

GFT Technologies **Buy**

Germany | IT services & software

MCap: EUR315.9m

Target Price: EUR15.00
Current Price: EUR12.00
Up/downside: 25.0%
Market data: 13 August 2020

Change in TP: none
Change in Sales: 0.1% 20E/-0.6% 21E
Change in Adj EBIT: none 20E/-0.2% 21E
Change in Adj. EPS: -1.9% 20E/-0.2% 21E

Bloomberg: GFT GR Reuters: GFTG.DE
 Free float 63.8%
 Avg. daily volume (EURm) 1.1
 YTD abs performance 3.1%
 52-week high/low (EUR) 14.24/5.84

Q2 in line, outlook reiterated for 2020

Why this report?

GFT reported solid Q2 results that came in line with expectations. Underlying business experienced sustained growth though at a slower pace than in Q1 reflecting softer sales activity due to COVID-19-related restrictions. As expected, earnings were burdened by underutilisation caused by business reduction with Deutsche Bank that was less severe than feared. 2020 objectives were confirmed. We keep our TP and rating unchanged.

Key findings

- Despite contained sales activity, revenue growth in underlying business was robust, resulting from GFT's exposure to fast-growing insurance sector and Cloud business.
- Though underutilisation is due to continue in Q3, the worse seems behind as we expect it to ease in Q4 with a return to normal from Q1 2021E.
- 2020 targets were renewed and seem achievable as GFT needs to report lower revenue growth in H2 than in Q2, which we believe, was the most challenging quarter this year.

Deconstructing the forecasts

- We slightly adjust our 2020E estimates and now expect lower revenue decline from biggest client while we revised down our revenue growth forecasts from Other Clients as the pandemic should continue to impede GFT's sales activity in H2.
- We keep our TP unchanged and reiterate our Buy position as GFT looks pretty resilient to the covid-19 and offers an attractive risk-reward at current multiples.

Investment case

- The business is normalising thanks to its diversification strategy, with 22% of revenues from its top-two clients (vs. 43% in 2017) and 40% of revenue from fast-growing businesses (insurance/new technologies-related projects).
- GFT was able to fill in a massive revenue shortfall as sales from its top-two clients has collapsed by 40% since 2017. This proves that GFT is good at reallocating staff resources and minimising the impact of contract cancellations on its utilisation rate thanks to a global approach to project delivery and a large portfolio of technologies.
- FCF yield is high at 10% in 2020E (13% in 2021E).

Catalysts

- Strong demand pattern for IT projects fostered by new technologies and the insurance sector.
- The business has been normalising as its reliance on its top client has declined since 2017.

FY to 31/12 (EUR)	12/20E	12/21E	12/22E
Sales (m)	440.5	484.4	545.0
EBITDA adj (m)	44.0	54.6	65.0
EBIT adj (m)	20.3	29.6	38.4
Net profit adj (m)	19.3	25.8	31.4
Net financial debt (m)	53.0	34.4	10.3
FCF (m)	31.2	40.7	47.8
EPS adj. and ful. dil.	0.73	0.98	1.19
Consensus EPS	0.51	0.69	0.88
Net dividend	0.30	0.30	0.30

FY to 31/12	12/20E	12/21E	12/22E
P/E adj and ful. dil.	16.3	12.3	10.1
EV/EBITDA	9.6	7.4	5.8
EV/EBIT	20.8	13.6	9.9
FCF yield	9.9%	12.9%	15.1%
Dividend yield	2.5%	2.5%	2.5%
ND(F+IFRS16)/EBITDA	2.2	1.4	0.8
Gearing	37.9%	22.6%	6.0%
ROIC	6.2%	9.5%	12.6%
EV/IC	1.8	1.7	1.7

Sector Most Pref.

Atos

Sector Least Pref.

TietoEVRY

Valuation methodology

- From a long-term perspective, GFT might be considered to have been historically cheap since 2013, while offering attractive growth prospects (a 27% EPS CAGR over 2020-22E).
- We value GFT through a weighted average of DCF (10.0% WACC, 2% LT g, 12% LT EBITDA margin) and peer valuation.

