

EQUITY - SPAIN

Sector: Trading Companies & Distributors

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9m Results 2021
Closing price: EUR 1.58 (10 Nov 2021)

9m Results 2021

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%).

9m, in line. And prospects for demand offer an attractive horizon: 22e EV/EBITDA 6x

Market Data

Market Cap (Mn EUR and USD)	149.5	171.6
EV (Mn EUR and USD) ⁽²⁾	257.2	295.3
Shares Outstanding (Mn)	94.6	
-12m (Max/Med/Mín EUR)	1.72 / 1.44 / 1.00	
Daily Avg volume (-12m Mn EUR)	0.08	
Rotation ⁽³⁾	12.8	
Factset / Bloomberg	GALQ-ES / GALQ SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Francisco Riberas & Family	58.2
Indumenta Pueri	10.0
Pedro Luis Fernández	5.8
Banco Santander	4.4
Free Float	21.6

Financials (Mn EUR)

	2020	2021e	2022e	2023e
Adj. nº shares (Mn)	66.2	94.6	94.6	94.6
Total Revenues	134.1	161.6	176.1	187.1
Rec. EBITDA ⁽⁴⁾	30.9	36.5	43.8	46.8
% growth	-9.0	18.3	20.0	6.9
% Rec. EBITDA/Rev.	23.0	22.6	24.9	25.0
% Inc. EBITDA sector ⁽⁵⁾	-8.3	21.4	16.9	9.2
Net Profit	1.1	6.6	12.4	14.8
EPS (EUR)	0.02	0.07	0.13	0.16
% growth	-98.4	305.4	87.7	18.8
Ord. EPS (EUR)	0.03	0.07	0.13	0.16
% growth	477.7	149.4	87.7	18.8
Rec. Free Cash Flow ⁽⁶⁾	-3.4	-4.0	3.6	4.9
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	119.9	112.4	103.5
ND/Rec. EBITDA (x)	3.5	3.3	2.6	2.2
ROE (%)	1.7	7.8	13.1	13.6
ROCE (%) ⁽⁶⁾	4.0	5.1	7.5	8.3

Ratios & Multiples (x)⁽⁷⁾

	2020	2021e	2022e	2023e
P/E	91.6	22.6	12.0	10.1
Ord. P/E	56.3	22.6	12.0	10.1
P/BV	1.8	1.7	1.5	1.3
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	1.92	1.59	1.46	1.37
EV/Rec. EBITDA	8.3	7.0	5.9	5.5
EV/EBIT	34.1	18.0	11.6	10.3
FCF Yield (%) ⁽⁶⁾	n.a.	n.a.	2.4	3.3

REVENUE GROWTH IS ACCELERATING (+29.8% VS 9M20)... 9m21 saw the consolidation of the rate of growth seen in previous quarters with revenue of EUR 122.5Mn (+30% vs 9m20). This not only means already recovering pre Covid-19 activity levels, but also implies growth of +14.5% vs 9m19 (3Q21 in isolation already implies growth of +28% vs 3Q19). This is a remarkable level of growth that points to an attractive horizon.

... DRIVEN BY THE THREE BUSINESS LINES. Revenue has advanced thanks to the acceleration of the company's three businesses. On the one hand, we would underscore the good performance of (i) the no-CAPEX business (+65% vs 9m20); 38% of the revenue mix) that does not require additional structure and capital (such as distribution, trading, maintenance, etc.) and (ii) the long-term business (+31% vs 9m20; 18% of the revenue mix). And on the other, the short-term business (the one most affected by the pandemic) that grew +9% vs 9m20 (and is already at 2019 levels).

EBITDA, +14% VS 9M20, IN LINE WITH EXPECTATIONS. The increase in the revenue mix of the no-CAPEX and long term businesses to c. 57% (vs c. 45% -1y; with smaller margins than the traditional rental business) has reduced the EBITDA margin c. 2p.p. to 24% of revenue. This has resulted in EBITDA of EUR 29.9Mn (+14% vs 9m20; in line with that seen in 9m19).

