LB≡BW

Landesbank Baden-Württemberg

INSTITUTIONAL EQUITY RESEARCH | COMPANY FLASH

Company Flash

GFT

COMPANY

GFT

RATING
BUY (UNCHANGED)

TARGET PRICE
EUR 4.7 (UNCHANGED)

Company Update: Forecast and price target lifted, share still attractive

HIGHLIGHTS

- Six-months figures exceeded our expectations
- Management lifts guidance for 2010
- Higher sales and earnings estimates for 2010 and beyond
- New price target of EUR 4.70 (previous: EUR 4.30), Buy recommendation reaffirmed

GFT Technologies exceeded our expectations for the second quarter 2010 in terms of both sales and earnings. Here, the Service segment showed a particularly pleasing performance. In the Resourcing segment, though, the positive general economic environment has had no effect on figures so far. On the customer side, demand from the financial services sector in particular is picking up speed, while demand from the industrial sector remained at a rather moderate level. With an equity ratio of 58 % and net liquidity (including non-current financial assets) of EUR 26m (~ EUR 1 per share), GFT's balance sheet remains on solid footing.

As a result of H1 figures, management lifted its guidance for the full year. As such, sales are to climb to more than EUR 240m (previously EUR 230m), while pre-tax profit is expected between EUR 10 and 11m (previously EUR 9 and 10m). Although we had considered the old guidance conservative all along, we had not expected it to be lifted before publication of the nine-month report. This, in our view, emphasised the optimism on the part of the management.

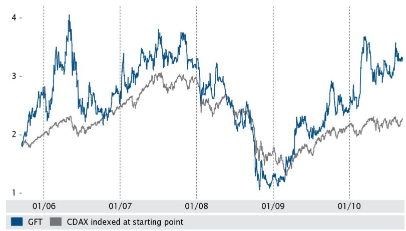
We have slightly adjusted our sales and earnings estimates and derive a fair value of EUR 4.70 on the basis of these new figures (previously EUR 4.30). Therefore, our rating remains a Buy, as also the dividend yields expected by us speak in favour of the share (3.7 % in 2010, 4.6 % in 2011, 5.5 % in 2012).

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

Current Price (XETRA (Germany); 2010-09-10; 03:06 pm)	3.31 EUR
CLOSING PRICE (2010-09-13):	3.32 EUR
EXPECTED PERFORMANCE:	41.6%
MARKET CAPITALIZATION:	87.40 EUR m
ENTERPRISE VALUE:	53.08 EUR m
NUMBER OF SHARES:	26.33 m
FREE FLOAT:	57.0 %
INDEX (WEIGHT):	CDAX (0.01 %)
AVG. DAILY TRADEVOL.:	20,223
ISIN:	DE0005800601
SECTOR:	Software

KEY DATA (DEC) Company figures in m EUR, per share data in EUR	2010E	2011E	2012E
Sales	241.2	260.0	285.0
EBITDA	11.1	13.5	16.0
EBIT	9.8	12.1	14.5
Net profit	7.4	9.2	11.0
FCF	6.6	7.3	9.5
FCF yield	7.5 %	8.3 %	10.9 %
EPS	0.28	0.35	0.42
DPS	0.12	0.15	0.18
EV / Sales	0.2	0.2	0.2
EV / EBITDA	4.8	3.9	3.3
EV / EBIT	5.4	4.4	3.7
P / E	11.9	9.5	7.9
P / BV	1.24	1.14	1.05
Dividend yield	3.6 %	4.5 %	5.4 %

PRICE PERFORMANCE



Source: GFT, LBBW Research, Thomson Reuters

UPCOMING EVENTS

November 10-10	Quarterly report

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

FOR DISCLAIMER AND IMPORTANT DISCLOSURES PLEASE SEE APPENDIX-1

LB≡BW

Landesbank Baden-Württemberg

INSTITUTIONAL EQUITY RESEARCH — COMPANY FLASH

Data Overview

Financials

GFT

Summary Estimate Changes (EUR m)

	2010e			2011e			2012e		
P/L statement	old	new	Δ	old	new	Δ	old	new	Δ
Sales	231.0	241.2	4.4%	255.0	260.0	2.0%	280.0	285.0	1.8%
EBITDA	10.1	11.1	9.9%	12.5	13.5	8.0%	15.0	16.0	6.7%
EBIT	9.1	9.8	7.7%	11.4	12.1	6.1%	13.8	14.5	5.1%
EBT	9.6	10.5	9.4%	12.1	12.8	5.8%	14.5	15.2	4.8%
Earnings after tax	7.0	7.6	8.6%	8.7	9.2	5.7%	10.5	11.0	4.8%
Net profit	7.0	7.4	5.7%	8.7	9.2	5.7%	10.5	11.0	4.8%
Per share (EUR)	old	new	Δ	old	new	Δ	old	new	Δ
EPS	0.27	0.28	3.7%	0.33	0.35	6.1%	0.40	0.42	5.0%
Cashflow per Share	0.21	0.25	19.0%	0.25	0.28	12.0%	0.37	0.36	-2.7%
DPS	0.12	0.12	0.0%	0.15	0.15	0.0%	0.18	0.18	0.0%

Source: GFT, LBBW Research

Key Data GFT (EUR m)

