



# **Gentrack Group FY21 Full Year Update**

25 November 2021





# 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.



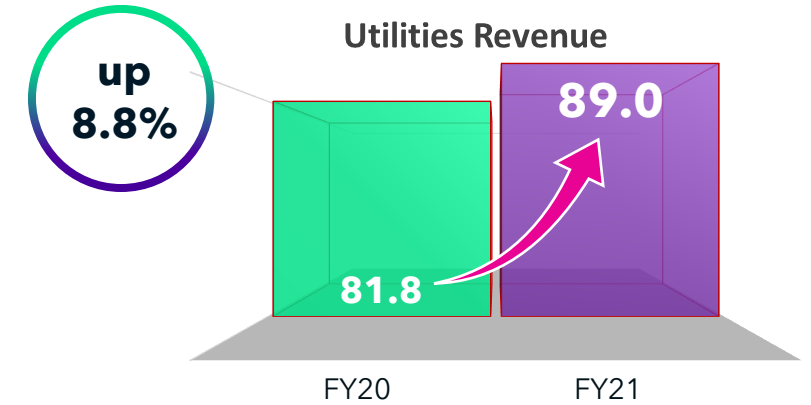
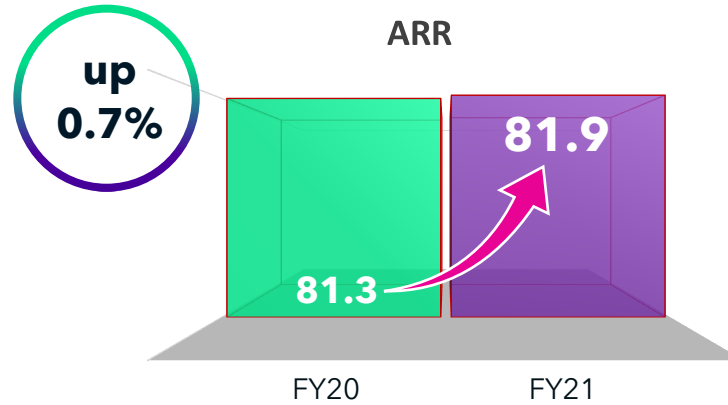
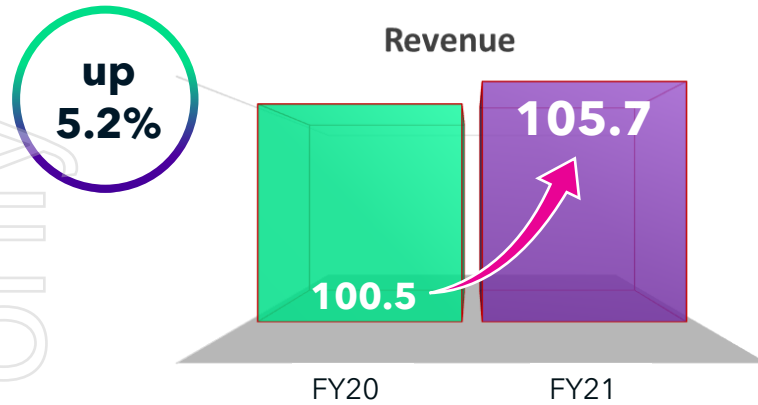
# CEO Commentary