Risks to our rating

- Rising staff costs and IT engineer scarcity could slow down the signing of contracts related to new technologies.
- With 19% of revenues in the UK but only 3% of total staff in the country, Brexit could hamper GFT's ability to serve UK-based clients from less expensive near-shore countries.

Underlying business still robust, earnings dampened by underutilisation

Solid growth in underlying business in Q2 despite some deceleration QoQ

GFT reported H1 results in line with expectations. Reported revenue was up by 5% (+6% LFL), reflecting solid business with other clients (+15% yoy in Q2, we assumed +8%) despite some deceleration compared to Q1 (+22% yoy) and 2019 (+23.6%) which reflects the impact of lockdown restrictions on business development.

As expected in Q2, the covid-19 hindered GFT's commercial activities (travel restrictions, closed borders) while it also took time for some clients to get used to the 'new normal' environment, notably in their commercial process (e.g. video conferences, digital marketing meetings). They both weakened GFT's project pipeline. Moreover, industrial clients (mainly German Mittelstand companies) have been reluctant in expanding IT projects in light of uncertain covid-19 environment.

In Q2, revenue decline with Deutsche Bank was less severe than we feared (-25% in H1 while we previously expected -34%). The Americas, UK and APAC division reported an acceleration in revenue expansion (+7.9% reported in Q2 vs 5.3% in Q1), fuelled by favourable demand from retail banks in Brazil and Mexico as well as supportive insurance projects in Canada.

The Continental Europe division (-0.8% in Q2 vs. +7.5% in Q1) was hindered by business adjustment with top-client (-20.4%) that mainly impacted Spain and Germany and which was not offset by business with other clients (+7.2%), penalised by lower commercial activity.

In Q2, EBITDA adjusted slipped by c.25% (-16% in H1) reflecting: **1)** capacity underutilisation effects in Germany and Spain (EUR3.8m impact in H1) and **2)** restructuring costs (EUR5.7m in H1), both resulting from business reduction with Deutsche Bank.

Table 1: Q2 and H1 result by business division						
	Q2-20	Q2-19	Var. yoy	H1-20	H1-19	Var. yoy
Americas, UK and APAC	51.5	47.7	+7.9%	104.0	97.6	+6.5%
Top-2 clients	10.8	15.3	-29.4%	22.4	31.9	-29.8%
Other Clients	40.7	32.4	+25.5%	81.6	65.7	+24.2%
Continental Europe	57.0	57.5	-0.8%	116.9	113.2	+3.3%
Top-2 clients	13.3	16.7	-20.4%	27.2	34.7	-21.4%
Other Clients	43.7	40.8	+7.2%	89.7	78.5	+14.2%
Others	0.1	0.1	-46.2%	0.2	0.3	-42.3%
Revenue	108.6	105.3	+3.1%	221.1	211.0	+4.7%
Americas, UK and APAC	5.8	2.8	+106.4%	10.2	5.5	+85.6%
Continental Europe	2.6	8.7	-70.4%	8.2	17.7	-53.8%
Others	-0.3	-0.8	-66.2%	0.2	-1.3	-112.6%
EBITDA adjusted*	8.1	10.8	-24.5%	18.5	21.9	-15.5%
Margin	7.5%	10.2%	-2.7pp	8.4%	10.4%	-2pp

*Adjusted from M&A-related one-offs; Source: GFT Technologies

Annual objectives confirmed, lingering underutilisation expected in Q3

The annual guidance was maintained (EUR440m of revenue, EUR44m of EBITDA adjusted). In Q3, earnings should continue to suffer from too high staff number. Thus capacity underutilisation should persist in Q3 with a return to normal expected in Q4 2020 (Germany) and Q1 2021 (Spain) at c.90% level. In Germany, c.50 people will be dismissed by the end of 2020 while in Spain, c.150-200 IT staff have been put on short-term work.

By the end of the year, a part of them will be re-allocated to new projects while the remaining is set to be dismissed. In 2020, we assume c.EUR5.5m impact of underutilisation (o/w c.EUR1.7m in Q3) and a EUR7m impact of restructuring costs (o/w EUR1.3m in H2), mainly reflecting staff layoff. Note that the business reduction with Deutsche Bank forces GFT to compensate with new and smaller projects that yield lower margin than biggest accounts like Deutsche Bank. It is due to lower sales costs relative to revenue project that explains a c.5pp margin gap between small and large projects. It also contributes to burden GFT's profit and margin.

