

EQUITY - SPAIN

Sector: Transportation - Road & Rail

Report date: 7 Apr 2022
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Closing price: EUR 6.00 (6 Apr 2022)

12m Results 2021

Opinion ⁽¹⁾: In lineImpact ⁽¹⁾: We will maintain our estimates

David López Sánchez – david.lopez@lighthouse-ieaf.com

+34 915 904 226

Alquiber (ALQ), specialises in the renting of vehicles for commercial and industrial use under the flexible renting model in Spain (where it generates 100% of its activity). With a fleet of c. 13,000 vehicles at the 2021 close, ALQ has an important position in the sector (with 23 offices in Spain and a market share of c. 15%). The company is controlled by the Acebes family, that is fully involved in the management of the company

2021 results: ALQ confirms its growth profile. Trading at 22e P/E of 6x

Market Data

Market Cap (Mn EUR and USD)	33.7	36.8
EV (Mn EUR and USD) ⁽²⁾	161.5	176.3
Shares Outstanding (Mn)	5.6	
-12m (Max/Med/Mín EUR)	6.00 / 5.26 / 4.62	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation ⁽³⁾	4.8	
Factset / Bloomberg	ALQ-ES / ALQ SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Miguel Ángel Acebes Acebes	37.3
Miguel Acebes Moreno	16.4
Mariánela Acebes Moreno	16.4
Free Float	29.9

Financials (Mn EUR)

	2021	2022e	2023e	2024e
Adj. n° shares (Mn)	5.6	5.6	5.6	5.6
Total Revenues	76.1	93.9	109.6	120.6
Rec. EBITDA ⁽⁴⁾	40.7	51.3	60.3	68.6
% growth	27.2	25.9	17.6	13.6
% Rec. EBITDA/Rev.	53.5	54.6	55.0	56.8
% Inc. EBITDA sector ⁽⁵⁾	20.6	22.0	11.1	9.1
Net Profit	4.7	5.6	6.7	7.7
EPS (EUR)	0.83	1.00	1.20	1.37
% growth	88.3	20.6	19.6	14.2
Ord. EPS (EUR)	0.85	1.00	1.20	1.37
% growth	94.3	17.4	19.6	14.2
Rec. Free Cash Flow ⁽⁶⁾	-32.3	-22.4	-13.0	-5.1
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	121.1	143.5	156.5	161.6
ND/Rec. EBITDA (x)	3.0	2.8	2.6	2.4
ROE (%)	17.1	17.6	17.6	16.9
ROCE (%) ⁽⁶⁾	5.1	5.0	5.1	5.3

Ratios & Multiples (x) ⁽⁷⁾

	2021	2022e	2023e	2024e
P/E	7.2	6.0	5.0	4.4
Ord. P/E	7.0	6.0	5.0	4.4
P/BV	1.2	1.0	0.8	0.7
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	2.12	1.72	1.47	1.34
EV/Rec. EBITDA	4.0	3.1	2.7	2.4
EV/EBIT	17.5	14.3	12.2	10.9
FCF Yield (%) ⁽⁶⁾	n.a.	n.a.	n.a.	n.a.

ALQ CONFIRMS ITS GROWTH PROFILE (REVENUE: EUR 76.1MN; +29.1% VS 2020)...

Revenue growth (announced in February 2022) explained by: (i) the flexible renting business (+26.6% vs 2020), whose fleet increased by +27% (vs 2020) maintaining a high occupancy rate (90.5%) and (ii) used vehicle sales (+44.1% vs 2020), due to the strong current demand (that enabled ALQ to increase the average sale price by 16.8%).

...MAINTAINING HIGH MARGINS. EBITDA: EUR 40.7MN (+27.2% VS 2020). The strong growth in revenue (+29.1%) translated to very similar growth in EBITDA (given the low operating leverage of the business), that amounted to EUR 40.7Mn (Rec. EBITDA margin 53.5% vs 54.3% in 2020).

AND A REASONABLE LEVEL OF DEBT (ND/EBITDA 3X). Gearing remains within expectations: ND EUR 121.1Mn (+35.5% vs 2020). Strategically, ALQ remains in a clear investor position: the significant growth in the fleet of vehicles (13,228 vehicles at the 2021 close; +27% vs 2020) is reflected in 2021 Capex of c. EUR 75Mn (vs EUR 46Mn in 2020).

IN CONCLUSION, A GROWTH STORY THAT WE EXPECT TO CONTINUE.... Our estimates are unchanged. Our central scenario is for the consolidation of turnover at c. EUR 120Mn in 2024e (+16% 21-24e CAGR). For several reasons: (i) leverage on an commercial network that has already been created (geographical expansion is already done), (ii) a product/service capable of systematically gaining market share in Spain (c. 15% in 2021; +7p.p. since 2018) and (iii) the convergence of the Spanish renting market to similar penetration rates to those in other countries in Europe (c. 2.5% in Spain vs 4.5% in the UK), a very powerful growth driver underpinned by macrotrends (transition from pay-to-own to pay-to-use).

...WITH VERY LOW MULTIPLES WITHIN REACH. All the above represents the equity story of ALQ although perhaps the most interesting aspect is that current multiples are already trading at a discount to the company's main peer (22e P/E of 6x vs 8.8x for Northgate); to which a further ingredient has to be added: ALQ's ability to continue to grow more than its sector.

