

Buy (Hold) EUR 120.00 (EUR 70.00) Price EUR 92.49 Upside 29.7 %	Value Indicators: EUR DCF: 121.42	Share data: Bloomberg: GKS GR Reuters: GKSG ISIN: DE0007571424	Description: Leading software company for stationary retailers
	Market Snapshot: EUR m Market cap: 174.8 No. of shares (m): 1.9 EV: 175.4 Freefloat MC: 69.0 Ø Trad. Vol. (30d): 24.26 th	Shareholders: Freefloat 39.5 % GK Software Holding 49.6 % SAP 5.3 % Rainer Gläß 3.3 % Stephan Kronmüller 2.3 %	Risk Profile (WRe): 2017e Beta: 1.3 Price / Book: 4.6 x Equity Ratio: 48 % Net Debt / EBITDA: 0.0 x

Prospects are bright

Stated Figures Q1/2017:								Comment on Figures:	
in EUR m	Q1/17	Q1/17e	Q1/16	yoy	2017e	2016	yoy		
Sales	20.1	17.0	15.4	30.3%	92.0	77.3	19.0%	<ul style="list-style-type: none"> GK's Q1 figures clearly exceeded expectations. This was due to both another increase in the group's efficiency and very strong revenues in the service segment related to special effects from project completions. Following the Q1 figures, which had been reported a couple of weeks ago, we have substantially revised the valuation model. 	
EBITDA margin	5.0%	3.5%	-3.1%	-	14.5%	10.1%	71.0%		
EBIT margin	0.8%	-1.2%	-9.5%	-	9.4%	5.1%	119.3%		
EPS in EUR	-0.19	-0.30	-0.82	-76.8%	3.21	1.50	114.0%		

The significant increase in GK's PT can be put down to a number of factors related to valuation and contents: It should first be noted that, in operating terms, the group's efficiency has improved noticeably over the last few quarters. The number of projects resulting in non-billable services has decreased significantly. However, there are still non-billable days from time to time, mainly as part of attractive long-term major projects. Additionally, staff is currently reduced at a slightly slower pace than planned, and this will continue over the next few years since demand for qualified employees is high – which will bring about high utilisation rates and strong margins. In addition to efficiency, the strong momentum is also reflected in the sales trend: New software developments ("OmniPOS") have been met with strong demand, the partnership with SAP generates strong momentum for projects and license revenues, and last, but not least, the company's internationalisation in the USA and (South) Africa is successful. Speaking of South Africa, it is worth mentioning that "Massmart" (51% Wal-Mart) has been acquired as a customer together with SAP. This shows that customers such as Walmart – as well as many medium-sized American companies – should be well within reach for GK now. Given that GK's opportunities now outweigh the risks (which had been substantial in earlier years), and that a potential takeover by SAP (shareholder with a pre-emptive right to purchase management's shares) is still possible, the beta was significantly reduced (from 1.5 to 1.3) in the risk assessment analysis. In combination with a substantial increase in estimates, this results in a significantly higher PT of EUR 120 (70), on the basis of which GK is being upgraded to Buy (Hold) again.

Changes in Estimates:							Comment on Changes:	
FY End: 31.12. in EUR m	2017e (old)	+ / -	2018e (old)	+ / -	2019e (old)	+ / -		
Sales	85.1	8.2 %	93.6	13.1 %	n.a.	n.m.	<ul style="list-style-type: none"> An improved utilisation / efficiency and sound demand from the legacy business as well as the cooperation with SAP lead to higher earnings estimates. It seems more and more likely that the company can also acquire major international customers (also in North America amongst others) in the medium to long term. Customers acquired through partners, in particular, may be very attractive in terms of margins („licensing income“). 	
EBITDA	11.9	12.0 %	15.9	23.0 %	n.a.	n.m.		
EBIT	7.6	14.2 %	11.5	26.9 %	n.a.	n.m.		
EPS	0.0	14.2 %	0.0	27.0 %	n.a.	n.m.		

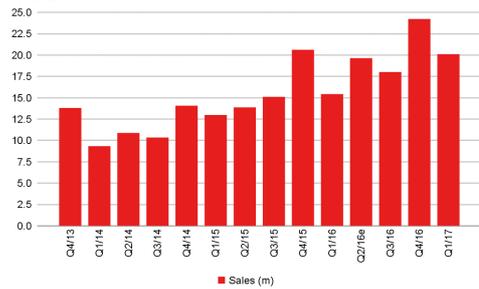


Rel. Performance vs CDAX:	
1 month:	16.7 %
6 months:	47.9 %
Year to date:	44.4 %
Trailing 12 months:	78.0 %

Company events:	
22.06.17	AGM
30.08.17	Q2
29.11.17	Q3

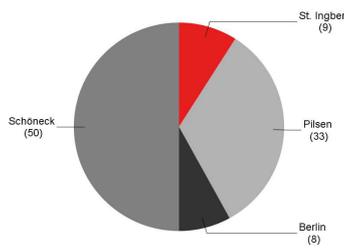
FY End: 31.12. in EUR m	CAGR (16-19e)	2013	2014	2015	2016	2017e	2018e	2019e
Sales	14.6 %	42.5	44.6	62.6	77.3	92.0	105.8	116.4
Change Sales yoy		49.4 %	5.1 %	40.3 %	23.5 %	19.0 %	15.0 %	10.0 %
Gross profit margin		91.3 %	89.6 %	87.6 %	90.6 %	90.5 %	90.5 %	90.5 %
EBITDA	45.1 %	3.3	0.0	2.2	7.8	13.3	19.6	23.9
Margin		7.9 %	0.1 %	3.5 %	10.1 %	14.5 %	18.5 %	20.5 %
EBIT	67.1 %	1.0	-3.0	-1.3	3.9	8.6	14.6	18.4
Margin		2.5 %	-6.8 %	-2.0 %	5.1 %	9.4 %	13.8 %	15.8 %
Net income	66.2 %	0.6	-1.9	-1.5	2.8	6.1	10.3	13.0
EPS	66.1 %	0.34	-0.99	-0.79	1.50	3.21	5.45	6.87
EPS adj.	66.1 %	0.34	-0.99	-0.79	1.50	3.21	5.45	6.87
DPS	-	0.25	0.00	0.00	0.00	0.50	0.50	0.50
Dividend Yield		0.8 %	n.a.	n.a.	n.a.	0.5 %	0.5 %	0.5 %
FCFPS		-0.31	-1.15	0.20	1.00	5.25	5.98	7.98
FCF / Market cap		-1.0 %	-3.4 %	-0.3 %	1.5 %	5.7 %	6.5 %	8.6 %
EV / Sales		1.1 x	1.6 x	1.2 x	1.3 x	1.9 x	1.6 x	1.3 x
EV / EBITDA		13.6 x	n.a.	33.7 x	12.5 x	13.1 x	8.4 x	6.3 x
EV / EBIT		43.3 x	n.a.	n.a.	24.8 x	20.3 x	11.3 x	8.2 x
P / E		91.7 x	n.a.	n.a.	30.8 x	28.8 x	17.0 x	13.5 x
P / E adj.		91.7 x	n.a.	n.a.	30.8 x	28.8 x	17.0 x	13.5 x
FCF Potential Yield		6.6 %	1.6 %	2.8 %	7.3 %	6.2 %	9.3 %	12.3 %
Net Debt		-10.5	-7.4	8.8	10.5	0.6	-9.8	-23.9
ROCE (NOPAT)		2.9 %	n.a.	n.a.	8.1 %	15.2 %	27.4 %	36.0 %
Guidance:	n.a.							

