

## Investment Research

### Buy

Recommendation unchanged

**Share price: EUR 1.44**

*closing price as of 02/03/2009*

**Target price: EUR 2.20**

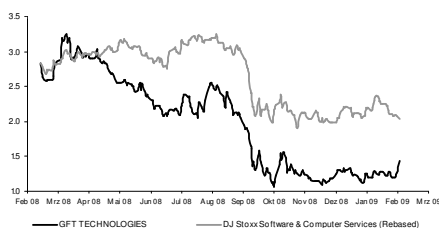
*vs Target Price: EUR 2.70*

Reuters/Bloomberg GFTG.DE/GFT GY

Daily avg. no. trad. sh. 12 mth	25.749
Daily avg. trad. vol. 12 mth (m)	0.05
Price high 12 mth (EUR)	3.25
Price low 12 mth (EUR)	1.06
Abs. perf. 1 mth	20.0%
Abs. perf. 3 mth	22.0%
Abs. perf. 12 mth	-49.5%

Market capitalisation (EURm)	38
Current N° of shares (m)	26
Free float	52%

Key financials (EUR)	12/08	12/09e	12/10e
Sales (m)	242	241	246
EBITDA (m)	8	8	11
EBITDA margin	3.3%	3.1%	4.5%
EBIT (m)	6	6	10
EBIT margin	2.6%	2.6%	3.9%
Net Profit (adj.)(m)	6	5	7
ROCE	5.5%	6.1%	11.7%
Net debt/(cash) (m)	(35)	(36)	(41)
Net Debt Equity	-0.6	-0.6	-0.6
Net Debt/EBITDA	-4.4	-4.8	-3.7
Int. cover(EBITDA/Fin.int)	(14.9)	(11.0)	(15.6)
EV/Sales	nm	nm	nm
EV/EBITDA	nm	nm	nm
EV/EBITDA (adj.)	nm	nm	nm
EV/EBIT	nm	nm	nm
P/E (adj.)	5.7	7.9	5.2
P/BV	0.5	0.6	0.5
OpFCF yield	24.9%	14.0%	22.5%
Dividend yield	7.7%	6.9%	6.7%
EPS (adj.)	0.23	0.18	0.27
BVPS	2.40	2.48	2.66
DPS	0.10	0.10	0.10



Shareholders: Ulrich Dietz 29%; Maria Dietz 10%; ArW Gruppe 5%; BWInvest 5%;

For company description please see summary table footnote

## GFT 2008 results exceed reduced guidance – Outlook for 2009 flat to slightly positive

Yesterday, GFT Technologies published its preliminary FY 2008 results. Final results are due to be reported on March 26, 2009. GFT Technologies reported preliminary results above its updated guidance but points to a flat development of revenues and EBT for 2009. We rate positive that the company gave a concrete guidance for FY 2009 and targets to pay out a dividend of EUR 0.10 (dividend yield of c.8%). We reduced our projections for coming years due to price pressure in the Services and Resourcing segment. Our target price consequently changes to EUR 2.2 based on a DCF model. We stick to buy.

### 2008

EUR m	2008	2007	YoY	equinet	Delta
Sales	242.2	247.1	-2.0%	240.3	0.8%
EBIT	6.4	11.7	-45.3%	5.3	19.5%
margin	2.6%	4.7%		2.2%	
EBT	6.9	12.4	-44.0%	6.0	14.7%
margin	2.9%	5.0%		2.5%	
Net profit	6.0	8.6	-29.9%	4.0	48.8%
EPS (€)	0.23	0.33	-29.9%	0.15	48.8%

Source: Company data, equinet Research

- ✓ **Revenues exceed guidance and equinet projections:** GFT reported preliminary revenues of EUR 242.2m (-2.0% YoY) compared to its guidance of EUR 240m as well as our forecast of EUR 240.3m.
- ✓ **Profitability significantly above reduced guidance:** Due to the financial crises, GFT updated its guidance after the 9M reporting to revenues of EUR 240m as well as an EBT of c. EUR 6.0m (previously EUR 12.5 to EUR 13.5m). The preliminary EBT number of EUR 6.9m thus exceeded the guidance. The achieved EBT margin is 2.9% versus 5.0% in FY 2007.
- ✓ **Revenues and EBT per segment:** The Service segment came in with revenues of EUR 90.9m. Our forecast stood at EUR 90.0m (-10.7% YoY as well as an EBT margin of 7.4% compared to 10.2% in 2007). The reported EBT margin is 7.8%. The Resourcing segment contributed EUR 145.7m, slightly above our projection of EUR 144.2m. Our EBT margin projection stood at 2.4% versus 2.5% in the previous year, compared to the reported margin of 2.3%. Overall, the Software segment has been a source of disappointment in 2008 as customers showed reluctance to buy software products due to the financial market crises. The revenues decreased to EUR 5.6m versus EUR 5.9m in FY 2007 and the segment reported a loss of EUR 3.1m (equinet: EUR 6.1m, loss of EUR 3.3m).
- ✓ **First dividend payout targeted:** GFT decided to pay out its first dividend of EUR 0.10 for FY 2008. This corresponds to our forecast of EUR 0.05. The payout ratio is c. 43% versus our forecast of 30%.
- ✓ **Guidance:** GFT guides for flat revenues in FY 2009 compared to FY 2008 as well as an EBT of EUR 6.0m to EUR 8.0m. The company nevertheless mentions the lower visibility of the business development.

