



EIR FULL YEAR 2018 RESULTS ANNOUNCEMENT

*Results in line with expectations with continued growth
in broadband, postpay mobile, TV & product bundles
Extensive multi-year investment plan for broadband and mobile*

Full Year Financial Performance

-  **2%** YoY EBITDA of **€531m**, up **€11m** or 2% year on year ¹
-  **2%** YoY Revenue of **€1,270m**, down **€24m** or 2% year on year ²
-  **4%** YoY Operating costs reduced by **€21m** or 4% year on year ³
-  **€56m** YoY Cash on balance sheet of **€203m**, up **€56m** year on year ⁴

Business Update

-  Completion of NJJ-led acquisition of majority stake in eir with a new Irish majority board of directors
-  Appointment of new Irish-led management team, with Carolan Lennon as CEO and Stephen Tighe as CFO
-  1.8m premises passed with high speed fibre technology
 - 195,000 rural premises passed as part of FTTH rollout
 - 76% of premises now passed with fibre technology
-  635,000 fibre broadband connections, 69% of total broadband base
29% of customers now on triple or quad play bundles

¹ Adjusting for storm costs of €3m for the year, EBITDA increased by €8m or 2%.

² Adjusting for a Mobile Termination Rate (MTR) variance of €5m for the year, revenue decreased by €29m or 2%.

³ Operating costs are pay and non-pay costs excluding non-cash pension charge, non-cash lease fair value credits, amortisation, depreciation, exceptional items, and storm costs.

⁴ Cash includes 56% share of Tetra joint venture.

(Issued Tuesday, 04 September 2018) eir today announced results for the full year ended 30 June 2018 that were in line with expectations, with EBITDA before storm costs increasing by €11 million or 2% year on year, while operating costs declined by €21 million or 4% before storm costs. eir saw continued improvement in its underlying performance indicators, as more customers continue to connect to eir's fibre broadband, increasingly bundle products, and consume more of eir's TV content than ever before.

Carolan Lennon, eir CEO, said: "The acquisition led by NJJ, a telco group with a track record of investment in infrastructure and enhanced customer propositions, is now complete. A new senior management team, with an equal gender split, is now in place, with almost all promoted from within eir. eir's transformational journey to become a leaner, more agile organisation, focused on capital investment, growth and the provision of the best mobile and broadband services in the country, is well and truly underway."

Historical investment in Ireland

Historically, eir has invested more in telecoms infrastructure in Ireland than any other telecoms company. In the past five years, eir has invested €1.5bn in telecoms infrastructure across the country. As a result, eir's overall fibre broadband rollout has now passed 1.8 million premises or 76% of all Irish homes and businesses. eir's mobile network currently delivers 4G coverage to 96% of the Irish population.

Current investment

We have now completed almost two thirds of our fibre-to-the-home (FTTH) rural rollout, an investment programme funded entirely by eir. An additional 30,000 premises will also be passed as part of this rollout, meaning that by June 2019, eir will have passed 330,000 rural homes and businesses with super-fast broadband directly to the premises.

eir withdrew from the NBP tender process in early 2018, but remains committed to supporting the remaining bidder enet in making eir's infrastructure ready and available for the delivery of the NBP. We are allocating significant resources in order to provide this support and will continue to do so, to help realise the shared ambition of high speed broadband for all homes and businesses as soon as possible.

We also announced recently a move away from our current corporate HQ in central Dublin. This is part of an overall strategy to enable eir to develop as a modern dynamic telecoms company with state of the art technology at various locations across the country. These savings will allow us to invest more in our network and deliver even more value to customers on products and services.

Forthcoming projects

eir is planning substantial investment programmes in the coming years for both broadband and mobile. We are embarking upon a €1 billion capital investment program over the next five years which will see an expansion of our high-speed fibre-to-the home (FTTH) rollout to a

further 1.4 million homes and businesses across the country. We will also make a significant investment in our mobile network by developing more eir sites with top of the range equipment and enhancing our coverage for voice and 4G data experience in both urban and rural Ireland. We will also invest in a 5G mobile network, delivering the most technologically advanced mobile data services starting in 2019. We have also started bringing outsourced customer-facing functions back in house, in order to help build a world-class customer experience.

Carolan Lennon, CEO of eir, said: “I look forward to driving forward eir’s transformative journey, alongside our new shareholders, staff and our customers. Despite these changes, our objective remains the same: to provide the best mobile and broadband network in the country through multi-year investments in innovative yet simple solutions.”

