

Buy (old: Buy)

PT EUR 5.30 (old: 5.30)

Price EUR 4.38
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: 25.02.2011 / Closing price

Market cap: EUR 115 m
Enterprise Value (EV): EUR 91.3 m
Book value: EUR 71.3 m
No. of shares: 26.3 m
Trading volume Ø: EUR 164 th

Shareholders:

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

Calendar:

 Figures 2010 03/31/11
 Figures Q1 05/12/11
 AGM 05/31/11
 Figures Q2 08/11/11

Change	2010E		2011E		2012E	
	old	Δ%	old	Δ%	old	Δ%
Sales	247	0.7	264	4.1	281	4.5
EBIT	11.3	-2.4	12.7	-3.0	13.8	-0.7
EPS	0.32	-6.3	0.36	0	0.39	2.6

 Analysis: Warburg Research
 Date of publication: 28.02.2011
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Strong Q4 revenue / Positive outlook on 2011

GFT has released Q4 figures. At the same time, the company has announced to raise the dividend from EUR 0.10 to EUR 0.15 per share. The management expects sales of EUR 275m and an EBT of EUR 13m for 2011.

GFT Technologies - Q4 2010

Figures in EUR m	Q4/10	Q4/10e	Q4/09	yoy	2010	2009	yoy
Sales	69.5	67.9	57.9	20.1%	248.3	216.8	14.5%
EBITDA	3.0	3.4	2.3	27.6%	12.2	3.7	229.7%
<i>margin</i>	4.3%	5.0%	4.1%		4.9%	1.7%	
EBT	2.7	3.3	2.3	21.7%	11.6	7.9	47.0%
<i>margin</i>	3.9%	4.9%	3.9%		4.7%	3.6%	
EPS in EUR	0.04	0.06	0.07	-42.9%	0.30	0.18	66.7%

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

At EUR 69.5m **Q4 sales** marked a new record level and slightly exceeded the estimates. This reflects the recovery in the financial industry in which GFT generates 2/3 of its sales. This industry's increased willingness to invest is mirrored in GFT's clearly double-digit growth rates and a strong Services segment.

Earnings figures came in slightly below expectation which is mainly attributable to a project, for which GFT increased a provision by EUR 1m to a total of now EUR 2m in the final quarter. However, the record level from 2007 could almost be tied on to given an EBT margin of 4.7% in 2010. The high margin level is mainly due to disproportionately increased sales in the higher-margin services segment.

Increase of estimates: sales estimates were raised in view of the good Q4 and the expected pick-up in the rather late-cyclical resourcing segment. The earnings estimates were adjusted (reduction of the tax ratio to 29%, EBT estimate slightly lowered).

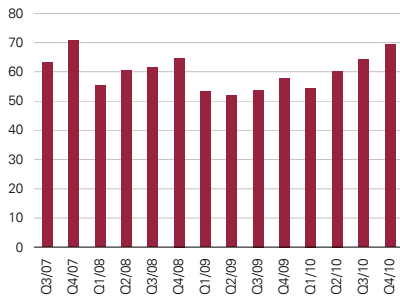
Growth ambitions underpinned: GFT has announced to target a sales level of EUR 500m by 2015 which is expected to be achieved with the help of acquisitions. Takeovers which strengthen GFT's know how in the field of standard software (e.g. SAP for Banking, Oracle, Siebel, Avaloq etc.) are be imaginable. Acquisitions in new technological fields should simultaneously enable GFT to generate sales with a broader and more diversified customer base. This should be reflected in a more constant sales and earnings development.

