



UNITI

## ASX ANNOUNCEMENT (UWL)

### Appendix 4C Release – Quarter to 31 December 2019

- 254% increase in like-for-like Net Operating Cash Flow on prior quarter
- 148% increase in Free Cash Flow on prior quarter
- Annualised FY20 run-rate EBITDA as at Dec 2019 above stated \$32M (pro forma)
- Cash reserves increased by 22% on prior quarter to \$33.6M

**28 January 2020:** Uniti Group Limited (ASX: UWL) (“Company”) is pleased to provide an overview of its December 2019 quarter cash flow and cash position, as reflected in the Appendix 4C which accompanies this announcement.

#### Highlights:

- Positive Net Operating Cash Flow of \$3.8M in the December quarter, before \$1.3M of restructuring costs, a 254% increase on the prior quarter, on a like for like basis.
- Free Cash Flow (Net Operating Cash Flow less Capital Expenditure) increased by 148% on the prior quarter, illustrating the strong cash generation credentials of LBNCo, acquired on 30 September 2019, and OPENetworks and 1300 Australia (part-period contributions only), acquired by UWL in the December quarter.
- Growth-related capital expenditure in the Wholesale & Infrastructure business unit was higher than forecast in the December quarter, due to a particularly active period of fibre network deployments in contracted green-field developments.
- The acquisitions of LBN Co, OPENetworks and 1300 Australia contributed positively to Net Operating Cash Flow in the December quarter, with each performing at or above management forecast levels. Notably, the OPENetworks and 1300 Australia acquisitions were completed during the period and contributed to UWL’s operating cash flows for two months and one month, only, respectively.
- The strong operating performance of the consolidated UWL group during the period is evidenced by the December 2019 run-rate EBITDA (excluding the one-off restructuring costs noted above), annualised, being above the \$32M (pro-forma) FY20 EBITDA stated at UWL’s Investor Day on 4 December 2019.
- An oversubscribed placement and rights issue of new UWL shares was completed in the December quarter, raising \$85M (before costs) at \$1.62 per new share issued. The funds raised were applied principally to finance the cash component of the 1300 Australia acquisition (net cash paid of \$58M) and transaction-related expenses.
- Surplus funds from the December 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 strategic agenda.
- The Company ended the December quarter with \$33.6M in cash, an increase of 22% over the prior quarter, providing further financial capacity to pursue its aggressive growth agenda.

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### **Summary;**

In the December 2019 quarter, UWL generated a 254% increase in Net Operating Cash Flows, through its existing operations and from (only part-period) contributions from the new acquisitions completed during the quarter. The addition of LBNC Co, OPENetworks and 1300 Australia to the UWL Group has delivered a step-change in both operating cash flow and earnings. This, combined with its now larger and more diversified income streams, significant cash reserves and strong executive leadership team, places UWL in an enviable position to continue its current organic growth and growth-by-acquisition momentum in 2020.

UWL wishes to advise shareholders that its FY20 Half Year results are scheduled to be released on 24 February 2020.

The UWL Board of Directors approve this announcement and the accompanying Appendix 4C.

- ENDS -

### **ABOUT UWL**

UWL is a diversified provider of telecommunications services, with 'three pillars' of strategic growth; Wholesale & Infrastructure, Specialty Services, and Consumer & Business Enablement.

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 its shareholders.

### **ADDITIONAL INFORMATION**

For further information, contact as below:

Peter Wildy – Company Secretary

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## 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")**

December 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	13,709	21,753
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(4,586)	(9,071)
(c) advertising and marketing	(215)	(388)
(d) leased assets		
(e) staff costs	(5,073)	(6,781)
(f) administration and corporate costs	(1,476)	(2,029)
1.3 Dividends received (see note 3)		
1.4 Interest received	55	55
1.5 Interest and other costs of finance paid	(162)	(215)
1.6 Income taxes paid / refunded	246	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>2,498</b>	<b>3,570</b>
Note – staff costs shown at line 1.3(e) includes one-off redundancy costs of \$1.3 million.		
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) businesses	(75,416)	(164,501)
(c) property, plant and equipment	(1,829)	(2,108)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets	(1,323)	(1,418)
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>(78,568)</b>	<b>(168,027)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	84,898	185,078
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	(2,471)	(5,389)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(413)	(820)
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>82,014</b>	<b>178,869</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	27,625	19,157
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,498	3,570

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(78,568)	(168,027)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	82,014	178,869
4.5	Effect of movement in exchange rates on cash held		
4.6	<b>Cash and cash equivalents at end of period</b>	<b>33,569</b>	<b>33,569</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	3,729	2,574
5.2	Call deposits	28,189	23,400
5.3	Bank overdrafts		
5.4	Other (provide details)	1,651	1,651
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>33,569</b>	<b>27,625</b>

5.4 Other: includes Restricted Cash held for Bank Guarantees of 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	192
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

**Current quarter  
\$A'000**

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	2,095	2,095
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 <b>Total financing facilities</b>		

**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.

Borrowing from South Australia Financing Authority – \$2,095k outstanding as at 31 December 2019, 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)	2,498
8.2 Cash and cash equivalents at quarter end (Item 4.6)	33,569
8.3 Unused finance facilities available at quarter end (Item 7.5)	
8.4 Total available funding (Item 8.2 + Item 8.3)	33,569
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:

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**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: .....28 January 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.