



# eir Group Results

for the fourth quarter ended 31 December 2022



21 March 2023





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Presented by

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**Oliver Loomes**  
CEO



**Stephen Tighe**  
CFO

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# Business highlights





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## Financial

Q4-22



Revenue <sup>1,2</sup>

€344m

▲ 5% YoY

Revenue up €17m YOY

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

€173m

▲ 13% YoY

EBITDA up €20m YOY

## Operational

Fibre customers



844,000

▲ 2% YoY

- ▶ +18,000 connections YoY;
- ▶ +79,000 FTTH connections YoY;
- ▶ 89% of broadband base passed with fibre

Postpay customers

982,000

▲ 10% YoY

- ▶ +91,000 customers YoY
- ▶ 75% of mobile base on postpay, up 2pp YoY

Multi-play bundles

45%

▲ 5pp YoY

- ▶ 87% of fixed households on 2P+ bundles, up 4pp YoY

## Key Developments

- ▶ **Open eir:** In February eir announced it has passed a record one million homes and businesses across Ireland with its new high-speed fibre-to-the-home (FTTH) network. On completion eir's FTTH network will serve 84% of premises in Ireland.
- ▶ **eir evo:** Eir Evo were honoured to have been awarded the highest accolade of excellence (Partner of the Year) from Microsoft, HPE and Cisco; the first time all three awards have been held simultaneously by an Irish company.
- ▶ **eir evo UK:** commercial momentum continues with another major contract win to deliver a high-capacity fibre network and managed services to 10 regional councils across Northern Ireland.
- ▶ **Customer care:** service continues to improve with ComReg complaints down 40% YoY. Shortlisted for 5 national CCMA awards, winning 3 in November 2022

<sup>1</sup> Revenue and EBITDA excludes contribution from Tetra (shareholding sold in March 2022)

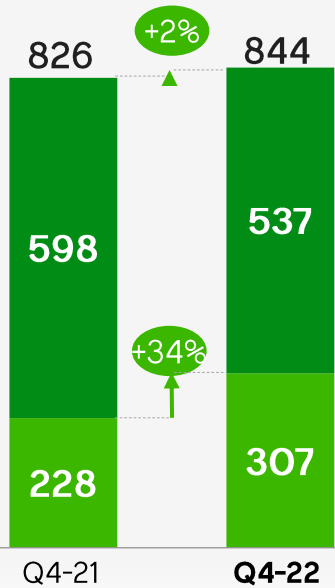
<sup>2</sup> Excludes IFRS 15 and IFRS 16 adjustments. See appendix for details.

