

Buy (old: Buy)

PT EUR 3.00 (old: 2.90)

Price EUR 1.44
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: 02.03.2009 / Closing price

Market cap: EUR 37.9 m
Enterprise Value (EV): EUR 9.7 m
Book value: EUR 65.3 m
No. of shares: 26.3 m

Shareholders:

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

Calendar:

 Figures 2008 03/26/2009
 Zahlen Q1 05/14/2009
 AGM 06/09/2009
 Figures Q2 08/13/2009

Change	2008E		2009E		2010E	
	old	Δ	old	Δ	old	Δ
Sales	241	1.5	229	6.3	242	6.6
EBIT	5.7	0.3	5.1	-0.2	8.2	0.4
EPS	0.15	0.08	0.15	0.01	0.24	0.02

 Analysis: SES Research
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Preliminary figures for 2008 – Expectations exceeded

On March 2, 2009, GFT released the preliminary figures for the fiscal year 2008. GFT was able to exceed the earnings expectations despite the impacts of the financial crisis.

GFT Technologies - Q4 2008

Figures in EUR m	Q4/08	Q4/08e	Q4/07	yoy	2008	2008e	2007	yoy
Sales	64.7	63.2	70.8	-8.6%	242.2	240.7	247.1	-2.0%
EBT	2.6	1.5	3.6	-29.1%	6.9	5.9	12.4	-44.2%
<i>margin</i>	4.0%	2.4%	5.1%		2.8%	2.5%	5.0%	

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

As expected, the Resourcing segment, in which GFT places IT specialists at its customers, continued to gain in importance. The sales share now corresponds to 60% (2007: 57%) due to a growth by 4% to EUR 145.7 m. As the segment is less profitable than the service business with a pre-tax margin of 2.3%, this partially explains the margin decline on group level.

The sales decline in the Service segment was slightly lower than expected (by 10% to EUR 90.9 m). Correspondingly, the segment's result (EUR 7.1 m) also exceeded expectations by EUR 0.4 m.

The Software segment generated a loss of EUR -3.1 m (SESe EUR -3.7 m) due to higher distribution and market entry costs after EUR -0.6 m in the previous year.

The **expectations for 2009** are adjusted only marginally and **continue to anticipate** a very **restrained demand** of banks for IT services. Under consideration of the Software segment, which looks set to be less burdened by development costs in 2009, the expectations imply a considerable margin pressure in the operating business throughout all segments. A considerable stimulation is again expected beginning from 2010 due to the importance of bank IT in terms of regulation and cost efficiency.

Although GFT's customers from the financial service sector have already been in a very difficult situation since the end of 2007, GFT was considerably profitable in 2008...

... and **this profitable operating business is currently for free** because GFT has a net financial position of EUR 35 m. **Therefore, the EV is zero.**

GFT announced a dividend distribution of EUR 0.10 for 2008. This corresponds to a **dividend yield of 8%** and underpins the attractive valuation. Additionally, the share currently trades considerably below the book value (adjusted for intangible assets).

The **PT** is based on the FCFY for the difficult fiscal year 2009 and is **raised to EUR 3.00**. The DCF model and the FCFY 2010 indicate a considerably higher upside. **BUY reiterated.**

Fiscal year ending: 31.12.	2004	2005	2006	2007	2008E	2009E	2010E
Sales	126	121	174	247	242	235	249
<i>Change Sales yoy</i>	-9.1 %	-3.7 %	43.6 %	42.3 %	-2.0 %	-3.0 %	6.0 %
Gross profit	74.5	73.4	86.7	97.0	93.3	90.8	96.5
<i>Gross margin</i>	59.4 %	60.7 %	49.9 %	39.3 %	38.5 %	38.7 %	38.8 %
EBITDA	1.9	2.6	7.6	13.2	7.7	6.5	10.1
<i>EBITDA-margin</i>	1.5 %	2.2 %	4.4 %	5.4 %	3.2 %	2.8 %	4.1 %
EBIT	-2.4	1.3	6.4	11.8	6.0	5.0	8.6
<i>EBIT-margin</i>	-1.9 %	1.1 %	3.7 %	4.8 %	2.5 %	2.1 %	3.5 %
Net income	-3.8	1.1	5.1	8.6	6.0	4.2	6.7
EPS	-0.14	0.04	0.19	0.33	0.23	0.16	0.26
Free Cash Flow per share	-0.19	-0.07	0.00	0.29	0.24	0.04	0.22
Dividend	0.00	0.00	0.00	0.00	0.10	0.10	0.15
<i>Dividend Yield</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	6.9 %	6.9 %	10.4 %
EV/Sales	0.1	0.1	0.1	0.1	0.0	0.0	0.0
EV/EBITDA	8.3	5.9	2.0	1.2	1.3	1.7	0.8
EV/EBIT	-6.5	11.5	2.4	1.3	1.6	2.3	1.0
PER	-10.3	36.0	7.6	4.4	6.3	9.0	5.5
ROCE	-4.0 %	2.4 %	10.5 %	16.9 %	7.8 %	6.2 %	10.3 %
Adj. Free Cash Flow Yield	5.9 %	10.4 %	42.7 %	78.7 %	67.2 %	47.2 %	103.1 %

