

GBST Annual General Meeting 2015

Chairman's address

15 October, 2015

Good afternoon and welcome.

This afternoon I would like to comment on our industry and business, some of the highlights of the year, and pay tribute to Stephen Lake who has resigned as managing director. As you will be aware, today we announced that our wealth management chief executive, Robert DeDominicis, has been appointed interim chief executive officer with immediate effect.

Our current succession process will continue, and following its conclusion a permanent chief executive officer will be appointed.

We are in an exciting industry. It is estimated that worldwide IT spending will be US \$3.8 trillion in calendar 2015. Financial technology is a small proportion, but it's clear that a digital revolution is underway in the financial services industry that we serve. Our customers – stockbrokers, institutional banks and wealth managers – are adjusting to a fast changing environment characterised by regulatory change and higher customer expectations.

Technology is at the heart of the change and while our markets may fluctuate, demand for GBST's services has never been higher or our products more relevant. If you do it well software is an asset that has revenue potential for many years. Our investment in product leadership has ensured we have a truly global opportunity.

I would now like to turn to our business.

We are a financial services technology firm with an international footprint that is transitioning to become a global company. We provide 'mission-critical' products for some of the world's leading institutional banks, stockbrokers and wealth managers.

Financial technology is an industry which rewards longevity, as it takes many years to build customers' goodwill. I'm pleased to say that we have built a very good reputation with our customers by developing robust, very high quality products.

International growth strategy has been our ongoing focus. At its foundation is our investment in software leadership. We spend about 10% of revenue on software development every year. Today we have customers in Australia, Asia, Europe, North America and New Zealand.

Managing growth involves calculated risk-taking as investment in platforms and sales precedes the long-term recurring revenue streams on which our business model is based. This requires considerable optimism as market timing can be difficult to predict. It is pleasing that the overall trend of the company, although not without ups and downs, has been positive.

In FY2015 we continued to achieve strong growth in international markets and reported another year of record sales and profit. Let me focus on some of the highlights:

FY2015 Results

FY2015 was the first year in which our operations around the world generated greater sales than our home base of Australia.

Sales of GBST Composer in the UK were outstanding.

We have built a financially strong company with a healthy balance sheet and the company held \$7.5 million net cash at 30 June. Cash flow from operations (excluding interest and taxes) was \$25.5 million, representing 104% of EBITDA.

We were pleased to report an increased final dividend of 5.5 cents which was paid on 14 October 2015. This brought dividends to 10.5 cents per share for the year, fully franked, which was a 24% increase on FY2014.

Wealth management

Wealth Management completed a major development project when GBST Composer began supporting multiple databases including Microsoft SQL. This increased our ability to support customers internationally and two customers are 'live' already, with five expected to be 'live' by the end of 2015.

Our fast deployment to support Pensions Freedom legislation helped secure new UK customers, and we added new capability to support UK guaranteed pensions products, foreign exchange and custody, dealing desks and Crest settlement.

GBST Composer has also become the first platform to support flexible annuities in the UK.

Capital Markets

In capital markets our customers using GBST Syn~ have benefited from excellent returns on investment and improved back- and middle-office services.

Implementing GBST Syn~ has transformed the middle-office services of our first direct US customer, increasing trade consignment automation from 30% to 98%. In Asia, our Singapore operations will soon provide full integration and settlement with the Singapore Exchange. Multi-asset transaction processing capabilities have extended GBST Syn~'s potential market.

Our Australian operations remain the bedrock of our business and our first project to transition an institutional bank's middle office from GBST Shares to GBST Syn~ is continuing.

Looking forward

As we announced to the ASX this week results for the first half of FY2016 are going to be disappointing.

While our Australian capital markets business had a strong first quarter and expects an improved first half, we have experienced temporary delays in major client projects for wealth management in Australasia and the UK, and our international capital markets business. Although recurring license revenue continued to grow, our challenge has been to manage

the timing of new implementations and the capacity to complete them, and we have increased costs across our businesses to accommodate anticipated projects.

We have strong relationships with our clients and expect all of these projects to progress, and are confident about the growth prospects for GBST over the medium and longer terms.

GBST's opportunities are very significant. In wealth management, legislation change commencing with the UK Financial Authority's Retail Distribution Review has been a significant driver of our growth.

A new wave of technology adoption is underway and digital platforms such as GBST Composer are at the forefront. Our software supports more than 7000 investment options, enabling firms to improve their service offerings with an extremely low cost structure and dynamic pricing. GBST Composer allows direct-to-consumer business models to design and adapt customer offerings efficiently from a single platform.

We are also well positioned for long-term growth in Australia and New Zealand.

In capital markets, global institutional banks and broker-dealers face significant business, operational and technological challenges. As technology improves, there is a growing need for them to be able to deliver low-cost transaction processing reliably. This needs a scalable, new generation platform such as GBST Syn~.

We have significant opportunities in Asia, where, we are assisting a major banking and financial services institution with a pan-Asian back- and middle- office and custody service, and work is expected to accelerate in the second half. The expansion of GBST Syn~ into multi-asset classes has made good progress.

The Australian market remains our foundation stone. We support more than 60 ASX participants and expect the recent entry of new participants will create new opportunities.

We are balancing our ongoing investment for future growth with a prudent approach to managing through our short-term revenue challenges, and we remain well positioned to take advantage of market opportunities and to resume growth in FY2017.

Leadership change

Today we announced to the ASX that Stephen Lake has retired as managing director and chief executive officer. I would like to pay tribute to his exceptional leadership over 14 years.

When we listed in 2005, our annual revenue was \$22 million compared with \$114 million in FY2015. Today our staff numbers are six times higher, and we serve more than 60 of the world's leading financial services companies across four continents.

While Tuesday's announcement was disappointing, this has to be viewed in the context of considerable achievement over 14 years. We are a financially robust company, with a great business model operating in a growth industry whose prospects are being continually improved by regulatory and market reform.

For those of you who do not know Robert DeDominicis, he is very well respected in our industry. He has served as GBST's chief executive, Wealth Management since 2007, and was a founding partner of InfoComp which was acquired by GBST to form our Wealth

Management division. He has over 25 years' experience in the development of software applications, and has a business and technical software background, having been part of the Wealth Management division's development and professional services teams. He has taken our wealth management operations from strength to strength.

To be sure we are positioned to take the best advantage possible from market developments we have accelerated our succession plan. A leading international executive search firm has been appointed and we have briefed a list of internal and external candidates. We are looking for an executive with leadership skills and the energy, vitality and knowledge to take GBST on its next steps toward becoming a stronger global business.

The board has an important role to play in GBST's success by ensuring we have directors with strong skills and experience. In June, we were delighted to welcome Christine Bartlett as an independent non-executive director. She is also on the board of Mirvac Group and the Smith Family, and previously was executive general manager of asset servicing at National Australia Bank, after leading NAB's NextGen technology transformation program. She is also a former CEO of Jones Lang Lasalle Australia and held several senior roles over eight years at IBM.

In closing, I would like to thank our customers and our hard working and dedicated staff, some of whom have also been with us for many years. Your skills and extensive industry knowledge help GBST shine. I thank our shareholders for their continued support, which is very much valued by the company.