

GBST Holdings Ltd

New technologies drive growth

June 2011

GBT is a leading provider of equities transaction and fund administration software servicing mainly stock brokers, investment banks and wealth management companies. The main sources of revenue are upfront implementation fees (c.14% of revenue), annuity style license fees (c.69%) and fees for support, customisation and managed services (c.14%). GBT has c.330 staff with c.100 based in the UK. GBT comprises 4 main divisions: Au Broker Services (ABS, 45% of group sales); Global Broker Services (GBS, 18%) Wealth Management (WMD, 34%), and Financial Services (3%).

Broker Services' and Wealth Management's software products form indispensable parts of the equity market and wealth management industry's IT infrastructure. Broker Services' software processes equity trades throughout the investment cycle from the instant an online investor or broker invests through to order, market execution, trade confirmation, and clearing and settlement of payment and stock. Direct and indirect clients (through the leading third party clearer Penson) use GBT's software to **process c.50% of all ASX equity trade volumes and c.70% of all ASX derivative trades.**

Strategy

The technology, product suite and market footprints are now developed. GBT is focusing on sales and implementing new software with clients. The UK WMD should treble in size over the next four years, with positive regulatory reforms (UK RDR) increasing demand for wrap products. The GBS division's focus is to leverage GBT's relationships in Asia where it is gaining some traction.

Risks

1. FY11 results could be negatively impacted by weak retail trading, the costs to adapt Syn~ and legal expenses.
2. More brokers are outsourcing back office clearing to Penson. GBT can gain market share but could lose some revenue in this indirect service model. Service costs would also fall.

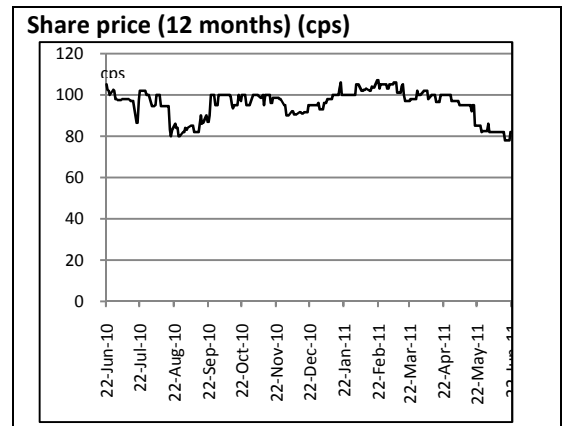
Financials

GBT generates recurring, annuity income streams and strong cash flows from long term contracts. Since 2008, GBT has spent in excess of \$22m on R&D for new products such as Syn~, FrontOffice and ComposerWeb, which are now capable of earning additional long term revenues.

Increased marketing activity across the group should deliver more new clients. Recent contract wins should add c. \$7m in annualised recurring license fees starting in FY12 with a further c. \$3m from FY13 onwards. **Adjusted cash EPS, the key performance metric for the company, should almost double from 12.1 cps in FY11e to 22.7cps in FY15e.**

Valuation

In a bull case scenario, GBT could make \$30m+ p.a. of EBITDA by FY15e, driven by new contracts to supply the new technologies (\$2.17 p.s. DCF). On more conservative assumptions we derive a DCF fair value of \$1.30p.s., a 67% premium. New contract wins should drive the rerating.



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Financial and valuation summary

Pegasus valuation

DCF (\$) **1.30**

Premium to share price (%) 67.1

Stock Information

ASX Code GBT

Share Price (\$) 0.78

Investment Data

Diluted shares on Issue (m) 76.82

Market Cap (\$m) 51.8

12m price range (\$min-\$max) \$0.78-\$1.07

Financials

[Year end] **10a** **11e** **12e** **13e**

NPAT (\$m) -2.41 1.13 4.27 6.07

Adj. cash NPAT **10.3** **9.3** **11.8** **13.3**

EBITDA (\$m) 16.4 14.9 18.0 20.1

Revenue (\$m) 67.6 67.7 74.2 79.0

Diluted EPS (c) -3.7 1.5 5.5 7.9

PE (x) -21.2 52.9 14.1 9.9

Adj. cash EPS (c) **13.8** **12.1** **15.3** **17.2**

Adj. cash PE (x) **6.4** **5.1** **4.5**

DPS (c) 2.0 2.0 3.9 5.5

Div Yield (%) 2.6% 2.6% 5.0% 7.1%

Franking (%) 100% 100% 100% 100%

P/NTA (x) 1.17 1.18 1.09 1.05

Net D/E (%) 71% 47% 10% -2%

Net Debt/ (cash)(\$m) 31.5 24.9 7.0 -1.8

Enterprise Value (\$m) 83.0 76.8 67.0 58.2

Int. Cover (x) -0.4 -0.4 -0.2 -0.2

ROE (%) -5.5% 2.3% 7.0% 8.3%

EV/EBITDA (yoy,x) 5.1 5.2 3.7 2.9

FCF Yield (ps %) 13.0% 19.1% 23.2%

FCF/EV (x) 10.2% 17.2% 24.0%

Growth Metrics

NPAT (%) n/m n/m 277.2% 42.1%

EBITDA (%) 28.9% -9.2% 21.1% 11.6%

Revenue (%) 9.2% 0.1% 9.6% 6.5%

Diluted EPS (%) n/m n/m 276.2% 42.1%

Management

MD & CEO Stephen Lake

CFO Chris Mallios

Source: GBT and Pegasus estimates

Business description

GBT is a leading provider of securities transaction and fund administration software servicing mainly stock brokers, investment banks and wealth management companies. The Company was established in 1983 and was listed on ASX in 2005.

