

Hold EUR 42.00 (EUR 45.00) Price EUR 43.01 Downside -2.3 %	Value Indicators: EUR DCF: 41.91 FCF-Value Potential: 42.92	Share data: Bloomberg: GKS GR Reuters: GKSG ISIN: DE0007571424	Description: Leading software company for stationary retailers
	Market Snapshot: EUR m Market cap: 81.3 No. of shares (m): 1.9 EV: 85.8 Freefloat MC: 32.1 Ø Trad. Vol. (30d): 6.38 th	Shareholders: Freefloat 39.5 % GK Software Holding 49.6 % SAP 5.3 % Rainer Gläß 3.3 % Stephan Kronmüller 2.3 %	Risk Profile (WRe): 2016e Beta: 1.6 Price / Book: 2.7 x Equity Ratio: 44 % Net Fin. Debt / EBITDA: 0.6 x Net Debt / EBITDA: 0.8 x

Strong revenues, weak earnings

Stated Figures Q1/2016: in EUR m								Comment on Figures: <ul style="list-style-type: none"> On May 26, GK Software announced the financial figures for Q1/16 While the revenues came in above expectations owing to high hardware sales, the expectations for the EBIT were not met. The reason for the lower EBIT were fewer license revenues and a bigger proportion of hardware sales, which are characterised by low margin reselling. 		
	Q1/16	Q1/16e	Q1/15	yoy	2016e	2015	yoy			
Sales	15.4	15.0	13.0	18.9%	67.0	62.6	7.0%			
EBIT	-1.5	-1.1	-0.9	67.7%	1.3	-1.3	-			
margin	-9.5%	-7.3%	-6.8%		2.0%	-2.0%				

GK's Q1 usually is insignificant in terms of income compared the rest of the year. Only in Q2 and Q4 the company shows its decisive earnings. In particular, the low magnitudes of license revenue due to base effects can be highly volatile. Nevertheless, the Q1 allows a first indication: Q1 is mainly characterised by a lack of license revenues (EUR 1.1m), which were 30% below the Q1/15. It should be noted that especially license revenues impact the margins.

On the cost side, the international expansion has a burdening effect. The company has entered the rollout phase with several existing customers, thereby even installations in South Africa, Namibia, Botswana and Zambia were carried out in a project. For another customer, the rollout was completed in twelve countries. In addition, in February a subsidiary in Ukraine (software development location) was founded.

Thus, the overall picture shows two sides: While the geographic expansion is making progress, high costs and still missing license revenues are burdening the result.

The share remains a Hold with a slightly reduced PT of EUR 42 (EUR 45).

Changes in Estimates: FY End: 31.12. in EUR m							Comment on Changes: <ul style="list-style-type: none"> A higher proportion of low-margin hardware sales in the revenue mix burden the expectations. Apart from this, the cost base is still higher than expected, compared to the revenue base. Even though attractive license sales are likely in the future, there is no sign for a significant recovery in the near term. Regarding the massive correction of the earnings estimates (in %) 2016, a base effect must be considered. 			
	2016e (old)	+ / -	2017e (old)	+ / -	2018e (old)	+ / -				
Sales	66.4	1.0 %	70.3	1.0 %	n.a.	n.m.				
EBITDA	8.0	-32.7 %	12.0	-16.8 %	n.a.	n.m.				
EBIT	4.3	-68.8 %	8.1	-29.6 %	n.a.	n.m.				
EPS	0.0	-71.0 %	0.0	-30.7 %	n.a.	n.m.				

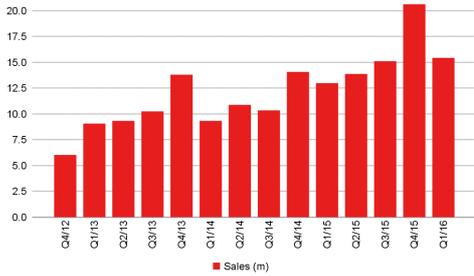


Rel. Performance vs CDAX:	
1 month:	-0.5 %
6 months:	24.2 %
Year to date:	22.4 %
Trailing 12 months:	36.8 %

