

Buy (old: Buy)

PT EUR 5.30 (old: 5.60)

Price EUR 3.05
Bloomberg GFT GR
Reuters GFTG
Sector Software/IT

IT service company with services (IT solutions for financial services companies) and resourcing (supply of IT specialists) as core business segments



Share data: 10.08.2011 / Closing price

Market cap: EUR 80.3 m
Enterprise Value (EV): EUR 52.0 m
Book value: EUR 81.4 m
No. of shares: 26.3 m
Trading volume Ø: EUR 163 th

Shareholders:

Freefloat 56.9 %
 Ulrich Dietz 28.5 %
 Maria Dietz 9.7 %
 BW Invest 5.0 %

Calendar:

Figures Q3 11/09/11

Change	2011E		2012E		2013E	
	old	Δ%	old	Δ%	old	Δ%
Sales	279	0	302	-5.0	322	-7.4
EBIT	12.2	0	15.5	-24.7	16.7	-28.6
EPS	0.36	-5.6	0.45	-26.7	0.48	-29.2

Analysis: Warburg Research
 Date of publication: 11.08.2011
 Analyst:
 Andreas Wolf +49 (0)40-309537-140
 awolf@warburg-research.com

Resourcing drives sales growth

GFT has released good Q2 figures.

GFT Technologies - Q2 2011

Figures in EUR m	Q2/11	Q2/11e	Q2/10	yoy	6M/11	6M/10	yoy
Sales	74.5	72.0	60.3	23.6%	141.8	114.7	23.6%
EBITDA	3.6	3.3	3.2	13.0%	5.9	4.9	19.0%
<i>margin</i>	4.9%	4.6%	5.3%		4.1%	4.3%	
EBT	3.5	3.2	3.0	18.3%	5.5	4.6	20.7%
<i>margin</i>	4.7%	4.4%	4.9%		3.9%	4.0%	
EPS in EUR	0.09	0.08	0.08	12.5%	0.14	0.12	16.7%

Sources: GFT Technologies (historical data), Warburg Research (estimate s)

Sales went up by 24% to EUR 74.5m (WRe: EUR 72m) mainly driven by a strong resourcing business (+47% yoy to EUR 45m) – demand was strong in all addressed segments and countries. The higher margin Service segment remained nearly unchanged in Q2 yoy with EUR 29.4m and should experience an increase in H2.

Earnings figures have improved in absolute terms compared to the previous year's quarter. A higher share in Resourcing sales, which accompanied by margins below group average, as well as costs for the acquisition of Asymo (ca. EUR 400k) explain the margin decline.

In view of the deterioration of economic indicators, the estimates for 2012 are being reduced. The recent figures from software companies (e.g. Temenos), which were surprisingly negative indicate a decreasing demand of the financial industry. As GFT addresses and services core-banking-processes, the impacts of an economic slump should be reduced. GFT has already proven during the last financial and economic crisis, that the company not only remains profitable under difficult conditions, but also earns its costs of capital with an ROCE >10%.

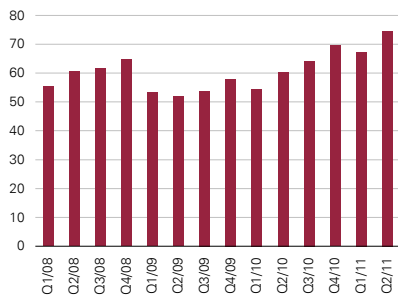
The good profitability of the company is particularly conditioned by its business model: the Services segment is linked synergistically to the Resourcing segment (placement of IT-specialists). That is why the employment of IT-freelancers in the service sector leads to flexible cost structures and allows immediate reaction to sales fluctuations.

Due to the good visibility for H2 (expected sales have already been covered by more than 80%) management has confirmed expectations of sales to the amount of EUR 275m and EBT of EUR 13m.

Valuation: in view of our reduced estimates, PT was lowered from EUR 5.60 to EUR 5.30. The current share price level is supported by a book value of ca. EUR 3 per share, which is underpinned by ca. one third through the net financial position. In this light GFT remains a Buy.

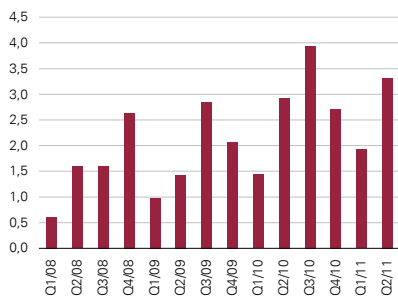
Fiscal year ending: 31.12.	2007	2008	2009	2010	2011E	2012E	2013E
<i>in EUR m</i>							
Sales	247	242	217	248	279	287	298
<i>Change Sales yoy</i>	42.3 %	-1.9 %	-10.5 %	14.5 %	12.3 %	2.9 %	4.0 %
Gross profit	97.0	93.4	86.4	106	117	121	125
<i>Gross margin</i>	39.3 %	38.6 %	39.8 %	42.8 %	41.9 %	42.0 %	42.0 %
EBITDA	13.2	8.1	8.5	12.2	13.4	13.2	13.4
<i>EBITDA-margin</i>	5.4 %	3.3 %	3.9 %	4.9 %	4.8 %	4.6 %	4.5 %
EBIT	11.8	6.4	7.3	11.0	12.2	11.7	11.9
<i>EBIT-margin</i>	4.8 %	2.7 %	3.4 %	4.4 %	4.4 %	4.1 %	4.0 %
Net income	8.6	6.0	4.7	7.8	8.9	8.8	9.0
EPS	0.33	0.23	0.18	0.30	0.34	0.33	0.34
Free Cash Flow per share	0.29	0.29	0.22	0.21	0.48	0.30	0.31
Dividend	0.00	0.10	0.10	0.15	0.20	0.20	0.20
<i>Dividend Yield</i>	n.a.	3.3 %	3.3 %	4.9 %	6.6 %	6.6 %	6.6 %
EV/Sales	0.2	0.2	0.3	0.2	0.2	0.2	0.2
EV/EBITDA	4.5	7.4	7.0	4.9	3.9	3.9	3.7
EV/EBIT	5.1	9.3	8.2	5.4	4.3	4.4	4.2
PER	9.2	13.3	16.9	10.2	9.0	9.2	9.0
ROCE	21.2 %	10.5 %	11.2 %	15.8 %	15.6 %	13.9 %	13.8 %
Adj. Free Cash Flow Yield	20.2 %	11.5 %	9.7 %	17.4 %	23.1 %	22.8 %	23.7 %

