

EQUITY - SPAIN

Sector: Transportation - Road & Rail

Closing price: EUR 10.00 (27 Oct 2023)

Report date: 30 Oct 2023 (13:00h)

6m Results 2023

Independent Equity Research

6m Results 2023

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We will maintain our estimates

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Alquiler (ALQ), specialises in the renting of vehicles for commercial and industrial use under the flexible renting model in Spain (where it generates 100% of its activity). With a fleet of c. 15,000 vehicles at the 1H22 close, ALQ has an important position in the sector (with 24 offices in Spain and a market share of c. 13%). The company is controlled by the Acebes family, that is fully involved in the management of the company

1H23 earnings: in line. Return to core business and double-digit EBITDA growth (+29%)

Market Data

Market Cap (Mn EUR and USD)	54.0	57.1
EV (Mn EUR and USD) ⁽²⁾	245.9	260.1
Shares Outstanding (Mn)	5.4	
-12m (Max/Med/Min EUR)	10.30 / 8.03 / 6.56	
Daily Avg volume (-12m Mn EUR)	0.01	
Rotation ⁽³⁾	6.9	
Factset / Bloomberg	ALQ-ES / ALQ SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Miguel Ángel Acebes Acebes	39.2
Mariánela Acebes Moreno	16.8
Miguel Acebes Moreno	16.8
Free Float	27.2

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	5.4	5.4	5.4	5.4
Total Revenues	100.4	118.1	131.7	152.9
Rec. EBITDA	56.9	66.5	76.3	87.0
% growth	39.7	17.0	14.7	13.9
% Rec. EBITDA/Rev.	56.7	56.3	57.9	56.9
% Inc. EBITDA sector ⁽⁴⁾	20.2	12.1	6.8	9.3
Net Profit	8.5	9.4	10.3	13.4
EPS (EUR)	1.58	1.74	1.90	2.49
% growth	86.5	10.0	9.7	30.7
Ord. EPS (EUR)	1.64	1.74	1.90	2.49
% growth	88.8	5.9	9.7	30.7
Rec. Free Cash Flow ⁽⁵⁾	-28.4	-23.2	-14.6	1.7
Pay-out (%)	20.0	0.0	0.0	0.0
DPS (EUR)	0.32	0.00	0.00	0.00
Net financial debt	155.5	181.5	196.1	194.4
ND/Rec. EBITDA (x)	2.7	2.7	2.6	2.2
ROE (%)	25.5	23.0	20.9	22.0
ROCE (%) ⁽⁵⁾	6.7	7.1	7.0	7.7

Ratios & Multiples (x) ⁽⁶⁾

	2022	2023e	2024e	2025e
P/E	6.3	5.8	5.3	4.0
Ord. P/E	6.1	5.8	5.3	4.0
P/BV	1.4	1.2	1.0	0.8
Dividend Yield (%)	3.2	0.0	0.0	0.0
EV/Sales	2.45	2.08	1.87	1.61
EV/Rec. EBITDA	4.3	3.7	3.2	2.8
EV/EBIT	15.6	12.8	11.4	9.7
FCF Yield (%) ⁽⁵⁾	n.a.	n.a.	n.a.	3.2

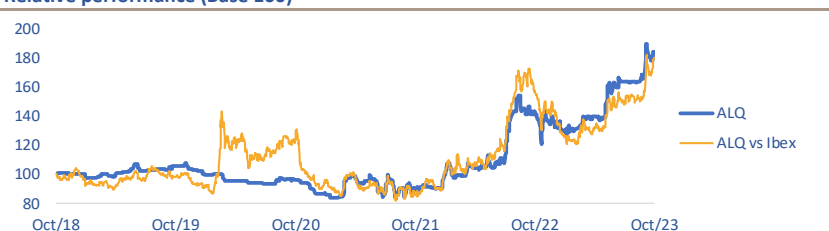
ALQ'S BUSINESS IS LOOKING STRONG (1H23 REVENUE: EUR 59.5Mn; +26.1%)... at a time of considerable uncertainty. ALQ's revenue continues to grow (+26.1% vs 1H22). Fleet growth (+19.8%), essential to meeting demand (inelastic and rising; occupancy rate 1H23: 90%) in flexible vehicle hire (core business: 86.7% of 1H23 revenue vs 82.4% 1H22) was the key revenue catalyst at ALQ this half. It offset the dip in the second-hand car sales business (-4.8% vs 1H22), hurt by a drop in sales prices compared to 1H22.

... WITH OPERATIONAL GEARING TRANSLATING INTO EVEN HIGHER EBITDA GROWTH. Margins widened for two reasons: i) the bigger share of revenue commanded by the core flexible hire business (+4.3pp vs 1H22); and ii) economies of scale. As a result, the EBITDA margin widened 1.5pp to 56.7% to leave recurring 1H23 EBITDA of EUR 33.7Mn (+29.4% vs 1H22), in line with our estimates, while defending an EBIT margin of 15.6%.

ALTHOUGH HIGHER INTEREST RATES ERODED THE BOTTOM LINE. The growth in finance costs (due to a higher debt balance and higher rates) undermined the growth in net profit, which came in at EUR 4.3Mn (vs EUR 4.1Mn in 1H22).

