

EQUITY - SPAIN

Sector: Trading Companies & Distributors

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9m Results 2022

Closing price: EUR 1.06 (1 Nov 2022)

9m Results 2022

Opinion ⁽¹⁾: In line

Impact ⁽¹⁾: We will maintain our estimates

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GAM (GALQ) is a company specialising in services associated with machinery hire (it has a fleet of 16,000 pieces of equipment) with a revenue mix diversified by sector and a certain balance between generalist and specialist operator. With 75 branches in 10 countries, it is leader in the Iberian Peninsula (56 branches), where it obtains the bulk of its revenues (>75%), and Latam is the main destination for the company's exports (c.16%).

9m22: remarkable growth (EBITDA +45.5%), despite the context

Market Data

Market Cap (Mn EUR and USD)	100.3	99.0
EV (Mn EUR and USD) ⁽²⁾	291.9	288.2
Shares Outstanding (Mn)	94.6	
-12m (Max/Med/Mín EUR)	1.70 / 1.31 / 1.03	
Daily Avg volume (-12m Mn EUR)	0.02	
Rotation ⁽³⁾	4.7	
Factset / Bloomberg	GALQ-ES / GALQ SM	
Close fiscal year	31-Dec	

GALQ MAINTAINS HIGH REVENUE GROWTH (+35.5% VS 9M21)... Once again GALQ has achieved higher growth than its sector's average. It closed 9m22 with EUR 166.0Mn in revenue (+35.5% vs 9m21), consolidating the growth rate seen in previous quarters. Looking at 3Q in isolation, sales were EUR 58.5Mn (+30% vs 3Q21; +1.2% vs 2Q22).

Shareholders Structure (%)

Francisco Riberas & Family	58.2
Indumenta Pueri	10.0
Pedro Luis Fernández	5.8
Banco Santander	4.4
Free Float	21.5

... DRIVEN BY ITS THREE BUSINESS LINES. Most interestingly, this high growth has occurred in the company's three areas of activity. There is the continuing good performance of the long-term business (+53.7%) that contributes an orderbook with average cycles of four years and of the no-capex business (+31.7% vs 9m21) that does not require either additional structure or capital. The short-term business (the most cyclical) continues to gain traction: +30.9% (already with similar utilisation rates to those of 2019).

Financials (Mn EUR)

	2021	2022e	2023e	2024e
Adj. nº shares (Mn)	94.6	94.6	94.6	94.6
Total Revenues	169.1	223.4	247.6	268.6
Rec. EBITDA	36.4	52.0	59.5	69.4
% growth	18.0	42.6	14.6	16.5
% Rec. EBITDA/Rev.	21.5	23.3	24.0	25.8
% Inc. EBITDA sector ⁽⁴⁾	21.0	23.6	8.2	8.0
Net Profit	2.6	6.4	10.1	17.1
EPS (EUR)	0.03	0.07	0.11	0.18
% growth	61.2	143.3	57.8	69.3
Ord. EPS (EUR)	0.03	0.07	0.11	0.18
% growth	19.1	102.5	57.8	69.3
Rec. Free Cash Flow ⁽⁵⁾	-11.9	-17.3	-1.8	8.4
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	147.5	168.9	170.7	162.3
ND/Rec. EBITDA (x)	4.0	3.3	2.9	2.3
ROE (%)	3.2	7.3	10.5	15.6
ROCE (%) ⁽⁵⁾	3.6	4.7	6.0	8.1

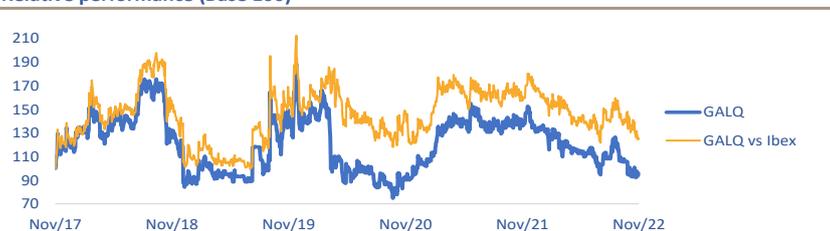
AND DESPITE THE BACKDROP, MARGINS HAVE IMPROVED. Despite the current context (that squeezes the gross margin due to higher fuel and spare parts costs), the strong revenue growth has translated to remarkable growth in EBITDA, that amounted to EUR 43.5Mn (+45.5%). The EBITDA margin improved 1.8p.p. to 26% simply as a result of the company's operating leverage. The business' improved profitability has translated to net profit of EUR 4.9Mn at the September close (vs NP at breakeven in 9m21) and EUR 2.5Mn in 3Q in isolation (vs losses in 3Q21).

VERY GOOD RESULTS (DESPITE THE CONTEXT) THAT CONFIRM THE UNIQUE GROWTH STORY THAT GALQ REPRESENTS IN THE INDUSTRIAL SECTOR. On the whole, GALQ ended 9m22 with very good results. We have slightly upgraded our estimates (EBITDA 22e: +5.1%). The long-term and no-CAPEX businesses now account for 58.6% of the revenue mix (vs c. 35% in 2019). A change of mix that provides recurrence and reduces the once high cyclicity of the business (something that was already evident in 2020). This explains why, despite the level of debt (ND/EBITDA 22e c. 3.3x), GALQ is now much better prepared to face a recession. After the recent performance of the share price (-29.1% YTD), our 2023e estimates are trading at 4.9x EV/EBITDA and 10x PER.