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## Investment Case

GFT Technologies is an IT-service provider focussing especially on financial and logistic service providers. The Resourcing segment is the leading revenue driver since the acquisition of part of Parity Group (60% of revenues in 2008), and incorporates Third-Party Management and Resource Management. Another 37.5% of revenues stem from Services. The rather small Software segment focuses on software for the archiving of documents and has been underperforming in FY 2008 due to customer reluctance. We recommend buying GFT Technologies based on a DCF valuation (15% discount applied). We see the following points worth noting:

### Focus 1

- **Strong balance sheet and cash position**

GFT Technologies reports an equity ratio of c.56% in 2008. The company moreover holds cash and cash equivalents of EUR 35.2m, which corresponds to a market capitalization of around EUR 33.0m. Cash per share thus amounts to EUR 1.34. The company's gearing stands at minus 55% of the fiscal year 2008, as the company does not employ major financial debt positions.

### Focus 2

- **Dividend payout**

GFT released of targeting to pay out a dividend of EUR 0.10 per share for FY 2008. This stands above our forecast of EUR 0.05 and corresponds to a payout ratio of c.43% versus our forecasted payout ratio of 30%. The dividend yield is around 8% on the current share price. GFT management emphasized the payout and dividend policy to be continued in coming years.

### Focus 3

- **Revenue opportunities due to IT-based risk management systems demand**

According to recent statements of the management, there has been an increased demand for IT-based risk management systems which are custom-developed by GFT Technologies for several banks. This development is mainly driven by an increased corporate governance and compliance demand. In the near-term, GFT might benefit from new laws and regulations as well as a growing trend for outsourcing.

### Focus 4

- **Risks to our investment case**

There are several risks to the investment case presented here. Please note the following: (1) Dependence on major customers such as Deutsche Bank as well as Deutsche Post (2) Increasing pricing pressure in the Services as well as Resourcing segment (3) Ongoing loss-making of the Software segment due to customer resistance for the archiving product GFT inboxes (4) Guidance based on relatively low visibility.

## Valuation

Based on a DCF model, we set our target price at EUR 2.2. We do not consider a peer valuation as GFT currently has a negative enterprise value due to its large cash position of EUR 35.2m. The DCF model reveals a fair value of EUR 2.6 on which we apply a discount of 15%. Our price target represents an upside potential of c.50%.

### DCF valuation

**Revenue development:** We expect GFT to achieve a revenue CAGR 08–12e of 1.9%. For 2009e, we assume revenues to slightly decrease by 0.5% YoY to EUR 241.0m. Revenues are expected to grow again in FY 2010e by 2.0% YoY. The company generally points to its interest for acquisitions, which might support revenue growth.

**Profitability:** Due to increasing price pressure in the Services as well as Resourcing segment and an ongoing negative contribution of the Software segment, we forecast a slight decrease in the EBT margin to 2.8% versus 2.9% in 2008. We forecast an EBT CAGR 08-12e of 17.4%.

**WACC:** Taking into account a beta of 1.58, WACC comes to 10.84%. As GFT does not aim to increase debt significantly, we expect the target equity ratio to be 100%.

**Terminal growth:** We set the FCF terminal growth at a conservative rate of 1.5%.

**Target price:** We arrive at a target price of EUR 2.60 from our DCF model.

**Fair value based on P/E:** We do not calculate a multiple comparison due to negative EV multiples of GFT. The company nevertheless trades on a P/E of 7.9 for 2009e as well as 5.2 for 2010e, compared to the median P/E of a peer group of international employment service as well as application service companies of 9.6 as well as 9.5, respectively.

