▶ 4G geographic coverage over 97%.
- ▶ Over 1,550 sites now upgraded as part of €150m network investment, with improvements in speed, coverage and resilience across Ireland.
- ▶ Significant increase in data usage volumes, up 84% driven by GoMo and the impact of Covid-19.



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



# Trading update

- ▶ Revenue down 3% <sup>1</sup>
- ▶ Cost of sales reduced by 7% <sup>1</sup>
- ▶ Operating costs reduced by 4% <sup>1,2</sup>
- ▶ EBITDA stable <sup>1,2</sup>

- ▶ Continued KPI growth
  - ▶ +16,000 broadband customers YoY
  - ▶ 84% of broadband base using fibre
  - ▶ +76,000 postpay subscribers YoY
  - ▶ 70% of mobile base on postpay

- ▶ Capex of €60m in Q3, 20% of revenue <sup>3</sup>
- ▶ March closing cash of €93m
- ▶ Net debt to LTM EBITDA of 4.1x, up 0.1x QoQ <sup>4</sup>

<sup>1</sup> Includes Evros acquisition impact from 1 March 2021. Excludes IFRS 15 and IFRS 16 adjustments.

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

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

<sup>4</sup> Includes Evros acquisition impact from 1 March 2021 and Tetra joint venture. Excludes the impact of IFRS 15 and IFRS 16, management charge.

# Group EBITDA | EBITDA stable QoQ, up 1% YTD driven by continued cost optimisation

Includes Evros acquisition impact from 1 March 2021. Excludes IFRS 15 and IFRS 16 adjustments; see appendix for details.



€ millions	Q3 FY21	Q3 FY20	Change € Better/(Worse) YoY	Change % Better/(Worse) YoY	9M FY21	9M FY20	Change € Better/(Worse) YoY	Change % Better/(Worse) YoY
Fixed Line Revenue	227	230	(3)	(1%)	664	690	(26)	(4%)
Mobile Revenue	80	86	(6)	(7%)	254	261	(7)	(3%)
Eliminations	(8)	(9)	1	14%	(24)	(27)	3	10%
<b>Group Revenue</b>	<b>299</b>	<b>307</b>	<b>(8)</b>	<b>(3%)</b>	<b>894</b>	<b>924</b>	<b>(30)</b>	<b>(3%)</b>
Cost of Sales	(53)	(57)	4	7%	(172)	(196)	24	12%
Gross Profit	246	250	(4)	(2%)	722	728	(6)	(1%)
Gross Margin %	82%	81%	-	1pp	81%	79%	-	2pp
Pay Costs	(43)	(43)	0	0%	(124)	(126)	2	2%
Non-Pay Costs	(49)	(53)	4	8%	(155)	(161)	6	4%
Total Operating Costs <sup>1</sup>	(92)	(96)	4	4%	(279)	(287)	8	3%
<b>Group EBITDA <sup>1</sup></b>	<b>154</b>	<b>154</b>	<b>0</b>	<b>0%</b>	<b>443</b>	<b>441</b>	<b>2</b>	<b>1%</b>
EBITDA Margin %	52%	50%	-	2pp	50%	48%	-	2pp

## Commentary

- ▶ Revenue down 3% or €8m in Q3 YoY.
- ▶ Growth in broadband, data services and bundling, as well as addition of Evros and NBP access revenues, offset by reduced traditional access, traffic, content, and mobile revenues.
- ▶ Cost of sales reduced by 7% or €4m in Q3.
- ▶ Gross margin % up 1pp to 82% in Q3.
- ▶ Operating costs down 4% in Q3, with 8% reduction in non-pay costs.
- ▶ EBITDA stable in Q3, up 1% or €2m YTD.
- ▶ EBITDA margin up 2pp to 52% in Q3.

