20 January 2020

FY20 Outlook Update

Gentrack Group Limited (NZX/ASX: GTK) ("Gentrack") provides the following update to its announcement on 15 January 2020.

Gentrack is experiencing difficult conditions in its utility markets. In the UK and Australia regulatory price caps on electricity, combined with competitive market conditions, have led to reductions and deferrals of IT investment. This has impacted Gentrack's sales pipeline to a greater degree than previously expected.

Gentrack is also in transition from an upfront license model to a recurring SaaS model, whereby initial contract revenues are declining and being replaced by more predictable contracted recurring payments.

A detailed FY20 reforecasting exercise has been completed in which forecast revenue has decreased significantly. Gentrack now expects its full year FY20 EBITDA[1] to be between NZ$8m and $12m.

In light of these market conditions Gentrack is taking action to reduce its cost base by approximately $8m on a full year basis, of which approximately $4m will benefit the current year.

Gentrack notes the following key points in relation to its underlying business:

- Gentrack continues to be a profitable and cash generative business, with a strong balance sheet and no net debt
- Contractually Recurring Revenue is forecast to grow by more than 5% in FY20, with overall recurring revenue (which includes non-contractual "business as usual" services to existing customers) approximately flat at $78m
- Gentrack remains a market leader in the UK, NZ and Australia for utility billing and customer management systems with high customer retention
- The previously reported decision by E.ON to suspend its Gentrack implementation is not driven by issues with Gentrack's products or services. E.ON may restart the project, although it has made no commitment to do so
- Gentrack's airports business (Veovo) remains a market leader in Australia, New Zealand and the UK for airport billing and operating systems and passenger management systems, with a global growth opportunity
- Gentrack will continue to have over 100 staff in product development to support its strategy of SaaS productisation. Notwithstanding this, capitalised software development is expected to reduce from $5.1m in FY19 to c.$1m in FY20.

Gentrack will provide an update on guidance at the Annual Meeting on 26th February 2020.

(All $ amounts referred to above are NZ$)

ENDS

Gentrack

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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 550 people in offices across New Zealand, Australia, the UK, Singapore, USA and Europe and services over 200 utility and airport sites globally 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 100 airports globally are using Veovo to operate more efficiently, uncover new growth opportunities and deliver outstanding guest experiences.

More information: www.veovo.com

[1] **EBITDA:** Earnings before net finance expense, tax, depreciation and amortisation and other non-operating expenses. Non-operating expenses are costs relating to acquisition. References to FY20 EBITDA do not reflect changes resulting from the implementation of IFRS16 that became effective for FY20 reporting.