AlixPartners

ALIXPARTNERS' EUROPEAN FIBRE SURVEY 2025

As Europe’s fibre market is redefined, how do investors, operators, and lenders respond?

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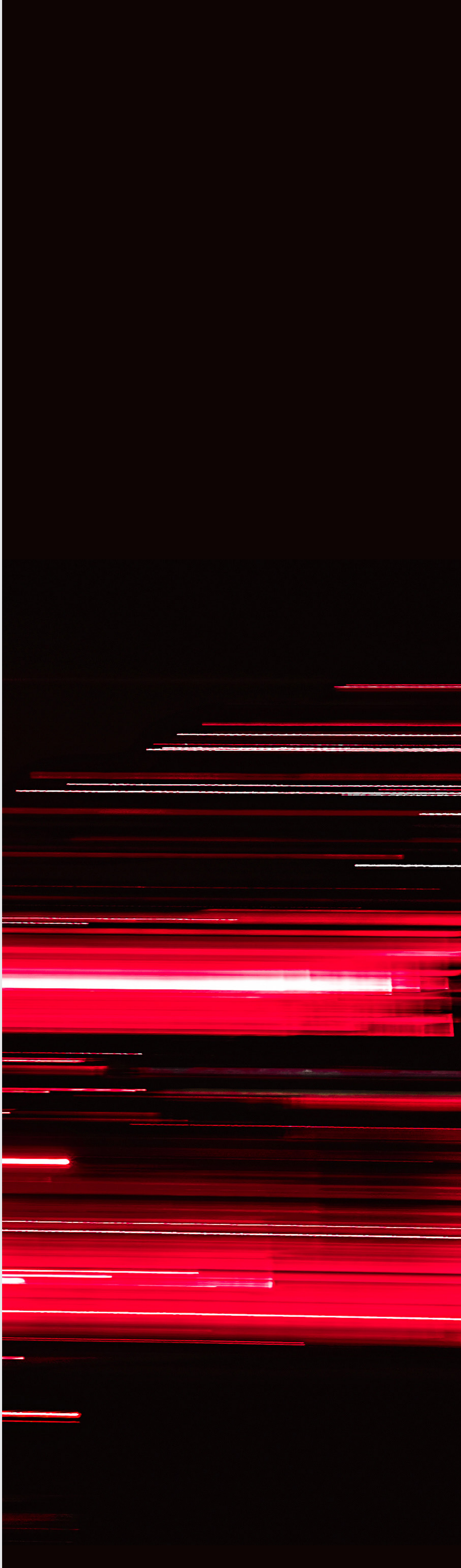


Amidst a tough macro context, business plan underperformance, rising competition, and funding constraints, EMEA's fibre optic markets look set to be redefined in coming months.

In the U.K. and Germany, the steady flow of capital into the sector – backing ambitious plans – hasn't delivered the projected returns. Penetration rates are trending downward and there are expectations of increasing pressure on average revenue per user (ARPU) levels.

In the 2025 AlixPartners European Fibre Survey, a survey of 160 market experts entrenched across the European fibre-to-the-premise (FTTP) industry, predominantly in these two markets, three key themes emerged:

1

Operator business plans

have been revised downwards as underperformance continues, with a shift from building networks to an operational focus on revenue generation.

2

Funding is taking centre stage

50% of operators face an element of re-financing in the next 24 months.

3

Long-anticipated consolidation

is still expected and could reach elevated levels over the next 12 to 24 months: our survey respondents expect there to be 25% fewer companies in the sector after this period.

Fibre companies (FibreCos) face challenges in commercialising the platforms they have built, as weaker demand, competition intensity, and operational issues mean the majority are subscale, unable to generate sufficient EBITDA and free cashflow.

As a result, FibreCos are funding-constrained, given the lack of operational liquidity and deteriorating market appetite to fund. They might therefore be unable to make the investment needed to commercialise the platforms they have built.

This loop seems difficult to break, as operators remain focused on delivery of new 'connections-focused' plans and investors have continued to provide limited funding in support of these new 'reset' business plans. Meanwhile, lenders have so far been reluctant to act given the current market dynamics, but are now starting to consider their positions, particularly given the upcoming wave of maturities.

Over the following pages we take a deeper dive into each theme, exploring the expectations – and implications – for operators, lenders and investors – focusing on what is likely to matter most in this fast-evolving market.

We hope you find these insights informative. If you'd like to discuss the findings of our European Fibre Survey in greater detail, please contact the authors.

THE OPERATIONAL PERSPECTIVE

It is a pivotal moment for operators across the U.K. and Germany; after years of capital-intensive buildouts, companies are focusing on operations, and connections, activations, and commercialisation which will be critical for the many small or medium sized alternative network providers.

While business plans used to coalesce around build capacity and service capability, build activity appears to be falling away, replaced by a greater focus on revenue and cash generation. Not running out of cash could be the number one target for some operators.

