

Buy (old: Buy)

PT EUR 3.90 (old: 3.50)

Price EUR 2.43
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: 04.11.2009 / Closing price

Market cap: EUR 64.0 m
Enterprise Value (EV): EUR 34.0 m
Book value: EUR 65.5 m
No. of shares: 26.3 m
Trading volume Ø: EUR 0.1 m

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

Calendar:

| Change | 2009E | | 2010E | | 2011E | |
|--------------|-------|------|-------|------|-------|------|
| | old | Δ% | old | Δ% | old | Δ% |
| Sales | 225 | -0.9 | 239 | -0.9 | 255 | -0.9 |
| EBIT | 5.2 | 9.8 | 7.4 | 1.5 | 10.3 | 1.6 |
| EPS | 0.16 | 6.3 | 0.22 | 0 | 0.30 | 0 |

 Analysis: SES Research
 Date of publication: 05.11.2009
 Analyst: Finn Henning Breiter
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Strong Q3 - PT raised

On November 5, 2009, GFT released good Q3 figures. The EBIT margin (3.8%) exceeded expectations by 0.4 PP due to a better sales mix.

GFT Technologies - Q3 2009

| Figures in EUR m | Q3/09 | Q3/09e | Q3/08 | yoy | 9M/09 | 9M/08 | yoy |
|-------------------|-------|--------|-------|--------|-------|-------|-------|
| Sales | 54.8 | 56.0 | 61.6 | -11.1% | 162.3 | 177.5 | -8.6% |
| EBITDA | 2.3 | 1.8 | 2.4 | -5.7% | 4.9 | 5.4 | -9.3% |
| <i>margin</i> | 4.1% | 3.2% | 3.9% | | 3.0% | 3.0% | |
| EBIT | 1.9 | 1.5 | 2.0 | -3.8% | 4.0 | 4.2 | -5.8% |
| <i>margin</i> | 3.5% | 2.7% | 3.2% | | 2.4% | 2.4% | |
| EBT | 2.1 | 1.7 | 2.1 | -0.7% | 4.3 | 4.3 | 0.7% |
| <i>margin</i> | 3.8% | 3.0% | 3.4% | | 2.7% | 2.4% | |
| EPS in EUR | 0.06 | 0.04 | 0.06 | 0.0% | 0.12 | 0.10 | 20.0% |

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

Sales in the highest-margin services segment came in at EUR 66 m after nine months, which is only 1.7% below the previous year's level. The EBT margin in this segment only declined by 0.8 PP to 7.0% despite the restrained demand from customers of the financial sector and the correspondingly grown degree of competition.

The lower-margin business of mediating IT freelancers (resourcing) is clearly stronger affected by the economic crisis as the companies release these temporary workers first. This is proved in the significant sales decline by 12.6% to EUR 92.9 m. The EBIT margin declined only 0.3 PP to 1.9% due to the high share of the transitory costs.

The negative EBT was reduced to EUR -1.2 m by cost cuttings in the non-core segment of software which translates into an improvement by EUR 1.7 m. Earnings included restructuring expenses (approx. EUR 0.3 m). The company aims at selling the business segment which would have to be considered as positive due to the limited synergetic link to the main business.

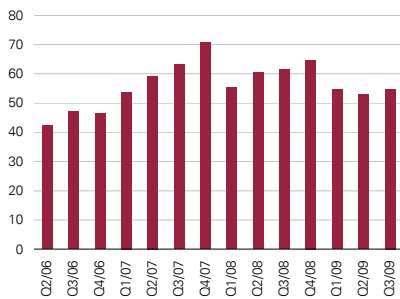
The increasing need for IT projects to raise efficiency and the handling of growing regulatory requirements should induce first positive impulses for GFT's service business beginning from 2010. However, the earnings power of 2009 is not adequately reflected in the share price. An operating cash flow of EUR 5.6 m and a FCF of EUR 4.4 m is expected for GFT. The EV is now at a level of EUR 34 m (adjusted for received advance payments) due to the high cash position. Thus, the EV/FCF multiple for 2009 is now 7.7.

