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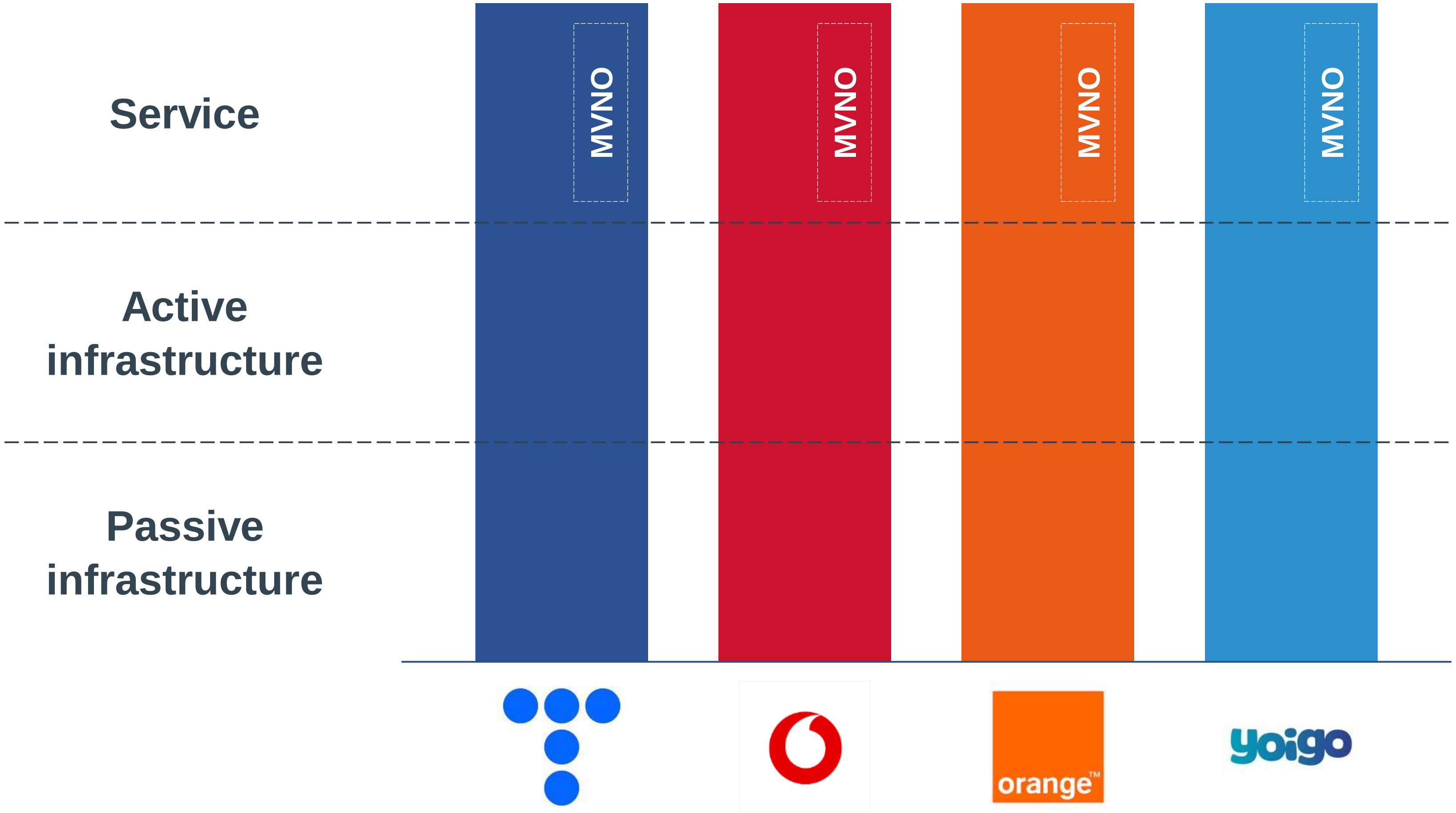
Telco delayering, where might it take us?