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



## Group fibre base ('000s)

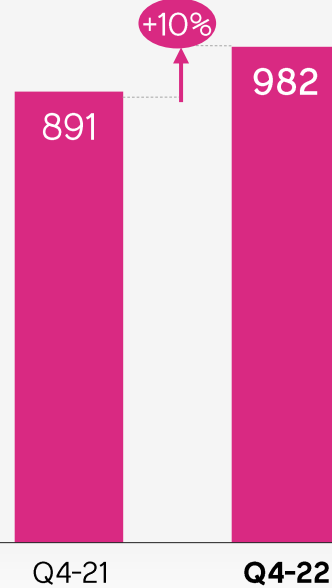
■ FTTC ■ FTTH



+ 18,000 increase in Fibre base  
+79,000 FTTH connections



## Group postpay base ('000s)



+91,000 increase in postpay customers YoY



## eir TV base<sup>1</sup> ('000s)

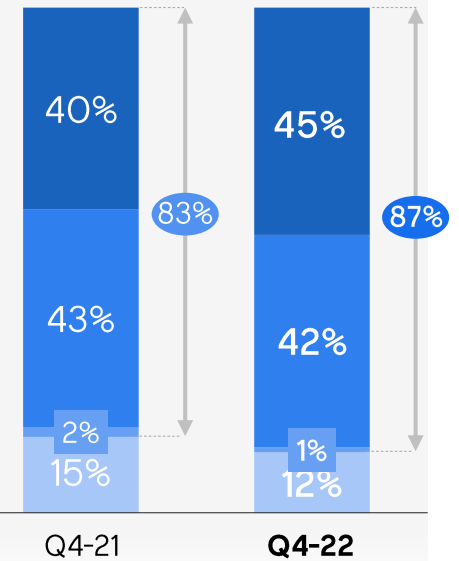


+3,000 increase in TV subs YoY



## Household view<sup>2</sup>

■ 3P/4P ■ 1P BB  
■ 2P ■ 1P Voice



87% on 2P+ bundles, up 4pp YoY<sup>3</sup>

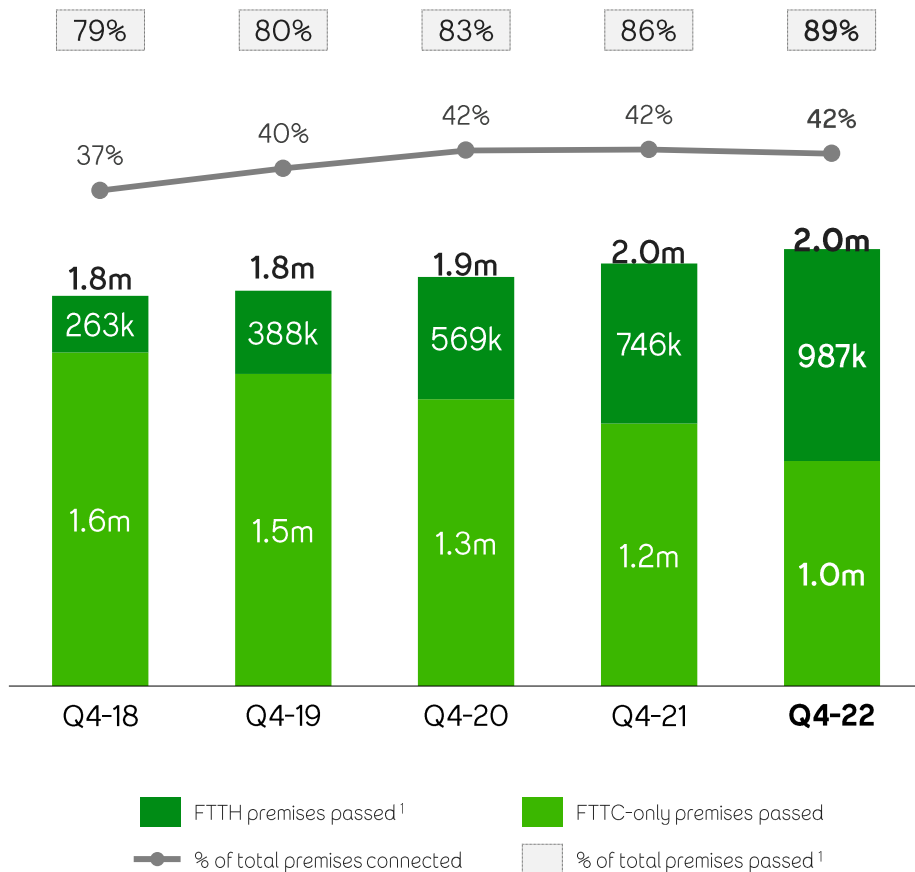
<sup>1</sup> eir TV base includes eir Vision subscribers.

<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

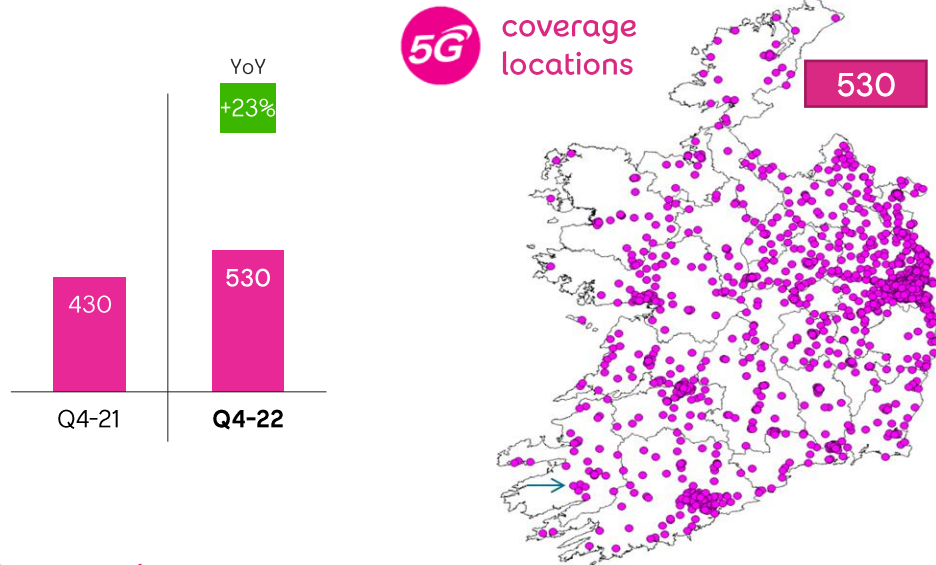
- ▶ Our FTTH rollout had passed over 987,000 premises at quarter end and since then has passed the 1 million mark
  - ▶ up 32% or 241,000 YoY, up 7% or 62,000 QoQ.
  - ▶ of which over 615,000 passed as part of IFN rollout
- ▶ 2 million or 89% of Ireland's premises passed with eir fibre;<sup>1</sup> 42% of passed premises connected to our fibre network



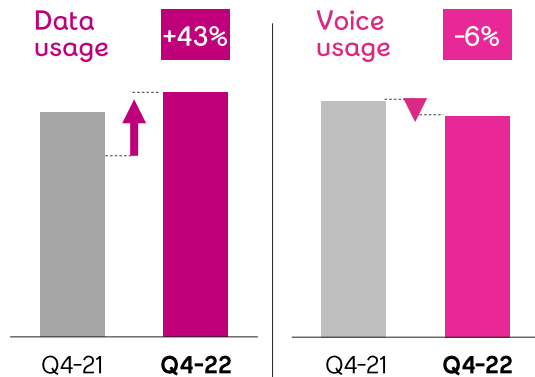
<sup>1</sup> Approximate percentage calculated using 2.3 million total premises in Ireland, per GeoDirectory address points.



