

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 it's mission to redefine the banker/client relationship.

WINTER 2025



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OVERVIEW

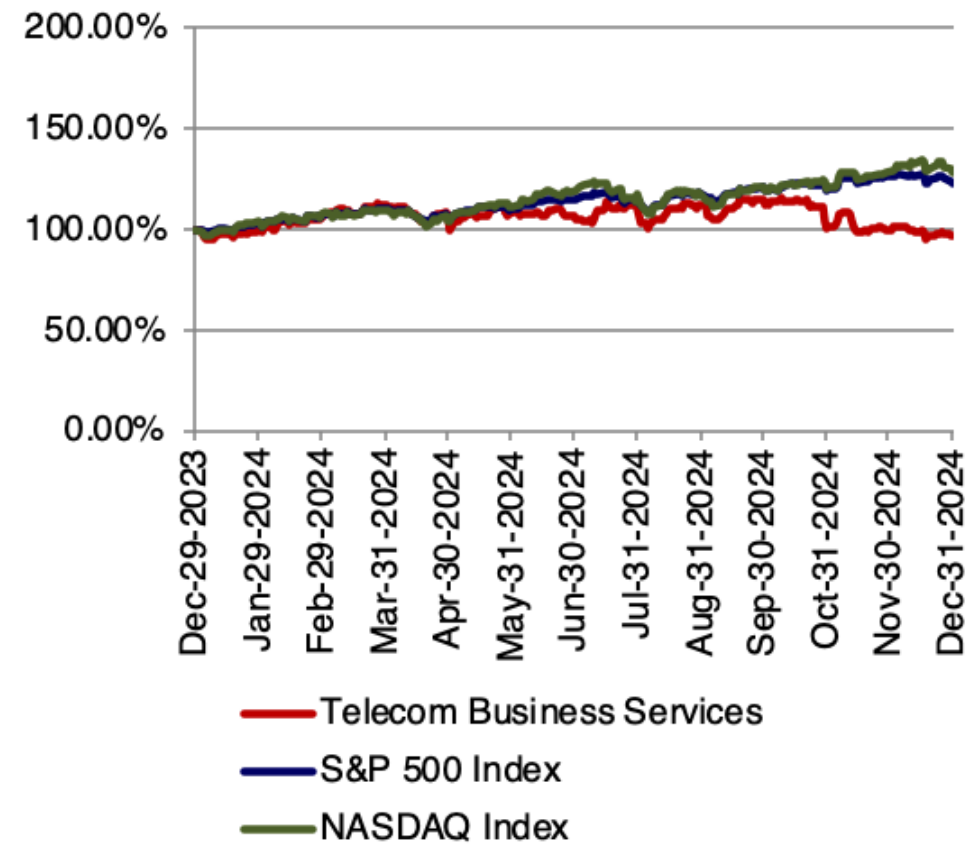
After posting a strong performance in our fall reporting period, the FOCUS Telecom Business Services Index (TBSI) plummeted nearly 16% over the past three months.

This significantly underperformed the returns of both the S&P 500 (up 2.1%) and the NASDAQ (up 6.2%) over the corresponding time frame. When viewed over the past 12-months, the TBSI is down 3.1%. Once again, this compares unfavorably to the broader indices. The S&P 500 is up 23.3% over the past year, while the NASDAQ is up 28.6%. Sector multiples closed out the period at 1.0x revenue and 10.5x EBITDA. Both of these are lower than year-ago multiples of 1.1x revenue and 11.6x EBITDA.

The Distributors and Logistics Services sub sector was the culprit in the poor performance of the TBSI this period. The sub sector dropped 23.6% over the past three months, with every single stock in the sub sector in negative territory for the period. The sub sector is also down 20.1% year-over-year. Over this time frame, multiples fell from 1.3x revenue and 16.0x EBITDA down to 1.1x revenue and 12.9x EBITDA. In comparison, the 1.1% gain in the Telecom Engineering and Construction sub sector looked strong. Baran Group and MasTec both delivered double digit returns to push the sub sector into positive territory, while the other stocks in the sub sector traded down. The sub sector is also up nearly 50% over the past year. Sub sector multiples rose from 0.7x revenue and 6.7x EBITDA a year ago to 0.9x revenue and 8.0x EBITDA currently.

