

ANTICIPATED ACQUISITION BY LIBERTY GLOBAL, TELEFÓNICA AND INFRAVIA (THROUGH THEIR JOINT VENTURE, NEXFIBRE) OF SUBSTANTIAL

SUMMARY OF INTERIM REPORT

02 October 2026

OVERVIEW OF OUR INTERIM REPORT

1. This is the Interim Report of the Inquiry Group appointed to consider the anticipated acquisition by Opal JVco Limited (**nexfibre**) of Substantial Topco Limited (**Substantial**). The CMA refers to this acquisition as the **Transaction**.
2. nexfibre is a joint venture between Liberty Global Ltd (**Liberty Global**) and Telefónica S.A. (**Telefónica**) (together, also the owners of VMED O2 UK Limited (**VMO2**)) and Crown Infra Bidco Limited, an entity wholly owned by funds managed by InfraVia Capital Partners (**InfraVia**) (a private equity investor).
3. nexfibre, VMO2 and Substantial are together referred to as the **Parties**, and for statements relating to the future (if the Transaction was to proceed), nexfibre, VMO2 and Substantial are together referred to as the **Merged Entity**.
4. We have provisionally found that the Transaction amounts to a relevant merger situation (**RMS**) that may be expected to result in a substantial lessening of competition (**SLC**) in the wholesale supply of fixed broadband services.
5. This is not our final decision, and we invite any interested parties to make representations to us on these provisional findings by **no later than 5pm on Friday 23 October 2026**. Please submit any responses to these provisional findings by email to nexfibre.substantial@cma.gov.uk. We will take all submissions received by this date into account in reaching our final decision.

WHO ARE THE BUSINESSES AND WHAT PRODUCTS DO THEY SUPPLY?

6. nexfibre is a wholesale-only provider of fibre to the premises (**FTTP**) broadband to internet service providers (**ISPs**) in the UK, with VMO2 as its anchor (and currently only) customer.
7. VMO2 is a vertically integrated UK telecommunications provider. It offers retail fixed broadband services, as well as other services such as wholesale and retail mobile services and pay TV.
8. Substantial is a holding company which includes Netomnia Limited (**Netomnia**), Brsk Limited (**Brsk**) (which develop and operate FTTP networks) and YouFibre Limited (**YouFibre**) (a retail provider of FTTP broadband).
9. nexfibre, VMO2 and Substantial are **network operators** that build and operate their own fixed telecommunications networks. Other network operators include Openreach (which owns the largest network) and numerous smaller players known as '**altnets**' of varying network sizes.
10. Based on the evidence received so far (set out below), our report focusses primarily on the impact of the Transaction on the wholesale supply of fixed broadband to ISPs. We have also considered the implications of the Transaction for the retail supply of fixed broadband – including the extent to which higher wholesale prices are reflected in higher prices for end-consumers and businesses.

OUR ASSESSMENT

Why are we examining this Transaction?

11. The Competition and Markets Authority (**CMA**)'s primary duty is to seek to promote competition for the benefit of consumers. It has a duty to investigate mergers that could raise competition concerns in the UK, provided it has jurisdiction to do so.
12. In this case, the CMA has jurisdiction over the Transaction because each of Substantial and nexfibre is an enterprise that would cease to be distinct as a result of the Transaction, and Substantial's UK turnover exceeds £100 million.

What evidence have we looked at?

13. In assessing the competitive effects of the Transaction, we have looked at a wide range of evidence which we have considered in the round in reaching our provisional conclusions.

14. We received several submissions and responses to information requests from the Parties, including their [response](#) to [Our areas of focus](#) document. We also held several meetings with the Parties, including a teach-in, a site visit, an Initial Substantive Meeting and an Update Call.
15. We have considered the Parties' submissions and internal documents carefully, including their financial data and modelling, business plans, and their negotiations with potential wholesale customers.
16. We also received submissions and gathered information from third parties to better understand the competitive landscape, market trends, and to obtain views on the impact of the Transaction. We received evidence from network operators, ISPs, investors, consumers and other interested parties. We have also engaged with Ofcom throughout our inquiry. Ofcom has provided data and expertise on technical matters, and assisted us in developing our understanding of the relevant markets.

WHAT DID THE EVIDENCE TELL US...

...about what would have likely happened had the Transaction not taken place?