GBT's main sources of revenue are linked to financial institutions' transactions and typically involve three stages of fees. On signing a new contract, GBT earns fees for implementing the system (c.14% of revenues). Implementations can take between 6 – 18 months depending on the complexity of the installation. We estimate implementations earn approximately a c.30% GP margin.

Typically once the software goes live, GBT earns recurring annuity style, high margin license revenues (c.69% of group revenues). Contracts usually run for 5+ years. We estimate gross margins can be around 80%+. Clients can also require support, managed services or hosting services, or commission extra work or modifications, generating extra revenues for GBT. These services provide c.14% of revenues and we estimate have c.40% GP margins. These figures vary annually based on activity.

GBT's Broker Services and Wealth Mgmt products form indispensable, central parts of the Australian stock market's and wealth management industry's IT infrastructure. GBT assists key participants and service providers to efficiently interact with each other, as well as with critical market infrastructure. GBT's software products process trades throughout the investment cycle from the instant an online investor or broker invests through to order, market execution, trade confirmation, and clearing and settlement of payment and stock.

Investment case

We see appeal in GBT based on the potential for its "indispensable, scalable and reliable" securities transaction and fund administration software products to generate recurring, annuity income streams and strong cash flows from long term contracts.

We see opportunities for growth now that the company's technology, product suite and market presences are predominantly in place. GBT has invested over \$22m in R&D since 2008 and now has a number of new generation software products, such as Syn~, FrontOffice & ComposerWeb, that are capable of earning additional long term revenues.

A number of positive macro and market trends should support the company's growth strategy. These include the increased ASX minimum capital requirements for participating brokers, the growth in high frequency trading activity and regulatory changes in the wealth management sector in both the UK & Au that should drive demand for wrap products.

GBT has a strong pipeline of new contracts with clients which underpin our revenue estimates. New contracts should generate around \$7m of annualised additional,

GBST Holdings Ltd

recurring license fees starting in FY12 with a further \$3m p.a. from FY13 onwards. Heavy marketing activity across the group should deliver further new clients.

GBT has provided an illustration of its customer implementation pipeline which is shown below.

Customer implementation pipeline

GBST Committed Client Implementation Pipeline		CY Q1 2011	CY Q2 2011	CY Q3 2011	CY Q4 2011	CY Q1 2012	CY Q2 2012	CY Q3 2012
Wealth Management								
Composer Implementation	UK							
Composer Implementation	UK							
Composer Implementation	UK							
Composer Upgrade	Aust							
Composer Implementation	Aust							
Broker Services								
Shares Implementation	Aust							
Syn™ Implementation	Aust							
Syn™ Implementation	Asia							
Syn™ Implementation	Asia							
Shares - Syn™ Conversion	Asia / Aust							
Shares Implementation	Aust							
	Implementation							
	Go-Live / License Fees Commence							

Please Note: Implementation Dates are agreed between GBST and the client.

Free cash flow

GBT has a capex lite (capex / sales estimate 3.5% p.a.), high cash flow business model. We estimate GBT should generate almost \$65m of free cash flow over the next five years (\$0.85 p.s. diluted).

Free cash flow

	FY11e	FY12e	FY13e	FY14e	FY15e
Net Income	1.1	4.3	6.1	7.8	9.5
Non Cash Items	7.9	8.8	9.6	9.7	10.8
Changes in Working Capital	0.0	-0.5	-0.2	-0.7	-0.9
Interest Payments Add back Net of tax	1.1	1.4	1.3	1.1	1.0
Capital Investments	-2.4	-2.6	-2.8	-3.0	-3.2
Free Cash Flow	7.8	11.5	13.9	15.0	17.2

Source: GBT and Pegasus estimates

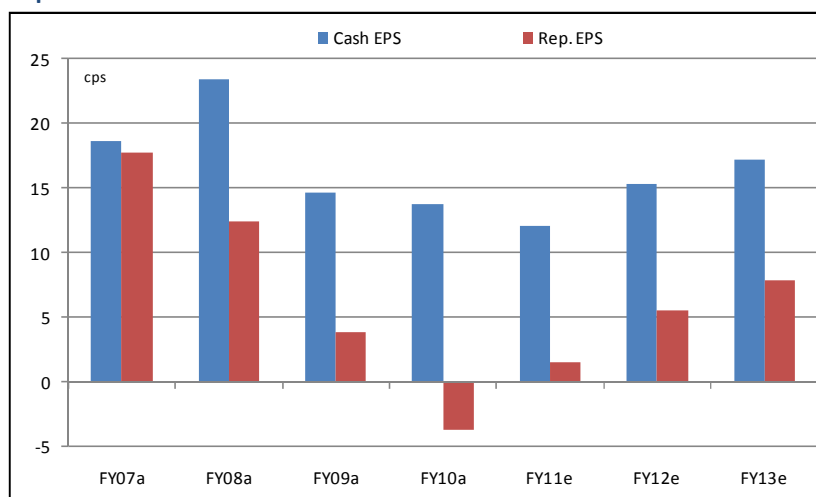
Focus on adjusted cash earnings

FY11 results could be negatively impacted by weak retail investor trading activity, the \$3m p.a. costs to adapt Syn~ for the Au retail market, legal expenses and weak results from GBS. Our \$1.1m NPAT estimate for this year is conservatively below consensus.

