



# **Gentrack Group**

# **FY22**

# **Half Year Update**

24 May 2022



# 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

## FY22 1H Results

**Gary Miles**  
Chief Executive Officer

# Veovo's airports and passenger flow business

Traffic to return to pre-pandemic levels by 2024.

Leisure travel at 2019 levels.

Expect increases in ARR volume licenses, change requests and system upgrades.

## 3

### New customer wins

- ✓ New European Airport
- ✓ Breakthrough with Italian rail
- ✓ New NA ski resort



## 4

### Customer upgrades /expansion

- ✓ Upgrades signed at Tier 1 Australian Airport, Tier 1 Asian Airport, UK Airport
- ✓ Additional win at Tier 1 US Airport to support new terminal



## 2

### Major projects delivered

- ✓ London Gatwick Airport
- ✓ Sweden's Swedavia (10 airports)
- ✓ Argentina AA2000

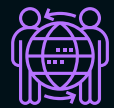


**Veovo remains an essential service for the airlines industry.**

# Utilities Scorecard



**Return to growth and winning**



**Build a high performance, highly engaged organization**



**Develop the market leading, cloud native platform**



**Establish the capability to deliver successful transformations**





**Return to  
Growth and  
Winning**

**5** new logos YTD

**15% revenue growth**  
(25% net of 12 insolvencies)

**Pipeline growing** and  
confident in guidance



**PEOPLE  
POWER**

**Aligned to strategy**  
and purpose

Engagement up  
**14%** YTD

**Retention higher** than  
tech industry benchmark



## Transformation Leadership

# 100%

Transformation success

**50** customers

**15m** meter points, **6** countries

**15** regulatory segments

**Strong customer partnerships**





**Our next generation technology**

**The leading cleantech solution for energy and  
water service providers**

# 400M

Meter points

The global opportunity is **significant**

We have a **strong foundation to win this market**

Our focus is now on **global expansion**

# Financial headlines

## Revenue growth driven by 15% increase at Utilities:

- › Excluding customers in SOLR, ARR up 14% (+\$3.9m) and NRR up 66% (+\$4.9m)
- › Current projects within NRR expected to deliver a \$7.3m ARR uplift p.a. spread across FY22/FY23

**Veovo revenue down 4%** (-\$0.3m). ARR is up 8%(\$0.4m), but project revenue is 20% lower (\$0.7m)

**EBITDA at \$1.2m** (down \$5.8m) – reduction driven by investment in strategic R&D and Sales spend

**Cash down 36%** at \$16.5m - includes funding higher R&D and Sales spend and the phasing of customer receipts on large projects. Current (mid-May) cash at c. \$20m

REVENUE	\$51.0M	\$57.1M	↑ 12.0%
	HY21	HY22	
ARR	\$40.4M	\$42.4M	↑ 5.0%
	HY21	HY22	
UTILITIES REVENUE	\$42.5M	\$48.9M	↑ 15.2%
	HY21	HY22	
EBITDA	\$7.0M	\$1.2M	↓ 83.2%
	HY21	HY22	
NET CASH	\$26.0M	\$16.5M	↓ 36.4%
	FY21	HY22	

# Financial Results

## For the Half Year ending 31 March 2022

John Priggen  
Chief Financial Officer

# Group Profit and Loss

NZ\$m	Utilities		Veovo		Group	
	H1 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21	H1 FY22
<b>REVENUE</b>	<b>42.5</b>	<b>48.9</b>	<b>8.5</b>	<b>8.2</b>	<b>51.0</b>	<b>57.1</b>
Personnel Costs	30.6	39.7	5.7	5.8	36.3	45.5
Other Costs	6.4	8.7	1.3	1.7	7.7	10.4
<b>TOTAL COSTS</b>	<b>37.0</b>	<b>48.4</b>	<b>7.0</b>	<b>7.5</b>	<b>44.0</b>	<b>55.9</b>
<b>EBITDA</b>	<b>5.5</b>	<b>0.5</b>	<b>1.5</b>	<b>0.7</b>	<b>7.0</b>	<b>1.2</b>
					Depreciation and Amortisation	(5.4) (5.4)
					Net Finance Expense	(1.3) (1.4)
					Income Tax	(1.4) (0.2)
<b>REPORTED NET PROFIT/(LOSS) AFTER TAX<sup>1</sup></b>						<b>(1.1) (5.8)</b>