Per Share figures in EUR, other figures in EUR m., price: EUR 1.44

Consolidated Profit & Loss GFT							
in EUR m							
	2004	2005	2006	2007	2008E	2009E	2010E
Sales	126	121	174	247	242	235	249
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.0	0.0	0.3	0.1	0.1	0.2	0.1
Total sales	126	121	174	247	242	235	249
Material Expenses	51.0	47.6	87.3	150	149	144	153
Gross profit	74.5	73.4	86.7	97.0	93.3	90.8	96.5
Personnel expenses	56.4	57.5	61.9	64.5	66.7	66.3	67.2
Other operating income	4.6	4.3	3.0	2.0	3.0	3.1	3.0
Other operating expenses	20.9	17.6	20.2	21.2	21.9	21.1	22.2
EBITDA	1.9	2.6	7.6	13.2	7.7	6.5	10.1
Depreciation of fixed assets	1.2	1.0	0.9	1.0	1.1	1.2	1.2
EBITA	0.6	1.6	6.7	12.2	6.6	5.3	8.8
Amortisation of intangible fixed assets	0.5	0.3	0.3	0.4	0.6	0.4	0.2
Impairment charges and amortisation of goodwill	2.5	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-2.4	1.3	6.4	11.8	6.0	5.0	8.6
Interest income	0.5	0.8	0.6	0.8	1.0	1.1	1.1
Interest expenses	0.1	0.0	0.1	0.1	0.0	0.0	0.0
Financial result	0.2	0.2	0.2	0.5	0.9	1.1	1.1
Recurring pretax income from cont. operations	-2.2	1.6	6.7	12.4	6.9	6.1	9.7
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	-2.2	1.6	6.7	12.4	6.9	6.1	9.7
Taxes total	1.7	0.5	1.6	3.8	0.9	1.9	3.0
Net income from continuing operations	-3.9	1.1	5.1	8.6	6.0	4.2	6.7
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	-3.9	1.1	5.1	8.6	6.0	4.2	6.7
Minority interest	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-3.8	1.1	5.1	8.6	6.0	4.2	6.7

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

Consolidated Profit & Loss GFT							
In % of Sales							
	2004	2005	2006	2007	2008E	2009E	2010E
Sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Gross balance	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Research and development	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales and marketing	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
General and administration	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other operating income/expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Increase / decrease in inventory	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Own work capitalised	0.0 %	0.0 %	0.2 %	0.1 %	0.0 %	0.1 %	0.1 %
Total sales	100.0 %	100.0 %	100.2 %	100.1 %	100.0 %	100.1 %	100.1 %
Material Expenses	40.6 %	39.3 %	50.3 %	60.8 %	61.5 %	61.4 %	61.3 %
Gross profit	59.4 %	60.7 %	49.9 %	39.3 %	38.5 %	38.7 %	38.8 %
Personnel expenses	45.0 %	47.5 %	35.7 %	26.1 %	27.5 %	28.2 %	27.0 %
Other operating income	3.7 %	3.6 %	1.7 %	0.8 %	1.2 %	1.3 %	1.2 %
Other operating expenses	16.6 %	14.6 %	11.6 %	8.6 %	9.0 %	9.0 %	8.9 %
EBITDA	1.5 %	2.2 %	4.4 %	5.4 %	3.2 %	2.8 %	4.1 %
Depreciation of fixed assets	1.0 %	0.8 %	0.5 %	0.4 %	0.5 %	0.5 %	0.5 %
EBITA	0.5 %	1.4 %	3.9 %	4.9 %	2.7 %	2.3 %	3.6 %
Amortisation of intangible fixed assets	0.4 %	0.2 %	0.2 %	0.2 %	0.3 %	0.2 %	0.1 %
Impairment charges and amortisation of goodwill	2.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	-1.9 %	1.1 %	3.7 %	4.8 %	2.5 %	2.1 %	3.5 %
Interest income	0.4 %	0.6 %	0.4 %	0.3 %	0.4 %	0.5 %	0.4 %
Interest expenses	0.1 %	0.0 %	0.1 %	0.1 %	0.0 %	0.0 %	0.0 %
Financial result	0.1 %	0.2 %	0.1 %	0.2 %	0.4 %	0.5 %	0.4 %
Recurring pretax income from cont. operations	-1.8 %	1.3 %	3.8 %	5.0 %	2.9 %	2.6 %	3.9 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	-1.8 %	1.3 %	3.8 %	5.0 %	2.9 %	2.6 %	3.9 %
Taxes total	1.3 %	0.4 %	0.9 %	1.5 %	0.4 %	0.8 %	1.2 %
Net income from continuing operations	-3.1 %	0.9 %	2.9 %	3.5 %	2.5 %	1.8 %	2.7 %
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	-3.1 %	0.9 %	2.9 %	3.5 %	2.5 %	1.8 %	2.7 %
Minority interest	-0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	-3.0 %	0.9 %	2.9 %	3.5 %	2.5 %	1.8 %	2.7 %