THAT WILL ALLOW BREAKEVEN IN NET PROFIT TO BE EXCEEDED ALREADY IN 2021E. All the above results in 3Q21 net profit of c. EUR 1Mn leaving 9m21 NP at breakeven (vs losses of EUR -2.5Mn in 9m20 and EUR -2Mn in 1Q21). This will also allow GALQ to exceed in 2021e the level of NP at breakeven of 2019.

THE EQUITY STORY REMAINS INTACT. In summary, a very solid quarter from an operating point of view (despite the "shadow" of the shortage of supplies) that means we maintain our estimate of reaching EBITDA levels of 2019 already in 2021e. This translates to a 2021e EV/EBITDA of c.7x that, taking into account expected growth for next year (Revenue and EBITDA c. +10% and +20%, respectively), decreases to c. 6x in 2022e.

Relative performance (Base 100)



Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	1.9	3.3	54.9	38.6	9.9	-20.6
vs Ibex 35	-0.1	0.5	30.7	22.4	9.8	-23.9
vs Ibex Small Cap Index	-1.5	2.0	27.1	31.8	-13.9	-57.4
vs Eurostoxx 50	-4.5	-0.6	22.6	13.2	-18.4	-44.3
vs Sector benchmark ⁽⁵⁾	-3.8	1.3	18.5	10.3	-33.3	-58.8

(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: 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.

9m Results 2021

Table 1. 9m Results 2021

EUR Mn	9m21	9m21 Real		2021e vs	
	Real	9m20	vs 9m20	2021e	2020
Short-term	53.6	49.1	9.2%	62.5	1.6%
Long term	22.7	17.3	31.2%	33.5	14.0%
Without Capex	46.2	28	65.0%	60.3	41.0%
Total Revenues	122.5	94.4	29.8%	161.6	20.5%
EBITDA¹	29.9	26.3	13.7%	36.5	22.4%
<i>EBITDA/Revenues</i>	<i>24.4%</i>	<i>27.9%</i>	<i>-3.5 p.p.</i>	<i>22.6%</i>	<i>-0.3 p.p.</i>
EBIT	6.8	4.5	51.1%	8.2	-17.5%
Net Profit	0.1	-2.5	104.0%	6.6	256.6%

(1) 9M21 EBITDA not adjusted to strip out the impact of capitalised expenses (c. EUR 3.9Mn). 2021e EBITDA excluding a total of EUR 6.6Mn in capitalised expenses. 2021e EBITDA including capitalised expenses amounts to EUR 43.1Mn.

Valuation inputs

Inputs for the DCF Valuation Approach

	2021e	2022e	2023e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(6.5)	12.3	13.4	191.7		
Market Cap	149.5	At the date of this report				
Net financial debt	109.3	Debt net of Cash (6m Results 2021)				
					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)	0.5%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	9.0%	R (own estimate)			8.5%	9.5%
Beta (B)	1.2	B (own estimate)			1.1	1.3
Cost of Equity	11.3%	Ke = Rf + (R * B)			9.8%	12.8%
Equity / (Equity + Net Debt)	57.8%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	42.2%	D			=	=
WACC	7.7%	WACC = Kd * D + Ke * E			6.8%	8.7%
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 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-GB	32,906.5	29.1	18.4%	12.0	11.4%	5.5	9.8%	46.3%	2.7%	0.6%
VP	VP-GB	455.6	13.4	11.2%	5.6	3.5%	1.6	4.6%	28.4%	2.6%	51.7%
Speedy Hire	SDY-GB	401.2	14.7	11.6%	4.5	5.3%	1.2	4.0%	26.2%	4.7%	30.6%
HSS Hire Group	HSS-GB	149.1	28.9	88.4%	3.9	4.7%	1.0	3.4%	24.3%	n.a.	65.4%
Europe			21.5	32.4%	6.5	6.2%	2.3	5.5%	31.3%	3.3%	37.1%
United Rentals	URI-US	23,882.0	17.9	16.2%	8.8	9.2%	3.9	7.4%	45.0%	5.5%	5.4%
Herc Rentals	HRI-US	4,904.6	25.7	41.5%	9.0	21.0%	3.8	15.4%	42.5%	1.2%	63.8%
H&E Equipment S.	HEES-US	1,457.8	25.0	32.1%	7.1	9.6%	2.5	3.3%	35.1%	n.a.	n.a.
USA			22.8	29.9%	8.3	13.3%	3.4	8.7%	40.8%	3.3%	34.6%
GALQ	GALQ-ES	149.5	22.6	49.3%	7.0	13.3%	1.6	7.6%	22.6%	n.a.	67.0%

