

## Full production at Friday sought during Q1

Endomines did not sell any gold concentrate from Friday in Q4, with commercial production expected to commence in March 2020. Full production at Friday is sought to be achieved during Q1. No numeric production guidance was given but ramp-up to design capacity (3,445 tonnes per month) is expected in March 2020.

- Endomines did not sell any gold concentrate from Friday in Q4 and had in early February announced the expected start-up of commercial production in March 2020, which was not included in our estimates.
- Revenue\* amounted to SEK 0.7m, with our estimates at SEK 22.0m, as we had expected gold concentrate sales from Friday.
- EBITDA\* in Q4 was at SEK -15.1m, below our estimate of SEK -0.8m given the lack of gold concentrate sales. (\*Not reported, derived from Q1-Q3 figures)
- During December Endomines processed 420.5 ore tonnes with a head grade of 2.65g/t Au (low-grade pre-production development ore) resulting in 2.65 tonnes of concentrate grading 189.2g/t Au. In December Endomines took over all mining activities from the mining contractor at Friday. Endomines has mined approx. 5,000 tonnes of ore up to date, stockpiled at the mine and mill areas. Full mining production delayed to coincide with mill commissioning.
- Endomines did not give a numeric production guidance for 2020, expecting ramp-up to design capacity (3,445 tonnes per month) in March 2020.
- The BoD expectedly proposed that no dividend will be paid for 2019.

Rating 🟡 HOLD

Q4/19	Actual	Evli	Year ago	Q3/19
Revenue	0.7	22.0	8.3	1.6
EBITDA	-15.1	-0.8	-6.1	-12.9
EBIT	-13.8	-4.8	-14.2	-16.4

Deviation	Actual	Evli	Year ago	Q3/19
Net sales		-97%	-92%	-56%
EBITDA		<-100%	<-100%	-17%
EBIT		<-100%	3%	16%

Figures derived from Q1-Q3 figures

Share price, SEK (Last trading day's closing price)	6.58
Target price, SEK	4.7
Latest change in recommendation	08-Nov-19
Latest report on company	08-Nov-19
Research paid by issuer:	YES
No. of shares outstanding, '000's	79,957
No. of shares fully diluted, '000's	96,914
Market cap, SEKm	526
Free float, %	-
Exchange rate EUR/SEK	10.690
Reuters code	ENDO.ST
Bloomberg code	ENDO SS
Average daily volume, SEKm	0.2
Next interim report	
Web site	endomines.com/investors
Analyst	Jerker Salokivi
E-mail	jerker.salokivi@evli.com
Telephone	+358 9 4766 9149

🟢 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%	-13.2	-4.53	-1.8	1.6	-3.0	-10.5	0.00
2018E	104.0	-48.5	-46.6%	-166.5	-1.06	-5.6	3.9	-8.4	-79.0	0.00
2019E	27.1	-43.5	-160.3%	-111.2	-0.64	-10.3	23.3	-14.5	-21.1	0.00
2020E	107.3	-10.0	-9.3%	-104.8	-0.24	-27.7	6.1	-65.0	-19.9	0.00
2021E	186.4	11.2	6.0%	-71.7	-0.01	-826.0	3.9	64.7	-13.6	0.00

Market cap, SEKm	526	BV per share 2011E, SEK	26.5	CAGR EPS 2010-13, %	-80.4
Net debt 2011E, SEKm	106	Price/book 2011E	1.3	CAGR sales 2010-13, %	21.5
Enterprise value, SEKm	632	Dividend yield 2011E, %	0.0	ROE 2011E, %	-15.7
Total assets 2011E, SEKm	604	Tax rate 2011E, %	0.0	ROCE 2011E, %	-8.4
Goodwill 2011E, SEKm	0	Equity ratio 2011E, %	80.1	PEG, P/E 11/CAGR	0.0

