Morning Wrap

Today's Newsflow

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Kainos Group Strong revenue momentum drives top-line upgrades; Adj PBT in line

Economic view Oil prices up again as uncertainty in the Middle East reigns

Equity Research **20 Apr 2026**

08:41

Upcoming Events

Company Events

23-Apr	Bank of Ireland; Ex Final Div
	WH Smith; Q226 Results
24-Apr	Mondi; Q126 Trading Update

Economic Events

Ireland

27-Apr	PPI
	Wholesale Price Index

United Kingdom

21-Apr	ILO Unemployment Rate
22-Apr	CPI
	PPI
	Retail Price Index
	ONS House Price
24-Apr	Retail Sales
	GfK Consumer Confidence
27-Apr	CBI Distributive Trade Survey

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Kainos Group Strong revenue momentum drives top-line upgrades; Adj PBT in line

Recommendation: Buy
Closing Price: £8.78

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Kainos issued a strong trading update for FY26 with Revenue ahead of consensus of £406.5m with double-digit revenue growth in H2 and overall Adjusted Profit before tax in line with expectations at c. £66m. The group added 21% to its workforce in H2 including 259 contractors reflecting pipeline depth and strong revenue growth with the use of consultants a considered response to increased demand despite the short-term margin impact. The group expects margin improvement by H2'27. Overall, we expect to improve our revenue forecast for FY26 by mid-single digit percentage and keep adjusted PBT forecasts unchanged.

Overall, Workday Products remains on track to hit group target of £100m by the end of 2026. The group added 35 new clients with the EU Pay Transparency Launch. Workday Services continued to show growth in H2 after a return to growth in H1'26 with the group noting strong performance particularly in the Americas and APAC regions.

Digital Services grew strongly with significant healthcare and public service contracts with NHS England and the Driver and Vehicles Standards Agency; whilst Americas revenue growth remains strong.

Overall, the outlook is strong given the demand for digital transformation and ongoing strength in the Workday Services and Products business. Kainos is in a position of strength and investing for growth as a prime player in digitalisation services in the UK. Overall, we view this trading statement as a positive with continued demand across its software business on the Workday Products side, and very strong growth across digital services. Whilst there is a short-term impact on margin; we believe that these investment decisions are justifiable given the scale of the demand profile at play.

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Economic view Oil prices up again as uncertainty in the Middle East reigns

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Having fallen sharply on Friday on news that shipping will be opened fully in the Strait of Hormuz, oil prices are up by 5% again this morning (Brent at $95) after tensions have flared again in the region. The latest development involves an Iranian ship which apparently ignored the US blockade, triggering the US military into action to take control of the vessel. Iran has subsequently claimed piracy on the part of the US and promised retaliatory action. This all comes just 24 hours before the end of the official ceasefire and amid reports that US negotiators will travel to Islamabad for talks with the Iranians, but uncertainty reigns as to whether these talks will actually take place at all.

All this suggests that the risks around a further round of hostilities remains, leading to a continued cessation of ships transiting through the area and a choking of important energy supplies. While oil prices are up over 50% since the start of the war, equity markets have been extraordinary resilient. The S&P 500 hit another all-time high on Friday, while the Eurostoxx was less that 1% below its pre-war level. Both markets are likely to be down today, but there remains an overriding belief in the market that this conflict will soon end and prices will reverse, causing little damage to the economy over the medium-term. There are other factors of course, such as the structural growth in technology and AI, but this view may prove to be overly complacent.

Our view has been that the US will want to look for a quick end to this conflict so that focus can return to domestic issues ahead of the November mid-terms. That remains the view. Given the gap in positions from the US and Iran, a likely outcome of the next 24 hours would be the extension of a ceasefire so that talks can be continued. Markets would likely settle for that outcome in the short-term.

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