

Presentation for UBS

2 June 2016

Patrick Salis, Chief Operating Officer

GBST Holdings Limited (ASX: GBT)

GBST Today

GBST is a specialist financial technology company which provides administration and transaction processing solutions. Our clients are retail savings organisations and global and regional investment banks.

Established

1983

ASX listed

2005

About

530

employees

Capital markets
and wealth
management

specialist

60%

of revenue comes
from recurring
license fees

More than

60 clients

worldwide

Over

50%

of revenue generated
internationally, and
growing

~10%

of revenue
spent on R&D

GBST Snapshot



Flagship products:
GBST Composer
GBST Shares

Focus:
Life, pension and superannuation, stockbrokers, fund managers, platforms and banks

Customers in:
Australia, Asia, New Zealand, United Kingdom

Flagship products:
GBST Syn~
GBST Shares

Focus:
Global and regional investment banks

Customers in:
Australia, Asia, Europe, North America



Indicative GBST Clients

UK



Asia



USA

RAYMOND JAMES®

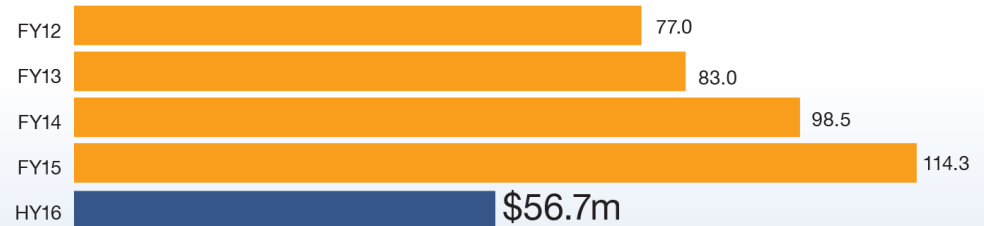
Australia



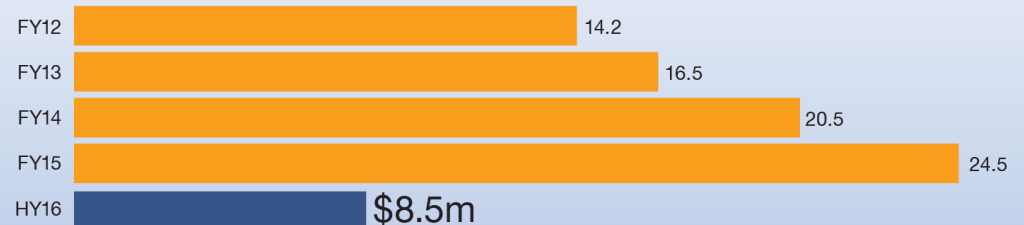
Results at a glance

- Strong revenue and profit growth driven by international expansion, particularly in UK
- FY2016 revenue and earnings impacted by temporary delays in major client projects
- A change in business direction for GBST Syn~ has led to a significantly reduced cost base and a more targeted sales approach
- Future global revenue growth in GBST Syn~ expected to offset contract losses in Australia
- 2H FY16 Operating EBITDA guidance range maintained at \$12.0 - \$14.0 million despite negative FX movements