The DCF based **PT** is raised to **EUR 3.90** (old: 3.50). The adjusted FCFY 2010 indicates additional upside. The visible cash flow for 2009 would already lead to a fair value of EUR 3.40. The **BUY** rating is reiterated.

| Fiscal year ending: 31.12. | 2005 | 2006 | 2007 | 2008 | 2009E | 2010E | 2011E |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Sales | 121 | 174 | 247 | 242 | 223 | 236 | 253 |
| <i>Change Sales yoy</i> | -3.7 % | 43.6 % | 42.3 % | -2.0 % | -7.9 % | 6.0 % | 7.0 % |
| Gross profit | 73.4 | 86.7 | 97.0 | 93.3 | 90.7 | 93.7 | 99.0 |
| <i>Gross margin</i> | 60.7 % | 49.9 % | 39.3 % | 38.5 % | 40.7 % | 39.7 % | 39.2 % |
| EBITDA | 2.6 | 7.6 | 13.2 | 7.7 | 7.3 | 9.0 | 12.0 |
| <i>EBITDA-margin</i> | 2.2 % | 4.4 % | 5.4 % | 3.2 % | 3.3 % | 3.8 % | 4.8 % |
| EBIT | 1.3 | 6.4 | 11.8 | 6.0 | 5.7 | 7.5 | 10.5 |
| <i>EBIT-margin</i> | 1.1 % | 3.7 % | 4.8 % | 2.5 % | 2.6 % | 3.2 % | 4.2 % |
| Net income | 1.1 | 5.1 | 8.6 | 6.0 | 4.4 | 5.8 | 8.0 |
| EPS | 0.04 | 0.19 | 0.33 | 0.23 | 0.17 | 0.22 | 0.30 |
| Free Cash Flow per share | -0.07 | 0.00 | 0.29 | 0.24 | 0.17 | 0.20 | 0.27 |
| Dividend | 0.00 | 0.00 | 0.00 | 0.10 | 0.10 | 0.15 | 0.20 |
| <i>Dividend Yield</i> | n.a. | n.a. | n.a. | 4.1 % | 4.1 % | 6.2 % | 8.2 % |
| EV/Sales | 0.3 | 0.2 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 |
| EV/EBITDA | 13.5 | 4.6 | 2.7 | 4.6 | 4.7 | 3.5 | 2.4 |
| EV/EBIT | 26.1 | 5.5 | 3.0 | 5.9 | 5.9 | 4.2 | 2.7 |
| PER | 60.8 | 12.8 | 7.4 | 10.6 | 14.3 | 11.0 | 8.1 |
| ROCE | 2.4 % | 10.5 % | 16.9 % | 7.8 % | 7.1 % | 9.0 % | 12.1 % |
| Adj. Free Cash Flow Yield | 4.6 % | 18.7 % | 34.5 % | 18.5 % | 17.6 % | 24.1 % | 36.7 % |

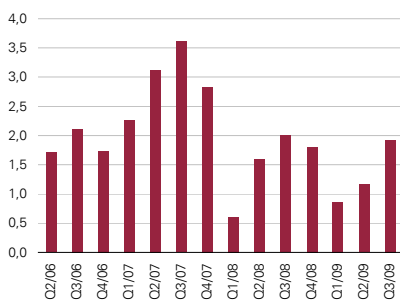
Per Share figures in EUR, other figures in EUR m., price: EUR 2.43

