

M&A INDUSTRY REPORT

Telecom Business Services

FOCUS is a leading national M&A brand for the lower middle market. With over 40 years of experience, a global footprint, and hundreds of successful deals across myriad industries, FOCUS continues its mission to redefine the banker/client relationship.

SUMMER 2024



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OVERVIEW

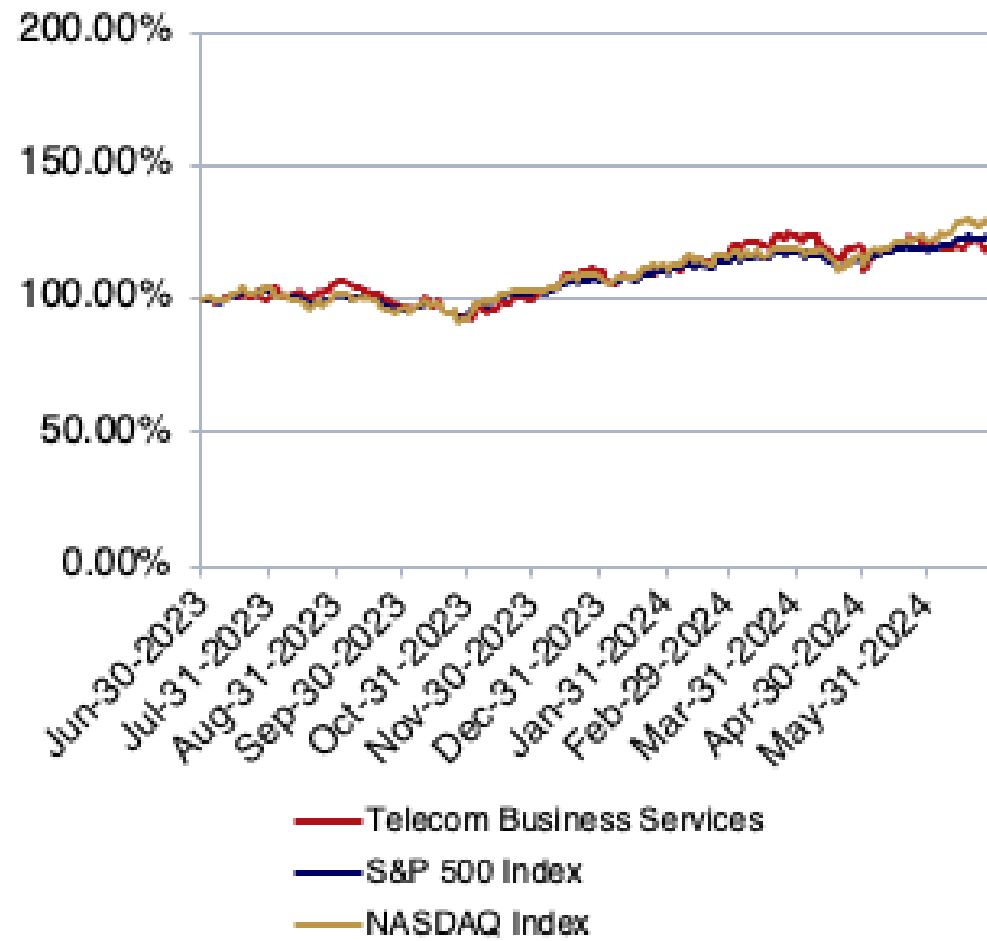
After two straight periods of double-digit returns, the FOCUS Telecom Business Services Index (TBSI) reversed course and fell 4.5% over the past three months.

This was despite a strong overall market that pushed the S&P 500 up 3.9% and the NASDAQ up 8.3% over the same three-month time frame. The TBSI is still trading more than 18% higher than it was a year ago. However, this performance once again lags the broader indices by a fairly wide margin, as both the S&P 500 and NASDAQ gained more than 20% over the past year. Sector multiples are also trending higher over the past 12 months. Sector multiples closed out the period at 1.1x revenue and 11.7x EBITDA. Both of these values compare favorably to year-ago multiples of 1.0x revenue and 11.3x EBITDA.

The Distributors and Logistics Services sub sector was clearly the weaker of the TBSI's two sub sectors as it declined 9.1% in our summer reporting period. Losses were broad-based, with three of the four companies in the index in negative territory. This included a 12.5% drop at sub sector bellwether CDW. In contrast, the Engineering and Construction sub sector delivered a solid performance with an 8.9% increase for the period. We also noted that the two U.S.-based companies in the index, Dycom and MasTec, enjoyed gains of 17.6% and 14.7%, respectively.

