

EMIS Group

FY16 results

Strengthening its position despite NHS funding pressures

EMIS reported adjusted profit in line with expectations, despite NHS funding pressures causing difficult trading conditions in certain parts of the business. Cost-cutting programmes in 2016 and a planned reorganisation in 2017 are helping to counteract some of the funding pressure. There is cause for optimism in several areas of the business, where EMIS is growing market share, and a planned expansion of the Patient business could generate material incremental revenues on a five-year view.

Year end	Revenue (£m)	PBT* (£m)	Dil. EPS* (p)	EMIS adj. dil. EPS** (p)	DPS (p)	P/E (x)	Yield (%)
12/15	155.9	36.6	46.0	45.1	21.2	19.0	2.4
12/16	158.7	39.2	49.4	49.2	23.4	17.7	2.7
12/17e	166.2	37.3	46.0	46.8	24.4	19.0	2.8
12/18e	175.4	40.2	49.4	51.1	25.4	17.7	2.9

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.

FY16 profits in line

Although revenues were below our forecast due to weakness in the Secondary & Specialist Care (SSC) business, the company reported adjusted operating profits in line with our forecast. Lower interest and tax charges resulted in normalised and adjusted EPS ahead of our forecasts. The company reduced net debt by £8.7m over the year to £0.4m at year-end.

Growth and restructuring plans revealed

As previously flagged, the company is pulling together the Primary, Community and Secondary Care businesses into one unit, to better reflect the way the NHS is moving to procure integrated healthcare IT, and to reduce costs. Management unveiled its plans to expand the Patient business, building out the publishing side and developing an e-commerce platform. Estimated investment of £7m over the next two years could support revenue growth from the current £2m pa to closer to £50m pa over the next five years.

Estimate changes and valuation

We have revised our forecasts to reflect weaker trading in SSC, cost reductions from the reorganisation and the costs of investing in Patient. This results in a 9.6% reduction in adjusted operating profit and 7.9% reduction in adjusted EPS in FY17. On our revised normalised forecasts, EMIS is trading on an FY17e P/E of 19.0x, which is at a small discount to its peer group. Although EMIS is more profitable than peers, the forecast decline in earnings in FY17 is weighing on the valuation. Evidence of a resumption in earnings growth will be key to share price upside – in the short term, this could include improvement in the Secondary and Specialist Care, and in the longer term, evidence that the investment in Patient is paying off. We believe the NHS's digital agenda continues to support long-term growth for EMIS. Strong cash generation underpins the c 3% dividend yield.

Software & comp services

20 March 2017

Price 875p
Market cap £554m

Net debt (£m) at end FY16	0.4
Shares in issue	63.3m
Free float	98%
Code	EMIS
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(1.96)	(8.18)	(16.83)
Rel (local)	(3.65)	(13.52)	(29.90)
52-week high/low	1062.0p	807.0p	

Business description

EMIS is a clinical software supplier to the primary care market in the UK (supplying over 50% of UK GP practices), a software supplier to UK pharmacies, and through several acquisitions also supplies specialist and acute care software.

Next events

Trading update	18 July 2017
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Review of FY16 results

Exhibit 1: FY16 results highlights

£000s	FY16e	FY16a	Difference	y-o-y
Revenues	162,513	158,712	-2.3%	1.8%
Normalised* operating profit	39,660	38,897	-1.9%	4.8%
Reported operating profit	31,311	23,539	-24.8%	105.9%
Adjusted** operating profit	38,954	38,753	-0.5%	6.0%
Normalised EPS - p	48.6	49.4	1.8%	7.4%
Reported EPS - p	38.2	30.4	-20.3%	320.0%
Adjusted EPS - p	47.4	49.2	3.7%	9.1%
Net cash/(debt)	(55)	(430)	688.1%	-95.3%

Source: EMIS, Edison Investment Research. Note: *Normalised: excludes exceptional items, amortisation of acquired intangibles and share-based payments. **Adjusted: cash accounts for development costs and excludes exceptional items and amortisation of acquired intangibles.