The GFT share is still favourably valued given an EV/EBIT of 6 for 2011e. Acquisitions (already expected for 2011) which will have an earnings-accretive impact are expected to increase the capital efficiency and are likely to have a positive effect on the valuation. **The Buy rating is reiterated with a PT of EUR 5.30.**

Fiscal year ending: 31.12.	2006	2007	2008	2009	2010E	2011E	2012E
in EUR m							
Sales	174	247	242	217	248	275	294
<i>Change Sales yoy</i>	43.6 %	42.3 %	-1.9 %	-10.5 %	14.5 %	10.8 %	6.9 %
Gross profit	86.7	97.0	93.4	86.4	106	115	122
<i>Gross margin</i>	49.9 %	39.3 %	38.6 %	39.8 %	42.8 %	41.9 %	41.5 %
EBITDA	7.6	13.2	8.1	8.5	12.2	13.5	15.0
<i>EBITDA-margin</i>	4.4 %	5.4 %	3.3 %	3.9 %	4.9 %	4.9 %	5.1 %
EBIT	6.4	11.8	6.4	7.3	11.0	12.3	13.7
<i>EBIT-margin</i>	3.7 %	4.8 %	2.7 %	3.4 %	4.4 %	4.5 %	4.7 %
Net income	5.1	8.6	6.0	4.7	7.8	9.5	10.4
EPS	0.19	0.33	0.23	0.18	0.30	0.36	0.40
Free Cash Flow per share	0.00	0.29	0.29	0.22	0.21	0.33	0.31
Dividend	0.00	0.00	0.10	0.10	0.15	0.20	0.20
<i>Dividend Yield</i>	n.a.	n.a.	2.3 %	2.3 %	3.4 %	4.6 %	4.6 %
EV/Sales	0.5	0.3	0.3	0.4	0.4	0.3	0.3
EV/EBITDA	11.0	6.3	10.3	9.7	7.9	6.8	5.9
EV/EBIT	13.0	7.0	12.9	11.3	8.7	7.4	6.5
PER	23.1	13.3	19.0	24.3	14.6	12.2	11.0
ROCE	13.1 %	21.2 %	10.5 %	11.2 %	15.8 %	16.2 %	16.8 %
Adj. Free Cash Flow Yield	7.9 %	14.6 %	8.3 %	7.0 %	10.9 %	13.2 %	15.2 %

Sales development

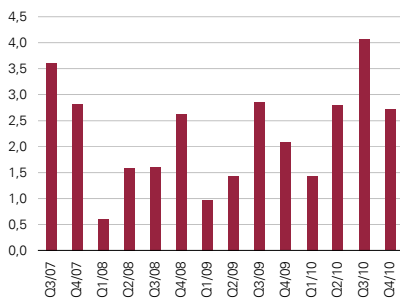
in EUR m



Source: GFT Technologies

EBIT development

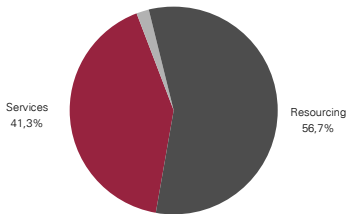
in EUR m



Source: GFT Technologies

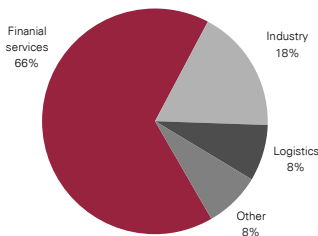
Sales by segments

2009



Source: GFT Technologies

Sales split by industries



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
- Resourcing: Placing IT freelancers

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	248	275	294
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	248	275	294
Material Expenses	87.3	150	149	130	142	160	172
Gross profit	86.7	97.0	93.4	86.4	106	115	122
Personnel expenses	61.9	64.5	66.8	62.5	76.5	84.2	87.9
Other operating income	3.0	2.0	3.0	2.0	3.5	3.0	2.9
Other operating expenses	20.2	21.2	21.5	17.3	21.1	20.6	22.1
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	12.2	13.5	15.0
Depreciation of fixed assets	0.9	1.0	1.1	0.9	1.2	0.9	1.0
EBITA	6.7	12.2	7.0	7.6	11.0	12.5	14.0
Amortisation of intangible fixed assets	0.3	0.4	0.5	0.3	0.0	0.2	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	11.0	12.3	13.7
Interest income	0.6	0.8	0.9	0.5	0.7	0.9	1.0
Interest expenses	0.1	0.1	0.0	0.0	0.1	0.0	0.0
Financial result	0.2	0.5	0.5	0.5	0.5	0.9	1.0
Recurring pretax income from cont. operations	6.7	12.4	6.9	7.9	11.6	13.2	14.7
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	11.6	13.2	14.7
Taxes total	1.6	3.8	0.9	1.7	3.3	3.7	4.3
Net income from continuing operations	5.1	8.6	6.0	6.2	8.2	9.5	10.4
Income from discontinued operations (net of tax)	0.0	0.0	0.0	-1.4	-0.5	0.0	0.0
Net income before minorities	5.1	8.6	6.0	4.7	7.8	9.5	10.4
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	7.8	9.5	10.4

