

Doctor Care Anywhere Group

H121 results

Growing momentum following record month

Doctor Care Anywhere's (DOC) H121 results were robust, with underlying revenue increasing by 101% y-o-y to £9.2m and consultations by 130%. Growth in the second half should be driven by continued growth in consultations, which looks likely given that DOC delivered a record 35,000 in July. Looking to FY22, progress will be determined by new partnerships and new services on its platform. Notably, management has delivered on the addition of mental health services, as well as expanding its existing relationship with Nuffield Health to provide the UK's first digitally integrated virtual and in-person primary care service.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	EV/sales (x)	P/E (x)
12/19	5.7	(4.4)	(3.7)	0.0	14.9	N/A
12/20	11.6	(13.5)	(7.8)	0.0	7.4	N/A
12/21e	23.4	(16.4)	(5.1)	0.0	3.6	N/A
12/22e	37.1	(9.0)	(2.8)	0.0	2.3	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

A record month of consultations

As discussed in our [Q221 update](#), DOC's H121 underlying revenue of £9.2m (+101%) was driven by growth in consultations in Q121 and by its internet hospital in Q221. Entering Q321, consultations have returned to growth after being flat quarter-on-quarter in Q2, with DOC delivering a record 35,000 in July. After a period of tight GP supply in Q2, the group is now benefiting from greater GP availability as the UK enters the latter stages of its vaccination programme and from DOC's significant recruitment drive through Q221. Management expects this positive momentum to continue throughout H2, which will be key to DOC achieving its revenue growth target of at least 100% in 2021.

Guidance unchanged

Management has maintained its guidance for FY21, indicating minimum revenues of £23.2m (up at least 100% y-o-y). We have maintained our forecast of £23.4m, which requires the delivery of c 240k consultations in H221 (+34% h-o-h, +76% y-o-y). We believe that this is achievable given both the pent-up demand indicated by the Q221 increase in activated lives and the momentum seen in consultations since the start of H221. In FY22, we expect consultation growth to remain consistent with our H221 forecast, underpinned by DOC's expanding platform offering. This includes the targeted Q421 launch of the UK's first digitally integrated virtual and in-person primary care service with Nuffield Health and the integration of additional services, including mental health. Our estimates are substantially unchanged.

Valuation: Discount to peers

H121 results give the strongest indication yet that performance is following a secular trend that is set to remain strong as we exit the pandemic. DOC continues to trade at a significant discount to peers on EV/sales, at an average of 67% across FY20–22. We maintain the view that this discount should continue to close as the group builds up a track record and executes on its growth strategy.

Software & comp services

24 August 2021
Price **A\$0.70**
Market cap **A\$223m**

A\$1.91/£

Net cash (£m) at 30 June 2021 31.5

Shares in issue 319.1m

Free float 53.3%

Code DOC

Primary exchange ASX

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs (18.2) (16.8) N/A

Rel (local) (19.2) (22.1) N/A

52-week high/low A\$1.48 A\$0.69

Business description

Doctor Care Anywhere is a fast-growing telehealth company focused on delivering high-quality care to its patients, while reducing the cost of providing healthcare for health insurers and healthcare providers.

Next events

Q321 update October 2021

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H121 results summary

Underlying revenue increased by 101% y-o-y to £9.2m in H121, driven by a 130% y-o-y increase in consultations and growth in secondary care services indicated by its expanding internet hospital. We expect that this trend will continue in H221, given the end of the UK's vaccination roll-out and the easing of COVID-19 related restrictions.

Gross profit rose alongside revenue, up 129% y-o-y to £5.8m. The EBITDA loss was £7.4m, down from a profit of £0.6m in H120. We note that H120 EBITDA included an exceptional £5m gain on the creation of the joint venture with AXA; excluding this, DOC generated an underlying EBITDA loss of £4.4m in H120. The loss widened in H121 due to investment in R&D and sales and marketing to drive growth, as well as elevated share-based payment and G&A expenses. EBITDA was £1.6m higher than the £9.1m loss reported in H220. The H121 net loss of £8m was notably smaller than H120, which included fair value finance charges of £18.5m relating to convertible loan notes issued by DOC.

We expect reducing EBITDA losses as the company continues to grow its top line at a significantly faster rate than operating costs.

Exhibit 1: H121 results summary

£m	H121	H120	y-o-y change
Revenue	11.2	4.6	145%
Underlying revenue	9.2	4.6	101%
Gross profit	5.8	2.5	129%
Gross margin	52%	55%	-3pp
EBITDA	(7.4)	0.6	N/A
Operating profit (EBIT)	(7.9)	(0.03)	N/A
Net profit/(loss)	(8.0)	(18.7)	-57%
Basic EPS (pence)	(2.5)	(9.4)	-73%
Net cash	31.5	1.6	N/A
Operational data			
Eligible lives at period end ('000)	2,357	2,174	8%
Activated lives at period end ('000)	559	294	90%
Consultations ('000)	180	78	131%

Source: Doctor Care Anywhere accounts, Edison Investment Research

Despite DOC reporting a net loss in H121, its balance sheet remains strong with cash of £31.5m and no debt, benefiting from its IPO net proceeds of £35.9m in 2020.

We have not made any material changes to our forecasts for FY21 and FY22.

