

EQUITY - SPAIN

Sector: Trading Companies & Distributors

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12m Results 2020
Closing price: EUR 1.46 (24 Feb 2021)

12m Results 2020

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%).

Excellent performance in 2020. And reasons for this to continue in 2021e

Market Data

Market Cap (Mn EUR and USD)	137.7	167.5
EV (Mn EUR and USD) ⁽²⁾	256.6	312.2
Shares Outstanding (Mn)	94.6	
-12m (Max/Med/Min EUR)	1.72 / 1.12 / 0.83	
Daily Avg volume (-12m Mn EUR)	0.06	
Rotation ⁽³⁾	11.8	
Refinitiv / Bloomberg	GALQ.MC / GALQ.SM	
Close fiscal year	31-Dec	

GALQ REDUCES THE DECLINE IN REVENUES (EUR 134MMN; -6% VS 2019) as a result of the significant recovery of its business in 2H20 (revenue +26% vs 1H20), which has already exceeded pre-Covid levels (4Q20 revenue: c. +9% vs 4Q19). In our view, the rapid recovery is mainly explained by the focus on growing long-term businesses without CAPEX (c. 54% of the revenue mix vs c. 35% in 2019), two businesses that provide stability and reduce cyclicity.

Shareholders Structure (%)

Francisco Riberas	58.2
Indumenta Pueri	9.9
Pedro Luis Fernández	5.8
Banco Santander	4.4
Free Float	21.7

AND GENERATES REC. EBITDA OF EUR 31MMN (-9% VS 2019). The high operating leverage of the business and control of costs has enabled GALQ to return to similar margins to those of 2019 (c. 23% of Rec. EBITDA; fully in line with our estimates).

Financials (Mn EUR)

	2020	2021e	2022e	2023e
Adj. nº shares (Mn)	66.2	94.6	94.6	94.6
Total Revenues	134.1	156.0	169.9	179.9
Rec. EBITDA ⁽⁴⁾	30.9	38.3	44.5	47.8
% growth	-9.0	24.0	16.2	7.4
% Rec. EBITDA/Rev.	23.0	24.5	26.2	26.5
% Inc. EBITDA sector ⁽⁵⁾	-15.7	17.4	15.3	8.1
Net Profit	1.1	9.1	13.7	16.1
EPS (EUR)	0.02	0.10	0.14	0.17
% growth	-98.4	454.4	50.8	18.1
Ord. EPS (EUR)	0.03	0.10	0.14	0.17
% growth	477.7	241.1	50.8	18.1
Rec. Free Cash Flow ⁽⁶⁾	-3.4	-1.7	5.1	6.9
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	108.6	106.9	97.9	87.1
ND/Rec. EBITDA (x)	3.5	2.8	2.2	1.8
ROE (%)	1.7	10.5	14.0	14.3
ROCE (%) ⁽⁶⁾	4.0	6.3	8.3	9.1

WITH A STRONGER FINANCIAL STRUCTURE (ND: EUR 108.6MMN; -11% VS 2019), largely due to: (i) an already completed capital increase (EUR 31.5Mn) and (ii) the refinancing of the syndicated loan (c. EUR 75Mn) until 2025 (in addition to converting it in sustainable depending on certain ESG indicators). An objectively favourable position (ND/EBITDA 2020: c. 3.5x) from which to take advantage of any opportunities for growth through M&A.

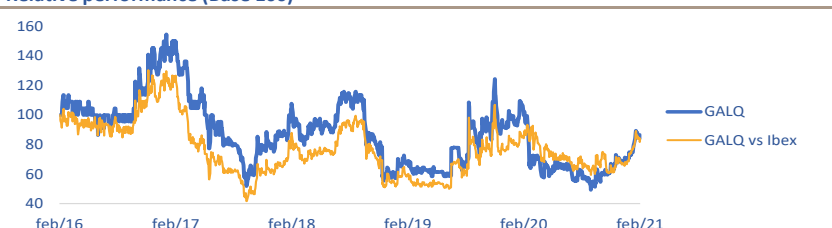
Ratios & Multiples (x) ⁽⁷⁾

	2020	2021e	2022e	2023e
P/E	84.3	15.2	10.1	8.5
Ord. P/E	51.9	15.2	10.1	8.5
P/BV	1.7	1.5	1.3	1.1
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	1.91	1.64	1.51	1.43
EV/Rec. EBITDA	8.3	6.7	5.8	5.4
EV/EBIT	34.0	14.9	11.1	9.9
FCF Yield (%) ⁽⁶⁾	n.a.	n.a.	3.7	5.0

WE LEAVE OUR 2021E ESTIMATES UNCHANGED. The opportunity for growth is evident and GALQ offers reasons that justify expectations for growth that exceeds that of the economy as a whole and its own sector. The scenario we envisage should allow the company to achieve revenue of EUR 156Mn (+16% vs 2020; +9% vs 2019) and Recurrent EBITDA of EUR 38Mn (EV/EBITDA 6.7x vs 6.5x for the sector) in 2021e, maintaining a positive growth spread vs the sector (2020-2022e revenue: +9.5% CAGR vs < 6% for the sector).

