Capital Markets Day
Gamma 2023 Strategy Update

London 15th January 2019
Edinburgh 17th January 2019
Agenda

Setting the scene
• Objectives for the day
• Introduction to Gamma and the team
• Thoughts on the business
• 2023 Strategic Planning approach

The Market Opportunity
• Telecommunications market sizing
• Coffee Break
• Main market trends and opportunities

Our strategic priorities moving forward
• Key strategic priorities
• Overview of plan and approach

Wrap-up / Q&A
Objectives for the Day

• Update on *Gamma’s medium to long-term strategy*

• Provide a clear understanding of our *planning* approach, the *methodology* adopted and our *key conclusions*

• Provide a view of the *market opportunity* for Gamma

• Explain our *strategic priorities* and *ambitions* moving forward

• *Meet* the *Gamma team* and provide an opportunity for *Q&A*
A quick snapshot of our business

- A UK based provider of voice, data & mobile communication services, enabled by a next generation network
- Focused on the UK and European B2B communications market
- Recently acquired Dean One, a provider of communications services in the Netherlands
- 75% of our sales are through +1,100 Channel Partners and 25% through Direct sales
- Market leader in two major growth markets in the UK (SIP & Cloud Telephony) with both Data and Mobile providing enabling technologies to drive additional growth
- +1,000 employees, located in Newbury, London, Glasgow, Manchester, Port Solent, Budapest and Amsterdam
- Excellent financial strength and track record, with no debt, +90% recurring revenue and good cash generation
Gamma is a fast-growing B2B Cloud Communications Provider

Key financials
2010-2017 plus H1 2018

Growth H1 2017* to H1 2018

Revenues
+18.3%

Gross Profit
+20.7%

Adj EBITDA
+30.5%

Margin breakdown by route to market % H1 2018

25% Direct

75% Indirect

Source: Gamma

*The H1 2017 figures have been restated for the effects of the adoption of IFRS 15.
Gamma is leading the UK transformation to IP Voice

Gamma SIP channels
# thousands, Market share

- 2015: 360
- 2016: 511
- 2017: 680
- H1 2018: 766

Gamma Hosted PBX seats
# thousands, Market share

- 2015: 142
- 2016: 230
- 2017: 331
- H1 2018: 384

UK market share in units
Agenda

Setting the scene

Introduction to Gamma

Thoughts on the business

Strategy planning approach
## Core Gamma Foundations - What makes us different

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product and Network Quality</td>
<td>Driving innovation on the back of strong network and product foundations (carrier grade, high availability and rock solid end-user performance)</td>
</tr>
<tr>
<td>Channel Automation</td>
<td>Portal capabilities (built around the channel with overlay support geared to make Gamma easy to do business with)</td>
</tr>
<tr>
<td>Digital Platforms</td>
<td>Training (Academy) and Marketing enablement (Accelerate) to drive channel engagement and growth (providing the channel with the edge to be successful and grow their businesses)</td>
</tr>
<tr>
<td>Commercial Agility</td>
<td>Providing our partners leverage and flexibility (driving incentives and not causing price erosion) and selling on value and not price</td>
</tr>
<tr>
<td>People</td>
<td>Human aspect of channel and direct customer engagement (long standing, consistency, built on trust and a balance of strong business ethics) – culture, skills and delivering against our mutual promises</td>
</tr>
</tbody>
</table>
Channel Partners and our sales organisation

Who are the indirect channel partners?

