Gamma Communications PLC

Half Year Results 2024

10th September 2024

Transcript

Andrew Belshaw: Good morning everybody, and thank you very much for joining us in our new home at Deutsche Numis, and thank you very much indeed to Deutsche for hosting us this morning.

I think everybody in the room pretty much knows I'm Andrew Belshaw, Gamma's Chief Executive, and this is our first half results for 2024.

We've had a really good set of results that I'll come onto and talk about in a minute. Usual format, I will give you some highlights. Bill will come and run through the numbers for you. Then I'll talk a little bit more about strategy and some of the trends that we've been seeing over the first half of this year. That's really a continuation of what we've been seeing over the last year or two.

Then we'll talk about ESG very briefly. I'll talk about where we think Gamma's going over the next year or two, and then we'll leave some time for Q&A. So hopefully Bill and I will take maybe about 30, 35 minutes and then we can allow 20, 25 minutes for Q&A.

We've had a really, really good first half of 2024 and we're pretty excited with Gamma and where Gamma's going.

You'll see when Bill does the numbers, all of our business units have grown at the GP and the EBITDA level and we're very, very proud about that, both organically and with the acquisitions that we've been doing and we'll come on and talk about those. Why is that? Fundamentally, our market gets more complex. Communications is getting more complicated, and that's a difficult thing because it makes it a little bit harder for us to explain the business. People ask us what the KPIs are, and as the solution set gets broader and as customers want more complicated solutions from us, it just becomes a little bit more difficult to try and articulate the business simply. But it's really good because as the solution set get more complex and customers want more complicated things from us, it means we get a bigger share of their wallet, and that's one of the key drivers for us as we'll come on and talk about.

We continue to invest as well. This will be the first year that we've now reached a million cloud seats in the UK, so we are pretty excited about that. During the first half of the year we added 48,000 new cloud seats. I can't quite remember the last half we added 48,000 seats.

As Bill will come on and talk about, our new CTO is slightly changing the things that we're investing in and we're actually spending a little bit less money but we're achieving more. As we said last time, where we can partner with people to bring solutions to market, we're not going to build our own solutions where it's more efficient to partner with people, but we are spending money on developing our new portal. Why is our new portal really important and why is it really exciting? Well, it's a differentiator for us. I keep talking about complexity, I keep talking about solution suites. As customers come to us and partners come to us and they want to provision multiple different things, having a portal that they can use, that's easy to use, just differentiates us from some of the competition. It makes Gamma easy to do business with, which is one of our mantras.

The other thing our new portal is going to do is enable us to add new solutions at pace. So as people bring things to market, we will be able to get them to our end users quicker. Also, by the end of this year and into next year, we'll have one portal operating across Europe, which means our larger customers can begin to provision things across multiple countries in one go. As far as I'm aware, nobody else is really doing that. So we continue to invest in the core business.

But also a feature of what I talked about this morning is going to be our acquisitions. So as you know, this time last year, we bought Satisnet, which bought us a cyber business and that's doing very, very well cross-selling into the enterprise space. We bought Pragma, which gives us access to the Ericsson-LG suite of products and that's helped us get to these million cloud seats and add 48,000 seats in H1. Coolwave enables us to provide numbering services into multiple countries. And again, we'll talk about that a little bit later as well.

But in addition to that, we've been busy over this summer. So just after the end of the half, early in July, we bought a business called BrightCloud. BrightCloud is what these days is called a customer experience business. For those of you as old as me, think of it as CCaaS business. But the world of CCaaS has moved on now and it's not just about running a contact centre, it's about giving customers of our customers an excellent experience, and that's what BrightCloud do. They bring to us customers like the RAC and Arnold Clark and we're already taking BrightCloud into our enterprise base to cross-sell the capabilities that they've got.

And we're very, very close to doing what I think is one of the most exciting acquisitions we've done for a while, which is a business called Placetel. It's exciting because it's in Germany. It's exciting because it's both a digital business in Germany and also a partner-driven business. It's going to bring us about 250,000 seats in Germany. That business we've exchanged on and we'd hope to complete on that in the next couple of weeks and I'll talk a little bit more about that as well as we go on this morning.

We've got 10% growth and Bill will talk about how much of that is organic and how much of that is by acquisition. But we're really pleased that the top line's grown by 10%. Because if you look at a lot of our peer group, they're not achieving that sort of growth either organically or by acquisition. Gamma Business, which is our SME business in the UK, grew 12%. Our enterprise business bolstered by things like Satisnet, has grown 15% in the first half. In Europe, unfortunately, revenue in Sterling terms went down a little bit, but actually if you look at it in Euros it was flat, and GP increased. What we're seeing in Europe is some of the legacy business is coming off as we would expect and the new business is coming on. So revenue in Euros has stayed a little bit flat, but GP is increasing, EBITDA is increasing. Particularly in Germany, the number of seats that we have is increasing and our Placetel acquisition will hugely help with that.

So overall, I'm super pleased with the first half. I think we've done some great things. We've made some good investments, we've done some good acquisitions. The numbers are very, very positive, and Bill's going to come and take you through those now.

Bill Castell: So I think everyone in the room knows me, but those who may be listening or watching on the internet, I'm Bill Castell, CFO and I've been with Gamma two and a half years or so.

I'm going to go through around nine slides. Some of you in the room will know them very well. Two or three slides are on the key financial statements and I go through each of the business units. We'll talk a little bit about the organic and inorganic performance. We'll talk about cost investment. Then for those who like to research us, the analyst and the sell side community, plus obviously our investors, I will update where we are on guidance as well.

So on this first slide is a six box grid. As Andrew alluded to, and stole my thunder slightly, the headline revenue figure is 10%. It's all double digits on the top row . You can see revenue grew 10% to £282.5 million. Adjusted EBITDA, and if you want to go into what adjusted means in our RNS, at the back, I think it's in the last four or five pages of the RNS, you'll see all of the adjustments that we do, that was up 10%, to £62.2 million.

Even better, adjusted EPS, and again, I'll talk a little bit about the interest income and other aspects that we have, was up 16% to 42.5p. That is on a constant tax basis. As I always say, look at the footnotes, the actual reported number is 13%, but I think everyone remembers the increase in corporation tax back at April 2023. So on a like-for-like basis is up 16%, reported is still double-digit 13%.

So that's the P&L, all very healthy. As I say, I will go through the organic and inorganic mix on that, but it makes my life easier to start with those three double-digit figures.

