



Half-year results – 31 December 2017



H1 FY2018 – Financial Performance

Results for the half-year (\$'millions)	1H FY18	2H FY17	1H FY17
REVENUE AND OTHER INCOME	42.7	42.6	45.4
Operating EBITDA before Strategic R&D	9.7	8.9	12.9
Strategic R&D	(4.8)	(4.7)	(4.9)
Operating EBITDA	4.9	4.2	8.0
Restructure and other non-operating expenses	(0.3)	(0.2)	-
EBITDA	4.6	4.0	8.0
Net finance costs	(0.2)	(0.3)	(0.2)
Depreciation & operating amortisation	(1.4)	(1.5)	(1.4)
Investment amortisation	(1.1)	(1.7)	(1.8)
PBT	1.9	0.5	4.6
Income tax credit \ (expense)	0.6	2.1	(0.2)
NPAT	2.5	2.6	4.4
Adjusted NPAT	3.6	4.3	6.2
Basic EPS (cents)	3.7	3.8	6.5
Adjusted EPS (cents)	5.3	6.3	9.2
Dividend per share (cents)	2.5	2.5	3.7
Cash inflow from operations	5.4	3.3	7.7
Cash at bank	15.0	11.7	12.1

- Operating EBITDA of \$4.9m up 16% from preceding half
- EBITDA of \$4.6m up 15% from preceding half
- Profit before tax of \$1.9m up 325% compared to preceding half
- Operating Cash Inflow of \$5.4m up 64% compared to preceding half (118% conversion of EBITDA to cash)
- Strong balance sheet with cash on hand of \$15m and debt free
- Interim FY18 dividend at 2.5 cents per share, fully franked
- Franking credit balance on hand of \$13.3m

Financial Position

Financial Position as at: (\$'millions)	31-Dec-17	30-Jun-17
ASSETS		
Cash	15.0	11.7
Other current assets	17.6	19.7
Intangible assets	44.1	45.1
Other non-current assets	16.0	16.3
TOTAL ASSETS	92.7	92.8
LIABILITIES		
Current liabilities	12.9	13.4
Unearned income	9.4	9.4
Non-current liabilities	4.3	5.1
TOTAL LIABILITIES	26.6	27.9
NET ASSETS	66.1	64.9
EQUITY		
Issued Capital	39.5	39.5
Reserves	(4.0)	(4.2)
Retained earnings	30.6	29.6
TOTAL EQUITY	66.1	64.9

- Cash on hand of \$15.0m at 31 December 2017, up \$3.3m
- GBST has no debt
- Other current assets includes trade debtors and WIP balances for various projects (which are transferred to trade debtors once invoiced)
- Intangible assets primarily comprise purchased software, client contracts and goodwill from business acquisitions
- Carrying value of intangible assets comprises InfoComp (\$28.2m), Coexis (\$9.1m), and other intangibles (\$6.8m)
- Unearned income represents advance payments

Cash Flow

Results for the half-year ended: (\$'millions)	1H FY18	2H FY17	1H FY17
CASH FLOWS FROM OPERATIONS			
Receipts	47.6	42.7	49.9
Payments	(42.2)	(40.0)	(42.1)
Finance costs	(0.1)	-	(0.1)
Income tax	0.1	0.5	-
Net cash from operations	5.4	3.2	7.7
CASH FLOWS FROM INVESTMENTS			
Purchase of tangible assets	(0.3)	(0.2)	(0.3)
Purchase of intangible assets	(0.1)	(0.9)	(0.3)
Net cash used in investments	(0.4)	(1.1)	(0.6)
CASH FLOWS FROM FINANCING			
Financing	(0.1)	0.2	(0.1)
Dividends paid	(1.7)	(2.5)	(3.7)
Net cash used in financing	(1.8)	(2.3)	(3.8)
NET INCREASE IN CASH	3.2	(0.2)	3.3
Effect of FX movement on cash held	0.1	(0.2)	(0.2)
Opening cash - 1 July	11.7	12.1	9.0
CLOSING CASH	15.0	11.7	12.1