In FY16, the company reported revenue growth of 2% y-o-y, with growth in recurring revenues of 4%. Adjusted operating profit of £38.8m was in line with our forecast. As the company has reduced its net debt position substantially, interest expense declined. Adjusted EPS came in 3.7% ahead of our forecast, due to lower than expected tax and interest charges and a slightly higher joint venture contribution. The final dividend of 11.7p takes full year dividend to 23.4p, as expected. Net debt finished the year above our forecast as we had not accounted for the £0.8m payment for the Intrelate acquisition in December.

Exhibit 2: Divisional revenues and adjusted operating profits

£m	FY15	FY16a	FY16e	Difference	y-o-y
Revenues					
Primary & Community Care (PCC)	93.9	99.6	99.1	0.5%	6.1%
Community Pharmacy (CP)	20.0	21.4	21.4	0.3%	7.1%
Secondary & Specialist Care (SSC)	42.0	37.7	42.0	-10.4%	-10.3%
Total	155.9	158.7	162.5	-2.3%	1.8%
Adjusted operating profit					
Primary & Community Care	29.6	32.2	32.0	0.6%	8.8%
Community Pharmacy	4.2	4.9	4.4	10.5%	14.8%
Secondary & Specialist Care	4.2	3.3	4.0	-18.4%	-21.3%
Central costs	(1.5)	(1.6)	(1.5)	7.8%	9.3%
Total adjusted operating profit	36.6	38.8	39.0	-0.5%	6.0%
Reported operating profit					
Primary & Community Care	26.3	27.4	27.9	-2.0%	4.0%
Community Pharmacy	4.7	6.1	5.3	14.2%	29.8%
Secondary & Specialist Care	(15.8)	(8.3)	(2.0)	322.7%	N/A
Central costs	(1.5)	(1.6)	(1.5)		
Exceptionals	(2.3)	0.0	1.5		
Total reported operating profit	11.4	23.5	31.3	-24.8%	105.9%
Adjusted operating margin					
Primary & Community Care	31.5%	32.3%	32.3%	0.0%	0.8%
Community Pharmacy	21.2%	22.8%	20.7%	2.1%	1.5%
Secondary & Specialist Care	10.0%	8.7%	9.6%	-0.9%	-1.2%
Total adjusted operating margin	23.4%	24.4%	24.0%	0.4%	1.0%

Source: EMIS, Edison Investment Research

Primary & Community Care (PCC) revenue and adjusted profit was in line with our forecasts. Reported operating profit includes an exceptional charge of £1.2m for the cost reduction programme. Community Pharmacy (CP) revenues were in line with our forecast and adjusted operating profit was 10% ahead of our forecast. Reported operating profit includes a £0.1m exceptional charge for the cost reduction programme. Secondary & Specialist Care (SSC) revenues declined significantly more than we expected, resulting in lower than expected adjusted operating profit. Reporting profit includes a £2.3m exceptional charge for the cost reduction programme as

well as a £4.6m goodwill write-down on the Specialist Care business, reflecting a lower return than expected since acquisition. Overall, the adjusted operating margin grew one percentage point year-on-year.

Business update

Primary Care – solid performance

EMIS maintained its 55% share of the UK **GP** market. In Northern Ireland, the first pilot sites went live in August 2016; rollout should be complete by the end of 2017. In Scotland, the company is engaged in pre-procurement for EMIS Web, with implementation expected in 2018. In Wales, re-procurement of primary care software has started. GPs are already using EMIS Web in Wales and existing contracts will run until 2019/20.

The Community, Child and Mental Healthcare (**CCMH**) business increased its market share to 16% from 12% at the end of 2015, beating its 15% target. The company is targeting an increase to 20% by the end of 2017. Contracts won in 2016 have a total contract value of more than £11m. We assume that these contracts have an average life of circa six years, which implies an additional c £2m per annum in revenues. The company has secured two contract wins year-to-date: Bridgewater Community Healthcare and Central Surrey.

