

Buy (old: Buy)

PT EUR 5.60 (old: 5.30)

Price EUR 4.15
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: 12.05.2011 / Closing price

Market cap: EUR 109 m
Enterprise Value (EV): EUR 80.4 m
Book value: EUR 76.8 m
No. of shares: 26.3 m
Trading volume Ø: EUR 211 th

Shareholders:

 Freefloat 56.9 %
 Ulrich Dietz 28.5 %
 Maria Dietz 9.7 %
 BW Invest 5.0 %

Calendar:

 AGM 05/31/11
 Figures Q2 08/11/11
 Figures Q3 11/09/11

Change	2011E		2012E		2013E	
	old	Δ%	old	Δ%	old	Δ%
Sales	275	0	294	0	314	0
EBIT	12.3	0	13.7	0	14.7	0.0
EPS	0.36	0	0.40	0	0.42	0

 Analysis: Warburg Research
 Date of publication: 13.05.2011
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Resourcing segment drives sales growth

GFT has released Q1 figures that met the expectations. 2011 guidance (sales: EUR 275m; EBT EUR 13m) was confirmed.

GFT Technologies - Q1 2011

Figures in EUR m	Q1/11	Q1/11e	Q1/10	yoy	2011e	2010	yoy
Sales	67.3	64.0	54.4	23.7%	275.0	248.3	10.8%
EBITDA	2.2	2.3	1.7	30.2%	13.5	3.7	264.2%
<i>margin</i>	3.3%	3.6%	3.2%		4.9%	1.5%	
EBT	2.0	2.1	1.6	25.1%	13.2	11.6	14.3%
<i>margin</i>	3.0%	3.3%	3.0%		4.8%	4.7%	
EPS in EUR	0.05	0.07	0.04	25.0%	0.36	0.30	20.0%

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

In Q1 GFT generated a strong **increase in sales by 23.7% to EUR 67.3m**. This increase was particularly driven by the Resourcing segment. Here, sales were up by 38% to **EUR 38.4m** reflecting the increased demand for IT freelance contractors placed by GFT and the enterprises' increased extent of IT projects.

Service revenues increased by 9% to EUR 28.9m. Despite the increased sales level, the EBT margin was nearly unchanged yoy: the still tense price situation on the Spanish market and a current minor utilisation regarding GFT's own staff (revenue per employee decreased by 5% yoy in the Services segment) have burdened the earnings margin in Q1. In order to increase utilisation, GFT is currently optimising the number of freelance contractors employed in the Services business. This should affect the margins positively.

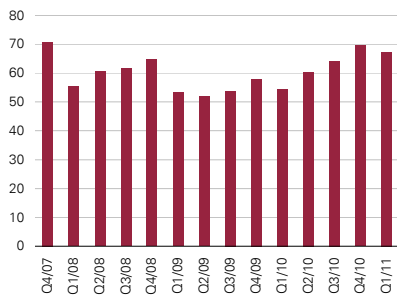
Possible changes in the Resourcing segment would also have a positive impact on the group margin. During the Q1 conference call, CFO Dr. Ruetz stated that they are currently reviewing whether the Third Party Management (2010 sales: EUR 66m, part of the Resourcing segment) will be continued in a different form (business volume would not become sales effective, but only the respective remuneration of GFT) or discontinued. Both would implicate a reduced sales volume. The earnings effects would hardly be noticeable as the EBT margin in that business activity comes to ca. 0.4 %.

In Q1 the tax rate was 33%, falling short of the EPS estimate. The following quarters should display lower rates, implicating a tax rate of ca. 30% for the 2011.

With the most recent placement of AvW shares one burdening factor for the development of the stock has disappeared. This leaves room for future share price increases. The **Buy** rating is confirmed. The PT on the basis of a DCF model is slightly raised from EUR 5.30 to **EUR 5.60**.

