



Gentrack Group FY23 Half Year Update

22 May 2023

[NZX/ASX: GTK]

Disclaimer

This presentation may contain forward-looking statements. Forward-looking statements often include words such as 'anticipate', 'expect', 'plan' or similar words in connection with discussions of future operating or financial performance.

The forward-looking statements are based on management's and directors' current expectations and assumptions regarding Gentrack's business and performance, the economy and other future conditions, circumstances and results. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Gentrack's actual results may vary materially from those expressed or implied in its forward-looking statements.

All figures are shown in NZ\$M.





Gentrack

HY23 Business Review

Gary Miles
Chief Executive Officer



Financial Headlines

Revenue growth driven by **51.2%** increase at Utilities:

- Customer wins & upsells to existing customers driving underlying growth. Excluding customers in insolvencies, revenue up **39%**
- Revenue from customers in insolvencies has now peaked at \$19.7m for HY23 v \$9.8m in HY22 as we manage exit of Bulb.

Veovo revenue up **26.7%** at **\$10.4m**

- Continued strong growth in ARR (up **15%**)

EBITDA at **\$16m** (\$14.8m higher)

- Revenue growth delivering EBITDA growth. All R&D investment expensed in the period.

Cash **\$25.4m** higher v H1 FY22 & **\$14.5m** higher than last year end

- High level of EBITDA to cash conversion
- No debt

	HY22	HY23	
REVENUE	\$57.1M	\$84.3M	↑ 47.7%
UTILITIES REVENUE	\$48.9M	\$73.9M	↑ 51.2%
VEOVO REVENUE	\$8.2M	\$10.4M	↑ 26.7%
ARR excl. insolvent customers	\$32.9M	\$45.4M	↑ 37.7%
EBITDA	\$1.2M	\$16.0M	↑ 1268%
NET CASH	\$16.5M	\$41.9M	↑ 154%

Outlook Update

For FY23, the Group expects revenue to be between \$157m and \$160m. This is an increase over our previous guidance of \$147m to \$150m. We still expect FY23 revenue will include c.\$25m from insolvent UK customers, with the higher revenue guidance a result of faster growth across the rest of our business. We expect EBITDA for FY23 to be c.\$22m.

The strong underlying growth in both Utilities and Veovo means we are also able to upgrade our revenue guidance for FY24, from the prior guidance of \$150m, to be in line with FY23 revenue despite the loss of 'one off' revenues of c.\$25m from insolvent UK customers. Our targeted EBITDA margin for FY24 remains at 12% to 17%.

