ASX/Media Release

23 February 2018

1H18 Result

Hansen Technologies Limited (ASX: HSN), a leading global provider of customer information systems and data management systems, today announced its results for the six months ended 31 December 2017.

Highlights:

- Acquisition of Nordic-based Enoro – which made a strong contribution during the half
- Operating revenue of $118.4m – up 36% compared to 1H17
- EBITDA[1] of $33.8m – up 41%
- NPATA[2] of $22.7m – up 47%
- EPS[3] (basic) of 11.7 cents – up 37%
- Interim dividend of 3.0 cents per share, fully franked

Result Summary

Six months ended 31 December	2016 (A$m)	2017 (A$m)	Change
Operating revenue	86.9	118.4	36%
EBITDA[1]	23.9	33.8	41%
EBITDA margin (%)	27.5%	28.6%	
NPAT	13.5	18.0	33%
NPATA[2]	15.4	22.7	47%
EPS[3] – basic (cents)	8.5	11.7	37%

A highlight of 1H18 was the acquisition, effective 1 July 2017, of Nordic-based Enoro for an enterprise value of $94.7m. The business is the leading provider of customer information systems and data management systems for the Nordic energy market and has an expanding footprint in the broader European market. Funding for the acquisition was provided by way of a $49.2m equity raising and a $46.4m drawdown of a new $105m debt facility.

Operating revenue was $118.4m, up $31.5m or 36% on 1H17. Enoro was the primary driver of the increase, contributing $29.1m of operating revenue. In addition, the company's core billing revenue excluding Enoro increased 4.0% on a constant currency[4] basis.

EBITDA was $33.8m, up $9.9m or 41% on 1H17 – equating to an EBITDA margin of 28.6% compared to 27.5% in 1H17. While Enoro's EBITDA margin is starting from a lower base, its margin was better than anticipated. In addition, the existing business (ex-Enoro) operated at higher margins which was driven by productivity gains, a reduction in non-employee related expenditure, and deferral of some planned investment.

The effective tax rate for the half was 23.1%, compared to 27.2% across FY17. Factors giving rise to the lower tax rate in 1H18 include: the reduction in the US federal corporate tax rate from 35% to a transitionary rate of 28% for FY18, which will further reduce to 21% in FY19; and the corporate tax rates of 24% in Norway and 20% in Finland applicable to Enoro's profits.

Notes:
1. As of this reporting period (1H18), net foreign exchange gains (losses) are no longer included within EBITDA and EBIT. The comparative figures have been adjusted accordingly. EBITDA is a non-IFRS measure that has not been audited.
2. NPATA = Net profit after tax excluding amortisation of acquired intangibles net of tax
3. EPS based on NPATA
4. Constant currency equals 1H18 results translated to AUD at 1H17 average exchange rates

Free cash flow was a strong $20.5m, which was a function of high cash conversion (despite a working capital build in Enoro) and lower capital expenditure. As a result, net debt was reduced to $17.2m at December 2017, down from $31.8m at June 2017 on a pro-forma basis post the funding of Enoro.

Operational highlights during the half were: the appointment of John May as CEO of the EMEA region; the establishment of a development centre in Vietnam; and the launch of a new version of our Pay TV billing system.

Hansen Chief Executive Officer, Andrew Hansen, said: “the business performed strongly during the first half of 2018. The acquisition of Enoro, our largest acquisition to date, continues our long-term strategy of entering new markets through strategic acquisitions by taking us into Europe with energy. The business performed ahead of our expectations for the period and its integration is progressing well. The existing business also performed well, benefiting from project work that flowed from the previous half into this period and lifting margins through productivity improvements and a lowering of non-employee related costs”.

Dividend

The Board has declared an interim fully franked dividend of 3.0 cents per share, consistent with last year. The record date for the final dividend is 8 March 2018 and the payment date 29 March 2018. The Dividend Reinvestment Plan (DRP) will again be available to shareholders with no discount. The DRP election cut-off date will be 9 March 2018.

Outlook

Assuming similar operating conditions to 1H18, including foreign exchange rates:

- Operating revenue in 2H18 is expected to be slightly below 1H18 – as some of the strong project revenue in 1H18 is not expected to be repeated in 2H18;
- the EBITDA margin for 2H18 is anticipated to be within our target range of 25%-30% - with some of the investment that was planned for 1H18 now expected to fall in 2H18; and
- the EBITDA margin for the full FY18 is anticipated to be around the mid-point of our target range of 25%-30%.

Conference Call

An investor briefing and Q+A session to discuss the 1H18 results will be held at 10:30am (Melbourne time) today. Dial-in details to participate in the conference call:

Toll free (within Australia):	1800 123 296
Toll:	+61 2 8038 5221
Conference ID:	8647 489

For further information:

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About Hansen

Hansen Technologies (ASX: HSN) is a leading global provider of customer information systems, billing software and data management systems to four industry verticals: energy, water, telecommunications and pay TV. For over 40 years Hansen has worked alongside clients enabling them to continuously optimise their critical billing. Every day 1000 Hansen experts globally are focused on 500+ clients; helping to streamline billing and operational processes, manage and analyse consumption data and ultimately improve their customers’ experience.