

EQUITY - SPAIN

Sector: Trading Companies & Distributors

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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%).

GALQ 1H21: Results in line. The business continues to gain traction

Market Data

Market Cap (Mn EUR and USD)	140.0	166.2
EV (Mn EUR and USD) ⁽²⁾	247.7	294.1
Shares Outstanding (Mn)	94.6	
-12m (Max/Med/Min EUR)	1.72 / 1.28 / 0.83	
Daily Avg volume (-12m Mn EUR)	0.08	
Rotation ⁽³⁾	14.0	
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⁾	-9.1	19.9	15.3	9.1
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⁾

P/E	85.8	21.2	11.3	9.5
Ord. P/E	52.8	21.2	11.3	9.5
P/BV	1.7	1.6	1.4	1.2
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	1.85	1.53	1.41	1.32
EV/Rec. EBITDA	8.0	6.8	5.7	5.3
EV/EBIT	32.8	17.3	11.2	10.0
FCF Yield (%) ⁽⁶⁾	n.a.	n.a.	2.6	3.5

REVENUE GROWTH HAS ACCELERATED (EUR 77.5MN; +30.5% VS 1H20)... GALQ has maintained the growth trend seen in 1Q21, generating revenue of EUR 77.5Mn in 1H21 (+30.5% vs 1H20). And, perhaps most importantly, +8% vs 1H19 (pre-pandemic activity levels). The long-term business grew 29% (18% of total revenue) and the no-Capex businesses (distribution, trading, maintenance, education...) saw turnover double to c. 39% of total revenue.

... ESPECIALLY IN 2Q21. After a 1Q21 that continued to be impacted by the restrictions on economic activity and the bad weather, 2Q saw a clear acceleration in the rate of growth (2Q21 revenue: EUR 40.9Mn; +12% vs 1Q21) and an improvement in margins (EBITDA 2Q21: c. +50% vs EBITDA 1Q21) that should shape the performance of the business in 2H21.

MAINTAINING MARGINS, DESPITE THE CONTEXT (REC. EBITDA MARGIN 19%; -0.4P.P. VS 1H20). Although the increased contribution to the revenue mix of the long-term and no-Capex businesses to 57% (vs 44% -1y; with smaller margins than the traditional rental business) has reduced the gross margin < 65% (vs 70.6% in 1H20), GALQ has been able to maintain Rec. EBITDA margins resulting in Rec. EBITDA of EUR 14.7Mn (Rec. EBITDA margin of 19%; +28% vs 1H20).

AND WITH STABLE DEBT, THAT WILL ALLOW GALQ TO CONTINUE TO EXPLOIT OPPORTUNITIES FOR GROWTH. GALQ closed the 1H21 with total net debt of EUR 109.3Mn (-5% vs. 1H20; 2021e ND/EBITDA c. 3x). This is an objectively favourable position from which to take advantage of any opportunities for growth through M&A (the acquisitions of Recamasa, Alquitro, SIM and Ascendum for a total amount of EUR 10.6Mn in July being an example).

RESULTS IN LINE. We essentially maintain our numbers unchanged, although we slightly downgrade our estimate for 2021e EBITDA due to the smaller gross margin in 1H21. This translates to 2021e Recurrent EBITDA of EUR 36.5Mn (-4.6% vs initial estimate), putting the 2021e EV/EBITDA at c. 7x, a multiple that decreases to c. 5x in 2023e.

Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-3.9	-3.9	57.5	29.8	-20.7	-7.9
vs Ibxex 35	-2.3	-2.4	27.0	20.8	-9.9	-8.8
vs Ibxex Small Cap Index	0.2	-2.9	12.4	24.4	-29.6	-49.9
vs Eurostoxx 50	-4.5	-6.6	23.5	12.8	-31.9	-32.6
vs Sector benchmark ⁽⁵⁾	-7.2	-10.8	8.3	7.0	-44.4	-51.6

(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) 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.

