

<b>Buy</b>  <b>EUR 42.00</b>  Price <b>EUR 28.40</b> Upside <b>47.9 %</b>	<b>Value Indicators:</b> EUR DCF: 41.99 FCF-Value Potential: 50.34	<b>Share data:</b> Bloomberg: GKS GR Reuters: GKSG ISIN: DE0007571424	<b>Description:</b> Leading software company for stationary retailers
	<b>Market Snapshot:</b> EUR m Market cap: 50.8 No. of shares (m): 1.8 EV: 41.5 Freefloat MC: 21.6 Ø Trad. Vol. (30d): 3.70 th	<b>Shareholders:</b> Freefloat 42.5 % GK Software Holding 52.3 % Rainer Gläß 3.0 % Stephan Kronmüller 2.2 %	<b>Risk Profile (WRe):</b> 2013e Beta: 1.4 Price / Book: 1.7 x Equity Ratio: 65 % Net Fin. Debt / EBITDA: -1.6 x Net Debt / EBITDA: -1.4 x

## Best preconditions but no deals done yet

Figures Q1/2013:				Comment on Figures:			
in Mio. EUR	Q1/13	Q1/13e	Q1/12	yoy	2013e	2012	yoy
Umsatz	9.1	10.0	7.5	21.7%	36.8	28.4	29.5%
EBIT	-0.4	-0.1	1.4	-	4.4	0.8	458.7%
Margin	-4.6%	-1.0%	18.5%	-	11.9%	2.8%	-
EPS in EUR	-0.27	-0.05	0.66	-	1.74	0.38	357.9%

■ On Thursday (22.05.13) GK Software presented preliminary figures for the first quarter of 2013. Q1 is traditionally a weak quarter.  
 ■ The figures revealed a slight loss amid robust revenue growth. Deviation from the forecasts in absolute figures is small.  
 ■ The estimates will not be adjusted.

- Optimistic Outlook:** In 2013, the company expects to achieve "profitability in line with the past" against the background of further growth. This implies an EBIT margin of 18-20% for GK without the acquired AWEK, or some 15% including it. The company's forecast is higher than the WR expectation of 11.9%. The reason for the cautious WR forecast is the still low visibility or the lack of large contracts in the current year.
- Decisive for meeting the targets is further newsflow in the form of project closures.** Over the past three quarters, the company has not been convincing in this regard. **If no project deals are announced by June 30, a further reduction in the estimates could follow.**
- Good preconditions:** However the conditions for further project closures are good. As well as the optimistic company outlook/expectations mentioned above, GK entered important sales cooperation agreements. On May 16 a global reseller agreement was signed with SAP, with which GK offers its complete range of branch solutions also in North America over SAP. The solution will be marketed under the name "SAP by GK". Previously, Red Iron was won for an implementation partnership in North America. Red Iron, which has hundreds of successful retail projects in North and Central America, is a special partner for GK. In January, HP was announced as a partner. Partnerships of this nature are normally not entered into unless the parties expect larger projects in the relevant markets and expertise and capacities must be made available.
- A larger project deal** in North America, of which there are presumably several in the sales pipeline, could clearly raise visibility for the company. The optimistic assessment is accompanied by recent share purchases by the CEO Rainer Gläß.

The share's rating remains **Buy** with a price target of **EUR 42**.

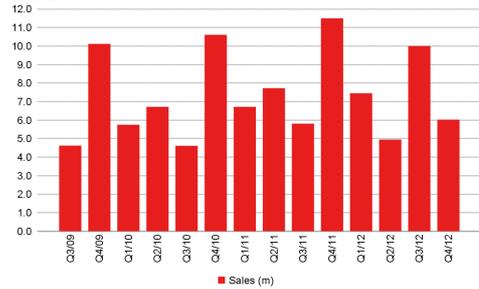


Rel. Performance vs CDAX:	
1 month:	-16.0 %
6 months:	-33.9 %
Year to date:	-35.0 %
Trailing 12 months:	-61.6 %

