

# Babcock & Brown Capital Interim Results to 31 December 2008

**27 February 2009**

# CONTENTS

1. HY09 Financial Results

2. Strategic Update

3. Investments

- eircom
- Golden Pages

4. Questions

# KEY RESULT DRIVERS

- Operating performance of assets impacted by deteriorating global economic conditions
- A\$1,423 million significant non cash impairment of goodwill in eircom
- Impairment impact exacerbated by accounting treatment
- A\$119 million non cash loss on reclassification of the Golden Pages investment as a non-current asset held for sale

# BCM CORPORATE BALANCE SHEET

<b>Babcock &amp; Brown Capital Corporate Position</b>	<b>At 31 Dec 08</b>
	<b>A\$m</b>
BCM Cash	301.2
Other Liquid Assets	23.8
<b>Liquid Assets</b>	<b>325.0</b>
Derivative Assets	6.1
Other Assets (Inc Tax)	2.2
	<b>333.3</b>
Trade & Other Payables	3.1
Derivative Liabilities	43.0
Other Liabilities (Inc Tax)	2.3
<b>Net Assets</b>	<b>284.9</b>

# HY09 BCM CONSOLIDATED FINANCIAL RESULTS

Consolidated Financial Performance	Half Year ended 31 Dec 08 A\$m	Half Year ended 31 Dec 07 A\$m	% Change
<b>Revenue</b>	<b>1,960.1</b>	<b>1,784.1</b>	<b>9.9%</b>
<b>EBITDA</b>			
eircom	627.3	646.2	(2.9)%
Golden Pages <sup>1</sup>	13.8	9.7	42.3%
Corporate	2.7	6.8	(60.3)%
	<b>643.8<sup>2</sup></b>	<b>662.7<sup>3</sup></b>	<b>(2.9)%</b>
<b>EBIT</b>	<b>278.4</b>	<b>336.4</b>	<b>17.1%</b>
MASTCO business sale	-	130.6	NM
Net Finance Costs	(313.4)	(275.7)	13.6%
Impairment of Goodwill (eircom)	(1,422.6)	-	NM
Net operating loss of disposal group held for sale (GP)	(119.1)	-	NM
<b>Earnings before tax</b>	<b>(1,743.4)</b>	<b>(191.3)</b>	<b>NM</b>
Income tax expense/(benefit)	(19.2)	(27.7)	(30.9)%
<b>Profit/(loss) from ordinary activities after tax</b>	<b>(1,762.6)</b>	<b>(163.6)</b>	<b>NM</b>
(Profit)/loss attributable to minority interests	335.2	(70.9)	NM
<b>Profit/(loss) for the year attributable to BCM</b>	<b>(1,427.4)</b>	<b>92.7</b>	<b>NM</b>
<b>Earnings/(losses) per share</b>	<b>(850.1) cents</b>	<b>46.4 cents</b>	<b>NM</b>

NM: Comparison to prior year period is not meaningful

<sup>1</sup> Golden Pages consolidated from 31 July 2007

<sup>2</sup> Excluding restructuring, depreciation & amortisation, net finance costs and associated gains

<sup>3</sup> Including MAST sale but excluding restructuring, depreciation & amortisation, net finance costs and associated gains



## HY09 CONSOLIDATED FINANCIALS – EIRCOM

eircom Consolidated Financial Performance EUR: AUD 0.5507	HY09 eircom 100% €m	HY08 eircom 100% €m	HY09 BCM Interest 57.1% A\$m	HY08 BCM Interest 57.1% A\$m
Fixed Line revenue	790.1	817.8	819.2	758.0
Mobile revenue	239.6	216.3	248.4	200.5
Consolidated Adjustments (intercompany transfers)				
<b>Total Revenue</b>	<b>1,029.7</b>	<b>1,034.1</b>	<b>1,067.7</b>	<b>958.5</b>
Operating Cost (before restructuring costs)	(688.0)	(680.0)	(713.4)	(630.3)
<b>EBITDA<sup>1</sup></b>	<b>341.7</b>	<b>354.1</b>	<b>354.3</b>	<b>328.2</b>
Other income/(expense)	(3.1)	44.0	(3.2)	41.1
<b>Adjusted EBITDA</b>	<b>344.8</b>	<b>398.1</b>	<b>357.5</b>	<b>369.3</b>
Depreciation & Amortisation – eircom	(198.2)	(198.4)	(205.5)	(183.9)
Impairment of goodwill	(720.1)	-	(746.6)	-
<b>EBIT</b>	<b>(573.5)</b>	<b>199.7</b>	<b>(594.6)</b>	<b>185.4</b>
Net finance costs	(218.0)	(138.0)	(226.0)	(127.9)
PIK finance costs	(31.0)	(26.9)	(32.1)	(25.0)
<b>Operating profit/(loss) before tax</b>	<b>(822.5)</b>	<b>34.8</b>	<b>(852.8)</b>	<b>32.5</b>
Income tax expense	(7.9)	(15.5)	(8.2)	(14.3)
<b>Net profit/(loss) after tax</b>	<b>(830.4)</b>	<b>19.3</b>	<b>(861.0)</b>	<b>18.2</b>
<b>eircom Masts sale (Dec 07) recognition</b>	<b>-</b>	<b>78.3</b>	<b>-</b>	<b>74.2</b>
<b>Net profit/(loss) after tax, including masts (Jun 08)</b>	<b>(830.4)</b>	<b>97.6</b>	<b>(861.0)</b>	<b>92.4</b>

<sup>1</sup> eircom EBITDA for the period was €342 million, compared to €333 million in BCM Ireland Finance Limited's ("BCMIF") accounts produced for bondholders. The difference of €9 million consists of: fair value adjustments excluded by BCM (€4 million), management fee (€5 million).

# HY09 CONSOLIDATED FINANCIALS – GOLDEN PAGES

Consolidated Financial Performance YTD (12 months) AUD:NIS 2.8342	31 Dec 2008 NIS'm	31 Dec 2007 NIS'm	31 Dec 2008 A\$m	31 Dec 2007 A\$m
<b>Net Revenue</b>				
Print	160.1	181.7	56.5	52.6
Online	56.6	41.3	20.0	12.0
Local Search & Information Businesses	113.2	86.0	39.9	25.0
<b>Consolidated Net Revenue</b>	<b>329.9</b>	<b>309.0</b>	<b>116.4</b>	<b>89.6</b>
<b>EBITDA</b>				
Print	38.7	59.0	13.7	17.1
Online	11.2	6.2	3.9	1.8
Local Search & Information Businesses	30.0	24.7	10.6	7.2
<b>Consolidated EBITDA (pre transaction costs)</b>	<b>79.9</b>	<b>89.9</b>	<b>28.2</b>	<b>26.1</b>

Golden Pages was purchased on 31 July 2007  
Dun & Bradstreet, Michatnim and Weekend which were purchased during 2007

# HY09 BCM CONSOLIDATED BALANCE SHEET

Babcock & Brown Capital Group Position	At 31 Dec 08 A\$m	At 30 June08 A\$m	At 30 Dec 07 A\$m
Cash – Investment level (eircom & GP)	579.1	610.7	588.3
Cash – BCM level	301.2	355.2	430.2
Receivables	763.7	868.2	865.7
Property, Plant & Equipment	4,350.6	3,551.7	3,615.4
Intangible assets	4,799.5	5,402.2	5,494.0
Other assets (including deferred tax assets)	55.0	357.0	353.2
<b>Total Assets</b>	<b>11,242.3</b>	<b>11,145.0</b>	<b>11,346.8</b>
Payable and accruals	1,555.5	1,349.4	1,363.9
Provisions	544.9	523.6	549.1
Borrowings (refer slide 27 & 34)	8,408.5	7,289.2	7,338.1
Other liabilities	1,274.5	700.1	745.7
<b>Total Liabilities</b>	<b>11,783.4</b>	<b>9,862.3</b>	<b>9,996.8</b>
<b>Net Assets</b>	<b>(541.1)</b>	<b>1,282.7</b>	<b>1,350.0</b>
Minority Interests	-	345.2	313.1
<b>Net Assets attributable to BCM members</b>	<b>(541.1)</b>	<b>937.5</b>	<b>1,036.9</b>
<b>Net (Liability)/Asset Value</b>	<b>(\$3.22)</b>	<b>\$5.32*</b>	<b>\$5.19</b>

