EDISON

QuickView

Gamma Communications

Technology

24 March 2026

FY25 returns highlight Gamma's attraction

In our last note we urged investors to look past Gamma's current challenges and focus instead on the high return, high cash-generative business model. Recent share price weakness, disrupted to some extent by the group's move from AIM, suggests that the market has struggled with this. We therefore continue to see an opportunity for longer-term investors to back a management team that continues to deploy the group's significant cash flow highly effectively.

Financials: Strong cash generation, again

FY25 revenue increased by 11% to £645.8m while gross profit increased by 16% to £348.2m, helped by the acquisitions of Placetel and STARFACE Group each delivering double digit growth in Germany . UK Public Switched Telephone Network (PSTN) switch-off headwinds reduced gross profit by c £4m, while Ethernet pricing pressure reduced gross profit by a further c £2m. Adjusted EBITDA grew by 13% to £141.7m and adjusted PBT increased by 7% to £119.4m. Adjusted EPS was up 11% to 94.5p, in part due to a 4% reduction in share count. Adjusted operating cash generation increased 9% to £131.8m leading to adjusted cash conversion of 93% (FY24: 96%) and closing net debt of £9.3m (December 2024: net cash £153.7m) after total outflows of £216.2m. Adjusted free cash flow increased by £3.5m to £80.8m. FY25 return on capital employed (a welcome new KPI) was 27.8%, and underpinned a FY25 capital spend of £24.3m (FY24: £19.2m). Further share buybacks will follow in FY26 and FY27 and DPS for FY26 and FY27 will be fixed at FY25 levels. Management expects FY26 financial performance to be in line with market expectations.

Strategy: Invest and return the surplus

It is important for investors to acknowledge that the FY26/FY27 initiatives proposed by management represent a total of c £125m cash return to shareholders. This stands as a clear testament to the cash generative qualities of a business despite short-term challenges. Management estimates that the impact of PSTN migrations will affect UK small and medium-sized enterprise gross profits (42% FY25 group gross profits) up until the end of FY27. In the meantime, it continues to invest for growth.

Valuation: Long-term attraction

Gamma completed its move to the Main Market of the LSE in May 2025, taking its place as a key UK technology stock. This disruption is an opportunity for investors to back a management team that continues to deploy the group's cash flow effectively.

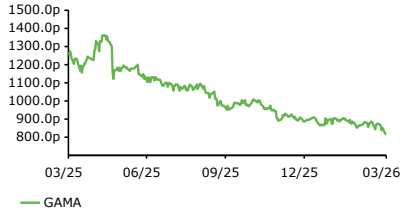
Consensus forecasts

Year end	Revenue (£m)	EBITDA (£m)	EPS (p)	DPS (p)	EV/EBITDA (x)	P/E (x)	Yield (%)
12/24	579.4	125.5	85.10	19.50	6.1	9.8	2.3
12/25	645.8	141.7	94.50	22.20	5.4	8.8	2.7
12/26e	666.6	142.3	93.30	22.20	5.4	8.9	2.7
12/27e	684.9	147.0	101.50	22.20	5.2	8.2	2.7

Source: LSEG Data & Analytics, company data. Note: EBITDA, PBT and EPS are adjusted for exceptional items.

Price	832.00p
Market cap	£759m

Share price performance



Share details

Code	GAMA
Listing	LSE
Shares in issue	91.3m
Net cash(debt) as at December 2025	£(9.3)m

Business description

Gamma Communications is a provider of unfied communications as a service (UCaaS) into the UK, Dutch, Spanish and German business markets, supplying communication solutions via channel partners and also directly.

Bull points

- Highly cash-generative business model.
- Strong market positions in the UK and Germany.
- Key strategic market position between global technology providers and local distributors.

Bear points

- Competitive market in the Netherlands.
- Arguably sub-scale in Spain and the Netherlands.
- UK market uncertainty after the PSTN switch-off.
- No dividend per share growth in FY26 or FY27

Analysts

Dan Ridsdale +44 (0)20 3077 5700
Ross Jobber +44 (0)20 3077 5700

tmt@edisongroup.com
Edison profile page

EDISON QUICKVIEWS ARE NORMALLY ONE-OFF PUBLICATIONS WITH NO COMMITMENT TO WRITING ANY FOLLOW UP. QUICKVIEW NOTES USE CONSENSUS EARNINGS ESTIMATES.

EDISON

General disclaimer and copyright

This report has been prepared and issued by Edison. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright 2026 Edison Investment Research Limited (Edison).

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or sol icitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom