

Hold EUR 70.00 (EUR 56.00) Price EUR 69.85 Upside 0.2 %	Value Indicators: EUR DCF: 69.74	Share data: Bloomberg: GKS GR Reuters: GKSG ISIN: DE0007571424	Description: Leading software company for stationary retailers
	Market Snapshot: EUR m Market cap: 132.0 No. of shares (m): 1.9 EV: 131.0 Freefloat MC: 52.1 Ø Trad. Vol. (30d): 6.34 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: 1.5 Price / Book: 4.2 x Equity Ratio: 45 % Net Fin. Debt / EBITDA: 0.4 x Net Debt / EBITDA: 0.6 x

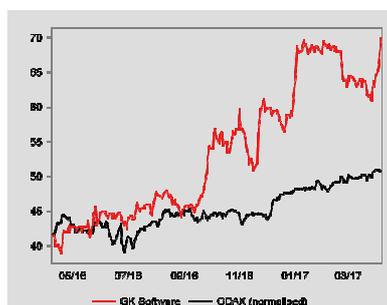
Strong 2016; Prospects look promising

Figures Q4/2016: in Mio. EUR	Q4/16 Q4/16e Q4/15 yoy Umsatz 24,2 22,9 20,6 17,5% EBITDA 3,8 3,0 2,9 28,5% Margin 15,6% 12,9% 14,2% 2016 2016e 2015 yoy Umsatz 77,3 76,0 62,6 23,5% EBITDA 7,8 7,0 2,2 258,9% Margin 10,1% 9,2% 3,5%	Comment on Figures: <ul style="list-style-type: none"> On 05.04.17 GK Software AG presented preliminary figures for Q4 and FY 2016. These figures reflected positive development in all areas (licences, services and maintenance) and exceeded the expectations (WRe).
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- A clear increase in all categories of revenue formed the basis for the growth in the fiscal year. Together with SAP, GK managed to gain eight new customers in Europe, the US and Central America for the new solution OmniPOS, showing once again how successful the cooperation with SAP is proving to be, also on the revenue front.
- OmniPOS is a cloud solution, first presented officially at the start of 2016. The first project in Ireland and the UK has already been completely rolled out and work has started on three further projects with installations in the US and Switzerland. Additionally, more SAP customers have opted for the cloud solution developed by GK, Central Pricing Engine.
- Another reason for the improvement in earnings was, as well as the licence revenues, the clear improvement in revenues in the services business area. Here, GK benefited from the structural measures, already put in place in 2015 (see Comment dated 30.11.2015)

These developments offer a basis for another increase in the forecasts. The share continues to be rated Hold with a price target of EUR 70 (EUR 56).

Changes in Estimates: FY End: 31.12. in EUR m	2016e + / - 2017e + / - 2018e + / - (old) (old) (old)	Comment on Changes: <ul style="list-style-type: none"> On the basis of the growth shown, the forecasts for 2017 and beyond are raised slightly. Additionally, a higher pace of growth is being assumed in the long term (DCF) as the cooperation with SAP will probably continue to make a dynamic contribution to revenue growth. Together with a roll-over effect this results, once again, in an increase in the price target.
Sales EBITDA EBIT EPS	76.0 1.8 % 83.6 1.7 % 92.0 1.7 % 7.0 11.7 % 11.7 1.7 % 15.6 1.7 % 3.1 24.1 % 7.4 1.7 % 11.3 1.7 % 0.0 24.8 % 0.0 1.8 % 0.0 1.9 %	



Rel. Performance vs CDAX:	
1 month:	7.0 %
6 months:	11.1 %
Year to date:	10.1 %
Trailing 12 months:	46.1 %

