

# FY22 RESULTS PRESENTATION

24 August 2022

# IMPORTANT NOTICE



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Information contained in this presentation:

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- 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
- includes statements relating to past performance, which should not be regarded as a reliable guide to future performance
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All dollar values are in Australian dollars (A\$) unless otherwise stated.

## Definitions

- FY21= financial year ended 30 June 2021
- FY22 = financial year ended 30 June 2022
- 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 intangibles and non-recurring items
- EPSa = Earnings per share on NPATA

*\*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 highlights
- FY22 financials in detail
- Dividend and outlook
- Q&A



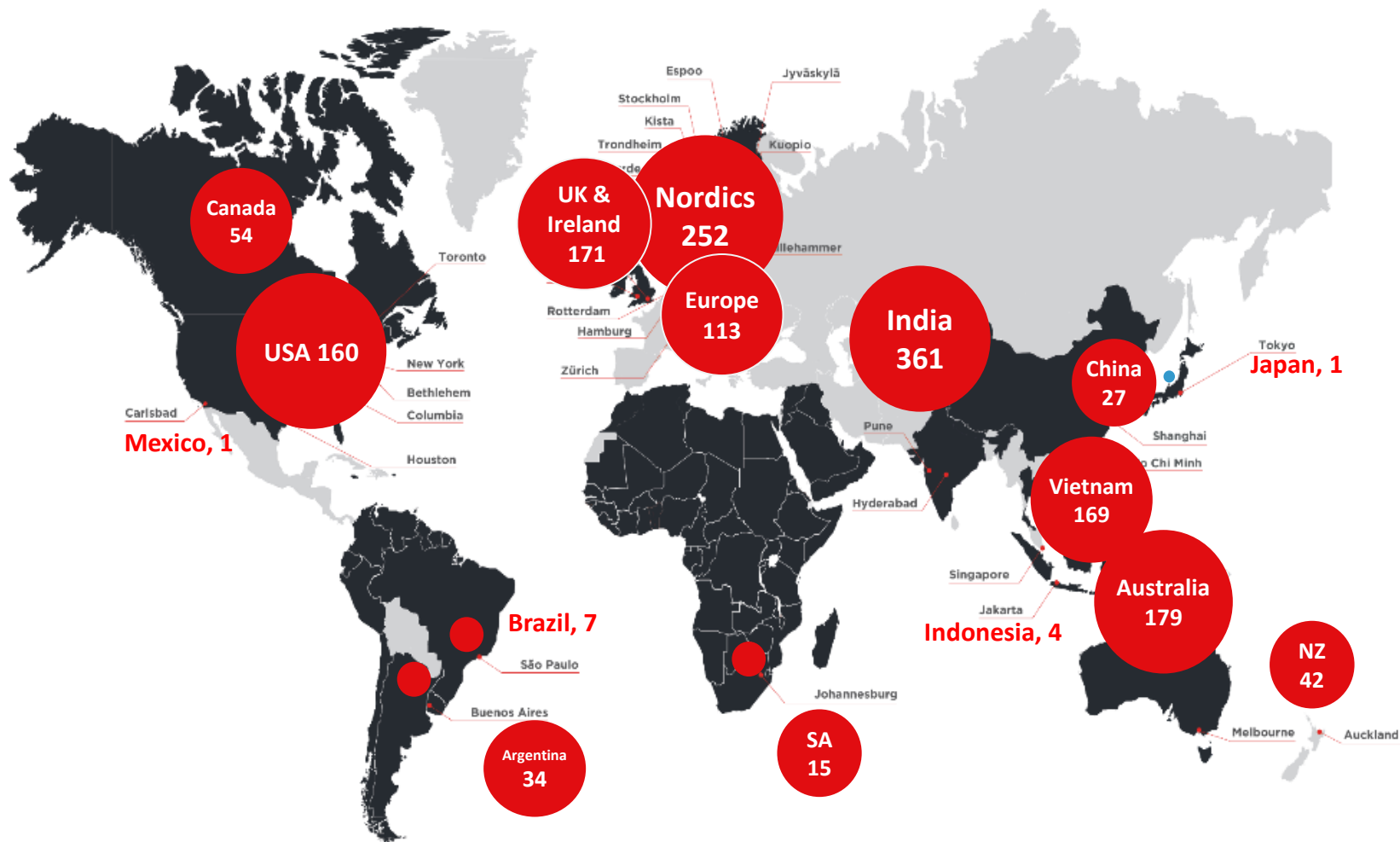
# COMPANY HIGHLIGHTS

# INTRODUCTION TO HANSEN

- Proud 50+ year history
  - Providing mission-critical IT solutions globally across the essential Energy, Water and Communications industries
- Strong reputation of customer delivery
  - Results in long-term (10+ years) partnering relationships with customers
- Highly experienced and loyal leadership team
  - Strongly aligned with investors via incentive programs based on strategic outcomes
- Strong financial principles deliver consistently positive cash flows
  - Ensures equity injections are only part of how we deliver strategic growth opportunities to investors

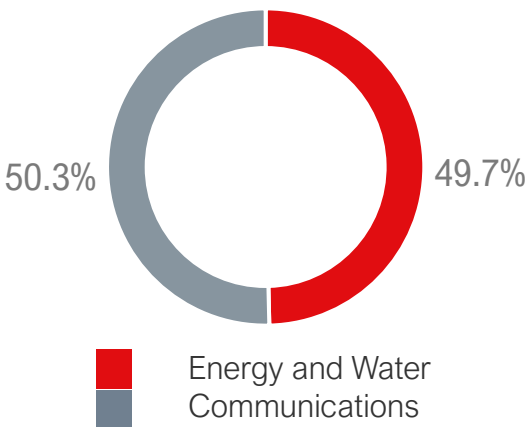


# HANSEN IS A GLOBAL BUSINESS



**1,550+** TOTAL FTE  
**600+** CUSTOMERS (TIER 1 & 2)  
**80+** COUNTRIES

REVENUE BY VERTICAL



# HANSEN'S DEFENSIVE POSITION DELIVERS

## FULLY DIVERSIFIED

- Servicing recession-proof industry verticals
  - Energy and Water
  - Communications
- 600+ customers spread with a global geographic footprint
- Focus on tier 1 & 2 customers that can withstand volatile commodity prices or geopolitical factors
- Trusted technical and industry intellect delivering thought leadership to the entire customer base

## CONSISTENT GROWTH

- Industry segments providing organic growth across different revenue profiles
- Modular approach to Product Suite delivering organic and inorganic revenue opportunities
- Acquisition targets offering expansion opportunities across existing and complementary new verticals