Investment case reiterated, TP and Buy rating maintained

In H2, we adjust our figures and now expect less severe revenue decline with top-client (-27% in H2 vs. -34% previously) but we set more cautious revenue growth with Other clients (+10% in H2 vs. +18% previously and +14% in FY20E vs. +16.6% previously) as GFT's commercial development is likely to be hindered by the challenging covid-19 environment.

We keep our TP and view unchanged as GFT offers an attractive risk-reward profile. The reliance on Deutsche Bank continued to ease in H1 (accounting for 22% of revenue vs. 27% in 2019) and several catalysts underpin sound growth prospects (+11% sales and +28% EPS CAGR 2020E-22E respectively) and profit recovery (+200bps in EBITDA adjusted between 2020E to 2022E). Current valuation remains attractive and below historic average with a 10% FCF yield in 2020E (13% in 2021E).

Company description

Founded in 1987 by Chairman and main shareholder Ulrich Dietz, GFT Technologies is a German-based IT Services provider operating across 12 countries through c.4,800 IT consultants. The group is focused on the financial sector and provides its clients with innovative technology solutions to meet compliance requirements and endorse digital transformation.

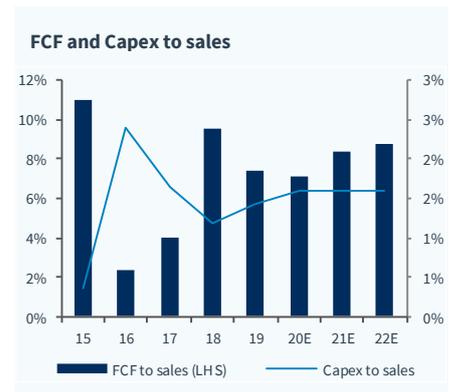
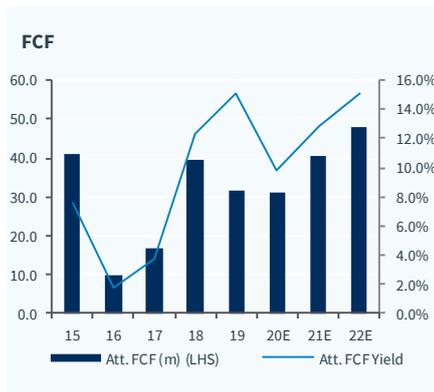
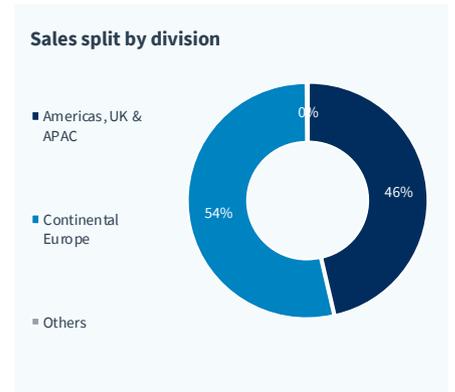
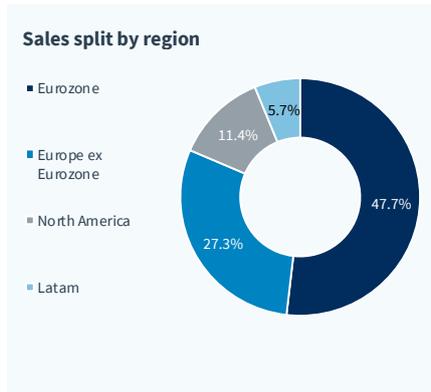
Management

Marika Lulay, CEO
Dr. Jochen Ruetz, CFO

Key shareholders

Ulrich Dietz	26.50%
Maria Dietz	9.70%
Free float	63.80%

Key data charts



SWOT analysis

Strengths

- Cost-efficient nearshore model.
- Extensive financial knowledge.
- Tech-savvy solutions.
- Insert text here

Weaknesses

- Low scale of the business compared to majors.
- Growth remains reliant on regulatory flow or changes.
- Weak presence in the US market.
- C. 51% of sales stem from GFT's two biggest clients.