Our Channel Sales Organisation

Sales
- South E
- South W
- Scotland
- Central & NI
- North

Distinct Markets
- Carrier & Infrastr.
- BPO
- New Business

Support
- Sales Operations (Feed & Support)
- Product Specialists (Overlay)
Our indirect channel strategy
Consistent growth in reach and revenues year on year

Indirect channel partner network evolution

- 75% of Gamma’s revenue and margin
- 85% of Gamma’s SIP & Horizon seats
- 90% + of revenues are recurrent

Source: Gamma.
Opportunity in existing base

**Sustained competitive advantage**

**Greater Wallet Share**
- 48% of SIP provisions, 100+ channels (~400 seats)
- Gamma Cloud PABX 16 seats on average
- Evolve services to fit larger business needs
- Existing channel serves this market well today

**Why Gamma**
- Human Factors
- Long-term Business Model
- High quality designed for and by the Channel
- Difficult to replicate relationships

SIP deployments by SIP order size
H1 2018, # of channels

- 0-7
- 8-15
- 16-30
- 31-99
- 100-499
- 500-999
Our Direct Business customer base is delivering 20%+ revenue growth

Direct business segmentation

<table>
<thead>
<tr>
<th>Market segment</th>
<th>Customers</th>
<th>Details</th>
<th>Revenues (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SME</strong> 25-500 UK</td>
<td>• 3,000 Customers &lt;25</td>
<td>• Gamma Products – Data, Voice &amp; Mobile</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 1,300 Customers &gt;25</td>
<td>• Average customer size has doubled in 3 years</td>
<td></td>
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<tr>
<td></td>
<td>• Focus is on Mid-Market</td>
<td>• Combining Gamma Products as a Service</td>
<td></td>
</tr>
<tr>
<td><strong>Enterprise &gt;500 UK and Intl</strong></td>
<td>130 large customers</td>
<td>• Gamma products with managed services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Growing at 15 – 20 per annum</td>
<td>• Large ICT projects can take &gt; 12 months</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 5% of revenues are International</td>
<td>• We compete and win against Global Telco's &amp; SI's</td>
<td></td>
</tr>
<tr>
<td><strong>Public sector</strong></td>
<td>• Local Government, Education, Housing and Third Sectors</td>
<td>• Public Sector is 31% of the UK ICT Market</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Focusing on Central Government &amp; NHS</td>
<td>• Gamma are present on key Crown Commercial &amp; Scottish Government Frameworks.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>• Newly HSCN accredited with access to all NHS</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018 (H1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SME</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Enterprise</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Public sector</td>
<td></td>
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</tbody>
</table>
Gamma USP is a combination of disruptive products and world class Customer Service

Differentiation against competition

<table>
<thead>
<tr>
<th></th>
<th>Gamma Market</th>
<th>Fixed Operators</th>
<th>Mobile Operators</th>
<th>Systems Integrators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data</td>
<td>Service</td>
<td>Product</td>
<td>Network Owner</td>
<td></td>
</tr>
<tr>
<td>Voice</td>
<td>Next Generation</td>
<td>Product</td>
<td>Network Owner</td>
<td></td>
</tr>
<tr>
<td>Mobile</td>
<td>Fixed / Mobile Convergence</td>
<td>Fixed / Mobile Convergence</td>
<td>Fixed / Mobile Convergence</td>
<td></td>
</tr>
<tr>
<td>Managed</td>
<td>End to End Solution</td>
<td>End to End Solution</td>
<td>Expert Focus</td>
<td></td>
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</tbody>
</table>

Direct Customer Engagement

Continual Assessment
Continual Customer engagement to assess the value of Gamma Services to the Customer

Managed migration to new Gamma Services

Customer Transformation

Customer Business Challenges

Sales Engagement
Business value solutions with experienced teams matched to their market segment

Value Proposition

Transform
Transformational services reduce cost and complexity

Design

Delivery

Solution Design

Continual Customer engagement to assess the value of Gamma Services to the Customer

Managed migration to new Gamma Services

Customer Transformation

Sales Engagement
Business value solutions with experienced teams matched to their market segment

Value Proposition

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Solution Design

Continual Customer engagement to assess the value of Gamma Services to the Customer

Managed migration to new Gamma Services

Customer Transformation
Many organisations rely on Gamma for their business critical communications and services

