

# 1H21 RESULTS PRESENTATION

25 February 2021

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# IMPORTANT NOTICE

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Information contained in this presentation:

- is intended to be general background information only, and is not intended that it be relied upon as advice to investors or potential investors and is not an offer or invitation for subscription, purchase, or recommendation of securities in Hansen
- should be read in conjunction with Hansen's financial reports and market releases on ASX
- includes forward-looking statements about Hansen and the environment in which Hansen operates, which are subject to significant uncertainties and contingencies, many of which are outside the control of Hansen – as such undue reliance should not be placed on any forward-looking statements as actual results or performance may differ materially from these statements
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All dollar values are in Australian dollars (A\$) unless otherwise stated.

## Definitions

- 1H20 = six months ended 31 December 2019
- 2H20 = six months ended 30 June 2020
- FY20 = financial year ended 30 June 2020
- 1H21 = six months ended 31 December 2020
- 2H21 = six months ended 30 June 2021
- FY21 = financial year ended 30 June 2021
- Reported EBITDA\* = Earnings before interest, tax, depreciation and amortisation, excluding net foreign exchange gains (losses)
- Underlying EBITDA\* = Earnings before interest, tax, depreciation and amortisation, excluding net foreign exchange gains (losses), not including non-recurring items
- NPAT = Net profit after tax
- NPATA\* = Net profit after tax excluding tax effected amortisation of acquired customer and technology intangibles

\*EBITDA, EBIT, NPATA, Recurring revenue and Non-recurring revenue are non-IFRS measures that have not been audited or reviewed by Hansen's auditors

# AGENDA.

## Company overview and results highlights

Dividend and outlook

Q&A

Appendix

- EBITDA reconciliation
- Strategy

# HANSEN.

A global technology company serving the Gas, Electricity, Water and Communications industries.

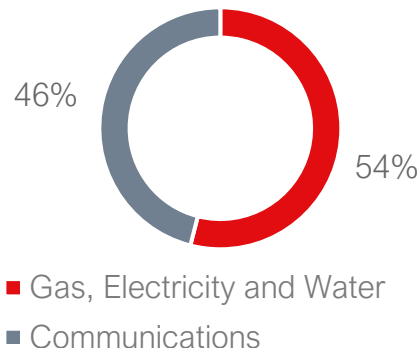
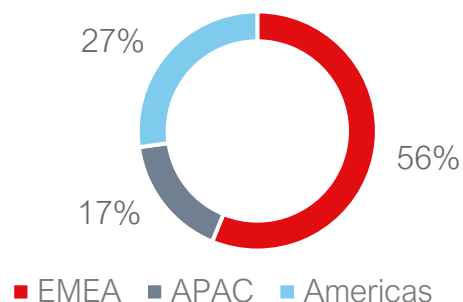
**580+**

Customers  
Globally

**80+**

Countries

**Tier 1 and 2  
customers**



## CREATE-DELIVER-ENGAGE

We develop and implement purpose-built software enabling our customers to **create** and bring to market new products and services faster, **sell and deliver** them flawlessly to customers and **engage** meaningfully at all points of customer interaction.

## GAS, ELECTRICITY AND WATER

Regionally entrenched and global challenger to SAP and Oracle.

## COMMUNICATIONS

Agile innovation & quick to market

**HANSEN**

# THE HANSEN MISSION.

To further grow our best-in-class core business through aggregating mature, entrenched and predictable businesses in the energy and communications sectors.

## OUR STRATEGY.

### Leverage our global experience

- Leverage new and existing technologies
- Cross-sell

### “**Hansenisation**” of aggregated businesses

- Deploy proven and agile technology methodologies
- Predictable management and systems

### Diversification

- Vertical, geographic and customer diversification

### Future opportunities

- A disciplined approach to further aggregation opportunities

## GAS, ELECTRICITY AND WATER

To transform our customers from basic ‘utilities’ to suppliers of new energy related products and services

## COMMUNICATIONS

To enable Telcos to innovate freely and monetize the 5G & complex B2B segment opportunity

# 1H21 HEADLINES.

A STRONG HALF

## REVENUE<sup>1</sup>

**\$147.1m**

(constant currency)  
\$142.2m (reported)

2%

## UNDERLYING EBITDA<sup>2</sup>

**\$54.3m**

(constant currency)  
\$52.3m (reported)  
36.9% margin

44%

## UNDERLYING NPATA<sup>3</sup>

**\$31.6m**

(constant currency)  
\$29.6m (reported)

77%

## REVENUE DERIVED FROM OWNED IP

**97%**

## REVENUE VISIBILITY

**95%**

1. 1H21 revenues of \$147.1m on a constant currency basis; on actual exchange rates 1H21 revenue was \$142.2m

2. 44% gain is on underlying 1H21 EBITDA excluding non-recurring items (\$0.9m) on a constant currency basis; 36.9% margin is underlying constant currency EBITDA of \$54.3m / constant currency revenue of \$147.1m.

3. Underlying NPATA = Net profit after tax excluding tax effected amortisation of acquired intangibles and non-recurring items; 77% gain is on underlying 1H21 NPATA excluding non-recurring items (of \$0.6m after tax) on a constant currency basis.



# 1H21 HEADLINES.

A STRONG HALF.

## UNDERLYING EPSa<sup>1</sup>

15.9c

(constant currency)

14.9c (reported)

77%

## DIVIDEND

5c (interim)

67%

## NET DEBT<sup>2</sup>

\$95.8m

\$20.7m

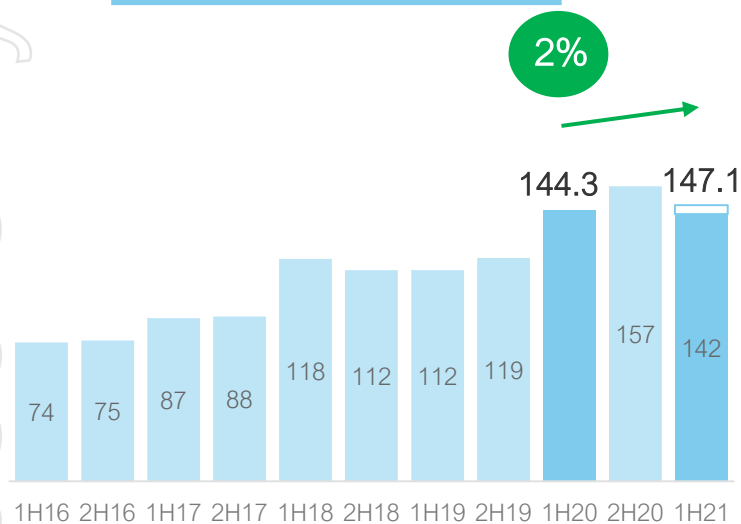
1. Underlying Basic EPSa, based on Underlying NPATA; 77% growth is on underlying constant currency EPSa against prior period.

