

EQUITY - SPAIN

Sector: Trading Companies & Distributors

Closing price: EUR 1.27 (29 Feb 2024)

Report date: 1 Mar 2024 (13:00h)

12m Results 2023

Independent Equity Research

12m Results 2023

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We will maintain our estimates

Luis Esteban Arribas, CESGA – luis.esteban@institutodeanalistas.com

+34 915 904 226

GAM is a company specialising in services associated with machinery hire (it has a fleet of 40,000 pieces of equipment) with a revenue mix diversified by sector and a certain balance between generalist and specialist operator. With 80 branches in 9 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%).

Rdos. 2023: buenos números (en línea) que demandan atención. EV/EBITDA 24e 5,5x

GAM CONTINUES TO DELIVER DOUBLE-DIGIT TOPLINE GROWTH (EUR 283.6Mn; +25.6% VS 2022)...

GAM saw growth accelerate in 4Q23 (+34.8% vs 4Q22) driven primarily by integration of M&A targets (Carretilas Mayor, 60% of Ozmak and the remaining 50% of GAM Arabia). The company obtained revenue in 2023e of approximately EUR 283.6Mn (vs EUR 225.8Mn in 2022), in line with our estimates. Sales outside Spain accounted for 26% of the total (+2p.p. vs 2022).

...IN ALL THREE BUSINESS LINES... Growth was particularly strong in the long-term business (outsourcing; +41.5% vs 2022), which reduces the cyclicity of GAM's business, and the CAPEX-free business (distribution: +25.4%). The short-term business also saw healthy growth rates (+17.7%; 38% of total revenue in 2023 vs 41% in 2022).

...AND SUSTAINED MARGINS DESPITE THE MACRO BACKDROP. Perhaps one of GAM's most eye-catching traits is its keen ability to translate growth in revenue into similar growth in EBITDA (even against a backdrop of inflation and rising costs of spare parts), which amounted to EUR 62Mn (+23.6% vs 2022; EBITDA margin 2023: 21.9%, in line with 2022).

HIGHER-THAN-EXPECTED BOTTOM LINE: EUR 9.1Mn, +17.7% VS 2022.

Amendments to legislation (Decreto 3/2016) enabled GAM to capitalise EUR 2.1Mn of tax losses, offsetting higher borrowing costs (+70%) caused by increases in interest rates and enabling the company to report NP of EUR 9.1Mn (vs EUR 7.7Mn in 2022).

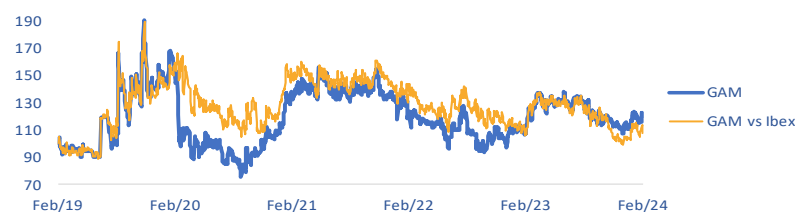
CAPEX AND M&A PUSH UP NET DEBT TO EUR 246Mn (+37% VS 2022),

GAM ended 2023 with EUR 246Mn of net debt (ND/EBITDA 2023: 4x). The increase was due to CAPEX needs (c. EUR 90Mn) both for fleet renewal and the REVIVER plant (which will eventually lower required CAPEX, but not before 2025e) and to M&A (EUR 19.9Mn in 2023).

GOOD EARNINGS (AND IN LINE), BUT (JUDGING BY TRADING MULTIPLES) NOT YET PRICED IN (EV/EBITDA 2024E 5,5X).

There are three keys to understanding GAM: i) geographical and sector diversification (lowering its reliance on construction), ii) strategic change, seeking a balance between business lines that add recurrence and those that drive growth and iii) the leadership position in its core market (Spain: 75% of revenue), where it has a 12% share. Earnings were in line, so we are keeping our estimates for 2024e, which call for revenue of EUR 312Mn and EBITDA of 72.5Mn. These numbers trade at an EV/EBITDA 2024e multiple of 5.5x (vs 6.4x for its comps).

Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-5.2	1.6	4.1	7.6	-15.9	15.7
vs Ibex 35	-6.3	2.2	-2.2	8.7	-30.8	7.3
vs Ibex Small Cap Index	-4.1	2.6	13.7	9.2	-9.2	0.5
vs Eurostoxx 50	-9.9	-9.0	-9.5	-0.2	-37.3	-21.8
vs Sector benchmark ⁽⁴⁾	-11.0	-12.2	-11.0	0.4	-34.3	-28.7

Market Data

Market Cap (Mn EUR and USD)	120.2	130.0
EV (Mn EUR and USD) ⁽²⁾	401.7	434.7
Shares Outstanding (Mn)	94.6	
-12m (Max/Med/Min EUR)	1.52 / 1.35 / 1.18	
Daily Avg volume (-12m Mn EUR)	0.03	
Rotation ⁽³⁾	6.4	
Factset / Bloomberg	GAM-ES / GAM SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Francisco Riberas & Family	58.2
Indumenta Pueri	10.6
Pedro Luis Fernández	6.0
Banco Santander	4.5
Free Float	20.7

