

Idox plc

investor presentation

December 2020

Idox. Do more.



Idox plc

A leading supplier of specialist information management software and solutions



Over 90% of local UK authorities are customers for one or more of our products



Founded and AIM listing in 2000



8,000+ customers & 600+ employees with offices in the UK, USA, Europe and India



Revenue c£68 million



David Meaden

Chief Executive Officer



Rob Grubb

Chief Financial Officer

Our Strategy



One Idox bringing together our operations under our four pillars framework to drive **operational excellence** and **leverage resources**



Strong and focused account management model to ensure we are the **partner of choice** for our customers



Continued **gross margin improvement**, as we expand our customer relationships and **improve operational leverage**



A clear focus on client development and a movement towards a **'cloud first'** strategy and the upselling of new products

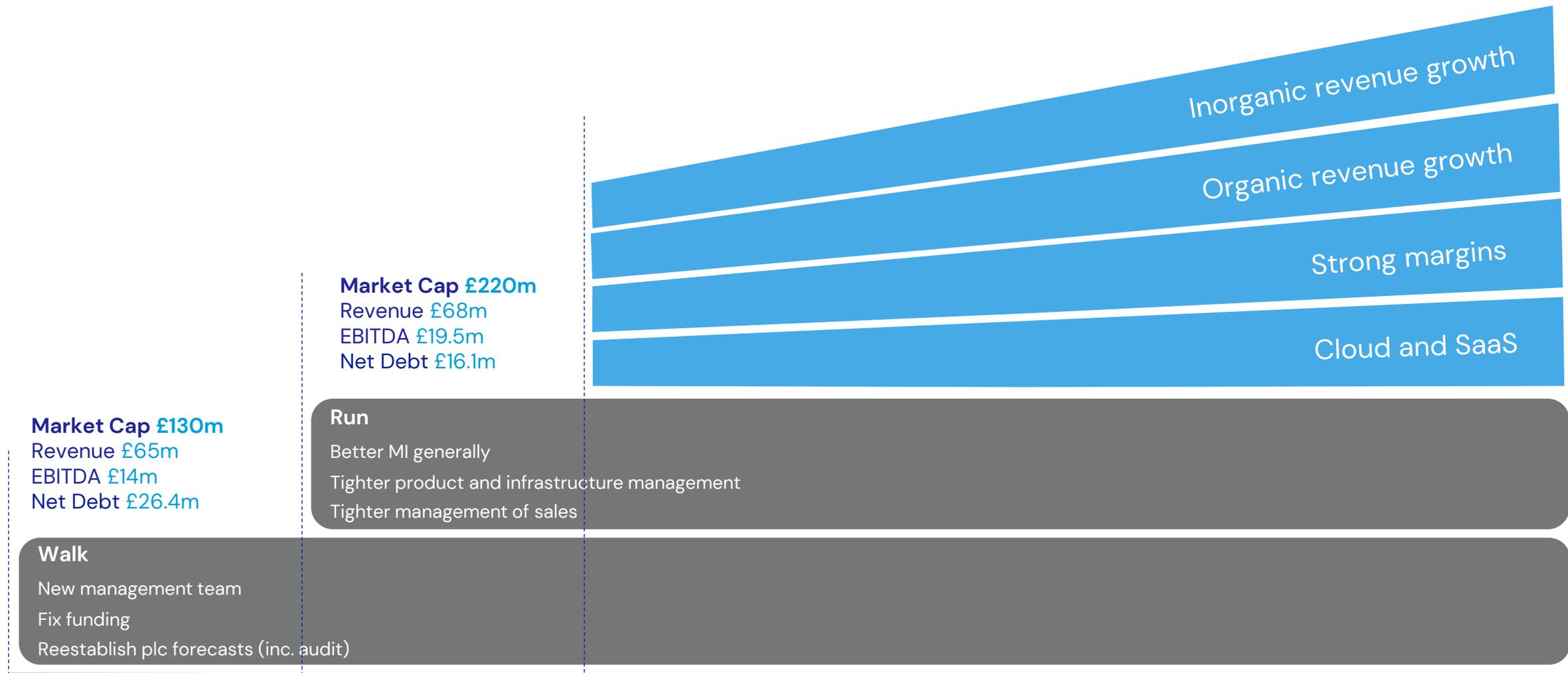


An employer of choice, with a strong **values-based culture** to deliver excellent services continuously



Complementary and selective **acquisitions** that underpin our cloud-based growth model

