

M&A INDUSTRY REPORT

Telecom U.S. Communications Service Provider

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.

WINTER 2025



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OVERVIEW

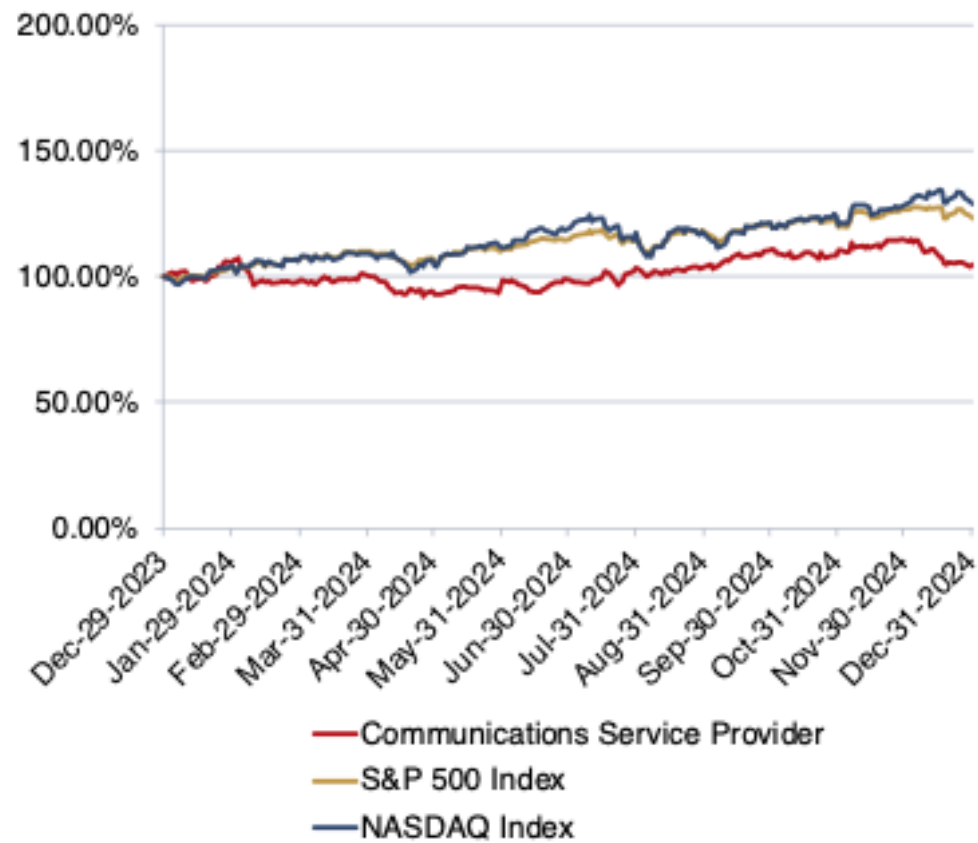
The FOCUS Communications Service Provider Index (CSPI) had a tough reporting period as the sector dropped 5.1% over the past three months.

This was despite a generally favorable market environment that saw the S&P 500 gain 2.1% and the NASDAQ gain 6.2% over the corresponding time frame. The CSPI also lagged the broader indices over the past twelve months. While the S&P 500 and the NASDAQ were up 23.3% and 28.6%, respectively, over the past year, the CSPI only had a gain of 4.6%. Sector multiples closed out the period at 2.4x revenue and 6.5x EBITDA. These multiples were both unchanged from the year-ago period.

The National Providers sub sector was the CSPI's laggard this period as it dropped 5.5% in the past three months. Comcast, Lumen and Verizon all suffered double digit losses over this time frame. The Business and Wholesale sub sector fared somewhat better with a slight gain of 0.1%. Cogent Communications had a 1.5% gain, while the other two companies in the sub sector suffered slight losses. Finally, the Residential Providers sub sector was the star of the CSPI with a gain of 18.9% in our winter reporting period. This strong performance was entirely due to a 46.7% gain at Telephone and Data Systems. The only other company in the sub sector to turn in a positive return was Cable One, which gained a much more modest 3.5%.

