McKinsey & Company

# Perspective on Tower & Fiber

Mobile World Congress 2025 Tower and Fiber Summit

6 March 2025

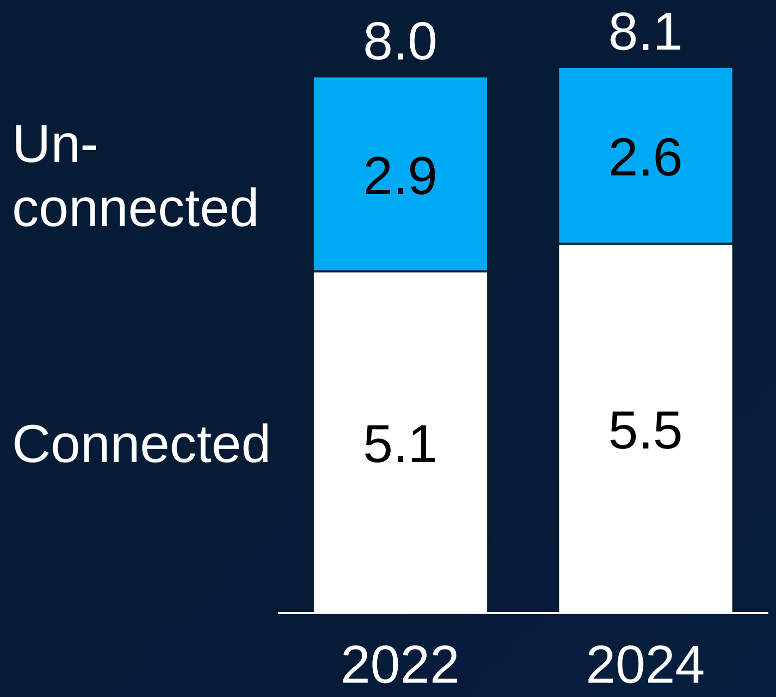
# Over 30% of the world still lack access to the Internet, requiring further investments in tower & fiber infrastructure

**2.6 billion people remain unconnected to the Internet**

**>$400 Bn for universal Internet access…**

**… further investment required for ~14% p.a. traffic growth**

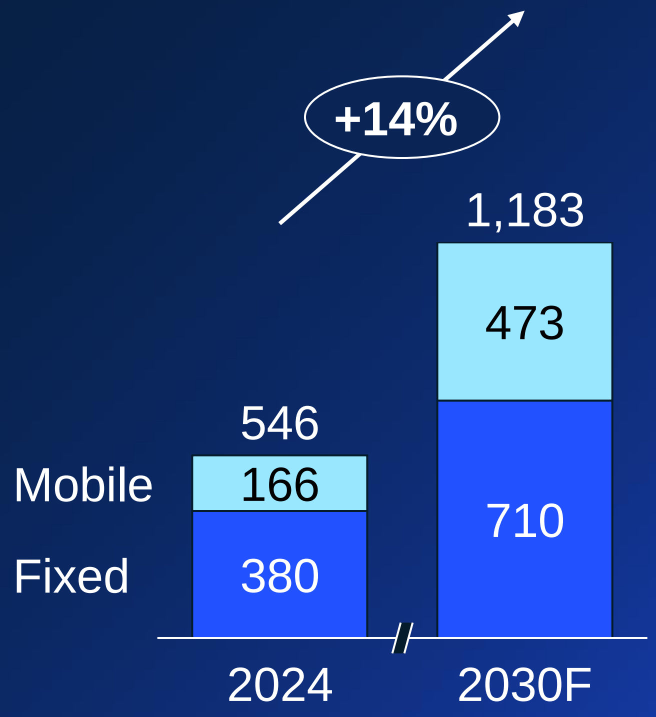
**Internet users population,** Bn




**$418 Bn** INTERNATIONAL MONETARY FUND

**$428 Bn** A4AI ALLIANCE FOR AFFORDABLE INTERNET

**Data traffic,** EB/month




Source: ITU, Ericsson Mobility Report, IMF, A4AI

# M&A activity in tower & fiber have slowed down; deployment growing modestly with single digit growth

## TMT infrastructure deals count, #

| | 2023 | 2024 |
|---|---|---|
| Towers | 43 | 31 |
| Fiber | 42 | 40 |
| Data Centers | 86 | 90 |
| Deal value, USD Bn | 53 | 96 |

## Towers and fiber deployment

| | 2023 | 2024 |
|---|---|---|
| Tower count, Mn | 5.0 | 5.1 |
| FTTx homes passed, Bn | 1.3 | 1.35 |
| Mobile CAPEX, USD bn | 163 | 164 |
| Fixed CAPEX, USD bn | 149 | 160 |

Source: TIDE, Preqin, TMT Finance, Tower Exchange, IDATE, Omdia Communications Provider Revenue and Capex Tracker Q22024 and 2024-2029 Forecast

# TowerCos and FiberCos globally are facing several challenges

Non-exhaustive

## Common challenges

**Competitive markets**

**Significant CAPEX needed** to meet universal coverage obligations

**Higher-for-longer interest rates**

**Challenging tenant economics**

## TowerCo

**Telco market consolidation and network sharing**

**Recontracts at unfavorable or lower rates**

**Increasingly tense relationship with tenants**

## FiberCo

**Risk of fiber overbuilding**

**Uptake and monetization challenges**

**Competition from alternative technologies**

# TowerCos are exploring commercial and operational levers for growth

**Illustrative**

## Today

### Services

- Tenancy management
- Passive maintenance
- Security

**Towers**

Tower asset building mainly through M&A

## Future

### Grow the core

- Growing tenancy
- Improving efficiency

**Towers**

### Beyond the core

- Non-telecom services co-location
- Managed services offerings
- Others (IaaS, NaaS, AI-RAN, PN, PSN)

Fiber | Small cells | DAS

**Expand asset base**

# FiberCos are reshaping their portfolio, improving uptake and exploring new growth oppoprtunities

| B2C | B2B | New infra and services |
|---|---|---|
| Expand fiber footprint | Reshape product portfolio | Data centers |
| Achieve best in class penetration | Accelerate sales and improve delivery effectiveness | Edge infrastructure |
| | | AI infrastructure |

**Transform cost structure**

# For investors, there remains several strategic plays available

1. Partnerships to deploy more towers and fiber
2. Building a platform play through investment and consolidation of smaller or medium-sized tower and fiber players
3. Network separation
4. Linkages to other digital infrastructure to support build out of AI infrastructure

McKinsey & Company