1H19 RESULT PRESENTATION.

22 FEBRUARY 2019.

IMPORTANT NOTICE

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Information contained in this presentation:

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- should be read in conjunction with Hansen's financial reports and market releases on ASX
- includes forward-looking statements about Hansen and the environment in which Hansen operates, which are subject to significant uncertainties and contingencies, many of which are outside the control of Hansen – as such undue reliance should not be placed on any forward looking statements as actual results or performance may differ materially from these statements
- includes statements relating to past performance, which should not be regarded as a reliable guide to future performance
- includes certain financial information not recognised under IFRS which Hansen considers useful to assist in evaluating Hansen's performance – however, such information has not been subject to audit or review in accordance with Australian Auditing Standards.

All dollar values are in Australian dollars (A$) unless otherwise stated.

Definitions

1H17 = six months ended 31 December 2016
2H17 = six months ended 30 June 2017
1H18 = six months ended 31 December 2017
2H18 = six months ended 30 June 2018
1H19 = six months ended 31 December 2018
2H19 = six months ended 30 June 2019
FY17 = financial year ended 30 June 2017
FY18 = financial year ended 30 June 2018
FY19 = financial year ended 30 June 2019
EBITDA* = Earnings before interest, tax, depreciation and amortisation, excluding net foreign exchange gains (losses)
EBIT* = Earnings before interest and tax, excluding net foreign exchange gains (losses)
NPAT = Net profit after tax
NPATA* = Net profit after tax excluding tax effected amortisation of acquired customer and technology intangibles
Recurring revenue* = recurring maintenance, support, dedicated service and licence revenue
Non-recurring revenue* = service/project revenue, non-recurring licence revenue and hardware/software sales

*EBITDA, EBIT, NPATA, Recurring revenue and Non-recurring revenue are non-IFRS measures that have not been audited or reviewed by Hansen's auditors

ABOUT HANSEN.

OUR COMPANY

- Founded in 1971
- Headquartered in Melbourne, Australia
- ASX listed (HSN)

TECHNOLOGY

- Customer Information Systems – billing and customer care
- Data management systems
- IP all owned

INDUSTRY VERTICALS

- Utilities – energy & water
- Pay-TV
- Telcos

TEAM

- 1000+ staff across 30 offices globally
- Average length of tenure is ~10 years

CUSTOMER BASE

- 500+ globally
- Largest customer ~7% of revenue

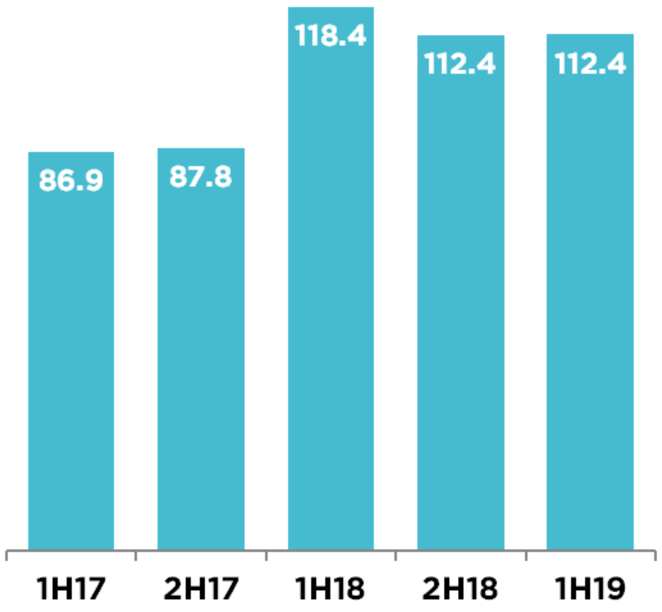
SHAREHOLDERS

- 18% Hansen family
- 38% Institutional – Mawer & Fidelity substantial (>5%)
- 44% Retail

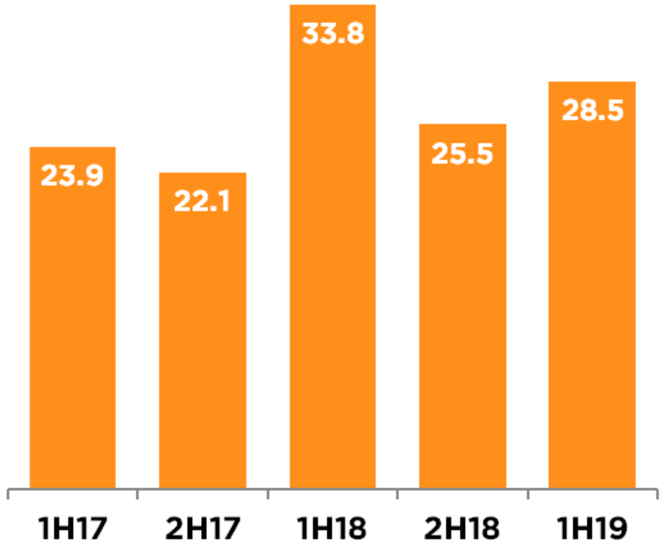
1H19 **REVENUE & PROFITABILITY** BY COMPARISON.