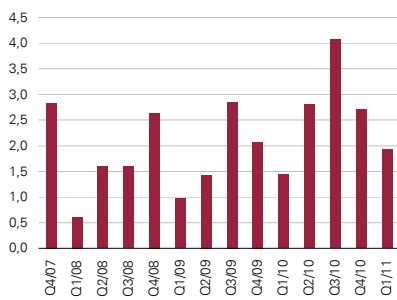
Fiscal year ending: 31.12.	2007	2008	2009	2010	2011E	2012E	2013E
<i>in EUR m</i>							
Sales	247	242	217	248	275	294	314
<i>Change Sales yoy</i>	42.3 %	-1.9 %	-10.5 %	14.5 %	10.8 %	6.9 %	6.7 %
Gross profit	97.0	93.4	86.4	106	115	122	130
<i>Gross margin</i>	39.3 %	38.6 %	39.8 %	42.8 %	41.9 %	41.5 %	41.4 %
EBITDA	13.2	8.1	8.5	12.2	13.5	15.0	16.0
<i>EBITDA-margin</i>	5.4 %	3.3 %	3.9 %	4.9 %	4.9 %	5.1 %	5.1 %
EBIT	11.8	6.4	7.3	11.0	12.3	13.7	14.7
<i>EBIT-margin</i>	4.8 %	2.7 %	3.4 %	4.4 %	4.5 %	4.7 %	4.7 %
Net income	8.6	6.0	4.7	7.8	9.5	10.4	11.1
EPS	0.33	0.23	0.18	0.30	0.36	0.40	0.42
Free Cash Flow per share	0.29	0.29	0.22	0.21	0.51	0.32	0.35
Dividend	0.00	0.10	0.10	0.15	0.20	0.20	0.20
<i>Dividend Yield</i>	n.a.	2.4 %	2.4 %	3.6 %	4.8 %	4.8 %	4.8 %
EV/Sales	0.4	0.4	0.4	0.4	0.3	0.3	0.2
EV/EBITDA	6.7	11.0	10.4	7.3	6.0	5.2	4.6
EV/EBIT	7.5	13.8	12.1	8.1	6.5	5.7	5.0
PER	12.6	18.0	23.1	13.8	11.5	10.4	9.9
ROCE	21.2 %	10.5 %	11.2 %	15.8 %	16.2 %	16.8 %	16.9 %
Adj. Free Cash Flow Yield	13.6 %	7.7 %	6.5 %	11.7 %	15.0 %	17.4 %	19.6 %

Sales development
in EUR m



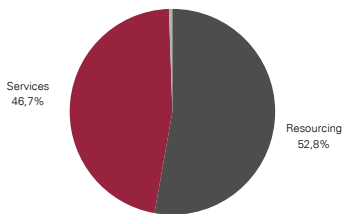
Source: GFT Technologies

EBIT development
in EUR m



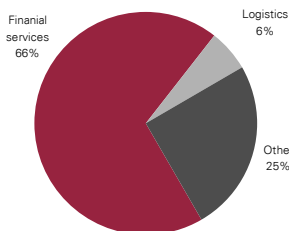
Source: GFT Technologies

Sales by segments
2010



Source: GFT Technologies

Sales split by industries
2010



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.

- IT Services: Development, integration and maintenance of IT solutions with a focus on banks and insurance companies
- Resourcing: Placing IT freelancers

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 has already returned 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							
	2007	2008	2009	2010	2011E	2012E	2013E
Sales	247	242	217	248	275	294	314
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Total sales	247	242	217	248	275	294	314
Material Expenses	150	149	130	142	160	172	184
Gross profit	97.0	93.4	86.4	106	115	122	130
Personnel expenses	64.5	66.8	62.5	76.5	84.2	87.9	93.8
Other operating income	2.0	3.0	2.0	3.5	3.0	2.9	3.5
Other operating expenses	21.2	21.5	17.3	21.1	20.6	22.1	23.5
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	13.2	8.1	8.5	12.2	13.5	15.0	16.0
Depreciation of fixed assets	1.0	1.1	0.9	0.9	0.9	1.0	1.0
EBITA	12.2	7.0	7.6	11.3	12.5	14.0	15.0
Amortisation of intangible fixed assets	0.4	0.5	0.3	0.2	0.2	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	11.8	6.4	7.3	11.0	12.3	13.7	14.7
Interest income	0.8	0.9	0.5	0.7	0.9	1.0	1.0
Interest expenses	0.1	0.0	0.0	0.1	0.0	0.0	0.0
Financial result	0.5	0.5	0.5	0.5	0.9	1.0	1.0
Recurring pretax income from cont. operations	12.4	6.9	7.9	11.6	13.2	14.7	15.7
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	12.4	6.9	7.9	11.6	13.2	14.7	15.7
Taxes total	3.8	0.9	1.7	3.3	3.7	4.3	4.6
Net income from continuing operations	8.6	6.0	6.2	8.2	9.5	10.4	11.1
Income from discontinued operations (net of tax)	0.0	0.0	-1.4	-0.5	0.0	0.0	0.0
Net income before minorities	8.6	6.0	4.7	7.8	9.5	10.4	11.1
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	8.6	6.0	4.7	7.8	9.5	10.4	11.1

