

**SECOND QUARTER AND SIX MONTHS RESULTS ANNOUNCEMENT TO  
31 DECEMBER 2014**

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

- **Financial performance**
  - **Second quarter revenue of €316m, down 4%<sup>1</sup> year on year; rate of revenue decline continues to improve (7% decline in the corresponding prior year quarter)**
  - **Second quarter operating costs<sup>2</sup> down 6%; pay cost reduction of 13%**
  - **Second quarter EBITDA<sup>3</sup> of €112m, down 3% year on year but in line with expectations**
  - **Year to date revenue and EBITDA of €629m and €226m respectively, both down 4%**
- **Sustained momentum in Group KPIs**
  - **Continued broadband growth**
    - **748,000 broadband connections, up 8% year on year**
    - **17,000 broadband connections in the quarter**
  - **Strong high speed fibre uptake**
    - **202,000 fibre customers, up 30,000 in the quarter**
    - **19% penetration of premises passed**
  - **Continued traction in TV service**
    - **32,000 TV customers, 4,000 added in the quarter**
    - **25% penetration of consumer fibre base**
  - **Strong mobile postpay growth and improving prepay performance**
    - **19,000 postpay and 6,000 prepay growth in the quarter**
    - **Over 210,000 4G customers**
  - **Triple and quad-play bundle penetration continues**
    - **20% of customers now using TV/mobile bundles**
    - **Revenue generating units per customer (RGUs) increased to 1.8**
- **Business highlights**
  - **Over 1,100,000 premises passed<sup>4</sup> with fibre**
  - **FTTH commercial build underway in 16 towns**
  - **Additional TV sports content secured**
  - **Significant response to recruitment programme for 375 apprentices and graduates**

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<sup>1</sup> Prior year quarter revenue figures have been adjusted with respect to mobile termination rates for comparative purposes

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

<sup>3</sup> EBITDA is earnings before interest, taxation, amortisation, depreciation, non-cash lease fair value credits, non-cash pension charges and exceptional items

<sup>4</sup> Premises passed is defined as the number of premises in areas where the construction of the fibre network has been completed but service may not be available in all these areas as yet.

**(Issued Friday 27 February, 2015)** eircom Group today announced results for the second quarter and half year ended 31 December 2014.

Commenting on today's announcement, Richard Moat, CEO eircom Group, said: "We continue to stabilise our financial performance and our results are in line with expectations. The positive momentum in our KPIs continues, driven by our bundling strategy as well as a strong Christmas trading performance in our mobile business. The fixed line business is stabilising and the mobile business continues to perform well, with three consecutive quarters of revenue growth. A strong Christmas trading performance resulted in the first quarterly growth in the prepay base in over two years.

"We continue to evolve our TV offering and have recently added Sky Sports 3, 4 and 5 to our proposition. We remain the only player that can offer quad-play bundles in the market and we now have 20% of our consumer base on TV/mobile bundles. The rollout of our NGA network, which underpins our bundling capability, continues at pace. We now have passed 1.1 million premises and have already connected one in five of these with high speed broadband. Work on our commercial fibre to the home (FTTH) rollout is also underway in 16 towns and we have trialled speeds of up to 1Gb/s using our FTTH solution.

"We have been overwhelmed by the response to our apprentice and graduate programmes announced earlier this month. To date, we have received over 3,000 applications. This is the first large scale sustained recruitment announced by the Group in almost 30 years with 60 apprentices and 15 graduates to join the Group in each of the coming five years. As the leading provider of telecommunications services in the country, we believe this recruitment programme underlines our ambition for the future of the Irish economy, as well as for our company. We are committed to investing in our future, both in the new technologies we are rolling out and also in our people.

