

A person wearing a yellow jacket and blue jeans stands on a rocky shore, looking out over a large, calm lake. The lake reflects the surrounding mountains and the sky, which is filled with soft, colorful clouds from a sunset or sunrise. The mountains are covered in green trees and some rocky patches. The overall scene is peaceful and scenic.

# eir Group Results

for the first quarter FY20

14 November 2019



Business highlights 4

---

Trading update 13

---

Financing 19

---

Outlook 22

---

Q&A

---

Presented by

---



**Carolan Lennon**

Chief Executive Officer



**Stephen Tighe**

Chief Financial Officer

# Business highlights




## Financial

EBITDA<sup>1,2</sup>  
€140 million

 2% YoY

- ▶ EBITDA growth of €2m YoY

Revenue<sup>1</sup>  
€304 million

 3% YoY

- ▶ Revenue decline of €8m YoY

## Operational

717,000 fibre customers

 10% YoY


- ▶ 66,000 connections YoY
- ▶ 80% of Irish premises passed with fibre<sup>3</sup>

Multi-play bundles

 4pp YoY

- ▶ 34% of fixed households on 3P+ bundles
- ▶ 605k eir sport subscribers<sup>4</sup>
- ▶ 59% of Consumer broadband base availing of eir sport

567,000 postpay subscribers

 3% YoY

- ▶ 55% of mobile base on postpay

## Key Developments

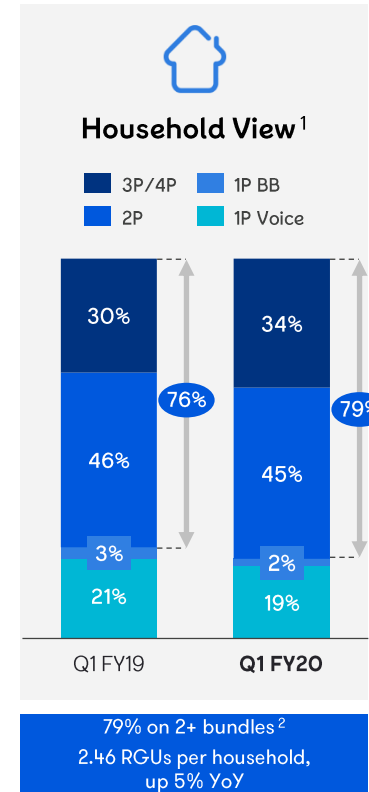
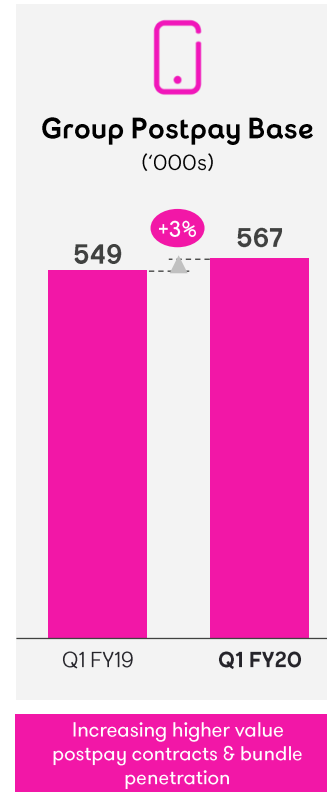
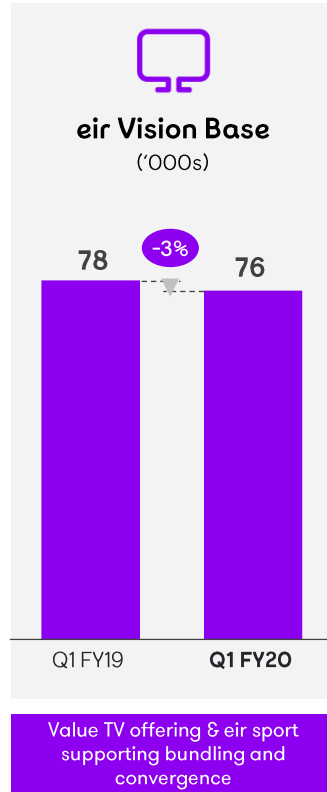
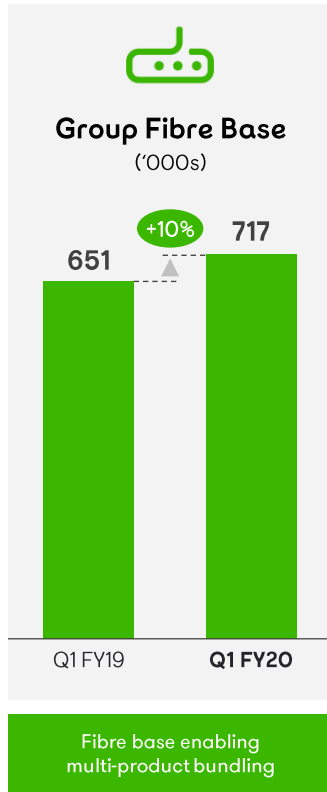
- ▶ Launch of eir TV with Apple TV 4K
- ▶ Launch of Ireland's largest 5G network
- ▶ Launch of GoMo, Ireland's revolutionary new mobile brand
- ▶ Successful sustainability recertification
- ▶ Successful additional refinancing, with further annual interest saving of €7m

<sup>1</sup> Excludes IFRS 15 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 based on estimated total premises in Ireland of 2.4 million, revised from estimated 2.35 million premises in Q4 FY19.