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

Consolidated Profit & Loss GFT							
in % of Sales							
	2007	2008	2009	2010	2011E	2012E	2013E
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	0.1 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total sales	100.1 %	100.1 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Material Expenses	60.8 %	61.5 %	60.2 %	57.2 %	58.1 %	58.5 %	58.6 %
Gross profit	39.3 %	38.6 %	39.8 %	42.8 %	41.9 %	41.5 %	41.4 %
Personnel expenses	26.1 %	27.6 %	28.8 %	30.8 %	30.6 %	29.9 %	29.9 %
Other operating income	0.8 %	1.2 %	0.9 %	1.4 %	1.1 %	1.0 %	1.1 %
Other operating expenses	8.6 %	8.9 %	8.0 %	8.5 %	7.5 %	7.5 %	7.5 %
Unfrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBITDA	5.4 %	3.3 %	3.9 %	4.9 %	4.9 %	5.1 %	5.1 %
Depreciation of fixed assets	0.4 %	0.5 %	0.4 %	0.4 %	0.3 %	0.3 %	0.3 %
EBITA	4.9 %	2.9 %	3.5 %	4.5 %	4.6 %	4.8 %	4.8 %
Amortisation of intangible fixed assets	0.2 %	0.2 %	0.1 %	0.1 %	0.1 %	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	4.8 %	2.7 %	3.4 %	4.4 %	4.5 %	4.7 %	4.7 %
Interest income	0.3 %	0.4 %	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %
Interest expenses	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	0.2 %	0.2 %	0.2 %	0.2 %	0.3 %	0.3 %	0.3 %
Recurring pretax income from cont. operations	5.0 %	2.9 %	3.6 %	4.7 %	4.8 %	5.0 %	5.0 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	5.0 %	2.9 %	3.6 %	4.7 %	4.8 %	5.0 %	5.0 %
Taxes total	1.5 %	0.4 %	0.8 %	1.3 %	1.3 %	1.5 %	1.5 %
Net income from continuing operations	3.5 %	2.5 %	2.9 %	3.3 %	3.5 %	3.6 %	3.6 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	-0.7 %	-0.2 %	0.0 %	0.0 %	0.0 %
Net income before minorities	3.5 %	2.5 %	2.2 %	3.1 %	3.5 %	3.6 %	3.6 %
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	3.5 %	2.5 %	2.2 %	3.1 %	3.5 %	3.6 %	3.6 %

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

Balance sheet GFT

in EUR m

	2007	2008	2009	2010	2011E	2012E	2013E
Assets							
Intangible assets	21.2	20.8	20.7	20.8	21.1	21.3	21.5
thereof other intangible assets	0.9	0.5	0.4	0.4	0.7	0.9	1.1
thereof Goodwill	20.4	20.4	20.4	20.4	20.4	20.4	20.4
Property, plant and equipment	2.6	2.6	2.2	2.7	3.0	3.2	3.4
Financial assets	0.0	0.0	0.0	12.7	12.7	12.7	12.7
Fixed assets	23.9	23.5	23.0	36.3	36.8	37.2	37.6
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	47.9	44.1	42.6	54.8	52.7	56.4	60.2
Other Assets	11.4	10.7	10.8	8.8	8.8	8.8	8.8
Liquid assets	28.7	35.2	37.7	27.4	36.8	39.9	43.8
Current assets	88.1	90.0	91.1	91.0	98.3	105	113
Total assets	112	114	114	127	135	142	150
Liabilities and shareholders' equity							
Subscribed capital	26.3	26.3	26.3	26.3	26.3	26.3	26.3
Additional paid-in capital	42.1	42.1	42.1	42.1	42.1	42.1	42.1
Surplus capital	2.3	6.8	8.5	10.2	15.8	21.0	26.8
Other equity components	-13.1	-12.1	-11.3	-7.4	-7.4	-7.4	-7.4
Book value	57.7	63.2	65.8	71.3	76.8	82.0	87.9
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	57.7	63.2	65.8	71.3	76.8	82.0	87.9
Provision for pensions and similar obligations	0.9	1.0	0.5	0.7	0.7	0.7	0.7
Provisions	16.0	14.2	14.9	19.8	19.8	19.8	19.8
Financial liabilities	0.2	0.2	0.0	1.3	1.3	1.3	1.3
Accounts payable	28.9	26.1	23.3	27.9	30.1	32.2	34.4
Other liabilities	9.2	9.8	10.1	7.1	7.1	7.1	7.1
Liabilities	54.2	50.3	48.3	56.0	58.2	60.3	62.5
Total liabilities and shareholders' equity	112	114	114	127	135	142	150

