

eircom Holdings Limited

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ASX RELEASE

25 November 2009

SEPTEMBER 2009 QUARTER OPERATIONAL UPDATE

eircom Holdings Limited (ASX: ERC) today released the unaudited September 2009 quarterly operational update for eircom Group Limited (“eircom”).

eircom

eircom achieved a Fixed Line EBITDA¹ of €141 million and revenue of €364 million for the September 2009 quarter, slightly down on the €143 million EBITDA and €400 million in revenue achieved in the September 2008 quarter. The decline reflects the difficult economic conditions in Ireland and increased competition.

Broadband revenue of €45 million for the quarter was 7% up on the prior corresponding period as a result of an increasing subscriber base. Net broadband adds for the quarter were 8,000, bringing the total DSL lines to 673,000, an increase by 10% from the previous corresponding quarter to September 2008.

The Meteor mobile business achieved EBITDA of €28 million for the quarter, consistent with the previous year. The number of subscribers increased 4% from 1,008,000 in September 2008 to 1,046,000 in September 2009. Despite increased subscribers, mobile revenue was down 6% on the prior corresponding period at €119 million. Lower usage and increased competition were the main drivers. Despite the revenue falls, strong focus on cost control saw Meteor’s EBITDA margin increase from 22% in September 2008 to 23% for the current quarter.

Mobile market share has reached 20.1%, increasing from 19.1% in the corresponding quarter of the prior year. Excluding MBB, which was only released by eircom in March 2009, market share is 21.4%.

eircom continues to meet its quarterly banking covenants.

Golden Pages

ERC completed a disposal of its interest in Golden Pages in October 2009 for consideration of US\$170,000. The disposal satisfied the Golden Pages condition precedent in the ECC Proposal.

Attachment

An investor presentation is attached which includes information intended to provide investors with the metrics for evaluating the performance and underlying value of eircom.

ENDS

Further Information:

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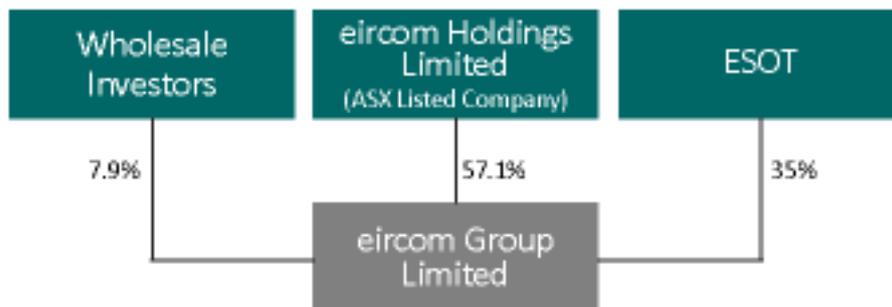
eircom Holdings Limited

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ABOUT EIRCOM HOLDINGS LIMITED

eircom Holdings Limited is listed on the Australian Securities Exchange (ASX) under the ticker ERC.

ERC holds a 57.1% interest in eircom Group Limited (eircom), Ireland's incumbent telecommunications provider. Existing and former employees of eircom hold 35% of eircom through their share ownership trust, the ESOT, and the remaining 7.9% of eircom is held by other wholesale investors.



ERC changed its name from Babcock & Brown Capital Limited (BCM) on 27 April 2009. ERC has been listed on the ASX since February 2005.

eircom HOLDINGS LIMITED

September 09 Quarter Operational Update
25 November 2009

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1. Strategic Update
2. eircom Operational Update

STRATEGIC UPDATE

STRATEGIC MILESTONES - YTD

STATUS

- | | | |
|----|--|---|
| 1. | Capital Return of 60 cents per share | ✓ |
| 2. | Management Internalisation | ✓ |
| 3. | CEO and executive appointments at eircom Holdings Limited (“ERC”) | ✓ |
| 4. | Change of name to eircom Holdings Limited | ✓ |
| 5. | Appoint New CEO at eircom | ✓ |
| 6. | Operational Change at eircom | ✓ |
| 7. | Second Capital Return of 80 cents per share | ✓ |
| 8. | Golden Pages Disposal | ✓ |
| 9. | ERC Change of Control Proposal from ECC and Third and Final Capital Return | Shareholder Meetings convened for 15 December |

STRATEGIC UPDATE: DEVELOPMENTS FOR THE QUARTER

eircom Holdings Limited (“ERC”)

- ERC returned \$0.80 per share to shareholders in September 2009
- Shareholders will vote on the ECC proposal at a Court ordered Scheme Meeting convened for 15 December 2009 (“ECC Scheme Proposal”)
- Scheme Booklet released to shareholders on 10 November 2009
- Annual General Meeting of shareholders scheduled for 15 December 2009. Shareholders will be asked to consider a 14.5 cent per ERC share return of capital which is conditional on the ECC Scheme Proposal being approved.