<sup>4</sup> Includes subscribers from other operators including Virgin Media subscribers.

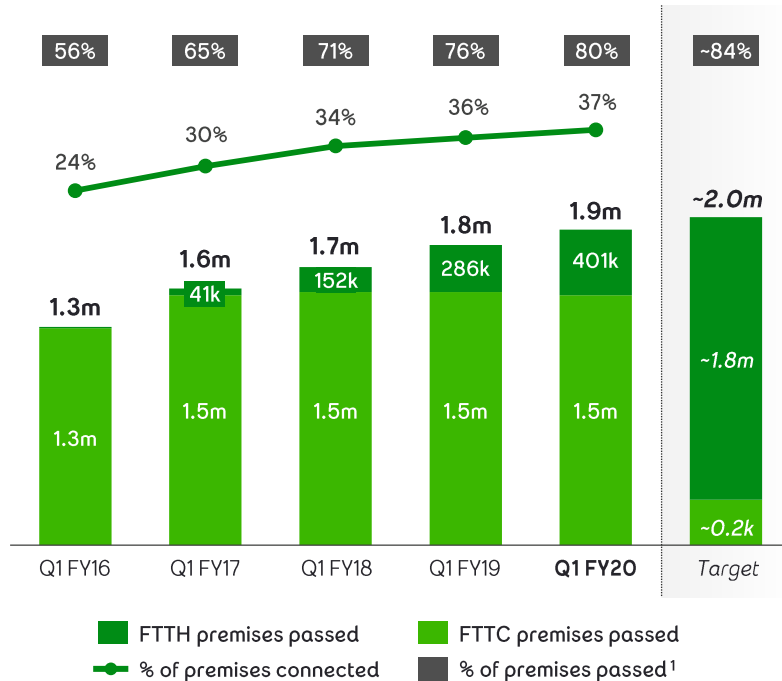


<sup>1</sup> Percentage of consumer households with fixed access paths subscribing to fixed voice, fixed broadband, TV, and / or bundled mobile services (excluding 1P mobile).

<sup>2</sup> Percentage of fixed consumer households subscribing to two or more products.

