

Buy (old: Buy)

PT EUR 5.30 (old: 4.70)

Price EUR 3.65
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: 09.11.2010 / Closing price

Market cap: EUR 96.1 m
Enterprise Value (EV): EUR 60.0 m
Book value: EUR 71.7 m
No. of shares: 26.3 m
Trading volume Ø: EUR 108 th

Shareholders:

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

Calendar:

Zahlen Q3 10.11.10

Change	2010E		2011E		2012E	
	old	Δ%	old	Δ%	old	Δ%
Sales	239	3.2	259	2.1	276	2.0
EBIT	10.0	13.2	11.9	6.5	13.2	4.2
EPS	0.28	14.3	0.34	5.9	0.38	2.6

 Analysis: Warburg Research
 Date of publication: 10.11.2010
 Analyst:
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Strong Q3; best result in the company's history

GFT has achieved the highest quarterly result in the company's history in Q3 (EBT: EUR 4.2m) and therefore clearly exceeded expectations:

GFT Technologies - Q3 2010

Figures in EUR m	Q3/10	Q3/10e	Q3/09	yoy	9M/10	9M/10e	9M/09	yoy
Sales	64.1	57.4	53.8	19.1%	178.7	172.1	158.9	12.5%
EBT	4.2	3.4	2.9	44.3%	8.8	8.0	5.6	56.0%
margin	6.5%	5.9%	5.4%		4.9%	4.6%	3.6%	
EPS in EUR	0.13	0.09	0.09	44.4%	0.25	0.21	0.17	47.1%

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

The dynamic growth of 32% to EUR 29.9m in the Services segment is the main reason for the outperformance of the earnings expectations. The Resourcing segment also grew again for the first time in Q3 (+9.6% to EUR 34.1m) but this was of minor importance for the earnings development as the margins are significantly lower (EBT: 2.0%). The disproportionate growth in the Services segment (EBT margin: 12.4%) also explains the group margin's marked increase by 1.1PP to 6.5% (EBT).

In view of the strong earnings after 9M our estimates for fiscal year 2010 are too defensive. Sales expectations in the Services segment in particular are lifted by 5.4% to EUR 118m (group +3.2% to EUR 247m). This leads to a disproportionate increase in the earnings expectations at group level by 14.2% to EUR 12.1m (EBT), which is at the upper end of the raised company guidance (EBT EUR 11-12m).

The current development indicates that GFT has emerged from the banking and economic crisis stronger than before and is able to benefit from the financial service providers' growing propensity to invest. On top, the balance sheet relations are more than solid. GFT tends to be overcapitalised with an equity ratio of 58% and net cash of currently ca. EUR 32m. That said a satisfying ROE of 11.7% and an absolutely convincing ROCE of 16.3% are expected for 2010. Adjusted for non-operating cash of ca. EUR 25 m the ROCE would even come to 25%.

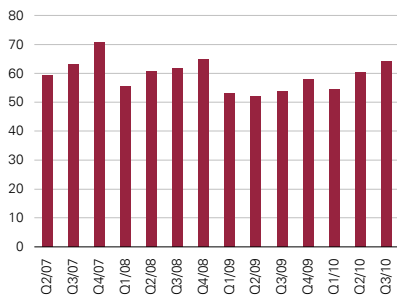
The high cash generation is particularly convincing. The average free cash flow from 2007 to 2010e is EUR 7m which corresponds to ca. 12% on the current EV. This also explains the high adjusted 2010 FCFY of 19%.

These key figures reveal the stock's significant undervaluation. GFT paid a dividend in 2008 for the first time and meanwhile offers an attractive combination of growth and dividend yield (2010e 4.1%; 2011e 5.5%).

The DCF-based PT is increased to EUR 5.30 (old: EUR 4.70). Buy rating reiterated.

