

Telecoms

Consolidation, better conditions, but disruption in the U.S.

January 14, 2026

This report does not constitute a rating action.



What's changed?

Convergence is finally expanding into the U.S. Europe and Asia-Pacific have had converged offerings for years; now product bundling is shifting competitive dynamics in North America.

Mergers and acquisitions continue. Telcos are seeking consolidation in Europe and Latin America while APAC and the GCC are focused on divestments.

Digital infrastructure revenue and EBITDA growth will be steady in 2026, outpacing the rest of telecoms, but investments in data centers are spiking.

What are the key assumptions for 2026?

Earnings growth stays strong in 2026. We expect average telecom revenue growth of around 3% and EBITDA growth of 4% through 2027, supported by upselling and increased bundling.

EBITDA margins show improvement through 2027, reflecting increased convergence and focus on cost cutting.

Telecom capital expenditure spending and investments are subsiding in markets with highly developed infrastructure (except U.S.), improving free cash flows.

What are the key risks around the baseline?

Market consolidation could change market dynamics, easing competition and improving business conditions. This is critical in our view because competition is the key catalyst for pressure on pricing, churn, the top line, and return on capital.

Financial policy has the potential to drive ratings given increasing organic financial flexibility. Prioritization of investments or shareholder returns could limit credit metric improvements.

Overheating in the data center space could create investment bubble risk. While our ratings reflect specific issuer and transaction risks, aggressive structures could add more risk.

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Industry Outlook: Global

Ratings trends and outlook

While telecom ratings have a clear negative bias at 10% globally, this is mainly driven by North America, where the negative bias is above 25%, and in Asia-Pacific (APAC) and Latin America, where negative biases are about 10% and 15%, respectively. The bias reflects a large proportion of speculative-grade issuers, with high leverage and elevated interest rates pressuring cash flow and debt sustainability. In contrast, EMEA shows an average positive bias of about 6%.

Despite the overall negative bias, conditions have generally been improving in the telecoms industry. Our positive revenue forecast is supported by continued demand for telecommunications products (including premium fiber and 5G services), increases in core prices, and increased consolidation that have moderated competition.

Main assumptions about 2026 and beyond

1. Steady earnings growth for 2026.

Steady revenue growth of about 3% in 2026 reflects growth in all regions. Increased convergence and bundling opportunities and rising demand for premium products and mobile adjacencies drive growth, except in regions facing more intense competition.

2. Declining capital expenditures (capex) overall, but limited benefit to credit measures.

The global capex growth slowdown reflects mature markets with developed 5G and fiber infrastructure, partly offset by markets still coming up the investment curve. However, investments in 5G densification and fiber will continue, and cash flow improvement may be used for shareholder returns, rather than to reduce balance sheet debt.

3. Increasing investments in data centers.

Digital infrastructure companies are placing massive bets on AI, with supply more constrained by power availability in primary markets. We expect these investments to keep growing for the next few years.

We estimate earnings growth will remain steady in 2026. We forecast global revenue growth at a steady pace of about 3% in 2026, compared to about 2% in 2025. The increase reflects both steady demand for services, upselling opportunities, and a focus on premium products. As companies continue to focus on efficiency, EBITDA grows faster at about 4%.

- In the U.S., wireless service revenues should benefit from rate increases and growing adoption of premium plans. Fixed wireless access (FWA) will support low-single-digit service revenue growth offset by higher churn and slowing subscriber growth; we expect industry service revenue growth of around 3%. For cable operators, we expect revenue pressure as they face increased competition from both FWA and fiber to the home (FTTH), leading to loss of subscribers and increased pressure on broadband average revenue per user (ARPU).
- In Europe, topline revenues will increase 1%-2%, with slightly faster earnings growth as margins expand on continuing efficiency programs. Capex will decline towards 15% of revenue, unlocking additional cash flow and financial flexibility.
- In Latin America, we expect modest revenue growth, driven by mobile and residential services from consumers and fiber from businesses.

- In Asia, rising mobile data consumption and fixed-line penetration is driving revenue growth. In addition, repricing driven by easing competition will lead to higher ARPU in some markets.

The quality of markets varies widely. We expect better performance in countries with three or fewer operators and balanced market share (for example, the U.S. wireless market, the Netherlands, UAE). Such markets, often as a result of consolidation, tend to be more stable and have lower churn levels. Conversely, lower-quality markets typically feature four or more players (Canada, France, Italy), new and aggressive entrants, highly imbalanced market share with subscale players willing to sacrifice pricing for subscriber growth, and aggressive wholesale regulatory requirements. Telecom operators in such markets may struggle to maintain pricing while retaining market share in these conditions and experience higher churn. This can spur such companies to cut prices and extend promotional packages, further lowering ARPU and perpetuating a cycle of zero-sum price wars that can drag down profitability and earnings for all operators.

With the exception of U.S. telcos, capex is down. Capex intensity depends on the state of 5G and fiber rollouts by telcos. Investment is falling in Europe, APAC, and Canada as fiber rollout nears completion for many markets in these regions, and 5G spending has slowed after extensive investments in initial rollouts. However, capex in the U.S. is flat to up because of continued investment in fiber and FWA.

- U.S. capex is flat, with the larger players planning a 3% growth offset by declining capex by high-yield players. The growth is driven by the big three wireless players as they accelerate their capex to continue their FTTH expansion. This could eventually lead the U.S. to catch up with the European markets in terms of convergence.
- In Europe, capex intensity is falling by 0.5% to 15.6%, on its way to 15% in 2027, as large incumbents wind down their fiber rollouts. Investment in 5G has also plateaued, waiting until use-case adoption drives densification. But we expect this will be demand-led, spurred by revenue opportunities, rather than speculative, and therefore likely to be supported by solid return-on-investment prospects. On the other hand, capex intensity in both the GCC and Africa will remain elevated as investments continue in 5G and network rollouts, as well as GCC investments in non-telecom adjacencies such as datacenters and subsea cables.
- Similar to Europe, Canada's capex intensity will remain stable, thus leading to stable free operating cash flow (FOCF).
- There are regional variations in Latin America, with Mexico expecting a stable investment plan as they focus on 5G and FTTH, while in Argentina lower capex is reflective of a more disciplined approach.
- In APAC, capex for wireless telcos will decline as 5G investments have slowed in most markets. We do not expect telcos to pour significantly more capital into 5G until industrial use-cases become monetizable. However, fiber network investments will increase in markets with lower fixed-line broadband penetration.

In the digital infrastructure segment, investments in data centers are intense. We published new digital infrastructure criteria in July 2025 for rating data centers, fibercos, and towercos. Under this approach, we have already rated several new-build data center companies and expect more to follow. For the U.S., data center investment is buoying GDP, already raising growth by 0.5% in Q2 2025. Massive AI investments are being announced and funneled into data center infrastructure buildouts, AI startups, AI accelerator chip and system designers, and AI model developers. Hyperscalers have announced multiple AI and cloud data center buildouts and power sourcing deals worth tens of billions of dollars over the next few years, while AI model companies are also securing enormous amounts of capital to support their continued push for AI training.

Credit metrics and financial policy

We forecast some improvement in credit metrics for 2026, but only consistent financial policy commitments would lead to any positive rating actions. A focus on operating efficiency will lead to modest growth in EBITDA. With declining capex, we expect some improvement in FOCF and increased financial flexibility. However, our forecast of relatively low growth amidst sustained competition means financial policies will need to focus on debt reduction in order to lead to any rating upside.

Key risks or opportunities around the baseline

1. Merger and acquisition (M&A) opportunities could improve market conditions.

Consolidation in markets could lead to better market share and lower competition, while improved cost savings and upselling could ultimately lead to stronger businesses.

2. However, competition remains a risk.

In Canada a single player had changed the dynamics in a hitherto stable market. In the U.S. the acceleration of FWA rollout has put immense pressure on the cable companies, pressuring both subscriber adds and ARPU.

3. Overheating in the data center asset class.

Data center buildout is accelerating. However, the risk remains that construction delays, supply overshoot, or demand destruction could lead to material credit risks.

Consolidation M&A could improve the performance of the sector. By merging with operators in the same market, companies can cut costs, share infrastructure, and cross-sell, ultimately enhancing their business strength and competitive position. Such consolidation can also lead to a more stable market, reducing the risk of price wars and improving the overall profitability of the sector. On the other hand, should new players emerge due to regulatory intervention, price wars could ensue as subscale companies promote aggressively to win subscribers. This would lead to weakening profitability overall. Regulatory approvals and transaction remedies are thus key factors in any consolidation attempt.

Competition remains the key risk for operators, one that can lead to price wars and negatively impact profitability. This is particularly evident in markets with four or more players, such as Italy, Colombia, and Canada, where a single aggressive player can push peers to respond with price cuts. Furthermore, slow macroeconomic growth in Europe could exacerbate this risk, leading to a softening of the enterprise customer base and increased consumer price sensitivity.

Competition dynamics can intensify with technology shifts. For example, U.S. cable companies face heightened competition from the telcos. In this traditionally non-converged market, telco expansion of FTTH coverage and continued growth in FWA subscribers is increasing price competition, customer churn, and weakening ARPU and revenue as cable companies lower prices and bundle packages to retain customers. Companies may offer promotions to retain customers, but this can cannibalize some of their own customer base on higher-priced packages. Ability to provide bundled services can ultimately result in slower churn and effectively retain a customer base with a stable (albeit limited) growth potential. But the use of discounted bundles to accelerate take-up can reset ARPUs at a lower level.

Overheating in data center buildouts. New AI data centers are more exposed to development risks and technology shifts. The asset class is undergoing rapid expansion, much of it being fueled by demand for AI training compute. Although we believe certain companies are well

positioned with high-quality assets in key markets, it remains unclear how this evolution in technology could shape the data center competitive landscape and supply/demand characteristics long-term. If data centers are oversupplied, some assets may be left stranded when their offtake leases end. This could result from several scenarios. The most fundamental is that slower-than-expected revenue growth within the AI ecosystem broadly weakens valuations and leads to a scale-back in the compute demand for training and inference compute and, therefore, data centers. There is also the technology disruption risk that efficiency advances in chips, training, or inference reduce projected data center requirements despite robust growth of the technology. And over the long-term, an easing of some of the current constraints to data center builds, namely power availability, could clear the bottleneck in the development pipeline to such an extent that the current development rush leads to an oversupply.

Additional risks in our view include the potential for weaker transaction structures as less experienced or less cautious participants enter the asset class. Such parties may accept weaker contract terms when it comes to construction and offtake agreements, credit backstops, supplier provisions, and weaker covenant or security terms in debt documentation, particularly in the more-opaque private market.

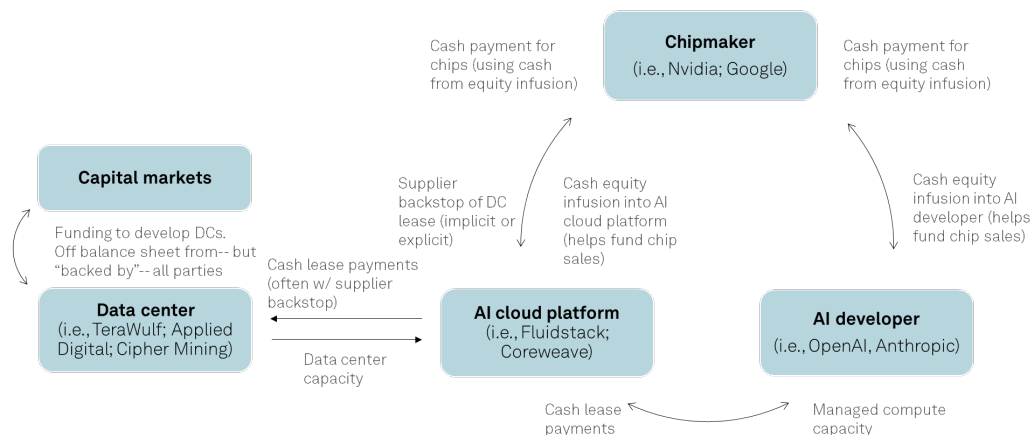
Indeed, new structures are emerging, with operators bearing more construction risk. Data center builders don't provide robust construction security, unlike other large civil construction, and may assume the risk of delays and cost overruns. In these cases, tenants may have termination rights if construction is delayed beyond a certain period. This can represent a material credit risk if the current pace and scale of development exacerbates supply-chain issues for critical components, labor, and permits, or if long development timelines introduce greater exposure to scheduling complexities, such as adverse weather delays.

These risks may be compounded by the complex circular and intertwined dependencies that are forming within the AI ecosystem. Several large, well-capitalized firms are using their balance sheets and credit standing to support players in ecosystems they are hoping to sell into or rely upon as part of their supply chain. In such a system, a negative surprise may affect multiple players. For affected companies, this could test the solidity of their contracts, bring contingent liabilities on balance sheet, or weaken counterparties that are relied upon for key commercial relationships or credit support, causing risk to rapidly spread.

Chart 1

Data centers: Circular financing

Chipmakers and hyperscalers (cash-rich and highly rated) support downstream customers through financings and backstops, accelerating a circular system of demand and funding.



Source: S&P Global Ratings.