Financials (Mn EUR)	2023	2024e	2025e	2026e
Adj. nº shares (Mn)	94.6	94.6	94.6	94.6
Total Revenues	283.6	312.1	337.4	364.9
Rec. EBITDA	62.0	72.5	79.3	88.2
% growth	23.6	16.9	9.3	11.3
% Rec. EBITDA/Rev.	21.9	23.2	23.5	24.2
% Inc. EBITDA sector ⁽⁴⁾	12.8	10.3	8.9	8.2
Net Profit	9.1	10.4	12.2	17.4
EPS (EUR)	0.10	0.11	0.13	0.18
% growth	17.7	14.8	16.9	43.0
Ord. EPS (EUR)	0.07	0.08	0.10	0.18
% growth	0.8	7.0	30.9	78.8
Rec. Free Cash Flow ⁽⁵⁾	-46.0	-25.0	-7.4	-0.3
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	246.0	282.1	289.4	289.8
ND/Rec. EBITDA (x)	4.0	3.9	3.7	3.3
ROE (%)	9.3	9.7	10.3	13.1
ROCE (%) ⁽⁵⁾	6.3	5.8	5.8	6.5

Ratios & Multiples (x)⁽⁶⁾

P/E	13.2	11.5	9.9	6.9
Ord. P/E	17.3	16.1	12.3	6.9
P/BV	1.2	1.1	1.0	0.8
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	1.42	1.29	1.19	1.10
EV/Rec. EBITDA	6.5	5.5	5.1	4.6
EV/EBIT	17.9	16.3	15.1	11.8
FCF Yield (%) ⁽⁵⁾	n.a.	n.a.	n.a.	n.a.

(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.

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This report has been prepared on the basis of information available to the public. The report includes a financial analysis of the company covered. The report does not propose any personalised investment recommendation. Investors should consider the contents of this report as just another element in their investment decision-making process. The final two pages of this report contain very important legal information regarding its contents.

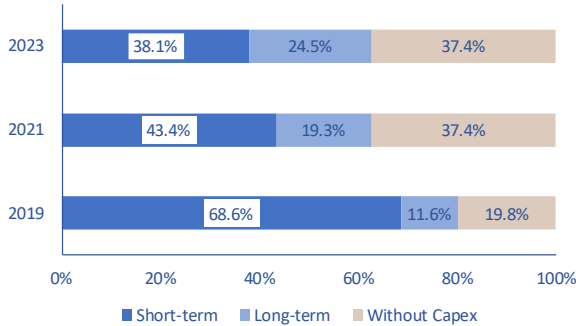
12m Results 2023
Table 1. 2023 Results

EUR Mn	12m23	12m23 Real		2023e	2023 vs		4Q23 vs
	Real	12m22	vs 12m22		2023e	4Q23	
Short-term	106.9	90.8	17.7%	100.6	6.3%	27.7	24.8%
Long term	68.9	48.7	41.5%	70.6	-2.4%	18.8	42.4%
Without Capex	105.1	83.8	25.4%	100.6	4.5%	31.0	41.6%
Otros ingresos	2.7	2.5	8.1%	2.5	8.1%		
Total Revenues	283.6	225.8	25.6%	274.2	3.4%	80.6	34.8%
Recurrent EBITDA¹	62.0	50.6	22.6%	65.2	-4.8%	9.4	32.7%
<i>Rec. EBITDA/Revenues</i>	21.9%	22.7%	-0.8 p.p.	23.8%	-0.1 p.p.	11.7%	-0.2 p.p.
EBITDA¹	62.0	50.1	23.7%	65.2	-4.8%	9.4	41.9%
<i>EBITDA/Revenues</i>	21.9%	22.4%	-0.6 p.p.	23.8%	-0.1 p.p.	11.7%	0.6 p.p.
EBIT	22.5	16.7	34.9%	23.1	-2.9%	6.1	61.7%
Net profit	9.1	7.7	18.5%	6.0	50.7%	5.4	95%
Net Debt	246.0	179.0	37.4%	241.8	1.7%		

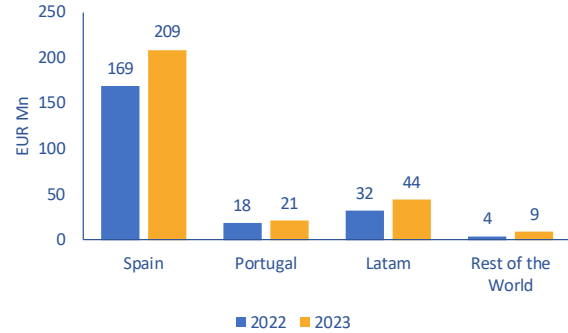
(1) Recurrent EBITDA and adjusted EBITDA stripping out the impact of capitalised expenses (EUR 10Mn in 2023 and EUR 8Mn in 2022)

The company in 8 charts

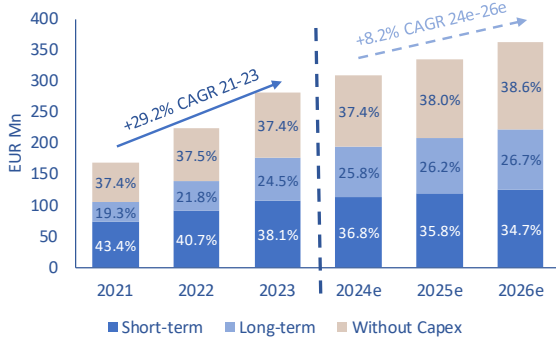
GAM has successfully executed its strategic repositioning: recurrent and no-CAPEX business now accounts for 62% of sales



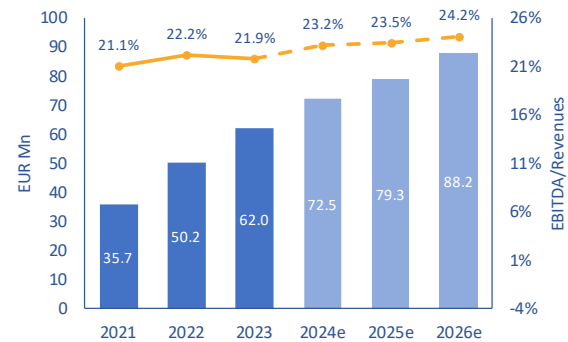
And is applying its model of diversification to the international business (where it is growing in all its geographies)