PUBLIC MARKETS SUMMARY

Twelve Month Index Returns



Sector and Sub Sector Returns

	12 Month	3 Month
Telecom Business Services	18.4%	-4.5%
Distributors and Logistics Services	25.2%	-9.1%
Engineering and Construction	4.7%	8.9%
S&P 500	22.7%	3.9%
NASDAQ	28.6%	8.3%

PUBLIC MARKETS SUMMARY CONTINUED

Sector and Sub Sector Revenue Multiples

	6/30/24	6/30/23
Telecom Business Services	1.1x	1.0x
Distributors and Logistics Services	1.3x	1.0x
Engineering and Construction	0.9x	0.9x

Sector and Sub Sector EBITDA Multiples

	6/30/24	6/30/23
Telecom Business Services	11.7x	11.3x
Distributors and Logistics Services	15.7x	13.4x
Engineering and Construction	7.5x	8.7x

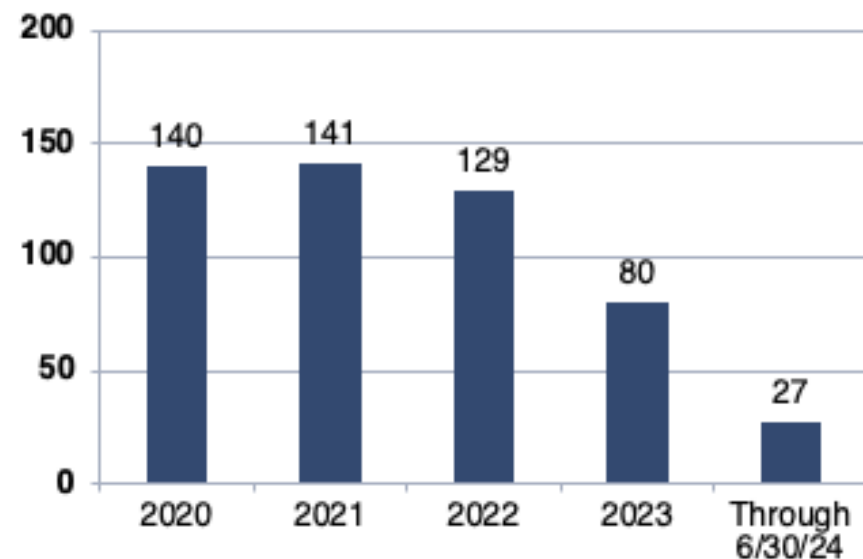
M&A ACTIVITY

For the second straight reporting period the Telecom Business Services sector saw a relatively low level of M&A activity. There were only 12 announced transactions this period, and none of them had an announced transaction dollar value. Halfway through 2024, we only have 27 total transactions and are still awaiting a deal with an announced transaction dollar value. This is well below levels that we saw in 2023, which itself had an unusually low amount of M&A activity.

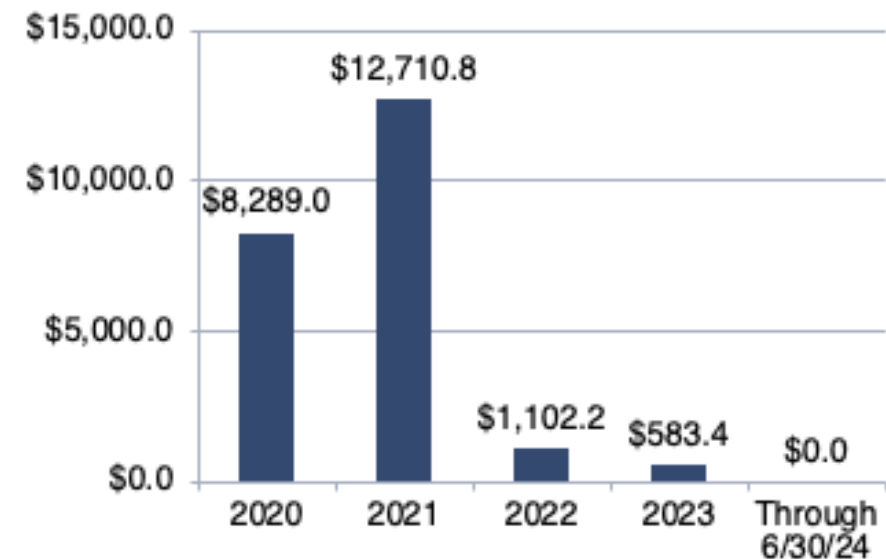
The sub sector that has seen the biggest slowdown is the Engineering and Construction sub sector, which had only four transactions this past three months. While activity in the Distributors and Logistics Services sub sector was also fairly slow, it at least saw the acquisition of Presidio by private equity giant Clayton, Dubilier & Rice. While the parties did not disclose a valuation for this deal, it was almost certainly a multi-billion dollar transaction. When Presidio was taken private by former owner BC Partners back in 2019, it was for a valuation north of \$2 billion.