Sales development
in EUR m



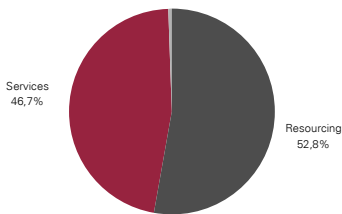
Source: GFT Technologies

EBIT development
in EUR m



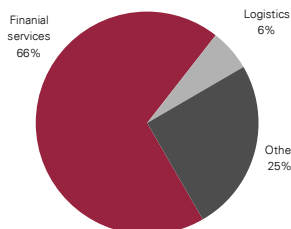
Source: GFT Technologies

Sales by segments
2010



Source: GFT Technologies

Sales split by industries
2010



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							
	2007	2008	2009	2010	2011E	2012E	2013E
Sales	247	242	217	248	279	287	298
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Total sales	247	242	217	248	279	287	298
Material Expenses	150	149	130	142	162	166	173
Gross profit	97.0	93.4	86.4	106	117	121	125
Personnel expenses	64.5	66.8	62.5	76.5	85.3	88.3	92.5
Other operating income	2.0	3.0	2.0	3.5	3.1	2.9	3.3
Other operating expenses	21.2	21.5	17.3	21.1	21.2	21.8	22.7
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	13.2	8.1	8.5	12.2	13.4	13.2	13.4
Depreciation of fixed assets	1.0	1.1	0.9	0.9	0.7	1.0	1.0
EBITA	12.2	7.0	7.6	11.3	12.7	12.2	12.4
Amortisation of intangible fixed assets	0.4	0.5	0.3	0.2	0.5	0.5	0.5
Impairment charges and amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	11.8	6.4	7.3	11.0	12.2	11.7	11.9
Interest income	0.8	0.9	0.5	0.7	0.9	1.0	1.0
Interest expenses	0.1	0.0	0.0	0.1	0.0	0.0	0.0
Financial result	0.5	0.5	0.5	0.5	0.9	1.0	1.0
Recurring pretax income from cont. operations	12.4	6.9	7.9	11.6	13.1	12.7	12.9
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	12.4	6.9	7.9	11.6	13.1	12.7	12.9
Taxes total	3.8	0.9	1.7	3.3	4.2	3.9	3.9
Net income from continuing operations	8.6	6.0	6.2	8.2	8.9	8.8	9.0
Income from discontinued operations (net of tax)	0.0	0.0	-1.4	-0.5	0.0	0.0	0.0
Net income before minorities	8.6	6.0	4.7	7.8	8.9	8.8	9.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	8.6	6.0	4.7	7.8	8.9	8.8	9.0

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

Consolidated Profit & Loss GFT							
in % of Sales							
	2007	2008	2009	2010	2011E	2012E	2013E
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	0.1 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total sales	100.1 %	100.1 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Material Expenses	60.8 %	61.5 %	60.2 %	57.2 %	58.1 %	58.0 %	58.0 %
Gross profit	39.3 %	38.6 %	39.8 %	42.8 %	41.9 %	42.0 %	42.0 %
Personnel expenses	26.1 %	27.6 %	28.8 %	30.8 %	30.6 %	30.8 %	31.0 %
Other operating income	0.8 %	1.2 %	0.9 %	1.4 %	1.1 %	1.0 %	1.1 %
Other operating expenses	8.6 %	8.9 %	8.0 %	8.5 %	7.6 %	7.6 %	7.6 %
Unfrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBITDA	5.4 %	3.3 %	3.9 %	4.9 %	4.8 %	4.6 %	4.5 %
Depreciation of fixed assets	0.4 %	0.5 %	0.4 %	0.4 %	0.2 %	0.4 %	0.3 %
EBITA	4.9 %	2.9 %	3.5 %	4.5 %	4.6 %	4.3 %	4.2 %
Amortisation of intangible fixed assets	0.2 %	0.2 %	0.1 %	0.1 %	0.2 %	0.2 %	0.2 %
Impairment charges and amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	4.8 %	2.7 %	3.4 %	4.4 %	4.4 %	4.1 %	4.0 %
Interest income	0.3 %	0.4 %	0.3 %	0.3 %	0.3 %	0.4 %	0.3 %
Interest expenses	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	0.2 %	0.2 %	0.2 %	0.2 %	0.3 %	0.4 %	0.3 %
Recurring pretax income from cont. operations	5.0 %	2.9 %	3.6 %	4.7 %	4.7 %	4.4 %	4.3 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	5.0 %	2.9 %	3.6 %	4.7 %	4.7 %	4.4 %	4.3 %
Taxes total	1.5 %	0.4 %	0.8 %	1.3 %	1.5 %	1.4 %	1.3 %
Net income from continuing operations	3.5 %	2.5 %	2.9 %	3.3 %	3.2 %	3.1 %	3.0 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	-0.7 %	-0.2 %	0.0 %	0.0 %	0.0 %
Net income before minorities	3.5 %	2.5 %	2.2 %	3.1 %	3.2 %	3.1 %	3.0 %
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	3.5 %	2.5 %	2.2 %	3.1 %	3.2 %	3.1 %	3.0 %

