

Profitability slightly above estimates

Gofore's adj. EBITA in H1 was slightly better than we had expected, at EUR 5.8m (Evli 5.5m). Revenue amounted to EUR 37.4m (pre-announced). Little direct impact of the coronavirus pandemic on the public sector client segment so far, private sector more affected.

- Gofore's H1/20 net sales amounted to EUR 37.4m (pre-announced), with sales growth of 11.7% compared to H1/19 figures. Growth was driven by organic growth and the acquisitions of Silver Planet and Mangodesign.
- Adj. EBITA in H1 amounted to EUR 5.8m, slightly above our estimates (Evli EUR 5.5m), at a margin of 15.5%. EBIT amounted to EUR 4.0m (Evli EUR 3.7m), at a 10.8% EBIT-margin.
- The coronavirus pandemic has had little direct impact on the public sector client segment so far, in the private sector some cancellations of projects and delays in development work have been seen.
- **Guidance (upd. Aug 10th):** Gofore's net sales in 2020 are expected to be EUR 70-76m and the adjusted EBITA will grow compared to 2019.
- The number of personnel at the end of the period was 610 (H1/19: 559).

Rating 🟡 HOLD

H1/20	Actual	Evli	H1/19	H2/19
Net sales	37.4	37.4	33.5	30.6
EBITA	5.1	4.7	5.0	3.0
EPS	0.20	0.19	0.23	0.10
Deviation	Actual	Evli	H1/19	H2/19
Net sales		0%	27%	29%
EBITA		9%	2%	70%
EPS		5%	-13%	100%

 Share price, EUR (Last trading day's closing price) 8.56

 Target price, EUR 8.4

Latest change in recommendation	20-Feb-19
Latest report on company	11-Aug-20
Research paid by issuer:	YES
No. of shares outstanding, '000's	14,013
No. of shares fully diluted, '000's	14,013
Market cap, EURm	120
Free float, %	0.0
Exchange rate EUR	1.000
Reuters code	GOFORE.HE
Bloomberg code	GOFORE.FH
Average daily volume, EURm	0.04
Next interim report	14-Aug-20
Web site	gofore.com/en/invest

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+ BUY 🟡 HOLD - SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2018	50.6	6.1	12.0%	5.8	0.36	23.4	2.0	16.3	5.2	0.19
2019	64.1	6.1	9.5%	6.4	0.32	23.7	1.4	14.6	6.1	0.23
2020E	75.1	7.0	9.4%	-1.9	0.37	23.4	1.4	15.4	-1.6	0.25
2021E	86.7	9.9	11.4%	8.8	0.53	16.1	1.2	10.4	7.4	0.28
2022E	92.8	11.0	11.8%	10.5	0.60	14.3	1.0	8.8	8.7	0.30

Market cap, EURm	120	BV per share 2020E, EUR	-35.1	CAGR EPS 2019-22, %	23.5
Net debt 2020E, EURm	-12	Price/book 2020E	3.6	CAGR sales 2019-22, %	13.2
Enterprise value, EURm	108	Dividend yield 2020E, %	2.9	ROE 2020E, %	15.8
Total assets 2020E, EURm	51	Tax rate 2020E, %	20.1	ROCE 2020E, %	19.7
Goodwill 2020E, EURm	26	Equity ratio 2020E, %	65.0	PEG, P/E 20/CAGR	1.1

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

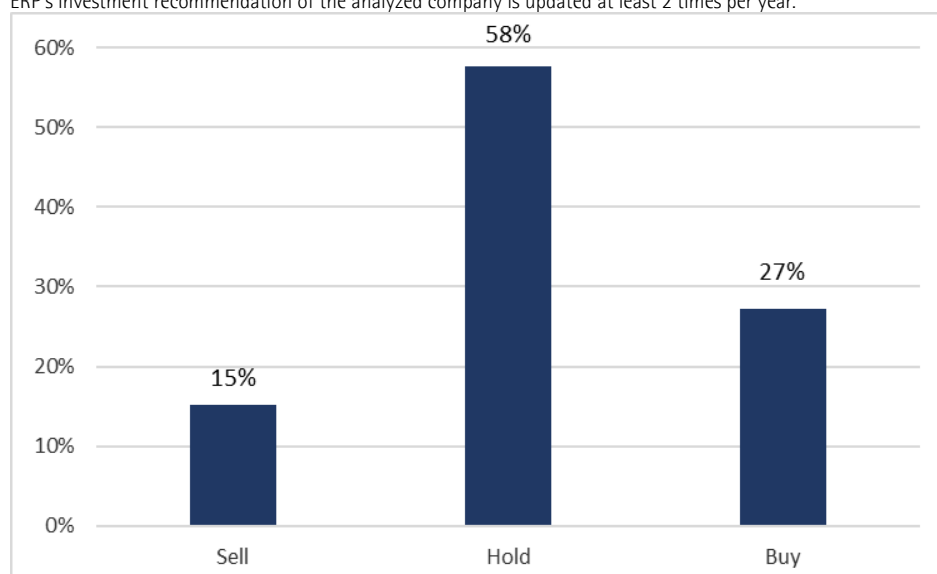
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Investment recommendations are defined as follows:

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

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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