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

Balance sheet GFT

in % of Balance Sheet Total

	2007	2008	2009	2010	2011E	2012E	2013E
Assets							
Intangible assets	19.0 %	18.4 %	18.2 %	16.3 %	15.6 %	15.0 %	14.3 %
thereof other intangible assets	0.8 %	0.4 %	0.3 %	0.3 %	0.5 %	0.6 %	0.7 %
thereof Goodwill	18.2 %	17.9 %	17.9 %	16.0 %	15.1 %	14.3 %	13.5 %
Property, plant and equipment	2.3 %	2.3 %	1.9 %	2.1 %	2.2 %	2.2 %	2.2 %
Financial assets	0.0 %	0.0 %	0.0 %	10.0 %	9.4 %	9.0 %	8.5 %
Fixed assets	21.3 %	20.7 %	20.1 %	28.5 %	27.2 %	26.1 %	25.0 %
Inventories	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts receivable	42.9 %	38.9 %	37.3 %	43.1 %	39.0 %	39.6 %	40.0 %
Other Assets	10.2 %	9.4 %	9.5 %	6.9 %	6.5 %	6.2 %	5.9 %
Liquid assets	25.7 %	31.0 %	33.1 %	21.5 %	27.2 %	28.1 %	29.1 %
Current assets	78.7 %	79.3 %	79.9 %	71.5 %	72.8 %	73.9 %	75.0 %
Total assets	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Liabilities and shareholders' equity							
Subscribed capital	23.5 %	23.2 %	23.1 %	20.7 %	19.5 %	18.5 %	17.5 %
Additional paid-in capital	37.7 %	37.1 %	36.9 %	33.1 %	31.2 %	29.6 %	28.0 %
Surplus capital	2.1 %	6.0 %	7.5 %	8.1 %	11.7 %	14.7 %	17.9 %
Other equity components	-11.7 %	-10.7 %	-9.9 %	-5.9 %	-5.5 %	-5.2 %	-5.0 %
Book value	51.6 %	55.7 %	57.6 %	56.0 %	56.9 %	57.6 %	58.4 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	51.6 %	55.7 %	57.6 %	56.0 %	56.9 %	57.6 %	58.4 %
Provision for pensions and similar obligations	0.8 %	0.9 %	0.4 %	0.5 %	0.5 %	0.5 %	0.4 %
Provisions	14.3 %	12.5 %	13.1 %	15.6 %	14.7 %	13.9 %	13.2 %
Financial liabilities	0.1 %	0.1 %	0.0 %	1.0 %	1.0 %	0.9 %	0.9 %
Accounts payable	25.8 %	23.0 %	20.4 %	21.9 %	22.3 %	22.6 %	22.9 %
Other liabilities	8.2 %	8.7 %	8.9 %	5.5 %	5.2 %	5.0 %	4.7 %
Liabilities	48.4 %	44.3 %	42.4 %	44.0 %	43.1 %	42.4 %	41.6 %
Total liabilities and shareholders' equity	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

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

Statement of Cash Flows GFT

in EUR m

	2007	2008	2009	2010	2011E	2012E	2013E
Net income	8.6	6.0	4.7	7.8	9.5	10.4	11.1
Depreciation of fixed assets	1.0	1.1	0.9	0.9	0.9	1.0	1.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.4	0.5	0.3	0.2	0.2	0.3	0.3
Increase/decrease in long-term provisions	1.6	0.1	-0.5	3.0	0.0	0.0	0.0
Other costs affecting income / expenses	0.2	0.4	2.2	0.0	0.0	0.0	0.0
Cash Flow	11.8	8.2	7.7	12.0	10.7	11.7	12.4
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in accounts receivable	-13.8	3.8	1.5	-13.0	2.1	-3.7	-3.8
Increase / decrease in accounts payable	12.2	-2.8	-2.8	7.6	2.2	2.1	2.2
Increase / decrease in other working capital positions	-0.8	0.0	0.2	0.7	0.0	0.0	0.0
Increase / decrease in working capital	-2.4	1.0	-1.1	-4.7	4.3	-1.6	-1.6
Cash flow from operating activities	9.3	9.2	6.6	7.3	15.0	10.1	10.8
CAPEX	-1.8	-1.6	-0.8	-1.7	-1.7	-1.7	-1.7
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.3	0.0	0.0	-12.9	0.0	0.0	0.0
Income from asset disposals	0.0	-0.2	0.1	0.0	0.0	0.0	0.0
Cash flow from investing activities	-1.5	-1.8	-0.7	-14.6	-1.7	-1.7	-1.7
Change in financial liabilities	-2.4	0.0	-0.2	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	-2.6	-2.6	-3.9	-5.3	-5.3
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	0.0	-0.1	0.2	0.0	0.0	0.0	0.0
Cash flow from financing activities	-2.4	-0.1	-2.6	-2.6	-3.9	-5.3	-5.3
Change in liquid funds	5.5	7.3	3.2	-10.0	9.4	3.2	3.9
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	25.7	33.0	36.2	26.2	35.6	38.8	42.6