Ratios & Multiples (x)⁽⁶⁾

P/E	38.1	15.7	9.9	5.9
Ord. P/E	31.7	15.7	9.9	5.9
P/BV	1.2	1.1	1.0	0.8
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	1.73	1.31	1.18	1.09
EV/Rec. EBITDA	8.0	5.6	4.9	4.2
EV/EBIT	26.9	17.2	12.5	9.0
FCF Yield (%) ⁽⁵⁾	n.a.	n.a.	n.a.	8.4

Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-5.4	-11.7	-30.5	-29.1	-32.9	-4.4
vs Ibex 35	-12.8	-10.7	-20.2	-22.8	-21.7	25.5
vs Ibex Small Cap Index	-7.4	-2.9	-15.5	-15.5	-35.4	-16.3
vs Eurostoxx 50	-14.0	-10.3	-18.5	-16.5	-33.4	-3.2
vs Sector benchmark ⁽⁴⁾	-14.8	-7.0	-15.4	-9.9	-38.8	-16.0

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).
 (2) Please refer to Appendix 3.
 (3) Rotation is the % of the capitalisation traded - 12m.
 (4) Sector: Stoxx Europe 600 Industrial Goods & Services.
 (5) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.
 (6) Multiples and ratios calculated over prices at the date of this report.

(*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

9m Results 2022

Table 1. 9m22 Results

EUR Mn	9m22		9m22 Real		2022e vs	
	Real	9m21	vs 9m21	2022e	2021	
Short-term	68.6	52.4	30.9%	91.3	48.4%	
Long term	35.5	23.1	53.7%	47.6	62.0%	
Without Capex	61.9	47	31.7%	84.5	97.6%	
Total Revenues	166.0	122.5	35.5%	223.4	32.1%	
Recurrent EBITDA¹	43.5	29.9	45.5%	52.0	42.6%	
<i>Rec. EBITDA/Revenues</i>	26.2%	24.4%	1.8 p.p.	23.3%	1.7 p.p.	
EBITDA¹	43.5	29.9	45.5%	52.0	45.4%	
<i>EBITDA/Revenues</i>	26.2%	24.4%	1.8 p.p.	23.3%	2.1 p.p.	
EBIT	12.9	6.8	89.7%	16.9	56.5%	
Net profit	4.9	0.1	n.a.	6.4	102.5%	

Note: 9m22 results do not include information pertaining to the balance sheet.

Note 1: 9m22 and 9m21 recurrent EBITDA and EBITDA not adjusted to strip out the impact of capitalised expenses. 22e EBITDA excludes EUR 8.9Mn of capitalised expenses

Table 2. Estimates Review

EUR Mn	2022e (New)	Review (%)	2023e (New)	Review (%)	2024e (New)	Review (%)
Total Revenues	223.4	3.6%	247.6	1.7%	268.6	-0.6%
Recurrent EBITDA	52.0	5.1%	59.5	0.2%	69.4	-1.2%
<i>Recurrent EBITDA growth</i>	42.6%	6.9 p.p.	14.6%	-5.6 p.p.	16.5%	-1.7 p.p.
<i>Rec. EBITDA/Revenues</i>	23.3%	0.3 p.p.	24.0%	-0.4 p.p.	25.8%	-0.2 p.p.
EBIT	16.9	17.2%	23.4	0.0%	32.5	-3.0%
Net Debt	168.9	0.5%	170.7	1.0%	162.3	0.9%
<i>ND / EBITDA</i>	3.3 x	-0.1 x	2.9 x	0.0 x	2.3 x	0.0 x

Valuation inputs

Inputs for the DCF Valuation Approach

	2022e	2023e	2024e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(14.9)	5.8	15.9	411.5		
Market Cap	100.3	At the date of this report				
Net financial debt	179.3	Debt net of Cash (6m Results 2022)				
					Best Case	Worst Case
Cost of Debt	5.5%	Net debt cost			5.3%	5.8%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	4.4%	Kd = Cost of Net Debt * (1-T)			4.2%	4.6%
Risk free rate (rf)	3.2%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%
Beta (B)	1.1	B (own estimate)			1.0	1.2
Cost of Equity	9.8%	Ke = Rf + (R * B)			8.7%	11.0%
Equity / (Equity + Net Debt)	35.9%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	64.1%	D			=	=
WACC	6.3%	WACC = Kd * D + Ke * E			5.8%	6.9%
G "Fair"	2.0%				2.0%	1.5%

(1) The terminal value reflects the NAV of FCF beyond the period estimated with the WACC and G of the central scenario.

Inputs for the Multiples Valuation Approach

Company	Ticker Factset	Mkt. Cap	P/E 22e	EPS 22e-24e	EV/EBITDA 22e	EBITDA 22e-24e	EV/Sales 22e	Revenues 22e-24e	EBITDA/Sales 22e	FCF Yield 22e	FCF 22e-24e
Ashtead Group	AHT-GB	23,734.0	14.9	10.3%	7.3	7.7%	3.3	7.3%	45.9%	2.3%	68.7%
VP	VP-GB	335.2	9.0	5.7%	4.6	3.4%	1.3	3.5%	27.9%	4.7%	38.1%
Speedy Hire	SDY-GB	213.6	7.1	4.9%	3.1	4.0%	0.8	4.1%	25.4%	7.5%	25.2%
HSS Hire Group	HSS-GB	109.7	6.1	10.8%	2.8	3.5%	0.6	3.2%	21.3%	2.1%	n.a.
Europe			9.3	7.9%	4.5	4.6%	1.5	4.5%	30.1%	4.2%	44.0%
United Rentals	URI-US	22,549.4	9.9	10.6%	5.9	6.7%	2.8	6.9%	47.6%	7.6%	19.1%
Herc Rentals	HRI-US	3,599.9	10.6	12.7%	5.6	12.3%	2.5	13.4%	45.0%	n.a.	n.a.
H&E Equipment S.	HEES-US	1,425.9	11.9	19.6%	5.1	11.0%	2.1	11.2%	41.3%	n.a.	n.a.
USA			10.8	14.3%	5.6	10.0%	2.5	10.5%	44.6%	7.6%	19.1%
GALQ	GALQ-ES	100.3	15.7	63.5%	5.6	15.6%	1.3	9.7%	23.3%	n.a.	54.7%

Free Cash Flow sensitivity analysis (2023e)

A) Rec. EBITDA and EV/EBITDA sensitivity to changes in EBITDA/Sales

Scenario	EBITDA/Sales 23e	EBITDA 23e	EV/EBITDA 23e
Max	26.4%	65.5	4.5x
Central	24.0%	59.5	4.9x
Min	21.6%	53.6	5.4x

B) Rec. FCF and Rec. FCF - Yield sensitivity to changes in EBITDA and CAPEX/sales

Rec. FCF EUR Mn	CAPEX/Sales 23e			Scenario	Rec. FCF/Yield 23e		
	EBITDA 23e	11.2%	12.5%		13.8%	Max	Central
65.5	7.3	4.1	0.9	Max	7.3%	4.1%	0.9%
59.5	1.4	(1.8)	(5.1)	Central	1.4%	n.a.	n.a.
53.6	(4.6)	(7.8)	(11.0)	Min	n.a.	n.a.	n.a.