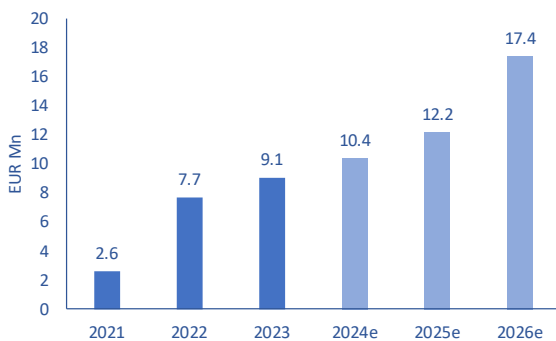
Recurrent (long term) and no-CAPEX business will continue to drive growth in the mid term (+8.2% CAGR 24e-26e)



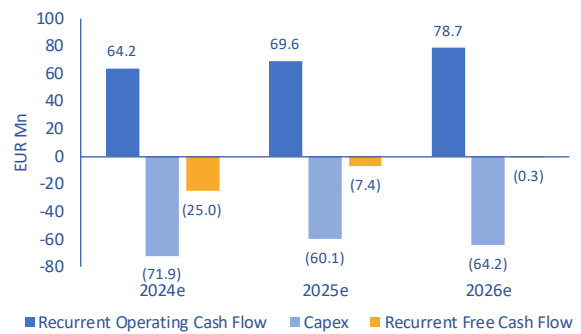
EBITDA 2023-2026e: +12% CAGR (23-26e)



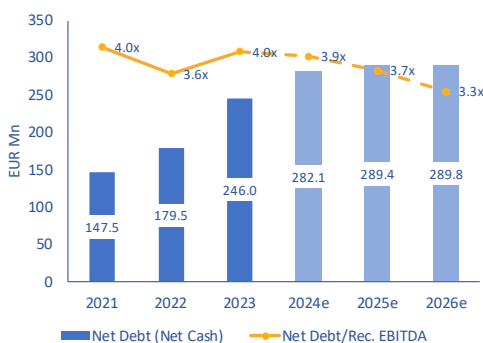
Net Profit about to take off



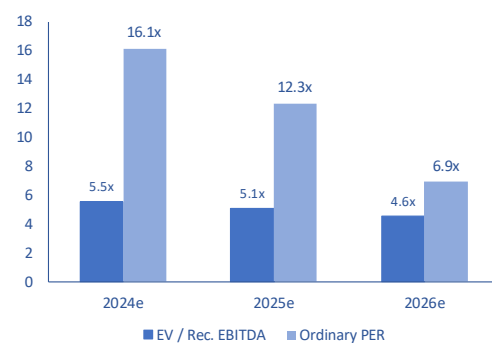
A business that is very intensive in Capex, that will continue to shape FCF generation



And, despite the M&A executed, we do not estimate gearing levels above 4x ND/EBITDA



Carring (objectively) low multiples. EV/EBITDA 2026e 4.6x and PER 2026e 6.9x.



Valuation inputs

Inputs for the DCF Valuation Approach

	2024e	2025e	2026e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	(18.8)	9.5	11.0	166.9			
Market Cap	120.2	At the date of this report					
Net financial debt	246.0	Debt net of Cash (12m Results 2023)					
					Best Case	Worst Case	
Cost of Debt	6.0%	Net debt cost			5.8%	6.3%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	4.8%	Kd = Cost of Net Debt * (1-T)			4.6%	5.0%	
Risk free rate (rf)	3.3%	Rf (10y Spanish bond yield)			=	=	
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%	
Beta (B)	1.2	B (own estimate)			1.1	1.3	
Cost of Equity	10.5%	Ke = Rf + (R * B)			9.3%	11.7%	
Equity / (Equity + Net Debt)	32.8%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	67.2%	D			=	=	
WACC	6.7%	WACC = Kd * D + Ke * E			6.2%	7.2%	
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 24e	EPS 24e-26e	EV/EBITDA 24e	EBITDA 24e-26e	EV/Sales 24e	Revenues 24e-26e	EBITDA/Sales 24e	FCF Yield 24e	FCF 24e-26e
Ashtead Group	AHT-GB	29,044.5	16.0	12.9%	7.7	9.0%	3.5	8.9%	46.0%	3.7%	37.1%
VP	VP-GB	247.6	7.1	5.4%	3.6	1.7%	1.1	3.5%	29.8%	12.5%	1.9%
Speedy Hire	SDY-GB	143.6	6.5	18.7%	2.9	5.7%	0.7	4.9%	23.8%	17.3%	13.8%
HSS Hire Group	HSS-GB	75.3	7.0	n.a.	2.6	n.a.	0.5	n.a.	18.8%	13.3%	n.a.
Europe			9.2	12.3%	4.2	5.5%	1.5	5.8%	29.6%	11.7%	17.6%
United Rentals	URI-US	43,045.7	16.1	12.4%	8.4	5.1%	3.9	4.9%	46.9%	4.7%	11.1%
Herc Rentals	HRI-US	4,152.7	11.4	18.4%	5.7	11.1%	2.6	9.8%	45.0%	5.6%	17.6%
H&E Equipment S.	HEES-US	1,903.5	11.6	5.9%	5.0	5.2%	2.3	3.9%	46.3%	6.6%	n.a.
USA			13.0	12.2%	6.4	7.1%	2.9	6.2%	46.1%	5.6%	14.3%
GAM	GAM-ES	120.2	11.5	29.3%	5.5	10.3%	1.3	8.1%	23.2%	n.a.	90.5%

