

Rights issue to secure funding

Endomines announced that the operations at Friday have been put under care and maintenance due to funding challenges and has resolved on a rights issue of SEK 281m.

- Total revenue* in Q3 amounted to SEK 1.9m, with our estimates at SEK 11.1m. Gold production during 1-9/2020 amounted to 538.1.1oz (Evli 986oz), with a head grade of 3.52g/t (Evli 3.39g/t). Gold concentrate was produced from pre-production development material, thus resulting in low head grades.
- EBITDA* in Q3 was at SEK -23.1m, below our estimate of SEK -15.6m.
*Figures not reported, derived from Q1-Q3 figures
- Due to challenges with the tailings dewatering system and as a result a faster than anticipated use-up of working capital, as production and revenues were delayed, the operations at Friday were put under care and maintenance in August. The start-up will be dependent on securing the required financing.
- Liquid assets amounted to SEK 12.0m at the end of the quarter.
- The BoD of Endomines has resolved on a rights issue of SEK 281m, at a subscription price of SEK 2.50. The rights issue is covered by subscription undertakings and guarantee commitments up to SEK 168m. Dilution for existing shareholders choosing not to participate in the rights issue will be approximately 46 percent assuming full subscription.
- Endomines has not given a production guidance for 2020.

Rating ■ SELL

Q3/20	Actual	Evli	Year ago	Q2/20
Revenue	1.9	11.1	1.6	7.5
EBITDA	-23.1	-15.6	-12.9	-17.5
EBIT	-28.8	-26.5	-16.4	-27.7

Deviation	Actual	Evli	Year ago	Q2/20
Net sales		-83%	19%	-75%
EBITDA		-48%	-79%	-32%
EBIT		-9%	-76%	-4%

Figures derived from Q1-Q3 figures

Share price, SEK (Last trading day's closing price)	4.32
Target price, SEK	5.5
Latest change in recommendation	13-Feb-20
Latest report on company	31-Aug-20
Research paid by issuer:	YES
No. of shares outstanding, '000's	115,913
No. of shares fully diluted, '000's	115,913
Market cap, SEKm	501
Free float, %	-
Exchange rate EUR/SEK	10.660
Reuters code	ENDO.ST
Bloomberg code	ENDO SS
Average daily volume, SEKm	0.2
Next interim report	-
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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
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	40.9	-102.8	-251.1%	-216.6	-1.03	-4.2	16.7	-6.6	-43.2	0.00
2021E	209.9	16.1	7.6%	-186.2	0.03	123.7	4.1	54.1	-37.2	0.00
2022E	465.7	152.4	32.7%	26.0	1.21	3.6	1.8	5.5	5.2	0.00

Market cap, SEKm	501	BV per share 2011E, SEK	39.8	CAGR EPS 2010-13, %	0.0
Net debt 2011E, SEKm	182	Price/book 2011E	1.1	CAGR sales 2010-13, %	331.4
Enterprise value, SEKm	683	Dividend yield 2011E, %	0.0	ROE 2011E, %	-30.2
Total assets 2011E, SEKm	677	Tax rate 2011E, %	0.1	ROCE 2011E, %	-17.1
Goodwill 2011E, SEKm	0	Equity ratio 2011E, %	67.5	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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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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