

IDOX

SOFTWARE & COMPUTER SERVICES

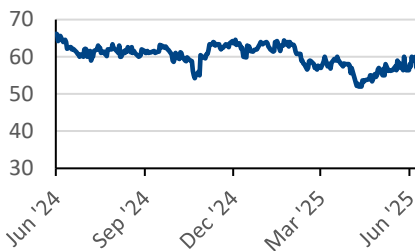
12 June 2025

IDOX.L

59.8p

Market Cap: £275.2m

SHARE PRICE (p)



12m high/low

66p/52p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (debt)/cash	£0.2m (at 30/04/25)
Enterprise value	£275m
Index/market	AIM
Next news	Trading update, Nov
Shares in issue (m)	460.2
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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Good growth and visibility

Interim results for the six months ended 30 April, released today, show H1 order intake growth was an encouraging 9% vs H1 FY24, although Idox's licensing cycle meant that revenue growth was 4% to £45.0m. Adjusted EBITDA increased by 6% to £13.9m while reported profit grew by 14% to £6.4m. Adjusted diluted EPS increased by 17% to 1.48p. Cash generation was strong, with period-end net cash at £0.2m. The statement reports good progress on M&A, with encouraging current trading and business pipeline.

- **H1 order intake was up an encouraging 9%** (£58.7m vs £54.1m), although Idox's licensing cycle meant that the actual revenue growth H1 on H1 was 4% (£45.0m vs £43.1m). Recurring revenues grew by 9% (£29.8m vs £27.4m), making up two-thirds of total revenue. Adjusted EBITDA increased by 6% (£13.9m vs £13.1m) while reported profit grew by 14% (£6.4m vs £5.7m). Adjusted diluted EPS increased by 17% (1.48p vs 1.26p). Cash generated from operating activities before taxation was an impressive 141% of adjusted EBITDA, as a result of which Idox entered H2 with a positive net cash position of £0.2m (FY24 net debt £9.9m). April is a seasonal highpoint, so this figure is consistent with our prior FY25 year-end net debt forecast of £5.0m (before adjusting for Plianz).
- **H1 saw good customer wins across all divisions**, notably: the £2.4m contract with North Yorks Council for a single cloud-based planning and building control system; a FusionLive win at Berkshire Hathaway Energy that should see growing SaaS revenues; and in Geospatial, the Vodafone contract shows Idox winning more major-name long-term contracts.
- **Idox has plenty of firepower for acquisitions**, with available facilities of £110m at the end of the period, and the statement confirms that Idox is making 'good progress' on the M&A front.
- **The current trading and outlook are encouraging**, with healthy recurring revenues and an active business pipeline giving clear revenue visibility over H2 and into FY26. The current performance is described as in line with the Board's expectations. We update FY26 and FY27 estimates to reflect Plianz's contribution, with underlying performance unchanged.
- **These results show a good performance in H1 FY25**, reflecting the underlying strength of the business and the potential for growth. Idox continues to build on its market positions and to grow its order pipeline. Furthermore, the potential for strategic and accretive acquisitions reinforces Idox's status as a resilient growth stock.

FYE OCT (£M)	2023	2024	2025E	2026E	2027E
Revenue	73.3	87.6	93.4	100.7	105.7
Adj EBITDA	24.5	26.1	26.9	29.7	31.8
Fully Adj PBT	15.8	16.1	16.1	18.9	21.1
Fully Adj EPS (p)	2.6	2.6	2.7	3.0	3.3
EV/Sales (x)	3.8x	3.1x	2.9x	2.7x	2.6x
EV/EBITDA (x)	11.2x	10.6x	10.2x	9.2x	8.7x
PER (x)	22.9x	22.9x	22.5x	19.8x	17.9x

Source: Company Information and Progressive Equity Research estimates.

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Good growth with order book and M&A visibility

Idox's interim results for the six months ended 30 April show H1 order intake was an encouraging 9%, although Idox's licensing cycle meant that the actual revenue growth H1 on H1 was 4%. The fact that Idox provides much of its software and support & maintenance to its customers on three- or five-year contracts creates a cyclical to its revenue flows across the growth cycle, and this year is a low point in the cycle.