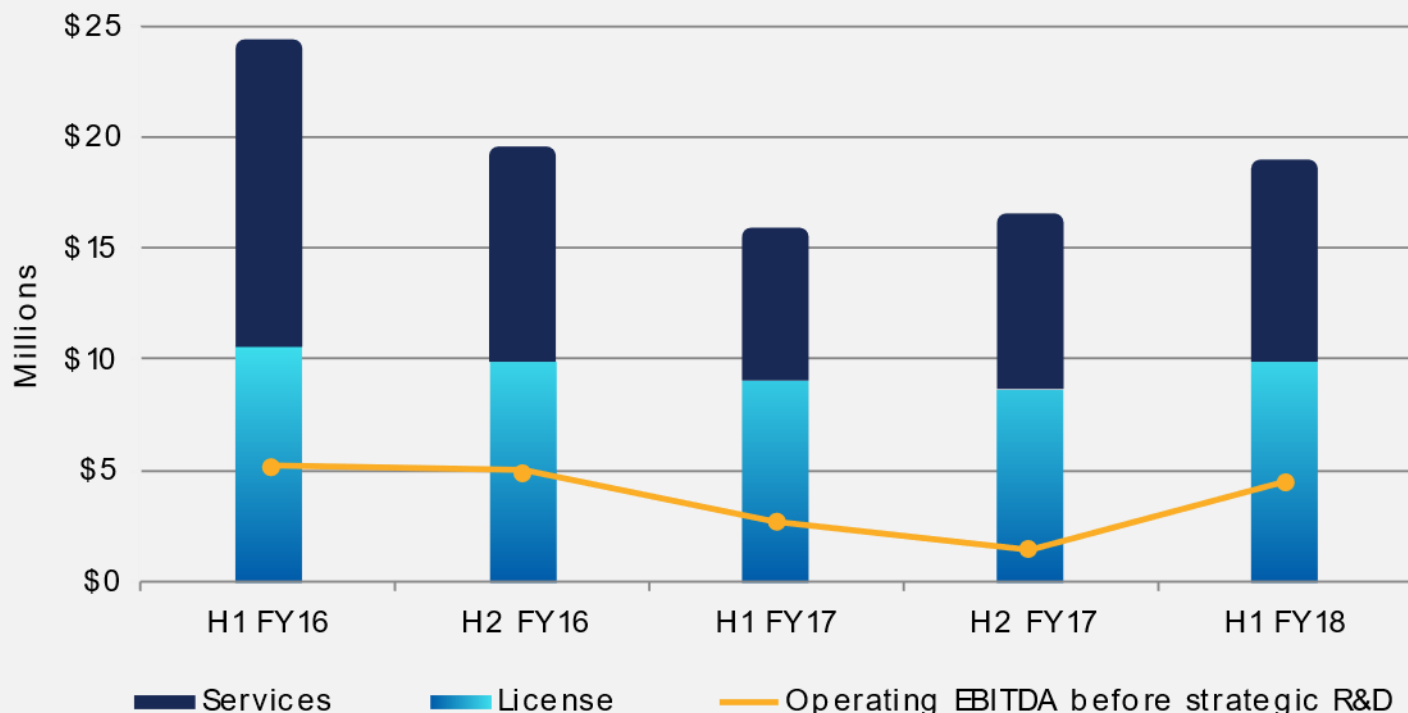
- Strong cash flow generation continues, even after Strategic R&D cash outflow
- 118% conversion of EBITDA to cash for the half-year (2HFY17: 80%; 1HFY17: 97%)
- Income tax paid offset by UK income tax refund, relating to prior period credit
- Intangible assets primarily relate to software purchased from third parties

Strategic R&D Investment

- R&D investment is key for long term success, retention of clients, meeting market demand for digital improvements and continuing to provide clients with cost effective solutions
- Strategic R&D is expenditure on GBST's software products which form part of the Company's long-term product roadmap
- As announced August 2017, GBST is increasing strategic R&D to strengthen GBST's digital solutions and take advantage of long-term market growth
- Expected strategic R&D costs of \$10m-\$15m in full year FY18
- All internal R&D is currently expensed as incurred

