26 November 2021

Market Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

ELECTRONIC LODGEMENT

Dear Sir or Madam

AGM – Chairman's address

In accordance with the Listing Rules, I attach the Chairman's address to shareholders, which will be delivered today at the Uniti Group Limited Annual General Meeting, to be held at its offices at 171 Victoria Road, Gladesville, New South Wales and via webcast (the details of which are available at our website https://unitigrouplimited.com/AGM2021).

Authorised for lodgement by:

Ashe-lee Jegathesan
Chief Corporate Services Officer &
Company Secretary

Chairman's Address at Uniti Group Limited's 2021 Annual General Meeting

Ladies and Gentlemen: Good morning, my name is Graeme Barclay, and I am chairman of your Company.

On behalf of the Uniti Group board of directors, I would like to welcome our shareholders, directors, executives, employees and guests present today, both in person, and those participating through the webcast, to the Uniti Group Limited 2021 Annual General Meeting.

I would like to acknowledge the traditional custodians of the land on which we meet, being the Wallumatagal people, and pay my and our respects to their Elders including those past, present and emerging.

When I addressed our shareholders at the AGM last year, we had just secured Court approval for the acquisition of Opticomm by scheme of arrangement and that acquisition was to become effective the very next day – this milestone marked Uniti becoming the largest non-government fibre-to-the-premise operator, and triggered the steps required to integrate our then existing Wholesale & Infrastructure business with OptiComm by:

- combining their assets to become 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 Opticomm bringing approximately 118,000 active premises and more than a further 215,000 premises either under construction or contracted to be built at that time; and

- combining their capabilities to transform your Company to a formidable competitor, able to compete for and secure a growing percentage of the available market for new greenfield residential FTTP opportunities, support expansion into new adjacent property markets other than residential housing and create a platform to embrace value added technologies able to be deployed across the FTTP networks to further diversify earnings for shareholders.

I am pleased to say that the integration of Opticomm as a cornerstone foundation for Uniti's Wholesale and Infrastructure business (now referred to as 'Wholesale, Enterprise and Infrastructure' or 'WEI') is now complete.

In December 2020 we announced and completed the acquisition of Telstra's Velocity estates and South Brisbane Exchange, better known as the Velocity assets, for a purchase consideration of $140m, a significant portion of which we negotiated as deferred consideration, coupled with a commitment that Telstra will become a Retail Service Provider (RSP) across our owned fibre network, including Velocity.

Our engineering and operational teams are well advanced with planning for the Velocity network and customer equipment upgrade which will benefit approximately 50,000 existing active customers with super-fast broadband connectivity, with the opportunity to convert the remainder of the currently 65,000 connected premises to active premises. We expect Telstra to be connected as an RSP in April 2022. We will commence the migration of current services, the upgrade of the Velocity network to 10 Gbps capacity and marketing to unconnected premises in May 2022.

Throughout this calendar year of 2021 we have been focussed solely on organic growth. At the start of 2021 we announced we had completed the acquisition of businesses we had identified as part of a well-defined strategy to build a significant FTTP business with the capability to challenge NBN. Part of that strategy was also the acquisition of RSP businesses which could promote connectivity on the owned FTTP networks, following the passage of the Telco Law Reform implementing regulatory changes enabling functional separation.

At this time we moved from a business building scale, strategic advantage and shareholder returns through acquisition to delivering on the opportunities and the potential those acquisitions brought to Uniti Group through integration and accelerated organic growth. We announced mergers & acquisitions were unlikely as we focused on organic growth. What this meant was that our executive could focus on the integration of the businesses we acquired, planning the Velocity upgrade project and on building out the capability to deliver profitable, expanding and sustainable organic growth and to provide our end users with the speed and bandwidth they need now and in the future. It was also about competing aggressively in the FTTP market and growing our share of contracted future FTTP networks to be built, principally against our major greenfield FTTP competitor NBN.

I am pleased to report that despite the challenges of the COVID-19 pandemic, causing lockdowns and some construction interruptions at various times, the team at Uniti, and in Uniti's extended partner and supplier network, have continued to deliver excellent outcomes, and we are grateful for all their efforts and achievements.

Essential to this transition to organic growth was building a united Uniti Group underpinned by a well-defined and widely understood corporate strategy of "Win, Build, Fill":

- **Win** in market, grow market share, transition to a strong customer focused culture.
- **Build** more of the highly profitable and strongly cash generative FTTP infrastructure which is now our core competency.
- **Fill** the networks and infrastructure we build with customers that are receiving a great experience.

I can confirm this has occurred and today we are Uniti Group, a Group of One. That said, the job is not done, we are continuing to focus on being better at Winning, Building & Filling.