The new operational focus

Driving revenue through better products, connecting homes, and driving take-up

Reconfiguration of teams to bring in more commercial, product, and customer operations capabilities

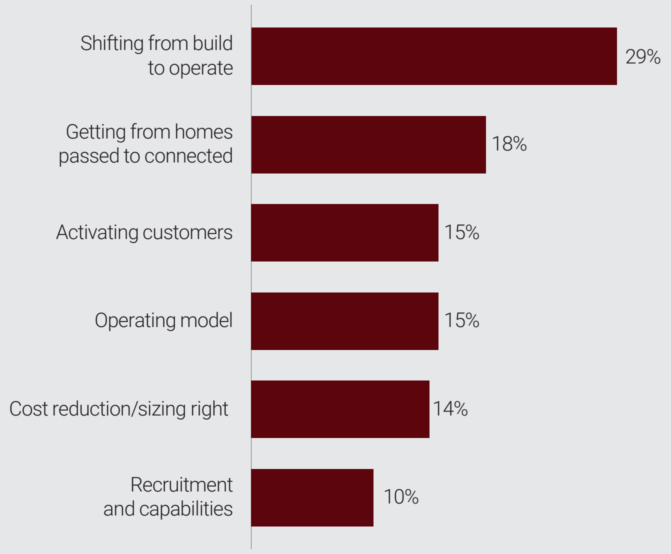
Testing times

These changes are testing business performance in the areas that will drive revenue growth.

- The robustness and attractiveness of products
- Sales and marketing capability to drive take-up
- Operational processes to connect and activate homes

FIGURE 1: THERE IS A SHIFT FROM BUILD TO OPERATE

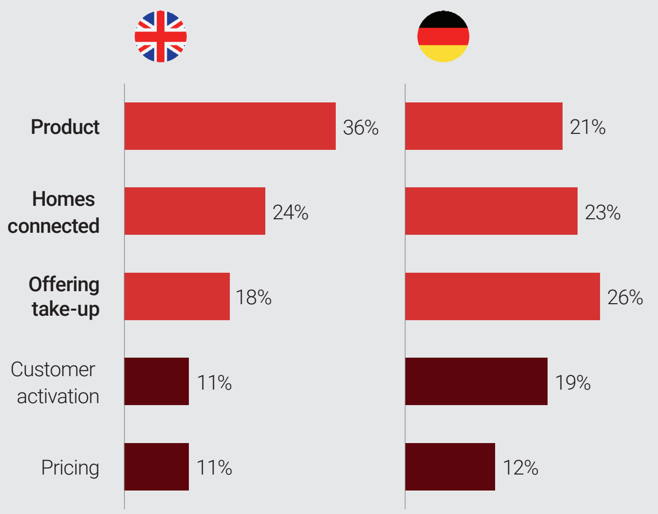
Operational focus in next 12 months



Source: AlixPartners' European Fibre Survey

FIGURE 2: CHALLENGES TO REVENUE GROWTH

#1 ranked issues for revenue growth



Source: AlixPartners' European Fibre Survey

22%
of respondents in our study said that ARPU levels were lower than anticipated

62%
expect ARPU to be squeezed

New targets

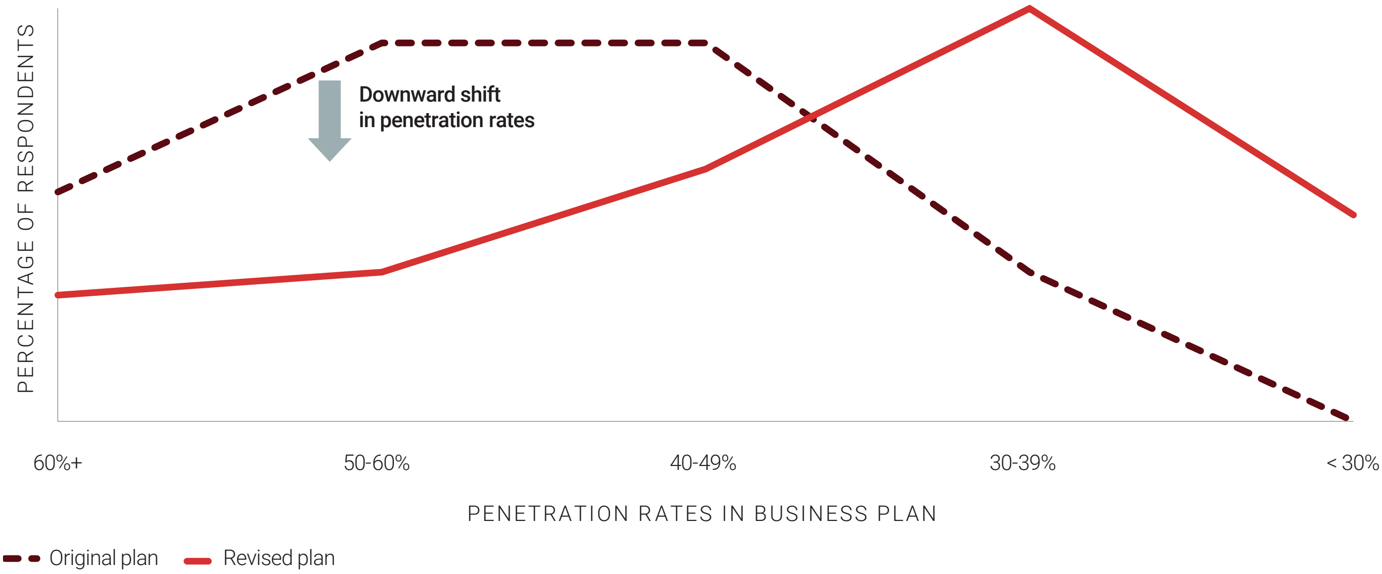
The primary driver behind this new operator focus might have been the revision in expected performance.