United Kingdom – Wealth Management

Revenue Composition and Operating EBITDA before strategic R&D

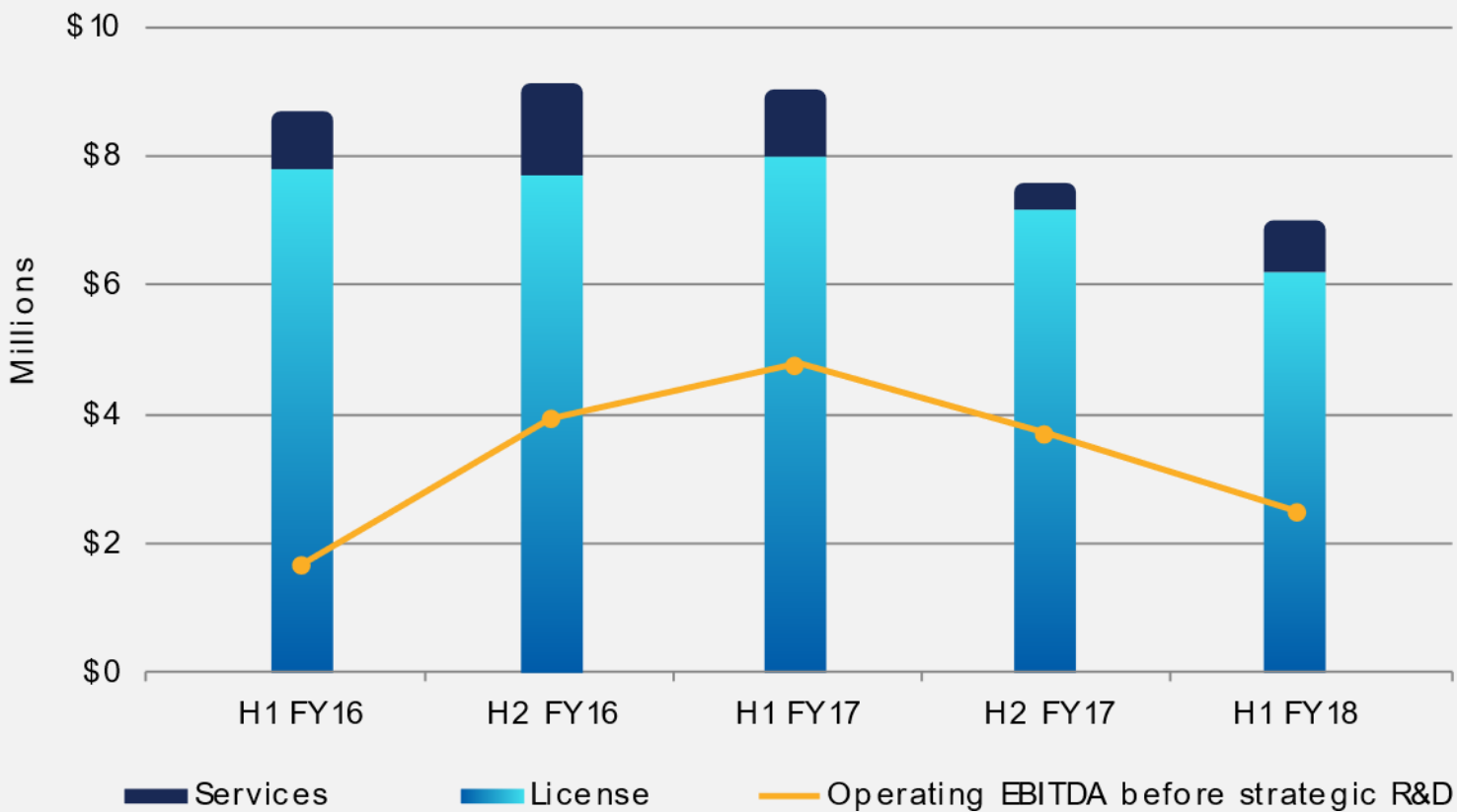


	1H FY18 \$m	2H FY17 \$m	1H FY17 \$m
Revenue	19.0	16.6	16.0
Operating EBITDA before strategic R&D	4.5	1.4	2.7

- Revenue up 14% on preceding 6 months
- Recurring revenue mix is 54% in H1 FY18 with License revenue at \$9.9m up from \$8.6m at 2H FY17
- Operating EBITDA before strategic R&D of \$4.5m up 226% from preceding 6 months
- Assets under management on Composer have risen by 47% to £70.8bn in the past 12 months
- Strategic R&D investment will deliver Digital capabilities to meet growing trends for automated advice and differentiated digitised adviser and client experiences.