Eircom

- eircom has commenced implementing Stage One of the company’s restructuring programme. This programme follows the Accord reached with the unions in May and includes;
 - a headcount reduction of 1,200 by March 2011;
 - a group wide freeze on base pay for two years until June 2011;
 - reductions in the order of 25% for certain staff allowances and no performance related bonus until June 2011; and
 - further cost saving measures being implemented at eircom, targeting costs savings of €130 million per annum by June 2011.
- Revenue declines of 9% year-on-year have been matched with cost savings, resulting in Group EBITDA of €169 million, only 1% lower than the corresponding quarter.
- Group EBITDA margins increased from 33% to 36%.

Golden Pages

- ERC completed a disposal of its interest in Golden Pages in October 2009 for consideration of US\$170,000.
- The disposal satisfied the Golden Pages condition precedent in the ECC Scheme Proposal.

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1. Strategic Update

2. eircom Operational Update

eircom – KEY OPERATIONAL UPDATES

Mobile

3G	<ul style="list-style-type: none"> Reached target of 53% 3G population coverage by September 2009. Commercial launch of mobile broadband in March 2009 - ~17,000 customers at 30 September 2009. Non-SMS data revenue now at c13% of outbound revenues for the quarter to Sep 09
Broadband Rollout	<ul style="list-style-type: none"> Extended broadband rollout plan underway – 828 sites enabled as at 30 September 2009, connecting more than 1.4 million lines pre-qualifying for broadband Speed upgrades being rolled out – 64% of Retail customer base on 3Mb or over at 30 September 2009 Broadband penetration in Ireland, including mobile broadband now estimated at 31.2% (Company estimate)

Fixed Line

Voice	<ul style="list-style-type: none"> New bundled offerings Call set-up charges in place
Tetra	<ul style="list-style-type: none"> Network launched mid-June, c7,000 active users (Sep 09)
Digital Terrestrial Television (DTT)	<ul style="list-style-type: none"> Part of One Vision consortium in discussion with the Irish Broadcasting Authority in relation to take up of DTT licences

Regulatory

LLU	<ul style="list-style-type: none"> ComReg has issued a Draft Decision proposing to reduce the LLU price from €16.43 per month to €12.24 per month
Line Share	<ul style="list-style-type: none"> ComReg issued a Decision in August 2009 to reduce the line share price from €8.41 to €0.77 per month. eircom does not agree with ComReg's approach to setting the line share price and has lodged an appeal in the High Court against the Decision on this basis
Bundling	<ul style="list-style-type: none"> Recently settled court case with Comreg in relation to bundles – Comreg will issue a consultation in relation to the matter

eircom – INVESTMENT SCORECARD

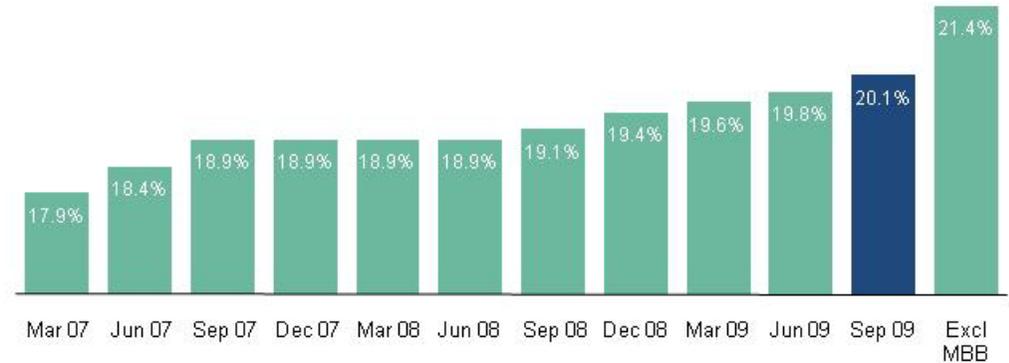
FIXED LINE – Actual EBITDA¹ per quarter

KPI: Maintain Fixed Line EBITDA



MOBILE – Actual Subscriber Market Share per quarter²

KPI: Attain historical European average 3rd player market share of 20%⁴



MOBILE – Actual Subscribers per quarter²

KPI: Grow mobile phone subscribers

'000



MOBILE – Actual EBITDA Margin % per quarter³

KPI: Attain historical European average 3rd player EBITDA margin of 30%⁴



¹ Adjusted EBITDA before non-cash pension charge, net construction income and profit on disposal of property and investments and management charges due to parent