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

Financial Ratios GFT

	2007	2008	2009	2010	2011E	2012E	2013E
Operational Efficiency							
Total Operating Costs / Sales	94.7 %	96.7 %	96.1 %	95.1 %	95.1 %	94.9 %	94.9 %
Sales per Employee	230,474	235,913	189,518	189,514	198,041	201,642	204,947
EBITDA per Employee	12,344	7,863	7,468	9,312	9,704	10,284	10,452
EBIT-margin	4.8 %	2.7 %	3.4 %	4.4 %	4.5 %	4.7 %	4.7 %
EBITDA / Operating Assets	61.1 %	39.1 %	39.7 %	41.2 %	52.7 %	54.8 %	54.9 %
ROA	36.0 %	25.7 %	20.7 %	21.4 %	25.8 %	28.1 %	29.7 %
Efficiency of Capital Employment							
Plant Turnover	94.4	92.5	99.0	91.7	92.9	93.0	93.4
Operating Assets Turnover	11.4	11.7	10.1	8.4	10.8	10.7	10.8
Capital Employed Turnover	4.2	3.8	3.3	3.4	3.5	3.5	3.5
Return on Capital							
ROCE	21.2 %	10.5 %	11.2 %	15.8 %	16.2 %	16.8 %	16.9 %
EBITDA / Avg. Capital Employed	23.7 %	13.1 %	13.1 %	17.5 %	17.7 %	18.4 %	18.4 %
ROE	14.9 %	9.6 %	7.2 %	10.9 %	12.4 %	12.7 %	12.7 %
Net Profit / Avg. Equity	16.0 %	10.0 %	7.4 %	11.3 %	12.8 %	13.1 %	13.1 %
Recurring Net Profit / Avg. Equity	16.0 %	10.0 %	9.6 %	12.0 %	12.8 %	13.1 %	13.1 %
ROIC	11.6 %	7.8 %	7.6 %	8.9 %	9.7 %	10.1 %	10.2 %
Solvency							
Net Debt	-28.6	-35.0	-37.7	-26.1	-35.5	-38.7	-42.6
Net Gearing	-49.5 %	-55.5 %	-57.3 %	-36.7 %	-46.2 %	-47.2 %	-48.4 %
Book Value of Equity / Book Value of Debt	38486.7 %	42115.3 %	n.a.	5568.0 %	6001.9 %	6405.7 %	6865.3 %
Current ratio	2.3	2.5	2.7	2.5	2.6	2.6	2.6
Acid Test Ratio	1.6	1.8	1.9	1.6	1.7	1.7	1.8
EBITDA / Interest Paid	101.0	230.7	356.0	213.6	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	7.6	7.6	5.8	5.6	13.3	8.4	9.1
Free Cash Flow / Sales	3.1 %	3.1 %	2.7 %	2.2 %	4.8 %	2.9 %	2.9 %
Adj. Free Cash Flow	12.1	6.9	5.8	10.4	12.1	13.5	14.5
Adj. Free Cash Flow / Sales	3.5 %	2.5 %	2.6 %	3.0 %	3.0 %	3.1 %	3.2 %
Free Cash Flow / Net Profit	88.2 %	125.2 %	122.3 %	71.8 %	140.1 %	80.8 %	82.1 %
Interest Received / Avg. Cash	3.1 %	2.9 %	1.5 %	2.3 %	2.8 %	2.6 %	2.4 %
Interest Paid / Avg. Debt	9.6 %	23.3 %	32.0 %	4.5 %	0.0 %	0.0 %	0.0 %
Dividend Payout Ratio	0.0 %	43.5 %	42.5 %	47.9 %	55.4 %	50.5 %	47.2 %
Fund Management							
Investment ratio	0.6 %	0.7 %	0.3 %	5.9 %	0.6 %	0.6 %	0.5 %
Maint. Capex / Sales	0.4 %	0.5 %	0.6 %	0.5 %	0.5 %	0.5 %	0.5 %
Capex / Dep	104.6 %	100.3 %	62.6 %	1228.7 %	144.5 %	130.8 %	130.8 %
Avg. Working Capital / Sales	7.6 %	7.6 %	8.6 %	9.3 %	9.0 %	8.0 %	8.0 %
Trade Creditors / Trade Debtors	165.8 %	169.1 %	182.9 %	196.6 %	175.1 %	175.2 %	175.0 %
Inventory turnover (days)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables collection period (DSOs)	70.8	66.5	71.7	80.6	70.0	70.0	70.0
Payables collection period (days)	42.7	39.3	39.2	41.0	40.0	40.0	40.0
Cash conversion cycle (days)	28.1	27.2	32.5	39.6	30.0	30.0	30.0
Valuation							
Dividend Yield	n.a.	2.4 %	2.4 %	3.6 %	4.8 %	4.8 %	4.8 %
P/B	1.9	1.7	1.7	1.5	1.4	1.3	1.2
EV/sales	0.4	0.4	0.4	0.4	0.3	0.3	0.2
EV/EBITDA	6.7	11.0	10.4	7.3	6.0	5.2	4.6
EV/EBIT	7.5	13.8	12.1	8.1	6.5	5.7	5.0
EV/FCF	11.7	11.8	15.3	15.9	6.0	9.2	8.1
P/E	12.6	18.0	23.1	13.8	11.5	10.4	9.9
P/CF	9.3	13.3	14.2	9.1	10.2	9.3	8.8
Adj. Free Cash Flow Yield	13.2 %	9.2 %	8.6 %	13.5 %	13.3 %	15.1 %	16.9 %