PUBLIC MARKETS SUMMARY

Twelve Month Index Returns



Sector and Sub Sector Returns

	12 Month	3 Month
Communications Service Provider	4.6%	-5.1%
National Providers	4.6%	-5.5%
Business and Wholesale	0.9%	0.1%
Residential Providers	5.4%	18.9%
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
Communications Service Provider	2.4x	2.4x
National Providers	2.4x	2.4x
Business and Wholesale	4.8x	5.2x
Residential Providers	2.7x	2.5x

Sector and Sub Sector EBITDA Multiples

	12/31/24	12/31/23
Communications Service Provider	6.5x	6.5x
National Providers	6.4x	6.4x
Business and Wholesale	11.9x	12.1x
Residential Providers	7.2x	7.0x

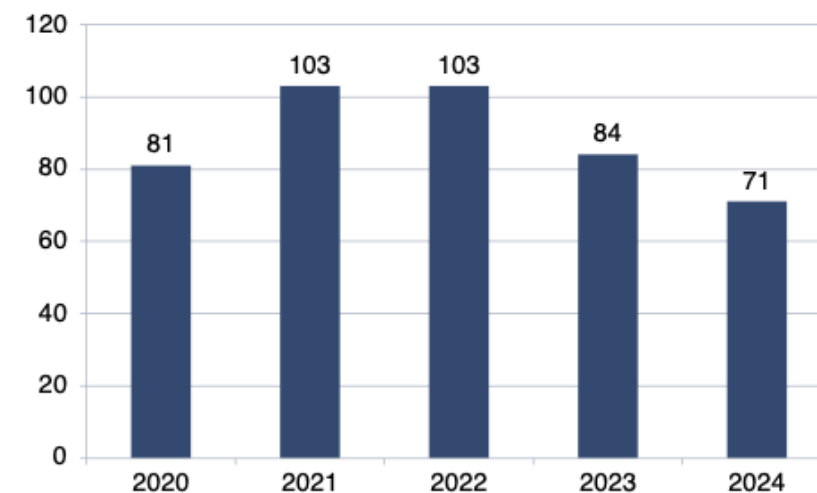
M&A ACTIVITY

M&A activity in the Communications Service Provider sector cooled off somewhat this period with a total of 17 announced transactions. However, total announced transaction dollar value was very strong at \$5.1 billion. For all of 2024, the Communications Service Provider sector had 71 total transactions for a total announced transaction dollar value of \$30.1 billion. These two metrics tell very different stories about M&A activity in 2024. From the standpoint of the number of transactions, 2024 was disappointing, with the number of transactions lower than any year in the last five. On the other hand, the total announced dollar value of transactions was more than 50% higher than any year in the last five.

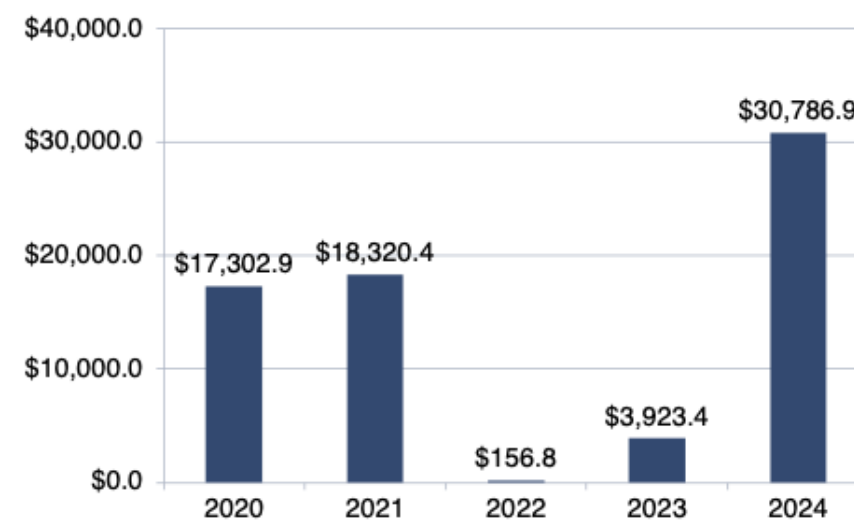
The marquee transaction for this period was BCE's acquisition of Zply Fiber for \$5.1 billion. Not only was this one of the largest transactions in all of 2024, but it also marks a major strategic move for BCE as it makes a major entry into the FTTH market in the U.S. Other acquirers of FTTH assets over these past three months included IQ Fiber, Omni Fiber, Ritter Communications, Ripple Fiber and Rise Broadband. Transactions for business-oriented fiber companies included EZEE Fiber's acquisition of Conterra Network assets in New Mexico and Segra's acquisition of Everstream network assets in St. Louis. Finally, we will also note the acquisition of managed communications service provider Evolve IP by ATSG.

