



TELECOMMUNICATIONS M&A TRENDS

The U.S. telecommunications industry continues to experience growth, with new consumer services and product features bolstering demand. As the landscape continues to rapidly change and evolve due to greater levels of connectivity and changing consumer preferences, the strongest companies will implement a forward-looking model in order to grow and thrive in this environment, which will often involve strategic acquisitions. For small to middle-market companies in the space, this presents an attractive opportunity to exit at a time when valuations are high and sellers are scarce. When combined with a more favorable regulatory environment, these factors will continue to facilitate strong deal flow in the industry.

The telecommunication services industry experienced a 24.6 percent year-over-year (YOY) decrease in the number of mergers and acquisitions during the nine months ended September 30, 2017, compared with the same period in 2016.

Telecommunications Infrastructure

Alarian Associates, Inc. is an experienced M&A advisor to lower middle market companies within the telecommunications and technology sectors. Our senior executives combine deep sector knowledge, valuable insights and extensive industry relationships with an in-depth understanding of the core value propositions of telecommunications and technology companies across a range of sub-sectors. Alarian’s senior bankers have spent the majority of their careers as operators and have developed profound understanding of the key value drivers supporting successful telecommunication infrastructure companies that supply consulting, labor and services. This knowledge and expertise accrues to our clients, both buyers and sellers.

More importantly, for buyers, the Alarian team, knows how to find exclusive opportunities in this sector and for sellers how to maximize value for their most important asset and life-long work, their company. The Alarian team is hands-on.

Telecommunications and Technology Services Transactions

Infinigy is a professional services company focused on expanding the development and implementation of technical solutions throughout the telecommunications industry. In an auction, Israeli based Magic Software Enterprises Ltd. saw a perfect fit with its existing U.S. wireless support services. Magic’s strong financial resources and size allows Infinigy to credibly compete for the very largest assignments.



KBR Inc.’s Allstates Technical Services was acquired with Alarian acting for Magic Software Enterprises Ltd., a NASDAQ quoted company that sells software products, and provides IT and telecommunications consulting. Allstates provides professionals in the areas of engineering; IT and telecommunications.

Areas of Focus

Telecommunications	Technology
Architecture & Engineering	Cloud Computing
Construction	Consulting & Staffing
DAS/Small Cell	Data Centers
Fiber/Coax	Internet of Things (IOT)
Maintenance	Metro-Transport Services
Materials & Logistics	Network Design and Infrastructure
Site Acquisition	Software-Defined Networks

Fiber Infrastructure & Broadband, Wireless Towers, Data Centers and Cable Service Operators

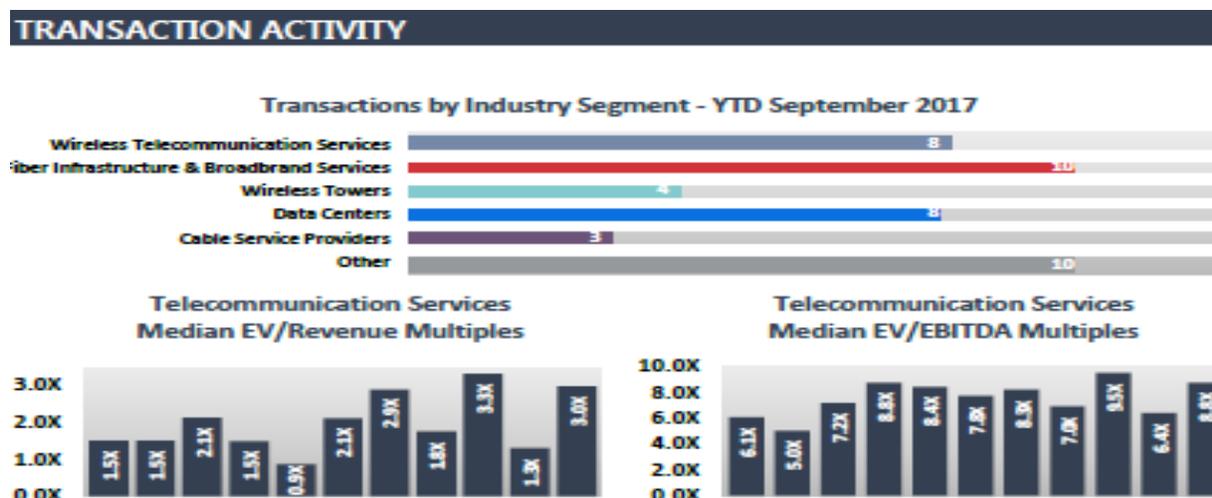
Fiber and broadband services: The flurry of consolidation in that occurred over the past 10 years continued into 2017. While deal flow has slowed, transactions continue to take place as companies search to expand their customer base, enhance operational efficiencies and increase purchasing power.

U.S. wireless towers industry: With the ongoing consolidation occurring in the overall telecom industry, cell tower owners like American Tower (AMT), Crown Castle International (CCI) and SBA

Communications (SBAC) are seeking acquisitions to diversify their business base as revenues become more concentrated among their customer base, namely mobile service providers. **U.S. data centers:**

Data centers are trading at all-time high valuations (approximately 12x sales and 25x EBITDA), benefiting from the projected growth in data creation and traffic. According to the Cellular Telecommunications Industry Association, there will be 1.5 billion “internet of things” devices with cellular connections by 2022 and smartphone data traffic is projected to grow 5x by 2022 in North America. All of this new data volume spells huge opportunity for data center operators. **Cable service providers:**

After 10 years of steady M&A activity, consolidation is beginning to slow in the industry as players face the onset of OTT content providers, like Netflix and Amazon, and decide their next move



Source: Capital IQ

Deciding When to Buy or Sell

Determining when a business is ready to sell requires careful consideration of several factors. It is important to ensure that contracts are secure with favorable terms, revenue streams are diverse and trending positive, a strategy is in place and management is competent and reliable. It is also important to pay attention to conditions in the larger market. Currently, interest rates are low, capital is available, and public companies are trading at 52-week highs. Buyers are active, and the timing is generally favorable to consider an exit.

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