Tower & Fibre Forum, MWC

6 March 2025

How the world used to be

Example:



Market structure was possible in a growing market

The advent of the TowerCo (the first "delayering")

"Iliad to sell mobile towers to Cellnex"
(May 2019)

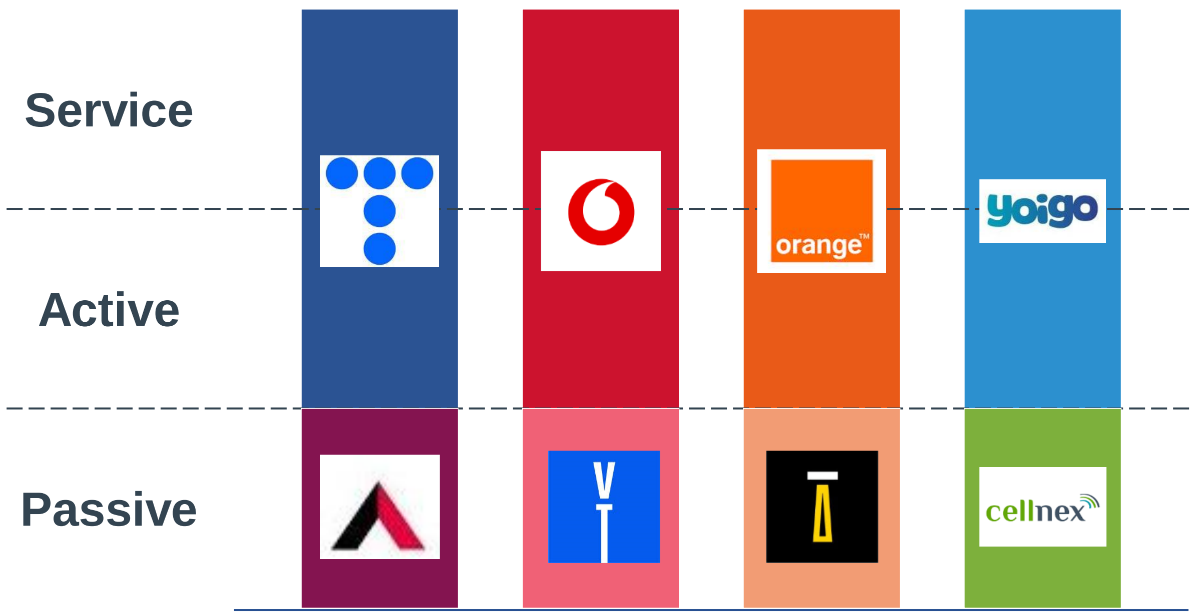
"PTI acquires 100% of Eir's tower portfolio"
(May 2020)

"Vodafone spins off tower assets as Vantage"
(July 2020)

"Orange creates European towerco, Totem"
(February 2021)

"DigitalBridge to acquire Telenet's towers"
(March 2022)

Example:



Why?