The number of clinical commissioning groups (CCGs) in England using entirely EMIS Web for their GP practices has risen from 46 to 51 over the year. This is important as it makes it more likely the CCG will use EMIS for other primary care applications, due to the ease of integration. In fact, at year end, 38 CCGs used solely EMIS Web for primary care and also used EMIS as a major supplier for CCMH.

The Intrelate acquisition (bought December 2016 for net £0.8m in cash) is being integrated into the **Egton** business. Intrelate has developed an app called Carista that helps paid and unpaid carers to plan, monitor, manage and measure social care outcomes. This is EMIS's first entry into the social care technology market.

The business has a Partner programme with 80 participating suppliers; charging them to integrate with EMIS systems has generated revenues of £5m in 2016.

Community Pharmacy (CP) – growing market share

The CP business remains strong, with a market share of 37% at year-end (number of sites increased by 181 to 5,091 over the year). The Lloyds pharmacy contract should be fully rolled out by the end of 2018, taking the company's market share to c 50%. The company's next generation software, ProScript Connect, is now fully accredited in England, Wales and Scotland. It had been installed in 25 independent pharmacies by end 2016.

Post year-end, the business won a supermarket customer with an estate of c 40 pharmacies – the contract is worth £1.4m over six years.

Secondary & Specialist Care – action taken to boost profitability

As previously reported, the **Secondary Care** business has suffered from delays in procurement due to NHS funding issues. One-off implementation revenues in 2015 as well as the transfer of ePEX mental health software to PCC also contributed to the revenue decline in 2016. The division was restructured in H116 to reduce the cost base.

Despite the weak procurement environment, the business managed to secure a position as one of two suppliers on the NHS Scotland Hospital Electronic Prescribing and Medicines Administration

framework, which could be worth up to £15m over two years. It should also benefit from central NHS funding of upgrades to its hospital pharmacy product.

The latest round of NHS initiatives includes global digital exemplars (GDEs). The NHS will fund 12 GDEs up to £10m each to fund the transition to going paperless, with funding expected to be released in H217. EMIS is working with University Hospitals of Southampton NHS Foundation Trust, one of the GDEs, while it formulates its plans, is also engaged with three other GDEs and indirectly supports another three.

EMIS **Specialist** (diabetic retinopathy software) maintained its leading position with 77% market share (79% in 2015).

EMIS **Care** (diabetic retinopathy screening services) had an 18% share of the outsourced market in 2016, down from 19% in 2015. The business won several contracts in the year, most from the NHS (ie moved from direct to outsourced provision) and a few from other service providers. With initial contract values of £19m over three years, this should take EMIS's share to 26%. While winning new contracts has been positive, the business has incurred higher costs in implementing the services than originally anticipated when buying the business, so it has taken action to improve the profitability of the service. Some of the recent contract wins will be implemented in H117, adding further upfront costs. Over time, the company expects the profitability on these contracts to rise.

Reorganisation to integrate Primary and Secondary Care

As announced in January, the company is bringing Primary Care, CCMH and Secondary Care together as one unit under the leadership of Duane Lawrence, who previously headed up Secondary Care. This is to reflect the way that the NHS will increasingly procure IT. The reorganisation will cost £3m (treated as an exceptional charge in FY17) with a c 100 reduction in headcount. Cost savings are expected to total £3m in 2017 rising to £4m per annum from 2018.

Expansion plans for the Patient business

The company hired a new head of digital in October 2016. Jason Keane has digital media experience from senior roles at Saffron Digital, Universal Networks Interactive and Yahoo! Answers. The business has been structured into its own legal entity since 1 January 2017. Visitors to Patient.info showed substantial growth in 2016, rising from 11.5m unique monthly users at the end of 2015 to 18.3m by the end of 2016 (of which 74% were international visitors). The website earned advertising revenues of £2.1m (+24% y-o-y) and a further £1m from transactional services such as appointment booking. There are 5.1m citizens registered to use Patient Access, providing a base level of potential users of transactional services.