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

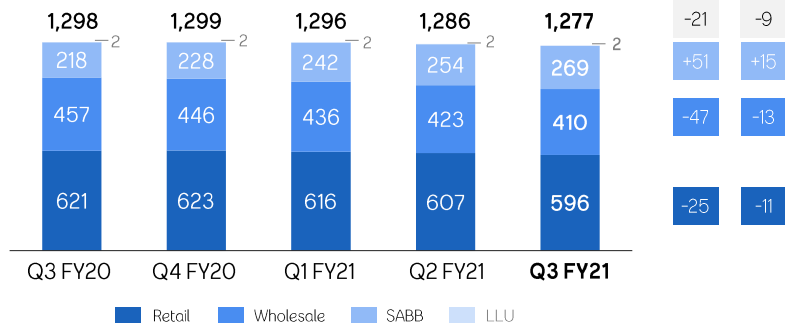
<sup>2</sup> Table includes Evros acquisition impact from 1 March 2021, and the proportionate consolidation of Tetra joint venture at 56% for the actual and prior year periods.

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

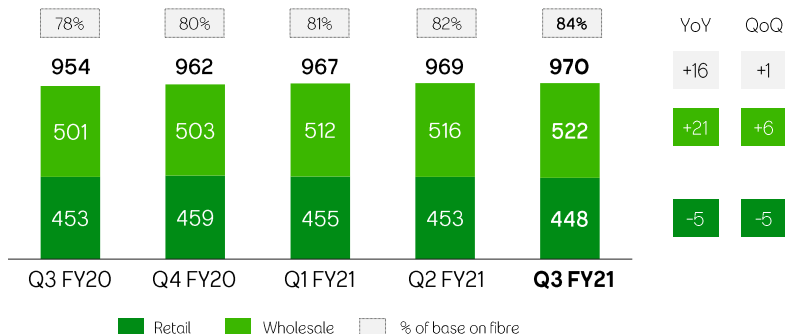
# Group fixed KPIs | Further broadband and ARPU growth in a competitive environment



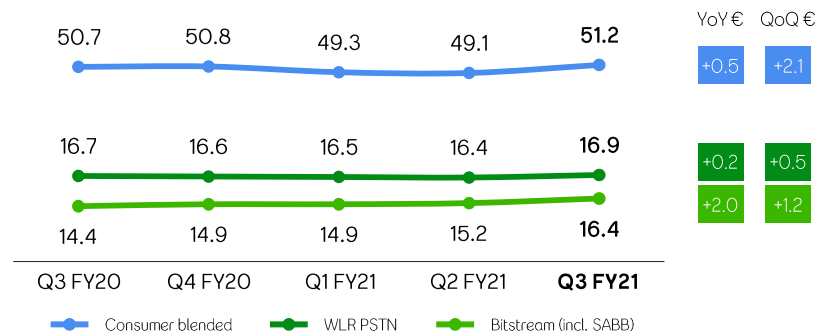
## Group access paths<sup>1</sup> ('000s)



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



## Fixed line ARPUs<sup>3</sup> (€)



## Commentary

- ▶ Group access paths down 2% or 21k YoY due to traditional access reductions, down 1% or 9k QoQ.
- ▶ Group broadband base up 2% or 16k YoY, up 1k QoQ.
  - ▶ Retail broadband down 5k YoY due to competitive pressure.
- ▶ 84% of Group broadband base now on fibre, up 6pp YoY, up 2pp QoQ.
- ▶ Consumer blended ARPU up 1% YoY, up 4% QoQ driven by VAT changes, retention strategy, and seasonal timing.
- ▶ Bitstream ARPU up 14% YoY and 8% QoQ, driven by change to product mix and seasonal timing; WLR ARPU up 1% YoY and 3% QoQ.