² Source: ComReg quarterly reports and company estimates (includes mobile broadband).

³ After management incentive costs

⁴ JP Morgan

eircom – FIXED LINE

- EBITDA¹ for the quarter totalled €141 million, a 1% decrease on prior corresponding period due to deteriorating economic conditions resulting in reductions in PSTN lines, substitution of voice traffic from fixed line to mobiles and increased use of on-net substitutes (e.g. VoIP)
- Revenue of €364² million for the quarter, a 9% decrease on prior corresponding period attributed to pressure on voice and data traffic
- Win back for the quarter at 82% vs 65% for the previous quarter due to increased competitor activity, particularly in broadband
- Increased focus on cost control across the group, resulting in EBITDA margins increasing from 36% to 39% from previous corresponding period
- Investment in the fixed network continues with a focus on increasing capacity, broadband roll-out, demand-led growth and Next Generation Networks (NGN) developments.

Quarterly revenue and Adjusted EBITDA¹ (Jun 06 to Sep 09)



¹ Adjusted EBITDA before non-cash pension charge, net construction income and profit on disposal of property and investments and management charges due to parent
² Post fair value adjustments

eircom – FIXED LINE (continued)

Broadband

- Broadband revenues of €45 million for the quarter, up 7% on the prior corresponding quarter off growing subscriber base
- Rate of growth continues to slow as a result of increased competition from mobile broadband
- Mobile broadband subscriber numbers now stand at ~17,000
- New bundled packages launched in October beginning to have positive impact in counteracting competitive pressures
- Broadband rollout – a total of 828 exchange sites enabled as at 30 September 2009, connecting more than 1.4 million lines pre-qualifying for broadband
- 8,000 net DSL customer adds during the quarter resulting in 673,000 total subscribers at 30 September 2009, a 10% increase year on year as rollout of broadband continues
- eircom has a retail share of total DSL market (retail, bitstream, LLU) of 69% and total broadband market share (both Wholesale and Retail and excluding LLU) of 50%¹

¹ Including mobile broadband, company estimates

DSL Market Trends



eircom – Mobile

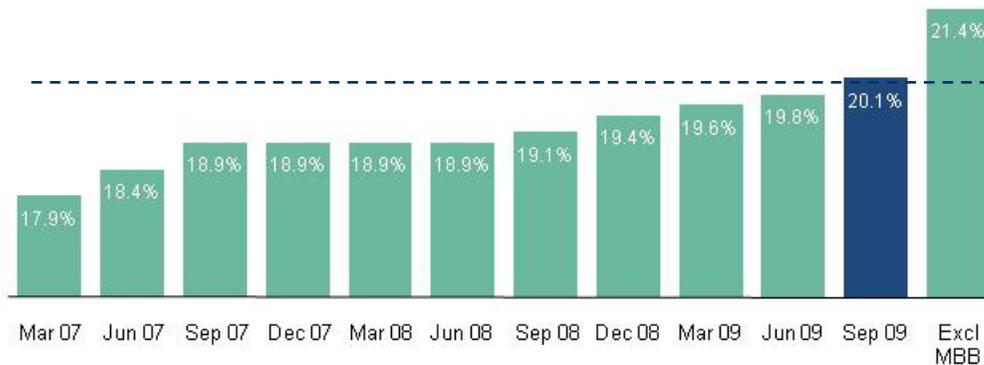
- EBITDA of €28 million for the quarter, in line with the previous year. Reduction compared to preceding quarter to June due in part to high subscriber acquisition costs arising from increased number of net adds in the current quarter.
- Revenue of €119 million for the quarter, a decrease of 6% on prior year
- Increase in Meteor market share to 20.1% (21.4% excluding MBB) from 19.1% in September 2008²
- Increase in subscriber numbers year on year from 1,008,000 to 1,046,000
- Increase in EBITDA margins from 22% as at September 2008 to 23% as at September 2009.
- Increase in mobile broadband customers of 8,000 to ~17,000.