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

Free Cash Flow Yield - GFT Technologies

Figures in EUR m	2007	2008	2009	2010	2011e	2012e	2013e	
Net Income	8.6	6.0	4.7	7.8	9.5	10.4	11.1	
+ Depreciation + Amortisation	1.4	1.6	1.2	1.2	1.2	1.3	1.3	
- Net Interest Income	0.5	0.5	0.5	0.5	0.9	1.0	1.0	
+ Taxes	3.8	0.9	1.7	3.3	3.7	4.3	4.6	
- Maintenance Capex	1.1	1.2	1.3	1.3	1.4	1.5	1.5	
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Adjusted Free Cash Flow	12.1	6.9	5.8	10.4	12.1	13.5	14.5	
Adjusted Free Cash Flow Yield	13.6%	7.7%	6.5%	11.7%	15.0%	17.4%	19.6%	
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
= Enterprise Value	89.0	89.0	89.0	89.0	80.4	77.5	73.9	
= Fair Enterprise Value	121.3	68.8	58.0	104.2	120.8	134.9	145.0	
- Net Debt (Cash)	-26.1	-26.1	-26.1	-26.1	-35.5	-38.7	-42.6	
- Pension Liabilities	0.7	0.7	0.7	0.7	0.7	0.7	0.7	
- Others	5.2	5.2	5.2	5.2	6.0	6.3	6.5	
= Fair Market Capitalisation	141.6	89.0	78.3	124.5	149.6	166.7	180.4	
No. of shares (m)	26.3	26.3	26.3	26.3	26.3	26.3	26.3	
= Fair value per share (EUR)	5.38	3.38	2.97	4.73	5.68	6.33	6.85	
premium (-) / discount (+) in %	29.6%	-18.5%	-28.4%	14.0%	36.9%	52.5%	65.1%	
Sensitivity Fair value per Share (EUR)								
	13.0%	4.32	2.78	2.47	3.82	4.62	5.15	5.58
	12.0%	4.61	2.95	2.61	4.07	4.92	5.48	5.94
	11.0%	4.96	3.14	2.77	4.37	5.27	5.86	6.35
Hurdle rate	10.0%	5.38	3.38	2.97	4.73	5.68	6.33	6.85
	9.0%	5.89	3.67	3.22	5.17	6.19	6.90	7.47
	8.0%	6.53	4.03	3.52	5.72	6.83	7.61	8.23
	7.0%	7.35	4.50	3.92	6.43	7.65	8.53	9.21

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

DCF Model - GFT Technologies

Figures in EUR m	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e
Sales	275.0	294.0	313.8	333.5	354.5	375.8	396.5	416.3	435.0	450.3	463.8	475.4	484.9	494.6
Change	10.8%	6.9%	6.7%	6.3%	6.3%	6.0%	5.5%	5.0%	4.5%	3.5%	3.0%	2.5%	2.0%	2.0%
EBIT	12.3	13.7	14.7	16.0	17.0	16.9	15.9	16.7	17.4	18.0	18.6	19.0	19.4	19.8
EBIT-Margin	4.5%	4.7%	4.7%	4.8%	4.8%	4.5%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Tax rate	28.0%	29.0%	29.0%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%
NOPAT	8.9	9.7	10.4	11.1	11.8	11.8	11.0	11.6	12.1	12.5	12.9	13.2	13.5	13.7
Depreciation	1.2	1.3	1.3	1.9	2.1	1.9	2.0	2.1	2.2	2.3	2.3	2.4	2.4	2.5
in % of Sales	0.4%	0.4%	0.4%	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	4.3	-1.6	-1.6	-1.4	-1.4	-1.4	-1.7	-1.6	-1.5	-1.2	-1.1	-0.9	-0.8	-0.8
- Capex	-1.7	-1.7	-1.7	-1.8	-1.9	-1.9	-2.0	-2.1	-2.2	-2.3	-2.3	-2.4	-2.4	-2.5
Capex in % of Sales	0.6%	0.6%	0.5%	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	0.2	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow (WACC-Model)	12.7	7.7	8.4	10.1	10.5	10.6	9.3	10.0	10.6	11.3	11.8	12.3	12.7	13.0