Cash generated by operations, still a very positive 4%. Generated £59.6 million. You can hear me talk about our operating cash conversion still at 100%. Those in the room keep on telling me, "I'm guiding 90% plus, but it always seems to be over 100%." Well, it is at 100% this time round. Actually, when you take into account some of the adjustments when I'll go into cash flow, the underlying number is closer to 9%, which I'll go through, but still very positive year-on-year growth on cash generation.

We did a share buyback. We continue with a progressive dividend policy. We buy things like BrightCloud and we've still got £142.9 million in cash. So we are hugely cash generative. We can talk about capital allocation in the Q&A. I will talk about the share buyback that we finished just this Friday, September 6th, but we are sitting there at the end of June with £142.9 million of cash.

We are not a leveraged company. We don't have any debt. We used to have a mortgage of around £1.7 million in Germany from an acquisition. We've paid that off now. £142.9m is pre IFRS 16 and deferred consideration. But a very good amount in the bank still even after all of those different pieces.

Our progressive dividend policy, similar to what we've done throughout the years, is up 14%. The board has agreed a 6.5 pence H1 dividend. It's not only returning cash through the share buyback, but also continuing with the dividend. All in all, a good six box grid, better than H1 last year.

Now I'm going to go through the statements. I think everyone's aware there's a lot of numbers. I'm not going to take you through every single number on the slide, however, I know some people like to print off the slides or at least review them afterwards and look through all the numbers. I've gone through the revenue which showed 10% growth, which you can see at the top. I think a constant theme is to remember, that 89% of our revenue is recurring. That's the strength of the business going forward and you can see that with £252.7 million of that half year revenue is recurring.

In terms of the 10% revenue growth, 11% GP and 10% EBITDA, on an organic basis that translates to 5% revenue, 7% GP and 8% adjusted EBITDA. And I will be talking through what that means for each of the business segments. Still strong growth. Revenue a little bit below the GP and EBITDA in terms of growth rates, but still very healthy. As Andrew said, we've done a number of bolt-ons with EnableX, Satisnet, Coolwave and then obviously some post-balance sheet events with BrightCloud and Placetel.

Gross margin throughout this has been maintained. You can see there with 51.6% margin, so slightly up even with some of those acquisitions. When you look at the numbers, you can see those acquisitions are more high 30%s in terms of gross profit. So the underlying business gross margins are actually improving, and equally you can see the EBITDA margin is a healthy 22%.

A good number that's not in my six box grid is the adjusted PBT. If you look at the second line from the bottom, you can see that we've grown that 16%. So our adjusted PBT grew 16% through the period supported by the interest income, which you can see more than doubled. We have that healthy cash balance and the interest rate environment is still relatively high, and I think for the foreseeable future we will still see a good positive interest income into our business.

If I now start going through the segments. I think everyone recalls Gamma is split into three segments. We have Gamma Business which represents nearly 2/3 of our revenue. I'll then go through Gamma Enterprise and Europe.

Great headlines. You can see 12% year-on-year revenue and gross profit growth. That translates into, as you can see, 6% revenue growth and 8% growth in gross profit. At the gross profit level, you can see organically it's the same year-on-year. So maintaining high single digit gross profit growth in our biggest unit.

Gross margins you can see at the bottom. It's not a typo. Flat year-on-year being maintained on that side. If you did the maths in both Pragma and Coolwave, you'll see their gross margins of 39% and 36% respectively. So you can see the underlying business is able to take those businesses on but still maintain healthy overall gross margins.

We continue to grow, as Andrew rightly said, to over 1 million cloud seats now, helped by iPECS, which is the Ericsson-LG product, but also organic growth in Horizon, our core product. We have over Horizon 850,000 users but also iPECS and increasingly PhoneLine+ as well, which Andrew will go into a lot more detail in his slides as he talks through the updates in those areas. So a very healthy performance from our largest business segment.

Moving on to Enterprise, the headline number's even higher, 15% revenue growth and 14% gross profit in those business units. It’s a similar story on the organic revenue at 5% and gross profit as 6%. You can see that same 6% as this time last year. So again, this business unit has maintained its growth in gross profit on an organic basis. We've made good progress in many different areas and you can see some of the big wins that we've done . Fusion IoT, internet of things, with the AA and SD-WAN with Morrisons were big wins. We've got Aldi and Lidl already as customers.

Then interesting at the bottom you see SmartAgent, which is with AWS. So Amazon Connect contact centre. JD Sports is a good customer for us in the UK. We're now supporting them with their US business and helping them with a contact centre solution in Ohio. So it just shows you how you can go cross border and increasingly Gamma Enterprise will go into Europe as well. But again, a healthy performance. Satisnet obviously providing with a 38% gross margin, a big impetus to that 15% number on revenue and 14% on gross profit. 47.4% gross profit margin, again, maintaining our margin.

If we go into Europe, Andrew alluded to this, when you look at the revenue, and it's minus 3% in Sterling, you have to then dive a little bit deeper. The interesting thing is you then look at gross profit and see it's up 4%. On a constant currency basis, revenue is at 0%. Flat as Andrew said, but gross profit is growing at a healthy 7%. It's all about revenue mix, similar to what I think we saw historically in the UK before my time. But the traditional revenue, so quite a lot of mobile revenue, Epsilon in Germany, and some hardware sales in the Netherlands, has started to decline slightly, which we had expected. I think the good news is, as I've put in the sub bullet at the top there, is that the UCaaS and SIP revenues, which is what we're excited about, is growing in particular in Germany. So you can see seats grew by 12%. We see more challenging positions in Spain and the Netherlands. I think Spain is probably in the middle. Netherlands is challenging. It's a more mature market, which has probably contributed to some of that revenue shortfall. But overall at a constant currency rate, GP of 7% is a solid performance.

Where you can see that mix change is in the margin. You can see the gross profit margins grown from 49.5% to 52.9%. The UCaaS and SIP business is a 50% plus gross profit margin, whereas mobile revenue is closer to 20%. So as the mobile revenue comes off, you get less of an impact to the GP, which is why you're seeing this kind of margin mix change in Europe.

So this is a slide that I put in and I think it is vitally important investment where we are putting our capital to use. When you look at the overheads headline number, you can see they increased 12% to £83.6 million. That's quite a lot compared to last year's £74.7 million. So you might take a step back. Similar to the M&A supporting our revenue and gross profit, we've obviously inherited overheads. So overhead cost on a like-for-like basis grew organically by 7%. So in line with our gross profit growth of 7%.

