

<p>Buy</p> <p>EUR 74.00 (EUR 61.00)</p> <p>Price EUR 64.00</p> <p>Upside 15.6 %</p>	<p>Value Indicators: EUR</p> <p>DCF: 73.98</p>	<p>Share data:</p> <p>Bloomberg: GKS GR</p> <p>Reuters: GKSG</p> <p>ISIN: DE0007571424</p>	<p>Description:</p> <p>Leading software company for stationary retailers</p>
	<p>Market Snapshot: EUR m</p> <p>Market cap: 121.0</p> <p>No. of shares (m): 1.9</p> <p>EV: 152.9</p> <p>Freefloat MC: 47.8</p> <p>Ø Trad. Vol. (30d): 61.92 th</p>	<p>Shareholders:</p> <p>Freefloat 39.5 %</p> <p>GK Software Holding 49.6 %</p> <p>SAP 5.3 %</p> <p>Rainer Gläß 3.3 %</p> <p>Stephan Kronmüller 2.3 %</p>	<p>Risk Profile (WRe): 2019e</p> <p>Beta: 1.8</p> <p>Price / Book: 3.2 x</p> <p>Equity Ratio: 36 %</p> <p>Net Fin. Debt / EBITDA: 2.4 x</p> <p>Net Debt / EBITDA: 2.5 x</p>

Very strong Q1

<p>Stated Figures Q1/2020:</p> <p>in EUR m</p>								<p>Comment on Figures:</p> <ul style="list-style-type: none"> GK Software SE announced the preliminary business figures for the first quarter of 2020 on May 29. These were well above expectations, which is particularly noteworthy since the first effects of the corona crisis were already prevalent in March. The fourth quarter of the past financial year 2019 was also strong, which shows a good trend in contrast to 2018 and the first three quarters of 2019, which were rather weak. 							
	Q1/20	Q1/20e	Q1/19	yoy	2020e	2019	yoy								
Sales	29.2	26.7	24.6	18.9%	109.7	115.5	-5.0%								
EBITDA	3.3	9.0	-0.6	-	9.4	12.5	-24.4%								
<i>margin</i>	11.2%	33.7%	-2.6%		8.6%	10.8%									

In terms of sales, the first quarter of 2020 was the strongest in the company's history. It follows an extremely strong fourth quarter of 2019 (the annual report 2019 will be published on July 4). A significant part of the growth was driven by strong existing customer business. In addition, new customers in the USA and South Africa were gained despite massive restrictions due to the COVID-19 crisis (4,200 systems). In principle, further successful progression of the sales pipeline can be observed, despite the difficult conditions.

In the second quarter, a high level of utilisation of the project business is being seen, since only some of GK's customers were affected by business closures. In addition, the corona crisis would seem to have accelerated the digitisation of retail, mainly with topics such as click & collect, mobile payment, or self-scanning. GK quickly created a new offer with low technical requirements that enables consumers to order from home and collect the goods in the market (GetMyGoods solution). Older IT solutions for retailers often do not even deliver the basic data for such solutions. In this context, COVID is in some cases triggering investment in new retail-IT in general.

Even if the COVID crisis is primarily negative, there are clearly positive trends too. Nevertheless, the further course of the year remains difficult to predict, particularly from a sales perspective and due to travel restrictions.

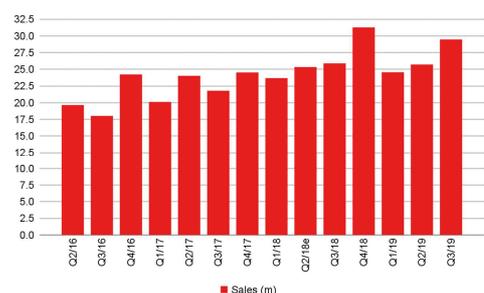
Based on the strong Q1 performance and the improved visibility of the COVID crisis in general, a lower risk discount is now calculated into the model (beta 1.8 from previously 2.0) together with unchanged forecasts.

This leads to an increase in the price target to EUR 74 (EUR 61).

The share continues to be rated Buy.