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

Balance sheet GFT

in EUR m

	2007	2008	2009	2010	2011E	2012E	2013E
Assets							
Intangible assets	21.2	20.8	20.7	20.8	31.4	31.4	31.4
thereof other intangible assets	0.9	0.5	0.4	0.4	4.7	4.7	4.7
thereof Goodwill	20.4	20.4	20.4	20.4	26.7	26.7	26.7
Property, plant and equipment	2.6	2.6	2.2	2.7	3.7	3.9	4.1
Financial assets	0.0	0.0	0.0	12.7	6.4	6.4	6.4
Fixed assets	23.9	23.5	23.0	36.3	41.6	41.8	42.0
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	47.9	44.1	42.6	54.8	53.5	55.0	57.2
Other Assets	11.4	10.7	10.8	8.8	8.8	8.8	8.8
Liquid assets	28.7	35.2	37.7	27.4	36.3	37.5	38.7
Current assets	88.1	90.0	91.1	91.0	98.6	101	105
Total assets	112	114	114	127	140	143	147
Liabilities and shareholders' equity							
Subscribed capital	26.3	26.3	26.3	26.3	26.3	26.3	26.3
Additional paid-in capital	42.1	42.1	42.1	42.1	42.1	42.1	42.1
Surplus capital	2.3	6.8	8.5	10.2	15.2	18.7	22.5
Other equity components	-13.1	-12.1	-11.3	-7.4	-2.3	-3.8	-5.3
Book value	57.7	63.2	65.8	71.3	81.4	83.3	85.6
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	57.7	63.2	65.8	71.3	81.4	83.3	85.6
Provision for pensions and similar obligations	0.9	1.0	0.5	0.7	0.8	0.8	0.9
Provisions	16.0	14.2	14.9	19.8	19.9	20.0	20.1
Financial liabilities	0.2	0.2	0.0	1.3	1.3	1.3	1.3
Accounts payable	28.9	26.1	23.3	27.9	30.6	31.4	32.7
Other liabilities	9.2	9.8	10.1	7.1	7.1	7.1	7.1
Liabilities	54.2	50.3	48.3	56.0	58.8	59.7	61.1
Total liabilities and shareholders' equity	112	114	114	127	140	143	147

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

Balance sheet GFT

in % of Balance Sheet Total

	2007	2008	2009	2010	2011E	2012E	2013E
Assets							
Intangible assets	19.0 %	18.4 %	18.2 %	16.3 %	22.4 %	22.0 %	21.4 %
thereof other intangible assets	0.8 %	0.4 %	0.3 %	0.3 %	3.3 %	3.3 %	3.2 %
thereof Goodwill	18.2 %	17.9 %	17.9 %	16.0 %	19.0 %	18.7 %	18.2 %
Property, plant and equipment	2.3 %	2.3 %	1.9 %	2.1 %	2.7 %	2.8 %	2.8 %
Financial assets	0.0 %	0.0 %	0.0 %	10.0 %	4.6 %	4.5 %	4.4 %
Fixed assets	21.3 %	20.7 %	20.1 %	28.5 %	29.6 %	29.2 %	28.6 %
Inventories	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts receivable	42.9 %	38.9 %	37.3 %	43.1 %	38.2 %	38.5 %	39.0 %
Other Assets	10.2 %	9.4 %	9.5 %	6.9 %	6.3 %	6.2 %	6.0 %
Liquid assets	25.7 %	31.0 %	33.1 %	21.5 %	25.9 %	26.2 %	26.4 %
Current assets	78.7 %	79.3 %	79.9 %	71.5 %	70.3 %	70.8 %	71.4 %
Total assets	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Liabilities and shareholders' equity							
Subscribed capital	23.5 %	23.2 %	23.1 %	20.7 %	18.8 %	18.4 %	18.0 %
Additional paid-in capital	37.7 %	37.1 %	36.9 %	33.1 %	30.1 %	29.5 %	28.7 %
Surplus capital	2.1 %	6.0 %	7.5 %	8.1 %	10.9 %	13.1 %	15.3 %
Other equity components	-11.7 %	-10.7 %	-9.9 %	-5.9 %	-1.7 %	-2.7 %	-3.6 %
Book value	51.6 %	55.7 %	57.6 %	56.0 %	58.0 %	58.3 %	58.4 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	51.6 %	55.7 %	57.6 %	56.0 %	58.0 %	58.3 %	58.4 %
Provision for pensions and similar obligations	0.8 %	0.9 %	0.4 %	0.5 %	0.5 %	0.6 %	0.6 %
Provisions	14.3 %	12.5 %	13.1 %	15.6 %	14.2 %	14.0 %	13.7 %
Financial liabilities	0.1 %	0.1 %	0.0 %	1.0 %	0.9 %	0.9 %	0.9 %
Accounts payable	25.8 %	23.0 %	20.4 %	21.9 %	21.8 %	22.0 %	22.3 %
Other liabilities	8.2 %	8.7 %	8.9 %	5.5 %	5.0 %	4.9 %	4.8 %
Liabilities	48.4 %	44.3 %	42.4 %	44.0 %	42.0 %	41.8 %	41.7 %
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

