



ASX Announcement

26 October 2017

Chairman's Annual General Meeting Address

Good afternoon and welcome to our shareholders.

GBST had a challenging year in FY2017 from a results perspective. Our Chief Executive Officer will discuss the business in detail but I would like to focus on a couple of key points.

The loss of a key client in our Capital Markets business had a major impact and we were unable to backfill this revenue or make changes to our cost base to mitigate this loss. FX impact due to the weakened British Sterling and project delays in the UK contributed to a lower financial result.

The other major setback was the unsuccessful strategy to outsource the majority of the transformation of the Composer technology platform to a provider with a migration tool. This has been well documented and as you are aware has increased our Research and Development investment significantly in the short term.

These are short term challenges and there were some very positive aspects of our business over the past 12 months.

Our key platforms of Composer and Syn continue to be leading solutions in our chosen markets.

Our Syn product now processes approximately 25% of volume on the Australian Stock Exchange after the successful implementation at a major Institutional bank, making it the leading solution in the market. This is a significant milestone for future Syn sales. During the year we added two additional Syn clients and we recently added another Chinese Bank at the start of October 2017 with additional opportunities being pursued.

We also won business with two new Composer clients in FY17 as well as starting work in FY18 with two new wealth management clients in the UK. We have engaged with a major Australian retail bank to expand the use of our platform in the corporate superannuation business.

Due to these implementations, our licence revenue derived from international markets continues to grow to over 50% of total revenue on a constant currency basis.

GBST is committed to providing the best-in-class software for our chosen markets and we have announced previously our increased investment in technology.

This investment will expand the opportunities we can currently pursue and provide our clients with a modern technology architecture. We expect that this will increase returns to our shareholders over the coming years.

Board Changes

At last year's Annual General Meeting, I spoke of intended changes to our Board, which has continued to evolve over the past two years.

I would like to acknowledge the contribution of Ian Thomas who served as a director from December 2011 to January 2017 and I thank him for his commitment to GBST.

It is my pleasure to welcome Tam Vu to his first GBST AGM. Tam joined the Board in January 2017 and enhances the Board's information technology skills from a range of industries which is particularly relevant to GBST. Tam Vu and Christine Bartlett form part of our Technology Committee who will oversee key technology projects and strategic direction specifically around technology.

Executive Remuneration

I think it is appropriate to touch on executive remuneration. This past 12 months has seen a strengthening of the executive team with key appointments in Technology, HR and Finance and the previous year with a senior executive appointment in the United Kingdom.

It is our objective to set the right incentives for our executives and to this end there will be some changes to our executive remuneration. Our Nomination and Remuneration Committee has engaged external expertise to formulate a combined Short and Long Term Incentive scheme which we believe will benefit our executives and further align their interests with our shareholders. This is set to take effect in FY19.

Financial performance

Our Balance sheet remains debt free, with \$11.7M cash as at 30 June 2017. The Board determined to pay a final dividend of 2.5 cents per share fully franked. This resulted in a total dividend for FY2017 of 5.5 cents.

As I just stated in the overview GBST will significantly increase its strategic research and development investment. It is our intention to increase this from \$9.6m in FY2017 to approximately \$14M in FY2018. GBST expends its own Research and Development effort which has a short-term impact on earnings. As previously announced the core earnings of the business are strong.

Acknowledgements

I would like to thank my fellow Directors for their commitment and contribution. Having a diverse Board with strong industry experience will support the GBST team to deliver our strategy.

I also thank Robert DeDominicis, his management team and the GBST team who continue to work hard to service our clients and grow the business. I also welcome the new members of staff and the executive team who are welcome additions to GBST, and will contribute to the future success of the business and for returns to our shareholders.

We remain positive about the future of the business and its direction. I would like to thank you, our shareholders for your continued support.

I will now hand over to Robert DeDominicis to present the Chief Executive Officer's report.

