

FOCUS

Investment Banking

Telecom Technology and Services Group

Telecom Business Services Quarterly



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 two professionals with a combined 30+ years of transaction experience across a wide variety of telecommunications-related companies. 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 seasoned bankers with decades of telecom industry experience,
- 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 sub 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

The FOCUS Telecom Business Services Index (TBSI) returned to positive territory this reporting period with a strong three-month gain of 9.0%. This put the TBSI in between the 10.7% return in the S&P 500 and the 8.3% return in the NASDAQ over the corresponding time frame. The sector looks even better over the longer 12-month time frame. The 34.6% gain in the TBSI outstripped both the 26.9% gain in the S&P 500 and the 21.4% gain in the NASDAQ. In addition, sector multiples went from 0.8x revenue and 9.4x EBITDA in the year-ago period to 1.0x revenue and 11.0x EBITDA at the end of the current reporting period.

Distributors and Logistics Services

For the second straight reporting period the Distributors and Logistics Services sub sector was the top performing sub sector in the TBSI. The sub sector gained 12.2% this reporting period. Four of the six companies in the sub sector delivered positive returns, with the strongest gains coming from CDW (up 12.5%), Insight (up 18.3%) and TESSCO (up 13.1%). For the full year, the sub sector is

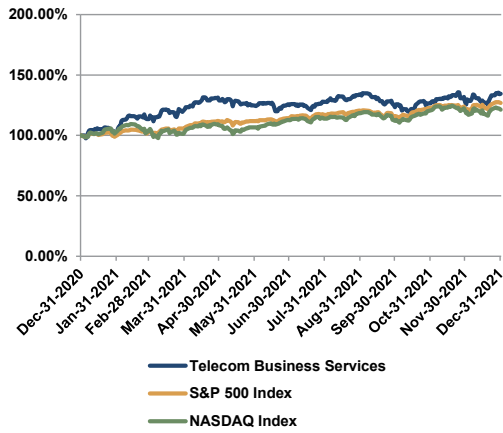
up just shy of 50%. CDW and Insight were leaders over this time frame as well, and ePlus also had a strong year-over-year gain in excess of 20%. Sub sector multiples closed out the period at 1.2x revenue and 17.2x EBITDA. Both of these represent significant increases compared to year-ago multiples of 0.9x revenue and 12.6x EBITDA.

Engineering and Construction

While it was definitely the laggard of the TBSI's two sub sectors this period, the Engineering and Construction sub sector still turned in a modest increase of 1.8% over the past three months. The two highest returns came from U.S.-based companies Dycom and MasTec. Dycom in particular enjoyed an extremely strong period with a gain of 31.6%. The sub sector is also up 9.0% over the past 12 months, with Dycom and MasTec once again leading the way with year-over-year gains of 24.2% and 35.3%, respectively. Even with the sub sector's positive overall annual return, multiple performance was mixed. The sub sector revenue multiple inched up from 0.7x to 0.8x, but the sub sector EBITDA multiple fell from 6.3x to 5.7x.

Telecom Business Services: Public Market Summary

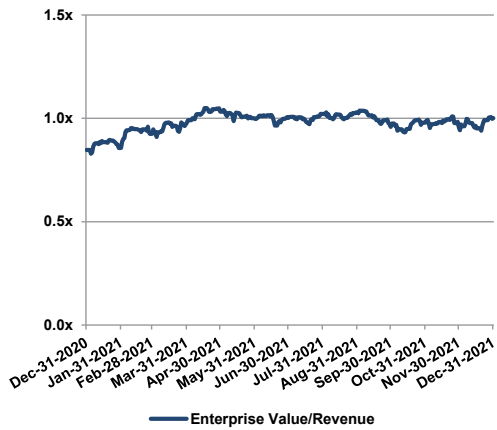
Twelve Month Index Returns



Sector and Sub Sector Returns

	12 Month	3 Month
Telecom Business Services	34.6%	9.0%
Distributors and Logistics Services	48.5%	12.2%
Engineering and Construction	9.0%	1.8%
S&P 500	26.9%	10.7%
NASDAQ	21.4%	8.3%