Gary Miles  
Chief Executive Officer

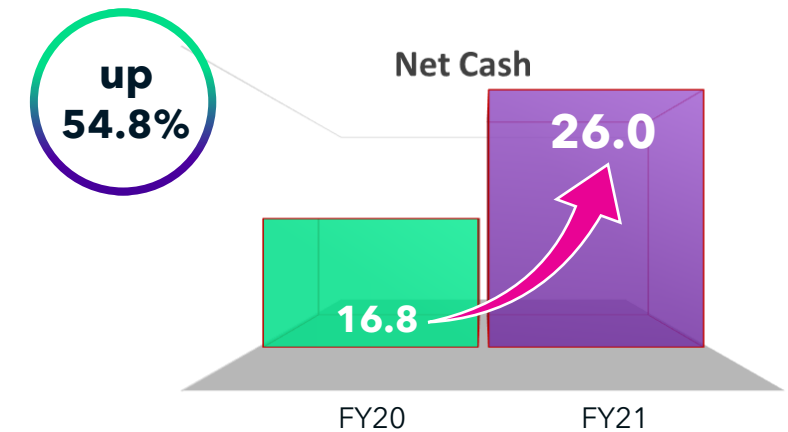
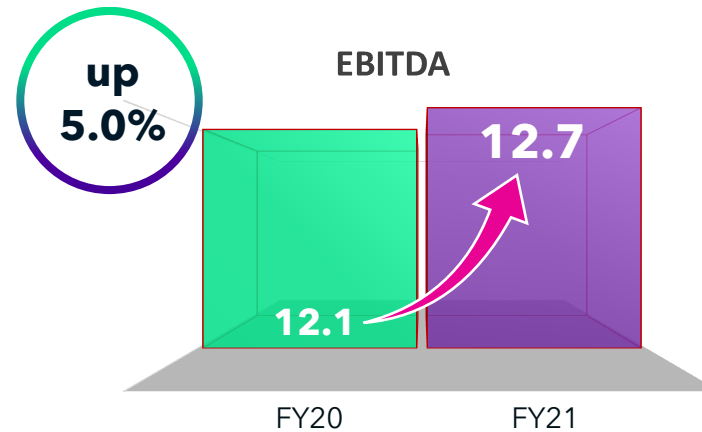




# FY21 Financial Headlines



- EBITDA of \$12.7m, up 5.0% from \$12.1m in FY20.
- Net cash up \$9.2m to \$26.0m at 30th Sept 2021.
- Utilities Revenue up 8.8%:
  - Strong NRR growth (up 68% to \$18.3m) on successful project deliveries, providing future ARR growth
  - Utilities ARR down 0.3% after absorbing ~\$4m customer revenue losses from prior periods
- Veovo (Airport Business) remains profitable despite industry downturn:
  - ARR is up by 7.7%
- Operating costs up 5.2% FY21 vs FY20 with investment in people
- Nil capitalisation of R&D costs.



# Strategic Growth Pillar 1

## Strong Base



increased  
revenue per  
customer

Very good delivery execution -  
projects on time and on budget

Strong DSO and unbilled revenue  
management

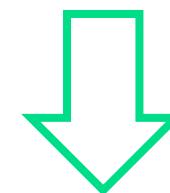
Customer strategic alignment for  
innovation and upsell

Delivery quality, efficiency and throughput  
will continue to improve further



**7%**

Revenue per  
delivery FTE  
is up



**3%**

Cost per  
delivery FTE  
is down



Customers in Green high  
performance status

**72%**



**red**  
energy

Canstar 5 Star ranked  
11 years in a row  
customer satisfaction rating



# Strategic Growth Pillars 2 and 3

## New Logos

### 7 New customers

- 3 new B2B billing retailer
- 1 new B2C billing retailer
- 1 new water billing retailer
- 2 new profit & risk customers (managed services) →

## Managed Service

**\$5.6m**

Generally flat FY20 to FY21 revenue position



**5** New engagements secured

New engagements and pipeline will enable FY22 growth



Strengthened B2B leadership by winning and integrating E.ON and Npower, now the largest UK C&I supplier - one of the most significant transformation programmes globally

