



FOCUS Telecom
Technology and Services Group
Telecom Business
Services Quarterly

Summer 2017 Report

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FOCUS

Investment Banking

Strategic, Personal, Dedicated

Investment Banking and Advisory Services

FOCUS Investment Banking LLC is a leading investment bank with specialized telecom technology and services expertise, concentrating on providing highly tailored services to emerging middle market and larger organizations in this sector:

Mergers & Acquisition Advisory
Corporate Development Consulting
Strategic Partnering & Alliances
Capital Financing, Debt & Equity
Corporate Valuations

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Telecom Business Services Quarterly

By Richard Pierce, FOCUS Managing Director and Telecom Technology and Services Team Leader

FOCUS believes that the Telecom Business Services sector is an attractive (and often overlooked) segment of the telecom market. The companies in this sector perform services such as distributing communications-related products, designing and installing communications infrastructure and providing repair and other logistics services for both communications service providers and businesses. These companies often benefit from the same exciting trends that drive growth in the larger telecommunications industry.

However, as professional services businesses they tend to be much less capital-intensive than network-based telecommunications service providers. Furthermore, they typically face little threat from shifts in technology. In fact, more often than not they benefit from technology shifts as upgrade cycles drive client demand for their services and expertise. FOCUS is proud of its commitment to the Telecom Business Services sector and we are excited about the prospects for companies in this space.

The FOCUS Telecom Technology and Services group consists of four professionals with a mix of backgrounds that include both C-level operating expertise and experience at leading middle market investment banks. The FOCUS Telecom team is uniquely qualified to help middle market clients reach their strategic objectives because the group:

- Devotes significant senior level resources to executing transactions for lower middle market clients,

- Has a breadth of knowledge that covers most segments of the telecom industry,
- Has bankers with C-level operating experience in the telecom industry,
- Has a proven transaction methodology for delivering results,
- Is equally comfortable with buy side and sell side M&A,
- Leverages an experienced team of research professionals,
- Has a national presence with coverage of both east and west coasts.

Sub Sector Definitions

Distributors and Logistics Services: This sector includes companies that distribute communications-related products or that provide repair, refurbish and other supply chain management solutions. Companies in this segment may serve either telecom service providers, businesses or both.

Engineering and Construction: Engineering and Construction companies provide a variety of services including network planning and design, systems integration, installation and construction. Customers are primarily service providers but may also include large enterprises and governments.

Summary Comments

Public Markets

With a gain of 3.9% in our summer reporting period, the FOCUS Telecom Business Services Index (TBSI) once again posted a solid three-month gain. The performance of the TBSI was significantly better than the three-month gain of the S&P 500 of 2.6%, and was identical to the three-month return of the NASDAQ. Over the past 12 months, the TBSI posted an increase of nearly 40%, significantly higher than either the S&P 500 or NASDAQ. Sector multiples also are up from year-ago levels. The revenue multiple for the TBSI ticked up from 0.3x a year ago to 0.4x currently, while the EBITDA multiple went from 8.0x to 9.3x over the same time.

Distributors and Logistics Services

The Distributors and Logistics Services sub sector once again was the engine driving the gains in the TBSI. The sub sector was up 6.1% in the past three months. Gains actually were not broad-based as five of the eight stocks in the sub sector were in the red for the period. However, strong gains at CDW (up 8.4%), ePlus (up 9.7%), and Tech Data (up 7.6%) more than compensated for the lackluster performance of the other companies in the sub sector. For the full year, the sub sector is up an impressive 49.2% as five of the eight companies in the sub sector

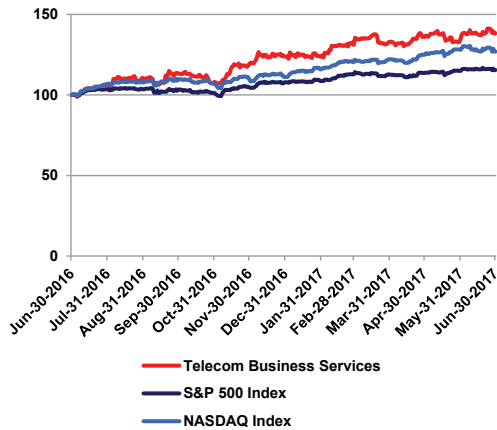
delivered double digit gains over this time frame. Sub sector multiples also are higher than they were at this time last year. The sub sector revenue multiple now stands at 0.4x (up from 0.3x a year ago) and the sub sector EBITDA multiple closed out the period at 11.5x (up from 8.1x a year ago). In fact, Black Box was the only company in the sub sector that did not enjoy a meaningful increase in EBITDA multiple over the past 12 months.

