

Buy EUR 120.00 (EUR 105.00) Price EUR 74.00 Upside 62.2 %	Value Indicators: EUR DCF: 120.54	Warburg ESG Risk Score: 2.2 ESG Score (MSCI based): 3.0 Balance Sheet Score: 3.5 Market Liquidity Score: 0.0	Description: Leading software company for stationary retailers
	Market Snapshot: EUR m Market cap: 139.9 No. of shares (m): 1.9 EV: 169.1 Freefloat MC: 55.2 Ø Trad. Vol. (30d): 69.69 th	Shareholders: Freefloat 39.5 % GK Software Holding 49.6 % SAP 5.3 % Rainer Gläß 3.3 % Stephan Kronmüller 2.3 %	Key Figures (WRe): 2020e Beta: 1.7 Price / Book: 3.4 x Equity Ratio: 38 % Net Fin. Debt / EBITDA: 1.5 x Net Debt / EBITDA: 1.6 x

New clients, lower costs, strong numbers - prospects are bright

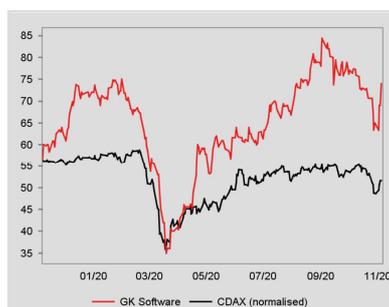
Stated Figures Q3/2020: in EUR m	<table border="1"> <thead> <tr> <th></th> <th>Q3/20</th> <th>Q3/20e</th> <th>Q3/19</th> <th>yoy</th> <th>9M/20</th> <th>9M/19</th> <th>yoy</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>29.1</td> <td>28.0</td> <td>29.5</td> <td>-1.3%</td> <td>85.3</td> <td>79.7</td> <td>6.9%</td> </tr> <tr> <td>EBITDA</td> <td>5.5</td> <td>4.0</td> <td>3.2</td> <td>73.0%</td> <td>11.8</td> <td>2.6</td> <td>350.7%</td> </tr> <tr> <td><i>margin</i></td> <td>19.0%</td> <td>14.3%</td> <td>10.9%</td> <td></td> <td>13.8%</td> <td>3.3%</td> <td></td> </tr> </tbody> </table>		Q3/20	Q3/20e	Q3/19	yoy	9M/20	9M/19	yoy	Sales	29.1	28.0	29.5	-1.3%	85.3	79.7	6.9%	EBITDA	5.5	4.0	3.2	73.0%	11.8	2.6	350.7%	<i>margin</i>	19.0%	14.3%	10.9%		13.8%	3.3%		Comment on Figures: <ul style="list-style-type: none"> GK Software again significantly exceeded expectations (WRe) in the third quarter. The basis for this result was the successful implementation of the internal programme to increase efficiency and the acquisition of a total of six new customers, including two from the USA and another two existing customers for the core products.
	Q3/20	Q3/20e	Q3/19	yoy	9M/20	9M/19	yoy																											
Sales	29.1	28.0	29.5	-1.3%	85.3	79.7	6.9%																											
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In the third quarter alone, three new retailers were won. Two of the customers are in other European countries and one from Egypt. All of the new customers in 2020, including a major European food retailer, stand for well over 10,000 new installations in the next few years. **This finally shows the international success of the SAP cooperation in figures.** In addition, GK Software was able to win for the first time in 2020 two retailers who opted for the core solutions as SaaS services. Development of the subsidiary "Deutsche Fiskal" has also been extremely positive (currently the only certified cloud solution for fiscalisation). The solution was put into regular operation on November 2, initiating the takeover of customers into productive operation. However, the fiscalisation business is not expected to make a significant contribution to sales until 2021.

The prospects for the current fourth quarter are very positive both in the existing business and in the area of new sales, although the effects of the renewed lockdown will be difficult to assess this year. Against the background of the figures published, the forecasts are increased again. At the same time, the risk discount (beta) is slightly reduced from 1.8 to 1.7 due to higher visibility of the business with regard to the recent development throughout the pandemic.

This results in a new increase in the target price from EUR 105 to EUR 120. The share continues to be rated Buy.