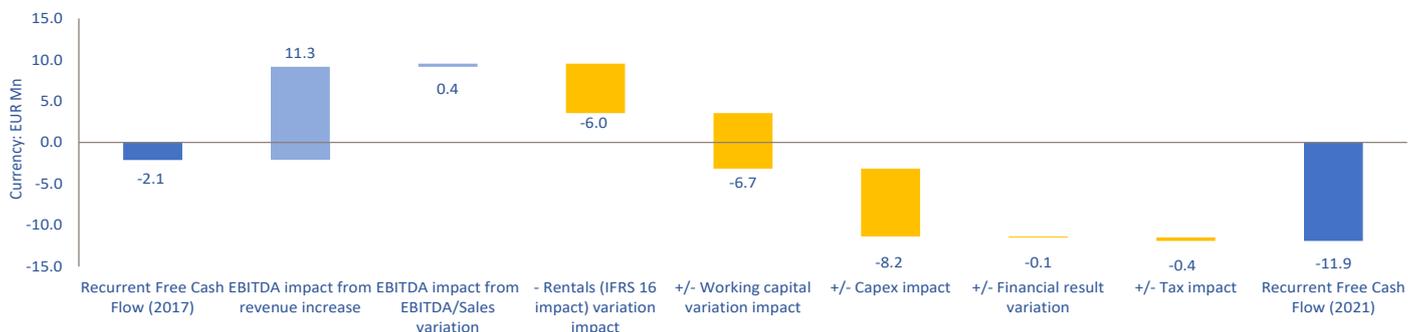
Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
Intangible assets	2.0	1.2	22.1	21.2	22.3	22.3	22.3	22.3		
Fixed assets	125.1	132.8	138.5	151.7	201.3	213.6	220.5	225.8		
Other Non Current Assets	4.8	3.8	3.6	6.8	6.9	6.9	6.9	6.9		
Financial Investments	0.4	-	0.9	3.6	3.8	4.0	4.2	4.4		
Goodwill & Other Intangibles	16.3	16.5	16.4	19.8	20.5	20.5	20.5	20.5		
Current assets	48.9	47.6	47.4	49.9	70.6	93.3	103.5	111.3		
Total assets	197.5	202.0	228.9	253.0	325.3	360.6	377.9	391.2		
Equity	(10.5)	(17.6)	51.1	81.9	84.5	90.9	101.0	118.1		
Minority Interests	0.6	0.2	0.2	0.3	0.4	0.4	0.4	0.4		
Provisions & Other L/T Liabilities	0.4	0.3	8.2	13.7	30.7	30.7	30.7	30.7		
Other Non Current Liabilities	-	-	20.2	18.5	17.3	17.3	17.3	17.3		
Net financial debt	178.3	187.1	121.9	108.6	147.5	168.9	170.7	162.3		
Current Liabilities	28.7	31.9	27.4	30.0	44.9	52.5	57.8	62.4		
Equity & Total Liabilities	197.5	202.0	228.9	253.0	325.3	360.6	377.9	391.2		
P&L (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	17-21	21-24e
Total Revenues	117.2	132.2	143.1	134.1	169.1	223.4	247.6	268.6	9.6%	16.7%
<i>Total Revenues growth</i>	11.4%	12.8%	8.2%	-6.3%	26.1%	32.1%	10.9%	8.5%		
COGS	(24.3)	(34.2)	(40.2)	(42.2)	(60.1)	(83.0)	(93.4)	(99.1)		
Gross Margin	93.0	98.1	102.9	91.9	109.0	140.4	154.2	169.5	4.0%	15.9%
<i>Gross Margin/Revenues</i>	79.3%	74.2%	71.9%	68.5%	64.4%	62.9%	62.3%	63.1%		
Personnel Expenses	(33.3)	(36.7)	(39.5)	(35.8)	(43.1)	(52.6)	(56.3)	(59.5)		
Other Operating Expenses	(35.0)	(34.4)	(29.5)	(25.2)	(29.5)	(35.9)	(38.4)	(40.6)		
Recurrent EBITDA	24.7	27.0	33.9	30.9	36.4	52.0	59.5	69.4	10.1%	24.0%
<i>Recurrent EBITDA growth</i>	29.4%	8.9%	25.7%	-9.0%	18.0%	42.6%	14.6%	16.5%		
<i>Rec. EBITDA/Revenues</i>	21.1%	20.4%	23.7%	23.0%	21.5%	23.3%	24.0%	25.8%		
Restructuring Expense & Other non-rec.	(1.5)	(2.6)	(1.1)	(1.0)	(0.7)	-	-	-		
EBITDA	23.3	24.3	32.8	29.8	35.7	52.0	59.5	69.4	11.3%	24.8%
Depreciation & Provisions	(23.9)	(23.2)	(21.7)	(20.6)	(20.0)	(31.9)	(33.3)	(34.2)		
Capitalized Expense	6.3	7.5	7.7	6.3	7.2	8.9	9.2	9.4		
Rentals (IFRS 16 impact)	-	-	(7.9)	(8.1)	(12.1)	(12.1)	(12.1)	(12.1)		
EBIT	5.7	8.7	10.9	7.5	10.8	16.9	23.4	32.5	17.3%	44.3%
<i>EBIT growth</i>	475.1%	51.4%	25.9%	-30.8%	43.6%	56.5%	37.9%	39.2%		
<i>EBIT/Revenues</i>	4.9%	6.5%	7.6%	5.6%	6.4%	7.6%	9.4%	12.1%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(12.6)	(10.2)	(13.0)	(7.0)	(7.5)	(8.6)	(10.1)	(9.9)		
Income by the Equity Method	-	-	0.7	0.3	0.2	0.2	0.2	0.2		
Ordinary Profit	(6.9)	(1.6)	(1.4)	0.8	3.5	8.5	13.5	22.8	25.8%	86.4%
<i>Ordinary Profit Growth</i>	29.3%	77.1%	12.7%	161.2%	316.4%	142.5%	57.8%	69.3%		
Extraordinary Results	-	-	44.9	-	-	-	-	-		
Profit Before Tax	(6.9)	(1.6)	43.5	0.8	3.5	8.5	13.5	22.8	25.8%	86.4%
Tax Expense	(0.9)	(2.4)	(3.5)	0.3	(0.8)	(2.1)	(3.4)	(5.7)		
<i>Effective Tax Rate</i>	n.a.	n.a.	8.0%	n.a.	23.4%	25.0%	25.0%	25.0%		
Minority Interests	0.0	(0.1)	(0.0)	(0.0)	(0.1)	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	(7.7)	(4.0)	40.0	1.1	2.6	6.4	10.1	17.1	23.7%	86.6%
<i>Net Profit growth</i>	30.5%	47.9%	n.a.	-97.1%	130.4%	143.3%	57.8%	69.3%		
Ordinary Net Profit	(5.4)	0.9	(0.3)	1.9	3.2	6.4	10.1	17.1	26.8%	75.6%
<i>Ordinary Net Profit growth</i>	-9.4%	117.3%	-128.6%	795.1%	70.3%	102.5%	57.8%	69.3%		
Cash Flow (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	17-21	21-24e
Recurrent EBITDA						52.0	59.5	69.4	10.1%	24.0%
Rentals (IFRS 16 impact)						(12.1)	(12.1)	(12.1)		
Working Capital Increase						(15.2)	(4.9)	(3.2)		
Recurrent Operating Cash Flow						24.7	42.6	54.1	-1.0%	30.0%
CAPEX						(31.3)	(31.0)	(30.1)		
Net Financial Result affecting the Cash Flow						(8.6)	(10.1)	(9.9)		
Tax Expense						(2.1)	(3.4)	(5.7)		
Recurrent Free Cash Flow						(17.3)	(1.8)	8.4	-53.8%	39.3%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						(4.1)	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(21.4)	(1.8)	8.4	-69.7%	33.8%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						21.4	1.8	(8.4)		