\* A\$5.32 excludes impact of the buy-back

EUR:AUD 0.4919

# HY09 FINANCIAL RESULTS COMMENTARY

<b>eircom Operations</b>	<ul style="list-style-type: none"> <li>• Revenue from operations of €1,030 million, in line with corresponding six months ended Dec 2007</li> <li>• EBITDA (pre management fee and fair value adjustments) for six months of €342 million, 4% lower than prior year</li> <li>• €720 million impairment of goodwill</li> </ul>
<b>Golden Pages Operations</b>	<ul style="list-style-type: none"> <li>• Revenue for 12 months from operations of NIS 329.9 million, 6.8% increase on pcp</li> <li>• EBITDA for 12 months of NIS 80 million vs NIS 90 million on pcp</li> <li>• NIS 119.1 million loss on reclassification as non-current asset held for sale</li> </ul>
<b>Corporate</b>	<ul style="list-style-type: none"> <li>• Available liquid assets at 31 December 2008 of A\$325 million</li> <li>• A\$101 million proposed return to shareholders; leaving</li> <li>• A\$224 million liquid assets at BCM level for existing investments             <ul style="list-style-type: none"> <li>– Impacted by accounts receivable, the close out of currency hedges and amounts due under potential management termination arrangement</li> </ul> </li> <li>• Cash of A\$301 million held either on hand or in short-term deposits with quality credit rated Australian financial institutions</li> </ul>
<b>BCM Consolidated Financial Position</b>	<ul style="list-style-type: none"> <li>• Consolidated Net (liability)/asset value per share at 31 December 2008 was (A\$3.22) vs A\$5.19 at 31 December 2007 and A\$5.58 at 30 June 2008 reflecting the reduction in carrying values of eircom and Golden Pages</li> </ul>

# CONTENTS

1. HY09 Financial Results

2. Strategic Update

3. Investments

- eircom
- Golden Pages

4. Questions

# STRATEGIC OBJECTIVES

1

- Secure ongoing experienced management team for BCM
  - CEO appointment
  - Management internalisation update

2

- Focus on extracting value for BCM shareholders from existing investments

3

- Return available capital to BCM shareholders
  - Retain prudent level of cash resources

# MANAGEMENT TEAM

<b>BCM CEO &amp; Executive Director</b>	<p><b>Appointment</b></p> <ul style="list-style-type: none"><li>• Andrew Day has been appointed as CEO and Executive Director of BCM</li><li>• Employed directly by BCM</li><li>• Located initially in London – geographically close to BCM’s principal investment</li></ul> <p><b>Experience</b></p> <ul style="list-style-type: none"><li>• Andrew Day has extensive telecommunications and print/online media experience</li><li>• 25 years with Telstra, including 6 years as CEO of Sensis</li><li>• CEO and Chairman of Truvo Services B.V, a cross European local directories and search company</li></ul> <p><b>Key Terms</b></p> <ul style="list-style-type: none"><li>• Employed for fixed term of two years ending in February, 2011</li><li>• Summary of key terms and conditions have been disclosed to ASX</li></ul>
<b>eircom CEO</b>	<ul style="list-style-type: none"><li>• Rex Comb announced on 28 January 2009 that he would step down as CEO of eircom</li><li>• Search for replacement underway</li></ul>

# INTERNALISATION

- Discussions with Babcock & Brown to terminate the existing BCM management agreement continue in good faith
- Any agreement with regards to internalisation likely to require the approval of:
  - Babcock & Brown banking syndicate
  - BCM shareholders
- Delays in agreeing the terms of internalisation driven by impact of impairment (refer following slide)
  - Impairment directly impacts NAV, and therefore management fees payable to Babcock & Brown
- Discussions expected to be completed in due course now that impairment numbers are known
  - BCM Directors will consider the opinion of Independent Expert, KPMG, before making a final recommendation to BCM shareholders

## HY09 INVESTMENT CARRYING VALUE

<b>eircom</b>	<ul style="list-style-type: none"> <li>• Goodwill impairment non cash charge of A\$1,422.6 million in the consolidated accounts that reduces the carrying value of eircom in BCM's balance sheet to zero</li> </ul> <p><b>Factors negatively impacting eircom valuation:</b></p> <ul style="list-style-type: none"> <li>• Change in discount valuations</li> <li>• Economic condition in Ireland and financial markets</li> <li>• Fall in the market value of the assets held in the principal pension scheme of eircom</li> </ul>
<b>Golden Pages</b>	<ul style="list-style-type: none"> <li>• Non cash loss of A\$119.1 million on reclassification as non-current asset held for sale reducing carrying value to A\$11.1 million.</li> </ul> <p><b>Rationale</b></p> <ul style="list-style-type: none"> <li>• Reclassified as current asset due to potential sale</li> <li>• Carried at fair market value</li> </ul> <p><b>Factors negatively impacting Golden Pages valuation:</b></p> <ul style="list-style-type: none"> <li>• Deterioration in comparable company valuations</li> <li>• Economic conditions and financial markets</li> </ul> <p><b>Implication on debt covenants:</b></p> <ul style="list-style-type: none"> <li>• Loss booked in local accounts likely to breach bondholder covenant pertaining to the maintenance of a minimum threshold of equity which is reduced by non-cash impairments to goodwill</li> <li>• Discussions with bondholders regarding balance sheet covenants have commenced</li> </ul>
<b>Cash</b>	<ul style="list-style-type: none"> <li>• Cash reserves of A\$301 million at 31 December 2008</li> <li>• A\$101 million allocated to shareholder capital return</li> </ul>

# BCM REVIEW PROCESS

Ongoing review process focussed on maximising the value of BCM and its investments

<b>Golden Pages</b>	<ul style="list-style-type: none"><li>• Impact of impairment charges on Golden Pages debt covenants has accelerated disposal timetable<ul style="list-style-type: none"><li>– discussions have commenced with bondholders who are generally supportive of process</li></ul></li><li>• Shareholder feedback consistent with non-recourse nature of investment that there be no further capital injection</li><li>• Discussions continuing with several parties regarding a disposal of Golden Pages</li></ul>
<b>BCM / eircom</b>	<ul style="list-style-type: none"><li>• BCM Board has received several proposals expressing interest in the potential acquisition of BCM</li><li>• Directors willing to engage on a proposal that is in the best interests of all shareholders<ul style="list-style-type: none"><li>– to date, proposals at or near BCM cash backing have not been considered sufficiently attractive to pursue</li><li>– an attractive proposal would need to reflect appropriate value for BCM's controlling stake in eircom</li></ul></li><li>• Directors of BCM continue to assess alternative strategies to maximise the value of eircom holding</li></ul>

# CAPITAL MANAGEMENT INITIATIVES

<b>Cash Return</b>	<ul style="list-style-type: none"><li>• A\$100.7 million (60 cents per share) capital return subject to EGM on 27 February 2009</li></ul>
<b>Cash Position</b>	<ul style="list-style-type: none"><li>• Currently A\$301 million BCM cash balance</li></ul>
<b>Investment Reserves</b>	<ul style="list-style-type: none"><li>• Retention of cash reserves of approximately A\$201 million at BCM level for existing investments (will be impacted by accounts receivable, the close out of currency hedges and amounts due under any management termination arrangement)</li><li>• Board continues to assess prudent level of reserves to be allocated to the existing investments to take into account the current economic environment and the challenging financial markets</li><li>• Board will review BCM's level of cash reserves and cash requirements once Golden Pages investment is realised and the full year results are finalised</li><li>• In the event the Board determines it appropriate to return further capital relevant approvals will be sought</li></ul>