	2007	2008	2009	2010	2011E	2012E	2013E
Net income	8.6	6.0	4.7	7.8	8.9	8.8	9.0
Depreciation of fixed assets	1.0	1.1	0.9	0.9	0.7	1.0	1.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.4	0.5	0.3	0.2	0.5	0.5	0.5
Increase/decrease in long-term provisions	1.6	0.1	-0.5	3.0	0.1	0.1	0.1
Other costs affecting income / expenses	0.2	0.4	2.2	0.0	0.0	0.0	0.0
Cash Flow	11.8	8.2	7.7	12.0	10.2	10.3	10.6
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in accounts receivable	-13.8	3.8	1.5	-13.0	1.3	-1.5	-2.2
Increase / decrease in accounts payable	12.2	-2.8	-2.8	7.6	2.7	0.8	1.3
Increase / decrease in other working capital positions	-0.8	0.0	0.2	0.7	0.0	0.0	0.0
Increase / decrease in working capital	-2.4	1.0	-1.1	-4.7	4.0	-0.7	-0.9
Cash flow from operating activities	9.3	9.2	6.6	7.3	14.2	9.6	9.7
CAPEX	-1.8	-1.6	-0.8	-1.7	-1.7	-1.7	-1.7
Payments for acquisitions	0.0	0.0	0.0	0.0	-6.0	-1.5	-1.5
Financial investments	0.3	0.0	0.0	-12.9	6.3	0.0	0.0
Income from asset disposals	0.0	-0.2	0.1	0.0	0.0	0.0	0.0
Cash flow from investing activities	-1.5	-1.8	-0.7	-14.6	-1.4	-3.2	-3.2
Change in financial liabilities	-2.4	0.0	-0.2	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	-2.6	-2.6	-3.9	-5.3	-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	0.0	-0.1	0.2	0.0	0.0	0.0	0.0
Cash flow from financing activities	-2.4	-0.1	-2.6	-2.6	-3.9	-5.3	-5.3
Change in liquid funds	5.5	7.3	3.2	-10.0	8.9	1.1	1.3
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	25.7	33.0	36.2	26.2	35.1	36.3	37.6

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

Financial Ratios GFT

	2007	2008	2009	2010	2011E	2012E	2013E
Operational Efficiency							
Total Operating Costs / Sales	94.7 %	96.7 %	96.1 %	95.1 %	95.2 %	95.4 %	95.5 %
Sales per Employee	230,474	235,913	189,518	189,514	200,814	196,738	194,864
EBITDA per Employee	12,344	7,863	7,468	9,312	9,659	9,050	8,769
EBIT-margin	4.8 %	2.7 %	3.4 %	4.4 %	4.4 %	4.1 %	4.0 %
EBITDA / Operating Assets	61.1 %	39.1 %	39.7 %	41.2 %	50.4 %	47.9 %	46.9 %
ROA	36.0 %	25.7 %	20.7 %	21.4 %	21.5 %	21.0 %	21.6 %
Efficiency of Capital Employment							
Plant Turnover	94.4	92.5	99.0	91.7	74.8	73.0	72.2
Operating Assets Turnover	11.4	11.7	10.1	8.4	10.5	10.4	10.4
Capital Employed Turnover	4.2	3.8	3.3	3.4	3.3	3.4	3.4
Return on Capital							
ROCE	21.2 %	10.5 %	11.2 %	15.8 %	15.6 %	13.9 %	13.8 %
EBITDA / Avg. Capital Employed	23.7 %	13.1 %	13.1 %	17.5 %	17.1 %	15.6 %	15.5 %
ROE	14.9 %	9.6 %	7.2 %	10.9 %	11.0 %	10.5 %	10.6 %
Net Profit / Avg. Equity	16.0 %	10.0 %	7.4 %	11.3 %	11.7 %	10.6 %	10.7 %
Recurring Net Profit / Avg. Equity	16.0 %	10.0 %	9.6 %	12.0 %	11.7 %	10.6 %	10.7 %
ROIC	11.6 %	7.8 %	7.6 %	8.9 %	8.7 %	8.3 %	8.4 %
Solvency							
Net Debt	-28.6	-35.0	-37.7	-26.1	-35.0	-36.2	-37.5
Net Gearing	-49.5 %	-55.5 %	-57.3 %	-36.7 %	-43.1 %	-43.4 %	-43.7 %
Book Value of Equity / Book Value of Debt	38486.7 %	42115.3 %	n.a.	5568.0 %	6355.8 %	6511.6 %	6689.9 %
Current ratio	2.3	2.5	2.7	2.5	2.5	2.5	2.6
Acid Test Ratio	1.6	1.8	1.9	1.6	1.7	1.7	1.7
EBITDA / Interest Paid	101.0	230.7	356.0	213.6	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	7.6	7.6	5.8	5.6	12.5	7.9	8.0
Free Cash Flow / Sales	3.1 %	3.1 %	2.7 %	2.2 %	4.5 %	2.8 %	2.7 %
Adj. Free Cash Flow	12.1	6.9	5.8	10.4	12.0	11.7	11.9
Adj. Free Cash Flow / Sales	3.5 %	2.5 %	2.6 %	3.0 %	2.8 %	2.7 %	2.7 %
Free Cash Flow / Net Profit	88.2 %	125.2 %	122.3 %	71.8 %	140.4 %	90.3 %	88.9 %
Interest Received / Avg. Cash	3.1 %	2.9 %	1.5 %	2.3 %	2.8 %	2.7 %	2.6 %
Interest Paid / Avg. Debt	9.6 %	23.3 %	32.0 %	4.5 %	0.0 %	0.0 %	0.0 %
Dividend Payout Ratio	0.0 %	43.5 %	42.5 %	47.9 %	58.9 %	60.1 %	58.2 %
Fund Management							
Investment ratio	0.6 %	0.7 %	0.3 %	5.9 %	-1.6 %	0.6 %	0.6 %
Maint. Capex / Sales	0.4 %	0.5 %	0.6 %	0.5 %	0.5 %	0.5 %	0.5 %
Capex / Dep	104.6 %	100.3 %	62.6 %	1228.7 %	-391.1 %	113.3 %	113.3 %
Avg. Working Capital / Sales	7.6 %	7.6 %	8.6 %	9.3 %	8.9 %	8.1 %	8.1 %
Trade Creditors / Trade Debtors	165.8 %	169.1 %	182.9 %	196.6 %	174.8 %	175.2 %	174.9 %
Inventory turnover (days)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables collection period (DSOs)	70.8	66.5	71.7	80.6	70.0	70.0	70.0
Payables collection period (days)	42.7	39.3	39.2	41.0	40.0	40.0	40.0
Cash conversion cycle (days)	28.1	27.2	32.5	39.6	30.0	30.0	30.0
Valuation							
Dividend Yield	n.a.	3.3 %	3.3 %	4.9 %	6.6 %	6.6 %	6.6 %
P/B	1.4	1.3	1.2	1.1	1.0	1.0	0.9
EV/sales	0.2	0.2	0.3	0.2	0.2	0.2	0.2
EV/EBITDA	4.5	7.4	7.0	4.9	3.9	3.9	3.7
EV/EBIT	5.1	9.3	8.2	5.4	4.3	4.4	4.2
EV/FCF	7.9	7.9	10.3	10.8	4.1	6.5	6.2
P/E	9.2	13.3	16.9	10.2	9.0	9.2	9.0
P/CF	6.8	9.8	10.4	6.7	7.9	7.8	7.5
Adj. Free Cash Flow Yield	19.6 %	13.7 %	12.8 %	20.0 %	19.6 %	20.1 %	21.2 %

