

GBST completes record year for sales after offshore expansion and extensive R&D program

- 2010/11 record sales performance resulting in more than \$10m in new recurring annual license revenue
- 2012 profit to be boosted by returns flowing from R&D and new sales
- Benefits beginning to flow through from investment in global expansion, setting the platform for future growth
- Launch of Syn~2.0 in July 2011 in Asia and then Europe

Sydney, 28th June 2011 — GBST (ASX:GBT) www.gbst.com, a global provider of technology services to the financial services industry, today provided an update to the market, announcing a record year for sales and new licenses underpinned by research and development (R&D) and ongoing investment in new technology.

“In the past 12 months we have commenced the implementation of projects in Asia, UK and Australia for new licenses which will add more than \$7m to our revenues in FY2012, and a further \$3m per year in FY2013 once all current contracts ‘go live’. As the new licenses have terms between five and 10 years, these contracts are worth a total of more than \$70m in revenue over the life of the licenses and make it GBST’s strongest ever year for sales,” said GBST Managing Director and CEO Stephen Lake.

In announcing this record sales year, GBST has provided the following updated guidance:

- Gross Operating Revenue for FY2011 is forecast to be approximately \$67m, flat versus FY 2010.
- FY2011 EBITDA inclusive of \$1.5m non-operating expenses is forecast to be approximately \$13.5m, down 17% versus FY2010.
- FY2011 Cash NPAT is forecast to be approximately \$7.75million down from \$9.96m in FY10

The EBITDA forecast for FY2011 is weaker than previously forecast due to the heavy investment and the lead time for new sales, along with delays in clients going “live” and poor retail volumes in first and second half of the year.

Based on the strong committed pipeline of new contracts due to go-live in the coming year, as well as new product developments launched in 2011, management expects a strong uplift in earnings in FY2012.

“We expect stronger earnings in FY2012 reflecting our considerable investment in research and development over the past five years while the increased emphasis on sales has already begun to generate revenues,” said Mr Lake. “The challenge for management now is to maintain this momentum.”

Significant spend on R&D and developing offshore markets

GBST’s investment in R&D is occurring across all areas of the business, reflecting the company’s commitment to retail and institutional broking solutions and wealth management. GBST is rolling out a number of developments for Syn~ in Europe, Asia and Australia and in June released Syn~ 2.0 which provides new user interfaces and an increase in functionality.

A new client management system for brokers, Front Office, was recently launched by GBST which offers brokers a consolidated view of their client information.

“We expect FrontOffice will be fully deployed to all clients in the next 12 months,” said Mr Lake. “The take up has exceeded our expectations and is ahead of forecast.”

In other developments across the business, GBST has also enhanced its after-tax reporting tools and financial calculators and has seen strong interest in particular from superannuation funds. Separately, GBST has responded to the growing demand for outsourced hardware and software solutions called ‘private clouds’ with hosting revenues expected to increase significantly in FY2012.

GBST’s Emu division played an important role in developing GBST FrontOffice and the new Syn~ 2.0 user interface. Emu has also expanded its expertise into the financial services industry, having designed a number of websites and financial calculators.

GBST has also invested heavily in recent years to expand into offshore markets. The benefits of this investment are already being seen with strong performance by WMD in the UK and new contract signings for Syn~ in Asia.

New contracts for Syn~

Global Broker Services (GBS) will launch Syn~2.0 in July this year and is rolling out the product across Asia and then Europe. Three new clients in Asia have commenced implementation of Syn~ 2.0 with a fourth client commencing implementation in Australia.

GBST has also secured commitments from clients for the first two years in Australia, where the product is on track to be released in the first half of 2012. In total GBST has secured four new sales in Australia and Asia which will take the number of clients for Syn~ in the region to seven.

“Management will continue to focus on further developing sales and support in the Asia region,” said Mr Lake.

The product is already enjoying industry recognition with GBST winning the award for Best Institutional Settlement System at the Goodacre UK Awards Ceremony in May this year while Penson (powered by Syn~) were winners of the Best Clearing Service at the same ceremony.

GBST has maintained a heavy investment in the Syn ~ platform and this ongoing R&D spend will lead to a full year 2011 operating loss for the GBS division, however GBST is forecasting it will turn a profit by the second half of 2012.

Wealth management continued strong performance

The next 12 months is forecast to see continued strong performance from the Wealth Management Division where GBST expects continued growth from the rollout of ComposerWeb and Unison.

GBST Wealth Management experienced more than 100% revenue growth in Europe, and GBST forecasts further strong growth in 2012.

In Australia the division has reported a number of new clients and the pipeline for licenses continues to be strong.

“Changes in the way financial products are distributed in the UK and Australia, in particular the removal of commissions, is creating new opportunities for GBST’s Wealth Management business as direct channels grow,” Mr Lake said. “We’re also seeing trends in the corporate superannuation market to provide more investment options, web based solutions and simple online advice aimed at improving member engagement.”

Mr Lake concluded: “GBST is seeing a trend towards increased investment by our clients in technology in Australia, Asia and Europe as a result of greater business confidence. This has led to an unprecedented level of demand for GBST’s products and will underpin GBST’s forecast to continue to increase market share.

“The next 12 months is forecast to deliver strong growth and there continues to be good prospect opportunities in UK, Asia and also in Australia.”

About GBST www.gbst.com

GBST (ASX: GBT), provides global technology services to the financial services industry, addressing our clients' constant needs for innovation, competitiveness and responsive IT that truly enables business. Listed on the Australian Securities Exchange, GBST has offices in Brisbane and throughout Australia, London and New York as well as operations in Hong Kong, Paris and Singapore. GBST can be contacted at www.gbst.com

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