Australia – Wealth Management

Revenue Composition and Operating EBITDA before strategic R&D

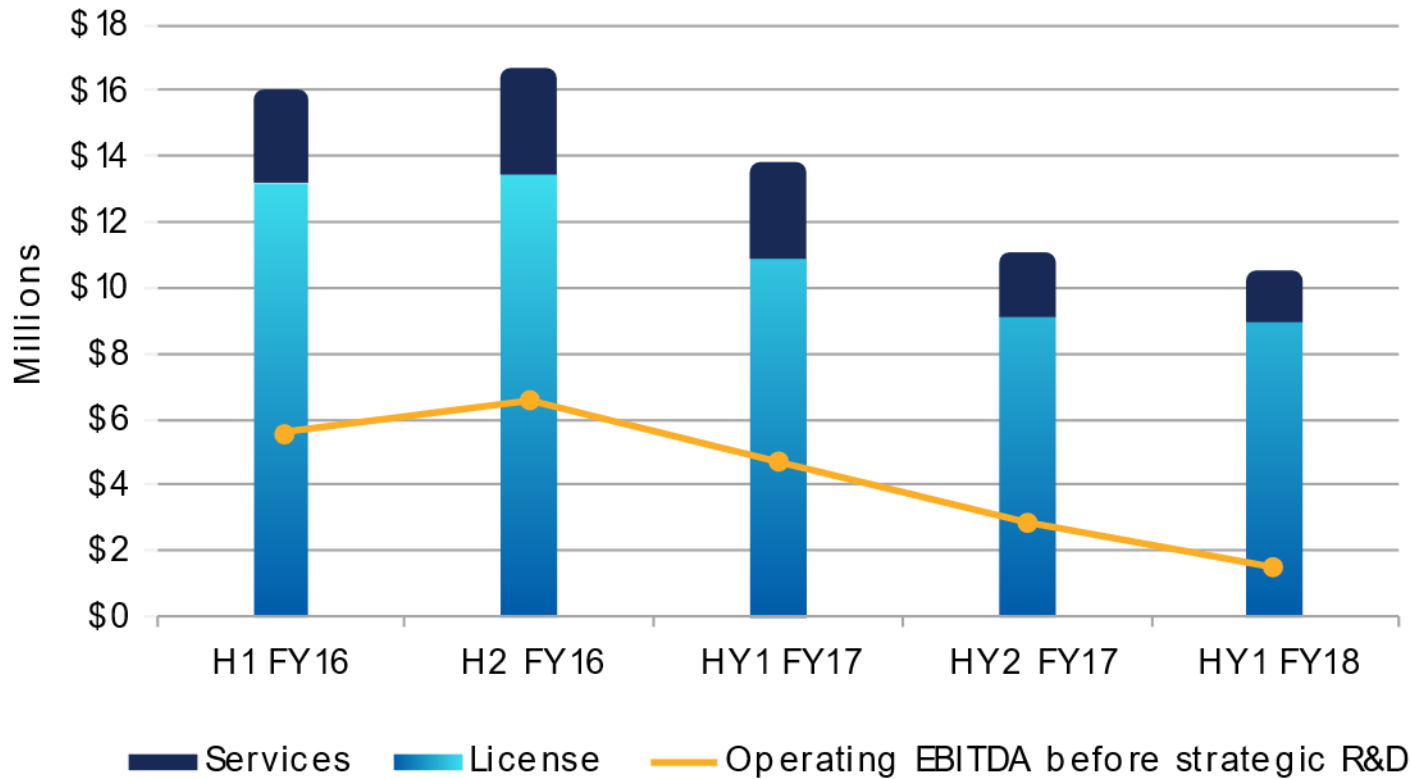


	1H FY18 \$m	2H FY17 \$m	1H FY17 \$m
Revenue	7.0	7.5	9.0
Operating EBITDA before strategic R&D	2.5	3.7	4.8