# Progress on cloud, clean technology delivering innovation and profitability for a sustainable era



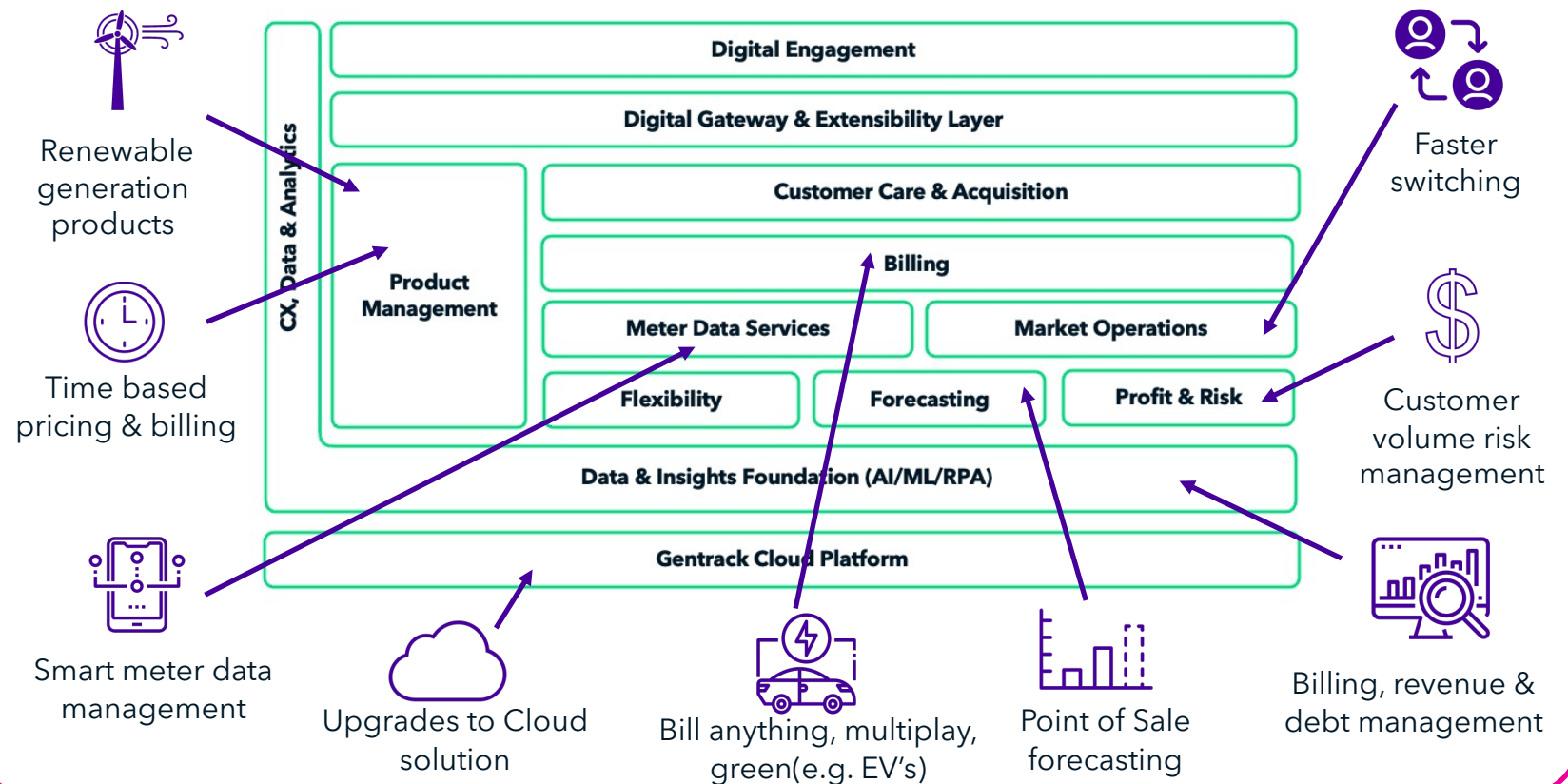
Customers turning to Gentrack to partner in order to drive cloud native, cleantech innovations.



"....together with Gentrack, we can deliver complex business change at pace. and now we have the foundation in place for the next phase of our retail journey."

**Matt van Deventer, GM of technology and delivery**

## Gentrack Cloud for Utilities



# Veovo

Signs of aviation industry recovery starting to show with passenger numbers up 220% vs 2020 and back to only 50% down on 2019.



## New customers

- ✓ London Gatwick
- ✓ 3 North American customers
- ✓ Extended support in Europe and APAC



## Major Projects delivered

- ✓ Perth
- ✓ London Luton
- ✓ Cincinnati
- ✓ New York
- ✓ Asia Pacific
- ✓ Mexico



## Customers on SaaS Cloud

- ✓ All major Passenger Flow customers migrated to cloud SaaS
- ✓ First customer adoption of new CI/CD

- Increasing investment in technology in FY22 as we believe in the segment
- Proven our technology in all airport tiers – sales focus will be on major aviation hubs going forward



*"Veovo helps us manage performance with data-driven certainty..."*

- Eric van't Veer, Project Manager at Schiphol Group



# The UK Market

9

Customer insolvencies  
since beginning of  
FY21

6

Customer insolvencies  
From beginning of  
FY17 to end of FY20

- B2C supplier failures in the UK has accelerated due to the global energy crisis and Government enforced price cap.
- This week, Bulb 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.
- Gentrack revenue is diversified across airports and utilities, with our energy and water customers active in 6 countries, covering both B2B and B2C.