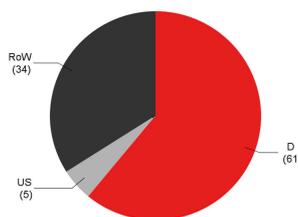
	<p>FY End: 31.12.</p> <p>in EUR m</p>	<p>CAGR (18-21e)</p>	<p>2015</p>	<p>2016</p>	<p>2017</p>	<p>2018</p>	<p>2019e</p>	<p>2020e</p>	<p>2021e</p>
	<p>Sales</p> <p>Change Sales yoy</p> <p>Gross profit margin</p> <p>EBITDA</p> <p>Margin</p> <p>EBIT</p> <p>Margin</p> <p>Net income</p>	<p>7.4 %</p>	<p>62.6</p> <p>40.3 %</p> <p>87.6 %</p> <p>2.2</p> <p>3.5 %</p> <p>-1.3</p> <p>-2.0 %</p> <p>-1.5</p>	<p>77.3</p> <p>23.5 %</p> <p>90.6 %</p> <p>7.8</p> <p>10.1 %</p> <p>3.9</p> <p>5.1 %</p> <p>2.8</p>	<p>90.5</p> <p>17.0 %</p> <p>90.6 %</p> <p>8.8</p> <p>9.7 %</p> <p>5.0</p> <p>5.5 %</p> <p>3.9</p>	<p>106.2</p> <p>17.4 %</p> <p>92.7 %</p> <p>6.8</p> <p>6.4 %</p> <p>1.6</p> <p>1.5 %</p> <p>0.9</p>	<p>115.5</p> <p>8.8 %</p> <p>95.5 %</p> <p>12.5</p> <p>10.8 %</p> <p>1.8</p> <p>1.6 %</p> <p>1.1</p>	<p>109.7</p> <p>-5.0 %</p> <p>97.0 %</p> <p>9.4</p> <p>8.6 %</p> <p>-0.7</p> <p>-0.6 %</p> <p>-0.7</p>	<p>131.7</p> <p>20.0 %</p> <p>96.0 %</p> <p>23.2</p> <p>17.6 %</p> <p>11.1</p> <p>8.4 %</p> <p>7.6</p>
<p>EPS</p> <p>EPS adj.</p> <p>DPS</p> <p>Dividend Yield</p> <p>FCFPS</p> <p>FCF / Market cap</p>	<p>98.8 %</p> <p>98.8 %</p> <p>0.0 %</p> <p>n.a.</p> <p>0.20</p> <p>0.6 %</p>	<p>-0.79</p> <p>-0.79</p> <p>0.00</p> <p>n.a.</p> <p>0.63</p> <p>1.4 %</p>	<p>1.50</p> <p>1.50</p> <p>0.00</p> <p>n.a.</p> <p>0.63</p> <p>1.4 %</p>	<p>2.05</p> <p>2.05</p> <p>0.00</p> <p>n.a.</p> <p>3.70</p> <p>3.9 %</p>	<p>0.49</p> <p>0.49</p> <p>0.50</p> <p>0.5 %</p> <p>-9.27</p> <p>-9.0 %</p>	<p>0.55</p> <p>0.55</p> <p>0.00</p> <p>n.a.</p> <p>-2.84</p> <p>-4.4 %</p>	<p>-0.34</p> <p>-0.34</p> <p>0.50</p> <p>0.8 %</p> <p>-0.40</p> <p>-0.6 %</p>	<p>3.85</p> <p>3.85</p> <p>0.50</p> <p>0.8 %</p> <p>1.03</p> <p>1.6 %</p>	
<p>EV / Sales</p> <p>EV / EBITDA</p> <p>EV / EBIT</p> <p>P / E</p> <p>P / E adj.</p> <p>FCF Potential Yield</p>	<p>1.2 x</p> <p>33.7 x</p> <p>n.a.</p> <p>n.a.</p> <p>n.a.</p> <p>2.8 %</p>	<p>1.3 x</p> <p>12.5 x</p> <p>24.8 x</p> <p>30.8 x</p> <p>30.8 x</p> <p>7.3 %</p>	<p>2.0 x</p> <p>20.9 x</p> <p>36.7 x</p> <p>46.0 x</p> <p>46.0 x</p> <p>4.5 %</p>	<p>2.1 x</p> <p>32.3 x</p> <p>138.3 x</p> <p>210.4 x</p> <p>210.4 x</p> <p>3.4 %</p>	<p>1.4 x</p> <p>12.7 x</p> <p>85.5 x</p> <p>116.4 x</p> <p>116.4 x</p> <p>7.6 %</p>	<p>1.4 x</p> <p>16.8 x</p> <p>n.a.</p> <p>n.a.</p> <p>n.a.</p> <p>6.1 %</p>	<p>1.2 x</p> <p>6.8 x</p> <p>14.3 x</p> <p>16.6 x</p> <p>16.6 x</p> <p>12.7 %</p>		
<p>Net Debt</p> <p>ROCE (NOPAT)</p> <p>Guidance:</p>	<p>8.8</p> <p>n.a.</p> <p>n.a.</p>	<p>10.5</p> <p>8.1 %</p> <p>n.a.</p>	<p>3.7</p> <p>10.6 %</p> <p>n.a.</p>	<p>24.6</p> <p>16.1 %</p> <p>n.a.</p>	<p>31.2</p> <p>1.9 %</p> <p>n.a.</p>	<p>32.0</p> <p>n.a.</p> <p>n.a.</p>	<p>30.9</p> <p>10.5 %</p> <p>n.a.</p>		

