

**26 November 2024**

## Market Announcement

Gentrack Group Limited (NZX/ASX: GTK), a leading provider of software solutions for utilities and airports, today released its results for the full-year to 30 September 2024.

## Results Summary

- Revenue: \$213.2m: up 25.5% v FY23 and up 50% when excluding \$27.6m of one-off revenues in FY23 from insolvent customers.
- EBITDA: \$23.6m v \$23.2m in FY23 (FY24 impacted by a \$7.1m charge against payroll costs on the Group's LTI schemes due to the significant growth in our share price and the accelerated amortisation of these costs).
- Statutory NPAT: \$9.5m v \$10.0m in FY23
- Cash: \$66.7m: \$17.5m increase in the year after \$12.9m Amber investment in H1'24.
- No Dividend payable

## Overview

Gentrack's market segments of energy, water and airports are growth markets providing essential services.

Gentrack's mission in utilities is to help the world accelerate towards a net zero future by supporting the global modernisation of energy and water retailers. Gentrack has c690 committed utility professionals who are passionate about this purpose. They work tirelessly to demonstrate our leadership in this dynamic landscape as utilities world-wide embark on their transformation journey.

Strong revenue growth comes in part from doing more with our current customers as they innovate. They face a myriad of drivers for system change including regulatory and competitive dynamics; data insights from real time smart meter interactions; time of use pricing; great customer experience; new operating models; and per capita water consumption targets.

Additionally, we have four new utility customers in FY24, including new wins in Saudi Arabia and the Philippines. We now have utility customers in eight countries. The pipeline of new opportunities continues to develop and, as we said in our May 2024 earnings forecast, we are targeting further wins in FY25 in our current markets and new territories.

Separately, our Airports Division, Veovo, which operates in 23 countries and over 140 airports, is playing a leading role in the digitization and modernisation of the industry. We have a top-class team and great technology with over 90 professionals in the division.

We expect continued progress at Veovo. With almost no customer churn, continued new wins (such as FY24 wins of Manchester Airports Group and the airports of Saudi Arabia) add depth to our recurring revenue base. We expect to secure renewals, upsells and new wins from our strong pipeline in FY25.

## **Financial performance**

For the Group, revenues increased 25.5% over the prior year period to \$213.2m. In our Utilities business, total revenue grew by 23% to \$181.3m. Underlying Utilities revenue, excluding \$27.6m of revenue in FY23 from insolvent customers, grew by 51%. Upgrades and other customer transformations, new customer wins and strong demand for innovation and change from across our customer base helped drive our non-recurring revenues 104% higher to \$60m. Whilst wins and upsells from prior periods increased our recurring revenues by 33% to \$121.3m.

New customer wins in the UK and the Middle East have powered Veovo to a 45.5% increase in revenue over the prior period to \$31.9m. The project work to implement these wins alongside upgrades from existing customers have driven non-recurring revenues 101% higher v prior year to \$15.7m. This includes \$6.8m (\$2.0m in FY23) of revenue from sales of hardware sourced from our supplier network. Customer wins and upgrades from prior periods have also pushed recurring revenues 15% higher to \$16.3m.

EBITDA at \$23.6m (\$23.2m in FY23) includes \$7.1m booked against expected payroll tax on the Group's LTI schemes (compared to \$0.3m in FY23). This follows the strong rise in our share price across the year. The tax is based on the share price at vesting. Furthermore, for LTI awards to management made at the start of FY24 more shares vest and vest earlier when the share price is higher and so we are now amortising most of this expected cost over two rather than three years.

We have continued to increase investment in strategic R&D, all of which has been expensed, as well as increase our sales & marketing spend to support our international expansion.

Our NPAT of \$9.5m (\$10m in FY23) includes a \$1.3m loss being our share of the losses of Amber in which we acquired a 10% stake during the year. Alongside our equity we hold a seat on Amber's Board and so account for this investment as an associate company within our financial statements.

Gentrack continues to deliver strong cash generation. Our cash as of 30 September 2024 was \$66.7m, a \$17.5m increase over the start of the year, after investing \$12.9m in Amber.

Gentrack's Utilities and Veovo businesses both operate in high growth and consolidating markets. Today the Board believes that the best use of the company's capital is to continue to invest in growth. We have therefore decided not to pay a dividend. We will keep the use of capital under regular review.

## **Bringing Value to our Energy and Water Customers**

Gentrack and our customers are also consistently recognised as leading and shaping the industry's change. Some examples include:

Red Energy, which has been the Canstar Leading Energy Supplier for 13 years in a row in Australia, the world's most dynamic energy market.

