



Telecom infrastructure carve-outs: separation alone is not enough to create value

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The telecom sector is moving toward a layer-based model, or layering, with infrastructure carve-outs serving as a lever for value creation. The financial rationale, which consists of separating assets to lower the WACC and unlock hidden value, is correct but incomplete. An InfraCo is worth more only if it becomes **an autonomous industrial platform**, with a well-defined perimeter, solid service agreements (TSA and MSA) and a P&L that is credible to investors. The phased path (functional separation, multi-tenant operation, structural separation and only then monetization) reduces risk and tends to deliver better results than forcing an early sale. And **not every asset should be separated**. It only makes sense when there is scale, density and a solid contractual relationship with the anchor tenant.



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The new telecom map: from integrated operator to a portfolio of specialized layers

The telecom sector is going through a structural change, and consolidation among operators is only part of it. The historical model of vertical integration is giving way to **an architecture organized into specialized layers**: passive infrastructure (towers, ducts, cabling, etc.), access networks, transport networks, data centers, wholesale platforms, commercial services, digital products and customer relationship.

This shift, commonly described as delayering, tends to be read as a financial arbitrage play. It consists of separating lower-risk assets so they can be financed at a lower WACC, reducing debt and surfacing a valuation that remained diluted inside the integrated operator. That reading holds, but it only covers part of the story.

The real value-creation potential emerges when the separation turns an internal asset into **an autonomous, neutral, scalable industrial platform** capable of attracting specialized capital. Reassigning assets to vehicles with a lower cost of capital does little by itself; the value comes from building a business with its own governance, visible cash flows, investment discipline and real monetization capacity.

Telecom infrastructure assets comprise the physical and technological infrastructure underpinning the delivery of telecom services. They provide network connectivity, coverage, transport and hosting capabilities, typically without a direct commercial relationship with the end customer. These assets are characterized by long useful lives, high capital intensity, the ability to support multiple services and customers, predictable demand and the potential to operate under wholesale or multi-tenant models.

Fiber-to-the-home (FTTH) access network

- Feeder and distribution fiber
- Ducts and sub-ducts
- Chambers and manholes
- OTBs (optical termination boxes)
- Optical splitters
- OLTs and other active access equipment
- Associated backhaul infrastructure

Mobile network infrastructure

- Towers and sites
- Masts and supporting structures
- Technical shelters and equipment cabins
- Power supply and battery systems
- Cooling systems
- Fiber connections to sites

Transport network infrastructure

- Fiber optic backbone networks
- DWDM transmission equipment
- IP/MPLS transport infrastructure
- Long-haul and metropolitan links
- Regeneration and repeater sites

Data centers and Edge infrastructure

- Data centers
- Edge data centers
- Colocation facilities and space
- Power infrastructure
- Cooling systems
- Physical security and access-control systems

Satellite ground infrastructure

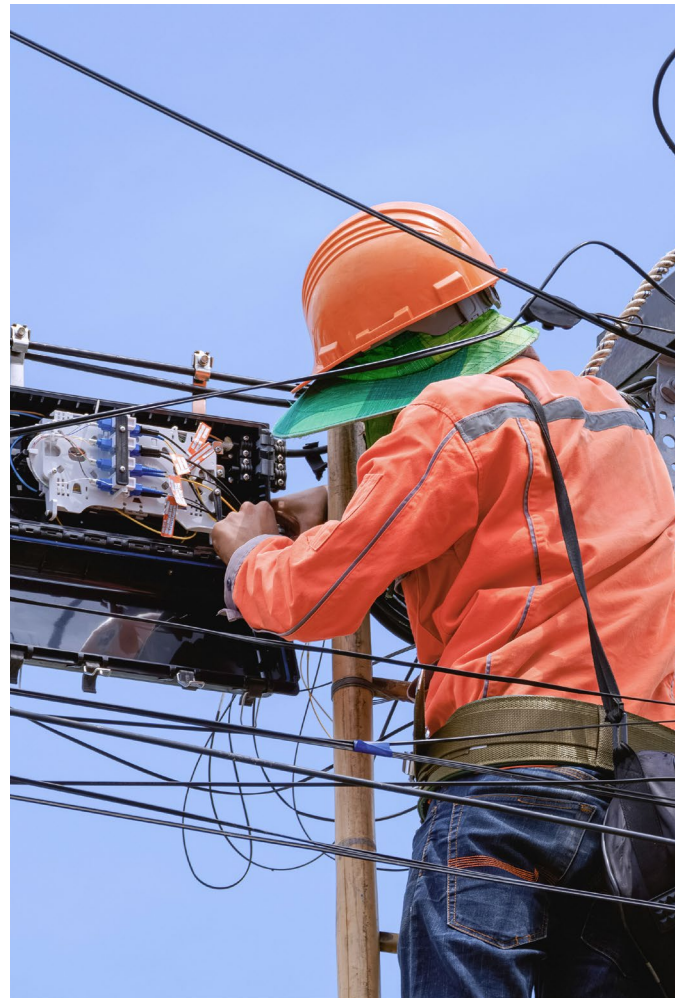
- Teleports
- Satellite earth stations
- Gateway antennas
- Control and monitoring systems

