

MARKET ANNOUNCEMENT

29 November 2018

Gentrack EBITDA up 30% to \$31.0m

Gentrack Group Limited (NZX/ASX: GTK), a market leader in software solutions for utilities and airports, announces its financial results for the year to 30 September 2018.

Highlights (NZ\$)

- Revenue \$104.5m: up 39% on FY17
- EBITDA¹ \$31.0m: up 30% on FY17
- NPAT \$13.9: up 17% on FY17
- Final Dividend: 8.7cps, bringing full year dividend to 13.7cps

Gentrack has continued to deliver strong growth in the year to 30 September 2018 with revenue up 39% on prior year to \$104.5m and EBITDA up 30% to \$31.0m which is consistent with market guidance. Excluding the \$1.4m revenue and \$0.9m EBITDA contribution from Evolve Analytics, which was acquired in June 2018, revenue growth was 37% with EBITDA up 26%.

Net profit after tax (NPAT) of \$13.9m is up 17% on prior year. Included in NPAT are the following non-recurring acquisition related items:

- Transaction costs related to the acquisition of Evolve Analytics in June 2018 of \$1.3m
- Impairment of CA+ goodwill to reflect the fact that no further consideration is likely to be payable

A final dividend of 8.7cps has been declared taking the full year dividend to 13.7cps, up 7.9% on FY17. This represents a total pay-out of \$12.8m and 70% of NPATA.

Ian Black, CEO said, "Gentrack has delivered a year of revenue and profit growth across the utilities and airport segments. Our new utility customers are adopting our productised solutions in the cloud, driving the Group's Annualised Committed Recurring Revenue (ACRR) up by 103% year-on-year from \$25.5m to \$51.8m. Full Year Recurring revenue for the Group, which includes non-contractually recurring services to our customer base, is \$64.0m, and accounts for 61% of total revenue.

We added 25 utilities and 3 airport customers during the year lifting FY18 subscription and software licence revenues by 78% on last year to \$48.9m. We have maintained our leading market share of the UK's independent energy suppliers and our software has now been selected by a number of the largest utilities in the UK including Npower, E.ON and SSE. We have also secured business with key airports in the USA including Orlando International Airport, and we have expanded our footprint at the Port Authority of New York and New Jersey which operates JFK, LaGuardia and Newark International airports.

In June 2018 we acquired Evolve Analytics which offers a highly complementary SaaS based solution in portfolio data analytics and revenue/cost assurance to our existing utility billing and

customer information solutions. This is performing well, and we are seeing the expected cross-sell opportunities in our UK customer base.

Continued expansion in the UK means that over 50% of the group revenues now come from the UK and Europe and half of our staff are based in the region. During the year we opened our new office in Singapore, winning our third customer in that newly competitive electricity market, and we continue to see growth opportunities in South East Asia.

We have continued to invest in our software with total development expenditure of \$11.2m of which \$3.7m was capitalised through the development of highly productised solutions which enable rapid delivery and conversion to our SaaS model. We launched Gentrack Cloud for utilities customers which will position us as a key supplier of full meter-to-cash solutions with integrated data assurance and analytics in the cloud.

The launch of the Veovo brand as the new name for our revenue, operations and customer experience solutions for airports has been well received. Veovo revenues are up 66% to \$19.4m and EBITDA up 56% to \$5.0m. Building on wins in the USA, we have opened our first sales and support office, and see a growing pipeline of US opportunities.

In July we undertook a successful Accelerated Renounceable Equity Offer to raise NZ\$90m to de-gear the balance sheet, leaving us with NZ\$50m of undrawn debt facilities to pursue acquisition opportunities that may arise.”

Looking forward, in our key markets in the UK and Australia there is currently significant investment uncertainty amongst our utility customers following Government reviews and intervention in the energy retail markets. In the UK the introduction of electricity price caps on default tariffs in January 2019 will significantly impact utility margins and business models, and compounds Brexit uncertainty. Gentrack continues to target 15%+ p.a. organic EBITDA growth in the long-term but we remain exposed to contract and project timing risk and we are seeing customers adopt a cautious approach to new projects. Our transition to productised solutions and increased focus on growing committed recurring revenues and expanding our addressable market, builds resilience during uncertain market conditions.

All figures are presented in NZ\$.

ENDS

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Invitation to Annual Financial Results Briefing

Investors are invited to a conference call on Thursday 29th November at 10:30am NZT / 8:30am AEDT to discuss Gentrack's annual financial results for the year ended 30 September 2018.

The call will be hosted by Ian Black, CEO and Tim Bluett, CFO.

The conference call details are:

The dial-in numbers for each country are listed below. For countries not listed, the Participant Toll number can be dialled. Please dial the applicable number and enter the Conference ID provided below.

To ask a question, participants will need to dial “*1” (star, 1) on their telephone keypad.

- 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 9128
- United States, LA	Local	+1 323-701-0225
- United States/Canada	Tollfree/Freephone	888-394-8218

Conference ID:

8200 381

(Following entry, please provide the required details when prompted)

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=1220102>

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 530 people in offices across New Zealand, Australia, the UK, Singapore, USA and Europe and services over 220 utility and airport sites in 30+ countries with its leading solutions.

Gentrack Cloud is a subscription-based billing, customer information, market interaction and portfolio analytics solution for energy and water utilities in markets where flexibility, uniqueness and compliance are essential. Its meter-to-cash capabilities and managed services offering are designed to enable utilities to differentiate their businesses in competitive markets, to deliver great customer service experiences, achieve lower service costs, launch innovative products and stay compliant with market regulations.

More information: www.gentrack.com

Veovo is Gentrack's world-class solution for airports, enabling them to unlock operational, revenue, concession and passenger insights across the airport ecosystem. Over 115 airports globally are using Veovo to operate more efficiently, uncover new growth opportunities and deliver outstanding guest experiences.

More information: 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

EBITDA: Earnings before net finance expense, tax, depreciation and amortisation, acquisition related costs and impairment. This provides a measure of the underlying operating profitability of the business.

GAAP to non-GAAP profit reconciliation

<i>\$000s</i>	12 Months	12 Months
EBITDA and NPATA	30 Sept 18	30 Sept 17
Reported net profit for the period (GAAP)	13,869	11,825
Add back: amortisation	5,690	3,314
Add back: tax adjustment for amortisation	(1,451)	(845)
NPATA	18,108	14,294
Add back: net finance expense/(income) ¹	1,820	1,152
Add back: income tax expense less tax adjustment above ²	8,314	6,456
Add back: depreciation and amortisation	1,297	677
Add back: acquisition costs	1,268	1,325
Less: revaluation of acquisition related financial liability	(3,835)	
Add back: Impairment of goodwill	3,984	
EBITDA	30,956	23,904

¹ Extracted from audited full year financial statements