# Future opportunity remains strong

*"By 2025, at least 25% of CIS contracts will be awarded to new entrants that will disrupt incumbent vendors offerings"*

Gartner

**1.5b+ meters**

incumbent market today



**Great technology**



**Delivery excellence**

# Financial Results For the Full Year ending 30 September 2021

James Spence  
Chief Financial Officer



# Group Profit and Loss

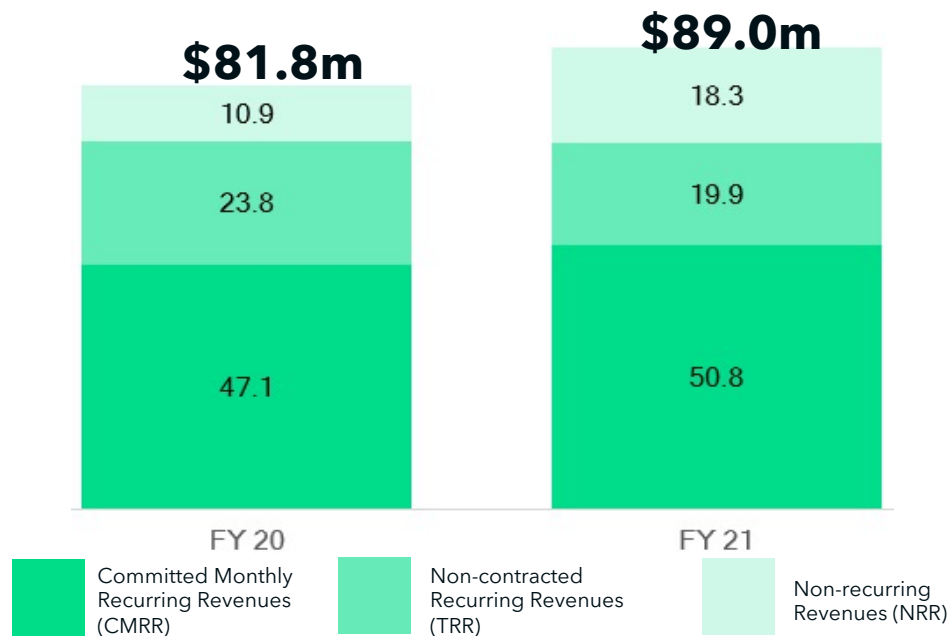
NZ\$m	Utilities		Veovo		Group	
	FY20	FY21	FY20	FY21	FY20	FY21
<b>REVENUE</b>	<b>81.8</b>	<b>89.0</b>	<b>18.7</b>	<b>16.7</b>	<b>100.5</b>	<b>105.7</b>
Personnel Costs	57.0	65.3	11.7	11.0	68.7	76.3
Other Costs	14.6	14.3	5.1	2.4	19.7	16.7
<b>TOTAL COSTS</b>	<b>71.6</b>	<b>79.6</b>	<b>16.8</b>	<b>13.4</b>	<b>88.4</b>	<b>93.0</b>
<b>EBITDA</b>	<b>10.2</b>	<b>9.4</b>	<b>1.9</b>	<b>3.3</b>	<b>12.1</b>	<b>12.7</b>
Depreciation and Amortisation					(12.4)	(10.8)
Acquisition and related costs					0.9	0.0
Impairment of goodwill and intangible assets					(34.5)	0.0
Net Finance Expense					(0.4)	3.7
Income Tax					2.6	(2.4)
<b>REPORTED NET PROFIT/(LOSS) AFTER TAX<sup>1</sup></b>					<b>(31.7)</b>	<b>3.2</b>

- ✓ **Revenue up 5.2% vs FY20:** growth in Utilities business driven by new customers and increases from existing customers offsetting revenue reductions in Veovo due to market conditions
- **Costs up 5.2% vs FY20:** driven by increased investment in personnel, with continued savings in non-personnel costs
- ✓ **EBITDA up 5.0% vs FY20.**
- ✓ **Net Finance (expense)/income:** one-time, mainly due to simplification of internal funding structure
- ✓ **Nil R&D capitalisation in FY21**