2. Net Debt: borrowing (excluding pre-paid costs and IFRS16) less cash.

# A STRONG HALF.

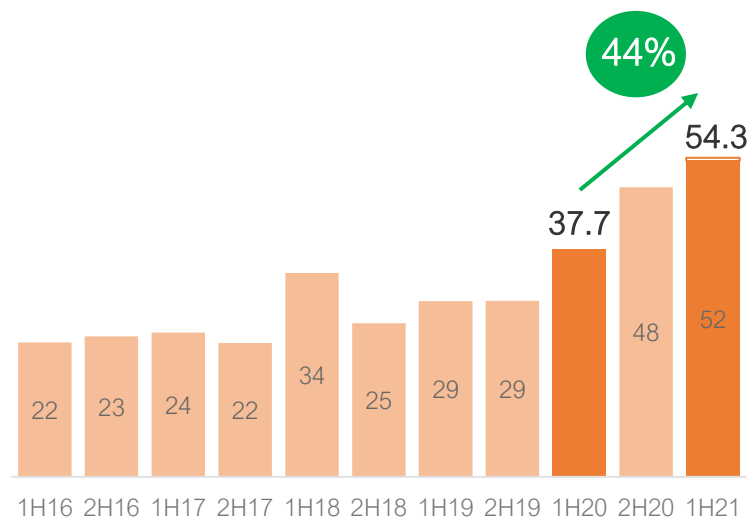
CONTINUING A STRONG TRACK RECORD.

REVENUE (\$M)<sup>1</sup>



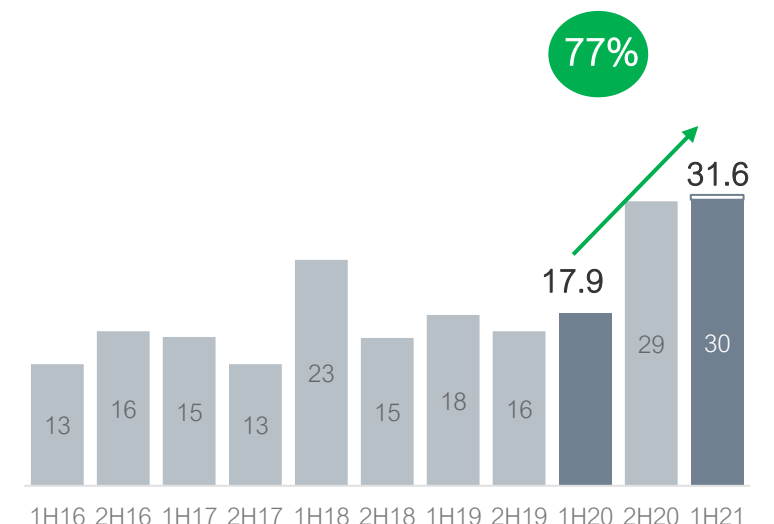
- 1.9% revenue growth to \$147.1m on a constant currency basis (revenue down 1.5% to \$142.2m on an actual currency basis due to the appreciation of AUD).
- Strategic new logo wins expected to drive organic growth including new pipeline activity.

UNDERLYING EBITDA<sup>2</sup> (\$M)



- Underlying constant currency EBITDA increased 44.0% to \$54.3m (36.9% margin) due to operating leverage and continued cost reductions.
- Efficiencies from regional management and Indian and Vietnam development centres.
- Significant part of margin increase expected to remain in “COVID-normal” conditions.

UNDERLYING NPATA<sup>3</sup> (\$M)



- Effective tax rate at a more sustainable level of 24% as previous tax losses utilised.
- Significant pay-down of debt reducing interest rate margin and cash burden by annualised c. \$3.5m from same time as last year.

## Notes:

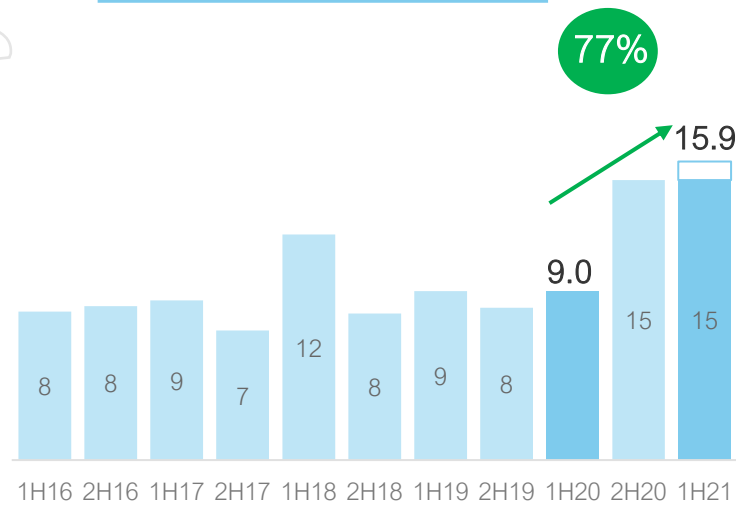
1. Reported revenues with currency impact (\$4.8m) of most recent period shown.
2. 1H21 EBITDA = Underlying EBITDA including \$0.9m of non-recurring items; years before FY20 not adjusted for impact of AASB16 (c. 10% impact), currency impact (\$2.0m) of most recent period shown.
3. Underlying NPATA: net profit after tax excluding tax effected amortisation of acquired intangibles and one-off items, currency impact (\$2.0m) of most recent period shown.



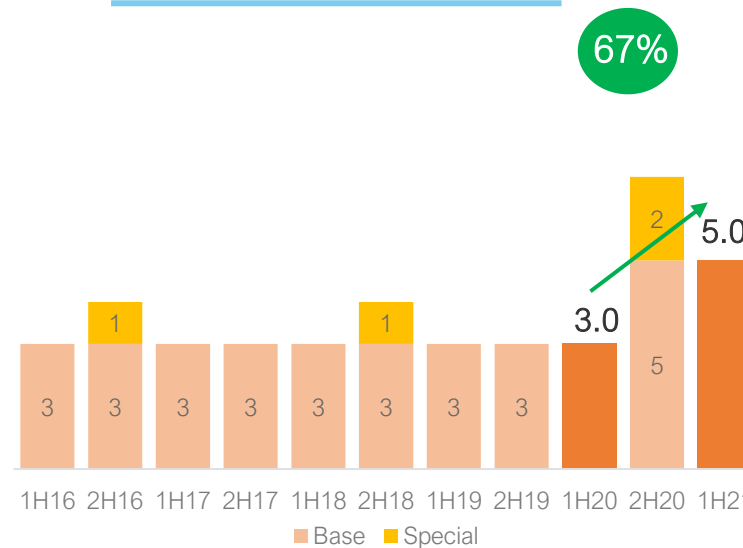
# A STRONG HALF.

CONTINUING A STRONG TRACK RECORD.