Sales development in EUR m



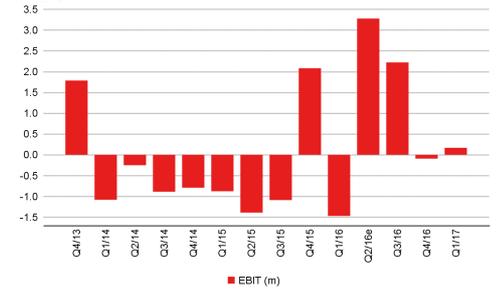
Source: Warburg Research

Employees per location 2016e; in %



Source: Warburg Research

EBIT development in EUR m



Source: Warburg Research

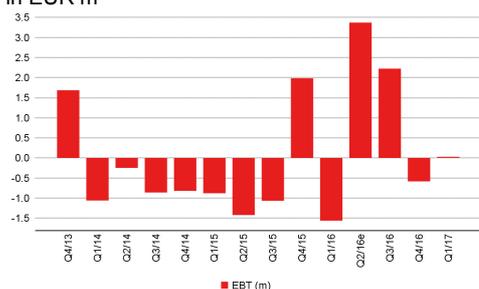
Company Background

- 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

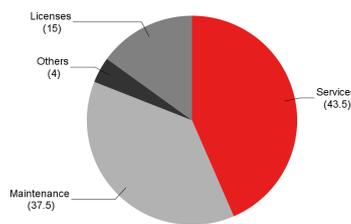
- The structural advantages of GK Software are compelling:
- GK Software's leading solution is completely Java-based, which makes it lean, platform independent and means it can be operated on the existing customer infrastructure.
- For many retail projects, GK competitors tend to undercalculate their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



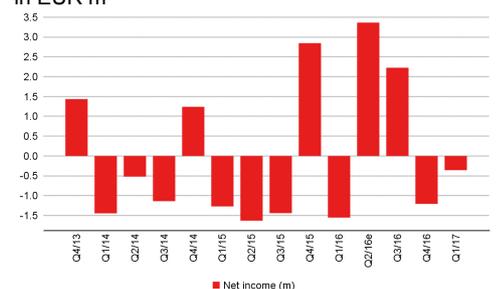
Source: Warburg Research

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
	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	
Sales	92.0	105.8	116.4	123.4	130.8	138.6	146.9	155.7	165.1	175.0	185.5	194.8	204.5	
Sales change	19.0 %	15.0 %	10.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	5.0 %	5.0 %	2.5 %
EBIT	8.6	14.6	18.4	19.7	22.2	23.6	25.0	26.5	28.1	29.7	31.5	33.1	34.8	
EBIT-margin	9.4 %	13.8 %	15.8 %	16.0 %	17.0 %	17.0 %	17.0 %	17.0 %	17.0 %	17.0 %	17.0 %	17.0 %	17.0 %	
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	6.1	10.4	13.1	14.0	15.8	16.7	17.7	18.8	19.9	21.1	22.4	23.5	24.7	
Depreciation	4.7	5.0	5.5	6.2	6.5	6.9	5.9	4.7	5.0	1.7	1.9	1.9	2.0	
in % of Sales	5.1 %	4.7 %	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	-1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	-0.6	2.5	1.9	14.0	-0.5	-0.7	-0.9	1.9	2.1	2.2	2.3	2.0	2.1	
- Capex	1.5	1.5	1.5	3.7	3.9	4.2	4.4	4.7	3.3	1.7	1.9	1.9	2.0	
Capex in % of Sales	1.6 %	1.4 %	1.3 %	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)	10.0	11.4	15.2	1.2	19.0	20.3	20.2	16.9	19.6	19.0	20.1	21.5	22.6	23
PV of FCF	9.6	10.0	12.3	0.9	13.0	12.8	11.7	9.0	9.6	8.5	8.3	8.2	7.9	131
share of PVs	12.61 %			35.53 %										51.86 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.30
Cost of debt (after tax)	4.2 %	Liquidity (share)	1.30
Market return	7.00 %	Cyclicality	1.50
Risk free rate	1.50 %	Transparency	1.20
		Others	1.30
WACC	8.76 %	Beta	1.32

Valuation (m)

Present values 2029e	122		
Terminal Value	131		
Financial liabilities	15		
Pension liabilities	2		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	-7	No. of shares (m)	1.9
Equity Value	229	Value per share (EUR)	121.42

