

EMIS Group

H121 results

Commercialising recent investment

EMIS reported H121 results ahead of board expectations and is on track to meet the company's FY21 expectations. After a period of investment to develop the EMIS-X platform, and at least a year of diverting resource to support customers' COVID-19 efforts, EMIS is now in a position to execute its growth strategy. Our revenue and adjusted operating profit forecasts are unchanged, with revenue growth accelerating to the lower end of the targeted medium-term 5–9% range from FY22.

Year end	Revenue (£m)	PBT* (£m)	Diluted EPS* (p)	EMIS adj dil EPS** (p)	DPS (p)	P/E (x)
12/19	159.5	41.0	53.5	51.1	31.2	25.6
12/20	159.5	43.4	56.4	50.4	32.0	24.3
12/21e	164.1	42.2	53.7	52.8	35.2	25.5
12/22e	172.7	46.7	59.5	57.1	36.0	23.0

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. **EMIS adjusted EPS – cash accounts for development costs and excludes exceptional items and amortisation of acquired intangibles.

H121: Solid performance

While continuing to support customers with COVID-19 related requirements, EMIS saw operations start to return to normal. H121 revenue increased 7% y-o-y and adjusted operating profit grew 13% y-o-y. EMIS Health revenue was marginally higher, with higher-margin revenue driving adjusted operating profit up 5% y-o-y. EMIS Enterprise revenue increased 21% y-o-y and adjusted operating profit was up 28% y-o-y. The group closed H121 with net cash of £48m and announced an interim dividend of 17.6p, up 10% y-o-y and ahead of our 17p forecast. Our revenue and adjusted operating profit forecasts are unchanged although we have revised our capex, depreciation and amortisation forecasts to reflect company guidance.

Well-positioned for post-COVID-19 healthcare market

The pandemic has accelerated digital adoption within healthcare and even once the worst of the pandemic is over, and the vaccination programme substantially complete, we believe this is a permanent structural shift. The importance of data to assess performance and improve preventative medicine has become more evident and at the same time, there is increased focus on combining health and social care. EMIS's expertise in connected care puts it at the heart of this, with critical mass in primary, acute, pharmacy and community care, and EMIS-X analytics tools that are designed to work safely and securely with clinical data.

Valuation: At a discount to peers

Compared to a global group of healthcare software peers, EMIS trades at a discount on all valuation metrics. EMIS generates significantly higher operating profit margins but with slightly slower revenue growth, generates lower earnings growth. Its dividend yield is significantly ahead of the group. Key to closing the discount will be evidence that revenue growth is returning to the company's medium-term goal of mid- to high-single digits, in turn driving stronger earnings growth. We note that EMIS has good visibility (recurring revenue was 79% in H121) and a strong balance sheet with no debt.

Software & comp services

14 September 2021

Price 1,368p

Market cap £866m

Net cash (£m) at end H121 48.0

Shares in issue 63.3m

Free float 98%

Code EMIS

Primary exchange AIM

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs 1.0 15.0 20.7

Rel (local) 2.8 14.8 (0.3)

52-week high/low 1,420p 960p

Business description

EMIS is a software supplier to the UK healthcare market, with two divisions. EMIS Health supplies integrated care technology to the NHS, including primary, community, acute and social care. EMIS Enterprise is a business-to-business software provider to the healthcare market, including medicines management, partner businesses, patient-facing services and healthcare analytics.

Next events

FY21 trading update January 2022

Analyst

Katherine Thompson +44 (0)20 3077 5730

tech@edisongroup.com

[Edison profile page](#)

