

21 June 2018

GENTRACK EXPANDS UTILITY SOLUTIONS OFFERING WITH ACQUISITION OF EVOLVE ANALYTICS

Gentrack Group Limited (NZX/ASX: GTK) is pleased to announce that it has entered into an unconditional agreement to acquire 100% of the shares of Evolve Parent Limited and Evolve Analytics Limited ("Evolve"), a market leading provider of energy data analysis software and services provider in the UK, for an enterprise value of £23.0m (NZ\$44.2m).

Evolve specialises in the identification and correction of settlement and billing errors as well as the accuracy of standing data. Customers include three of the "Big 6" energy suppliers in the UK, as well as a number of independent challenger utilities, with Evolve capturing data for over 17 million meter points. The software, analytical systems and methodologies developed by Evolve deliver significant financial and operational performance benefits for clients. Evolve offers their extensive Intellectual Property on a Software as a Service (SaaS) basis delivering a high proportion of recurring revenue (FY19 forecast 58%) and margins in excess of 50%.

The acquisition of Evolve further strengthens Gentrack's position as an industry leader in the UK for utility billing and customer information systems by providing highly complementary software services, intellectual property and customer relationships.

John Clifford, Gentrack Chairman said, "We are delighted that Evolve is joining the Gentrack group. The combined UK business is well positioned to provide highly innovative, value enhancing solutions to UK energy and water utilities and provides a strong base for expansion into new markets."

Ian Black, Gentrack CEO said, "The acquisition of Evolve extends Gentrack's offering into data settlement and billing reconciliation solutions. Following the acquisition, Gentrack will have 53 utilities customers in the UK with an increased exposure to the "Big 6" energy suppliers. We expect the Evolve solutions to be highly valuable to our existing UK customer base, and there is an opportunity to extend this new offering to the Australian and New Zealand markets."

The senior management of Evolve will remain with the business to drive its ongoing success.

Settlement of the Evolve acquisition is expected to occur on 29 June 2018.

The acquisition is to be 100% funded through an extension of Gentrack's debt facilities with ASB.¹ Gentrack currently has debt facilities of NZ\$50.5m which will increase by NZ\$47m under the new term facility.

Evolve is forecast to achieve revenue of £3.1m and EBITDA² of £1.8m in the year to 30 April 2019. On the basis that the acquisition is debt funded, Gentrack expects the acquisition to be low single digit earnings per share accretive in the first full year (FY2019) and to drive increased growth in future earnings.

¹ £1m of the Enterprise Value consideration will be paid through the issue of new Gentrack shares to certain Evolve employees.

² **EBITDA:** Earnings before net finance expense, tax, depreciation and amortisation and other non-operating expenses. Non-operating expenses are costs relating to acquisition.

Gentrack is intending to undertake a fully underwritten pro-rata renounceable entitlement offer to reduce its debt, which will provide flexibility to support future acquisition and growth opportunities. Gentrack has appointed Deutsche Craigs Limited and UBS New Zealand Limited to manage any offer.

ENDS

Contact details regarding this announcement:

Ian Black, CEO

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Gentrack Group Limited Investor Update Instructions

Gentrack Group Limited (NZX/ASX: GTK) invites investors to a conference call on Thursday 21 June 2018 at 11:30am NZT / 9:30am AEST (duration 30 mins) to review Gentrack's acquisition of Evolve Analytics Ltd.

The audio recording from the briefing will be made available in the Gentrack Investor Centre (<https://www.gentrack.com/investors>) following the call.

Audio – Participant Access Instructions

Please join the briefing 5-10 minutes prior to the start time. You will be asked to provide the conference name and confirmation code below:

- **Name:** Gentrack Group Limited Investor Update
- **Confirmation Code:** **6220597**
(Following entry, please provide the required details when prompted)

The dial-in numbers for available locations are listed below.