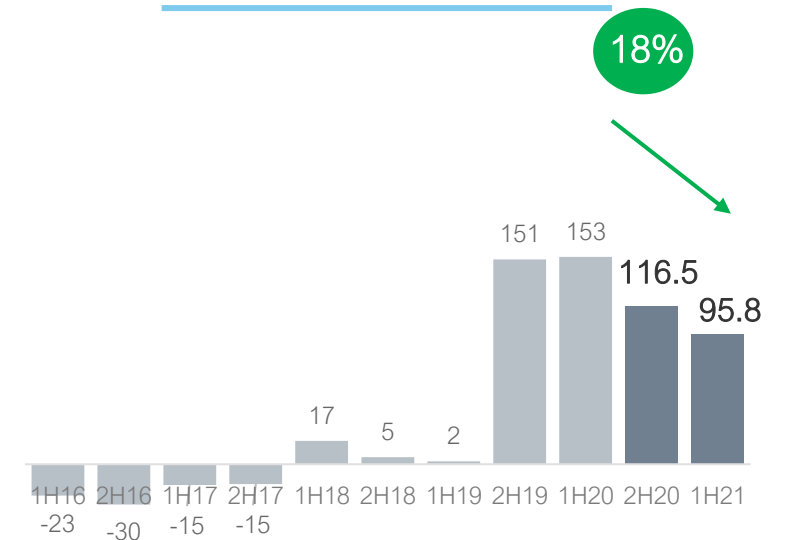
UNDERLYING EPSa<sup>1</sup> (Cents)



DPS (Cents)



NET DEBT<sup>2</sup> (\$M)



- Group margin expansion driving significant EPS growth.

- Increased interim dividend of 5.0c, reflecting strong growth in profitability.
- Cash flows ensure continued opportunity for investment in products and new aggregations.

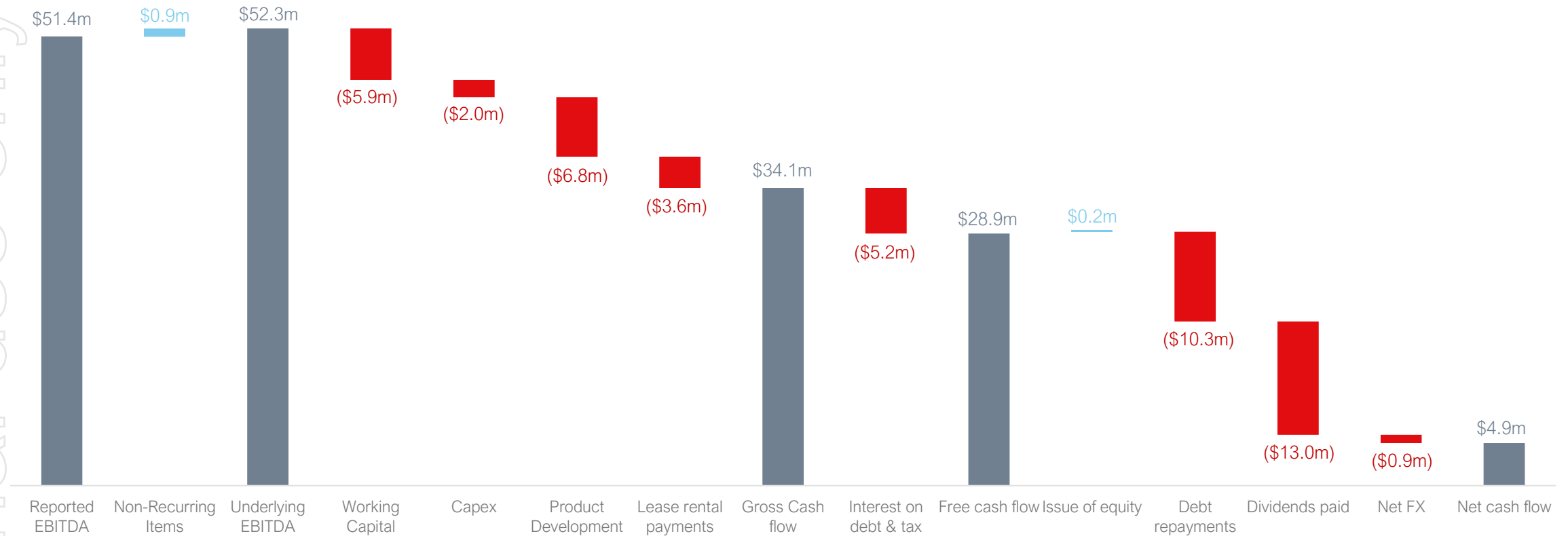
- Cash flows enabling significant reduction in net debt.
- Total available liquidity = \$75m, comprising cash of \$49m and \$26m undrawn of the debt facility.
- Strong capital structure and liquidity position supports an increased dividend.
- Significant headroom (leverage of 1.03x<sup>3</sup>) for more aggregations.

Notes:

- Underlying Basic EPS, based on Underlying NPATA with currency impact (\$1.0m) of most recent period shown.
- Net Debt excluding AASB 16 lease liabilities for FY20 and 1H21 and pre-paid borrowing costs.
- Leverage ratio: net debt (including pre-paid borrowing costs) / EBITDA excluding impact of IFRS16 and non-recurring items.

# A STRONG HALF.

STRONG CASH FLOW, REDUCTION IN NET DEBT AND INCREASED OPPORTUNITIES FOR GROWTH.



- Very strong Free Cash Flow of \$28.9m, up from \$8.3m in 1H20.
- Net debt reduced by \$20.7m to \$95.8m following \$10.3m of debt repayments + \$4.5m net cash inflow & \$5.9m debt FX impact.
- Leverage ratio<sup>1</sup> of 1.03x vs 1.46x in FY20, highlighting significant headroom for further borrowing capacity.

Notes:

1. Leverage ratio: net debt (including pre-paid borrowing costs) / EBITDA excluding impact of IFRS16 and non-recurring items.

© HANSEN TECHNOLOGIES

# A STRONG HALF.

## HIGHLY PREDICTABLE REVENUES WITH STRONG BUSINESS RESILIENCE.

1

### Proven model through financial crises

- Gas, Electricity and Water, and Communications companies are recession proof and non-cyclical.
- Services they provide are utilised regardless of economic backdrop; proven through Global Financial Crisis and COVID-19

2

### Long-term customer relationships

- Average customer contract length >10 years.
- We work closely to understand and invest in their needs providing high clarity of outlook on customer spend.

3

### Robust growth through the pandemic

- COVID-19 customer impact did not eventuate.
- Significant new customer wins driving organic revenue growth.

4

### Thought leadership

- Hansen's executive team has >100 years of expertise and experience in communications, IT, business process and management.
- Turning customers from today's utilities and telecoms into tomorrow's next digitally-driven experience companies.

5

### Significant new customer wins

- Low customer losses.
- Significant customer wins underpinning longer-term revenue outlook.