On track to deliver FY19 guidance

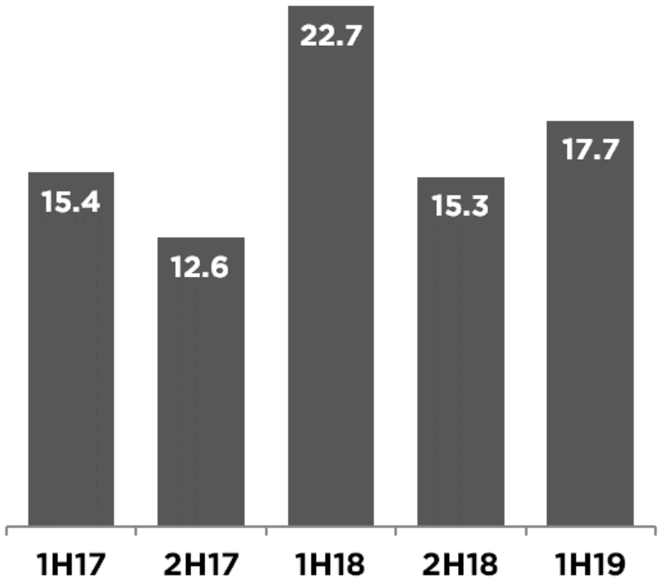
REVENUE[1] ($m)



EBITDA[2] ($m)



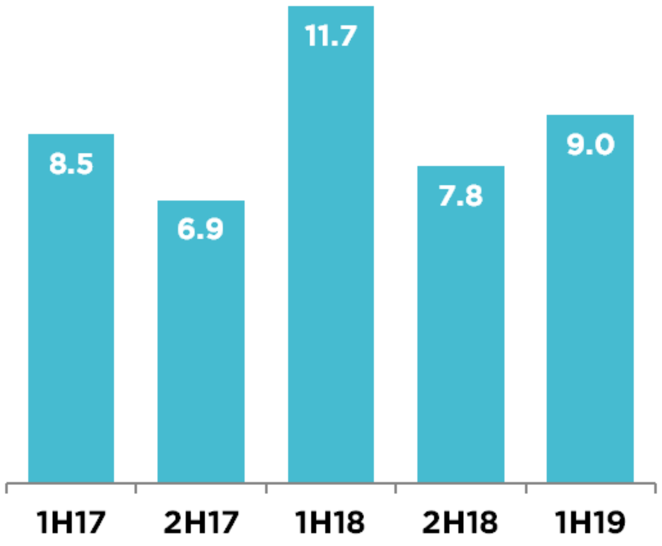
NPATA[3] ($m)



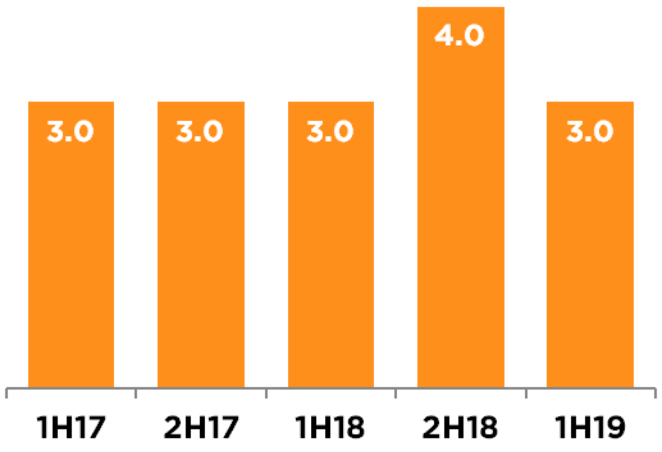
1. 1H19 revenue is in accordance with the new accounting standard for revenue recognition, AASB 15. The comparative figures for prior reporting periods have not been restated. Refer to page 15 in the Appendices for further detail.
2. Net foreign exchange gains (losses) are excluded from EBITDA
3. NPATA = Net profit after tax excluding tax effected amortisation of acquired customer and technology intangibles (refer page 14 for reconciliation)