## CUSTOMER FOCUSED

- New logo wins driven by a strong reputation and references
- Products delivering efficiency while meeting regulatory requirements
- Long-term (10 years +) customer relationships
- Low customer churn (<2% per annum)
- R&D investment driven by known market and customer requirements

## SOUND PRINCIPLES

- Treat the Company funds as if they are your own
- Ensure you understand the return before you invest
- Confirm that the company's cashflow remains consistently positive
- Review your strategic direction and maintain a profitable trajectory
- Consider environmental impact in decision making

**ONGOING PROFITABLE CASH GENERATIVE  
GROWTH**





# LED BY AN EXPERIENCED TEAM



- Founder-led business with focused, highly skilled leadership team
- Team brings more than 175 years of Hansen experience and many more in overall business experience
- Complemented by strong local leadership and local talent providing industry-specific support to local customers
- Culturally aware Management aligned to local social norms

**This team has worked together delivering consistently to shareholders, despite the challenges of a global financial crisis, a global recession and more recently a global pandemic**



# DELIVERING STRONG SHAREHOLDER VALUE



**EPSa Growth:**  
+70% since 2019



**Debt levels:**  
-\$122m  
since 2019



**57% of Net Profit  
after Tax**  
returned to  
shareholders during  
FY22

Through consistent focus and a strategic view of the future

**HANSEN**

# REPUTATION BUILT ON CUSTOMER SATISFACTION

Resulting in strong customer retention and recurring revenue

## Functional & Flexible Offering

- End-to-end B2B & B2C billing and customer information system (CIS) solutions on prem, hosted and SaaS
- Enabling digital transformation to help customers increase operational efficiencies and grow new business models
- Hansen's capability allows for offering of both fully integrated tech stacks or modular products

## Partnerships & Co-development

- Long term relationships (10+ years)
- Software Development on point and not speculative
- Software delivers real solutions to identified business problems

## Customer Satisfaction, Retention & References

- Low customer churn (<2% per annum) and track record
- Growing demand for upgrades, renewals, geographic expansion and addition of modules to core base
- New wins on the back of strong references from existing customers

