

EIR FULL YEAR FY19 RESULTS ANNOUNCEMENT



Dublin, 3 September 2019

Results in line with expectations, with continued YoY growth in fibre broadband, postpay mobile, TV, sport & product bundling ¹

eir today announced its results for the fourth quarter and full year ended 30 June 2019 which were in line with expectations. Full year revenue declined by 2% or €21 million year on year, while EBITDA increased by 10% or €50 million and operating costs reduced by 14% or €69 million. Fourth quarter revenue declined by 3% or €10 million year on year, while EBITDA increased by 6% or €8 million and operating costs reduced by 16% or €18 million. The company saw continued growth in its key performance indicators, with continued year on year growth in fibre broadband and postpay customers, increasing multi-play product bundling, and increases in TV and sport subscribers.

FY19 Financial Highlights ¹

-  **10%** EBITDA of **€578m**, up **€50m** year on year
-  **2%** Revenue of **€1,249m**, down **€21m** year on year
-  **14%** Operating costs of **€406m**, reduced by **€69m** year on year ²
-  **28%** Cash on balance sheet of **€260m**, up **€57m** year on year ³

Q4 Financial Highlights ¹

-  **6%** EBITDA of **€152m**, up **€8m** year on year
-  **3%** Revenue of **€305m**, down **€10m** year on year
-  **16%** Operating costs of **€93m**, reduced by **€18m** year on year ²
-  **10%** Cash on balance sheet of **€260m**, up **€23m** quarter on quarter ³

¹ Underlying performance excludes the impact of IFRS 9 and IFRS 15 adjustments in FY19 for which there is no comparable adjustment in FY18.

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

³ Cash includes 56% share of Tetra joint venture.

Q4 Business Updates



Rural FTTH programme completed, with teams now moving into build out of Ireland's Fibre Network to 1.4m premises in urban and suburban areas.



1.9m premises passed with high-speed fibre technology

- ▶ **375,000** total FTTH premises passed, **308,000** as part of rural rollout
- ▶ **81%** of Irish premises now passed with fibre technology



702,000 fibre broadband connections, **74%** of total broadband base

33% of customers now on triple or quad-play bundles, **up 4 p.p.** year on year

Carolán Lennon, eir Chief Executive Officer, commented:

“This year was one of substantial developments in our business as our EBITDA grew 10%, even as we continued to deliver our essential role as the biggest investor in telecoms infrastructure in Ireland, spending nearly a quarter of our revenue on extensive network investment.

Investment programme

“Our investment programme gathered further pace in the last quarter of the financial year with the completion of our FTTH rollout, having passed 375,000 homes and businesses with superfast broadband, including 308,000 rural premises. Our teams are now moving on to connect 1.4 million urban and suburban premises with superfast fibre to the home broadband.

“Our €150 million mobile investment programme continues to make great progress, with mast sites already upgraded or expanded in 16 counties across Ireland, and we will deliver 4G services to 99% of the island of Ireland within the next two years. In August our customers began to see further substantial benefits from the upgrade, with 440,000 customers enjoying uncapped data usage for prepay, bill and small business plans. This enhancement was an important step we prepare our mobile network for the delivery of 5G services in the coming months.

Refinancing

“We launched a very successful bond and loan refinancing transaction in April which was extremely well received by the market and successfully completed in May. In the fourth quarter we successfully extended the residual secured term loans from 2024 to 2026, leaving eir fully funded until May 2026, when our €1 billion network investment programme will be well complete.

Customer service

“Our insourcing programme is now complete and we have seen increasingly positive customer feedback, confirming the importance of having customer-facing roles filled by direct eir staff to deliver a better service and experience for our customers.

Outlook

“I am delighted to serve as CEO of eir, managing one of the biggest infrastructure investment programmes Ireland has ever seen and delivering very real benefits to customers from that programme, whether it is uncapped data limits or 99% geographic mobile coverage. I look forward to further investment and growth in the coming years as we offer the very best fixed and mobile experience for customers across Ireland.”

Q4 Trading Highlights



Solid broadband growth

- ▶ **944,000** broadband customers, **up 2%** or **21,000** year on year



Continued YoY growth in TV & sport

- ▶ **78,000** eir Vision customers, **up 4%** or **3,000** year on year
- ▶ **305,000** eir Sport users across all platforms, **up 19%** or **50,000** year on year



More mobile customers opting for bundles

- ▶ **1.023m** total mobile customers
- ▶ **55%** of mobile customers on postpay, **up 3 p.p.** year on year
- ▶ **28%** of households include mobile in a bundle, **up 4 p.p.** year on year



Household Revenue Generating Units (RGUs) growing

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

Stephen Tighe, eir Chief Financial Officer, commented:

“We have concluded another solid financial year in 2019, successfully delivering on our full year guidance; achieving strong EBITDA growth of 10%, investing capex of 22% of revenue, and growing our cash on balance sheet by 28% year on year. This is despite several external headwinds affecting



revenue including increased market competition driving strong promotional activity as well as the impact of further wholesale regulated pricing.

“While revenue headwinds have contributed to a 2% reduction in overall gross profit for the year, our continued focus on improving the efficiency of our business by simplifying our products and services, streamlining our business processes, and insourcing customer-facing services has resulted in total operating costs declining by 14% year on year, or a further 10 percentage points more compared to financial year 2018. This robust reduction in costs has enabled strong EBITDA and cash flow growth this year. EBITDA has increased by 10% or €50m for the full year, with a 4 percentage point increase in EBITDA margin to 46% for the period. Closing cash on the balance sheet amounted to €260m, increasing by 28% or €57m compared to financial year 2018.” ■

Fourth quarter reported revenue of €305m decreased by 3% or €10m year on year. For the full year, revenue of €1,249m reduced by 2% or €21m year on year. Revenue growth in traffic and data services, TV, sport and postpay mobile (excluding IFRS adjustments) was offset by a reduction in access and managed services revenue, as well as by the impact of regulated and wholesale pricing and promotions to support retail growth and increase market share.

Fourth quarter operating costs of €93m reduced by 16% or €18m year on year. For the full year, operating costs of €406m reduced by 14% or €69m year on year.

Fourth quarter EBITDA of €152m increased by 6% or €8m year on year. For the full year, EBITDA of €578m increased by 10% or €50m year on year, driven by the continued significant operating cost savings in the quarter.

The Group broadband base totalled 944,000 customers as at 30 June 2019, growing by 2% or 21,000 year on year, driven by subscriber growth in the consumer division.

Customers using fibre-based high-speed broadband services totalled 702,000 at the end of the quarter, representing an increase of 67,000 customers or 10% year on year. 74% of our broadband customers are now connected to the company's fibre network, which represents a 36% penetration of fibre premises passed.

The Group mobile base stood at 1.023m customers at quarter end, a decline of 2% or 25,000 compared to the corresponding prior year period. The postpay subscriber base increased by 23,000 or 4% year on year. Postpay customers now represent 55% of the total mobile base, an increase of 3 percentage points year on year.

In summary, the Group has delivered another set of solid financial and operational results for the fourth quarter and full year to 30 June 2019, which are in line with expectations.

ENDS

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