Opportunities

- Growing demand for IT outsourcing to trim banks' overhead.
- Hard push for digitisation driven by competition from fintech.
- Sizeable untapped markets (retail banking in the UK and US).
- New technologies to be applied in the market (cloud, blockchain, AI).

Threats

- Engineer scarcity and wage inflation due to fintechs' expansion.
- Disruptive technologies rapidly render consultants' expertise obsolete.
- Risk of political policy to "re-shore" services.
- Banks are cyclical and reliant on political context (e.g. Brexit).

Valuation table

Market data as of: 13 August 2020

FY to 31/12 (EUR)	12/13	12/14	12/15	12/16	12/17	12/18	12/19	12/20E	12/21E	12/22E
Per share data (EUR)										
EPS adjusted	0.52	0.76	0.92	0.92	0.79	1.09	0.85	0.73	0.98	1.19
% Change	63.5%	46.4%	20.9%	0.7%	-14.2%	37.0%	-21.4%	-13.9%	33.4%	21.8%
EPS adjusted and fully diluted	0.52	0.76	0.92	0.92	0.79	1.09	0.85	0.73	0.98	1.19
% Change	63.5%	46.4%	20.9%	0.7%	-14.2%	37.0%	-21.4%	-13.9%	33.4%	21.8%
EPS reported	0.52	0.76	0.96	0.92	0.68	0.76	0.52	0.45	0.79	1.04
% Change	63.5%	46.4%	27.0%	-4.4%	-26.5%	12.2%	-31.6%	-13.3%	75.6%	31.8%
EPS Consensus								0.51	0.69	0.88
Cash flow per share	0.30	0.59	1.61	0.76	0.90	1.68	1.44	1.45	1.84	2.15
Book value per share	3.31	3.81	4.73	4.45	4.38	4.83	5.06	5.31	5.80	6.54
DPS	0.25	0.25	0.30	0.30	0.30	0.30	0.20	0.30	0.30	0.30
Number of shares, YE (m)	26.3	26.3	26.3	26.3	26.3	26.3	26.3	26.3	26.3	26.3
Nbr of shares, fully diluted, YE (m)	26.3	26.3	26.3	26.3	26.3	26.3	26.3	26.3	26.3	26.3
Share price										
Latest price / year end	6.5	12.4	31.6	20.5	13.0	6.7	11.6	12.0	12.0	12.0
52 week high	6.9	12.6	32.1	30.4	21.6	15.0	12.8	14.2		
52 week low	3.2	6.6	13.0	16.4	11.0	6.5	6.2	5.8		
Average price (Year)	4.5	9.4	20.7	20.8	17.1	12.2	8.0	12.0	12.0	12.0
Enterprise value (EURm)										
Market capitalisation	118.9	248.5	545.1	547.3	449.4	321.8	210.8	315.9	315.9	315.9
Net financial debt	-19.4	42.0	36.5	42.1	39.3	59.7	58.8	53.0	34.4	10.3
Pension provisions	6.4	7.3	8.3	8.7	8.6	7.0	9.5	9.5	9.5	9.5
IFRS 16 debt	0.0	0.0	0.0	0.0	0.0	0.0	43.5	43.5	43.5	43.5
Market value of minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MV of equity affiliates (net of tax)	-0.1	-0.1	-0.2	-0.4	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Enterprise value	105.8	297.8	589.6	597.6	497.3	388.5	322.5	421.9	403.3	379.2
Valuation										
P/E adjusted	8.7	12.5	22.6	22.5	21.5	11.3	9.4	16.3	12.3	10.1
P/E adjusted and fully diluted	8.7	12.5	22.6	22.5	21.5	11.3	9.4	16.3	12.3	10.1
P/E consensus								23.5	17.4	13.6
P/BV	1.4	2.5	4.4	4.7	3.9	2.5	1.6	2.3	2.1	1.8
P/CF	15.2	15.9	12.8	27.3	19.0	7.3	5.6	8.3	6.5	5.6
Dividend yield (%)	5.5%	2.6%	1.4%	1.4%	1.8%	2.5%	2.5%	2.5%	2.5%	2.5%
Dividend yield preference shares (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	6.1%	6.0%	7.5%	1.8%	3.7%	12.3%	15.1%	9.9%	12.9%	15.1%
ROE (%)	16.3%	21.3%	21.5%	20.1%	17.9%	23.6%	17.3%	14.2%	17.6%	19.3%
ROIC (%)	21.8%	16.7%	16.1%	13.3%	12.5%	13.8%	8.4%	6.2%	9.5%	12.6%
EV/Sales	0.40	0.82	1.58	1.41	1.19	0.94	0.75	0.96	0.83	0.70
EV/EBITDA adj.	5.1	8.6	13.2	12.8	14.1	9.8	6.7	9.6	7.4	5.8
EV/EBIT adj.	6.0	10.6	17.2	17.1	21.8	14.4	13.2	20.8	13.6	9.9
EV/NOPAT	7.7	14.4	21.1	23.3	22.2	16.3	18.2	28.9	18.2	13.2
EV/IC	1.3	1.8	3.2	3.0	3.2	2.1	1.4	1.8	1.7	1.7
ROIC/WACC					1.3	1.4	0.8	0.6	0.9	1.3
EV/IC over ROIC/WACC					2.5	1.5	1.6	2.9	1.8	1.3