The company plans to invest c £7m in the business over the next two years, mainly in the form of increased internal and external headcount, to develop the existing media business and to expand into a market place e-commerce platform. We expect the company to take a flexible approach to the pace of investment, hiring more slowly if revenue progression is slower than planned, and vice versa.

Expansion of the existing media business is likely to include:

- new site design,
- changes to the user experience,
- an improved content management system, and
- improvements to the organic search position.

The vision of the Patient business is to become the leading on-demand healthcare remedy platform. This will extend from providing information on health (starting with symptom search), to accessing a diagnosis (options to include booking to see an NHS GP or a private specialist, using a

community pharmacy, or if more serious, calling 999 or 111 and/or accessing A&E) to obtaining any relevant pharmaceutical items (services to include prescriptions, over-the-counter remedies, local collection, home delivery). EMIS will then be able to earn a combination of advertising revenues from publishing services and transactional revenues from the clinical and pharmacy services.

The company sees an annual revenue opportunity of £13m for the publishing side of the business and a larger £33m opportunity from the e-commerce platform. The table below shows company estimates of how this could progress over the next five years. The company is keen to prove the concept in the UK first, before expanding to the international market.

Exhibit 3: Projected revenues from new Patient strategy				
£m	FY16	In 18 months	In three years	In five years
Publishing/media	2	5	9	13
Platform	0	2	13	33
Total	2	7	22	46
Source: EMIS				

Outlook and changes to forecasts

The company expects to show better revenue growth in 2017 than in 2016, helped by growing share in CCMH, implementation of new diabetic retinopathy services, growth of the Patient business and growth in demand for integrated care solutions. On the cost side, we have reduced our profitability assumptions in SSC, reflecting the costs of implementing the new screening programmes. In PCC, we have increased our cost assumptions to take into account the new investment in Patient. This is not fully offset by the cost savings expected from the reorganisation. Overall this results in a reduction in our adjusted operating profit forecast from £41.5m (24.1% margin) to £37.5m (22.6% margin). We introduce a forecast for FY18 of £40.9m (23.3% margin). A reduced EBITDA forecast and the additional £3m exceptional reorganisation cost bring our net cash forecast down in FY17. Nonetheless, it is highly cash generative and moves to a net cash position by the end of FY17.

Exhibit 4: Divisional forecasts (£m)				
	FY17e	y-o-y	FY18e	y-o-y
Revenues				
Primary & Community Care	103.8	4.2%	108.9	5.0%
Community Pharmacy	22.3	4.2%	25.1	12.3%
Secondary & Specialist Care	40.1	6.4%	41.4	3.1%
Total	166.2	4.7%	175.4	5.5%
Adjusted operating profit				
Primary & Community Care	31.3	-2.8%	32.4	3.4%
Community Pharmacy	5.1	5.2%	6.2	21.4%
Secondary & Specialist Care	2.7	-17.8%	3.9	45.9%
Central costs	(1.7)	2.0%	(1.7)	1.8%
Total adjusted operating profit	37.5	-3.2%	40.9	9.0%
Reported operating profit				
Primary & Community Care	28.3	3.5%	29.3	3.4%
Community Pharmacy	4.2	-31.8%	5.1	21.6%
Secondary & Specialist Care	(1.6)	81.2%	(.5)	66.8%
Central costs	(1.7)	2.0%	(1.7)	1.8%
Exceptionals	(3.0)		0.0	
Total reported operating profit	26.3	11.7%	32.1	22.3%
Adjusted operating margin				
Primary & Community Care	30.2%	-2.1%	29.7%	-0.5%
Community Pharmacy	23.0%	0.2%	24.8%	1.9%
Secondary & Specialist Care	6.8%	-2.0%	9.5%	2.8%
Total adjusted operating margin	22.6%	-1.9%	23.3%	0.7%
Source: Edison Investment Research				