- | | | |
|------------------------|--------------------|---------------------|
| - Australia | Tollfree/Freephone | 1 800 573 793 |
| - Australia, Brisbane: | Local | +61 (0)7 3105 0938 |
| - Australia, Melbourne | Local | +61 (0)3 8317 0932 |
| - Australia, Sydney | Local | +61 (0)2 9193 3706 |
| - Hong Kong | Tollfree/Freephone | 800 961 105 |
| - Hong Kong | Local | +852 3008 1527 |
| - New Zealand | Tollfree/Freephone | 0800 423 970 |
| - New Zealand, AKL | Local | +64 (0) 9 9133 622 |
| - Singapore | Tollfree/Freephone | 800 186 5107 |
| - Singapore | Local | +65 6320 9025 |
| - United Kingdom | Tollfree/Freephone | 0800 358 6377 |
| - United Kingdom | Local | +44 (0)330 336 9105 |
| - United States, LA | Local | +1 323-794-2093 |
| - United States/Canada | Tollfree/Freephone | 866-548-4713 |

About Gentrack


Gentrack provides essential software for essential services, pairing powerful platforms with deep market knowledge to help utilities and airports lower service costs, foster innovation and confidently navigate market reform. It employs over 500 people in offices across New Zealand, Australia, the UK and Europe and services over 200 utility and airport sites in 20 countries with its leading solutions for utilities - Gentrack Velocity and Junifer, and for airports under the Veovo brand including Airport 20/20, BlipTrack and Concessionaire Analyzer+.

Velocity and Junifer are two of the leading billing and customer management solutions in the sector, providing a full range of proven capabilities along with hosted and managed services options for new entrant energy and water suppliers, and larger utilities in competitive markets where flexibility, uniqueness and compliance are essential.

More information: www.gentrack.com

Veovo combines Gentrack's Airport 20/20, BlipTrack and Concessionaire Analyzer+ software to unlock operational, revenue, concession and passenger insights across the airport ecosystem. The Veovo Predictive Collaboration Platform enables airports to operate more efficiently, uncover new growth opportunities and deliver outstanding guest experiences.

More information: www.veovo.com

The background features a dynamic, abstract composition of glowing orange and red lines that curve and swirl, creating a sense of motion and depth. Interspersed among these lines are various sequences of binary code (0s and 1s) in a lighter, semi-transparent font, suggesting a digital or data-driven environment.

GENTRACK GROUP LTD (GTK) ACQUISITION OF EVOLVE ANALYTICS

21 June 2018

Gentrack

IMPORTANT NOTICE

This announcement contains forward-looking statements. All forward looking statements reflect views only as at the date of this announcement, and should not be taken to be forecasts or predictions that those events will occur. Forward-looking statements often include words such as “may”, “could”, “estimates”, “anticipate”, “expect”, “plan” or other similar words in connection with discussions of future operating or financial performance. Similarly statements that describe the objectives, plans, goals or expectations of Gentrack Group Limited (“GTK”) or any of its wholly-owned subsidiaries (together with GTK the “Gentrack Group”) may be forward looking statements.

Forward-looking statements are opinion only and are based on management's and directors' current expectations and assumptions regarding Gentrack's business and performance, the economy and other future conditions, circumstances and results. As with any projection or forecast, forward-looking statements are subject to inherent risks and uncertainties, including changes in circumstances. Gentrack's actual results may vary materially from those expressed or implied in its forward-looking statements and deviations are both normal and to be expected. None of Gentrack, any member of the Gentrack Group or their respective directors, officers, employees or advisers or any other person referred to in this announcement, make any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement or assumption, or any events or results expressed or implied in any forward looking statements.

In this presentation, a reference to “Gentrack” is to GTK or, where the context requires, the Gentrack Group.



TRANSACTION OVERVIEW

- Gentrack has entered into an agreement to acquire 100% of the shares of Evolve Parent Limited and Evolve Analytics Limited ("Evolve ") for an Enterprise Value of £23.0m (NZ\$44.2m). Evolve is one of the market leading providers of data analysis software and services for energy utilities in the UK
- The Enterprise Value represents a multiple of 12.8x EBITDA¹ to 30 April 2019
- The acquisition of Evolve further strengthens Gentrack's position as a leader for utility billing and customer information systems in the UK by providing highly complementary software services, intellectual property and customer relationships
- The senior management of Evolve, including Managing Director Alan Duggan, will join the Gentrack UK management team
- The acquisition is to be 100% funded through an extension to Gentrack's debt facilities with ASB. On this basis, Gentrack expects the acquisition to be low single digit earnings per share accretive in the first full year (FY2019) and to drive increased growth in future earnings
- Settlement is expected to occur on 29 June 2018
- Gentrack is intending to undertake a fully underwritten pro-rata renounceable entitlement offer to reduce its debt, which will provide flexibility to support future acquisition and growth opportunities. Gentrack has appointed Deutsche Craigs Limited and UBS New Zealand Limited to manage any offer.