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

Free Cash Flow Yield - GFT Technologies

Figures in EUR m	2007	2008	2009	2010	2011e	2012e	2013e
Net Income	8.6	6.0	4.7	7.8	8.9	8.8	9.0
+ Depreciation + Amortisation	1.4	1.6	1.2	1.2	1.2	1.5	1.5
- Net Interest Income	0.5	0.5	0.5	0.5	0.9	1.0	1.0
+ Taxes	3.8	0.9	1.7	3.3	4.2	3.9	3.9
- Maintenance Capex	1.1	1.2	1.3	1.3	1.4	1.5	1.5
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Adjusted Free Cash Flow	12.1	6.9	5.8	10.4	12.0	11.7	11.9
Adjusted Free Cash Flow Yield	20.2%	11.5%	9.7%	17.4%	23.1%	22.8%	23.7%
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= Enterprise Value	60.0	60.0	60.0	60.0	52.0	51.2	50.2
= Fair Enterprise Value	121.3	68.8	58.0	104.2	120.1	117.0	119.2
- Net Debt (Cash)	-26.1	-26.1	-26.1	-26.1	-35.0	-36.2	-37.5
- Pension Liabilities	0.7	0.7	0.7	0.7	0.8	0.8	0.9
- Others	5.2	5.2	5.2	5.2	6.0	6.3	6.5
= Fair Market Capitalisation	141.6	89.0	78.3	124.5	148.4	146.0	149.3
No. of shares (m)	26.3	26.3	26.3	26.3	26.3	26.3	26.3
= Fair value per share (EUR)	5.38	3.38	2.97	4.73	5.64	5.55	5.67
premium (-) / discount (+) in %	76.4%	10.9%	-2.5%	55.1%	84.8%	81.9%	85.9%
Sensitivity Fair value per Share (EUR)							
	13.0%	4.32	2.78	2.47	3.82	4.58	4.63
	12.0%	4.61	2.95	2.61	4.07	4.88	4.92
	11.0%	4.96	3.14	2.77	4.37	5.22	5.26
Hurdle rate	10.0%	5.38	3.38	2.97	4.73	5.64	5.67
	9.0%	5.89	3.67	3.22	5.17	6.14	6.17
	8.0%	6.53	4.03	3.52	5.72	6.78	6.80
	7.0%	7.35	4.50	3.92	6.43	7.59	7.61

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

DCF Model - GFT Technologies

Figures in EUR m	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e
Sales	278.9	286.9	298.3	317.1	337.1	357.3	377.0	395.8	413.6	428.1	441.0	452.0	461.0	470.2
Change	12.3%	2.9%	4.0%	6.3%	6.3%	6.0%	5.5%	5.0%	4.5%	3.5%	3.0%	2.5%	2.0%	2.0%
EBIT	12.2	11.7	11.9	16.2	17.2	17.2	17.0	17.8	18.6	19.3	19.0	19.0	18.9	19.3
EBIT-Margin	4.4%	4.1%	4.0%	5.1%	5.1%	4.8%	4.5%	4.5%	4.5%	4.5%	4.3%	4.2%	4.1%	4.1%
Tax rate	32.0%	31.0%	30.0%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%
NOPAT	8.3	8.1	8.3	11.2	11.9	11.9	11.8	12.4	12.9	13.4	13.2	13.2	13.1	13.4
Depreciation	1.2	1.5	1.5	1.8	2.0	1.8	1.9	2.0	2.1	2.1	2.2	2.3	2.3	2.4
in % of Sales	0.4%	0.5%	0.5%	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	4.0	-0.7	-0.9	-1.3	-1.4	-1.3	-1.7	-1.5	-1.4	-1.2	-1.0	-0.9	-0.7	-0.7
- Capex	-1.7	-1.7	-1.7	-1.7	-1.9	-1.8	-1.9	-2.0	-2.1	-2.1	-2.2	-2.3	-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	0.1	0.1	0.1	-0.1	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)	11.9	7.2	7.3	10.0	10.7	10.8	10.1	10.9	11.5	12.2	12.2	12.3	12.4	12.7

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 2024e	79.9		
Terminal Value	39.3		
Liabilities	-0.9		
Liquidity	22.0	No. of shares (mln)	26.33
Equity Value	140.4	Value per share (EUR)	5.33