1. Operating efficiency
2. Attractive to low-risk investors
3. Reduce debt & fund capex

The case for further delayering

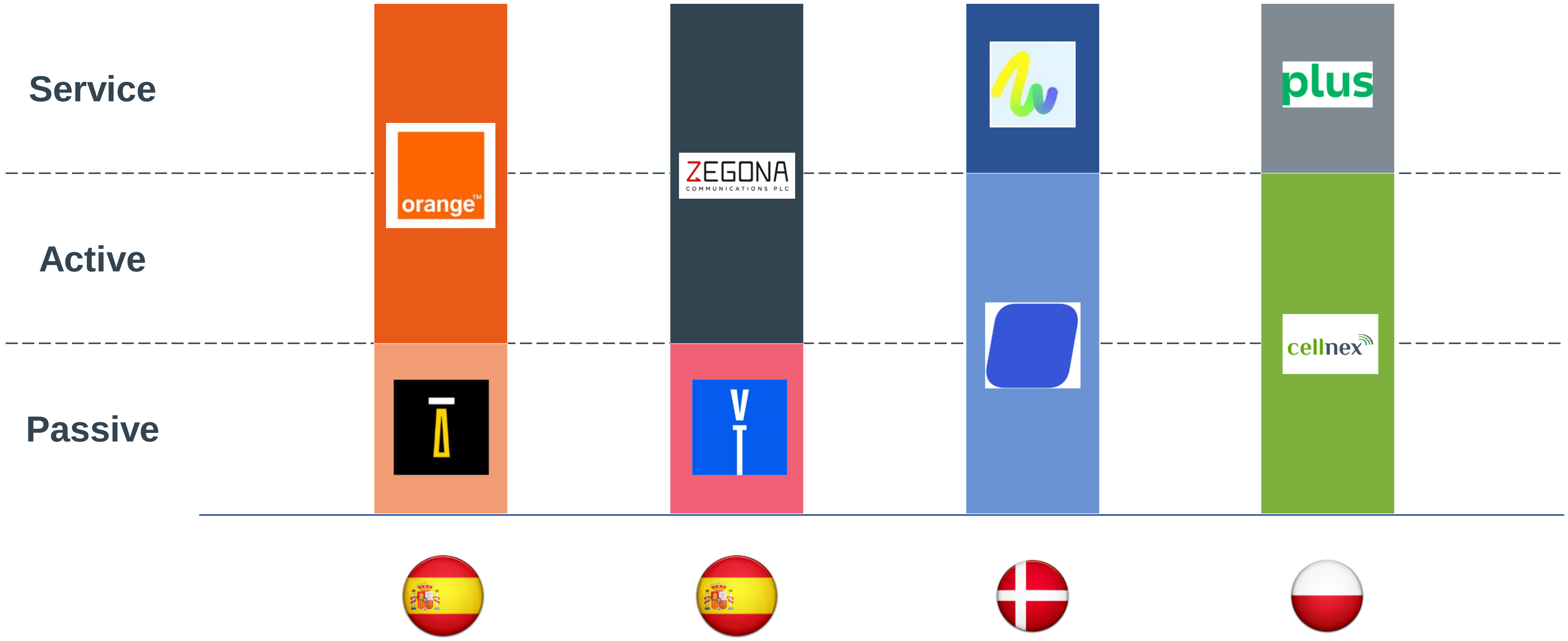
	IRR	Investment profile
Service	High (~15-20%)	Short-term perspective Capex-light
Active infrastructure	Medium (~10-15%)	5-10 year investment cycle
Passive infrastructure	Low (~5-10%)	Low-term view (20+ years) Capex intensive Stable cash flows

Few shared assets

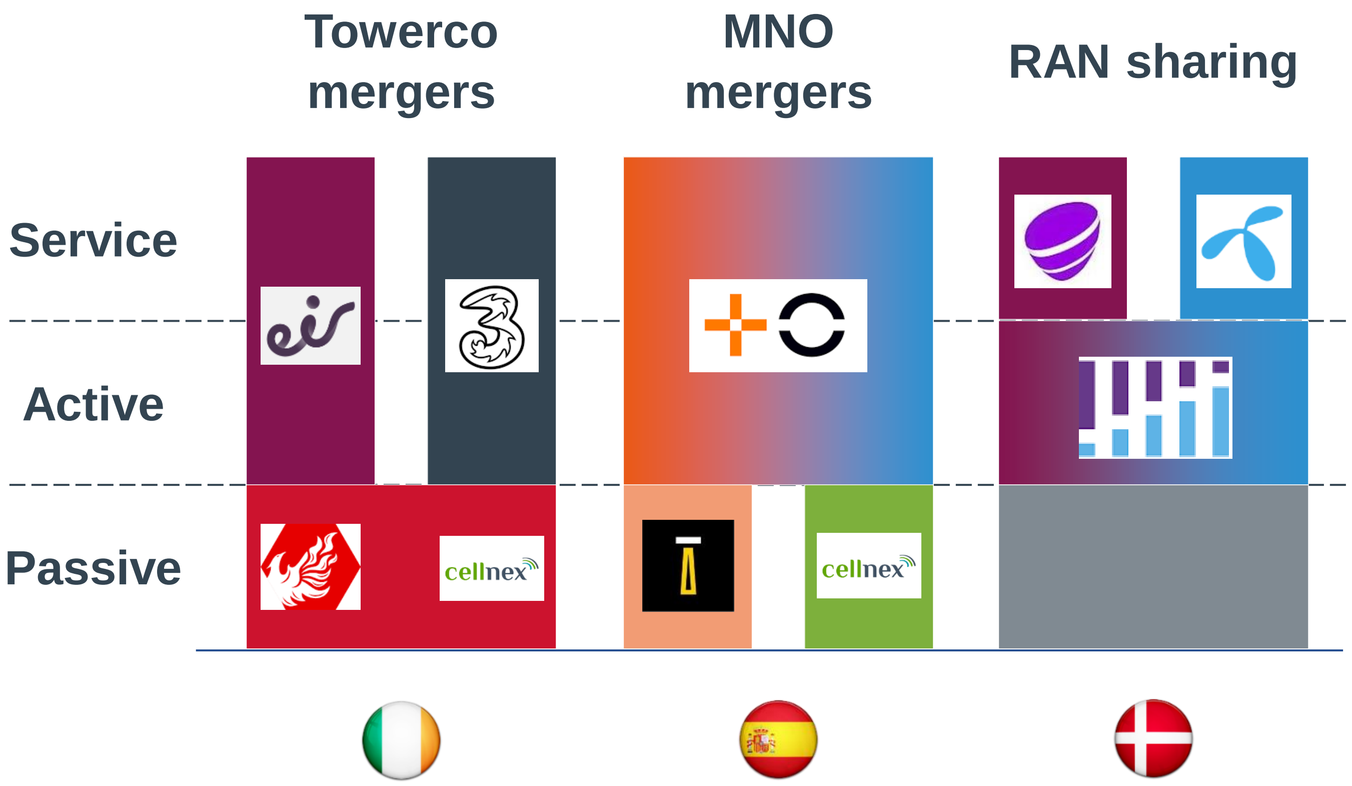
Capital / operational efficiencies from separation