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

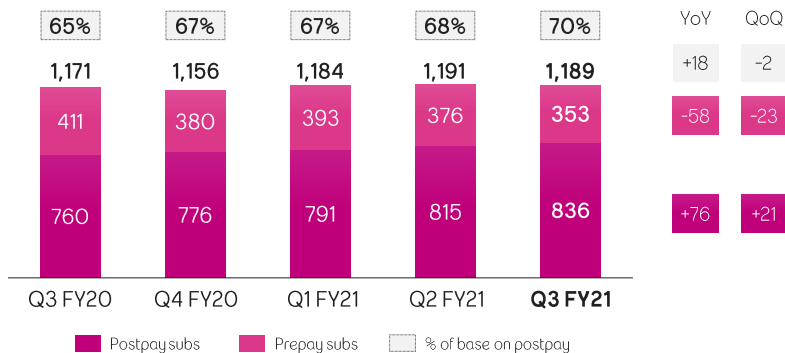
<sup>2</sup> Excludes Line Share / LLU.

<sup>3</sup> Consumer blended ARPU restated for Q1 FY21 and Q2 FY21 due to exclusion of non-core webmail domain revenue.

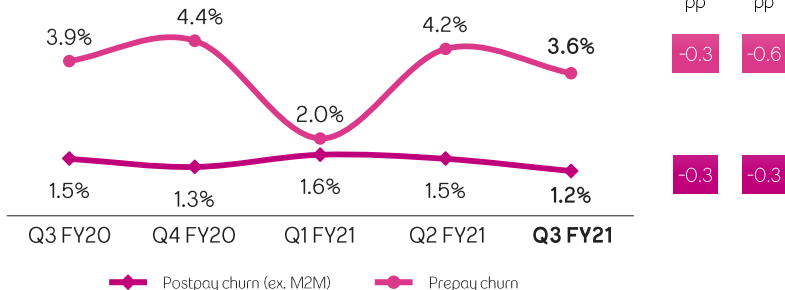
# Group mobile KPIs | Strong postpay subscriber growth continues, up 10% or 76k subs YoY



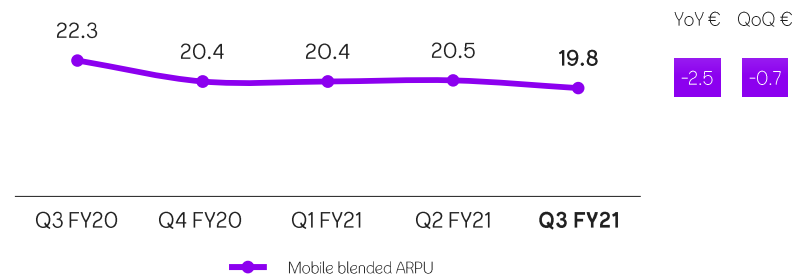
## Mobile subscribers<sup>1</sup> ('000s)



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



## Mobile blended ARPU<sup>3, 4, 5</sup> (€)



## Commentary

- ▶ **Postpay subs up 10% or 76k YoY, up 3% or 21k QoQ, driven by GoMo.**
- ▶ Total mobile subs up 2% or 18k YoY, prepay subs down 14% or 58k YoY.
- ▶ 70% of mobile base on postpay, up 5pp YoY.
- ▶ Mobile blended ARPU down 11% YoY and 3% QoQ, due to changes to the base mix, an increase in SIMO customers, and MTR and VAT changes.
- ▶ Prepay churn down 0.3pp YoY and 0.6pp QoQ driven by prior retail restrictions, postpay churn down 0.3pp YoY and QoQ driven by bundling.