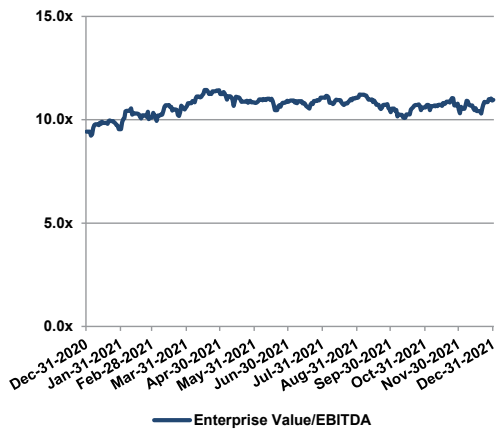
Revenue Multiple Trends



Sector and Sub Sector Revenue Multiples

	12/31/2021	12/31/2020
Telecom Business Services	1.0x	0.8x
Distributors and Logistics Services	1.2x	0.9x
Engineering and Construction	0.8x	0.7x

EBITDA Multiple Trends



Sector and Sub Sector EBITDA Multiples

	12/31/2021	12/31/2020
Telecom Business Services	11.0x	9.4x
Distributors and Logistics Services	17.2x	12.6x
Engineering and Construction	5.7x	6.3x

Source: Capital IQ

M&A Summary Comments

M&A

The number of M&A transactions in the Telecom Business Services sector fell to 30 in our winter reporting period. This was a significant drop from the 39 transactions that we counted in our fall report. However, even with the lower number of transactions, the total announced dollar volume of transactions surged to \$4.4 billion. Looking back on the full year of 2021, the year was fairly typical in terms of the total number of transactions with 141. However, the sector's \$12.7 billion in total announced transaction dollar volume made 2021 far and away the year with the highest transaction dollar volume of any year in the last five

Distributors and Logistics Services

The Distributors and Logistics Services sub sector had a solid but not spectacular three-month period with a total of 17 M&A transactions. This included the single largest transaction this period, CDW's acquisition of Sirius Computer Solutions for \$2.5 billion. The other large transaction in the sub sector in this past three months was the acquisition of datacenter-focused IT asset disposition company ITRenew by Iron Mountain. On the telecom service provider side, we noted European-based CIRCET GROUPE's purchase of U.S. telecom logistics and network services company KGPCo as well as the platform investment by Carlson Private Capital Partners in telecom distribution company Millenium. In the final sub sector transaction that we will specifically highlight, Office

Depot successfully divested its CompuCom hardware and software distribution business for \$305 million to private equity firm Variant Equity.

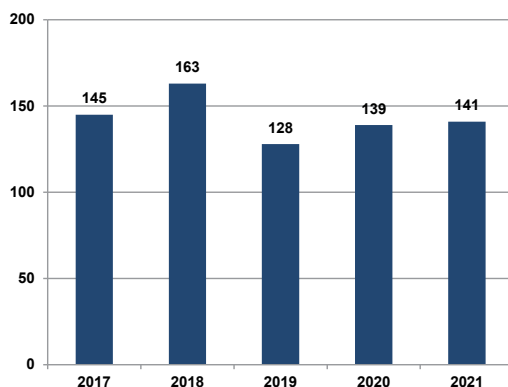
Engineering and Construction

While M&A activity in the Engineering and Construction sub sector was slower than in our fall report with 13 transactions this period, the level of activity still remained robust by historical standards. The transaction with the largest announced transaction dollar volume was MasTec's pickup of telecom and utility engineering and construction firm Henkels & McCoy. Other serial acquirers that were active this period included QualTek (with its purchase of Urban Cable Technology) and Crestone Services (with its acquisition of Americom). The Engineering and Construction sub sector also continues to be popular with private equity as evidenced by the three new private equity backed platforms that emerged this period. These were TriStrux (a wireless engineering and construction firm acquired by Huron Capital Partners), National OnDemand (a fiber construction and last mile installation services company acquired by Blue Point Capital Partners) and New England Electrical Contracting (a regional macro and small cell wireless construction company acquired by Pflingsten Partners). Finally, we noted a number of add on acquisitions in the space including the acquisition of PrimeTech Communications by ADB Companies and publicly traded Orbital Energy Group's acquisition of Full

