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NFON

FY25 results move focus to FY27

NFON's FY25 results throw further light on how economic, geopolitical and technological uncertainty are combining to hamper the company's short-term growth. That said, these results are also a reminder as to the resilience of the business. The share price may well remain muted for the remainder of the year, but investors would be well advised to use the opportunity to gain a deeper understanding of a business that looks set to resume growth from FY27 onwards.

Financials

The February 27 announcement had reported FY25 revenues up 2.0% to €89.1m (FY24: €87.3m), a 2.7% fall in seat numbers to 647,384 (FY24: 665,449). Recurring revenues rose 1.1% to €82.0m (FY24: €81.1m). Average revenue per user was revised modestly upwards to €10.01 from €9.91 (FY24: €9.89). EBITDA rose 5.6% to €11.4m, giving a margin of 12.8% (FY24: €10.8m, 12.4%), while adjusted EBITDA rose by 2.4% to €12.6m, giving a margin of 14.1%, slightly ahead of previous guidance (FY24: €12.3m, 14.1%). Net debt improved to €7.9m (FY24: €9.8m) despite a €1.9m deferred payment for botario. In February, management guided to FY26 revenue growth in the low to mid-single-digit percentage range and for adjusted EBITDA to exceed €12m (FY25: €12.6m). For FY27 management is more cautiously optimistic. Revenues are expected to grow at a double-digit rate (current FY26 consensus 3.5%) and adjusted EBITDA margins are expected to be 15%+ (FY26 consensus 12.9%).

Strategy

Investing in earnings growth, however appealing the market outlook, is hazardous unless the underlying business also displays quality. While investors wait for growth to return to NFON, they can certainly take comfort in the continuing quality of the group's business model. Furthermore, management continues to invest, enhancing this earnings quality even further. For example, both partner and customer ecosystems are being improved with new programmes, including structured feedback systems; internal workflows are being scrutinised for additional efficiency gains; and development and training is being further enhanced. In parallel with this, AI continues to be integrated ever-deeper into customer solutions.

While NFON's market conditions remain muted, these initiatives underpin continued shareholder value creation, as seen in the group's FY25 free cash flow of €4.3m. Furthermore, such initiatives create even greater operational leverage when growth does return. To re-iterate our last note, more attractive market conditions will eventually appear, at which point investors will be able to enjoy the benefits of the work currently being undertaken by management and evident in the FY25 results.

Consensus estimates						
Year end	Revenue (€m)	EBITDA (€m)	EPS (€)	DPS (€)	EV/EBITDA (x)	P/E (x)
12/24	87.3	12.3	0.04	0.00	5.3	83.0
12/25	89.1	12.6	0.12	0.00	5.1	27.7
12/26e	92.3	11.9	0.13	0.00	5.4	25.5

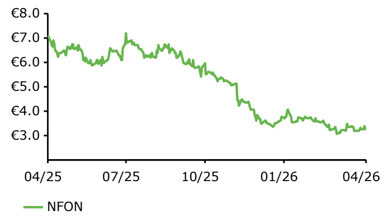
Source: NFON. Note: EBITDA and EPS stated after adjustment for amortisation of acquired goodwill and extraordinary items.

Telecoms

16 April 2026

Price	**€3.32**
Market cap	**€57m**

Share price performance



Share details

Code	NFN
Listing	XETRA
Shares in issue	16.6m
Net cash/(debt) at 31 December 2025	€(7.9)m

Business description

NFON is a German company providing cloud-based voice solutions (cloud private branch exchange) to both domestic and international customers, principally in Germany, Austria and the UK.

Bull points

- Modest unified communications as a service adoption to date in the German market suggests robust future demand.
- Significant high-margin recurring revenue streams.
- Growth outlook enhanced by investments in AI capability.

Bear points

- Price pressure in cloud private branch exchange market.
- Potential competition from larger technology vendors.
- Limited seat growth in organic cloud private branch exchange.

Analysts

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