Sales growth
in EUR m



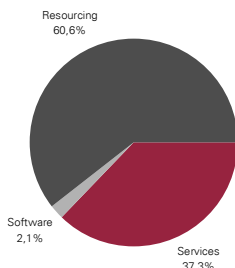
Source: GFT Technologies

EBIT growth
in EUR m



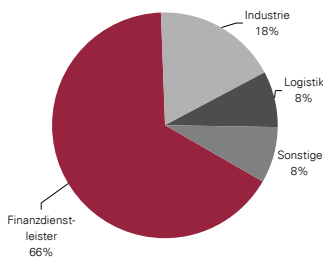
Source: GFT Technologies

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 25 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 | 236 | 253 |
| 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 | 0.1 | 0.1 |
| Total sales | 121 | 174 | 247 | 242 | 223 | 237 | 253 |
| Material Expenses | 47.6 | 87.3 | 150 | 149 | 133 | 143 | 154 |
| Gross profit | 73.4 | 86.7 | 97.0 | 93.3 | 90.7 | 93.7 | 99.0 |
| Personnel expenses | 57.5 | 61.9 | 64.5 | 66.7 | 66.2 | 67.1 | 68.5 |
| Other operating income | 4.3 | 3.0 | 2.0 | 3.0 | 2.5 | 2.7 | 2.8 |
| Other operating expenses | 17.6 | 20.2 | 21.2 | 21.9 | 19.6 | 20.3 | 21.2 |
| 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 | 9.0 | 12.0 |
| 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 | 7.8 | 10.7 |
| 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 | 7.5 | 10.5 |
| 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 | 8.3 | 11.5 |
| 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 | 8.3 | 11.5 |
| Taxes total | 0.5 | 1.6 | 3.8 | 0.9 | 1.9 | 2.5 | 3.5 |
| Net income from continuing operations | 1.1 | 5.1 | 8.6 | 6.0 | 4.4 | 5.8 | 8.0 |
| 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 | 5.8 | 8.0 |
| 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 | 5.8 | 8.0 |

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 % | 60.4 % | 60.9 % |
| Gross profit | 60.7 % | 49.9 % | 39.3 % | 38.5 % | 40.7 % | 39.7 % | 39.2 % |
| Personnel expenses | 47.5 % | 35.7 % | 26.1 % | 27.5 % | 29.7 % | 28.4 % | 27.1 % |
| Other operating income | 3.6 % | 1.7 % | 0.8 % | 1.2 % | 1.1 % | 1.1 % | 1.1 % |
| Other operating expenses | 14.6 % | 11.6 % | 8.6 % | 9.0 % | 8.8 % | 8.6 % | 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 % | 3.8 % | 4.8 % |
| 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 % | 3.3 % | 4.3 % |
| 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 % | 3.2 % | 4.2 % |
| 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 % | 3.5 % | 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 % | 3.5 % | 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 % | 2.4 % | 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 % | 2.4 % | 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 % | 2.4 % | 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 | 2.3 |
| 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 | 23.9 |
| 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 | 46.6 | 49.2 |
| 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 | 39.4 | 42.5 |
| Current assets | 60.1 | 68.6 | 88.1 | 92.9 | 93.4 | 97.4 | 103 |
| Total assets | 78.4 | 92.2 | 112 | 117 | 117 | 121 | 127 |
| 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 | 13.2 | 17.3 |
| 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 | 68.6 | 72.7 |
| 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 | 68.6 | 72.7 |
| 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 | 27.2 | 29.1 |
| 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 | 52.5 | 54.4 |
| Total liabilities and shareholders equity | 78.4 | 92.2 | 112 | 117 | 117 | 121 | 127 |

