

GFT Company Update

Results Preview: Q3/11 figures similar to Q2

RATING
BUY (UNCHANGED)

TARGET PRICE
5 EUR (UNCHANGED)

HIGHLIGHTS

- Sales and earnings in Q3/11 should not deviate substantially from Q2
- Acquisition of the consulting division of G2 Systems is a further step to increase the degree of value added without substantial short term effects

We expect no major deviations of the Q3/11 figures of GFT Technologies compared to the previous quarter. With revenues of about EUR 75m the EBIT margin should amount 5% (EBIT of EUR) 3.8m and the EPS EUR 0.10. In Q3/10 GFT had an extraordinary high margin in the Services segment which should not be repeated in the current year. Therefore the earnings should be slightly lower in the yoy comparison. However, on a 9 months basis GFT should show as good earnings as in 2010. Despite the more difficult environment we expect GFT to confirm the guidance for 2011 (sales of EUR 275m, EBT of EUR 13m), which is slightly below our estimates.

Yesterday the company announced the takeover of the consulting services division of G2 Systems, a niche player in the investment banking software market. GFT will provide services for Geneva®, a leading portfolio management platform in the US. This deal is a further step to increase the degree of value added in their business model. The company gave no further financial details but we expect no major effects on the P&L in the short term. However, in the midterm these strategy should help GFT Technologies to generate a comfortable growth via new clients and cross selling effects.

All in all we confirm our buy rating with a target price of EUR 5.

in EUR m	Q3/2011	delta %	Consensus	9M/2011	delta %	Consensus
Sales	76.0	18.6	n.a.	217.8	21.9	n.a.
EBIT	3.8	-5.7	n.a.	8.9	7,2	n.a.
Net profit	2.7	-11,5	n.a.	6,31	0.0	n.a.
EPS (in EUR)	0.10	-11.5	n.a.	0,24	0.0	n.a.

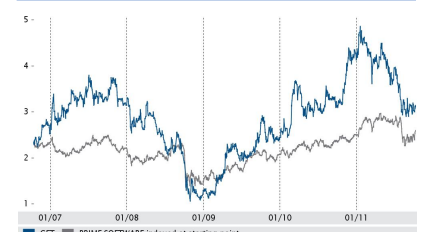
Source: GFT, LBBW Research

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

Current Price (XETRA; 2011-10-11; 01:43 pm)..... 3.31 EUR
CLOSING PRICE (2011-10-10):..... 3.15 EUR
 EXPECTED PERFORMANCE:..... 58.7%
 MARKET CAPITALIZATION:..... 82.92 EUR m
 ENTERPRISE VALUE:..... 58.03 EUR m
 NUMBER OF SHARES:..... 26.33 m
 FREE FLOAT:..... 57.0%
 INDEX (WEIGHT):..... PRIME SOFTWARE (0.11 %)
 AVG. DAILY TRADEVOL.:..... 28,374
 ISIN:..... DE0005800601
 SECTOR:..... Software

KEY DATA (DEC)	2011E	2012E	2013E
Company figures in m EUR, per share data in EUR			
Sales	280.0	310.0	340.0
EBITDA	14.2	17.0	19.5
EBIT	12.8	15.5	17.9
Net profit	9.6	11.5	13.3
Free cash flow	13.5	10.0	11.5
FCF yield	16.2 %	12.1 %	13.8 %
EPS	0.36	0.44	0.50
Dividend	0.18	0.40	0.25
EV / Sales	0.2	0.2	0.2
EV / EBITDA	4.1	3.4	3.0
EV / EBIT	4.5	3.7	3.2
P / E	8.7	7.2	6.2
P / BV	1.08	0.99	0.96
Dividend yield	5.7 %	12.7 %	7.9 %

PRICE PERFORMANCE



DISCLOSURES

(3), (4), (12)

RATING HISTORY

BUY (2009-11-06)
 HOLD (2009-04-20)
 BUY (2008-11-12)
 HOLD (2008-10-20)
 UNDER REVIEW (2008-10-17)

UPCOMING EVENTS

November 09-11 Quarterly report

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