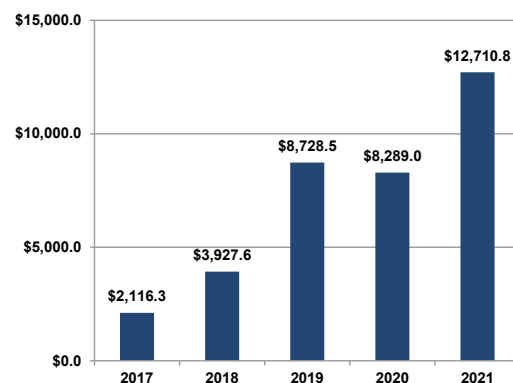
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Telecom Business Services: M&A Summary

M&A Activity: Number of Transactions



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



Moon Telecom to augment its previous acquisition of Gibson Technical Services.

Transactions with Multiples

The Telecom Business Services sub sector had three transactions with announced multiples this period. In the Distributors and Logistics Services sub sector the CDW

acquisition of Sirius Computer Solutions had multiples of 1.2x revenue and 10.4x EBITDA while Iron Mountain's acquisition of ITRenew had multiples of 2.2x revenue and 12.0x EBITDA. Over in the Engineering and Construction sub sector, the revenue multiple for MasTec's acquisition of Henkels & McCoy was 0.4x. There was no announced EBITDA multiple for this transaction.

M&A Announced Transactions (10/1/21 – 12/31/21)

Acquiror	Target	Sector	Date Announced	Purchase Price	Description
Variant Equity	Office Repot (CompuCom Division)	Distributors & Logistics Services	12/31/21	\$305.0	Supplies hardware, devices, software and security systems and provides related support for enterprise customers.
Huron Capital	TriStrux	Telecom Engineering and Construction	12/23/21	NA	Macro cell tower and 5G wireless construction, fiber construction and hardware decommissioning for telecom and cable operators.
telent Technology Services	Harlequin Group	Telecom Engineering and Construction	12/21/21	NA	IT and related telecom consulting services to businesses in the United Kingdom.
MasTec	Henkels & McCoy	Telecom Engineering and Construction	12/20/21	\$600.0	Telecom and utility infrastructure construction, design and engineering contractor.
Livingbridge	Southern Communications	Distributors & Logistics Services	12/17/21	NA	Supplies business-to-business telecom products and services for SME businesses in Southern England.
VETEL	Induo	Distributors & Logistics Services	12/16/21	NA	Distributor of wireless products and services to professional users of wireless and network products.
SPIE Communications	NexoTech	Telecom Engineering and Construction	12/15/21	NA	Maintenance and installation services for copper and fiber optic broadband networks in Poland.
Blue Point Capital Partners	National OnDemand	Telecom Engineering and Construction	12/14/21	NA	Engineering, construction and last mile installation services for the communications and utility infrastructure industries.
Kane Communications	Cable Solutions	Telecom Engineering and Construction	12/14/21	NA	Designs and installs communications infrastructure systems for businesses.
Iron Mountain	ITRenew	Distributors & Logistics Services	12/10/21	\$925.0	IT Asset Disposition company providing asset disposition, recycling and remarketing solutions for datacenter assets.
Carlson Private Capital Partners	Millenium	Distributors & Logistics Services	12/8/21	NA	Value-added distributor and service provider to the broadband infrastructure and related industries.
AVI-SPL	SKC Communication Products	Distributors & Logistics Services	12/6/21	NA	Designs and builds unified communications, collaboration and videoconferencing solutions.
BAI Communications	Villicom	Telecom Engineering and Construction	12/2/21	NA	Designs, installs and manages wireless networks for enterprises and mobile network operators.
Exclusive Networks	Networks Unlimited	Distributors & Logistics Services	12/2/21	NA	Networking, IT infrastructure and cybersecurity systems value added distribution and related managed security and support services.
AsiaPac Distribution	Glocomp Systems	Distributors & Logistics Services	12/1/21	\$26.2	IT and communications infrastructure distribution services to businesses globally.
Pluradent	medondo holding	Distributors & Logistics Services	11/30/21	NA	Third party maintenance services for data center operators as well as roll-out, removal and certified data destruction services.
OptConnect	Premier Wireless Solutions	Distributors & Logistics Services	11/29/21	NA	Wireless device value added distribution and related network and systems integration services for businesses.
Nuvias Group	Delta Link	Distributors & Logistics Services	11/18/21	NA	Distributes networking and related information technology products.
CIRCET GROUPE	KGPCo	Distributors & Logistics Services	11/17/21	NA	Network Services and supply chain solutions to build, optimize and maintain service provider networks.

