

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) continued to alternate between positive and negative returns each reporting period. Unfortunately, this period was a negative return as the TBSI dropped 13.3% in the past three months. Despite the double-digit decline, the sector still managed to outperform both the 16.5% drop in the S&P 500 and the 22.4% loss in the NASDAQ over the corresponding time period. Over the past 12 months, the TBSI has lost 13.8% of its value. This return lags the 11.9% loss in the S&P 500, but outperforms the 24.0% drop in the NASDAQ. Sector multiples are lower than they were a year ago. The TBSI's revenue multiple decreased from 1.0x to 0.9x, while the EBITDA multiple dropped a full turn from 10.9x to 9.9x.

Distributors and Logistics Services

The Distributors and Logistics Services sub sector turned in the better performance of the TBSI's two sub sectors, although it still experienced a drop of 12.7% in the past three months. All of the six stocks in the sub sector were in negative territory for the period, which unsurprisingly pulled the sub sector deeply into the red. The sub sector is also in negative territory for the full year period with a loss

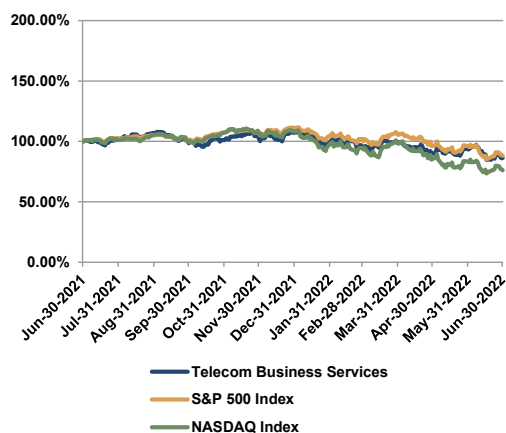
of 8.8%. Only one of the companies in the index (ePlus) was in positive territory over this time frame, turning in a year-over-year gain of 22.6%. Sub sector multiples closed out the period at 0.9x revenue (down from 1.1x a year ago) and 13.7x EBITDA (a decrease from 15.3x a year ago).

Engineering and Construction

The Engineering and Construction sub sector had a second straight reporting period in negative territory, and it was also the worst performing of the TBSI's two sub sectors with a three-month loss of 14.7%. The single worst performing stock in the current period was MIRAIT Holdings, which fell 26.8%. However, all of the companies in the index were in negative territory, with Dycom having the smallest loss at only 2.3%. The sub sector is also in negative territory for the full year period with a decline of 23.7%. MIRAIT Holdings was the biggest decliner over this time period as well with a drop of 33.8%, although Mastec (down 32.5%) and COMSYS Holdings (down 31.3%) were not far behind. Dycom is the only stock in the sub sector that is trading higher than it was a year ago with a gain of 24.8%. The sub sector revenue multiple is down from a year ago, falling from 0.9x to 0.7x. The sub sector EBITDA multiple also declined from 6.7x to 5.9x.

Telecom Business Services: Public Market Summary

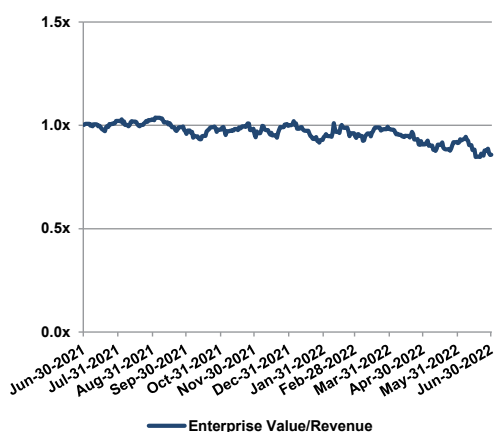
Twelve Month Index Returns



Sector and Sub Sector Returns

	12 Month	3 Month
Telecom Business Services	-13.8%	-13.3%
Distributors and Logistics Services	-8.8%	-12.7%
Engineering and Construction	-23.7%	-14.7%
S&P 500	-11.9%	-16.5%
NASDAQ	-24.0%	-22.4%

