

# The New Zealand Herald

HD      **Gentrack targets \$100m with IPO**

BY      Jamie Gray jamie.gray@apnz.co.nz

WC      581 words

PD      27 May 2014

SN      The New Zealand Herald

SC      NZHLD

PG      B003

LA      English

CY      (c) 2014 The New Zealand Herald

LP

Tech take-off **Energy**-utilities and airport-software **company** says funds from listing will be used to pay down debt

Auckland-based Gentrack, which develops specialist software for **energy** utilities, water companies and airports, says it plans to raise up to \$101.8 **million** through an initial public offer and sharemarket float.

TD

Gentrack said the funds would be used to pay down debt and to enable a partial sell-down of stock by its major shareholders. It expects to list on the NZX and ASX on June 25.

In aviation, Gentrack's software is used in 150 utility and airport sites around the world. On the **energy** utilities side, Gentrack's customers include Genesis **Energy**, Meridian **Energy** and Vector.

In Australia, Gentrack is used by Australian utilities, including Origin **Energy** and Alinta.

Further afield, its software is used in "marquee" international airports including **Hong Kong**, JFK in New York, Newark Liberty, Sydney, Melbourne and Birmingham, as well as in Auckland, Christchurch and Wellington.

About 89 per cent of the **company**'s revenue comes from utilities and about 10 per cent comes from airports.

Chief executive James Docking was quick to differentiate the **company** from high-growth technology companies such as Xero, Wynyard and SLI - all stocks that attracted heavy selling over March and April when fears about the sector started to emerge in the United States.

Docking said Gentrack was profit-driven, in contrast with stocks like Xero, which is yet to make profit and which does not expect to make one for several years.

To that end, the offer documents point to Gentrack's forecast net profit of \$3.7 **million** in 2014 and \$9.3 **million** in 2015.

Docking said shares in the **company**'s closest peer, TechnologyOne - Australia's largest publicly listed software **company** - performed strongly over March and April while others in the high growth/technology space suffered.

Gentrack competes head-to-head with multinational software giants SAP and Oracle.

Docking, who has been with the **company** for 20 years, said Gentrack implemented its own software with customers, unlike its major competitors, which used third parties.

The offer comprises the issue of up to 18 **million** new ordinary shares to raise \$36 **million** of new capital and the **sale** of 26.3 **million** existing shares at an indicative price range of \$2 to \$2.50 per share.

It will have institutional and retail components but there will be no public pool. Capital raised through the issue of new shares will be used to pay down Gentrack's existing debt of \$33.1 million. Existing shareholders will continue to own just over 40 per cent of the company. Chairman John Clifford and Docking will be the two biggest shareholders, with 15 per cent and 10 per cent, respectively.

Of the company's 21 shareholders, 14 of them will sell a portion of their holdings. Gentrack's directors and senior management own the majority of the shares after a management buyout in 2012.

Clifford said Gentrack had built a profitable business with compound growth of earnings before interest, tax and amortisation of 16.1 per cent a year over the past five years.

Docking has been running it since 2003. He has a background in engineering and was previously with the then state-owned Electricity Corp - the forerunner to New Zealand's power-generating companies.

UBS New Zealand is lead manager for the offer.-APNZ

**RF** Gentrack27

**CO** boral : Origin Energy Ltd | elecnz : Meridian Energy Ltd

**IN** iaitr : Air Transport | itsp : Transportation/Shipping | i1 : Energy | i13 : Crude Oil/Natural Gas | i16 : Electricity/Gas Utilities | i16101 : Electric Power Generation | i1610107 : Electric Power Generation - Hydro | iutil : Electric Utilities | iutil : Utilities

**NS** c1711 : Initial Public Offerings | c02 : Corporate Changes | c14 : Stock Listings | c17 : Funding/Capital | c171 : Share Capital | cactio : Corporate Actions | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfcpin : FC&E Industry News Filter

**RE** austr : Australia | nz : New Zealand | apacz : Asia Pacific | ausnz : Australia/Oceania

**PUB** W & H Newspapers Limited

**AN** Document NZHLD00020140526ea5r0004p