## 5G cities and towns

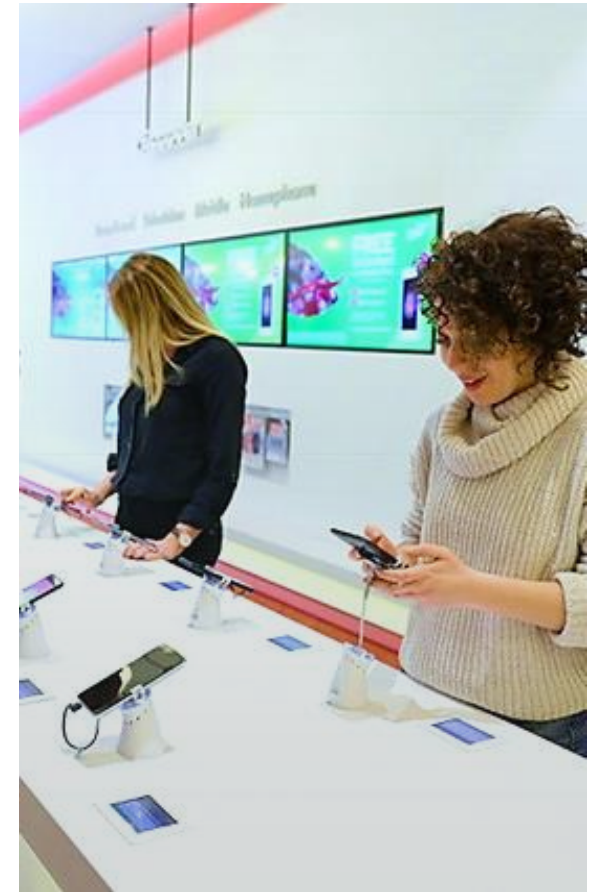


## eir network traffic volumes



## Commentary

- ▶ 5G network rollout continues at pace, with ultrafast speeds now available in over 530 towns and cities from 1,500 sites across all counties
- ▶ eir's network continuing to lead on 5G availability in Ireland
- ▶ Over 2,300 sites now upgraded as part of €250m network investment, with improvements in speed, coverage and resilience across Ireland
- ▶ Growth in mobile data usage continues, up 43% YoY





# Trading update

- ▶ Revenue up 5% or €17m YoY<sup>1,2</sup>
- ▶ Cost of sales up 4%<sup>1,2</sup>
- ▶ Operating costs down 6%<sup>1,2,3</sup>
- ▶ EBITDA up 13% or €20m YoY<sup>1,2,3</sup>

- ▶ Continued KPI growth
  - ▶ +18,000 fibre customers YoY
  - ▶ 89% of broadband base using fibre
  - ▶ +91,000 postpay subscribers YoY
  - ▶ 75% of mobile base on postpay

- ▶ Capex of €86m, 25% of revenue<sup>4</sup>
- ▶ Closing cash of €507m at quarter end
- ▶ Proforma proportionate net debt to LTM EBITDA of 3.9x
- ▶ Debt repurchases of €253m in the quarter and €350m to 31 December

<sup>1</sup> Excludes Tetra, sold in March 2022

<sup>2</sup> Excludes IFRS 15 and IFRS 16 adjustments

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

<sup>4</sup> Incurred capex, excludes capitalisation of non-cash pension charge, spectrum, and asset retirement obligations

# Group EBITDA | Q4 Revenue increase of 5% and EBITDA increase of 13% YOY

Excludes IFRS 15 and IFRS 16 adjustments, see appendix for details.



€ millions	Q4-22	Q4-21	€ Change Better/(Worse) YoY	% Change Better/(Worse) YoY	YTD FY22	YTD FY21	€ Change Better/(Worse) YoY	% Change Better/(Worse) YoY
Fixed Line Revenue	247	244	3	2%	941	926	15	2%
Mobile Revenue	106	92	14	14%	340	351	(11)	(3%)
Eliminations	(9)	(9)	0	0%	(37)	(34)	(3)	7%
<b>Group Revenue</b>	<b>344</b>	<b>327</b>	<b>17</b>	<b>5%</b>	<b>1,244</b>	<b>1,243</b>	<b>1</b>	<b>-%</b>
Cost of Sales	(79)	(76)	(3)	(4%)	(251)	(242)	(9)	(3%)
Gross Profit	265	251	14	6%	993	1,001	(8)	(1%)
Gross Margin %	77%	77%	-	(-pp)	80%	80%	-	(-pp)
Pay Costs	(43)	(47)	4	8%	(184)	(182)	(2)	(1%)
Non-Pay Costs	(49)	(51)	2	4%	(203)	(199)	(4)	(2%)
Total Operating Costs <sup>1</sup>	(92)	(98)	6	6%	(387)	(381)	(6)	(2%)
<b>Group EBITDA<sup>1</sup></b>	<b>173</b>	<b>153</b>	<b>20</b>	<b>13%</b>	<b>606</b>	<b>620</b>	<b>(14)</b>	<b>(2%)</b>
EBITDA Margin %	50%	47%	-	3pp	49%	50%	-	(1pp)