# KEY ACHIEVEMENTS IN 1H21.

1

## STRATEGICALLY SIGNIFICANT CONTINUED CUSTOMER WINS

- **Customer wins in:**
  - 5G Telecoms.
  - Smart energy.
  - Renewables (including solar).
- Expectations of continued regulatory change driving organic growth.
- See next slide.

2

## SIGNIFICANT TECHNOLOGY AND ORGANISATIONAL INVESTMENT

- **Development centres:** strong recruitment of new developers to deliver future pipeline.
- **Cloud relevance for products:** all our products are available on-prem, SaaS solution, public cloud or Hansen-provided cloud providing ultimate choice for customers.
- **Head of Strategic Sales:** driving key customer relationship development and sales efforts to grow cash generative core.
- **M&A team:** focused team to search and screen for all relevant aggregation opportunities for optimal, value-accretive acquisition growth (see later slides).

3

## STRONG PROFITABILITY FOCUS

- Continued positive momentum in EBITDA margins.
- Driven by the continued rationalisation of the Company's cost base driven by the global pandemic, as well as reduced travel.
- Spent it like it is your own continues to be the focus as profitability improves.
- Targeting EBITDA margins of 32% - 35% over the long-term.

Growth, investment and profitability improvements across the business while positioning for "COVID-normal".

# STRATEGIC SIGNIFICANCE OF RECENT WINS.

BUILDING THE FOUNDATION OF FUTURE IMPROVEMENTS IN ORGANIC REVENUE GROWTH.

## Category

## Description

## Example logos

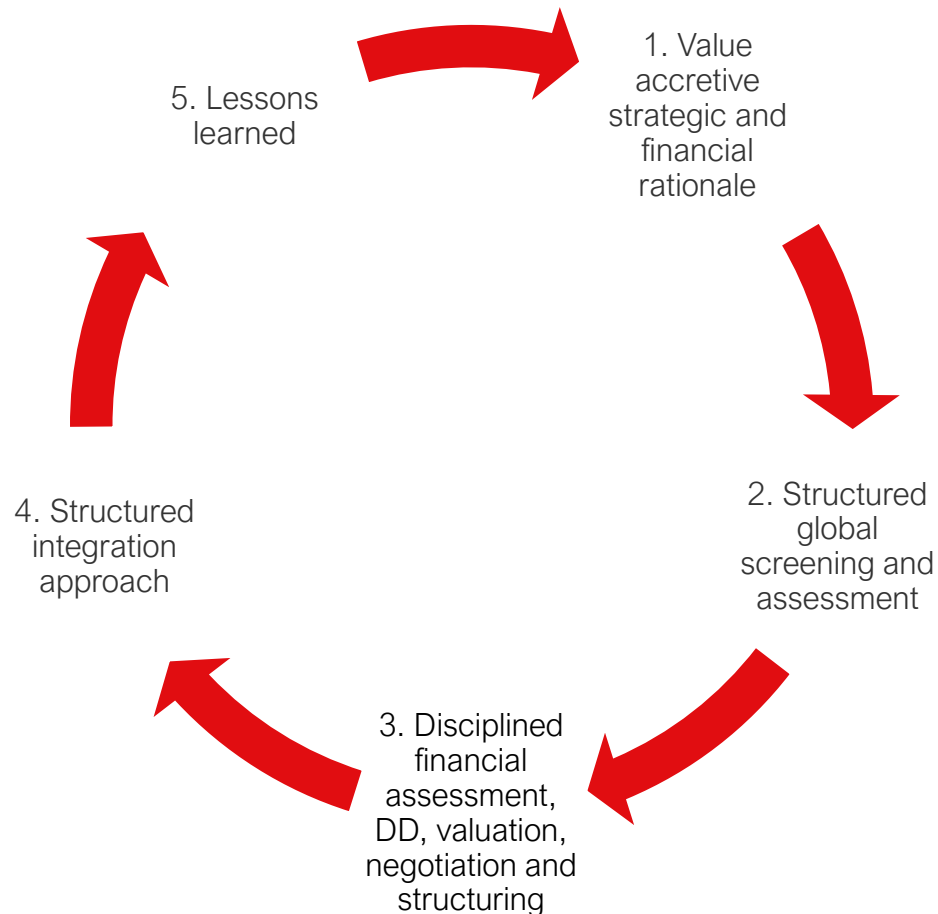
1	5G Telecoms	<ul style="list-style-type: none"><li>Hansen at the frontier of supporting 5G roll-out; significant new wins potential and applicability to other verticals.</li><li>1. DISH: 5G telecoms CPQ / catalogue best-of-breed provider.</li><li>2. Blue Planet, a division of Ciena - expanding our Create-Deliver-Engage Suite.</li></ul>
2	Smart energy	<ul style="list-style-type: none"><li>Leadership in future-proofing our customers (e.g., Western Power) for the adaptation needed for smart energy.</li><li>Assisting utilities in securing returns on investment in advanced metering infrastructure (AMI) with the right solutions to help unlock the value within the flood of data to simplify management and optimise processes.</li></ul>
3	Regulatory adaptation	<ul style="list-style-type: none"><li>Reflecting the macro changes occurring in our verticals and rapid development of 5G and smart energy applications.</li><li>E.g. Vantaan Energia will upgrade to Hansen MDM - GenerisCX 5 which will contain the required features to meet the upcoming go-live of Finnish Datahub.</li></ul>
4	Renewables (including solar)	<ul style="list-style-type: none"><li>Applying thought leadership to emerging renewables including community solar and distributed energy.</li><li>Community solar is now seen as a viable alternative for consumers and businesses that want renewable and affordable clean energy.</li><li>Helping community solar businesses quickly acquire subscribers to build revenue and long-term profitability.</li></ul>



# M&A UPDATE (I/II).

## A STRUCTURED APPROACH TO TARGET IDENTIFICATION AND EVALUATION.

A clearly structured aggregation approach...