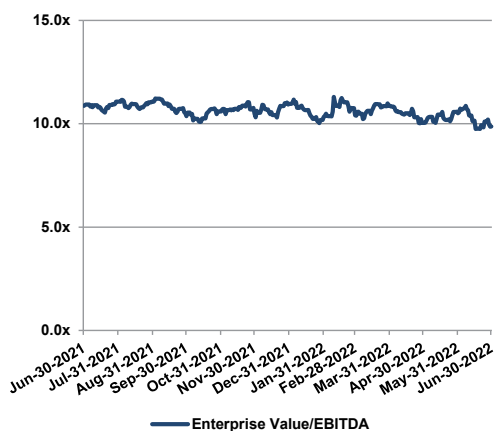
Revenue Multiple Trends



Sector and Sub Sector Revenue Multiples

	6/30/2022	6/30/2021
Telecom Business Services	0.9x	1.0x
Distributors and Logistics Services	0.9x	1.1x
Engineering and Construction	0.7x	0.9x

EBITDA Multiple Trends



Sector and Sub Sector EBITDA Multiples

	6/30/2022	6/30/2021
Telecom Business Services	9.9x	10.9x
Distributors and Logistics Services	13.7x	15.3x
Engineering and Construction	5.9x	6.7x

Source: Capital IQ

M&A Summary Comments

M&A

Despite the turmoil in the public markets over the past three months, the volume of M&A activity in the Telecom Business Services sector continued to increase with 41 transactions for the period. Total announced transaction dollar volume also improved, but was still relatively low at roughly \$314 million. Through the first half of the year, we now stand at 74 transactions with a total announced transaction dollar volume of slightly more than \$350 million. This puts 2022 on pace with historical norms in terms of the number of transactions, but significantly behind in terms of total announced transaction dollar volume.

Distributors and Logistics Services

While M&A activity in the Distributors and Logistics Services sub sector picked up somewhat from our spring report with 20 total transactions, this marked the first ever report where the sub sector accounted for a minority of total Telecom Business Services sector transactions. The transaction with the largest announced dollar value in the sub sector was the purchase of third-party data center maintenance company Procurri Corporation by Declout for \$80.5 million. Other transactions in the third-party maintenance space included the Park Place Technologies acquisition of Riverstone Technology and the Service Express acquisition of Trident Computer Resources. In the final sub sector transaction that we will specifically highlight, optical networking distribution company LightRiver swapped out private equity backers after it was acquired by Grain Management.

Engineering and Construction

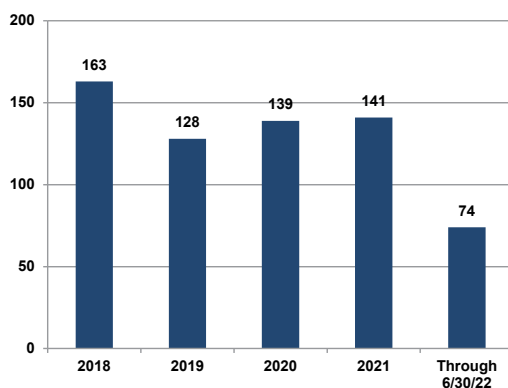
The Telecom Engineering and Construction sub sector had its most active period in the 10+ years we have been producing this report with a total of 21 transactions. Young's Communications led the way with three announced transactions this period, while Congruex and National OnDemand each inked two acquisitions apiece. We also noted that Thayer Infrastructure Services continued to expand its wireless practice with the acquisition of New England-based J. Lee Associates, while in another transaction in the same region New England Electrical Contracting acquired Modern Link Communications. Finally, we noted two relatively large transactions involving highly technical engineering and consulting companies. These were the Ratos acquisition of Knightec for \$160 million and the Wipro acquisition of Convergence Acceleration Solutions for \$50 million.

