

EMIS Group

On track

FY19 trading update

Software & comp services

23 January 2020

Price 1,180p
Market cap £747m

Net cash (£m) at end FY19	31.1
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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EMIS's FY19 trading update was reassuringly straightforward. H219 revenue and profit growth was similar to the rate in H119, which is within the company's target for mid- to high single-digit growth. Both divisions made steady progress, with EMIS-X development ongoing and restructuring complete. We maintain our forecasts; FY19 results are due on 18 March.

Year end	Revenue (£m)	PBT* (£m)	Diluted EPS* (p)	EMIS adj. diluted EPS** (p)	DPS (p)	P/E (x)
12/17	160.4	35.2	43.1	47.0	25.8	25.1
12/18***	149.7	33.4	40.3	44.9	29.3	26.3
12/19e***	158.0	39.9	51.5	49.3	31.2	23.9
12/20e	165.3	43.1	55.3	52.7	32.6	22.4

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. ***Excludes discontinued operations.

EMIS traded in line with board expectations for FY19. Revenue and adjusted profit grew at a similar rate in H219 to the rate in H119. Net cash (before lease liabilities) was £31.3m at year-end (our forecast £30.9m). On a divisional basis, EMIS Health saw all businesses maintain their market share. The focus in the primary care business is now on meeting the requirements of the GP IT Futures framework, on which the company previously announced it had won a place. EMIS Enterprise continued to make good progress. In the Patient business, the controlled roll-out of new functionality within the Patient Access app completed the first phase of the connected healthcare marketplace. The development of EMIS-X is on track and the company completed the restructuring that started in H119. FY19 results will be announced on 18 March.

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