

Buy EUR 130.00 Price EUR 106.50 Upside 22.1 %	Value Indicators: EUR DCF: 132.21	Share data: Bloomberg: GKS GR Reuters: GKSG ISIN: DE0007571424	Description: Leading software company for stationary retailers
	Market Snapshot: EUR m Market cap: 201.3 No. of shares (m): 1.9 EV: 194.2 Freefloat MC: 79.5 Ø Trad. Vol. (30d): 210.98 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: 5.7 x Equity Ratio: 47 % Net Fin. Debt / EBITDA: 0.1 x Net Debt / EBITDA: 0.3 x

Prospects are very good

Stated Figures Q4/2017: <table border="1"> <thead> <tr> <th>in EUR m</th> <th>Q4/17</th> <th>Q4/17e</th> <th>Q4/16</th> <th>yoy</th> <th>2017</th> <th>2017e</th> <th>2016</th> <th>yoy</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>24.5</td> <td>29.1</td> <td>24.2</td> <td>1.2%</td> <td>90.5</td> <td>95.0</td> <td>77.3</td> <td>17.0%</td> </tr> <tr> <td>EBIT</td> <td>0.8</td> <td>5.0</td> <td>2.9</td> <td>-73.4%</td> <td>4.9</td> <td>9.1</td> <td>3.9</td> <td>23.9%</td> </tr> <tr> <td>margin</td> <td>3.2%</td> <td>17.2%</td> <td>12.0%</td> <td></td> <td>5.4%</td> <td>9.6%</td> <td>5.1%</td> <td></td> </tr> </tbody> </table>	in EUR m	Q4/17	Q4/17e	Q4/16	yoy	2017	2017e	2016	yoy	Sales	24.5	29.1	24.2	1.2%	90.5	95.0	77.3	17.0%	EBIT	0.8	5.0	2.9	-73.4%	4.9	9.1	3.9	23.9%	margin	3.2%	17.2%	12.0%		5.4%	9.6%	5.1%		Comment on Figures: <ul style="list-style-type: none"> On 17.04.18, GK Software presented the preliminary figures for the fiscal year 2017. These fell short of the expectations. However the causes are easily explained: Firstly, one major client and a series of smaller clients were gained in the cloud area (later invoicing rather than direct licence). Secondly, the other expenses (transformation to an SE, convertible bond) were somewhat higher than anticipated. (WRe)
in EUR m	Q4/17	Q4/17e	Q4/16	yoy	2017	2017e	2016	yoy																													
Sales	24.5	29.1	24.2	1.2%	90.5	95.0	77.3	17.0%																													
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At first glance, the figures presented deviate strongly from the expectations. This impression however is misleading as the missing revenues can largely be explained by the decisions of one major client and a series of smaller clients in favour of invoicing according to the cloud model (effect ca. EUR 3.5m). Additionally the costs for the transformation of the company to an SE as well as the costs for the convertible bond at about EUR 1m were somewhat higher than expected. Together, these developments almost fully explain the deviation.

Of greater significance, however, is that the company has successfully continued the good development of the last quarters, especially in the USA. In the first quarter of 2018, several important sales successes have already been notched up, including a meaningful project, that according to GK, "will create a new reference in this important market". It includes more than 6,000 new installations.

The full annual report of GK Software is due to be published on April 26, 2018, and in this, the company will also elaborate on its outlook for the coming years. This could give rise to positive news-flow.

