



1H18 RESULT PRESENTATION

23 FEBRUARY 2018

Leveraging our global experience.

Important notice

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- 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
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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

FY17 = financial year ended 30 June 2017

FY18 = financial year ended 30 June 2018

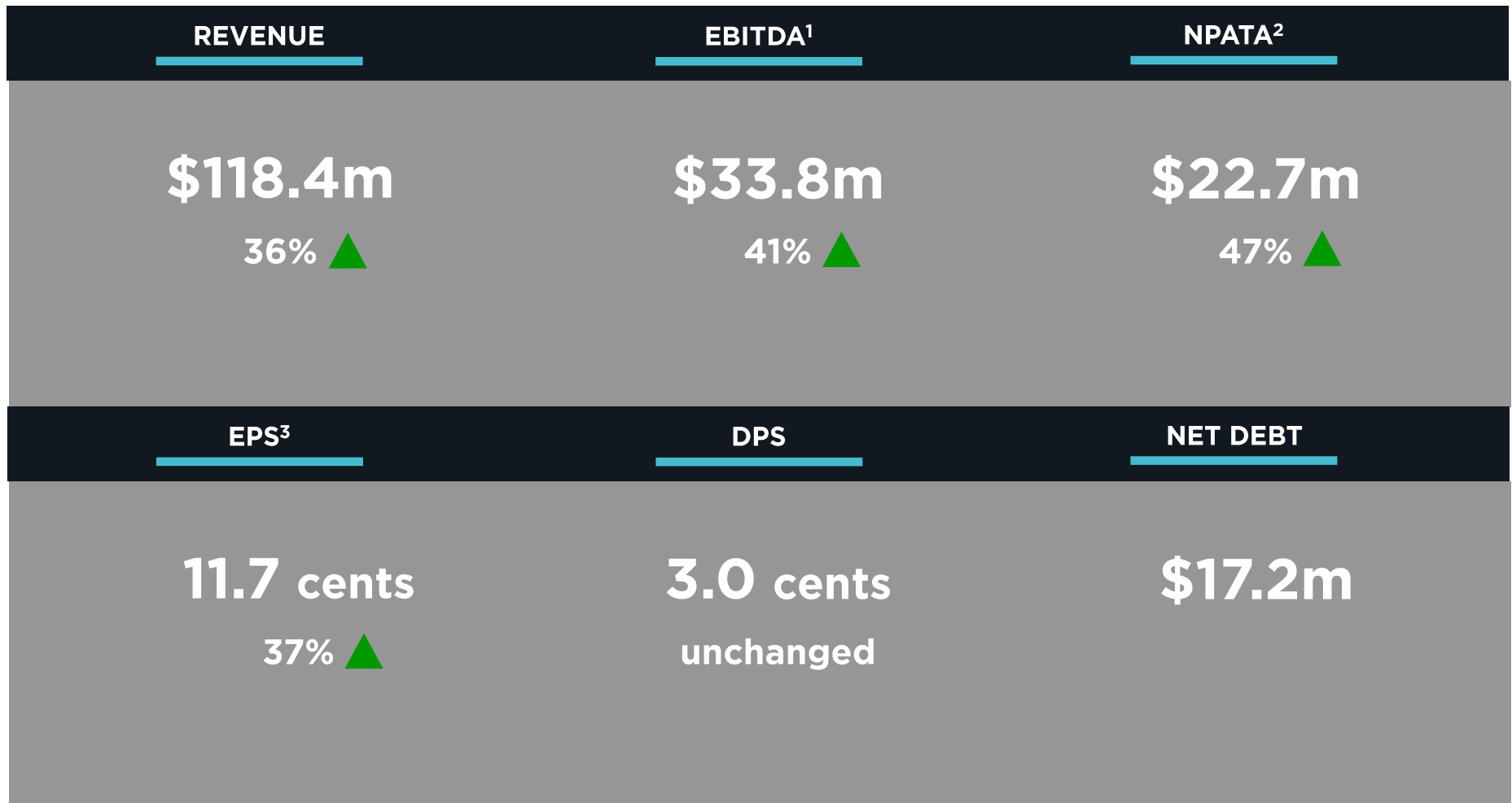
EBITDA = Earnings before interest, tax, depreciation and amortisation, excluding net foreign exchange gains (losses)