Company events:	
27.04.17	FY 2016
30.05.17	Q1
22.06.17	AGM
30.08.17	Q2

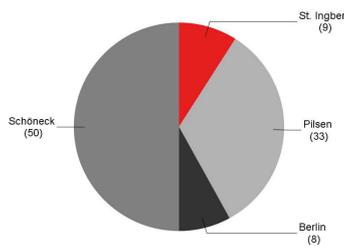
FY End: 31.12. in EUR m	CAGR (15-18e)	2012 2013 2014 2015 2016e 2017e 2018e
Sales Change Sales yoy Gross profit margin EBITDA Margin EBIT Margin Net income	14.3 % -10.5 % 49.4 % 5.1 % 40.3 % 23.5 % 10.0 % 10.0 % 99.8 % 91.3 % 89.6 % 87.6 % 90.0 % 90.0 % 90.0 % 94.1 % 2.9 3.3 0.0 2.2 7.8 11.9 15.9 10.1 % 7.9 % 0.1 % 3.5 % 10.1 % 14.0 % 17.0 % - 0.8 1.0 -3.0 -1.3 3.9 7.6 11.5 2.8 % 2.5 % -6.8 % -2.0 % 5.0 % 8.9 % 12.3 % - 0.7 0.6 -1.9 -1.5 2.7 5.3 8.1	
EPS EPS adj. DPS Dividend Yield FCFPS FCF / Market cap	- 0.38 0.34 -0.99 -0.79 1.41 2.81 4.29 - 0.38 0.34 -0.99 -0.79 1.41 2.81 4.29 - 0.00 0.25 0.00 0.00 0.50 0.50 0.50 n.a. 0.8 % n.a. n.a. 0.7 % 0.7 % 0.7 % 0.57 -0.31 -1.15 0.20 2.28 3.43 5.04 1.5 % -1.0 % -3.4 % -0.3 % 3.3 % 4.9 % 7.2 %	
EV / Sales EV / EBITDA EV / EBIT P / E P / E adj. FCF Yield Potential	2.2 x 1.1 x 1.6 x 1.2 x 1.8 x 1.5 x 1.3 x 22.4 x 13.6 x n.a. 33.7 x 17.5 x 11.0 x 7.7 x 81.4 x 43.3 x n.a. n.a. 35.3 x 17.3 x 10.6 x 101.4 x 91.7 x n.a. n.a. 49.5 x 24.9 x 16.3 x 101.4 x 91.7 x n.a. n.a. 49.5 x 24.9 x 16.3 x 4.2 % 6.6 % 1.6 % 2.8 % 4.9 % 7.4 % 10.3 %	
Net Debt ROCE (NOPAT) Guidance:	-5.1 -10.5 -7.4 8.8 4.5 -1.0 -9.6 3.0 % 2.9 % n.a. n.a. 7.4 % 15.1 % 23.8 % n.a.	

Sales development in EUR m



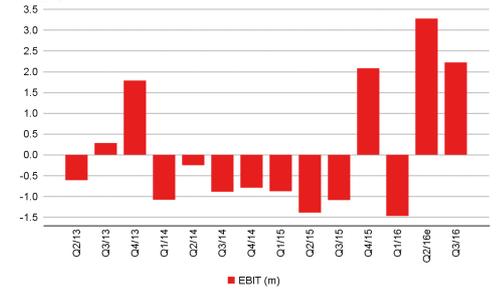
Source: Warburg Research

Employees per location 2016e; in %



Source: Warburg Research

EBIT development in EUR m



Source: Warburg Research

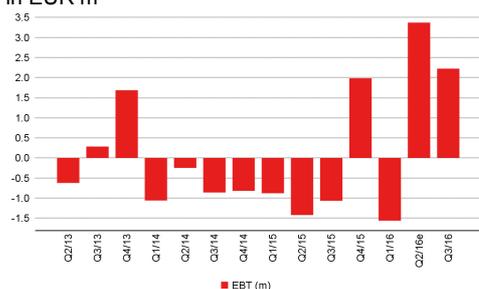
Company Background

- 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

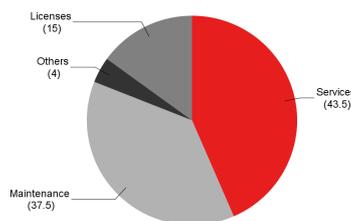
- The structural advantages of GK Software are compelling:
- GK Software's leading solution is completely Java-based, which makes it lean, platform independent and means it can be operated on the existing customer infrastructure.
- For many retail projects, GK competitors tend to undercalculate their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