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

Changes in Estimates: <table border="1"> <thead> <tr> <th>FY End: 31.12. in EUR m</th> <th>2017e (old)</th> <th>+ / -</th> <th>2018e (old)</th> <th>+ / -</th> <th>2019e (old)</th> <th>+ / -</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>95.0</td> <td>-4.8 %</td> <td>109.2</td> <td>0.5 %</td> <td>120.2</td> <td>0.5 %</td> </tr> <tr> <td>EBITDA</td> <td>14.0</td> <td>-32.0 %</td> <td>20.4</td> <td>1.0 %</td> <td>24.9</td> <td>1.0 %</td> </tr> <tr> <td>EBIT</td> <td>9.1</td> <td>-46.4 %</td> <td>15.3</td> <td>1.2 %</td> <td>19.2</td> <td>1.1 %</td> </tr> <tr> <td>EPS</td> <td>0.0</td> <td>-46.9 %</td> <td>0.0</td> <td>1.2 %</td> <td>0.0</td> <td>1.1 %</td> </tr> </tbody> </table>	FY End: 31.12. in EUR m	2017e (old)	+ / -	2018e (old)	+ / -	2019e (old)	+ / -	Sales	95.0	-4.8 %	109.2	0.5 %	120.2	0.5 %	EBITDA	14.0	-32.0 %	20.4	1.0 %	24.9	1.0 %	EBIT	9.1	-46.4 %	15.3	1.2 %	19.2	1.1 %	EPS	0.0	-46.9 %	0.0	1.2 %	0.0	1.1 %	Comment on Changes: <ul style="list-style-type: none"> Apart from 2017, the expectations remain almost unchanged. (Slight increase based on cloud revenues, see above) Cloud contracts in particular but, above all, good development in the USA offer considerable potential for revenue and margins.
FY End: 31.12. in EUR m	2017e (old)	+ / -	2018e (old)	+ / -	2019e (old)	+ / -																														
Sales	95.0	-4.8 %	109.2	0.5 %	120.2	0.5 %																														
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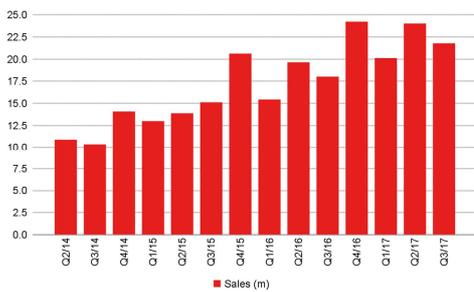


Rel. Performance vs CDAX:	
1 month:	-6.9 %
6 months:	-14.4 %
Year to date:	-4.7 %
Trailing 12 months:	54.0 %

Company events:	
26.04.18	FY 2017
30.05.18	Q1
21.06.18	AGM
30.08.18	Q2

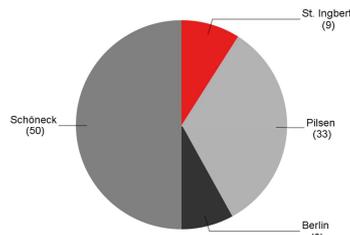
FY End: 31.12. in EUR m	CAGR (16-19e)	2013	2014	2015	2016	2017e	2018e	2019e
Sales	16.0 %	42.5	44.6	62.6	77.3	90.5	109.8	120.8
Change Sales yoy		49.4 %	5.1 %	40.3 %	23.5 %	17.0 %	21.4 %	10.0 %
Gross profit margin		91.3 %	89.6 %	87.6 %	90.6 %	90.5 %	90.6 %	90.6 %
EBITDA	47.7 %	3.3	0.0	2.2	7.8	9.5	20.6	25.1
Margin		7.9 %	0.1 %	3.5 %	10.1 %	10.5 %	18.8 %	20.8 %
EBIT	70.2 %	1.0	-3.0	-1.3	3.9	4.9	15.5	19.4
Margin		2.5 %	-6.8 %	-2.0 %	5.1 %	5.4 %	14.1 %	16.1 %
Net income	69.4 %	0.6	-1.9	-1.5	2.8	3.4	10.9	13.7
EPS	69.2 %	0.34	-0.99	-0.79	1.50	1.80	5.78	7.27
EPS adj.	69.2 %	0.34	-0.99	-0.79	1.50	1.80	5.78	7.27
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	3.95	5.83	8.49
FCF / Market cap		-1.0 %	-3.4 %	-0.3 %	1.5 %	3.7 %	5.5 %	8.0 %
EV / Sales		1.1 x	1.6 x	1.2 x	1.3 x	2.3 x	1.8 x	1.5 x
EV / EBITDA		13.6 x	n.a.	33.7 x	12.5 x	21.5 x	9.4 x	7.1 x
EV / EBIT		43.3 x	n.a.	n.a.	24.8 x	41.8 x	12.5 x	9.2 x
P / E		91.7 x	n.a.	n.a.	30.8 x	59.2 x	18.4 x	14.6 x
P / E adj.		91.7 x	n.a.	n.a.	30.8 x	59.2 x	18.4 x	14.6 x
FCF Potential Yield		6.6 %	1.6 %	2.8 %	7.3 %	4.0 %	8.3 %	10.9 %
Net Debt		-10.5	-7.4	8.8	10.5	3.0	-7.0	-22.1
ROCE (NOPAT)		2.9 %	n.a.	n.a.	8.1 %	8.6 %	28.9 %	37.4 %
Guidance:	n.a.							