EBIT = Earnings before interest and tax, excluding net foreign exchange gains (losses)

NPAT = Net profit after tax

NPATA = Net profit after tax excluding amortisation of acquired intangibles

1H18 financial dashboard



1. As of this reporting period (1H18), net foreign exchange gains (losses) are no longer included within EBITDA and EBIT. The comparative figures have been adjusted accordingly. EBITDA is a non-IFRS measure that has not been audited.
2. NPATA = Net profit after tax excluding amortisation of acquired intangibles (refer page 14 for reconciliation). The tax adjustment for amortization of acquired intangibles is now based on the actual applicable tax relating to each business combination, as opposed to the previously used 30% tax rate applied across all businesses
3. Basic EPS based on NPATA

1H18 highlights

Enoro Acquisition

- Nordic-based Enoro was acquired effective 1 July 2017 for an enterprise value of A\$94.7m
- Integration has progressed well, and the business performed strongly during the half:
 - operating revenue of \$29.1m
 - EBITDA margin was better than anticipated

28.6% EBITDA Margin

- The EBITDA margin of the group improved to 28.6% from 27.5% in 1H17 and 25.2% in 2H17
 - this was despite margin dilution from Enoro
- The improved margin of the existing business (ex-Enoro) was driven by productivity gains, a reduction in non-employee related expenditure, and deferral of some planned investment

\$20.5m Free Cash Flow

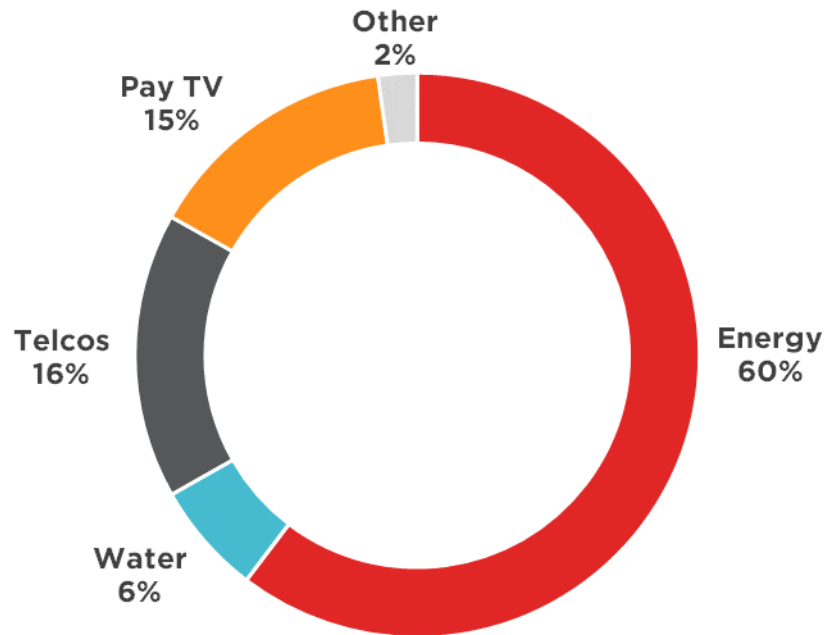
- Strong cash conversion – despite working capital build in Enoro
- Lower capex
- Net debt down to \$17.2m – from \$31.8m at Jun 2017 (pro-forma post funding Enoro)