Company events:	
29.05.13	Q1
18.06.13	AGM
28.08.13	Q2
27.11.13	Q3

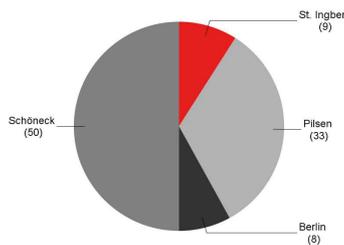
FY End: 31.12. in EUR m	CAGR (12-15e)	2009	2010	2011	2012	2013e	2014e	2015e
Sales	16.1 %	23.3	27.7	31.8	28.4	36.8	40.5	44.5
Change Sales yoy		54.9 %	19.0 %	14.7 %	-10.5 %	29.5 %	10.0 %	10.0 %
Gross profit margin		98.4 %	96.8 %	102.8 %	99.8 %	97.4 %	97.4 %	97.4 %
EBITDA	56.2 %	6.2	8.0	8.6	2.9	6.8	9.9	10.9
Margin		26.5 %	28.8 %	27.1 %	10.1 %	18.4 %	24.4 %	24.4 %
EBIT	116.6 %	4.9	6.4	6.7	0.8	4.4	7.3	8.0
Margin		21.0 %	23.2 %	21.0 %	2.8 %	11.9 %	17.9 %	17.9 %
Net income	103.1 %	3.5	4.5	4.6	0.7	3.1	5.1	5.7
EPS	102.6 %	2.11	2.68	2.55	0.38	1.74	2.88	3.16
EPS adj.	102.6 %	2.11	2.68	2.55	0.38	1.74	2.88	3.16
DPS	0.0 %	1.00	0.50	0.50	0.50	0.50	0.50	0.50
Dividend Yield		5.3 %	1.0 %	1.1 %	1.3 %	1.8 %	1.8 %	1.8 %
FCFPS		1.96	-0.79	1.29	0.57	2.88	2.96	3.28
EV / Sales		1.2 x	2.7 x	2.2 x	2.2 x	1.1 x	0.9 x	0.7 x
EV / EBITDA		4.5 x	9.4 x	8.1 x	22.4 x	6.1 x	3.7 x	3.0 x
EV / EBIT		5.7 x	11.7 x	10.5 x	81.4 x	9.5 x	5.1 x	4.0 x
P / E		9.0 x	18.4 x	17.1 x	101.4 x	16.3 x	9.9 x	9.0 x
P / E adj.		9.0 x	18.4 x	17.1 x	101.4 x	16.3 x	9.9 x	9.0 x
FCF Yield Potential		16.8 %	8.2 %	9.5 %	4.2 %	13.3 %	21.0 %	26.7 %
Net Debt		-3.9	-7.1	-8.4	-5.1	-9.3	-13.7	-18.7
ROE		26.0 %	22.6 %	17.4 %	2.4 %	10.6 %	15.8 %	15.3 %
ROCE (NOPAT)		43.6 %	31.9 %	25.0 %	3.0 %	14.1 %	24.5 %	27.2 %
Guidance:	n.a.							

**Sales development**  
in EUR m



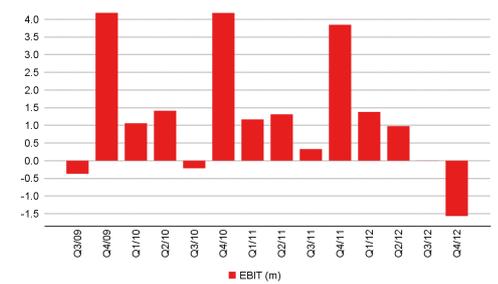
Source: Warburg Research

**Employees per location**  
2012e; in %



Source: Warburg Research

**EBIT development**  
in EUR m



Source: Warburg Research

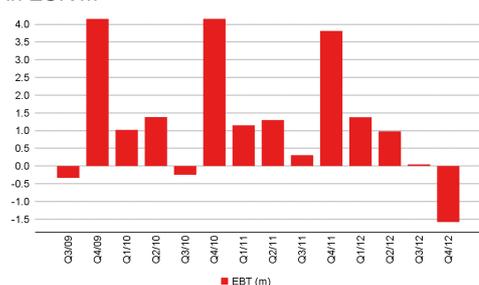
## Company Background

- GK Software is the leading software supplier for retailers. The number of GK installations exceeds 55,000 in 22 countries.
- As well as standard processes, GK Software solutions facilitate special requirements such as bonus programmes, the collection of tax-relevant details and the seamless integration in back-end solutions.
- The business activities of GK Software divides into two segments - the sale of product licences and the corresponding services.

## Competitive Quality

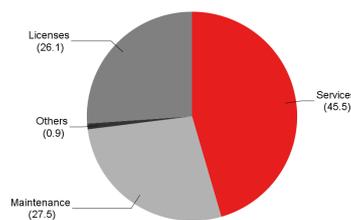
- The structural advantages of GK Software are decisive:
- GK Software's leading solution is completely Java-based, which makes it lean, platform independent and means it can be operated on the existing customer infrastructure.
- For many retail projects, GK competitors tend to undercalculate their bids and as a consequence are unable to complete the project on time and within budget.
- GK has outstanding reference clients (Hornbach, Kaufhof, Douglas, Netto, Tchibo, T-Punkt, Thalia, JYSK Nordic...)
- At the same time, GK Software's personnel costs are, depending on the location, often about 20% below those of a similar project team of a large system integrator.

