



Uniti Group 2021 AGM Report

ASX Code	UWL
Meeting Time/Date	10:30am, Friday 26 November 2021
Type of Meeting	Virtual using Chorus Call technology
Monitor	John Whittington, assisted by Mike Robey
Pre AGM Meeting?	Yes, with Chair Graeme Barclay and Company Secretary Ashe-Lee Jegathesan

All Aboard the Acquisition Express

What the Company Does

The company predominantly owns and operates fibre connections to homes and small business in greenfield housing estates – what is often called fibre to the premises or FTTP. The company contracts with the property developer and then is the sole wholesale provider of internet (and often free-to-air TV) connectivity for that estate. In this area it is number two in the market to the NBN although, as the NBN doesn't lay competing fibre in existing Uniti areas, the only competition is in the cabling of new housing developments.

The company also operates an internet retail service provider (structurally separated from the above due regulation) in their Consumer & Small Business division and a 1300 service in their Communications Platform as a Service (CPaaS) division.

Developments in the Financial Year

During the year the company has acquired a leading FTTP business, OptiComm, after winning a bidding war and, in December, acquired the Telstra Velocity and South Brisbane Exchange FTTP assets. The combination of both of these adds significant scale to Uniti's FTTP business. The Opticomm assets have been integrated with Uniti's existing FTTP assets and the Telstra assets will be integrated over the next few years. FY21 results are summarised as follows:



Source: Uniti Group 2021 Annual Report

Summary of Historical ASA Issues with the Company

The company listed in July 2019 and this is the first time the ASA has engaged with the company.

Debate and Voting at the AGM

This meeting was held as a hybrid meeting with the virtual part using a Chorus Call system that is quite different from the usual Lumi, Link, or Zoom systems more commonly used and one which your monitor hadn't used before for an AGM. After a lot of confusion as to how to ask oral questions and vote during the meeting (no useful information was provided before the meeting so it had to be worked out on the fly and after about 20 emails back and forward with the Company Secretary and her assistant), I have to wonder if most normal shareholders would have given up. Not the greatest start to a meeting.

The Chorus Call technology provided only audio and slides with no video of the presenters nor voting but seemed to handle this limited scope quite well.

Voting was done using a stand-alone voting platform that your monitor had never heard of before and problems with that meant that your monitor only got the login details after following up with the Company Secretary whilst the meeting was underway. Again, most shareholders would have probably given up and ended up not having their votes recorded.

The Chair opened the meeting and read out a [very interesting and informative speech](#) but strangely there was no presentation from the CEO which is usual these days. After this we went straight to the formal part of the meeting.

There were six questions from shareholders other than the ASA covering adjacent market opportunities (certainly opportunity, particularly with build to rent), integration of acquisitions (integration of OptiComm is now complete, described Telstra Velocity integration plans), the regional broadband service levy (debate as to whether it should be reduced), share buy-backs (believe most accretive option for shareholders), plans to pursue international markets (not at this stage however domestic acquisitions are possible although none imminent), and dividends (will continuously review). Many of these were answered at length by the CEO, perhaps making up for not having a speech earlier.

The ASA asked how shareholders could be sure that the company had not overpaid for OptiComm to which the Chair indicated that even at the higher price it was good for shareholders and the FY21 and FY22 results support this. He also indicated that acquiring OptiComm allowed the acquisition of the Telstra Velocity and he didn't think that the acquisition would have happened otherwise.

We also asked about director remuneration as the directors received significant options and share rights during the year on top of their cash fees and that these fees considerably exceeded the director fee cap. The Chair indicated that all these additional payments were approved by shareholders at previous meetings and suggested that the TSR of 133% justified such largesse.

When it became apparent that the directors up for re-election were not speaking, we asked that the one who hadn't already spoken at the meeting (the other was the Chair) speak to his election which he did briefly but well, outlining his long involvement and technical expertise.

We finally indicated that we could not support the issue of share rights as they had no performance criteria prior to vesting – the only condition was that you were still employed. The Chair indicated that there were significant changes for FY22 which would address this.

All items were passed – the Remuneration Report and the Chair’s re-election with 11-12% voting against and the other three items with 96-99% support.

Outlook Statements from the Company

The Chair indicated that the company had performed above its internal budget for revenue, earnings before interest, tax, depreciation, and amortisation (EBITDA) and free cash flow in the first four months of the year. He also confirmed that they expect to meet or exceed the full year underlying EBITDA market consensus of \$144.5m for FY22.

Meeting Statistics

Number of Holdings Represented by ASA	33
Number of Shares represented by ASA	217,170
Value of Shares represented by ASA	\$0.884m
Number Attending Meeting	NA
Market capitalisation	\$2.81bn
Were proxies voted?	Yes, on a poll

Monitor Shareholding

The individual(s) (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

ASA Disclaimer

This document has been prepared by the Australian Shareholders Association Limited ABN 40 000 625 669 (“ASA”). It is not a disclosure document, it does not constitute investment or legal advice and it does not take into account any person’s particular investment objectives. The statements and information contained in this document are not intended to represent recommendations of a particular course of action to any particular person. Readers should obtain their own independent investment and legal advice in relation to the matters contemplated by this document. To the fullest extent permitted by law, neither ASA nor any of its officers, directors, employees, contractors, agents or related bodies corporate:

- makes any representations, warranties or guarantees (express or implied) as to the accuracy, reliability, completeness or fitness for purpose of any statements or information contained in this document; or*
- shall have any liability (whether in contract, by reason of negligence or negligent misstatement or otherwise) for any statements or information contained in, or omissions from this document; nor for any person’s acts or omissions undertaken or made in reliance of any such statements, information or omissions.*

This document may contain forward looking statements. Such statements are predictions only and are subject to uncertainties. Given these uncertainties, readers are cautioned not to place reliance on any such statements. Any such statements speak only to the date of issue of this document and ASA disclaims any obligation to disseminate any updates or revisions to any such statements to reflect changed expectations or circumstances.