EMIS Group is a research client of Edison Investment Research Limited

Review of H121 results

Exhibit 1: H121 results highlights

£m	H121	H120	y-o-y
Revenues	83.5	78.1	6.9%
Gross margin	90.3%	85.3%	5.0%
EBITDA	25.7	25.2	2.1%
EBITDA margin	30.8%	32.2%	(1.5%)
Normalised EBIT	20.4	20.4	0.1%
EMIS adjusted EBIT	20.0	17.8	12.6%
Reported EBIT	16.3	16.6	(1.9%)
Normalised EBIT margin	24.4%	26.1%	(1.7%)
EMIS adjusted EBIT margin	24.0%	22.8%	1.2%
Reported EBIT margin	19.5%	21.3%	(1.8%)
Net interest income	(0.2)	(0.1)	90.1%
Reported PBT	16.4	17.7	(7.2%)
Tax	(3.3)	(3.4)	(1.4%)
Normalised net income	16.5	17.1	(3.6%)
Reported net income	13.1	14.4	(9.0%)
Normalised diluted EPS (p)	26.0	27.1	(4.1%)
EMIS adjusted diluted EPS (p)	25.3	22.9	10.5%
Reported basic EPS (p)	20.8	22.9	(9.2%)
Net cash	48.0	44.1	8.9%

Source: EMIS, Edison Investment Research

Exhibit 2: Divisional performance

£m	H120	H220	H121	y-o-y	h-o-h
Revenues					
EMIS Health	54.0	53.8	54.3	0.5%	0.9%
EMIS Enterprise	24.1	27.6	29.3	21.3%	6.1%
Total	78.1	81.3	83.5	6.9%	2.7%
Adjusted operating profit					
EMIS Health	11.9	13.2	12.5	4.7%	(5.1%)
EMIS Enterprise	6.5	9.2	8.4	28.3%	(8.7%)
Central costs	-0.7	-0.8	-0.8	23.9%	1.0%
Total adjusted operating profit	17.8	21.5	20.0	12.6%	(6.9%)
Reported operating profit					
EMIS Health	13.1	10.7	10.6	(19.3%)	(1.3%)
EMIS Enterprise	4.2	9.3	6.6	56.3%	(29.0%)
Central costs	-0.7	-0.8	-0.8	23.9%	1.0%
Total reported operating profit	16.6	19.1	16.3	(1.9%)	(14.8%)
Adjusted operating margin					
EMIS Health	22.1%	24.5%	23.0%	0.9%	(1.5%)
EMIS Enterprise	27.0%	33.3%	28.6%	1.6%	(4.7%)
Total adjusted operating margin	22.8%	26.4%	24.0%	1.2%	(2.5%)
Reported operating margin					
EMIS Health	24.3%	19.9%	19.5%	(4.8%)	(0.4%)
EMIS Enterprise	17.4%	33.6%	22.5%	5.0%	(11.1%)
Total reported operating margin	21.3%	23.5%	19.5%	(1.8%)	(4.0%)

Source: EMIS

While the company continues to support customers with their COVID-19 requirements, operational activities have broadly returned to business as usual. EMIS reported revenue growth of 7% y-o-y in H121, with recurring revenue growth of 4% y-o-y (79% of revenue). Adjusted operating profit increased 13% y-o-y and the adjusted operating margin increased 1.2pp to 24.0%. This was after the award to all staff of a one-off cash bonus to reward them for work during the pandemic. Adjusted EPS increased 11% y-o-y. Both revenue and adjusted operating profit were also ahead of H119 (ie pre COVID-19).

On a normalised basis, operating profit was flat and net income was 4% lower year-on-year, reflecting a much lower level of capitalised development costs (H121 £2.1m vs H120 £4.1m). Management noted that the R&D team had been more focused on customer experience during H1 and the criteria for capitalising costs had been tightened.

The company closed H121 with gross/net cash of £48.0m. Cash from operations of £17.0m was after making the deferred VAT payment of £7.3m and also reflected some overdue accounts receivable, which were received in July.

EMIS announced an interim dividend of 17.6p (+10% y-o-y), ahead of our 17p estimate.

EMIS Health: Steady performance

The division saw revenue growth of 0.5% y-o-y, while a lower proportion of lower-margin hardware sales compared to last year resulted in adjusted operating profit growth of 4.7%.

The company noted that there had been no material changes to market shares. The business continues to deliver on the requirements of the GP IT Futures contract within primary care and support ongoing requirements relating to COVID-19. EMIS's online test results system, Keystone, was scaled up to manage the sending of up to 10 million test results per day into GP records. EMIS also released new technology to support GPs through the vaccination programme and helped NHS England with its daily COVID-19 reporting requirements.