1H19 **KEY METRICS.**

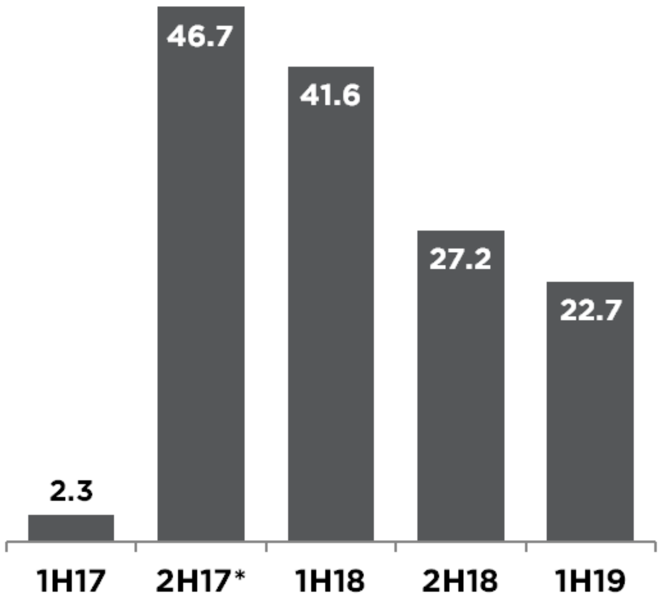
Adjusted EPS[4] (Cents)



DPS[5] (Cents)



GROSS DEBT ($m)



4. Adjusted Basic EPS based on NPATA
5. 2H18 dividend included a 1 cent special dividend

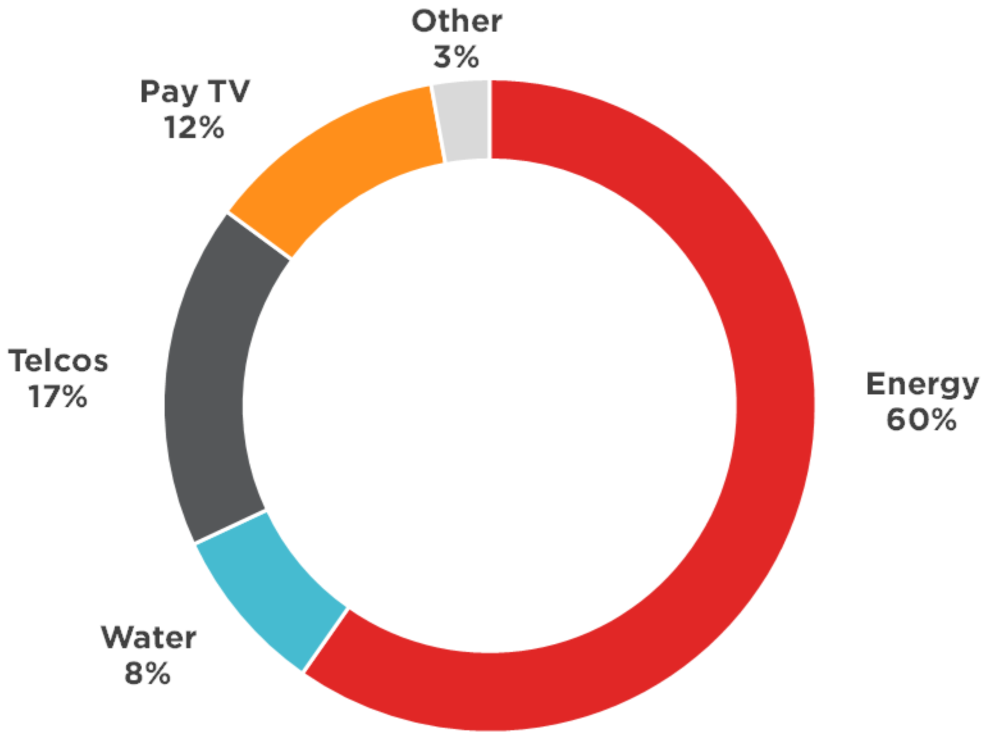
* Proforma gross debt post the draw down of debt to part fund Enoro, which occurred just after 30 June 2017

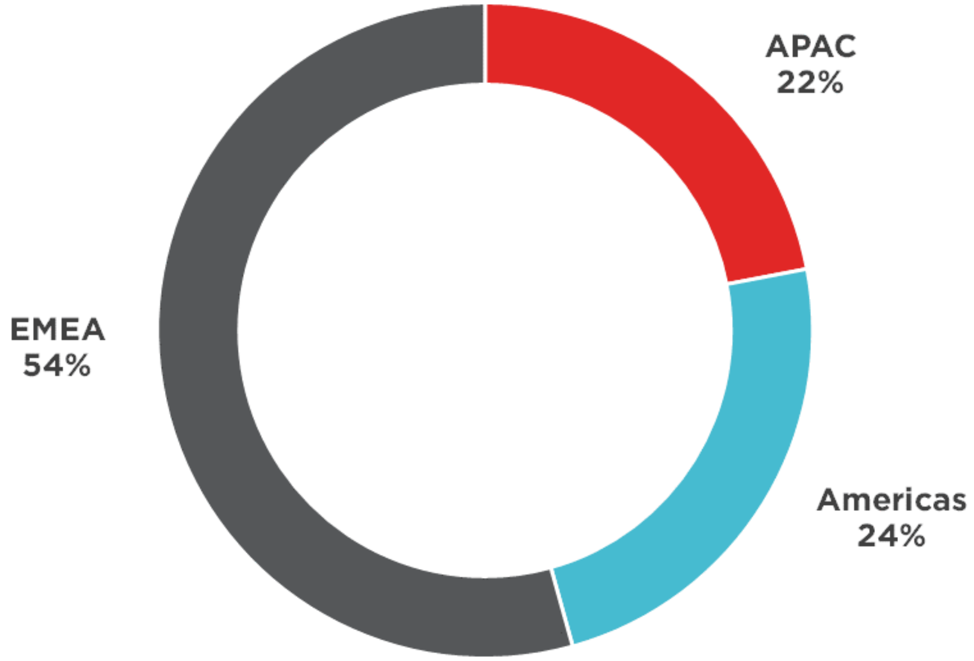
1H19 **OPERATIONAL** HIGHLIGHTS.

