

THIRD QUARTER AND NINE MONTHS RESULTS ANNOUNCEMENT TO 31 MARCH 2018

Financial performance in line with expectations with continued growth in
broadband, mobile, TV & bundles

Acquisition by NJJ led consortium now complete

Third quarter Financial Update



4%

EBITDA of €137 million, up €6 million or 4% year on year



1%

Revenue of €317 million, down 1% year on year



4%

Operating costs⁽¹⁾ reduced €5 million or 4% year on year

Nine Months Financial Update



3%

EBITDA (before storm costs) of €387 million, up 3% year on year



2%

Revenue of €955 million, down 2%⁽²⁾ year on year



5%

Operating costs (before storm costs)⁽¹⁾ reduced €20 million or 5% year on year

Business update



Three year broadcast rights secured for Guinness Pro14 rugby

Rollout of high-speed broadband continues



- 75% of premises now passed with fibre technology
- Over 200,000 FTTH premises passed
- 35% take up of high speed broadband
- Strong momentum in FTTH - 28,000 connections



Broadband and bundling take up grows

- 620,000 fibre broadband connections 67% of total broadband base
- 28% 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, and exceptional items
² YTD revenue variance is before YoY impact of Mobile Termination Rate (MTR) reductions which took effect from 1 September 2016, 1 January 2017 and 1 January 2018

(Issued 11th May 2018) eir today announced results for the third quarter ended 31 March 2018. Commenting on today's announcement, Carolan Lennon, CEO eir, said: "The acquisition by the NJJ-led consortium is now complete and I am proud to lead eir through the next chapter of its transformation journey. Our focus is on driving growth through investment in both our broadband and mobile networks while creating a leaner, more agile organisation to enable us to respond better to the needs of our customers.

Results for the quarter and nine months to March 2018 are in line with expectations. EBITDA for the quarter increased by 4% when compared to the prior year quarter and we saw solid growth in underlying KPIs.

We have completed over half of our 300,000 rural fibre to the home (FTTH) programme and our overall fibre rollout has now passed 1.8 million or 75% of all Irish homes and businesses. Our mobile network currently delivers 4G coverage to 96% of the population and our converged networks provide a great platform from which we can build the best fixed and mobile network in Ireland enabling us to offer the highest quality service for our customers.

Securing the Guinness Pro14 broadcast rights in the Republic of Ireland is an exciting development and expands the already rich sporting content that eir offers its customers through eir Sport either through the fixed line broadband at home or on the go using mobile devices.

We will continue to build on the company's progress to date. We are focused on achieving our number one ambition; to provide the best mobile and broadband services to every household and business across Ireland. I look forward to working with eir's new Board of Directors and management team as we embark on the next phase of growth".



Trading Update



Strong broadband growth

919,000 broadband connections, up 3% or 29,000 year on year



TV growth

eir Vision base at 75,000 customers, up 8,000 year on year



Stable mobile base with improving mix of customers and more customers opting for bundles

1,053,000 total mobile customers

51% of customers are on postpay contracts, up 3 p.p. year on year

24% of households include mobile in a bundle, up 4 p.p. year on year



Household Revenue Generating Units (RGUs) growing

3P/4P bundle penetration increased to 28%, up 4 p.p year on year

2.28 RGUs per household, up from 2.16 RGUs in the prior year

Stephen Tighe, CFO eir, said: “Third quarter EBITDA was €137 million, up 4% year on year, driven by delivery of cost efficiencies throughout the business. While revenue for the quarter was down by 1% year on year, the gross margin was up a percentage point compared to the prior year. We saw good growth in terms of KPIs; broadband customers were up by 3% compared to the prior year quarter and 67% of broadband customers are now on fibre. Our mobile postpay handset base grew by over 30,000 or 7% year on year and the overall mix of customers continues to improve. Looking ahead we expect to further improve KPI’s through continued network investment, while becoming a super-efficient operator with a major focus on cash generation”.

For the quarter, revenue of €317 million, decreased by 1% or €2 million compared to the corresponding prior year period. Growth in broadband and bundling was offset by reductions in low margin eir business revenue and access declines. On a year to date basis, revenue of €955 million decreased by 2% or €21 million compared to the prior year period which included a €4 million year on year impact due to Mobile Termination Rate (“MTR”) reductions. Excluding the impact of MTR reductions, revenue decreased by €17 million.

Operating costs for the quarter were €118 million, a reduction of 4% compared with the corresponding prior year quarter. Year to date operating costs (before storm costs) reduced by 5% or €20 million, to €359 million.

EBITDA for the quarter was €137 million representing an increase of 4% when compared to the corresponding prior year period driven mainly by operating cost savings. On a year to date basis EBITDA of €387 million (before storm costs) increased by 3% when compared to the corresponding prior year period.

In the fixed line segment, revenue (before intra company eliminations) for the quarter was €243 million, a 2% reduction when compared to the corresponding prior year period mainly driven by the eir business division. On a year to date basis, fixed line revenue of €724 million reduced by €22 million or 3% compared to the prior year period. Adjusting for the impact of MTR reductions, revenue reduced by €20 million or 3% also when compared to the prior year period. Fixed line EBITDA for the quarter of €109 million decreased by €2 million or 2%. However, fixed line EBITDA on a year to date basis of €332 million (before storm costs) increased by €3 million or 1% when compared to the prior year.

The total group broadband customer base was 919,000 at 31 March 2018, growing by 29,000 or 3% compared to the corresponding prior year period driven by growth in the Wholesale business. The group broadband base grew by 9,000 in the quarter driven by both growth in the consumer (4,000) and wholesale division (5,000). At the end of March 620,000 or 67% of broadband customers were using fibre based high-speed broadband service, an increase of 90,000 customers compared to the prior year and representing a 35% penetration of fibre premises passed.

In the mobile segment, revenue (before intra company eliminations) was €82 million for the quarter, up €1 million or 2% compared to the prior year driven by an increase in the number of postpay customers. On a year to date basis, mobile revenue, of €256 million, was broadly flat year on year. Adjusting for the impact of MTR reductions, mobile revenue for the nine months to March 2018 increased by €3 million or 1% compared to the prior year period.

Mobile EBITDA for the quarter of €28 million increased by €8 million compared to the prior year quarter driven by an increase in revenue coupled with pay and non-pay cost savings. On a year to date basis, Mobile EBITDA of €55 million increased by €10 million or 24% compared to the prior year. The group mobile customer base was 1,053,000 at the end of March 2018, of which over 51% of customers were on postpay contracts, an increase of 3 percentage points compared to the corresponding prior year.

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