

EQUITY - SPAIN

Sector: Trading Companies & Distributors

Closing price: EUR 1.28 (28 Feb 2025)

Report date: 3 Mar 2025 (8:40h)

12m Results 2024

Independent Equity Research

12m Results 2024

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We will maintain our estimates

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Business description

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 c.80 branches in 8 countries, it is leader in the Iberian Peninsula (58 branches), where it obtains the bulk of its revenues (>80% in 2024), and Latam is the main destination for the company's exports (c.16%).

Market Data

Market Cap (Mn EUR and USD)	121.1	125.9
EV (Mn EUR and USD) ⁽²⁾	418.2	434.9
Shares Outstanding (Mn)	94.6	
-12m (Max/Med/Mín EUR)	1.49 / 1.30 / 1.21	
Daily Avg volume (-12m Mn EUR)	0.03	
Rotation ⁽³⁾	5.6	
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	6.2
Banco Santander	4.5
Free Float	20.6

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	0.8	0.8	-5.2	-20.0
vs Ibex 35	-8.2	-12.3	-28.5	-47.7
vs Ibex Small Cap Index	-4.5	-11.9	-18.8	-42.8
vs Eurostoxx 50	-4.2	-12.2	-15.2	-51.2
vs Sector benchmark ⁽⁴⁾	-5.2	-8.6	-19.7	-55.7

(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 2.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) vs Stoxx Europe 600 Industrial Goods & Services.

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

High single digit growth in revenues and EBITDA, overshadowed by the financial cost.

REVENUE GROWTH CONTINUES, ALBEIT AT A MORE MODERATE PACE... GAM closes 2024 with revenue growth of +7.2% vs. 2023, reaching EUR 304 Mn. Growth has decelerated during the year and ends slightly below our estimates (+10%), due to lower growth in Spain (+5% vs. +23% in 2023). Spain remains the main market (>70% of sales) and exports increase their weight (28% of sales).

...MAINLY DRIVEN BY THE NON-CAPEX BUSINESS. The long-term rental business continues to grow at high rates (+19% vs. 2023) and already accounts for 27% of revenue. The short-term rental business also grows at a double-digit rate (11%). The non-CAPEX business repeats revenue figures. Overall, the long-term and non-CAPEX businesses maintain a weight of 61%, which, together with sector diversification, reduces business cyclicality. The acquisitions made in 2023 (Carretillas Mayor in Spain, Ozmaq in Mexico, and GAM Arabia) have contributed to the focus on growth in the long-term and industrial client businesses.

EBITDA GROWS BY +6.4% TO EUR 66 MN (EBITDA MARGIN OF 21.7%)... GAM's leading position in Spain (market share >10%) and its international presence (8 countries; 28% of 2024 sales) allow it to maintain margins despite rising raw material, component, and supply prices. 2024 EBITDA stands at EUR 66 Mn (+6% vs. EUR 62 Mn in 2023), repeating EBITDA Margin (21.7%; -0.2 p.p. vs. 2023).

...WHICH DOES NOT TRANSLATE TO NET PROFIT DUE TO HIGH FINANCIAL EXPENSES. Despite maintaining a relatively stable debt level, EUR 258 Mn in 2024 (+5% vs. EUR 246 Mn in 2023), the rise in interest rates is reflected in 2024 and increases financial expenses. The financial result worsens to EUR -22.5 Mn (vs. EUR -16.3 Mn in 2023), preventing revenue (+7.2%) and EBITDA (+6.4%) growth from translating to net profit, which falls to EUR 4.4 Mn (-52% vs. EUR 9.1 Mn in 2023).

REVIVER STARTS WITH THE OBJECTIVE OF REDUCING HIGH CAPEX. The Inquieto and Reviver projects are progressing. With a total investment of EUR 15 Mn, production at the Reviver plant began in 2024, remanufacturing over 200 machines and expected to be fully operational in 2025. This, together with greater business diversification (short-term and long-term rentals and non-CAPEX business), begins to make CAPEX reduction visible (EUR 47 Mn in 2024 vs. EUR 63.8 Mn in 2023).

IN CONCLUSION, 2025 IS KEY TO "TEST" THE ABILITY TO TRANSLATE EBITDA GROWTH INTO NET PROFIT. We maintain estimates with in-line results, 25e Revenue: EUR 337 Mn (+11% vs. 2024) and 25e Recurring EBITDA: EUR 79.3 Mn (+20% vs. 2024). To the extent that economic instability is reduced, through (i) a decline in inflation, (ii) a reduction in energy, fuel, and raw material prices, and (iii) a reduction in geopolitical tensions, we expect continued profitable growth for GAM, which is highly dependent on macro factors. The company is laying the foundations to reduce the "heavy structure" of the business (high CAPEX, amortization, and high debt). This, together with a drop in interest rates, will allow the translation of this growth into Net Profit and FCF. 25e EV/EBITDA of 5.3x (4.7x European peers and 7.3x US peers).