REASONABLE LEVERAGE DESPITE HIGH NET DEBT LEVELS (ND/EBITDA < 3X). The growth in the fleet (and drop in second-hand car sales prices) is mirrored in the trend in net debt 1H23 (EUR 181.7Mn; +28.5%). We think debt will end 2023e at reasonable levels (ND/EBITDA 23e: 2.7x).

A PROFITABLE GROWTH STORY AT ATTRACTIVE MULTIPLES. We are reiterating our estimates on the back of this set of earnings. Our baseline scenario calls for revenue of EUR 118Mn and EBITDA of EUR 66.5Mn this year. ALQ has posted a CAGR 2018-2022 of 24.5%, proving its ability to navigate challenging environments such as this, while defending profitability levels (EBITDA margin: c.55%). More compelling, however, is the profitability premium it commands relative to its closest competitor, Northgate: +30pp in terms of EBITDA margins. Year-to-date, ALQ's share price has gained +37.2% (+26.6% vs Ibx 35). Nevertheless, its current multiples (P/E 23e of 5.8x) remain slightly below those of its closest comparable (P/E 23e of 6.2x), despite forecast growth (CAGR 2023e-2025e) of 13.8% vs 5.2% at Northgate.

Relative performance (Base 100)


Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	9.3	12.4	28.7	37.2	92.3	84.7
vs Ibx 35	14.4	22.1	14.3	26.6	43.4	80.8
vs Ibx Small Cap Index	13.6	24.1	17.9	33.9	68.0	58.0
vs Eurostoxx 50	12.5	24.5	15.5	29.7	47.1	44.3
vs Sector benchmark ⁽⁴⁾	16.7	32.6	26.0	37.5	66.5	40.9

(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.

Report issued by IEAF Servicios de Análisis, S.L.U. Lighthouse is a project of IEAF Servicios de Análisis, S.L.U.

This report has been prepared on the basis of information available to the public. The report includes a financial analysis of the company covered. The report does not propose any personalised investment recommendation. Investors should consider the contents of this report as just another element in their investment decision-making process. The final two pages of this report contain very important legal information regarding its contents.

Alquiber (ALQ) is a BME Growth company

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

BME Growth is the Spanish equity market for companies of reduced capitalization which aim to grow, with a special set of regulations, designed specifically for them, and with costs and process tailored to their particular features. Operations in BME Growth (former MAB) started in July 2009. There are currently c. 140 companies listed on it. Companies listed on the MAB can choose to present their financial statements under IFRS or the General Accounting Plan (PGC) and Royal Decree 1159/2010 (NOFCAC).

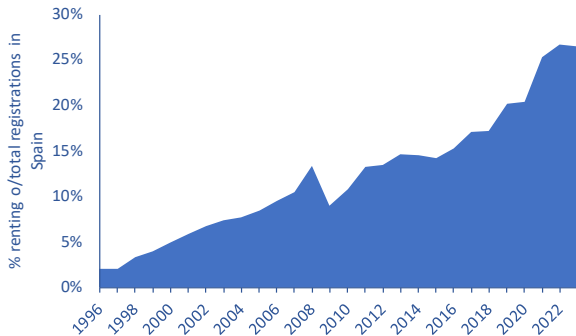
6m Results 2023
Table 1. 1H23 Results

EUR Mn	6m23	6m22	6m23 Real	2023e	2023e vs
	Real		vs 6m22		2022
Total Revenues	59.5	47.2	26.1%	118.1	17.7%
Renting	51.6	38.9	32.7%		
Used car revenue	7.9	8.3	-4.8%		
Recurrent EBITDA	33.7	26.0	29.4%	66.5	17.0%
<i>Rec. EBITDA/Revenues</i>	56.7%	55.2%	1.5 p.p.	56.3%	-0.3 p.p.
EBITDA	33.6	26.0	29.3%	66.5	17.9%
<i>EBITDA/Revenues</i>	56.6%	55.2%	1.4 p.p.	56.3%	0.1 p.p.
EBIT	9.3	7.4	25.6%	19.2	22.4%
PBT	5.6	5.4	3.3%	11.7	4.7%
NP	4.3	4.1	3.1%	9.4	10.0%
Ordinary NP	4.3	4.1	3.9%	9.4	5.9%
Recurrent Operating Cash Flow ¹	32.8	26.0	26.0%	64.5	
Capex	-57.1	-49.2	-16.0%	-89.3	
Net Debt	181.7	141.4	28.5%	181.5	
ND / EBITDA	n.a.	n.a.	n.a.	2.7 x	
Number of sales offices	23	23	0.0%		
Fleet (number of vehicles)	17,662	14,744	19.8%		
Average occupancy	90.2%	90.7%	-0.5 p.p.		

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

The company in 8 charts

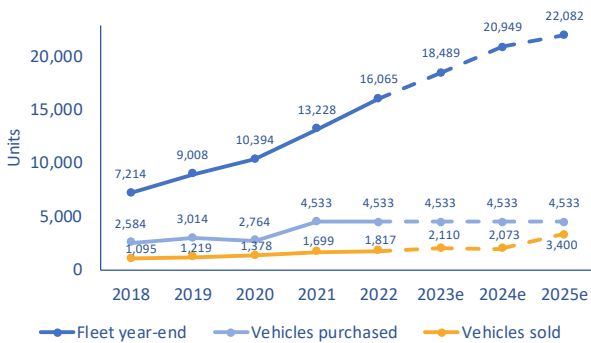
Vehicle renting: A growing sector in Spain...