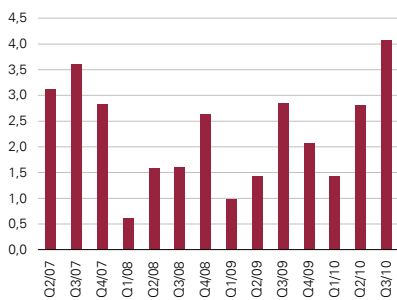
Fiscal year ending: 31.12.	2006	2007	2008	2009	2010E	2011E	2012E
Sales	174	247	242	217	247	264	281
<i>Change Sales yoy</i>	43.6 %	42.3 %	-1.9 %	-10.5 %	13.8 %	7.1 %	6.5 %
Gross profit	86.7	97.0	93.4	86.4	105	110	117
<i>Gross margin</i>	49.9 %	39.3 %	38.6 %	39.8 %	42.6 %	41.6 %	41.4 %
EBITDA	7.6	13.2	8.1	8.5	12.6	14.0	15.5
<i>EBITDA-margin</i>	4.4 %	5.4 %	3.3 %	3.9 %	5.1 %	5.3 %	5.5 %
EBIT	6.4	11.8	6.4	7.3	11.3	12.7	13.8
<i>EBIT-margin</i>	3.7 %	4.8 %	2.7 %	3.4 %	4.6 %	4.8 %	4.9 %
Net income	5.1	8.6	6.0	4.7	8.4	9.4	10.3
EPS	0.19	0.33	0.23	0.18	0.32	0.36	0.39
Free Cash Flow per share	0.00	0.29	0.29	0.22	0.27	0.29	0.34
Dividend	0.00	0.00	0.10	0.10	0.15	0.20	0.20
<i>Dividend Yield</i>	n.a.	n.a.	2.7 %	2.7 %	4.1 %	5.5 %	5.5 %
EV/Sales	0.4	0.3	0.3	0.3	0.2	0.2	0.2
EV/EBITDA	8.4	4.8	7.9	7.5	4.8	4.0	3.4
EV/EBIT	10.0	5.4	10.0	8.7	5.3	4.5	3.9
PER	19.2	11.1	15.9	20.3	11.4	10.1	9.4
ROCE	13.1 %	21.2 %	10.5 %	11.2 %	16.3 %	16.9 %	17.2 %
Adj. Free Cash Flow Yield	10.3 %	18.9 %	10.7 %	9.1 %	18.8 %	22.3 %	26.3 %

Sales development
in EUR m



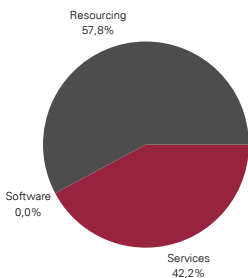
Source: GFT Technologies

EBIT development
in EUR m



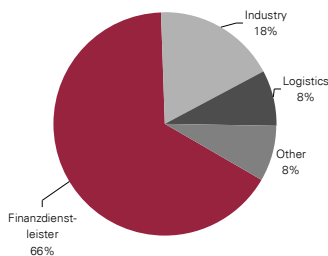
Source: GFT Technologies

Sales by segments
2009



Source: GFT Technologies

Sales split by customers
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.

- IT Services: Development, integration and maintenance of IT solutions with a focus on banks and insurance companies (sales EUR 118 m)
- Resourcing: Placing IT freelancers (sales EUR 129 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 has already returned 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 34 m and an equity ratio in excess of 60% GFT also has a solid balance sheet.

Consolidated Profit & Loss GFT							
in EUR m							
	2006	2007	2008	2009	2010E	2011E	2012E
Sales	174	247	242	217	247	264	281
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.3	0.1	0.1	0.0	0.0	0.0	0.0
Total sales	174	247	242	217	247	264	281
Material Expenses	87.3	150	149	130	142	154	165
Gross profit	86.7	97.0	93.4	86.4	105	110	117
Personnel expenses	61.9	64.5	66.8	62.5	76.7	79.7	84.1
Other operating income	3.0	2.0	3.0	2.0	2.7	2.9	2.8
Other operating expenses	20.2	21.2	21.5	17.3	18.5	19.0	19.7
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	7.6	13.2	8.1	8.5	12.6	14.0	15.5
Depreciation of fixed assets	0.9	1.0	1.1	0.9	1.0	1.1	1.4
EBITA	6.7	12.2	7.0	7.6	11.6	12.9	14.1
Amortisation of intangible fixed assets	0.3	0.4	0.5	0.3	0.3	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	6.4	11.8	6.4	7.3	11.3	12.7	13.8
Interest income	0.6	0.8	0.9	0.5	0.8	0.9	1.0
Interest expenses	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Financial result	0.2	0.5	0.5	0.5	0.8	0.9	1.0
Recurring pretax income from cont. operations	6.7	12.4	6.9	7.9	12.1	13.6	14.8
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	6.7	12.4	6.9	7.9	12.1	13.6	14.8
Taxes total	1.6	3.8	0.9	1.7	3.7	4.1	4.5
Net income from continuing operations	5.1	8.6	6.0	6.2	8.4	9.4	10.3
Income from discontinued operations (net of tax)	0.0	0.0	0.0	-1.4	0.0	0.0	0.0
Net income before minorities	5.1	8.6	6.0	4.7	8.4	9.4	10.3
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	5.1	8.6	6.0	4.7	8.4	9.4	10.3