So that 12% increase in overheads jumps down to 7% on an organic basis. However, it gets interesting when you look at our R&D costs at the top here on the right-hand side, you can see our development costs. Last year in H1 it was £16.2 million. As Andrew rightly said, this year it's slightly lower at £15.4 million. But the interesting number to look at is how much of that we're capitalising. So last year, H1, you can see £7.8 million was capitalised. This half, only £4.7 million was capitalised and you can see the change in capitalisation rate, and I'll explain why. But if you were to apply the 48% capitalisation rate from last year, to this year's R&D, in actual fact, you would have £2.7 million more capex and £2.7 million less opex. That would actually result in a year-on-year 3% growth in opex. So I'm just trying to show you, we are controlling the underlying growth of the business. It's just a change in mix of how our R&D is spent. I'm going to provide guidance on the capex number. I previously guided to £22-25 million. There are no surprises that I'm actually lowering how much we're going to spend in capex for the full year, which I'll explain in more detail. So that is part of the reason why the opex is at 7% on a like-for-like basis, but actually underlying, it's not growing. It's low single digits.

Then when you come over to the actual full capex spend, so that's R&D that includes capex and P&L expense. When we look at actually the capex down here, you can see it's no surprise, as I just said, because we're capitalising less, it just so happens it's the same number that capex is £2.7 million lower in H1 2024 than it was H1 2023. You can see the main bit, as I said, was the development costs. Why is that? That is because there were some headcount reductions that we did when we decided to focus more on developing our portal. Then as Andrew's going to talk about, dealing with large third parties such as Cisco and

Ericsson and others, that were going to invest more in the infrastructure to deliver to our partners and large enterprise through our portal, which is we feel best-in-class already, but we know needs investment to be the best-in-class for the next 10 years.

And we're ramping that investment up. So H2 capex will be higher than H1 capex, but again, I think it's slightly different levels than we've seen in the last year or two. Very happy to answer questions on that, as I know I whistled through. Going through the balance sheet, nothing hugely different here. I've talked about the cash reserves. You'll see that our receivables and payables have increased, but that is expected as we buy businesses.

No debt, as I mentioned, on the balance sheet, IFRS 16 liability at the bottom here has come down a little bit. That will probably come back up slightly as it is just the nature of when we renew our leases. But in Manchester, we have moved two offices into one office as part of a consolidation process in bringing our tech teams together. Contingent consideration has increased as a result of Satisnet and Pragma, the recent acquisitions we have completed. But I don't think any huge news. A very strong balance sheet, prudent balance sheet, going forward.

Cashflow. Quite a lot going forward. Cash conversion still above 90%. It's at 100%. I think you recall at year-end, it was 108%. It's not too different to this time last year, 101%. This is just as some of the working capital movements normalise. But you'll see as you go through, there's a few adjustments. This is the 9% I talked about earlier. The add back was in last year's P&L. Last year we had a restructuring provision for some of the headcount reductions that we put through. That was around £2.2 million through the P&L that actually got paid with cash this year in 2024, so that's an adjustment we put through. Taxes paid were a bit higher. We had a credit last year, so the taxes paid are more normalised. Capex I've already talked about.

But then you'll start to see here that we've got acquisitions, dividends and purchase of ordinary shares (the share buyback process that I mentioned that finished last Friday). That was the number as of 30th June. At the bottom of the slide, the last bullet point, you can see that we spent £27.3 million and that has now expired. So the upper limit was £35 million and we spent £27.3 million, and I’m very happy to answer questions going forward in the Q&A. But all in all, still increasing our cash by £6.6 million, having paid dividends, done the share buyback, normalised tax. There’s a slightly higher tax rate at 26% because of the European countries being in the 30%s and obviously the UK now at 25% corporation tax rate. But we're proud that we continue to generate significant amounts of cash.

My last slide, and this is where the analysts in the room keep noting down or they probably have already read what we have guided to in the RNS. So front page of the RNS, the title across the piece. This time of the year we give updates. We looked at all of the sell side, so all the analysts who write about us and what they put down for our adjusted EBITDA and our EPS. As of Friday last week, the range on our adjusted EBITDA was £120.9 to 127.4 million. That midpoint is £124.2 million. We're guiding to the top half of the range, i.e. we're guiding above £124.2 million on adjusted EBITDA for the full year 2024.

Similarly, on EPS, the range is 78.4p to 84.0p. As I said on my first slide, if you can recall, our first half performance was 42.5p, so it probably takes no guessing that we are guiding to the top end of the range given that's 84.0p, which is less than double our half-year number, so hence guiding right to the top end of that range. In terms of capex I did previously guide at the beginning of the year to £22 to 25 million. I think that mix of expense versus capitalisation as we move more into the cloud solutions of some of our build has changed slightly, and therefore I've reduced our capex guidance for the year to £18 to 21 million. It is quite interesting when you start looking at our cash EBITDA performance for the year, although adjusted EBITDA went up 10%, cash EBITDA has increased significantly more that as a percentage than the 10%.

Cash conversion, I'm sticking to my 90% plus. As I said, I think working capital is still normalising. Before my tenure, I think cash conversion was around the 94% or 95% mark. As we work through the working capital, we've been above 100%, but over time I expect it to normalise back to that 90% plus level. And then just reiterating, the share buyback programme has expired and the board decided not to extend this buyback beyond its original term, but Andrew will talk about it. We're also saying that the board is considering a move from AIM to the Main market following discussions with shareholders. That finishes it. I'm going to hand back to Andrew to give a strategy and market update.

Andrew Belshaw: Thank you. The market trends that we've been seeing have been pretty consistent now for a couple of years. The drivers that we've been seeing that have helped us throughout 2024, we see those carrying on into 2025 and even into 2026. And the first one I alluded to at the very beginning of the presentation this morning, is that our customers are looking for solutions that are more complex. When I stood here 10 years ago when Gamma first floated, we talked about voice and we might have talked about broadband and now it's video, now it's customer experience, it's WhatsApp integration, it's all of those things. And even comparatively small businesses need those and want those.

And that complexity is a good thing because it means people are willing to spend more money. It means that we can get a share of their wallet and we see it as a growth driver. But what we have to do as a business is we have to make sure that we have all of those solutions sitting in our portfolio, because we can't sell what we don't have. That's a mix of building it ourselves. It's a mix of buying it in. But it's also making sure, and I keep coming back to this point, we have our new portal, it's having that online capability that enables our end users and our partners to be able to provision stuff quickly, easily, and pull together the bundles that they want and need.

