

# EIR Q1 FY20 RESULTS ANNOUNCEMENT







Dublin, 14 November 2019


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


eir today announced its results for the first quarter FY20 ended 30 September 2019 which were in line with expectations. Revenue declined by 3% or €8 million year on year, while EBITDA increased by 2% or €2 million and operating costs reduced by 11% or €12 million. The company saw continued growth in its key performance indicators, with year on year increases in fibre broadband and postpay subscribers as well as further growth in multi-play product bundling.


### Q1 FY20 Financial Highlights <sup>1</sup>


-  **2%** EBITDA of €140m, up €2m year on year
-  **3%** Revenue of €304m, down €8m
-  **11%** Operating costs of €96m, reduced by €12m <sup>2</sup>
-  **36%** Cash on balance sheet of €231m, up €61m <sup>3</sup>

### Latest Business Updates

 **Ireland's largest 5G network** launched in 10 major towns and cities across Ireland, providing customers with speeds up to 1Gbps

 **Launch of GoMo**, a revolutionary new mobile brand, and **eir TV with Apple TV 4K**, opening up a world of infinite entertainment for our customers

 **1.9m** premises passed with high-speed fibre, or **80%** of premises <sup>4</sup>  
▶ **401,000** premises passed with FTTH across Ireland

 **717,000** fibre broadband connections, **76%** of total broadband base  
**34%** of customers now on triple or quad-play bundles, **up 4pp** year on year

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



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

“18 months ago I became CEO and said that my goal was to restore eir’s position as the national telecoms champion. I think this quarter was when people in Ireland really began to understand what that goal meant for them as we launched some fantastic products that will greatly enhance their daily lives.

“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. This is testament to the fact that, for the first time in twenty years, eir is owned by a long-term telecoms investor, which has a long history of delivering consistent innovation, bringing huge benefits for customers across Europe.

### **New product launches**

“Last month eir launched its new 5G mobile network, by far the largest 5G network of any operator in Ireland, which has gone live in 10 major towns and cities across the country. Beginning with 100 5G sites across Ireland, it is allowing eir customers to enjoy the unrivalled speed and reliability that 5G offers, with peak speeds over 1Gbps. Another 100 sites will be launched in the coming weeks and a further 100 sites will be added early in the New Year. With 5G, our customers will be able to download their favourite shows instantly, stream high definition content without buffering and enjoy lag-free low-latency gaming. Most significantly, it will substantially enhance business connectivity and we are proud to play our part in creating the strong telecoms infrastructure that is vital to Ireland’s continued growth.

“We were also delighted to launch GoMo in October, a revolutionary new mobile network which has already been a game-changer in Ireland. GoMo offers all calls, all texts, and all data for €9.99 a month for life. This new service will set the standard for mobile in Ireland with its simplicity and its value for money. Operating on eir’s mobile network, GoMo customers will benefit from 97% 4G outdoor population coverage, which will be increasing to 99% geographical coverage within two years.

“Lastly, eir announced eir TV, a new service that brings together the best of live and on demand TV services with Apple TV 4K. Customers can access iTunes films and TV shows, Apple TV channels and Apple TV+, as well as access Apple Music and thousands of other apps, including games, fitness and education — all through one device built for the biggest screen in the home. The coming together of eir and Apple TV 4K marks the start of an exciting new chapter of innovation and collaboration as we bring our ground-breaking new eir TV service to the market.

### **Investment programme**

“Our investment programme gathered pace in the first quarter of the financial year with continued FTTH rollout, having passed 401,000 homes and businesses with superfast broadband, including

330,000 rural premises. Our teams are now moving on to connect 1.4 million urban and suburban premises with superfast fibre to the home broadband.

### Refinancing

“We successfully completed additional refinancing transactions in October, raising €700m across two bonds to take advantage of favourable market conditions. We achieved the lowest ever yield for a 'B' rated company, which is a strong endorsement of investors' trust in the strength of our balance sheet, and allows us to save €7m in annual interest costs.

### ESG

“We were delighted to be successfully recertified for the Business Working Responsibly Mark, the only independently-audited standard for Corporate Social Responsibility and Sustainability in Ireland. We are one of only 32 companies in Ireland to have achieved this and we are committed to lowering our environmental impact, having signed a three-year deal with Airtricity to power our network entirely from renewable sources.

### Outlook

“The scale and quality of our plans and our products confirms eir’s position as Ireland’s largest, but also most innovative, investor in telecoms, offering the most advanced fixed and mobile networks and connecting customers across the country at the fastest speeds possible.” ■

## Q1 FY20 Trading Highlights



### Continued broadband growth

- ▶ **945,000** broadband customers, **up 2%** or **20,000** year on year



### Expanded eir sport base

- ▶ **605,000** eir sport users across all platforms <sup>5</sup>
- ▶ **76,000** eir vision customers, down 3% or 2,000 year on year <sup>6</sup>



### More mobile customers opting for bundles

- ▶ **1.022m** total mobile customers
- ▶ **55%** of mobile customers on postpay, **up 3pp** year on year
- ▶ **29%** of households include mobile in a bundle, **up 4pp** year on year



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

- ▶ **2.46** RGUs per household, **up 5%** year on year

<sup>5</sup> eir sport base includes subscribers from other operators including Virgin Media subscribers.

<sup>6</sup> Decline in eir vision base primarily due to reduction in sales incentives and marketing in the run up to the launch of eir TV with Apple TV 4K in October.

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

“eir’s first quarter performance was in line with expectations. Revenue declined by 3% driven by increased market competition, bundling, as well as changes to regulated wholesale pricing changes. Despite these headwinds, EBITDA for the quarter increased by 2%, driven by further streamlining of the cost base, which reduced by 11% year on year. We continue to maintain a strong cash position, with a closing balance €61 million higher compared to the same time last year; while capital expenditure of €61 million was 20% of revenue for the period, driven by investment in our mobile network upgrade and expansion.

“While eir has been busy launching new services in recent weeks, we have also been busy with further successful refinancing transactions. Driven by favourable market conditions, we achieved a further €7m saving on annual interest costs from our refinancing in October of €700 million of loans to two €350 million bonds, further improving our debt profile.”

First quarter reported revenue of €304m decreased by 3% or €8m year on year. Growth in data services and sport was offset by a reduction in access, voice and managed services revenue, as well as by the impact of a competitive retail broadband market and regulated wholesale pricing changes.

First quarter operating costs of €96m reduced by 11% or €12m year on year. Non-pay costs reduced by 26% driven by a continued focus on streamlining business and insourcing activities, while pay costs increased by 19% due to increased headcount driven by insourcing activities.

First quarter EBITDA of €140m increased by 2% or €2m year on year, enabled by the continued significant operating cost savings in the quarter.

The Group broadband base totalled 945,000 customers as at 30 September 2019, growing by 2% or 20,000 year on year, mostly driven by growth in the wholesale division.

Customers using fibre-based high-speed broadband services totalled 717,000 at the end of the quarter, representing an increase of 10% or 66,000 subscribers year on year. 76% of our broadband customers are now connected to the company’s fibre network, which represents a 37% penetration of fibre premises passed.

The Group mobile base stood at 1.022m customers at quarter end, a decline of 2% or 24,000 compared to the corresponding prior year period. The Group’s postpay base increased by 3% or 18,000 subscribers year on year. Postpay subscribers represent 55% of the total mobile base, an increase of 3 points year on year.

In summary, the Group has delivered solid financial and operational results for the first quarter to 30 September 2019, which are in line with expectations.

ENDS

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

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### 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 brands.

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.

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