

<b>Buy</b>  <b>EUR 44.00</b> (EUR 50.00)  Price <b>EUR 30.70</b> <b>Upside 43.3 %</b>	<b>Value Indicators:</b> EUR DCF: 43.85 FCF-Value Potential: 34.74	<b>Share data:</b> Bloomberg: GKS GR Reuters: GKSG ISIN: DE0007571424	<b>Description:</b> Leading software company for stationary retailers
	<b>Market Snapshot:</b> EUR m Market cap: 58.0 No. of shares (m): 1.9 EV: 69.9 Freefloat MC: 22.9 Ø Trad. Vol. (30d): 3.75 th	<b>Shareholders:</b> Freefloat 39.5 % GK Software Holding 49.6 % SAP 5.3 % Rainer Gläß 3.3 % Stephan Kronmüller 2.3 %	<b>Risk Profile (WRe):</b> 2015e Beta: 1.6 Price / Book: 1.9 x Equity Ratio: 56 % Net Fin. Debt / EBITDA: 2.6 x Net Debt / EBITDA: 3.0 x

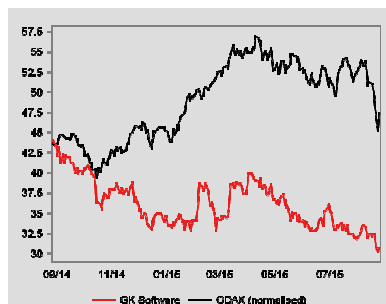
## High costs burden

<b>Figures Q2/2015:</b> in EUR m	<table border="1"> <thead> <tr> <th></th> <th>Q2/15</th> <th>Q2/15e</th> <th>Q2/14</th> <th>yoy</th> <th>6M/15</th> <th>6M/14</th> <th>yoy</th> </tr> </thead> <tbody> <tr> <td><b>Sales</b></td> <td>13.9</td> <td>13.5</td> <td>10.9</td> <td>27.5%</td> <td>26.9</td> <td>20.2</td> <td>32.9%</td> </tr> <tr> <td><b>EBITDA</b></td> <td>-0.5</td> <td>0.0</td> <td>0.2</td> <td>-</td> <td>-0.7</td> <td>-0.3</td> <td>106.2%</td> </tr> <tr> <td><i>margin</i></td> <td>-3.6%</td> <td>0.0%</td> <td>2.2%</td> <td></td> <td>-2.6%</td> <td>-1.7%</td> <td></td> </tr> </tbody> </table>		Q2/15	Q2/15e	Q2/14	yoy	6M/15	6M/14	yoy	<b>Sales</b>	13.9	13.5	10.9	27.5%	26.9	20.2	32.9%	<b>EBITDA</b>	-0.5	0.0	0.2	-	-0.7	-0.3	106.2%	<i>margin</i>	-3.6%	0.0%	2.2%		-2.6%	-1.7%		<b>Comment on Figures:</b> <ul style="list-style-type: none"> <li>The presented figures met the high revenue expectations and showed clear growth.</li> <li>Earnings however fell short of expectations.</li> </ul>
	Q2/15	Q2/15e	Q2/14	yoy	6M/15	6M/14	yoy																											
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On 24.08.2015, GK Software AG presented the preliminary results of the second quarter. In terms of revenues, the high expectations were met. The company gained seven new customers in H1 alone. It should be emphasized however that a majority of these were gained because of the partnership with SAP. At the same time, however, costs increased significantly compared to the previous year. The result is burdened by scheduled depreciation (purchase price allocation DBS Data Business Systems Ltd.). However, additional expenditure for the new offices in the USA and South Africa were well above expectations. Overall, the company still had relatively weak capacity utilization and (compared to the wider industry) very low revenue per employee (approximately 80k p.a.) in recent years. The problem of sub-optimal utilization can be explained by high capacity expansion while revenues are still low. This requires action: The issue of optimal utilization has now been structurally addressed by management and this could already have a positive impact in Q4.

Given the high sales dynamics, the company confirms its medium-term EBIT margin target of 15% (WRE: 2017: 11.5%). In light of the figures presented and new estimates, the target price will be reduced to EUR 44. The rating of the stock remains Buy.