Industry Outlook: North America

Ratings trends and outlook

In 2025 we saw the convergence of mobile and broadband as wireless providers expanded their FWA services and FTTH networks and acquired fiber operators. As a result, U.S. cable operators faced heightened competition and pressure on ARPU and downgrades exceeded upgrades by almost 4 to 1; 17% of our ratings are now 'CCC+' or lower compared with 25% a year ago, reflecting a smaller portfolio following multiple M&A transactions. Furthermore, we tightened our ratings triggers for most cable operators during the year due to a more competitive environment. On the other hand, ratings triggers were expanded for both AT&T and T-Mobile to reflect solid wireless fundamentals.

In 2025 we revised the outlooks on Rogers Communications Inc. and Bell Canada Inc. (BCE) to negative from stable, reflecting tepid revenue growth and high leverage. At the same time, we downgraded Telus Corp. to 'BBB-', reflecting high leverage amidst a competitive environment. On the other hand, we revised the outlook on Cogeco Communications Inc. to stable from negative reflecting improving leverage from robust FOCF generation. Given moderating competitive environment and companies' focus on deleveraging, our 2026 outlook for the sector is constructive.

Main assumptions about 2026 and beyond

1. Convergence is accelerating, large telcos should see revenue growth.

Both telco and cableco players are offering mobile and broadband bundles to grow subscribers, lower churn, and limit price competition. Despite lower industry wireless subscriber adds and higher churn, we expect industry service revenues to grow at around 3%.

2. Large telco capex will increase in 2026.

We expect a modest increase in telco capex in 2026. Some of the larger telcos should benefit from the recent One Big Beautiful Bill Act, which will result in cash tax savings that supports the acceleration of fiber builds over the next few years.

3. AI ambitions are accelerating data center builds.

Demand to support AI and non-AI workloads is robust, with supply more constrained by power availability in primary markets. Investment is still in the early stages, and we expect it will continue to spike, with 2026 capex heavily focused on AI training and data center buildout.

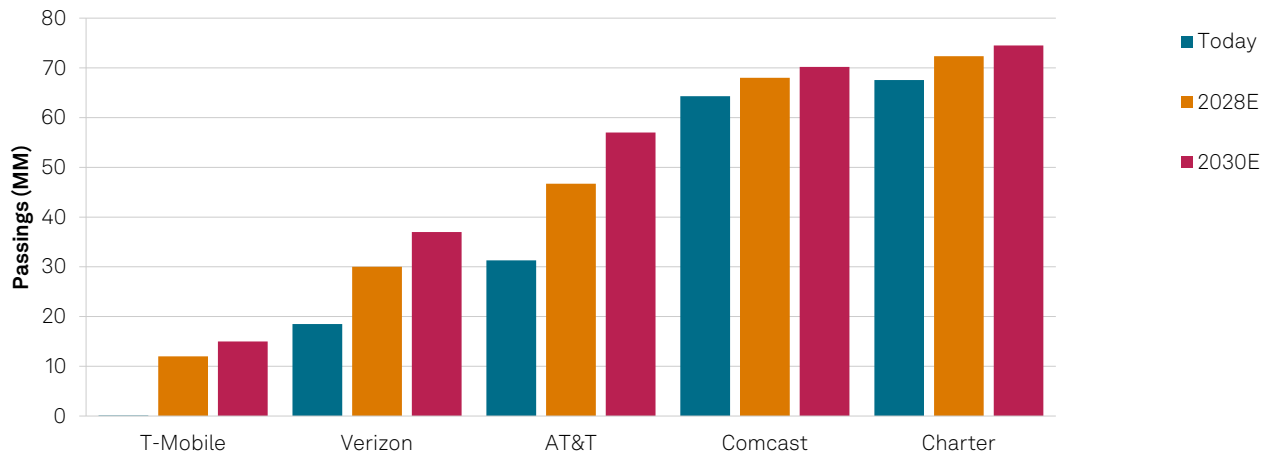
Mobile and broadband convergence is accelerating. The U.S. telcos are accelerating their fiber passings through organic builds, acquisitions, or joint venture (JV) partnerships. For example:

- AT&T currently passes 31 million homes and businesses and will add another 4 million with its acquisition of Lumen's fiber business; it plans to reach 60 million passings by 2030.
- Verizon currently has about 18 million fiber passings and will have about 27 million when it closes on its acquisition of Frontier in the first quarter of 2026; the company plans to cover over 30 million homes and businesses by 2028 and 35 million to 40 million over time.
- Through its joint ventures T-Mobile had about 200,000 fiber passings when it closed on the Lumos JV and 2 million fiber passings with the Metronet JV; it plans to reach 12 million-15 million passings with fiber by 2030.

In aggregate, the telcos should cover about 110 million passings over the next five years, which is comparable with the combined broadband passings of Comcast and Charter (123 million as of Sept 30, 2025).

Chart 2

Wired broadband coverage



Source: S&P Global Ratings.

We believe cable's competitive position has weakened. Competition from FTTH overbuild will increase to 75% of the addressable cable market by 2028, from 55%-60% today. And in many markets where cable doesn't face FTTH competition, FWA has emerged as a viable alternative. It offers speeds that are faster than the copper-based telco and lower prices than cable. This leaves only a small portion of the country with limited competition, whereas just a few years ago it accounted for more than half the U.S. At the same time, both Charter and Comcast are bundling their in-home broadband product with wireless service, offered through a mobile virtual network operator (MVNO) agreement with Verizon, priced at a competitive discount when the customer bundles with in-home broadband.

Charter and Comcast have an all-in telecom pricing advantage stemming from the capital-light nature of their wireless service that does not require high stand-alone profitability to reduce broadband churn. This is important in a marketplace that is increasingly converging. They also have a high-quality broadband network, and their wireless service rides on Verizon's network so they shouldn't lose share based on quality of service.

However, brand perception and customer loyalty are important considerations. Cable operators spent years in a less competitive marketplace with less focus on customer service, which typically resulted in low net promoter scores. They are now focused on improving customer service and consumer perceptions, but it can be difficult to change consumers' minds and may take years to build brand equity. The fundamental question is: Can discounted bundles enabled by low pricing on mobile overcome years of customer frustration with their cable provider?

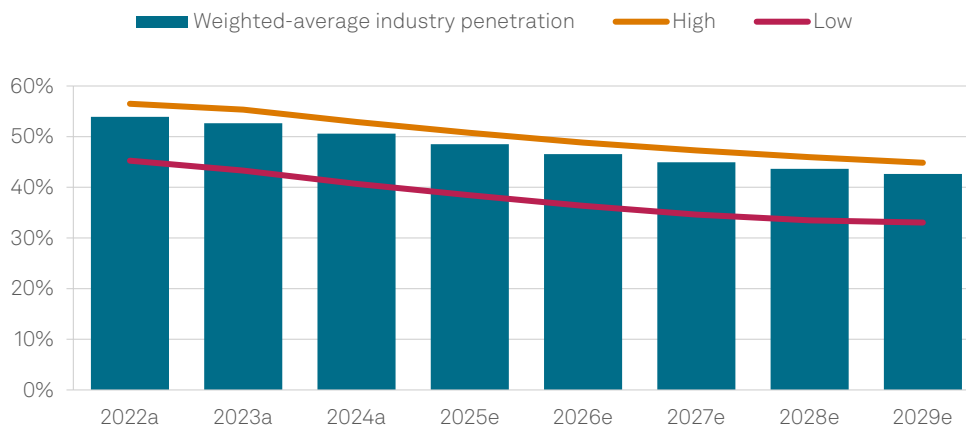
While we believe Comcast and Charter currently generate only modest levels of wireless EBITDA, we expect it to grow. Charter recently disclosed that its mobile service margin per line is 34%, excluding subscriber acquisition costs (up from 18% in 2022 and 0% in 2020). We think that as mobile grows, it should be a larger contributor to EBITDA over time and could offset mounting pressure on cable's broadband business.

Large telcos will increase capex in 2026. We expect a modest increase in telco capex in 2026. Some of the larger telcos should benefit from the recent One Big Beautiful Bill Act, which will result in cash tax savings that supports the acceleration of fiber builds over the next few years. Additionally, capex for Verizon will increase in the near-term as it integrates Frontier.

- **AT&T:** We expect AT&T's capex to increase to \$23 billion-\$24 billion in 2026 and 2027 compared to about \$22 billion-\$22.5 billion in 2025. Management expects to fund the higher capex with \$6.5 billion-\$8 billion of tax savings through 2027, of which about \$3.5 billion will go to building out its fiber network and another \$1.5 billion to fund the pension.
- **Verizon:** We expect capex to increase to around \$22 billion in 2026 from \$18 billion in 2025, primarily due to the inclusion of the Frontier assets and an increase in the pace of fiber builds. However, Verizon will also benefit from tax savings of \$1.5 billion-\$2 billion in 2025, giving it a financial boost to partially offset the increase in capex. With the acquisition of Frontier, Verizon plans to increase its fiber passings to around 1 million per year to reach 30 million passings by 2028.
- **TDS:** The company plans to increase the number of FTTH passings by about 600,000, about half of which will come from E-ACAM subsidy revenue totaling about \$88 million per year. As such, we expect capex to increase to around \$550 million-\$600 million in 2026 and 2027 from \$425 million in 2025.
- **Uniti:** As Uniti accelerates its FTTH builds over the next few years, we expect its capex to be around \$1.2 billion-\$1.4 billion per year, or about 35% of revenue with the goal of covering 3.5 million passings by 2029.
- **Lumen:** Despite higher capex in 2025 and 2026 to support the PCF deals, we expect overall capex for Lumen to decline in 2026 to less than \$3 billion from over \$4 billion in 2025 following the sale of its 4 million FTTH passings to AT&T.

Chart 3

HSD penetration



HSD--High-speed data. a--Actual. e--Estimate. Source: S&P Global Ratings.

New data center development will accelerate, spurred by large-scale AI training facilities. We expect demand to support AI and non-AI workloads will remain robust, with supply more constrained by power availability in primary markets. As a result, we expect vacancies to remain low, with upward pressure on pricing and re-leasing costs. Hyperscalers and AI labs will continue investing aggressively in frontier large language models in search of artificial general intelligence

to analyze vast amounts of data and apply knowledge across a wide range of tasks both business-related and societal. We believe this pursuit is only in the early stages.

More than \$900 billion is needed for data center investment through 2029, according to S&P Global 451 Research. Historically, some data centers were financed with unrated bank loans (during construction) that were securitized (once operations were stabilized) in the form of asset-backed securities (ABS) or commercial mortgage-backed securities (CMBS). Data center financings in the ABS and single-borrower CMBS markets have exceeded \$50 billion in the past five years and we see ABS alone backed by data centers growing to \$30 billion-\$40 billion in 2026. We're also seeing rated project finance debt being actively considered (especially for larger projects), driven in part by institutional investors' growing comfort with the sector, and massive growth in private credit, which is complementing traditional bank loan financing. As it stands, data center loans in the billions of dollars will mature in the next few years, which compounds the financing needs for the sector by itself.

Canada

For the Canadian telecom sector, 2026 will be a transitional year as the incumbents grow EBITDA and finally lower leverage below our downgrade thresholds. Competitive intensity from 2024, a pro-competitive regulatory framework, and macroeconomic challenges amid bloated balance sheets had pushed telecom players to pursue different plans to deleverage in 2025. Before, the incumbents had focused on increasing subscriber adds at the expense of ARPU. In 2025 they shifted the focus to customer retention, adding higher value subscribers and marketing targeted promotions. Today, as companies pull back from promotions, a moderating competitive environment sets the stage for them to maintain or even improve credit ratings if they can execute their strategies successfully.

A softer Canadian economy amid a rising cost of living--including higher debt service costs--is feeding into value-seeking consumers' increased propensity to focus on value. We expect growth in the high margin wireless and fixed-broadband services segment, which accounts for over 70% of the sector's combined telecom and video revenue, to remain stable to slightly positive in 2026, given the limited population growth in 2025. For 2026, industry wireless subscriber adds will be 2.0%-2.5% while ARPU decline will be in the 1.0%-1.5% range, an improvement compared to the above 2% decline in 2024 and 2025. Similarly, we expect wireline subscriber growth to be in the 2%-3% range. Given the currently high fiber wholesale rate under Canada's Third-Party Internet Access (TPIA) regime, we assume broadband prices will remain flat to slightly better. Thus, we forecast industry telecom service revenue growth of 1.0%-1.5% and EBITDA growth of about 5%, reflecting the industry's recent focus on restructuring and operating efficiency. As a result, we expect 2026 EBITDA margins to show improvements of about 150-200 basis points (bps), as large restructuring charges roll off and companies exhibit full benefits of cost-cutting plans. For 2027, we expect EBITDA growth rates to return to normalized levels of about 2%-3%.

Credit metrics and financial policy

We expect U.S. telco leverage to increase in 2026. We still expect solid earnings growth and improving discretionary cash flow (DCF) due to the recent tax law, which normally would support leverage reduction. That said, with healthy business prospects and leverage at normalized levels, we expect the telcos will pursue acquisitions to bolster their business position in the face of increasing competition.

