

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 2026



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## OVERVIEW

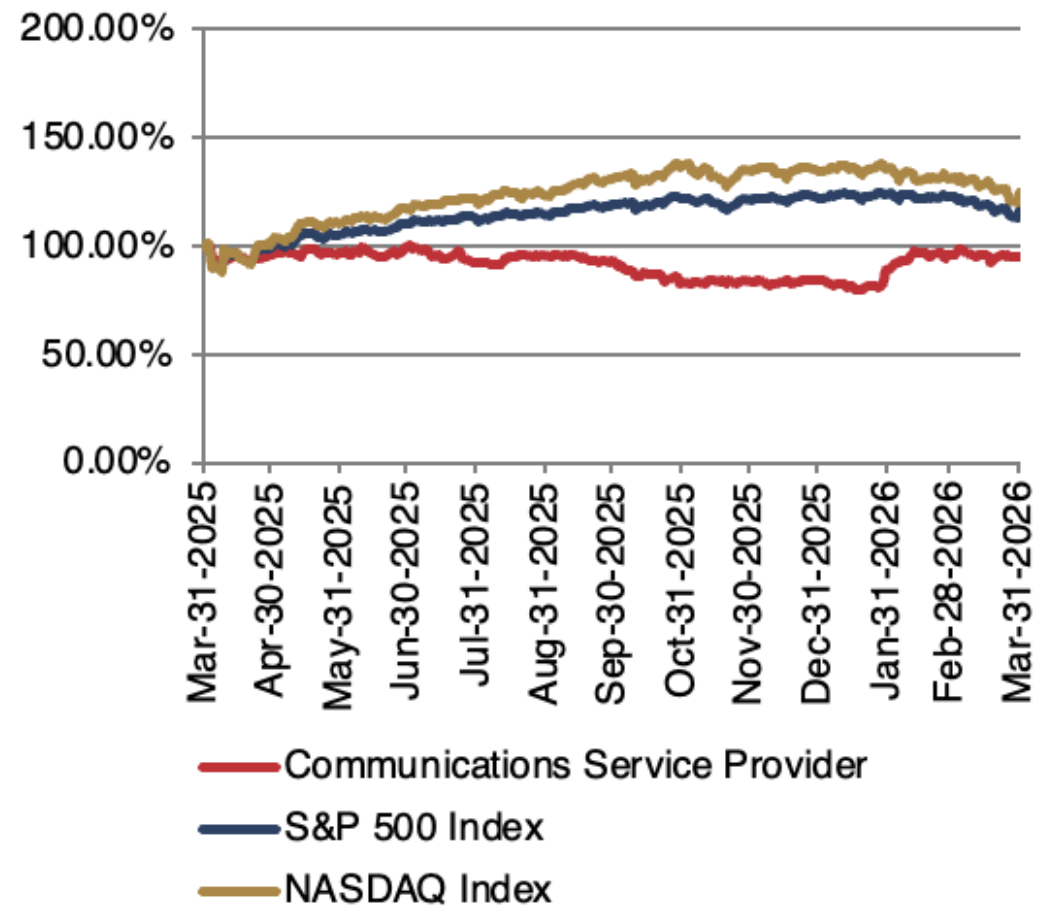
### **After three consecutive reporting periods in the red, the FOCUS Communications Service Provider Index (CSPI) reversed course and delivered a strong 13.1% gain over the past three months.**

This gain is even more impressive given that it went against the grain of the broader markets. The S&P 500 declined 4.6% over the past three months, while the NASDAQ was down even more sharply with a loss of 7.1%. The situation is reversed when looked at over the 12-month period. Over this time frame, the CSPI fell 4.5%. In contrast, the S&P 500 and the NASDAQ gained 16.3% and 24.8%, respectively. Sector multiples also fell slightly compared to this same time last year. The CSPI revenue multiple declined from 2.5x to 2.4x, while the EBITDA multiple dropped from 6.7x to 6.5x.

