

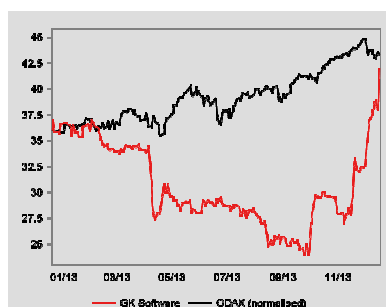
<b>Buy</b>  <b>EUR 54.00</b> (EUR 45.00)  Price EUR 41.90 <b>Upside 28.9 %</b>	<b>Value Indicators:</b> EUR DCF: 53.75 FCF-Value Potential: 53.54	<b>Share data:</b> Bloomberg: GKS GR Reuters: GKSG ISIN: DE0007571424	<b>Description:</b> Leading software company for stationary retailers
	<b>Market Snapshot:</b> EUR m Market cap: 79.2 No. of shares (m): 1.9 EV: 66.4 Freefloat MC: 33.6 Ø Trad. Vol. (30d; EUR): 14.49 th	<b>Shareholders:</b> Freefloat 42.5 % GK Software Holding 52.3 % Rainer Gläß 3.0 % Stephan Kronmüller 2.2 %	<b>Risk Profile (WRe):</b> 2013e Beta: 1.2 Price / Book: 2.3 x Equity Ratio: 68 % Net Fin. Debt / EBITDA: -2.1 x Net Debt / EBITDA: -1.8 x

## SAP receives right of first refusal

On Tuesday, December 17, GK Software announced the successful allocation of a cash capital increase to SAP (see Comment dated 13.12.13). More important however is the phrase, "in combination with the purchase of the new shares (...) SAP has been granted a right of first refusal to the shares held directly and indirectly by the two founders Rainer Gläß and Stephan Kronmüller, until 31.12. 2020". This currently represents a good 52% of the share capital (after the capital increase).

- This allows for **speculation of a takeover of GK by SAP in the medium term**. Here, the question arises as to whether a complete takeover by SAP would not have made sense at this point in time. This would seem not to have been possible as the majority shareholders would not have been sufficiently willing to sell at the current level. The right of first refusal now enables SAP to control the important share transactions in GK and, as soon as the existing shareholders regard a critical valuation threshold as reached and the operative development is satisfactory, an offer can be made to the minority shareholders together with the takeover of the majority stakes.
- An order from the **Swiss retailer Migros** was also announced today. The announcement by way of a press release rather than an ad-hoc announcement allows the conclusion to be drawn that this order is rather small to medium sized. No details were given on the volume of the order. As orders of this size were already included in the forecasts, the estimates will not be adjusted. Decisive here is also that this order is a **joint project by SAP and GK**.
- The sale of the shares and the right of first refusal again underlines **the importance of the cooperation between the companies**.

**The GK Software share continues to be rated at Buy. The price target has been increased again (reduction risk premium) to EUR 54.**

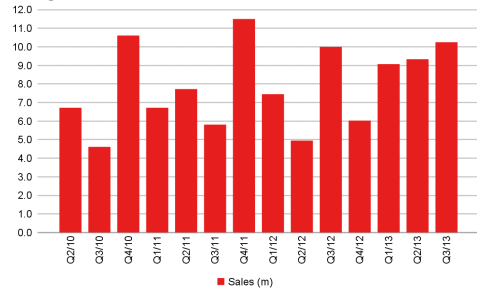


<b>Rel. Performance vs CDAX:</b>	
1 month:	41.2 %
6 months:	35.0 %
Year to date:	-6.5 %
Trailing 12 months:	-3.1 %

