

Buy EUR 130.00 Price EUR 110.05 Upside 18.1 %	Value Indicators: EUR DCF: 128.74	Share data: Bloomberg: GKS GR Reuters: GKSG ISIN: DE0007571424	Description: Leading software company for stationary retailers
	Market Snapshot: EUR m Market cap: 208.0 No. of shares (m): 1.9 EV: 208.6 Freefloat MC: 82.1 Ø Trad. Vol. (30d): 291.96 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: 5.5 x Equity Ratio: 49 % Net Debt / EBITDA: 0.0 x

Efficiency rises in Q3

Stated Figures Q3/2017: <table border="1"> <thead> <tr> <th>in EUR m</th> <th>Q3/17</th> <th>Q3/17e</th> <th>Q3/16</th> <th>yoy</th> <th>9M/17</th> <th>9M/17e</th> <th>9M/16</th> <th>yoy</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>21.8</td> <td>21.9</td> <td>18.0</td> <td>20.9%</td> <td>65.9</td> <td>66.0</td> <td>53.1</td> <td>24.2%</td> </tr> <tr> <td>EBITDA</td> <td>1.4</td> <td>1.6</td> <td>1.7</td> <td>-17.9%</td> <td>6.7</td> <td>6.9</td> <td>4.0</td> <td>66.8%</td> </tr> <tr> <td><i>margin</i></td> <td>6.5%</td> <td>7.3%</td> <td>9.6%</td> <td></td> <td>10.2%</td> <td>10.5%</td> <td>7.6%</td> <td></td> </tr> </tbody> </table>	in EUR m	Q3/17	Q3/17e	Q3/16	yoy	9M/17	9M/17e	9M/16	yoy	Sales	21.8	21.9	18.0	20.9%	65.9	66.0	53.1	24.2%	EBITDA	1.4	1.6	1.7	-17.9%	6.7	6.9	4.0	66.8%	<i>margin</i>	6.5%	7.3%	9.6%		10.2%	10.5%	7.6%		Comment on Figures: <ul style="list-style-type: none"> GK Software announced key figures for first nine months of 2017 on 15.11.2017. The reported figures were in line with expectations and showed a clear improvement in operational efficiency. Earnings in the corresponding year-earlier quarter were characterised by usually high licence revenues and are thus not directly comparable.
in EUR m	Q3/17	Q3/17e	Q3/16	yoy	9M/17	9M/17e	9M/16	yoy																													
Sales	21.8	21.9	18.0	20.9%	65.9	66.0	53.1	24.2%																													
EBITDA	1.4	1.6	1.7	-17.9%	6.7	6.9	4.0	66.8%																													
<i>margin</i>	6.5%	7.3%	9.6%		10.2%	10.5%	7.6%																														

Robust results were reported by GK Software for the third quarter and first nine months of the 2017 business year. This is not typical for the company as in the past, the earnings situation over the course of a year has sometimes been very volatile and characterised by efficiency problems (see our comment "Strong revenues, weak earnings", 30.05.2016). Only in the fourth quarter did the company generate a good result in the past, as the largest licence business is normally settled in the fourth quarter.

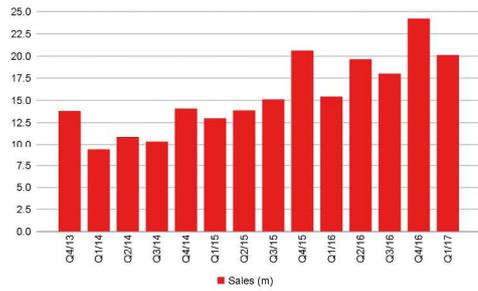
With strict cost control and a clear improvement in the efficiency of the implementation and consultation capacities, clearly positive results are now regularly shown in the weaker quarters (Q1-Q3) too, even without the occurrence of high one-off licence revenues. Nevertheless, the fourth quarter of 2017 too will be of decisive importance and will deliver the essential earnings impetus. For Q4, a strong result continues to be expected.

Key balance sheet figures were not published in the context of the Q3 report. The placement of the convertible bond announced on 19.10.2017 (EUR 15m, 3% coupon, conversion price EUR 155, maturity 2022) will only be taken into consideration in the estimates (WRe) in the context of the annual report. As the price target (WRe EUR 130) is lower than the conversion price, no conversion/dilution will be taken into account in the model initially.