We assume EPS in FY12 is diluted by the exercise of the options associated with the Crown convertible note (\$10m of options exercised into shares at \$0.95 c.p.s. in FY12).

Hence, our preferred method for analysing the business' performance is to reconstruct "adjusted cash eps" on a diluted basis. The chart below shows the company's historic cash eps and reported eps as well as our forward estimates for both.

Reported EPS & Cash EPS



We expect "adjusted cash eps" to increase from an estimated 12.1 cps this year to 22.7 cps in FY15e, an 88% increase. The table below details our calculations.

Adjusted cash EPS

	FY07	FY08	FY09	FY10	FY11e	FY12e	FY13e	FY14e	FY15e
Pre tax profit	11.3	9.8	2.0	-0.6	2.8	6.1	8.7	11.1	13.5
Add back non recurring costs		2.3	1.1	5.7	-1.3	-1.0	0.0	0.0	0.0
Adjusted pre tax profit	11.3	12.0	3.2	5.1	4.1	7.1	8.7	11.1	13.5
Tax @ 30%	3.4	3.6	1.0	1.5	1.2	2.1	2.6	3.3	4.1
Adjusted NPAT	7.9	8.4	2.2	3.6	2.9	5.0	6.1	7.8	9.5
Add back amortisation	0.5	3.1	5.8	6.7	6.4	6.8	7.2	7.6	8.0
Adjusted cash NPAT	8.4	11.6	8.0	10.3	9.3	11.8	13.3	15.4	17.5
Adjusted cash EPS (cps)	18.7	23.3	14.6	13.8	12.1	15.3	17.2	20.0	22.7
Growth		24.6%	-37.3%	-5.5%	-12.4%	26.4%	12.7%	16.0%	13.5%
Adjusted Cash PER (x)	4.17	3.3	5.3	5.7	6.4	5.1	4.5	3.9	3.4

Source: GBT and Pegasus estimates

Growth opportunities

Beyond FY11, we see the contributions from new contracts and clients, market share gains and, in our opinion, a more leveraged pricing model as the key drivers of GBT's earnings growth.

In a bull case scenario we estimate GBT could make over \$30m+ p.a. of EBITDA by FY15e with a \$2.17 p.s. DCF value. We expect GBT's main division Au Broker Services (45% of revs) to increase market share from c.50% of ASX equity trades to around 65% as more brokers outsource their back offices to third party clearers (sensitivity estimate: 5% share =c.\$1.3m revenue). Rival and other in house software platforms are struggling to scale and reliably handle the rise in equity volumes.

We believe GBT can leverage this market dominance to deploy a new pricing model. Several major contracts are coming up for renewal over the next eighteen months. In our opinion, GBT could migrate from legacy, fixed price contracts with capped terms with institutional brokers to more a lucrative model with greater leverage to transactions, transforming profitability.

The UK Wealth Management division, having been affected by cut backs in IT spend in the GFC is starting to gain traction with clients once again. In our view the business has the best prospects for growth in the group. Having won large contracts with Aegon and AJ Bell (live this month) we expect the division to treble revenues over the estimated period.

WMD revenue estimates

	FY10a	FY11e	FY12e	FY13e	FY14e	FY15e
UK	3.83	5.76	7.47	9.61	10.19	11.41
Australia	18.99	20.33	21.93	23.17	24.47	25.83
Total	22.81	26.09	29.40	32.78	34.66	37.24
Growth %		14.4%	12.7%	11.5%	5.7%	7.5%

Source: GBT and Pegasus estimates Note that some license fees for UK clients are invoiced from Australia and are accounted for within UK revenues.

Risks and challenges

GBT faces several execution challenges

1. Replacing the Shares software with Syn~ in Au is a generational change and could cost c. \$3m p.a. till FY14e to complete. Early client feedback has been good. Management expects Syn~ will scale to 1m+ trades per day. Will this costly replacement cycle open the door to new competition? Being modular, will clients choose a reduced, cheaper functionality suite?

2. Leading third party clearer Penson, is gaining market share and building pricing power. GBT is the exclusive software licensor to Penson. GBT's revenues can fall substantially when a direct broker client decides to outsource its back office clearing functions to Penson. GBT's costs would also fall under this decentralised service model.
3. Global Broker Services has little market presence in the UK, European & North American markets. With long pitch lead times, high barriers to entry and a cost base out of line with recurring revenues, we estimate results could remain subdued for the foreseeable future. Management's focus is leveraging the firm's relationships in Asia, which should yield better returns.

Valuation

GBT effectively has a well placed, profitable local wealth management business, a dominant local equity business with mature technology which is undergoing a generational change to Syn~ and two early stage start up businesses in the UK. Wealth Management in the UK is the fastest growing business in the group and could (bull case scenario) grow to a larger size than its Au counterpart over the next five years. Conscious of the varying stages of maturity across GBT's portfolio we use nine different techniques to value the business. We focus on adjusted cash eps, free cash flow and DCF.

