



ASX Announcement

12 August, 2015

GBST net profit up 52% to \$15.3 million

Final dividend 5.5 cents, full year dividend 10.5 cents fully franked

GBST (ASX: GBT), which provides software for capital markets and wealth administration through its GBST Syn~, GBST Shares and GBST Composer platforms, today reported a 52% increase in net profit to \$15.3 million (FY2014: \$10.0 million). EBITDA was up 20% to \$24.5 million (FY2014: \$20.5 million).

Strong international growth continued and revenue rose by 16% to \$114.3 million (FY2014: \$98.5 million). International sales represented 55% of the total and for the first full year exceeded Australian sales.

At 30 June 2015 the company held net cash of \$7.5 million and senior debt was nil (30 June 2014: \$5 million). Earnings per share increased 52% to 22.94 cents per share (FY2014: 15.07 cents per share).

Final dividend

The Board has declared a dividend of 5.5 cents per share fully franked, an increase of 22% (FY2014: 4.5 cents). This will bring total dividends for the year to 10.5 cents per share fully franked (FY2014: 8.5 cents). The increase reflects GBST's strong balance sheet and improved earnings performance.

Results summary* - full year to 30 June	2015 \$m	2014 \$m	% Increase
Total revenue and other income	114.3	98.5	16
EBITDA	24.5	20.5	20
Profit before income tax	17.3	12.0	44
Profit after income tax	15.3	10.0	52
Adjusted cash NPAT	19.2	14.3	35
Basic EPS (cents)	22.94	15.07	52
Cash EPS (cents)	28.89	21.46	35
Final dividend (cents) - fully franked	5.5	4.5	22
Total dividends (cents) - fully franked	10.5	8.5	24
*To be read in conjunction with the GBST financial report for the period ending 30 June 2015.			

GBST's Managing Director, Stephen Lake, said: "We are pleased to report continued sales growth both in Australia and internationally. This reflects the progress of our global growth strategy which is supported by ongoing investment in our products and people. GBST's revenue growth has averaged more than 10% annually over the past four years.

"Our UK Wealth Management operations' result was impressive. Regulatory change continued to drive sales, and deployment of GBST Composer to support UK Pensions Freedom legislation helped win new clients. Ongoing investment in our products is important as we take steps towards further internationalisation at a time when the wealth management and private banking sectors are converging. Work has continued on client projects in New Zealand and begun on our first opportunities in Asia."

"Australian Wealth Management operations successfully completed several large migration projects for banks and financial services organisations."

International Capital Markets sales grew despite delays in sponsored work for Asia-based clients. GBST's Singapore operations are on track to provide full integration and settlement with the Singapore Exchange, and three clients have committed to implement the new-generation GBST Syn~ platform for post-trade processing in this market. While expenses continued to exceed sales with our ongoing commitment to product investment, international markets offer significant scope for growth and GBST maintains a strong pipeline of potential new business.

Mr Lake continued, "The US is the world's largest securities processing market and following the success of our foundation US client's implementation of GBST Syn~ we have strengthened our US team, appointing an experienced US CEO and senior management.

"Australian operations were steady despite the third-party clearing market becoming more competitive.

"As the company grows, we are working to expand our business to new markets and look for opportunities to help our clients improve their business performance through technology innovation."

GBST Wealth Management

Results summary - full year to 30 June	2015 \$m	2014 \$m	% Change
Revenue – Australia	19.0	18.2	4
Revenue – International	50.1	35.6	41
Revenue – Total	69.1	53.8	28
EBITDA – Australia	7.4	6.9	6
EBITDA – International	11.4	6.6	74
EBITDA – Total	18.8	13.5	39

GBST Wealth Management sales increased 28% to \$69.1 million as sponsored work for new and existing clients accelerated. UK revenue grew significantly. Licence revenue was 35% of international income, reflecting the maturity of GBST's products in the UK market.

New clients included a leading retirement products provider; one of the UK's top three providers of self invested personal pension (SIPP) schemes and an investment and financial services company.

The diverse nature of these companies demonstrates the flexibility of GBST Composer to manage portfolios of differing sizes and volumes. New product capability included industry-first support for UK annuities, opening new markets for GBST.

Work commenced for an existing client to further develop GBST Composer as a platform for Asian markets. As these wealth management markets evolve, financial services companies are seeking new mass distribution channels for retail markets, and GBST Composer will become a key part of the solution.

Revenue in Australia increased as major banks and financial services firms migrated older systems onto GBST Composer.

GBST Capital Markets

Results summary - full year to 30 June**	2015 \$m	2014 \$m	% Change
Revenue – Australia	32.3	32.6	(1)
Revenue – International	12.4	11.7	6
Revenue - Total	44.7	44.3	1
EBITDA – Australia***	9.0	9.2	(2)
EBITDA – International	(3.3)	(2.5)	(33)
EBITDA - Total	5.7	6.7	(16)
<p>** Former GBST Financial Services division (FSD) now included in GBST Capital Markets division. FSD revenue was \$2.9 million and EBITDA \$0.0 million in FY2015.</p> <p>***Includes write-off of \$640k due to BBY administration.</p>			

Australian Capital Markets revenues were steady at \$32.3 million as GBST Shares and GBST Syn~ projects continued for existing clients. The software platforms support more than 60 ASX participants, and approximately 80% of Australian sales come from recurring licence fees. Work to transition an institutional bank from GBST Shares to GBST Syn~ is continuing. Margins were consistent with the previous year and EBITDA was \$9.0 million.

International revenue rose 6% to \$12.4 million. Significant projects included the rollout for a major banking and financial services company of middle office services to broker dealers and outsourced back-office services for custodians in Asia.

In the US, GBST added GBST Syn~ connectivity for cross border trades, workflow and validation for a client. There is a significant opportunity for US expansion as many broker dealers look to manage anticipated regulation changes such as T+2 settlement which is planned to be introduced in Q3 2017; or implementation of new US Securities Exchange Commission reporting requirements for a consolidated audit trail. GBST has new generation technology, a global platform and is strengthening its business team to capitalise.

The European market continued to be difficult, and discretionary technology spending remained constrained.

The former Financial Services division has been integrated into the GBST Capital Markets division, and will no longer be reported on separately. Financial Services division revenue was \$2.9 million and EBITDA \$0.0 million in FY2015.

Balance sheet

Cash flow from operations (excluding interest and taxes) was \$25.5 million, representing 104% conversion of EBITDA to cash. GBST's senior debt was reduced to nil during the year and the company held \$7.5 million net cash at 30 June 2015.

Outlook

GBST's strategy for global expansion is continuing. The company is actively pursuing new opportunities in all regions and has a strong international pipeline of potential new business in both wealth management and capital markets. Investment in product development and GBST's sales network is accelerating as the company seeks to diversify its business and penetrate the North American and Asian markets.

The company's development team worldwide and technology development centre in Vietnam continue to make substantial contributions to the evolution of GBST's products. GBST maintains a strong balance sheet and cash flow, and is well positioned to take advantage of market opportunities.

- Ends -

About GBST

GBST provides technology services to the financial services industry. The group comprises two divisions:

- **GBST Wealth Management** through the Composer platform provides funds administration and registry software to the wealth management industry, both in Australia and the United Kingdom. It offers an integrated system for the administration of wrap platforms, master trusts, superannuation, pensions, risk and debt.
- **GBST Capital Markets** through the Syn~ platform provides new-generation technology to process equities, derivatives, fixed income and managed funds transactions to global capital markets. In Australia, GBST also offers the GBST Shares platform which is the country's most widely-used middle- and back-office system.

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