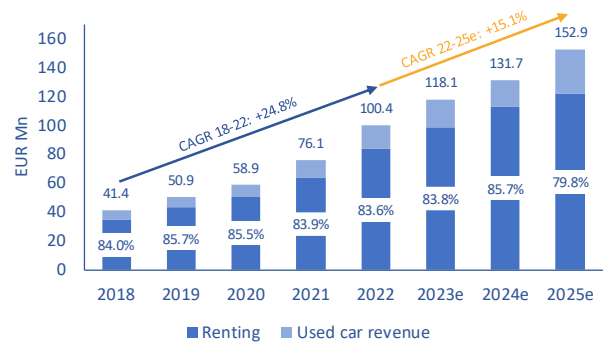
...in which ALQ has a significant presence (23 sales offices)



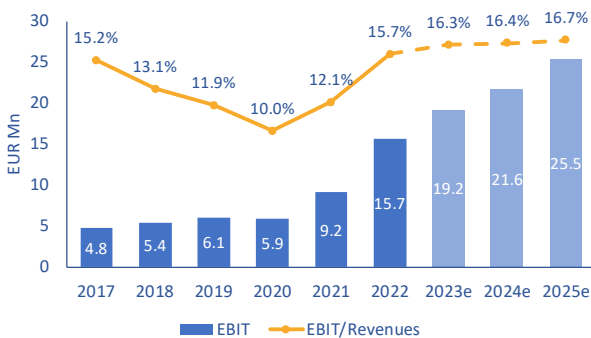
With a continuously growing fleet of vehicles (CAGR 22-25e: +11.2%)



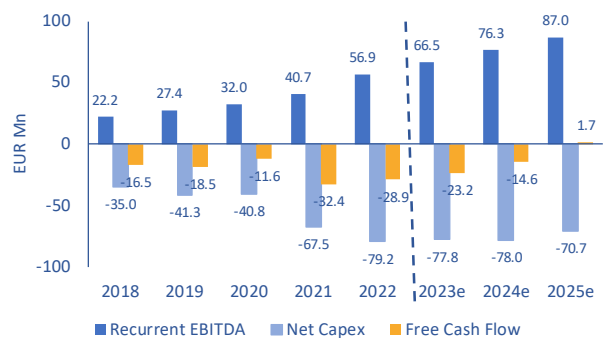
With a continuously growing fleet of vehicles (CAGR 22-25e: +15.1%)



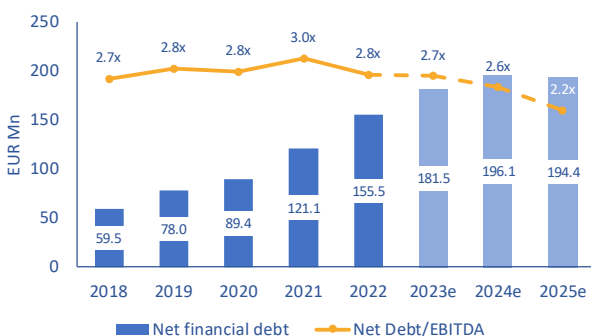
Maintaining an EBIT margin of c. 16%



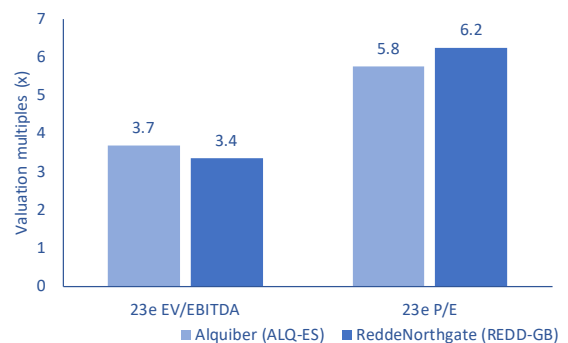
FCF: A business that is still demanding in terms of CAPEX



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



Trading at a 23e P/E of 5.8x (vs 6.2x for its main peer)



Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(17.2)	(7.6)	8.7	263.1		
Market Cap	54.0	At the date of this report				
Net financial debt	181.7	Debt net of Cash (6m Results 2023)				
					Best Case	Worst Case
Cost of Debt	5.3%	Net debt cost			4.8%	5.8%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	4.2%	Kd = Cost of Net Debt * (1-T)			3.8%	4.6%
Risk free rate (rf)	3.9%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%
Beta (B)	1.2	B (own estimate)			1.1	1.3
Cost of Equity	11.1%	Ke = Rf + (R * B)			10.0%	12.4%
Equity / (Equity + Net Debt)	22.9%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	77.1%	D			=	=
WACC	5.8%	WACC = Kd * D + Ke * E			5.2%	6.4%
G "Fair"	2.0%				2.5%	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	Mkt. Cap	P/E 23e	EPS 23e-25e	EV/EBITDA 23e	EBITDA 23e-25e	EV/Sales 23e	Revenues 23e-25e	EBITDA/Sales 23e	FCF Yield 23e	FCF 23e-25e
Avis Budget	CAR-US	5,893.8	4.4	-19.5%	12.9	-11.7%	2.6	1.5%	19.8%	26.7%	-10.5%
Hertz	HTZ-US	2,508.1	4.4	-9.9%	18.3	-2.7%	2.1	4.6%	11.4%	46.6%	69.3%
Sixt	SIX2-DE	3,363.5	11.2	6.5%	5.9	6.2%	2.0	7.6%	34.4%	n.a.	67.4%
ALD Automotive Ltd.	ALD-FR	5,012.1	3.9	1.1%	29.6	3.9%	2.7	12.0%	9.3%	n.a.	36.5%
Redde Northgate PLC	REDD-GB	861.1	6.2	-3.8%	3.4	4.2%	0.9	5.2%	26.4%	4.7%	-48.5%
Renting			6.0	-5.1%	14.0	0.0%	2.1	6.2%	20.3%	26.0%	22.8%
ALQ	ALQ-ES	54.0	5.8	19.7%	3.7	14.3%	2.1	13.8%	56.3%	n.a.	44.0%