**EBT development**  
in EUR m



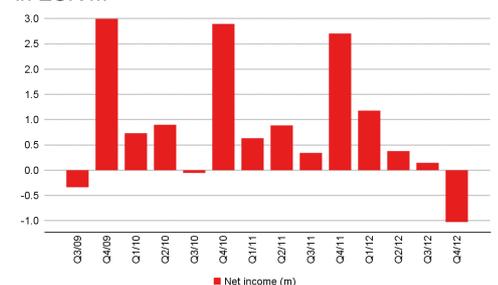
Source: Warburg Research

**Sales by segments**  
2011; in %



Source: Warburg Research

**Net income development**  
in EUR m



Source: Warburg Research

**DCF model**

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	
Sales	36.8	40.5	44.5	47.6	50.0	52.5	55.2	57.9	60.8	63.8	67.0	68.7	70.4	
Sales change	29.5 %	10.0 %	10.0 %	7.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %	2.5 %
EBIT	4.4	7.3	8.0	8.6	9.0	9.5	9.9	10.4	10.9	11.5	12.1	12.4	12.7	
EBIT-margin	11.9 %	17.9 %	17.9 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	
Tax rate (EBT)	29.0 %	29.0 %	29.0 %	29.0 %	29.0 %	29.0 %	29.0 %	29.0 %	29.0 %	29.0 %	29.0 %	29.0 %	29.0 %	
NOPAT	3.1	5.1	5.7	6.1	6.4	6.7	7.0	7.4	7.8	8.2	8.6	8.8	9.0	
Depreciation	2.4	2.6	2.9	2.4	2.5	2.6	2.2	1.7	1.8	0.6	0.7	0.7	0.7	
in % of Sales	6.5 %	6.5 %	6.5 %	5.0 %	5.0 %	5.0 %	4.0 %	3.0 %	3.0 %	1.0 %	1.0 %	1.0 %	1.0 %	
Changes in provisions	0.0	0.0	0.0	-1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	-1.0	1.0	1.2	1.4	-0.3	-0.4	-0.5	0.6	0.6	0.7	0.7	0.4	0.4	
- Capex	1.4	1.5	1.5	1.4	1.5	1.6	1.7	1.7	1.2	0.6	0.7	0.7	0.7	
Capex in % of Sales	3.7 %	3.7 %	3.4 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	2.0 %	1.0 %	1.0 %	1.0 %	1.0 %	
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	5.2	5.3	5.9	4.1	7.7	8.2	8.1	6.8	7.8	7.5	7.9	8.4	8.6	9
PV of FCF	4.5	4.2	4.2	2.7	4.6	4.4	3.9	3.0	3.1	2.7	2.6	2.5	2.3	30
share of PVs	17.18 %			42.44 %										40.38 %

**Model parameter**

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.00
Cost of debt	4.2 %	Liquidity	1.50
Market return	8.00 %	Cyclicality	1.50
Risk free rate	2.50 %	Transparency	1.50
		Others	1.50
<b>WACC</b>	<b>10.20 %</b>	<b>Beta</b>	<b>1.40</b>

**Valuation (m)**

Present values 2025e	45		
Terminal Value	30		
Financial liabilities	3		
Pension liabilities	2		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	5	No. of shares (m)	1.8
<b>Equity Value</b>	<b>75</b>	<b>Value per share (EUR)</b>	<b>41.99</b>

**Sensitivity Value per Share (EUR)**

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.75 %	2.00 %	2.25 %	2.50 %	2.75 %	3.00 %	3.25 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.58	11.2 %	35.82	36.15	36.50	36.87	37.27	37.68	38.13	1.58	11.2 %	33.74	34.79	35.83	36.87	37.92	38.96	40.00
1.49	10.7 %	38.02	38.41	38.83	39.27	39.74	40.25	40.78	1.49	10.7 %	35.93	37.05	38.16	39.27	40.39	41.50	42.61
1.45	10.5 %	39.22	39.65	40.10	40.59	41.10	41.66	42.25	1.45	10.5 %	37.13	38.28	39.44	40.59	41.74	42.89	44.04
1.40	10.2 %	40.48	40.95	41.45	41.99	42.56	43.16	43.82	1.40	10.2 %	38.41	39.60	40.79	41.99	43.18	44.37	45.57
1.35	10.0 %	41.83	42.35	42.90	43.48	44.11	44.78	45.50	1.35	10.0 %	39.77	41.01	42.25	43.48	44.72	45.96	47.19
1.31	9.7 %	43.26	43.83	44.43	45.08	45.77	46.52	47.32	1.31	9.7 %	41.23	42.51	43.80	45.08	46.36	47.65	48.93
1.22	9.2 %	46.42	47.11	47.85	48.64	49.49	50.41	51.41	1.22	9.2 %	44.47	45.86	47.25	48.64	50.03	51.41	52.80

