

EQUITY - SPAIN

Sector: Trading Companies & Distributors

 Closing price: EUR 1.38 (29 Mar 2023)
 Report date: 30 Mar 2023 (16:00h)

Important news - Estimates upgrade

Independent Equity Research

Important news

 Opinion ⁽¹⁾: Positive

 Impact ⁽¹⁾: We raise our estimates

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GAM 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%).

GAM acquires Carretillas Mayor for EUR 30Mn. We raise our estimate for 2023e EBITDA +15%

AN IMPORTANT CORPORATE DEAL (WITH A STRATEGIC FIT) THAT STRENGTHENS GAM'S POSITION IN THE LONG-TERM RENTAL MARKET.

GAM has bought 100% of Carretillas Mayor for EUR 30Mn (Enterprise Value), a company that rents out and sells fork-lift trucks, aerial platforms and automated guided vehicles for various industries, especially the automotive industry. Carretillas Mayor is based in Valladolid and has a strong market position in Castilla y León. This is a corporate deal that fits strategically and that strengthens GAM's long-term business (less cyclical) and its position in the automotive sector.

WHAT DOES THIS ACQUISITION DO FOR GAM'S NUMBERS? Although GAM has not provided information regarding turnover levels and the margins of the acquisition, assuming acquisition multiples similar to those of other operations carried out in recent years (c. 1.3x EV/Sales and c. 4.5x EV/EBITDA) we estimate that Carretillas Mayor could contribute revenue of c. EUR 23Mn and EBITDA of c. EUR 7Mn, numbers that give an idea of the size of the operation, as they represent c. 10% and 15% of 2022 revenue and EBITDA, respectively.

WE UPGRADE OUR ESTIMATES. 2023E EBITDA (+15% VS PREVIOUS ESTIMATE).

We include the purchase of Carretillas Mayor in our estimates and maintain our estimate for organic growth in the business (c. +15% in 2023e). This leads us to raise our estimate for 2023e revenue to EUR 280Mn (+24% vs 2022) and for EBITDA to EUR 68.5Mn (+36.5% vs 2022 and +15% vs previous estimate). The strong growth in EBITDA will allow GAM to aspire to levels of 2023e Net Profit of c. EUR 16Mn. And, despite the logical increase in net debt in 2023e, we estimate this will remain at levels of c. 3x ND/EBITDA (vs 1.5x for the sector).

GROWTH, PROFITABILITY AND VALUE: A COMBINATION DIFFICULT TO IGNORE. In recent years, GAM has carried out a strategic change of direction that is, in itself, its equity story. Today GAM can be seen as a company that is growing (22-25e revenue: +13% CAGR), is profitable (EBITDA margin c. 25%) and that has reduced its cyclicity (something that is especially interesting when assessing current multiples: 2023e PER 8x and EV/EBITDA 4.8x). In brief, growth and profitability in a business model that has reduced its risk, a combination that is objectively difficult to ignore. The multiples "suggest" value...

Market Data

Market Cap (Mn EUR and USD)	130.6	141.4
EV (Mn EUR and USD) ⁽²⁾	325.6	352.6
Shares Outstanding (Mn)	94.6	
-12m (Max/Med/Min EUR)	1.41 / 1.21 / 1.03	
Daily Avg volume (-12m Mn EUR)	0.02	
Rotation ⁽³⁾	3.4	
Factset / Bloomberg	GAM-ES / GAM SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

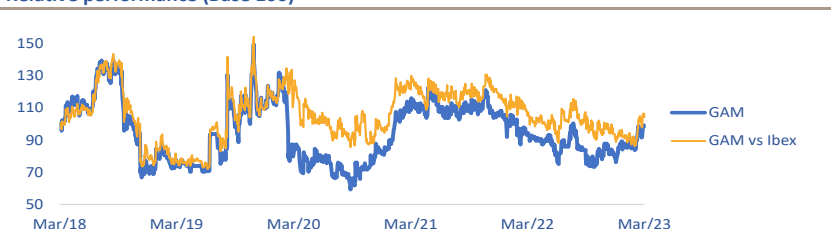
Francisco Riberas & Family	58.2
Indumenta Pueri	10.0
Pedro Luis Fernández	5.8
Banco Santander	4.4
Free Float	21.5

Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. n ^o shares (Mn)	94.6	94.6	94.6	94.6
Total Revenues	225.8	280.0	302.7	327.3
Rec. EBITDA	50.2	68.5	75.6	83.2
% growth	37.8	36.5	10.4	10.0
% Rec. EBITDA/Rev.	22.2	24.5	25.0	25.4
% Inc. EBITDA sector ⁽⁴⁾	19.4	11.0	8.2	8.9
Net Profit	7.7	16.2	19.2	26.3
EPS (EUR)	0.08	0.17	0.20	0.28
% growth	193.3	109.9	18.5	37.1
Ord. EPS (EUR)	0.07	0.17	0.20	0.28
% growth	118.2	134.8	18.5	37.1
Rec. Free Cash Flow ⁽⁵⁾	-35.0	0.2	7.6	11.1
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	179.5	209.3	201.7	190.7
ND/Rec. EBITDA (x)	3.6	3.1	2.7	2.3
ROE (%)	8.7	15.9	16.1	18.5
ROCE (%) ⁽⁵⁾	6.0	8.1	8.4	9.9

