



EUROPEAN OUTLOOK CONFERENCE  
**LONDON**

**European TMT  
2025 – Start of a Brighter Future?**

Mark Chapman, CFA: Senior Credit Analyst, CreditSights

Alex Lawrence, CFA: Credit Analyst, CreditSights

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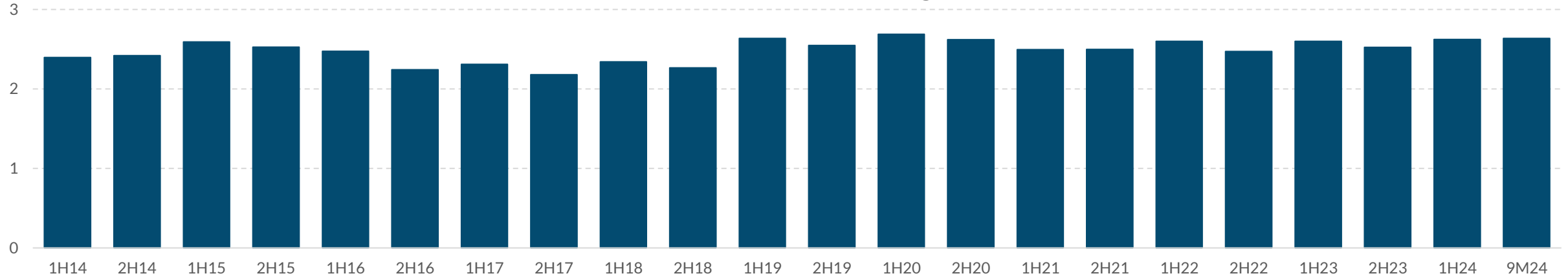
# AGENDA

- Telcos in the Doldrums
- Fundamental Outlook
  - Growth
  - Market Structures
  - Fibre Future
  - Cash Flow
- M&A
- Macro Context
- Relative Value
  - IG
  - Crossover
  - HY

