

GFT Company Update

Results Initial View: Financial crisis affects order behaviour of clients

RATING
BUY (UNCHANGED)

TARGET PRICE
UNDER REVIEW (UNCHANGED)

HIGHLIGHTS

- Resourcing division with nice revenue growth
- Services division with stagnating sales due to weaker demand from corporate and investment banking clients
- Outlook for FY 2011 reduced
- We have to check our forecast and price target

The company already announced preliminary Q3 figures (rev. EUR 66m, EBT EUR 3.5m) and provided a lower guidance. The now reported figures and the outlook do not materially deviate from the preliminaries.

The two segments of GFT show a different development in Q3. While the Resourcing division still grew by 11% yoy to EUR 37.9m (+31% to EUR 121m in the first 9 months) the revenues in the Services division declined by 6% to EUR 28m (stagnation). The reason is especially the ongoing uncertainty in the financial markets with a growing tendency for banks to postpone their investments. This burdens mainly the Services division.

This has a over proportional impact to the operating profit because the Services division has a significantly higher profitability than the Resourcing segment. Therefore, Q3 operating profit (EBIT) on group level on EUR 3.5m is slightly below our forecast (EUR 3.8m) and about 12% below last year's figure. However, due to unexpected low tax payments the net profit is above our forecast. The management confirmed the already reduced guidance for FY 2011.

All in all the Q3 figures are not a big disappointment. However, we have to adjust our forecast for 2011 and very likely also for 2012/13. This should lead to a slightly lower price target but looking to the current low share price we confirm our buy recommendation. The company will host a conference call at 10 o'clock.

in EUR m	Q3/2011	LBBW E	Consensus	9M/2011	LBBW E	Consensus
Sales	66.1	76.0	n.a.	207.9	217.8	n.a.
EBIT	3.5	3.8	n.a.	8.7	8.9	n.a.
Net profit	3.1	2.7	n.a.	6.8	6.3	n.a.
EPS (in EUR)	0.12	0.10	n.a.	0.26	0.24	n.a.

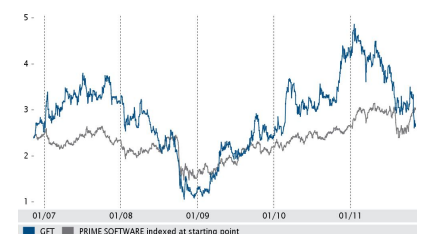
Source: GFT, LBBW Research

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

Current Price (XETRA; 11-11-08; 05:28 pm)	2.71 EUR
CLOSING PRICE (2011-11-08)	2.71 EUR
EXPECTED PERFORMANCE	%
MARKET CAPITALIZATION	71.21 EUR m
ENTERPRISE VALUE	46.32 EUR m
NUMBER OF SHARES	26,332 m
FREE FLOAT	570 %
INDEX (WEIGHT)	PRIME SOFTWARE (0.08 %)
AVG. DAILY TRADEVOL.	26,332
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	18.9 %	14.1 %	16.1 %
EPS	0.36	0.44	0.50
Dividend	0.18	0.40	0.25
EV / Sales	0.2	0.1	0.1
EV / EBITDA	3.3	2.7	2.4
EV / EBIT	3.6	3.0	2.6
P / E	7.4	6.2	5.4
P / BV	0.93	0.85	0.82
Dividend yield	6.7 %	14.8 %	9.2 %

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

n.a.	n.a.
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