Two of the CSPI's three sub sectors delivered positive returns in our spring reporting period. The Business and Wholesale sub sector was the top performer with a three-month gain of 16.1%. This was due to a 33.8% gain at Uniti and a 15.3% gain at Bandwidth, partially offset by a 12.6% drop at Cogent. Cogent is now down nearly 70% year-over-year. The National Providers sub sector also enjoyed a strong spring as it jumped up 13.2% over the past three months. AT&T (up 16.7%) and Verizon (up 23.3%) were the engines behind this positive performance. On the other hand, fellow sub sector member Lumen declined by more than 10% this period. The lone CSPI sub sector in negative territory this reporting period was the Residential Providers sub sector, which fell 2.6%. Cable providers Cable One and Optimum Communications were the primary drags on the sub sector. Cable One dropped 19.2% over the past three months, while Optimum Communications fell 21.2%. On the bright side, these losses did not extend across the entire sub sector. WOW increased 27.5%, while Telephone and Data Systems also delivered a (much smaller) gain of 2.7%.

**PUBLIC MARKETS SUMMARY**

**Twelve Month Index Returns**



**Sector and Sub Sector Returns**

	12 Month	3 Month
Communications Service Provider	-4.5%	13.1%
National Providers	-4.1%	13.2%
Business and Wholesale	-38.4%	16.1%
Residential Providers	-16.2%	-2.6%
S&P 500	16.3%	-4.6%
NASDAQ	24.8%	-7.1%

**PUBLIC MARKETS SUMMARY CONTINUED**

## Sector and Sub Sector Revenue Multiples

	3/31/26	3/31/25
Communications Service Provider	2.4x	2.5x
National Providers	2.4x	2.5x
Business and Wholesale	4.3x	4.5x
Residential Providers	3.2x	2.7x

## Sector and Sub Sector EBITDA Multiples

	3/31/26	3/31/25
Communications Service Provider	6.5x	6.7x
National Providers	6.4x	6.6x
Business and Wholesale	11.2x	11.1x
Residential Providers	8.0x	7.5x

## M&A ACTIVITY

M&A activity in the Communications Service Provider sector was off to a solid start in 2026 with 22 transactions for a total announced transaction dollar value of \$1.8 billion. This puts 2026 on pace with the high level of activity we saw in 2025 in terms of the number of transactions, but lagging well behind 2025 in terms of the announced dollar value of these transactions.

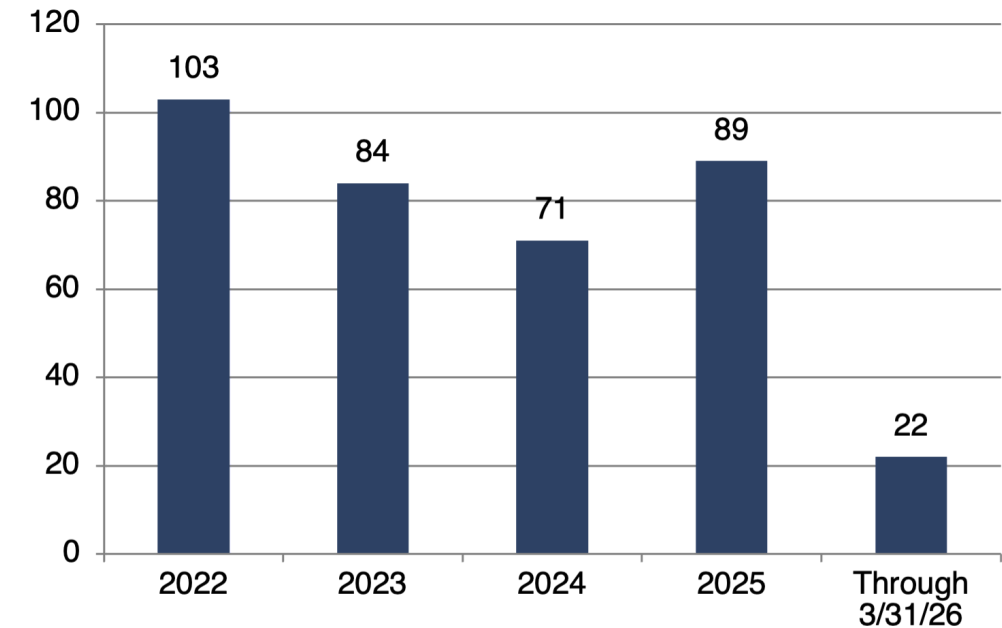
The Residential Providers sub sector dominated activity over the past three months, accounting for 15 of the period's 22 transactions. This included the largest deal based on announced transaction dollar value, which was Cable One's \$1.8 billion purchase of Vyve Broadband. We also noted two large mergers in the sub sector. In the first of these, Point Broadband combined with Clearwave, a joint venture between Cable One and several private investment firms. Also of note, Gfiber announced that they would merge with Astound Broadband. The MDU broadband space was also very active this period. Mereo Fiber acquired Data Stream and Xcelerate Networks, while Secure Vision acquired the bulk connectivity business of ENCO and Ipacket Networks. We also noted the acquisition of MDU specialist Broadband Development Group by Circumference Group. In the final transaction in the Residential Providers sub sector that we will specifically mention, Fastwyre divested their Missouri operations to Socket Telecom.