- **Verizon:** In the first half of 2026, Verizon will complete its \$20 billion acquisition of Frontier Communications Holdings, which will push S&P Global Ratings-adjusted leverage up to 2.9x-3.0x from about 2.7x. The modest increase in leverage partially benefits from the issuance of hybrid securities, which receive intermediate equity credit.
- **AT&T:** The company plans to acquire about 50 MHz of low- and mid-band spectrum from EchoStar Corp. for \$23 billion, which will increase adjusted leverage about 0.5x to 3.6x-3.7x in 2026. At the same time, the company will maintain the pace of share repurchase activity through 2027. As a result, we revised the outlook to stable from positive and affirmed the 'BBB' issuer-credit rating.
- **T-Mobile US:** The company completed a series of acquisitions through joint ventures including with FTTH providers Lumos and MetroNet. It paid \$950 million for Lumos with an additional \$500 million planned for 2027 to 2028 to help fund further expansion, with the goal of reaching 3.5 million passings by 2028. It also acquired MetroNet in a JV with KKR for \$4.9 billion, with plans to cover 6.5 million passings by 2030. The company plans to reach about 12 million-15 million homes over time with fiber, which is substantially smaller than its peers and puts it at a modest competitive disadvantage in its ability to bundle customers and reduce churn. It also completed its acquisition of regional wireless provider USCellular, including its 4 million customers and about 30% of its spectrum for about \$4.3 billion. While adjusted leverage declined to 2.9x by June 30, 2025, we expect it to increase to the low-3x area by the end of 2025 following the series of acquisitions. We expect leverage to remain in this area in 2026 as earnings growth and strong FOCF are offset by acquisitions and share repurchases. The positive outlook reflects our view that the company has good prospects to reduce leverage below 3.25x and FOCF/debt above 15%.

Key risks or opportunities around the baseline

1. Increased spend on capex and spectrum could pressure leverage.

As U.S. telcos expand their broadband footprint, investments to grow FTTH network and acquisition of spectrum for FWA expansion could pressure credit metrics. M&A opportunities are limited since most wireline issuers have been acquired.

2. Pressure increases on cable.

Cable operators are losing subscribers and facing ARPU declines as they face heightened competition from expansion of FTTH coverage and FWA subscribers continue to grow.

3. Overheating in the data center buildout

Even though we do not anticipate any pull-back on data center demand, we view this as a significant longer-term risk for data center operators that could be subjected to pricing pressure and higher vacancies when leases expire. Broadly speaking, we view this risk as low in 2026 because the biggest constraint to data center construction is access to power.

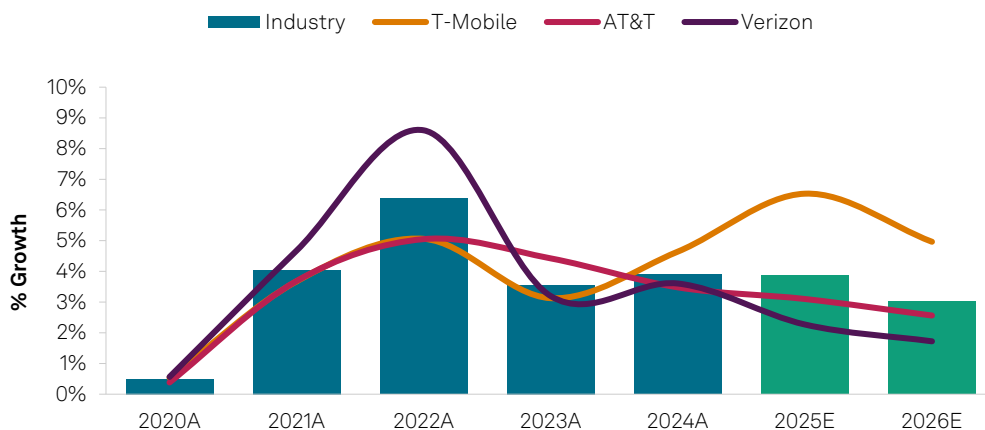
Slowing postpaid phone net adds and service revenue growth. Notwithstanding mature industry conditions, postpaid phone net subscriber growth surpassed our expectations for 2025, and we expect industry postpaid phone net adds of around 8.6 million in 2025, down about 5% from 2024. At the same time, rate increases and growing adoption of premium plans and FWA supported low-single-digit service revenue growth for AT&T (around 3%) and Verizon (low-2% area). For T-Mobile, we expect service revenue growth of around 6%-7% in 2025, substantially better than its peers.

We expect this growth trend to slow modestly in 2026. Postpaid phone churn has increased over the past year as subscribers roll off their two-/three-year contracts. The new iPhone 17's greater AI capabilities could also drive increased switching.

We also expect margins to deteriorate as the telcos try to add and keep new customers. In 2025, we expect overall service revenue to increase around 4% with T-Mobile leading the pack. In 2026, we expect higher churn and slowing subscriber growth to result in industry service revenue growth of around 3%.

Chart 4

U.S. wireless annual service revenue growth rate



A--Actual. E--Estimated. Source: S&P Global Ratings.

Broadband pricing becoming more competitive. We believe the home internet market has become more price competitive. Telcos are offering discounted home internet when bundled with mobile, while large cable operators are offering heavily discounted wireless service to attract new home internet customers and reduce churn among existing home internet customers. We are also seeing new, more aggressive home internet offers from cable operators. As a result, we expect many cable operators, including Comcast, will experience broadband ARPU declines in 2026.

We believe FWA is the biggest catalyst for the broadband pricing pressure. FWA is being offered at \$35-\$50, which is significantly below the weighted-average cable industry ARPU of about \$74. Given that FWA is a "spare capacity" business model, it has the potential to remain priced significantly below cable, which presents a material risk. In response, most cable operators offer a similarly priced service with comparable speeds to FWA, which will naturally pressure ARPU as it is adopted. We believe this necessary strategy also presents an additional risk of potentially re-pricing a portion of the existing base as awareness of a lower-priced offer grows.

We believe ARPU trends will vary significantly by operator depending on the level of competition they are facing, existing broadband prices, and the strength of their service bundle:

- We expect continued ARPU declines in 2026 for many small cable operators. Not surprisingly, smaller cable operators that lack the scale to offer competitive mobile or video bundles have been facing ARPU declines for more than a year as new competition has caused them to lower prices and offer more aggressive promotions to attract new customers.
- Comcast recently warned of ARPU pressure as it pivots toward a new, simplified national pricing model using multi-year price locks, the elimination of data caps, bundling of Comcast's broadband gateways for no additional cost, and a free mobile line for a year.
- We believe Charter can continue to grow its ARPU 2%-3% given it is further along in its bundling strategy and has an industry-low level of ARPU.

We expect the cable industry can return to roughly 2% broadband ARPU growth in 2027 due mostly to price increases in line with inflation as well as the sale of Wi-Fi add-ons, but there is increased risk to this assumption.

Spiking investment in data center buildout increases oversupply risk. We view this as a significant longer-term risk for data center operators that could be subjected to pricing pressure and higher vacancies when leases expire. Broadly speaking, we view this risk as low in 2026 because limited access to power is still constraining data center construction. Unlike Europe, the availability of energy in the U.S. isn't the problem. The real bottleneck is the "interconnection queue" of projects in line to tie into the grid, some of which have been waiting years just to get approval. In some regions, the interconnection queue is longer than the actual construction timeline.

As AI adoption grows, more data centers will be necessary. The main obsolescence risks for data centers stem from technology innovations that may drastically reduce the need for space and power, or advancements that may render older data centers less competitive.

Regulatory and sustainability issues could pose additional challenges, likely more so for larger projects. Sustainability impacts may lead to more-stringent planning and approval requirements, such as targets for power use and efficiency. They could also include penalties that apply when groups of data centers create an imbalance in power for regional grid capacity.

Large Canadian telecoms are taking steps to lower leverage. Despite exiting 2024 with high leverage--which pressured some credit ratings--telecoms are taking different paths to reduce near-term leverage. For example, BCE Inc., Rogers Communications Inc. (RCI), and Telus Corp. issued hybrid securities (intermediate [50%] equity treatment), both in the Canadian and U.S. markets. The combined total issuance of hybrids in 2025 is about C\$16 billion. Following these hybrid issuances, these incumbents also lowered net debt through tender offers for existing debt. Year to date, BCE, RCI, and Telus have repurchased about C\$9 billion of principal debt.

Canadian telecoms are also pursuing a few other paths to deleveraging:

- **BCE:** Deleveraging for 2026 will depend on successfully integrating Zipy, improving operating efficiency, and realizing the annual impact of dividend reduction. In 2026, we expect Zipy to boost BCE's revenues (consolidated growth of 2%-3%) with lower restructuring costs and better operating efficiency; this should improve 2026 EBITDA 3%-5% from 2025 levels. In addition, the significant reduction in dividends should also improve cash flow. We forecast 2026 leverage to improve close to 3.75x
- **Rogers:** Deleveraging for RCI in 2026 will hinge on two events: First, closing the remaining 25% interest in MLSE from the Kilmer Group (RCI now holds 75% ownership after buying

BCE's stake); and second, monetizing a portion of MLSE. We forecast 2026 leverage of 4.1x-4.7x depending on the value of the remainder of MLSE and when and to what extent RCI can monetize its 100% MLSE ownership. Absent MLSE transactions, we do not forecast any material deleveraging for Rogers.

- **Telus** will likely improve leverage to 3.9x in 2025 after closing its Tower JV and recent hybrid issuance. Unlike other peers, organic EBITDA growth of 7%-9% is driving its deleveraging, reflecting revenue growth, cost cuts, and lower restructuring charges. The company has also paused its dividend growth. We expect 2026 leverage will improve close to our upside trigger of 3.75x.

Rating actions will largely depend on industry conditions with support from company-specific actions. If competitive conditions alleviate enough to stabilize ARPU and continue growing wireless service revenues, it could stabilize ratings on Canadian telecoms. As such, operational performance and the success of strategic plans are key to any ratings enhancements.

Industry Outlook: EMEA

Ratings trends and outlook

We expect continued stable ratings in 2026 across EMEA; 75% of rated telcos and digital infrastructure companies currently have a stable outlook compared with 77% a year ago, and EMEA has the strongest regional balance globally. Our sector forecast is supported by incremental revenue and profitability gains, and lower capex.

While competition is a structural feature of most telecom markets, moderation is supporting revenue growth in Europe. There are notable exceptions in countries like Germany and Switzerland, which we have traditionally viewed as favorable for telcos but that have grown more competitive in the past year. However, we believe a growing wave of market consolidation, focus on return on investment, and rational pricing point to improving prospects overall.

The ongoing penetration of premium fiber broadband and relatively relaxed promotional activity supports our view. We expect EBITDA growth and lower capex will continue to improve cash flows and financial flexibility, as well as rating headroom potential. But we think this will only be sufficient for rating upside in a few cases, and subject to supportive financial policy.

We enter 2026 with positive outlooks and CreditWatch placements on 16% of our ratings, up from 9% a year ago. These stem from improving credit metrics (Deutsche Telekom, NOS, Odido, Iliad, Zegona Communications PLC, and TransteleCom Co. JSC), positive M&A for Lorca Telecom (MasOrange), implementation of our new digital infrastructure criteria (Cellnex and Inwit), and revised sovereign outlooks that cap our ratings (MTN and Telkom SA SOC Ltd.).

We have negative outlooks and CreditWatch placements on 9% of our ratings, down from 13% a year ago. This is driven by refinancing and sustainability concerns for several 'CCC+' and below issuers (PrJSC VF Ukraine due to currency convertibility restrictions; Tele Columbus AG, TalkTalk, and Altice International S.a.r.l.), and weakened credit ratios (Proximus).

We took a moderate number of rating actions in 2025, with seven upgrades, eight downgrades, and six new telecom ratings. None of the upgrades stemmed from improved performance, but rather from reduced exposure to country risk (Axian Telecom and Helios Towers), deleveraging from asset monetization at Lorca Telecom, improved liquidity after restructuring at PsJSC VF Ukraine, upgrades of sovereign caps (Saudi Telecom and Telkom SA), and emergence from restructuring for TalkTalk.

Downgrades were concentrated on a few companies, with two for TalkTalk (on its path into default) and Altice International (for approaching default proximity). We downgraded Beyon, linked to the downgrade of the Bahrain sovereign; Circet for weakened credit ratios; Kazakhtelecom on its reduced business after a divestment; and Swisscom for increased leverage after its Vodafone Italia acquisition.

Main assumptions about 2026 and beyond

1. Revenue will continue to grow despite the constraint of competition.

We expect revenue growth to average 1%-2% over the next two years, driven by B2B and ongoing fiber migration. Growth comes despite persistent competitive pressure, which holds back faster growth rates, though we see prospects of this pressure moderating.

2. Margin expansion will raise earnings.

Cost control from efficiency programs (partly enhanced by AI), copper switch-offs, and residual M&A synergies will increase margins slightly above 39%.