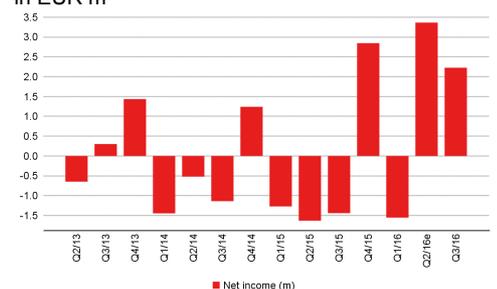
Source: Warburg Research

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	77.3	85.1	93.6	102.0	111.2	120.1	127.3	134.9	143.0	151.6	160.7	168.7	177.1	
Sales change	23.5 %	10.0 %	10.0 %	9.0 %	9.0 %	8.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	5.0 %	5.0 %	2.5 %
EBIT	3.9	7.6	11.5	13.3	16.7	18.0	19.1	20.2	21.4	22.7	24.1	25.3	26.6	
EBIT-margin	5.0 %	8.9 %	12.3 %	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	2.7	5.4	8.2	9.4	11.8	12.8	13.6	14.4	15.2	16.1	17.1	18.0	18.9	
Depreciation	3.9	4.3	4.4	5.1	5.6	6.0	5.1	4.0	4.3	1.5	1.6	1.7	1.8	
in % of Sales	5.1 %	5.1 %	4.7 %	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	-1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	0.8	1.7	1.5	16.3	0.3	-0.1	-0.8	1.7	1.8	1.9	2.0	1.8	1.9	
- Capex	1.5	1.5	1.5	3.1	3.3	3.6	3.8	4.0	2.9	1.5	1.6	1.7	1.8	
Capex in % of Sales	1.9 %	1.7 %	1.6 %	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	6.5	9.6	-6.0	13.7	15.3	15.7	12.7	14.9	14.3	15.1	16.2	17.0	18
PV of FCF	4.5	6.1	8.2	-4.6	9.7	9.9	9.2	6.8	7.2	6.3	6.1	6.0	5.7	80
share of PVs	11.68 %			38.53 %										49.80 %

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	1.50
Risk free rate	1.50 %	Transparency	1.60
		Others	1.50
WACC	9.86 %	Beta	1.52

Valuation (m)

Present values 2028e	81		
Terminal Value	80		
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	132	Value per share (EUR)	69.74

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
1.70	10.9 %	55.88	56.76	57.68	58.66	59.70	60.80	61.98	1.70	10.9 %	49.91	52.83	55.74	58.66	61.58	64.49	67.41
1.61	10.4 %	60.55	61.58	62.67	63.84	65.08	66.41	67.83	1.61	10.4 %	54.52	57.63	60.73	63.84	66.95	70.05	73.16
1.57	10.1 %	63.09	64.22	65.42	66.69	68.05	69.51	71.08	1.57	10.1 %	57.06	60.27	63.48	66.69	69.90	73.11	76.32
1.52	9.9 %	65.81	67.03	68.34	69.74	71.24	72.85	74.58	1.52	9.9 %	59.78	63.10	66.42	69.74	73.06	76.39	79.71
1.47	9.6 %	68.70	70.04	71.48	73.01	74.66	76.44	78.35	1.47	9.6 %	62.70	66.14	69.58	73.01	76.45	79.89	83.33
1.43	9.4 %	71.78	73.26	74.84	76.53	78.35	80.32	82.44	1.43	9.4 %	65.83	69.39	72.96	76.53	80.10	83.67	87.23
1.34	8.9 %	78.62	80.41	82.33	84.41	86.65	89.09	91.74	1.34	8.9 %	72.84	76.70	80.55	84.41	88.26	92.12	95.97

- 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	4.2 x	3.7 x	3.1 x
Book value per share ex intangibles	9.67	12.44	11.68	2.03	4.74	8.54	13.67
EV / Sales	2.2 x	1.1 x	1.6 x	1.2 x	1.8 x	1.5 x	1.3 x
EV / EBITDA	22.4 x	13.6 x	n.a.	33.7 x	17.5 x	11.0 x	7.7 x
EV / EBIT	81.4 x	43.3 x	n.a.	n.a.	35.3 x	17.3 x	10.6 x
EV / EBIT adj.*	81.4 x	43.3 x	n.a.	n.a.	35.3 x	17.3 x	10.6 x
P / FCF	68.2 x	n.a.	n.a.	n.a.	30.6 x	20.4 x	13.9 x
P / E	101.4 x	91.7 x	n.a.	n.a.	49.5 x	24.9 x	16.3 x
P / E adj.*	101.4 x	91.7 x	n.a.	n.a.	49.5 x	24.9 x	16.3 x
Dividend Yield	n.a.	0.8 %	n.a.	n.a.	0.7 %	0.7 %	0.7 %
Free Cash Flow Yield Potential	4.2 %	6.6 %	1.6 %	2.8 %	4.9 %	7.4 %	10.3 %

