

1 May 2019

## Acquisition of Sigma Systems

Hansen Technologies Limited (ASX: HSN), is pleased to announce the signing of definitive agreements for the acquisition of Sigma Systems (“Sigma”). The acquisition is expected to close on 31 May 2019.

### Key Points:

- Founded in 1996, Sigma is a leading global provider of catalog-driven software products for telecommunications, media, and high-tech companies. Its software is designed to streamline complex product and service offerings and provide a faster path to creating, selling and delivering new digital products and services, combined and packaged with traditional core services.
- It is being acquired for an enterprise value (EV) of CAD157.0m (AUD166.2m<sup>1</sup>) – which equates to an EV/EBITDA acquisition multiple of 8.3 times calendar year 2018 (CY18<sup>2</sup>) normalised EBITDA<sup>3</sup>.
- Funding for the acquisition will be 100% provided by a new bank debt facility of AUD225m underwritten by RBC Capital Markets.
- Sigma has been majority owned by private equity investor Birch Hill Equity Partners Management since 2015.
- CY18 revenue was CAD73.1m (AUD75.5m<sup>4</sup>) and CY18 normalised EBITDA<sup>3</sup> was CAD18.8m (AUD19.4m<sup>4</sup>).
- CY18 revenue split was Americas 56%, EMEA 29% and APAC 15%.
- Sigma has more than 70 customers with deployments in some 40 countries. Tier 1 customers include Liberty Global, Telstra, Vodafone, Inmarsat, Telkomsel, Altice, and Cox Communications.
- Sigma has more than 480 staff with major offices located in Toronto, Canada (Head Office), London and Wales (UK) and Pune, India.
- The strong strategic rationale for the acquisition includes:
  - The business is a high-quality asset – being a global leader in providing enterprise catalog-driven software products to the communications, media and high-tech sectors
  - It significantly expands Hansen’s scale and scope in the telecommunications sector – revenue from the telecommunications sector would have been 38% of total revenue in CY18 on a pro-forma basis if Sigma was owned during that period, compared to actual of 17%
  - Cross-sell opportunities exist into Hansen’s large utilities customer base by integrating the Catalog product into our energy product offerings, as well as PayTV.
- The acquisition is expected to be earnings per share (EPS) accretive in FY20<sup>2</sup>, excluding amortisation of acquired intangibles<sup>5</sup>.

### Sigma Overview

#### Products

The Sigma product portfolio comprises catalog-driven software solutions that streamlines complex product and service offerings for communications, media, and high-tech companies.

The product portfolio includes:

- **Catalog** – which provides a single source of “knowledge” for all of the service provider’s products and services, enabling the introduction and management of new and existing products and services with a single point of control, thus reducing the time-to-market for new offerings.
- **Configure Price Quote (CPQ)** – Catalog-driven, this product applies real-time, enterprise-wide pricing structures to quote and capture orders, from standardised consumer offerings to complex tailored enterprise services.
- **Order Management** – provides end-to-end management of an order, from when it is placed to when it is fulfilled and operational.

- **Portfolio Inventory** – provides a single source of “knowledge” on all the products customers have ordered, the services that were activated for those products, and the resources that were provisioned for those services.
- **Provisioning** – a network service and device activation product that manages, tracks and activates a complete range of network communication services and devices from a set of preconfigured activation solutions.
- **Insights** – an analytics tool that provides service providers with real-time visibility of operational and sales performance at a granular level, allowing them to adjust sales strategies as necessary.

Sigma’s products enable business growth from new digital services combined and packaged with traditional core services. The product suite is highly complementary in nature and drives cross-sell expansion after initial deployment of one product. Product deployment can be either cloud or on-premise.

Sigma’s go-to-market strategy comprises a global direct sales force, combined with partnering with several systems integrators and CRM providers such as PwC, Infosys, Tech Mahindra, Microsoft and Salesforce to expand reach.

### Customer Base

Sigma has a diversified revenue base with over 70 customers globally with deployments in approximately 40 countries. The average customer age is more than 8 years and includes many Tier 1 operators across the globe.

Customers include: Vodafone, Liberty Global, Telstra (Australia), Altice, Cox Communications (USA), Ziggo (Netherlands), Telkomsel (Indonesia), J:Com (Japan), Inmarsat (UK), Telmex (Mexico), Tiscali (Italy), Telus (Canada), Sky (UK), EWE TEL (Germany) and ViaSat (USA).

### Financial Profile

Revenue in calendar year 2018 (CY18) was CAD73.1m (AUD75.5m<sup>4</sup>) and CY18 normalised EBITDA<sup>3</sup> was CAD18.8m (AUD19.4m<sup>4</sup>), equating to a normalised EBITDA margin of 25.7%

Sigma has high levels of recurring revenue – derived from maintenance & support fees, periodic licence fees and managed professional services, while non-recurring revenue is derived from professional services and one-off licence fees.

CY18 revenue split was Americas 56%, EMEA 29% and APAC 15%.

### Strategic Rationale

There is strong strategic rationale for the acquisition:

- The business is a high-quality asset – being a global leader in providing enterprise catalog-driven software products to the communications, media and high-tech sectors
- Sigma’s proprietary products sit within or adjacent to our core business of billing and customer management, and are well designed to capture growth opportunities from the rollout of new telecommunications services such as 5G
- It significantly expands Hansen’s scale and scope in the telecommunications sector – revenue from the telecommunications sector would have been 38% of total revenue in CY18 on a pro-forma basis if Sigma was owned during that period, compared to actual of 17%
- Cross-sell opportunities exist into Hansen’s large utilities customer base by integrating the Catalog product into our energy product offerings, as well as PayTV
- Sigma further expands the depth and breadth of our global presence
- It is expected to be earnings per share accretive in FY20, excluding amortisation of acquired intangibles<sup>5</sup>.

## Conference Call

An investor briefing to discuss the acquisition will be held on 2 May 2019 at 11:30 am (Melbourne time).  
Dial-in details to participate in the conference call:

Toll free (within Australia): 1800 123 296  
Toll: +61 2 8038 5221  
Conference ID: 7353585

### For further information:

#### Investor and analyst enquiries

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### About Hansen

Hansen Technologies (ASX: HSN) is a leading global provider of customer information systems, billing software and data management systems to four industry verticals: energy, water, telecommunications and pay TV. For over 40 years Hansen has worked alongside clients enabling them to continuously optimise their critical billing. Every day 1000 Hansen experts globally are focused on 500+ clients; helping to streamline billing and operational processes, manage and analyse consumption data and ultimately improve their customers' experience.

### Important Notice

Information contained in this release:

- is intended to be general background information only, and is not intended that it be relied upon as advice to investors or potential investors and is not an offer or invitation for subscription, purchase, or recommendation of securities in Hansen;
- should be read in conjunction with Hansen's financial reports and other 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; and
- 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 (AUD) unless otherwise stated.

### Notes

1. Based on a AUD/CAD (Canadian Dollar) exchange rate of 0.9444
2. All references to "CY18" refer to the 12-month period ending 31 December 2018. References to "FY20" refer to the forecast financial year ending 30 June 2020
3. Normalised EBITDA is a non-IFRS measure. Normalised EBITDA represents EBITDA that has been adjusted to capitalise research and development (R&D) spending. The normalisation adjustment for R&D spending capitalised is an estimate, and represents 4% of CY18 revenue
4. Based on an average AUD/CAD exchange rate of 0.9684 for CY18
5. Earnings per share excluding amortisation of acquired intangibles is a non-IFRS measure.