- **Revenue up 12% vs H1'21:**
  - Strong growth at Utilities from both new and existing customers;
  - Offset by lower project revenues at Veovo.
- **Costs up 27.1% vs H1'21:**
  - Increase in our delivery capability to support business growth;
  - Investment in strategic R&D and Sales & Marketing.
- **EBITDA down \$5.8m to \$1.2m:** expected impact of increasing investment.

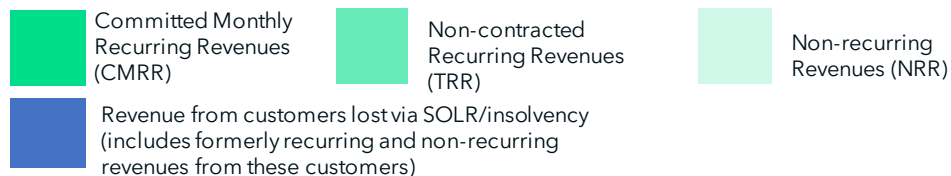
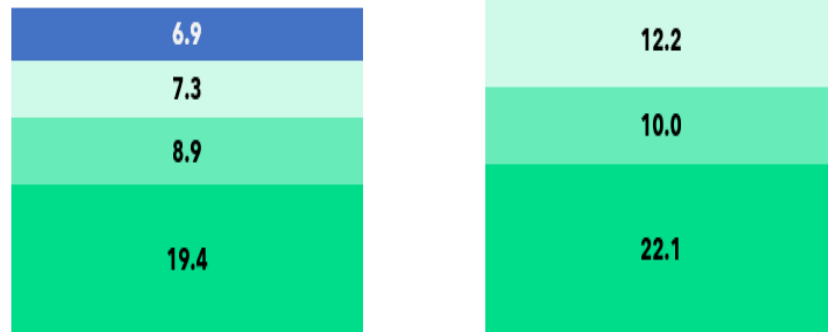
<sup>1</sup> Underlying EBITDA being earnings before depreciation, amortisation, impairments and non-operating expenses related to acquisitions. EBITDA is a non-GAAP measure

# Utilities Revenue Analysis

## Utilities Revenue H1'21 v H1'22 Revenue from customers now lost via SOLR/insolvency shown separately

**\$42.5m**

**\$48.9m**



**Total Revenue**  
Up 15.2% on H1'21

**Annual Recurring Revenue (excl. SOLR/insolvencies)**

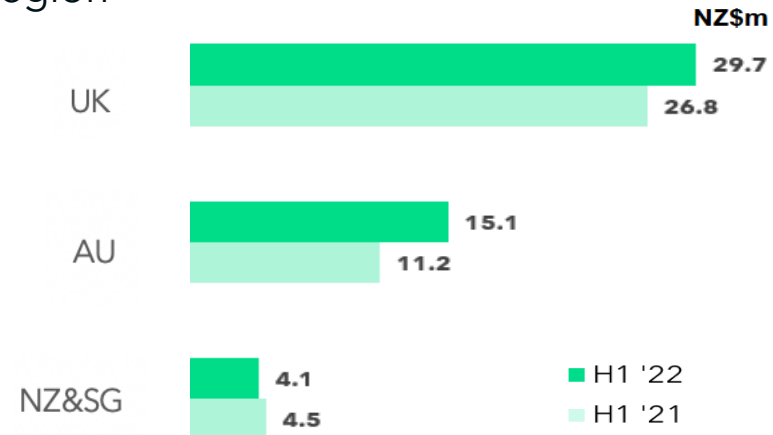
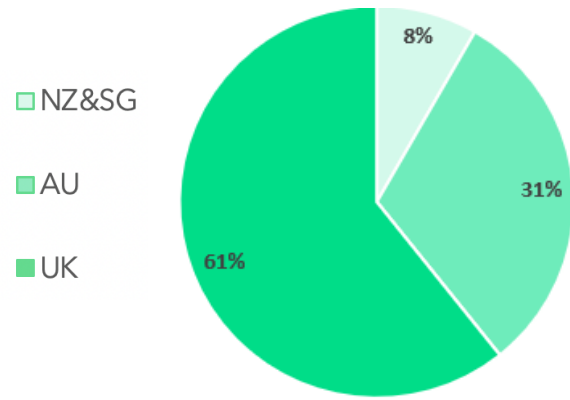
**\$32.1m**

