

# SECOND QUARTER AND SIX MONTHS RESULTS ANNOUNCEMENT TO 31 DECEMBER 2015

## Second Quarter Financial Update



Revenue of €328m, representing 4% year on year growth

Third consecutive quarter of revenue growth



EBITDA<sup>1</sup> of €117m, up 4% year on year

Fourth consecutive quarter of EBITDA growth



Operating costs<sup>2</sup> in line with prior year

## Six Month Financial Update



Revenue of €653m, 4% year on year growth



EBITDA of €237m, up 5% year on year



Operating costs in line with prior year

## Business update



Acquisition of Setanta Sports Ireland



1,400,000 premises passed (up to 100Mb/s)

28,000 premises passed (up to 1000Mb/s)

Next FTTH trial location selected



Milestone of 500,000 postpay mobile subscribers (46% of base)

<sup>1</sup> EBITDA is earnings before interest, taxation, amortisation, depreciation, non-cash lease fair value credits, non-cash pension charges and exceptional items

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

**(Issued Wednesday 27 January 2016)** eir today announced results for the second quarter and half year ended 31 December 2015. Commenting on today's announcement, Richard Moat, CEO eir, said: "We have delivered a strong set of results with a third consecutive quarter of revenue growth coupled with our fourth consecutive quarter of EBITDA growth.

"During the quarter we announced the acquisition of Setanta Sports Ireland. This is a transformational opportunity for the business. It is part of our overall drive to offer great value and exciting services to our customers. Against the backdrop of a highly competitive market, the acquisition will deliver bottom line benefit in the future. This is subject to the necessary formal approvals, which are expected later in the financial year.

"Network investment continues as planned. There are now 1.4 million premises that can access high speed broadband with speeds of up to 100Mb/s via our open access network. We remain fully committed and on target to deliver our promise to reach 1.9 million premises by 2020, many of which will have access to speeds of up to 1,000Mb/s.

"The Government's National Broadband Plan has entered the pre-qualification phase and we are participating fully in the process to ensure eir makes a compelling submission.

"Quarterly revenue and EBITDA both increased by 4% year on year, to €328 million and €117m respectively. The EBITDA growth has been underpinned by continued strong performance in mobile and an improving number of postpay customers which topped 500,000 for the first time."



## Trading Update

Consistent growth across key products



### Broadband

817,000 total broadband connections, up 19,000 in the quarter

44% of network broadband connections are high speed broadband



### TV

eir Vision base at 45,000 customers

24% take up by consumer fibre base



### Mobile

1,091,000 total mobile base

Postpay base increased 14,000 in the quarter

348,000 4G customers

Avg data usage for prepay customers exceeded 1Gb for the first time



### Household Revenue Generating Units (RGUs)

Triple and quad-play bundle penetration increased

18% of households subscribing to 3P+ bundles

2.0 RGUs per household<sup>3</sup>

Huib Costermans, CFO eir, said “The Irish market provides a highly competitive landscape for the telecommunications sector. Nevertheless, half way through the year we remain on track for our stated outlook of low single digit bottom line growth for the full financial year.”

Revenue in the quarter of €328 million increased by 4% or €12 million compared to the corresponding prior year period. Year to date revenue of €653 million also increased by 4% compared to the six months ended 31 December 2014. Operating costs<sup>4</sup>, excluding non-cash items for the quarter ended 31 December 2015, were €133

<sup>3</sup> Total number of fixed voice, broadband, TV and postpay mobile subscriptions divided by number of households with fixed access paths

<sup>4</sup> Operating costs are pay and non pay costs excluding non-cash pension charge, non-cash lease fair value credits, amortisation, depreciation, and exceptional items

million, broadly in line with the prior year period. Year to date operating costs of €264 million were flat compared to the same period in the prior year. EBITDA<sup>5</sup> for the quarter and six months ended 31 December 2015 was €117 million and €237 million respectively, an increase of 4% and 5% compared to the corresponding prior year periods.

As a result of the wettest December on record for Ireland, we have recorded storm costs of approximately €0.5 million in the second quarter. These costs will increase in the third quarter as much of the repair costs have been incurred in the new reporting period.

In the fixed line segment, revenue for the quarter before intra company eliminations was €245 million, an increase of 4% compared to the corresponding prior year period. The year to date figure of €490 million increased by 3% compared to the prior year. Fixed line EBITDA of €106 million increased by €3 million or 3% in the quarter and rose by 1% to €210 million in the six months to 31 December 2015 compared to the prior year period. Fixed line net access losses for the quarter ended 31 December 2015 were 10,000<sup>6</sup> and 27,000 since 30 June 2015.

The total group broadband customer base<sup>7</sup> was 817,000 at 31 December 2015, growing by 19,000 in the quarter and 35,000 in the six months to the end of December. The retail broadband base was 451,000 at the end of December 2015, a decline of 3,000 since 30 June 2015. However, the decline in broadband lines in our retail base has been more than compensated by gains in our wholesale business. Wholesale broadband connections grew by 22,000 during the quarter and 38,000 compared to 30 June 2015, bringing the total wholesale broadband lines to 366,000 lines at the end of December 2015.

A total of 358,000 customers were using our fibre based high speed broadband services at the end of the quarter which saw growth of 32,000 connections during the period and 77,000 since 30 June 2015. This represents 44% of the group's broadband customer base and a 26% penetration of all premises that our network passes throughout the country.

In the mobile segment, EBITDA for the quarter has grown to €11 million in the quarter, increasing by 24% from €9 million in the prior year quarter. Mobile EBITDA for the six months to the end of December was €27 million which was an increase of 60%

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<sup>5</sup> EBITDA is earnings before interest, taxation, amortisation, depreciation, non-cash lease fair value credits, non-cash pension charges and exceptional items

<sup>6</sup> Combined Retail and Wholesale net access line losses

<sup>7</sup> Combined Retail and Wholesale excluding LLU

compared to prior year. Mobile revenue (before intra company eliminations) was €94 million for the quarter, 3% higher compared to the prior year period and EBITDA margin was 12%. For the six months ended 31 December 2015 mobile revenue (before intra company eliminations) was €185 million which was an increase of 4% compared to the six months ended 31 December 2014 and the mobile EBITDA margin was 14% for the same period.

The Group mobile base stands at 1,091,000, an increase of 8,000 in the six months to the end of December 2015. There have been 25,000 net additions in the higher value postpaid segment since 30 June 2015, and postpaid customers accounted for 46% of the overall base, up from 42% a year ago. The prepaid customer base decreased by 13,000 in the quarter and 17,000 in the six months ended December to 591,000 customers.

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

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