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

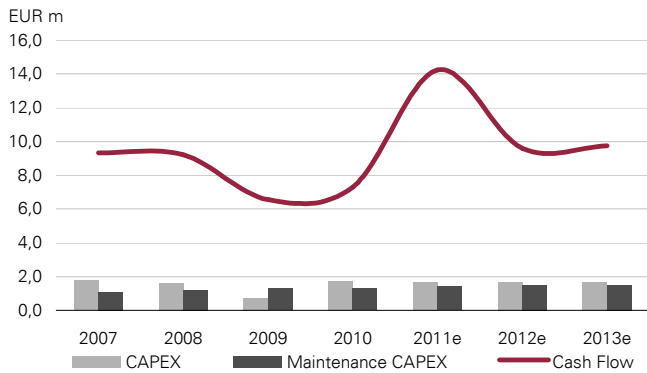
WACC	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%
11.50%	4.79	4.81	4.84	4.87	4.91	4.94	4.98
11.00%	4.99	5.02	5.05	5.09	5.13	5.17	5.21
10.75%	5.10	5.13	5.17	5.21	5.25	5.29	5.34
10.50%	5.21	5.25	5.29	5.33	5.38	5.42	5.48
10.25%	5.33	5.37	5.42	5.46	5.51	5.57	5.62
10.00%	5.46	5.50	5.55	5.60	5.66	5.72	5.78
9.50%	5.74	5.79	5.85	5.91	5.98	6.05	6.12

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%	3.40	3.89	4.38	4.87	5.37	5.86	6.35
11.00%	3.53	4.05	4.57	5.09	5.61	6.13	6.65
10.75%	3.60	4.14	4.67	5.21	5.74	6.28	6.81
10.50%	3.68	4.23	4.78	5.33	5.88	6.43	6.98
10.25%	3.76	4.33	4.90	5.46	6.03	6.60	7.16
10.00%	3.85	4.43	5.02	5.60	6.19	6.77	7.36
9.50%	4.04	4.66	5.29	5.91	6.54	7.16	7.78

Source: Warburg Research

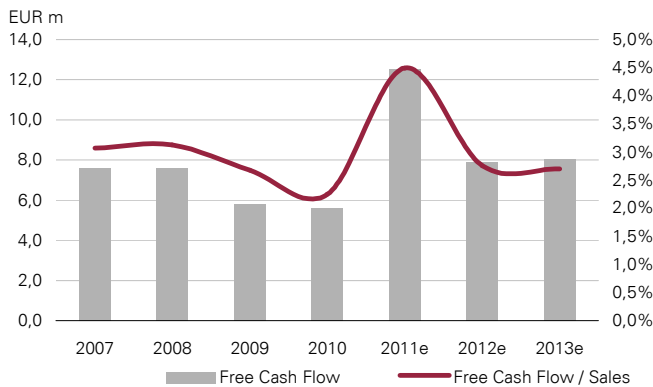
CAPEX and Cash Flow - GFT Technologies



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

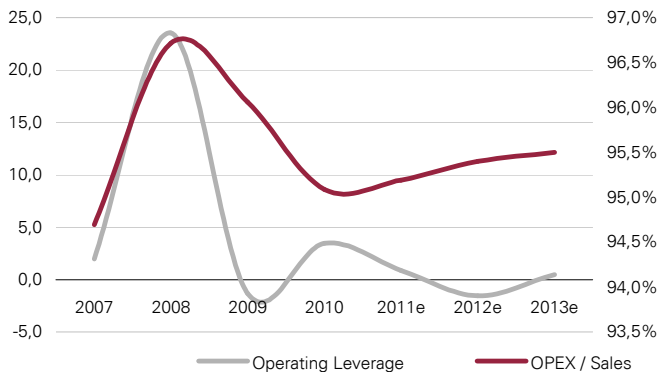
Free Cash Flow Generation - GFT Technologies



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

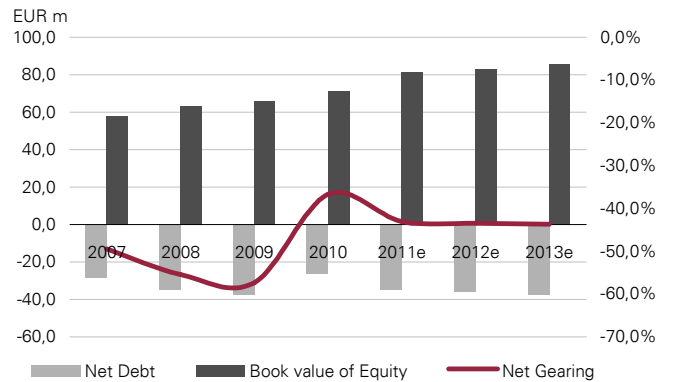
Operating Leverage - GFT Technologies



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

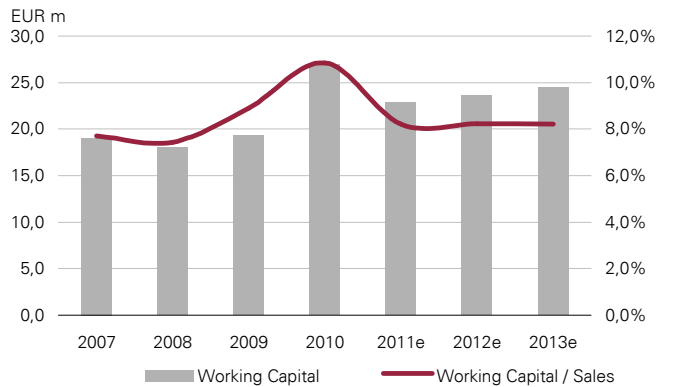
Balance Sheet Quality - GFT Technologies



