



UNITI

## ASX ANNOUNCEMENT (UWL)

### Acquisition of 1300 Australia & Underwritten \$85M Equity Raising

- Australia's market-leader for Phonewords and premium numbers
- Forecast to deliver \$12M EBITDA in FY20, proforma
- Forecast greater than 28% EBITDA per share<sup>1</sup> accretive in FY2020
- Strategically aligned, fitting directly within UWL Specialty Services "pillar"
- Fully underwritten \$85M equity raising launched today

**3 December 2019:** Uniti Group Limited (ASX: UWL) today announces that it has entered into binding transaction documentation to acquire 100% of 1300 Holdings Pty Ltd ("1300 Australia") and its related entities (excluding CallN Pty Ltd operating the CallN business) for \$78M. UWL will fund the 1300 Australia acquisition by launching a placement and fully underwritten 1 for 10 pro-rata accelerated non-renounceable entitlement offer ("Entitlement Offer") to raise \$85M before costs.

#### Acquisition Overview and Strategic Rationale

- Acquisition of 1300 Australia for \$78M, payable \$58M in cash and \$20M in UWL shares issued at the same price as the placement and Entitlement Offer.
- 1300 Australia is Australia's market leader in phone words ("Phonewords"), holding the largest inventory of Phonewords nationally, with approximately 4,500 Phonewords and priority numbers ('1300', '1800' and '13') currently licensed to businesses and a further circa 7,000 Phonewords and priority numbers available to be licensed.
- 1300 Australia is Telstra's Official Phoneword Partner, formerly majority owned by Telstra.
- 1300 Australia delivered FY19 EBITDA of \$10.9m, with a pro-forma FY20(f) EBITDA of ~\$12m in UWL ownership (excluding the CallN business).
- 1300 Australia's free cash flow (EBITDA less capital expenditure) is expected to be in excess of 95%, providing UWL with further scale and capability to pursue organic and inorganic growth opportunities.
- 99% of 1300 Australia's revenues are recurring and in UWL's opinion, are well defended, given the highly integrated nature of Phonewords within the sales, marketing and service functions of 1300 Australia's customers.
- Including 1300 Australia, the combined pro-forma revenues for UWL are estimated at ~\$81 million and EBITDA of ~\$32.0 million for FY20(f), inclusive of certain assumed cost savings on acquisition.
- The Board believes that the 1300 Australia acquisition should deliver, on a proforma basis, ~28% EBITDA per share<sup>1</sup> accretion in FY20, including certain identified cost savings.
- 1300 Australia's Phonewords and priority numbers are licensed to its customers, creating long term relationships which, in the Board's view, reduces competition risk and delivers stable 'infrastructure-like' annuity returns.
- The Board believes the acquisition will be highly complementary with and delivering material additional earnings to UWL's Specialty Services "pillar" through a combination of the

<sup>1</sup> EBITDA per share accretion calculated using forecast FY2020 proforma EBITDA, net of dilution from issue of new UWL fully paid shares in accordance with the equity raising detailed below



Phonewords business with the directly aligned 1300/1800/13 voice services, call tracking and SMS business of Fone Dynamics and Call Dynamics (both of which were acquired by UWL in June 2019).

- The Board considers the acquisition will bring a material earnings upside opportunity through licensing of the circa 7,000 Phonewords and priority numbers held by 1300 Australia, together with attaching inbound telco services to current and future customers.
- The addition of 1300 Australia to the UWL group further diversifies UWL's revenue and earnings streams (whilst supporting UWL's stated strategy), and the Board believes this will deliver significant increase in earnings and free cash flow for the Company.

### **Details of the Underwritten Equity Raising**

The Placement will raise approximately \$43m through the issue of approximately 26.5m fully paid ordinary shares to institutional and sophisticated investors while the Entitlement Offer (being an accelerated institutional entitlement offer and retail entitlement offer) will raise approximately \$42m through the issue of approximately 25.9m fully paid ordinary shares.