EUR m	Phase I				Phase II						Phase III
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
<b>Revenues</b>	<b>241.0</b>	<b>245.8</b>	<b>253.2</b>	<b>260.8</b>	<b>267.8</b>	<b>274.3</b>	<b>280.3</b>	<b>285.9</b>	<b>290.9</b>	<b>295.6</b>	
<i>growth rate</i>	-0.5%	2.0%	3.0%	3.0%	2.7%	2.4%	2.2%	2.0%	1.8%	1.6%	
<b>EBIT</b>	<b>6.2</b>	<b>9.6</b>	<b>11.4</b>	<b>12.3</b>	<b>6.7</b>	<b>6.4</b>	<b>6.2</b>	<b>5.9</b>	<b>5.7</b>	<b>5.4</b>	
<i>EBIT margin</i>	2.6%	3.9%	4.5%	4.7%	2.5%	2.4%	2.2%	2.1%	2.0%	1.8%	
<b>Tax</b>	<b>(1.9)</b>	<b>(2.9)</b>	<b>(3.4)</b>	<b>(3.7)</b>	<b>(2.0)</b>	<b>(1.9)</b>	<b>(1.9)</b>	<b>(1.8)</b>	<b>(1.7)</b>	<b>(1.6)</b>	
<i>Tax rate</i>	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	
<b>Depreciation</b>	<b>1.4</b>	<b>1.4</b>	<b>1.5</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>	
<i>in % of Sales</i>	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	
<b>Capex</b>	<b>(1.5)</b>	<b>(1.6)</b>	<b>(1.7)</b>	<b>(1.8)</b>	<b>(1.9)</b>	<b>(1.9)</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>(2.1)</b>	
<i>in % of Sales</i>	0.6%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	
<b>NWC</b>	<b>(0.5)</b>	<b>(0.4)</b>	<b>(0.6)</b>	<b>(0.6)</b>	<b>(1.3)</b>	<b>(1.4)</b>	<b>(1.4)</b>	<b>(1.4)</b>	<b>(1.5)</b>	<b>(1.5)</b>	
<i>in % of Sales</i>	0.2%	0.2%	0.2%	0.2%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	
<b>FCF</b>	<b>3.6</b>	<b>6.2</b>	<b>7.2</b>	<b>7.7</b>	<b>3.1</b>	<b>2.9</b>	<b>2.7</b>	<b>2.4</b>	<b>2.2</b>	<b>2.0</b>	<b>22.0</b>
<i>growth rate</i>		69.7%	16.0%	8.0%	-60.2%	-6.9%	-7.5%	-8.0%	-8.6%	-9.3%	1.5%
<b>PV FCF</b>	<b>3.3</b>	<b>5.1</b>	<b>5.4</b>	<b>5.2</b>	<b>1.9</b>	<b>1.6</b>	<b>1.3</b>	<b>1.1</b>	<b>0.9</b>	<b>0.7</b>	<b>8.0</b>
<b>PV Phase I</b>		<b>19.1</b>			<b>Market Cap.</b>		<b>37.4</b>	<b>Targ. equity ratio</b>		<b>100.0%</b>	
<b>PV Phase II</b>		<b>7.5</b>			<b>Risk premium</b>		<b>4.00%</b>	<b>Beta</b>		<b>1.58</b>	
<b>PV Phase III</b>		<b>8.0</b>			<b>Risk free rate</b>		<b>4.50%</b>	<b>WACC</b>		<b>10.84%</b>	
<b>Total present value</b>		<b>34.5</b>			<b>Sensitivity</b>			<b>Growth rate Phase III</b>			
+ cash and liquid assets		35.2			<b>Analysis</b>		<b>0.5%</b>	<b>1.0%</b>	<b>1.5%</b>	<b>2.0%</b>	<b>2.5%</b>
- interest bearing debt*		1.0					2.68	2.70	2.72	2.75	2.78
<b>Implied Market Cap.</b>		<b>68.7</b>					2.63	2.64	2.66	2.69	2.71
<b>Number of shares</b>		<b>26.3</b>			<b>WACC</b>		2.58	2.59	2.61	2.63	2.65
							11.4%	2.53	2.55	2.56	2.58
<b>Implied value per share</b>		<b>2.61</b>					11.9%	2.49	2.51	2.52	2.53

\* Including pension provisions

Source: equinet Research

## Details FY 2008 vs. FY 2007

**EBT development 2007 to 2008:** Please refer to the table below for an overview over the effects on the EBT development in FY 2008. The reduction in EBT has been mainly driven by the cessation of a project in Brazil with high margins (Banco Bradesco effect of minus EUR 2.0m) as well as the capital expenditures for the software segment of EUR 2.5m (sales and marketing expenses mainly) and the overall market conditions due to the financial market crises in the Service segment, which did not allow for the acquisition of new customers (minus EUR 0.7m).

EBT development	EUR m
<b>EBT 2007</b>	<b>12.4</b>
Banc Bradesco effect	-2.0
Asset sale GFT India	-0.2
Market conditions Services segment	-0.7
Market conditions Resourcing segment	-0.1
Investments software division	-2.5
<b>EBT 2008</b>	<b>6.9</b>

Source: Company data, equinet estimates

### Segmental development:

The *Service segment* came in with revenues of EUR 90.9m. Our forecast stood at EUR 90.0m (-10.7% YoY as well as an EBT margin of 7.4% compared to 10.2% in 2007). The reported EBT margin is 7.8%.

The *Resourcing segment* contributed EUR 145.7m, slightly above our projection of EUR 144.2m. Our EBT margin projection stood at 2.4% versus 2.5% in the previous year, compared to the reported margin of 2.4%.

Overall, the *Software segment* has been a source of disappointment in 2008 as customers showed reluctance to buy software products due to the financial market crises. The revenues decreased to EUR 5.6m versus EUR 5.9m in FY 2007 and the segment reported a loss of EUR 3.1m (equinet: EUR 6.1m, loss of EUR 3.3m).

Management stated that it currently wants to stick to the *Software segment*, nevertheless expecting slight revenue increases in FY 2009e. A divestment of this line of business should thus not be expected in the near-term, which will lead to a further load of the overall business in 2009.

EUR m	Sales			YoY		EBT			EBT margin		
	2008	2007	equinet	2008	equinet	2008	2007	equinet	2008	2007	equinet
Services	90.9	100.8	90.0	-9.8%	-10.7%	7.1	10.3	6.7	7.8%	10.2%	7.4%
Software	5.6	5.9	6.1	-4.5%	2.8%	-3.1	-0.6	-3.3	-54.7%	-10.2%	-54.1%
Resourcing	145.7	140.4	144.2	3.8%	2.7%	3.4	3.5	3.5	2.4%	2.5%	2.4%

Source: Company data, equinet estimates

## Changes in estimates

We reviewed our estimates, incorporating the given company guidance of flat revenues as well as an EBT between EUR 6.0 to EUR 8.0m.