Changes in Estimates: FY End: 31.12. in EUR m	<table border="1"> <thead> <tr> <th></th> <th>2020e (old)</th> <th>+ / -</th> <th>2021e (old)</th> <th>+ / -</th> <th>2022e (old)</th> <th>+ / -</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>123.0</td> <td>1.6 %</td> <td>147.6</td> <td>1.6 %</td> <td>177.1</td> <td>1.6 %</td> </tr> <tr> <td>EBITDA</td> <td>16.0</td> <td>13.4 %</td> <td>25.8</td> <td>1.6 %</td> <td>31.0</td> <td>1.6 %</td> </tr> <tr> <td>EBIT</td> <td>4.3</td> <td>45.2 %</td> <td>12.3</td> <td>1.6 %</td> <td>14.7</td> <td>1.6 %</td> </tr> <tr> <td>DPS</td> <td>0.00</td> <td>0.0 %</td> <td>0.00</td> <td>0.0 %</td> <td>1.50</td> <td>0.0 %</td> </tr> </tbody> </table>		2020e (old)	+ / -	2021e (old)	+ / -	2022e (old)	+ / -	Sales	123.0	1.6 %	147.6	1.6 %	177.1	1.6 %	EBITDA	16.0	13.4 %	25.8	1.6 %	31.0	1.6 %	EBIT	4.3	45.2 %	12.3	1.6 %	14.7	1.6 %	DPS	0.00	0.0 %	0.00	0.0 %	1.50	0.0 %	Comment on Changes: <ul style="list-style-type: none"> Against the background of the strong third quarter, a lower cost base can now be expected for the rest of 2020. The mentioned successes with new customers, new products, the SAP cooperation and the lower cost base in 2020 also increase the visibility of the expected strong increase in results in the years ahead.
	2020e (old)	+ / -	2021e (old)	+ / -	2022e (old)	+ / -																															
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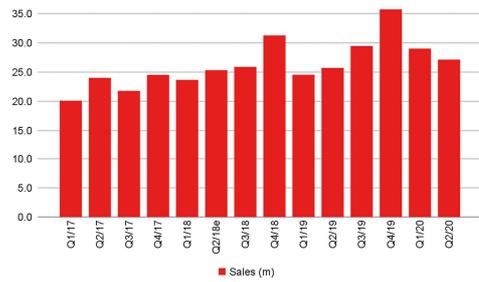


Rel. Performance vs CDAX:	
1 month:	0.7 %
6 months:	25.7 %
Year to date:	12.0 %
Trailing 12 months:	32.7 %

Company events:
26.11.20 Q3

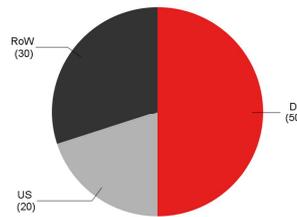
FY End: 31.12. in EUR m	CAGR (19-22e)	2016	2017	2018	2019	2020e	2021e	2022e
Sales	16.0 %	77.3	90.5	106.2	115.4	125.0	150.0	180.0
Change Sales yoy		23.5 %	17.0 %	17.4 %	8.8 %	8.3 %	20.0 %	20.0 %
Gross profit margin		90.6 %	90.6 %	92.7 %	94.6 %	93.5 %	94.0 %	94.0 %
EBITDA	37.0 %	7.8	8.8	6.8	12.3	18.1	26.3	31.5
Margin		10.1 %	9.7 %	6.4 %	10.6 %	14.5 %	17.5 %	17.5 %
EBIT	63.3 %	3.9	5.0	1.6	3.4	6.3	12.5	14.9
Margin		5.1 %	5.5 %	1.5 %	3.0 %	5.0 %	8.3 %	8.3 %
Net income	-	2.8	3.9	0.9	-3.1	2.9	7.5	9.2
EPS	-	1.50	2.05	0.49	-1.55	1.42	3.70	4.54
EPS adj.	-	1.50	2.05	0.49	-1.55	1.42	3.70	4.54
DPS	-	0.00	0.00	0.00	0.00	0.00	0.00	1.50
Dividend Yield		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.0 %
FCFPS		0.63	3.70	-9.27	-1.92	2.74	3.46	6.80
FCF / Market cap		1.4 %	3.9 %	-9.0 %	-2.8 %	3.7 %	4.7 %	9.2 %
EV / Sales		1.3 x	2.0 x	2.1 x	1.5 x	1.4 x	1.1 x	0.9 x
EV / EBITDA		12.5 x	20.9 x	32.3 x	14.1 x	9.9 x	6.6 x	5.0 x
EV / EBIT		24.8 x	36.7 x	138.3 x	50.4 x	28.6 x	13.8 x	10.6 x
P / E		30.8 x	46.0 x	210.4 x	n.a.	52.1 x	20.0 x	16.3 x
P / E adj.		30.8 x	46.0 x	210.4 x	n.a.	52.1 x	20.0 x	16.3 x
FCF Potential Yield		7.3 %	4.5 %	3.4 %	4.6 %	9.5 %	13.5 %	17.5 %
Net Debt		10.5	3.7	24.6	34.8	29.2	22.3	8.5
ROCE (NOPAT)		8.1 %	10.6 %	16.1 %	n.a.	5.9 %	11.9 %	14.6 %
Guidance:	n.a.							