The Business and Wholesale sub sector saw seven transactions this period. UCaaS provider Intermedia Cloud Communications switched private equity backers as the company was acquired by 26North Partners. Also in the UCaaS space, Crexendo returned to the M&A table after a long hiatus with its \$35 million acquisition of Estech Systems. On the managed connectivity front, Contrivian purchased Big Network. We also noted that there was only a single transaction this period involving a business-focused fiber network operator. This was the Pilot Fiber acquisition of Extenet's enterprise fiber business.

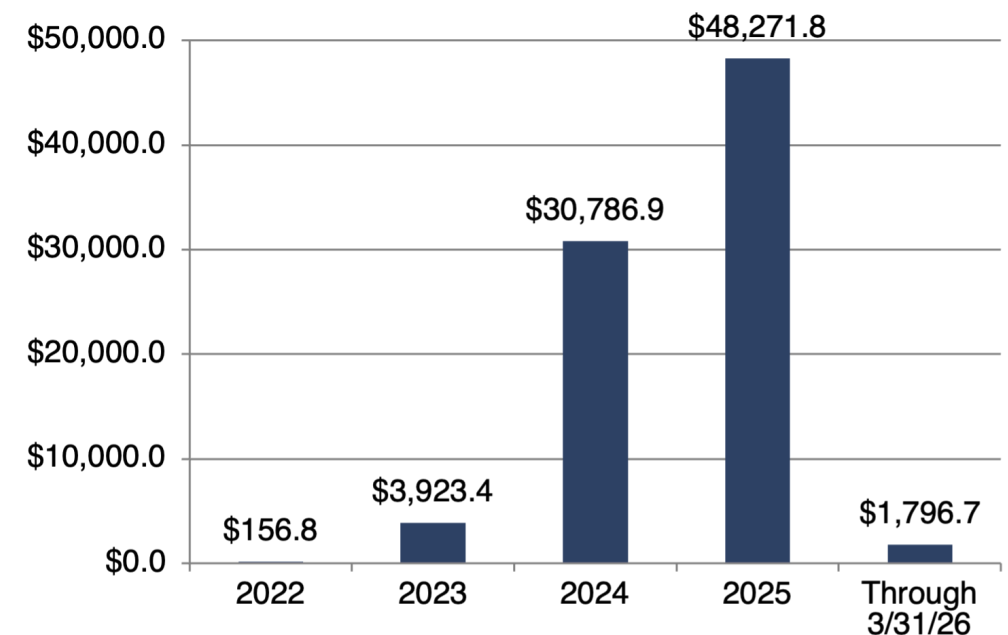
For the second straight reporting period, we had two transactions with announced multiples. The period's largest transaction, the Cable One acquisition of Vyve Broadband, notched a revenue multiple of 5.7x. This indicates the strong multiples that successful residential broadband providers can achieve once they reach scale. In the second transaction with an announced multiple, the Crexendo acquisition of UCaaS provider Estech Systems had a multiple of 1.3x revenue. Neither of these transactions had an announced EBITDA multiple.