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

Consolidated Profit & Loss GFT							
in % of Sales							
	2006	2007	2008	2009	2010E	2011E	2012E
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	0.2 %	0.1 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Total sales	100.2 %	100.1 %	100.1 %	100.0 %	100.0 %	100.0 %	100.0 %
Material Expenses	50.3 %	60.8 %	61.5 %	60.2 %	57.4 %	58.4 %	58.6 %
Gross profit	49.9 %	39.3 %	38.6 %	39.8 %	42.6 %	41.6 %	41.4 %
Personnel expenses	35.7 %	26.1 %	27.6 %	28.8 %	31.1 %	30.2 %	29.9 %
Other operating income	1.7 %	0.8 %	1.2 %	0.9 %	1.1 %	1.1 %	1.0 %
Other operating expenses	11.6 %	8.6 %	8.9 %	8.0 %	7.5 %	7.2 %	7.0 %
Unfrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBITDA	4.4 %	5.4 %	3.3 %	3.9 %	5.1 %	5.3 %	5.5 %
Depreciation of fixed assets	0.5 %	0.4 %	0.5 %	0.4 %	0.4 %	0.4 %	0.5 %
EBITA	3.9 %	4.9 %	2.9 %	3.5 %	4.7 %	4.9 %	5.0 %
Amortisation of intangible fixed assets	0.2 %	0.2 %	0.2 %	0.1 %	0.1 %	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	3.7 %	4.8 %	2.7 %	3.4 %	4.6 %	4.8 %	4.9 %
Interest income	0.4 %	0.3 %	0.4 %	0.3 %	0.3 %	0.3 %	0.4 %
Interest expenses	0.1 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	0.1 %	0.2 %	0.2 %	0.2 %	0.3 %	0.3 %	0.4 %
Recurring pretax income from cont. operations	3.8 %	5.0 %	2.9 %	3.6 %	4.9 %	5.1 %	5.3 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	3.8 %	5.0 %	2.9 %	3.6 %	4.9 %	5.1 %	5.3 %
Taxes total	0.9 %	1.5 %	0.4 %	0.8 %	1.5 %	1.6 %	1.6 %
Net income from continuing operations	2.9 %	3.5 %	2.5 %	2.9 %	3.4 %	3.6 %	3.7 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	-0.7 %	0.0 %	0.0 %	0.0 %
Net income before minorities	2.9 %	3.5 %	2.5 %	2.2 %	3.4 %	3.6 %	3.7 %
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	2.9 %	3.5 %	2.5 %	2.2 %	3.4 %	3.6 %	3.7 %

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

Balance sheet GFT

in EUR m

	2006	2007	2008	2009	2010E	2011E	2012E
Assets							
Intangible assets	21.1	21.2	20.8	20.7	20.9	21.2	21.4
thereof other intangible assets	0.7	0.9	0.5	0.4	0.6	0.8	1.0
thereof Goodwill	20.4	20.4	20.4	20.4	20.4	20.4	20.4
Property, plant and equipment	2.4	2.6	2.6	2.2	2.2	2.3	2.1
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	23.6	23.9	23.5	23.0	23.2	23.6	23.6
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	34.1	47.9	44.1	42.6	47.3	50.6	53.9
Other Assets	10.6	11.4	10.7	10.8	10.8	10.8	10.8
Liquid assets	23.9	28.7	35.2	37.7	42.5	46.2	49.8
Current assets	68.6	88.1	90.0	91.1	101	108	115
Total assets	92.2	112	114	114	124	131	138
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	42.1	42.1	42.1	42.1	42.1	42.1
Surplus capital	2.3	2.3	6.8	6.8	12.6	18.1	23.1
Other equity components	-46.7	-13.1	-12.1	-9.6	-9.4	-9.4	-9.4
Book value	49.4	57.7	63.2	65.8	71.7	77.2	82.2
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	49.4	57.7	63.2	65.8	71.7	77.2	82.2
Provision for pensions and similar obligations	0.8	0.9	1.0	0.5	0.5	0.5	0.5
Provisions	14.4	16.0	14.2	14.9	14.9	14.9	14.9
Financial liabilities	2.6	0.2	0.2	0.0	0.0	0.0	0.0
Accounts payable	15.6	28.9	26.1	23.3	27.0	28.9	30.8
Other liabilities	10.3	9.2	9.8	10.1	10.1	10.1	10.1
Liabilities	42.8	54.2	50.3	48.3	52.0	53.9	55.8
Total liabilities and shareholders' equity	92.2	112	114	114	124	131	138