## eir fibre footprint

Number of premises passed with fibre, last five years



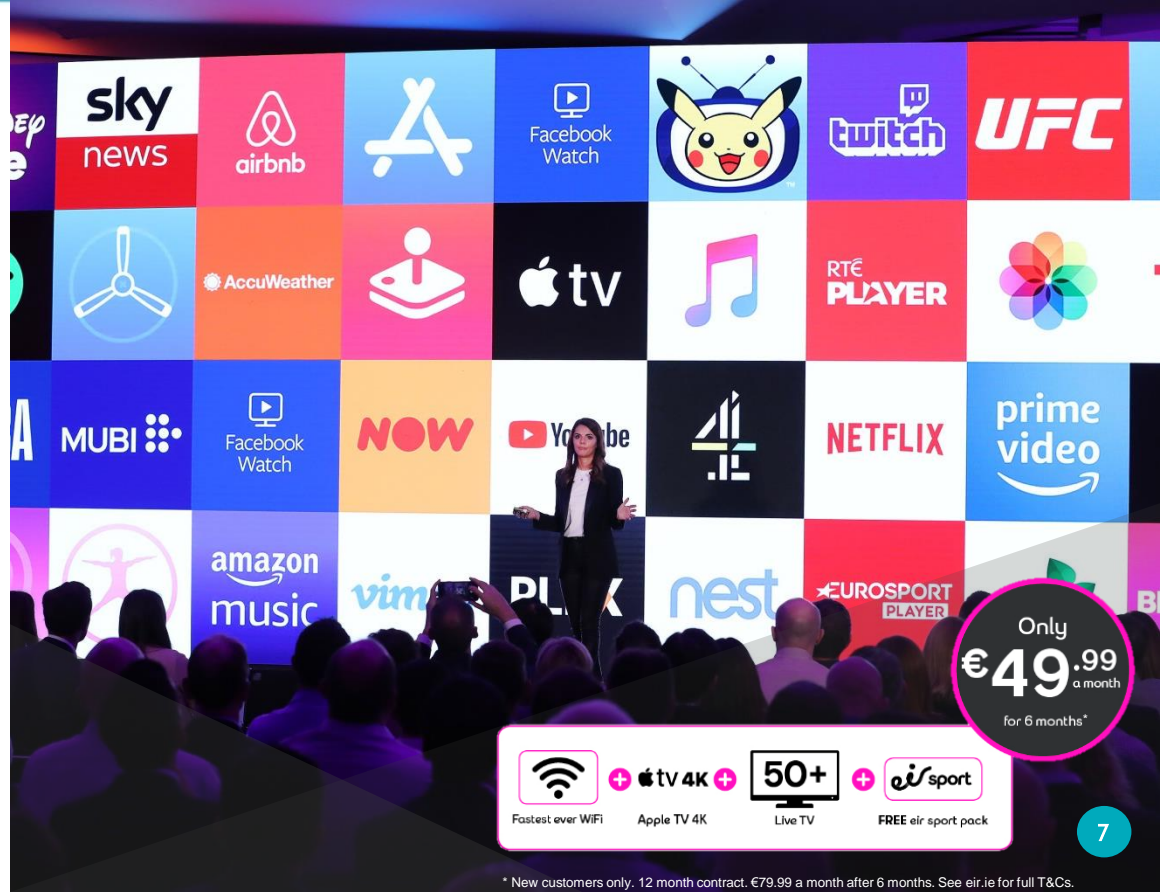
### Commentary

- ▶ FTTH rollout passing 401,000 premises across Ireland, up 40% or 115,000 YoY
- ▶ Current fibre rollout passing 1.9 million or 80% of Irish premises<sup>1</sup> and connecting 37% of premises passed
- ▶ Shifting focus to Irish Fibre Network rollout of FTTH to 1.4 million urban and suburban homes and businesses



<sup>1</sup> Estimated total premises of 2.4 million, revised from estimated 2.35 million premises in Q4 FY19.

- ▶ **Introducing eir TV with Apple TV 4K**
- ▶ Offering the very best in live TV with 100+ channels, the best of eir sport pack and easy access on-demand services
- ▶ Designed around how customers watch TV today, with growth in on-demand streaming accelerating faster than ever
- ▶ Everything customers want all in one place, with a range of features traditionally viewed as added extras
- ▶ New and improved eir TV app for both TV and broadband customers for anywhere, anytime viewing

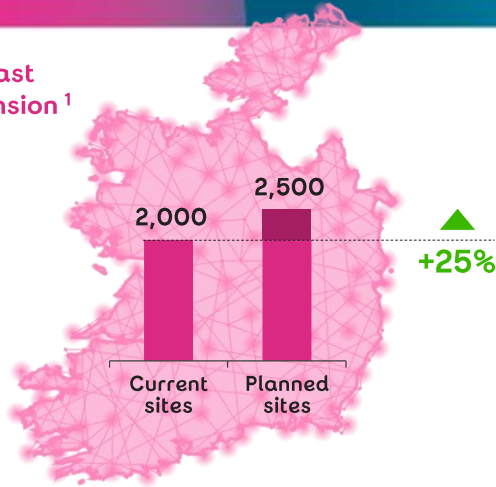


Fastest ever WiFi + Apple TV 4K + 50+ Live TV + FREE eir sport pack

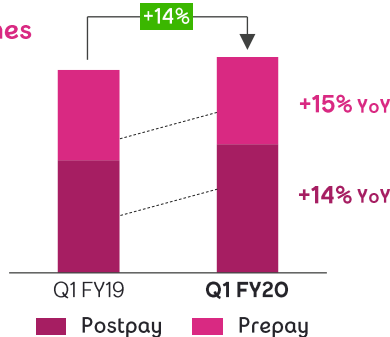
Only  
**€49.99**  
a month  
for 6 months\*

\* New customers only. 12 month contract. €79.99 a month after 6 months. See eir.ie for full T&Cs.

## Mobile mast site expansion <sup>1</sup>



## eir network data traffic volumes

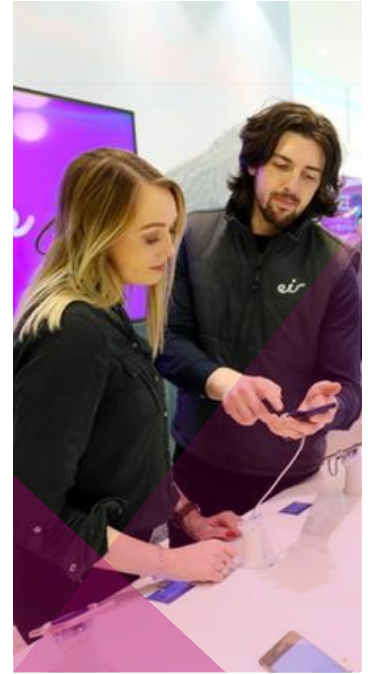


<sup>1</sup> Approximate number of sites.

<sup>2</sup> Outdoor population coverage.