## Commentary

- ▶ Revenue is up 5% or €17m in Q4 YoY. This is due to timing of Build to Suit network project which completed in Q4 versus Q2 in the prior year.
- ▶ Cost of sales up by 4% or €3m driven by revenue movement and product mix changes
- ▶ Gross margin % is static at 77%
- ▶ Operating costs down 6% or €6m; pay costs down 8%, non-pay down 4%
- ▶ EBITDA for Q4 is up 13% or €20m YoY. Increase partly driven by BTS sales timing and improved commercial momentum from sales and marketing investment earlier in the year
- ▶ EBITDA margin up 3pp to 50% in Q4

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

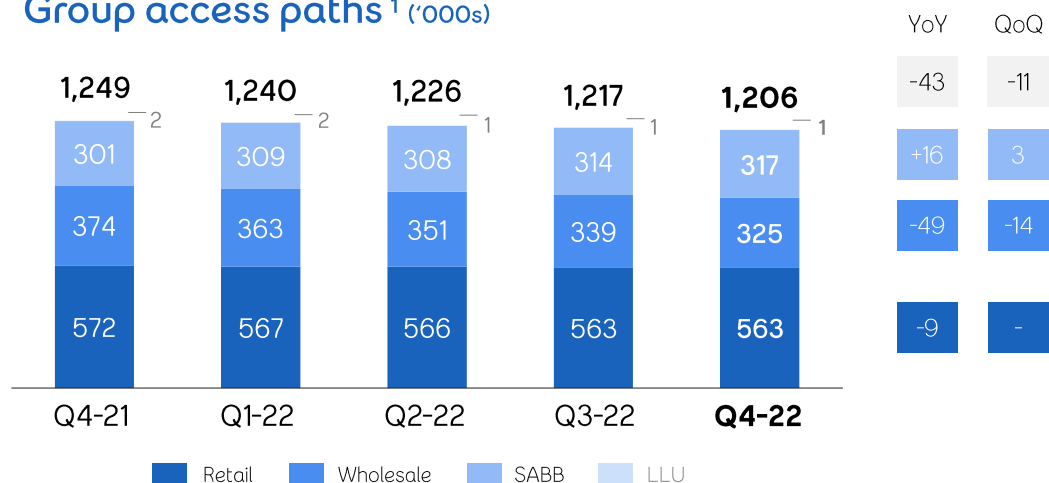
<sup>2</sup> Figures are presented to the nearest million and may vary slightly from actual arithmetic totals.



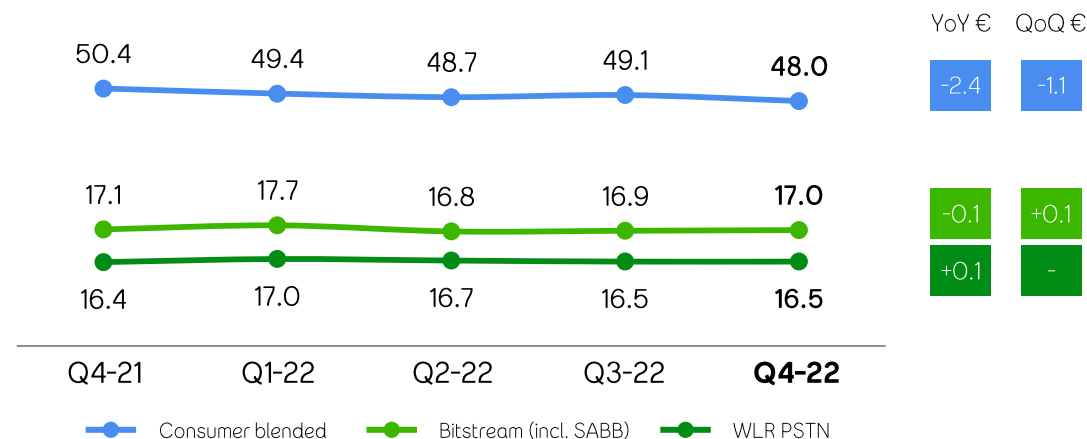
# Group fixed KPIs | Continued competitive pressure in broadband



