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First Quarter Results to 30 September 2010

26 November 2010

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Paul Donovan
CEO

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Managing Performance - in a difficult and uncertain environment

- Flat EBITDA* in a deteriorating economic environment
- Group revenue in line with June quarter, though top line pressures continue
- Pressures on Mobile
  - Decline in customer activity and ARPU
  - Successful launch of eMobile brand to broaden market reach
- Good progress on costs and competitiveness
  - Lower headcount, improved productivity, and procurement savings
  - €90m target annual pay cost reduction by 2012/13
- Balance Sheet
  - Improved cash flow in quarter
  - Positive covenant headroom in September, but risk of breach within 12 months

** Adjusted EBITDA and costs before non cash pension charge/credit, exceptional items, net construction income and management fees*

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FINANCIAL KPIs

	Q1 2009/10 €M	Q1 2010/11 €M	Better / (Worse) %
Revenues			
- Fixed	*364*	*347*	*(4.7%)*
- Mobile	*119*	*108*	*(9.2%)*
- Consolidation adjustments	(15)	(13)	
- Group	**468**	**442**	***(5.6%)***
Operating costs[1]	**300**	**274**	***8.7%***
Adjusted EBITDA[1]			
- Fixed	*140*	*144*	*2.9%*
- Mobile	*28*	*24*	*(14.3%)*
- Group	**168**	**168**	***0.0%***
Cash CAPEX (excluding Tetra)	**92**	**49**	***46.7%***
Cashflow before financing	**(105)**	**(13)**	
Cash on hand[2]		**361**	
Net cashpay acquisition debt[3]		**3,149**	

1. *Before non-cash pension (credit)/charge, depreciation, amortisation and profit on disposal of property and investments; after management charges*
2. *Cash on hand excludes €7m retained excess cash*
3. *Excludes Tetra debt, debt issue costs, leases and defeased leases*

OPERATIONAL KPIs

		Q1 2010 '000	Q1 2011 '000	YoY Change %
PSTN Lines:	Retail	1,198	1,128	*(6%)*
('000)	Wholesale	322	324	*1%*
	Total	*1,519*	*1,452*	*(4%)*
	Net growth/(decline) in qtr	**(18)**	**(25)**	
DSL Lines:	Retail	482	497	*3%*
('000)	Wholesale bitstream	191	198	*4%*
	Total	*673*	*695*	*3%*
	Net growth/(decline) in qtr	**8**	**(13)**	
Voice traffic:	Retail	1,167	1,019	*(13%)*
(m minutes in qtr)	Wholesale	2,013	1,915	*(5%)*
LLU (incl. Line Share)		24	38	*58%*
Mobile customers:	Prepaid handsets	890	844	*(5%)*
	Postpaid handsets	139	147	*6%*
	MBB *	17	45	*165%*
	Total	*1,046*	*1,036*	*(1%)*
Net mobile additions (losses):				
	Prepaid handsets	8	(14)	
	Postpaid handsets	4	3	
	Total handsets	12	(11)	
	MBB	8	4	
	Total	***20***	***(7)***	
Monthly mobile ARPU (€) (average for quarter)		36.02	32.32	*(10%)*
Mobile non-SMS data ***(as % of outbound revenue)***		11.5%	10.0%	*(13%)*

- 16K Retail DSL line losses in the quarter
  - June Retail line losses of 20K
- Retail DSL lines up 1K
  - June qtr Retail gains nil
- Net losses of 7K mobile customers
  - June qtr losses 22K
- Mobile ARPU – underlying trend remains downwards

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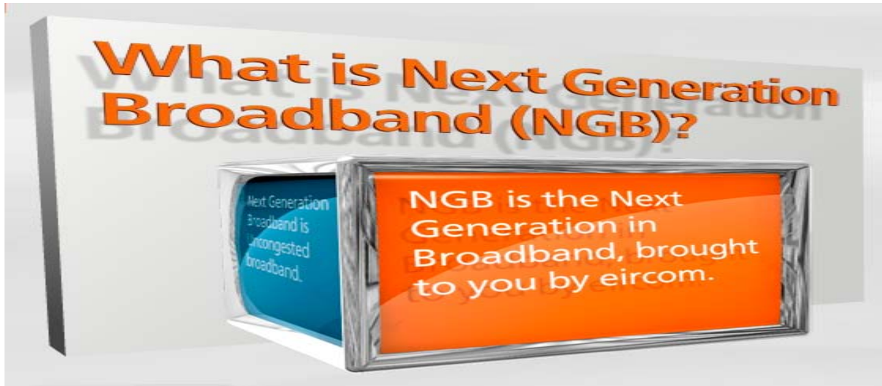

Next generation broadband

Up to 8Mb free upgrades
Now rolled out to over 800,000 lines

eMobile for consumer

Launched in September

Commercial Fibre trials

Planning in hand for 2011 launch in 2 locations

3G mobile broadband

63 % population coverage

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Peter Cross
CFO

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INCOME STATEMENT FOR ERCIF[1]

	Q1 09/10 €M	Q1 10/11 €M	Better/ (Worse) %
Revenue	**468**	**442**	***(5.6%)***
-Fixed line	*364*	*347*	*(4.7%)*
-Mobile	*119*	*108*	*(9.2%)*
-Consol. adj.	*(15)*	*(13)*	
Opex*	**(300)**	**(274)**	***8.7%***
-Fixed line	*(224)*	*(203)*	*9.4%*
-Mobile	*(91)*	*(84)*	*7.7%*
-Consol. adj.	*15*	*13*	
Adjusted EBITDA*	**168**	**168**	***0.0%***
-Fixed line	*140*	*144*	*2.9%*
-Mobile	*28*	*24*	*(14.3%)*
Non-cash pension (charge)/credit	(6)	1	
Loss on disposal of property and investments	0	(2)	
Depreciation & amortisation	(104)	(99)	
Operating profit	**58**	**68**	*17.2%*
Net finance costs	(40)	(43)	
-of which, movement on mark-to-market interest rate hedges	*17*	*12*	
Profit before tax	**18**	**25**	
Tax charge	(2)	(4)	
Profit after tax	**16**	**21**	

1. *Based on unaudited management accounts for the group.*

* *Opex and adjusted EBITDA are before non cash pension charge/credit and profit on disposal of property and investments; after management fees.*

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CASH FLOW STATEMENT FOR ERCIF[(1)]

