

## MARKET ANNOUNCEMENT

29 May 2020

### Gentrack half-year results to 31 March 2020

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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 2020.

#### Results Summary

- Revenue: \$50.6m - down 7% on H1 FY19
- Committed Recurring Revenue: \$29.7m – up 11% on H1 FY19
- EBITDA<sup>1</sup>: \$4.3m - down 78% on H1 FY19 on comparable pre IFRS16 basis
- Statutory NPAT: (\$12.8m)
- Adjusted NPAT<sup>2</sup>: (\$1.0m)
- Net cash: \$6.4m up \$1.8m
- No Interim Dividend payable

The results for the half-year show a decline in revenue of 7% to \$50.6m. This reflects the loss of a number of UK customers due to supplier failure or acquisition, and a drop in non-recurring revenue in the UK and Australia. Committed Recurring Revenue of \$29.7m continued to increase half on half, up 11% on the prior year, reflecting a net growth in meter points and the shift to a SaaS revenue model.

Underlying EBITDA of \$4.3m (\$2.8m pre IFRS16 adjustment) was in line with guidance in February. In addition to the revenue reduction, profitability was eroded by an increase in costs of \$6.2m over the prior year, principally people costs in the UK. This was addressed with a headcount reduction in February/March, which will benefit the second half.

The statutory NPAT loss of \$12.8m for the half is a result of the decision to impair \$10.7m of goodwill and intangible assets in Blip and \$1.5m of previously capitalised utility software following rationalisation of our product range in the UK. Blip, which was acquired in April 2017, has been significantly impacted by the COVID-19 global airport shut down, with the timing of a recovery remaining uncertain. This has impacted the forecast revenues from new projects in H2. Blip has now been fully integrated into the Veovo business and we continue to see significant opportunities in passenger tracking and prediction at airports and railway stations.

Notwithstanding the reported loss, the Group achieved \$8.6m operating cashflow for the period adjusted for IFRS16, finishing with \$6.4m Net Cash at 31 March 2020. In light of the NPAT loss, the Board has decided not to pay an Interim dividend and will review the position at the year end.

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<sup>1</sup> EBITDA: Earnings before depreciation, amortisation, impairments and non-operating expenses related to acquisitions.

<sup>2</sup> Adjusted NPAT - Underlying NPAT adjusted for the impairment of Goodwill and intangible assets

Both utilities and airports revenues were down on the prior year period, however we started new energy and water billing and assurance projects in the UK, and Veovo projects at Luton Airport and Swedavia, Sweden's Aviation Authority.

The COVID-19 pandemic had no material impact on the Group's operations for the first half and business continuity plans and working from home have enabled Gentrack to continue to operate largely unaffected. However, the economic downturn has now had an impact on our Airport and Utility customers, and we are seeing some projects delayed and postponed in the second half. In the UK, Energy Retailers were already under financial pressure prior to the economic downturn as a result of Government price caps introduced in 2019, and there is ongoing risk of further failures and consolidation in the second half.

Notwithstanding the impact of the economic downturn Gentrack expects to deliver a second half EBITDA result ahead of the first half, and to remain cash flow positive.

Longer term with SaaS products that deliver costs savings and improved operations and efficiency to utilities and airports on mission critical systems, Gentrack is well positioned to emerge from the current difficult market conditions and return to consistent profit growth.

All figures are presented in NZ\$.

**ENDS**

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## Half-Year Results Investor Briefing Details

Gentrack Group Limited (NZX/ASX: GTK) invites investors to a conference call on Friday 29 May 2020 at 10:30am NZT / 8:30am AEST (duration 1 hour) to review Gentrack's results for the half-year ended 31 March 2020.

This investor briefing will be available via a webcast (presentation slides and audio only) or 'audio only' service. Please follow the instructions outlined below to access the event.

The audio recording from the briefing will be made available in the Gentrack Investor Centre (<https://www.gentrack.com/investors>) following the call.

## Webcast Instructions

To join the investor briefing online, click on the link below to view, listen to and ask questions on the Investor presentation directly from your laptop, tablet or mobile device. Please note if you are using the Webcast option, it is not necessary to dial into the audio conference as well. Audio will stream through your selected device, so be sure to have headphones or your volume turned up. If you have technical difficulties, please click the "Listen by Phone" button on the webcast player and dial the number provided.

[https://globalmeet.webcasts.com/starthere.jsp?ei=1321523&tp\\_key=f4fde32a3f](https://globalmeet.webcasts.com/starthere.jsp?ei=1321523&tp_key=f4fde32a3f)

## Audio only – Participant Access Instructions

For the 'audio only' option, you can access the investor briefing from your phone. Please join the briefing 5-10 minutes prior to the start time. You will be asked to provide the event name, your name and participant passcode as below:

- **Event Name:** Gentrack FY20 – Half-year Results Update
- **Participant Passcode:** 957140  
(Following entry, please provide the required details when prompted)

The dial-in numbers for available locations are listed below.

- Australia	Tollfree/Freephone	1 800 590 693
- Australia, Brisbane	Local	+61 (0)7 3105 0937
- Australia, Melbourne	Local	+61 (0)3 8317 0929
- Australia, Sydney	Local	+61 (0)2 9193 3719
- Denmark	Tollfree/Freephone	80 70 16 37
- Denmark, Copenhagen	Local	+45 35 15 80 48
- Hong Kong	Tollfree/Freephone	800 961 113
- Hong Kong	Local	+852 3008 1533
- Ireland	Tollfree/Freephone	1800 936 706
- Ireland, Dublin	Local	+353 (0)1 246 5637
- New Zealand	Tollfree/Freephone	0800 423 972
- New Zealand, AKL	Local	+64 (0) 9 9133 624
- Singapore	Tollfree/Freephone	800 186 5106
- Singapore	Local	+65 6320 9041

-	United Kingdom	Tollfree/Freephone	0800 358 6374
-	United Kingdom	Local	+44 (0)330 336 9104
-	United States, LA	Local	+1 323-794-2442
-	United States/Canada	Tollfree/Freephone	800-289-0462

Questions can be submitted online via the Webcast platform or 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 500 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](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 100 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

**EBITDA:** Earnings before depreciation, amortisation, impairments and non-operating expenses related to acquisitions.

### H1 FY20 Adjusted NPAT Reconciliation

	<b>6 Months 31 March 20 NZ\$m</b>
<b>Reported net profit/(loss) after tax</b>	<b>(12.8)</b>
Goodwill and intangible impairment	12.2
Deferred tax impact of intangible impairment	(0.4)
<b>Adjusted NPAT</b>	<b>(1.0)</b>

### GAAP to non-GAAP profit reconciliation

Period NZ\$m	6 Months 31 Mar 20	6 Months 31 Mar 19	12 Months 30 Sep 19
<b>Reported net profit/(loss) for the period (GAAP)</b>	<b>(12.8)</b>	<b>(8.7)</b>	<b>(3.3)</b>
Income tax (income) / expense <sup>3</sup>	(0.7)	0.7	3.8
Net finance (income) / expense	(0.9)	1.5	0.8
Impairment of goodwill and intangible assets	12.2	14.6	14.6
Revaluation of acquisition related financial liabilities	0	-	(0.4)
Depreciation and amortisation <sup>3</sup>	6.4	4.7	9.4
<b>EBITDA</b>	<b>4.3</b>	<b>12.8</b>	<b>24.8</b>

<sup>3</sup> Extracted from unaudited interim financial statements and audited full year financial statements.