Operational

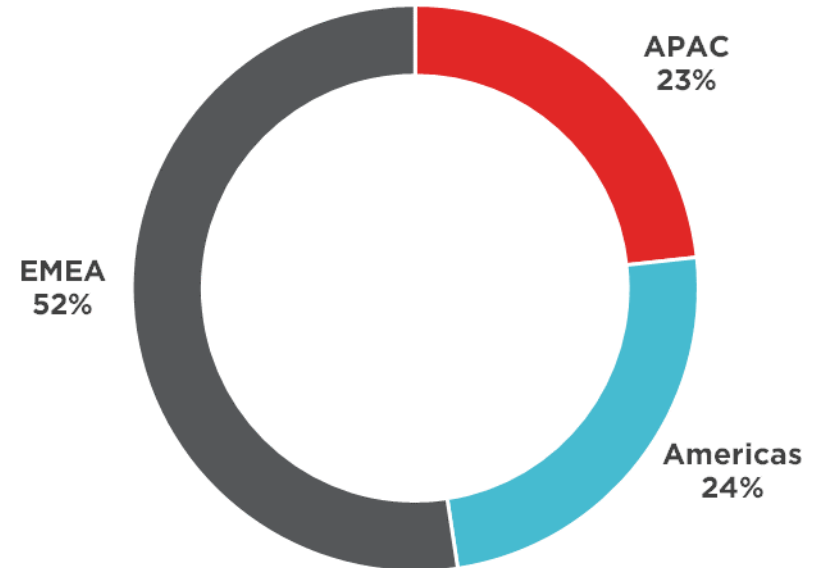
- John May appointed CEO for EMEA region
- Vietnam development centre established and operational
- Product development progressed with continuing investment and launch of new version of PayTV billing system

1H18 revenue split

REVENUE BY VERTICAL



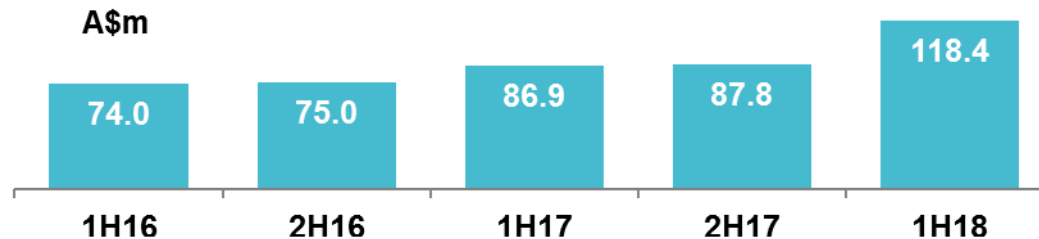
REVENUE BY GEOGRAPHY - 1H18



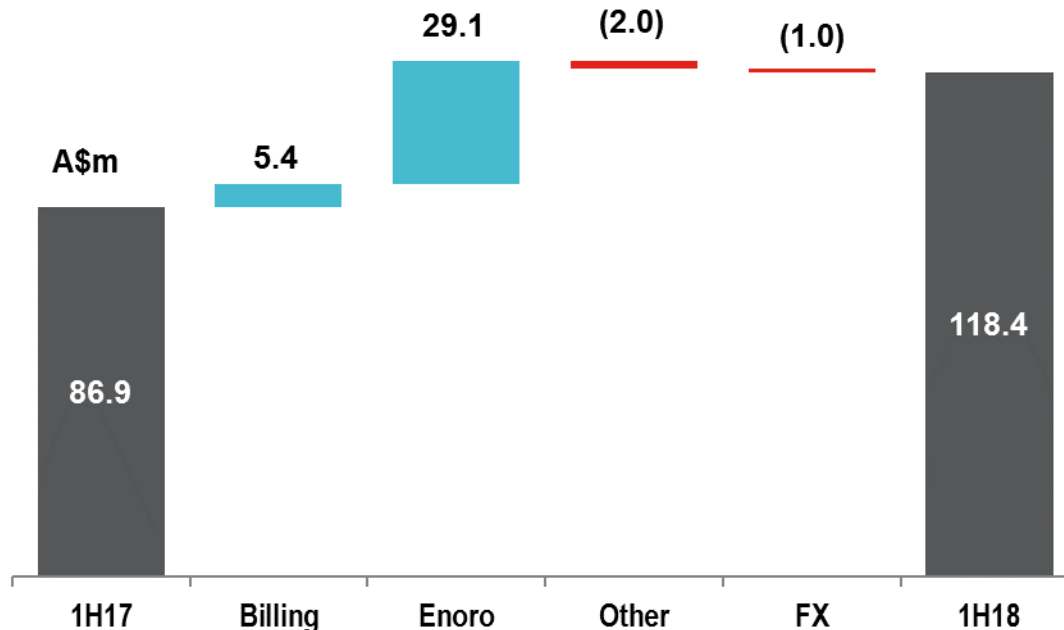
With the acquisition of Enoro:

- Energy is now 60% of revenue by vertical, compared to 43% in FY17
- EMEA is now 52% of revenue by geography, compared to 41% in FY17

Revenue bridge 1H17 to 1H18



OPERATING REVENUE BRIDGE 1H17 TO 1H18

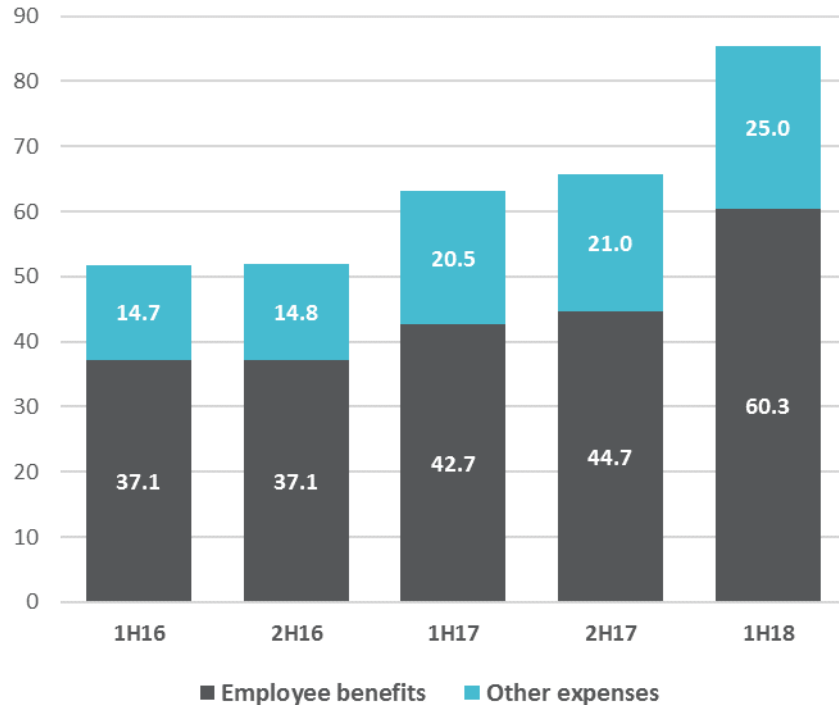


- **Billing** revenue excluding Enoro increased \$5.4m on a constant currency basis. Allowing for the “annualisation” of HiAffinity in 1H17 (which was \$1.1m for 2 months), the organic growth was \$3.2m or 4.0%
- **Enoro**, acquired effective 1 July 2017, contributed \$29.1m for the half
- **Other¹** revenue was \$2.0m lower (reducing from \$6.4m to \$4.4m) – which includes a \$1.6m reduction (from \$3.3m to \$1.7m) of call-centre only revenue within the Solutions business
- **FX** movements resulted in a \$1.0m reduction in revenue – with a stronger A\$ relative to the US\$ (average AUD/USD of 0.7790 in 1H18 compared to 0.7536 in 1H17) the main contributing factor

