

# GoForex.net Valuation Ideas

## Background

I feel it is important to let you know how I value GoForex compared to others and how it may influence your decision. I have always felt that GoForex was worth a lot, but I also know that it is worth a lot more to somebody else than it is in my own hands. This is because I never set out to make this a business, my goal is and always has been to help people make the right decisions and inform them with enough information to make an informed decision. I have done this through the forex broker ratings (exposing bad brokers and allowing the good ones to naturally rise to the top), posting links to good products and services, and providing the educational information that I wanted to learn when I was first starting out trying to learn about the forex market and found that most participants were only interested in getting you as a client so they could make money off of you!

So, GoForex was formed out of a need in the market for centralised information, quality information, and unbiased information to empower potential forex traders to give them the upper hand in a market which seemed very closed up in terms of the information that was provided to people. I feel that I have contributed greatly to the overall forex market in terms of both educating the market and helping it shift to a more open and transparent environment by encouraging and promoting ECN style and no-dealing desk brokers, as well as inspiring other webmasters to create their own forex websites along a similar vein to my own. Thus, my intention has only ever been to help people learn more about the market. In that sense, I have never been overly aggressive in terms of marketing products or trying to make a buck, so, I have always known that my site has huge potential for growth and is worth a lot more in somebody else's hands than my own who could really turn it into a big money-making business! I have provided various ways and means of doing this in my instruction manual and provided a blue-print for turning it into an all-advertising type business model. I feel that my site could rival FXStreet, one of the largest forex portals if the right people and ideas are behind it.

I have been somewhat limited in terms of my technical ability but also my motivation for growing the site into a real business because my motivation and intention was never to make money, thus it is a highly fertile ground and platform from which to grow through its good Google rankings for fast and rapid growth! I believe it is a very powerful tool and asset which could easily be exploited for rapid growth. I cannot emphasise this enough!

I don't see it as too hard a task to easily turn my site into making 4-5 times what I currently do just by implementing some of the strategies I have suggested in my "new features" and "revenue and traffic growth" ideas. Take [name removed] managed account, I believe that this could potentially earn GoForex.net hundreds of thousands of dollars per year alone through commission based referrals. It could even be something that you might consider investing some of Internet Brands money in directly as a money market investment it is that good! A very wealthy octogenarian American investor is backing the project who has family links back to the founding of America.

I also believe that it is a good idea to hire someone who knows this market and can fully exploit the potential of the site. Enis Mehmet has managed a large US forex broker for 5 years and helped set one up in Australia, as well as currently running a forex portal and advertising network. Is there anyone more qualified than this to run my site?

So, to put this into context in terms of a valuation for GoForex.net, account must be taken for not only its current revenues but also its untapped potential due to the reasons provided above. Its a very powerful platform which could be leveraged for fast and rapid growth with the right ideas and people behind it. For that reason I have always known that my site is worth a lot because of the huge untapped potential which I haven't exploited.

With that said, if I am to put a monetary value on what I believe the site is intrinsically worth, and then to place a multiple on its current earnings and the value of its untapped potential for earnings growth and bearing in mind what the market is currently paying for Internet Brands' EPS, my valuation of GoForex.net is US\$1.4m, or, NZ\$2m. This represents a 45% discount to its current value to Internet Brands and leaves an 80%+ return on investment immediately for you. At its projected worth of US\$3.4m, that represents a discount of nearly 60% to the purchase price and leaves a 140%+ return on investment for Internet Brands.

To explain how I came up with the proceeding figure, one only needs to consider the following explanations. Based on current earnings, my site is worth US\$2.5m to Internet Brands:

### **Current Earnings:**

After-tax<sup>1</sup> profit including 10% management fee and expenses: US\$80,000

Internet Brands market cap: US\$346m

P/E ratio: 31.85

GoForex.net current worth to Internet Brands: US\$2,548,000

### **Projected Earnings:**

Projected after-tax<sup>1</sup> profit including 10% management fee and expenses: US\$136,000

Projected 2010 EPS: 32c per share

Projected P/E ratio: 25

GoForex projected worth to Internet Brands: US\$3,400,000

The projected worth figure represents a 33% premium to the current worth of GoForex to Internet Brands.

In order to increase the after-tax profit figure to US\$136,000, you would need to increase revenue to US\$255,000. This represents a 70% increase in both revenue and after-tax profit.

### **Notes:**

1. Assuming a 40% corporate tax rate.

### **Conclusion:**

If you can pick up GoForex.net at a discount to anything less than its current value, then you have already made a decent ROI.