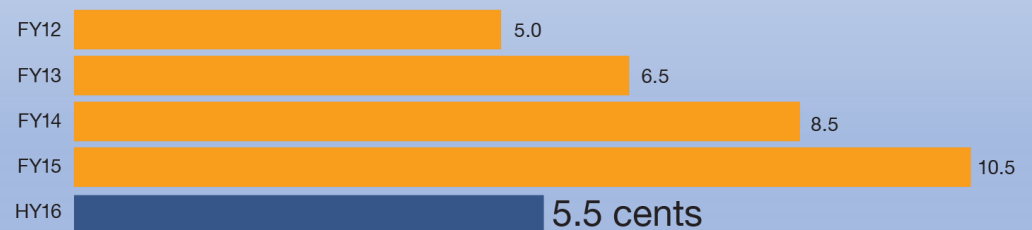
Group Total Revenue \$m



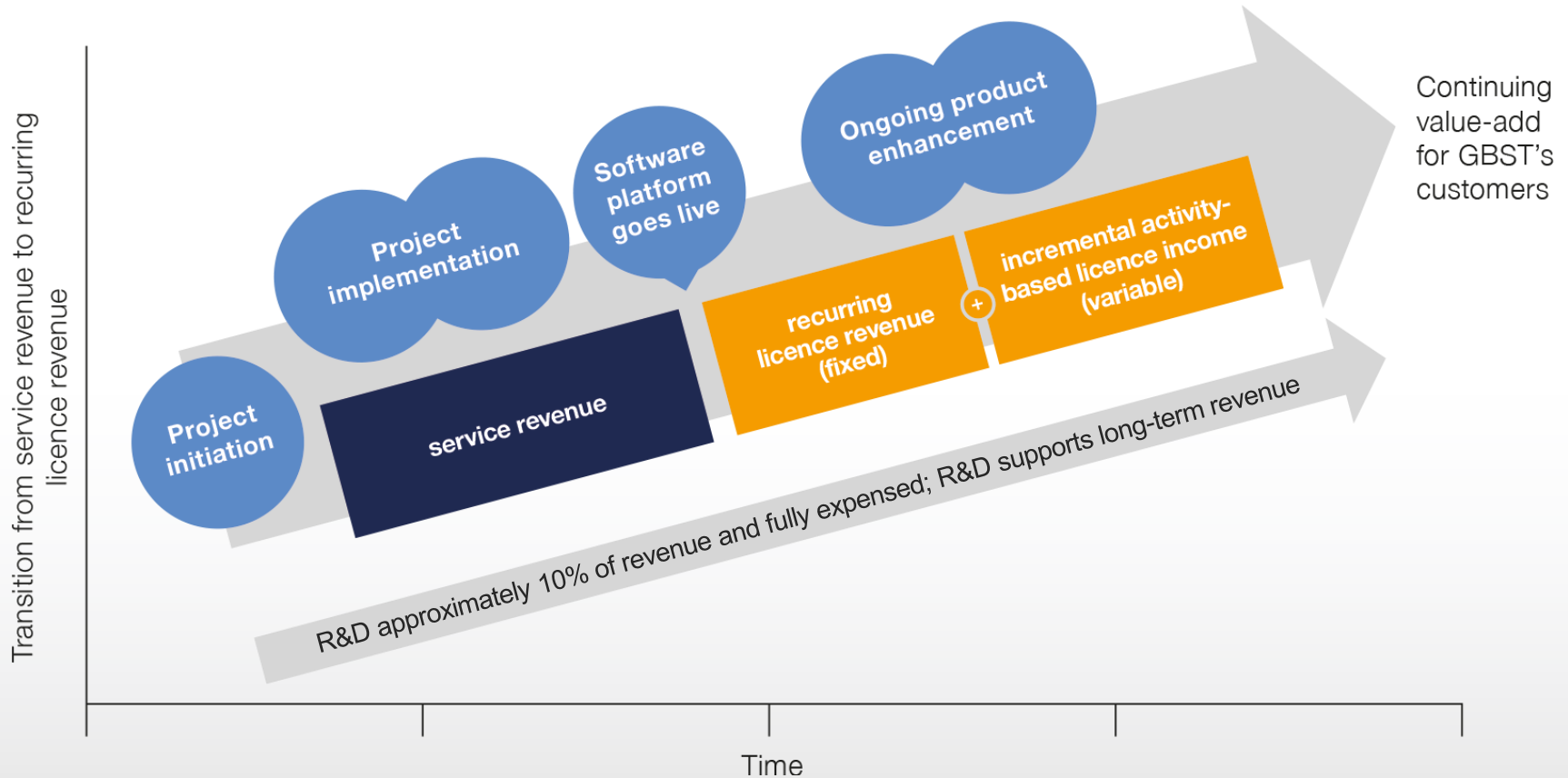
EBITDA \$m



Dividends cents



GBST's software platforms generate long-term recurring revenue



Financial Position

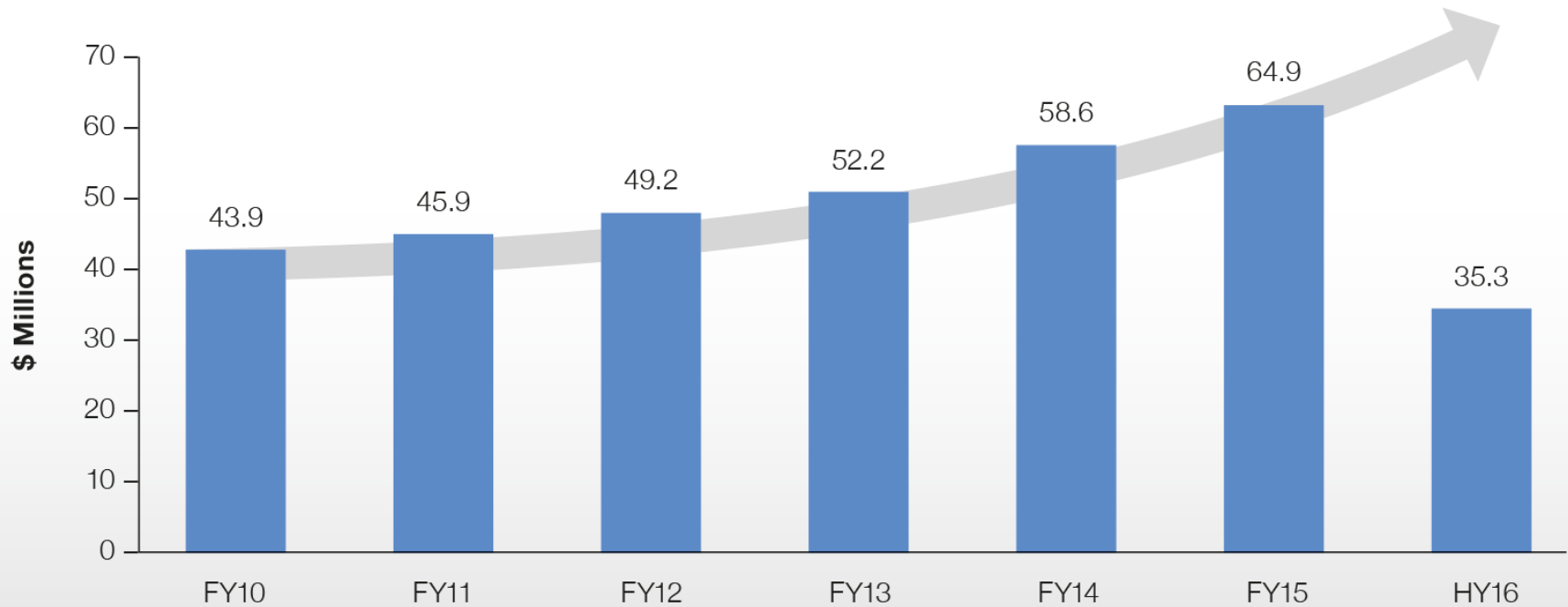
Financial position as at	31-Dec-15 \$m	30-Jun-15 \$m
ASSETS		
Cash	4.5	7.8
Other current assets	28.1	23.8
Intangible assets	51.8	54.3
Other non-current assets	14.9	14.6
TOTAL ASSETS	99.3	100.5
LIABILITIES		
Loans and borrowings - current	0.1	0.2
Unearned income	12.4	10.4
Other current liabilities	15.3	16.1
Loans and borrowings - non current	0.0	0.1
Other non-current liabilities	6.7	7.2
TOTAL LIABILITIES	34.5	34.0
NET ASSETS	64.8	66.5
EQUITY		
Issued capital	38.4	37.7
Reserves	0.9	1.9
Retained earnings	25.5	26.9
TOTAL EQUITY	64.8	66.5

