

SECOND QUARTER AND SIX MONTHS RESULTS ANNOUNCEMENT TO 31 DECEMBER 2017

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

Second Quarter Financial Update



4%

EBITDA (before storm costs) of €125 million, up €4 million or 4% year on year



2%

Revenue of €322 million, down 2% year on year



8%

Operating costs (before storm costs)⁽¹⁾ reduced €10 million or 8% year on year



Storm costs of €3 million for network repairs driven by hurricane Ophelia

Six Month Financial Update



3%

EBITDA (before storm costs) of €250 million, up 3% year on year



2%

Revenue of €638 million, down 2%⁽²⁾ year on year



6%

Operating costs (before storm costs)⁽¹⁾ reduced €15 million or 6% year on year

Business update



300,000 high-speed broadband rollout continues - 73% of premises now passed with fibre technology, including over 170,000 FTTH

- 35% take up of high speed broadband
- Strong momentum in FTTH - 21,000 connections



595,000 fibre broadband connections, 65% of total broadband base
27% of customers now on triple or quad play bundles

Exit from National Broadband Plan

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

(Issued 2nd February 2018) eir today announced results for the second quarter ended 31 December 2017. Commenting on today's announcement, Richard Moat, CEO eir, said: "We have continued to build momentum through the second quarter; the group has delivered another set of solid results with underlying EBITDA growth before exceptional storm costs of 4% in the quarter, when compared to the prior year.

In terms of the National Broadband Plan (NBP), we have taken the difficult decision to withdraw from the tender process. Based upon the significant commercial issues and complexity within the process, together with growing uncertainty on a range of regulatory and pricing issues that reside outside of the NBP process, the company's board has decided that the risks are too great for its continued participation in the NBP.

We remain supportive of the Governments policy objective to bring high speed broadband to all homes and businesses across Ireland and our current unrivalled investment in fibre technology is progressing very well and we are delivering high speed broadband to more and more customers every day. Today, over 73% of Irish premises have access to high speed broadband and that will grow to over 80% of homes and businesses when the rural 300,000 rollout is complete. Our 300,000 rural broadband rollout is progressing well and fibre to the home (FTTH) technology is now available to more than 170,000 homes and businesses including 130,000 of our rural rollout. We are encouraged by the positive connection rates for the FTTH products to date. When combined with our mobile network, which delivers 4G coverage to 96% of the population, our network infrastructure is providing seamless connectivity for our customers.

Finally, the announcement that NJJ and Iliad have agreed to acquire a majority stake in the business is another significant milestone in the transformation of eir. The proposed acquisition continues to progress through the necessary regulatory approvals process both at European and domestic levels. I believe it is very positive for our customers and indeed for Ireland itself given the combined experience of both entities and will position the company on a very solid footing for the future."



Trading Update



Strong broadband growth

911,000 broadband connections, up 4% or 31,000 year on year



TV growth

eir Vision base at 74,000 customers, up 11,000 year on year



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

1,056,000 total mobile customers

49% of customers are on postpay contracts, up 2 p.p. year on year

23% of households include mobile in a bundle, up 3 p.p. year on year



Household Revenue Generating Units (RGUs) growing

3P/4P bundle penetration increased to 27%, up 4 p.p year on year

2.25 RGUs per household, up from 2.15 RGUs in the prior year

Huib Costermans, CFO eir, said: “The business is performing in line with expectations. Second quarter EBITDA, before storm costs of €3 million, was €125 million. This continues to grow, increasing by 4% year on year, driven by delivery of cost efficiencies throughout the business. While revenue for the quarter was down by 2% year on year, the gross margin percentage remained relatively flat compared to the prior year. In terms of KPIs, broadband customers were up by 4% compared to the prior year quarter with 65% of the broadband base now on fibre. Our mobile postpay handset base grew by over 21,000 or 5% year on year and the overall mix of customers continues to improve. So overall good progress in the business, and we are currently on track to meet our full year outlook of low single digit EBITDA growth”.

For the quarter, revenue of €322 million, decreased by 2% or €8 million compared to the corresponding prior year period. Growth in broadband and bundling was offset by reductions in low margin eir business revenue. On a year to date basis, revenue of €638 million decreased by 3% or €19 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 2% or €15 million.

Operating costs before storm costs for the quarter were €120 million, a reduction of 8% compared with the corresponding prior year quarter and reduced by 6% or €15 million on a year to date basis, to €241 million.

EBITDA before storm costs for the quarter was €125 million and €250 million on a year to date basis, representing an increase of 4% and 3% respectively when compared to the corresponding prior year period. Reported EBITDA of €122 million for the quarter and €247 million on a year to date basis, increased by 1% and 2% respectively when compared to the corresponding prior year period. EBITDA includes €3 million of operating costs to repair network faults that occurred directly as a result of hurricane Ophelia.

In the fixed line segment, revenue (before intra company eliminations) for the quarter was €242 million, a 3% 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 €481 million reduced by €18 million or 4% compared to the prior year period. Adjusting for the impact of MTR reductions, revenue reduced by €16 million or 3% compared to the prior year period. Fixed line EBITDA before storm costs for the quarter and six months of €113 million and €223 million, increased by €4 million or 4% and €5 million or 2% respectively.

The total group broadband customer base was 911,000 at 31 December 2017, growing by 31,000 or 4% compared to the corresponding prior year period driven by growth in the Wholesale business. At the end of December, 595,000 or 65% of broadband customers were using fibre based high-speed broadband service, an increase of 95,000 customers and representing a 35% penetration of fibre premises passed.

In the mobile segment, revenue (before intra company eliminations) was €89 million for the quarter, which was broadly flat compared to the prior year. On a year to date basis, mobile revenue, of €174 million, reduced by €3m or 1%. Adjusting for the impact of MTR reductions, revenue increased €1 million or 1% compared to the prior year period.

Mobile EBITDA for the quarter of €12 million was broadly flat compared to the prior year quarter. On a year to date basis, Mobile EBITDA of €27 million increased by €2 million or 9% compared to the prior year with EBITDA margin of 16% increasing by 1.5 percentage points compared to the prior year. The group mobile customer base was 1,056,000 at the end of December 2017, of which over 49% of customers were on postpay contracts.

In summary, eir's results show the continued progress of the group and are in line with expectations.

ENDS

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

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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