

## MARKET ANNOUNCEMENT

30 May 2018

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### **Gentrack revenue and profit up 80% in results to 31 March 2018**

Gentrack Group Limited (NZX/ASX: GTK), a leading provider of software solutions for utilities and airports, today released its interim financial results to 31 March 2018.

#### **Highlights**

- Revenue \$52m - up 80% on H1 FY17
- EBITDA<sup>1</sup> \$15.9m - up 80% on H1 FY17
- NPAT \$8.4m - up 50% on H1 FY17
- Interim Dividend of 5.0cps declared

We are pleased to report continued profitable growth for the half year ended 31 March 2018 ('H1 FY18'). First half revenues of \$52.0m and EBITDA of \$15.9m were both up 80% on the same period last year. Net profit after tax of \$8.4m was up 50%.

The acquisitions completed in April and May of 2017 (Junifer, Blip, CA+) have contributed to the result and we have made good progress with the integration of these businesses into the Group.

As the acquisitions did not contribute to the prior comparative period H1 FY17, our commentary also includes comparisons to H2 FY17 which is a more relevant benchmark for the Group's H1 FY18 performance.

Comparing the first half performance to the second half of last year, revenues increased by 12%, EBITDA increased by 6%, and net profit after tax increased by 34%.

New projects with utilities and airports in the UK and Europe contributed to organic growth in the period. Growth in the UK has continued with revenue from the region up 314% on the same period last year, while projects in regions outside of the UK, Australia and New Zealand delivered revenues up 61% on H1 FY17. A comparison to H2 FY17 showed an increase of 60% for the UK, and a decrease of 41% for regions outside of the UK, Australia and New Zealand.

Recurring revenues from annual fees and support services continued an upwards trend recording an 89% increase on H1 FY17, while revenues from licences and project services were up 349% and 35% respectively. Contractually recurring annual fees have increased as a percentage of total revenue to 33% compared to 28% six months ago.

To support new projects and the ongoing product transformation activities across the business, people numbers have steadily increased, up 14% during the half year, and up 70% on the same period last year.

Utilities revenues and EBITDA climbed 65% and 67% respectively for the half year, driven by significant contributions from the UK operations and ongoing smart meter related projects in Australia. A comparison to H2 FY17, showed revenue and EBITDA increases of 11% and 3% respectively from Gentrack's global utilities business.

First half revenues from Veovo, Gentrack's global airport solutions division, also recorded increases, up 192% on the same period last year and 17% on H2 FY17. EBITDA was increased

by 178% compared to the same period last year, and by 19% from H2 FY17. New projects that commenced at Belfast International Airport and Ports of Jersey, along with ongoing solution implementations in Greenland, Brisbane and Schiphol Airports, all contributed to a strong first half result.

We are investing in the development of pre-configured Market Ready Solutions for our key utility growth markets (UK, Australia, NZ and Singapore). This enables us to deliver Software as a Service projects quicker with lower risk and increases our mix of recurring revenue. We have capitalised development costs of \$1.6m in the period; increased from \$0.9m in H2 FY17, reflecting the long-term returns expected from this initiative.

Priorities for the second half of FY18 include progressing market growth opportunities in the UK/European, Australasian and South East Asian markets, further innovation through our services and solutions which allows our customers to provide the lowest cost to serve models and best customer experience, and transforming our business operations to ensure we always anticipate and deliver to the needs of our customers.

The board is pleased to declare an interim dividend of 5.0cps, representing an increase of 19% to interim dividend for the same period last year.

We expect second half EBITDA performance to be broadly in line with the first half, noting that the timing of key contract wins and project milestones are subject to uncertainty. We have a strong pipeline of opportunities in all markets and current performance trends are in line with our long term 15% CAGR EBITDA growth objective.

All figures are presented in NZ\$.

## ENDS

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### Interim Financial Results Briefing

Gentrack Group Limited (NZX/ASX: GTK) will host an investor briefing on Wednesday 30 May 2018 at 10:30am NZT / 8:30am AEST (duration 1 hour) to review its interim financial results for the half year ended 31 March 2018.

This investor briefing includes both audio conference and digital participation options to enable you to view the presentation online and to dial into the conference call system to listen to the briefing.

The audio recording from the briefing will be made available in the Gentrack Investor Centre (<https://www.gentrack.com/investors>) following the call.