Sales development in EUR m



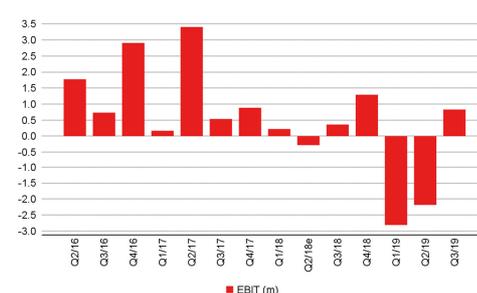
Source: Warburg Research

Employees per location 2018; in %



Source: Warburg Research

EBIT development in EUR m



Source: Warburg Research

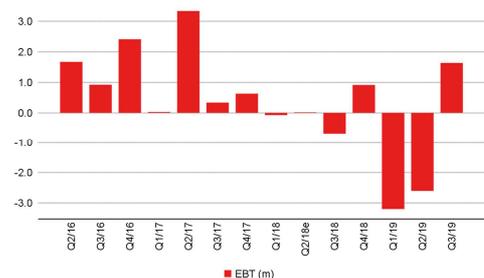
Company Background

- 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

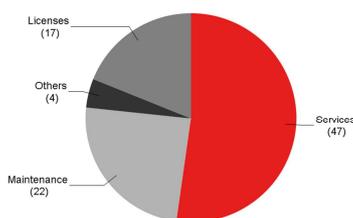
- The structural advantages of GK Software are compelling:
- GK Software's leading solution is completely Java-based, which makes it lean, platform independent and means it can be operated on the existing customer infrastructure.
- For many retail projects, GK competitors tend to undercalculate their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