Sales development
in EUR m



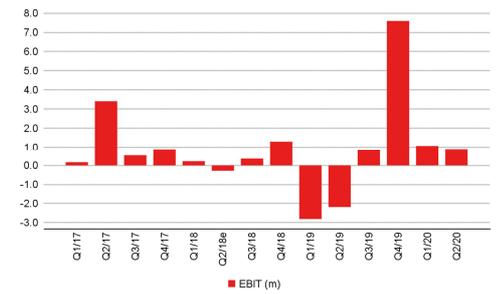
Source: Warburg Research

Employees per location
2020e; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

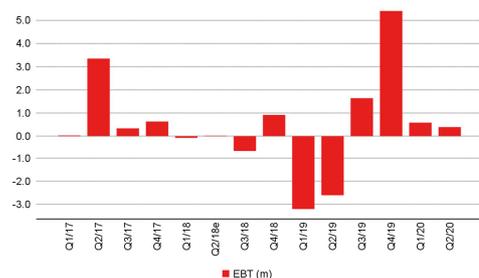
Company Background

- 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

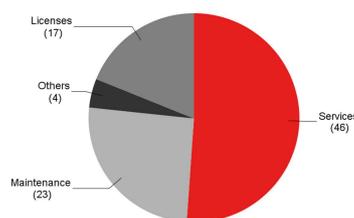
- The structural advantages of GK Software are compelling:
- GK Software's leading solution is completely Java-based, which makes it lean, platform independent and means it can be operated on the existing customer infrastructure.
- For many retail projects, GK competitors tend to undercalculate their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



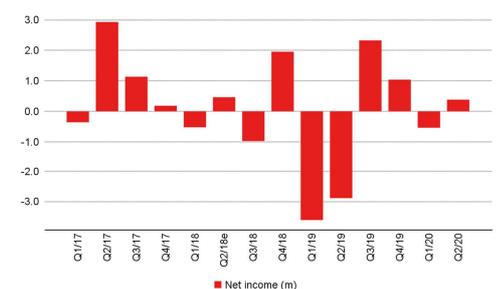
Source: Warburg Research

Sales by segments
2020e; 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
	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	
Sales	125.0	150.0	180.0	203.4	225.8	243.8	258.5	274.0	290.4	307.8	326.3	342.6	359.8	
Sales change	8.3 %	20.0 %	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	6.3	12.5	14.9	20.3	24.8	31.7	38.8	46.6	49.4	52.3	55.5	58.2	61.2	
EBIT-margin	5.0 %	8.3 %	8.3 %	10.0 %	11.0 %	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	4.4	8.8	10.6	14.4	17.6	22.5	27.5	33.1	35.1	37.2	39.4	41.4	43.4	
Depreciation	11.9	13.8	16.6	18.3	20.3	17.1	15.5	13.7	14.5	15.4	16.3	17.1	18.0	
in % of Sales	9.5 %	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	-2.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Change in Liquidity from														
- Working Capital	4.2	9.3	7.0	4.5	5.1	4.2	3.4	3.6	3.8	4.0	4.2	3.8	3.9	
- Capex	5.0	5.0	5.0	16.3	18.1	14.6	14.2	15.1	16.0	16.9	17.9	18.8	18.0	
Capex in % of Sales	4.0 %	3.3 %	2.8 %	8.0 %	8.0 %	6.0 %	5.5 %	5.5 %	5.5 %	5.5 %	5.5 %	5.5 %	5.0 %	
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)	7.1	8.3	15.2	9.9	14.8	20.9	25.5	28.2	29.9	31.7	33.6	35.9	39.5	41
PV of FCF	7.0	7.5	12.2	7.2	9.7	12.4	13.6	13.6	13.0	12.4	11.9	11.5	11.4	142
share of PVs	9.36 %			40.88 %										49.76 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.70
Cost of debt (after tax)	4.2 %	Liquidity (share)	1.70
Market return	7.00 %	Cyclicality	1.70
Risk free rate	1.50 %	Transparency	1.70
		Others	1.70
WACC	10.85 %	Beta	1.70

Valuation (m)

Present values 2032e	143		
Terminal Value	142		
Financial liabilities	40		
Pension liabilities	3		
Hybrid capital	0		
Minority interest	1		
Market val. of investments	0		
Liquidity	2	No. of shares (m)	2.0
Equity Value	244	Value per share (EUR)	120.54