Consolidated cash flow	Q1 09/10 €M	Q1 10/11 €M	Better / (Worse)
Adjusted EBITDA* after management fees	**168**	**168**	
- Payments for restructuring/provisions and non-cash provision movements	(25)	(46)	
- Working capital movement	(67)	(25)	
- Tax (net)	(5)	0	
Cash flow from operations	**71**	**97**	*36.6%*
Capex - Group excluding Tetra	(85)	(48)	
Capex - Tetra	(7)	(1)	
Cashflow before debt service	**(21)**	**48**	
Interest paid (net)[2]	(84)	(78)	
Cash flow before construction contract	**(105)**	**(30)**	
Sale of property & investments	0	19	
Net construction contract cash flow	0	(2)	
Cash flow before financing	**(105)**	**(13)**	*87.6%*
Loan and lease repayments	(19)	(22)	
Tetra loans drawn	8	0	
Net cash flow	**(116)**	**(35)**	*69.8%*
Opening cash[3]	**333**	**396**	
Closing cash[3]	**217**	**361**	

1. Based on unaudited management accounts for the group.
2. Includes preference dividends
3. Excludes €7m of restricted cash; net of overdrafts.
** Adjusted EBITDA before exceptional costs, non cash pension charge/credit and profit on disposal of property and investments.*

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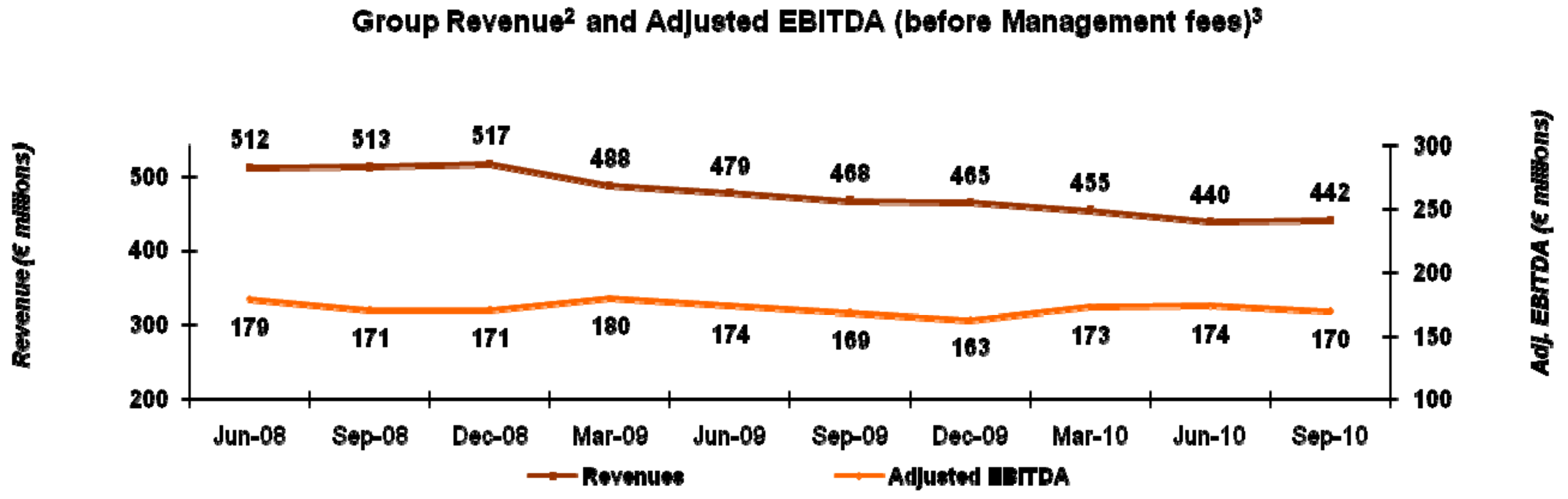
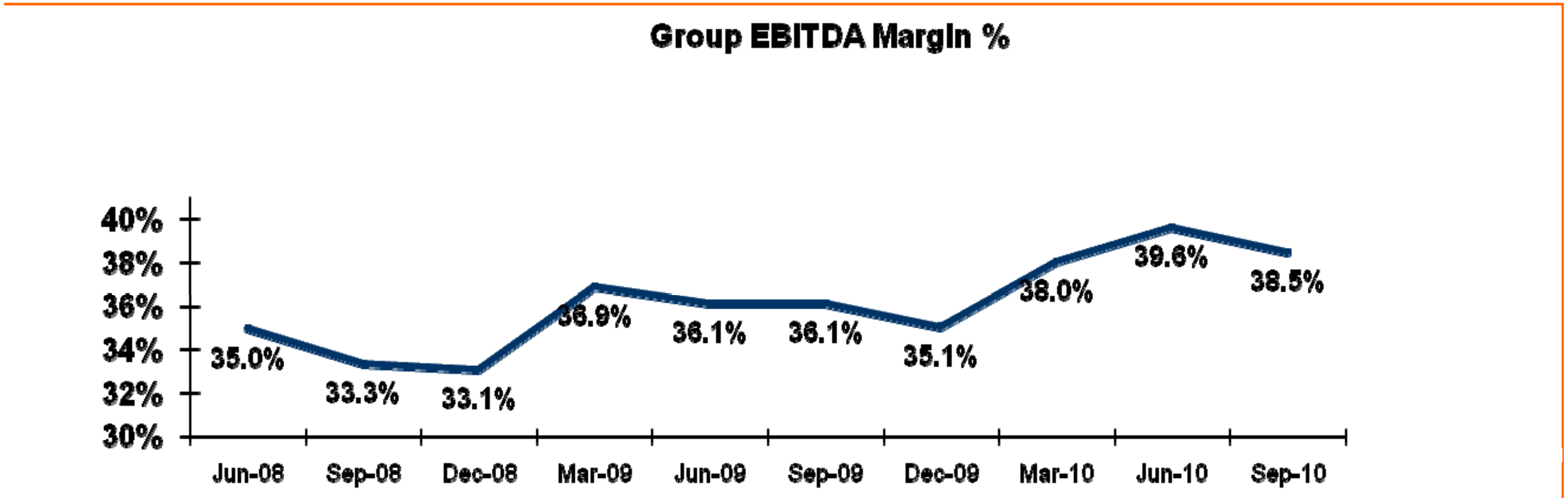
GROUP FINANCIAL TRENDS[1]

Continued revenue pressures offset by cost reductions





1. Source: unaudited management accounts
2. Revenue after consolidation and Fair Value adjustments.
3. Adjusted EBITDA before: exceptional costs, non cash pension credit, and profit on disposal of property and investments, and management fees.