## Targeted R&D

- Targeted R&D strategy focused on future market requirements and common customer requests; e.g. modular, cloud native, 5G and smart metering
- FY22 R&D spend was 5.4% of revenue
- Specialised development is co funded with IP retained by Hansen

## Independent Industry Recognition

- 2022 Frost & Sullivan – Product Innovation Award in the Energy and Utilities customer care and engagement category
- Inclusion in six analyst reports including Gartner (2), IDC, Futurum, Frost Radar, Telco Republic



# STRONG CUSTOMER MOMENTUM

Industry related products are delivering positive results

## NEW LOGO WIN



- Exelon Corporation contract to provide Hansen Market-Message
- Contract term of 7 years with associated revenue of c. US\$24.6m
- Exelon is the largest utility company in North America

## PRODUCT EXPANSION & RENEWALS



- Upgrade existing Hansen CIS contract to also provide Hansen MDM (Meter Data Management)
- Additional contract term of 5 years with associated revenue of c. A\$45m



- Upgrade of existing Hansen CIS
- Additional contract term of 3 years with associated revenue of c. A\$12.7m

## REGIONAL EXPANSION



- Expanded long-standing partnership with Hansen CIS in Finland and Norway into Sweden
- Also upgraded to allow the use of Hansen Trade for operations in Finland and Norway

**Hansen is well positioned to continue its customer momentum  
into new and expanding growth markets**



# **Addressing the challenges in the current global market**



# TACKLING THE GLOBAL CHALLENGES

With 50+ years of industry experience we approach these challenges with confidence

## LABOUR CHURN

- The IT industry has experienced high levels of churn with the pandemic accelerating the need for a digital presence
- A 9% improvement in Staff Retention indicates that our Global Initiatives are having an impact
- As many tech companies show signs of strain (and increase lay-offs) Hansen seen as financially stable home (with rewarding careers) for new and returning employees
- Positive expansion in key IT labour markets of Argentina, Vietnam and India provide us with a geographically diversified work force

## INFLATIONARY PRESSURE

- Inflation is close to peaking in many countries due to ongoing supply chain disruptions and the Russian / Ukraine conflict
- Resulting in increased costs but Hansen has been factoring this into new contract pricing
- In current contracts, Hansen has optionality to pass on increased cost to customers
- “Hansenisation” across the business continues to improve efficiency and reduce cost

## RISING INTEREST RATES

- Central banks frontloading rate hiking cycles – eager to get too ‘neutral’ quickly
- Current Leverage at a low 0.3x
- Hansen’s strong cash generation supports levels of gearing to fund growth at higher interest rates
- Hansen continues to be well supported by banking arrangements
- Underlying business is fiscally strong and does not require equity support

## M&A STRATEGY


- The Global Pandemic and prohibitory high valuations has made it difficult for Hansen to find strategic value and pursue targets to completion
- More opportunities coming to market, reopening of travel making opportunities easier to assess
- Valuations slowly returning to more realistic levels
- Dedicated M+A Team considering new verticals that could benefit from Hansen’s existing experience

**Hansen’s balance sheet and cash flow generation  
allows us to weather any potential storm.**

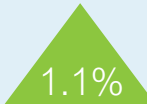


# FY22 FINANCIAL SUMMARY


Revenue<sup>1</sup>

\$296.5m  3.4%

Underlying EBITDA<sup>1</sup>

\$100.3m  1.1%


Underlying NPATA<sup>1</sup>

\$58.2m  6.2%

Adjusted EPSa<sup>1 3</sup>

29.0¢  5.4%

Dividend

12.0¢  20.0%  
(7¢ interim paid +  
5¢ final)

