

# Q2 & H1 FY20 RESULTS PRESS RELEASE



Dublin, 20 February 2020

## Results in line with expectations, with continued YoY growth in fibre broadband, postpay mobile and multi-play bundling <sup>1</sup>

eir today announced its results for the second quarter and half year FY20 to 31 December 2019 which were in line with expectations. Second quarter revenue declined by 3% or €9 million year on year, while EBITDA increased by 4% or €6 million and operating costs reduced by 9% or €10 million. The company saw continued growth in its key performance indicators, with year on year increases in fibre broadband, postpay customers, and continued growth in multi-play product bundling.

### Q2 Financial Highlights <sup>1</sup>

- ▲ 4% **EBITDA €147m**, up €6m or 4%
- ▼ 3% **Revenue €313m**, down €9m or 3%
- ▼ 9% **Operating costs €95m**, reduced by €10m or 9% <sup>2</sup>
- ▼ 53% **Cash on balance sheet €104m**, after full RCF repayment, distribution to equity shareholders, and refinancing fees <sup>3</sup>

### H1 Financial Highlights <sup>1</sup>

- ▲ 3% **EBITDA €287m**, up €8m or 3%
- ▼ 3% **Revenue €617m**, down €17m or 3%
- ▼ 10% **Operating costs €191m**, reduced by €22m or 10% <sup>2</sup>

### Latest Business Updates



**Ireland's Fibre Network rollout now underway**, already passing 60,000 urban and suburban premises with superfast FTTH gigabit broadband



**Over 1.9m** premises passed with fibre, or approximately **80%** of premises in Ireland <sup>4</sup>  
**455,000** premises now passed with FTTH across Ireland, up 48% YoY



**730,000** fibre broadband connections, **77%** of total broadband base  
**34%** of customers on triple or quad-play bundles, up 3pp



**5G network rollout continues to expand**, with superfast data speeds now available in 20 towns and cities across Ireland and outdoor population coverage already over 25%

<sup>1</sup> Movements year on year. Excludes IFRS 15 adjustments.

<sup>2</sup> Operating costs exclude amortisation, depreciation, non-cash pension charge, fair value lease credits, management charge and exceptional items.

<sup>3</sup> Cash includes 56% share of Tetra joint venture.

<sup>4</sup> Estimated total premises in Ireland of approximately 2.4 million.



### **Carolan Lennon, eir Chief Executive Officer, commented:**

“The last quarter of 2019 was a busy finish to what was a year of transformation at eir, with new services, new investment and new energy and excitement in the business, providing strong momentum as we move into 2020 and beyond. eir is by far the largest investor in telecoms in Ireland and our €1 billion capital investment programme continues to deliver very real improvements for our customers, bringing superfast broadband to their homes and businesses, transforming their mobile experience on Ireland’s largest 5G network, and bringing to market revolutionary new services such as GoMo and eir TV.

#### **Investment programme**

“Our next generation gigabit fibre network is now available in 28 towns across Ireland, with over 60,000 premises passed already and more homes and businesses in urban and suburban Ireland being passed each week, with the first customers on the new network already enjoying TV, connecting with friends, and downloading their favourite films and music all at superfast gigabit speeds.

“The rollout will ramp up considerably in the coming months, reaching a further 20 towns by April. Ultimately this ambitious project will stretch to 1.4 million homes and businesses and once completed, eir fibre will cover approximately 84% of all premises in Ireland.

“The upgrade and expansion of eir’s 4G mobile network is also continuing at pace and to date we have updated over 500 sites and we are significantly improving customer experience across Ireland, from Malin to Mizen and from Aran to Arklow. eir’s mobile network will achieve 99%<sup>5</sup> 4G geographic coverage once the programme is complete, giving Ireland one of the highest mobile coverage rates of any country in the world with unparalleled rural mobile coverage.

#### **New services**

“Our 5G network, by far the largest of any operator in Ireland, has now expanded to 20 towns and cities across the country, covering over 25%<sup>5</sup> of the population. 5G is providing our customers with unrivalled data speeds and network reliability, with peak speeds of over 1Gbps. Most significantly, our 5G network will substantially enhance and expand business connectivity across the country.