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

Balance sheet GFT

In EUR m

	2004	2005	2006	2007	2008E	2009E	2010E
Assets							
Intangible assets	15.7	15.7	21.1	21.2	21.1	21.3	21.5
thereof other intangible assets	0.4	0.4	0.7	0.9	0.8	0.9	1.2
thereof Goodwill	15.3	15.3	20.4	20.4	20.4	20.4	20.4
Property, plant and equipment	2.8	2.5	2.4	2.6	2.9	3.1	3.4
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	18.5	18.2	23.6	23.9	24.1	24.4	24.9
Inventories	0.2	0.1	0.0	0.0	0.0	0.0	0.0
Accounts receivable	17.7	22.6	34.1	47.9	46.4	48.3	49.1
Other Assets	8.8	8.7	10.6	11.4	11.4	11.4	11.4
Liquid assets	30.6	28.6	23.9	28.7	35.0	33.5	36.6
Current assets	57.4	60.1	68.6	88.1	92.9	93.2	97.1
Total assets	75.8	78.4	92.2	112	117	118	122
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	67.3	42.1	42.1	42.1	42.1
Surplus capital	2.3	2.3	2.3	2.3	8.3	9.9	14.0
Other equity components	-52.9	-51.6	-46.7	-13.1	-13.1	-13.1	-13.1
Book value	43.1	44.5	49.4	57.7	63.7	65.3	69.4
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	43.1	44.5	49.4	57.7	63.7	65.3	69.4
Provision for pensions and similar obligations	0.8	0.8	0.8	0.9	0.9	0.9	0.9
Provisions	12.5	11.6	14.4	16.0	16.0	16.0	16.0
Financial liabilities	0.1	0.1	2.6	0.2	0.2	0.2	0.2
Accounts payable	10.6	10.3	15.6	28.9	27.9	27.0	27.3
Other liabilities	9.5	11.9	10.3	9.2	9.2	9.2	9.2
Liabilities	32.7	33.9	42.8	54.2	53.2	52.3	52.6
Total liabilities and shareholders equity	75.8	78.4	92.2	112	117	118	122