- Cash \$4.5 million at 31 December 2015; GBST has no debt
- Intangible assets primarily comprise purchased software and client contracts (expensed over 5-10 years) and goodwill (not amortised)
- Carrying value of intangible assets comprises InfoComp (\$30.7 million), Coexis (\$14.5 million), and other intangibles (\$6.6 million)
- Unearned income represents advance payments from clients for licences and services; the balance varies due to timing of payments and projects

Recurring Revenue

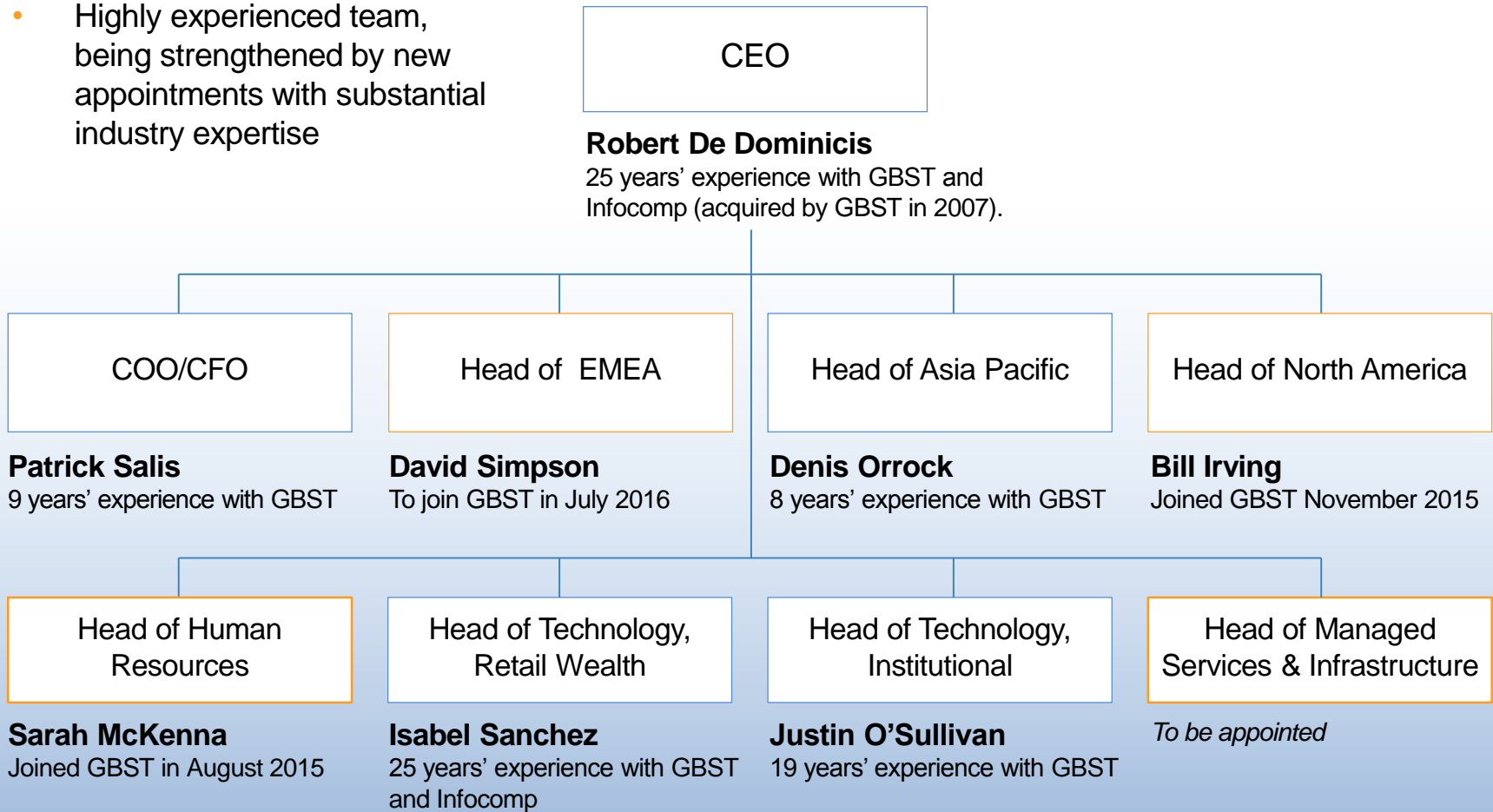
- GBST's business model is focused on developing long-term annuity revenue streams
- FY16 impacted by temporary delays on project starts
- R&D supports robustness and scalability, ensuring product leadership

