

November 18, 2021

Cinven to Invest in Nitel

Acquisition from founders to accelerate Nitel's growth

International private equity firm, Cinven, today announced that it has agreed to make a significant investment in Nitel ('the 'Company'), a leading next-generation technology services provider. Financial details of the transaction are not being disclosed.

Headquartered in Chicago, Illinois, Nitel is a leading provider of internet connectivity and networking technology services to multi-site small and medium-sized enterprises ('SMEs'). The Company has a robust portfolio of communications solutions and a modern platform which delivers reliable, high-performance services to its customers.

In addition to its managed access offering and interconnect services, the Company also provides high-quality Software Defined Wide Area Network ('SD-WAN') solutions and associated managed cybersecurity offerings that simultaneously improve application performance while simplifying network management and enhancing network visibility. Founded in 2003, Nitel has quickly grown to become a leading provider for companies that have shifted to cloud-based networks and need to prioritise connectivity-driven services to support multi-site networks.

Cinven's Technology, Media and Telecom ('TMT') Sector team identified Nitel as an attractive investment, as a result of its:

- **Attractive underlying market dynamics:** Nitel operates in a large (\$28 billion+), growing total addressable market for managed internet connectivity services (at +8% per annum with specific segments such as SD-WAN growing at 20%+), driven by increasing data and networking needs for companies. These needs are partially due to the shift to cloud-based software defined networks (SD-WAN), currently in the early stages, but expected to accelerate over the next few years;
- **Opportunity to expand into incremental adjacent services:** alongside the SD-WAN potential, there is a compelling opportunity for Nitel to cross-sell new products and services (such as security) to its existing customer base;
- **The buy and build potential:** there are many competitors that provide offerings for SMEs with significant opportunity to provide greater value to customers through select future acquisitions by a market-leading platform like Nitel;
- **Nitel's strong growth track record:** the founders, Rick Stern and Ron Grason have built an outstanding business which has consistently delivered double-digit organic growth and strong cash conversion, supported by its high proportion of recurring revenues.

This transaction represents Cinven's third majority investment in a founder-owned business in 2021 following its investments in Drake Software, a leading provider of professional tax preparation software, and think-cell, a developer of leading productivity software for creating data-driven presentations in Microsoft PowerPoint.

Cinven

It also represents Cinven's third TMT investment in the US, following its investments in Drake Software and JAGGAER, a global provider of cloud-based source-to-pay eProcurement software solutions for large and medium-sized enterprises. Cinven's highly successful Telecoms investments have included Ufinet International, the Spanish-headquartered provider of fiber infrastructure in Latin America, Ufinet (Spain), Ziggo and Numericable, leading providers of fibre infrastructure in Spain, the Netherlands and France respectively.

Chris Good, Partner at Cinven, commented:

"Founders Ron and Rick have built an impressive business: not only has Nitel delivered a market-leading offering, capitalising on the rapid growth of the managed access and SD-WAN markets, but they have built an unparalleled reputation for providing customers with outstanding service levels."

"The Nitel team has worked hard and done an excellent job in growing the business organically, and we look forward to exploring new opportunities to support the Company's growth ambitions both organically and through acquisitions in the future."

Daniel Garin, Principal at Cinven, added:

"We pride ourselves on Cinven's strong track record of successfully partnering with founder-led and technology-focused companies, and Nitel fits squarely within this investment focus. We see significant opportunity to work closely with management to capture high-growth opportunities in the SD-WAN category and expand into adjacent services, and we look forward to delivering on our shared vision for Nitel."

Ron Grason, President at Nitel said:

"Nitel is a market leading provider of next generation software defined networking and managed security services to global enterprises. Our passion and vision to serve our customers' ever-changing needs, through innovative product offerings, award winning customer service, and a customer-first culture are the testaments to our success."

Rick Stern, CEO at Nitel, added:

"Cinven shares our vision, believes in our strategy, people, partners and the culture we have built over nearly two decades, and understands the tremendous growth opportunity in front of us as the evolution of cloud and network optimization continues to accelerate. We look forward to continued success with our new partner."

The transaction is subject to customary regulatory approvals.

Advisers to Cinven on the transaction included SVB Technology Investment Banking, Altman Solon, and Kirkland & Ellis LLP.

Advisers to Nitel on the transaction included Bank Street Group LLC, Alston & Bird LLP and UHY Advisors, NY Inc.

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About Cinven

Cinven is a leading international private equity firm focused on building world-class global companies. Its funds invest in six key sectors: Business Services, Consumer, Financial Services, Healthcare, Industrials and Technology, Media and Telecommunications (TMT). Cinven has offices in London, Frankfurt, Paris, Milan, Madrid, New York, Guernsey and Luxembourg.

Cinven takes a responsible approach towards its portfolio companies, their employees, suppliers, local communities, the environment and society.

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About Nitel

Nitel is a leading next-generation technology services provider. Nitel simplifies the complex technology challenges of today's enterprise organisations to create seamless and integrated managed network solutions that propel their organisations forward. As Nitel solves customers' complicated IT challenges, they can operate with greater productivity and security, and in turn have the freedom to focus on other critical business issues. For more information on Nitel, please visit: <https://www.nitelusa.com>