

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.

SPRING 2025



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## OVERVIEW

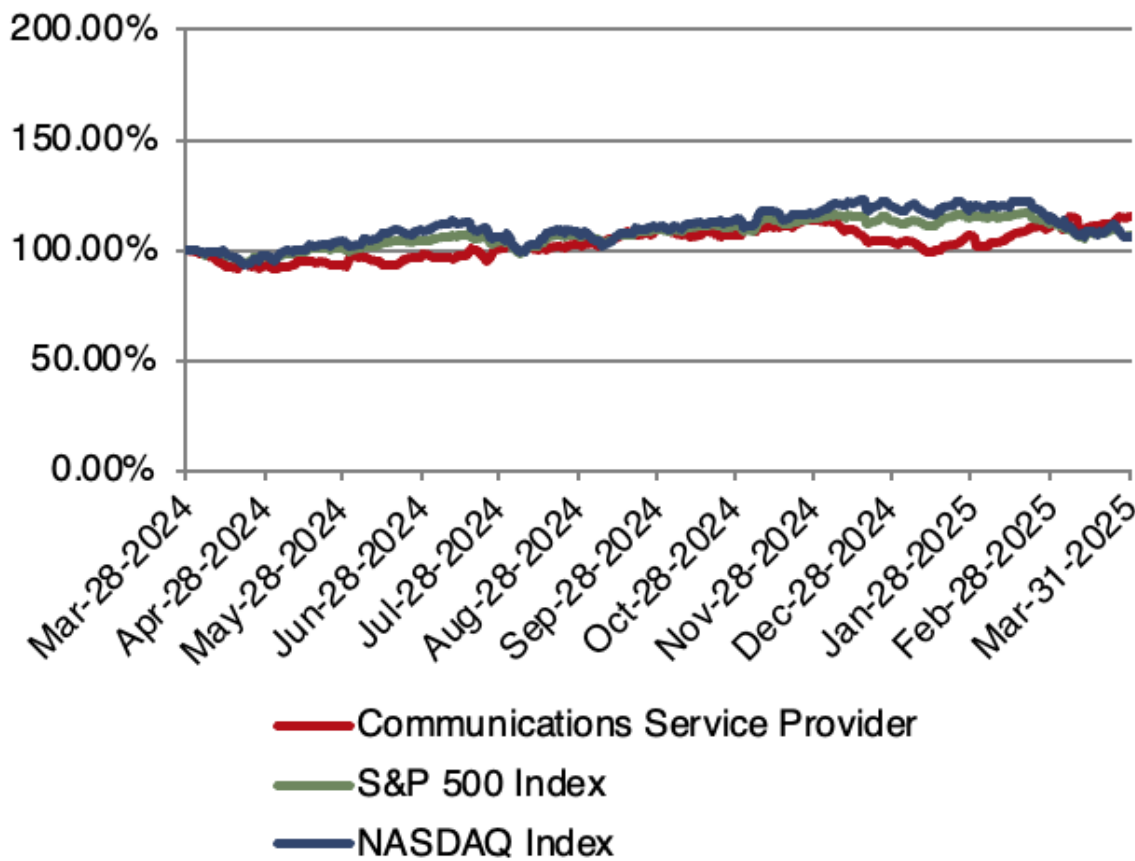
# **The FOCUS Communications Service Provider Index (CSPI) rebounded nicely in the first three months of 2025, shooting up 11.3% for the period.**

This was particularly impressive given that the broader indices were both in negative territory over the corresponding time frame. The CSPI also outperformed the broader indices over the 12-month period. The CSPI is up 15.1% compared to this time last year, while the S&P 500 is up 6.8% and the NASDAQ is up 5.6%. Sector multiples also edged up slightly higher than they were in the year-ago period. The revenue multiple inched up from 2.4x to 2.5x, while the EBITDA multiple went from 6.5x to 6.7x.