<b>Changes in Estimates:</b> FY End: 31.12. in EUR m	<table border="1"> <thead> <tr> <th></th> <th>2015e (old)</th> <th>+ / -</th> <th>2016e (old)</th> <th>+ / -</th> <th>2017e (old)</th> <th>+ / -</th> </tr> </thead> <tbody> <tr> <td><b>Sales</b></td> <td>56.0</td> <td>0.0 %</td> <td>59.4</td> <td>0.0 %</td> <td>62.9</td> <td>0.0 %</td> </tr> <tr> <td><b>EBITDA</b></td> <td>8.4</td> <td>-53.3 %</td> <td>11.3</td> <td>-21.1 %</td> <td>12.0</td> <td>-5.3 %</td> </tr> <tr> <td><b>EBIT</b></td> <td>5.3</td> <td>-94.7 %</td> <td>8.0</td> <td>-37.0 %</td> <td>8.5</td> <td>-14.8 %</td> </tr> <tr> <td><b>EPS</b></td> <td>0.0</td> <td>-94.5 %</td> <td>0.0</td> <td>-36.9 %</td> <td>0.0</td> <td>-14.7 %</td> </tr> </tbody> </table>		2015e (old)	+ / -	2016e (old)	+ / -	2017e (old)	+ / -	<b>Sales</b>	56.0	0.0 %	59.4	0.0 %	62.9	0.0 %	<b>EBITDA</b>	8.4	-53.3 %	11.3	-21.1 %	12.0	-5.3 %	<b>EBIT</b>	5.3	-94.7 %	8.0	-37.0 %	8.5	-14.8 %	<b>EPS</b>	0.0	-94.5 %	0.0	-36.9 %	0.0	-14.7 %	<b>Comment on Changes:</b> <ul style="list-style-type: none"> <li>The expectations for revenue remain unchanged.</li> <li>The significantly higher costs will be evident in the short and medium term.</li> </ul>
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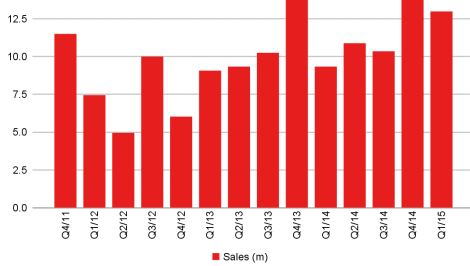


<b>Rel. Performance vs CDAX:</b>	
1 month:	4.4 %
6 months:	-1.6 %
Year to date:	-16.1 %
Trailing 12 months:	-38.3 %

<b>Company events:</b>	
27.08.15	Q2
26.11.15	Q3

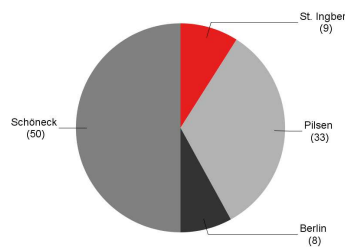
FY End: 31.12. in EUR m	CAGR (14-17e)	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015e</b>	<b>2016e</b>	<b>2017e</b>
<b>Sales</b>	12.1 %	31.8	28.4	42.5	44.6	56.0	59.4	62.9
Change Sales yoy		14.7 %	-10.5 %	49.4 %	5.1 %	25.5 %	6.0 %	6.0 %
Gross profit margin		102.8 %	99.8 %	91.3 %	89.6 %	92.0 %	93.0 %	93.0 %
<b>EBITDA</b>	577.0 %	8.6	2.9	3.3	0.0	3.9	8.9	11.3
Margin		27.1 %	10.1 %	7.9 %	0.1 %	7.0 %	15.0 %	18.0 %
<b>EBIT</b>		6.7	0.8	1.0	-3.0	0.3	5.0	7.2
Margin		21.0 %	2.8 %	2.5 %	-6.8 %	0.5 %	8.5 %	11.5 %
<b>Net income</b>		4.6	0.7	0.6	-1.9	0.2	3.6	5.1
<b>EPS</b>		2.55	0.38	0.34	-0.99	0.11	1.90	2.72
<b>EPS adj.</b>		2.55	0.38	0.34	-0.99	0.11	1.90	2.72
<b>DPS</b>		0.50	0.00	0.25	0.00	0.00	0.50	0.50
Dividend Yield		1.1 %	0.0 %	0.8 %	0.0 %	0.0 %	1.6 %	1.6 %
<b>FCFPS</b>		1.29	0.57	-0.31	-1.15	0.41	2.79	3.74
<b>FCF / Market cap</b>		2.9 %	1.5 %	-1.0 %	-3.4 %	1.3 %	9.1 %	12.2 %
<b>EV / Sales</b>		2.2 x	2.2 x	1.1 x	1.6 x	1.2 x	1.1 x	0.9 x
<b>EV / EBITDA</b>		8.1 x	22.4 x	13.6 x	n.a.	17.8 x	7.3 x	5.2 x
<b>EV / EBIT</b>		10.5 x	81.4 x	43.3 x	n.a.	249.6 x	12.8 x	8.1 x
<b>P / E</b>		17.1 x	101.4 x	91.7 x	n.a.	279.1 x	16.2 x	11.3 x
<b>P / E adj.</b>		17.1 x	101.4 x	91.7 x	n.a.	279.1 x	16.2 x	11.3 x
<b>FCF Yield Potential</b>		9.5 %	4.2 %	6.6 %	1.6 %	5.5 %	11.5 %	15.8 %
<b>Net Debt</b>		-8.4	-5.1	-10.5	-7.4	11.9	6.6	0.5
<b>ROCE (NOPAT)</b>		25.0 %	3.0 %	2.9 %	-8.2 %	0.6 %	8.6 %	12.9 %
<b>Guidance:</b>	n.a.							

