

Buy (old: Buy)

PT EUR 4.20 (old: 3.90)

Price EUR 2.60
 Bloomberg GFT GR
 Reuters GFTG
 Sector Software

IT service company with services (IT solutions for financial services companies) and resourcing (supply of IT specialists) as core business segments



Share data: 18.01.2010 / Closing price

Market cap: EUR 68.5 m
 Enterprise Value (EV): EUR 36.0 m
 Book value: EUR 65.5 m
 No. of shares: 26.3 m
 Trading volume Ø: EUR 49.9 th

Shareholders:

Freefloat 51.8 %
 Ulrich Dietz 28.5 %
 Maria Dietz 9.7 %
 AvW 5.0 %
 BW Invest 5.0 %

Calendar:

Figures 2009 03/01/10
 Figures Q1 05/11/10
 AGM 05/20/10
 Figures Q2 08/11/10

Change	2009E		2010E		2011E	
	old	Δ%	old	Δ%	old	Δ%
Sales	223	0	236	2.5	253	6.5
EBIT	5.7	0.0	7.5	6.2	10.5	9.1
EPS	0.17	0	0.22	4.5	0.30	10.0

Analysis: SES Research
 Date of publication: 19.01.2010
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Major order indicates that investment retention of banks comes to an end

GFT concluded a contract with Deutsche Bank in Spain worth EUR 80 m for a period of seven years. GFT will assume the development and maintenance of IT applications for money transfers, online banking, credit card management and securities business in this period.

With this major contract GFT underpins its core competence in the individual development and maintenance of IT solutions for financial institutions. GFT has gained a leading position in this market segment in the last decade due to its extraordinary combination of technology expertise and specialised knowledge in the field of banking business.

The contract conclusion with Deutsche Bank is a positive sign. After the crisis, credit institutions are more than ever in need of efficient IT systems in order...

- ...to optimise the business processes and thus to increase the competitive quality
- ...to meet the high regulatory requirements.

Thus, the investment retention of banks, which has interrupted the dynamic growth of GFT in 2008 and 2009, should diminish step by step. GFT has already identified increasing IT budgets of some customers from the financial sector and should benefit thereof. The sales and earnings expectations from 2010 on are raised based on the announced major order.

The growth prospects are not adequately reflected in the current share price. This holds true particularly because...

- ...GFT is expected to report a **net financial position of approx. EUR 36 m** on December 31, 2009 which approx. corresponds to 50% of the market capitalisation.
- ...the PER 2010 adjusted for net financial funds is only 6.
- ...GFT should be clearly profitable also during the banking crisis with EPS of EUR 0.23 (2008) and EUR 0.17 (2009e) underpinning the sustainability and quality of the business model.
- ...the **dividend yield for 2009 is 3.8% assuming a dividend continuity** and should considerably improve given future growth.

An increasing placing of new contracts by the financial institutions might continue to support GFT's share price. However, the most important catalysts for a clear share price increase would be the expected sale of the non-core software business which is loss-making and an official statement on the utilisation of the excess liquidity.

The PT, which is based on a DCF model and a FCFY 2010, is raised to EUR 4.20 (old: EUR 3.90). **Rating: Buy**

Fiscal year ending: 31.12. in EUR m	2005	2006	2007	2008	2009E	2010E	2011E
Sales	121	174	247	242	223	242	269
Change Sales yoy	-3.7 %	43.6 %	42.3 %	-2.0 %	-7.9 %	8.7 %	11.1 %
Gross profit	73.4	86.7	97.0	93.3	90.7	98.2	108
Gross margin	60.7 %	49.9 %	39.3 %	38.5 %	40.7 %	40.5 %	40.0 %
EBITDA	2.6	7.6	13.2	7.7	7.3	9.5	13.1
EBITDA-margin	2.2 %	4.4 %	5.4 %	3.2 %	3.3 %	3.9 %	4.8 %
EBIT	1.3	6.4	11.8	6.0	5.7	7.9	11.4
EBIT-margin	1.1 %	3.7 %	4.8 %	2.5 %	2.6 %	3.3 %	4.2 %
Net income	1.1	5.1	8.6	6.0	4.4	6.1	8.7
EPS	0.04	0.19	0.33	0.23	0.17	0.23	0.33
Free Cash Flow per share	-0.07	0.00	0.29	0.24	0.17	0.19	0.27
Dividend	0.00	0.00	0.00	0.10	0.10	0.15	0.20
Dividend Yield	n.a.	n.a.	n.a.	3.8 %	3.8 %	5.8 %	7.7 %
EV/Sales	0.3	0.2	0.2	0.2	0.2	0.1	0.1
EV/EBITDA	15.2	5.2	3.0	5.1	5.3	3.8	2.5
EV/EBIT	29.4	6.2	3.4	6.6	6.7	4.5	2.9
PER	65.0	13.7	7.9	11.3	15.3	11.3	7.9
ROCE	2.4 %	10.5 %	16.9 %	7.8 %	7.1 %	9.5 %	13.1 %
Adj. Free Cash Flow Yield	4.1 %	16.6 %	30.6 %	16.4 %	15.6 %	22.4 %	34.7 %