Relative performance (Base 100)



Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	8.1	18.8	8.1	20.0	5.3	n.a.
vs Ibex 35	-1.6	23.1	10.1	23.3	18.0	n.a.
vs Ibex Small Cap Index	-1.8	21.0	14.0	17.8	-15.1	n.a.
vs Eurostoxx 50	0.5	34.3	12.2	34.9	-5.1	n.a.
vs Sector benchmark ⁽⁵⁾	3.6	42.7	13.9	43.7	-15.2	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) ALQ reports its financial statements on the basis of the Spanish General Chart of Accounts, not being affected by the application of IFRS 16.

(5) Sector: Stoxx Europe 600 Industrial Goods & Services.

(6) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.

(7) 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.

Alquiber (ALQ) is a BME Growth company

BME Growth is the segment of BME MTF Equity aimed at small and medium sized companies, directed and managed by the Spanish stock market and is subject to the CNMV supervision. BME MTF Equity is not a Regulated Market but instead falls within the classification of a Multilateral Trading Facility (MTF) as defined under the Markets in Financial Instruments Directive (MiFID). In July 2020, BME Growth obtained the status of SME Growth Market, a new category of EU regulations, which in Spain is called Mercado de Pymes en Expansión.

BME Growth is the Spanish equity market for companies of reduced capitalization which aim to grow, with a special set of regulations, designed specifically for them, and with costs and process tailored to their particular features. Operations in BME Growth (former MAB) started in July 2009. There are currently c. 130 companies listed on it. Companies listed on the MAB can choose to present their financial statements under IFRS or the General Accounting Plan (PGC) and Royal Decree 1159/2010 (NOFCAC).

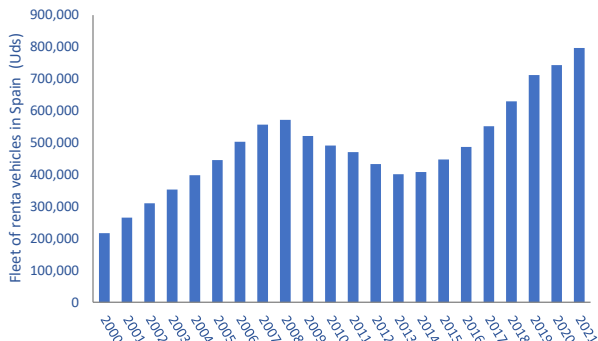
12m Results 2021

EUR Mn	12m21	12m21 Real		12m21 Real	
	Real	12m20	vs 12m20	2021e	vs 2021e
Total Revenues	76.1	58.9	29.1%	76.0	0.1%
Renting	63.8	50.4	26.6%	64.0	-0.3%
Used car revenue	12.3	8.5	44.1%	12.1	1.7%
Recurrent EBITDA	40.7	32.0	27.2%	41.2	-1.1%
<i>Rec. EBITDA/Revenues</i>	53.5%	54.3%	-0.8 p.p.	54.1%	-0.6 p.p.
EBITDA	40.6	32.0	26.6%	41.2	-1.5%
<i>EBITDA/Revenues</i>	53.3%	54.4%	-1.1 p.p.	54.1%	-0.8 p.p.
EBIT	9.2	5.9	56.6%	9.4	-1.7%
PBT	6.1	3.3	87.2%	6.2	-0.8%
NP	4.7	2.4	91.0%	4.6	1.2%
Ordinary NP	4.8	2.4	97.0%	4.6	3.9%
Recurrent Operating Cash Flow ¹	39.3	32.1	22.4%	38.2	2.9%
Capex	74.6	46.5	60.6%	74.1	0.8%
Rec. FCF	-32.3	-11.6	-177%	-32.8	-1.7%
Net Debt	121.1	89.4	35.5%	122.9	-1.5%
ND / EBITDA	3.0 x	2.8 x	0.2 x	3.0 x	

Note 1: Recurrent operating cash flow calculated as Recurrent EBITDA – Change in working capital. This metric allows us to measure ALQ's capacity for cash generation apart from the capex needed for continual growth in the fleet (a factor that, given the company's growth strategy, has affected recurrent FCF in recent years). A normalisation of Capex in relation to the company's turnover (Capex/average sales -3y: c. 90%) will "mathematically" imply evident potential for growth in Recurrent FCF.

The company in 8 charts

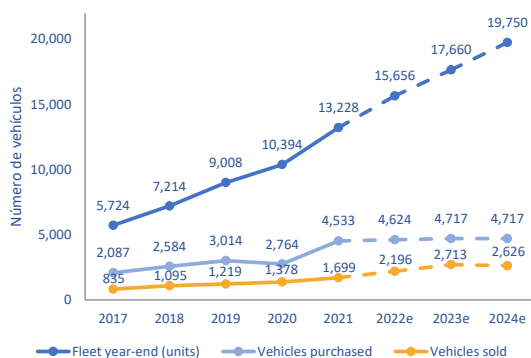
Vehicle renting: A growing sector in Spain...



