

EIR FIRST QUARTER FY19 RESULTS ANNOUNCEMENT



13 November 2018





Results in line with expectations, with continued growth
in fibre broadband, postpay mobile, TV, Sport & product bundling

eir today announced results for the first quarter ended 30 September 2018 which were in line with expectations. EBITDA increased by €13 million or 11% year on year, while operating costs declined by €13 million or 12%. The company saw continued improvement in its key performance indicators, with more customers connecting to eir's fibre broadband, bundling products, and consuming more TV content and mobile data than ever before.

Financial Highlights

-  **11%** **EBITDA** of €138m, up €13m year on year
-  **1%** **Revenue** of €312m, down €4m year on year
-  **12%** **Operating costs** of €108m, down €13m year on year ⁽¹⁾
-  **35%** **Cash on balance sheet** of €170m, up €44m year on year ⁽²⁾

Business Updates

-  eir will invest **€1 billion** over the next five years to develop our national FTTH network and upgrade our mobile network, enabling better coverage, capacity, and future 5G
-  eir will **insource** hundreds of customer care and sales jobs this year, as well as hire IT developers and 50 new open eir apprentices, encompassing up to **1,000 people** in total
-  **1.8 million** premises passed with high speed fibre technology
 - **228,000** premises passed as part of FTTH rural rollout
 - **78%** of premises now passed with fibre technology
-  **651,000** fibre broadband connections, **70%** of total broadband base
30% of customers now on triple or quad-play bundles

¹ 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.

² Cash includes 56% share of Tetra joint venture.

Carolán Lennon, eir Chief Executive Officer, commented:

“We have begun a new financial year with another set of strong financial and operational results. Our first quarter performance was underpinned by solid growth momentum coupled with a continued increase in operational efficiency. We were pleased to deliver EBITDA growth of 11%, a reduction in operational costs of 12%, and an increase in cash generation of €44 million year on year. These results clearly demonstrate how eir is continuing on its transformational journey to become a leaner, more agile operation, with a focus on investment in infrastructure and people.

“In the last three months we have made some significant announcements relating to the future strategy of eir. We are busy preparing our large-scale capital investment programme, which will involve rolling out super-fast fibre-to-the-home broadband to 1.4 million premises in urban and suburban Ireland, as well as increasing our mobile network by 25%, with better coverage, traffic capacity, and network resilience. Along with our network investments, we are investing in our people, bringing in-house hundreds of customer care staff and sales representatives to enhance our customer experience, as well as hiring IT developers and 50 new open eir apprentices.

“With our voluntary redundancy programme largely complete, the insourcing of staff ongoing, and the large network investments rolling out soon, eir will continue on its journey to become the best provider of broadband and mobile services in Ireland.”

Trading Highlights



Solid broadband growth

- 925,000 broadband customers, up 22,000 or 2% year on year



Continued growth in TV & sport

- 78,000 eir Vision customers, up 4,000 or 5% year on year
- Almost 270,000 eir Sport users across all platforms



More mobile customers opting for bundles

- 1,046,000 total mobile customers
- 52% of customers are on postpay, up 3p.p. year on year
- 25% of households include mobile in a bundle, up 3p.p. year on year



Household Revenue Generating Units (RGUs) growing

- 2.35 RGUs per household, up from 2.23 RGUs this time last year

Stephen Tighe, eir Chief Financial Officer, commented:

“eir has announced a quarter of solid results, with significant increases in EBITDA and cash generation, a continued reduction in operating costs, and further customer growth in our broadband, postpay mobile, and bundled bases. While revenue declined by 1% in the quarter year on year, EBITDA grew by 11%, driven by our focus on reducing our operating cost base, which declined by 12% year on year. The gross margin percentage grew by 1p.p., while cash was up €44 million compared to the same quarter last year.

“As we progress through a new financial year, our focus remains on cost efficiency, process simplification, and cash generation, as well as on planning for the €1 billion capital investment programme which will unlock and enable significant growth in broadband and mobile markets in the future.”

First quarter reported revenue of €312 million decreased by 1% or €4 million year on year. Growth in voice traffic, postpay mobile, and TV was offset by a reduction in access, managed services, and operator services revenues, as well as the impact of new competitively priced propositions and promotions to support retail growth and increase market share.

Operating costs of €108 million reduced by 12% or €13 million year on year.

EBITDA of €138 million increased by 11% or €13 million year on year, driven by operating cost savings.

The Group broadband base totalled 925,000 customers at 30 September 2018, growing by 22,000 or 2% year on year, driven by growth in both retail and wholesale divisions.

651,000 customers were using our fibre-based high-speed broadband service at the end of September 2018, representing an increase of 77,000 customers year on year. 70% of our broadband customers are connected to our fibre network, which represents a 36% penetration of fibre premises passed.

The Group mobile base stood at 1,046,000 customers at 30 September 2018, decreasing by 11,000 year on year. The postpay subscriber base increased by 34,000 customers or 6% year on year. Postpay customers represent 52% of the total mobile base, an increase of 3 percentage points year on year.

In summary, the Group has delivered another set of robust financial and operational results for the first quarter ended 30 September 2018, which are in line with expectations.

ENDS

For more information on this announcement, please visit:



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