Valuation estimates

Valuations	Derived value p.s.	Premium/ (discount) to share price	Key assumptions
DCF	\$1.30	67%	Unlevered beta 1, 20% optimum D/E cap, 13.0% WACC
Adjusted cash eps	\$1.07	37%	Apply conservative 7x PER to FY12e adjusted cash eps
DCF bull case	\$2.17	178%	Accelerated client growth across WMD & GBS
Sum of the parts	\$1.44	85%	DCF values ABS @ \$1.15 p.s.
Offshore peers	Not meaningful		Broadridge is listed, Penson -ve
FCF metrics	\$1.01	29%	Apply 10% FCF/ yield for FY11e
Fundamental PER	\$1.06	36%	Small Inds long run average PER @ 12.3 x FY15 EPS, disc 3 yrs @ WACC 13%
Fair value (DCF)	\$1.30	67%	Incorporates all elements of revenue model, long term nature of the contracts and future cash flows

Comparing GBT with local listed IT based companies on a PER basis is difficult as the statutory EPS is affected by the high level of non cash charges. As the table below shows there is also a wide range of FY12 PER's amongst the peer group.

Headline FY11e and FY12e PER comparison for selected Software & Services companies, GICS code 4510

Company	ASX code	Y/E	Mkt Cap (\$m)	Price (cps)	FY10a (cps)	FY11e (cps)	FY12e (cps)	FY11 P/E (x)	FY12 P/E (x)
Customers Ltd.	CUS	June	100	75	13.5	11.5	11.2	6.5	6.7
Melbourne IT Ltd.	MLB	Dec	143	176	20.2	20.9	25.2	8.4	7.0
UXC Ltd.	UXC	June	154	53	7.4	6.0	8.2	8.8	6.5
ASG Group Ltd.	ASZ	June	163	99	8.7	8.9	10.1	11.1	9.8
DWS Advanced Bus. Solutions Ltd	DWS	June	173	130	14.0	12.8	14.5	10.2	9.0
Oakton Ltd.	OKN	June	199	212	15.0	17.8	21.1	11.9	10.0
Redflex Holdings Ltd.	RDF	June	202	185	-	9.3	14.6	19.8	12.6
CSG Limited	CSV	June	257	94	16.5	15.4	15.2	6.1	6.2
Reckon Ltd.	RKN	Dec	307	230	12.4	14.5	16.0	15.9	14.4
Technology One Ltd.	TNE	Sept	327	109	5.8	6.6	7.4	16.5	14.7
SMS Mgmt & Tech. Ltd.	SMX	June	413	629	40.7	46.4	54.5	13.6	11.5
carsales.com.au Ltd	CRZ	June	1,111	477	18.5	23.8	27.8	20.0	17.2
IRESS Market Technology Ltd	IRE	Dec	1,152	913	46.3	49.8	54.1	18.3	16.9
Median								11.9	10.0
GBST Holdings	GBT	June	51.8	78	-3.7	1.5	5.5	52	14.2

Source: Consensus EPS forecasts from 3-4 brokers, share price and mkt cap from IRESS and other data from Pegasus estimates

We can make a more meaningful comparison of values across this group using FY12e cash EPS multiples as preferred. Against a median PER using reported earnings estimates of 10.0x for FY12e, the multiple falls to 9.5x based on cash EPS estimates.

We note that market cap appears to have an impact on valuation multiples in the group with the three stocks with around and below \$150m in market cap trading on an average cash PER of 6.7x.

We assume 7x FY12e Cash EPS for GBT in our valuation work producing an output of \$1.07 p.s.

FY12e Reported EPS vs Cash EPS PER multiples

Stock	Reported EPS (cps)	Cash EPS	Reported PER (x)	Cash PER (x)	Diff
CUS	11.2	14.8	6.7	5.1	-24%
MLB	25.2	26.7	7.0	6.6	-6%
UXC	8.2	9.1	6.5	5.8	-10%
ASZ	10.1	12.8	9.8	7.7	-21%
DWS	14.5	14.5	9.0	8.9	0%
OKN	21.1	21.1	10.0	10.0	0%
RDF	14.6	16.2	12.7	11.4	-10%
CSV	15.2	17.2	6.2	5.5	-12%
RKN	16	21.1	14.4	10.9	-24%
TNE	7.4	7.9	14.7	13.9	-6%
SMX	54.5	54.5	11.5	11.5	0%
IRE	54.1	63.1	16.9	14.5	-14%
Median			10.0	9.5	
GBT	5.5	15.3	14.2	5.1	-64%

Source: Companies, IRESS, Pegasus estimates. Fully diluted.

In our DCF analysis we calculate GBT's WACC at 13%. We assume an unlevered beta of 1 and a 7.7% pre tax cost of debt.

Our DCF derives a fair value at \$1.30 per share, a 65% premium to the current price.

DCF methodology & assumptions

Market Capitalisation	51.8
Target Debt/Equity	20.0%
Risk Free Rate	5.1%
Market Risk Premium	8.6%
Levered Beta	1.14
Cost of Equity	14.9%
Cost of Debt	7.7%
Tax Rate	30.0%
After Tax Cost of Debt	5.4%
WACC	13.0%
Present Value of 5 year Cash flows	44.1
Present Value of Terminal Value	81.0
Value of Cash flows	125.1
Less Net Debt (FY11e)	(24.9)
Fair Value (\$m)	100.1
Fair Value Per Share (FY11e Diluted)	1.30
Upside/ (downside)	67.1
Implied Forward PE(x)	88.4
Enterprise Value (FY11e)	76.8
Value Attribution	
% of Value in 5 Year Cash Flows	35.2%
% of Value in Perpetual Value	64.8%