PUBLIC MARKETS SUMMARY

Twelve Month Index Returns



Sector and Sub Sector Returns

	12 Month	3 Month
Telecom Business Services	-3.1%	-15.8%
Distributors and Logistics Services	-20.1%	-23.6%
Engineering and Construction	48.6%	1.1%
S&P 500	23.3%	2.1%
NASDAQ	28.6%	6.2%

PUBLIC MARKETS SUMMARY CONTINUED

Sector and Sub Sector Revenue Multiples

	12/31/24	12/31/23
Telecom Business Services	1.0x	1.1x
Distributors and Logistics Services	1.1x	1.3x
Engineering and Construction	0.9x	0.7x

Sector and Sub Sector EBITDA Multiples

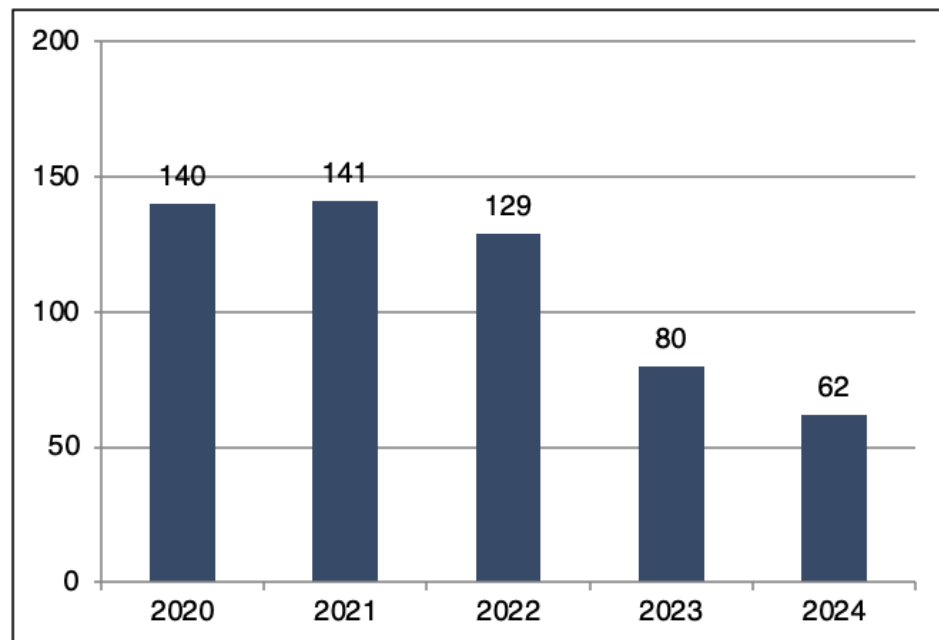
	12/31/24	12/31/23
Telecom Business Services	10.5x	11.6x
Distributors and Logistics Services	12.9x	16.0x
Engineering and Construction	8.0x	6.7x

