

# GFT Technologies

Q3 results

## GFT Solutions organic growth 30% in Q3

GFT reported a strong set of Q3 results, with the group's core GFT Solutions business growing 30% organically, up from 21% in Q2. The growth was driven by strong demand from investment banks and GFT says customers are increasingly investing in new projects for growth. Sempla, a similar Italian business acquired early in Q3, performed in line with expectations while emagine, the group's resourcing business, is showing signs of stabilising. We are maintaining our revenue forecasts but, noting GFT has edged up its PBT guidance by €1m, we have increased EPS by 3% in FY13 and 4% in FY14. Despite the recent large share price gains, the stock still looks attractive trading on c 12x our FY14 EPS.

Year end	Revenue (€m)	PBT* (€m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/11	272.4	11.6	33.6	15.0	20.2	2.2
12/12	230.7	9.6	21.9	15.0	30.9	2.2
12/13e	260.2	16.8	43.0	17.5	15.8	2.6
12/14e	300.3	22.5	54.7	20.0	12.4	2.9

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

## Q3 results: Nine-month organic revenue growth 9%

Group revenue grew 6% to €185.4m over the first nine months. Excluding the terminated TPM contracts and Sempla, the organic growth was 9%. GFT Solutions continued to drive the expansion, with organic growth of 19% over the nine months, and following the acquisition of Sempla, represented 68% of group revenues in Q3. Group headcount jumped to 2,029 at 30 September from 1,503 at 30 June, with Sempla adding c 460 employees. Edison adjusted operating profit jumped 43% to €11.1m for a 6.0% operating margin, up from 4.4% in 2012. 80% of Sempla was acquired on 3 July for €20.7m, but the acquired company included €5.5m in cash. The group ended the period with €20.3m of cash and investments and €7.3m of financial liabilities, for a net cash position of €13.0m. Additionally, there are earn-out liabilities of c €5.6m. GFT typically generates its strongest cash flows in Q4.

## Forecasts: Revenues maintained, EPS edge up

The company edged up its earnings guidance, and we have increased our GFT Solutions contribution forecast, so that group adjusted operating profit increases to €17.0m in FY13 and €22.4m in FY14, from €16.2m and €21.6m respectively. Our adjusted EPS forecasts rise to 43c and 54.7c from 41.8c and 52.5c. We now forecast the group to end FY13 with €30.4m in net cash (previously €24.7m), with the increase mainly due to the lower-than-expected cost for Sempla.

## Valuation: Cheap on most measures

The stock trades on 0.6x FY14 revenues and 7.7x operating profit. These numbers look favourable when compared to c 1.4-2.3x sales and c 10-14x operating profits for larger global IT services businesses. Our DCF model (which assumes a WACC of 12%) values the shares at €7.45 (previously €7.02), or 10% above the current share price. The increase is due to the lower Sempla price and the upgrades.

## Software & comp services

18 November 2013

Price €6.78

Market cap €178m

Net cash (€m) at 30 Sept 2013 13.0

Shares in issue 26.3m

Free float 62%

Code GFT

Primary exchange Frankfurt

Secondary exchange N/A

## Share price performance



## Business description

GFT Technologies is a global technology services and recruitment business primarily focused on banks and insurance companies.

## Next events

Q4 results Early March 2014

Annual report April 2014

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## Q1-Q3 results: GFTS growth acceleration continues

Group revenues increased by 6% to €185.4m in the first nine months of FY13 (or 9M13). After excluding the discontinued TPM activities within emagine (€10.19m in 9M12) and Sempla, the group's organic revenue growth was 9%. This reflects a 19% organic growth in GFT Solutions and a 4% underlying decline in emagine. GFT Solutions organic growth has accelerated through the year, with 6% in Q1, 21% in Q2 and 30% in Q3. After including the Sempla acquisition, which was completed on 3 July and contributed €10.2m in Q3, GFT Solutions total revenue growth in the nine months was 30%, while emagine's revenues slipped by 20%.

Group Q3 revenues rose 22% to €71.3m. After adjusting for the discontinued TPM contracts (€4.69m) and Sempla's initial contribution (€10.20m), the underlying growth was 8%.

