



ASX ANNOUNCEMENT (UWL)

Acquisition of Pivit Private Fibre Customer Base UWL Strategic Growth Pillars Explained

- *Adding scale to core private fibre retail business unit*
- *Forecast to be 20% EPS accretive in FY2020.*
- *Explanation of the three pillars of strategic growth*

15 April 2019: Uniti Wireless Limited (“ASX:UWL”), consistent with its stated intent to achieve growth both organically and by targeted acquisitions, today announces that it has executed binding agreements to acquire the customer base of Pivit Pty Ltd (“Pivit”).

Details of the transaction are provided below. Additionally, UWL takes this opportunity to clarify the three ‘pillars’ of strategic growth being actively pursued by UWL, consistent with its stated purpose of focusing on the delivery of premium telecommunications products to selected niche markets (refer UWL Prospectus, January 2019).

Details of the Pivit Acquisition

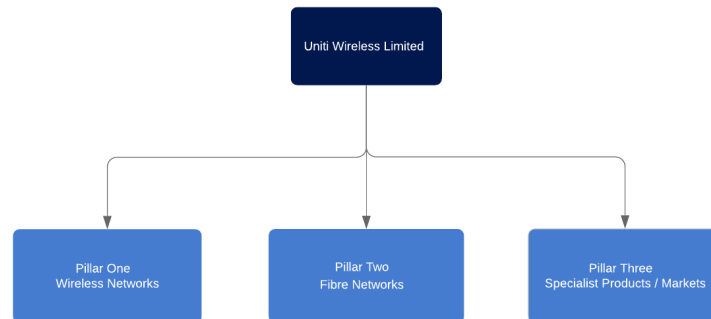
Pivit is an established provider of retail broadband services in privately fibred multi-dwelling residential developments. UWL will acquire the customer bases at 4 locations and will add directly to the Fuzenet business acquired by UWL in February 2019. Key ingredients of the transactions are as follows;

- Acquisition consideration of approximately \$450,000, inclusive of all customer assets, brand and associated intellectual property.
- Consideration payable in cash, to be settled in agreed instalments, commencing upon migration of the Pivit customers and concluding 150 days following execution of binding transaction agreements.
- Approximately 2000 customers acquired, adding to UWL’s expanding private fibre customer portfolio.
- It is expected that all Pivit customers will be migrated by the end of FY19.
- All acquired customers will be fully interconnected to UWL’s established wholesale partner network, with negligible associated overhead, thus delivering a material earnings contribution to UWL.
- In light of the high speed, quality core network and limited competition, there is expected to be negligible churn / customer attrition associated with the acquired customers.
- The Pivit acquisition is expected to deliver UWL shareholders with Earnings Per Share (EPS) accretion of greater than 20% in FY2020.
- Transaction completion, subject to satisfaction of customary conditions precedent, is anticipated to be on or before 30 April 2019.



UWL Strategic Growth Pillars

UWL has a goal to become a leading provider of telecommunications products/services to selected niche markets. UWL has identified scalable, profitable and growing opportunities in a number of these niches, captured within three defined categories or ‘pillars’, illustrated and further explained below:



Wireless Networks (Pillar 1 – “Wireless”) is the UWL business unit dedicated to investing in wireless infrastructure or selectively reselling existing and emerging wireless networks (where economic to do so), to deliver high speed broadband and data connectivity services, as a high-quality alternative to NBN and other fixed-line options. Substantial scope for growth exists in Wireless, both organically and through acquisition.

The Fuzenet acquisition has provided a pathway for UWL to more than triple its roof-top/tower presence and considerably expand its national fixed wireless infrastructure. UWL is continuing to actively pursue further expansion of UWL’s fixed wireless footprint.

Technology evolution is enabling UWL to consider investment in alternative wireless infrastructure and business models leveraging continued expansion of the Wireless business of UWL. The continued growth of the Fibre Networks customer base will also support a migration to Wireless, principally for lower margin NBN customers.

Wireless acquisition targets are numerous, spanning multiple geographies, servicing both residential and business/corporate markets.

Fibre Networks (Pillar 2 – “Fibre”) was recently added through the Fuzenet acquisition, which principally resells private fibre networks operating as an alternative to NBN. This growing NBN-alternative market, covering both high density and broad-acre residential estates, is one which UWL is intending to build scale and expertise in marketing to and supporting customers in these communities. Greater penetration into both existing and new non-NBN communities is expected to come both organically and through selective acquisitions of other retail service providers.

UWL will resell NBN on a selective basis, as a default network alternative, whilst the profit margins on NBN resale remain lower than UWL’s higher margin on-net and off-net services. UWL considers growth in NBN resold services, both organically and inorganically, presents opportunities to invest in alternative networks to enhance profitability.



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Specialist Products & Markets (Pillar 3 – “SPM”) is a broadly defined strategic pillar, focusing on expanding the UWL product/service/market niche offerings into areas which complement Pillars 1 & 2, by enabling multi-product penetration with customers, whilst also expanding geographies and customer segments.

Building out the SPM pillar is expected to come largely via acquisition of ‘beachheads’ in identified, profitable, growing telecommunications businesses, which are highly cash generative. In addition to providing growth and delivering returns to shareholders, the strong free cash flow credentials of these businesses is expected to support UWL’s investment in alternative networks, most particularly in Wireless.

Focus areas for SPM include specialist service offerings for business/corporate markets, such as Software Defined Wide Area Networks (“SDWAN”), Session Initiation Protocol (“SIP”) alternative voice services, hosted voice offerings, inbound voice services (13/1300/1800) & business-grade SMS delivery.

Michael Simmons, UWL CEO, said of today’s announcements;

“The addition of the Pivit customer base materially grows our private fibre customer portfolio and extends our reach into more network operators in this attractive NBN-alternative market segment. The sizeable forecast earnings contribution brought by Pivit delivers strong EPS accretion to our shareholders, which is a core expectation of any acquisition we make.

Our team is united in our commitment to the three strategic pillars we’ve outlined today. The scope for organic and acquisitive growth for UWL is substantial and we look forward to continuing to deliver growth at both the top and bottom line. Growing returns to shareholders remains our priority at all times”

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ADDITIONAL INFORMATION

For further information, contact as below:

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