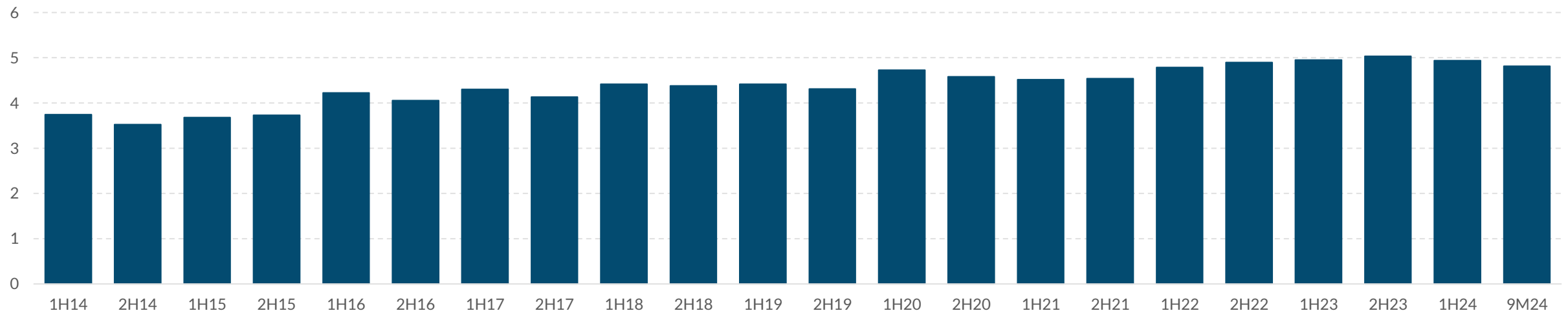


# Don't Speak

## Euro IG TMT Median Leverage

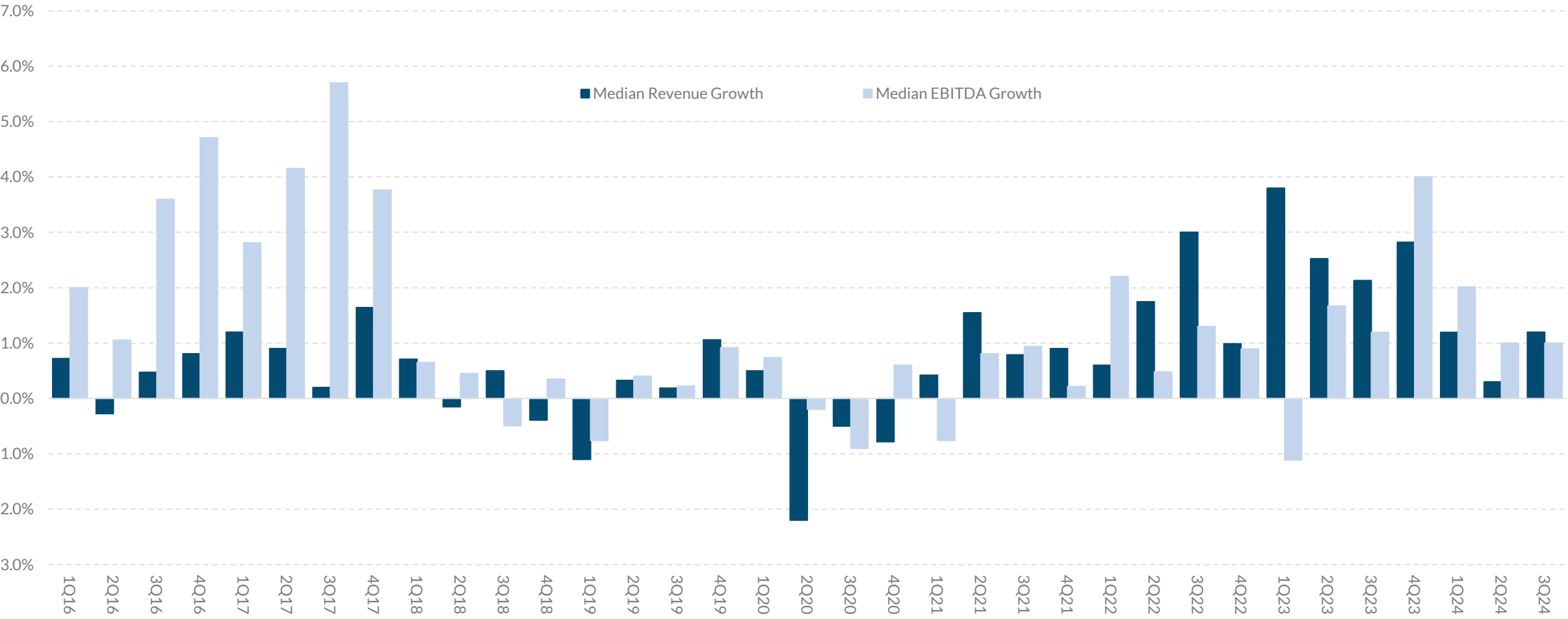


## Euro HY Median Leverage



# You Are Not Alone

## Median Growth Across Operators In Main European Markets

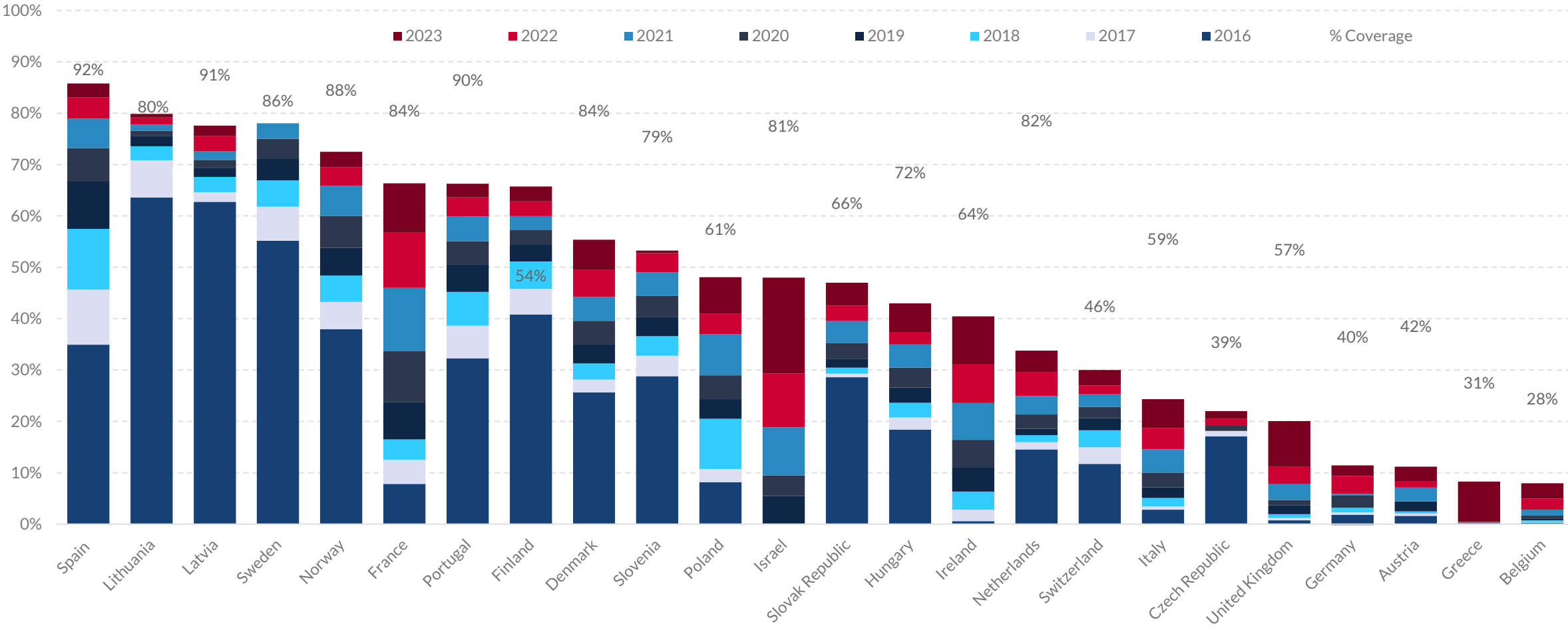


# Perfect Day

	Mobile Subscriber Growth	Fixed Subscriber Growth	Price Dynamics	Fixed Network Equilibrium	Mobile Network Equilibrium	Market Equilibrium
Belgium	Yellow	Yellow	Teal	Yellow	Yellow	Yellow
France	Red	Yellow	Teal	Teal	Yellow	Teal
Germany	Teal	Red	Yellow	Red	Yellow	Red
Italy	Red	Red	Yellow	Teal	Yellow	Red
Netherlands	Yellow	Red	Teal	Teal	Teal	Teal
Poland	Yellow	Teal	Teal	Teal	Yellow	Yellow
Portugal	Yellow	Yellow	Yellow	Red	Yellow	Yellow
Spain	Yellow	Yellow	Yellow	Yellow	Yellow	Red
Switzerland	Yellow	Yellow	Yellow	Teal	Teal	Yellow
UK	Yellow	Yellow	Yellow	Red	Teal	Yellow

