

EIRCOM FOURTH QUARTER AND FULL YEAR RESULTS ANNOUNCEMENT TO 30 JUNE 2015

eircom returns to revenue growth as financial performance continues to improve

- **Q4 financial performance**
 - **Revenue of €325m, up 5% year on year, first year on year growth in seven years**
 - **Operating costs¹ down 5%**
 - **EBITDA² of €135m, up 12% year on year**
- **Full year financial performance**
 - **Revenue of €1,265m, broadly unchanged on last year**
 - **Operating costs of €512m, down 7%**
 - **EBITDA of €481m, up 3%**
- **Business update**
 - **Fibre footprint now passes 1.3 million premises, to reach 1.9 million by 2020**
 - **Significant improvement in mobile data capability**
 - **Ireland's fastest broadband to launch this month using fibre to the home technology**
 - **Senior loan facility terms successfully amended and extended**
 - **Imminent rebrand**

(Issued Tuesday 1 September, 2015) eircom Group today announced results for the fourth quarter and full year ended 30 June 2015.

Commenting on today's announcement, Richard Moat, CEO eircom Group, said: "This has been a transformative year in the financial and operational performance of the group. We passed a symbolic milestone in June, recording year on year revenue growth in the quarter for the first time in seven years, driven by both our fixed and mobile segments. It is the result of implementing a consistent strategy over the past three years centred on network investment that has provided much improved product capability and compelling propositions to all our customer segments. 25% of customers now avail of our TV or mobile bundles and we remain the only operator in the market to offer a quad play of services.

"EBITDA for the full year was €481 million, an increase of 3%, driven by improving revenue performance and sustained cost reductions. Year on year mobile EBITDA growth of 62% and encouraging TV uptake were key contributors to the overall EBITDA growth.

"Our significant investment programme has continued with over €290 million invested during the past financial year, part of more than €1 billion invested over the past three years. Today, Ireland's largest fibre network reaches 1.3 million homes and businesses. This will continue at pace as we expand our network footprint to 1.9 million premises to help ensure that the economic recovery reaches all parts of the country. Later this month we will introduce fibre to the home technology as a commercial service that will offer speeds of up to 1,000Mb/s (1Gb/s).

"Finally, it is also our intention to introduce a new brand for the company, with details revealed over the coming weeks. The decision to launch a new brand underlines the extent to which the company has evolved our commitment to Ireland and our ambition for the future."

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

Trading Update

- **Consistent growth across key products**
- **Broadband**
 - **782,000 total broadband connections, up 9% year on year**
 - **64,000 broadband connections in the year**
 - **Strong high speed fibre uptake in the year- up 148,000 to 281,000**
- **TV**
 - **Customers up 19,000 year on year to 40,000**
 - **25% take up by consumer fibre base**
- **Mobile**
 - **Base grew 28,000 to 1,083,000**
 - **Fixed mobile bundle grew 47,000 to 110,000**
 - **Postpay mobile base increased 49,000 in the year**
 - **Over 280,000 4G customers**
 - **25% EBITDA Margin in the quarter**
- **Bundles**
 - **Triple and quad-play bundle penetration increased**
 - **25% of customers now have TV/mobile bundles**
 - **1.89 revenue generating units per customer up from 1.73 June 2014**

Full year revenue of €1,265 million was broadly flat down 1% on the corresponding prior year period, but revenues for the quarter through 30 June 2015 of €325 million grew 5%. Operating costs³, excluding non-cash items for the quarter and full year ended 30 June 2015, were €123 million and €512 million respectively, a reduction of €6 million or 5% and €41 million or 7% on the corresponding prior year periods. EBITDA⁴ for the quarter ended 30 June 2015 was €135 million, an increase of 12%, and €481 million for the full year ended 30 June 2015, a 3% increase.

In the fixed line segment, revenues (before intra company eliminations) for the quarter ended and full year ended 30 June 2015, were €250 million and €959 million, an increase of 5% and decrease of 2% respectively, compared to the corresponding prior year periods. Fixed line EBITDA for the quarter and full year ended 30 June 2015 of €113 million and €423 million increased by €5 million or 5% in the quarter compared to the prior year period and decreased by €10 million and 2% in the full year.

The total Group broadband customer base⁵ was 782,000 at 30 June 2015, growing by 16,000 in the quarter and 64,000 in the year. The Retail broadband base was 454,000 at the end of June 2015, declining by 2,000 in the quarter but remaining broadly flat since 30 June 2014. Broadband lines in our Wholesale business have grown by 18,000 during the quarter and 66,000 compared to 30 June 2014, to a total of 328,000 lines at 30 June 2015. At 30 June 2015, there were 281,000 customers using our fibre based high speed broadband services, representing 22% penetration of premises passed. Fixed line net access losses for the quarter ended and full year ended 30 June 2015 were 21,000⁶ and 64,000 respectively.

³ Operating costs are pay and non pay costs excluding non-cash pension charge, non-cash lease fair value credits, amortisation, depreciation, and exceptional items

⁴ EBITDA is earnings before interest, taxation, amortisation, depreciation, non-cash lease fair value credits, non-cash pension charges and exceptional items

⁵ Combined Retail and Wholesale excluding LLU

⁶ Combined Retail and Wholesale net access line losses

In the mobile segment, EBITDA for the quarter and year ended 30 June 2015 has grown to €22 million and €58 million, increases of 67% and 62% respectively. Mobile revenue was €87 million for the quarter, 4% higher compared to the same prior year period and EBITDA margin was 25%, the highest it has been for more than five years. Revenue for the year ended 30 June 2015 of €352 million was €5 million higher compared to the same period ended 30 June 2014.

The Group added 28,000 customers in the last twelve months since June 2014 to the mobile base, which stood at 1,083,000 customers. There were 49,000 net additions in the higher value postpaid segment during the year ended 30 June 2015 (inclusive of postpaid mobile broadband), and postpaid customers accounted for 44% of the overall base, up from 40% at the end of June 2014. The prepaid customer base decreased by 8,000 to 608,000 in the quarter ended 30 June 2015.

ENDS

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