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.



SUMMER 2025

FOCUS Investment Banking

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OVERVIEW

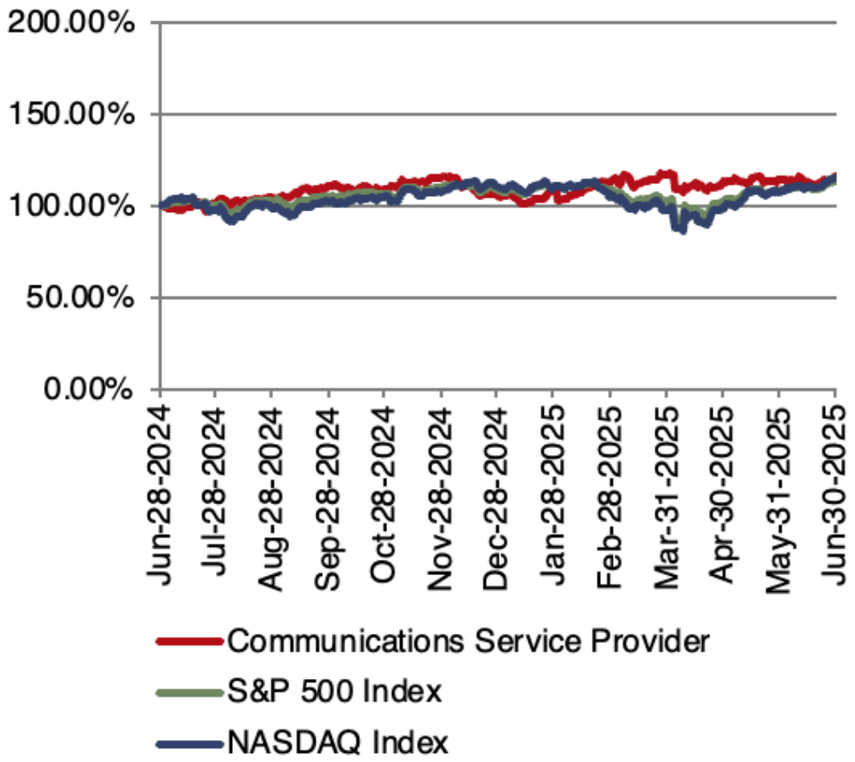
The FOCUS Communications Service Provider Index (CSPI) suffered a slight dip in our summer reporting period as the sector declined 0.8% over the past three months.

This was despite the fact that the broader indices were up strongly. The S&P 500 gained 10.6% over this time frame, while the NASDAQ was up 17.8%. Compared to the year-ago period, the CSPI is trading 16.4% higher. This means that it outperformed both the S&P 500 (up 13.6%) and the NASDAQ (up 14.9%) over this time frame. Multiples for the sector are 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 6.4x to 6.5x.

The National Providers sub sector was the best performing sub sector in the CSPI for the second straight reporting period.Even so, the sub sector still experienced a slight decline of 0.4%. Losses at Comcast and Verizon were responsible for this negative return, while the other companies in the sub sector posted gains. In particular, Lumen had a particularly strong reporting period with a gain of 11.7% over the past three months. The other two sub sectors in the CSPI both fared much more poorly than the National Providers. The Business and Wholesale sub sector fell nearly 16% as steep losses at Cogent Communications and Uniti more than erased a 21.4% gain at Bandwidth. The Residential Provider sub sector suffered an even steeper decline as it plummeted 18.7% this period. Losses were broad-based, with all of the companies in the sub sector trading in negative territory over the past three months.Cable One was the hardest hit as its stock shed nearly half of its value, but Altice and WOW also experienced losses of 19.5% and 18.0%, respectively.