Income statement

FY to 31/12 (EUR)	12/13	12/14	12/15	12/16	12/17	12/18	12/19	12/20E	12/21E	12/22E
Sales	264.3	365.3	373.5	422.6	418.8	412.8	429.0	440.5	484.4	545.0
Gross profit	160.0	244.4	314.5	369.0	367.8	365.2	395.8	399.4	439.2	494.1
EBITDA reported	20.6	34.7	44.6	46.8	34.3	37.4	44.9	42.0	54.6	65.0
EBITDA adjusted	20.6	34.7	44.6	46.8	35.4	39.7	47.9	44.0	54.6	65.0
Depreciation and amortisation	-2.8	-6.6	-10.3	-11.9	-12.5	-12.6	-23.6	-23.8	-25.1	-26.6
Goodwill impairment	0.0	0.0	0.0	0.0	-2.0	0.0	0.0	0.0	0.0	0.0
Other financial result and associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT reported	17.8	28.1	34.3	34.8	19.8	24.8	21.3	18.3	29.6	38.4
EBIT adjusted	17.8	28.1	34.3	34.9	22.9	27.0	24.3	20.3	29.6	38.4
Net financial items	-0.2	-1.0	-1.7	-1.7	-1.7	-2.2	-2.6	-1.8	-1.8	-1.9
Associates	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before tax	17.5	27.1	32.5	33.0	18.1	22.6	18.7	16.4	27.7	36.5
Tax	-3.9	-7.1	-6.0	-8.8	-0.3	-2.7	-5.1	-4.6	-6.9	-9.1
Net profit from continuing op.	13.6	20.0	26.5	24.2	17.8	20.0	13.7	11.8	20.8	27.4
Net profit from disc. activities	0.0	0.0	-1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	13.6	20.0	25.3	24.2	17.8	20.0	13.7	11.8	20.8	27.4
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit reported	13.6	20.0	25.3	24.2	17.8	20.0	13.7	11.8	20.8	27.4
Adjustments	0.0	0.0	-1.2	0.1	3.1	8.6	8.8	7.5	5.0	4.0
Net profit adjusted	13.6	20.0	24.1	24.3	20.9	28.6	22.5	19.3	25.8	31.4
Sales % Change	14.6%	38.2%	2.2%	13.1%	-0.9%	-1.4%	3.9%	2.7%	10.0%	12.5%
EBITDA reported % Change	53.2%	68.2%	28.7%	4.9%	-26.6%	9.1%	19.9%	-6.3%	30.0%	19.0%
EBITDA adjusted % Change	53.2%	68.2%	28.7%	5.0%	-24.5%	12.2%	20.7%	-8.1%	24.1%	19.0%
EBIT reported % Change	49.5%	58.1%	21.9%	1.7%	-43.2%	25.2%	-14.0%	-14.3%	61.7%	30.0%