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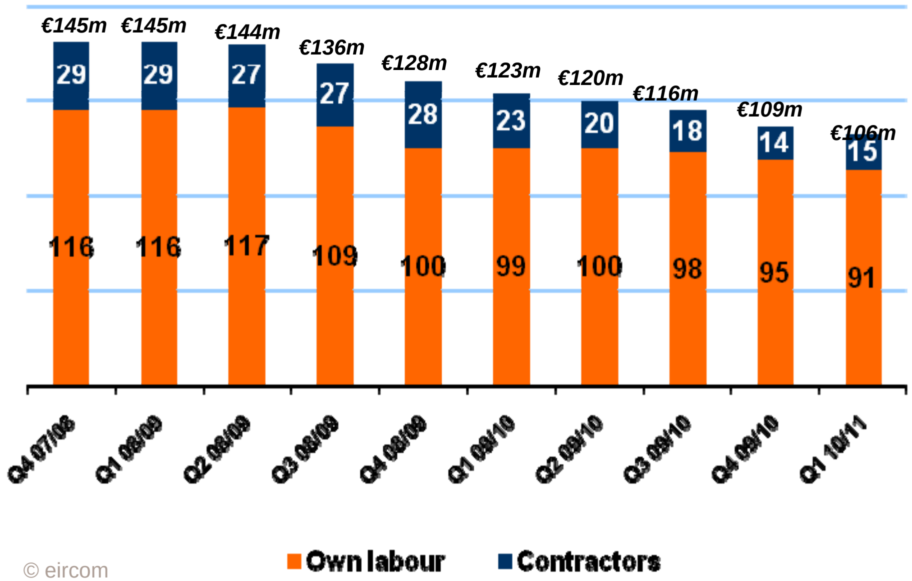
CONTINUED RELENTLESS FOCUS ON COSTS

Good progress to date on labour costs

	31-Mar-09	30-Sep-10	Net change
- Employees	7,156	6,180	976
- Contractors*	1,805	1,106	699
- Total	8,961	7,286	1,675
Net percentage reduction:			19%

** based on spend in the quarter*



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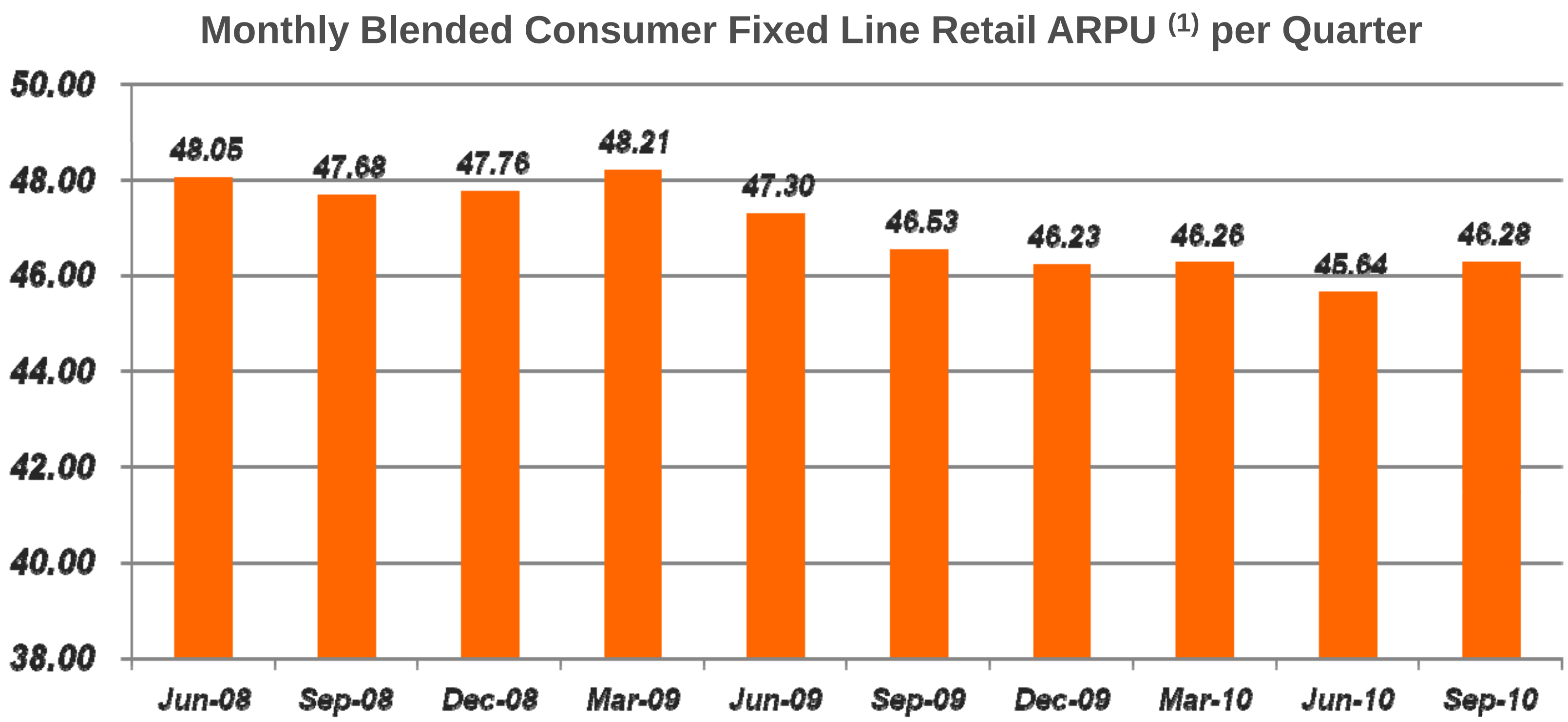
- Headcount down by 117 employees in Q1
- Total quarterly labour costs cut by €39m (27%) since 2007/08
- Total labour resource down 19% since March 09 – now 500 ahead of March 2011 target
- Targeting further reduction of €90m in annual pay costs by 2012/13
- Further restructuring in progress:
  - Productivity improvement and procurement savings
  - Rationalisation of technology organisation