Transactions with Multiples

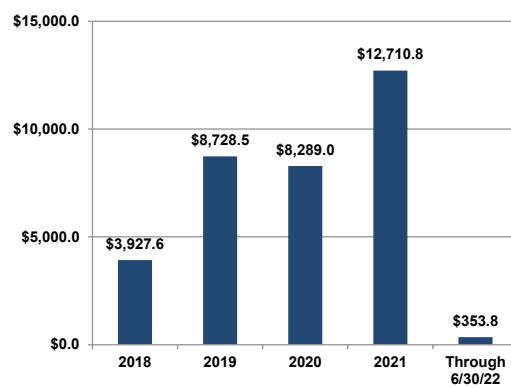
We were fortunate this period to have three transactions with both announced revenue multiples and EBITDA multiples. The period's largest transaction, the Ratos acquisition of Knightec, was done at relatively high multiples of 1.7x revenue and 11.1x EBITDA. In the period's next largest announced dollar volume transaction, the Declout acquisition of Procurri Corporation, the revenue multiple was a much lower 0.4x but the EBITDA multiple was higher at 22.9x. Clearly Declout is expecting to be able to realize some near-term margin improvements in the business. Finally, the acquisition of P2ML by Mitie Group, the smallest of the three transactions with announced multiples, weighed in at a revenue multiple of 0.5x and an EBITDA of 4.0x.

Telecom Business Services: M&A Summary

M&A Activity: Number of Transactions



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



M&A Announced Transactions (4/1/22 – 6/30/22)

Acquiror	Target	Sector	Date Announced	Purchase Price	Description
Digital360	CryptoNet Labs	Distributors & Logistics Services	6/30/22	\$10.0	Distributes technology and performs IT security services for the monitoring and defense of corporate data and information.
KCI Technologies	AmChel Communications	Telecom Engineering and Construction	6/29/22	NA	Civil construction, tower and antenna installation and project management services for wireless providers.
Logically	Cornerstone IT	Distributors & Logistics Services	6/29/22	NA	IT products and support services for small to mid-sized businesses in Northeast Ohio.
Econocom Group	Servicios Microinformatica	Distributors & Logistics Services	6/28/22	NA	IT hardware distribution, consulting and other IT infrastructure services for companies in Spain.
New England Electrical Contracting	Modern Link Communications	Telecom Engineering and Construction	6/28/22	NA	Maintenance, repair and upgrade services for critical telecommunications infrastructure in New England.
Zener Comunicaciones	Telecomunicación de Levante	Telecom Engineering and Construction	6/24/22	NA	Infrastructure maintenance, network maintenance, installation and support services for telecom networks.
eGISS	Refurb	Distributors & Logistics Services	6/23/22	NA	Refurbishes and sells IT equipment to consumers and businesses.
OMERS Private Equity	Stilmark Holdings	Telecom Engineering and Construction	6/22/22	NA	Wireless telecommunications and tower infrastructure, network engineering and site management services in Australia.
Rivean Capital	Trustteam	Distributors & Logistics Services	6/22/22	NA	IT infrastructure distribution, installation, telephony, software development and IT services for businesses globally.
Park Place Technologies	Riverstone Technology	Distributors & Logistics Services	6/21/22	NA	Datacenter maintenance services including hardware, third-party maintenance, warranty, monitoring and maintenance.
Ratos	Knightec	Telecom Engineering and Construction	6/16/22	\$159.6	Design and consulting services for 5G connectivity and telecom integration.
SPIE Communications	PTC Telecom	Distributors & Logistics Services	6/7/22	NA	Information and communications technology services through partnerships with vendors such as Atos Unify and Avaya.
Stratadefense	Quadvergent	Distributors & Logistics Services	6/3/22	NA	Distributes data, voice, security and wireless technology products and provides associated services.
Thayer Infrastructure Services	J. Lee Associates	Telecom Engineering and Construction	5/31/22	NA	Construction and site acquisition services for the wireless industry in New England.
Clark Computer Services	A-1 Telecommunications	Telecom Engineering and Construction	5/24/22	NA	Communications cabling services for companies in the Metro DC and Baltimore region.
National OnDemand	J&S Communications	Telecom Engineering and Construction	5/24/22	NA	Cable and fiber aerial and underground construction and installation services for customers in the southeastern United States.
National OnDemand	Unified Utility Alliance	Telecom Engineering and Construction	5/24/22	NA	Cable and fiber installation provider for Cox Communications and other providers.
Kane Communications	Premiere Communications	Telecom Engineering and Construction	5/23/22	NA	Designs, builds and maintains IT infrastructures and unified communications systems for companies in the Southeast.
DeClout	Procurri Corporation	Distributors & Logistics Services	5/20/22	\$80.5	Data center equipment and information technology lifecycle services.
Young's Communications	Borecomm	Telecom Engineering and Construction	5/18/22	NA	Underground construction company focusing on fiber-to-the-home construction.
Orbital Energy Group	Coax Fiber Solutions	Telecom Engineering and Construction	5/16/22	\$1.1	Drilling, coax and fiber cable installation services.
Mobilite	Signal Point Systems	Telecom Engineering and Construction	5/12/22	NA	Construction, product sales and service/maintenance work for the wireless communications industry.
Netleaf	Core ICT	Distributors & Logistics Services	5/6/22	NA	Designs, installs and sells complex IT infrastructures for large corporate companies and SMEs in Belgium.
Congruex	Tower Engineering Solutions	Telecom Engineering and Construction	5/5/22	NA	Structural engineering company focused on wireless tower infrastructure.
Congruex	Sorensen Companies	Telecom Engineering and Construction	5/5/22	NA	Turn-key solutions across fiber and wireless infrastructure from aerial and underground fiber optic systems to outside plant construction.
Vyta Secure	FGD Solutions	Distributors & Logistics Services	5/4/22	NA	Provider of IT disposal solutions.