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
1.88	11.9 %	98.38	99.70	101.09	102.56	104.10	105.74	107.47	1.88	11.9 %	88.74	93.35	97.95	102.56	107.16	111.77	116.37
1.79	11.4 %	106.11	107.66	109.29	111.01	112.84	114.77	116.82	1.79	11.4 %	96.36	101.24	106.13	111.01	115.90	120.78	125.66
1.75	11.1 %	110.31	111.98	113.76	115.63	117.62	119.73	121.97	1.75	11.1 %	100.52	105.56	110.59	115.63	120.67	125.70	130.74
1.70	10.9 %	114.75	116.57	118.50	120.54	122.71	125.01	127.47	1.70	10.9 %	104.95	110.14	115.34	120.54	125.74	130.93	136.13
1.65	10.6 %	119.46	121.44	123.54	125.77	128.14	130.66	133.36	1.65	10.6 %	109.66	115.03	120.40	125.77	131.14	136.51	141.88
1.61	10.4 %	124.47	126.62	128.91	131.35	133.94	136.71	139.68	1.61	10.4 %	114.69	120.24	125.80	131.35	136.90	142.45	148.00
1.52	9.9 %	135.46	138.04	140.78	143.70	146.84	150.20	153.82	1.52	9.9 %	125.84	131.79	137.75	143.70	149.66	155.62	161.57

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	2016	2017	2018	2019	2020e	2021e	2022e
Price / Book	2.8 x	4.6 x	5.0 x	3.3 x	3.4 x	2.9 x	2.5 x
Book value per share ex intangibles	4.18	7.02	4.82	6.71	11.78	19.78	29.74
EV / Sales	1.3 x	2.0 x	2.1 x	1.5 x	1.4 x	1.1 x	0.9 x
EV / EBITDA	12.5 x	20.9 x	32.3 x	14.1 x	9.9 x	6.6 x	5.0 x
EV / EBIT	24.8 x	36.7 x	138.3 x	50.4 x	28.6 x	13.8 x	10.6 x
EV / EBIT adj.*	24.8 x	36.7 x	138.3 x	50.4 x	28.6 x	13.8 x	10.6 x
P / FCF	73.7 x	25.5 x	n.a.	n.a.	27.1 x	21.4 x	10.9 x
P / E	30.8 x	46.0 x	210.4 x	n.a.	52.1 x	20.0 x	16.3 x
P / E adj.*	30.8 x	46.0 x	210.4 x	n.a.	52.1 x	20.0 x	16.3 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.0 %
FCF Potential Yield (on market EV)	7.3 %	4.5 %	3.4 %	4.6 %	9.5 %	13.5 %	17.5 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Sales	77.3	90.5	106.2	115.4	125.0	150.0	180.0
Change Sales yoy	23.5 %	17.0 %	17.4 %	8.8 %	8.3 %	20.0 %	20.0 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Total Sales	77.7	90.5	106.2	115.4	125.0	150.0	180.0
Material expenses	7.7	8.5	7.7	6.2	8.1	9.0	10.8
Gross profit	70.0	81.9	98.4	109.2	116.9	141.0	169.2
Gross profit margin	90.6 %	90.6 %	92.7 %	94.6 %	93.5 %	94.0 %	94.0 %
Personnel expenses	47.7	57.8	68.8	78.1	81.9	94.5	113.4
Other operating income	1.8	5.2	3.6	3.8	3.1	3.8	4.5
Other operating expenses	16.3	20.5	26.4	22.7	20.0	24.0	28.8
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	7.8	8.8	6.8	12.3	18.1	26.3	31.5
Margin	10.1 %	9.7 %	6.4 %	10.6 %	14.5 %	17.5 %	17.5 %
Depreciation of fixed assets	1.1	1.4	2.7	2.0	2.5	3.0	3.6
EBITA	6.7	7.4	4.1	10.3	15.6	23.3	27.9
Amortisation of intangible assets	1.8	2.2	2.5	6.8	9.4	10.8	13.0
Goodwill amortisation	1.0	0.2	0.0	0.0	0.0	0.0	0.0
EBIT	3.9	5.0	1.6	3.4	6.3	12.5	14.9
Margin	5.1 %	5.5 %	1.5 %	3.0 %	5.0 %	8.3 %	8.3 %
EBIT adj.	3.9	5.0	1.6	3.4	6.3	12.5	14.9
Interest income	0.1	0.1	0.1	0.1	0.0	0.1	0.0
Interest expenses	0.6	0.8	1.6	2.3	2.2	2.0	2.0
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	3.5	4.3	0.2	1.2	4.1	10.6	12.9
Margin	4.5 %	4.8 %	0.2 %	1.1 %	3.2 %	7.0 %	7.2 %
Total taxes	0.6	0.5	-0.8	4.4	1.2	3.1	3.8
Net income from continuing operations	2.8	3.9	0.9	-3.1	2.9	7.5	9.2
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	2.8	3.9	0.9	-3.1	2.9	7.5	9.2
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	2.8	3.9	0.9	-3.1	2.9	7.5	9.2
Margin	3.7 %	4.3 %	0.9 %	-2.7 %	2.3 %	5.0 %	5.1 %
Number of shares, average	1.9	1.9	1.9	2.0	2.0	2.0	2.0
EPS	1.50	2.05	0.49	-1.55	1.42	3.70	4.54
EPS adj.	1.50	2.05	0.49	-1.55	1.42	3.70	4.54