FIXED LINE ARPU



- Fixed Line ARPU holding steady:
  - Call rounding introduced from 1 July 10
  - Increased take-up of broadband as speed upgrades continue
  - Nearly one in two of consumer base now has broadband

1. Total net consumer revenues (incl. Line Rental, voice and broadband, net of discounts)divided by total consumer lines

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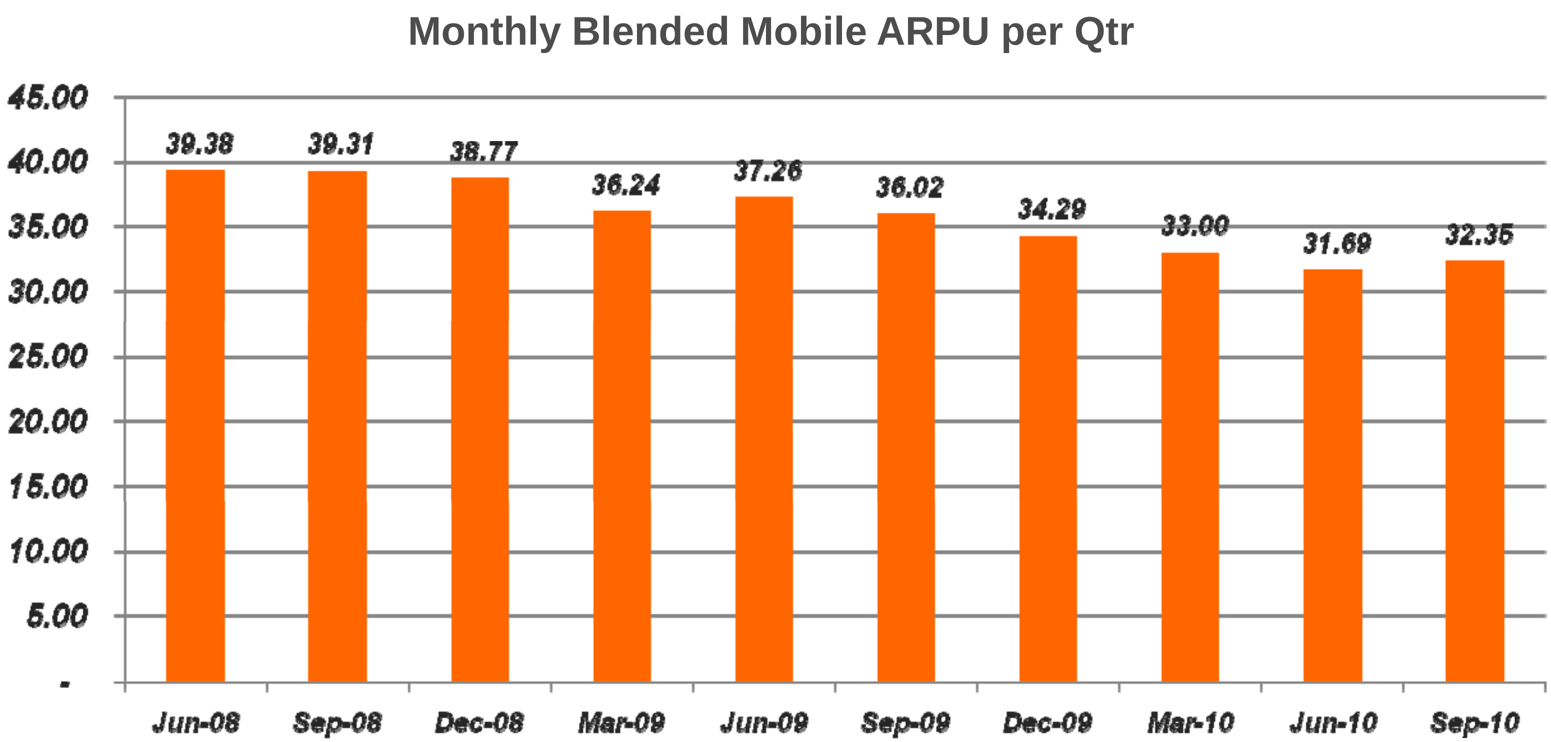
Note: Q1-4 09/10 retrospectively restated to take account of all discounts

MOBILE ARPU

Downward pressure



ARPU down 10% on prior year:

- MTR reduction
- Changes in traffic patterns and lower activity, impacted by economy
- Take-up of better value pricing plans

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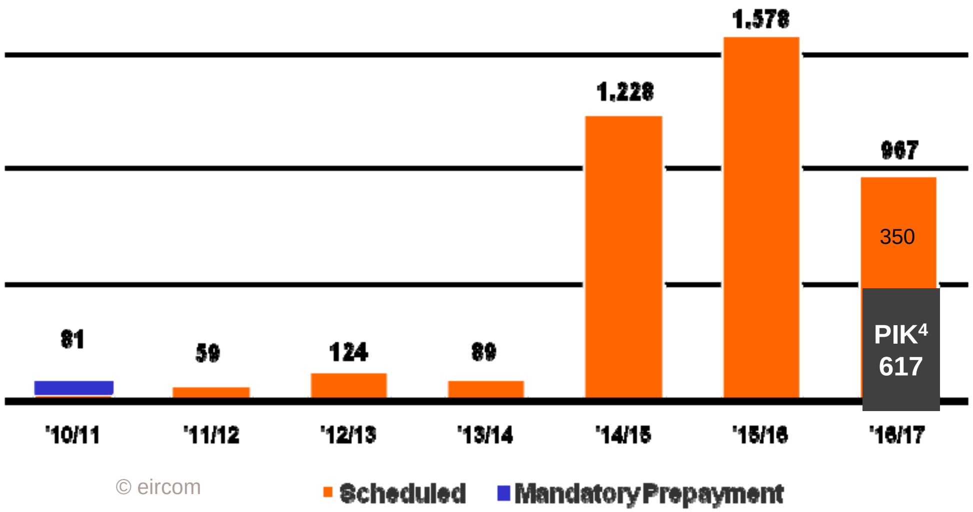
DEBT PROFILE