Model parameter

Debt ratio	0.00%	Beta	1.30
Costs of Debt	n.a.	WACC	10.50%
Market return	9.00%		
Risk free rate	4.00%	Terminal Growth	2.00%

Valuation (mln)

Present values 2024e	80.1		
Terminal Value	40.3		
Liabilities	-0.9		
Liquidity	29.5	No. of shares (mln)	26.33
Equity Value	149.1	Value per share (EUR)	5.66

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

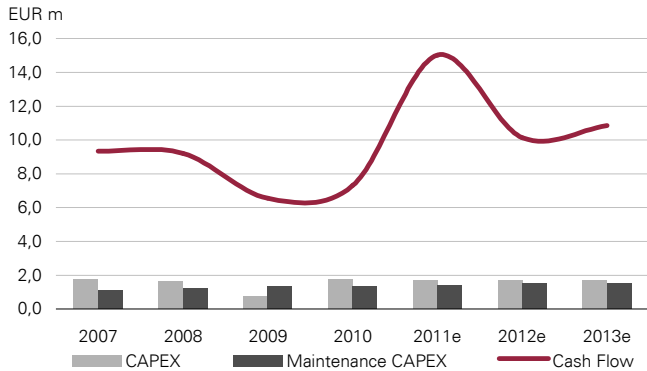
WACC	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%
11.50%	5.11	5.14	5.17	5.20	5.23	5.27	5.30
11.00%	5.31	5.35	5.38	5.42	5.46	5.50	5.54
10.75%	5.42	5.46	5.50	5.54	5.58	5.62	5.67
10.50%	5.54	5.58	5.62	5.66	5.71	5.76	5.81
10.25%	5.66	5.70	5.75	5.80	5.85	5.90	5.96
10.00%	5.79	5.84	5.88	5.94	5.99	6.05	6.12
9.50%	6.07	6.13	6.19	6.25	6.32	6.39	6.47

Delta EBIT-margin

WACC	-1.5 pp	-1.0 pp	-0.5 pp	0.0	+0.5 pp	+1.0 pp	+1.5 pp
11.50%	3.65	4.16	4.68	5.20	5.72	6.24	6.75
11.00%	3.78	4.32	4.87	5.42	5.96	6.51	7.06
10.75%	3.85	4.41	4.97	5.54	6.10	6.66	7.22
10.50%	3.92	4.50	5.08	5.66	6.24	6.82	7.40
10.25%	4.00	4.60	5.20	5.80	6.39	6.99	7.59
10.00%	4.09	4.71	5.32	5.94	6.55	7.17	7.78
9.50%	4.28	4.93	5.59	6.25	6.91	7.56	8.22

Source: Warburg Research

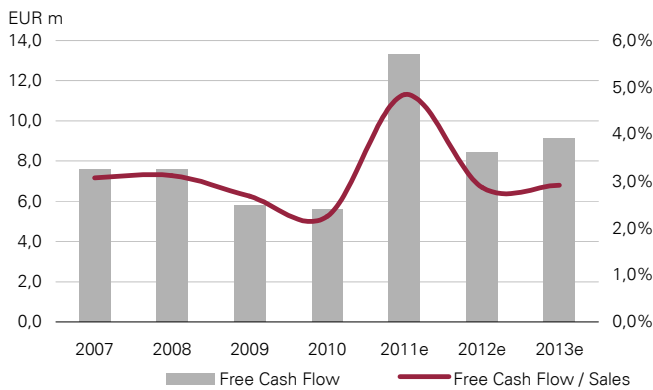
CAPEX and Cash Flow - GFT Technologies



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

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

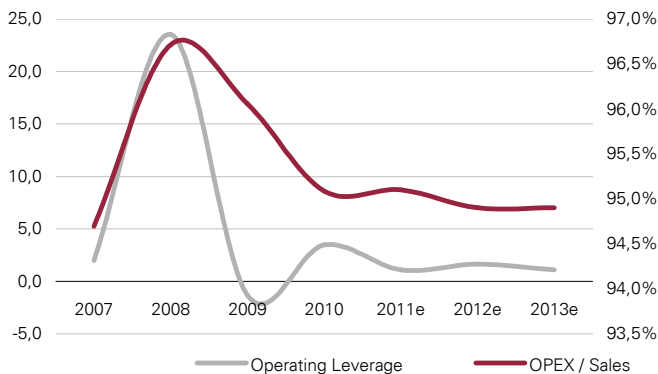
Free Cash Flow Generation - GFT Technologies