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 %	57.2 %	58.1 %	58.5 %
Gross profit	49.9 %	39.3 %	38.6 %	39.8 %	42.8 %	41.9 %	41.5 %
Personnel expenses	35.7 %	26.1 %	27.6 %	28.8 %	30.8 %	30.6 %	29.9 %
Other operating income	1.7 %	0.8 %	1.2 %	0.9 %	1.4 %	1.1 %	1.0 %
Other operating expenses	11.6 %	8.6 %	8.9 %	8.0 %	8.5 %	7.5 %	7.5 %
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 %	4.9 %	4.9 %	5.1 %
Depreciation of fixed assets	0.5 %	0.4 %	0.5 %	0.4 %	0.5 %	0.3 %	0.3 %
EBITA	3.9 %	4.9 %	2.9 %	3.5 %	4.4 %	4.6 %	4.8 %
Amortisation of intangible fixed assets	0.2 %	0.2 %	0.2 %	0.1 %	0.0 %	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 %	4.4 %	4.5 %	4.7 %
Interest income	0.4 %	0.3 %	0.4 %	0.3 %	0.3 %	0.3 %	0.3 %
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 %	0.2 %	0.3 %	0.3 %
Recurring pretax income from cont. operations	3.8 %	5.0 %	2.9 %	3.6 %	4.7 %	4.8 %	5.0 %
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 %	4.7 %	4.8 %	5.0 %
Taxes total	0.9 %	1.5 %	0.4 %	0.8 %	1.3 %	1.3 %	1.5 %
Net income from continuing operations	2.9 %	3.5 %	2.5 %	2.9 %	3.3 %	3.5 %	3.6 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	-0.7 %	-0.2 %	0.0 %	0.0 %
Net income before minorities	2.9 %	3.5 %	2.5 %	2.2 %	3.1 %	3.5 %	3.6 %
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 %	3.1 %	3.5 %	3.6 %

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	20.8	21.1	21.3
thereof other intangible assets	0.7	0.9	0.5	0.4	0.4	0.7	0.9
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	2.7	3.0	3.2
Financial assets	0.0	0.0	0.0	0.0	12.7	12.7	12.7
Fixed assets	23.6	23.9	23.5	23.0	36.3	36.8	37.2
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	54.8	56.5	60.4
Other Assets	10.6	11.4	10.7	10.8	8.8	8.8	8.8
Liquid assets	23.9	28.7	35.2	37.7	27.4	32.3	35.1
Current assets	68.6	88.1	90.0	91.1	91.0	97.6	104
Total assets	92.2	112	114	114	127	134	142
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	8.5	10.2	15.8	21.0
Other equity components	-46.7	-13.1	-12.1	-11.3	-7.4	-7.4	-7.4
Book value	49.4	57.7	63.2	65.8	71.3	76.8	82.0
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	71.3	76.8	82.0
Provision for pensions and similar obligations	0.8	0.9	1.0	0.5	0.7	0.7	0.7
Provisions	14.4	16.0	14.2	14.9	19.8	19.8	19.8
Financial liabilities	2.6	0.2	0.2	0.0	1.3	1.3	1.3
Accounts payable	15.6	28.9	26.1	23.3	27.9	29.4	31.4
Other liabilities	10.3	9.2	9.8	10.1	7.1	7.1	7.1
Liabilities	42.8	54.2	50.3	48.3	56.0	57.5	59.5
Total liabilities and shareholders' equity	92.2	112	114	114	127	134	142