- Ends -

About GBST

GBST is a specialist financial technology company which provides administration and transaction processing software for retail wealth management organisations and global and regional investment banks. Founded in 1983, the company operates in Australia, Asia, Europe and North America. GBST is listed on the Australian Securities Exchange under ASX ticker code GBT.



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CEO/Managing Director's Annual General Meeting Address

Thank you, Allan, and welcome to you all – it is a pleasure to be here today.

Before I begin my address, I would like to thank all our staff for their hard work and dedication, and all our shareholders for their support over the last 12 months.

Almost two years ago, when I began in the role of Chief Executive Officer and Managing Director, I made several changes to improve the short-term future of GBST. Some of these changes had an immediate impact on reducing operational costs, while some required a substantial increase in strategic Research and Development investment. Today, I want to focus on the opportunities for GBST and the investment we are making for the long-term future of the business.

GBST serves more than 60 of the world's leading institutional banks, wealth managers and stock brokers, and our solutions and services are at the core of our client's operations and are mission-critical to their business. As such, it is crucial that we continue to invest in Research and Development.

Unfortunately, there have been events outside of GBST's control that have impacted the financial performance of the business in the short term. However, GBST continues to win new clients and deliver new capabilities to meet market demand.

Our Strategy is to provide the best fintech solutions which create value for our clients. That's why, since 1984, we have remained focused on our corporate vision of leading the evolution in financial technology. We continue to see rapid change led by digital disruption and automation technologies supported by infrastructure changes such as the Cloud, Distributed Ledger Technology and Robotics.

FINANCIAL PERFORMANCE

As Allan said, over the last 12 months, our financial performance has not met our expectations due to delays with client projects, the weakness of the British pound to the Australian dollar and the loss of a key client.

GBST's FY17 results were weaker than FY16. Total revenue for the year was \$88.0m compared to \$108.1m in the previous year. Operating earnings before interest, tax, depreciation, amortisation (EBITDA) and strategic Research and Development costs were \$21.8m in FY17, compared to \$23.6m in the previous year. \$1.8m of the reduction due to adverse foreign exchange movements.

Our recurring revenue from licence fees alone was approximately 67%, and more than 50% of our revenue was sourced from offshore. At 30 June 2017, the company held \$11.7m net cash and was debt free. Our underlying cashflow remains strong given the nature of our annuity contract and we achieved 88% conversion of EBITDA to cash flow for FY17.

GBST expenses all its Research and Development costs, which will reduce our earnings in the short term. We announced in August this year that we would be increasing our total Research and Development expenditure by an additional \$50M for the next three years. We need to undertake this work if we are to remain competitive and successful in the long term.

2017 HIGHLIGHTS

As reported at last year's Annual General Meeting, we planned to implement our 'Syn' platform at a major institutional bank in Australia to replace our 'Shares' platform. The implementation went smoothly and reported as a success which reinforced GBST's strong track record and reputation for delivery. This was a significant milestone for GBST as it increased the volume of settlements being processed by Syn in the Australian market to 25 percent - making it a clear leader. In total, GBST's technology solutions now process and facilitate the settlement and clearing of over 60% of all volume in the Australian market.

I am pleased to report that another Chinese broker went live with our Syn platform in Hong Kong earlier this month. This follows the successful implementation of Haitong last year. This strengthens our position in the market as a reliable technology provider for the Asia Pacific region. We believe the Asian growth opportunities are significant because our Syn~ technology provides our clients with a fully integrated back and middle-office capability across a multi-market, multi-asset service, enabling them to lower post-trade processing costs across global operations.

In August, we made further improvements to our settlements platform and front office. Continual enhancements to support T+2 processing in Australia in cash processing resulted in a 4% improvement in settlement rates. We also expanded Chi-X support including warrants, EFT's, Trackers, the roll out of MFund for Brokers, and tools to enable streamlined asset management of deceased estates and in-specie transfers.

We made significant improvements in tailoring products for a broker's specific needs so they can onboard potential customers efficiently while managing their risk across all applications.

