

ASX ANNOUNCEMENT (UWL)

COURT APPROVAL FOR OPTICOMM ACQUISITION

Federal Court Approves Transaction. Expected Implementation Date 20 November 2020

- *Uniti's acquisition of OptiComm via scheme of arrangement has been approved by the Federal Court today*
- *Nearly 5 months since first announcing its intentions, Uniti has secured this prized, strategic fibre infrastructure business*
- *Uniti is now the stand-out #2 player & definitive challenger to NBN in greenfield 'FTTP' networks*
- *OptiComm's contracted, fully funded 'order book' has grown by nearly 20% since Uniti's first proposed acquisition announced 15 June 2020*
- *Combined, contracted premises exceed 215,000, being 1.8 times combined current active premises. This represents locked-in organic earnings growth for many years to come*
- *Active engagement afoot between OptiComm and Uniti executives to ensure efficient integration*
- *With OptiComm now secured, on a proforma basis, Uniti's run-rate EBITDA will grow to well in excess of \$90M, including \$10M in cost-only synergies*

12 November 2020: Uniti Group Limited (ASX:UWL) (**Uniti**) is pleased to note that the Federal Court has today approved OptiComm's scheme of arrangement (**Scheme**) in relation to Uniti's acquisition of OptiComm Ltd (ASX:OPC) (**OptiComm**). OptiComm intends to lodge a copy of the Federal Court's orders approving the Scheme with the Australian Securities and Investments Commission tomorrow, following which the Scheme will become legally effective and Uniti will proceed to complete the acquisition of all of the issued shares in OptiComm which it does not already own. Implementation of the Scheme is expected to occur on 20 November 2020. Further details regarding today's Court approval can be found in OptiComm's ASX announcement of today ([OptiComm announcement 12 November 2020](#)).

The acquisition of OptiComm is wholly transformational for Uniti, delivering numerous financial, operational and strategic benefits, a number of which are detailed following:

- ***Uniti becomes the definitive challenger to NBN & #2 player in greenfield fibre networks***
: The addition of OptiComm to the Uniti Group creates the largest private owner of fibre infrastructure in the greenfield residential Fibre-to-the-Premises (FTTP) market, second only to the government-owned National Broadband Network (NBN), with approximately 118K active premises and a further 215K premises either under construction or contracted to be built.
- ***OptiComm's contracted 'order book' has grown by nearly 20% compared with the number upon which Uniti's initial bid was based:*** Whilst Uniti eventually secured OptiComm for a higher consideration than proposed in June 2020, the inherent value of OptiComm has grown since that time, as a result of a high volume of FTTP contract 'wins'.



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- **Uniti's proforma EBITDA run-rate to more than double, fast-approaching \$100M pa:** The addition of OptiComm will grow Uniti's run-rate EBITDA to well in excess of \$90 million, including \$10 million of cost-only synergies, on a proforma basis. These proforma earnings exclude the growth in future earnings inherent in the contracted order book, and does not include the benefit of potential revenue synergy opportunities arising from the combination, nor the benefits arising from Uniti's ability to now operate on a functionally separate basis.
 - **A combined contracted FTTP order book of 215K premises, more than 1.8 times the number of currently active premises:** The vast majority of the earnings of W&I and OptiComm are generated from wholesale access to owned fibre infrastructure delivering services to active FTTP premises. As such, when, over the months and years ahead, the contracted and in-construction premises become active premises, the impact will be significant organic growth in Uniti's earnings.
 - **Numerous opportunities exist beyond residential greenfield FTTP:** The additional scale and capability brought to Uniti with the addition of OptiComm opens up the opportunity to pursue various new, potentially lucrative, market segments for FTTP deployments, including retirement living, commercial, light industrial and select 'brownfield' opportunities. None of these expansion pathways form a material part of current combined earnings, therefore representing further potential 'upside' into the future.
 - **Conservative balance sheet leverage with ability to rapidly delever:** Proforma net leverage (net debt / EBITDA) of approximately 2.5x¹ on completion of OptiComm, with a forecasted \$220M in net debt. With free cash generation of the combined Uniti Group expected to be approximately 50% of EBITDA, deleveraging can be achieved in rapid time, enabling the Company to remain in a position to take advantage of strategic opportunities, as and when they arise.
 - **Likely S&P / ASX200 Index Inclusion :** Uniti, inclusive of OptiComm will be a highly liquid security with a free-float market capitalisation expected to be eligible for S&P/ASX 200 Index inclusion at the next 'rebalance' date. This increased scale and relevance is both beneficial to Uniti as an ASX listed company and is expected to assist it in its active pursuit of commercial opportunities with large scale property developers and key suppliers.

Uniti's Chairman, Graeme Barclay commented on today's significant milestone:

"We are pleased that the Federal Court today approved the OptiComm Scheme of Arrangement. We were also delighted by the overwhelming support shown by OptiComm's shareholders at last week's Scheme meeting. Whilst it's taken longer and cost more than we had originally hoped, we now look forward to completing the transaction, quickly combining the assets and capabilities of OptiComm with our own W&I business into one operating business and releasing the operating efficiencies inherent in the combined business. Our focus will be on accelerating the development and expansion of our private fibre infrastructure, generating accretive earnings and capitalizing on the myriad of organic growth opportunities in front of us".

This announcement is authorised for release by the Board.

- ENDS -

¹ FY20 pro forma net leverage as at 30 June 2020 (excluding transaction costs) of approximately \$220 million net debt divided by combined FY20 pro forma EBITDA of \$88.4 million. Combined FY20 pro forma EBITDA comprised of \$38.6 million, being Uniti's annualised 2H20 EBITDA of \$19.3 million, plus \$39.8 million being OptiComm's FY20 EBITDA plus \$10 million of run-rate synergies.

FURTHER INFORMATION

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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.