Free Cash Flow sensitivity analysis (2025e)

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

Scenario	EBITDA/Sales 25e	EBITDA 25e	EV/EBITDA 25e
Max	25.8%	87.0	4.6x
Central	23.5%	79.3	5.1x
Min	21.2%	71.5	5.6x

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

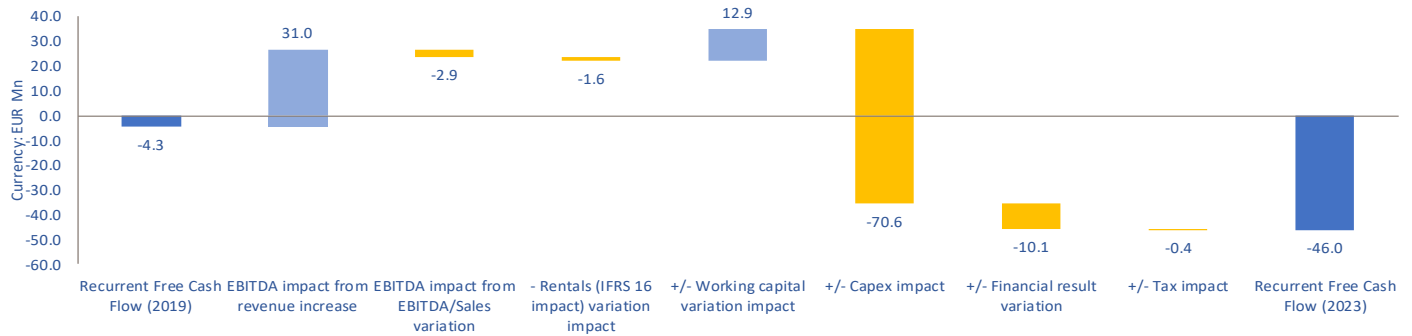
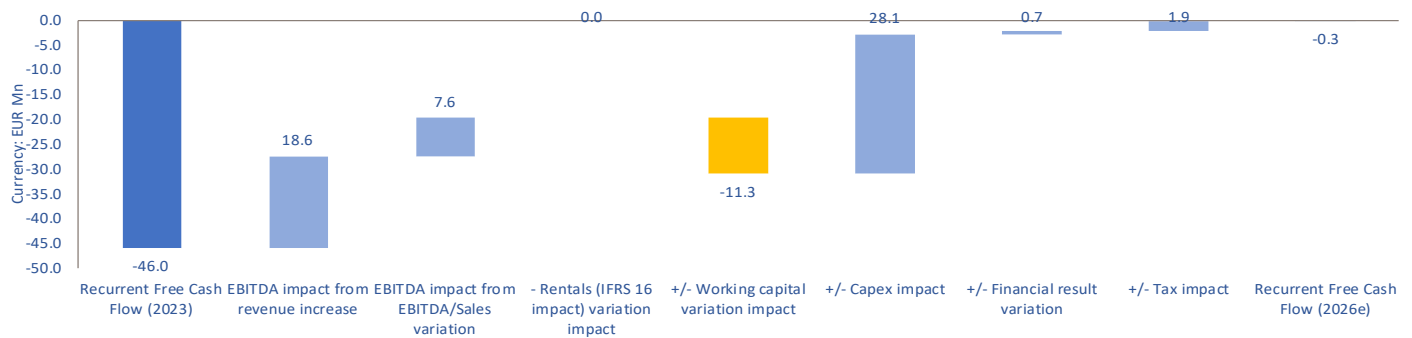
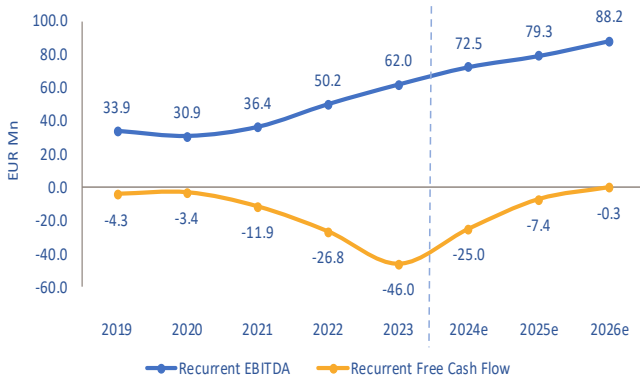
Rec. FCF EUR Mn	CAPEX/Sales 25e				Scenario	Rec. FCF/Yield 25e	
EBITDA 25e	16.0%	17.8%	19.6%		Max	5.4%	0.3%
87.0	6.5	0.4	(5.7)	➔	Central	n.a.	n.a.
79.3	(1.3)	(7.4)	(13.4)		Min	n.a.	n.a.
71.5	(9.1)	(15.1)	(21.2)				