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

Balance sheet GFT

in % of Balance Sheet Total

	2006	2007	2008	2009	2010E	2011E	2012E
Assets							
Intangible assets	22.9 %	19.0 %	18.4 %	18.2 %	16.9 %	16.1 %	15.5 %
thereof other intangible assets	0.8 %	0.8 %	0.4 %	0.3 %	0.5 %	0.6 %	0.7 %
thereof Goodwill	22.1 %	18.2 %	17.9 %	17.9 %	16.5 %	15.5 %	14.8 %
Property, plant and equipment	2.7 %	2.3 %	2.3 %	1.9 %	1.8 %	1.8 %	1.6 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Fixed assets	25.6 %	21.3 %	20.7 %	20.1 %	18.7 %	18.0 %	17.1 %
Inventories	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts receivable	37.0 %	42.9 %	38.9 %	37.3 %	38.2 %	38.6 %	39.0 %
Other Assets	11.5 %	10.2 %	9.4 %	9.5 %	8.8 %	8.3 %	7.8 %
Liquid assets	25.9 %	25.7 %	31.0 %	33.1 %	34.4 %	35.3 %	36.1 %
Current assets	74.5 %	78.7 %	79.3 %	79.9 %	81.3 %	82.1 %	83.0 %
Total assets	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Liabilities and shareholders' equity							
Subscribed capital	28.6 %	23.5 %	23.2 %	23.1 %	21.3 %	20.1 %	19.1 %
Additional paid-in capital	73.0 %	37.7 %	37.1 %	36.9 %	34.1 %	32.1 %	30.5 %
Surplus capital	2.5 %	2.1 %	6.0 %	6.0 %	10.2 %	13.8 %	16.7 %
Other equity components	-50.6 %	-11.7 %	-10.7 %	-8.4 %	-7.6 %	-7.1 %	-6.8 %
Book value	53.5 %	51.6 %	55.7 %	57.6 %	57.9 %	58.9 %	59.5 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	53.5 %	51.6 %	55.7 %	57.6 %	57.9 %	58.9 %	59.5 %
Provision for pensions and similar obligations	0.9 %	0.8 %	0.9 %	0.4 %	0.4 %	0.4 %	0.3 %
Provisions	15.6 %	14.3 %	12.5 %	13.1 %	12.0 %	11.4 %	10.8 %
Financial liabilities	2.8 %	0.1 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts payable	16.9 %	25.8 %	23.0 %	20.4 %	21.8 %	22.0 %	22.3 %
Other liabilities	11.2 %	8.2 %	8.7 %	8.9 %	8.2 %	7.7 %	7.3 %
Liabilities	46.5 %	48.4 %	44.3 %	42.4 %	42.0 %	41.1 %	40.4 %
Total liabilities and shareholders' equity	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

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

Statement of Cash Flows GFT

in EUR m

	2006	2007	2008	2009	2010E	2011E	2012E
Net income	5.1	8.6	6.0	4.7	8.4	9.4	10.3
Depreciation of fixed assets	0.9	1.0	1.1	0.9	1.0	1.1	1.4
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.3	0.4	0.5	0.3	0.3	0.3	0.3
Increase/decrease in long-term provisions	-2.0	1.6	0.1	-0.5	0.0	0.0	0.0
Other costs affecting income / expenses	0.2	0.2	0.4	2.2	0.0	0.0	0.0
Cash Flow	4.5	11.8	8.2	7.7	9.7	10.8	12.0
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in accounts receivable	-2.0	-13.8	3.8	1.5	-4.7	-3.3	-3.3
Increase / decrease in accounts payable	0.1	12.2	-2.8	-2.8	3.7	1.9	1.9
Increase / decrease in other working capital positions	-1.1	-0.8	0.0	0.2	0.0	0.0	0.0
Increase / decrease in working capital	-3.0	-2.4	1.0	-1.1	-1.0	-1.4	-1.4
Cash flow from operating activities	1.5	9.3	9.2	6.6	8.7	9.4	10.6
CAPEX	-1.6	-1.8	-1.6	-0.8	-1.5	-1.7	-1.7
Payments for acquisitions	-6.2	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	4.1	0.3	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.1	0.0	-0.2	0.1	0.0	0.0	0.0
Cash flow from investing activities	-3.6	-1.5	-1.8	-0.7	-1.5	-1.7	-1.7
Change in financial liabilities	1.9	-2.4	0.0	-0.2	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	-2.6	-2.6	-3.9	-5.3
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	-0.2	0.0	-0.1	0.2	0.3	0.0	0.0
Cash flow from financing activities	1.7	-2.4	-0.1	-2.6	-2.4	-3.9	-5.3
Change in liquid funds	-0.4	5.5	7.3	3.2	4.8	3.7	3.6
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	20.2	25.7	33.0	36.2	40.3	44.0	47.6