**Sales development**  
in EUR m



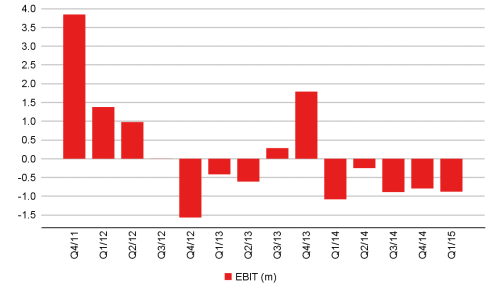
Source: Warburg Research

**Employees per location**  
2014e; in %



Source: Warburg Research

**EBIT development**  
in EUR m



Source: Warburg Research

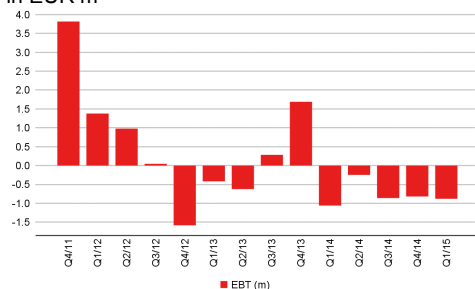
## Company Background

- 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

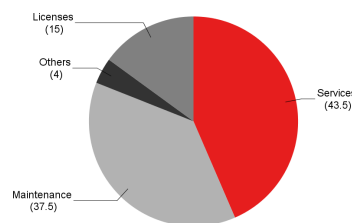
- The structural advantages of GK Software are compelling:
- GK Software's leading solution is completely Java-based, which makes it lean, platform independent and means it can be operated on the existing customer infrastructure.
- For many retail projects, GK competitors tend to undercalculate their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



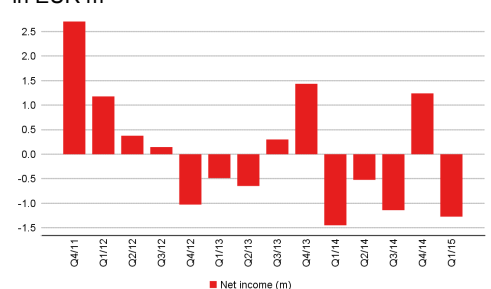
Source: Warburg Research

**Sales by segments**  
2013; 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
	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	
Sales	56.0	59.4	62.9	66.7	70.7	74.9	78.7	82.6	86.8	91.1	95.6	98.0	100.5	
Sales change	25.5 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %	2.5 %
EBIT	0.3	5.0	7.2	10.0	10.6	11.2	11.8	12.4	13.0	13.7	14.3	14.7	15.1	
EBIT-margin	0.5 %	8.5 %	11.5 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	
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	0.2	3.6	5.1	7.1	7.5	8.0	8.4	8.8	9.2	9.7	10.2	10.4	10.7	
Depreciation	3.6	3.9	4.1	3.3	3.5	3.7	3.1	2.5	2.6	0.9	1.0	1.0	1.0	
in % of Sales	6.5 %	6.5 %	6.5 %	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	-1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	1.6	0.7	0.7	7.4	-0.3	-0.4	-0.7	0.9	0.9	1.0	1.0	0.5	0.5	
- Capex	1.5	1.5	1.5	2.0	2.1	2.2	2.4	2.5	1.7	0.9	1.0	1.0	1.0	
Capex in % of Sales	2.7 %	2.5 %	2.3 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	2.0 %	1.0 %	1.0 %	1.0 %	1.0 %	
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	0.8	5.3	7.1	-0.4	9.3	9.9	9.9	7.9	9.2	8.8	9.2	9.9	10.2	10
PV of FCF	0.8	5.1	6.2	-0.3	6.7	6.5	5.8	4.3	4.5	3.9	3.7	3.6	3.3	42
share of PVs	12.56 %			43.42 %										44.02 %

**Model parameter**

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.50
Cost of debt (after tax)	4.2 %	Liquidity (share)	1.50
Market return	7.00 %	Cyclicality	2.00
Risk free rate	1.50 %	Transparency	1.50
		Others	1.50
<b>WACC</b>	<b>10.30 %</b>	<b>Beta</b>	<b>1.60</b>

**Valuation (m)**

Present values 2027e	54		
Terminal Value	42		
Financial liabilities	1		
Pension liabilities	2		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	-11	No. of shares (m)	1.9
<b>Equity Value</b>	<b>83</b>	<b>Value per share (EUR)</b>	<b>43.85</b>