	Jun-10 €M	Sep-10 €M	Margin %	X LTM EBITDA*
Cash on hand (net of overdraft)[1]	**396**	**361**		
Loan borrowings A / SPS	(373)	(353)	*1.75%*	
Loan borrowings B	(1,228)	(1,228)	*1.88%*	
Loan borrowings C	(1,229)	(1,229)	*2.13%*	
Net First Lien Debt	**(2,434)**	**(2,449)**		**3.60x**
Loan borrowings D	(350)	(350)	*4.25%*	
Net Senior Debt	**(2,784)**	**(2,799)**		**4.12x**
FRNs	(350)	(350)	*5.00%*	
Net acquisition cash pay debt[2]	**(3,134)**	**(3,149)**		**4.63x**
Tetra net debt	(48)	(46)		
Net debt for ERCIF	(3,181)	(3,195)		
PIK Debt[3]	(606)	(617)	*7.00%*	
Net debt for ERCIPE Group	**(3,787)**	**(3,812)**		**5.61x**
Accrued cashpay interest	(31)	(3)		
Net acquisition cash pay debt incl accrued interest	**(3,165)**	**(3,152)**		**4.64x**

** LTM EBITDA = €680m*

Scheduled repayments as of Sept 2010



- Reduction in net acquisition debt of €13m in Q1 (PY Q1 increase of €71m)
- €578m reduction in net cash pay acquisition debt* since June 2007
- Cash balance €361m
- Additional un-drawn revolving credit facility of €113m available for use.
- €24m scheduled for repayment by June 2011 (plus €57m prepayment); €353m by June 2014

** Including accrued interest*

1. *excluding €7m of restricted cash*
2. *excluding defeased leases and capitalised expenses*
3. *excluding accrued interest (€6m Jun 10; €6m Sept 10)*
4. *PIK is included at its accrued amount to 30 September 2010*

BALANCE SHEET REMEDIATION

- Good cash flow and very healthy cash balance
  - Debt service comfortably covered
- Financial covenants under Senior Facilities Agreement require net debt/EBITDA to reduce significantly in coming quarters
  - Positive headroom in September
  - Significant risk of breach within 12 months if no action taken
- Confident default can be avoided
  - Renegotiation of covenants and/or equity cure
- Working with advisers on assessing options for covenants and longer term financial strategy
- Driving business performance
  - Competitiveness, net debt, future growth
  - An investable proposition for shareholders

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CONCLUSION

- Managing the business in a challenging and increasingly uncertain environment.
- Balance Sheet challenges remain
- Transformation agenda is under way
  - Real progress on cost agenda
  - Revenues under pressure but improved product line-up
    - NGB
    - eMobile