... driven by clearly articulated aggregation criteria



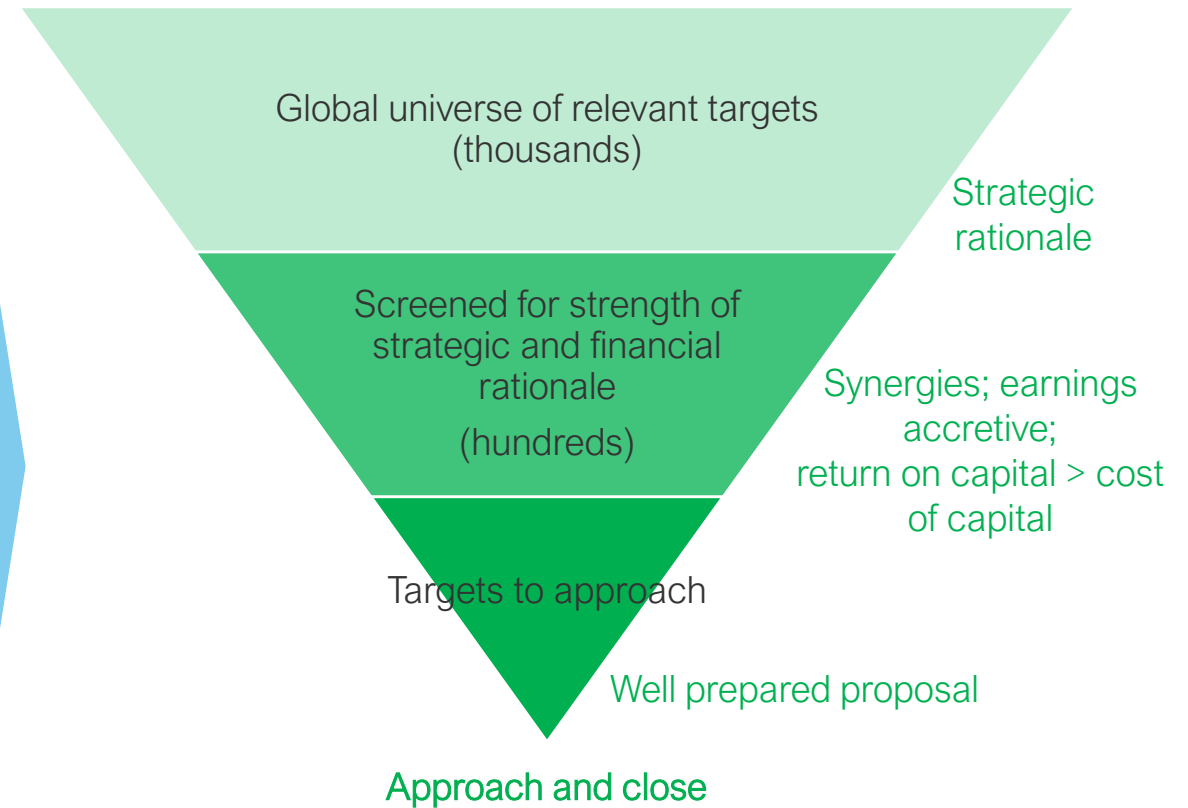
# M&A UPDATE (II/II).

## A STRUCTURED APPROACH TO TARGET IDENTIFICATION AND EVALUATION.

### Sources of aggregation leads ...

1	Existing leads	<ul style="list-style-type: none"><li>• Historic discussions with potential targets and advisors.</li><li>• Significant database of contacts.</li></ul>
2	Complementary competitors	<ul style="list-style-type: none"><li>• Through our deep understanding of competitive landscape, competitors' offerings that are complementary to ours.</li></ul>
3	Regional knowledge	<ul style="list-style-type: none"><li>• Through our presence in 80+ countries, regional knowledge of sector developments.</li></ul>
4	Potential carve-outs	<ul style="list-style-type: none"><li>• Being a strong home for assets considered "non-core" by larger companies.</li></ul>
5	Companies facing headwinds	<ul style="list-style-type: none"><li>• Being able to facilitate value realisation for companies facing headwinds.</li></ul>
6	Private equity ownership	<ul style="list-style-type: none"><li>• A strong strategic bidder for assets built up under private equity ownership.</li></ul>

### ... funnelled through a proactive global screening effort (indicative)





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**Dividend and outlook**

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# CAPITAL MANAGEMENT.

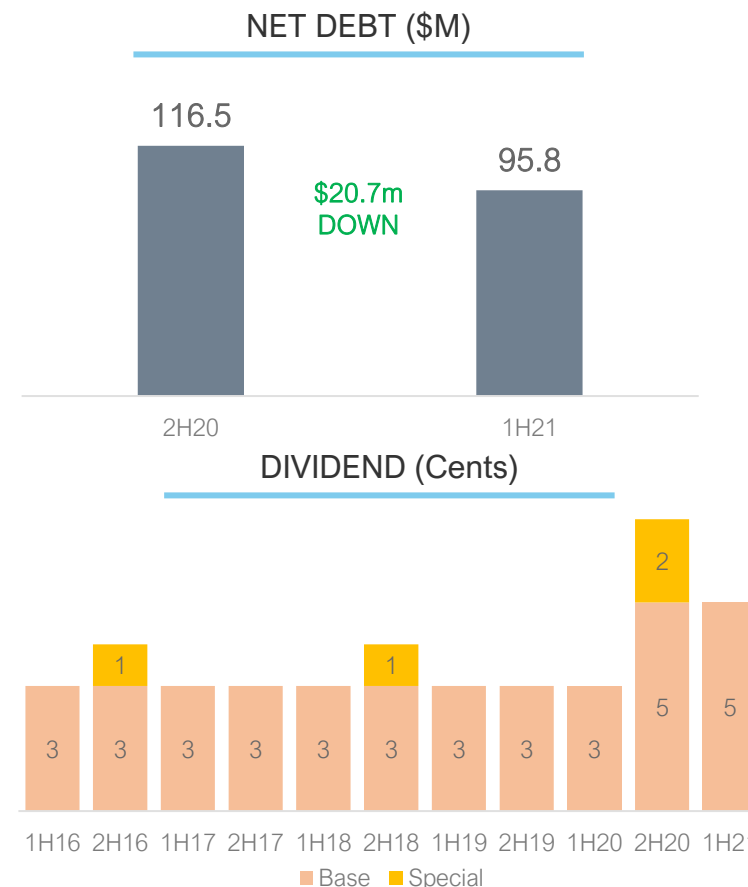
## INCREASING INTERIM DIVIDEND AND PAYING OFF DEBT FOR NEXT STAGE OF GROWTH.

Our position:

- In 1H21, net debt was reduced by \$20.7m to \$95.8m.
- Leverage ratio<sup>1</sup> = 1.03x as at 31 December 2020.
- Well supported by banks.
- Board is comfortable with gearing levels of 3.0x – 3.5x net debt / EBITDA to support value-accretive acquisition growth.

Capital management philosophy:

- Having considered Hansen's capital requirements, strong capital structure and liquidity position, the Board has determined an increased interim dividend to return money to shareholders is appropriate.
- Interim dividend of 5.0 cents per share has been declared, 22% franked, representing a 31% payout ratio<sup>2</sup> for 1H21.
- Level of dividend is at the discretion of Board subject to available cash and activity being undertaken at the time – as and when acquisition growth opportunities are executed, this dividend may be reduced to allocate capital to our acquisition growth strategy.
- Hansen's strong cash generation means that even with this increased interim dividend we have the cash flows to invest in our products and fund acquisitions.



Leverage ratio<sup>1</sup> to 1.03x as at 31 December 2020; down from 1.46x as at 30 June 2020.

Notes:

1. Leverage ratio: net debt (including pre-paid borrowing costs) / EBITDA excluding impact of IFRS16 and non-recurring items.
2. Dividend of 5c / underlying constant currency EPSa of 15.9c.