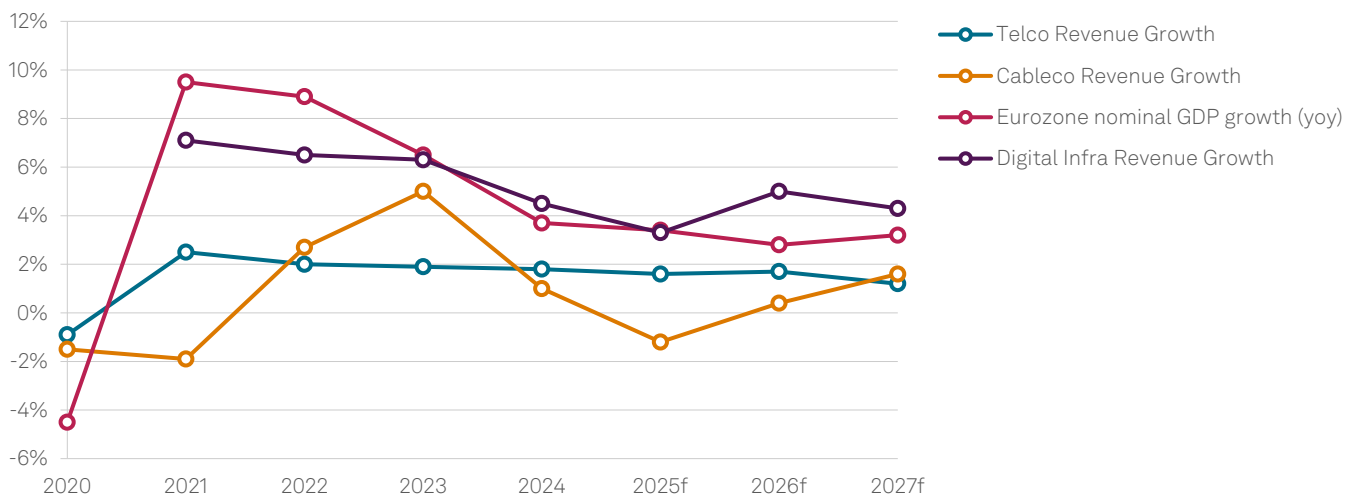
3. Capex continues to decline but at a slowing pace, improving cash flow.

We expect the reduced fiber and 5G capex trend will continue towards a new baseline of around 15% by 2027, from a peak of 21% in 2021. The improved FOCF, growing by about 1% of revenue per year, creates additional financial flexibility.

Stable revenue, margin, and cash flow gains should continue for most of the European telecom sector. We believe industry conditions have generally improved as a result of a maturing infrastructure investment cycle, with room still to run on penetration of fiber broadband. Tailwinds have also come from in-market consolidation in Spain and the U.K., convergent M&A in Italy, and the effects of lighter-touch wholesale regulation. We see prospects for this to continue in multiple countries, which could provide European operators with relief from excess competition in more markets. Relatively higher-for-longer interest rates have also tempered the aggressiveness of challenger telco offers, curbing promotions and tit-for-tat price drops, which should lift the front book (price plans for new customers).

Chart 5

Steady European telco revenue growth



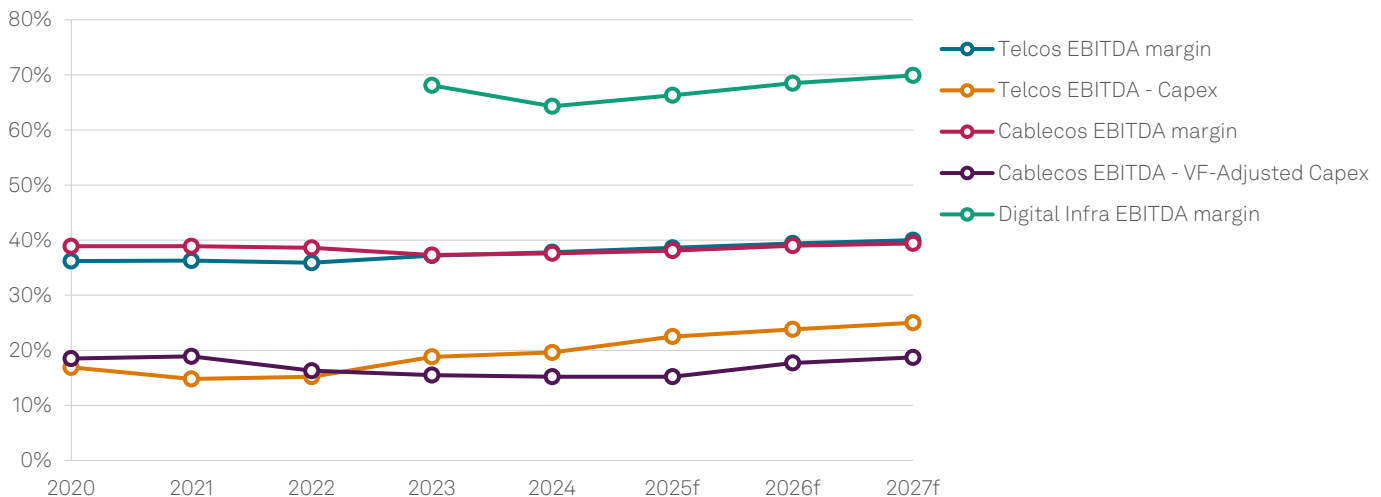
f--Forecast. Source: S&P Global Ratings.

Revenue: Trends have broadly turned supportive since 2021. Operators have reported moderate top line growth from ongoing fiber, 5G, and convergence penetration. Combined with lower competitive pressure, this has and will translate into consistent revenue growth in our forecast: we expect top-line revenue growth of 1.5% on average for telcos in 2026-2027. Given our base-

case assumption of under 3% annual nominal GDP growth in the eurozone for this period, telecom revenue growth will lag inflation and remain slightly negative in real terms, but sufficient to support ratings. We expect the cableco portfolio will climb back to break-even after a weak 2025. Digital infrastructure companies will continue to outperform telcos with 5% growth in 2026, on the back of increasing utilization of their critical infrastructure.

Chart 6

European EBITDA margins



f--Forecast. Source: S&P Global Ratings.

Margins: We forecast margin improvement of just under 1% per year through 2027, bringing aggregate adjusted EBITDA margin to 40% for telcos and cablecos. Cost control from efficiency programs, cheaper maintenance costs of fiber and 5G infrastructure, and the realization of M&A synergies are the drivers, allowing for EBITDA gains despite labor costs continuing to climb. We expect traditional efficiency programs (such as workforce reductions) will be enhanced by increasing migration to lower-cost advanced networks and AI-driven savings. Large players like Orange have already cited EUR200 million of AI benefits in 2024. And nearly all are citing expected savings, including more efficient network planning and operation/maintenance, energy consumption, customer care and personalization, and more general productivity gains from digitalization and process automation.

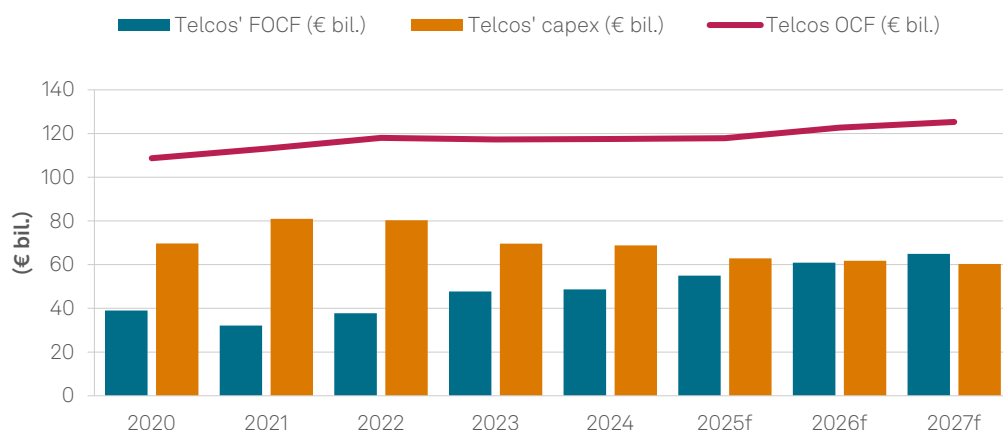
Digital infrastructure margins are significantly higher across all three asset class subgroups (towercos, wholesale fibercos, and data centers), and we forecast them to rise by almost 2% per year to almost 70% by 2027 from slightly above 64% in 2024, as a result of their passive and wholesale nature, with no material marketing costs, and the high operating expenses passed through to customers for towercos and data centers like Cellnex, Inwit, and Digital Switch. With high operating leverage, we expect margins will continue to grow at a faster pace than telcos and cablecos because of increasing utilization rates, especially on fiber, and standard price indexation (typically inflation-linked).

Capital expenditures: Driven by declines in average capex spending to more mature investment cycle levels of 15.6% of revenue in 2026 and 15% in 2027, our forecast for cash flows continues to improve, increasing financial flexibility. This new average capex intensity level should be sustainable and could yet fall further as more telcos wind down their fiber rollouts and realize reduced maintenance capex, though offset by the pace of 5G densification.

The drop is mainly due to fiber rollouts completing in large markets like Spain and France, and to a lesser extent a slowdown in 5G spending after the peak of the initial rollouts in many markets. However, the trend is uneven among markets and companies. Telefonica's capex intensity in Spain should fall to 11% in 2026, whereas we expect BT's to approach 25% in their FY2026 (ending in March 2026) as they complete the peak of their fiber rollout, falling to 21% in FY2027.

Chart 7

Growth in European telco cash flow to continue



Source: S&P Global Ratings.

Credit metrics and financial policy

Our broad expectations for higher cash flow generation gives financial flexibility to reduce leverage and improve credit ratios. However, we only expect incremental increases in rating headroom, rather than deleveraging to upgrade thresholds. This is because we believe financial policies will also prioritize shareholder returns with progressive and special dividends, as well as share buybacks depending on headroom, limiting ratings upside. The notable exceptions (all on positive outlook) are Deutsche Telekom, NOS, Odido, Iliad, Zegona Communications PLC, and TransteleCom Co. JSC.

Africa telcos and digital infrastructure

We see differences in growth trends, investment strategies, competitive intensity, regulatory development, and digital infrastructure strategies across Africa's 54 countries. However, common themes and trends center around growth drivers, capex trends, regulatory evolution, and digital infrastructure monetization.

Key drivers of subscriber growth in Africa include data, mobile money, as well as voice. Despite steady gains in smartphone adoption and internet usage, most African markets remain structurally underpenetrated. Mobile and fixed broadband, fiber, and device affordability vary sharply by country and by urban/rural dynamics, leaving large parts of the market still dependent on basic connectivity. In less-mature markets, voice remains the default entry-level service. Operators continue to add new voice subscribers, sustaining 1%–5% annual subscriber growth, and voice still contributes a meaningful (though shrinking) share of service revenue due to low ARPUs and a high share of prepaid reliance. The growth engine has significantly shifted to mobile data. Cheaper smartphones, youthful demographics, and expanding 4G/5G footprints are driving greater than 20% annual traffic growth per user, translating in most markets to greater than 20%

annual growth in data revenues. Mobile money remains the most powerful adjacency play; with large unbanked populations and dense agent networks, it continues to post double-digit growth in accounts, transaction volumes, and value processed, expanding into payments, remittances, credit, and merchant services. Together, mobile data and mobile money now represent the highest-growth revenue pillars for African mobile operators, consistently outpacing the legacy voice business and reshaping the continent's telco revenue mix.

Given slower development in telecom services, capex investments are not declining as they are elsewhere. Africa's largest mobile network operators (MNOs) have capital intensity of 10%-16%, although for some players with strongly growing markets it could be as high as 18%, lowering free cash flow margins. We expect capex intensity to remain higher across the continent than in developed markets, as MNOs and digital infrastructure providers grapple with challenges to network densification, including vast distances, challenging terrain and climate, poor road infrastructure, and lack of reliable power sources.

African telco regulation broadly remains uneven and less mature than in developed markets, with wide variation in spectrum policy, licensing frameworks, and service pricing rules. Regulators continue to prioritize coverage, affordability, and digital inclusion, while tightening requirements around know-your-customer practices, mobile money, data protection, infrastructure sharing, and quality of service as telcos expand into digital and fintech domains. However, high spectrum fees, inconsistent policy enforcement, and slow regulatory approvals still constrain network investment and elevate operational risk. Encouragingly, many governments are beginning to better appreciate the critical role telecoms play in economic development, especially where financial and transport infrastructure remain limited, leading to gradual improvements in regulatory clarity and stability.

Most MNOs and towercos in Africa exhibit higher stand-alone credit profiles (SACPs) than issuer credit ratings (ICRs), reflecting relatively strong operational and financial fundamentals. However, the ICRs remain constrained by sovereign-related risks, including macroeconomic volatility, regulatory uncertainty, and currency exposure, limiting the extent to which credit ratings can fully reflect stand-alone credit strength. For example, while we consider Botswana, Morocco, and South Africa to have moderately high country risk, we consider all other Africa countries for which scores are available to have high or very high risk, making geographic diversification a key mitigant against earnings volatility.

Gulf Cooperation Council (GCC)

Operating environment is supportive, with focus on non-telco adjacencies. We expect mid-single-digit revenue growth for the GCC telcos for 2026-2027, albeit slightly lower than previous years, as competition heats up in core markets and top line growth slows. We continue to expect average top line growth to remain faster than the global average of 2%-4% over 2026 and 2027. Moreover, as the GCC operators focus on ramping up non-telco segments, we expect some EBITDA margin dilution, although remaining above 35% on average. As and when the non-telco adjacencies become meaningful, the competitive environment and credit factors for the rating will evolve. Unlike trends in some other markets, where we expect capex to decline in the coming years (in line with our expectation of global capex decline of about 1%-2% in 2026 and 2027), and while we think capex to support fiber and 5G mobile rollouts peaked in 2024-2025 at about 19%-20%, we continue to see high investment requirements in 2026 of about 17%-20%, before tapering off to about 15% in 2027, on average. This is mainly due to continued investments in 5G, network rollouts, as well as investments in data centers and subsea cables, spurred by governments' push for digitalization. In the GCC region, dividend distributions will remain sizable but balanced by moderate leverage at well below 2x on average. While there are some sizable

refinancing requirements coming up in the 12 months ending Sept. 30, 2025 (such as for e&), we believe GCC operators have sufficient liquidity buffers to mitigate refinancing risks.