Our tax analyser product continues to win new clients, and we are starting to see the benefit of the platform delivering up to a million dollars per annum savings to Superannuation funds which will flow back to the members of the funds.

We successfully entered the Business Process Outsource market in Australia and we anticipate new opportunities which will boost revenue.

The Superannuation industry in Australia is now a \$2.3 trillion industry. SuperStream, to date, has seen the implementation of a data and payment standard for business-to-business transactions that has delivered, and continues to deliver, significant benefits. The system is now based on straight-through processing, with SuperStream fully implemented for business-to-business, employer-to-funds and fund-to-fund transactions. It has delivered

rollover benefits for members and reduced the number of days for processing from 40 to 50 days to three days.

The Australian Taxation Office plans to leverage SuperStream to provide an integrated timely reporting process. For GBST, this means we can continue to provide streamlined straight-through regulatory reporting solutions for our clients leveraging from the SuperStream infrastructure that we currently have in place.

In the United Kingdom, GBST was the first to launch a Lifetime Investment Savings Account on platform for our clients with the completion of the first phase of an 'On platform enhanced Annuity' product. We successfully delivered several legislative and compliance changes and we are in the process of delivering the Financial Instruments Directive II and General Data Protection Regulations.

The Financial Instruments Directive II implementation is currently due to take effect on 3 January 2018, and these changes will conform with European regulations to improve protection for investors and will impact all trading processes, transaction reporting and client services.

The General Data Protection Regulations changes come into effect on 25 May 2018. This new regulation has been designed to harmonise data privacy laws across Europe and to provide improved protection to European Union citizens by allowing them to have greater control over how and why their data is collected and processed by organisations.

Over the past 12 months we have worked closely with Aegon to deliver enhancements for the CoFunds platform as announced earlier this year. When Aegon migrates the CoFunds retail business to the Composer platform over the coming months GBST will be supporting the largest Retail Savings platform in the UK market.

We have also started working with two new clients to use Composer for administering retirement products such as Accumulation, Annuity and Income Drawdown products. Furthermore, we are working with a major Australian retail bank to expand the use of Composer to cover Workplace Pension products. These new opportunities would not have been possible without GBST's commitment to ongoing development and investment in our technology platforms.

RESEARCH AND DEVELOPMENT

We are well placed to take advantage of new opportunities, including in the UK retail savings market where we believe there is more than £1 Trillion of assets still available for transition to solutions like Composer. On 21 August 2017, we announced our intention to invest to enhance our Digital capability for the Composer Platform. We engaged with existing and new clients on this important initiative. The response from our clients was 100% supportive and they have provided valuable feedback that confirms research from analyst firm Gartner Group that changing digital technologies and customer expectations are placing pressure on the traditional wealth management business model.

Our existing and potential clients want the best in class Digital capability to meet market demand and remain competitive. To this end, we are developing front office digital capability that we refer to as ComposerWeb 2.0. The underlying technology will be the foundations to

enable our Composer platform to be 'Cloud' enabled and provide our clients modern digital architecture that will provide cost efficiencies and user engagement. In parallel, we have progressed with the detailed planning upgrade the technology of the Composer Back office modules. The work will ramp up into next year whilst we focus on delivering our ComposerWeb 2.0 features to clients and new database support for our Australian clients.

We are moving from an older technology to the latest in digital capability, some of the features are best shown by way of example.