Sales growth

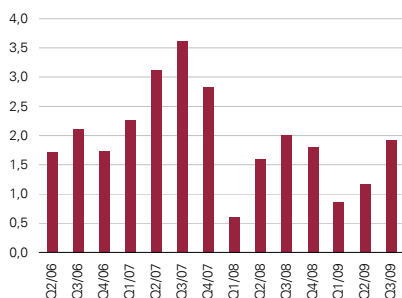
in EUR m



Source: GFT Technologies

EBIT growth

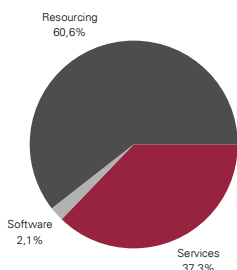
in EUR m



Source: GFT Technologies

Sales by segments

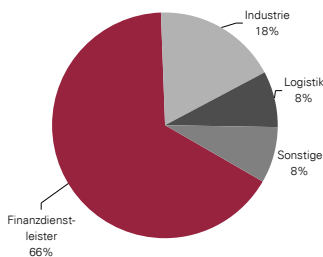
2008



Source: GFT Technologies

Sales by

2008



Source: GFT Technologies

Company background

As a service company in the IT environment, GFT Technologies AG offers a broad range of services from consultation to systems integration and application development to the placing of freelancers.

The activities of GFT are subdivided in the two core business segments IT Services and Resourcing. The third segment, Software, is specialised in solutions for email archiving.

- IT Services: Development, integration and maintenance of IT solutions with a focus on banks and insurance companies (sales EUR 91 m)
- Resourcing: Placing IT freelancers (sales EUR 145 m)
- Software: Email archiving (sales EUR 6 m)

Competitive quality

The core competence of GFT is in the field of IT services for banks and insurance companies. GFT is clearly focused on financial service and logistics companies in the Services segment and has a high project expertise in this sector as well as a broad knowledge of the business processes.

As a result of the long-standing track record as reliable IT partner in the financial services sector GFT is perceived as expert in the sector despite the comparatively small company size.

Hence GFT is strongly positioned in a sector which is particularly attractive for IT service companies. Banks and insurance companies make large investments to increase efficiency and always aim for improved IT processes.

So far, investments were mainly driven by the conglomerates. GFT has held its ground in spite of a high degree of competition for these customers and grew dynamically until the beginning of the financial crisis. In future, smaller banks and insurance companies are also expected to increasingly invest in the improvement of their business processes. GFT can efficiently deal with these smaller project sizes, while the partially much larger competitors are focused on major projects. GFT looks set to return to profitable growth in this niche.

The overall IT services sector is linked with the Resourcing segment as regards synergies. In addition to a high cross-selling potential the service segment is also the largest customer of the resourcing segment, making the cost structure very flexible.

GFT is clearly profitable on this basis even in the current economic crisis. With a net cash financing position of approx. EUR 34 m and an equity ratio in excess of 60% GFT also has a solid balance sheet.

Consolidated Profit & Loss GFT							
in EUR m							
	2005	2006	2007	2008	2009E	2010E	2011E
Sales	121	174	247	242	223	242	269
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.0	0.3	0.1	0.1	0.2	0.2	0.1
Total sales	121	174	247	242	223	243	270
Material Expenses	47.6	87.3	150	149	133	145	162
Gross profit	73.4	86.7	97.0	93.3	90.7	98.2	108
Personnel expenses	57.5	61.9	64.5	66.7	66.2	71.0	74.9
Other operating income	4.3	3.0	2.0	3.0	2.5	2.9	3.0
Other operating expenses	17.6	20.2	21.2	21.9	19.6	20.6	22.6
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	2.6	7.6	13.2	7.7	7.3	9.5	13.1
Depreciation of fixed assets	1.0	0.9	1.0	1.1	1.1	1.2	1.3
EBITA	1.6	6.7	12.2	6.6	6.2	8.2	11.7
Amortisation of intangible fixed assets	0.3	0.3	0.4	0.6	0.4	0.3	0.3
Impairment charges and amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	1.3	6.4	11.8	6.0	5.7	7.9	11.4
Interest income	0.8	0.6	0.8	1.0	0.6	0.8	1.0
Interest expenses	0.0	0.1	0.1	0.0	0.0	0.0	0.0
Financial result	0.2	0.2	0.5	0.9	0.6	0.8	1.0
Recurring pretax income from cont. operations	1.6	6.7	12.4	6.9	6.3	8.7	12.4
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	1.6	6.7	12.4	6.9	6.3	8.7	12.4
Taxes total	0.5	1.6	3.8	0.9	1.9	2.7	3.8
Net income from continuing operations	1.1	5.1	8.6	6.0	4.4	6.1	8.7
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	1.1	5.1	8.6	6.0	4.4	6.1	8.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	1.1	5.1	8.6	6.0	4.4	6.1	8.7