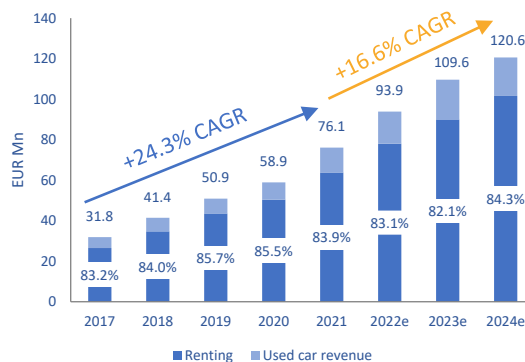
...in which ALQ has a significant presence (23 sales offices)



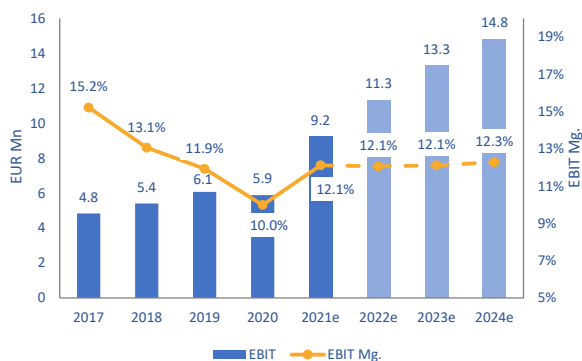
With a continuously growing fleet of vehicles (+14% 21e-24e CAGR)



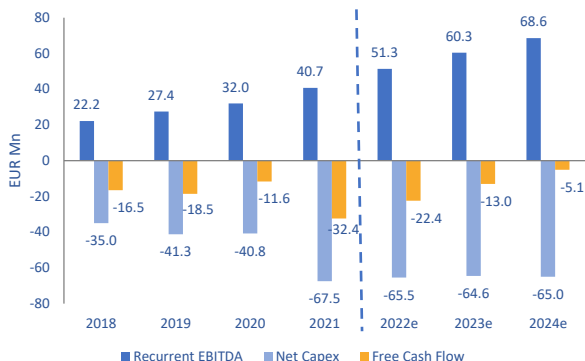
That will allow revenue growth to continue (+17% 21-24e CAGR)



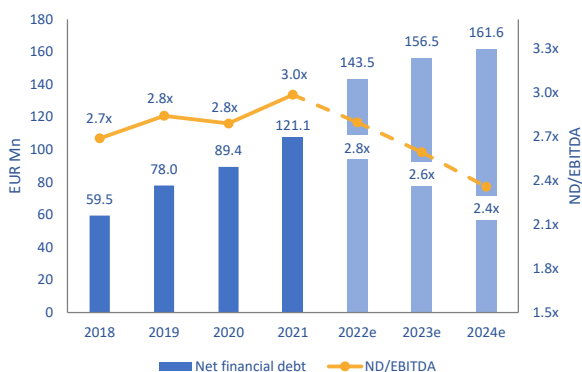
Maintaining an EBIT margin of c. 12%



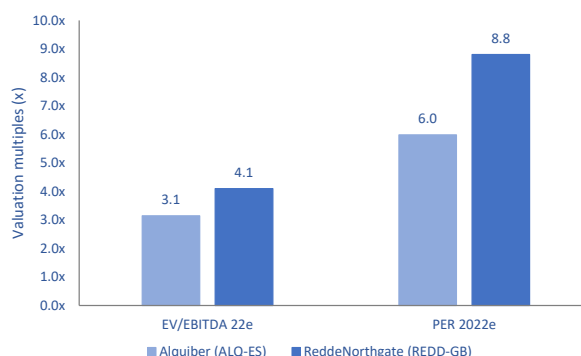
FCF: A business that is still demanding in terms of CAPEX



Despite the investment effort, with debt under control (ND/EBITDA <3x)



Trading at a 2022e P/E of c. 6x (vs c. 9x for its main peer)



Valuation inputs

Inputs for the DCF Valuation Approach

	2022e	2023e	2024e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	(19.5)	(9.8)	(1.7)	n.a.			
Market Cap	33.7	At the date of this report					
Net financial debt	121.1	Debt net of Cash (12m Results 2021)					
					Best Case	Worst Case	
Cost of Debt	3.5%	Net debt cost			3.2%	4.0%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	2.8%	Kd = Cost of Net Debt * (1-T)			2.6%	3.2%	
Risk free rate (rf)	1.7%	Rf (10y Spanish bond yield)			=	=	
Equity risk premium	8.0%	R (own estimate)			7.5%	8.5%	
Beta (B)	1.2	B (own estimate)			1.1	1.3	
Cost of Equity	11.3%	Ke = Rf + (R * B)			9.9%	12.7%	
Equity / (Equity + Net Debt)	21.8%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	78.2%	D			=	=	
WACC	4.6%	WACC = Kd * D + Ke * E			4.2%	5.3%	
G "Fair"	1.5%				1.5%	1.0%	

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

Inputs for the Multiples Valuation Approach

Company	Ticker	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
Avis Budget	CAR-US	12,134.7	10.9	-18.9%	15.1	-8.3%	2.9	4.4%	19.4%	8.6%	-5.2%
Hertz	HTZ-US	8,582.3	6.4	-21.1%	9.4	-9.8%	2.2	6.4%	23.3%	12.1%	n.a.
Sixt	SIX2-DE	4,835.0	17.5	4.4%	7.7	7.9%	2.7	13.6%	34.8%	n.a.	89.1%
ALD Automotive Ltd.	ALD-FR	4,808.8	6.4	-1.1%	22.1	-0.3%	2.2	-0.3%	9.9%	n.a.	-76.6%
Europcar	EUCAR-FR	2,477.7	37.9	n.a.	20.5	n.a.	2.1	n.a.	10.3%	4.6%	n.a.
Redde Northgate PLC	REDD-GB	1,211.8	8.8	-3.6%	4.1	n.a.	1.2	1.8%	28.6%	5.4%	n.a.
Renting		14.7	14.7	-8.1%	13.2	-2.6%	2.2	5.2%	21.0%	7.6%	2.5%
ALQ	ALQ-ES	33.7	6.0	16.9%	3.1	15.6%	1.7	13.3%	54.6%	n.a.	52.3%