<b>Company events:</b>	
29.04.14	FY 2013
27.05.14	Q1
18.06.14	AGM
27.08.14	Q2

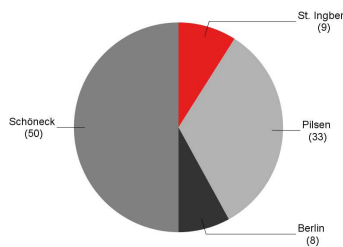
FY End: 31.12. in EUR m	CAGR (12-15e)	2009	2010	2011	2012	2013e	2014e	2015e
<b>Sales</b>	16.1 %	23.3	27.7	31.8	28.4	38.8	40.5	44.5
Change Sales yoy		54.9 %	19.0 %	14.7 %	-10.5 %	36.5 %	4.3 %	10.0 %
Gross profit margin		98.4 %	96.8 %	102.8 %	99.8 %	97.4 %	97.4 %	97.4 %
<b>EBITDA</b>	56.2 %	6.2	8.0	8.6	2.9	6.9	9.9	10.9
Margin		26.5 %	28.8 %	27.1 %	10.1 %	17.8 %	24.4 %	24.4 %
<b>EBIT</b>	116.6 %	4.9	6.4	6.7	0.8	4.4	7.3	8.0
Margin		21.0 %	23.2 %	21.0 %	2.8 %	11.3 %	17.9 %	17.9 %
<b>Net income</b>	103.1 %	3.5	4.5	4.6	0.7	3.1	5.1	5.7
<b>EPS</b>	99.1 %	2.11	2.68	2.55	0.38	1.65	2.72	3.00
<b>EPS adj.</b>	99.1 %	2.11	2.68	2.55	0.38	1.65	2.72	3.00
<b>DPS</b>	0.0 %	1.00	0.50	0.50	0.50	0.50	0.50	0.50
Dividend Yield		5.3 %	1.0 %	1.1 %	1.3 %	1.2 %	1.2 %	1.2 %
<b>FCFPS</b>		1.96	-0.79	1.29	0.57	2.53	3.07	3.11
<b>EV / Sales</b>		1.2 x	2.7 x	2.2 x	2.2 x	1.7 x	1.5 x	1.3 x
<b>EV / EBITDA</b>		4.5 x	9.4 x	8.1 x	22.4 x	9.6 x	6.2 x	5.2 x
<b>EV / EBIT</b>		5.7 x	11.7 x	10.5 x	81.4 x	15.2 x	8.5 x	7.1 x
<b>P / E</b>		9.0 x	18.4 x	17.1 x	101.4 x	25.4 x	15.4 x	14.0 x
<b>P / E adj.</b>		9.0 x	18.4 x	17.1 x	101.4 x	25.4 x	15.4 x	14.0 x
<b>FCF Yield Potential</b>		16.8 %	8.2 %	9.5 %	4.2 %	8.5 %	12.7 %	15.1 %
<b>Net Debt</b>		-3.9	-7.1	-8.4	-5.1	-12.8	-17.6	-22.6
<b>ROE</b>		26.0 %	22.6 %	17.4 %	2.4 %	10.0 %	14.2 %	13.9 %
<b>ROCE (NOPAT)</b>		43.6 %	31.9 %	25.0 %	3.0 %	14.0 %	24.4 %	27.3 %
<b>Guidance:</b>	n.a.							

Sales development in EUR m



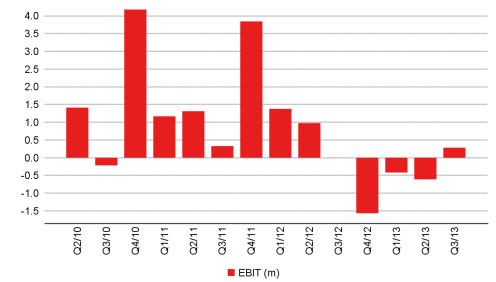
Source: Warburg Research

Employees per location 2012e; in %



Source: Warburg Research

EBIT development in EUR m



Source: Warburg Research

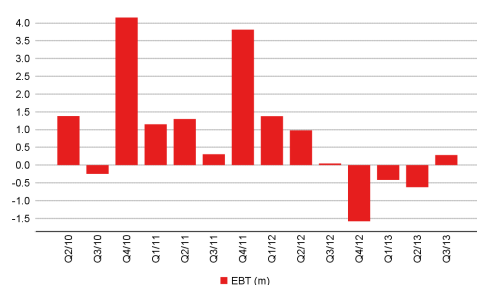
## Company Background

- GK Software is the leading software supplier for retailers. The number of GK installations exceeds 55,000 in 22 countries.
- 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

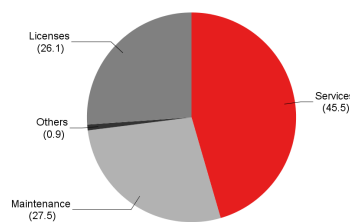
- The structural advantages of GK Software are compelling:
- GK Software's leading solution is completely Java-based, which makes it lean, platform independent and means it can be operated on the existing customer infrastructure.
- For many retail projects, GK competitors tend to undercalculate their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