**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
1.78	11.3 %	36.60	37.05	37.52	38.01	38.54	39.10	39.69	1.78	11.3 %	32.78	34.52	36.27	38.01	39.76	41.50	43.25
1.69	10.8 %	39.09	39.62	40.17	40.76	41.38	42.04	42.75	1.69	10.8 %	35.22	37.07	38.91	40.76	42.60	44.44	46.29
1.65	10.6 %	40.45	41.01	41.62	42.26	42.94	43.66	44.44	1.65	10.6 %	36.56	38.46	40.36	42.26	44.15	46.05	47.95
1.60	10.3 %	41.88	42.50	43.15	43.85	44.60	45.39	46.24	1.60	10.3 %	37.99	39.94	41.90	43.85	45.81	47.76	49.72
1.55	10.1 %	43.40	44.07	44.79	45.55	46.37	47.24	48.18	1.55	10.1 %	39.51	41.52	43.54	45.55	47.57	49.59	51.60
1.51	9.8 %	45.02	45.75	46.54	47.37	48.27	49.23	50.27	1.51	9.8 %	41.13	43.21	45.29	47.37	49.46	51.54	53.62
1.42	9.3 %	48.58	49.46	50.40	51.42	52.51	53.69	54.96	1.42	9.3 %	44.74	46.96	49.19	51.42	53.64	55.87	58.10

- 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

<b>Valuation</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015e</b>	<b>2016e</b>	<b>2017e</b>
Price / Book	2.8 x	2.4 x	1.7 x	2.6 x	1.9 x	1.7 x	1.5 x
Book value per share ex intangibles	10.44	9.67	13.12	11.68	2.50	5.78	9.49
EV / Sales	2.2 x	2.2 x	1.1 x	1.6 x	1.2 x	1.1 x	0.9 x
EV / EBITDA	8.1 x	22.4 x	13.6 x	n.a.	17.8 x	7.3 x	5.2 x
EV / EBIT	10.5 x	81.4 x	43.3 x	n.a.	249.6 x	12.8 x	8.1 x
EV / EBIT adj.*	10.5 x	81.4 x	43.3 x	n.a.	249.6 x	12.8 x	8.1 x
P / FCF	34.0 x	68.2 x	n.a.	n.a.	75.5 x	11.0 x	8.2 x
P / E	17.1 x	101.4 x	91.7 x	n.a.	279.1 x	16.2 x	11.3 x
P / E adj.*	17.1 x	101.4 x	91.7 x	n.a.	279.1 x	16.2 x	11.3 x
Dividend Yield	1.1 %	0.0 %	0.8 %	0.0 %	0.0 %	1.6 %	1.6 %
Free Cash Flow Yield Potential	9.5 %	4.2 %	6.6 %	1.6 %	5.5 %	11.5 %	15.8 %
*Adjustments made for: -							

