EDISON

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Endeavour Silver

Metals and mining

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On a path to becoming a senior silver producer

Endeavour Silver (EDR) is poised for a step change as the integration of Kolpa and the ramp-up of Terronera nearly double output and cement its transition to a senior silver producer. A quality asset portfolio and a robust growth pipeline position the company to capture upside from favourable commodity prices and attractive long-term industry fundamentals. The stock trades at a visible discount to peers despite offering the highest exposure to silver and strong earnings momentum.

Kolpa and Terronera to drive earnings momentum

EDR guides FY25 silver production of 4.5–5.2Moz at a cash cost of $16.0–17.0/oz from the Guanaceví and Bolañitos projects. H125 saw broadly flat output of 2.7Moz (4.4Moz AgEq) at $15.6/oz, with the recently acquired Kolpa adding 0.4Moz in May-June at $11.8/oz. Terronera's start-up is advancing well, with July throughput averaging 1,841tpd and metallurgical recoveries improving. At steady state, Terronera will deliver 4.0Moz silver and 38koz gold pa at an AISC of just $2.2/oz, visibly improving EDR's cost profile. Full contribution from Kolpa (FY24: 2.0Moz Ag; 5.1Moz AgEq) and Terronera could see silver production reaching c 11Moz and cash costs falling to c $10/oz, one the lowest levels for peers. Coupled with elevated commodity prices, this points to strong earnings momentum, underpinning a sevenfold increase in FY26 consensus adjusted EBITDA versus FY24.

Strong project pipeline underpins multi-year growth

EDR's large and flexible asset base offers significant growth potential. One of the world's largest undeveloped silver deposits, Pitarrilla in Mexico is EDR's key advanced exploration asset, with a mineral resource of 591Moz of contained Ag and a revised feasibility study underway. Parral, in the historic Chihuahua mining district, is targeting a 60Moz AgEq resource ahead of a planned preliminary economic assessment, with high-grade drill intercepts of up to 586g/t AgEq suggesting district-scale potential. Continued exploration at Guanaceví, Bolañitos and Terronera, where EDR controls 25 concessions over 20kha and more than 50 known veins, provides further optionality to sustain and expand the portfolio well into the next decade.

Valuation: Persistent discount to peers

Despite the strong performance year-to-date, EDR shares continue to trade at a c 25% discount to primary silver producers on FY26e EV/EBITDA. The company already offers the highest share of silver in its revenue mix (57% at H125) within the peer group, which typically commands premium valuations to gold, while Terronera and Kolpa will further increase this exposure. The silver market remains in deficit, with growing industrial demand pointing to strong long-term industry fundamentals.

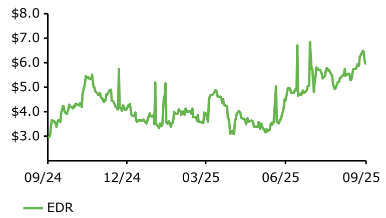
Consensus estimates

Year end	Revenue ($m)	EBITDA ($m)	PBT ($m)	EPS ($)	EV/EBITDA (x)	P/E (x)
12/24	217.6	52.7	(22.0)	(0.13)	35.9	N/A
12/25e	400.8	122.4	56.1	0.06	15.4	99.8
12/26e	668.9	336.4	184.6	0.32	5.6	18.7

Source: Company data, LSEG Data & Analytics

Price	$5.99
Market cap	$1,782m

Share price performance



Share details

Code	EDR
Listing	TSX
Shares in issue	290.2m
Net cash/(debt) at Q225	$(109.4)m

Business description

Established in 2004, Endeavour Silver is a mining company focused on discovering and mining silver, with projects and operations in three countries: Mexico, Chile and the United States.

Bull points

- Strong earnings momentum driven by new projects.
- Significant organic growth optionality.
- Supportive commodity prices.

Bear points

- Relatively short mine lives for Guanaceví and Bolañitos.
- Net debt position at end Q225.
- High commodity prices sensitivity.

Analysts

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