The second growth driver, and I know I've been talking about this for years and I'm probably going to carry on talking about it for years, is the German market. So Gamma is now properly in Germany. In a couple of weeks, we'll complete on the Placetel acquisition. As I say, that will give us the best part of 300,000 seats in Germany. It will give us an online portal and a really good brand that people know. It will give us a presence in the west of Germany as well as the presence we already have in Bavaria. It will enable us to kick on in a market that is still less than 10% penetrated in terms of cloud communications. As I've said before, the German business market is bigger than the UK business market. It's more biased towards SMEs, with their Mittelstand businesses. It's exactly the sort of market that Gamma's done very well in the UK, but it's less than 10% penetrated. And we continue to look for additional acquisitions in Germany that will enable us to exploit that market.

Coming on to point three, the UK is still 50% penetrated with cloud communication systems. So 50% of businesses in the UK as of today, they've still got hardware. The nice thing about that hardware, Gamma doesn't sell hardware PBXs, but we do sell SIP and our SIP goes into hardware. And we've got around 4 million business people using Gamma SIP. Over the course of the next two, three, four, five, six years, those people are going to move from a SIP-based hardware solution onto a cloud solution. We see that as a huge growth opportunity. Why is it a growth opportunity? Because as people move solutions, again, we get a bigger share of their wallet. If people choose to move from SIP going into hardware to a Microsoft solution, something like Operator Connect, generally we double the GP per user that we're making.

If they choose to move to one of our cloud communications solutions, so something like Horizon, something like the Ericsson-LG product set, something like the Cisco product set, we can more than double the GP we're making from users. And we're just beginning to see the start of that trend now. We're just beginning to see that SIP bet, if you look at our SIP numbers throughout the first half, they've actually gone down. Some of that is rationalisation and working patterns, but some of it is just people beginning to move to new solutions, beginning to move to Microsoft solutions, beginning to move to cloud communication solutions. That's really good for us because it increases the amount of GP we're making from each of those users.

And the fourth driver, is the PSTN switch off in the UK. Well, we said last time that was supposed to have happened in 2025. BT have now pushed that back to 2027. I make no comment on our views as to the certainty of 2027, but BT are confident that's a date that they can hit. Whenever the PSTN switch-off happens, people are beginning to think today about what they need to do to their comms to be able to cope with that PSTN switch-off, so that means we've got people with legacy broadband moving to fibre solutions, which is great because we make more money. We've got people with legacy voice solutions moving to cloud-based solutions. Whether that's PhoneLine+, whether that's Horizon, and again, we make more money.

And one of the reasons we've added 48,000 cloud seats in the first half of this year is because people are beginning to prepare for PSTN switch-off. So even though it's not happening as quickly as we'd hoped, we are beginning to see some of the trends that we were expecting to see. So all of those growth drivers have driven us in the first half of this year and many of them will see us right for the next two to three years.

I showed you this slide before, and I won't spend enormous amounts of time talking about it, but why is Gamma in a great position to exploit those market trends we've just talked about? Well, we are, I think, somewhat unique in Europe in that we have these fantastic relationships with the global tech giants. So people like Microsoft, people like Ericsson, people like Cisco, people like Amazon, they want to talk to Gamma. And why do they talk to Gamma? Because we have the unrivalled distribution reach. We have over 3,000 channel partners across Europe. We have relationships with hundreds of enterprise customers, mainly in the UK. We're working on how we develop those relationships with enterprise in Europe as well. It means we can take those solution sets that the big tech giants produce and we can push them into markets in a way that nobody else can do in Europe.

We're not merely a distributor of other people's stuff. Gamma is at its heart a telco. We have a carrier capability. We can knit everything together with numbering. So again, if you're a Microsoft user and you want to use phone numbers, we can do that for you. We're not reliant on a third party to do that for you. We also have a fantastic quality of service. People deal with Gamma because we make their lives easier. We make it easier to consume a lot of these solutions. Again, I keep coming back to it, that's why we need to keep developing our portal.

I was trying to take all of the acronyms out this slide and UCaaS has accidentally snuck in there, but these are the various kind of solutions that we've been providing over the years. Again, you'll have seen this slide before, but I just wanted to give you an update on what we're doing. Colin Lees, who's our new CTO, joined us at the beginning of January this year. He's just completely revolutionised the way we're doing our technology within Gamma. So we are bringing stuff out now more quickly and we're bringing stuff out more cheaply, as you've seen with Bill. So it's not that we're doing less, we're just doing more, but we're doing it cheaply. That's because Colin's just made us much, much more efficient. We're offshoring some things now for the first time, and it means we're just able to get things into market a lot more quickly.

Things like PhoneLine+ is our product that we build ourselves. We own the IP for that. It's designed for small businesses of fewer than 10 users. We continue to develop that. We continue to put new features on it, things like WhatsApp integration, and we'll be charging for those new features. So we're going to have an upgrade path that we can pull users through. iPECS worked with Ericsson-LG. That's now available, not just to the Pragma partners. If you remember, we bought the business called Pragma around about Christmas time, but now we can sell that iPECS suite of solutions into Gamma partners as well. Again, when our new portal's out at the end of this year, people will be able to provision that all into one portal. Our relationship with Cisco continues to grow and continues to develop as well. We're now able to sell the Cisco Contact Centre and customer experience products through our acquisition of BrightCloud.

But also, for Horizon, if you want to use Horizon with Gamma's collaboration suites, that basically means Gamma's video tool, you can do that. You've been able to do that for a number of years. If you want to integrate it with Microsoft, you can do that. But as of next Monday, you're going to be able to integrate that with Cisco Webex as well. If you're sitting there going, "I used Cisco Webex five years ago and it wasn't very good," you're absolutely right. It wasn't very good five years ago, but it is pretty good now. So all of our Horizon customers, all 850,000 of them in the UK, will be able to upgrade and put Webex on top of that at a very competitive price point as well. Not just that, but again, as of next week, we will be selling Cisco Webex in the UK.

So for some of our larger customers who want that more enhanced experience with all of the AI bells and whistles, the cameras and the room suites, so that the camera follows you round the room and it knows what you're doing. So if you're writing on the whiteboard, it stops videoing you and videos the whiteboard, and it's got lots of AI tools that tell you whether your network's working and why your calls are dropping. It's absolutely phenomenal. I saw a demo the other week where people were doing a conference call and they got a yappy dog and stuck it on the middle of the table. You couldn't hear it at all. The AI capabilities in that are so good now that it just absolutely eliminates all the background sounds. If people want all of those capabilities, as of next week, they can have them through the Cisco product.