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	57.8%	63.4	2.5x
Central	55.0%	60.3	2.7x
Min	52.2%	57.3	2.8x

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	63.4%	70.5%	77.6%	Max	n.a.	n.a.	n.a.
63.4	(2.2)	(9.9)	(17.7)	Central	n.a.	n.a.	n.a.
60.3	(5.2)	(13.0)	(20.8)	Min	n.a.	n.a.	n.a.
57.3	(8.3)	(16.1)	(23.9)				

Appendix 1. Financial Projections⁽¹⁾

Balance Sheet (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e		
Intangible assets	0.0	0.0	0.1	0.3	0.4	0.4	0.4	0.4		
Fixed assets	55.2	73.5	93.0	107.2	142.4	167.9	185.4	196.7		
Other Non Current Assets	0.9	1.0	1.5	2.1	1.9	1.9	1.9	1.9		
Financial Investments	0.1	0.2	0.3	0.5	0.7	0.7	0.7	0.7		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	10.2	11.6	14.5	14.0	17.6	21.2	24.4	26.7		
Total assets	66.5	86.3	109.4	124.1	163.0	192.2	212.9	226.4		
Equity	10.4	20.9	23.0	25.3	29.3	34.9	41.6	49.3		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	2.7	3.5	4.9	6.3	7.4	7.4	7.4	7.4		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	51.0	59.5	78.0	89.4	121.1	143.5	156.5	161.6		
Current Liabilities	2.3	2.4	3.5	3.1	5.3	6.4	7.4	8.1		
Equity & Total Liabilities	66.5	86.3	109.4	124.1	163.0	192.2	212.9	226.4		
										CAGR
P&L (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	17-21	21-24e
Total Revenues	31.8	41.4	50.9	58.9	76.1	93.9	109.6	120.6	24.3%	16.6%
<i>Total Revenues growth</i>	<i>34.9%</i>	<i>30.1%</i>	<i>22.9%</i>	<i>15.8%</i>	<i>29.1%</i>	<i>23.4%</i>	<i>16.7%</i>	<i>10.0%</i>		
COGS	(3.6)	(4.1)	(4.8)	(5.2)	(6.6)	(9.2)	(11.5)	(10.9)		
Gross Margin	28.3	37.3	46.0	53.7	69.5	84.7	98.1	109.7	25.2%	16.4%
<i>Gross Margin/Revenues</i>	<i>88.8%</i>	<i>90.0%</i>	<i>90.5%</i>	<i>91.1%</i>	<i>91.4%</i>	<i>90.2%</i>	<i>89.5%</i>	<i>91.0%</i>		
Personnel Expenses	(2.5)	(3.3)	(4.1)	(4.7)	(5.5)	(6.3)	(7.0)	(7.5)		
Other Operating Expenses	(8.6)	(11.8)	(14.5)	(17.0)	(23.3)	(27.1)	(30.8)	(33.7)		
Recurrent EBITDA	17.2	22.2	27.4	32.0	40.7	51.3	60.3	68.6	24.1%	19.0%
<i>Recurrent EBITDA growth</i>	<i>29.9%</i>	<i>29.1%</i>	<i>23.8%</i>	<i>16.7%</i>	<i>27.2%</i>	<i>25.9%</i>	<i>17.6%</i>	<i>13.6%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>53.9%</i>	<i>53.5%</i>	<i>53.9%</i>	<i>54.3%</i>	<i>53.5%</i>	<i>54.6%</i>	<i>55.0%</i>	<i>56.8%</i>		
Restructuring Expense & Other non-rec.	(0.0)	(0.0)	(0.0)	0.0	(0.2)	-	-	-		
EBITDA	17.1	22.1	27.4	32.0	40.6	51.3	60.3	68.6	24.0%	19.1%
Depreciation & Provisions	(12.3)	(16.7)	(21.4)	(26.1)	(31.3)	(40.0)	(47.0)	(53.7)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	4.8	5.4	6.1	5.9	9.2	11.3	13.3	14.8	17.5%	17.1%
<i>EBIT growth</i>	<i>8.5%</i>	<i>11.7%</i>	<i>12.2%</i>	<i>-3.0%</i>	<i>56.6%</i>	<i>22.8%</i>	<i>17.3%</i>	<i>11.5%</i>		
<i>EBIT/Revenues</i>	<i>15.2%</i>	<i>13.1%</i>	<i>11.9%</i>	<i>10.0%</i>	<i>12.1%</i>	<i>12.1%</i>	<i>12.1%</i>	<i>12.3%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(1.7)	(2.1)	(2.4)	(2.6)	(3.1)	(3.8)	(4.3)	(4.6)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	3.2	3.3	3.7	3.3	6.1	7.5	9.0	10.3	17.8%	18.9%
<i>Ordinary Profit Growth</i>	<i>2.5%</i>	<i>4.8%</i>	<i>10.6%</i>	<i>-11.2%</i>	<i>87.2%</i>	<i>23.0%</i>	<i>19.6%</i>	<i>14.2%</i>		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	3.2	3.3	3.7	3.3	6.1	7.5	9.0	10.3	17.8%	18.9%
Tax Expense	(0.8)	(0.8)	(0.9)	(0.8)	(1.4)	(1.9)	(2.2)	(2.6)		
<i>Effective Tax Rate</i>	<i>24.8%</i>	<i>25.1%</i>	<i>25.1%</i>	<i>25.0%</i>	<i>23.5%</i>	<i>25.0%</i>	<i>25.0%</i>	<i>25.0%</i>		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	2.4	2.5	2.7	2.4	4.7	5.6	6.7	7.7	18.3%	18.1%
<i>Net Profit growth</i>	<i>3.0%</i>	<i>4.4%</i>	<i>10.6%</i>	<i>-11.0%</i>	<i>91.0%</i>	<i>20.6%</i>	<i>19.6%</i>	<i>14.2%</i>		
Ordinary Net Profit	2.4	2.5	2.8	2.4	4.8	5.6	6.7	7.7	19.0%	17.1%
<i>Ordinary Net Profit growth</i>	<i>3.4%</i>	<i>4.2%</i>	<i>10.2%</i>	<i>-11.5%</i>	<i>97.0%</i>	<i>17.4%</i>	<i>19.6%</i>	<i>14.2%</i>		
										CAGR
Cash Flow (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	17-21	21-24e
Recurrent EBITDA						51.3	60.3	68.6	24.1%	19.0%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(2.5)	(2.2)	(1.6)		
Recurrent Operating Cash Flow						48.8	58.1	67.0	24.2%	19.5%
CAPEX						(75.8)	(77.3)	(77.3)		
Net Financial Result affecting the Cash Flow						(3.8)	(4.3)	(4.6)		
Tax Expense						(1.9)	(2.2)	(2.6)		
- Acquisitions / + Divestures of assets						10.3	12.7	12.3		
Recurrent Free Cash Flow						(22.4)	(13.0)	(5.1)	-23.5%	45.9%
Restructuring Expense & Other non-rec.						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(22.4)	(13.0)	(5.1)	-23.6%	46.0%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						22.4	13.0	5.1		