- At 20% GK Software has in 2011 already achieved a high EBIT margin for a software company
- A lower margin is expected in 2012 because of delayed projects
- In 2013 a margin improvement is estimated while bigger project-contracts are assumed.
- The medium-term margin assumption remains 20%.

<b>Valuation</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013e</b>	<b>2014e</b>	<b>2015e</b>
Price / Book	2.1 x	3.4 x	2.8 x	2.4 x	1.7 x	1.5 x	1.3 x
Book value per share ex intangibles	3.58	9.12	10.44	9.67	11.61	14.71	18.18
EV / Sales	1.2 x	2.7 x	2.2 x	2.2 x	1.1 x	0.9 x	0.7 x
EV / EBITDA	4.5 x	9.4 x	8.1 x	22.4 x	6.1 x	3.7 x	3.0 x
EV / EBIT	5.7 x	11.7 x	10.5 x	81.4 x	9.5 x	5.1 x	4.0 x
EV / EBIT adj.*	5.7 x	11.7 x	10.5 x	81.4 x	9.5 x	5.1 x	4.0 x
P / FCF	9.7 x	n.a.	34.0 x	68.2 x	9.9 x	9.6 x	8.7 x
P / E	9.0 x	18.4 x	17.1 x	101.4 x	16.3 x	9.9 x	9.0 x
P / E adj.*	9.0 x	18.4 x	17.1 x	101.4 x	16.3 x	9.9 x	9.0 x
Dividend Yield	5.3 %	1.0 %	1.1 %	1.3 %	1.8 %	1.8 %	1.8 %
Free Cash Flow Yield Potential	16.8 %	8.2 %	9.5 %	4.2 %	13.3 %	21.0 %	26.7 %
*Adjustments made for: -							

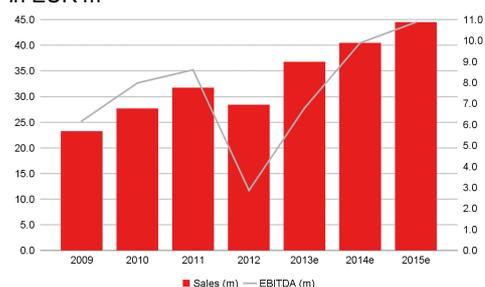
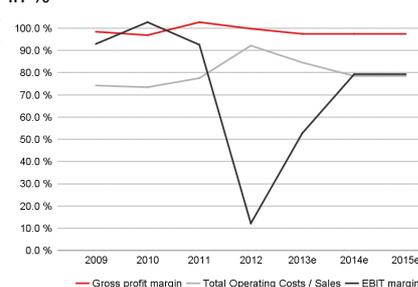
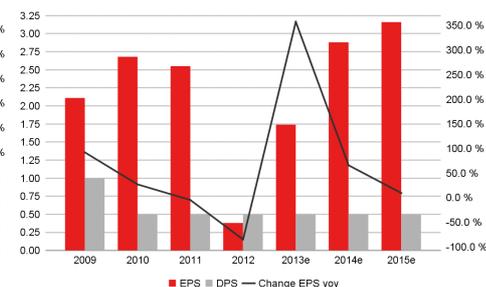
**Consolidated profit & loss**