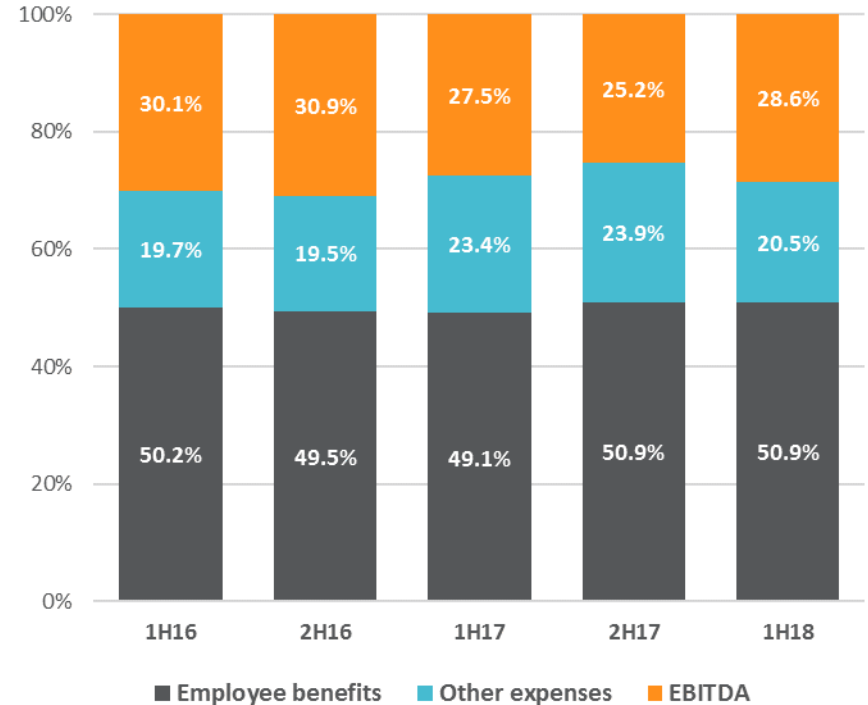
¹ Other revenue comprises data centre and call-centre only revenue

Expenses and **EBITDA margin**

OPERATING EXPENSES (\$M)



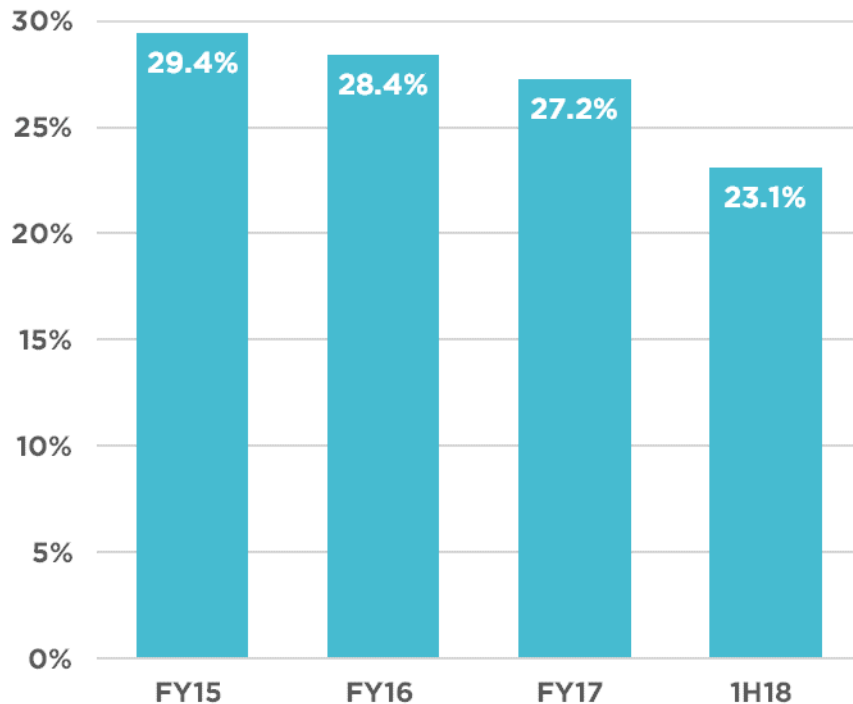
OPERATING EXPENSES AND EBITDA AS A % OF REVENUE



Despite margin dilution from Enoro, the group EBITDA margin improved to 28.6% in 1H18 from 27.5% in 1H17 and 25.2% in 2H17 as a result of:

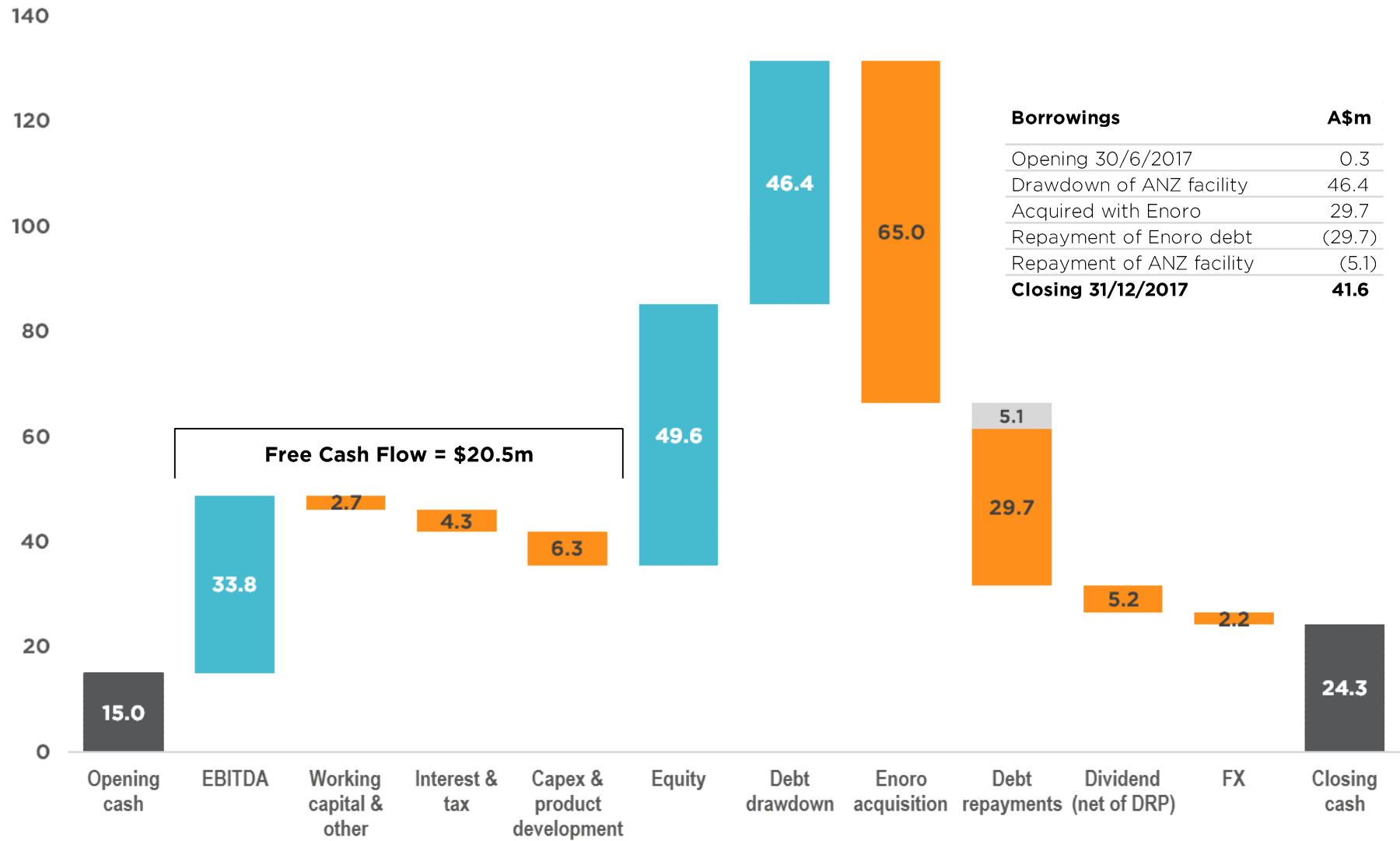
- productivity gains, a reduction in non-employee related expenditure, and deferral of some planned investment within the existing business (ex-Enoro)

Effective **tax rate**



- The Group's **effective tax rate declined from FY15 to FY17** largely as a function of:
 - Increased research & development allowances (particularly in the US)
 - The net impact of lower tax rates in foreign jurisdictions (than the statutory 30% in Australia)
- Factors giving rise to a **lower effective tax rate of 23.1% in 1H18** include:
 - The reduction in the US federal corporate tax rate from 35% to a transitional rate of 28% for FY18, which will further reduce to 21% in FY19
 - The corporate tax rates of 24% in Norway and 20% in Finland applicable to Enoro's profits

Cash flow Jun 17 to Dec 17



Borrowings	A\$m
Opening 30/6/2017	0.3
Drawdown of ANZ facility	46.4
Acquired with Enoro	29.7
Repayment of Enoro debt	(29.7)
Repayment of ANZ facility	(5.1)
Closing 31/12/2017	41.6