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
1.50	9.8 %	96.80	98.36	100.03	101.80	103.71	105.75	107.95	1.50	9.8 %	90.89	94.53	98.16	101.80	105.44	109.08	112.72
1.41	9.3 %	104.81	106.69	108.71	110.87	113.20	115.72	118.45	1.41	9.3 %	99.10	103.02	106.95	110.87	114.80	118.72	122.65
1.37	9.0 %	109.24	111.31	113.54	115.94	118.53	121.33	124.38	1.37	9.0 %	103.68	107.77	111.85	115.94	120.02	124.11	128.19
1.32	8.8 %	113.99	116.28	118.75	121.42	124.30	127.44	130.87	1.32	8.8 %	108.64	112.90	117.16	121.42	125.68	129.93	134.19
1.27	8.5 %	119.10	121.64	124.39	127.36	130.59	134.11	137.97	1.27	8.5 %	114.02	118.47	122.91	127.36	131.81	136.25	140.70
1.23	8.3 %	124.62	127.44	130.50	133.83	137.45	141.42	145.79	1.23	8.3 %	119.87	124.52	129.18	133.83	138.48	143.13	147.78
1.14	7.8 %	137.06	140.58	144.43	148.63	153.26	158.37	164.05	1.14	7.8 %	133.27	138.39	143.51	148.63	153.75	158.87	163.99

- 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	2013	2014	2015	2016	2017e	2018e	2019e
Price / Book	1.7 x	2.6 x	2.2 x	2.8 x	4.6 x	3.7 x	3.0 x
Book value per share ex intangibles	12.44	11.68	2.03	4.18	8.96	15.52	23.68
EV / Sales	1.1 x	1.6 x	1.2 x	1.3 x	1.9 x	1.6 x	1.3 x
EV / EBITDA	13.6 x	n.a.	33.7 x	12.5 x	13.1 x	8.4 x	6.3 x
EV / EBIT	43.3 x	n.a.	n.a.	24.8 x	20.3 x	11.3 x	8.2 x
EV / EBIT adj.*	43.3 x	n.a.	n.a.	24.8 x	20.3 x	11.3 x	8.2 x
P / FCF	n.a.	n.a.	n.a.	66.8 x	17.6 x	15.5 x	11.6 x
P / E	91.7 x	n.a.	n.a.	30.8 x	28.8 x	17.0 x	13.5 x
P / E adj.*	91.7 x	n.a.	n.a.	30.8 x	28.8 x	17.0 x	13.5 x
Dividend Yield	0.8 %	n.a.	n.a.	n.a.	0.5 %	0.5 %	0.5 %
FCF Potential Yield (on market EV)	6.6 %	1.6 %	2.8 %	7.3 %	6.2 %	9.3 %	12.3 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
Sales	42.5	44.6	62.6	77.3	92.0	105.8	116.4
Change Sales yoy	49.4 %	5.1 %	40.3 %	23.5 %	19.0 %	15.0 %	10.0 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.4	0.5	0.5	0.4	0.9	1.1	1.2
Total Sales	42.8	45.1	63.1	77.7	92.9	106.9	117.5
Material expenses	4.1	5.2	8.3	7.7	9.7	11.1	12.2
Gross profit	38.8	40.0	54.9	70.0	83.3	95.7	105.3
<i>Gross profit margin</i>	<i>91.3 %</i>	<i>89.6 %</i>	<i>87.6 %</i>	<i>90.6 %</i>	<i>90.5 %</i>	<i>90.5 %</i>	<i>90.5 %</i>
Personnel expenses	25.6	28.7	39.7	47.7	52.0	57.7	63.4
Other operating income	2.5	2.2	1.7	1.8	2.3	2.6	2.9
Other operating expenses	12.3	13.4	14.7	16.3	20.2	21.2	20.9
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	3.3	0.0	2.2	7.8	13.3	19.6	23.9
<i>Margin</i>	<i>7.9 %</i>	<i>0.1 %</i>	<i>3.5 %</i>	<i>10.1 %</i>	<i>14.5 %</i>	<i>18.5 %</i>	<i>20.5 %</i>
Depreciation of fixed assets	0.8	0.9	1.0	1.1	1.4	1.6	1.7
EBITA	2.6	-0.9	1.2	6.7	12.0	18.0	22.1
Amortisation of intangible assets	1.5	1.2	1.5	1.8	2.8	3.2	3.5
Goodwill amortisation	0.0	0.9	1.0	1.0	0.6	0.2	0.2
EBIT	1.0	-3.0	-1.3	3.9	8.6	14.6	18.4
<i>Margin</i>	<i>2.5 %</i>	<i>-6.8 %</i>	<i>-2.0 %</i>	<i>5.1 %</i>	<i>9.4 %</i>	<i>13.8 %</i>	<i>15.8 %</i>
EBIT adj.	1.0	-3.0	-1.3	3.9	8.6	14.6	18.4
Interest income	0.1	0.2	0.2	0.1	0.2	0.2	0.2
Interest expenses	0.2	0.1	0.3	0.6	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	0.9	-3.0	-1.4	3.5	8.5	14.5	18.3
<i>Margin</i>	<i>2.2 %</i>	<i>-6.7 %</i>	<i>-2.2 %</i>	<i>4.5 %</i>	<i>9.3 %</i>	<i>13.7 %</i>	<i>15.7 %</i>
Total taxes	0.3	-1.1	0.1	0.6	2.5	4.2	5.3
Net income from continuing operations	0.6	-1.9	-1.5	2.8	6.1	10.3	13.0
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	0.6	-1.9	-1.5	2.8	6.1	10.3	13.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	0.6	-1.9	-1.5	2.8	6.1	10.3	13.0
<i>Margin</i>	<i>1.4 %</i>	<i>-4.2 %</i>	<i>-2.4 %</i>	<i>3.7 %</i>	<i>6.6 %</i>	<i>9.7 %</i>	<i>11.2 %</i>
Number of shares, average	1.8	1.9	1.9	1.9	1.9	1.9	1.9
EPS	0.34	-0.99	-0.79	1.50	3.21	5.45	6.87
EPS adj.	0.34	-0.99	-0.79	1.50	3.21	5.45	6.87

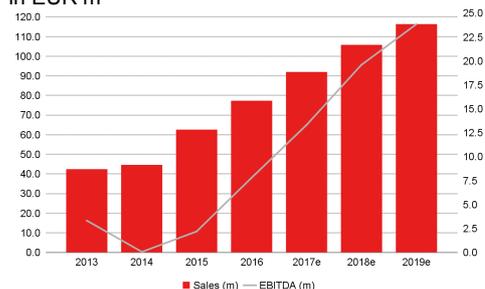
*Adjustments made for:

Guidance: n.a.
Financial Ratios

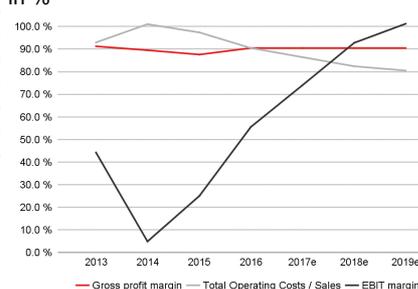
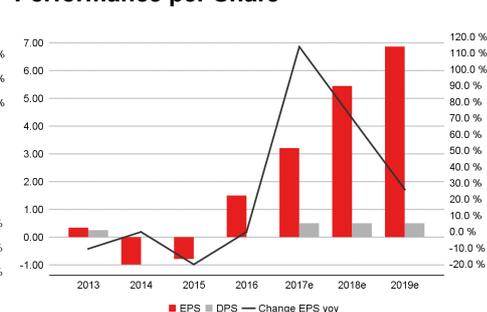
	2013	2014	2015	2016	2017e	2018e	2019e
Total Operating Costs / Sales	93.0 %	101.1 %	97.4 %	90.4 %	86.5 %	82.5 %	80.5 %
Operating Leverage	0.7 x	n.a.	-1.4 x	n.a.	6.3 x	4.6 x	2.6 x
EBITDA / Interest expenses	14.9 x	0.3 x	6.7 x	12.2 x	44.5 x	65.2 x	79.5 x
Tax rate (EBT)	35.5 %	37.4 %	-8.5 %	18.1 %	29.0 %	29.0 %	29.0 %
Dividend Payout Ratio	74.5 %	0.0 %	0.0 %	0.0 %	15.6 %	9.2 %	7.3 %
Sales per Employee	102,535	105,677	145,313	175,985	205,260	231,420	249,571

Sales, EBITDA

in EUR m


Operating Performance

in %


Performance per Share


Source: Warburg Research

Source: Warburg Research

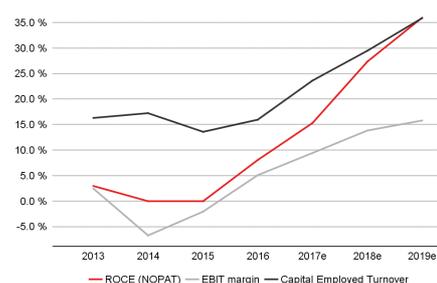
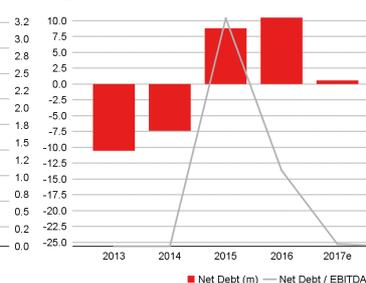
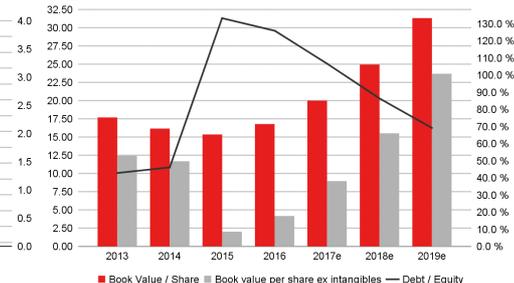
Source: Warburg Research

Consolidated balance sheet

In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
Assets							
Goodwill and other intangible assets	9.9	8.5	25.2	23.8	20.9	17.8	14.4
thereof other intangible assets	3.5	2.9	20.2	18.8	16.4	13.6	10.4
thereof Goodwill	6.4	5.5	5.0	5.0	4.4	4.2	4.0
Property, plant and equipment	4.8	5.0	5.8	8.9	8.6	8.2	7.6
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	14.7	13.4	30.9	32.7	29.5	26.0	22.0
Inventories	1.0	1.2	1.7	1.2	1.4	1.6	1.8
Accounts receivable	13.1	9.2	12.6	18.0	17.6	20.3	22.3
Liquid assets	13.7	10.2	7.4	6.0	15.9	26.3	40.4
Other short-term assets	5.2	10.7	15.2	13.7	13.7	13.7	13.7
Current assets	33.0	31.2	36.8	38.9	48.6	61.8	78.2
Total Assets	47.7	44.7	67.7	71.6	78.1	87.8	100.2
Liabilities and shareholders' equity							
Subscribed capital	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Capital reserve	18.2	18.2	18.2	18.5	18.5	18.5	18.5
Retained earnings	0.0	0.0	0.0	0.0	6.1	15.5	27.5
Other equity components	13.4	10.4	8.9	11.3	11.3	11.3	11.3
Shareholders' equity	33.4	30.6	29.0	31.7	37.8	47.1	59.2
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	33.4	30.6	29.0	31.7	37.8	47.1	59.2
Provisions	3.5	4.1	6.0	3.6	3.6	3.6	3.6
thereof provisions for pensions and similar obligations	0.9	1.7	1.5	1.7	1.7	1.7	1.7
Financial liabilities (total)	2.3	1.1	14.7	14.8	14.8	14.8	14.8
thereof short-term financial liabilities	1.3	0.3	3.2	5.8	5.8	5.8	5.8
Accounts payable	1.0	1.6	2.1	2.2	2.6	3.0	3.3
Other liabilities	7.6	7.2	15.9	19.3	19.3	19.3	19.3
Liabilities	14.3	14.1	38.7	39.9	40.3	40.7	41.0
Total liabilities and shareholders' equity	47.7	44.7	67.7	71.6	78.1	87.8	100.2

Financial Ratios

	2013	2014	2015	2016	2017e	2018e	2019e
Efficiency of Capital Employment							
Operating Assets Turnover	2.5 x	3.4 x	4.5 x	3.0 x	3.7 x	3.9 x	4.1 x
Capital Employed Turnover	1.9 x	1.9 x	1.7 x	1.8 x	2.4 x	2.8 x	3.3 x
ROA	4.1 %	-13.9 %	-4.9 %	8.6 %	20.6 %	39.6 %	59.0 %
Return on Capital							
ROCE (NOPAT)	2.9 %	n.a.	n.a.	8.1 %	15.2 %	27.4 %	36.0 %
ROE	2.0 %	-5.8 %	-5.0 %	9.3 %	17.5 %	24.2 %	24.4 %
Adj. ROE	2.0 %	-5.8 %	-5.0 %	9.3 %	17.5 %	24.2 %	24.4 %
Balance sheet quality							
Net Debt	-10.5	-7.4	8.8	10.5	0.6	-9.8	-23.9
Net Financial Debt	-11.5	-9.0	7.3	8.8	-1.1	-11.5	-25.6
Net Gearing	-31.5 %	-24.1 %	30.3 %	33.1 %	1.5 %	-20.7 %	-40.4 %
Net Fin. Debt / EBITDA	n.a.	n.a.	337.6 %	112.8 %	n.a.	n.a.	n.a.
Book Value / Share	17.7	16.2	15.4	16.8	20.0	24.9	31.3
Book value per share ex intangibles	12.4	11.7	2.0	4.2	9.0	15.5	23.7