Engineering and Construction

The Engineering and Construction sub sector gained only 1.3% in the past three months. The sub sector did see strong gains at a number of companies. COMSYS Holdings, Mastec, MIRAIT Holdings, and TSS all experienced double digit gains. However, a 3.7% decrease at Dycom coupled with double digit declines at Baran Group and China Communications Services held back sub sector performance. The Engineering and Construction sub sector can still boast of a strong year-over-year gain of 26.5%. Mastec was once again a big driver of this increase as the stock more than doubled in the past year. Sub sector multiple performance was mixed. At its current level of 0.5x, the sub sector revenue multiple is higher than the 0.4x multiple from a year ago. However, the sub sector EBITDA multiple dropped from 7.6x a year ago to 7.0x currently.

Telecom Business Services: Public Market Summary

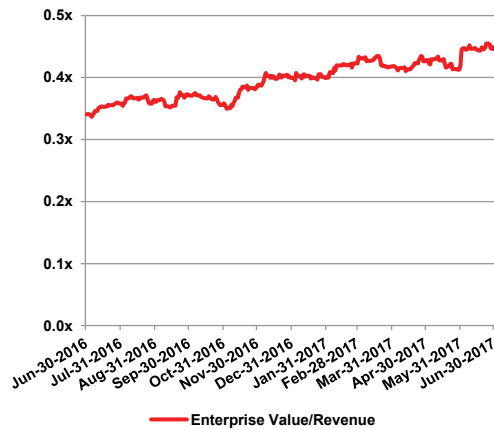
Twelve Month Index Returns



Sector and Sub Sector Returns

	12 Month	3 Month
Telecom Business Services	38.3%	3.9%
Distributors and Logistics Services	49.2%	6.1%
Engineering and Construction	26.5%	1.3%
S&P 500	15.5%	2.6%
NASDAQ	26.8%	3.9%

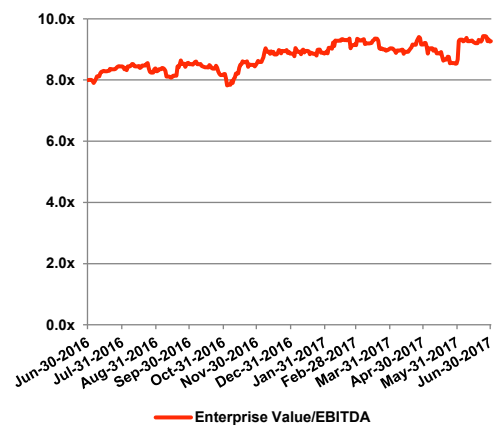
Revenue Multiple Trends



Sector and Sub Sector Revenue Multiples

	6/30/2017	6/30/2016
Telecom Business Services	0.4x	0.3x
Distributors and Logistics Services	0.4x	0.3x
Engineering and Construction	0.5x	0.4x

EBITDA Multiple Trends



Sector and Sub Sector EBITDA Multiples

	6/30/2017	6/30/2016
Telecom Business Services	9.3x	8.0x
Distributors and Logistics Services	10.3x	9.1x
Engineering and Construction	7.6x	6.8x

Source: Capital IQ

Summary Comments

M&A

For the second straight period, we counted a total of 37 M&A transactions in the Telecom Business Services sector. The total announced dollar volume of these transactions was \$1.2 billion, which represented a big uptick from the paltry level we saw in the first three months of 2017. At the halfway mark for 2017, we now stand at 74 total transactions with a total announced dollar volume of \$1.3 billion. This is behind the pace of activity we saw in 2016, but still indicates an active M&A market for the sector.

Distributors and Logistics Services

Activity in the Distributors and Logistics Services sub sector slowed somewhat with only 24 transactions this period. However, announced dollar volume picked up dramatically with the acquisition of Westcon Group's North American and Latin American operations by Synnex for \$915 million. The acquisition enhances Synnex's capabilities in the areas of security, unified communications, and networking. We also noted that the data center maintenance services space remains active as both Park Place Technologies and Service Express inked acquisitions in the space in the past three months. Finally, the market for companies that distribute security products remains very active, and we noted multiple transactions in this area in our summer reporting period.

