

THE WALL STREET TRANSCRIPT

Connecting Market Leaders with Investors

UniTek Global Services (UNTK)



ROCKY ROMANELLA joined UniTek Global Services as Chief Executive Officer in July 2012, and was appointed to the board of directors in March 2013, bringing 36 years of management, operations and engineering experience to the company from his career at United Parcel Service. Under his direction as President of Retail and Residential Operations, UPS successfully launched one of the largest rebranding initiatives in franchising history, revolutionizing the \$9 billion retail shipping and business services market. He was responsible for the global strategy of all U.S. and international retail channels. As President and General Manager of UPS Supply Chain Solution's Americas Region, Mr. Romanella was instrumental in leading UPS's entry into the health care industry while managing and integrating more than 20 acquisitions into the Supply Chain Solutions business. His responsibilities have also included overseeing nearly 72,000 employees throughout nine states. Mr. Romanella has experience in all facets of the UPS business operations. For over three decades, he held

various management positions including hub and package operations and industrial engineering. He led project teams on numerous special assignments to develop customer solutions tools and processes for improving operational efficiencies, and was instrumental in generating revenue growth for UPS Supply Chain Solutions in North and South America. While serving as Vice President of UPS's South California District, Mr. Romanella led the district to become the first in UPS history to reach \$1 billion in annual revenue. He is a winner of the UPS Chairman's Award for Excellence. Mr. Romanella holds a bachelor's in management from St. John's University.

SECTOR — TELECOMMUNICATIONS

TWST: Please start by introducing us to UniTek.

Mr. Romanella: UniTek is a family of companies that formed through a series of acquisitions. We offer infrastructure services and solutions to Fortune 200 customers in the wireless, cable and satellite television end markets. On June 4 of this year, UniTek will proudly celebrate its 10-year anniversary. Our history of making acquisitions presented the company with two opportunities, one that created immediate growth and another that is designed to create ongoing growth opportunities by fully integrating these companies into a one-stop solution for our customers.

UniTek initially focused on cable installation and fulfillment services before moving into the satellite industry. We then executed a series of acquisitions to help move us into the wireless space and subsequently into systems integration with the acquisition of Pinnacle Wireless and, prior to that, Berliner Communications. When you put together this portfolio of services, you get a formidable provider of engineering and construction management, installation fulfillment solutions, and wireless telecommunications infrastructure and systems-integration solutions. That is who UniTek is today.

Most importantly, we are a company of outstanding individuals, with integrity and safety as our core values. Our mission statement sums up who we really are and what we aspire to be as a company. We connect the wired and wireless worlds. The wired world includes fulfillment — satellite and cable infrastructure — and the wireless world includes our wireless communications business. In addition, we are vendor agnostic, which means we can work with many different prestigious providers to deliver the right manufacturer's solution to our customers.

But there are also several other factors that we think speak to what UniTek is as a company, what we continue to aspire to be, and what differentiates us from our competitors. For example, we strive to work with the best technology in order to be the best at what we do. A familiar phrase that you hear throughout our organization is: "If you do something, be the best at it." Someone is going to be the best, so why not UniTek? We have this measure of operational excellence in everything we do, and we hold ourselves to very high standards, which we found generally translates into happy customers. If our standards are higher than our customers', then we should always exceed their expectations.

Also, we work to hire only the best and the brightest, the most informed and the best-educated people in the industry. For us this is a two-way street; our people strive to be the best, and we provide an environment that facilitates excellence. Our people do valuable, groundbreaking work using cutting-edge technology. This combination positions UniTek to keep ahead of industry trends.

Our company started with the concept of the universal technician, and thus the name UniTek. The initial business strategy was that a technician would provide specific cable and satellite installation services. Our company and strategy has since evolved into that of a universal solutions provider with highly qualified individuals providing more services to more customers.