# The Drugs Don't Work

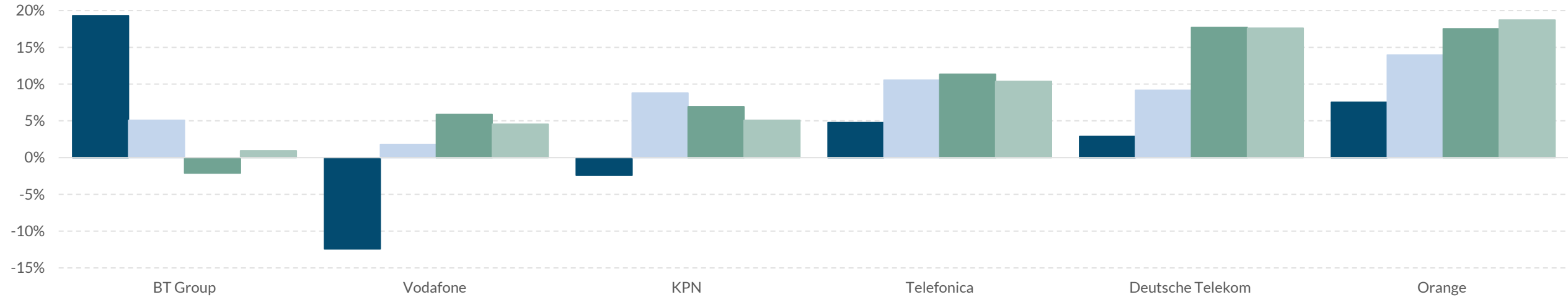
Share of Fibre Connections in Total Fixed Broadband (2016 -2023) & FttH Coverage (2023, % Homes Passed)



# I Believe I Can Fly

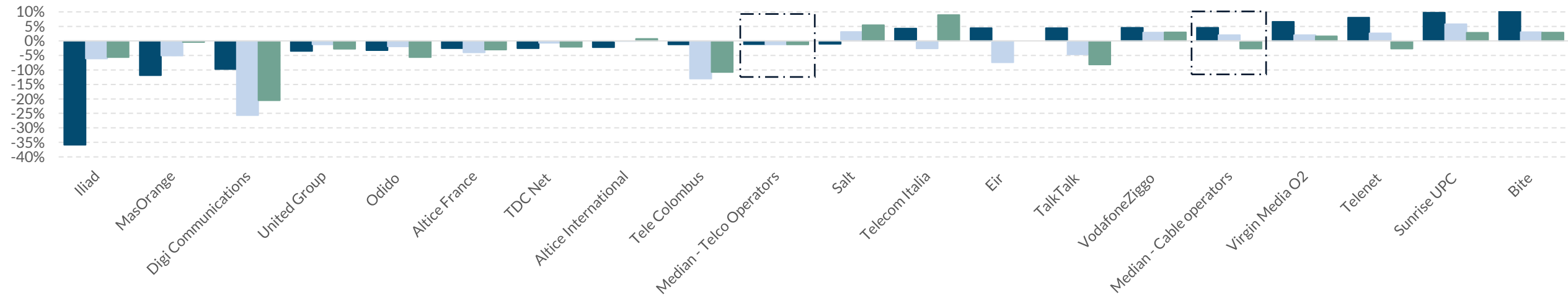
## IG TMT FCF Generation as % of Gross Debt

■ FCF 2014 ■ FCF 2019 ■ FCF2023 ■ FCF LTM 3Q24



## HY TMT FCF Generation as % of Gross Debt

■ FCF 2019 ■ FCF2023 ■ FCF LTM 3Q24



Source: Company Reports, CreditSights

Note: FCF defined as CFO less lease repayments less cash capex. TDCDC refers to LTM 1H24, TalkTalk refers to F1H25 as LTM, MasOrange refers to 1H24 as LTM and Telecom Italia refers to 9M24 as LTM

# 2 Become 1

## In-market Consolidation

- UK – Vodafone/Three
- Italy – Fastweb/Vodafone
- Spain – MasOrange
  
- Brazil – Oi customer base divided
- Romania – Digi & Vodafone/Telekom Romania
- Bulgaria – United Group/Bulsatcom

## More to Come?

- Italy – Iliad/WindTre/TIM
- France – SFR/Bouygues/Iliad

## New/Quasi New Entrants

- Portugal - Digi
- Belgium – Digi/Citymesh
- Germany – 1&1
- Spain - Digi





# I'll Be Missing You

## Network Separation

Netco/Servco

- Virgin Media O2
- United Group

## Network Monetisation

- Altice Portugal
- Vodafone Spain
- TalkTalk
- Tele Columbus
- Telenet
- Altice France (XpFibre)

## Left-Field Risks

Cross border consolidation – Iliad

- Tele2 / Millicom
- Digi

IPOs coming / LBOs coming back?

