

Hansen delivers a 5.2% revenue uplift and guides for strong growth in FY24.

23 August 2023

Hansen Technologies Limited (ASX: HSN) ('Hansen', the 'Company'), a leading provider of industry-specific software products and expertise, today announced a 5.2% increase in operating revenue and a 2.1% increase in net profit for the 2022-23 year (FY23).

The Company achieved a record level of operating revenue, exceeding historical growth rates, while also generating significant cash-flows. This resulted in an effectively net debt zero outcome. The Company also provided a strong projection for growth in the FY24 outlook statement.

Results Summary

A\$ million (actual currency)	FY23	FY22	Movement %
Operating revenue	311.8	296.5	5.2%
EBITDA ^{1,2}	100.7	99.9	0.8%
Underlying EBITDA ^{1,2,3}	99.5	100.3	(0.8%)
NPAT	42.8	41.9	2.1%
Underlying NPAT ³	41.5	42.2	(1.7%)
Basic earnings per share (EPS) (cents)	21.1	20.9	1.0%

^{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 Company. These include: EBITDA and Underlying EBITDA.

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

^{3.} Underlying EBITDA and Underlying NPAT exclude separately disclosed items, which represent the one-off costs during the period. Further details of the separately disclosed items are outlined in Note 4 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 Managing Director, Andrew Hansen, said, "I'm really pleased with how the Company performed this year. Hansen achieved organic revenue growth, significant cash flow while simultaneously investing in R&D and developing an expanding pipeline of acquisition opportunities into FY24. We are happy that our results for the year exceeded our guidance, and we are projecting continued organic growth for FY24."

"The company's strong sales momentum during FY23 was due to its continued success in renewals, expansions, securing new logo wins and the repricing of its services and support offerings taking full effect. The company invested in its sales and account management efforts to drive revenue and enhance the value of its existing customer relationships."

"FY23 saw Hansen invest in, and take advantage of, the rapid changes in the energy and communications industries, like renewable energy and 5G networks, which are creating more demand for our software and services. This investment has supported our solid cash generative results, and we are pleased to announce that Hansen is effectively net debt zero. Our commitment to paying down debt has been rapid and successful."

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“I would like to thank the talented Hansen team who worked tirelessly to deliver a strong FY23 result, and we look forward to delivering further growth.”

“Innovation is at the heart of our operations and our investment in R&D has not only supported the retention and expansion of our customer base but has also strengthened our suite of products. We invest in our products to make sure they stay agile, responsive, and relevant to our clients' end customers. We have never been better positioned to continue our momentum of organic growth, and we aim to supplement that growth with carefully selected acquisitions. We look forward to continuing to deliver outstanding results in the years to come.”

Revenue

In FY23 Hansen achieved its highest ever operating revenue result of \$311.8m, representing a 5.2% increase from the previous fiscal year. Excluding licence fees, Hansen's Services, Support and Maintenance revenue lines experienced strong organic growth of 7.3% when compared to FY22, which is a testament to the Hansen team's hard work and dedication. This growth rate is well above the historical average of the business.

Hansen is proud to report that its Licence revenue has increased by 11.7% since FY19 on a compound annual growth rate (CAGR) basis. Licence renewals are cyclical year-on-year and typically represent 3–5-year cycles across Hansen's customer base.

Hansen's revenue remains diverse across geography, currency, product, and industry. No customer makes up more than 7% of revenue. Revenue growth has been solid across all geographies and the energy vertical grew 11.5% on FY22. The industries Hansen serve continue to evolve, and demand for Hansen's products and services is growing.

Hansen has been building up its sales teams and has a clear organic growth strategy in place. With an increased focus on expanding its organic pipeline, coupled with recent new logo wins and upgrade work for its existing customer base, Hansen expects the organic revenue growth rate in FY24 to exceed FY23.

Underlying EBITDA

Underlying EBITDA for FY23 was \$99.5m, which represents an increase of 12.1% CAGR since FY19.

During FY23, Hansen has been focused on investing for growth by rebuilding staff capacity to pre-pandemic levels. Hansen has renewed capacity and capability to continue to win new logos and its labour costs and staff churn have stabilised.

The FY23 underlying EBITDA margin at 31.9% reflects Hansen's careful cost control. Hansen's 2H23 EBITDA margin was 33.5%.

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Cash Flow and Debt

Hansen continues to demonstrate its stability as a consistently cash generative business. During FY23, Hansen generated \$78.8m of operating cashflows which has been used to retire \$33.6m of debt, pay dividends of \$18.4m (net of dividend reinvestments) and fund the capitalised portion of its ongoing product development program of \$21.1m. Since FY19 the Company has paid down \$131.5m, or 70.8% of its borrowings. At the end of FY23 net debt is effectively zero.

Hansen has strong balance sheet with significant headroom for future borrowing capacity when the right acquisition opportunity is secured. Hansen has a proven track record of successful acquisitions, and its focus on identifying the right targets at the right price, helps ensure that a successful acquisition delivers shareholder value.

Dividend

Reflecting Hansen's ongoing stable and predictable cash generation and strong earnings, the Board has declared a final dividend of 5.0 cents per share, partially franked to 1.5 cents per share. The record date for the final dividend is 29 August 2023 and the payment date is 20 September 2023. The Dividend Reinvestment Plan (DRP) will again be available to shareholders with no discount. The DRP election cut-off date will be 30 August 2023.

Outlook

Hansen has elevated its revenue growth guidance into FY24 as it continues to support its utilities and communications customers to digitally transform their businesses and leverages its enduring customer relationships for sustainable and profitable long-term growth.

Hansen's organic revenue growth target for FY24 is 5-7%. Hansen expects its underlying EBITDA margin to remain above 30% and above its pre-pandemic historical run rate of 25-30%.

Hansen continues to carefully manage the return on investment from its research and development (R&D) and expects FY24 capitalised R&D spend of 5-7% of revenue. Hansen's R&D roadmap continues to support and deliver future growth and expanded returns into FY24 and beyond.

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Investor Briefing

An investor and analyst briefing conference call to discuss the Hansen FY23 results will be held at 10am (AEST) on 23 August 2023. Click on the link below to pre-register for the call. You will be sent an invitation and dial in details.

<https://s1.c-conf.com/diamondpass/10031704-jg85r6.html>

For further information:

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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