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

Balance sheet GFT

In % of Balance Sheet Total

	2004	2005	2006	2007	2008E	2009E	2010E
Assets							
Intangible assets	20.7 %	20.1 %	22.9 %	19.0 %	18.1 %	18.1 %	17.7 %
thereof other intangible assets	0.5 %	0.5 %	0.8 %	0.8 %	0.7 %	0.8 %	1.0 %
thereof Goodwill	20.2 %	19.6 %	22.1 %	18.2 %	17.4 %	17.3 %	16.7 %
Property, plant and equipment	3.7 %	3.2 %	2.7 %	2.3 %	2.5 %	2.7 %	2.8 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Fixed assets	24.4 %	23.2 %	25.6 %	21.3 %	20.6 %	20.8 %	20.4 %
Inventories	0.3 %	0.2 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts receivable	23.4 %	28.9 %	37.0 %	42.9 %	39.7 %	41.1 %	40.3 %
Other Assets	11.6 %	11.1 %	11.5 %	10.2 %	9.8 %	9.7 %	9.4 %
Liquid assets	40.4 %	36.5 %	25.9 %	25.7 %	30.0 %	28.5 %	30.0 %
Current assets	75.7 %	76.7 %	74.5 %	78.7 %	79.4 %	79.2 %	79.6 %
Total assets	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Liabilities and shareholders' equity							
Subscribed capital	34.7 %	33.6 %	28.6 %	23.5 %	22.5 %	22.4 %	21.6 %
Additional paid-in capital	88.9 %	85.9 %	73.0 %	37.7 %	36.1 %	35.8 %	34.6 %
Surplus capital	3.1 %	3.0 %	2.5 %	2.1 %	7.1 %	8.5 %	11.5 %
Other equity components	-69.8 %	-65.8 %	-50.6 %	-11.7 %	-11.2 %	-11.1 %	-10.7 %
Book value	56.9 %	56.7 %	53.5 %	51.6 %	54.5 %	55.6 %	56.9 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	56.9 %	56.7 %	53.5 %	51.6 %	54.5 %	55.6 %	56.9 %
Provision for pensions and similar obligations	1.0 %	1.1 %	0.9 %	0.8 %	0.7 %	0.7 %	0.7 %
Provisions	16.5 %	14.8 %	15.6 %	14.3 %	13.7 %	13.6 %	13.1 %
Financial liabilities	0.1 %	0.2 %	2.8 %	0.1 %	0.1 %	0.1 %	0.1 %
Accounts payable	14.0 %	13.1 %	16.9 %	25.8 %	23.9 %	23.0 %	22.4 %
Other liabilities	12.5 %	15.2 %	11.2 %	8.2 %	7.8 %	7.8 %	7.5 %
Liabilities	43.2 %	43.2 %	46.5 %	48.4 %	45.5 %	44.5 %	43.1 %
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

	2004	2005	2006	2007	2008E	2009E	2010E
Net income	-3.9	1.1	5.1	8.6	6.0	4.2	6.7
Depreciation of fixed assets	1.2	1.0	0.9	1.0	1.1	1.2	1.2
Amortisation of goodwill	2.5	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.5	0.3	0.3	0.4	0.6	0.4	0.2
Increase/decrease in long-term provisions	-2.0	-1.8	-2.0	1.6	0.0	0.0	0.0
Other costs affecting income / expenses	1.0	0.5	0.2	0.2	0.0	0.0	0.0
Cash Flow	-0.6	1.0	4.5	11.8	7.7	5.8	8.2
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in accounts receivable	-1.6	-4.9	-2.0	-13.8	1.5	-1.9	-0.8
Increase / decrease in accounts payable	-1.3	2.9	0.1	12.2	-1.0	-0.9	0.3
Increase / decrease in other working capital positions	-0.3	0.1	-1.1	-0.8	0.0	0.0	0.0
Increase / decrease in working capital	-3.3	-1.8	-3.0	-2.4	0.5	-2.8	-0.5
Cash flow from operating activities	-3.9	-0.8	1.5	9.3	8.2	3.0	7.7
CAPEX	-1.0	-1.1	-1.6	-1.8	-1.9	-1.9	-2.0
Payments for acquisitions	0.6	0.0	-6.2	0.0	0.0	0.0	0.0
Financial investments	-7.7	2.0	4.1	0.3	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	-8.1	1.0	-3.6	-1.5	-1.9	-1.9	-2.0
Change in financial liabilities	0.1	0.1	1.9	-2.4	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	-2.6	-2.6
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	-0.3	-0.1	-0.2	0.0	0.0	0.0	0.0
Cash flow from financing activities	-0.3	0.0	1.7	-2.4	0.0	-2.6	-2.6
Change in liquid funds	-12.3	0.2	-0.4	5.5	6.3	-1.6	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	20.5	20.7	20.2	25.7	32.0	30.5	33.6

