

## **eircom Announces Full Year Results To 30 June 2013**

- **Business Performance Stabilising with Consecutive Quarters of EBITDA**

### **Growth**

- **Group Revenue Down 8% for the Year**
  - **EBITDA Down 10% for the Full Year**
- **First to Market in Ireland for 4G Mobile Services**
- **6% Operating Costs Savings Over Twelve Months**
  - **Fourth Quarter Operating Costs Down 9%**
    - **Cost Transformation on Track**
  - **Total Customer Base of 2,390,000**

**(Issued Friday 27<sup>th</sup> September, 2013)** eircom Group today announced results for the fourth quarter and full year of the financial year through 30 June 2013.

Commenting on today's announcements, Herb Hribar, CEO eircom Group, said "We have made continued progress during the year on a number of key issues that have helped us to stabilise our bottom line EBITDA performance and to come in ahead of our plan. The launch of our superfast fibre broadband network and our achievement this week of becoming the first operator in Ireland to offer 4G mobile services, demonstrate how eircom continues to deliver on its commitments during the past twelve months. We now have an infrastructure that supports superfast broadband across fixed and mobile platforms and our infrastructure roll-out continues at pace across Ireland. We also have a systems capability that allows eircom to deliver innovative new products that, when bundled together, provide an attractive and powerful customer proposition that offers real value.

"The cost transformation programme is on track and, despite an increase in competitive intensity during the year, we have made progress in reducing our fixed line losses and improving in mobile profitability over the past year. However, significant challenges remain and eircom is committed to addressing many of those challenges in the coming twelve months.

"We remain fully committed to our strategic investment in infrastructure to build **a network for a nation** that supports superfast broadband and data services for all our customer segments. Our fibre network passed 475,000 homes and businesses at the end of June 2013 and remains on track to pass 600,000 premises by the end of December. Early next year customers will be able to access speeds of up to 100Mb per second. Following the launch of our 4G service this week, almost 30% of the population already has access to superfast mobile data speeds which we believe will peak between 20-25Mb per second."

## Trading Update

Revenue for the full year through 30 June 2013, declined to €1,394 million, down €121m or 8% on the previous year. Operating costs were €612m for the year, down €37m from the prior year, a 6% improvement. Despite these savings, EBITDA decreased by €55 million on the prior year to €487 million for the year, down 10% on the previous year. The retail customer base, comprising fixed and mobile customers, stood at 1,976,000 at 30 June 2013 and includes 1,059,000 mobile customers. The total customer base including wholesale customers is 2,390,000 at 30 June 2013.

In the fixed line segment, revenues fell 9% for the year to €1,093 million which was reflected in a corresponding 12% decline in fixed line EBITDA to €470 million compared to the previous year.

In the broadband market, eircom had 451,000 retail broadband customers, a 1% decrease on its retail broadband customer base since 30 June 2012. The PSTN customer base fell to 917,000, a reduction of 82,000 customers during the year. Broadband lines in our wholesale business grew 18k during the year to a total of 218,000 lines to 30 June 2013.

In the mobile segment, the Group's customer numbers fell by 2% in the quarter to 1,059,000 through the end of June 2013. However, there were 83,000 net additions in the higher value post-pay segment during the year through June 2013, reflecting a year on year increase of 67,000 post-pay customers. Mobile revenues continued to decline by 5% for the year but mobile EBITDA grew to €17 million, almost double the previous year.

Commenting on the results, CFO Richard Moat said, "During the course of the year, we took a number of steps to stabilise our bottom line performance with continued focus on cost. This has delivered consecutive quarters of EBITDA growth. At the same time we need to address our topline. Now that we have the network capability, we believe that we can provide compelling offers that will retain and eventually grow our customer base. In addition, we have taken a number of recent steps to improve the capital structure of the Group through a €350 million senior bond which reduced the Group's overall net debt, while also diversifying our funding sources. This was an important endorsement by the market that supports our strategy across both fixed and mobile platforms. We also sold eircom PhoneWatch to Sector Alarm Corporation of Norway as it was no longer a core business activity."

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