The GK Software share continues to be rated Buy with a price target of EUR 130.

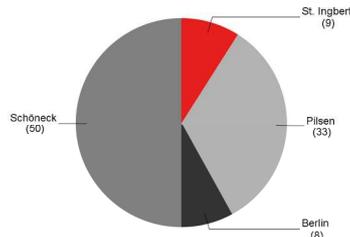
	FY End: 31.12. in EUR m	CAGR (16-19e)	2013	2014	2015	2016	2017e	2018e	2019e
	Sales	15.8 %	42.5	44.6	62.6	77.3	95.0	109.3	120.2
Change Sales yoy		49.4 %	5.1 %	40.3 %	23.5 %	22.8 %	15.0 %	10.0 %	
Gross profit margin		91.3 %	89.6 %	87.6 %	90.6 %	90.5 %	90.5 %	90.5 %	
EBITDA	47.2 %	3.3	0.0	2.2	7.8	14.0	20.4	24.9	
Margin		7.9 %	0.1 %	3.5 %	10.1 %	14.7 %	18.7 %	20.7 %	
EBIT	69.6 %	1.0	-3.0	-1.3	3.9	9.1	15.3	19.2	
Margin		2.5 %	-6.8 %	-2.0 %	5.1 %	9.6 %	14.0 %	16.0 %	
Net income	68.7 %	0.6	-1.9	-1.5	2.8	6.4	10.8	13.6	
EPS	68.6 %	0.34	-0.99	-0.79	1.50	3.39	5.71	7.19	
EPS adj.	68.6 %	0.34	-0.99	-0.79	1.50	3.39	5.71	7.19	
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	5.24	6.22	8.45	
FCF / Market cap		-1.0 %	-3.4 %	-0.3 %	1.5 %	4.8 %	5.7 %	7.7 %	
EV / Sales		1.1 x	1.6 x	1.2 x	1.3 x	2.2 x	1.8 x	1.5 x	
EV / EBITDA		13.6 x	n.a.	33.7 x	12.5 x	14.9 x	9.7 x	7.3 x	
EV / EBIT		43.3 x	n.a.	n.a.	24.8 x	22.9 x	12.9 x	9.5 x	
P / E		91.7 x	n.a.	n.a.	30.8 x	32.5 x	19.3 x	15.3 x	
P / E adj.		91.7 x	n.a.	n.a.	30.8 x	32.5 x	19.3 x	15.3 x	
FCF Potential Yield		6.6 %	1.6 %	2.8 %	7.3 %	5.4 %	8.1 %	10.6 %	
Net Debt		-10.5	-7.4	8.8	10.5	0.6	-10.2	-25.2	
ROCE (NOPAT)		2.9 %	n.a.	n.a.	8.1 %	16.0 %	28.4 %	37.3 %	
Guidance:		n.a.							

Sales development
in EUR m



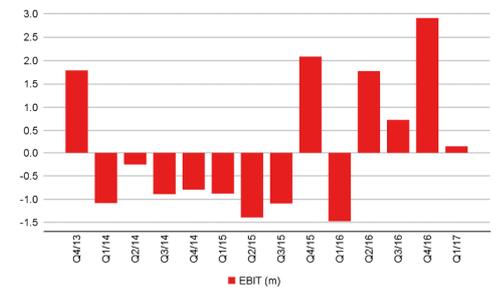
Source: Warburg Research

Employees per location
2017e; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

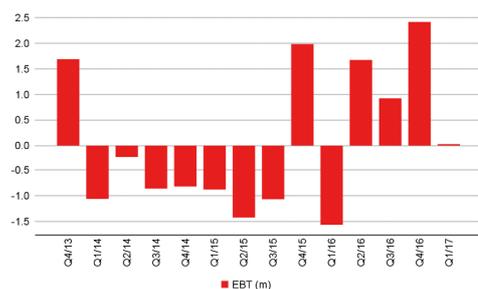
Company Background

- 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

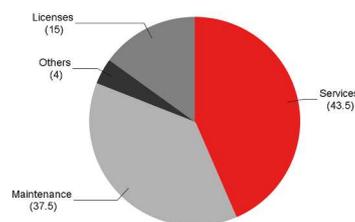
- The structural advantages of GK Software are compelling:
- GK Software's leading solution is completely Java-based, which makes it lean, platform independent and means it can be operated on the existing customer infrastructure.
- For many retail projects, GK competitors tend to undercalculate their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