Ratios & Multiples (x) ⁽⁶⁾

	2022	2023e	2024e	2025e
P/E	16.9	8.1	6.8	5.0
Ord. P/E	18.9	8.1	6.8	5.0
P/BV	1.4	1.2	1.0	0.8
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	1.44	1.16	1.08	0.99
EV/Rec. EBITDA	6.5	4.8	4.3	3.9
EV/EBIT	19.2	9.7	8.6	7.0
FCF Yield (%) ⁽⁵⁾	n.a.	0.2	5.8	8.5

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	13.1	26.0	4.5	29.6	23.7	-1.4
vs Ibex 35	17.2	15.6	-0.7	17.6	-7.6	4.3
vs Ibex Small Cap Index	22.3	15.9	13.5	17.7	-22.5	-8.9
vs Eurostoxx 50	13.3	14.7	-1.1	16.2	-20.2	-21.7
vs Sector benchmark ⁽⁴⁾	14.7	16.2	6.5	17.9	-25.3	-27.6

(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.

Important news

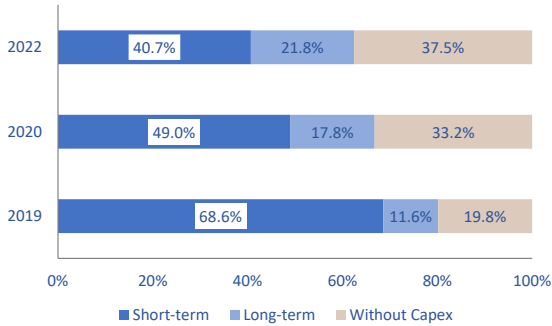
Estimates upgrade

Table 1. Estimates Review

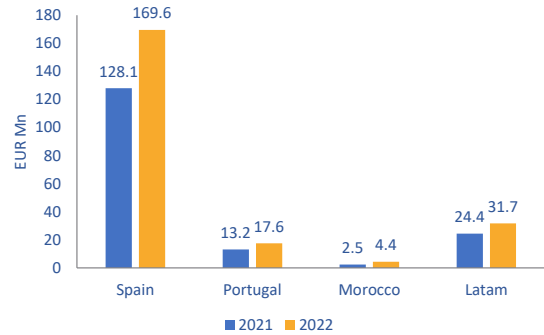
EUR Mn	2023e (New)	Review (%)	2024e (New)	Review (%)	2025e (New)
Total Revenues	280.0	13.1%	302.7	12.7%	327.3
Recurrent EBITDA	68.5	15.0%	75.6	9.0%	83.2
<i>Recurrent EBITDA growth</i>	36.5%	21.9 p.p.	10.4%	-6.1 p.p.	10.0%
<i>Rec. EBITDA/Revenues</i>	24.5%	0.4 p.p.	25.0%	-0.8 p.p.	25.4%
EBIT	33.6	43.9%	38.0	16.8%	46.4
Net Debt	209.3	22.6%	201.7	24.3%	190.7
<i>ND / EBITDA</i>	3.1 x	0.2 x	2.7 x	0.3 x	2.3 x

La compañía en 8 gráficos

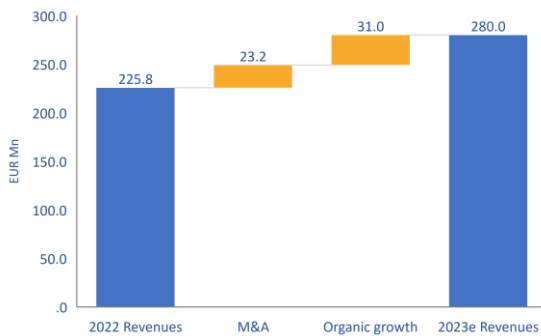
GAM has successfully executed its strategic repositioning: recurrent and no-CAPEX business now accounts for 59% of sales



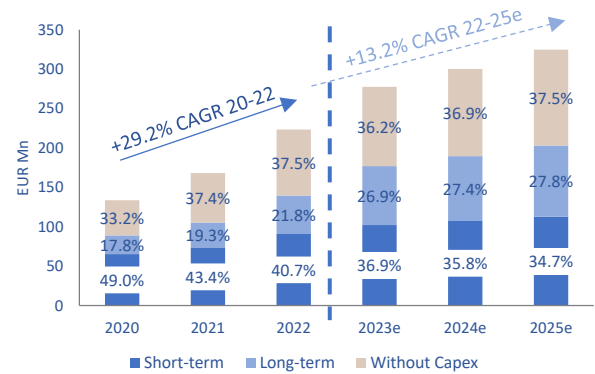
And is applying its model of diversification to the international business (where it is growing in all its geographies)



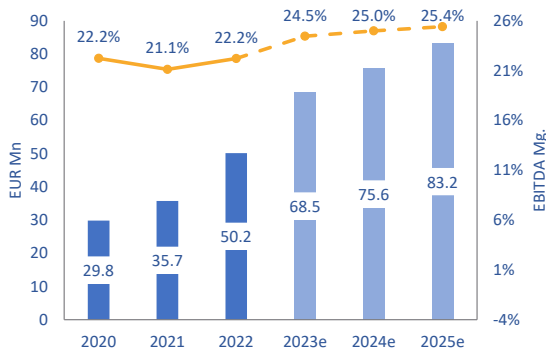
In 2023e we estimate revenue growth of +24% vs 2022 (driven by the M&A already executed)



