THIRD QUARTER AND NINE MONTHS RESULTS ANNOUNCEMENT TO March 2015

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

- **Q3 Financial performance**
  - **Revenue of €311m, down 1% year on year; rate of revenue decline continues to improve**
  - **Operating costs[1] down 6%; pay costs reduction of 17%**
  - **EBITDA[2] of €120m, up 8% year on year (prior year impacted by storm costs)**
- **Sustained momentum in Group KPIs**
  - **Continued broadband growth**
    - **766,000 total broadband connections, up 9% year on year**
    - **18,000 broadband connections in the quarter**
    - **Strong high speed fibre uptake in the quarter - up 40,000 to 242,000**
    - **Fibre footprint of 1,200,000 premises now reaches more than 50% of country**
  - **Continued traction in TV service**
    - **37,000 TV customers, representing 26% penetration of consumer fibre base**
  - **Strong mobile performance**
    - **9,000 postpaid growth in the quarter, 55,000 in the year**
    - **Over 250,000 4G customers**
  - **Triple and quad-play bundle penetration increased**
    - **22% of customers now have TV/mobile bundles**
    - **1.85 Revenue generating units per customer**
- **Business highlights**
  - **CFO and CIO Appointed**
  - **Amend and Extend Process Underway**
  - **Credit rating upgrade by Fitch**

---

[1] 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

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

(Issued Monday 18 May, 2015) eircom Group today announced results for the third quarter and nine months ended 31 March 2015.

Commenting on today's announcement, Richard Moat, CEO eircom Group, said: "The financial performance of the group in the third quarter is highly encouraging – the business is nearing an inflection point with fixed line revenues flattening year on year and mobile performance strengthening. EBITDA for the first nine months of the year was €346 million which is in line with management expectations. With revenues stabilising and continued focus on cost control, the group is firmly on track to achieve its financial targets for the year.

"Leveraging our unique quad play capability, we continue to offer customers the most compelling bundles in the market at competitive prices. We now have 22% of our consumer base on TV/mobile bundles. The rollout of our NGA network continues at pace. Our network has now passed 1.2 million homes and businesses, representing more than 50% of all premises in Ireland.

The rollout of fibre to the home (FTTH) technology that will deliver the fastest broadband in the country with speeds of up to 1Gb per second is also underway and will be available commercially from the end of the summer. Our multi-year network investment programme and ensuing fibre footprint provide the foundations to sustain our position as the leading Irish telecommunications provider in the digital economy.

"Last month, Fitch Ratings upgraded the Issuer Default Rating of the group from B- to B with a stable outlook. The upgrade was based on the agency's opinion that the group has 'delivered on plans to transform the company's business profile'. The rating assessment supported our network investment strategy as a driver to delivering a better customer experience.

"I am also delighted to announce the appointment of Huib Costermans as Chief Financial Officer and Erik Slooten as Chief Information Officer. Both bring a wealth of industry experience and will take up their roles in August.

"Finally, due to favourable capital market conditions and the strong operating performance of the business, we recently launched a process to amend and extend the terms of eircom's senior loan facilities. The main objectives of the process are to extend the maturity of the debt and to amend certain conditions to allow greater strategic and operational flexibility, whilst also aligning loan documentation to current market standards."

Trading Update

Revenues for the quarter and nine months ended 31 March 2015 of €311 million and €940 million respectively, have reduced by 1% and 3%, on the corresponding prior year periods. Operating costs[3], excluding non-cash items for the quarter and nine months ended 31 March 2015, were €191 million and €594 million respectively, a reduction of €12 million or 6% and €30 million or 5% on the corresponding prior year periods. EBITDA[4] for the quarter ended 31 March 2015 was €120 million, an increase of 8%, and €346 million for the nine months ended 31 March 2015 reduced by 1%.

In the fixed line segment, revenues (before intra company eliminations) for the quarter ended and nine months ended 31 March 2015, were €235 million and €710 million, a decrease of 3% and 4% respectively, compared to the corresponding prior year periods. The fixed line revenue decline was partially offset by operating cost savings. Fixed line EBITDA for the quarter and nine months ended 31 March 2015 of €101 million and €310 million decreased by €1 million or 2% in the quarter compared to the prior year period and decreased by 5% in the nine months ended 31 March 2015 compared to the prior year period.

Fixed line access net losses for the quarter ended and nine months ended 31 March 2015 were 22,000[5] and 44,000 respectively. Retail losses were 21,000 and 51,000 for the quarter and nine months ended 31 March 2015.

The total Group broadband customer base[6] was 766,000 at 31 March 2015, growing by 18,000 in the quarter and 49,000 in the nine months to the end of March. The Retail broadband base was 456,000 at the end of March 2015, declining by 4,000 in the quarter and remaining broadly flat since 31 June 2014 as a result of price changes announced during the quarter. Broadband lines in our Wholesale business have grown by 22,000 during the quarter and 58,000 compared to 31 March 2014, to a total of 310,000 lines at 31 March 2015. At 31 March 2015, there were 242,000 customers using our fibre based high speed broadband services, representing over 21% penetration of premises passed.

---

[3] 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

[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 access line losses

[6] Combined Retail and Wholesale excluding LLU

In the mobile segment, Mobile EBITDA for the quarter and nine months ended 31 March 2015 has grown to €19 million and €36 million respectively, an increase of 116% and 59% respectively. Mobile revenue was €87 million for the quarter, 5% higher compared to the same prior year period and EBITDA margin was 22%, the highest it has been in four and half years. Revenue for the nine months ended 31 March 2015 of €265 million was €2 million higher compared to the nine months ended 31 March 2014.

In terms of Mobile KPI's, the Group added 13,000 customers in the last twelve months and 30,000 since June 2014 to the mobile base, which stood at 1,085,000 customers. There were 42,000 net additions in the higher value postpaid segment during the nine months ended 31 March 2015 (inclusive of postpaid mobile broadband), and postpaid customers accounted for 43% of the overall base, up from 39% at the end of March 2014. The prepaid customer base decreased by 12,000 to 601,000 in the quarter, following the seasonal increase in the prepaid base in the second quarter.

ENDS

For media queries, please contact:

Paul Bradley
eircom
Director of Corporate Affairs
Tel: 01 600 4281
Mob: 085 174 4281
Paul_bradley@eircom.ie

Brian Bell
WHPR
Managing Director
Tel: 01 669 0030
Mob: 087 2436130
brian.bell@ogilvy.com

Chris Barrie
Citigate Dewe Rogerson
Executive Director
Tel: +44 20 7638 9571
Mob: +44 7968 727 289
Chris.barrie@citigatedr.co.uk

For investor relations queries, please contact:

Tadhg Mangan
eircom
Head of Investor Relations,
Mob: 085 174 6953
tmangan@eircom.ie

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

18 May 2015