Profit and Loss Statement (EUR m) (Dec)	2006	2007	2008	2009	2010E	2011E	2012E
Sales	173.7	247.1	242.2	216.8	241.2	260.0	285.0
EBITDA	7.6	13.2	8.0	8.5	11.1	13.5	16.0
EBIT	6.4	11.8	6.4	7.3	9.8	12.1	14.5
EBT	6.7	12.4	6.9	7.9	10.5	12.8	15.2
Net profit	5.1	8.6	6.0	4.7	7.4	9.2	11.0
EPS	0.19	0.33	0.23	0.18	0.28	0.35	0.42
growth yoy							
Sales		42.3 %	-2.0 %	-10.5 %	11.3 %	7.8 %	9.6 %
EBITDA		42.3 %	-2.0 %	-10.5 %	11.3 %	7.8 %	9.6 %
EBIT		74.4 %	-39.3 %	6.4 %	29.9 %	21.6 %	18.5 %
EBT		84.0 %	-45.9 %	14.9 %	33.6 %	23.5 %	19.8 %
Net profit		85.5 %	-44.0 %	13.5 %	33.5 %	21.5 %	19.2 %
EPS		68.2 %	-29.9 %	-21.3 %	55.1 %	25.7 %	19.2 %
Margins							
EBITDA	4.4 %	5.4 %	3.3 %	3.9 %	4.6 %	5.2 %	5.6 %
EBIT	3.7 %	4.8 %	2.6 %	3.4 %	4.1 %	4.7 %	5.1 %
EBT	3.8 %	5.0 %	2.9 %	3.6 %	4.3 %	4.9 %	5.3 %
Net profit	2.9 %	3.5 %	2.5 %	2.2 %	3.0 %	3.6 %	3.9 %
Balance Sheet (EUR m)							
Tangible assets	2.4	2.6	2.6	2.2	2.1	2.3	2.5
Goodwill	20.4	20.4	20.4	20.4	20.4	20.4	20.4
Net working capital	10.1	9.7	8.4	0.6	1.2	2.8	3.9
Cash / Cash equivalents	20.2	25.7	33.0	35.5	39.9	44.0	49.6
Equity	49.4	57.7	63.2	65.8	70.5	76.6	83.6
Total financial debt	12.7	8.7	9.6	1.1	1.1	1.1	1.1
Net debt / (Net cash) end of FY	-11.2	-20.0	-25.6	-37.0	-41.4	-45.5	-51.1
Cash flow Statement (EUR m)							
Net profit	5.1	8.6	6.0	4.7	7.4	9.2	11.0
Depreciation	1.2	1.4	1.6	1.2	1.3	1.4	1.5
Changes to working capital	-4.2	0.4	1.3	1.8	-0.7	-1.6	-1.1
Operating cash flow	1.5	9.3	9.2	6.6	7.9	9.0	11.4
Investments in fixed assets	-0.9	-1.3	-1.3	-0.6	-1.0	-1.4	-1.5
FCF	-0.1	7.6	7.8	5.8	6.6	7.3	9.5
Dividend payment	0.0	0.0	0.0	-2.6	-2.6	-3.2	-3.9
Changes in liquid funds	-0.4	5.5	7.3	2.5	4.4	4.1	5.6
Valuation Ratios							
EV / Sales	0.3	0.3	0.0	0.1	0.2	0.2	0.2
EV / EBITDA	7.5	4.8	1.2	3.2	4.8	3.9	3.3
EV / EBIT	8.9	5.4	1.5	3.7	5.4	4.4	3.7
P / E	13.0	9.6	5.7	13.5	11.9	9.5	7.9
P / BV	1.3	1.4	0.5	1.0	1.2	1.1	1.0
Return on equity	10.4 %	14.9 %	9.5 %	9.4 %	10.8 %	12.1 %	13.2 %
Dividend yield	0.0%	0.0%	7.7 %	4.1 %	3.6 %	4.5 %	5.4 %
FCF yield	-0.0%.	9.1 %	22.9 %	9.0 %	7.5 %	8.3 %	10.9 %
Financial Ratios							
Net debt to EBITDA	-1.5	-1.5	-3.2	-4.3	-3.7	-3.4	-3.2
Gearing	-22.7 %	-34.6 %	-40.5 %	-56.2 %	-58.8 %	-59.5 %	-61.1 %
Interest cover (EBIT/Interest expense)	55.8	90.2	181.5	299.5	980.0	242.0	290.0

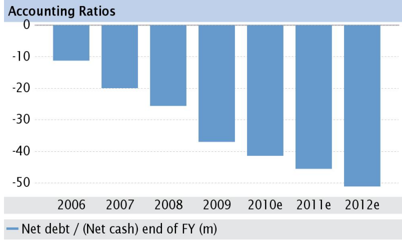
Source: GFT, LBBW Research

GUIDANCE - GFT TECHNOLOGIES

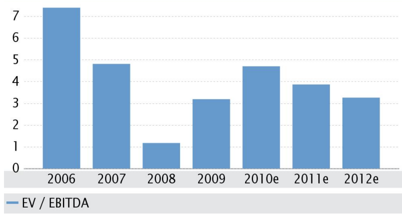
Mangement anticipates sales in excess of EUR 240 m in 2010 and pre-tax profit in the range of EUR 10 to 11 m.

Key Figures

Accounting Ratios



Valuation



Source: GFT, LBBW Research

RESEARCH TEAM

Alexandra Hauser, CPA, Investmentanalyst
+49 711 127-74669, alexandra.hauser@lbbw.de

Thomas Hofmann, Investmentanalyst
+49 711 127-42775, thomas.hofmann@lbbw.de

Hans-Peter Kuhlmann, Investmentanalyst DVFA
+49 711 127-70563, hans-peter.kuhlmann@lbbw.de

Harald Rehmet, Investmentanalyst
+49 711 127-74504, harald.rehmet@lbbw.de

Investment Case

Summary

GFT

GFT's largest customer group (banks and insurance companies) is still facing constantly rising regulatory requirements and is thus being forced to enhance efficiency by, for example, applying new IT systems. After the heavy crisis has been overcome, demand is picking up, while the price pressure should also subside gradually. We believe GFT well positioned to partake in this development and return to generating rising sales and earnings after the floor was reached in 2009. Based on our updated figures, we have lifted the price target from EUR 4.30 to EUR 4.70 and continue to recommend Buying the share.