Free Cash Flow sensitivity analysis (2024e)

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

Scenario	EBITDA/Sales 24e	EBITDA 24e	EV/EBITDA 24e
Max	60.8%	80.1	3.1x
Central	57.9%	76.3	3.2x
Min	55.0%	72.5	3.4x

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

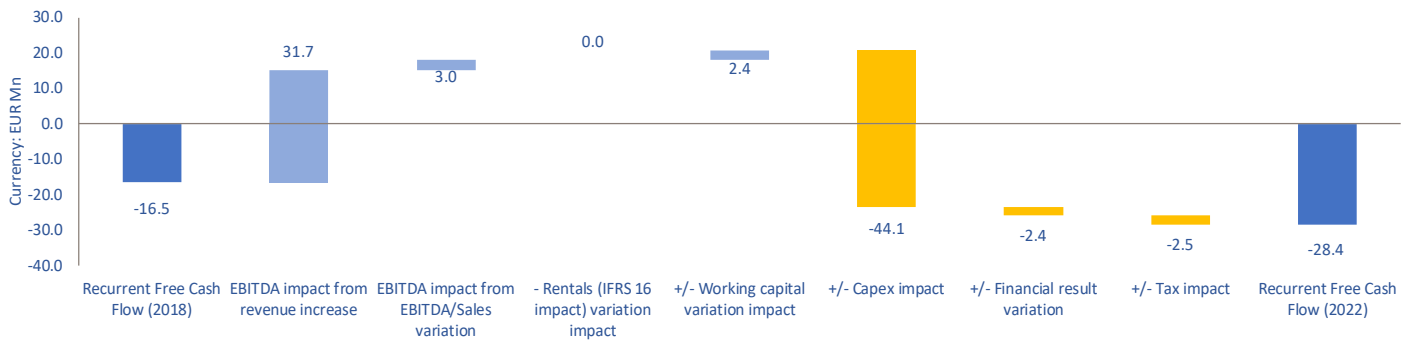
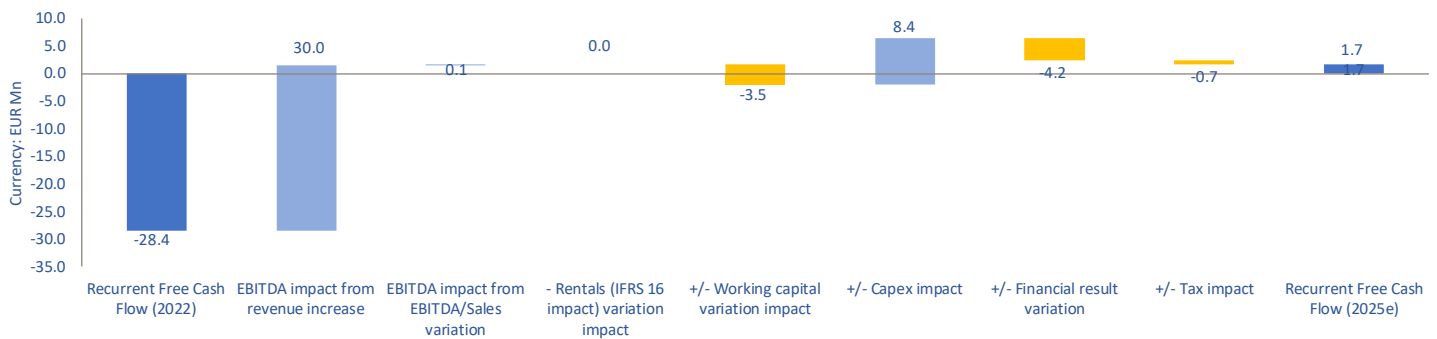
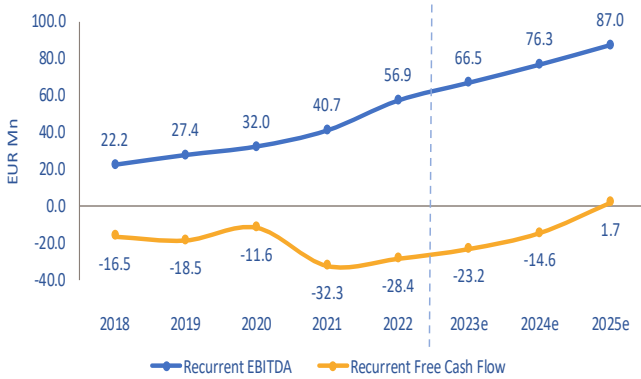
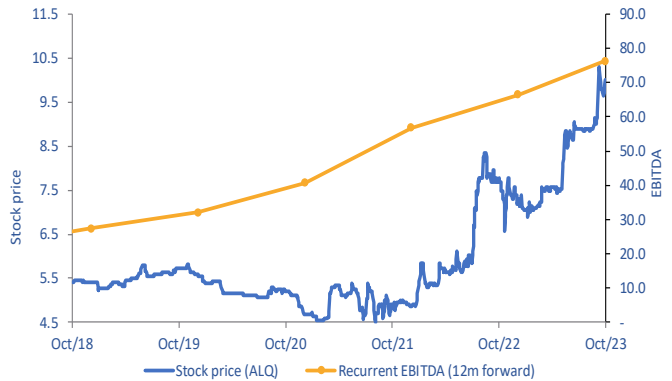
Rec. FCF EUR Mn	CAPEX/Sales 24e		
EBITDA 24e	61.0%	67.8%	74.6%
80.1	(1.8)	(10.8)	(19.7)
76.3	(5.7)	(14.6)	(23.6)
72.5	(9.5)	(18.4)	(27.4)

