



# Global Telcos' imperative

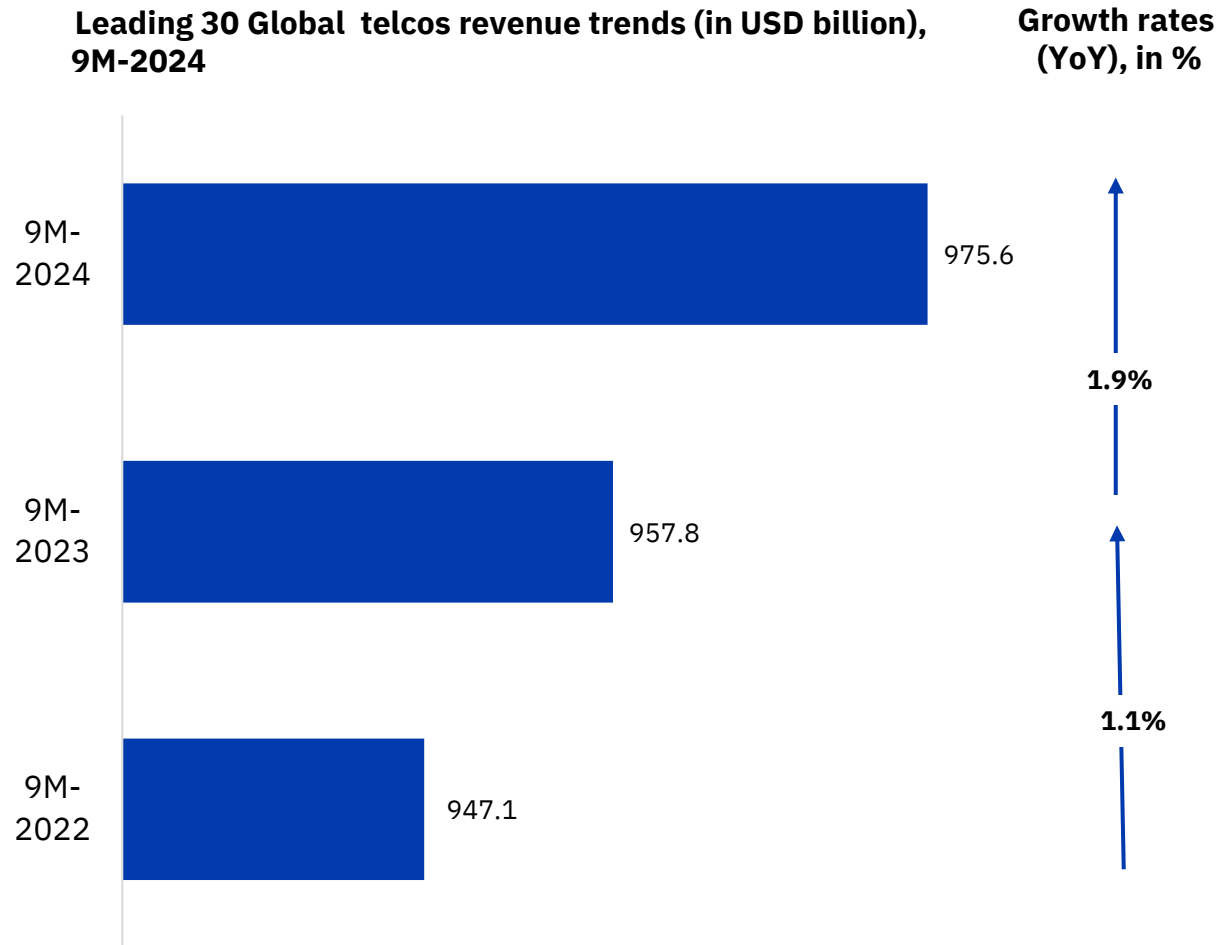
Quest for Leadership in the AI era



## Key highlights

- 🌀 Industry revenue showed a 1.9% expansion YoY for 9M-2024, surpassing 2023's 1.1%, led by tariff adjustments and 5G-driven data consumption.
- 🌀 Revenue momentum, operational improvements, and cost optimization stabilize EBITDA margins at 34% level.
- 🌀 Maturing 4G/5G networks in the US, India, China, and Europe reported reduced CAPEX spending, indicating a shift to efficiency.
- 🌀 Average ARPU remains stable at USD 22.4 for 9M-2024, with Indian telcos benefiting from tariff hikes, while developed markets see stagnation.
- 🌀 Enterprise revenue reached 20.9% of total revenue in 9M-2024, with 53% of telcos surpassing this benchmark contribution.
- 🌀 Beyond-Connectivity revenue grew to 24.5% in 9M-2024 from 23.4% in 9M-2023, highlighting its growing revenue contribution.
- 🌀 M&A synergies reshape the telecom landscape, by reducing pricing pressure and supporting digital infrastructure investments.
- 🌀 AI integration accelerates innovation and efficiency for leading telcos, proving its strategic value.
- 🌀 Emerging AI use cases highlight its increasing adoption among telcos, enhancing processes and customer experience.

## Industry witness improvement in revenue growth rate for 9M-2024

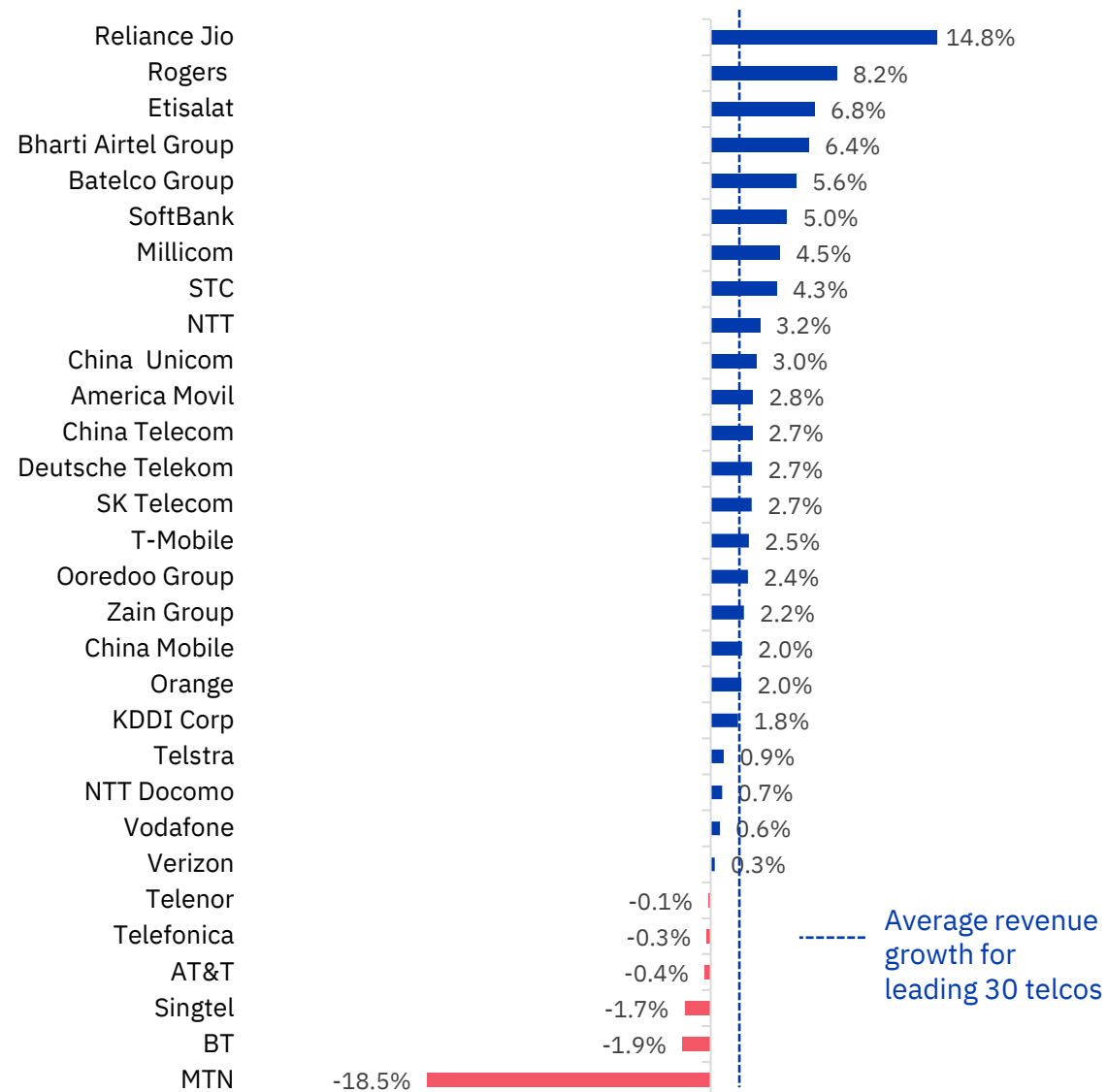


- Industry revenue grew by modest 1.9% YoY for 9M-2024, slightly better as compared to 1.1% in 9M-2023.
- Factors driving stable growth:
  - Increased data consumption led by growth in 4G/5G subscribers.
  - Strategic pricing increments in select countries like India
  - Growth in Enterprise and Beyond-connectivity segments.
- Middle East telcos registered highest average YoY revenue growth for 9M-2024 led by increased data consumption, followed by Latam and APAC regions.
- North American telcos maintain varied performance; AT&T and Verizon report stagnant revenue trajectories, while Rogers demonstrates strength, affecting overall regional growth.
- European telcos confront intense competition, resulting in stagnant revenue dynamics.