<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 FY20 v FY21



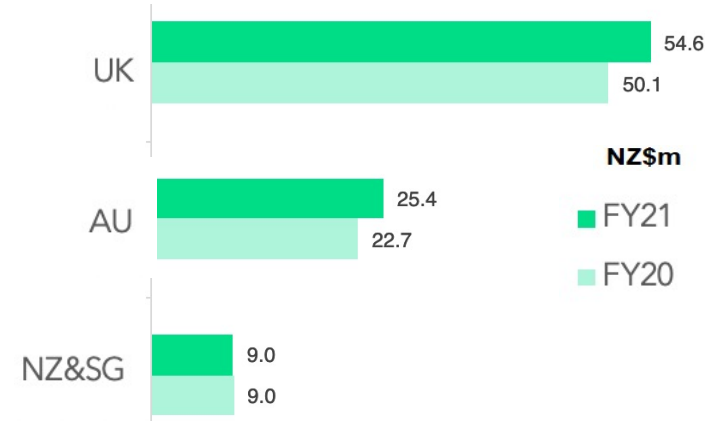
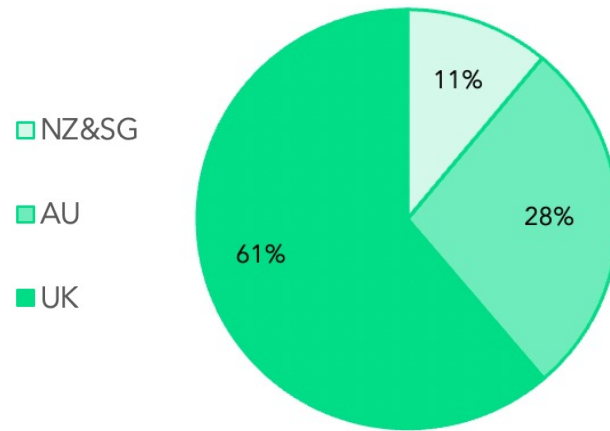
**Total Revenue**  
Up 8.8% on FY20

**Annual Recurring Revenue**  
**\$70.7m**  
Down 0.3% on FY20  
79.4% of total utilities revenue

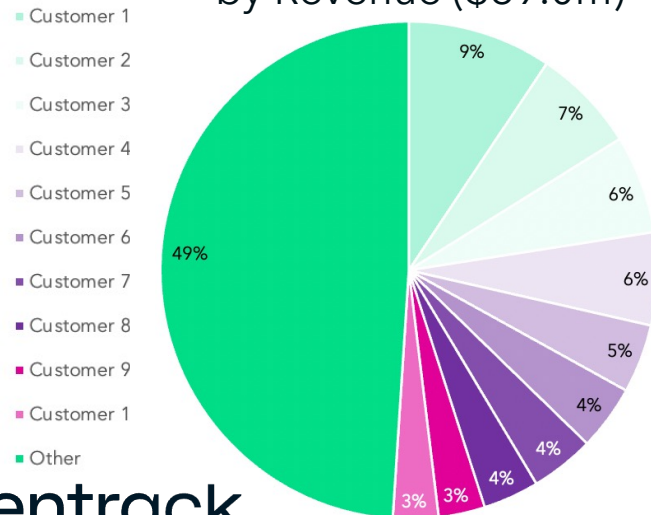
- NRR up 68% to \$18.3m driven by project deliveries in UK and Australia. Customers converting to recurring revenues in FY21/FY22
- ARR growth negatively impacted by ~\$4m of previous years' customer losses.
- Growth from new and existing Utilities customers (Australia/UK) offset revenue loss
- TRR growth rate in FY21 negatively impacted by incremental regulatory work in FY20

# Utilities - Breakdown of customers

Geographical FY21 Revenue

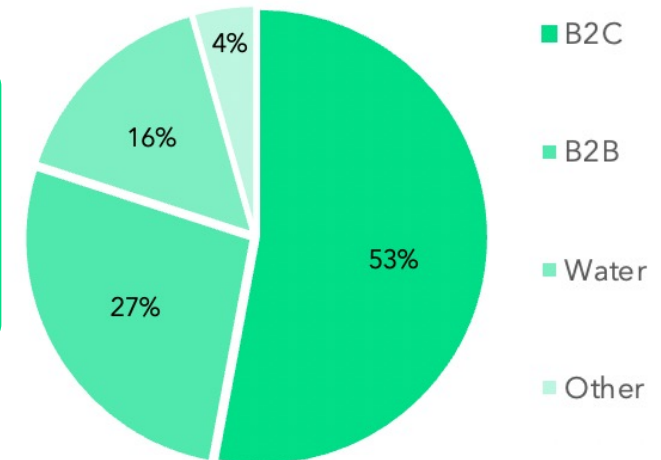


Client Concentration Top 10 by Revenue (\$89.0m)