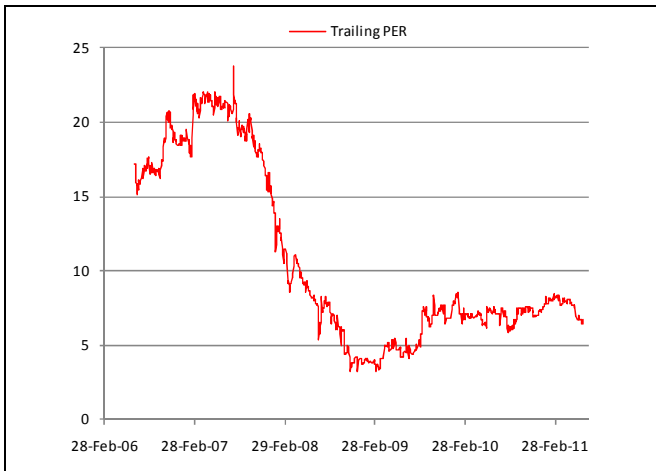
We “stress test” these outputs against GBT’s long run valuation multiples. We compare GBT to its historical multiples and the market using

- Trailing EPS
- 12 month forward PER absolute & relative
- 24 month forward EPS
- Historical EV/EBIT
- Free cash flow yield

Our data series goes back to 2005.

GBST Holdings Ltd

Trailing PER



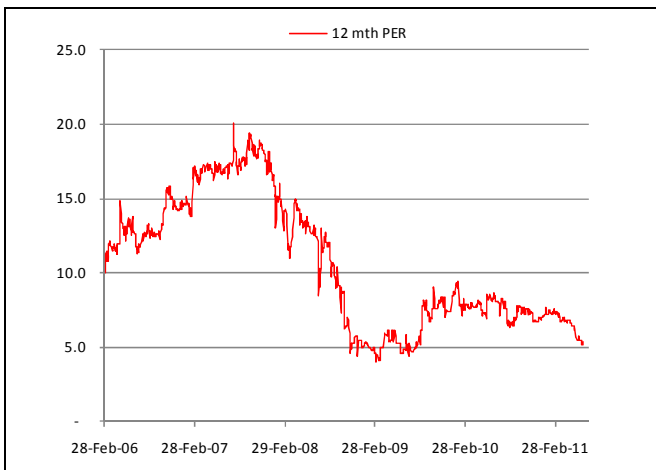
Source: GBT, IRESS and Pegasus estimates

Trailing PER relative to ASX100 PER



Source: GBT, IRESS and Pegasus estimates

12 month fwd PER



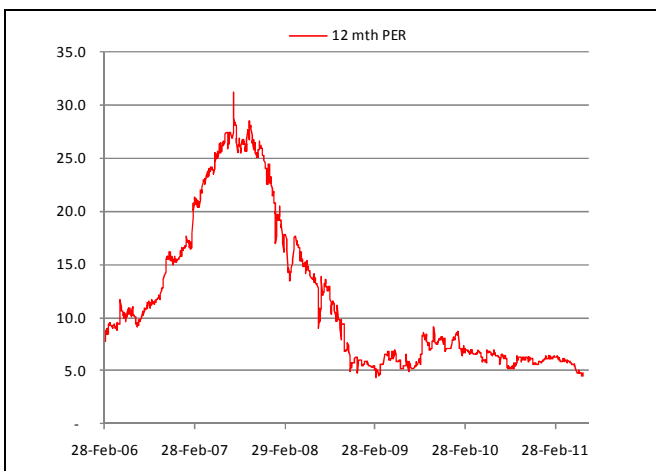
Source: GBT, IRESS and Pegasus estimates

12 month fwd PER relative to ASX100 PER



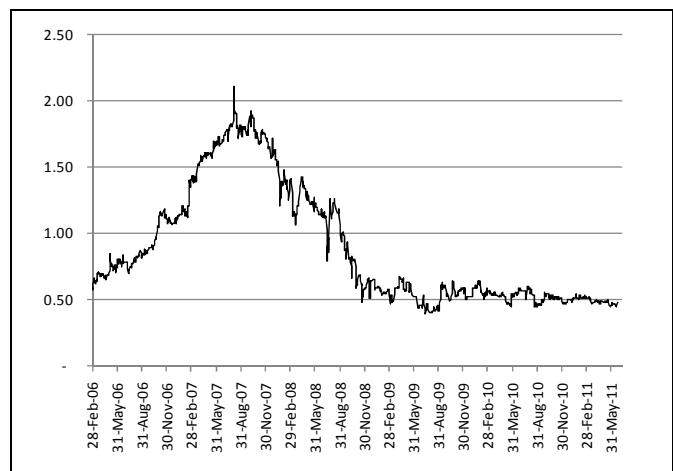
Source: GBT, IRESS and Pegasus estimates

24 month fwd PER



Source: GBT, IRESS and Pegasus estimates

24month fwd PER relative to ASX100 PER



Source: GBT, IRESS and Pegasus estimates

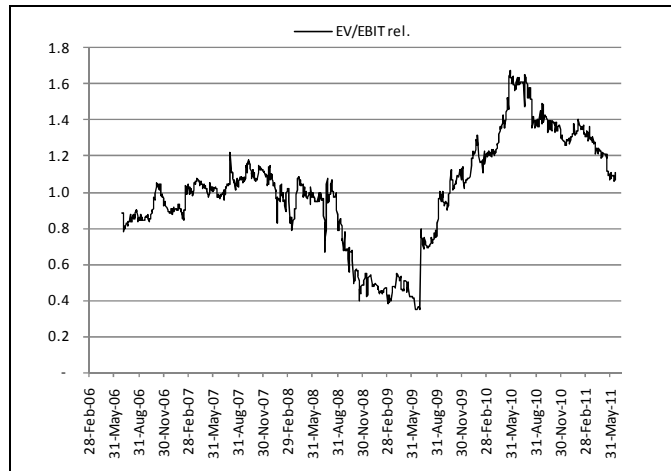
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12 month fwd $EV_{[0]}/EBIT_{[+1]}$