EMIS Health continues to support its Welsh customers; no end users have moved away from EMIS since the framework was changed in 2018. EMIS is awaiting the outcome of the new Digital Health and Care Wales primary care framework tender process.

The business began to use EMIS-X analytics internally to analyse reporting trends and spot potential problems at an earlier stage.

EMIS Enterprise: Shifting from investment to growth

Boosted by the use of Pinnacle's Outcomes4Health software to support the COVID-19 vaccine rollout in England, the division saw revenue growth of 21% y-o-y and adjusted operating profit growth of 28% y-o-y (margin 28.6%).

The company noted that Pinnacle contributed £3.3m to revenue in H121, compared to £0.7m in H120, with the majority of revenue in H121 coming from projects to set up and scale up the system for the vaccination programme. 66m vaccinations have been recorded in the software to date. These are transferred through interoperability to the National Immunisation Management System and from there to GP clinical systems the next day. This enables patients to access the data via the NHS App or Patient Access. EMIS expects that Outcomes4Health software will be used for COVID-19 booster vaccinations and flu vaccinations. Integration of Pinnacle software with GP and community pharmacy software is ongoing.

The division's focus is on growth in the following areas:

- **Patient-facing digital services:** Patient Access had 13 million registered users at the end of H121, up from 11.7 million at the end of FY20. 11.5 million repeat prescriptions were ordered in H121 compared to 11.7 million in H120. The pilot version of a new service, Smart Pharmacy, was launched, which allows patients to order, track and opt for home delivery of their medications from their local pharmacy.
- **Developing the life sciences market with EMIS-X Analytics (EXA):** since its launch in October 2020, EXA has been used in several pilot projects. During H121, two pilots were converted to commercial contracts.
- **Pharmacy:** community pharmacy appointment bookings are growing, with the booking service now live in 1,600 branches of 248 pharmacies. A new solution was launched to support the

national Discharge Medicines Service in England, supporting the transfer of clinical information when a patient is discharged from hospital to their chosen community pharmacy.

- **Partner programmes:** this has evolved into two types of partner. Elite partners offer strategically important core capabilities (eg document management, video consulting, referral functionality), which plug-in to EMIS technology to provide a complete solution. Resale partners offer a wide range of products and services that interoperate and exchange data with EMIS clinical systems, including clinical devices such as spirometry and ECG devices. EMIS noted that more than 20% of revenue in H121 was generated from partner programmes across both divisions.

The company also noted the many current and potential uses for EMIS-X. Examples include care pathways (identify patients who may require additional clinical care and assess outcomes of this care), analysing vaccine adverse events and early identification of undetected conditions¹.

Connected care: The future of healthcare

The NHS is working towards integrated care systems (ICS) that bring together health and social care. Access to and use of data (both clinical and operational) will be a key part of this, providing the ability to assess performance, analyse patient cohorts and improve preventative medicine. EMIS's investment in the EMIS-X platform, including the soon to be deployed FHIR (fast healthcare interoperability resource) layer, combined with its connected care capabilities across primary, acute, community and pharmacy settings position it well for this next phase.

OpenSAFELY: An example of trusted research environment for data

A key concern for individuals regarding the use of their clinical data by third parties is that they are unsure what the information is being used for and they have no control over where it goes. NHS England has tried to introduce the GPDPR (general practice data for planning and research) service, which extracts clinical data from patient records that can then be used by approved third parties. Controversy over the anonymity (or otherwise) of the data led to many patient opt-outs and the project was paused. The government is looking to make various improvements to the programme, including the development and implementation of a trusted research environment in NHS Digital.

EMIS is working with Ben Goldacre, a prominent data scientist and doctor, on the OpenSAFELY project. This allows researchers to make requests to use specific patient data; using software tools provided by OpenSAFELY the data are anonymised and analysed in situ, never leaving the platform on which they reside, and the results returned to the researchers. EMIS supports the OpenSAFELY COVID-19 project, which allows researchers to analyse data from 35 million patient records on the EMIS platform to gain insights into both the short- and long-term effects of COVID-19.

