

EQUITY - SPAIN

Sector: Trading Companies & Distributors

Report date: 5 Aug 2022

Distribution time: 14:30

6m Results 2022

Closing price: EUR 1.20 (4 Aug 2022)

6m Results 2022

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%).

1H22: high growth (revenue +39%), improving margins (despite the context)

Market Data

Market Cap (Mn EUR and USD)	113.5	115.9
EV (Mn EUR and USD) ⁽²⁾	305.1	311.6
Shares Outstanding (Mn)	94.6	
-12m (Max/Med/Mín EUR)	1.70 / 1.40 / 1.05	
Daily Avg volume (-12m Mn EUR)	0.02	
Rotation ⁽³⁾	5.0	
Factset / Bloomberg	GALQ-ES / GALQ SM	
Close fiscal year	31-Dec	

REVENUE GROWTH CONTINUES (+39.1% VS 1H21)... GALQ ended 1H22 with revenue of EUR 107.5Mn (+39.1% vs 1H21), consolidating the double-digit growth rate already seen in recent quarters. Growth that has accelerated if we look at 2Q in isolation: 2Q22 revenue of EUR 57.6Mn (+41.2% vs 2Q21; +15% 1Q22).

... DRIVEN BY THE THREE BUSINESS LINES. Perhaps most interestingly, this high business growth has occurred in its three areas of activity. On the one hand, there is the continuing good performance of: (i) the long-term business (+61.1%) that contributes an orderbook with average cycles of four years and (ii) the no-CAPEX business (+32.5% vs 1H21; 38% of revenue) that does not require additional structure and capital (such as distribution, trading, maintenance, etc.). And on the other, the short-term business (the one most affected by the pandemic) that has already returned to utilisation rates similar to those seen in 2019 (revenue: EUR 43.5Mn; +35.5% vs 1H21).

Shareholders Structure (%)

Francisco Riberas & Family	58.2
Indumenta Pueri	10.0
Pedro Luis Fernández	5.8
Banco Santander	4.4
Free Float	21.5

AND DESPITE THE BACKDROP, MARGINS HAVE IMPROVED. Despite the current context (that squeezes the gross margin due to higher fuel and spare parts costs), the strong revenue growth has translated to remarkable growth in EBITDA (+58.5%) that amounted to EUR 23.5Mn (EBITDA margin 21.8%; vs 19.2% in 1H21).

NET DEBT HAS INCREASED TO EUR 179.3MN (+21% VS 2021), mainly due to high CAPEX (EUR 24Mn) and the continuation of the strategy of inorganic growth (impact of c. EUR 4Mn on 1H22 cash flow), that became evident in 1H22 with the acquisition of GDH and Grupo Intercarretillas (strengthening its position in recurrent businesses, being now the main dealer for the Hyster-Yale brands in Spain and Portugal). 2022e ND/EBITDA 3.4x.

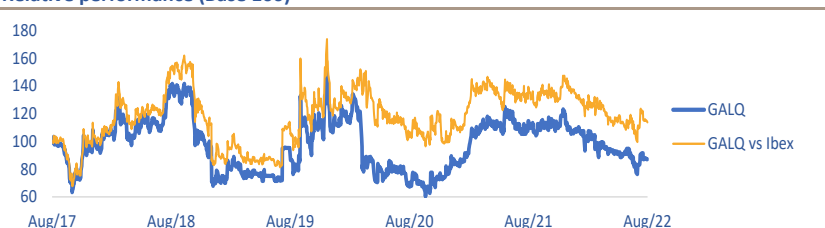
WE MAINTAIN OUR ESTIMATES IN THE LIGHT OF RESULTS THAT ARE IN LINE. GALQ has closed a solid half-year in line with expectations (despite the context). The long-term and no-CAPEX businesses now account for c. 60% of the revenue mix (vs c. 35% in 2019). A change of mix that provides recurrence and reduces the once high cyclicality of the business. This explains why, in our opinion, GALQ is now better prepared than in the past to face a recession. After the performance of the share price YTD (-20%; -14% vs Ibex 35), our estimates are trading at 6x 22e EV/EBITDA.