EBIT adjusted % Change	49.5%	58.1%	21.9%	1.9%	-34.6%	18.3%	-9.9%	-16.7%	45.7%	30.0%
Earnings before tax % Change	44.7%	54.5%	20.2%	1.6%	-45.2%	24.9%	-17.2%	-12.2%	68.6%	31.8%
Net profit from cont. op. % Change	63.5%	46.4%	33.0%	-8.7%	-26.5%	12.2%	-31.6%	-13.3%	75.6%	31.8%
Net profit reported % Change	63.5%	46.4%	27.0%	-4.4%	-26.5%	12.2%	-31.6%	-13.3%	75.6%	31.8%
Net profit adjusted % Change	63.5%	46.4%	20.9%	0.7%	-14.2%	37.0%	-21.4%	-13.9%	33.4%	21.8%
Gross profit margin (%)	60.6%	66.9%	84.2%	87.3%	87.8%	88.5%	92.3%	90.7%	90.7%	90.7%
EBITDA margin (%)	7.8%	9.5%	11.9%	11.1%	8.4%	9.6%	11.2%	10.0%	11.3%	11.9%
EBIT margin (%)	6.7%	7.7%	9.2%	8.3%	5.5%	6.5%	5.7%	4.6%	6.1%	7.1%
Net profit margin (%)	5.2%	5.5%	6.5%	5.8%	5.0%	6.9%	5.2%	4.4%	5.3%	5.8%
Tax rate (%)	22.2%	26.3%	18.4%	26.6%	1.8%	11.8%	27.1%	28.0%	25.0%	25.0%
Payout ratio (%)	48.3%	33.0%	32.7%	32.5%	37.9%	27.6%	23.4%	40.8%	30.6%	25.1%
EPS reported (EUR)	0.52	0.76	0.96	0.92	0.68	0.76	0.52	0.45	0.79	1.04
EPS adjusted (EUR)	0.52	0.76	0.92	0.92	0.79	1.09	0.85	0.73	0.98	1.19
EPS adj and fully diluted (EUR)	0.52	0.76	0.92	0.92	0.79	1.09	0.85	0.73	0.98	1.19
DPS (EUR)	0.25	0.25	0.30	0.30	0.30	0.30	0.20	0.30	0.30	0.30
DPS, preference shares (EUR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EPS reported % Change	63.5%	46.4%	27.0%	-4.4%	-26.5%	12.2%	-31.6%	-13.3%	75.6%	31.8%
EPS adjusted % Change	63.5%	46.4%	20.9%	0.7%	-14.2%	37.0%	-21.4%	-13.9%	33.4%	21.8%
EPS adj and fully diluted % Change	63.5%	46.4%	20.9%	0.7%	-14.2%	37.0%	-21.4%	-13.9%	33.4%	21.8%
DPS % Change	66.7%	0.0%	20.0%	0.0%	0.0%	0.0%	-33.3%	50.0%	0.0%	0.0%
Consensus Sales (EURm)								440.0	462.2	503.8
Consensus EBITDA (EURm)								41.0	48.1	53.9
Consensus EBIT (EURm)								15.8	23.1	29.0
Consensus EPS (EUR)								0.51	0.69	0.88
Consensus DPS (EUR)								0.40		

