

## **ENDOMINES**

Metals & Mining/Sweden, December 1, 2020 News Flash

## 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		
O3/20 Revenue EBITDA EBIT Deviation Net sales EBITDA	1.9 -23.1 -28.8 Actual	Evli 11.1 -15.6 -26.5 Evli -83% -48%	Year ago  1.6 -12.9 -16.4  Year ago 19% -79%	02/20 7.5 -17.5 -27.7 02/20 -75% -32%		
EBIT  Figures der  Share price, 9		−9% Ω1-Q3 figu	-76%	-40% -40%		
closing price) Target price, SEK						
Latest change in recommendation Latest report on company Research paid by issuer: No. of shares outstanding, '000's No. of shares fully diluted, '000's Market cap, SEKm Free float, % Exchange rate EUR/SEK Reuters code Bloomberg code Average daily volume, SEKm Next interim report Web site			13-Feb-20 31-Aug-20 YES 115,913 115,913 501 - 10.660 ENDO.ST ENDO SS 0.2 - endomines.com/investors			
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■ BUY	HOLD	SELL
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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,		3, %	0.0							
Net debt 20	011E, SEKm		182 P	rice/book 2011	E		1.1 CAGR	sales 2010-	13, %	331.4
Enterprise value, SEKm 683 Dividend yield 2011E, % 0.0 F		0.0 ROE 2011E, %			-30.2					
Total assets 2011E, SEKm 677		677 Ta	Tax rate 2011E, %			0.1 ROCE 2011E, %			-17.1	
Goodwill 2011E, SEKm		0 E	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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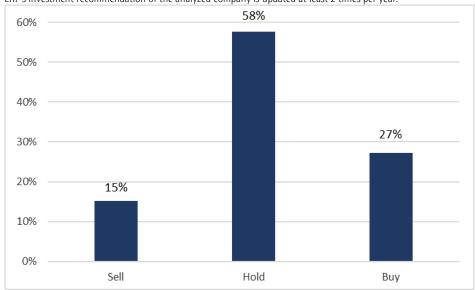
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Target price compared to share price Recommendation

< -10 % SELL -10 - (+10) % HOLD > 10 % BUY

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

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