While there was only one transaction with announced multiples this period, it was for the period's most significant transaction. This was the BCE acquisition of Zply Fiber, which had multiples of 7.3x revenue and 16.4x EBITDA.

Number of Transactions



\$ Value of Transactions in Millions



ANNOUNCED TRANSACTIONS (7/01/24- 12/31/24)

Acquiror	Target	Date Announced	Sector	Purchase Price	Description
Comcast	Nitel	12/11/24	Business and Wholesale	NA	Network-as-a-service provider specializing in delivering managed services and connectivity solutions to enterprise customers across the U.S.
Ezee Fiber	Conterra (New Mexico Fiber Network)	12/11/24	Business and Wholesale	NA	Fiber network that spans 128 miles across three New Mexico cities.
Advanced Internet Service Provider	Benton Rural Electric Association (PowerNET Business)	11/29/24	Residential Provider	NA	Internet service provider serving the area of Prosser, Washington.
IQ Fiber	ThinkBig Networks	11/22/24	Residential Provider	NA	Fiber optic internet services for homes and businesses in Maryland.
CCi Voice	IP Genie	11/21/24	Business and Wholesale	NA	Provides hosted voice-over-internet protocol services to customers in Connecticut including businesses, municipalities, schools and libraries.
Ritter Communications	City of Ruston Fiber Optic Network	11/21/24	Residential Provider	NA	Fiber optic network serving the town of Ruston, Louisiana.
Omni Fiber	Lit Communities	11/20/24	Residential Provider	NA	Builds and operates open access fiber optic network infrastructure.
Bluewave Technology Group	Comtel Group	11/19/24	Business and Wholesale	NA	Telecom advisory firm based in the Boston metro area with a diverse client base, primarily across the Northeastern U.S.
Ziply	Unite Private Networks (Pacific Northwest Assets)	11/12/24	Business and Wholesale	NA	7,000 fiber miles and customers in Washington, Idaho, Wyoming and Montana.
Rise Broadband	MidAtlantic Broadband	11/6/24	Residential Provider	NA	Fiber network that passes nearly 10,000 residential and commercial locations across eight markets in the eastern part of Missouri.
BCE	Ziply Fiber	11/4/24	Residential Provider	\$5,085.8	Provides fiber internet services to business and residential customers in the Pacific Northwest.
ATSG	Evolve IP	10/31/24	Business and Wholesale	NA	Provides cloud-based unified communication-as-a-service and desktop-as-a-service for businesses globally.
Worklyn Partners	Harbor Networks	10/23/24	Business and Wholesale	NA	Managed unified communications, network infrastructure and managed IT services for businesses in the U.S.
Clarion Communications	IPitomy	10/16/24	Business and Wholesale	NA	Cloud-based unified communications and managed VoIP services for small and mid-sized businesses in the U.S.
Ripple Fiber	Residential Fiber Internet Network of CloudWyze, Inc.	10/7/24	Residential Provider	NA	Fiber network passing 13,000 homes in Harnett, Martin and Nash Counties in North Carolina.
EarthLink	Nextera	10/1/24	Business and Wholesale	NA	Provides fixed wireless internet services to businesses in Minnesota.
Segra	Everstream Solutions (Fiber Network in St. Louis)	10/1/24	Business and Wholesale	NA	Approximately 1,000 route miles of fiber in the St. Louis area.