- Bité
- United Group
- Odido

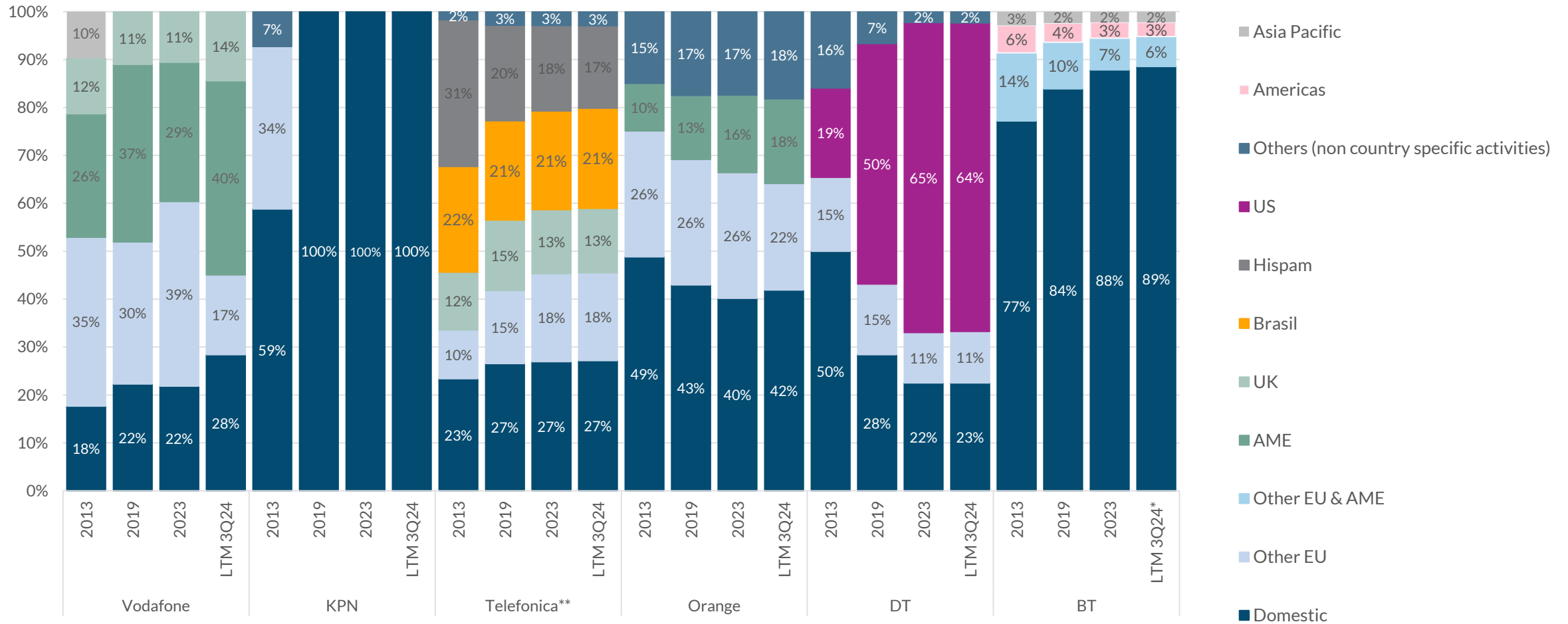
Activist Shareholders



**Event Risk Skews Positive**

# Who Do You Think You Are

## IG TMT Revenue Exposure by Geography



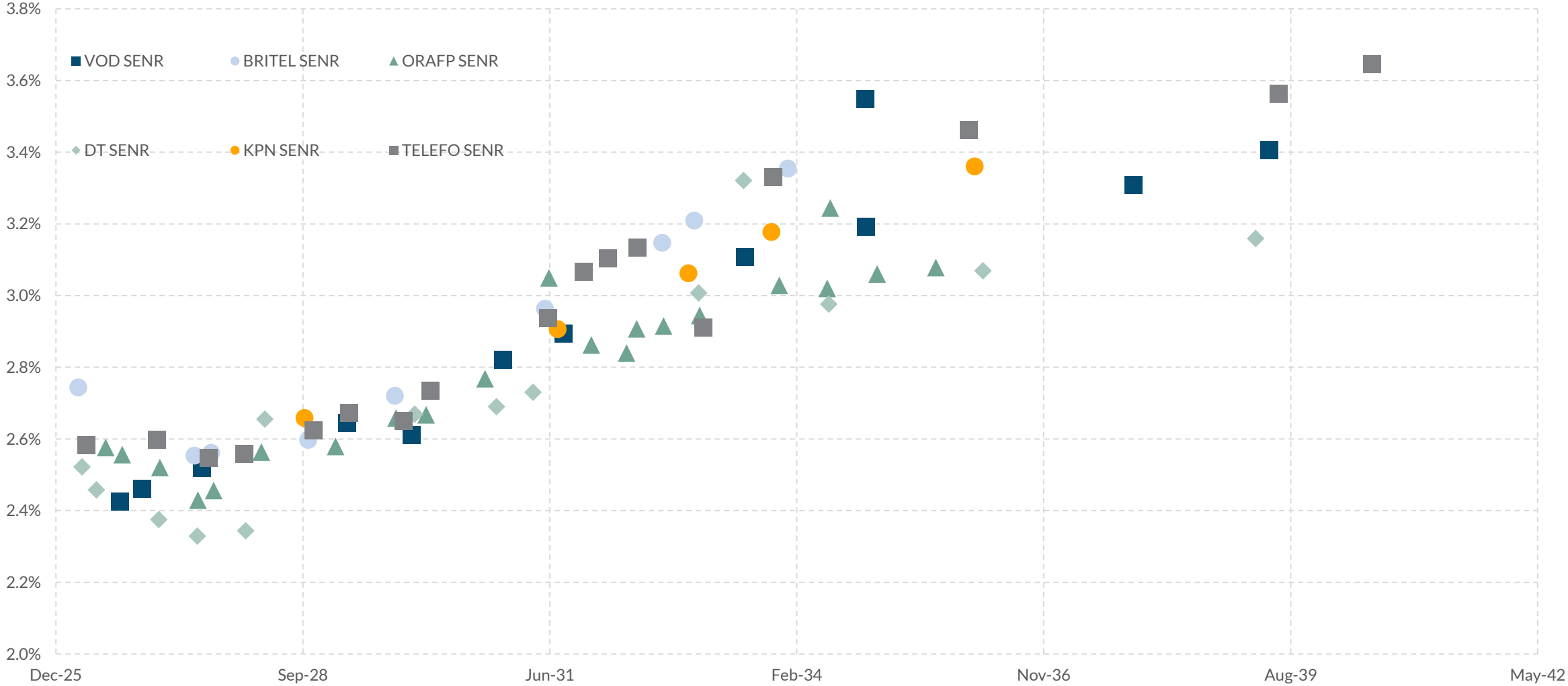
Source: Company Reports, CreditSights

Note: Domestic refers to different countries for each company. Vodafone (Germany), KPN (Netherlands), Telefonica (Spain), Orange (France), DT (Germany), BT (UK).