Group IFRS profit before tax (after exceptionals) jumped 44% to €11.2m. After stripping out a one-off €1.76m exceptional credit relating to earn-out adjustments along with amortisation of acquired intangibles (Purchase Price Adjustment amortisation) and adding back €315k of acquisition costs and €105m investment writedowns, the PBT (norm) grew 40% to €11.0m. Costs relating to CODE\_n, the innovation project including CeBIT fair presence, fell to €0.97m from €1.35m in 9M12.

### Exhibit 1: Results analysis

€000s	-----2012-----				-----2013e-----			
	H1	Q3	Q4	FY	H1	Q3	Q4e	FY
GFT Solutions (continuing)	60,850	29,626	30,577	121,053	69,140	38,481	37,643	145,264
Sempla	0	0	0	0	0	10,200	12,893	23,093
emagine	55,530	28,599	25,411	109,539	45,040	22,567	24,202	91,809
Other revenues	0	0	99	99	10	6	0	16
<b>Total revenue</b>	<b>116,380</b>	<b>58,225</b>	<b>56,087</b>	<b>230,691</b>	<b>114,190</b>	<b>71,254</b>	<b>74,738</b>	<b>260,182</b>
Cost of materials	(54,990)	(28,042)	(25,272)	(108,304)	(48,550)	(28,859)	(24,659)	(102,068)
Gross profit	61,390	30,182	30,815	122,387	65,640	42,394	50,080	158,114
Op costs before depreciation	(56,960)	(25,780)	(28,853)	(111,593)	(60,480)	(34,986)	(43,348)	(138,814)
Adjusted EBITDA	4,430	4,402	1,962	10,794	5,160	7,408	6,732	19,300
Depreciation	(720)	(385)	(383)	(1,487)	(730)	(709)	(861)	(2,300)
Adjusted operating profit	3,710	4,018	1,579	9,307	4,430	6,699	5,871	17,000
Operating Margin	3.2%	6.9%	2.8%	4.0%	3.9%	9.4%	7.9%	6.5%
Net interest	110	44	89	243	140	(206)	(154)	(220)
Edison Profit Before Tax (norm)	3,820	4,061	1,668	9,550	4,570	6,493	5,717	16,780
Associates	0	(19)	2	(17)	0	(4)	4	0
Amortisation of acquired intangibles*	(40)	(20)	(20)	(80)	0	(1,190)	(1,060)	(2,250)
Exceptionals - acquisition costs	0	0	0	0	(250)	(65)	0	(315)
Exceptionals - earn-out adjustments	0	0	2,460	2,460	1,180	580	10	1,770
Exceptionals - other	0	0	197	197	0	(105)	105	0
<b>Profit before tax (FRS 3)</b>	<b>3,780</b>	<b>4,022</b>	<b>4,308</b>	<b>12,110</b>	<b>5,500</b>	<b>5,708</b>	<b>4,777</b>	<b>15,985</b>

Source: GFT Technologies (historicals), Edison Investment Research (forecasts). Note: \*Estimated split in FY12.

**GFT Solutions.** GFT Solutions organic growth was 6% in Q1, 21% in Q2 and 30% in Q3 and 19% over the entire 9M13 period. After including the Sempla acquisition, which was completed on 3 July and contributed €10.2m in Q3, GFT Solutions total revenue growth in 9M13 was 30% to €117.8m and 64% in Q3 to €48.7m. The strongest demand has been at investment banks, rather than commercial banks, and there has been a notable increase in demand from customers investing for growth (as compared to outsourcing IT projects to cut costs). The strongest growth was in the UK. Key areas of growth were in risk control and in areas linked to compliance and regulation.

**emagine.** Total revenues fell 20% to €67.6m in 9M13, but after adjusting for discontinued TPM business the decline was 4%. In Q3, the decline was 21% to €22.6m, or 6% after adjusting for the discontinued TPM business. The division's main markets in France and Germany have been weak. However, as expected, the division posted a small profit (€0.4m) in Q3 after breaking even in H1. This reflects the realigned cost base.