M&A Announced Transactions (10/1/21 – 12/31/21), continued

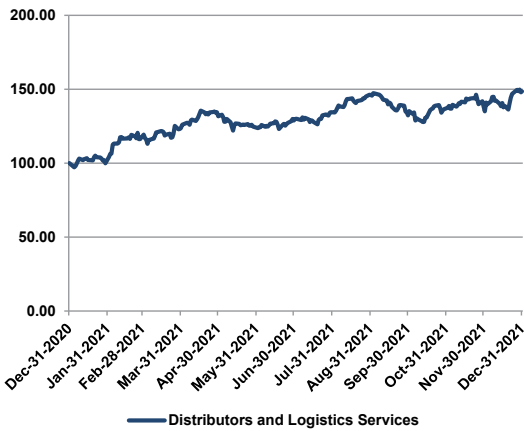
Acquiror	Target	Sector	Date Announced	Purchase Price	Description
Merino Capital	Multithread Consultants	Distributors & Logistics Services	11/10/21	NA	Wireless and networking consultancy services and distribution of wireless and networking products.
Kerv Group	Gyrocom	Distributors & Logistics Services	11/9/21	NA	Network, SD-WAN and security integration services to businesses in the United Kingdom.
Field Solutions Group	Tasmanet	Telecom Engineering and Construction	10/29/21	\$11.3	Information technology and communications solutions to corporate, government and small business customers in Tasmania.
Orbital Energy Group	Full Moon Telecom	Telecom Engineering and Construction	10/22/21	\$1.9	Wireless telecommunications integration services including test and turn-up of small cell systems and distributed antenna systems.
ADB Companies	PrimeTech Communications	Telecom Engineering and Construction	10/21/21	NA	Utility construction company providing services including construction, splicing, engineering and project management.
Pfingsten Partners	New England Electrical Contracting	Telecom Engineering and Construction	10/20/21	NA	Tower services, small cell, outdoor DAS, in-building wireless and utility construction for customers in the New England region.
CDW	Sirius Computer Solutions	Distributors & Logistics Services	10/18/21	\$2,500.0	IT solution integrator providing hardware, software and services to large and mid-sized customers in the United States.
QualTek	Urban Cable Technology	Telecom Engineering and Construction	10/15/21	NA	Telecom construction and engineering services as well as MDU wiring and fiber placement for telecom and cable operators.
Atende	Sevenet	Distributors & Logistics Services	10/11/21	NA	LAN/WAN networks, wireless networks and business communication systems for companies in Poland.
Crestone Services	Americom Technology	Telecom Engineering and Construction	10/11/21	NA	Deployment of fiber optics, power lines, utilities and ISP cabling for wireless and data systems in the Mountain West region.
Invicta Holdings	Dartcom	Distributors & Logistics Services	10/7/21	\$36.9	Distributes communication technologies solutions in South Africa and the African continent.

M&A Announced Transactions with Revenue Multiples (1/1/21 – 12/31/21)