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

Financial Ratios GFT

	2004	2005	2006	2007	2008E	2009E	2010E
Operational Efficiency							
Total Operating Costs / Sales	98.5 %	97.8 %	95.8 %	94.7 %	96.9 %	97.3 %	96.0 %
Sales per Employee	131,856	119,747	168,130	230,474	235,833	219,565	221,656
EBITDA per Employee	1,946	2,581	7,345	12,344	7,498	6,082	8,977
EBIT-margin	-1.9 %	1.1 %	3.7 %	4.8 %	2.5 %	2.1 %	3.5 %
EBITDA / Operating Assets	18.4 %	17.4 %	36.1 %	61.1 %	36.0 %	26.6 %	40.1 %
ROA	-20.6 %	5.8 %	21.7 %	36.0 %	24.9 %	17.3 %	27.1 %
Efficiency of Capital Employment							
Plant Turnover	45.1	48.8	70.9	94.4	83.1	74.6	74.1
Operating Assets Turnover	12.4	8.1	8.3	11.4	11.3	9.6	9.9
Capital Employed Turnover	2.3	2.2	2.6	3.3	3.0	2.9	2.9
Return on Capital							
ROCE	-4.0 %	2.4 %	10.5 %	16.9 %	7.8 %	6.2 %	10.3 %
EBITDA / Avg. Capital Employed	3.1 %	4.7 %	12.4 %	18.9 %	10.0 %	8.1 %	12.1 %
ROE	-8.8 %	2.4 %	10.4 %	14.9 %	9.4 %	6.5 %	9.7 %
Net Profit / Avg. Equity	-8.6 %	2.4 %	10.9 %	16.0 %	9.9 %	6.5 %	10.0 %
Recurring Net Profit / Avg. Equity	-8.6 %	2.4 %	10.9 %	16.0 %	9.9 %	6.5 %	10.0 %
ROIC	-6.8 %	1.9 %	7.7 %	11.6 %	5.8 %	5.2 %	7.8 %
Solvency							
Net Debt	-30.6	-28.5	-21.3	-28.6	-34.9	-33.3	-36.4
Net Gearing	-70.9 %	-64.1 %	-43.2 %	-49.5 %	-54.7 %	-51.0 %	-52.5 %
Book Value of Equity / Book Value of Debt	500.0 %	500.0 %	500.0 %	500.0 %	500.0 %	500.0 %	500.0 %
Current ratio	2.8	2.7	2.4	2.3	2.5	2.6	2.7
Acid Test Ratio	1.8	1.8	1.6	1.6	1.7	1.8	1.8
EBITDA / Interest Paid	23.8	79.0	66.0	101.0	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	-4.9	-1.9	-0.1	7.6	6.3	1.0	5.8
Free Cash Flow / Sales	-3.9 %	-1.6 %	0.0 %	3.1 %	2.6 %	0.4 %	2.3 %
Adj. Free Cash Flow	0.9	1.6	6.6	12.1	6.5	5.3	8.8
Adj. Free Cash Flow / Sales	-0.4 %	0.8 %	2.5 %	3.5 %	2.3 %	1.5 %	2.3 %
Free Cash Flow / Net Profit	128.6 %	-180.7 %	-1.3 %	88.2 %	105.7 %	24.8 %	85.7 %
Interest Received / Avg. Cash	1.5 %	2.6 %	2.4 %	3.1 %	3.1 %	3.2 %	3.1 %
Interest Paid / Avg. Debt	164.2 %	29.6 %	8.5 %	9.6 %	0.0 %	0.0 %	0.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	43.9 %	62.3 %	58.6 %
Fund Management							
Investment ratio	7.0 %	-0.7 %	-1.4 %	0.6 %	0.8 %	0.8 %	0.8 %
Maint. Capex / Sales	0.8 %	0.8 %	0.6 %	0.4 %	0.5 %	0.5 %	0.5 %
Capex / Dep	208.0 %	-70.1 %	-215.6 %	104.6 %	111.8 %	124.8 %	131.0 %
Avg. Working Capital / Sales	5.2 %	8.2 %	8.9 %	7.6 %	7.7 %	8.5 %	8.7 %
Trade Creditors / Trade Debtors	166.9 %	220.7 %	218.9 %	165.8 %	166.3 %	178.9 %	179.9 %
Inventory turnover (days)	647	889	34,736	27,452	20,000	20,000	20,000
Receivables collection period (DSOs)	51.6	68.3	71.7	70.8	70.0	75.0	72.0
Payables collection period (days)	30.9	31.0	32.8	42.7	42.0	42.0	40.0
Cash conversion cycle (Tage)	668	927	34,775	27,480	20,028	20,033	20,032
Valuation							
P/B	0.9	0.9	0.8	0.7	0.6	0.6	0.5
EV/sales	0.1	0.1	0.1	0.1	0.0	0.0	0.0
EV/EBITDA	8.3	5.9	2.0	1.2	1.3	1.7	0.8
EV/EBIT	-6.5	11.5	2.4	1.3	1.6	2.3	1.0
EV/FCF	-3.1	-8.0	-240.8	2.0	1.5	10.8	1.5
P/E	-10.3	36.0	7.6	4.4	6.3	9.0	5.5
P/CF	neg.	37.9	8.5	3.2	4.9	6.6	4.6