OVERVIEW OF EVOLVE ANALYTICS

- Evolve was established in 1998 following the energy market deregulation in the UK to provide revenue assurance and data validation services
- Today, Evolve is one of the leading providers of software and services to the UK energy sector, specialising in the identification and correction of settlement and billing errors as well as the accuracy of standing data
- Since formation, Evolve has developed a deep understanding of the utility sector and today helps a range of energy suppliers drive significant financial and operational performance improvements delivering clear and measurable ROI. The solutions and services offered improve revenue collection and cost control providing a direct impact on their client's gross margin
- Long standing customers include three of the "Big 6" energy suppliers in the UK, as well as a number of independent challenger utilities, with Evolve capturing data for over 17 million meter points
- Evolve offers their extensive Intellectual Property on a Software as a Service (SaaS) basis delivering a high proportion of recurring revenue (FY19 forecast 58%) and margins in excess of 50%.



OVERVIEW OF EVOLVE ANALYTICS (CONTINUED)

- Evolves' customers operate in a sector characterised by increased levels of competition, significant regulatory pressures and large quantities of data amassed from multiple sources which are typically inconsistent, complex and difficult to interpret and navigate
- Evolves' solution provides customers with constant, comprehensive and accurate portfolio management information
- The solution:
 - is simple to use, easy to configure and provides intuitive and actionable insights to enable utilities to optimise revenue collections
 - is proven at scale and is built to handle the expected volumes of data from smart meter deployment
 - is highly complementary to Gentrack's core billing and customer engagement solutions, expanding the range of business processes supported.



STRATEGIC RATIONALE

The acquisition of Evolve:

- further strengthens Gentrack's position as a leading provider of solutions to the utilities sector
- expands the number of Gentrack's utilities customers in the UK to 53
- increases Gentrack's exposure to the "Big 6" energy suppliers
- extends Gentrack's product offering into data settlement and billing reconciliation solutions
- enhances Gentrack's capabilities around data analytics and big data
- provides a valuable addition to the solution portfolio with cross selling potential to Gentrack's customer base
- adds additional organic growth potential to Gentrack
- advances Gentrack's brand strength, and will leverage its scale and capabilities to facilitate growth and maximise Evolve's market opportunity.

Gentrack will look to deploy the Evolve solution across its existing customer base including expanding the offering into the Australian and New Zealand markets.



FINANCIAL IMPACT

- Evolve is forecast to achieve revenue of £3.1m and EBITDA¹ of £1.8m in the year to 30 April FY2019
- Evolve will contribute approximately three months earnings to Gentrack in FY2018 with the Acquisition settlement expected to occur on 29 June 2018
- On the basis that the acquisition is debt funded, Gentrack expects the acquisition to be low single digit earnings per share accretive in the first full year (FY2019) and to drive increased growth in future earnings
- Gentrack re-iterates its long term guidance of 15% CAGR EBITDA¹ growth, albeit results may be impacted by the timing of projects.

Acquisition metrics	
Purchase price (£m)	23.0m
Purchase price (NZ\$m)	44.2m
FYE 30 April 2019	
Revenue (£m)	3.1m
EBITDA ¹ (£m)	1.8m
EBIT (£m)	1.0m
EV / EBITDA ¹	12.8x



TRANSACTION FINANCING

- Enterprise value of £23.0m (NZ\$44.2m) represents 12.8x EV / FY2019 EBITDA ¹
- Additional net working capital (represents cash) and transaction costs of NZ\$0.9m
- The acquisition is to be 100% funded through an extension of Gentrack's debt facilities with ASB ²
- Gentrack currently has a debt facilities of NZ\$50.5m through ASB which will increase by \$47m under the new term facility
- Gentrack is intending to undertake a fully underwritten pro-rata renounceable entitlement offer to reduce its debt, which will provide flexibility to support future acquisition and growth opportunities.

¹ **EBITDA:** Earnings before net finance expense, tax, depreciation and amortisation and other non-operating expenses. Non-operating expenses are costs relating to acquisition.

² £1m of the Enterprise Value will be paid through the issue of new Gentrack shares to certain Evolve employees.

Sources	
Term Debt Facility (£m)	24.0m
(NZ\$)	47.0m
Uses	
Enterprise value (£m)	23.0m
Net Working Capital (£m)	0.4m
Transaction costs (£m)	0.5m
Total (£m)	23.9m





END

Gentrack