



ASX Announcement

13 February, 2015

GBST net profit up 58% to \$6.9 million

Interim dividend up 25% to 5.0 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 58% increase in net profit for the first half to \$6.9m (1H FY2014: \$4.4m). EBITDA rose 27% to \$12.3m (1H FY2014: \$9.7m).

Revenue rose by 14% to \$55.7m (1H FY2014: \$49.0m) and for the first time international sales exceeded Australian sales.

Senior debt was nil (30 June 2014: \$5m) and at 31 December 2014 the company held net cash of \$2.8 million. Earnings per share increased 58% to 10.4 cents per share (1H FY2014: 6.6 cents per share).

Interim dividend

The Board has declared an interim dividend of 5.0 cents per share fully franked, an increase of 25% (1H FY2014: 4.0 cents).

Results summary* - half-year to 31 December	2014 \$m	2013 \$m	% Increase
Total revenue and other income	55.7	49.0	14
EBITDA	12.3	9.7	27
Profit before income tax	8.8	5.6	56
Profit after income tax	6.9	4.4	58
Adjusted Cash NPAT	8.9	6.7	33
Basic EPS (cents)	10.43	6.60	58
Cash EPS (cents)	13.36	10.07	33
Interim dividend (cents) - fully franked	5.0	4.0	
*To be read in conjunction with the GBST half-year financial report for the period ending 31 December 2014.			

International sales driving growth

GBST's Managing Director, Stephen Lake said: "GBST's continued strong growth demonstrates the effectiveness of our business strategy, which is focused on building annuity licence sales in international markets. We have invested significantly to improve the scalability and flexibility of our software platforms, while broadening our global sales network across Australia, Asia, Europe and North America.

"We are working hard to capitalise on our industry-leading technologies, and are particularly pleased that our wealth management division secured a record number of new international projects despite an increasingly competitive market. Our recent aim has been to secure new pensions business in the UK, where regulatory change is opening opportunities and GBST Composer supports five of the leading pension providers.

"Our capital markets division successfully completed GBST Syn~ implementations in Asia for a major international bank and a regional clearer. In North America, our first direct US client has achieved significant synergies from GBST Syn~.

"Our Australian operations remain the bedrock of our business, and we increased revenue in both the capital markets and wealth management sectors. This was a good result in difficult trading conditions.

"Strong progress is being made on our first migration of GBST Syn~ to replace GBST Shares' back- and middle-office operations for a leading international bank. This landmark project will establish a precedent for transformation from Australian to Asian regional solutions."

GBST continues to invest significantly in its technology platforms, and is increasing the scale and output of the technology development centre in Ho Chi Minh City. This is performing well, enabling the Company to deliver projects successfully.

Mr Lake said: "The Board is pleased to provide shareholders with an increased dividend, reflecting the company's strong balance sheet and earnings performance."

GBST Wealth Management

Half-year to 31 December	2014 \$m	2013 \$m	% Change
Revenue – Australia	10.0	9.6	4
Revenue – International	23.7	16.2	46
Revenue – Total	33.7	25.8	31
Operating EBITDA – Australia*	3.8		
Operating EBITDA – International*	5.5		
Operating EBITDA – Total	9.3	5.3	74
*No comparative is available for 1H FY2014 operating EBITDA – Australia or International.			

GBST Wealth Management reported strong revenue growth, and sales increased to \$33.7 million, up 31% from \$25.8 million. Operating EBITDA increased to \$9.3 million, up 74%. International sales grew 46% to \$23.7 million as a record number of new implementations took place during the half.

In the UK, GBST Composer continued to capitalise on legislative changes in the insured pensions market, which manages £580 billion in assets, securing new retirement industry clients and increasing market share in the Self Invested Personal Pensions (SIPP) market, which manages £155 billion in assets.