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets	0.0	0.1	0.3	0.4	0.4	0.4	0.4	0.4		
Fixed assets	73.5	93.0	107.2	142.4	187.8	218.3	241.6	250.9		
Other Non Current Assets	1.0	1.5	2.1	1.9	1.9	1.9	1.9	1.9		
Financial Investments	0.2	0.3	0.5	0.7	0.6	0.6	0.6	0.6		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	11.6	14.5	14.0	17.6	17.6	20.6	22.9	26.4		
Total assets	86.3	109.4	124.1	163.0	208.4	241.9	267.4	280.2		
Equity	20.9	23.0	25.3	29.3	37.5	44.0	54.2	67.7		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	3.5	4.9	6.3	7.4	9.1	9.1	9.1	9.1		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	59.5	78.0	89.4	121.1	155.5	181.5	196.1	194.4		
Current Liabilities	2.4	3.5	3.1	5.3	6.4	7.3	7.9	9.0		
Equity & Total Liabilities	86.3	109.4	124.1	163.0	208.4	241.9	267.4	280.2		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	41.4	50.9	58.9	76.1	100.4	118.1	131.7	152.9	24.8%	15.1%
<i>Total Revenues growth</i>	<i>30.1%</i>	<i>22.9%</i>	<i>15.8%</i>	<i>29.1%</i>	<i>31.9%</i>	<i>17.7%</i>	<i>11.6%</i>	<i>16.1%</i>		
COGS	(4.1)	(4.8)	(5.2)	(6.6)	(8.7)	(10.5)	(10.2)	(17.3)		
Gross Margin	37.3	46.0	53.7	69.5	91.7	107.5	121.5	135.5	25.3%	13.9%
<i>Gross Margin/Revenues</i>	<i>90.0%</i>	<i>90.5%</i>	<i>91.1%</i>	<i>91.4%</i>	<i>91.4%</i>	<i>91.1%</i>	<i>92.3%</i>	<i>88.7%</i>		
Personnel Expenses	(3.3)	(4.1)	(4.7)	(5.5)	(6.8)	(8.0)	(8.8)	(9.4)		
Other Operating Expenses	(11.8)	(14.5)	(17.0)	(23.3)	(28.0)	(33.1)	(36.4)	(39.2)		
Recurrent EBITDA	22.2	27.4	32.0	40.7	56.9	66.5	76.3	87.0	26.6%	15.2%
<i>Recurrent EBITDA growth</i>	<i>29.1%</i>	<i>23.8%</i>	<i>16.7%</i>	<i>27.2%</i>	<i>39.7%</i>	<i>17.0%</i>	<i>14.7%</i>	<i>13.9%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>53.5%</i>	<i>53.9%</i>	<i>54.3%</i>	<i>53.5%</i>	<i>56.7%</i>	<i>56.3%</i>	<i>57.9%</i>	<i>56.9%</i>		
Restructuring Expense & Other non-rec.	(0.0)	(0.0)	0.0	(0.2)	(0.4)	-	-	-		
EBITDA	22.1	27.4	32.0	40.6	56.4	66.5	76.3	87.0	26.4%	15.5%
Depreciation & Provisions	(16.7)	(21.4)	(26.1)	(31.3)	(40.7)	(47.3)	(54.7)	(61.5)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	5.4	6.1	5.9	9.2	15.7	19.2	21.6	25.5	30.6%	17.5%
<i>EBIT growth</i>	<i>11.7%</i>	<i>12.2%</i>	<i>-3.0%</i>	<i>56.6%</i>	<i>70.5%</i>	<i>22.4%</i>	<i>12.5%</i>	<i>17.7%</i>		
<i>EBIT/Revenues</i>	<i>13.1%</i>	<i>11.9%</i>	<i>10.0%</i>	<i>12.1%</i>	<i>15.7%</i>	<i>16.3%</i>	<i>16.4%</i>	<i>16.7%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(2.1)	(2.4)	(2.6)	(3.1)	(4.5)	(7.5)	(8.8)	(8.7)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	3.3	3.7	3.3	6.1	11.2	11.7	12.8	16.8	35.5%	14.5%
<i>Ordinary Profit Growth</i>	<i>4.8%</i>	<i>10.6%</i>	<i>-11.2%</i>	<i>87.2%</i>	<i>83.3%</i>	<i>4.7%</i>	<i>9.7%</i>	<i>30.7%</i>		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	3.3	3.7	3.3	6.1	11.2	11.7	12.8	16.8	35.5%	14.5%
Tax Expense	(0.8)	(0.9)	(0.8)	(1.4)	(2.7)	(2.3)	(2.6)	(3.4)		
<i>Effective Tax Rate</i>	<i>25.1%</i>	<i>25.1%</i>	<i>25.0%</i>	<i>23.5%</i>	<i>23.9%</i>	<i>20.0%</i>	<i>20.0%</i>	<i>20.0%</i>		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	2.5	2.7	2.4	4.7	8.5	9.4	10.3	13.4	36.1%	16.4%
<i>Net Profit growth</i>	<i>4.4%</i>	<i>10.6%</i>	<i>-11.0%</i>	<i>91.0%</i>	<i>82.3%</i>	<i>10.0%</i>	<i>9.7%</i>	<i>30.7%</i>		
Ordinary Net Profit	2.5	2.8	2.4	4.8	8.9	9.4	10.3	13.4	37.2%	14.9%
<i>Ordinary Net Profit growth</i>	<i>4.2%</i>	<i>10.2%</i>	<i>-11.5%</i>	<i>97.0%</i>	<i>84.5%</i>	<i>5.9%</i>	<i>9.7%</i>	<i>30.7%</i>		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						66.5	76.3	87.0	26.6%	15.2%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(2.1)	(1.6)	(2.5)		
Recurrent Operating Cash Flow						64.5	74.7	84.5	29.2%	13.4%
CAPEX						(89.3)	(89.3)	(89.3)		
Net Financial Result affecting the Cash Flow						(7.5)	(8.8)	(8.7)		
Tax Expense						(2.3)	(2.6)	(3.4)		
- Acquisitions / + Divestures of assets						11.5	11.3	18.5		
Recurrent Free Cash Flow						(23.2)	(14.6)	1.7	-14.6%	27.2%
Restructuring Expense & Other non-rec.						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(23.2)	(14.6)	1.7	-15.0%	27.2%
Capital Increase						(1.2)	-	-		
Dividends						(1.7)	-	-		
Net Debt Variation						26.0	14.6	(1.7)		

Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA	27.4	32.0	40.7	56.9	66.5	76.3	87.0	27.5%	15.2%
<i>Recurrent EBITDA growth</i>	23.8%	16.7%	27.2%	39.7%	17.0%	14.7%	13.9%		
<i>Rec. EBITDA/Revenues</i>	53.9%	54.3%	53.5%	56.7%	56.3%	57.9%	56.9%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(1.8)	0.1	(1.4)	1.1	(2.1)	(1.6)	(2.5)		
= Recurrent Operating Cash Flow	25.7	32.1	39.3	57.9	64.5	74.7	84.5	31.2%	13.4%
<i>Rec. Operating Cash Flow growth</i>	23.3%	25.1%	22.4%	47.5%	11.2%	15.9%	13.1%		
<i>Rec. Operating Cash Flow / Sales</i>	50.5%	54.5%	51.6%	57.7%	54.6%	56.7%	55.3%		
- CAPEX	(46.4)	(46.5)	(74.6)	(95.7)	(89.3)	(89.3)	(89.3)		
- Net Financial Result affecting Cash Flow	(2.4)	(2.6)	(3.1)	(4.5)	(7.5)	(8.8)	(8.7)		
- Taxes	(0.5)	(0.4)	(1.0)	(2.7)	(2.3)	(2.6)	(3.4)		
- Acquisitions / + Divestments	5.1	5.7	7.2	16.5	11.5	11.3	18.5		
= Recurrent Free Cash Flow	(18.5)	(11.6)	(32.3)	(28.4)	(23.2)	(14.6)	1.7	-15.3%	27.2%
<i>Rec. Free Cash Flow growth</i>	-12.4%	37.1%	-177.1%	11.9%	18.5%	37.0%	111.7%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.1%		
- Restructuring expenses & others	(0.0)	0.0	(0.2)	(0.4)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(18.5)	(11.6)	(32.4)	(28.9)	(23.2)	(14.6)	1.7	-15.9%	27.2%
<i>Free Cash Flow growth</i>	-12.3%	37.2%	-178.8%	11.0%	19.7%	37.0%	111.7%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.2%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.2%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	(16.5)	(18.5)	(11.6)	(32.3)	(28.4)	(23.2)	(14.6)		
EBITDA impact from revenue increase	5.1	4.3	9.3	13.0	10.0	7.7	12.3		
EBITDA impact from EBITDA/Sales variation	0.2	0.2	(0.6)	3.2	(0.4)	2.1	(1.6)		
= Recurrent EBITDA variation	5.3	4.6	8.7	16.2	9.7	9.8	10.6		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	(0.4)	1.8	(1.5)	2.5	(3.1)	0.5	(0.9)		
= Recurrent Operating Cash Flow variation	4.8	6.4	7.2	18.7	6.5	10.3	9.8		
+/- CAPEX impact	(6.2)	0.5	(26.7)	(11.7)	1.4	(0.2)	7.2		
+/- Financial result variation	(0.3)	(0.2)	(0.5)	(1.4)	(3.0)	(1.3)	0.1		
+/- Tax impact	(0.3)	0.2	(0.6)	(1.7)	0.3	(0.2)	(0.8)		
= Recurrent Free Cash Flow variation	(2.0)	6.9	(20.6)	3.8	5.3	8.6	16.3		
Recurrent Free Cash Flow	(18.5)	(11.6)	(32.3)	(28.4)	(23.2)	(14.6)	1.7		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	6.1	5.9	9.2	15.7	19.2	21.6	25.5	37.3%	17.5%
* Theoretical Tax rate	25.1%	25.0%	23.5%	23.9%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	(1.5)	(1.5)	(2.2)	(3.8)	(3.8)	(4.3)	(5.1)		
Recurrent EBITDA	27.4	32.0	40.7	56.9	66.5	76.3	87.0	27.5%	15.2%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(1.8)	0.1	(1.4)	1.1	(2.1)	(1.6)	(2.5)		
= Recurrent Operating Cash Flow	25.7	32.1	39.3	57.9	64.5	74.7	84.5	31.2%	13.4%
- CAPEX	(46.4)	(46.5)	(74.6)	(95.7)	(89.3)	(89.3)	(89.3)		
- Taxes (pre- Financial Result)	(1.5)	(1.5)	(2.2)	(3.8)	(3.8)	(4.3)	(5.1)		
- Acquisitions / + Divestments	5.1	5.7	7.2	16.5	11.5	11.3	18.5		
= Recurrent Free Cash Flow (To the Firm)	(17.1)	(10.1)	(30.4)	(25.0)	(17.2)	(7.6)	8.7	-13.4%	32.9%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-10.0%	40.7%	-199.2%	17.7%	31.4%	55.8%	214.2%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	5.7%		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(17.1)	(10.1)	(30.4)	(25.0)	(17.2)	(7.6)	8.7	-13.4%	32.9%
<i>Free Cash Flow (To the Firm) growth</i>	-10.0%	40.7%	-199.2%	17.7%	31.4%	55.8%	214.2%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.5%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.5%		