Engineering and Construction

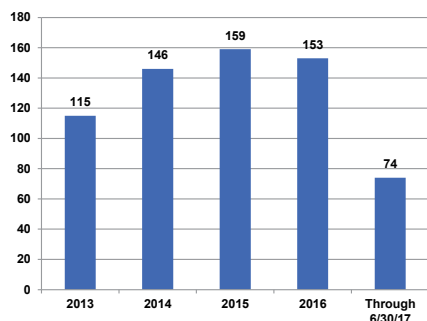
The Engineering and Construction sub sector had its most active period in recent memory with 13 total transactions. Only two of these deals, the Dycor acquisition of telecom construction company Texstar Enterprises and the NTI Connect acquisition of engineering and installation services company Fairhaven Integration Services, were of targets based in the U.S. The remaining targets were located in Europe (seven transactions), Latin America (two transactions), and Asia/Australia (two transactions). This continues the trend of increasing levels of activity in the sub sector outside of the U.S. market. We also noted that Nordic-based Transtema Group was particularly impressive in terms of its activity level, as the company continued its acquisition spree by announcing three transactions this period.

Transactions with Multiples

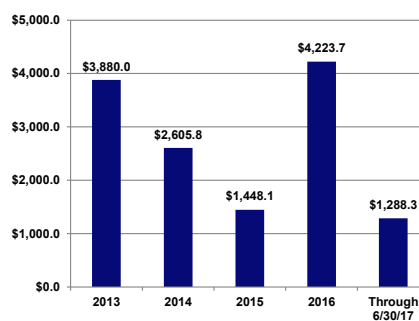
We had three sector transactions with announced multiples this reporting period. Two of these were in the Distributors and Logistics Services sub sector. Credence Security acquired Intact Software Distribution for 0.5x revenue and 13.6x EBITDA, while the Synnex acquisition of Westcon went for 0.4x revenue and 10.3x EBITDA. It was certainly noteworthy that both transactions in this sub sector went for double digit EBITDA multiples. The final transaction with an announced multiple was in the Engineering and Construction sub sector, as TalkPool acquired LCC's operations in Pakistan at a multiple of 0.4x revenue.

Telecom Business Services: M&A Summary

M&A Activity: Number of Transactions



M&A Activity (\$ Value of Transactions in Millions)



Announced Transactions (4/1/17 – 6/30/17)