We talked about our history earlier, but an important part of our strategy as we seek to continue to integrate our company and grow our national footprint is to strategically view ourselves as one company, not a conglomerate of acquisitions, with the ability to service customers throughout the United States and Eastern Canada. With that in mind, the concept of the universal technician is very applicable now and will be well into the future. For example, we will train our people to do more things, potentially out of one facility where a worker can learn fulfillment installation, tower climbing and even maintenance work. This is what will differentiate and position UniTek for growth.

That is a little bit of UniTek's history, and I would say that in all probability very few people know we are going into our 10th year. But we are excited about year 10 and the opportunities open to us.

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TWST: As you said, your wireless capabilities came through the acquisition of Pinnacle. Is Pinnacle now wholly integrated to the company?

Mr. Romanella: All of our businesses are now fully integrated. Today, all the assets of our organization, whether it's the Pinnacle Wireless division, the AT&T tech side of our business or even our satellite/cable business are all potentially available as solutions to all of our customers. We are now one cohesive organization. We made great progress in integrating our businesses, which we believe provides us with a strategic advantage, because now all of the company's assets are available as a solution to all of our customers.

Another advantage to integrating our business is it becomes a strategic footprint. We currently do business in our different segments across most of the U.S. For example, we have satellite and cable teams in one part of the country, with Pinnacle Wireless tower crews and systems integration experts potentially in yet another part. These businesses overlap in certain areas. However, when you lay out a map of the U.S. and start to plot the nearly 100 facilities we have, you can see that as an organization we have excellent reach to service customers throughout the country.

TWST: Based on that, are you looking at more acquisitions as you go forward?

Mr. Romanella: We have a very good geographic footprint and the skill sets necessary to grow the business. Our focus right now is on organic growth as opposed to making acquisitions. We cannot

definitively say there will be no more acquisitions. If the right acquisition opportunity presents itself, we will of course consider it. But again, that is not our focus at the moment.

TWST: What are the actual products and services you offer, and where do you see your best opportunities at this time?

Mr. Romanella: We have the ability to be a full-service solutions provider, which we believe presents an outstanding value proposition, because we can provide our customers with complete end-to-end solutions. We also have customers who require us to do only specific parts of a job, but many times request additional work over time as we prove the value of our services to them.

The question is, what does the customer need? For example, in the case where a customer needs a complete cell tower built, we can provide a full end-to-end solution — engineering the tower, site acquisition, project management, actually building the site on behalf of the customer and providing maintenance going forward.

On the wireless side, we can provide total end-to-end solutions or parts of a project depending on the customer's needs. For example, we do site acquisition for some customers, and I would like to point out that we are strong in this piece of the business. We also have a strong engineering team. In the case of this group, they often just do an engineering piece for a customer because the customer outsourced the integration piece.

On the systems integration side, we build networks and systems, and then we integrate them. Whether it's a VoIP or a Wi-Fi system in a particular building, or a distributed antenna system in another building,

UniTek can connect them together from a public safety perspective. We also think there is a natural maintenance piece that we could provide. If we build the system, then we believe we are certainly the best qualified to maintain that system.

When you think about the wireless space, we believe the high demand for data will continue going forward. We want to position UniTek as a company that can handle the telecom data needs of today, and more importantly the wireless data needs of tomorrow. We are able to handle whatever the client needs. Our goal is to be the complete end-to-end solutions provider. Once a customer tells us what keeps them awake at night, we work to solve those problems. If it isn't something we do today, hopefully it is something we can do for them tomorrow, because if it is a concern for one customer it is likely to be a concern for other customers as well.

TWST: As you mentioned, you provide wireless services but also satellite, cable and others. Are you seeing a change in the mix of your business?

Mr. Romanella: Actually we are looking to diversify our customer base as well as enter into different markets that we don't service today. If you look at us geographically, we have a national footprint but at the same time remain currently a Northeast-centric company. We are looking for opportunities to expand into areas in the U.S. where we do not have an established presence, or areas where we have operations like on the West Coast and believe there is room to grow. We are also diversifying our portfolio and strategically changing the mix of our customers.