We continue to work with Microsoft. Microsoft can integrate with all of those products, and some people choose to do that. Some people don't choose to do that, and that's up to them. We continue to analyse other products. That's one of the key things that we do. We don't sit on our laurels. We don't go, "That's it now. We've done enough." We continue to look at what are the other things that we need to bring into the portfolio so that our customers have access to the very, very best set of solutions.

We're not going to spend very much time on this slide at all. Just really to say the acquisitions that we've done fit very much into the strategy that we set out a couple of years ago as our 2026 strategy. Again, just to spend a few more minutes reminding you of the things that we've bought and why we've bought them, because it's a really important part, I think, of the Gamma story over the last year and certainly going into the future, that Gamma is not merely an organic growth story. Although I hope as you've seen when Bill did the numbers, we are growing organically and I think growing organically pretty well for our sector. But the acquisitions are so important.

Satisnet gives us a security capability. Where we've been selling networks to companies like Aldi and Lidl, we're now able to go and sell the secured service around that so we can secure people's networks for them, provide that SOC managed service. That just makes customers a little bit stickier. It gives us an upsell opportunity as well.

Pragma, I've talked about quite a bit already this morning. Pragma gives us access to the Ericsson-LG suite of products. Again, that just means we maintain our position as one of the key market leaders in the UK selling cloud communications solutions. So we've got Horizon, we've also got iPECS that sits next to that and we've also got PhoneLine+; we have a cloud communication solution for every business of every size.

Coolwave is perhaps one of the more unusual acquisitions we've done. Coolwave helps us provide numbering for our customers. In at least 14 countries, we have fully compliant numbering. And what does that mean? By the end of the year, you'll be able to go on the Gamma portal as an enterprise customer and be able to provision Microsoft Operator Connect through one portal in six or seven European countries if that's what you want to do.

And that is what enterprise customers want to do. So you don't have to go out and buy six different solutions. You just buy one solution from Gamma. We've actually got what we call limited compliance in 70 countries. What limited compliance means is we're kind of fully compliant in a particular segment of the market. So that segment might be where we can support people like Microsoft and Cisco or it might be where we work with some of the other hyperscalers like Amazon, helping them with some of their telephony needs in different countries. So Coolwave enables us to do what we do in more countries, which again opens up new markets for us.

So BrightCloud we bought in July. BrightCloud is also a provider of primarily Cisco Contact Experience (CX) tools. What BrightCloud plus Gamma does is Gamma comes with a tremendous pedigree of servicing enterprise customers. BrightCloud has a very, very deep capability in providing CX and cloud contact solutions to enterprise as well. When you put Gamma and BrightCloud together, we are that leading provider of CX solutions into the enterprise space. At the moment, just in the UK, but again, I'm challenging the team and we're challenging ourselves: how can we sell some of these things in Germany, how can we sell them in the Netherlands because enterprise customers over there have exactly the same needs and nobody's doing it particularly well. So we are now able to go to our large enterprise customers or our large enterprise targets and we can talk about the Amazon contact centre that we've been working with for a number of years and we acquired that capability through Mission Labs and we can now also talk about the fantastic Cisco suite as well.

We continue to look for other CX and CCaaS experiences that we can bring into the portfolio. So again, if you think about future acquisitions we may do, that's one of the spaces that we're looking at. We've talked about Placetel a few times this morning. But Placetel really does transform our German business. The acquisition of Placetel into the Gamma Group, the reason we talk about it completing in a couple of weeks is we're actually buying Placetel off Cisco. What they've had to do, put crudely in words I understand, is get all the bits of that business into one legal entity so that we can buy it. That's taken a little bit longer than we'd hoped, but that will be completing in a week or two.

It will bring us that digital portal, that partner portal, over quarter of a million seats that sit on that platform. It gives us presence over in the west of Germany. It moves us out of being a Bavarian business and gives us that presence across the whole of Germany. It enables us to be a proper competitor in Germany. We think we'll be comfortably in the top five of cloud solutions providers in Germany. And of course, it just deepens that relationship that we have with Cisco, which is important for us. If I may be so bold, quite important for them as well as they think about how they're taking their collaboration suite to market in Europe.

So that's what we've been up to. Those are some of the trends we've been seeing. We'll just have a quick update on ESG. Again, if you're interested in ESG, we have a whole ESG website and the address is just down there [gammagroup.co/company/esg/]. There's just a couple of things that I'll pull out. As you know, Gamma's been doing green minutes for about 15, 16 years in the UK now. So we were well ahead of the game on that. I think one of the areas that we've been a little bit behind the game, if I'm entirely honest, is giving stuff back. And I'm really, really excited that in the first half this year, we've launched the Gamma scholarship programme. What that means is we're supporting a number of STEM students in two universities in cities where we have Gamma offices, so in Glasgow and in Manchester.

We're helping students who may not be able to do those courses. Frankly, we're probably a little bit overdue in doing that. One of the things we really want to do is expand that programme out because it's really important that we upskill the UK and get lots of people into studying STEM subjects, but it's one of the things we feel we need to do as a responsible business. The other thing on there, it'd be hugely remiss of me not to mention, is Gamma, from a governance perspective, we've been running ourselves like a main market company for a number of years now. The board feels that now is the right time to seriously consider making that move up to the main market.

AIM's been our home for 10 years, it's been a fantastic home and it's looked after us very well. We are now one of the top five businesses by market capitalisation on AIM and following a move to the main market, we would be sitting in the FTSE 250 comfortably. We should be a FTSE 250 business, we're run like a FTSE 250 business. I think one of the reasons for that is when we look into the future and we look at some of the acquisitions that we might want to do, being on the main market just gives us access to a bigger pool of capital, more investors and particularly international investors. But as we look out and think about the things we may want to do over the next two to three years, we feel that being a FTSE 250 company and sitting in the main market would be the best home for us. That's something that we're exploring, but that will be, I think, the direction of travel that the board will be taking.

So the outlook then and you'll be very pleased to hear that this is my final slide. I've been standing here for the last 10 years talking about how Gamma is this amazing business where you've got recurring margins, you've got stable margins, you've got cash generation, you've got a really, really strong balance sheet. We've returned more cash to shareholders than we've returned ever through doing the share buyback and increasing the dividend and we still have a really, really strong balance sheet. All of the acquisitions that we've been doing are also recurring margins, stable margin, cash generation.We only buy things that won't change that business model because it's so important to us.