The market does not value similar revenues equally when risk, visibility, operational control and scalability differ. A ServCo can be attractive to investors focused on commercial growth, digital transformation, convergence, upselling and cost efficiency. An InfraCo or NetCo, by contrast, is a **better fit for infrastructure funds**, sovereign wealth funds, insurers or long-term investors seeking physical assets, stable contracts, sustainable leverage and a competitive cost of capital.

“Infrastructure is worth more as an autonomous platform.
A multi-tenant InfraCo attracts long-term investors”

Delaying is, in any case, an industrial response to simultaneous pressure from investment needs, competition, debt, the maturity of traditional revenues and the need to accelerate next-generation network rollout. As a result, infrastructure carve-outs have become **a strategic tool to unlock value**, attract specialized capital and let each layer of the business optimize its own operating and financial model.

An InfraCo offers more stable cash flows, long-term contracts, lower commercial risk, greater revenue visibility, lower exposure to churn and, therefore, the ability to finance itself at a lower cost of capital. But separation only creates value if it is designed, planned and executed correctly. Moving the asset into another legal entity does not deliver that on its own. **The InfraCo has to improve cash flows**, lower perceived risk and support a credible investment case.



Why a fixed access fiber network can be worth more separated than integrated

Take the fiber-to-the-home (FTTH) access network, a particularly clear case of basic telecom infrastructure. An FTTH network can behave like **a long-term infrastructure asset**, with relatively predictable cash flows, wholesale contracts, high capital intensity and a risk profile different from that of a retail business exposed to churn, promotions, customer devices, bundles and competitive pressure. That difference in nature explains why the two operating perimeters tend to attract different investors and, in sale or capital-raising transactions, can justify different EBITDA multiples as well.

Fiber access networks show the logic of delayering well. Inside an integrated operator, the value of the access network can get diluted among commercial decisions, corporate debt, shared costs and legacy systems. When that same network is structured as a wholesale platform, with clear access rules, SLAs, pricing, well-defined service agreements between the parties (the MSA, or master service agreement, and the TSA, or transitional service agreement) and multi-tenant capability, **the investment case changes substantially**.

Separation turns an initially captive asset into **a potentially open platform**. The ServCo keeps the customer relationship and acts as anchor tenant, while the InfraCo takes over network operation, maintenance and evolution. Its incentives shift toward maximizing occupancy, attracting third parties and optimizing CapEx utilization. Value comes from turning an internal component of the business into an industrial platform with demonstrable revenues, its own governance and investment discipline, rather than from the transaction itself. These are the operational levers of value creation in a carve-out.

Beyond financial value, a fiber InfraCo or NetCo can build **a defensible competitive position that is hard to replicate**. When it reaches scale, footprint, operational quality and a neutral wholesale offering, it becomes critical market infrastructure. That position can protect it over the long term against competitors of the original ServCo and even make it **the de facto incumbent** in certain geographies or segments, provided it concentrates demand, footprint and investment capacity before other players do.

“Moving the asset into another vehicle is the easy part. Separating it well is what determines the value of the standalone business and of any eventual monetization”

Recent market experience shows that this thesis holds up in practice. The cases below make clear that there is no single carve-out model. Some transactions prioritize debt reduction, others the creation of wholesale platforms and others preparation for a future monetization. Taken together, they show that separating infrastructure assets can serve industrial, financial and strategic goals.

TIM, FiberCop and KKR (Italy)

On July 1, 2024, TIM **completed the sale of its NetCo to KKR**. The transaction was structured through the transfer to FiberCop of the business unit that included the fixed network infrastructure and wholesale activities, followed by [the acquisition of FiberCop by Optics BidCo](#), a KKR affiliate.