*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	77.3	85.1	93.6
Change Sales yoy	-10.5 %	49.4 %	5.1 %	40.3 %	23.5 %	10.0 %	10.0 %
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	0.8	0.9	0.9
Total Sales	29.0	42.8	45.1	63.1	78.1	85.9	94.5
Material expenses	0.7	4.1	5.2	8.3	8.5	9.4	10.3
Gross profit	28.4	38.8	40.0	54.9	69.6	76.6	84.2
<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	46.3	48.1	51.0
Other operating income	1.7	2.5	2.2	1.7	2.3	2.1	2.3
Other operating expenses	7.4	12.3	13.4	14.7	17.8	18.7	19.6
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	7.8	11.9	15.9
<i>Margin</i>	<i>10.1 %</i>	<i>7.9 %</i>	<i>0.1 %</i>	<i>3.5 %</i>	<i>10.1 %</i>	<i>14.0 %</i>	<i>17.0 %</i>
Depreciation of fixed assets	0.6	0.8	0.9	1.0	1.2	1.3	1.4
EBITA	2.2	2.6	-0.9	1.2	6.7	10.6	14.5
Amortisation of intangible assets	1.4	1.5	1.2	1.5	2.0	2.6	2.8
Goodwill amortisation	0.0	0.0	0.9	1.0	0.8	0.5	0.2
EBIT	0.8	1.0	-3.0	-1.3	3.9	7.6	11.5
<i>Margin</i>	<i>2.8 %</i>	<i>2.5 %</i>	<i>-6.8 %</i>	<i>-2.0 %</i>	<i>5.0 %</i>	<i>8.9 %</i>	<i>12.3 %</i>
EBIT adj.	0.8	1.0	-3.0	-1.3	3.9	7.6	11.5
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	3.8	7.5	11.4
<i>Margin</i>	<i>2.9 %</i>	<i>2.2 %</i>	<i>-6.7 %</i>	<i>-2.2 %</i>	<i>4.9 %</i>	<i>8.8 %</i>	<i>12.2 %</i>
Total taxes	0.1	0.3	-1.1	0.1	1.1	2.2	3.3
Net income from continuing operations	0.7	0.6	-1.9	-1.5	2.7	5.3	8.1
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	2.7	5.3	8.1
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	2.7	5.3	8.1
<i>Margin</i>	<i>2.4 %</i>	<i>1.4 %</i>	<i>-4.2 %</i>	<i>-2.4 %</i>	<i>3.5 %</i>	<i>6.2 %</i>	<i>8.7 %</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	1.41	2.81	4.29
EPS adj.	0.38	0.34	-0.99	-0.79	1.41	2.81	4.29

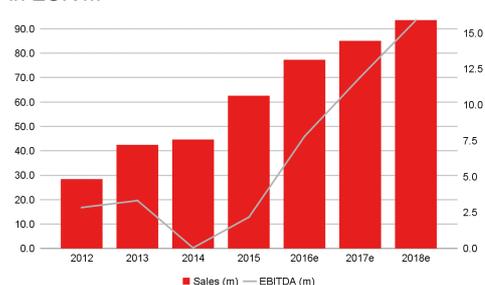
*Adjustments made for:

Guidance: n.a.
Financial Ratios

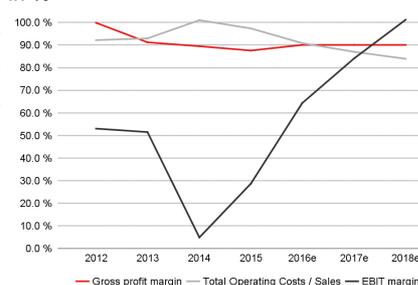
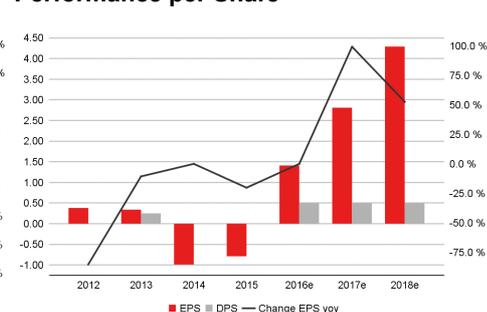
	2012	2013	2014	2015	2016e	2017e	2018e
Total Operating Costs / Sales	92.1 %	93.0 %	101.1 %	97.4 %	90.9 %	87.0 %	84.0 %
Operating Leverage	8.4 x	0.7 x	n.a.	-1.4 x	n.a.	9.6 x	5.2 x
EBITDA / Interest expenses	14.9 x	14.9 x	0.3 x	6.7 x	26.0 x	39.7 x	53.0 x
Tax rate (EBT)	17.6 %	35.5 %	37.4 %	-8.5 %	29.0 %	29.0 %	29.0 %
Dividend Payout Ratio	0.0 %	74.5 %	0.0 %	0.0 %	35.3 %	17.8 %	11.7 %
Sales per Employee	70,022	102,535	105,677	145,313	175,980	189,783	204,668