Earnings summary: Driven by dynamic demand in the Services segment, GFT managed to raise group sales by 14 % (yoy) to EUR 60 m in the second quarter of 2010. Compared to the previous year's quarter, earnings were more than doubled. Even compared to the already good first quarter 2010, profit margins rose once again. Although we had anticipated a positive performance, our Q2 forecasts proved overly cautious. Therefore, we have slightly lifted our estimates for 2010 and the years thereafter.

Valuation summary: Based on our updated figures, the average of both our valuation methods renders a fair value of EUR 4.70 per share, which is our new price target as well (previous: EUR 4.30). The share thus remains a Buy, also supported by the high dividend yield and the sound balance sheet.

Risks: In addition to the general economic risks (danger of another drop into recession), the pending change of ownership of the share package belonging to the now insolvent AvW Invest AG could result in a certain degree of irritation in the short term and – depending on the buyer and the type of deal - lead to (temporary) considerable share price fluctuations in both directions.

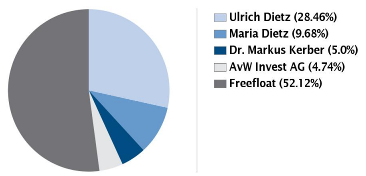
Company Description

GFT Technologies operates in the fields of IT services and IT-specific personnel services. Most customers come from the financial sector (70 % sales share). Germany is the most important market by far (55 %), followed by the UK (15 %) and Spain (10 %). GFT is able to compete with the industry giants due to its off- and near-shore capacities. Sales in 2009 amounted to EUR 216.8m (EUR 221.5m including the Software segment) and net income came out to EUR 6.2m or EUR 0.23 per share (EUR 4.7m; EUR 0.18). Shareholders received a dividend of EUR 0.10. With an equity ratio of 58 % and net liquidity of EUR 36m (both figures as of year-end 2009), GFT has a very solid balance sheet. Co-founder Ulrich Dietz and his wife are the major shareholders with a combined share of nearly 40 %.

PROS	
+	IT sector with growth in FY 10
+	Demand from financials is coming back
+	Attractive valuation
+	Solid balance sheet
+	Loss making segment sold

CONS	
-	Recruiting demand with time lag
-	Low client diversification
-	Risks regarding AvW stake

Shareholder Structure



Source: LBBW Research

Business Update
Key Topics

GFT

Financial sector has demand for IT services again

In the lapsed quarter, GFT Technologies was able to benefit from reviving demand for IT services from the financial services sector in particular, whereas demand in the industry and postal/logistics sector still failed to react to the positive general economic parameters. This mixed picture is also reflected in the performance of both the company's segments. The Services segment, which primarily targets the financial sector, generated sales growth of 38 % to nearly EUR 30m in Q2, while the EBT margin was back near the double-digit percentage range. At EUR 2.73m, the segment result thus exceeded the previous year's figure by more than 100 % (EUR 1.33m). The Resourcing segment in turn, which is targeted more at customers from the industry, featured growth figures that were far less dynamic. At EUR 30.6m, sales hardly exceeded the previous year's figure (EUR 30.4m) in Q2, while the profit margin of 1.6 % also remained at a relatively moderate level. However, compared to the previous year (1.2 %) as well as the previous quarter (1.4 %), there was a slight improvement. Within the Resourcing segment, the field of Third Party Management managed to return to positive sales growth of 4.7 % to EUR 16m in the second quarter after posting a dramatic sales slump in 2009 (-18 %). Nevertheless, the EBT margin was far from satisfying at 0.5%. The second business field within the Resourcing segment – Resource Management – continued to suffer from the reluctance on the part of industry customers. The EBT margin, however, increased by 0.4 % points to 2.7 % despite the sales decline of 3.2 % yoy.

Demand is characterised by different dynamics

Industry customers still cautious

In line with pleasing demand from the financial services sector, sales with this customer group rose by 25 % to EUR 43m in Q2, increasing the significance of this group of customers further to 71 % of group sales. In the year before, only 66 % of sales were generated with the financial services sector. Accordingly, the significance of the second-largest customer group (others/industry) decreased by 5 % points to 21.5 %. The share of customers from the postal/logistics sector remained largely unchanged at 7.5 %.

Financial sector sales share rises to more than 70 %

The favourable demand situation with IT solutions for corporate and investment banking drove the company's activities in Great Britain and the US. Both regions were able to post disproportionately high sales increases of +85.5 % and +80.4 % (both figures yoy), respectively, whereby both regions together contribute a mere 18 % to group sales. Germany, GFT's most important market by far (share of 56 %) stagnated at the previous year's level due to the cautious demand from the industry sector (+1.04 % to EUR 34m).

Great Britain and US the most dynamic unit sales regions

We had not expected demand to recover to this extent, which is why GFT clearly outperformed our Q2 sales estimate (EUR 56m) at EUR 60.3m. Due to the higher utilisation of GFT employees and positive economies of scales, not only profit in absolute terms, but also the profit margin turned out higher than we had anticipated. -

Expectations were exceeded

Business Update

Key Topics

GFT

Q2/10 key data vs. previous year and LBBW estimates

EUR m	Q2/10	Q2/09	Δ YoY	LBBWe
Sales	60.3	52.9	14.0%	56.0
EBITDA	3.1	1.5	106.6%	2.2
Margin	5.2%	2.9%		3.8%
EBIT	2.9	1.2	136.4%	1.9
Margin	4.7%	2.3%		3.3%
EBT	3.0	1.3	132.3%	2.0
Margin	5.0%	2.5%		3.5%
Net profit	2.2	0.9	148.3%	1.4
Margin	3.6%	1.6%		2.5%
Earnings per share (EUR)	0.08	0.03	166.7%	0.05