- Complete Managed Communications Service
- 500 Sites connected with Data and our Cloud PABX
- 2000 Mobile users with Gamma Mobile
- Contact Centre, Hosting and Security Services

3 Year product agreement

- Typical SIP deployment
- 1200 SIP Trunks for UK Contact Centre
- Gamma Access and Cloud IVR for DR
- All Inbound Traffic

Original contract extended to 5 Years

- Complete Managed Communications Service
- 400 site Network with 2100 Seat Cloud PABX
- 3000 Mobiles
- Intelligent call handling at all sites

5 Year managed services contract

- 20 Site Core Network with 900 Seats of Cloud PABX
- 100 Seat Contact Centre
- 900 Mobiles – with Connect

Crown Framework Contract - RM1045

- Very large SIP deployment
- Removal of 55k Legacy PSTN Lines from 4 UK operators
- Migrated to Gamma highly diverse SIP Solution with 24k Gamma SIP Trunks
- All inbound and outbound contact centre traffic

Multi-year agreement

- 1,000 Site Network
- Network expansion into Ireland
- Gamma Ethernet / FTTC with 4G backup
- Global peering into Frankfurt DC
- Cloud Security

5 Year managed services contract

- A Large Financial Institution
- A Large Retailer
Agenda

- Setting the scene
- Introduction to Gamma
- Thoughts on the business
- Strategy planning approach
A thorough process to define Gamma’s 2023 Strategic Plan...

Thorough internal process
• +50 1-2-1 interviews, multiple workshops including the SLT and Board, and +10 internal workstreams launched

Robust insights gathering
• +100 reports compiled and analysed through advanced BI analysis, interviews with analysts (Analysys Mason, Cavell, MZA, ...) and with both channel partners and customers

Externally supported by Outvise experts
• Team of seasoned management consultants with relevant telecommunications and digital experience
...Focused on key strategic areas and a financial and action plan

Key strategic areas

- UCaaS
- Data Access services
- Mobile
- New products and services

- International
- Route to market
- Market segments
- Network
- Digital Transformation
- Efficiencies

Financial plan
Action plan
Key strategic questions

What growth can we continue to drive from our core products and markets?

What strategy should we pursue to maximise growth from cloud telephony?

What new growth markets (products, segments, geographies) should we enter?

How should we use technology to evolve our value proposition?

How will our business model be impacted by long term market trends?
Identified key growth opportunities

**Cloud Telephony & UCaaS** represents a significant opportunity for established and trusted players.

**Data Access** is a core need for businesses operations as well as a strategic enabler for UCaaS. Market trends are set to open new business opportunities in this market.

**Mobile** is set to become the access device for business communications and collaboration. There is an opportunity for those who deliver a seamless and quality assured customer experience.

**Europe** represents a significant growth opportunity due to low VOIP penetration and migration levels across all markets.

Build on our **Digital Capabilities** to drive operational efficiencies and automation, while strengthening existing and developing new digital channels to market.
2023 strategy plan based on four key strategic priorities

