

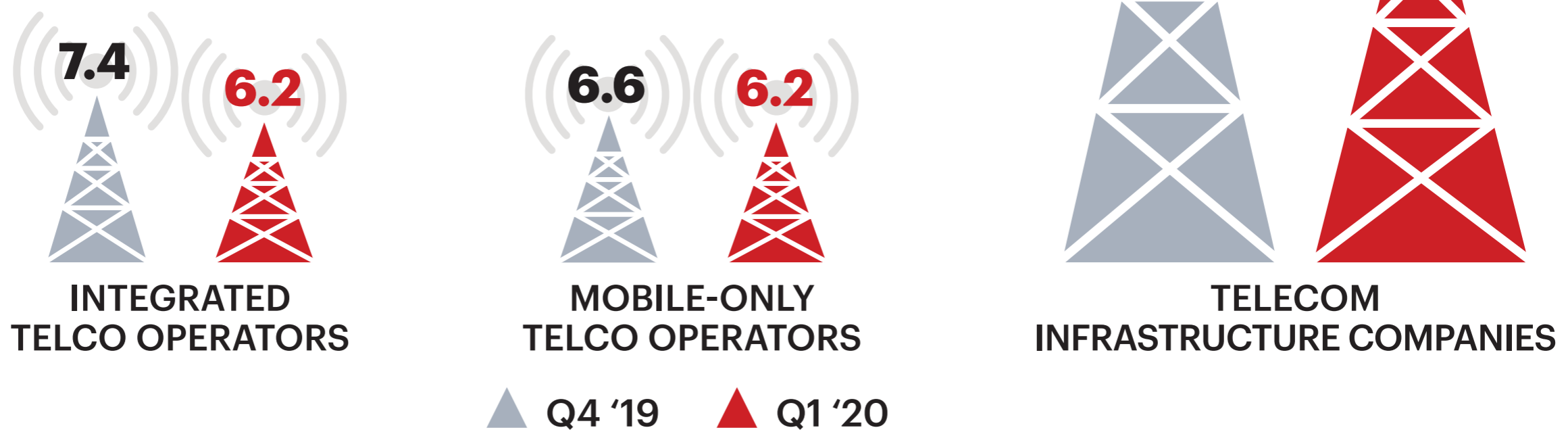
TELCOS AND THEIR INFRASTRUCTURE: The Wave of Separations Is Not Over

Covid-19 has reinforced the value of communications infrastructure, and investors remain hungry for deals.

The valuation gap opportunity

Telecom infrastructure still trades at a big premium to integrated telcos. Operators can unlock value by carving out towers, fiber and other network-related assets.

