



**Focus on
growth**

Half year results
presentation 2021

Introduction



Andy Thorburn

Chief Executive Officer

“**Good progress in research and life sciences and ICS market development**”



Peter Southby

Chief Financial Officer

“**Positive first half performance**”

H1 highlights

- A positive H1 with revenue growth and adjusted operating profit growth, ahead of both H1 2020 and H1 2019's results
- Building solid foundations for the future with recurring revenue increasing by 4%, representing 79% of total revenue
- Dividend growth returns to pre-Covid levels of 10%



Financial review

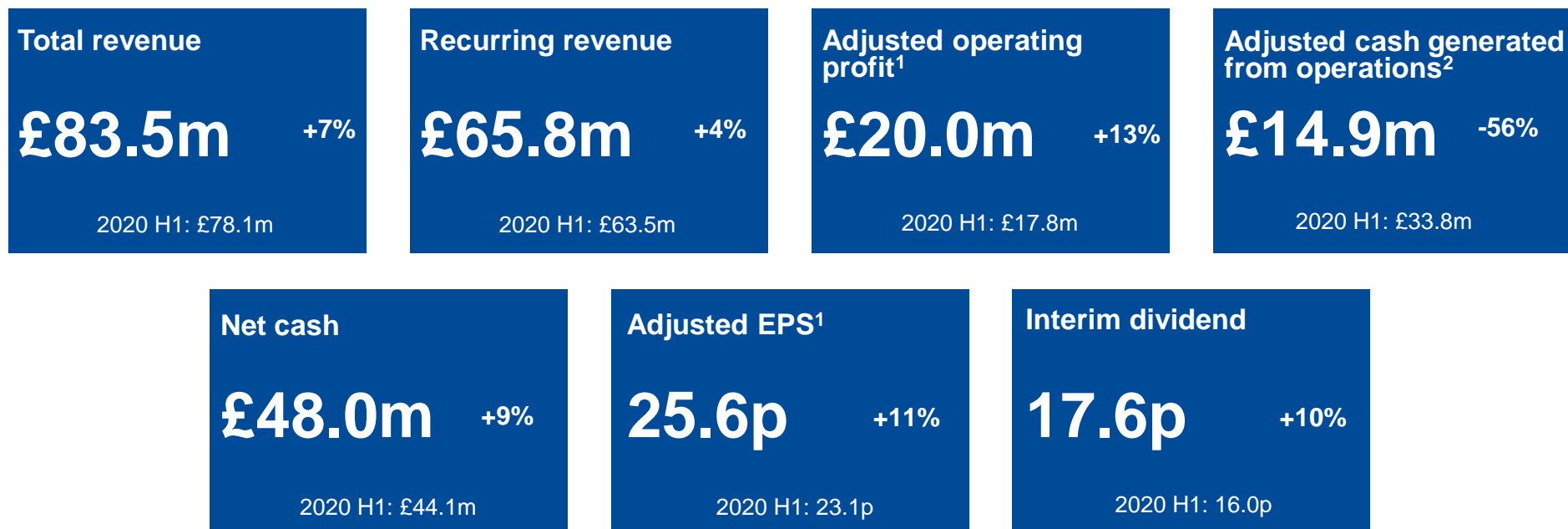
Peter Southby

Chief Financial Officer



Financial highlights

Improved momentum maintained



1. Excludes exceptional items, the capitalisation and amortisation of development costs, and the amortisation of acquired intangibles. EPS calculations also adjust for the related tax and non-controlling interest impact.

2. Stated after deduction of capitalised development costs and before the cash impact of exceptional items.



Income statement

All key metrics higher versus 2020 and 2019 H1

£m	H1 2020	H2 2020	H1 2021
Revenue	78.1	81.4	83.5
Adjusted operating profit	17.8	21.5	20.0
Capitalised development costs	4.1	2.5	2.1
Amortisation – development costs	(1.7)	(2.6)	(2.5)
Amortisation – acquired intangibles	(3.5)	(3.3)	(3.3)
Net finance costs	(0.2)	(0.3)	(0.3)
JV/associate	0.4	0.4	0.4
Exceptional items	-	1.0	-
Other income	0.8	-	-
Profit before tax	17.7	19.2	16.4
Tax	(3.4)	(3.4)	(3.3)
Non-controlling interest	0.1	-	-
Earnings	14.4	15.8	13.1
Adjusted EPS	23.1p	27.9p	25.6p
Reported EPS	22.9p	25.2p	20.8p