Acquiror	Target	Sector	Date Announced	Purchase Price	Description
Triton	Anläggning & Kabel Entreprenad i Malmö	Telecom Engineering and Construction	6/30/17	NA	Provides engineering services and constructs utility projects for the telecommunication and electricity sectors
Conscia	Vosko	Distributors & Logistics Services	6/29/17	NA	Provides network design, integration and maintenance services for businesses in the Netherlands.
The Prepaid Company	3G Mobile	Distributors & Logistics Services	6/27/17	\$146.7	Distributes mobile phones, tablets and accessories to retailers, companies, and individuals across Sub-Saharan Africa.
Nixu	Bitsec	Distributors & Logistics Services	6/26/17	NA	Designs, implements and monitors information technology security systems for government agencies and private companies.
TalkPool	LCC (Pakistan Operations)	Telecom Engineering and Construction	6/26/17	\$5.2	Provides wireless network design, site construction, integration, testing and maintenance services for the telecom industry worldwide.
Lifco	Pro 10 Optix	Distributors & Logistics Services	6/22/17	NA	Distributes fiber optic transceivers, fiber optic cable, wavelength equipment, test and measurement and communications equipment.
Agora Holdings	RiNet Telecom	Telecom Engineering and Construction	6/21/17	NA	Deployment and maintenance services for telecommunications network systems.
Datatec	Packet Systems Indonesia	Distributors & Logistics Services	6/20/17	NA	Provides multi-vendor ICT systems and network integration services for enterprises, datacenters and telecom companies in Indonesia.
Infoteek	Centralpoint Nederland	Distributors & Logistics Services	6/20/17	NA	Online distributor of IT equipment, cellphones and electronics primarily for businesses in the Netherlands and Belgium.
Sangoma Technologies	VoIP Supply	Distributors & Logistics Services	6/20/17	\$4.0	Online retailer and VAR of VoIP, telecommunications network and video conferencing hardware.
Scopelec	SARL Coopérative Socatel	Telecom Engineering and Construction	6/20/17	NA	Installs and maintains telecom network infrastructures.
Credence Security	Intact Software Distribution	Distributors & Logistics Services	6/16/17	\$0.3	Distributes cyber security software and solutions in South Africa.
Itway	Maticmind	Distributors & Logistics Services	6/8/17	NA	Offers solutions including routing, switching, unified communications and wireless LAN.
Synnex	Westcon Group (North America and Latin America)	Distributors & Logistics Services	6/6/17	\$915.0	Technology distributor that provides security, collaboration, networking and data center products.
Field Solutions Group	BMS Network Solutions	Telecom Engineering and Construction	6/1/17	\$138.0	Provides wireless network design, construction and management services for businesses and consumers in rural Australia.
SPI Innovations	eGear USA	Distributors & Logistics Services	6/1/17	NA	Network design, configuration, purchasing, assembly, testing, asset management, IT equipment disposal and support solutions.
Avtex	Integrated Access Solutions	Distributors & Logistics Services	5/30/17	NA	Provides contact center system integration services for businesses utilizing Genesys technology.
Dycom	Texstar Enterprises	Telecom Engineering and Construction	5/24/17	\$26.4	Telecom construction company with turnkey capabilities for fiber optic and coax deployment.
Communicate Technology	Landscape Networks	Distributors & Logistics Services	5/16/17	NA	Provides information security, LAN/WAN infrastructure and data protection products and services.
NTI Connect	Fairhaven Integration Services	Telecom Engineering and Construction	5/16/17	NA	Engineering and installation services across multiple platforms in support of Central Office, Wireless, & Data Center customers.
Park Place Technologies	Prestige Data Centre Solutions	Distributors & Logistics Services	5/15/17	NA	Infrastructure and storage systems design, integration, migration, maintenance and support for datacenters in the UK.
F-Secure	Digital Assurance	Distributors & Logistics Services	5/11/17	NA	Provides vendor-neutral cybersecurity systems integration, consulting and outsourced testing services for enterprises in the UK.
Luther King Capital Management	TestEquity	Distributors & Logistics Services	5/11/17	NA	Distributes, rents and leases electronic test and measurement solutions and provides maintenance, repair and operations tools.
Proximus	Davinsi Labs	Distributors & Logistics Services	5/4/17	NA	Provides enterprise security solutions and services in Belgium specializing in the area of vulnerability management.
TÜV Austria	SPP Handelsges	Distributors & Logistics Services	5/4/17	NA	IT security, implementation, support and training as well as security software products distribution services.
Mantra Venture Group	AW Solutions	Telecom Engineering and Construction	4/27/17	\$3.5	Provides telecommunications infrastructure and fiber fed distributed antenna systems deployment services.
Service Express	Delta Computer Group	Distributors & Logistics Services	4/25/17	NA	Maintenance services for hardware, IT infrastructure, storage devices, servers, communication devices and printers.
Relacom Holding	Fujitsu Finland	Telecom Engineering and Construction	4/19/17	NA	Provides information and communication technology maintenance and technical support services in Finland.
Transtema Group	Copiad Telecom	Telecom Engineering and Construction	4/19/17	\$6.3	Project management, construction management and inspection services for electrical and telecommunication projects.
Transtema Group	Fiberdata	Telecom Engineering and Construction	4/19/17	\$4.4	Construction and supply of networks and infrastructure for data and telecommunications in Sweden.
Doberman Technologies	Nonik Technologies	Distributors & Logistics Services	4/16/17	NA	Provides computer security, software and hardware services and solutions to small and medium-sized businesses in the Midwest.