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	27.4%	48.2	5.3x
Central	24.9%	43.8	5.9x
Min	22.4%	39.4	6.5x

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	Central
48.2	10.1	8.0	5.9	Max	6.8%	5.4%	3.9%
43.8	5.7	3.6	1.5	Central	3.8%	2.4%	1.0%
39.4	1.3	(0.8)	(2.9)	Min	0.9%	n.a.	n.a.

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	165.7	169.3	173.0		
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	54.4	58.1	61.8		
Total assets	208.0	197.5	202.0	228.9	253.0	272.1	280.0	288.0		
Equity	(8.7)	(10.5)	(17.6)	51.1	81.9	88.5	100.9	115.7		
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	119.9	112.4	103.5		
Current Liabilities	31.6	28.7	31.9	27.4	30.0	31.3	34.3	36.4		
Equity & Total Liabilities	208.0	197.5	202.0	228.9	253.0	272.1	280.0	288.0		
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	161.6	176.1	187.1	6.2%	11.7%
<i>Total Revenues growth</i>	-1.6%	11.4%	12.8%	8.2%	-6.3%	20.5%	9.0%	6.3%		
COGS	(18.2)	(24.3)	(34.2)	(40.2)	(42.2)	(57.7)	(62.1)	(67.3)		
Gross Margin	87.1	93.0	98.1	102.9	91.9	103.9	114.0	119.9	1.3%	9.3%
<i>Gross Margin/Revenues</i>	82.7%	79.3%	74.2%	71.9%	68.5%	64.3%	64.7%	64.1%		
Personnel Expenses	(33.4)	(33.3)	(36.7)	(39.5)	(35.8)	(39.7)	(41.3)	(43.0)		
Other Operating Expenses	(34.5)	(35.0)	(34.4)	(29.5)	(25.2)	(27.6)	(28.9)	(30.1)		
Recurrent EBITDA	19.1	24.7	27.0	33.9	30.9	36.5	43.8	46.8	12.7%	14.9%
<i>Recurrent EBITDA growth</i>	37.6%	29.4%	8.9%	25.7%	-9.0%	18.3%	20.0%	6.9%		
<i>Rec. EBITDA/Revenues</i>	18.2%	21.1%	20.4%	23.7%	23.0%	22.6%	24.9%	25.0%		
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	36.5	43.8	46.8	20.4%	16.2%
Depreciation & Provisions	(23.2)	(23.9)	(23.2)	(21.7)	(20.6)	(20.8)	(20.4)	(20.9)		
Capitalized Expense	7.5	6.3	7.5	7.7	6.3	6.6	6.8	6.9		
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	14.3	22.1	24.9	62.4%	48.9%
<i>EBIT growth</i>	82.1%	475.1%	51.4%	25.9%	-30.8%	89.7%	54.7%	12.4%		
<i>EBIT/Revenues</i>	n.a.	4.9%	6.5%	7.6%	5.6%	8.9%	12.6%	13.3%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(8.3)	(12.6)	(10.2)	(13.0)	(7.0)	(6.1)	(6.2)	(5.8)		
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	8.8	16.6	19.7	20.2%	n.a.
<i>Ordinary Profit Growth</i>	56.1%	29.3%	77.1%	12.7%	161.2%	944.3%	87.7%	18.8%		
Extraordinary Results	-	-	-	44.9	-	-	-	-		
Profit Before Tax	(9.8)	(6.9)	(1.6)	43.5	0.8	8.8	16.6	19.7	20.2%	n.a.
Tax Expense	(1.3)	(0.9)	(2.4)	(3.5)	0.3	(2.2)	(4.1)	(4.9)		
<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	6.6	12.4	14.8	20.4%	n.a.
<i>Net Profit growth</i>	-91.5%	30.5%	47.9%	n.a.	-97.1%	479.5%	87.7%	18.8%		
Ordinary Net Profit	(4.9)	(5.4)	0.9	(0.3)	1.9	6.6	12.4	14.8	24.2%	99.6%
<i>Ordinary Net Profit growth</i>	68.6%	-9.4%	117.3%	-128.6%	795.1%	256.6%	87.7%	18.8%		
CAGR										
Cash Flow (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	16-20	20-23e
Recurrent EBITDA						36.5	43.8	46.8	12.7%	14.9%
Rentals (IFRS 16 impact)						(8.0)	(8.0)	(8.0)		
Working Capital Increase						(3.2)	(0.7)	(1.6)		
Recurrent Operating Cash Flow						25.3	35.0	37.2	11.0%	12.2%
CAPEX						(21.0)	(21.1)	(21.5)		
Net Financial Result affecting the Cash Flow						(6.1)	(6.2)	(5.8)		
Tax Expense						(2.2)	(4.1)	(4.9)		
Recurrent Free Cash Flow						(4.0)	3.6	4.9	34.8%	51.0%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						3.4	3.9	3.9		
Extraordinary Inc./Exp. Affecting Cash Flow						(10.6)	-	-		
Free Cash Flow						(11.2)	7.5	8.9	-3.8%	43.9%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						11.2	(7.5)	(8.9)		

