ASX ANNOUNCEMENT (UWL)
FY22 Half Year Results
Record result; Platform primed for growth

- H1 FY22 EBITDA(u) $70.5M, up 140% on PcP ($29.3M)
- CY21 EBITDA(u) of $135M, circa 30% increase on CY20 (proforma) delivered through organic growth with no acquisitions in CY21.
- 51,000 new contracted FTTP premises added in H1 FY22
- 115,000 new contracted FTTP premises added in CY21 Increasing contracted/in construction premises to ~292,000 at half year end. At time of announcing acquisition in June 2020, OptiComm had ~150,000 contracted lots.
- Recurring revenue now > 90% of Total Revenue. No change in revenue model albeit construction revenue increasingly less material as long-term, recurring annuity revenue dominates.
- Increased growth capex in H1 FY22, reflecting expanding new premises construction activity. Maintenance capex is minimal at ~$0.6M. Post capex FCF remains extremely strong @ 56% of EBITDA(u).
- EBITDA(u) margins materially expanded in the period to 64% of revenue, via growing demand for higher speed services & scalable operating costs. Demand for higher broadband speeds and operating leverage mitigate future inflationary impacts.
- Net Leverage further reduced to ~1.2 times annualised H1 FY22 EBITDA(u)

22 February 2022: Uniti Group Limited (ASX: UWL) ("Company", "Uniti", "UWL") is pleased to announce its half year results for the financial period ended 31 December 2021 ("H1 FY22").

The tables below provide a summary of Uniti's key financial performance metrics. The table compares H1 FY22 performance with the prior corresponding period ("PcP") (H1 FY21):

H1 FY22 vs H1 FY21

A$m (unless otherwise specified)	H1 FY22	H1 FY21	Movement	%
Revenue[1]	$109.5	$55.2	$54.3	↑ 98%
EBITDA(u)[2]	$70.5	$29.3	$41.2	↑ 140%
Operating Cash Flow[3]	$65.4	$28.4	$37.0	↑ 130%
Free Cash Flow[4]	$39.5	$20.1	$19.4	↑ 97%
FTTP Contracted "Order Book" (@ end of period, # premises	292.2k	202.2k	90.0k	↑ 44%
Net Debt (@ end of period)	$171.8	$255.7	($83.9)	↓ (33%)
Leverage (Net Debt/EBITDA @ end of period)[5]	1.22X	4.36X	(3.14X)	N/A

The 12 months ended 31 December 2021 (CY21) was a period during which Uniti did not undertake any company or asset acquisitions and focused on the integration of the OptiComm and Velocity acquisitions completed in late 2020 and on the simplification of the business. The integration is complete and positions Uniti for continued and accelerated growth beyond CY21. The CY21 EBITDA(u) was $135M which was circa 30% higher than pro forma CY20 EBITDA(u) highlighting the exceptional wholly organic growth delivered.

RECORD EARNINGS: Uniti again delivered record earnings H1 FY22, with EBITDA(u) of $70.5M, an increase of 140% from $29.3M in the PcP and up ~10% on the six months ending 30 June 2021. The earnings growth in H1 FY22 was achieved even though construction revenue was ~$5M lower than the previous half year as a result of Australian east coast Covid lockdowns delaying completion of construction, mainly in the last 3 months of the second half of 2021. This is a deferral of construction revenue to future periods. Uniti's property developer partners remain committed to their development pipelines (with several being expanded), with continuing strong residential buyer demand and population growth expected to return to pre-Covid levels in FY23 and beyond driven by net overseas migration.

[1] Revenue for H1 FY22 is net of intercompany revenue eliminations of $14.2m
[2] EBITDA(u) excludes shared based payments, acquisition and restructuring costs, and dividends received from Uniti's acquired interest in OptiComm shares prior to the completion of the Scheme of Arrangement to acquire OptiComm and its controlled entities
[3] Operating Cash (receipts from customers less payments to suppliers and employees), before tax, dividend and interest
[4] Operating Cash Flow less capex
[5] Leverage ratio calculation: Net Debt over annualised EBITDA

EXCEPTIONAL ORGANIC GROWTH: Strong organic earnings growth evidenced by a 30% increase in EBITDA(u) in CY21 to $135M, as compared with CY20 (proforma). No acquisitions were made by Uniti in CY21 as Uniti focused on the effective integration of businesses and assets acquired in CY20, coupled with a material step-up in organically generated growth, most apparent in the 'win rate' of new FTTP developments and securing strategic partnerships with several leading developers of multi-dwelling apartments (MDU's) and broadacre housing developments. Evidence of Uniti's organic growth is the 115,000 new FTTP premises contracted in CY21, bringing the total contracted order book to 292,000 at 31 December 2021, compared to the total OptiComm contracted order book at the time its acquisition was announced by Uniti in June 2020 of ~ 150,000 premises.