Financials (Mn EUR)	2021	2022e	2023e	2024e
Adj. n° shares (Mn)	94.6	94.6	94.6	94.6
Total Revenues	169.1	215.6	243.4	270.3
Rec. EBITDA	36.4	49.4	59.4	70.2
% growth	18.0	35.7	20.2	18.2
% Rec. EBITDA/Rev.	21.5	22.9	24.4	26.0
% Inc. EBITDA sector ⁽⁴⁾	20.4	21.9	9.0	7.7
Net Profit	2.6	4.6	10.8	18.6
EPS (EUR)	0.03	0.05	0.11	0.20
% growth	61.2	73.0	138.1	71.5
Ord. EPS (EUR)	0.03	0.05	0.11	0.20
% growth	19.1	44.0	138.1	71.5
Rec. Free Cash Flow ⁽⁵⁾	-11.9	-16.4	-1.0	8.1
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	147.5	168.0	169.0	160.9
ND/Rec. EBITDA (x)	4.0	3.4	2.8	2.3
ROE (%)	3.2	5.2	11.5	17.0
ROCE (%) ⁽⁵⁾	3.6	4.0	6.0	8.4

Ratios & Multiples (x) ⁽⁶⁾

P/E	43.2	24.9	10.5	6.1
Ord. P/E	35.9	24.9	10.5	6.1
P/BV	1.3	1.3	1.1	1.0
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	1.80	1.42	1.25	1.13
EV/Rec. EBITDA	8.4	6.2	5.1	4.3
EV/EBIT	28.2	21.1	13.1	9.1
FCF Yield (%) ⁽⁵⁾	n.a.	n.a.	n.a.	7.1

Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	14.3	-4.0	-24.1	-19.7	-8.5	-12.8
vs Ibex 35	14.3	0.0	-18.2	-14.3	-0.3	13.8
vs Ibox Small Cap Index	18.8	7.4	-16.5	-13.1	-23.2	-31.8
vs Eurostoxx 50	5.1	-4.8	-16.2	-8.1	-17.7	-18.6
vs Sector benchmark ⁽⁴⁾	0.1	-6.3	-12.6	-3.8	-27.4	-33.6

(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.

6m Results 2022

Table 2. 1H22 Results

EUR Mn	6m22 Real	6m21	6m22 Real vs 6m21	2022e	2022e vs 2021	2Q22	2Q22 vs 2Q21
Short-term	43.5	32.1	35.5%	87.6	42.5%	23.3	40.4%
Long term	23.2	14.4	61.1%	45.4	54.3%	12.3	59.7%
Without Capex	40.8	30.8	32.5%	82.6	93.2%	22.0	33.3%
Total Revenues	107.5	77.3	39.1%	215.6	27.5%	57.6	41.2%
Recurrent EBITDA¹	23.5	14.8	58.5%	49.4	35.7%	11.5	50.7%
<i>Rec. EBITDA/Revenues</i>	<i>21.8%</i>	<i>19.2%</i>	<i>2.7 p.p.</i>	<i>22.9%</i>	<i>1.4 p.p.</i>	<i>19.9%</i>	<i>1.3 p.p.</i>
EBITDA¹	23.3	14.5	60.5%	49.4	38.3%	11.5	56.6%
<i>EBITDA/Revenues</i>	<i>21.7%</i>	<i>18.8%</i>	<i>2.9 p.p.</i>	<i>22.9%</i>	<i>1.8 p.p.</i>	<i>19.9%</i>	<i>2.0 p.p.</i>
EBIT	7.1	2.8	157.8%	14.5	33.5%	4.9	n.a.
Net profit	2.4	-0.9	380.9%	4.6	44.0%	2.6	126%
Net Debt	179.3	148.6	20.7%	168.0			

Note 1: Rec. EBITDA and EBITDA adjusted to exclude the impact on revenue of capitalised expenses (EUR 4Mn in 1H22 and EUR 3.3Mn in 1H21).

Valuation inputs

Inputs for the DCF Valuation Approach

	2022e	2023e	2024e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(14.0)	5.9	14.9	403.5		
Market Cap	113.5	At the date of this report				
Net financial debt	179.3	Debt net of Cash (6m Results 2022)				
					Best Case	Worst Case
Cost of Debt	5.0%	Net debt cost			4.8%	5.3%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	4.0%	Kd = Cost of Net Debt * (1-T)			3.8%	4.2%
Risk free rate (rf)	1.9%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	7.0%	R (own estimate)			6.5%	7.5%
Beta (B)	1.1	B (own estimate)			1.0	1.2
Cost of Equity	9.6%	Ke = Rf + (R * B)			8.4%	10.9%
Equity / (Equity + Net Debt)	38.8%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	61.2%	D			=	=
WACC	6.2%	WACC = Kd * D + Ke * E			5.6%	6.8%
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 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
Ashtead Group	AHT-GB	24,049.2	13.9	12.8%	6.9	n.a.	3.2	6.1%	46.6%	5.0%	48.5%
VP	VP-GB	409.5	10.5	6.2%	5.2	5.3%	1.4	3.1%	27.1%	6.4%	n.a.
Speedy Hire	SDY-GB	273.6	8.3	3.4%	3.4	n.a.	0.9	2.7%	25.3%	11.2%	4.3%
HSS Hire Group	HSS-GB	118.3	5.8	14.0%	2.7	6.1%	0.6	8.5%	22.3%	5.7%	-2.3%
Europe			9.6	9.1%	4.6	5.7%	1.5	5.1%	30.3%	7.0%	16.8%
United Rentals	URI-US	21,877.3	10.2	10.0%	6.0	6.3%	2.8	5.9%	47.3%	7.8%	17.4%
Herc Rentals	HRI-US	3,543.8	10.4	15.7%	5.6	12.2%	2.5	12.3%	45.2%	n.a.	n.a.
H&E Equipment S.	HEES-US	1,228.4	12.1	16.5%	5.0	8.3%	2.0	8.3%	40.8%	n.a.	n.a.
USA			10.9	14.1%	5.5	8.9%	2.5	8.8%	44.4%	7.8%	17.4%
GALQ	GALQ-ES	113.5	24.9	n.a.	6.2	19.2%	1.4	12.0%	22.9%	n.a.	54.8%