Source: GFT Technologies, LBBW Research

Compared to the respective previous year's quarter, GFT succeeded in more than doubling earnings figures. Thanks to the pleasing performance of the Services business, the margins at group level were also back to pre-crisis levels. As such, the good trend shown in Q1/10 not only continued through the second quarter, but also accelerated considerably. In Q1/10, the EBITDA margin amounted to 3.3 %, corresponding to a change of 110 percentage points over Q1/09. The Q2/10 EBITDA margin of 5.2 % exceeded the previous year's value by 230 percentage points. On balance, we can establish that GFT has been able to overcome the crisis far earlier than we had expected thanks to surprisingly dynamic demand from the financial sector.

Net liquidity still rising

In the assessment of GFT's financial situation, one has to consider the advance payments from some customers that fall due at the end of the year and result in negative operating cash flow in the course of the year. At EUR -8.6m, operating cash flow in H1 was only slightly below the previous year's level (EUR -8.2m), although working capital increased noticeably. Extracting the changes in financial assets (in order to optimise the interest result, the company invested EUR 10.4m in corporate bonds with an investment grade featuring higher return expectations than those of the previous short-term assets) net liquidity rose by EUR 2m to EUR 25.3m compared to the respective previous year's figure. This equals an amount of about EUR 0.96 per share (≈ approximately 30 % of the current share price). In addition to net liquidity, the soundness of the balance sheet is also reflected in the continuously high equity ratio of 58 %.

Increased sales and earnings guidance

The management expects the dynamic trend to last throughout the remainder of the year. The willingness to invest on the part of the financial sector seems unbroken. This is supported by the necessary implementation of regulatory requirements. In H2, the recovery of the industry sector should likewise lead to rising willingness to invest and thus have a positive impact on the Resourcing segment (business field of Resource Management). Here, the management is further planning to expand its business to include the recruitment of engineers. In 2010, group sales are to exceed the EUR 240m threshold (previously ~EUR 230m), while pre-tax profit is expected in the range of EUR 10 to 11m (previously EUR 9 to 10m).

Financials
Earnings Outlook

GFT

Industry demand should pick up in H2

Resourcing should become the driver in H2

While demand on the part of industrial customers had not yet reflected the much brighter economic environment in the first half of the year, this should change in the second half of the year. We therefore expect the Resourcing segment to post positive sales growth in H2, while sales in H1 still were below the previous year. The Services segment should be able to maintain the high growth dynamic shown in H1 as demand from the financial sector is expected to extend to other areas. To date, the good performance was mainly due to investment banks. Given these assumptions and the surprisingly pleasing Q2/10 figures, we deem the previous forecasts for 2010 and beyond slightly conservative. We have therefore moderately increased our sales and earnings estimates:

Sales and earnings estimates

	2009	2010e		2011e		2012e	
		New	Old	New	Old	New	Old
Sales	216.8	241.2	231.0	260.0	255.0	285.0	280.0
Δ YoY	-10.5%	11.2%	6.5%	7.8%	10.4%	9.6%	9.8%
EBITDA	8.5	11.2	10.1	13.5	12.5	16.0	15.0
Margin	3.9%	4.6%	4.4%	5.2%	4.9%	5.6%	5.4%
EBIT	7.3	10.0	9.1	12.1	11.4	14.5	13.8
Margin	3.4%	4.1%	3.9%	4.7%	4.5%	5.1%	4.9%
Nettoergebnis	4.7	7.4	7.0	9.2	8.7	11.0	10.5
Margin	2.2%	3.1%	3.0%	3.6%	3.4%	3.9%	3.7%
Earnings per share (EUR)	0.18	0.28	0.27	0.35	0.33	0.42	0.40
Dividend per share (EUR)	0.10	0.10	0.12	0.12	0.15	0.15	0.18

Quelle: GFT Technologies, LBBW Research

In addition to the generally positive sentiment in the IT sector as a whole and statements by GFT in particular, our more positive assessment is also based on statements by competitors that have been mostly positive regarding the future trend in the recent past.

Valuation

Fair Value Calculations

GFT

The average of both our valuation models renders a fair value of EUR 4.70 per share, which we have also chosen as our price target. The deviation to our previous price target (EUR 4.30) is attributable to 1.) our increased sales and earnings estimates, 2.) higher peer group multiples and 3.) adjustments to the valuation parameters (risk premium, estimates) in our DCF model. Based on our new price target of EUR 4.70, the Buy rating remains unchanged.

Comparison of multiples

Given GFT's business model with classic IT services on the one hand and the recruitment of IT specialists on the other, we have compiled the GFT peer group with companies from the IT service sector and the personnel recruitment sector. Weighting these according to segment contributions, multiples resulting from the IT sector account for 80 %, while multiples for the group of personnel recruitment companies account for 20 %. In determining the fair enterprise value, we have ignored the EV/Sales multiple, as we believe this would have led to an unjustifiable rise in the average value in operating terms due to the low profitability in a cross-comparison. The table to the side shows the weighting of the individual forecast years and the individual multiples.