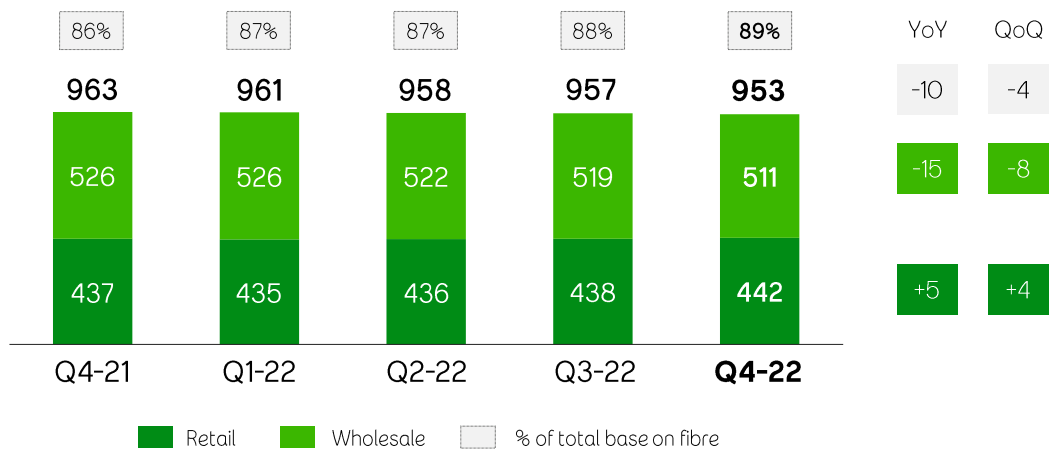
## Group access paths<sup>1</sup> ('000s)



## Fixed line ARPUs (€)



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



## Commentary

- ▶ Group access paths down 3% or 43k YoY, due to traditional access decline, down 11k QoQ
- ▶ Group broadband base down 1% or 10k YoY, down 4k QoQ
  - ▶ Wholesale down 15k YoY and down 8k QoQ
  - ▶ Retail up 5k YoY and up 4k QoQ
- ▶ 89% of Group broadband base now on fibre, up 3pp YoY
- ▶ Consumer blended ARPU down 5% YoY driven by back-book investment
- ▶ Bitstream and WLR ARPU broadly flat YoY.

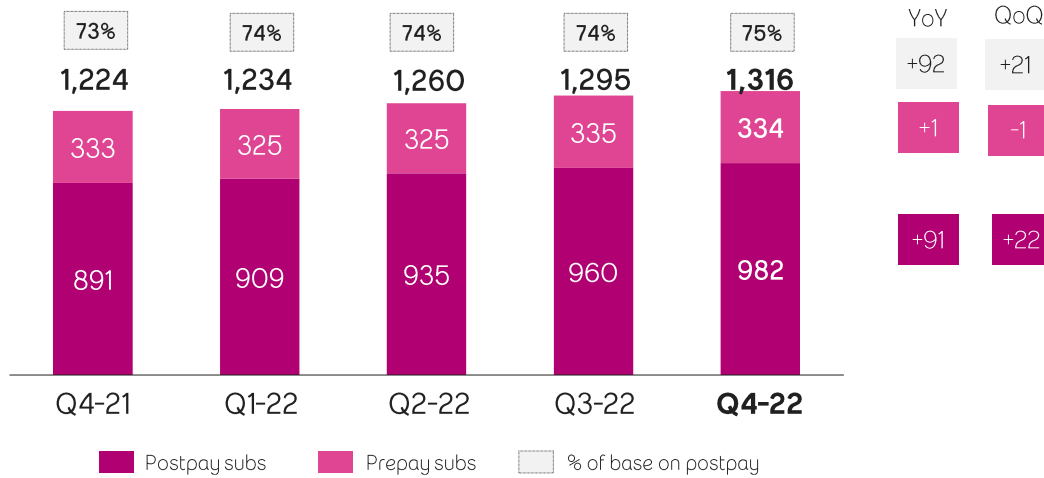
<sup>1</sup> Figures are presented to the nearest thousand and may vary slightly from actual arithmetic totals.

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

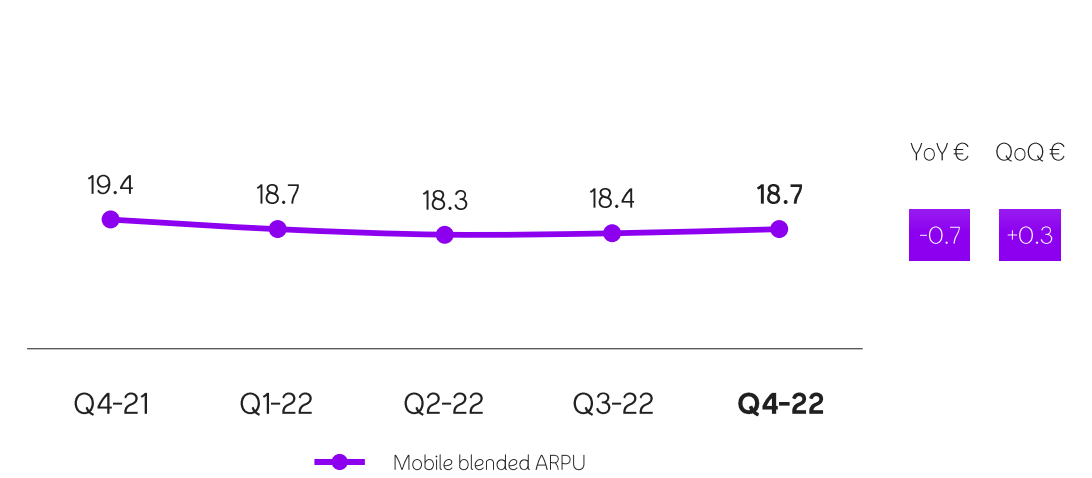
# Group mobile KPIs | Postpay base increase of 10%, 75% of mobile base on postpay