PUBLIC MARKETS SUMMARY

Twelve Month Index Returns



Sector and Sub Sector Returns

	12 Month	3 Month
Communications Service Provider	16.4%	-0.8%
National Providers	16.6%	-0.4%
Business and Wholesale	-2.1%	-15.9%
Residential Providers	6.8%	-18.7%
S&P 500	13.6%	10.6%
NASDAQ	14.9%	17.8%

Source: Capital IQ

Sector and Sub Sector Revenue Multiples

	6/30/25	6/30/24
Communications Service Provider	2.5x	2.4x
National Providers	2.5x	2.4x
Business and Wholesale	4.4x	4.3x
Residential Providers	2.7x	2.5x

Sector and Sub Sector EBITDA Multiples

	6/30/25	6/30/24
Communications Service Provider	6.5x	6.4x
National Providers	6.5x	6.4x
Business and Wholesale	10.6x	10.4x
Residential Providers	7.5x	6.8x

Source: Capital IQ

M&A ACTIVITY

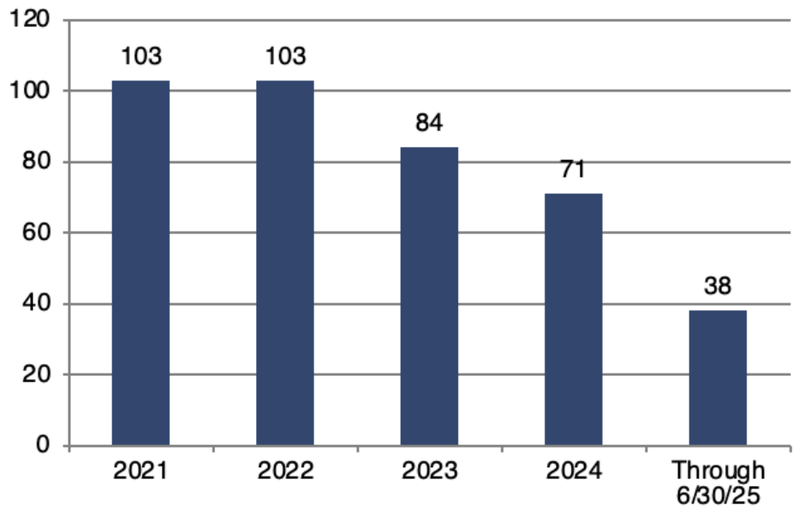
M&A activity in the Communications Service Provider sector skyrocketed over this past three months with a total of 22 transactions. Even more impressively, two large transactions pushed total announced transaction dollar value for the period north of $42 billion. With 2025 halfway in the books, we count 38 total transactions for the year.While this figure is still on the low side of what we have seen historically, it does seem like the sector is picking up momentum in terms of the level of M&A activity. When we look at the total announced dollar value of transactions for the first six months of the year, we are already up to an eye popping $46.7 billion. This means that 2025 has already exceeded any year since 2015 based on total announced transaction dollar value.

Clearly the most noteworthy transactions this period were the two largest. In the first of these, Charter announced that it would acquire fellow cable operator Cox Communications for $36.7 billion. In another huge transaction impacting the residential broadband space, AT&T acquired the fiber-to-the-home business of Lumen for $5.8 billion. The residential broadband space also accounted for a number of other transactions this period. These included an investment in Hotwire Communications by Brookfield Infrastructure Partners as well as Vero Broadband's acquisition of BendTel and Ripple Fiber's acquisition of BridgeNET Fiber. Finally, Wyyerd staked out a presence in the Tucson, Arizona area with its purchase of middle mile assets from Conterra as well as Ting Fiber's operations in the region. On the business fiber side, we noted that FiberLight inked the acquisition of Metro Fiber Networks in Virginia, while Midwest Fiber Networks acquired Everstream's assets in Illinois. Not all of the activity in the Business and Wholesale sub sector was focused on fiber network operators. Private equity firm Post Road Group acquired the Verve Cloud business from Digerati Technologies. In addition, Helient Technologies acquired Princeton Hosted Solutions to create a combined provider of managed telecom and IT services.

