

NJJ-led telecoms consortium agrees to acquire eir

Transaction is subject to regulatory approval

20 December 2017: Dublin, Ireland – A consortium led by NJJ Telecom Europe (“NJJ”), part of NJJ Group, the private investment firm of telecoms investor and operator Xavier Niel, has agreed, alongside Iliad SA (“Iliad”), a fully integrated operator in France with nearly 20m subscribers, to acquire a majority of eir, the Irish telecommunications and broadband business, at an enterprise value of approximately €3.5 billion. eir is currently owned by an investor group including Anchorage Capital Group, L.L.C, Davidson Kempner Capital Management LP, GIC and management. eir had revenue of €1.3 billion and earnings before interest, taxation, depreciation and amortisation of €520 million in the financial year to June 30, 2017.

The transaction, which is expected to complete in the first half of 2018, will see substantial investment to deliver better services for eir’s customers and will benefit Irish business and consumers alike.

The acquiring consortium comprises:

- NJJ, which will own 32.9% and is the investment vehicle of Xavier Niel, one of France’s most prominent business leaders and an investor in telecommunications and technology ventures for 25 years;
- Iliad SA, a French telecommunications company, listed on Euronext which will own 31.6%. Xavier Niel is the founder of and owns 52% of Iliad where he serves as Deputy Chairman and Chief Strategy Officer. Iliad is the parent of Free, which had nearly 20m subscribers at September 30 (13.4m mobile and 6.5m broadband). It had a market capitalisation of nearly €12 billion in December 2017. Iliad has also been granted a call option by NJJ, exercisable in 2024 and enabling Iliad to acquire 80% of NJJ’s stake in eir (i.e. 26.3% of eir’s capital).
- Shareholders Anchorage Capital Group and Davidson Kempner will retain a combined 35.5% share in the company, respectively 26.6% and 8.9%.

Xavier Niel, Iliad and NJJ Telecom Europe, said: "eir is an essential part of the Irish economy and we have closely followed its transformation over the last five years through the excellent work of its team. We are a long-term investor in the telecoms sector and bring global knowhow to eir. In our businesses in France, Monaco and Switzerland we have consistently delivered investment in infrastructure, while driving down prices for consumers. We are delighted to partner with Anchorage Capital and Davidson Kempner and are looking forward to working with the talented eir team to bring more innovation and choice to Irish consumers. We want to invest for the future of Ireland and hope to work closely with the

Irish Government and ComReg to ensure that people across the country have access to world-class super-fast fixed and mobile broadband".

Carl Leaver, Chairman of Eircom Holdings (Ireland) Limited, said: "Today marks an important milestone for eir, our customers and indeed for Ireland itself. Iliad and NJJ Telecom Europe bring a wealth of global telecommunications experience which will be of huge benefit to eir and its customers. Coupled with the continued involvement of our existing shareholders, Anchorage Capital and Davidson Kempner, the company is well positioned to continue its operational transformation, underpinned by sustained investment, innovative products and services and improved financial performance".

Kevin Ulrich, CEO of Anchorage Capital Group, added: "We are pleased to work with Xavier Niel and the world-renowned telecoms investment team at Iliad and NJJ Telecom Europe, who have achieved strong results across Europe. We are confident that their expertise and long-term investment approach will bring significant benefits to the people of Ireland."

The transaction is conditional upon the satisfaction of certain conditions, including obtaining EU Commission Competition clearance from the European Commission, Media Merger consent from the Minister for Communications, Climate Action and Environment in Ireland and Broadcasting Authority of Ireland consent. The transaction is expected to complete in the first half of 2018.

Separately, Richard Moat has announced his intention to step down as chief executive officer upon the completion of the transaction. NJJ, together with the current shareholders, have extensive experience in building management teams in the telecommunications industry and this will ensure a smooth succession process.

NJJ and Iliad were advised by Lazard Frères, Paul Hastings LLP, A&L Goodbody, Goodwin Procter and KPMG. In addition, Iliad was advised by Société Générale and Bredin Prat; the independent members of the Board of Directors also received independent advice on the transaction.

Anchorage Capital, Davidson Kempner and GIC were advised by Liontree Advisors and White & Case LLP, with Davidson Kempner and GIC also being advised by Wilkie Farr & Gallagher (UK) LLP and Clifford Chance LLP respectively.

eir was advised by Arthur Cox.

About eir

eir is the largest integrated telecommunications provider in Ireland. It is the principal provider of fixed line telecommunications and is the third largest mobile operator. eir provides a range of converged services including high-speed broadband, voice, mobile data and enterprise datacomms, underpinned by a major capital investment program that has seen the company spend €1.6bn in the past five years. eir is a major contributor to the Irish economy spending over €800 million annually equating to a daily spend of up to €3.5 million. eir is currently constructing Ireland's largest fibre broadband network that will reach 1.9 million homes and businesses by the end of 2018. Today, 1.7 million premises have access to high speed broadband. Open eir is the largest wholesale operator in Ireland with 900,000 fixed broadband customers including 574,000 fibre connections.

eir also offers a wide range of mobile plans to consumer and business customers. In 2013, eir was the first to market with high speed 4G data services in Ireland and now has 96% 4G coverage and over 1 million mobile customers. eir also offers an IPTV service, called eir Vision and in 2016, following the acquisition of Setanta Sports (now eir Sport), launched an exciting range of exclusive sports content to its broadband customers for free.

About NJJ Group

NJJ Group is the private investment firm of Xavier Niel, the French telecoms investor and entrepreneur, who revolutionised the telecoms market in France, ensuring that French consumers enjoy some of the lowest mobile and broadband rates in the developed world. Xavier Niel is a noted innovator in telecoms, having created WorldNet, France's first Internet service provider in 1993. He then founded Free, which in 2002 sold the world's first triple-play package of phone, television and Internet. In 2012 he launched Free Mobile offering no-strings-attached SIM card services at less than half of what competitors were charging.

NJJ Group has also invested in other European telecoms providers including Swiss mobile operator, Salt, and Monaco Telecom. In all these investments NJJ Capital has worked closely with management to develop infrastructure, consistently bringing world-class innovation while competing strongly on price and customer satisfaction.

About Iliad

Iliad is the parent company of Free, the inventor of the Freebox, the first multiservice box on ADSL. Free is behind numerous innovations in the Broadband and Ultra-Fast Broadband access segment (VoIP, IPTV, flat-rate calling plans to multiple destinations, etc.) and provides straightforward and innovative offerings at the best prices. For example, the Freebox Revolution, the 6th generation of Freebox units, includes an NAS and a Blu-Ray™ drive, and the Freebox mini 4K was the first Android TV™ and 4K box on the French market.

Free was the first operator to include calls from landlines to mobile phones in its offerings and also calls to French overseas departments (DOM). Since January 2012, Free has brought mobile phone usage within everyone's reach with straightforward, no commitment offerings at very attractive prices. The Free Mobile Plan includes roaming communications all year round from more than 35 countries (unlimited calls, texts and MMS as well as 25GB/month of 3G mobile Internet from these destinations). Free also includes unlimited 4G in its €15.99 plan for Freebox subscribers. As at September 30, 2017, Free had nearly 20 million subscribers (6.5 million Broadband and Ultra-Fast Broadband subscribers and 13.4 million mobile subscribers).

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