Seeking growth by way of international expansion. GCC telecom operators are focusing their M&A on scaling up by increasing their exposure to stable European markets, which mitigates the currency risk associated with other high-growth countries. We do not anticipate the GCC operators will seek majority control and, as a result, investment levels and rating impacts will likely remain limited, though rating headroom could narrow for GCC telco issuers given the debt-funded nature of these transactions.

Key risks or opportunities around the baseline

1. Lighter-touch regulation is creating pockets of opportunity for European telecoms.

In addition to concrete benefits from spectrum license extensions and increased flexibility in wholesale pricing, we see opportunities from a prioritization of regional sovereignty.

2. Market consolidation efforts may structurally improve the competitive playing field.

A reduction to three from four mobile players can improve market structures and further moderate competitive pressures. However, remedies that introduce new operators or create imbalanced market share could reignite price competition.

3. Bubble risk in digital infrastructure is an emerging risk requiring vigilance.

The AI-fueled appetite for new data center capacity combined with ample debt market capital chasing returns creates potential credit risks, including that of overbuild and stranded assets, market acceptance of weaker transaction structures, and complex circular financing risks.

Lighter touch regulation is creating pockets of opportunity for European telecoms. In light of increasing geopolitical uncertainty spurred by the war in Ukraine, erosion of traditional alliance frameworks, global tech competition, and supply chain disruptions, the European Union and national governments have increasingly emphasized a sovereignty-driven industrial and defense policy. This may provide direct benefits in terms of government business, investment incentives, and subsidies, and indirectly in terms of greater tolerance for in-market consolidation.

Telecommunications infrastructure, having already seen its star rise as a strategic and competitive priority during the COVID-19 pandemic and the resulting increase in reliance on virtual connectivity, is now being recast as a matter of strategic autonomy. This policy pivot is increasingly reflected in regulatory and financial signals that could bolster the credit outlook for European telecom issuers.

Major operators are also now tapping EU-level funding to support network investment, notably in fiber, data centers, and cyber-security assets. In rural and lower-density areas these infrastructure investments are increasingly co-financed through government subsidies, favorable tax treatment, and regulated concession frameworks. For instance, France has extended multiple regional concessions to single wholesale providers under regulated pricing to ensure economic viability to the infrastructure provider and accessibility to wholesale customers.

In addition to these subsidies and incentives, several markets, including France, Germany, and Spain, are reevaluating spectrum-auction rules, reducing and outright eliminating license costs to free up cash flow for network investment. We have also noted relaxed wholesale pricing regulation in markets like the U.K. and Spain, and initial signs of a more accommodative posture from competition authorities on consolidation, with JV mobile mergers in those two markets approved with light to no remedy requirements.

Market consolidation efforts may structurally improve the competitive playing field. We believe the most likely markets for consolidation discussions are France and Germany, but also note reports of consolidation interest in Italy and Spain as well. Regulators appear increasingly willing to consider easing structural constraints that have historically hampered scale and efficiency.

We generally view in-market consolidation in the telecom sector as supportive of long-term market quality and credit fundamentals. Consolidation can lead to more balance in terms of competitive intensity, pricing dynamics, and churn. This can positively impact our view of the affected companies. Furthermore, entity-specific effects such as an increase in scale, changes in profitability, or diversification, can also impact our view.

However, the outcome of in-market consolidation depends on deal-specific remedies, market dynamics, and execution. Consolidation typically improves market structure by eliminating subscale players or creating a better balance between operators. But based on previous consolidations in Europe, such effects often take time to materialize.

France is the leading market for additional consolidation to take place, with acute speculation over a potential breakup of Altice France S.A. Consolidation in the French market could support market quality for the remaining operators (Bouygues, Iliad, and Orange), but ultimately depends on the structure of a potential sale and remedies from the regulator. Two weeks after Altice France completed its debt restructuring in October 2025, the three other French operators made a nonbinding offer to acquire most of it at a pro forma enterprise valuation of over €21 billion. Altice immediately rejected the offer, but we expect discussions will continue in 2026. Given the scale of Altice France, an outright sale to a single competitor might be challenging from a financial and competition regulator perspective. A break-up of the company would therefore prove more feasible. It would also be more likely to support a higher-valuation offer than an outside bid, in our view. An external buyer would maintain the four-player market, while consolidation could ease the competitive pressure that has periodically led to price wars and declining ARPU trends in the French market.

Germany and Italy are two other markets with consolidation potential. In Germany, TEFD is rumored to be interested in acquiring 1&1. This would address the revenue hole left in its operations from 1&1's migration to a wholesale agreement with Vodafone. This is one of the elements that we believe contributed to an increase in market competition over the last year as Telefonica has tried to mitigate the wholesale revenue loss with retail subscriber gains. It would also remove a subscale Germany-only player, leaving three scaled, international players that could allow greater focus on front book price improvement, a more sustainable path to revenue growth than net subscriber adds in a mature market.

In Italy, intense competition in the mobile market has prompted consolidation talks in the market once again. While discussions between Iliad and Telecom Italia have publicly ended, we believe a combination between Iliad and WindTre may be explored. If agreed, remedies would be key to determining the impact on the market quality. After WindTre's merger in late 2016, Iliad's entry as the replacement fourth operator in 2018 reignited competitive pressure, helping to make Italy one of Europe's most challenging markets in our view.

Bubble risk in digital infrastructure--in data centers in particular--is an emerging risk, though less acute in Europe than in the U.S. We believe the established cloud and colocation data center businesses of companies like Global Switch benefit from a longer track record, having been tested through the cycle with more predictable market demand and capacity additions coming at a more measured pace.

EMEA markets are not yet experiencing as rapid an AI data center expansion as the U.S., but an acceleration could raise new credit risks, particularly for those built outside of established, high-demand DFLAP markets (Dublin, Frankfurt, London, Amsterdam, Paris). Oversupply of purpose-built AI facilities in secondary markets poses stranded asset risk if demand doesn't materialize as anticipated.

Accelerated investment could also raise the risk of less experienced or less cautious players accepting weaker credit terms or taking on greater development or market risk to secure deals. This could introduce additional vulnerabilities if new-builds face construction challenges, or if oversupply conditions develop.

Industry Outlook: Latin America

Ratings trends and outlook

For Latam, we expect revenue growth in 2026 and 2027 in the 3.0%-3.5% range, in line with expected economic growth in the region. We believe EBITDA growth and moderate capex should continue to improve cash flow generation, providing additional ratings cushion.

The portfolio remains solid with 77% of it carrying a stable outlook, up from 60% a year ago, mainly related to robust demand for broadband and wireless services. This stability also reflects the macroeconomic steadiness on sovereigns such as Mexico, Brazil, and Chile, which is a significant factor that influence certain credits and could be a rating cap of some ratings.

However, about 15% of Latam telecom credits have negative outlook. This reflects the highly competitive environment that has weakened companies' earnings performance, and diminishing subscribers base of some operators, such as Telefonica Moviles Chile and Grupo Televisa.

Finally, the remaining 8% is related to VTR Finance NV, which we have placed on CreditWatch with positive implications due to the company's corporate reorganization.

Main assumptions about 2026 and beyond

1. Revenue growth will remain steady.

We expect moderate revenue growth in the low-single digits, slightly above with our expected GDP growth in the region.

2. Capex should remain moderate for 2026.

Capex will depend on Latam companies' 5G development and fiber deployment.

3. Digital infrastructure companies' growth in line with macroeconomic regional conditions.

We expect GDP growth for Latam to be around 2.0%-2.5% for the next couple of years. This will be in line with expected growth for digital infrastructure companies over the same period.

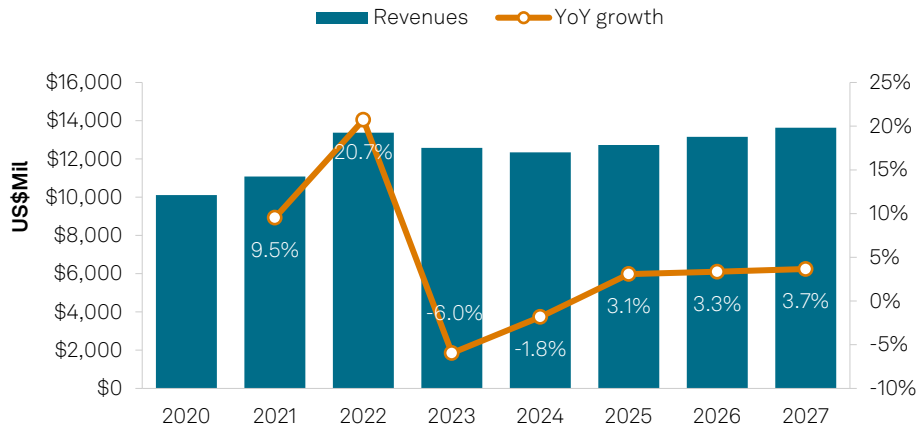
Modest revenue growth driven by consumer mobile and fiber services. We expect modest revenue growth mainly within the consumer mobile segment, residential services, and fiber in the business segments. This growth will likely come from a gradual rising subscriber base, strategic bundling of services, and a portfolio and pricing optimization, which should lead to better ARPU.

Argentina's telecom industry is undergoing a phase of market consolidation and network modernization, supported by strengthening fundamentals, moderating macro volatility, and improving financial flexibility. Therefore, we expect revenues to resume real growth, driven by tariff increases in line with or slightly above inflation, a rebound in equipment sales as consumption spending and lending recover, and continued expansion of both mobile and fixed services penetration.

In Chile, we expect revenue growth to remain in the low- to mid-single digits, while EBITDA margins may remain modestly pressured despite cost efficiency initiatives.

Chart 8

Latam revenue growth



Source: S&P Global Ratings. Projected growth from 2025 onwards.

Regional variations in capex driven by 5G and fiber deployment. Capital investments will vary across the region, primarily influenced by the stage of deployment of 5G and fiber technology. Regions that are further along in these advanced technologies are likely to see lowered investment as they monetize the completed investments before expanding further. Conversely, areas where deployment is still in the early stages may experience higher capital investment, as companies seek to enhance their infrastructure and improve services.

In Mexico, we expect broadly stable deployment aligned to the previous year as some players undergo a technology transition both to 5G and to FTTH. We assume prudent and business-growth-oriented capital allocation strategies will expand mobile and fiber network services, investments in connectivity, data centers, and AI.

However, in Argentina, we expect some moderation in capital investments compared to prior years, reflecting a more disciplined, return-focused approach to investment. While capital spending remains intense due to the ongoing technological shift, improved access to financing for Argentine corporates should enable higher investment levels going forward.

Over the coming years, we expect telecom operators to prioritize investments in mobile network capacity and FTTH expansion to enhance network quality and meet the rising demand for data.

Macroeconomic trends to drive growth for digital infrastructure companies. Regional macroeconomic conditions will support growth in the telecom industry over the next two years. A decline in inflation may increase consumer spending, benefiting both carriers and households. This increase in spending could encourage investments in tower and fiber deployment across various regions, enabling telecom companies to expand their infrastructure and improve provided services.

In Colombia, the transition to 5G technology and the growing adoption of fiber networks will be critical for growth. This coupled with low penetration rates in the Andean region will present a substantial opportunity for independent tower operators, who will have a key role in supporting the deployment of 5G while providing the necessary infrastructure.

Furthermore, digital infrastructure companies in the region are well-positioned to capitalize on these emerging opportunities, as they seek to meet the expected rising demand for connectivity

and high-speed internet services. However, these companies may face significant competition from other industry players, which could challenge their market share and pricing strategies.

Despite this competitive landscape, we believe carriers will remain focused on infrastructure development and technological advancement to drive growth for digital infrastructure companies.

Credit metrics and financial policy

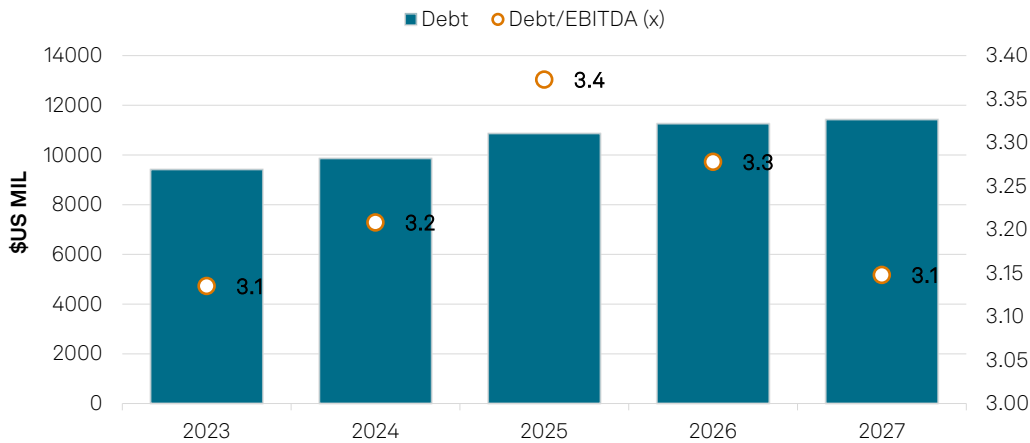
We anticipate credit metrics will remain broadly healthy and aligned with current rating levels. We estimate that debt to EBITDA for Latam telecom companies will continue in the 3.0x-3.5x range for 2026.