Recurring revenues grew by 9% to £29.8m (H1 FY24: £27.4m), making up two-thirds of total revenue. Adjusted EBITDA increased by 6% to £13.9m while reported profit grew by 14% to £6.4m. Adjusted diluted EPS increased by 17% to 1.48p.

Cash generated from operating activities before taxation was an impressive 141% of Adjusted EBITDA (£19.6m/£13.9m), as a result of which Idox entered H2 with a positive net cash position of £0.2m (FY24 net debt £9.9m). April is, however, a seasonal highpoint, and so this figure is consistent with our prior year-end net debt forecast of £5.0m (before adjusting for Plianz). As at the end of the period, Idox had available facilities of £110m. This gives it plenty of firepower for acquisitions, even after the payment of the initial cash consideration for Plianz and accounting for our revised year-end net debt forecast of £13.1m.

As reported across the half, Idox saw some good customer wins across its divisions, notably: the £2.4m contract with North Yorkshire Council to bring together its eight planning and building control systems into a single cloud-based system; a FusionLive win at Berkshire Hathaway Energy that should see growing SaaS revenues; and in the Geospatial arena, the Vodafone contract is encouraging and sees Idox winning a new long-term contract with another major name.

Plianz, a provider of health and social care software, was acquired just after the period end and the statement confirms that Idox is making 'good progress' on the M&A front.

The current trading and outlook are encouraging, with healthy recurring revenues and an active business pipeline giving clear revenue visibility over H2 and into FY26. The current performance is described as in line with the Board's expectations; we update our FY26 and FY27 estimates to reflect Plianz's trading contribution, leaving underlying performance unchanged.

These results reflect a good performance by Idox in H1 FY25, reflecting the underlying strength of the business and the potential for growth. Idox's continues to build upon its market positions and to grow its order pipeline. Further to this, the potential for strategic and accretive acquisitions reinforces Idox's status as a resilient growth stock.

Divisional performance

Divisional performance

Y/E October	H1 FY25	H1 FY24	Change
Revenue (£m)			
LPPP	29.7	29.0	3%
Assets	7.9	7.1	11%
Communities	7.4	7.1	4%
Total	45.0	43.1	4%
Adjusted EBITDA (£m)			
LPPP	9.2	9.2	0%
Assets	2.1	1.6	31%
Communities	2.6	2.3	15%
Total	13.9	13.1	6%
Adjusted EBITDA margin			
LPPP	31%	32%	
Assets	26%	22%	
Communities	35%	32%	
Total	31%	30%	

Source: Idox plc

Land Property and Public Protection (66% total revenues, 66% recurring)

While this is the largest division, with probably the strongest underlying market growth, it saw revenue growth of only 3% H1 on H1 as a result of being at a low point in the re-sign cycle. ARR has continued to grow in this area.

There were significant contract wins with North Yorkshire Council, Calderdale Borough Council, Swansea Council, East Lyndsay District Council, and the London Boroughs of Bexley and Barnet. Around 25% of customers have now moved to Idox's Uniform Cloud hosting service, with Idox Cloud's recurring revenue up nearly 18% H1 on H1.

Within Idox Geospatial, Emapsite grew revenue by a very impressive 23% H1 on H1, with notable contract wins with Vodafone, National Collection of Aerial Photography and Miller & Bryce.

Communities (17% total revenues, 61% recurring)

The Communities division grew by 4% overall in revenue terms H1 on H1. To grow revenues for Lillie, its sexual health solution, by 10% on H1 2024, Idox mainly built on existing customer relationships, while within the Elections segment project work helped Idox to grow revenues by 8%.

Assets (17% total revenues, 70% recurring)

EIM saw revenue growth of 2% vs H1 FY24 with strong Q2 orders giving confidence for H2. EIM furthered its international progress with contract wins with Berkshire Hathaway Energy, Pacificorp and San Francisco Bay Area Rapid Transit.

Although it is a relatively small business area, Idox's asset tracking offer, iFit, grew revenues by more than 31%, demonstrating that Idox's management continues to identify and exploit opportunities for organic growth outside LP&PP.