Licence Revenue

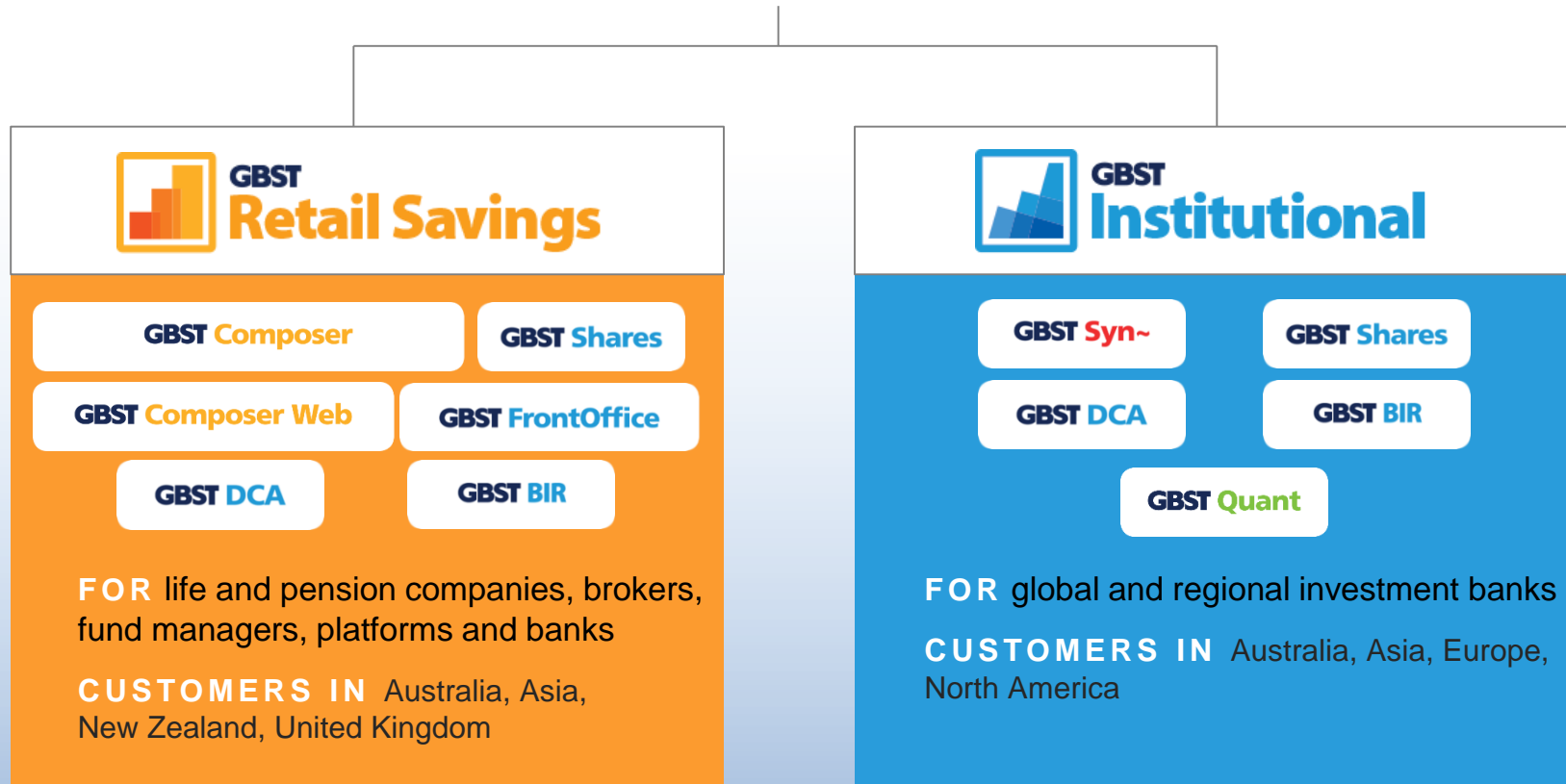


GBST's Executive Team

- Highly experienced team, being strengthened by new appointments with substantial industry expertise



