15 February 2017

1H 2017 Results

Hansen Technologies Limited (ASX: HSN), a leading global provider of billing and customer care solutions, today announced its results for the six months to 31 December 2016.

Highlights:
- Revenue of $86.9m – 17.5% up on 1H16
- 4.5% underlying1 billing revenue growth on a constant currency basis
- Solid first-time contributions from US-based Hansen Solutions and UK-based HiAffinity
- EBITDA of $23.8m – 6.6% up on 1H16
- NPATA2 of $15.3m – 9.6% up on 1H16
- Interim dividend of 3.0 cents per share, fully franked
- On-track to achieve FY2017 guidance – revenue in the range of $165m to $175m and EBITDA margin between 25% and 30%

Result Summary

<table>
<thead>
<tr>
<th>Six months ended 31 December</th>
<th>2016 (A$m)</th>
<th>2017 (A$m)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue</td>
<td>74.0</td>
<td>86.9</td>
<td>17.5%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>22.3</td>
<td>23.8</td>
<td>6.6%</td>
</tr>
<tr>
<td>EBITDA margin (%)</td>
<td>30.1%</td>
<td>27.4%</td>
<td></td>
</tr>
<tr>
<td>NPAT</td>
<td>12.6</td>
<td>13.5</td>
<td>6.8%</td>
</tr>
<tr>
<td>NPATA2</td>
<td>14.0</td>
<td>15.3</td>
<td>9.6%</td>
</tr>
<tr>
<td>EPS3 – basic (cents)</td>
<td>7.9</td>
<td>8.5</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

Hansen Chief Executive Officer, Andrew Hansen, said: "Hansen is yet again pleased to announce an increase in revenue and profitability for the half – EBITDA has now increased for the past four years when compared to the previous corresponding period.

Operating revenue increased 17.5% to $86.9 million. Excluding the currency headwinds we faced in the half, we had 4.5% underlying1 revenue growth in our core billing revenue on a constant currency basis, a very solid result considering the much higher revenue base we established last year.

During the half, we also saw the addition to our business of both the US-based Hansen Solutions and the UK-based HiAffinity. Hansen Solutions provides a SaaS billing and outsourcing solution for US energy retailers, while HiAffinity is a provider of water billing software. Whilst some re-shaping of the Solutions business is still to be undertaken, both businesses made contributions in-line with our expectations.

EBITDA increased 6.6% to $23.8 million. As anticipated with the inclusion of the lower-margin Hansen Solutions business, our EBITDA margin reduced to 27.4% from slightly above 30% last year. However, excluding Hansen Solutions, the EBITDA margin would have been consistent with last year.

Pleasingly, we remain on-track to achieve our full year 2017 guidance – being revenue in the range of $165 million to $175 million and an EBITDA margin between 25% and 30%.”

Notes:
1. Excluding the impact of acquisitions
2. NPATA = Net profit after tax excluding amortisation of acquired intangibles
3. EPS based on NPATA
Revenue Growth

Operating revenue for the first half of 2017 was $86.9 million, $12.9 million or 17.5% higher than 1H2016. Contributing factors to the growth were:

- $3.2 million or 4.5% underlying\(^1\) growth in core billing revenue on a constant currency basis;
- a $4.4 million reduction in revenue due to currency movements compared to 1H16 – a significantly weaker pound (GBP) relative to the A$ contributed $2.1 million of the decline, while a weaker US$ (which now accounts for circa 50% of total revenue following the acquisition of the US-based Solutions business) contributed $1.3 million of the decrease;
- $1.6 million lower revenue from our non-core facilities management/other business – with $1.3 million of the reduction due to the expected movement of our only superannuation fund client to a mainstream system provider (which is expected to be $2.7 million for FY2017);
- a $14.7 million contribution from the US-based Solutions business acquired effective 1 July 2016; and
- a $1.1 million contribution over two months from the UK-based HiAffinity water billing business acquired effective 1 November 2016.

Income Tax

Income tax expense for 1H17 was $4.5 million, which equates to an effective tax rate of 25.2%. The lower effective tax rate is largely a function of our increased global R&D spend and a focus on the enhanced deductibility thereof.

Cash Flow

Net cash flow for 1H17 was negative $12.4 million, primarily a result of $22.8 million paid for acquisitions during the half, being $14.3 million for Solutions and $8.5 million for HiAffinity.

Cash at 31 December 2016 was $17.8 million, while debt of $2.0 million was outstanding (which has since been repaid).

Dividend

The Board has declared an interim dividend of 3 cents per share, fully franked for Australian taxation purposes. The record date is 9 March 2017 and the payment date 31 March 2017.

The Dividend Reinvestment Plan (DRP) will again be available to shareholders with no discount. The DRP election cut-off date will be 10 March 2017.

For further information:

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Investor briefing

An investor briefing and Q+A session to discuss the 1H17 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: 6690 6546

\(^1\) Underlying growth excludes the impact of acquisitions and disposals.
About Hansen

Hansen Technologies (ASX: HSN) is a leading global provider of billing and customer care solutions to four industry verticals: energy, water, telecommunications and pay TV. With over 40 years’ experience and more than 200 Hansen CIS installations worldwide, we help our customers to streamline and optimize critical billing and operational processes and improve their customers’ experience. We have over 800 staff across offices in Australia, USA, New Zealand, the UK, China, Denmark, Germany, Argentina and South Africa.