**Consolidated profit & loss**

In EUR m	2011	2012	2013	2014	2015e	2016e	2017e
<b>Sales</b>	<b>31.8</b>	<b>28.4</b>	<b>42.5</b>	<b>44.6</b>	<b>56.0</b>	<b>59.4</b>	<b>62.9</b>
Change Sales yoy	14.7 %	-10.5 %	49.4 %	5.1 %	25.5 %	6.0 %	6.0 %
Increase / decrease in inventory	0.0	-0.1	0.0	0.0	0.0	0.0	0.0
Own work capitalised	1.5	0.7	0.4	0.5	0.6	0.6	0.6
<b>Total Sales</b>	<b>33.2</b>	<b>29.0</b>	<b>42.8</b>	<b>45.1</b>	<b>56.6</b>	<b>60.0</b>	<b>63.6</b>
Material Expenses	0.6	0.7	4.1	5.2	5.0	4.7	5.0
<b>Gross profit</b>	<b>32.6</b>	<b>28.4</b>	<b>38.8</b>	<b>40.0</b>	<b>51.5</b>	<b>55.2</b>	<b>58.5</b>
<i>Gross profit margin</i>	<i>102.8 %</i>	<i>99.8 %</i>	<i>91.3 %</i>	<i>89.6 %</i>	<i>92.0 %</i>	<i>93.0 %</i>	<i>93.0 %</i>
Personnel expenses	18.6	19.8	25.6	28.7	35.8	35.6	35.9
Other operating income	0.7	1.7	2.5	2.2	3.4	3.6	3.8
Other operating expenses	6.2	7.4	12.3	13.4	15.1	14.2	15.1
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>8.6</b>	<b>2.9</b>	<b>3.3</b>	<b>0.0</b>	<b>3.9</b>	<b>8.9</b>	<b>11.3</b>
<i>Margin</i>	<i>27.1 %</i>	<i>10.1 %</i>	<i>7.9 %</i>	<i>0.1 %</i>	<i>7.0 %</i>	<i>15.0 %</i>	<i>18.0 %</i>
Depreciation of fixed assets	0.6	0.6	0.8	0.9	0.8	0.9	0.9
<b>EBITA</b>	<b>8.0</b>	<b>2.2</b>	<b>2.6</b>	<b>-0.9</b>	<b>3.1</b>	<b>8.0</b>	<b>10.4</b>
Amortisation of intangible assets	1.3	1.4	1.5	1.2	2.8	3.0	3.1
Goodwill amortization	0.0	0.0	0.0	0.9	0.0	0.0	0.0
<b>EBIT</b>	<b>6.7</b>	<b>0.8</b>	<b>1.0</b>	<b>-3.0</b>	<b>0.3</b>	<b>5.0</b>	<b>7.2</b>
<i>Margin</i>	<i>21.0 %</i>	<i>2.8 %</i>	<i>2.5 %</i>	<i>-6.8 %</i>	<i>0.5 %</i>	<i>8.5 %</i>	<i>11.5 %</i>
<b>EBIT adj.</b>	<b>6.7</b>	<b>0.8</b>	<b>1.0</b>	<b>-3.0</b>	<b>0.3</b>	<b>5.0</b>	<b>7.2</b>
Interest income	0.2	0.2	0.1	0.2	0.0	0.0	0.0
Interest expenses	0.3	0.2	0.2	0.1	0.0	0.0	0.0
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBT</b>	<b>6.6</b>	<b>0.8</b>	<b>0.9</b>	<b>-3.0</b>	<b>0.3</b>	<b>5.0</b>	<b>7.2</b>
<i>Margin</i>	<i>20.7 %</i>	<i>2.9 %</i>	<i>2.2 %</i>	<i>-6.7 %</i>	<i>0.5 %</i>	<i>8.5 %</i>	<i>11.5 %</i>
Total taxes	2.0	0.1	0.3	-1.1	0.1	1.5	2.1
<b>Net income from continuing operations</b>	<b>4.6</b>	<b>0.7</b>	<b>0.6</b>	<b>-1.9</b>	<b>0.2</b>	<b>3.6</b>	<b>5.1</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income before minorities</b>	<b>4.6</b>	<b>0.7</b>	<b>0.6</b>	<b>-1.9</b>	<b>0.2</b>	<b>3.6</b>	<b>5.1</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>4.6</b>	<b>0.7</b>	<b>0.6</b>	<b>-1.9</b>	<b>0.2</b>	<b>3.6</b>	<b>5.1</b>
<i>Margin</i>	<i>14.4 %</i>	<i>2.4 %</i>	<i>1.4 %</i>	<i>-4.2 %</i>	<i>0.4 %</i>	<i>6.0 %</i>	<i>8.2 %</i>
Number of shares, average	1.8	1.8	1.8	1.9	1.9	1.9	1.9
<b>EPS</b>	<b>2.55</b>	<b>0.38</b>	<b>0.34</b>	<b>-0.99</b>	<b>0.11</b>	<b>1.90</b>	<b>2.72</b>
EPS adj.	2.55	0.38	0.34	-0.99	0.11	1.90	2.72

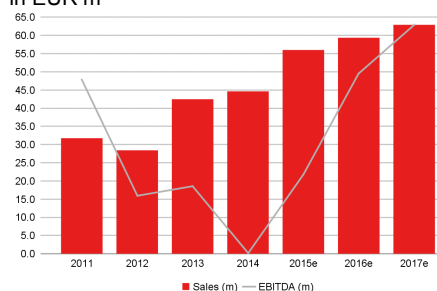
\*Adjustments made for:

**Guidance: n.a.**
**Financial Ratios**

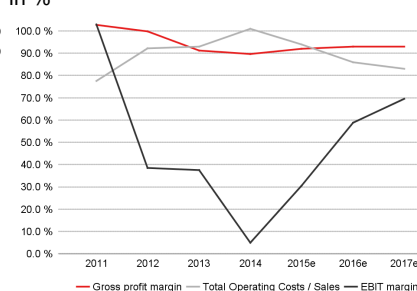
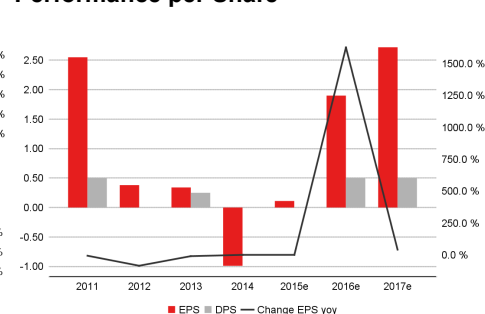
	2011	2012	2013	2014	2015e	2016e	2017e
Total Operating Costs / Sales	77.6 %	92.1 %	93.0 %	101.1 %	94.0 %	86.0 %	83.0 %
Operating Leverage	0.2 x	8.4 x	0.7 x	n.a.	n.a.	283.7 x	7.2 x
EBITDA / Interest expenses	31.2 x	14.9 x	14.9 x	0.3 x	n.a.	n.a.	n.a.
Tax rate (EBT)	30.5 %	17.6 %	35.5 %	37.4 %	29.0 %	29.0 %	29.0 %
Dividend Payout Ratio	19.6 %	0.0 %	74.5 %	0.0 %	0.0 %	26.4 %	18.4 %
Sales per Employee	79,781	70,022	102,535	105,677	129,988	135,086	140,383