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
Intangible assets	22.1	21.2	22.3	24.4	22.0	22.0	22.0	22.0		
Fixed assets	138.5	151.7	201.3	237.3	328.5	370.3	384.5	401.3		
Other Non Current Assets	3.6	6.8	6.9	6.9	11.5	14.5	16.9	15.0		
Financial Investments	0.9	3.6	3.8	5.7	2.2	2.2	2.2	2.2		
Goodwill & Other Intangibles	16.4	19.8	20.5	25.4	28.5	28.5	28.5	28.5		
Current assets	47.4	49.9	70.6	92.4	105.3	113.8	122.8	132.3		
Total assets	228.9	253.0	325.3	392.0	498.1	551.4	577.1	601.4		
Equity	51.1	81.9	84.5	93.5	101.9	112.4	124.5	142.0		
Minority Interests	0.2	0.3	0.4	4.0	2.1	2.1	2.1	2.1		
Provisions & Other L/T Liabilities	8.2	13.7	30.7	39.2	52.3	52.3	52.3	52.3		
Other Non Current Liabilities	20.2	18.5	17.3	19.9	18.5	18.5	18.5	18.5		
Net financial debt	121.9	108.6	147.5	179.5	246.0	282.1	289.4	289.8		
Current Liabilities	27.4	30.0	44.9	55.8	77.3	84.1	90.2	96.8		
Equity & Total Liabilities	228.9	253.0	325.3	392.0	498.1	551.4	577.1	601.4		
P&L (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
Total Revenues	143.1	134.1	169.1	225.8	283.6	312.1	337.4	364.9	18.7%	8.8%
Total Revenues growth	8.2%	-6.3%	26.1%	33.5%	25.6%	10.1%	8.1%	8.1%		
COGS	(40.2)	(42.2)	(60.1)	(80.6)	(105.5)	(115.6)	(125.4)	(134.4)		
Gross Margin	102.9	91.9	109.0	145.2	178.1	196.5	212.0	230.4	14.7%	9.0%
Gross Margin/Revenues	71.9%	68.5%	64.4%	64.3%	62.8%	63.0%	62.8%	63.2%		
Personnel Expenses	(39.5)	(35.8)	(43.1)	(52.7)	(68.0)	(72.6)	(77.6)	(83.0)		
Other Operating Expenses	(29.5)	(25.2)	(29.5)	(42.3)	(48.1)	(51.4)	(55.1)	(59.2)		
Recurrent EBITDA	33.9	30.9	36.4	50.2	62.0	72.5	79.3	88.2	16.3%	12.5%
Recurrent EBITDA growth	25.7%	-9.0%	18.0%	37.8%	23.6%	16.9%	9.3%	11.3%		
Rec. EBITDA/Revenues	23.7%	23.0%	21.5%	22.2%	21.9%	23.2%	23.5%	24.2%		
Restructuring Expense & Other non-rec.	(1.1)	(1.0)	(0.7)	-	-	-	-	-		
EBITDA	32.8	29.8	35.7	50.2	62.0	72.5	79.3	88.2	17.3%	12.5%
Depreciation & Provisions	(21.7)	(20.6)	(20.0)	(26.9)	(33.4)	(42.4)	(46.5)	(48.4)		
Capitalized Expense	7.7	6.3	7.2	8.0	10.0	10.7	10.0	10.5		
Rentals (IFRS 16 impact)	(7.9)	(8.1)	(12.1)	(14.3)	(16.2)	(16.2)	(16.2)	(16.2)		
EBIT	10.9	7.5	10.8	17.0	22.4	24.7	26.6	34.1	19.8%	15.0%
EBIT growth	25.9%	-30.8%	43.6%	56.8%	32.1%	10.2%	7.7%	28.2%		
EBIT/Revenues	7.6%	5.6%	6.4%	7.5%	7.9%	7.9%	7.9%	9.4%		
Impact of Goodwill & Others	-	-	-	-	0.8	-	-	-		
Net Financial Result	(13.0)	(7.0)	(7.5)	(9.6)	(16.3)	(17.3)	(16.9)	(14.8)		
Income by the Equity Method	0.7	0.3	0.2	(0.3)	0.0	0.0	0.0	0.0		
Ordinary Profit	(1.4)	0.8	3.5	7.1	6.9	7.4	9.7	19.4	62.7%	40.9%
Ordinary Profit Growth	12.7%	161.2%	316.4%	101.8%	-2.5%	7.5%	30.9%	98.7%		
Extraordinary Results	44.9	-	-	-	-	-	-	-		
Profit Before Tax	43.5	0.8	3.5	7.1	6.9	7.4	9.7	19.4	-36.8%	40.9%
Tax Expense	(3.5)	0.3	(0.8)	0.8	2.1	3.0	2.4	(1.9)		
Effective Tax Rate	8.0%	n.a.	23.4%	n.a.	n.a.	n.a.	n.a.	10.0%		
Minority Interests	(0.0)	(0.0)	(0.1)	(0.2)	0.0	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	40.0	1.1	2.6	7.7	9.1	10.4	12.2	17.4	-31.0%	24.3%
Net Profit growth	n.a.	-97.1%	130.4%	193.1%	17.7%	14.8%	16.9%	43.0%		
Ordinary Net Profit	(0.3)	1.9	3.2	6.9	6.9	7.4	9.7	17.4	n.a.	35.8%
Ordinary Net Profit growth	-128.6%	795.1%	70.3%	118.1%	0.8%	7.1%	30.9%	78.8%		
Cash Flow (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
Recurrent EBITDA						72.5	79.3	88.2	16.3%	12.5%
Rentals (IFRS 16 impact)						(6.7)	(6.7)	(6.7)		
Working Capital Increase						(1.7)	(2.9)	(2.8)		
Recurrent Operating Cash Flow						64.2	69.6	78.7	27.1%	7.2%
CAPEX						(71.9)	(60.1)	(64.2)		
Net Financial Result affecting the Cash Flow						(17.3)	(16.9)	(14.8)		
Tax Expense						-	-	-		
Recurrent Free Cash Flow						(25.0)	(7.4)	(0.3)	-80.9%	80.7%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						(11.0)	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(36.0)	(7.4)	(0.3)	-34.8%	82.9%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						36.0	7.4	0.3		

Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
								20-23	23-26e
Recurrent EBITDA	30.9	36.4	50.2	62.0	72.5	79.3	88.2	26.2%	12.5%
<i>Recurrent EBITDA growth</i>	-9.0%	18.0%	37.8%	23.6%	16.9%	9.3%	11.3%		
<i>Rec. EBITDA/Revenues</i>	23.0%	21.5%	22.2%	21.9%	23.2%	23.5%	24.2%		
- Rentals (IFRS 16 impact)	(4.7)	(6.0)	(6.5)	(6.7)	(6.7)	(6.7)	(6.7)		
+/- Working Capital increase	0.2	(5.8)	(10.9)	8.5	(1.7)	(2.9)	(2.8)		
= Recurrent Operating Cash Flow	26.3	24.6	32.8	63.8	64.2	69.6	78.7	34.3%	7.2%
<i>Rec. Operating Cash Flow growth</i>	7.8%	-6.5%	33.1%	94.6%	0.6%	8.5%	13.0%		
<i>Rec. Operating Cash Flow / Sales</i>	19.6%	14.6%	14.5%	22.5%	20.6%	20.6%	21.6%		
- CAPEX	(22.4)	(31.1)	(50.8)	(92.4)	(71.9)	(60.1)	(64.2)		
- Net Financial Result affecting Cash Flow	(6.7)	(4.5)	(9.6)	(15.5)	(17.3)	(16.9)	(14.8)		
- Taxes	(0.7)	(0.9)	0.8	(1.9)	-	-	-		
= Recurrent Free Cash Flow	(3.4)	(11.9)	(26.8)	(46.0)	(25.0)	(7.4)	(0.3)	<i>n.a.</i>	80.7%
<i>Rec. Free Cash Flow growth</i>	20.3%	-247.8%	-125.4%	-71.4%	45.6%	70.6%	95.5%		
<i>Rec. Free Cash Flow / Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
- Restructuring expenses & others	(1.0)	(0.7)	7.7	-	-	-	-		
- Acquisitions / + Divestments	(5.6)	(8.7)	(6.2)	(19.9)	(11.0)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(10.1)	(21.3)	(25.3)	(65.9)	(36.0)	(7.4)	(0.3)	-86.9%	82.9%
<i>Free Cash Flow growth</i>	-119.9%	-110.9%	-18.7%	-160.8%	45.4%	79.5%	95.5%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2020	2021	2022	2023	2024e	2025e	2026e		
Recurrent FCF(FY - 1)	(4.3)	(3.4)	(11.9)	(26.8)	(46.0)	(25.0)	(7.4)		
EBITDA impact from revenue increase	(2.1)	8.1	12.2	12.8	6.2	5.9	6.5		
EBITDA impact from EBITDA/Sales variation	(0.9)	(2.5)	1.5	(1.0)	4.3	0.9	2.5		
= Recurrent EBITDA variation	(3.0)	5.6	13.8	11.8	10.5	6.7	9.0		
- Rentals (IFRS 16 impact) variation impact	0.3	(1.3)	(0.5)	(0.2)	-	-	-		
+/- Working capital variation impact	4.6	(6.0)	(5.1)	19.4	(10.1)	(1.3)	0.1		
= Recurrent Operating Cash Flow variation	1.9	(1.7)	8.1	31.0	0.4	5.5	9.1		
+/- CAPEX impact	(0.7)	(8.7)	(19.7)	(41.5)	20.4	11.8	(4.1)		
+/- Financial result variation	(1.2)	2.1	(5.1)	(5.9)	(1.7)	0.4	2.1		
+/- Tax impact	0.8	(0.2)	1.7	(2.7)	1.9	-	-		
= Recurrent Free Cash Flow variation	0.9	(8.5)	(14.9)	(19.2)	21.0	17.7	7.0		
Recurrent Free Cash Flow	(3.4)	(11.9)	(26.8)	(46.0)	(25.0)	(7.4)	(0.3)		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
EBIT	7.5	10.8	17.0	22.4	24.7	26.6	34.1	43.8%	15.0%
* Theoretical Tax rate	0.0%	23.4%	0.0%	0.0%	0.0%	0.0%	10.0%		
= Taxes (pre- Net Financial Result)	-	(2.5)	-	-	-	-	(3.4)		
Recurrent EBITDA	30.9	36.4	50.2	62.0	72.5	79.3	88.2	26.2%	12.5%
- Rentals (IFRS 16 impact)	(4.7)	(6.0)	(6.5)	(6.7)	(6.7)	(6.7)	(6.7)		
+/- Working Capital increase	0.2	(5.8)	(10.9)	8.5	(1.7)	(2.9)	(2.8)		
= Recurrent Operating Cash Flow	26.3	24.6	32.8	63.8	64.2	69.6	78.7	34.3%	7.2%
- CAPEX	(22.4)	(31.1)	(50.8)	(92.4)	(71.9)	(60.1)	(64.2)		
- Taxes (pre- Financial Result)	-	(2.5)	-	-	-	-	(3.4)		
= Recurrent Free Cash Flow (To the Firm)	3.9	(9.0)	(18.0)	(28.6)	(7.8)	9.5	11.0	<i>n.a.</i>	33.6%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	47.4%	-329.8%	-100.8%	-58.3%	72.9%	222.7%	16.1%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	2.9%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	2.8%	3.0%		
- Acquisitions / + Divestments	(5.6)	(8.7)	(6.2)	(19.9)	(11.0)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(1.7)	(17.7)	(24.2)	(48.5)	(18.8)	9.5	11.0	<i>n.a.</i>	30.6%
<i>Free Cash Flow (To the Firm) growth</i>	-102.9%	-918.6%	-36.8%	-100.5%	61.3%	150.8%	16.1%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	1.0%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	2.4%	2.8%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	2.4%	2.8%		