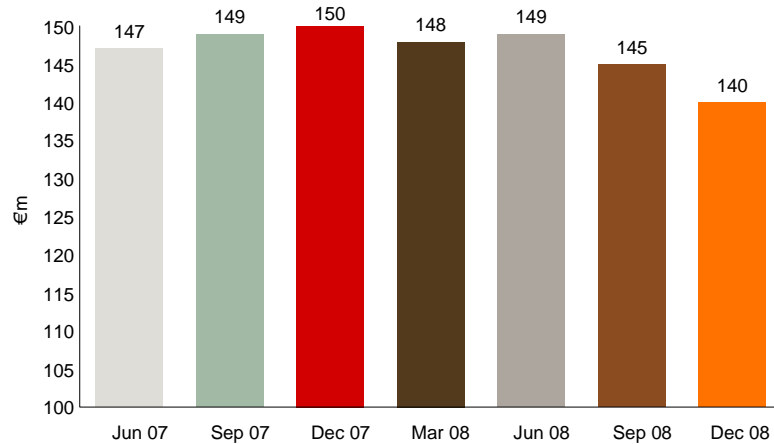
# CONTENTS

1. HY09 Financial Results
2. Strategic Update
3. Investments
  - eircom
  - Golden Pages
4. Questions

# EIRCUM – INVESTMENT SCORECARD

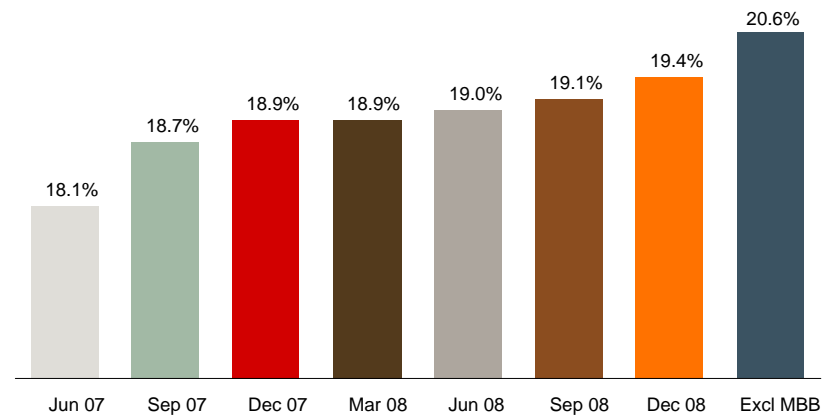
## FIXED LINE – Actual EBITDA<sup>1</sup> per quarter

KPI: Maintain Fixed Line EBITDA



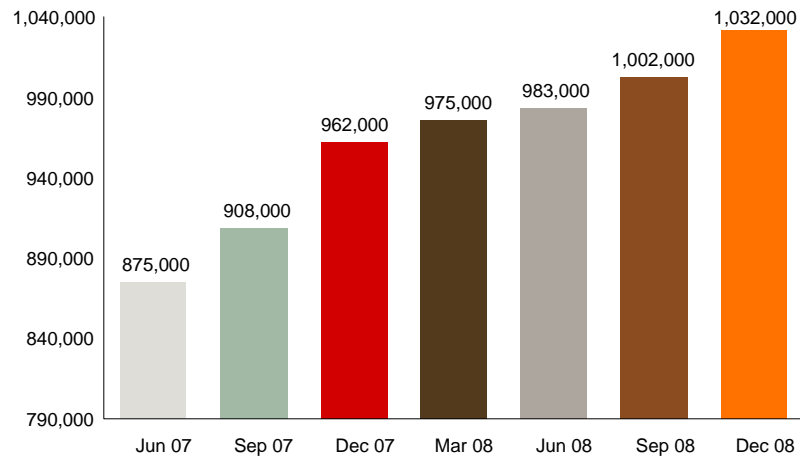
## MOBILE – Actual Subscriber Market Share per quarter<sup>2</sup>

KPI: Attain historical European average 3rd player market share of 20%<sup>4</sup>



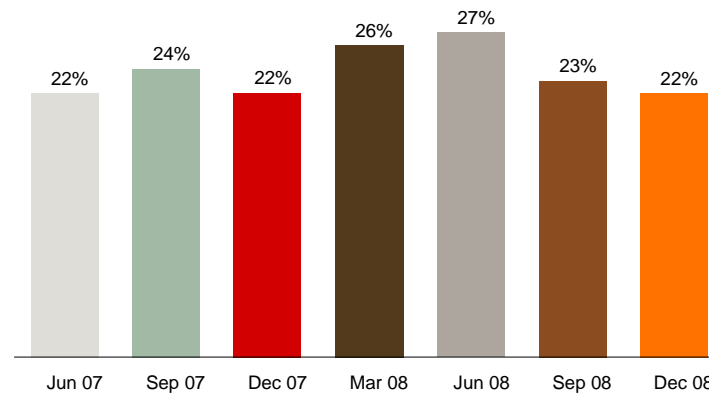
## MOBILE – Actual Subscribers per quarter<sup>2</sup>

KPI: Grow mobile phone subscribers



## MOBILE – Actual EBITDA Margin % per quarter<sup>3</sup>

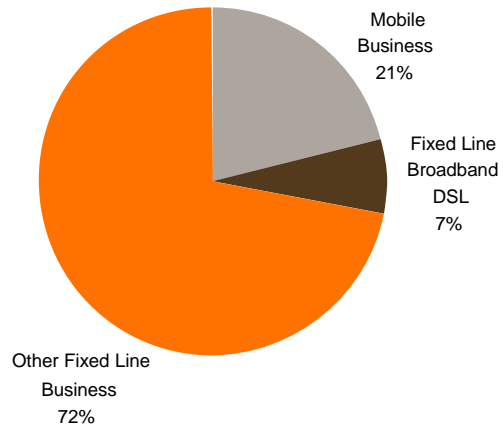
KPI: Attain historical European average 3rd player EBITDA margin of 30%<sup>4</sup>



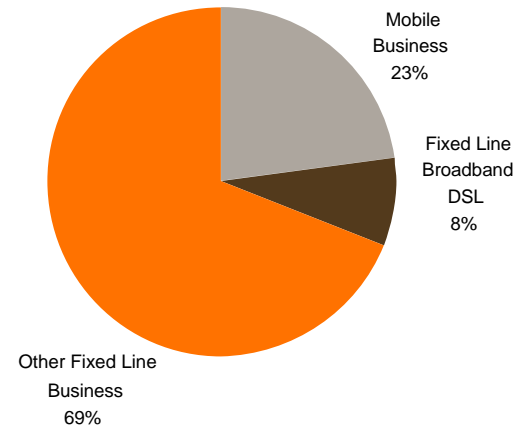
1 Pre: MASTCo sale, management fee, fair value adjustments and restructuring costs and management incentive costs  
 2 Source: ComReg quarterly reports and company estimates. December 2007 number has been adjusted to include mobile broadband estimates  
 3 Before management incentive costs  
 4 JP Morgan