- Bulb, in special administration in UK, is a top 5 customer
- No other top 5 customers in SOLR or on exit path

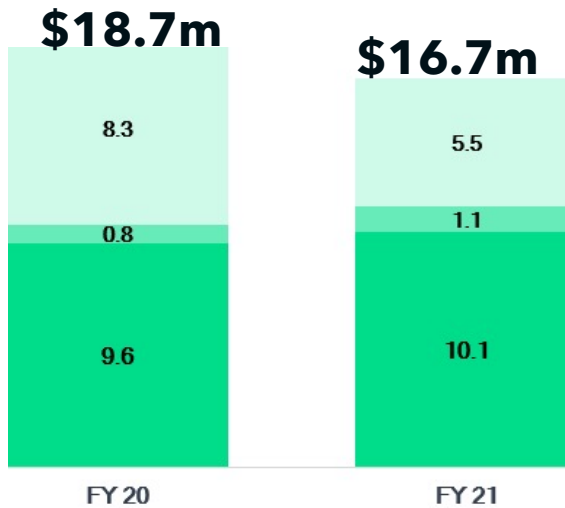
UK Market Segment FY21 Revenue (\$54.6m)





# Veovo Revenue Analysis

## Veovo Revenue FY20 VS FY21



## Total Revenue

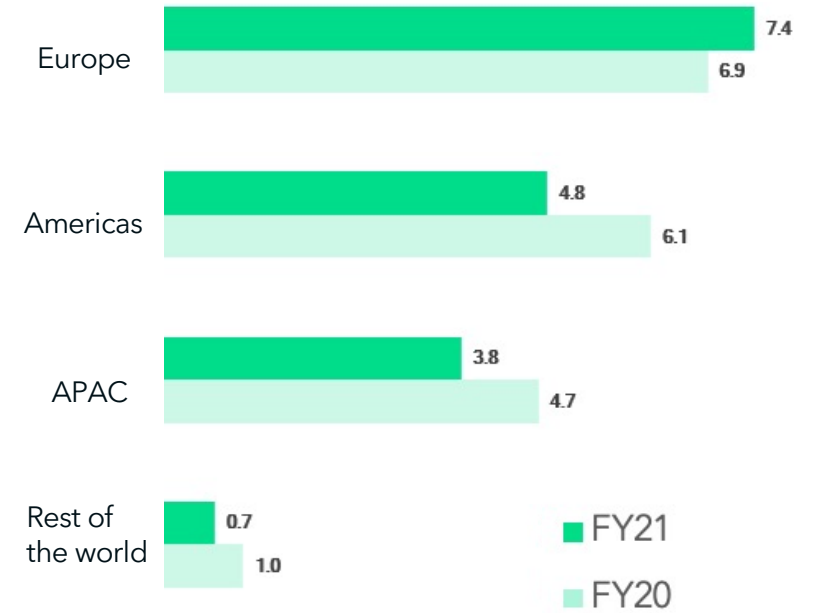
Down -10.7% on FY20

## Annual Recurring Revenue

**\$11.2m**

Up 7.7% on FY20 -  
67.1% of total  
Veovo revenue

## Veovo Revenue by Geography FY21 VS FY20<sup>1</sup>



- ARR up 7.7% Driven by new customers moving into operation.
- NRR reduction due to Covid impact on the aviation industry.