17. To determine what impact the Transaction may be expected to have on competition, we considered what would likely happen if the Transaction did not take place. This is known as the counterfactual. The CMA assesses whether the Transaction may be expected to result in an SLC compared to the counterfactual.
18. The counterfactual has been a key focus of our inquiry so far, and we have considered the relevant counterfactual for each of Substantial, nexfibre and VMO2.

... for Substantial ...

19. A sale process was held for the Substantial business in 2025, with nexfibre and CityFibre (another network operator) submitting bids. We have assessed whether, absent the Transaction, it is more likely that Substantial would have remained as a standalone entity or would have been acquired by CityFibre. We consider that we need to form a judgement as to which of these scenarios is more likely as these two scenarios could lead to materially different conditions of competition: Substantial does not currently have any wholesale customers, and competes at the retail level through YouFibre, whereas CityFibre would likely wholesale the Substantial network to its current ISP customers (including Sky and VodafoneThree) and sell YouFibre to a third party.

20. Forming a judgement on these two alternative scenarios (ie Substantial remaining a standalone entity or being acquired by CityFibre) is an inherently uncertain exercise. However, the CMA's Merger Assessment Guidelines state that uncertainty about the future will not in itself lead the CMA to assume the pre-merger situation to be the appropriate counterfactual. Further, as part of its assessment, the CMA may consider the ability and incentive of the merger firms to pursue alternatives to the merger. In this regard, our assessment has considered the incentives of Substantial and CityFibre to reach a deal, as well as CityFibre's ability to raise the necessary funds.
21. The evidence shows that Substantial's financial outlook has deteriorated in recent years, and whilst it was a viable option to continue as a standalone entity, this was not attractive compared to a sale at an acceptable valuation. This is reflected in Substantial's internal documents, including those which consider the strategic options for the business, and financial models shared with its investors. The internal documents and financial evidence show that Substantial's shareholders had a strong incentive to reach a deal with CityFibre (absent the Transaction with nexfibre) and CityFibre was likewise highly motivated to conclude a deal with Substantial.
22. We have also considered detailed evidence on CityFibre's ability to finance the acquisition on terms acceptable to Substantial's shareholders. This includes evidence on the sources of finance available to CityFibre, the timeframe on which it could raise such finance, and the negotiations between CityFibre and Substantial regarding appropriate terms.
23. This evidence shows that CityFibre would likely have been able to raise the required funding for a valuation that was acceptable to Substantial's shareholders. For example, CityFibre's shareholders were prepared to invest equity into the deal, certain third parties were interested in buying Substantial's ISPs, and Substantial's shareholders would be highly motivated to reach terms where their approval was needed.
24. Therefore, on the basis of all the evidence considered in the round, our provisional view is that the most likely counterfactual is an acquisition of Substantial by CityFibre, with a subsequent sale of Substantial's retail businesses to a third-party ISP.

... for nexfibre and VMO2 ...

25. We have also considered the relevant counterfactual for nexfibre and VMO2, particularly in relation to (i) the extent and timing of future network expansion and upgrades, and (ii) the extent to which VMO2/nexfibre would compete in the wholesale supply of fixed broadband absent the Transaction.

26. Regarding network expansion and upgrades, the evidence shows that nexfibre would be unlikely to materially expand its current FTTP network of c.2.6 million premises absent a significant change in market conditions.
27. For VMO2, we have considered its plans to upgrade its predominantly cable broadband network (known as 'hybrid fibre coaxial cable' (**HFC**)) to FTTP. We recognise that there is some uncertainty as to the exact timing and extent of future network upgrades, including as a result of recent financial conditions that may have impacted VMO2's plans. However, we consider that the evidence shows that there is a clear long-term incentive on VMO2 to upgrade its cable network, and our provisional view is that, absent the Transaction, VMO2 would continue to upgrade its network to FTTP.
28. Regarding VMO2/nexfibre's activities in wholesale, internal documents show that there has been a clear strategic objective to compete as a wholesale broadband supplier to ISPs, and investments have been made to develop the infrastructure and capabilities to achieve this. Further, VMO2/nexfibre have had discussions with several ISPs regarding a wholesale agreement.
29. Our provisional view is therefore that, absent the Transaction, VMO2/nexfibre would compete in the wholesale supply of fixed broadband to ISPs.