Announced Transactions (4/1/17 – 6/30/17) continued

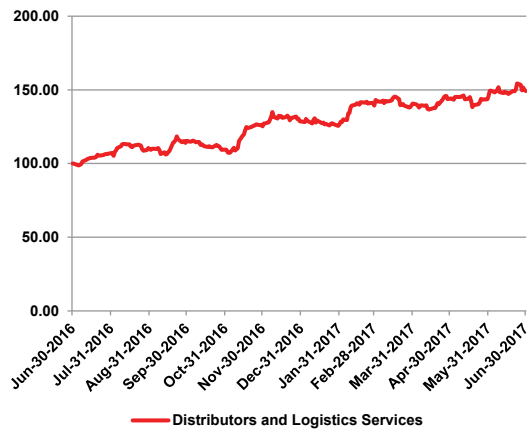
Acquiror	Target	Sector	Date Announced	Purchase Price	Description
Corstrom	Fónua	Distributors & Logistics Services	4/13/17	NA	Supplies various brands of mobile handsets and offers fulfillment services, reverse logistics and outsourced retail solutions.
Blue Water Energy	Optilan	Distributors & Logistics Services	4/10/17	NA	Provides telecommunications systems integration services including building and testing, installation, maintenance and repair.
Transtema Group	Effektvision	Telecom Engineering and Construction	4/10/17	NA	Distribution, installation, consulting and servicing of computer and telecommunication equipment.
SecureData	Cygnia Technologies	Distributors & Logistics Services	4/7/17	NA	Multi-vendor cybersecurity systems integration and IT consulting services for medium to large-sized companies in the UK.
Tower One Wireless	The Service Company	Telecom Engineering and Construction	4/4/17	NA	Provides site acquisition and licensing to the Telecom Industry in Colombia.
Chess Telecom	Foursys	Distributors & Logistics Services	4/3/17	NA	Provides security advice, information, installation, configuration and support for Sophos security products.

Announced Transactions with Revenue Multiples (7/1/16 – 6/30/17)

Acquiror	Target	Sector	Date Announced	Purchase Price	Revenue Multiple	EBITDA Multiple	Description
TalkPool	LCC (Pakistan Operations)	Telecom Engineering and Construction	6/26/17	\$5.2	0.4 x	NA	Provides wireless network design, site construction, integration, testing and maintenance services for the telecom industry worldwide.
Credence Security	Intact Software Distribution	Distributors & Logistics Services	6/16/17	\$0.3	0.5 x	13.6 x	Distributes cyber security software and solutions in South Africa.
Synnex	Westcon Group (North America and Latin America)	Distributors & Logistics Services	6/6/17	\$915.0	0.4 x	10.3 x	Technology distributor that provides security, collaboration, networking and data center products.
Credence Security	A-tek Distribution	Distributors & Logistics Services	1/24/17	\$0.3	0.3 x	0.6 x	Distributes cyber security solutions from vendors such as AVG and F-Secure.
ERF Wireless	Accordant Communications	Telecom Engineering and Construction	1/19/17	\$14.0	2.8 x	NA	Broadband network developer and builder with five offices in the U.S.
Daisy Group	Alternative Networks	Distributors & Logistics Services	12/23/16	\$229.8	1.3 x	11.1 x	Communications network consulting, systems integration and equipment and device distribution for businesses.
Wentronic	Cellnet Group	Distributors & Logistics Services	11/11/16	\$10.5	0.2 x	6.3 x	Distributes mobile phones and tablets and provides fulfillment services to the mobile telecommunications and retail industries.
C5 Capital	ITC Global Security	Distributors & Logistics Services	11/8/16	\$29.8	1.7 x	NA	Information security and networking consultancy providing integration and managed services in Europe, Asia-Pacific and North America.
Insight Enterprises	Datalink	Distributors & Logistics Services	11/7/16	\$222.8	0.3 x	10.6 x	Data center services and solutions including design, deployment, management and support services.
ADDvantage Technologies	Triton Datacom	Distributors & Logistics Services	10/19/16	\$10.0	0.7 x	4.8 x	Distributes new and refurbished Cisco networking products and equipment with an emphasis on VoIP and IP telephony.
DCC	Hammer Consolidated Holdings	Distributors & Logistics Services	10/14/16	\$46.7	0.2 x	NA	Distributes server and storage products.
Tech Data	Avnet (Technology Solutions Business)	Distributors & Logistics Services	9/19/16	\$2,593.1	0.3 x	6.9 x	Value-added distributor delivering services, software and hardware across the data center.
ABC Data	S4E	Distributors & Logistics Services	8/22/16	\$30.0	0.5 x	22.9 x	Distributes IT value-added solutions in the areas of storage, networking and security to large corporations and small businesses.