- Improved momentum in the latter part of 2020 maintained in the first half of 2021, despite the further lockdown in early part of the year.
- Key income statement metrics all higher compared to both the comparative period and 2019 H1 (2019 H1 Revenue: £79.8m, Adjusted operating profit: £18.2m, Adjusted EPS: 23.7p).
- Revenue includes £3.3m from March 2020 Pinnacle acquisition (2020 H1: £0.7m).
- Development costs capitalisation lower, with teams more focussed on improving customer experience.
- 2021 effective tax rate 19.1%.



Segmental analysis

Steady performance in EMIS Health with strong recovery in EMIS Enterprise

£m	EMIS Health			EMIS Enterprise			Total		
	H1 2020	H2 2020	H1 2021	H1 2020	H2 2020	H1 2021	H1 2020	H2 2020	H1 2021
Revenue	54.0	53.8	54.2	24.1	27.6	29.3	78.1	81.4	83.5
Recurring revenue	43.3	44.8	44.5	20.2	21.7	21.3	63.5	66.5	65.8
Adjusted segmental profit	11.9	13.2	12.5	6.5	9.2	8.4	18.4	22.4	20.9
Group costs							(0.6)	(0.9)	(0.9)
Adjusted operating profit							17.8	21.5	20.0
<i>Adjusted operating margin</i>	<i>22.0%</i>	<i>24.5%</i>	<i>23.1%</i>	<i>27.0%</i>	<i>30.0%</i>	<i>28.7%</i>	<i>22.8%</i>	<i>26.4%</i>	<i>24.0%</i>
Development costs capitalised	3.7	0.9	1.3	0.4	1.6	0.8	4.1	2.5	2.1
Amortisation of development costs	(0.8)	(1.8)	(1.5)	(0.9)	(0.8)	(1.0)	(1.7)	(2.6)	(2.5)
Amortisation of acquired intangible assets	(1.7)	(1.6)	(1.7)	(1.8)	(1.7)	(1.6)	(3.5)	(3.3)	(3.3)

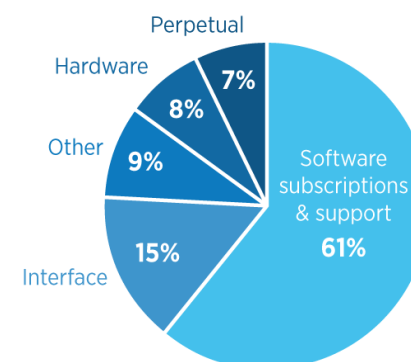
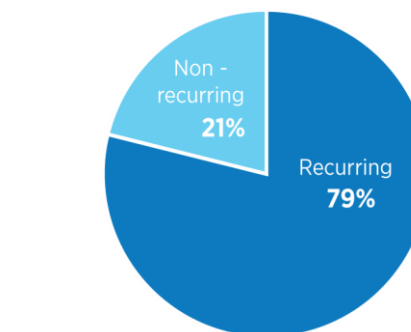
- Revenue in EMIS Health reflects a more normalised trading period with the comparative period boosted by hardware sales.
- EMIS Enterprise revenue growth reflects an improved market and a bounce back from the comparative period, which was affected by the first lockdown.
- Margin improvement driven by a more normalised gross margin sales mix partly offset by higher staff costs and increased operating expenses.



Revenue analysis

Project-driven growth in non-recurring revenue

£m	Nature	H1 2020	H2 2020	H1 2021
Recurring		63.5	66.5	65.8
Non-recurring		14.6	14.9	17.7
Total		78.1	81.4	83.5
Software subscription and support	recurring	48.9	50.6	50.9
Interface and connectivity charges	mainly recurring	9.7	10.6	12.1
Other services	mixed recurring/ non-recurring	6.7	6.7	7.9
Hardware and related services	mainly non-recurring	9.6	7.7	6.4
Perpetual licences, training, consultancy and implementation	non-recurring	3.2	5.8	6.2
Total		78.1	81.4	83.5



- Recurring revenue up 4% with non-recurring 21% higher as a result of increasing level of project work.
- Software subscription and support reflects strong performance and growth from existing customers.
- Interface and connectivity charges up as a result of increased on-boarding within the partner programme.
- Hardware revenue reduced to a more normal level following pandemic driven short-term demand in comparative period.
- Perpetual licences, training, consultancy and implementation higher due to an increasing level of project work including revenues in relation to Covid-19 vaccination programme.

