

SECOND QUARTER AND SIX MONTHS RESULTS ANNOUNCEMENT TO 31 DECEMBER 2016

Second Quarter Financial Update



Underlying revenue¹ of €336m, up €8m or 2% year on year



EBITDA of €121m, up €4m or 4% year on year



Operating costs² reduced €3m or 2% year on year

Six Month Financial Update



Underlying revenue¹ of €666m, up €13m or 2% year on year



EBITDA of €243m, up €6m or 2% year on year



Operating costs reduced by €8m or 3% year on year

Business update



On track to reach 1.9m premises with high speed broadband by end of 2018
53,000 homes and businesses passed with FTTH



500,000 fibre broadband connections
31% take-up of fibre, up from 26% in the prior year period



23% of customers now on triple or quad play bundle



95% 4G population coverage, three months ahead of schedule

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

² 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 Thursday 26 January, 2017) eir today announced results for the second quarter and six months ended 31 December 2016. Commenting on today's announcement, Richard Moat, CEO eir, said: "Strong business momentum continues with underlying revenue and EBITDA growth for the quarter of 2% and 4% respectively. On a half yearly basis, underlying revenue and EBITDA each increased by 2%. We remain focused on network investment, bundling and convergence, with all these initiatives underpinning our successful transformation from a telephony to a media company.

We have a fantastic set of content rights which we are using to differentiate our consumer broadband offering. eir Sport subscriber numbers have increased significantly, driven by exclusive content such as the historic Ireland versus New Zealand rugby match and the McGregor UFC fights, and there are now over 200,000 customers watching eir Sport across a range of platforms including TV, laptops, tablets and handheld devices. Our vision for our customers is a converged future, providing seamless access to fixed and mobile services. This will be brought to life this year with the launch of new innovative products such as voice over broadband, voice over wi-fi and voice over LTE services.

Supporting this vision is an on-going commitment to strategic investment that is unrivalled in Ireland. Our rural 300,000 fibre rollout programme is well underway, and we are on track to pass 1.9m premises by the end of 2018. Communities such as Belclare, Cornamona, Inverin and Turloughmore in Co Galway, as well as Dunleer Co Louth are able to access high speed broadband with a best in class broadband service offering speeds up to 1,000Mb/s. This is on par with the fastest broadband speeds available anywhere in the world and demonstrates eir's commitment to foster economic development across rural Ireland.

Finally, 4G mobile data coverage has now reached 95% of the population, three months ahead of schedule. This improved connectivity has also delivered an increase in large scale business customers as we expand our offerings to this segment."



Trading Update



Strong broadband growth

880,000 broadband connections, up 63,000 year on year



Continuing momentum in TV/eir sport

eir Vision base at 63,000 customers, up 18,000 year on year

29% TV take up by consumer fibre base

More than 200,000 eir Sport users across all platforms



Increasing number of mobile customers opting for bundles

1,074,000 total mobile customers

47% of customers are on postpay contracts, up 1p.p. year on year



Household Revenue Generating Units (RGUs) growing

2.15 RGUs per household, up from 2.0 RGUs

Huib Costermans, CFO eir, said: “The business is performing in line with expectations, with continued underlying revenue and EBITDA growth. This is supported by growth in operational KPIs including broadband connections, both at the retail and wholesale levels, along with increasing take up of our bundled offerings. We remain committed to delivering efficiencies and have reduced our operating costs by 3% for the first half of the year. As a result, we are on track to achieve full year guidance of single digit year on year EBITDA growth, as well as further cash generation.”

For the quarter, underlying revenue was €336 million, excluding mobile termination rates (“MTR”) and foreign exchange (“FX”) movements, and increased by €8 million or 2% year on year. Reported revenue for the quarter of €330 million was stable compared to the corresponding prior year quarter.

On a year to date basis, underlying revenue of €666 million increased by 2% or €13 million. Reported revenue of €657 million increased by 1% or €4 million compared to the prior year period.

Operating costs for the quarter ended 31 December 2016 were €130 million, a reduction of 2% compared with the same quarter last year and reduced by 3% or €8 million on a year to date basis, to €256 million.

EBITDA for the quarter was €121 million and €243 million on a year to date basis, an increase of 4% in the quarter and 2% on a year to date basis when compared to the corresponding prior year period.

In the fixed line segment, reported revenue (before intra company eliminations) for the quarter ended 31 December 2016 was €250 million, a 2% increase when compared to the corresponding prior year period. The year to date figure of €499 million, also increased by 2% compared to the prior year. Fixed line EBITDA for the quarter and six months to 31 December 2016, of €109 million and €218 million, increased by €4 million and €8 million respectively.

The total group broadband customer base was 880,000 at 31 December 2016, growing by 13,000 in the quarter and 26,000 for the six months ended 31 December 2016. Wholesale broadband connections increased by 12,000 during the quarter and 30,000 for the six months ended 31 December 2016, bringing the total wholesale broadband lines to 436,000 lines at the end of December 2016. The retail broadband base increased by 1,000 in the quarter to a total of 444,000 customers.

500,000 customers were using our fibre based high-speed broadband service at the end of December, representing growth of 36,000 customers during the quarter and 71,000 since June 2016. 57% of our broadband customers are connected to our fibre network, which represents a 31% penetration of fibre premises passed. Fixed line net access losses for the quarter and six months ended 31 December 2016 were 10,000 and 23,000 respectively, an improvement when compared to 27,000 net losses for the six months ended 31 December 2015.

In the mobile segment, reported mobile revenue (before intra company eliminations) was €88 million for the quarter, a decrease of €6 million when compared to the prior year. Adjusting for the impact of MTR regulatory price changes, underlying mobile revenue of €93 million was broadly flat year on year. On a year to date basis, reported mobile revenue of €176 million decreased €9 million or 5% compared to the prior year period. Adjusting for the impact of MTR regulatory price changes, underlying mobile revenue of €184 million for the half year decreased by 1%, primarily due to increased bundling and promotional activity.

Mobile EBITDA for the quarter of €12 million was broadly flat compared to the prior year quarter. Mobile EBITDA for the six months ended 31 December 2016 was €25 million, a decrease of €2 million compared to the corresponding prior period. Mobile EBITDA margin was 14% for the quarter and six months ended 31 December 2016 and in line with expectations.

The group mobile customer base increased by 8,000 in the quarter and 15,000 for the six months ended 31 December 2016 to a total of 1,074,000 customers, driven by growth in our postpay segment. Our mobile base now includes 47% postpay customers, up 1 p.p year on year.

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.

ENDS

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

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

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