There were no transactions with announced multiples this period.

Number of Transactions



\$ Value of Transactions in Millions



ANNOUNCED TRANSACTIONS (4/1/24 - 6/30/24)

Acquiror	Target	Sector	Date Announced	Purchase Price	Description
Accenture	Fibermind	Telecom Engineering and Construction	6/19/24	NA	Provides fiber and mobile 5G network integration services for businesses in Italy including engineering, 5G networks and broadband.
John Staurulakis	Intessera	Telecom Engineering and Construction	6/6/24	NA	Provides telecom compliance solutions such as regulatory reporting, transactional tax services and advisory services.
TD SYNEX	Orca Technology	Distributors & Logistics Services	6/3/24	NA	Value-added distributor focused on the security marketplace in Australia and New Zealand.
Pinnacle Technology Solutions	Pinnacle Business Systems	Distributors & Logistics Services	5/30/24	NA	Designs, implements and manages technology solutions for clients in Oklahoma and the Central U.S.
P3 Systems	Triton Datacom	Distributors & Logistics Services	5/28/24	NA	Provider of refurbished networking equipment for enterprise customers.
Eastern Datacomm	OSI Technology	Distributors & Logistics Services	5/14/24	NA	Distributor and integrator of voice, wireless access, contact center, video and networking technology solutions.
Rexel	Talley	Distributors & Logistics Services	5/7/24	NA	Provides network infrastructure products to mobile network operators, network installers, infrastructure operators and end-users across the U.S.
Constructel Visabeira	Verita Telecommunications Corporation	Telecom Engineering and Construction	5/3/24	NA	Wireline and wireless telecommunication infrastructure engineering, construction, and maintenance services to customers in the U.S.
Park Place Technologies	Unitech-Rio Comercio E Servicos (Third Party Maintenance Business)	Distributors & Logistics Services	4/30/24	NA	Multivendor, third party maintenance services for businesses in Brazil.
Mobile Communications America	Lightspeed Technologies	Distributors & Logistics Services	4/29/24	NA	Nokia-partnered value-added reseller and provider of network design, engineering and systems integration services.
Management	HYLAN	Telecom Engineering and Construction	4/12/24	NA	Provider of full-service turnkey communications solutions, electrical infrastructure design and utility construction services.
Clayton, Dubilier & Rice	Presidio	Distributors & Logistics Services	4/2/24	NA	Technology solutions provider partnered with companies such as Amazon, Palo Alto Networks, Microsoft, Google, Cisco and Dell.

M&A TRANSACTIONS WITH ANNOUNCED MULTIPLES (7/1/23 - 6/30/24)

Acquiror	Target	Sector	Date Announced	Purchase Price	Revenue Multiple	EBITDA Multiple	Description
Iron Mountain	Regency Technologies	Distributors & Logistics Services	11/2/23	\$200.0	2.0 x	7.5 x	Processes end-of-use IT assets.
TPT Global Tech	Tekmovil	Distributors & Logistics Services	8/25/23	\$40.0	0.2 x	NA	Smart phone distribution company focused on the Latin American market.
Dycom	Bigham Cable Construction	Telecom Engineering and Construction	8/23/23	\$127.0	0.9 x	NA	Network construction services for telecom operators in the southeastern U.S.
TPT Global Tech	Broadband Infrastructure	Telecom Engineering and Construction	8/2/23	\$9.5	0.5 x	NA	Fiber optic broadband infrastructure services including construction, splicing, terminations, engineering and installation and structured cabling.

OUR TEAM

FOCUS Telecom Technology and Services Team



Richard H. Pierce

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Rich Pierce has more than 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.



David Freeland

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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.