A STORY OF GENUINE RESILIENCE IN THE INDUSTRIAL SECTOR. GALQ's performance in 4Q20, exceeding revenues -12m and recovering 2019 margins gives rise to 3 ideas: (i) the logical assumption that this business performance will continue in 2021e; (ii) the uniqueness of an industrial stock whose business has already returned to 2019 levels (pure resilience); and (iii) the potential opportunity provided by GALQ's underperformance in 2020: c.-30% -12m vs Ibox Small Cap.

Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	17.3	28.8	-13.3	27.6	-19.7	-13.5
vs Ibox 35	14.0	26.8	-0.6	24.6	-4.7	-16.2
vs Ibox Small Cap Index	12.2	17.1	-30.4	22.8	-33.6	-58.2
vs Eurostoxx 50	14.1	21.9	-14.7	22.4	-25.5	-34.2
vs Sector benchmark ⁽⁵⁾	14.4	18.4	-24.4	20.3	-39.2	-54.0

(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) Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 9.7Mn higher due to IFRS 16.
 (5) Sector: Eurostoxx 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, Refinitiv and Lighthouse

12m20 Results

Table 1. 12m20 Results

EUR Mn	12m20		12m20 Real		2020 Real	
	Real	12m19	vs 12m19	2020e	vs 2020e	
Total Revenues	134.1	143.1	-6.3%	132.2	1.4%	
Recurrent EBITDA¹	30.9	33.9	-9.0%	31.1	-0.8%	
<i>Rec. EBITDA/Revenues</i>	<i>23.0%</i>	<i>23.7%</i>	<i>-0.7 p.p.</i>	<i>23.5%</i>	<i>-0.5 p.p.</i>	
EBITDA	29.8	32.8	-8.9%	30.1	-1.0%	
<i>EBITDA/Revenues</i>	<i>22.2%</i>	<i>22.9%</i>	<i>-0.7 p.p.</i>	<i>22.8%</i>	<i>-0.5 p.p.</i>	
EBIT	7.5	10.9	-30.8%	8.2	-8.5%	
Ordinary Net Profit	1.9	-0.3	n.a.	2.4	-23.3%	
Rec. FCF	-3.4	-4.3	20.3%	-1.7	n.a.	
Net Debt	108.6	122.1	-11.1%	106.9	1.5%	
ND / EBITDA	3.5 x	3.6 x	-0.1 x	3.6 x	0.0 x	

(1) Rec. EBITDA and EBITDA adjusted to exclude capitalised expenses (EUR 6.3Mn y EUR 7.7Mn in 2020 and 2019, respectively).

Table 2. Estimates review

EUR Mn	2021e (New)	2021e	Review (%)	2022e (New)	2022e	Review (%)	2023e (New)
Total Revenues	156.0	156.0	0.0%	169.9	169.6	0.2%	179.9
Recurrent EBITDA	38.3	38.1	0.4%	44.5	44.4	0.1%	47.8
<i>Recurrent EBITDA growth</i>	<i>24.0%</i>	<i>22.5%</i>	<i>2 p.p.</i>	<i>16.2%</i>	<i>16.6%</i>	<i>0 p.p.</i>	<i>7.4%</i>
<i>Rec. EBITDA/Revenues</i>	<i>24.5%</i>	<i>24.4%</i>	<i>0 p.p.</i>	<i>26.2%</i>	<i>26.2%</i>	<i>0 p.p.</i>	<i>26.5%</i>
EBIT	17.3	17.3	0.0%	23.2	23.4	-1.1%	26.0
Net Profit	9.1	9.1	-0.8%	13.7	13.9	-1.9%	16.1
Recurrent Free Cash Flow	-1.7	-1.6	-9.2%	5.1	5.5	-6.8%	6.9
ND / EBITDA	2.8 x	2.8 x	0.0 x	2.2 x	2.2 x	0.0 x	1.8 x

(2) Non-material estimates review due to the effect of including 2020 reported figures. Our main assumptions remain unchanged.