M&A ACTIVITY

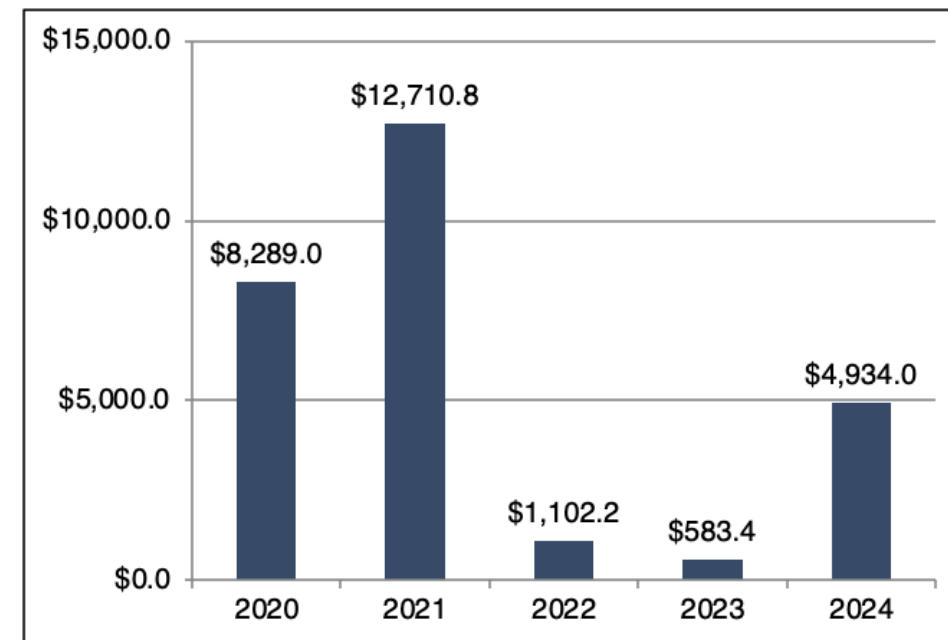
The Telecom Business Services sector ended 2024 with a bang as the sector notched 24 total transactions for the period. This was nearly 40% of the total transactions for the entire year. On the downside, the total announced dollar value of transactions was relatively low at only \$410 million. The Telecom Engineering and Construction sub sector accounted for only five of the period's transactions, while the remaining 19 were in the Distributors and Logistics Services sub sector. For all of 2024, we counted a total of 62 transactions with \$4.9 billion in total announced transaction dollar value. This meant that 2024 had fewer total transactions than any year in the last five. Total announced transaction dollar value was better than the reduced levels we saw in 2022 and 2023, but not nearly as strong as the levels that we saw in 2020 and 2021. We noted that there were a number of transactions in these past three months for companies that repair and refurbish telecom equipment. This included the acquisition of cell phone logistics company Likewize by Genstar Capital, as well as acquisitions of Basket Materials, Northern Technical Group, Relectro and Sunny Communications.

The two transactions this period with announced multiples were both small. The \$3.7 million acquisition of Suardi by Planetel had a multiple of 1.0x revenue. In addition, the \$2.5 million acquisition of Japanese telecom construction company Js Telecom Systems had a multiple of 0.4x revenue. Neither transaction had an announced EBITDA multiple.

Number of Transactions



\$ Value of Transactions in Millions



ANNOUNCED TRANSACTIONS (10/1/24 – 12/31/24)

Acquirer	Target	Sector	Date Announced	Purchase Price	Description
Guardian Capital	LINX	Telecom Engineering and Construction	12/23/24	NA	Designs, installs and supports network cabling systems, audio visual systems and security systems.
SPIE	Anylnq	Distributors & Logistics Services	12/20/24	NA	Solutions for storage, networking, security, managed services and data management.
Align Capital Partners	ISPN Network Services	Telecom Engineering and Construction	12/18/24	NA	Provides community-focused broadband service providers with 24x7 customer support and managed IT solutions.
OptConnect	Next Era	Distributors & Logistics Services	12/10/24	NA	Provides IoT and 4G/5G mobile networks and communication devices distribution services in Europe, the Middle East and Africa.
APK Group	Turris	Telecom Engineering and Construction	12/2/24	NA	Inspection, maintenance, installation, engineering, and project management services for telecom companies in the Netherlands.
MCPC	Northern Technical Group	Distributors & Logistics Services	12/2/24	NA	Buys and sells used technology equipment and provides board level repair.
Planetel	Suardi	Distributors & Logistics Services	11/25/24	\$3.7	Provides civil and industrial voice and data communications and security systems integration services for businesses in Italy.
Blue Mantis	Colligio	Distributors & Logistics Services	11/19/24	NA	Unified communications, networking and security solutions.
Arctiq	Summit Partners	Distributors & Logistics Services	11/15/24	NA	Value added reseller serving customers in the Western U.S.
Aricoma	Claystone	Distributors & Logistics Services	11/14/24	NA	Telecommunications and IT systems integration services for businesses in the Czech Republic.
VR Equitypartner	Dekom	Distributors & Logistics Services	11/6/24	NA	Distributes video conferencing and media technology products and solutions for businesses in Germany and internationally.
BAM Telecom	WL Winet	Telecom Engineering and Construction	11/1/24	NA	Construction of mobile telecom networks and mobile network installation and commissioning services in the Netherlands.
DMD Systems Recovery	Basket Materials	Distributors & Logistics Services	11/1/24	NA	IT asset disposition services including asset recovery, data center decommissioning, IT equipment removal and e-waste recycling.
Clal Insurance Enterprises Holdings	Bynet Data Communications	Distributors & Logistics Services	10/28/24	NA	Unified communications, ICT security, network management, video and cloud computing system integration solutions.
MAM Private Equity	COMGUARD	Distributors & Logistics Services	10/25/24	NA	Provides IT security and networking products and related services in the Czech Republic.
OEP Capital Advisors	York Telecom Corporation	Distributors & Logistics Services	10/24/24	NA	Provider of video and collaboration products and services.
Genstar Capital	Likewize	Distributors & Logistics Services	10/22/24	NA	Device support services for businesses in the telecom, financial and retail sectors including repair, upgrade, insurance, buy-back and trade-in.
Sage Sustainable Electronics	Relectro	Distributors & Logistics Services	10/21/24	NA	Electronics repair and refurbishment services to businesses in the U.S.
NSK	Js Telecom Systems	Telecom Engineering and Construction	10/18/24	\$2.5	Network infrastructure, voice system and information security construction and maintenance services in Japan.
Xerox	B2B Computer Products	Distributors & Logistics Services	10/17/24	\$400.0	Value added reseller and service provider for various information technology related products.
Main Street Capital	Connect Telecommunications	Distributors & Logistics Services	10/16/24	NA	Supplier of outside plant fiber networking products to Canadian telecoms including vaults, cabinets, pedestals and fiber connectivity solutions.
Blitnet Systems	Dendrio Solutions	Distributors & Logistics Services	10/10/24	\$3.7	Offers a variety of cloud, security, networking and mobility solutions including firewall, VPN, antimalware and intrusion protection.
Presidio	Internetwork Engineering	Distributors & Logistics Services	10/10/24	NA	Specialist in collaboration, data center, networking and cybersecurity solutions for customers in the Southeastern United States.
Sound Growth Partners	Sunny Communications	Distributors & Logistics Services	10/2/24	NA	Distributor of refurbished land mobile radio communication equipment including two-way radios, accessories and communication solutions.