## Tariff increase and 5G led data consumption drives revenue growth

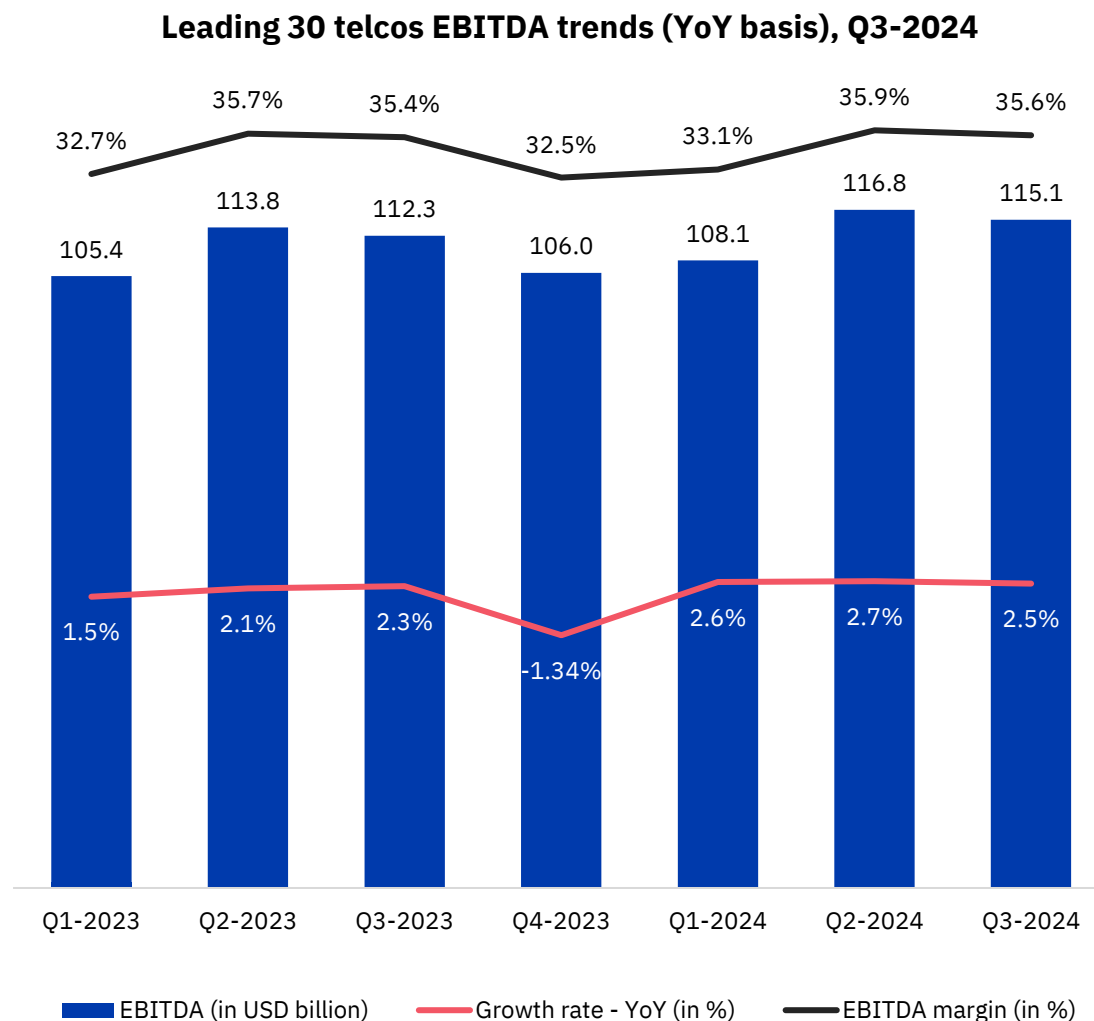
- The industry achieved an aggregate revenue of USD 975.6 billion in 9M-2024.
- Indian telcos deliver strong performance in the mobility segment, driven by strategic tariff increases and an expanding subscriber base.
- Middle Eastern telcos demonstrate revenue growth, leveraging increased data service demand and supported by the ongoing expansion of 4G and 5G networks.
- North American and European telcos leverage FWA and FTTH as pivotal growth drivers.
- Telcos like MTN, Telefonica, and Telenor face revenue declines, primarily attributed to geography-specific challenges like currency devaluation, thereby impacting overall revenue momentum.

Leading Global telcos Revenue change (YoY in %), 9M-2024

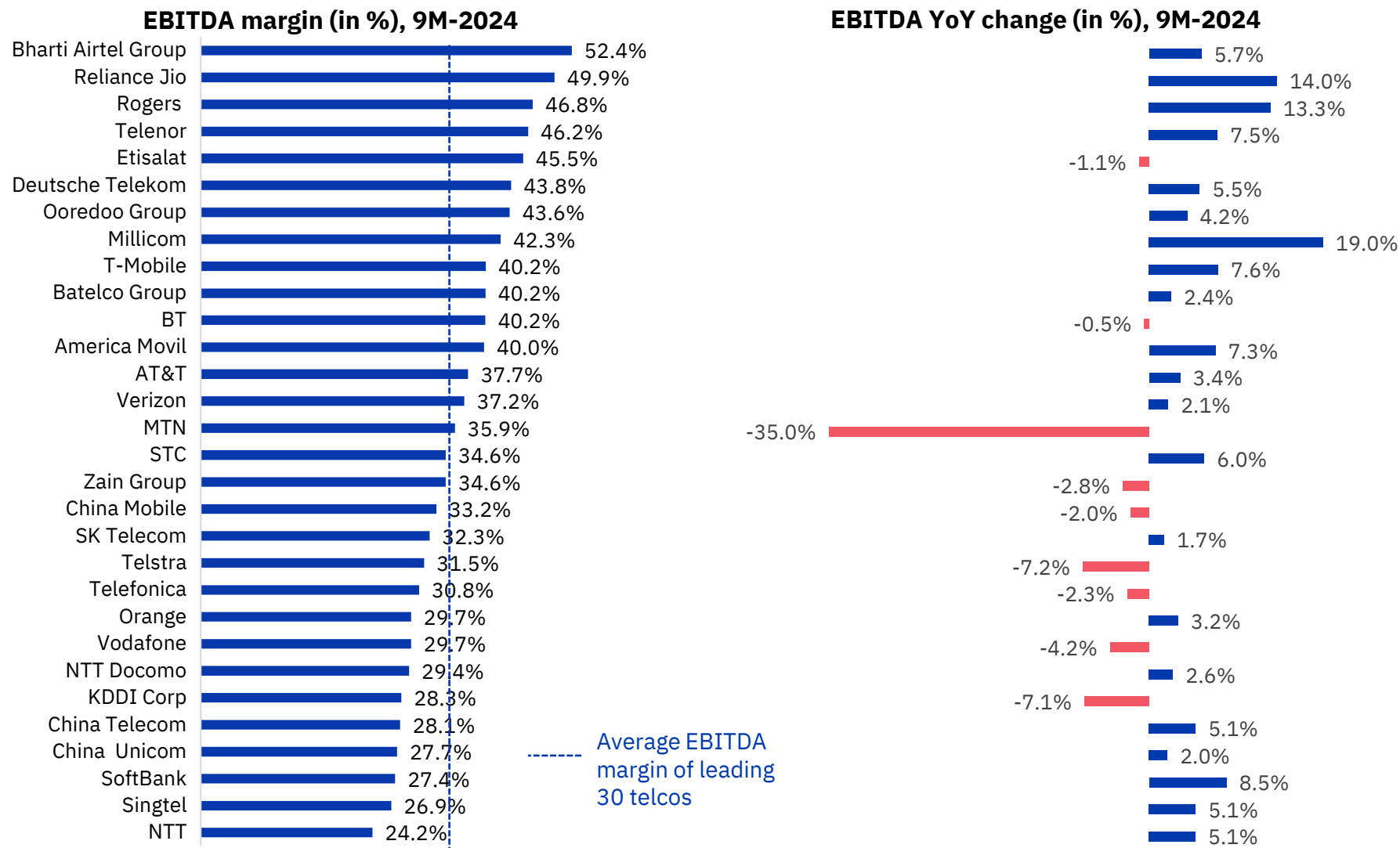


## Consistent improvement in EBITDA margins during 9M-2024

- The leading 30 telcos maintain a stable average EBITDA margin of 34.9% for 9M-2024, reflecting a slight improvement from 34.6% in 9M-2023.
- Revenue expansion, alongside operational improvements and increased cost savings, underpins the stability in EBITDA margins.
- Millicom, Reliance Jio, and Rogers achieve double-digit YoY EBITDA growth for 9M-2024.
- Bharti Airtel Group retains the highest EBITDA margin at 52.4% for 9M-2024, driven by robust revenue momentum in its Indian operations.
- Macroeconomic factors such as currency fluctuations, higher inflation, and rising costs adversely impact EBITDA growth for telecom enterprises like MTN, Telefonica, and Etisalat.

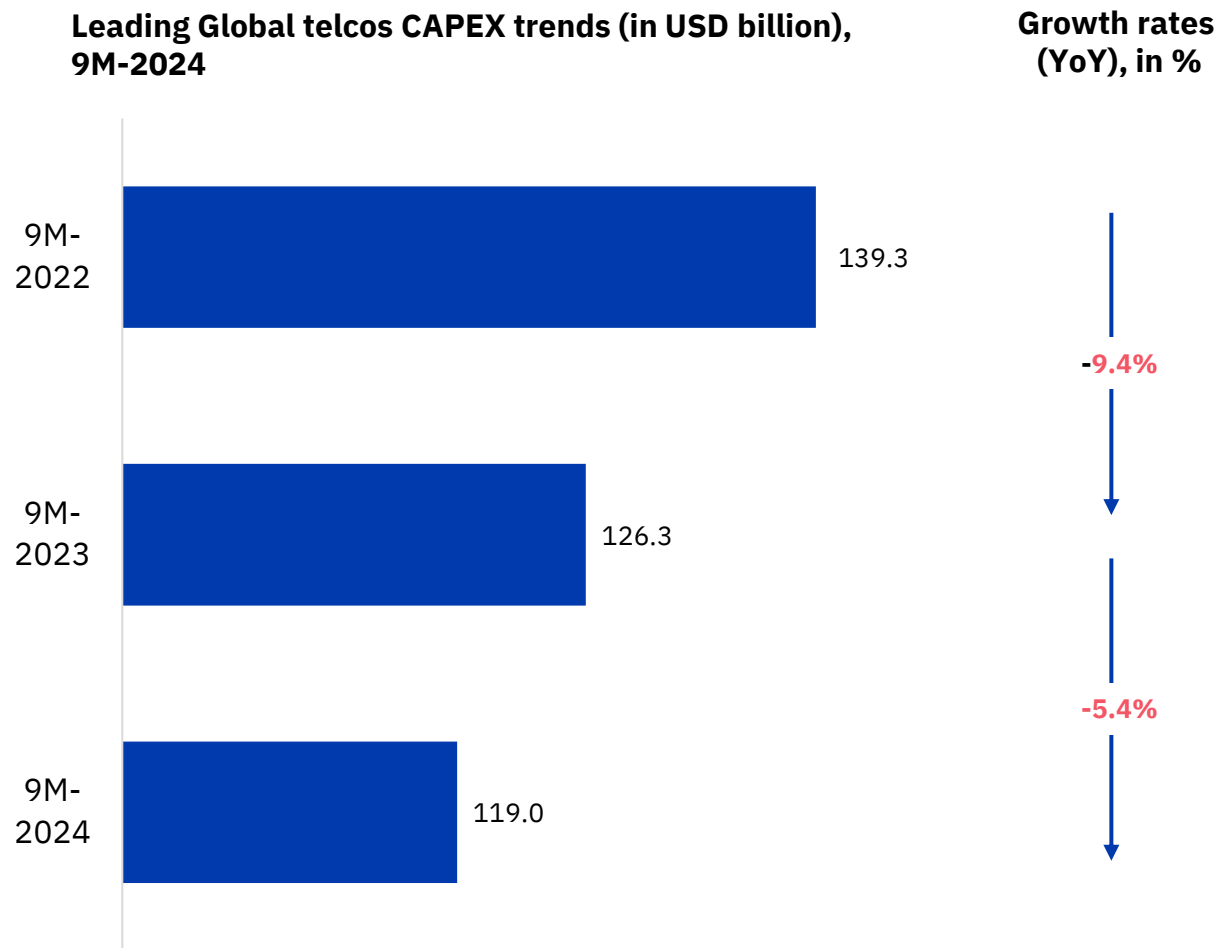


# Nearly 73% of the telcos record positive change in EBITDA in 9M-2024



EBITDA estimated for Telstra,  
Source: Telco financials, Industry reporting, Twimbit analysis