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

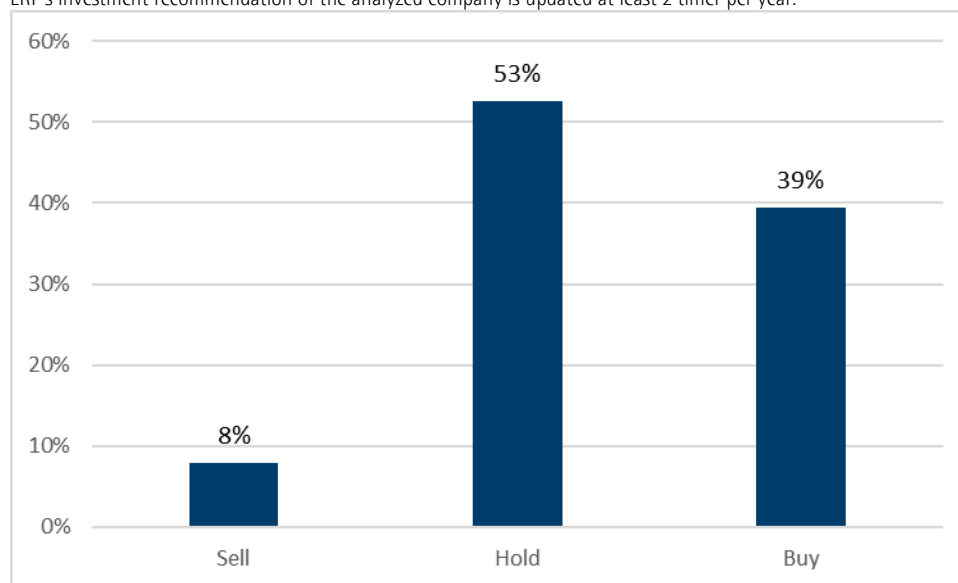
## Important Disclosures

Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at [Analysts' recommendations and ratings revisions](#).

Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



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

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Bank Plc. Production of the investment recommendation has been concluded on 8.11.2019, 9:00. This report has been published on 13.2.2020, 10:00.

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

Evli Corporate Finance has managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP may pursue an assignment from the issuer(s) of the financial instruments mentioned in the recommendation or this report. These assignments may have a limited economic or financial impact on ERP and/or Evli. Under such assignments ERP may perform services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making services.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions performed by Evli Bank Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Bank Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli Bank is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Bank Plc is supervised by the Finnish Financial Supervision Authority.

February 13, 2020

## Contact information

### SALES, TRADING AND RESEARCH

#### Equity Sales

Ari Laine +358 9 4766 9115  
Lauri Ahokanto +358 9 4766 9117  
Niclas Henelius +358 9 4766 9116

#### Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120  
Pasi Väisänen +358 9 4766 9120  
Antti Kässi +358 9 4766 9120  
Miika Ronkanen +358 9 4766 9120

#### ETFs and Derivatives

Joachim Dannberg +358 9 4766 9123  
Kimmo Lijja +358 9 4766 9130

#### Structured Investments

Heikki Savijoki +358 9 4766 9726  
Aki Lakkisto +358 9 4766 9123

#### Equity Research

Jonas Forslund +358 9 4766 9314  
Joonas Ilvonen +358 44 430 9071  
Jerker Salokivi +358 9 4766 9149  
Anna-Liisa Rissanen +358 40 157 9919

#### Evli Investment Solutions

Johannes Asuja +358 9 4766 9205  
Markku Reinikainen +358 9 4766 9669



**EVLI BANK PLC**  
Aleksanterinkatu 19 A  
P.O. Box 1081  
FIN-00101 Helsinki, FINLAND  
Phone +358 9 476 690  
Fax +358 9 634 382  
Internet [www.evli.com](http://www.evli.com)  
E-mail [firstname.lastname@evli.com](mailto:firstname.lastname@evli.com)

**EVLI BANK PLC,  
STOCKHOLMSFILIAL**  
Regeringsgatan 67 P.O. Box 16354  
SE-103 26 Stockholm  
Sverige  
[stockholm@evli.com](mailto:stockholm@evli.com)  
Tel +46 (0)8 407 8000  
Fax +46 (0)8 407 8001