Valuation inputs

Inputs for the DCF Valuation Approach

	2021e	2022e	2023e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	6.2	13.3	14.8	226.8			
Market Cap	137.7	At the date of this report					
Net financial debt	108.8	Debt net of Cash (12m Results 2020)					
					Best Case	Worst Case	
Cost of Debt	3.5%	Net debt cost			3.3%	3.8%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	2.8%	Kd = Cost of Net Debt * (1-T)			2.6%	3.0%	
Risk free rate (rf)	0.4%	Rf (10y Spanish bond yield)			=	=	
Equity risk premium	9.0%	R (own estimate)			8.5%	9.5%	
Beta (B)	1.2	B (Refinitiv and Lighthouse)			1.1	1.3	
Cost of Equity	11.2%	Ke = Rf + (R * B)			9.7%	12.7%	
Equity / (Equity + Net Debt)	55.8%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	44.2%	D			=	=	
WACC	7.5%	WACC = Kd * D + Ke * E			6.6%	8.4%	
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 Reuters	Mkt. Cap	P/E 21e	EPS 21e-23e	EV/EBITDA 21e	EBITDA 21e-23e	EV/Sales 21e	Revenues 21e-23e	EBITDA/Sales 21e	FCF Yield 21e	FCF 21e-23e
Ashtead Group	AHT.L	21,144.7	23.2	19.2%	9.7	8.1%	4.5	6.3%	46.6%	5.7%	14.6%
Aggreko	AGGK.L	2,427.3	18.1	3.3%	5.0	-0.4%	1.6	-3.4%	31.6%	5.5%	-12.3%
VP	VP.L	395.9	14.3	17.9%	5.6	9.4%	1.6	5.8%	28.3%	n.a.	n.a.
Speedy Hire	SDY.L	399.8	13.5	6.3%	4.5	1.4%	1.2	1.4%	26.2%	5.8%	n.a.
HSS Hire Group	HSS.L	96.5	7.8	n.a.	4.7	n.a.	1.0	n.a.	21.5%	n.a.	n.a.
Europe			15.4	11.7%	5.9	4.6%	2.0	2.5%	30.8%	5.7%	1.2%
United Rentals	URI	18,549.6	16.8	14.9%	7.9	4.3%	3.6	4.2%	45.8%	6.4%	7.0%
Herc Rentals	HRI	2,155.4	21.1	33.4%	5.8	11.1%	2.3	8.0%	39.4%	7.1%	n.a.
H&E Equipment S.	HEES.O	946.5	20.8	n.a.	5.2	n.a.	1.7	n.a.	32.7%	n.a.	n.a.
USA			19.6	24.2%	6.3	7.7%	2.5	6.1%	39.3%	6.8%	7.0%
GALQ	GALQ.MC	137.7	15.2	33.4%	6.7	11.7%	1.6	7.4%	24.5%	n.a.	n.a.

Free Cash Flow sensitivity analysis (2022e)

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

Scenario	EBITDA/Sales 22e	EBITDA 22e	EV/EBITDA 22e
Max	28.8%	48.9	5.2x
Central	26.2%	44.5	5.8x
Min	23.6%	40.1	6.4x

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

Rec. FCF EUR Mn	CAPEX/Sales 22e			Scenario	Rec. FCF/Yield 22e		
EBITDA 22e	10.8%	12.0%	13.2%		Max	8.4%	6.9%
48.9	11.6	9.5	7.5	Central	5.2%	3.7%	2.2%
44.5	7.2	5.1	3.1	Min	2.0%	0.5%	n.a.
40.1	2.7	0.7	(1.3)				