## Commentary

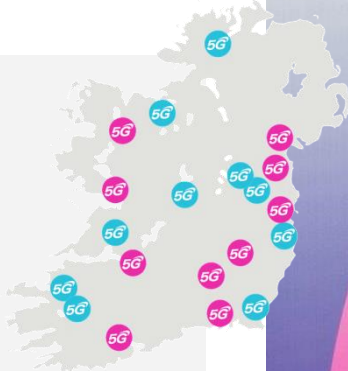
- ▶ Ireland's largest 5G network launched in 10 major towns & cities, enabling speeds of 1Gbps
- ▶ Launch of GoMo, a revolutionary new mobile brand offering most value for the best price
- ▶ Network sites expanding by 25% over 2 years, upgraded sites now live in all 26 counties
- ▶ Newly built sites live across the country
- ▶ 4G population coverage <sup>2</sup> now over 97%, providing speeds up to 350Mbps
- ▶ Demand for data continues, up 14% YoY







## ▶ Introducing Ireland's largest 5G network

- ▶ Live in 10 major towns & cities
- ▶ Peak speeds over 1Gbps
- ▶ Rolling out to 200 sites by end of 2019
- ▶ Investment throughout 2020 to expand 5G coverage to every major town & city
- ▶ With No Limits Data, customers will never have to worry about data usage



 Launch locations  
 Additional locations in 2019

5G



- ▶ **Introducing Ireland's revolutionary new mobile network**
- ▶ Providing customers with Ireland's best value SIM-only mobile offer
- ▶ All calls, all texts, all data for €9.99 a month, for life\*
- ▶ Simplicity, value and limitless nature of service is setting a new standard for mobile in Ireland
- ▶ Welcome to **GoMo**



€9.99  
A Month  
Mobile  
For Life



All Calls.  
All Texts.  
All Data.



\* Price guaranteed for life for the first 100,000 orders.

### ► eir successfully recertifies for the Business Working Responsibly Mark

- The only independently-audited standard for corporate social responsibility and sustainability in Ireland
- Based on the International Standard ISO26000, audited by the National Standards Authority of Ireland
- Evaluates environmental practices, stakeholder engagement, CSR governance
- One of only 32 companies in Ireland to have achieved this standard to date
- eir committed to lowering environmental impacts; three-year renewable electricity deal signed with Airtricity

► [Visit our CSR website](#)



# Trading update

## Enough fibre to circumnavigate the globe

- ▶ Revenue down 3% YoY <sup>1</sup>

- ▶ Operating costs reduced by 11% <sup>1,2</sup>

- ▶ EBITDA up 2% <sup>1,2</sup>

- ▶ Continued KPI growth:

- ▶ +20,000 broadband customers YoY

- ▶ 76% of broadband base using fibre

- ▶ +18,000 postpay subscribers

- ▶ 55% of mobile base on postpay

- ▶ Capex of €62m, 20% of revenue <sup>3</sup>

- ▶ Closing cash of €231m, up €61m YoY

<sup>1</sup> Excludes IFRS 15 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 | Continued cost savings and EBITDA growth

Excludes IFRS 15 adjustments. See appendix for details.



€ in millions	Q1 FY20	Q1 FY9	Change YoY % Better/(Worse)	Change YoY €m Better/(Worse)
Fixed Line Revenue	230	236	(3%)	(6)
Mobile Revenue	83	84	(1%)	(1)
Eliminations	(9)	(8)	(9%)	(1)
<b>Total Group Revenue</b>	<b>304</b>	<b>312</b>	<b>(3%)</b>	<b>(8)</b>
Cost of Sales	(68)	(66)	(3%)	(2)
Gross Profit	236	246	(4%)	(10)
Gross Margin	78%	79%	(1pp)	-
Pay Costs	(42)	(35)	(19%)	(7)
Non-Pay Costs	(54)	(73)	26%	19
Total Operating Costs <sup>1</sup>	(96)	(108)	11%	12
<b>Total Group EBITDA <sup>1</sup></b>	<b>140</b>	<b>138</b>	<b>2%</b>	<b>2</b>
EBITDA Margin %	46%	44%	2pp	-

## Commentary

- ▶ Revenue down 3% or €8m YoY
- ▶ Growth in data services, sport, and bundling offset by regulated wholesale pricing changes as well as reduced access, managed services and prepay revenue
- ▶ Gross margin down 1pp to 78% due to lower revenue, higher cost of sales driven by sport content
- ▶ Operating costs reduced by 11% or €12m, significant non-pay cost saving of 26%
- ▶ EBITDA up 2% or €2m
- ▶ EBITDA margin up 2pp to 46%

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

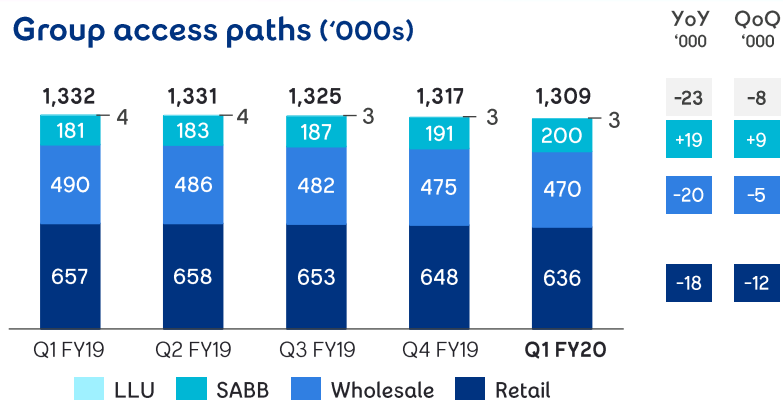
<sup>2</sup> Table includes proportionate consolidation of Tetra Ireland at 56% for actual and prior year.