- Enoro tracking very well
- Additional new logo for billing system in Finland – following a successful Go-Live in FY18
- Major contract win to deliver the next generation Meter Data Management (MDM) solution in Sweden
- New utility analytics SaaS product continues to gain momentum with a number of new logo wins
- Commencement of client upgrades to the new version of our US municipalities billing system
- Major contract win to deliver a network billing solution to an existing client in Australia
- Further strengthening of the regional management structures – appointment of Regional Finance Directors for both EMEA and the Americas, as well as Senior VP Accounts and Senior VP Sales for EMEA
- Vietnam development centre continues to grow – now at 70 people

1H19 **REVENUE SPLIT.**

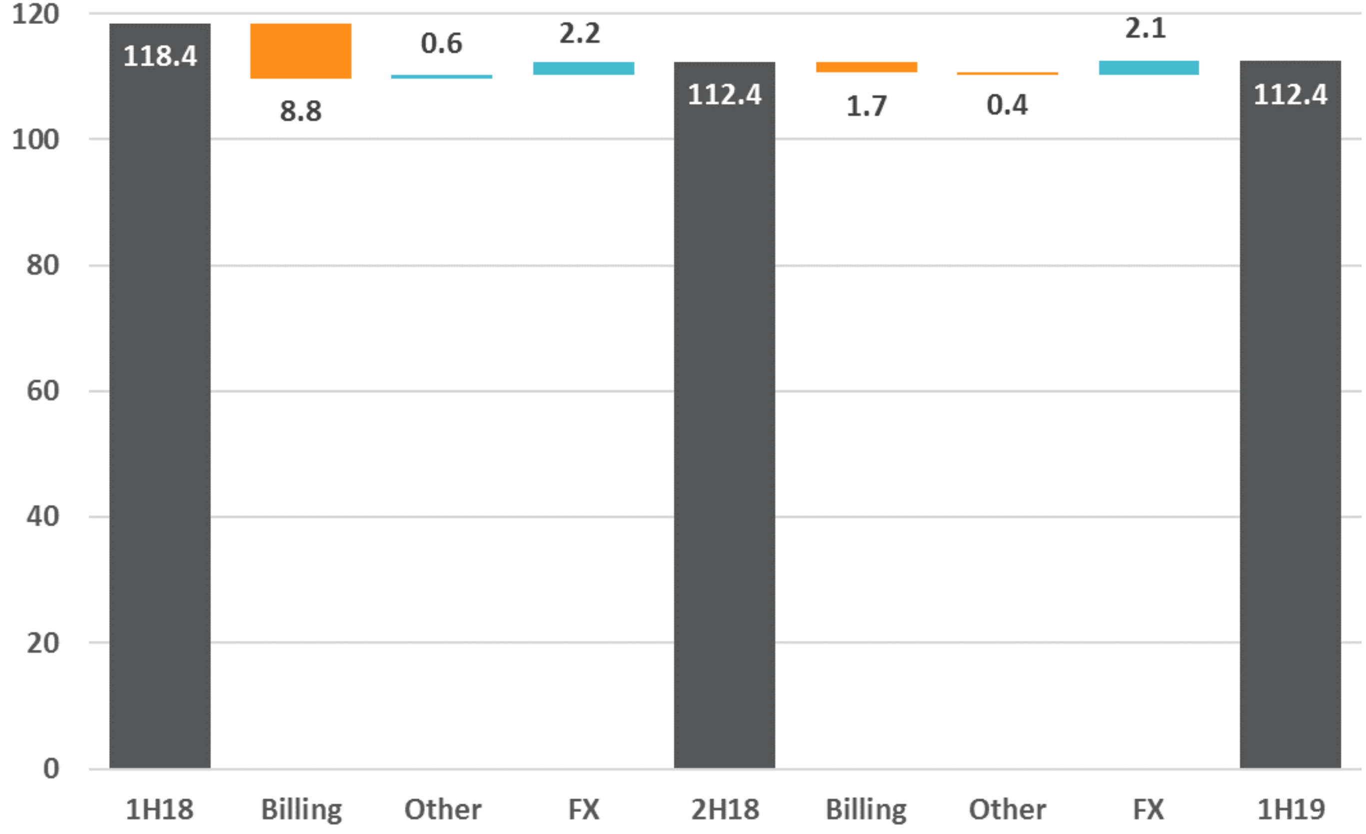
REVENUE BY VERTICAL	REVENUE BY GEOGRAPHY





Energy and Water comprise "Utilities" and Telcos and Pay TV comprise "Communications" in Note 3 to the Financial Statements – Revenue by Market Vertical

REVENUE BRIDGE 1H18 to 1H19.