Sales, EBITDA

in EUR m


Operating Performance

in %


Performance per Share


Source: Warburg Research

Source: Warburg Research

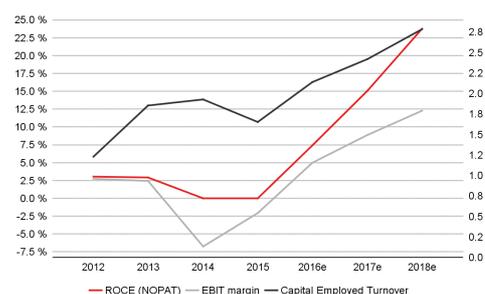
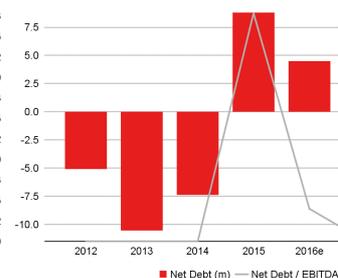
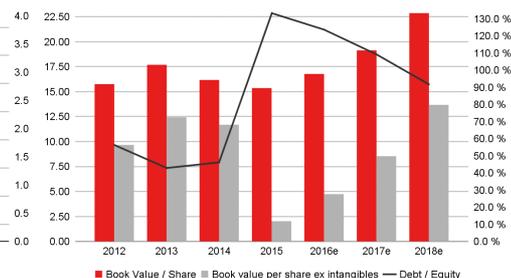
Source: Warburg Research

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	22.7	20.0	17.4
thereof other intangible assets	4.5	3.5	2.9	20.2	18.5	16.3	13.8
thereof Goodwill	6.4	6.4	5.5	5.0	4.2	3.7	3.5
Property, plant and equipment	4.9	4.8	5.0	5.8	5.7	5.6	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
Fixed assets	15.8	14.7	13.4	30.9	28.5	25.6	22.7
Inventories	1.0	1.0	1.2	1.7	1.2	1.3	1.4
Accounts receivable	11.6	13.1	9.2	12.6	14.4	16.3	17.9
Liquid assets	10.3	13.7	10.2	7.4	11.7	17.2	25.8
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	42.4	50.0	60.3
Total Assets	44.1	47.7	44.7	67.7	70.9	75.6	82.9
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	2.7	7.1	14.2
Other equity components	12.0	13.4	10.4	8.9	8.9	9.0	8.9
Shareholders' equity	28.2	33.4	30.6	29.0	31.7	36.2	43.2
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	31.7	36.2	43.2
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	2.6	2.9	3.1
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	39.2	39.5	39.7
Total liabilities and shareholders' equity	44.1	47.7	44.7	67.7	70.9	75.6	82.9

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	5.3 x	5.2 x	5.3 x
Capital Employed Turnover	1.2 x	1.9 x	1.9 x	1.7 x	2.1 x	2.4 x	2.8 x
ROA	4.3 %	4.1 %	-13.9 %	-4.9 %	9.4 %	20.7 %	35.7 %
Return on Capital							
ROCE (NOPAT)	3.0 %	2.9 %	n.a.	n.a.	7.4 %	15.1 %	23.8 %
ROE	2.4 %	2.0 %	-5.8 %	-5.0 %	8.8 %	15.6 %	20.4 %
Adj. ROE	2.4 %	2.0 %	-5.8 %	-5.0 %	8.8 %	15.6 %	20.4 %
Balance sheet quality							
Net Debt	-5.1	-10.5	-7.4	8.8	4.5	-1.0	-9.6
Net Financial Debt	-6.8	-11.5	-9.0	7.3	3.0	-2.5	-11.1
Net Gearing	-18.0 %	-31.5 %	-24.1 %	30.3 %	14.2 %	-2.9 %	-22.3 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	337.6 %	38.9 %	n.a.	n.a.
Book Value / Share	15.7	17.7	16.2	15.4	16.8	19.1	22.9
Book value per share ex intangibles	9.7	12.4	11.7	2.0	4.7	8.5	13.7

