

# ASX ANNOUNCEMENT (UWL)

## Appendix 4C Release – Quarter Ended 31 March 2020

- 217% increase in like-for-like Net Operating Cash Flow on prior quarter
- 754% increase in Free Cash Flow on prior quarter
- Free Cash Flow exceeds 72% of Net Operating Cashflow
- Annualised run-rate EBITDA as at 31 March 2020 tracking above forecast
- March 2020 quarter saw record net growth of FTTP connections in W&I division
- Above-forecast quarterly performance in all three UWL business units ('pillars')
- Cash reserves increased by 12% on prior quarter to \$37.7m

**23 April 2020:** Uniti Group Limited (ASX: UWL) ("Company") is pleased to provide an overview of its March 2020 quarter cash flow and cash position, as reflected in the Appendix 4C which accompanies this announcement.

### Highlights:

- Record positive Net Operating Cash Flow of \$7.9M in the March quarter, a 217% increase on the prior quarter, on a like for like basis
- Free Cash Flow (Net Operating Cash Flow less Capital Expenditure) of \$5.7M, an increase of 754% on the prior quarter, illustrating the strong cash generation credentials of all three business units (or 'pillars').
- Free Cash Flow increased to 72% of Net Operating Cashflow, up from 27% in the prior quarter, placing UWL amongst the strongest sector performers in terms of cash conversion.
- Growth-related capital expenditure in the Wholesale & Infrastructure business unit was \$2.2M, in line with forecasts, due to another active period of fibre network deployments and an amount of contingency infrastructure inventory purchasing, in light of COVID-19. Pleasingly, no supply chain issues have arisen or are currently anticipated.
- The strong operating performance of the Company during the period is evidenced by the March 2020 run-rate EBITDA (excluding one-off restructuring costs), annualised, tracking above internal forecasts which underpinned the upgraded FY20 EBITDA 'run-rate' guidance released on 17 February, which was upgraded again on 24 February and reaffirmed on 20 March 2020.
- All three UWL business units performed above forecast in all key financial performance metrics in the March quarter, including revenue, earnings and cash collections.
- Increased levels of work-from-home, online learning and domestic internet consumption, due to restrictions associated with COVID-19, have strengthened underlying demand for the Company's superfast fibre-to-the-premises ("FTTP") services provided by its Wholesale and Infrastructure ("W&I") business unit, delivering record net new FTTP connections in March 2020.
- The Company ended the March quarter with \$37.7M in cash, an increase of 12% over the prior quarter, providing further financial capacity to pursue its aggressive growth agenda, both organically and via strategic acquisitions.



## **Summary:**

In the March 2020 quarter, the Company generated a 217% increase in Net Operating Cash Flows. The record level of Free Cash Flow, both in amount and as a percentage of Net Operating Cash Flow, demonstrates the combined strength of the three operating divisions that comprise the Company today.

The consolidation and integration of LBNC Co, OPENetworks and 1300 Australia acquired in the December 2019 quarter, was materially completed during the quarter, enabling the leaders of each business unit to continue their focus on building upon the strong organic growth delivered over recent months and for the Company to continue its pursuit of strategic acquisition opportunities with the benefit of its sizable, growing cash reserves and negligible debt.

The increase in earnings and cash flows in the March 2020 quarter reflect the quality of the businesses that were acquired during the prior quarter and sustained organic growth across the Company as a whole.

Finally, the Company is pleased to report that the measures it implemented in response to COVID-19 restrictions, including remote working for the majority of its team, have been effective, with no cases of the virus across its workforce having been identified and enabling its customers to continue to be supported essentially as per normal. UWL's field work force has continued to deploy its pipeline of in-construction FTTP networks, without interruption, observing recommended social distancing measures. The customer care operations of UWL are all based within Australia and there has been no interruption to these functions which continue to operate both remotely and from our office locations, applying recommended social distancing measures.

This announcement and the accompanying Appendix 4C are authorised for release by the UWL Board of Directors.

- ENDS -

## **ADDITIONAL INFORMATION**

For further information, contact as below:

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## ABOUT UNITI GROUP

Uniti Group (ASX: UWL) is a diversified provider of telecommunications services, with ‘three pillars’ of strategic growth; Wholesale & Infrastructure, Specialty Services, and Consumer & Business Enablement.

Uniti Group 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. The Company 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 Uniti Group is a commitment to deliver high quality, diversified telecommunications products and services to its customers, in order to produce strong and growing returns to its shareholders.



## Appendix 4C

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

**Name of entity**

Uniti Group Limited

**ABN**

73 158 957 889

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

31 March 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	15,834	41,313
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,733)	(11,623)
(c) advertising and marketing	(187)	(596)
(d) leased assets		
(e) staff costs	(4,093)	(11,545)
(f) administration and corporate costs	(1,851)	(6,030)
1.3 Dividends received (see note 3)		
1.4 Interest received	96	151
1.5 Interest and other costs of finance paid	(151)	(366)
1.6 Income taxes paid / refunded	-	246
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>7,915</b>	<b>11,550</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) businesses	-	(164,401)
(c) property, plant and equipment	(2,185)	(4,293)
(d) investments		
(e) intellectual property		
(f) other non-current assets	(1,130)	(2,700)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
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>(3,315)</b>	<b>(171,394)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds/(Costs) from issues of equity securities (excluding convertible debt securities)	(48)	185,030
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(5,395)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(454)	(1,254)
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>(501)</b>	<b>178,381</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 period	33,569	19,131
4.2	Net cash from / (used in) operating activities (item 1.9 above)	7,915	11,550
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,315)	(171,394)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(501)	178,381
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>37,668</b>	<b>37,668</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,657	3,729
5.2	Call deposits	31,360	28,189
5.3	Bank overdrafts		
5.4	Other (provide details)	1,651	1,651
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>37,668</b>	<b>33,569</b>

5.4 Other: includes Restricted Cash held for Bank Guarantees for the Group

**6. Payments to related parties of the entity and their associates**

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

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Note 6.1: Relates to payments made to Non-Executive and Executive Directors for salaries and fees for the quarter

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**7. Financing facilities**

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	1,911	1,911
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 <b>Total financing facilities</b>	1,911	1,911

**7.5 Unused financing facilities available at quarter end**

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

South Australia Financing Authority – \$1,911k outstanding as at 31 March 2020, secured by way of general security deed. Interest rate 2.57% per annum payable on the drawn down amount. Quarterly repayments during the four-year loan term, maturing on the 15<sup>th</sup> July 2022.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	7,915
8.2 Cash and cash equivalents at quarter end (Item 4.6)	37,668
8.3 Unused finance facilities available at quarter end (Item 7.5)	
8.4 Total available funding (Item 8.2 + Item 8.3)	37,668
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	Cashflow positive – n/a

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

**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.

Date: .....23 April 2020.....

Authorised by: .....By the Board.....  
(Name of body or officer authorising release – see note 4)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.