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

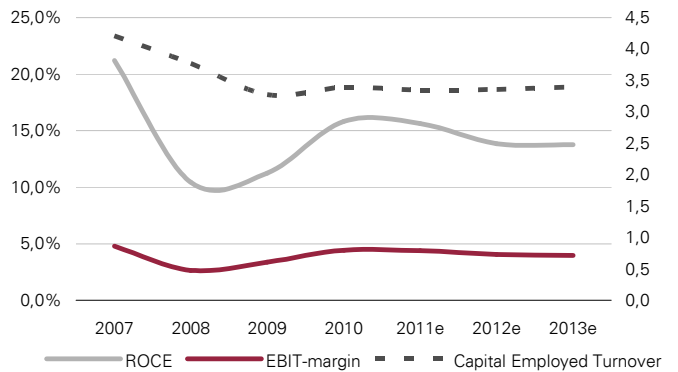
Working Capital - GFT Technologies



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

Legal Disclaimer

This research report was prepared by the Warburg Research GmbH, a subsidiary of the M.M.Warburg & CO KGaA. It contains selected information and does not purport to be complete. The report bases on publicly available information and data ("the Information") believed to be accurate and complete. Warburg Research GmbH neither does examine the Information to be accurate and complete, nor guarantees its accuracy and completeness. Possible errors or incompleteness of the Information do not constitute grounds for liability, neither with regard to indirect nor to direct or consequential damages. In particular, neither M.M.Warburg & CO KGaA nor the Warburg Research GmbH are liable for the statements, plans or other details contained in the Information concerning the examined companies, their associated companies, strategies, economic situations, market and competitive situations, regulatory environment, etc. Although due care has been taken in compiling this research report, it cannot be excluded that it is incomplete or contains errors. M.M.Warburg & CO KGaA and Warburg Research GmbH, their shareholders and employees are not liable for the accuracy and completeness of the statements, estimations and the conclusions derived from the Information contained in this document. Provided any research report is being transmitted in connection with an existing contractual relationship, i.e. financial advisory or similar services, the liability of M.M.Warburg & CO KGaA and Warburg Research GmbH shall be restricted to gross negligence and willful misconduct. Only in case of failure in essential tasks, M.M.Warburg & CO KGaA and Warburg Research GmbH are liable for normal negligence. In any case, the liability of M.M.Warburg & CO KGaA and Warburg Research GmbH is limited to typical, expectable damages and the liability for any indirect damages is excluded. This research report does not constitute an offer or a solicitation of an offer for the purchase or sale of any security. Partners, directors or employees of M.M.Warburg & CO KGaA or Warburg Research GmbH may serve on the board of directors of companies mentioned in a report. Opinions expressed in this report are subject to change without notice. All rights reserved.

Copyright Notice

This work including all its parts is protected by copyright. Any use beyond the limits provided by copyright law without permission is prohibited and punishable. This applies, in particular, to reproductions, translations, microfilming, and storage and processing on electronic media of the entire content or parts thereof.

Disclosure according to Section 34b of the German Securities Trading Act and FinAnV

Section 34 b of the German Securities Trading Act in combination with the FinAnV requires an enterprise preparing a securities analysis to point out possible conflicts of interest with respect to the company that is the subject of the analysis. In this connection, we point out that:

- M.M.Warburg & CO KGaA or Warburg Research GmbH is party to an agreement with this company relating to the production of research recommendations.
- M.M.Warburg & CO KGaA M and affiliates are regularly trading securities issued by this company or securities based on these issues.

This report has been made accessible to the company analysed and was modified thereafter

The valuation underlying the rating of the equity security analysed in this report is based on generally accepted and widely used methods of fundamental valuation, such as DCF model, Peer group comparison and – where applicable – a Sum-of-the-parts model.

M.M.Warburg & CO KGaA and Warburg Research GmbH have set up effective organisational and administrative arrangements to prevent and avoid possible conflicts of interest and, where applicable, to disclose them.

Valuations, ratings and target prices for the companies analysed by M.M.Warburg & CO KGaA and Warburg Research GmbH are subject to constant reviews and may therefore change, if any of the fundamental factors underlying these items do change.

All share prices given in this equity analysis are closing prices, except where stated otherwise.

Neither M.M.Warburg & CO KGaA's analysts nor Warburg Research GmbH's analysts do receive any payments directly or indirectly from any affiliates' investment banking activity.

M.M.Warburg & CO KGaA and Warburg Research GmbH are under supervision of the BaFin – German Federal Financial Supervisory Authority.

Investment recommendation: expected direction of the share price development for equity security up to the given Target price in the opinion of the analyst who covers the issue.

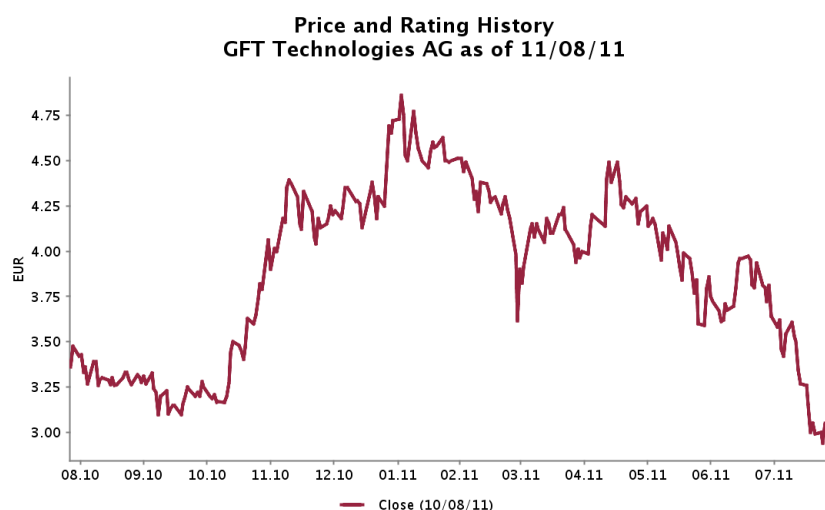
- B **Buy**: The price of the analysed equity security is expected to rise over the next 12 months.
 H **Hold**: The price of the analysed equity security is expected to remain mostly flat over the next 12 months.
 S **Sell**: The price of the analysed equity security is expected to fall over the next 12 months.
 “-“ **Rating suspended**: The available information does not currently permit an evaluation of the company.

