

eir Q3 FY20 RESULTS PRESS RELEASE



Dublin, 20 May 2020

Consistent, solid results in line with expectations

Continued growth in fibre broadband, postpay mobile, and multi-play bundling ¹

eir today announced its results for the third quarter FY20 and nine months to 31 March 2020, which were in line with expectations. Third quarter reported revenue declined by 1% or €3 million year on year, while EBITDA increased by 5% or €7 million, as operating costs were reduced by 5% or €4 million. The company saw consistent solid growth in its key performance indicators, with strong year on year increases in fibre broadband and postpay mobile customers, quarter on quarter growth in TV customers, and continued growth in multi-play product bundling.

Q3 financial snapshot ¹

- ▶ Revenue €307m, down €3m or 1%
- ▶ EBITDA €154m, up €7m or 5%
- ▶ Operating costs €96m, reduced by €4m or 5% ²
- ▶ Cash on balance sheet €217m ³

YTD financial snapshot ¹

- ▶ Revenue €924m, down €20m or 2%
- ▶ EBITDA €441m, up €15m or 4%
- ▶ Operating costs €287m, reduced by €26m or 8% ²

Latest business updates



Keeping Ireland connected: we have adapted our operations to ensure people and business across Ireland remain fully connected while we all stay apart



Ireland's Fibre Network rollout continues to progress; now passing **72,000** urban and suburban premises across Ireland with superfast FTTH gigabit broadband, up 42,000 since December



Over 1.9m premises passed with fibre, or approximately **80%** of premises in Ireland ⁴
501,000 premises now passed with FTTH across Ireland, up 164,000 or 49% YoY



748,000 fibre broadband connections, **78%** of total broadband base
36% of customers on triple or quad-play bundles, up 4pp YoY



5G network rollout continues to expand, with superfast data speeds available in 20 towns and cities across Ireland and outdoor population coverage now over **28%**, up 3pp QoQ

¹ Movements year on year. Excludes IFRS 15 adjustments.

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

³ Cash includes 56% share of Tetra joint venture.

⁴ Estimated total premises in Ireland of approximately 2.4 million.

**Carolán Lennon, eir CEO, commented:**

“In these challenging times staying connected to family, friends, and colleagues has become more important than ever. We are discovering new ways to communicate, work, and socialise while managing everything from shopping to education online. Our priority during this time has been to ensure the safety of our employees, our customers, and our suppliers, and we are following stringent guidelines and processes to ensure all our stakeholders are protected while we work to ensure our network remains fully operational.

Keeping Ireland connected

“We are working hard to ensure Ireland remains connected, and I would like to thank all of the dedicated people at eir for their efforts throughout this time. Our engineers are continuing to connect homes and maintain the network across Ireland, while our care teams are providing support to our customers while working from home. Over 97% of our staff have been working remotely or in the field, and we have closed all but one of our Dublin offices as well our three regional care centres. These buildings have been deep cleaned and stand ready for reopening once the lockdown conditions ease.

“We are confident in our network; it is resilient and has plenty of capacity to continue to serve our customers following significant investment over several years to improve our communications infrastructure, including the rollout of our high-speed, high-capacity fibre network, the upgrade and expansion of our 4G mobile network, as well as the rollout of our new 5G network.

“We have worked with the telecoms industry to introduce a range of common commitments to support our customers, including allowing them upgrade to unlimited packages where necessary and providing free access to various healthcare and educational resource websites. We are engaging with and supporting customers who have found themselves in financial difficulty as a result of the pandemic in order that they remain connected to our network.

Investment programme

“Our on-going €1 billion capital investment programme is playing an important role in ensuring our network remains strong and resilient and we will continue to rollout our programmes where it is safe to do so.

“Our urban and suburban FTTH programme, Ireland’s Fibre Network, continues to expand and is now available in over 70 towns across Ireland, with more than 72,000 homes and businesses passed at the end of March and more premises being passed every day. Our customers are seeing the benefits of fibre broadband during this time, allowing many to work from home more effectively and watch TV, play games and download their favourite films at superfast speeds. Over 1.9m premises across the country have now been passed with our fibre network – over 80% of premises in Ireland – and 501,000 premises have now been passed with our FTTH broadband.