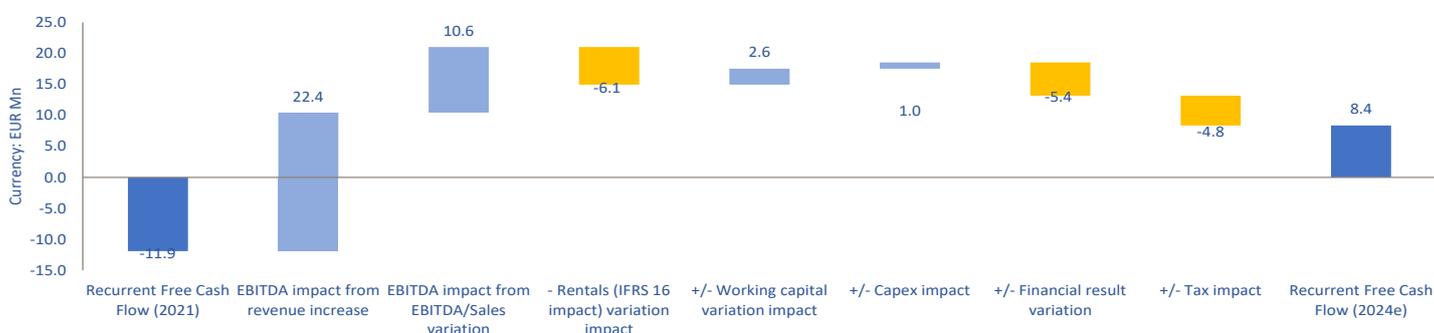
Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
								18-21	21-24e
Recurrent EBITDA	27.0	33.9	30.9	36.4	52.0	59.5	69.4	10.6%	24.0%
<i>Recurrent EBITDA growth</i>	8.9%	25.7%	-9.0%	18.0%	42.6%	14.6%	16.5%		
<i>Rec. EBITDA/Revenues</i>	20.4%	23.7%	23.0%	21.5%	23.3%	24.0%	25.8%		
- Rentals (IFRS 16 impact)	-	(5.1)	(4.7)	(6.0)	(12.1)	(12.1)	(12.1)		
+/- Working Capital increase	4.6	(4.4)	0.2	(5.8)	(15.2)	(4.9)	(3.2)		
= Recurrent Operating Cash Flow	31.5	24.4	26.3	24.6	24.7	42.6	54.1	-7.9%	30.0%
<i>Rec. Operating Cash Flow growth</i>	22.7%	-22.5%	7.8%	-6.5%	0.3%	72.4%	27.0%		
<i>Rec. Operating Cash Flow / Sales</i>	23.8%	17.1%	19.6%	14.6%	11.1%	17.2%	20.1%		
- CAPEX	(24.8)	(21.8)	(22.4)	(31.1)	(31.3)	(31.0)	(30.1)		
- Net Financial Result affecting Cash Flow	(4.4)	(5.5)	(6.7)	(4.5)	(8.6)	(10.1)	(9.9)		
- Taxes	(1.2)	(1.5)	(0.7)	(0.9)	(2.1)	(3.4)	(5.7)		
= Recurrent Free Cash Flow	1.0	(4.3)	(3.4)	(11.9)	(17.3)	(1.8)	8.4	n.a.	39.3%
<i>Rec. Free Cash Flow growth</i>	148.1%	-519.7%	20.3%	-247.8%	-45.3%	89.4%	557.8%		
<i>Rec. Free Cash Flow / Revenues</i>	0.8%	n.a.	n.a.	n.a.	n.a.	n.a.	3.1%		
- Restructuring expenses & others	(2.6)	(1.1)	(1.0)	(0.7)	-	-	-		
- Acquisitions / + Divestments	6.0	4.2	(5.6)	(8.7)	(4.1)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	(1.5)	52.0	-	-	-	-	-		
= Free Cash Flow	2.9	50.8	(10.1)	(21.3)	(21.4)	(1.8)	8.4	n.a.	33.8%
<i>Free Cash Flow growth</i>	-14.2%	n.a.	-119.9%	-110.9%	-0.3%	91.4%	557.8%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	1.0%	n.a.	n.a.	n.a.	n.a.	n.a.	8.4%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	2.9%	50.7%	n.a.	n.a.	n.a.	n.a.	8.4%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	(2.1)	1.0	(4.3)	(3.4)	(11.9)	(17.3)	(1.8)		
EBITDA impact from revenue increase	3.2	2.2	(2.1)	8.1	11.7	5.6	5.0		
EBITDA impact from EBITDA/Sales variation	(1.0)	4.7	(0.9)	(2.5)	3.8	1.9	4.8		
= Recurrent EBITDA variation	2.2	6.9	(3.0)	5.6	15.5	7.6	9.8		
- Rentals (IFRS 16 impact) variation impact	-	(5.1)	0.3	(1.3)	(6.1)	-	-		
+/- Working capital variation impact	3.6	(8.9)	4.6	(6.0)	(9.4)	10.3	1.7		
= Recurrent Operating Cash Flow variation	5.8	(7.1)	1.9	(1.7)	0.1	17.9	11.5		
+/- CAPEX impact	(1.9)	3.1	(0.7)	(8.7)	(0.2)	0.3	0.9		
+/- Financial result variation	0.0	(1.1)	(1.2)	2.1	(4.1)	(1.5)	0.2		
+/- Tax impact	(0.8)	(0.2)	0.8	(0.2)	(1.2)	(1.2)	(2.3)		
= Recurrent Free Cash Flow variation	3.1	(5.3)	0.9	(8.5)	(5.4)	15.5	10.2		
Recurrent Free Cash Flow	1.0	(4.3)	(3.4)	(11.9)	(17.3)	(1.8)	8.4		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	8.7	10.9	7.5	10.8	16.9	23.4	32.5	7.8%	44.3%
* <i>Theoretical Tax rate</i>	0.0%	0.0%	0.0%	23.4%	25.0%	25.0%	25.0%		
= Taxes (pre- Net Financial Result)	-	-	-	(2.5)	(4.2)	(5.8)	(8.1)		
Recurrent EBITDA	27.0	33.9	30.9	36.4	52.0	59.5	69.4	10.6%	24.0%
- Rentals (IFRS 16 impact)	-	(5.1)	(4.7)	(6.0)	(12.1)	(12.1)	(12.1)		
+/- Working Capital increase	4.6	(4.4)	0.2	(5.8)	(15.2)	(4.9)	(3.2)		
= Recurrent Operating Cash Flow	31.5	24.4	26.3	24.6	24.7	42.6	54.1	-7.9%	30.0%
- CAPEX	(24.8)	(21.8)	(22.4)	(31.1)	(31.3)	(31.0)	(30.1)		
- Taxes (pre- Financial Result)	-	-	-	(2.5)	(4.2)	(5.8)	(8.1)		
= Recurrent Free Cash Flow (To the Firm)	6.7	2.7	3.9	(9.0)	(10.8)	5.8	15.9	-49.6%	55.6%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	139.8%	-60.2%	47.4%	-329.8%	-20.2%	153.6%	174.2%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	5.0%	1.9%	2.9%	n.a.	n.a.	2.3%	5.9%		
- Acquisitions / + Divestments	6.0	4.2	(5.6)	(8.7)	(4.1)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	(1.5)	52.0	-	-	-	-	-		
= Free Cash Flow "To the Firm"	11.2	58.9	(1.7)	(17.7)	(14.9)	5.8	15.9	-53.1%	42.6%
<i>Free Cash Flow (To the Firm) growth</i>	14.0%	428.2%	-102.9%	-918.6%	16.0%	139.0%	174.2%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	2.3%	0.9%	1.3%	n.a.	n.a.	2.0%	5.4%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	3.8%	20.2%	n.a.	n.a.	n.a.	2.0%	5.4%		

