

Hansen Delivers Outstanding Result

21 February 2024

Hansen Technologies Limited (ASX: HSN) ('Hansen', the 'Company'), a leading provider of industry-specific software products and expertise, today announced a 12.5% increase in operating revenue, a 36% increase in Operating Cash and a 21.1% increase in underlying net profit after tax when compared to 1H23.

The Group experienced a particularly strong 1H24 result and continued to provide mission critical solutions to a broad and diverse global customer base. Aligned with the positive financial result, further debt was retired, and the business ended the half in a cash positive position for the first time since 2017.

Results Summary

A\$ million (actual currency)	1H24	1H23	Movement %
Operating Revenue	167.7	149.1	12.5%
Statutory Net Profit After Tax	17.6	16.2	8.6%
EBITDA ^{1,2}	48.8	44.4	9.9%
Underlying EBITDA ^{1,2,4}	52.1	45.0	15.8%
Underlying NPAT ^{1,4}	20.1	16.6	21.1%
Underlying NPATA ^{1,3,4}	27.0	24.0	12.5%
Basic Earnings Per Share (EPS) (cents)	8.7	8.0	8.7%
Basic EPSa based on Underlying NPATA (EPSa) (cents) ^{1,3}	13.3	11.9	11.8%

^{1.} The Directors believe the information additional to IFRS measures included in the press release is relevant and useful in measuring the financial performance of the Group. These include: EBITDA, NPATA and EPSa.

^{2.} EBITDA is a non-IFRS term, defined as earnings before interest, tax, depreciation and amortisation and excluding net foreign exchange gains (losses).

^{3.} NPATA is a non-IFRS term, defined as net profit after tax, excluding tax-effected amortisation of acquired intangibles.

^{4.} Underlying EBITDA, underlying NPAT and underlying NPATA exclude separately disclosed items, which represent the one-off costs during the period. Further details of the separately disclosed items are outlined in Note 3 to the Financial Report which can be found on the Company's web site.

Note: This ASX announcement should be read in conjunction with the Financial Statements which can be found on the Company's website.

Hansen's Chief Executive Officer, Graeme Taylor, said:

"Leveraging our market leading platform of software, we have continued to rapidly paydown debt during the half and expanded our organic growth with a number of strategic customer wins and upgrades."

"I'm really pleased with how the Company performed this half. Our TM Forum Open Digital Architecture (ODA) award has strengthened our credentials. Our product offerings are 'External AI Ready' and purpose developed for key business use case integrations across a well diversified customer base."

"The company's strong revenue growth during the half was due to its continued investment in its sales and account management efforts, leveraging the strengths in its existing customer relationships and modest favourable foreign exchange impacts."

"Hansen's combined product capabilities, coupled with its flexible deployment methodologies allow it to satisfy more requirements than pure play Customer Information System (CIS) vendors. Hansen is actively supporting customers to deploy novel use cases such as Virtual Power Plants (VPP) & Electric Vehicles and this is a key area of growth focus for the business."

ASX / Media Release

“Innovation is at the heart of our operations and our investment in R&D. Our continuous growth and innovation have led to a highly modular product set, a deep and diverse knowledge base across our industries and geographies and earned the ongoing trust of our customers. R&D temporarily reduced during the half to support customer upgrades and new logos.”

“Following on from a strong first half, I can’t be more excited about our recent acquisition of powercloud. It’s a move that signifies a new chapter of growth, innovation, and continued excellence for Hansen. Sitting within Hansen’s core business of billing and customer management, the acquisition joins powercloud’s applications to Hansen’s existing suite of market leading products. The acquisition significantly expands Hansen’s scale and scope in the utilities sector and the depth of its operational presence in one of Hansen’s key target markets Germany, and the broader DACH region. Hansen paid a compelling price for powercloud knowing there is work to be done to return it to profitability. This investment is expected to deliver an EBITDA accretive business within the financial year ending June 2025.”

“I would like to thank the talented Hansen team who worked tirelessly to deliver a strong 1H24 result, and we look forward to delivering further organic and inorganic growth and innovation for our stakeholders.”

Revenue

In 1H24 Hansen achieved its highest ever half year operating revenue result of \$167.7m, representing a 12.5% increase from the prior comparative period. On a constant currency basis, operating revenues were up 9.2%.

Hansen’s revenue continues to remain diverse across geography, currency, product, and industry. No customer makes up more than 8% of revenue. Customer churn rates remain well below 2% and the customer base is largely tier 1 and 2.