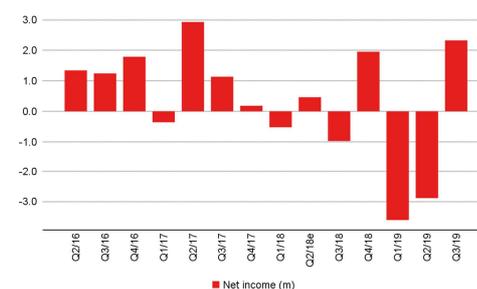
Source: Warburg Research

Sales by segments 2019e; 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
	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	
Sales	115.5	109.7	131.7	148.8	165.2	178.4	189.1	200.4	212.4	225.2	238.7	250.6	263.2	
Sales change	8.8 %	-5.0 %	20.0 %	13.0 %	11.0 %	8.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	5.0 %	5.0 %	2.5 %
EBIT	1.8	-0.7	11.1	13.4	16.5	23.2	28.4	34.1	36.1	38.3	40.6	42.6	44.7	
EBIT-margin	1.6 %	-0.6 %	8.4 %	9.0 %	10.0 %	13.0 %	15.0 %	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	1.3	-0.5	7.9	9.5	11.7	16.5	20.1	24.2	25.6	27.2	28.8	30.3	31.8	
Depreciation	10.6	10.1	12.1	13.4	14.9	12.5	11.3	10.0	10.6	11.3	11.9	12.5	13.2	
in % of Sales	9.2 %	9.2 %	9.2 %	9.0 %	9.0 %	7.0 %	6.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	
Changes in provisions	0.0	0.0	0.0	-1.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	3.3	-1.3	5.2	4.1	3.9	3.2	2.6	2.7	2.9	3.0	3.2	2.8	3.0	
- Capex	14.0	11.5	12.5	11.9	13.2	10.7	10.4	11.0	11.7	12.4	13.1	13.8	14.5	
Capex in % of Sales	12.2 %	10.5 %	9.5 %	8.0 %	8.0 %	6.0 %	5.5 %	5.5 %	5.5 %	5.5 %	5.5 %	5.5 %	5.5 %	
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)	-5.4	-0.6	2.3	5.9	9.5	15.1	18.6	20.5	21.8	23.1	24.4	26.2	27.5	29
PV of FCF	-5.7	-0.5	1.9	4.4	6.5	9.2	10.2	10.1	9.6	9.1	8.7	8.4	7.9	92
share of PVs	-2.49 %			48.82 %										53.68 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.80
Cost of debt (after tax)	4.2 %	Liquidity (share)	1.80
Market return	7.00 %	Cyclicality	1.80
Risk free rate	1.50 %	Transparency	1.80
		Others	1.80
WACC	11.40 %	Beta	1.80

Valuation (m)

Present values 2031e	80		
Terminal Value	92		
Financial liabilities	35		
Pension liabilities	2		
Hybrid capital	0		
Minority interest	1		
Market val. of investments	0		
Liquidity	12	No. of shares (m)	2.0
Equity Value	147	Value per share (EUR)	73.98

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
1.98	12.4 %	59.80	60.65	61.53	62.46	63.44	64.47	65.56	1.98	12.4 %	52.04	55.52	58.99	62.46	65.93	69.41	72.88
1.89	11.9 %	64.80	65.78	66.81	67.90	69.04	70.25	71.53	1.89	11.9 %	56.92	60.58	64.24	67.90	71.56	75.22	78.88
1.85	11.7 %	67.50	68.56	69.68	70.85	72.09	73.40	74.79	1.85	11.7 %	59.57	63.33	67.09	70.85	74.61	78.37	82.13
1.80	11.4 %	70.36	71.50	72.71	73.98	75.33	76.75	78.27	1.80	11.4 %	62.37	66.24	70.11	73.98	77.85	81.72	85.59
1.75	11.2 %	73.37	74.61	75.92	77.30	78.76	80.32	81.97	1.75	11.2 %	65.35	69.33	73.31	77.30	81.28	85.26	89.25
1.71	10.9 %	76.56	77.90	79.32	80.82	82.42	84.12	85.92	1.71	10.9 %	68.51	72.62	76.72	80.82	84.93	89.03	93.13
1.62	10.4 %	83.53	85.11	86.79	88.58	90.48	92.52	94.69	1.62	10.4 %	75.47	79.84	84.21	88.58	92.95	97.32	101.69

- GK has been able to grow strongly in recent years and, last but not least, convince in terms of profitability
- The technological leadership position and the cooperation with SAP form a good basis for further growth
- This leading position in the world provides considerable scope for sales and earnings