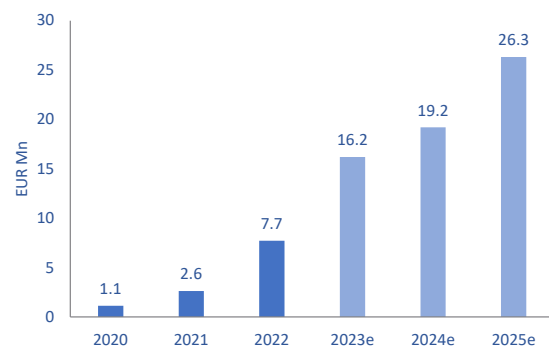
Recurrent (long term) and no-CAPEX business will continue to drive growth in the mid term (+13.2% CAGR 2022-2025e)



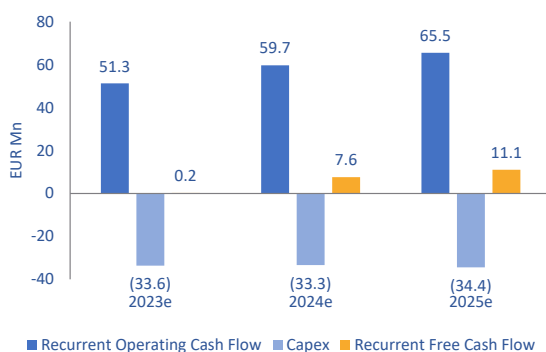
2022-2025e EBITDA: +18.3% CAGR, with an improvement in margins



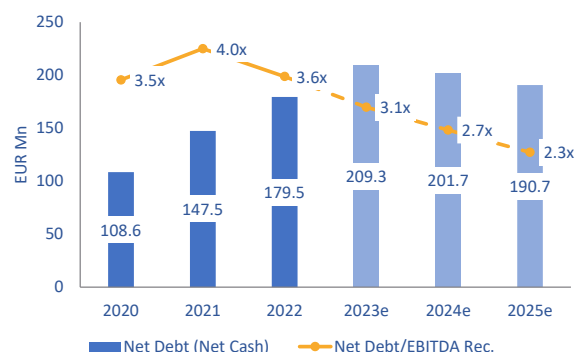
Net Profit about to take off



A business that is very intensive in Capex, that will continue to shape FCF generation



And, despite the M&A executed, we do not estimate gearing levels above 3x ND/EBITDA



Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(19.1)	18.8	21.9	447.1		
Market Cap	130.6	At the date of this report				
Net financial debt	179.0	Debt net of Cash (12m Results 2022)				
					Best Case	Worst Case
Cost of Debt	5.5%	Net debt cost			5.3%	5.8%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	4.4%	Kd = Cost of Net Debt * (1-T)			4.2%	4.6%
Risk free rate (rf)	3.3%	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	10.5%	Ke = Rf + (R * B)			9.4%	11.8%
Equity / (Equity + Net Debt)	42.2%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	57.8%	D			=	=
WACC	7.0%	WACC = Kd * D + Ke * E			6.4%	7.6%
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	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
Ashtead Group	AHT-GB	24,089.2	14.1	11.7%	7.1	6.5%	3.3	6.6%	46.2%	4.2%	51.0%
VP	VP-GB	301.2	8.5	6.4%	4.4	5.6%	1.3	3.7%	29.1%	2.7%	81.7%
Speedy Hire	SDY-GB	173.2	6.6	12.0%	3.0	n.a.	0.7	4.4%	23.6%	10.1%	35.2%
HSS Hire Group	HSS-GB	97.0	5.0	n.a.	2.5	n.a.	0.5	n.a.	21.1%	3.0%	n.a.
Europe			8.5	10.0%	4.3	6.0%	1.5	4.9%	30.0%	5.0%	56.0%
United Rentals	URI-US	24,597.6	9.4	9.6%	5.7	5.3%	2.8	6.1%	48.2%	7.9%	17.5%
Herc Rentals	HRI-US	3,020.4	7.9	7.2%	4.6	7.4%	2.1	9.1%	45.0%	n.a.	n.a.
H&E Equipment S.	HEES-US	1,439.4	10.4	18.1%	4.6	6.5%	2.1	8.0%	45.4%	3.3%	n.a.
USA			9.2	11.6%	5.0	6.4%	2.3	7.7%	46.2%	5.6%	17.5%
GAM	GAM-ES	130.6	8.1	27.5%	4.8	10.2%	1.2	8.1%	24.5%	0.2%	54.0%

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	27.5%	83.2	3.9x
Central	25.0%	75.6	4.3x
Min	22.5%	68.1	4.8x

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

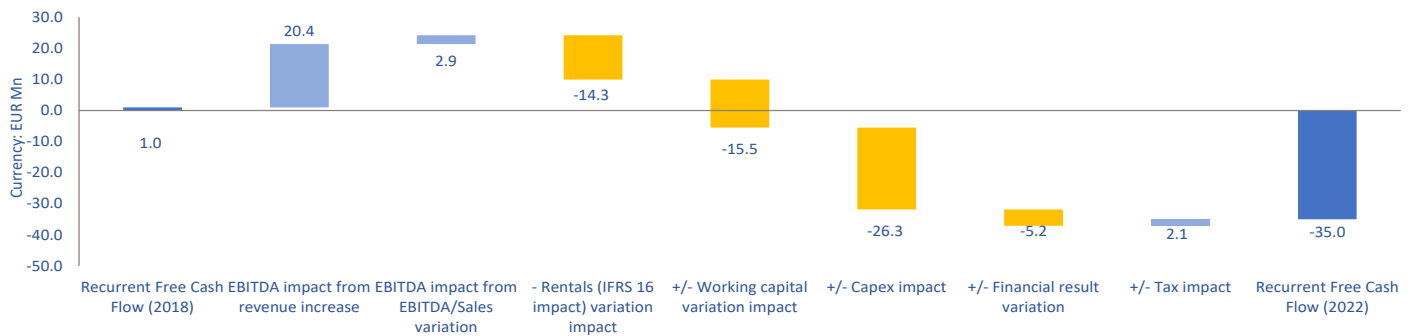
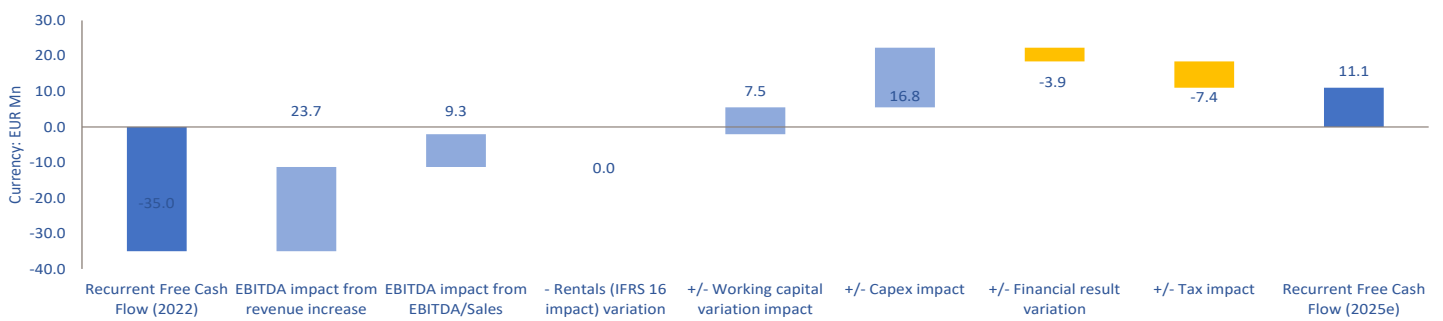
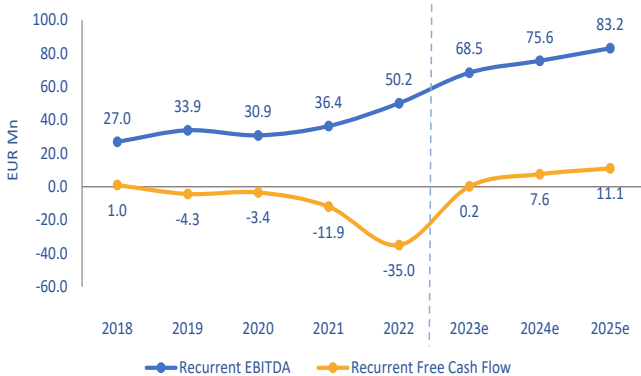
Rec. FCF EUR Mn	CAPEX/Sales 24e				Scenario	Rec. FCF/Yield 24e		
EBITDA 24e	9.9%	11.0%	12.1%		Max	14.2%	11.6%	9.1%
83.2	18.5	15.2	11.8	➔	Central	8.4%	5.8%	3.3%
75.6	10.9	7.6	4.3		Min	2.6%	0.0%	n.a.
68.1	3.3	0.0	(3.3)					