Organisational Structure



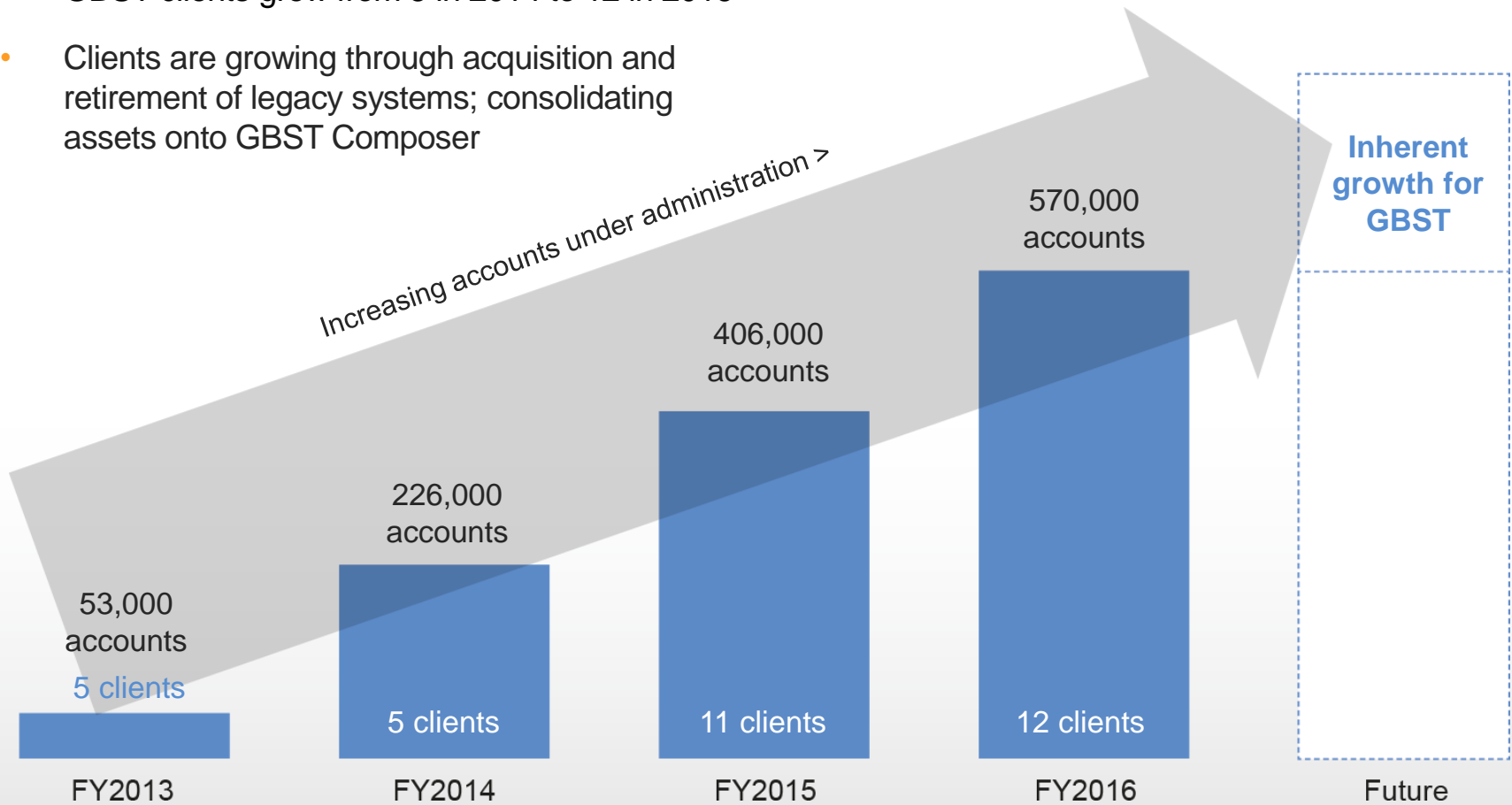
GBST's Global Retail Savings Markets

	Market	How the market is changing	GBST position
UK	UK market £6 trillion ¹ and growing	Retail Distribution Review (RDR) initiated major regulatory change UK wraps and platforms market expected to quadruple from 2013 to 2020	Significant long-term opportunity Market leading position
	Retail UK mutual funds £874 billion market UK advised platform market is £262 billion Direct to consumer (D2C) market is £130 billion	The UK platform /wrap sector is segmented into 3 key platforms: <ul style="list-style-type: none"> • Adviser focused • Direct to Consumer (D2C) • Employer focused “WorkPlace” 	Composer supports three of the top six wraps and platform providers Market leading solution New model, well positioned to take advantage of market consolidation
	Total UK pensions assets £2.3 trillion ⁴ Direct contributions market is £667 billion	Direct contribution (DC) schemes is the main growth area Reforms ending compulsory annuities have transformed market; Pensions Freedom saw £5.9 billion withdrawn in 9 months	Composer supports five leading pension providers Client expectations and cost competitiveness driving demand for digital platforms; older technologies housing assets can be migrated
International	Global asset management industry market will exceed \$100 trillion by 2020; compound annual growth rate of nearly 6% ²	Ongoing global reform with increasingly sophisticated retail wealth offerings	Composer implementation enabling client to service Asian market underway Investigation continues into other markets

1: Investment Management Association. 2: PWC, Asset Management 2020 3: Langcat Financial 4: Towers Watson

UK Client Trends

- GBST clients grew from 5 in 2014 to 12 in 2016
- Clients are growing through acquisition and retirement of legacy systems; consolidating assets onto GBST Composer





GBST Composer Snapshot

800,000

Largest installation of
Investor accounts

\$245bn

Largest installation of
Funds Under Management

7,000+

Largest investment options
per wrapper

120m

Largest installation of
investor transactions

700+

Largest installation of
internal users

2.2m

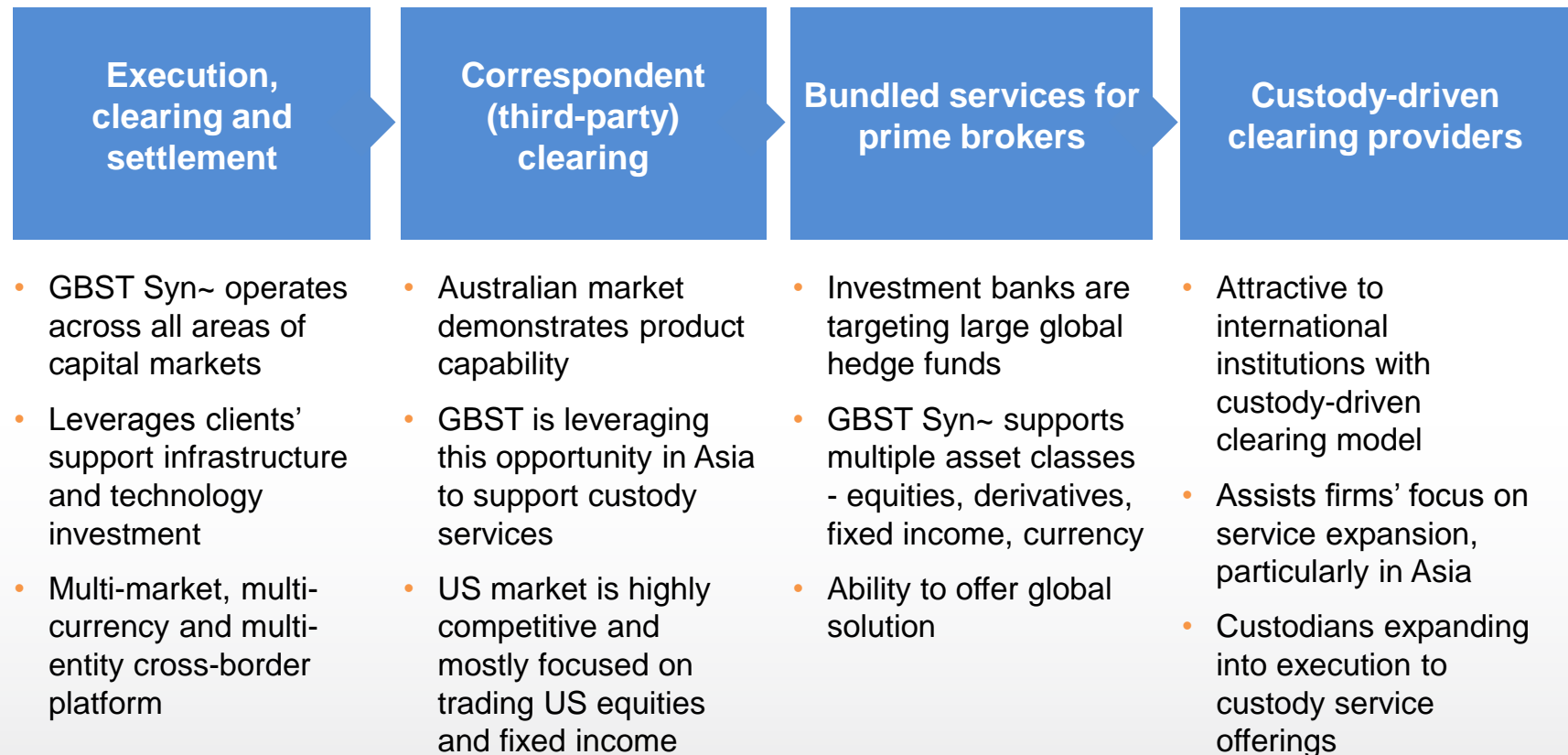
Largest number of messages
through CBIS per month