**Costs and other income.** Cost of materials, which is predominantly expenses for services rendered by outside personnel, including freelancers, fell 7%, due to the discontinuation of the TPM activities. Personnel costs lifted 17% due to the increase in GFT Solutions employee numbers. The number of permanent employees across the group jumped 48% year-on-year to 2,029. This includes 1,008 in Spain, 441 in Italy, 286 in Germany and 164 in Brazil and the number of employees in the GFT Solutions unit is now 1,887. Asymo, a Swiss business acquired in June 2012, has not performed as hoped. As a result, GFT's liabilities relating to the remaining earn-out have been adjusted downwards by €1.83m and this amount has been credited to the P&L in accordance with IFRS.

**Cash flow and balance sheet.** The operating cash outflow was €1.4m in 9M13, compared with €8.8m in H1. This implies there was a €7.4m inflow in Q3. The group's cash flows are seasonal, with the strongest cash flows in Q4 as some customers use up their budgets late in the year. The group ended the period with cash and investments of €20.3m and debt of €7.4m, giving a net cash position of €13.0m (€25.1m as at 30 June and €35.9m at 31 December 2012). The acquisition of 80% of Sempla was completed on 3 July. The payment for the Sempla was lower than we had anticipated at €20.7m along with €5.5m in cash on its balance sheet on the acquisition date. Costs of the deal of €315k have been charged to the group's P&L account. Additionally, the group has estimated liabilities relating to earn-out arrangements totalling €6.1m and a call/put option on the 20% balance of Sempla, which is expected to be exercised in 2018.

#### Exhibit 2: Group financial position

Cash	(19.1)
Investments	(1.3)
Financial debt	7.4
Net cash	(13.0)
Sempla earnout	4.3
Asymo earnout (GFT Financial Solutions Switzerland)	1.3
G2 Systems earnout	0.5
Adjusted net cash (used in the Edison DCF calculation)	(6.9)
Sempla – Call/put options on remaining 20%	6.3

Source: GFT Technologies

**Strategy and outlook.** As anticipated at the time of the H1 results, the strong growth seen in Q2 has extended into the H2. GFT Solutions organic growth is expected to exceed 20% in FY13, supported by high utilisation rates, and it is continuing to grow its near-shoring staff in Spain and Brazil. However, for emagine, FY13 continues to be regarded as a year of reorganisation. Management guidance remains for FY13 group revenues of €260m and EBITDA of €19m while IFRS pre-tax profit has been pushed up by €1m to €16m.

Management is seeking to grow group revenues to €400m by FY15, through a combination of organic growth and c €70m of revenues from acquisitions. Acquisitions are possible in both the GFT Solutions and emagine businesses and Europe will be the main region of focus, while South America is also a possibility.

**Exhibit 3: Reconciliation of GFT and Edison definitions, based on GFT guidance**

	FY12	9M13	GFT guidance	
			FY13e	FY14e
GFT Solutions	11.54	11.94	18.00	
Sempla	0.00	1.78	3.40	
emagine	2.60	0.57	1.00	
Holding company	(3.34)	(2.15)	(3.40)	
(A) Operating profit (GFT definition)	10.80	12.14	19.00	
Add back: acquisition costs		0.32	0.32	
Add back: depreciation on securities		0.11	0.11	
Adjusted EBITDA (Edison definition)	10.80	12.57	19.43	
(E) Normal depreciation	(1.48)	(1.44)	(2.30)	(2.80)
Adjusted operating profit (Edison definition)	9.32	11.13	17.13	
Normal net interest	0.47	(0.02)	(0.06)	
Earn-out interest	(0.26)	(0.14)	(0.26)	(0.43)
Earn-out accruals interest	0.11	0.10	0.10	0.00
Total net interest	0.32	(0.06)	(0.22)	
Profit before tax norm (Edison definition)	9.64	11.07	16.91	
(B) Earn-out accruals	2.55	1.76	1.77	0.00
(C) PPA orderbook (amort of acquired)	0.00	(0.85)	(1.66)	0.00
(F) PPA amortisation (amort of acquired)	(0.08)	(0.34)	(0.59)	(1.70)
Acquisition costs		(0.32)	(0.32)	
Depreciation on securities		(0.11)	(0.11)	
EBT (GFT definition)	12.11	11.21	16.00	
(D) EBITDA (GFT definition) (A+B+C)	13.35	13.05	19.11	
EBIT (GFT definition) (D+E+F)	11.79	11.27	16.22	