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e		
Intangible assets	1.2	22.1	21.2	22.3	24.4	24.4	24.4	24.4		
Fixed assets	132.8	138.5	151.7	201.3	237.3	280.3	290.3	302.1		
Other Non Current Assets	3.8	3.6	6.8	6.9	6.9	6.9	6.9	6.9		
Financial Investments	-	0.9	3.6	3.8	5.7	5.7	5.7	5.7		
Goodwill & Other Intangibles	16.5	16.4	19.8	20.5	25.4	25.4	25.4	25.4		
Current assets	47.6	47.4	49.9	70.6	92.4	107.4	114.1	122.9		
Total assets	202.0	228.9	253.0	325.3	392.0	450.0	466.7	487.4		
Equity	(17.6)	51.1	81.9	84.5	93.5	109.7	128.9	155.2		
Minority Interests	0.2	0.2	0.3	0.4	4.0	4.0	4.0	4.0		
Provisions & Other L/T Liabilities	0.3	8.2	13.7	30.7	39.2	39.2	39.2	39.2		
Other Non Current Liabilities	-	20.2	18.5	17.3	19.9	19.9	19.9	19.9		
Net financial debt	187.1	121.9	108.6	147.5	179.5	209.3	201.7	190.7		
Current Liabilities	31.9	27.4	30.0	44.9	55.8	67.9	72.9	78.4		
Equity & Total Liabilities	202.0	228.9	253.0	325.3	392.0	450.0	466.7	487.4		
CAGR										
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	132.2	143.1	134.1	169.1	225.8	280.0	302.7	327.3	14.3%	13.2%
<i>Total Revenues growth</i>	<i>12.8%</i>	<i>8.2%</i>	<i>-6.3%</i>	<i>26.1%</i>	<i>33.5%</i>	<i>24.0%</i>	<i>8.1%</i>	<i>8.1%</i>		
COGS	(34.2)	(40.2)	(42.2)	(60.1)	(80.6)	(98.6)	(106.3)	(115.0)		
Gross Margin	98.1	102.9	91.9	109.0	145.2	181.4	196.4	212.4	10.3%	13.5%
<i>Gross Margin/Revenues</i>	<i>74.2%</i>	<i>71.9%</i>	<i>68.5%</i>	<i>64.4%</i>	<i>64.3%</i>	<i>64.8%</i>	<i>64.9%</i>	<i>64.9%</i>		
Personnel Expenses	(36.7)	(39.5)	(35.8)	(43.1)	(52.7)	(64.5)	(69.0)	(73.8)		
Other Operating Expenses	(34.4)	(29.5)	(25.2)	(29.5)	(42.3)	(48.4)	(51.7)	(55.4)		
Recurrent EBITDA	27.0	33.9	30.9	36.4	50.2	68.5	75.6	83.2	16.8%	18.3%
<i>Recurrent EBITDA growth</i>	<i>8.9%</i>	<i>25.7%</i>	<i>-9.0%</i>	<i>18.0%</i>	<i>37.8%</i>	<i>36.5%</i>	<i>10.4%</i>	<i>10.0%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>20.4%</i>	<i>23.7%</i>	<i>23.0%</i>	<i>21.5%</i>	<i>22.2%</i>	<i>24.5%</i>	<i>25.0%</i>	<i>25.4%</i>		
Restructuring Expense & Other non-rec.	(2.6)	(1.1)	(1.0)	(0.7)	-	-	-	-		
EBITDA	24.3	32.8	29.8	35.7	50.2	68.5	75.6	83.2	19.8%	18.3%
Depreciation & Provisions	(23.2)	(21.7)	(20.6)	(20.0)	(26.9)	(31.8)	(35.0)	(34.6)		
Capitalized Expense	7.5	7.7	6.3	7.2	8.0	11.2	11.6	12.1		
Rentals (IFRS 16 impact)	-	(7.9)	(8.1)	(12.1)	(14.3)	(14.3)	(14.3)	(14.3)		
EBIT	8.7	10.9	7.5	10.8	17.0	33.6	38.0	46.4	18.3%	39.8%
<i>EBIT growth</i>	<i>51.4%</i>	<i>25.9%</i>	<i>-30.8%</i>	<i>43.6%</i>	<i>56.8%</i>	<i>98.2%</i>	<i>12.9%</i>	<i>22.1%</i>		
<i>EBIT/Revenues</i>	<i>6.5%</i>	<i>7.6%</i>	<i>5.6%</i>	<i>6.4%</i>	<i>7.5%</i>	<i>12.0%</i>	<i>12.6%</i>	<i>14.2%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(10.2)	(13.0)	(7.0)	(7.5)	(9.6)	(13.4)	(14.0)	(13.5)		
Income by the Equity Method	-	0.7	0.3	0.2	(0.3)	-	-	-		
Ordinary Profit	(1.6)	(1.4)	0.8	3.5	7.1	20.2	24.0	32.9	59.6%	66.7%
<i>Ordinary Profit Growth</i>	<i>77.1%</i>	<i>12.7%</i>	<i>161.2%</i>	<i>316.4%</i>	<i>101.8%</i>	<i>185.1%</i>	<i>18.5%</i>	<i>37.1%</i>		
Extraordinary Results	-	44.9	-	-	-	-	-	-		
Profit Before Tax	(1.6)	43.5	0.8	3.5	7.1	20.2	24.0	32.9	59.6%	66.7%
Tax Expense	(2.4)	(3.5)	0.3	(0.8)	0.8	(4.0)	(4.8)	(6.6)		
<i>Effective Tax Rate</i>	<i>n.a.</i>	<i>8.0%</i>	<i>n.a.</i>	<i>23.4%</i>	<i>n.a.</i>	<i>20.0%</i>	<i>20.0%</i>	<i>20.0%</i>		
Minority Interests	(0.1)	(0.0)	(0.0)	(0.1)	(0.2)	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	(4.0)	40.0	1.1	2.6	7.7	16.2	19.2	26.3	40.6%	50.5%
<i>Net Profit growth</i>	<i>47.9%</i>	<i>n.a.</i>	<i>-97.1%</i>	<i>130.4%</i>	<i>193.1%</i>	<i>110.0%</i>	<i>18.5%</i>	<i>37.1%</i>		
Ordinary Net Profit	0.9	(0.3)	1.9	3.2	6.9	16.2	19.2	26.3	64.9%	56.3%
<i>Ordinary Net Profit growth</i>	<i>117.3%</i>	<i>-128.6%</i>	<i>795.1%</i>	<i>70.3%</i>	<i>118.1%</i>	<i>134.9%</i>	<i>18.5%</i>	<i>37.1%</i>		
CAGR										
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						68.5	75.6	83.2	16.8%	18.3%
Rentals (IFRS 16 impact)						(14.3)	(14.3)	(14.3)		
Working Capital Increase						(2.9)	(1.7)	(3.4)		
Recurrent Operating Cash Flow						51.3	59.7	65.5	-5.7%	37.9%
CAPEX						(33.6)	(33.3)	(34.4)		
Net Financial Result affecting the Cash Flow						(13.4)	(14.0)	(13.5)		
Tax Expense						(4.0)	(4.8)	(6.6)		
Recurrent Free Cash Flow						0.2	7.6	11.1	n.a.	32.3%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						(30.0)	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(29.8)	7.6	11.1	-72.0%	36.9%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						29.8	(7.6)	(11.1)		