# EIRCOM – REVENUE & EBITDA SEGMENTATION

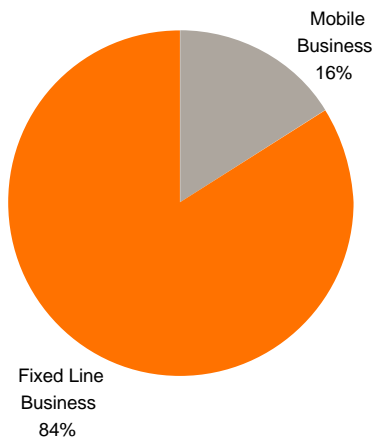
Revenue 31 December 2007



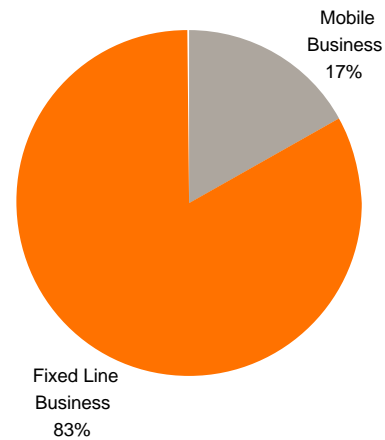
Revenue 31 December 2008



EBITDA 31 December 2007



EBITDA 31 December 2008

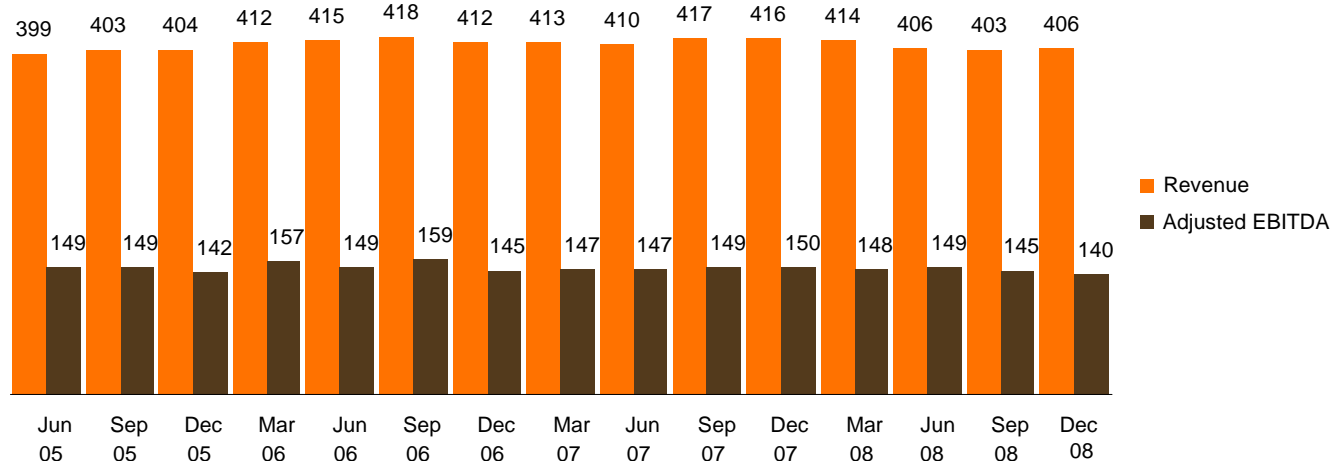


# EIRCOM – FIXED LINE

- EBITDA<sup>1</sup> of €285 million for the six months, a 5% decrease on prior corresponding period due to deteriorating economic conditions and continued voice substitution from fixed line to mobile
- New bundled packages launched in October beginning to have positive impact
- Revenue of €809 million a 3% decrease on prior corresponding period attributed to pressure on voice and data traffic
- Win back for the six months at 58% vs 91% at 30 December 2007 due to increased competitor activity, particularly in broadband
- Increased focus on cost control across the group
- 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 EBITDA<sup>1</sup>

(June 05 to Dec 08)



Source: eircom annual and interim reports

1 Pre: MASTCo sale, management fee, fair value adjustments and restructuring costs and management incentive costs

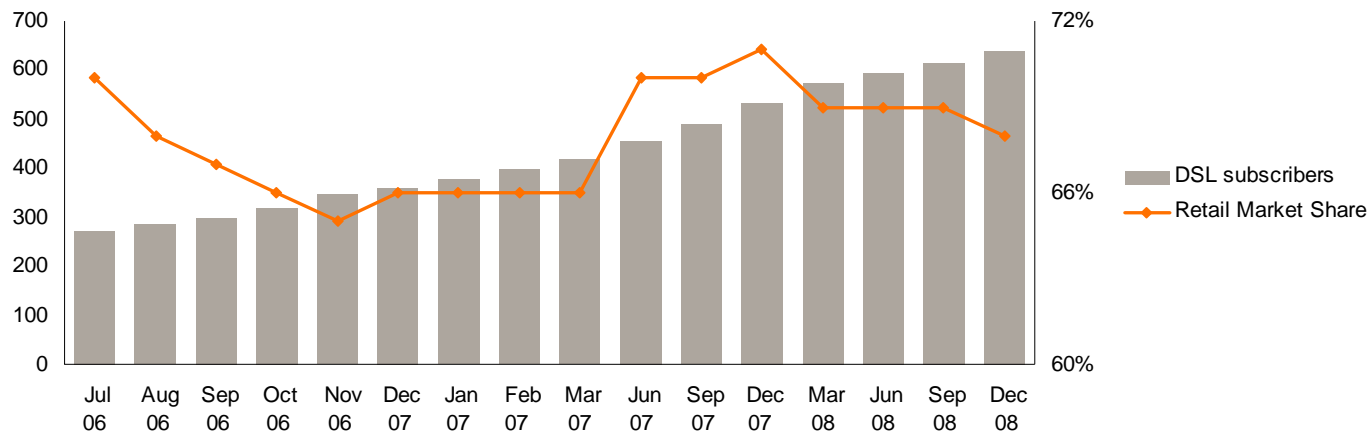
# EIRCOM – FIXED LINE (continued)

## Broadband

- Broadband revenues of €86 million for the six months, up almost 20% on the prior year off growing subscriber base
- Rate of growth has slowed somewhat as a result of increased competition from mobile broadband
- New bundled packages launched in October beginning to have positive impact in counteracting competitive pressures
- Broadband rollout – a total of almost 690 exchange sites enabled as at 31 December 2008, connecting more than 1.4m lines pre-qualifying for broadband
- 46,000 net DSL customer adds during the six months resulting in 639,000 total subscribers at 31 December 2008 a 20% increase year on year as rollout of broadband continues
- eircom has a retail share of total DSL market (retail, bitstream, LLU) of 68% and total broadband market share (both Wholesale and Retail and excluding LLU) of 55%<sup>1</sup>