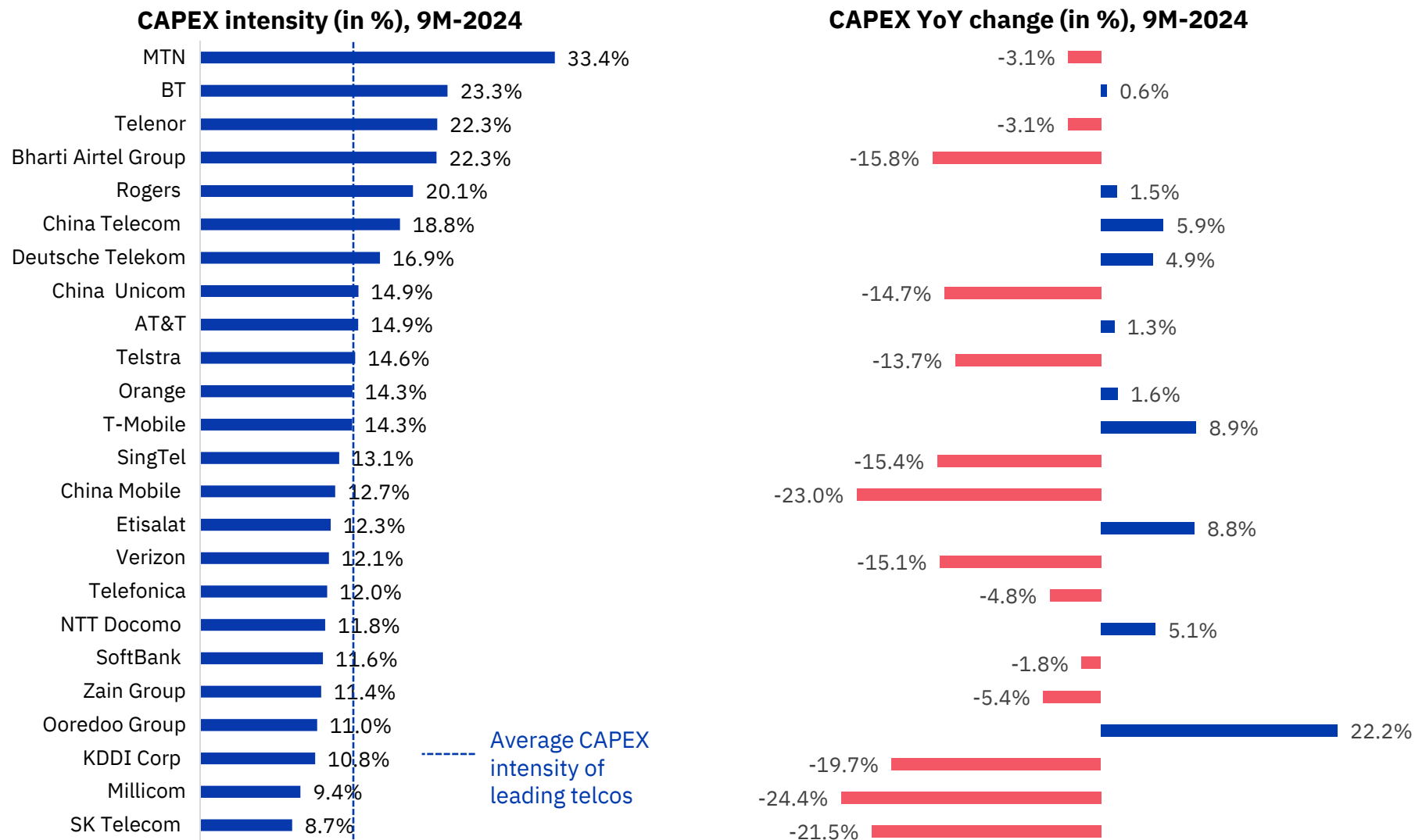
## CAPEX spending slows down across board



- Global CAPEX spending demonstrated a continued decline for 9M-2024, reflecting a strategic shift in investment priorities.
- Major markets like the US, India, China, and Europe report reduced spending due to the maturation of 4G/5G network rollouts.
- Middle East and Africa telcos maintain CAPEX momentum, primarily driven by ongoing 4G and 5G network deployments.
- In North America, Europe, and India, fiber rollouts emerge as a dominant investment theme, succeeding the peak wireless investments of FY-2023.
- Telcos such as SK Telecom, KT Corp, Softbank, and Singtel focus on key growth areas, including data centers, cybersecurity, and AI-related investments.
- Chinese telcos, having undertaken substantial 5G investments, now prioritize enhancing digital capabilities with an emphasis on cloud, big data, IoT, and commercial 5G projects such as smart cities, factories, and parks.



# CAPEX declined for nearly 58% of the telcos for 9M-2024

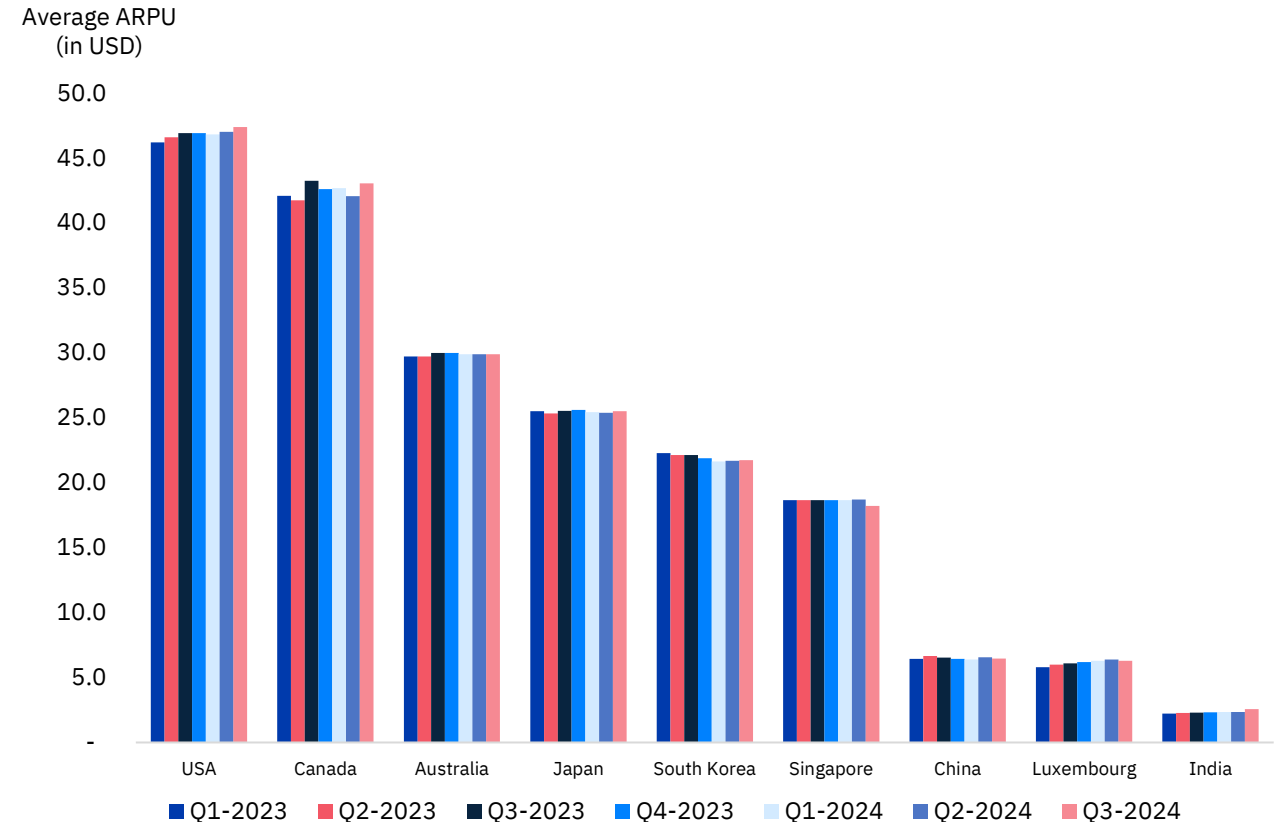




# Telcos globally demonstrate varied ARPU momentum

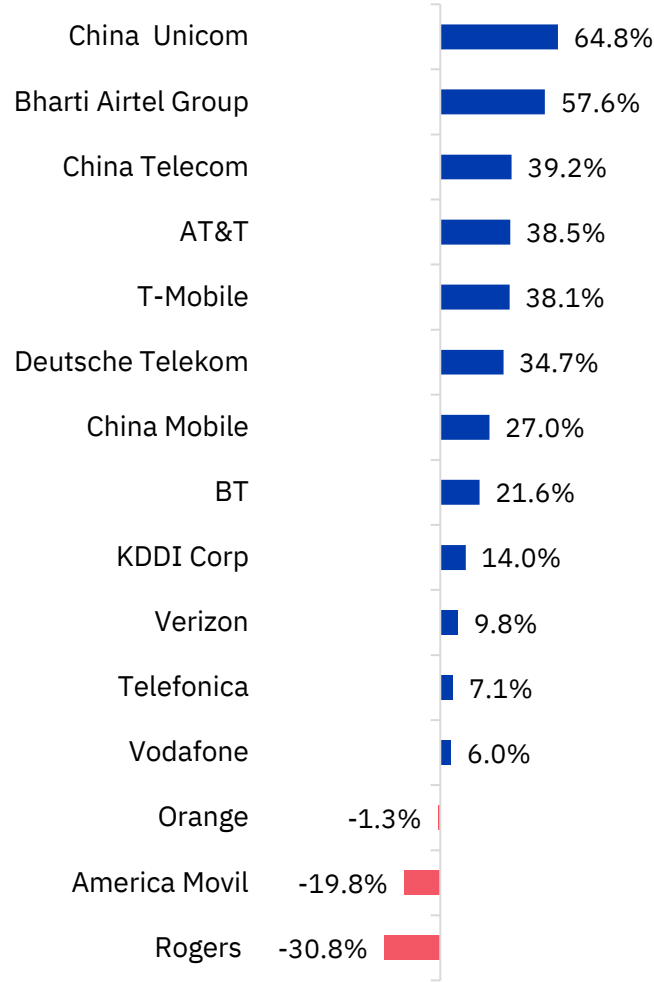
- The 15 analysed telcos maintain an average ARPU stability at approximately USD 22.4 for 9M-2024.
- Indian telcos demonstrate significant ARPU expansion, driven by tariff hikes implemented in mid-2024.
- Developed market telcos encounter marginal ARPU contraction, attributed to heightened competitive dynamics impacting their revenue streams.
- North American telcos leverage growth in postpaid subscriber counts and ARPU to achieve revenue expansion.
- Intense competition exerts downward pressure on ARPU in China, while aggressive pricing strategies by Simba Telecom and MobileOne (M1) in Singapore further strain ARPU levels for Singtel.