GBST COMPOSER WEB LEGACY

Test-Advisor1 (Advisor)

Switch back to: sysadmin

You last logged in on 21/07/17 at 18:49

Contact us

Logout

GBST

ComposerWeb

Home

Client search

Documents

MI reports

Literature

Home

View/download documents

Pre-sales documentation

Client search

Transactions

Pensions quote and apply

Investments quote and apply

Re-registration

Specialised quotes

Manage model portfolios

Investor model portfolio maintenance

Research and analysis

Asset selector

Fund charting

Portfolio scanner

Model portfolio evaluator

Retirement planner

External links

Novia Stocktrade Account

Adviser charges summary

Charge type	Amount
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Total Investments

Value of holdings:	£223,745.49
New business this month:	£0.00
New clients this month:	0

Latest status updates

Reference	Date	Description	Client name	Status	Source
9818	19/07/2017	New Business	aa aaa	In progress	Web
9074	11/01/2016	New Business	Andrew salt	In progress	Web
8925	25/09/2015	New Business	Sean Sean	In progress	Web
8923	25/09/2015	New Business	Test Sean	In progress	Web

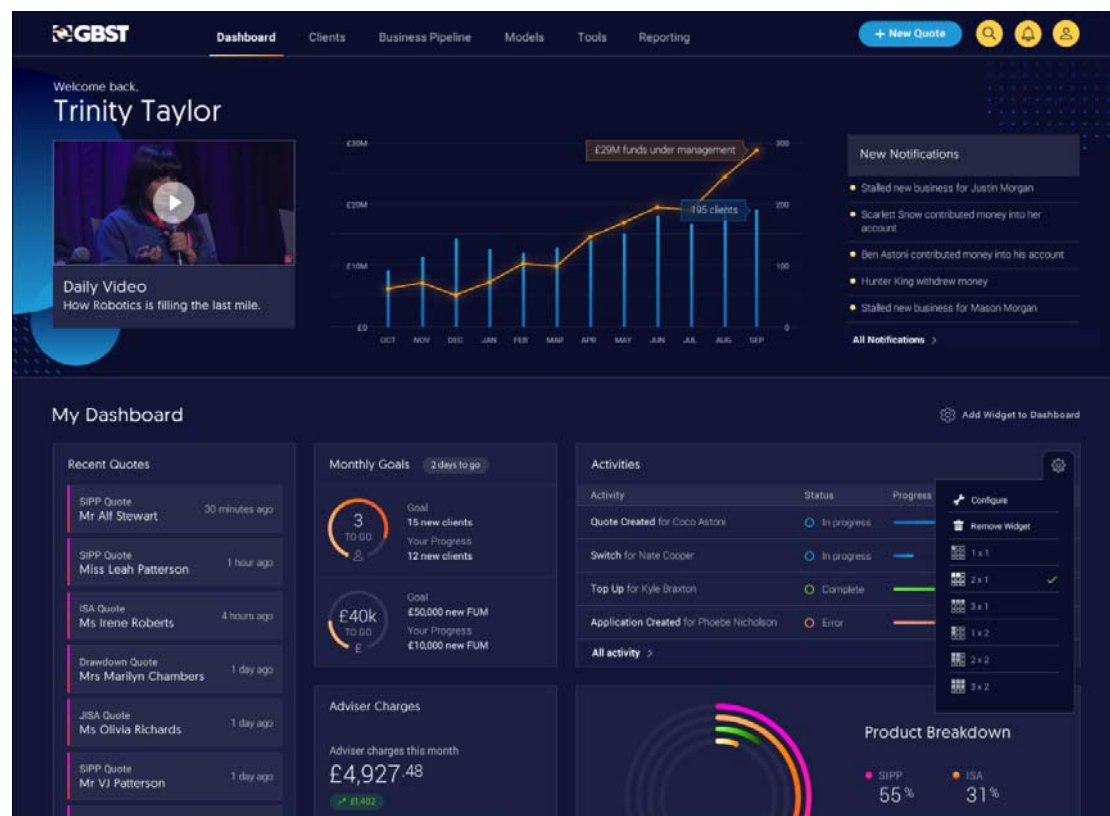
Show all status updates

Top 5 clients

Client name	Investor id	Charges earned	Holdings value ?
Mr Mark Wallace	991	£0.00	£111,660.48