I said earlier on the cloud PBX penetration in the UK is still only around 50%. And there's this opportunity for us going forward to just continue to ride that wave of people moving from a hardware solution into a cloud solution. But also, as people are going to migrate from SIP into cloud communications, we have somewhere between three and four million business users, individual users using Gamma SIP on a day-to-day basis. The challenge for me and the challenge for the Gamma team is to move those people onto one of the more lucrative solutions for us, which is something that people want to do as their communications need change. The German market is a little bit behind the UK and I've said it a couple of times this morning, Germany is still only 10% penetrated. We have a fantastic opportunity to grow in Germany and now we have Placetel sitting in the Gamma portfolio that's really going to help us take on the German market.

We continue to invest, we're investing in different things, but we're only investing where we can make a difference. We invest in things like PhoneLine+, which is our product aimed at the smaller end of the market because nobody else is doing it well. We invest in things like our contact centre solution because we can see that nobody else is doing mid-market contact centre solution well. We invest in our portal because it's a differentiator for us. But where we partner, we partner with people like Cisco, we partner with people like Ericsson, we partner with people like Microsoft because frankly they're doing stuff better than we could ever do because their budgets are a thousand times bigger than our budgets. But we do continue to invest in getting all of those solutions into the hands of customers and end users.

Our acquisitions have been hugely helpful and hopefully you've seen that this morning. Everything we're buying is accretive and we plan to carry on buying. As the world gets more complicated, as we need more solutions in the portfolio, we are constantly looking for additional things to buy. We're constantly looking to see if we can open up, particularly the German market more, by acquiring more. Whilst it's taking a reasonable amount of management time doing that, it's not bending us out of shape and we're turning down far more things than we're actually acquiring, but we're taking M&A very, very seriously. I think the future for Gamma is really bright. I think we've had an amazing first six months and thank you very much indeed to all of the Gamma staff for all of their hard work over that period. I think the future is very, very bright. There's a lot of growth drivers in this market and we are very well-placed to exploit them. With that, I'll hand it over to Q&A.

Harvey Robinson: Thank you. It's Harvey Robinson from Panmure Liberum. Just looking at disclosure in terms of the divisions, once the Placetel deal is closed, it obviously means that Germany's quite material within the European business. Do you think you'll be splitting that out for us going forward? Obviously, it's a key focus and we'll be watching carefully what you're doing there. So any thoughts on that would be helpful. Thank you.

Bill Castell: I think with Placetel you can see in the 2023 unaudited accounts that revenue was just over €28 million. When you add that, I know some research analysts looked to that and said, "Okay, it's getting quite sizable, the German revenue," once it goes over 10% then it's a reportable unit. That probably won't happen this year, as there'll only be a few months of ownership, but certainly going into 2025, that is the expectation.

Harvey Robinson: Just an unrelated sort of tech question. As we go fully cloud PBX, if you like, when you look at your product portfolio, does that sort of blur everything? You obviously have enterprise customers down to PhoneLine+, does it effectively mean there is one platform for everyone? Is that the sort of long-term direction of travel or will it still be segmented and sold differently?

Andrew Belshaw: I think in the near term it's going to be. Somebody could be sitting here in 10-15 years and maybe somebody's built a platform that you just turn bits on and off to get from small to very, very big. As we sit here, the reason we can't have PhoneLine+ and to an extent iPECS and Horizon at the top end of our customer base is because it just doesn't work. But having said that, things get very blurry. So for example, down at PhoneLine+, we're doing WhatsApp integration, which two or three years ago you'd have gone "that's a very clear contact centre thing for large businesses". But actually, you might have a small local pub or restaurant that just wants to WhatsApp all its customers and say we're hosting an event on Saturday night.

So for me, those use cases are getting a bit more blurry. We also find something like PhoneLine+, for example, one of our enterprise customers is the Card Factory and we tried to sell them an advanced UCaaS solution. They actually ended up buying PhoneLine+ because all they want in one of their shops is just basically a phone that answers calls, they don't need any of the clever stuff. So you have enterprises buying stuff that we've built for small businesses and then you have small businesses asking for features that we thought only enterprises would want. But as we sit here right now, it is still reasonably segmented. But we could be sitting here in the future with a complete end-to-end solution.

Bill Castell: Just to answer that as well, that's the importance of the portal. The portal that we've got has grown significantly. If you saw all of the new products, iPECS, Microsoft Teams, etc, we need to make it as easy as possible to buy products. I think in this current day, everyone wants everything immediately, patience is limited. With our partners, we want to make it as simple as possible to serve the end customer. So certainly that ability to go onto the portal and decide exactly what you want, I think is increasing and hence our investment in it.

Andrew Belshaw: I'm not sure whose hand went up first. We're going with John because he's at the front.

John Karidis: Thank you. Good morning. So two lots of questions, please. Firstly, on Placetel, what's the likely cost of that acquisition? Secondly, I'm guessing there might have been competition to acquire Placetel. How did you come to acquire it versus the other top four players in that market? So that's Placetel. Then secondly, I'm trying to think about the prospects for group capex going forward. So I need to ask a question about the portal cost, I guess, whether it's a expense or capitalised, well in this case capitalised for capex. Should we think about it as it being exceptional and therefore there's likely to be a drop off either in capex or opex going forward? What's the phasing of that, please, if that's the case?

Andrew Belshaw: Should I talk about Placetel, then you do the portal?

Bill Castell: Yep, let's do that.

Andrew Belshaw: Okay. Right. One of the reasons Placetel is a little bit complicated as we sit here today is as I sort of alluded to, I'm not going to answer your question, John, I'm going to tell you why I'm not going to answer your question and I will answer it in a couple of weeks’ time. Cisco are bringing in all of the bits and pieces into one business and one of the things they need to do is sort out is the transfer pricing between the bit that we're buying and the mothership and that's going to feed into what we buy and how we pay for it. So the reason I'm very confident announcing it is, however that plays out, I'm very confident I've got a very good deal.

But I can't give you numbers, they might change, which is why I'm not giving you numbers. But what I will do is I'll send Mr. Castell out in two or three weeks when everything's nailed and we can give you some numbers. In terms of the level of competition, it's always one of those hard things, isn't it? Because every bit of M&A I've ever done, everybody tells me there's 98 other people who want to buy their business and that's why I have to pay lots of money for it. So you're never quite sure who else was looking at it. I believe they had other suitors. I think it's a testament of our relationship with Cisco and also just the ease of doing something with Gamma that they decided to let us have it. But it's taken us a little while to do the negotiations. It's not been a trivial one. Cisco never sell businesses is what they told me. They buy lots of businesses. So it's taken us a little while just to pull it together.

