

## Revised net sales guidance

Gofore revised its guidance for FY2019 net sales on the 10<sup>th</sup> of July, expected to amount to EUR 67-72m (prev. guidance EUR 71-79m). The revised guidance is mainly due to unforeseen reductions in demand of some of Gofore's largest customers. We expect some impact on H1 billing rates but full-year margins to remain at healthy levels. We retain our HOLD rating with a target price of EUR 8.50.

### FY 2019 sales guidance EUR 67–72m (prev. 71-79m)

Gofore revised its FY2019 sales guidance to EUR 67-72m (prev. EUR 71-79m) due to reduced demand among some of its largest customers. Based on monthly net sales figures the revision was not completely unexpected, with figures during Q2 in particular being weaker than our estimates. The reduced demand to our understanding stems from a cooling down of customer digitalization investment eagerness and the permanence is difficult to judge. The sales growth in 2019 is nonetheless expected to remain solid, at 32-42% based on the guidance range.

### Expect some impact on H1 billing rates

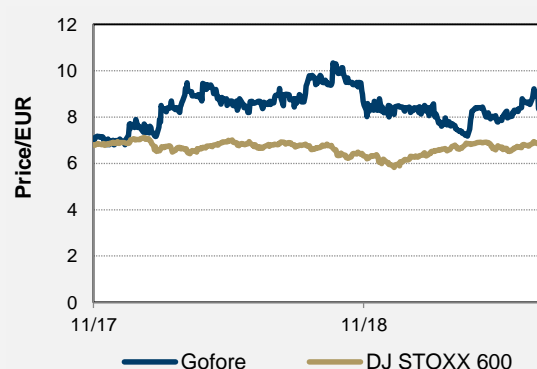
We estimate FY2019 net sales at 69.9m (prev. 73.3m). Growth is supported by several significant orders as well as the Silver Planet and Mango Design acquisitions, with an expected impact on revenue on an annual basis of closer to EUR 10m. Pick up in public sector spending with the recently-elected Finnish government may also offer further growth opportunities going forward. We expect the weaker revenue in Q2 to impact on billing rates and as such on margins but the strong Q1 EBITA-margin (17.2%) will support overall margins in H1. We expect an EBITA margin of 13.7% in 2019.

### HOLD with a target price of EUR 8.50

Compared to peer multiples the current valuation does not appear to offer any notable near-term valuation upside. With the rapid sales growth and healthy margins Gofore in our view still remains an attractive case and we retain our HOLD rating with a target price of EUR 8.50.

## Rating

HOLD



Share price, EUR (Last trading day's closing price) **8.30**

Target price, EUR **8.5**

Latest change in recommendation **20-Feb-19**

Latest report on company **20-Feb-19**

Research paid by issuer: **YES**

No. of shares outstanding, '000's **13,990**

No. of shares fully diluted, '000's **13,990**

Market cap, EURm **116**

Free float, % **-**

Exchange rate EUR **1.000**

Reuters code **GOFORE.HE**

Bloomberg code **GOFORE FH**

Average daily volume, EURm **0.05**

Next interim report **14-Aug-19**

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BUY HOLD SELL

## KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2017	34	5	15.8%	4	0.26	27.3	2.4	142.1	15.5	0.15
2018	51	6	12.0%	6	0.36	23.4	2.0	14.1	16.7	0.19
2019E	70	8	10.9%	8	0.40	20.6	1.5	16.0	13.9	0.21
2020E	81	9	10.9%	9	0.48	17.4	1.2	13.6	11.4	0.24
2021E	90	10	11.3%	10	0.55	15.0	1.1	11.9	9.3	0.28
Market cap, EURm		116	BV per share 2019E, EUR		2.3	CAGR EPS 2018-21, %		15.4		
Net debt 2019E, EURm		-10	Price/book 2019E		3.6	CAGR sales 2018-21, %		21.2		
Enterprise value, EURm		106	Dividend yield 2019E, %		2.5	ROE 2019E, %		20.8		
Total assets 2019E, EURm		46	Tax rate 2019E, %		20.0	ROCE 2019E, %		25.0		
Goodwill 2019E, EURm		17	Equity ratio 2019E, %		69.5	PEG, P/E 19/CAGR		1.3		

All the important disclosures can be found on the last pages of this report.

Gofore	2017	H1/'18	H2/'18E	2018	H1/'19E	H2/'19E	2019E	2020E	2021E
Net sales	34.0	24.7	25.9	50.6	33.4	36.5	69.9	81.1	90.0
sales growth %	82.4%	71.8%	32.2%	49.0%	35.3%	41.0%	38.2%	16.0%	11.0%
Other income	0.3	0.2	0.0	0.2	0.1	0.1	0.2	0.2	0.2
Materials and services	-4.2	-3.8	-4.1	-7.9	-4.8	-5.4	-10.2	-11.9	-13.3
Personnel expenses	-18.9	-13.3	-14.2	-27.6	-18.3	-20.1	-38.5	-44.8	-49.5
Other op. expenses	-5.4	-3.9	-4.5	-8.3	-5.5	-6.1	-11.7	-13.5	-14.9
EBITDA	5.8	3.9	3.1	7.0	4.8	4.9	9.8	11.1	12.4
EBITDA-%	17.1%	15.9%	11.8%	13.8%	14.5%	13.5%	14.0%	13.7%	13.8%
EBITA	5.7	3.8	3.0	6.8	4.8	4.8	9.6	10.9	12.2
EBITA-%	16.8%	15.5%	11.5%	13.4%	14.2%	13.2%	13.7%	13.4%	13.5%
EBIT	5.4	3.5	2.6	6.1	3.8	3.8	7.6	8.9	10.2
EBIT-%	15.8%	14.3%	9.9%	12.1%	11.5%	10.4%	10.9%	10.9%	11.3%

GOFORE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		19E	20E	21E	19E	20E	21E	19E	20E	21E
Tieto	1842	8.3x	7.4x	7.2x	12.1x	11.0x	10.5x	13.9x	12.8x	12.3x
Silli Solutions	62	8.3x	6.8x	6.1x	10.6x	8.3x	7.2x	13.0x	10.1x	8.9x
Vincit	57	8.1x	6.8x	6.1x	8.9x	7.3x	6.3x	13.6x	10.3x	9.0x
Innofactor	23	8.9x	8.1x	7.9x	23.5x	18.0x	17.4x	17.8x	13.9x	10.4x
Solteq	27	6.6x	6.2x	5.7x	12.4x	10.8x	10.2x	7.2x	6.4x	5.6x
HiQ	272	9.9x	9.5x	9.0x	11.5x	11.0x	10.4x	17.3x	15.5x	14.6x
Knowit	394	10.7x	10.0x	9.5x	12.5x	11.6x	10.9x	16.0x	14.7x	13.9x
Atea	1340	9.6x	8.6x	7.9x	15.8x	13.2x	11.7x	19.2x	15.9x	14.0x
Peer Group Average	502	8.8x	7.9x	7.4x	13.4x	11.4x	10.6x	14.7x	12.5x	11.1x
Peer Group Median	167	8.6x	7.7x	7.5x	12.3x	11.0x	10.5x	14.9x	13.3x	11.3x
Gofore (Evli est.)	116	10.9x	9.1x	7.6x	13.9x	11.4x	9.3x	20.6x	17.4x	15.0x

Gofore prem./disc. to peer median

26% 18% 1% 13% 4% -11% 38% 31% 32%

Source Bloomberg, Evli Research

GOFORE PEER GROUP	Sales 18A	Sales gr.		EBIT-%			Div. yield		
		19E	20E	19E	20E	21E	19E	20E	21E
Tieto	1600	2%	3%	9.9 %	10.6 %	10.7 %	5.9 %	6.2 %	6.3 %
Silli Solutions	70	16%	7%	7.5 %	9.0 %	9.8 %	3.9 %	5.4 %	6.2 %
Vincit	43	15%	8%	11.6 %	13.2 %	14.1 %	3.8 %	4.6 %	5.1 %
Innofactor	63	1%	2%	2.8 %	3.6 %	3.7 %	0.0 %	0.0 %	
Solteq	57	3%	5%	7.4 %	8.1 %	8.2 %	2.1 %	2.8 %	3.2 %
HiQ	181	1%	5%	11.9 %	11.9 %	11.9 %	6.8 %	7.0 %	7.2 %
Knowit	301	9%	5%	10.0 %	10.3 %	10.4 %	2.9 %	3.3 %	3.8 %
Atea	3614	7%	5%	2.4 %	2.8 %	3.0 %	5.7 %	6.1 %	6.4 %
Peer Group Average	741	7%	5%	7.9 %	8.7 %	9.0 %	3.9 %	4.4 %	5.5 %
Peer Group Median	126	5%	5%	8.7 %	9.6 %	10.1 %	3.8 %	5.0 %	6.2 %
Gofore (Evli est.)	51	38%	16%	10.9 %	10.9 %	11.3 %	2.5 %	2.9 %	3.3 %