Company events:	
16.06.16	AGM
30.08.16	Q2
29.11.16	Q3

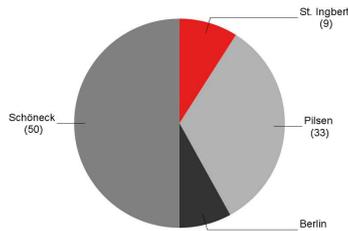
FY End: 31.12. in EUR m	CAGR (15-18e)	2012	2013	2014	2015	2016e	2017e	2018e
Sales	6.0 %	28.4	42.5	44.6	62.6	67.0	71.0	74.6
Change Sales yoy		-10.5 %	49.4 %	5.1 %	40.3 %	7.0 %	6.0 %	5.0 %
Gross profit margin		99.8 %	91.3 %	89.6 %	87.6 %	90.0 %	90.0 %	90.0 %
EBITDA	79.9 %	2.9	3.3	0.0	2.2	5.4	9.9	12.7
Margin		10.1 %	7.9 %	0.1 %	3.5 %	8.0 %	14.0 %	17.0 %
EBIT		0.8	1.0	-3.0	-1.3	1.3	5.7	8.2
Margin		2.8 %	2.5 %	-6.8 %	-2.0 %	2.0 %	8.0 %	11.0 %
Net income		0.7	0.6	-1.9	-1.5	0.9	4.0	5.8
EPS		0.38	0.34	-0.99	-0.79	0.47	2.10	3.04
EPS adj.		0.38	0.34	-0.99	-0.79	0.47	2.10	3.04
DPS		0.00	0.25	0.00	0.00	0.50	0.50	0.50
Dividend Yield		n.a.	0.8 %	n.a.	n.a.	1.2 %	1.2 %	1.1 %
FCFPS		0.57	-0.31	-1.15	0.20	2.27	3.05	4.32
FCF / Market cap		1.5 %	-1.0 %	-3.4 %	-0.3 %	5.3 %	7.1 %	9.6 %
EV / Sales		2.2 x	1.1 x	1.6 x	1.2 x	1.3 x	1.1 x	1.0 x
EV / EBITDA		22.4 x	13.6 x	n.a.	33.7 x	16.0 x	8.1 x	6.1 x
EV / EBIT		81.4 x	43.3 x	n.a.	n.a.	64.0 x	14.3 x	9.5 x
P / E		101.4 x	91.7 x	n.a.	n.a.	91.5 x	20.5 x	14.8 x
P / E adj.		101.4 x	91.7 x	n.a.	n.a.	91.5 x	20.5 x	14.8 x
FCF Yield Potential		4.2 %	6.6 %	1.6 %	2.8 %	5.8 %	10.3 %	13.3 %
Net Debt		-5.1	-10.5	-7.4	8.8	4.5	-0.3	-7.5
ROCE (NOPAT)		3.0 %	2.9 %	n.a.	n.a.	2.6 %	12.0 %	18.5 %
Guidance:	n.a.							

Sales development
in EUR m



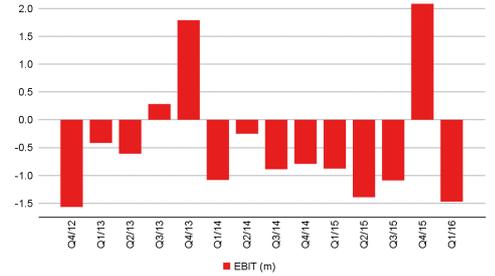
Source: Warburg Research

Employees per location
2016e; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

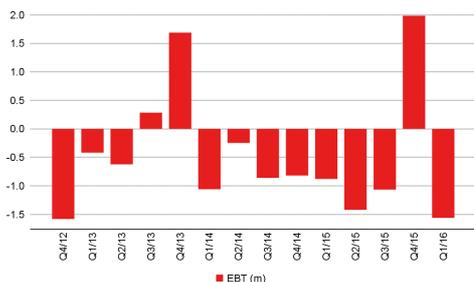
Company Background

- GK Software is the leading software supplier for retailers.
- As well as standard processes, GK Software solutions facilitate special requirements such as bonus programmes, the recording of fiscal 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

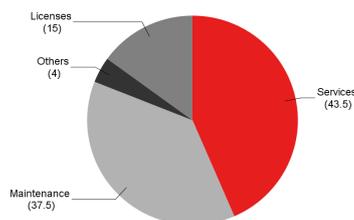
- The structural advantages of GK Software are compelling:
- GK Software's leading solution is completely Java-based, which makes it lean, platform independent and means it can be operated on the existing customer infrastructure.
- For many retail projects, GK competitors tend to undercalculate their 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