In EUR m	2009	2010	2011	2012	2013e	2014e	2015e
<b>Sales</b>	<b>23.3</b>	<b>27.7</b>	<b>31.8</b>	<b>28.4</b>	<b>36.8</b>	<b>40.5</b>	<b>44.5</b>
Change Sales yoy	54.9 %	19.0 %	14.7 %	-10.5 %	29.5 %	10.0 %	10.0 %
Increase / decrease in inventory	-0.9	0.0	0.0	-0.1	-0.7	-0.8	-0.9
Own work capitalised	1.1	0.6	1.5	0.7	1.8	2.0	2.2
<b>Total Sales</b>	<b>23.5</b>	<b>28.3</b>	<b>33.2</b>	<b>29.0</b>	<b>37.9</b>	<b>41.7</b>	<b>45.9</b>
Material Expenses	0.6	1.5	0.6	0.7	2.0	2.3	2.5
<b>Gross profit</b>	<b>22.9</b>	<b>26.8</b>	<b>32.6</b>	<b>28.4</b>	<b>35.9</b>	<b>39.4</b>	<b>43.4</b>
<i>Gross profit margin</i>	<i>98.4 %</i>	<i>96.8 %</i>	<i>102.8 %</i>	<i>99.8 %</i>	<i>97.4 %</i>	<i>97.4 %</i>	<i>97.4 %</i>
Personnel expenses	12.1	14.8	18.6	19.8	25.0	25.1	27.6
Other operating income	0.8	1.4	0.7	1.7	1.8	2.0	2.2
Other operating expenses	5.4	5.3	6.2	7.4	5.9	6.5	7.1
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>6.2</b>	<b>8.0</b>	<b>8.6</b>	<b>2.9</b>	<b>6.8</b>	<b>9.9</b>	<b>10.9</b>
<i>Margin</i>	<i>26.5 %</i>	<i>28.8 %</i>	<i>27.1 %</i>	<i>10.1 %</i>	<i>18.4 %</i>	<i>24.4 %</i>	<i>24.4 %</i>
Depreciation of fixed assets	0.4	0.4	0.6	0.6	0.9	1.0	1.1
<b>EBITA</b>	<b>5.8</b>	<b>7.5</b>	<b>8.0</b>	<b>2.2</b>	<b>5.9</b>	<b>8.9</b>	<b>9.8</b>
Amortisation of intangible assets	0.9	1.1	1.3	1.4	1.5	1.6	1.8
Goodwill amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>4.9</b>	<b>6.4</b>	<b>6.7</b>	<b>0.8</b>	<b>4.4</b>	<b>7.3</b>	<b>8.0</b>
<i>Margin</i>	<i>21.0 %</i>	<i>23.2 %</i>	<i>21.0 %</i>	<i>2.8 %</i>	<i>11.9 %</i>	<i>17.9 %</i>	<i>17.9 %</i>
<b>EBIT adj.</b>	<b>4.9</b>	<b>6.4</b>	<b>6.7</b>	<b>0.8</b>	<b>4.4</b>	<b>7.3</b>	<b>8.0</b>
Interest income	0.3	0.2	0.2	0.2	0.0	0.0	0.0
Interest expenses	0.1	0.3	0.3	0.2	0.0	0.0	0.0
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBT</b>	<b>5.0</b>	<b>6.3</b>	<b>6.6</b>	<b>0.8</b>	<b>4.4</b>	<b>7.3</b>	<b>8.0</b>
<i>Margin</i>	<i>21.6 %</i>	<i>22.8 %</i>	<i>20.7 %</i>	<i>2.9 %</i>	<i>11.9 %</i>	<i>17.9 %</i>	<i>17.9 %</i>
Total taxes	1.5	1.8	2.0	0.1	1.3	2.1	2.3
<b>Net income from continuing operations</b>	<b>3.5</b>	<b>4.5</b>	<b>4.6</b>	<b>0.7</b>	<b>3.1</b>	<b>5.1</b>	<b>5.7</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income before minorities</b>	<b>3.5</b>	<b>4.5</b>	<b>4.6</b>	<b>0.7</b>	<b>3.1</b>	<b>5.1</b>	<b>5.7</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>3.5</b>	<b>4.5</b>	<b>4.6</b>	<b>0.7</b>	<b>3.1</b>	<b>5.1</b>	<b>5.7</b>
<i>Margin</i>	<i>15.1 %</i>	<i>16.1 %</i>	<i>14.4 %</i>	<i>2.4 %</i>	<i>8.5 %</i>	<i>12.7 %</i>	<i>12.7 %</i>
Number of shares, average	1.7	1.7	1.8	1.8	1.8	1.8	1.8
<b>EPS</b>	<b>2.11</b>	<b>2.68</b>	<b>2.55</b>	<b>0.38</b>	<b>1.74</b>	<b>2.88</b>	<b>3.16</b>
EPS adj.	2.11	2.68	2.55	0.38	1.74	2.88	3.16

\*Adjustments made for:

**Guidance: n.a.**
**Financial Ratios**

	2009	2010	2011	2012	2013e	2014e	2015e
Total Operating Costs / Sales	74.3 %	73.5 %	77.6 %	92.1 %	84.6 %	78.6 %	78.6 %
Operating Leverage	2.2 x	1.7 x	0.2 x	8.4 x	15.6 x	6.5 x	1.0 x
EBITDA / Interest expenses	53.2 x	26.1 x	31.2 x	14.9 x	n.a.	n.a.	n.a.
Tax rate (EBT)	30.1 %	29.1 %	30.5 %	17.6 %	29.0 %	29.0 %	29.0 %
Dividend Payout Ratio	47.3 %	18.7 %	19.6 %	132.4 %	28.7 %	17.4 %	15.8 %
Sales per Employee	86,211	85,460	79,781	70,022	88,872	95,842	103,359