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 % | 17.7 % | 17.0 % |
| thereof other intangible assets | 0.5 % | 0.8 % | 0.8 % | 0.7 % | 0.7 % | 0.9 % | 1.0 % |
| thereof Goodwill | 19.6 % | 22.1 % | 18.2 % | 17.4 % | 17.4 % | 16.8 % | 16.0 % |
| Property, plant and equipment | 3.2 % | 2.7 % | 2.3 % | 2.5 % | 2.1 % | 1.9 % | 1.8 % |
| 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 % | 19.6 % | 18.8 % |
| 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 % | 38.5 % | 38.7 % |
| Other Assets | 11.1 % | 11.5 % | 10.2 % | 9.8 % | 9.8 % | 9.4 % | 9.0 % |
| Liquid assets | 36.5 % | 25.9 % | 25.7 % | 30.0 % | 31.4 % | 32.5 % | 33.5 % |
| Current assets | 76.7 % | 74.5 % | 78.7 % | 79.4 % | 79.8 % | 80.4 % | 81.2 % |
| 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 % | 21.7 % | 20.7 % |
| Additional paid-in capital | 85.9 % | 73.0 % | 37.7 % | 36.1 % | 36.0 % | 34.8 % | 33.2 % |
| Surplus capital | 3.0 % | 2.5 % | 2.1 % | 7.1 % | 8.6 % | 10.9 % | 13.6 % |
| Other equity components | -65.8 % | -50.6 % | -11.7 % | -11.2 % | -11.2 % | -10.8 % | -10.3 % |
| Book value | 56.7 % | 53.5 % | 51.6 % | 54.5 % | 55.9 % | 56.7 % | 57.2 % |
| 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 % | 56.7 % | 57.2 % |
| 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 % | 13.2 % | 12.6 % |
| 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 % | 22.5 % | 22.9 % |
| Other liabilities | 15.2 % | 11.2 % | 8.2 % | 7.8 % | 7.8 % | 7.6 % | 7.2 % |
| Liabilities | 43.2 % | 46.5 % | 48.4 % | 45.5 % | 44.1 % | 43.3 % | 42.8 % |
| 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 | 5.8 | 8.0 |
| 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 | 7.2 | 9.5 |
| 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 | -1.4 | -2.6 |
| Increase / decrease in accounts payable | 2.9 | 0.1 | 12.2 | -1.0 | -1.6 | 0.9 | 1.9 |
| 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 | -0.5 | -0.7 |
| Cash flow from operating activities | -0.8 | 1.5 | 9.3 | 8.2 | 5.6 | 6.7 | 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 | 2.6 | 3.2 |
| 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 | 36.4 | 39.5 |

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 % | 96.3 % | 95.3 % |
| Sales per Employee | 119,747 | 168,130 | 230,474 | 235,833 | 215,459 | 221,734 | 225,958 |
| EBITDA per Employee | 2,581 | 7,345 | 12,344 | 7,498 | 7,046 | 8,404 | 10,733 |
| EBIT-margin | 1.1 % | 3.7 % | 4.8 % | 2.5 % | 2.6 % | 3.2 % | 4.2 % |
| EBITDA / Operating Assets | 17.4 % | 36.1 % | 61.1 % | 36.0 % | 34.1 % | 41.2 % | 53.7 % |
| ROA | 5.8 % | 21.7 % | 36.0 % | 24.9 % | 18.6 % | 24.3 % | 33.4 % |
| Efficiency of Capital Employment | | | | | | | |
| Plant Turnover | 48.8 | 70.9 | 94.4 | 83.1 | 89.2 | 102 | 112 |
| Operating Assets Turnover | 8.1 | 8.3 | 11.4 | 11.3 | 10.4 | 10.9 | 11.3 |
| Capital Employed Turnover | 2.2 | 2.6 | 3.3 | 3.0 | 2.7 | 2.8 | 2.8 |
| Return on Capital | | | | | | | |
| ROCE | 2.4 % | 10.5 % | 16.9 % | 7.8 % | 7.1 % | 9.0 % | 12.1 % |
| EBITDA / Avg. Capital Employed | 4.7 % | 12.4 % | 18.9 % | 10.0 % | 9.0 % | 10.8 % | 13.8 % |
| ROE | 2.4 % | 10.4 % | 14.9 % | 9.4 % | 6.7 % | 8.4 % | 11.0 % |
| Net Profit / Avg. Equity | 2.4 % | 10.9 % | 16.0 % | 9.9 % | 6.8 % | 8.6 % | 11.3 % |
| Recurring Net Profit / Avg. Equity | 2.4 % | 10.9 % | 16.0 % | 9.9 % | 6.8 % | 8.6 % | 11.3 % |
| ROIC | 1.9 % | 7.7 % | 11.6 % | 7.5 % | 5.4 % | 6.7 % | 8.9 % |
| Solvency | | | | | | | |
| Net Debt | -28.5 | -21.3 | -28.6 | -34.9 | -36.6 | -39.2 | -42.4 |
| Net Gearing | -64.1 % | -43.2 % | -49.5 % | -54.7 % | -55.9 % | -57.2 % | -58.3 % |
| Book Value of Equity / Book Value of Debt | 31307.7 % | 1923.7 % | 38486.7 % | 42486.7 % | 43665.0 % | 45744.9 % | 48439.0 % |
| Current ratio | 2.7 | 2.4 | 2.3 | 2.5 | 2.6 | 2.7 | 2.7 |
| 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 | 5.2 | 7.1 |
| Free Cash Flow / Sales | -1.6 % | 0.0 % | 3.1 % | 2.6 % | 2.0 % | 2.2 % | 2.8 % |
| Adj. Free Cash Flow | 1.6 | 6.6 | 12.1 | 6.5 | 6.0 | 7.6 | 10.5 |
| Adj. Free Cash Flow / Sales | 0.8 % | 2.5 % | 3.5 % | 2.3 % | 1.8 % | 2.1 % | 2.8 % |
| Free Cash Flow / Net Profit | -180.7 % | -1.3 % | 88.2 % | 105.7 % | 99.1 % | 91.0 % | 89.0 % |
| Interest Received / Avg. Cash | 2.6 % | 2.4 % | 3.1 % | 3.1 % | 1.7 % | 2.1 % | 2.4 % |
| 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 % | 68.6 % | 65.9 % |
| Fund Management | | | | | | | |
| Investment ratio | -0.7 % | -1.4 % | 0.6 % | 0.8 % | 0.5 % | 0.6 % | 0.7 % |
| 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 % | 101.2 % | 112.0 % |
| Avg. Working Capital / Sales | 8.2 % | 8.9 % | 7.6 % | 7.7 % | 8.4 % | 8.1 % | 7.8 % |
| Trade Creditors / Trade Debtors | 220.7 % | 218.9 % | 165.8 % | 166.3 % | 171.9 % | 171.3 % | 169.1 % |
| 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 | | | | | | | |
| P/B | 1.4 | 1.3 | 1.1 | 1.0 | 1.0 | 0.9 | 0.9 |
| EV/sales | 0.3 | 0.2 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 |
| EV/EBITDA | 13.5 | 4.6 | 2.7 | 4.6 | 4.7 | 3.5 | 2.4 |
| EV/EBIT | 26.1 | 5.5 | 3.0 | 5.9 | 5.9 | 4.2 | 2.7 |
| EV/FCF | -18.3 | -549.0 | 4.6 | 5.5 | 7.8 | 6.0 | 4.0 |
| P/E | 60.8 | 12.8 | 7.4 | 10.6 | 14.3 | 11.0 | 8.1 |
| P/CF | 63.9 | 14.3 | 5.4 | 8.3 | 10.7 | 8.8 | 6.7 |