In H2 FY21 year, and the first 4 months of FY22 as we announced last week, the Uniti business has continued to grow consistently, demonstrating

- the ability to deliver organic growth from the platform we have built;
- the strong, ongoing demand for services delivered on owned FTTP networks;
- the ability to grow the contracted 'order book' to build future FTTP networks that will deliver long term, compounding, annuity earnings growth; and
- the ability to integrate acquired businesses across all business segments to support the organic growth achieved.

A critical measure of Uniti's success in market and an indicator of locked-in, long-term growth in revenues, earnings and cash flow is the scale of, and growth rate in, our contracted FTTP 'order book'.

In FY22 Year to Date, Uniti has continued to secure new business in its core greenfield FTTP market in line with the run-rate achieved in the prior 6-month period. We are now winning the right to build future networks across a broader spectrum of customers and are continuing to add to our order book at a significantly faster rate than we are moving premises into construction from the order book.

Our primary focus today is on the Wholesale, Enterprise and Infrastructure business, and that's appropriate because it contributes some 84% of the Group's EBITDA, and this proportion continues to grow steadily as we deploy our contracted order book to become active premises. However, I do want to highlight our other businesses for the important contribution they make to our Group:

- Our Consumer & Small Business ('C&SB') unit (which we operate on a functionally separated basis from the wholesale infrastructure unit) is the Uniti Retailer that sells retail services over our own high-speed fibre networks, NBN networks and fixed wireless networks. Our customer acquisition activities in C&SB are centred on our Uniti-owned infrastructure. We see this as an opportunity to drive an overall increase in the utilisation of our owned networks over and above that delivered by our RSP network more broadly, and therefore generate greater profitability from our invested capital for our shareholders. As we expand our FTTP infrastructure into adjacent property markets, and develop products and services suited to the adjacent market end users, who will be businesses and enterprises, this business unit will become a greater earnings contributor. In those markets and for those customers our Uniti Retailer does not need to be functionally separated, providing the opportunity to maximise returns to shareholders as we expand our infrastructure footprint.

- Our Communications Platform as a Service (or CPaaS) business has continued to deliver annuity revenues and high cash conversion with 99% of EBITDA in FY21 being free cash flow, which has continued to be what CPaaS has achieved in the first 4 months of FY22. The high cash yield from this business was an important contributor to the Group's ability to secure acquisition debt facilities for the Opticomm and Velocity transactions. The CPaaS businesses are now fully integrated realising expected acquisition synergies. At the start of FY22 we commenced, and are now near complete in, a platform upgrade which vastly expands the CPaaS product capability but more importantly expands the addressable market for the services the platform can provide. Our CPaaS business has a small market share competing against a small number of major market participants and we are now positioned to compete more effectively, which augurs well for good organic growth.

This brings me to our Group cash generation metrics, which continue to perform strongly, and for me are a highlight of our business, with growth capital expenditure being fully funded and still generating significant surplus cash.

Combined in FY21, the Uniti businesses delivered 68% of underlying EBITDA as operating free cash flow having fully funded growth and maintenance capital expenditure. The generation of surplus cash by the business continues YTD in FY22 and has enabled us to de-lever quickly, with net debt at the end of October standing at $183M – a net leverage ratio of 1.3x the current consensus forecast for FY22 underlying EBITDA of $144.5M.

It is this operating cash conversion ratio, combined with the ongoing growth in Uniti's revenue, profitability and in the long term contracted/in construction FTTP order book that has provided your Board with the conviction to announce a share buy back over the next 12 months of up to a maximum of 10% of issued shares subject to share prices, market conditions and, importantly, whether we identify other more accretive opportunities to deploy capital.

As we said in our FY21 annual report, and confirmed in last week's operational update, whilst we have been and continue to be focussed on organic growth and winning in market, we will consider acquisitions of selected assets or businesses that are aligned with Uniti's strategy of expanding and activating its national footprint of super-fast broadband networks, in both our existing core greenfield residential FTTP market and in identified complementary adjacent markets.

Also, as confirmed in last week's announcement, the consolidated Group has performed above its internal budget for Group revenue, Underlying EBITDA, Free Cash Flow and Net Leverage in the first 4 months of this financial year to 31 October 2021. Accordingly, we confirmed that we expect to meet or exceed the full year underlying EBITDA market consensus of $144.5M for FY22. This represents an increase of 54% over the same metric achieved in the FY21 year.

We are therefore very happy with the start we have made to FY22. Our cash generation at above 60% has been maintained notwithstanding increases in growth capital expenditure to support increases in new network construction. The rate at which we are growing our long term contracted FTTP order book indicates we are continuing to increase market share. There are encouraging economic indicators in the markets we operate in as Australia emerges from Covid-19: in particular property vacancy rates, property construction and supply chain improvements which bodes well for the remainder of FY22. There are also minimal regulatory issues on the horizon and we forecast relative stability in wholesale and retail prices at this time, with a general trend towards higher speed tiers providing a positive impact for ARPU.