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APPENDIX

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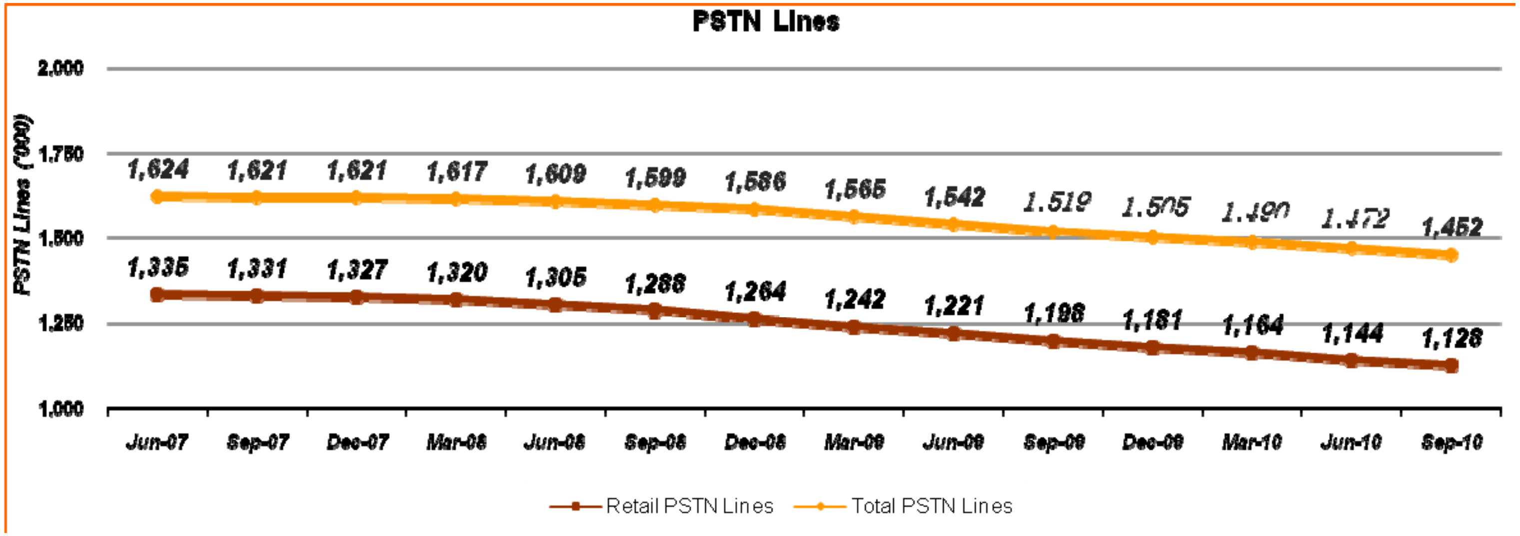
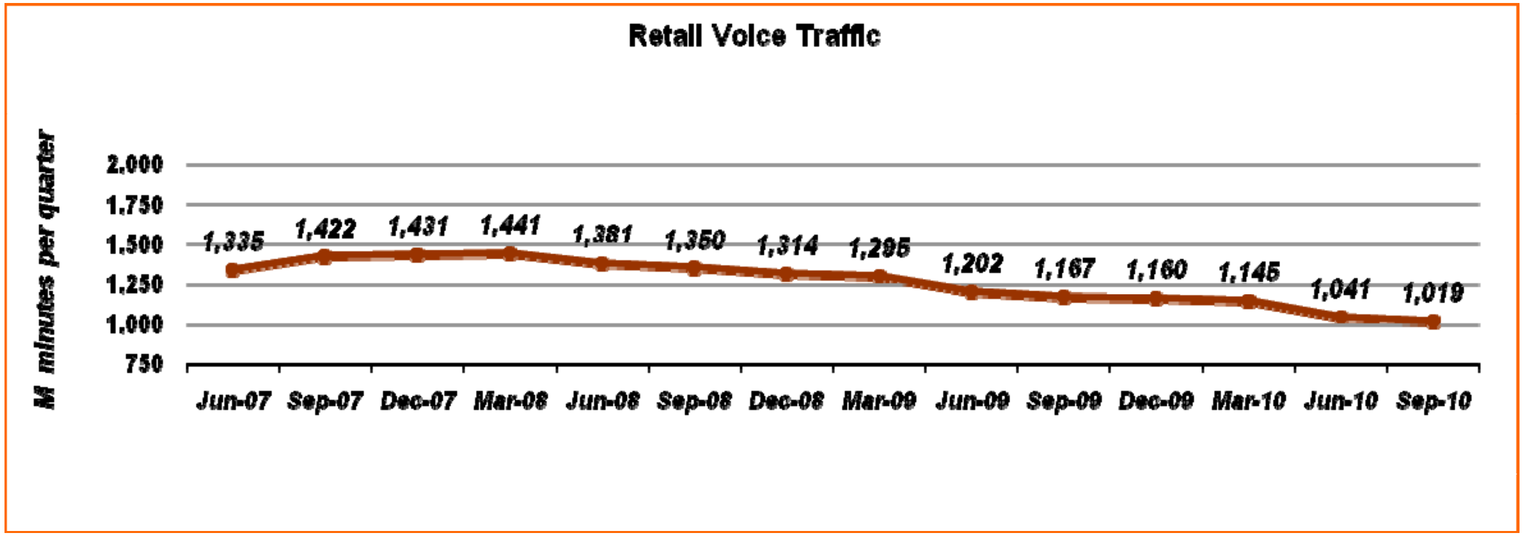
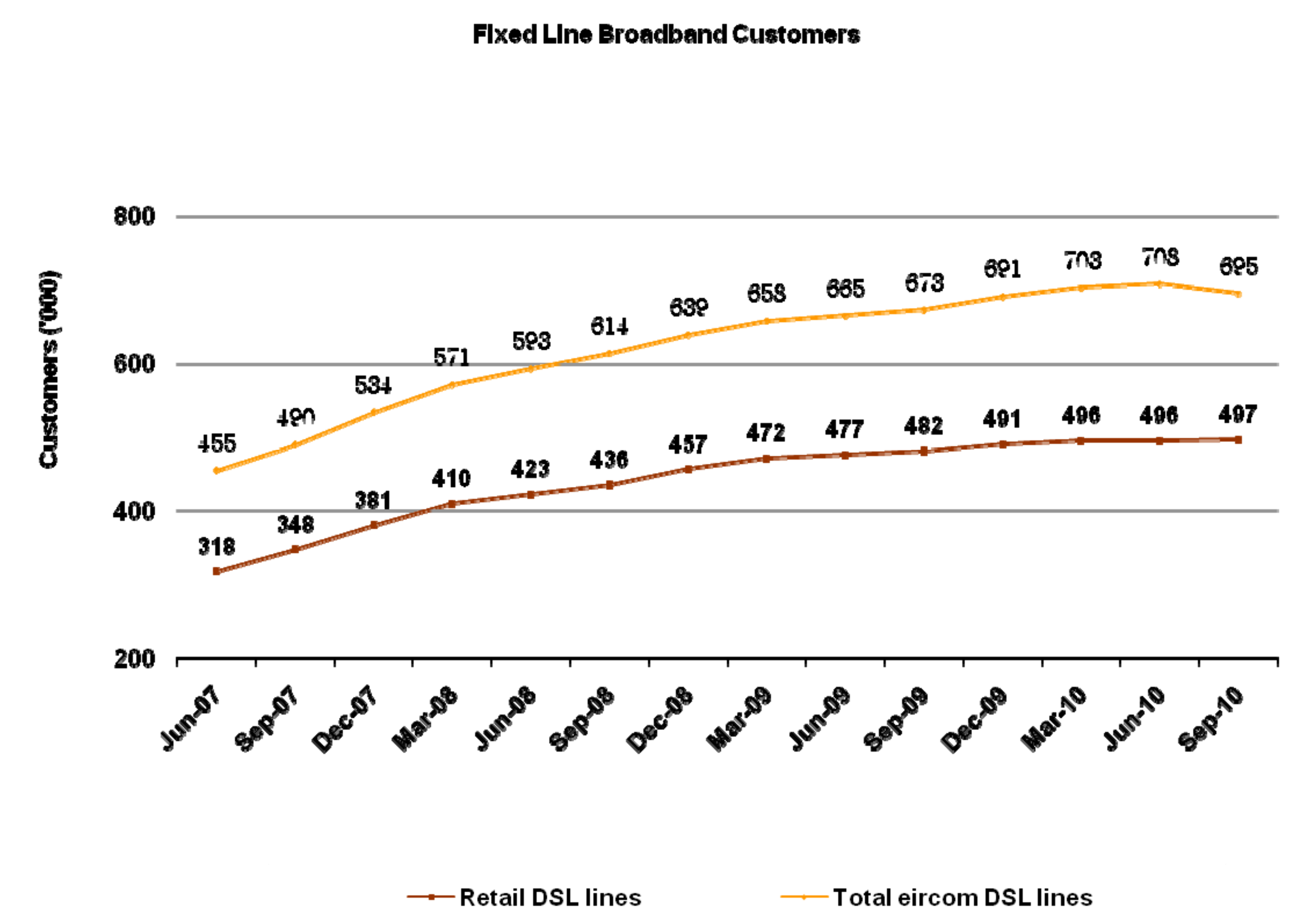
FIXED LINE – Customer Numbers and Traffic