Acquiror	Target	Sector	Date Announced	Purchase Price	Revenue Multiple	EBITDA Multiple	Description
MasTec	Henkels & McCoy	Telecom Engineering and Construction	12/20/21	\$600.0	0.4 x	NA	Telecom and utility infrastructure construction, design and engineering contractor.
Iron Mountain	ITRenew	Distributors & Logistics Services	12/10/21	\$925.0	2.2 x	12.0 x	IT Asset Disposition company providing asset disposition, recycling and remarketing solutions for datacenter assets.
CDW	Sirius Computer Solutions	Distributors & Logistics Services	10/18/21	\$2,500.0	1.2 x	10.4 x	IT solution integrator providing hardware, software and services to large and mid-sized customers in the United States.
Redington	Brightstar Telekomünikasyon Da itim	Distributors & Logistics Services	9/13/21	\$35.0	0.1 x	NA	Value-added distribution of leading brands of smartphones, devices, consumer electronics and accessories to telecom operators.
Mitie Group	DAEL Ventures	Telecom Engineering and Construction	8/5/21	\$20.9	0.8 x	NA	Wireless telecom infrastructure acquisition, design, and construction services in the U.K.
Orbital Energy Group	IMMCO	Telecom Engineering and Construction	8/2/21	\$19.0	1.8 x	NA	5G and fiber optic network design, geospatial data services and software development for the cable and telecom industries.
Sterlite Technologies	Clearcomm Group	Telecom Engineering and Construction	7/22/21	\$21.1	0.8 x	NA	Planning and design, network construction, project management, cable installation and 5G network build services in the U.S.
AdEPT Telecom	Datrix	Distributors & Logistics Services	4/14/21	\$22.1	1.5 x	NA	Designs, delivers and manages end-to-end enterprise solutions for complex, multi-site environments.
Dustin Group	Centralpoint Holding	Distributors & Logistics Services	4/13/21	\$505.5	0.6 x	NA	VAR and an online distributor of IT equipment, cellphones and electronics primarily for businesses in the Netherlands and Belgium.
Spirit Technology Solutions	NexGen Global Resources	Distributors & Logistics Services	3/31/21	\$30.5	1.1 x	NA	Value-added reseller of business phone systems, printers, copiers, videoconferencing and security equipment in Australia.
Orbital Energy Group	Gibson Technical Services	Telecom Engineering and Construction	3/30/21	\$48.0	1.2 x	8.7 x	Engineering services for broadband, wireless, outside plant and building technologies.
Converge Technology Solutions	Vicom Computer Services	Distributors & Logistics Services	1/4/21	\$25.0	0.3 x	4.9 x	Infrastructure solutions that include management, virtualization, unified networks and data protection and availability.

Sub Sector Analysis: Distributors and Logistics Services

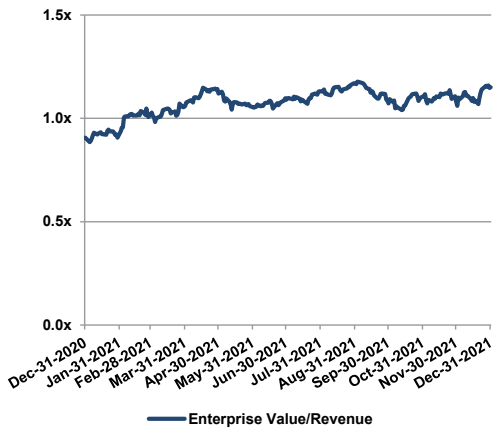
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Distributors and Logistics Index	48.5%	12.2%
ADDvantage Technologies	-42.1%	-26.7%
CDW	55.4%	12.5%
ePlus	22.5%	5.0%
Insight	40.1%	18.3%
PC Connection	-8.8%	-2.0%
TESSCO	1.1%	13.1%

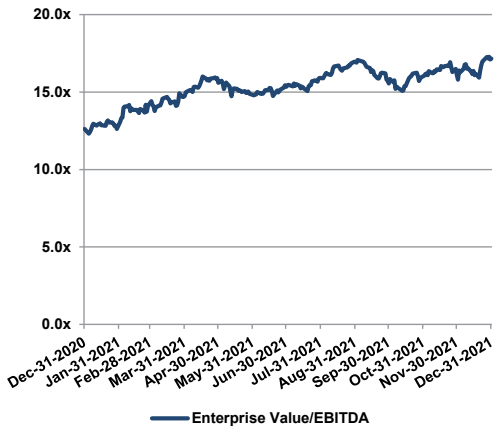
Revenue Multiple Trends



Company Revenue Multiples

	12/31/2021	12/31/2020
Distributors and Logistics Index	1.2x	0.9x
ADDvantage Technologies	0.4x	0.8x
CDW	1.6x	1.2x
ePlus	1.0x	0.8x
Insight	0.5x	0.4x
PC Connection	0.4x	0.4x
TESSCO	0.3x	0.2x

