



UNITI

## ASX ANNOUNCEMENT (UWL)

### Appendix 4C Release – Quarter to 30 September 2019

- 45% increase in like-for-like Net Operating Cash Flow on prior quarter
- Free Cash Flow representing more than 54% of underlying EBITDA
- Bolstered cash reserves to \$27.6m

**22 October 2019:** Uniti Group Limited (ASX: UWL) (“Company”) is pleased to provide an overview of the September 2019 quarter cash flow and cash position, reflected in its Appendix 4C, released today, which accompanies this announcement.

#### Highlights:

- Positive net operating cash flow of \$1,072k in the September quarter, after excluding one off restructuring costs, a 45% increase on the prior quarter, on a like for like basis
- Free cash flow (Operating Cash Flow less Capital Expenditure) was greater than 54% of September quarter underlying EBITDA, illustrating UWL’s strong cash conversion credentials and disciplined capital expenditure
- The acquisitions of Fone Dynamics, Call Dynamics and Pivit each contributed positively to the operating cash flows in the September quarter, with each performing at or above management forecast levels
- The transformational LBNCo acquisition ([LBNCo Announcement](#)), completed on 30 September 2019, has not yet contributed to UWL operating cash flows but will do so commencing 1 October 2019
- An oversubscribed placement of new UWL shares together with a strongly supported non-renounceable rights issue was completed in the September quarter, raising \$100.2m (less costs) at \$1.20 per new share issued. The funds raised were applied principally to finance the cash component of the LBNCo acquisition (net cash paid of \$89.1m) plus transaction related expenses
- Surplus funds from the above capital raising were added to UWL’s cash reserves, to enable it to continue to actively pursue its inorganic growth strategy, via acquisition of businesses which align with the Company’s stated “three pillars” strategy, across wireless, fibre and specialty telco services
- The Company ended the September quarter with \$27.6m in cash, providing additional capacity to pursue its growth agenda

#### Summary

As it commenced the December 2019 quarter, UWL is in the enviable position of generating strong and growing Net Operating Cash Flows. With the addition of LBNCo, earnings and free cash generation are forecast to further materially increase, based on a (pro-forma) forecast FY20 EBITDA increasing nearly three - fold from the \$6m run rate EBITDA at June 2019, to in excess of \$17m.

UWL’s growth-by-acquisition agenda remains active, with the Company announcing on 11 October 2019 that it had entered a binding agreement to acquire the third largest operator in the private fibre networks market, OPENetworks ([OPENetworks Acquisition Announcement](#)), subject to certain standard conditions precedent being satisfied on or around 31 October 2019.

- ENDS -



## **ADDITIONAL INFORMATION**

For further information, contact as below:

Peter Wildy – Company Secretary

P - 0438 809 644

E – [investors@unitiwireless.com](mailto:investors@unitiwireless.com)

W – <https://investors.unitiwireless.com/>

## **ABOUT UWL**

UWL is a diversified provider of telecommunications services, specialising in fixed-wireless, fibre and specialty telecommunications services. These are the ‘three pillars’ of strategic growth identified by UWL.

UWL listed on the Australian Securities Exchange in February 2019 with a stated strategy of becoming a leading provider of niche telecommunications services, via both organic growth and inorganic mergers and acquisitions. UWL has brought together an experienced Board and Executive team, to support the identification, execution and integration of the sizeable pool of identified opportunities, across the three growth pillars.

At the core of UWL is a commitment to deliver high quality, diversified telecommunications products and services to its customers, in order to produce strong and growing returns to shareholders.

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Uniti Group Limited

**ABN**

73 158 957 889

**Quarter ended ("current quarter")**

September 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (..3..months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	8,044	8,044
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(4,485)	(4,485)
(c) advertising and marketing	(173)	(173)
(d) leased assets	-	-
(e) staff costs	(1,708)	(1,708)
(f) administration and corporate costs	(553)	(553)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(53)	(53)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,072</b>	<b>1,072</b>

--

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(279)	(279)
	(b) businesses (see item 10)	(89,085)	(89,085)
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	(95)	(95)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property		
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(89,459)</b>	<b>(89,459)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	100,180	100,180
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(2,918)	(2,918)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings and leases	(407)	(407)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>96,855</b>	<b>96,855</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	19,157	19,157
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,072	1,072
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(89,459)	(89,459)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	96,855	96,855
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>27,625</b>	<b>27,625</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,574	895
5.2	Call deposits	23,400	18,236
5.3	Bank overdrafts	-	-
5.4	Other (restricted cash)	1,651	26
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>27,625</b>	<b>19,157</b>

Note 5.4: Restricted cash is cash used as security for Bank Guarantees issued.

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	181
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Item 6.1 above includes payments to both Non-Executive (\$65.6k) and Executive Directors (\$115.5).

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	2,279	2,279
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
South Australian Financing Authority - \$2,279k outstanding as at 30 <sup>th</sup> September 2019, secured by way of general security deed. Interest rate 2.57% pa payable on the drawn down amount. Quarterly repayments during the four year loan term, maturing on the 15 <sup>th</sup> July 2022.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(3,725)
9.3 Advertising and marketing	(195)
9.4 Leased assets	-
9.5 Staff costs	(3,250)
9.6 Administration and corporate costs	(715)
9.7 Other (provide details if material)	(3,395)
<b>9.8 Total estimated cash outflows</b>	<b>(11,280)</b>

Note 9: UWL has consistent and regular quarterly income from existing customers of \$10,730,000. Items 9.1 to 9.6 add to \$7,885,000, resulting in \$2,845,000 normalised net operating cash flow. Item 9.2 includes intercompany costs eliminated as a result of the LBNC Co acquisition. Item 9.7 – Other - includes Loan repayments, Capital Expenditure, Acquisition Costs and other financing repayments and investing payments to provide a Total estimated cash outflow for the period.

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions \$A'000	Disposals \$A'000
10.1	Name of entity	LBNCo Holdings Pty Ltd and Subsidiary entities	
10.2	Place of incorporation or registration	NSW	
10.3	Consideration for acquisition or disposal	89,085	
10.4	Total net assets	31,513	
10.5	Nature of business	Private Fibre Network owners	

Note 10: Included in the above consideration is cash consideration. The total purchase price of \$100.3m includes shares issued to the value of \$11.2m and net cash paid of \$89.1m. LBNCo Holdings Pty Ltd was acquired on 30 September 2019.

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....  ..... Date: ...22<sup>nd</sup> October 2019.....  
Company secretary

Print name: Peter Wildy.....

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.