

**EQUITY - SPAIN**

Sector: Trading Companies &amp; Distributors

Closing price: EUR 1.29 (9 Nov 2023)

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**9m Results 2023**

Independent Equity Research

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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%).

## 9M23 earnings: M&A drives revenue (+22.5%) without squeezing margins (EBITDA Mg.: 26%)

**M&A ADDED MOMENTUM TO REVENUE GROWTH (+22.5% VS 9M22)...** GAM reported revenue in 9M2023 of EUR 203.4Mn (+22.5% vs 9M2022; organic growth +14%). Revenue in 3Q totalled EUR 72.7Mn (+24.3% YoY; in line with estimates) adding visibility to our full-year estimates.

**...LED BY THE LONG-TERM RENTAL BUSINESS (+41.1% VS 9M22).** This was the result of acquisitions (Carretillas Mayor, 60% of Ozmak and the 50% it did not already own in GAM Arabia) and lends weight to the idea of the company becoming embedded in its customers' production cycle (4-year cycles on average). All the business lines delivered double-digit growth: i) the CAPEX-free business (+19.7% vs 9M22), which requires no structure or additional capital and ii) the short-term rental business (revenue: EUR 79.5Mn; +15.5% vs 9M22; 39% share of the total).

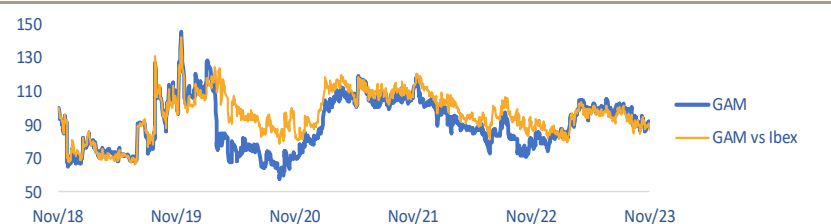
**EBITDA OF EUR 52.6MN (+20.9% VS 9M22).** GAM is defending its profitability, with a 9M23 EBITDA margin of c.26% (including capitalisations, in line with 9M22). Strong topline growth fed through to a double-digit increase in EBITDA (+20.9%) to EUR 52.6Mn (vs EUR 43.5Mn in 9M22).

**HOWEVER, FINANCE COSTS KEPT PRESSURE ON THE BOTTOM LINE (NET PROFIT: EUR 3.7MN VS EUR 4.9MN IN 9M22).** Below EBITDA, a higher amortisation and depreciation charge and an increase in finance costs (our estimates point to ND at year-end 2023 of EUR 241.8Mn; +34.7%) caused by rising interest rates led to a contraction in net profit in 9M23 (-24.5%), making it less likely we will hit our estimates of doubling EBIT and net profit in 2023e.

**SO, WE ARE REVISING OUR ESTIMATES.** For 2023e, we are still estimating revenue of EUR 274Mn (+21% vs 2022) and EBITDA of c. EUR 65.2Mn (+30% vs 2022). Meanwhile, we are lowering our estimates for EBIT (to EUR 23Mn; -23.7% vs our previous estimate) and net profit (EUR 6Mn; -55.4%).

**SOLID OPERATING PERFORMANCE, WHICH CONFIRMS A UNIQUE GROWTH STORY IN THE INDUSTRIAL SECTOR.** We reiterate our view that GAM is a growth story (CAGR revenue 22-25e: +13%). It is able to sustain operating margins (EBITDA margin 23e of 23.8%), while mitigating (but not eliminating) its cyclical nature (we expect interest-rate hikes to put pressure on NP in the coming years). Despite a good rally by the stock (+21.1% YTD), GAM is still trading an EV/EBITDA 23e multiple of 5.7x (vs a peer average of 5.3x) while outpacing average growth for peers in EBITDA (CAGR 23e-25e) by +6.5p.p.

### Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-0.8	-10.4	10.3	21.1	27.1	-10.3
vs Ibxex 35	-3.4	-10.9	-5.7	6.0	0.8	-12.9
vs Ibxex Small Cap Index	-1.8	-4.5	3.2	15.8	15.9	-20.4
vs Eurostoxx 50	-3.5	-8.5	-2.8	8.7	2.4	-31.5
vs Sector benchmark <sup>(4)</sup>	-2.3	-3.8	2.9	13.1	12.0	-34.7

### Market Data

Market Cap (Mn EUR and USD)	122.0	130.8
EV (Mn EUR and USD) <sup>(2)</sup>	371.2	397.7
Shares Outstanding (Mn)	94.6	
-12m (Max/Med/Min EUR)	1.52 / 1.33 / 1.07	
Daily Avg volume (-12m Mn EUR)	0.03	
Rotation <sup>(3)</sup>	5.9	
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	6.0
Banco Santander	4.5
Free Float	21.3

### Financials (Mn EUR)

	2022	2023e	2024e	2025e
Adj. nº shares (Mn)	94.6	94.6	94.6	94.6
Total Revenues	225.8	274.2	302.2	326.8
Rec. EBITDA	50.2	65.2	75.1	82.7
% growth	37.8	29.8	15.3	10.1
% Rec. EBITDA/Rev.	22.2	23.8	24.9	25.3
% Inc. EBITDA sector <sup>(4)</sup>	20.2	12.0	6.6	9.5
Net Profit	7.7	6.0	10.1	16.3
EPS (EUR)	0.08	0.06	0.11	0.17
% growth	193.3	-22.0	66.9	61.9
Ord. EPS (EUR)	0.07	0.06	0.11	0.17
% growth	118.2	-12.7	66.9	61.9
Rec. Free Cash Flow <sup>(5)</sup>	-35.0	-26.3	5.6	9.8
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	241.8	236.2	226.4
ND/Rec. EBITDA (x)	3.6	3.7	3.1	2.7
ROE (%)	8.7	6.2	9.6	13.8
ROCE (%) <sup>(5)</sup>	6.0	5.4	6.3	7.7

### Ratios & Multiples (x)<sup>(6)</sup>

P/E	15.8	20.3	12.1	7.5
Ord. P/E	17.7	20.3	12.1	7.5
P/BV	1.3	1.2	1.1	1.0
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	1.64	1.35	1.23	1.14
EV/Rec. EBITDA	7.4	5.7	4.9	4.5
EV/EBIT	21.9	16.0	12.4	10.0
FCF Yield (%) <sup>(5)</sup>	n.a.	n.a.	4.6	8.1

(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.

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**9m Results 2023**
**Table 1. 9m23 Results**

EUR Mn	9m23	9m23 Real		2023e	2023e vs		3Q23 vs
	Real	9m22	vs 9m22		2022	3Q23	
Short-term	79.2	68.6	15.5%	100.6	10.7%	29.0	15.5%
Long term	50.1	35.5	41.1%	70.6	45.0%	18.1	47.2%
Without Capex	74.1	61.9	19.7%	103.1	19.4%	25.6	21.3%
<b>Total Revenues</b>	<b>203.4</b>	<b>166.0</b>	<b>22.5%</b>	<b>274.2</b>	<b>21.4%</b>	<b>72.7</b>	<b>24.3%</b>
<b>Recurrent EBITDA<sup>1</sup></b>	<b>52.6</b>	<b>43.5</b>	<b>20.9%</b>	<b>65.2</b>	<b>29.8%</b>	<b>24.4</b>	<b>21.8%</b>
<i>Rec. EBITDA/Revenues</i>	25.9%	26.2%	-0.3 p.p.	23.8%	1.5 p.p.	33.5%	-0.7 p.p.
<b>EBITDA<sup>1</sup></b>	<b>52.6</b>	<b>43.5</b>	<b>20.9%</b>	<b>65.2</b>	<b>29.8%</b>	<b>23.7</b>	<b>17.5%</b>
<i>EBITDA/Revenues</i>	25.9%	26.2%	-0.3 p.p.	23.8%	1.5 p.p.	32.6%	-1.9 p.p.
<b>EBIT</b>	<b>16.4</b>	<b>12.9</b>	<b>27.1%</b>	<b>23.1</b>	<b>36.3%</b>	<b>5.2</b>	<b>-10.5%</b>
<b>Net profit</b>	<b>3.7</b>	<b>4.9</b>	<b>-24.5%</b>	<b>6.0</b>	<b>-12.7%</b>	<b>-0.3</b>	<b>-113%</b>

Note: 9m23 results do not include information pertaining to the balance sheet.