Source: Capital IQ

## Number of Transactions



## \$ Value of Transactions in Millions



## ANNOUNCED TRANSACTIONS (1/1/26– 3/31/26)

Acquiror	Target	Date Announced	Sector	Purchase Price	Description
26North Partners	Intermedia Cloud Communications	3/31/26	Business and Wholesale	NA	Unified communications solution with features including voice, video conferencing, chat, SMS, contact center, business email and messaging.
Shore Capital Partners	Cxponent	3/23/26	Business and Wholesale	NA	Technology advisory firm with a significant focus on UCaaS and contact center solutions.
Cal.net	AFES	3/19/26	Residential Providers	NA	Wireless internet services for residential and commercial customers in Northern California.
FingerMotion	Telforge	3/18/26	Business and Wholesale	\$9.9	Voice and messaging telecom service provider offering cloud-based voice, messaging and unified communications solutions.
Mereo Fiber	Data Stream	3/16/26	Residential Providers	NA	Bulk managed Wi-Fi internet and streaming content provider delivering high-speed fiber connectivity to MDU properties across the state of Minnesota.
Mereo Fiber	Xcelerate Networks	3/16/26	Residential Providers	NA	Managed connectivity provider serving MDUs in the Pacific Northwest, Mountain West, Texas and Gulf Coast regions.
Astound Broadband	Gfiber	3/11/26	Residential Providers	NA	Fiber-based broadband services in metropolitan markets throughout the U.S.
Arenova Capital	Aspire Fiber	3/5/26	Residential Providers	NA	Southern California-based internet service provider delivering 10 Gbps fiber-to-the-home internet across Ventura and Los Angeles Counties.
Vistabeam	Mountain West Technologies	3/3/26	Residential Providers	NA	Wireless and fiber optic broadband service to communities in Wyoming.
Crexendo	Estech Systems	3/2/26	Business and Wholesale	\$35.0	Provider of cloud communications solutions headquartered in Plano, Texas.
Contrivian	Big Network	2/23/26	Business and Wholesale	NA	Cloud-managed connectivity platform that provides business-grade mesh VPN, SD-WAN, broadband access and remote access solutions.
SecureVision	ENCO (Bulk Connectivity Business)	2/19/26	Residential Providers	NA	Internet provider serving the MDU market.
SecureVision	lpacket Networks	2/19/26	Residential Providers	NA	Internet provider serving the MDU market.
Armstrong Utilities	Massillon Cable TV	2/17/26	Residential Providers	NA	Cable operator with 96k passings in Ohio and West Virginia.
Varcomm	Sierra Telephone	2/13/26	Residential Providers	NA	Incumbent telecom provider in Eastern Madera and Mariposa counties in California.
Ezee Fiber	DayNet	2/10/26	Residential Providers	NA	Provider of fiber-based telecommunications services to residences in Dayton, Texas.
Circumference Group	Broadband Development Group	2/5/26	Residential Providers	NA	Scalable fiber internet and managed Wi-Fi services with a specialty in new construction for multifamily and student housing,
Pilot Fiber	Extenet (Enterprise Fiber Business)	2/5/26	Business and Wholesale	NA	Enterprise fiber business that connects Manhattan to the major New Jersey data center corridors.
Socket Telecom	FastWyre (Missouri Operations)	1/27/26	Residential Providers	NA	Fiber internet services to residential and business customers in Missouri.
NetSpark IP & Telecom	Helios Solutions Group	1/19/26	Business and Wholesale	NA	Provider of technology advisory and managed services intended to optimize telecommunications, cloud, and information technology environments.
Cable One	Vyve Broadband	1/5/26	Residential Providers	\$1,751.8	Cable and fiber broadband operator serving rural communities in sixteen states across the Southeast, Northwest and Mid-South.
Point Broadband	Clearwave Fiber	1/5/26	Residential Providers	NA	Broadband and fiber-based internet services to residential and commercial customers across the Midwest and Southeast.

