

EIR THIRD QUARTER AND NINE MONTHS TO 31 MARCH 2017 RESULTS ANNOUNCEMENT

Third Quarter Financial Performance



Underlying revenue¹ of €325m, up €4m or 1% year on year



EBITDA of €131m, up €11m or 10% year on year



Operating costs² reduced €10m or 7% year on year

Nine Month Financial Performance



Underlying revenue¹ of €991 million, up €17m or 2% year on year



EBITDA of €374m, up €17m or 5% year on year



Operating costs reduced by €18m or 5% year on year

Finance Update

Credit rating upgrades by all 3 rating agencies

Full refinance of loan facility - €40 million cumulative interest savings from continued refinancing activities

Business update



Commitment contract signed for 300,000 rural FTTH rollout

82,000 premises now passed with FTTH, including 44,000 rural premises

530,000 fibre broadband connections, 60% of broadband base

33% take-up of fibre, up from 28% in the prior year period



First to market with WiFi calling

Expanded eir sport pack and additional eir Vision channels

24% of customers now on triple or quad play bundles

¹Underlying Revenue is before Mobile Termination Rate (MTR) and Foreign Exchange (FX) impacts

²Operating costs are pay and non-pay costs excluding non-cash pension charge, non-cash lease fair value credits, amortisation, depreciation, and exceptional items

(Issued Dingle, Co Kerry Friday 28 April, 2017) eir today announced results for the third quarter and nine months ended 31 March 2017. Commenting on today's announcement, Richard Moat, CEO eir, said: "We delivered another set of strong results during the third quarter of the financial year with continued EBITDA growth of 10% compared to the prior year quarter. On a year to date basis, year on year underlying revenue and EBITDA increased by 2% and 5% respectively.

Our strategic capital investment programme continues. We have a first class mobile network with 95% population coverage, and we continue to be the number one provider of high speed broadband in Ireland, which enables our convergence strategy to provide seamless connectivity to customers across all devices. This quarter we were the first to market in Ireland with WiFi calling, and we will continue to innovate and evolve our convergence strategy. We have invested over €500 million in fibre to date passing 69% of Irish premises, and we have recently signed a commitment contract with the Government to deliver FTTH to 300,000 premises by December 2018. We have now passed 82,000 premises to date with FTTH, of which 44,000 are part of the 300,000 rollout, and we are on track to bring fibre broadband to a total of 1.9m premises or over 80% of homes by the end of 2018.

Today we have launched the Dingle Creativity and Innovation Hub, the first of a number of digital hubs we will support throughout the country. In addition to providing gigabit connectivity to help foster innovation and collaboration, the Dingle Hub demonstrates how eir's network investment underpins a range of economic activities covering entrepreneurship, flexible working and inward investment that supports a sustainable rural Ireland.

We continue to focus on our customers and their needs. We have added new content to our eir sports offering and additional channels to the eir Vision platform. We now have over 210,000 customers watching eir sport on their TVs, laptops, tablets and handheld devices. This underlines our transition from a pure telecommunications company into a telecoms and media company and we are excited to be an integral part of this changing dynamic in Ireland".



Trading Update



Solid broadband growth

890,000 broadband connections, up 54,000 year on year



Momentum in TV/eir sport continues

eir Vision base at 67,000 customers, up 18,000 year on year

30% TV take up by consumer fibre base

More than 210,000 eir sport users across all platforms



More mobile customers opting for bundles

1,065,000 total mobile customers

48% of customers are on postpay contracts, up 1p.p. year on year

20% of households include mobile in a bundle, up 3p.p year on year



Household Revenue Generating Units (RGUs) growing

2.16 RGUs per household, up from 2.02 RGUs in the previous year

Huib Costermans, CFO eir, said: “It has been another strong quarter for us with results to match. The operational KPIs are encouraging; broadband growth was driven by our wholesale division, and our consumer broadband churn continues to improve on the back of eir sport. Bundle take-up is also increasing with 24% of households now taking three or more services. Operating costs continue to reduce on the back of our Simplicity programme, and we are on track to achieve full year guidance of single digit year on year EBITDA growth.

On the financing side, we secured simultaneous credit rating upgrades from all three rating agencies - Moody’s, S&P and Fitch, which is testament to our improved operational and financial performance. Furthermore, we successfully refinanced our loan facility including a full repricing and a term extension which delivered €13 million in annual interest cost savings. When combined with the refinancings carried out over the past twelve months, we have delivered €40 million in annual interest cost savings. These are the latest proof points in the transformation of our business and improvement of our balance sheet, and reflect the expectations that eir will continue its successful business transformation”.

