

ASX ANNOUNCEMENT (UWL)

UNITI ACQUIRES RETAIL SERVICE PROVIDER, HARBOUR ISP Specialist RSP in Greenfield Developments. Adds 30,000+ Broadband Customers

- *Uniti acquires 100% of fast-growing, specialist Retail Service Provider (RSP), Harbour ISP*
- *Harbour ISP specialises in delivery of superfast retail broadband services in 'greenfield' developments*
- *Preferred broadband RSP with leading Australian greenfield property developers, including Mirvac*
- *More than 30,000 retail broadband customers, doubling Uniti's current retail customer portfolio*
- *Purchase consideration of \$9.25M + 1M options (at exercise price of \$1.54) to acquire UWL shares*
- *Forecast earnings contribution, including synergies, of \$3M+, a purchase multiple of ~3x EBITDA*
- *Consistent with the rationale for Uniti's Functional Separation Undertaking accepted in October 2020*
- *Highly strategic & accretive acquisition, enabling greater penetration & revenue expansion on Uniti-owned fibre networks, including those added via the OptiComm acquisition*

17 November 2020: Uniti Group Limited (ASX: UWL) (**Uniti**) is pleased to announce that it has entered into a binding agreement to acquire 100% of the issued capital of specialist broadband RSP, Harbour ISP Pty Ltd (Harbour).

About Harbour

Harbour is a fast-growing RSP, specialising in the delivery of retail broadband services to 'greenfield' housing estates (broadacre) and multi-dwelling unit (MDU) developments. Harbour has more than 30,000 broadband customers nationwide and a reputation for delivering high quality customer service, evidenced by its strong customer retention levels and sustained growth in customer numbers, sourced from a number of established distribution channels.

Harbour is a current RSP on the OptiComm and Uniti owned fibre networks and is a reseller of NBN.

Why Harbour

Proven expertise in the marketing of greenfield retail broadband services makes Harbour a natural acquisition choice for Uniti, following acceptance of its Functional Separation Undertaking (FSU) by the ACCC in October 2020.

Of particular strategic significance to Uniti is Harbour's close alliances with a number of national property development companies, including Mirvac. In certain instances, these developer alliances see Harbour enjoy 'preferred RSP' status, delivering strong take-up of Harbour broadband services in new greenfield developments via a series of cooperative marketing activities, undertaken with the support and endorsement of the developer.

Harbour has been amongst the most active and effective RSPs on the OptiComm network for several years. This established knowhow across the OptiComm broadacre and MDU portfolio will provide Uniti with proven capability to optimise penetration of Uniti's expanding portfolio of owned fibre networks and to maximise wholesale and retail revenues from these assets.



When combined with the existing retail broadband services within Uniti's Consumer & Business Enablement (CBE) business unit, the Harbour acquisition more than doubles CBE's customer numbers to greater than 60,000, delivering genuine scale and operational efficiency across all key operational elements.

The Harbour business will be integrated within the CBE business in less than six months, enabling early realisation of identified synergies, resulting in an expected acquisition multiple of less than 3 times EBITDA on completion of integration.

Transaction Specifics

Maximum purchase price of \$9.25M + 1M Options to acquire UWL shares (exercisable at \$1.54 per share, not prior to 12 months following Completion and subject to certain conditions). The purchase price is payable 90% in cash and 10% in UWL shares (at an issue price based on the 10-day Volume Weighted Average Price up to 16 November 2020).

Harbour's EBITDA is expected to exceed \$3M in FY22, including synergies arising from the integration into the CBE business unit, to be realised prior to the end of FY21. Based on this earnings estimate (including synergies), the effective purchase multiple equates to approximately 3x EBITDA within 6 months and is earnings accretive to Uniti shareholders into FY22 and beyond.

The cash element of the purchase consideration was included within the sizing of Uniti's borrowing facilities established for the acquisition of OptiComm and as such Uniti will maintain previously stated net leverage (net debt / EBITDA) at ~2.5 times, following realisation of earnings contributions and cost synergies of both Harbour and OptiComm.

Uniti's CEO and Managing Director, Michael Simmons said of the Harbour acquisition:

"We are delighted to have acquired Harbour ISP. Functional separation now enables us to actively promote retail broadband offerings on our owned networks and Harbour ISP, with its proven pedigree in the greenfield broadband market, is an outstanding platform for us to build specific capability as well as scale in our CBE business unit."

"With the now confirmed addition of OptiComm to the Uniti Group, our network of private fibre premises (connected, under construction or contracted to be connected) exceeds 400,000 connections. Given this large and growing footprint, the strategic value of acquiring Harbour as a specialist greenfield RSP is significant and timely."

"We look forward to our CBE business, inclusive of Harbour ISP, continuing to profitably expand as further penetration and growth in average revenue per user on our owned fibre networks is delivered."

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.