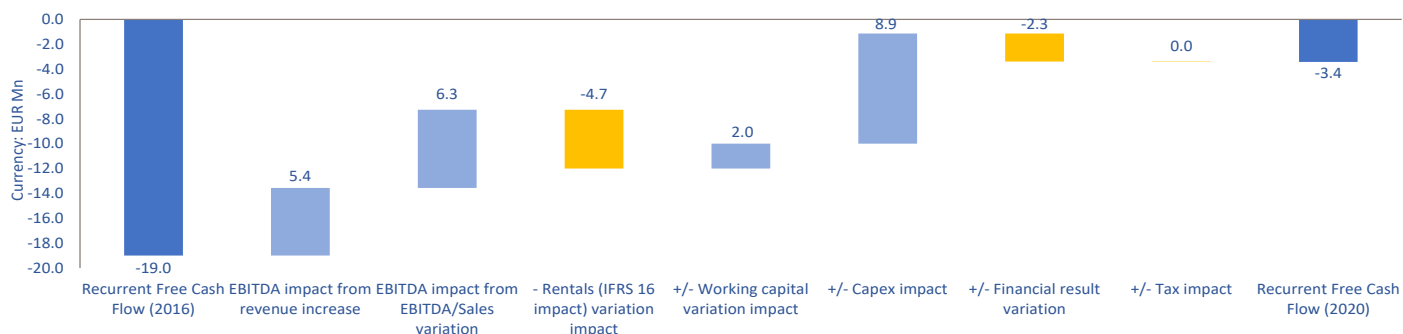
Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 9.7Mn higher due to IFRS 16.