- As previously advised, revenue was lower in 2H18 compared to 1H18 due to reduced non-recurring revenue – a function of both:
  - lower project work following the large body of work completed in 1H18 associated with implementing Power of Choice for our customers in Australia; and
  - lower one-off licence fees
- On a constant currency basis, billing revenue was slightly lower in 1H19 compared to 2H18, again due to lower non-recurring revenue
- FX movements resulted in a $2.2m increase in revenue from 1H18 to 2H18, and a further $2.1m increase from 2H18 to 1H19

Notes:

1. Movements are on a constant currency basis – currency movements have been calculated whereby 2H18 revenue has been translated at 1H18 average rates and 1H19 revenue has been translated at 2H18 average rates
2. Other revenue comprises data centre and call-centre only revenue

RECURRING AND NON-RECURRING REVENUE.

Consistent with AASB 15

Recurring revenue = recurring maintenance, support, licence and dedicated service revenue
Non-recurring revenue = service/project revenue, non-recurring licence revenue and hardware/software sales

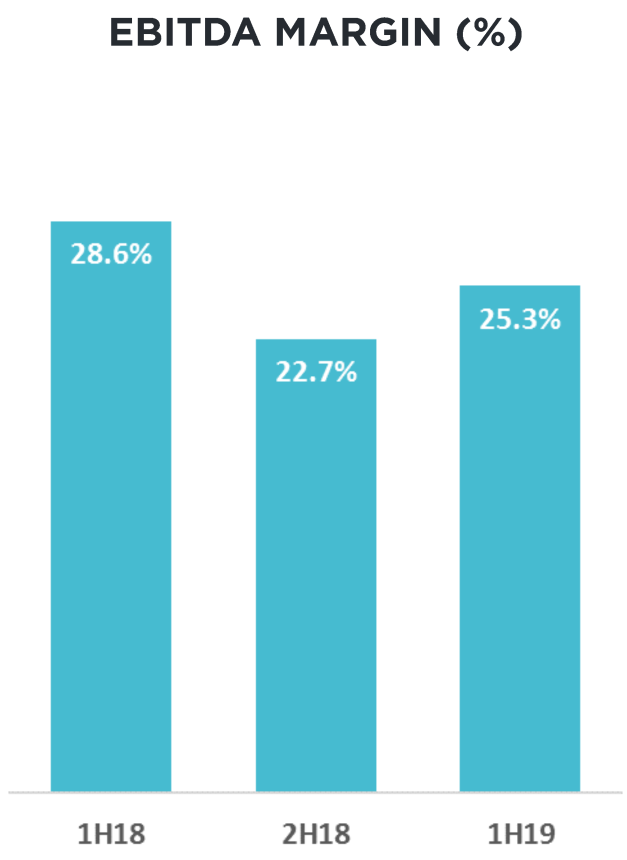
- Recurring revenues have been broadly consistent over the past year, while non-recurring revenues are lower – by $6.5m from 1H18 to 2H18 and a small amount from 2H18 to 1H19
- Recurring revenue represented 63% of total revenue in 1H19 – this follows the implementation of the new accounting standard AASB 15 (that has had the effect of reducing reported recurring revenue) and a reclassification of some of Enoro's revenues which also lowered recurring revenue