Up 13.9% on H1'21  
72.4% of total utilities revenue excl. SOLR/insolvencies

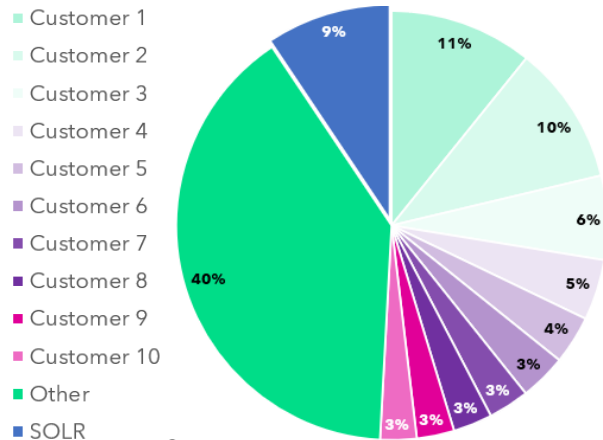
- Total revenue up 15.2% v H1'21.
- Revenue from customers now lost via SOLR/insolvency was \$4.6m (v \$6.9m in H1'21).
- Underlying revenue (excl those UK insolvencies) up 24.7% v H1'21; ARR grew by 13.9%.
- We expect a further \$1m of revenue from customers in SOLR in H2'22 as they wind down.
- NRR up 66% to \$12.2m. These projects expected to convert to ARR of c.\$7.3m p.a. with the uplift spread across FY22 & FY23.

# Utilities - Breakdown of customers

H1'22 Revenue by Region

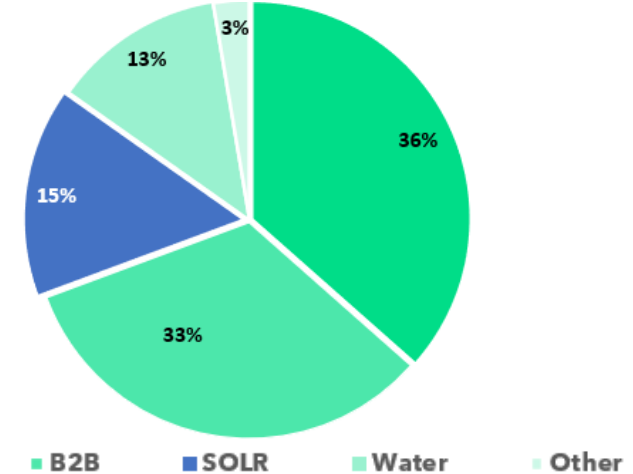


Client Concentration Top 10 by Revenue (\$48.9m)



• Bulb, in special administration in UK, is a top 5 customer

UK Market Segment H1'22 Revenue (\$29.7m)