Sales development in EUR m



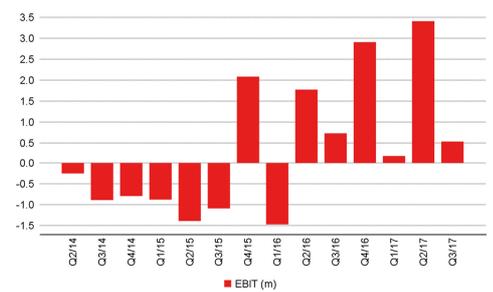
Source: Warburg Research

Employees per location 2018e; in %



Source: Warburg Research

EBIT development in EUR m



Source: Warburg Research

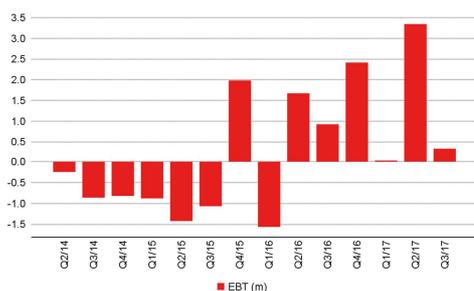
Company Background

- 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

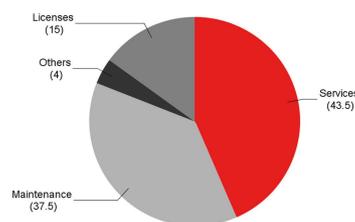
- The structural advantages of GK Software are compelling:
- GK Software's leading solution is completely Java-based, which makes it lean, platform independent and means it can be operated on the existing customer infrastructure.
- For many retail projects, GK competitors tend to undercalculate their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



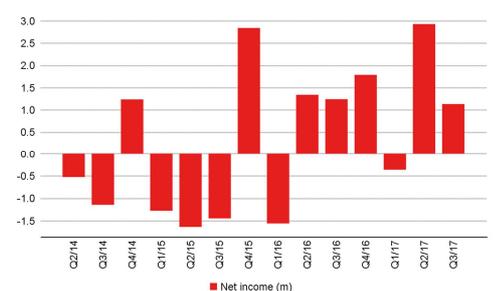
Source: Warburg Research

Sales by segments 2018e; 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	90.5	109.8	120.8	128.0	135.7	143.9	152.5	161.6	171.3	181.6	192.5	202.1	212.2	
Sales change	17.0 %	21.4 %	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	4.9	15.5	19.4	20.5	23.1	24.5	25.9	27.5	29.1	30.9	32.7	34.4	36.1	
EBIT-margin	5.4 %	14.1 %	16.1 %	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	3.5	11.0	13.8	14.5	16.4	17.4	18.4	19.5	20.7	21.9	23.2	24.4	25.6	
Depreciation	4.6	5.2	5.7	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	-0.9	3.6	1.9	1.3	1.4	1.4	1.5	1.6	1.7	1.8	1.9	1.7	1.8	
- 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	1.6 %	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)	7.5	11.1	16.1	14.6	17.8	18.8	18.4	17.9	20.7	20.1	21.3	22.7	23.9	25
PV of FCF	7.4	10.0	13.3	11.1	12.4	12.1	10.9	9.8	10.4	9.3	9.0	8.8	8.5	140
share of PVs	11.23 %			37.43 %										51.34 %

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	133		
Terminal Value	140		
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	250	Value per share (EUR)	132.21

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 %	106.08	107.75	109.54	111.44	113.48	115.68	118.04	1.50	9.8 %	99.88	103.73	107.59	111.44	115.30	119.15	123.01
1.41	9.3 %	114.55	116.57	118.73	121.05	123.54	126.24	129.16	1.41	9.3 %	108.58	112.74	116.89	121.05	125.20	129.36	133.51
1.37	9.0 %	119.24	121.46	123.84	126.41	129.18	132.19	135.45	1.37	9.0 %	113.44	117.77	122.09	126.41	130.73	135.06	139.38
1.32	8.8 %	124.27	126.72	129.36	132.21	135.30	138.66	142.32	1.32	8.8 %	118.70	123.20	127.71	132.21	136.71	141.22	145.72
1.27	8.5 %	129.67	132.39	135.32	138.50	141.95	145.72	149.84	1.27	8.5 %	124.40	129.10	133.80	138.50	143.20	147.90	152.60
1.23	8.3 %	135.50	138.52	141.79	145.34	149.21	153.46	158.12	1.23	8.3 %	130.59	135.51	140.42	145.34	150.25	155.17	160.08
1.14	7.8 %	148.64	152.40	156.50	160.99	165.93	171.39	177.45	1.14	7.8 %	144.78	150.18	155.59	160.99	166.40	171.80	177.21