Gofore prem./disc. to peer median

Source Bloomberg, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	8.30 PV of Free Cash Flow	56 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	9.86 PV of Horizon value	73 WACC, %	8.9 Market risk premium, %	5.8
Share price potential, %	18.8 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	10.7 Marketable securities	13 Minimum WACC, %	8.4 Equity beta coefficient	1.10
Minimum value	9.2 Debt - dividend	-4 Maximum WACC, %	9.4 Target debt ratio, %	20
Horizon value, %	56.8 Value of stock	138 Nr of shares, Mn	14.0 Effective tax rate, %	20

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	51	70	81	90	96	101	104	107	110	114	117	120
<i>Sales growth, %</i>	<i>49.0</i>	<i>38.2</i>	<i>16.0</i>	<i>11.0</i>	<i>7.0</i>	<i>5.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>2.5</i>	<i>2.5</i>
Operating income (EBIT)	6	8	9	10	12	12	12	12	12	13	13	13
<i>EBIT margin, %</i>	<i>12.0</i>	<i>10.9</i>	<i>10.9</i>	<i>11.3</i>	<i>12.0</i>	<i>12.0</i>	<i>12.0</i>	<i>11.0</i>	<i>11.0</i>	<i>11.0</i>	<i>11.0</i>	<i>11.0</i>
+ Depreciation+amort.	1	2	2	2	2	2	2	2	2	2	2	0
- Income taxes	-2	-2	-2	-2	-3	-3	-3	-3	-3	-3	-3	-3
- Change in NWC	0	-1	0	0	0	0	0	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>7.0</i>	<i>5.9</i>	<i>5.5</i>	<i>5.3</i>	<i>5.1</i>	<i>5.0</i>	<i>5.0</i>	<i>4.9</i>	<i>4.9</i>	<i>4.8</i>	<i>4.8</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Capital Expenditure	-2	-11	0	0	0	0	0	-1	-1	-1	-1	-1
<i>Investments / Sales, %</i>	<i>3.2</i>	<i>15.9</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>
- Other items	2	0	0	0	0	0	0	0	0	0	0	0
= Unlevered Free CF (FCF)	6	-4	8	9	11	11	11	11	11	11	10	163
= Discounted FCF (DFCF)		-4	7	8	8	8	7	6	6	5	5	73
= DFCF min WACC		-4	7	8	8	8	7	6	6	6	5	83
= DFCF max WACC		-4	7	7	8	7	7	6	6	5	4	65