Appendix 1. Financial Projections⁽¹⁾

Balance Sheet (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e		
Intangible assets	2.6	2.0	1.2	22.1	21.2	21.2	21.2	21.2		
Fixed assets	131.0	125.1	132.8	138.5	151.7	155.6	158.7	162.7		
Other Non Current Assets	4.8	4.8	3.8	3.6	6.8	6.8	6.8	6.8		
Financial Investments	0.6	0.4	-	0.9	3.6	4.2	4.8	5.4		
Goodwill & Other Intangibles	16.2	16.3	16.5	16.4	19.8	19.8	19.8	19.8		
Current assets	52.7	48.9	47.6	47.4	49.9	53.0	56.7	59.3		
Total assets	208.0	197.5	202.0	228.9	253.0	260.6	268.0	275.2		
Equity	(8.7)	(10.5)	(17.6)	51.1	81.9	90.9	104.6	120.7		
Minority Interests	0.6	0.6	0.2	0.2	0.3	0.3	0.3	0.3		
Provisions & Other L/T Liabilities	2.7	0.4	0.3	8.2	13.7	13.7	13.7	13.7		
Other Non Current Liabilities	-	-	-	20.2	18.5	18.5	18.5	18.5		
Net financial debt	181.8	178.3	187.1	121.9	108.6	106.9	97.9	87.1		
Current Liabilities	31.6	28.7	31.9	27.4	30.0	30.3	33.1	35.0		
Equity & Total Liabilities	208.0	197.5	202.0	228.9	253.0	260.6	268.0	275.2		
CAGR										
P&L (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	16-20	20-23e
Total Revenues	105.3	117.2	132.2	143.1	134.1	156.0	169.9	179.9	6.2%	10.3%
<i>Total Revenues growth</i>	-1.6%	11.4%	12.8%	8.2%	-6.3%	16.3%	8.9%	5.9%		
COGS	(18.2)	(24.3)	(34.2)	(40.2)	(42.2)	(45.5)	(50.4)	(54.3)		
Gross Margin	87.1	93.0	98.1	102.9	91.9	110.5	119.5	125.6	1.3%	11.0%
<i>Gross Margin/Revenues</i>	82.7%	79.3%	74.2%	71.9%	68.5%	70.8%	70.3%	69.8%		
Personnel Expenses	(33.4)	(33.3)	(36.7)	(39.5)	(35.8)	(42.0)	(43.5)	(45.2)		
Other Operating Expenses	(34.5)	(35.0)	(34.4)	(29.5)	(25.2)	(30.2)	(31.5)	(32.7)		
Recurrent EBITDA	19.1	24.7	27.0	33.9	30.9	38.3	44.5	47.8	12.7%	15.7%
<i>Recurrent EBITDA growth</i>	37.6%	29.4%	8.9%	25.7%	-9.0%	24.0%	16.2%	7.4%		
<i>Rec. EBITDA/Revenues</i>	18.2%	21.1%	20.4%	23.7%	23.0%	24.5%	26.2%	26.5%		
Restructuring Expense & Other non-rec.	(4.9)	(1.5)	(2.6)	(1.1)	(1.0)	-	-	-		
EBITDA	14.2	23.3	24.3	32.8	29.8	38.3	44.5	47.8	20.4%	17.0%
Depreciation & Provisions	(23.2)	(23.9)	(23.2)	(21.7)	(20.6)	(20.2)	(20.6)	(21.1)		
Capitalized Expense	7.5	6.3	7.5	7.7	6.3	7.2	7.3	7.3		
Rentals (IFRS 16 impact)	-	-	-	(7.9)	(8.1)	(8.0)	(8.0)	(8.0)		
EBIT	(1.5)	5.7	8.7	10.9	7.5	17.3	23.2	26.0	62.4%	51.1%
<i>EBIT growth</i>	82.1%	475.1%	51.4%	25.9%	-30.8%	128.8%	34.1%	12.3%		
<i>EBIT/Revenues</i>	n.a.	4.9%	6.5%	7.6%	5.6%	11.1%	13.6%	14.4%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(8.3)	(12.6)	(10.2)	(13.0)	(7.0)	(5.8)	(5.6)	(5.1)		
Income by the Equity Method	-	-	-	0.7	0.3	0.6	0.6	0.6		
Ordinary Profit	(9.8)	(6.9)	(1.6)	(1.4)	0.8	12.1	18.2	21.5	20.2%	n.a.
<i>Ordinary Profit Growth</i>	56.1%	29.3%	77.1%	12.7%	161.2%	n.a.	50.8%	18.1%		
Extraordinary Results	-	-	-	44.9	-	-	-	-		
Profit Before Tax	(9.8)	(6.9)	(1.6)	43.5	0.8	12.1	18.2	21.5	20.2%	n.a.
Tax Expense	(1.3)	(0.9)	(2.4)	(3.5)	0.3	(3.0)	(4.6)	(5.4)		
<i>Effective Tax Rate</i>	n.a.	n.a.	n.a.	8.0%	n.a.	25.0%	25.0%	25.0%		
Minority Interests	(0.1)	0.0	(0.1)	(0.0)	(0.0)	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	(11.1)	(7.7)	(4.0)	40.0	1.1	9.1	13.7	16.1	20.4%	n.a.
<i>Net Profit growth</i>	-91.5%	30.5%	47.9%	n.a.	-97.1%	692.5%	50.8%	18.1%		
Ordinary Net Profit	(4.9)	(5.4)	0.9	(0.3)	1.9	9.1	13.7	16.1	24.2%	n.a.
<i>Ordinary Net Profit growth</i>	68.6%	-9.4%	117.3%	-128.6%	795.1%	387.6%	50.8%	18.1%		
CAGR										
Cash Flow (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	16-20	20-23e
Recurrent EBITDA						38.3	44.5	47.8	12.7%	15.7%
Rentals (IFRS 16 impact)						(8.0)	(8.0)	(8.0)		
Working Capital Increase						(2.9)	(0.9)	(0.8)		
Recurrent Operating Cash Flow						27.4	35.6	39.0	11.0%	14.0%
CAPEX						(20.3)	(20.4)	(21.6)		
Net Financial Result affecting the Cash Flow						(5.8)	(5.6)	(5.1)		
Tax Expense						(3.0)	(4.6)	(5.4)		
Recurrent Free Cash Flow						(1.7)	5.1	6.9	34.8%	59.0%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						3.4	3.9	3.9		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						1.7	9.0	10.8	-3.8%	47.3%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						(1.7)	(9.0)	(10.8)		