- Revenue down 7% from the preceding 6 months due to reduced license fees
- Operating EBITDA before strategic R&D down 32%, also impacted by cost of legislative changes in the half (approx. double the usual level)
- Won the implementation for a new digital superannuation fund, delivered under a Software-as-a-Service (SAAS) model
- Two new Tax Analyser wins will start to contribute towards license revenue in FY19
- Second business process outsourcing agreement signed and is due to come into effect in Q1 2018

Australia – Capital Markets

Revenue Composition and Operating EBITDA before strategic R&D

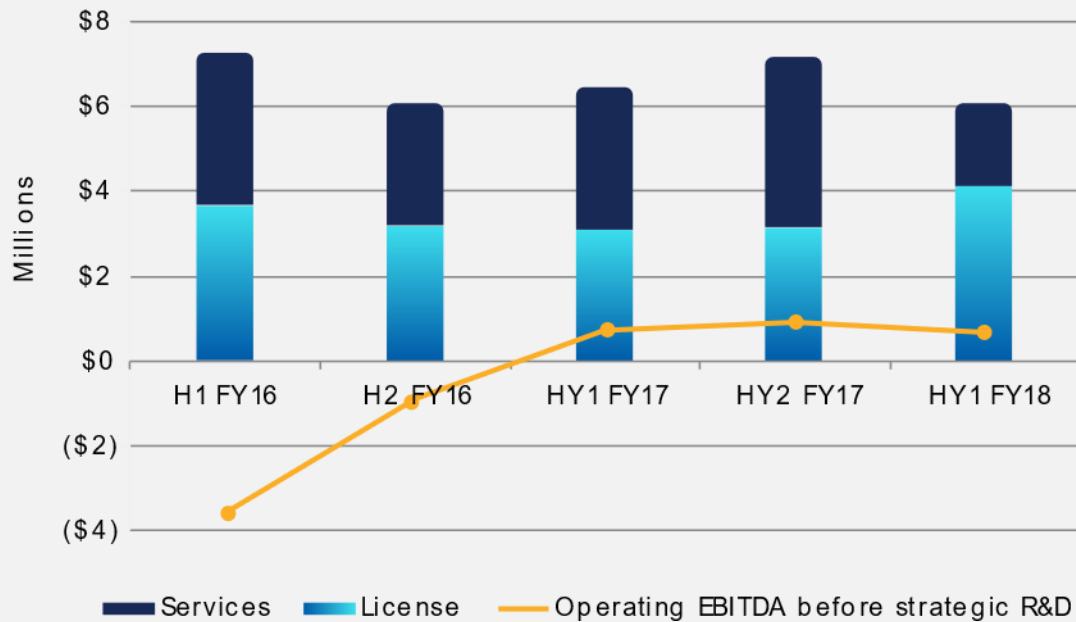


	1H FY18 \$m	2H FY17 \$m	1H FY17 \$m
Revenue	10.6	11.1	13.8
Operating EBITDA before strategic R&D	1.8	2.9	4.7

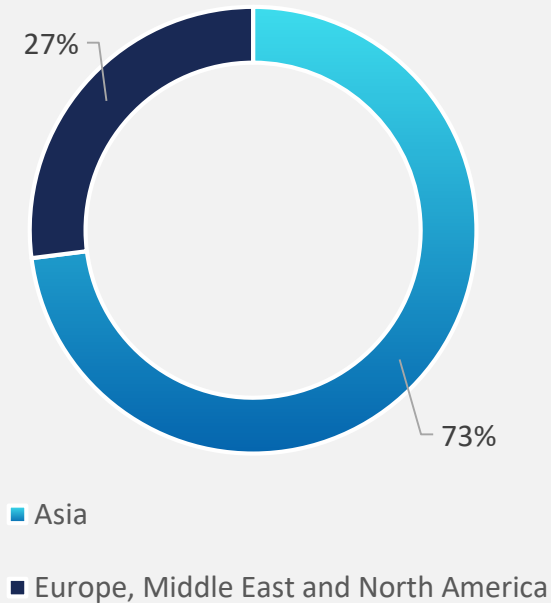
- As reported last year, loss of a large client reduced revenue by 23% from last year
- Revenue was down 5% from the last 6 months driven by a decrease in service revenue this half
- Licence revenue was stable during the period
- One off costs incurred for new Syn~ implementation
- GBST maintains dominant CHES connectivity with approximately 61% of equity transactions
- Won back a client from the client group that had moved to a competing platform, strong pipeline of similar ahead of us