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1E	2019Q2E	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	0	25	0	26	51	0	33	0	37	70	81	90
EBITDA	0	4	0	3	7	0	5	0	5	10	11	12
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>16.0</i>	<i>0.0</i>	<i>11.9</i>	<i>13.9</i>	<i>0.0</i>	<i>14.5</i>	<i>0.0</i>	<i>13.5</i>	<i>14.0</i>	<i>13.7</i>	<i>13.8</i>
EBIT	0	4	0	3	6	0	4	0	4	8	9	10
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>14.3</i>	<i>0.0</i>	<i>9.9</i>	<i>12.0</i>	<i>0.0</i>	<i>11.5</i>	<i>0.0</i>	<i>10.4</i>	<i>10.9</i>	<i>10.9</i>	<i>11.3</i>
Net financial items	0	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	0	4	0	3	6	0	4	0	4	8	9	10
Tax	0	-1	0	-1	-1	0	-1	0	-1	-2	-2	-2
<i>Tax rate (%)</i>	<i>0.0</i>	<i>20.7</i>	<i>0.0</i>	<i>18.8</i>	<i>19.9</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0	3	0	2	5	0	3	0	3	6	7	8
EPS	0.00	0.21	0.00	0.15	0.36	0.00	0.21	0.00	0.20	0.40	0.48	0.55
EPS adjusted (diluted no. of shares)	0.00	0.21	0.00	0.15	0.36	0.00	0.21	0.00	0.20	0.40	0.48	0.55
Dividend per share	0.00	0.00	0.00	0.00	0.19	0.00	0.00	0.00	0.00	0.21	0.24	0.28
<b>SALES, EURm</b>												
Group	0	25	0	26	51	0	33	0	37	70	81	90
Total	0	25	0	26	51	0	33	0	37	70	81	90
<b>SALES GROWTH, Y/Y %</b>												
Group	<i>0.0</i>	<i>71.8</i>	<i>0.0</i>	<i>32.2</i>	<i>49.0</i>	<i>0.0</i>	<i>35.3</i>	<i>0.0</i>	<i>41.0</i>	<i>38.2</i>	<i>16.0</i>	<i>11.0</i>
Total	<i>0.0</i>	<i>71.8</i>	<i>0.0</i>	<i>32.2</i>	<i>49.0</i>	<i>0.0</i>	<i>35.3</i>	<i>0.0</i>	<i>41.0</i>	<i>38.2</i>	<i>16.0</i>	<i>11.0</i>
<b>EBIT, EURm</b>												
Group	0	4	0	3	6	0	4	0	4	8	9	10
Total	0	4	0	3	6	0	4	0	4	8	9	10
<b>EBIT margin, %</b>												
Group	<i>0.0</i>	<i>14.3</i>	<i>0.0</i>	<i>9.9</i>	<i>12.0</i>	<i>0.0</i>	<i>11.5</i>	<i>0.0</i>	<i>10.4</i>	<i>10.9</i>	<i>10.9</i>	<i>11.3</i>
Total	<i>0.0</i>	<i>14.3</i>	<i>0.0</i>	<i>9.9</i>	<i>12.0</i>	<i>0.0</i>	<i>11.5</i>	<i>0.0</i>	<i>10.4</i>	<i>10.9</i>	<i>10.9</i>	<i>11.3</i>