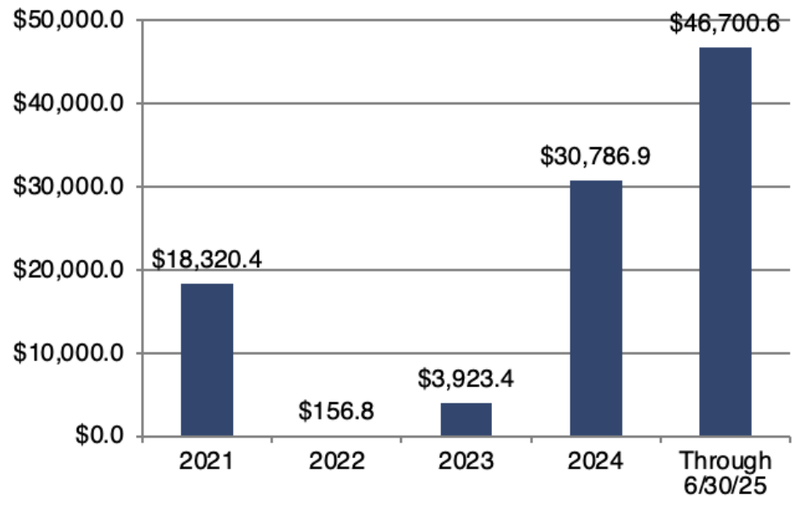
The two transactions this period with announced multiples were also the two largest. The Charter acquisition of Cox Communications had multiples of 2.8x revenue and 7.4x EBITDA.Demonstrating the premium for residential fiber assets, the AT&T purchase of Lumen's fiber-to-the-home business had a multiple of 7.7x revenue. There was no announced EBITDA multiple for this transaction.

Source: Capital IQ

Number of Transactions



$ Value of Transactions in Millions



ANNOUNCED TRANSACTIONS (4/1/25– 6/30/25)

Acquiror	Target	Date Announced	Sector	Purchase Price	Description
Post Road Group	Digerati Technologies (Verve Cloud Business)	6/26/25	Business and Wholesale	NA	Provider of cloud-hosted voice and internet solutions for the SMB market.
Continuant	Fidelus	6/24/25	Business and Wholesale	NA	Unified communications and collaboration and enterprise networking solutions with partners that include Cisco, Microsoft and Zoom.
Shenandoah Telecommunications	WideOpen Blacksburg	6/20/25	Residential Provider	NA	Provides fiber optic internet services in Blacksburg, Virginia.
Bluewave Technology Group	TruPoint Technology Solutions	6/19/25	Business and Wholesale	NA	Business internet and phone solutions, cloud services, complex data networks, contact center, cybersecurity and other managed services.
Brookfield Infrastructure Partners	Hotwire Communications	6/16/25	Residential Provider	NA	Fiber-based telecom services to communities and businesses in Florida, South Carolina, Maryland, Pennsylvania, New Jersey and New York.
Ripple Fiber	BridgeNET Fiber	6/10/25	Residential Provider	NA	Provides fiber internet services using a network that passes more than 3,000 homes and businesses in Statesville, North Carolina.
Midcontinent Communications	SCI Broadband	6/5/25	Residential Provider	NA	Serves nearly 12,000 data customers with nearly 28,000 passings in central, eastern and northeastern Minnesota.
ImOn Communications	Danville Telecom	5/30/25	Residential Provider	NA	Fiber-to-the-premises internet service provider serving Henry, Des Moines and Lee counties in southeastern Iowa.
Vero Broadband	BendTel	5/30/25	Residential Provider	NA	Owns and operates a fiber network serving a wide range of residential and commercial clients across the Central Oregon region.
AT&T	Lumen (Fiber to the Home Business)	5/21/25	Residential Provider	$5,750.0	Fiber to the home business with assets in 11 states.
Wyyerd	Conterra Networks (Fiber Assets in Arizona)	5/21/25	Business and Wholesale	NA	Fiber assets in and around Tucson, Arizona.
Wyyerd	Ting Fiber (Fiber Assets in Arizona)	5/21/25	Residential Provider	NA	Fiber assets in and around Tucson, Arizona.
Charter Communications	Cox Communications	5/16/25	National Provider	$36,697.6	Provides broadband internet and entertainment services for consumers and businesses throughout the United States.
GTS	AMT Telecom Group	5/16/25	Business and Wholesale	NA	Master telecom agent based in Michigan and serving the Midwest.
Fibernow	Wavetech Systems	5/9/25	Business and Wholesale	NA	Internet and managed services for businesses in Florida including VoIP, fax, managed cloud and security services.
Mereo Networks	DISH Networks (DISH Fiber Business)	5/2/25	Residential Provider	NA	Bulk fiber internet and video content provider serving over 25,000 residential units across 33 states.
PhireLink	Spectracomm	4/29/25	Residential Provider	NA	Arkansas-based incumbent telecommunications provider with a 100 percent fiber-to-the-premise network spanning more than 900 route miles.
FiberLight	Metro Fiber Networks	4/16/25	Business and Wholesale	NA	Dedicated fiber provider serving carriers and public institutions in Richmond and Virginia Beach.
One Source Communications	CT Solutions	4/16/25	Business and Wholesale	NA	Provides services to business customers including unified communications, SD-WAN, structured cabling, cloud services and managed IT.
Eastern Slope Rural Telephone Associations	Telephone and Data Systems (Strasburg Telephone Company Asset)	4/14/25	Residential Provider	NA	Provides voice and data services to customers in Strasburg, Colorado.
Midwest Fiber Networks	Everstream Solutions (Network Assets in Illinois)	4/14/25	Business and Wholesale	NA	Fiber-based ethernet, metro fiber, internet access and datacenter services to businesses in Illinois.
Helient Technologies	Princeton Hosted Solutions	4/1/25	Business and Wholesale	NA	Network and communications services for businesses including datacenter, cybersecurity, fiber and SIP trunking.