ESG strategy under development

The company is currently developing its ESG proposition, pulling together a number of existing initiatives. The board has approved the plan and will shortly create a committee to strengthen and develop its ESG strategy.

¹ See page 40 [Enterprise adoption of AI](#).

Outlook and changes to forecasts

Management noted that it has 'a clear line of sight to meet Board expectations for H2' and noted that it was moving from a development phase to a growth phase, reiterating the medium-term revenue growth target of 5–9%. Our FY22 revenue growth forecast of 5.3% and FY23 forecast of 5.6% are in line with this plan. The company also noted that future growth is likely to come from the combination of smaller new business wins across its whole product portfolio rather than from one specific area.

As the company capitalised a lower amount of development costs in H121 than we expected, we have reduced our forecast for the year and for related amortisation. We have also reduced our FY21 depreciation forecast to reflect the amount reported in H121. We have increased our dividend forecasts for all three years. Forecasts on an EMIS-adjusted basis (ie before accounting for capitalisation of development costs) are unchanged at the operating profit and net income level. We have slightly increased our dilutive share count forecasts, which results in a small cut to our diluted adjusted EPS forecasts.

Exhibit 3: Changes to estimates

£'000s	FY21e	FY21e	Change	y-o-y	FY22e	FY22e	Change	y-o-y	FY23e	FY23e	Change	y-o-y
	Old	New			Old	New			Old	New		
Revenues	164,139	164,113	(0.0%)	2.9%	172,741	172,741	0.0%	5.3%	182,448	182,448	0.0%	5.6%
Normalised operating profit	43,440	41,792	(3.8%)	(2.9%)	46,169	46,329	0.3%	10.9%	49,038	49,198	0.3%	6.2%
Normalised operating margin	26.5%	25.5%	(1.0%)		26.7%	26.8%	0.1%		26.9%	27.0%	0.1%	
Reported operating profit	36,443	33,636	(7.7%)	(6.0%)	40,918	40,429	(1.2%)	20.2%	44,330	44,330	0.0%	9.7%
EMIS adjusted operating profit	41,100	41,092	(0.0%)	4.6%	44,429	44,429	0.0%	8.1%	47,298	47,298	0.0%	6.5%
Adjusted operating margin	25.0%	25.0%	(0.0%)		25.7%	25.7%	0.0%		25.9%	25.9%	0.0%	
Normalised diluted EPS (p)	56.2	53.7	(4.4%)	(4.7%)	59.7	59.5	(0.3%)	10.8%	63.3	63.1	(0.3%)	6.1%
Reported EPS (p)	47.3	43.7	(7.6%)	(9.1%)	53.1	52.5	(1.2%)	20.0%	54.3	54.3	0.0%	3.5%
EMIS diluted adjusted EPS (p)	53.2	52.8	(0.6%)	4.7%	57.4	57.1	(0.6%)	8.1%	57.7	57.3	(0.6%)	0.5%
Dividend per share (p)	34.0	35.2	3.5%	10.0%	35.0	36.0	2.9%	2.3%	36.0	37.0	2.8%	2.8%
Net cash	53,763	55,322	2.9%	4.4%	68,435	68,045	(0.6%)	23.0%	84,939	84,175	(0.9%)	23.7%

Source: Edison Investment Research

Valuation

Our peer group includes companies involved in clinical, healthcare analytics and medicines management software. The tables below show how EMIS compares in terms of financial performance (Exhibit 4) and valuation metrics (Exhibit 5). EMIS is at the top of its peer group in terms of EBIT margins but is at the lower end in terms of revenue growth and consequently earnings growth. It trades at a discount to the peer group average/median on all metrics, with a dividend yield at the top end of the group. Reacceleration of growth post COVID-19 will be a key driver of upside. We note that EMIS has £48m in net cash plus further credit lines (£15m undrawn bank facility plus £15m accordion) available to invest in growth if suitable M&A opportunities present themselves.