- 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	5.7 x	4.5 x	3.5 x
Book value per share ex intangibles	12.44	11.68	2.03	4.18	7.52	14.48	23.11
EV / Sales	1.1 x	1.6 x	1.2 x	1.3 x	2.3 x	1.8 x	1.5 x
EV / EBITDA	13.6 x	n.a.	33.7 x	12.5 x	21.5 x	9.4 x	7.1 x
EV / EBIT	43.3 x	n.a.	n.a.	24.8 x	41.8 x	12.5 x	9.2 x
EV / EBIT adj.*	43.3 x	n.a.	n.a.	24.8 x	41.8 x	12.5 x	9.2 x
P / FCF	n.a.	n.a.	n.a.	66.8 x	26.9 x	18.3 x	12.5 x
P / E	91.7 x	n.a.	n.a.	30.8 x	59.2 x	18.4 x	14.6 x
P / E adj.*	91.7 x	n.a.	n.a.	30.8 x	59.2 x	18.4 x	14.6 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 %	4.0 %	8.3 %	10.9 %

*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	90.5	109.8	120.8
Change Sales yoy	49.4 %	5.1 %	40.3 %	23.5 %	17.0 %	21.4 %	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	91.4	110.9	122.0
Material expenses	4.1	5.2	8.3	7.7	9.5	11.4	12.6
Gross profit	38.8	40.0	54.9	70.0	81.9	99.5	109.4
<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>90.6 %</i>	<i>90.6 %</i>
Personnel expenses	25.6	28.7	39.7	47.7	50.9	59.6	65.6
Other operating income	2.5	2.2	1.7	1.8	1.8	2.7	3.0
Other operating expenses	12.3	13.4	14.7	16.3	23.2	22.0	21.7
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	9.5	20.6	25.1
<i>Margin</i>	<i>7.9 %</i>	<i>0.1 %</i>	<i>3.5 %</i>	<i>10.1 %</i>	<i>10.5 %</i>	<i>18.8 %</i>	<i>20.8 %</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	8.1	19.0	23.3
Amortisation of intangible assets	1.5	1.2	1.5	1.8	2.7	3.3	3.6
Goodwill amortisation	0.0	0.9	1.0	1.0	0.5	0.2	0.2
EBIT	1.0	-3.0	-1.3	3.9	4.9	15.5	19.4
<i>Margin</i>	<i>2.5 %</i>	<i>-6.8 %</i>	<i>-2.0 %</i>	<i>5.1 %</i>	<i>5.4 %</i>	<i>14.1 %</i>	<i>16.1 %</i>
EBIT adj.	1.0	-3.0	-1.3	3.9	4.9	15.5	19.4
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	4.8	15.4	19.3
<i>Margin</i>	<i>2.2 %</i>	<i>-6.7 %</i>	<i>-2.2 %</i>	<i>4.5 %</i>	<i>5.3 %</i>	<i>14.0 %</i>	<i>16.0 %</i>
Total taxes	0.3	-1.1	0.1	0.6	1.4	4.5	5.6
Net income from continuing operations	0.6	-1.9	-1.5	2.8	3.4	10.9	13.7
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	3.4	10.9	13.7
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	3.4	10.9	13.7
<i>Margin</i>	<i>1.4 %</i>	<i>-4.2 %</i>	<i>-2.4 %</i>	<i>3.7 %</i>	<i>3.8 %</i>	<i>9.9 %</i>	<i>11.4 %</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	1.80	5.78	7.27
EPS adj.	0.34	-0.99	-0.79	1.50	1.80	5.78	7.27

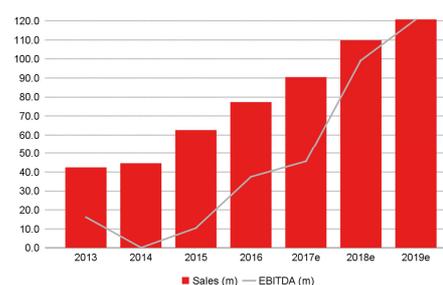
*Adjustments made for:

Guidance: n.a.