Source: GFT Technologies

## Forecasts: Revenues maintained, costs eased

**GFT Solutions.** We are maintaining our revenue forecasts, which include €23m for Sempla in FY13. We have increased the contribution forecast before central costs to €21.0m in FY13 and €25.6m in FY14 from €20.2m and €24.8m in the respective years.

**emagine.** We are maintaining our forecasts.

**Tax.** We are maintaining our tax rate forecasts of 30% in FY13 and 32% thereafter to reflect the higher tax rates in Italy and we forecast a current tax rate of 27% in FY13 and 29% from thereafter.

**Investment and other.** We have conservatively maintained our acquisition cost of Sempla in our forecasts at €21.08m (though the group's nine-month cash flow shows €15.3m in net M&A outflows). We still assume the 20% balance will be purchased in five years for €7m. We have treated the positive €1.83m Asymo earn-out adjustment as an exceptional item and increased our assumption for acquisition costs to €315k (previously €250k). We have increased our capex forecast to €4.9m in FY13 (which includes the purchase of the group's new Stuttgart head office in H1) and to €3.0m in FY14 from €4.0m and €2.4m respectively.

**Cash flow and balance sheet.** The group had €40.4m in net cash as at 31 December 2012, including €4.5m in investments. Net cash declined to €29.8m as at 31 March and to €25.1m as at 30 June and to €13.0m at 30 September. We forecast free cash flow before dividends and acquisitions of €9.3m in FY13 and €15.8m in FY14, with net cash rising to €30.4 at the end of FY13 (previously €24.7m), and to €40.3m (previously €35.2m) at the end of FY14. We note the year-end cash position is typically above normal levels, and the low point in the cash cycle is typically in the following H1 – on our estimates it is in the order of €10-15m below the year-end cash figure.

**Exhibit 4: Forecasts**

(€000s)	2011	2012	2013e	2014e	2015e
Existing GFT Solutions revenues	115,499	121,053	145,264	154,706	160,894
Sempla revenues			23,093	49,189	51,156
(A) Total GFT Solutions revenues	115,499	121,053	168,357	203,894	212,050
(D) GFTS contribution (Edison assumptions)		13,307	20,972	25,639	26,952
Margin (%)		10.99	12.46	12.57	12.71
(B) emagine revenues	156,379	109,539	91,809	96,436	100,323
emagine net fee income (Edison assumptions)		21,908	18,362	19,287	20,065
(E) emagine contribution (Edison assumptions)		1,000	1,112	1,994	2,685
Margin (% of NFI)		4.56	6.05	10.34	13.38
(C) Other revenues	503	99	16	0	0
(F) Central costs (Edison assumptions)		(5,000)	(5,100)	(5,202)	(5,306)
Group Revenue (A+B+C)	272,381	230,691	260,182	300,330	312,373
Growth (%)	9.7	(15.3)	12.8	15.4	4.0
Gross Profit	115,001	122,387	158,114	188,519	196,066
Gross margin (%)	42.2	53.1	60.8	62.8	62.8
Operating expenses	(103,605)	(113,080)	(141,114)	(166,088)	(171,735)
Adjusted operating profit (D+E+F)	11,396	9,307	17,000	22,431	24,331
Operating profit margin (%)	4.2	4.0	6.5	7.5	7.8
Net interest	202	243	(220)	50	100
Profit before tax norm	11,598	9,550	16,780	22,481	24,431
Amortisation of acquired intangibles	0	(80)	(2,250)	(1,700)	(1,700)
Associates	3	(17)	0	0	0
Exceptional items	(556)	2,657	1,455	0	0
Profit before tax	11,045	12,110	15,985	20,781	22,731
Taxation	(2,756)	(3,774)	(5,034)	(7,194)	(7,818)
Minority interests	0	0	(420)	(895)	(931)
Net income	8,290	8,335	10,531	12,692	13,982
Adjusted EPS (c)	33.6	21.9	43.0	54.7	59.6
<b>P/E - Adjusted EPS</b>	<b>20.2</b>	<b>30.9</b>	<b>15.8</b>	<b>12.4</b>	<b>11.4</b>