Appendix 2. Free Cash Flow⁽¹⁾

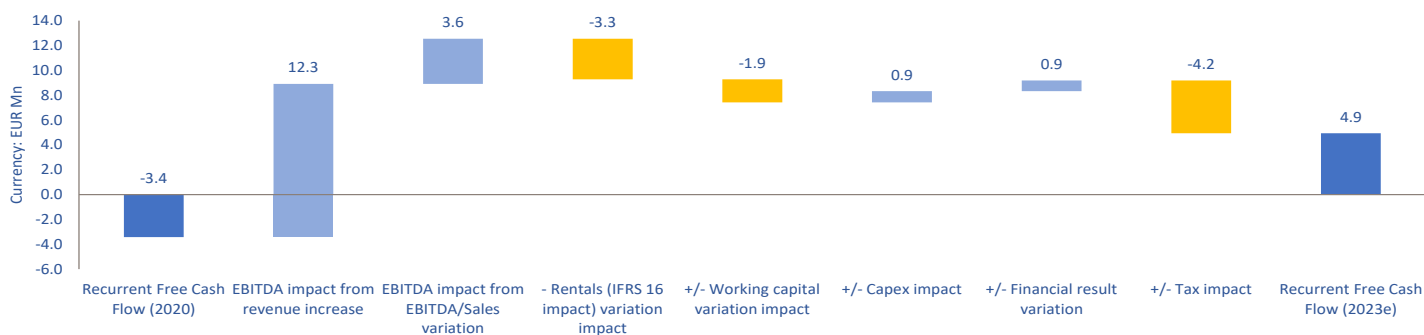
A) Cash Flow Analysis (EUR Mn)	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
								17-20	20-23e
Recurrent EBITDA	24.7	27.0	33.9	30.9	36.5	43.8	46.8	7.6%	14.9%
<i>Recurrent EBITDA growth</i>	29.4%	8.9%	25.7%	-9.0%	18.3%	20.0%	6.9%		
<i>Rec. EBITDA/Revenues</i>	21.1%	20.4%	23.7%	23.0%	22.6%	24.9%	25.0%		
- 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	(3.2)	(0.7)	(1.6)		
= Recurrent Operating Cash Flow	25.7	31.5	24.4	26.3	25.3	35.0	37.2	0.9%	12.2%
<i>Rec. Operating Cash Flow growth</i>	48.0%	22.7%	-22.5%	7.8%	-4.0%	38.6%	6.1%		
<i>Rec. Operating Cash Flow / Sales</i>	21.9%	23.8%	17.1%	19.6%	15.6%	19.9%	19.9%		
- CAPEX	(22.9)	(24.8)	(21.8)	(22.4)	(21.0)	(21.1)	(21.5)		
- Net Financial Result affecting Cash Flow	(4.4)	(4.4)	(5.5)	(6.7)	(6.1)	(6.2)	(5.8)		
- Taxes	(0.5)	(1.2)	(1.5)	(0.7)	(2.2)	(4.1)	(4.9)		
= Recurrent Free Cash Flow	(2.1)	1.0	(4.3)	(3.4)	(4.0)	3.6	4.9	-17.2%	51.0%
<i>Rec. Free Cash Flow growth</i>	88.8%	148.1%	-519.7%	20.3%	-17.3%	189.6%	37.5%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	0.8%	n.a.	n.a.	n.a.	2.0%	2.6%		
- 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	-	(10.6)	-	-		
= Free Cash Flow	3.4	2.9	50.8	(9.1)	(11.2)	7.5	8.9	-67.3%	43.9%
<i>Free Cash Flow growth</i>	143.4%	-14.2%	n.a.	-117.9%	-23.8%	166.7%	18.3%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	0.7%	n.a.	n.a.	n.a.	2.4%	3.3%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	2.3%	1.9%	34.0%	n.a.	n.a.	5.0%	5.9%		
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)	(4.0)	3.6		
EBITDA impact from revenue increase	2.2	3.2	2.2	(2.1)	6.3	3.3	2.7		
EBITDA impact from EBITDA/Sales variation	3.4	(1.0)	4.7	(0.9)	(0.7)	4.0	0.3		
= Recurrent EBITDA variation	5.6	2.2	6.9	(3.0)	5.6	7.3	3.0		