EBITDA Multiple Trends



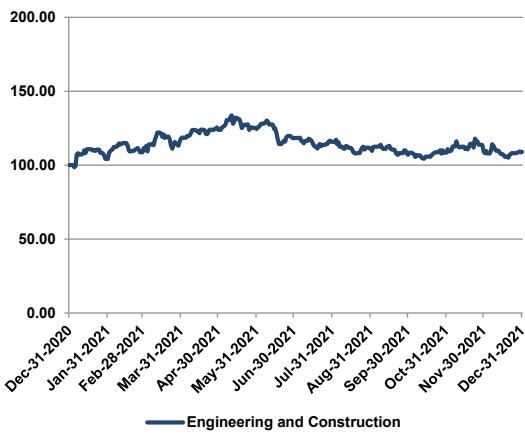
Company EBITDA Multiples

	12/31/2021	12/31/2020
Distributors and Logistics Index	17.2x	12.6x
ADDvantage Technologies	NM	NM
CDW	19.6x	13.8x
ePlus	10.6x	10.9x
Insight	12.0x	9.5x
PC Connection	10.8x	13.2x
TESSCO	NM	NM

Source: Capital IQ

Sub Sector Analysis: Engineering and Construction

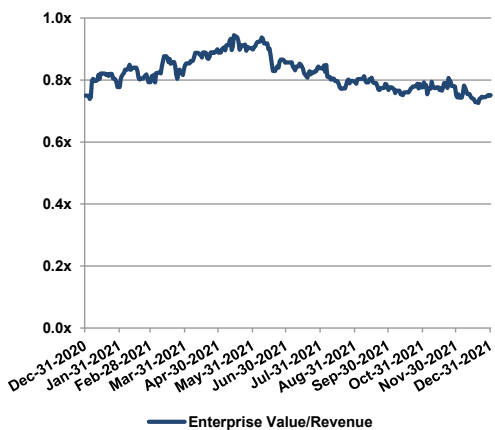
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Engineering and Construction Index	9.0%	1.8%
Baran Group	22.7%	5.3%
COMSYS Holdings	-28.3%	-15.9%
Dycom	24.2%	31.6%
Mastec	35.3%	7.0%
MIRAIT Holdings	-3.7%	-17.4%

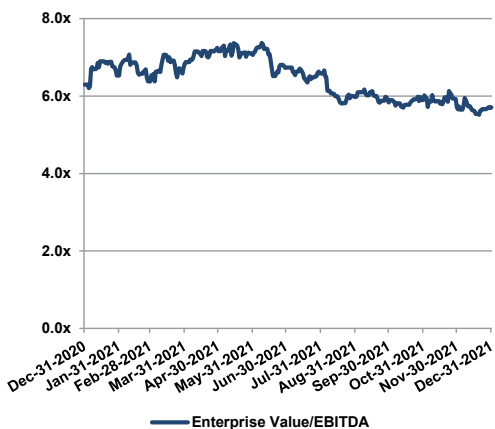
Revenue Multiple Trends



Company Revenue Multiples

	12/31/2021	12/31/2020
Engineering and Construction Index	0.8x	0.7x
Baran Group	0.6x	0.5x
COMSYS Holdings	0.5x	0.7x
Dycom	1.1x	0.9x
Mastec	1.0x	1.0x
MIRAIT Holdings	0.3x	0.4x

EBITDA Multiple Trends



Company EBITDA Multiples

	12/31/2021	12/31/2020
Engineering and Construction Index	5.7x	6.3x
Baran Group	9.4x	8.3x
COMSYS Holdings	4.6x	7.6x
Dycom	14.7x	10.4x
Mastec	9.2x	8.5x
MIRAIT Holdings	3.7x	5.5x

Source: Capital IQ

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Rich Pierce has 20 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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David Freeland, a FOCUS Managing Director, 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.

About FOCUS Investment Banking LLC

With more than three decades of experience, FOCUS Investment Banking is a trusted name in M&A advisory services worldwide. FOCUS works to understand each client's strategic and financial objectives, craft the best plan to achieve these goals, and deliver success. Whether helping to sell, buy, or raise capital, FOCUS strives to maximize the value of every transaction to the benefit of its clients. 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 member FINRA/SIPC. For more information on FOCUS, please visit www.focusbankers.com.

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Investment Banking

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