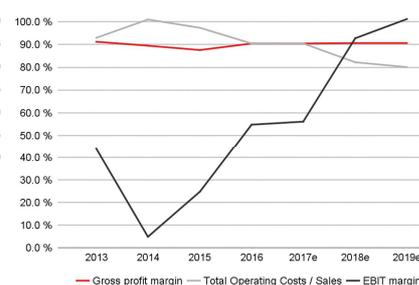
Financial Ratios

	2013	2014	2015	2016	2017e	2018e	2019e
Total Operating Costs / Sales	93.0 %	101.1 %	97.4 %	90.4 %	90.5 %	82.2 %	80.2 %
Operating Leverage	0.7 x	n.a.	-1.4 x	n.a.	1.4 x	10.1 x	2.6 x
EBITDA / Interest expenses	14.9 x	0.3 x	6.7 x	12.2 x	31.7 x	68.8 x	83.7 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 %	27.8 %	8.7 %	6.9 %
Sales per Employee	102,535	105,677	145,313	175,985	201,802	240,170	259,006

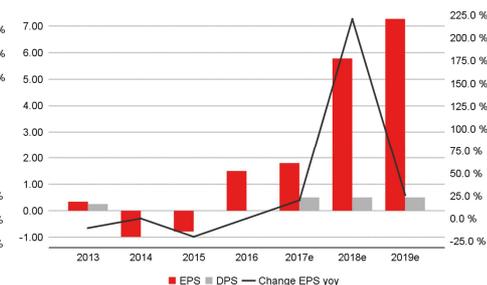
Sales, EBITDA in EUR m



Operating Performance in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

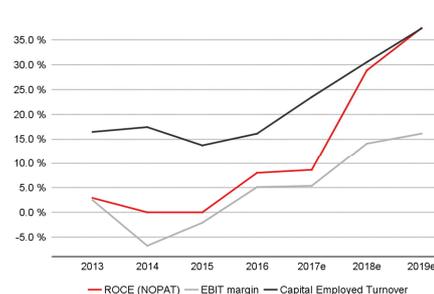
Consolidated balance sheet

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	17.7	14.2
thereof other intangible assets	3.5	2.9	20.2	18.8	16.5	13.5	10.2
thereof Goodwill	6.4	5.5	5.0	5.0	4.5	4.2	4.0
Property, plant and equipment	4.8	5.0	5.8	8.9	8.7	8.2	7.5
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	29.6	25.9	21.7
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	17.3	21.1	23.2
Liquid assets	13.7	10.2	7.4	6.0	13.5	23.5	38.6
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	45.8	60.0	77.3
Total Assets	47.7	44.7	67.7	71.6	75.4	85.9	99.0
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	3.4	13.4	26.2
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	35.1	45.1	57.9
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	35.1	45.1	57.9
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	3.1	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	40.3	40.8	41.1
Total liabilities and shareholders' equity	47.7	44.7	67.7	71.6	75.4	85.9	99.0

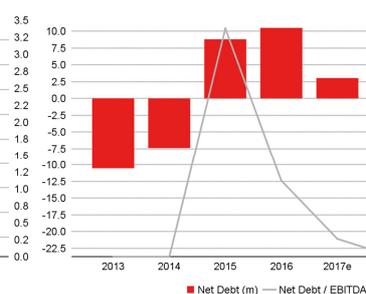
Financial Ratios

	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	4.0 x	4.2 x
Capital Employed Turnover	1.9 x	1.9 x	1.7 x	1.8 x	2.4 x	2.9 x	3.4 x
ROA	4.1 %	-13.9 %	-4.9 %	8.6 %	11.5 %	42.2 %	63.3 %
Return on Capital							
ROCE (NOPAT)	2.9 %	n.a.	n.a.	8.1 %	8.6 %	28.9 %	37.4 %
ROE	2.0 %	-5.8 %	-5.0 %	9.3 %	10.2 %	27.2 %	26.7 %
Adj. ROE	2.0 %	-5.8 %	-5.0 %	9.3 %	10.2 %	27.2 %	26.7 %
Balance sheet quality							
Net Debt	-10.5	-7.4	8.8	10.5	3.0	-7.0	-22.1
Net Financial Debt	-11.5	-9.0	7.3	8.8	1.3	-8.7	-23.8
Net Gearing	-31.5 %	-24.1 %	30.3 %	33.1 %	8.6 %	-15.6 %	-38.3 %
Net Fin. Debt / EBITDA	n.a.	n.a.	337.6 %	112.8 %	14.0 %	n.a.	n.a.
Book Value / Share	17.7	16.2	15.4	16.8	18.6	23.9	30.6
Book value per share ex intangibles	12.4	11.7	2.0	4.2	7.5	14.5	23.1