Cash flow statement

Market data as of: 13 August 2020

FY to 31/12 (EUR)	12/13	12/14	12/15	12/16	12/17	12/18	12/19	12/20E	12/21E	12/22E
Net profit before minorities	13.6	20.0	25.3	24.2	17.8	20.0	13.7	11.8	20.8	27.4
Depreciation and amortisation	2.8	6.6	10.3	11.9	12.5	12.6	23.6	23.8	25.1	26.6
Goodwill impairment	0.0	0.0	0.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0
Change in working capital	-16.1	-15.6	5.1	-16.1	-3.3	14.4	-7.3	0.7	0.7	0.6
Others	7.5	4.7	1.7	0.0	-5.4	-2.6	8.0	1.8	1.8	1.9
Levered post tax CF before capex	7.8	15.6	42.5	20.0	23.7	44.3	37.9	38.2	48.4	56.5
% Change	19.5%	100.2%	171.4%	-52.8%	18.2%	87.3%	-14.5%	0.7%	26.7%	16.7%
Capex	-0.5	-0.7	-1.3	-10.2	-6.9	-4.9	-6.2	-7.0	-7.7	-8.7
Free cash flow	7.3	14.9	41.1	9.9	16.7	39.5	31.8	31.2	40.7	47.8
% Change	14.7%	105.3%	175.1%	-76.0%	69.5%	135.9%	-19.5%	-1.8%	30.4%	17.5%
Acquisitions	-15.3	-58.7	-22.8	-6.7	-2.8	-48.9	-7.9	-7.0	0.0	0.0
Divestments	0.0	1.8	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend paid	-3.9	-6.6	-6.6	-7.9	-7.9	-7.9	-7.9	-5.3	-7.9	-7.9
Share buy back	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital increases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	-1.4	-10.8	-13.5	0.1	0.8	0.5	-1.7	-1.8	-1.8	-1.9
Change in net financial debt	13.3	59.3	-4.3	4.6	-6.8	16.8	-14.2	-17.1	-30.9	-38.0
Change in cash and cash equiv.	11.2	-9.0	8.8	15.3	10.0	-10.7	-5.4	5.8	18.6	24.1
Attributable FCF	7.3	14.9	41.1	9.9	16.7	39.5	31.8	31.2	40.7	47.8
Cash flow per share (EUR)	0.30	0.59	1.61	0.76	0.90	1.68	1.44	1.45	1.84	2.15
% Change	19.5%	100.2%	171.4%	-52.8%	18.2%	87.3%	-14.5%	0.7%	26.7%	16.7%
FCF per share (EUR)	0.28	0.57	1.56	0.37	0.64	1.50	1.21	1.18	1.54	1.82
% Change	14.7%	105.3%	175.1%	-76.0%	69.5%	135.9%	-19.5%	-1.8%	30.4%	17.5%
Capex / Sales (%)	0.2%	0.2%	0.4%	2.4%	1.7%	1.2%	1.4%	1.6%	1.6%	1.6%
Capex / D&A (%)	18.8%	10.7%	13.0%	85.3%	55.4%	38.4%	26.1%	29.5%	30.7%	32.6%
Cash flow / Sales (%)	3.0%	4.3%	11.4%	4.7%	5.7%	10.7%	8.8%	8.7%	10.0%	10.4%
FCF / Sales (%)	2.8%	4.1%	11.0%	2.3%	4.0%	9.6%	7.4%	7.1%	8.4%	8.8%
FCF Yield (%)	6.1%	6.0%	7.5%	1.8%	3.7%	12.3%	15.1%	9.9%	12.9%	15.1%
Unlevered FCF Yield (%)	7.1%	5.3%	7.2%	1.9%	3.7%	10.5%	10.5%	7.8%	10.5%	13.0%