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 %	16.3 %	15.7 %	15.0 %
thereof other intangible assets	0.8 %	0.8 %	0.4 %	0.3 %	0.3 %	0.5 %	0.6 %
thereof Goodwill	22.1 %	18.2 %	17.9 %	17.9 %	16.0 %	15.2 %	14.4 %
Property, plant and equipment	2.7 %	2.3 %	2.3 %	1.9 %	2.1 %	2.2 %	2.2 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	10.0 %	9.5 %	9.0 %
Fixed assets	25.6 %	21.3 %	20.7 %	20.1 %	28.5 %	27.4 %	26.3 %
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 %	43.1 %	42.0 %	42.7 %
Other Assets	11.5 %	10.2 %	9.4 %	9.5 %	6.9 %	6.6 %	6.2 %
Liquid assets	25.9 %	25.7 %	31.0 %	33.1 %	21.5 %	24.0 %	24.8 %
Current assets	74.5 %	78.7 %	79.3 %	79.9 %	71.5 %	72.6 %	73.7 %
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 %	20.7 %	19.6 %	18.6 %
Additional paid-in capital	73.0 %	37.7 %	37.1 %	36.9 %	33.1 %	31.4 %	29.8 %
Surplus capital	2.5 %	2.1 %	6.0 %	7.5 %	8.1 %	11.8 %	14.8 %
Other equity components	-50.6 %	-11.7 %	-10.7 %	-9.9 %	-5.9 %	-5.5 %	-5.3 %
Book value	53.5 %	51.6 %	55.7 %	57.6 %	56.0 %	57.2 %	58.0 %
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 %	56.0 %	57.2 %	58.0 %
Provision for pensions and similar obligations	0.9 %	0.8 %	0.9 %	0.4 %	0.5 %	0.5 %	0.5 %
Provisions	15.6 %	14.3 %	12.5 %	13.1 %	15.6 %	14.7 %	14.0 %
Financial liabilities	2.8 %	0.1 %	0.1 %	0.0 %	1.0 %	1.0 %	0.9 %
Accounts payable	16.9 %	25.8 %	23.0 %	20.4 %	21.9 %	21.9 %	22.2 %
Other liabilities	11.2 %	8.2 %	8.7 %	8.9 %	5.5 %	5.3 %	5.0 %
Liabilities	46.5 %	48.4 %	44.3 %	42.4 %	44.0 %	42.8 %	42.1 %
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	7.8	9.5	10.4
Depreciation of fixed assets	0.9	1.0	1.1	0.9	1.2	0.9	1.0
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	0.0	0.2	0.3
Increase/decrease in long-term provisions	-2.0	1.6	0.1	-0.5	3.0	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	12.0	10.7	11.7
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	-13.0	-1.7	-3.9
Increase / decrease in accounts payable	0.1	12.2	-2.8	-2.8	7.6	1.5	2.0
Increase / decrease in other working capital positions	-1.1	-0.8	0.0	0.2	0.7	0.0	0.0
Increase / decrease in working capital	-3.0	-2.4	1.0	-1.1	-4.7	-0.2	-1.9
Cash flow from operating activities	1.5	9.3	9.2	6.6	7.3	10.5	9.8
CAPEX	-1.6	-1.8	-1.6	-0.8	-1.7	-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	-12.9	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	-14.6	-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	0.0	0.0	0.0
Cash flow from financing activities	1.7	-2.4	-0.1	-2.6	-2.6	-3.9	-5.3
Change in liquid funds	-0.4	5.5	7.3	3.2	-10.0	4.9	2.9
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	26.2	31.1	34.0