6m Results 2021

Table 1. 1H21 Results

EUR Mn	6m21 Real	6m20	6m21 Real vs 6m20	2021e	2021e vs 2020
Short-term	33	33	0.0%	62.5	1.6%
Long term	14.1	10.9	29.4%	33.5	14.0%
Without Capex	30.4	15.3	98.7%	60.3	41.0%
Total Revenues	77.5	59.2	30.9%	161.6	20.5%
EBITDA¹	14.7	11.5	27.8%	36.5	22.4%
<i>EBITDA/Revenues</i>	<i>19.0%</i>	<i>19.4%</i>	<i>-0.5 p.p.</i>	<i>22.6%</i>	<i>-0.3 p.p.</i>
Beneficio neto	-0.8	-4.0	80.0%	6.6	256.6%
Net Debt²	109.3	114.7	-4.7%	119.9	10.3%

Note 1: 6m21 and 6m20 Rec. EBITDA adjusted for capitalised expenses (EUR 3.2Mn and EUR 3.0Mn, respectively). 2021e EBITDA excludes EUR 6.2Mn in capitalised expenses

Note 2: 6m21 net debt excludes liabilities for leasing according to IFRS 16 (EUR 17.9Mn).

Table 2. Review of estimates

EUR Mn	2021e (New)	Review (%)	2022e (New)	Review (%)	2023e (New)	Review (%)
Total Revenues	161.6	3.6%	176.1	3.6%	187.1	4.0%
Recurrent EBITDA	36.5	-4.6%	43.8	-1.5%	46.8	-2.0%
<i>Recurrent EBITDA growth</i>	<i>18.3%</i>	<i>-6 p.p.</i>	<i>20.0%</i>	<i>4 p.p.</i>	<i>6.9%</i>	<i>0 p.p.</i>
<i>Rec. EBITDA/Revenues</i>	<i>22.6%</i>	<i>-2 p.p.</i>	<i>24.9%</i>	<i>-1 p.p.</i>	<i>25.0%</i>	<i>-2 p.p.</i>
EBIT	14.3	-17.1%	22.1	-4.4%	24.9	-4.3%
Net Profit	6.6	-26.9%	12.4	-9.0%	14.8	-8.4%
Recurrent Free Cash Flow	-4.0	-136.6%	3.6	-29.7%	4.9	-28.6%
<i>ND / EBITDA</i>	<i>3.3 x</i>	<i>0.5 x</i>	<i>2.6 x</i>	<i>0.4 x</i>	<i>2.2 x</i>	<i>0.4 x</i>

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	n.a.		
Market Cap	140.0	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)	0.3%	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	11.1%	Ke = Rf + (R * B)			9.6%	12.6%
Equity / (Equity + Net Debt)	56.2%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	43.8%	D			=	=
WACC	7.4%	WACC = Kd * D + Ke * E			6.5%	8.4%
G "Fair"	2.0%				2.0%	1.5%

(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 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	28,656.4	28.9	19.4%	11.8	11.2%	5.5	9.9%	46.7%	2.7%	-2.4%
Aggreko	AGK-GB	2,609.5	19.2	6.4%	5.1	2.4%	1.6	-0.4%	31.9%	n.a.	n.a.
VP	VP-GB	470.3	14.0	11.2%	5.8	3.5%	1.6	4.6%	28.4%	2.5%	51.7%
Speedy Hire	SDY-GB	419.0	15.4	11.8%	4.6	5.3%	1.2	4.0%	26.2%	4.6%	30.0%
HSS Hire Group	HSS-GB	156.4	20.2	34.3%	4.1	5.3%	1.0	3.4%	25.1%	n.a.	n.a.
Europe			19.5	16.6%	6.3	5.5%	2.2	4.3%	31.6%	3.2%	26.4%
United Rentals	URI-US	19,641.5	15.3	16.1%	7.7	7.6%	3.5	5.9%	45.5%	6.7%	3.2%
Herc Rentals	HRI-US	3,088.2	18.1	21.8%	6.6	11.3%	2.8	9.3%	41.9%	1.9%	73.2%
H&E Equipment S.	HEES-US	1,035.9	21.0	38.2%	5.9	6.8%	1.9	6.4%	32.1%	n.a.	n.a.
USA			18.1	25.4%	6.7	8.6%	2.7	7.2%	39.8%	4.3%	38.2%
GALQ	GALQ-ES	140.0	21.2	49.3%	6.8	13.3%	1.5	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	5.1x
Central	24.9%	43.8	5.7x
Min	22.4%	39.4	6.3x