Cash flow

Cash flows temporarily held back by planned VAT repayment

£m	H1 2020	H2 2020	H1 2021
Operating profit before exceptionals	16.6	18.2	16.3
Depreciation and amortisation	8.3	9.0	8.6
Working capital	12.8	(0.9)	(8.7)
Share based payments	0.2	1.2	0.8
Cash flow from operating activities	37.9	27.5	17.0
Development costs capitalised	(4.1)	(2.5)	(2.1)
Adjusted cash generated from operations	33.8	25.0	14.9
Cash cost of exceptionals	(1.3)	-	-
Net cash generated from operations	32.5	25.0	14.9
Business combinations	(3.7)	(0.5)	(2.0)
Disposal of discontinued operation	0.8	-	-
Net capital expenditure	1.5	(1.9)	(1.6)
Transactions in own shares	0.2	0.3	(1.8)
Tax	(7.7)	(4.0)	(3.8)
Dividends	(9.8)	(10.1)	(10.1)
Leases/other	(0.8)	0.1	(0.6)
Change in net cash	13.0	8.9	(5.0)
Closing net cash	44.1	53.0	48.0

- Adjusted cash from operations (before exceptionals) lower at £14.9m.
- Working capital outflow reflects the repayment of £7.3m of VAT, the deferral of which had benefitted the comparative period, and short term delayed debtor payments received in early July.
- Business combinations includes £2.0m of contingent consideration for the Pinnacle acquisition.
- Capex tightly controlled at £1.6m with the comparative period benefitting from £2.5m of proceeds from sale of former head office site.
- Transactions in own shares includes payments of £2.4m to acquire shares to satisfy future requirements of employee share schemes.
- Cash tax lower with HMRC payment regime changes in the comparative period.
- Net cash at £48.0m, 9% higher than comparative.



Balance sheet

Robust balance sheet maintained

£m	H1 2020	H2 2020	H1 2021
Goodwill	52.1	52.2	52.2
Acquired intangible assets	17.8	14.5	11.2
Development costs	16.8	16.7	16.3
Property, plant and equipment and computer software used internally	22.8	21.8	20.4
JV, associate and current assets	35.0	34.5	50.0
Deferred income	(37.0)	(29.2)	(39.8)
Other current liabilities	(26.0)	(31.2)	(26.8)
Deferred tax	(1.7)	(2.3)	(2.3)
Other financial and lease liabilities	(15.0)	(10.9)	(8.3)
Net cash	44.1	53.0	48.0
Net assets	108.9	119.1	120.9

- Strong debt-free balance sheet with £48.0m net cash.
- Debt facilities (currently unused) to June 2022 (£15.0m RCF/overdraft plus £15.0m accordion).
- Debtors increase short term in nature.
- Deferred income continues to provide good revenue visibility.
- Other financial liabilities includes further £2.0m contingent consideration for Pinnacle acquisition.
- Cost of interim dividend £11.1m.

Guidance and trends

Factors affecting future financial performance

Staff costs

- Expected to be similar in H2 depending on performance-related bonuses.

Development costs

- Expect current levels of capitalisation and amortisation to continue in H2.

Share-based payments

- Charge expected to be broadly similar in H2 (performance-related).

Tax

- Expected to remain close to 19% UK statutory rate.
- Cash tax to remain at consistent level in H2 2021.

Capital expenditure

- Expect a similar capex level for H2 with an increase into 2022 from internal systems investment.

Working capital

- Expect improvement in working capital in H2 with full year position remaining negative due to H1 VAT repayment.

Dividends

- 10% increase for interim dividend (£11.1m payable in November).

Outlook

- Acceleration of growth into 2022 in line with previously stated medium term targets.