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

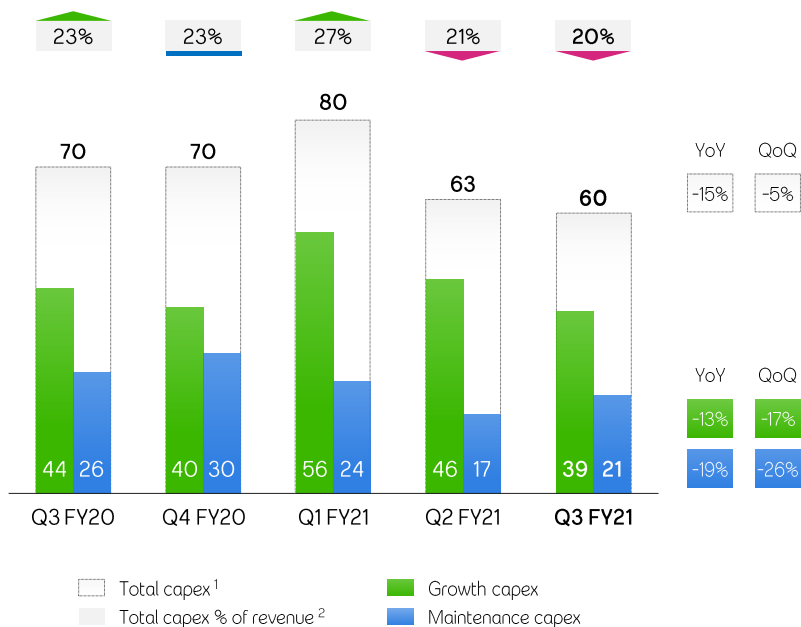
<sup>2</sup> Monthly average churn rate per quarter.

<sup>3</sup> Mobile blended ARPU restated for prior quarters due to a change to revenue categorisation.

<sup>4</sup> Excludes IFRS 15 adjustments.

<sup>5</sup> Includes mobile broadband.

## Capex investment (€m)



## Commentary

- ▶ Q3 capex of €60m, or 20% of revenue; down 15% YoY and 5% QoQ.
- ▶ Growth capex driven by our fibre rollout and mobile network upgrade and expansion programmes, down 13% or €5m YoY due to timing of network investments.
- ▶ Maintenance capex down 19% or €5m YoY due to reduced spend on IT and pole replacement programmes.

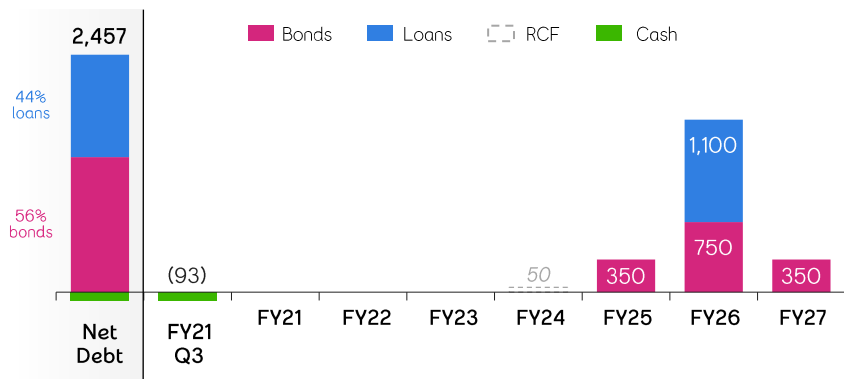


<sup>1</sup> Incurred capex. Growth capex includes investment to rollout new NGA and mobile networks as well as the development of a new IT stack. Maintenance capex includes network and IT renewal.

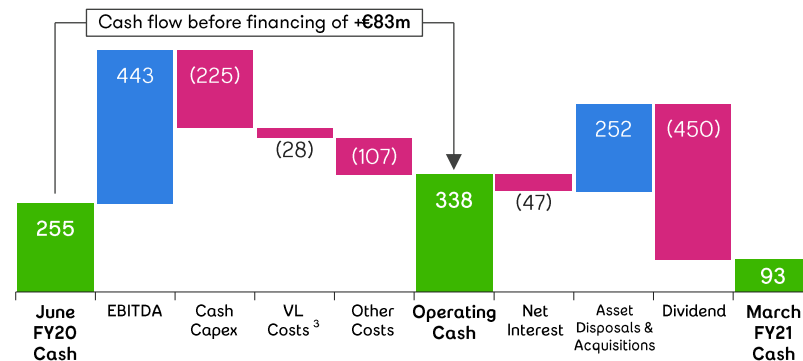
<sup>2</sup> Capex % of revenue excludes non-cash pension charge, spectrum, and asset retirement obligations. Arrows indicate QoQ movements.