The National Providers sub sector was the driver of the CSPI's outperformance this period with a three-month gain of 11.7%. AT&T and Verizon were the top performers with increases of 24.2% and 13.4%, respectively. On the other end of the spectrum, Lumen plummeted 26.2%. The Business and Wholesale sub sector was the CSPI's worst performing sub sector with a three-month loss of 17.7%. All three stocks in the sub sector traded lower this period, with both Bandwidth and Cogent Communications falling more than 20%. Finally, the Residential Providers sub sector came in somewhere in the middle as it posted a modest gain of 1.3%. Altice and Telephone and Data Systems were the best performing stocks in the sub sector as both posted double-digit gains.

PUBLIC MARKETS SUMMARY

Twelve Month Index Returns



Sector and Sub Sector Returns

	12 Month	3 Month
Communications Service Provider	15.1%	11.3%
National Providers	15.2%	11.7%
Business and Wholesale	-10.6%	-17.7%
Residential Providers	32.0%	1.3%
S&P 500	6.8%	-4.6%
NASDAQ	5.6%	-10.4%



PUBLIC MARKETS SUMMARY CONTINUED

Sector and Sub Sector Revenue Multiples

	3/31/25	3/31/24
Communications Service Provider	2.5x	2.4x
National Providers	2.5x	2.4x
Business and Wholesale	4.5x	4.9x
Residential Providers	2.7x	2.5x

Sector and Sub Sector EBITDA Multiples

	3/31/25	3/31/24
Communications Service Provider	6.7x	6.5x
National Providers	6.6x	6.5x
Business and Wholesale	11.1x	11.3x
Residential Providers	7.5x	6.8x

M&A ACTIVITY

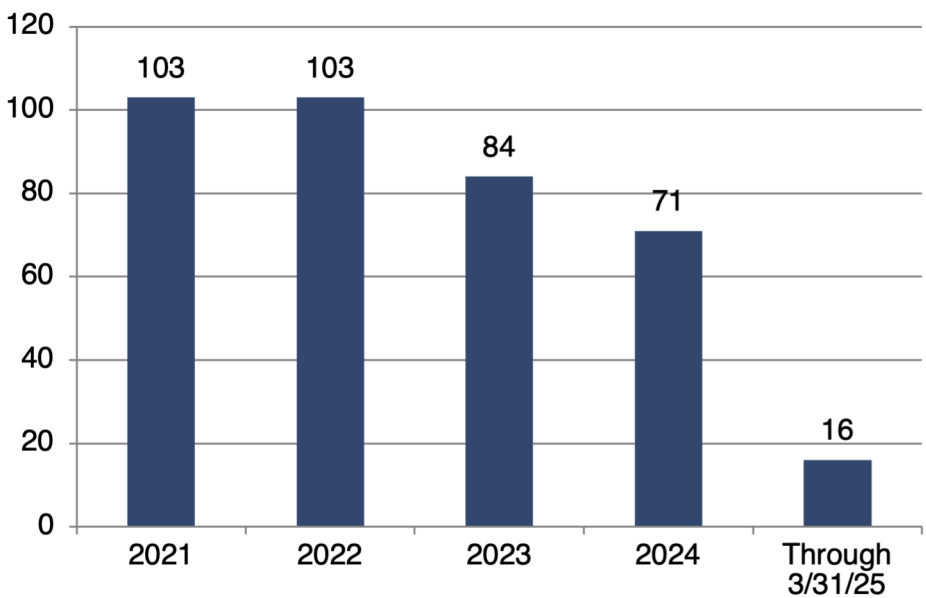
The Communications Service Provider sector started off 2025 in relatively solid fashion. While the 16 total transactions over the past three months lags a shade behind where we typically see activity, the total announced transaction dollar value of nearly \$4.3 billion was strong. This means that at least as of now 2025 is continuing the trend of 2024 that combined fewer total transactions with enough larger transactions to keep total announced transaction dollar value at relatively elevated levels.