<sup>1</sup> Including mobile broadband

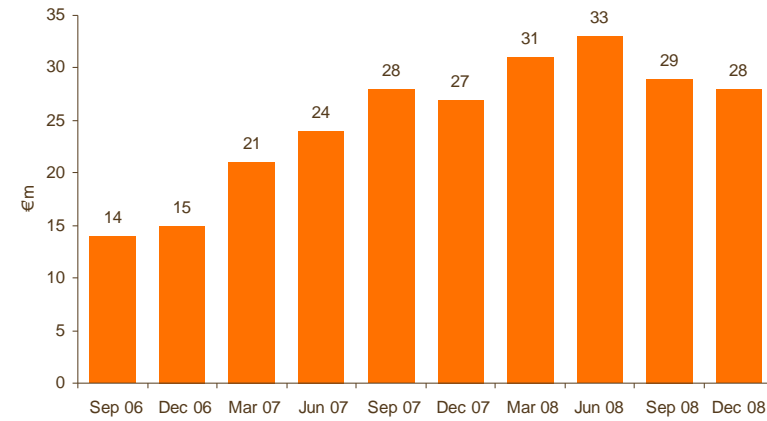
## DSL Market Trends



# EIRCOM – METEOR

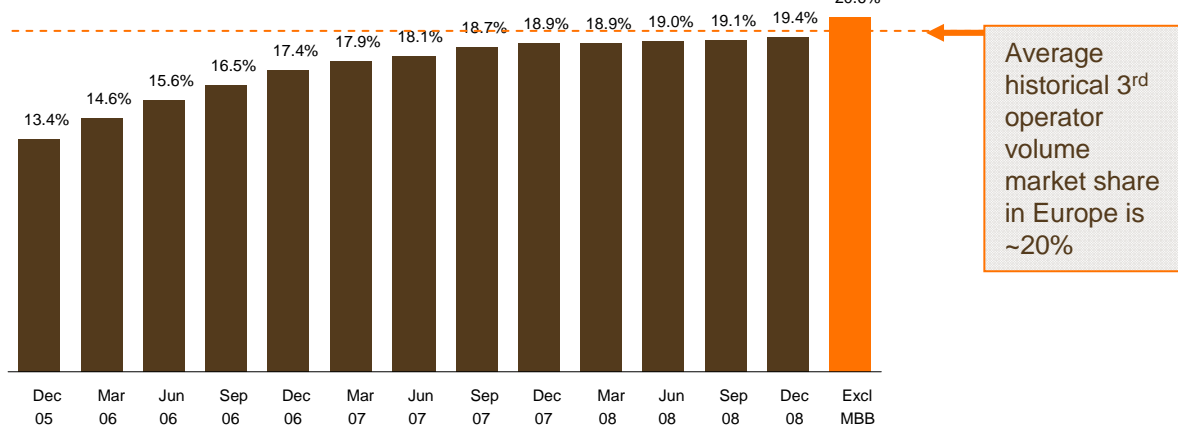
- EBITDA<sup>1</sup> of €57million for the six months, a €3m or 5% increase year on year. EBITDA for the December quarter steady on September quarter.
- Revenue of €255 million for the six months up 7% on prior year largely due to:
  - Increase in Meteor market share to 19.4% from 18.9% in Dec 2007 and slightly above 19.1% in Sept 2008<sup>2</sup> (market share excluding mobile broadband is over 20%)
  - Irish mobile market penetration rate at 124% from 120% at the end of Jun 08 quarter<sup>3</sup>
  - increasing penetration levels – subscriber market increased by c8% in the year to Dec 2008, with the group taking c27% of net adds<sup>4</sup>
- Slower growth rate in Irish mobile market attributed to:
  - slowing economy
  - High existing levels of penetration

## EBITDA



1 Pre management incentive costs  
 2 Source: ComReg quarterly reports and company estimates  
 3 Management estimates and ComReg Quarterly report Dec 2008 – position as at Sept 2008  
 4 Management estimate

## Meteor Subscriber Market Share



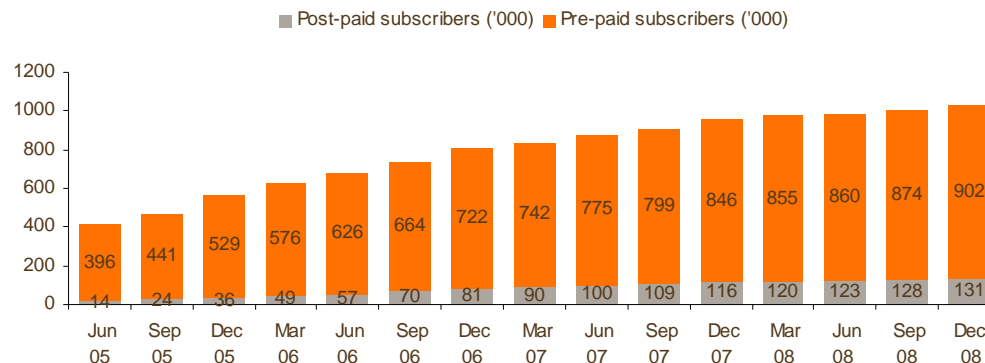
## Key market share drivers

- Value positioning
- Strong distribution
- Effective marketing



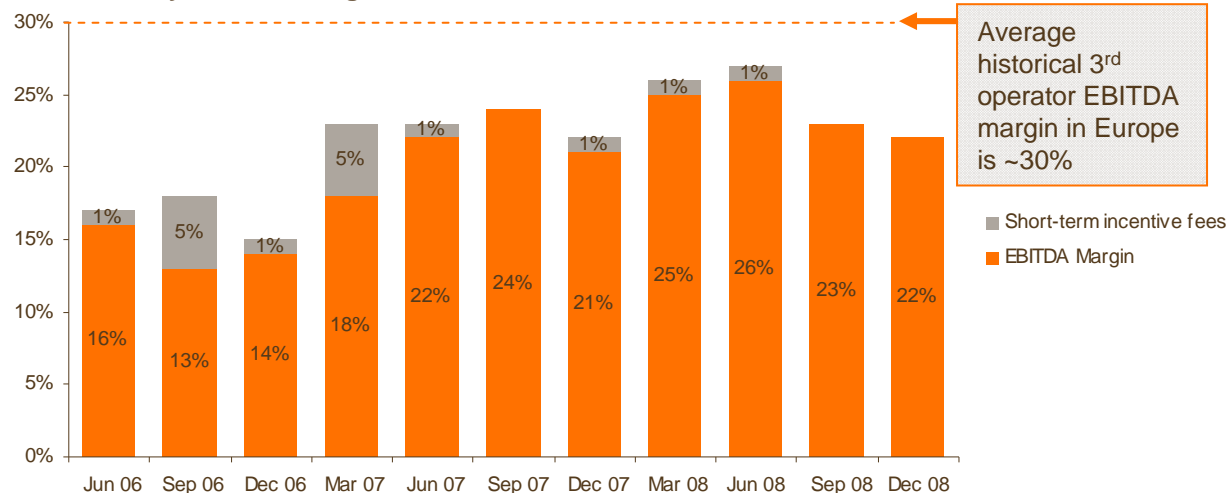
# EIRCOM – METEOR (continued)

- EBITDA margin for the December quarter 22% down from 23% in the December 2007 quarter due to increased cost of customer acquisition and retention including additional marketing spend
- 7% increase in the number of net subscribers from 962,000 to 1,032,000 year on year
  - post-paid increased to 13% of the total base (Dec 2007 – 12%)
- Blended monthly ARPU of €38.54 – a 5% decrease on Dec 2007 due to lower Mobile Termination Rates and increased promotions



Source: eircom management results

## Quarterly EBITDA Margin



Source: eircom management results, JPMorgan for average 3rd operator margin  
\* incentive fee costs are highlighted separately

## Key value drivers

- Value positioning
- Strong distribution
- Distinctive marketing
- Network enhancement; launch of 3G in March 2009
- Protect ARPU while growing market share (ARPU €38.54 v. €40 a year ago)
- Compelling new offerings launched

# EIRCOM – CAPITAL EXPENDITURE

- €197 million cash spend (including Tetra: €11 million) during the six months to 31 December 2008, equating to 24% of revenue being invested in capital expenditure vs €157 million cash spend during the pcp (19% of revenue)
- First half of third year of planned increased CAPEX program (more than €1 billion over 3 years), after which will trend back to below €300 million per annum
- Fixed line capex expenditure predominantly relates to:
  - DSL rollout
  - Upgrade to next generation core and renewal of access network
- Mobile capex expenditure predominantly relates to:
  - 3G network rollout

# EIRCOM – KEY OPERATIONAL UPDATES

## Mobile

3G	<ul style="list-style-type: none"> <li>Achieved 33% 3G population coverage in September 2008, moving towards 53% coverage by September 2009</li> <li>Commercial launch scheduled for first week in March 2009</li> </ul>
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## Broadband