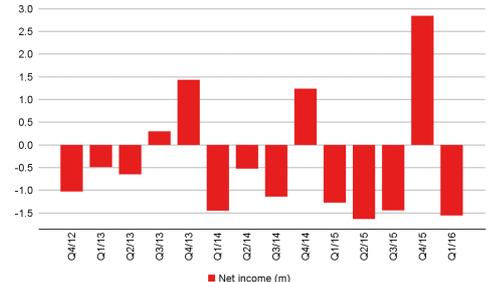
Source: Warburg Research

Sales by segments
2016e; 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
	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	
Sales	67.0	71.0	74.6	79.0	83.8	88.8	93.3	97.9	102.8	108.0	113.4	116.2	119.1	
Sales change	7.0 %	6.0 %	5.0 %	6.0 %	6.0 %	6.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %	2.5 %
EBIT	1.3	5.7	8.2	10.3	12.6	13.3	14.0	14.7	15.4	16.2	17.0	17.4	17.9	
EBIT-margin	2.0 %	8.0 %	11.0 %	13.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	
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	1.0	4.0	5.8	7.3	8.9	9.5	9.9	10.4	10.9	11.5	12.1	12.4	12.7	
Depreciation	4.0	4.3	4.5	4.0	4.2	4.4	3.7	2.9	3.1	1.1	1.1	1.2	1.2	
in % of Sales	6.0 %	6.0 %	6.0 %	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	-1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	-0.9	1.0	0.6	13.2	-0.3	-0.5	-0.8	1.0	1.1	1.1	1.2	0.6	0.6	
- Capex	1.5	1.5	1.5	2.4	2.5	2.7	2.8	2.9	2.1	1.1	1.1	1.2	1.2	
Capex in % of Sales	2.2 %	2.1 %	2.0 %	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)	4.4	5.8	8.2	-5.5	11.0	11.7	11.7	9.4	10.9	10.4	10.9	11.8	12.1	12
PV of FCF	4.5	5.4	6.9	-4.2	7.6	7.4	6.6	4.9	5.1	4.4	4.2	4.1	3.8	48
share of PVs	15.43 %			40.24 %										44.33 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.50
Cost of debt (after tax)	4.2 %	Liquidity (share)	1.50
Market return	7.00 %	Cyclicality	2.00
Risk free rate	1.50 %	Transparency	1.50
		Others	1.50
WACC	10.30 %	Beta	1.60

Valuation (m)

Present values 2028e	61		
Terminal Value	48		
Financial liabilities	15		
Pension liabilities	1		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	-14	No. of shares (m)	1.9
Equity Value	79	Value per share (EUR)	41.91

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
1.78	11.3 %	33.53	34.03	34.57	35.13	35.73	36.36	37.03	1.78	11.3 %	29.19	31.17	33.15	35.13	37.11	39.09	41.07
1.69	10.8 %	36.42	37.02	37.65	38.31	39.02	39.77	40.58	1.69	10.8 %	32.03	34.12	36.22	38.31	40.41	42.51	44.60
1.65	10.6 %	38.00	38.64	39.33	40.06	40.83	41.65	42.53	1.65	10.6 %	33.58	35.74	37.90	40.06	42.21	44.37	46.53
1.60	10.3 %	39.67	40.37	41.12	41.91	42.76	43.66	44.63	1.60	10.3 %	35.23	37.46	39.68	41.91	44.14	46.36	48.59
1.55	10.1 %	41.44	42.20	43.02	43.89	44.82	45.81	46.88	1.55	10.1 %	36.99	39.29	41.59	43.89	46.19	48.49	50.78
1.51	9.8 %	43.32	44.16	45.05	46.01	47.03	48.13	49.31	1.51	9.8 %	38.88	41.26	43.63	46.01	48.38	50.76	53.13
1.42	9.3 %	47.47	48.48	49.55	50.71	51.96	53.30	54.76	1.42	9.3 %	43.08	45.62	48.17	50.71	53.26	55.80	58.35

- In addition to decent daily rates, software companies like GK normally generate high license revenues
- As a rule, this leads to high double-digit margins
- However, delays in the completion of projects und high structural expenses are burdening the company