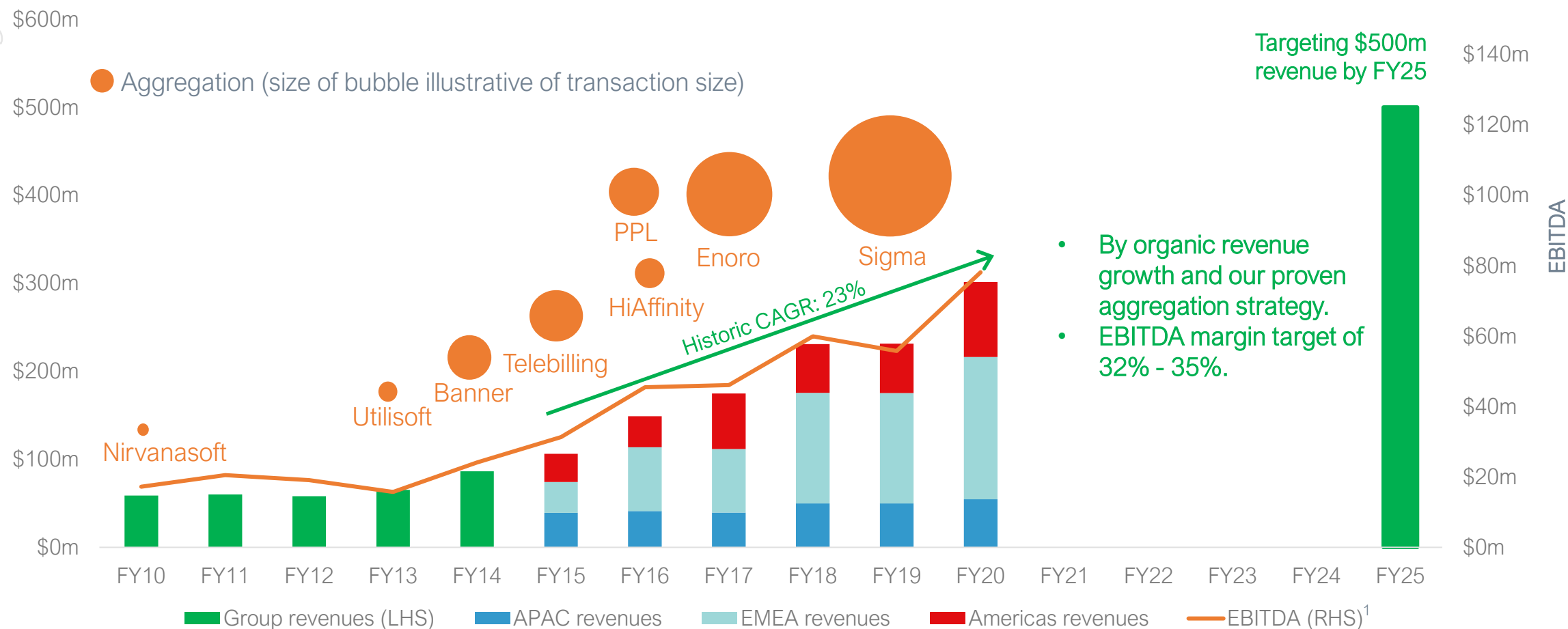
# FY21 OUTLOOK.

## CONFIDENCE IN THE FUTURE.

- We remain extremely confident in the future of our business.
- We are updating our guidance to:
  - FY21 revenues: \$295m - \$305m (constant currency), \$285m - \$295m (reported).
  - Underlying FY21 EBITDA margin of 33% - 35%.

# LONG-TERM FINANCIAL TARGETS.

WE ARE TARGETING \$500M REVENUE BY FY25 BUILDING ON OUR LONG TRACK RECORD OF GROWTH.



Notes:

1. EBITDA presented as EBITDA adjusted for non-recurring items and net foreign exchange gains (losses), presented on a pre-AASB16 basis for historical comparability.

# WHAT YOU HAVE IN HANSEN.

1

## STRONG FINANCIAL PERFORMANCE

Resilience through global financial crisis and COVID-19:

1. Revenues.
2. Earnings (EBITDA, NPATA, EPSa).
3. Cash flows.
4. Debt repayment.
5. Dividend.
6. Foundation and capacity for growth.

2

## BEST OF BREED TECHNOLOGY

1. Ongoing investment in technology to keep it best of breed aligned with CTO product pathway, including cloud relevance.
2. Customers seeing this and awarding strategic contracts to Hansen.
3. Investment done with customers to meet their (and market's) needs.
4. Return on investment calculation run to ensure value accretion to Hansen.
5. Reviewed monthly for relevance and returns.

3

## CUSTOMER WINS UNDERPINNING ORGANIC GROWTH

1. Strategically significant customer wins driving current and future organic growth.
2. 5G leading edge.
3. Smart energy.
4. Renewables.
5. Visibility and recurring nature of revenues underpinning outlook.

4

## STRUCTURED TEAM AND PROCESS FOR ACQUISITION GROWTH

1. Track record of value-accretive acquisition growth.
2. Significant market opportunity, including in other verticals that utilise our core competencies.
3. Structured M&A team and process.
4. Disciplined approach to strategic and financial assessment and negotiation.
5. Playbook for acquisition integration.

5

## VISIBILITY AND CONFIDENCE IN LONG-TERM OUTLOOK

1. Given our:
  - A. Strong mission and strategy.
  - B. Track record, and momentum in operational and financial performance.
  - C. Outlook on the market.
2. We are now targeting \$500m of revenue by FY25 by organic revenue growth and our proven aggregation strategy.
3. EBITDA margin target of 32% - 35%.
4. More detail to be provided at Capital Markets Day.

# CONCLUSION.

1. This has been a **great half** for our company and shareholders.
2. Strategic customer wins **drive expected strong organic growth**.
3. With our M&A process in place we are confident of **driving our acquisition growth**.
4. The second half is looking strong, and we are confident **we will comfortably meet or exceed previous guidance**.
5. With our visibility and confidence in the long-term outlook, we are targeting \$500m revenues by FY25, which **only requires us to grow at around half our historic growth rates**.