The growth opportunity for Gentrack is significant

~100%

of utilities will transform
in the next decade

The first wave (20%)
is predicted to
transform by 2026

Gartner®

2-3

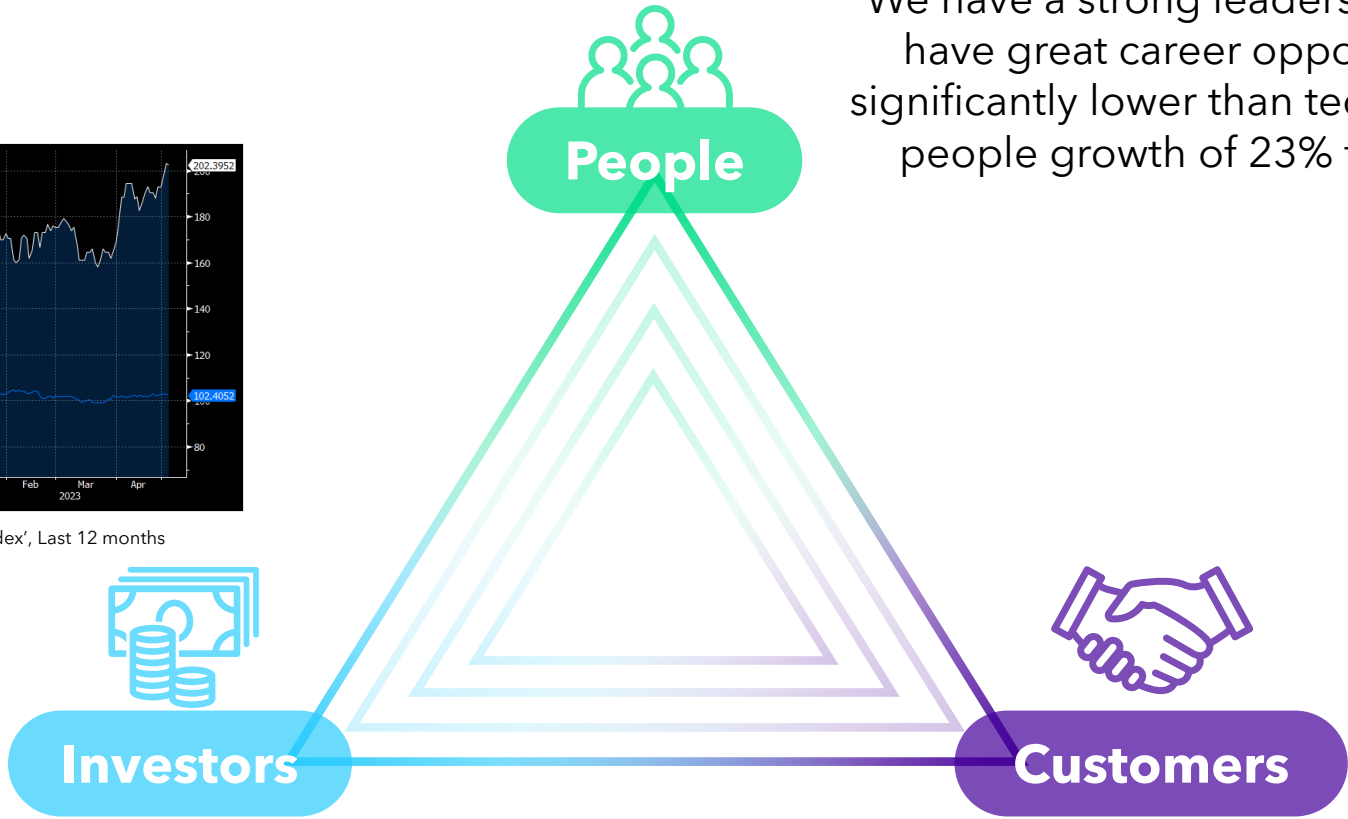
new-age players will take
market share from legacy
players who are slow to
adapt & new regional
players outpaced

No industry has seen so little IT change in the past 25 years and now needs to change so much to modernize and deliver a sustainable future. To enable this is our purpose.

Gentrack is well positioned to service all of our stakeholders



GTK stock performance in NZX, compared to 'NZX 50 index', Last 12 months



We have a strong leadership team, employees have great career opportunities, attrition is significantly lower than tech benchmark and net people growth of 23% from HY22 to HY23.

Gentrack is now outperforming the market, delivering a sustainable agenda and is committed to transparency & growth.

Our customers are strong leaders who drive the market direction. Our tech roadmap is resonating well.



Utilities Objectives for 2023 – Recap



Grow in our core markets

'23 and beyond



Implement booked wins in Australia, New Zealand and UK



Upsell G2, cloud services and innovation highway to all existing customers



Reach new Tier1/Tier2 B2C and B2B energy customers



Expand Australian water footprint and enter regulated water in the UK

Expand globally

'23 and beyond



Use Singapore as a base to expand into Asia and the UK into EMEA



Reassign experienced leaders from core markets to new markets



Use our partnership strategy to replace SAP, Oracle and other legacy tech providers



Amplify marketing to build global brand awareness

As presented in FY22 earnings

Target c.\$3m p.a. investment for global expansion focused on sales & marketing

Double digit growth in underlying revenue

Scorecard for 'Grow in our core markets'



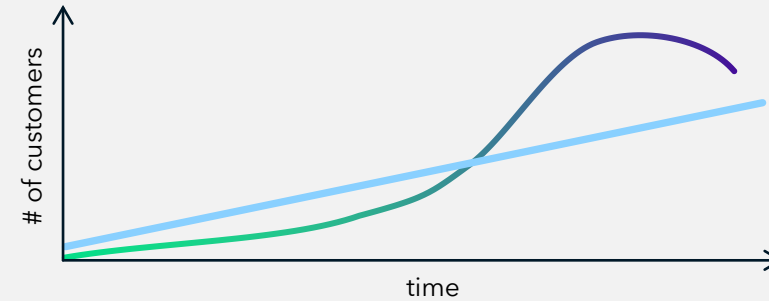
Implement booked wins in Australia, New Zealand and UK