Net Debt<sup>4</sup>

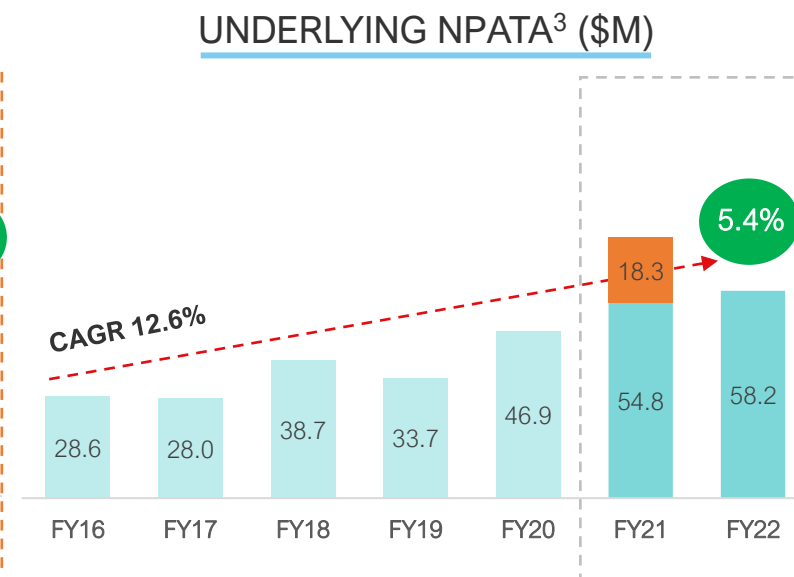
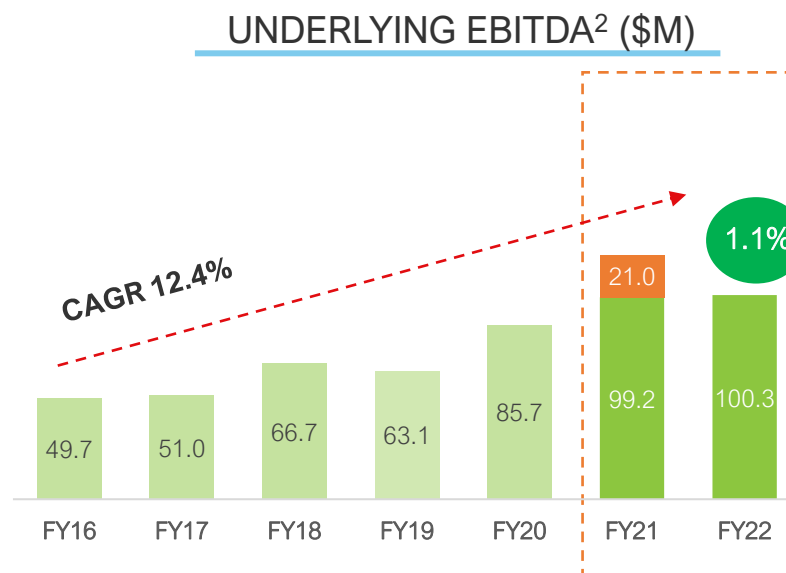
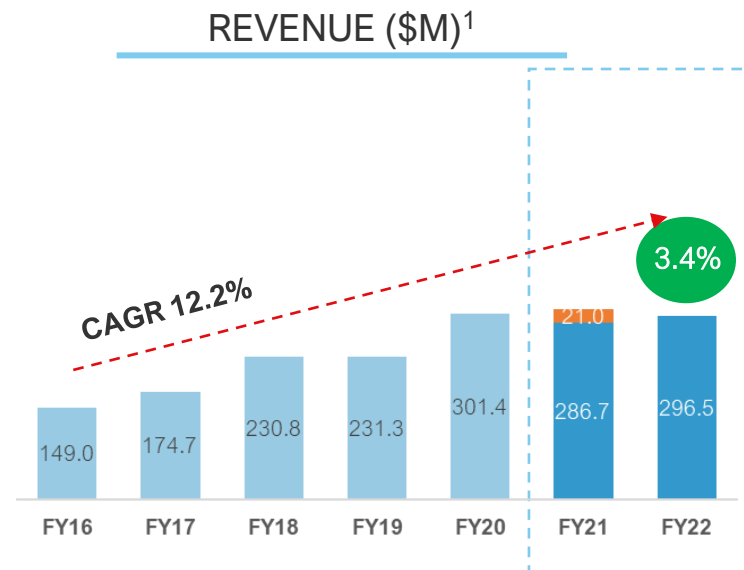
\$28.8m  56.7%

Notes:

1. These metrics are presented after adjusting the FY21 full year result for the impact of the initial Telefonica licence (\$21M)
2. Underlying NPATA = Net profit after tax excluding tax effected amortisation of acquired intangibles and non-recurring items
3. Underlying Basic EPSa, based on NPATA: 5.4% improvement is based on EPSa against prior period after adjusting for the Telefonica licence
4. Net Debt borrowing (excluding pre-paid costs and IFRS16) less cash