Operators that had penetration rate targets of 40 to 60%, or even higher, are revising those targets down. Fierce competition from incumbents and unforeseen overbuild has led to far lower market reach than business plans promised. During the network build era no operator we surveyed had a target below 30%. But that has now changed.

It is a mixed picture for average revenue per user (ARPU), which has proved more robust. Just 22% of respondents in our study said that ARPU levels were lower than anticipated. But with the move to concentrate on commercialisation – and the competitive pressure this could bring – 62% expect ARPU to be squeezed.

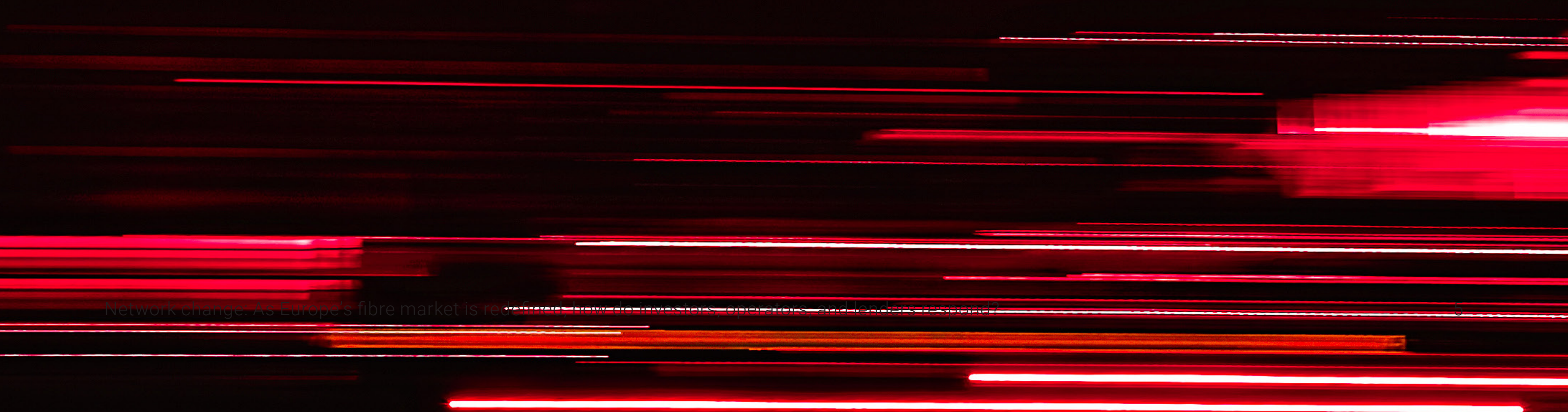
FIGURE 3: PENETRATION RATES ARE BEING REVISED DOWNWARDS