Regional growth revenue compared to HY22:



Upsell G2, cloud services and innovation highway to all existing customers



g.2.0
upgrade

Innovative
add-ons



Reach new Tier1/Tier2 B2C and B2B energy customers



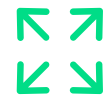
- Solar home bundle in EnergyAustralia
- New water customer in Australia
- New water project in Fiji
- Go live in water B2B companies UK and water pipeline is growing



Expand Australian water footprint and enter regulated water in the UK



Scorecard for 'Expand in EMEA and Asia'



Use Singapore as a base to expand into Asia and the UK into EMEA



Opened Singapore office



Reassign experienced leaders from core markets to new markets



Experienced Gentrack execs now leading Asia and EMEA with scaled up sales teams



Use our partnerships to replace SAP, Oracle and other legacy tech providers



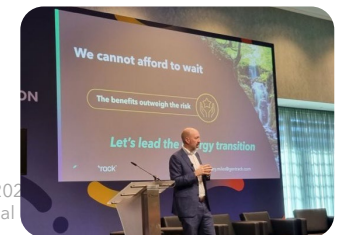
Our salesforce strategy is working and pipeline is building



Amplify marketing to build global brand awareness



- Keynote at European & Asian events
- Joined forces with trade delegation in energy agenda overseas
- Grow social awareness and influence



Good results



Early/On Plan

veovo Airport Division Returns to Growth



Win new airports ✓

More than 2x
the sales pipeline



Expand the base ✓

4
upgrades
signed

3
transformations projects goes live,
including first managed services

Numerous upsells,
including in
2 tier-1 airports



Innovate ✓

Migrated to **new cloud tech stack** to
reduce cloud cost

Machine learning pilot for future EU
regulation

Forecasting pilot
in tier-1 US airport

Strong demand for digital transformation across the Airport sector



Gentrack

HY23 Results

John Priggen
Chief Financial Officer



Group Profit and Loss

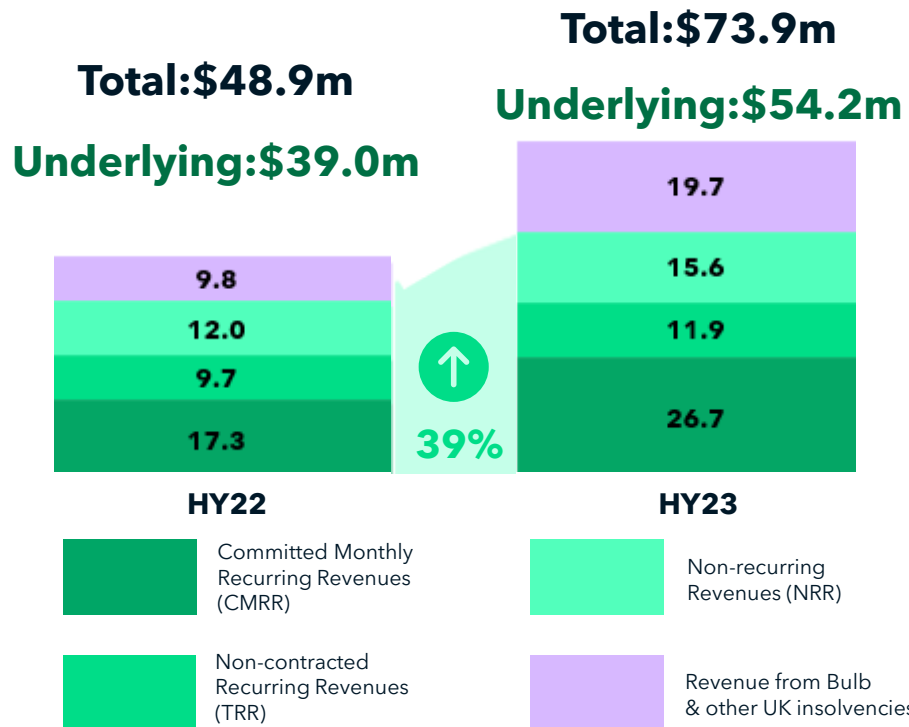
NZ\$m	Utilities		Veovo		Group	
	HY22	HY23	HY22	HY23	HY22	HY23
REVENUE	48.9	73.9	8.2	10.4	57.1	84.3
Personnel Costs	39.7	48.9	5.8	6.2	45.6	55.1
Other Costs	8.6	11.0	1.7	2.2	10.4	13.2
TOTAL COSTS	48.4	59.9	7.5	8.4	55.9	68.3
EBITDA	0.5	14.1	0.7	1.9	1.2	16.0
					Depreciation and Amortisation	(5.4) (4.1)
					Net Finance Expense	(1.5) (0.5)
					Income Tax	(0.2) (3.5)
REPORTED NET PROFIT/(LOSS) AFTER TAX¹						(5.8) 7.9