# Veovo Revenue Analysis

## Veovo Revenue H1'21 VS HY1'22

**\$8.5m**

**\$8.2m**



## Total Revenue

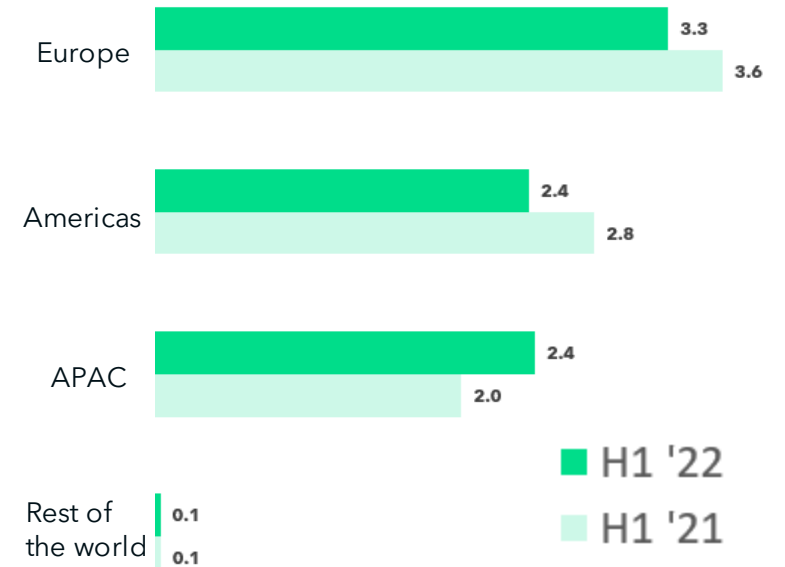
Down -3.8% on H1'21

## Annual Recurring Revenue

**\$5.9m**

Up 8.1% on H1'21  
72.0% of total Veovo revenue

## Veovo Revenue by Geography H1'21 VS H1'22

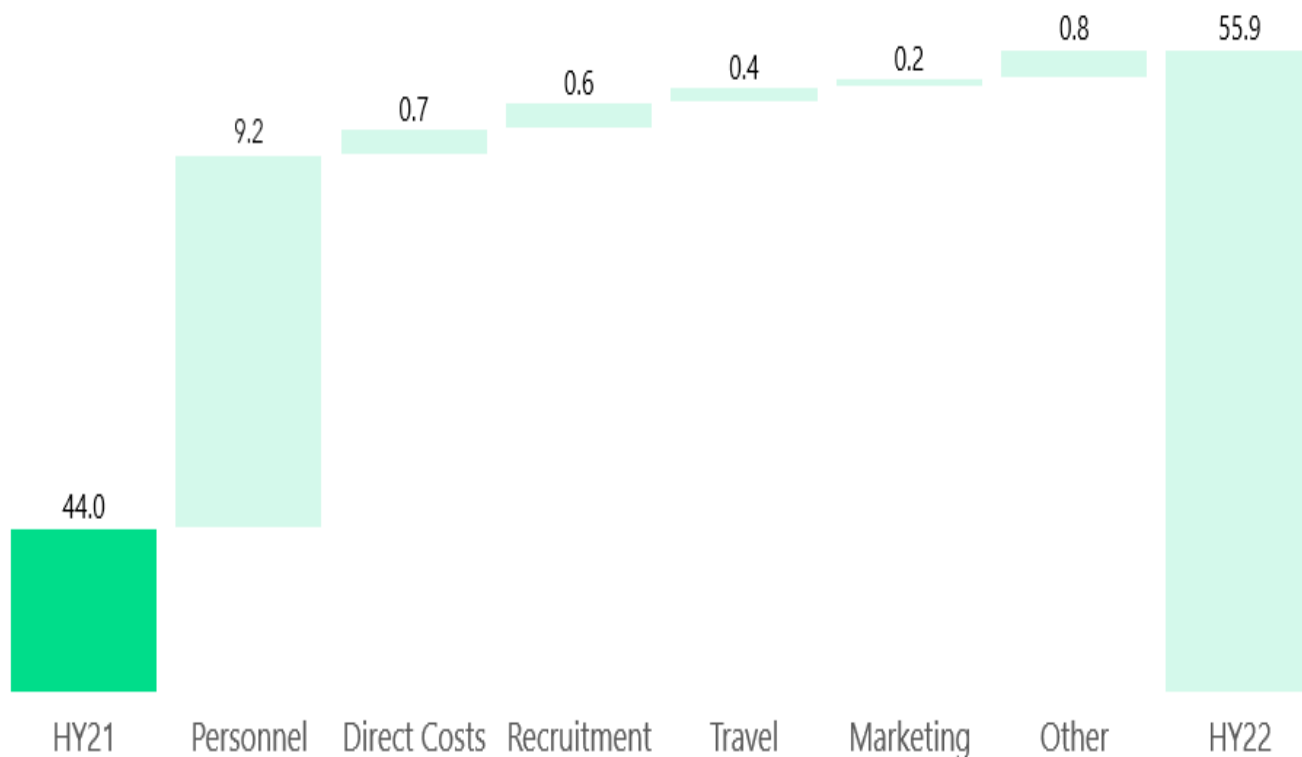


- ARR up 8.1% driven by new customers moving into operation.
- NRR reduction due to Covid impact on the aviation industry.



# Expenditure Analysis

**Group Costs H1'21 v H1'22 (NZ\$M)**



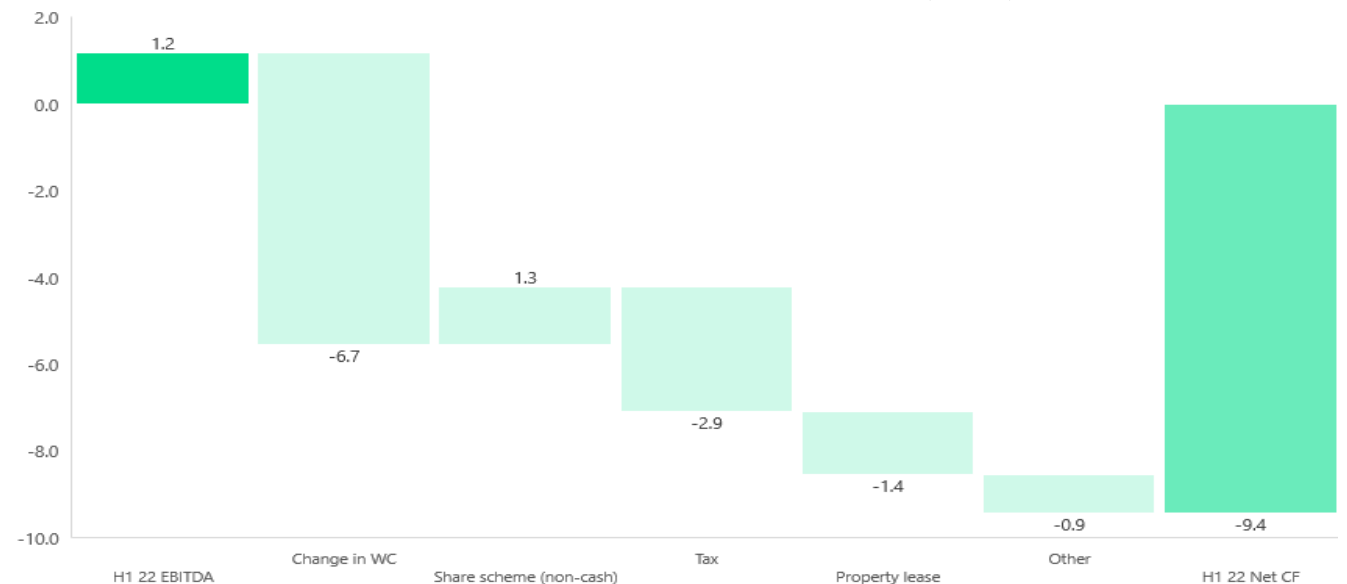
- As we set out at the Investor Day last June and in our earnings guidance in February, we have substantially increased investment in Strategic R&D and Sales & Marketing.
  - Personnel costs include a \$5m increase in our R&D team and \$0.9m in Sales v H1'21 levels.
  - This step up in headcount has required higher recruitment costs.
- Direct costs, principally hosting costs are \$0.7m higher v H1'21. This supports growth in both ARR and NRR and reflects our progress in moving our customers' platforms to the cloud.
- Travel costs have increased from the artificially low levels of last year.
- Other costs include establishing/supporting our Indian centre of excellence; software to support new products and investment in our people such as L&D. It also includes one-off costs re: the planned reduction in our UK office footprint.