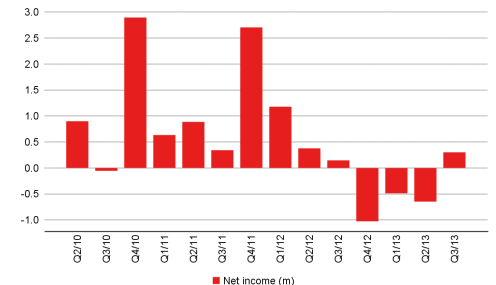
Source: Warburg Research

Sales by segments 2011; 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
	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	
Sales	38.8	40.5	44.5	47.6	50.0	52.5	55.2	57.9	60.8	63.8	67.0	68.7	70.4	
Sales change	36.5 %	4.3 %	10.0 %	7.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %	2.5 %
EBIT	4.4	7.3	8.0	8.6	9.0	9.5	9.9	10.4	10.9	11.5	12.1	12.4	12.7	
EBIT-margin	11.3 %	17.9 %	17.9 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	
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	3.1	5.1	5.7	6.1	6.4	6.7	7.0	7.4	7.8	8.2	8.6	8.8	9.0	
Depreciation	2.5	2.6	2.9	2.4	2.5	2.6	2.2	1.7	1.8	0.6	0.7	0.7	0.7	
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	-1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	-0.5	0.5	1.2	1.4	-0.3	-0.4	-0.5	0.6	0.6	0.7	0.7	0.4	0.4	
- Capex	1.4	1.5	1.5	1.4	1.5	1.6	1.7	1.7	1.2	0.6	0.7	0.7	0.7	
Capex in % of Sales	3.5 %	3.7 %	3.4 %	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)	4.8	5.8	5.9	4.1	7.7	8.2	8.1	6.8	7.8	7.5	7.9	8.4	8.6	9
PV of FCF	4.8	5.3	4.9	3.2	5.4	5.3	4.8	3.7	3.8	3.4	3.3	3.2	3.0	44
share of PVs	15.48 %			39.91 %										44.61 %

**Model parameter**

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.00
Cost of debt	4.2 %	Liquidity	1.30
Market return	8.00 %	Cyclicality	1.20
Risk free rate	2.50 %	Transparency	1.40
		Others	1.30
<b>WACC</b>	<b>9.32 %</b>	<b>Beta</b>	<b>1.24</b>

**Valuation (m)**

Present values 2025e	54		
Terminal Value	44		
Financial liabilities	3		
Pension liabilities	2		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	9	No. of shares (m)	1.9
<b>Equity Value</b>	<b>102</b>	<b>Value per share (EUR)</b>	<b>53.75</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
1.42	10.3 %	45.83	46.32	46.85	47.41	48.00	48.64	49.32	1.42	10.3 %	43.54	44.83	46.12	47.41	48.69	49.98	51.27
1.33	9.8 %	48.48	49.06	49.69	50.36	51.08	51.85	52.68	1.33	9.8 %	46.24	47.61	48.99	50.36	51.74	53.11	54.49
1.29	9.6 %	49.93	50.57	51.26	52.00	52.79	53.64	54.56	1.29	9.6 %	47.73	49.15	50.58	52.00	53.42	54.85	56.27
1.24	9.3 %	51.47	52.18	52.94	53.75	54.63	55.58	56.60	1.24	9.3 %	49.33	50.80	52.28	53.75	55.23	56.71	58.18
1.19	9.1 %	53.13	53.91	54.74	55.64	56.62	57.67	58.81	1.19	9.1 %	51.05	52.58	54.11	55.64	57.18	58.71	60.24
1.15	8.8 %	54.90	55.76	56.68	57.68	58.76	59.94	61.22	1.15	8.8 %	52.91	54.50	56.09	57.68	59.27	60.87	62.46
1.06	8.3 %	58.85	59.91	61.05	62.29	63.64	65.12	66.74	1.06	8.3 %	57.10	58.83	60.56	62.29	64.01	65.74	67.47

- At 20% GK Software has in 2011 already achieved a high EBIT margin for a software company
- A lower margin is expected in 2012/13 because of delayed projects
- In 2014 a margin improvement is estimated while bigger project-contracts are assumed.
- The medium-term margin assumption remains 20%.

