

The Age, 25-Oct-2011 (p.8)

Tech outfit shows how to swim against the tide

TECHNICAL ANALYSIS
ROD MYER



FINDING a stock that seems to act independently of the current waves of panic and euphoria that are driving the sharemarket is not easy. But this week Rob Shelley, director of Total Trading Concepts and a councillor with the Australian Technical Analysts Association, draws our attention to Hansen Technologies, a smallish software company that develops, integrates and services billing systems for the telecommunications and utilities sectors.

Strong stocks, Shelley says, can retain an uptrend

HANSEN TECHNOLOGIES



even when the market is going to the dogs. Hansen has made a pretty good fist of doing that this year, having continued to rise in what he describes as a "confirmed uptrend". A brief dive in March notwithstanding,

Hansen has turned the 80¢ level (red line on the graph), which was a resistance level last year, into a support level during 2011.

It is now moving in a sideways consolidation pattern, trading between 80¢

and \$1. If the stock breaks through \$1, the chart shows it will head to \$1.20, Shelley says. But on the downside, if it falls back through 80¢ then 60¢ will be the new floor level. Rising volumes through 2011 are a bullish

sign, indicating support in the market, he says.

Earnings per share for Hansen have been growing over the past six years and are forecast to grow for the next three years. Profit for 2011 was up 20 per cent, and return on equity is a better than average 25 per cent.

The company has returned shareholders 35.2 per cent in the past year, 48.4 per cent annually over the past three years and a stunning annual 51.6 per cent for those fortunate enough to hold it for five years.

The dividend yield is a healthy 6.5 per cent compared with 5.5 per cent for the overall market and 5.6 per cent for its sector. The price-earnings ratio is about 10 per cent.

Hansen is an international operation with offices in Australasia, Britain and the US. Along with servicing telcos and utilities, it offers IT outsourcing services and development of applications for companies with highly individualised needs.

The founding Hansen family still holds 60 per cent of the company. Founder Ken Hansen recently stood down as chairman but is still on the board. His son Andrew is chief executive and the new chairman is well known broking identity David Trude.

This column is not to be read as financial advice. Those wishing to invest should seek professional counsel and do some homework. rodmyr@ozemail.com.au