Bill Castell: I think one point else on the announcement, you have seen that we talked about a wider global relationship with Cisco, related to the transaction. So when I come hopefully in a couple of weeks' time and give you an update, then I can give you a bit more detail about that. Clearly, in our year-end results pending that we close it, there'll be PPA and etc, so you'll really get into the details of it all. But it's not a simple transaction but a good transaction.

So then onto the capex side. Some aspects of the portal will be launched this half, the second half of this year. So it's live. It's not going to come and suddenly be dropped all in one go, that's the whole process of multi-drops that Andrew alluded to in a different way of working. So I think it is going to be an ongoing project of 18 months at least. And I think we've alluded to that, that it's not just a 2024 but a 2025 project. As you're aware, previously, quite a bit of capex was spent on building our own software. We've done PhoneLine+, but we were previously thinking maybe about building something new in the iPECS and Horizon space ourselves, but clearly we've taken the decision to stop that. As Andrew rightly said, Cisco's got a $1 billion R&D budget, we're not going to compete with that. So that kind of capex that was being spent, we're no longer spending. So that capex resource has been redirected to the portal.

Andrew always jokes if I start to say that, capex will come down, that there will be something new in two years' time to spend capex on. It's not a joke, but he's right. It's true. There'd be something new. So if I just look to the portal, I would say yes, there's going to be capex spend over the next 18 months and then it will move more to maintenance because all of the building and the APIs would've been complete. Part of our business is connectivity and we need to make sure the portal can accommodate whatever that world changes to. But you've seen the capex guidance for 2024 shifting from £22 to 25 million down to £18 to 21 million. I think that will be the same going forward, certainly over the next 18 months. Then I'm sure we'll be saying the portal is the portal, but there is something new to invest in after that. But I don't think you'll see some kind of spike up in capex. All other things being equal, depends on the M&A that we might do and other things might come about. But as we sit here with the business we've got today, certainly that's the case.

Siyi He: Hello, Siyi here from Citigroup. I have two questions please. The first one is really on operating leverage. I think over the last three to four years when we look at the growth rate, and I think the growth rate is quite similar when we look at revenue and EBITDA. And just wondering because this time you see accelerated growth on EBITDA level and wondering if you can give us some indication of what has been driving this. Is it because of cost controls or actually are we seeing structural improvement of gross profit because of the product mix? My second question is on the capital allocation, I guess two aspects of that. You have a £142 million cash balance. The first part of the question is why did you decided to discontinue and not complete the £35 million share buyback? Second of all is on your M&A candidates. The reason that you haven't done some major M&A, is that because there is a lack of candidates or is it that for larger scale you will need to list on the Main Market to complete it. Thank you.

Bill Castell: Operating leverage, you're right. So if we go back to the principles over the last 5 to 10 years, the focus we had is improving EBITDA margin by having gross profit grow quicker than costs. Clearly we've been doing a lot of M&A, which as you can see from the inorganic versus organic. That's why I've split it out a bit more. I think on the revenue side, yes it is 5% and the GP improved. I've talked about the European story of that traditional revenue coming off and I think that is a function of Europe as we go more into the UCaaS space, which is a higher margin business.

However, I think the story it always is a bit of a mixed one. As we increasingly work with big players such as Cisco and others you should be generating revenue and instead of the company spending on R&D, Cisco and others will be spending the R&D themselves. So you'll probably find that the cost of sales will increase a bit. So you'll probably find there'll be pressure on the GP margin going forward as we partner with third party hyperscalers. However, pound for pound the growth is still a good story.

So I don't think it's a monumental change to our 50% plus gross profit margin, but I think it will be challenging to keep improving that into the mid to high. I think there'll be a bit more pressure on it, but our overall GP in pounds will continue to increase. Interestingly, our cost of sales might go up, but I've just talked about us capitalising less on opex. I think there will still be efficiencies on the opex side because we won't need as much maintenance because our big partners will be doing that development and maintenance for us and we will be doing everything we talked about earlier about offshoring and other aspects. I think with Colin Lees coming in as our CTO, there is that drive to see how we can spend and get more for the money that we spend. So I think it's a little bit of a mixed story.

Andrew Belshaw: The M&A scene in the UK has been a bit weird. Certainly over the summer there's been this slightly unusual phenomenon, that suddenly we had a general election which everybody thought was going to be in October. Then we had a change of government, which I don't think was a huge surprise once the election was called. Then they said there was going to be a budget at the end of October and everybody's now panicking about what Rachel Reeves is going to do with CGT rates. So anything that's got an entrepreneur still owning a business or owning a chunk of a business is suddenly going into a kind of panic sales frenzy. So we've seen a lot of stuff for sale over the summer, some of which has been reasonably ill-prepared for sale. This summer's been quite busy in terms of looking at things. As a result, I'm not sure we're going to get anything done by the end of October, but it certainly pushed people to think about sales processes. There's a lot out there at the moment. Also, some situations have opened up in Germany of which one of is Placetel which is great, but there's others. There's definitely things that we're looking at and we've certainly been a lot busier than we've been before. Again, going back to size, there's not a lot in our space that will be truly transformational for Gamma as we sit here today. There are acquisitions out there that will be larger than we've done historically. So if you think most of the acquisitions we've been doing have been in the tens of millions, we're definitely looking at things that are going to be a couple of hundred million, but nothing that's going to be so big that it be something like a merger of equals or anything like that.

So I suppose, what am I saying is there's a lot out there for sale at the minute. We're looking at a lot of stuff, we're rejecting more stuff than we are proceeding with. Inevitably some of that could be a little bit bigger than we've done historically. If we can get all the way through and convince ourselves in the due diligence, it's the right thing to do. But there's nothing that's likely to be hugely transformational in the sense of 50%, 60% of Gamma size. Does that make sense?

Bill Castell: And then I'll come back because I didn't answer your buyback question. So on capital allocation you just heard, we're very aware of our cost of equity and the effective rate of return of the share buyback. So we do look at all the return hurdles and sometimes there's a strategic deal out there which we need to hold cash for, but it's just not the right price and we're not willing to pay in excess for it. So I think that's one aspect. In the share buyback, you're right, we didn't complete the full £35 million.

We did mention, careful worded as always on an RNS, to say *this* share buyback has expired. Share buybacks and other distributions are clearly discussed, rightly so at the board level. So we're not saying we're not doing it again, we're not saying we are, but we're just saying that we keep a close watch on it and clearly something we haven't discussed is AIM to Main and we need to keep that in mind. We know what others have done with share buybacks in these processes previously.