- **Revenue up 47.7% vs HY22:**
 - Strong growth at both the Utilities and Veovo businesses.
 - Includes \$19.7m from Bulb & other UK insolvencies. Expect c.\$5m from these customers in H2.
 - Underlying Utilities growth also impressive at 39%.
- **Costs up 22% vs HY22** to support revenue growth and continue investment in R&D and Sales.
- **EBITDA up \$14.8m at \$16m-** includes benefit of high Bulb revenue. H2 EBITDA expected to be \$6m+.

¹ Underlying EBITDA being earnings before depreciation, amortisation, impairments and non-operating expenses related to acquisitions. EBITDA is a non-GAAP measure

Utilities Revenue Analysis

Utilities Revenue HY23 v HY22 NZ\$m



Total revenue up 51% v HY22

Strong underlying growth (excluding Bulb & other UK insolvencies):

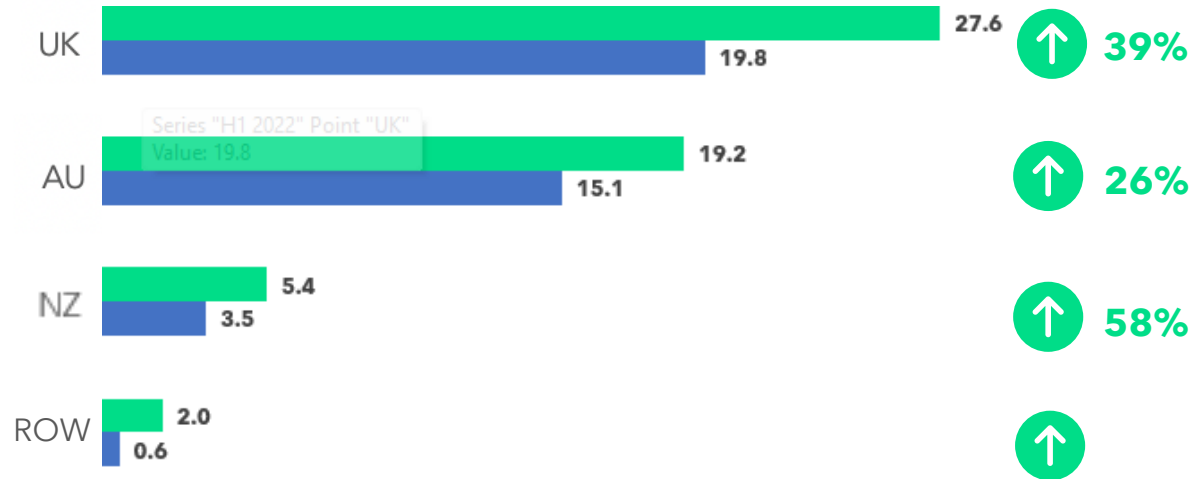
- 39% growth in total underlying revenues.
- 43% growth in underlying recurring revenues (CMRR & TRR).

Growth from delivering on recent customer wins and upsells to existing customers.

Expect \$5m+ of revenue from Bulb in H2 (c.\$25m in total for FY23). We assume no Bulb revenue in FY24.