Weighting

EV/EBITDA	EV/EBIT	PER
20%	20%	60%
2010e	**2011e**	**2012e**
30%	40%	30%

Source: LBBW Research

Peer group valuation

Company	Price (LC)	MC (LC)	EV / EBITDA 2010e	EV / EBITDA 2011e	EV / EBITDA 2012e	EV / EBIT 2010e	EV / EBIT 2011e	EV / EBIT 2012e	PER 2010e	PER 2011e	PER 2012e
COR&FJA	1.7	73	7.8	5.7	4.8	16.7	9.4	6.7	23.5	13.1	9.0
Realtech	7.9	42	7.4	5.4		9.7	5.9	4.3	16.5	10.1	7.8
Atos Origin	32.4	2,261	4.5	4.2	3.9	8.1	6.5	6.0	11.3	9.3	8.3
Capgemini	36.0	5,580	6.0	5.0	4.5	8.1	6.4	5.7	17.2	12.6	10.7
Devoteam	17.8	186	5.4	4.3	3.7	6.0	4.9	4.3	11.2	8.4	6.8
Indra Sistemas	14.0	2,297	7.3	7.0	6.6	8.4	8.0	7.4	11.6	11.1	10.3
Sapient	10.8	1,451	13.6	9.6	8.7	15.5	11.1	12.9	26.4	17.1	15.9
Median I			7.3	5.4	4.6	8.4	6.5	6.0	16.5	11.1	9.0
Hays	1.0	1,445	11.7	8.7	6.6	14.0	9.9	7.4	22.0	14.6	10.6
Harvey Nash	46.0	34	4.5	3.4		5.4	4.5		9.6	7.1	
Robert Walters	237.5	182	11.2	7.9	5.2	16.5	10.7	5.9	22.2	14.4	9.3
Adecco	49.8	9,431	12.6	10.0	8.3	15.2	11.6	9.4	26.3	19.2	14.4
SThree	281.6	343	11.2	7.6	5.5	14.4	8.9	5.9	25.8	15.4	10.3
Manpower	47.1	3,869	8.9	6.4	4.9	11.5	7.8	5.2	32.2	18.1	11.6
Randstad	32.3	5,484	11.1	8.7	7.0	16.8	11.8	8.9	18.0	13.7	10.6
Michael Page	4.3	1,392	15.5	10.9	7.7	17.9	12.7	8.9	31.4	19.8	13.4
Median II			11.2	8.3	6.6	14.8	10.3	7.4	24.0	15.0	10.6
Median (I+II)			8.1	6.0	5.0	9.7	7.3	6.2	18.0	11.9	9.4
GFT	3.3	86.6	4.5	3.7	3.2	5.0	4.2	3.5	11.7	9.4	7.9
Premium/Discount to Median			-45%	-37%	-37%	-48%	-43%	-44%	-35%	-21%	-16%

Source: Bloomberg, LBBW Research

The sum of weighted multiples results in a fair value of EUR 4.49 for the GFT share, which is clearly above the current share price of EUR 3.30. This undervaluation applies to all multiples and estimate periods. In the scope of our last detailed analysis, we had still determined a fair value of EUR 3.78. The increase is attributable to both higher peer group multiples and higher estimates for GFT.

Valuation

Fair Value Calculations

Discounted cash flow valuation

We have used a three-stage DCF model. In the first three years (phase I) we have come up with concrete estimates for the development of the annual cash flows. In phase II (years 4 to 9) we have adjusted the current growth assumptions to match the development of the so-called perpetual growth rate (phase III), when we no longer expect above-average sales and earnings growth.

Compared to our last analysis, the weighted average cost of capital (WACC) rose from 10.5 % to 11.5 %, which is why the higher forecasts resulted in only a moderate increase in the fair value from EUR 4.85 to EUR 4.95.

The rounded average of both our valuation methods yields a fair value of EUR 4.70 per share, which we also determined as our price target (previously EUR 4.30). We are therefore confirming our Buy rating.

Valuation

DCF Model

GFT

ASSUMPTIONS	
Risk-free interest rate	2.3 %
Market premium	6.8 %
Beta	1.4
Cost of equity	11.5 %
Cost of debt	3.7 %
Equity ratio (target)	100.0 %
WACC (in %)	11.5 %

STEADY STATE	
Steady state year	2018
Terminal value growth	1.5 %
EBIT margin	4.0 %
Depreciation&Amortization ratio	0.5 %
CAPEX ratio	0.6 %
Net working capital ratio	1.0 %
CAGR sales 2009 - 2018	6.2 %

FREE CASHFLOW (EUR m)	2009	2010e	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e
Sales	216.8	241.2	260.0	285.0	307.8	326.3	342.6	356.3	367.0	372.3
Growth yoy		11.3 %	7.8 %	9.6 %	8.0 %	6.0 %	5.0 %	4.0 %	3.0 %	1.5 %
EBIT before Goodwill	7.3	9.8	12.1	14.5	13.9	14.7	15.4	16.0	16.5	14.9
EBIT margin	3.4 %	4.1 %	4.7 %	5.1 %	4.5 %	4.5 %	4.5 %	4.5 %	4.5 %	4.0 %
- Cash taxes on EBIT	1.6	2.7	3.3	4.0	4.3	4.6	4.8	5.0	5.1	4.6
Tax rate	21.3 %	27.5 %	27.5 %	27.5 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %
= NOPAT	5.8	7.1	8.8	10.5	9.6	10.1	10.6	11.1	11.4	10.3
+ Depreciation&Amortization	1.2	1.3	1.4	1.5	1.8	2.0	2.1	1.8	1.8	1.9
in % of sales	0.6 %	0.5 %	0.5 %	0.5 %	0.6 %	0.6 %	0.6 %	0.5 %	0.5 %	0.5 %
- CAPEX	0.8	1.3	1.8	1.9	2.2	2.3	2.4	2.5	2.2	2.2
in % of sales	0.3 %	0.5 %	0.7 %	0.7 %	0.7 %	0.7 %	0.7 %	0.7 %	0.6 %	0.6 %
NWC	0.6	1.2	2.8	3.9	4.0	4.2	4.5	4.6	4.8	3.7
in % of sales	0.3 %	0.5 %	1.1 %	1.4 %	1.3 %	1.3 %	1.3 %	1.3 %	1.3 %	1.0 %
delta NWC		0.7	1.6	1.1	0.1	0.2	0.2	0.2	0.1	-1.0
Provisions	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.1	1.1	0.9
in % of sales	0.4 %	0.4 %	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %
delta provisions		0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	-0.2
FCF to firm	14.1	6.4	6.8	9.0	9.2	9.6	10.1	10.2	10.9	10.8
in % of sales	6.5 %	2.7 %	2.6 %	3.2 %	3.0 %	2.9 %	3.0 %	2.9 %	3.0 %	2.9 %
Discounted free cashflow	n.a.	6.2	5.9	7.0	6.4	6.0	5.7	5.1	4.9	4.4