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	9	12	19	34	51	70	81	90
<i>Sales growth (%)</i>	<i>54.0</i>	<i>35.2</i>	<i>49.9</i>	<i>82.4</i>	<i>49.0</i>	<i>38.2</i>	<i>16.0</i>	<i>11.0</i>
Costs	-8	-11	-16	-28	-44	-60	-70	-78
Reported EBITDA	1	2	3	6	7	10	11	12
Extraordinary items in EBITDA	0	0	0	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>15.5</i>	<i>12.9</i>	<i>14.6</i>	<i>17.1</i>	<i>13.9</i>	<i>14.0</i>	<i>13.7</i>	<i>13.8</i>
Depreciation	0	0	0	0	0	0	0	0
EBITA	1	2	3	6	7	10	11	12
Goodwill amortization / writedown	0	0	0	0	-1	-2	-2	-2
Reported EBIT	1	2	3	5	6	8	9	10
<i>EBIT margin (%)</i>	<i>14.9</i>	<i>12.5</i>	<i>14.1</i>	<i>15.8</i>	<i>12.0</i>	<i>10.9</i>	<i>10.9</i>	<i>11.3</i>
Net financials	0	0	0	-1	0	0	0	0
Pre-tax profit	1	2	3	4	6	8	9	10
Extraordinary items	0	0	0	1	0	0	0	0
Taxes	0	0	-1	-1	-1	-2	-2	-2
Minority shares	0	0	0	0	0	0	0	0
Net profit	1	1	2	4	5	6	7	8
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	0	0	1	1	1	1	1	1
<i>% of sales</i>	<i>2</i>	<i>1</i>	<i>4</i>	<i>3</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
Goodwill	0	0	0	5	9	17	15	13
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>16</i>	<i>17</i>	<i>25</i>	<i>19</i>	<i>15</i>
Inventory	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Receivables	2	3	3	10	12	16	18	20
<i>% of sales</i>	<i>21</i>	<i>21</i>	<i>18</i>	<i>30</i>	<i>23</i>	<i>22</i>	<i>22</i>	<i>22</i>
Liquid funds	2	2	4	13	13	13	15	21
<i>% of sales</i>	<i>21</i>	<i>20</i>	<i>19</i>	<i>37</i>	<i>27</i>	<i>18</i>	<i>19</i>	<i>23</i>
Total assets	4	5	8	29	35	46	49	55
Liabilities								
Equity								
Equity	2	3	4	18	22	32	36	40
<i>% of sales</i>	<i>19</i>	<i>20</i>	<i>22</i>	<i>52</i>	<i>44</i>	<i>46</i>	<i>44</i>	<i>45</i>
Deferred taxes	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Interest bearing debt	0	0	0	5	4	3	0	0
<i>% of sales</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>14</i>	<i>8</i>	<i>4</i>	<i>0</i>	<i>0</i>
Non-interest bearing current liabilities	2	2	3	7	8	11	13	15
<i>% of sales</i>	<i>22</i>	<i>20</i>	<i>18</i>	<i>20</i>	<i>16</i>	<i>16</i>	<i>16</i>	<i>16</i>
Other interest free debt	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total liabilities	4	5	8	29	35	46	49	55
<b>CASH FLOW, EURm</b>								
+ EBITDA	1	2	3	6	7	10	11	12
- Net financial items	0	0	0	-1	0	0	0	0
- Taxes	0	0	-1	-1	-2	-2	-2	-2
- Increase in Net Working Capital	0	0	0	-4	0	-1	0	0
+/- Other	0	0	0	0	2	0	0	0
= Cash flow from operations	1	1	2	1	8	7	9	10
- Capex	0	0	-1	0	0	-11	0	0
- Acquisitions	0	0	0	-5	-2	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	1	1	2	-3	4	-4	8	9
+/- Change in interest-bearing debt	0	0	0	5	-1	-2	-3	0
+/- New issues/buybacks	1	0	0	10	1	7	0	0
- Paid dividend	0	0	0	-1	-2	-2	-3	-3
+/- Change in loan receivables	0	0	0	0	0	0	0	0
Change in cash	2	1	1	11	3	-1	3	6