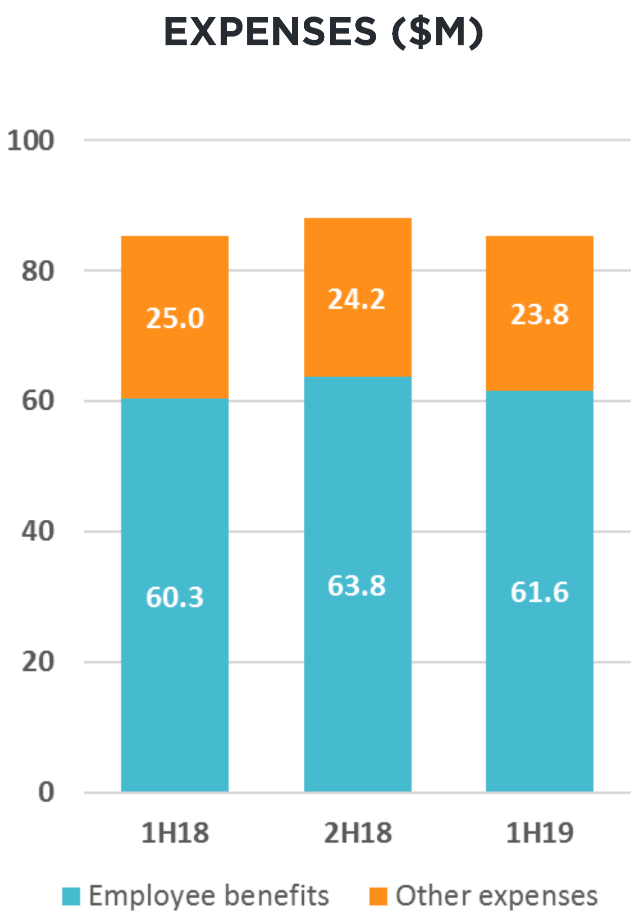
Implementation of AASB 15

- AASB 15 is a new accounting standard for revenue recognition taking effect in FY19 – refer to page 15 in the Appendices for an explanation of the impact
- 1H19 shown is actual reported revenue in accordance with AASB 15
  - For 1H19, the introduction of the new standard was a net $0.8m increase in revenue – comprising a $1.7m increase in non-recurring revenue and a $0.9m reduction in recurring revenue
- FY18 revenues in the chart to the left have been adjusted as if AASB 15 was also in place during FY18*
  - with the impact being a $0.9m reduction in recurring revenue in both 1H18 and 2H18 (i.e. $1.8m for FY18)

* FY18 adjusted revenues consistent with AASB 15 have not been audited

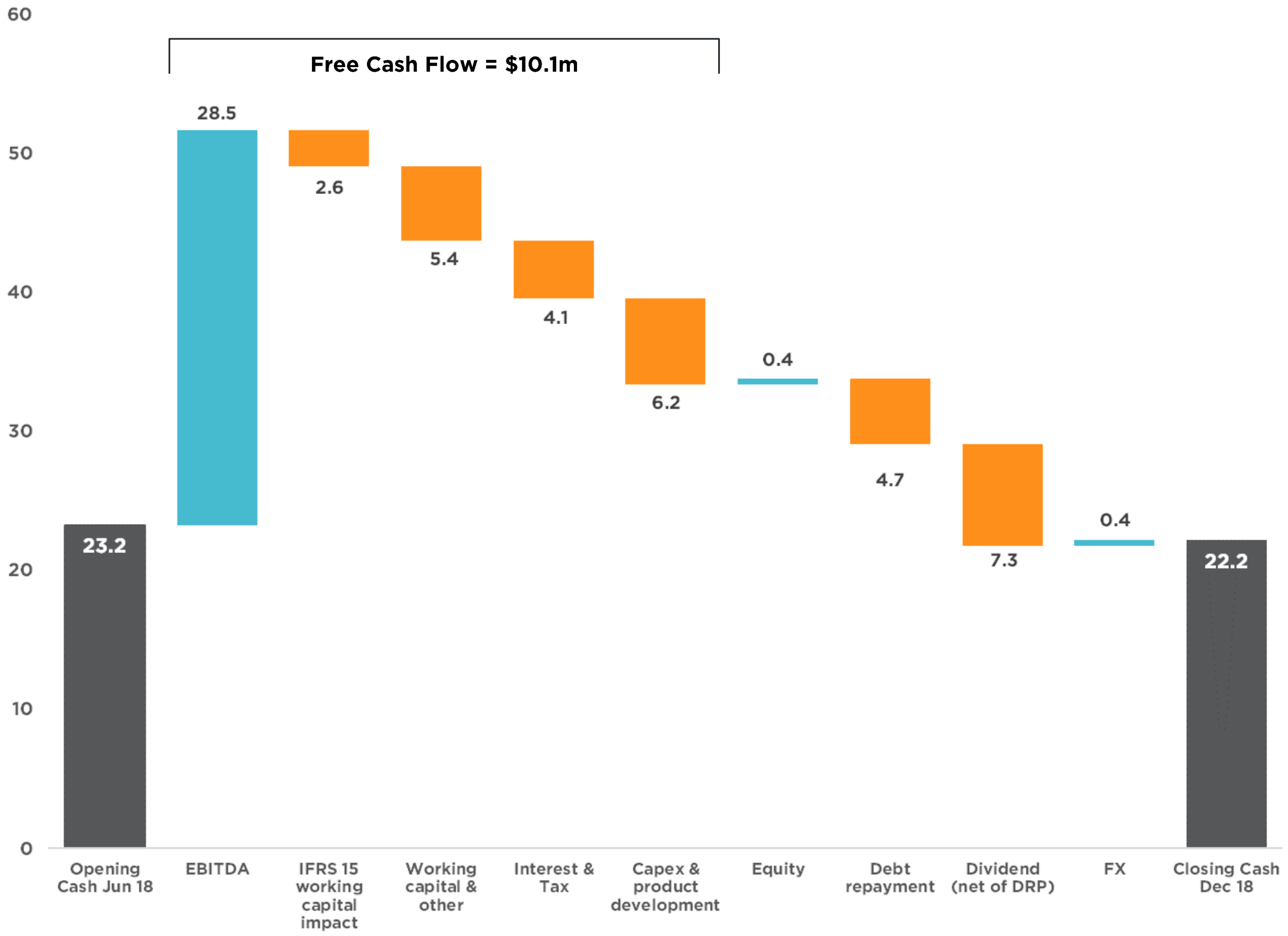
EBITDA MARGIN AND EXPENSES.