Broadband Rollout	<ul style="list-style-type: none"> <li>Extended broadband rollout plan underway – 686 sites enabled as at 31 December 2008, connecting more than 1.4 million lines pre-qualifying for broadband</li> <li>Speed upgrades being rolled out</li> <li>Broadband penetration in Ireland, including mobile broadband now estimated at ~28.5% (Company estimate)</li> </ul>
National Broadband Scheme	<ul style="list-style-type: none"> <li>Government announced on 22 January 2009 that the contract for the National Broadband Scheme was awarded to 3 Ireland</li> <li>Minimal impact on cash and profits</li> </ul>

## Fixed Line

Voice	<ul style="list-style-type: none"> <li>Introduction of call set-up charges from 2 September 2008</li> <li>New bundled offerings from October 2008</li> </ul>
Tetra	<ul style="list-style-type: none"> <li>Dublin network rollout near completion. On track to go live in March 2009</li> </ul>

## Regulatory

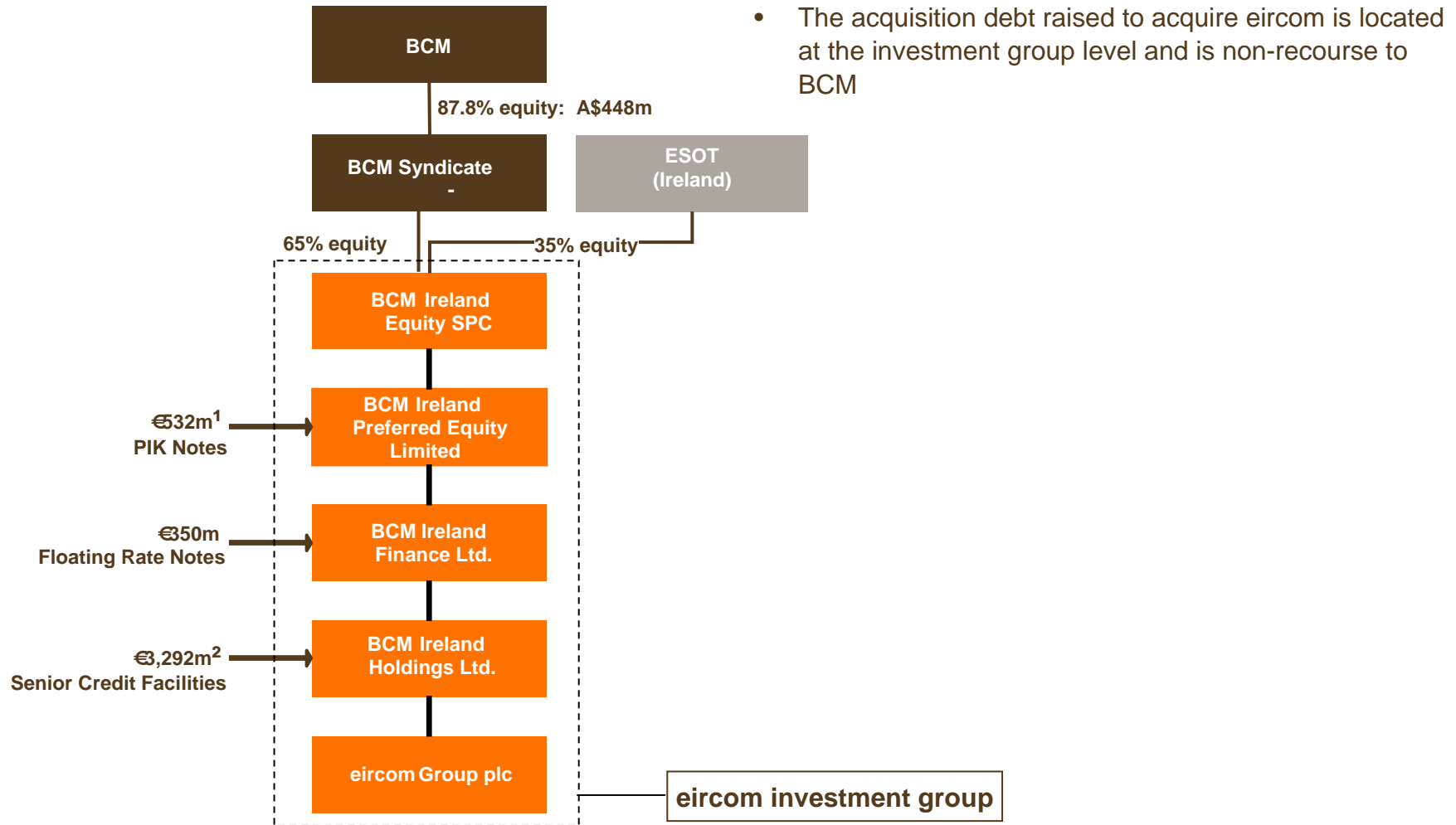
Line Shares	<ul style="list-style-type: none"> <li>ComReg set aside its decision to reduce monthly rental to €2.94 in August 2008, leaving monthly line rental at €8.41</li> <li>ComReg issued new Draft Decision on 23 December 2008 proposing to reduce monthly price to €0.75</li> <li>Final decision expected in second quarter 2009</li> </ul>
LLU	<ul style="list-style-type: none"> <li>ComReg conducting review of current €16.43 price per month; intended to be completed by November 2008, however has been delayed and any revised pricing only likely to be proposed in second quarter of 2009</li> </ul>
Bundling	<ul style="list-style-type: none"> <li>ComReg has not concluded consultation on regulated products in bundles but recent ruling against eircom re Talktime broadband bundles</li> <li>eircom will respond</li> </ul>

# EIRCOM – KEY UPDATES

## General

Restructuring Program	<ul style="list-style-type: none"><li>• Target of 900 leavers by 2009/10 to be increased</li><li>• All elements of cost being reviewed</li></ul>
Goodwill Impairment	<ul style="list-style-type: none"><li>• €720 million recognised in BCMIF accounts for goodwill impairment as a result of deteriorating economic conditions and pension deficit</li></ul>
Pension Fund	<ul style="list-style-type: none"><li>• IAS 19 pension deficit of €433 million at the end of December 2008</li></ul>

# EIRCOM - CORPORATE DEBT STRUCTURE



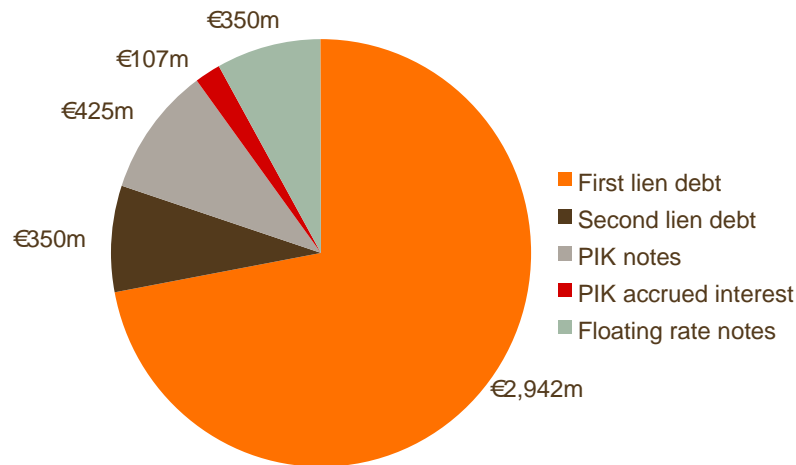
- The acquisition debt raised to acquire eircom is located at the investment group level and is non-recourse to BCM

<sup>1</sup> Includes capitalised interest

<sup>2</sup> A total of €208m loan principal repaid to end of December 2008, including €111m repaid in November re annual cash sweep. Initial draw down €3,500m.

