

No gold concentrate production in Q3

Endomines did not sell any gold concentrate from Friday in Q3, as the commissioning of the mill was delayed. Mining operations have progressed well, and an ore stockpile has been built up. Due to the lack of gold concentrate sale from Friday, Endomines' Q3 figures were clearly below our estimates.

- Endomines did not sell any gold concentrate from Friday in Q3, while gold recovered from the clean-up at Pampalo generated some revenue. Mining has progressed well at Friday and a significant ore stockpile at the mine and the mill sites has been produced.
- Revenue* amounted to SEK 1.6m, with our estimates at SEK 10.9m. We had expected minor gold concentrate sales from Friday, while Q3 revenue consisted solely of sale of clean-up gold from the Pampalo mill.
- EBITDA* in Q3 was at SEK -13.2m, below our estimate of SEK -3.2m given the limited gold concentrate sales. (*Not reported, derived from H1 and Q1-Q3 figures)
- In the third quarter Endomines was able to commence the ramp-up of the Friday mining and milling operations and the work is now fully ongoing. Issues relating to the commissioning of the mill delayed the start of gold concentrate production. Successful commissioning of the mill is expected to take place during Q4.
- Endomines did not give an updated production guidance for 2019. The ramp-up of the Friday mine is on-going and an updated guidance will be given once completed the mill is successfully commissioned and ramp-up completed.

Rating					■ SELL
Q3/19	Actual	Evli	Year ago	Q2/19	
Revenue	1.6	10.9	24.3	1.4	
EBITDA	-13.2	-3.2	0.6	-9.0	
EBIT	-16.4	-7.2	-11.2	-9.0	
Deviation	Actual	Evli	Year ago	Q2/19	
Net sales		-85%	-93%	14%	
EBITDA		<-100%	-	-47%	
EBIT		<-100%	-47%	-82%	
Figures derived from H1 and Q1-Q3 figures					
Share price, SEK (Last trading day's closing price)					5.24
Target price, SEK					4.8
Latest change in recommendation					12-Aug-19
Latest report on company					19-Aug-19
Research paid by issuer:					YES
No. of shares outstanding, '000's					79,957
No. of shares fully diluted, '000's					86,545
Market cap, SEKm					419
Free float, %					0.0
Exchange rate EUR/SEK					10.690
Reuters code					ENDO.ST
Bloomberg code					ENDO SS
Average daily volume, SEKm					0.4
Next interim report					14-Nov-11
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■ BUY ■ HOLD ■ SELL

PRE-REPORT KEY FIGURES

	Sales SEKm	EBIT SEKm	EBIT %	FCF SEKm	EPS SEK	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS SEK
2017E	122.2	-64.8	-53.0%	-19.3	-4.53	-1.8	1.6	-3.0	-15.3	0.00
2018E	104.0	-48.5	-46.6%	-371.3	-1.06	-5.6	3.9	-8.4	-176.1	0.00
2019E	40.5	-34.9	-86.1%	-120.2	-0.75	-7.0	13.2	-15.3	-28.7	0.00
2020E	111.8	-8.6	-7.7%	-108.1	-0.29	-18.4	5.0	-65.1	-25.8	0.00
2021E	186.8	11.3	6.1%	-71.2	-0.01	-805.0	3.4	55.4	-17.0	0.00
Market cap, SEKm	419		BV per share 2011E, SEK		29.4		CAGR EPS 2010-13, %		-81.7	
Net debt 2011E, SEKm	115		Price/book 2011E		1.1		CAGR sales 2010-13, %		21.5	
Enterprise value, SEKm	534		Dividend yield 2011E, %		0.0		ROE 2011E, %		-18.7	
Total assets 2011E, SEKm	596		Tax rate 2011E, %		0.1		ROCE 2011E, %		-6.8	
Goodwill 2011E, SEKm	0		Equity ratio 2011E, %		79.8		PEG, P/E 11/CAGR		0.0	

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

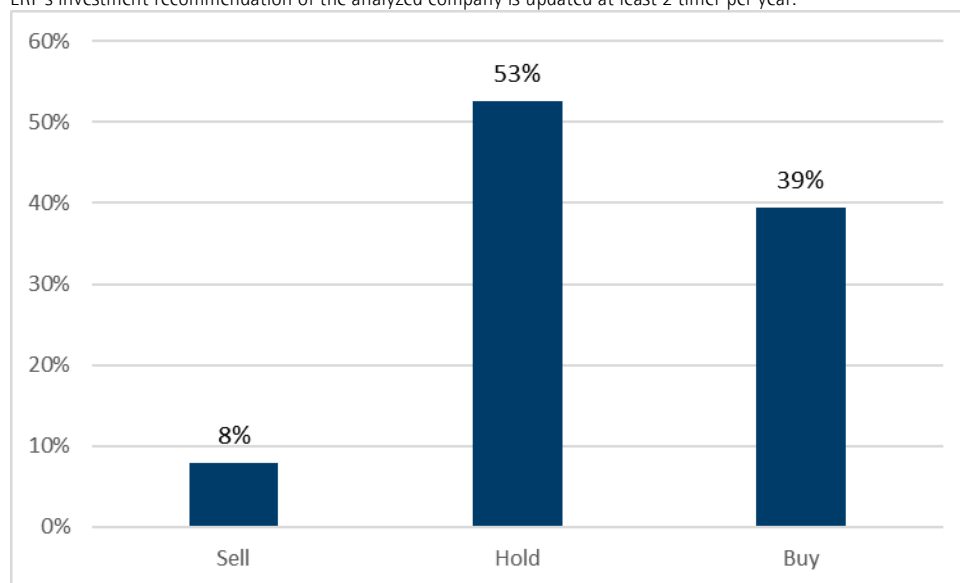
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Investment recommendations are defined as follows:

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

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