Global telcos ARPU trends (YoY basis), Q3-2024

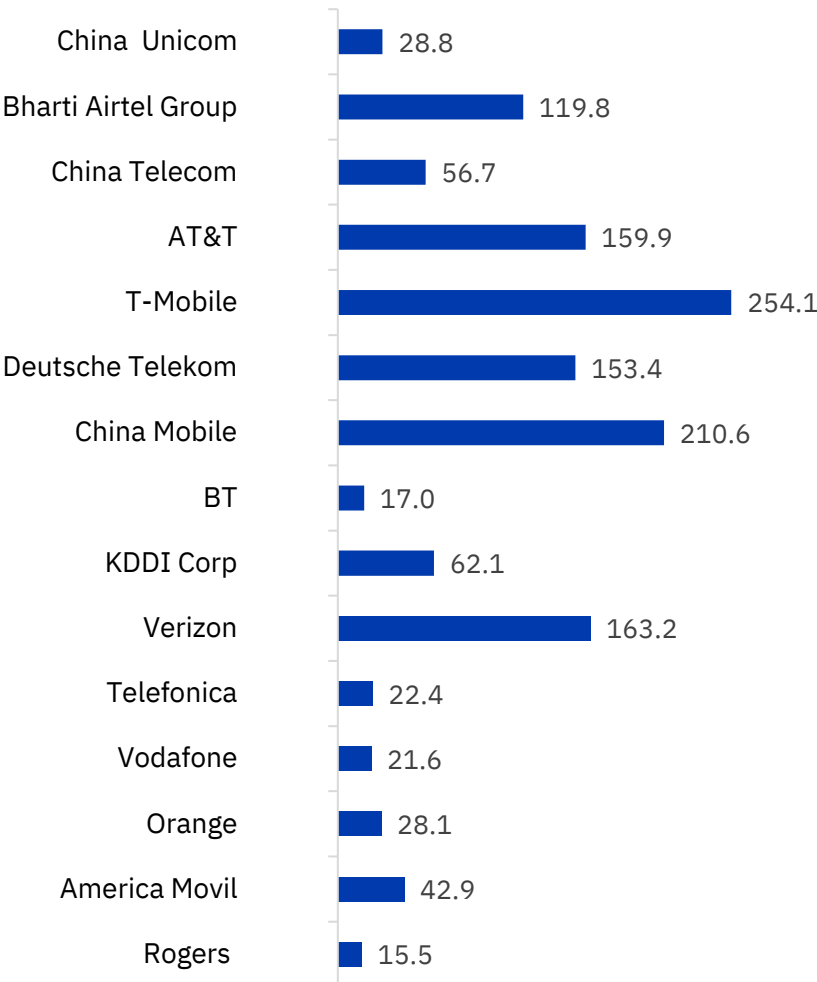


# Total shareholder return improves for majority of telcos

Total Shareholder Return (in %), FY-2024



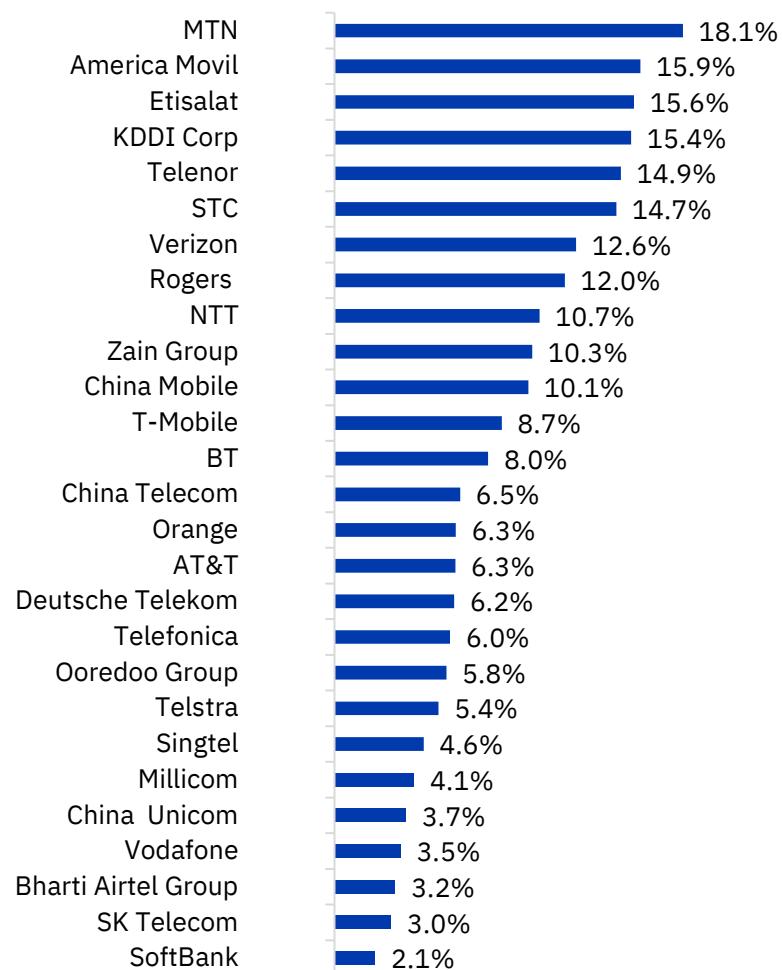
Market capitalization (in USD Billion)



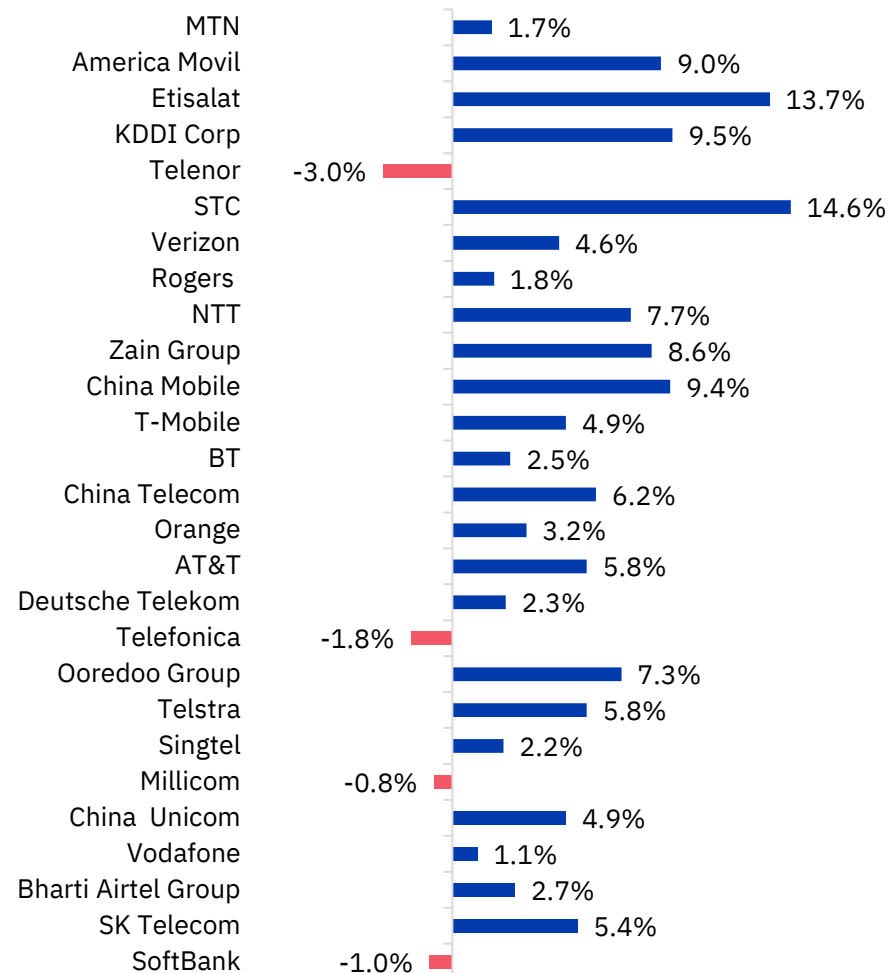
TSR= ((Current Price–Purchase Price)+Dividends)/Purchase Price, Current price=Price on last trading day of 2024, Purchase price=Price on first trading day of 2024: Market cap as on 20 Jan 2025, with currency conversion rate as on 20-Jan 2025.  
Source: Industry reporting, Twimbit analysis

# ROIC is improving for telcos as Free Cash flows are improving

ROCE (in %), FY2023



ROIC (in %), FY2023



Note: \*ROIC and ROCE for telcos with FY ending December 2023; Data for Softbank, Vodafone, Singtel, Bharti Airtel, NTT and KDDI for FY ending March 2024, Data for Telstra is for FY ending June 2024

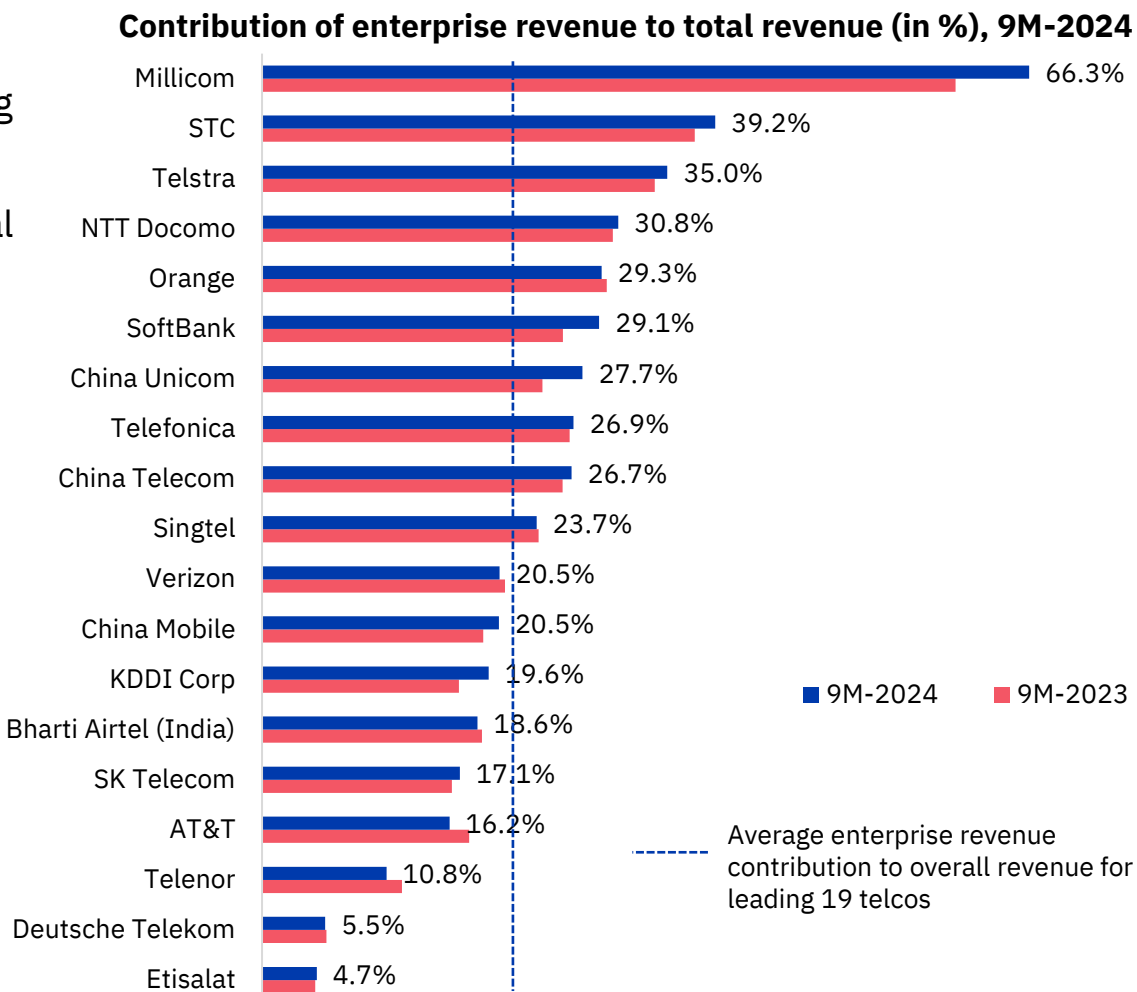
Source: Industry reporting, Twimbit analysis