eircom/Meteor Mobile EBITDA



Jun 07 Sep 07 Dec 07 Mar 08 Jun 08 Sep 08 Dec 08 Mar 09 Jun 09 Sep 09

Meteor Subscriber Market Share



Average historical 3rd operator volume market share in Europe is ~20%

Key market share drivers

- Value positioning
- Strong distribution
- Effective marketing

Source: ComReg and company estimates for market share. JPMorgan for average 3rd operator market share

eircom – Mobile (continued)

- EBITDA¹ margin for the September 2009 quarter 23% up from 22% in the September 2008 quarter due to a reduction in sales and marketing costs and the successful implementation of targeted cost savings
- 4% increase in the number of net subscribers from 1,008,000 to 1,046,000 year on year
 - post-paid increased to 14% of the total base (September 2008 – 13%)
- Blended monthly ARPU of €36.02 – an 8% decrease on September 2008 due to, increased competition in the prepaid markets and increased promotions

¹ Post incentive costs

Quarterly EBITDA Margin



Source: eircom management results, JPMorgan for average 3rd operator margin

Mobile Subscribers



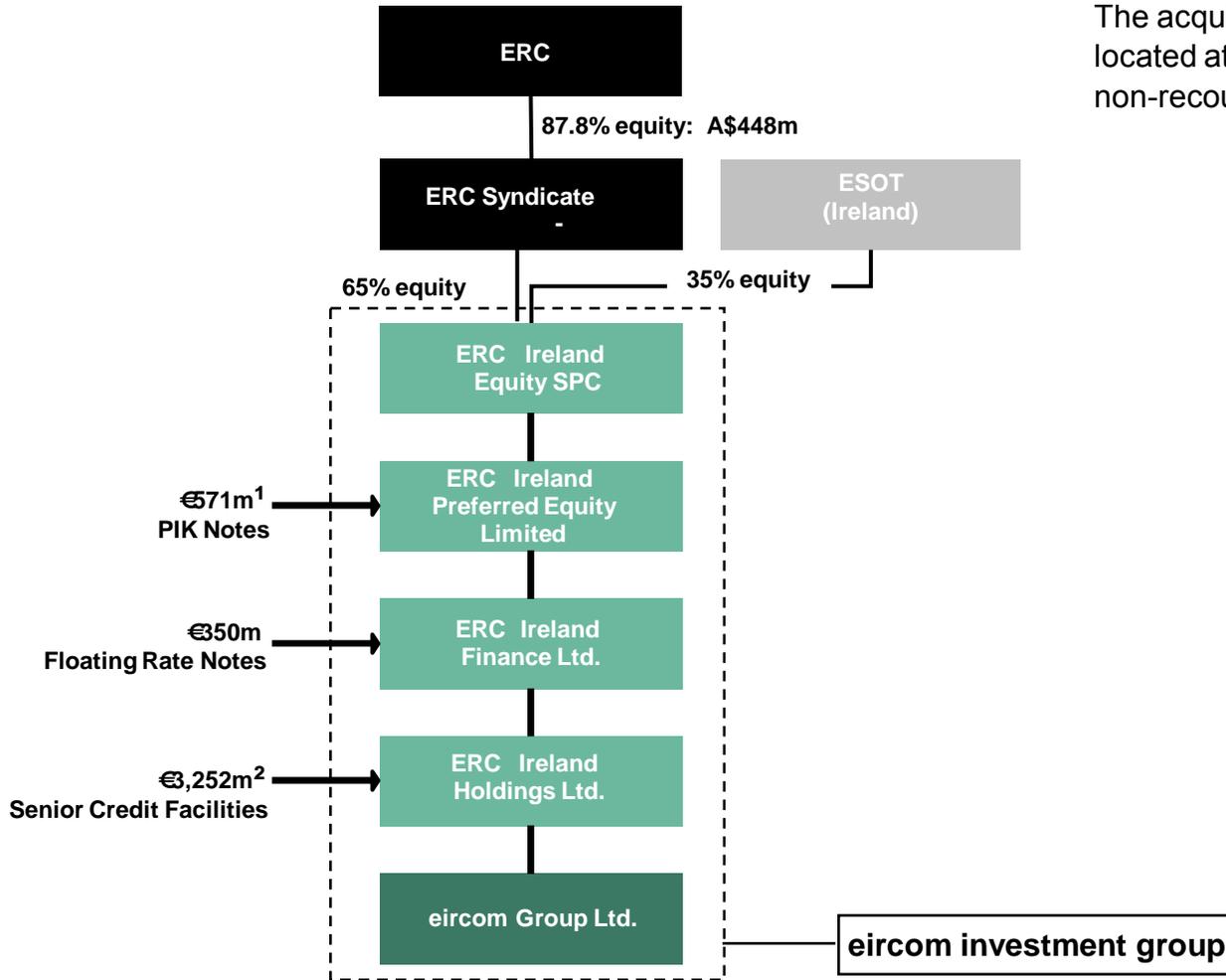
Source: eircom management results

Average historical 3rd operator EBITDA margin in Europe is ~30%

Key EBITDA drivers

- Increased net subscriber base
- Value positioning
- Strong distribution
- Distinctive marketing
- Network enhancement; launch of 3G in March 2009
- Protect ARPU while growing market share (ARPU €36.02)
- New offerings launched, including Mobile broadband in March

eircom - CORPORATE DEBT STRUCTURE



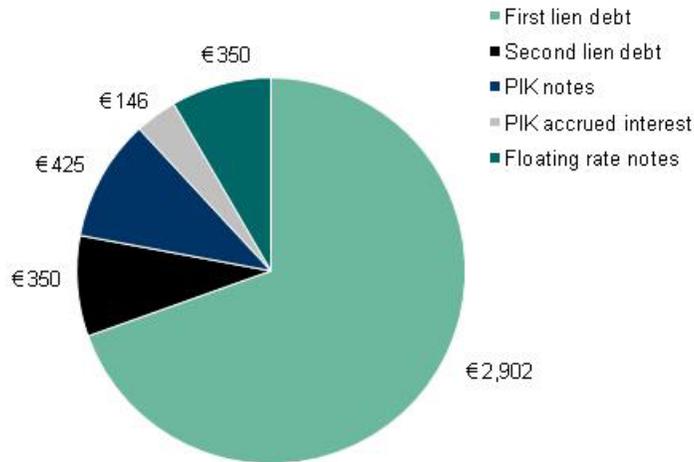
The acquisition debt raised to acquire eircom is located at the investment group level and is non-recourse to ERC

¹ Includes capitalised interest