# FY22 FINANCIALS IN DETAIL

# STRONG PERFORMANCE DESPITE HEADWINDS



- After adjusting for Telefonica revenue growth of 3.4% delivered for the full year
- A combination of customer upgrades and new business contributing to growth
- New deal momentum delivering revenue into FY23
- Growth continuing across multiple regions

- Underlying EBITDA at 34% for the full year

- Effective tax rate is lower than expected with higher level of profit in tax jurisdictions allowing accelerated use of tax losses

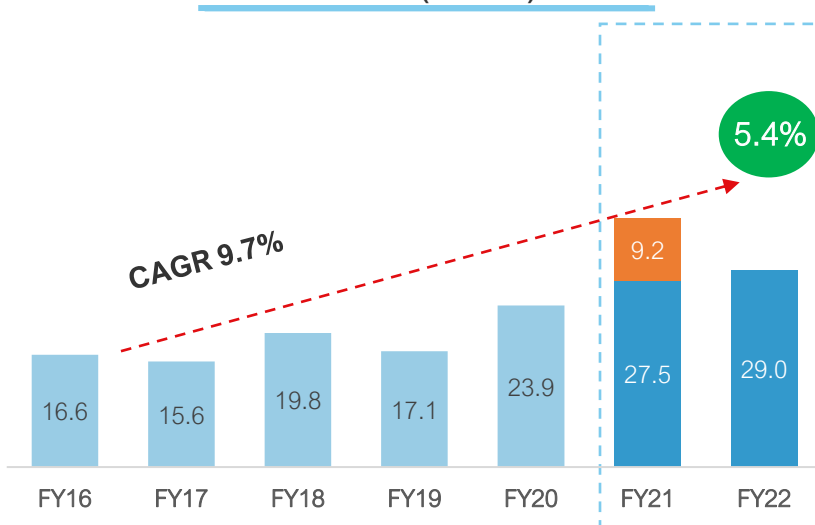
## Notes:

1. These numbers are presented after adjusting the FY21 full year result for the impact of the initial Telefonica licence (\$21M)
2. FY22 underlying EBITDA excludes \$306k of non-recurring items; currency impact of \$2.4m
3. Underlying NPATA = net profit after tax excluding tax effected amortisation of acquired intangibles and non-recurring items of \$306k