<b>Valuation</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013e</b>	<b>2014e</b>	<b>2015e</b>
Price / Book	2.1 x	3.4 x	2.8 x	2.4 x	2.3 x	2.1 x	1.8 x
Book value per share ex intangibles	3.58	9.12	10.44	9.67	13.04	15.95	19.26
EV / Sales	1.2 x	2.7 x	2.2 x	2.2 x	1.7 x	1.5 x	1.3 x
EV / EBITDA	4.5 x	9.4 x	8.1 x	22.4 x	9.6 x	6.2 x	5.2 x
EV / EBIT	5.7 x	11.7 x	10.5 x	81.4 x	15.2 x	8.5 x	7.1 x
EV / EBIT adj.*	5.7 x	11.7 x	10.5 x	81.4 x	15.2 x	8.5 x	7.1 x
P / FCF	9.7 x	n.a.	34.0 x	68.2 x	16.6 x	13.7 x	13.5 x
P / E	9.0 x	18.4 x	17.1 x	101.4 x	25.4 x	15.4 x	14.0 x
P / E adj.*	9.0 x	18.4 x	17.1 x	101.4 x	25.4 x	15.4 x	14.0 x
Dividend Yield	5.3 %	1.0 %	1.1 %	1.3 %	1.2 %	1.2 %	1.2 %
Free Cash Flow Yield Potential	16.8 %	8.2 %	9.5 %	4.2 %	8.5 %	12.7 %	15.1 %
*Adjustments made for: -							

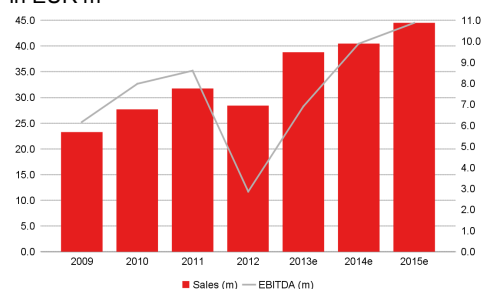
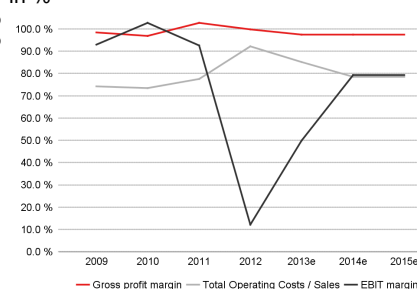
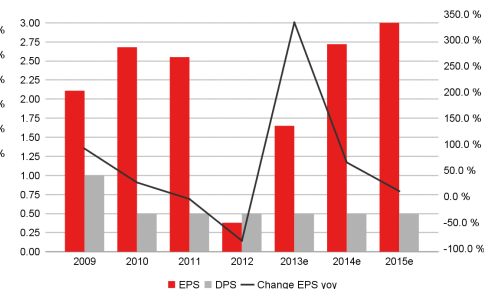
**Consolidated profit & loss**