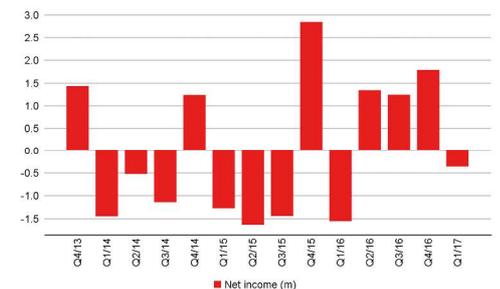
Source: Warburg Research

Sales by segments
2017e; 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	95.0	109.3	120.2	127.4	135.0	143.1	151.7	160.8	170.5	180.7	191.5	201.1	211.2	
Sales change	22.8 %	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	9.1	15.3	19.2	20.4	23.0	24.3	25.8	27.3	29.0	30.7	32.6	34.2	35.9	
EBIT-margin	9.6 %	14.0 %	16.0 %	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	6.5	10.9	13.7	14.5	16.3	17.3	18.3	19.4	20.6	21.8	23.1	24.3	25.5	
Depreciation	4.8	5.1	5.6	6.4	6.8	7.2	6.1	4.8	5.1	1.8	1.9	2.0	2.1	
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	-0.1	2.7	1.8	14.5	-0.6	-0.8	-1.0	2.0	2.1	2.3	2.4	2.1	2.2	
- Capex	1.5	1.5	1.5	3.8	4.1	4.3	4.6	4.8	3.4	1.8	1.9	2.0	2.1	
Capex in % of Sales	1.5 %	1.3 %	1.2 %	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	11.8	16.0	1.2	19.6	20.9	20.8	17.4	20.2	19.6	20.8	22.2	23.3	24
PV of FCF	9.8	10.6	13.3	0.9	13.7	13.5	12.3	9.5	10.1	9.0	8.8	8.6	8.3	138
share of PVs	12.63 %			35.52 %										51.85 %

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	128		
Terminal Value	138		
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	243	Value per share (EUR)	128.74

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
1.50	9.8 %	103.05	104.69	106.45	108.33	110.34	112.50	114.83	1.50	9.8 %	96.79	100.64	104.48	108.33	112.17	116.02	119.86
1.41	9.3 %	111.37	113.35	115.48	117.77	120.23	122.89	125.76	1.41	9.3 %	105.34	109.48	113.62	117.77	121.91	126.05	130.20
1.37	9.0 %	115.97	118.16	120.51	123.04	125.77	128.73	131.95	1.37	9.0 %	110.11	114.42	118.73	123.04	127.35	131.66	135.97
1.32	8.8 %	120.91	123.33	125.93	128.74	131.79	135.09	138.70	1.32	8.8 %	115.27	119.76	124.25	128.74	133.23	137.72	142.21
1.27	8.5 %	126.22	128.90	131.79	134.92	138.33	142.04	146.10	1.27	8.5 %	120.86	125.55	130.24	134.92	139.61	144.30	148.98
1.23	8.3 %	131.95	134.93	138.15	141.65	145.47	149.65	154.25	1.23	8.3 %	126.95	131.85	136.75	141.65	146.55	151.45	156.35
1.14	7.8 %	144.88	148.58	152.62	157.05	161.92	167.30	173.27	1.14	7.8 %	140.89	146.28	151.66	157.05	162.44	167.82	173.21

- 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	5.5 x	4.3 x	3.4 x
Book value per share ex intangibles	12.44	11.68	2.03	4.18	9.20	16.07	24.62
EV / Sales	1.1 x	1.6 x	1.2 x	1.3 x	2.2 x	1.8 x	1.5 x
EV / EBITDA	13.6 x	n.a.	33.7 x	12.5 x	14.9 x	9.7 x	7.3 x
EV / EBIT	43.3 x	n.a.	n.a.	24.8 x	22.9 x	12.9 x	9.5 x
EV / EBIT adj.*	43.3 x	n.a.	n.a.	24.8 x	22.9 x	12.9 x	9.5 x
P / FCF	n.a.	n.a.	n.a.	66.8 x	21.0 x	17.7 x	13.0 x
P / E	91.7 x	n.a.	n.a.	30.8 x	32.5 x	19.3 x	15.3 x
P / E adj.*	91.7 x	n.a.	n.a.	30.8 x	32.5 x	19.3 x	15.3 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 %	5.4 %	8.1 %	10.6 %

