

Company Alert

GFT

Company Update: Estimates adjusted after Q2 conference call



RATING
HOLD (UNCHANGED)

TARGET PRICE
2.1 EUR (UNCHANGED)

WHAT'S CHANGED

- Forecast of revenues and earnings reduced

This morning GFT Technologies posted Q2 figures, which missed our expectations regarding revenues but were fully in line regarding our earnings forecast. During the conference call it became clear, that our existing forecast is too optimistic even concerning earnings. Our assumption of a stronger H2 (turnaround in the segment Software, decreasing price pressure in Services) seems to become more and more unrealistic. Therefore we reduce not only our revenue forecast (as already stated) but also adjust our earnings forecast (see table below). However, we stick to our Hold recommendation and target price of EUR 2.10:

- The earnings driver of GFT (segment Services) is under pressure, but we will not see a turn into the red figures.
- It is doubtful, if the (very small) Software segment has a future in the GFT Group. However, management expects even in a worst case scenario an EBT of at least EUR 5m.
- The management had shown a very good control of costs and cash flow in the difficult H1/09. Together with the solid balance sheet (equity ratio 60%, net cash of EUR 24m) we are very convinced that GFT will show a significant earnings increase when the economical environment gets better again. This also applies if the recession lasts longer than expected.

ADJUSTED ESTIMATES FOR GFT TECHNOLOGIES (KEY FIGURES)

(EUR m)	2009e		2010e		2011e	
	New	Old	New	Old	New	Old
Revenues	221,7	244,5	230,0	255,0	250,0	270,0
EBITDA	7,2	8,5	10,5	11,1	13,0	14,1
EBIT	5,9	7,1	9,2	9,8	11,6	12,6
EBT	6,4	7,9	9,8	10,7	12,4	13,7
Net profit	4,4	5,5	6,8	7,5	8,6	9,6
EPS (EUR)	0,17	0,21	0,26	0,28	0,32	0,36
Dividend (EUR)	0,10	0,10	0,10	0,12	0,12	0,15

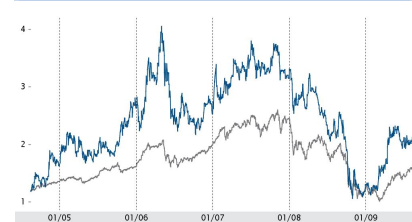
Source: LBBW Research

+++ Reuters: GFTG +++ Bloomberg: GFT GR +++

Current Price (XETRA (Germany); 2009-08-13; 12:03 pm).....2.10 EUR
CLOSING PRICE(2009-08-12): 2.13 EUR
 EXPECTED PERFORMANCE:.....-1.4%
 MARKET CAPITALIZATION:..... 56.07 EUR m
 ENTERPRISE VALUE:..... 36.37 EUR m
 NUMBER OF SHARES:..... 26.33 m
 FREE FLOAT:.....52.0 %
 INDEX (WEIGHT):.....Tech All Share (0.13 %)
 AVG. DAILY TRADEVOL.: 9,768
 ISIN:.....DE0005800601
 SECTOR:Software

KEY DATA (DEC)	2008	2009E	2010E
Sales (EUR m)	242.2	221.4	230.0
EBITDA (EUR m)	8.0	7.2	10.5
EBIT (EUR m)	6.4	5.9	9.2
Net profit (EUR m)	6.0	4.4	6.8
FCF (EUR m)	7.8	3.3	5.3
FCF yield	22.9 %	5.9 %	9.4 %
EPS (EUR)	0.23	0.17	0.26
DPS (EUR)	0.10	0.10	0.10
EV / Sales (x)	0.1	0.3	0.2
EV / EBITDA (x)	4.3	7.8	5.3
EV / EBIT (x)	5.4	9.5	6.1
P / E (x)	9.1	12.7	8.3
P / BV (x)	0.54	0.85	0.80
Dividend yield (in %)	7.7 %	4.7 %	4.7 %

PRICE PERFORMANCE



Source: GFT, LBBW Research, Thomson Reuters

UPCOMING EVENTS

November 05-09 Quarterly report

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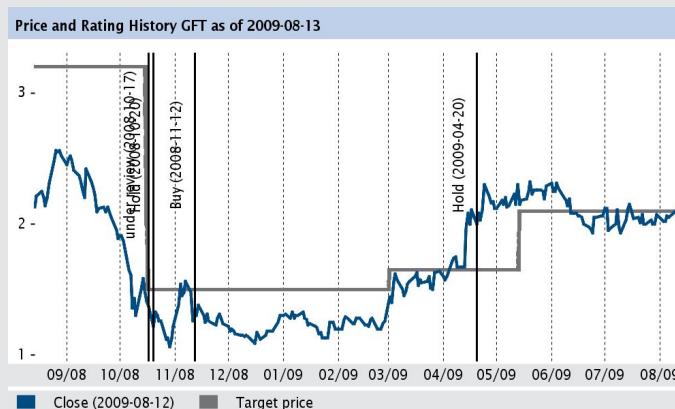
Percentage of companies within this rating category

Buy:	34,2%
Sell:	26,6%
Hold:	37,6%
Under review:	0,8%
Suspended:	0,8%

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