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

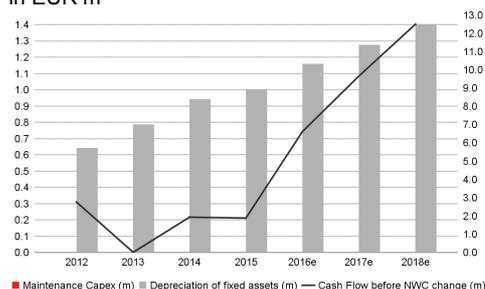
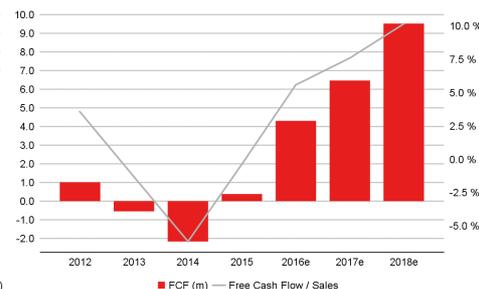
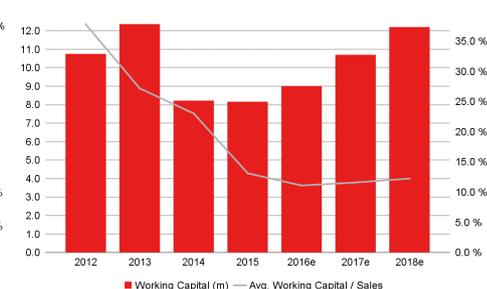
In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
Net income	0.7	0.6	-1.9	-1.5	2.7	5.3	8.1
Depreciation of fixed assets	0.6	0.8	0.9	1.0	1.2	1.3	1.4
Amortisation of goodwill	0.0	0.0	0.9	1.0	0.8	0.5	0.2
Amortisation of intangible assets	1.4	1.5	1.2	1.5	2.0	2.6	2.8
Increase/decrease in long-term provisions	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 before NWC change	2.8	0.0	1.9	1.9	6.6	9.6	12.5
Increase / decrease in inventory	0.1	0.1	-0.1	-0.1	0.5	-0.1	-0.1
Increase / decrease in accounts receivable	2.4	2.4	-0.4	-0.4	-1.8	-1.9	-1.6
Increase / decrease in accounts payable	-2.2	-1.0	-0.2	-0.2	0.5	0.3	0.2
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	-0.8	-1.7	-1.5
Net cash provided by operating activities [1]	3.1	1.6	-0.4	2.2	5.8	7.9	11.0
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 [2]	-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 [3]	-2.7	2.6	-1.6	12.6	0.0	-0.9	-0.9
Change in liquid funds [1]+[2]+[3]	-3.6	3.2	-3.6	-3.9	4.3	5.5	8.6
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	17.2	25.8

Financial Ratios

	2012	2013	2014	2015	2016e	2017e	2018e
Cash Flow							
FCF	1.0	-0.6	-2.2	0.4	4.3	6.5	9.5
Free Cash Flow / Sales	3.6 %	-1.3 %	-6.2 %	-0.3 %	5.6 %	7.6 %	10.2 %
Free Cash Flow Potential	2.7	3.0	1.2	2.1	6.7	9.7	12.6
Free Cash Flow / Net Profit	149.7 %	-91.9 %	147.0 %	13.3 %	161.1 %	122.1 %	117.7 %
Interest Received / Avg. Cash	1.9 %	0.9 %	1.3 %	2.5 %	2.1 %	1.4 %	0.9 %
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 %	1.9 %	1.7 %	1.6 %
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 %	37.2 %	33.8 %	33.4 %
Avg. Working Capital / Sales	37.8 %	27.2 %	23.0 %	13.1 %	11.1 %	11.6 %	12.2 %
Trade Debtors / Trade Creditors	1379.5 %	1356.9 %	562.7 %	600.2 %	553.8 %	562.1 %	577.4 %
Inventory Turnover	0.7 x	3.9 x	4.4 x	5.0 x	7.1 x	7.2 x	7.4 x
Receivables collection period (days)	149	113	75	73	68	70	70
Payables payment period (days)	457	86	116	93	112	113	110
Cash conversion cycle (Days)	-252	-37	-52	-182	-222	-209	-193

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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-B-	Buy:	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	Hold:	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	Sell:	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	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	117	60
Hold	70	36
Sell	8	4
Rating suspended	1	1
Total	196	100

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

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

Rating	Number of stocks	% of Universe
Buy	27	73
Hold	7	19
Sell	2	5
Rating suspended	1	3
Total	37	100

PRICE AND RATING HISTORY GK SOFTWARE AS OF 07.04.2017


Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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