The industries in which Hansen operates continue to undergo significant change. The rapid innovations in the telecommunications industry drives ongoing demand for new technological enhancements as Hansen customers seek to monetise 5G and IoT. In the Utilities space transitioning markets such as Virtual Power Plants, Electric Vehicles, geo-political risk & carbon off-setting, are driving the needs for system replacements and upgrades.

Underlying EBITDA

Underlying EBITDA for 1H24 was \$52.1m, which represents an increase of 15.8% when compared to 1H23 and 8.4% CAGR since 1H20.

During FY23 the Group progressively rebuilt our global team back from the lower numbers during the Covid period. During 1H24, Hansen has been focused on leveraging the capacity and capability it has built in its Accounts Management and Sales Teams to continue to win new logos and its labour costs and staff churn rates have stabilised. Globally, costs are increasing as interest rates and inflation place pressure in many of our jurisdictions. Despite these headwinds, the Group has maintained an underlying EBITDA margin of 31.1% which remains significantly ahead of historical averages.

Cash Flow and Net Cash

Hansen continues to demonstrate its stability as a consistently cash generative business. During 1H24, Hansen generated \$30.4m of operating cashflows, an increase of 36% when compared to 1H23, which has been used to retire \$16.6m of debt, pay dividends of \$9.3m (net of dividend reinvestments) and fund the capitalised portion of its ongoing product development program of \$5.9m. Since the beginning of 1H20, Hansen has paid down \$149m, or 80% of its borrowings. At the end of 1H24 the company had net cash of \$8m.

Hansen has a strong balance sheet with significant headroom for additional future borrowing capacity for further M&A. Hansen has a proven track record of successful acquisitions and integrations, and is focused on identifying the right targets at the right price, to ensure an acquisition delivers shareholder value.

Dividend

Reflecting Hansen's ongoing stable and predictable cash generation and strong earnings, the Board has declared a first half dividend of 5.0 cents per share, partially franked to 2.3 cents per share. The record date for the interim dividend is 27 February 2024 and the payment date is 21 March 2024. The Dividend Reinvestment Plan (DRP) will again be available to shareholders with no discount. The DRP election cut-off date will be 28 February 2024.

Outlook

Excluding powercloud, Hansen expects to remain on track to deliver its original Revenue and Underlying EBITDA Margin guidance. powercloud is expected to deliver FY24 revenue of approximately \$16-18m (from 1 February 2024). With the combination of powercloud, Hansen's expected revenue growth for FY24 is 11-13%.

powercloud's recent profitability has been impacted by cost increases from rapid scaling and additional regulatory requirements during the European energy crisis. As a result, the business financial metrics are substantially different from the Hansen Group. It is this situation that enabled Hansen to acquire powercloud for such a compelling price. For FY24, we anticipate a temporary drop in our expected underlying EBITDA margin to approximately +26%.

powercloud is the perfect acquisition for 'hansenisation' and the embedding of good disciplines and practices. Hansen has developed a clear roadmap back to profitability and expects the combination of the two businesses will lead to material shared benefits and revenue and cost synergies. Hansen remains confident of powercloud being EBITDA accretive within FY25.

ASX / Media Release

Investor and Analyst Briefing

An investor and analyst briefing will be held at 10am Melbourne time to discuss the 1H24 results. The briefing will be webcast and accessible via the link below. Once pre-registered, you will be invited to add the Webcast to your calendar.

<https://webcast.openbriefing.com/hsn-hyr-2024/>

For further information:

Investor and analyst enquiries

Peter Beamsley
Head of Investor Relations
+61 438 799 631
Investor.Relations@hansencx.com

About Hansen

Hansen Technologies (ASX: HSN) is a leading global provider of software and services to the energy, water and communications industries. With its award-winning software portfolio, Hansen serves customers in over 80 countries, helping them to create, sell, and deliver new products and services, manage and analyse customer data, and control critical revenue management and customer support processes.

For more information, visit www.hansencx.com

Important information

This announcement contains forward-looking statements that involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to the Company. These forward-looking statements use words such as 'potential', 'expect', 'anticipate', 'intend', 'plan', 'target' and 'may', and other words of similar meaning. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including the Company). Actual future events may vary materially from the forward-looking statements and the assumptions on which the forward-looking statements are based. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Subject to the Company's continuous disclosure obligations at law and under the listing rules of the Australian Securities Exchange, the Company disclaims any obligation to update or revise any forward-looking statements. The factors that may affect the Company's future performance include, among others: changes in economic conditions; changes in the legal and regulatory regimes in which the Company operates; litigation or government investigations; competitive developments affecting our products; changes in behaviour of major customers, suppliers and competitors; acquisitions and divestitures; the success of research and development activities and the Company's ability to protect its intellectual property.

For personal use only