Sub Sector Analysis: Distributors and Logistics Services

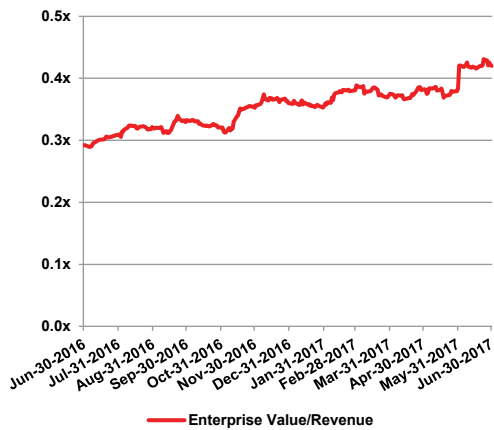
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Distributors & Logistics Index	49.2%	6.1%
ADDvantage Technologies	-9.0%	-15.5%
Black Box	-34.6%	-4.5%
CDW	56.0%	8.4%
ePlus	81.2%	9.7%
Insight	53.8%	-2.7%
PC Connection	13.7%	-9.2%
Tech Data	40.6%	7.6%
Tessco	-4.2%	-15.3%

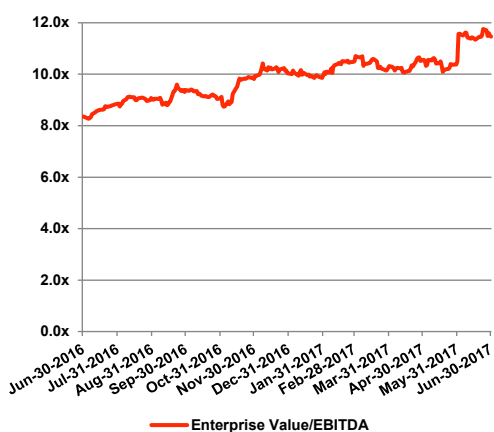
Revenue Multiple Trends



Company Revenue Multiples

	6/30/2017	6/30/2016
Distributors & Logistics Index	0.4x	0.3x
ADDvantage Technologies	0.5x	0.5x
Black Box	0.2x	0.3x
CDW	0.9x	0.7x
ePlus	0.8x	0.5x
Insight	0.3x	0.2x
PC Connection	0.2x	0.2x
Tech Data	0.2x	0.1x
Tessco	0.2x	0.2x

EBITDA Multiple Trends



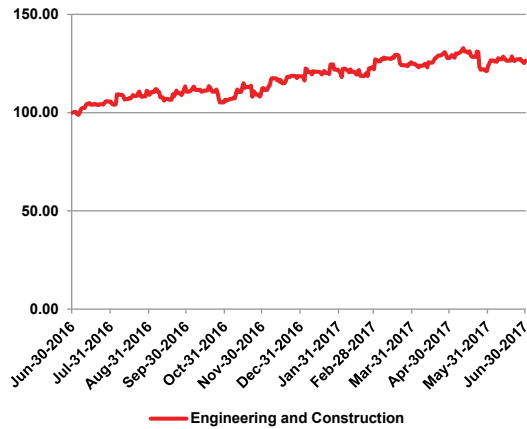
Company EBITDA Multiples

	6/30/2017	6/30/2016
Distributors & Logistics Index	11.5x	8.4x
ADDvantage Technologies	8.2x	4.4x
Black Box	6.6x	7.0x
CDW	12.3x	9.7x
ePlus	11.3x	7.1x
Insight	8.6x	5.7x
PC Connection	7.5x	6.0x
Tech Data	12.0x	5.6x
Tessco	16.5x	10.1x

Source: Capital IQ

Sub Sector Analysis: Engineering and Construction

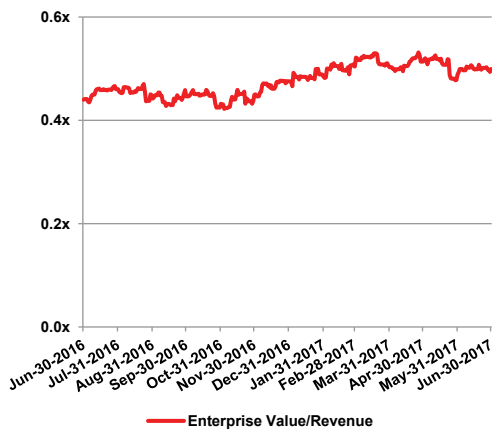
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Engineering & Construction Index	26.5%	1.3%
Baran Group	20.0%	-36.1%
China Communications Services	11.4%	-11.6%
COMSYS Holdings	39.8%	16.3%
Dycom	-0.3%	-3.7%
Mastec	102.3%	12.7%
MIRAIT Holdings	25.6%	15.4%
TSS	10.0%	46.0%
WPCS	-14.2%	0.7%