We forecast stable cash flow generation, which is fundamental for maintaining financial strength and flexibility. Additionally, we do not foresee a substantial increase in debt to finance capex. This approach is in line with our belief that companies will maintain a prudent financial policy towards leverage, thereby supporting their creditworthiness. As a result, we believe financial profiles will remain robust, allowing companies to navigate potential macroeconomic challenges.

We also have observed a more rational pricing behavior to improve ARPUs and profitability, which should largely persist during 2026. This will support modest revenue growth and broadly stable profitability margins in 30%-40% range. We believe main wireless operators will focus on sustaining revenue growth through service upgrades rather than competing for market share through tariff discounts, considering their regional niche markets. Moreover, we expect companies will keep focused on growing the share of post-paid services, which lead to a more predictable revenues and, therefore, carry better EBITDA margins.

Chart 9

Latam leverage



Source: S&P Global Ratings.

Key risks or opportunities around the baseline

1. Competition in some countries will remain high.

We continue to expect competitive pressures for telecom operators, particularly in Chile and Colombia, while potential consolidation and rational pricing strategies unfold.

2. M&A activity to increase.

We anticipate some acquisition activity in the region given the consolidation of the industry, mainly in Colombian and Chilean markets.

3. We expect prudent financial policies during 2026.

Telecom companies are likely to experience growth and improved FOCF through steady capital investments, which could lead to higher dividend distributions. But we expect companies in the region will likely adopt prudent financial policies to enhance credit metrics and ensure stability through 2026.

Competitive landscape and consolidation trends in Chile, Mexico, and Argentina. In Chile, the telecom industry remains highly competitive. The potential sale of Telefonica Moviles Chile could lead to some industry consolidation, which may support the industry's long-term profitability and sustainability. However, in the near term, the presence of at least four to five carriers across all segments continues to characterize a highly penetrated mobile and fixed market.

In Mexico, we believe mobile operators will increasingly adopt a more rational pricing strategy in response to market dynamics and competitive pressures. This shift towards more disciplined pricing is likely to be influenced by several factors, including the need to maintain profitability and stabilize churn rates. Looking ahead, we expect operators to focus on retaining their customer base through service upgrades rather than competing with aggressive tariff discounts.

In Argentina, following Telecom's acquisition of Telefónica Argentina, the market has effectively become dominated by two major companies, with a few smaller players operating in specific regions. Although the merger of Telecom and Telefónica's operations has not yet been formally approved, Telecom has already incorporated it as a subsidiary, exercises control, and has appointed a new board, even as both entities continue to operate independently. We believe the merger is likely to be approved--with certain remedies--and do not expect significant additional market shifts in 2026.

Anticipated M&A activity in 2026 amidst market consolidation. We expect some M&A activity during 2026 given the probable consolidation in some markets (e.g. Colombia and Chile). This consolidation is particularly significant in light of Telefonica's diminishing interest in the Latin American region, with the exception of its operations in Brazil. As Telefonica seeks to streamline its portfolio and focus on its core markets, we expect it to divest certain assets across Latin America.

The potential sale of these assets could create opportunities for other operators looking to expand their market presence, enhance their service offerings, and improving their competitive positions (e.g. Millicom in Colombia, through the potential acquisition of Coltel's assets, expected during the first half of 2026). Additionally, leading telecom companies might strengthen their footprint in specific markets or diversify their service portfolios (e.g. America Movil). Actually, America Movil initially announced its interest to acquire Telefonica's assets in Chile in partnership with Entel, given the realignment of the Chilean telecom market and the need for consolidation to stabilize the sector. However, both companies ultimately decided to abandon their bid and will now pursue the acquisition independently.

Companies will maintain prudent financial policies. Companies' expected growth coupled with steady capital investments would enhance their free operating cash flow. However, while we expect companies to prioritize debt payments, higher cash flow generation could lead to higher dividend distributions for shareholders.

We expect telecom companies in the region to continue improving key credits metrics in 2026 by prioritizing cost savings, making strategic capital investments, ensuring adequate liquidity, and focusing on optimizing revenue streams. Overall, we expect this approach will also support the overall stability and resilience of the telecom sector in the region through 2026.

Industry Outlook: Asia-Pacific

Ratings trends and outlook

We expect overall rating stability in 2026. We enter the year with about two-thirds of our rated APAC telcos and digital infrastructure companies on a stable outlook. Our telco sector forecast considers modestly rising earnings, easing capex, and divestments of non-core assets, balanced by investments into new growth engines. This balance means that despite the underlying cash flow improvement, rating upside will be limited to a few cases.

On the downside, key rating risks could arise from companies not reining in growth initiatives or keeping to balance sheet settings commensurate with the rating levels. Rating downside could also stem from earnings profiles and competitive advantages weakening after divestments of strategic businesses or assets.

2025 was a mixed bag of positive and negative rating actions for APAC telcos and digital infrastructure companies. Among the telcos, we saw two negative rating actions due to divestments (which led to our lowering the SACP on Malaysia-based Axiata Group Bhd.) and investments (which led to the downgrade of NTT Inc.). There were also rating actions associated with competition (easing in the case of India (resulting in the upgrade of Bharti Airtel Ltd.) and rising in some segments within New Zealand (resulting in our revising the outlook on Spark New Zealand Ltd. to negative)). In contrast, we upgraded another New Zealand telco, 2degrees Group Ltd., due to earnings growth and debt reduction. Lastly, we raised the SACPs on Taiwan telco Far EasTone Telecommunications Co. Ltd.'s (FET) and Telekom Malaysia due to strong discretionary cash flow, and revised the rating outlook on FET to positive on the back of its parent's deleveraging.

In our review of APAC digital infrastructure companies in 2025, we affirmed the ratings on all the rated names and placed our ratings on New Zealand wholesale fiberco Chorus Ltd. on positive outlook to reflect its strong regulated cash flow and prudent capital management.

Main assumptions about 2026 and beyond

1. Modest earnings growth on average, lifted by easing competition in some markets.

EBITDA will rise by 4% on average on 2026, supported by the continued increase in mobile data consumption and fixed broadband adoption. Where there has been recent consolidation, more rational competition will bolster ARPU. In contrast, consolidation of telco markets can weigh on the earnings of APAC tower companies.

2. Less capex intensity amid more infrastructure sharing.

Most telcos have dialed back their optimism over near-term returns from 5G. Correspondingly, network capex for telcos will likely decline, as they invest prudently. We project capex intensity (capex as a proportion to revenue) to continue easing slightly in 2026 and average 16%-17%. More passive infrastructure sharing is likely, driven by cost-economics and spurred, in some markets, by regulation.

3. Divestments to remain a key leverage management tool.

Many Asia-Pacific telcos are reviewing their portfolios and have divestment pipelines. Proceeds will go toward funding new growth engines or managing balance sheets. This is especially so in mature or highly competitive markets where growth tends to be slower.

Earnings of telcos to rise modestly in most markets. Despite macroeconomic uncertainties, we expect retail spending on telco services to be largely stable. An increase in mobile data consumption and penetration will drive mobile revenue growth. In some markets, repricing driven by easing competition will provide an incremental push.

Particularly in South and Southeast Asia, such as the Philippines and Thailand, we see increasing fixed broadband adoption contributing to rising earnings. Where we expect a 1%-5% uptick in the mobile revenues of our rated telcos in these two markets, we expect 5%-10% increase in their fixed-line segments. FWA adoption will also continue to gain momentum and contribute to telcos' earnings in markets including New Zealand, Australia, and India. FWA serves to supplement fiber broadband in underserved areas as 5G network availability increases FWA's viability.

We also project a slight improvement to margins. Cost-cutting efforts, supported by AI adoption and simplified business structures, will support this.

A refocus on profits in markets with easing competition will support higher ARPUs. Several telco markets in the region have undergone or announced consolidation in the past few years, including Thailand (March 2023), Taiwan (December 2023), Sri Lanka (June 2024), and Indonesia (April 2025). There was also a consolidation in Singapore's fixed broadband space in August 2025, and another consolidation pending regulatory approval in the country's mobile space (announced August 2025).

In these markets we see a move away from price competition and, in some cases, towards providing more value through bundles. For example, the unlimited data plans in Thailand have been discontinued following the market consolidation.

In our view, the refocus on profits also reflects the need to recoup significant network investments in 5G over the past few years.

In contrast, telco consolidation can lead to rationalization of telecom towers and weigh on towercos' growth. The merger of telcos can mean overlapping tower leases. As tower leases are non-cancellable, we do not expect a steep decline in tenancies immediately. However, towercos tend to work with the merged telco, allowing the exchange of some of these overlapping sites for new sites out of goodwill. Additionally, as leases mature, the merged telco may choose to not renew leases on some of the overlapping tower sites.

For rated Indonesian towerco Profesional Telekomunikasi Indonesia PT (Protelindo), we expect its revenue to be almost flat in 2026, owing to the recent consolidation among the country's telcos.

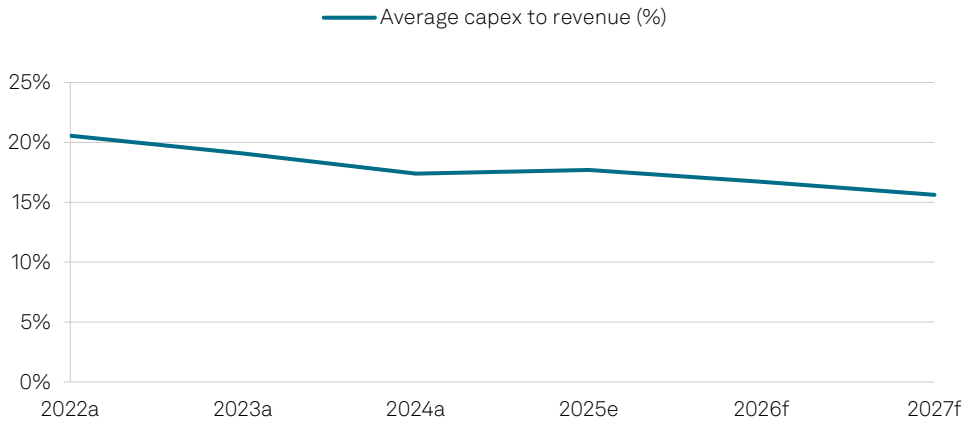
Capex intensity to ease further. Most telcos have lowered their expectations over significant near-term returns from monetizable 5G industrial use cases. We expect telcos to benefit slightly from 5G from higher-priced plans and typically higher data consumption, and to use it to offer fixed-wireless access in some countries. Correspondingly, mobile network capex for telcos will likely decline as they invest prudently.

In some markets though, we expect fiber network investments to pick up, especially in markets with lower fixed-line broadband penetration and uptake, particularly in South and Southeast Asia.

Our projected average capex intensity of 16%-17% in 2026 compares with 19%-21% in 2022-2023.

Chart 10

Capex intensity to ease further



a--actual. e--estimate. f--forecast. Source: S&P Global Ratings.

Investments in and contribution from new growth engines to rise. As penetration rates rise and revenue growth potential declines in mature and maturing markets, telcos will continue to seek new income streams. For example, for Japanese telcos NTT Inc. and Softbank Corp., non-telecom operations already account for over 30% of EBITDA.

Data centers, digital banks, and enterprise solutions are among the key common investment themes among APAC telcos. These non-telecom segments leverage on the telcos' network infrastructure and customer base. At the same time, they may result in stronger customer retention within their telecom business.

Divestments to keep leverage in check. In our view, telcos will try to manage leverage while investments in new growth engines rise and earnings from these new streams take time to ramp up. This comes after the wave of passive telecom tower sales in the last few years amid high 5G network capex. Spark's sale of 75% stake in its data center business, for instance, will help its debt metric ease from its peak in fiscal 2025 (year ended June 30, 2025).

Several telcos in the region have identified a divestment pipeline. This includes Singapore Telecommunications Ltd. with its Singapore dollar (S\$) 9 billion asset recycling program; PLDT's plan to sell partial stakes in its data centers and monetize its legacy copper assets; and Hong Kong-based PCCW Ltd.'s potential sale of its over-the-top business, or disposal of non-core assets.

Credit metrics and financial policy

We expect credit metrics to remain flat in 2026. This considers easing of competition in several markets and a corresponding earnings improvement. At the same time, capex intensity continues to ease slightly, while divestments of non-core assets continue. These factors balance the growing investments in new growth engines. In addition, a number of telcos in the region tend to distribute special dividends from divestments, diluting the full extent of deleveraging benefits that such actions could otherwise bring.

For our rated digital infrastructure companies, we also expect credit metrics to be flat or to see a slight deleveraging. While digital infrastructure companies tend to generate high, recurring cash flows that result in natural deleveraging, we see unique circumstances in those we publicly rate.