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	26.8%	65.3	4.7x
Central	24.4%	59.4	5.1x
Min	22.0%	53.6	5.7x

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

Rec. FCF EUR Mn	CAPEX/Sales 23e				Rec. FCF/Yield 23e			
EBITDA 23e	11.2%	12.5%	13.8%		Scenario			
65.3	8.0	4.8	1.7	➔	Max	7.0%	4.2%	1.5%
59.4	2.1	(1.0)	(4.2)		Central	1.9%	n.a.	n.a.
53.6	(3.7)	(6.9)	(10.0)		Min	n.a.	n.a.	n.a.

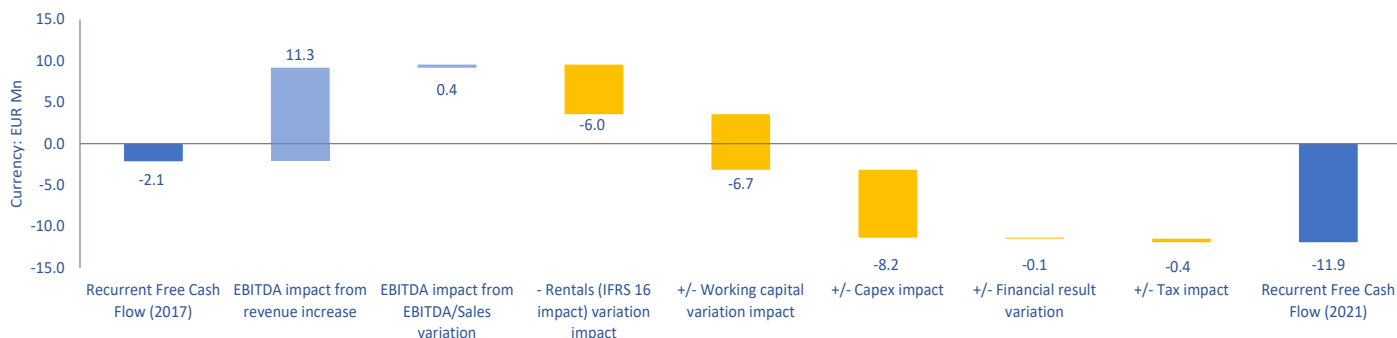
Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e		
Intangible assets	2.0	1.2	22.1	21.2	22.3	22.3	22.3	22.3		
Fixed assets	125.1	132.8	138.5	151.7	201.3	212.6	219.0	224.6		
Other Non Current Assets	4.8	3.8	3.6	6.8	6.9	6.9	6.9	6.9		
Financial Investments	0.4	-	0.9	3.6	3.8	4.0	4.2	4.4		
Goodwill & Other Intangibles	16.3	16.5	16.4	19.8	20.5	20.5	20.5	20.5		
Current assets	48.9	47.6	47.4	49.9	70.6	89.9	101.2	111.8		
Total assets	197.5	202.0	228.9	253.0	325.3	356.1	374.1	390.5		
Equity	(10.5)	(17.6)	51.1	81.9	84.5	89.1	99.9	118.5		
Minority Interests	0.6	0.2	0.2	0.3	0.4	0.4	0.4	0.4		
Provisions & Other L/T Liabilities	0.4	0.3	8.2	13.7	30.7	30.7	30.7	30.7		
Other Non Current Liabilities	-	-	20.2	18.5	17.3	17.3	17.3	17.3		
Net financial debt	178.3	187.1	121.9	108.6	147.5	168.0	169.0	160.9		
Current Liabilities	28.7	31.9	27.4	30.0	44.9	50.7	56.8	62.7		
Equity & Total Liabilities	197.5	202.0	228.9	253.0	325.3	356.1	374.1	390.5		
CAGR										
P&L (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	17-21	21-24e
Total Revenues	117.2	132.2	143.1	134.1	169.1	215.6	243.4	270.3	9.6%	16.9%
<i>Total Revenues growth</i>	11.4%	12.8%	8.2%	-6.3%	26.1%	27.5%	12.9%	11.0%		
COGS	(24.3)	(34.2)	(40.2)	(42.2)	(60.1)	(79.2)	(89.9)	(99.0)		
Gross Margin	93.0	98.1	102.9	91.9	109.0	136.4	153.5	171.3	4.0%	16.3%
<i>Gross Margin/Revenues</i>	79.3%	74.2%	71.9%	68.5%	64.4%	63.3%	63.1%	63.4%		
Personnel Expenses	(33.3)	(36.7)	(39.5)	(35.8)	(43.1)	(51.9)	(56.1)	(60.3)		
Other Operating Expenses	(35.0)	(34.4)	(29.5)	(25.2)	(29.5)	(35.1)	(38.0)	(40.8)		
Recurrent EBITDA	24.7	27.0	33.9	30.9	36.4	49.4	59.4	70.2	10.1%	24.5%
<i>Recurrent EBITDA growth</i>	29.4%	8.9%	25.7%	-9.0%	18.0%	35.7%	20.2%	18.2%		
<i>Rec. EBITDA/Revenues</i>	21.1%	20.4%	23.7%	23.0%	21.5%	22.9%	24.4%	26.0%		
