

# IDOX

## SOFTWARE & COMPUTER SERVICES

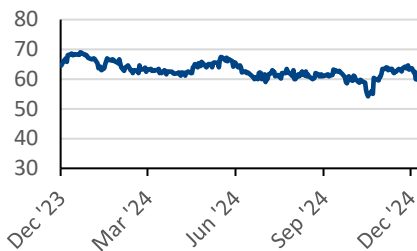
18 December 2024

### IDOX.L

63p

Market Cap: £289.8m

#### SHARE PRICE (p)



12m high/low

69p/54p

Source: LSE Data (priced as at prior close)

#### KEY DATA

Net (debt)/cash	£(10.0)m (at 31/10/24)
Enterprise value	£299.8m
Index/market	AIM
Next news	FY24 results, January
Shares in issue (m)	460.0
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](http://www.idoxplc.com)

IDOX IS A RESEARCH CLIENT OF PROGRESSIVE

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## Exciting contract win

Idox has announced that it has won a £2.4m contract with North Yorkshire Council to bring together its eight planning and building control systems into a single cloud-based system. This exciting news follows the government's announcements regarding the restructuring of local authorities and amalgamation of services across England. There is clearly going to be significant change and development in this area, with Idox excellently placed to be at the forefront.

- **Important contract win.** This £2.4m contract win with England's largest single unitary authority is exciting news. We are seeing the coming together of a number of factors across technology and government policy that play to Idox's acknowledged strengths.
- **Delivering multiple benefits.** Bringing together North Yorkshire's multiple systems into one cloud-based system is expected to yield a number of benefits, including better resource allocation, cost savings and a better service for the public.
- **Idox well placed for more.** We expect other councils to follow North Yorkshire's lead to improve and streamline services in this way. This contract provides a model in the planning and control space, and Idox has considerable experience of delivering on such transformations, having done so with Cornwall, Shropshire and Durham, among others.
- **Policy and technology moving in the right direction.** While wider concerns over the availability of finance and exactly when the new government was going to act have hung over the public sector exposed tech stocks in recent months, things are definitely moving for Idox. The government has followed up on promises to shake up planning and local government. We maintain our forecasts following this announcement but look forward to the results in January as an opportunity to find out more about how these favourable factors will help drive revenue growth in FY25 and beyond.

FYE OCT (£M)	2022	2023	2024E	2025E	2026E
Revenue	66.2	73.3	87.6	93.4	98.1
Adj EBITDA	22.5	24.5	26.1	26.9	29.2
Fully Adj PBT	13.5	15.8	15.8	16.6	18.9
Fully Adj EPS (p)	2.4	2.6	2.6	2.7	3.0
EV/Sales (x)	4.5x	4.1x	3.4x	3.2x	3.1x
EV/EBITDA (x)	13.3x	12.3x	11.5x	11.1x	10.3x
PER (x)	25.9x	24.1x	24.7x	23.6x	20.9x

Source: Company Information and Progressive Equity Research estimates.

This publication should not be seen as an inducement under MiFID II regulations.