Encourages investment

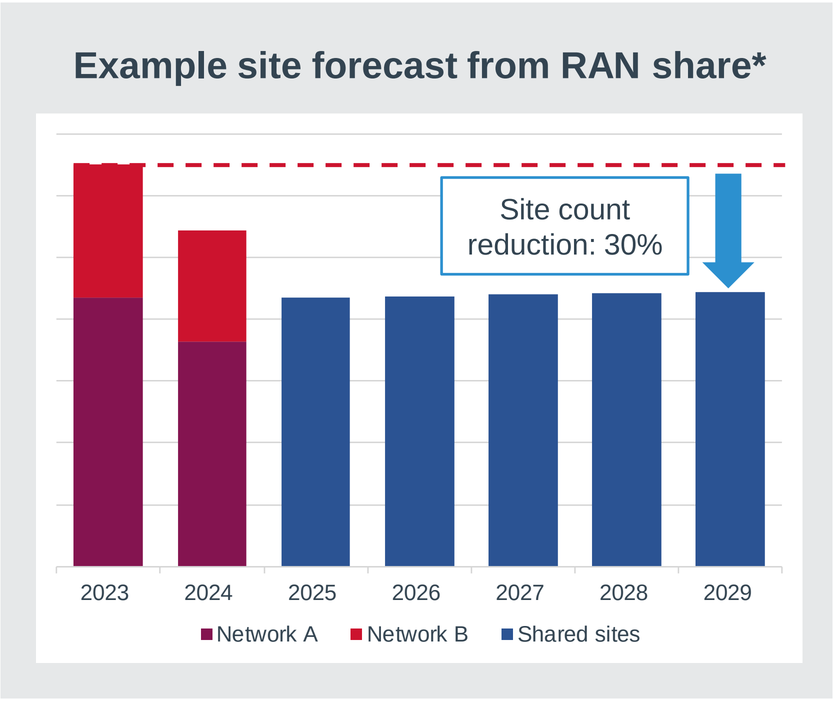
Various delayered models are emerging



A further key trend is consolidation



Driver -> efficiency



* Source: Aetha analysis

Why is this important for TowerCos?

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! Challenges

Whilst MNO/RANco consolidation may facilitate investment, it is driven by efficiency gains -> including reducing tower count

At end of initial term, MNOs/RANcos may have a choice of towers (at the margin)

Solutions / opportunities

Contractual
Term extensions, uplifts, etc.

Consolidation
Eliminate inefficiencies in the passive layer

Move up the value chain
Owning passive & active elements for multiple MNOs may unlock more efficiencies…
…but it is a very different model!

Is Spain the future?

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