Sources: GFT (historical data), SES Research (forecasts)

Consolidated Profit & Loss GFT							
in % of Sales							
	2005	2006	2007	2008	2009E	2010E	2011E
Sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Increase / decrease in inventory	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Own work capitalised	0.0 %	0.2 %	0.1 %	0.0 %	0.1 %	0.1 %	0.1 %
Total sales	100.0 %	100.2 %	100.1 %	100.0 %	100.1 %	100.1 %	100.1 %
Material Expenses	39.3 %	50.3 %	60.8 %	61.5 %	59.4 %	59.6 %	60.1 %
Gross profit	60.7 %	49.9 %	39.3 %	38.5 %	40.7 %	40.5 %	40.0 %
Personnel expenses	47.5 %	35.7 %	26.1 %	27.5 %	29.7 %	29.3 %	27.8 %
Other operating income	3.6 %	1.7 %	0.8 %	1.2 %	1.1 %	1.2 %	1.1 %
Other operating expenses	14.6 %	11.6 %	8.6 %	9.0 %	8.8 %	8.5 %	8.4 %
Unfrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBITDA	2.2 %	4.4 %	5.4 %	3.2 %	3.3 %	3.9 %	4.9 %
Depreciation of fixed assets	0.8 %	0.5 %	0.4 %	0.5 %	0.5 %	0.5 %	0.5 %
EBITA	1.4 %	3.9 %	4.9 %	2.7 %	2.8 %	3.4 %	4.4 %
Amortisation of intangible fixed assets	0.2 %	0.2 %	0.2 %	0.3 %	0.2 %	0.1 %	0.1 %
Impairment charges and amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	1.1 %	3.7 %	4.8 %	2.5 %	2.6 %	3.3 %	4.3 %
Interest income	0.6 %	0.4 %	0.3 %	0.4 %	0.3 %	0.3 %	0.4 %
Interest expenses	0.0 %	0.1 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	0.2 %	0.1 %	0.2 %	0.4 %	0.3 %	0.3 %	0.4 %
Recurring pretax income from cont. operations	1.3 %	3.8 %	5.0 %	2.9 %	2.8 %	3.6 %	4.6 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	1.3 %	3.8 %	5.0 %	2.9 %	2.8 %	3.6 %	4.6 %
Taxes total	0.4 %	0.9 %	1.5 %	0.4 %	0.9 %	1.1 %	1.4 %
Net income from continuing operations	0.9 %	2.9 %	3.5 %	2.5 %	2.0 %	2.5 %	3.2 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income before minorities	0.9 %	2.9 %	3.5 %	2.5 %	2.0 %	2.5 %	3.2 %
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	0.9 %	2.9 %	3.5 %	2.5 %	2.0 %	2.5 %	3.2 %

Sources: GFT (historical data), SES Research (forecasts)

Balance sheet GFT

in EUR m

	2005	2006	2007	2008	2009E	2010E	2011E
Assets							
Intangible assets	15.7	21.1	21.2	21.1	21.2	21.4	21.6
thereof other intangible assets	0.4	0.7	0.9	0.8	0.8	1.0	1.3
thereof Goodwill	15.3	20.4	20.4	20.4	20.4	20.4	20.4
Property, plant and equipment	2.5	2.4	2.6	2.9	2.5	2.3	2.1
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	18.2	23.6	23.9	24.1	23.7	23.7	23.8
Inventories	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	22.6	34.1	47.9	46.4	45.2	47.8	52.4
Other Assets	8.7	10.6	11.4	11.4	11.4	11.4	11.4
Liquid assets	28.6	23.9	28.7	35.0	36.8	39.2	42.3
Current assets	60.1	68.6	88.1	92.9	93.4	98.4	106
Total assets	78.4	92.2	112	117	117	122	130
Liabilities and shareholders' equity							
Subscribed capital	26.3	26.3	26.3	26.3	26.3	26.3	26.3
Additional paid-in capital	67.3	67.3	42.1	42.1	42.1	42.1	42.1
Surplus capital	2.3	2.3	2.3	8.3	10.1	13.6	18.3
Other equity components	-51.6	-46.7	-13.1	-13.1	-13.1	-13.1	-13.1
Book value	44.5	49.4	57.7	63.7	65.5	68.9	73.6
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	44.5	49.4	57.7	63.7	65.5	68.9	73.6
Provision for pensions and similar obligations	0.8	0.8	0.9	0.9	0.9	0.9	0.9
Provisions	11.6	14.4	16.0	16.0	16.0	16.0	16.0
Financial liabilities	0.1	2.6	0.2	0.2	0.2	0.2	0.2
Accounts payable	10.3	15.6	28.9	27.9	26.3	27.9	31.0
Other liabilities	11.9	10.3	9.2	9.2	9.2	9.2	9.2
Liabilities	33.9	42.8	54.2	53.2	51.6	53.2	56.3
Total liabilities and shareholders equity	78.4	92.2	112	117	117	122	130

Sources: GFT (historical data), SES Research (forecasts)