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
<b>PROFIT &amp; LOSS</b>					
Revenue	66.2	73.3	87.6	93.4	98.1
Adj EBITDA	22.5	24.5	26.1	26.9	29.2
Adj EBIT	15.6	17.1	18.2	19.0	21.3
Reported PBT	6.6	7.8	8.7	9.5	11.8
Fully Adj PBT	13.5	15.8	15.8	16.6	18.9
NOPAT	11.0	11.9	11.8	12.3	14.0
Reported EPS (p)	1.3	1.2	1.4	1.5	1.9
Fully Adj EPS (p)	2.4	2.6	2.6	2.7	3.0
Dividend per share (p)	0.5	0.6	0.7	0.8	0.9
<b>CASH FLOW &amp; BALANCE SHEET</b>					
Operating cash flow	15.6	15.6	18.6	20.2	21.9
Free Cash flow	5.8	(3.9)	10.7	12.9	16.1
FCF per share (p)	1.3	(0.9)	2.4	2.8	3.5
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	4.7	6.7	9.5
Overdrafts / borrowings/bonds	(20.5)	(29.5)	(29.5)	(29.5)	(29.5)
Cash & equivalents	13.9	14.8	19.5	26.2	35.7
Net (Debt)/Cash	(6.7)	(14.7)	(10.0)	(3.3)	6.2
<b>NAV AND RETURNS</b>					
Net asset value	67.4	73.3	79.7	86.2	94.0
NAV/share (p)	14.9	16.1	17.5	18.8	20.5
Net Tangible Asset Value	(25.0)	(35.5)	(25.9)	(16.5)	(6.0)
NTAV/share (p)	(5.5)	(7.8)	(5.7)	(3.6)	(1.3)
Average equity	64.1	70.3	76.5	83.0	90.1
Post-tax ROE (%)	8.5%	7.9%	8.4%	8.4%	9.6%
<b>METRICS</b>					
Revenue growth	N/A	10.7%	19.5%	6.6%	5.0%
Adj EBITDA growth		8.6%	6.9%	3.0%	8.5%
Adj EBIT growth		9.8%	6.5%	4.4%	12.0%
Adj PBT growth		16.4%	0.4%	5.0%	13.7%
Adj EPS growth		7.4%	(2.4%)	4.3%	13.3%
Dividend growth	N/A	20.0%	16.7%	14.3%	13.8%
Adj EBIT margins	23.6%	23.4%	20.8%	20.4%	21.7%
<b>VALUATION</b>					
EV/Sales (x)	4.5	4.1	3.4	3.2	3.1
EV/EBITDA (x)	13.3	12.3	11.5	11.1	10.3
EV/NOPAT (x)	27.2	25.2	25.4	24.3	21.4
PER (x)	25.9	24.1	24.7	23.6	20.9
Dividend yield	0.8%	1.0%	1.1%	1.3%	1.4%
FCF yield	2.1%	(1.4%)	3.7%	4.5%	5.6%

Source: Company information and Progressive Equity Research estimates

**Disclaimers and Disclosures**

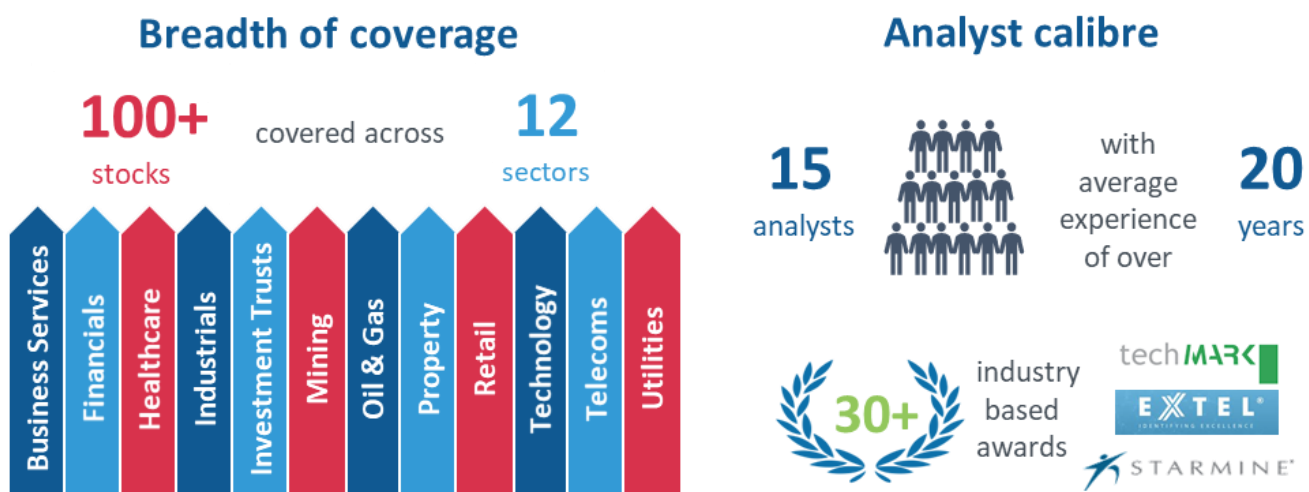
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