

Uncertain times ahead

Gofore's H1 results were slightly better than expected, with EBITA at EUR 5.0m (Evli 4.8m). Of key interest were comments regarding market and demand development, which lacked more precise detail but still imply a weakened outlook. We retain our HOLD-rating with a target price of EUR 8.0 (8.5).

Comments point towards increased uncertainty

Gofore's H1 results beat our estimates slightly. EBITA amounted to EUR 5.0m (Evli 4.8m), as the impact of the drop in certain customers' demand during Q2 on margins was smaller than expected. There appears to have been no pattern in the decreased demand per customer segment, which opens up reasons to view the overall market development with further caution. Comments regarding the market development were somewhat lacking in detail and we opt to interpret the information given as likely weaker figures during H2 as filling the gaps caused by the demand drop may prove to be challenging.

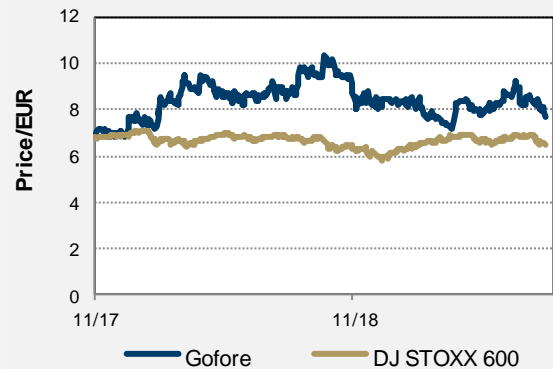
Uncertainty driven sales growth estimate revision

We have made revisions primarily to our coming year growth estimates as well as our H2/19 estimates, having lowered our sales estimate to EUR 34.3m and EBITA-% estimate to 12.3% to account for an uncertainty in the demand situation, while our full-year estimates remain mostly intact due to the solid H1 figures. We have also lowered our coming years sales estimates, having lowered our 2018-2021E CAGR estimate by 4pp to 17%.

HOLD with a target price of EUR 8.0 (8.5)

The near-term revenue and earnings development along with the uncertain tone in the market outlook comments in our gives rise to additional concern relating to development in the coming years. We still highlight that Gofore still is and has been among the top performers in its field and as such we continue to justify a valuation premium to peers. Upside nonetheless appears limited and we retain our HOLD-rating but adjust our target price to EUR 8.0 (8.5) to account for the added estimates uncertainty.

Rating ■ HOLD



Share price, EUR (Last trading day's closing price) 7.72

Target price, EUR 8.0

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 108

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

Web site www.gofore.com

Analyst Jerker Salokivi

E-mail jerker.salokivi@evli.com

Telephone +358 9 4766 9149

■ 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 | 68 | 7 | 10.8% | 7 | 0.38 | 20.1 | 1.5 | 15.4 | 13.5 | 0.20 |
| 2020E | 76 | 8 | 10.9% | 8 | 0.44 | 17.5 | 1.2 | 13.2 | 11.3 | 0.22 |
| 2021E | 82 | 9 | 11.3% | 9 | 0.50 | 15.4 | 1.1 | 11.9 | 9.4 | 0.25 |
| Market cap, EURm | | 108 | BV per share 2019E, EUR | | | 2.3 | CAGR EPS 2018-21, % | | | 11.7 |
| Net debt 2019E, EURm | | -10 | Price/book 2019E | | | 3.4 | CAGR sales 2018-21, % | | | 17.5 |
| Enterprise value, EURm | | 98 | Dividend yield 2019E, % | | | 2.6 | ROE 2019E, % | | | 19.9 |
| Total assets 2019E, EURm | | 46 | Tax rate 2019E, % | | | 20.0 | ROCE 2019E, % | | | 24.0 |
| Goodwill 2019E, EURm | | 18 | Equity ratio 2019E, % | | | 70.1 | PEG, P/E 19/CAGR | | | 1.4 |

