

Profitability topped our estimates

Endomines successfully capitalized on the increased gold market prices during the second half of the year. Pampalo's profitability exceeded our expectations due to lower-than-expected cash costs.

- Revenue in H2 amounted to EUR 15.6m (EUR 9.0m H2/23), in line with our estimate of EUR 15.4m as the production figures were already reported.
- The production growth rate of 20.7%, combined with an average gold price of 2,599 USD per ounce, contributed to the overall growth.
- The group EBITDA in H2 was at EUR 3.9m (–1.0m H2 2023), higher than our estimate of EUR 3.6m. The profitability of Pampalo's operations developed favorably as cash cost was at 1252 USD per ounce (H2/23 1399 USD per ounce).
- EBIT in H2 amounted to EUR 2.5m higher than we expected (Evli est. EUR 2.0m) due to improved operative profitability and lower than expected depreciation.
- EBITDA from Pampalo production was at EUR 6.3m, up from EUR 0.9m during the second half of 2023. Pampalo's profitability was impressive and above our estimate of EUR 5.5m.
- EBITDA from the company's other functions (Karelian gold line operations, USA operations and common functions) was at EUR –2.4m (EUR –1.8m Evli est.).
- Endomines will continue negotiations regarding the company's US assets and the goal is to find a solution as soon as possible.
- 2025 outlook: Gold production will be between 16,000 – 22,000 ounces. Production growth is estimate to be greater during H2/25.
- Our current estimate is at 18,200 ounces.

Rating	Reduce		
H2/24	Actual	Evli	Year ago
Revenue	15.6	15.4	9.0
EBITDA	3.9	3.6	-1.0
EBIT	2.5	2.0	-2.2
EPS	0.10	0.09	-0.40
Deviation	Actual	Evli	Year ago
Net sales		1 %	73 %
EBITDA		7 %	-
EBIT		22 %	-
EBIT		15 %	-
Share price, EUR (Last trading day's closing price)			10.45
Target price, EUR			8.3
Latest change in recommendation			05-Feb-25
Latest report on company			05-Feb-25
Research paid by issuer:			YES
No. of shares outstanding, '000's			10 830
No. of shares fully diluted, '000's			10 830
Market cap, EURm			113
Free float, %			42.9 %
Exchange rate			1.0
Reuters code			ENDOM.HE
Bloomberg code			ENDOM FH
Average daily volume, EURm			0.2
Next interim report			
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++ BUY + ACCUMULATE - REDUCE -- SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2022	13.5	-14.7	-108.9%	-8.0	-1.87	-2.7	4.0	-3.6	-17.1%	
2023	19.7	-3.0	-15.2%	-10.7	-0.55	-12.3	4.1	-26.8	-16.3%	
2024E	28.6	2.1	7.5%	0.3	-0.01	-1964.5	4.5	59.6	0.3%	
2025E	42.4	9.4	22.2%	5.0	0.68	15.3	2.9	13.0	4.4%	
2026E	44.8	9.7	21.7%	5.8	0.66	15.8	2.6	12.0	5.1%	
Market cap, EURm	113		Gearing 2024E, %		2.5 %		CAGR EPS 2023–26, %		0.0 %	
Net debt 2024E, EURm	15		Price/book 2024E		3.5		CAGR Sales 2023–26, %		31.5 %	
Enterprise value, EURm	128		Dividend yield 2024E, %		0.0 %		ROE 2024E, %		-0.2 %	
Total assets 2024E, EURm	62		Tax rate 2024E, %		0.0 %		ROCE 2024E, %		4.4 %	
Goodwill 2024E, EURm	0		Equity ratio 2024E, %		73.9 %		PEG, P/E 24/CAGR		0.0	

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Target price compared to share price

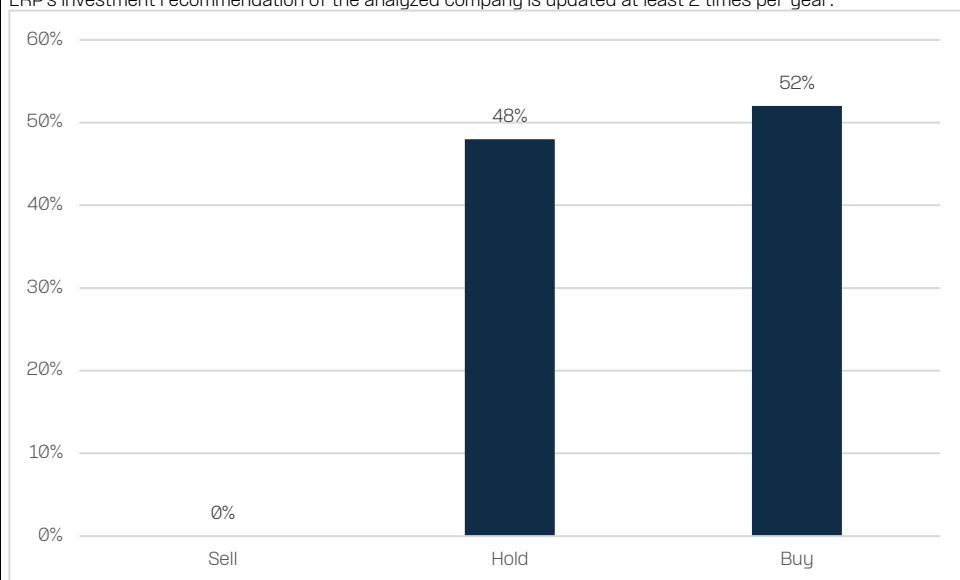
< -10 %
-10 - 0 %
0 - (+10) %
> 10 %

Recommendation

SELL
RECUDE
ACCUMULATE
BUY

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Name(s) of the analyst(s): Atte Jortikka

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