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

Financial Ratios GFT

	2006	2007	2008	2009	2010E	2011E	2012E
Operational Efficiency							
Total Operating Costs / Sales	95.8 %	94.7 %	96.7 %	96.1 %	94.9 %	94.7 %	94.5 %
Sales per Employee	168,130	230,474	235,913	189,518	188,288	190,160	192,931
EBITDA per Employee	7,345	12,344	7,863	7,468	9,603	10,079	10,611
EBIT-margin	3.7 %	4.8 %	2.7 %	3.4 %	4.6 %	4.8 %	4.9 %
EBITDA / Operating Assets	36.1 %	61.1 %	39.1 %	39.7 %	55.9 %	58.2 %	61.3 %
ROA	21.7 %	36.0 %	25.7 %	20.7 %	36.3 %	40.1 %	43.6 %
Efficiency of Capital Employment							
Plant Turnover	70.9	94.4	92.5	99.0	112	113	131
Operating Assets Turnover	8.3	11.4	11.7	10.1	11.0	11.0	11.1
Capital Employed Turnover	3.3	4.2	3.8	3.3	3.4	3.4	3.4
Return on Capital							
ROCE	13.1 %	21.2 %	10.5 %	11.2 %	16.3 %	16.9 %	17.2 %
EBITDA / Avg. Capital Employed	15.5 %	23.7 %	13.1 %	13.1 %	18.2 %	18.7 %	19.3 %
ROE	10.4 %	14.9 %	9.6 %	7.2 %	11.7 %	12.2 %	12.5 %
Net Profit / Avg. Equity	10.9 %	16.0 %	10.0 %	7.4 %	12.2 %	12.7 %	12.9 %
Recurring Net Profit / Avg. Equity	10.9 %	16.0 %	10.0 %	9.6 %	12.2 %	12.7 %	12.9 %
ROIC	7.7 %	11.6 %	7.8 %	6.7 %	9.6 %	10.2 %	10.5 %
Solvency							
Net Debt	-21.3	-28.6	-35.0	-37.7	-42.5	-46.3	-49.8
Net Gearing	-43.2 %	-49.5 %	-55.5 %	-57.3 %	-59.3 %	-59.9 %	-60.6 %
Book Value of Equity / Book Value of Debt	1923.7 %	38486.7 %	42115.3 %	n.a.	n.a.	n.a.	n.a.
Current ratio	2.4	2.3	2.5	2.7	2.7	2.8	2.8
Acid Test Ratio	1.6	1.6	1.8	1.9	1.9	2.0	2.1
EBITDA / Interest Paid	66.0	101.0	230.7	356.0	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	-0.1	7.6	7.6	5.8	7.2	7.7	8.9
Free Cash Flow / Sales	0.0 %	3.1 %	3.1 %	2.7 %	2.9 %	2.9 %	3.2 %
Adj. Free Cash Flow	6.6	12.1	6.9	5.8	11.3	12.6	14.0
Adj. Free Cash Flow / Sales	2.5 %	3.5 %	2.5 %	2.6 %	3.1 %	3.2 %	3.4 %
Free Cash Flow / Net Profit	-1.3 %	88.2 %	125.2 %	122.3 %	85.7 %	81.1 %	86.3 %
Interest Received / Avg. Cash	2.4 %	3.1 %	2.9 %	1.5 %	2.0 %	2.0 %	2.1 %
Interest Paid / Avg. Debt	8.5 %	9.6 %	23.3 %	32.0 %	n.a.	n.a.	n.a.
Dividend Payout Ratio	0.0 %	0.0 %	43.5 %	42.5 %	47.0 %	55.8 %	51.2 %
Fund Management							
Investment ratio	-1.4 %	0.6 %	0.7 %	0.3 %	0.6 %	0.6 %	0.6 %
Maint. Capex / Sales	0.6 %	0.4 %	0.5 %	0.6 %	0.5 %	0.5 %	0.5 %
Capex / Dep	-215.6 %	104.6 %	100.3 %	62.6 %	116.6 %	128.8 %	100.7 %
Avg. Working Capital / Sales	8.9 %	7.6 %	7.6 %	8.6 %	8.0 %	8.0 %	8.0 %
Trade Creditors / Trade Debtors	218.9 %	165.8 %	169.1 %	182.9 %	175.2 %	175.1 %	175.0 %
Inventory turnover (days)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables collection period (DSOs)	71.7	70.8	66.5	71.7	70.0	70.0	70.0
Payables collection period (days)	32.8	42.7	39.3	39.2	40.0	40.0	40.0
Cash conversion cycle (days)	39.0	28.1	27.2	32.5	30.0	30.0	30.0
Valuation							
Dividend Yield	n.a.	n.a.	2.7 %	2.7 %	4.1 %	5.5 %	5.5 %
P/B	1.9	1.7	1.5	1.5	1.3	1.2	1.2
EV/sales	0.4	0.3	0.3	0.3	0.2	0.2	0.2
EV/EBITDA	8.4	4.8	7.9	7.5	4.8	4.0	3.4
EV/EBIT	10.0	5.4	10.0	8.7	5.3	4.5	3.9
EV/FCF	n.m.	8.4	8.5	11.0	8.3	7.4	6.0
P/E	19.2	11.1	15.9	20.3	11.4	10.1	9.4
P/CF	21.4	8.2	11.7	12.5	9.9	8.9	8.0
Adj. Free Cash Flow Yield	7.0 %	18.4 %	12.8 %	12.0 %	16.2 %	19.0 %	22.5 %