...about the impact of the Transaction on competition between the Parties?

30. Our provisional view is that in the absence of the Transaction, the Parties would compete in the wholesale supply of fixed broadband. As discussed above, CityFibre would acquire Substantial's FTTP network, would wholesale this to CityFibre's ISP customers, and would sell Substantial's retail business (YouFibre) to a third party. VMO2/nexfibre would continue to upgrade its cable network to FTTP and would also wholesale this to ISPs.
31. We consider the relevant market for our competitive assessment to be the wholesale supply of fixed broadband (including FTTP and Openreach legacy technologies) within the Parties' combined FTTP network footprint. VMO2/nexfibre and Substantial are present in areas across the UK, albeit Substantial's network is concentrated in the midlands and north of England (including Birmingham, Bradford and Manchester).
32. The relevant market does not include VMO2's cable network (as there is no demand from wholesale customers), but we have taken into account future cable to FTTP upgrades in our analysis. The percentages presented below are calculated on the basis that VMO2 upgrades its entire network to FTTP, but the percentages are similar if we were to instead use VMO2/nexfibre's current FTTP network only.

33. Since the Parties would compete as wholesale providers in their respective network footprints, we have first analysed the extent of overlap between the Parties' networks. We consider that network overlaps are important because they indicate the extent of direct competition between wholesale providers; in areas of network overlap, a wholesale provider faces a direct threat of losing volumes to a competitor. Network overlaps can also have a wider impact across a provider's network footprint, because competitive parameters (such as price) are set uniformly across a provider's network, and the provider will take into account the extent of competition across its network when determining such parameters.
34. In our view, the Transaction gives rise to a significant reduction in wholesale competition across the Parties' FTTP network footprints (for simplicity, we focus here on the VMO2/nexfibre network). Our analysis shows that VMO2/nexfibre's network is fully overlapped by Openreach, c.14% overlapped by Substantial, and c.18% overlapped by CityFibre (with minimal overlap between Substantial and CityFibre). In the counterfactual, the Substantial network would have been acquired by CityFibre, and there would therefore be wholesale competition between three providers – Openreach, VMO2/nexfibre and CityFibre – in all these areas of overlap (ie c.32% of the total VMO2/nexfibre network).
35. Following the Transaction, CityFibre would not be present in the Substantial network footprint (due to the minimal overlap), and there would therefore only be wholesale competition between Openreach and VMO2/nexfibre in these overlap areas (ie in the areas of the VMO2/nexfibre footprint overlapping with Substantial). Relative to the counterfactual, this reduces the proportion of VMO2/nexfibre's total network in which VMO2/nexfibre, CityFibre and Openreach are all present from c.32% to c.18%. In other words, the Transaction would materially reduce the competitive constraints on VMO2/nexfibre in a significant part of its network.
36. We have focussed above on the VMO2/nexfibre network. As a comparison, the Substantial network is c.26% overlapped by VMO2/nexfibre's FTTP network, and would be c.82% overlapped if VMO2 were to upgrade its cable network to FTTP. In the counterfactual, there would be competition between Openreach, VMO2/nexfibre and CityFibre in these areas, compared to just Openreach and VMO2/nexfibre following the Transaction.
37. Our provisional view is that this would have a significant impact on wholesale competition within the Parties' network footprints, because CityFibre is a vigorous wholesale competitor. It has secured wholesale agreements with Tier 1 and Tier 2 ISPs, on highly competitive terms, with Tier 1 ISPs indicating that they consider CityFibre's wholesale offer to be strong, particularly in terms of price, network speed and reliability. Compared to the counterfactual, in which a combined CityFibre/Substantial would be present across a larger proportion of the VMO2/nexfibre footprint, the Transaction would therefore lead to significantly weaker conditions of competition.

38. In terms of competitive constraints on the Merged Entity, Openreach is an important wholesale competitor. However, it is a regulated entity that cannot freely compete on key metrics such as price and service, with CityFibre, VMO2/nexfibre and altnets offering lower prices and (on some metrics) greater service quality. Further, there are very few other wholesale constraints, with other altnets being small in scale. Our provisional view is that the constraint from Openreach and other altnets would not be sufficient to mitigate the impact of the Transaction on wholesale competition.
39. Our provisional view is therefore that (in the absence of countervailing factors, considered below) the Transaction would result in an SLC in the wholesale supply of fixed broadband in the Parties' combined FTTP network footprint.