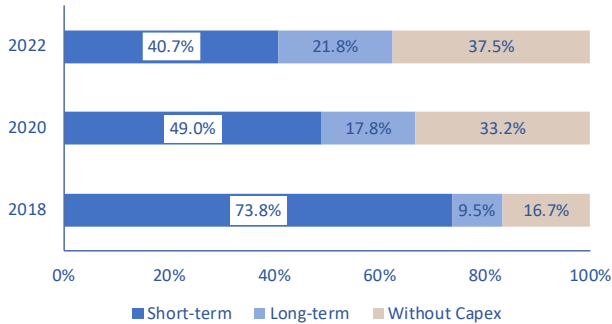
Note 1: 9m23 and 9m22 recurrent EBITDA and EBITDA not adjusted to strip out the impact of capitalised expenses. 23e EBITDA excludes EUR 9.1Mn of capitalised expenses

**Table 2. Estimates downgrade**

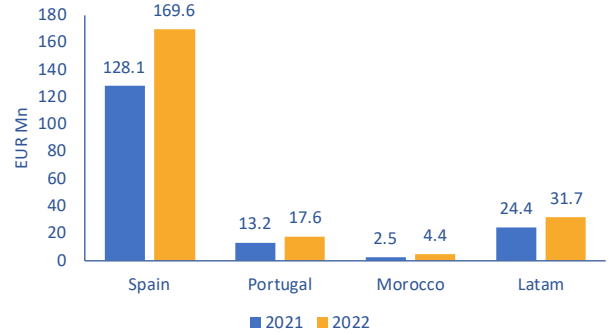
EUR Mn	2023e (New)	Review (%)	2024e (New)	Review (%)	2025e (New)	Review (%)
<b>Total Revenues</b>	<b>274.2</b>	<b>0.0%</b>	<b>302.2</b>	<b>0.0%</b>	<b>326.8</b>	<b>0.0%</b>
<b>Recurrent EBITDA</b>	<b>65.2</b>	<b>0.0%</b>	<b>75.1</b>	<b>-0.3%</b>	<b>82.7</b>	<b>-0.2%</b>
<i>Recurrent EBITDA growth</i>	29.8%	0.0 p.p.	15.3%	-0.4 p.p.	10.1%	0.1 p.p.
<i>Rec. EBITDA/Revenues</i>	23.8%	0.0 p.p.	24.9%	-0.1 p.p.	25.3%	-0.1 p.p.
<b>EBIT</b>	<b>23.1</b>	<b>-23.7%</b>	<b>29.8</b>	<b>-21.0%</b>	<b>37.1</b>	<b>-19.5%</b>
<b>Net Profit</b>	<b>6.0</b>	<b>-55.4%</b>	<b>10.1</b>	<b>-46.9%</b>	<b>16.3</b>	<b>-37.4%</b>
<b>Net Debt</b>	<b>241.8</b>	<b>14.7%</b>	<b>236.2</b>	<b>15.8%</b>	<b>226.4</b>	<b>17.2%</b>
<i>ND / EBITDA</i>	3.7 x	0.5 x	3.1 x	0.4 x	2.7 x	0.4 x

The company in 8 charts

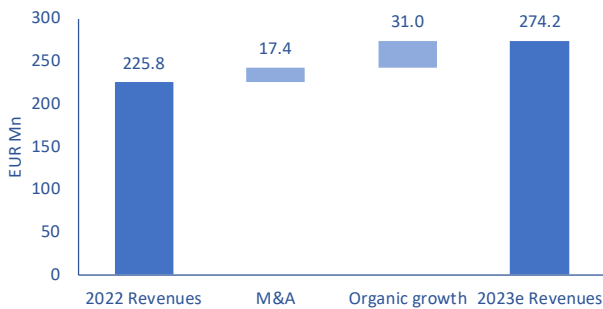
**GAM has successfully executed its strategic repositioning: recurrent and no-CAPEX business now accounts for 59% of sales**



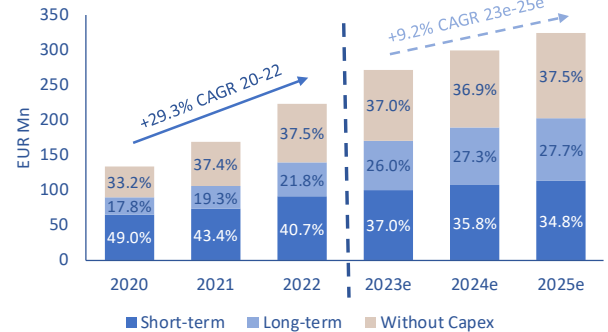
**And is applying its model of diversification to the international business (where it is growing in all its geographies)**