Financials

Margins and operations

Idox's high margins are a key investment attraction and management continues to work to improve them further still. H1 adjusted EBITDA margins grew to 31% from 30%. Idox's shift in structure to create horizontal teams where resources can be shared across the group has been a key part of this efficiency drive. This includes engineering, where Idox's Micro-Services approach has allowed a single team to effectively serve the whole group.

Additionally, Idox has continued to build its teams in India, with more than 100 team members now in Pune, out of a group total of c.720 including Plianz. The new office in Pune has the potential to provide space for more than 200 when the time comes.

Taxation

A notable feature of the income statement was the tax charge. As a result of a R&D tax credit claim for prior periods, along with lower (non-UK deductible) overseas losses and non-deductible costs, the effective tax rate declined significantly on an adjusted and reported basis. Statutory was 20% (H1 FY24 28%) and Adjusted 20.6% (H1 FY24: 20.6%). We anticipate that both will return to levels consistent with those historically seen at Idox, marginally ahead of the statutory tax rate of 25%.

EPS

As a result of the improvements in profitability and the lower tax charge, adjusted diluted EPS increased by 17% to 1.48p (H1 FY24: 1.26p).

Cashflow and debt

Cash generated from operating activities before taxation was an impressive 141% of adjusted EBITDA (£19.6m/£13.9m). As a result of this, Idox entered H2 with a positive net cash position of £0.2m (vs net debt of £9.9m at FY24 and £6.6m at H1 FY24). April is, however, a seasonal highpoint, and so this figure is consistent with our prior year-end net debt forecast of £5.0m (before adjusting for Plianz).

Looking ahead to July, Idox's £10.9m of Maltese listed bond debt falls due, and we expect this to be funded from cash and existing facilities. As at the end of the period, Idox had available facilities of £110m in place until October 2027. This gives it plenty of firepower for acquisitions even after the payment of the initial cash consideration for Plianz and accounting for our revised year-end net debt forecast of £13.1m (see below).

Current trading and outlook

The current trading and outlook statement is encouraging. With healthy recurring revenues and an active business pipeline, there is clear revenue visibility over H2 and into FY26.

The current performance is described as in line with the Board's expectations, although we update our forecasts to reflect the addition of Plianz.

Forecast revisions

We have revised forecasts to reflect the acquisition of Plianz in May for an initial cash consideration of £7.65m, with a potential maximum of £7.9m dependent upon revenue targets in its first year, adding to our trading estimates for FY26 and FY27 only. Adjustments to FY25 include acquisition costs of £0.1m seen in H1 for Plianz, along with the non-underlying costs of £0.4m seen in H1 relating to organisational changes and restructuring, and a similar figure for H2. Further to this, we have nudged down the tax rate for FY25, principally to reflect the prior-year R&D tax credits.

Forecast revisions, FY25E-27E (£m)

Y/E October	FY25E New £m	FY25E Old £m	Change %	FY26E New £m	FY26E Old £m	Change %	FY27E New £m	FY27E Old £m	Change %
Revenue	93.4	93.4	0.0%	100.7	98.1	2.6%	105.7	103.0	2.6%
Revenue growth (%)	6.6%	6.6%		5.0%	5.0%		5.0%	5.0%	
Adj EBITDA	26.9	26.9	0.0%	29.7	29.2	1.9%	31.8	31.2	1.9%
Adj EBITDA margin (%)	28.8%	28.8%		29.5%	29.8%		30.1%	30.3%	
Adj PBT	16.1	16.1	0.0%	18.9	18.4	2.9%	21.1	20.5	2.9%
Adj EPS (p)	2.7	2.7	0.0%	3.0	2.9	4.0%	3.3	3.2	4.5%
Net (debt)/cash	(13.1)	(5.0)	161.7%	(6.7)	6.2	-208.5%	0.4	9.1	-95.8%

Source: Progressive Equity Research estimates

Conclusion

These results reflect a good performance by Idox in H1 FY25, reflecting the underlying strength of the business and the potential for growth. Idox continues to build upon its market positions and to grow its order pipeline. Further to this the potential for strategic and accretive acquisitions reinforces Idox's status as an attractively valued resilient growth stock.