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	33.9	30.9	36.4	50.2	68.5	75.6	83.2	14.0%	18.3%
<i>Recurrent EBITDA growth</i>	25.7%	-9.0%	18.0%	37.8%	36.5%	10.4%	10.0%		
<i>Rec. EBITDA/Revenues</i>	23.7%	23.0%	21.5%	22.2%	24.5%	25.0%	25.4%		
- Rentals (IFRS 16 impact)	(5.1)	(4.7)	(6.0)	(14.3)	(14.3)	(14.3)	(14.3)		
+/- Working Capital increase	(4.4)	0.2	(5.8)	(10.9)	(2.9)	(1.7)	(3.4)		
= Recurrent Operating Cash Flow	24.4	26.3	24.6	25.0	51.3	59.7	65.5	0.7%	37.9%
<i>Rec. Operating Cash Flow growth</i>	-22.5%	7.8%	-6.5%	1.3%	105.4%	16.4%	9.8%		
<i>Rec. Operating Cash Flow / Sales</i>	17.1%	19.6%	14.6%	11.1%	18.3%	19.7%	20.0%		
- CAPEX	(21.8)	(22.4)	(31.1)	(51.2)	(33.6)	(33.3)	(34.4)		
- Net Financial Result affecting Cash Flow	(5.5)	(6.7)	(4.5)	(9.6)	(13.4)	(14.0)	(13.5)		
- Taxes	(1.5)	(0.7)	(0.9)	0.8	(4.0)	(4.8)	(6.6)		
= Recurrent Free Cash Flow	(4.3)	(3.4)	(11.9)	(35.0)	0.2	7.6	11.1	<i>n.a.</i>	32.3%
<i>Rec. Free Cash Flow growth</i>	-519.7%	20.3%	-247.8%	-194.1%	100.6%	<i>n.a.</i>	45.8%		
<i>Rec. Free Cash Flow / Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	0.1%	2.5%	3.4%		
- Restructuring expenses & others	(1.1)	(1.0)	(0.7)	7.7	-	-	-		
- Acquisitions / + Divestments	4.2	(5.6)	(8.7)	7.7	(30.0)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	52.0	-	-	-	-	-	-		
= Free Cash Flow	50.8	(10.1)	(21.3)	(19.6)	(29.8)	7.6	11.1	-33.6%	36.9%
<i>Free Cash Flow growth</i>	<i>n.a.</i>	-119.9%	-110.9%	7.9%	-51.8%	125.5%	45.8%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	0.2%	5.8%	8.5%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	38.9%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	5.8%	8.5%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e		
Recurrent FCF(FY - 1)	1.0	(4.3)	(3.4)	(11.9)	(35.0)	0.2	7.6		
EBITDA impact from revenue increase	2.2	(2.1)	8.1	12.2	12.1	5.5	6.2		
EBITDA impact from EBITDA/Sales variation	4.7	(0.9)	(2.5)	1.5	6.3	1.6	1.4		
= Recurrent EBITDA variation	6.9	(3.0)	5.6	13.8	18.3	7.1	7.6		
- Rentals (IFRS 16 impact) variation impact	(5.1)	0.3	(1.3)	(8.3)	-	-	-		
+/- Working capital variation impact	(8.9)	4.6	(6.0)	(5.1)	8.0	1.3	(1.7)		
= Recurrent Operating Cash Flow variation	(7.1)	1.9	(1.7)	0.3	26.3	8.4	5.8		
+/- CAPEX impact	3.1	(0.7)	(8.7)	(20.1)	17.6	0.3	(1.1)		
+/- Financial result variation	(1.1)	(1.2)	2.1	(5.1)	(3.8)	(0.6)	0.5		
+/- Tax impact	(0.2)	0.8	(0.2)	1.7	(4.9)	(0.8)	(1.8)		
= Recurrent Free Cash Flow variation	(5.3)	0.9	(8.5)	(23.1)	35.2	7.4	3.5		
Recurrent Free Cash Flow	(4.3)	(3.4)	(11.9)	(35.0)	0.2	7.6	11.1		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
EBIT	10.9	7.5	10.8	17.0	33.6	38.0	46.4	15.9%	39.8%
* Theoretical Tax rate	0.0%	0.0%	23.4%	0.0%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	-	-	(2.5)	-	(6.7)	(7.6)	(9.3)		
Recurrent EBITDA	33.9	30.9	36.4	50.2	68.5	75.6	83.2	14.0%	18.3%
- Rentals (IFRS 16 impact)	(5.1)	(4.7)	(6.0)	(14.3)	(14.3)	(14.3)	(14.3)		
+/- Working Capital increase	(4.4)	0.2	(5.8)	(10.9)	(2.9)	(1.7)	(3.4)		
= Recurrent Operating Cash Flow	24.4	26.3	24.6	25.0	51.3	59.7	65.5	0.7%	37.9%
- CAPEX	(21.8)	(22.4)	(31.1)	(51.2)	(33.6)	(33.3)	(34.4)		
- Taxes (pre- Financial Result)	-	-	(2.5)	-	(6.7)	(7.6)	(9.3)		
= Recurrent Free Cash Flow (To the Firm)	2.7	3.9	(9.0)	(26.2)	10.9	18.8	21.9	<i>n.a.</i>	41.5%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-60.2%	47.4%	-329.8%	-191.8%	141.8%	71.5%	16.4%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	1.9%	2.9%	<i>n.a.</i>	<i>n.a.</i>	3.9%	6.2%	6.7%		
- Acquisitions / + Divestments	4.2	(5.6)	(8.7)	7.7	(30.0)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	52.0	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	58.9	(1.7)	(17.7)	(18.5)	(19.1)	18.8	21.9	-32.3%	47.1%
<i>Free Cash Flow (To the Firm) growth</i>	428.2%	-102.9%	-918.6%	-4.7%	-2.8%	198.6%	16.4%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	0.8%	1.2%	<i>n.a.</i>	<i>n.a.</i>	3.4%	5.8%	6.7%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	18.1%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	5.8%	6.7%		