Valuation

	2012	2013	2014	2015	2016e	2017e	2018e
Price / Book	2.4 x	1.7 x	2.6 x	2.2 x	2.7 x	2.5 x	2.3 x
Book value per share ex intangibles	9.67	13.12	11.68	2.03	3.91	7.02	11.16
EV / Sales	2.2 x	1.1 x	1.6 x	1.2 x	1.3 x	1.1 x	1.0 x
EV / EBITDA	22.4 x	13.6 x	n.a.	33.7 x	16.0 x	8.1 x	6.1 x
EV / EBIT	81.4 x	43.3 x	n.a.	n.a.	64.0 x	14.3 x	9.5 x
EV / EBIT adj.*	81.4 x	43.3 x	n.a.	n.a.	64.0 x	14.3 x	9.5 x
P / FCF	68.2 x	n.a.	n.a.	n.a.	18.9 x	14.1 x	10.5 x
P / E	101.4 x	91.7 x	n.a.	n.a.	91.5 x	20.5 x	14.8 x
P / E adj.*	101.4 x	91.7 x	n.a.	n.a.	91.5 x	20.5 x	14.8 x
Dividend Yield	n.a.	0.8 %	n.a.	n.a.	1.2 %	1.2 %	1.1 %
Free Cash Flow Yield Potential	4.2 %	6.6 %	1.6 %	2.8 %	5.8 %	10.3 %	13.3 %

*Adjustments made for: -

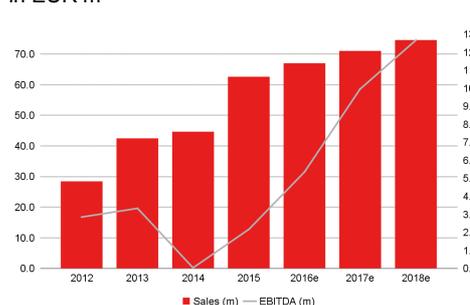
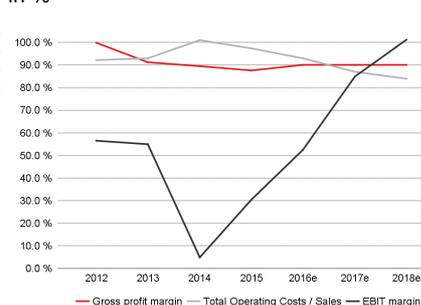
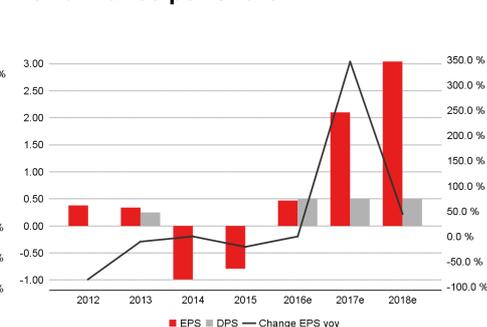
Consolidated profit & loss

In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
Sales	28.4	42.5	44.6	62.6	67.0	71.0	74.6
Change Sales yoy	-10.5 %	49.4 %	5.1 %	40.3 %	7.0 %	6.0 %	5.0 %
Increase / decrease in inventory	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.7	0.4	0.5	0.5	0.7	0.7	0.7
Total Sales	29.0	42.8	45.1	63.1	67.7	71.7	75.3
Material Expenses	0.7	4.1	5.2	8.3	7.4	7.8	8.2
Gross profit	28.4	38.8	40.0	54.9	60.3	63.9	67.1
<i>Gross profit margin</i>	<i>99.8 %</i>	<i>91.3 %</i>	<i>89.6 %</i>	<i>87.6 %</i>	<i>90.0 %</i>	<i>90.0 %</i>	<i>90.0 %</i>
Personnel expenses	19.8	25.6	28.7	39.7	41.5	40.5	41.0
Other operating income	1.7	2.5	2.2	1.7	2.0	2.1	2.2
Other operating expenses	7.4	12.3	13.4	14.7	15.4	15.6	15.7
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	2.9	3.3	0.0	2.2	5.4	9.9	12.7
<i>Margin</i>	<i>10.1 %</i>	<i>7.9 %</i>	<i>0.1 %</i>	<i>3.5 %</i>	<i>8.0 %</i>	<i>14.0 %</i>	<i>17.0 %</i>
Depreciation of fixed assets	0.6	0.8	0.9	1.0	1.0	1.1	1.1
EBITA	2.2	2.6	-0.9	1.2	4.4	8.9	11.6
Amortisation of intangible assets	1.4	1.5	1.2	1.5	2.0	2.1	2.2
Goodwill amortization	0.0	0.0	0.9	1.0	1.0	1.1	1.1
EBIT	0.8	1.0	-3.0	-1.3	1.3	5.7	8.2
<i>Margin</i>	<i>2.8 %</i>	<i>2.5 %</i>	<i>-6.8 %</i>	<i>-2.0 %</i>	<i>2.0 %</i>	<i>8.0 %</i>	<i>11.0 %</i>
EBIT adj.	0.8	1.0	-3.0	-1.3	1.3	5.7	8.2
Interest income	0.2	0.1	0.2	0.2	0.2	0.2	0.2
Interest expenses	0.2	0.2	0.1	0.3	0.3	0.3	0.3
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	0.8	0.9	-3.0	-1.4	1.2	5.6	8.1
<i>Margin</i>	<i>2.9 %</i>	<i>2.2 %</i>	<i>-6.7 %</i>	<i>-2.2 %</i>	<i>1.9 %</i>	<i>7.9 %</i>	<i>10.9 %</i>
Total taxes	0.1	0.3	-1.1	0.1	0.4	1.6	2.3
Net income from continuing operations	0.7	0.6	-1.9	-1.5	0.9	4.0	5.8
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	0.7	0.6	-1.9	-1.5	0.9	4.0	5.8
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	0.7	0.6	-1.9	-1.5	0.9	4.0	5.8
<i>Margin</i>	<i>2.4 %</i>	<i>1.4 %</i>	<i>-4.2 %</i>	<i>-2.4 %</i>	<i>1.3 %</i>	<i>5.6 %</i>	<i>7.7 %</i>
Number of shares, average	1.8	1.8	1.9	1.9	1.9	1.9	1.9
EPS	0.38	0.34	-0.99	-0.79	0.47	2.10	3.04
EPS adj.	0.38	0.34	-0.99	-0.79	0.47	2.10	3.04