## ANNOUNCED TRANSACTIONS WITH MULTIPLES (4/1/25 – 3/31/26)

Acquiror	Target	Date Announced	Sector	Purchase Price	Revenue Multiple	EBITDA Multiple	Description
Crexendo	Estech Systems	3/2/26	Business and Wholesale	\$35.0	1.3 x	NA	Provider of cloud communications solutions headquartered in Plano, Texas.
Cable One	Vyve Broadband	1/5/26	Residential Providers	\$1,751.8	5.7 x	NA	Cable and fiber broadband operator serving rural communities in sixteen states across the Southeast, Northwest and Mid-South.
Ooma	Phone.com	11/24/25	Business and Wholesale	\$23.2	1.0 x	18.6 x	Cloud communications/UCaaS provider focused on serving small and medium sized businesses.
Ooma	Fluentstream	11/3/25	Business and Wholesale	\$45.0	1.8 x	4.5 x	Cloud-hosted unified communications solutions for small and medium-sized businesses in the United States.
Digital Bridge and Crestview Partners	Wide Open West	8/11/25	Residential Providers	\$1,503.0	2.5 x	6.5 x	Broadband internet services for consumers and businesses including cable TV, home phone, home Wi-Fi and mobile phone.
AT&T	Lumen (Fiber to the Home Business)	5/21/25	Residential Providers	\$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.

## 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:

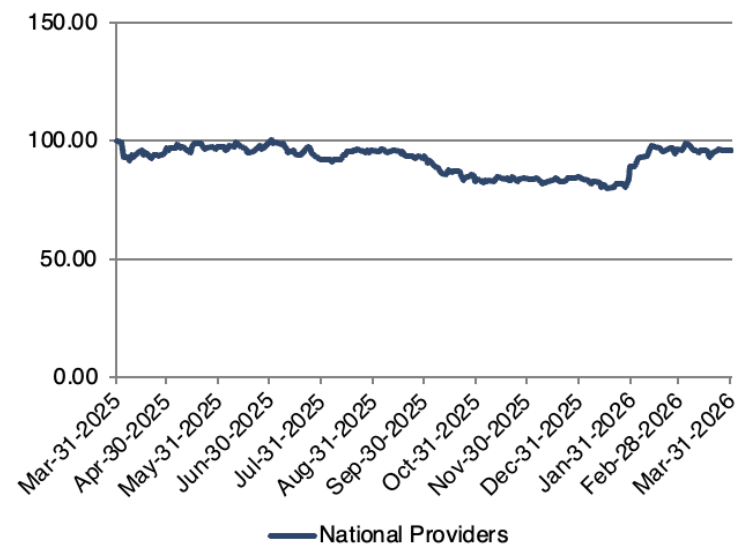
- National Providers
- Business and Wholesale
- Residential Providers

## 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	-4.1%	13.2%
AT&T	2.5%	16.7%
Charter	-41.4%	3.4%
Comcast	-22.2%	-3.9%
Lumen	77.3%	-10.6%
Verizon	10.7%	23.3%

**Company Revenue Multiples**

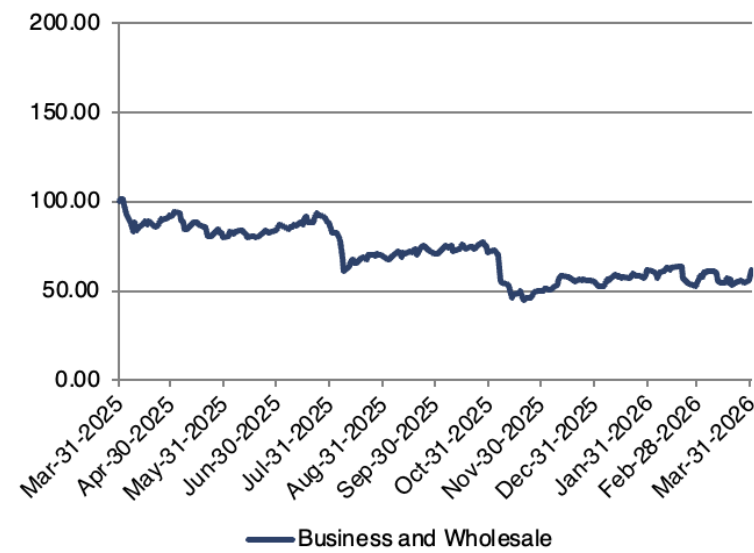
	3/31/26	3/31/25
National Providers Index	2.4x	2.5x
AT&T	2.9x	2.9x
Charter	2.4x	2.8x
Comcast	1.6x	1.9x
Lumen	2.0x	1.6x
Verizon	2.7x	2.7x