*Adjustments made for: -

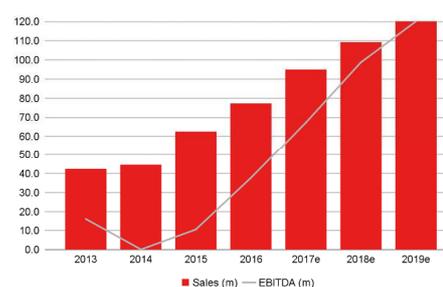
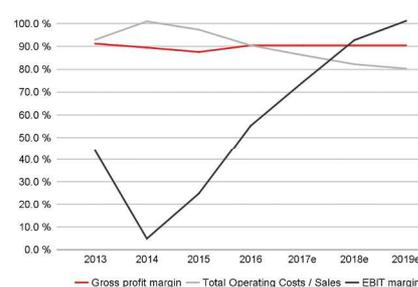
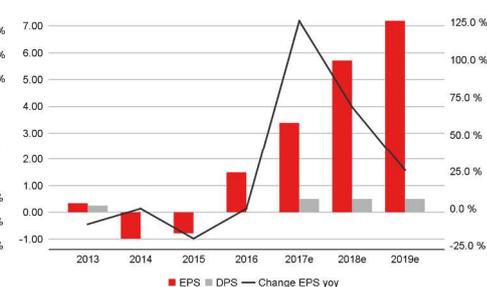
Consolidated profit & loss

In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
Sales	42.5	44.6	62.6	77.3	95.0	109.3	120.2
Change Sales yoy	49.4 %	5.1 %	40.3 %	23.5 %	22.8 %	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	1.0	1.1	1.2
Total Sales	42.8	45.1	63.1	77.7	96.0	110.3	121.4
Material expenses	4.1	5.2	8.3	7.7	10.0	11.5	12.6
Gross profit	38.8	40.0	54.9	70.0	86.0	98.9	108.8
<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	53.5	59.3	65.3
Other operating income	2.5	2.2	1.7	1.8	2.4	2.7	3.0
Other operating expenses	12.3	13.4	14.7	16.3	20.9	21.9	21.6
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	14.0	20.4	24.9
<i>Margin</i>	<i>7.9 %</i>	<i>0.1 %</i>	<i>3.5 %</i>	<i>10.1 %</i>	<i>14.7 %</i>	<i>18.7 %</i>	<i>20.7 %</i>
Depreciation of fixed assets	0.8	0.9	1.0	1.1	1.4	1.6	1.8
EBITA	2.6	-0.9	1.2	6.7	12.5	18.8	23.1
Amortisation of intangible assets	1.5	1.2	1.5	1.8	2.9	3.3	3.6
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	9.1	15.3	19.2
<i>Margin</i>	<i>2.5 %</i>	<i>-6.8 %</i>	<i>-2.0 %</i>	<i>5.1 %</i>	<i>9.6 %</i>	<i>14.0 %</i>	<i>16.0 %</i>
EBIT adj.	1.0	-3.0	-1.3	3.9	9.1	15.3	19.2
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	9.0	15.2	19.1
<i>Margin</i>	<i>2.2 %</i>	<i>-6.7 %</i>	<i>-2.2 %</i>	<i>4.5 %</i>	<i>9.5 %</i>	<i>13.9 %</i>	<i>15.9 %</i>
Total taxes	0.3	-1.1	0.1	0.6	2.6	4.4	5.5
Net income from continuing operations	0.6	-1.9	-1.5	2.8	6.4	10.8	13.6
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	6.4	10.8	13.6
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	6.4	10.8	13.6
<i>Margin</i>	<i>1.4 %</i>	<i>-4.2 %</i>	<i>-2.4 %</i>	<i>3.7 %</i>	<i>6.7 %</i>	<i>9.9 %</i>	<i>11.3 %</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	3.39	5.71	7.19
EPS adj.	0.34	-0.99	-0.79	1.50	3.39	5.71	7.19