The Issue price for the new shares will be \$1.62 per new share, which represents a discount of 9.0% to the closing price of \$1.78 on 2 December 2019, and a discount of 9.1% to the 10-day Volume Weighted Average Price ("VWAP").

The Placement and Entitlement Offer are fully underwritten by Bell Potter Securities Limited. Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1 fully paid ordinary share in UWL ("New Share") for every 10 ordinary shares held in UWL ("Entitlement") as at 7.00pm (Sydney Time) on Thursday 5 December 2019 ("Record Date").

At the time of allotment, the New Shares issued under the Entitlement Offer will rank equally with all existing ordinary shares in UWL.

#### **(i) Institutional Entitlement Offer**

The institutional entitlement offer will take place on Tuesday 3 December 2019 and Wednesday 4 December 2019 ("Institutional Entitlement Offer"). Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer and can choose to take up all, part or none of their Entitlement.

Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and Entitlements that would otherwise have been offered to ineligible institutional shareholders, will be sold through the Institutional Shortfall Bookbuild on Wednesday 4 December 2019 ("Institutional Shortfall Bookbuild").

Alongside the Institutional Entitlement Offer, the Placement will be undertaken.



UWL shares have been placed in trading halt whilst the Placement, Institutional Entitlement Offer and Institutional Shortfall Book-build are undertaken.

## **(ii) Retail Entitlement Offer**

Eligible retail shareholders will be invited to participate in the Retail Entitlement Offer at the same offer price and offer ratio as the Institutional Entitlement Offer ("Retail Entitlement Offer"). The Retail Entitlement Offer will open on Tuesday 10 December 2019 and close at 5.00pm (Sydney time) on Thursday 19 December 2019 ("Retail Entitlement Offer Period").

Eligible retail shareholders will be those with registered addresses in Australia and New Zealand only. Eligible retail shareholders can choose to take up all, part or none of their Entitlement.

Entitlements which are not taken up by eligible retail shareholders by the close of the Retail Entitlement Offer and Entitlements that would otherwise have been offered to ineligible retail shareholders will be taken up by the underwriter, subject to the terms of the underwriting agreement between UWL and Bell Potter Securities Limited.

Eligible retail shareholders wishing to participate in the Retail Entitlement Offer should carefully read the Retail Offer Booklet and accompanying personalised Entitlement and Acceptance Form which are expected to be despatched on or around Tuesday 10 December 2019. Copies of the retail offer booklet will be available on the ASX website ([www.asx.com.au](http://www.asx.com.au)) from Monday 9 December 2019.

UWL Chairman, Graeme Barclay said of the acquisition and underwritten equity raising;

*"The acquisition of 1300 Australia is a significant event for Uniti Group, delivering material, well defended earnings and remarkably strong free cash flow. In terms of incremental earnings contribution, this acquisition is our largest to date and provides 'infrastructure-like' returns in our Speciality Telco Services pillar, without the usually accompanying capital expenditure. This is a special business with material identified upside. We are excited to have been able to add 1300 Australia to the UWL Group, toward the end of what has been a remarkable year for our Company in terms of delivering shareholder value."*

Mr Barclay continued:

*"The capital raising we have launched today has, similar to the recent raising to fund the LBNCo acquisition, been consciously structured so that all of our supportive shareholders are provided with the opportunity to participate, via the Entitlement Offer, which represents approximately half of the total equity raising. To the extent that our shareholders do not wish to participate in this capital raising opportunity, this transaction is still expected to deliver the significant benefit of >28% EBITDA per share accretion to all current shareholders. On behalf of your Board, thank you for your support to date and I hope that you choose to participate in the Entitlement Offer."*