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 %	95.1 %	95.1 %	94.9 %
Sales per Employee	168,130	230,474	235,913	189,518	189,514	198,041	201,642
EBITDA per Employee	7,345	12,344	7,863	7,468	9,312	9,704	10,284
EBIT-margin	3.7 %	4.8 %	2.7 %	3.4 %	4.4 %	4.5 %	4.7 %
EBITDA / Operating Assets	36.1 %	61.1 %	39.1 %	39.7 %	41.2 %	44.8 %	46.6 %
ROA	21.7 %	36.0 %	25.7 %	20.7 %	21.4 %	25.8 %	28.1 %
Efficiency of Capital Employment							
Plant Turnover	70.9	94.4	92.5	99.0	91.7	92.9	93.0
Operating Assets Turnover	8.3	11.4	11.7	10.1	8.4	9.1	9.1
Capital Employed Turnover	3.3	4.2	3.8	3.3	3.4	3.5	3.5
Return on Capital							
ROCE	13.1 %	21.2 %	10.5 %	11.2 %	15.8 %	16.2 %	16.8 %
EBITDA / Avg. Capital Employed	15.5 %	23.7 %	13.1 %	13.1 %	17.5 %	17.7 %	18.4 %
ROE	10.4 %	14.9 %	9.6 %	7.2 %	10.9 %	12.4 %	12.7 %
Net Profit / Avg. Equity	10.9 %	16.0 %	10.0 %	7.4 %	11.3 %	12.8 %	13.1 %
Recurring Net Profit / Avg. Equity	10.9 %	16.0 %	10.0 %	9.6 %	12.0 %	12.8 %	13.1 %
ROIC	7.7 %	11.6 %	7.8 %	7.6 %	8.9 %	9.7 %	10.1 %
Solvency							
Net Debt	-21.3	-28.6	-35.0	-37.7	-26.1	-31.0	-33.9
Net Gearing	-43.2 %	-49.5 %	-55.5 %	-57.3 %	-36.7 %	-40.4 %	-41.3 %
Book Value of Equity / Book Value of Debt	1923.7 %	38486.7 %	42115.3 %	n.a.	5568.0 %	6001.9 %	6405.7 %
Current ratio	2.4	2.3	2.5	2.7	2.5	2.6	2.6
Acid Test Ratio	1.6	1.6	1.8	1.9	1.6	1.7	1.8
EBITDA / Interest Paid	66.0	101.0	230.7	356.0	213.6	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	5.6	8.8	8.1
Free Cash Flow / Sales	0.0 %	3.1 %	3.1 %	2.7 %	2.2 %	3.2 %	2.8 %
Adj. Free Cash Flow	6.6	12.1	6.9	5.8	10.4	12.1	13.5
Adj. Free Cash Flow / Sales	2.5 %	3.5 %	2.5 %	2.6 %	3.0 %	3.0 %	3.1 %
Free Cash Flow / Net Profit	-1.3 %	88.2 %	125.2 %	122.3 %	71.8 %	92.7 %	78.0 %
Interest Received / Avg. Cash	2.4 %	3.1 %	2.9 %	1.5 %	2.3 %	3.0 %	3.0 %
Interest Paid / Avg. Debt	8.5 %	9.6 %	23.3 %	32.0 %	4.5 %	0.0 %	0.0 %
Dividend Payout Ratio	0.0 %	0.0 %	43.5 %	42.5 %	47.9 %	55.4 %	50.5 %
Fund Management							
Investment ratio	-1.4 %	0.6 %	0.7 %	0.3 %	5.9 %	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 %	1227.7 %	144.5 %	130.8 %
Avg. Working Capital / Sales	8.9 %	7.6 %	7.6 %	8.6 %	9.3 %	9.8 %	9.5 %
Trade Creditors / Trade Debtors	218.9 %	165.8 %	169.1 %	182.9 %	196.6 %	192.2 %	192.4 %
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	80.6	75.0	75.0
Payables collection period (days)	32.8	42.7	39.3	39.2	41.0	39.0	39.0
Cash conversion cycle (days)	39.0	28.1	27.2	32.5	39.6	36.0	36.0
Valuation							
Dividend Yield	n.a.	n.a.	2.3 %	2.3 %	3.4 %	4.6 %	4.6 %
P/B	2.3	2.0	1.8	1.8	1.6	1.5	1.4
EV/sales	0.5	0.3	0.3	0.4	0.4	0.3	0.3
EV/EBITDA	11.0	6.3	10.3	9.7	7.9	6.8	5.9
EV/EBIT	13.0	7.0	12.9	11.3	8.7	7.4	6.5
EV/FCF	n.m.	11.0	11.0	14.4	17.2	10.4	10.9
P/E	23.1	13.3	19.0	24.3	14.6	12.2	11.0
P/CF	25.7	9.8	14.1	15.0	9.6	10.8	9.8
Adj. Free Cash Flow Yield	5.4 %	14.2 %	9.9 %	9.2 %	12.5 %	11.7 %	13.2 %