# Cashflow

	30 September 2021	31 March 2022
Cash	\$26.0m	\$16.5m
Debt*	Nil	Nil
Net Cash	\$26.0m	\$16.5m

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

## EBITDA to Net Cashflow H1'22 (\$m)



- \$9.4m reduction in cash during H1 driven by a \$6.7m increase in working capital (principally trade receivables). Reflects phasing of large projects with key milestones towards the end of H1'22 and where payment was received in April/early May.
- We expect our cash position to improve in the second half of the year.

# External Metrics – from Investor Day

NZ\$M	FY21 Investor Day	FY21 Actuals	FY24 * Target
ARR (=CRR+TRR)	~\$80m	\$81.9m	<b>&gt;10% CAGR vs FY21</b>
Total Revenue	>\$100.5m	\$105.7m	<b>+ ~30% vs FY21</b>
Strategic R & D Spend	~10%	\$12.7m**	<b>~15% x Total Revenue</b>
Cash EBITDA	~10%	12.0%	<b>15-20% x Total Revenue</b>

\* FY24 target should be compared to FY21 guidance provided on 16 June 2021

\*\* Total R & D spend of \$12.7m in FY21

Notes/definitions:

1. CMRR – covers all contracted revenue both fixed (e.g. subscription, annual support) and variable (e.g. BMP variable revenue, Managed Service)
2. TRR – covers BAU service revenues which are contracted on an account by account basis on a collective degree of regularity.
3. ARR = CMRR+TRR
4. Strategic R&D definition (non-GAAP measure) – development of new strategic technology + enhancement of existing core
5. Cash EBITDA – EBITDA incl non-cash share scheme costs, incl all R&D spend, excl lease costs of property (corresponds to FY21 EBITDA of \$12.7m)

- As set out at the Investor Day we had expected FY22 Utilities revenue to be impacted by customer losses of c. \$10m of ARR vs FY21.
- However, we saw further UK customer insolvencies and so the proportion of FY21 revenue from such customers was \$13.4m.
- For FY22, and as anticipated in our earnings guidance in February, we expect revenue of c.\$5.6m (mostly ARR) from those customers as they wind down.
- In addition, uncertainty remains over the position of Bulb. It remains an ongoing customer but is currently in a UK Government led sales process.
- Our FY24 targets remain in place – we expect strong revenue growth in FY22 balanced against uncertainties in other areas.