Recurrent Free Cash Flow accumulated variation analysis (2018 - 2022)

Recurrent Free Cash Flow accumulated variation analysis (2022 - 2025e)

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	54.0	
+ Minority Interests	-	6m Results 2023
+ Provisions & Other L/T Liabilities	10.8	6m Results 2023
+ Net financial debt	181.7	6m Results 2023
- Financial Investments	0.6	6m Results 2023
+/- Others		
Enterprise Value (EV)	245.9	

Appendix 4. Historical performance ⁽¹⁾

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
															16-22	22-25e
Total Revenues			13.6	18.8	23.6	31.8	41.4	50.9	58.9	76.1	100.4	118.1	131.7	152.9	27.3%	15.1%
Total Revenues growth			n.a.	38.3%	25.3%	34.9%	30.1%	22.9%	15.8%	29.1%	31.9%	17.7%	11.6%	16.1%		
EBITDA			7.5	10.4	13.2	17.1	22.1	27.4	32.0	40.6	56.4	66.5	76.3	87.0	27.4%	15.5%
EBITDA growth			n.a.	39.8%	26.6%	29.8%	29.2%	23.9%	16.8%	26.6%	39.1%	17.9%	14.7%	13.9%		
EBITDA/Sales			54.9%	55.4%	56.0%	53.9%	53.5%	53.9%	54.4%	53.3%	56.2%	56.3%	57.9%	56.9%		
Net Profit			0.8	1.5	2.3	2.4	2.5	2.7	2.4	4.7	8.5	9.4	10.3	13.4	24.3%	16.4%
Net Profit growth			n.a.	91.6%	49.6%	3.0%	4.4%	10.6%	-11.0%	91.0%	82.3%	10.0%	9.7%	30.7%		
Adjusted number shares (Mn)			-	5.6	5.6	5.6	5.6	5.6	5.5	5.5	5.4	5.4	5.4	5.4		
EPS (EUR)			n.a.	0.28	0.42	0.43	0.45	0.49	0.44	0.85	1.58	1.74	1.90	2.49	24.9%	16.4%
EPS growth			n.a.	n.a.	49.6%	3.0%	4.5%	10.6%	-10.7%	91.3%	86.5%	10.0%	9.7%	30.7%		
Ord. EPS (EUR)			n.a.	0.39	0.42	0.43	0.45	0.50	0.44	0.87	1.64	1.74	1.90	2.49	25.7%	14.9%
Ord. EPS growth			n.a.	n.a.	6.7%	3.4%	4.3%	10.2%	-11.2%	97.4%	88.8%	5.9%	9.7%	30.7%		
CAPEX			-	(18.4)	(20.5)	(31.6)	(39.4)	(46.4)	(46.5)	(74.6)	(95.7)	(89.3)	(89.3)	(89.3)		
CAPEX/Sales %			0.0%	97.5%	86.9%	99.2%	95.2%	91.2%	78.9%	98.1%	95.3%	75.6%	67.8%	58.4%		
Free Cash Flow			-	(10.2)	(11.0)	(13.9)	(16.5)	(18.5)	(11.6)	(32.4)	(28.9)	(23.2)	(14.6)	1.7	-17.4%	27.2%
ND/EBITDA (x) ⁽²⁾			2.6x	2.7x	2.9x	3.0x	2.7x	2.8x	2.8x	3.0x	2.8x	2.7x	2.6x	2.2x		
P/E (x)			n.a.	n.a.	n.a.	n.a.	12.1x	11.3x	10.6x	5.7x	4.6x	5.8x	5.3x	4.0x		
EV/Sales (x)			n.a.	n.a.	n.a.	n.a.	2.30x	2.27x	2.08x	2.05x	2.05x	2.08x	1.87x	1.61x		
EV/EBITDA (x) ⁽²⁾			n.a.	n.a.	n.a.	n.a.	4.3x	4.2x	3.8x	3.8x	3.7x	3.7x	3.2x	2.8x		
Absolute performance			n.a.	n.a.	n.a.	n.a.	n.a.	3.1%	-16.2%	3.9%	50.0%	37.2%				
Relative performance vs Ibxex 35			n.a.	n.a.	n.a.	n.a.	n.a.	-7.8%	-0.9%	-3.8%	58.8%	26.6%				

