

IDOX

SOFTWARE & COMPUTER SERVICES

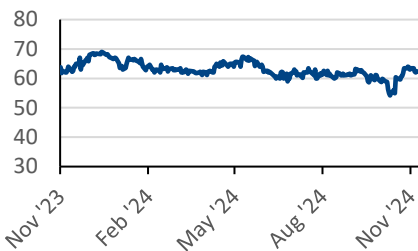
26 November 2024

IDOX.L

63.4p

Market Cap: £291.6m

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	£301.6m
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

IDOX IS A RESEARCH CLIENT OF PROGRESSIVE

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Strong and resilient growth

Idox has provided a trading update for the year ended 31 October 2024. Management expects to report full-year results in line with market expectations. Idox has delivered strong (c.20%) revenue growth and good adjusted EBITDA growth in the year, alongside healthy cash generation. Order growth of 9% is encouraging as it demonstrates both the underlying quality and strength, and the positive outlook. We look forward to the FY24 results to see how FY25 has started and how the growth story will continue.

- Results in-line.** Management expects to report that revenue is in line with expectations, up by c.20% to c.£87.6m, a touch below our forecast. For adjusted EBITDA, the expected figure of c.£26.1m, a c.7% increase, matches our forecast. The net debt position of c.£10.0m is healthily better than our forecast of £11.7m, demonstrating good cash generation from the net debt of £14.7m last year.
- Order intake and recurring revenue impress.** The order intake of over £89m is c.9% ahead of the prior year and reinforces our view that Idox has strong market positions. The c.19% growth in recurring revenue to c.£54m also impresses, underlining the predictability and resilience within Idox.
- Forecasts updated for update and NI.** We have adjusted our FY24 forecasts to reflect the update and revisited our FY25 and FY26 estimates to include the impact of NI at £500k and £800k, respectively, or -2% and -3%, at the adjusted EBITDA level, prior to any mitigating actions by Idox.
- Geospatial opportunity.** The CEO's statement makes specific mention of the performance of Emapsite. Acquired in August 2023, Emapsite has not only performed well but has also given Idox significantly greater scale and skills within the geospatial data sector. With both user and investor interest in the sector growing, we regard the development of Idox's geospatial capabilities and reach as one of its key attractions for investors.
- Acquisitions and organic growth to continue.** The statement confirms that Idox is actively seeking and assessing further acquisitions and that the potential acquisition pipeline provides grounds for optimism. Supported by the strong balance sheet, Idox clearly has the potential to drive both organic and acquisitive growth further in FY25.
- Results in January.** We look forward to FY24 results in late January as an opportunity to gain more detail on both the progress made in the year and how FY25 has started, and to learn how the growth story will develop.

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)	4.6x	4.1x	3.4x	3.2x	3.1x
EV/EBITDA (x)	13.4x	12.3x	11.5x	11.2x	10.3x
PER (x)	26.0x	24.2x	24.8x	23.8x	21.0x

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	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
CASH FLOW & BALANCE SHEET					
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
NAV AND RETURNS					
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%
METRICS					
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%
VALUATION					
EV/Sales (x)	4.6	4.1	3.4	3.2	3.1
EV/EBITDA (x)	13.4	12.3	11.5	11.2	10.3
EV/NOPAT (x)	27.4	25.3	25.6	24.5	21.5
PER (x)	26.0	24.2	24.8	23.8	21.0
Dividend yield	0.8%	0.9%	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

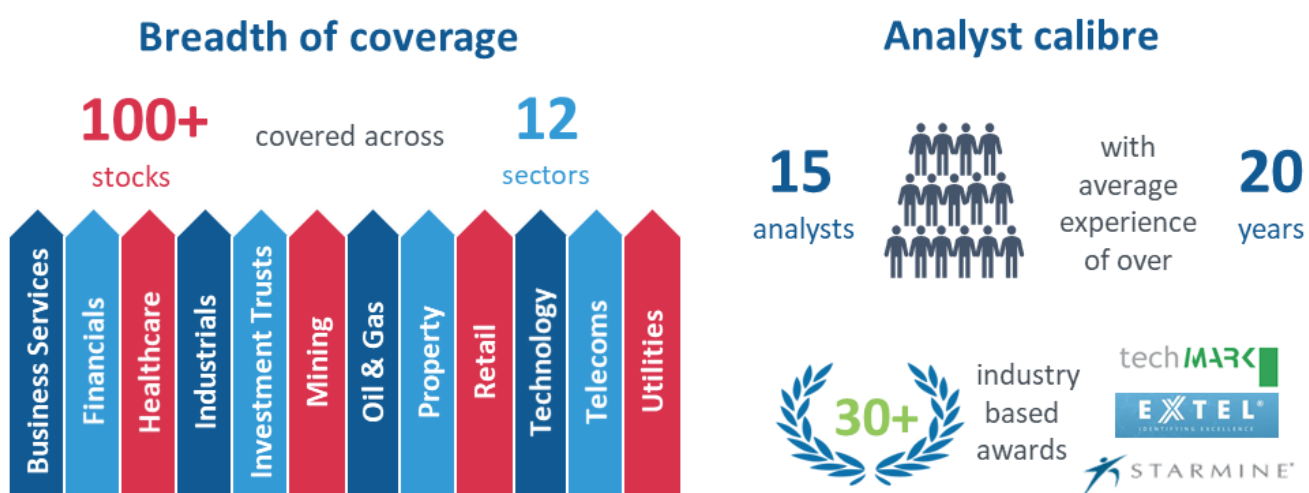
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