Recurrent Free Cash Flow accumulated variation analysis (2019 - 2023)

Recurrent Free Cash Flow accumulated variation analysis (2023 - 2026e)

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	120.2	
+ Minority Interests	2.1	12m Results 2023
+ Provisions & Other L/T Liabilities	35.6	12m Results 2023
+ Net financial debt	246.0	12m Results 2023
- Financial Investments	2.2	12m Results 2023
+/- Others		
Enterprise Value (EV)	401.7	

Appendix 4. Historical performance ⁽¹⁾

Historical performance (EUR Mn)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
															13-23	23-26e
Total Revenues	139.6	120.8	103.9	105.1	105.2	116.4	143.1	134.1	169.1	225.8	283.6	312.1	337.4	364.9	7.3%	8.8%
Total Revenues growth	-30.5%	-13.5%	-14.0%	1.2%	0.0%	10.7%	22.9%	-6.3%	26.1%	33.5%	25.6%	10.1%	8.1%	8.1%		
EBITDA	10.9	5.0	4.8	6.1	14.1	22.4	32.8	29.8	35.7	50.2	62.0	72.5	79.3	88.2	19.0%	12.5%
EBITDA growth	-44.4%	-54.6%	-4.1%	27.6%	133.2%	58.7%	46.0%	-8.9%	19.8%	40.4%	23.6%	16.9%	9.3%	11.3%		
EBITDA/Sales	7.8%	4.1%	4.6%	5.8%	13.4%	19.3%	22.9%	22.2%	21.1%	22.2%	21.9%	23.2%	23.5%	24.2%		
Net Profit	(61.3)	(17.1)	(28.3)	(5.8)	(11.1)	(7.7)	40.0	1.1	2.6	7.7	9.1	10.4	12.2	17.4	7.9%	24.3%
Net Profit growth	52.1%	72.2%	-65.7%	79.4%	-91.5%	30.5%	616.5%	-97.1%	130.4%	193.1%	17.7%	14.8%	16.9%	43.0%		
Adjusted number shares (Mn)	5.9	6.5	24.4	43.4	43.5	43.5	36.0	66.2	94.6	94.6	94.6	94.6	94.6	94.6		
EPS (EUR)	-10.45	-2.64	-1.16	-0.13	-0.26	-0.18	1.11	0.02	0.03	0.08	0.10	0.11	0.13	0.18	7.2%	24.3%
EPS growth	52.1%	74.7%	56.2%	88.4%	-90.8%	30.5%	n.a.	-98.4%	61.2%	n.a.	17.7%	14.8%	16.9%	43.0%		
Ord. EPS (EUR)	-10.45	-2.64	-1.16	-0.13	-0.26	-0.18	-0.01	0.03	0.03	0.07	0.07	0.08	0.10	0.18	7.2%	35.8%
Ord. EPS growth	52.1%	74.7%	56.2%	88.4%	-90.8%	30.5%	95.8%	n.a.	19.1%	n.a.	0.8%	7.0%	30.9%	78.8%		
CAPEX	(0.7)	(0.3)	(0.3)	(23.7)	(31.3)	(22.9)	(21.8)	(22.4)	(31.1)	(50.8)	(92.4)	(71.9)	(60.1)	(64.2)		
CAPEX/Sales %	0.5%	0.2%	0.2%	22.6%	29.8%	19.7%	15.2%	16.7%	18.4%	22.5%	32.6%	23.0%	17.8%	17.6%		
Free Cash Flow	42.0	38.4	16.5	(2.6)	(14.2)	11.4	50.8	(10.1)	(21.3)	(25.3)	(65.9)	(36.0)	(7.4)	(0.3)	-13.6%	82.9%
ND/EBITDA (x) ⁽²⁾	32.5x	n.a.	n.a.	27.1x	12.3x	7.8x	3.7x	3.6x	4.1x	3.6x	4.0x	3.9x	3.7x	3.3x		
P/E (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	66.1x	53.8x	13.1x	12.3x	11.5x	9.9x	6.9x		
EV/Sales (x)	2.67x	2.65x	2.64x	2.32x	2.54x	1.98x	1.20x	1.62x	1.67x	1.59x	1.41x	1.29x	1.19x	1.10x		
EV/EBITDA (x) ⁽²⁾	34.2x	n.a.	n.a.	40.2x	18.9x	10.3x	5.3x	7.3x	7.9x	7.1x	6.4x	5.5x	5.1x	4.6x		
Absolute performance	80.0%	-70.8%	14.3%	16.7%	-41.1%	-22.4%	56.3%	-25.5%	31.1%	-28.8%	10.8%	7.6%	5.1x	4.6x		
Relative performance vs Ibx5	48.2%	-71.9%	23.1%	19.1%	-45.1%	-8.8%	39.8%	-11.9%	21.5%	-24.6%	-9.7%	8.7%				

