



MERIDIAN CAPITAL
INVESTMENT BANKERS

Telecommunications | 2019

Fiber Infrastructure Market M&A Trends





Exceptional Results Delivered

- Over \$5B in transaction experience
- Trusted advisor to leading middle market companies
- Focus on transaction values between \$20M and \$500M+
- 20+ years experience with complex corporate finance and M&A challenges
- 25 seasoned professionals with finance, operational, and legal backgrounds

DEEP INDUSTRY INSIGHTS

- Dedicated Industry Teams
- Holistic Industry Coverage
- Deep Buyer Relationships

TRANSACTION EXPERTISE

- M&A
- Growth Capital
- Strategic Advisory

CUSTOMIZED PROCESSES

- High Touch Approach
- Multidisciplinary Deal Team
- End-to-end Service

TELECOMMUNICATIONS EXPERTISE



Network Infrastructure



Cellular and Wireless Services



Operations Support Systems



Software Vendors



Consulting and Staffing



Cable and Program Distribution

Market Overview – Fiber Market Bolstered by 5G Buildout

5G Spending is Accelerating

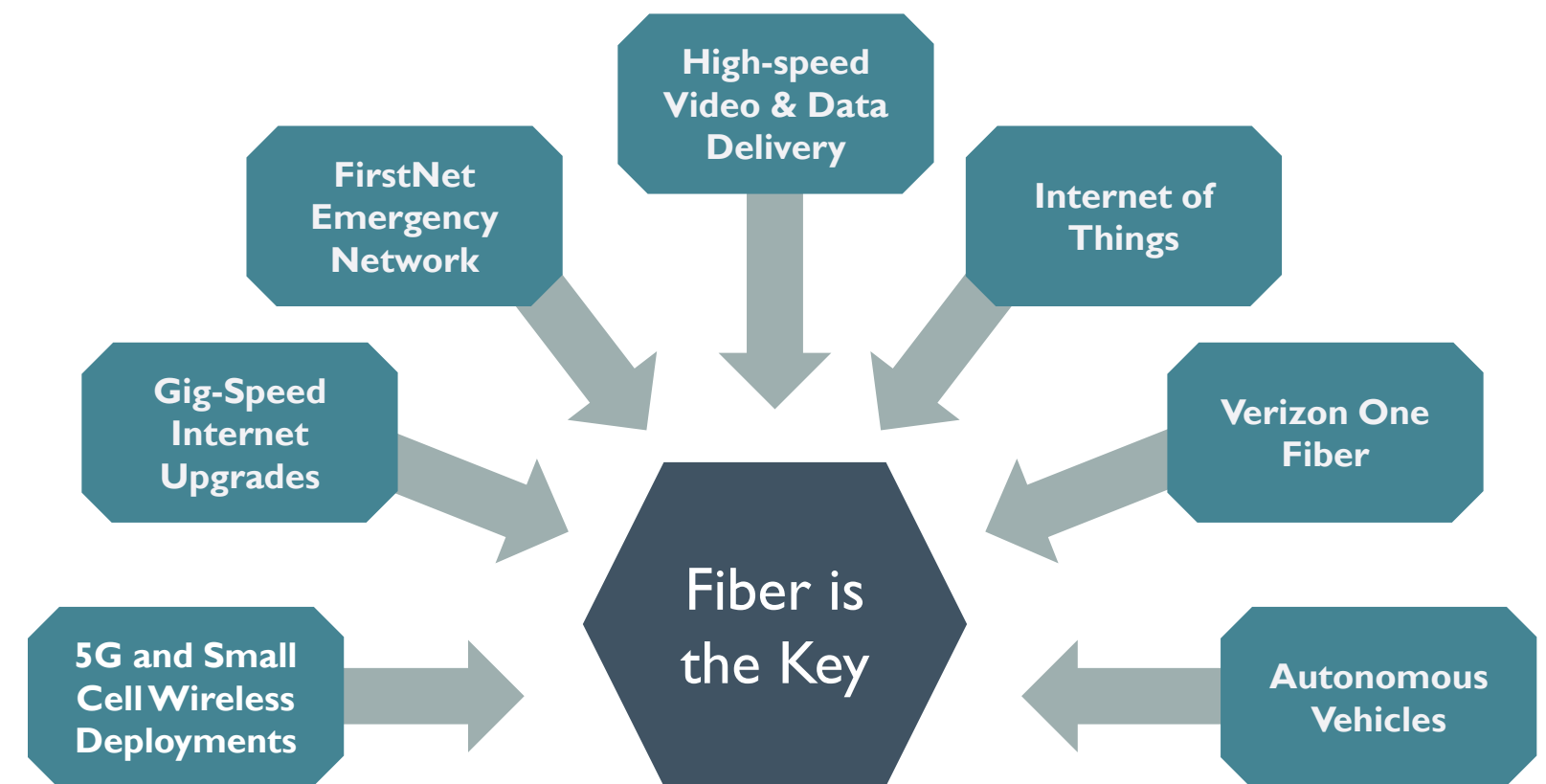
- U.S. 5G infrastructure spending is expected to grow at a 78% CAGR from 2020 to 2025¹
- Global spending on 5G and 5G-related infrastructure will grow from \$528 million in 2018 to \$26 billion by 2022, a 118% CAGR²