Underlying revenue for the quarter, excluding mobile termination rates (“MTR”) and foreign exchange (“FX”) movements of €325 million, increased by €4 million or 1% year on year. Reported revenue for the quarter of €319 million was broadly flat compared to the corresponding prior year quarter.

On a year to date basis, underlying revenue of €991 million rose by 2% or €17 million. Reported revenue was €976 million and broadly flat compared to the prior year period.

Operating costs for the quarter ended 31 March 2017 were €123 million, a reduction of 7% compared with the same quarter last year. On a year to date basis, operating costs were €379 million representing a reduction of 5% or €18 million on a year to date basis. Excluding exceptional storm costs in the prior year, operating costs were down 4% for the quarter and 3% on a year to date basis when compared with the corresponding prior year period.

EBITDA for the quarter was €131 million and €374 million on a year to date basis. This represents a year on year increase of 10% and 5% on a quarterly and year to date basis respectively. Adjusting for €5 million of storm costs in the prior year, EBITDA growth was 5% and 4% on a quarterly and year to date basis respectively.

In the fixed line segment, reported revenue (before intra company eliminations) for the quarter ended 31 March 2017 was €246 million, a 1% increase when compared to the corresponding prior year period. The year to date figure of €746 million also increased by 2% compared to the prior year. Fixed line EBITDA for the quarter and nine months to 31 March 2017 of €111 million and €329 million increased by €9 million and €17 million respectively.

The total group broadband customer base was 890,000 at 31 March 2017, growing by 10,000 in the quarter and 36,000 for the nine months ended 31 March 2017. Wholesale broadband connections increased by 10,000 during the quarter and 40,000 for the nine months ended 31 March 2017, bringing the total wholesale broadband lines to 446,000 lines at the end of March 2017. The retail broadband base remained broadly flat in the quarter at a total of 444,000 customers.

530,000 customers were using our fibre based high-speed broadband service at the end of March, representing an increase of 30,000 customers during the quarter and 136,000 since March 2016. 60% of our broadband customers are connected to our fibre network, which represents a 33% penetration of fibre premises passed. Fixed Line net access losses were 39,000 for the year ended 31 March 2017. This represents a lower rate of decline when compared to the same period of the prior year in which fixed line access losses were 53,000.

In the mobile segment, reported mobile revenue for the quarter (before intra company eliminations) was €81 million, a decrease of €6 million when compared to the prior year. Adjusting for the impact of MTR regulatory price changes, underlying mobile revenue of €86 million was broadly flat year on year. On a year to date basis, reported mobile revenue of €257 million decreased €15 million or 5% compared to the prior year period. Adjusting for the impact of MTR regulatory price changes, underlying mobile revenue of €270 million for the nine months to March 2017 decreased by 1% or €2 million, primarily due to increased bundling and promotional activity.

Mobile EBITDA for the quarter of €20 million increase by 8% when compared to the prior year quarter. Mobile EBITDA for the nine months ended 31 March 2017 was €45 million, which was broadly flat compared to the corresponding prior period. The mobile EBITDA margin was in line with expectations at 24% for the quarter and 17% for the nine months ended 31 March 2017.

The group mobile customer base decreased by 9,000 in the quarter but increased by 5,000 for the nine months ended 31 March 2017 to a total of 1,065,000 customers. The decrease in the quarter was due to a decline in prepay customers. Our mobile base now includes 48% postpay customers, up 1 p.p year on year. Mobile churn in prepay and postpay continues to improve.

In summary, eir's results continue to show progress and are in line with expectations. We remain on track to achieve our full year guidance.

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For media queries, please contact:

Paul Bradley

eir

Director of Corporate Affairs

Tel: +353 1 600 4281

Mobile: +353 85 174 4281

Paul.bradley@eir.ie

Chris Barrie

Citigate Dewe Rogerson

Executive Director

Tel: +44 20 7638 9571

Mob: +44 7968 727 289

Chris.barrie@citigatedr.co.uk

Niall Quinn

The Reputations Agency

Deputy Managing Director

Tel: +353 1 661 8915

Mob: +353 86 827 4829

Niall@thereputationsagency.ie

For investor relations queries, please contact:

Michelle Bennett

eir

Director of Investor Relations

Mob: 085 174 5699

Michelle.Bennett@eir.ie

For more information on today's announcement, please visit our Investor Relations site:

<https://www.eir.ie/investorrelations/>

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