James Lockyer: Hi, it's James from Peel Hunt. On the portal, I know that you've gone into brief details around what you're planning to do with that over time, but given you've talked about wanting to make it more seamless, bring more products in, make it easy to bring those things in, is it fair or how do you think about the potential for the portal being there for price discovery for customers across the whole ecosystem over time? Because right now you go there, me as a customer, I see one product, but is there price discovery opportunity as you build more products into that over time?

And second question, just on the organic growth rates for the SME business. Good just to understand roughly of that growth rate versus volume quite useful there please.

And then on the M&A targets, without going into detail, you talked about now going a little bit more into CX and customer contact centre, obviously you currently focus purely on the communications element of that, but customer data to make those communications more valid is becoming more important. How do you think about CRM and those angles? Thanks.

Andrew Belshaw: Really good question. Can I just be clear what you mean by the price discovery piece when customers go on the portal?

James Lockyer: So obviously if I go on there and there's one product at the moment, there's one price.

Andrew Belshaw: Yes.

James Lockyer: Let's imagine I go on there and you've got multiple different products across multiple different providers.

Andrew Belshaw: Yes.

James Lockyer: I might be able to see different prices.

Bill Castell: If the channel partner's looking, I think, yes.

James Lockyer: The channel partners, to be able for me, as a partner become more aware of what prices are?

Andrew Belshaw: No, absolutely. So the way we set things up, and I don't think this is going to come as a massive surprise to anybody, so I think I'm okay saying it. Not all partners pay the same price. So bigger partners who commit to doing a bigger volume are paying lower prices than smaller partners who aren't doing the volume.

When you go into the portal, you see your prices, so therefore you can't go, "hang on a minute somebody else is paying..." So you will see your prices across the whole suite. So you may be able to see, and indeed this is one of the things we want you to see if you are provisioning an ethernet circuit, again, it's not, as everybody knows, it's not our own fibre, we are backing it off. You might be able to see that ethernet circuit going into that building is cheaper with supplier A than supplier B, and we'll make that available to you on the portal. And you might have a view that you want to buy the more expensive one because you prefer that supplier. I think we'll do more of that going forward. So that almost, we call it internally, compare the market type approach. I think we'll do a bit of that. But what you won't be able to see is what other people are paying.

Bill Castell: And I think also if you're looking between PhoneLine+, iPECS, Horizon, Cisco Webex, there's different functionality, all decent margin business for us. Clearly different price points, but I think there's a bigger advantage that we meet all the needs of each channel partner rather than the channel partner looking and saying “it's not quite the right price” and thinks of a competitor. I think actually there's more of an advantage for us that we have the functionality that they want, especially on that SIP PBX hardware as that migrates to the cloud, there's different functionality depending on what hardware structure you have in the

PBX. We feel now we're in a much better place certainly than we were 12 months ago to give options across the piece.

Andrew Belshaw: Very good. And sorry James, remind me of your second question.

Bill Castell: So that was it, then the next one was SME organic growth from price versus volume discussion. I think everyone's aware we're in a less inflationary environment, so probably again we don't give the split, but similar to last time, this is more of a volume-led business than the price business. So you heard Andrew's talk about the 48,000 cloud seats added in H1 and going over a million cloud seats in the UK. We continue to grow but we continue where we can to put up price or incentivise through price by doing discounts for volume. But I think we're probably back closer towards the pre-inflationary spike mix where it's coming a little bit back more to volume than it was over the last 12, 18 months.

Andrew Belshaw: All good?

James Lockyer: Yeah, customer relationship data.

Bill Castell: Data analytics, AI, CRM.

Andrew Belshaw: Absolutely. I think the honest answer is no, it's not on the agenda today, but it's on the longer term radar. I think that's the honest answer James. So are we about to launch something this year? Next year? No, but inevitably, just playing back to you what you've said, a lot of contact centres have an awful lot of data and you can do an awful lot of things with that data. So could we be sitting here in two, three, four years' time having bought something? Yeah, maybe. And I think a lot of that becomes customer led. So at the moment if you are a customer, we are seeing people procure the contact centre piece and then probably procure that data from somebody else. If we start seeing RFPs where all of that's bundled, then it's just classic Gamma. You end up partnering with somebody who does that and then you end up buying them.

Bill Castell: Like we did with Satisnet on cyber.

Andrew Belshaw: Probably not short-term, maybe medium-term. Do we have any other questions in the room or I might just look in the booth? Do we have any questions online either?

Moderator: So we do have one again on M&A, online. So it's from Stephane Beyazian at ODDO BHF. In terms of M&A for Germany, what would be the ideal target profile?

Andrew Belshaw: Placetel would be the ideal target profile. There are no more than three or four businesses in Germany that we would buy and we could sit here and name them. I think it would be fair enough to assume that we're probably talking or have talked or will talk to all of them. And we've been fairly open in the past, we want to be doing more M&A in Germany, but some of those situations haven't quite opened up. So I think people are well aware of the businesses that we're talking to in the businesses that we cover because there's not that many cloud businesses. If you look at the top four, five, six cloud businesses, you cross off Deutsche Telekom, probably not going to buy them. Cross off Vodafone.

And then you are down to some sort of quite manageable businesses that I think people know who we're talking about and I think, as and when those processes kind of come up, we'll have a look at them because they're all fast growing cloud businesses. So we maintain an open mind and I suspect part of it is as much about the situations that open up and just getting to some of those businesses a little bit more quickly, as it is picking one or two out of those four and saying we're not looking at the other two.

Moderator: Thanks Andrew. That's all from the webcast, so I'll hand back to you for closing remarks.

Andrew Belshaw: Just to really say again, thank you very much indeed for coming this morning and thank you to people online and thank you for the interaction because as ever it's been very good and we've had some fantastic questions.

Bill and I remain around if anybody wants to ask anything else or get any further clarity. I think everybody watching on the video, you probably have our contact details anyway. But just to say we've had a fantastic first half and again, I can't thank the Gamma team enough for all of the hard work they've put in to deliver the kind of numbers that we've been delivering. Both the organic, the acquisitions, integrating the acquisitions and making sure we're getting the most out of those as quickly as we can. We look forward to the future. We think we've got a very, very bright future.

The world of communications, as I said at the beginning is becoming a little bit more complicated. That's great for us because if we can embrace that quickly, bring on solutions quickly, get them in the hands of partners and end users quickly, then we can grow ahead of our space, which is what we've been doing consistently now for some time. So I think the future's very bright and we're very excited and we look forward to coming back in six months and telling you how the second half of the year's gone.

So thank you very much indeed for your time this morning and we're around for a bit. Thank you.

Bill Castell: Thank you.