M&A Announced Transactions (4/1/22 – 6/30/22), continued

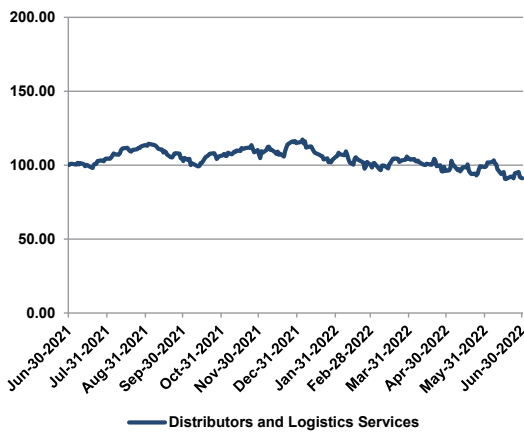
Acquiror	Target	Sector	Date Announced	Purchase Price	Description
Iagona	Intellicast	Distributors & Logistics Services	4/29/22	NA	Supplies hardware and software and also performs network installation and maintenance services.
Twig	Mobi Market	Distributors & Logistics Services	4/29/22	\$10.0	Provides used mobile phones value-added reselling services to businesses in Europe.
ICOS	brainworks computer technologie	Distributors & Logistics Services	4/27/22	NA	Value-added reseller and distributor of IT equipment services for businesses in Germany.
Capital Telecom Group	Electracomm Services	Telecom Engineering and Construction	4/26/22	NA	Turn-key electrical services for civil, UPS, carrier switches, cell towers, power plants and EV stations.
Keyston Distribution	Almasa IT Distribution	Distributors & Logistics Services	4/18/22	NA	Distributes information technology products in the Middle East and Africa.
ClearShark	FedBiz IT Solutions	Distributors & Logistics Services	4/12/22	NA	Sells and distributes information technology products in areas including data storage, networking and security.
Phoenix Tower	Technology Associates EC	Telecom Engineering and Construction	4/11/22	NA	Wireless network, telecom infrastructure and fiber engineering services for carriers, utilities, corporations and public safety.
Wipro Technologies Limited	Convergence Acceleration Solutions	Telecom Engineering and Construction	4/11/22	\$50.0	Services include OSS and BSS strategy, governance, vendor selection and evaluation and enterprise architecture.
Young's Communications	Fiber Optic Services	Telecom Engineering and Construction	4/6/22	NA	Long-haul splicing group providing nationwide technical services, splicing and testing for fiber optic cable.
Service Express	Trident Computer Resources	Distributors & Logistics Services	4/5/22	NA	Datacenter maintenance, repair and IT support services for businesses globally.
Victra	Go Wireless	Distributors & Logistics Services	4/5/22	NA	Verizon authorized retailer based in Las Vegas, Nevada.
Grain Management	LightRiver	Distributors & Logistics Services	4/4/22	NA	Provider of next generation, multi-vendor solutions in areas such as Packet Optical, DWDM/ROADM, MPLS and Carrier Ethernet.
Nuvas Group	Netsafe Solutions	Distributors & Logistics Services	4/4/22	NA	Value-add cyber security and networking distribution services for businesses in the Balkan region.
Young's Communications	Atlantic Engineering Group	Telecom Engineering and Construction	4/4/22	NA	Design, construction and maintenance of fiber optic networks.
Mitie Group	P2ML	Telecom Engineering and Construction	4/1/22	\$2.8	Site inspections, design surveys, tower analysis, site supervision and maintenance services in the United Kingdom.