Balance sheet

FY to 31/12 (EUR)	12/13	12/14	12/15	12/16	12/17	12/18	12/19	12/20E	12/21E	12/22E
Cash and cash equivalents	47.1	38.1	47.0	62.3	72.2	61.6	56.1	62.0	80.5	104.6
Inventories	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2
Accounts receivable	73.0	108.2	94.8	117.3	113.5	95.4	114.0	109.4	105.3	101.5
Other current assets	5.8	6.8	12.4	11.8	21.9	36.4	33.3	31.9	30.7	29.6
Current assets	125.9	153.1	154.2	191.4	207.7	193.5	203.6	203.5	216.7	235.9
Tangible assets	7.7	17.8	26.5	31.2	29.4	26.6	76.8	76.1	73.6	71.6
Goodwill	59.4	98.6	109.2	107.1	101.7	113.0	118.7	121.5	121.5	121.5
Other Intangible assets	8.8	27.3	30.3	29.5	23.3	26.7	22.1	21.5	19.0	17.0
Financial assets	0.7	0.9	2.4	1.9	3.6	0.8	1.0	1.0	1.0	1.0
Other non-current assets	3.9	4.0	4.3	4.9	7.1	12.0	13.7	13.7	13.7	13.7
Non-current assets	80.5	148.5	172.7	174.7	165.1	179.0	232.2	233.7	228.7	224.7
Short term debt	0.7	46.0	0.6	18.3	5.3	15.3	16.5	16.5	16.5	16.5
Accounts payable	21.8	20.8	11.4	12.5	14.5	13.7	9.5	9.1	8.8	8.5
Other short term liabilities	48.3	73.8	78.6	83.4	118.1	96.8	119.6	114.8	110.4	106.5
Current liabilities	70.8	140.6	90.6	114.2	137.9	125.8	145.6	140.4	135.7	131.4
Long term debt	27.0	34.1	82.8	86.0	106.2	105.9	98.4	98.4	98.4	98.4
Pension provisions	6.4	7.3	8.3	8.7	8.6	7.0	9.5	9.5	9.5	9.5
IFRS16 Debt	0.0	0.0	0.0	0.0	0.0	0.0	43.5	43.5	43.5	43.5
Other long term provisions	0.7	0.7	0.7	1.5	1.6	1.7	1.3	1.3	1.3	1.3
Other long term liabilities	14.4	18.5	19.8	38.4	3.2	5.0	4.3	4.3	4.3	4.3
Non-current liabilities	48.5	60.6	111.7	134.7	119.6	119.6	157.1	157.1	157.1	157.1
Shareholders' equity	87.1	100.4	124.4	117.2	115.3	127.1	133.1	139.7	152.6	172.1
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	87.1	100.4	124.4	117.2	115.3	127.1	133.1	139.7	152.6	172.1
Balance sheet total	206.4	301.7	326.8	366.0	372.8	372.6	435.8	437.2	445.4	460.6
% Change	56.6%	46.2%	8.3%	12.0%	1.9%	-0.1%	17.0%	0.3%	1.9%	3.4%
Book value per share (EUR)	3.31	3.81	4.73	4.45	4.38	4.83	5.06	5.31	5.80	6.54
% Change	8.8%	15.2%	23.9%	-5.8%	-1.6%	10.2%	4.7%	4.9%	9.2%	12.8%
Net financial debt	-19.4	42.0	36.5	42.1	39.3	59.7	58.8	53.0	34.4	10.3
IFRS16 Debt	0.0	0.0	0.0	0.0	0.0	0.0	43.5	43.5	43.5	43.5
Pension provisions	6.4	7.3	8.3	8.7	8.6	7.0	9.5	9.5	9.5	9.5
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt	-13.0	49.3	44.8	50.7	47.9	66.6	111.8	105.9	87.4	63.3
Net fi. debt (+IFRS16) / EBITDA (x)	-0.9	1.2	0.8	0.9	1.1	1.5	2.1	2.2	1.4	0.8
Trade working capital	51.2	87.4	83.5	104.8	99.0	81.8	104.7	100.4	96.6	93.2
Net working capital	8.7	20.4	17.2	33.2	2.8	21.4	18.4	17.6	17.0	16.3
NWC/Sales	3.3%	5.6%	4.6%	7.9%	0.7%	5.2%	4.3%	4.0%	3.5%	3.0%
Inventories/sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Invested capital	84.6	164.0	183.1	201.0	157.2	187.7	235.9	236.7	231.0	226.4
Net fin. debt / FCF (x)	-2.7	2.8	0.9	4.3	2.3	1.5	1.9	1.7	0.8	0.2
Gearing (%)	-22.3%	41.9%	29.3%	35.9%	34.1%	46.9%	44.2%	37.9%	22.6%	6.0%
Goodwill / Equity (%)	68.2%	98.2%	87.8%	91.4%	88.2%	88.9%	89.1%	86.9%	79.6%	70.6%

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Rating Breakdown	A	B
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GFT Technologies (EUR)	30/01/2020 09:28	Equity Research	Buy	15.00	12.16
	15/04/2020 08:41	Equity Research	Buy	12.00	8.95
	23/06/2020 08:40	Equity Research	Buy	15.00	10.40

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