

Focus on ramp-up

Endomines did not sell any gold concentrate from Friday in Q1. Design capacity at Friday is sought to be reached in Q2, although impacts of the COVID-19 pandemic may cause delays. No numeric production guidance was given. 3,700 tonnes of ore at 5.7g/t grade mined during Q1. EBITDA lower than our expectations at SEK -27.8m (Evli -13.6m).

- Endomines did not sell any gold concentrate from Friday in Q1. An agreement for the sale of gold concentrate was signed and the first shipment of gold concentrate from the Friday mine was done in May.
- Revenue in Q1 amounted to SEK 3.0m, with our estimates at SEK 3.1m.
- EBITDA in Q1 was at SEK -27.8m, below our estimate of SEK -13.6m following higher than expected costs.
- At the processing facility at Friday Endomines was able to operate at a rate of 36 tonnes per day. Ramp up to design capacity (3,445 tonnes per month) continued. The goal is to reach design capacity during Q2, however, the COVID-19 pandemic poses some challenges with staff and part availability and continued effects of the pandemic may postpone the reaching of design capacity. Endomines has mined approximately 3,700 tonnes of ore at a grade of 5.7 g/t at Friday in Q1.
- Endomines did not yet give any numeric production guidance for 2020.
- Liquid assets amounted to SEK 1.3m at the end of the quarter. After the quarter Endomines raised SEK 81m net proceedings through the issuance of two loans and a directed share issue.
- An agreement with Transatlantic Mining was signed after Q1 to buy US Grant Mine and mill and the Kearsarge Gold Project.

Rating ■ SELL

Q1/20	Actual	Evli	Year ago	Q4/19
Revenue	3.0	3.1	2.1	0.7
EBITDA	-27.8	-13.6	-11.5	-15.1
EBIT	-29.2	-16.6	-13.3	-13.7

Deviation	Actual	Evli	Year ago	Q4/19
Net sales		-3%	43%	>100%
EBITDA		<-100%	<-100%	-84%
EBIT		-76%	<-100%	<-100%

 Share price, SEK (Last trading day's closing price) **6.40**

 Target price, SEK **5.0**

 Latest change in recommendation **14-Feb-20**

 Latest report on company **14-Feb-20**

 Research paid by issuer: **YES**

 No. of shares outstanding, '000's **113,448**

 No. of shares fully diluted, '000's **113,448**

 Market cap, SEKm **620**

 Free float, % **0.0**

 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
2018E	104.0	-48.5	-46.6%	-166.5	-1.06	-5.6	3.9	-8.4	-79.0	0.00
2019E	5.8	-52.4	-903.4%	-159.8	-0.75	-7.5	112.7	-12.5	-35.7	0.00
2020E	82.1	-24.6	-30.0%	-138.7	-0.34	-18.8	9.7	-32.3	-22.4	0.00
2021E	178.3	14.5	8.2%	-91.1	0.02	285.9	5.0	61.0	-14.7	0.00
2022E	295.0	45.9	15.6%	-40.0	0.32	20.0	3.1	20.2	-6.5	0.00

Market cap, SEKm	620	BV per share 2011E, SEK	37.7	CAGR EPS 2010-13, %	0.0
Net debt 2011E, SEKm	176	Price/book 2011E	1.3	CAGR sales 2010-13, %	270.5
Enterprise value, SEKm	796	Dividend yield 2011E, %	0.0	ROE 2011E, %	-9.6
Total assets 2011E, SEKm	686	Tax rate 2011E, %	0.0	ROCE 2011E, %	-4.1
Goodwill 2011E, SEKm	0	Equity ratio 2011E, %	67.9	PEG, P/E 11/CAGR	0.0

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

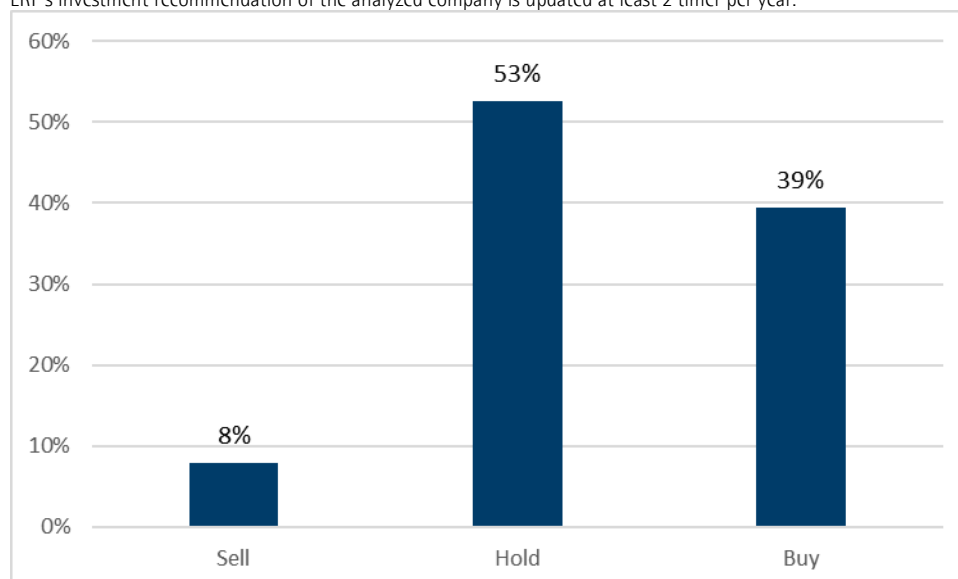
Important Disclosures

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 14.2.2020, 8:45. This report has been published on 14.5.2020, 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.

May 14, 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
E-mail firstname.lastname@evli.com

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