Original vs. Revised target penetration



Source: AlixPartners' European Fibre Survey

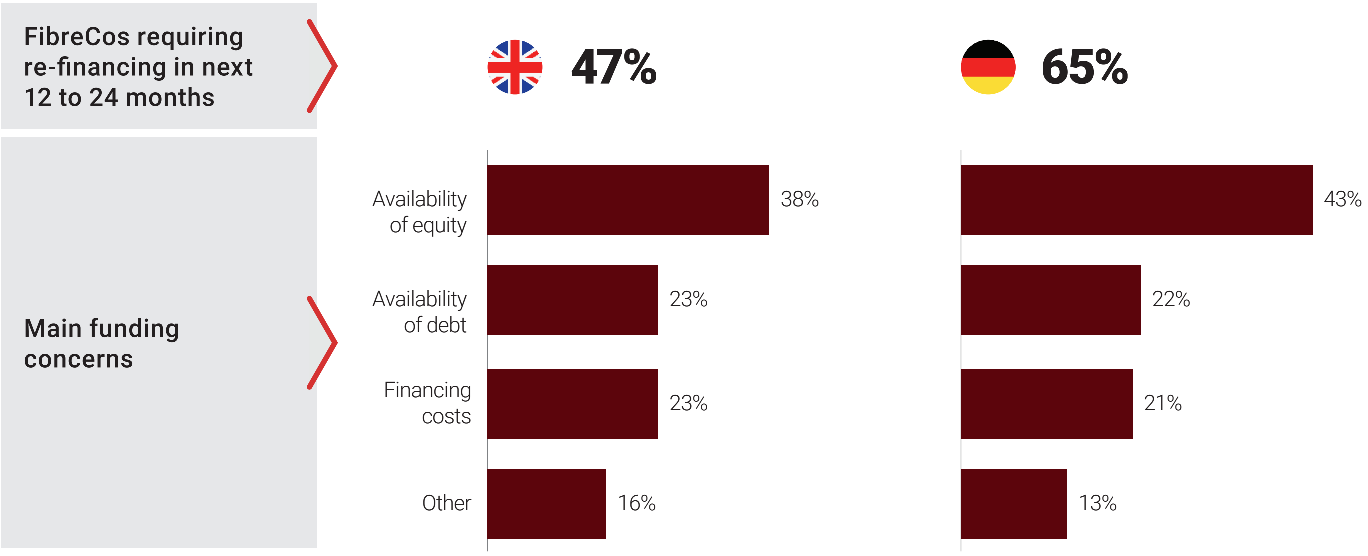
As operators look to up their revenue game, major funding challenges are emerging.



FUNDING CALLS

At the start of this decade, funding in the fibre optic industry was characterised by enthusiastic equity inflows and lenders' willingness to provide leverage in support of business plans that would connect high numbers of customers to fast fibre networks. By 2025, the funding perspective seems to have shifted to one of concern over returns and valuations.

FIGURE 4: FUNDING IS A KEY ISSUE IN BOTH U.K. AND GERMANY



Source: AlixPartners' European Fibre Survey

Equity investors and lenders are scrutinising the prospects of holdings, with a large number of fibre companies needing to re-finance parts of their debt or equity over the coming 12-24 months.

FIGURE 5: 65% OF GERMAN AND 47% OF UK FIBERCOS NEED TO (RE-)FINANCE SIGNIFICANT PARTS OF THEIR DEBT AND/OR EQUITY IN THE COMING 12 TO 24 MONTHS

Funding needs of FiberCos that have to re-finance and/or obtain additional funding over the next 12 to 24 months

	Share of FiberCos that need refinancing	More than 50% of current debt and equity funding	25-50% of current debt and equity funding	10-24% of current debt and equity funding	Less than 10% of current debt and equity funding	Would rather not say
	**47%**	**0%**	**0%**	**71%**	**24%**	**5%**
	**65%**	**0%**	**4%**	**79%**	**14%**	**4%**

Source: AlixPartners' European Fibre Survey

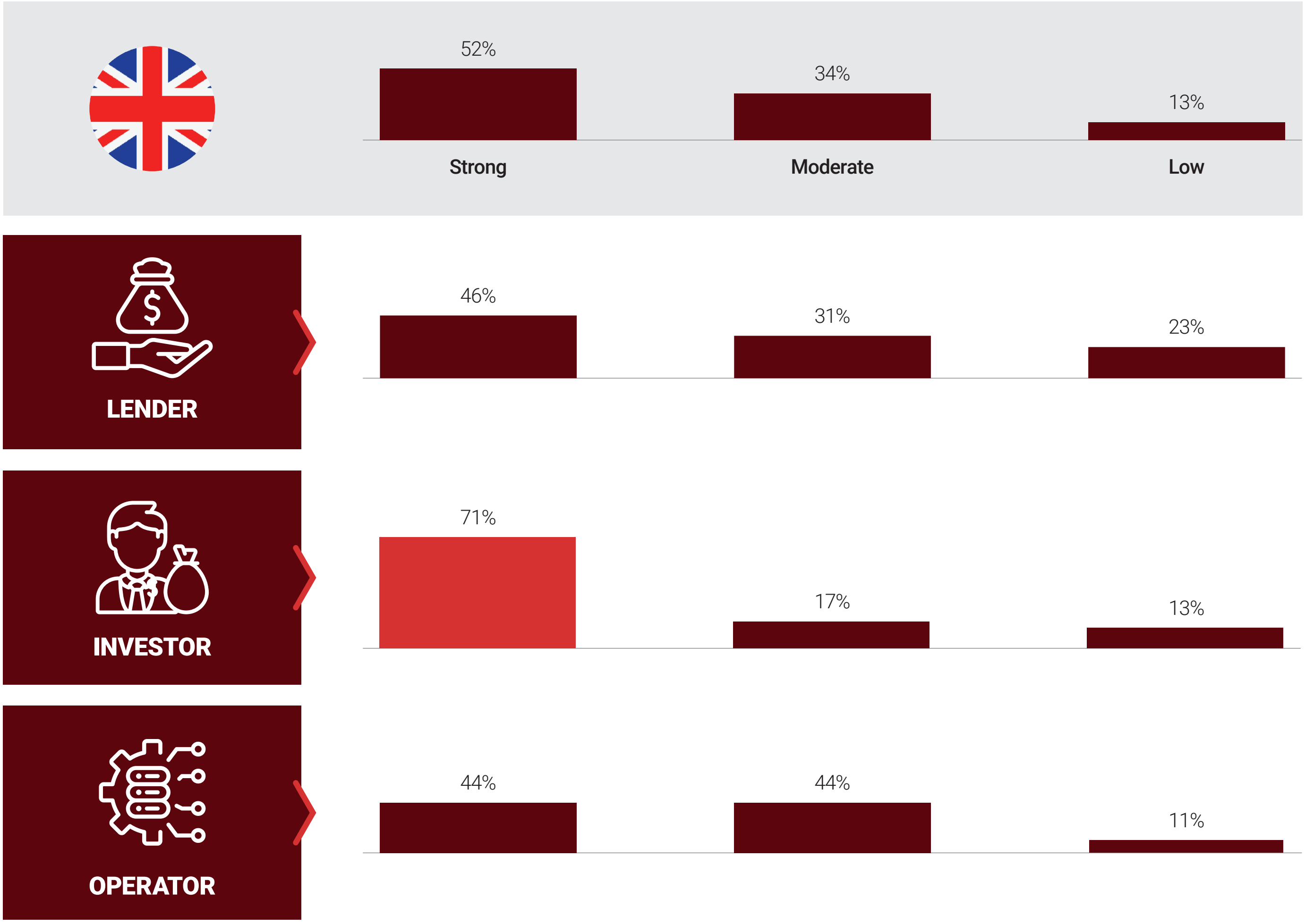
Increasingly, questions are being asked on commercialisation progress and how revenue generation is being delivered, as funders seek to turn balance sheet liabilities into assets. There might be more activism from funders this year, which could potentially drive the much-discussed and long-awaited consolidation in the sector.