Exhibit 5: Changes to forecasts

£000s	FY17e	FY17e	Change	y-o-y	FY18e	y-o-y
	Old	New			New	
Revenues	172,178	166,168	-3.5%	4.7%	175,354	5.5%
Normalised operating profit	42,196	36,960	-12.4%	-5.0%	39,794	7.7%
Reported operating profit	34,499	26,263	-23.9%	11.6%	32,097	22.2%
Adjusted operating profit	41,495	37,496	-9.6%	-3.2%	40,854	9.0%
Normalised EPS - p	51.9	46.0	-11.5%	-7.0%	49.4	7.5%
Reported EPS - p	42.3	32.6	-23.1%	7.1%	39.8	22.3%
Adjusted EPS - p	50.8	46.8	-7.9%	-4.9%	51.1	9.2%
Net cash/(debt)	18,815	9,300	-50.6%	N/A	27,237	192.9%

Source: Edison Investment Research

Valuation

EMIS is trading at a small discount to its peer group on P/E, EV/EBIT and EV/EBITDA multiples. The funding situation in the NHS is delaying investment in IT, even though the strategic use of technology is likely to improve efficiency and help deliver care more cheaply. In the longer term we continue to believe EMIS is well positioned to benefit from an increasingly integrated approach to providing care across the NHS, but in the short term, we expect that certain parts of the business will continue to suffer from the sluggish procurement environment. There is additional uncertainty around the expansion plans for Patient, as this is taking the company out of its core area of expertise. However, we expect the company to take a flexible approach to investment, and the Patient.info website (with an already high level of visitors) provides a good base from which to build the business. With superior margins to the majority of its peers, evidence of a resumption in earnings growth should support share price upside.

Exhibit 6: Peer multiples

	Year end	EV/sales (x)			P/E (x)			EV/EBIT (x)			EV/EBITDA (x)		
		2016	2017e	2018e	2016	2017e	2018e	2016	2017e	2018e	2016	2017e	2018e
EMIS	31-Dec	3.6	3.4	3.2	17.7	19.0	17.7	14.6	15.4	14.3	10.9	11.2	10.5
EMIS (cash R&D)		3.6	3.4	3.2	17.8	18.8	17.2	14.6	15.1	13.9			
AllScripts	31-Dec	2.4	2.1	2.0	21.8	19.2	16.6	16.8	27.7	18.5	12.1	10.8	10.1
athenahealth	31-Dec	4.4	3.7	3.2	61.5	47.5	38.7	36.0	34.1	22.4	18.7	16.1	13.5
Cegedim	31-Dec	1.3	1.3	1.2	N/A	16.2	12.4	21.9	16.5	12.7	9.7	8.2	7.1
Cerner	31-Dec	3.9	3.6	3.3	24.2	22.3	20.2	16.4	15.1	13.6	12.0	11.0	10.1
Craneware	30-Jun	6.0	5.3	4.6	31.7	27.8	24.0	21.6	18.8	16.1	19.3	16.8	14.4
CompuGroup	31-Dec	4.5	4.0	3.5		20.7	17.3	22.1	22.1	17.1	19.7	16.5	13.5
Nexus	31-Dec	2.8	2.6	2.4	31.6	25.8	21.1	25.9	21.0	17.2	14.3	12.5	10.9
Quality Systems	31-Mar	1.9	1.8	1.7	18.7	18.0	17.1	12.6	11.8		9.9	9.2	9.0
Servelec	31-Dec	3.4	2.9	2.7	17.1	14.2	13.0	14.1	11.9	10.7	13.1	10.8	9.9
Average		3.4	3.0	2.7	29.5	23.5	20.1	20.8	19.9	16.0	14.3	12.4	10.9
Median		3.4	2.9	2.7	24.2	20.7	17.3	21.6	18.8	16.6	13.1	11.0	10.1

Source: Bloomberg, Edison Investment Research. Note: Prices as at 16 March 2017.