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 | 33.5 | 34.3 | 67.8 | 75.9 | 82.0 |
| <i>sales growth %</i> | 82.4% | 71.8% | 32.2% | 49.0% | 35.5% | 32.5% | 33.9% | 12.0% | 8.0% |
| Other income | 0.3 | 0.2 | 0.0 | 0.2 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |
| Materials and services | -4.2 | -3.8 | -4.1 | -7.9 | -4.7 | -5.0 | -9.7 | -11.0 | -11.9 |
| Personnel expenses | -18.9 | -13.3 | -14.2 | -27.6 | -18.6 | -19.3 | -37.8 | -42.0 | -45.1 |
| Other op. expenses | -5.4 | -3.9 | -4.5 | -8.3 | -5.2 | -5.8 | -11.0 | -12.6 | -13.6 |
| EBITDA | 5.8 | 3.9 | 3.1 | 7.0 | 5.0 | 4.3 | 9.4 | 10.5 | 11.5 |
| <i>EBITDA-%</i> | 17.1% | 15.9% | 11.8% | 13.8% | 15.1% | 12.6% | 13.8% | 13.8% | 14.1% |
| EBITA | 5.7 | 3.8 | 3.0 | 6.8 | 5.0 | 4.2 | 9.2 | 10.3 | 11.3 |
| <i>EBITA-%</i> | 16.8% | 15.5% | 11.5% | 13.4% | 14.8% | 12.3% | 13.6% | 13.5% | 13.8% |
| EBIT | 5.4 | 3.5 | 2.6 | 6.1 | 4.1 | 3.2 | 7.3 | 8.3 | 9.3 |
| <i>EBIT-%</i> | 15.8% | 14.3% | 9.9% | 12.1% | 12.3% | 9.3% | 10.8% | 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 | 1636 | 8.3x | 7.9x | 7.7x | 12.3x | 11.5x | 11.0x | 12.2x | 11.8x | 11.2x |
| Silli Solutions | 61 | 8.7x | | | 14.4x | | | 12.7x | | |
| Vincit | 52 | 7.3x | 6.1x | 5.5x | 8.0x | 6.5x | 5.7x | 12.3x | 9.4x | 8.2x |
| Innofactor | 22 | 8.5x | 8.2x | 7.5x | 21.5x | 20.1x | 16.2x | 16.6x | 12.9x | 9.4x |
| Solteq | 27 | 6.5x | 5.8x | 5.3x | 12.2x | 10.6x | 9.2x | 13.1x | 10.2x | 8.6x |
| HiQ | 249 | 9.7x | 9.7x | 9.2x | 11.4x | 11.4x | 10.8x | 15.7x | 14.6x | 13.8x |
| Knowit | 334 | 9.1x | 8.5x | 7.9x | 11.2x | 10.3x | 9.6x | 14.0x | 12.8x | 11.9x |
| Atea | 1239 | 9.1x | 8.0x | 7.3x | 15.2x | 12.3x | 10.9x | 19.7x | 15.4x | 13.6x |
| Peer Group Average | 452 | 8.4x | 7.7x | 7.2x | 13.3x | 11.8x | 10.5x | 14.6x | 12.4x | 10.9x |
| Peer Group Median | 155 | 8.6x | 8.0x | 7.5x | 12.3x | 11.4x | 10.8x | 13.6x | 12.8x | 11.2x |
| Gofore (Evli est.) | 108 | 10.5x | 8.9x | 7.6x | 13.5x | 11.3x | 9.4x | 20.1x | 17.5x | 15.4x |

Gofore prem./disc. to peer median

22% 12% 2% 10% -1% -12% 48% 36% 37%

Source Bloomberg, Evli Research

| VALUATION RESULTS | BASE CASE DETAILS | VALUATION ASSUMPTIONS | ASSUMPTIONS FOR WACC |
|--------------------------|----------------------------|------------------------|--------------------------------|
| Current share price | 7.72 PV of Free Cash Flow | 52 Long-term growth, % | 2.5 Risk-free interest rate, % |
| DCF share value | 9.14 PV of Horizon value | 67 WACC, % | 8.9 Market risk premium, % |
| Share price potential, % | 18.3 Unconsolidated equity | 0 Spread, % | 0.5 Debt risk premium, % |
| Maximum value | 9.9 Marketable securities | 13 Minimum WACC, % | 8.4 Equity beta coefficient |
| Minimum value | 8.5 Debt - dividend | -4 Maximum WACC, % | 9.4 Target debt ratio, % |
| Horizon value, % | 56.5 Value of stock | 128 Nr of shares, Mn | 14.0 Effective tax rate, % |

