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TMT

M&A may provide a tailwind to the telecom sector in 2026

Large telecom mergers were completed in 2025, and we expect that there's more still to come. As the era of free money is over, executing transactions has grown more challenging, especially in the digital infrastructure space. Over time, we think further consolidation is possible. Companies in France have already made an offer for parts of Altice France



The developments around alternative fibre networks (altnets) in Europe offer exciting prospects for a changing European telecom landscape

We've seen numerous significant M&A transactions lately. In the UK, Vodafone UK has merged with Three UK, creating a dominant player in the British mobile market. At the end of 2025, MasOrange became fully owned by Orange and is now a strong competitor to Telefonica in Spain.

A few smaller transactions have also taken place. German company 1+1 AG has acquired Versatel, Liberty Global has sold UPC Slovakia and Digi and Vodafone Romania have bought OTE's Romanian mobile business. The Italian telecom market has been dynamic, too. Poste Italiane became Telecom Italia's largest shareholder, buying shares from CDP and Vivendi, while Telecom Italia has sold its submarine cable unit Sparkle to a consortium. This transaction

is expected to close in March 2026. 2025 was the year that Swisscom's Fastweb started its integration of Vodafone Italia, following the legal merger on 31 December 2024.

We see scope for further consolidation in 2026 in Italy, as discussed below.

The top countries with potential for consolidation

The idea that Europe has too many telecom operators compared to the US makes sense. However, given the fragmented regulatory landscape along national lines, we see limited scope for pan-European mergers. While there are limited benefits to pan-European mergers, we believe that there continues to be a rationale for domestic consolidation. Let's evaluate the potential for domestic consolidation in France, Italy, Spain and Germany.

We think consolidation in Spain and Germany is challenging, especially from a regulatory standpoint. There is a small possibility, in our view, that one of the three largest mobile network operators would buy a smaller mobile virtual network operator (MVNO) or the fourth-largest mobile network operator (MNO), but it is key that the wholesale market remains competitive, as competition authorities will have their say as well. There should be tangible benefits to consumers, such as better networks or guaranteed low prices, to get the green light from regulators. Moreover, we are not so sure if the fourth-largest operator in Spain, Digi, will be for sale. In Germany, it will be a challenge to guarantee a competitive wholesale market if 1&1 AG were to be bought.

We deem consolidation among mobile operators in France and Italy more likely. In France, the current situation is undesirable, as the profitability of Altice France has been under pressure for some time. This is not a sustainable situation, in our view. In the end, it is also in the interest of consumers and regulators that investments in networks are profitable. However, as the three main takeover candidates – Orange, Bouygues Telecom and Iliad – have substantial market shares already, Altice France may need to be bought by several buyers, resulting in a break-up of the company.

In Italy, we see scope for M&A between Iliad and CK Hutchison's Wind Tre; a merger between Telecom Italia and Iliad Italia has become unlikely, given the former's new shareholder and missed earlier opportunities. But arrangements also need to be in place to promote a well-functioning wholesale market, post any potential transaction. We also think it makes sense for telecom operators to buy the fixed wireless access business of Eolo, as this will bring them scale. We've detailed a separate discussion on consolidation among fibre networks below.

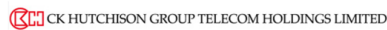
Some investors take a portfolio approach

We expect most M&A action to come from companies that take a portfolio approach to their holdings. The figure below shows some potential buyers of telecom assets, companies from the Middle East, Iliad and Orange. CK Hutchison Group Telecom and Altice are likely sellers of

telecom companies. Private equity and companies such as Liberty Global, Telefonica and Proximus will probably sell some assets and buy others. The Financial Times has already reported that CK Hutchison Group Telecom could sell its Irish business to Liberty Global, while Reuters reports that CH Hutchison weighs a listing of its global telecom assets. This implies, in our view, that Hutchison's telecom businesses in Sweden and Denmark are up for sale. Likely buyers in such a scenario are private equity funds or a Scandinavian telecom operator. This last option is more challenging from a regulatory perspective, although there is a greater potential for synergies.

Nevertheless, we think an increase in transactions would be a positive development for the sector, if the prices they negotiate are fair.

M&A remains a source of opportunities and risks for the sector

Buyers 	   
Sellers 	 
Portfolio Management 	      

Source: ING

Private equity ownership changes will likely also bring changes to the European telecom landscape. Bloomberg reports that Odido's private equity owners may list the company in 2026. Other companies owned by investors include Vodafone Spain and FiberCop, We think both companies will be sold in the coming years, as well as some fibre network operators.

Alternative fibre network deals making headlines

The developments in alternative fibre networks (altnets) in Europe offer exciting prospects for the changing European telecom landscape. As we discussed in our article about the fibre rollout, gaining market share is not easy – still, there has been notable progress in altnet ownership. It is widely believed that KPN will take control of its Glaspoort JV, while Proximus may seek ownership of Unifiber now that it has acquired Fiberklaar. In France, the sale of an equity stake in xpFiber is making headlines, while VirginMediaO2 is looking for the acquisition of fibre networks in the UK. The media have mentioned Netomnia as a takeover candidate, although CityFibre is also interested in M&A in the UK.

In Spain, two new fibre joint ventures have come to light: Fiberpass (with owners Vodafone Spain and Telefonica) and PremiumFiber, owned by MasOrange (58%), Vodafone Spain (17%), and GIC (25%). Given that these joint ventures were just recently launched, we think owners

will stick to their ownership for a while.

In Poland, Orange Polska and APG have acquired Nexera, a fibre-optic wholesaler. Finally, developments are also unfolding in the Nordics, with EQT seeking the sale of GlobalConnect. GlobalConnect has already sold a network with 140,000 fibre customers to Telenor.

For 2026 and beyond, there are a few more transactions on our list. In the Netherlands, we expect DeltaFiber and OpenDutchFiber to be sold at some point. A partnership with VodafoneZiggo would make sense, but is unlikely in the short run, given VodafoneZiggo's efforts to upgrade its cable network. We have written about Dutch broadband markets recently, and continue to hold the view that ownership of VodafoneZiggo will likely change over time. In Germany, consolidation is not imminent in our view, as the fibre roll-out requires investments first. The soft cash flows make it difficult to assign the valuation that is probably required by the current owners.

One of the final, urgent questions out there concerns the Italian fibre market. We assess the likelihood of a merger between Openfiber and FiberCop as low, as both companies currently appear to be following their own operational strategies.

We expect more transactions involving data centres and mobile towers

Throughout the years, we have witnessed many transactions by telecom operators to acquire data centres and towers. We expect this trend to continue, although it will be somewhat more challenging to execute transactions now that interest rates have risen and willing sellers have already taken advantage of the opportunities available in previous years. Increasing the tenant ratio for tower operators has proved a bit more challenging than expected and has slightly muted the investment case.

We also see that venture capital and private equity are looking for investments in AI technologies and data centres. However, access to power supply remains a challenge for data centres (and an opportunity for investors). Nevertheless, we expect that data centre investments will make many headlines in 2026, although this does not always entail carve-outs from telecom operators. We expect the data centre sector to be a fast-growing sector in 2026.

To wrap up, we expect quite a few M&A transactions, but the scale of the telecom and data centre sector will likely remain behind that of companies in the US for some time yet.

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