Exhibit 4: Peer financial metrics (%)

Company	EBIT margin			EBITDA margin			Rev growth			EPS growth		
	CY	NY	NY+1	CY	NY	NY+1	CY	NY	NY+1	CY	NY	NY+1
EMIS	25.5	26.8	27.0	32.2	34.3	34.0	2.9	5.3	5.6	-4.7	10.8	6.1
Allscripts Healthcare Solutions	9.4	10.4	10.9	18.0	18.5	18.9	-8.4	2.4	2.6	6.6	6.2	3.1
Cegedim	7.8	8.1	8.4	21.2	21.3	21.7	3.9	4.0	3.5	107.5	12.7	11.8
Cerner Corp	21.4	22.2	23.2	32.7	33.8	34.6	5.2	5.2	4.6	14.7	9.9	15.3
Computer Programs & Systems	N/A	N/A	N/A	18.7	20.1	22.4	5.6	6.8	8.9	21.8	11.6	22.2
Craneware	27.9	26.1	27.3	35.1	44.1	43.0	5.5	6.8	9.3	3.8	10.6	8.5
CompuGroup	13.3	14.7	16.0	21.6	22.8	23.8	22.2	5.1	4.5	8.4	15.2	11.2
Health Catalyst	-25.8	-17.1	-14.6	-4.5	0.3	4.7	26.4	21.5	21.7	N/A	N/A	N/A
Inovalon Holdings	27.3	28.9	N/A	34.9	35.9	36.7	15.7	12.5	11.8	21.2	22.4	20.7
Nexus	12.6	14.3	15.7	21.9	22.9	23.9	16.6	13.8	9.5	31.6	26.1	19.2
NextGen Healthcare	13.8	14.2	11.0	18.4	19.2	20.2	4.6	4.6	4.5	-5.6	8.4	9.7
Omniceil	16.9	17.8	17.2	21.2	22.5	23.6	24.6	13.9	13.7	46.1	11.2	12.3
OPTIMIZERx Corp	N/A	N/A	N/A	15.7	19.7	20.9	40.2	28.6	22.4	161.3	59.3	27.3
Pharmagest Interactive	27.3	27.4	27.6	31.5	32.2	32.4	11.9	11.3	10.0	21.9	15.0	12.9
Tabula Rasa HealthCare	-11.0	-7.9	-7.3	8.1	10.2	12.5	15.2	15.6	13.0	N/A	352.7	80.7
Average	11.7	13.3	12.3	21.0	23.1	24.2	13.5	10.9	10.0	36.6	43.2	19.6
Median	13.5	14.5	15.7	21.2	21.9	23.0	13.6	9.1	9.4	21.5	12.7	12.9

Source: Edison Investment Research, Refinitiv (as at 13 September)