M.M.Warburg & CO KGaA and Warburg Research GmbH research universe by rating:

Rating	Number of stocks	% of Universe
Buy	126	71%
Hold	46	26%
Sell	5	3%
Rating suspended	0	0%
Total	177	

M.M.Warburg & CO KGaA and Warburg Research GmbH research universe by rating, looking only at companies for which a disclosure according to section 34b German Securities Trading Act has to be made:

Rating	Number of stocks	% of Universe
Buy	114	74%
Hold	38	25%
Sell	3	2%
Rating suspended	0	0%
Total	155	



The charts have markings if Warburg Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

Warburg Research GmbH

Hermannstraße 9 | 20095 Hamburg | www.warburg-research.com

Tel.: +49 40 309537-0 | Fax: +49 40 309537-110 | info@warburg-research.com



WARBURG RESEARCH

Christian Bruns Head of Research	+49 40 309537-253 cbruns@warburg-research.com
Felix Ellmann	+49 40 309537-120 fellmann@warburg-research.com
Jörg Philipp Frey	+49 40 309537-258 jfrey@warburg-research.com
Ulrich Huwald	+49 40 309537-255 uhuwald@warburg-research.com
Thilo Kleibauer	+49 40 309537-257 tkleibauer@warburg-research.com
Torsten Klingner	+49 40 309537-260 tklingner@warburg-research.com
Eggert Kuls	+49 40 309537-256 ekuls@warburg-research.com
Frank Laser	+49 40 309537-235 flaser@warburg-research.com
Andreas Pläsier	+49 40 309537-246 aplaesier@warburg-research.com
Thomas Rau	+49 40 309537-220 trau@warburg-research.com
Björn Blunck Business Support	+49 40 309537-160 bblunck@warburg-research.com
Daniel Bonn Business Support	+49 40 309537-205 dbonn@warburg-research.com
Annika Boysen Business Support	+49 40 309537-202 aboysen@warburg-research.com

Henner Rüschemier Head of Research	+49 40 309537-270 hrueschmeier@warburg-research.com
Jochen Reichert	+49 40 309537-130 jreichert@warburg-research.com
Christopher Rodler	+49 40 309537-290 crodler@warburg-research.com
Malte Schaumann	+49 40 309537-170 mschaumann@warburg-research.com
Susanne Schwartz	+49 40 309537-155 sschwartz@warburg-research.com
Oliver Schwarz	+49 40 309537-250 oschwarz@warburg-research.com
Marc-René Tonn	+49 40 309537-259 mtonn@warburg-research.com
Björn Voss	+49 40 309537-254 bvoss@warburg-research.com
Andreas Wolf	+49 40 309537-140 awolf@warburg-research.com
Stephan Wulf	+49 40 309537-150 swulf@warburg-research.com
Markus Pähler Business Support	+49 40 309537-221 mpaehler@warburg-research.com
Katrin Wauker Business Support	+49 40 309537-200 kwauker@warburg-research.com
Claudia Vedder Business Support	+49 40 309537-105 cvedder@warburg-research.com

M.M. Warburg & CO KGaA

Ferdinandstraße 75 | 20095 Hamburg | www.mmwarburg.com

Tel.: +49 40 3282-0 | Fax: +49 40 3618-1000 | info@mmwarburg.com



M. M. WARBURG & CO

1798

Oliver Merckel Head of Sales Trading	+49 40 3282-2634 omerckel@mmwarburg.com
Thekla Struve Sales Trading	+49 40 3282-2668 tstruve@mmwarburg.com
Gudrun Bolsen Sales Trading	+49 40 3282-2679 gbolsen@mmwarburg.com
Bastian Quast Sales Trading	+49 40 3282-2701 bquast@mmwarburg.com
Patrick Schepelmann Sales Trading	+49 40 3282-2700 pschepelmann@mmwarburg.com
Jörg Treptow Sales Trading	+49 40 3282-2658 jtreptow@mmwarburg.com
Andrea Carstensen Sales Assistance	+49 40 3282-2632 acarstensen@mmwarburg.com
Kerstin Tscherner Sales Assistance	+49 40 3282-2703 ktscherner@mmwarburg.com
Katharina Bruns Roadshow / Marketing	+49 40 3282-2694 kbruns@mmwarburg.com

Holger Nass Head of Equity Sales	+49 40 3282-2669 hnass@mmwarburg.com
Christian Alisch Equity Sales	+49 40 3282-2667 calisch@mmwarburg.com
Cynthia Chavanon Equity Sales	+49 40 3282-2630 cchavanon@mmwarburg.com
Robert Conredel Equity Sales	+49 40 3282-2633 rconredel@mmwarburg.com
Matthias Fritsch Equity Sales	+49 40 3282-2696 mfritsch@mmwarburg.com
Michael Kriszun Equity Sales	+49 40 3282-2695 mkriszun@mmwarburg.com
Marc Niemann Equity Sales	+49 40 3282-2660 mniemann@mmwarburg.com
Dirk Rosenfelder Equity Sales	+49 40 3282-2692 drosenfelder@mmwarburg.com
Marco Schumann Equity Sales	+49 40 3282-2665 mschumann@mmwarburg.com
Julian Straube Equity Sales	+49 40 3282-2666 jstraube@mmwarburg.com
Philipp Stumpfegger Equity Sales	+49 40 3282-2635 pstumpfegger@mmwarburg.com
Andreas Wessel Equity Sales	+49 40 3282-2663 awessel@mmwarburg.com