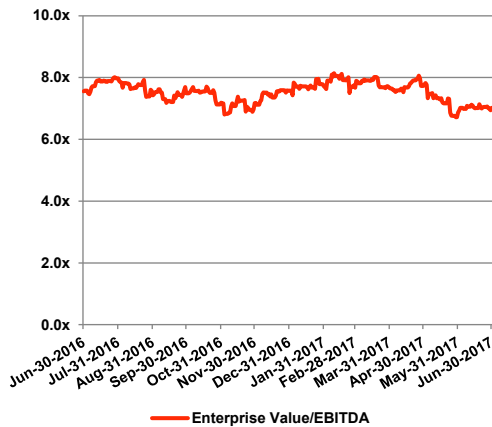
Revenue Multiple Trends



Company Revenue Multiples

	6/30/2017	6/30/2016
Engineering & Construction Index	0.5x	0.4x
Baran Group	0.2x	0.2x
China Communications Services	0.2x	0.2x
COMSYS Holdings	0.7x	0.5x
Dycom	1.2x	1.4x
Mastec	0.9x	0.7x
MIRAIT Holdings	0.3x	0.2x
TSS	0.1x	0.1x
WPCS	0.2x	0.2x

EBITDA Multiple Trends



Company EBITDA Multiples

	6/30/2017	6/30/2016
Engineering & Construction Index	7.0x	7.6x
Baran Group	NM	NM
China Communications Services	4.9x	5.2x
COMSYS Holdings	6.8x	5.3x
Dycom	8.3x	10.5x
Mastec	8.8x	10.5x
MIRAIT Holdings	6.6x	7.1x
TSS	21.3x	NM
WPCS	NM	NM

Source: Capital IQ

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Rich Pierce has more than ten years of investment banking experience advising middle market clients on a variety of mergers and acquisitions and capital raising transactions. During that time, Mr. Pierce's primary emphasis has been on serving clients in the telecommunications industry including providers of network related hardware and software products, wireless, and wireline telecommunications service providers and network engineering and construction companies.



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John Bradshaw has over 30 years experience in sales, marketing, manufacturing, finance, and systems engineering with corporations specializing in technology-driven business products and services. Mr. Bradshaw has been a successful senior executive and manager in both large and small organizations, and has spent the last 15 years working with entrepreneurial companies. Mr. Bradshaw has particular expertise in enterprise communications and contact center related technology.



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David Freeland, a FOCUS Principal, has more than fifteen years of experience providing investment banking and management consulting services to a variety of corporate clients, ranging from the Fortune 500 to start-up businesses. He has been an investment banker since 2003, advising clients on mergers and acquisitions and capital raising transactions. Mr. Freeland has broad experience in the telecom and technology industry and has significant experience with data center companies.



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Eric Oganessoff has conducted over forty M&A, debt, and capital raise transactions with an aggregate value of over \$300 million and has served as the CEO or President of several companies. Mr. Oganessoff has over twenty years of senior executive level experience in leading businesses ranging from wireless solutions, software, and RFID services to manufacturing, industrial products, energy, and environmental products and government contracting.

About FOCUS Investment Banking LLC

FOCUS Investment Banking LLC provides a range of middle market investment banking services with an emphasis on mergers, acquisitions, divestitures and corporate finance. FOCUS is a national firm serving clients from offices in major cities across the United States. FOCUS specializes in business units with transactions or revenues in the \$5-300 million range, serving entrepreneurs, corporate owners and various types of investors across a broad range of industries, throughout the U.S. and worldwide. FOCUS bankers are seasoned operating and financial executives with extensive transaction experience. Securities transactions conducted by FOCUS Securities LLC, an affiliated company, registered Broker/Dealer and member FINRA/SIPC. For more information on FOCUS, visit www.focusbankers.com.

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