1. Evolve our strong cloud telephony position into the UCaaS market

2. Build on our Fixed and Mobile Telecom strength to differentiate our proposition from pure OTT's

3. Expand to Europe to gain continued growth and scale

4. Continue to build on our digital capabilities to assure agility and sustain competitiveness
Agenda

Setting the scene

The market opportunity

Our strategic priorities moving forward

Wrap-up and Q&A
Telco and ICT market growth from 2018-2023

B2B Telco & ICT revenues
CAGR 18-23

<table>
<thead>
<tr>
<th>Service Type</th>
<th>2018</th>
<th>CAGR 18-23</th>
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</thead>
<tbody>
<tr>
<td>Western Europe</td>
<td>85.6</td>
<td>0%</td>
</tr>
<tr>
<td>IoT</td>
<td>3.4</td>
<td>13%</td>
</tr>
<tr>
<td>Hosting &amp; Cloud</td>
<td>6.0</td>
<td>7%</td>
</tr>
<tr>
<td>Advanced VAS</td>
<td>12.4</td>
<td>1%</td>
</tr>
<tr>
<td>Dedicated Connections</td>
<td>18.3</td>
<td>-2%</td>
</tr>
<tr>
<td>Broadband</td>
<td>7.4</td>
<td>2%</td>
</tr>
<tr>
<td>Fixed voice</td>
<td>10.2</td>
<td>-5%</td>
</tr>
<tr>
<td>Mobile</td>
<td>27.7</td>
<td>-1%</td>
</tr>
<tr>
<td><strong>Total B2B Revenues</strong></td>
<td><strong>85.6 £bn</strong></td>
<td><strong>0% CAGR</strong></td>
</tr>
</tbody>
</table>

UK 2018:
- IoT: 0.5 £bn (15% CAGR)
- Hosting & Cloud: 1.2 £bn (1% CAGR)
- Advanced VAS: 1.4 £bn (5% CAGR)
- Dedicated Connections: 2.0 £bn (2% CAGR)
- Broadband: 1.0 £bn (3% CAGR)
- Fixed Voice: 2.4 £bn (3% CAGR)
- Mobile: 2.9 £bn (-2% CAGR)

**Key market insights**

1. Overall market is flat
2. Growth in new services compensates decrease in traditional services.
3. UK is expected to have a better trend than Western Europe growing at 1% with better trends in Fixed Voice & Dedicated connections than WE.
4. Significant opportunities in Fixed (Data & Voice), Mobile and VAS.
Market developments will create significant opportunities for Gamma

- Market demand moving progressively from Traditional to SIP to Cloud Telephony to UCaaS
- Data market impacted by new demand and new innovative services
- Mobile experience becoming a key driver for UCaaS. Ability to provide E2E Quality of Service (QoS) will become a relevant differentiator
- Other European Markets are following the UK cloud telephony path
- Businesses purchasing behavior and the channel role will evolve over time
- Digital Transformation impacting the telecommunications value chain
Key principles driving our thinking and strategic prioritisation

Understand **end customer needs and behaviours**, and build our products and processes accordingly.

Build **cloud native communication products** that tap into growth markets and are easy to sell, set-up and support.

Ensure and reinforce an **end to end business grade reliability and QoS** (as Gamma’s USP).

Leverage our current routes to market, **direct and indirect**, boosting their digital capabilities to both sell and service.

Ensure our products, services and processes are **scalable and built for operational efficiency**.
2023 strategy plan based on four key strategic priorities

1. Evolve our strong cloud telephony position into the UCaaS market
2. Build on our Fixed and Mobile Telecom strength to differentiate our proposition from pure OTT's
3. Expand to Europe to gain continued growth and scale
4. Continue to build on our digital capabilities to assure agility and sustain competitiveness
Key strategic priorities

1. Evolve our strong cloud telephony position into the UCaaS market

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In the fixed voice market, traditional voice is rapidly migrating to IP voice

UK B2B fixed voice revenues
£bn

- Fixed voice market will fall at 3% CAGR
- Traditional voice will fall at 9% CAGR
- IP voice will grow at 10% CAGR

Note: VoIP telephony market is the sum of SIP trunk market (excluding SIP trunks sold to Hosted PBX platforms) + Voice component of “Hosted PBX + VoIP telephony” market
IP Voice made up of SIP Trunking and Cloud PBX services

**UK SIP Market**
Total trunks m, Gamma market share

- Gamma has a 27% market share of the UK SIP market
- Gamma disrupted the market

**UK Cloud PBX Market**
Total seats m, Gamma market share

- Value migration from SIP to UCaaS
- Gamma has an 11% market share (and 24% in the SME market)

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1 SIP trunk includes SIP trunks sold to Hosted PBX platforms
2 Horizon includes VoIP seat + Hosted PBX
Sources: Analysis Mason, Gartner, Cavell & Outvice/Gamma analysis