M&A Announced Transactions with Revenue Multiples (7/1/21 – 6/30/22)

Acquiror	Target	Sector	Date Announced	Purchase Price	Revenue Multiple	EBITDA Multiple	Description
Ratos	Knightec	Telecom Engineering and Construction	6/16/22	\$159.6	1.7 x	11.1 x	Design and consulting services for 5G connectivity and telecom integration.
DeClout	Procurri Corporation	Distributors & Logistics Services	5/20/22	\$80.5	0.4 x	22.9 x	Data center equipment and information technology lifecycle services.
Mitie Group	P2ML	Telecom Engineering and Construction	4/1/22	\$2.8	0.5 x	4.0 x	Site inspections, design surveys, tower analysis, site supervision and maintenance services in the United Kingdom.
Dendrio Solutions	TOP TECH	Distributors & Logistics Services	3/21/22	\$2.7	0.2 x	NA	Distributes IT equipment.
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.

Sub Sector Analysis: Distributors and Logistics Services

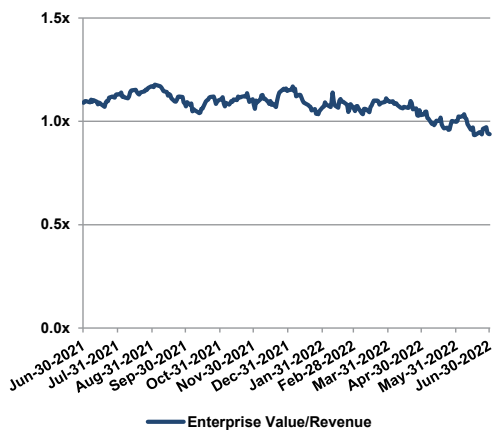
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Distributors and Logistics Index	-8.8%	-12.7%
ADDvantage Technologies	-51.9%	-9.4%
CDW	-9.8%	-11.9%
ePlus	22.6%	-5.2%
Insight	-13.7%	-19.6%
PC Connection	-4.8%	-15.9%
TESSCO	-3.9%	-2.2%

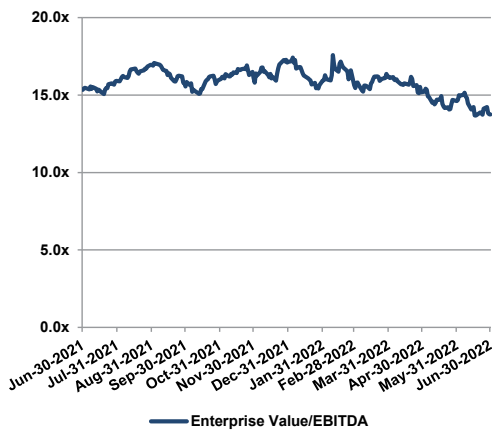
Revenue Multiple Trends



Company Revenue Multiples

	6/30/2022	6/30/2021
Distributors and Logistics Index	0.9x	1.1x
ADDvantage Technologies	0.2x	0.7x
CDW	1.3x	1.4x
ePlus	0.8x	0.8x
Insight	0.4x	0.5x
PC Connection	0.4x	0.4x
TESSCO	0.2x	0.3x