*Adjustments made for:

Guidance: n.a.
Financial Ratios

	2012	2013	2014	2015	2016e	2017e	2018e
Total Operating Costs / Sales	92.1 %	93.0 %	101.1 %	97.4 %	93.0 %	87.0 %	84.0 %
Operating Leverage	8.4 x	0.7 x	n.a.	-1.4 x	n.a.	54.0 x	8.9 x
EBITDA / Interest expenses	14.9 x	14.9 x	0.3 x	6.7 x	17.9 x	33.1 x	42.3 x
Tax rate (EBT)	17.6 %	35.5 %	37.4 %	-8.5 %	29.0 %	29.0 %	29.0 %
Dividend Payout Ratio	0.0 %	74.5 %	0.0 %	0.0 %	107.3 %	23.8 %	16.4 %
Sales per Employee	70,022	102,535	105,677	145,313	152,472	158,452	163,112

Sales, EBITDA
in EUR m

Operating Performance
in %

Performance per Share


Source: Warburg Research

Source: Warburg Research

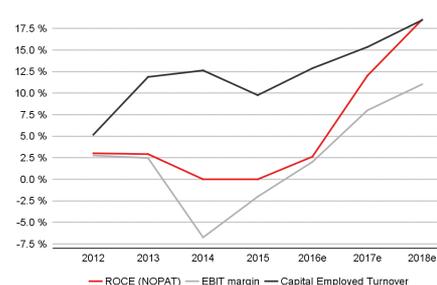
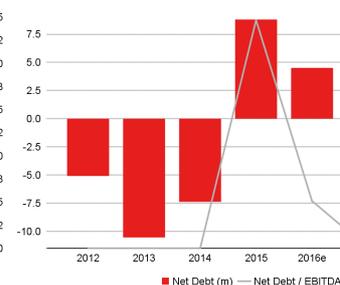
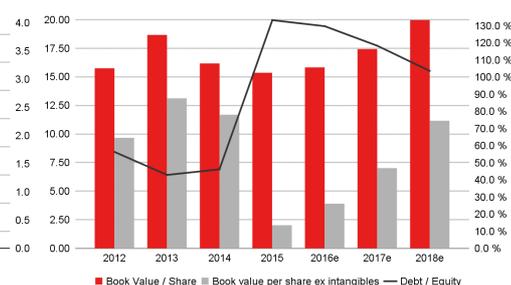
Source: Warburg Research