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 | 5.8 | 8.0 | |
| + Depreciation + Amortisation | 1.3 | 1.2 | 1.4 | 1.7 | 1.6 | 1.5 | 1.5 | |
| - 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 | 2.5 | 3.5 | |
| - 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 | 7.6 | 10.5 | |
| Adjusted Free Cash Flow Yield | 4.6% | 18.7% | 34.5% | 18.5% | 17.6% | 24.1% | 36.7% | |
| Hurdle rate | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | |
| = Enterprise Value | 35.1 | 35.1 | 35.1 | 35.1 | 34.0 | 31.4 | 28.6 | |
| = Fair Enterprise Value | 16.1 | 65.9 | 121.3 | 65.0 | 59.9 | 75.6 | 105.1 | |
| - Net Debt (Cash) | -34.9 | -34.9 | -34.9 | -34.9 | -36.6 | -39.2 | -42.4 | |
| - 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 | 44.9 | 94.7 | 150.2 | 93.8 | 89.9 | 108.2 | 140.5 | |
| 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 | 4.11 | 5.34 | |
| premium (-) / discount (+) in % | -29.8% | 48.0% | 134.7% | 46.7% | 40.5% | 69.1% | 119.6% | |
| Sensitivity Fair value per Share (EUR) | | | | | | | | |
| | 13.0% | 1.56 | 3.02 | 4.64 | 2.99 | 2.89 | 3.45 | 4.41 |
| | 12.0% | 1.60 | 3.18 | 4.94 | 3.15 | 3.04 | 3.63 | 4.67 |
| | 11.0% | 1.65 | 3.37 | 5.29 | 3.34 | 3.21 | 3.85 | 4.97 |
| Hurdle rate | 10.0% | 1.71 | 3.60 | 5.70 | 3.56 | 3.41 | 4.11 | 5.34 |
| | 9.0% | 1.77 | 3.88 | 6.22 | 3.84 | 3.67 | 4.43 | 5.78 |
| | 8.0% | 1.86 | 4.22 | 6.86 | 4.18 | 3.98 | 4.83 | 6.33 |
| | 7.0% | 1.97 | 4.67 | 7.68 | 4.62 | 4.39 | 5.34 | 7.05 |