Appendix 1. Results table

EUR Mn	12m24		12m24 Real		2024 vs	
	Real	12m23	vs 12m23	2024e	2024e	
Short-term	118.6	106.9	10.9%	114.0	4.0%	
Long term	82.1	68.9	19.1%	79.8	2.8%	
Without Capex	103.4	105.1	-1.6%	115.6	-10.6%	
Other income	0.0	2.7	-100.0%	2.7	n.a.	
Total Revenues	304.0	283.6	7.2%	312.1	-2.6%	
Recurrent EBITDA¹	66.0	62.0	6.4%	72.5	-9.0%	
<i>Rec. EBITDA/Revenues</i>	<i>21.7%</i>	<i>21.9%</i>	<i>-0.2 p.p.</i>	<i>23.2%</i>	<i>-1.5 p.p.</i>	
EBITDA¹	66.0	62.0	6.4%	72.5	-9.0%	
<i>EBITDA/Revenues</i>	<i>21.7%</i>	<i>21.9%</i>	<i>-0.2 p.p.</i>	<i>23.2%</i>	<i>-1.5 p.p.</i>	
EBIT	24.5	22.4	9.0%	24.4	0.3%	
<i>EBIT/Revenues</i>	<i>8.0%</i>	<i>7.9%</i>	<i>0.1 p.p.</i>	<i>7.8%</i>	<i>0.2 p.p.</i>	
Net profit	4.4	9.1	-51.5%	6.2	-29.1%	

	12m24		12m24 Real		2024 vs	
	Real	12m23	vs 12m23	2024e	2024e	
Net Debt	258.3	246.0	5.0%	285.5	10.6%	
ND / EBITDA	3.9 x	4.0 x		3.9 x		

(1) Rec. EBITDA and EBITDA adjusted to exclude the impact on revenue of capitalized expenses.

Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	121.1	
+ Minority Interests	2.0	12m Results 2024
+ Provisions & Other L/T Liabilities	39.6	12m Results 2024
+ Net financial debt	258.3	12m Results 2024
- Financial Investments	2.8	12m Results 2024
+/- Others		
Enterprise Value (EV)	418.2	

Appendix 3. Main peers

		Europe				USA			
EUR Mn		Ashtead Group	VP	Speedy Hire	Average	United Rentals	Herc Rentals	H&E Equipment S.	Average
Market data	Ticker (Factset)	AHT-GB	VP-GB	SDY-GB		URI-US	HRI-US	HEES-US	
	Country	UK	UK	UK		USA	USA	USA	
	Market cap	25,296.8	272.2	106.2		40,334.7	3,929.6	3,376.2	
	Enterprise value (EV)	35,585.5	511.1	355.5		54,115.4	8,726.7	4,982.7	
Basic financial information	Total Revenues	10,583.9	450.1	521.3		14,754.8	3,430.8	1,458.3	
	Total Revenues growth	1.2%	0.8%	2.2%	1.4%	7.1%	8.7%	3.2%	6.3%
	2y CAGR (2024e - 2026e)	6.3%	4.5%	4.7%	5.2%	4.5%	4.7%	5.3%	4.8%
	EBITDA	4,846.0	132.8	118.1		6,702.9	1,489.4	629.5	
	EBITDA growth	2.8%	-16.7%	0.6%	-4.4%	5.0%	9.2%	-4.8%	3.2%
	2y CAGR (2024e - 2026e)	6.9%	3.9%	7.7%	6.1%	5.7%	5.8%	3.9%	5.2%
	EBITDA/Revenues	45.8%	29.5%	22.7%	32.6%	45.4%	43.4%	43.2%	44.0%
	EBIT	2,550.0	56.8	30.0		3,911.5	714.4	212.2	
	EBIT growth	-0.3%	20.3%	-6.6%	4.5%	5.5%	12.1%	-21.0%	-1.1%
	2y CAGR (2024e - 2026e)	8.8%	5.4%	23.6%	12.6%	6.2%	6.3%	8.1%	6.9%
	EBIT/Revenues	24.1%	12.6%	5.7%	14.2%	26.5%	20.8%	14.5%	20.6%
	Net Profit	1,505.7	31.0	4.6		2,476.0	202.9	118.3	
	Net Profit growth	-2.2%	583.8%	39.3%	207.0%	6.2%	-39.2%	-27.4%	-20.1%
	2y CAGR (2024e - 2026e)	12.2%	13.0%	n.a.	12.6%	7.2%	45.8%	6.8%	19.9%
	CAPEX/Sales %	23.1%	14.5%	10.0%	15.9%	26.9%	33.9%	29.8%	30.2%
Free Cash Flow	1,570.5	28.6	(2.5)		402.9	15.4	45.2		
Net financial debt	9,389.0	190.9	210.0		13,780.8	4,797.1	1,606.6		
ND/EBITDA (x)	1.9	1.4	1.8	1.7	2.1	3.2	2.6	2.6	
Pay-out	28.5%	60.5%	296.3%	128.5%	15.3%	34.1%	32.4%	27.2%	
Multiples and Ratios	P/E (x)	16.7	8.2	10.3	11.7	16.6	19.4	28.5	21.5
	P/BV (x)	3.4	1.5	0.5	1.8	4.9	2.9	5.6	4.5
	EV/Revenues (x)	3.4	1.1	0.7	1.7	3.7	2.5	3.4	3.2
	EV/EBITDA (x)	7.3	3.8	3.0	4.7	8.1	5.9	7.9	7.3
	EV/EBIT (x)	14.0	9.0	11.9	11.6	13.8	12.2	23.5	16.5
	ROE	20.3	18.4	5.1	14.6	30.7	15.8	21.3	22.6
	FCF Yield (%)	6.2	10.5	n.a.	8.4	1.0	0.4	1.3	0.9
	DPS	0.98	0.48	0.03	0.50	5.69	2.43	1.06	3.06
	Dvd Yield	1.7%	7.0%	12.7%	7.1%	0.9%	1.8%	1.1%	1.3%

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

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
03-Mar-2025	n.a.	1.28	n.a.	n.a.	12m Results 2024	Pablo Victoria Rivera, CESGA
25-Nov-2024	n.a.	1.30	n.a.	n.a.	9m Results 2024	Luis Esteban Arribas, CESGA
26-Jul-2024	n.a.	1.35	n.a.	n.a.	6m Results 2024	Luis Esteban Arribas, CESGA
27-May-2024	n.a.	1.40	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
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