*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 %	86.3 %	82.3 %	80.3 %
Operating Leverage	0.7 x	n.a.	-1.4 x	n.a.	5.7 x	4.5 x	2.6 x
EBITDA / Interest expenses	14.9 x	0.3 x	6.7 x	12.2 x	46.6 x	68.1 x	82.9 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 %	14.8 %	8.8 %	7.0 %
Sales per Employee	102,535	105,677	145,313	175,985	211,953	238,967	257,709

Sales, EBITDA
in EUR m

Operating Performance
in %

Performance per Share


Source: Warburg Research

Source: Warburg Research

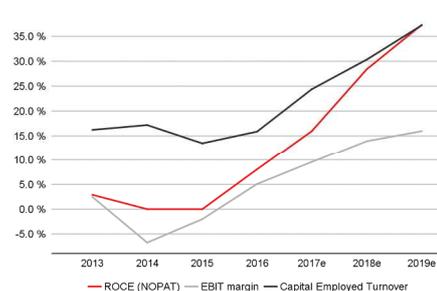
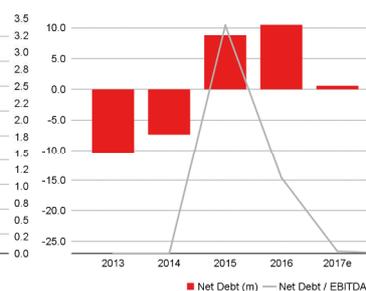
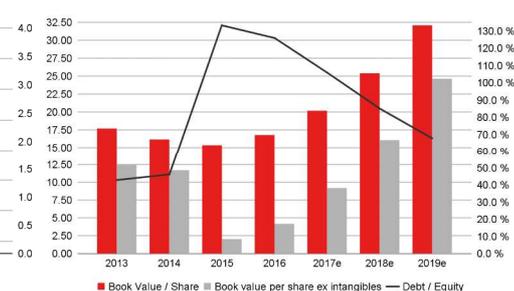
Source: Warburg Research

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	20.7	17.6	14.1
thereof other intangible assets	3.5	2.9	20.2	18.8	16.3	13.4	10.1
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	8.1	7.4
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	29.4	25.7	21.5
Inventories	1.0	1.2	1.7	1.2	1.4	1.7	1.8
Accounts receivable	13.1	9.2	12.6	18.0	18.2	21.0	23.0
Liquid assets	13.7	10.2	7.4	6.0	15.9	26.7	41.7
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	49.2	63.1	80.2
Total Assets	47.7	44.7	67.7	71.6	78.5	88.8	101.7
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	6.4	16.3	28.9
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	38.1	48.0	60.6
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	38.1	48.0	60.6
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	2.7	3.1	3.4
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	40.4	40.8	41.1
Total liabilities and shareholders' equity	47.7	44.7	67.7	71.6	78.5	88.8	101.7

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	3.8 x	4.0 x	4.2 x
Capital Employed Turnover	1.9 x	1.9 x	1.7 x	1.8 x	2.5 x	2.9 x	3.4 x
ROA	4.1 %	-13.9 %	-4.9 %	8.6 %	21.8 %	42.0 %	63.2 %
Return on Capital							
ROCE (NOPAT)	2.9 %	n.a.	n.a.	8.1 %	16.0 %	28.4 %	37.3 %
ROE	2.0 %	-5.8 %	-5.0 %	9.3 %	18.3 %	25.1 %	25.0 %
Adj. ROE	2.0 %	-5.8 %	-5.0 %	9.3 %	18.3 %	25.1 %	25.0 %
Balance sheet quality							
Net Debt	-10.5	-7.4	8.8	10.5	0.6	-10.2	-25.2
Net Financial Debt	-11.5	-9.0	7.3	8.8	-1.1	-11.9	-26.9
Net Gearing	-31.5 %	-24.1 %	30.3 %	33.1 %	1.5 %	-21.3 %	-41.6 %
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	20.2	25.4	32.1
Book value per share ex intangibles	12.4	11.7	2.0	4.2	9.2	16.1	24.6