Balance sheet

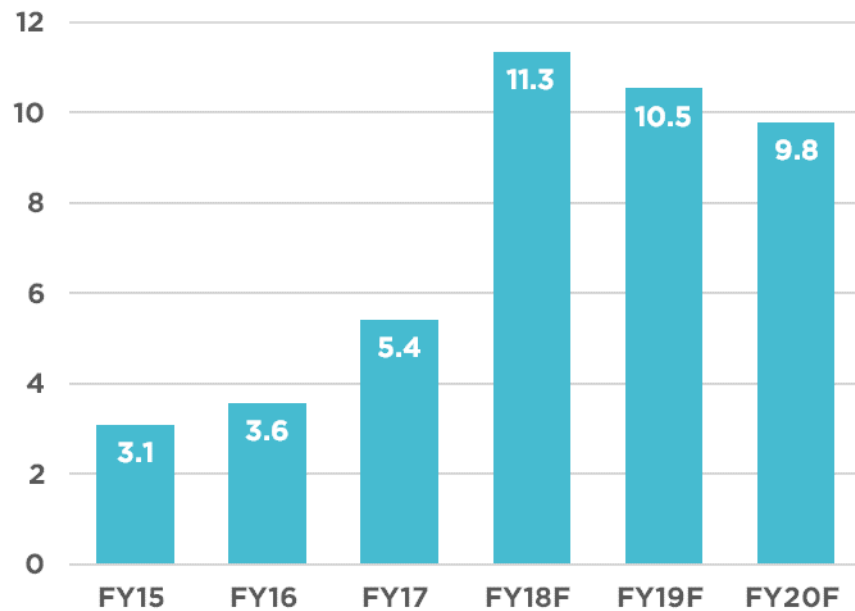
A\$m	Dec 16	Jun 17	Dec 17
Cash	17.8	15.0	24.3
Receivables	21.7	37.7	43.2
Accrued revenue	6.1	4.7	6.8
Prepayments / other	3.2	3.0	5.3
PPE	7.9	8.9	11.0
Intangibles	130.3	125.5	234.5
Deferred tax assets	4.9	4.8	4.4
Total Assets	191.9	199.6	329.5
Payables	11.1	9.7	18.8
Borrowings	2.3	0.3	41.6
Current tax	0.2	1.1	3.8
Provisions	11.3	10.8	13.4
Unearned income	11.8	19.4	24.1
Deferred tax liabilities	6.2	6.7	16.5
Total Liabilities	42.9	47.9	118.1
Net Assets	148.9	151.6	211.4
Net Cash (Debt)	15.4	14.7	(17.2)

Enoro Purchase Consideration Allocation	A\$m
Net identifiable liabilities excl borrowings	(9.1)
Borrowings acquired	(29.7)
Technology & customer contracts	55.6
Goodwill	57.3
Deferred tax liability	(9.1)
Total purchase consideration	65.0

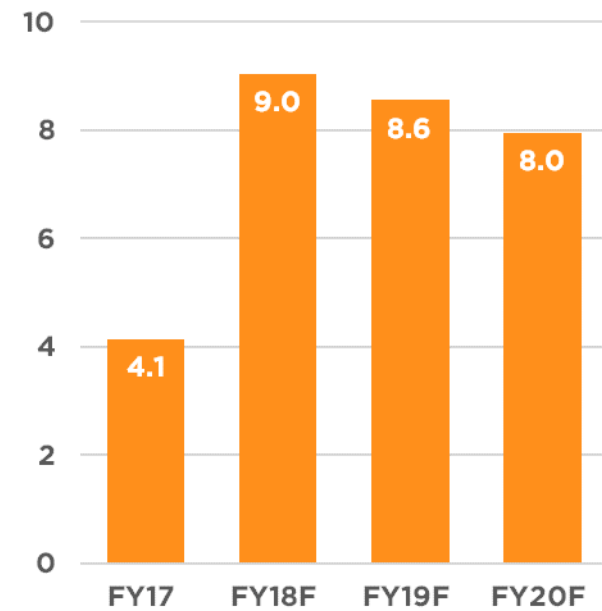
Forecast **amortisation of acquired intangibles**