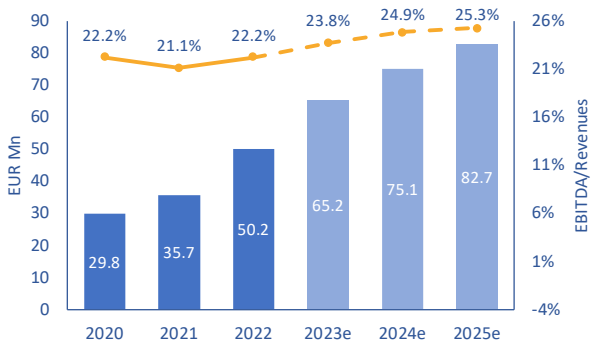
**In 2023e we estimate revenue growth of +21% vs 2022 (driven by the M&A already executed)**



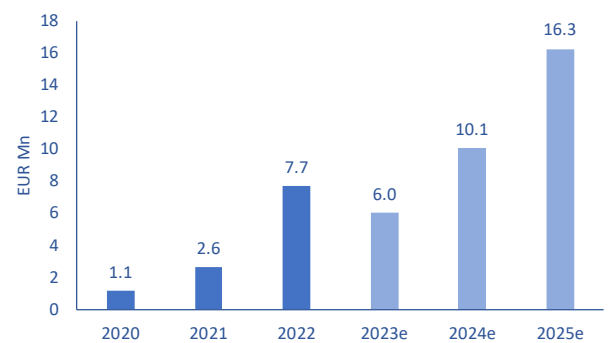
**Recurrent (long term) and no-CAPEX business will continue to drive growth in the mid term (+9.2% CAGR 23e-25e)**



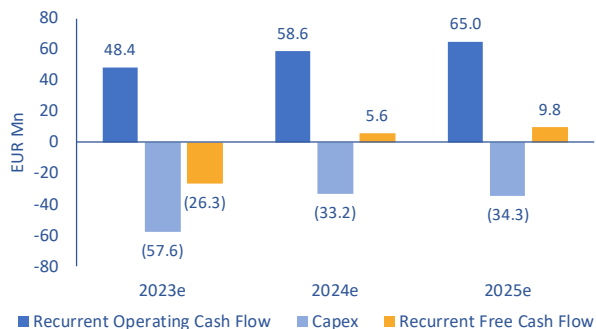
**EBITDA 2022-2025e: +18% CAGR (22-25e)**



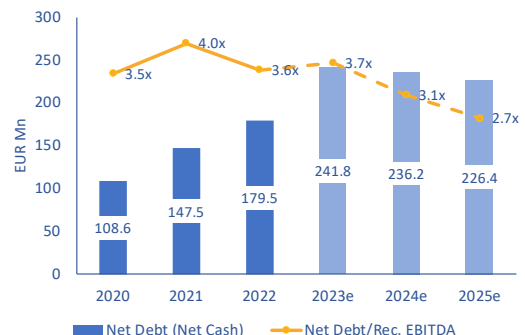
**Net Profit about to take off**



**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 3.5x ND/EBITDA**



## Valuation inputs

### Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value <sup>(1)</sup>			
Free Cash Flow "To the Firm"	(49.8)	19.4	23.3	508.3			
Market Cap	122.0	At the date of this report					
Net financial debt	226.7	Debt net of Cash (6m Results 2023)					
					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)	3.7%	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	10.9%	Ke = Rf + (R * B)			9.7%	12.1%	
Equity / (Equity + Net Debt)	35.0%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	65.0%	D			=	=	
WACC	6.7%	WACC = Kd * D + Ke * E			6.1%	7.2%	
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	25,014.7	13.6	13.3%	7.0	10.2%	3.2	9.4%	45.9%	2.4%	56.8%
VP	VP-GB	237.1	6.5	5.5%	3.5	2.7%	1.0	3.8%	29.9%	11.3%	-2.1%
Speedy Hire	SDY-GB	158.9	5.8	10.7%	3.0	5.1%	0.7	5.2%	24.1%	10.8%	25.9%
HSS Hire Group	HSS-GB	92.8	9.6	11.8%	3.0	4.2%	0.6	3.5%	18.6%	n.a.	98.3%
Europe			8.9	10.3%	4.1	5.5%	1.4	5.5%	29.6%	8.1%	44.7%
United Rentals	URI-US	27,673.0	10.9	7.9%	6.2	3.5%	3.0	4.3%	47.8%	8.0%	2.7%
Herc Rentals	HRI-US	3,030.8	9.2	12.0%	5.2	7.6%	2.3	6.2%	44.3%	n.a.	62.4%
H&E Equipment S.	HEES-US	1,425.6	9.4	11.3%	4.6	7.4%	2.1	6.7%	45.8%	n.a.	n.a.
USA			9.9	10.4%	5.3	6.2%	2.5	5.7%	46.0%	8.0%	32.6%
GAM	GAM-ES	122.0	20.3	64.4%	5.7	12.7%	1.4	9.2%	23.8%	n.a.	46.9%