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 2024e

		Europe				USA					
EUR Mn		Ashtead Group	VP	Speedy Hire	HSS Hire Group	Average	United Rentals	Herc Rentals	H&E Equipment S.	Average	GAM
Market data	Ticker (Factset)	AHT-GB	VP-GB	SDY-GB	HSS-GB		URI-US	HRI-US	HEES-US		GAM-ES
	Country	UK	UK	UK	UK		USA	USA	USA		Spain
	Market cap	29,044.5	247.6	143.6	75.3		43,045.7	4,152.7	1,903.5		120.2
	Enterprise value (EV)	39,238.0	473.0	365.4	203.6		54,411.1	8,226.1	3,387.1		401.7
Basic financial information	Total Revenues	11,053.7	444.2	523.2	417.3		13,840.7	3,200.2	1,454.7		312.1
	Total Revenues growth	9.8%	2.3%	4.6%	3.5%	5.0%	4.5%	5.5%	7.1%	5.7%	10.1%
	2y CAGR (2024e - 2026e)	8.9%	3.5%	4.9%	n.a.	5.8%	4.9%	9.8%	3.9%	6.2%	8.1%
	EBITDA	5,083.2	132.4	124.4	78.3		6,497.5	1,441.7	672.8		72.5
	EBITDA growth	10.8%	12.1%	8.0%	4.2%	8.8%	6.0%	10.0%	5.9%	7.3%	16.9%
	2y CAGR (2024e - 2026e)	9.0%	1.7%	5.7%	n.a.	5.5%	5.1%	11.1%	5.2%	7.1%	10.3%
	EBITDA/Revenues	46.0%	29.8%	23.8%	18.8%	29.6%	46.9%	45.0%	46.3%	46.1%	23.2%
	EBIT	2,914.1	59.1	50.5	30.4		3,825.8	694.1	279.8		24.7
	EBIT growth	11.4%	51.2%	17.6%	8.3%	22.1%	7.4%	13.3%	8.4%	9.7%	10.2%
	2y CAGR (2024e - 2026e)	10.3%	3.1%	16.2%	n.a.	9.9%	7.0%	13.9%	6.6%	9.2%	17.5%
	EBIT/Revenues	26.4%	13.3%	9.7%	7.3%	14.1%	27.6%	21.7%	19.2%	22.9%	7.9%
	Net Profit	1,797.4	33.8	21.0	11.3		2,451.7	358.3	164.3		10.4
	Net Profit growth	13.0%	25.7%	30.4%	15.5%	21.2%	9.5%	11.7%	5.0%	8.7%	14.8%
2y CAGR (2024e - 2026e)	12.4%	7.8%	20.2%	n.a.	13.5%	7.3%	19.2%	5.8%	10.8%	29.3%	
CAPEX/Sales %	28.7%	11.2%	5.5%	8.4%	13.4%	21.0%	28.3%	18.8%	22.7%	23.0%	
Free Cash Flow	1,060.7	30.9	24.8	10.1		2,016.9	233.5	125.3		(36.0)	
Net financial debt	8,790.4	176.7	174.9	50.3		9,922.1	3,297.6	1,360.5		282.1	
ND/EBITDA (x)	1.7	1.3	1.4	0.6	1.3	1.5	2.3	2.0	1.9	3.9	
Pay-out	25.2%	53.4%	55.4%	43.6%	44.4%	14.8%	14.7%	22.3%	17.3%	0.0%	
Multiples and Ratios	P/E (x)	16.0	7.1	6.5	7.0	9.2	16.1	11.4	11.6	13.0	11.5
	P/BV (x)	4.3	1.2	0.6	n.a.	2.0	5.1	n.a.	3.2	4.2	1.1
	EV/Revenues (x)	3.5	1.1	0.7	0.5	1.5	3.9	2.6	2.3	2.9	1.3
	EV/EBITDA (x)	7.7	3.6	2.9	2.6	4.2	8.4	5.7	5.0	6.4	5.5
	EV/EBIT (x)	13.5	8.0	7.2	6.7	8.9	14.2	11.9	12.1	12.7	16.3
	ROE	26.6	17.2	9.6	n.a.	17.8	31.9	n.a.	27.5	29.7	9.7
	FCF Yield (%)	3.7	12.5	17.3	13.3	11.7	4.7	5.6	6.6	5.6	n.a.
	DPS	1.03	0.46	0.02	0.01	0.38	5.30	1.84	1.02	2.72	0.00
Dvd Yield	1.6%	7.4%	7.7%	6.6%	5.8%	0.8%	1.3%	1.9%	1.3%	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).

LIGHTHOUSE

Calle Núñez de Balboa, 108 1ª Planta
28006 Madrid
T: +34 915 904 226
institodeanalistas.com/lighthouse

Alfredo Echevarría Otegui

Head of research

alfredo.echevarria@institodeanalistas.com

Luis Esteban Arribas, CESGA

Equity research

luis.esteban@institodeanalistas.com

Enrique Andrés Abad, CFA

Equity research

enrique.andres@institodeanalistas.com

José Miguel Cabrera van Grieken

Equity research

jose.cabrera@institodeanalistas.com

Jesús López Gómez, CESGA

ESG Analyst & Data analytics

jesus.lopez@institodeanalistas.com

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
01-Mar-2024	n.a.	1.27	n.a.	n.a.	12m Results 2023	Luis Esteban Arribas, CESGA
10-Nov-2023	n.a.	1.29	n.a.	n.a.	9m Results 2023	Luis Esteban Arribas, CESGA
01-Aug-2023	n.a.	1.47	n.a.	n.a.	6m Results 2023	Luis Esteban Arribas, CESGA
12-Jun-2023	n.a.	1.40	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
02-May-2023	n.a.	1.45	n.a.	n.a.	3m Results 2023	David López Sánchez
30-Mar-2023	n.a.	1.38	n.a.	n.a.	Important news - Estimates upgrade	David López Sánchez
01-Mar-2023	n.a.	1.22	n.a.	n.a.	12m Results 2022	David López Sánchez
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