# AGENDA.

Company overview and results highlights

Dividend and outlook

## Q&A

Appendix

- EBITDA reconciliation
- Strategy



# Q&A



# APPENDIX.

Company overview and results highlights

Dividend and outlook

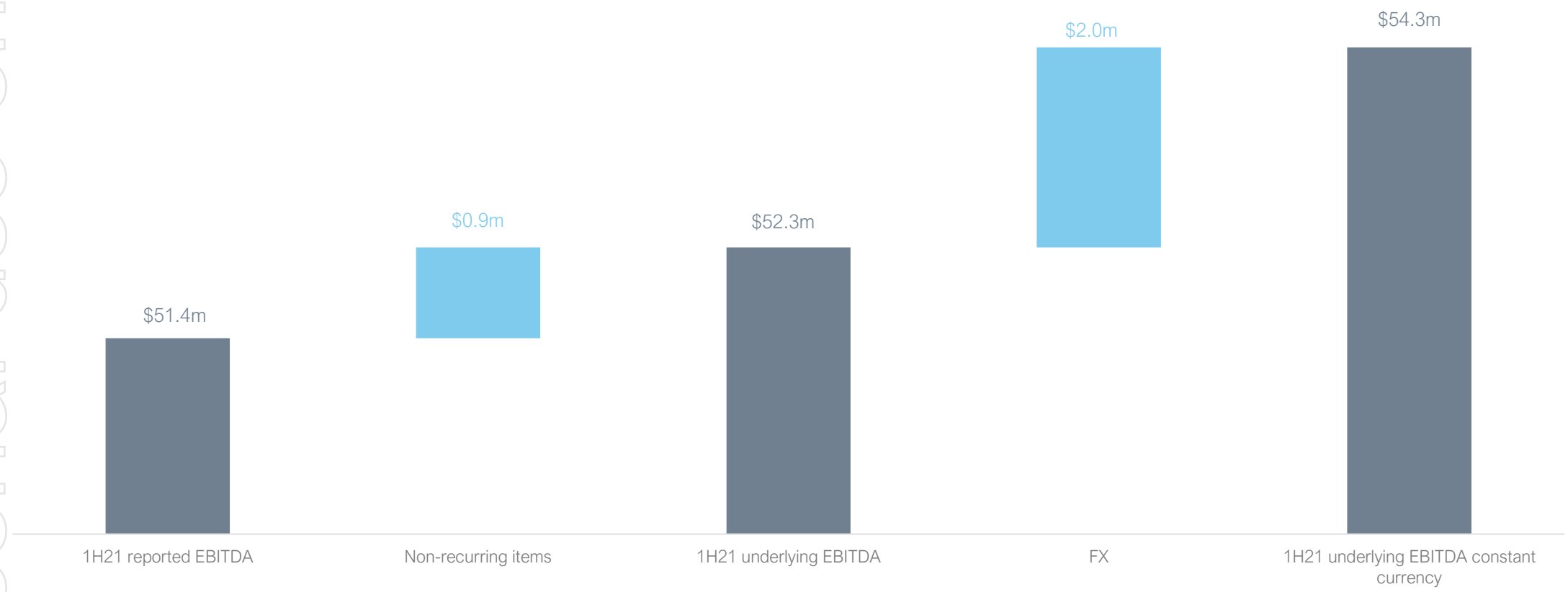
Q&A

Appendix

- **EBITDA reconciliation**
- Strategy

# EBITDA RECONCILIATION.

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- EBITDA reconciliation

- **Strategy**

# THE DRIVERS OF OUR SUCCESS.

LONG TERM VALUE ACCRETIVE AGGREGATION OF MATURE, ENTRENCHED, AND PREDICTABLE BUSINESSES.

1

Best in class customer care, billing and product catalogue solutions

- Strong, profitable, cash generative, underlying business.
- Mission critical software, database of record for products and customers.
- Modern and feature-rich evolving applications.

2

Hansen Future Opportunities

- Competitors still fragmented and regionalized.
- COVID-19 will provide further opportunities.
- Vigilant, disciplined and focused on best, most value-accretive aggregations.

3

Successful aggregation strategy

- 20-year record of successful, targeted business aggregations.
- Industry and regional focused expansion.
- “Bulls Eye”: industry, region, IP in systems supporting product, customers and billing.

4

The ‘Hansenisation’ approach

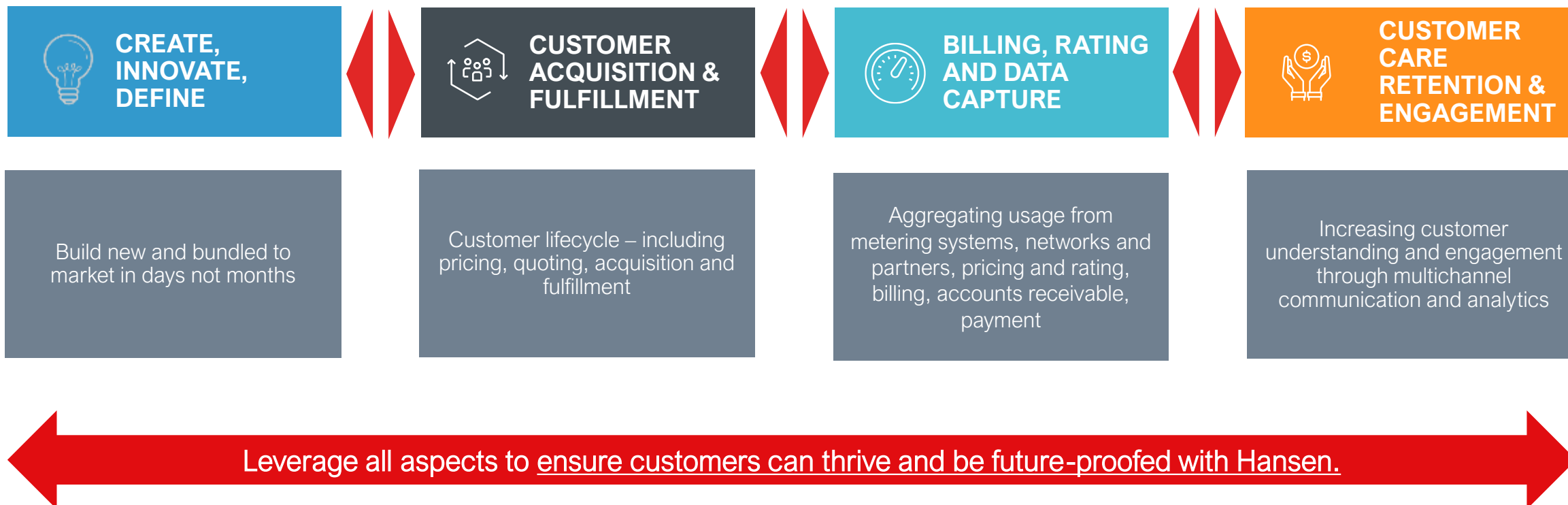
- Deploying proven processes and methodologies.
- Margin optimization via integration and proven best practices.

5

Our global diversification

- Two industries.
- 80 countries.
- 580 customer across 16 product lines.

# 1. BEST IN CLASS PROVIDING END TO END CUSTOMER CARE, BILLING AND PRODUCT CATALOGUE SOLUTIONS.



# 1. BEST IN CLASS PROVIDING END TO END CUSTOMER CARE, BILLING AND PRODUCT CATALOGUE SOLUTIONS.

STRATEGICALLY SIGNIFICANT RECENT NEW LOGO / LICENCE WINS.