M&A TRANSACTIONS WITH ANNOUNCED MULTIPLES (1/1/24 – 12/31/24)

Acquiror	Target	Date Announced	Sector	Purchase Price	Revenue Multiple	EBITDA Multiple	Description
BCE	Ziply Fiber	11/4/24	Residential Provider	\$5,085.8	7.3 x	16.4 x	Provides fiber internet services to business and residential customers in the Pacific Northwest.
Verizon Communications	Frontier Communications	9/5/24	Residential Provider	\$19,914.4	3.4 x	8.6 x	Provides fiber optic communications services to 2.2 million subscribers across 25 states.
Uniti	Windstream	5/3/24	Residential Provider	\$4,844.2	1.2 x	5.3 x	Fiber-based broadband for residential and small business customers as well as cloud communications and networking for larger organizations.
Towerbrook Capital Partners	CBTS	2/6/24	Business and Wholesale	\$670.0	0.5 x	NA	Cloud consulting, data protection, SD-WAN, network-as-a-service, secure access service edge and contact center solutions for businesses.

OUR TEAM

FOCUS Telecom Technology and Services Team



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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:

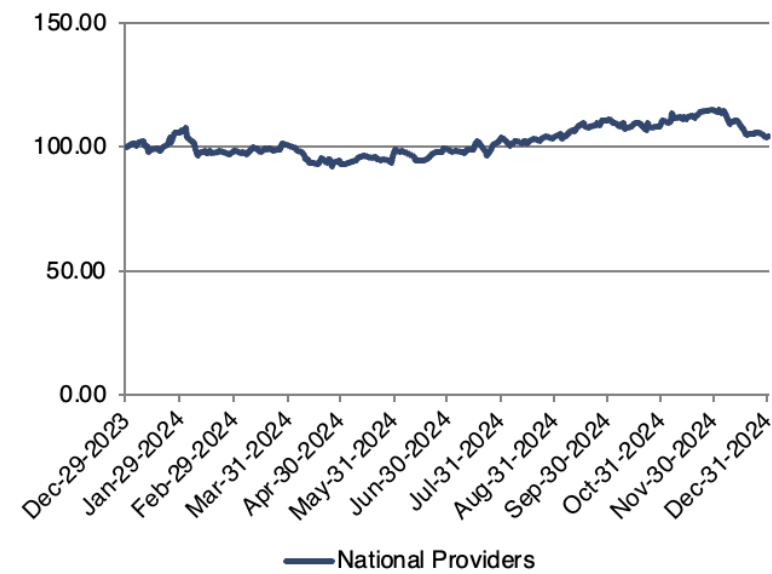
- National Providers
- Business and Wholesale
- Residential Providers

SUB SECTOR DEFINITIONS

- **National Providers:** Large, nationwide telecommunications and cable operators that offer a diverse array of services throughout much of the U.S.
- **Business and Wholesale:** Companies that focus on providing connectivity, voice and transport services to businesses and other telecom service providers.
- **Residential Providers:** Regional providers that have a large component of their business that serves residential and small business customers.

SUB SECTOR ANALYSIS: NATIONAL PROVIDERS

Twelve Month Index Return



Company Returns

	12 Month	3 Month
National Providers Index	4.6%	-5.5%
AT&T	35.7%	3.5%
Charter	-11.8%	5.8%
Comcast	-14.4%	-10.2%
Lumen	190.2%	-25.2%
Verizon	6.1%	-11.0%

Company Revenue Multiples

	12/31/24	12/31/23
National Providers Index	2.4x	2.4x
AT&T	2.7x	2.4x
Charter	2.7x	2.9x
Comcast	1.9x	2.3x
Lumen	1.6x	1.5x
Verizon	2.6x	2.5x

Company EBITDA Multiples

	12/31/24	12/31/23
National Providers Index	6.4x	6.4x
AT&T	7.6x	7.1x
Charter	6.9x	7.5x
Comcast	6.4x	7.3x
Lumen	6.5x	4.6x
Verizon	7.1x	7.0x

SUB SECTOR ANALYSIS: BUSINESS AND WHOLESALE

Twelve Month Index Return



Company Returns

	12 Month	3 Month
Business and Wholesale Index	0.9%	0.1%
Bandwidth	17.6%	-2.8%
Cogent Communications	1.3%	1.5%
Uniti	-4.8%	-2.5%

Company Revenue Multiples

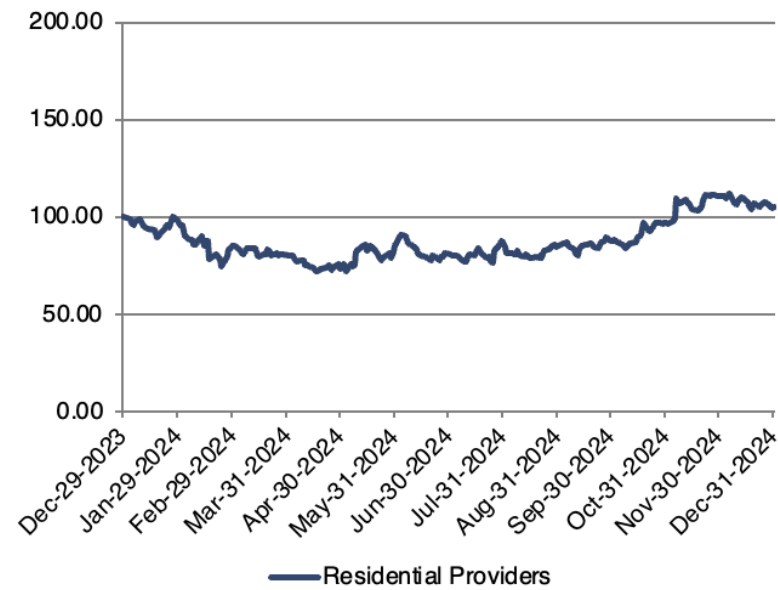
	12/31/24	12/31/23
Business and Wholesale Index	4.8x	5.2x
Bandwidth	1.3x	1.5x
Cogent Communications	5.8x	6.8x
Uniti	6.2x	6.1x

Company EBITDA Multiples

	12/31/24	12/31/23
Business and Wholesale Index	11.9x	12.1x
Bandwidth	50.6x	239.0x
Cogent Communications	56.1x	34.3x
Uniti	8.2x	8.3x

SUB SECTOR ANALYSIS: RESIDENTIAL PROVIDERS

Twelve Month Index Return



Company Returns

	12 Month	3 Month
Residential Providers Index	5.4%	18.9%
Altice	-25.8%	-2.0%
Cable One	-34.9%	3.5%
Telephone and Data Systems	85.9%	46.7%
WOW	22.5%	-5.5%

Company Revenue Multiples

	12/31/24	12/31/23
Residential Providers Index	2.7x	2.5x
Altice	2.9x	2.9x
Cable One	3.3x	3.9x
Telephone and Data Systems	2.1x	1.7x
WOW	2.1x	1.7x

Company EBITDA Multiples

	12/31/24	12/31/23
Residential Providers Index	7.2x	7.0x
Altice	7.7x	7.5x
Cable One	6.4x	7.4x
Telephone and Data Systems	9.2x	8.3x
WOW	5.9x	6.9x

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. For more information on FOCUS, please visit www.focusbankers.com.