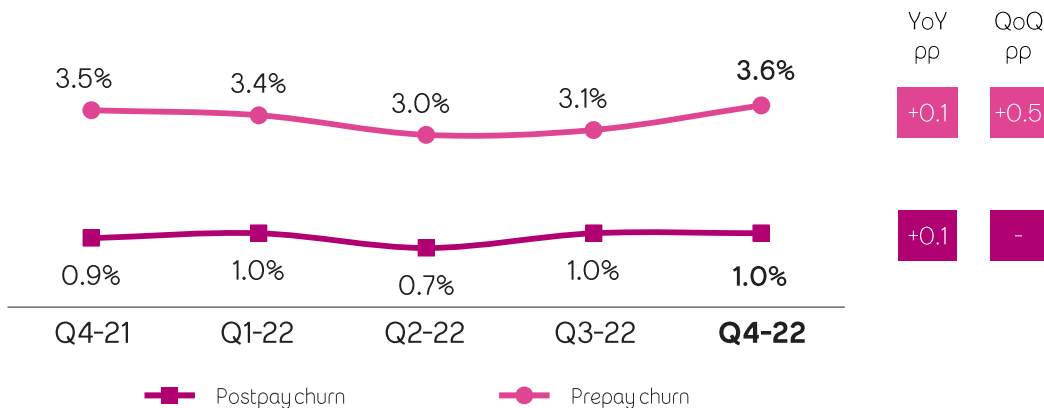
## Mobile subscribers<sup>1</sup> ('000s)



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



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



## Commentary

- ▶ **Postpay subs up 10% or 91k YoY, up 2% or 22k QoQ.**
- ▶ Total mobile subs up 8% or 92k YoY, prepay subs up 1k YoY.
- ▶ 75% of mobile base on postpay, up 2pp YoY.
- ▶ Mobile blended ARPU down 3% YoY but up 1% QoQ. YoY decline due to changes to the base mix towards SIMO as well as usage mix.
- ▶ Prepay churn broadly flat, postpay churn stable driven by increased bundle penetration.

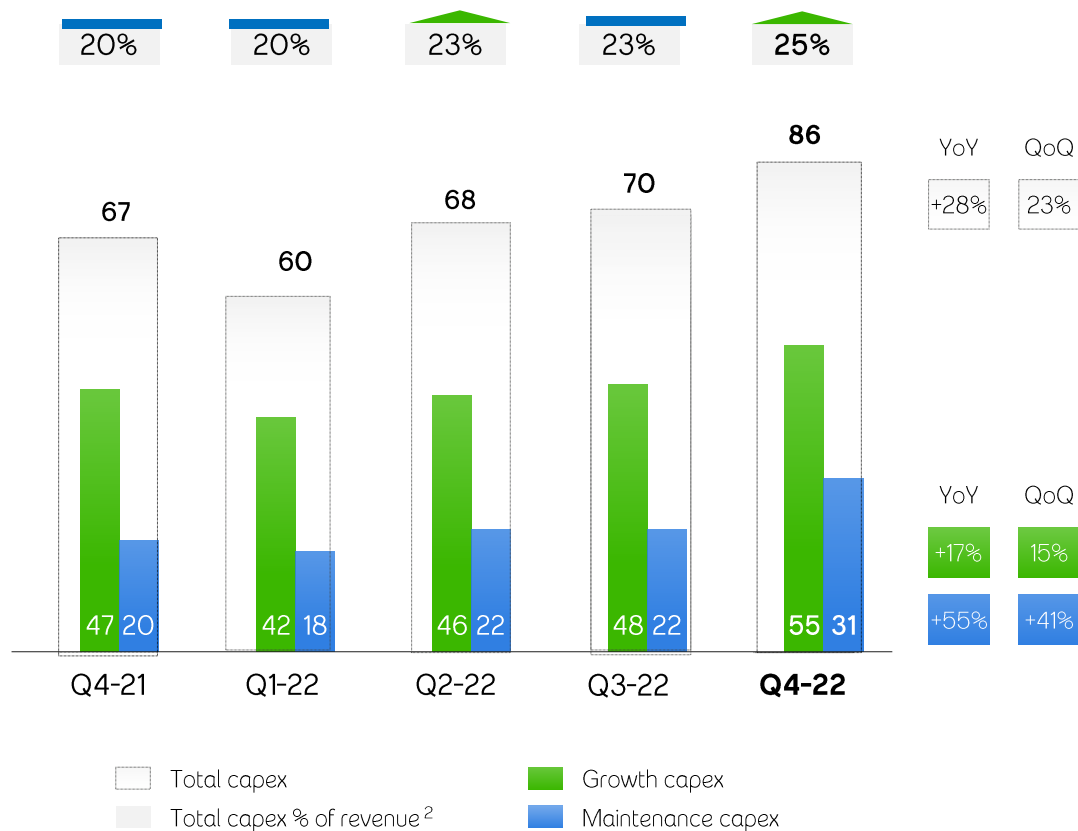
<sup>1</sup> Figures are presented to the nearest thousand and may vary slightly from actual arithmetic totals.

