

## **eircom Full Year and Fourth Quarter Results To 30 June 2014**

- **Group Financial Performance Continues to Stabilise**
  - Eight consecutive quarters of EBITDA stability
  - Group revenue down 6% for the year
  - Cost savings target of €100m exceeded
  - EBITDA margin improved to 37.3%
- **Group KPIs Showing Momentum**
  - 718,000 broadband connections, up 7.5% for the year
  - 133,000 fibre subscribers
  - 21,000 eVision subscribers
  - 14% of customers now on triple and quad-play bundles
  - 70,000 post-pay mobile subscribers added, with Post-pay now comprising 40% of mobile customers
  - Over 65,000 4G Subscribers since September 2013 launch
- **Fibre Broadband Rollout to Expand and Accelerate**
  - Existing 1.4m fibre footprint target to be achieved early – by Dec 2015
  - Planned footprint expanded to 1.6m premises by Dec 2016
  - Up to 1Gbps fibre to the home planned as customer demand emerges
- **Strategic Review of Capital Structure Continues**

**(Issued Friday 29<sup>th</sup> August, 2014)** eircom Group today announced results for the fourth quarter and full financial year through 30 June 2014.

Commenting on today's announcements, Herb Hribar, CEO eircom Group, said "The past twelve months underline real and sustained progress in the transformation of eircom both in our financial performance and our product offerings to our customers. We have now had eight consecutive quarters of EBITDA stability, slowing decline in our revenues and an improved cost base.

"Network investment continues at pace both in our fixed and mobile platforms. We were the first to market with a quadruple play bundle of services including our new eVision TV offering and the first to market with 4G mobile services.

"Our rollout of Ireland's largest fibre network, which already reaches more than 900,000 homes and businesses, remains on schedule and on budget - demonstrating that eircom has the expertise to build a fit for purpose, scalable and future proofed network throughout Ireland. Today we are accelerating our rollout and now expect to reach 1.4m premises by December 2015.

"I am also delighted to announce that our ambition for the delivery of high speed broadband services across Ireland will take us further with an additional investment commitment over the

coming two years. This includes the deployment of fibre to the home technology, supporting symmetrical speeds of up to 1Gb to locations in Ireland where we see demand emerging. In addition, we are expanding the overall fibre footprint to 1.6m premises, ensuring more customers across Ireland will be able to avail of fibre broadband. Our rollout should be completed by December 2016.”

## Trading Update

EBITDA for the full year through 30 June 2014 remained stable, down 1% or €3 million on the prior year to €479 million, before storm costs<sup>1</sup>. Revenue declined to €1,283 million, down €85 million or 6% on the previous year.<sup>2</sup> Operating costs were €814 million for the year, a €87 million or 10% improvement on the year to 30 June 2013.<sup>3</sup>

The retail customer base, comprising fixed and mobile customers, stood at 1,899,000 at 30 June 2014 and includes 1,055,000 mobile customers. The total customer base including wholesale customers is 2,369,000 at 30 June 2014. Revenue Generating Units per customer, an important industry metric, improved from 1.59 to 1.77 during the past 12 months.

In the fixed line segment, revenues fell 8% for the year to €980 million which was reflected in a corresponding €21 million or 4.5% decline in fixed line EBITDA to €443 million to 30 June 2014.

In the broadband market, eircom had 718,000 broadband connections for the period through 30 June 2014, a 7.5% increase for the year. This includes 133,000 connections on Ireland’s largest fibre network. Our retail division had 456,000 broadband customers, a 1% increase on its retail broadband customer base since 30 June 2013. Broadband lines in our wholesale business grew 44,000 or 20% during the year to a total of 262,000 lines to 30 June 2014.

In the mobile segment, EBITDA more than doubled to €36 million through 30 June 2014 compared to the previous year, representing a margin of 10.3%; revenue declined by 2% to €347 million. The Group’s mobile customer numbers remain stable at 1,055,000 through the end of June 2014. This includes 70,000 net additions in the higher value post-pay segment during the year. The post-pay segment now accounts for 40% of the Group’s mobile customer base, up from 33% for the previous financial year. There are now over 65,000 customers using our 4G network since September 2013 and 70% of our new postpay sales have been on 4G price plans in recent months.

Commenting on the results, CFO Richard Moat said, “The programme of work to stabilise our EBITDA performance continues to deliver bottom line consistency. There are early signs of commercial momentum, as more and more fixed and mobile customers are directly and indirectly using our enhanced network which provides great capability and improved products and services. This progress will help us continue to reduce the declines in our revenue, a trend seen across the European telecommunications market.

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<sup>1</sup> Underlying adjusted EBITDA is earnings before interest, taxation, amortisation, depreciation, non-cash lease fair value credits, non-cash pension charges and exceptional items, excluding €10 million of storm costs booked in the quarter in relation to a series of unprecedented storms which caused significant damage to the fixed line network.

<sup>2</sup> Prior year comparatives have been adjusted to exclude the results of Phonewatch which was disposed of in May 2013.

<sup>3</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 (including storm costs of €10 million)

“In addition, the strategic review of the Group’s capital structure continues. Most recently the Group’s shareholders, bondholders and lenders provided their consent to the company’s proposed corporate reorganisation. If implemented, a new operating company which would be incorporated in Jersey and tax resident in Ireland would be created and would provide eircom with greater flexibility to pay dividends to shareholders in the future.

“Management, together with the Group’s advisors and the Board, continue to consider the various options available to the company and will make further comment in due course. In the meantime, we remain focused on improving the financial performance of the Group over the coming twelve months, and strengthening our position as Ireland’s leading telecommunications company.”

**ENDS**

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

29 August 2014