Balance sheet GFT

in % of Balance Sheet Total

	2005	2006	2007	2008	2009E	2010E	2011E
Assets							
Intangible assets	20.1 %	22.9 %	19.0 %	18.1 %	18.1 %	17.5 %	16.7 %
thereof other intangible assets	0.5 %	0.8 %	0.8 %	0.7 %	0.7 %	0.8 %	1.0 %
thereof Goodwill	19.6 %	22.1 %	18.2 %	17.4 %	17.4 %	16.7 %	15.7 %
Property, plant and equipment	3.2 %	2.7 %	2.3 %	2.5 %	2.1 %	1.9 %	1.7 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Fixed assets	23.2 %	25.6 %	21.3 %	20.6 %	20.2 %	19.4 %	18.3 %
Inventories	0.2 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts receivable	28.9 %	37.0 %	42.9 %	39.7 %	38.6 %	39.2 %	40.3 %
Other Assets	11.1 %	11.5 %	10.2 %	9.8 %	9.8 %	9.4 %	8.8 %
Liquid assets	36.5 %	25.9 %	25.7 %	30.0 %	31.4 %	32.1 %	32.6 %
Current assets	76.7 %	74.5 %	78.7 %	79.4 %	79.8 %	80.6 %	81.7 %
Total assets	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Liabilities and shareholders' equity							
Subscribed capital	33.6 %	28.6 %	23.5 %	22.5 %	22.5 %	21.6 %	20.3 %
Additional paid-in capital	85.9 %	73.0 %	37.7 %	36.1 %	36.0 %	34.5 %	32.5 %
Surplus capital	3.0 %	2.5 %	2.1 %	7.1 %	8.6 %	11.1 %	14.1 %
Other equity components	-65.8 %	-50.6 %	-11.7 %	-11.2 %	-11.2 %	-10.7 %	-10.1 %
Book value	56.7 %	53.5 %	51.6 %	54.5 %	55.9 %	56.5 %	56.7 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	56.7 %	53.5 %	51.6 %	54.5 %	55.9 %	56.5 %	56.7 %
Provision for pensions and similar obligations	1.1 %	0.9 %	0.8 %	0.7 %	0.7 %	0.7 %	0.7 %
Provisions	14.8 %	15.6 %	14.3 %	13.7 %	13.6 %	13.1 %	12.3 %
Financial liabilities	0.2 %	2.8 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Accounts payable	13.1 %	16.9 %	25.8 %	23.9 %	22.5 %	22.9 %	23.9 %
Other liabilities	15.2 %	11.2 %	8.2 %	7.8 %	7.8 %	7.5 %	7.1 %
Liabilities	43.2 %	46.5 %	48.4 %	45.5 %	44.1 %	43.6 %	43.3 %
Total liabilities and shareholders equity	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Sources: GFT (historical data), SES Research (forecasts)

Statement of Cash Flows GFT

in EUR m

	2005	2006	2007	2008	2009E	2010E	2011E
Net income	1.1	5.1	8.6	6.0	4.4	6.1	8.7
Depreciation of fixed assets	1.0	0.9	1.0	1.1	1.1	1.2	1.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.3	0.3	0.4	0.6	0.4	0.3	0.3
Increase/decrease in long-term provisions	-1.8	-2.0	1.6	0.0	0.0	0.0	0.0
Other costs affecting income / expenses	0.5	0.2	0.2	0.0	0.0	0.0	0.0
Cash Flow	1.0	4.5	11.8	7.7	6.0	7.6	10.3
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in accounts receivable	-4.9	-2.0	-13.8	1.5	1.2	-2.6	-4.6
Increase / decrease in accounts payable	2.9	0.1	12.2	-1.0	-1.6	1.6	3.1
Increase / decrease in other working capital positions	0.1	-1.1	-0.8	0.0	0.0	0.0	0.0
Increase / decrease in working capital	-1.8	-3.0	-2.4	0.5	-0.4	-1.0	-1.5
Cash flow from operating activities	-0.8	1.5	9.3	8.2	5.6	6.6	8.8
CAPEX	-1.1	-1.6	-1.8	-1.9	-1.2	-1.5	-1.7
Payments for acquisitions	0.0	-6.2	0.0	0.0	0.0	0.0	0.0
Financial investments	2.0	4.1	0.3	0.0	0.0	0.0	0.0
Income from asset disposals	0.2	0.1	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	1.0	-3.6	-1.5	-1.9	-1.2	-1.5	-1.7
Change in financial liabilities	0.1	1.9	-2.4	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	-2.6	-2.6	-3.9
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.1	-0.2	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	0.0	1.7	-2.4	0.0	-2.6	-2.6	-3.9
Change in liquid funds	0.2	-0.4	5.5	6.3	1.7	2.5	3.1
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liquid assets at end of period	20.7	20.2	25.7	32.0	33.8	36.2	39.3

Sources: GFT (historical data), SES Research (forecasts)