EXPANDED DOMINANT  
NORDIC POSITION

CLOUD & PRODUCT  
EVOLUTION

DIGITAL SERVICE  
ENABLEMENT

AGILE INNOVATION  
& 5G ENABLEMENT





## 2. HANSEN FUTURE OPPORTUNITIES.

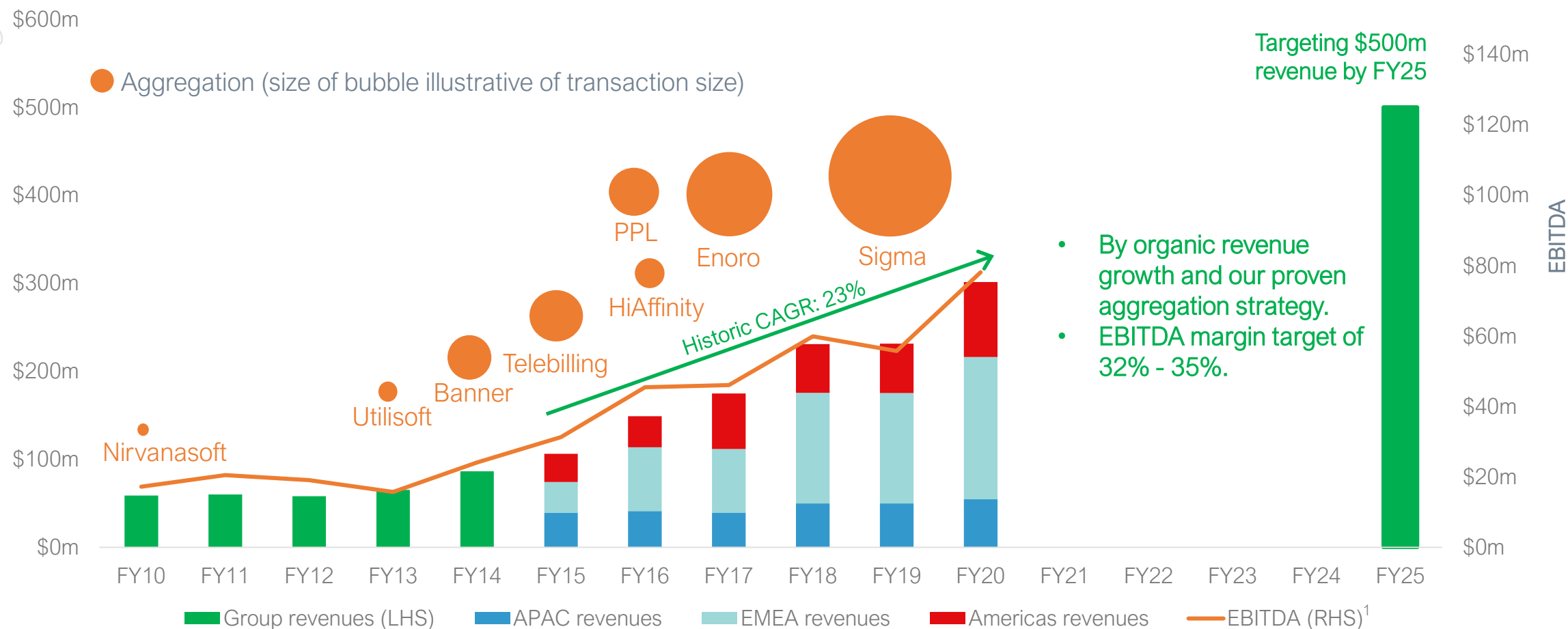
### A DISCIPLINED APPROACH TO AGGREGATION OPPORTUNITIES.

WHAT WE ARE LOOKING FOR	HOW WE EVALUATE IT	HOW WE GO ABOUT IT
<ul style="list-style-type: none"><li>• Focus will be on robust and mission critical existing verticals.</li><li>• Ownership of IP.</li><li>• Regional expansion or leverage.</li><li>• Complementary applications.</li><li>• Potential other verticals.</li></ul>	<ul style="list-style-type: none"><li>• We evaluate each opportunity with the same successful approach deployed over 20 years.</li><li>• Profit and loss under our management methodologies.</li><li>• We are uncompromising on strategic and financial rationale.</li><li>• We don't fall in love.</li></ul>	<ul style="list-style-type: none"><li>• Capital management, knowing our capacity.</li><li>• Clear internal buy in.</li><li>• Integration planned during due diligence to hit the ground running.</li></ul>

Businesses which will benefit from Hansenisation and enhance our core competency.

### 3. SUCCESSFUL AGGREGATION STRATEGY.

BUILDING ON OUR LONG TRACK RECORD OF GROWTH.



Notes:

1. EBITDA presented as EBITDA adjusted for non-recurring items and net foreign exchange gains (losses), presented on a pre-AASB16 basis for historical comparability.

## 4. THE 'HANSENISATION' APPROACH.

PROVEN ABILITY AND PROCESSES TO DRIVE VALUE ACCRETIVE AGGREGATION.

### Drive yield expansion and operating leverage

- Identify margin improvement during initial engagement.
- Price businesses as stand alone, margin improvements not priced in.
- 30, 90, 360 days post closing.
  - 30 days messaging to **staff and customers**.
  - 90 days reporting to **talk the same language**.
  - 360 days goal for **full integration**.
- Relying on over 40 years of industry experience to consistently exceed our customer expectations, driving both retention and upside services.

### Corporate goal

- Aggregate a mature and predictable customer base.
- We don't just aggregate, we integrate to leverage knowhow and assets.
- Drive margins to Hansen Group level.

### Further opportunities

- Broaden foundation.
- Deepen talent pool.
- De-risk single point.

Ensure newly acquired customers and employees can thrive and be future-proofed with Hansen.

# 5. OUR GLOBAL DIVERSIFICATION.

GLOBAL PLATFORM MITIGATES RISK AND CREATES GROWTH OPPORTUNITIES.

	AUSTRALIA	ASIA	NORTH AMERICA	SOUTH AMERICA	UK/ IRELAND	NORDICS	WESTERN EUROPE	EASTERN EUROPE	MIDDLE EAST AFRICA
ENERGY	Strong	Emerging	Strong	Nil	Emerging	Strong	Moderate		
WATER	Emerging	Nil	Moderate	Nil	Moderate	Nil	Nil		
COMMS	Moderate	Emerging	Moderate	Emerging	Moderate	Strong	Emerging	Nil	Emerging
PAYTV	Nil	Strong	Nil	Strong	Nil	Emerging	Nil	Nil	Strong

PRESENCE:

Strong

Moderate

Emerging

Nil

- We diversify to mitigate risk and create growth opportunities.
- We have a global footprint in over 80 countries.
- We have no key dependency on any one region, customer, vertical or currency.

- Our mission critical software is diversified across gas, electricity and water, and communications.
- Average client tenure in >10 years.
- Average tenure of key management >17 years, across all key jurisdictions.

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