**Company EBITDA Multiples**

	3/31/26	3/31/25
National Providers Index	6.4x	6.6x
AT&T	8.2x	8.1x
Charter	5.9x	6.9x
Comcast	5.4x	6.2x
Lumen	10.2x	6.2x
Verizon	7.6x	7.3x

**SUB SECTOR ANALYSIS: BUSINESS AND WHOLESALE**

**Twelve Month Index Return**



**Company Returns**

	12 Month	3 Month
Business and Wholesale Index	-38.4%	16.1%
Bandwidth	36.0%	15.3%
Cogent Communications	-69.3%	-12.6%
Uniti	12.2%	33.8%

**Company Revenue Multiples**

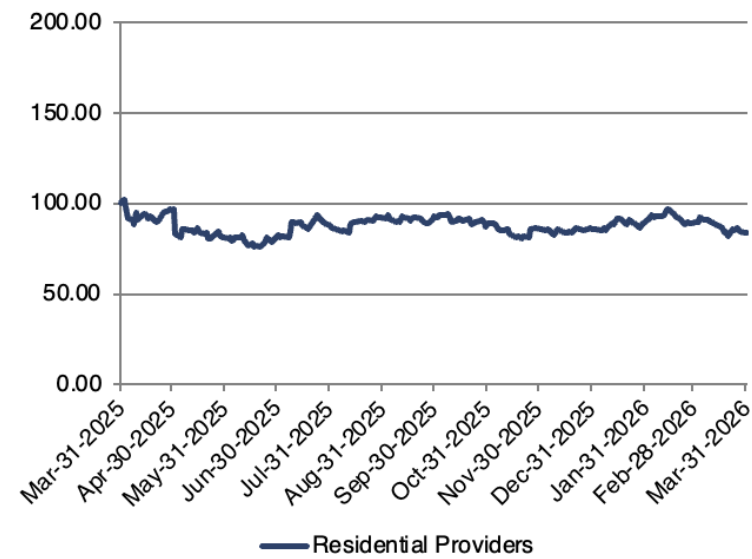
	3/31/26	3/31/25
Business and Wholesale Index	4.3x	4.5x
Bandwidth	1.2x	1.1x
Cogent Communications	3.8x	5.4x
Uniti	5.5x	5.9x

**Company EBITDA Multiples**

	3/31/26	3/31/25
Business and Wholesale Index	11.2x	11.1x
Bandwidth	28.1x	25.7x
Cogent Communications	20.5x	38.0x
Uniti	11.0x	7.8x

## SUB SECTOR ANALYSIS: RESIDENTIAL PROVIDERS

### Twelve Month Index Return



### Company Returns

	12 Month	3 Month
Residential Providers Index	-16.2%	-2.6%
Cable One	-65.7%	-19.2%
Optimum Communications	-51.1%	-21.2%
Telephone and Data Systems	8.7%	2.7%
WOW	35.6%	27.5%

### Company Revenue Multiples

	3/31/26	3/31/25
Residential Providers Index	3.2x	2.7x
Cable One	2.4x	3.2x
Optimum Communications	3.0x	3.0x
Telephone and Data Systems	5.7x	2.3x
WOW	0.9x	0.8x

### Company EBITDA Multiples

	3/31/26	3/31/25
Residential Providers Index	8.0x	7.5x
Cable One	4.9x	6.4x
Optimum Communications	8.0x	8.0x
Telephone and Data Systems	24.0x	10.3x
WOW	18.8x	13.3x

## 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).