*Adjustments made for:

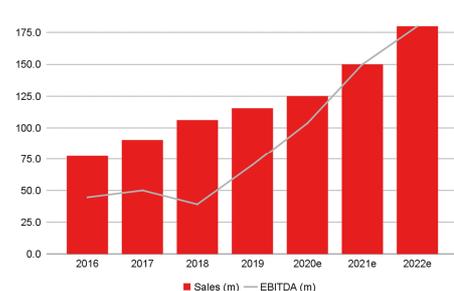
Guidance: n.a.

Financial Ratios

	2016	2017	2018	2019	2020e	2021e	2022e
Total Operating Costs / Sales	90.4 %	90.3 %	93.6 %	89.4 %	85.5 %	82.5 %	82.5 %
Operating Leverage	n.a.	1.6 x	-3.9 x	13.1 x	9.9 x	5.0 x	1.0 x
EBITDA / Interest expenses	12.2 x	11.2 x	4.4 x	5.4 x	8.2 x	13.1 x	15.8 x
Tax rate (EBT)	18.1 %	10.5 %	-439.8 %	354.6 %	29.0 %	29.0 %	29.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	33.0 %
Sales per Employee	175,985	201,806	232,188	247,572	262,800	309,176	363,737

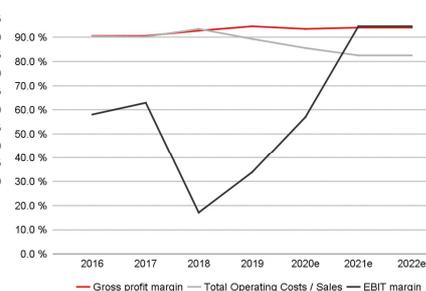
Sales, EBITDA

in EUR m

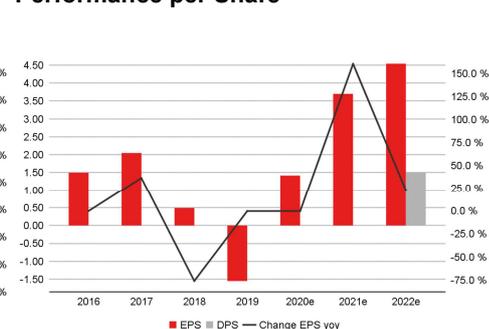


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

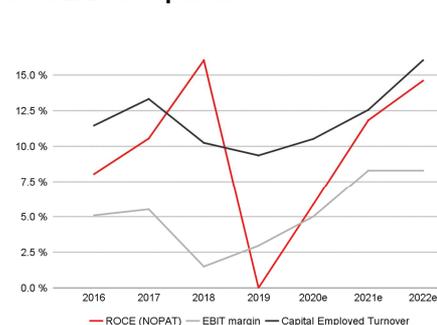
Consolidated balance sheet

In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Assets							
Goodwill and other intangible assets	23.8	25.4	30.0	27.6	20.2	11.4	0.5
thereof other intangible assets	18.8	21.4	12.2	22.2	14.9	6.1	-4.9
thereof Goodwill	5.0	4.0	17.9	5.4	5.4	5.4	5.4
Property, plant and equipment	8.9	14.2	22.7	33.0	33.5	33.5	32.9
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	32.7	39.6	52.8	60.7	53.8	45.0	33.4
Inventories	1.2	1.0	0.5	0.3	1.3	1.5	1.8
Accounts receivable	18.0	17.7	26.0	24.0	27.4	37.0	44.4
Liquid assets	6.0	30.5	11.8	8.1	13.6	20.6	34.4
Other short-term assets	13.7	17.8	20.0	21.2	21.2	21.2	21.2
Current assets	38.9	67.0	58.4	53.5	63.5	80.3	101.7
Total Assets	71.6	106.6	111.2	114.2	117.3	125.2	135.1
Liabilities and shareholders' equity							
Subscribed capital	1.9	1.9	1.9	2.0	2.0	2.0	2.0
Capital reserve	18.5	20.5	21.4	27.3	27.3	27.3	27.3
Retained earnings	0.0	0.0	0.0	0.0	2.9	10.4	19.6
Other equity components	11.3	16.3	15.8	11.8	11.8	11.7	11.7
Shareholders' equity	31.7	38.7	39.2	41.2	44.1	51.5	60.6
Minority interest	0.0	0.0	1.1	1.1	1.1	1.1	1.1
Total equity	31.7	38.7	40.3	42.3	45.1	52.5	61.7
Provisions	3.6	3.7	3.1	4.2	4.2	4.2	4.2
thereof provisions for pensions and similar obligations	1.7	1.9	1.6	2.8	2.8	2.8	2.8
Financial liabilities (total)	14.8	32.3	34.8	40.1	40.1	40.1	40.1
thereof short-term financial liabilities	5.8	10.3	12.3	13.9	13.9	13.9	13.9
Accounts payable	2.2	1.8	2.4	2.5	2.7	3.2	3.9
Other liabilities	19.3	30.0	30.7	25.2	25.2	25.2	25.2
Liabilities	39.9	67.9	70.9	71.9	72.2	72.7	73.4
Total liabilities and shareholders' equity	71.6	106.6	111.2	114.2	117.3	125.2	135.1