ANNOUNCED TRANSACTIONS WITH REVENUE MULTIPLES (1/1/24 – 12/31/24)

Acquiror	Target	Sector	Date Announced	Purchase Price	Revenue Multiple	EBITDA Multiple	Description
Planetel	Suardi	Distributors & Logistics Services	11/25/24	\$3.7	1.0 x	NA	Provides civil and industrial voice and data communications and security systems integration services for businesses in Italy.
NSK	Js Telecom Systems	Telecom Engineering and Construction	10/18/24	\$2.5	0.4 x	NA	Network infrastructure, voice system and information security construction and maintenance services in Japan.
Dycom	Black & Veatch (Public Carrier Wireless Business)	Telecom Engineering and Construction	8/21/24	\$150.0	0.6 x	NA	Wireless construction services primarily in the states of New York, New Jersey, Missouri, Kansas, Colorado, Utah, Wyoming, Idaho and Montana.
Clayton, Dubilier & Rice	Exclusive Networks	Distributors & Logistics Services	7/24/24	\$2,669.1	1.7 x	13.1 x	Global cybersecurity specialist that provides partners and end-customers with a wide range of services and product portfolios.
Quanta Services	Cupertino Electric	Telecom Engineering and Construction	7/18/24	\$1,705.0	0.9 x	10.9 x	Provides datacenter, commercial and energy projects engineering and infrastructures construction services.

OUR TEAM

FOCUS Telecom Technology and Services Team



Richard H. Pierce

Managing Director and Telecom Technology and Services Team Leader, Washington, DC

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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