- **1H19 EBITDA** margin was 25.3%, lower than the 28.6% in 1H18, but improved on the 22.7% in 2H18
- **1H18** margin was helped by the elevated amount of non-recurring revenue, which was higher-margin
- While revenue was consistent from **2H18 to 1H19**, an improved margin was achieved in 1H19 due to both:
  - lower employee expenses – primarily due to seasonality in Europe with the timing of leave and some redundancy payments in 2H18; and
  - lower other expenses – due to reduced contractor, occupancy and travel costs

1H19 CASH FLOW.



Working Capital increased by a net **$8.0m** during 1H19. Key contributors to the increase were:

- The adoption of IFRS 15 had a net **$2.6m** negative impact on working capital that will unwind over time
- Major items giving rise to the remaining negative **$5.4m** working capital/other impact on operating cash flow were:
  - $2.8m seasonal increase in Enoro's working capital
  - For $2.3m of Enoro licence revenue recognised in 1H19 – $1.5m was received as cash prior to the acquisition and adjusted against the purchase price and $0.8m of cash is still to be received

January 2019 saw a **$3.2m improvement** in the working capital position across the Group.

HOW HANSEN CREATES VALUE FOR SHAREHOLDERS.

1 DELIVER SOLUTIONS FOR OUR CUSTOMERS CHANGING BUSINESS NEEDS

- Have the best people
- Continually evolve our products
- Be a valued partner of our clients

2 ADD NEW CLIENTS

- Look to win new clients with our existing product portfolio
- Focus on industry verticals and geographic markets where we are demonstrable

3 UNDERTAKE STRATEGIC ACQUISITIONS

- Extend our footprint into attractive market segments and geographies
- Be highly disciplined … stick to our core business, own our IP, and ensure targets have high levels of recurring revenue

LEVERAGE OUR GLOBAL EXPERIENCE

- Share learnings and product development across different markets
- Best practice for software development and project delivery

FY19 **OUTLOOK.**

- Our **overall expectations for FY19 remain unchanged** from the guidance provided on 17 August 2018
  - The only exception is that due to 1H19 revenue being somewhat higher than anticipated, we now anticipate 2H19 revenue to be consistent with 1H19, whereas our previous guidance was for a stronger 2H19 relative to 1H19
- Recapping the guidance for the full year FY19:
  - Operating revenue is expected to be slightly below FY18 – largely as a result of:
    - a lower level of non-recurring licence fees and services revenue following the elevated levels achieved in 1H18
    - termination by us in June 2018 of an underperforming call centre contract within the US Solutions business which will result in the loss of approximately $1.9m of revenue in FY19 compared with FY18
  - Our expense base for the full FY19 year is expected to remain consistent with FY18, with a higher expense base expected in 2H19 compared with 1H19 as we continue to invest in our global platform to support future growth

APPENDICES.

Profit overview

A$m	1H18	2H18	1H19	1H19 v 1H18 Variance	1H19 v 2H18 Variance
Operating revenue	**118.4**	**112.4**	**112.4**	▼ -5.1%	0.0%
Other income	0.7	1.1	1.4		
Operating expenses	(85.4)	(88.0)	(85.4)		
EBITDA	**33.8**	**25.5**	**28.5**	▼ -15.9%	▲ 11.7%
Depreciation	(1.9)	(2.0)	(1.9)		
Amortisation of R&D	(2.4)	(2.7)	(3.4)		
EBITA	**29.6**	**20.7**	**23.2**		
Amortisation of acquired intangibles [1]	(5.9)	(5.5)	(5.8)		
EBIT	**23.7**	**15.2**	**17.3**		
Net interest	(0.9)	(1.1)	(0.6)		
Net FX gains (losses) [2]	0.6	(0.5)	0.3		
Profit before tax	**23.4**	**13.6**	**17.0**		
Income tax	(5.4)	(2.7)	(4.1)		
NPAT	**18.0**	**10.9**	**12.9**		
Add back: amortisation of acquired intangibles	5.9	5.5	5.8		
Add back: tax adjustment on amortisation	(1.2)	(1.1)	(1.1)		
NPATA	**22.7**	**15.3**	**17.7**	▼ -22.1%	▲ 15.9%
Adjusted EPS (Based on NPATA)	**11.7**	**7.8**	**9.0**	▼ -23.0%	▲ 15.9%
EPS (Based on NPAT)	9.2	5.5	6.6		
EBITDA margin [4]	28.6%	22.7%	25.3%		
Effective tax rate	23.1%	20.1%	23.9%		