Source: Capital IQ

ANNOUNCED TRANSACTIONS WITH REVENUE MULTIPLES (7/1/24 – 6/30/25)

Acquiror	Target	Date Announced	Sector	Purchase Price	Revenue Multiple	EBITDA Multiple	Description
AT&T	Lumen (Fiber to the Home Business)	5/21/25	Residential Provider	$5,750.0	7.7 x	NA	Fiber to the home business with assets in 11 states.
Charter Communications	Cox Communications	5/16/25	National Provider	$36,697.6	2.8 x	7.4 x	Provides broadband internet and entertainment services for consumers and businesses throughout the United States.
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.

Source: Capital IQ

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

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

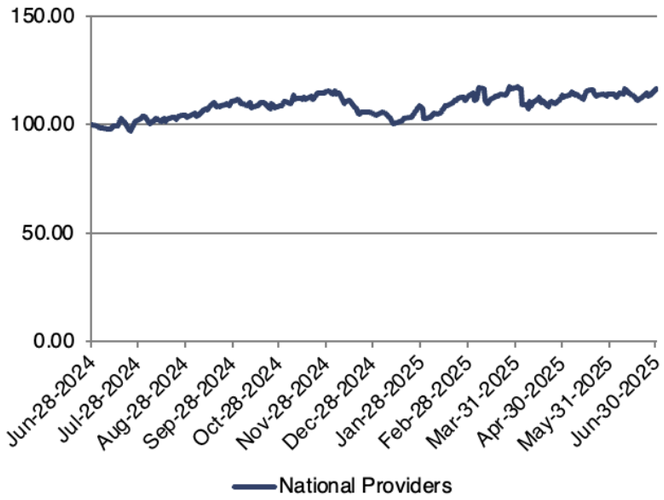


SUB SECTOR DEFINITIONS

- **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	16.6%	-0.4%
AT&T	51.4%	2.3%
Charter	36.7%	10.9%
Comcast	-8.9%	-3.3%
Lumen	298.2%	11.7%
Verizon	4.9%	-4.6%