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

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

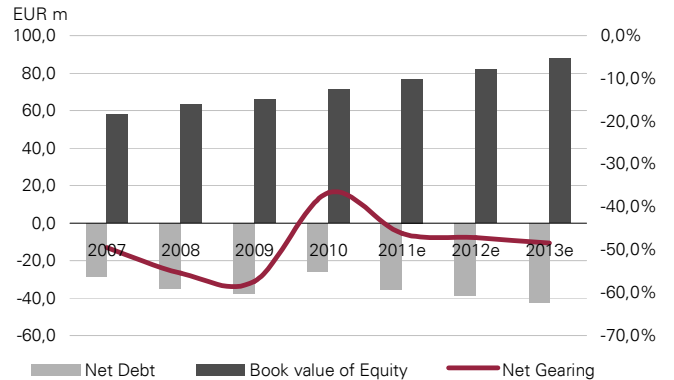
Operating Leverage - GFT Technologies



Sources: GFT Technologies (historical data), Warburg 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

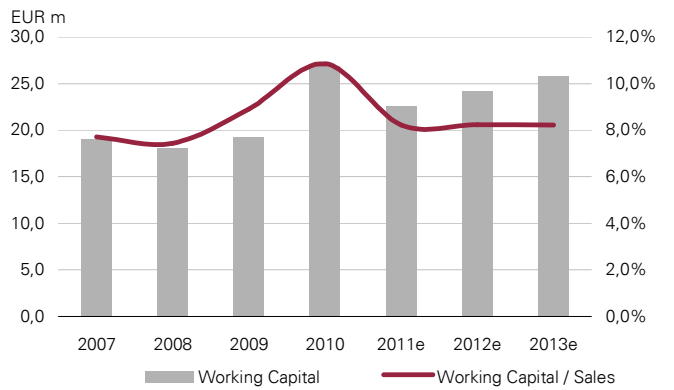
Balance Sheet Quality - GFT Technologies



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

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

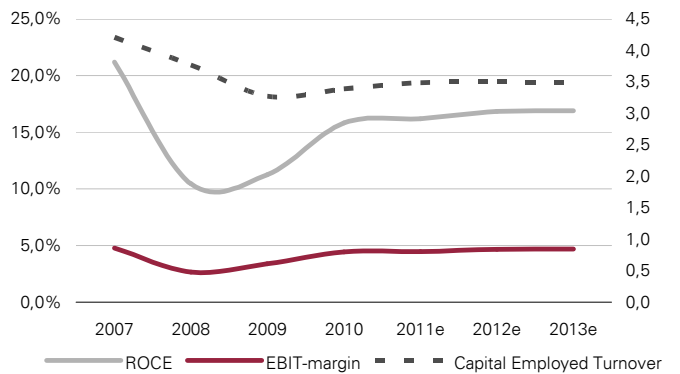
Working Capital - GFT Technologies



Sources: GFT Technologies (historical data), Warburg 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), Warburg 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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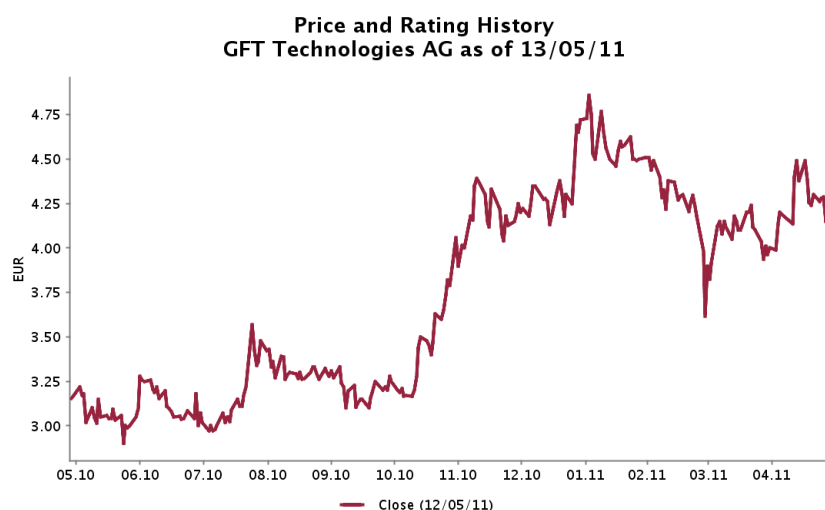
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Sell	6	3%
Rating suspended	0	0%
Total	173	

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Hold	40	28%
Sell	3	2%
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Total	144	



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