

GFT Company Update

Results Initial View: Preliminary figures top estimates

RATING
BUY (UNCHANGED)

TARGET PRICE
4.3 EUR (UNCHANGED)

WHAT'S CHANGED

- Q2/10 revenues +11% yoy
- Q2/EBT EUR 3m
- Guidance increased

GFT Technologies just released preliminary Q2/10 figures. Sales of EUR 60m were clearly above last year's figure (EUR 54.4m) and even exceeded our forecast of EUR 56m. Therefore, also profit before tax (EUR 3m) was well above our estimate (EUR 2m).

In the ad hoc the management stated that especially the Services segment was the growth driver with a plus in revenues of 38% yoy in Q2/10 and a more than doubled segment profit.

Against our expectations the management increased the full year guidance. Sales in 2010 are expected to surpass EUR 240m (old EUR 230m, LBBWe EUR 231m) and EBT is expected to be in a range between EUR 10m and EUR 11m (old EUR 9m to EUR 10m, LBBWe: EUR 9.65m).

The company will release the full report at Wednesday. We will check our estimates which now seem to be a bit too cautious and confirm our buy recommendation even after the jump in the share price of about 7%.

in EUR m	Q2/2010	LBBW E	Consensus	6M/2010	LBBW E	Consensus
Sales	60.3	56.0	n.a.	114.7	110.4	n.a.
EBT	3.0	2.0	n.a.	4.6	3.6	n.a.
Net profit	n.a.	1.40	n.a.	n.a.	2.52	n.a.
EPS (in EUR)	n.a.	0.05	n.a.	n.a.	0.09	n.a.

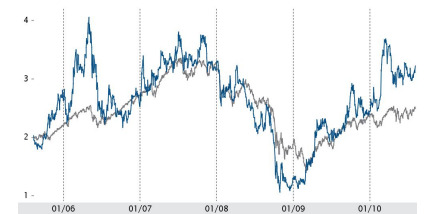
Source: GFT, LBBW Research

+++ Reuters: GFTG +++ Bloomberg: GFT GY +++

Current Price (XETRA (Germany); 2010-08-09; 02:31 pm) 3.41 EUR
CLOSING PRICE (2010-08-06): **3.22 EUR**
EXPECTED PERFORMANCE:..... 33.5%
MARKET CAPITALIZATION:..... **84.77 EUR m**
ENTERPRISE VALUE:..... **50.45 EUR m**
NUMBER OF SHARES:.....**26.33 m**
FREE FLOAT:..... **57.0 %**
INDEX (WEIGHT):..... **CDAX (0.01 %)**
AVG. DAILY TRADEVOL.:..... **18,648**
ISIN:..... DE0005800601
SECTOR:..... Software

KEY DATA (DEC)	2010E	2011 E	2012E
Sales (EUR m)	231.0	255.0	280.0
EBITDA (EUR m)	10.1	12.5	15.0
EBIT (EUR m)	9.1	11.4	13.8
Net profit (EUR m)	7.0	8.7	10.5
FCF (EUR m)	5.6	6.5	9.7
FCF yield	6.7 %	7.7 %	11.5 %
EPS (EUR)	0.27	0.33	0.40
DPS (EUR)	0.12	0.15	0.18
EV / Sales (x)	0.2	0.2	0.2
EV / EBITDA (x)	5.0	4.0	3.4
EV / EBIT (x)	5.5	4.4	3.7
P / E (x)	12.1	9.7	8.1
P / BV (x)	1.21	1.12	1.03
Dividend yield	3.7 %	4.7 %	5.6 %

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

August 11-10 Quarterly report

 **Thomas Hofmann, CEFA**
Investment Analyst
+49 711 127-42775
Thomas.Hofmann@LBBW.de