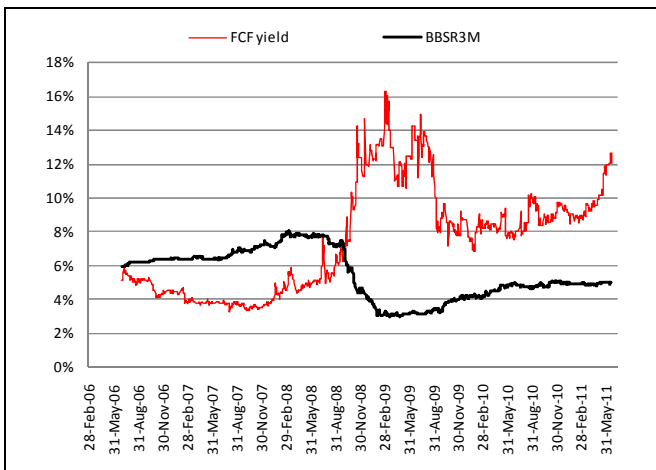
Source: GBT, IRESS and Pegasus estimates

12 month fwd $EV_{[0]}/EBIT_{[+1]}$ rel. ASX100 $EV_{[0]}/EBIT_{[+1]}$



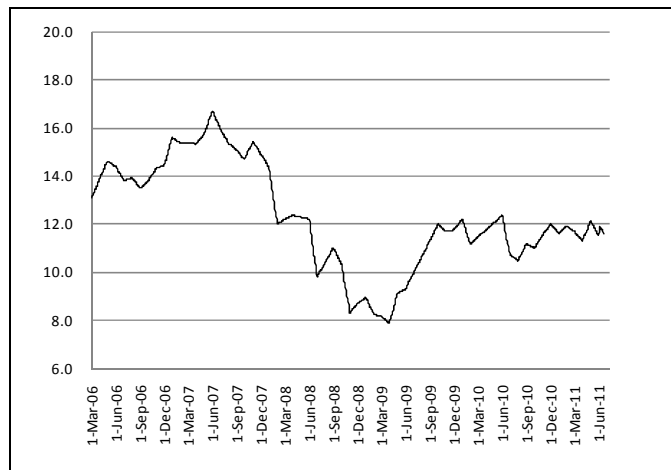
Source: GBT, IRESS and Pegasus estimates

12 month fwd Free Cash Flow yield vs BBSR3M



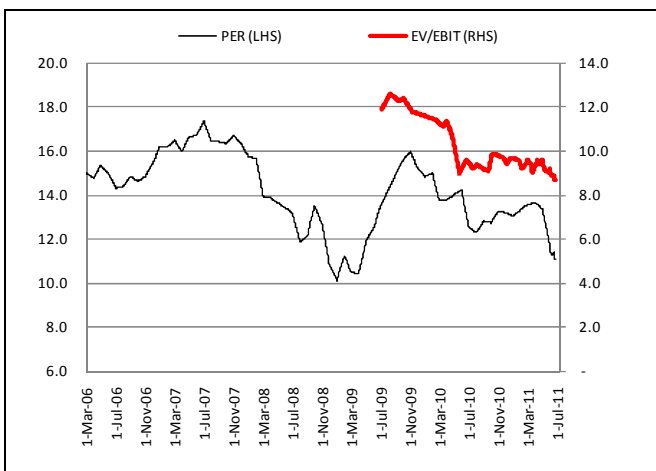
Source: GBT, IRESS and Pegasus estimates