- Rentals (IFRS 16 impact) variation impact	-	-	(5.1)	0.3	(3.3)	-	-		
+/- Working capital variation impact	2.7	3.6	(8.9)	4.6	(3.4)	2.5	(0.9)		
= Recurrent Operating Cash Flow variation	8.3	5.8	(7.1)	1.9	(1.1)	9.8	2.1		
+/- CAPEX impact	8.4	(1.9)	3.1	(0.7)	1.4	(0.1)	(0.4)		
+/- Financial result variation	(0.0)	0.0	(1.1)	(1.2)	0.6	(0.1)	0.4		
+/- Tax impact	0.2	(0.8)	(0.2)	0.8	(1.5)	(1.9)	(0.8)		
= Recurrent Free Cash Flow variation	16.9	3.1	(5.3)	0.9	(0.6)	7.6	1.3		
Recurrent Free Cash Flow	(2.1)	1.0	(4.3)	(3.4)	(4.0)	3.6	4.9		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	5.7	8.7	10.9	7.5	14.3	22.1	24.9	9.7%	48.9%
* <i>Theoretical Tax rate</i>	0.0%	0.0%	0.0%	0.0%	25.0%	25.0%	25.0%		
= Taxes (pre- Net Financial Result)	-	-	-	-	(3.6)	(5.5)	(6.2)		
Recurrent EBITDA	24.7	27.0	33.9	30.9	36.5	43.8	46.8	7.6%	14.9%
- 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	(3.2)	(0.7)	(1.6)		
= Recurrent Operating Cash Flow	25.7	31.5	24.4	26.3	25.3	35.0	37.2	0.9%	12.2%
- CAPEX	(22.9)	(24.8)	(21.8)	(22.4)	(21.0)	(21.1)	(21.5)		
- Taxes (pre- Financial Result)	-	-	-	-	(3.6)	(5.5)	(6.2)		
= Recurrent Free Cash Flow (To the Firm)	2.8	6.7	2.7	3.9	0.7	8.4	9.4	12.1%	34.2%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	119.9%	139.8%	-60.2%	47.4%	-82.2%	n.a.	12.8%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	2.4%	5.0%	1.9%	2.9%	0.4%	4.8%	5.0%		
- 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	-	(10.6)	-	-		
= Free Cash Flow "To the Firm"	9.8	11.2	58.9	(1.7)	(6.5)	12.3	13.4	-29.6%	n.a.
<i>Free Cash Flow (To the Firm) growth</i>	356.1%	14.0%	428.2%	-102.9%	-275.4%	288.2%	8.9%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	1.1%	2.6%	1.0%	1.5%	0.3%	3.3%	3.7%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	3.8%	4.3%	22.9%	n.a.	n.a.	4.8%	5.2%		