5G Buildout will Continue for Years to Come

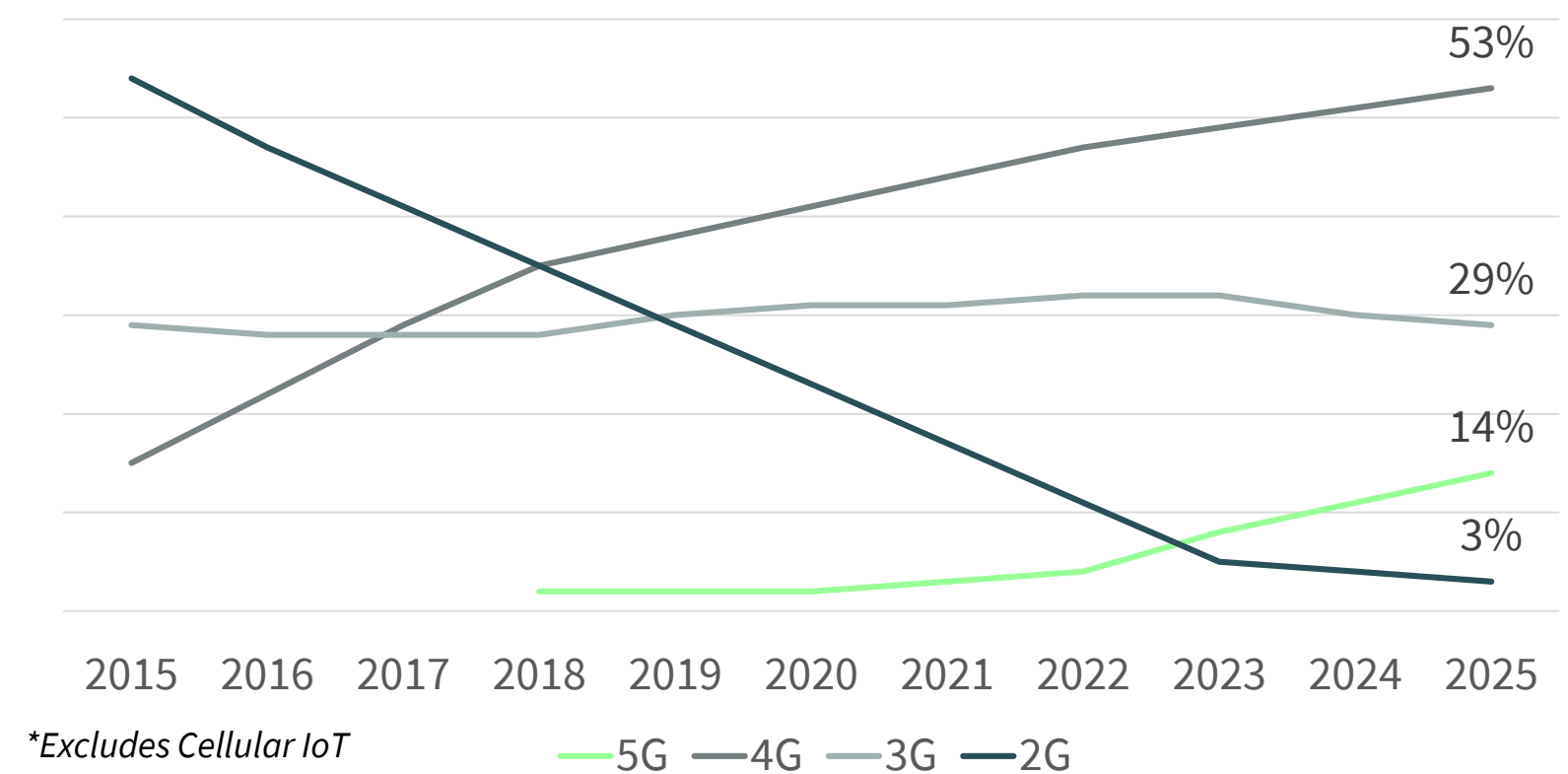
- Despite there being a predicted 1 billion users of 5G by 2023³, today's infrastructure is far from ready to fully host 5G networks
- Only one in seven mobile connections worldwide will be 5G by 2025 (49% in the US), meaning ten years from now, providers will still be rolling out 5G⁴