Investment case



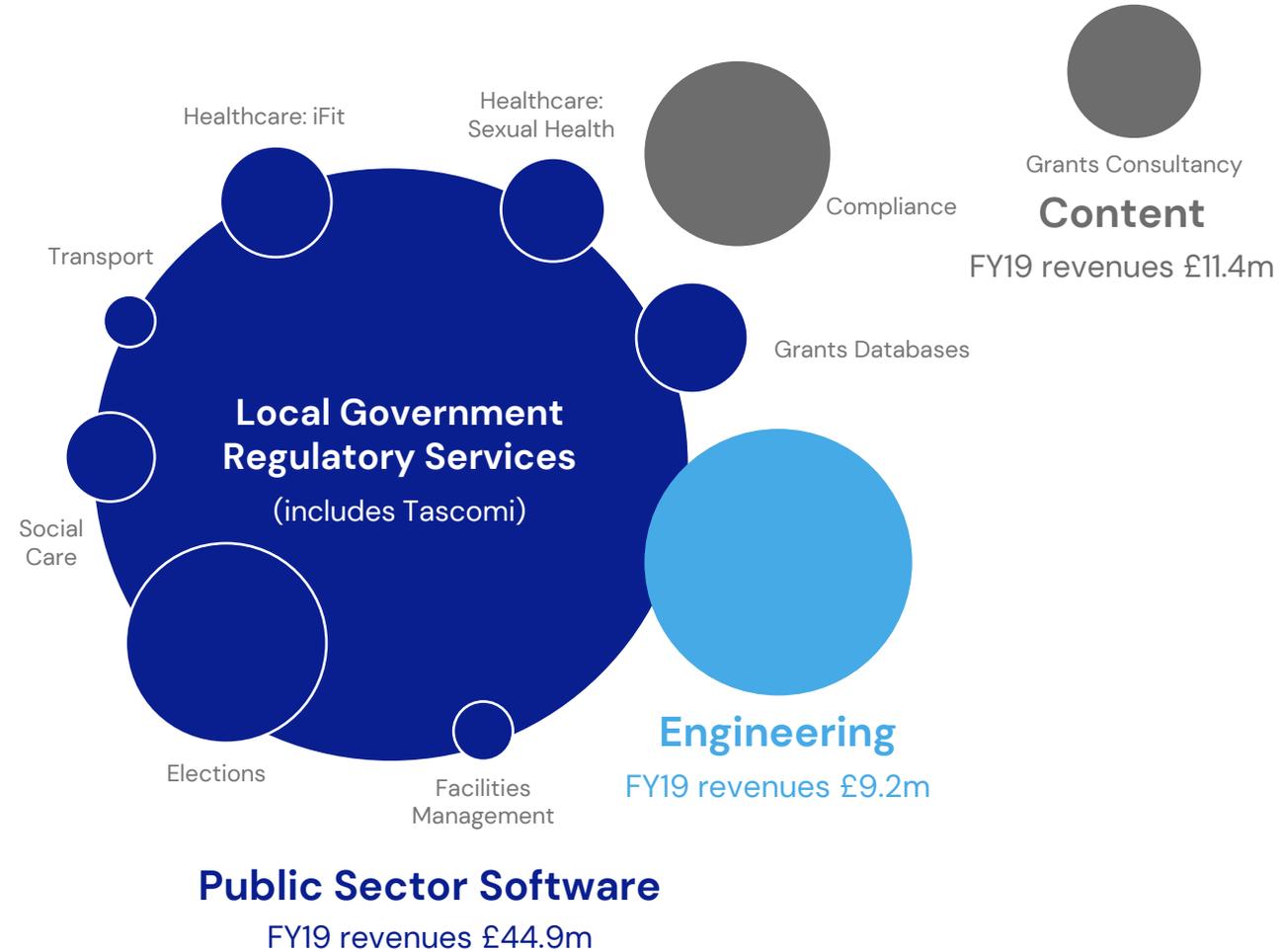
Summary of the business

Idox Software:

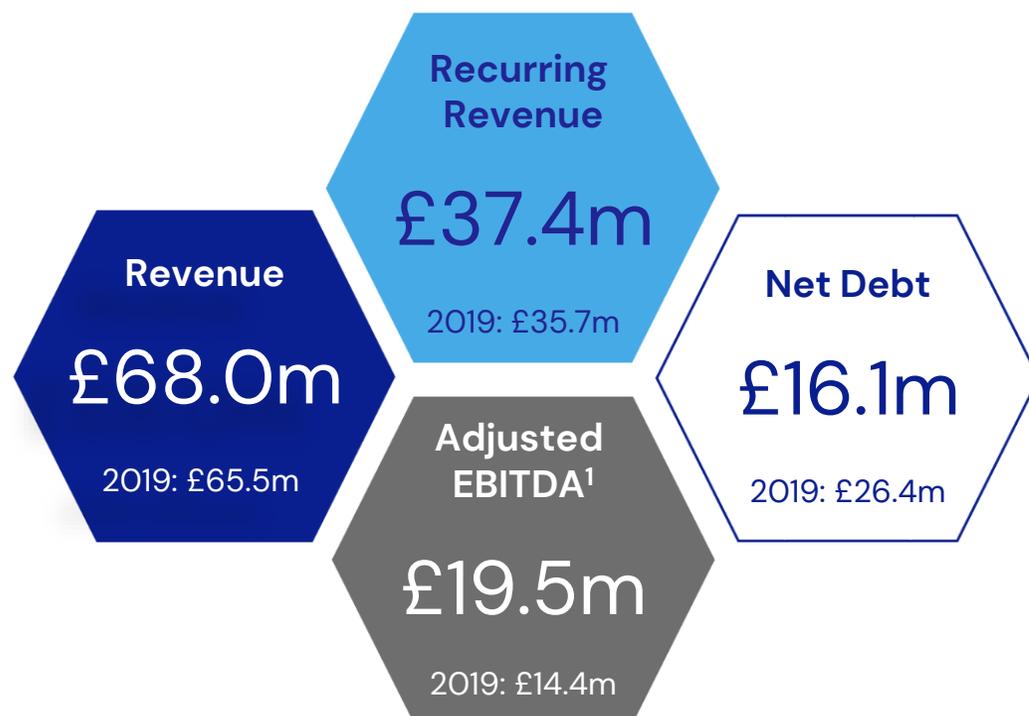
- Public Sector Software (PSS) providing legislative compliance and document process management software, in a variety of applications within Local Government & NHS
- Engineering Information Management (EIM) delivers document collaboration software for international infrastructure asset constructors & operators

Idox Content

- Compliance is an e-learning and employee compliance training platform to German & Belgium multi-national corporations
- Grants Consultancy provide expertise in grant funding applications for Dutch commercial customers



Recent Highlights – FY20 trading update



- Strong strategic delivery following the **extensive transformation** across the Group in FY2019
- **Improved operating margins** following improvements to revenue governance and cost control
- Further **material reduction in Net Debt** from improved cash generation and working capital management
- Continued focus on **'Four Pillars' programme** to improve revenues, margin, communication, and organisational simplicity
- FY20 results due to be released in early February 2021

¹ Adjusted EBITDA is defined as earnings before amortisation, depreciation, restructuring, acquisition costs, impairment, corporate finance costs and share option costs.

Our Four Pillars Framework

Revenue Expansion

- Implementation of Idox's first group-wide CRM
- Creation of inside sales team to drive account management
- Creation of revenue assurance teams to improve renewals
- Establishment of a new marketing team. Rebrand completed and marketing campaigns aligned with sales focus

Gross Margin Improvement

- Establishment of **Idox Cloud** and prioritising SaaS and Digital Transformation across our organisation
- Integration of all software businesses in to an **Idox Software** division
- Appointment of newly-created Head of Professional Services role to improve services revenues

Organisational Simplicity

- Focus on efficient, common processes with minimal exceptions to improve corporate simplicity, moving towards **One Idox**
- Integration of corporate resources; a unified development and professional services approach; and, amalgamated customer service teams and infrastructure
- Single management methodology, account management and sales approach

Information and Communication

- Transparency and consistency are key to our communications; we share the same content internally & externally
- We ensure regular updates to our people, colleagues, investors & banking partners
- We engender an approachable style and culture with our people, with regular CEO broadcasts to provide updates and a platform for our people to ask questions and engage with our leadership team

Walk, Run, Fly – delivering on our promises



Walk Phase (FY19)

- Create momentum in the plan
- Be more ambitious about profitable growth
- Execute with greater focus and discipline



Run Phase (FY20)

- Build momentum in the plan
- Win bigger deals and make a step change in the business
- Extend reach in to adjacent and existing markets



Fly Phase (FY21)

- Grow momentum in the plan
- Become most influential player in our chosen markets
- Expand scale and scope of markets we address