Financial Ratios

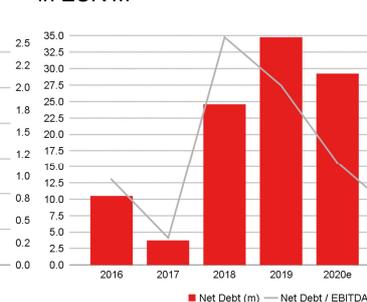
	2016	2017	2018	2019	2020e	2021e	2022e
Efficiency of Capital Employment							
Operating Assets Turnover	3.0 x	3.0 x	2.3 x	2.1 x	2.1 x	2.2 x	2.4 x
Capital Employed Turnover	1.8 x	2.1 x	1.6 x	1.5 x	1.7 x	2.0 x	2.6 x
ROA	8.6 %	9.8 %	1.8 %	-5.2 %	5.3 %	16.7 %	27.5 %
Return on Capital							
ROCE (NOPAT)	8.1 %	10.6 %	16.1 %	n.a.	5.9 %	11.9 %	14.6 %
ROE	9.3 %	11.1 %	2.4 %	-7.8 %	6.7 %	15.7 %	16.4 %
Adj. ROE	9.3 %	11.1 %	2.4 %	-7.8 %	6.7 %	15.7 %	16.4 %
Balance sheet quality							
Net Debt	10.5	3.7	24.6	34.8	29.2	22.3	8.5
Net Financial Debt	8.8	1.8	23.0	32.0	26.5	19.5	5.7
Net Gearing	33.1 %	9.6 %	61.1 %	82.3 %	64.8 %	42.4 %	13.8 %
Net Fin. Debt / EBITDA	112.8 %	21.0 %	337.0 %	261.2 %	146.1 %	74.2 %	18.2 %
Book Value / Share	16.8	20.3	20.6	20.4	21.8	25.4	30.0
Book value per share ex intangibles	4.2	7.0	4.8	6.7	11.8	19.8	29.7