The transaction was valued at **up to €22 billion**, including conditional earn-outs. TIM confirmed an expected reduction in net financial debt of €14.2 billion, equivalent to €13.8 billion after adjustments and separation costs. The relationship between TIM and the NetCo was governed by a 15-year master service agreement, renewable for another 15, with services at market prices and no minimum purchase commitments.

The case shows **three rationales at once**: industrial, by separating infrastructure and services; financial, by reducing debt and strengthening the capital structure; and strategic, by repositioning TIM toward a business model with a sharper commercial and industrial focus.

PremiumFiber, from MasOrange, Vodafone Spain and GIC (Spain)

In late 2025, MasOrange and Vodafone Spain **completed the establishment of a joint FiberCo with GIC**, Singapore's sovereign wealth fund. The agreement, announced on August 4, 2025, gave rise to PremiumFiber, now operational, with a network of **more than 12 million premises passed** and nearly 5 million customers inherited from both operators, and an ownership structure of 58% MasOrange, 17% Vodafone Spain and 25% GIC.

PremiumFiber has handled up to [€2 billion in financial transactions tied](#) to its bond refinancing and debt restructuring, following an initial **€4.6 billion liquidity release** for its partners.

The deal was set up as a joint venture co-controlled by MasOrange, with regulatory approvals already secured. Its goal was to consolidate FTTH assets, generate economies of scale and attract specialized infrastructure capital, without amounting to a full sale of the network to a third party. **With the transaction closed and under way, that goal has been met.**

Infranexia, formerly TIF, from Telkom Indonesia (Indonesia)

Since late 2023, Telkom Indonesia has been **developing Infranexia in phases**, its fiber infrastructure subsidiary (formerly known as Telkom Infrastruktur Indonesia, TIF). The first phase of the carve-out, [announced in October 2025](#), took effect on January 1, 2026. In August 2026, Telkom announced a **second phase, valued at about \$2.8 billion**, which transfers the rest of the wholesale fiber business to the new entity. Independent shareholders approved it on September 30, 2026.

The company retains practically all ownership of Infranexia, which confirms that **the goal was not to monetize right away**. It aimed to build a specialized platform to optimize infrastructure management, grow the wholesale business and make room for specialized capital later.

Telkom Indonesia is a listed company under state control (the Government of Indonesia owns roughly 52% of its capital) rather than a purely private operator, and the case still matters. It follows almost to the letter the phased path we describe later in this article, with no need to sell the asset right away.

How to design a successful carve-out

An infrastructure carve-out is an operationally complex process. Success depends on mapping cross-dependencies early and balancing four variables: **the strategic objective of the separation**, the ease and cost of execution, the operational and financial risks, and the phasing best suited to capture value without compromising business continuity.

The usual temptation is to treat the carve-out as essentially a corporate or financial transaction, but in the telecom sector **that view is incomplete**. An FTTH access network is made up of more than fiber, optical termination boxes (CTOs), OLTs,

poles, ducts, manholes, inventory and CPEs. It also includes operations and maintenance, field force, provisioning and service assurance, technology strategy, planning and engineering, network systems, inventory and activation tools, incident management and customer relationship management, and the whole layer of supplier contracts, regulatory obligations, permits, SLAs and dependencies on other networks.