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

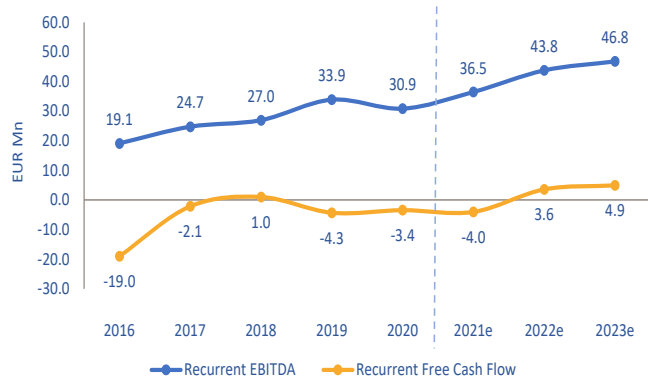
Recurrent Free Cash Flow accumulated variation analysis (2016 - 2020)



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	149.5	
+ Minority Interests	0.3	6m Results 2021
+ Provisions & Other L/T Liabilities	2.5	6m Results 2021
+ Net financial debt	109.3	6m Results 2021
- Financial Investments	4.3	6m Results 2021
+/- Others		
Enterprise Value (EV)	257.2	

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	20-23e
Total Revenues	205.3	139.6	120.8	103.9	105.1	107.0	105.3	117.2	132.2	143.1	134.1	161.6	176.1	187.1	-4.2%	11.7%
Total Revenues growth	-15.4%	-32.0%	-13.5%	-14.0%	1.2%	1.8%	-1.6%	11.4%	12.8%	8.2%	-6.3%	20.5%	9.0%	6.3%		
EBITDA	24.0	14.5	11.5	14.3	16.1	7.9	14.2	23.3	24.3	32.8	29.8	36.5	43.8	46.8	2.2%	16.2%
EBITDA growth	-60.0%	-39.6%	-20.5%	24.1%	12.8%	-50.8%	79.3%	63.6%	4.7%	34.5%	-8.9%	22.4%	20.0%	6.9%		
EBITDA/Sales	11.7%	10.4%	9.5%	13.8%	15.3%	7.4%	13.5%	19.8%	18.4%	22.9%	22.2%	22.6%	24.9%	25.0%		
Net Profit	(128.1)	(61.3)	(17.3)	(28.6)	(6.4)	(5.8)	(11.1)	(7.7)	(4.0)	40.0	1.1	6.6	12.4	14.8	7.2%	n.a.
Net Profit growth	-103.5%	52.1%	71.8%	-65.0%	77.4%	9.7%	-91.5%	30.5%	47.9%	n.a.	-97.1%	479.5%	87.7%	18.8%		
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)	-22.69	-10.45	-2.95	-4.87	-1.00	-0.24	-0.26	-0.18	-0.09	1.11	0.02	0.07	0.13	0.16	7.2%	n.a.
EPS growth	-41.2%	53.9%	71.8%	-65.0%	79.5%	76.1%	-7.9%	30.7%	47.9%	n.a.	-98.4%	n.a.	87.7%	18.8%		
Ord. EPS (EUR)	-22.69	-10.45	-2.95	-4.82	-0.90	-0.64	-0.11	-0.12	0.02	-0.01	0.03	0.07	0.13	0.16	7.2%	77.2%
Ord. EPS growth	-41.2%	53.9%	71.8%	-63.5%	81.3%	28.7%	82.3%	-9.1%	n.a.	n.a.	n.a.	n.a.	87.7%	18.8%		
CAPEX	(3.6)	(0.7)	(0.3)	(0.3)	(23.7)	(23.7)	(31.3)	(22.9)	(24.8)	(21.8)	(22.4)	(21.0)	(21.1)	(21.5)		
CAPEX/Sales %	1.8%	0.5%	0.2%	0.2%	22.6%	22.2%	29.7%	19.5%	18.8%	15.2%	16.7%	13.0%	12.0%	11.5%		
Free Cash Flow	33.1	42.0	38.4	16.5	(2.6)	18.4	(7.8)	3.4	2.9	50.8	(9.1)	(11.2)	7.5	8.9	-8.6%	43.9%
ND/EBITDA (x) ⁽³⁾	18.7x	6.8x	4.0x	18.3x	-0.3x	21.5x	12.8x	7.7x	7.7x	3.7x	3.6x	3.3x	2.6x	2.2x		
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	22.6x	12.0x	10.1x		
EV/Sales (x)	2.52x	0.83x	0.54x	2.86x	0.08x	0.77x	0.91x	0.59x	1.46x	1.65x	1.69x	1.59x	1.46x	1.37x		
EV/EBITDA (x) ⁽³⁾	21.6x	8.0x	5.7x	20.8x	0.5x	10.3x	6.7x	3.0x	7.9x	7.2x	7.6x	7.0x	5.9x	5.5x		
Absolute performance	-66.2%	-74.8%	5.3%	80.0%	-70.8%	14.3%	16.7%	-41.1%	-22.4%	56.3%	-25.5%	38.6%				
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%	22.4%				

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: 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