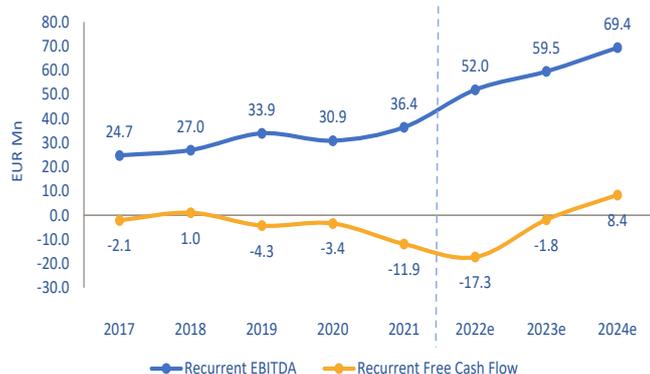
Recurrent Free Cash Flow accumulated variation analysis (2017 - 2021)



Recurrent Free Cash Flow accumulated variation analysis (2021 - 2024e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward



Appendix 3. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	100.3	
+ Minority Interests	1.5	6m Results 2022
+ Provisions & Other L/T Liabilities	16.7	6m Results 2022
+ Net financial debt	179.3	6m Results 2022
- Financial Investments	6.0	6m Results 2022
+/- Others		
Enterprise Value (EV)	291.9	