Ecotricity, which is Citizens Advice Customer Experience leader in the UK, the world's most competitive energy market.

Mercury who won the New Zealand CIO Awards from global market intelligence firm, IDC for Business Transformation through IT.

## **g2.0 and other Technology Updates**

The g2.0 technology strategy, with Salesforce's Energy and Utility Cloud embedded, is resonating very well with our existing and potential customers. A recent testament to this has been g2.0 winning three prestigious awards at the Asian Business Review Awards 2024 for Enterprise Software Energy, Enterprise Software Utilities, and ESG Tech Utilities.

In November 2023, Genesis Energy selected our g2.0 solution to modernise their business and we are making good progress in this transformation program which will remain a key program across FY25. Upgrade discussions with parts of our customer base are underway and new customer sales are on g2.0.

We have a strong and exciting technology roadmap for FY25. We continue to invest in data solutions for better AI insights and automation as well as a broad range of sellable, add on functionality that energy and water customers need as they transform and innovate.

We continue to invest in products in areas such as dynamic pricing and propositions for distributed energy sources such as battery optimisation for industry, homes, and electric vehicles. Our minority investment in Amber accelerates our roadmap in this key energy transition domain. Amber is an Australian based technology company and energy retailer that gives customers direct access to real time energy prices and the technology to automate their home batteries and EVs. Their product is augmenting our solution well and we see encouraging interest in the combined Gentrack and Amber solution. We are pleased to have achieved our first win on a joint Gentrack and Amber solution in Europe.

We also work with other distributed resources management technology suppliers to bring the right energy solution to our customers in this nascent market.

## **Veovo's Leading Technology Capabilities**

Veovo has had another strong year of growth. Airports have returned to 2019 passenger numbers and that has meant a drive for technology to deliver more capacity and better journeys.

FY24 has seen a number of big projects for Veovo. We have had major success in the Middle East with large contracts in Saudi Arabia for our Passenger Predictability products and the delivery of Airport Billing in Dubai. In the UK, Manchester Airport Group has selected Veovo for Passenger tracking and Queue measurement across all their airports.

We continue to have excellent customer retention, with upgrades to our Gen8 platform for airport operations being rolled out in New Zealand, Australia, the UK, and North America. This is driving both growth and cementing Veovo's incredible record for customer retention.

We expect Veovo to continue this strong story in FY25, with current projects becoming operational and a strong pipeline of opportunities with existing and new customers.

### **Climate Statement**

Our FY24 Annual Report will include our first Climate Statement under New Zealand climate related disclosures regime. We believe that our technologies can play a key role in accelerating a sustainable future for the planet. Our platforms support automation and operational efficiency at airports. At Utilities, we deliver customer centric solutions that can help end customers adopt greener solutions to advance the energy transition.

### **Looking Forward**

Both the utilities and airports industries are transforming at pace. They are dynamic markets in a state of change, and we are confident in our ability to lead these markets globally over time.

We would like to thank our customers and shareholders for their continued support, and the entire Gentrack team for their achievements and for their commitment to Gentrack's future.

### **Outlook**

We remain confident of our mid-term guidance of growing revenue more than 15% CAGR and an EBITDA margin of 15-20% after expensing all development costs.

In FY25, we expect both Utilities and Veovo to show continued revenue growth and EBITDA improvement, the extent of which will depend on when business opportunities close in the year. We will look to provide further guidance on FY25 outlook later in the financial year.

### **Presentation Results**

Investors are invited to join the presentation of the Full Year Results on Tuesday 26th November 2024 at 10.30am NZDT/ 8.30am ADST via webcast:

URL Link: [www.virtualmeeting.co.nz/gtkfy24](http://www.virtualmeeting.co.nz/gtkfy24)

It is advised that attendees allow ten minutes prior to the start time to register and download any necessary webcast software. To join via audio only, please see details here: <https://gentrack.com/full-year-results-announcement-date-2024/>

**ENDS**

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**About Gentrack**

We are entering a new era, with utilities worldwide transforming to meet business and sustainability targets. For over 35 years Gentrack has been partnering with the world's leading utilities, and more than 60 energy and water companies rely on us.

Gentrack, with our partners Salesforce and AWS, are leading today's transformation with g2.0, an end-to-end product-to-profit solution. Using low code / no code, and composable technology, g2.0 allows utilities to launch new propositions in days, reduce cost-to-serve and lead in total experience. <https://www.gentrack.com>