In EUR m	2009	2010	2011	2012	2013e	2014e	2015e
<b>Sales</b>	<b>23.3</b>	<b>27.7</b>	<b>31.8</b>	<b>28.4</b>	<b>38.8</b>	<b>40.5</b>	<b>44.5</b>
Change Sales yoy	54.9 %	19.0 %	14.7 %	-10.5 %	36.5 %	4.3 %	10.0 %
Increase / decrease in inventory	-0.9	0.0	0.0	-0.1	-0.8	-0.8	-0.9
Own work capitalised	1.1	0.6	1.5	0.7	1.9	2.0	2.2
<b>Total Sales</b>	<b>23.5</b>	<b>28.3</b>	<b>33.2</b>	<b>29.0</b>	<b>40.0</b>	<b>41.7</b>	<b>45.9</b>
Material Expenses	0.6	1.5	0.6	0.7	2.2	2.3	2.5
<b>Gross profit</b>	<b>22.9</b>	<b>26.8</b>	<b>32.6</b>	<b>28.4</b>	<b>37.8</b>	<b>39.4</b>	<b>43.4</b>
<i>Gross profit margin</i>	<i>98.4 %</i>	<i>96.8 %</i>	<i>102.8 %</i>	<i>99.8 %</i>	<i>97.4 %</i>	<i>97.4 %</i>	<i>97.4 %</i>
Personnel expenses	12.1	14.8	18.6	19.8	26.6	25.1	27.6
Other operating income	0.8	1.4	0.7	1.7	1.9	2.0	2.2
Other operating expenses	5.4	5.3	6.2	7.4	6.2	6.5	7.1
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>6.2</b>	<b>8.0</b>	<b>8.6</b>	<b>2.9</b>	<b>6.9</b>	<b>9.9</b>	<b>10.9</b>
<i>Margin</i>	<i>26.5 %</i>	<i>28.8 %</i>	<i>27.1 %</i>	<i>10.1 %</i>	<i>17.8 %</i>	<i>24.4 %</i>	<i>24.4 %</i>
Depreciation of fixed assets	0.4	0.4	0.6	0.6	1.0	1.0	1.1
<b>EBITA</b>	<b>5.8</b>	<b>7.5</b>	<b>8.0</b>	<b>2.2</b>	<b>5.9</b>	<b>8.9</b>	<b>9.8</b>
Amortisation of intangible assets	0.9	1.1	1.3	1.4	1.6	1.6	1.8
Goodwill amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>4.9</b>	<b>6.4</b>	<b>6.7</b>	<b>0.8</b>	<b>4.4</b>	<b>7.3</b>	<b>8.0</b>
<i>Margin</i>	<i>21.0 %</i>	<i>23.2 %</i>	<i>21.0 %</i>	<i>2.8 %</i>	<i>11.3 %</i>	<i>17.9 %</i>	<i>17.9 %</i>
<b>EBIT adj.</b>	<b>4.9</b>	<b>6.4</b>	<b>6.7</b>	<b>0.8</b>	<b>4.4</b>	<b>7.3</b>	<b>8.0</b>
Interest income	0.3	0.2	0.2	0.2	0.0	0.0	0.0
Interest expenses	0.1	0.3	0.3	0.2	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>5.0</b>	<b>6.3</b>	<b>6.6</b>	<b>0.8</b>	<b>4.4</b>	<b>7.3</b>	<b>8.0</b>
<i>Margin</i>	<i>21.6 %</i>	<i>22.8 %</i>	<i>20.7 %</i>	<i>2.9 %</i>	<i>11.3 %</i>	<i>17.9 %</i>	<i>17.9 %</i>
Total taxes	1.5	1.8	2.0	0.1	1.3	2.1	2.3
<b>Net income from continuing operations</b>	<b>3.5</b>	<b>4.5</b>	<b>4.6</b>	<b>0.7</b>	<b>3.1</b>	<b>5.1</b>	<b>5.7</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>3.5</b>	<b>4.5</b>	<b>4.6</b>	<b>0.7</b>	<b>3.1</b>	<b>5.1</b>	<b>5.7</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>3.5</b>	<b>4.5</b>	<b>4.6</b>	<b>0.7</b>	<b>3.1</b>	<b>5.1</b>	<b>5.7</b>
<i>Margin</i>	<i>15.1 %</i>	<i>16.1 %</i>	<i>14.4 %</i>	<i>2.4 %</i>	<i>8.0 %</i>	<i>12.7 %</i>	<i>12.7 %</i>
Number of shares, average	1.7	1.7	1.8	1.8	1.9	1.9	1.9
<b>EPS</b>	<b>2.11</b>	<b>2.68</b>	<b>2.55</b>	<b>0.38</b>	<b>1.65</b>	<b>2.72</b>	<b>3.00</b>
EPS adj.	2.11	2.68	2.55	0.38	1.65	2.72	3.00

\*Adjustments made for:

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

	2009	2010	2011	2012	2013e	2014e	2015e
Total Operating Costs / Sales	74.3 %	73.5 %	77.6 %	92.1 %	85.2 %	78.6 %	78.6 %
Operating Leverage	2.2 x	1.7 x	0.2 x	8.4 x	12.5 x	15.2 x	1.0 x
EBITDA / Interest expenses	53.2 x	26.1 x	31.2 x	14.9 x	n.a.	n.a.	n.a.
Tax rate (EBT)	30.1 %	29.1 %	30.5 %	17.6 %	29.0 %	29.0 %	29.0 %
Dividend Payout Ratio	47.3 %	18.7 %	19.6 %	132.4 %	30.4 %	18.3 %	16.7 %
Sales per Employee	86,211	85,460	79,781	70,022	93,702	95,842	103,359