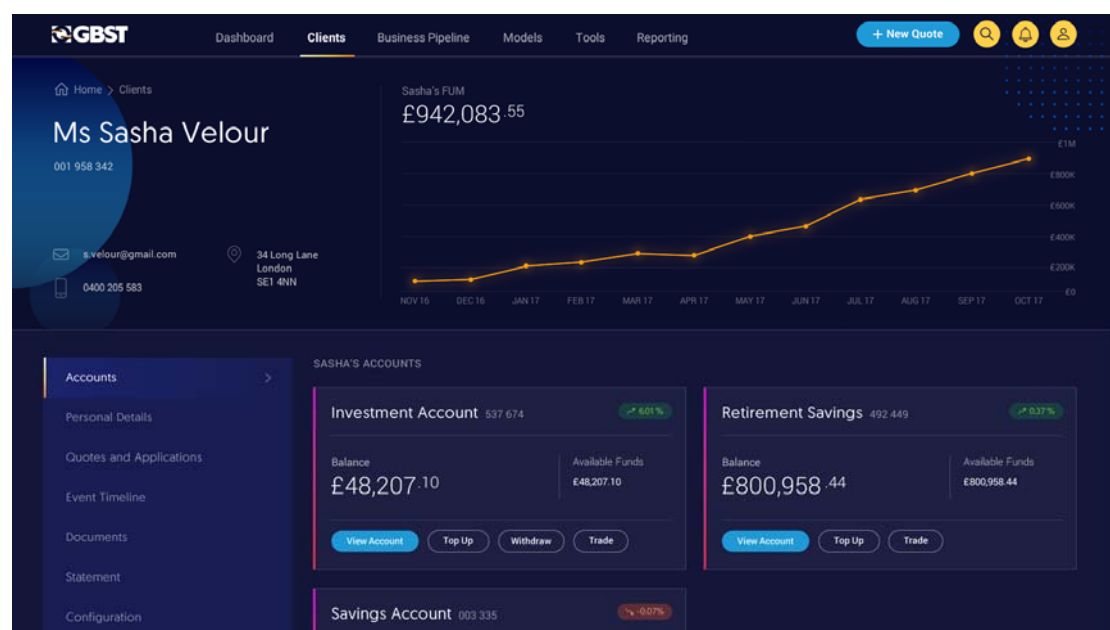
NOTE: Static dashboard, basic theme support, heavyweight frontend including logic, slow development update cycle.

NEW DIGITAL PORTAL – CATALYST DASHBOARD



NOTE: Client tailorable themes, configurable dashboard, lightweight frontend, whole of book view, goal & activity focused.

NEW DIGITAL PORTAL – CATALYST CLIENT VIEW



NOTE: Client centricity, data aggregation across multiple client datasets, intuitive navigation.

PEOPLE

GBST employees over 350 full time staff working in the business today, located in Australia, United Kingdom, Hong Kong, Singapore, and the United States of America. In addition, we use the services of more than 100 technology staff from our sourcing partner in Vietnam.

Our staff have deep industry knowledge and work in an environment of constant change. We are constantly improving our processes and looking at ways to improve the way we work, and how we can better invest in our people.

We are committed to developing the capability of our staff members, and have recently begun a new leadership program that is focussed on upskilling our frontline leaders.

Attracting, retaining and developing our staff members is of critical importance to GBST and with the future in mind we are looking to bolster our Graduate programme.

Over the last few months, our Executive team has been strengthened with the appointment of new team members. Last year, David Simpson was appointed as Head of EMEA Region. In April 2017, we announced the appointment of Mark Knowlton as Chief Technology Officer, and in July 2017, Belinda Armstrong was appointed as Head of Human Resources. Earlier this month, Gareth Turner was appointed as Chief Financial Officer, and will start with GBST in December. We are delighted to have such talented executives joining our ranks as we expand and invest in the future of the business.

In closing, I want to once again thank our shareholders, our people, clients and the Board of Directors. Your ongoing support is greatly appreciated.

- Ends -

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