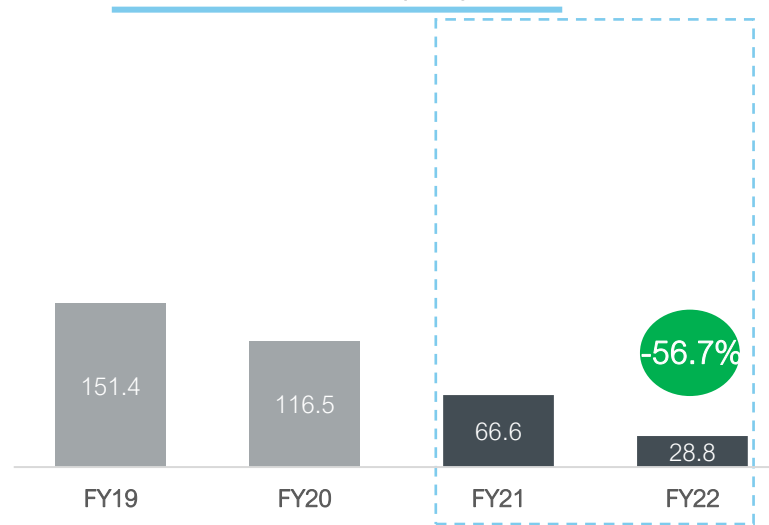


# CONTINUED POSITIVE CASH GENERATION

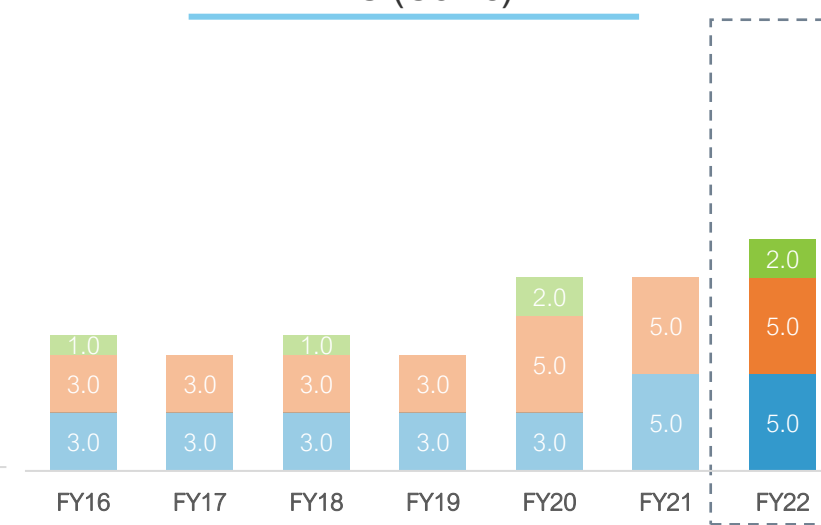
EPSa<sup>1</sup> (Cents)



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



DPS (Cents)



- 57% of Net Profit after Tax returned to shareholders in the form of dividends
- Hansen performing well against the S&P Small Ordinaries Index.
- Shareholders not subject to calls on capital to run the business

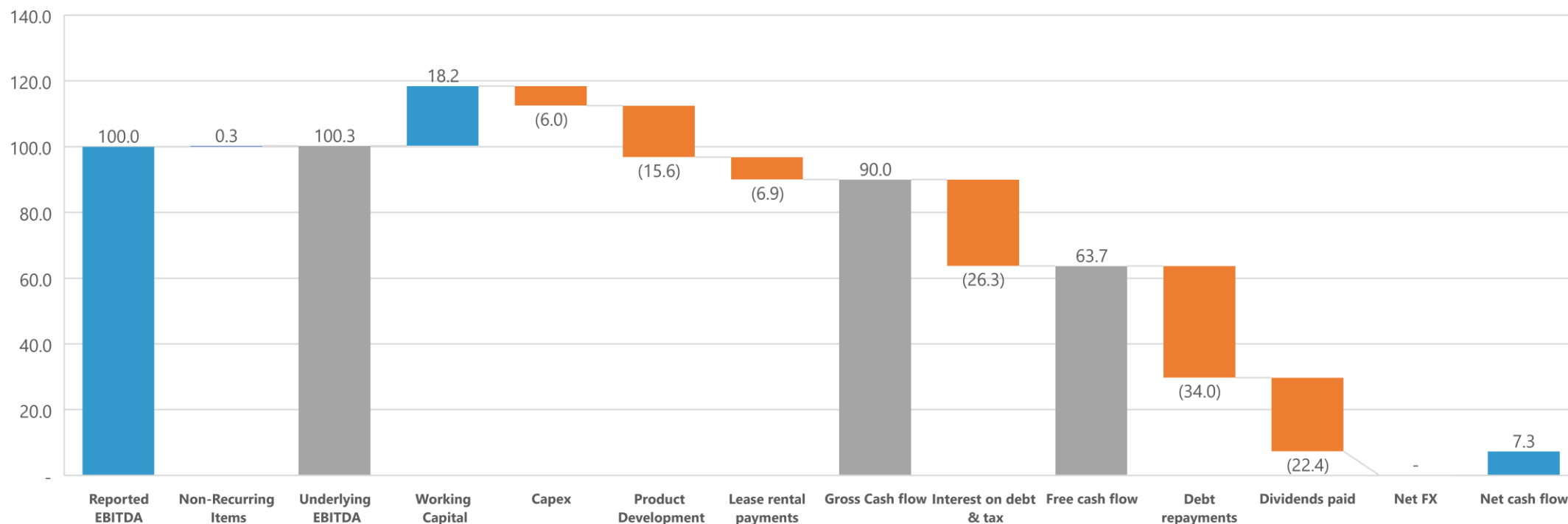
- Strong sustainable cash flows enabling significant reduction in net debt
- Strong capital structure and liquidity position supports current dividend strategy
- Significant debt available to fund future strategic targets

- Full year dividend of 12c includes a special of 2c returning cash to investors

Notes:

1. Underlying Basic EPSa, based on NPATA: 5.4% improvement is based on EPSa against prior period after adjusting for the Telefonica licence.
2. Net Debt excluding AASB 16 lease liabilities and pre-paid borrowing costs.