**Sales, EBITDA**  
in EUR m

**Operating Performance**  
in %

**Performance per Share**


Source: Warburg Research

Source: Warburg Research

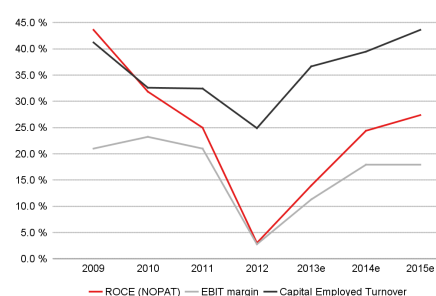
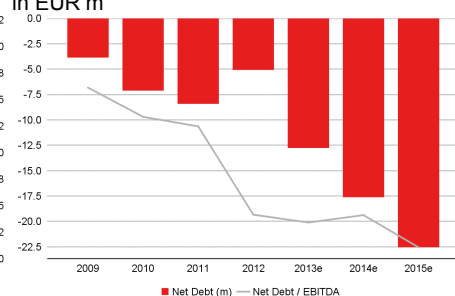
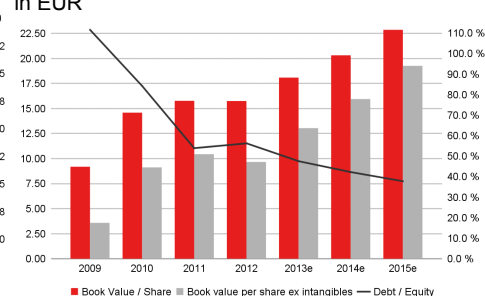
Source: Warburg Research

**Consolidated balance sheet**

In EUR m	2009	2010	2011	2012	2013e	2014e	2015e
<b>Assets</b>							
Goodwill and other intangible assets	9.3	9.1	9.5	10.9	9.5	8.3	6.8
thereof other intangible assets	2.9	2.7	3.1	4.5	3.1	1.8	0.4
thereof Goodwill	6.4	6.4	6.4	6.4	6.4	6.4	6.4
Property, plant and equipment	3.4	4.0	4.1	4.9	5.1	5.2	5.2
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>12.7</b>	<b>13.2</b>	<b>13.7</b>	<b>15.8</b>	<b>14.6</b>	<b>13.5</b>	<b>12.0</b>
Inventories	0.0	0.0	0.0	1.0	4.3	4.5	4.9
Accounts receivable	5.8	14.1	11.9	11.6	8.2	8.5	9.4
Liquid assets	10.6	13.4	13.9	10.3	18.0	22.8	27.7
Other short-term assets	3.1	4.1	4.0	5.4	5.4	5.4	5.4
<b>Current assets</b>	<b>19.6</b>	<b>31.6</b>	<b>29.8</b>	<b>28.3</b>	<b>35.8</b>	<b>41.2</b>	<b>47.4</b>
<b>Total Assets</b>	<b>32.4</b>	<b>44.8</b>	<b>43.5</b>	<b>44.1</b>	<b>50.4</b>	<b>54.6</b>	<b>59.5</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	1.7	1.8	1.8	1.8	1.9	1.9	1.9
Capital reserve	7.8	13.9	14.2	14.4	18.0	18.0	18.0
Retained earnings	0.0	0.0	0.0	0.0	2.2	6.5	11.2
Other equity components	5.8	8.6	12.2	12.0	12.0	12.0	12.1
Shareholder's equity	15.3	24.3	28.2	28.2	34.2	38.4	43.2
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total equity</b>	<b>15.3</b>	<b>24.3</b>	<b>28.2</b>	<b>28.2</b>	<b>34.2</b>	<b>38.4</b>	<b>43.2</b>
Provisions	2.1	1.4	1.8	4.6	4.6	4.6	4.6
thereof provisions for pensions and similar obligations	0.0	0.3	0.2	1.7	1.7	1.7	1.7
Financial liabilities (total)	6.7	6.0	5.2	3.5	3.5	3.5	3.5
thereof short-term financial liabilities	0.7	0.7	0.8	2.2	2.2	2.2	2.2
Accounts payable	0.8	0.5	0.3	0.8	1.2	1.2	1.3
Other liabilities	7.5	12.6	7.9	6.9	6.9	6.9	6.9
<b>Liabilities</b>	<b>17.1</b>	<b>20.5</b>	<b>15.2</b>	<b>15.9</b>	<b>16.2</b>	<b>16.2</b>	<b>16.3</b>
<b>Total liabilities and shareholders' equity</b>	<b>32.4</b>	<b>44.8</b>	<b>43.5</b>	<b>44.1</b>	<b>50.4</b>	<b>54.6</b>	<b>59.5</b>