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	7.8	9.5	10.4	
+ Depreciation + Amortisation	1.2	1.4	1.6	1.2	1.2	1.2	1.3	
- Net Interest Income	0.2	0.5	0.5	0.5	0.5	0.9	1.0	
+ Taxes	1.6	3.8	0.9	1.7	3.3	3.7	4.3	
- 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	10.4	12.1	13.5	
Adjusted Free Cash Flow Yield	7.9%	14.6%	8.3%	7.0%	10.9%	13.9%	16.1%	
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
= Enterprise Value	83.3	83.3	83.3	83.3	95.8	86.8	83.8	
= Fair Enterprise Value	65.9	121.3	68.8	58.0	104.2	120.8	134.9	
- Net Debt (Cash)	-37.7	-37.7	-37.7	-37.7	-26.1	-35.5	-38.7	
- Pension Liabilities	0.5	0.5	0.5	0.5	0.7	0.7	0.7	
- 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	123.7	149.3	166.5	
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	4.70	5.67	6.32	
premium (-) / discount (+) in %	-15.1%	33.0%	-12.6%	-21.9%	7.3%	29.5%	44.4%	
Sensitivity Fair value per Share (EUR)								
	13.0%	3.14	4.76	3.23	2.91	3.79	4.61	5.14
	12.0%	3.30	5.06	3.39	3.05	4.04	4.91	5.47
	11.0%	3.49	5.41	3.59	3.22	4.34	5.25	5.86
Hurdle rate	10.0%	3.72	5.83	3.83	3.42	4.70	5.67	6.32
	9.0%	4.00	6.34	4.12	3.66	5.14	6.18	6.89
	8.0%	4.35	6.98	4.48	3.97	5.69	6.82	7.60
	7.0%	4.79	7.80	4.95	4.36	6.40	7.64	8.52

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	248.3	275.0	294.0	313.1	332.8	352.8	372.2	390.8	408.4	422.7	435.4	446.3	455.2	464.3
Change	14.5%	10.8%	6.9%	6.5%	6.3%	6.0%	5.5%	5.0%	4.5%	3.5%	3.0%	2.5%	2.0%	2.0%
EBIT	11.0	12.3	13.7	15.0	16.0	15.9	14.9	15.6	16.3	16.9	17.4	17.9	18.2	18.6
EBIT-Margin	4.4%	4.5%	4.7%	4.8%	4.8%	4.5%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Tax rate	28.6%	28.0%	29.0%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%
NOPAT	7.9	8.9	9.7	10.4	11.1	11.0	10.3	10.9	11.4	11.8	12.1	12.4	12.7	12.9
Depreciation	1.2	1.2	1.3	1.8	1.9	1.8	1.9	2.0	2.0	2.1	2.2	2.2	2.3	2.3
in % of Sales	0.5%	0.4%	0.4%	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	-7.6	4.3	-1.6	-1.3	-1.3	-1.3	-1.3	-1.2	-1.1	-0.8	-0.6	-0.5	-0.3	-0.3
- Capex	-1.7	-1.7	-1.7	-1.7	-1.8	-1.8	-1.9	-2.0	-2.0	-2.1	-2.2	-2.2	-2.3	-2.3
Capex 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%
Other	0.2	0.0	0.0	0.2	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)	-0.1	12.7	7.7	9.4	9.9	9.9	9.1	9.7	10.3	11.0	11.5	11.9	12.3	12.6

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	2.00%

Valuation (mln)

Present values 2023e	76.5		
Terminal Value	43.2		
Liabilities	-0.9		
Liquidity	20.1	No. of shares (mln)	26.33
Equity Value	139.0	Value per share (EUR)	5.28