Based on acquisitions to 31 December 2017

GROSS AMORTISATION (\$M)



AMORTISATION AFTER TAX (\$M)



Note:

1. The above forecasts are based on asset balances, country tax rates and foreign exchange rates at 31 December 2017, and make no allowance for further acquisitions beyond that date

Hansen long term strategy

Stick to our core business of billing & data management ... and owning our IP

Have the best people – who deliver smart business outcomes for our customers

Leverage our global experience

Enter new markets and segments through strategic acquisitions

Target 25-30% EBITDA margins

Diversify our customer base across multiple industry verticals, geographies and products

Continually evolve our products – to help our customers succeed

Drive organic growth through strategic partnerships with our customers and providing solutions to their evolving business needs

Build recurring revenue streams

Maintain a conservatively geared balance sheet

FY18 Outlook

Assuming similar operating conditions to 1H18, including foreign exchange rates:

- Operating revenue in 2H18 is expected to be slightly below 1H18
 - some of the strong project revenue in 1H18 is not expected to be repeated in 2H18
- the EBITDA margin for 2H18 is anticipated to be within our target range of 25%-30%
 - some of the investment that was planned for 1H18 is now expected to fall in 2H18
- the EBITDA margin for the full FY18 is anticipated to be around the mid-point of our target range of 25%-30%



APPENDICES

Profit overview

A\$m	1H17	1H18	Variance
Operating revenue	86.9	118.4	▲ 36.3%
EBITDA	23.9	33.8	▲ 41.4%
Depreciation	(1.4)	(1.9)	
Amortisation of R&D	(1.8)	(2.4)	
EBITA	20.7	29.6	▲ 43.1%
Amortisation of acquired intangibles ¹	(2.6)	(5.9)	
EBIT	18.1	23.7	
Net interest	0.1	(0.9)	
Net foreign exchange gains (losses) ²	(0.1)	0.6	
Profit before tax	18.0	23.4	
Income tax	(4.5)	(5.4)	
NPAT	13.5	18.0	▲ 33.4%
Add back: amortisation of acquired intangibles	2.6	5.9	
Add back: tax adjustment on amortisation ³	(0.6)	(1.2)	
NPATA	15.4	22.7	▲ 47.1%
EPS (Based on NPATA)	8.5	11.7	▲ 36.7%
EPS (Based on NPAT)	7.5	9.2	
EBITDA margin ⁴	27.5%	28.6%	
Effective tax rate	25.2%	23.1%	

1. Amortisation of acquired intangibles is the amortisation of identifiable intangible assets (namely technology, trademarks and customer contracts) arising from business combinations
2. As of this reporting period (1H18), net foreign exchange gains (losses) are no longer included within EBITDA and EBIT. The comparative figures have been adjusted accordingly. EBITDA and EBIT are non-IFRS measures that have not been audited
3. The tax adjustment for amortization of acquired intangibles is now based on the actual applicable tax relating to each business combination, as opposed to the previously used 30% tax rate applied across all businesses
4. Defined as EBITDA divided by operating revenue

Cash flow

A\$m	1H17	2H17	1H18
EBITDA	23.9	22.1	33.8
Working capital/other	2.4	(8.2)	(2.7)
Net interest	0.1	(0.0)	(0.9)
Income tax	(6.4)	(2.9)	(3.4)
Operating cash flow	20.0	11.0	26.8
Capex	(2.5)	(2.7)	(1.5)
Capitalised development costs	(3.9)	(3.9)	(4.9)
Free Cash Flow	13.7	4.5	20.5
Acquisitions	(22.8)	0.2	(65.0)
Share issues	1.7	0.2	49.6
Borrowing proceeds (payments)	2.0	(2.0)	11.6
Dividends (net of DRP)	(6.5)	(4.9)	(5.2)
Net Cash Flow	(12.0)	(2.0)	11.5
FX impact on cash balances	(0.5)	(0.7)	(2.2)
Cash Balance	17.8	15.0	24.3

1H18 **currency split**

REVENUE BY CURRENCY