% Gamma Market Share of units (Trunks/Seats)
UCaaS market development will create new adjacent market opportunities for Gamma

**UCaaS technology stack**

1. **SIP trunk**
   - **VoIP Telephony**
   - **Hosted PBX**
   - **Collaboration & Conferencing**
   - **Office suites**

2. **APIs**

3. **UCaaS components**
   - High quality in-company calls
   - PSTN calls channeled through SIP trunk or Seat VoIP
   - **Word processing, Spreadsheets, Slide presentations**
   - **Collaborative creation and edition**
   - Email
   - Calendar
   - Real time voice and video conferencing, screen-sharing, whiteboarding
   - Instant Messaging, file transfer, Presence
   - Task management
   - Employee networking and wikis
   - Workspace
   - IVR
   - Extensions, queues, greetings
   - Hunt groups
   - Call recording, advanced voicemail

Source: Outvise analysis
The overall UCaaS market is expected to grow 11% per year

<table>
<thead>
<tr>
<th>Year</th>
<th>UCaaS Market £bn, 2009-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>0.2</td>
</tr>
<tr>
<td>2012</td>
<td>0.4</td>
</tr>
<tr>
<td>2013</td>
<td>0.6</td>
</tr>
<tr>
<td>2014</td>
<td>0.8</td>
</tr>
<tr>
<td>2015</td>
<td>1.1</td>
</tr>
<tr>
<td>2016</td>
<td>1.4</td>
</tr>
<tr>
<td>2017</td>
<td>1.7</td>
</tr>
<tr>
<td>2018</td>
<td>2.0</td>
</tr>
<tr>
<td>2019</td>
<td>2.3</td>
</tr>
<tr>
<td>2020</td>
<td>2.6</td>
</tr>
<tr>
<td>2021</td>
<td>2.8</td>
</tr>
<tr>
<td>2022</td>
<td>3.0</td>
</tr>
<tr>
<td>2023</td>
<td>3.3</td>
</tr>
</tbody>
</table>

1 UCaaS penetration measured as “Cloud telephony seats”/Total PBX market seats; 100% = 19m seats
Sources: Analysis Mason, Gartner, Cavell & Outvise/Gamma analysis
Traditional fixed voice migration has created three waves: SIP, Cloud Telephony and UCaaS. Gamma is well positioned to capture them.

**Market opportunity**

- **SIP wave**: Simple VoIP Telephony
- **Cloud Telephony wave**: VoIP bundled with Hosted PBX
- **UCaaS wave**: Full stack Integrated experience

Source: Outvise analysis
The size of the opportunity is attracting different types of players to the UCaaS market, increasing competitive pressure

**UCaaS competitive environment**

- **CSPs**
  - O2
  - Verizon
- **Tech vendors**
  - Amazon
  - Google
  - 3CX
  - AVAYA
  - Mitel
  - BT
  - Cisco
  - Microsoft
- **VAS providers**
  - Exponential
  - EVOLVE
  - Claranet
- **App specialists**
  - RingCentral
  - 8x8
  - Fuze

**Key market insights**

1. **The product** offering will become more sophisticated
2. **Price** pressure will increase, resulting in ARPU decrease in basic Cloud PBX services
3. **Channel** will be disrupted:
   - Competition for our partners will increase
   - Digital will become mainstream in SME
4. **Customer ownership** will move from the access provider to the UC provider

Source: Outvise analysis
We will leverage our leadership position to extend our offering to adjacent markets and provide a compelling UCaaS proposition.
Horizon Collaborate
Service Launch H1 2019

New Services

- Application Sharing
- Conferencing
- Instant Messaging
- Presence
- Video
- Desktop Client (Mac & Windows)
- Mobile Client

Horizon – Cloud PBX services
Coffee break
Back in 10 mins
Key strategic priorities