EXPANDING MARGINS / INFLATION PROTECTION: EBITDA(u) margin further expanded in H1 FY22, to 64% of revenue. This continued margin expansion is driven by strong operating leverage from Uniti's modest and stable fixed cost base, higher active premises and the growing demand for higher speed, higher priced FTTP broadband services. This operating leverage and expanding average revenue per user (ARPU) provides Uniti with strong protection against macro-economic inflationary pressures.

STRONG FREE CASHFLOW / MORE GROWTH CAPEX: Uniti has continued to generate exceptional Free Cash Flow (Operating Cash Flow less capital expenditure, FCF) equating to 56% of EBITDA(u), notwithstanding an increase in growth-related capex in H1 FY22, driven by Uniti's investment in backhaul networks, establishing head-ends at new developments, preparing for the Velocity network upgrade and connecting new premises to Uniti's exclusive FTTP network. Maintenance capex remains modest at ~$0.6M in H1 FY22.

LOW & FALLING LEVERAGE: Strong FCF of $39.5M in the period, again enabled Uniti to significantly reduce its Net Debt and, in turn, Net Leverage. Net Debt reduced by $36.5M to $172M in the six months to 31 December 2021. Coupled with the growth in EBITDA(u), Net Leverage reduced to 1.2 times annualised H1 FY22 EBITDA(u) in the period. This strong and sustainable Free Cash Flow generation and rapidly falling Net Leverage saw Uniti announce and set-up the ability to undertake an on-market Share Buy-Back (SBB) program which is yet to commence.

DIGITAL INFRASTRUCTURE DOMINATING: Uniti's core Wholesale, Enterprise and Infrastructure ("WEI", previously "W&I") digital infrastructure & technology business built upon its dominance of Uniti's earnings, accounting for approximately 95% of H1 FY22 EBITDA(u), before corporate overhead expenses. This dominance is forecast to continue to grow over both the near and longer term, as a result of the continued expansion of the contracted & in-construction Fibre-to-the-Premises ("FTTP") 'order book' in the six months to 31 December 2021, increasing from 250,000 to 292,000, net of the premises connected during the period, an expansion of ~17% in the half. This takes Uniti's combined premises (connected, "ready-to-connect", contracted/in-construction and Telstra Velocity premises) to ~ 618,000, up from ~565,000 at 30 June 2021.

RETAIL BUSINESS DELIVERING: Uniti's retail telecommunications business unit, Consumer & Small Business" (C&SB, formerly C&B) continued to grow its customer base and earnings in H1 FY22, contributing ~$4M EBITDA(u), strong Free Cash Flow and increasingly focusing its sales and marketing activities on Uniti's "on-net" FTTP developments, helping to drive greater penetration on owned network assets.

Michael Simmons, Uniti Group MD & CEO, said of the H1 FY22 results:

"Our commitment to our shareholders is to build a strong, sustainable company. We are doing that by continuing to win in market, building best-in-class fibre access networks and filling those networks with customers – 'Win, Build, Fill' remains our core strategy.

Our results for the first half of FY22 again illustrate the exceptional platform we have built, delivering high growth from purely organic endeavours, whilst expanding margins, building our operating leverage as we increase the number of active premises, providing protection against macro inflationary pressures.

Well over 90% of our earnings are now generated from high margin, recurring, annuity revenues which are delivered predominantly on our owned super-fast FTTP networks, and this ratio will continue to expand as our contracted FTTP order book of nearly 300,000 premises deploys over the years ahead.

With integration and simplification largely completed in 2021, Uniti is now primed for continued organic growth in greenfields and adjacent property markets and inorganic growth through asset acquisitions aligned to our core infrastructure business."

Webcast

Michael Simmons and Darryl Inns (CFO) will host a webcast for investors at 10am (AEST) today. To pre-register for the webcast please go to Uniti Group Webcast Registration page.

This announcement is approved for release by the Board of Directors.

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About Uniti Group

Uniti Group Limited (ASX: UWL) ('Uniti') is a core technology infrastructure constructor, owner and operator of predominantly fibre cable networks and associated technology to provide diversified telecommunications products and services. Uniti Group (ASX: UWL) is Australia's second largest (after the government-owned NBN) constructor, owner and operator of privileged fibre-to-the-premises ("FTTP") digital infrastructure, and associated technology to provide diversified telecommunications products and services.

At the core of Uniti Group is a commitment to deliver high-quality, high-speed telecommunications networks and associated services to its customers and, in turn, produce strongly growing, long term annuity earnings and, in turn, exceptional, compounding returns to its shareholders.

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