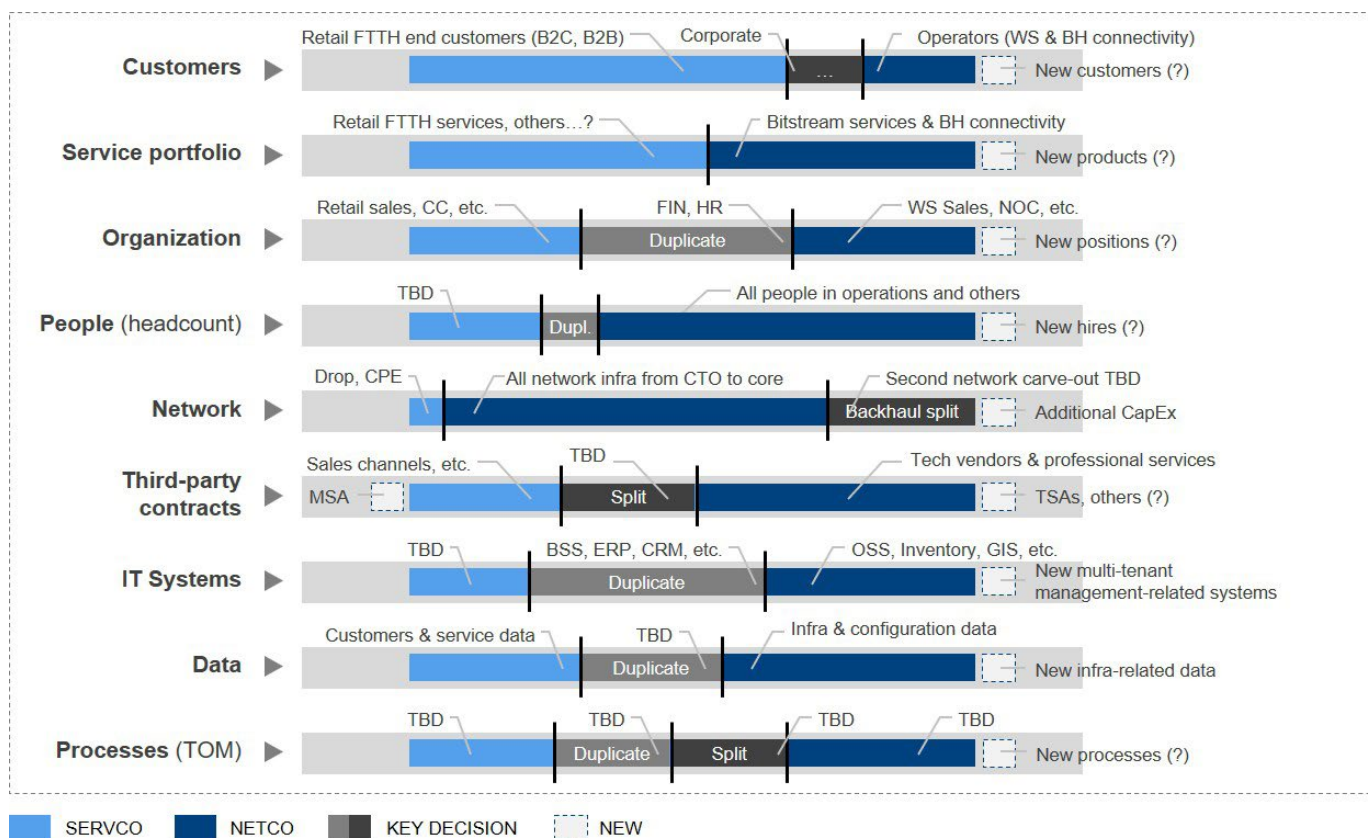


Figure 1 - Carve-out perimeter design: dimensions and key decisions

Carve-out design is the crux of the process

The separation must define precisely where and how the boundary is drawn between the infrastructure business and the retail business. In practice, this means deciding what stays in the ServCo, what moves to the NetCo and which elements must be duplicated, shared, migrated or governed through TSA/MSA contracts.

Defining the perimeter means deciding which revenues, costs, people, systems, contracts, data, processes and operating responsibilities will support the InfraCo's real autonomy, in addition to which infrastructure assets are transferred. **Even decisions that look technical have financial and valuation consequences:** they shape the strength of the P&L, credibility with investors, the ability to serve third parties and the speed at which the separated entity can operate independently.

If inventory systems are not ready to operate in multi-tenant mode, the InfraCo may lose credibility with third parties. If the cost model does not correctly allocate OpEx and CapEx by customer, service or area, the EBITDA presented to investors may lack credibility. If supplier contracts include anti-assignment clauses, the transition may be blocked or become more expensive. And if key personnel are not assigned properly, the new entity may be established without genuine operational autonomy.

A well-defined perimeter

- **Network infrastructure:** in an FTTH network, the separation can cover only the access network or the entire network except the services core, including backhaul and backbone. The access network that is separated can be fully passive or include active equipment (OLTs) at the end nodes, and it can include the final access segment (the drop) or leave it within the ServCo's perimeter. This design has a major impact on the

other dimensions of the overall carve-out perimeter.

