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ASX ANNOUNCEMENT (UWL)

Appendix 4C Release – Quarter Ended 30 June 2020

- *28% increase in like-for-like Net Operating Cash Flow on prior quarter to $10.1M*
- *20% increase in Free Cash Flow on prior quarter to $6.1M*
- *Free Cash Flow represents 61% of Net Operating Cashflow*
- *Annualised run-rate EBITDA as at June 2020 of ~$41M, up 24% since Dec 2019*
- *Above-forecast quarterly performance in all three UWL business units ('pillars')*
- *64% increase in new FTTP connections constructed on prior quarter, totalling ~4,300*
- *Net cash reserves (ex-rights issue funds) up by 14% on prior quarter to $40.7M*
- *Institutional tranche ($148.5M) of fully underwritten $270M rights issue completed*

28 July 2020: Uniti Group Limited (ASX: UWL) ("UWL", "Uniti", "Company") is pleased to provide an overview of its June 2020 quarter cash flow and cash position, as reflected in the Appendix 4C accompanying this announcement.

Highlights

- Record positive Net Operating Cash Flow of $10.094M in the June quarter, a 28% increase on the prior quarter, on a like-for-like basis.
- Strong Free Cash Flow (Net Operating Cash Flow less Capital Expenditure) delivered of $6.1M, representing 61% of Net Operating Cashflow and 59% of EBITDA for the quarter, illustrating the strong cash generation credentials of UWL's three business units (or 'pillars') and notwithstanding higher growth-related Capital Expenditure in Uniti's Wholesale & Infrastructure ("W&I") business unit compared to the prior quarter.
- Growth-related Capital Expenditure was $3.4M, predominantly driven by a particularly active period of fibre network construction. Capital Expenditure associated with new FTTP connections constructed in the June quarter was $2.6M (~4,300 ports), representing a 64% increase in ports constructed from the prior quarter.
- The strong operating performance of the Company during the June quarter is evidenced by the run-rate EBITDA[1] for June 2020 (excluding one-off restructuring costs), annualised, of ~$41M, in line with upgraded guidance released on 15 June 2020. This represents a 24% increase in the same measure for December 2019, delivered solely through organic growth and operating efficiency improvements.
- All three Uniti business units once again performed above forecast in all key financial performance metrics in the June quarter, including revenue, earnings and cash collections. No material negative impacts as a result of COVID-19 have been experienced across Uniti.
- Uniti ended the June quarter with $40.7M in cash, an increase of 14% over the prior period. This cash balance excludes the cash proceeds received from the $148.5M institutional tranche of the $270M rights issue completed in June 2020, related to the proposed acquisition of OptiComm Limited (ASX: OPC).

[1] Run-rate EBITDA excludes acquisition and restructuring costs and share based payments

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OptiComm Acquisition Update

As announced on 15 June 2020, Uniti entered into a binding agreement (Scheme Implementation Deed) to acquire OptiComm Limited for $532M, by way of an OptiComm Board-recommended scheme of arrangement ("Scheme").

Prior to completion OptiComm shareholders will also receive a fully franked dividend of $0.10 per share (approximately ~$10M in total value) payable in accordance with the Scheme Implementation Deed.

Since the date of the announcement of the OptiComm transaction, Uniti has successfully completed its fully underwritten $270M non-renounceable rights issue, with all proceeds (less costs of the issue) received during June and July 2020. These funds, together with a $150M term debt facility, means that Uniti is fully funded and in a position to settle the transaction once remaining conditions are satisfied. The balance of the OptiComm purchase consideration will be funded by the issue of UWL shares to OptiComm shareholders, on terms described in the Scheme Implementation Deed.

The various necessary steps associated with the Scheme are in progress, including preparation of the cornerstone document, the Scheme Booklet, a draft of which has been lodged for review with the Australian Securities and Investments Commission ("ASIC") by OptiComm on 20 July 2020.

On the basis it receives ASIC approval, the Scheme Booklet will be presented to the Federal Court on 7 August 2020 for approval. When approved, the Scheme Booklet will be dispatched to OptiComm shareholders on or around 10 August 2020. The Scheme Booklet will detail the date of the meeting at which OptiComm shareholders will be provided the opportunity to vote on the Scheme, expected to be on or around 10 September 2020. The Directors of OptiComm have unanimously recommended the Scheme, in the absence of a superior proposal.

Other than the abovementioned ASIC and Federal Court approvals, together with the OptiComm shareholder vote, there are no additional regulatory or statutory approvals required in order for the Scheme to proceed. Uniti and OptiComm are targeting completion of the transaction, on schedule, by the end of September 2020.

Summary

The June 2020 quarter saw another strong performance by Uniti in terms of Net Operating Cash Flow and Free Cash Flow, reflected in growing cash reserves, at ~ $41M at the end of June 2020 (excluding rights issue proceeds received in June). This continued operating performance improvement is a direct result of organic growth being delivered across the three operating business units, stringent cash disciplines and further operating efficiencies being realised.

The June 2020 quarter operating performance (as was the case also in the March quarter) did not benefit from any new inorganic / growth-by-acquisition contributions. The growth in Net Operating Cash Flow, Free Cash Flow and run-rate EBITDA[2] delivered between January and June 2020 is a result of organic growth and identified operating efficiencies being realised.

[2] Run-rate EBITDA excludes acquisition and restructuring costs and share based payments

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The June 2020 quarter also saw the announcement of Uniti's most significant and transformational transaction to date, the proposed OptiComm acquisition. When successfully completed and synergies realised, Uniti pro forma FY20 EBITDA will more than double, delivering material earnings per share accretion to shareholders and position UWL as eligible for admittance to the S&P ASX200, having recently entered the S&P ASX300, in June 2020.

This announcement and accompanying Appendix 4C are authorised for release by the Uniti Board.

- 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

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Name of entity	
Uniti Group Limited	
ABN	**Quarter ended ("current quarter")**
73 158 957 889	June 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	19,072	63,352
1.2	Payments for		
	(a) research and development		
	(b) product manufacturing and operating costs	(3,378)	(16,915)
	(c) advertising and marketing	(200)	(962)
	(d) leased assets		
	(e) staff costs	(3,340)	(14,182)
	(f) administration and corporate costs	(2,037)	(9,658)
1.3	Dividends received (see note 3)		
1.4	Interest received	173	324
1.5	Interest and other costs of finance paid	(196)	(561)
1.6	Income taxes paid / refunded	-	246
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**10,094**	**21,644**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities		
	(b) businesses	(1,075)	(165,526)
	(c) property, plant and equipment	(3,964)	(8,206)
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets	(28)	(2,728)

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 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)		
2.6	**Net cash from / (used in) investing activities**	**(5,067)**	**(176,460)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	151,836	336,866
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	345	345
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(3,517)	(8,912)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(2,209)	(3,464)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**146,455**	**324,835**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	37,668	19,131
4.2	Net cash from / (used in) operating activities (item 1.9 above)	10,094	21,644
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5,067)	(176,460)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	146,455	324,835
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**189,150**	**189,150**

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	7,499	4,657
5.2	Call deposits	180,000	31,360
5.3	Bank overdrafts		
5.4	Other (provide details)	1,651	1,651
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**189,150**	**37,668**

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

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	222
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**	-	-

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 reported for March 2020 quarter fully repaid and all securities released during the Quarter 4.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	10,094
8.2	Cash and cash equivalents at quarter end (Item 4.6)	189,150
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	189,150
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	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 July 2020.....

Authorised by: .....Board of Directors.....
(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.

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