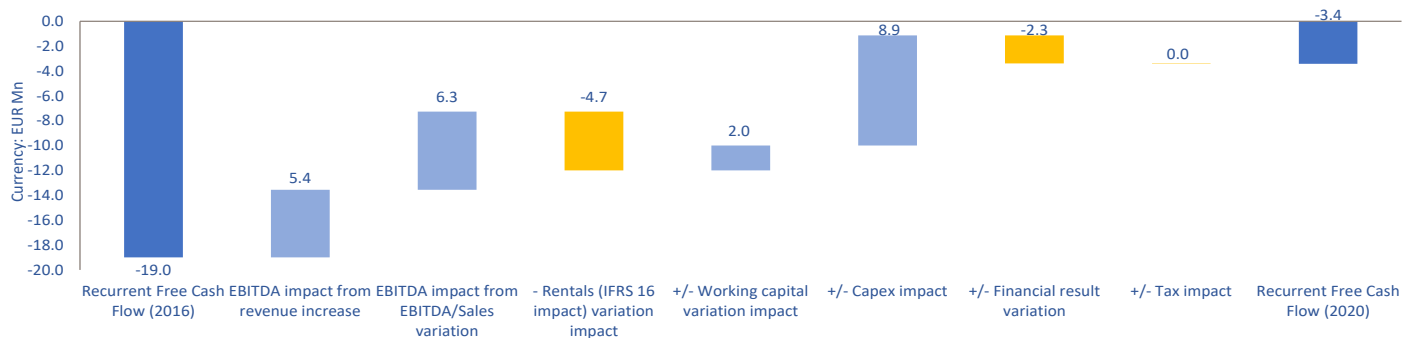
Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 9.7Mn higher due to IFRS 16.