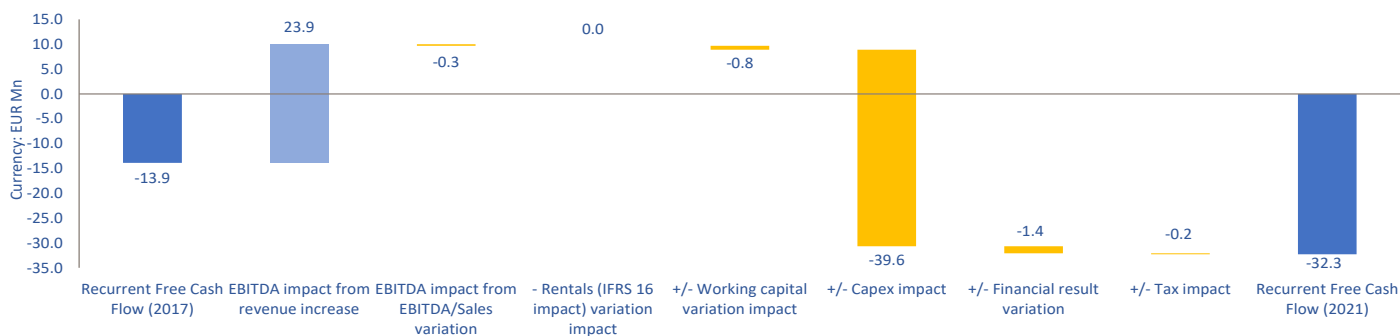
Note 1: ALQ reports its financial statements on the basis of the Spanish General Chart of Accounts, not being affected by the application of IFRS 16.