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

Rec. FCF EUR Mn	CAPEX/Sales 22e				Scenario			
EBITDA 22e	10.8%	12.0%	13.2%		Rec. FCF/Yield 22e			
48.2	10.1	8.0	5.9		Max	7.2%	5.7%	4.2%
43.8	5.7	3.6	1.5		Central	4.1%	2.6%	1.1%
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)		

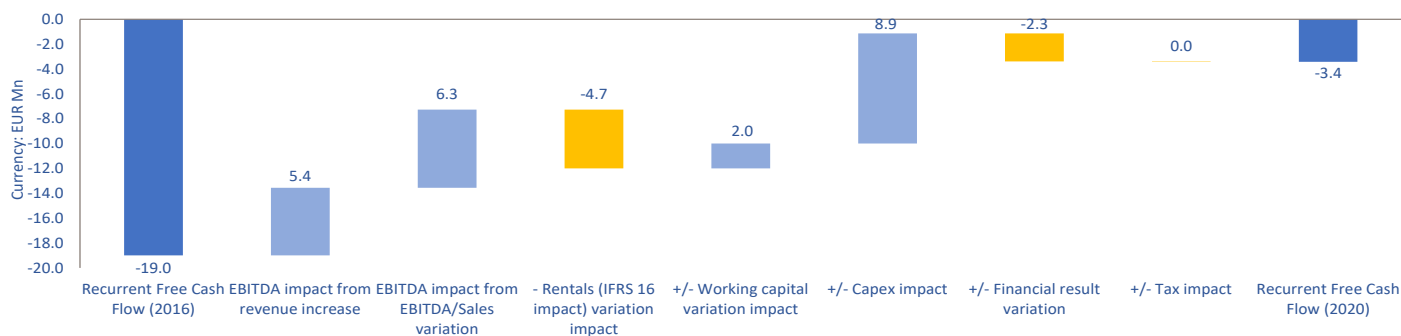
Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 9.7Mn higher due to IFRS 16.

Appendix 2. Free Cash Flow⁽¹⁾

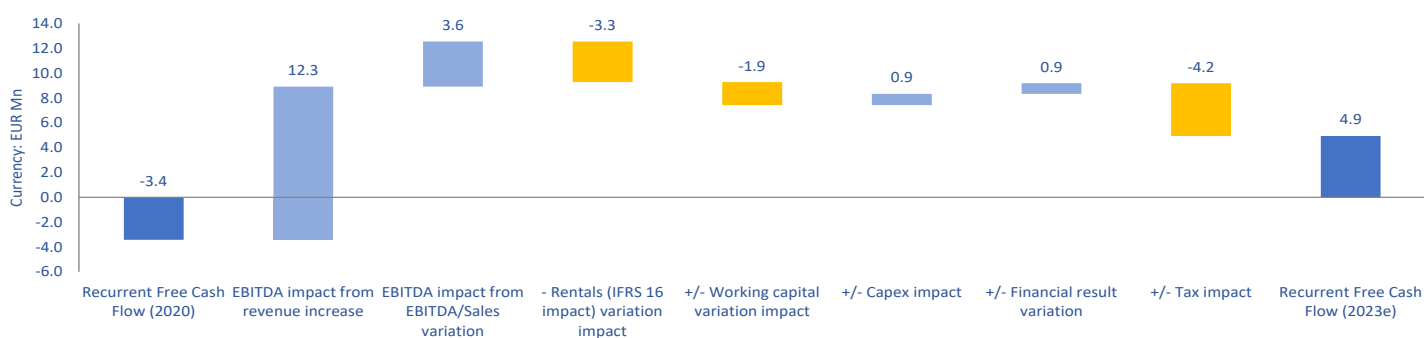
A) Cash Flow Analysis (EUR Mn)	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
								17-20	20-23e
Recurrent EBITDA	24.7	27.0	33.9	30.9	36.5	43.8	46.8	7.6%	14.9%
<i>Recurrent EBITDA growth</i>	29.4%	8.9%	25.7%	-9.0%	18.3%	20.0%	6.9%		
<i>Rec. EBITDA/Revenues</i>	21.1%	20.4%	23.7%	23.0%	22.6%	24.9%	25.0%		
- 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.	2.6%	3.5%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	2.4%	2.1%	36.3%	n.a.	n.a.	5.4%	6.3%		
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%	2.7%	1.1%	1.6%	0.3%	3.4%	3.8%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	3.9%	4.5%	23.8%	n.a.	n.a.	5.0%	5.4%		