Valuation	2015	2016	2017	2018	2019e	2020e	2021e
Price / Book	2.2 x	2.8 x	4.6 x	5.0 x	3.2 x	3.3 x	2.8 x
Book value per share ex intangibles	2.03	4.18	7.02	4.82	7.70	9.58	15.94
EV / Sales	1.2 x	1.3 x	2.0 x	2.1 x	1.4 x	1.4 x	1.2 x
EV / EBITDA	33.7 x	12.5 x	20.9 x	32.3 x	12.7 x	16.8 x	6.8 x
EV / EBIT	n.a.	24.8 x	36.7 x	138.3 x	85.5 x	n.a.	14.3 x
EV / EBIT adj.*	n.a.	24.8 x	36.7 x	138.3 x	85.5 x	n.a.	14.3 x
P / FCF	170.5 x	73.7 x	25.5 x	n.a.	n.a.	n.a.	61.9 x
P / E	n.a.	30.8 x	46.0 x	210.4 x	116.4 x	n.a.	16.6 x
P / E adj.*	n.a.	30.8 x	46.0 x	210.4 x	116.4 x	n.a.	16.6 x
Dividend Yield	n.a.	n.a.	n.a.	0.5 %	n.a.	0.8 %	0.8 %
FCF Potential Yield (on market EV)	2.8 %	7.3 %	4.5 %	3.4 %	7.6 %	6.1 %	12.7 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
Sales	62.6	77.3	90.5	106.2	115.5	109.7	131.7
Change Sales yoy	40.3 %	23.5 %	17.0 %	17.4 %	8.8 %	-5.0 %	20.0 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.5	0.4	0.0	0.0	0.0	0.0	0.0
Total Sales	63.1	77.7	90.5	106.2	115.5	109.7	131.7
Material expenses	8.3	7.7	8.5	7.7	5.2	3.3	5.3
Gross profit	54.9	70.0	81.9	98.4	110.3	106.4	126.4
Gross profit margin	87.6 %	90.6 %	90.6 %	92.7 %	95.5 %	97.0 %	96.0 %
Personnel expenses	39.7	47.7	57.8	68.8	80.3	79.0	83.0
Other operating income	1.7	1.8	5.2	3.6	4.4	4.0	4.7
Other operating expenses	14.7	16.3	20.5	26.4	21.9	21.9	25.0
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	2.2	7.8	8.8	6.8	12.5	9.4	23.2
Margin	3.5 %	10.1 %	9.7 %	6.4 %	10.8 %	8.6 %	17.6 %
Depreciation of fixed assets	1.0	1.1	1.4	2.7	2.3	2.2	2.6
EBITA	1.2	6.7	7.4	4.1	10.2	7.2	20.5
Amortisation of intangible assets	1.5	1.8	2.2	2.5	8.1	7.7	9.2
Goodwill amortisation	1.0	1.0	0.2	0.0	0.2	0.2	0.3
EBIT	-1.3	3.9	5.0	1.6	1.8	-0.7	11.1
Margin	-2.0 %	5.1 %	5.5 %	1.5 %	1.6 %	-0.6 %	8.4 %
EBIT adj.	-1.3	3.9	5.0	1.6	1.8	-0.7	11.1
Interest income	0.2	0.1	0.1	0.1	0.0	0.0	0.0
Interest expenses	0.3	0.6	0.8	1.6	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	-1.4	3.5	4.3	0.2	1.5	-1.0	10.8
Margin	-2.2 %	4.5 %	4.8 %	0.2 %	1.3 %	-0.9 %	8.2 %
Total taxes	0.1	0.6	0.5	-0.8	0.4	-0.3	3.1
Net income from continuing operations	-1.5	2.8	3.9	0.9	1.1	-0.7	7.6
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	-1.5	2.8	3.9	0.9	1.1	-0.7	7.6
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-1.5	2.8	3.9	0.9	1.1	-0.7	7.6
Margin	-2.4 %	3.7 %	4.3 %	0.9 %	1.0 %	-0.6 %	5.8 %
Number of shares, average	1.9	1.9	1.9	1.9	2.0	2.0	2.0
EPS	-0.79	1.50	2.05	0.49	0.55	-0.34	3.85
EPS adj.	-0.79	1.50	2.05	0.49	0.55	-0.34	3.85

*Adjustments made for:

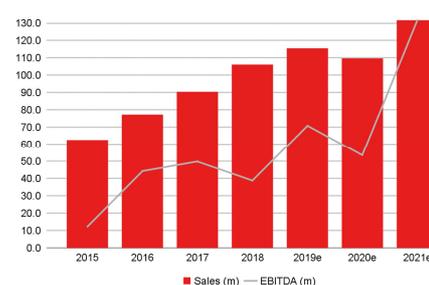
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Financial Ratios

	2015	2016	2017	2018	2019e	2020e	2021e
Total Operating Costs / Sales	97.4 %	90.4 %	90.3 %	93.6 %	89.2 %	91.4 %	82.4 %
Operating Leverage	-1.4 x	n.a.	1.6 x	-3.9 x	1.8 x	n.a.	n.a.
EBITDA / Interest expenses	6.7 x	12.2 x	11.2 x	4.4 x	41.6 x	31.5 x	77.2 x
Tax rate (EBT)	-8.5 %	18.1 %	10.5 %	-439.8 %	29.0 %	29.0 %	29.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	103.1 %	0.0 %	n.m.	13.0 %
Sales per Employee	145,313	175,985	201,806	232,188	247,684	230,686	271,395