Trading Update



Solid broadband growth

- 923,000 broadband connections, up 27,000 or 3% year on year



Continued growth in TV / eir sport

- eir Vision base at 75,000 customers, up 4,000 year on year
- 29% TV take up by consumer fibre base
- More than 255,000 eir sport users across all platforms



More mobile customers opting for bundles

- 1,047,000 total mobile customers
- 52% of customers are on postpay, up 4p.p. year on year
- 24% of households include mobile in a bundle, up 3p.p. year on year



Household Revenue Generating Units (RGUs) growing

- 2.31 RGUs per household, up from 2.19 RGUs in the previous year

Stephen Tighe, eir CFO, said: “Our results for the year reflect another robust performance, in line with expectations. Before adjusting for the impact of Storm Ophelia, full year EBITDA of €531m increased by €11m or 2% year on year. As the NJJ philosophy beds down in eir and we refocus our efforts on what we do best, we have seen an expected decline in our low margin business as well as traditional access line decreases, driving a revenue decline of 2% for the year. Our gross margin percentage increased from 78% to 79% year on year, and our operational costs decreased by 4% for the year, thanks to reductions in both pay and non-pay costs, leading to an increase in EBITDA margin.

“Our attractive new propositions and competitive pricing models are bringing more customers to eir, with continued rises seen in broadband, TV, and postpay mobile subscriptions. More customers than ever are bundling multiple products with us; 75% of customers now enjoy bundles of two or more eir services at home and on the go.

“Our cash generation has been robust this year, with a closing balance of €203 million at 30 June 2018, an increase of €56 million year on year, reflecting our increased focus on cost reductions and efficiencies.”

Full year reported revenue of €1,270 million decreased by 2% or €29 million compared to last year, and includes a €5 million year on year impact due to Mobile Termination Rate (“MTR”) reductions. Excluding the impact of MTR reductions, revenue decreased by €24 million. For the fourth quarter, revenue of €315 million decreased by 2% compared to the corresponding prior year quarter. Growth in broadband and bundling was offset by reductions in low margin eir business revenues and traditional access line revenues.

Operating costs for the full year of €472 million reduced by 4% or €18 million compared to the prior year. Excluding storm costs of €3 million due to Storm Ophelia, operating costs declined by €21 million year on year. Operating costs for the fourth quarter were €110 million, a reduction of 1% compared with the same quarter last year.

EBITDA before storm costs of €531 million for the full year increased by 2% year on year. Adjusting for €3 million of storm costs, EBITDA increased by €8 million or 2% compared to the prior financial year. EBITDA for the fourth quarter was €144 million, decreasing by €2 million or 1%.

In the fixed line segment, full year reported revenue (before intracompany eliminations) of €965 million decreased by 3% or €28 million compared to the prior year. Excluding MTR, underlying revenue decreased by €26 million. Reported revenue for the fourth quarter was €241 million, a 3% decrease when compared to the corresponding prior year period. These declines were driven by reductions in low margin managed services and data centre revenues, coupled with traditional access line losses and new introductory offers to support retail broadband customer growth.

Fixed line EBITDA for the full year and quarter of €443 million and €114 million decreased by €9 million and €8 million respectively.

The total group broadband customer base was 923,000 at 30 June 2018, growing by 27,000 in the full year and 4,000 in the fourth quarter, compared to the prior year. Wholesale broadband connections increased by 21,000 in the full year and decreased by 2,000 during the quarter, bringing the total wholesale broadband lines to 473,000 lines at the end of June 2018. The retail broadband base increased by 6,000 in the quarter to a total of 450,000 customers, an increase of 6,000 or 1% compared to the prior year.

635,000 customers were using our fibre based high-speed broadband service at the end of June 2018, representing an increase of 84,000 customers for the full year and 15,000 customers during the quarter, compared to the prior year. 69% of our broadband customers are connected to our fibre network, which represents a 36% penetration of fibre premises passed. Fixed line net access losses were 23,000 for the year ended 30 June 2018.

In the mobile segment, reported revenue (before Intracompany eliminations) for the year of €338 million decreased €3 million or 1% compared to the prior year. Adjusting for the impact of MTR regulatory price changes, underlying mobile revenue increased by €2 million or 1% year on year. Reported revenue for the quarter was €82 million, a decrease of €2 million or 2% when compared to the prior year.

Mobile EBITDA for the full year was €85 million, which increased by 25% compared to the prior year. The mobile EBITDA margin of 25% for the year was higher than expectations, an increase of 5 percentage points year on year. Mobile EBITDA for the quarter of €30 million increased by 28% when compared to the prior year quarter.

The Group mobile customer base decreased by 14,000 compared to the prior year, to a total of 1,047,000 customers. Postpay customers now represent 52% of our total mobile base, up 4 percentage points year on year.

In summary, the Group has delivered another robust set of financial and operational results for the full year to 30 June 2018. The results achieved are in line with expectations and the guidance issued at the beginning of the financial year.

ENDS

For more information on today's announcement, please visit:



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