**Sales, EBITDA**  
in EUR m

**Operating Performance**  
in %

**Performance per Share**


Source: Warburg Research

Source: Warburg Research

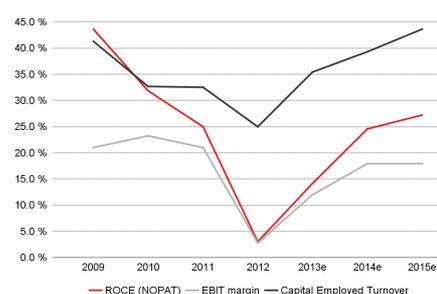
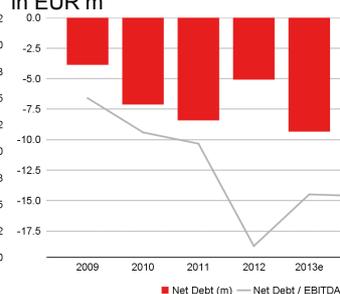
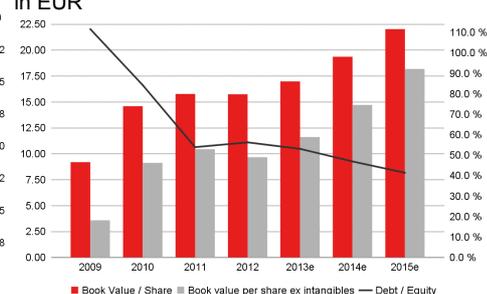
Source: Warburg Research

**Consolidated balance sheet**

In EUR m	2009	2010	2011	2012	2013e	2014e	2015e
<b>Assets</b>							
Goodwill and other intangible assets	9.3	9.1	9.5	10.9	9.6	8.3	6.9
thereof other intangible assets	2.9	2.7	3.1	4.5	3.2	1.9	0.5
thereof Goodwill	6.4	6.4	6.4	6.4	6.4	6.4	6.4
Property, plant and equipment	3.4	4.0	4.1	4.9	5.1	5.3	5.3
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Fixed assets</b>	<b>12.7</b>	<b>13.2</b>	<b>13.7</b>	<b>15.8</b>	<b>14.7</b>	<b>13.6</b>	<b>12.2</b>
Inventories	0.0	0.0	0.0	1.0	4.1	4.5	4.9
Accounts receivable	5.8	14.1	11.9	11.6	7.8	8.5	9.4
Liquid assets	10.6	13.4	13.9	10.3	14.5	18.9	23.9
Other short-term assets	3.1	4.1	4.0	5.4	5.4	5.4	5.4
<b>Current assets</b>	<b>19.6</b>	<b>31.6</b>	<b>29.8</b>	<b>28.3</b>	<b>31.8</b>	<b>37.3</b>	<b>43.6</b>
<b>Total Assets</b>	<b>32.4</b>	<b>44.8</b>	<b>43.5</b>	<b>44.1</b>	<b>46.5</b>	<b>50.9</b>	<b>55.8</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	1.7	1.8	1.8	1.8	1.8	1.8	1.8
Capital reserve	7.8	13.9	14.2	14.4	14.4	14.4	14.4
Retained earnings	0.0	0.0	0.0	0.0	2.3	6.5	11.3
Other equity components	5.8	8.6	12.2	12.0	12.0	12.0	12.0
Shareholder's equity	15.3	24.3	28.2	28.2	30.4	34.7	39.4
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total equity</b>	<b>15.3</b>	<b>24.3</b>	<b>28.2</b>	<b>28.2</b>	<b>30.4</b>	<b>34.7</b>	<b>39.4</b>
Provisions	2.1	1.4	1.8	4.6	4.6	4.6	4.6
thereof provisions for pensions and similar obligations	0.0	0.3	0.2	1.7	1.7	1.7	1.7
Financial liabilities (total)	6.7	6.0	5.2	3.5	3.5	3.5	3.5
thereof short-term financial liabilities	0.7	0.7	0.8	2.2	2.2	2.2	2.2
Accounts payable	0.8	0.5	0.3	0.8	1.1	1.2	1.3
Other liabilities	7.5	12.6	7.9	6.9	6.9	6.9	6.9
<b>Liabilities</b>	<b>17.1</b>	<b>20.5</b>	<b>15.2</b>	<b>15.9</b>	<b>16.1</b>	<b>16.2</b>	<b>16.3</b>
<b>Total liabilities and shareholders' equity</b>	<b>32.4</b>	<b>44.8</b>	<b>43.5</b>	<b>44.1</b>	<b>46.5</b>	<b>50.9</b>	<b>55.8</b>

