

Concentrate production missing in Q1

Endomines' revenue and EBITDA in Q1 amounted to SEK 2.1m (Evli 8.0m) and SEK -11.5m (Evli -3.9m) respectively, below our estimates mainly due to our estimates not accounting for the processing plant damage during Q1 and revenue only generated from sale of remaining Pampalo concentrate. No gold concentrate was produced at Friday in Q1 but production is expected to commence in Q2.

- Endomines did not produce any gold concentrate in Q1. The revenue was generated by sales of remaining Pampalo gold concentrate. Gold concentrate production at Friday has been delayed due to damage to the tailings area of the processing plant. Concentrate production is expected to commence in Q2.
- Revenue amounted to SEK 2.1m (29.4m in Q4/18), below our estimates of SEK 8.0m due to our estimates not having accounted for the processing plant damage.
- EBITDA in Q1 was at SEK -11.5m, below our estimates of SEK -3.9m, mainly due to the lower revenue.
- Friday's processing plant repairs expected to amount to USD 400,000 and to take four to six weeks to complete.
- **Guidance reiterated:** Annual gold production at the Friday mine in Idaho, USA, is expected to be approximately 9,000oz at a cash cost of 650-900 USD/oz, depending on the area of production, over the life time of the mine. Endomines anticipates production of 5,000 – 8,000oz gold (~156-249kg) in concentrate during the year.

Rating				BUY
Q1/19	Actual	Evli	Year ago	Q4/18
Revenue	2.1	8.0	29.4	8.3
EBITDA	-11.5	-3.9	-8.6	-6.1
EBIT	-13.3	-11.4	-19.9	-14.2
EPS	-0.37	-0.33	0.05	-0.51
Deviation	Actual	Evli	Year ago	Q4/18
Net sales		-74%	-93%	-75%
EBITDA		-199%	-34%	-89%
EBIT		-17%	33%	6%
EPS		-11%	-	27%
Share price, SEK (Last trading day's closing price)				5.38
Target price, SEK				8.0
Latest change in recommendation				22-Mar-18
Latest report on company				15-Feb-19
Research paid by issuer:				YES
No. of shares outstanding, '000's				41,736
No. of shares fully diluted, '000's				41,736
Market cap, SEKm				190
Free float, %				-
Exchange rate EUR/SEK				10.736
Reuters code				ENDO.ST
Bloomberg code				ENDO SS
Average daily volume, SEKm				0.381
Next interim report				8-May-19
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BUY HOLD SELL

PRE-REPORT KEY FIGURES

	Sales SEKm	EBIT SEKm	EBIT %	Ptx profit SEKm	EPS SEK	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS SEK
2017	122	-65	-53.0%	-69	-4.53	-1.8	1.6	33.5	-3.0	0.00
2018	104	-48	-46.6%	-37	-1.06	-5.6	3.9	31.6	-8.4	0.00
2019E	69	-28	-41.1%	-43	-1.03	-5.2	5.9	68.3	-14.3	0.00
2020E	91	-23	-25.1%	-37	-0.72	-7.5	5.3	12.9	-21.1	0.00
2021E	310	49	15.9%	37	0.62	8.7	1.6	2.4	10.3	0.25
Market cap, SEKm			190	BV per share 2019E, SEK		7.0		CAGR EPS 2018-21, %		0.0
Net debt 2019E, SEKm			214	Price/book 2019E		0.6		CAGR sales 2018-21, %		43.8
Enterprise value, SEKm			404	Dividend yield 2019E, %		0.0		ROE 2018E, %		-15.7
Total assets 2019E, SEKm			557	Tax rate 2019E, %		0.0		ROCE 2018E, %		-5.8
Goodwill 2019E, SEKm			0	Equity ratio 2019E, %		52.7		PEG, P/E 18/CAGR		0.0

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

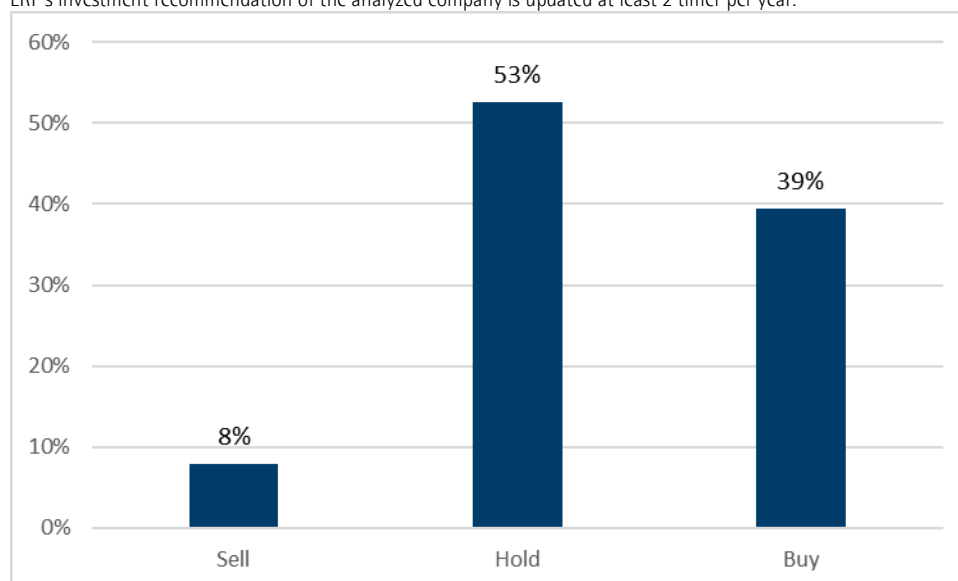
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Investment recommendations are defined as follows:

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 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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