EBITDA Multiple Trends



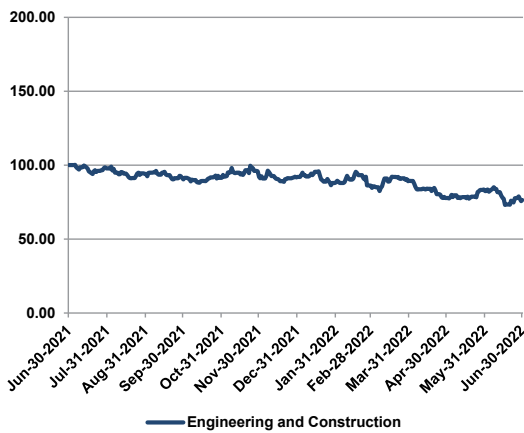
Company EBITDA Multiples

	6/30/2022	6/30/2021
Distributors and Logistics Index	13.7x	15.3x
ADDvantage Technologies	NM	NM
CDW	16.1x	17.0x
ePlus	8.5x	9.0x
Insight	9.7x	11.5x
PC Connection	8.8x	12.3x
TESSCO	NM	NM

Source: Capital IQ

Sub Sector Analysis: Engineering and Construction

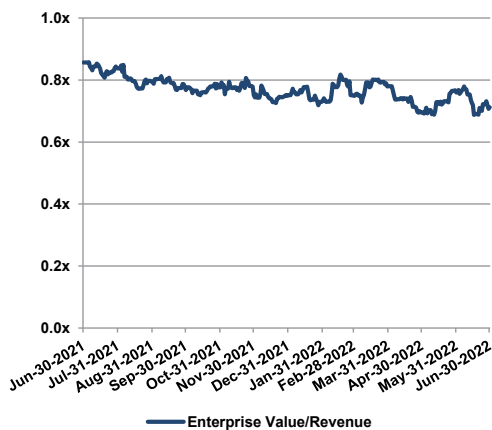
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Engineering and Construction Index	-23.7%	-14.7%
Baran Group	-8.2%	-13.1%
COMSYS Holdings	-31.3%	-13.4%
Dycom	24.8%	-2.3%
Mastec	-32.5%	-17.7%
MIRAIT Holdings	-33.8%	-26.8%

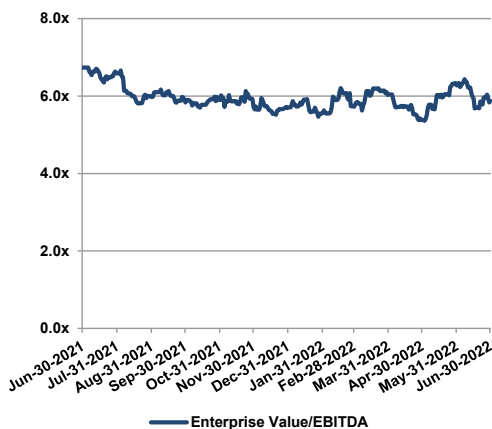
Revenue Multiple Trends



Company Revenue Multiples

	6/30/2022	6/30/2021
Engineering and Construction Index	0.7x	0.9x
Baran Group	0.6x	0.6x
COMSYS Holdings	0.5x	0.6x
Dycom	1.1x	0.9x
Mastec	0.9x	1.2x
MIRAIT Holdings	0.3x	0.4x

EBITDA Multiple Trends



Company EBITDA Multiples

	6/30/2022	6/30/2021
Engineering and Construction Index	5.9x	6.7x
Baran Group	15.7x	9.3x
COMSYS Holdings	5.3x	6.3x
Dycom	13.5x	10.8x
Mastec	9.8x	9.7x
MIRAIT Holdings	3.9x	4.2x

Source: Capital IQ

FOCUS Telecom Technology and Services Team



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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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