Appendix 2. Free Cash Flow⁽¹⁾

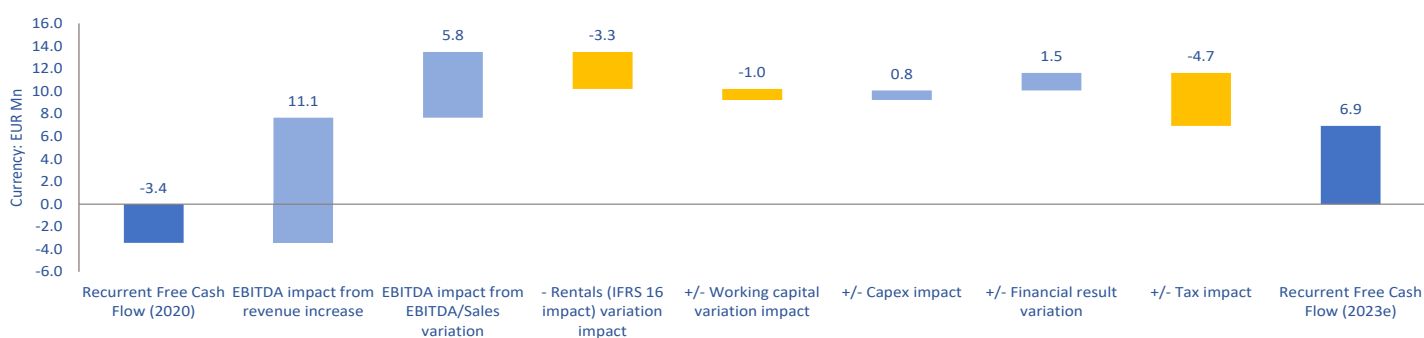
A) Cash Flow Analysis (EUR Mn)	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
								17-20	20-23e
Recurrent EBITDA	24.7	27.0	33.9	30.9	38.3	44.5	47.8	7.6%	15.7%
<i>Recurrent EBITDA growth</i>	29.4%	8.9%	25.7%	-9.0%	24.0%	16.2%	7.4%		
<i>Rec. EBITDA/Revenues</i>	21.1%	20.4%	23.7%	23.0%	24.5%	26.2%	26.5%		
- Rentals (IFRS 16 impact)	-	-	(5.1)	(4.7)	(8.0)	(8.0)	(8.0)		
+/- Working Capital increase	0.9	4.6	(4.4)	0.2	(2.9)	(0.9)	(0.8)		
= Recurrent Operating Cash Flow	25.7	31.5	24.4	26.3	27.4	35.6	39.0	0.9%	14.0%
<i>Rec. Operating Cash Flow growth</i>	48.0%	22.7%	-22.5%	7.8%	4.0%	30.0%	9.5%		
<i>Rec. Operating Cash Flow / Sales</i>	21.9%	23.8%	17.1%	19.6%	17.6%	21.0%	21.7%		
- CAPEX	(22.9)	(24.8)	(21.8)	(22.4)	(20.3)	(20.4)	(21.6)		
- Net Financial Result affecting Cash Flow	(4.4)	(4.4)	(5.5)	(6.7)	(5.8)	(5.6)	(5.1)		
- Taxes	(0.5)	(1.2)	(1.5)	(0.7)	(3.0)	(4.6)	(5.4)		
= Recurrent Free Cash Flow	(2.1)	1.0	(4.3)	(3.4)	(1.7)	5.1	6.9	-17.2%	59.0%
<i>Rec. Free Cash Flow growth</i>	88.8%	148.1%	-519.7%	20.3%	50.4%	401.5%	35.3%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	0.8%	n.a.	n.a.	n.a.	3.0%	3.8%		
- Restructuring expenses & others	(1.5)	(2.6)	(1.1)	-	-	-	-		
- Acquisitions / + Divestments	7.0	6.0	4.2	(5.6)	3.4	3.9	3.9		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	(1.5)	52.0	-	-	-	-		
= Free Cash Flow	3.4	2.9	50.8	(9.1)	1.7	9.0	10.8	-67.3%	47.3%
<i>Free Cash Flow growth</i>	143.4%	-14.2%	n.a.	-117.9%	118.6%	434.8%	20.3%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	0.7%	n.a.	n.a.	n.a.	3.7%	5.0%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	2.5%	2.1%	36.9%	n.a.	1.2%	6.5%	7.9%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	(19.0)	(2.1)	1.0	(4.3)	(3.4)	(1.7)	5.1		
EBITDA impact from revenue increase	2.2	3.2	2.2	(2.1)	5.0	3.4	2.6		
EBITDA impact from EBITDA/Sales variation	3.4	(1.0)	4.7	(0.9)	2.4	2.8	0.7		
= Recurrent EBITDA variation	5.6	2.2	6.9	(3.0)	7.4	6.2	3.3		
- Rentals (IFRS 16 impact) variation impact	-	-	(5.1)	0.3	(3.3)	-	-		
+/- Working capital variation impact	2.7	3.6	(8.9)	4.6	(3.1)	2.0	0.1		
= Recurrent Operating Cash Flow variation	8.3	5.8	(7.1)	1.9	1.1	8.2	3.4		
+/- CAPEX impact	8.4	(1.9)	3.1	(0.7)	2.2	(0.1)	(1.2)		
+/- Financial result variation	(0.0)	0.0	(1.1)	(1.2)	0.9	0.2	0.4		
+/- Tax impact	0.2	(0.8)	(0.2)	0.8	(2.3)	(1.5)	(0.8)		
= Recurrent Free Cash Flow variation	16.9	3.1	(5.3)	0.9	1.7	6.8	1.8		
Recurrent Free Cash Flow	(2.1)	1.0	(4.3)	(3.4)	(1.7)	5.1	6.9		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	5.7	8.7	10.9	7.5	17.3	23.2	26.0	9.7%	51.1%
* <i>Theoretical Tax rate</i>	0.0%	0.0%	0.0%	0.0%	25.0%	25.0%	25.0%		
= Taxes (pre- Net Financial Result)	-	-	-	-	(4.3)	(5.8)	(6.5)		
Recurrent EBITDA	24.7	27.0	33.9	30.9	38.3	44.5	47.8	7.6%	15.7%
- Rentals (IFRS 16 impact)	-	-	(5.1)	(4.7)	(8.0)	(8.0)	(8.0)		
+/- Working Capital increase	0.9	4.6	(4.4)	0.2	(2.9)	(0.9)	(0.8)		
= Recurrent Operating Cash Flow	25.7	31.5	24.4	26.3	27.4	35.6	39.0	0.9%	14.0%
- CAPEX	(22.9)	(24.8)	(21.8)	(22.4)	(20.3)	(20.4)	(21.6)		
- Taxes (pre- Financial Result)	-	-	-	-	(4.3)	(5.8)	(6.5)		
= Recurrent Free Cash Flow (To the Firm)	2.8	6.7	2.7	3.9	2.8	9.4	10.9	12.1%	40.8%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	119.9%	139.8%	-60.2%	47.4%	-28.4%	237.0%	15.6%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	2.4%	5.0%	1.9%	2.9%	1.8%	5.6%	6.1%		
- Acquisitions / + Divestments	7.0	6.0	4.2	(5.6)	3.4	3.9	3.9		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	(1.5)	52.0	-	-	-	-		
= Free Cash Flow "To the Firm"	9.8	11.2	58.9	(1.7)	6.2	13.3	14.8	-29.6%	n.a.
<i>Free Cash Flow (To the Firm) growth</i>	356.1%	14.0%	428.2%	-102.9%	455.8%	115.6%	11.2%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	1.1%	2.6%	1.0%	1.5%	1.1%	3.7%	4.2%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	3.8%	4.3%	23.0%	n.a.	2.4%	5.2%	5.8%		

Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 9.7Mn higher due to IFRS 16.