| DCF valuation, EURm | 2018 | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | Horizon |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net sales | 51 | 68 | 76 | 82 | 88 | 92 | 95 | 98 | 101 | 104 | 106 | 109 |
| <i>Sales growth, %</i> | <i>49.0</i> | <i>33.9</i> | <i>12.0</i> | <i>8.0</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 | 7 | 8 | 9 | 11 | 11 | 11 | 11 | 11 | 11 | 12 | 12 |
| <i>EBIT margin, %</i> | <i>12.0</i> | <i>10.8</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 | -2 |
| - Change in NWC | 0 | -1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>NWC / Sales, %</i> | <i>7.0</i> | <i>6.0</i> | <i>5.7</i> | <i>5.5</i> | <i>5.3</i> | <i>5.2</i> | <i>5.2</i> | <i>5.1</i> | <i>5.0</i> | <i>5.0</i> | <i>4.9</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 | 0 | 0 | 0 | 0 | -1 |
| <i>Investments / Sales, %</i> | <i>3.2</i> | <i>16.4</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 | 10 | 10 | 11 | 10 | 10 | 10 | 9 | 149 |
| = Discounted FCF (DFCF) | | -4 | 7 | 7 | 7 | 7 | 7 | 6 | 6 | 5 | 4 | 67 |
| = DFCF min WACC | | -4 | 7 | 7 | 7 | 7 | 7 | 6 | 6 | 5 | 4 | 76 |
| = DFCF max WACC | | -4 | 7 | 7 | 7 | 7 | 7 | 6 | 5 | 5 | 4 | 60 |

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 | 34 | 68 | 76 | 82 |
| EBITDA | 0 | 4 | 0 | 3 | 7 | 0 | 5 | 0 | 4 | 9 | 10 | 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>15.1</i> | <i>0.0</i> | <i>12.6</i> | <i>13.8</i> | <i>13.8</i> | <i>14.1</i> |
| EBIT | 0 | 4 | 0 | 3 | 6 | 0 | 4 | 0 | 3 | 7 | 8 | 9 |
| <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>12.3</i> | <i>0.0</i> | <i>9.3</i> | <i>10.8</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 | 3 | 7 | 8 | 9 |
| 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 | 2 | 5 | 6 | 7 |
| EPS | 0.00 | 0.21 | 0.00 | 0.15 | 0.36 | 0.00 | 0.22 | 0.00 | 0.17 | 0.38 | 0.44 | 0.50 |
| EPS adjusted (diluted no. of shares) | 0.00 | 0.21 | 0.00 | 0.15 | 0.36 | 0.00 | 0.22 | 0.00 | 0.17 | 0.38 | 0.44 | 0.50 |
| Dividend per share | 0.00 | 0.00 | 0.00 | 0.00 | 0.19 | 0.00 | 0.00 | 0.00 | 0.00 | 0.20 | 0.22 | 0.25 |
| SALES, EURm | | | | | | | | | | | | |
| Group | 0 | 25 | 0 | 26 | 51 | 0 | 33 | 0 | 34 | 68 | 76 | 82 |
| Total | 0 | 25 | 0 | 26 | 51 | 0 | 33 | 0 | 34 | 68 | 76 | 82 |
| SALES GROWTH, Y/Y % | | | | | | | | | | | | |
| 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>35.5</i> | <i>0.0</i> | <i>32.5</i> | <i>33.9</i> | <i>12.0</i> | <i>8.0</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>35.5</i> | <i>0.0</i> | <i>32.5</i> | <i>33.9</i> | <i>12.0</i> | <i>8.0</i> |
| EBIT, EURm | | | | | | | | | | | | |
| Group | 0 | 4 | 0 | 3 | 6 | 0 | 4 | 0 | 3 | 7 | 8 | 9 |
| Total | 0 | 4 | 0 | 3 | 6 | 0 | 4 | 0 | 3 | 7 | 8 | 9 |
| EBIT margin, % | | | | | | | | | | | | |
| 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>12.3</i> | <i>0.0</i> | <i>9.3</i> | <i>10.8</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>12.3</i> | <i>0.0</i> | <i>9.3</i> | <i>10.8</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 | 68 | 76 | 82 |
| <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>33.9</i> | <i>12.0</i> | <i>8.0</i> |
| Costs | -8 | -11 | -16 | -28 | -44 | -58 | -65 | -70 |
| Reported EBITDA | 1 | 2 | 3 | 6 | 7 | 9 | 10 | 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>13.8</i> | <i>13.8</i> | <i>14.1</i> |
| Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EBITA | 1 | 2 | 3 | 6 | 7 | 9 | 10 | 11 |
| Goodwill amortization / writedown | 0 | 0 | 0 | 0 | -1 | -2 | -2 | -2 |
| Reported EBIT | 1 | 2 | 3 | 5 | 6 | 7 | 8 | 9 |
| <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>10.8</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 | 7 | 8 | 9 |
| 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 | 5 | 6 | 7 |
| BALANCE SHEET, EURm | | | | | | | | |
| 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 | 18 | 16 | 14 |
| <i>% of sales</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>16</i> | <i>17</i> | <i>26</i> | <i>20</i> | <i>17</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 | 15 | 17 | 18 |
| <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 | 12 | 15 | 20 |
| <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>25</i> |
| Total assets | 4 | 5 | 8 | 29 | 35 | 46 | 48 | 53 |
| Liabilities | | | | | | | | |
| Equity | 2 | 3 | 4 | 18 | 22 | 32 | 35 | 39 |
| <i>% of sales</i> | <i>19</i> | <i>20</i> | <i>22</i> | <i>52</i> | <i>44</i> | <i>47</i> | <i>47</i> | <i>48</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 | 12 | 13 |
| <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 | 48 | 53 |
| CASH FLOW, EURm | | | | | | | | |
| + EBITDA | 1 | 2 | 3 | 6 | 7 | 9 | 10 | 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 | 8 | 9 |
| - 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 | 2 | 6 |