- **Customers and services:** retail and wholesale services, backhaul, enterprise connectivity, B2C and B2B customers, third-party operators and potential new products all have to be assigned to one side or the other. The perimeter must not stop at the physical inventory. It must ensure **the real ability to deliver services end to end**. The split of customers and services determines which revenue streams each party (InfraCo and ServCo) will have and carries organizational, process, systems and provisioning implications, among others.
- **People and organization:** starting from a vertically integrated organization, delaying creates two organizations that must operate separately. The InfraCo must retain the functions needed to run the network and build basic commercial capabilities for a multi-tenant scenario. Some decisions are obvious; others depend on the starting organizational model and on how intertwined functions and people are. After the separation, each party must have the talent and structure needed to operate effectively, efficiently and independently. Cultural impact, communication and change management are not covered here, but they can weigh heavily on the success and speed of the separation.
- **Third-party contracts:** it is often said that a carve-out essentially separates infrastructure, customers, people and contracts. As for the latter, defining the scope of the separation can be laborious. It requires a careful contract review, an assessment of risks and penalties, and a timeline that balances speed, effectiveness and cost. Some contracts will be easy to separate; in

other cases there will be **interim compromise arrangements** while both parties gradually gain autonomy, in step with contract expiry dates. We are talking about all kinds of contracts for goods and services related to service delivery and network operation, but also a sometimes unpredictable range of insurance policies, usage licenses, premises leases, transmission capacity, contracts with public administrations, and so on. Legal counsel will matter at several points in the design and execution of the contract separation.

- **Operating model:** the carve-out also means separating processes, turning internal interfaces into external ones, establishing service agreements between parties that used to be a single entity, separating governance and creating the mechanisms that, on each side, ensure service continuity while evolving toward the new independent operating scenario. Many of the decisions made on the operating model will flow directly into the service agreements between the parties: both the MSA (the long-term framework agreement) and the TSA or TSAs (the service agreements covering the transition to the new separated scenario).
- **Systems and data:** in telecom, **the operating model is embedded in the systems**. Redrawing the organization is not enough if provisioning, service assurance, billing, inventory and reporting workflows remain captured by integrated platforms. At this point, the options usually range from duplicating to separating, sharing temporarily or transforming. The right choice depends on the strategic objective, cost, risk, timeline and the degree of autonomy desired.

TSA and MSA

A solid carve-out needs TSAs to govern the transition and a strong MSA to define the structural relationship between ServCo and InfraCo. The MSA must cover services, pricing, SLAs, penalties, governance model, reporting, technology evolution, capacity, planning, escalation processes and review mechanisms. **A weak MSA destroys part of the value** the separation is meant to create, because it passes operational and commercial uncertainty on to the investor.

In a carve-out, the MSA and TSAs are the mechanism that turns a legal boundary into a workable operating model. The detailed design of the perimeter makes it possible to translate separation decisions into agreements between the parties, setting responsibilities, interfaces, service levels, governance mechanisms and the economic terms of the relationship between ServCo and InfraCo.

A well-designed TSA acts as a **temporary bridge** between the ServCo and the InfraCo. It provides stability during the transition, supports the gradual development of the InfraCo's own capabilities and winds down in an orderly way as the InfraCo gains autonomy. It exists to buy the time needed for a controlled transition to an autonomous, fully monetizable operating model, not to prolong the InfraCo's dependence on the ServCo.

P&L

The design of the perimeter in all its dimensions and the service agreements (both the MSA with the anchor tenant and any agreements with new tenants) ultimately translate into **standalone income statements** for ServCo and NetCo. These must identify revenues, direct costs, shared costs, growth and maintenance CapEx, leases, personnel, IT, marketing, G&A and other relevant items.

This is the basis on which the asset is presented to the market. Without a credible income statement projected over time, the conversation with investors quickly turns into a debate over adjustments. In an InfraCo's case, the time horizons are very long: **15, 20 or 30 years**.

The InfraCo's business case therefore needs a solid set of assumptions, backed by well-founded reasoning on the evolution of the infrastructure occupancy ratio, additional revenue from new services and customers, investment plans, performance and quality improvements, operating efficiency plans, early termination of TSAs, optimization of the operating and provisioning model, and mitigation of technology risks, among other factors.



Why a phased path to monetization maximizes value

Monetization does not have to be the first milestone. In many cases, **value is maximized when the asset matures first**. It is separated functionally, proves its wholesale capability, consolidates its P&L and reduces operational dependencies before bringing in external capital. A phased approach captures value in an orderly way, reduces risk and increases the maturity of the new entity before any eventual monetization.

