

## ASX ANNOUNCEMENT (UWL)

### ACCC ACCEPTS UNITI'S FUNCTIONAL SEPARATION UNDERTAKING Uniti's Retail Broadband Services Now Available on All Uniti-Owned Networks

- *Uniti's Functional Separation Undertaking accepted by ACCC, following public review process*
- *Uniti is the first superfast broadband network owner to be able to operate as both a wholesale and retail provider, under new separation rules introduced in August 2020*
- *Provides opportunity to actively promote Uniti retail broadband services on Uniti-owned networks, to deepen network penetration and expand Average Revenue Per User*
- *Enables strategic acquisition opportunities to be pursued in retail service provider market*
- *Enhances Uniti's competitiveness in winning FTTP network construction opportunities within its Wholesale & Infrastructure business unit*

**22 October 2020**: Uniti Group Limited (ASX: UWL) (Uniti) is pleased to announce the Australian Competition and Consumer Commission (ACCC) has accepted the functional separation undertaking it submitted to the ACCC. The terms of the undertaking are effective immediately, for an initial period of 10 years.

This significant milestone means that Uniti will now be able to operate on a functionally separated basis, to serve residential customers directly on the superfast fixed line broadband networks which it owns and operates, most notably its rapidly expanding Fibre-to-the-Premises (FTTP) networks and its other fixed line superfast broadband networks.

Functional separation is significant for Uniti Group both commercially and strategically, enabling it to actively promote its retail brands to the residents and tenants of its ~110K connected premises nationally and ~44K premises currently under construction or contracted, when these addresses become connected. Being able to drive greater activation on its owned networks allows us the opportunity to secure both the retail and wholesale revenues, from each connected port, which is expected to deliver material incremental earnings to Uniti in the future.

Through its Consumer and Business Enablement (CBE) business unit, Uniti is ready and able to promote and scale its retail brands, as a Retail Service Provider (RSP) on its owned superfast broadband networks, whilst adhering to the requirements of its functional separation undertaking. CBE currently operates or enables more than 30K broadband subscribers, under a number of niche brands. Uniquely, through the strategy that Uniti has adopted of integrating acquisitions only within the business unit in which it operates, rather than across the organization, there will be no new or increased costs incurred in implementing functional separation. The commencement of functional separation creates the opportunity to achieve superior returns from operating Uniti-owned FTTP networks.

Functional separation ensures that the combination of Uniti's Wholesale and Infrastructure (W&I) business, which owns and operates its FTTP networks, with the CBE business, within the listed Uniti Group, will deliver superior returns to shareholders, shorten payback periods from capital invested in FTTP networks and increase returns from investment in infrastructure.



CBE will also continue to be an RSP on third party FTTP networks, including those owned by OptiComm and NBNCo. At the same time, CBE will compete actively with other RSPs on Uniti's FTTP networks, to give consumers greater choice. W&I will continue to treat all RSPs equally.

With Uniti now functionally separated, the synergies available to Uniti from the acquisition of OptiComm are expected to increase. Notwithstanding whether Uniti is ultimately successful in acquiring OptiComm, functional separation will enhance Uniti's ability to compete, in light of greater overall operating margins, and therefore enable it to more aggressively pursue new FTTP network construction opportunities.

Uniti CEO & Managing Director, Michael Simmons said of the functional separation undertaking;

*"This is a great day for our young company. The significance of us now having the ability to directly influence the penetration of our networks with our own retail operation cannot be overstated. Every additional service activated on our network by CBE will flow substantially to the bottom line. Similarly, the earnings impact is substantial every time we convert an active wholesale-only port to a CBE retail customer. Both of these 'upside' opportunities are now available to benefit our shareholders as a result of us now being approved to operate on a functionally separate basis.*

*This functional separation milestone also enlivens the opportunity for us to acquire specialist RSP businesses, including those with proven expertise in greenfield FTTP markets and with established 'preferred RSP' relationships with large-scale property developers."*

This announcement is authorised for release by the Board.

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#### 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.