Financial Ratios GFT

	2005	2006	2007	2008	2009E	2010E	2011E
Operational Efficiency							
Total Operating Costs / Sales	97.8 %	95.8 %	94.7 %	96.9 %	96.8 %	96.2 %	95.2 %
Sales per Employee	119,747	168,130	230,474	235,833	215,459	215,449	228,018
EBITDA per Employee	2,581	7,345	12,344	7,498	7,046	8,403	11,059
EBIT-margin	1.1 %	3.7 %	4.8 %	2.5 %	2.6 %	3.3 %	4.2 %
EBITDA / Operating Assets	17.4 %	36.1 %	61.1 %	36.0 %	34.1 %	42.6 %	55.5 %
ROA	5.8 %	21.7 %	36.0 %	24.9 %	18.6 %	25.7 %	36.4 %
Efficiency of Capital Employment							
Plant Turnover	48.8	70.9	94.4	83.1	89.2	106	126
Operating Assets Turnover	8.1	8.3	11.4	11.3	10.4	10.9	11.4
Capital Employed Turnover	2.2	2.6	3.3	3.0	2.7	2.8	3.0
Return on Capital							
ROCE	2.4 %	10.5 %	16.9 %	7.8 %	7.1 %	9.5 %	13.1 %
EBITDA / Avg. Capital Employed	4.7 %	12.4 %	18.9 %	10.0 %	9.0 %	11.3 %	14.9 %
ROE	2.4 %	10.4 %	14.9 %	9.4 %	6.7 %	8.8 %	11.7 %
Net Profit / Avg. Equity	2.4 %	10.9 %	16.0 %	9.9 %	6.8 %	9.0 %	12.1 %
Recurring Net Profit / Avg. Equity	2.4 %	10.9 %	16.0 %	9.9 %	6.8 %	9.0 %	12.1 %
ROIC	1.9 %	7.7 %	11.6 %	7.5 %	5.4 %	7.1 %	9.6 %
Solvency							
Net Debt	-28.5	-21.3	-28.6	-34.9	-36.6	-39.1	-42.2
Net Gearing	-64.1 %	-43.2 %	-49.5 %	-54.7 %	-55.9 %	-56.7 %	-57.3 %
Book Value of Equity / Book Value of Debt	31307.7 %	1923.7 %	38486.7 %	42486.7 %	43665.0 %	45959.9 %	49094.5 %
Current ratio	2.7	2.4	2.3	2.5	2.6	2.6	2.6
Acid Test Ratio	1.8	1.6	1.6	1.7	1.8	1.9	1.9
EBITDA / Interest Paid	79.0	66.0	101.0	n.a.	n.a.	n.a.	n.a.
Interest Cover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cash Flow							
Free Cash Flow	-1.9	-0.1	7.6	6.3	4.4	5.1	7.1
Free Cash Flow / Sales	-1.6 %	0.0 %	3.1 %	2.6 %	2.0 %	2.1 %	2.6 %
Adj. Free Cash Flow	1.6	6.6	12.1	6.5	6.0	8.1	11.6
Adj. Free Cash Flow / Sales	0.8 %	2.5 %	3.5 %	2.3 %	1.8 %	2.2 %	2.9 %
Free Cash Flow / Net Profit	-180.7 %	-1.3 %	88.2 %	105.7 %	99.1 %	83.7 %	81.7 %
Interest Received / Avg. Cash	2.6 %	2.4 %	3.1 %	3.1 %	1.7 %	2.1 %	2.5 %
Interest Paid / Avg. Debt	29.6 %	8.5 %	9.6 %	0.0 %	0.0 %	0.0 %	0.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	43.9 %	59.8 %	65.0 %	60.9 %
Fund Management							
Investment ratio	-0.7 %	-1.4 %	0.6 %	0.8 %	0.5 %	0.6 %	0.6 %
Maint. Capex / Sales	0.8 %	0.6 %	0.4 %	0.5 %	0.6 %	0.6 %	0.6 %
Capex / Dep	-70.1 %	-215.6 %	104.6 %	111.8 %	76.9 %	99.2 %	105.2 %
Avg. Working Capital / Sales	8.2 %	8.9 %	7.6 %	7.7 %	8.4 %	8.0 %	7.7 %
Trade Creditors / Trade Debtors	220.7 %	218.9 %	165.8 %	166.3 %	171.9 %	171.3 %	169.0 %
Inventory turnover (days)	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Receivables collection period (DSOs)	68.3	71.7	70.8	70.0	74.0	72.0	71.0
Payables collection period (days)	31.0	32.8	42.7	42.0	43.0	42.0	42.0
Cash conversion cycle (days)	37.8	39.0	28.1	28.0	31.0	30.0	29.0
Valuation							
Dividend Yield	n.a.	n.a.	n.a.	3.8 %	3.8 %	5.8 %	7.7 %
P/B	1.5	1.4	1.2	1.1	1.0	1.0	0.9
EV/sales	0.3	0.2	0.2	0.2	0.2	0.1	0.1
EV/EBITDA	15.2	5.2	3.0	5.1	5.3	3.8	2.5
EV/EBIT	29.4	6.2	3.4	6.6	6.7	4.5	2.9
EV/FCF	n.m.	n.m.	5.2	6.2	8.8	7.1	4.7
P/E	65.0	13.7	7.9	11.3	15.3	11.3	7.9
P/CF	68.4	15.3	5.8	8.9	11.5	9.0	6.7
Adj. Free Cash Flow Yield	2.5 %	11.3 %	29.7 %	19.4 %	15.5 %	21.1 %	30.8 %