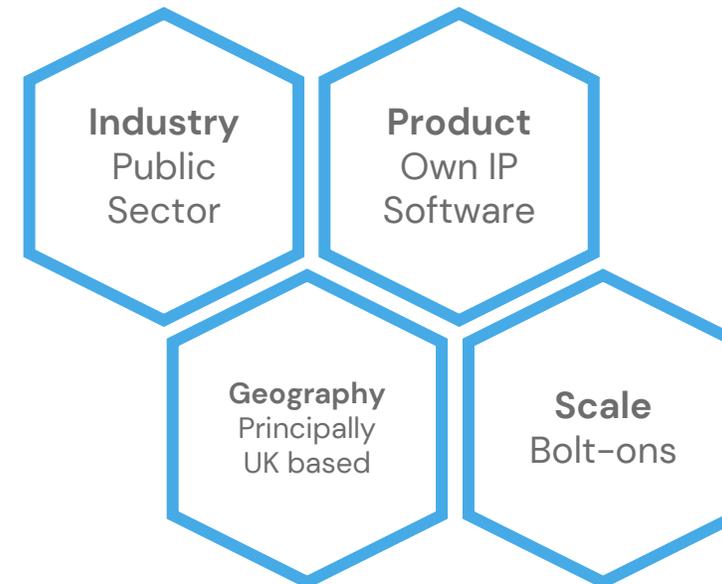
Fly phase

As we move into the 'Fly' phase, our aims, under the our organisation four pillars are:

Organic growth

Improved MI & more automation	Improved on-shore / off-shore mix
Move products to cloud and away from 3 rd party	Increase market shares
Sales team stratification	Utilise IP in adjacencies
Protect and grow existing revenues	Tighter operational integration

Buy and build



Markets Demand Trends

PSS

Migration to cloud to reduce IT estate.

Move to digital to improve resident and client flexibility.

Market expanding low to mid single digits.

EIM

Move to cloud to align with project-based buying.

More digitisation of data within documents.

Market expanding high single digits (although cyclical).

Content

Increasing consolidation of providers.

Market expanding mid to high single digits.

Covid 19

Idox successfully manoeuvred the CV-19 pandemic with little impact to the business internally. Idox did not take utilise any government job retention schemes.

With a high level of remote workers within the organisation (c80%), the business had much of the infrastructure needed to move all staff to remote working.

Within the PSS business, very minimal impact was felt with some project delays but software revenues remained robust.

The high level of recurring revenues within EIM provide resilience however CV-19 has created challenges in producing new business opportunities.

For the Content business, impact was minimal.

Summary & Outlook



Improvements to account management and sales execution planned to provide stronger revenue growth and better customer outcomes



Consolidating more activity around our public-sector software core to further improve margins and cash generation



Product management well established, with focus on path to cloud. Looking to expand with existing and new IP to drive profitable growth



Seeking to introduce a final dividend in respect of FY20, and use increasing financial resources for future bolt-on M&A.

“We remain ambitious for the future as we look to build on the strong progress and investments we have made in our Group over the last two years, as well as capitalise on relevant opportunities as they arise.”

Q&A

Appendix

ESG



Environmental

- The Group participates in the Energy Saving Opportunities Scheme (ESOS) and meets the requirements of the Streamlined Energy and Carbon Reporting (SECR) regulations.
- Whilst we have taken steps to mitigate our impact on the climate, primarily associated with our office footprint, we recognise there is more to do as part of our collective responsibility



Social

- Wellbeing & mental health is a key focus. The Idox Workplace Wellbeing team provide employees regular support.
- We employee-led initiatives encouraging diversity and inclusivity, including Idox Elevate, a programme to encourage mentorship and development of women within our organisation.
- We invest in a leadership programme for the talent across our business we see as future leaders



Governance

- In October 2020, Idox received a Full Pass with no non conformances under the ISO 9001 standard.
- The Idox Statement of Compliance with Corporate Governance lays out our commitment to ensuring compliance with Quoted Companies Alliance (QCA) Corporate Governance Code.

Analyst Consensus Forecast

Research provided by:

- Peel Hunt (house broker, subscription required)
- Progressive Equity (paid-for research, available on Idox website)
- Canaccord (subscription required)

	Actual	Consensus	
	FY20	FY21	FY22
	<i>£'ms</i>	<i>£'ms</i>	<i>£'ms</i>
Revenue	68.0	71.9	76.5
Adjusted EBITDA	19.5	20.8	23.2
Adjusted PBT	10.4	12.5	14.8
Net (debt) / cash	(16.1)	(6.4)	4.7

Significant shareholders

Canaccord Genuity Wealth Management	19.0%
Soros Fund Management	12.5%
Kestrel Partners	11.0%
Long Path Partners	10.0%
Herald Investment Management	7.0%
Lombard Odier Asset Management	5.0%
Richard Griffiths	4.8%
Gresham House	3.9%
Total > 3%	73.2%