ROCE Development



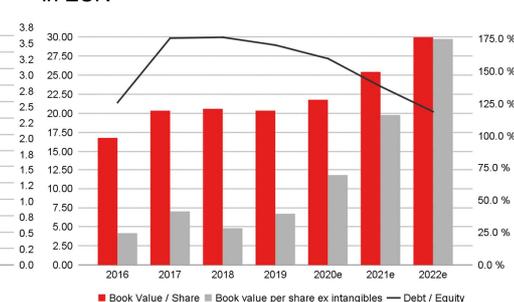
Source: Warburg Research

Net debt in EUR m



Source: Warburg Research

Book Value per Share in EUR



Source: Warburg Research

Consolidated cash flow statement

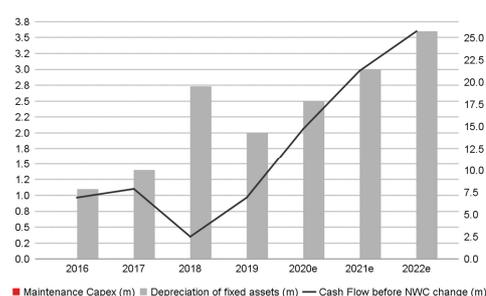
In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Net income	2.8	3.9	0.9	-3.1	2.9	7.5	9.2
Depreciation of fixed assets	1.1	1.4	2.7	2.0	2.5	3.0	3.6
Amortisation of goodwill	1.0	0.2	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.8	2.2	2.5	6.8	9.4	10.8	13.0
Increase/decrease in long-term provisions	0.2	0.2	-0.3	1.2	0.0	0.0	0.0
Other non-cash income and expenses	0.0	0.0	-3.3	0.0	0.0	0.0	0.0
Cash Flow before NWC change	6.9	7.9	2.5	6.9	14.8	21.3	25.7
Increase / decrease in inventory	0.5	0.2	0.5	0.2	-1.0	-0.2	-0.3
Increase / decrease in accounts receivable	-5.4	0.3	-8.3	2.0	-3.4	-9.6	-7.4
Increase / decrease in accounts payable	-3.6	0.2	-0.3	0.1	0.2	0.5	0.7
Increase / decrease in other working capital positions	5.2	6.6	0.0	-9.6	0.0	0.0	0.0
Increase / decrease in working capital (total)	-3.4	7.3	-8.2	-7.1	-4.2	-9.3	-7.0
Net cash provided by operating activities [1]	3.6	15.2	-5.7	-0.2	10.5	12.0	18.7
Investments in intangible assets	-1.2	-0.3	-0.3	-0.5	-2.0	-2.0	-2.0
Investments in property, plant and equipment	-1.1	-7.9	-11.7	-3.1	-3.0	-3.0	-3.0
Payments for acquisitions	0.0	0.0	-3.9	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	-2.6	-1.1	0.2	0.0	0.0	0.0	0.0
Net cash provided by investing activities [2]	-5.0	-9.3	-15.7	-3.6	-5.0	-5.0	-5.0
Change in financial liabilities	0.1	17.5	-0.9	5.3	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.6	0.0	0.0	0.0	0.0
Other	-2.2	1.6	0.0	-5.2	0.0	0.0	0.0
Net cash provided by financing activities [3]	-2.1	19.1	-0.3	0.1	0.0	0.0	0.0
Change in liquid funds [1]+[2]+[3]	-3.5	25.1	-21.7	-3.8	5.5	7.0	13.7
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	2.8	27.9	8.7	2.3	13.6	20.6	34.4

Financial Ratios

	2016	2017	2018	2019	2020e	2021e	2022e
Cash Flow							
FCF	1.2	7.0	-17.6	-3.9	5.5	7.0	13.7
Free Cash Flow / Sales	1.5 %	7.8 %	-16.6 %	-3.4 %	4.4 %	4.7 %	7.6 %
Free Cash Flow Potential	7.2	8.3	7.6	7.9	17.0	23.2	27.7
Free Cash Flow / Net Profit	42.0 %	180.8 %	-1907.9 %	124.3 %	192.4 %	93.3 %	149.6 %
Interest Received / Avg. Cash	2.2 %	0.7 %	0.7 %	0.7 %	0.0 %	0.6 %	0.0 %
Interest Paid / Avg. Debt	4.3 %	3.3 %	4.7 %	6.1 %	5.5 %	5.0 %	5.0 %
Management of Funds							
Investment ratio	3.1 %	9.0 %	11.3 %	3.2 %	4.0 %	3.3 %	2.8 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	61.4 %	215.8 %	228.7 %	41.3 %	42.1 %	36.2 %	30.2 %
Avg. Working Capital / Sales	16.1 %	18.1 %	18.9 %	19.9 %	19.1 %	20.4 %	21.6 %
Trade Debtors / Trade Creditors	819.6 %	964.6 %	1100.6 %	965.5 %	1014.8 %	1156.3 %	1138.5 %
Inventory Turnover	6.4 x	8.6 x	14.8 x	21.9 x	6.3 x	6.0 x	6.0 x
Receivables collection period (days)	85	71	90	76	80	90	90
Payables payment period (days)	105	79	112	146	121	130	132
Cash conversion cycle (Days)	23	-1	2	-53	17	21	19

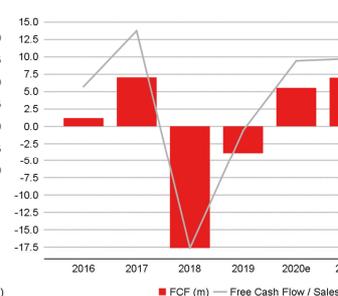
CAPEX and Cash Flow

in EUR m



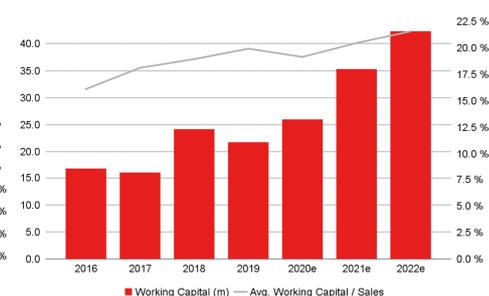
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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This report has been made accessible to the company analysed.

Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
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Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-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	133	65
Hold	57	28
Sell	9	4
Rating suspended	6	3
Total	205	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	36	84
Hold	5	12
Sell	0	0
Rating suspended	2	5
Total	43	100

PRICE AND RATING HISTORY GK SOFTWARE AS OF 06.11.2020


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.