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

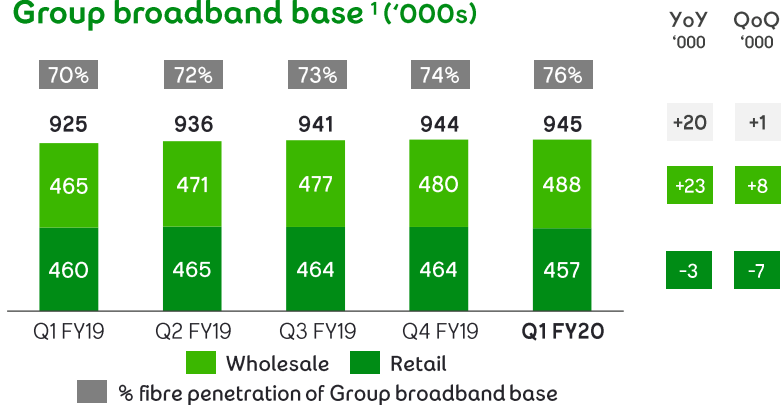
# Group fixed KPIs | Wholesale broadband growth offsetting retail decline



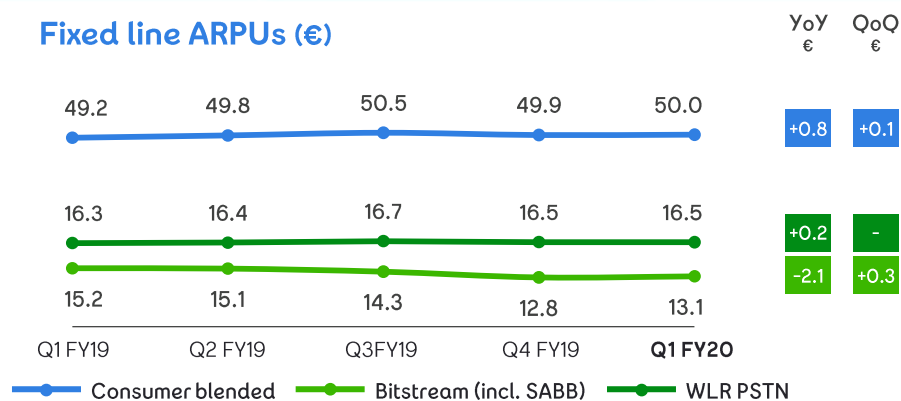
## Group access paths ('000s)



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



## Fixed line ARPUs (€)



## Commentary

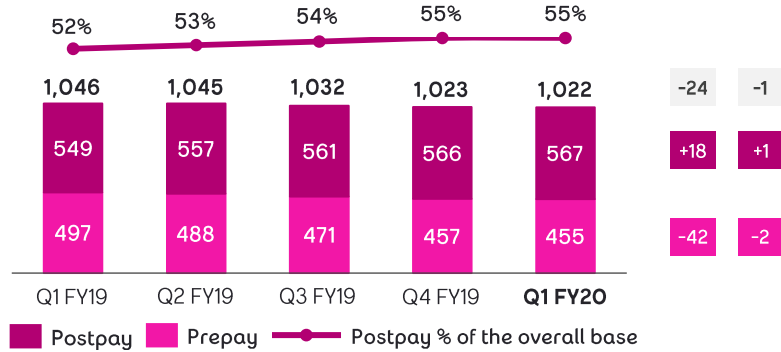
- ▶ Group access paths down 23k or 2% YoY and 8k or 1% QoQ due to traditional access reductions
- ▶ **Group broadband base up 2% or 20k YoY, up 1k QoQ; retail broadband impacted QoQ by competitor discounting and sport content**
- ▶ 76% of Group broadband base on fibre, up 6pp YoY
- ▶ Consumer blended ARPU up 2% YoY, up 10c QoQ due to pricing and bundling
- ▶ Bitstream ARPU down 14% YoY due to regulated price decrease  
WLR ARPU up 1% YoY driven by regulated price increase, stable QoQ

# Group mobile KPIs | Move to higher-value postpay continues



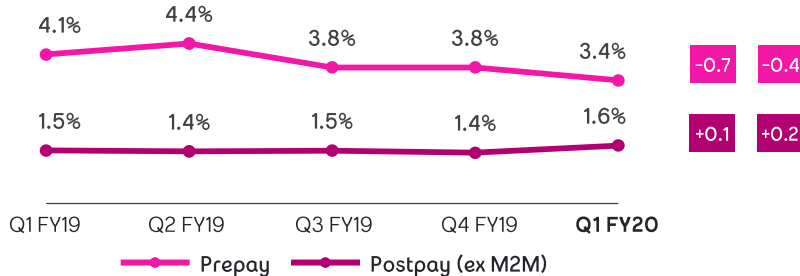
## Mobile subscribers ('000s)

YoY '000 QoQ '000



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

YoY PP QoQ PP



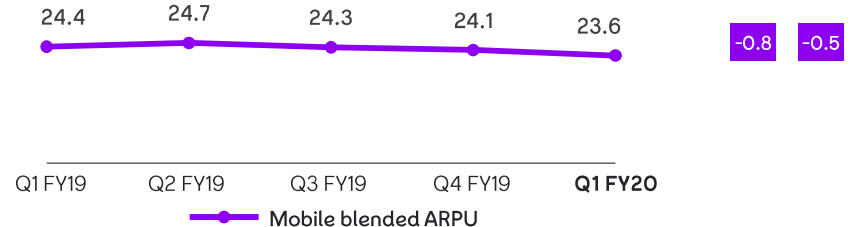
<sup>1</sup> Monthly average.