BROADBAND MARKET



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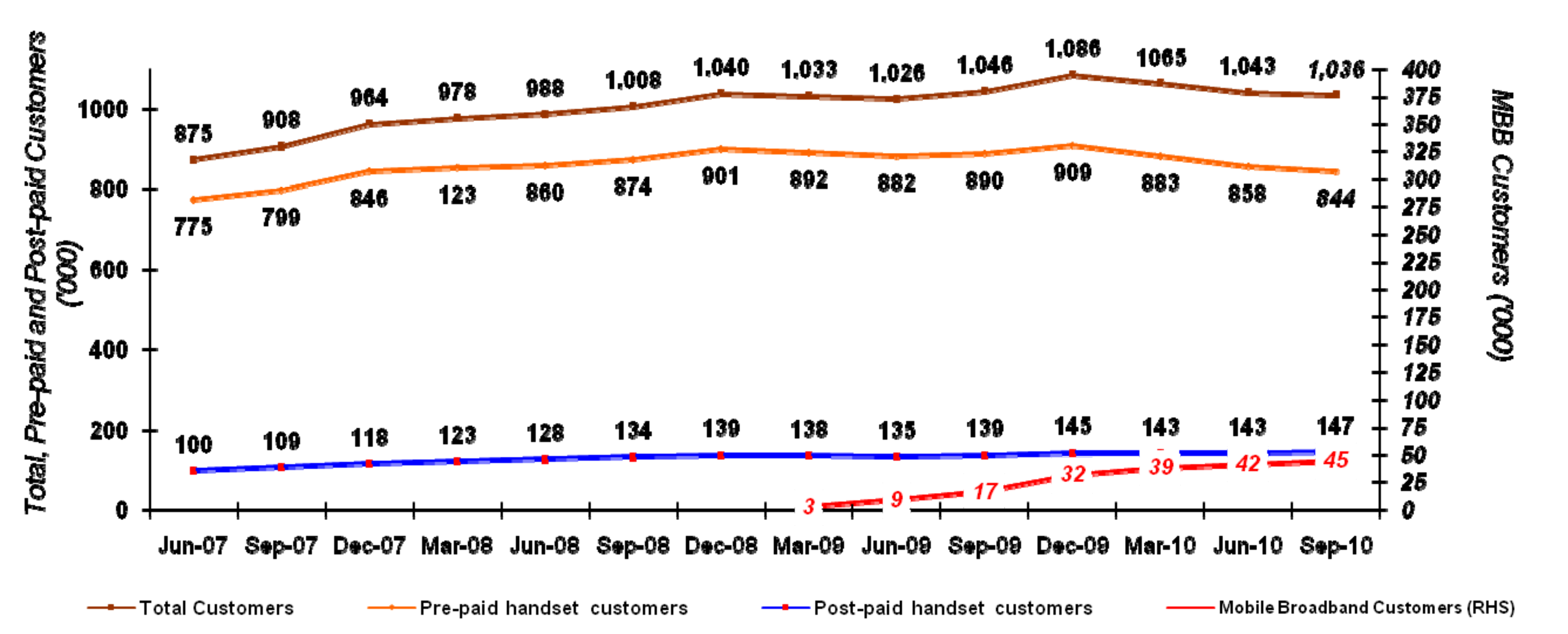
[1] *Excluding LLU Lines*

MOBILE VOLUMES



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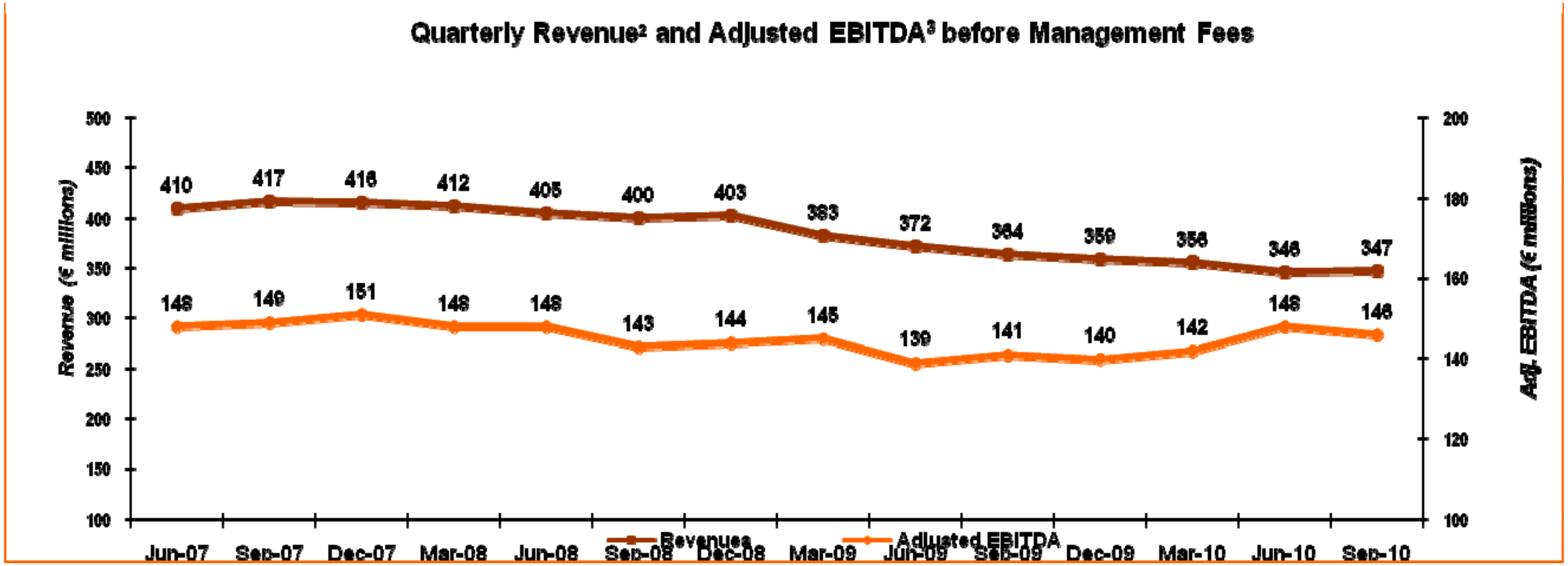
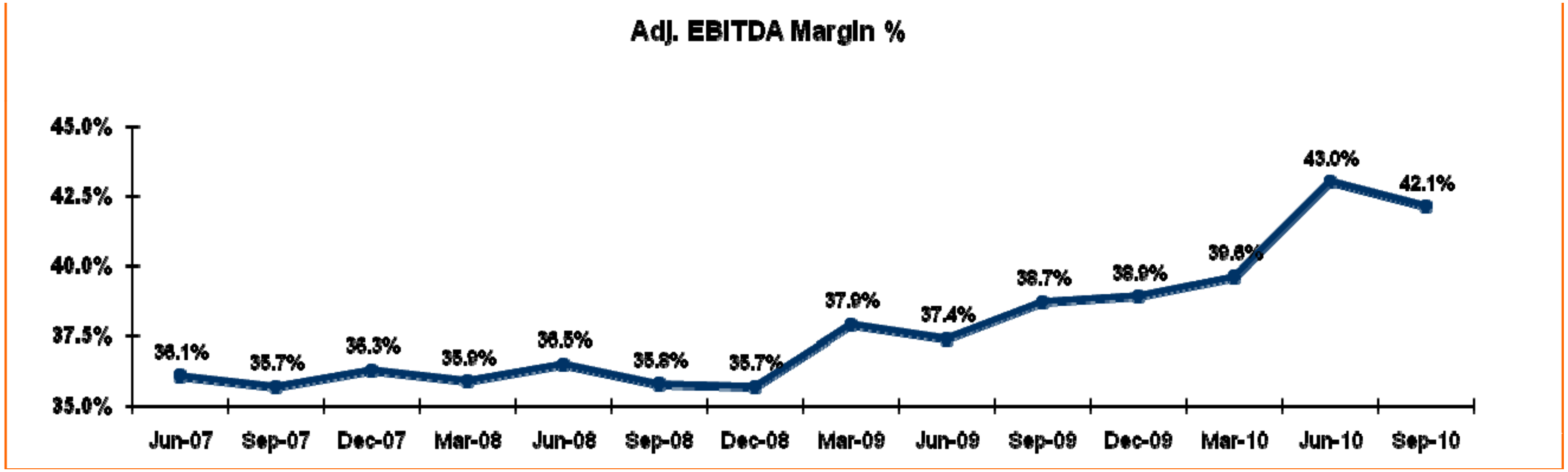
FIXED LINE FINANCIAL TRENDS[1]





