

Windstream Holdings Financial Update

June 2021

Emergence from Bankruptcy

Windstream successfully emerged from bankruptcy on September 21, 2020, having reduced its total outstanding debt by \$4 billion. Windstream is emerging from bankruptcy as a privately-held company wholly owned by a group of investors led by Elliott Management with a 40% ownership stake.

In March of 2020, Windstream reached a settlement with its spinoff company Uniti Group Inc. over a \$650 million annual rent agreement that provides Windstream with the use of fiber and copper networks that are owned by Uniti. The agreement included a commitment by Uniti to invest up to \$1.75 billion in growth capital improvements. The U.S. Bankruptcy Court approved the settlement agreement in May, paving the way for Windstream eventual emergence.

Financial Overview

Under its current privately held status, Windstream is no longer subject to requirements on quarterly financial reporting that apply to publicly traded companies. Windstream has reported annual results for 2020 that show an 8.3% reduction in total revenue driven by a 14.6% reduction in its Enterprise segment.

Annual Revenues by Segment *(in millions)*

	2018	2019	2020	2020 / 2019 Change
Total	\$5,713.1	\$5,115.4	\$4,688.9	-8.3%
Kinetic (Broadband)	\$2,140.5	\$2,074.7	\$2,068.1	-0.3%
Enterprise	\$3,016.9	\$2,678.5	\$2,286.7	-14.6%
Wholesale	\$384.8	\$362.2	\$334.1	-7.8%

In 2020 Windstream reported operating income (total revenue minus the cost of goods sold and operating expenses) of \$164m, a 228% increase (+\$292m) from 2019. The company reported over \$1bn in capital expenditure for 2020, a 17% increase from 2019 and a 25% increase from 2018.

New Fiber Investments

In 2020 Windstream announced a five-year, \$2 billion project to expand broadband to rural markets across its 18-state footprint. In May of 2021 Windstream reported the deployment of 129,000 new broadband locations in the first quarter and announced a goal of making fiber gigabit connections available to more than 1 million locations by the end of year. The company plans to add nearly 1,000 new directly employed construction positions across 70 locations beginning in the fourth quarter to take over new deployment projects starting in 2022.