

GBST Annual General Meeting 2014

Managing Director and Chief Executive Officer's address to shareholders

16 October, 2014

Thank you John and good afternoon to everyone. It is a pleasure to be speaking to you today at GBST's 10th AGM.

John has spoken to you about the importance of software, and I would like to endorse this and reinforce what we are pursuing as a business.

We are a software company focused on the financial services industry, and our technology and infrastructure support many of the world's largest institutional banks, stockbrokers and wealth managers.

We are also a product company with market-leading platforms. Our customers depend on us for business-critical services that are robust, reliable and scalable.

Historically, GBST has earned revenue from cash equities processing in Australia.

Since listing in 2005, we have diversified our product sets and the geographies from where we earn revenue. We have grown through making acquisitions, investment in our software and international expansion.

Today, about 25% of our revenue comes from our original cash equities business, and about 50% of our revenue is generated in Australia.

While we are clearly growing as a company we continue to invest heavily to improve our products and open new markets, and this will continue. More than 10% of annual revenue is invested in research and development.

Our ongoing challenge remains managing the rate of our growth and the level of our investment in the best interests of our staff, customers and shareholders.

FY2014 was a very solid year for GBST, and I would like to provide an overview of some of the highlights:

Corporate

- We established a technology development centre in Ho Chi Minh City, Vietnam which has contributed successfully to our products. It has integrated well with our global teams, and now employs about 80 staff.
- GBST strengthened staff and resources internationally, facilitating sales and improving services to clients, and we now have nearly 500 staff across four continents.
- We improved and extended our internal management information systems through implementing new enterprise resource planning (ERP) and accounting systems.

- 16 new client projects went live in the year, and our client base grew with new implementations in Australia, Asia, the UK and North America.

GBST Syn~

- Our first direct US client, went live using GBST Syn~, increasing back- and middle-office automation significantly.
- One of the world's largest banking and financial services organisations went live in Asia using GBST Syn~ to provide the middle office functions for third-party clearing to the broker-dealer community.
- GBST's Syn~ financial transaction tax (FTT) maiden implementation went live at a Global custodian helping them to comply with new European legislation.
- Our FTT software was voted 'best compliance solution' at the Systems in the City awards.
- GBST Syn~ is now Omgeo central trade manager certified, providing an automated solution for central matching of domestic and cross-border transactions.

GBST Shares and capital markets products

- We began the first transition from GBST Shares to GBST Syn~ for a client in the Australian market.
- New products for capital markets included the order management system for derivatives, the risk management solution MarginSuite, and GBST business intelligence reporting.

GBST Composer

- GBST Composer won a leading UK-based investment and savings client.
- We also secured a new Self Invested Personal Pension client, increasing our UK SIPP market share to approximately 10%.
- GBST and Aegon UK won the 'best use of platform technology' award at the 2013 Aberdeen Asset Management Platform Awards.
- We added GBST Composer support for Microsoft SQL Server.

FY2014 Results

- GBST's net profit after tax increased by 66% to \$10.0 million. This was the largest earnings increase so far for any financial year.
- Adjusted cash net profit after tax rose 30% to \$14.3 million.
- EBITDA rose 24% to \$20.5 million, with significant increases from sales of GBST Syn~ and GBST Composer.
- Revenue increased 19% to a record \$98.5 million.
- International revenue rose to \$47.3 million - 48% of total revenue - up from \$31.9 million (about 40% of total revenue) in FY2013.
- Recurring annuity licensing revenue was about two thirds of total revenue, demonstrating the high quality of GBST's earnings.

- Australian sales were \$50.8 million in FY2014, up from \$50.5 million.
- GBST Composer sales increased to \$53.8 million, up 24% from \$43.4 million.
- GBST Composer international revenue increased to \$35.6 million, up 41% from \$25.2 million.
- GBST Composer Australian revenue was \$18.1 million, similar to the previous year.
- GBST Capital Markets revenue was \$41.2 million for FY 2014, up 16% from \$35.5 million.
- This included international sales of GBST Syn~ of \$11.7 million, up 75% from \$6.7 million.
- GBST Capital Markets sales in Australia rose 3% to \$29.5 million from \$28.8 million.

The group's cash flows are strong and all research and development costs are fully expensed.

Senior debt has been fully repaid and we are now in a positive cash position.

Dividend payments rose to 8.5 cents for FY2014 compared to 6.5 cents in the previous year.

Looking forward

From an industry perspective, it is pleasing to note that today we see much higher levels of activity in both the capital markets and the wealth management sectors than was evident three years ago. Over the medium term, we expect that this increasing level of activity will continue for the next three to five years as structural changes are taking place at all levels within both sectors.

Regulatory and compliance costs have grown significantly, particularly in capital markets. This is driving an increasing need for capital markets participants to improve operating cost efficiencies, and better manage and reduce risk. We recently released a white paper on T+2, highlighting the impact of the industry moving to a shortened equities cycle. The benefits of T+2 settlement include reduced risk exposures, increased market liquidity and further alignment of markets with international best practice. As market expectations increase, the faster straight through processing provided by new generation platforms such as GBST Syn~ will offer significant benefits for many capital markets participants.

Looking forward, managing our entry into new markets will be challenging.

The USA and Asia will continue to be our major geographic focus in capital markets, with the USA representing one of our biggest opportunities, particularly now that we have provided a local participant with a multi-purpose, customised platform which has allowed retirement of less efficient systems.

We are improving GBST Syn~ by expanding its cash equities capability for middle- and back-offices across multiple markets, including the use of market interfaces which facilitate market entry.

The United Kingdom has become our second largest market. Sales of GBST Composer have risen almost six-fold over five years, supported by GBST Composer's ability to support

more than 7,000 investment options. This enables firms to improve their service proposition with an extremely low cost structure and dynamic pricing abilities.

The principal driver of change has been the UK Retail Distribution Review implemented in 2012 to protect consumers. This legislation is spreading in Europe and globally, and by 2020 similar regulations are expected to apply to most major markets. Whilst the market in the UK has become more competitive, GBST will continue to focus on development to maintain product leadership.

We believe that our new technology development centre in Ho Chi Minh City will be a tremendous asset as we seek to increase investment in our products cost-effectively. We expect to nearly double our staff at this centre in FY2015.

We have invested significantly to maintain a high level of support for our customers and maintain product leadership. More than half our staff are based in Australia, where we have built up an unrivalled pool of experts with strong domain knowledge.

Outlook

Ongoing investment in our business is necessary to maintain market leadership and sales momentum. This includes new scale testing in Australia and the expansion of our technology development centre in Vietnam. Our innovative, industry leading products are supported by an experienced team and strong client relationships.

GBST has made a strong start in the first quarter of FY2015, and we maintain a strong balance sheet. Having embarked successfully on our strategy of international expansion, we will continue to strengthen sales and business development teams to support products, and consider acquisitions where consistent with our strategy and shareholders' interests.

In closing, I would like to thank everyone for supporting us during the year.