...about the potential benefits of the Transaction?

40. The Parties submitted that the Transaction is pro-competitive, as it will unlock significant new investment and create a more effective and financially sustainable wholesale challenger to Openreach. The Parties submitted that this is the 'primary efficiency' of the Transaction, which will create wholesale broadband competition for the first time in the UK, and place competitive pressure on Openreach to improve its product offering and deliver lower prices. The Parties state that the Transaction will also accelerate the migration of VMO2's customers from cable to FTTP, amongst other benefits.
41. Following the framework set out in the CMA's Merger Assessment Guidelines, we have considered whether the Parties' claimed efficiencies are timely, likely and sufficient to prevent an SLC from arising, and whether they are merger-specific (ie whether the efficiencies are reliant on the Transaction or whether they would be brought about by other means).
42. On the Parties' primary efficiency claim, we recognise that the Transaction will lead to some increased scale for VMO2/nexfibre, due to the addition of the non-overlapping Substantial network and some Transaction-specific upgrades. However, our provisional view is that any additional scale is likely to be relatively small, in particular (as set out above) because VMO2 is in the process of upgrading its cable network to FTTP, which will erode most of the additional scale achieved through the Transaction.
43. Further, the Parties have provided limited evidence to support their claim that the Transaction materially increases the likelihood of ISPs agreeing a wholesale deal with VMO2/nexfibre. We have also provisionally concluded that the Substantial network would be wholesaled by CityFibre in the counterfactual, and the Parties have not provided evidence to show that there would be a clear benefit in this footprint being wholesaled by VMO2/nexfibre rather than CityFibre.

44. Our provisional view is therefore that the Parties' primary efficiency is not merger-specific, and in any event would not be sufficient to prevent an SLC from arising.
45. Regarding the Parties' other efficiency claims, our provisional view is that these have limited bearing on competition at the wholesale level of the supply chain, and/or are supported by limited evidence. We therefore do not consider these efficiencies to be timely, likely or sufficient to prevent an SLC from arising.

...about the overall impacts of the Transaction?

46. For the reasons outlined above, we have provisionally concluded that the Transaction would result in an SLC in the wholesale supply of fixed broadband services in the Parties' combined network footprint.
47. Whilst our assessment has focused on the wholesale supply of fixed broadband, we have also considered the implications for competition at the retail level. Importantly, the evidence shows that where ISPs receive better wholesale terms, this is often reflected in better deals for end-consumers and businesses, including lower prices and improved service quality. A reduction in competition at the wholesale level would therefore directly impact end-consumers and businesses (including, disproportionately, those in the midlands and north of England given the location of Substantial's network).
48. Finally, we note that in coming to our provisional conclusion, we have assessed a wide range of evidence from a diverse set of stakeholders. We have given careful consideration to evidence regarding the financial challenges facing the altnet sector, and we recognise that several third parties have stated that some form of consolidation is necessary for the altnet sector to grow and compete effectively. We emphasise that our provisional findings are based on our assessment of this specific acquisition, and the particular competition concerns which arise as a result of the degree of network overlap between the Parties, and do not reflect any view on consolidation in the wider altnet sector.

PROVISIONAL CONCLUSION

49. For the reasons explained in this Interim Report, we have provisionally concluded that the Transaction will result in the creation of an RMS, and the creation of that RMS may be expected to result in an SLC in the supply of wholesale fixed broadband services in the Parties' combined FTTP network footprints.

WHAT HAPPENS NEXT?

50. We invite any interested parties to make representations to us on these provisional findings by no later than **5pm on Friday 23 October 2026**.

51. As a result of the provisional SLC identified, the Parties are required to confirm to the CMA within three working days of notification of this Interim Report whether they intend to submit a completed Phase 2 Remedies Form, and to submit this by no later than **5pm on Friday 16 October 2026**. Following submission of the Remedies Form (or confirmation by the Parties that they do not intend to submit such a form), the CMA will publish an Invitation to Comment on Remedies in order to consult on possible action to remedy, mitigate or prevent the SLC and the resulting adverse effects provisionally identified. For more information on the phase 2 remedy process, see chapter 12 of [Mergers: Guidance on the CMA's jurisdiction and procedure](#).