Market data	EUR Mn	Europe				Average	USA			Average	GALQ
		Ashtead Group	VP	Speedy Hire	HSS Hire Group		United Rentals	Herc Rentals	H&E Equipment S.		
Ticker (Factset)		AHT-GB	VP-GB	SDY-GB	HSS-GB		URI-US	HRI-US	HEES-US		GALQ-ES
Country		UK	UK	UK	UK		USA	USA	USA		Spain
Market cap		32,906.5	455.6	401.2	149.1		23,882.0	4,904.6	1,457.8		149.5
Enterprise value (EV)		37,606.0	658.5	513.6	325.8		33,082.8	6,865.2	2,482.1		257.2
Total Revenues		6,784.6	413.1	440.5	341.3		8,394.4	1,797.8	992.4		161.6
Total Revenues growth		15.3%	14.7%	13.3%	8.1%	12.8%	13.4%	16.3%	-2.2%	9.1%	20.5%
2y CAGR (2021e - 2023e)		9.8%	4.6%	4.0%	3.4%	5.5%	7.4%	15.4%	3.3%	8.7%	7.6%
EBITDA		3,141.9	117.3	115.3	83.0		3,776.5	763.6	348.0		36.5
EBITDA growth		16.7%	8.5%	12.2%	0.2%	9.4%	14.3%	30.7%	1.9%	15.6%	22.4%
2y CAGR (2021e - 2023e)		11.4%	3.5%	5.3%	4.7%	6.2%	9.2%	21.0%	9.6%	13.3%	13.3%
EBITDA/Revenues		46.3%	28.4%	26.2%	24.3%	31.3%	45.0%	42.5%	35.1%	40.8%	22.6%
EBIT		1,743.1	50.9	49.4	32.2		1,957.9	330.8	122.9		14.3
EBIT growth		30.2%	86.2%	79.6%	32.1%	57.0%	21.7%	84.4%	24.9%	43.6%	89.7%
2y CAGR (2021e - 2023e)		14.2%	8.9%	10.3%	8.7%	10.5%	14.9%	34.6%	23.8%	24.4%	31.9%
EBIT/Revenues		25.7%	12.3%	11.2%	9.4%	14.7%	23.3%	18.4%	12.4%	18.0%	8.9%
Net Profit		1,202.8	34.6	25.9	5.5		1,190.1	193.8	58.8		6.6
Net Profit growth		47.4%	742.7%	262.3%	119.9%	293.1%	54.0%	202.8%	307.4%	188.1%	479.5%
2y CAGR (2021e - 2023e)		14.6%	8.9%	11.4%	84.5%	29.9%	17.9%	43.0%	32.2%	31.0%	49.3%
CAPEX/Sales %		24.2%	16.4%	13.0%	9.9%	15.9%	24.9%	31.8%	35.9%	30.8%	13.0%
Free Cash Flow		879.6	11.7	18.9	(11.0)		1,316.6	58.0	n.a.		(11.2)
Net financial debt		4,749.7	165.9	77.7	154.0		8,389.2	1,584.1	1,213.3		119.9
ND/EBITDA (x)		1.5	1.4	0.7	1.9	1.4	2.2	2.1	3.5	2.6	3.3
Pay-out		22.3%	42.6%	45.4%	0.0%	27.6%	0.0%	2.2%	59.9%	20.7%	0.0%
P/E (x)		29.1	13.4	14.7	28.9	21.5	17.9	25.7	25.0	22.8	22.6
P/BV (x)		8.8	2.5	1.5	n.a.	4.3	4.7	n.a.	6.4	5.6	1.7
EV/Revenues (x)		5.5	1.6	1.2	1.0	2.3	3.9	3.8	2.5	3.4	1.6
EV/EBITDA (x)		12.0	5.6	4.5	3.9	6.5	8.8	9.0	7.1	8.3	7.0
EV/EBIT (x)		21.6	12.9	10.4	10.1	13.8	16.9	20.8	20.2	19.3	18.0
ROE		30.1	18.8	10.3	n.a.	19.7	26.5	n.a.	25.7	26.1	7.8
FCF Yield (%)		2.7	2.6	4.7	n.a.	3.3	5.5	1.2	n.a.	3.3	n.a.
DPS		0.60	0.37	0.02	0.00	0.25	0.00	0.14	0.98	0.37	0.00
Dvd Yield		0.8%	3.3%	3.0%	0.0%	1.8%	0.0%	0.1%	2.4%	0.8%	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
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