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	0	0	91	111	116	116	116
Net debt	-2	-4	-8	-9	-10	-15	-21
Enterprise value	-2	-4	83	102	106	101	95
Sales	12	19	34	51	70	81	90
EBITDA	2	3	6	7	10	11	12
EBIT	2	3	5	6	8	9	10
Pre-tax	2	3	4	6	8	9	10
Earnings	1	2	3	5	6	7	8
Book value	3	4	18	22	32	36	40
<b>Valuation multiples</b>							
EV/sales	-0.2	-0.2	2.4	2.0	1.5	1.2	1.1
EV/EBITDA	-1.4	-1.3	14.3	14.4	10.9	9.1	7.6
EV/EBITA	-1.5	-1.3	14.6	15.0	11.1	9.3	7.8
EV/EBIT	-1.5	-1.3	15.5	16.7	13.9	11.4	9.3
EV/operating cash flow	-2.1	-1.5	129.8	13.0	14.6	11.8	9.8
EV/cash earnings	-1.8	-1.6	21.9	17.9	13.7	11.4	9.5
P/E	0.0	0.0	27.3	23.4	20.6	17.4	15.0
P/E excl. goodwill	0.0	0.0	24.8	20.4	15.3	13.4	11.9
P/B	0.0	0.0	5.1	5.0	3.6	3.2	2.9
P/sales	0.0	0.0	2.7	2.2	1.7	1.4	1.3
P/CF	0.0	0.0	142.1	14.1	16.0	13.6	11.9
Target EV/EBIT	0.0	0.0	0.0	0.0	14.3	11.7	9.6
Target P/E	0.0	0.0	0.0	0.0	21.1	17.9	15.3
Target P/B	0.0	0.0	0.0	0.0	3.7	3.3	2.9
<b>Per share measures</b>							
Number of shares	10,560	10,560	12,949	13,117	13,990	13,990	13,990
Number of shares (diluted)	10,560	10,560	12,949	13,117	13,990	13,990	13,990
EPS	0.12	0.20	0.26	0.36	0.40	0.48	0.55
EPS excl. goodwill	0.12	0.20	0.28	0.41	0.54	0.62	0.70
Cash EPS	0.12	0.21	0.29	0.43	0.55	0.63	0.72
Operating cash flow per share	0.10	0.22	0.05	0.60	0.52	0.61	0.70
Capital employed per share	0.02	0.06	0.77	0.97	1.60	1.49	1.38
Book value per share	0.24	0.39	1.37	1.68	2.31	2.57	2.89
Book value excl. goodwill	0.24	0.39	0.96	1.02	1.06	1.47	1.93
Dividend per share	0.04	0.05	0.15	0.19	0.21	0.24	0.28
Dividend payout ratio, %	34.4	25.1	58.5	52.7	52.1	50.0	50.0
Dividend yield, %	0.0	0.0	2.1	2.3	2.5	2.9	3.3
<b>Efficiency measures</b>							
ROE	57.7	63.3	30.2	23.8	20.8	19.5	20.3
ROCE	66.9	76.1	40.0	25.0	25.0	25.0	26.6
<b>Financial ratios</b>							
Capex/sales, %	0.2	3.6	12.7	3.2	15.9	0.5	0.5
Capex/depreciation excl. goodwill,%	51.8	792.5	-1,093.7	-992.4	181.6	179.0	160.6
Net debt/EBITDA, book-weighted	-1.4	-1.3	-1.4	-1.3	-1.0	-1.4	-1.7
Debt/equity, market-weighted	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	49.3	54.3	60.8	63.7	69.5	73.0	73.2
Gearing	-0.91	-0.85	-0.44	-0.42	-0.31	-0.42	-0.52
Number of employees, average	132	196	374	495	530	583	612
Sales per employee, EUR	94,075	94,981	90,775	102,184	131,887	139,081	147,028
EBIT per employee, EUR	11,755	13,394	14,329	12,313	14,407	15,199	16,642

**COMPANY DESCRIPTION:** Gofore is an international growth-seeking digitalisation services company. The company helps customers to succeed at all stages of digital development. Gofore offers design, planning, building, implementing and maintenance of customers digital services and service architecture. Gofore was founded in 2002.

**INVESTMENT CASE:**

OWNERSHIP STRUCTURE	SHARES	EURm	%
Kärki Timur Juhana	1,875,000	15.562	13.4%
Venola Mika Petteri	1,770,000	14.691	12.7%
Varjus Mika	1,770,000	14.691	12.7%
Lammi Jani Markus	1,570,000	13.031	11.2%
Ilmarinen Mutual Pension Insurance Company	871,801	7.236	6.2%
Karjalainen Mika Juhani	596,507	4.951	4.3%
Varma Mutual Pension Insurance Company	517,952	4.299	3.7%
Evli Finland Small Cap Fund	486,841	4.041	3.5%
Saadetdin Ali	408,936	3.394	2.9%
SEB Finland Small Cap Fund	272,000	2.258	1.9%
Ten largest	10,139,037	84.154	72%
Residual	3,850,921	31.963	28%
Total	13,989,958	116.117	100%

**EARNINGS CALENDAR**

August 14, 2019

Q2 report

**OTHER EVENTS**

**COMPANY MISCELLANEOUS**

CEO: Timur Kärki

Kalevantie 2, 33100 Tampere

CFO: Petteri Venola

Tel:

IR:

## DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales	$\frac{\text{Market cap}}{\text{Sales}}$	DPS	Dividend for the financial period per share
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	Sales/Share	$\frac{\text{Sales}}{\text{Number of shares}}$
Net debt	Interest bearing debt – financial assets	EBITDA/Share	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share	$\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$	EAFI/Share	$\frac{\text{Pretax profit}}{\text{Number of shares}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share	$\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets	Balance sheet total
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x)	$\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share	$\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$	Asset turnover (x)	$\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, %	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non interest bearing debt (average)}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year



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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 - (+10) %	HOLD
> 10 %	BUY

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.

Recommendation	Percentage
Sell	8%
Hold	53%
Buy	39%

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**Name(s) of the analyst(s):** Salokivi

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