VALUE PER SHARE (EUR m)	
Discounted free cashflow estimated years	47.4
+ Discounted terminal value	48.6
= Enterprise value	96.0
Terminal value in % of enterprise value	50.7 %
- Net debt	-34.4
- Minorities	0.0
- Pension funds	0.5
+ Peripheral assets	0.0
+ Others	0.3
= Market capitalisation	130.3
/ Number of shares (m)	26.33
= Value per share (EUR)	4.95

FREE CASHFLOW

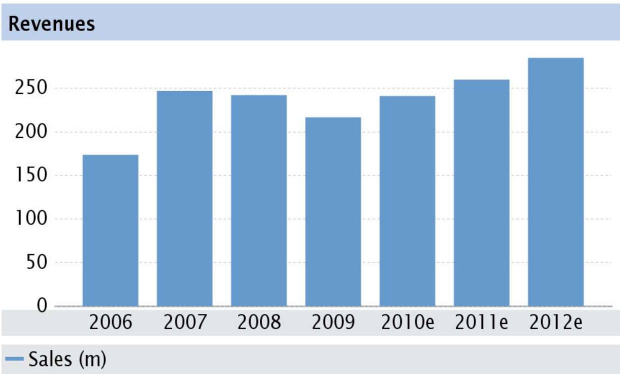
Source: GFT, LBBW Research

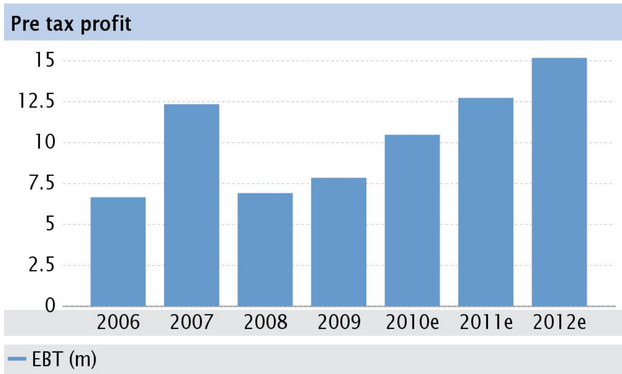
Appendix

Financials: Profit and Loss Statement

GFT

PROFIT AND LOSS STATEMENT (EUR m)	2008	2009	2010E	2011E	2012E	CAGR 08-12E
Sales	**242.2**	**216.8**	**241.2**	**260.0**	**285.0**	
Growth yoy		-10.5 %	11.3 %	7.8 %	9.6 %	4.15 %
Work performed by the enterprise and capitalised	0.1	0.0	0.0	0.0	0.0	
Total operating performance	**242.4**	**216.8**	**241.2**	**260.0**	**285.0**	
Growth yoy		-10.5 %	11.3 %	7.8 %	9.6 %	4.14 %
Material expenses	-149.0	-130.4	-133.8	-149.0	-170.0	
Gross Yield	**93.4**	**86.4**	**107.4**	**111.0**	**115.0**	
Growth yoy		-7.5 %	24.4 %	3.4 %	3.6 %	5.35 %
Personnel expenses	-66.7	-62.5	-79.9	-81.0	-82.0	
Other operating income	3.0	2.0	2.8	2.0	2.0	
Other operating expenses	-21.61	-17.25	-19.20	-18.50	-19.00	
EBITDA	**8.03**	**8.54**	**11.10**	**13.50**	**16.00**	
Growth yoy		6.4 %	29.9 %	21.6 %	18.5 %	18.80 %
Depreciation and Amortisation	-1.6	-1.2	-1.3	-1.4	-1.5	
EBIT	**6.39**	**7.34**	**9.80**	**12.10**	**14.50**	
Growth yoy		14.9 %	33.6 %	23.5 %	19.8 %	22.75 %
Financial result	0.5	0.5	0.7	0.7	0.7	
EBT	**6.93**	**7.86**	**10.49**	**12.75**	**15.20**	
Growth yoy		13.5 %	33.5 %	21.5 %	19.2 %	21.72 %
Taxes on income	-0.90	-1.67	-2.88	-3.51	-4.18	
Income Tax rate	13.1 %	21.3 %	27.5 %	27.5 %	27.5 %	
Earnings after tax	**6.02**	**6.19**	**7.61**	**9.24**	**11.02**	
Growth yoy		2.7 %	23.0 %	21.5 %	19.2 %	16.31 %
Minorities	n.a.	n.a.	n.a.	n.a.	n.a.	
Net profit	**6.02**	**4.74**	**7.36**	**9.24**	**11.02**	
Growth yoy		-21.3 %	55.1 %	25.7 %	19.2 %	16.31 %
Average number of shares	26.3	26.3	26.3	26.3	26.3	
Earnings per share	**0.23**	**0.18**	**0.28**	**0.35**	**0.42**	
Dividend	0.10	0.10	0.12	0.15	0.18	