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

Free Cash Flow Yield - GFT Technologies

Figures in EUR m	2004	2005	2006	2007	2008e	2009e	2010e	
Net Income	-3.8	1.1	5.1	8.6	6.0	4.2	6.7	
+ Depreciation + Amortisation	4.2	1.3	1.2	1.4	1.7	1.5	1.5	
- Net Interest Income	0.2	0.2	0.2	0.5	0.9	1.1	1.1	
+ Taxes	1.7	0.5	1.6	3.8	0.9	1.9	3.0	
- Maintenance Capex	1.0	1.0	1.0	1.1	1.2	1.2	1.3	
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Adjusted Free Cash Flow	0.9	1.6	6.6	12.1	6.5	5.3	8.8	
Adjusted Free Cash Flow Yield	5.9%	10.4%	42.7%	78.7%	67.2%	47.2%	103.1%	
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
= Enterprise Value	15.4	15.4	15.4	15.4	9.7	11.3	8.5	
= Fair Enterprise Value	9.1	16.1	65.9	121.3	65.0	53.1	87.9	
- Net Debt (Cash)	-28.6	-28.6	-28.6	-28.6	-34.9	-33.3	-36.4	
- 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	31.6	38.6	88.4	143.8	93.2	79.7	117.2	
No. of shares (m)	26.3	26.3	26.3	26.3	26.3	26.3	26.3	
= Fair value per share (EUR)	1.20	1.47	3.36	5.46	3.54	3.03	4.45	
premium (-) / discount (+) in %	-16.6%	1.7%	133.1%	279.4%	145.9%	110.3%	209.3%	
Sensitivity Fair value per Share (EUR)								
	13.0%	1.12	1.32	2.78	4.40	2.97	2.56	3.68
	12.0%	1.14	1.36	2.94	4.70	3.13	2.69	3.90
	11.0%	1.17	1.41	3.13	5.04	3.32	2.85	4.15
Hurdle rate	10.0%	1.20	1.47	3.36	5.46	3.54	3.03	4.45
	9.0%	1.24	1.53	3.63	5.98	3.82	3.25	4.82
	8.0%	1.29	1.62	3.98	6.62	4.16	3.53	5.29
	7.0%	1.35	1.73	4.43	7.44	4.60	3.89	5.88

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

DCF Model - GFT Technologies

Figures in EUR m

	2008e	2009e	2010e	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e
Sales	242.2	234.9	249.0	266.5	285.1	305.1	323.4	342.8	359.9	377.9	393.0	408.8	421.0	433.6
Change	-2.0%	-3.0%	6.0%	7.0%	7.0%	7.0%	6.0%	6.0%	5.0%	5.0%	4.0%	4.0%	3.0%	3.0%
EBIT	6.0	5.0	8.6	10.1	12.8	15.3	16.2	15.4	16.2	17.0	15.7	16.4	14.7	15.2
EBIT-Margin	2.5%	2.1%	3.5%	3.8%	4.5%	5.0%	5.0%	4.5%	4.5%	4.5%	4.0%	4.0%	3.5%	3.5%
Tax rate	32.0%	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	4.1	3.5	6.0	7.0	8.9	10.6	11.2	10.7	11.3	11.8	10.9	11.4	10.2	10.5
Depreciation	1.7	1.5	1.5	1.5	1.7	1.5	1.6	1.7	1.8	1.9	2.0	2.0	2.1	2.2
in % of Sales	0.7%	0.7%	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	0.5	-2.8	-0.5	-1.5	-1.6	-1.7	-1.6	-1.7	-1.5	-1.6	-1.3	-1.4	-1.1	-1.1
- Capex	-1.9	-1.9	-2.0	-1.5	-1.6	-1.5	-1.6	-1.7	-1.8	-1.9	-2.0	-2.0	-2.1	-2.2
Capex in % of Sales	0.8%	0.8%	0.8%	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	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow (WACC-Model)	4.4	0.3	5.0	5.4	7.4	9.1	9.7	9.1	9.8	10.3	9.6	10.0	9.2	9.5

Model parameter

Debt ratio	0.00%	Beta	1.30
Costs of Debt	n.a.	WACC	10.83%
Market return	9.25%		
Risk free rate	4.00%	Terminal Growth	2.00%

Valuation (mln)

Present values 2021e	53.8		
Terminal Value	28.6		
Liabilities	-0.9		
Liquidity	29.2	No. of shares (mln)	26.33
Equity Value	110.7	Value per share (EUR)	4.21