Fiber providers will see the Benefit

- Historically, Competitive Local Exchange Carriers (“CLECs”) were mostly competing directly with carriers for customers. However, today's fiber providers serve a large community of retail customers, varying service providers, content providers, and enterprises. Additionally, there is a robust wholesale market, generated by service providers' needs to fulfill network coverage, bandwidth, and pricing requirements for their customers.



Global Mobile Adoption by Technology, Share of Mobile Connections*



Market Overview – Industry Dynamics Driving M&A

Record Deal Activity Expected to Continue

- By the end of the first half of 2019, global Technology, Media, and Telecommunications deal count reached 2,772, up 8.6% from the previous year¹
- M&A activity is expected to remain strong and could increase even further in 2020 as the entire industry is set to be impacted by the implementation of 5G technology
- 58% of telecommunications executives see their M&A pipelines growing and deal completions rising in 2020²

Fiber Infrastructure Proving to be an Attractive M&A Market

- Cable companies own much of the fiber network infrastructure that will play a role in the implementation of 5G and there may be increased M&A activity from those companies as they increasingly seek to compete in the wireless space and as wireless companies continue to build out their own network infrastructure
- The M&A market, where buyers were principally other fiber network and traditional phone companies, has expanded to two additional areas – private equity investors; and tower owning companies who follow a real estate model of building infrastructure and then renting space on their towers

2018/2019 Sample Strategic Fiber Buyers



Recent Private Equity Deals

Date	Target	Buyer	EV (\$ in M)	EV/Rev	EV/EBITDA
Dec-19	North State Communications	Lumos Networks (EQT Partners)	\$240	-	-
Nov-19	Beanfield Metroconnect	Digital Colony	\$130	-	-
Sep-19	Bluebird Network	Macquarie Asset Management	\$319	-	-
Aug-19	Voneus	Macquarie Asset Management	-	-	-
May-19*	Zayo Group (NYS: ZAYO)	Digital Colony and EQT Partners	\$14,300	7.9x	17.6x
Sep-18	Everstream Solutions	AMP Capital Investors	-	-	-
Jul-18	FirstLight Fiber	Antin Infrastructure Partners	\$1,000	-	-
Jun-18	Horizon Telcom	Novacap Investments	\$220	4.0x	10.7x
Apr-18	Spirit Communications	Lumos Networks (EQT Partners)	-	-	-