# EIRCOM – CORPORATE DEBT PROFILE AT 31 DEC 2008

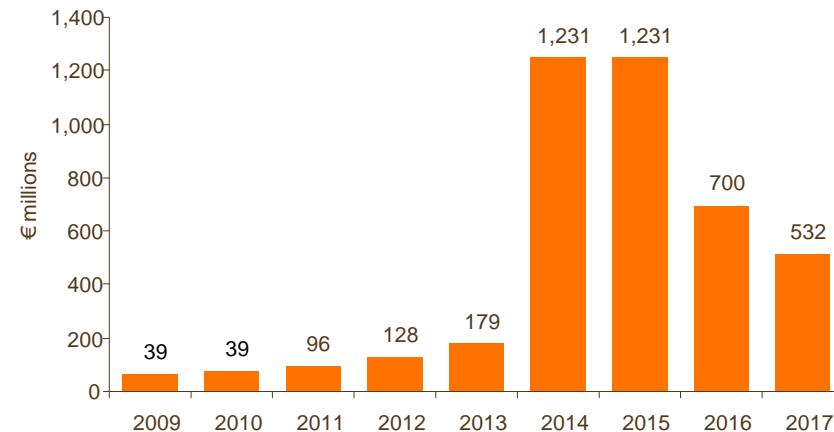
## Facility



- All eircom debt is non-recourse to BCM
- Bulk of debt repayable from September 2014
- eircom's weighted average cost of cash pay debt is ~6.1%
- eircom continues to meet its quarterly covenants
- Internalisation does not cause a change of control in eircom debt

- eircom has total cash-pay debt of €3.6 billion
- PIK notes of €425m with €107m accrued interest issued on new notes
- eircom has cash of €285m at 31 December 2008, after payment of €111m in annual cash sweep in November
- eircom has a c. €110m revolving credit facility available to draw on
- Interest rate swaps in place for over €3bn (~80% of total cash pay debt) with ~80% hedged for the next three years which reduces to ~60% in year four

## Redemption Profile (incl principal amortisation)<sup>1</sup>



<sup>1</sup> Worked on calendar year, before impact of prepayment in November. Tranche A debt of €480m is an amortising loan with a maturity date of 2013

Includes PIK debt value as at December 2008



# EIRCOM - CORPORATE DEBT STRUCTURE AT 31 DEC 2008

Facility	Amount (EUR m)	Maturity	Repayment	Margin (bps)
Tranche A	480 <sup>1</sup>	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
<b>Total First Lien Debt</b>	<b>2,942</b>			
Second Lien Debt	350	Mar 2016	Bullet	E + 425
<b>Total Senior Debt</b>	<b>3,292</b>			
Floating Rate Notes	350	Sep 2016	Bullet	E + 500
<b>Total Cash Pay Debt</b>	<b>3,642</b>			
PIK Notes <sup>2</sup>	532	Feb 2017	Bullet	E + 700
<b>Total Debt</b>	<b>4,174</b>			
Cash	(285)			
<b>Net Debt</b>	<b>3,889</b>			

All debt is non-recourse.

1 Initial draw down €650 million

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

# CONTENTS

1. HY09 Financial Results
2. Strategic Update
3. Investments
  - eircom
  - Golden Pages
4. Questions

# GOLDEN PAGES – STRATEGIC UPDATE

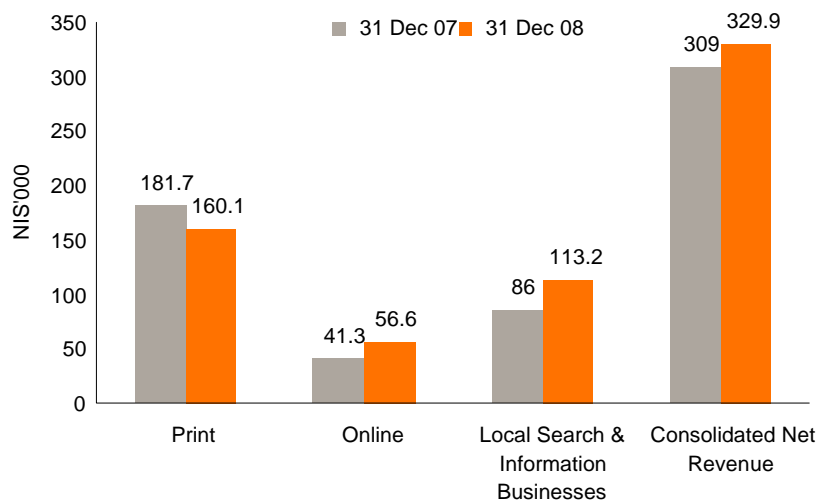
<b>Valuation</b>	<ul style="list-style-type: none"><li>• A\$119 million loss on reclassification of the Golden Pages investment as a non-current asset held for sale</li></ul>
<b>Sale Process</b>	<ul style="list-style-type: none"><li>• Impact of impairment charges on Golden Pages debt covenants has accelerated disposal timetable<ul style="list-style-type: none"><li>– discussions have commenced with bondholders who are generally supportive of process</li></ul></li><li>• Shareholder feedback consistent with non-recourse nature of investment that there be no further capital injection</li><li>• Discussions continuing with several parties regarding a disposal of GPM</li></ul>
<b>Bondholders</b>	<ul style="list-style-type: none"><li>• Loss booked in local accounts likely to breach bondholder covenant pertaining to the maintenance of a minimum threshold of equity which is reduced by non-cash impairments to goodwill</li><li>• Discussions with bondholders regarding balance sheet covenants have commenced</li></ul>

# GOLDEN PAGES – OPERATIONAL UPDATE (12 MONTHS)

## Net Revenue

6.8% increase in consolidated net revenue<sup>1</sup>

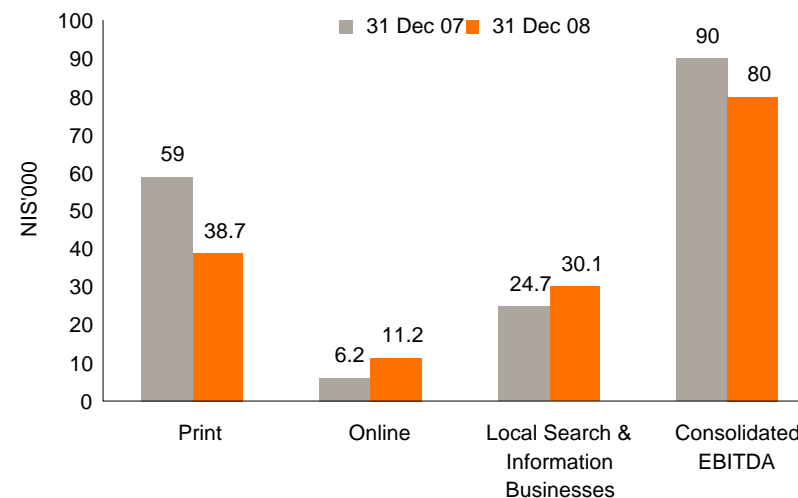
- The decline in print revenue offset by increase in online revenue
- Local Search & Information businesses continued to grow year on year but this is expected to be impacted by a slow down in the economy.