**Sales, EBITDA**

in EUR m


**Operating Performance**

in %


**Performance per Share**


Source: Warburg Research

Source: Warburg Research

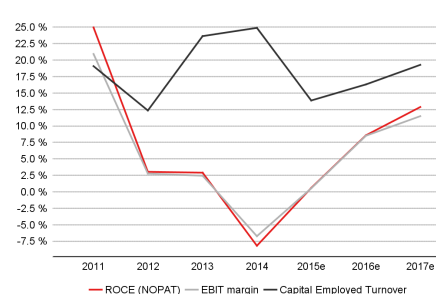
Source: Warburg Research

**Consolidated balance sheet**

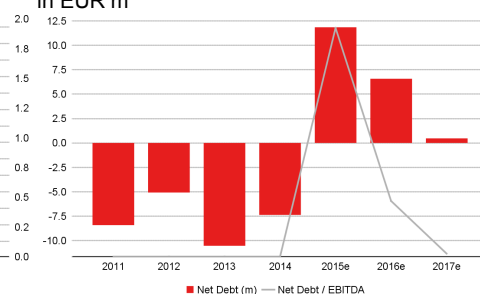
In EUR m	2011	2012	2013	2014	2015e	2016e	2017e
<b>Assets</b>							
Goodwill and other intangible assets	9.5	10.9	9.9	8.5	26.0	23.4	20.6
thereof other intangible assets	3.1	4.5	3.5	2.9	0.5	-2.1	-4.9
thereof Goodwill	6.4	6.4	6.4	5.5	25.5	25.5	25.5
Property, plant and equipment	4.1	4.9	4.8	5.0	5.3	5.5	5.7
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
<b>Fixed assets</b>	<b>13.7</b>	<b>15.8</b>	<b>14.7</b>	<b>13.4</b>	<b>31.3</b>	<b>28.9</b>	<b>26.3</b>
Inventories	0.0	1.0	1.0	1.2	0.8	0.9	1.0
Accounts receivable	11.9	11.6	13.1	9.2	11.5	12.2	12.9
Liquid assets	13.9	10.3	13.7	10.2	0.9	6.2	12.3
Other short-term assets	4.0	5.4	5.2	10.7	10.7	10.7	10.7
<b>Current assets</b>	<b>29.8</b>	<b>28.3</b>	<b>33.0</b>	<b>31.2</b>	<b>23.9</b>	<b>30.0</b>	<b>36.9</b>
<b>Total Assets</b>	<b>43.5</b>	<b>44.1</b>	<b>47.7</b>	<b>44.7</b>	<b>55.2</b>	<b>58.9</b>	<b>63.2</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	1.8	1.8	1.9	1.9	1.9	1.9	1.9
Capital reserve	14.2	14.4	18.2	18.2	18.2	18.2	18.2
Retained earnings	0.0	0.0	0.0	0.0	0.2	3.8	8.0
Other equity components	12.2	12.0	13.4	10.4	10.4	10.4	10.4
Shareholders' equity	28.2	28.2	33.4	30.6	30.8	34.3	38.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total equity</b>	<b>28.2</b>	<b>28.2</b>	<b>33.4</b>	<b>30.6</b>	<b>30.8</b>	<b>34.3</b>	<b>38.5</b>
Provisions	1.8	4.6	3.5	4.1	4.1	4.1	4.1
thereof provisions for pensions and similar obligations	0.2	1.7	0.9	1.7	1.7	1.7	1.7
Financial liabilities (total)	5.2	3.5	2.3	1.1	11.1	11.1	11.1
thereof short-term financial liabilities	0.8	2.2	1.3	0.3	0.3	0.3	0.3
Accounts payable	0.3	0.8	1.0	1.6	2.0	2.1	2.2
Other liabilities	7.9	6.9	7.6	7.2	7.2	7.2	7.2
<b>Liabilities</b>	<b>15.2</b>	<b>15.9</b>	<b>14.3</b>	<b>14.1</b>	<b>24.5</b>	<b>24.6</b>	<b>24.7</b>
<b>Total liabilities and shareholders' equity</b>	<b>43.5</b>	<b>44.1</b>	<b>47.7</b>	<b>44.7</b>	<b>55.2</b>	<b>58.9</b>	<b>63.2</b>

