

27 November 2018

Idox plc
(**'Idox'** or **the 'Group'** or the **'Company'**)
Year End Trading Update

Idox plc (AIM: IDOX), a leading supplier of specialist information management solutions and services, today issues a trading update for the twelve months ended 31 October 2018.

The Group continues the transition to fully consolidate prior year acquisitions and refocus operations on our core profitable and cash generative activities to maximise shareholder value. As announced on 2 November 2018, the Group took the strategic decision to dispose of its loss-making Digital business.

The Group expects to report:

- consolidated revenues for the continuing business (excluding our Digital business disposed of on 2 November 2018) of £67.2m (2017: £73.5m restated). Consolidated revenues for the full year of all Group operations including our disposed Digital Business are expected to be £73.6m (2017: £86.3m restated).
- adjusted EBITDA[†] for the continuing business (excluding our Digital business disposed of on 2 November 2018) of £14.4m (2017: £16.7m restated). Adjusted EBITDA for the full year of all Group operations including our disposed Digital Business is expected to be £11.5m (2017: £16.1m restated).
- net debt position at 31 October 2018 of £31.7m (2017: £32.8m) comprising cash of £5.5m, third party borrowings of £25.7m and long term 2025 bond of £11.5m (2017: cash of £3.3m, third party borrowings of £24.7m and long term, 2025 bond of £11.4m)

The Group has appointed a new leadership team to drive value in the business with the appointment of Chris Stone as Non-Executive Chairman, Dave Meaden as Chief Executive Officer and Rob Grubb as Chief Financial Officer.

The Group has made progress with its core business in adjusting revenue profiles to align with the performance obligations of the services and solutions we deliver to our customers. The Group has also been focused on reducing the cost base to more appropriately match our business model to drive increased profitability and tightly manage working capital to ensure improved cash conversion.

The following provides an update on all these objectives, and excludes the Digital business to illustrate trends in the remaining core businesses of the Group going in to FY2019:

- Exit annualised recurring revenue run rate as at 31 October 2018 was £32.4m (as at 31 October 2017: £33.4m restated). Sustaining and improving levels of recurring revenues remains a priority.

- Our contracted order book for software and services has nearly doubled to £9.4m at 31 October 2018 (2017: approximately £4.0m), an increase of £5.4m reflecting revenue recognition commensurate with our performance obligations.
- Trade debtors and accrued income was £30.8m at 31 October 2018 (2017: £39.0m restated). The Group has a clear objective to reduce this further going into FY2019 and achieve higher cash conversion from its previous and ongoing activities.
- Our preparation for IFRS 15 has led to detailed review of how we recognise revenue in line with our performance obligations. As a result, it is anticipated that recurring revenues will form a higher proportion of the Group's revenues going forward compared to previous years.
- The majority of cost cutting during the year occurred in the now disposed Digital division. As part of the focus on increased profitability, costs in the continuing business (including employment costs, travel, marketing and other overheads) have reduced by £1.7m for the year ended 31 October 2018 to £44.0m (2017: £45.7m). This trend is expected to continue in to FY2019 and beyond as the Group adjusts its cost base to align more directly with its re-focused business model and drive increased profitability.

The Group expects to issue its FY2018 preliminary results announcement in February 2019.

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

David Meaden, Chief Executive of Idox, commented:

"FY2018 has seen a number of changes in the Idox business, but we end the financial year in a stronger position than we entered it and I am confident in our new leadership and team to deliver success in FY2019.

We continue to work hard to fully integrate prior year acquisitions and refocusing operations on our intellectual property and profitable cash generative activities.

I am excited by the prospects for the business in FY2019 and future periods as we begin to reap the benefits of these ongoing efforts."

-Ends-

This announcement is released by Idox plc and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 ("MAR"), encompassing information relating to the trading update described herein, and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

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About Idox plc

For more information see www.idoxplc.com @ldoxgroup

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