For 2009e, we thus assume revenues to slightly reduce by 0.5% YoY to EUR 241.0m. The EBIT is forecasted at EUR 6.2m (EBIT margin of 2.6%) as well as the EBT at EUR 6.9m (flat compared to FY 2008). The EBT margin is forecasted to reduce to 2.8% from 2.9% in 2008. Per segment, we again forecast a significant loss of the Software segment as well as a slight EBT margin reduction in the Service and Resourcing business due to price pressure from customers.

For 2010e, we project a revenue increase YoY of 2.0% to EUR 245.8m. The EBT is forecasted at EUR 10.3m, corresponding to an EBT margin of 4.2%.

We estimate the business to generally pick up its growth trend by 3.0% YoY in 2011e.

### Changes in estimates

EUR m	2009e			2010e			2011e		
	Old	New	Change	Old	New	Change	Old	New	Change
<b>Revenues</b>	247.5	241.0	-2.6%	256.1	245.8	-4.0%	265.1	253.2	-4.5%
<b>EBIT</b>	10.2	6.2	-39.5%	12.1	9.6	-20.5%	13.2	11.4	-14.0%
<i>margin</i>	3.7%	2.6%		3.7%	3.9%		3.7%	4.5%	
<b>EBT</b>	10.9	6.9	-36.9%	12.8	10.3	-19.6%	14.1	12.2	-13.7%
<i>margin</i>	4.0%	2.8%		4.0%	4.2%		4.0%	4.8%	
<b>Net profit</b>	7.6	4.8	-36.9%	9.0	7.2	-19.6%	9.9	8.5	-13.7%
<b>EPS</b>	0.29	0.18	-36.9%	0.34	0.27	-19.6%	0.37	0.32	-13.7%

Source: Company data, equinet Research

## Equinet versus consensus

### Equinet versus consensus

EUR m	2008	2009	2010
<b>Revenues</b>			
Equinet	242.2	241.0	245.8
Consensus	240.2	238.9	252.5
<i>Delta</i>	0.8%	0.9%	-2.6%
<b>EBT</b>			
Equinet	6.9	6.9	10.3
Consensus	6.0	8.3	10.9
<i>Delta</i>	16.0%	-17.7%	-5.5%
<b>EBT-margin</b>			
Equinet	2.9%	2.8%	4.2%
Consensus	2.5%	3.5%	4.3%

Source: Thompson, company data, equinet Research

## Guidance overview

GFT guides for flat revenues in FY 2009 compared to FY 2008 as well as an EBT of EUR 6.0m to EUR 8.0m. The company nevertheless mentions the lower visibility of the business development.

### GFT Technologies: Guidance overview

EUR m	Update 9M 2008	2009
<b>Sales</b>		
Group	EUR 240m	Flat revenue development (~ EUR 242m)
YoY	reported: EUR 242.2m	
<b>Segments</b>		
<b>Services</b>		
Revenue	~ EUR 90m	n.a.
EBT-margin	7.5% - 7.8%	
	reported: EUR 90.9m	
	reported: 7.8%	
<b>Resourcing</b>		
Revenue	~ EUR 144m	n.a.
EBT-margin	2.5%	
	reported: EUR 145.7m	
	reported: 2.4%	
<b>Software</b>		
Revenue	~ EUR 6m	n.a.
EBT-margin	EBT of EUR -3.0m to EUR -3.6m	
	reported: EUR 5.6m	
	reported: -54.7%	
<b>EBT</b>		
Group	~ EUR 6.0m	~ EUR 6.0m to EUR 8.0m
EBT-margin	~ 2.5%	~ 2.5% to 3.3%
	reported: EUR 6.9m	
	reported: 2.9%	

Source: Company data, equinet Research

## Upcoming Events Calendar

Date	Event Type	Description	Period
02/03/09	Results	Full year 2008 Press conference	2008
02/03/09	Results	Full year 2008 Results	2008
14/05/09	Results	Q12009 Results	2009Q1