Source: GFT, LBBW Research

Appendix

Financials: Balance Sheet

GFT

BALANCE SHEET (EUR m)	2008	2009	2010E	2011E	2012E
Total assets	**113.5**	**113.4**	**119.1**	**128.6**	**140.7**
Tangible assets	2.6	2.2	2.1	2.3	2.5
Goodwill	20.4	20.4	20.4	20.4	20.4
Other intangible assets	0.1	0.4	0.5	0.6	0.8
Deferred tax assets	6.7	5.8	5.8	5.8	5.8
Financial assets	0.0	0.3	0.3	0.3	0.3
Other fixed assets	1.1	0.7	0.7	0.7	0.7
Fixed assets	**31.3**	**29.8**	**29.8**	**30.1**	**30.5**
Inventories	0.0	0.0	0.0	0.0	0.0
Trade receivables	44.1	41.8	45.0	50.0	56.0
Other receivables and current assets	5.1	6.3	4.4	4.5	2.6
Cash / Cash equivalents	33.0	35.5	39.9	44.0	49.6
Current assets	**82.2**	**83.6**	**89.3**	**98.5**	**110.2**
Total liabilities	**113.5**	**113.4**	**119.1**	**128.6**	**140.7**
Share capital	26.3	26.3	26.3	26.3	26.3
Reserves	49.0	50.7	50.7	50.7	50.7
Retained earnings	-11.4	-11.0	-6.3	-0.2	6.9
Other equity components	-0.7	-0.3	-0.3	-0.3	-0.3
Equity	**63.2**	**65.8**	**70.5**	**76.6**	**83.6**
Financial debt	0.0	0.0	0.0	0.0	0.0
Pension provisions	0.9	0.5	0.5	0.5	0.5
Deferred tax liabilities	0.4	0.6	0.6	0.6	0.6
Non-current liabilities	**2.2**	**1.9**	**1.9**	**1.9**	**1.9**
Trade payables	26.1	23.3	25.0	27.0	30.0
Short-term borrowings	0.2	0.0	0.0	0.0	0.0
Short-term provisions	12.4	13.6	14.1	15.1	16.6
Other current liabilities	10.3	9.6	8.4	8.8	9.4
Current liabilities	**48.1**	**45.7**	**46.6**	**50.1**	**55.1**

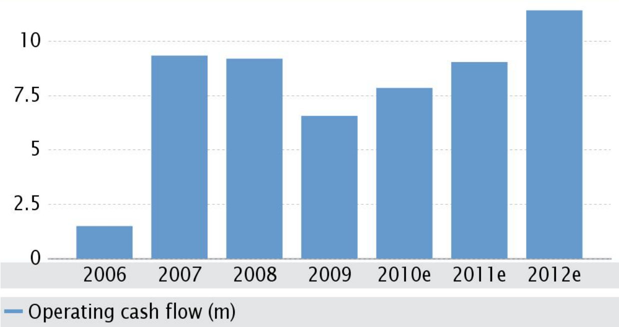
Source: GFT, LBBW Research

Appendix
Financials: Cash Flow Statement

GFT

CASH FLOW STATEMENT (EUR m)	2008	2009	2010E	2011E	2012E
Earnings after tax	6.0	6.2	7.6	9.2	11.0
Depreciation	1.6	1.2	1.3	1.4	1.5
Changes in long-term provisions	-0.5	-0.4	0.0	0.0	0.0
Changes to working capital	1.3	1.8	-0.7	-1.6	-1.1
Other changes operating cashflow	0.7	-2.2	-0.4	0.0	0.0
Operating cash flow	**9.2**	**6.6**	**7.9**	**9.0**	**11.4**
Growth yoy		-28.6 %	19.6 %	15.2 %	26.3 %
Cash outflows for investments in tangible and intangible assets	-1.4	-0.8	-1.3	-1.8	-1.9
Cash inflows from disposal of tangible and intangible assets	0.1	8.3	0.0	0.0	0.0
Other changes in investment cash flow	-0.5	-8.2	0.0	0.0	0.0
Cash flow from investments	**-1.8**	**-0.7**	**-1.3**	**-1.8**	**-1.9**
Growth yoy		n.m.	n.m.	n.m.	n.m.
Cash outflow / inflow from capital measures	0.0	0.0	0.0	0.0	0.0
Dividend payment	0.0	-2.6	-2.6	-3.2	-3.9
Changes to financial debt	0.9	-8.5	0.0	0.0	0.0
Other changes to financial cash flow	-0.9	7.7	0.0	0.0	0.0
Cash flow from financing	**-0.1**	**-2.6**	**-2.6**	**-3.2**	**-3.9**
Growth yoy		n.m.	n.m.	n.m.	n.m.
Changes in liquid funds	7.3	2.5	4.4	4.1	5.6
Liquid funds at the beginning of the period	25.7	33.0	35.5	39.9	44.0
Liquid funds at the end of the period	33.0	33.5	39.9	44.0	49.6
Free cash flow	**7.8**	**5.8**	**6.6**	**7.3**	**9.5**
Cash earnings per Share	**0.27**	**0.22**	**0.33**	**0.40**	**0.48**

Operating Cash flow



Free cash flow

Source: GFT, LBBW Research

Appendix-1

1/2

Analyst's Certification

All of the views expressed in this research report accurately reflect the research analyst's personal views regarding the Subject Company. No part of analyst compensation was, is or will be, directly or indirectly related to the specific recommendations or views expressed in this research report.

Disclosures

Please Note

Important Disclosures Required by Regulators

1) LBBW or an associated enterprise of LBBW supports the company in the market by entering buy or sell orders.
2) LBBW or an associated enterprise of LBBW has made an agreement on the production of financial analyses relating to the issuer or its financial instruments.
3) LBBW together with its affiliates is making a market in the company 's securities.