### 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	27.4%	82.7	4.5x
Central	24.9%	75.1	4.9x
Min	22.4%	67.5	5.5x

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

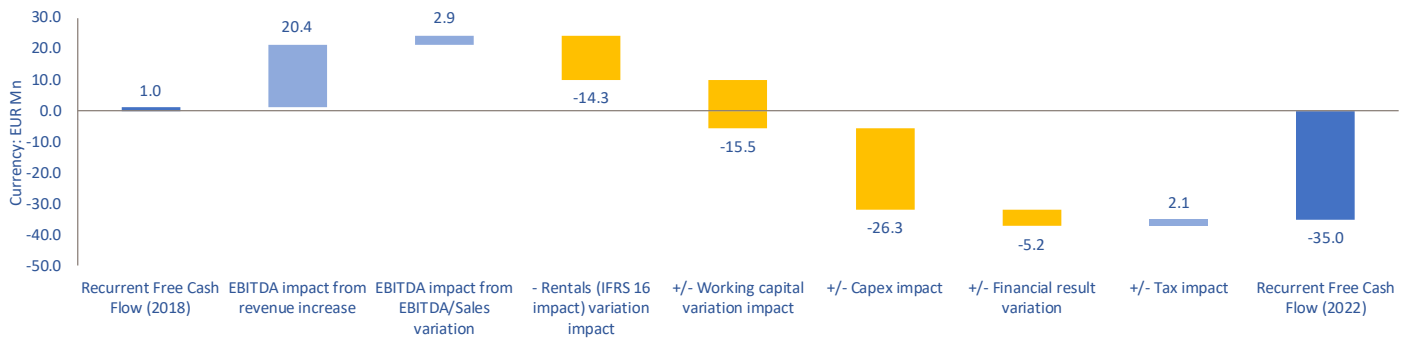
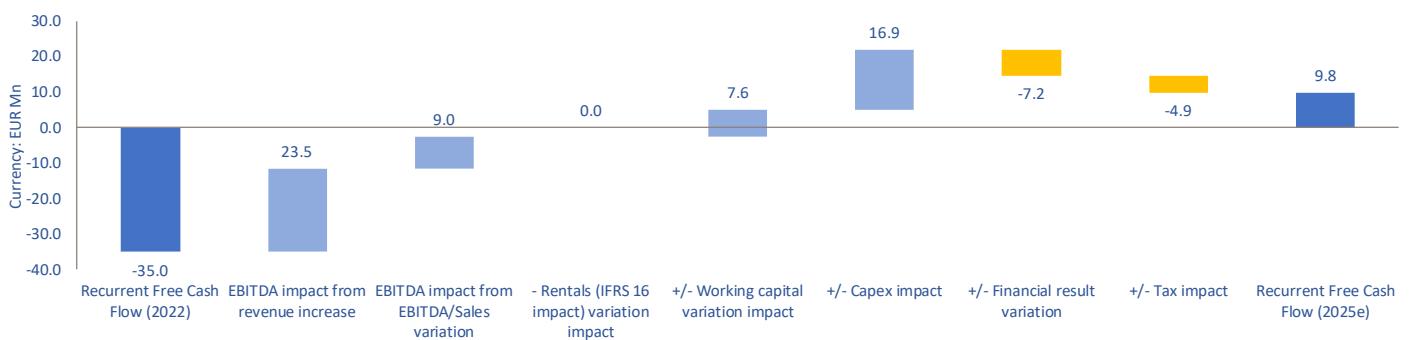
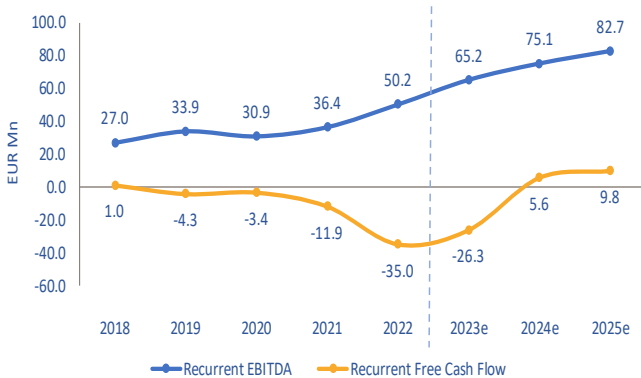
Rec. FCF EUR Mn	CAPEX/Sales 24e			➔	Rec. FCF/Yield 24e			
EBITDA 24e	9.9%	11.0%	12.1%		Scenario	Rec. FCF/Yield 24e		
82.7	16.5	13.2	9.9		Max	13.5%	10.8%	8.1%
75.1	9.0	5.6	2.3		Central	7.3%	4.6%	1.9%
67.5	1.4	(1.9)	(5.3)		Min	1.1%	n.a.	n.a.