Restructuring Expense & Other non-rec.	(1.5)	(2.6)	(1.1)	(1.0)	(0.7)	-	-	-		
EBITDA	23.3	24.3	32.8	29.8	35.7	49.4	59.4	70.2	11.3%	25.3%
Depreciation & Provisions	(23.9)	(23.2)	(21.7)	(20.6)	(20.0)	(31.8)	(33.1)	(34.0)		
Capitalized Expense	6.3	7.5	7.7	6.3	7.2	8.9	9.1	9.4		
Rentals (IFRS 16 impact)	-	-	(7.9)	(8.1)	(12.1)	(12.1)	(12.1)	(12.1)		
EBIT	5.7	8.7	10.9	7.5	10.8	14.5	23.4	33.5	17.3%	45.8%
<i>EBIT growth</i>	475.1%	51.4%	25.9%	-30.8%	43.6%	33.5%	61.7%	43.5%		
<i>EBIT/Revenues</i>	4.9%	6.5%	7.6%	5.6%	6.4%	6.7%	9.6%	12.4%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(12.6)	(10.2)	(13.0)	(7.0)	(7.5)	(8.6)	(9.1)	(8.9)		
Income by the Equity Method	-	-	0.7	0.3	0.2	0.2	0.2	0.2		
Ordinary Profit	(6.9)	(1.6)	(1.4)	0.8	3.5	6.1	14.4	24.8	25.8%	91.7%
<i>Ordinary Profit Growth</i>	29.3%	77.1%	12.7%	161.2%	316.4%	72.4%	138.1%	71.5%		
Extraordinary Results	-	-	44.9	-	-	-	-	-		
Profit Before Tax	(6.9)	(1.6)	43.5	0.8	3.5	6.1	14.4	24.8	25.8%	91.7%
Tax Expense	(0.9)	(2.4)	(3.5)	0.3	(0.8)	(1.5)	(3.6)	(6.2)		
<i>Effective Tax Rate</i>	n.a.	n.a.	8.0%	n.a.	23.4%	25.0%	25.0%	25.0%		
Minority Interests	0.0	(0.1)	(0.0)	(0.0)	(0.1)	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	(7.7)	(4.0)	40.0	1.1	2.6	4.6	10.8	18.6	23.7%	91.9%
<i>Net Profit growth</i>	30.5%	47.9%	n.a.	-97.1%	130.4%	73.0%	138.1%	71.5%		
Ordinary Net Profit	(5.4)	0.9	(0.3)	1.9	3.2	4.6	10.8	18.6	26.8%	80.5%
<i>Ordinary Net Profit growth</i>	-9.4%	117.3%	-128.6%	795.1%	70.3%	44.0%	138.1%	71.5%		
CAGR										
Cash Flow (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	17-21	21-24e
Recurrent EBITDA						49.4	59.4	70.2	10.1%	24.5%
Rentals (IFRS 16 impact)						(12.1)	(12.1)	(12.1)		
Working Capital Increase						(13.5)	(5.2)	(4.7)		
Recurrent Operating Cash Flow						23.9	42.1	53.5	-1.0%	29.5%
CAPEX						(30.2)	(30.4)	(30.3)		
Net Financial Result affecting the Cash Flow						(8.6)	(9.1)	(8.9)		
Tax Expense						(1.5)	(3.6)	(6.2)		
Recurrent Free Cash Flow						(16.4)	(1.0)	8.1	-53.8%	38.9%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						(4.1)	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(20.5)	(1.0)	8.1	-69.7%	33.5%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						20.5	1.0	(8.1)		