Company Revenue Multiples

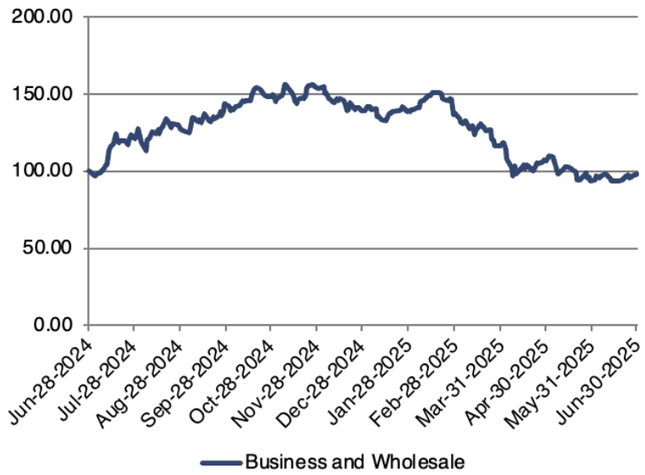
	6/30/25	6/30/24
National Providers Index	2.5x	2.4x
AT&T	3.0x	2.5x
Charter	2.8x	2.6x
Comcast	1.8x	2.0x
Lumen	1.6x	1.3x
Verizon	2.6x	2.6x

Company EBITDA Multiples

	6/30/25	6/30/24
National Providers Index	6.5x	6.4x
AT&T	8.2x	7.2x
Charter	7.0x	6.8x
Comcast	5.9x	6.5x
Lumen	6.0x	4.9x
Verizon	7.2x	7.3x

Source: Capital IQ

Twelve Month Index Return



Company Revenue Multiples

	6/30/25	6/30/24
Business and Wholesale Index	4.4x	4.3x
Bandwidth	1.2x	1.5x
Cogent Communications	4.8x	4.5x
Uniti	6.0x	5.6x

Company Returns

	12 Month	3 Month
Business and Wholesale Index	-2.1%	-15.9%
Bandwidth	-5.8%	21.4%
Cogent Communications	-14.6%	-21.4%
Uniti	47.9%	-14.3%

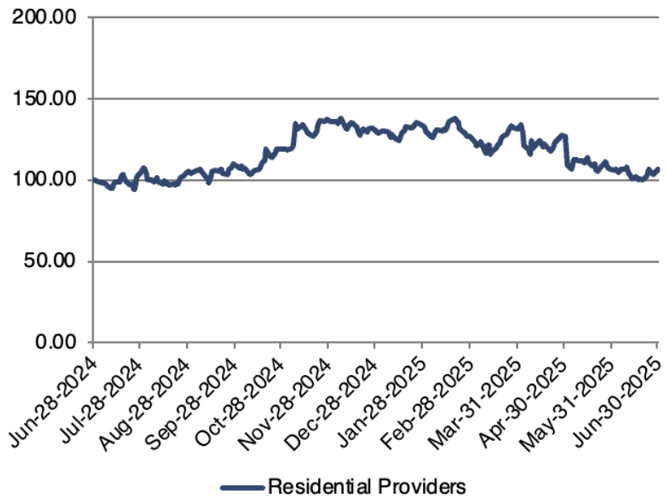
Company EBITDA Multiples

	6/30/25	6/30/24
Business and Wholesale Index	10.6x	10.4x
Bandwidth	29.9x	126.7x
Cogent Communications	33.9x	48.4x
Uniti	7.9x	7.3x

Source: Capital IQ

SUB SECTOR ANALYSIS: RESIDENTIAL PROVIDERS

Twelve Month Index Return



Company Revenue Multiples

	6/30/25	6/30/24
Residential Providers Index	2.7x	2.5x
Altice	3.0x	2.8x
Cable One	2.7x	3.2x
Telephone and Data Systems	2.2x	1.8x
WOW	2.2x	2.1x

Company Returns

	12 Month	3 Month
Residential Providers Index	6.8%	-18.7%
Altice	4.9%	-19.5%
Cable One	-61.6%	-48.9%
Telephone and Data Systems	71.6%	-8.2%
WOW	-25.0%	-18.0%

Company EBITDA Multiples

	6/30/25	6/30/24
Residential Providers Index	7.5x	6.8x
Altice	8.0x	7.3x
Cable One	5.4x	6.2x
Telephone and Data Systems	10.0x	8.3x
WOW	6.2x	6.1x

Source: Capital IQ

ABOUT FOCUS INVESTMENT BANKING

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