## EBITDA

11% decrease in consolidated EBITDA

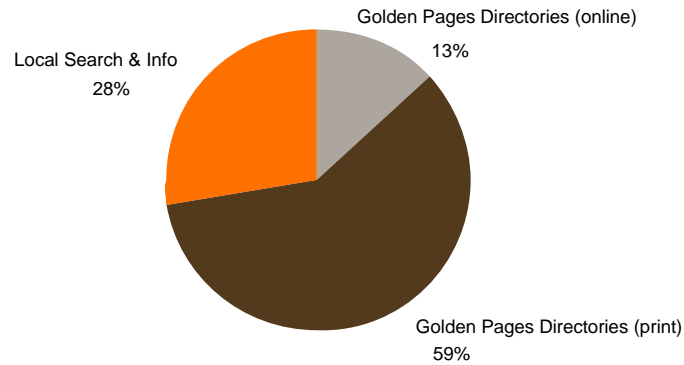
- 81% increase in Online EBITDA and 22% increase in Local Search & Information Businesses partly offsetting the decline in Print EBITDA
- Decline in Print EBITDA in December quarter sharper than expected due to adverse economic conditions



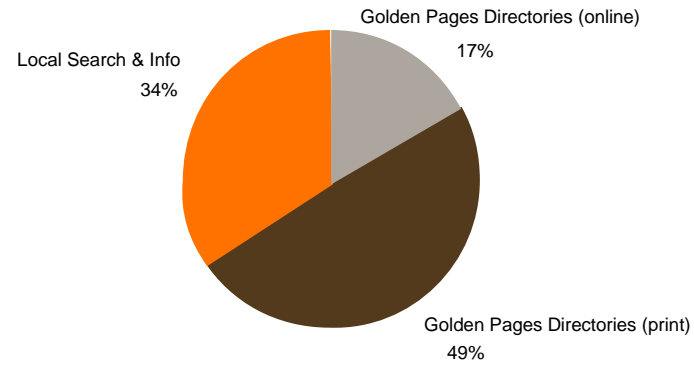
<sup>1</sup> Michatnim, Weekend and Doctors businesses acquired in September 2007

# GOLDEN PAGES – REVENUE & EBITDA SEGMENTATION

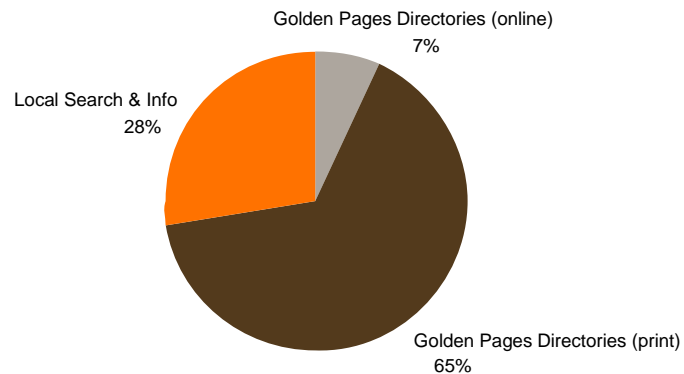
Revenue 31 December 2007



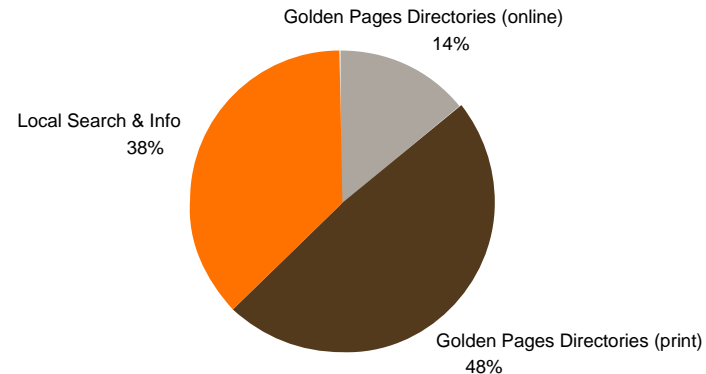
Revenue 31 December 2008



EBITDA 31 December 2007

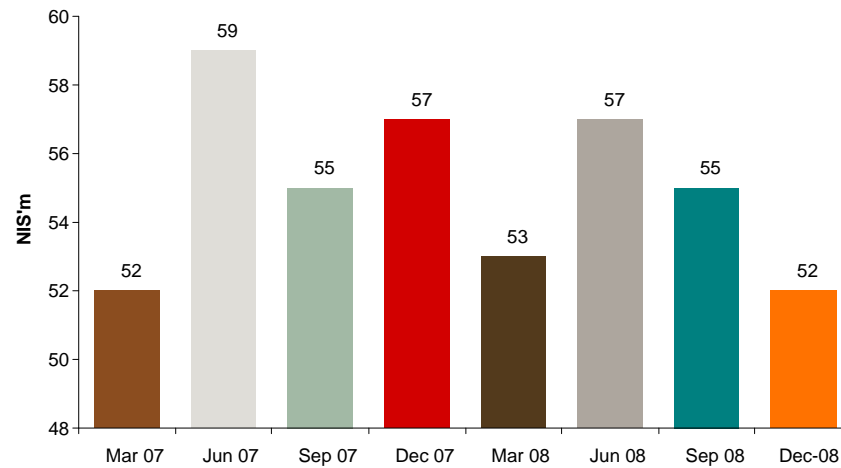


EBITDA 31 December 2008

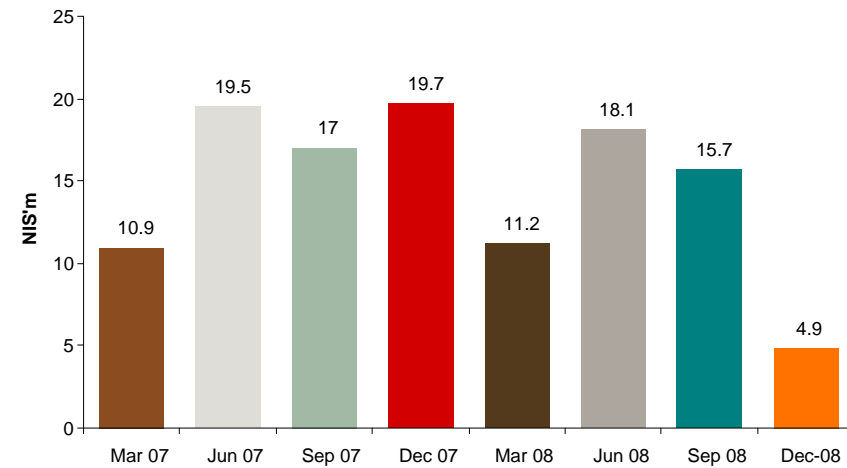


# GOLDEN PAGES – PRINT & ONLINE QUARTERLY INVESTMENT SCORECARD

Net Revenue per quarter



EBITDA per quarter



- Revenue for December 2008 quarter NIS 52 million vs December 2007 quarter of NIS 57 million
- Revenue and EBITDA affected by deteriorating economy
- EBITDA for December quarter impacted by poor print performance and higher online marketing costs

# GOLDEN PAGES – CORPORATE DEBT STRUCTURE AT 31 DEC 2008

Capital	Sec 08 (NIS'm)	Maturity	Repayment	Interest Rate (%) <sup>1</sup>
Bank Facility	168.8	Feb 2015 <sup>3</sup>	Partial Bullet	WRI+1.85% (eff 6.15) <sup>2</sup>
<b>Bank Debt</b>	<b>168.8</b>			
Bond	349.4	Apr 2019	Amortising from 2010	5.65 <sup>4</sup>
<b>Total Debt</b>	<b>518.2</b>			
Credit Line C (Currently undrawn)	150	Up to Feb 2015	Bullet	WRI+1.85% (eff 6.00) <sup>2</sup>

All debt is non-recourse. All debt is held within the GPM Group

1 Fixed Rate Facilities and bond, CPI linked

2 Rates set using 3 month MAKAM (@ 4.15%) on 20 February 2008

3. Three year grace, 50% Bullet loan

4. Margin reduction of 0.65% on listing, potential 0.5% margin increase if rating decreased due to refinancing

# CONTENTS

1. HY09 Financial Results
2. Strategic Update
3. Investments
  - eircom
  - Golden Pages
4. Questions

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