1. Evolve our strong cloud telephony position into the UCaaS market

2. Build on our Fixed and Mobile Telecom strength to differentiate our proposition from pure OTT's

3. Expand to Europe to gain continued growth and scale

4. Continue to build on our digital capabilities to assure agility and sustain competitiveness
A full telecom wrap is a critical part of Unified Communications to deliver a business quality user experience

**UCaaS and the network wrap**
Fixed data access is a £3bn market where new regulations and technology will generate additional opportunities for Gamma

Key market insights

1. **Fixed data is a market of £3.2bn** and it is mostly stable (-1% CAGR 2018-2023)

2. **Strong disruption** is expected in the market due to
   - Higher speed demand & technology
   - New regulation
   - New FTTP deployments
   - 5G bridging Fixed Data Access

3. **Broadband** will grow from £0.9bn to £1.1bn due to a subscriber base increase

4. **Software defined networks** will become mainstream, delivering key enhancements to dedicated connections

Source: Outvise
B2B mobile is also a £3bn market in which mobile data will strongly grow, substituting mobile voice

### B2B Mobile revenues

£bn, % of mobile voice and data

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Voice</th>
<th>Mobile data</th>
<th>Messaging</th>
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<tbody>
<tr>
<td>2013</td>
<td>3.39</td>
<td>51%</td>
<td>28%</td>
<td>25%</td>
</tr>
<tr>
<td>2014</td>
<td>3.41</td>
<td>50%</td>
<td>34%</td>
<td>26%</td>
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<tr>
<td>2015</td>
<td>3.29</td>
<td>46%</td>
<td>39%</td>
<td>22%</td>
</tr>
<tr>
<td>2016</td>
<td>3.09</td>
<td>43%</td>
<td>43%</td>
<td>24%</td>
</tr>
<tr>
<td>2017</td>
<td>2.94</td>
<td>40%</td>
<td>48%</td>
<td>24%</td>
</tr>
<tr>
<td>2018</td>
<td>2.90</td>
<td>38%</td>
<td>52%</td>
<td>26%</td>
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<tr>
<td>2019</td>
<td>2.86</td>
<td>35%</td>
<td>56%</td>
<td>28%</td>
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<tr>
<td>2020</td>
<td>2.82</td>
<td>33%</td>
<td>60%</td>
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<td>2021</td>
<td>2.76</td>
<td>31%</td>
<td>63%</td>
<td>32%</td>
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<tr>
<td>2022</td>
<td>2.71</td>
<td>29%</td>
<td>66%</td>
<td>33%</td>
</tr>
<tr>
<td>2023</td>
<td>2.71</td>
<td>29%</td>
<td>66%</td>
<td>33%</td>
</tr>
</tbody>
</table>

### Key market insights

1. **Mobile is a market of £2.9bn** and it is mostly stable (-1% CAGR 2018-2023)

2. **Mobile data** amounts to 52% of the revenues and will grow to 66% by 2023

3. **Mobile data substitutes for voice and messaging**. VoIP calls and Instant messaging are substituting traditional calls and SMS

4. **Mobile experience will be a key driver for UCaaS**. The ability to provide E2E QoS will become a relevant differentiator

**Source:** Analysys Mason, Pyramid
We will continue to build on our telecom strength to differentiate from pure OTTs.
Data access services will continue to focus on enhancing quality for our communication products

Strategic objectives of data access services

1. Ensure Quality of Service for our Communications apps
   - Keep control of network quality and security to maintain clear USP in our communication applications

2. Increase revenues and margin contribution
   - Capture a fair share of the Data access market
   - Build SD-WAN offering for Enterprise & mid-market to protect MPLS revenues and capture additional deals
   - Build portfolio of Value Added Services to increase Data Access differentiation, increase margins and customer retention

3. Increase Channel Partners’ loyalty
   - Provide single point of contact for both Data and Voice services
   - Promote cross-selling of Voice and Data
   - Provide entry point for Enterprise and Government segments
Mobile is a fundamental enabler for our UCaaS value proposition