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

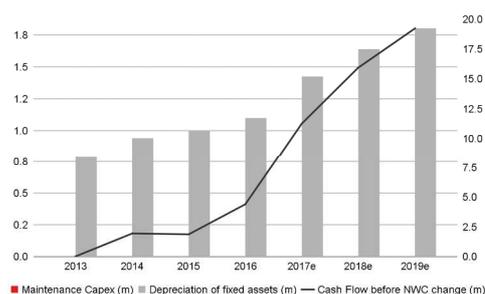
In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
Net income	0.6	-1.9	-1.5	2.8	6.4	10.8	13.6
Depreciation of fixed assets	0.8	0.9	1.0	1.1	1.4	1.6	1.8
Amortisation of goodwill	0.0	0.9	1.0	1.0	0.6	0.2	0.2
Amortisation of intangible assets	1.5	1.2	1.5	1.8	2.9	3.3	3.6
Increase/decrease in long-term provisions	-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	11.2	15.9	19.2
Increase / decrease in inventory	0.1	-0.1	-0.1	-0.1	-0.2	-0.3	-0.1
Increase / decrease in accounts receivable	2.4	-0.4	-0.4	-0.4	-0.2	-2.8	-2.0
Increase / decrease in accounts payable	-1.0	-0.2	-0.2	-0.2	0.5	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	0.1	-2.7	-1.8
Net cash provided by operating activities [1]	1.6	-0.4	2.2	3.7	11.4	13.2	17.4
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	10.8	15.0
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	26.7	41.7

Financial Ratios

	2013	2014	2015	2016	2017e	2018e	2019e
Cash Flow							
FCF	-0.6	-2.2	0.4	1.9	9.9	11.8	16.0
Free Cash Flow / Sales	-1.3 %	-6.2 %	-0.3 %	1.7 %	10.4 %	10.8 %	13.3 %
Free Cash Flow Potential	3.0	1.2	2.1	7.2	11.3	16.0	19.3
Free Cash Flow / Net Profit	-91.9 %	147.0 %	13.3 %	46.3 %	154.8 %	109.0 %	117.5 %
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 %	1.5 %	1.3 %	1.2 %
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 %	30.3 %	28.6 %	26.0 %
Avg. Working Capital / Sales	27.2 %	23.0 %	13.1 %	16.1 %	17.5 %	16.4 %	16.8 %
Trade Debtors / Trade Creditors	1356.9 %	562.7 %	600.2 %	819.6 %	674.1 %	677.4 %	676.5 %
Inventory Turnover	3.9 x	4.4 x	5.0 x	6.4 x	7.1 x	6.7 x	7.0 x
Receivables collection period (days)	113	75	73	85	70	70	70
Payables payment period (days)	86	116	93	105	99	99	98
Cash conversion cycle (Days)	-37	-52	-182	-48	-49	-44	-45

CAPEX and Cash Flow

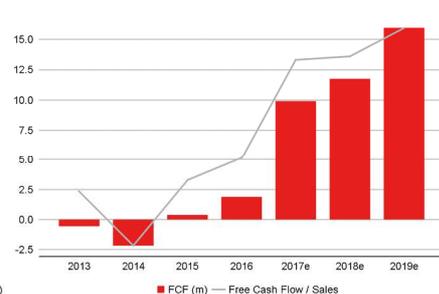
in EUR m



Source: Warburg Research

Free Cash Flow Generation

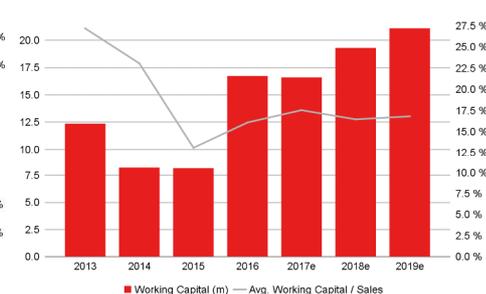
in EUR m



Source: Warburg Research

Working Capital

in EUR m



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.
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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	105	51
Hold	91	45
Sell	8	4
Rating suspended	0	0
Total	204	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	32	78
Hold	8	20
Sell	1	2
Rating suspended	0	0
Total	41	100

PRICE AND RATING HISTORY GK SOFTWARE AS OF 17.11.2017


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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