The networks which we build today, principally FTTP access networks and fibre backhaul, are future proofed, capable of meeting long term bandwidth speed demands through fibre's near infinite capacity and does not have the speed limitations, congestion or environmental concerns, or the continual capital expenditure demands, which a wireless network faces.

What is perhaps most compelling for Uniti is our medium and longer-term future beyond FY22. As I've mentioned, we have significant contracted business to build more FTTP connections and we have continued to grow this order book this year in line with the record run rate of the second half of FY21. As we deploy connectivity to these contracted premises, Uniti will materially grow earnings and cash generation at a better rate than currently because of operating leverage.

A number of the FTTP commitments we have secured with property developers are exclusive and some extending beyond 10 years. Our Executive and business development teams have been expanded and continue to be very active in building long-term strategic partnering relationships with the developer community as we continue to focus on organic growth, and, in turn, expect to further grow our contracted FTTP order book.

Our platform, and expanded developer relationships, will enable us to take our residential greenfields FTTP network business model into adjacent property markets such as commercial, office, independent living, build to rent, industrial as well as into selected brownfield markets. We already have the key personnel to implement this scalable expansion with minimal incremental operating costs.

Our objective is increased and diversified revenue and earnings from these adjacent markets, with metrics similar to what we currently achieve in the residential greenfield sector.

To summarise all of that: your Company is in the enviable position of being able to deliver long term, compounding, self-funded, annuity earnings growth, converting to a high proportion of free cash flow, for the foreseeable future.

Turning to governance related matters, I would like to make a few observations.

Uniti is a company that has been transformed from a fledgling loss-making entity at IPO in FY19 to a fast growing, profitable, digital infrastructure company with a market capitalisation of ~$3 billion and inclusion in the S&P/ASX200 in June 2021.

Remuneration remains a hot topic in Australia and overseas, whether shareholder or regulatory driven. At last year's AGM I acknowledged that our remuneration structure and policy needed some development to reflect the tremendous change in scale and circumstances that had been achieved at Uniti Group in less than 3 years. I stated we would begin this work in FY21 and we have done so. In our FY21 remuneration report we set out the result of this work by laying out a new remuneration structure for our executive team, taking the form of a traditional STI and 3-year LTI scheme with performance measures for STI focused on underlying EBITDA, operating free cashflow, growth in number of secured premises and growth in number of activated premises; and LTI focused on Relative TSR and EPS growth metrics. These metrics were carefully and deliberately selected to motivate the executive team to deliver great outcomes for shareholders.

We remain committed to ensuring that our remuneration philosophy and framework is fit for purpose in enabling us to attract, incentivise and retain competent and capable staff, executives and board members, through competitive and attractive rewards for delivering exceptional outcomes.

We have a philosophy to pay fixed remuneration below market rate and reward out performance with share-based incentives, with vesting periods that deliver alignment and retention benefits for shareholders. We intend to retain the principle that our executives that contribute above and beyond outcomes will share in the wealth created for shareholders. We will of course take on board feedback from our shareholders, and make adjustments, as we continue to evolve our remuneration structure in future years.

The other area that we acknowledge that we need to do further work is our environmental and sustainability initiatives and targets. Again, our rapid ascension to the ASX-200 is the reason and not an excuse for this area not having received sufficient attention in our journey to date - we therefore consider our FY21 Sustainability report to be a starting point for Uniti, and this will need to be developed into a more comprehensive approach to some of the key issues – such as network resiliency, waste management, energy consumption, workplace health and safety, social and community contributions and obligations – as we look to refine our approach to these areas for Uniti in FY22 and FY23.

I would like to take this opportunity to thank you, our shareholders, for your outstanding support over the past year, particularly during our capital raisings in support of our acquisition strategy, and at general meetings. We know this is not a given and we do appreciate your support.

I mentioned the Uniti employees earlier for their delivery above expectations in the context of the COVID challenges, and generally across the past 12 months, and on behalf of the Board wish to again thank them for their passion and professionalism and all that they achieved during calendar 2021.

I also thank my fellow directors and our executive team for their hard work, strategic approach, dedication and commitment throughout the year.

In particular, I acknowledge the tremendous leadership, throughout the Opticomm and Velocity acquisitions, driving our organic growth execution, building human and technical capability, dealing with COVID and all aspects of day-to-day operations from our CEO and MD, Mick Simmons, who has been instrumental to what Uniti achieved in FY21 and the first few months of FY22.

Mick and I are open to taking questions on the business at this point. As we move into the more formal part of the proceedings, I will take questions relating to each resolution at the appropriate time.

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