Exhibit 7: Peer group financial metrics

	EBIT margin				EBITDA margin				Revenue growth			
	2015	2016	2017e	2018e	2015	2016	2017e	2018e	2015	2016	2017e	2018e
EMIS	23.8%	24.5%	22.2%	22.7%	33.3%	32.9%	30.4%	30.8%	13.3%	1.8%	4.7%	5.5%
EMIS (cash R&D)	23.4%	24.4%	22.6%	23.3%								
AllScripts	10.9%	14.1%	7.7%	10.9%	17.4%	19.6%	19.8%	20.0%	0.6%	11.8%	10.8%	6.1%
athenahealth	10.3%	12.2%	10.9%	14.2%	20.4%	23.5%	23.0%	23.5%	22.9%	17.1%	18.9%	16.0%
Cegedim	9.7%	6.0%	7.6%	9.5%	19.0%	13.6%	15.4%	17.1%	-53.2%	3.5%	4.4%	4.2%
Cerner	24.3%	23.6%	23.8%	24.5%	32.7%	32.2%	32.7%	32.8%	30.0%	8.4%	7.9%	8.1%
Craneware	29.8%	27.9%	28.1%	28.3%	31.8%	31.2%	31.4%	31.7%	11.2%	15.8%	14.1%	15.9%
CompuGroup	12.5%	20.2%	17.9%	20.5%	20.7%	22.7%	23.9%	25.9%	5.4%	3.1%	12.9%	13.4%
Nexus	9.9%	11.0%	12.6%	14.1%	19.4%	19.9%	21.1%	22.2%	21.5%	8.6%	7.6%	9.1%
Quality Systems	13.1%	14.9%	15.5%		16.9%	18.9%	19.8%	19.4%	0.5%	2.8%	2.8%	4.5%
Servelec	25.6%	23.9%	24.8%	25.6%	27.1%	25.8%	27.3%	27.5%	21.9%	-3.3%	14.5%	7.4%
Average	16.2%	17.1%	16.5%	18.5%	22.8%	23.0%	23.8%	24.5%	6.8%	7.5%	10.4%	9.4%