**Financial Ratios**

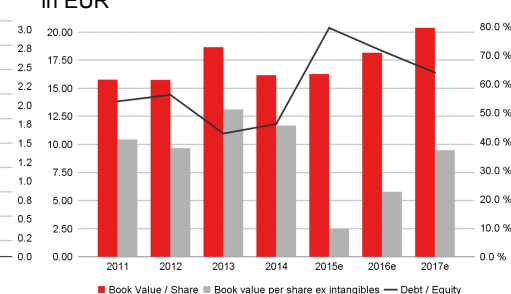
	2011	2012	2013	2014	2015e	2016e	2017e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	2.1 x	1.8 x	2.5 x	3.4 x	3.7 x	3.7 x	3.7 x
Capital Employed Turnover	1.6 x	1.2 x	1.9 x	1.9 x	1.3 x	1.5 x	1.6 x
ROA	33.4 %	4.3 %	4.1 %	-13.9 %	0.6 %	12.4 %	19.5 %
<b>Return on Capital</b>							
ROCE (NOPAT)	25.0 %	3.0 %	2.9 %	-8.2 %	0.6 %	8.6 %	12.9 %
ROE	17.4 %	2.4 %	2.0 %	-5.8 %	0.6 %	11.0 %	14.1 %
Adj. ROE	17.4 %	2.4 %	2.0 %	-5.8 %	0.6 %	11.0 %	14.1 %
<b>Balance sheet quality</b>							
Net Debt	-8.4	-5.1	-10.5	-7.4	11.9	6.6	0.5
Net Financial Debt	-8.6	-6.8	-11.5	-9.0	10.2	4.9	-1.2
Net Gearing	-29.8 %	-18.0 %	-31.5 %	-24.1 %	38.5 %	19.2 %	1.2 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	n.a.	260.0 %	55.2 %	n.a.
Book Value / Share	15.8	15.7	18.7	16.2	16.3	18.2	20.4
Book value per share ex intangibles	10.4	9.7	13.1	11.7	2.5	5.8	9.5

**ROCE Development**


Source: Warburg Research

**Net debt**  
in EUR m


Source: Warburg Research

**Book Value per Share**  
in EUR


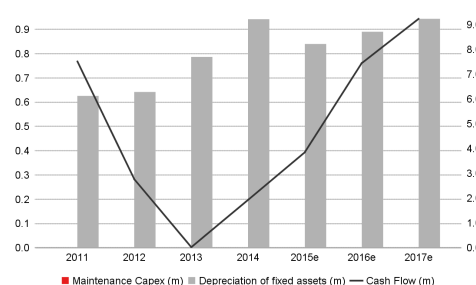
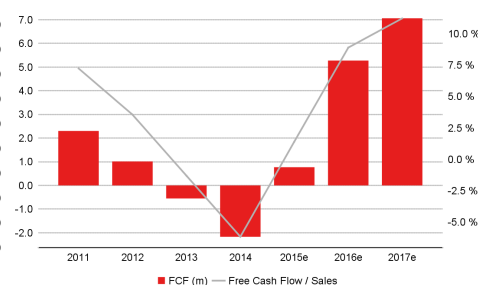
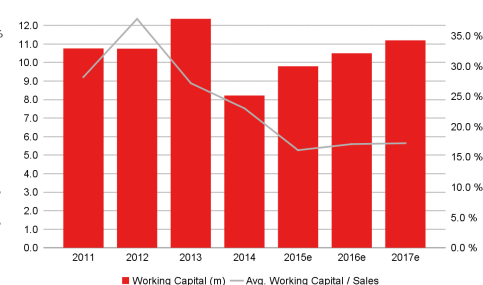
Source: Warburg Research