**Financial Ratios**

	2009	2010	2011	2012	2013e	2014e	2015e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	3.7 x	2.5 x	2.1 x	1.8 x	2.5 x	2.5 x	2.6 x
Capital Employed Turnover	2.0 x	1.6 x	1.6 x	1.2 x	1.8 x	1.9 x	2.2 x
ROA	27.6 %	34.0 %	33.4 %	4.3 %	21.3 %	38.3 %	47.0 %
<b>Return on Capital</b>							
ROCE (NOPAT)	43.6 %	31.9 %	25.0 %	3.0 %	14.0 %	24.4 %	27.3 %
ROE	26.0 %	22.6 %	17.4 %	2.4 %	10.0 %	14.2 %	13.9 %
Adj. ROE	26.0 %	22.6 %	17.4 %	2.4 %	10.0 %	14.2 %	13.9 %
<b>Balance sheet quality</b>							
Net Debt	-3.9	-7.1	-8.4	-5.1	-12.8	-17.6	-22.6
Net Financial Debt	-3.9	-7.5	-8.6	-6.8	-14.5	-19.3	-24.3
Net Gearing	-25.3 %	-29.3 %	-29.8 %	-18.0 %	-37.4 %	-45.9 %	-52.2 %
Net Fin. Debt / EBITDA	-63.4 %	-93.4 %	-100.2 %	-237.5 %	-209.5 %	-195.4 %	-222.9 %
Book Value / Share	9.2	14.6	15.8	15.7	18.1	20.3	22.9
Book value per share ex intangibles	3.6	9.1	10.4	9.7	13.0	15.9	19.3

**ROCE Development**

**Net debt**  
in EUR m

**Book Value per Share**  
in EUR


Source: Warburg Research

Source: Warburg Research

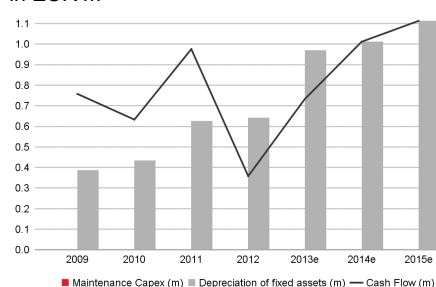
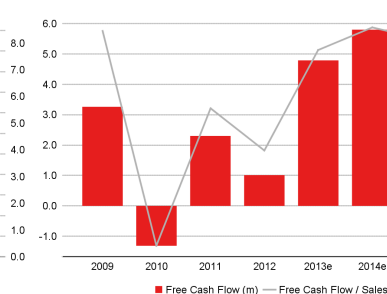
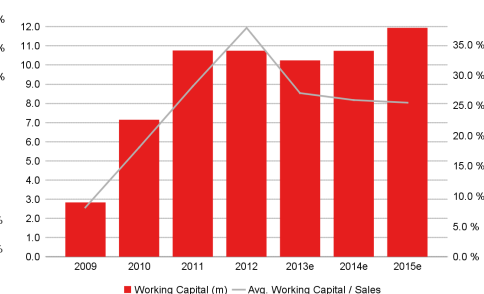
Source: Warburg Research

