

Slight earnings beat

Gofore's EBITA in H1 came in slightly above our expectations, at EUR 5.0m (Evli 4.8m). Revenue was pre-announced at EUR 33.4m, with the organic growth amounting to 16%. Gofore expects net sales in 2019 between EUR 67-72m (unchanged).

- Gofore H1/19 net sales amounted to EUR 33.4m (pre-announced), with sales growth in at 35.5% compared to H1/18 figures. Growth was driven by the acquisitions of Solinor and Silver Planet. Organic growth amounted to 16%. The company's international business net sales amounted to EUR 3.6m, corresponding to 10.7% of total net sales.
- EBITA in H1 amounted to EUR 5.0m, slightly above our estimates (Evli EUR 4.8m), at a margin of 14.9%. Profitability remained on par with the company's long-term target (15%) following the strong Q1 figures, as the Q2 EBITA-% fell to 12.6%.
- **Guidance:** Gofore expects net sales in 2019 between EUR 67-72m (updated 10.7.2019).
- The number of personnel at the end of the period was 559 (H1/18: 423).

Rating 🟡 HOLD

H1/19	Actual	Evli	H1/18	H2/18
Net sales	33.4*	33.4	24.7	25.9
EBITA	5.0	4.8	3.8	3.0
EBIT	4.1	3.8	3.5	2.6
EPS	0.23	0.21	0.21	0.15

Deviation	Actual	Evli	H1/18	H2/18
Net sales			27%	29%
EBITA		5%	30%	67%
EBIT		7%	16%	60%
EPS		12%	10%	52%

**Pre-announced*

 Share price, EUR (Last trading day's closing price) 7.96

 Target price, EUR 8.5

Latest change in recommendation	20-Feb-19
Latest report on company	12-Jul-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	111
Free float, %	0.0
Exchange rate EUR	1.000
Reuters code	GOFORE.HE
Bloomberg code	GOFORE FH
Average daily volume, EURm	0.05
Next interim report	
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+ BUY 🟡 HOLD - SELL

PRE-REPORT 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	19.8	1.5	15.4	13.3	0.21
2020E	81	9	10.9%	9	0.48	16.7	1.2	13.0	10.9	0.24
2021E	90	10	11.3%	10	0.55	14.4	1.0	11.4	8.9	0.28
Market cap, EURm		111	BV per share 2019E, EUR		2.3	CAGR EPS 2018-21, %		15.4		
Net debt 2019E, EURm		-10	Price/book 2019E		3.4	CAGR sales 2018-21, %		21.2		
Enterprise value, EURm		101	Dividend yield 2019E, %		2.6	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		1.2		

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

Important Disclosures

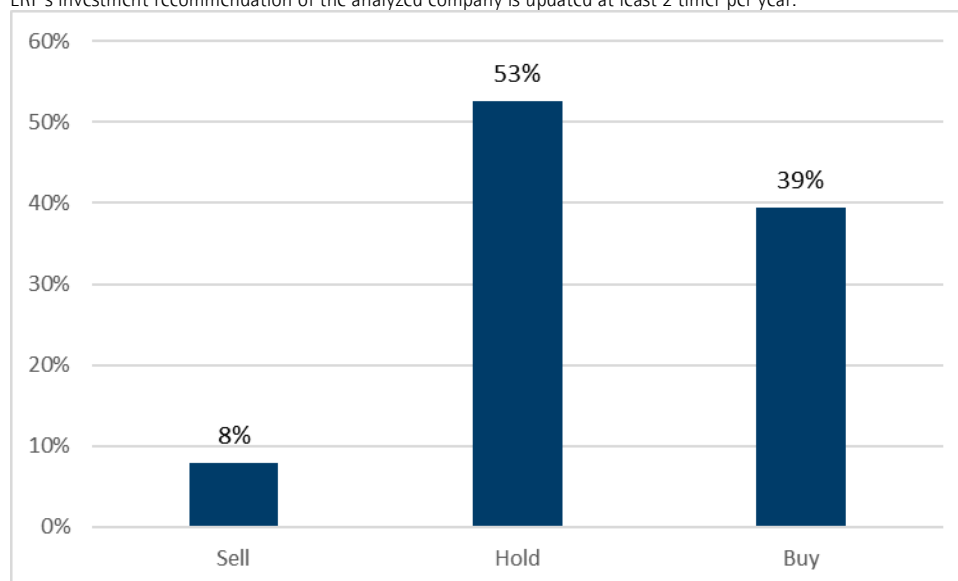
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Investment recommendations are defined as follows:

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.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

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

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August 14, 2019

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