

GBK Beteiligungen

Germany/Financial Services

Analyser



Buy

Recommendation unchanged

Share price: EUR 5.05

closing price as of 30/10/2009

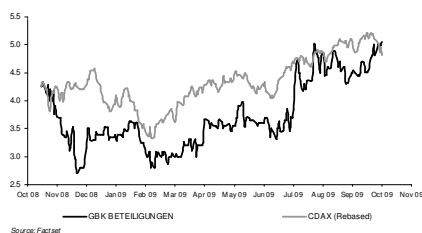
Target price: EUR 7.00

Target Price unchanged

Reuters/Bloomberg

GBQG.DE/GBQ GR

Market capitalisation (EURm)	34
Current N° of shares (m)	7
Free float	71%
Daily avg. no. trad. sh. 12 mth	2,919
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	5.05
Price low 12 mth (EUR)	2.71
Abs. perf. 1 mth	12.22%
Abs. perf. 3 mth	36.49%
Abs. perf. 12 mth	44.29%



Analyst(s):

Holger Schmidt, CEFA, Equinet

holger.schmidt@equinet-ag.de

+49 69 58 99 74 32

Successful Q3 09 – Well positioned to invest in new holdings at reasonable levels

The facts: Last Friday, GBK Beteiligungen AG (GBK) came out with its shareholder letter for 3Q 09. Diversity of its holdings proved to be an important advantage during the quarter as several activities withstand the economic turmoil and even showed increases in sales and market share. GBK was successful in divesting its stake in Aleo Solar whilst it raised its stake in Hirschvogel GmbH. For the full year 09, management guides for a decline in revenue and earnings. At year-end, GBK will have to check the intrinsic value its holdings, which could eventually lead to write-downs. **We stick to Buy with a PT of EUR 7.0.**

Our analysis:

During the quarter GBK was busy by supporting its holdings in implementing restructuring and efficiency measures to whether the current downturn. Besides, GBK is also supportive if reorganisation of financing is necessary.

Diversity of its holdings cushions effects of economic down cycle: The unprecedented and sharp fall in economic activity is likely to affect results of GBK's investments in 09. Yet, as GBK's investments and holding companies supply a broad range of sectors and is therefore less dependent on business cycles of individual industries. Diversity of its holdings proved to be an important advantage as for example holdings in the area of sportswear (Runners Point) and retail (Sidestep and Run2) as well as security services even showed increases in sales and market share.

Successful divestment – Promising new investment: GBK was also successful in divesting its stake on Aleo Solar to Bosch and raised its stake in Hirschvogel GmbH, a forming equipment manufacturer, which is well positioned in future growth markets (BRIC countries). In the absence of Mezzanine financing and highly leveraged deals, both equity and liquidity are key advantages in our view. Overall, we see GBK well positioned to further pursue its strategy of investing in companies >EUR 20m sales. GBK commands comfortable capital resources and is well prepared to sharpen its portfolio and thus to benefit from an economic turnaround over the mid-term.

Conclusion & Action: At its latest determination, the NAV of GBK's investment portfolio was EUR 7.25/share compared to its share price of EUR 5.05. The unprecedented and sharp fall in economic activity is likely to affect results of GBK's investments in the current year. Thus, write-downs could become necessary. GBK seems willing to provide liquidity, which in turn should also allow to increase current stakes or to make new investments. With net cash of > EUR 18m, GBK still commands comfortable capital resources. We reiterate our Buy recommendation as we see healthy upside for the share price once economic development returns to a more normal stage.