Revenue from Australian operations was \$10 million, up 4% from \$9.6 million. Significant new activities included migrating a legacy technology system onto GBST Composer for a major bank, and sponsored work to enhance another bank's life insurance offering. GBST also began work on a direct-to-consumer project for a leading bank in New Zealand.

GBST Capital Markets

Half-year to 31 December	2014 \$m	2013 \$m	% Change
Revenue – Australia	15.1	14.8	1
Revenue – International	5.1	6.4	(20)
Revenue - Total	20.2	21.2	(5)
Operating EBITDA – Australia	5.1	5.3	(4)
Operating EBITDA – International	(2.1)	(.8)	(153)
Operating EBITDA - Total	3.0	4.5	(32)

Australian sales were steady at \$15.1 million for the first half, with approximately 80% of income from annuity licence sales and long-term contracts. Operating EBITDA was \$5.1 million, also steady, despite subdued retail trading and increased competition in the third-party clearing market.

Significant projects initiated included the first implementation of GBST Syn~ to replace GBST Shares in Australia for one of the world's leading institutional banks; and work for a global custodian which will facilitate its offering of outsourced middle- and back-office services to stockbrokers. These projects will strengthen GBST's position as a leading provider of multi-market, multi-product and multi-currency solutions. The rollout for a major international bank of more than 200 GBST Front Office seats has also begun. More than 10 stockbroker and financial adviser groups are now using this product.

Continuing investment in capital markets products included development to integrate the GBST Syn~ platform with GBST's BIR business intelligence reporting tool, GBST MarginSuite for risk management and GBST Front Office. Significant enhancements have included development of multi-correspondent capabilities to enable deployment of GBST Syn~ in the cloud and introduction of derivatives capabilities into GBST Syn~. This integration will enable GBST to offer a holistic product portfolio for retail and institutional brokers, third-party clearers and custodians internationally.

International revenue was \$5.1 million, in line with the second half of FY2014 and management expectations. GBST continues to strengthen its position in international markets. Work continued on a rollout of GBST Syn~ for a major client in Asia, providing back- and middle-office services and assisting custody operations to provide new services.

GBST has strengthened its management team in North America to pursue the many opportunities in that market.

In Europe, GBST entered into a distribution agreement with a leading technology company to market its financial transaction tax software solution, Syn~FTT.

GBST continued to invest in its resources and global network and the Capital Markets division's international operations reported a loss before interest, tax, depreciation and amortisation of \$2.1 million. GBST maintains a strong pipeline of potential new business, particularly in Asia and North America.

GBST Financial Services

Half-year to 31 December	2014 \$m	2013 \$m	% Change
Revenue	1.5	1.8	(15)
Operating EBITDA	(0.0)	(0.4)	97

The Emu Design web design business, which supports GBST's operations in Australia and the UK as well as commercial clients, achieved a break-even result compared to FY2014 when project delays impacted sales and resulted in a loss. During the half Emu Design successfully focused on securing long-term contracts and won three new e-commerce projects which will contribute to ongoing annuity revenue. Projects in the UK are now underway, and further improvement is expected in the second half.

Balance sheet

Cash flow from operations (excluding interest and taxes) was \$13.1 million, representing 106% conversion of EBITDA to cash. GBST's senior debt was reduced to nil during the period and the company held \$2.8 million net cash at 31 December 2014.

Outlook

GBST continues to invest in its software products which provide strong platforms for international growth. Development work to enhance GBST's capital markets and wealth management products is ongoing, and the company is expanding its technology development centre in Ho Chi Minh City to accommodate major projects. Regulation continues to be a significant driver of change. This is expected to continue to favour GBST's new generation products.

GBST is actively pursuing new business opportunities in Australia, Asia, North America and Europe, and will continue to execute on its strategy of international expansion.

- Ends -

About GBST

GBST provides technology services to the financial services industry. The group comprises three 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.
- **GBST Financial Services** incorporating Emu Design, provides independent financial data and digital agency services for interactive website design, development, hosting, e-commerce platforms, and mobile and social networking solutions.

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