Consolidated balance sheet

In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
Assets							
Goodwill and other intangible assets	10.9	9.9	8.5	25.2	22.5	19.7	16.6
thereof other intangible assets	4.5	3.5	2.9	20.2	18.5	16.7	14.8
thereof Goodwill	6.4	6.4	5.5	5.0	4.0	2.9	1.8
Property, plant and equipment	4.9	4.8	5.0	5.8	5.9	5.9	5.9
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
Fixed assets	15.8	14.7	13.4	30.9	28.4	25.6	22.6
Inventories	1.0	1.0	1.2	1.7	1.0	1.1	1.1
Accounts receivable	11.6	13.1	9.2	12.6	12.5	13.6	14.3
Liquid assets	10.3	13.7	10.2	7.4	11.7	16.5	23.7
Other short-term assets	5.4	5.2	10.7	15.2	15.2	15.2	15.2
Current assets	28.3	33.0	31.2	36.8	40.3	46.3	54.3
Total Assets	44.1	47.7	44.7	67.7	68.7	71.9	76.8
Liabilities and shareholders' equity							
Subscribed capital	1.8	1.9	1.9	1.9	1.9	1.9	1.9
Capital reserve	14.4	18.2	18.2	18.2	18.2	18.2	18.2
Retained earnings	0.0	0.0	0.0	0.0	0.9	3.9	8.7
Other equity components	12.0	13.4	10.4	8.9	8.9	8.9	8.9
Shareholders' equity	28.2	33.4	30.6	29.0	29.9	32.9	37.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	28.2	33.4	30.6	29.0	29.9	32.9	37.7
Provisions	4.6	3.5	4.1	6.0	6.0	6.0	6.0
thereof provisions for pensions and similar obligations	1.7	0.9	1.7	1.5	1.5	1.5	1.5
Financial liabilities (total)	3.5	2.3	1.1	14.7	14.7	14.7	14.7
thereof short-term financial liabilities	2.2	1.3	0.3	3.2	3.2	3.2	3.2
Accounts payable	0.8	1.0	1.6	2.1	2.2	2.4	2.5
Other liabilities	6.9	7.6	7.2	15.9	15.9	15.9	15.9
Liabilities	15.9	14.3	14.1	38.7	38.8	39.0	39.1
Total liabilities and shareholders' equity	44.1	47.7	44.7	67.7	68.7	71.9	76.8

Financial Ratios

	2012	2013	2014	2015	2016e	2017e	2018e
Efficiency of Capital Employment							
Operating Assets Turnover	1.8 x	2.5 x	3.4 x	4.5 x	5.1 x	5.0 x	5.0 x
Capital Employed Turnover	1.2 x	1.9 x	1.9 x	1.7 x	1.9 x	2.2 x	2.5 x
ROA	4.3 %	4.1 %	-13.9 %	-4.9 %	3.1 %	15.5 %	25.5 %
Return on Capital							
ROCE (NOPAT)	3.0 %	2.9 %	n.a.	n.a.	2.6 %	12.0 %	18.5 %
ROE	2.4 %	2.0 %	-5.8 %	-5.0 %	3.0 %	12.6 %	16.3 %
Adj. ROE	2.4 %	2.0 %	-5.8 %	-5.0 %	3.0 %	12.6 %	16.3 %
Balance sheet quality							
Net Debt	-5.1	-10.5	-7.4	8.8	4.5	-0.3	-7.5
Net Financial Debt	-6.8	-11.5	-9.0	7.3	3.1	-1.8	-9.0
Net Gearing	-18.0 %	-31.5 %	-24.1 %	30.3 %	15.1 %	-0.9 %	-19.9 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	337.6 %	57.0 %	n.a.	n.a.
Book Value / Share	15.7	18.7	16.2	15.4	15.8	17.4	20.0
Book value per share ex intangibles	9.7	13.1	11.7	2.0	3.9	7.0	11.2