*Announced acquisition

1. Deloitte

2. EY Global Capital Confidence Barometer

Fiber Network Provider Transactions

Fiber Network Providers				Enterprise Value (\$ in M)	EV/	
Date	Target	Buyer	Description		Revenue	EBITDA
Dec-19	North State Communications	Lumos Networks (EQT Partners)	Operator of network and provider of communications and IT services in large metro markets, including the Piedmont Triad region of North Carolina.	\$240	-	-
Nov-19	Beanfield Metroconnect	Digital Colony	Owner and operator of private fiber optic network based in Toronto, Canada. The company provides its services to enterprise, carrier and multi-dwelling units ("MDU") markets.	\$130	-	-
Nov-19	Ritter Communications	Grain Management	Provider of 3,000-route mile regional broadband fiber network that touches 11 states.	-	-	-
Sep-19	Bluebird Network	Uniti Group, Macquarie Asset Management	Owner and operator of 178,000 fiber strand miles in the Midwest across Missouri, Kansas, Illinois, and Oklahoma.	\$319	-	-
Aug-19	Voneus	Macquarie Asset Management	Provider of broadband network connections in both rural and metro areas intended to getting high-speed broadband installed in more rural locations.	-	-	-
Aug-19	Agile Networks	InSite Wireless Group	Provider of fiber-based wireless network designed to support the data needs and offer connectivity without limitations.	-	-	-
Aug-19	InterCarrier Networks	Grain Management, Great Plains Communications	High-capacity, fiber-optic network carrier with 2,037 route miles in Illinois, Indiana, the St. Louis metro area, and Kentucky.	-	-	-
May-19*	Frontier Communications (Assets in WA, OR, ID, and MT)	Wave	Telecom assets serving more than 350,000 residential and commercial customers located in Washington, Oregon, Idaho, and Montana.	\$1,350	2.2x	5.0x
May-19*	Zayo Group	Digital Colony and EQT Partners	Zayo owns about 130,000 route miles of fiber, which underlies most of its business and is in over 400 markets throughout the U.S., Canada, and Europe.	\$14,300	7.9x	17.6x
May-19	Southern Fibernet	Uniti Group	The company offers fiber to the home ("FTTH"), internet, and video content services, providing customers with an unparalleled fiber internet and TV experience.	\$6	-	-
Jan-19*	NTS Communications	Vast Broadband	Provider of fiber-based communications intended to be the premier internet and application provider in West Texas.	-	-	-
Jan-19	Clearwave Communications	Cable ONE	Provider of telecommunications services to meet the demand for connectivity in the rural markets.	\$357	-	-
Dec-18	Windstream (Minnesota and Nebraska Fiber Network)	Arvig Enterprises	Provider of advanced network communications and technology services mid-market, enterprise, and wholesale customers in Minnesota and Nebraska.	\$61	-	-
Sep-18	Everstream Solutions	AMP Capital Investors	Provider of fiber-based services designed for providing internet network.	-	-	-
Aug-18	Hudson Fiber Network	ExteNet Systems	Data transport services for businesses offering high-bandwidth, low-latency networking solutions, purpose-built networks, direct internet access, gigabit ethernet, optical wave solutions, and more.	-	-	-
Jul-18	FirstLight Fiber	Antin Infrastructure Partners	Engaged in designing, building, and maintaining fiber-based communications networks as well as fiber optic data, internet, colocation, and voice services for enterprise and carrier customers.	\$1,000	-	-
Jul-18	Hawaiian Telcom Holdco	Cincinnati Bell	Provider of telecommunications services intended to bring comprehensive and advanced technology, entertainment, and connectivity in Hawaii.	\$650	1.7x	7.5x
Jun-18	Horizon Telcom	Novacap Investments	Provider of advanced broadband services intended to serve residents and businesses throughout Ohio and bordering states.	\$220	4.0x	10.7x
Apr-18	Spirit Communications	Lumos Networks (EQT Partners)	Provider of fiber-based data and broadband services.	-	-	-
Apr-18	Network USA	Conterra Ultra (Court Square Capital)	Provider of fiber optics telecommunication services.	-	-	-
Mar-18	TPx Communications (Fiber assets)	Uniti Group	A portfolio of fiber equipment. The portfolio comprises of 650 route miles of fiber network in California, Massachusetts, Nevada, and Texas.	\$95	-	-
Feb-18	Spread Networks	Zayo Group	Provider of telecommunication networks, including wavelengths, dark fiber, ultra low-latency services, and wireless networks, enabling clients to get long haul route connecting New York and Chicago.	\$127	5.6x	16.9x

