

EMIS

FY20 outlook maintained

EMIS confirmed that H120 trading was in line with expectations. As previously flagged, new business has been more difficult to sign, but the company is seeing some signs of recovery and as long as new business gradually improves through H2, EMIS anticipates meeting FY20 expectations. With a strong net cash position and access to debt funding, EMIS is well funded to manage through the current disruption. We maintain our forecasts.

Year end	Revenue (£m)	PBT* (£m)	Diluted EPS* (p)	EMIS adj. dil. EPS** (p)	DPS (p)	P/E (x)
12/18	149.7	33.4	40.4	45.0	28.4	26.3
12/19	159.5	41.0	53.5	51.1	31.2	19.9
12/20e	159.8	39.9	51.2	48.9	32.6	20.7
12/21e	169.8	43.7	56.0	54.7	34.0	19.0

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.

EMIS's H1 trading update confirmed that trading during the period was in line with management's expectations. While revenues were marginally lower on a year-on-year basis and the timing of new business delivery remains uncertain, management is confident it will meet expectations for the full year.

As previously flagged, the new business the company is managing to sign in the EMIS Health division is tending towards lower margin product, but it is managing to offset the impact of this by reducing operating costs. The EMIS Enterprise division has seen growth in recurring revenues; non-recurring revenues have been harder to sign, although the business is starting to see signs of recovery in the market.

Investment in EMIS-X has continued as planned and the company has not furloughed any staff. Net cash of £44.1m at the end of H120 (versus £31.3m at the end of FY19) was boosted by the deferral of a £7.3m VAT payment. The company continues to have no debt and has access to a £60m facility if required. H120 results are scheduled to be published on 9 September.

H120 trading update

Software & comp services

14 July 2020

Price 1,062p

Market cap £672m

Net cash (£m) at end H120 44.1

Shares in issue 63.3m

Free float 98%

Code EMIS

Primary exchange AIM

Secondary exchange N/A

Share price performance



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 UK healthcare blockchain.

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