Please Note

This research report and the information contained in this research report must not be distributed or reproduced, in whole or in part, in any form without the prior consent of Landesbank Baden-Württemberg ("LBBW") and only in accordance with the applicable laws in the relevant jurisdiction. Persons who gain access to this information must inform themselves about such applicable laws and have to comply with them.

This research report and the information contained therein is furnished and has been prepared solely for information purposes. It is not intended to be an inducement to engage in investment activity. It is furnished for your private information with the express understanding, which recipient acknowledges, that it is not an offer, recommendation or solicitation to buy, hold or sell, an invitation to subscribe for or purchase, or a means by which any security may be offered or sold.

LBBW does not accept any liability for the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions or the result obtained from the use of such information. The information in this report has been obtained from sources believed to be reliable. LBBW can not verify such information, however, and because of the possibility of human or mechanical error by the sources, LBBW or others, no representation is made that the information contained in this report is accurate in all material respects or complete. The statements contained herein are statements of our non-binding opinion, not statement of fact or recommendations to buy hold or sell any securities. Changes to assumptions may have a material impact on any performance detailed. Historic information on performance is not indicative of future performance. LBBW may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them and LBBW is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report.

Nothing in this report constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. This report is intended only for and directed to persons sufficiently expert to understand the risks involved, namely market professionals. This publication does not replace personal consultancy. Prior to taking any investment decision you should contact your independent investment adviser for further and more up-to-date information on specific investment opportunities and for individual investment advice, regarding the appropriateness of investing in any securities or investment strategies discussed in this report.

Any security referred to herein may involve a high degree of risk, which may include principal, interest rate, index, currency, credit, political, liquidity, time value, commodity and market risk and is not suitable for all investors. The securities may experience sudden and large falls in their value causing losses equal to the original investment when that investment is realized. Any transaction entered into is in reliance only upon your judgment as to both financial, suitability and risk criteria. LBBW does not hold itself out to be an advisor in these circumstances, nor does any of its staff have the authority to do so.

United Kingdom

This document is issued in the United Kingdom by LBBW, London Branch. LBBW is authorised by the Bundesanstalt für Finanzdienstleistungsaufsicht (the "**BaFin**").

This document and the information contained in it constitutes a financial promotion for the purposes of the Financial Services and Markets Act 2000 and the rules of the Financial Services Authority (the "**FSA**"). To the extent that this document is issued in the United Kingdom, it is directed exclusively at persons who are professional clients or eligible counterparties for the purposes of the FSA's Handbook of Rules and Guidance. The products and investment services to which this document relate are only available to the persons referred to above and other persons should not act or rely on it. Moreover, any investment or service to which this document relates is not intended for retail clients and will not be made available to retail clients.

This document is impartial investment research. This document has no regard to the specific investment objectives, financial need or situation or needs of any specific recipient

Stuttgart/Mainz
Am Hauptbahnhof 2
70173 Stuttgart
Phone +49 711 127-25200
Fax +49 711 127-25299

London
London Branch
201 Bishopsgate
GB-London EC2M 3UN
Phone +44 20 7826-8158
Fax +44 20 7826-8095

Appendix-1

2/2

and the investments discussed in this document may not be suitable for all recipients.

LBBW, London Branch has effective organisational and administrative arrangements set up for the prevention and avoidance of conflicts of interest with respect to research recommendations, including information barriers. A copy of LBBW's investment research and conflict of interest policy is available on request from www.lbbw.de/lbbwde/1000005283-en.html

LBBW Research Rating-Systematics (absolute share rating system)

Rating definitions:

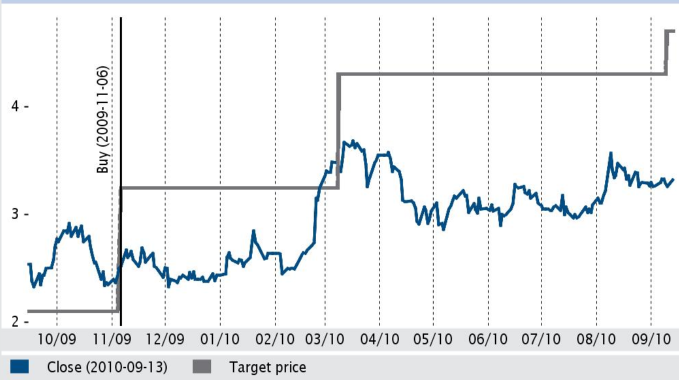
Buy:	Based on a time horizon of up to 12 months, we recommend that investors buy the stock.
Sell:	Based on a time horizon of up to 12 months, we recommend that investors sell the stock.
Hold:	We take a neutral view on the stock and, based on a time horizon of up to 12 months, do not recommend either a Buy or Sell.
Under review:	The rating is currently updated.
Suspended:	The evaluation of the company is currently not feasible.

Percentage of companies within this rating category

Buy:	55,0%
Sell:	8,7%
Hold:	34,5%
Under review:	1,3%
Suspended:	0,4%

Notes: Rating definitions prior to 6th April, 2009 were:
Buy: The price potential of the share is at least 10%. Hold: The price potential of the share is between 0% and 10%. Sell: A negative price performance of the share is expected. Ratings relate to a time horizon of up to 6 months.
For disclosures pertaining to recommendations or estimates made on securities research, please see the most recently published company report or visit our website at http://www.lbbw.com/disclosures

Price and Rating History GFT as of 2010-09-14



EQUITY SALES

Stuttgart/Mainz
Am Hauptbahnhof 2
70173 Stuttgart
Phone +49 711 127-25200
Fax +49 711 127-25299

London
London Branch
201 Bishopsgate
GB-London EC2M 3UN
Phone +44 20 7826-8158
Fax +44 20 7826-8095