For example, Protelindo's earnings growth has been held back by a market slowdown arising from Indonesia's telco market consolidation, whereas India-based Summit Digital Infrastructure Ltd.'s deleveraging is subject to its payout of surplus cash to its shareholders via its shareholder loan. Meanwhile, Chorus' leverage is dependent on the New Zealand government's decision on the National Infrastructure Funding and Financing debt and equity securities that it holds.

Financial policy remains key because majority of the rated APAC telcos are investment grade. Their investments in new growth engines, unlike their investments into telco networks, are more in their control in terms of timeline, in our opinion.

Decisions on what to divest and what proportion of divestment proceeds to return to shareholders--essentially their financial policy--as well as execution of such divestments will be crucial for telcos in managing balance sheets and ratings.

Key risks or opportunities around the baseline

1. National digital agendas could be a boon or a bane.

Regulations arising from such agendas usually result in more infrastructure sharing. While this may create positive cost-economics for the telcos, it can also erode the competitive advantage that they had with owning and having exclusive access to network infrastructure assets.

2. Spectrum purchases and network breaches could weigh on credit metrics and earnings.

Sporadic spectrum buys can push up leverage, especially in markets where licenses are expensive. In some markets, spectrum auction roadmaps are not as clearly laid out, leading to an overhang of uncertainty. Like spectrum auctions, network breaches--both outages and cyberattacks--may not always be fully in the control of telcos. But the fallout in terms of churn, remediation, and reputation would be theirs to bear.

3. Satellite internet could become more viable over the longer term.

Major satellite internet providers have entered APAC markets. While complementary to traditional telco services for now, this is a space to watch.

Governments' push for connectivity and digitalization can create both risks and opportunities.

Such agendas typically mean a push toward infrastructure sharing. The aim is better network connectivity in the country by focusing buildout in areas of weaker connectivity and to fortify existing networks, while minimizing duplicate networks. This would lower the entry barriers for new telcos and reduce the capex needs of existing telcos. At the same time, it can bring in potential new revenue streams from network wholesale.

However, it can also result in more competition and erode the competitive advantage that incumbents possessed with ownership and exclusive access to their network infrastructure. Philippines telcos face such regulatory uncertainties, with the new Konektadong Pinoy Act becoming law in August 2025 (details around implementation remain to be ironed out).

Similarly, the mandatory standard on access pricing (MSAP) in Malaysia is due for review in 2026. This regulatory mechanism is reviewed every two to three years and sets the prices that wholesale telcos can charge retail telcos for using their networks. In the past reviews, there were substantial cuts to the wholesale rates, which in turn led to lower-priced retail broadband options for consumers.

Sporadic spectrum auctions can weigh on leverage, though less than in prior years. There are a few spectrum auctions likely over the next 12-24 months, such as in Indonesia, Japan and

Thailand. This comes after significant spectrum auctions in markets including Australia, India, Indonesia, and Thailand over the past three years.

We consider spectrum liabilities as debt-like and add them to our adjusted debt numbers, even when their payments are staggered over several years. As such, large spectrum purchases can weigh on telcos' leverage, while corresponding benefits take time to realize, if at all. For example, 5G spectrum purchases have helped to lift earnings slightly, to the extent they allow for offering 5G FWA, or drive higher data consumption or upgrades to higher-priced 5G plans. So far, the new spectrums have mainly helped the telcos keep competitive parity within a market.

Given massive spectrum purchases in the past few years, we don't expect telcos will pour significant capital into acquiring new spectrum licenses in the near term--that is, until they can reap more returns from 5G.

Network breaches could mean customer churn, remediation costs, and a hit to reputation.

Australia-based Singtel Optus Pty Ltd.'s faced a triple-zero network outage in September 2025, the third major issue for the company in three years. Similarly, the three largest Korean telcos--SK Telecom Co. Ltd, KT Corp., and LG Uplus Corp.--were hit with separate incidents of cybersecurity breaches in 2025. We will be monitoring customer churn, as well as financial fallout and incremental capex arising from these incidents.

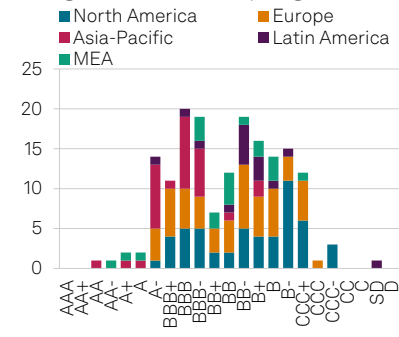
Satellite internet is a space to watch. Large satellite internet providers have expanded their presence in APAC, some through partnerships with telcos. We expect satellite internet to remain a complementary service for now. The providers' focus has been mainly in niche segments, such as maritime, aviation and in underserved areas. But as direct-to-cell satellite services mature, it could become a more viable threat to telcos and towercos.

Related Research

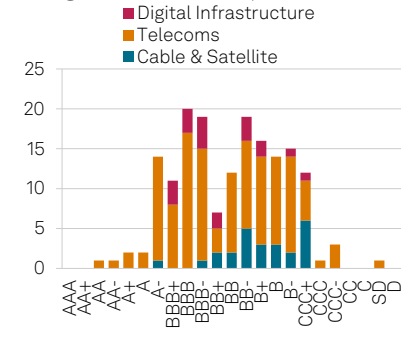
- [U.S. Cable Industry Bundles Up For Subscriber Losses](#), Dec. 15, 2025
- [Japan Telecoms: Risks and Rewards Of Diversification](#), Nov. 11, 2025
- [Asia-Pacific's US\\$100 Billion Data Center Developments To Reshape Funding Models](#), Sept. 22, 2025
- [Canadian Telecom Brief: Stage Set To Lower Leverage By 2026](#), Sept. 18, 2025
- [Peer Comparison: Digital Infrastructure Companies](#), July 31, 2025
- [Industry Credit Outlook Update Europe: Telecommunications](#), July 16, 2025
- [U.S. Wireless Industry Connecting In 2025, With Risks On The Rise In 2026](#), July 7, 2025
- [How We Calculate Selected European Telcos' Leverage](#), May. 27, 2025
- [China Data Centers: Top Players Will Dominate AI Push](#), May 12, 2025
- [U.K. Telecom Outlook: Consolidation In Mobile, Fragmented Fixed, And Broadly Stable Ratings](#), April 11, 2025
- [European Telecoms Investment-Grade Portfolio How Credit Stories Unfolded](#), Feb. 11, 2025
- [GCC Telcos' International Expansion: What, Why, How?](#), Jan. 21, 2025
- [U.S. Telecom And Cable 2025 Outlook: Convergence, Consolidation, And Disruption](#), Jan. 13, 2025

Ratings Trends

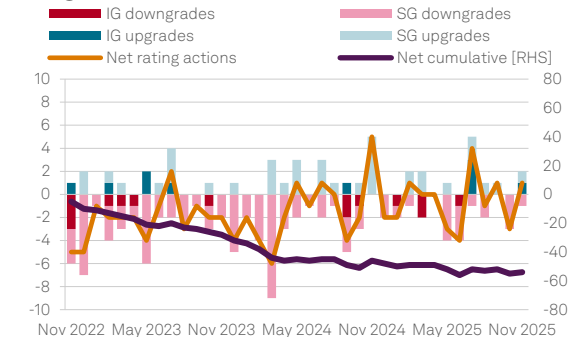
Ratings distribution by region



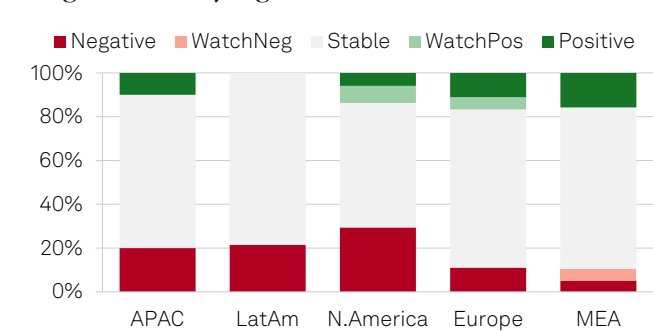
Ratings distribution by subsector



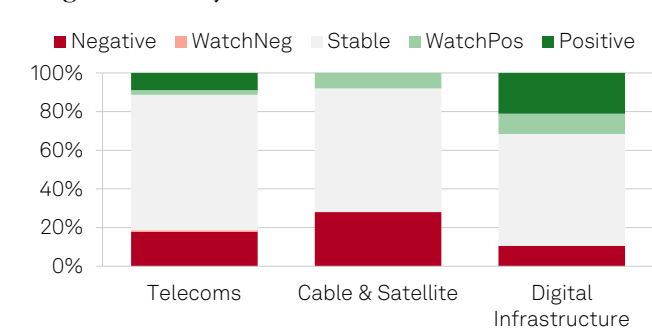
Ratings actions



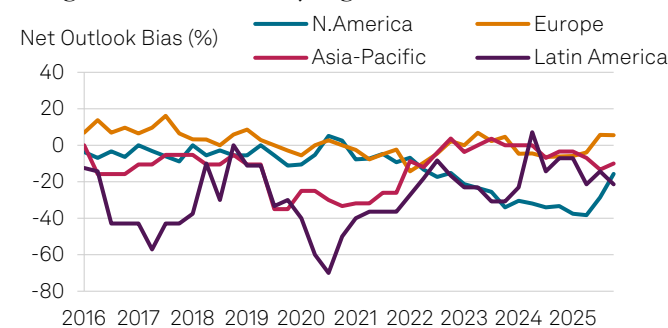
Ratings outlooks by region



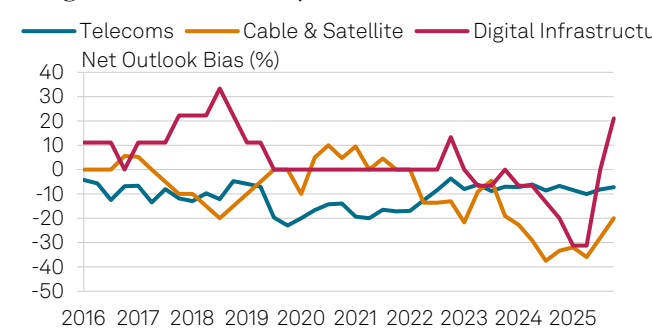
Ratings outlooks by subsector



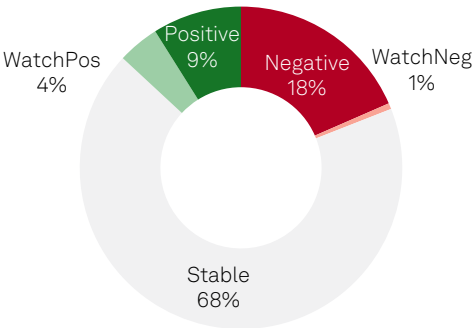
Ratings outlook net bias by region



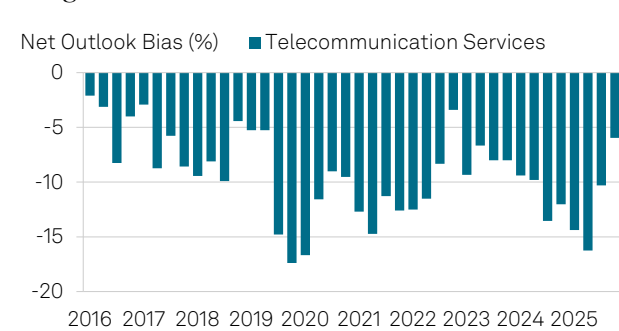
Ratings net outlook bias by subsector



Ratings outlooks



Ratings net outlook bias



Source: S&P Global Ratings. Ratings data measured at quarter-end, except for ratings actions which are shown monthly.