Concerns over the viability of business plans, the level of success meeting revised targets and the possibility of distressed sales might accelerate this activity.

The prospect of activist funders' influencing how fast and how far consolidation goes is reflected in the differing opinions held by lenders, investors, and operators regarding M&A activity expectations in our survey.

FIGURE 6: INVESTORS IN U.K. FIBRE MORE STRONGLY ANTICIPATE CONSOLIDATION

U.K. M&A activity expectation



Source: AlixPartners' European Fibre Survey

Reflecting the hierarchy of funding risk, equity investors have more incentive to move early on opportunities for mutually beneficial sales or acquisitions.

CONSOLIDATION COUNTDOWN

Business plan resets, subsequent operational shifts, and lower enthusiasm from funders are compounded by the large number of operators now competing for market share. Reaching the scales required to deliver a sustainable profit – and the value that investors and lenders are demanding seems challenging for many operators. That might limit access to funding to cover the costs of future buildout activity and the pivot to commercialisation. Consolidation seems highly likely, as acquisitive operators seek to realise synergies, with the alternative being that some operators may simply exit the market.

FIGURE 7: THE TOP-3 FORCES DRIVING CONSOLIDATION INCLUDE INTENSE COMPETITION, HIGH EXPANSION COSTS AND FUNDING REQUIREMENTS, AND THE NEED FOR SCALE TO IMPROVE PROFITABILITY

Top 3 forces that will accelerate consolidation in the FiberCo market – by respondent type

	LENDERS	INVESTORS	OPERATORS
#1	Competition and overbuilding	Competition and overbuilding	Too expensive to expand network footprints without additional funding
#2	Too expensive to expand network footprints without additional funding	It is too expensive to expand network footprints without additional funding	Competition and overbuilding
#3	Too difficult to improve profitability margins without increasing scale. Vertical integration to reduce operating costs	Too difficult to improve profitability margins without increasing scale	Too difficult to improve profitability margins without increasing scale

Source: AlixPartners' European Fibre Survey

However, mergers in the fibre space are notoriously difficult to complete. The large volume of debt that companies tend to carry and the various covenant structures this entails creates complexity, while operational complications in organisational structure and tech stacks also contribute. As such, full acquisitions could be the most likely outcome.