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

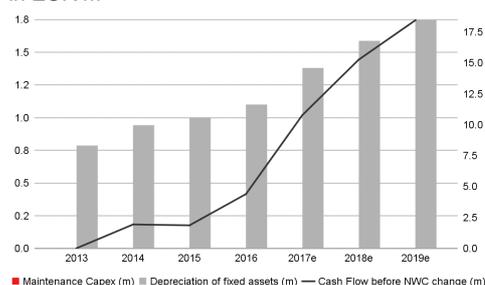
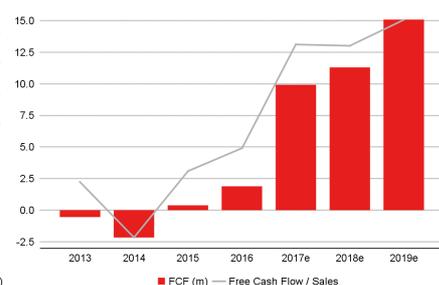
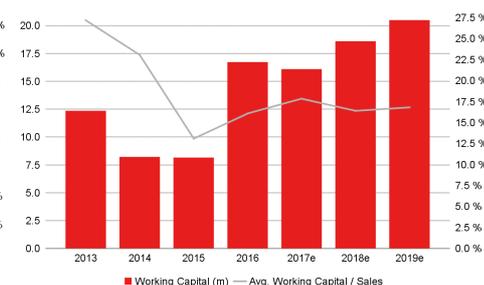
In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
Net income	0.6	-1.9	-1.5	2.8	6.1	10.3	13.0
Depreciation of fixed assets	0.8	0.9	1.0	1.1	1.4	1.6	1.7
Amortisation of goodwill	0.0	0.9	1.0	1.0	0.6	0.2	0.2
Amortisation of intangible assets	1.5	1.2	1.5	1.8	2.8	3.2	3.5
Increase/decrease in long-term provisions	-1.7	0.8	0.7	0.0	0.0	0.0	0.0
Other non-cash income and expenses	-1.1	0.0	-0.8	-2.3	0.0	0.0	0.0
Cash Flow before NWC change	0.0	1.9	1.9	4.4	10.8	15.3	18.5
Increase / decrease in inventory	0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2
Increase / decrease in accounts receivable	2.4	-0.4	-0.4	-0.4	0.4	-2.7	-2.0
Increase / decrease in accounts payable	-1.0	-0.2	-0.2	-0.2	0.4	0.4	0.3
Increase / decrease in other working capital positions	0.0	-1.6	1.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	1.5	-2.3	0.3	-0.7	0.6	-2.5	-1.9
Net cash provided by operating activities [1]	1.6	-0.4	2.2	3.7	11.4	12.8	16.6
Investments in intangible assets	-0.9	-1.2	-1.2	-1.2	-0.3	-0.3	-0.3
Investments in property, plant and equipment	-1.2	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1
Payments for acquisitions	0.0	0.0	-16.8	-0.1	0.0	0.0	0.0
Financial investments	0.0	-0.1	-0.1	-0.1	0.0	0.0	0.0
Income from asset disposals	1.2	0.3	0.0	-3.2	0.0	0.0	0.0
Net cash provided by investing activities [2]	-0.9	-1.6	-18.6	-5.1	-1.5	-1.5	-1.5
Change in financial liabilities	-1.2	-1.2	13.6	0.1	0.0	0.0	0.0
Dividends paid	0.0	-0.5	0.0	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	3.8	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	-1.0	-0.7	0.0	0.0	0.0
Net cash provided by financing activities [3]	2.6	-1.6	12.6	-0.6	0.0	-0.9	-0.9
Change in liquid funds [1]+[2]+[3]	3.2	-3.6	-3.9	-2.1	9.9	10.4	14.1
Effects of exchange-rate changes on cash	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	13.5	10.2	6.4	5.3	15.9	26.3	40.4

Financial Ratios

	2013	2014	2015	2016	2017e	2018e	2019e
Cash Flow							
FCF	-0.6	-2.2	0.4	1.9	9.9	11.3	15.1
Free Cash Flow / Sales	-1.3 %	-6.2 %	-0.3 %	1.7 %	10.8 %	10.7 %	13.0 %
Free Cash Flow Potential	3.0	1.2	2.1	7.2	10.9	15.4	18.6
Free Cash Flow / Net Profit	-91.9 %	147.0 %	13.3 %	46.3 %	163.5 %	109.8 %	116.2 %
Interest Received / Avg. Cash	0.9 %	1.3 %	2.5 %	2.2 %	1.8 %	0.9 %	0.6 %
Interest Paid / Avg. Debt	7.8 %	7.4 %	4.1 %	4.3 %	2.0 %	2.0 %	2.0 %
Management of Funds							
Investment ratio	5.0 %	5.3 %	3.8 %	3.1 %	1.6 %	1.4 %	1.3 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	92.0 %	77.6 %	68.6 %	61.4 %	31.3 %	29.5 %	26.8 %
Avg. Working Capital / Sales	27.2 %	23.0 %	13.1 %	16.1 %	17.8 %	16.4 %	16.8 %
Trade Debtors / Trade Creditors	1356.9 %	562.7 %	600.2 %	819.6 %	676.9 %	676.7 %	675.8 %
Inventory Turnover	3.9 x	4.4 x	5.0 x	6.4 x	6.9 x	6.9 x	6.8 x
Receivables collection period (days)	113	75	73	85	70	70	70
Payables payment period (days)	86	116	93	105	98	99	99
Cash conversion cycle (Days)	-37	-52	-182	-48	-47	-46	-43

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	106	53
Hold	82	41
Sell	10	5
Rating suspended	1	1
Total	199	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	30	71
Hold	9	21
Sell	2	5
Rating suspended	1	2
Total	42	100

PRICE AND RATING HISTORY GK SOFTWARE AS OF 15.06.2017


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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