

European Telecoms

Feedback from US investor meetings

Industry Overview

Feedback from investor meetings

Last week, we met US investors. We note the following feedback: 1) On average, investors remain sceptical of telecoms' prospects from a markets perspective as growth/AI plays dominate. 2) But there is optimism about fundamentals, with evidence of pricing power/stability and clear momentum in consolidation. 3) Telco capex, especially 'fibrenomics', are coming to light following TEF/ORA/BT comments, but cash flow relief is 'down the line' versus upcoming quarterly prospects. 4) The recent EU white paper has added some optimism but did not go far enough to support in-market consolidation, while cross-border deals remain hard to fathom given lack of synergy and political interference. 5) AI is a driver, but telco needs to 'advertise' this as a tailwind. 6) Non-public market investment (e.g., e&-VOD, STC-TEF, private equity into infrastructure) alongside multiple investments from Iliad into wider telco markets do provide a positive read, but once more, this is likely longer term, in contrast with shorter-term prospects.

Stock-specific feedback from our meetings

From our meetings, we note the following: ORA is well held, with some hesitancy on domestic repair but generally well regarded. TEF is increasingly held, with positive guidance and well-invested networks. VOD is viewed as heading in the right direction, but M&A asset valuations have not been favourable.

04 March 2024

Equity
Europe
Telecommunications

David Wright >>
Research Analyst
MLI (UK)
+44 20 7995 6355
dawright@bofa.com

Titus Krahn >>
Research Analyst
MLI (UK)
titus.krahn@bofa.com

AI: artificial intelligence

ORA: Orange

STC: Saudi Telecom Company

TEF: Telefonica

VOD: Vodafone

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Timestamp: 04 March 2024 12:30AM EST

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