Appendix 4. Historical performance ⁽¹⁾

Historical performance (EUR Mn)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
															11-21	21-24e
Total Revenues	201.0	139.6	120.8	103.9	105.1	105.2	117.2	132.2	143.1	134.1	169.1	223.4	247.6	268.6	-1.7%	16.7%
Total Revenues growth	-15.4%	-30.5%	-13.5%	-14.0%	1.2%	0.0%	11.5%	12.8%	8.2%	-6.3%	26.1%	32.1%	10.9%	8.5%		
EBITDA	19.6	10.9	5.0	4.8	6.1	14.1	23.3	24.3	32.8	29.8	35.7	52.0	59.5	69.4	6.2%	24.8%
EBITDA growth	-64.1%	-44.4%	-54.6%	-4.1%	27.6%	133.2%	64.5%	4.7%	34.5%	-8.9%	19.8%	45.4%	14.6%	16.5%		
EBITDA/Sales	9.8%	7.8%	4.1%	4.6%	5.8%	13.4%	19.8%	18.4%	22.9%	22.2%	21.1%	23.3%	24.0%	25.8%		
Net Profit	(128.1)	(61.3)	(17.1)	(28.3)	(5.8)	(11.1)	(7.7)	(4.0)	40.0	1.1	2.6	6.4	10.1	17.1	7.3%	86.6%
Net Profit growth	-103.5%	52.1%	72.2%	-65.7%	79.4%	-91.5%	30.5%	47.9%	n.a.	-97.1%	130.4%	143.3%	57.8%	69.3%		
Adjusted number shares (Mn)	5.9	5.9	5.9	6.5	24.4	43.4	43.5	36.0	36.0	66.2	94.6	94.6	94.6	94.6		
EPS (EUR)	-21.82	-10.45	-2.91	-4.38	-0.24	-0.26	-0.18	-0.09	1.11	0.02	0.03	0.07	0.11	0.18	7.2%	86.6%
EPS growth	-95.8%	52.1%	72.2%	-50.5%	94.6%	-7.9%	30.7%	47.9%	n.a.	-98.4%	61.2%	n.a.	57.8%	69.3%		
Ord. EPS (EUR)	-21.82	-10.45	-2.91	-4.38	-0.24	-0.26	-0.12	0.02	-0.01	0.03	0.03	0.07	0.11	0.18	7.2%	75.6%
Ord. EPS growth	-95.8%	52.1%	72.2%	-50.5%	94.6%	-7.9%	51.7%	n.a.	n.a.	n.a.	19.1%	n.a.	57.8%	69.3%		
CAPEX	(3.6)	(0.7)	(0.3)	(0.3)	(23.7)	(31.3)	(22.9)	(24.8)	(21.8)	(22.4)	(31.1)	(31.3)	(31.0)	(30.1)		
CAPEX/Sales %	1.8%	0.5%	0.2%	0.2%	22.6%	29.8%	19.5%	18.8%	15.2%	16.7%	18.4%	14.0%	12.5%	11.2%		
Free Cash Flow	33.1	42.0	38.4	16.5	(2.6)	(14.2)	3.4	2.9	50.8	(10.1)	(21.3)	(21.4)	(1.8)	8.4	-10.2%	33.8%
ND/EBITDA (x) ⁽²⁾	22.5x	32.5x	n.a.	n.a.	27.1x	12.3x	7.7x	7.7x	3.7x	3.6x	4.1x	3.3x	2.9x	2.3x		
P/E (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	66.1x	53.8x	15.7x	9.9x	5.9x		
EV/Sales (x)	2.28x	2.67x	2.65x	2.64x	2.32x	2.54x	1.99x	1.74x	1.59x	1.69x	1.87x	1.31x	1.18x	1.09x		
EV/EBITDA (x) ⁽²⁾	23.4x	34.2x	n.a.	n.a.	40.2x	18.9x	10.1x	9.5x	6.9x	7.6x	8.8x	5.6x	4.9x	4.2x		
Absolute performance	-74.8%	5.3%	80.0%	-70.8%	14.3%	16.7%	-41.1%	-22.4%	56.3%	-25.5%	31.1%	-29.1%	-22.8%			
Relative performance vs Ibx 35	-71.0%	10.4%	48.2%	-71.9%	23.1%	19.1%	-45.1%	-8.8%	39.8%	-11.9%	21.5%	-22.8%				

Note 1: The multiples are historical, calculated based on the price and EV at the end of each year, except (if applicable) in the current year, when multiples would be given at current prices. The absolute and relative behavior corresponds to each exercise (1/1 to 31/12). The source, both historical multiples and the evolution of the price, is Factset.

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Appendix 5. Main peers 2022e

