



ASX Announcement

16 February, 2016

Financial results for 1H FY2016

Interim dividend of 5.5 cents, fully franked

GBST (ASX: GBT), which provides software for wealth administration and capital markets through its GBST Composer, GBST Syn~ and GBST Shares platforms, today reported operating EBITDA of \$8.5m, at the upper end of guidance provided in October 2015. Net profit for the first half was \$2.3m after restructure and other non-operating expenses of \$2.5m.

Revenue increased by 2% to \$56.7m, despite delayed starts to projects. International sales comprised 56% of revenue.

At 31 December 2015 the company held net cash of \$4.5m and had no debt. Earnings per share before investment amortisation charges were 6.5 cents per share.

Interim dividend

The Board has declared an interim dividend of 5.5 cents per share fully franked, consistent with the final dividend paid in 2H FY15. This reflects the Board's confidence in the company's progress and GBST's balance sheet.

Results summary* - half-year to 31 December	2015 \$m	2014 \$m	% Increase
Total revenue and other income	56.7	55.7	2
Operating EBITDA	8.5	12.3	(31)
Restructure and other non-operating expenses	(2.5)	-	
EBITDA	6.0	12.3	(51)
Profit before income tax	2.2	8.8	(74)
Income tax credit/(expense)	0.1	(1.8)	
Profit after income tax	2.3	6.9	(67)
Adjusted NPAT	4.4	8.9	(51)
Basic EPS (cents)	3.4	10.4	(67)
Adjusted EPS (cents)	6.5	13.4	(51)
Interim dividend (cents) - fully franked	5.5	5.0	10
*To be read in conjunction with the GBST half-year financial report for the period ending 31 December 2015.			

GBST's Managing Director, Robert De Dominicis, said: "This result reflects GBST's strategy of building long-term recurring revenue streams. While growth was impacted by delayed project starts, the quality of GBST's revenue continued to improve and licence fee annuity income contributed almost two-thirds of the total.

"We are making progress since my recent appointment as CEO and Managing Director. While some major changes have been made to restructure the business, including allocating capital to focus on products and markets where GBST has proven strengths, there is still more work to be done. These changes have resulted in expenses which were necessary to put in place the foundations for a stronger business going forward.

"The Board, led by our new Chairman, Allan Brackin are fully behind this program of change and I am very thankful to them for their support. We have emerged from a very difficult period of transition with renewed sense of purpose and energy, and are excited by the opportunities.

"We are pleased to have implemented a record number of projects for new clients in the past 12 months. This reflects our software platforms' value in helping clients overcome the issues posed by new regulation and changing markets, ensuring they are prepared before these changes take effect. In the UK, our wealth management business secured new business and began to implement GBST Composer for companies including Alliance Trust Savings, Curtis Banks, Just Retirement, Novia Global and Retirement Advantage. While implementation costs in the half were significant, these clients will begin to generate annuity income for GBST when implementation is completed, contributing to the company's high-quality cash flow.

"In Australia, we began migration onto GBST Composer of about \$3bn in assets for a major banking and wealth management group, and commenced implementation of GBST ComposerWeb, our online and mobile platform, for one of the world's leading asset managers.

"Our capital markets business secured a contract with Haitong International Securities Group in Hong Kong, for which we implemented a middle office platform using GBST Syn~ in just 12 weeks. In Asia, our key market is providing middle office services to global institutional banks, and we now provide services for the top two broker-dealers in the Hong Kong market. In Australia, we are preparing to transition an institutional bank's back- and middle-offices from GBST Shares to GBST Syn~, which will provide a landmark post-trade processing regional solution.

"We are committed to investment in research and development to maintain our technological leadership. Our capital allocation has been focused more effectively on key markets. This includes a new Performance Stream program to further improve the scale and performance of GBST Composer."

Restructure and other non-operating expenses of \$2.5m incurred during the half included legal and organisational restructuring expenses, new CEO recruitment costs and statutory entitlement expenses following the departure of the former CEO.

GBST Wealth Management

Half-year to 31 December	2015 \$m	2014 \$m	% Change
Revenue – Australia	8.7	10.0	(13)
Revenue – International	24.4	23.7	3
Revenue – Total	33.1	33.7	(2)
Operating EBITDA – Australia	1.7	3.8	(56)
Operating EBITDA – International	5.1	5.5	(7)
Operating EBITDA – Total	6.8	9.3	(27)

While revenue was lower, reflecting the impact of project delays and deferred client spending both in the UK and Australia, international wealth management sales rose following a record number of new implementations. Licence revenue increased to 44% of international income, up from 35% in the previous half, demonstrating GBST's growing client base and market position. In Australia, sponsored work was lower, and approximately 90% of revenue was annuity-based. Operating EBITDA was \$6.8m. GBST expects a stronger second half, and maintains a healthy pipeline of new business opportunities.

GBST Composer's early preparation for the UK's Pensions Freedom legislation helped GBST clients meet their customers' requirements immediately once new regulations took effect. GBST Composer was first-to-market with new pensions guarantee and flexible annuities products which are being implemented by UK clients. The platform also introduced a model portfolio manager product, and enabled brokers to settle equity trades through CREST.

Australian operations benefited from completion of superannuation Gateway components enabling clients to consolidate multiple accounts onto GBST Composer. GBST Quant secured new Tax Analyser customers.

GBST Capital Markets

Half-year to 31 December	2015 \$m	2014 \$m	% Change
Revenue – Australia	16.0	16.6	(4)
Revenue – International	7.2	5.1	40
Revenue - Total	23.2	21.8	7
Operating EBITDA – Australia	5.3	5.1	4
Operating EBITDA – International	(3.6)	(2.1)	(74)
Operating EBITDA - Total	1.7	3.0	(44)

Capital Markets revenue increased 7% to \$23.2m, with international licence revenue contributing 51% of income. This was the result of improved international sales following implementation of GBST Syn~ for Haitong International Securities Group in Hong Kong, and commencement of a delayed project for an existing client.

The international operating loss was higher following expansion which has since been scaled back and investment in product development, and is expected to reduce in the second half.

Development to strengthen the GBST Syn~ and GBST Shares platforms continued. This included improving GBST Syn~'s services as a regional middle office solution for global institutional banks, particularly in the Australian and Asian markets, where the company has significant opportunities for growth. GBST has changed its North American strategy to focus on immediate opportunities, and will relocate its office to Florida to support the second phase of a GBST Syn~ implementation for an existing client.

In Australia, where GBST Shares has been the industry leader for many years, licence revenue represented 82% of sales. Revenue declined slightly in a difficult trading environment. Operating EBITDA was flat as GBST maintained tight cost controls. In December, GBST demonstrated its product leadership by becoming the first clearing and settlement provider to confirm readiness for the ASX's shortened T+2 settlement cycle, which is expected to begin operation in March 2016.

Outlook

Following appointment of a new managing director and subsequent restructure of its business, GBST is positioned as one of Australia's top technology companies specialising in products for the financial services industry. GBST continues to invest in its software and product leadership which provide strong platforms for growth.

The company expects EBITDA for the second half to be in the range of \$12m to \$14m, consistent with guidance provided in October 2015. GBST's global growth strategy continues with a disciplined focus on immediate market opportunities. Through its new-generation suite of digital platforms, the company has significant new business opportunities in the UK, Australia and New Zealand, and Asia.

- 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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