Mobile as a key differentiator for UCaaS

- End to End seamless experience and QoS
- Fixed Mobile Convergence capabilities
- Customer contract ownership for Channel Partners
- Good understanding of mobile market and drivers

We have defined and started to implement the most effective operating model to support our strategy and are working with potential partners to implement it
Key strategic priorities

1. Evolve our strong cloud telephony position into the UCaaS market
2. Build on our Fixed and Mobile Telecom strength to differentiate our proposition from pure OTT's
3. Expand to Europe to gain continued growth and scale
4. Continue to build on our digital capabilities to assure agility and sustain competitiveness
Major UCaaS growth opportunity in Western Europe

Western Europe UCaaS revenues

£bn

Very large market with 123m seats and £6.8bn
Growing at 12% CAGR
16% Market penetration
At least two years behind UK and Netherlands

1 UCaaS penetration measured as “Cloud telephony seats”/Total PBX market seats
Sources: Analysis Mason, Gartner, Cavell & Outvise/Gamma analysis
UK is the leading VoIP telephony market and Gamma is well positioned to lead the VoIP migration in the rest of Europe

European B2B Cloud telephony adoption
% of VoIP seats/total B2B seats

Gamma has developed unique UCaaS assets and know-how in the most advanced European market

Other European countries are now following the UK cloud telephony migration path, creating a significant market opportunity for Gamma

Gamma has started its geographical expansion with the acquisition of Dean One in the Netherlands
European expansion will provide significant benefits to Gamma

**Levers**

<table>
<thead>
<tr>
<th>Realise new market opportunities</th>
<th>Opportunities</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>• Leverage Gamma's expertise to replicate its success story in less mature markets on a similar trajectory</td>
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<td>• Expand Gamma's unique approach into existing European businesses</td>
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<td></td>
<td>• Capture international customers by being able to serve UK customers in EU &amp; vice versa</td>
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<td>• Acquire “Gamma-like” companies at a lower valuation</td>
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<thead>
<tr>
<th>Diversify risks</th>
<th>Opportunities</th>
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<td></td>
<td>• Reduce Gamma's country-concentration risk in the UK</td>
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<td>• Provides scale for future product and technology development</td>
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<tr>
<th>Improve efficiency</th>
<th>Opportunities</th>
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<tr>
<td></td>
<td>• Create and drive revenue synergies</td>
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<td>• Drive fixed and variable quick win cost synergies</td>
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Our first acquisition is a fast growing cloud telephony company and a good example of our target profile

**The Netherlands Market**
- The Netherlands cloud telephony market is highly attractive (4th largest in Europe)
- The Netherlands is an attractive location to start the expansion to other key EU markets

**Target Company fit**
- A clear market challenger, with Cloud telephony as its main product
- Focused on SMEs market and selling through Channel Partners
- With €15+ m revenues, growing at 25% CAGR (2011-18), 50% Gross margin and 5-10% EBITDA
- With an outstanding and experienced Management team

**Synergies**
- Gamma and Dean One are strongly aligned businesses
- With clear synergies at product and operational level
We have developed a strong capability within Gamma to support our inorganic growth ambitions

• Created an M&A capability, utilising both internal and external resources, to successfully execute this aspect of our growth strategy

• Established a European Board (including both Gamma and Dean One leadership) to co-ordinate and manage our M&A activities

• A highly targeted approach to evaluating acquisition opportunities

• With a primary focus on European countries where we have identified maximum growth opportunity (e.g. Germany, France, Benelux, Spain)

• Supported by a thorough approach towards market / country analysis and developed a methodology and approach to evaluating and integrating acquisition targets
Key strategic priorities

1. Evolve our strong cloud telephony position into the UCaaS market

2. Build on our Fixed and Mobile Telecom strength to differentiate our proposition from pure OTT's

3. Expand to Europe to gain continued growth and scale

4. Continue to build on our digital capabilities to assure agility and sustain competitiveness
Businesses purchasing behavior change