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 | 254.2 | 272.0 | 291.0 | 308.5 | 327.0 | 346.6 | 363.9 | 382.1 | 397.4 | 413.3 | 425.7 | 438.5 | 451.6 |
| Change | -1.0% | 6.0% | 7.0% | 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 | 7.5 | 10.5 | 11.6 | 13.9 | 14.7 | 15.6 | 14.6 | 15.3 | 15.9 | 14.5 | 14.9 | 13.2 | 13.5 |
| EBIT-Margin | 2.4% | 2.9% | 3.9% | 4.0% | 4.5% | 4.5% | 4.5% | 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 | 5.2 | 7.3 | 8.1 | 9.6 | 10.2 | 10.8 | 10.1 | 10.6 | 11.0 | 10.1 | 10.4 | 9.1 | 9.4 |
| Depreciation | 1.6 | 1.5 | 1.5 | 1.7 | 1.8 | 1.6 | 1.7 | 1.8 | 1.9 | 2.0 | 2.1 | 2.1 | 2.2 | 2.3 |
| 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 | -0.5 | -0.7 | -1.4 | -1.3 | -1.4 | -1.4 | -1.3 | -1.3 | -1.1 | -1.2 | -0.9 | -0.9 | -1.0 |
| - Capex | -1.2 | -1.5 | -1.7 | -1.6 | -1.7 | -1.6 | -1.7 | -1.8 | -1.9 | -2.0 | -2.1 | -2.1 | -2.2 | -2.3 |
| 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 | -0.1 | 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 | 4.7 | 6.4 | 6.7 | 8.4 | 9.1 | 9.4 | 8.9 | 9.3 | 9.9 | 8.9 | 9.4 | 8.2 | 8.5 |

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 | 2.00% |

Valuation (mln)

| | | | |
|----------------------|--------------|------------------------------|-------------|
| Present values 2022e | 53.6 | | |
| Terminal Value | 19.5 | | |
| Liabilities | -0.9 | | |
| Liquidity | 30.8 | No. of shares (mln) | 26.33 |
| Equity Value | 103.0 | Value per share (EUR) | 3.91 |

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

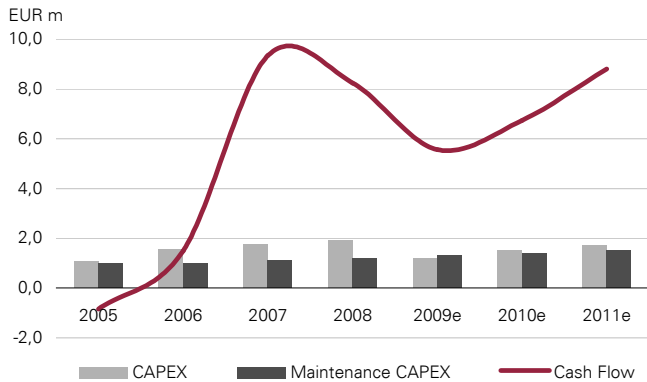
| WACC | 1.25% | 1.50% | 1.75% | 2.00% | 2.25% | 2.50% | 2.75% |
|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 12.88% | 3.63 | 3.64 | 3.66 | 3.67 | 3.68 | 3.70 | 3.71 |
| 12.38% | 3.74 | 3.76 | 3.77 | 3.79 | 3.80 | 3.82 | 3.84 |
| 12.13% | 3.80 | 3.82 | 3.83 | 3.85 | 3.87 | 3.89 | 3.91 |
| 11.88% | 3.86 | 3.88 | 3.90 | 3.91 | 3.93 | 3.95 | 3.98 |
| 11.63% | 3.93 | 3.94 | 3.96 | 3.98 | 4.00 | 4.03 | 4.05 |
| 11.38% | 3.99 | 4.01 | 4.03 | 4.06 | 4.08 | 4.10 | 4.13 |
| 10.88% | 4.14 | 4.16 | 4.19 | 4.21 | 4.24 | 4.27 | 4.30 |