| KEY FIGURES | 2015 | 2016 | 2017 | 2018 | 2019E | 2020E | 2021E |
|-------------------------------------|--------|--------|----------|---------|---------|---------|---------|
| M-cap | 0 | 0 | 91 | 111 | 108 | 108 | 108 |
| Net debt | -2 | -4 | -8 | -9 | -10 | -15 | -20 |
| Enterprise value | -2 | -4 | 83 | 102 | 98 | 93 | 88 |
| Sales | 12 | 19 | 34 | 51 | 68 | 76 | 82 |
| EBITDA | 2 | 3 | 6 | 7 | 9 | 10 | 12 |
| EBIT | 2 | 3 | 5 | 6 | 7 | 8 | 9 |
| Pre-tax | 2 | 3 | 4 | 6 | 7 | 8 | 9 |
| Earnings | 1 | 2 | 3 | 5 | 5 | 6 | 7 |
| Book value | 3 | 4 | 18 | 22 | 32 | 35 | 39 |
| Valuation multiples | | | | | | | |
| 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 | 10.5 | 8.9 | 7.6 |
| EV/EBITA | -1.5 | -1.3 | 14.6 | 15.0 | 10.7 | 9.1 | 7.8 |
| EV/EBIT | -1.5 | -1.3 | 15.5 | 16.7 | 13.5 | 11.3 | 9.4 |
| EV/operating cash flow | -2.1 | -1.5 | 129.8 | 13.0 | 14.0 | 11.4 | 9.6 |
| EV/cash earnings | -1.8 | -1.6 | 21.9 | 17.9 | 13.2 | 11.1 | 9.5 |
| P/E | 0.0 | 0.0 | 27.3 | 23.4 | 20.1 | 17.5 | 15.4 |
| P/E excl. goodwill | 0.0 | 0.0 | 24.8 | 20.4 | 14.9 | 13.2 | 12.0 |
| P/B | 0.0 | 0.0 | 5.1 | 5.0 | 3.4 | 3.0 | 2.7 |
| P/sales | 0.0 | 0.0 | 2.7 | 2.2 | 1.6 | 1.4 | 1.3 |
| P/CF | 0.0 | 0.0 | 142.1 | 14.1 | 15.4 | 13.2 | 11.9 |
| Target EV/EBIT | 0.0 | 0.0 | 0.0 | 0.0 | 14.0 | 11.8 | 9.9 |
| Target P/E | 0.0 | 0.0 | 0.0 | 0.0 | 20.8 | 18.1 | 15.9 |
| Target P/B | 0.0 | 0.0 | 0.0 | 0.0 | 3.5 | 3.2 | 2.8 |
| Per share measures | | | | | | | |
| 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 | 0.38 | 0.44 | 0.50 |
| EPS excl. goodwill | 0.12 | 0.20 | 0.28 | 0.41 | 0.52 | 0.58 | 0.65 |
| Cash EPS | 0.12 | 0.21 | 0.29 | 0.43 | 0.53 | 0.60 | 0.66 |
| Operating cash flow per share | 0.10 | 0.22 | 0.05 | 0.60 | 0.50 | 0.58 | 0.65 |
| Capital employed per share | 0.02 | 0.06 | 0.77 | 0.97 | 1.60 | 1.48 | 1.36 |
| Book value per share | 0.24 | 0.39 | 1.37 | 1.68 | 2.29 | 2.53 | 2.81 |
| Book value excl. goodwill | 0.24 | 0.39 | 0.96 | 1.02 | 1.04 | 1.42 | 1.85 |
| Dividend per share | 0.04 | 0.05 | 0.15 | 0.19 | 0.20 | 0.22 | 0.25 |
| Dividend payout ratio, % | 34.4 | 25.1 | 58.5 | 52.7 | 52.0 | 50.0 | 50.0 |
| Dividend yield, % | 0.0 | 0.0 | 2.1 | 2.5 | 2.6 | 2.9 | 3.3 |
| Efficiency measures | | | | | | | |
| ROE | 57.7 | 63.3 | 30.2 | 23.8 | 19.9 | 18.3 | 18.8 |
| ROCE | 66.9 | 76.1 | 40.0 | 25.0 | 24.0 | 23.6 | 24.8 |
| Financial ratios | | | | | | | |
| Capex/sales, % | 0.2 | 3.6 | 12.7 | 3.2 | 16.4 | 0.5 | 0.5 |
| Capex/depreciation excl. goodwill,% | 51.8 | 792.5 | -1,093.7 | -992.4 | 162.2 | 175.8 | 154.7 |
| Net debt/EBITDA, book-weighted | -1.4 | -1.3 | -1.4 | -1.3 | -1.0 | -1.4 | -1.8 |
| 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 | 70.1 | 73.9 | 74.5 |
| Gearing | -0.91 | -0.85 | -0.44 | -0.42 | -0.30 | -0.41 | -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 | 127,836 | 130,160 | 133,879 |
| EBIT per employee, EUR | 11,755 | 13,394 | 14,329 | 12,313 | 13,772 | 14,166 | 15,167 |