# Financing

## Debt profile at quarter end (€m)



## Cash profile at quarter end (€m)



- ▶ Net Debt to LTM EBITDA 4.1x at quarter end, up 0.1x QoQ.<sup>1</sup>
- ▶ Average cost debt 3.03%, stable YoY<sup>2</sup>
- ▶ Undrawn RCF of €50m.
- ▶ Corporate ratings
 

	Latest review:
▶ Moody's <b>B1 Stable</b>	Apr-21
▶ S&P <b>B+ Positive</b>	May-20
▶ Fitch <b>B+ Stable</b>	Jun-20

- ▶ Cash on balance sheet €93m at quarter end.<sup>4</sup>
- ▶ Other costs include working capital, provisions, and exceptionals.
- ▶ Asset disposals and acquisitions primarily relate to the proceeds from the sale of Emerald Tower Limited, completed in July 2020, and costs relating to the acquisition of ICT company Evros in March 2021.

<sup>1</sup> Management view. Excludes the impact of IFRS 15 and IFRS 16, and management charge. Includes Tetra joint venture.

<sup>2</sup> Excludes swaps and RCF non-utilisation fee.

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

<sup>4</sup> Cash on balance sheet includes Evros and 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

## Q3 FY21 results call

20 May 2021 – 13:30 IST/BST (Dublin/London)  
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 IST/BST if not already previously registered



let's make possible...

# Appendix

IFRS adjustments

# IFRS adjustments



	9M FY21 – to 31 March 2021				9M FY20 – to 31 March 2020			
€ millions	Before adjustments	IFRS 15 adjustment	IFRS 16 adjustment	After adjustments	Before adjustments	IFRS 15 adjustment	IFRS 16 adjustment	After adjustments
Fixed Line Revenue	664	-	-	664	690	-	-	690
Mobile Revenue	254	(8)	-	246	261	(4)	1	258
Eliminations	(24)	-	-	(24)	(27)	-	-	(27)
<b>Group Revenue</b>	<b>894</b>	<b>(8)</b>	<b>-</b>	<b>886</b>	<b>924</b>	<b>(4)</b>	<b>1</b>	<b>921</b>
Cost of Sales	(172)	-	-	(172)	(196)	-	-	(196)
Gross Profit	722	(8)	-	714	728	(4)	1	725
Gross Margin %	81%	-	-	81%	79%	-	-	79%
Pay Costs	(124)	-	-	(124)	(126)	-	-	(126)
Non-Pay Costs	(155)	8	36	(111)	(161)	7	27	(127)
Total Operating Costs <sup>1</sup>	(279)	8	36	(235)	(287)	7	27	(253)
<b>Group EBITDA <sup>1</sup></b>	<b>443</b>	<b>-</b>	<b>36</b>	<b>479</b>	<b>441</b>	<b>3</b>	<b>28</b>	<b>472</b>
EBITDA Margin %	50%	-	+4pp	54%	48%	-	+3pp	51%

Mobile revenue impacted by -€8m and -€4m adjustment in 9M FY21 and 9M FY20 respectively, related to IFRS 15 revenue recognition of mobile handset service and equipment revenue. Mobile revenue also impacted by +€1m adjustment in 9M FY20, related to IFRS 16 lease cost receivable recognition.

Non-pay costs impacted by +€8m and +€7m adjustment in 9M FY21 and 9M FY20 respectively, related to IFRS 15 recognition of sales commissions.

Non-pay costs also impacted by +€36m and +€27m adjustment in 9M FY21 and 9M FY20 respectively, related to IFRS 16 treatment of operating lease rental costs.

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

<sup>2</sup> Table includes Evros acquisition impact from 1 March 2021, and the proportionate consolidation of Tetra joint venture at 56% for the actual and prior year periods.

<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

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- ▶ for queries contact:

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Press Office

[pressoffice@eir.ie](mailto:pressoffice@eir.ie)

The logo for Eir, consisting of the lowercase letters 'eir' in a white, stylized, cursive font. The letters are thick and have a slight 3D effect, with the 'e' and 'i' being particularly rounded and connected.