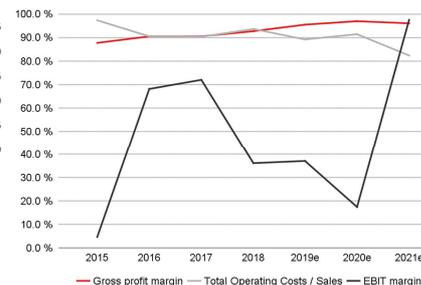
Sales, EBITDA

in EUR m

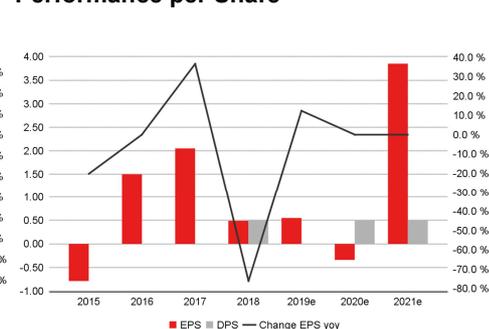


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

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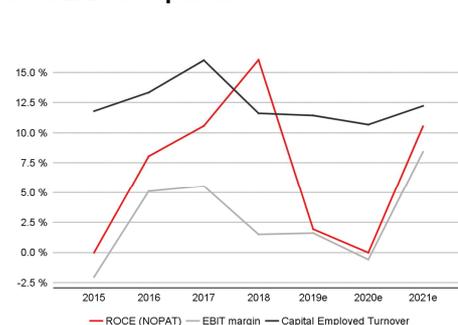
Consolidated balance sheet

In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
Assets							
Goodwill and other intangible assets	25.2	23.8	25.4	30.0	24.1	19.7	13.7
thereof other intangible assets	20.2	18.8	21.4	12.2	6.4	2.3	-3.5
thereof Goodwill	5.0	5.0	4.0	17.9	17.6	17.4	17.1
Property, plant and equipment	5.8	8.9	14.2	22.7	32.1	37.9	44.3
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	30.9	32.7	39.6	52.8	56.2	57.6	58.0
Inventories	1.7	1.2	1.0	0.5	1.8	1.7	2.0
Accounts receivable	12.6	18.0	17.7	26.0	28.3	26.9	32.3
Liquid assets	7.4	6.0	30.5	11.8	5.2	4.4	5.5
Other short-term assets	15.2	13.7	17.8	20.0	20.0	20.0	20.0
Current assets	36.8	38.9	67.0	58.4	55.4	53.1	59.8
Total Assets	67.7	71.6	106.6	111.2	111.6	110.7	117.8
Liabilities and shareholders' equity							
Subscribed capital	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Capital reserve	18.2	18.5	20.5	21.4	21.4	21.4	21.4
Retained earnings	0.0	0.0	0.0	0.0	0.2	-0.5	6.1
Other equity components	8.9	11.3	16.3	15.8	15.8	15.8	15.8
Shareholders' equity	29.0	31.7	38.7	39.2	39.3	38.7	45.3
Minority interest	0.0	0.0	0.0	1.1	1.1	1.1	1.1
Total equity	29.0	31.7	38.7	40.3	40.4	39.7	46.4
Provisions	6.0	3.6	3.7	3.1	3.1	3.1	3.1
thereof provisions for pensions and similar obligations	1.5	1.7	1.9	1.6	1.6	1.6	1.6
Financial liabilities (total)	14.7	14.8	32.3	34.8	34.8	34.8	34.8
thereof short-term financial liabilities	3.2	5.8	10.3	12.3	12.3	12.3	12.3
Accounts payable	2.1	2.2	1.8	2.4	2.6	2.4	2.9
Other liabilities	15.9	19.3	30.0	30.7	30.7	30.7	30.7
Liabilities	38.7	39.9	67.9	70.9	71.2	71.0	71.5
Total liabilities and shareholders' equity	67.7	71.6	106.6	111.2	111.6	110.7	117.8