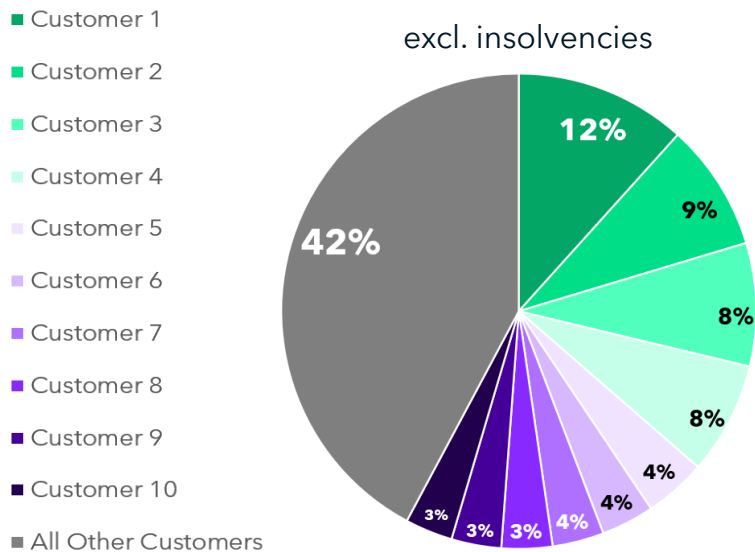
Utilities - Analysis of Underlying Revenue

HY23 v HY22 Revenue by region excl. insolvencies

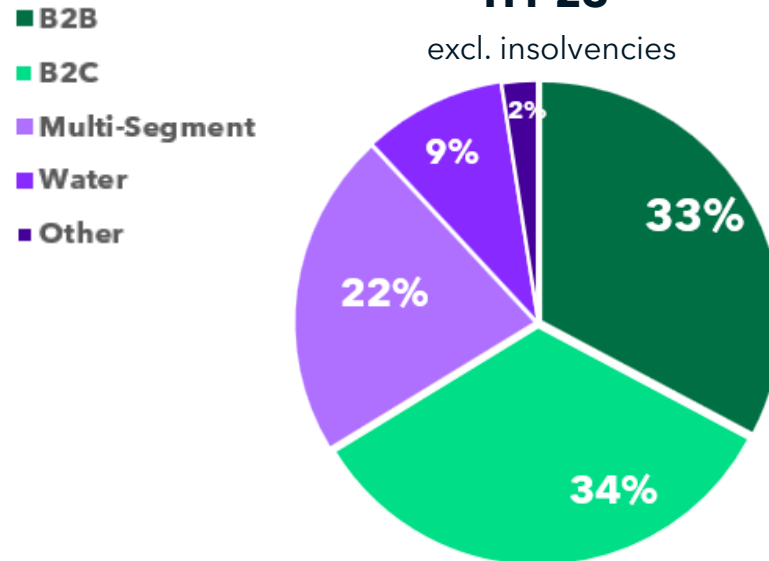


- Strong underlying growth across all regions.
- ROW - growing international footprint with \$2m revenue from customers in Singapore, Fiji & Papua New Guinea.
- Strong growth in both energy and water.