Source: Bloomberg (as at 16 March), Edison Investment Research

Exhibit 8: Financial summary

	£000s	2012	2013	2014	2015	2016	2017e	2018e
Year end 31 December								
PROFIT & LOSS								
Revenue		86,333	105,542	137,639	155,898	158,712	166,168	175,354
Cost of Sales		(10,891)	(11,780)	(12,782)	(12,955)	(14,151)	(16,534)	(18,237)
Gross Profit		75,442	93,762	124,857	142,943	144,561	149,634	157,117
EBITDA		33,178	38,885	47,645	51,964	52,288	50,473	54,007
Operating Profit (before amort. of acq. intang. SBP and except.)		27,619	30,482	34,787	37,123	38,897	36,960	39,794
EMIS adjusted operating profit		22,910	26,260	32,639	36,553	38,753	37,496	40,854
Amortisation of acquired intangibles		(2,983)	(4,198)	(6,269)	(6,509)	(6,639)	(6,697)	(6,697)
Exceptionals		(435)	(1,144)	873	(18,500)	(6,714)	(3,000)	0
Share-based payments		(90)	(195)	(270)	(684)	(473)	(1,000)	(1,000)
Operating Profit		24,111	24,945	29,121	11,430	25,071	26,263	32,097
Net Interest		(76)	(242)	(543)	(449)	(237)	(150)	(50)
Profit Before Tax (norm)		27,567	30,172	34,206	36,625	39,159	37,309	40,243
Profit Before Tax (FRS 3)		24,059	24,635	28,540	10,932	25,333	26,612	32,546
Tax		(4,625)	(4,706)	(5,719)	(5,558)	(5,208)	(5,456)	(6,672)
Profit After Tax (norm)		23,191	25,179	27,617	29,801	32,175	29,661	31,993
Profit After Tax (FRS3)		19,434	19,929	22,821	5,374	20,125	21,157	25,874
Average Number of Shares Outstanding (m)		58.2	59.4	62.8	62.7	62.8	62.8	62.8
EPS - normalised & diluted (p)		39.0	41.4	42.8	46.0	49.4	46.0	49.4
EPS - EMIS adjusted & diluted (p)		30.7	34.0	39.4	45.1	49.2	46.8	51.1
EPS - FRS 3 (p)		32.5	32.6	35.3	7.2	30.4	32.6	39.8
Dividend (p)		14.2	16.0	18.4	21.2	23.4	24.4	25.4
Gross Margin (%)		87.4%	88.8%	90.7%	91.7%	91.1%	90.1%	89.6%
EBITDA Margin (%)		38.4%	36.8%	34.6%	33.3%	32.9%	30.4%	30.8%
Operating Margin (before GW and except.) (%)		32.0%	28.9%	25.3%	23.8%	24.5%	22.2%	22.7%
BALANCE SHEET								
Fixed Assets		77,673	153,838	166,415	143,546	133,292	125,082	116,172
Intangible Assets		52,789	126,468	139,397	121,383	110,953	101,843	92,233
Tangible Assets		22,144	24,610	24,313	22,032	22,187	23,087	23,787
Other fixed assets		2,740	2,760	2,705	131	152	152	152
Current Assets		27,538	27,046	37,221	39,800	46,088	56,732	75,984
Stocks		1,243	1,431	1,550	1,206	1,815	1,815	1,815
Debtors		15,188	21,448	28,732	33,893	39,970	41,883	44,199
Cash		11,107	4,167	6,939	4,701	4,303	13,033	29,970
Current Liabilities		(30,598)	(54,530)	(67,665)	(63,819)	(56,158)	(54,658)	(56,367)
Creditors		(30,202)	(46,628)	(54,763)	(51,960)	(51,425)	(50,925)	(53,634)
Short term borrowings		(396)	(7,902)	(12,902)	(11,859)	(4,733)	(3,733)	(2,733)
Long Term Liabilities		(10,548)	(22,231)	(21,063)	(12,481)	(9,080)	(9,080)	(9,080)
Long term borrowings		(3,000)	(9,756)	(5,854)	(1,951)	0	0	0
Other long term liabilities		(7,548)	(12,475)	(15,209)	(10,530)	(9,080)	(9,080)	(9,080)
Net Assets		64,065	104,123	114,908	107,046	114,142	118,076	126,709
CASH FLOW								
Operating Cash Flow		32,732	38,725	44,856	42,711	43,657	45,060	54,401
Net Interest		(60)	(580)	(445)	(422)	(324)	(50)	50
Tax		(4,566)	(5,073)	(5,247)	(6,896)	(7,655)	(7,648)	(8,250)
Capex		(18,342)	(15,025)	(15,161)	(14,058)	(12,084)	(12,000)	(12,000)
Acquisitions/disposals		(512)	(57,315)	(9,959)	(4,587)	(1,790)	0	0
Financing		(1,816)	27,212	(1,578)	492	881	(500)	(500)
Dividends		(7,735)	(9,146)	(10,792)	(14,532)	(14,006)	(15,131)	(15,764)
Net Cash Flow		(299)	(21,202)	1,674	2,708	8,679	9,730	17,937
Opening net debt/(cash)		(8,026)	(7,711)	13,491	11,817	9,109	430	(9,300)
HP finance leases initiated		0	0	0	0	0	0	0
Other		(16)	0	0	0	0	0	0
Closing net debt/(cash)		(7,711)	13,491	11,817	9,109	430	(9,300)	(27,237)
Source: EMIS accounts, Edison Investment Research								

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