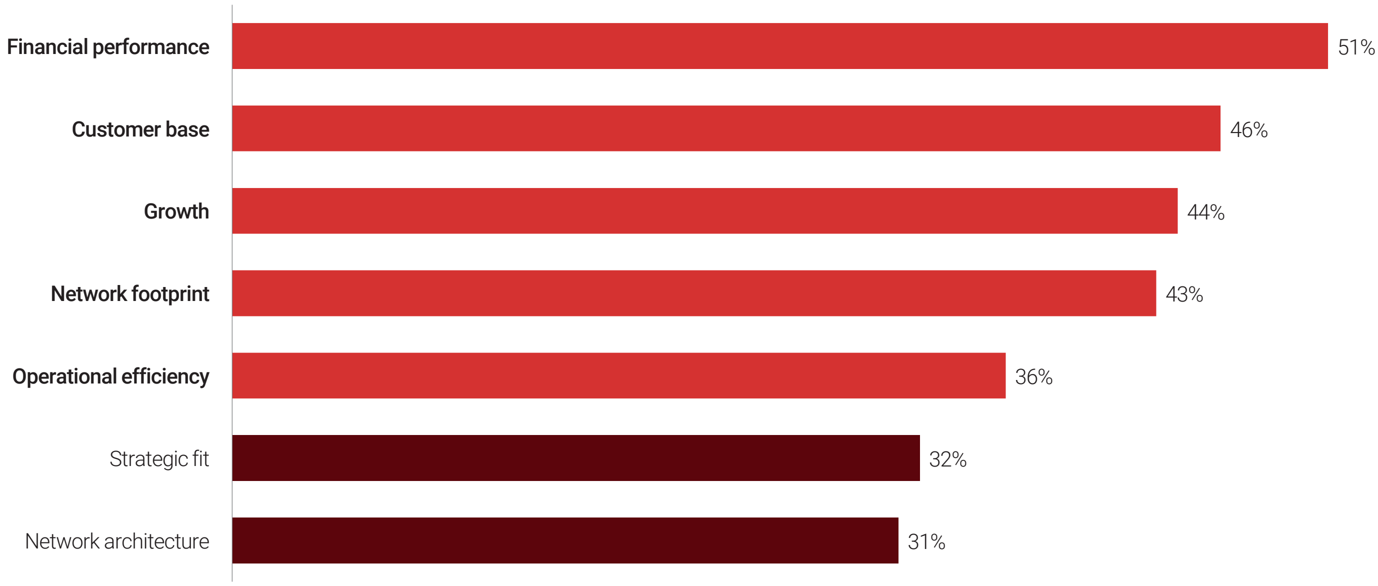
CONSOLIDATE – OR BE CONSOLIDATED

The outcome for many fibre companies appears relatively straightforward: they are likely to either consolidate or be consolidated. And most operators might have that decision made for them by large regional and national operators and private equity funds – buying smaller outfits, such as those building small fibre networks in localised areas. Many companies in this sub-scale segment might be unable to scale themselves to become viable long-term prospects.

FIGURE 8: POTENTIAL BUYERS OF FIBER ASSETS ARE EXPECTED TO FOCUS ON FINANCIAL PERFORMANCE, CUSTOMER BASE, GROWTH, NETWORK FOOTPRINT, AND OPERATIONAL EFFICIENCY

Areas of focus for potential buyers of fiber assets

Respondents chose from the following categories – the percentage – numbers below indicate which share of respondents listed the category as a top-5 topic



Source: AlixPartners' European Fibre Survey

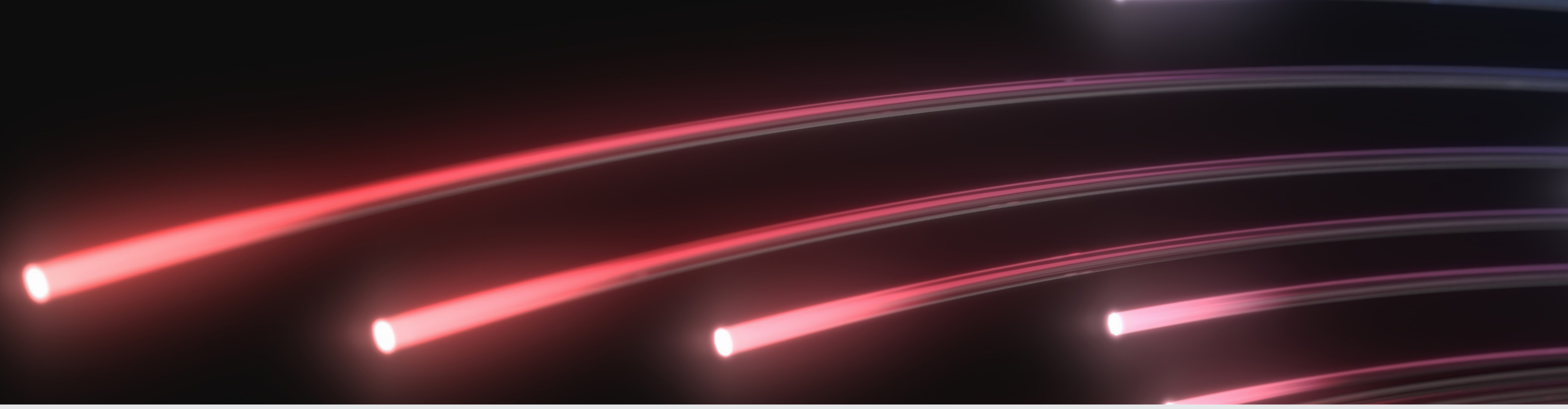
The few large companies that, alongside the ISPs, lead the market in network size and revenue, are likely to either grow on their own, consolidate smaller players, or scale by merging with equals.