Operational review



Andy Thorburn

Chief Executive Officer

Operational review

- Positive start to the year with the business returning to growth as expected
- 2021 outlook consistent with Board expectations, with a clear line of sight to deliver the expected results by year end
- Continued investment in new use cases and enhanced capabilities, all underpinned by EMIS-X strategy
- Business focussed on consistent growth over the coming years

“ A positive first half in line with our strategy as we focus on growth ”



H1 positive progress – moving ahead on many fronts

- Outcomes4Health (Pinnacle) supported the Covid-19 vaccination programme in England
- Deployed systems for test results in England
- Analytics has been well received at local level in the NHS
- Customers have moved from the pilot stage to long-term contracts
- Key use cases include simplified access to population health data and appointment planning during the pandemic
- Deployed new triage capability, directly connecting GP surgeries with local pharmacies
- Patient Access marketplace returned to growth, with 1,600 pharmacy locations now offering services to patients
- Secured new customer wins in the hospital pharmacy space, as well as the Covid-19 related growth in Pinnacle
- Making good progress in developing capabilities and sales in life sciences
- Continued growth of partner-related business with elite and resale partners' revenue now above 20% of the Group's total revenue

“ A busy period, moving forwards in both EMIS Health and EMIS Enterprise ”





Looking forward

Healthcare market evolution

- The post Covid-19 world is emerging with a customer focus on clinical research, clinical insights, population health and integrated care
- Clinically-focused point of care systems will continue to deliver integrated care, creating high quality data and implementing research into real world practice
- It is clear from conversations across the customer base that secure, trusted data and research environments are vital to unlock the healthcare benefits of patient data while retaining public trust
- As a trusted supplier, we are well placed to provide solutions for our customers as this new environment emerges, with capabilities required at local, regional and national levels

“**The link between research and benefit to patients through better treatments and care has never been clearer.** Over the last year the UK’s research efforts fighting Covid-19 have reinforced **the vital role clinical research plays in the health of the population**”



Accelerating growth over the coming years powered by EMIS-X investments

Research and life sciences (LS)

Our capabilities

- Legally, ethically and compliance driven
- Secure, scalable, trusted research environment
- EMIS and partner accredited AI and machine learning

Enabling our research and LS business model

- NHS and LS trusted research environment adoption
- 42% of GPs are research active
- Consenting patients directly for real world evidence
- Condition-based personalised digital engagement

Improving research outcomes

- Research cohort identification with reduced costs
- Faster time to market for new prescription medication

Integrated care systems (ICS)

Our capabilities

- 10,000+ EMIS clinical systems deployed in UK care settings
- 600m+ consultations and 650m+ prescriptions via EMIS systems
- Segmented and secure data totalling 1.5tn healthcare items held in EMIS-X for use in analytics, population health and other approved use cases

Enabling our ICS business model







- Trusted brand (at the heart of NHS pandemic management)
- ICS UK (and international) interoperability via SNOMED, FHIR, data mesh and APIs
- Clinical insight at patient, practice, primary care network (PCN), clinical commissioning group (CCG), ICS and national level

Improving patient outcomes

- Patient centric management across care settings, improving patient experience
- Proactive and timely patient interventions

Market positioning and capabilities

Healthcare innovation and integrated care powered by EMIS-X

MARKETS	 Patient	 Pharmacy	 Research and life sciences	 Primary care	 Community care	 Emergency care
		#1 12m app downloads	#1 5200 Pharmacies	New market entry	#1 40m patients	#2 20% market share
EXTENDING CAPABILITIES	Patient Access	Smart Pharmacy	Patient recorded outcomes	Digital front door	Digital front door	Emergency care workflow
	Patient information	Video consultation	Trusted research environments	Video consultation	Community and social care	Walk In centres
	Patient repeat prescriptions	Pharmacy consulting services	Cohort identification	GP clinical services	Clinical commissioning	Patient admin
	Immunisation records	Community and hospital dispensing	Algorithms - 360 care	Digitalisation of patient records	Covid-19 vaccination and testing systems	Patient prescribing
	Real world consents	Commissioned clinical services	Actionable insight	Dispensing doctor	Palliative care	Patient dispensing
	Integrated analytics	Analytics	Analytics	Analytics	Analytics	Analytics
	Partner solutions	Partner solutions	Partner solutions	Partner solutions	Partner solutions	Partner solutions