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

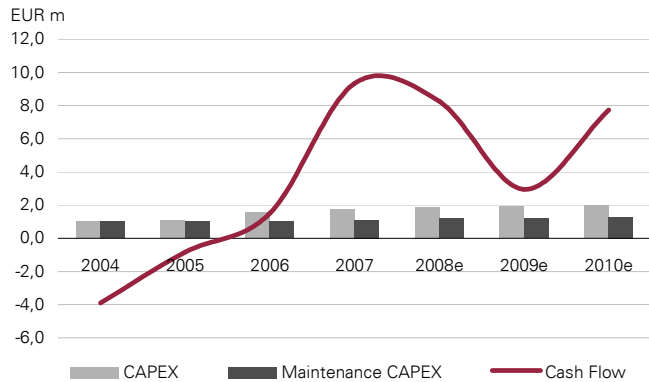
WACC	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%
11.83%	3.82	3.84	3.86	3.88	3.90	3.93	3.95
11.33%	3.96	3.99	4.01	4.04	4.06	4.09	4.12
11.08%	4.04	4.06	4.09	4.12	4.15	4.18	4.21
10.83%	4.12	4.15	4.18	4.21	4.24	4.27	4.31
10.58%	4.21	4.24	4.27	4.30	4.33	4.37	4.41
10.33%	4.30	4.33	4.36	4.40	4.44	4.48	4.52
9.83%	4.50	4.53	4.57	4.62	4.66	4.71	4.76

Delta EBIT-margin

WACC	-1.5 pp	-1.0 pp	-0.5 pp	0.0	+0.5 pp	+1.0 pp	+1.5 pp
11.83%	2.55	3.00	3.44	3.88	4.32	4.77	5.21
11.33%	2.64	3.10	3.57	4.04	4.50	4.97	5.43
11.08%	2.68	3.16	3.64	4.12	4.60	5.08	5.56
10.83%	2.73	3.22	3.71	4.21	4.70	5.19	5.68
10.58%	2.78	3.29	3.79	4.30	4.81	5.31	5.82
10.33%	2.83	3.35	3.88	4.40	4.92	5.44	5.97
9.83%	2.95	3.50	4.06	4.62	5.17	5.73	6.28

Source: SES Research

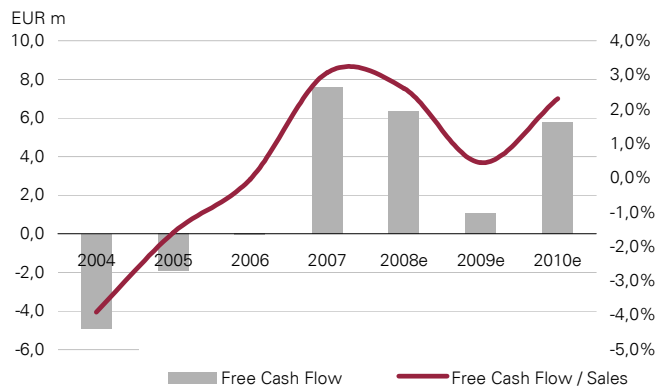
GFT Technologies - CAPEX and Cash Flow



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

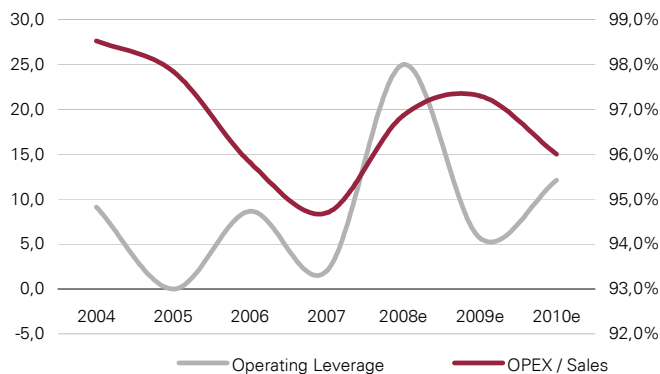
GFT Technologies - Free Cash Flow Generation