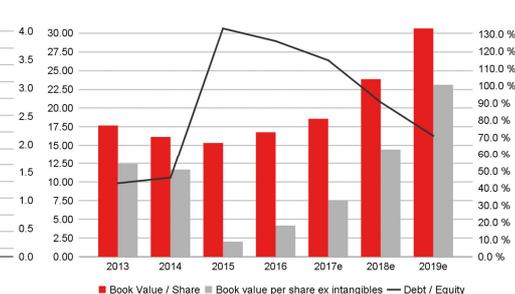
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

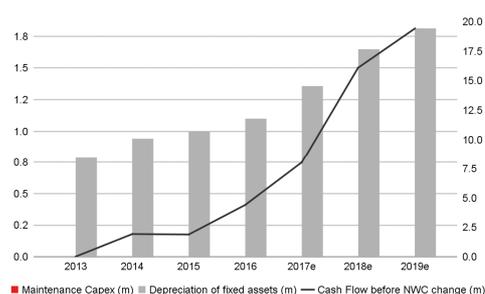
In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
Net income	0.6	-1.9	-1.5	2.8	3.4	10.9	13.7
Depreciation of fixed assets	0.8	0.9	1.0	1.1	1.4	1.6	1.8
Amortisation of goodwill	0.0	0.9	1.0	1.0	0.5	0.2	0.2
Amortisation of intangible assets	1.5	1.2	1.5	1.8	2.7	3.3	3.6
Increase/decrease in long-term provisions	-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	8.0	16.1	19.4
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	0.7	-3.8	-2.1
Increase / decrease in accounts payable	-1.0	-0.2	-0.2	-0.2	0.4	0.5	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	0.9	-3.6	-1.9
Net cash provided by operating activities [1]	1.6	-0.4	2.2	3.7	8.9	12.5	17.5
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	7.5	10.1	15.1
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	13.5	23.5	38.6

Financial Ratios

	2013	2014	2015	2016	2017e	2018e	2019e
Cash Flow							
FCF	-0.6	-2.2	0.4	1.9	7.5	11.0	16.0
Free Cash Flow / Sales	-1.3 %	-6.2 %	-0.3 %	1.7 %	8.3 %	10.0 %	13.3 %
Free Cash Flow Potential	3.0	1.2	2.1	7.2	8.1	16.2	19.5
Free Cash Flow / Net Profit	-91.9 %	147.0 %	13.3 %	46.3 %	220.0 %	100.9 %	116.8 %
Interest Received / Avg. Cash	0.9 %	1.3 %	2.5 %	2.2 %	2.1 %	1.1 %	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 %	1.3 %	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 %	31.8 %	28.4 %	25.9 %
Avg. Working Capital / Sales	27.2 %	23.0 %	13.1 %	16.1 %	18.0 %	16.0 %	16.8 %
Trade Debtors / Trade Creditors	1356.9 %	562.7 %	600.2 %	819.6 %	665.4 %	680.6 %	682.4 %
Inventory Turnover	3.9 x	4.4 x	5.0 x	6.4 x	6.8 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	100	99	99
Cash conversion cycle (Days)	-37	-52	-182	-48	-47	-44	-45

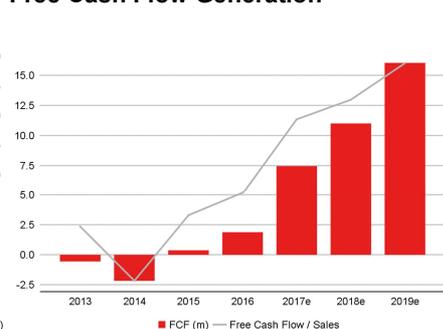
CAPEX and Cash Flow

in EUR m



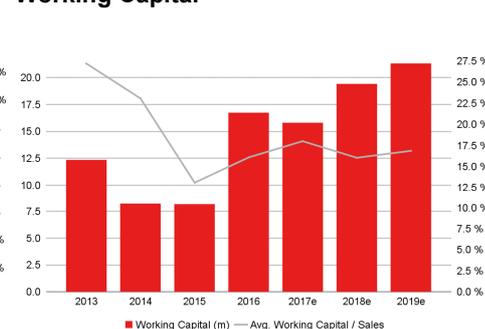
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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-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	111	54
Hold	92	44
Sell	4	2
Rating suspended	0	0
Total	207	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	73
Hold	12	27
Sell	0	0
Rating suspended	0	0
Total	44	100

PRICE AND RATING HISTORY GK SOFTWARE AS OF 24.04.2018


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