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 Factset.

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Appendix 5. Main peers 2023e

		Renting						
		Avis Budget	Hertz	Sixt	ALD Automotive Ltd.	Redde Northgate PLC	Average	ALQ
								ALQ-ES
Market data	Ticker (Factset)	CAR-US	HTZ-US	SIX2-DE	ALD-FR	REDD-GB		
	Country	USA	USA	Germany	France	United Kingdom		Spain
	Market cap	5,893.8	2,508.1	3,363.5	5,012.1	861.1		54.0
	Enterprise value (EV)	29,045.3	18,633.9	7,154.5	47,473.0	1,648.0		245.9
Basic financial information	Total Revenues	11,372.1	8,899.5	3,523.8	17,290.2	1,861.2		118.1
	Total Revenues growth	0.3%	8.4%	14.9%	54.8%	8.8%	17.4%	17.7%
	2y CAGR (2023e - 2025e)	1.5%	4.6%	7.6%	12.0%	5.2%	6.2%	13.8%
	EBITDA	2,248.8	1,018.8	1,212.2	1,604.3	490.6		66.5
	EBITDA growth	-61.0%	-64.3%	93.9%	-70.7%	4.4%	-19.5%	17.9%
	2y CAGR (2023e - 2025e)	-11.7%	-2.7%	6.2%	3.9%	4.2%	0.0%	14.3%
	EBITDA/Revenues	19.8%	11.4%	34.4%	9.3%	26.4%	20.3%	56.3%
	EBIT	2,219.3	1,329.8	566.6	1,530.9	217.2		19.2
	EBIT growth	-28.5%	-32.2%	18.5%	-17.0%	-11.2%	-14.1%	22.4%
	2y CAGR (2023e - 2025e)	-11.3%	-3.3%	9.1%	11.0%	0.0%	1.1%	15.0%
	EBIT/Revenues	19.5%	14.9%	16.1%	8.9%	11.7%	14.2%	16.3%
	Net Profit	1,331.7	585.0	345.0	1,107.4	139.1		9.4
	Net Profit growth	-49.0%	-69.9%	-10.6%	-8.0%	-13.0%	-30.1%	10.0%
	2y CAGR (2023e - 2025e)	-17.7%	-15.1%	6.4%	11.1%	-4.9%	-4.1%	19.7%
CAPEX/Sales %	3.1%	1.4%	2.3%	1.4%	12.9%	4.2%	75.6%	
Free Cash Flow	1,570.8	1,168.8	(87.8)	(6,786.8)	40.9		(23.2)	
Net financial debt	3,231.2	8,254.9	2,803.0	39,902.5	796.8		181.5	
ND/EBITDA (x)	1.4	8.1	2.3	24.9	1.6		2.7	
Pay-out	0.0%	0.0%	50.5%	32.3%	44.5%	25.5%	0.0%	
Multiples and Ratios	P/E (x)	4.4	4.4	11.2	3.9	6.2	6.0	5.8
	P/BV (x)	n.a.	0.9	1.9	0.4	0.7	1.0	1.2
	EV/Revenues (x)	2.6	2.1	2.0	2.7	0.9	2.1	2.1
	EV/EBITDA (x)	12.9	18.3	5.9	29.6	3.4	14.0	3.7
	EV/EBIT (x)	13.1	14.0	12.6	31.0	7.6	15.7	12.8
	ROE	n.a.	20.0	16.9	11.2	11.5	14.9	23.0
	FCF Yield (%)	26.7	46.6	n.a.	n.a.	4.7	26.0	n.a.
	DPS	0.00	0.00	3.71	0.79	0.27	0.96	0.00
Dvd Yield	0.0%	0.0%	4.6%	12.9%	7.3%	4.9%	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
30-Oct-2023	n.a.	10.00	n.a.	n.a.	6m Results 2023	Luis Esteban Arribas
12-Jun-2023	n.a.	8.74	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
20-Apr-2023	n.a.	7.53	n.a.	n.a.	12m Results 2022 - Estimates upgrade	David López Sánchez
20-Oct-2022	n.a.	7.77	n.a.	n.a.	6m Results 2022 - Estimates upgrade	David López Sánchez
07-Apr-2022	n.a.	5.83	n.a.	n.a.	12m Results 2021	David López Sánchez
09-Mar-2022	n.a.	5.39	n.a.	n.a.	Initiation of Coverage	David López Sánchez