# TAKING PROFITS TO THE BANK



- Very strong Free Cash Flow of \$63.7m after funding tax obligations associated with record profits in FY21 (down from \$70.1m in FY21)
- Net debt reduced by \$34.0m (50%) to \$28.8m
- Leverage ratio<sup>1</sup> of 0.31x (down 44%) from 0.55x in FY21, highlighting significant headroom for future borrowing capacity
- The year concluded with cash reserves of \$60m up from \$52m at the close of FY21

Notes:

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

A large red rectangular area serves as a background for the title. Within this red area, a black silhouette of a wind turbine is visible on the right side, and a small sailboat is visible on the left side. The background of the entire slide is a grayscale image of a cloudy sky.

# DIVIDEND AND OUTLOOK

# RESILIENCE PAYS DIVIDENDS, REDUCES DEBT

Strong business principles focused on customer needs delivers results

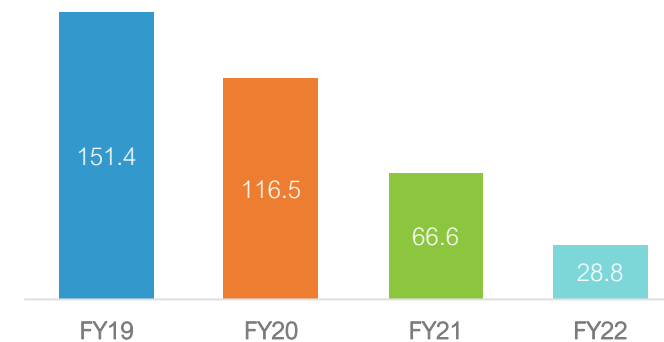
## Our position:

- Strong consistent cash flows have retired over \$120m of debt in a little over 3 years
- Consistent free cash flow has delivered an improved return to shareholders over the same period
- A strong balance sheet places the business in a great position to responsibly leverage the business to take advantage of growth opportunities.

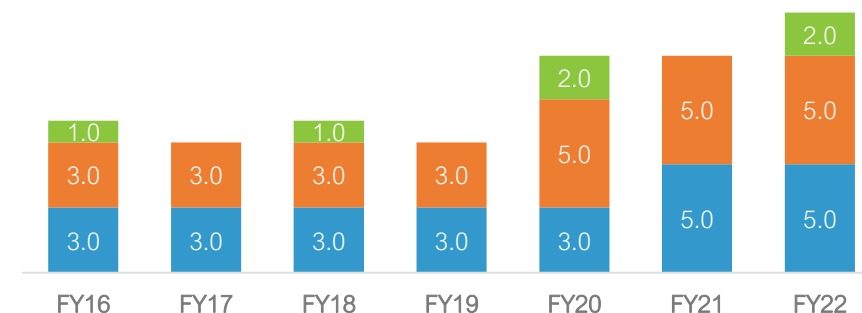
## Capital management philosophy:

- With 12c paid in dividends across the year 57% of Net Profit after tax has been returned to shareholders in FY22.
- Equity raisings reserved for strategic growth opportunities that drive shareholder value.
- Management's equity holdings align outcomes to long term shareholder value.

NET DEBT (\$M)



DIVIDEND (Cents)



**Leverage ratio<sup>1</sup> 0.31x at 30 June 2022; down from 1.46x at 30 June 2020.**

Notes:

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



# NOW AND THE FUTURE

## Where we are today

- Hansen offers a stable predictable platform for growth servicing essential market verticals of Energy, Water and Communications
- Product offerings are focussed to customer requirements and deliver predictable revenue growth
- Hansen's reputation of delivering on time and on budget drives new business opportunity
- Our existing business provides a strong defensive platform for growth

# NOW AND THE FUTURE

## Looking to the Future

- Due to current economic conditions we expect modest organic revenue growth driven by a combination of new product sales into our existing customer base and new logo wins
- Labour churn expected to stabilise, with labour costs to moderate in the longer term. This presents an opportunity to rebuild our bench
- We expect to face some margin pressure driven by unrecovered revenues and cost inflation but expect to maintain underlying EBITDA margins above our ongoing target of 30%
- Building out our ESG framework and expanding our carbon neutral status across our geographies

# Q&A



The logo features a stylized red 'H' composed of geometric shapes: two small squares at the top and a larger, rounded shape at the bottom. To the right of this icon, the word 'HANSEN' is written in a white, uppercase, sans-serif font.

HANSEN