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Market Announcement

Gentrack Group Limited (NZX/ASX: GTK), a leading provider of software solutions for utilities and airports, today released its results for the full-year to 30 September 2021.

Results Summary

- Revenue: $105.7m – up 5.2% on FY20 and in line with guidance
- EBITDA: slightly ahead of guidance at $12.7m – up 5.0% on FY20
- Statutory NPAT: $3.2m
- Net cash: strong position $26.0m up 54.8% on FY20
- No dividend payable

Revenue growth was driven by an 8.8% increase in the Utilities business to $89.0m from $81.8m in FY20 with new customer wins and growth from existing customers offsetting previous years' losses.

Veovo revenues were down from $18.7m in FY21 to $16.7m due to continued impact of Covid on the aviation industry, but pleasingly annual recurring revenues (ARR) were up 7.7% as new customers moved into live operation.

Underlying Group EBITDA of $12.7m is up 5.0% on FY20, slightly ahead of the guidance issued earlier this year. Costs were up 5.2% vs FY20 driven by increased investment in personnel, with continued savings in non-personnel costs.

The Group achieved strong net cash generation of $9.2m for the period resulting in $26.0m net cash at 30 September 2021, up from $16.8m at 30 September 2020.

We continue to deliver against the three strategic growth pillars outlined in our Strategy Presentation to the market in June – creating a strong customer base, winning new logos and growing our managed services business.

Our strategic position with our existing customer base continues to strengthen. Customer status continues to improve with 72% of our customers at a 'green' high performance status.

Over the past 12 months we have won 7 new logos, including 3 new B2B energy retailers, further strengthening our position as a leading provider of solutions to C&I retailers.

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The Managed Services revenues remained generally flat from FY20 to FY21. Since prioritising Managed Services as a focus area of our strategy, we now have a healthy pipeline and order book which are setting us up for FY22 and future growth.

Although performing well against our pillars, we continue to experience a drag on revenue growth, from prior period losses and supplier failures in the UK. The number of B2C supplier failures in the UK has accelerated in the last 3 months due to the global energy crisis and Government enforced price cap for the B2C segment – with a total of 9 customer insolvencies occurring since the beginning of FY21 compared to 6 in total from FY17 through FY20.

This week, Bulb, a Gentrack customer, went into a special form of administration for larger supplier failures which has not been tested before. We will continue to support the business as required by the administrator as options for the business are assessed over the coming months.

We anticipate there may be some further supplier failures in the coming winter months after which our expectation is that the market will stabilise. We have made allowances for a reasonable scenario for these additional potential failures.

In general, our revenue is diversified across airports and utilities, with our energy and water customers active in 6 countries, covering both B2B and B2C.

As a technology first company we continue to accelerate investment in both our Utilities cleantech capabilities and Veovo, in order to deliver innovation and profitability for a sustainable era. More customers are turning to Gentrack to deliver cloud native innovations and understand that Gentrack has the delivery expertise to roll out these innovations across diverse markets and at scale.

The business' turnaround continues to progress, and despite the headwinds in the UK covered above, the organisation is in a strong state, and we are well positioned for accelerated growth.

Updated guidance

On 30 September 2021, Gentrack Group Limited (NZX/ASX: GTK) ("Gentrack") advised that it anticipated an increase in FY22 group revenues vs FY21.

Over the intervening 8 weeks we have seen further turbulence in the UK energy market including the recent special administration of Bulb, a top 5 Gentrack customer.

In this context, Gentrack is pleased to reconfirm that FY22 group revenues are expected to be ahead of the FY21 revenues of $105.7m announced today.

Gentrack is not providing earnings guidance for FY22.

Gentrack has confirmed no changes to the FY24 targets provided on 16th June 2021.