GBST Composer is highly scalable, with the capacity to store large volumes of data over long periods - many clients' GBST Composer platforms run data dating back more than 15 years

GBST Retail Savings

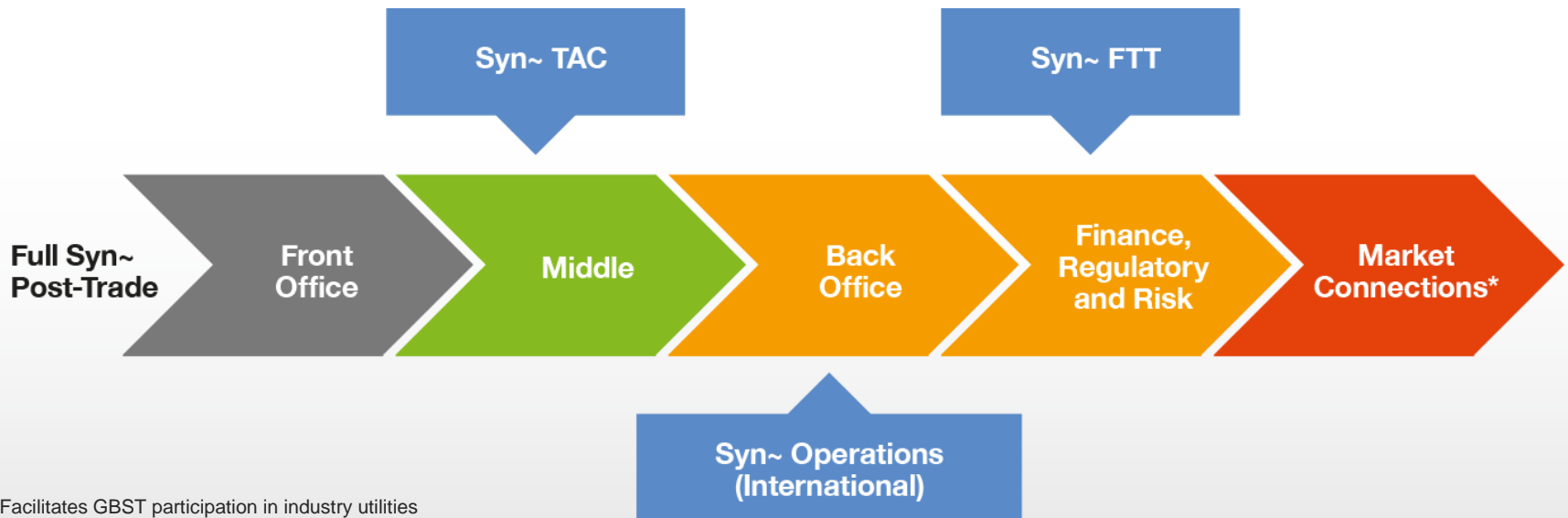
- GBST Composer provides a comprehensive platform for the Australian and UK retail and high net worth savings markets, and is expanding into other platform markets
- Integrated, multi-distribution system for the administration of wraps and platforms, including adviser, direct to consumer and workplace platforms; self-invested personal pensions (SIPPs); life and pensions/superannuation
- Customer base includes some of the world's largest and market-leading financial services companies
- Record number of new UK implementations went 'live' in the first half of FY2016; high-quality licence revenue has increased
- Australasian migration programs onto GBST Composer continuing; Gateway components completed for Australian superannuation clients
- GBST provides the Australian market's leading client accounting and securities transaction processing platform, GBST Shares, supported by a highly experienced team with extensive domain knowledge
- GBST also offers the DCA platform which is the most widely used derivatives system

GBST Institutional provides complete service across the broker-dealer value chain