Exhibit 2: Financial summary

	£'m	2018	2019	2020	2021e	2022e
31-December		IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT						
Total Revenue		2.0	5.7	11.6	23.4	37.1
Underlying Revenue		2.0	5.7	11.6	21.4	37.1
Cost of Sales		(0.8)	(1.4)	(5.9)	(12.3)	(22.1)
Gross Profit		1.2	4.4	5.7	11.1	15.0
Normalised EBITDA		(4.2)	(3.7)	(11.6)	(15.5)	(11.4)
Normalised operating profit		(5.1)	(4.4)	(12.6)	(16.6)	(12.6)
Amortisation of acquired intangibles		0.0	0.0	0.0	0.0	0.0
Exceptionals		0.0	0.0	6.0	0.3	0.0
Share-based payments		0.0	(0.1)	(2.2)	(0.6)	0.0
Reported EBITDA		(4.1)	(3.8)	(7.8)	(15.8)	(11.4)
Reported operating profit		(5.1)	(4.5)	(8.7)	(16.9)	(12.6)
Net Interest		(0.0)	(0.0)	(0.1)	0.0	0.0
Joint ventures & associates (post tax)		0.0	0.0	(0.8)	0.2	3.6
Exceptionals		0.0	(1.3)	(21.7)	0.0	0.0
Profit Before Tax (norm)		(5.2)	(4.4)	(13.5)	(16.4)	(9.0)
Profit Before Tax (reported)		(5.1)	(5.8)	(31.4)	(16.7)	(9.0)
Reported tax		0.1	0.1	0.0	0.1	0.0
Profit After Tax (norm)		(5.0)	(4.3)	(13.3)	(16.3)	(9.0)
Profit After Tax (reported)		(5.0)	(5.7)	(31.3)	(16.6)	(9.0)
Basic average number of shares outstanding (m)		116.0	117.0	171.9	319.0	319.1
EPS - basic normalised (p)		(4.31)	(3.69)	(7.76)	(5.10)	(2.81)
EPS - diluted normalised (p)		(4.31)	(3.69)	(7.76)	(5.10)	(2.81)
EPS - basic reported (p)		(4.30)	(4.85)	(18.23)	(5.21)	(2.81)
Revenue growth (%)		0.0	184.2	102.1	102.3	58.5
Gross Margin (%)		58.0	76.1	49.2	47.5	40.5
EBITDA Margin (%)		(204.7)	(66.0)	(67.3)	(67.7)	(30.6)
Normalised Operating Margin		(255.3)	(76.9)	(108.5)	(70.9)	(33.9)
BALANCE SHEET						
Fixed Assets		3.0	3.8	7.5	8.8	13.4
Intangible Assets		2.8	3.6	3.6	4.6	5.5
Tangible Assets		0.1	0.3	1.7	1.8	1.8
Investments & other		0.0	0.0	2.2	2.4	6.0
Current Assets		2.3	1.2	42.0	27.7	19.5
Stocks		0.0	0.0	0.0	0.0	0.0
Debtors		0.6	0.6	3.6	6.7	11.7
Cash & cash equivalents		1.7	0.6	38.4	21.1	7.8
Other		0.0	0.0	0.0	0.0	0.0
Current Liabilities		(2.0)	(2.1)	(3.8)	(6.8)	(12.1)
Creditors		(2.0)	(2.1)	(3.8)	(6.8)	(12.1)
Tax and social security		0.0	0.0	0.0	0.0	0.0
Short term borrowings		0.0	0.0	0.0	0.0	0.0
Other		0.0	0.0	0.0	0.0	0.0
Long Term Liabilities		(2.9)	(8.2)	(1.2)	(1.2)	(1.1)
Long term borrowings		0.0	0.0	0.0	0.0	0.0
Other long term liabilities		(2.9)	(8.2)	(1.2)	(1.2)	(1.1)
Net Assets		0.4	(5.4)	44.5	28.6	19.6
Minority interests		0.0	0.0	0.0	0.0	0.0
Shareholders' equity		0.4	(5.4)	44.5	28.6	19.6
CASH FLOW						
EBITDA		(4.1)	(3.8)	(7.8)	(15.8)	(11.4)
Working capital		1.0	0.3	(1.2)	(0.1)	0.3
Exceptional & other		0.1	0.3	(1.6)	0.6	0.0
Tax		0.1	(0.1)	(0.0)	0.1	0.0
Net operating cash flow		(2.8)	(3.3)	(10.7)	(15.2)	(11.0)
Capex		(0.0)	(0.1)	(0.4)	(0.5)	(0.5)
Acquisitions/disposals		0.0	0.0	3.0	0.0	0.0
Net interest		0.0	(0.3)	(0.3)	0.0	0.0
Equity financing		0.0	0.2	31.2	0.0	0.0
Dividends		0.0	0.0	0.0	0.0	0.0
Other		1.8	2.3	14.9	(1.7)	(1.7)
Net Cash Flow		(1.1)	(1.1)	37.8	(17.3)	(13.2)
Opening net debt/(cash)		(2.8)	(1.7)	(0.6)	(38.4)	(21.1)
FX		0.0	0.0	0.0	0.0	0.0
Closing net debt/(cash)		(1.7)	(0.6)	(38.4)	(21.0)	(7.8)

Source: Company accounts, Edison Investment Research

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