Rest of the World – Capital Markets

Revenue Composition and Operating EBITDA before strategic R&D



Revenue by Geography

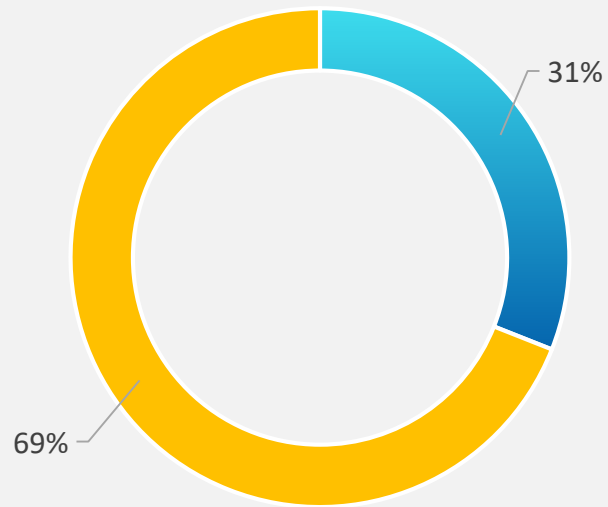


	1H FY18 \$m	2H FY17 \$m	1H FY17 \$m
Revenue	6.1	7.2	6.4
Operating EBITDA before strategic R&D	0.9	0.9	0.7

- Revenue down 15% from last 6 months driven by a drop in service revenue
- Licence revenue up 35% this half
- Operating EBITDA before strategic R&D stable at \$0.9m
- Secured a Syn~ client and a distribution partnership with one of Japan's largest Fintech's, SBI BITS Co. Ltd. GBST is well positioned for further growth in Asia
- Implemented a new back office platform for China Merchant Bank on Syn~
- Distribution agreement signed with major North American FinTech to white label and distribute Syn~

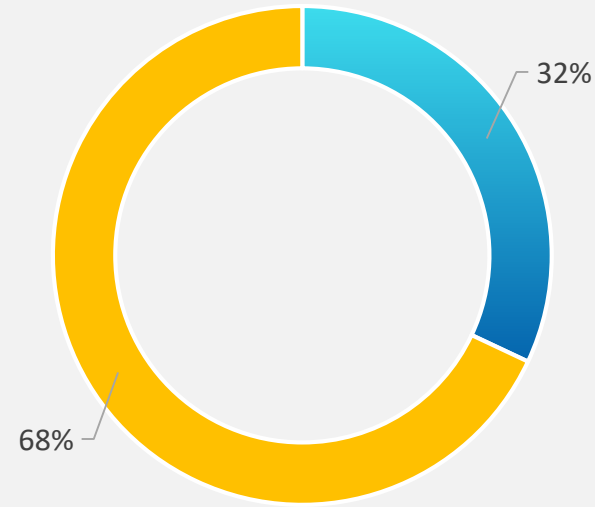
Recurring Revenue

H1 FY17 License and Services Revenue



■ Services ■ License

H1 FY18 License and Services Revenue



■ Services ■ License

- License revenue mix at 68% of the total in H1 FY18, down slightly from 69% in H1 FY17
- Proportion of annuity revenue increases with customer growth
- Services revenue transitions to recurring license fees when projects complete
- New customer wins generate long term license fees on 'go-live' – annuity income
- Strategic R&D spend supports longer term growth in license fees

Summary

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- Strong balance sheet with cash on hand of \$15m and debt free
- Interim FY18 dividend at 2.5 cents per share, fully franked
- Franking credit balance on hand of \$13.3m
- Development and Distribution agreements in Japan/Asia to open new markets
- Distribution agreement signed with major North American Fintech
- Strategic R&D investment strengthens GBST's solutions
- Remain on track for FY18 Operating EBITDA before strategic R&D to be \$20m-\$25m for the full year

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