## Appendix 1. Financial Projections

<b>Balance Sheet (EUR Mn)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>		
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	303.1	305.4	308.5		
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	105.6	114.0	122.8		
<b>Total assets</b>	<b>202.0</b>	<b>228.9</b>	<b>253.0</b>	<b>325.3</b>	<b>392.0</b>	<b>471.1</b>	<b>481.7</b>	<b>493.7</b>		
Equity	(17.6)	51.1	81.9	84.5	93.5	99.5	109.6	125.8		
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	241.8	236.2	226.4		
Current Liabilities	31.9	27.4	30.0	44.9	55.8	66.6	72.8	78.3		
<b>Equity &amp; Total Liabilities</b>	<b>202.0</b>	<b>228.9</b>	<b>253.0</b>	<b>325.3</b>	<b>392.0</b>	<b>471.1</b>	<b>481.7</b>	<b>493.7</b>		
<b>CAGR</b>										
<b>P&amp;L (EUR Mn)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>	<b>18-22</b>	<b>22-25e</b>
<b>Total Revenues</b>	<b>132.2</b>	<b>143.1</b>	<b>134.1</b>	<b>169.1</b>	<b>225.8</b>	<b>274.2</b>	<b>302.2</b>	<b>326.8</b>	<b>14.3%</b>	<b>13.1%</b>
<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>21.4%</i>	<i>10.2%</i>	<i>8.1%</i>		
COGS	(34.2)	(40.2)	(42.2)	(60.1)	(80.6)	(97.6)	(106.5)	(115.1)		
<b>Gross Margin</b>	<b>98.1</b>	<b>102.9</b>	<b>91.9</b>	<b>109.0</b>	<b>145.2</b>	<b>176.6</b>	<b>195.7</b>	<b>211.7</b>	<b>10.3%</b>	<b>13.4%</b>
<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>64.4%</i>	<i>64.8%</i>	<i>64.8%</i>		
Personnel Expenses	(36.7)	(39.5)	(35.8)	(43.1)	(52.7)	(63.7)	(68.9)	(73.7)		
Other Operating Expenses	(34.4)	(29.5)	(25.2)	(29.5)	(42.3)	(47.7)	(51.7)	(55.3)		
<b>Recurrent EBITDA</b>	<b>27.0</b>	<b>33.9</b>	<b>30.9</b>	<b>36.4</b>	<b>50.2</b>	<b>65.2</b>	<b>75.1</b>	<b>82.7</b>	<b>16.8%</b>	<b>18.1%</b>
<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>29.8%</i>	<i>15.3%</i>	<i>10.1%</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>23.8%</i>	<i>24.9%</i>	<i>25.3%</i>		
Restructuring Expense & Other non-rec.	(2.6)	(1.1)	(1.0)	(0.7)	-	-	-	-		
<b>EBITDA</b>	<b>24.3</b>	<b>32.8</b>	<b>29.8</b>	<b>35.7</b>	<b>50.2</b>	<b>65.2</b>	<b>75.1</b>	<b>82.7</b>	<b>19.8%</b>	<b>18.1%</b>
Depreciation & Provisions	(23.2)	(21.7)	(20.6)	(20.0)	(26.9)	(36.8)	(40.1)	(40.5)		
Capitalized Expense	7.5	7.7	6.3	7.2	8.0	9.1	9.2	9.3		
Rentals (IFRS 16 impact)	-	(7.9)	(8.1)	(12.1)	(14.3)	(14.3)	(14.3)	(14.3)		
<b>EBIT</b>	<b>8.7</b>	<b>10.9</b>	<b>7.5</b>	<b>10.8</b>	<b>17.0</b>	<b>23.1</b>	<b>29.8</b>	<b>37.1</b>	<b>18.3%</b>	<b>29.8%</b>