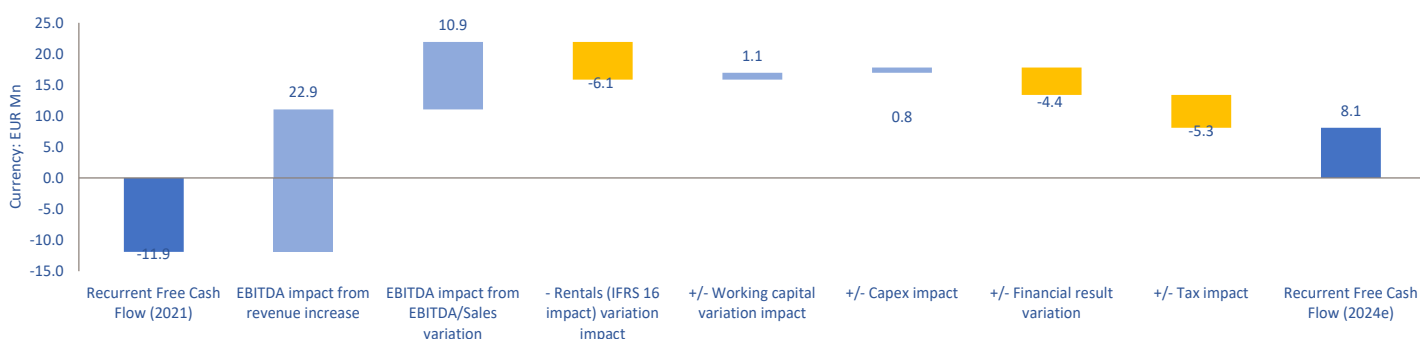
Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
								18-21	21-24e
Recurrent EBITDA	27.0	33.9	30.9	36.4	49.4	59.4	70.2	10.6%	24.5%
<i>Recurrent EBITDA growth</i>	8.9%	25.7%	-9.0%	18.0%	35.7%	20.2%	18.2%		
<i>Rec. EBITDA/Revenues</i>	20.4%	23.7%	23.0%	21.5%	22.9%	24.4%	26.0%		
- Rentals (IFRS 16 impact)	-	(5.1)	(4.7)	(6.0)	(12.1)	(12.1)	(12.1)		
+/- Working Capital increase	4.6	(4.4)	0.2	(5.8)	(13.5)	(5.2)	(4.7)		
= Recurrent Operating Cash Flow	31.5	24.4	26.3	24.6	23.9	42.1	53.5	-7.9%	29.5%
<i>Rec. Operating Cash Flow growth</i>	22.7%	-22.5%	7.8%	-6.5%	-3.0%	76.3%	27.0%		
<i>Rec. Operating Cash Flow / Sales</i>	23.8%	17.1%	19.6%	14.6%	11.1%	17.3%	19.8%		
- CAPEX	(24.8)	(21.8)	(22.4)	(31.1)	(30.2)	(30.4)	(30.3)		
- Net Financial Result affecting Cash Flow	(4.4)	(5.5)	(6.7)	(4.5)	(8.6)	(9.1)	(8.9)		
- Taxes	(1.2)	(1.5)	(0.7)	(0.9)	(1.5)	(3.6)	(6.2)		
= Recurrent Free Cash Flow	1.0	(4.3)	(3.4)	(11.9)	(16.4)	(1.0)	8.1	n.a.	38.9%
<i>Rec. Free Cash Flow growth</i>	148.1%	-519.7%	20.3%	-247.8%	-37.6%	93.7%	890.6%		
<i>Rec. Free Cash Flow / Revenues</i>	0.8%	n.a.	n.a.	n.a.	n.a.	n.a.	3.0%		
- Restructuring expenses & others	(2.6)	(1.1)	(1.0)	(0.7)	-	-	-		
- Acquisitions / + Divestments	6.0	4.2	(5.6)	(8.7)	(4.1)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	(1.5)	52.0	-	-	-	-	-		
= Free Cash Flow	2.9	50.8	(10.1)	(21.3)	(20.5)	(1.0)	8.1	n.a.	33.5%
<i>Free Cash Flow growth</i>	-14.2%	n.a.	-119.9%	-110.9%	4.0%	95.0%	890.6%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	0.9%	n.a.	n.a.	n.a.	n.a.	n.a.	7.1%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	2.6%	44.8%	n.a.	n.a.	n.a.	n.a.	7.1%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	(2.1)	1.0	(4.3)	(3.4)	(11.9)	(16.4)	(1.0)		
EBITDA impact from revenue increase	3.2	2.2	(2.1)	8.1	10.0	6.4	6.6		
EBITDA impact from EBITDA/Sales variation	(1.0)	4.7	(0.9)	(2.5)	3.0	3.6	4.3		
= Recurrent EBITDA variation	2.2	6.9	(3.0)	5.6	13.0	10.0	10.8		