GBST Institutional

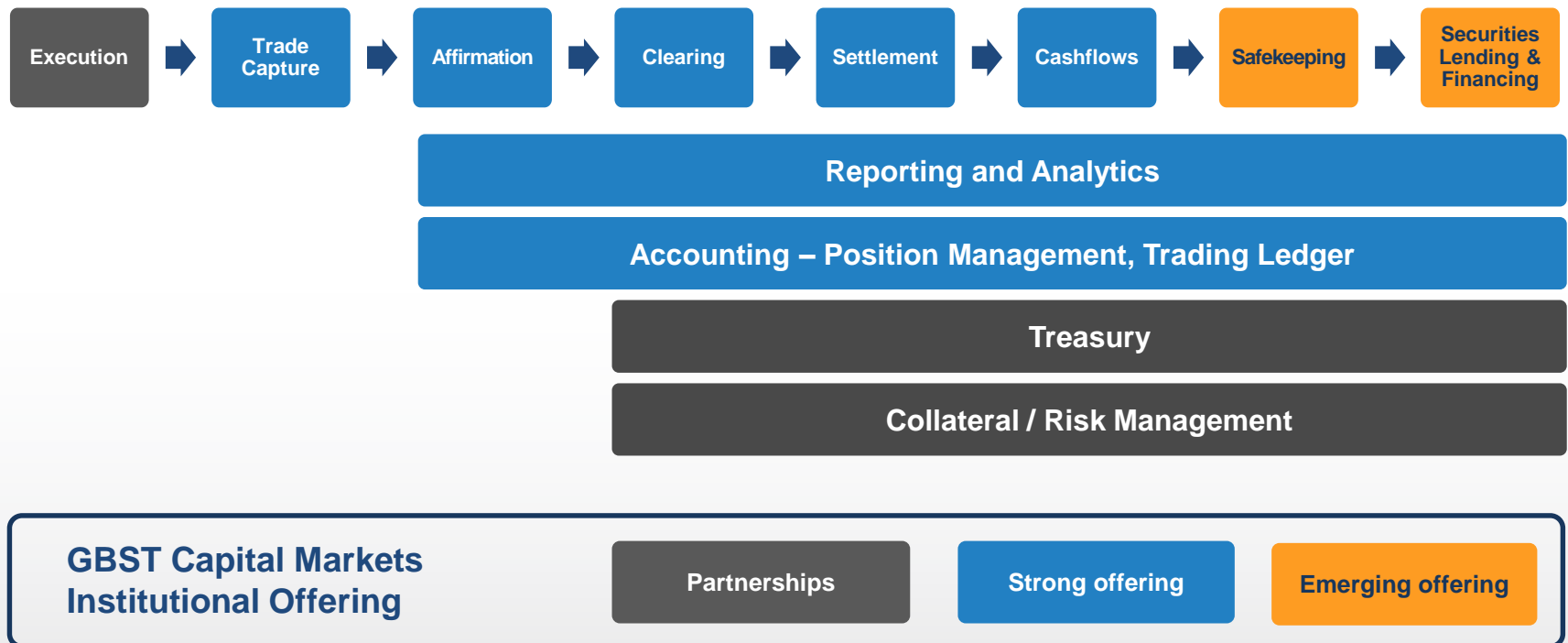
- GBST Syn~ provides multi-country clearing from a single platform, offering broker-dealers greater efficiency and the opportunity to move from fixed to variable transaction pricing models
- GBST has aligned its business model with global institutional banks; in Australia we are progressing the transition from GBST Shares to GBST Syn~; in Asia our focus is providing middle office solutions, and we have commenced the second phase of development for a US regional broker-dealer





The Syn~ Institutional Value Chain

- GBST is focused on providing a single solution to help clients to extend their services into adjacent market segments, across geographies and asset classes, and move up the value chain

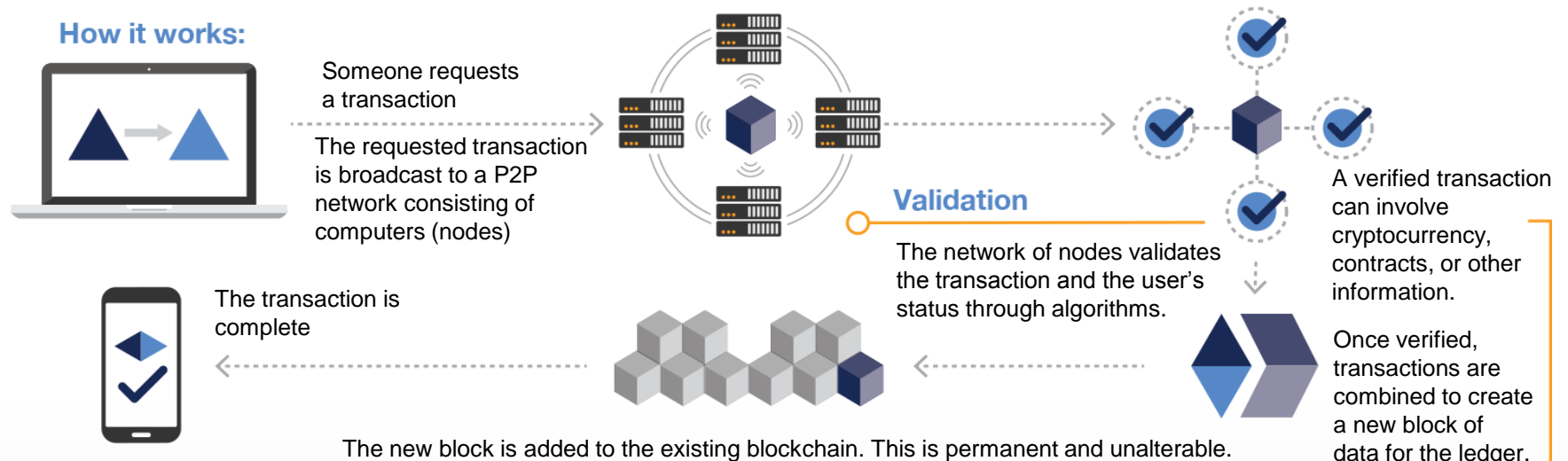


Explaining blockchain technology

What is it?

The blockchain is a decentralised ledger of all transactions across a peer-to-peer network. It enables participants to confirm transactions without a central certifying authority. Distributed ledger technology is seen as a viable technology to enable instantaneous settlement (T+0)

How it works:



Benefits

- Increased transparency
- Accurate tracking
- Permanent ledger
- Cost reduction

Unknowns

- Complex
- Regulatory implications
- Implementation challenges
- Competing platforms

Cryptocurrency

Cryptocurrency is a medium of exchange such as Bitcoin. It is stored electronically in the blockchain.

