

**20 May 2024**

## **Market Announcement**

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 2024.

## **Results Summary**

- Revenue: \$102m – up 21% on H1'23 and up 58% when excluding \$19.7m of one-off revenues in prior period from insolvent customers.
- EBITDA: \$12.3m and tracking well against our FY24 guidance. H1'23 EBITDA of \$16m included one-off high margin revenue from insolvent customers.
- Statutory NPAT: \$5.3m profit v \$7.9m in H1'23
- Cash: \$39.3m after investing \$12.9m in Amber during period v \$41.9m at H1'23

Across the first half of the financial year, Gentrack has again delivered strong revenue growth, with even stronger underlying growth when allowing for one-off revenues from last year. Growth is driven by recent and in-year new customers as well as upsells and upgrades for existing customers. In Utilities we have seen growth in all our core markets, (New Zealand, Australia, and the UK), and this financial year we have added Saudi Arabia as a source of growth. Veovo expanded its coverage of major airports with new wins in existing markets such as the UK and the Middle East.

## **Financial performance**

Revenues increased 21% over the prior year period to \$102m. In Utilities, total revenue grew by 17% to \$86.5m. Underlying Utilities revenue, excluding \$19.7m of revenue from insolvent customers in the prior year period, grew by 60%. Major projects starting during the period including in Saudi Arabia (a new customer secured in October 2023) and at Genesis Energy in New Zealand helped drive our non-recurring revenues 85% higher to \$28.9m. Whilst wins and upsells from prior periods increased our underlying annual recurring revenues by 49% over the prior period to \$57.6m.

New customer wins in the UK and the Middle East have powered Veovo to a 49.4% increase in revenue over the prior period to \$15.5m. The project work to implement these wins alongside upgrades from existing customers have driven non-recurring revenues 112% higher v H1'23 to \$7.6m. This includes \$3.8m (\$1.1m in H1'23) of revenue from sales of hardware and related services sourced from our supplier network. Customer wins and upgrades from prior

periods have also pushed annual recurring revenues 16% higher than H1'23 to \$7.9m.

EBITDA at \$12.3m is tracking well against guidance for FY24 and our NPAT was \$5.3m v \$7.9m for the prior year period, which included one-off profits from the exit of high margin customer, Bulb. We have continued to increase investment in strategic R&D, all of which has been expensed, and are increasing our sales & marketing spend to support our international expansion.

Our cash as of 31 March 2024 was \$39.3m. This was after investing \$12.9m in a 10% stake in Amber funded partly out of cash generated during the period and the remainder from the \$49.2m cash balance from the end of the last financial year.

Gentrack's Utilities and Veovo businesses both operate in markets with strong growth potential. The Board continues to believe that the best use of the company's capital is to continue to invest in growth. We have therefore decided not to pay an interim dividend. We will continue to keep the use of capital under review.

### **Growing our energy and water customers in our core markets**

Our underlying growth in Utilities is a result of recent new customer wins alongside upselling new products to our existing customers. We have also started on the journey to upgrade existing customers to our new g2.0 solution with Salesforce's Energy and Utility Cloud embedded. In November 2023, Genesis Energy selected our g2.0 solution to modernise their business and this transformation program is now underway.

In February 2024, we announced our investment in Amber, an Australian based technology company and energy retailer that gives customers direct access to real time energy prices and the technology to automate their home batteries and EVs. Part of the funds from the investment will be used by Amber to replace their existing billing platform with Gentrack's. Our investment also includes an agreement that will see us work together to develop, and take to market, an end-to-end solution for billing, care and optimisation for household batteries, EV chargers and other smart devices to automate load shifting for customers. Early discussions with our existing and target customers demonstrate high levels of interest for this leading innovative solution.

We remain confident in growth in Australia where we hold a strong competitive position and see near term opportunities to grow our customer base.

In the UK, to meet a major new regulatory change starting in 2025, energy retailers will need to ensure their technology platforms can deliver Market-wide Half Hourly Settlement (MHHS). We have developed this functionality and during this half year secured the first two of our existing customers on this new product with remaining customers expected to follow over the next 12 months.

We also secured our first upsell in the UK for our new profit & risk product. This product enables utilities to achieve a step-change in their understanding of their volumes and gross margin down to the meter level. Using configurable dashboards it can provide insights over customer, product level and regional profitability. It's another example of how we can help utilities take advantage of the increasing data flows within their business.

### **Targeting international expansion for Utilities**

Following our first Utilities contract win in Saudi Arabia in October 2023, we are making good progress deploying our g2.0 solution for both their energy and water B2C customers. Successful delivery here will help us to build our pipeline in the region as we target expansion in the wider Middle East.

In Singapore, we already serve the country's B2C residential market at energy retailer PacificLight. This half year, our platform has gone live at Senoko Energy supporting B2B customers there. Our Asian business development team based at our Singapore hub is making good progress in building our pipeline for the wider South East Asian region, where we are focused on a few large, key markets.

### **Growing our airport customers**

In March 2024 we were pleased to announce our contract win at Manchester Airports Group, which adds the major airports of Manchester and London Stansted as well as the UK's East Midlands airport to those using our Passenger Predictability software.

During this half year, we have also seen our recent customer win in Saudi Arabia expand its coverage of new airports in that country and have been progressing our delivery to Dubai airports, also a new customer secured last year.

Combined with strong demand for upgrades and expanded scope from existing customers, this has delivered exceptional revenue growth at Veovo. Revenue for this half year includes a high proportion of project revenues, both professional services and hardware sales. However, these non-recurring revenues will lead to higher annual recurring revenues in future periods and Veovo's pipeline over both new and existing customers remains strong.

### **Looking Forward**

We have positioned Gentrack as a leader in innovation. We are excited to be able to demonstrate the increasing value our platforms and new products can bring to customers.

Both the utilities and airports industries are transforming at pace. They are dynamic markets in a state of change, and we are confident in our ability to lead these markets globally over time.

We'd like to thank our customers and shareholders for their continued support and the entire Gentrack team for their achievements and for their commitment to Gentrack's future.

## **Guidance**

Both Utilities and Veovo continue to grow strongly as a result of recent wins and customer upgrades and so we are able to upgrade our previous revenue guidance of at least \$170m for FY24, to new guidance of c.\$200m for FY24. Against this higher revenue guidance, and whilst continuing to invest in strategic R&D and international expansion, EBITDA is expected to be between \$23.5m and \$26.5m (12%-13%). This compares to our previous guidance of between c. \$20.5m and \$25.5m.

## **Presentation Results**

Investors are invited to join the presentation of the Half Year Results on Monday 20th May at 10.30am NZT/ 8.30am AEST via webcast:

[www.virtualmeeting.co.nz/gtkhy24](http://www.virtualmeeting.co.nz/gtkhy24)

It is advised that attendees allow ten minutes prior to the start time to register and download any necessary webcast software.

To join via audio only, please see details here: <https://gentrack.com/half-year-results-2024-investor-briefing-details/>

## **ENDS**

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## **About Gentrack**

We are entering a new era, with utilities worldwide transforming to meet business and sustainability targets. For over 35 years Gentrack has been partnering with the world's leading utilities, and more than 60 energy and water companies rely on us.

Gentrack, with our partners Salesforce and AWS, are leading today's transformation with g2.0, an end-to-end product-to-profit solution. Using low code / no code, and composable technology, g2.0 allows utilities to launch new propositions in days, reduce cost-to-serve and lead in total experience. <https://www.gentrack.com>