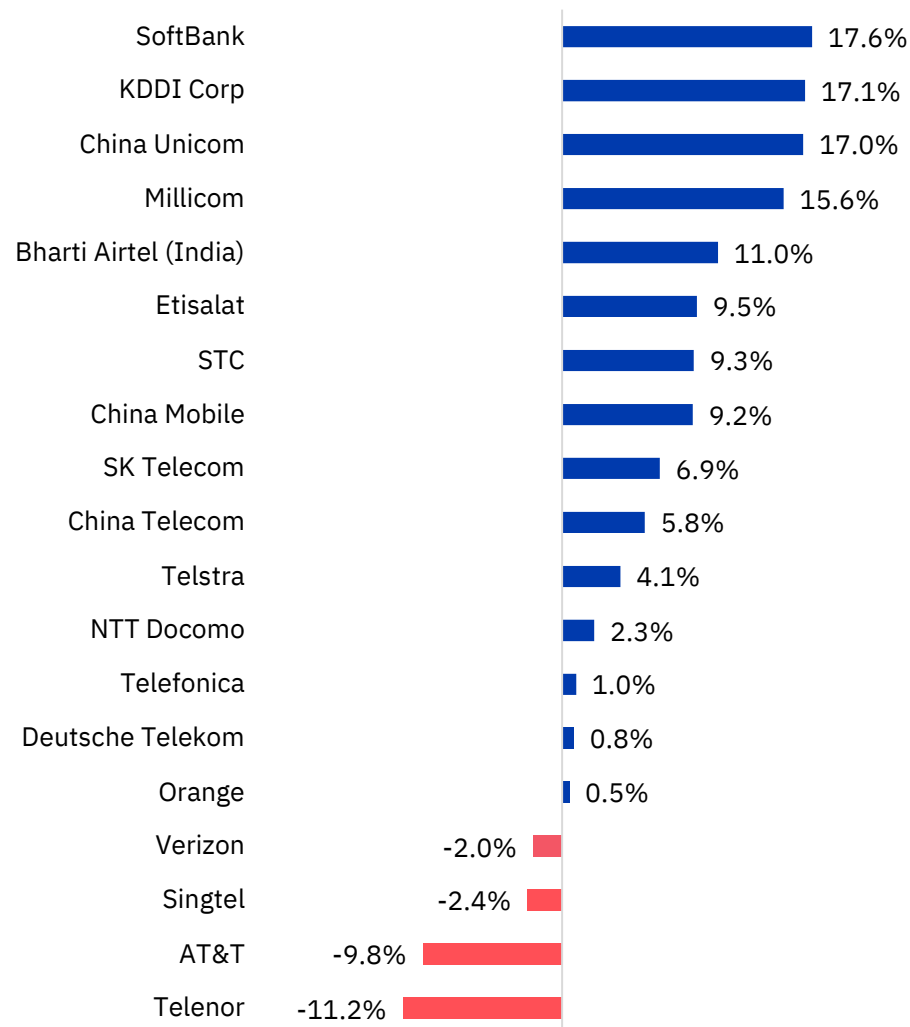
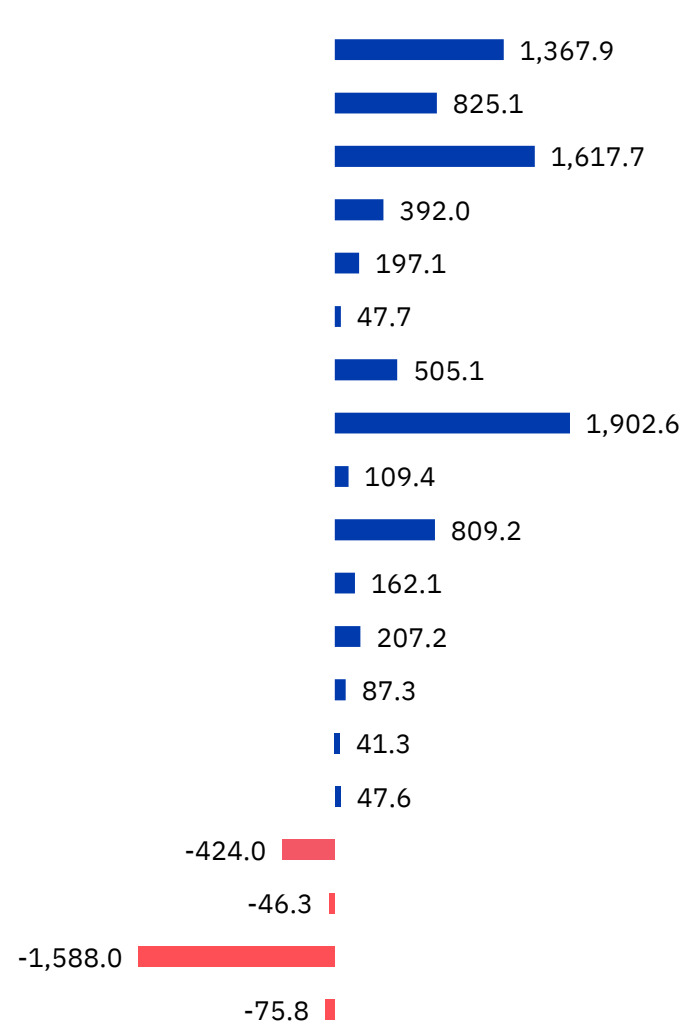
**Telcos expand beyond traditional connectivity offerings**

## Enterprise accounts for ~21% of total revenue in 9M 2024

- Telcos strategically expand service offerings to include a comprehensive ICT portfolio, capitalizing on the increasing reliance on enterprise technology.
- The average enterprise revenue contributed 20.9% of total telecom revenue in 9M-2024 reaching USD 150.7 billion, underscoring its growing strategic importance.
- Approximately 53% of telcos surpass this 20.9% benchmark, indicating a trend towards enhanced enterprise focus.
- Chinese telcos demonstrate robust enterprise revenue momentum, expanding by USD 4.3 billion YoY for 9M-2024, with China Mobile leading this growth trajectory.
- Strong momentum in Digital solutions offerings facilitates an increased B2B revenue contribution for Millicom.



# Chinese telcos have the strongest suite of enterprise services

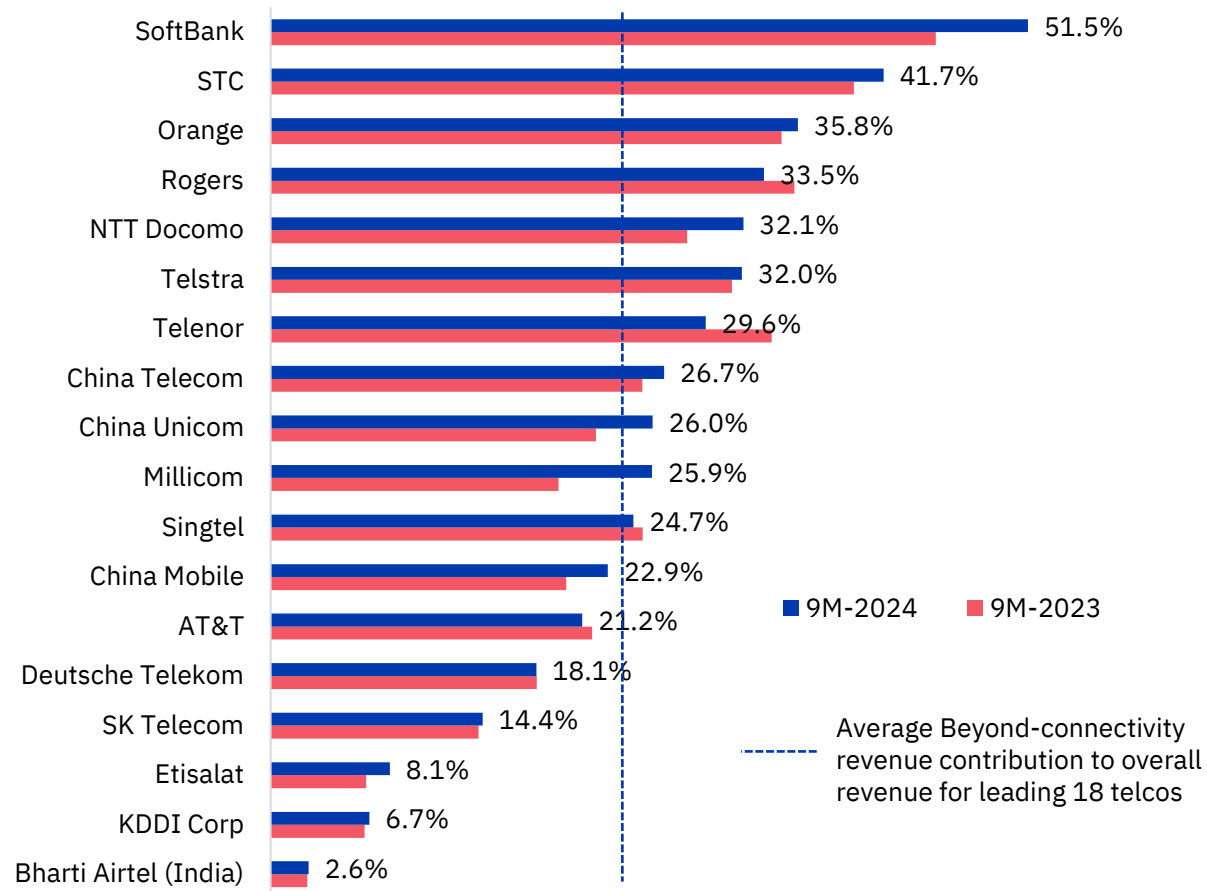
**Enterprise revenue change YoY (in %), 9M-2024****Change in enterprise revenue (in USD million), 9M-2024**



## Beyond-connectivity revenue grows 7.3% YoY for 9M-2024

- The average Beyond Connectivity revenue for the 23 analysed telecom companies elevated their cumulative total revenue share to 24.5% in 9M-2024, up from 23.4% during the same period in 2023.
- Approximately 61% of the 18 telcos analysed achieved Beyond-Connectivity contributions surpassing the 24.5% average benchmark.
- The leading telcos attained 7.3% YoY growth in Beyond Connectivity revenue for 9M-2024, reaching USD 146.9 billion, in contrast to an overall revenue expansion of 2.3% YoY, totaling around USD 599.2 billion.
- Chinese telcos leverage digital transformation services as the primary driver of their "Beyond Connectivity" revenue, while SoftBank's financial services underpin its revenue momentum in Japan.

