

IDOX

SOFTWARE & COMPUTER SERVICES

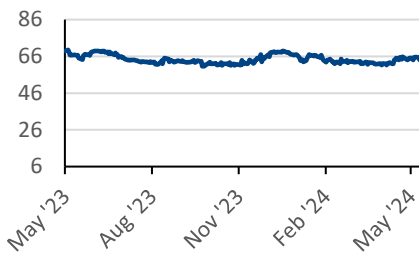
22 May 2024

IDOX.L

64p

Market Cap: £292.2m

SHARE PRICE (p)



12m high/low 69p/61p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (debt)/cash	£(6.6)m (at 30/04/24)
Enterprise value	£298.8m
Index/market	AIM
Next news	H1 Results, 11 June
Shares in issue (m)	456.5
Chairman	Chris Stone
CEO	David Meaden
CFO	Anoop Kang

COMPANY DESCRIPTION

Idox is a software business selling to UK public sector and global engineering clients.

www.idoxplc.com

IDOX IS A RESEARCH CLIENT OF PROGRESSIVE

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Strong growth, again

The trading update for the half year ended 30 April is confident. First-half growth in revenues was over 20% year on year. The Emapsite acquisition has performed well. Cash generation has been impressive, with H1 net debt at c.£6.6m versus £14.7m at the FY23 year-end. The M&A pipeline is very healthy too. This strong performance is in line with management's expectations, and the group expects to deliver to plan across the remainder of the year.

- Strong growth.** In H1, Idox generated revenue of c.£43m. This represents more than 20% growth, is in line with management expectations and includes the contribution from recently acquired Emapsite. Adjusted EBITDA has grown beyond £13m, also in line with management expectations. Order intake is again good, at c.£54m in the period, with the statement pointing to the fact that this raises recurring revenue visibility across H2 FY24 and into FY25.
- Cash generation impresses.** The cash generation in H1 has been particularly notable, with net debt of c.£6.6m representing substantial progress on the £14.7m net debt at FY23 year-end (31 October 2023). We expect some unwind of this, as is normal for Idox, with our year-end net debt estimate remaining in place for now.
- Don't expect the growth to stop.** Encouragingly, the M&A pipeline is described as 'very healthy', suggesting that both organic and acquisition-driven growth are set to continue at Idox. While there is potential for deals across Idox, we regard transactions as most likely within the Land Property and Public Protection division.
- Geospatial opportunity developing.** The statement confirms that management sees Idox as 'on track to delivery on our plans' to the end of the financial year in October. We leave our forecasts intact at this point but look forward to the results on 11 June as an opportunity to gain more insight, particularly into the development of Emapsite and the wider geospatial data opportunity.

FYE OCT (£M)	2022	2023	2024E	2025E	2026E
Revenue	66.2	73.3	89.4	93.4	98.1
Adj EBITDA	22.5	24.5	26.1	27.4	30.0
Fully Adj PBT	13.5	15.8	15.8	17.1	19.7
Fully Adj EPS (p)	2.4	2.6	2.6	2.7	3.1
EV/Sales (x)	4.5x	4.1x	3.3x	3.2x	3.0x
EV/EBITDA (x)	13.3x	12.2x	11.4x	10.9x	10.0x
PER (x)	26.3x	24.5x	25.1x	23.3x	20.4x

Source: Company Information and Progressive Equity Research estimates.

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Please refer to important disclosures at the end of the document.

Financial Summary: Idox

Year end: October (£m unless shown)