Notes:

1. Amortisation of acquired intangibles is the amortisation of identifiable intangible assets (namely technology, trademarks and customer contracts) arising from business combinations
2. Net foreign exchange gains (losses) are excluded from EBITDA and EBIT
3. EBITDA, EBIT and NPATA are non-IFRS measures that have not been audited or reviewed by Hansen's auditors
4. Defined as EBITDA divided by operating revenue

ADOPTION OF **AASB 15** – REVENUE FROM CONTRACTS WITH CUSTOMERS

- AASB 15 is a new accounting standard for revenue recognition taking effect in FY19. Hansen has chosen to initially apply the standard as an adjustment to the opening balance of retained earnings on 1 July 2018, with comparative figures for prior reporting periods not being restated
- Prior to the adoption of AASB 15, some of the group's licence fees were recognised evenly over the contractual period. However, with the introduction of AASB 15, for a number of such customer contracts, a portion of the revenue will now be recognised early (often at the beginning) in the contracted period
- By way of example, for a customer where we are contracted to receive a combined licence and support fee of $1.0m per year for 5 years, prior to the adoption of AASB 15 we would have recognised revenue of $1.0m per annum for 5 years. Following the introduction of AASB 15, the amount of the total contract value determined to represent the licence component of the fee will be recognised at the beginning of the contracted period, while the support component will be recognised evenly over the contracted period
  - For such customer contracts that were renewed prior to 30 June 2018 and extend into FY19 and beyond, the portion of the total contracted amount beyond 30 June 2018 that represents the licence component is adjusted to the opening balance of retained earnings on 1 July 2018 and is no longer recognised as revenue going forward – the total of this amount was $2.0m
- 1H19 revenue was impacted in two ways by the new standard that had the net effect of increasing revenue by $0.8m:
  - $0.9m that would have previously been recognised as licence fees (of a recurring nature) during the period were no longer able to be recognised under AASB 15 and formed part of the adjustment to the opening balance of retained earnings on 1 July 2018
  - contracts that were renewed during 1H19 (including one for a further 5 years) resulted in $1.7m of licence revenue being recognised upfront (as non-recurring revenue) and will no longer be recognised as revenue evenly over the contracted periods (despite the cash being received evenly over the contracted periods)

Cash flow

A$m	1H18	2H18	1H19
EBITDA	**33.8**	**25.5**	**28.5**
Working capital/other	(2.7)	4.3	(8.0)
Net interest	(0.9)	(1.1)	(0.6)
Income tax	(3.4)	(3.4)	(3.5)
Operating cash flow	**26.8**	**25.3**	**16.3**
Capex	(1.5)	(1.3)	(0.9)
Capitalised development costs	(4.9)	(5.2)	(5.3)
Free Cash Flow	**20.5**	**18.8**	**10.1**
Acquisitions	(65.0)	0.0	0.0
Share issues	49.6	0.5	0.4
Borrowing proceeds (payments)	11.6	(16.1)	(4.7)
Dividends (net of DRP)	(5.2)	(5.2)	(7.3)
Net Cash Flow	**11.5**	**(2.0)**	**(1.5)**
FX impact on cash balances	(2.2)	0.9	0.4
Cash Balance	**24.3**	**23.2**	**22.2**

- The adoption of AASB 15 had a net **$2.6m** negative impact on working capital – primarily because revenue has been brought forward (mostly directly to retained earnings rather than through the P&L), while the related cash will be received in the future
- Major items giving rise to the remaining negative **$5.4m** working capital/other impact on operating cash flow were:
  - $2.8m seasonal increase in Enoro's working capital
  - For $2.3m of Enoro licence revenue recognised in 1H19 – $1.5m was received as cash prior to the acquisition and adjusted against the purchase price and $0.8m of cash is still to be received
- January 2019 saw a **$3.2m improvement** in the working capital position across the Group

Balance sheet

A$m	Dec 17	Jun 18	Dec 18
Cash	24.3	23.2	22.2
Receivables	44.0	37.3	39.2
Accrued revenue	6.8	5.8	8.1
Prepayments / other	5.3	5.4	6.4
PPE	11.0	10.6	9.7
Intangibles	234.5	243.4	241.3
Deferred tax assets	4.4	4.1	4.6
Total Assets	**330.2**	**329.8**	**331.5**
Payables	18.8	16.5	14.1
Unearned income	24.1	22.9	20.9
Current tax	3.8	3.2	2.5
Provisions	13.4	13.9	14.4
Borrowings	41.6	27.2	22.7
Deferred tax liabilities	16.5	16.2	16.2
Other liabilities	0.0	0.0	0.0
Total Liabilities	**118.1**	**99.8**	**90.9**
Net Assets	**212.1**	**229.9**	**240.5**
Net Cash (Debt)	**(17.2)**	**(4.0)**	**(0.6)**

THANK YOU.

HANSEN TECHNOLOGIES