Exhibit 5: Peer valuation metrics

	Share price	Market cap m	EV/sales		EV/EBITDA		EV/EBIT		P/E		Div yield	
			CY	NY	CY	NY	CY	NY	CY	NY	CY	NY
EMIS	£13.68	866	5.0	4.7	15.5	13.8	19.6	17.7	25.5	23.0	2.6%	2.6%
EMIS - adjusted profitability			5.0	4.7	15.5	13.8	19.9	18.4	25.9	24.0	2.6%	2.6%
Allscripts Healthcare Solutions	\$14.31	1,789	1.3	1.3	7.3	7.0	14.0	12.4	17.7	16.6	0.0%	0.0%
Cegedim	€28.15	394	1.2	1.2	5.8	5.6	15.7	14.6	17.0	15.1	0.0%	0.0%
Cerner Corp	\$74.45	22,006	4.0	3.8	12.1	11.2	18.5	16.9	22.8	20.8	1.1%	1.0%
Computer Programs & Systems	\$36.35	532	2.3	2.1	12.0	10.5	N/A	N/A	13.5	12.1	4.4%	4.4%
Craneware	£24.70	878	15.5	14.5	44.1	32.9	55.4	55.5	51.1	46.2	0.0%	0.0%
CompuGroup	€82.30	4,426	4.9	4.7	22.7	20.4	36.9	31.7	40.4	35.0	0.7%	0.7%
Health Catalyst	\$55.96	2,794	11.3	9.3	N/A	N/A	N/A	N/A	N/A	N/A	0.0%	0.0%
Inovalon Holdings	\$40.45	6,324	9.2	8.2	26.4	22.8	33.7	28.3	53.8	44.0	N/A	N/A
Nexus	€74.40	1,172	6.2	5.4	28.2	23.6	48.9	38.0	59.5	47.2	0.3%	0.3%
NextGen Healthcare	\$15.00	1,009	1.6	1.6	8.8	8.1	11.7	10.9	16.2	15.0	0.0%	0.0%
Omniceil	\$159.67	6,942	6.1	5.4	28.9	23.8	36.2	30.2	43.0	38.7	N/A	N/A
OPTIMIZERx Corp	€68.85	1,213	18.6	14.5	118.3	73.4	N/A	N/A	131.8	82.7	N/A	N/A
Pharmagest Interactive	€97.70	1,484	7.8	7.0	24.7	21.7	28.5	25.5	39.3	34.2	1.2%	1.3%
Tabula Rasa HealthCare	\$28.79	720	3.1	2.7	38.0	26.1	N/A	N/A	311.2	68.8	N/A	N/A
Average			6.6	5.8	29.0	22.1	30.0	26.4	62.9	36.6	0.8%	0.8%
Median			5.5	5.0	24.7	21.7	31.1	26.9	40.4	35.0	0.1%	0.1%

Source: Edison Investment Research, Refinitiv (as at 13 September)