The Business and Wholesale sub sector dominated transaction activity this period, accounting for 12 of the 16 total transactions. Far and away the most noteworthy transaction in this sub sector was Crown Castle’s long-awaited divestiture of its fiber assets.Zayo ultimately emerged as the purchaser of this business for a price tag of \$4.25 billion. In another notable development, WANRack was involved in two sell side transactions this period. In addition to merging with fellow CBRE portfolio company Gateway Fiber, they also sold their fiber network in Phoenix to Lightspeed. We also noted a continued high level of activity in the acquisition of telecom advisory firms. Amplix and Blue Mantis both inked two acquisitions apiece, while Bluewave Technology Group and UPSTACK each had an acquisition as well. In the Residential Provider sub sector, Michigan’s Upper Peninsula was a hot bed of activity with two transactions in the region. These were Highline’s acquisition of the fiber assets of 906 Technologies and UP Fiber’s purchase of network assets from AT&T. The only other two transactions in the Residential Provider sub sector were Vero Broadband’s acquisition of Montana Digital and Freedom Holdings’ purchase of EliteCom.

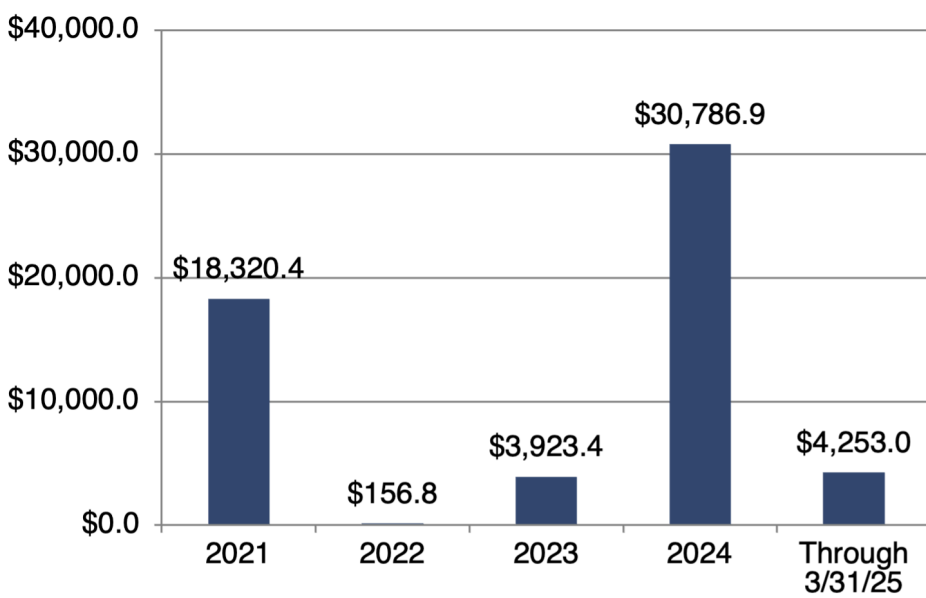
There were no transactions with announced multiples this period.

Source: Capital IQ

Number of Transactions



\$ Value of Transactions in Millions





## ANNOUNCED TRANSACTIONS (1/1/25- 3/31/25)

Acquiror	Target	Date Announced	Sector	Purchase Price	Description
UP Fiber	AT&T (Upper Peninsula Wireline Business)	3/28/25	Residential Provider	NA	9,000 miles of copper and 1,500 miles of business fiber serving more than 9,000 residential and business customers in Michigan's Upper Peninsula.
ringfusion	Cynetel Communications	3/26/25	Business and Wholesale	NA	VoIP, colocation, internet, SIP trunking, colocation and unified communications solutions for business customers.
IPFone	TelNet Worldwide	3/23/25	Business and Wholesale	NA	Competitive service provider based in Detroit, Michigan, specializing in telecommunications and network services.
Blue Mantis	Brevin Systems	3/20/25	Business and Wholesale	NA	Provider of advanced network and security solutions.
Blue Mantis	TEligence Partners	3/20/25	Business and Wholesale	NA	Independent sales and consulting agency focused on the telecommunications and information technology industries.
Zayo Group	Crown Castle (Fiber Business)	3/13/25	Business and Wholesale	\$4,250.0	90,000 route mile fiber network supporting wireless operators and large organizations.
Lightpath	WANRack (Phoenix Assets)	3/6/25	Business and Wholesale	NA	Network assets and customers in the Phoenix market including 133 route miles of fiber.
Vero Broadband	Montana Digital	3/4/25	Residential Provider	NA	Fiber broadband and enterprise connectivity provider serving Kalispell, Columbia Falls, Whitefish and Bigfork, Montana.
Amplix	GlobalNet Communications	2/25/25	Business and Wholesale	NA	Technology advisory partner specializing in data, voice and cloud solutions.
Bluewave Technology Group	AVAIL Technology Solutions (Advisory Business)	2/20/25	Business and Wholesale	NA	Communications and IT advisory services for businesses.
UPSTACK	V3 Technology	2/20/25	Business and Wholesale	NA	Connectivity, UCaaS, CCaaS, security, datacenter, managed mobility and IT services for business customers.
Freedom Holding	EliteCom	2/7/25	Residential Provider	\$3.0	Internet access, telephone and cable television services for individuals and internet access services for legal entities.
Gateway Fiber	WANRack	2/3/25	Business and Wholesale	NA	Internet connectivity to schools and libraries through the e-rate program using lit fiber, dark fiber and special construction solutions.
Amplix	Xela Communications	1/8/25	Business and Wholesale	NA	Connectivity, UCaaS, CCaaS and telecom expense management services.
Highline	906 Technologies (Fiber Assets and ISP Business)	1/7/25	Residential Provider	NA	Fiber network and customers located in the Upper Peninsula of Michigan.
Tel-IT Technology Solutions	Digitech	1/6/25	Business and Wholesale	NA	Provides unified communication, VoIP, mobility and hosted cloud services.

ANNOUNCED TRANSACTIONS WITH REVENUE MULTIPLES (4/1/24 – 3/31/25)

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.



## 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**

**Managing Director, San Francisco, California**

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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



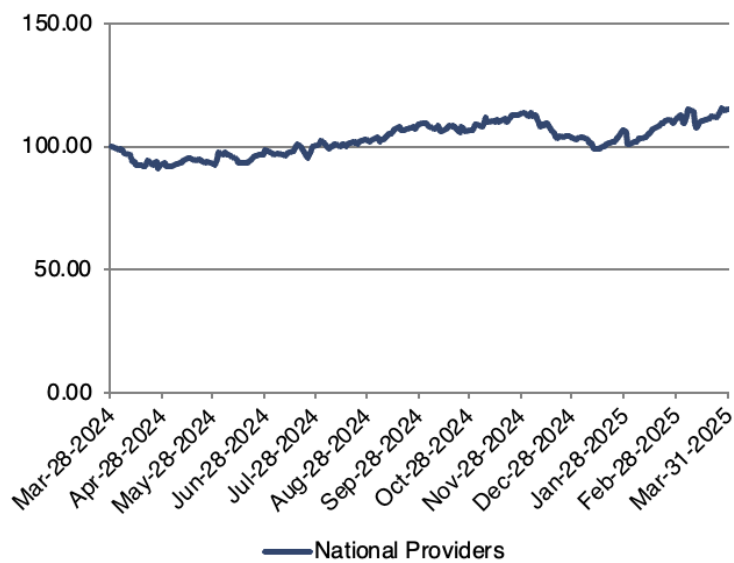


## SUB SECTOR DEFINITIONS

- **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	15.2%	11.7%
AT&T	60.7%	24.2%
Charter	26.8%	7.5%
Comcast	-14.9%	-1.7%
Lumen	151.3%	-26.2%
Verizon	8.1%	13.4%

Source: Capital IQ

Company Revenue Multiples

	3/31/25	3/31/24
National Providers Index	2.5x	2.4x
AT&T	3.0x	2.4x
Charter	2.8x	2.6x
Comcast	1.9x	2.2x
Lumen	1.6x	1.4x
Verizon	2.7x	2.6x

Company EBITDA Multiples

	3/31/25	3/31/24
National Providers Index	6.6x	6.5x
AT&T	8.2x	7.1x
Charter	7.0x	6.9x
Comcast	6.3x	7.2x
Lumen	6.2x	5.0x
Verizon	7.4x	7.4x

SUB SECTOR ANALYSIS: BUSINESS AND WHOLESALE

Twelve Month Index Return



Company Returns

	12 Month	3 Month
Business and Wholesale Index	-10.6%	-17.7%
Bandwidth	-28.3%	-23.0%
Cogent Communications	-6.2%	-20.4%
Uniti	-14.6%	-8.4%

Company Revenue Multiples

	3/31/25	3/31/24
Business and Wholesale Index	4.5x	4.9x
Bandwidth	1.1x	1.6x
Cogent Communications	5.3x	5.5x
Uniti	6.0x	6.1x

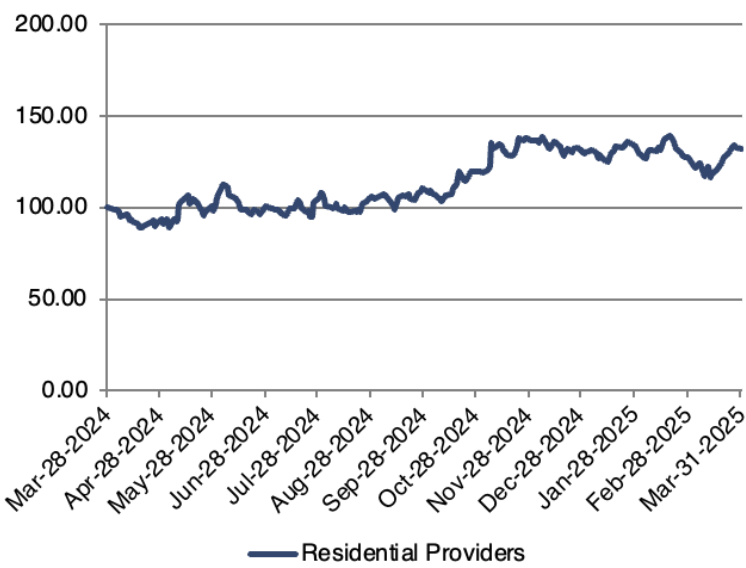
Company EBITDA Multiples

	3/31/25	3/31/24
Business and Wholesale Index	11.1x	11.3x
Bandwidth	31.9x	328.5x
Cogent Communications	42.8x	40.5x
Uniti	7.9x	7.8x



SUB SECTOR ANALYSIS: RESIDENTIAL PROVIDERS

Twelve Month Index Return



Company Returns

	12 Month	3 Month
Residential Providers Index	32.0%	1.3%
Altice	1.9%	10.4%
Cable One	-37.2%	-26.6%
Telephone and Data Systems	141.8%	13.6%
WOW	36.7%	-0.2%

Company Revenue Multiples

	3/31/25	3/31/24
Residential Providers Index	2.7x	2.5x
Altice	2.9x	2.8x
Cable One	3.1x	3.5x
Telephone and Data Systems	2.2x	1.7x
WOW	2.2x	1.8x

Company EBITDA Multiples

	3/31/25	3/31/24
Residential Providers Index	7.5x	6.8x
Altice	7.9x	7.4x
Cable One	6.2x	6.6x
Telephone and Data Systems	9.9x	8.0x
WOW	6.5x	6.7x

## 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](http://www.focusbankers.com).