It is the medium-sized companies that will have a decision to make: do they seek to buy sub-scale assets to achieve their own scalability? Or should they offer themselves for sale to larger operators?

Both options could provide attractive exit opportunities for owners and existing investors. But they require different operational and strategic positioning (as well as additional capital in the case of consolidation).

WHAT REALLY MATTERS

Our European Fibre Survey acts as barometer for the dynamic pressures present in the fibre industry. As we've seen, these challenges are closely linked and will influence each other. Operators, lenders, and investors will all have different priorities and objectives. Where they meet, successful deals could be done.



BUILDING A PROFITABLE OPERATING ENGINE

Whether preparing for sale or looking to scale and drive profitability, there are core areas for operators to focus on in 2025:

1 Operating Model

Shifting from build to operate, realising efficiencies in legacy organisation to fund activities that enable commercialisation.

2 Customer Activation

Enabling commercialisation by activating customers requires dedicated steering and (potentially inhouse) management of customer activation processes, e.g. by building own construction units to activate customers faster.

3 Take-up

Building out the go-to-market muscle to increase conversion beyond (pre-)sales from demand aggregation activities.

4 New Growth

Exploring new growth vectors, particularly in B2B and Wholesale, to drive penetration and fill network capacity required for realising scale benefits.

5 Operational Control

Close monitoring and steering of processes, especially in roll-out, to enable revenue generation and to manage cost effectively.

6 Network Quality

Building a high-quality to ensure top-notch customer service and to keep maintenance cost low, as well as to create optionality in M&A, where network quality is key to success integration.

READYING FOR RE-FINANCING

As fibre companies face the prospect of refinancing parts of their balance sheet this year and next, all parties will be considering their options. For all, proactive engagement and communication will help limit risk and capture maximum value.

OPERATORS PERSPECTIVES

To help give investors and lenders the confidence to continue to fund operations, **fibre companies will need to put the right resources in place to monetise their platform,** showing cash flow generation, optimal use of capital and positive EBITDA prospects. Constant communication with stakeholders, with real-time information, will add confidence to financing decisions.

Funder considerations

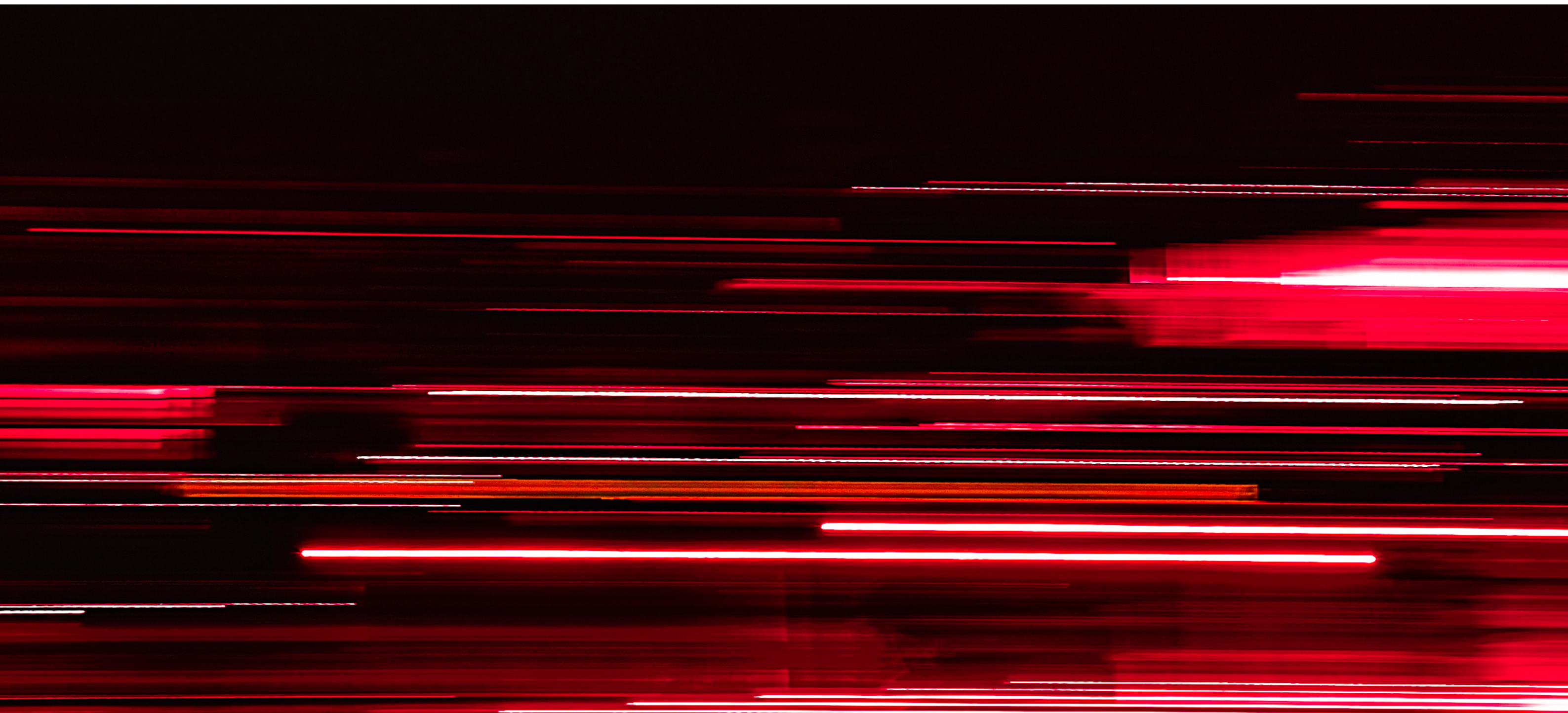
Investors and lenders will be weighing-up the benefits and drawbacks from exiting underperforming companies or rolling funding on. That will be influenced by the assurances and confidence fibre companies can offer.