Source: AMI

**GFT Technologies AG: Summary tables**

<b>PROFIT &amp; LOSS (EURm)</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009e</b>	<b>2010e</b>	<b>2011e</b>
<b>Sales</b>	<b>174</b>	<b>247</b>	<b>242</b>	<b>241</b>	<b>246</b>	<b>253</b>
Cost of Sales & Operating Costs (excl. Pers. Expenses)	-108	-172	-171	-170	-170	-174
Personnel Expenses	-61.9	-64.5	-66.7	-66.0	-67.4	-69.0
Non Recurrent Expenses/Income	3.3	2.1	3.1	2.5	2.5	2.5
<b>EBITDA</b>	<b>7.3</b>	<b>13.1</b>	<b>8.0</b>	<b>7.5</b>	<b>11.0</b>	<b>12.9</b>
<b>EBITDA (adj.)*</b>	<b>4.0</b>	<b>11.0</b>	<b>4.9</b>	<b>5.0</b>	<b>8.5</b>	<b>10.4</b>
D & A	-1.2	-1.4	-1.6	-1.4	-1.4	-1.5
<b>EBIT</b>	<b>6.1</b>	<b>11.7</b>	<b>6.4</b>	<b>6.2</b>	<b>9.6</b>	<b>11.4</b>
<b>EBIT (adj.)*</b>	<b>2.9</b>	<b>9.5</b>	<b>3.3</b>	<b>3.7</b>	<b>7.1</b>	<b>8.9</b>
Net Financial Interest	0.5	0.7	0.5	0.7	0.7	0.8
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings Before Tax (EBT)</b>	<b>6.7</b>	<b>12.4</b>	<b>6.9</b>	<b>6.9</b>	<b>10.3</b>	<b>12.2</b>
Tax	-1.6	-3.8	-0.9	-2.1	-3.1	-3.6
<i>Tax rate</i>	<i>23.3%</i>	<i>30.5%</i>	<i>13.1%</i>	<i>30.0%</i>	<i>30.0%</i>	<i>30.0%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Profit (reported)</b>	<b>5.1</b>	<b>8.6</b>	<b>6.0</b>	<b>4.8</b>	<b>7.2</b>	<b>8.5</b>
<b>Net Profit (adj.)</b>	<b>5.1</b>	<b>8.6</b>	<b>6.0</b>	<b>4.8</b>	<b>7.2</b>	<b>8.5</b>

<b>CASH FLOW (EURm)</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009e</b>	<b>2010e</b>	<b>2011e</b>
Cash Flow from Operations before change in NWC	6.3	10.0	7.6	6.2	8.6	10.0
Change in Net Working Capital	-10.6	-0.4	0.9	-0.9	-0.1	-0.2
<b>Cash Flow from Operations</b>	<b>-4.3</b>	<b>9.6</b>	<b>8.5</b>	<b>5.3</b>	<b>8.5</b>	<b>9.8</b>
Capex	-6.6	0.0	-1.4	-1.5	-1.6	-1.7
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
<b>Free Cash Flow</b>	<b>-10.9</b>	<b>9.6</b>	<b>7.1</b>	<b>3.8</b>	<b>6.9</b>	<b>8.1</b>
Dividends	0.0	0.0	-2.6	-2.6	-2.5	-3.0
Other (incl. Capital Increase & share buy backs)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Change in Net Debt</b>	<b>-10.9</b>	<b>9.6</b>	<b>4.5</b>	<b>1.2</b>	<b>4.4</b>	<b>5.1</b>
NOPLAT	2.0	6.7	2.3	2.6	5.0	6.2

<b>BALANCE SHEET &amp; OTHER ITEMS (EURm)</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009e</b>	<b>2010e</b>	<b>2011e</b>
Net Tangible Assets	2.4	2.6	2.6	2.6	2.7	2.9
Net Intangible Assets (incl. Goodwill)	21.1	21.2	20.8	21.0	21.1	21.1
Net Financial Assets & Other	10.6	11.4	10.7	10.7	10.7	10.8
<b>Total Fixed Assets</b>	<b>34.2</b>	<b>35.3</b>	<b>34.2</b>	<b>34.3</b>	<b>34.5</b>	<b>34.8</b>
Net Working Capital	18.5	19.0	18.0	18.6	18.9	19.5
<b>Shareholders Equity</b>	<b>49.4</b>	<b>57.7</b>	<b>63.2</b>	<b>65.3</b>	<b>70.0</b>	<b>75.6</b>
Minorities Equity	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Debt</b>	<b>-21.3</b>	<b>-28.6</b>	<b>-35.0</b>	<b>-36.2</b>	<b>-40.6</b>	<b>-45.7</b>
Provisions	14.4	16.0	14.2	13.9	14.2	14.6
Other Net Liabilities or Assets	10.3	9.2	9.8	9.8	9.8	9.8
<b>Net Capital Employed/Invested</b>	<b>52.7</b>	<b>54.3</b>	<b>52.2</b>	<b>52.9</b>	<b>53.5</b>	<b>54.3</b>