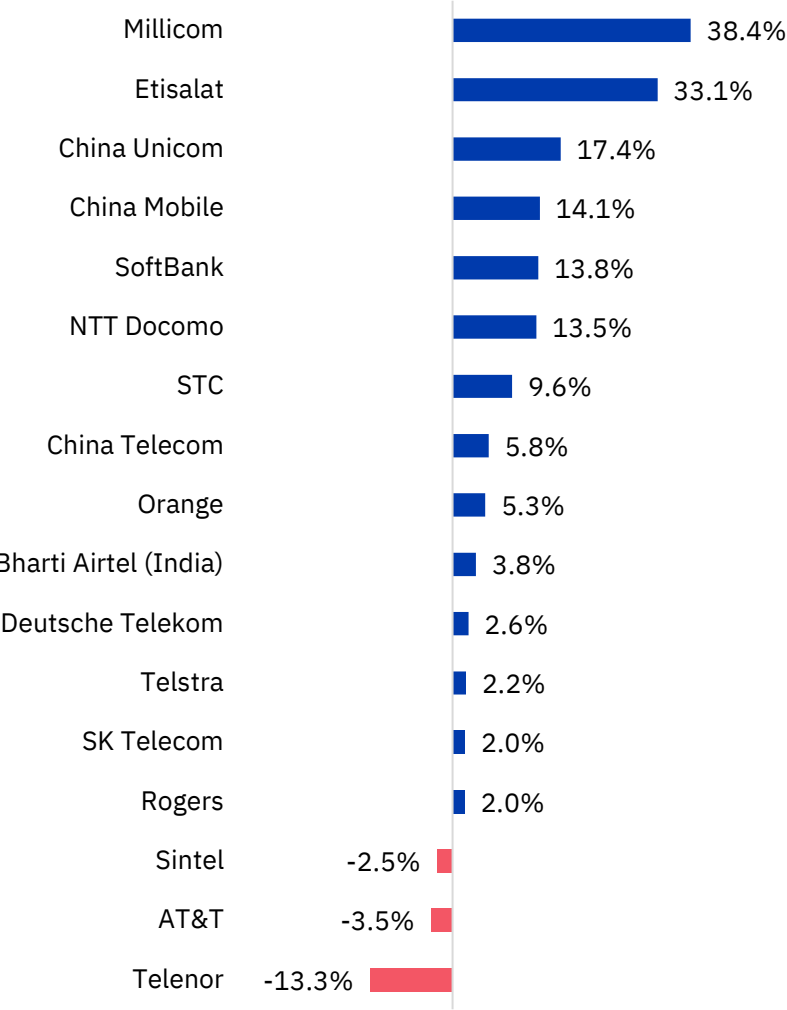
Contribution of Beyond-connectivity revenue to total revenue (in %), 9M-2024



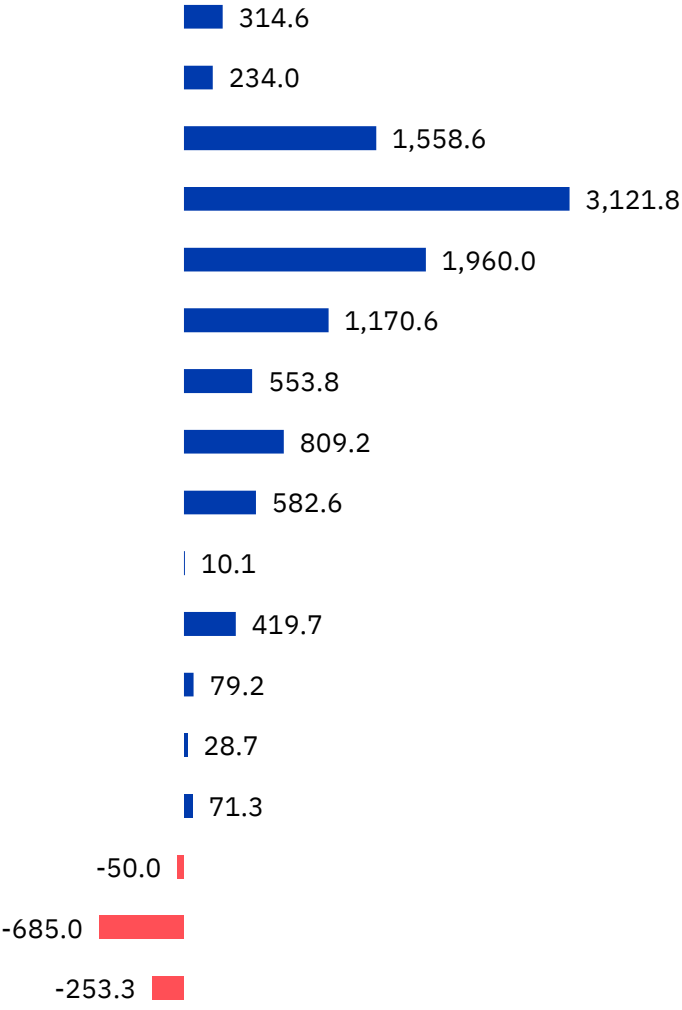


# Telcos witness significant growth in Beyond connectivity revenue in 9M-2024

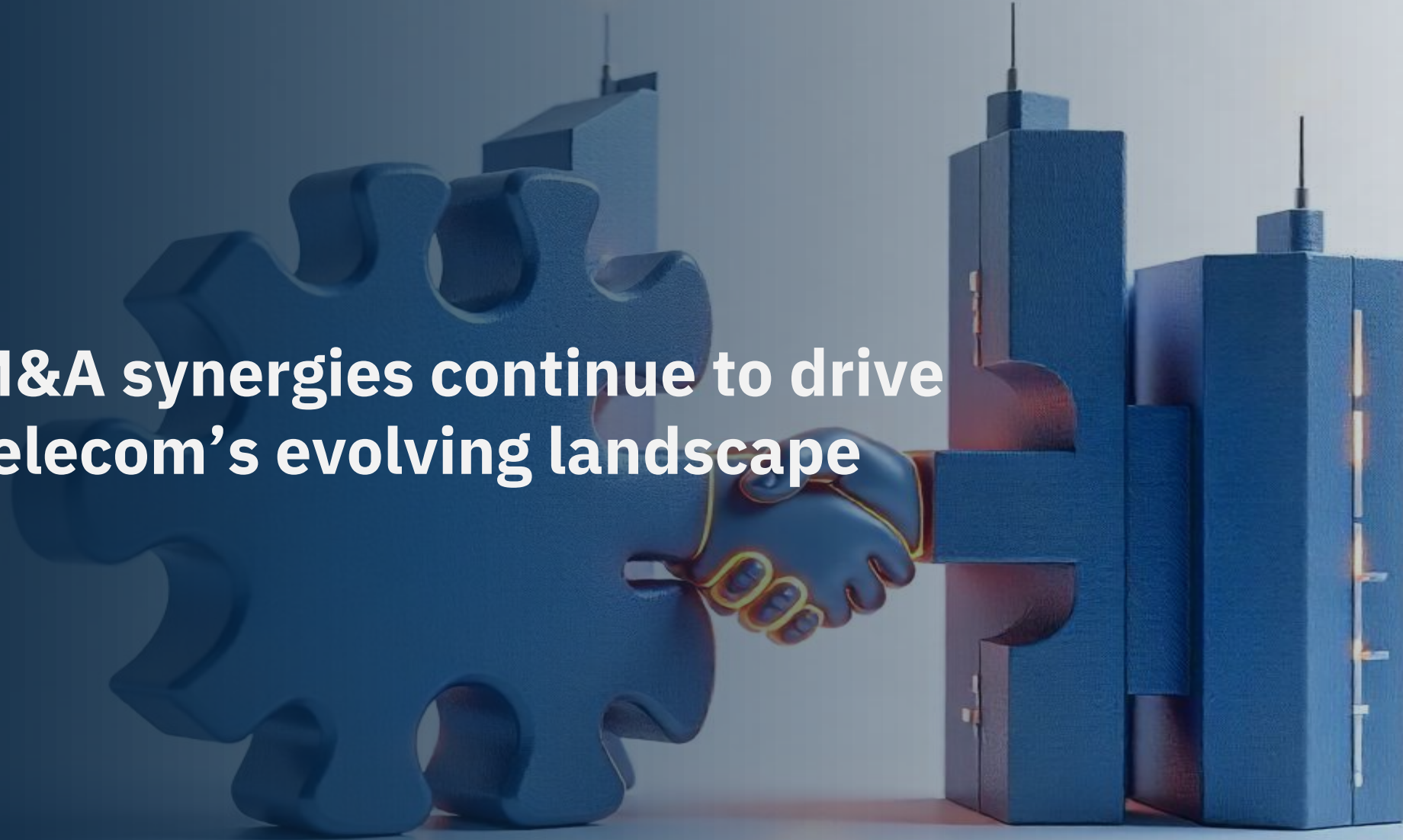
Beyond connectivity revenue change YoY (in %), 9M-2024