Appendix 2. Free Cash Flow⁽¹⁾

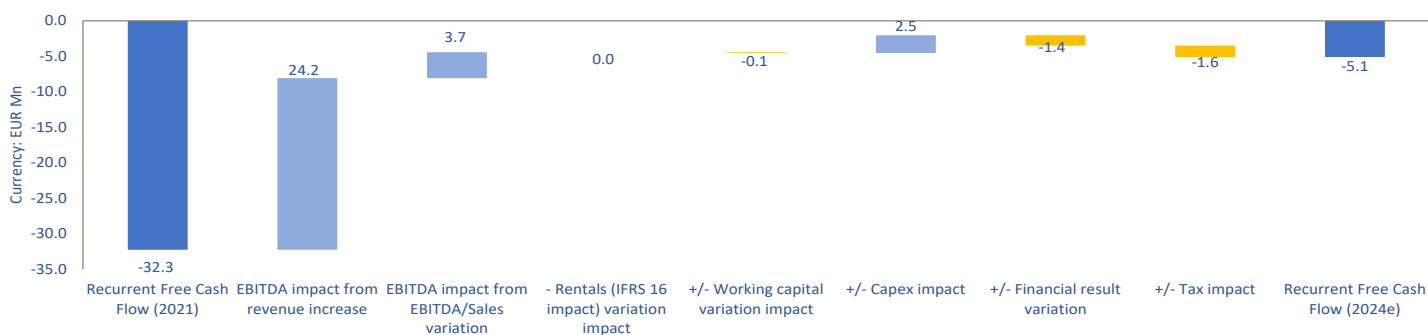
A) Cash Flow Analysis (EUR Mn)	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
								18-21	21-24e
Recurrent EBITDA	22.2	27.4	32.0	40.7	51.3	60.3	68.6	22.5%	19.0%
<i>Recurrent EBITDA growth</i>	29.1%	23.8%	16.7%	27.2%	25.9%	17.6%	13.6%		
<i>Rec. EBITDA/Revenues</i>	53.5%	53.9%	54.3%	53.5%	54.6%	55.0%	56.8%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(1.3)	(1.8)	0.1	(1.4)	(2.5)	(2.2)	(1.6)		
= Recurrent Operating Cash Flow	20.8	25.7	32.1	39.3	48.8	58.1	67.0	23.6%	19.5%
<i>Rec. Operating Cash Flow growth</i>	26.1%	23.3%	25.1%	22.4%	24.1%	19.2%	15.3%		
<i>Rec. Operating Cash Flow / Sales</i>	50.3%	50.5%	54.5%	51.6%	51.9%	53.0%	55.6%		
- CAPEX	(39.4)	(46.4)	(46.5)	(74.6)	(75.8)	(77.3)	(77.3)		
- Net Financial Result affecting Cash Flow	(2.1)	(2.4)	(2.6)	(3.1)	(3.8)	(4.3)	(4.6)		
- Taxes	(0.2)	(0.5)	(0.4)	(1.0)	(1.9)	(2.2)	(2.6)		
- Acquisitions / + Divestments	4.4	5.1	5.7	7.2	10.3	12.7	12.3		
= Recurrent Free Cash Flow	(16.5)	(18.5)	(11.6)	(32.3)	(22.4)	(13.0)	(5.1)	-25.1%	45.9%
<i>Rec. Free Cash Flow growth</i>	-18.9%	-12.4%	37.1%	-177.1%	30.6%	42.0%	60.8%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
- Restructuring expenses & others	(0.0)	(0.0)	0.0	(0.2)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(16.5)	(18.5)	(11.6)	(32.4)	(22.4)	(13.0)	(5.1)	-25.3%	46.0%
<i>Free Cash Flow growth</i>	-18.9%	-12.3%	37.2%	-178.8%	30.9%	42.0%	60.8%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	(13.9)	(16.5)	(18.5)	(11.6)	(32.3)	(22.4)	(13.0)		
EBITDA impact from revenue increase	5.2	5.1	4.3	9.3	9.5	8.6	6.1		
EBITDA impact from EBITDA/Sales variation	(0.2)	0.2	0.2	(0.6)	1.0	0.5	2.2		
= Recurrent EBITDA variation	5.0	5.3	4.6	8.7	10.6	9.0	8.2		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	(0.7)	(0.4)	1.8	(1.5)	(1.1)	0.3	0.7		
= Recurrent Operating Cash Flow variation	4.3	4.8	6.4	7.2	9.5	9.3	8.9		
+/- CAPEX impact	(7.1)	(6.2)	0.5	(26.7)	2.0	0.9	(0.4)		
+/- Financial result variation	(0.4)	(0.3)	(0.2)	(0.5)	(0.7)	(0.5)	(0.3)		
+/- Tax impact	0.6	(0.3)	0.2	(0.6)	(0.9)	(0.4)	(0.3)		
= Recurrent Free Cash Flow variation	(2.6)	(2.0)	6.9	(20.6)	9.9	9.4	7.9		
Recurrent Free Cash Flow	(16.5)	(18.5)	(11.6)	(32.3)	(22.4)	(13.0)	(5.1)		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	5.4	6.1	5.9	9.2	11.3	13.3	14.8	19.5%	17.1%
* <i>Theoretical Tax rate</i>	25.1%	25.1%	25.0%	23.5%	25.0%	25.0%	25.0%		
= Taxes (pre- Net Financial Result)	(1.4)	(1.5)	(1.5)	(2.2)	(2.8)	(3.3)	(3.7)		
Recurrent EBITDA	22.2	27.4	32.0	40.7	51.3	60.3	68.6	22.5%	19.0%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(1.3)	(1.8)	0.1	(1.4)	(2.5)	(2.2)	(1.6)		
= Recurrent Operating Cash Flow	20.8	25.7	32.1	39.3	48.8	58.1	67.0	23.6%	19.5%
- CAPEX	(39.4)	(46.4)	(46.5)	(74.6)	(75.8)	(77.3)	(77.3)		
- Taxes (pre- Financial Result)	(1.4)	(1.5)	(1.5)	(2.2)	(2.8)	(3.3)	(3.7)		
- Acquisitions / + Divestments	4.4	5.1	5.7	7.2	10.3	12.7	12.3		
= Recurrent Free Cash Flow (To the Firm)	(15.6)	(17.1)	(10.1)	(30.4)	(19.5)	(9.8)	(1.7)	-24.9%	61.9%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-23.5%	-10.0%	40.7%	-199.2%	35.6%	50.0%	82.8%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(15.6)	(17.1)	(10.1)	(30.4)	(19.5)	(9.8)	(1.7)	-24.9%	61.9%
<i>Free Cash Flow (To the Firm) growth</i>	-23.5%	-10.0%	40.7%	-199.2%	35.6%	50.0%	82.8%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		

Note 1: ALQ reports its financial statements on the basis of the Spanish General Chart of Accounts, not being affected by the application of IFRS 16.