## Indicative Timetable

Event	Date
Trading halt commences	3 December
Announcement of Entitlement Offer Institutional Entitlement Offer opens Placement conducted	3 December
Institutional Shortfall Bookbuild	4 December
Announcement of results of Placement and Institutional Entitlement Offer Trading halt lifted Trading resumes on ex-entitlement basis	5 December
Record Date for Retail Entitlement Offer	5 December
Settlement of Placement and Institutional Entitlement Offer	10 December
Retail Offer Booklet dispatched	10 December
Retail Entitlement Offer opens	10 December
Quotation of New Shares issued under Placement and Institutional Entitlement Offer	11 December
Retail Entitlement Offer closes (Retail Closing Date)	19 December
Announcement of indicative results of Retail Entitlement Offer	19 December
Announcement of final results	20 December
Settlement of New Shares issued under Retail Entitlement Offer	24 December
Issue of New Shares under the Retail Entitlement Offer	24 December
Quotation and trading commence on a normal settlement basis	27 December
Despatch holding statements	30 December

All dates are 2019. The above timetable is indicative only and subject to change. Subject to the Listing Rules, the Directors reserve the right to vary these dates, including the Retail Entitlement Offer closing date, without prior notice.



## Shareholder enquiries

Eligible retail shareholders will be sent further details about the Entitlement Offer via a shareholder letter to be despatched on or around 10 December 2019 and a Retail Offer Booklet to be lodged with ASX on Thursday 5 December 2019. The Retail Entitlement Offer can be accepted only by shareholders of UWL on the Record Date with registered addresses in Australia or New Zealand.

Eligible retail shareholders who have questions relating to the Retail Entitlement Offer should call UWL's share registry, Boardroom Pty Ltd on 1300 737 760 (within Australia) or + 61 2 9290 9600 (from outside Australia) from 8.30am to 5.30pm (Melbourne time) Monday to Friday during the Retail Entitlement Offer period.

Further information in relation to the acquisition of 1300 Australia, the Placement and the Entitlement Offer is set out in an Investor Presentation which UWL has also filed with the ASX today. The Investor Presentation contains important information including key risks and assumptions and international selling restrictions with respect to the Placement.

Bell Potter Securities acted as lead manager, book runner and underwriter for this equity raising.

Lander & Rogers acted as legal advisors to UWL on both the acquisition and the equity raising.

## Investor Conference Call

UWL investors are invited to join a conference call hosted by Mick Simmons, UWL, Group CEO & Managing Director, and Jordan Grives, Chief Executive of UWL's Specialty Services business unit, on **Tuesday 3 December at 12.00pm Sydney time**, at which the acquisition of 1300 Australia will be further explained

Investors will be required to register for the call on the below numbers. Please dial-in at least 5 minutes prior to the conference, to register with the conference operator:

UWL CONFERENCE CALL RE 1300 AUSTRALIA ACQUISITION - PARTICIPANT DIAL IN NUMBERS	
Australia Dial-in Number	1800 685 494
International Dial-in Number	03 8687 0650



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## UWL Investor Day

As previously announced via the ASX (on 13 November 2019), UWL will be hosting its inaugural Investor Day on Wednesday 4 December 2019. This event is open to all UWL shareholders to attend and will provide the opportunity to receive a deeper insight into the UWL strategy and the businesses within each of the 3 pillars, including the opportunity to hear presentations by each member of the Executive Leadership team on their respective areas of responsibility.

The Investor Day will commence at 9:30am and conclude at approximately 12:30pm and is being convened at the Lyceum Room, Wesley Conference Centre, 220 Pitt Street, Sydney, NSW 2000.

The presentation materials delivered on the Investor Day will be lodged with the ASX on 4 December 2019, prior to the commencement of the event.

- ENDS -

## ADDITIONAL INFORMATION

For further information, contact as below:

Peter Wildy – Company Secretary  
P - 0438 809 644  
E – [investors@unitiwireless.com](mailto:investors@unitiwireless.com)  
W – <https://investors.unitiwireless.com/>

## ABOUT UWL

UWL is a diversified provider of telecommunications services, specialising in fixed-wireless, fibre and specialty telecommunication services. These are the ‘three pillars’ of strategic growth identified by UWL.

UWL 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. UWL 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 UWL is a commitment to deliver high quality, diversified telecommunications products and services to its customers, in order to produce strong and growing returns to shareholders.