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

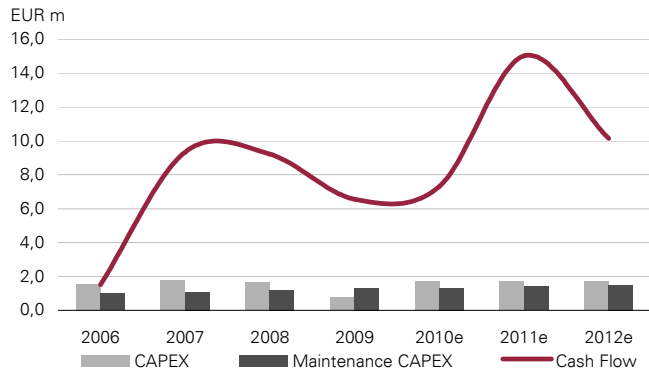
WACC	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%
11.50%	4.72	4.76	4.79	4.82	4.86	4.89	4.93
11.00%	4.92	4.96	5.00	5.04	5.08	5.12	5.17
10.75%	5.03	5.07	5.11	5.15	5.20	5.25	5.30
10.50%	5.15	5.19	5.23	5.28	5.33	5.38	5.44
10.25%	5.27	5.31	5.36	5.41	5.46	5.52	5.58
10.00%	5.39	5.44	5.49	5.55	5.61	5.67	5.74
9.50%	5.67	5.73	5.79	5.86	5.93	6.01	6.09

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%	3.20	3.74	4.28	4.82	5.36	5.90	6.44
11.00%	3.33	3.90	4.47	5.04	5.61	6.17	6.74
10.75%	3.40	3.99	4.57	5.15	5.74	6.32	6.90
10.50%	3.48	4.08	4.68	5.28	5.88	6.48	7.08
10.25%	3.56	4.18	4.79	5.41	6.03	6.64	7.26
10.00%	3.65	4.28	4.92	5.55	6.19	6.82	7.45
9.50%	3.84	4.51	5.19	5.86	6.53	7.21	7.88

Source: Warburg Research

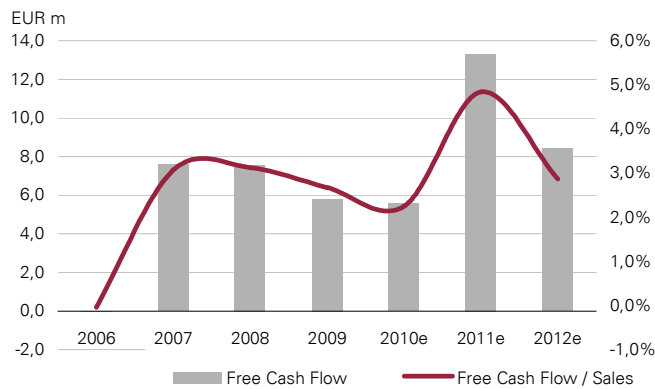
CAPEX and Cash Flow - GFT Technologies



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

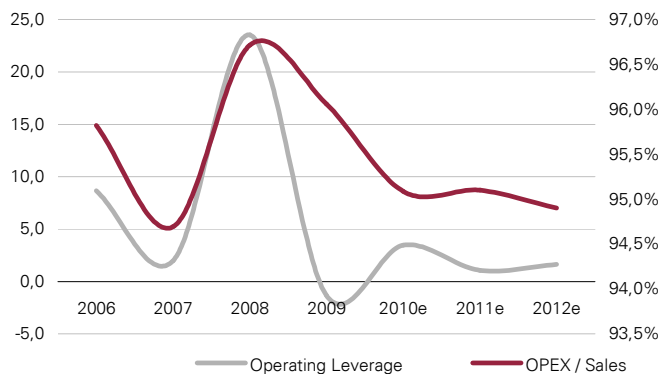
Free Cash Flow Generation - GFT Technologies