Source: GFT Technologies (historicals), Edison Investment Research (assumptions and forecasts)

## Valuation: Stock is attractive on most measures

GFT is an interesting proposition for equity investors, as a leading European-based financial consulting and solutions provider. The group has a good record of profitability and cash generation and is set to benefit from ongoing outsourcing trends in the banking industry supported by its offshore facilities. We believe that scaling up of the business will boost margins and is therefore likely to benefit the valuation, and we note the positive correlation of valuation and size in the sector.

- Cash flow.** The group generated healthy free cash flow of €4.4m in FY12, providing an FCF yield of 3.1%. We forecast FCF to rise to €9.3m in FY13, helped by Sempla, rising to €15.8m in FY14 and €18.1m in FY15. These provide free cash flow yields of 5.2%, 8.8% and 10.1% in the respective years.
- Discounted cash flow valuation.** Based on our forecasts, a weighted average cost of capital (WACC) of 12%, net cash of €13.0m, earn-out liabilities of €6.1m and a very long-term operating margin target of 9.7% and a 2% terminal growth rate, our DCF model values the shares at €7.45, 10% above the current share price. The valuation is up from €7.02 on our initiation note in August, mainly reflecting the lower-than-expected cost of Sempla and our increased forecasts. A 1% rise in the WACC would reduce the valuation to €6.74 while a 1% cut in the WACC would lift the valuation to €8.33. Discounting back from our forecasts, the market is attributing a break-even WACC of 12.9% to the stock.
- Traditional valuation measures.** In traditional valuation terms, the stock trades on 15.8x our earnings forecasts in FY13, falling to 12.4x in FY14 and 11.4x in FY15.

- **Peer comparison.** The stock trades on 0.6x FY14 revenues and 7.7x operating profit, which is significantly below its larger consulting peers on both measures.

Exhibit 5: Peers											
Company	Equity value	Net debt/ (cash)	Enterprise value	Year 2 Revs	2yr annual rev growth	Year 2 Op profit	Op profit margins	Year 2 EPS	EV/ Sales	EV/ Op profit	P/E
<b>GFT Technologies (€)</b>	<b>178.5</b>	<b>(6.9)</b>	<b>171.6</b>	<b>300.3</b>	<b>14.1%</b>	<b>22.4</b>	<b>7.5%</b>	<b>54.7</b>	<b>0.6</b>	<b>7.7</b>	<b>12.4</b>
-----European-based IT services / financial sector consulting (m)-----											
Adesso (€m)	60.9	(6.0)	54.9	134.0	5.4%	5.6	4.2%	63.0	0.4	9.8	16.8
Devoteam (€m)	126.4	(6.6)	119.8	440.4	(7.5%)	18.9	4.3%	115.8	0.3	6.3	10.8
First Derivatives (€m)	198.8	15.3	214.1	80.6	19.5%	10.8	13.4%	42.2	2.7	19.8	25.0
IBS Group (\$m)	702.0	56.5	758.5	1114.2	8.1%	85.0	7.6%	295.7	0.7	8.9	10.7
Indra Sistemas (€m)	1871.1	706.6	2577.7	3043.7	1.7%	248.6	8.2%	89.5	0.8	10.4	12.7
-----US-based IT services / financial sector consulting (\$m)-----											
Accenture (\$m)	49599.8	(5,608.8)	43991.0	31345.5	4.8%	4315.0	13.8%	488.1	1.4	10.2	16.0
Sapient (\$m)	2209.4	(282.2)	1927.2	1419.7	12.5%	142.1	10.0%	89.0	1.4	13.6	17.7
-----Indian-based IT services / financial sector consulting (\$m)-----											
HCL Technologies (\$m)	12252.8	28.3	12281.1	5929.8	20.0%	1248.2	21.0%	141.9	2.1	9.8	12.4
Tata Consultancy Services (\$m)	64158.1	(293.1)	63865.0	15308.0	23.2%	4287.9	28.0%	177.6	4.2	14.9	18.4
Wipro (\$m)	19405.6	(1,601.6)	17804.0	7853.3	14.1%	1602.8	20.4%	55.7	2.3	11.1	14.1
<b>Medians excl GFT</b>							<b>11.7%</b>		<b>1.4</b>	<b>10.3</b>	<b>15.1</b>
-----Contractor recruitment (local currency m)-----											
Adecco (€)	10791.8	1,041.4	11833.3	20556.3	0.0%	957.4	4.7%	358.1	0.6	12.4	19.6
Harvey Nash (£m)	67.0	(1.2)	65.8	670.5	6.2%	10.6	1.6%	9.8	0.1	6.2	9.3
Hays (£m)	1741.9	97.0	1838.9	4006.6	4.1%	167.1	4.2%	7.2	0.5	11.0	17.2
Matchtech (£m)	138.1	10.4	148.5	465.0	6.6%	10.5	2.3%	38.8	0.3	14.1	14.6
Parity Group (£m)	33.8	(0.7)	33.0	99.1	7.4%	3.8	3.8%	3.2	0.3	8.7	10.4
Randstad (€)	8265.3	790.0	9055.3	17729.7	1.9%	612.3	3.5%	273.1	0.5	14.8	17.1
<b>Medians</b>							<b>3.6%</b>		<b>0.4</b>	<b>11.7</b>	<b>15.8</b>