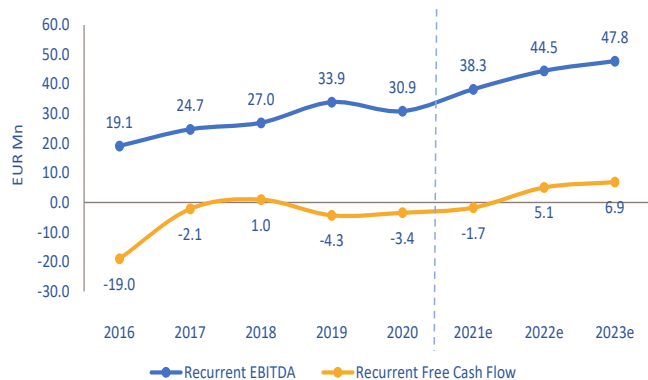
Recurrent Free Cash Flow accumulated variation analysis (2016 - 2020)



Recurrent Free Cash Flow accumulated variation analysis (2020 - 2023e)



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	137.7	
+ Minority Interests	0.3	12m Results 2020
+ Provisions & Other L/T Liabilities	13.5	12m Results 2020
+ Net financial debt	108.8	12m Results 2020
- Financial Investments	3.6	12m Results 2020
+/- Others		
Enterprise Value (EV)	256.6	

Appendix 4. Historical performance ⁽¹⁾⁽²⁾

Historical performance (EUR Mn)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e	CAGR 10-20	CAGR 20-23e
Total Revenues	242.8	205.3	139.6	120.8	103.9	107.0	105.3	117.2	132.2	143.1	134.1	156.0	169.9	179.9	-5.8%	10.3%
Total Revenues growth	-14.3%	-15.4%	-32.0%	-13.5%	-14.0%	3.0%	-1.6%	11.4%	12.8%	8.2%	-6.3%	16.3%	8.9%	5.9%		
EBITDA	60.0	24.0	14.5	11.5	14.3	7.9	14.2	23.3	24.3	32.8	29.8	38.3	44.5	47.8	-6.7%	17.0%
EBITDA growth	-22.1%	-60.0%	-39.6%	-20.5%	24.1%	-44.5%	79.3%	63.6%	4.7%	34.5%	-8.9%	28.3%	16.2%	7.4%		
EBITDA/Sales	24.7%	11.7%	10.4%	9.5%	13.8%	7.4%	13.5%	19.8%	18.4%	22.9%	22.2%	24.5%	26.2%	26.5%		
Net Profit	(62.9)	(128.1)	(61.3)	(17.3)	(28.6)	(5.8)	(11.1)	(7.7)	(4.0)	40.0	1.1	9.1	13.7	16.1	7.3%	n.a.
Net Profit growth	-604.0%	-103.5%	52.1%	71.8%	-65.0%	79.6%	-91.5%	30.5%	47.9%	n.a.	-97.1%	692.5%	50.8%	18.1%		
Adjusted number shares (Mn)	5.6	5.9	5.9	5.9	6.5	24.4	43.4	43.5	43.5	36.0	66.2	94.6	94.6	94.6		
EPS (EUR)	-11.15	-21.82	-10.45	-2.95	-4.42	-0.24	-0.26	-0.18	-0.09	1.11	0.02	0.10	0.14	0.17	7.2%	n.a.
EPS growth	n.a.	-95.8%	52.1%	71.8%	-49.8%	94.6%	-7.9%	30.7%	47.9%	n.a.	-98.4%	n.a.	50.8%	18.1%		
Ord. EPS (EUR)	-11.15	-21.82	-10.45	-2.95	-4.38	-0.64	-0.11	-0.12	0.02	-0.01	0.03	0.10	0.14	0.17	7.2%	82.5%
Ord. EPS growth	n.a.	-95.8%	52.1%	71.8%	-48.4%	85.3%	82.3%	-9.1%	n.a.	n.a.	n.a.	n.a.	50.8%	18.1%		
CAPEX	(5.0)	(3.6)	(0.7)	(0.3)	(0.3)	(23.7)	(31.3)	(22.9)	(24.8)	(21.8)	(22.4)	(20.3)	(20.4)	(21.6)		
CAPEX/Sales %	2.1%	1.8%	0.5%	0.2%	0.2%	22.2%	29.7%	19.5%	18.8%	15.2%	16.7%	13.0%	12.0%	12.0%		
Free Cash Flow	45.0	33.1	42.0	38.4	16.5	18.4	(7.8)	3.4	2.9	50.8	(9.1)	1.7	9.0	10.8	-8.2%	47.3%
ND/EBITDA (x) ⁽³⁾	8.3x	18.7x	6.8x	4.0x	18.3x	21.5x	12.8x	7.7x	7.7x	3.7x	3.6x	2.8x	2.2x	1.8x		
P/E (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	66.1x	15.2x	10.1x	8.5x		
EV/Sales (x)	2.65x	2.52x	0.83x	0.54x	2.86x	0.08x	0.78x	0.82x	0.52x	1.34x	1.62x	1.64x	1.51x	1.43x		
EV/EBITDA (x) ⁽³⁾	10.7x	21.6x	8.0x	5.7x	20.8x	1.0x	5.8x	4.1x	2.8x	5.9x	7.3x	6.7x	5.8x	5.4x		
Absolute performance	-66.2%	-74.8%	5.3%	80.0%	-70.8%	14.3%	16.7%	-41.1%	-22.4%	56.3%	-25.5%	27.6%	5.8x	5.4x		
Relative performance vs Ibxex 35	-59.1%	-71.0%	10.4%	48.2%	-71.9%	23.1%	19.1%	-45.1%	-8.8%	39.8%	-11.9%	24.6%				

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 Refinitiv.