**Financial Ratios**

	2009	2010	2011	2012	2013e	2014e	2015e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	3.7 x	2.5 x	2.1 x	1.8 x	2.5 x	2.5 x	2.6 x
Capital Employed Turnover	2.0 x	1.6 x	1.6 x	1.2 x	1.7 x	1.9 x	2.2 x
ROA	27.6 %	34.0 %	33.4 %	4.3 %	21.1 %	37.9 %	46.5 %
<b>Return on Capital</b>							
ROCE (NOPAT)	43.6 %	31.9 %	25.0 %	3.0 %	14.1 %	24.5 %	27.2 %
ROE	26.0 %	22.6 %	17.4 %	2.4 %	10.6 %	15.8 %	15.3 %
Adj. ROE	26.0 %	22.6 %	17.4 %	2.4 %	10.6 %	15.8 %	15.3 %
<b>Balance sheet quality</b>							
Net Debt	-3.9	-7.1	-8.4	-5.1	-9.3	-13.7	-18.7
Net Financial Debt	-3.9	-7.5	-8.6	-6.8	-11.1	-15.5	-20.4
Net Gearing	-25.3 %	-29.3 %	-29.8 %	-18.0 %	-30.7 %	-39.7 %	-47.5 %
Net Fin. Debt / EBITDA	-63.4 %	-93.4 %	-100.2 %	-237.5 %	-162.9 %	-156.2 %	-187.8 %
Book Value / Share	9.2	14.6	15.8	15.7	17.0	19.4	22.0
Book value per share ex intangibles	3.6	9.1	10.4	9.7	11.6	14.7	18.2

**ROCE Development**

**Net debt**

**Book Value per Share**


Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

**Consolidated cash flow statement**

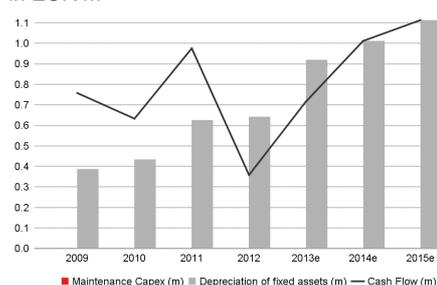
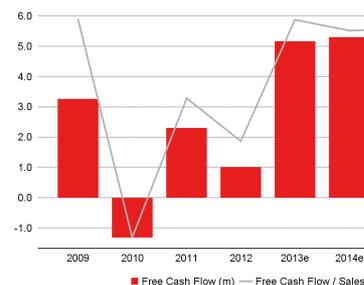
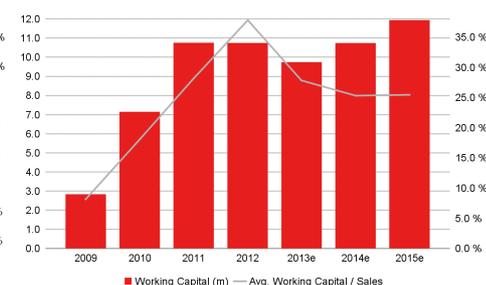
In EUR m	2009	2010	2011	2012	2013e	2014e	2015e
Net income	3.5	4.5	4.6	0.7	3.1	5.1	5.7
Depreciation of fixed assets	0.4	0.4	0.6	0.6	0.9	1.0	1.1
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.9	1.1	1.3	1.4	1.5	1.6	1.8
Increase/decrease in long-term provisions	0.0	-0.1	0.2	1.6	0.0	0.0	0.0
Other non-cash income and expenses	1.0	-1.0	0.8	-1.6	0.0	0.0	0.0
<b>Cash Flow</b>	<b>5.8</b>	<b>4.9</b>	<b>7.5</b>	<b>2.8</b>	<b>5.5</b>	<b>7.8</b>	<b>8.6</b>
Increase / decrease in inventory	0.7	0.0	0.0	0.1	-3.1	-0.4	-0.4
Increase / decrease in accounts receivable	-2.8	-8.5	2.0	2.4	3.8	-0.7	-0.9
Increase / decrease in accounts payable	1.9	5.3	-4.8	-2.2	0.3	0.1	0.1
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	-0.2	-3.2	-2.8	0.3	1.0	-1.0	-1.2
<b>Net cash provided by operating activities</b>	<b>5.7</b>	<b>1.7</b>	<b>4.7</b>	<b>3.1</b>	<b>6.5</b>	<b>6.8</b>	<b>7.4</b>
Investments in intangible assets	-1.2	-1.9	-1.7	-0.9	-0.2	-0.3	-0.3
Investments in property, plant and equipment	-1.2	-1.1	-0.7	-1.1	-1.1	-1.1	-1.1
Payments for acquisitions	-6.4	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-0.6	-0.1	-0.3	-0.4	0.0	0.0	0.0
Income from asset disposals	0.0	0.4	0.0	-1.6	0.0	0.0	0.0
<b>Net cash provided by investing activities</b>	<b>-9.4</b>	<b>-2.7</b>	<b>-2.7</b>	<b>-4.0</b>	<b>-1.4</b>	<b>-1.5</b>	<b>-1.5</b>
Change in financial liabilities	5.5	-0.7	-0.7	-1.8	0.0	0.0	0.0
Dividends paid	0.0	-1.7	-0.9	-0.9	-0.9	-0.9	-0.9
Purchase of own shares	0.0	6.3	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net cash provided by financing activities</b>	<b>5.5</b>	<b>3.8</b>	<b>-1.6</b>	<b>-2.7</b>	<b>-0.9</b>	<b>-0.9</b>	<b>-0.9</b>
Change in liquid funds	1.8	2.8	0.4	-3.6	4.3	4.4	5.0
Effects of exchange-rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash and cash equivalent at end of period</b>	<b>10.6</b>	<b>13.4</b>	<b>13.9</b>	<b>10.3</b>	<b>14.5</b>	<b>18.9</b>	<b>23.9</b>