Key market trends

Customer sophistication will increase
- Customers will “pull” more
- Brand importance high (low-end)
- Integration requirements (high-end)

New channels will disrupt the current route to market
- UCaaS providers will push simple dealer model
- Specialist SPs will push integrator dealer model

Products and Customer Service will be more standard and automated, simplifying:
- Sales and Provisioning
- Customer support and training

E-commerce will become the key channel in SME
- SME: end-to-end digital sales

Source: Outvise analysis
In the years ahead, new channels will appear and existing channels will evolve

**Route to market trends**

**Digital**
- Will drive:
  - Sales: Micro/Small
  - Lead generation: SME
  - Self-service: All

**Dealers**
- Simplicity drives economy of scale
- Rise of the Dealer Model

**Resellers**
- Refine value add
- Embrace digital platforms

Source: Outvise analysis
Telco digital disruption is here and it will increase significantly in the coming years.
Gamma’s digital Portal has been a key innovation in the industry and part of our success with the Indirect Channel.

Through our Digital Portal, Partners can:

- Provision and manage services online
- Port numbers
- Generate reports
- View bills and invoices
- View product and training news
- Access the Knowledgebase to download documentation
- Maintain accounts

The Gamma Portal empowers the channel, providing full control and flexibility.
Digitalisation objectives

Improve customer experience

We have an opportunity to lead the provision of an end-to-end communications portal for the business market that evolves with channel and user behaviors.

Improve ability to launch/adjust products fast

Ability to increase rate of innovation, based on more flexible and automated systems and networks.

Ensure ability to be cost competitive & scalable

Operations and network digitalisation will have an impact on our operational costs and improve our margins.
Key strategic priorities

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These strategic decisions will have a very positive impact on our Indirect Channel

• **Enhance profitability** for Gamma and Partners, digital programmes drive automation in sales, provisioning, service & lead generation

• **Increase Cloud PABX margins**, through UCaaS “Collaborate” service and enhancements like Hosted Contact Centre

• **Expand mid-market sales** with augmented UCaaS and Data offerings through existing and new channel partners

• **Continue to grow partner base** in core and adjacent markets (e.g. IT Resellers) and nurture alliances with key vendors
... and a positive impact on our Direct Channel initiatives

- **Accelerate the mid-market segment (250-499)** – with UCaaS & product improvements, go to market messaging and expansion and realignment of our sales teams

- **Boost Public Sector revenues** - renewing Crown Commercial frameworks plus adding the new UCaaS and contact centre lots. Entering the NHS with HSCN and focus on large central government

- **Further drive into Large Enterprise** - by providing new SD-WAN services

- Address the **Enterprise UCaaS market** with Microsoft Office Suite and Cisco Webex Teams

- Improve overall success rate and margin by continuing our investment in **Direct Digital Delivery**
Agenda

Setting the scene

The market opportunity

Our strategic priorities moving forward

Wrap-up and Q&A
An ambitious plan for long term sustainable growth

1. Evolve our strong cloud telephony position into the UCaaS market
2. Build on our Fixed and Mobile Telecom strength to differentiate our proposition from pure OTT's
3. Expand to Europe to gain continued growth and scale
4. Continue to build on our digital capabilities to assure agility and sustain competitiveness
Wrap-up

**Strong foundations:** Gamma is in very good shape and very well positioned to deliver future profitable growth

**Significant market opportunity:** The UK and European market opportunity for Gamma is very significant and at the early stage of the growth curve

**Focused on delivering long term profitable growth:** A highly focused organic and inorganic strategy which will deliver strong long-term growth and shareholder returns

**A growth strategy that is aligned with Gamma’s core capabilities and strengths:** focused on core and adjacent product, channel and geographical market opportunities

**A strong team and excellent track record:** very experienced, and with a clear focus on delivering against our short, medium and longer term growth commitments

**Excellent financial strength:** +90% recurring revenues, good cash generation and no debt
Thank you

Q&A