“We have also prioritised mobile network upgrades to enhance connectivity for customers working at home, with approximately 40 new sites going live in the last six weeks, providing more coverage and more capacity. Our 5G network, by far Ireland’s largest, continues to expand, with superfast data speeds now available in 20 towns and cities across Ireland and outdoor population coverage now at over 28%. 5G is allowing eir customers to enjoy unrivalled speeds and reliability, with peak speeds over 1Gbps. The upgrade and expansion of our 4G network is also continuing and to date we have achieved over 98% population coverage and 94% geographical coverage across Ireland.

Outlook





“We will continue our dedicated and determined work to ensure our network keeps Ireland connected, and we will continue to support our customers as we all adapt to new challenges and experience change. Our investment programme will continue in the coming months, where it is safe to do so, with plans to roll out 5G to every major town in Ireland and continue passing more homes and businesses with superfast fibre to the home broadband.”

Stephen Tighe, eir CFO, commented:

“eir’s performance in the third quarter was solid, consistent, and in line with expectations despite the changed and challenging external environment. While revenue declined by 1% we continued to further streamline our cost base, reducing it by 5% and driving further strong growth in EBITDA of 5% for the quarter year on year.

“In these challenging times the company continues to maintain a strong cash position, with a closing balance of €217m in March, higher by €113m from last quarter, and our liquidity position has been further strengthened by drawing down our €50m credit facility. The company has reduced its average cost of debt by 17% in the last year, and has an average debt maturity profile of approximately 6 years. Capital expenditure of €70 million in the third quarter equalled 23% of revenue for the period, driven by the company’s continuing investment in our superfast fibre broadband and 4G and 5G mobile networks, which are driving growth and ensuring that Ireland remains connected.”

Q3 FY20 trading snapshot ⁵

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Continued broadband growth; retail rebounds QoQ
 - ▶ **954,000** broadband customers, up **1%** or **13,000**
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Mobile growth driven by GoMo
 - ▶ **1.171m** mobile customers, up **13%** or **139,000**
 - ▶ **65%** of mobile customers on postpay, up **11pp**
 - ▶ **30%** of households include mobile in a bundle, up **3pp**
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TV growth rebounds QoQ
 - ▶ **77,000** eir TV customers, up **3%** or **2,000** QoQ, down **3%** or **2,000** YoY ⁶
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Continued growth in Household Revenue Generating Units (RGUs)
 - ▶ **2.50** RGUs per household, up **4%**

Trading performance

- ▶ Q3 revenue of 307m decreased by 1% or €3m year on year, with growth in broadband, data services, and postpay revenues offset by a reduction in access, voice, and managed services revenues, as well as by the impact of a competitive retail broadband market and regulated wholesale pricing. Revenue for the nine months to 31 March of €924m decreased by 2% or €20m year on year.
- ▶ Q3 EBITDA of €154m increased by 5% or €7m year on year, enabled by the continued significant operating cost savings in the quarter. EBITDA for the nine months to 31 March of €441m increased by 4% or €15m year on year.
- ▶ Q3 operating costs of €96m reduced by 5% or €4m year on year. Non-pay costs reduced by 11% or €6m, driven by a continued focus on streamlining business and insourcing activities, while pay costs increased by 2% or €2m driven by insourcing activities. Operating costs for the nine months to 31 March of €287m were reduced by 8% or €26m year on year.
- ▶ The Group broadband base totalled 954,000 customers at quarter end, growing by 1% or 13,000 year on year, driven by growth in the wholesale division year on year, and by growth in both the wholesale and retail divisions quarter on quarter.

⁵ Movements year on year.

⁶ eir TV base includes eir Vision subscribers.



- ▶ Customers using fibre-based high-speed broadband services totalled 748,000 at quarter end, representing an increase of 9% or 60,000 customers year on year. 78% of the Group's broadband base is now connected to eir's fibre network, which represents a 39% penetration of fibre premises passed.
- ▶ The Group mobile base stood at 1.171m customers at quarter end, an increase of 13% or 139,000 year on year. The Group's postpay base increased by 35% or 199,000 subscribers year on year. Postpay subscribers now represent 65% of the total mobile base, an increase of 11 points year on year.

In summary, the Group has delivered solid and consistent financial and operational results for the third quarter and half year to 31 March 2020, in line with expectations.

ENDS

For more information on our results visit:

eir.ie/investorrelations

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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 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 2019.⁷

⁷ Before the impact of IFRS 9 and IFRS 15 adjustments.