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

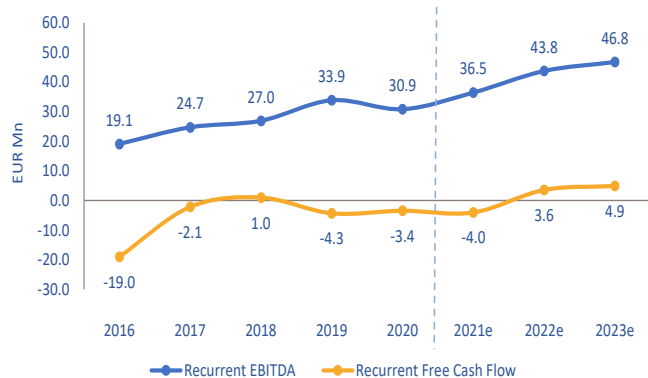
Recurrent Free Cash Flow accumulated variation analysis (2016 - 2020)



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	140.0	
+ 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)	247.7	

Appendix 4. Historical performance (1)(2)

Historical performance (EUR Mn)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e	10-20	20-23e	CAGR
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	21.2x	11.3x	9.5x			
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	1.53x	1.41x	1.32x			
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	6.8x	5.7x	5.3x			
Absolute performance	-66.2%	-74.8%	5.3%	80.0%	-70.8%	14.3%	16.7%	-41.1%	-22.4%	56.3%	-25.5%	29.8%	5.3%				
Relative performance vs Ibx 35	-59.1%	-71.0%	10.4%	48.2%	-71.9%	23.1%	19.1%	-45.1%	-8.8%	39.8%	-11.9%	20.8%					