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

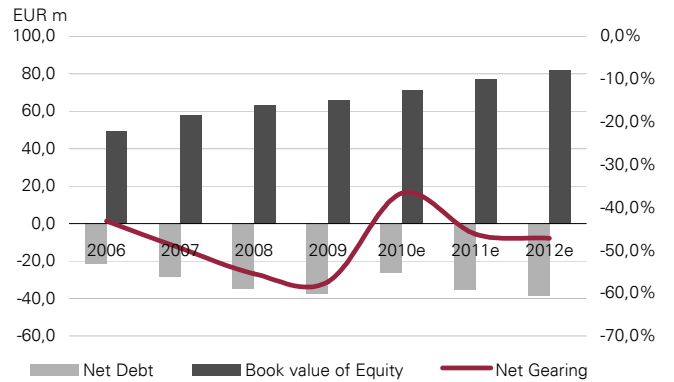
Operating Leverage - GFT Technologies



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

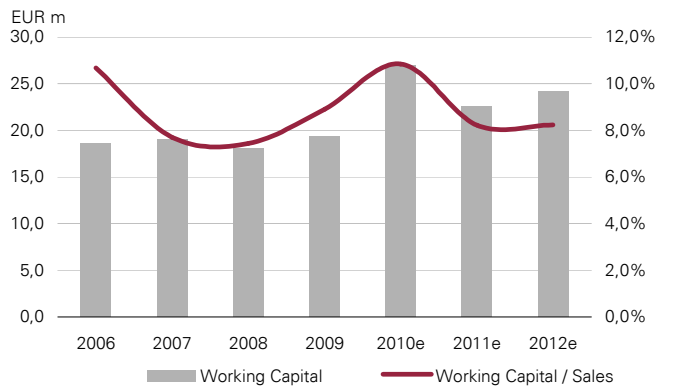
Balance Sheet Quality - GFT Technologies



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

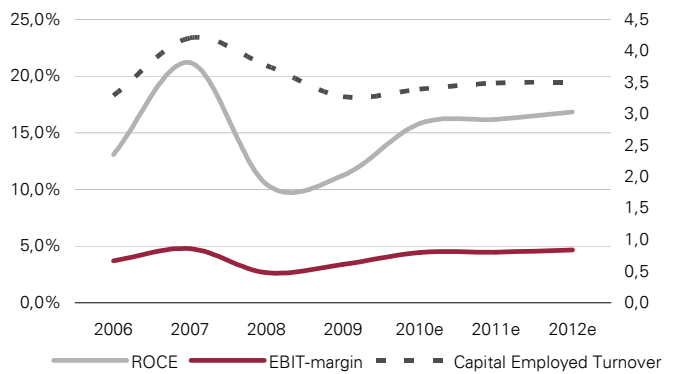
Working Capital - GFT Technologies



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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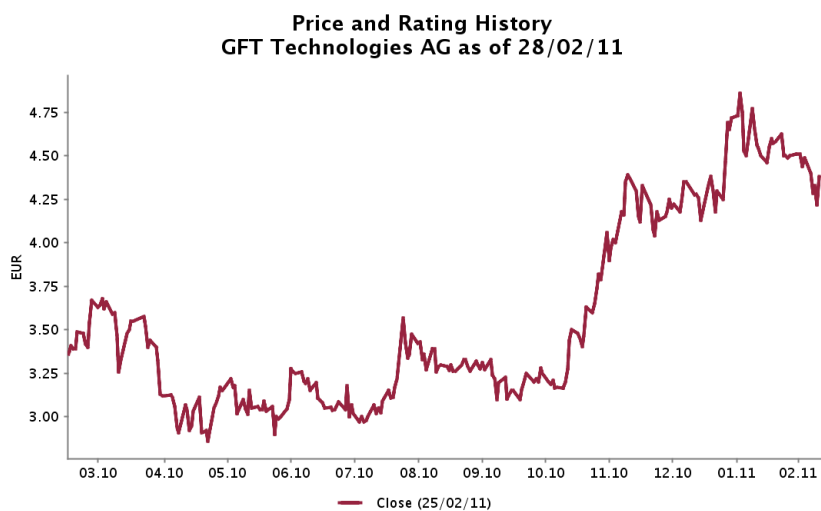
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Buy	104	57%
Hold	58	32%
Sell	9	5%
Rating suspended	12	7%
Total	183	

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Buy	71	67%
Hold	29	27%
Sell	4	4%
Rating suspended	2	2%
Total	106	



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