ROCE Development

Net debt in EUR m

Book Value per Share in EUR


Source: Warburg Research

Source: Warburg Research

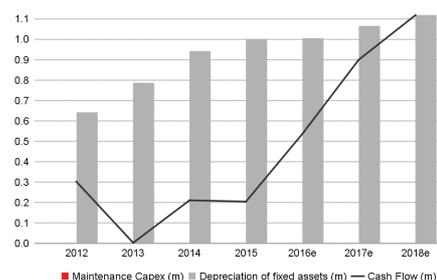
Source: Warburg Research

Consolidated cash flow statement

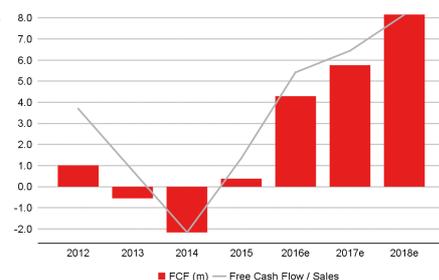
In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
Net income	0.7	0.6	-1.9	-1.5	0.9	4.0	5.8
Depreciation of fixed assets	0.6	0.8	0.9	1.0	1.0	1.1	1.1
Amortisation of goodwill	0.0	0.0	0.9	1.0	1.0	1.1	1.1
Amortisation of intangible assets	1.4	1.5	1.2	1.5	2.0	2.1	2.2
Increase/decrease in long-term provisions	1.6	-1.7	0.8	0.7	0.0	0.0	0.0
Other non-cash income and expenses	-1.6	-1.1	0.0	-0.8	0.0	0.0	0.0
Cash Flow	2.8	0.0	1.9	1.9	4.9	8.2	10.2
Increase / decrease in inventory	0.1	0.1	-0.1	-0.1	0.7	-0.1	0.0
Increase / decrease in accounts receivable	2.4	2.4	-0.4	-0.4	0.1	-1.1	-0.7
Increase / decrease in accounts payable	-2.2	-1.0	-0.2	-0.2	0.1	0.2	0.1
Increase / decrease in other working capital positions	0.0	0.0	-1.6	1.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	0.3	1.5	-2.3	0.3	0.9	-1.0	-0.6
Net cash provided by operating activities	3.1	1.6	-0.4	2.2	5.8	7.2	9.6
Investments in intangible assets	-0.9	-0.9	-1.2	-1.2	-0.3	-0.3	-0.3
Investments in property, plant and equipment	-1.1	-1.2	-1.1	-1.1	-1.1	-1.1	-1.1
Payments for acquisitions	0.0	0.0	0.0	-16.8	0.0	0.0	0.0
Financial investments	-0.4	0.0	-0.1	-0.1	0.0	0.0	0.0
Income from asset disposals	-1.6	1.2	0.3	0.0	0.0	0.0	0.0
Net cash provided by investing activities	-4.0	-0.9	-1.6	-18.6	-1.5	-1.5	-1.5
Change in financial liabilities	-1.8	-1.2	-1.2	13.6	0.0	0.0	0.0
Dividends paid	-0.9	0.0	-0.5	0.0	0.0	-0.9	-0.9
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	3.8	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	-1.0	0.0	0.0	0.0
Net cash provided by financing activities	-2.7	2.6	-1.6	12.6	0.0	-0.9	-0.9
Change in liquid funds	-3.6	3.2	-3.6	-3.9	4.3	4.8	7.2
Effects of exchange-rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	10.3	13.5	10.2	6.3	11.7	16.5	23.7

Financial Ratios

	2012	2013	2014	2015	2016e	2017e	2018e
Cash Flow							
FCF	1.0	-0.6	-2.2	0.4	4.3	5.8	8.2
Free Cash Flow / Sales	3.6 %	-1.3 %	-6.2 %	-0.3 %	6.4 %	8.1 %	10.9 %
Free Cash Flow Potential	2.7	3.0	1.2	2.1	5.0	8.3	10.3
Free Cash Flow / Net Profit	149.7 %	-91.9 %	147.0 %	13.3 %	487.4 %	145.3 %	141.8 %
Interest Received / Avg. Cash	1.9 %	0.9 %	1.3 %	2.5 %	2.1 %	1.4 %	1.0 %
Interest Paid / Avg. Debt	4.4 %	7.8 %	7.4 %	4.1 %	2.0 %	2.0 %	2.0 %
Management of Funds							
Investment ratio	7.2 %	5.0 %	5.3 %	3.8 %	2.2 %	2.1 %	2.0 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	99.2 %	92.0 %	77.6 %	68.6 %	36.5 %	34.4 %	32.8 %
Avg. Working Capital / Sales	37.8 %	27.2 %	23.0 %	13.1 %	11.5 %	11.0 %	11.5 %
Trade Debtors / Trade Creditors	1379.5 %	1356.9 %	562.7 %	600.2 %	568.2 %	566.7 %	572.0 %
Inventory Turnover	0.7 x	3.9 x	4.4 x	5.0 x	7.4 x	7.1 x	7.5 x
Receivables collection period (days)	149	113	75	73	68	70	70
Payables payment period (days)	457	86	116	93	109	112	111
Cash conversion cycle (Days)	-252	-37	-52	-182	-248	-238	-231

CAPEX and Cash Flow
in EUR m


Source: Warburg Research

Free Cash Flow Generation


Source: Warburg Research

Working Capital


Source: Warburg Research

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“-“	Rating suspended:	The available information currently does not permit an evaluation of the company.

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Rating	Number of stocks	% of Universe
Buy	120	65
Hold	61	33
Sell	3	2
Rating suspended	1	1
Total	185	100

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

... taking into account only those companies which were provided with major investment banking services in the last twelve months.

Rating	Number of stocks	% of Universe
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Hold	7	23
Sell	0	0
Rating suspended	0	0
Total	30	100

PRICE AND RATING HISTORY GK SOFTWARE AS OF 30.05.2016


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.