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% | 2.45 | 2.86 | 3.26 | 3.67 | 4.08 | 4.48 | 4.89 |
| 12.38% | 2.51 | 2.93 | 3.36 | 3.79 | 4.21 | 4.64 | 5.07 |
| 12.13% | 2.54 | 2.98 | 3.41 | 3.85 | 4.29 | 4.72 | 5.16 |
| 11.88% | 2.57 | 3.02 | 3.47 | 3.91 | 4.36 | 4.81 | 5.26 |
| 11.63% | 2.60 | 3.06 | 3.52 | 3.98 | 4.44 | 4.90 | 5.36 |
| 11.38% | 2.64 | 3.11 | 3.58 | 4.06 | 4.53 | 5.00 | 5.47 |
| 10.88% | 2.71 | 3.21 | 3.71 | 4.21 | 4.71 | 5.21 | 5.71 |

Source: SES Research

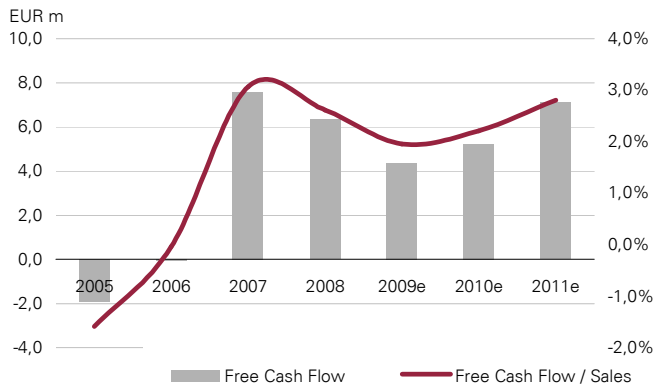
CAPEX and Cash Flow - GFT Technologies



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

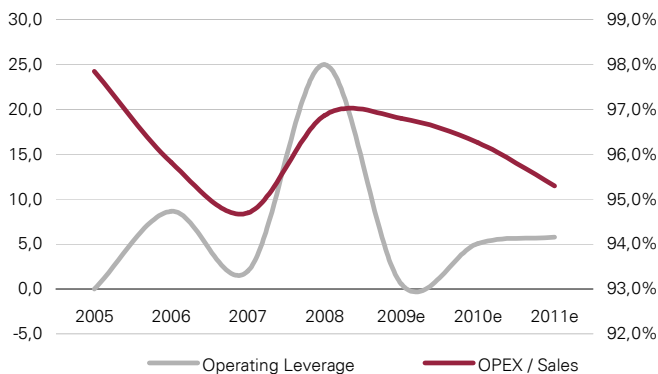
Free Cash Flow Generation - GFT Technologies