*Announced acquisition

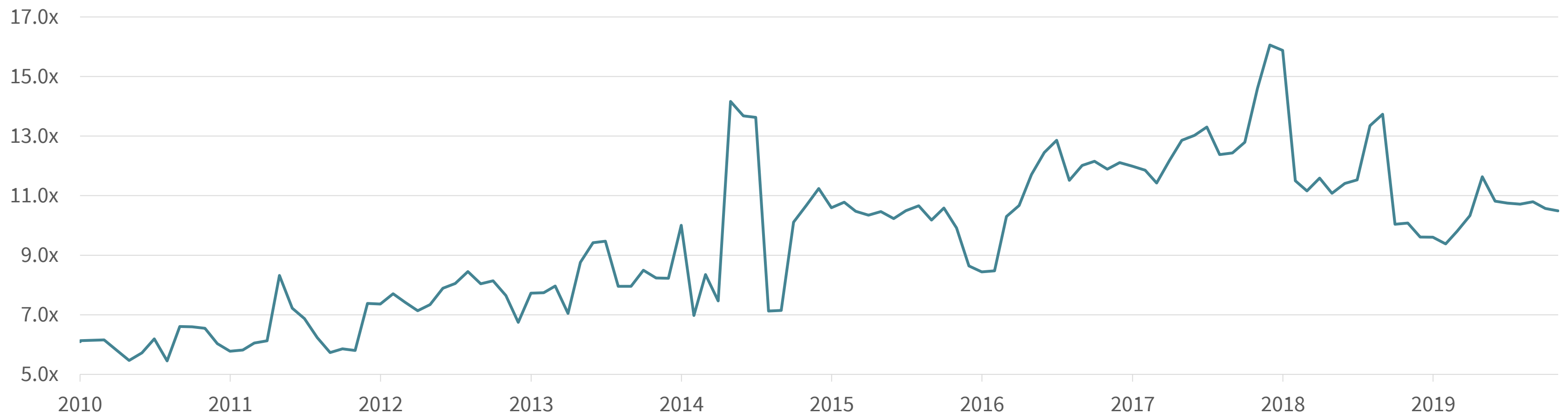
Publicly Traded Fiber Network Providers

Fiber Network Providers								
(\$ in millions)	Market	Market	Enterprise	1 Yr Rev	TTM		Enterprise Value / TTM	
Company	Value of Debt	Value of Equity	Value	Growth %	Revenue	EBITDA	Revenue	EBITDA
AT&T Inc	\$187,464	\$281,243	\$473,397	11%	\$182,365	\$58,754	2.6x	8.1x
Verizon Communications, Inc.	\$130,772	\$254,309	\$383,452	1%	\$131,374	\$36,055	2.9x	10.6x
ATC IP LLC	\$28,407	\$93,872	\$122,056	11%	\$7,789	\$1,425	15.7x	85.7x
Crown Castle International Corp.	\$23,626	\$55,360	\$78,804	11%	\$5,837	\$3,378	13.5x	23.3x
CenturyLink In	\$36,895	\$14,315	\$49,806	11%	\$22,609	\$6,666	2.2x	7.5x
Altice USA, Inc.	\$24,328	\$16,742	\$41,121	3%	\$9,741	\$4,287	4.2x	9.6x
Zayo Group, LLC	\$6,526	\$8,142	\$14,414	(1%)	\$2,576	\$1,279	5.6x	11.3x
GTT Communications, Inc.	\$3,543	\$593	\$4,096	37%	\$1,759	\$454	2.3x	9.0x
Shenandoah Telecommunications Company	\$1,134	\$1,938	\$2,974	2%	\$634	\$250	4.7x	11.9x