Financial Summary: Idox

Year end: October (£m unless shown)

PROFIT & LOSS	2023	2024	2025E	2026E	2027E
Revenue	73.3	87.6	93.4	100.7	105.7
Adj EBITDA	24.5	26.1	26.9	29.7	31.8
Adj EBIT	17.1	18.1	18.1	20.9	22.6
Reported PBT	7.8	8.1	8.5	11.9	14.0
Fully Adj PBT	15.8	16.1	16.1	18.9	21.1
NOPAT	11.9	11.9	12.3	14.0	15.6
Reported EPS (p)	1.2	1.2	1.4	1.9	2.2
Fully Adj EPS (p)	2.6	2.6	2.7	3.0	3.3
Dividend per share (p)	0.6	0.7	0.8	0.9	1.0
CASH FLOW & BALANCE SHEET	2023	2024	2025E	2026E	2027E
Operating cash flow	18.6	21.1	19.8	22.4	23.6
Free Cash flow	(3.9)	10.1	3.1	13.0	13.9
FCF per share (p)	(0.9)	2.2	0.7	2.8	3.0
Acquisitions	(14.1)	(2.4)	(7.7)	0.0	0.0
Disposals	0.0	0.0	0.0	0.0	0.0
Shares issued	(0.2)	(0.2)	0.0	0.0	0.0
Net cash flow	0.8	(3.5)	(3.2)	6.4	7.1
Overdrafts / borrowings/bonds	(29.5)	(21.6)	(21.6)	(21.6)	(21.6)
Cash & equivalents	14.8	11.7	8.5	14.9	22.0
Net (Debt)/Cash	(14.7)	(9.9)	(13.1)	(6.7)	0.4
NAV AND RETURNS	2023	2024	2025E	2026E	2027E
Net asset value	73.3	78.3	83.9	91.4	100.0
NAV/share (p)	16.1	17.0	18.2	19.7	21.5
Net Tangible Asset Value	(35.5)	(28.3)	(27.9)	(17.8)	(6.7)
NTAV/share (p)	(7.8)	(6.1)	(6.0)	(3.8)	(1.4)
Average equity	70.3	75.8	81.1	87.6	95.7
Post-tax ROE (%)	7.9%	6.9%	7.8%	10.0%	10.8%
METRICS	2023	2024	2025E	2026E	2027E
Revenue growth	N/A	19.5%	6.6%	7.8%	5.0%
Adj EBITDA growth		6.5%	3.3%	10.6%	6.9%
Adj EBIT growth		5.6%	0.4%	15.4%	7.9%
Adj PBT growth		2.4%	(0.2%)	17.7%	11.3%
Adj EPS growth		(0.4%)	2.0%	13.5%	10.9%
Dividend growth	N/A	16.7%	14.3%	13.8%	14.3%
Adj EBIT margins	23.4%	20.6%	19.4%	20.8%	21.4%
VALUATION	2023	2024	2025E	2026E	2027E
EV/Sales (x)	3.8	3.1	2.9	2.7	2.6
EV/EBITDA (x)	11.2	10.6	10.2	9.2	8.7
EV/NOPAT (x)	23.1	23.1	22.3	19.6	17.6
PER (x)	22.9	22.9	22.5	19.8	17.9
Dividend yield	1.0%	1.2%	1.3%	1.5%	1.7%
FCF yield	(1.5%)	3.7%	1.1%	4.7%	5.0%

Source: Company information and Progressive Equity Research estimates

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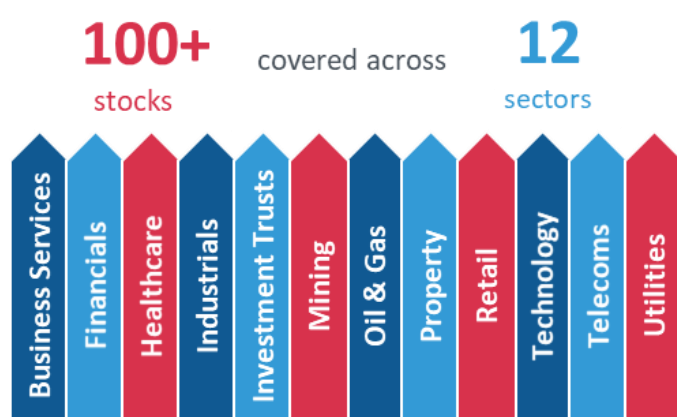
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