Change in Beyond-connectivity revenue (in USD million), 9M-2024

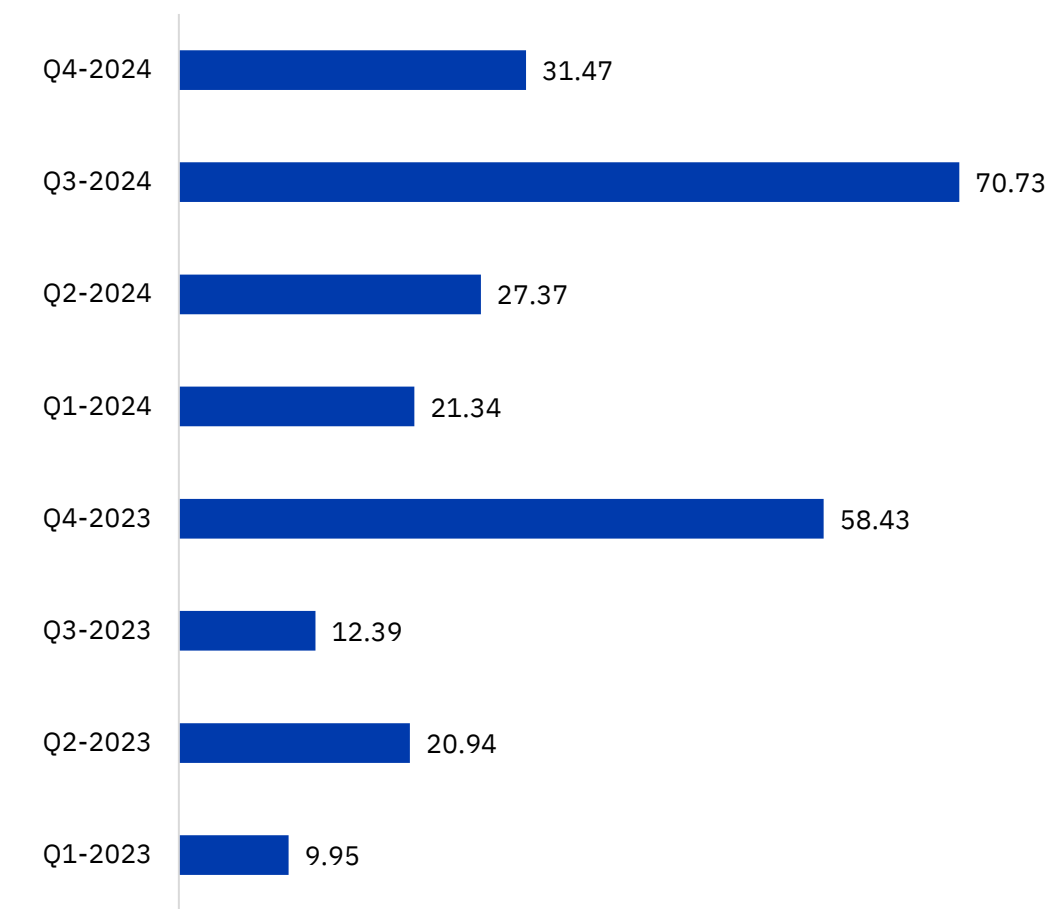


**M&A synergies continue to drive  
telecom's evolving landscape**

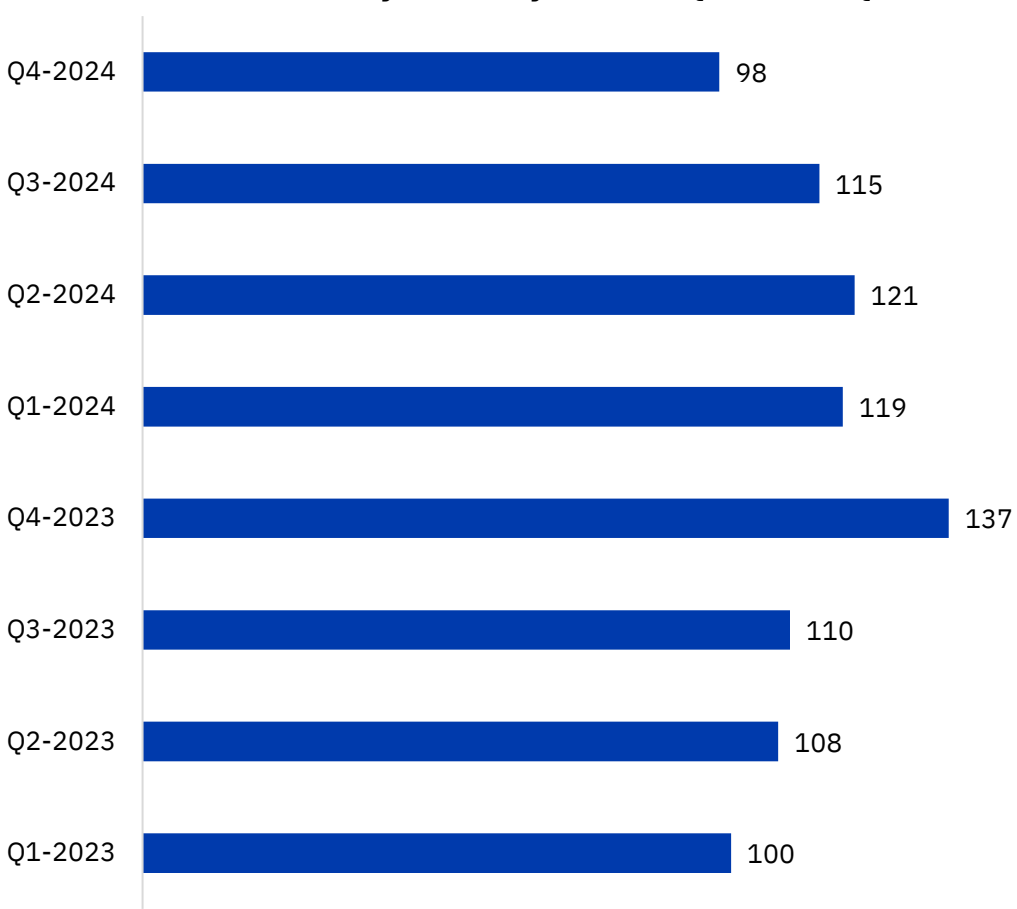


# M&A activity continue to rise

M&A\* activity trends by Value (USD billion), Q1-2023 – Q3-2024



M&A\* activity trends by Volume, Q1-2023 – Q3-2024



\* Sector: Telecommunications Carriers, Bidder Location: Global, Target Location: Global

## M&As continue to redefine the global telecom landscape



- Telstra completed the acquisition of Boost Mobile for USD 94.1 million (AUD 145 million).
- Telstra gains access to ~1 million prepaid mobile customers seeking more affordable mobile connectivity via this acquisition.



- Vodafone's merger with 3 UK will result in creation of largest mobile operator in UK.
- The USD 19 billion merger is expected to be completed in H1-2025.
- Committed investment of GBP 11 billion, reaching 99% of population and benefit 50 million+ customers.



- Vodafone and Digi signed an MoU to explore acquiring Telekom Romania (Telekom Romania Mobile Communications - TKRM).
- Due diligence is underway, with Vodafone likely to acquire TKRM, including a substantial portion of its assets, while Digi would purchase certain assets from TKRM



- América Móvil finalized the acquisition of a 91.72% stake in Chile JV ClaroVTR, consolidating its position as a leading telecom provider in Chile.
- The acquisition enhanced América Móvil's 5G services and boosts its revenue, which grew 9.6% (YoY) in Q3-2024.



- Telefónica and Allianz's joint venture UGG secured regulatory clearance to acquire Infratürk Germany (IFG), enhancing rural fiber coverage in Germany.
- The acquisition supports UGG's goal to pass 2.2 million homes with fiber, expanding their infrastructure footprint across half of Germany's federal states.



- China Mobile plans to acquire Hong Kong broadband provider HKBN for to expand its presence in Hong Kong.
- China mobile offered a bid of USD 881 million (HKD 6.86 billion), which could increase to USD 1 billion (HKD 7.8 billion) when factoring in unvested share units and vendor loan notes.

## APAC telecom landscape is also buzzing with M&A deals



- MobileOne (M1) acquired a 70% stake in ADG for USD 28.4 million (VND719.9 billion) to expand in Vietnam's tech sector.
- The transaction is expected to be completed in Q1-2025, subject to regulatory approvals.



- Optus announced to sell Uecomm to ISP Superloop for USD 11.3 million (AUD 17.5 million).
- Superloop gains fibre connectivity access to 1,900+ buildings and 50 data centers.



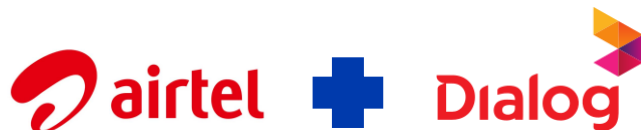
- Merger of Taiwan Mobile and Taiwan Star closed in Dec-2023, with Taiwan Mobile the surviving entity and Taiwan Star now dissolved.



- XL Axiata and Smartfren announced to merge to create a combined entity with an enterprise value of USD 6.5 billion (IDR 104 trillion).



### Other successful M&As



Completed: June 2024



Completed: December 2023



**AI integration to accelerate  
innovation and growth for telcos**



## Telcos leverage AI to enhance customer experience

The Ooredoo logo is displayed in red text within a blue-outlined hexagon, which is part of a larger dashed blue box.

- Launched AI Hub in partnership with Infobip and Microsoft, to enhance customer experience using advanced conversational AI.
- Industry leaders from Qatar's private and government sectors were convened to explore AI Hub's potential in transforming customer engagement.
- OpenAI on Azure and rich messaging platforms are utilized by AI Hub to deliver efficient and secure communication, supporting Qatar's National Vision 2030.

The Telefónica logo is displayed in blue text within a blue-outlined hexagon, which is part of a larger dashed blue box.

- Telefonica launched a generative AI platform to create customizable virtual assistants aimed at enhancing customer service experiences.
- The platform's ability to generate tailored responses and automate routine inquiries, enables it to improve customer interactions.
- Continuous adaptation and personalization of virtual assistants are enabled by the platform's advanced AI capabilities, ensuring relevance and efficiency in service delivery.

The Batelco logo is displayed in red and black text within a blue-outlined hexagon, which is part of a larger dashed blue box.

- Batelco launched “Basma”, an AI-powered digital assistant, to enhance customer service through 24/7 availability on its app and website.
- Real-time solutions and efficient service are provided by Basma, which can handle inquiries related to billing, usage, and service management.
- Basma's AI system ensures continuous learning, enhancing the accuracy and relevance of customer assistance.



## Telcos enhance operations and boost efficiency with AI adoption



- Verizon launched “Verizon AI Connect” to manage AI workloads, for addressing growing demands for network capacity and computational power.
- Real-time AI processing is enhanced by integrating Verizon's 5G and edge computing assets to meet enterprise needs.
- Partnerships with Google Cloud and Meta expands Verizon's cloud capabilities for delivering global AI solutions



- Zain Jordan deployed an OpenAI chatbot to improve document management, boosting accessibility and efficiency.
- It uses LLM and OCR for seamless information retrieval from digital and scanned documents via natural language queries.
- The initiative doubled compliance accuracy, reduced legal costs by 25%, and saved employee time.



- Telenor launched “AI Factory” leveraging NVIDIA’s full-stack AI computing platform. with Hive Autonomy as its first customer.
- The AI Factory is designed to accelerate AI development and deployment, providing scalable solutions for various industries.
- Enhanced innovation and operational efficiency are anticipated through the AI Factory's support for advanced AI applications and collaborations.

# AI steers the telcos towards a smarter and more efficient future

Deutsche Telekom  
**Digital human  
Max**

- Deutsche Telekom's #OneAI team developed 'Max,' a digital human enabling video-based customer interactions, a first in telecom.
- Max enhances Frag Magenta with GenAI, delivering more personalized and engaging customer experiences.
- Since December, Max has handled 4,000+ sessions, achieving a 50% solution rate and a 4.4-star rating.