Sources: GFT (historical data), SES Research (forecasts)

Free Cash Flow Yield - GFT Technologies

Figures in EUR m	2005	2006	2007	2008	2009e	2010e	2011e	
Net Income	1.1	5.1	8.6	6.0	4.4	6.1	8.7	
+ Depreciation + Amortisation	1.3	1.2	1.4	1.7	1.6	1.5	1.6	
- Net Interest Income	0.2	0.2	0.5	0.9	0.6	0.8	1.0	
+ Taxes	0.5	1.6	3.8	0.9	1.9	2.7	3.8	
- Maintenance Capex	1.0	1.0	1.1	1.2	1.3	1.4	1.5	
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Adjusted Free Cash Flow	1.6	6.6	12.1	6.5	6.0	8.1	11.6	
Adjusted Free Cash Flow Yield	4.1%	16.6%	30.6%	16.4%	15.6%	22.4%	34.7%	
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
= Enterprise Value	39.6	39.6	39.6	39.6	38.5	36.0	33.3	
= Fair Enterprise Value	16.1	65.9	121.3	65.0	59.9	80.5	115.6	
- Net Debt (Cash)	-34.9	-34.9	-34.9	-34.9	-36.6	-39.1	-42.2	
- Pension Liabilities	0.9	0.9	0.9	0.9	0.9	0.9	0.9	
- Others	5.2	5.2	5.2	5.2	5.8	5.8	6.2	
= Fair Market Capitalisation	44.9	94.7	150.2	93.8	89.9	112.9	150.8	
No. of shares (m)	26.3	26.3	26.3	26.3	26.3	26.3	26.3	
= Fair value per share (EUR)	1.71	3.60	5.70	3.56	3.41	4.29	5.73	
premium (-) / discount (+) in %	-34.4%	38.4%	119.4%	37.1%	31.3%	65.0%	120.3%	
Sensitivity Fair value per Share (EUR)								
	13.0%	1.56	3.02	4.64	2.99	2.89	3.58	4.71
	12.0%	1.60	3.18	4.94	3.15	3.04	3.78	5.00
	11.0%	1.65	3.37	5.29	3.34	3.21	4.01	5.33
Hurdle rate	10.0%	1.71	3.60	5.70	3.56	3.41	4.29	5.73
	9.0%	1.77	3.88	6.22	3.84	3.67	4.63	6.22
	8.0%	1.86	4.22	6.86	4.18	3.98	5.06	6.83
	7.0%	1.97	4.67	7.68	4.62	4.39	5.60	7.61

Sources: GFT Technologies (historical data), SES Research (estimates)

DCF Model - GFT Technologies

Figures in EUR m	2009e	2010e	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e
Sales	239.8	260.6	289.6	309.9	328.5	348.2	369.1	387.5	406.9	423.2	440.1	453.3	466.9	480.9
Change	-1.0%	8.7%	11.1%	7.0%	6.0%	6.0%	6.0%	5.0%	5.0%	4.0%	4.0%	3.0%	3.0%	3.0%
EBIT	5.7	7.9	11.4	12.4	14.8	15.7	14.8	15.5	16.3	16.9	15.4	15.9	14.0	14.4
EBIT-Margin	2.4%	3.0%	4.0%	4.0%	4.5%	4.5%	4.0%	4.0%	4.0%	4.0%	3.5%	3.5%	3.0%	3.0%
Tax rate	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%
NOPAT	4.0	5.5	8.0	8.6	10.3	10.9	10.3	10.8	11.3	11.8	10.7	11.0	9.7	10.0
Depreciation	1.6	1.5	1.6	1.8	1.9	1.7	1.8	1.9	2.0	2.1	2.2	2.3	2.3	2.4
in % of Sales	0.7%	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Change in Liquidity from														
- Working Capital	-0.4	-1.0	-1.5	-1.5	-1.4	-1.5	-1.5	-1.4	-1.4	-1.2	-1.3	-1.0	-1.0	-1.0
- Capex	-1.2	-1.5	-1.7	-1.7	-1.8	-1.7	-1.8	-1.9	-2.0	-2.1	-2.2	-2.3	-2.3	-2.4
Capex in % of Sales	0.5%	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Other	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow (WACC-Model)	3.9	4.5	6.4	7.2	9.0	9.7	8.8	9.4	9.9	10.6	9.5	10.1	8.7	9.0

Model parameter

Debt ratio	0.00%	Beta	1.50
Costs of Debt	n.a.	WACC	11.88%
Market return	9.25%		
Risk free rate	4.00%	Terminal Growth	2.50%