## Commentary

- ▶ 55% of mobile subscribers on postpay, up 3pp YoY
- ▶ Postpay mix continues to improve, growth of 3% or 18k subscribers YoY, up 1k QoQ
- ▶ Prepay churn improvement driven by launch of No Limits Data
- ▶ Mobile blended ARPU down 3% YoY and 2% QoQ due to change to subscriber mix and bundling; however rate of decline in mobile base has eased significantly in Q1

## Mobile blended ARPU <sup>2, 3</sup> (€)

YoY € QoQ €

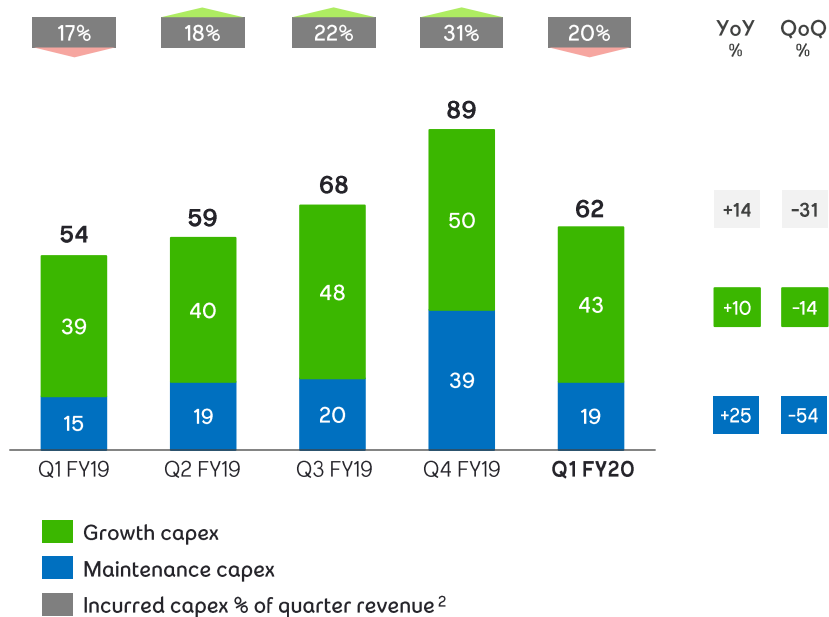


<sup>2</sup> Excludes IFRS 15 adjustments.

<sup>3</sup> Includes mobile broadband.

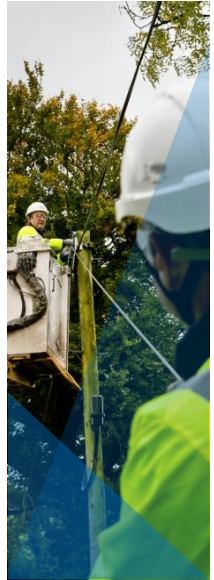


## Capex investment<sup>1</sup> (€m)



## Commentary

- ▶ Q1 capex of €62m, or 20% of Q1 revenue, up 14% or €8m YoY
- ▶ Growth capex up 10% driven by mobile network site expansion programme
- ▶ Maintenance capex up 25% driven by fleet replacement programme

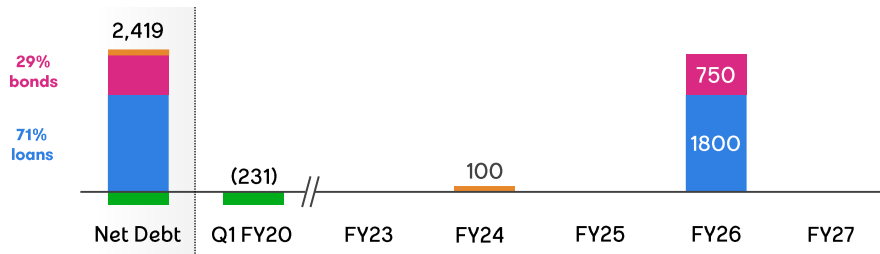


<sup>1</sup> Incurred capex. Growth capex includes investment to rollout new NGA and mobile networks as well as the development of a new IT stack. Maintenance capex includes network and IT renewal.