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	130.6	
+ Minority Interests	4.0	12m Results 2022
+ Provisions & Other L/T Liabilities	17.7	12m Results 2022
+ Net financial debt	179.0	12m Results 2022
- Financial Investments	5.7	12m Results 2022
+/- Others		
Enterprise Value (EV)	325.6	

Appendix 4. Historical performance ⁽¹⁾

Historical performance (EUR Mn)																CAGR	
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	12-22	22-25e	
Total Revenues	139.6	120.8	103.9	105.1	105.2	116.4	132.2	143.1	134.1	169.1	225.8	280.0	302.7	327.3	4.9%	13.2%	
Total Revenues growth	-30.5%	-13.5%	-14.0%	1.2%	0.0%	10.7%	13.6%	8.2%	-6.3%	26.1%	33.5%	24.0%	8.1%	8.1%			
EBITDA	10.9	5.0	4.8	6.1	14.1	22.4	24.3	32.8	29.8	35.7	50.2	68.5	75.6	83.2	16.5%	18.3%	
EBITDA growth	-44.4%	-54.6%	-4.1%	27.6%	133.2%	58.7%	8.5%	34.5%	-8.9%	19.8%	40.4%	36.5%	10.4%	10.0%			
EBITDA/Sales	7.8%	4.1%	4.6%	5.8%	13.4%	19.3%	18.4%	22.9%	22.2%	21.1%	22.2%	24.5%	25.0%	25.4%			
Net Profit	(61.3)	(17.1)	(28.3)	(5.8)	(11.1)	(7.7)	(4.0)	40.0	1.1	2.6	7.7	16.2	19.2	26.3	7.8%	50.5%	
Net Profit growth	52.1%	72.2%	-65.7%	79.4%	-91.5%	30.5%	47.9%	n.a.	-97.1%	130.4%	193.1%	110.0%	18.5%	37.1%			
Adjusted number shares (Mn)	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	94.6			
EPS (EUR)	-10.45	-2.91	-4.38	-0.24	-0.26	-0.18	-0.09	1.11	0.02	0.03	0.08	0.17	0.20	0.28	7.2%	50.5%	
EPS growth	52.1%	72.2%	-50.5%	94.6%	-7.9%	30.7%	47.9%	n.a.	-98.4%	61.2%	n.a.	n.a.	18.5%	37.1%			
Ord. EPS (EUR)	-10.45	-2.91	-4.38	-0.24	-0.26	-0.18	0.02	-0.01	0.03	0.03	0.07	0.17	0.20	0.28	7.2%	56.2%	
Ord. EPS growth	52.1%	72.2%	-50.5%	94.6%	-7.9%	30.7%	n.a.	n.a.	n.a.	19.1%	n.a.	n.a.	18.5%	37.1%			
CAPEX	(0.7)	(0.3)	(0.3)	(23.7)	(31.3)	(22.9)	(24.8)	(21.8)	(22.4)	(31.1)	(51.2)	(33.6)	(33.3)	(34.4)			
CAPEX/Sales %	0.5%	0.2%	0.2%	22.6%	29.8%	19.7%	18.8%	15.2%	16.7%	18.4%	22.7%	12.0%	11.0%	10.5%			
Free Cash Flow	42.0	38.4	16.5	(2.6)	(14.2)	11.4	2.9	50.8	(10.1)	(21.3)	(19.6)	(29.8)	7.6	11.1	-9.4%	36.9%	
ND/EBITDA (x) ⁽²⁾	32.5x	n.a.	n.a.	27.1x	12.3x	7.8x	7.7x	3.7x	3.6x	4.1x	3.6x	3.1x	2.7x	2.3x			
P/E (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	66.1x	53.8x	13.1x	8.1x	6.8x	5.0x			
EV/Sales (x)	2.67x	2.65x	2.64x	2.32x	2.54x	1.98x	1.74x	1.59x	1.69x	1.87x	1.41x	1.16x	1.08x	0.99x			
EV/EBITDA (x) ⁽²⁾	34.2x	n.a.	n.a.	40.2x	18.9x	10.3x	9.5x	6.9x	7.6x	8.8x	6.3x	4.8x	4.3x	3.9x			
Absolute performance	5.3%	80.0%	-70.8%	14.3%	16.7%	-41.1%	-22.4%	56.3%	-25.5%	31.1%	-28.8%	29.6%					
Relative performance vs Ibx35	10.4%	48.2%	-71.9%	23.1%	19.1%	-45.1%	-8.8%	39.8%	-11.9%	21.5%	-24.6%	17.6%					

