

Hansen Achieves Solid Results, Pays Dividends, and Invests for Growth During 1H23

February 22nd 2023 – Hansen Technologies Limited (ASX: HSN) (“Hansen”, the “Company”), a leading provider of industry-specific software products and expertise, that enables its customers to easily capitalise on the commercial opportunities of the evolving energy, utilities and communications markets is proud to announce its 1H23 result.

The Company continues to achieve solid cash generative results through long term collaboration with its customers and partners, underpinned by a global workforce of skilled professionals.

Results Summary

A\$ million (actual currency)	1H23	1H22	Variance (%)
Operating revenue	149.1	148.9	0.1%
EBITDA ^{1,2}	44.4	53.9	(17.6%)
Underlying EBITDA ^{1,2,4}	45.0	54.2	(17.0%)
Underlying NPAT ⁴	16.6	23.6	(29.7%)
Underlying NPATA ^{1,3,4}	24.0	31.8	(24.5%)
Basic earnings per share (EPS) (cents)	8.0	11.7	(31.6%)
Basic EPS based on underlying NPATA (EPSa) (cents) ^{1,3}	11.9	15.9	(25.2%)

^{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 Report which can be found on the Company's website.

Hansen's Global Chief Executive Officer and Managing Director, Andrew Hansen, said:

“Hansen has continued to deliver solid cash generative results since listing in 2000. We achieve this through a combination of maintaining strong business fundamentals, whilst investing in and evolving our industry-specific software and solutions to facilitate the transformative journeys of our customers.”

“We have continued to rapidly paydown debt during the half. We have grown our investment in our products and expanded our global capability, whilst aligning our key leadership structure to focus on generating a pipeline of international M&A opportunities.”

“I'm very proud of what the global Hansen team has continued to achieve this half. Our customers continue to demonstrate continued faith in our people, products, and solutions, as they seek to navigate the journey ahead. We are confident that our investment in R&D is supporting the retention and expansion of customers through and beyond the global transition to SaaS.”

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Revenue

1H23 operating revenue of \$149.1m is broadly aligned to 1H22. Strong organic growth in the Company's Services revenue line was offset by lower Licence renewals when compared to 1H22. Excluding its License revenue line, the Company's revenue was up 6.2% when compared to this time last year.

During 1H23 Hansen has continued to experience strong renewals and expansions within its existing customer base and had no loss of customers during 1H23.

Hansen's revenue remains diverse across geography, currency, product, and industry. This ensures Hansen remains resilient, consistently cash generative and creates opportunities to leverage its global footprint.

Hansen expects solid FY23 revenue growth when compared to FY22, driven by new and ongoing upgrades, new logo wins and stronger Licence revenue in 2H23.

Underlying EBITDA

Underlying EBITDA for 1H23 was \$45.0m. Underlying EBITDA has increased 6.1% (CAGR) since 1H20.

During the first half of the financial year, the Company has focused on investing for growth by building back staffing capacity to pre-pandemic levels of approximately 1600 full time equivalent employees.

The underlying EBITDA margin at 30.2% for the first half, remains above the pre pandemic historical averages for Hansen. Margins of about 30% are a more realistic long-term benchmark than the higher margins the Company experienced during the pandemic.

Cash Flow and Debt

The Company has continued to generate solid cash generative results. Hansen has paid down \$20.9m of its debt in the first half of the year. Since 1H20 the Company has paid down \$124.4m or 81.3% of Net Debt. Contract timing created a build-up in Working Capital during 1H23. Since the closing of the Company's 1H23 accounts, this has unwound, and Net Debt has improved to approximately \$20m. The Group is expecting to be in a net cash positive position in early FY24 assuming no material M&A transactions.

The very low leverage ratio¹ of 0.32x is down 7.2% from 0.34x in 1H22, demonstrating increasing headroom for future borrowing capacity when the right acquisition opportunity is secured.

Dividend

Reflecting Hansen's ongoing solid cash generation and underlying EBITDA margin into 1H23, the Board has declared an interim, unfranked, dividend of 5.0 cents per share. The record date for the final dividend is 27 February 2023 and the payment date is 21 March 2023. The Dividend Reinvestment Plan (DRP) will again be available to shareholders with no discount. The DRP election cut-off date will be 28 February 2023.

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

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Outlook

Hansen is committed to and confident of achieving its guidance. The Company expects FY23 growth in its revenue when compared to FY22, as it continues to support its customers to digitally transform their businesses.

The organic revenue growth target for FY23 remains at 3-5%. The expected FY23 underlying EBITDA margin is +30%.

Hansen previously shared long-term targets for growth by FY25. The timing and nature of the pandemic and ongoing high valuation multiples for acquisition targets have slowed its trajectory. Hansen remains committed to growth both organically and through suitable value accretive acquisitions, and the \$500m revenue target remains the short to medium term objective.

Investor Briefing

An investor and analyst briefing conference call to discuss the Hansen 1H23 result will be held at 10am (AEDT) on 22nd February 2023. Click on the link below to pre-register for the call. You will be sent an invitation and dial in details.

<https://registrations.events/direct/OCP60549>

For further information:

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About Hansen Technologies

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 600+ 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