Monetization is one strategic option among several, not the only goal

The figure 2 shows an incremental path from the integrated operator to the various monetization scenarios. Each step brings changes in ownership, operational control and perceived neutrality. A possible path to the carve-out could follow this logic:

- 1. Functional separation:** in the initial situation, the operator keeps all the assets but does not necessarily crystallize their value. Functional separation creates differentiated business units, albeit with limited neutrality. It is a way to show that operating with a degree of independence is possible, and to test the most appropriate boundaries in each dimension of the perimeter, anticipating risks and conflicts and exploring scenarios and solutions in an environment still controlled under a single governance and strategic criterion.
- 2. Multi-tenant operation:** in the next step toward the carve-out, the Infra BU acquires some new capabilities that allow it to start serving third parties, which increases revenue visibility, wholesale discipline and the future appeal of the asset. Additional cha-

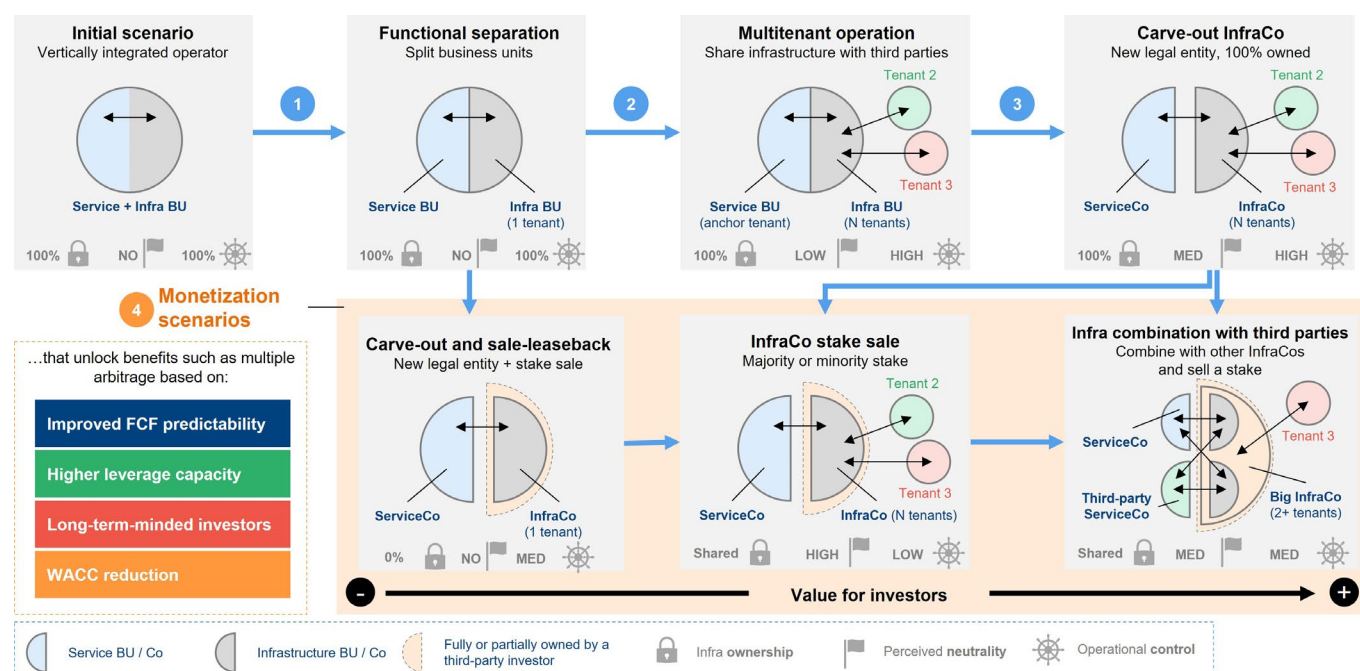


Figure 2 - Incremental approach to the carve-out and its potential monetization

llenges appear and the story of the InfraCo as an independent entity starts to take shape, while the commercial capabilities of the new business unit are put to the test.

3. **Structural separation:** the decisive step in the carve-out is the structural separation of the InfraCo, the creation of a separate legal entity that is still fully owned by the shareholders of the operator that originated the carve-out. This separation adds a further layer of autonomy and forces the execution of every dimension of the perimeter, including absolute clarity in the separation of accounts and the full activation of the service agreements between the parties (MSA and TSA).