**airtel**  
**Spam  
protection**

- To address the issue of spam messages, Airtel's in-house solution combats spam calls and messages using a proprietary algorithm that analyses 250 parameters to detect threats.
- Processing 1.5 billion messages and 2.5 billion calls daily, the system flags 100 million spam calls and 3 million SMS each day.
- With real-time analysis of 1 trillion records, threats are identified and flagged within two milliseconds.

**vodafone**  
**Superbot  
Tobi**

- TOBi, powered by Microsoft Azure OpenAI, manages 45 million monthly interactions across 13 countries in 11+ languages.
- Generative AI enhances TOBi's responses, with SuperTOBi raising Vodafone Portugal's first-time resolution rate from 15% to 60%.
- SuperAgent and SuperSearch further streamline Vodafone's customer support and user experience.

## Telcos leverage AI-Powered service enhancements and efficiency gains

### Network Efficiency

- Softbank partnered with Ericsson to explore AI integration with RAN to enhance network efficiency.
- The telco also introduced AITRAS to enhance AI capabilities on 5G networks, leveraging AI-RAN technology.

### Fibre network protection

- Verizon integrated AI and machine learning techniques to enhance fibre network protection and prevent accidental fibre cuts.
- The solution's integration with Verizon's 811 holds the potential to annually reduce several hundred fiber cuts.

### Operational efficiency

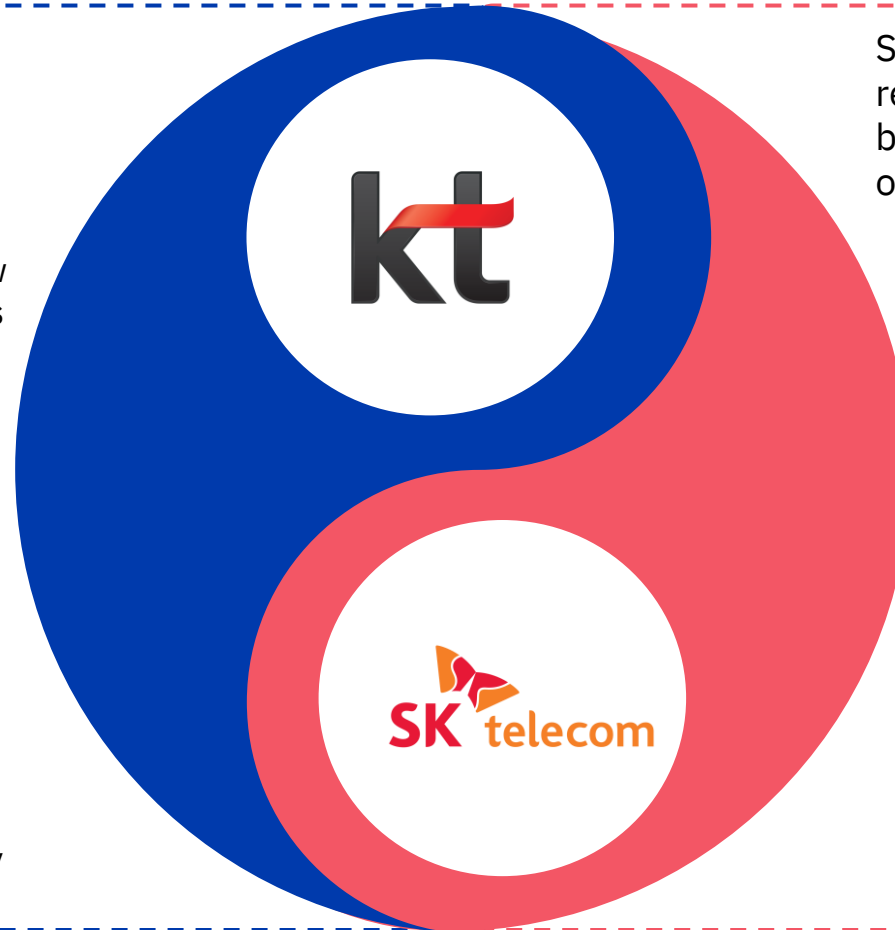
- Ooredoo partnered with DDN to enhance AI and digital transformation capabilities through advanced data solutions.
- Ooredoo aims to enhance its operational efficiency and customer experience through AI-driven innovations and digital transformation efforts.

## Korean telcos restructure, prioritise AI and Cloud

Korea Telecom (KT) undertakes a strategic restructuring in 2025 to concentrate on AI and cloud services.

### Key highlights

- **New Subsidiaries:** Established two new subsidiaries, KT OSP for field operations and network management, and KT P&M for customer service, to enhance operational focus.
- **AI & Cloud Focus:** KT commits to a substantial investment in AI and cloud services, partnering with Microsoft for a joint KRW 2.4 trillion investment.
- **Sales Growth:** Aims to increased sales in AI and IT sectors from 6% to over 19% by 2028.
- **Financial Goals:** Plans to lift its Return on Equity (ROE) from 6% to 9%-10% by 2028, reflecting its financial aspiration.




SK Telecom initiates a significant restructuring in 2025, creating seven business divisions to intensify its focus on AI and communications.

### Key highlights

- **Divisions:** SK Telecom will form divisions specializing in AI, such as Adot, GPAA, AIX, AI Data Center, and core telecoms including MNO, BWireline/Media, and Enterprise.
- **AI Focus:** The restructuring endeavor aims to bolster SK Telecom's AI capabilities and produce tangible growth in this strategic domain.
- **Asset Sale:** SK Telecom plans to sell three subsidiaries to Samgu I&C, streamlining operations and concentrating resources on core and AI business areas.


# SK Telecom aims to redefine itself as a Global AI Leader



Investments towards AI


Expecting a ~3x increase by 2028:

12% → 33%



Revenue from AI portfolio

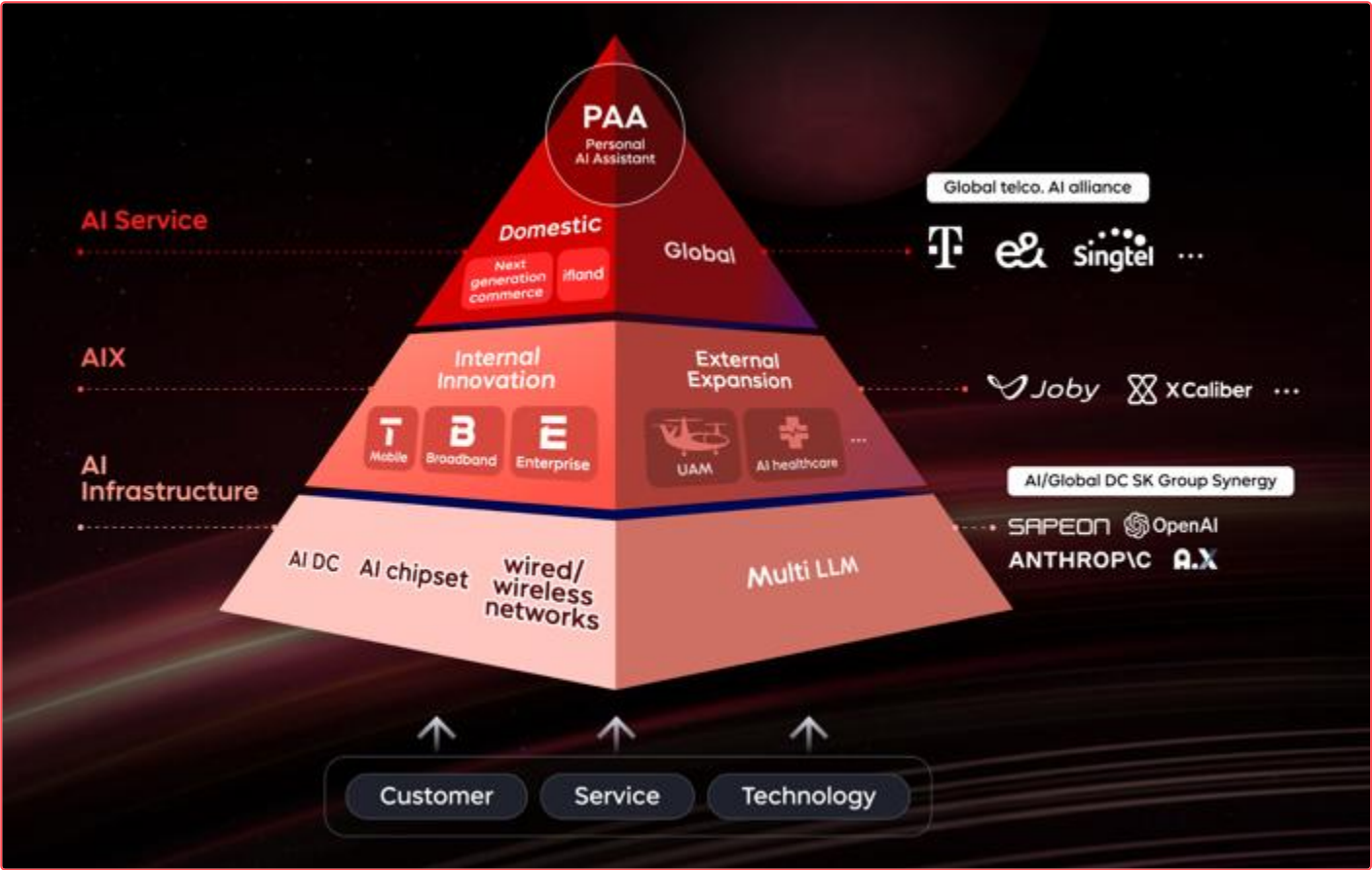
up from USD 13 bn and will account for **one-third** of total revenue by 2028



Company Valuation

Become Korea's Top AI Company valued over

**USD 30 billion** by 2026



# Telstra and Accenture Joint venture to advance AI and improve operations



### Accenture's Contribution

- USD 3 billion AI investment assets
- Industry solutions
- Ventures & acquisitions
- Silicon Valley AI teams
- Ecosystem partnerships



### Telstra's assets

- Core Data & AI workforce
- Existing AI ecosystem
- Network Infrastructure
- Customer base
- Market presence



- **Accenture:** 60% ownership
- **Telstra:** 40% ownership
- 7-year partnership term
- Telstra retains AI strategy control

### Key focus areas

Agentic AI Implementation	Specialized Tools	Workforce Development
<ul style="list-style-type: none"><li>• Intelligent AI ecosystems</li><li>• End-to-end task optimization</li><li>• Business process reinvention</li></ul>	<ul style="list-style-type: none"><li>• Team productivity tools</li><li>• Self-healing networks</li><li>• Customer service AI tools</li></ul>	<ul style="list-style-type: none"><li>• Data &amp; AI fluency training</li><li>• Future-critical skills</li><li>• Streamlined operations</li></ul>

- ### Expected Outcomes

**Network Excellence**  
Resilient, self-healing network infrastructure

**Enhanced CX**  
Seamless connectivity and service delivery

**Operational Efficiency**  
Streamlined vendors from 18 to 2 JVs



Innovate to deliver  
**exceptional experiences**

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