Note 2: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 9.7Mn higher due to IFRS 16.

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

Appendix 5. Main peers 2021e

		Europe					USA				
		Ashtead Group	Aggreko	VP	Speedy Hire	HSS Hire Group	Average	United Rentals	Herc Rentals	H&E Equipment S.	GALQ
		EUR Mn									
Market data	Ticker (Reuters)	AHT.L	AGGK.L	VP.L	SDY.L	HSS.L		URI	HRI	HEES.O	GALQ.MC
	Country	UK	UK	UK	UK	UK		USA	USA	USA	Spain
	Market cap	21,144.7	2,427.3	395.9	399.8	96.5		18,549.6	2,155.4	946.5	137.7
	Enterprise value (EV)	26,651.4	3,004.2	608.5	545.5	360.7		26,343.1	3,499.0	1,709.5	256.6
Basic financial information	Total Revenues	5,883.8	1,890.6	382.2	464.4	359.5		7,261.9	1,519.9	996.3	156.0
	Total Revenues growth	5.2%	18.8%	9.3%	12.7%	-7.8%	7.7%	3.6%	3.8%	3.7%	16.3%
	2y CAGR (2021e - 2023e)	6.3%	-3.4%	5.8%	1.4%	n.a.	2.5%	4.2%	8.0%	n.a.	7.4%
	EBITDA	2,740.8	597.1	108.3	121.6	77.4		3,328.7	599.4	326.2	38.3
	EBITDA growth	7.6%	20.4%	10.3%	18.2%	10.1%	13.3%	6.7%	8.3%	4.2%	28.3%
	2y CAGR (2021e - 2023e)	8.1%	-0.4%	9.4%	1.4%	n.a.	4.6%	4.3%	11.1%	n.a.	11.7%
	EBITDA/Revenues	46.6%	31.6%	28.3%	26.2%	21.5%	30.8%	45.8%	39.4%	32.7%	24.5%
	EBIT	1,420.3	256.4	39.7	41.9	26.5		1,672.2	200.7	103.3	17.3
	EBIT growth	15.7%	60.5%	25.0%	65.4%	-6.5%	32.0%	12.5%	18.1%	10.9%	128.8%
	2y CAGR (2021e - 2023e)	10.5%	-2.7%	28.0%	n.a.	n.a.	12.0%	8.9%	23.6%	19.7%	22.7%
	EBIT/Revenues	24.1%	13.6%	10.4%	9.0%	7.4%	12.9%	23.0%	13.2%	10.4%	11.1%
	Net Profit	925.8	138.7	27.5	29.6	n.a.		1,075.4	96.1	45.3	9.1
	Net Profit growth	22.4%	101.3%	30.1%	94.7%	n.a.	62.1%	47.0%	58.6%	268.6%	692.5%
	2y CAGR (2021e - 2023e)	15.7%	-1.9%	31.7%	n.a.	n.a.	15.2%	12.6%	38.3%	n.a.	33.4%
CAPEX/Sales %	16.0%	15.3%	n.a.	9.0%	n.a.	13.4%	21.7%	29.7%	18.5%	-13.0%	
Free Cash Flow	1,205.3	132.9	n.a.	23.1	(0.4)		1,194.3	152.6	n.a.	1.7	
Net financial debt	3,834.9	431.8	(196.4)	74.0	156.5		6,972.2	1,304.1	973.4	106.9	
ND/EBITDA (x)	1.4	0.7	(1.8)	0.6	2.0	0.6	2.1	2.2	3.0	2.8	
Pay-out	26.1%	46.7%	53.3%	39.8%	n.a.	41.5%	0.0%	0.0%	73.7%	0.0%	
Multiples and Ratios	P/E (x)	23.2	18.1	14.3	13.5	7.8	15.4	16.8	21.1	20.8	15.2
	P/BV (x)	5.2	1.6	2.0	1.6	n.a.	2.6	4.2	n.a.	4.5	1.5
	EV/Revenues (x)	4.5	1.6	1.6	1.2	1.0	2.0	3.6	2.3	1.7	1.6
	EV/EBITDA (x)	9.7	5.0	5.6	4.5	4.7	5.9	7.9	5.8	5.2	6.7
	EV/EBIT (x)	18.8	11.7	15.3	13.0	13.6	14.5	15.8	17.4	16.5	14.9
	ROE	22.6	9.2	n.a.	13.7	n.a.	15.2	29.1	13.5	21.4	10.5
	FCF Yield (%)	5.7	5.5	n.a.	5.8	n.a.	5.7	6.4	7.1	n.a.	n.a.
	DPS	0.53	0.25	0.37	0.02	0.00	0.24	0.00	0.00	0.92	0.00
	Dvd Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.5%	0.0%

Note 1: Financial data, multiples and ratios based on market consensus (Refinitiv). 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
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