**Consolidated cash flow statement**

In EUR m	2011	2012	2013	2014	2015e	2016e	2017e
Net income	4.6	0.7	0.6	-1.9	0.2	3.6	5.1
Depreciation of fixed assets	0.6	0.6	0.8	0.9	0.8	0.9	0.9
Amortisation of goodwill	0.0	0.0	0.0	0.9	0.0	0.0	0.0
Amortisation of intangible assets	1.3	1.4	1.5	1.2	2.8	3.0	3.1
Increase/decrease in long-term provisions	0.2	1.6	-1.7	0.8	0.0	0.0	0.0
Other non-cash income and expenses	0.8	-1.6	-1.1	0.0	0.0	0.0	0.0
<b>Cash Flow</b>	<b>7.5</b>	<b>2.8</b>	<b>0.0</b>	<b>1.9</b>	<b>3.8</b>	<b>7.4</b>	<b>9.2</b>
Increase / decrease in inventory	0.0	0.1	0.1	-0.1	0.4	-0.1	-0.1
Increase / decrease in accounts receivable	2.0	2.4	2.4	-0.4	-2.3	-0.7	-0.7
Increase / decrease in accounts payable	-4.8	-2.2	-1.0	-0.2	0.4	0.1	0.1
Increase / decrease in other working capital positions	0.0	0.0	0.0	-1.6	0.0	0.0	0.0
Increase / decrease in working capital (total)	-2.8	0.3	1.5	-2.3	-1.6	-0.7	-0.7
<b>Net cash provided by operating activities</b>	<b>4.7</b>	<b>3.1</b>	<b>1.6</b>	<b>-0.4</b>	<b>2.3</b>	<b>6.7</b>	<b>8.5</b>
Investments in intangible assets	-1.7	-0.9	-0.9	-1.2	-0.4	-0.3	-0.3
Investments in property, plant and equipment	-0.7	-1.1	-1.2	-1.1	-1.1	-1.1	-1.1
Payments for acquisitions	0.0	0.0	0.0	0.0	-20.0	0.0	0.0
Financial investments	-0.3	-0.4	0.0	-0.1	0.0	0.0	0.0
Income from asset disposals	0.0	-1.6	1.2	0.3	0.0	0.0	0.0
<b>Net cash provided by investing activities</b>	<b>-2.7</b>	<b>-4.0</b>	<b>-0.9</b>	<b>-1.6</b>	<b>-21.5</b>	<b>-1.5</b>	<b>-1.5</b>
Change in financial liabilities	-0.7	-1.8	-1.2	-1.2	10.0	0.0	0.0
Dividends paid	-0.9	-0.9	0.0	-0.5	0.0	0.0	-0.9
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	3.8	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net cash provided by financing activities</b>	<b>-1.6</b>	<b>-2.7</b>	<b>2.6</b>	<b>-1.6</b>	<b>10.0</b>	<b>0.0</b>	<b>-0.9</b>
Change in liquid funds	0.4	-3.6	3.2	-3.6	-9.2	5.3	6.1
Effects of exchange-rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash and cash equivalent at end of period</b>	<b>13.9</b>	<b>10.3</b>	<b>13.5</b>	<b>10.2</b>	<b>0.9</b>	<b>6.2</b>	<b>12.3</b>

**Financial Ratios**

	2011	2012	2013	2014	2015e	2016e	2017e
<b>Cash Flow</b>							
FCF	2.3	1.0	-0.6	-2.2	0.8	5.3	7.1
Free Cash Flow / Sales	7.2 %	3.6 %	-1.3 %	-6.2 %	1.4 %	8.9 %	11.2 %
Free Cash Flow Potential	6.6	2.7	3.0	1.2	3.8	7.4	9.2
Free Cash Flow / Net Profit	50.4 %	149.7 %	-91.9 %	147.0 %	386.6 %	147.2 %	137.4 %
Interest Received / Avg. Cash	1.4 %	1.9 %	0.9 %	1.3 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	4.9 %	4.4 %	7.8 %	7.4 %	0.0 %	0.0 %	0.0 %
<b>Management of Funds</b>							
Investment ratio	7.7 %	7.2 %	5.0 %	5.3 %	2.7 %	2.5 %	2.3 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	125.7 %	99.2 %	92.0 %	77.6 %	40.9 %	38.0 %	35.9 %
Avg. Working Capital / Sales	28.2 %	37.8 %	27.2 %	23.0 %	16.1 %	17.1 %	17.2 %
Trade Debtors / Trade Creditors	3630.7 %	1379.5 %	1356.9 %	562.7 %	575.0 %	581.0 %	586.4 %
Inventory Turnover	n.a.	0.7 x	3.9 x	4.4 x	6.3 x	5.3 x	5.0 x
Receivables collection period (days)	137	149	113	75	75	75	75
Payables payment period (days)	197	457	86	116	145	161	160
Cash conversion cycle (Days)	n.a.	-252	-37	-52	-111	-117	-109

**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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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-	<b>Buy:</b>	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	<b>Hold:</b>	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	<b>Sell:</b>	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	<b>Rating suspended:</b>	The available information currently does not permit an evaluation of the company.

**WARBURG RESEARCH GMBH – RESEARCH UNIVERSE BY RATING**

Rating	Number of stocks	% of Universe
Buy	118	63
Hold	60	32
Sell	6	3
Rating suspended	3	2
<b>Total</b>	<b>187</b>	<b>100</b>

**WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...**

... Looking only at companies for which a disclosure according to § 34b of the Germany Securities Trading Act and the FinAnV has to be made.

Rating	Number of stocks	% of Universe
Buy	96	69
Hold	38	27
Sell	3	2
Rating suspended	2	1
<b>Total</b>	<b>139</b>	<b>100</b>

**PRICE AND RATING HISTORY GK SOFTWARE AS OF 26.08.2015**


The chart has markings if Warburg Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

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