TWST: Is one of your goals to increase the number of end-to-end customers?

Mr. Romanella: Yes, ideally we want to provide complete end-to-end solutions. As we enter new markets with potential new product lines, our focus will remain on the process and our solutions. Additionally, we want to advance to the next level and capture the maintenance piece of the business.

After you build something, there is always the question of what happens when you walk away. That's an important piece from a customer relationship point of view, and it also says a lot about how you are as a company. You stand by your product, you understand your product, and frankly you want to be part of the whole life of the project. Networks will always need upgrades, and we want to be the company responsible for those upgrades. If you are maintaining a system that you implemented, then you are the logical, natural partner to come to upgrade that system.

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I think there is a lot of value in that philosophy as well. So I think as we move forward and start to look at new revenue opportunities and places for us to grow and expand, we must first understand what our customers need in order to truly be their end-to-end provider. We can then methodically look at what else we can do in that space.

TWST: I know that you announced your third-quarter results in November, and one of the numbers that stood out to me was an increase of 15.3% in revenue. What accounted for that increase?

Mr. Romanella: Actually, there are two reasons for the increase in revenue. At the end of the 2012, we completed our last acquisition as part of our satellite business. Our business leader there did an excellent job with the integration. In addition, we had organic growth in certain areas of our business. So what you see in our third-quarter results is a combination of good integration of the satellite acquisition and organic growth.

We had some unfortunate situations happen over the past year, and there was some disruption, but at the end of the day we feel that UniTek is now positioned to grow its business organically, and we're committed to that. As a team we made it through a somewhat difficult and challenging time, and we stayed focused on growing the business and on executing our strategic plan. If we can grow organically during a difficult period, which we did, then we are cautiously optimistic about our growth in 2014 and beyond.

TWST: Tell us about your background and about the key members of your management team.

Mr. Romanella: Let me first tell you about the aspect of the business of which I'm most proud — the team we have assembled. We have had our challenges, but through it all we have been able to attract and retain a highly talented pool of people, not only at the senior level, but also at the middle-manager level. Our middle layer of management is outstanding. The vast majority of our midlevel managers have good industry knowledge and a strong core work ethic, which is a big part of our culture and what we look for in people. There are two other qualities that we also look for in our people: hard work and enthusiasm.

We make sure all our people share our cultural values. I interview every senior-level and middle-level manager, because I

want to talk to them about our culture, vision, strategy and what it means to be manager at UniTek. I want to be sure they understand that safety and integrity are our core values, and we never compromise either of them. We do what we say we're going to do, and we present ourselves in a professional manner.

Our senior team has a solid background and good diversification with strong industry experience. There are also a few of us from UPS, with a first-class background, strong industry knowledge and good business acumen. Our CFO, Andrew Herning, has outstanding business insight and a diverse background, including operational finance and corporate roles that complements the team's skill set. He was previously with an accounting firm, and has both private and public company experience.

Our general counsel, Kathy McCarthy, also does a great job. She has a strong legal background and impressive industry experience, but more than that, Kathy has excellent business vision. Because we have

such strong business leaders, I want them to participate in the decision-making process. We are building UniTek into a performance-driven organization connected by the principles of balanced leadership, where each of us thinks like a customer, by approaching each challenge as a true solutions provider, acts like an owner by understanding the business and what leads to success, and feels like a valuable employee by knowing our work matters and never compromising on safety.

As to my background, I was fortunate to spend 36 years with a great company like UPS, where I grew up in a culture of integrity and honesty. At UPS we cared about our people and we cared about the type of work people did, and that helped me through some of UniTek's recent difficulties. I always said, "We're going to do the right things. We're all going to own up to our mistakes. Whatever is wrong is wrong. And we will fix it and be the better for it."