“GoMo, Ireland’s newest and best value mobile network, launched four months ago and already has seen well over 100,000 customers sign-up in that time. GoMo’s simplicity and ease of use continues to attract customers, with no complex bundles and customers knowing exactly what they are paying every month, putting an end to bill-shock and offering customers an incredible deal with more value for less.

#### **Outlook**

“Our €1bn investment programme is now bringing very visible benefits to our customers, with the very best in new digital technologies, at the very best prices. eir will continue to invest heavily through 2020 and beyond, with plans to roll out 5G to every major town in Ireland and many more towns to be passed with superfast fibre broadband.”

### **Stephen Tighe, eir Chief Financial Officer, commented:**

“eir’s performance in the second quarter was in line with expectations. Revenue declined by 3% driven by intense market competition as well as regulated wholesale pricing. Despite these headwinds, EBITDA for the quarter increased by 4%, driven by further streamlining of the cost base which was reduced by 9% year on year.

“The company continues to maintain a strong cash position, with a closing balance of €104m in December after a €100m full RCF repayment, an €80m distribution to shareholders, and €6m in refinancing fees. Capital expenditure of €63 million equalled 20% of revenue for the quarter, driven by the company’s continuing investment in our fibre and mobile networks to drive future growth.”

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<sup>5</sup>4G & 5G coverage refers to outdoor population coverage.

## Q2 FY20 Trading Highlights <sup>6</sup>



### Continued broadband growth

- ▶ **947,000** broadband customers, up 1% or 11,000 YoY



### Mobile growth driven by GoMo

- ▶ **1.137m** total mobile customers, up 9% or 92,000
- ▶ **62%** of mobile customers on postpay, up 9pp
- ▶ **29%** of households include mobile in a bundle, up 4pp



### TV growth offset by market competition

- ▶ **75,000** eir TV customers, down 6% or 5,000 <sup>7</sup>



### Further growth in Household Revenue Generating Units (RGUs)

- ▶ **2.47** RGUs per household, up 5%

Q2 revenue of €313m decreased by 3% or €9m year on year, with growth in broadband and data services offset by a reduction in access and voice revenue, as well as by the impact of a competitive retail broadband market and regulated wholesale FTTH pricing changes. H1 revenue of €617m decreased by 3% or €17m year on year.

Q2 operating costs of €95m reduced by 9% or €10m year on year. Non-pay costs reduced by 20% or €14m, driven by a continued focus on streamlining business and insourcing activities, while pay costs increased by 13% or €4m due to an increase in total headcount of 426 FTE driven by insourcing activities. H1 operating costs of €191m were reduced by 10% or €22m year on year.

Q2 EBITDA of €147m increased by 4% or €6m year on year, enabled by the continued significant operating cost savings in the quarter. H1 EBITDA of €287m increased by 3% or €8m year on year.

The Group broadband base totalled 947,000 customers at quarter end, growing by 1% or 11,000 year on year, driven by growth in the wholesale division.

Customers using fibre-based high-speed broadband services totalled 730,000 at quarter end, representing an increase of 9% or 60,000 customers year on year. 77% of our broadband customers are now connected to the company's fibre network, which represents a 38% penetration of fibre premises passed.

The Group mobile base stood at 1.137m customers at quarter end, an increase of 9% or 92,000 compared to the corresponding prior year period. The Group's postpay base increased by 26% or 146,000 subscribers year on year. Postpay subscribers represent 62% of the total mobile base, an increase of 9 points year on year.

In summary, the Group has delivered financial and operational results in line with expectations for the second quarter and half year to 31 December 2019.

ENDS

<sup>6</sup> Movements year on year.

<sup>7</sup> eir TV base includes eir Vision subscribers.



**For more information on our results visit:**

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

**For queries contact:**

Investor Relations

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

Press Office

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

## About eir

eir is the largest provider of fixed line telecommunications services in Ireland, offering broadband, voice, TV, and data services to residential, small business, enterprise and government segments.

eir is the third largest mobile operator in Ireland in terms of revenue and customers. The company operates the eir mobile and GoMo services.

eir's wholesale division, open eir, is the largest wholesale telecommunications operator in Ireland, providing products and services to national and international wholesale customers across a range of regulated and unregulated markets.

The Group generated total revenue of €1.249 billion and adjusted EBITDA of €578 million for the year ended 30 June 2019.