1. Veovo geographies aligned with operating countries and continents and therefore not aligned with Financial Statement.

# Expenditure Analysis

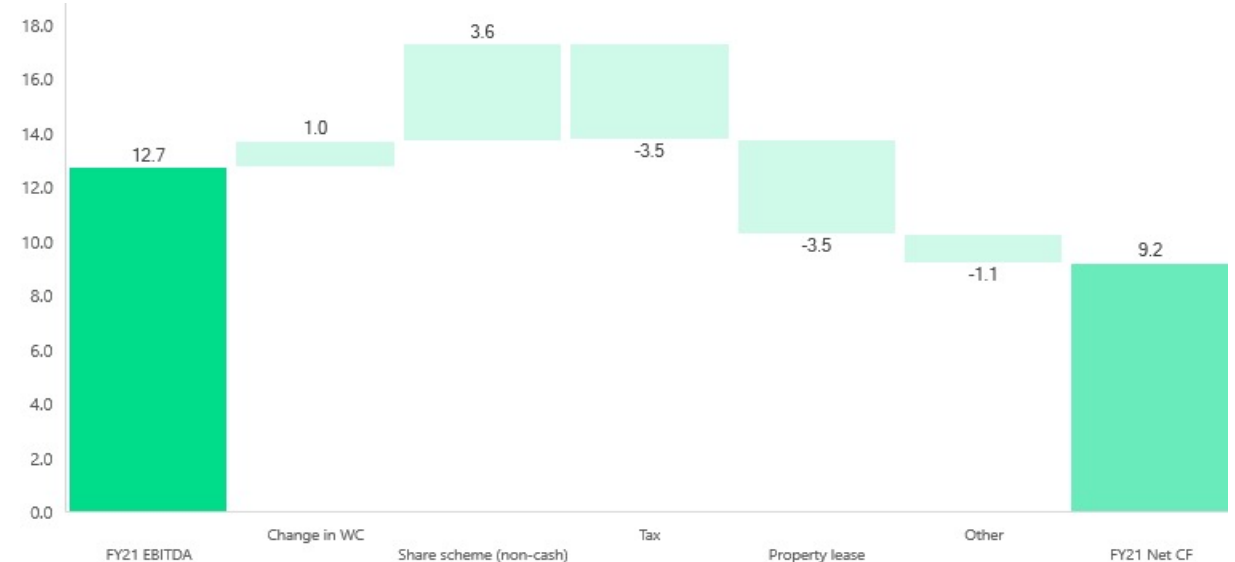


- Personnel costs have increased due to growth in headcount as we invest in growth across the Utilities business
- Incentive payments including short term cash incentives and longer-term share schemes also a driver of increased personnel costs.
- Driving a performance-based organisation, using both a fixed and variable reward structure forms a basis of Gentrack's remuneration strategy.
- The change in other costs is driven by reduction in bad debt and other expenses
- No R&D capitalisation in FY'21 – conservative approach. Included in group expenditure of \$12.7m.

# Cashflow/Balance Sheet

	01 October 2020	30 September 2021
Cash	\$19.3m	\$26.0m
Debt	\$2.5m	Nil
Net Cash	\$16.8m	\$26.0m

## EBITDA to Net Cashflow FY21 (\$m)



- Cash generation of \$9.2m further strengthening balance sheet
- Further improvements in working capital performance
- Nil utilisation of \$20m debt facility, refinancing in advanced stages



# External Metrics – from Investor Day

NZ\$M	FY21 16 June	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>

- FY21 Actuals in line with or above guidance provided at 16 June 2021. R&D spend accelerating in FY22.
- FY24 targets remain as at 16 June 2021: upsides in some areas of medium-term revenue forecasts + uncertainties in other areas, further update at ASM

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

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

Notes/definitions:

- CMRR – covers all contracted revenue both fixed (e.g. subscription, annual support) and variable (e.g. BMP variable revenue, Managed Service)
- TRR – covers BAU service revenues which are contracted on an account by account basis on a collective degree of regularity.
- ARR = CMRR+TRR
- Strategic R&D definition (non-GAAP measure) – development of new strategic technology + enhancement of existing core
- 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)

# Outlook update

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.

# Q & A




# GAAP to Non-GAAP Profit Reconciliation

NZ\$m

	Full Year 30 Sept 20 Audited	Full Year 30 Sept 21 Audited
<b>Reported net (loss)/profit for the period (GAAP)</b>	<b>(31.7)</b>	<b>3.2</b>
Add: Net finance Expense	0.4	(3.7)
Add: Income Tax expense	(2.6)	2.4
Add: Depreciation and amortisation	12.4	10.8
Add: Revaluation of acquisition related financial liabilities	(0.9)	0.0
Add: Impairment of goodwill and intangible assets	34.5	0.0
<b><u>EBITDA</u></b>	<b><u>12.1</u></b>	<b><u>12.7</u></b>



# FY 21 on a Constant Currency Basis

NZ\$m	FY'20	FY'21	FY'21 Constant Currency	Difference vs FY'20	 %
Revenue	100.5	105.7	107.6	7.1	7.1%
Operating Costs	88.4	93.0	95.0	6.6	7.5%
EBITDA	12.1	12.7	12.6	0.5	4.1%
Statutory NPAT	(31.7)	3.2	2.8	34.5	N/A