- Rentals (IFRS 16 impact) variation impact	-	(5.1)	0.3	(1.3)	(6.1)	-	-		
+/- Working capital variation impact	3.6	(8.9)	4.6	(6.0)	(7.7)	8.3	0.5		
= Recurrent Operating Cash Flow variation	5.8	(7.1)	1.9	(1.7)	(0.8)	18.2	11.4		
+/- CAPEX impact	(1.9)	3.1	(0.7)	(8.7)	0.9	(0.2)	0.2		
+/- Financial result variation	0.0	(1.1)	(1.2)	2.1	(4.0)	(0.5)	0.2		
+/- Tax impact	(0.8)	(0.2)	0.8	(0.2)	(0.6)	(2.1)	(2.6)		
= Recurrent Free Cash Flow variation	3.1	(5.3)	0.9	(8.5)	(4.5)	15.4	9.1		
Recurrent Free Cash Flow	1.0	(4.3)	(3.4)	(11.9)	(16.4)	(1.0)	8.1		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	8.7	10.9	7.5	10.8	14.5	23.4	33.5	7.8%	45.8%
* <i>Theoretical Tax rate</i>	0.0%	0.0%	0.0%	23.4%	25.0%	25.0%	25.0%		
= Taxes (pre- Net Financial Result)	-	-	-	(2.5)	(3.6)	(5.8)	(8.4)		
Recurrent EBITDA	27.0	33.9	30.9	36.4	49.4	59.4	70.2	10.6%	24.5%
- Rentals (IFRS 16 impact)	-	(5.1)	(4.7)	(6.0)	(12.1)	(12.1)	(12.1)		
+/- Working Capital increase	4.6	(4.4)	0.2	(5.8)	(13.5)	(5.2)	(4.7)		
= Recurrent Operating Cash Flow	31.5	24.4	26.3	24.6	23.9	42.1	53.5	-7.9%	29.5%
- CAPEX	(24.8)	(21.8)	(22.4)	(31.1)	(30.2)	(30.4)	(30.3)		
- Taxes (pre- Financial Result)	-	-	-	(2.5)	(3.6)	(5.8)	(8.4)		
= Recurrent Free Cash Flow (To the Firm)	6.7	2.7	3.9	(9.0)	(9.9)	5.9	14.9	-49.6%	54.0%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	139.8%	-60.2%	47.4%	-329.8%	-10.2%	159.2%	153.4%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	5.0%	1.9%	2.9%	n.a.	n.a.	2.4%	5.5%		
- Acquisitions / + Divestments	6.0	4.2	(5.6)	(8.7)	(4.1)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	(1.5)	52.0	-	-	-	-	-		
= Free Cash Flow "To the Firm"	11.2	58.9	(1.7)	(17.7)	(14.0)	5.9	14.9	-53.1%	41.6%
<i>Free Cash Flow (To the Firm) growth</i>	14.0%	428.2%	-102.9%	-918.6%	21.0%	142.0%	153.4%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	2.2%	0.9%	1.3%	n.a.	n.a.	1.9%	4.9%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	3.7%	19.3%	n.a.	n.a.	n.a.	1.9%	4.9%		