<b>GROWTH &amp; MARGINS</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009e</b>	<b>2010e</b>	<b>2011e</b>
<i>Sales growth</i>	<i>43.6%</i>	<i>42.3%</i>	<i>-2.0%</i>	<i>-0.5%</i>	<i>2.0%</i>	<i>3.0%</i>
<i>EBITDA growth</i>	<i>246.2%</i>	<i>79.2%</i>	<i>-38.7%</i>	<i>-6.3%</i>	<i>46.7%</i>	<i>16.6%</i>
<i>EBITDA (adj.)* growth</i>	<i>+chg</i>	<i>172.0%</i>	<i>-55.1%</i>	<i>2.1%</i>	<i>69.9%</i>	<i>21.4%</i>
<i>EBIT growth</i>	<i>623.6%</i>	<i>90.1%</i>	<i>-45.3%</i>	<i>-3.4%</i>	<i>55.9%</i>	<i>18.2%</i>
<i>EBIT (adj.)* growth</i>	<i>+chg</i>	<i>233.1%</i>	<i>-65.6%</i>	<i>11.9%</i>	<i>93.9%</i>	<i>24.6%</i>
<i>Net Profit growth</i>	<i>380.0%</i>	<i>68.2%</i>	<i>-29.9%</i>	<i>-20.3%</i>	<i>50.6%</i>	<i>17.8%</i>
<i>EPS adj. growth</i>	<i>380.0%</i>	<i>68.2%</i>	<i>-29.9%</i>	<i>-20.3%</i>	<i>50.6%</i>	<i>17.8%</i>
<i>DPS adj. growth</i>			<i>+chg</i>	<i>0.0%</i>	<i>-4.0%</i>	<i>17.8%</i>
<i>EBITDA margin</i>	<i>4.2%</i>	<i>5.3%</i>	<i>3.3%</i>	<i>3.1%</i>	<i>4.5%</i>	<i>5.1%</i>
<i>EBITDA (adj.)* margin</i>	<i>2.3%</i>	<i>4.4%</i>	<i>2.0%</i>	<i>2.1%</i>	<i>3.5%</i>	<i>4.1%</i>
<i>EBIT margin</i>	<i>3.5%</i>	<i>4.7%</i>	<i>2.6%</i>	<i>2.6%</i>	<i>3.9%</i>	<i>4.5%</i>
<i>EBIT (adj.)* margin</i>	<i>1.6%</i>	<i>3.9%</i>	<i>1.4%</i>	<i>1.5%</i>	<i>2.9%</i>	<i>3.5%</i>

**GFT Technologies AG: Summary tables**

RATIOS	2006	2007	2008	2009e	2010e	2011e
Net Debt/Equity	-0.4	-0.5	-0.6	-0.6	-0.6	-0.6
Net Debt/EBITDA	-2.9	-2.2	-4.4	-4.8	-3.7	-3.6
Interest cover (EBITDA/Fin.interest)	nm	nm	nm	nm	nm	nm
Capex/D&A	569.2%	0.0%	84.6%	109.8%	112.2%	114.2%
Capex/Sales	3.8%	0.0%	0.6%	0.6%	0.7%	0.7%
NWC/Sales	10.7%	7.7%	7.4%	7.7%	7.7%	7.7%
ROE (average)	10.9%	16.1%	10.0%	7.5%	10.7%	11.7%
ROCE (adj.)	4.8%	15.6%	5.5%	6.1%	11.7%	14.3%
WACC	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%
ROCE (adj.)/WACC	0.4	1.4	0.5	0.6	1.1	1.3

PER SHARE DATA (EUR)	2006	2007	2008	2009e	2010e	2011e
EPS (reported)	0.19	0.33	0.23	0.18	0.27	0.32
EPS (adj.)	0.19	0.33	0.23	0.18	0.27	0.32
BVPS	1.88	2.19	2.40	2.48	2.66	2.87
DPS	0.00	0.00	0.10	0.10	0.10	0.11

VALUATION	2006	2007	2008	2009e	2010e	2011e
EV/Sales	0.2	0.2	nm	nm	nm	nm
EV/EBITDA	4.8	3.4	nm	nm	nm	nm
<b>EV/EBITDA (adj.)*</b>	<b>8.8</b>	<b>4.0</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>
EV/EBIT	5.7	3.8	nm	nm	nm	nm
<b>EV/EBIT (adj.)*</b>	<b>12.3</b>	<b>4.6</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>
<b>P/E (adj.)</b>	<b>13.0</b>	<b>9.7</b>	<b>5.7</b>	<b>7.9</b>	<b>5.2</b>	<b>4.5</b>
P/BV	1.3	1.4	0.5	0.6	0.5	0.5
Total Yield Ratio	0.0%	3.2%	7.7%	6.7%	7.9%	8.5%
EV/CE	0.8	1.0	nm	nm	nm	nm
OpFCF yield	-6.5%	11.5%	24.9%	14.0%	22.5%	25.9%
OpFCF/EV	-12.2%	21.7%	-79.9%	-65.2%	-68.0%	-55.5%
Payout ratio	0.0%	0.0%	43.7%	54.9%	35.0%	35.0%
Dividend yield (gross)	0.0%	0.0%	7.7%	6.9%	6.7%	7.9%

EV AND MKT CAP (EURm)	2006	2007	2008	2009e	2010e	2011e
Price** (EUR)	2.5	3.2	1.3	1.4	1.4	1.4
Outstanding number of shares for main stock	26.3	26.3	26.3	26.3	26.3	26.3
<b>Total Market Cap</b>	<b>66.3</b>	<b>83.2</b>	<b>34.2</b>	<b>37.9</b>	<b>37.9</b>	<b>37.9</b>
<b>Net Debt</b>	<b>-21.3</b>	<b>-28.6</b>	<b>-35.0</b>	<b>-36.2</b>	<b>-40.6</b>	<b>-45.7</b>
o/w Cash & Marketable Securities	-23.9	-28.7	-35.2	-36.4	-40.8	-45.9
o/w Short Term Debt	2.4	0.2	0.2	0.2	0.2	0.2
o/w Long Term Debt	0.2	0.0	0.0	0.0	0.0	0.0
<b>Other EV components</b>	<b>-9.8</b>	<b>-10.6</b>	<b>-9.8</b>	<b>-9.8</b>	<b>-9.8</b>	<b>-9.9</b>
Enterprise Value (EV adj.)	<b>35.2</b>	<b>44.1</b>	<b>-10.7</b>	<b>-8.1</b>	<b>-12.5</b>	<b>-17.7</b>

Source: Company, Equinet estimates.