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

Free Cash Flow Yield - GFT Technologies

Figures in EUR m

	2006	2007	2008	2009	2010e	2011e	2012e	
Net Income	5.1	8.6	6.0	4.7	8.4	9.4	10.3	
+ Depreciation + Amortisation	1.2	1.4	1.6	1.2	1.3	1.3	1.7	
- Net Interest Income	0.2	0.5	0.5	0.5	0.8	0.9	1.0	
+ Taxes	1.6	3.8	0.9	1.7	3.7	4.1	4.5	
- Maintenance Capex	1.0	1.1	1.2	1.3	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	6.6	12.1	6.9	5.8	11.3	12.6	14.0	
Adjusted Free Cash Flow Yield	10.3%	18.9%	10.7%	9.1%	18.8%	22.3%	26.3%	
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
= Enterprise Value	64.0	64.0	64.0	64.0	60.0	56.6	53.2	
= Fair Enterprise Value	65.9	121.3	68.8	58.0	112.8	125.9	139.7	
- Net Debt (Cash)	-37.7	-37.7	-37.7	-37.7	-42.5	-46.2	-49.8	
- Pension Liabilities	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
- Others	5.2	5.2	5.2	5.2	6.0	6.3	6.5	
= Fair Market Capitalisation	97.9	153.4	100.8	90.0	148.9	165.4	182.6	
No. of shares (m)	26.3	26.3	26.3	26.3	26.3	26.3	26.3	
= Fair value per share (EUR)	3.72	5.83	3.83	3.42	5.66	6.28	6.94	
premium (-) / discount (+) in %	1.9%	59.6%	4.9%	-6.3%	54.9%	72.2%	90.0%	
Sensitivity Fair value per Share (EUR)								
	13.0%	3.14	4.76	3.23	2.91	4.67	5.18	5.71
	12.0%	3.30	5.06	3.39	3.05	4.94	5.49	6.05
	11.0%	3.49	5.41	3.59	3.22	5.27	5.85	6.45
Hurdle rate	10.0%	3.72	5.83	3.83	3.42	5.66	6.28	6.94
	9.0%	4.00	6.34	4.12	3.66	6.13	6.82	7.53
	8.0%	4.35	6.98	4.48	3.97	6.73	7.48	8.26
	7.0%	4.79	7.80	4.95	4.36	7.49	8.33	9.21

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

DCF Model - GFT Technologies

Figures in EUR m	2010e	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e
Sales	246.7	264.1	281.3	299.6	317.6	336.6	356.8	374.6	393.4	413.0	429.6	446.8	460.2	474.0
Change	13.8%	7.1%	6.5%	6.5%	6.0%	6.0%	6.0%	5.0%	5.0%	5.0%	4.0%	4.0%	3.0%	3.0%
EBIT	11.3	12.7	13.8	15.0	15.2	15.1	14.3	15.0	15.7	16.5	15.0	15.6	13.8	14.2
EBIT-Margin	4.6%	4.8%	4.9%	5.0%	4.8%	4.5%	4.0%	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	7.8	8.8	9.6	10.4	10.6	10.5	9.9	10.4	10.9	11.5	10.4	10.9	9.6	9.9
Depreciation	1.3	1.3	1.7	1.7	1.8	1.7	1.8	1.9	2.0	2.1	2.1	2.2	2.3	2.4
in % of Sales	0.5%	0.5%	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	-1.0	-1.4	-1.4	-1.3	-1.2	-1.3	-1.3	-1.1	-1.2	-1.2	-0.9	-1.0	-0.7	-0.7
- Capex	-1.5	-1.7	-1.7	-1.6	-1.7	-1.7	-1.8	-1.9	-2.0	-2.1	-2.1	-2.2	-2.3	-2.4
Capex in % of Sales	0.6%	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	0.3	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)	6.6	7.0	8.2	9.6	9.5	9.5	8.6	9.3	9.8	10.3	9.5	9.9	8.9	9.2

Model parameter

Debt ratio	0.00%	Beta	1.30
Costs of Debt	n.a.	WACC	10.50%
Market return	9.00%		
Risk free rate	4.00%	Terminal Growth	3.00%

Valuation (mln)