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

Market data	Europe					USA				GAM
	EUR Mn	Ashtead Group	VP	Speedy Hire	HSS Hire Group	Average	United Rentals	Herc Rentals	H&E Equipment S.	
Ticker (Factset)		AHT-GB	VP-GB	SDY-GB	HSS-GB		URI-US	HRI-US	HEES-US	GAM-ES
Country		UK	UK	UK	UK		USA	USA	USA	Spain
Market cap		24,089.2	301.2	173.2	97.0		24,597.6	3,020.4	1,439.4	130.6
Enterprise value (EV)		32,176.3	530.6	365.8	212.1		35,785.0	6,309.0	2,668.4	325.6
Total Revenues		9,769.2	415.8	519.2	398.9		12,914.9	3,072.1	1,274.5	280.0
Total Revenues growth		10.6%	4.3%	4.4%	5.7%	6.2%	20.2%	21.5%	10.9%	17.5%
2y CAGR (2023e - 2025e)		6.6%	3.7%	4.4%	n.a.	4.9%	6.1%	9.1%	8.0%	7.7%
EBITDA		4,508.9	120.8	122.7	84.1		6,223.7	1,382.4	578.1	68.5
EBITDA growth		11.4%	4.9%	4.9%	4.2%	6.4%	23.7%	25.8%	18.7%	22.7%
2y CAGR (2023e - 2025e)		6.5%	5.6%	n.a.	n.a.	6.0%	5.3%	7.4%	6.5%	6.4%
EBITDA/Revenues		46.2%	29.1%	23.6%	21.1%	30.0%	48.2%	45.0%	45.4%	46.2%
EBIT		2,652.9	54.5	52.5	37.7		3,811.4	682.6	238.5	33.6
EBIT growth		11.8%	33.3%	8.0%	6.4%	14.9%	27.7%	32.2%	21.8%	27.3%
2y CAGR (2023e - 2025e)		8.2%	6.1%	27.4%	n.a.	13.9%	5.7%	8.8%	14.4%	9.7%
EBIT/Revenues		27.2%	13.1%	10.1%	9.5%	15.0%	29.5%	22.2%	18.7%	23.5%
Net Profit		1,710.3	35.5	27.1	19.3		2,436.7	389.5	138.0	16.2
Net Profit growth		11.3%	22.4%	711.4%	-0.6%	186.1%	25.4%	27.9%	11.8%	21.7%
2y CAGR (2023e - 2025e)		9.1%	5.7%	13.0%	n.a.	9.3%	7.4%	5.1%	17.9%	10.1%
CAPEX/Sales %		23.4%	13.7%	10.9%	8.5%	14.1%	22.1%	40.4%	20.6%	27.7%
Free Cash Flow		1,005.1	8.1	17.4	3.0		1,941.2	(60.0)	46.9	(29.8)
Net financial debt		7,527.5	173.9	141.9	107.9		9,520.8	3,180.5	1,163.3	209.3
ND/EBITDA (x)		1.7	1.4	1.2	1.3	1.4	1.5	2.3	2.0	1.9
Pay-out		24.7%	48.3%	54.2%	20.5%	36.9%	9.5%	12.9%	26.5%	16.3%
P/E (x)		14.1	8.5	6.6	5.0	8.5	9.4	7.9	10.4	9.2
P/BV (x)		4.3	1.6	0.8	n.a.	2.2	2.8	n.a.	3.1	3.0
EV/Revenues (x)		3.3	1.3	0.7	0.5	1.5	2.8	2.1	2.1	2.3
EV/EBITDA (x)		7.1	4.4	3.0	2.5	4.3	5.7	4.6	4.6	5.0
EV/EBIT (x)		12.1	9.7	7.0	5.6	8.6	9.4	9.2	11.2	9.9
ROE		30.4	18.5	11.5	n.a.	20.1	30.4	n.a.	29.8	30.1
FCF Yield (%)		4.2	2.7	10.1	3.0	5.0	7.9	n.a.	3.3	5.6
DPS		0.95	0.43	0.03	0.01	0.35	3.29	1.70	1.02	2.00
Dvd Yield		1.7%	5.8%	7.5%	4.1%	4.8%	0.9%	1.6%	2.6%	1.7%

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-Mar-2023	n.a.	1.38	n.a.	n.a.	Important news - Estimates upgrade	David López Sánchez
01-Mar-2023	n.a.	1.22	n.a.	n.a.	12m Results 2022	David López Sánchez
02-Nov-2022	n.a.	1.06	n.a.	n.a.	9m Results 2022	David López Sánchez
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