		Europe					USA				
		Ashtead Group	VP	Speedy Hire	HSS Hire Group	Average	United Rentals	Herc Rentals	H&E Equipment S.	Average	GALQ
Market data	EUR Mn	AHT-GB	VP-GB	SDY-GB	HSS-GB		URI-US	HRI-US	HEES-US		GALQ-ES
Ticker (Factset)		UK	UK	UK	UK		USA	USA	USA		Spain
Country		23,734.0	335.2	213.6	109.7		22,549.4	3,599.9	1,425.9		100.3
Market cap		31,045.1	549.4	381.0	227.2		33,148.5	7,018.1	2,643.6		291.9
Enterprise value (EV)											
Total Revenues		9,314.1	424.6	478.9	385.4		11,773.7	2,763.3	1,249.3		223.4
Total Revenues growth		36.9%	4.2%	6.6%	9.5%	14.3%	19.6%	31.6%	16.0%	22.4%	32.1%
2y CAGR (2022e - 2024e)		7.3%	3.5%	4.1%	3.2%	4.5%	6.9%	13.4%	11.2%	10.5%	9.7%
EBITDA		4,275.1	118.6	121.4	82.1		5,608.6	1,243.7	515.6		52.0
EBITDA growth		38.6%	0.8%	5.7%	-2.1%	10.8%	29.8%	41.7%	28.1%	33.2%	45.4%
2y CAGR (2022e - 2024e)		7.7%	3.4%	4.0%	3.5%	4.6%	6.7%	12.3%	11.0%	10.0%	15.6%
EBITDA/Revenues		45.9%	27.9%	25.4%	21.3%	30.1%	47.6%	45.0%	41.3%	44.6%	23.3%
EBIT		2,462.3	55.6	48.5	35.4		3,302.6	573.5	215.2		16.9
EBIT growth		47.9%	33.3%	34.0%	-1.0%	28.5%	42.0%	49.9%	69.6%	53.8%	56.5%
2y CAGR (2022e - 2024e)		7.9%	5.1%	6.7%	5.9%	6.4%	8.2%	15.1%	16.0%	13.1%	38.5%
EBIT/Revenues		26.4%	13.1%	10.1%	9.2%	14.7%	28.1%	20.8%	17.2%	22.0%	7.6%
Net Profit		1,597.7	36.6	30.0	18.8		2,193.7	346.2	120.4		6.4
Net Profit growth		49.4%	23.6%	20.8%	121.8%	53.9%	56.3%	52.5%	96.3%	68.3%	143.3%
2y CAGR (2022e - 2024e)		9.2%	5.2%	4.6%	8.9%	7.0%	7.5%	11.9%	18.8%	12.7%	63.5%
CAPEX/Sales %		27.5%	17.5%	13.0%	9.5%	16.9%	26.2%	43.8%	25.4%	31.8%	14.0%
Free Cash Flow		546.1	15.8	16.0	2.3		1,716.7	(226.3)	(250.4)		(21.4)
Net financial debt		7,667.5	180.8	118.5	120.7		9,508.2	3,084.3	1,306.3		168.9
ND/EBITDA (x)		1.8	1.5	1.0	1.5	1.4	1.7	2.5	2.5	2.2	3.3
Pay-out		25.0%	48.3%	48.6%	21.5%	35.9%	0.0%	14.9%	33.6%	16.2%	0.0%
Multiples and Ratios											
P/E (x)		14.9	9.0	7.1	6.1	9.3	9.9	10.6	11.9	10.8	15.7
P/BV (x)		4.5	1.7	1.8	n.a.	2.7	3.2	n.a.	3.7	3.5	1.1
EV/Revenues (x)		3.3	1.3	0.8	0.6	1.5	2.8	2.5	2.1	2.5	1.3
EV/EBITDA (x)		7.3	4.6	3.1	2.8	4.5	5.9	5.6	5.1	5.6	5.6
EV/EBIT (x)		12.6	9.9	7.9	6.4	9.2	10.0	12.2	12.3	11.5	17.2
ROE		30.4	18.5	25.4	n.a.	24.8	32.4	n.a.	31.2	31.8	7.3
FCF Yield (%)		2.3	4.7	7.5	2.1	4.2	7.6	n.a.	n.a.	7.6	n.a.
DPS		0.90	0.45	0.03	0.01	0.34	0.00	1.75	1.11	0.95	0.00
Dvd Yield		1.7%	5.4%	6.4%	3.7%	4.3%	0.0%	1.4%	2.8%	1.4%	0.0%

Note 1: Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
02-Nov-2022	n.a.	1.06	n.a.	n.a.	9m Results 2022	David López Sánchez
05-Aug-2022	n.a.	1.20	n.a.	n.a.	6m Results 2022	David López Sánchez
29-Apr-2022	n.a.	1.27	n.a.	n.a.	3m Results 2022 - Estimates upgrade	David López Sánchez
28-Feb-2022	n.a.	1.31	n.a.	n.a.	12m Results 2021	David López Sánchez
11-Nov-2021	n.a.	1.58	n.a.	n.a.	9m Results 2021	David López Sánchez
02-Aug-2021	n.a.	1.48	n.a.	n.a.	6m Results 2021	David López Sánchez
31-May-2021	n.a.	1.67	n.a.	n.a.	3m Results 2021	David López Sánchez
25-Feb-2021	n.a.	1.46	n.a.	n.a.	12m Results 2020	David López Sánchez
23-Dec-2020	n.a.	1.16	n.a.	n.a.	Estimates upgrade	David López Sánchez
10-Nov-2020	n.a.	1.01	n.a.	n.a.	9m Results 2020	David López Sánchez
21-Oct-2020	n.a.	0.96	n.a.	n.a.	6m Results 2020	David López Sánchez
13-May-2020	n.a.	1.07	n.a.	n.a.	3m Results 2020	David López Sánchez
08-Apr-2020	n.a.	1.21	n.a.	n.a.	Initiation of Coverage	David López Sánchez