**Notes**

\* Where EBITDA (adj.) or EBIT (adj.) = EBITDA (or EBIT) +/- Non Recurrent Expenses/Income

\*\*Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

**Company Description:**

GFT Technologies, founded in 1987, is an IT-service provider focussing especially on financial and logistic service providers. The Resourcing segment is the leading revenue driver since the acquisition of part of Parity Group. Thus, 60% of revenues in 2008 derive from Third-Party Management and staffing. Another 37.5% of revenues stem from Services. The rather small Software segment focuses on software for the optimisation of business processes and the archiving of documents. GFT possesses a persuasive portfolio of reference customers such as Deutsche Bank, Commerzbank, DPWN, Fortis, ABN Amro as well as ECB.

## Recommendations and Disclosures

Coverage	Analyst	Target	Rating	Disc.	Coverage	Analyst	Target	Rating	Disc.
Aareal Bank	Häßler	4.50	Hold		KTG Agrar	Schäfer	17.00	Buy	2/3/4/5
Ad pepper	Muschick	2.50	Buy	2/3	KUKA	Schäfer	8.50	Reduce	
Adidas	Faust	28.00	Hold		Leoni	Schuldt	7.50	Reduce	
Advanced Vision Technology	Aubéry	5.30	Buy	2/3	Loewe	Faust	10.00	Buy	2
Aixtron	Pehl	4.00	Hold	2/3	Logwin	Rothenbacher	1.55	Hold	2/3
Allianz	Muschick	90.00	Buy		Lufthansa	Rothenbacher	11.00	Hold	
Analytik Jena	Demidova	8.00	Accumulate		MAX Automation AG	Schmidt	2.00	Hold	2/5
Augusta Technotec	Faust	20.00	Buy	2/3	Medion	Simmroß	10.50	Buy	
BASF	Demidova	24.00	Hold		Merck	Possienke	60.00	Reduce	
Bayer	Possienke	48.00	Accumulate		MLP	Muschick	6.50	Hold	
Beta Systems Software	Schuh	4.60	Buy	2/3	Morphosys	Possienke	27.00	Buy	
Bijou Brigitte	Faust	130.00	Buy		MPC Muenchmeyer Petersen Capita	Muschick	6.00	Hold	
Billfinger Berger	Faust	55.00	Buy		MTU	Pehl	26.00	Buy	
Bio-Gate	Demidova	4.40	Hold	2/3/5	Munich RE	Muschick	130.00	Accumulate	
Biopetrol Industries	Schäfer	3.70	Not rated	2/3/5	Müller - Die lila Logistik	Rothenbacher	1.50	Hold	2/3
Biotest	Possienke	60.00	Buy	2/3	Nanogate AG	Demidova	30.00	Buy	2/3
BMW	Schuldt	20.00	Hold		Nexus AG	Demidova	4.20	Buy	2/3
Business Media China	Muschick	15.00	Suspended	2/3/5	Pfeiffer Vacuum	Pehl	42.00	Hold	
Carl Zeiss Meditec	Aubéry	11.50	Accumulate		Pfleiderer	Faust	4.00	Sell	
Celesio	Possienke	26.00	Buy		Phoenix Solar	Growe	30.00	Hold	
Cenit AG Systemhaus	Pehl	4.00	Buy	2/3	Porsche	Schuldt	34.00	Hold	
Comdirect	Häßler	4.60	Reduce		Postbank	Häßler	14.00	Buy	
Commerzbank	Häßler	2.30	Sell		PSI	Schuh	6.00	Buy	2/5
Conergy	Growe	0.50	Sell		Puma	Faust	Under review	Reduce	
Continental	Schuldt	22.00	Buy		Q-Cells	Growe	13.00	Reduce	
D.Logistics	Rothenbacher	2.00	Buy	2/3	Rheinmetall	Pehl	26.00	Hold	
DAB Bank	Häßler	2.50	Hold		Rhoen-Klinikum	Possienke	22.00	Buy	
Daimler AG	Schuldt	28.00	Accumulate		Roth & Rau	Growe	20.00	Buy	
Daldrup & Soehne	Growe	25.00	Hold	2/3/4/5	RWE	Schäfer	64.00	Hold	
Demag Cranes	Schmidt	24.00	Buy	2	SAF-Holland	Schuldt	0.50	Sell	
Deutsche Bank	Häßler	30.00	Buy		Seven Principles AG	Schuh	3.50	Hold	2/3/5
Deutsche Boerse	Muschick	75.00	Buy		Solar-Fabrik	Growe	4.00	Hold	5
Deutsche EuroShop	Rothenbacher	28.00	Buy		SolarWorld	Growe	19.00	Accumulate	
Deutsche Forfait	Häßler	7.40	Buy	2/3	Solon	Growe	9.00	Hold	
Deutsche Post	Rothenbacher	9.00	Hold		Stada	Possienke	16.00	Accumulate	
Douglas Holding	Faust	32.00	Hold		Sunways	Growe	3.50	Buy	2/3
Drägerwerk	Aubéry	17.00	Hold		TA Triumph Adler AG	Demidova	1.90	Hold	2/3
E.ON	Schäfer	38.00	Accumulate		Tognum	Schmidt	14.00	Buy	
EirringKlinger	Schuldt	9.50	Buy		TUI	Rothenbacher	9.00	Buy	
EOP Biodiesel	Schäfer	1.00	Hold	2/3/5	Twintec	Schäfer	20.00	Buy	2/3/5
Escada	Faust	3.00	Hold		United Internet	Pehl	6.75	Accumulate	
Fielmann	Possienke	60.00	Buy		Utimaco Safeware	Schuh	14.75	Hold	2/3/5
Fraport	Rothenbacher	35.00	Buy		VBH Holding	Faust	3.50	Hold	2/3
Fresenius	Possienke	46.00	Accumulate		Volkswagen	Schuldt	55.00	Sell	
Fresenius Medical Care	Possienke	38.00	Accumulate		Vossloh	Schmidt	56.00	Hold	
GBK Beteiligungen	Schmidt	7.00	Buy	2/3	Wacker Chemie	Growe	60.00	Hold	
Gerresheimer AG	Aubéry	20.00	Hold		Wincor Nixdorf	Pehl	40.00	Hold	2/3
Gesco	Schmidt	45.00	Buy	2/3					
GFT Technologies	Schuh	2.20	Buy	2/3					
Gildemeister	Schmidt	4.00	Sell						
Grenkeleasing AG	Muschick	24.00	Buy						
Heidelberger Druck	Schmidt	2.50	Sell						
Henkel	Demidova	18.00	Reduce						
Highlight Communications	Muschick	7.00	Buy	2/3					
Hochtief	Faust	40.00	Buy						
Hugo Boss	Faust	25.00	Buy						
Hypo Real Estate Group	Häßler	0.50	Sell						
i:FAO AG	Schuh	6.10	Accumulate	2/3					
IKB	Häßler	0.90	Sell						
Integralis AG	Schuh	6.20	Buy	2/3					
Interseroh	Schäfer	31.00	Reduce	2/3					
Isra	Aubéry	15.00	Buy	2/3/5					
Itelligence	Schuh	4.30	Buy	2/3					
IVG Immobilien AG	Rothenbacher	7.50	Buy						
Jetter	Schuh	6.00	Hold	2/3					
Kontron	Pehl	8.00	Buy						
Krones AG	Schmidt	20.00	Sell						