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

	EUR Mn	Europe					Average	USA			Average	GALQ
		Ashtead Group	Aggreko	VP	Speedy Hire	HSS Hire Group		United Rentals	Herc Rentals	H&E Equipment S.		
Market data	Ticker (Factset)	AHT-GB	AGK-GB	VP-GB	SDY-GB	HSS-GB		URI-US	HRI-US	HEES-US		GALQ-ES
	Country	UK	UK	UK	UK	UK		USA	USA	USA		Spain
	Market cap	28,656.4	2,609.5	470.3	419.0	156.4		19,641.5	3,088.2	1,035.9		140.0
	Enterprise value (EV)	33,583.9	3,056.4	680.6	535.4	375.3		27,651.2	4,714.8	1,959.8		247.7
Basic financial information	Total Revenues	6,121.1	1,893.9	415.3	442.9	362.9		7,940.6	1,711.7	1,031.1		161.6
	Total Revenues growth	3.5%	18.0%	14.7%	13.3%	14.3%	12.8%	10.6%	14.2%	4.8%	9.9%	20.5%
	2y CAGR (2021e - 2023e)	9.9%	-0.4%	4.6%	4.0%	3.4%	4.3%	5.9%	9.3%	6.4%	7.2%	7.6%
	EBITDA	2,856.9	603.3	117.9	115.9	91.1		3,612.2	717.7	330.8		36.5
	EBITDA growth	5.6%	15.8%	8.5%	12.2%	9.4%	10.3%	12.8%	26.7%	-0.1%	13.2%	22.4%
	2y CAGR (2021e - 2023e)	11.2%	2.4%	3.5%	5.3%	5.3%	5.5%	7.6%	11.3%	6.8%	8.6%	13.3%
	EBITDA/Revenues	46.7%	31.9%	28.4%	26.2%	25.1%	31.6%	45.5%	41.9%	32.1%	39.8%	22.6%
	EBIT	1,521.9	254.2	51.1	47.5	36.9		1,932.8	302.5	109.6		14.3
	EBIT growth	13.1%	75.7%	86.2%	71.9%	50.2%	59.4%	24.0%	73.9%	15.0%	37.6%	89.7%
	2y CAGR (2021e - 2023e)	15.0%	5.3%	8.9%	12.0%	10.2%	10.3%	12.8%	19.1%	24.5%	18.8%	31.9%
	EBIT/Revenues	24.9%	13.4%	12.3%	10.7%	10.2%	14.3%	24.3%	17.7%	10.6%	17.5%	8.9%
	Net Profit	1,007.9	137.2	34.8	27.0	8.2		1,180.5	178.3	49.4		6.6
	Net Profit growth	22.9%	205.1%	742.7%	277.0%	129.5%	275.4%	57.6%	187.4%	279.8%	174.9%	479.5%
2y CAGR (2021e - 2023e)	17.1%	9.2%	8.9%	9.2%	33.3%	15.6%	17.1%	24.6%	37.3%	26.3%	49.3%	
CAPEX/Sales %	25.8%	16.6%	16.4%	14.5%	10.4%	16.7%	23.4%	23.4%	19.5%	22.1%	13.0%	
Free Cash Flow	769.7	(10.2)	11.8	19.1	(0.1)		1,306.3	58.3	n.a.		(11.2)	
Net financial debt	4,464.4	469.4	166.8	78.1	218.8		7,671.0	1,445.6	1,191.9		119.9	
ND/EBITDA (x)	1.6	0.8	1.4	0.7	2.4	1.4	2.1	2.0	3.6	2.6	3.3	
Pay-out	24.6%	50.6%	42.6%	43.9%	0.0%	32.3%	0.0%	0.0%	69.1%	23.0%	0.0%	
Multiples and Ratios	P/E (x)	28.9	19.2	14.0	15.4	20.2	19.5	15.3	18.1	21.0	18.1	21.2
	P/BV (x)	7.8	1.7	2.6	1.6	n.a.	3.4	4.0	n.a.	5.2	4.6	1.6
	EV/Revenues (x)	5.5	1.6	1.6	1.2	1.0	2.2	3.5	2.8	1.9	2.7	1.5
	EV/EBITDA (x)	11.8	5.1	5.8	4.6	4.1	6.3	7.7	6.6	5.9	6.7	6.8
	EV/EBIT (x)	22.1	12.0	13.3	11.3	10.2	13.8	14.3	15.6	17.9	15.9	17.3
	ROE	27.0	8.8	18.8	10.2	n.a.	16.2	26.5	n.a.	24.6	25.6	7.8
	FCF Yield (%)	2.7	n.a.	2.5	4.6	n.a.	3.2	6.7	1.9	n.a.	4.3	n.a.
	DPS	0.55	0.27	0.37	0.02	0.00	0.24	0.00	0.00	0.95	0.32	0.00
Dvd Yield	0.9%	2.7%	3.1%	2.8%	0.0%	1.9%	0.0%	0.0%	3.3%	1.1%	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
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