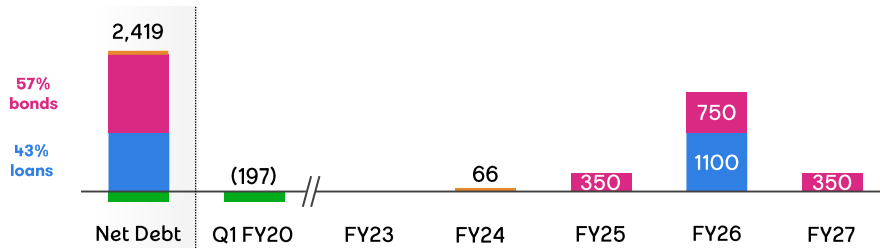
<sup>2</sup> Incurred capex % of revenue excludes non-cash pension charge, spectrum, and asset retirement obligations.

# Financing

## ▶ Debt profile – quarter ended 30 September 2019<sup>1</sup> (€m)



## ▶ Pro-forma debt profile – November 2019 After Refinancings<sup>1</sup> (€m)



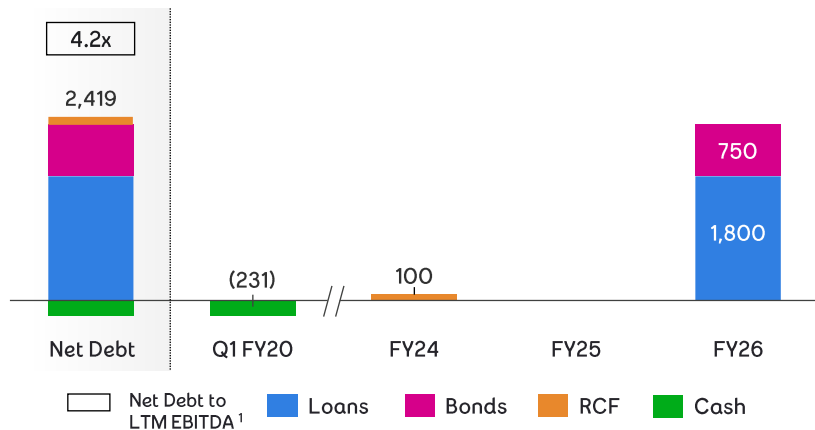
Loans Bonds RCF Cash



- ▶ Successful completion of additional refinancings in October & November
- ▶ Favourable market enabled refinancing of €700m portion of TLB with two €350m bond offerings
- ▶ 2024 (FY25) bonds priced at 1.75%, reducing by 175bps since May 2019; 2027 (FY27) bonds priced at 2.625%
- ▶ Further €7m annual interest saving
- ▶ RCF €34m partial pay down

<sup>1</sup> Pro-forma after issuance of €350m 2024 (FY25) bonds and €350m 2027 (FY27) bonds, prepayment of €700m portion of TLB, and repayment of €34m portion of RCF. Excludes refinancing fees of €5m.

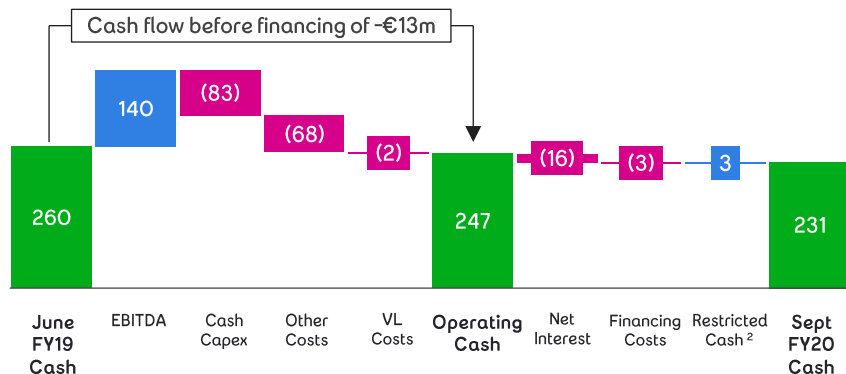
## Debt profile at quarter end (€m)



- ▶ Net debt to EBITDA of 4.2x at quarter end, compared to 3.9x for the same period last year<sup>1</sup>
- ▶ RCF of €100m fully drawn at quarter end
- ▶ Corporate ratings
  - Reported: Moody's **B1 Stable** Oct-19
  - S&P **B+ Stable** Oct-19
  - Fitch **B+ Stable** Aug-19

<sup>1</sup> Management view. Does not equate to SFA-defined calculation, which includes IFRS 15 and management charge impacts, and excludes Tetra joint venture.

## Cash profile at quarter end (€m)



- ▶ Cash on balance sheet of €231m at quarter end, up €61m YoY<sup>3</sup>
- ▶ Other costs include working capital and provisions
- ▶ Financing costs relate to recent refinancing transactions

<sup>2</sup> Restricted cash primarily relates to scheduled partial repayment of escrow deposit.  
<sup>3</sup> Cash on balance sheet includes eir Group's share of Tetra cash.