Exhibit 6: Financial summary

	£'000s	2016	2017	2018	2019	2020	2021e	2022e	2023e
Year end 31 December									
PROFIT & LOSS									
Revenue		158,712	160,354	149,710	159,507	159,453	164,113	172,741	182,448
Cost of Sales		(14,151)	(14,674)	(14,236)	(15,407)	(20,335)	(15,382)	(16,751)	(18,549)
Gross Profit		144,561	145,680	135,474	144,100	139,118	148,731	155,990	163,899
EBITDA		52,288	49,222	48,919	55,632	53,536	52,892	59,229	62,098
Operating Profit (before amort. of acq. intang, SBP and except.)		38,897	34,895	32,991	40,794	43,020	41,792	46,329	49,198
EMIS adjusted operating profit		38,753	37,406	35,890	39,273	39,266	41,092	44,429	47,298
Amortisation of acquired intangibles		(6,639)	(6,717)	(6,202)	(7,317)	(6,824)	(6,555)	(4,301)	(3,268)
Exceptionals		(6,714)	(16,988)	1,657	(5,360)	1,802	0	0	0
Share-based payments		(473)	(550)	(766)	(1,290)	(1,440)	(1,600)	(1,600)	(1,600)
Operating Profit		25,071	10,640	27,680	26,827	36,558	33,636	40,429	44,330
Net Interest		(237)	(299)	(180)	(498)	(501)	(500)	(500)	(500)
Profit Before Tax (norm)		39,159	35,192	33,426	41,038	43,377	42,150	46,687	49,556
Profit Before Tax (FRS 3)		25,333	10,937	28,115	27,071	36,915	33,994	40,787	44,688
Tax		(5,208)	(2,074)	(5,355)	(5,022)	(6,794)	(6,459)	(7,749)	(10,502)
Profit After Tax (norm)		32,175	27,989	26,447	33,697	35,658	34,141	37,817	40,140
Profit After Tax (FRS3)		20,125	8,863	22,760	22,049	30,121	27,535	33,037	34,186
Average Number of Shares Outstanding (m)		62.8	62.9	63.0	62.9	62.9	63.0	63.0	63.0
EPS - normalised & diluted (p)		49.4	43.1	40.4	53.5	56.4	53.7	59.5	63.1
EPS - EMIS adjusted & diluted (p)		49.2	47.0	45.0	51.1	50.4	52.8	57.1	57.3
EPS - FRS 3 (p)		30.4	12.8	36.1	36.0	48.1	43.7	52.5	54.3
Dividend (p)		23.4	25.8	28.4	31.2	32.0	35.2	36.0	37.0
Gross Margin (%)		91.1%	90.8%	90.5%	90.3%	87.2%	90.6%	90.3%	89.8%
EBITDA Margin (%)		32.9%	30.7%	32.7%	34.9%	33.6%	32.2%	34.3%	34.0%
Operating Margin (before GW and except.) (%)		24.5%	21.8%	22.0%	25.6%	27.0%	25.5%	26.8%	27.0%
BALANCE SHEET									
Fixed Assets		133,292	122,979	117,920	101,089	105,518	97,721	94,178	92,168
Intangible Assets		110,953	100,844	96,807	82,345	85,295	77,440	73,039	69,671
Tangible Assets		22,187	22,037	21,000	18,399	19,870	19,070	19,070	19,570
Other fixed assets		152	98	113	345	353	1,211	2,069	2,927
Current Assets		46,088	56,900	53,107	67,278	87,170	93,213	107,709	125,833
Stocks		1,815	1,633	1,264	657	613	613	613	613
Debtors		39,970	40,148	36,223	33,047	29,993	33,722	35,495	37,489
Cash		4,303	13,991	15,620	31,099	53,008	55,322	68,045	84,175
Current Liabilities		(56,158)	(65,131)	(60,169)	(55,700)	(63,370)	(59,813)	(60,800)	(64,161)
Creditors		(51,425)	(65,131)	(60,169)	(55,060)	(62,380)	(58,823)	(59,810)	(63,171)
Lease liabilities		0	0	0	(640)	(990)	(990)	(990)	(990)
Short term borrowings		(4,733)	0	0	0	0	0	0	0
Long Term Liabilities		(9,080)	(6,734)	(8,199)	(8,469)	(10,180)	(6,119)	(4,487)	(5,062)
Long term borrowings		0	0	0	0	0	0	0	0
Lease liabilities		0	0	0	(3,294)	(5,891)	(5,380)	(4,869)	(4,358)
Other long term liabilities		(9,080)	(6,734)	(8,199)	(5,175)	(4,289)	(739)	382	(704)
Net Assets		114,142	108,014	102,659	104,198	119,138	125,001	136,600	148,777
CASH FLOW									
Operating Cash Flow		43,657	48,834	49,873	50,059	64,138	45,606	60,444	63,464
Net Interest		(324)	(356)	(214)	(93)	(54)	(500)	(500)	(500)
Tax		(7,655)	(8,139)	(5,830)	(4,466)	(11,684)	(8,008)	(8,871)	(9,416)
Capex		(12,084)	(11,342)	(12,767)	(13,119)	(9,491)	(8,000)	(11,800)	(12,300)
Acquisitions/disposals		(1,790)	329	(9,269)	5,152	(953)	(2,000)	(2,000)	0
Financing		881	571	906	(2,369)	1,324	(2,000)	(500)	(500)
Dividends		(14,006)	(15,476)	(21,070)	(18,745)	(19,860)	(21,272)	(22,539)	(23,109)
Net Cash Flow		8,679	14,421	1,629	16,419	23,420	3,825	14,235	17,640
Opening net debt/(cash)		9,109	430	(13,991)	(15,620)	(31,099)	(53,008)	(55,322)	(68,045)
Finance leases initiated		0	0	0	(940)	(1,511)	(1,511)	(1,511)	(1,511)
Other		0	0	0	0	0	0	0	0
Closing net debt/(cash)		430	(13,991)	(15,620)	(31,099)	(53,008)	(55,322)	(68,045)	(84,175)

Source: EMIS Group, Edison Investment Research

General disclaimer and copyright

This report has been commissioned by EMIS Group and prepared and issued by Edison, in consideration of a fee payable by EMIS Group. Edison Investment Research standard fees are £49,500 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright: Copyright 2021 Edison Investment Research Limited (Edison).

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
1185 Avenue of the Americas
3rd Floor, New York, NY 10036
United States of America

Sydney +61 (0)2 8249 8342
Level 4, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia