

Press Release

Telefónica Tech acquires Cancom UK&I to build up a leader in cloud and digital services in Europe

- The transaction, which includes 100% of the share capital of Cancom UK&I, was completed for €398 million at a multiple of 13.5x EV/ OIBDA (based on 2021E).
- With 600 employees, Cancom UK&I provides professional and managed services in advanced IT, cyber security and multi-cloud solutions.
- This acquisition reinforces Telefónica Tech's growth story and its positioning in one of the Group's four key markets, the UK.

Madrid, July 29th 2021. [Telefónica Tech](#) has agreed with Cancom Group to acquire Cancom UK&I for 398 million euros. Telefónica Tech continues with its organic and inorganic growth plan, which is enabling it to consolidate its position as the leading company in digital transformation.

The deal, at a multiple of 13.5x EV/OIBDA (based on 2021E), will strengthen the capabilities of Telefónica Tech's Cloud and Cybersecurity division in the UK and Ireland. Cancom UK&I has 600 professionals, joining the Telefónica Tech team, and a broad and strong digital services portfolio including professional services and managed services in advanced IT, cybersecurity and multi-cloud solutions.

Cancom UK&I is a certified Microsoft Gold Partner for 9 competencies, including *Azure Expert MSP*, *CSP Direct*, *LSP*, *Surface Silver Partner* and *FastTrack* and it also has other relevant partnerships with leading technology vendors.

Cancom UK&I reached 155 million euros revenues in 2020, of which Managed and Professional Services represent more than 50% and are growing differentially. Cancom UK&I will reach 190 million euros of revenues in 2021 with an adjusted EBITDA margin of 15.4% and revenues related to Managed Services and Professional Services revenues project differential growth rates of 20% and 26% CAGR18-21, respectively.

This transaction reinforces the growth story of Telefónica Tech, whose revenues have grown by more than 25% in the first half of 2021 and above the sector average, as well as its positioning in one of Telefónica's four key markets, the UK (the other three being Spain, Germany and Brazil).

José Cerdán, CEO of Telefónica Tech, said: “Having the Cancom UK&I talented team join Telefonica Tech, will strengthen our Cloud and Cybersecurity capabilities in the UK and Ireland, with a strong focus on Professional and Managed services, and combined with our value proposition and global reach allows us to position ourselves as the strategic partner for our B2B customers in their digital transformation strategy”.

“I am really delighted that Cancom UK&I are becoming part of the Telefónica Tech family. This is a fantastic next step in our company’s growth. Telefonica Tech is a global tech powerhouse and we’re excited about what we will be able to deliver to our customers as Telefónica Tech in the UK&I. This is great news for both our customers and our employees” said Martin Hess, Managing Director Cancom UK&I.

Story of growth

Telefónica Tech is a strategic unit that Telefónica included in the strategic plan it presented in November 2019, so this operation also serves the Group to move forward in the execution of a roadmap that is accelerating the company's transformation process.

Telefónica Tech has continued to expand its capabilities this year by attracting new talent and incorporating new products and services to strengthen its leadership in the cybersecurity, cloud, Internet of Things (IoT), Big Data and Blockchain businesses.

So far this year Telefónica Tech has integrated acens - part of the Telefónica Group since 2011 - to strengthen its value proposition for SMEs in the cloud and announced earlier this month the acquisition of Altostratus Cloud Consulting, a Spanish company specialized in multi-cloud services and Google Cloud Premier Partner for Southern Europe, which also offers Big Data and Machine Learning solutions, among others.

Telefonica Tech is expected to steadily grow at double-digit rates by leveraging more than 5.5 million B2B Telefonica Group customer base and reinforcing the current integrated value proposition across all markets as well as boosting sales specialists.

About Telefónica Tech

Telefónica Tech is the leading company in digital transformation. The company offers a wide range of services and integrated Technological solutions in Cybersecurity, Cloud, IoT, Big Data and Blockchain. For more information, visit: <https://tech.telefonica.com>

About Cancom UK&I

Founded in 1990 as Organized Computer Systems Ltd, or OCSL, the company started as a strong consultative resell business focused on hardware, client server and virtualization. In 2008, it moved into Managed Services and Cloud Solutions with the acquisition of SanSource. In 2015, it acquired Rockpool IT to expand its consultancy offering by introducing a Flexible Resourcing Service.

In August 2018, OCSL became part of the CANCOM Group and formed part of the strategic hub for UK.

In January 2021, CANCOM UK&I was formed after three acquisitions were completed in both the UK and Ireland by the CANCOM Group.

CANCOM UK&I delivers a range of Technology services across the public and private sectors, holding the highest accreditations from Technology and software leaders, leveraging UK&IE data centres that hold many certifications, including Government Official Status.