## Audio – Participant Access Instructions

Please join the briefing 5-10 minutes prior to the start time. You will be asked to provide the conference name and confirmation code below:

- **Name:** GTK Investor Briefing – Interim Results (H1 FY18)
- **Confirmation Code:** 7615557  
(Following entry, please provide the required details when prompted)

The dial-in numbers for available locations are listed below.

- Australia	Tollfree/Freephone	1 800 573 793
- Australia, Brisbane:	Local	+61 (0)7 3105 0938
- Australia, Melbourne	Local	+61 (0)3 8317 0932
- Australia, Sydney	Local	+61 (0)2 9193 3706
- Hong Kong	Tollfree/Freephone	800 961 105
- Hong Kong	Local	+852 3008 1527
- New Zealand	Tollfree/Freephone	0800 423 970
- New Zealand, AKL	Local	+64 (0) 9 9133 622
- Singapore	Tollfree/Freephone	800 186 5107
- Singapore	Local	+65 6320 9025
- United Kingdom	Tollfree/Freephone	0800 358 6377
- United Kingdom	Local	+44 (0)330 336 9105
- United States, LA	Local	+1 323-794-2093
- United States/Canada	Tollfree/Freephone	866-548-4713

## Slide Assist Instructions

To view the investor briefing presentation online, please visit the following link and access the briefing using your name, company, email and phone. For audio, you will still need to dial into the conference call system.

<https://slideassist.webcasts.com/starthere.jsp?ei=1193241>

Questions can be submitted online via the Slide Assist platform or verbally via the audio call system when prompted. Personal information provided for the purpose of registration will not be disclosed to any third parties and will only be used by Gentrack to manage participant interaction and questions via the Slide Assist platform.

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## About Gentrack

Gentrack provides essential software for essential services, pairing powerful platforms with deep market knowledge to help utilities and airports lower service costs, foster innovation and confidently navigate market reform. It employs over 500 people in offices across New Zealand, Australia, the UK and Europe and services over 200 utility and airport sites in 20 countries with its leading solutions for utilities - Gentrack Velocity and Junifer, and for airports under the Veovo brand including Airport 20/20, BlipTrack and Concessionaire Analyzer+.

Velocity and Junifer are leading billing and customer management solutions providing a full range of proven capabilities along with hosted and managed services options for new entrant energy and water suppliers, and larger utilities in competitive markets where flexibility, uniqueness and compliance are essential.

**More information:** [www.gentrack.com](http://www.gentrack.com)

Veovo combines Gentrack's Airport 20/20, BlipTrack and Concessionaire Analyzer+ software to unlock operational, revenue, concession and passenger insights across the airport ecosystem. The Veovo Predictive Collaboration Platform enables airports to operate more efficiently, uncover new growth opportunities and deliver outstanding guest experiences.

**More information:** [www.veovo.com](http://www.veovo.com)

## Appendix

### NON-GAAP PROFIT REPORTING MEASURES

Gentrack's standard profit measure prepared under New Zealand GAAP is net profit. Gentrack has used non-GAAP profit measures when discussing financial performance in this document. The directors and management believe that these measures provide useful information as they are used internally to evaluate performance of business units, to establish operational goals and to allocate resources.

Non-GAAP profit measures are not prepared in accordance with NZ IFRS (New Zealand International Financial Reporting Standards) and are not uniformly defined, therefore the non-GAAP profit measures reported in this document may not be comparable with those that other companies report and should not be viewed in isolation or considered as a substitute for measures reported by Gentrack in accordance with NZ IFRS.

### Definitions

<sup>1</sup>**EBITDA:** Earnings before net finance expense, tax, depreciation and amortisation and other non-operating expenses. Non-operating expenses are costs relating to acquisition.

### GAAP to non-GAAP profit reconciliation

	6 Months 31-Mar-18	6 Months 31-Mar-17	12 Months 30-Sep-17
	\$000s	\$000s	\$000s
<b>Reported net profit for the period (GAAP)</b>	<b>8,364</b>	<b>5,562</b>	<b>11,825</b>
Add back: net finance expense <sup>2</sup>	1,475	(495)	1,152
Add back: income tax expense <sup>2</sup>	3,112	2,091	5,611
Add back: depreciation and amortisation <sup>2</sup>	3,014	1,287	3,991
Add back: other non-operating expenses <sup>2</sup>	(67)	395	1,325
<b>EBITDA</b>	<b>15,898</b>	<b>8,840</b>	<b>23,904</b>

<sup>2</sup> Extracted from unaudited interim financial statements and audited full year financial statements.