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

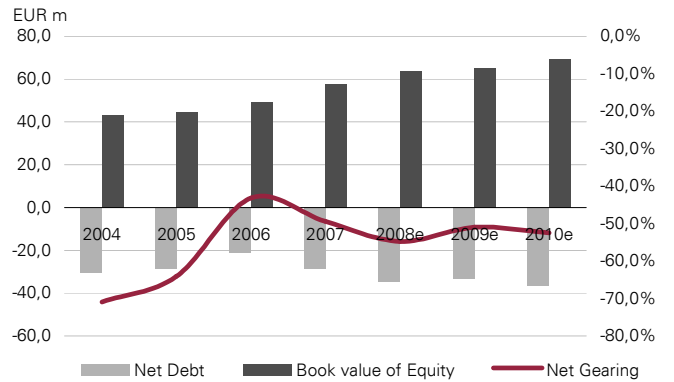
GFT Technologies - Operating Leverage



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

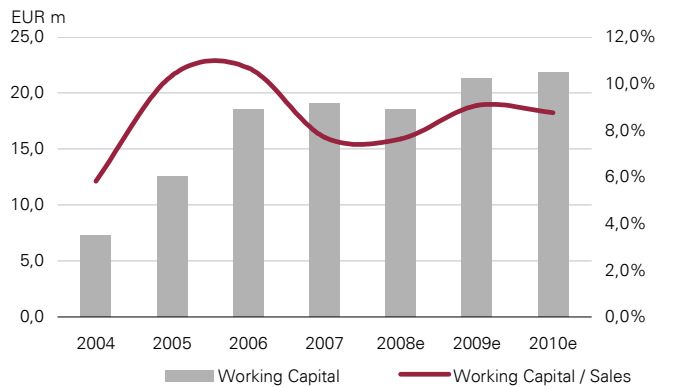
GFT Technologies - Balance Sheet Quality



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

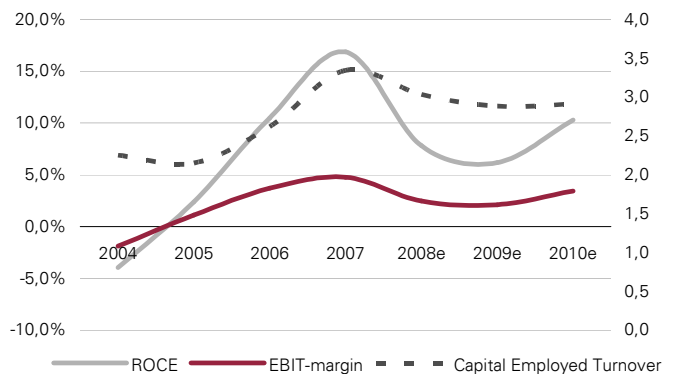
GFT Technologies - Working Capital



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

GFT Technologies - ROCE Development



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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- B **Buy**: The price of the analysed equity security is expected to rise over the next 12 months.
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 S **Sell**: The price of the analysed equity security is expected to fall over the next 12 months.
 “-“ **Rating suspended**: The available information does not currently permit an evaluation of the company.

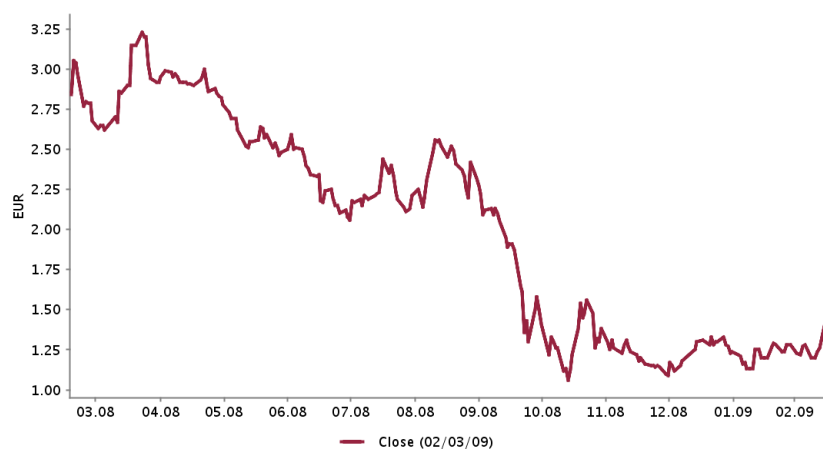
M.M.Warburg & CO KGaA and SES Research GmbH research universe by rating:

Rating	Number of stocks	% of Universe
Buy	113	55%
Hold	61	30%
Sell	22	11%
Rating suspended	9	4%
Total	205	

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Rating	Number of stocks	% of Universe
Buy	75	61%
Hold	35	29%
Sell	6	5%
Rating suspended	6	5%
Total	122	

Price and Rating History
GFT Technologies AG as of 03/03/09



The boxes on the price and rating history chart indicate the date and rating of the Equity Alert issued by SES Research GmbH. Each box represents the closing price (Xetra) of the date on which an analyst publishes a change to a rating, except for the first box, which may represent the rating in place at the beginning of the period or the first Alert written on the issue in the past 12 months.

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