1. Source: unaudited management accounts
2. Revenue including Fair Value adjustments: eircom Mobile reclassified from Fixed line to Mobile in all periods.
3. Adjusted EBITDA before: exceptional costs, non cash pension credit, net construction income and profit on disposal of property and investments, and management fees

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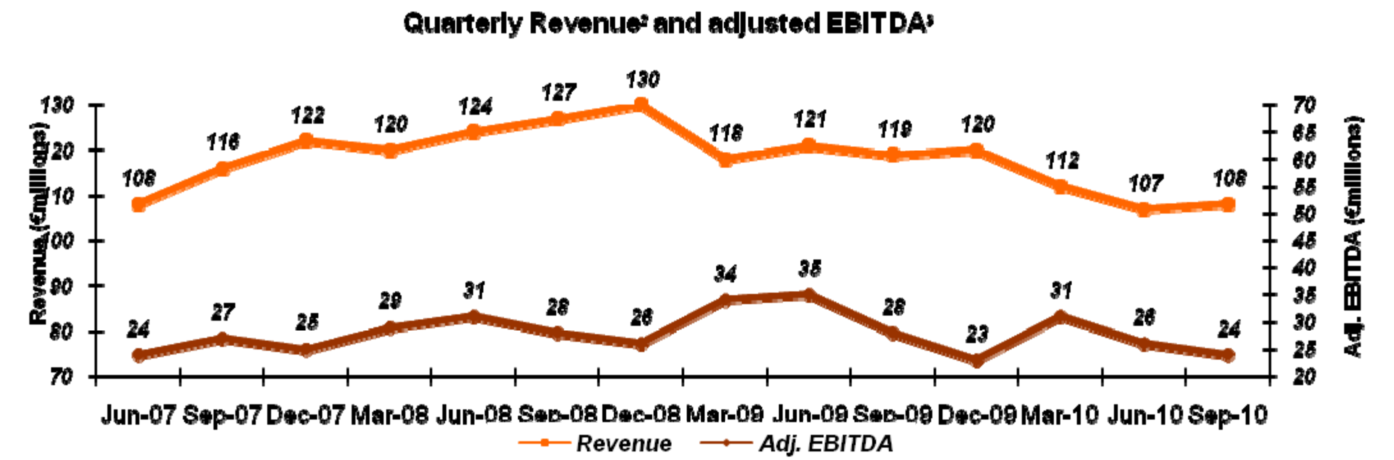
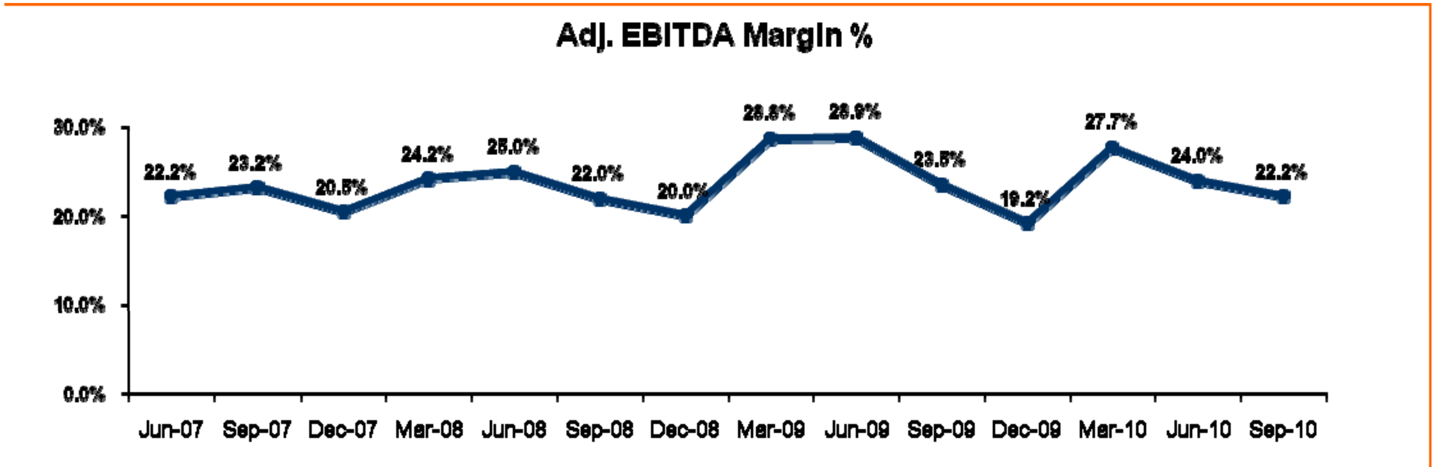
MOBILE FINANCIAL TRENDS[1]





1. *Source: unaudited eircom management accounts*
2. *Before consolidation adjustments*
3. *Adjusted EBITDA after management incentive costs (SARs), including eircom Mobile*

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