Financial Ratios

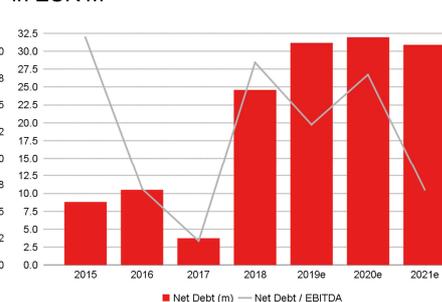
	2015	2016	2017	2018	2019e	2020e	2021e
Efficiency of Capital Employment							
Operating Assets Turnover	4.5 x	3.0 x	3.0 x	2.3 x	1.9 x	1.7 x	1.7 x
Capital Employed Turnover	1.7 x	1.8 x	2.1 x	1.6 x	1.6 x	1.5 x	1.7 x
ROA	-4.9 %	8.6 %	9.8 %	1.8 %	2.0 %	-1.2 %	13.2 %
Return on Capital							
ROCE (NOPAT)	n.a.	8.1 %	10.6 %	16.1 %	1.9 %	n.a.	10.5 %
ROE	-5.0 %	9.3 %	11.1 %	2.4 %	2.8 %	-1.7 %	18.2 %
Adj. ROE	-5.0 %	9.3 %	11.1 %	2.4 %	2.8 %	-1.7 %	18.2 %
Balance sheet quality							
Net Debt	8.8	10.5	3.7	24.6	31.2	32.0	30.9
Net Financial Debt	7.3	8.8	1.8	23.0	29.6	30.4	29.3
Net Gearing	30.3 %	33.1 %	9.6 %	61.1 %	77.1 %	80.4 %	66.6 %
Net Fin. Debt / EBITDA	337.6 %	112.8 %	21.0 %	337.0 %	237.3 %	322.1 %	126.6 %
Book Value / Share	15.4	16.8	20.3	20.6	19.8	19.5	22.8
Book value per share ex intangibles	2.0	4.2	7.0	4.8	7.7	9.6	15.9

ROCE Development



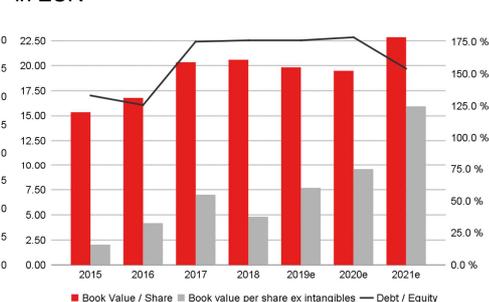
Source: Warburg Research

Net debt in EUR m



Source: Warburg Research

Book Value per Share in EUR



Source: Warburg Research

Consolidated cash flow statement

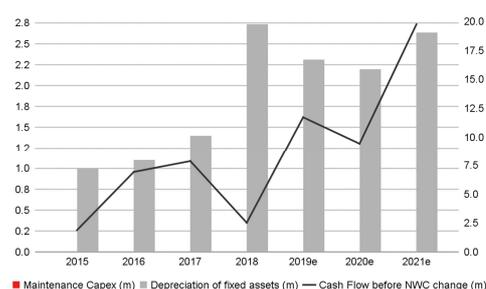
In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
Net income	-1.5	2.8	3.9	0.9	1.1	-0.7	7.6
Depreciation of fixed assets	1.0	1.1	1.4	2.7	2.3	2.2	2.6
Amortisation of goodwill	1.0	1.0	0.2	0.0	0.2	0.2	0.3
Amortisation of intangible assets	1.5	1.8	2.2	2.5	8.1	7.7	9.2
Increase/decrease in long-term provisions	0.7	0.2	0.2	-0.3	0.0	0.0	0.0
Other non-cash income and expenses	-0.8	0.0	0.0	-3.3	0.0	0.0	0.0
Cash Flow before NWC change	1.9	6.9	7.9	2.5	11.7	9.4	19.8
Increase / decrease in inventory	-0.1	0.5	0.2	0.5	-1.3	0.1	-0.3
Increase / decrease in accounts receivable	-0.4	-5.4	0.3	-8.3	-2.3	1.4	-5.4
Increase / decrease in accounts payable	-0.2	-3.6	0.2	-0.3	0.2	-0.2	0.5
Increase / decrease in other working capital positions	1.0	5.2	6.6	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	0.3	-3.4	7.3	-8.2	-3.3	1.3	-5.2
Net cash provided by operating activities [1]	2.2	3.6	15.2	-5.7	8.4	10.7	14.6
Investments in intangible assets	-1.2	-1.2	-0.3	-0.3	-2.4	-3.5	-3.5
Investments in property, plant and equipment	-1.1	-1.1	-7.9	-11.7	-11.7	-8.0	-9.0
Payments for acquisitions	-16.8	0.0	0.0	-3.9	0.0	0.0	0.0
Financial investments	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	-2.6	-1.1	0.2	0.0	0.0	0.0
Net cash provided by investing activities [2]	-18.6	-5.0	-9.3	-15.7	-14.0	-11.5	-12.5
Change in financial liabilities	13.6	0.1	17.5	-0.9	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	-1.0	0.0	-1.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.6	0.0	0.0	0.0
Other	-1.0	-2.2	1.6	0.0	0.0	0.0	0.0
Net cash provided by financing activities [3]	12.6	-2.1	19.1	-0.3	-1.0	0.0	-1.0
Change in liquid funds [1]+[2]+[3]	-3.9	-3.5	25.1	-21.7	-6.6	-0.8	1.1
Effects of exchange-rate changes on cash	0.1	0.0	0.0	-0.1	0.0	0.0	0.0
Cash and cash equivalent at end of period	6.4	2.8	27.9	8.7	5.2	4.4	5.5