Small Industrials 12 month fwd PER



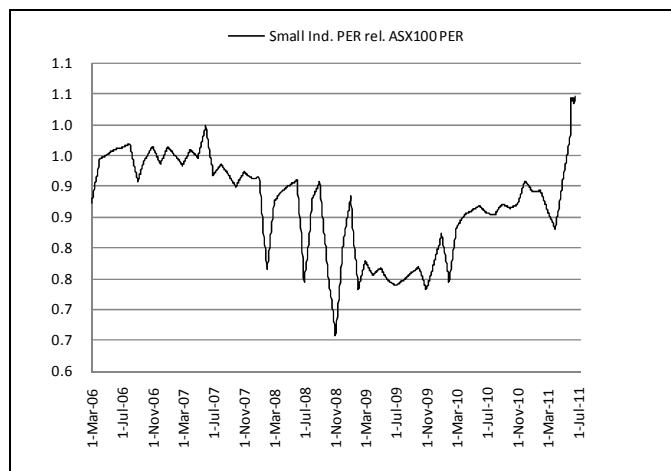
Source: IRESS and Pegasus estimates

ASX100 12 month fwd PER



Source: IRESS and Pegasus estimates

Small Ind. 12month fwd PER rel. ASX100 fwd PER



Source: IRESS and Pegasus estimates

Financial statements

Income statement	FY09a	FY10a	FY11e	FY12e	FY13e	FY14e	FY15e
Revenues	61.9	67.6	67.7	74.2	79.0	84.6	91.3
Cost of Sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross Profit	61.9	67.6	67.7	74.2	79.0	84.6	91.3
Cash Expenses	-49.2	-51.3	-52.9	-56.2	-59.0	-62.2	-65.6
Other Operating Items	-	-	0.0	0.0	0.0	0.0	0.0
EBITDA	12.7	16.4	14.9	18.0	20.1	22.5	25.7
Non Cash Items	-6.8	-7.8	-7.9	-8.8	-9.6	-9.7	-10.8
Operating Profit	5.9	8.6	6.9	9.2	10.5	12.7	14.9
Finance Charges	-3.4	-3.5	-2.9	-2.4	-2.4	-2.4	-2.4
Interest Earned	0.1	0.0	0.1	0.4	0.6	0.8	1.0
Other Pre Tax Items	-0.6	-5.7	-1.3	-1.0			
Profit Before Tax	2.0	-0.6	2.8	6.1	8.7	11.1	13.5
Taxation	0.1	-1.8	-1.7	-1.8	-2.6	-3.3	-4.1
Profit after Taxation	2.1	-2.4	1.1	4.3	6.1	7.8	9.5
To Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
To Preference Shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0
To Ordinary Shareholders	2.1	-2.4	1.1	4.3	6.1	7.8	9.5
Dividends			-1.3	-3.0	-4.2	-5.5	-6.6
Retained Income for the Year	2.1	-2.4	-0.2	1.3	1.8	2.3	2.8
Diluted weighted average shares in issue	54.6	74.3	76.8	77.0	77.0	77.0	77.0
Basic Earnings (cps)	3.9	-3.7	1.7	5.6	7.9	10.1	12.3
Fully diluted EPS	3.9	-3.7	1.5	5.5	7.9	10.1	12.3
Fully diluted PE (x)	20.0	-21.2	52.9	14.1	9.9	7.7	6.3
Dividend per share (cps)	1.5	2.0	2.0	3.9	5.5	7.1	8.6

Balance sheet	FY10a	FY11e	FY12e	FY13e	FY14e	FY15e
Intangibles	77.1	73.0	68.8	64.4	59.8	55.0
PP&E	2.9	3.8	4.4	4.7	5.5	6.0
Deferred Tax Asset	3.7	3.7	3.7	3.7	3.7	3.7
Investments	1.1	1.1	1.1	1.1	1.1	1.1
Other Non Current Assets	0.0	0.0	0.0	0.0	0.0	0.0
Cash & Equivalents	1.7	8.3	16.6	25.4	34.3	44.6
Inventories	0.7	0.7	0.8	0.8	0.9	1.0
Work in Progress	0.0	0.0	0.0	0.0	0.0	0.0
Receivables	12.8	12.9	13.6	14.1	15.1	16.3
Tax Credit	0.0	0.0	0.0	0.0	0.0	0.0
Other Current Assets	0.9	0.9	0.9	0.9	0.9	0.9
Long Term Debt	24.8	24.8	24.8	24.8	24.8	24.8
Deferred Tax Liability	5.3	5.3	5.3	5.3	5.3	5.3
Other Non Current Liabilities	1.4	0.0	0.0	0.0	0.0	0.0
Current Portion of Long Term Debt	9.6	9.6	0.0	0.0	0.0	0.0
Payables	4.0	4.0	4.3	4.6	5.0	5.3
Dividends Payable	0.0	-1.3	-3.0	-4.2	-5.5	-6.6
Receiver of Revenue	1.8	-0.8	-0.9	-1.3	-1.7	-2.0

GBST Holdings Ltd

Other Current Liabilities	10.0	10.0	10.0	10.0	10.0	10.0
Contributed Equity	37.1	37.1	47.1	47.1	47.1	47.1
Retained Income	10.6	10.4	11.7	13.5	15.8	18.7
Other Reserves	-3.5	-3.5	-3.5	-3.5	-3.5	-3.5
Translation Adjustment Account	0.0	9.0	14.2	19.0	24.1	29.5
Minorities	0.0	0.0	0.0	0.0	0.0	0.0

Abridged balance sheet	FY10a	FY11e	FY12e	FY13e	FY14e	FY15e
Non Current Assets	84.8	81.7	78.0	73.9	70.1	65.7
Current Assets	16.2	22.7	31.9	41.2	51.2	62.7
Total Assets	101.0	104.4	109.9	115.2	121.3	128.4
Non Current liabilities	31.4	30.0	30.0	30.0	30.0	30.0
Current Liabilities	25.3	21.4	10.4	9.0	7.8	6.6
Total Liabilities	56.8	51.4	40.4	39.0	37.8	36.6
Shareholders Equity	44.2	44.0	55.3	57.1	59.5	62.3
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	9.0	14.2	19.0	24.1	29.5
Total Equity & Liabilities	101.0	95.4	95.7	96.2	97.3	99.0