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 | 14.475 | 13.4% |
| Venola Mika Petteri | 1,770,000 | 13.664 | 12.7% |
| Varjus Mika | 1,770,000 | 13.664 | 12.7% |
| Lammi Jani Markus | 1,570,000 | 12.120 | 11.2% |
| Ilmarinen Mutual Pension Insurance Company | 871,801 | 6.730 | 6.2% |
| Karjalainen Mika Juhani | 596,507 | 4.605 | 4.3% |
| Varma Mutual Pension Insurance Company | 517,952 | 3.999 | 3.7% |
| Evli Finland Small Cap Fund | 486,841 | 3.758 | 3.5% |
| Saadetdin Ali | 408,936 | 3.157 | 2.9% |
| SEB Finland Small Cap Fund | 282,000 | 2.177 | 2.0% |
| Ten largest | 10,149,037 | 78.351 | 73% |
| Residual | 3,840,921 | 29.652 | 27% |
| Total | 13,989,958 | 108.002 | 100% |

EARNINGS CALENDAR

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 timer per year.

| Recommendation | Percentage |
|----------------|------------|
| Sell | 8% |
| Hold | 53% |
| Buy | 39% |

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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Contact information**SALES, TRADING AND RESEARCH****Equity Sales**

Ari Laine +358 9 4766 9115
Lauri Ahokanto +358 9 4766 9117
Niclas Henelius +358 9 4766 9116

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9130
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120

ETFs and Derivatives

Tobias Björk (Head) +358 9 4766 9130
Joachim Dannberg +358 9 4766 9123
Kimmo Lijja +358 9 4766 9130
Sami Järvinen +358 9 4766 9110

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Jonas Forslund +358 9 4766 9314
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149
Anna-Liisa Rissanen +358 40 157 9919

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205
Markku Reinikainen +358 9 4766 9669



EVLI BANK PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001