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

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

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

## Capex investment <sup>1</sup>(€m)



## Commentary

- ▶ Capex of €86m for the quarter, up 28% YoY; 25% of quarter revenue.
- ▶ Growth capex driven by our fibre rollout and mobile network upgrade and expansion programmes.
- ▶ Maintenance capex up €11m YoY largely due to timing.



<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.

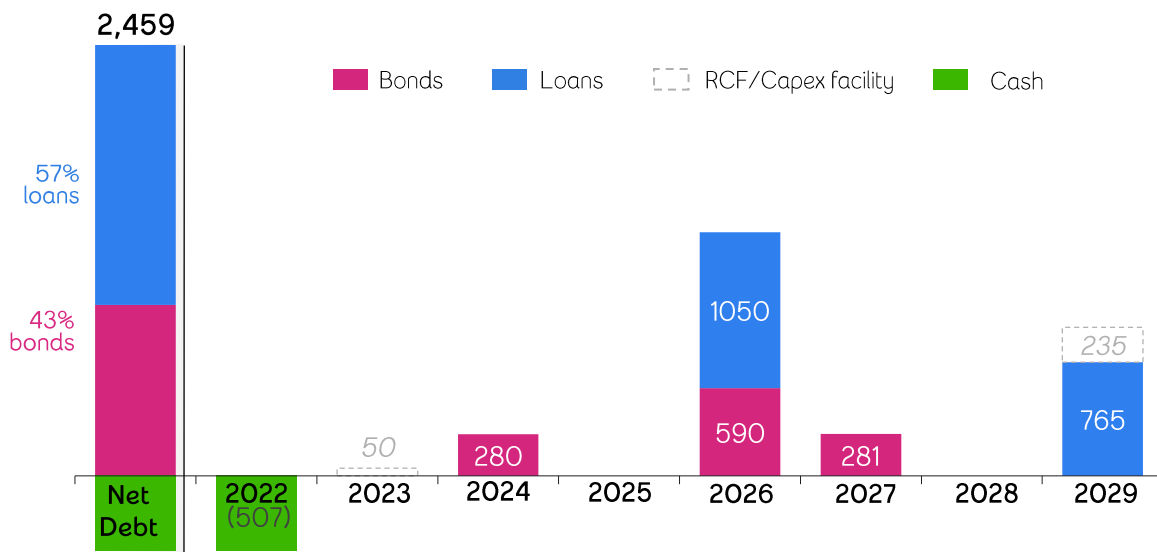
<sup>2</sup> Total capex % of revenue excludes non-cash pension charge, spectrum, and asset retirement obligations.



# Financing



## Debt profile at quarter end (€m)



▶ Consolidated Net Debt to LTM EBITDA 4.1x (Proforma proportionate is 3.9x)

▶ Average cost debt 4.0%<sup>2</sup>

▶ RCF/Capex facilities of €285m undrawn

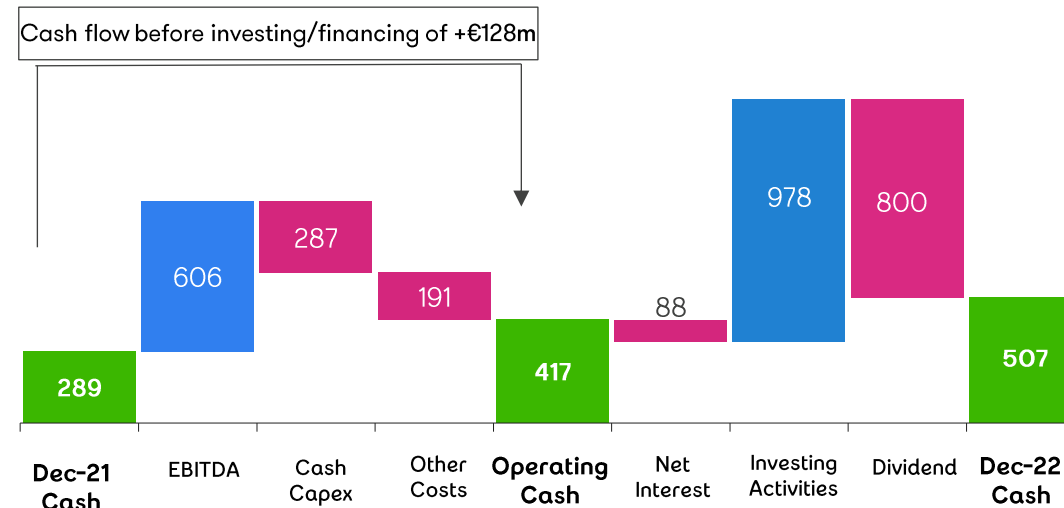
### Corporate ratings

		Latest review
▶ Moody's	B1 Negative	Sep-22
▶ S&P	B+ Stable	Feb-22
▶ Fitch	B+ Stable	Jun-22

<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 RCF/capex facility non-utilisation fee.

