

## MARKET ANNOUNCEMENT

24 May 2019

### **Gentrack half-year results to 31 March 2019**

---

Gentrack Group Limited (NZX/ASX: GTK), a leading provider of software solutions for utilities and airports, today released its results for the half-year to 31 March 2019.

#### **Highlights**

- Revenue \$54.4m - up 5% on H1 FY18
- Recurring Revenue \$37.7m – up 26% on H1 FY18
- EBITDA<sup>1</sup> \$12.8m - down 19% on H1 FY18
- NPAT (\$8.7m) after impairment of CA Plus of \$14.6m - adjusted NPAT \$4.6m
- Interim Dividend of 5.0cps declared

In line with guidance, the results for the half-year show an increase in revenue of 5% to \$54.4m and a fall in EBITDA of 19% to \$12.8m over the same period last year. Lower than historic revenue growth reflects the impact of the shift to SaaS sales and some deferred customer projects. Increased costs reflect the investment in productised SaaS solutions.

Recurring revenue for the half-year was \$37.7m, up 26% on H1 FY18, marking the continued growth in SaaS revenue. On an annualised basis, March 2019 recurring revenue (excluding Evolve which was acquired in June 2018) was \$74m, 33% up on March 2018.

Notwithstanding UK Brexit and electricity price regulation introduced in January 2019, Gentrack recorded a 7% increase in revenue on H1 FY18 in the UK. There was a 27% drop in Australia revenue with no large projects in the half. Our Rest of World revenues increased significantly to \$7.5m, reflecting ongoing airports projects in the US and Europe.

We have added four new utilities on a SaaS basis in H1 including Castle Water, Enigys, MoneyPlus and Northumbrian Energy. We completed deliveries at nPower, Mojo Power, MA Energy, Maxen Power and Goto Energy. Utilities revenues were flat at \$42.3m with EBITDA down 24% to \$10.1m

Veovo has won one new customer, Perth Airport and is continuing significant projects at Ports of Jersey, Wellington, Orlando, Melbourne, London City, Auckland and Newark Liberty airports. Veovo first half revenues were up 25% to \$12.1m while EBITDA remained unchanged on the same period last year.

We have fully written down the value of the CA Plus business by \$14.6m reflecting the disappointing performance of this business. It was acquired in May 2017 as an early stage business delivering retail and concessionaire management solutions for airports.

In September 2018, when it became clear that the deferred consideration based on results would not be payable, we revalued the deferred consideration and impaired Goodwill with a net \$0.1m impact. During the 6 months to 31 March 2019, expected sales growth has not been delivered and we are taking the decision to write the investment off. Notwithstanding this, there is clear demand for a solution to manage concessionaire revenues in the global airports

sector. We are integrating the business into the Airport 20/20 portfolio and still see value to be recovered from our investment.

We have over 550 staff and have continued to invest in strengthening the capabilities needed to enable our global strategy. This includes specialist skills needed to drive our SaaS product development and delivery as well as managing our global customer success operations.

We have seen a shift in the utilities sector to cloud based solutions, reflected in our growth in recurring revenues and adoption of our new SaaS offerings. In the first half we have completed the investment in our market compliant solutions for energy and water sectors covering the UK, Australia and Singapore.

Our priority for the second half of FY19 is to expand our presence in many of our large customers in the UK and Australia as they adopt our broader solution offering and they bring more of their customers onto our platforms. We will be growing our managed services business to support customers who increasingly want us to perform data processing and analytics functions on their behalf. We are also bringing the Evolve solution to market and expanding sales of the Junifer solution in Australia.

The board has declared an interim dividend at 5.0cps for the half-year in line with the interim dividend last year.

Ongoing, we are revising the dividend policy set at the time of IPO 5 years ago. The Board now intends to pay a dividend of at least 70% of underlying NPAT, subject to outlook, capital and liquidity requirements.

In line with our guidance at the Annual Meeting in February 2019, we expect to deliver a strong second half, and a full year FY19 EBITDA result marginally ahead of FY18, noting the usual dependency on the timing of key contracts and project milestones. We have a strong pipeline of opportunities in our utilities and airports markets which support our long term 15% CAGR EBITDA growth objective.

All figures are presented in NZ\$.

## **ENDS**

\*\*\*\*\*

### **Contact:**

Ian Black, CEO

Aaron Baker, Marketing and Communications Director

+64 9 966 6090

\*\*\*\*\*

## Interim Financial Results Briefing

Gentrack will host an investor briefing call on Friday 24 May 2019 at 10:30am NZT / 8:30am AEST (duration 1 hour) to review Gentrack's half-year results. This investor briefing is an audio conference with the ability 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:** Gentrack Investor Update
- **Confirmation Code:** 5137481  
(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	+1 323-794-2551
- United States/Canada	Tollfree/Freephone	888-239-9838

Questions can be submitted 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.

\*\*\*\*\*

## 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 550 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](http://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](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.

### 1H FY19 Adjusted NPAT Reconciliation

	6 Months 31-March-19 NZD'000
<b>Reported NPAT loss</b>	<b>(\$8,700)</b>
Add back Impairment Charges	\$14,551
Less deferred tax related to impairment of intangibles	(\$1,210)
<b>Adjusted NPAT</b>	<b>\$4,641</b>

### GAAP to non-GAAP profit reconciliation

	6 Months 31-Mar-19 \$000s	6 Months 31-Mar-18 \$000s	12 Months 30-Sep-18 \$000s
<b>Reported net (loss)/profit after tax</b>	<b>(8,700)</b>	<b>8,364</b>	<b>11,825</b>
Add: net finance expense <sup>2</sup> / income	1,540	1,475	1,152
Add: income tax expense <sup>2</sup>	658	3,112	5,611
Add: depreciation and amortisation <sup>2</sup>	4,740	3,014	3,991
Add: other non-operating expenses <sup>2</sup>	-	(67)	1,325
Add: non-operating expenses/(income)	14,551	-	-
<b>EBITDA</b>	<b>12,789</b>	<b>15,898</b>	<b>23,904</b>

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