I think that one of the things that makes a good leader is being open to receiving bad news. Nobody wants to hear it, but you've got to have an open door policy where people feel comfortable bringing you bad news. If everybody keeps telling you everything is wonderful, something is wrong. You have got to be able to accept bad news, and then you find over time they start to bring you the good as well. They start to say to you, "When I was heading home last night I was thinking, why can't we do this?" And we respond positively, "That's right, why can't we do that? Let's figure out how we can." This is how you generate results.

Many people think some organizations have this giant think tank at the top that comes up with the next big thing. We find that's often not the case; innovation usually comes from people performing the work and from customers talking to you, telling you where their markets are going, where their business is going and what help they need to get there. If you can achieve that relationship with your people and your customers, that's how you really know you are getting that partnership. When you have an open dialog you become a true solutions provider, and then frankly, they will become yours.

Overall we have a really good group of business leaders, and I want and need them to participate in the decision-making process. Like I said earlier, we "think like a customer, act like an owner and feel like a valuable employee."

TWST: When talking to investors, what are the most important points to highlight about who UniTek is today?

Mr. Romanella: We are confident in our belief that our company is better, stronger and more efficient than it has ever been. We are fully integrated as one company, with one vision and one unique brand. We know who we are, what we stand for and what things we're striving to achieve.

Part of our mission is to have the best and safest people in the industry. We came up with what we call our eight elements, the first of which is safety as a core value. We are focused on each of these elements day to day, week to week and month to month. These elements are communicated throughout our organization. We're going to grow as a company and we're going to enter into new markets, so we made a strategic decision to hire and train our own technicians to climb towers to gain capacity in the marketplace and differentiate UniTek, but we have to do it safely.

We said we have to diversify our customer base, so we've asked all of our employees to look for new areas where we can grow, to look for new places for us to do business, and to look at these new opportunities from a top-down, bottom-up perspective. We have talked with them about where we plan to invest our money, what our capital investment will be, what rate of return we expect to receive, and how we can reduce our debt and better understand our costs. Basically we are asking our employees to work with us to identify how to become more efficient in all of the things that we do and to be our best brand ambassadors.

We have publicly stated that we want to improve our capital structure, and we expect to look to refinance our debt after we have filed our audited financials. At that point we will have almost a full year of execution under our belts and should be able to go to the marketplace and get a more reasonable rate. We think the best way to refinance our debt is to support our CFO by managing costs at all levels and giving him the best opportunity to present the best financial results we can produce.

Additionally, I think every company wants to generate free cash flow, so we are conscious about that. We try to drive down expenses from every level, so we counsel employees on how they can help in that effort by looking at operating expenses and managing individual expenses on a daily basis. As I have said previously, we want our employees to act like owners. We want them to ask themselves, if they owned this

business, would they buy that, would they rent that, can they optimize their equipment or can they optimize their buildings better?

When you look at UniTek as a whole, we have an opportunity as we move across the country to stabilize our earnings over time. In the Northeast, at times the weather isn't the best for doing outdoor work. However, if we can work in West Palm Beach, Florida, where the weather is generally good year round and where we currently don't have a presence, that would help to smooth out workflow and earnings in our wireless business. While being strong in the Northeast is a positive, we don't want to limit ourselves to just one region.

Finally, we talk all the time about having the best people in the industry. Everybody we add to our organization has to embrace our cultural values of integrity, honesty and safety, and want to be part of creating and sustaining something special. When you come on board at UniTek, you are part of a family atmosphere that promotes and embraces this culture. We consistently talk about these eight elements, and we want our people to know they are part of the solution. We think this will drive our strategy going forward and position us to grow and capture new business as the markets in which we operate evolve and change. We want to be ahead of the curve. If you go 3G to 4G, what's 5G going to look like? We don't necessarily know, but we want to be ready for it when it happens.

I always think the best way to gauge how well we are doing with our customers is when they come up with something they need to get done, they think of us and say, "Hey, we need to get UniTek on the phone, because we want to get their thoughts on how to implement this."

TWST: Thank you. (LMR)

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