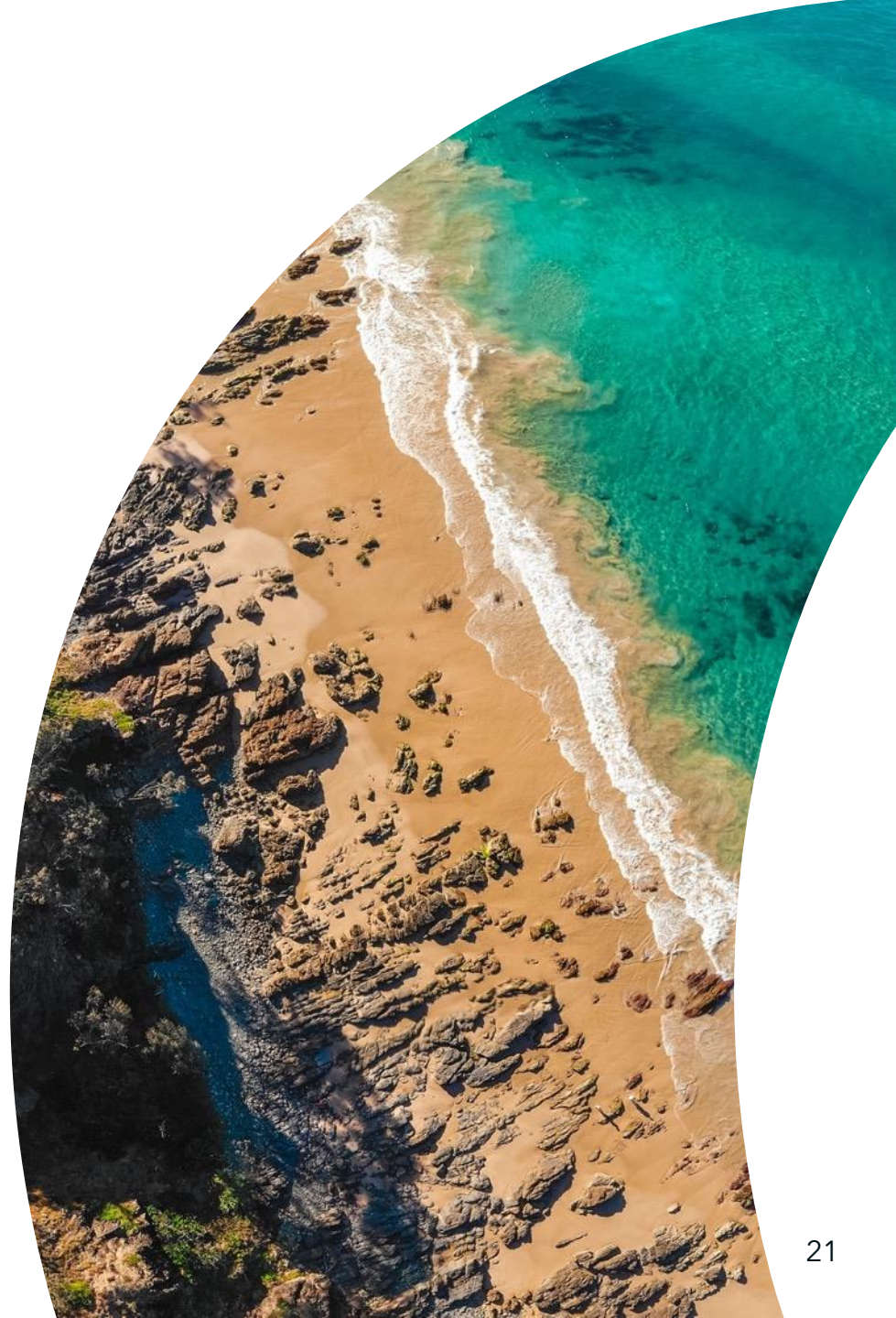
# Outlook update

On 24th February 2021 Gentrack Group Limited (NZX/ASX: GTK) (“Gentrack”) advised that revenues for FY22 are forecast to be around \$115m (vs FY21 revenues of \$105.7m) and that FY22 EBITDA is expected to be in low single-digits (\$’m).

Today Gentrack confirmed that there is no change to this guidance.

Gentrack also confirms there is no change to the FY24 targets provided on 16th June 2021.


# Q & A



# GAAP to Non-GAAP Profit Reconciliation

NZ\$m	6 Months 31 Mar 21 Unaudited	6 Months 31 Mar 22 Unaudited
<b>Reported net (loss)/profit for the period (GAAP)</b>	<b>(1.1)</b>	<b>(5.8)</b>
Add: Net finance Expense	1.3	1.4
Add: Income Tax expense	1.4	0.2
Add: Depreciation and amortisation	5.4	5.4
<b><u>EBITDA</u></b>	<b><u>7.0</u></b>	<b><u>1.2</u></b>

# H1' 22 on a Constant Currency Basis

NZ\$m	H1'21	H1'22	HY'22 Constant Currency	Difference (vs H1'21)	 %
Revenue	51.0	57.1	56.6	5.6	11.0%
Operating Costs	44.0	55.9	55.3	11.3	25.7%
EBITDA	7.0	1.2	1.3	(5.7)	(81.4%)
Statutory NPAT	(1.1)	(5.8)	(5.7)	(4.6)	N/A