Enterprise value/earnings before interest, taxes, depreciation and amortization

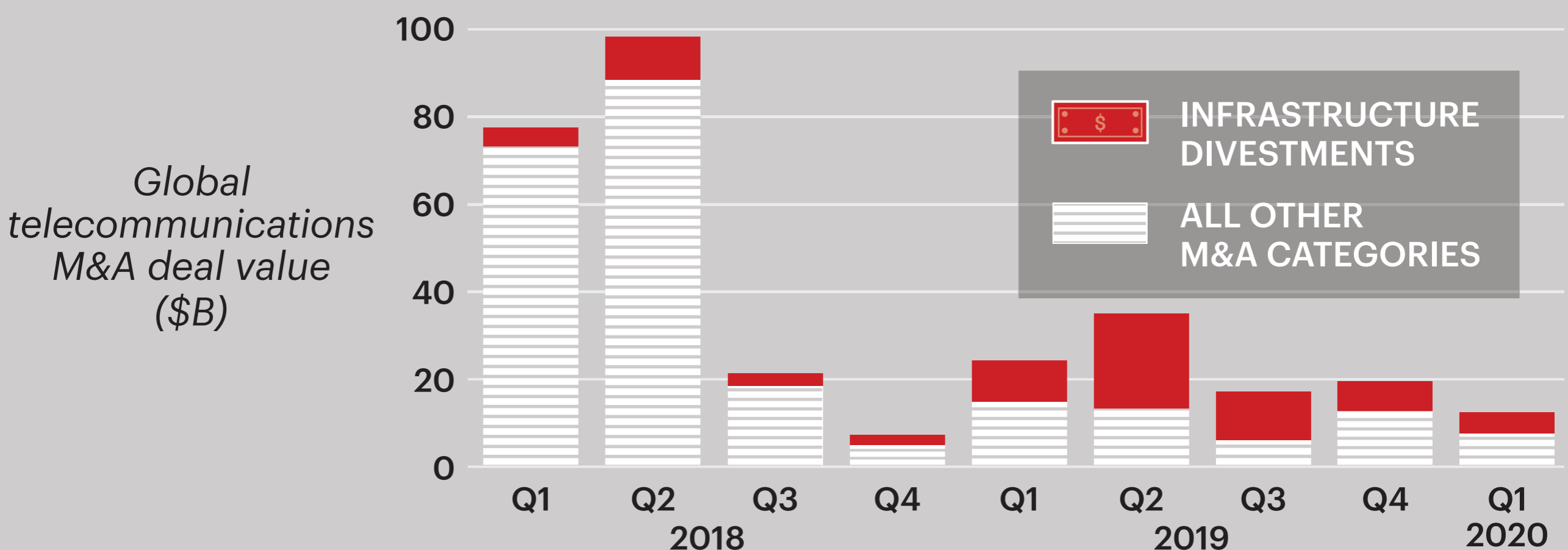


Notes: Calculated based on revenue-weighted average of available data for companies in each category; infrastructure company data excludes China Tower Corp. as an outlier

Sources: S&P Capital IQ; Bain & Company

Infrastructure divestments power the sector's M&A

We detect ongoing investor appetite for these assets amid significant telecom deal activity early in the second quarter.



Notes: Deal value based on announcement year; excludes financial transactions

Sources: Dealogic; Bain & Company

How telcos can maximize value

Integrated carriers can monetize or share infrastructure in a variety of ways to strengthen their finances—or invest strategically to create future value.

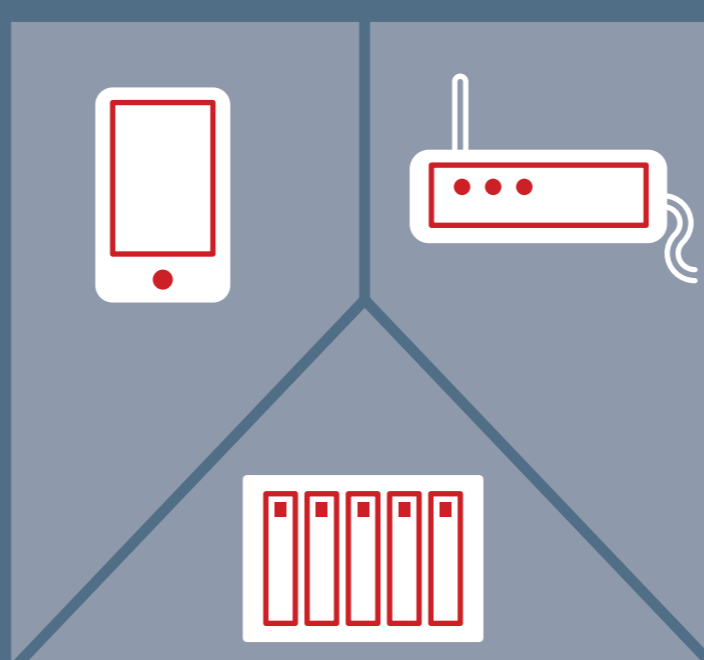
FULL NETWORK SEPARATION



(all infrastructure carved out into a standalone company)

MOBILE INFRASTRUCTURE

- Carving out towers into a standalone company
- Active network sharing with a rival (potentially through a joint venture)
- Building new 5G infrastructure (mmWave or fixed wireless access)
- Investing in edge computing infrastructure to create additional value



FIXED INFRASTRUCTURE

- Fixed network separation
- Sharing fiber with a rival (potentially through a joint venture)
- Building your own fiber network to create additional value

DIVESTMENT OF DATA CENTERS