Top 10 customers by revenue
H1 23

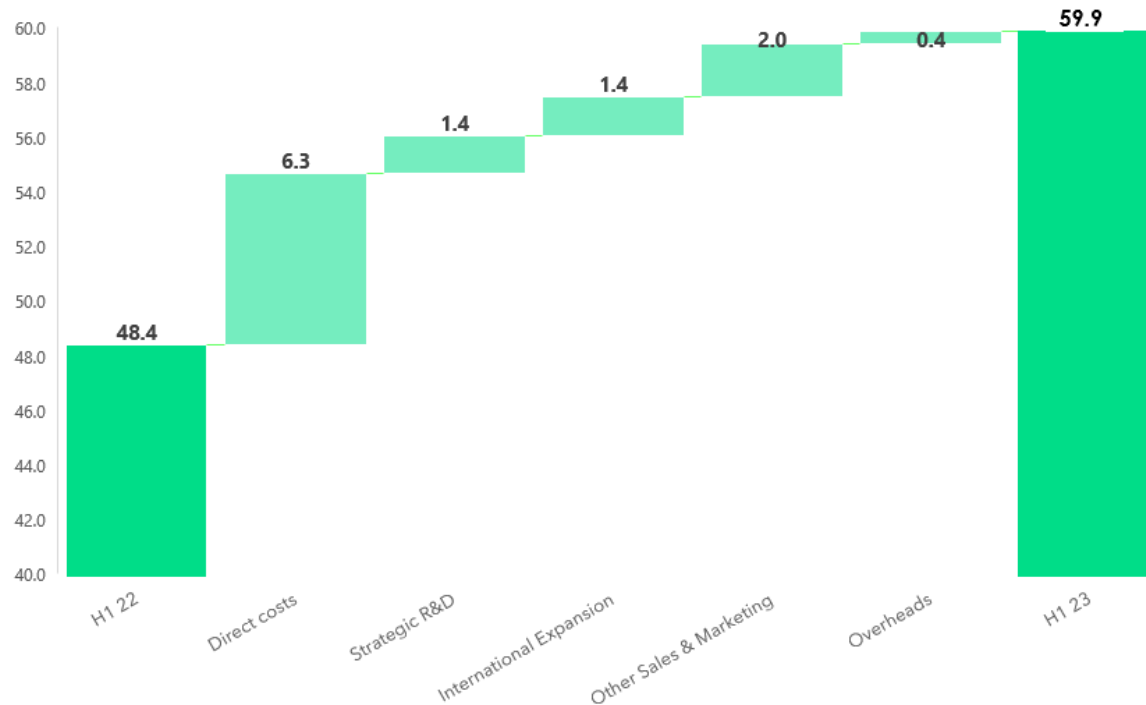


Revenue by market segment
H1 23



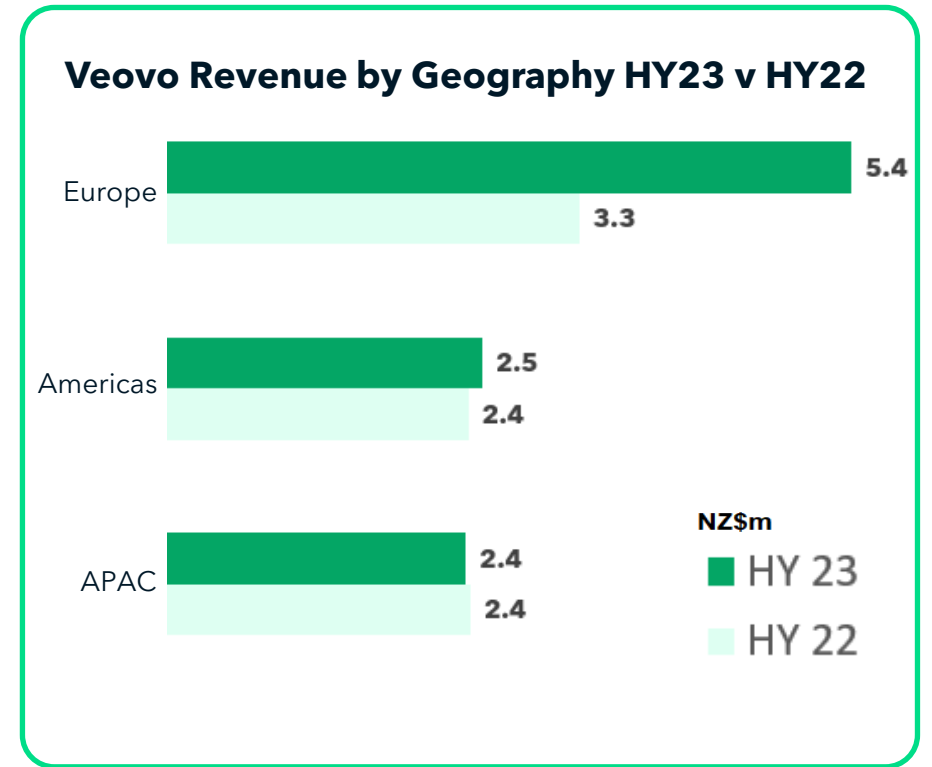
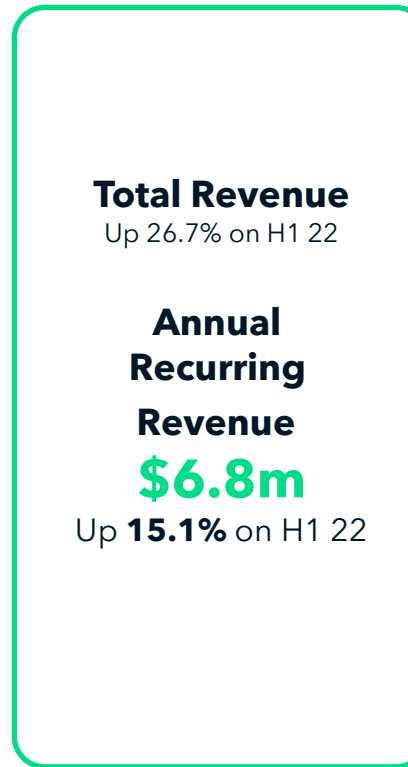
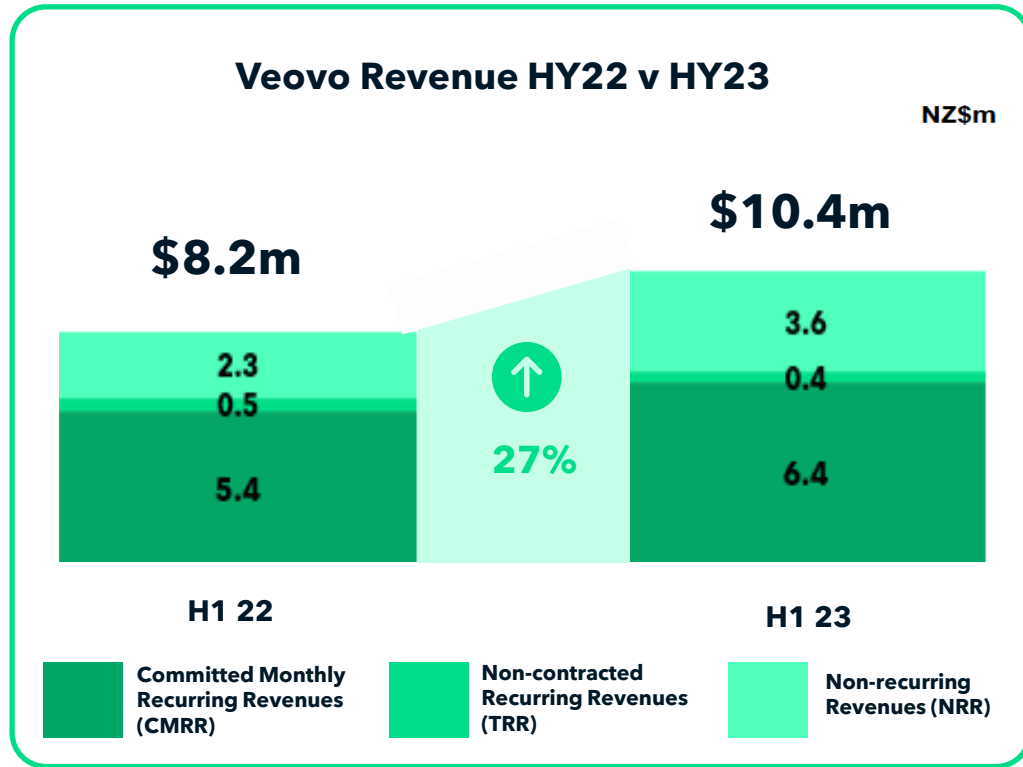
Utilities Expenditure Analysis

Utilities Costs HY23 v HY22 (NZ\$m)



- \$6.3m increase in direct costs, in people & hosting, to support higher revenues.
- Higher investment in strategic R&D (up \$1.4m) as our underlying revenue grows.
- \$1.4m investment in international expansion (Asia & EMEA) in line with the \$3m p.a. target set out last November.
- Continued strong investment in Sales & Marketing within our core market (up \$2m).

veovo Revenue Analysis



- Recurring revenue continues to grow up **15.1%** over HY22 at \$6.8m
- Strong demand for upgrades & transformations driving higher NRR up \$1.3m at \$3.6m this half year.