Financial Ratios

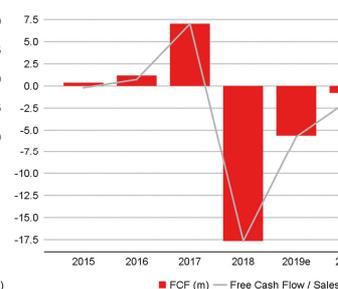
	2015	2016	2017	2018	2019e	2020e	2021e
Cash Flow							
FCF	0.4	1.2	7.0	-17.6	-5.6	-0.8	2.1
Free Cash Flow / Sales	0.6 %	1.5 %	7.8 %	-16.6 %	-4.9 %	-0.7 %	1.6 %
Free Cash Flow Potential	2.1	7.2	8.3	7.6	12.0	9.7	20.1
Free Cash Flow / Net Profit	-25.3 %	42.0 %	180.8 %	-1907.9 %	-511.8 %	116.0 %	26.8 %
Interest Received / Avg. Cash	2.5 %	2.2 %	0.7 %	0.7 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	4.1 %	4.3 %	3.3 %	4.7 %	0.9 %	0.9 %	0.9 %
Management of Funds							
Investment ratio	3.8 %	3.1 %	9.0 %	11.3 %	12.2 %	10.5 %	9.5 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	68.6 %	61.4 %	215.8 %	228.7 %	132.1 %	114.0 %	103.2 %
Avg. Working Capital / Sales	13.1 %	16.1 %	18.1 %	18.9 %	22.4 %	24.5 %	21.9 %
Trade Debtors / Trade Creditors	600.2 %	819.6 %	964.6 %	1100.6 %	1088.5 %	1120.8 %	1113.8 %
Inventory Turnover	5.0 x	6.4 x	8.6 x	14.8 x	2.9 x	1.9 x	2.6 x
Receivables collection period (days)	73	85	71	90	89	89	90
Payables payment period (days)	93	105	79	112	183	266	201
Cash conversion cycle (Days)	-123	23	-1	2	33	12	27

CAPEX and Cash Flow

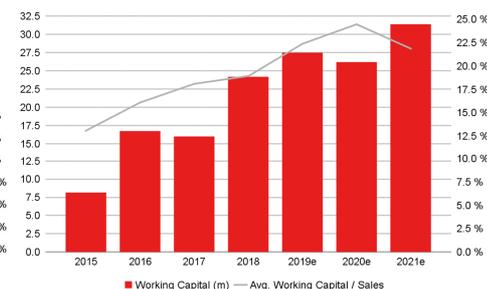
in EUR m



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	129	64
Hold	58	29
Sell	9	4
Rating suspended	7	3
Total	203	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	33	80
Hold	5	12
Sell	0	0
Rating suspended	3	7
Total	41	100

PRICE AND RATING HISTORY GK SOFTWARE AS OF 03.06.2020


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