

# THIRD QUARTER AND NINE MONTHS RESULTS ANNOUNCEMENT TO 31 MARCH 2016

## Third Quarter Financial Update



Revenue of €321m, representing 3% year on year growth



EBITDA<sup>1</sup> (before storm costs) of €125m, up 4% year on year



Operating costs<sup>2</sup> (before storm costs) broadly in line with prior year



Storm costs of €5m due to one-off network repairs driven by exceptional flooding

## Nine Month Financial Update



Revenue of €974m, 4% year on year growth



EBITDA (before storm costs) of €362m, up 5% year on year

Rating Agency upgrades driven by solid execution of strategy



- Moody's one notch rating upgrade to B2, positive outlook
- Standard & Poor's outlook changed to positive, B rating affirmed
- Fitch's outlook changed to positive, B rating affirmed

## Business update



Acquisition of Setanta Sports Ireland complete



Over 1,400,000 or 60% of premises passed (up to 100Mb/s)  
28% take up of high speed broadband

Commenced fibre rollout to 300,000 premises in rural Ireland

<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 Friday 29 April 2016)** eir today announced results for the third quarter and nine months ended 31 March 2016. Commenting on today's announcement, Richard Moat, CEO eir, said: "Quarter three results are in line with expectations and demonstrate a continuation of the positive momentum we have seen in recent quarters. Revenue increased 3% and EBITDA increased by 4% year on year, to €321 million and €125 million respectively, which puts us in a strong position as we look forward to the new financial year.

"Our fibre rollout continues at pace and remains on target to reach 1.6 million premises by end of June 2016 and over 80% of Irish premises as quickly as possible. We have commenced our rollout of high speed broadband to 300,000 premises in rural Ireland, and expect to pass the first 100,000 of those premises by the end of the calendar year.

"We are fully engaged in the Government's National Broadband Plan (NBP) and see ourselves as central to supporting Ireland's digital future. We submitted our pre-qualification questionnaire at the end of March and we will continue to fully participate as the tender progresses.

"The acquisition of Setanta Sports Ireland is one of the most significant milestones in our continuing turnaround. Work is already underway to integrate Setanta into our business over the coming months".



## Trading Update



### Broadband growth

836,000 total broadband connections, up 19,000 in the quarter  
47% of network broadband connections are high speed broadband



### TV growth

eir Vision base at 49,000 customers  
26% take up by consumer fibre base



### Mobile stable with improving mix of customers

1,078,000 total mobile customers  
Improving customer mix; 47% now on Postpay contracts, up 4p.p  
Data usage increased by 45% YoY



### Household Revenue Generating Units (RGUs) growing

Triple and quad-play bundle penetration increased to 19%  
2.0 RGUs per household<sup>3</sup>

Huib Costermans, CFO eir, said “We have delivered another strong set of financial results for the quarter. We are on track to meet our full year outlook despite incurring €5 million in one-off costs to repair faults on our networks caused by unprecedented wet weather during the winter months. Other positive news included the outcomes of our recent credit rating reviews by Moody’s, Standard and Poor’s and Fitch. The one-notch ratings upgrade by Moody’s (B3 to B2) together with the positive outlooks from all three rating agencies, reflect the solid execution of our strategy and underline the progress we continue to make to grow our operational KPIs that will underpin a sustainable future for the Company.”

Revenue in the quarter of €321 million increased by 3% or €10 million compared to the corresponding prior year period. Year to date revenue of €974 million increased by 4% compared to the nine months ended 31 March 2015. Operating costs<sup>4</sup> (excluding storm costs) for the quarter ended 31 March 2016, were €128 million, broadly in line with the prior year period. During the quarter one-off costs of €5

<sup>3</sup> Total number of fixed voice, broadband, TV and postpay mobile subscriptions (in a bundle) 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 were incurred in relation to repairing the network following extreme flooding during the winter months.

Year to date operating costs (excluding storm costs) of €392 million were broadly flat compared to the same period in the prior year. EBITDA<sup>5</sup> (excluding storm costs) for the quarter and nine months ended 31 March 2016 was €125 million and €362 million respectively, an increase of 4% and 5% compared to the corresponding prior year periods. EBITDA<sup>5</sup> (net of storm costs) for the quarter ended and nine months ended 31 March 2016 was €120 million and €357 million respectively. Quarterly EBITDA<sup>5</sup> (net of storm costs) was broadly flat compared to the prior year quarter while year to date EBITDA increased by 3% compared to the corresponding prior year period.

In the fixed line segment revenue (before intra company eliminations) for the quarter and nine months to 31 March 2016, was €245 million and €734 million respectively, increasing by 4% compared to the corresponding prior year periods. Fixed line EBITDA (excluding storm costs) of €107 million for the quarter ended 31 March 2016, increased by 6% compared to the corresponding prior year period. Fixed line EBITDA for the nine months to 31 March 2016 (excluding storm costs) of €317 million increased by 2% compared to the corresponding prior year period.

Fixed line EBITDA (net of storm costs) was €102 million and €312 million for the quarter and nine months ended 31 March 2016, representing an increase of 1% compared to the corresponding prior year periods.

The total group broadband customer base<sup>6</sup> was 836,000 at 31 March 2016, growing by 19,000 quarter on quarter and 70,000 compared to the prior year period. Wholesale broadband connections grew by 23,000 during the quarter and 79,000 compared to the prior year quarter, bringing the total wholesale broadband lines to 389,000 lines at the end of March 2016. The retail broadband base declined by 4,000 in the quarter and 9,000 compared to the prior year quarter, bringing the retail broadband base to 447,000 at the end of March 2016.

A total of 394,000 customers were using our fibre based high speed broadband service at the end of the quarter, representing growth of 36,000 customers during the period and 152,000 since 31 March 2015. This represents 47% of the group's broadband customer base and a 28% penetration of fibre premises passed. Fixed line net access losses<sup>7</sup> for the quarter and twelve months ended 31 March 2016 were 4,000, and 53,000 respectively.

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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 excluding LLU and line share

<sup>7</sup> Combined Retail and Wholesale net access line losses

In the mobile segment, EBITDA for the quarter of €18 million, increased by €6 million compared to the previous quarter and was broadly flat compared to the prior year quarter. Mobile EBITDA for the nine months to the end of March was €45 million which was an increase of €9 million or 24% compared to prior year. Mobile revenue (before intra company eliminations) was €87 million for the quarter, broadly flat compared to the prior year period and EBITDA margin was 20%. For the nine months ended 31 March 2016 mobile revenue (before intra company eliminations) was €272 million which was an increase of 2% compared to the nine months ended 31 March 2015 and the mobile EBITDA margin was 16% for the same period.

The Group mobile base stands at 1,078,000 at the end of March 2016. The prepaid customer base decreased by 41,000 during the twelve months to March 2016, however the higher value postpay customer base increased by 34,000 since 31 March 2015. Postpay customers now account for 47% of the overall base, up from 43% a year ago.

In summary, the Group has delivered another solid performance and remains on track to achieve full year guidance.

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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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