EQUITIES

Roland Rapelius +49 40 3282-2673
Head of Equities rrapelius@mmwarburg.com

RESEARCH

Michael Heider +49 40 309537-280
Head of Research mheider@warburg-research.com

Henner Rüschemeyer +49 40 309537-270
Head of Research hrueschemeyer@warburg-research.com

Lucas Boventer +49 40 309537-290
Renewables, Internet, Media lboventer@warburg-research.com

Christian Cohrs +49 40 309537-175
Engineering, Logistics ccohrs@warburg-research.com

Felix Ellmann +49 40 309537-120
Software, IT fellmann@warburg-research.com

Jörg Philipp Frey +49 40 309537-258
Retail, Consumer Goods jfrey@warburg-research.com

Harald Hof +49 40 309537-125
Medtech hhof@warburg-research.com

Ulrich Huwald +49 40 309537-255
Health Care, Pharma uhuwald@warburg-research.com

Thilo Kleibauer +49 40 309537-257
Retail, Consumer Goods tkleibauer@warburg-research.com

Eggert Kuls +49 40 309537-256
Engineering ekuls@warburg-research.com

Andreas Pläsier +49 40 309537-246
Banks, Financial Services aplaesier@warburg-research.com

Jochen Reichert +49 40 309537-130
Telco, Internet, Media jreichert@warburg-research.com

J. Moritz Rieser +49 40 309537-260
Real Estate mrieser@warburg-research.com

Arash Roshan Zamir +49 40 309537-155
Cap. Goods, Renewables aroshanzamir@warburg-research.com

Malte Schaumann +49 40 309537-170
Technology mschaumann@warburg-research.com

Oliver Schwarz +49 40 309537-250
Chemicals, Agriculture oschwarz@warburg-research.com

Marc-René Tonn +49 40 309537-259
Automobiles, Car Suppliers mtonn@warburg-research.com

Björn Voss +49 40 309537-254
Steel, Car Suppliers bvoss@warburg-research.com

Alexander Wahl +49 40 309537-230
Other awahl@warburg-research.com

Andreas Wolf +49 40 309537-140
Software, IT awolf@warburg-research.com

INSTITUTIONAL EQUITY SALES

Holger Nass +49 40 3282-2669
Head of Equity Sales, USA hnass@mmwarburg.com

Klaus Schilling +49 40 3282-2664
Dep. Head of Equity Sales, GER kschilling@mmwarburg.com

Tim Beckmann +49 40 3282-2665
United Kingdom tbeckmann@mmwarburg.com

Lyubka Bogdanova +49 69 5050-7411
United Kingdom, Australia lbogdanova@mmwarburg.com

Jens Buchmüller +49 69 5050-7415
Scandinavia, Austria jbuchmueller@mmwarburg.com

Paul Dontenwill +49 40 3282-2666
USA pdontenwill@mmwarburg.com

Matthias Fritsch +49 40 3282-2696
United Kingdom mfritsch@mmwarburg.com

Marie-Therese Grübner +49 40 3282-2630
France, Switzerland mgruebner@mmwarburg.com

Michael Kriszun +49 40 3282-2695
United Kingdom mkriszun@mmwarburg.com

Marc Niemann +49 40 3282-2660
Germany mniemann@mmwarburg.com

Fabian Roggemann +49 40 3282-2667
USA froggemann@mmwarburg.com

Sanjay Oberoi +49 69 5050-7410
United Kingdom soberoi@mmwarburg.com

Juliane Willenbruch +49 40 3282-2694
Roadshow/Marketing jwillenbruch@mmwarburg.com

SALES TRADING

Oliver Merkel +49 40 3282-2634
Head of Sales Trading omerkel@mmwarburg.com

Michael Ilgenstein +49 40 3282-2700
Sales Trading milgenstein@mmwarburg.com

Bastian Quast +49 40 3282-2701
Sales Trading bquast@mmwarburg.com

Jörg Treptow +49 40 3262-2658
Sales Trading jtreptow@mmwarburg.com

Jan Walter +49 40 3262-2662
Sales Trading jwalter@mmwarburg.com

MACRO RESEARCH

Carsten Klude +49 40 3282-2572
Macro Research cklude@mmwarburg.com

Dr. Christian Jasperneite +49 40 3282-2439
Investment Strategy cjasperneite@mmwarburg.com

Our research can be found under:

Warburg Research research.mmwarburg.com/en/index.html
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For access please contact:

Andrea Schaper +49 40 3282-2632
Sales Assistance aschaper@mmwarburg.com

Kerstin Muthig +49 40 3282-2703
Sales Assistance kmuthig@mmwarburg.com