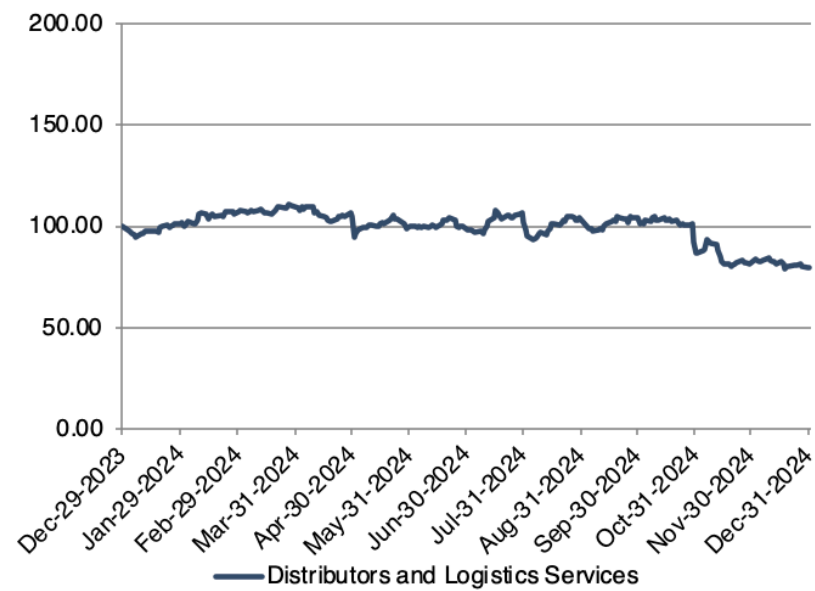


SUB SECTOR DEFINITIONS

- **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	-20.1%	-23.6%
CDW	-23.4%	-23.1%
ePlus	-7.5%	-24.9%
Insight	-14.2%	-29.4%
PC Connection	3.1%	-8.2%

Company Revenue Multiples

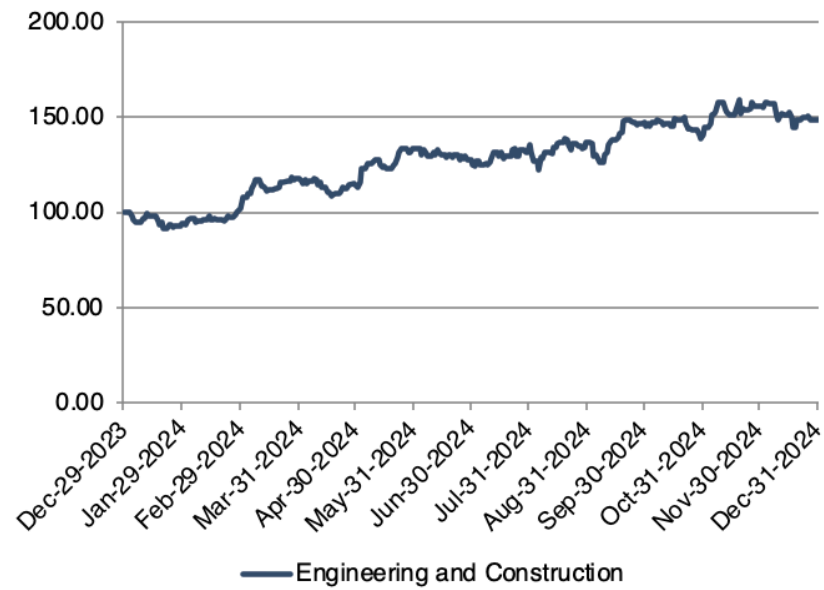
	12/31/24	12/31/23
Distributors and Logistics Index	1.1x	1.3x
CDW	1.4x	1.7x
ePlus	0.9x	1.0x
Insight	0.7x	0.7x
PC Connection	0.5x	0.5x

Company EBITDA Multiples

	12/31/24	12/31/23
Distributors and Logistics Index	12.9x	16.0x
CDW	14.3x	17.7x
ePlus	11.1x	11.1x
Insight	10.8x	13.4x
PC Connection	12.1x	13.0x

SUB SECTOR ANALYSIS: ENGINEERING AND CONSTRUCTION

Twelve Month Index Return



Company Returns

	12 Month	3 Month
Engineering and Construction Index	48.6%	1.1%
Baran Group	59.7%	22.8%
COMSYS Holdings	-6.6%	-5.5%
Dycom	51.2%	-11.7%
Mastec	79.8%	10.6%
MIRAIT Holdings	11.1%	-1.2%

Source: Capital IQ

Company Revenue Multiples

	12/31/24	12/31/23
Engineering and Construction Index	0.9x	0.7x
Baran Group	0.6x	0.6x
COMSYS Holdings	0.5x	0.5x
Dycom	1.4x	1.4x
Mastec	1.1x	1.1x
MIRAIT Holdings	0.4x	0.4x

Company EBITDA Multiples

	12/31/24	12/31/23
Engineering and Construction Index	8.0x	6.7x
Baran Group	6.8x	6.8x
COMSYS Holdings	5.5x	5.5x
Dycom	12.0x	12.0x
Mastec	14.8x	14.8x
MIRAIT Holdings	7.5x	7.5x



ABOUT FOCUS INVESTMENT BANKING

With more than four 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.