Source: Bloomberg consensus forecasts, company accounts, Edison Investment Research. Note: Priced as at 18 November.

- **Sum-of-the-parts.** In Exhibit 5 we value current year GFTS pro forma revenues and estimated emagine net fee income (NFI) shown in column 1, using the EV/sales multiples in the first two rows. For both divisions we take account of the fact that valuations vary with scale. For GFTS, we have edged up our mid-range multiple to 0.8x from 0.7x to reflect the group's strengthening margins, and note this is still well below the group's larger peers. For emagine, we estimate the European recruitment sector trades on 1.5x FY13 EV/NFI. emagine is a small player and currently has relatively thin margins so we assume a mid-range multiple of 1x NFI.

Exhibit 6: Sum-of-the-parts valuation				
	Revs or NFI	Low	Mid	Top
GFT Solutions multiplier		0.5	0.8	1.1
emagine multiplier		0.5	1	1.5
GFT Solutions implied value (€m)	191.5	95.7	153.2	210.6
emagine implied value (€m)	18.4	9.2	18.4	27.5
Group enterprise value (€m)		104.9	171.5	238.1
Net cash/(debt) incl earn-outs (€m)		6.9	6.9	6.9
Total equity (€m)		111.8	178.4	245.0
<b>Per share (€m)</b>		<b>4.25</b>	<b>6.78</b>	<b>9.31</b>