# Outlook

**FY20 outlook**

**EBITDA**

Low single digit EBITDA growth

**Capex**

Capex between 21%-23% of revenue

**Cash flow**

Further year-on-year cash flow growth\*

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

# Appendix

## IFRS 15 Adjustments

# IFRS 15 Adjustments | Q1 FY20 & FY19



€ in millions

	Q1 FY20 Before Adj.	IFRS 15 Adjustment	Q1 FY20 After Adj.	Q1 FY19 Before Adj.	IFRS 15 Adjustment	Q1 FY19 After Adj.
Fixed Line Revenue	230	-	230	236	-	236
Mobile Revenue	83	(1)	82	84	-	84
Eliminations	(9)	-	(9)	(8)	-	(8)
<b>Total Group Revenue</b>	<b>304</b>	<b>(1)</b>	<b>303</b>	<b>312</b>	<b>-</b>	<b>312</b>
Cost of Sales	(68)	-	(68)	(66)	-	(66)
Gross Profit	236	(1)	235	246	-	246
Gross Margin %	78%	(1pp)	77%	79%	-	79%
Pay Costs	(42)	-	(42)	(35)	-	(35)
Non-Pay Costs	(54)	2	(52)	(73)	3	(70)
Total Operating Costs <sup>1</sup>	(96)	2	(94)	(108)	3	(105)
<b>Total Group EBITDA <sup>1</sup></b>	<b>140</b>	<b>1</b>	<b>141</b>	<b>138</b>	<b>3</b>	<b>141</b>
EBITDA Margin %	46%	1pp	47%	44%	1pp	45%

## Commentary

- ▶ **Mobile revenue** impacted by **-€1m** adjustment in Q1 FY20, related to IFRS 15 revenue recognition of mobile handset service and equipment revenue
- ▶ Timing of SAC investment and subsidies driving the YoY change in recognition
- ▶ **Non-pay costs** impacted by **+€2m** and **+€3m** adjustment in Q1 FY20 and Q1 FY19 respectively, related to IFRS 15 recognition of sales commissions, affected by timing of SAC investment and reduced commissions YoY

<sup>1</sup> Total Operating Costs and Total Group EBITDA are stated before non-cash pension charge, fair value lease credits, management charge and exceptional costs.

<sup>2</sup> The above table includes proportionate consolidation of Tetra Ireland at 56% for actual and prior year.

<sup>3</sup> 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.





This document does not represent an offer, constitute or form part of, and should not be construed as an advertisement, an offer or an invitation to subscribe to or to purchase securities of eircom Holdings (Ireland) Limited (the "Company") or any entity holding shares directly or indirectly in it from time to time and its subsidiaries from time to time (the "Group"), nor is the information or documents contained herein meant to serve as a basis for any kind of contractual or other obligation.

This document does not form, and should not be construed as, the basis of any credit analysis or other evaluation an investment or lending recommendation, advice, a valuation or a due diligence review. The information contained in this document is for indicative purposes only.

This document may include forward-looking statements regarding certain of the Group's plans and its current goals, intentions, beliefs and expectations concerning, among other things, the Group's future results of operation, financial condition, liquidity, prospects, growth, strategies and the industries in which the Group operates. These forward looking statements can be identified by the fact that they do not relate only to historical or current facts. Generally, but not always, words such as "may", "could", "should", "will", "expect", "intend", "estimate", "anticipate", "assume", "believe", "plan", "seek", "continue", "target", "goal", "would", or their negative variations or similar expressions identify forward looking statements. By their nature, forward-looking statements are inherently subject to risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Group cautions you that forward-looking statements are not guarantees of future performance and that its actual results of operations, financial condition and liquidity and the development of the industries in which the Group operates may differ materially from those made in or suggested by the forward-looking statements contained in this document. In addition, even if the Group's results of operations, financial condition and liquidity and the development of the industries in which the Group operates are consistent with the forward-looking statements contained in this document, those past results or developments may not be indicative of results or developments in future periods.

The Group does not undertake any obligation to review, update or confirm expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this document.

No warranty or representation of any kind, express or implied, is or will be made in relation to, and to the fullest extent permissible by law, no responsibility or liability in contract, tort, or otherwise is or will be accepted by the Group or any of its officers, employees, advisers or agents, or any other party as to the accuracy, completeness or reasonableness of the information contained in this document, including any opinions, forecasts or projections. Nothing in this document shall be deemed to constitute such a representation or warranty or to constitute a recommendation to any person to acquire any securities. Any estimates and projections in this document were developed solely for the use of the Group at the time at which they were prepared and for limited purposes which may not meet the requirements or objectives of the recipient of this document. Nothing in this document should be considered to be a forecast of future profitability or financial position and none of the information in the document is or is intended to be a profit forecast or profit estimate.

The Company is not providing advice (whether in relation to legal, tax or accounting issues or otherwise). You should receive legal, tax, accounting and any other necessary advice from your advisors in relation to the contents of this document.

This document has not been approved by any regulatory authority.

The distribution of this document in certain jurisdictions outside of Ireland may be restricted by the laws of those jurisdictions. Accordingly, copies of this document must not be mailed or otherwise forwarded, distributed or sent into any jurisdiction where to do so would constitute a violation of the relevant laws of such a jurisdiction and the Group accepts no liability to any person in relation to its distribution in any jurisdiction.

for more information visit:

[eir.ie/investorrelations](https://eir.ie/investorrelations)

for queries contact:

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