**Financial Ratios**

	2009	2010	2011	2012	2013e	2014e	2015e
<b>Cash Flow</b>							
Free Cash Flow	3.3	-1.3	2.3	1.0	5.2	5.3	5.9
Free Cash Flow / Sales	14.0 %	-4.7 %	7.2 %	3.6 %	14.0 %	13.1 %	13.2 %
Free Cash Flow Potential	4.7	6.1	6.6	2.7	5.5	7.8	8.6
Free Cash Flow / Sales	14.0 %	-4.7 %	7.2 %	3.6 %	14.0 %	13.1 %	13.2 %
Free Cash Flow / Net Profit	92.7 %	-29.4 %	50.4 %	149.7 %	165.7 %	102.8 %	103.7 %
Interest Received / Avg. Cash	2.7 %	1.5 %	1.4 %	1.9 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	2.9 %	4.8 %	4.9 %	4.4 %	0.0 %	0.0 %	0.0 %
<b>Management of Funds</b>							
Investment ratio	10.3 %	10.8 %	7.7 %	7.2 %	3.7 %	3.7 %	3.4 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	187.6 %	192.6 %	125.7 %	99.2 %	56.7 %	56.6 %	51.5 %
Avg. Working Capital / Sales	8.2 %	18.0 %	28.2 %	37.8 %	27.8 %	25.3 %	25.5 %
Trade Debtors / Trade Creditors	755.3 %	2964.1 %	3630.7 %	1379.5 %	709.1 %	708.3 %	723.1 %
Inventory Turnover	n.a.	n.a.	n.a.	0.7 x	0.5 x	0.5 x	0.5 x
Receivables collection period (days)	92	186	137	149	77	77	77
Payables payment period (days)	504	113	197	457	196	195	192
Cash conversion cycle (Days)	n.a.	n.a.	n.a.	-252	501	517	527

**CAPEX and Cash Flow**

in EUR m


**Free Cash Flow Generation**

**Working Capital**


Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	<b>Buy:</b>	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	<b>Hold:</b>	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	<b>Sell:</b>	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	<b>Rating suspended:</b>	The available information currently does not permit an evaluation of the company.

**WARBURG RESEARCH GMBH – RESEARCH UNIVERSE BY RATING**

Rating	Number of stocks	% of Universe
Buy	108	56
Hold	67	35
Sell	14	7
Rating suspended	3	2
<b>Total</b>	<b>192</b>	<b>100</b>

**WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...**

... Looking only at companies for which a disclosure according to § 34b of the Germany Securities Trading Act and the FinAnV has to be made.

Rating	Number of stocks	% of Universe
Buy	96	64
Hold	48	32
Sell	4	3
Rating suspended	2	1
<b>Total</b>	<b>150</b>	<b>100</b>

**PRICE AND RATING HISTORY GK SOFTWARE AS OF 23.05.2013**


The chart has markings if Warburg Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

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