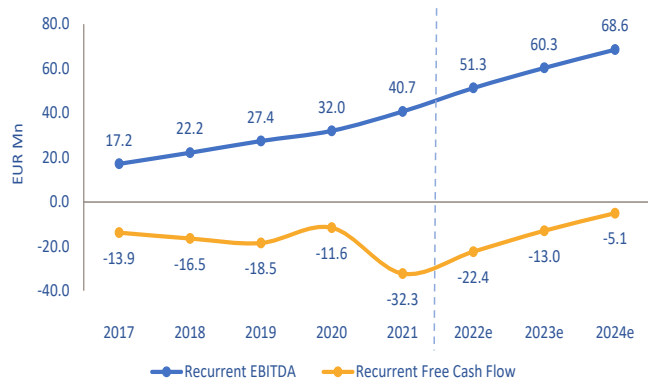
Recurrent Free Cash Flow accumulated variation analysis (2017 - 2021)



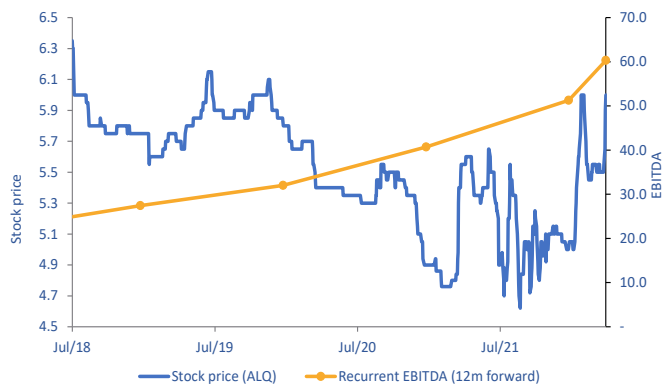
Recurrent Free Cash Flow accumulated variation analysis (2021 - 2024e)



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	33.7	
+ Minority Interests	-	12m Results 2021
+ Provisions & Other L/T Liabilities	7.4	12m Results 2021
+ Net financial debt	121.1	12m Results 2021
- Financial Investments	0.7	12m Results 2021
+/- Others		
Enterprise Value (EV)	161.5	

Appendix 4. Historical performance ⁽¹⁾⁽²⁾

Historical performance (EUR Mn)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
															15-21	21-24e
Total Revenues					18.8	23.6	31.8	41.4	50.9	58.9	76.1	93.9	109.6	120.6	26.2%	16.6%
<i>Total Revenues growth</i>					38.3%	25.3%	34.9%	30.1%	22.9%	15.8%	29.1%	23.4%	16.7%	10.0%		
EBITDA					10.4	13.2	17.1	22.1	27.4	32.0	40.6	51.3	60.3	68.6	25.4%	19.1%
<i>EBITDA growth</i>					39.8%	26.6%	29.8%	29.2%	23.9%	16.8%	26.6%	26.4%	17.6%	13.6%		
<i>EBITDA/Sales</i>					55.4%	56.0%	53.9%	53.5%	53.9%	54.4%	53.3%	54.6%	55.0%	56.8%		
Net Profit					1.5	2.3	2.4	2.5	2.7	2.4	4.7	5.6	6.7	7.7	20.2%	18.1%
<i>Net Profit growth</i>					91.6%	49.6%	3.0%	4.4%	10.6%	-11.0%	91.0%	20.6%	19.6%	14.2%		
Adjusted number shares (Mn)					5.6	5.6	5.6	5.6	5.6	5.5	5.6	5.6	5.6	5.6		
EPS (EUR)					0.28	0.42	0.43	0.45	0.49	0.44	0.83	1.00	1.20	1.37	20.1%	18.1%
<i>EPS growth</i>					n.a.	49.6%	3.0%	4.5%	10.6%	-10.7%	88.3%	20.6%	19.6%	14.2%		
Ord. EPS (EUR)					0.39	0.42	0.43	0.45	0.50	0.44	0.85	1.00	1.20	1.37	14.0%	17.1%
<i>Ord. EPS growth</i>					n.a.	6.7%	3.4%	4.3%	10.2%	-11.2%	94.3%	17.4%	19.6%	14.2%		
CAPEX					(18.4)	(20.5)	(31.6)	(39.4)	(46.4)	(46.5)	(74.6)	(75.8)	(77.3)	(77.3)		
<i>CAPEX/Sales %</i>					97.5%	86.9%	99.2%	95.2%	91.2%	78.9%	98.1%	80.7%	70.5%	64.1%		
Free Cash Flow					(10.2)	(11.0)	(13.9)	(16.5)	(18.5)	(11.6)	(32.4)	(22.4)	(13.0)	(5.1)	-21.3%	46.0%
<i>ND/EBITDA (x)⁽³⁾</i>					2.7x	2.9x	3.0x	2.7x	2.8x	2.8x	3.0x	2.8x	2.6x	2.4x		
<i>P/E (x)</i>					n.a.	n.a.	n.a.	12.9x	11.8x	11.1x	6.0x	6.0x	5.0x	4.4x		
<i>EV/Sales (x)</i>					n.a.	n.a.	n.a.	2.30x	2.27x	2.08x	2.05x	1.72x	1.47x	1.34x		
<i>EV/EBITDA (x)⁽³⁾</i>					n.a.	n.a.	n.a.	4.3x	4.2x	3.8x	3.8x	3.1x	2.7x	2.4x		
<i>Absolute performance</i>					n.a.	n.a.	n.a.	n.a.	1.7%	-16.2%	2.0%	20.0%				
<i>Relative performance vs Ibx 35</i>					n.a.	n.a.	n.a.	n.a.	-9.0%	-0.9%	-5.5%	23.3%				

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: ALQ reports its financial statements on the basis of the Spanish General Chart of Accounts, not being affected by the application of IFRS 16.

