

Profitability of Pampalo lower than expected

Endomines' net sales for the first half of the year were roughly as expected, though profitability did not meet our estimates.

- Revenue in H1 amounted to EUR 13.1m (EUR 10.7m H1/23), only slightly below our estimate of EUR 13.3m.
- The group EBITDA in H1 was at EUR 1.9 m (0.4m H1 2023), lower than our estimate of EUR 3.3m. The profitability of Pampalo's operations fell short of our estimates, in addition, the company's overhead costs were slightly higher than expected.
- EBIT in H1 amounted to EUR 0.1m, well short of our estimate, due to the EBITDA miss and higher than expected depreciation.
- EBITDA from Pampalo production was at EUR 4.0m, up from EUR 2.4m during the first half of 2023. While profitability improved, it fell short of our estimate of EUR 5.2m.
- EBITDA from the company's other functions (Karelian gold line operations, USA operations and common functions) was at EUR -2.1m (EUR -1.9m Evli est.).
- Endomines will continue negotiations regarding the company's US assets in 2024 and the goal is to find a solution as soon as possible.
- 2024 outlook (unchanged): Gold production will increase by 15-35% from 2023 (roughly 14 700 – 17 300 ounces, our current estimate at 15 922 ounces) and financial result is expected to improve from 2023.

Rating 🟡 HOLD

H1/24	Actual	Evli	Year ago
Revenue	13.1	13.3	10.7
EBITDA	1.9	3.3	-0.7
EBIT	0.1	2.1	-3.0

Deviation	Actual	Evli	Year ago
Net sales		-1 %	22 %
EBITDA		-42 %	-
EBIT		-95 %	-

Share price, EUR (Last trading day's closing price) 8.24

Target price, EUR 7.5

Latest change in recommendation 28-May-24

Latest report on company 13-Aug-24

Research paid by issuer: YES

No. of shares outstanding, '000's 9,795

No. of shares fully diluted, '000's 9,795

Market cap, EURm 81

Free float, % 42.9

Exchange rate EUR 1.000

Reuters code ENDOM.HE

Bloomberg code ENDOM FH

Average daily volume, EURm 0.2

Next interim report

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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
2022	13.5	-14.7	-108.9%	-8.0	-1.87	-2.7	4.0	-3.6	-17.1	0.00
2023	19.7	-3.0	-15.2%	-10.7	-0.55	-12.3	4.1	-26.8	-16.3	0.00
2024E	31.0	7.0	22.5%	1.6	0.47	17.6	3.0	13.5	2.0	0.00
2025E	36.4	11.0	30.3%	5.7	0.92	9.0	2.4	8.0	7.1	0.46
2026E	39.8	11.7	29.5%	4.7	0.84	9.8	2.2	7.5	5.9	0.42

Market cap, EURm	81	BV per share 2024E, EUR	35.9	CAGR EPS 2023-26, %	0.0
Net debt 2024E, EURm	13	Price/book 2024E	2.2	CAGR sales 2023-26, %	26.4
Enterprise value, EURm	94	Dividend yield 2024E, %	0.0	ROE 2024E, %	13.2
Total assets 2024E, EURm	70	Tax rate 2024E, %	0.0	ROCE 2024E, %	13.2
Goodwill 2024E, EURm	0	Equity ratio 2024E, %	82.6	PEG, P/E 24/CAGR	0.9

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

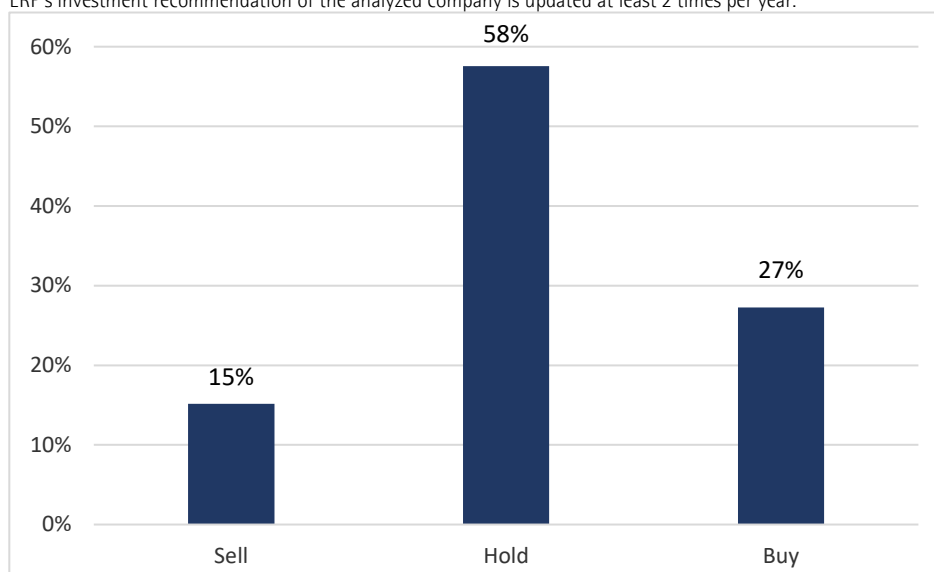
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Investment recommendations are defined as follows:

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

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

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