4. **Monetization:** monetization of the carve-out is less a final step than a strategic decision that can be addressed from various intermediate states, depending on financial urgency and available opportunities. In any case, the usual way to capture maximum value is to advance gradually, build a solid story for the asset and offer investors the greatest operational, financial and contractual certainty. A sale-leaseback scenario on a physical asset, for example, allows quick monetization, but it is not aimed at creating a neutral, independent entity meant to serve third parties. Bringing investors into the InfraCo opens up several possibilities: the sale of 100%, the sale of a minority stake without loss of control or the sale of a majority stake. Depending on the final decision, the InfraCo's real degree of autonomy will be greater or lesser. The options are therefore varied: selling a minority or majority stake, structuring a sale-leaseback, combining the infrastruc-

ture with other assets or creating a consolidation platform. What matters is that **value for investors increases when cash flow predictability improves**, leverage ratios are optimized, the WACC falls and long-term-minded investors are attracted.

The market penalizes ambiguity. If the InfraCo still depends on the ServCo's systems, has no SLAs of its own, has not demonstrated multi-tenant capability and does not present a strong P&L, the buyer will apply a risk discount. By contrast, when the separation has been gradual, the anchor tenant is governed by a clear MSA and there is third-party revenue or a credible path to capturing it, monetization is negotiated from a much stronger position.

When separation creates value, and when it does not

The market has tended to celebrate delayering as if any separation automatically generated value. Telecom infrastructure carve-outs, however, combine strategy, operations, technology, finance and capital markets. Delayering will keep advancing because each layer of the business has different economics, capital needs, risk profiles and potential investor bases.

Separating to follow a trend can destroy value if coordination is lost, costs are duplicated unnecessarily, the commercial proposition is weakened or the transaction cost exceeds the multiple premium. The question to ask is whether the asset can operate autonomously, neutrally and at scale without undermining the group's competitiveness. Whether it could command a higher multiple in the abstract matters much less.

“Not every asset should be separated, and not every transaction creates value”

Value does not appear on its own. It comes from a precise definition of the perimeter, a credible financial separation, a sound operating model, systems ready to operate autonomously, contracts that govern the relationship between entities well and a phased roadmap that reduces risk. **Monetization is the result, not the starting point.**

In FTTH infrastructure, **separation makes sense** when there is density, scale, network quality, occupancy potential, demand visibility and a solid contractual relationship with the anchor tenant. It can also be appropriate when it frees up capital to accelerate rollouts or reduce debt without compromising commercial differentiation. Conversely, it may be less clear-cut in fragmented networks,

with low occupancy, immature systems, unreliable inventories or heavy dependence on the ServCo's commercial decisions.



Conclusions: a key strategic decision, a complex execution

The carve-out of telecom infrastructure is a **major strategic decision**. It changes where value sits, how growth is financed and what role the operator plays in the value chain. The question that matters is under what configuration a separated network can capture that additional value without undermining the group's commercial, operational and technological competitiveness.

Value creation normally starts with WACC arbitrage, but it materializes only if the asset becomes **an autonomous, financeable and scalable industrial platform**. An InfraCo earns a higher valuation by offering predictable cash flows, firm contracts, its own governance, investment discipline, multi-tenant capability and an income statement that can support a credible case with investors, not by being legally separate.

Execution matters most. The carve-out perimeter (assets, customers, services, people, contracts, systems, data and processes) determines the real quality of the future InfraCo. An ambiguous perimeter destroys value; an incomplete one creates hidden dependencies; an oversized one introduces unnecessary costs. The MSA and TSAs are therefore far more than legal annexes. They turn a corporate separation into a workable operating model and give ServCo and InfraCo continuity, gradual autonomy and a clear relationship.

Monetization should follow from a well-built thesis. Separating functionally, demonstrating wholesale discipline, activating multi-tenant capabilities, clarifying the P&L and stabilizing the service agreements reduces uncertainty and gives more leverage in negotiation. A partial sale, a capital injection, a sale-leaseback or a combination with other assets maximize value only when the market sees **an autonomous, transparent asset** with real growth potential.

An open, neutral NetCo with scale can also create a **strategic advantage that is hard to replicate**. If it shows it can accelerate coverage, lower entry barriers, attract third parties and optimize the use of the infrastructure, the project gains legitimacy with investors, wholesale customers, governments and competition authorities. In markets where scale and neutrality are decisive, moving first and doing it well can close the space for alternative platforms.

Not every asset should be separated, and not every separation creates value. Announcing an InfraCo creates none on its own. **The value comes from designing it, executing it and proving it** as an independent, neutral and sound business, able to operate, finance itself and grow as a standalone industrial platform.

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