"The Group generated EBITDA of €226 million for the first half of the year which is in line with management expectations. We continue to benefit from cost savings with a 13% reduction in pay costs compared to the same quarter last year and have started to see signs of growth in the mobile segment. While the Irish macro environment continues to improve and Ireland is expected to be the fastest growing economy in the Eurozone in 2015, the competitive telecoms environment remains intense. However, the journey the Group has taken in the last two years has equipped us with the tools to maintain our leading position in this competitive market.

"Finally, during January 2015, we completed the sale of our Adelaide Road exchange, a non-core freehold property. We will hold the property under a 4 year lease until final decommissioning has been completed."

### **Trading Update<sup>5</sup>**

Revenue for the quarter and six months ended 31 December 2014 of €316 million and €629 million respectively, have each reduced by 4%<sup>5</sup>, on the corresponding prior year periods. Operating costs<sup>6</sup> excluding non-cash items, for the quarter and six months ended 31 December 2014 were €204 million and €403 million respectively, a reduction of €15 million or 6% and €18 million or 4% on the corresponding prior year periods. EBITDA<sup>7</sup> for the quarter ended 31 December 2014 was €112 million, a reduction of 3%, and €226 million for the six months ended 31 December 2014 reduced by 4%.

In the fixed line segment, revenues (before intra company eliminations) for the quarter ended and six months ended 31 December 2014, were €236 million and €474 million a decrease of 6% and 5% respectively, compared to the corresponding prior year periods. The fixed line revenue decline was partially offset by operating cost savings. Fixed line EBITDA<sup>7</sup> for the quarter ended and six months ended 31 December 2014 of €103 million and €209 million, decreased by 7% and 6% respectively compared to the prior year periods.

Fixed line access net losses, for the quarter ended and six months ended 31 December 2014, were 15,000<sup>8</sup> and 22,000 respectively. Retail losses of 17,000 and 30,000 for the quarter and six months ended 31 December

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<sup>7</sup> EBITDA is earnings before interest, taxation, amortisation, depreciation, non-cash lease fair value credits, non-cash pension charges and exceptional items

<sup>8</sup> Combined Retail and Wholesale access line losses

2014, were impacted by a one-off base clean-up of 6,000. While Retail losses were partially offset by an increase in Wholesale customers, the rate of increase in Wholesale has slowed.

The total Group broadband customer base<sup>9</sup> was 748,000 at 31 December 2014, increasing by 17,000 in the quarter and 30,000 in the six months to the end of December. The Retail broadband base was 460,000 at the end of December 2014, growing by 1,000 in the quarter and 8,000 since 31 December 2013. Broadband lines in our Wholesale business have grown by 16,000 during the quarter and 44,000 compared to 31 December 2013, to a total of 288,000 lines at 31 December 2014. At 31 December 2014, there were 202,000 customers using our fibre based high speed broadband services, over 19% penetration of premises passed.

In the mobile segment, Mobile EBITDA for the quarter and six months ended 31 December 2014 has grown to €9 million and €17 million respectively, each increasing by €4 million compared to the same prior year period. Mobile revenue (before intra company eliminations) grew for the third consecutive quarter to €91 million and was 1%<sup>10</sup> higher compared to the same prior year period. Revenue for the six months ended 31 December 2014 of €178 million reduced by 1% compared to the six months ended 31 December 2013.

In terms of Mobile KPI's, the Group added 25,000 and 34,000 customers to the mobile base in the quarter and six months ended 31 December 2014, which increased to 1,090,000 customers. There were 34,000 net additions in the higher value postpay segment during the six months ended 31 December 2014, and postpay customers accounted for 42% of the overall base, up from 37% at the end of December 2013. The prepay customer base grew by 6,000 to 630,000 in the quarter due in part to a strong Christmas performance.

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**For more information on today's announcement, please visit our Investor Relations site:**  
<http://investorrelations.eircom.net/>

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<sup>9</sup> Combined Retail and Wholesale excluding LLU

<sup>10</sup> Prior year quarter revenue figures have been adjusted with respect to mobile termination rates for comparative purposes