² A total of €248 million loan principal repaid to end of September 2009, including €111million repaid in November 2008 re annual cash sweep. Initial draw down €3,500 million.

eircom – CORPORATE DEBT PROFILE AT 30 SEP 2009

Facility



- All eircom debt is non-recourse to ERC
- Bulk of debt repayable from September 2014
- eircom's weighted average cost of cash pay debt is ~5.7%
- eircom continues to meet its quarterly covenants

- eircom has total cash-pay debt of €3.60 billion
- PIK notes of €425 million with €146 million accrued interest issued on new notes
- eircom has cash of €217 million at 30 September 2009 after payment of €111m in annual cash sweep in November 2008 and 6 monthly interest and scheduled debt payments in March and September
- eircom has a ~ €110 million revolving credit facility available to draw on
- Interest rate swaps in place for over €2.75 billion (~76% of total cash pay debt shown above) with ~76% hedged for the next two years which reduces to ~42% in following year

Redemption Profile (incl principal amortisation and PIK)¹



1. Worked on calendar year. Tranche A debt of €440 million is an amortising loan with a maturity date of 2013

eircom - CORPORATE DEBT STRUCTURE AT 30 SEP 2009

Facility	Amount (EUR m)	Maturity	Repayment	Margin (bps)
Tranche A	440 ¹	Sep 2013	Amortising	E + 175
Tranche B	1,231	Sep 2014	Bullet	E + 187.5
Tranche C	1,231	Sep 2015	Bullet	E + 212.5
Total First Lien Debt	2,902			
Second Lien Debt	350	Mar 2016	Bullet	E + 425
Total Senior Debt	3,252			
Floating Rate Notes	350	Sep 2016	Bullet	E + 500
Total Cash Pay Debt	3,602			
PIK Notes ²	571	Feb 2017	Bullet	E + 700
Total Debt	4,173			
Cash	(217)			
Net Debt	3,956			

All debt is non-recourse.

1 Initial draw down €650 million

2 Includes capitalised interest on initial face value of €425 million

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