APPENDIX

SUB SECTOR ANALYSIS:

- Distributors and Logistics Services
- Engineering and Construction

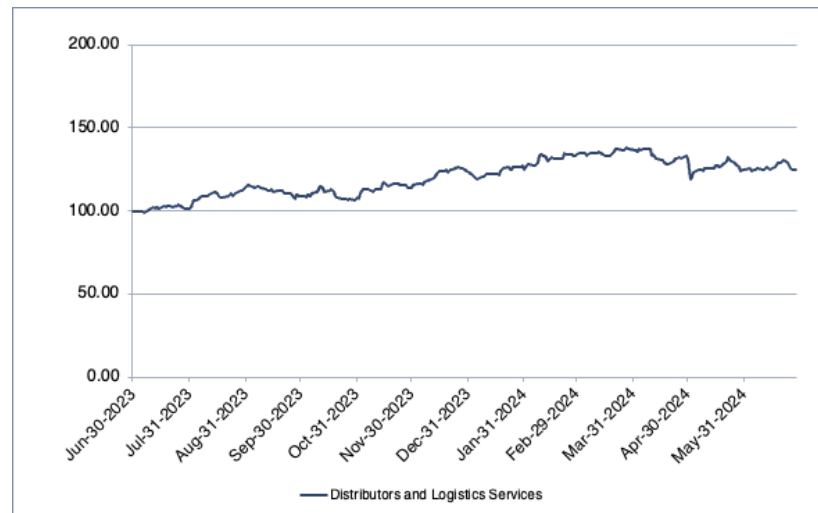


SUB SECTOR DEFINITIONS

- **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.

SUB SECTOR ANALYSIS: DISTRIBUTORS AND LOGISTICS SERVICES

Twelve Month Index Return



Company Returns

	12 Month	3 Month
Distributors and Logistics Index	25.2%	-9.1%
CDW	22.0%	-12.5%
ePlus	30.9%	-6.2%
Insight	35.5%	6.9%
PC Connection	42.4%	-2.6%

Company Revenue Multiples

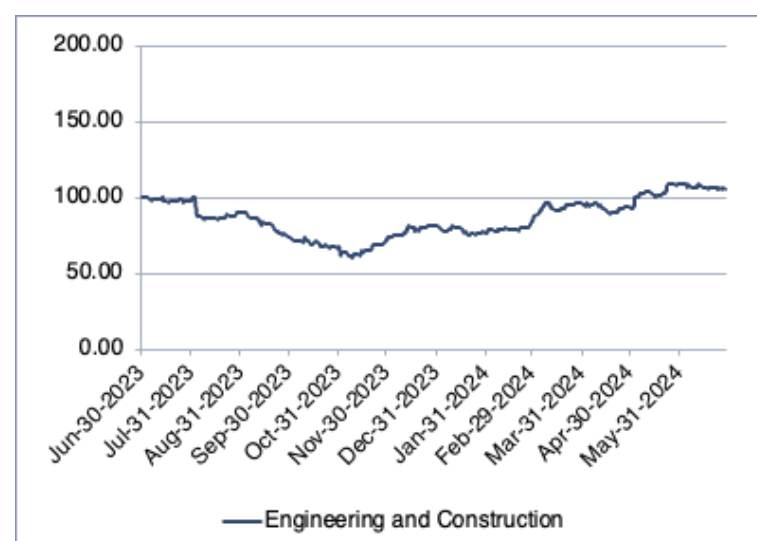
	6/30/24	6/30/23
Distributors and Logistics Index	1.3x	1.0x
CDW	1.7x	1.4x
ePlus	0.8x	0.7x
Insight	0.8x	0.6x
PC Connection	0.5x	0.4x

Company EBITDA Multiples

	6/30/24	6/30/23
Distributors and Logistics Index	15.7x	13.4x
CDW	17.7x	15.5x
ePlus	10.1x	7.8x
Insight	13.7x	12.2x
PC Connection	11.9x	9.3x

SUB SECTOR ANALYSIS: ENGINEERING AND CONSTRUCTION

Twelve Month Index Return



Company Returns

	12 Month	3 Month
Engineering and Construction Index	4.7%	8.9%
Baran Group	12.8%	-8.6%
COMSYS Holdings	-2.3%	-17.7%
Dycom	48.5%	17.6%
Mastec	-9.3%	14.7%
MIRAIT Holdings	3.9%	5.8%

Company Revenue Multiples

	6/30/24	6/30/23
Engineering and Construction Index	0.9x	0.9x
Baran Group	0.5x	0.8x
COMSYS Holdings	0.5x	0.5x
Dycom	1.4x	1.0x
Mastec	0.9x	1.1x
MIRAIT Holdings	0.5x	0.4x

Company EBITDA Multiples

	6/30/24	6/30/23
Engineering and Construction Index	7.5x	8.7x
Baran Group	5.7x	16.7x
COMSYS Holdings	6.0x	7.3x
Dycom	11.5x	10.3x
Mastec	13.8x	15.6x
MIRAIT Holdings	8.9x	6.2x

ABOUT FOCUS INVESTMENT BANKING

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.