	2022	2023	2024E	2025E	2026E
PROFIT & LOSS					
Revenue	66.2	73.3	89.4	93.4	98.1
Adj EBITDA	22.5	24.5	26.1	27.4	30.0
Adj EBIT	15.6	17.1	18.2	19.5	22.1
Reported PBT	6.6	7.8	8.7	10.0	12.6
Fully Adj PBT	13.5	15.8	15.8	17.1	19.7
NOPAT	11.0	11.9	11.8	12.7	14.6
Reported EPS (p)	1.3	1.2	1.4	1.6	2.0
Fully Adj EPS (p)	2.4	2.6	2.6	2.7	3.1
Dividend per share (p)	0.5	0.6	0.7	0.8	0.9
CASH FLOW & BALANCE SHEET					
Operating cash flow	15.6	15.6	18.6	18.6	23.9
Free Cash flow	5.8	(3.9)	9.1	14.9	16.7
FCF per share (p)	1.3	(0.9)	2.0	3.3	3.7
Acquisitions	(2.2)	(14.1)	(0.9)	0.0	0.0
Disposals	(0.1)	0.0	0.0	0.0	0.0
Shares issued	(0.1)	(0.2)	0.0	0.0	0.0
Net cash flow	(4.8)	0.8	3.1	8.7	10.0
Overdrafts / borrowings/bonds	(20.5)	(29.5)	(29.5)	(29.5)	(29.5)
Cash & equivalents	13.9	14.8	17.9	26.6	36.6
Net (Debt)/Cash	(6.7)	(14.7)	(11.6)	(2.9)	7.1
NAV AND RETURNS					
Net asset value	67.4	73.3	79.7	86.6	94.9
NAV/share (p)	14.9	16.1	17.5	18.9	20.7
Net Tangible Asset Value	(25.0)	(35.5)	(25.9)	(16.2)	(5.0)
NTAV/share (p)	(5.5)	(7.8)	(5.7)	(3.5)	(1.1)
Average equity	64.1	70.3	76.5	83.2	90.8
Post-tax ROE (%)	8.5%	7.9%	8.4%	8.8%	10.2%
METRICS					
Revenue growth	N/A	10.7%	22.0%	4.5%	5.0%
Adj EBITDA growth		8.6%	6.9%	4.9%	9.4%
Adj EBIT growth		9.8%	6.5%	7.1%	13.2%
Adj PBT growth		16.4%	0.4%	8.2%	15.1%
Adj EPS growth		7.4%	(2.4%)	7.4%	14.6%
Dividend growth	N/A	20.0%	16.7%	14.3%	13.8%
Adj EBIT margins	23.6%	23.4%	20.4%	20.9%	22.5%
VALUATION					
EV/Sales (x)	4.5	4.1	3.3	3.2	3.0
EV/EBITDA (x)	13.3	12.2	11.4	10.9	10.0
EV/NOPAT (x)	27.1	25.1	25.3	23.5	20.5
PER (x)	26.3	24.5	25.1	23.3	20.4
Dividend yield	0.8%	0.9%	1.1%	1.3%	1.4%
FCF yield	2.0%	(1.4%)	3.1%	5.1%	5.7%

Source: Company information and Progressive Equity Research estimates

Disclaimers and Disclosures

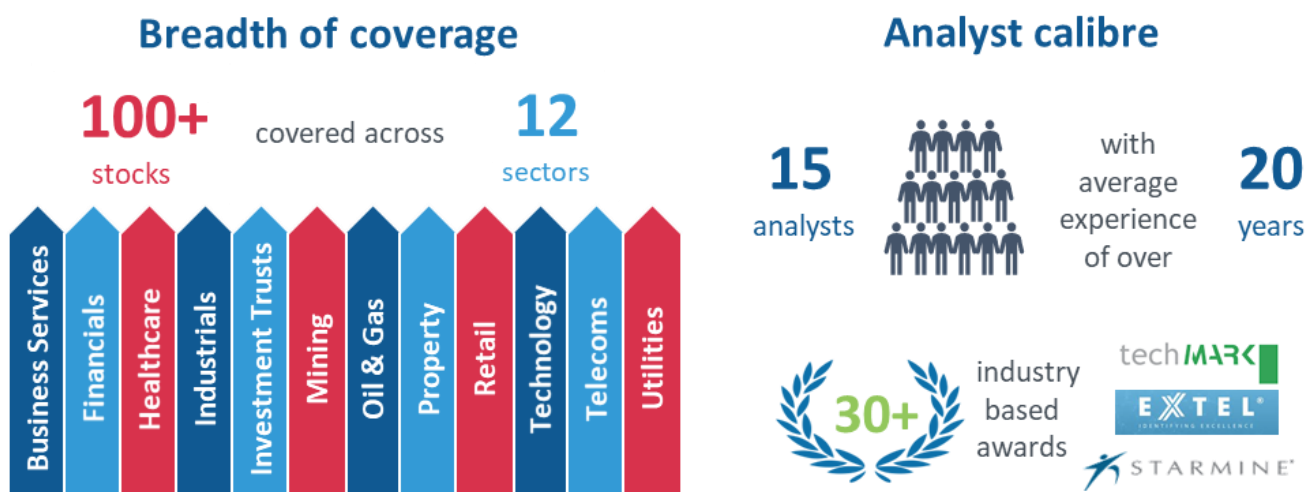
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