

GFT Company Update

Company Update: Upgrade from Hold to Buy

RATING
BUY (HOLD)

TARGET PRICE
3.25 EUR (UNDER REVIEW)

WHAT'S CHANGED

- Forecast after Q3 figures slightly increased
- Price target raised from EUR 2.10 to EUR 3.25
- Rating lifted to Buy from Hold

After the Q3 report we raised our EPS forecast for 2009 and 2010 marginally by EUR 0.01 to EUR 0.18 and EUR 0.27 respectively. After the conference call we are very confident that GFT's earnings will increase by 50% next year. Up to now we had more doubt's that this earnings jump is realizable. However, business development already bottomed out in H1/09. Additionally the earnings forecast for 2010 gets more weight in our peer group valuation, which leads together with the increased share prices of the comparables to a significantly higher fair value. All in all we raise our price target from EUR 2.10 to EUR 3.25 and lift our rating from Hold to Buy:

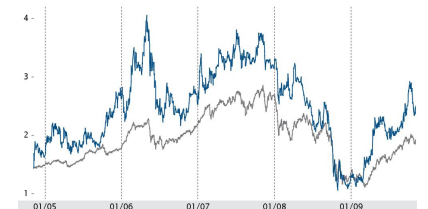
- Economical environment is brightening step by step. Especially the forecasts for the IT sector are getting better. LBBW raised DAX target.
- Business development already bottomed out in H1/09. Q3 figures were marginally better than expected and we lifted our EPS forecasts slightly. Jump in earnings in 2010 by 50% becomes more and more realistic.
- 2010 earnings are getting more important. Therefore we lifted the weight of 2010 estimates to 50% (2009: 25%, 2011: 25%, old 2009: 50%, 2010: 25%, 2011: 25%).
- Share prices of peer group companies strongly increased in the last weeks.

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

Current Price (XETRA (Germany); 2009-11-05; 05:04 pm)2.50 EUR
CLOSING PRICE (2009-11-05): 2.50 EUR
 EXPECTED PERFORMANCE:..... 30%
 MARKET CAPITALIZATION:.....65.81 EUR m
 ENTERPRISE VALUE:..... 43.23 EUR m
 NUMBER OF SHARES:.....26.33 m
 FREE FLOAT:..... 52.0 %
 INDEX (WEIGHT):..... Tech All Share (0.16 %)
 AVG. DAILY TRADEVOL.: 35,533
 ISIN:..... DE0005800601
 SECTOR: Software

KEY DATA (DEC)	2008	2009E	2010E
Sales (EUR m)	242.2	218.8	238.0
EBITDA (EUR m)	8.0	7.5	11.0
EBIT (EUR m)	6.4	6.3	9.7
Net profit (EUR m)	6.0	4.6	7.2
FCF (EUR m)	7.8	3.4	5.7
FCF yield	22.9 %	5.0 %	8.0 %
EPS (EUR)	0.23	0.18	0.27
DPS (EUR)	0.10	0.10	0.10
EV / Sales (x)	0.0	0.2	0.2
EV / EBITDA (x)	1.4	6.0	4.1
EV / EBIT (x)	1.8	7.3	4.7
P / E (x)	5.7	14.9	9.7
P / BV (x)	0.54	1.01	0.95
Dividend yield (in %)	7.7 %	4.0 %	4.0 %

PRICE PERFORMANCE



Source: GFT, LBBW Research, Thomson Reuters

DISCLOSURES (2) (3) (4)

RATING HISTORY

BUY (2009-11-06)
 HOLD (2009-04-20)
 BUY (2008-11-12)
 HOLD (2008-10-20)
 UNDER REVIEW (2008-10-17)

UPCOMING EVENTS

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