Cash flow statement	FY11e	FY12e	FY13e	FY14e	FY15e
Operating Profit	6.9	9.2	10.5	12.7	14.9
Change in Fair Value of Investments	0.0	0.0	0.0	0.0	0.0
Add: Non Cash Items	7.9	8.8	9.6	9.7	10.8
Cash Generated	14.9	18.0	20.1	22.5	25.7
Finance Charges Paid	-2.9	-2.1	-2.1	-2.1	-2.1
Interest Received	0.0	0.3	0.7	1.0	1.4
Taxes Paid	-1.7	-1.8	-2.6	-3.3	-4.1
Preference Dividends paid	0.0	0.0	0.0	0.0	0.0
Changes in Working Capital	0.0	-0.5	-0.2	-0.7	-0.9
Cash from Operations	10.3	13.9	15.8	17.3	20.1
Cash used in Investing	-2.4	-2.6	-2.8	-3.0	-3.2
Cash from Financing	-1.3	-3.0	-4.2	-5.5	-6.6
Change in Cash	6.6	8.3	8.8	8.9	10.3
Opening Net Cash	1.7	8.3	16.6	25.4	34.3
Closing Cash	8.3	16.6	25.4	34.3	44.6

Divisional revenues	FY10a	FY11e	FY12e	FY13e	FY14e	FY15e
Australian Broker Services	30.2	28.8	30.1	31.2	33.1	34.8
Wealth Management	22.8	26.1	29.4	32.8	34.7	37.2
Global Broker Service	12.2	9.0	10.8	10.9	12.6	14.6
Financial Services	2.6	3.8	3.9	4.2	4.4	4.6
Total	67.6	67.7	74.2	79.0	84.6	91.3
Growth		0.1%	9.6%	6.5%	7.1%	7.8%

Divisional cash expenses	FY10a	FY11e	FY12e	FY13e	FY14e	FY15e
Australian Broker Services	17.9	18.8	19.6	20.5	21.4	22.3
Wealth Management	17.0	19.6	21.5	23.1	24.8	26.6
Global Broker Services	13.1	11.2	11.6	11.7	12.1	12.5
Financial Services	2.7	3.3	3.5	3.7	3.9	4.1
Total	-50.8	-52.9	-56.2	-59.0	-62.2	-65.6
Growth		4.8%	4.5%	4.4%	4.4%	4.4%

Divisional EBITDA	FY10a	FY11e	FY12e	FY13e	FY14e	FY15e
Australian Broker Services	12.2	10.0	10.4	10.7	11.7	12.5
Wealth Management	5.8	6.5	7.9	9.7	9.9	10.6
Global Broker Services	-1.0	-2.1	-0.8	-0.9	0.4	2.1
Financial Services	-0.1	0.5	0.5	0.5	0.5	0.5
Total	16.9	14.9	18.0	20.1	22.5	25.7
Growth		-12.0%	21.1%	11.6%	12.0%	14.4%

Divisional EBITDA margins	FY10a	FY11e	FY12e	FY13e	FY14e	FY15e
Australian Broker Services	41%	35%	35%	34%	35%	36%
Wealth Management	25%	25%	27%	30%	29%	29%
Global Broker Service	-8%	-24%	-8%	-8%	3%	14%
Financial Services	-4%	12%	11%	12%	11%	11%
Total	25%	22%	24%	25%	27%	28%

GBST Holdings Ltd

Financial metrics	FY10a	FY11e	FY12e	FY13e	FY14e	FY15e
RoE	-5.5%	2.3%	7.0%	8.3%	9.8%	10.8%
Return on Assets	-2.2%	1.1%	4.0%	5.4%	6.6%	7.6%
RoCE	11.0%	7.9%	9.7%	10.4%	11.8%	12.8%
Current Ratio	0.6	1.1	3.1	4.6	6.6	9.5
Quick Ratio	0.8	0.8	0.6	0.5	0.4	0.3
Interest Burden	-0.1	0.4	0.7	0.8	0.9	0.9
Interest Coverage Ratio	-0.4	-0.4	-0.2	-0.2	-0.1	-0.1
Revenue Growth (%)	9.2%	0.1%	9.6%	6.5%	7.1%	7.8%
Cash Costs Growth (%)	4.2%	3.0%	6.4%	4.9%	5.4%	5.5%
EBITDA Growth (%)	28.9%	-9.2%	21.1%	11.6%	12.0%	14.4%
NPAT Growth (%)	-213.0%	-147.1%	277.2%	42.1%	28.4%	21.5%
Diluted EPS Growth (%)	-194.4%	-140.1%	276.2%	42.1%	28.4%	21.5%
Gross Margin	100%	100%	100%	100%	100%	100%
EBITDA Margin	24%	22%	24%	25%	27%	28%
Operating Margin	13%	10%	12%	13%	15%	16%
Pre Tax Margin	-1%	4%	8%	11%	13%	15%
Net Profit margin	-4%	2%	6%	8%	9%	10%
Debt/Assets	34%	33%	22%	21%	20%	19%
Debt/Tangible Assets	144%	109%	60%	49%	40%	34%
Debt/Equity	128%	97%	58%	51%	45%	40%
Net Debt/ Equity	71%	47%	10%	-2%	-13%	-23%
Price/ Net Assets	1.17	1.18	1.09	1.05	1.01	0.96
Price / Net Tangible Assets	2.2	1.7	1.5	1.2	1.0	0.8
EV/EBITDA (yoy)	5.1	5.2	3.7	2.9	2.2	1.5
Adjusted Cash PER (x)		6.45	5.10	4.53	3.90	3.44
Free cash flow p. s. (cps)		0.10	0.15	0.18	0.19	0.22
Free cash flow yield (%)		13.0%	19.1%	23.2%	24.9%	28.6%
Free cash flow / EV (%)		10.2%	17.2%	24.0%	30.4%	44.0%

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