Source: Edison Investment Research

**Exhibit 7: Financial summary**

	€'000s	2010	2011	2012	2013e	2014e	2015e
Year end 31 December		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
<b>PROFIT &amp; LOSS</b>							
Revenue		248,263	272,381	230,691	260,182	300,330	312,373
Cost of Materials*		(142,063)	(157,380)	(108,304)	(102,068)	(111,811)	(116,307)
Gross Profit		106,201	115,001	122,387	158,114	188,519	196,066
Adjusted EBITDA		12,215	12,750	10,794	19,300	25,231	27,576
Adjusted Operating Profit		11,022	11,396	9,307	17,000	22,431	24,331
Amortisation of acquired intangibles		0	0	(80)	(2,250)	(1,700)	(1,700)
Exceptionals		(475)	(556)	2,657	1,455	0	0
Associates		(6)	3	(17)	0	0	0
Operating Profit		10,541	10,843	11,867	16,205	20,731	22,631
Net Interest		536	202	243	(220)	50	100
Profit Before Tax (norm)		11,558	11,598	9,550	16,780	22,481	24,431
Profit Before Tax (FRS 3)		11,078	11,045	12,110	15,985	20,781	22,731
Tax		(3,304)	(2,756)	(3,774)	(5,034)	(7,194)	(7,818)
Profit After Tax (norm)		8,254	8,842	5,775	11,746	15,287	16,613
Profit After Tax (FRS 3)		7,773	8,290	8,335	10,951	13,587	14,913
Minority interest		0	0	0	(420)	(895)	(931)
Adjustments for normalised earnings		0	0	0	0	0	0
Net income (norm)		8,254	8,842	5,775	11,326	14,392	15,682
Net income (FRS 3)		7,773	8,290	8,335	10,531	12,692	13,982
Average No of Shares Outstanding (m)		26.3	26.3	26.3	26.3	26.3	26.3
EPS - normalised (c)		31.4	33.6	21.9	43.0	54.7	59.6
EPS - normalised & fully diluted (c)		31.4	33.6	21.9	43.0	54.7	59.6
EPS - FRS 3 (c)		29.5	31.5	31.7	40.0	48.2	53.1
Dividend per share (c)		15.00	15.00	15.00	17.50	20.00	22.50
Gross Margin (%)		42.8	42.2	53.1	60.8	62.8	62.8
EBITDA Margin (%)		4.9	4.7	4.7	7.4	8.4	8.8
Adjusted Operating Margin (%)		4.4	4.2	4.0	6.5	7.5	7.8
<b>BALANCE SHEET</b>							
Fixed Assets		42,190	51,574	47,446	77,367	75,870	73,424
Intangible Assets		20,800	37,345	36,686	67,035	65,335	63,635
Tangible Assets		2,706	2,807	3,208	5,852	6,055	5,308
Other		18,684	11,422	7,551	4,480	4,480	4,480
Current Assets		86,388	86,708	84,311	90,470	108,040	123,175
Stocks		0	0	0	0	0	0
Debtors		54,800	50,962	44,206	49,858	57,551	59,859
Cash		26,233	32,473	35,912	37,735	47,612	60,439
Current Liabilities		(55,216)	(54,075)	(47,055)	(60,150)	(67,975)	(70,322)
Creditors		(55,216)	(54,075)	(47,055)	(52,802)	(60,627)	(62,974)
Short term borrowings		0	0	0	(7,348)	(7,348)	(7,348)
Long Term Liabilities		(2,091)	(8,592)	(4,598)	(4,598)	(4,598)	(4,598)
Long term borrowings		0	0	0	0	0	0
Other long term liabilities		(2,091)	(8,592)	(4,598)	(4,598)	(4,598)	(4,598)
Net Assets		71,270	75,616	80,105	103,089	111,338	121,679
<b>CASH FLOW</b>							
Operating Cash Flow		9,127	14,048	7,892	18,985	25,232	27,576
Net Interest		533	945	545	(220)	50	100
Tax		(2,347)	(1,703)	(2,284)	(4,531)	(6,520)	(7,085)
Capex		(1,730)	(1,563)	(1,790)	(4,943)	(3,003)	(2,499)
Acquisitions/disposals		(1,331)	(7,885)	0	(15,254)	(1,275)	0
Shares issued		(11,586)	6,227	3,000	4,388	0	0
Dividends		(2,633)	(3,949)	(3,949)	(3,949)	(4,607)	(5,265)
Net Cash Flow		(9,968)	6,121	3,414	(5,525)	9,877	12,827
Opening net debt/(cash)		(36,201)	(26,233)	(32,473)	(35,912)	(30,387)	(40,264)
HP finance leases initiated		0	0	0	0	0	0
Other		0	118	25	0	0	0
Closing net debt/(cash)		(26,233)	(32,473)	(35,912)	(30,387)	(40,264)	(53,091)

Source: GFT Technologies (historicals), Edison Investment Research (forecasts). Note: \*Mainly expenses for services rendered by outside personnel, including freelancers.

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