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

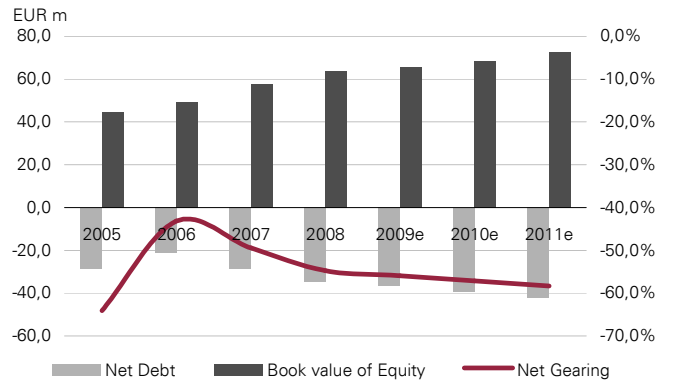
Operating Leverage - GFT Technologies



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

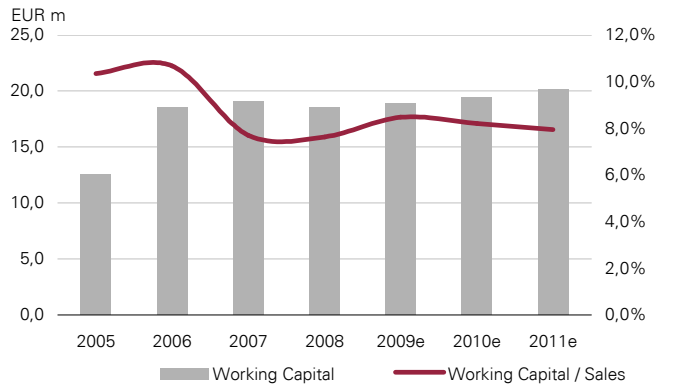
Balance Sheet Quality - GFT Technologies



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

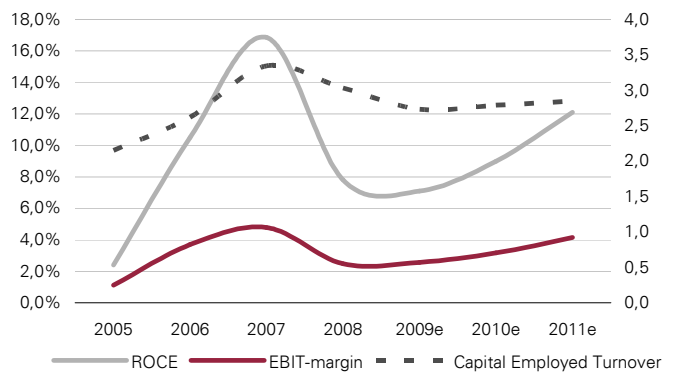
Working Capital - GFT Technologies



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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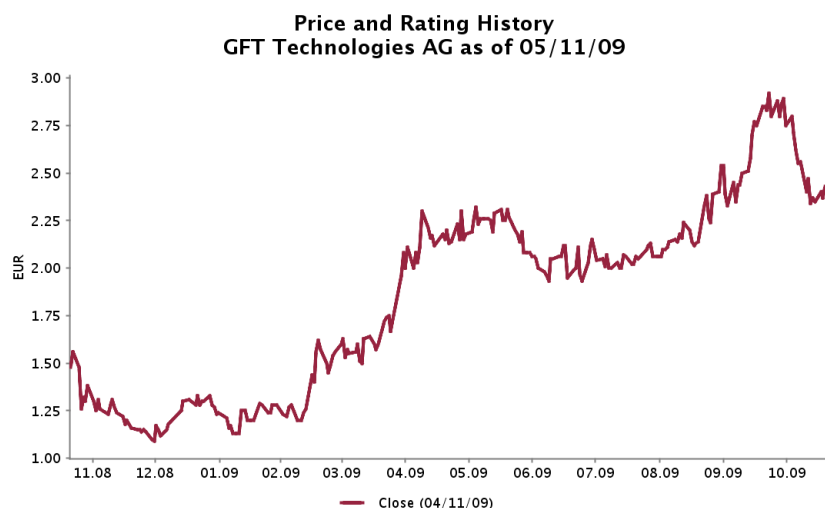
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 H **Hold**: The price of the analysed equity security is expected to remain mostly flat over the next 12 months.
 S **Sell**: The price of the analysed equity security is expected to fall over the next 12 months.
 "- **Rating suspended**: The available information does not currently permit an evaluation of the company.

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| Rating | Number of stocks | % of Universe |
|------------------|------------------|---------------|
| Buy | 108 | 53% |
| Hold | 59 | 29% |
| Sell | 20 | 10% |
| Rating suspended | 17 | 8% |
| Total | 204 | |

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| Rating | Number of stocks | % of Universe |
|------------------|------------------|---------------|
| Buy | 108 | 53% |
| Hold | 59 | 29% |
| Sell | 20 | 10% |
| Rating suspended | 17 | 8% |
| Total | 204 | |



The charts have markings if SES Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

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