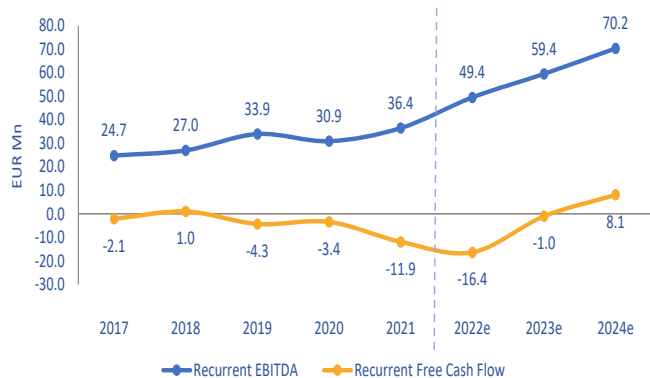
Recurrent Free Cash Flow accumulated variation analysis (2017 - 2021)



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	113.5	
+ Minority Interests	1.5	6m Results 2022
+ Provisions & Other L/T Liabilities	16.7	6m Results 2022
+ Net financial debt	179.3	6m Results 2022
- Financial Investments	6.0	6m Results 2022
+/- Others		
Enterprise Value (EV)	305.1	

Appendix 4. Historical performance ⁽¹⁾

Historical performance (EUR Mn)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
															11-21	21-24e
Total Revenues	139.6	120.8	103.9	105.1	105.2	105.3	117.2	132.2	143.1	134.1	169.1	215.6	243.4	270.3	1.9%	16.9%
Total Revenues growth	-30.5%	-13.5%	-14.0%	1.2%	0.0%	0.1%	11.4%	12.8%	8.2%	-6.3%	26.1%	27.5%	12.9%	11.0%		
EBITDA	10.9	5.0	4.8	6.1	14.1	14.2	23.3	24.3	32.8	29.8	35.7	49.4	59.4	70.2	12.6%	25.3%
EBITDA growth	-44.4%	-54.6%	-4.1%	27.6%	133.2%	0.5%	63.6%	4.7%	34.5%	-8.9%	19.8%	38.3%	20.2%	18.2%		
EBITDA/Sales	7.8%	4.1%	4.6%	5.8%	13.4%	13.5%	19.8%	18.4%	22.9%	22.2%	21.1%	22.9%	24.4%	26.0%		
Net Profit	(61.3)	(17.1)	(28.3)	(5.8)	(11.1)	(11.1)	(7.7)	(4.0)	40.0	1.1	2.6	4.6	10.8	18.6	7.4%	91.9%
Net Profit growth	52.1%	72.2%	-65.7%	79.4%	-91.5%	0.0%	30.5%	47.9%	n.a.	-97.1%	130.4%	73.0%	138.1%	71.5%		
Adjusted number shares (Mn)	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	94.6		
EPS (EUR)	-10.45	-2.91	-4.82	-0.90	-0.46	-0.26	-0.18	-0.09	1.11	0.02	0.03	0.05	0.11	0.20	7.2%	91.9%
EPS growth	53.9%	72.2%	-65.7%	81.3%	49.4%	43.6%	30.7%	47.9%	n.a.	-98.4%	61.2%	73.0%	n.a.	71.5%		
Ord. EPS (EUR)	-10.45	-2.91	-4.82	-0.90	-0.46	-0.11	-0.12	0.02	-0.01	0.03	0.03	0.05	0.11	0.20	7.2%	80.5%
Ord. EPS growth	53.9%	72.2%	-65.7%	81.3%	49.4%	75.0%	-9.1%	n.a.	n.a.	n.a.	19.1%	44.0%	n.a.	71.5%		
CAPEX	(0.7)	(0.3)	(0.3)	(23.7)	(31.3)	(31.3)	(22.9)	(24.8)	(21.8)	(22.4)	(31.1)	(30.2)	(30.4)	(30.3)		
CAPEX/Sales %	0.5%	0.2%	0.2%	22.6%	29.8%	29.7%	19.5%	18.8%	15.2%	16.7%	18.4%	14.0%	12.5%	11.2%		
Free Cash Flow	42.0	38.4	16.5	(2.6)	(14.2)	(7.8)	3.4	2.9	50.8	(10.1)	(21.3)	(20.5)	(1.0)	8.1	-9.6%	33.5%
ND/EBITDA (x) ⁽²⁾	32.5x	n.a.	n.a.	27.1x	12.3x	12.8x	7.7x	7.7x	3.7x	3.6x	4.1x	3.4x	2.8x	2.3x		
P/E (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	66.1x	53.8x	24.9x	10.5x	6.1x		
EV/Sales (x)	2.67x	2.52x	2.83x	1.68x	2.41x	2.64x	1.99x	1.74x	1.59x	1.69x	1.87x	1.42x	1.25x	1.13x		
EV/EBITDA (x) ⁽²⁾	34.1x	n.a.	n.a.	29.2x	18.0x	19.5x	10.1x	9.5x	6.9x	7.6x	8.8x	6.2x	5.1x	4.3x		
Absolute performance	-74.8%	5.3%	80.0%	-70.8%	14.3%	16.7%	-41.1%	-22.4%	56.3%	-25.5%	31.1%	-19.7%				
Relative performance vs Ibx 35	-71.0%	10.4%	48.2%	-71.9%	23.1%	19.1%	-45.1%	-8.8%	39.8%	-11.9%	21.5%	-14.3%				