## Cash profile at quarter end (€m)



▶ Cash on balance sheet €507m at quarter end

▶ Other costs include working capital, corporation tax, provisions, spectrum deposit, exceptional items, and voluntary redundancy payments

▶ Investing activities include proceeds from Fibre Networks Ireland JV and sale of eir's stake in Tetra, partly offset by debt buybacks

▶ Debt buybacks as at 31 Dec: €350m repurchased - €50m (5%) of the senior term loan, €70m (20%) of the 2024 bond, €160m (21%) of the 2026 bond and €70m (20%) of the 2027 bond

# Outlook



Outlook for full year 2023

EBITDA

Low single-digit decrease

Capex

Capex between 21%-23% of revenue

Cash flow

Continued organic cash flow generation <sup>1</sup>



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

# Q&A

## Q4-22 results call

13:00 GMT, 21 March 2023

with CEO Oliver Loomes and CFO Stephen Tighe

Operator-managed call.

Refer investor notification for dial in details.

Press \*1 to ask a question during the Q&A session.

Call accessible to registered investors and approved analysts only.  
To register [click here](#) before 09:00 GMT if not already previously registered.



# Appendix 1

IFRS adjustments

# IFRS adjustments



€ millions	YTD FY22					YTD FY21				
	Before Adjustments	Tetra	IFRS 15	IFRS 16	After adjustments	Before adjustments	Tetra	IFRS 15	IFRS 16	After adjustments
Fixed Line Revenue	941	4			945	926	21			947
Mobile Revenue	340		(5)	(9)	326	351		(15)	(13)	323
Eliminations	(37)				(37)	(34)				(34)
<b>Group Revenue</b>	<b>1,244</b>	<b>4</b>	<b>(5)</b>	<b>(9)</b>	<b>1,234</b>	<b>1,243</b>	<b>21</b>	<b>(15)</b>	<b>(13)</b>	<b>1,236</b>
Cost of Sales	(251)				(251)	(242)	(3)			(245)
Gross Profit	993	4	(5)	(9)	983	1,001	18	(15)	(13)	991
Gross Margin %	80%				80%	80%				80%
Pay Costs	(184)				(184)	(182)	(1)			(183)
Non-Pay Costs	(203)	(2)	(1)	59	(147)	(199)	(5)	6	52	(146)
Total Operating Costs <sup>1</sup>	(387)	(2)	(1)	59	(331)	(381)	(6)	6	52	(329)
<b>Group EBITDA <sup>1</sup></b>	<b>606</b>	<b>2</b>	<b>(6)</b>	<b>50</b>	<b>652</b>	<b>620</b>	<b>12</b>	<b>(9)</b>	<b>39</b>	<b>662</b>
EBITDA Margin %	49%			4pp	53%	50%			5pp	54%

Mobile revenue impacted by -€5m and -€15m adjustment for YTD Q4-22 and Q4-21 respectively related to IFRS 15 revenue recognition of mobile handset service and equipment revenue.

Mobile Revenue further impacted by -€9m and -€13m IFRS 16 Lease adjustment relating to Build to Suit sales in the period

Non-pay costs impacted in the current YTD Q4-22 by -€1m adjustment and by +€6m adjustment for YTD Q4-21, related to IFRS 15 treatment of sales commissions.

Non-pay costs also impacted in the current YTD Q4-22 by +€59m adjustment and by +€52m for YTD Q4-21 related to IFRS 16 treatment of 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> Figures are presented to the nearest million and may vary slightly from actual arithmetic totals.



# Appendix 2

Net Leverage





	REPORTED			PROFORMA	
	Consolidated 100%	Proportionate 50.01%	FNI	Proportionate 50.01%	FNI
Gross debt	2,966	2,583	765	2,583	765
Cash	507	494	26	494	26
Net debt	<u>2,459</u>	<u>2,089</u>	<u>739</u>	<u>2,089</u>	<u>739</u>
LTM EBITDA	<u>606</u>	<u>572</u>	<u>68</u>	<u>535</u>	<u>142</u>
Net leverage	<u>4.1x</u>	<u>3.7x</u>		<u>3.9x</u>	

- ▶ Fully Consolidated Net Leverage includes 100% of Fibre Networks Ireland (FNI) net debt and EBITDA contribution
- ▶ Proportionate Net Leverage includes eir Group's share (50.01%) of FNI's net debt and EBITDA contribution
- ▶ Reported Proportionate Net Leverage includes FNI's EBITDA since commencement of trading in July 2022; whilst Proforma Proportionate Net Leverage reflects a 12 month EBITDA outlook for FNI
- ▶ Reported and Proforma Proportionate Net Leverage will converge at 30 June 2023, once FNI has traded for a full 12 months

# 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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[investor.relations@eir.ie](mailto:investor.relations@eir.ie)

Press Office

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