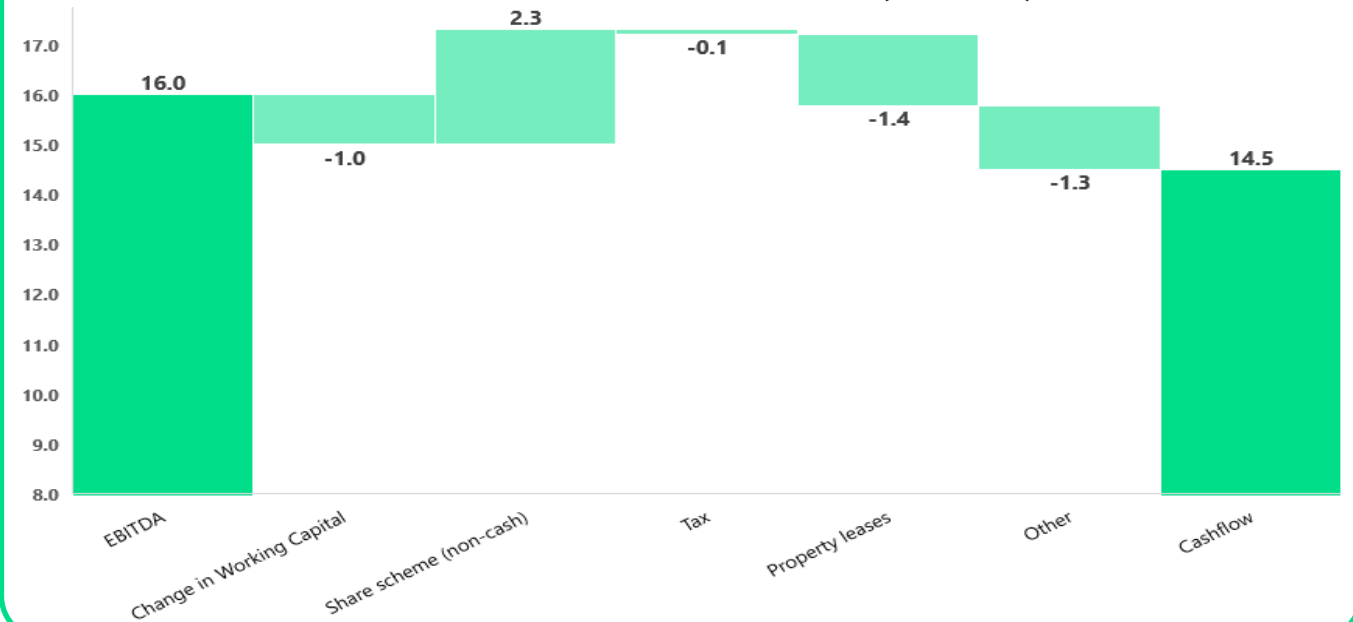
Cashflow

NZ\$m

	30 September 2022	31 March 2023
Cash	\$27.4m	\$41.9m
Debt*	Nil	Nil
Net Cash	\$27.4m	\$41.9m

* Group retains a \$25m credit facility currently undrawn

EBITDA to Net Cashflow HY23 (NZ\$m)



- Cash up \$14.5m from September 2022 (+53%).
- High cash conversion from EBITDA, with no R&D capitalised in half year.
- Strong cash collections reflects good project execution.
- Recovery of tax overpaid from prior years reducing HY23 tax payments.

In Summary

We are pleased with our progress in all of Gentrack's core markets.

For the new markets we are entering, for both utilities and airports, our pipeline is growing.

Our technologies are resonating well and our key partnering strategy around g2.0 with SalesForce and AWS is working.

Gentrack's people are highly engaged and our employee attrition is well below the tech global benchmark.

I want to welcome the new investors who have joined our register and thank our long standing and supportive investors. We look forward to a long and fruitful journey together.




Q&A



GAAP to Non-GAAP Profit Reconciliation

NZ\$m	Half Year 31 Mar 22	Half Year 31 Mar 23
Reported net profit/(loss) for the period (GAAP)	(5.8)	7.9
Add: Net finance Expense	1.5	0.5
Add/(deduct): Income Tax expense/(credit)	0.2	3.5
Add: Depreciation and amortisation	5.4	4.1
<u>EBITDA</u>	<u>1.2</u>	<u>16.0</u>

HY23 on a Constant Currency Basis

NZ\$m	HY23	HY23 Constant Currency	Difference (vs HY23)	 %
Revenue	84.3	84.0	(0.3)	(0.3%)
Operating Costs	68.3	67.8	(0.5)	(0.7%)
EBITDA	16.0	16.2	0.2	1.2%
Statutory NPAT	7.9	8.0	0.2	2.0%



Thank you