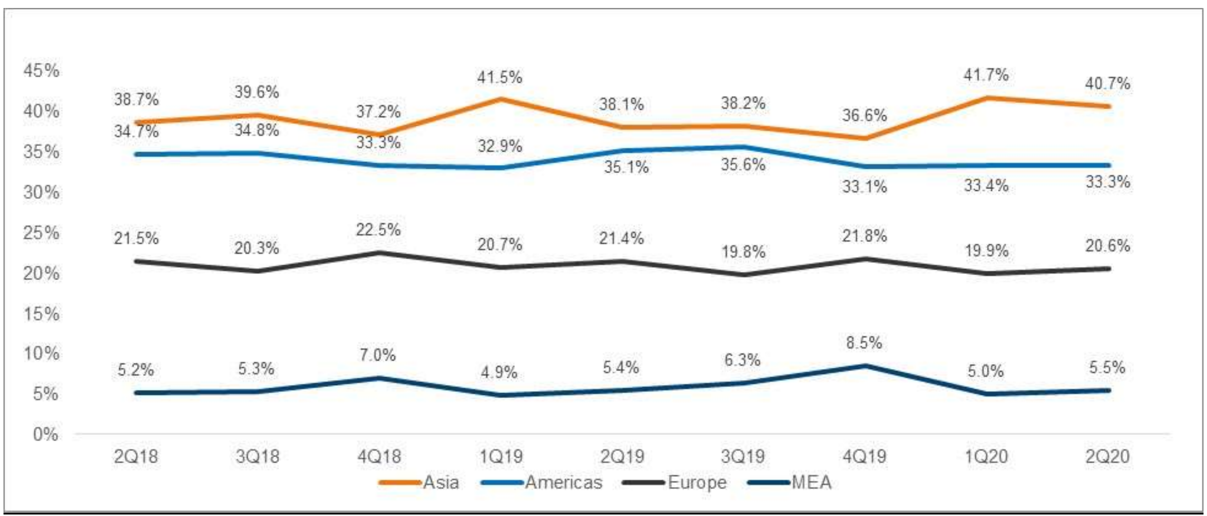
results. If you fix the exchange rates (i.e. set constant) and recalculate growth, the 2Q20 decline was 3.2%. This was by far the worst result since at least 2013, with the only other quarter coming close being the last one, 1Q20, when revenues on a fixed exchange rate basis fell by 0.6%.

With the top line under such pressure, it's no surprise that telcos rushed to cut costs. Capex projects were delayed, scaled down, and had their terms renegotiated. At the same time, telcos did see some new revenue opportunities from the shift to working and studying from home. Fixed broadband traffic spiked, demand for premium home broadband services rose, and network capacity upgrades were required in residential areas. Overall, telco capex in 2Q20 was $65.5 billion, down 6.2% from 2Q19. The weak quarter left annualized capital intensity (capex/revenues) unchanged from the previous three quarters, at 16.0%. That's despite the industry hopes of a year ago that 2021 would bring a spending surge from 5G rollouts.

Regionally, Asia was strongest in 2Q20, accounting for 40.7% of global capex. That was a bit down from 1Q20 but much stronger than Asia's 38.1% global share in 2Q19. Fiscal years vary around the world, so year-over-year comparisons are more relevant. The Americas were weak in 2Q20, with the region's global capex share of 33.3% down from 35.1% in 2Q19. That's due to weakness in the US, which has failed to get COVID-19 under control, and currency deflation (vs. the US dollar) in several large Latin American markets. Europe also saw its global share fall in 2Q20, down from 21.4% in 2Q19 to 20.6% in 2Q20. COVID-19 shutdowns were an issue in many markets, and delayed spectrum auctions also delayed new 5G spending. The smallest region, MEA, was roughly flat YoY at 5.5% regional share. Notably, this is the region most loyal to Chinese vendors, mainly Huawei but also ZTE. Most MEA countries have not turned away from Huawei amidst security concerns, but even MEA-based telcos will have to reevaluate their vendor choices as the US Entity List restrictions trickle down to Chinese vendors' product lines.

Figure 1 illustrates capex by region for the last 9 quarters.

Figure 1: Telco capex by region: 2Q18-2Q20 (single quarter basis)



Source: MTN Consulting

In 2Q20, 5G spending was a big element of capex for nearly all telcos in the US, China, and Japan. China Mobile's 5G surge is a big reason for Asia's #1 rank. CM was easily the biggest capex spender in 2Q20, far ahead of US-based Verizon and AT&T, as well as Deutsche Telekom, whose T-Mobile unit gives it a strong US presence (Figure 2, below). China Telecom and China Unicom were also in the top half of the top 20 list, ranked 5 and 9 respectively, despite a network sharing deal that should keep costs in check

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