Key of complete capabilities per domain

- Leader/scale
- Digital
- Data & analytics
- Clinical
- EMIS-X connect partner APIs
- Partner
- Common services

EMIS-X Connect | Interoperability | Partner APIs |

COMMON SERVICES

EMIS-X digital	EMIS-X analytics	EMIS-X patients DB	EMIS-X documents	EMIS-X clinical research	EMIS-X clinical intelligence	EMIS-X medical record
Public cloud	Public cloud	Public cloud	Public cloud	Public cloud	Hybrid cloud	Hybrid cloud

Key of capabilities

Extending in 2021



Outlook – well positioned for the future

- Clear line of sight to meet Board expectations for the second half of 2021
- Connected care strategy positively reflects the needs of the market, both now and post Covid-19; with a strong focus on the emerging research, life sciences, population health and ICS opportunities
- Close liaison with customers to develop the capabilities they require
- We will continue to grow the Group organically, through and with partners and, additionally, with targeted acquisitions over time

“ We look forward to the future with confidence ”





Questions



Appendices

EMIS trusted research environments powered by EMIS-X

Trusted research environments (TREs) protect the privacy of individuals whose health data they hold, while facilitating large scale data analysis that increases understanding of disease and improvements in health and care.

EMIS-X OpenSAFELY TRE

35 million patient records have been linked to multiple datasets hosted on EMIS-X including NHS hospital data, ITU data, ONS death data.

Provides high-level security for approved data scientists and researchers to undertake **complex queries to answer key questions**, to understand disease and outcomes.

All data is anonymised and remains in the platform, affording **ultimate level of protection to individuals' privacy**.

EMIS-X OpenSAFELY and Covid-19

Approved by NHS England to analyse all 35 million patient records held in EMIS systems.

Giving researchers **many new insights into the pandemic** and its long term effects, including regional and ethnic differences in vaccination uptake and the incidence of Long Covid across England.

This has led to **changes in systems** to improve the diagnosis, care guidelines and recording of Long Covid.

“ **Many different use cases are emerging for research using our analytics platform** ”



EMIS care pathways powered by EMIS-X

A key challenge to the NHS is implementing clinical research, best practice and new AI tools into clinical practice – identifying patients who would benefit and flagging to clinicians while they are seeing that patient. Care pathways using EMIS-X can enable the NHS, research and life sciences to do this at scale.

EMIS-X care pathways

Enables clinical queries and AI algorithms to be run on patient records held in EMIS-X, **to identify patients who may benefit** from additional clinical care.

Clinicians using EMIS-X can contact those patients using SMS or letter. When they see the patient, they will be alerted and can undertake a clinical review and intervention.

The **outcomes can then be assessed** using EMIS-X.

EMIS-MSD hepatitis C pathway

Global eradication of hepatitis C is a WHO priority. EMIS is working **in partnership with NHS England and MSD** to deploy a patient search identification (PSI) tool.

The tool runs queries for hepatitis C virus risk factors in primary care patient records to **identify potentially at-risk patients** that should be reviewed.

EMIS is supporting MSD to make the PSI tool **available to GP practices**.

“ **Multiple opportunities to help clinicians identify risk and improve patient outcomes much faster** ”



Clinical insights powered by EMIS-X

NHS case studies:

NHS Foundation Trust

One of the larger NHS trusts in England with **900,000** patients is using Explorer to query appointment data pre-, during and post-pandemic to aid future planning.

National research

Supporting a real-world research service supporting retrospective and prospective public health and clinical studies, including enabling the NHS to conduct research into Covid-19 vaccine adverse events.

Clinical research use cases:

Early identification of undetected conditions

A pilot programme to assist clinicians in early detection of health conditions. The first project presents patients **at risk of atrial fibrillation (determined by AI)** to clinicians. An AI algorithm runs on EMIS-X Analytics identify high risk individuals and presents the data in EMIS Web.

Medication management

Integration between EMIS-X Analytics and Patient Access enables users in Patient Access to opt in to allow us to store their data in EMIS-X Analytics to bring them personalised features on the app.