EQUITIES

Matthias Rode +49 40 3282-2678
Head of Equities mrode@mmwarburg.com

RESEARCH

Michael Heider +49 40 309537-280
Head of Research mheider@warburg-research.com

Henner Rüschemier +49 40 309537-270
Head of Research hrueschmeier@warburg-research.com

Stefan Augustin +49 40 309537-168
Cap. Goods, Engineering saugustin@warburg-research.com

Jan Bauer +49 40 309537-155
Renewables jbauer@warburg-research.com

Jonas Blum +49 40 309537-240
Telco, Media, Construction jblum@warburg-research.com

Christian Cohrs +49 40 309537-175
Industrials & Transportation ccohrs@warburg-research.com

Dr. Christian Ehmann +49 40 309537-167
BioTech, Life Science cehmann@warburg-research.com

Felix Ellmann +49 40 309537-120
Software, IT fellmann@warburg-research.com

Jörg Philipp Frey +49 40 309537-258
Retail, Consumer Goods jfrey@warburg-research.com

Marius Fuhrberg +49 40 309537-185
Financial Services mfuhrberg@warburg-research.com

Mustafa Hidir +49 40 309537-230
Automobiles, Car Suppliers mhidir@warburg-research.com

Ulrich Huwald +49 40 309537-255
Health Care, Pharma uhuwald@warburg-research.com

Philipp Kaiser +49 40 309537-260
Real Estate pkaiser@warburg-research.com

Thilo Kleibauer +49 40 309537-257
Retail, Consumer Goods tkleibauer@warburg-research.com

Eggert Kuls +49 40 309537-256
Engineering ekuls@warburg-research.com

Andreas Pläsier +49 40 309537-246
Banks, Financial Services aplaesier@warburg-research.com

Malte Schaumann +49 40 309537-170
Technology mschaumann@warburg-research.com

Oliver Schwarz +49 40 309537-250
Chemicals, Agriculture oschwarz@warburg-research.com

Simon Stippig +49 40 309537-265
Real Estate sstippig@warburg-research.com

Cansu Tatar +49 40 309537-248
Cap. Goods, Engineering ctatar@warburg-research.com

Marc-René Tonn +49 40 309537-259
Automobiles, Car Suppliers mtonn@warburg-research.com

Robert-Jan van der Horst +49 40 309537-290
Technology rvanderhorst@warburg-research.com

Andreas Wolf +49 40 309537-140
Software, IT awolf@warburg-research.com

INSTITUTIONAL EQUITY SALES

Marc Niemann +49 40 3282-2660
Head of Equity Sales, Germany mniemann@mmwarburg.com

Klaus Schilling +49 40 3282-2664
Head of Equity Sales, Germany kschilling@mmwarburg.com

Tim Beckmann +49 40 3282-2665
United Kingdom tbeckmann@mmwarburg.com

Lea Bogdanova +49 69 5050-7411
United Kingdom, Ireland lbogdanova@mmwarburg.com

Jens Buchmüller +49 69 5050-7415
Scandinavia, Austria jbuchmueller@mmwarburg.com

Alexander Eschweiler +49 40 3282-2669
Germany, Luxembourg aeschweiler@mmwarburg.com

Matthias Fritsch +49 40 3282-2696
United Kingdom mfritsch@mmwarburg.com

Maximilian Martin +49 69 5050-7413
Austria, Poland mmartin@mmwarburg.com

Christopher Seedorf +49 69 5050-7414
Switzerland cseedorf@mmwarburg.com

Sophie Hauer +49 69 5050-7417
Roadshow/Marketing shauer@mmwarburg.com

Juliane Niemann +49 40 3282-2694
Roadshow/Marketing jniemann@mmwarburg.com

SALES TRADING

Oliver Merckel +49 40 3282-2634
Head of Sales Trading omerckel@mmwarburg.com

Elyaz Dust +49 40 3282-2702
Sales Trading edust@mmwarburg.com

Michael Ilgenstein +49 40 3282-2700
Sales Trading milgenstein@mmwarburg.com

Marcel Magiera +49 40 3282-2662
Sales Trading mmagiera@mmwarburg.com

Bastian Quast +49 40 3282-2701
Sales Trading bquast@mmwarburg.com

Jörg Treptow +49 40 3282-2658
Sales Trading jtreptow@mmwarburg.com

MACRO RESEARCH

Carsten Klude +49 40 3282-2572
Macro Research cklude@mmwarburg.com

Dr. Christian Jasperneite +49 40 3282-2439
Investment Strategy cjasperneite@mmwarburg.com

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For access please contact:

Andrea Schaper +49 40 3282-2632
Sales Assistance aschaper@mmwarburg.com

Kerstin Muthig +49 40 3282-2703
Sales Assistance kmuthig@mmwarburg.com