

Profitability improved yet below estimate

The transformation programme is beginning to deliver results as the company's EBITDA improved to EUR 0.4m (-3.5m H1 2022) during the first half of 2023. While the development was positive, the profitability was still weaker than we had estimated.

- Revenue in H1 amounted to EUR 10.7m, roughly in line with our estimate of EUR 11.2m. Previously announced gold production amounted to 6,753 oz during the first half, up by 94.1% y/y.
- EBITDA in H1 was at EUR 0.4m (-3.5m H1 2022), lower than our estimate of EUR 1.6m.
- EBIT in H1 amounted to EUR -2.3m, lower than our estimate of EUR 0.2m.
- EBITDA from Pampalo production was at EUR 2.4m, up from EUR 0.2m during the first half of 2022.
- EBITDA from the company's other functions (Karelian gold line operations, USA operations and common functions) was at EUR -2.0m.
- EBITDA from the company's other functions was roughly in line with our expectations while the Pampalo's operating expenses were still at a slightly higher level than expected.
- During the first half of the year, Endomines has conducted preliminary negotiations with potential partners regarding the company's US assets, based on the preliminary interest, Endomines still targets to conclude the negotiations during 2023.
- As expected, Endomines revises the Pampalo production guidance for 2023 (current guidance: production increase of 35-55% y/y), the company expects that the production will be near the upper end of the given range (Evli current est. increase of 55% y/y).

Rating BUY

H1/23	Actual	Evli	Year ago
Revenue	10.7	11.2	5.6
EBITDA	0.4	1.6	-3.5
EBIT	-2.3	0.2	-10.1
Deviation	Actual	Evli	Year ago
Net sales		-4 %	91 %
EBITDA		-75 %	-
EBIT		-	77 %

Share price, EUR (Last trading day's closing price)	4.72
Target price, EUR	5.6
Latest change in recommendation	06-Mar-23
Latest report on company	21-Jun-23
Research paid by issuer:	YES
No. of shares outstanding, '000's	9,449
No. of shares fully diluted, '000's	9,449
Market cap, EURm	45
Free float, %	86.3
Exchange rate EUR	1.000
Reuters code	ENDOM.HE
Bloomberg code	ENDOM FH
Average daily volume, EURm	0.2
Next interim report	
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BUY HOLD SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2021	0.5	-25.1	-5,102.0%	-16.6	-4.73	-2.1	144.2	-2.8	-29.4	0.00
2022	13.5	-15.5	-114.8%	-8.0	-1.92	-2.6	4.0	-3.5	-17.1	0.00
2023E	21.3	0.7	3.3%	-2.8	-0.10	-49.6	2.5	77.2	-6.2	0.00
2024E	22.9	2.3	10.2%	2.7	0.11	41.2	2.2	22.1	6.2	0.00
2025E	23.0	1.2	5.4%	1.4	0.02	200.2	2.2	40.5	3.0	0.00

Market cap, EURm	45	BV per share 2023E, EUR	27.3	CAGR EPS 2022-25, %	0.0
Net debt 2023E, EURm	10	Price/book 2023E	1.3	CAGR sales 2022-25, %	19.4
Enterprise value, EURm	54	Dividend yield 2023E, %	0.0	ROE 2023E, %	-2.5
Total assets 2023E, EURm	56	Tax rate 2023E, %	0.0	ROCE 2023E, %	1.5
Goodwill 2023E, EURm	0	Equity ratio 2023E, %	62.0	PEG, P/E 23/CAGR	0.5

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

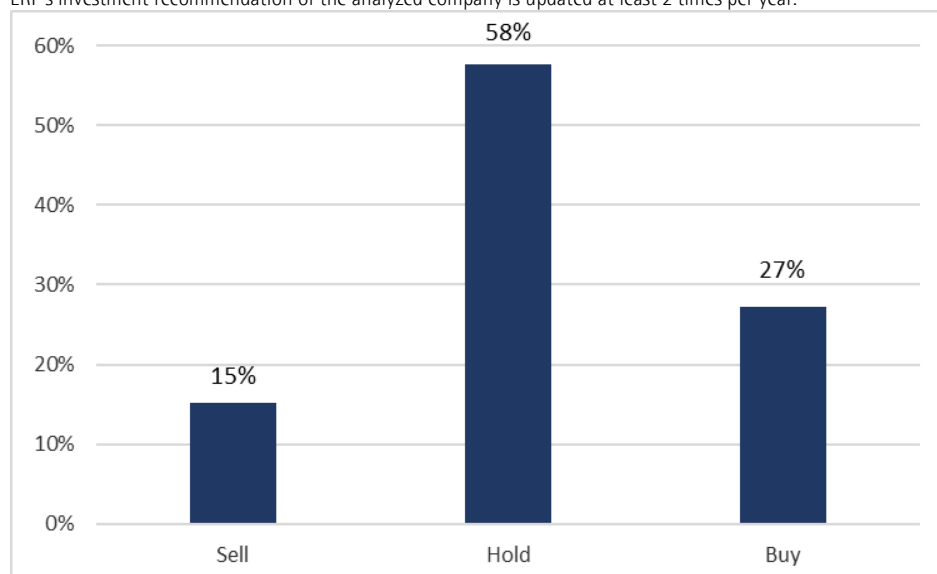
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Investment recommendations are defined as follows:

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): Jortikka

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