**Consolidated cash flow statement**

In EUR m	2009	2010	2011	2012	2013e	2014e	2015e
Net income	3.5	4.5	4.6	0.7	3.1	5.1	5.7
Depreciation of fixed assets	0.4	0.4	0.6	0.6	1.0	1.0	1.1
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.9	1.1	1.3	1.4	1.6	1.6	1.8
Increase/decrease in long-term provisions	0.0	-0.1	0.2	1.6	0.0	0.0	0.0
Other non-cash income and expenses	1.0	-1.0	0.8	-1.6	0.0	0.0	0.0
<b>Cash Flow</b>	<b>5.8</b>	<b>4.9</b>	<b>7.5</b>	<b>2.8</b>	<b>5.6</b>	<b>7.8</b>	<b>8.6</b>
Increase / decrease in inventory	0.7	0.0	0.0	0.1	-3.3	-0.2	-0.4
Increase / decrease in accounts receivable	-2.8	-8.5	2.0	2.4	3.4	-0.3	-0.9
Increase / decrease in accounts payable	1.9	5.3	-4.8	-2.2	0.4	0.0	0.1
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	-0.2	-3.2	-2.8	0.3	0.5	-0.5	-1.2
<b>Net cash provided by operating activities</b>	<b>5.7</b>	<b>1.7</b>	<b>4.7</b>	<b>3.1</b>	<b>6.1</b>	<b>7.3</b>	<b>7.4</b>
Investments in intangible assets	-1.2	-1.9	-1.7	-0.9	-0.2	-0.3	-0.3
Investments in property, plant and equipment	-1.2	-1.1	-0.7	-1.1	-1.1	-1.1	-1.1
Payments for acquisitions	-6.4	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-0.6	-0.1	-0.3	-0.4	0.0	0.0	0.0
Income from asset disposals	0.0	0.4	0.0	-1.6	0.0	0.0	0.0
<b>Net cash provided by investing activities</b>	<b>-9.4</b>	<b>-2.7</b>	<b>-2.7</b>	<b>-4.0</b>	<b>-1.4</b>	<b>-1.5</b>	<b>-1.5</b>
Change in financial liabilities	5.5	-0.7	-0.7	-1.8	0.0	0.0	0.0
Dividends paid	0.0	-1.7	-0.9	-0.9	-0.9	-0.9	-0.9
Purchase of own shares	0.0	6.3	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	3.8	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>5.5</b>	<b>3.8</b>	<b>-1.6</b>	<b>-2.7</b>	<b>2.9</b>	<b>-0.9</b>	<b>-0.9</b>
Change in liquid funds	1.8	2.8	0.4	-3.6	7.7	4.9	4.9
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>10.6</b>	<b>13.4</b>	<b>13.9</b>	<b>10.3</b>	<b>18.0</b>	<b>22.8</b>	<b>27.7</b>

**Financial Ratios**

	2009	2010	2011	2012	2013e	2014e	2015e
<b>Cash Flow</b>							
Free Cash Flow	3.3	-1.3	2.3	1.0	4.8	5.8	5.9
Free Cash Flow / Sales	14.0 %	-4.7 %	7.2 %	3.6 %	12.3 %	14.3 %	13.2 %
Free Cash Flow Potential	4.7	6.1	6.6	2.7	5.6	7.8	8.6
Free Cash Flow / Sales	14.0 %	-4.7 %	7.2 %	3.6 %	12.3 %	14.3 %	13.2 %
Free Cash Flow / Net Profit	92.7 %	-29.4 %	50.4 %	149.7 %	153.9 %	112.5 %	103.7 %
Interest Received / Avg. Cash	2.7 %	1.5 %	1.4 %	1.9 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	2.9 %	4.8 %	4.9 %	4.4 %	0.0 %	0.0 %	0.0 %
<b>Management of Funds</b>							
Investment ratio	10.3 %	10.8 %	7.7 %	7.2 %	3.5 %	3.7 %	3.4 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	187.6 %	192.6 %	125.7 %	99.2 %	53.7 %	56.6 %	51.5 %
Avg. Working Capital / Sales	8.2 %	18.0 %	28.2 %	37.8 %	27.1 %	25.9 %	25.5 %
Trade Debtors / Trade Creditors	755.3 %	2964.1 %	3630.7 %	1379.5 %	683.3 %	708.3 %	723.1 %
Inventory Turnover	n.a.	n.a.	n.a.	0.7 x	0.5 x	0.5 x	0.5 x
Receivables collection period (days)	92	186	137	149	77	77	77
Payables payment period (days)	504	113	197	457	203	195	192
Cash conversion cycle (Days)	n.a.	n.a.	n.a.	-252	499	517	527

**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.

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Rating	Number of stocks	% of Universe
Buy	96	48
Hold	88	44
Sell	12	6
Rating suspended	5	2
<b>Total</b>	<b>201</b>	<b>100</b>

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

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Rating	Number of stocks	% of Universe
Buy	79	52
Hold	65	42
Sell	5	3
Rating suspended	4	3
<b>Total</b>	<b>153</b>	<b>100</b>

**PRICE AND RATING HISTORY GK SOFTWARE AS OF 18.12.2013**


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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