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

Appendix 5. Main peers 2022e

		Europe					USA				GALQ	
EUR Mn		Ashtead Group	VP	Speedy Hire	HSS Hire Group	Average	United Rentals	Herc Rentals	H&E Equipment S.	Average	GALQ	GALQ-ES
Market data	Ticker (Factset)	AHT-GB	VP-GB	SDY-GB	HSS-GB		URI-US	HRI-US	HEES-US			
	Country	UK	UK	UK	UK		USA	USA	USA			Spain
	Market cap	24,049.2	409.5	273.6	118.3		21,877.3	3,543.8	1,228.4			113.5
	Enterprise value (EV)	30,748.8	627.6	444.6	239.8		32,048.2	6,587.5	2,351.5			305.1
Basic financial information	Total Revenues	9,489.6	442.9	519.6	401.3		11,305.9	2,599.5	1,161.3			215.6
	Total Revenues growth	8.3%	6.4%	4.9%	5.0%	6.2%	18.8%	28.0%	11.6%	19.5%	27.5%	
	2y CAGR (2022e - 2024e)	6.1%	3.1%	2.7%	8.5%	5.1%	5.9%	12.3%	8.3%	8.8%	12.0%	
	EBITDA	4,426.1	120.2	131.2	89.6		5,344.0	1,175.2	474.3			49.4
	EBITDA growth	9.2%	0.0%	4.2%	4.2%	4.4%	27.9%	38.5%	21.9%	29.4%	38.3%	
	2y CAGR (2022e - 2024e)	n.a.	5.3%	n.a.	6.1%	5.7%	6.3%	12.2%	8.3%	8.9%	19.2%	
	EBITDA/Revenues	46.6%	27.1%	25.3%	22.3%	30.3%	47.3%	45.2%	40.8%	44.4%	22.9%	
	EBIT	2,542.5	56.9	57.8	38.8		3,107.9	549.0	190.8			14.5
	EBIT growth	9.9%	33.5%	7.1%	8.1%	14.7%	38.2%	48.4%	55.6%	47.4%	33.5%	
	2y CAGR (2022e - 2024e)	13.8%	5.1%	22.4%	10.1%	12.8%	7.2%	16.2%	13.3%	12.2%	52.3%	
	EBIT/Revenues	26.8%	12.9%	11.1%	9.7%	15.1%	27.5%	21.1%	16.4%	21.7%	6.7%	
	Net Profit	1,721.2	38.0	32.7	21.3		2,063.4	343.5	102.6			4.6
	Net Profit growth	11.0%	25.4%	1.5%	5.6%	10.9%	52.0%	56.5%	73.0%	60.5%	73.0%	
	2y CAGR (2022e - 2024e)	13.2%	4.5%	5.8%	15.1%	9.7%	6.6%	13.7%	16.7%	12.3%	n.a.	
CAPEX/Sales %	22.2%	18.7%	12.3%	8.9%	15.5%	24.2%	44.2%	23.1%	30.5%	14.0%		
Free Cash Flow	1,200.3	26.1	30.5	6.7		1,708.5	(154.3)	(139.4)			(20.5)	
Net financial debt	6,776.9	145.9	105.7	125.6		9,046.4	2,677.1	1,210.8			168.0	
ND/EBITDA (x)	1.5	1.2	0.8	1.4	1.2	1.7	2.3	2.6	2.2	3.4		
Pay-out	24.2%	46.1%	51.2%	9.7%	32.8%	0.0%	14.6%	38.7%	17.7%	0.0%		
Multiples and Ratios	P/E (x)	13.9	10.5	8.3	5.8	9.6	10.2	10.4	12.1	10.9	24.9	
	P/BV (x)	3.7	n.a.	1.0	n.a.	2.4	3.2	n.a.	3.3	3.3	1.3	
	EV/Revenues (x)	3.2	1.4	0.9	0.6	1.5	2.8	2.5	2.0	2.5	1.4	
	EV/EBITDA (x)	6.9	5.2	3.4	2.7	4.6	6.0	5.6	5.0	5.5	6.2	
	EV/EBIT (x)	12.1	11.0	7.7	6.2	9.2	10.3	12.0	12.3	11.5	21.1	
	ROE	26.9	1,823.6	11.9	n.a.	620.8	31.4	n.a.	27.7	29.5	5.2	
	FCF Yield (%)	5.0	6.4	11.2	5.7	7.0	7.8	n.a.	n.a.	7.8	n.a.	
	DPS	0.93	0.44	0.03	0.00	0.35	0.00	1.69	1.09	0.93	0.00	
Dvd Yield	1.7%	4.3%	5.8%	1.8%	3.4%	0.0%	1.4%	3.2%	1.5%	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
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