Present values 2023e	68.9		
Terminal Value	33.6		
Liabilities	-0.9		
Liquidity	36.5	No. of shares (mln)	26.33
Equity Value	138.2	Value per share (EUR)	5.25

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

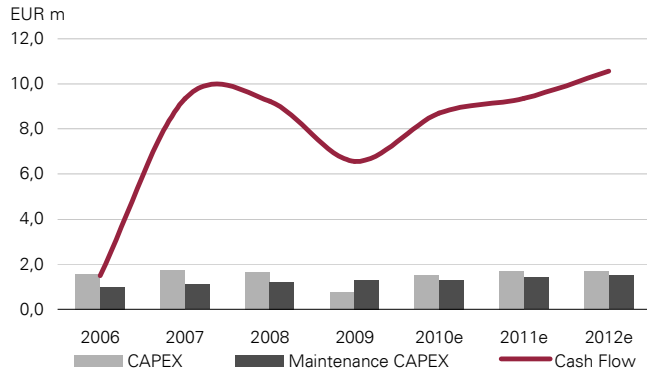
WACC	2.25%	2.50%	2.75%	3.00%	3.25%	3.50%	3.75%
11.50%	4.77	4.80	4.82	4.85	4.88	4.92	4.95
11.00%	4.94	4.97	5.00	5.04	5.07	5.11	5.16
10.75%	5.03	5.07	5.10	5.14	5.18	5.22	5.27
10.50%	5.13	5.17	5.21	5.25	5.29	5.34	5.39
10.25%	5.24	5.28	5.32	5.36	5.41	5.46	5.52
10.00%	5.35	5.39	5.44	5.49	5.54	5.60	5.66
9.50%	5.59	5.64	5.70	5.76	5.83	5.90	5.98

Delta EBIT-margin

WACC	-1.5 pp	-1.0 pp	-0.5 pp	0.0	+0.5 pp	+1.0 pp	+1.5 pp
11.50%	3.32	3.83	4.34	4.85	5.37	5.88	6.39
11.00%	3.41	3.95	4.50	5.04	5.58	6.13	6.67
10.75%	3.46	4.02	4.58	5.14	5.70	6.26	6.82
10.50%	3.51	4.09	4.67	5.25	5.83	6.41	6.98
10.25%	3.57	4.17	4.76	5.36	5.96	6.56	7.16
10.00%	3.63	4.25	4.87	5.49	6.11	6.72	7.34
9.50%	3.76	4.43	5.09	5.76	6.43	7.09	7.76

Source: Warburg Research

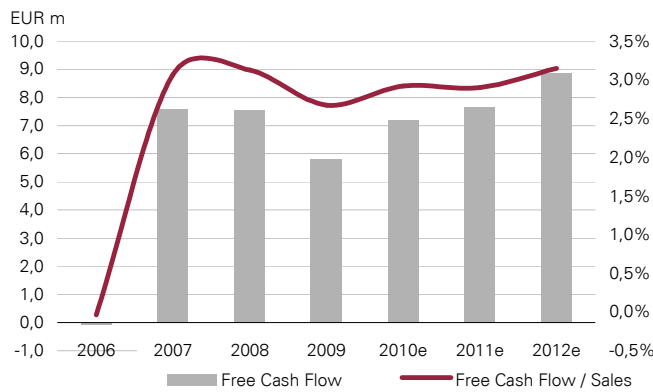
CAPEX and Cash Flow - GFT Technologies



Sources: GFT Technologies (historical data), Warburg Research (forecasts)

- Continuous increase of CF until 2007 (record year)
- 2008 and 2009 burdened by financial crisis
- Low investment needs

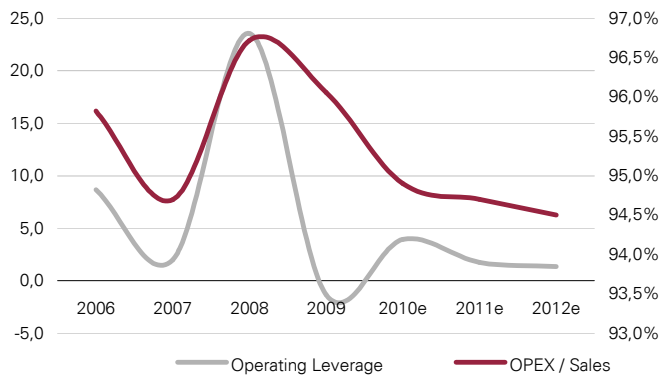
Free Cash Flow Generation - GFT Technologies



Sources: GFT Technologies (historical data), Warburg Research (forecasts)

- FCF determined by operating CF at constantly low investments
- 2007: Historic record year
- FCF/Sales should grow due to almost constant investments