LENDERS

will need to prepare for asks from their customers – whether that's a refinance request or merger plan – and should avoid surprises by preparing for any fallout, from establishing how different creditor debt stacks could be aligned to requesting greater transparency on company performance.

INVESTORS

may feel obliged to continue funding and extend the equity story, to protect value and reputation; stopping funding could lead to adverse publicity for the network providers. However, **hold strategies must involve a realistic reassessment of valuation** and a strategy to extract as much value from new business plans as possible.



ACHIEVING A SUCCESSFUL TRANSACTION – AND INTEGRATION

Transaction Management

Managing FibreCo M&A transactions requires precision and a clear strategy. With high competition for a limited number of attractive scalable assets, effective deal structuring and negotiation will be critical in aligning buyer and seller interests. It will be helpful for buyers to have a dedicated deal team that manages the entire M&A process, who can approach targets more efficiently and quickly.

Timely communication with stakeholders ensures smoother navigation of regulatory approvals and market dynamics. In addition, maintaining focused oversight of timelines, financing, and core objectives can help operators to mitigate risks and secure value, positioning themselves competitively.

Due Diligence

Due diligence goes beyond surface-level financial assessments. Evaluating network infrastructure quality, network footprints, and future scalability and profitability is essential to uncover potential risks. A company with a strong regional presence, robust markets and expansion potential is attractive, as strategic buyers believe that their own brand recognition can further accelerate and increase penetration.

Sellers also need to prioritise between their B2B and B2C deals and gain clarity on how each deal drives growth versus profitability. Buyers will want to see a stable customer base from a clearly defined market or customer segment. A meticulous approach at this stage might save costly surprises, highlight attractive synergy potential, and build investor confidence in the transaction. Examining how an integration could take place afterwards is also essential for buyers to achieve cost-effective growth.

Integration

Post-transaction, seamless integration will be key to maximising the value of acquisitions, and an experienced integration team that implements the post-merger integration will be critical to the success of buyers' integration of new assets into their existing corporate structures.

Aligning operational workflows, infrastructure, and service offerings will require careful planning. Sellers with a robust technology infrastructure enable buyers to integrate their assets more easily, and more robust infrastructure also promotes greater synergies with buyers' existing technologies.

Addressing IT and network compatibility early will help to minimise any disruptions for customers and staff, while cultural integration will be equally vital in combining teams and values to shape the long-term success of the new entity. Clear communication, aligned leadership, and milestone-driven execution are essential in transitioning smoothly while maintaining service continuity and operational efficiency.

Synergy Capture

Significant value will lie in capturing the synergies post-acquisition that were identified during the diligence phase. This includes leveraging enhanced network coverage to drive growth, reducing overhead via shared operations, and improving economies of scale.

For example, realising revenue synergies requires optimising sales strategies, cross-selling opportunities, and expanding service portfolios. Finance and HR teams often lack the right tools to ensure timely analysis and reporting of business operations – a problem that can be exacerbated by the integration of new assets. **Therefore, establishing effective back-office teams is critical to scaling the organisation,** alongside frequent tracking of synergy execution to ensure that anticipated benefits materialise as expected.

HOW ALIXPARTNERS CAN HELP

We have worked with multiple fibre operators in recent years, as well as investors and lenders active in this area across all operational and financial areas, typically on the highest impact, most urgent challenges.

Whether due diligence at acquisition or implementing post-merger integration, we have the expertise to drive value through each stage of a transaction, or leading operational transformation to successfully navigate these conditions and emerge stronger.

Contact us to discuss the findings of our European Fibre Survey in more detail

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ABOUT US

For more than 40 years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges – circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line – a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA – so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.