Industry Forecasts (Medians)

Fixed and Wireless

		All				Investment Grade				Speculative Grade			
		2024	2025e	2026e	2027e	2024	2025e	2026e	2027e	2024	2025e	2026e	2027e
Revenue growth, local currency (Y/Y%)	Global	1.5	2.2	3.0	2.9	1.8	1.4	2.3	1.7	0.9	3.0	3.6	3.6
	Asia-Pacific	2.2	2.3	2.4	1.7	1.9	1.4	2.0	1.6	9.9	8.2	14.4	6.1
	Europe	1.3	2.9	2.7	2.0	1.5	1.6	2.1	1.7	1.1	3.2	3.0	2.8
	Latin America	3.2	8.2	4.2	4.2	6.5	11.1	4.5	5.6	0.9	3.1	3.3	3.3
	North America	-0.6	1.4	3.5	3.3	1.3	0.7	2.4	1.2	-1.9	1.7	3.9	4.0
EBITDA growth, local currency (Y/Y%)	Global	2.7	3.9	4.1	4.3	3.4	2.7	3.6	3.0	1.1	5.1	5.8	5.6
	Asia-Pacific	4.2	2.6	2.9	3.4	3.3	-0.3	2.6	2.9	18.8	11.0	15.8	6.0
	Europe	2.8	4.4	3.2	3.3	3.4	4.4	3.2	3.0	1.3	4.7	3.3	4.4
	Latin America	3.0	4.7	4.1	4.8	8.6	4.8	7.5	7.0	-1.8	7.4	4.1	4.5
	North America	-0.3	3.8	5.9	5.5	3.1	2.1	3.3	2.3	-2.7	3.9	7.2	7.2
EBITDA margin (%)	Global	35.7	36.1	37.5	38.1	36.9	37.8	38.2	38.4	33.9	35.2	36.8	37.8
	Asia-Pacific	34.7	34.3	35.2	35.5	35.0	35.6	35.2	35.7	29.2	29.1	27.6	27.6
	Europe	37.1	38.0	38.5	39.2	38.3	38.0	38.5	38.7	35.3	37.8	39.0	40.7
	Latin America	30.1	29.2	29.0	29.2	36.7	37.7	38.8	38.4	28.0	29.2	28.6	28.8
	North America	35.5	36.1	37.6	38.9	43.0	42.8	43.8	44.0	34.3	33.2	36.3	37.8
Capex growth, local currency (Y/Y%)	Global	-3.3	0.0	0.0	0.0	-2.1	-2.2	0.4	-0.7	-5.2	3.4	-1.1	0.6
	Asia-Pacific	-5.9	-3.2	0.0	-1.2	-5.9	-0.2	0.0	-1.2	-15.7	-10.6	3.2	-1.9
	Europe	-1.5	-4.9	-1.1	-2.2	-0.9	-4.9	0.0	-2.6	-5.1	-4.6	-1.3	0.0
	Latin America	-17.3	39.1	-0.2	2.8	-16.5	-0.9	0.3	1.8	-18.1	39.4	-0.2	3.9
	North America	-7.6	7.6	0.0	0.1	-7.0	-5.0	3.5	0.2	-7.6	11.7	-2.5	0.0
Debt/EBITDA (x)	Global	3.1	3.0	3.0	2.8	2.6	2.5	2.5	2.3	4.7	4.7	3.9	3.8
	Asia-Pacific	2.4	2.3	2.2	2.0	2.4	2.2	2.4	2.1	2.5	2.0	1.5	1.3
	Europe	3.7	3.5	3.6	3.2	2.7	2.7	2.7	2.7	5.7	5.1	4.9	4.6
	Latin America	2.7	2.5	2.4	2.3	2.6	2.6	2.3	2.2	2.9	3.1	3.1	3.0
	North America	5.2	5.1	4.1	3.8	3.3	3.2	3.2	3.3	5.5	6.3	5.5	5.0
FFO/Debt (%)	Global	22.6	24.4	25.9	27.0	29.1	30.4	31.9	31.7	12.1	13.5	15.7	17.6
	Asia-Pacific	27.6	31.4	33.3	34.0	29.0	30.6	32.1	31.9	17.7	31.5	50.7	58.8
	Europe	18.5	21.0	21.0	24.4	30.1	31.6	29.9	30.0	11.4	12.9	14.2	14.7
	Latin America	23.2	25.7	28.8	29.1	29.1	31.4	33.4	36.2	19.1	22.4	24.5	24.3
	North America	11.1	10.7	13.9	15.5	23.2	23.0	23.3	22.2	8.8	8.6	10.3	12.5
FOCF/Debt (%)	Global	5.5	8.0	9.9	11.1	13.8	13.1	13.0	15.0	2.3	3.1	6.0	7.5
	Asia-Pacific	7.5	10.9	9.5	13.8	8.6	12.2	9.5	13.8	-3.5	6.7	6.3	13.4
	Europe	6.7	6.9	10.5	12.1	14.8	14.4	15.2	16.5	2.6	3.4	6.1	7.5
	Latin America	4.9	8.7	9.8	8.8	10.4	7.0	11.3	11.1	4.3	10.9	9.8	8.5
	North America	2.4	3.1	6.1	7.0	11.2	11.6	12.6	13.3	1.4	1.4	2.5	4.5

Cable and Satellite

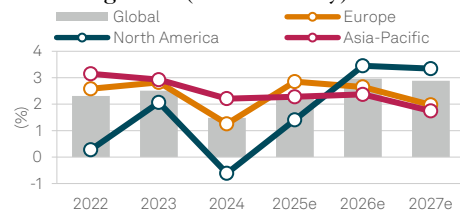
		All				Investment Grade				Speculative Grade			
		2024	2025e	2026e	2027e	2024	2025e	2026e	2027e	2024	2025e	2026e	2027e
Revenue growth, local currency (Y/Y%)		-0.3	-2.0	-0.3	0.2	1.8	-1.9	-1.6	-0.3	-0.4	-2.1	0.1	0.2
EBITDA growth, local currency (Y/Y%)		-0.1	0.2	1.2	1.9	1.3	-5.1	-9.4	1.9	-0.4	0.4	1.7	1.9
EBITDA margin (%)		37.4	38.6	39.8	40.4	32.8	31.7	29.2	29.9	38.2	39.1	40.3	40.9
Capex growth, local currency (Y/Y%)		-4.4	-9.8	-1.5	-0.7	-2.7	-2.8	-3.6	1.9	-5.7	-9.9	-1.3	-0.9
Debt/EBITDA (reported, x)		4.8	5.1	4.9	4.8	2.5	2.5	2.6	2.4	4.9	5.2	4.9	4.8
FFO/Debt (%)		13.3	13.6	13.3	14.2	29.0	34.6	30.6	35.1	13.0	13.5	13.0	13.9
FOCF/Debt (reported, %)		0.7	0.8	1.1	2.4	13.1	19.0	14.3	17.3	-0.3	0.7	0.7	2.1

Digital Infrastructure

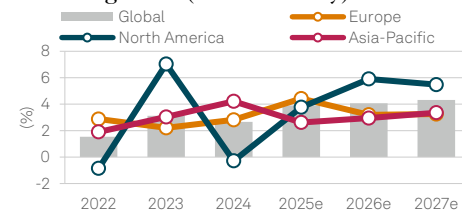
	All				Investment Grade				Speculative Grade			
	2024	2025e	2026e	2027e	2024	2025e	2026e	2027e	2024	2025e	2026e	2027e
Revenue growth, local currency (Y/Y%)	3.2	1.4	4.7	4.7	3.3	2.8	4.4	4.3	-1.2	1.1	5.2	7.1
EBITDA growth, local currency (Y/Y%)	4.9	3.5	6.8	6.0	5.9	1.2	5.8	3.7	1.3	6.7	11.0	9.5
EBITDA margin (%)	52.9	62.5	64.5	65.7	69.3	71.7	72.2	72.2	52.7	55.6	57.5	59.8
Capex growth, local currency (Y/Y%)	-10.7	8.9	2.9	0.9	-10.7	6.9	2.9	0.9	-10.2	10.0	2.7	4.0
Debt/EBITDA (reported, x)	5.7	5.5	5.4	5.3	5.6	5.5	5.4	5.3	6.0	5.4	5.8	5.7
FFO/Debt (%)	11.8	12.3	12.7	13.3	12.2	13.1	13.2	13.3	11.2	12.0	11.2	11.9
FOCF/Debt (reported, %)	2.0	4.3	5.6	7.1	3.6	7.3	7.3	8.3	1.9	-2.9	-0.5	3.3

Fixed and Wireless

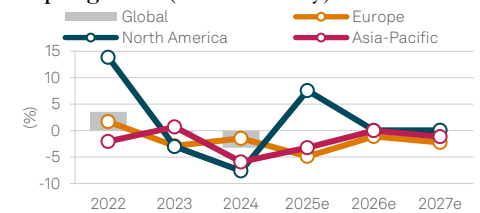
Revenue growth (local currency)



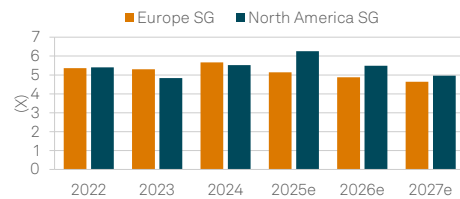
EBITDA growth (local currency)



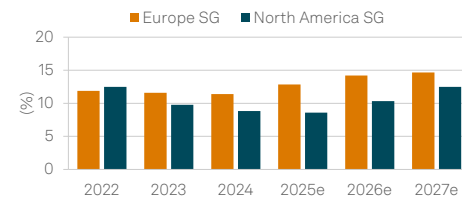
Capex growth (local currency)



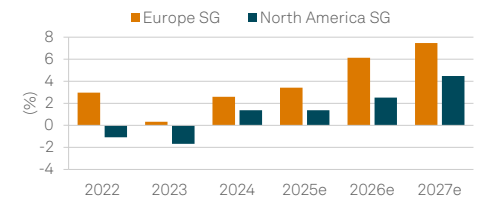
Debt/EBITDA



FFO/Debt



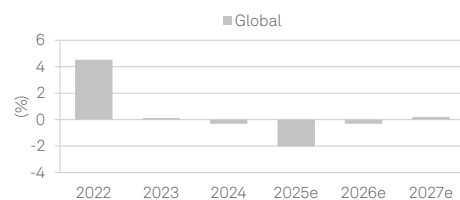
FOCF / Debt



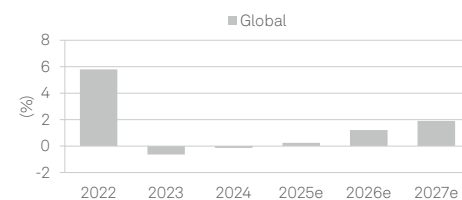
Source: S&P Global Ratings. e--estimate. FFO—Funds from operations. FOCF—Free operating cash flow. Data as of Dec. 31, 2025.

Cable and Satellite

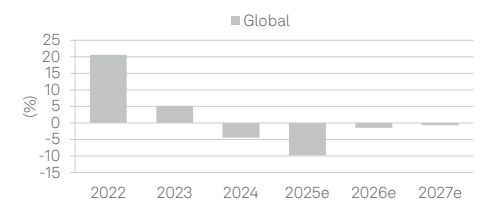
Revenue growth (local currency)



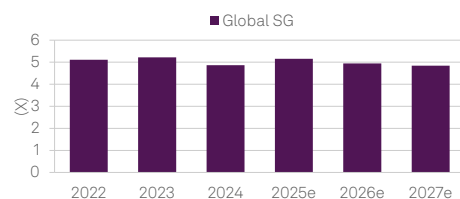
EBITDA growth (local currency)



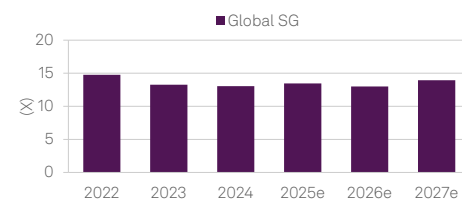
Capex growth (local currency)



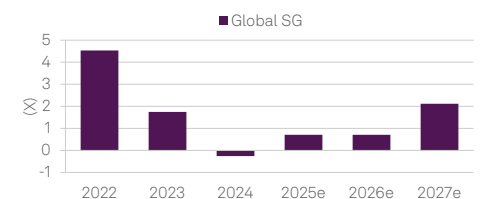
Debt/EBITDA



FFO/Debt



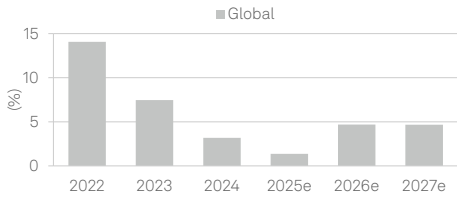
FOCF / Debt



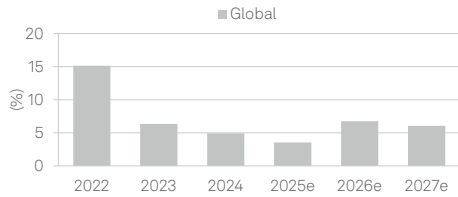
Source: S&P Global Ratings. e--estimate. FFO—Funds from operations. FOCF—Free operating cash flow. Data as of Dec. 31, 2025.

Digital Infrastructure

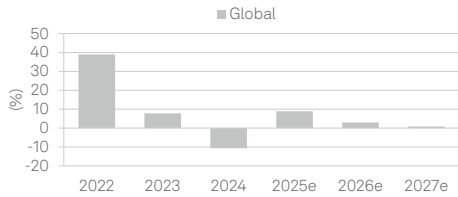
Revenue growth (local currency)



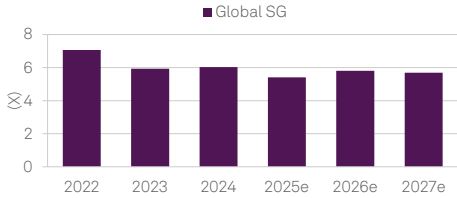
EBITDA growth (local currency)



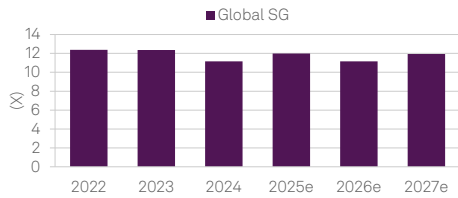
Capex growth (local currency)



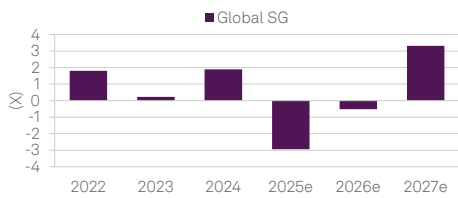
Debt/EBITDA



FFO/Debt



FOCF / Debt



Source: S&P Global Ratings. e--estimate. FFO—Funds from operations. FOCF—Free operating cash flow. Data as of Dec. 31, 2025.

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