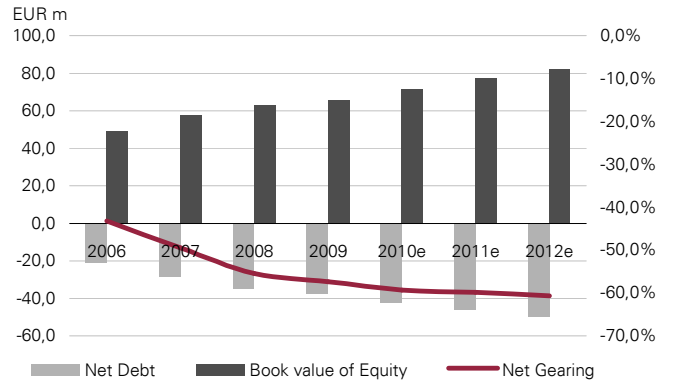
Operating Leverage - GFT Technologies



Sources: GFT Technologies (historical data), Warburg 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

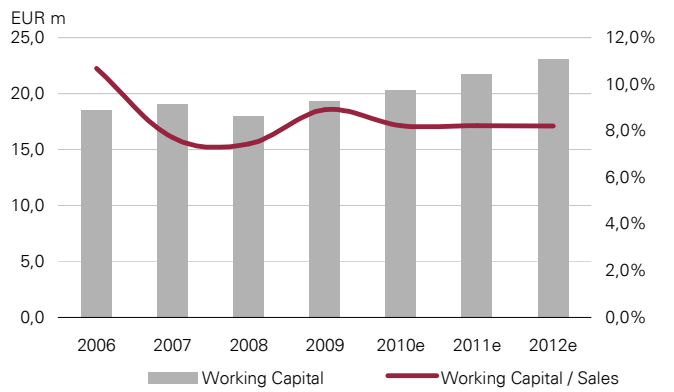
Balance Sheet Quality - GFT Technologies



Sources: GFT Technologies (historical data), Warburg Research (forecasts)

- Traditionally strong cash position
- High net liquidity planned to be used for acquisitions
- Continuous strengthening of equity base since 2005

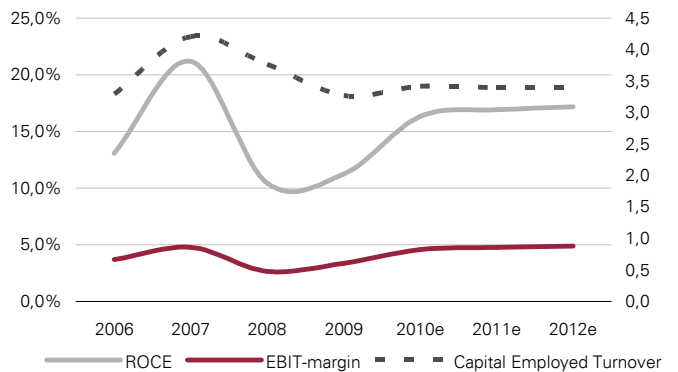
Working Capital - GFT Technologies



Sources: GFT Technologies (historical data), Warburg 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), Warburg 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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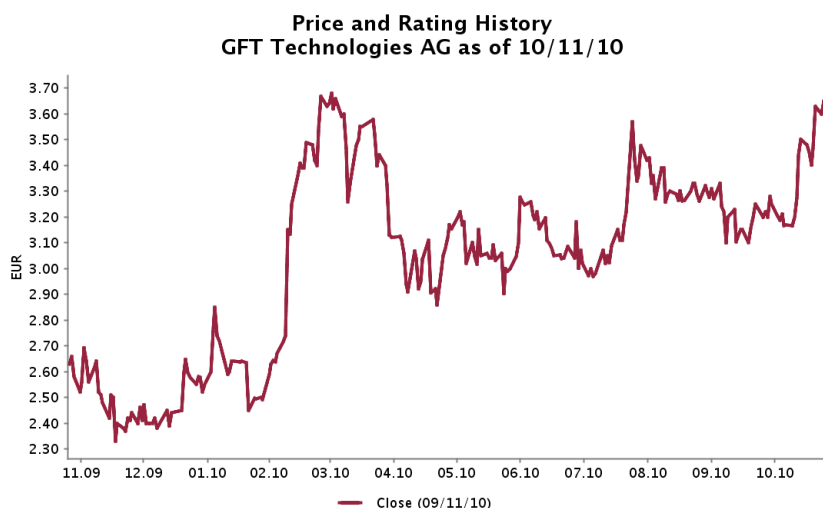
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Buy	112	59%
Hold	58	31%
Sell	7	4%
Rating suspended	12	6%
Total	189	

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Rating	Number of stocks	% of Universe
Buy	85	66%
Hold	36	28%
Sell	3	2%
Rating suspended	4	3%
Total	128	



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