Valuation (mln)

Present values 2022e	57.0		
Terminal Value	22.5		
Liabilities	-0.9		
Liquidity	30.8	No. of shares (mln)	26.33
Equity Value	109.5	Value per share (EUR)	4.16

Sensitivity Value per Share (EUR)**Terminal Growth**

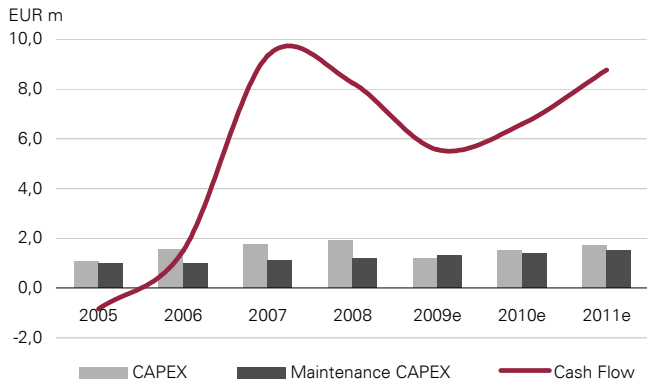
WACC	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%	3.25%
12.88%	3.84	3.86	3.87	3.89	3.91	3.92	3.94
12.38%	3.96	3.98	4.00	4.02	4.04	4.06	4.08
12.13%	4.03	4.05	4.07	4.09	4.11	4.13	4.16
11.88%	4.10	4.12	4.14	4.16	4.18	4.21	4.23
11.63%	4.17	4.19	4.21	4.24	4.26	4.29	4.32
11.38%	4.24	4.27	4.29	4.32	4.34	4.37	4.41
10.88%	4.40	4.43	4.46	4.49	4.53	4.56	4.60

Delta EBIT-margin

WACC	-1.5 pp	-1.0 pp	-0.5 pp	0.0	+0.5 pp	+1.0 pp	+1.5 pp
12.88%	2.54	2.99	3.44	3.89	4.34	4.79	5.24
12.38%	2.60	3.08	3.55	4.02	4.49	4.96	5.43
12.13%	2.64	3.12	3.60	4.09	4.57	5.05	5.54
11.88%	2.67	3.17	3.66	4.16	4.66	5.15	5.65
11.63%	2.71	3.22	3.73	4.24	4.75	5.25	5.76
11.38%	2.75	3.27	3.79	4.32	4.84	5.36	5.89
10.88%	2.83	3.39	3.94	4.49	5.05	5.60	6.15

Source: SES Research

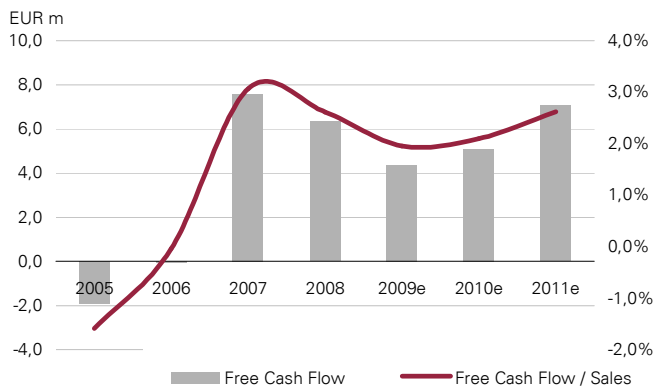
CAPEX and Cash Flow - GFT Technologies



Sources: GFT Technologies (historical data), SES Research (forecasts)

- Continuous increase of CF until 2007 (record year)
- 2008 and 2009 burdened by financial crisis
- Low investment needs

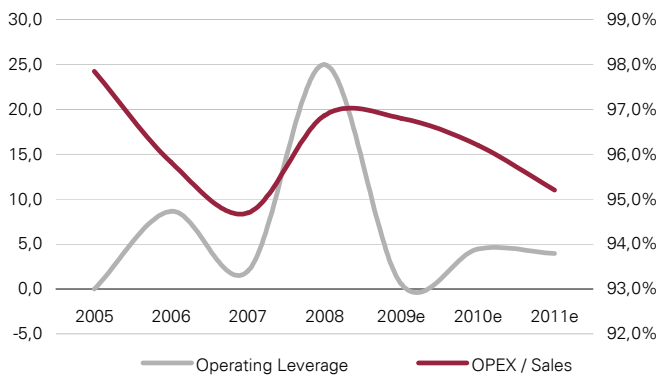
Free Cash Flow Generation - GFT Technologies



Sources: GFT Technologies (historical data), SES Research (forecasts)

- FCF determined by operating CF at constantly low investments
- 2007: Historic record year
- FCF/Sales should grow due to almost constant investments