Not redeemable for other commodities

Exists only in the network

Decentralised network

Source: PWC

Four Scenarios for Blockchain in Capital Markets

- Blockchain includes several technologies, particularly distributed ledger technology (DLT) and smart contracts. DLT potentially provides an alternative to clearing and settlement, which takes three days to match and reconcile books and records while centralised providers manage risk and communications. We see four possible scenarios:

Technology replacement

Represents a limited disruption introduction of the technology by incumbent market operators

The extensible ledger

An extension of technology replacement, this scenario could see the formation of a 'Smart Ledger'

A new global clearing & settlement infrastructure

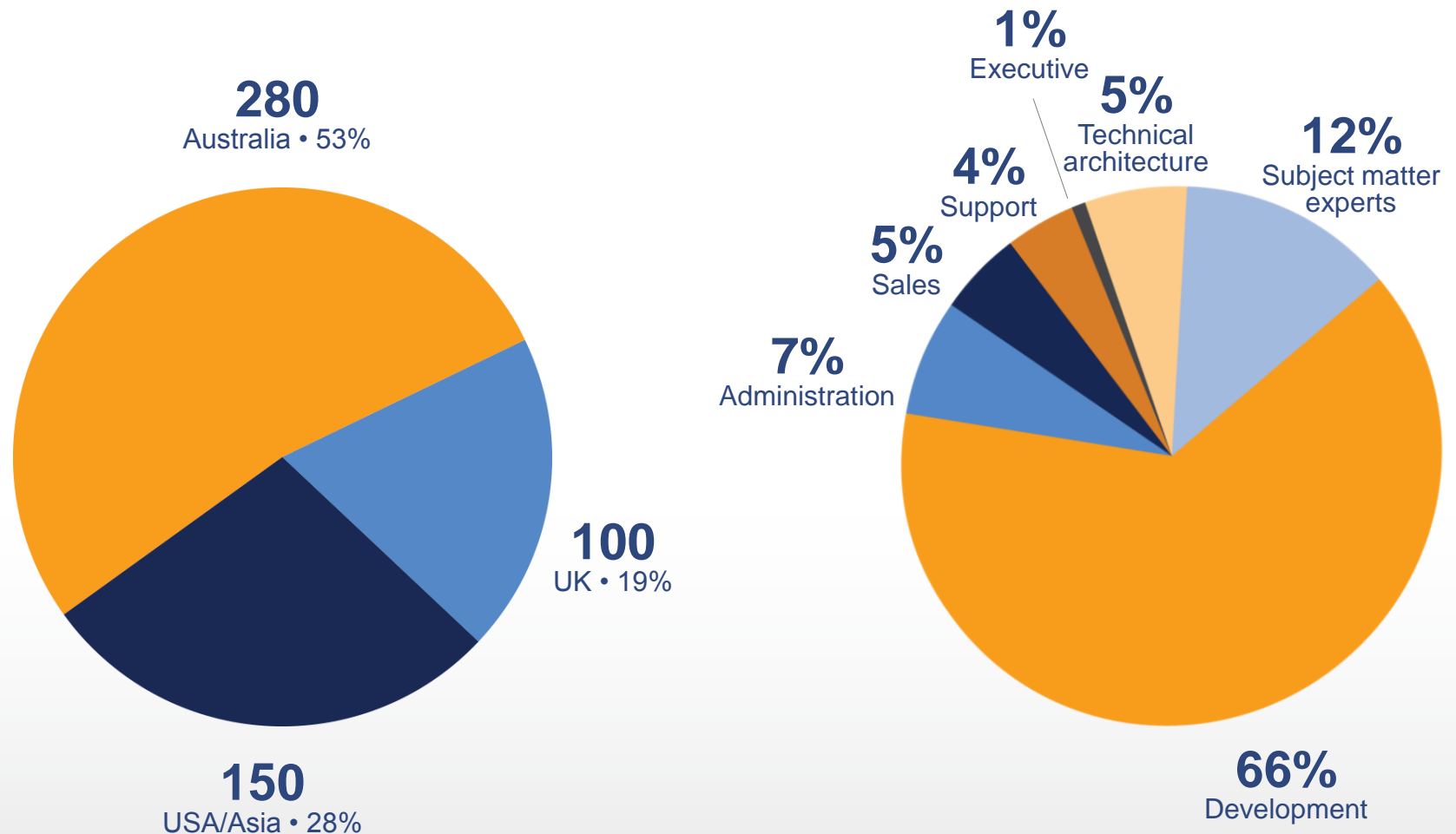
A global consortium designed to solve clearing and settlement issues in domains currently poorly served by existing infrastructure or facing poor value for money

Global peer to peer network

Creates a network capable of replacing the traditional capital markets systems in the longer term

- Several technology platforms capable of providing this service already exist in some form, but it is unclear if any of them will prove to be any sort of challenge to traditional market infrastructures
- We expect each of these scenarios to be investigated and tested. In the medium term back office systems will still be required by market participants for internal accounting, client value-add and other activities.

Staff



Summary

GBST is a specialist global financial services software product company, providing solutions that generate recurring annuity revenue through participating in, and having exposure to, capital markets transactions processing, and wealth management asset administration.

- Leading new-generation financial technology software specialist
- Focus on international sales which now exceed domestic revenue
- Strategy redefined to align with our clients
- 2H FY16 Operating EBITDA guidance range of \$12.0 - \$14.0 million maintained
- GBST Composer is the top direct-to-consumer software platform for the distribution of tax-incentivised products in the UK; market is expected to grow fourfold by 2020
- GBST Syn~ now processing trades in Asia, Australia, Europe and US; increasing opportunities to provide regional solutions
- Continuing R&D investment to drive product development, supported by Vietnam-based technology development centre

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