Median	49,806	11%	\$7,789	\$3,378	4.2x	10.6x
Mean	130,013	9%	\$40,520	\$12,505	6.0x	19.7x

*As of Dec. 2019

Fiber Network Provider Median Enterprise Value / EBITDA Multiple



Meridian's Telecommunications Team



PATRICK RINGLAND
Managing Director & Principal



PETE SOKOLOFF
Industry Advisor



DANIELLE LOBO
Vice President



MACKENZIE PLACE
Associate



TY KJELLESVIK
Senior Analyst

YEARS EXPERIENCE

- | | | | | |
|--|--|---|---|--|
| <ul style="list-style-type: none"> • 15 years – M&A and Corporate Finance | <ul style="list-style-type: none"> • 40 years – M&A | <ul style="list-style-type: none"> • 5 years – Investment Banking • 3 years - Corporate Development | <ul style="list-style-type: none"> • 1 year – Investment Banking • 5 years – Private Equity | <ul style="list-style-type: none"> • 2 years – Investment Banking |
|--|--|---|---|--|

BACKGROUND

- | | | | | |
|--|---|--|---|--|
| <ul style="list-style-type: none"> • Washington (BA, BS) • Chicago Booth (MBA) | <ul style="list-style-type: none"> • University of Miami | <ul style="list-style-type: none"> • University of Chicago Booth (MBA) • Saint Mary's College (BS) | <ul style="list-style-type: none"> • Sweet Briar College (BBA) | <ul style="list-style-type: none"> • Washington (BBA) |
|--|---|--|---|--|

PRIOR EXPERIENCE

- | | | | |
|--|--|--|---|
| <ul style="list-style-type: none"> • The Brattle Group • HSBC • LECCG | <ul style="list-style-type: none"> • Peter A. Sokoloff & Co. • Cable Investments, Inc. • Daniels and Associates | <ul style="list-style-type: none"> • Bank of America Merrill Lynch • Nordstrom | <ul style="list-style-type: none"> • Odyssey Investment Partners |
|--|--|--|---|

Recent Meridian Telecommunications Transactions

<p>QC Data</p>  <p>Provider of outsourced engineering and infrastructure data management services - Acquired By -</p>  <p>A portfolio company of:</p> 	<p>Cyient</p>  <p>Global engineering and technology solutions company - Strategic Advisory -</p> 	<p>EF&I Services Corp</p>  <p>Engineering and maintenance services to support large and small network systems - Acquired by -</p> 	<p>Cortel</p>  <p>Provider of turnkey services for new projects and site modifications - Acquired by -</p> 	<p>Grupo Prisa</p>  <p>IT solutions consulting and staffing - Strategic Advisory -</p> 
<p>Tower Engineering Professionals</p>  <p>Telecommunication engineering and construction services - Acquired by -</p> 	<p>Enabil Solutions</p>  <p>Mission critical applications provider to communications service providers - Acquired by -</p> 	<p>VoiceCom Telecom</p>  <p>Provider of IP-based communications services in the United States. - Acquired by -</p> 	<p>Welsco Inc</p>  <p>Telecommunications engineering services - Acquired by -</p> 	<p>MTS</p>  <p>Your Partner of Choice Telecom expense management and billing solutions - Has Acquired -</p> 
<p>Subex Azure</p>  <p>Global telecom analytics solution provider - Has Acquired -</p> 	<p>Azure</p>  <p>Revenue-assurance solutions for mobile operators and cable television companies - Has Merged With -</p> 	<p>National Network Services</p>  <p>Energy and network products and services - Acquired by -</p> 	<p>Allcom Global Services</p>  <p>Telecom infrastructure services - Acquired by -</p> 	<p>Digital Plus</p>  <p>Prisa's leading Pay-TV platform - Acquired by -</p> 

The Meridian Difference

Exceptional Results Delivered



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