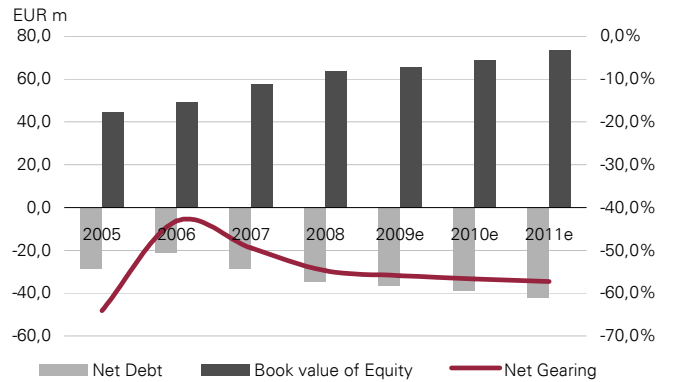
Operating Leverage - GFT Technologies



Sources: GFT Technologies (historical data), SES Research (forecasts)

- OL deviates due to different margins in the segments
- Turnaround in 2005, strong sales growth due to resourcing in 2007
- Disproportionate earnings decline due to lower service sales in 2008

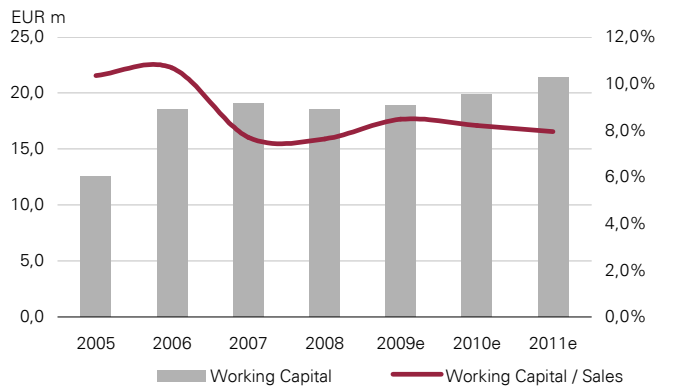
Balance Sheet Quality - GFT Technologies



Sources: GFT Technologies (historical data), SES Research (forecasts)

- Traditionally strong cash position
- High net liquidity planned to be used for acquisitions
- Continuous strengthening of equity base since 2005

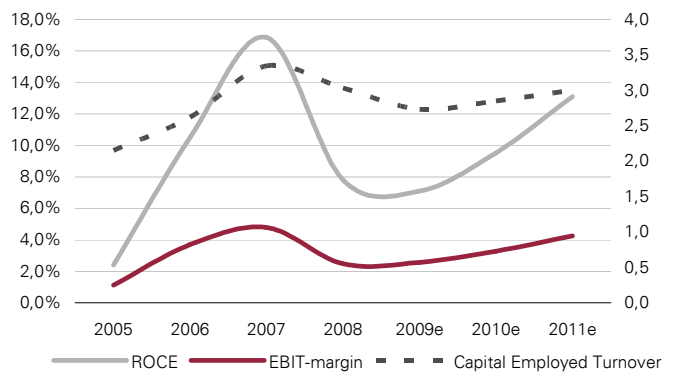
Working Capital - GFT Technologies



Sources: GFT Technologies (historical data), SES Research (forecasts)

- Working Capital consists exclusively of receivables and liabilities
- Development expected to be proportionate to sales beginning from 2009

ROCE Development - GFT Technologies



Sources: GFT Technologies (historical data), SES Research (forecasts)

- ROCE negatively distorted due to high cash position
- However, peak values of >15% in 2007
- Drop to below 10% only temporary due to financial crisis

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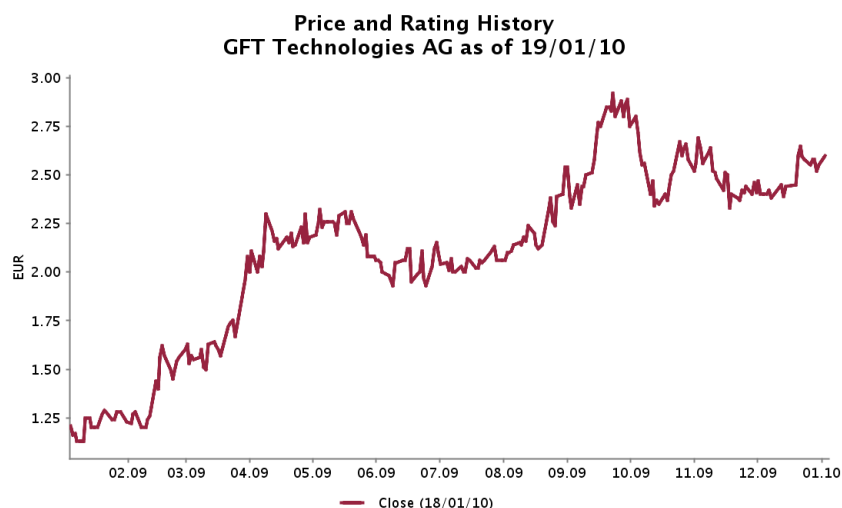
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Buy	109	53%
Hold	63	31%
Sell	17	8%
Rating suspended	16	8%
Total	205	

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Hold	34	26%
Sell	6	5%
Rating suspended	11	8%
Total	131	



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