Note 3: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Appendix 5. Main peers 2022e

Renting

Market data	EUR Mn	Avis Budget	Hertz	Sixt	ALD Automotive Ltd.	Europcar	Redde Northgate PLC	Average	ALQ
	Ticker (Factset)	CAR-US	HTZ-US	SIX2-DE	ALD-FR	EUCAR-FR	REDD-GB		ALQ-ES
Country		USA	USA	Germany	France	France	UK		Spain
Market cap	12,134.7	8,582.3	4,835.0	4,808.8	2,477.7	1,211.8		33.7	
Enterprise value (EV)	27,958.7	17,935.6	7,451.7	23,194.2	5,933.8	1,905.4		161.5	
Total Revenues	9,569.7	8,232.9	2,767.6	10,576.5	2,815.7	1,607.8		93.9	
<i>Total Revenues growth</i>	12.2%	22.5%	21.3%	0.9%	23.9%	7.5%		14.7%	23.4%
<i>2y CAGR (2022e - 2024e)</i>	4.4%	6.4%	13.6%	-0.3%	n.a.	1.8%		5.2%	13.3%
EBITDA	1,857.5	1,917.1	962.2	1,048.7	289.5	459.6		51.3	
<i>EBITDA growth</i>	-55.6%	-27.0%	84.8%	-21.6%	-21.3%	2.1%		-6.4%	26.4%
<i>2y CAGR (2022e - 2024e)</i>	-8.3%	-9.8%	7.9%	-0.3%	n.a.	n.a.		-2.6%	15.6%
<i>EBITDA/Revenues</i>	19.4%	23.3%	34.8%	9.9%	10.3%	28.6%		21.0%	54.6%
EBIT	1,732.5	1,953.8	494.4	979.7	184.0	181.1		11.3	
<i>EBIT growth</i>	-9.4%	3.2%	27.0%	-23.0%	-17.8%	-4.9%		-4.1%	22.8%
<i>2y CAGR (2022e - 2024e)</i>	-7.9%	-20.1%	5.2%	-0.7%	n.a.	n.a.		-5.9%	14.4%
<i>EBIT/Revenues</i>	18.1%	23.7%	17.9%	9.3%	6.5%	11.3%		14.5%	12.1%
Net Profit	1,116.5	1,289.9	324.8	751.4	69.0	134.6		5.6	
<i>Net Profit growth</i>	-5.1%	284.8%	3.7%	-13.9%	137.9%	-4.7%		67.1%	20.6%
<i>2y CAGR (2022e - 2024e)</i>	-16.9%	-25.7%	4.3%	-1.1%	n.a.	n.a.		-9.8%	16.9%
<i>CAPEX/Sales %</i>	2.4%	2.6%	2.0%	0.8%	3.0%	12.3%		3.9%	80.7%
Free Cash Flow	1,039.4	1,034.2	(75.3)	(1,418.3)	112.9	64.9		(22.4)	
Net financial debt	2,464.5	5,480.4	2,224.8	19,648.5	234.0	660.7		143.5	
<i>ND/EBITDA (x)</i>	1.3	2.9	2.3	18.7	0.8	1.4		4.6	2.8
<i>Pay-out</i>	0.0%	0.0%	39.8%	n.a.	0.0%	44.9%		16.9%	0.0%
Multiples and Ratios									
<i>P/E (x)</i>	10.9	6.4	17.5	6.4	37.9	8.8		14.7	6.0
<i>P/BV (x)</i>	n.a.	2.6	3.0	1.0	3.9	1.0		2.3	1.0
<i>EV/Revenues (x)</i>	2.9	2.2	2.7	2.2	2.1	1.2		2.2	1.7
<i>EV/EBITDA (x)</i>	15.1	9.4	7.7	22.1	20.5	4.1		13.2	3.1
<i>EV/EBIT (x)</i>	16.1	9.2	15.1	23.7	32.2	10.5		17.8	14.3
<i>ROE</i>	201.7	40.8	17.2	15.1	10.4	11.3		49.4	17.6
<i>FCF Yield (%)</i>	8.6	12.1	n.a.	n.a.	4.6	5.4		7.6	n.a.
<i>DPS</i>	0.00	0.00	2.75	0.99	0.00	0.25		0.66	0.00
<i>Dvd Yield</i>	0.0%	0.0%	2.3%	8.3%	0.0%	5.0%		2.6%	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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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
07-Apr-2022	n.a.	6.00	n.a.	n.a.	12m Results 2021	David López Sánchez
09-Mar-2022	n.a.	5.55	n.a.	n.a.	Initiation of Coverage	David López Sánchez