\*BT is FY24 revenue breakdown

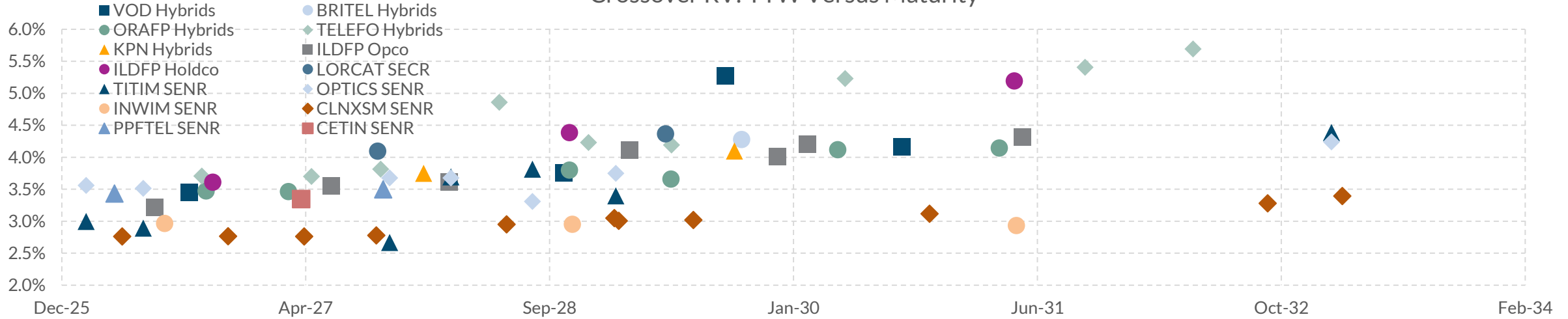
\*\* From 2023 onwards, Telefonica revenue includes 50% of VMED O2 revenue.

### IG RV: YTW Versus Maturity

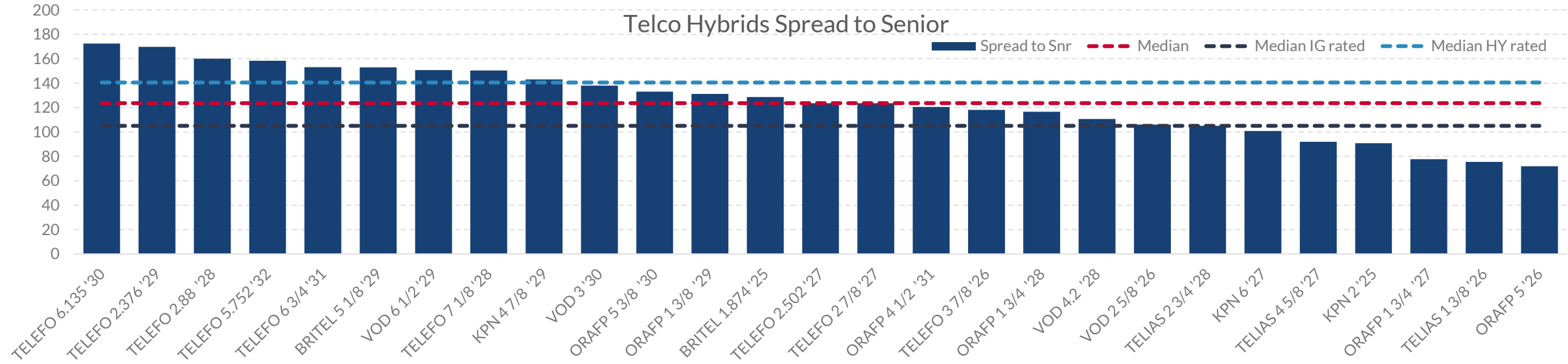


# Spice Up Your Life

## Crossover RV: YTW Versus Maturity



## Telco Hybrids Spread to Senior





# Conclusion

## Positives

- Fallen out of love with excess leverage
- Steady, sustainable growth, in stable markets
- Long term cost tailwinds
- Limited exposure to top-of-mind global risks

## Caveats

- Cable increasingly challenging
- Potential event risk (notably netcos)
- Attempts to reinvigorate competitiveness may tip markets out of equilibrium

## Picks

IG

- Euros – ORAFP, TELEFO
- Dollars – DT

Xover

- Hybrids – ORAFP, TELEFO
- Longer ILDFP Opco, TITIM in dollars

HY

- Core Holdings – ZIGGO, ILDFP (opco euros, holdco dollars), TMOBNL (Snr)
- Opportunistic – ZEGLN, SFRFP (Sec)

## Pans

IG

- VOD

HY

- TNETBB, ALTICE, IPDEBV, INWIM

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