\* Target price in CHF

Source: equinet Recommendations



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- Accumulate - The stock is expected to generate a total return of 10% to 20% during the next 12 months time horizon.
- Hold - The stock is expected to generate a total return of 0% to 10% during the next 12 months time horizon
- Reduce - The stock is expected to generate a total return of 0 to -10% during the next 12 months time horizon
- Sell - The stock is expected to generate a total return below -10% during the next 12 months time horizon

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### Sources

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-BaFin- (Federal Financial Supervisory Authority)  
Graurheindorfer Straße 108, 53117 Bonn and  
Lurgialle 12, 60439 Frankfurt am Main.

### Recommendation history for GFT TECHNOLOGIES

Date	Recommendation	Target price	Price at change date
03. Mrz 09	Buy	2.20	1.44
20. Okt 08	Buy	2.70	1.22
29. Sep 08	Buy	3.50	1.95
01. Aug 08	Buy	4.30	2.38
30. Okt 07	Not rated	4.30	3.70
02. Okt 07	Buy	4.30	3.26
01. Okt 07	Not rated	4.30	3.25

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows Equinet continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Catherine Schuh (since 13/09/2007)



## ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.

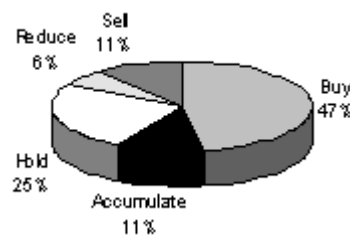
The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy, Accumulate (or Add), Hold, Reduce and Sell (in short: B, A, H, R, S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

### Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 20%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **10% to 20%** during the next 12 months time horizon
- **Hold:** the stock is expected to generate total return of **0% to 10%** during the next 12 months time horizon.
- **Reduce:** the stock is expected to generate total return of **0% to -10%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -10%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved or to a change of analyst covering the stock
- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

equinet Ratings Breakdown

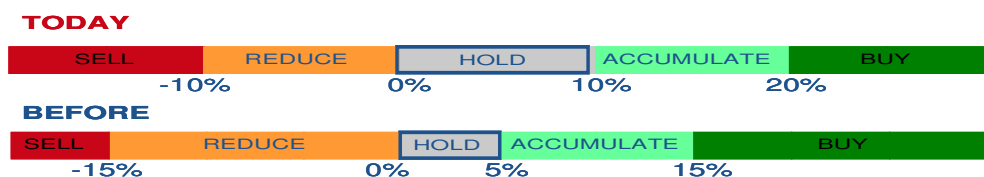


### History of ESN Recommendation System

**Since 18 October 2004**, the Members of ESN are using an Absolute Recommendation System (before was a Relative Rec. System) to rate any single stock under coverage.

**Since 4 August 2008**, the ESN Rec. System has been amended as follow.

- Time horizon changed to 12 months (it was 6 months)
- Recommendations Total Return Range changed as below:



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