<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>36.3%</i>	<i>28.9%</i>	<i>24.6%</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>8.4%</i>	<i>9.9%</i>	<i>11.4%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(10.2)	(13.0)	(7.0)	(7.5)	(9.6)	(15.6)	(17.3)	(16.8)		
Income by the Equity Method	-	0.7	0.3	0.2	(0.3)	-	-	-		
<b>Ordinary Profit</b>	<b>(1.6)</b>	<b>(1.4)</b>	<b>0.8</b>	<b>3.5</b>	<b>7.1</b>	<b>7.5</b>	<b>12.6</b>	<b>20.3</b>	<b>59.6%</b>	<b>42.0%</b>
<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>6.0%</i>	<i>66.9%</i>	<i>61.9%</i>		
Extraordinary Results	-	44.9	-	-	-	-	-	-		
<b>Profit Before Tax</b>	<b>(1.6)</b>	<b>43.5</b>	<b>0.8</b>	<b>3.5</b>	<b>7.1</b>	<b>7.5</b>	<b>12.6</b>	<b>20.3</b>	<b>59.6%</b>	<b>42.0%</b>
Tax Expense	(2.4)	(3.5)	0.3	(0.8)	0.8	(1.5)	(2.5)	(4.1)		
<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	-	-	-	-	-	-	-	-		
<b>Net Profit</b>	<b>(4.0)</b>	<b>40.0</b>	<b>1.1</b>	<b>2.6</b>	<b>7.7</b>	<b>6.0</b>	<b>10.1</b>	<b>16.3</b>	<b>40.6%</b>	<b>28.3%</b>
<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>-21.9%</i>	<i>66.9%</i>	<i>61.9%</i>		
<b>Ordinary Net Profit</b>	<b>0.9</b>	<b>(0.3)</b>	<b>1.9</b>	<b>3.2</b>	<b>6.9</b>	<b>6.0</b>	<b>10.1</b>	<b>16.3</b>	<b>64.9%</b>	<b>33.1%</b>
<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>-12.7%</i>	<i>66.9%</i>	<i>61.9%</i>		
<b>CAGR</b>										
<b>Cash Flow (EUR Mn)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>	<b>18-22</b>	<b>22-25e</b>
<b>Recurrent EBITDA</b>						<b>65.2</b>	<b>75.1</b>	<b>82.7</b>	<b>16.8%</b>	<b>18.1%</b>
Rentals (IFRS 16 impact)						(14.3)	(14.3)	(14.3)		
Working Capital Increase						(2.4)	(2.2)	(3.4)		
<b>Recurrent Operating Cash Flow</b>						<b>48.4</b>	<b>58.6</b>	<b>65.0</b>	<b>-5.7%</b>	<b>37.6%</b>
CAPEX						(57.6)	(33.2)	(34.3)		
Net Financial Result affecting the Cash Flow						(15.6)	(17.3)	(16.8)		
Tax Expense						(1.5)	(2.5)	(4.1)		
<b>Recurrent Free Cash Flow</b>						<b>(26.3)</b>	<b>5.6</b>	<b>9.8</b>	<b>n.a.</b>	<b>31.6%</b>
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						(36.0)	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
<b>Free Cash Flow</b>						<b>(62.3)</b>	<b>5.6</b>	<b>9.8</b>	<b>-72.0%</b>	<b>35.7%</b>
Capital Increase						-	-	-		
Dividends						-	-	-		
<b>Net Debt Variation</b>						<b>62.3</b>	<b>(5.6)</b>	<b>(9.8)</b>		

## Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
<b>Recurrent EBITDA</b>	<b>33.9</b>	<b>30.9</b>	<b>36.4</b>	<b>50.2</b>	<b>65.2</b>	<b>75.1</b>	<b>82.7</b>	<b>14.0%</b>	<b>18.1%</b>
<i>Recurrent EBITDA growth</i>	25.7%	-9.0%	18.0%	37.8%	29.8%	15.3%	10.1%		
<i>Rec. EBITDA/Revenues</i>	23.7%	23.0%	21.5%	22.2%	23.8%	24.9%	25.3%		
- 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)	(2.4)	(2.2)	(3.4)		
<b>= Recurrent Operating Cash Flow</b>	<b>24.4</b>	<b>26.3</b>	<b>24.6</b>	<b>25.0</b>	<b>48.4</b>	<b>58.6</b>	<b>65.0</b>	<b>0.7%</b>	<b>37.6%</b>
<i>Rec. Operating Cash Flow growth</i>	-22.5%	7.8%	-6.5%	1.3%	93.9%	21.2%	10.9%		
<i>Rec. Operating Cash Flow / Sales</i>	17.1%	19.6%	14.6%	11.1%	17.6%	19.4%	19.9%		
- CAPEX	(21.8)	(22.4)	(31.1)	(51.2)	(57.6)	(33.2)	(34.3)		
- Net Financial Result affecting Cash Flow	(5.5)	(6.7)	(4.5)	(9.6)	(15.6)	(17.3)	(16.8)		
- Taxes	(1.5)	(0.7)	(0.9)	0.8	(1.5)	(2.5)	(4.1)		
<b>= Recurrent Free Cash Flow</b>	<b>(4.3)</b>	<b>(3.4)</b>	<b>(11.9)</b>	<b>(35.0)</b>	<b>(26.3)</b>	<b>5.6</b>	<b>9.8</b>	<i>n.a.</i>	<b>31.6%</b>
<i>Rec. Free Cash Flow growth</i>	-519.7%	20.3%	-247.8%	-194.1%	24.9%	121.4%	74.8%		
<i>Rec. Free Cash Flow / Revenues</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	1.9%	3.0%		
- Restructuring expenses & others	(1.1)	(1.0)	(0.7)	7.7	-	-	-		
- Acquisitions / + Divestments	4.2	(5.6)	(8.7)	7.7	(36.0)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	52.0	-	-	-	-	-	-		
<b>= Free Cash Flow</b>	<b>50.8</b>	<b>(10.1)</b>	<b>(21.3)</b>	<b>(19.6)</b>	<b>(62.3)</b>	<b>5.6</b>	<b>9.8</b>	<b>-33.6%</b>	<b>35.7%</b>
<i>Free Cash Flow growth</i>	<i>n.a.</i>	-119.9%	-110.9%	7.9%	-217.7%	109.0%	74.8%		
<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>	<i>n.a.</i>	4.6%	8.1%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	41.6%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	4.6%	8.1%		
<b>B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)</b>									
	2019	2020	2021	2022	2023e	2024e	2025e		
<b>Recurrent FCF(FY - 1)</b>	<b>1.0</b>	<b>(4.3)</b>	<b>(3.4)</b>	<b>(11.9)</b>	<b>(35.0)</b>	<b>(26.3)</b>	<b>5.6</b>		
EBITDA impact from revenue increase	2.2	(2.1)	8.1	12.2	10.8	6.6	6.1		
EBITDA impact from EBITDA/Sales variation	4.7	(0.9)	(2.5)	1.5	4.2	3.3	1.5		
<b>= Recurrent EBITDA variation</b>	<b>6.9</b>	<b>(3.0)</b>	<b>5.6</b>	<b>13.8</b>	<b>15.0</b>	<b>9.9</b>	<b>7.6</b>		
- 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)	8.5	0.3	(1.2)		
<b>= Recurrent Operating Cash Flow variation</b>	<b>(7.1)</b>	<b>1.9</b>	<b>(1.7)</b>	<b>0.3</b>	<b>23.4</b>	<b>10.2</b>	<b>6.4</b>		
+/- CAPEX impact	3.1	(0.7)	(8.7)	(20.1)	(6.4)	24.3	(1.1)		
+/- Financial result variation	(1.1)	(1.2)	2.1	(5.1)	(6.0)	(1.6)	0.4		
+/- Tax impact	(0.2)	0.8	(0.2)	1.7	(2.3)	(1.0)	(1.6)		
<b>= Recurrent Free Cash Flow variation</b>	<b>(5.3)</b>	<b>0.9</b>	<b>(8.5)</b>	<b>(23.1)</b>	<b>8.7</b>	<b>31.9</b>	<b>4.2</b>		
<b>Recurrent Free Cash Flow</b>	<b>(4.3)</b>	<b>(3.4)</b>	<b>(11.9)</b>	<b>(35.0)</b>	<b>(26.3)</b>	<b>5.6</b>	<b>9.8</b>		
<b>C) "FCF to the Firm" (pre debt service) (EUR Mn)</b>									
	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
<b>EBIT</b>	<b>10.9</b>	<b>7.5</b>	<b>10.8</b>	<b>17.0</b>	<b>23.1</b>	<b>29.8</b>	<b>37.1</b>	<b>15.9%</b>	<b>29.8%</b>
* Theoretical Tax rate	0.0%	0.0%	23.4%	0.0%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	-	-	(2.5)	-	(4.6)	(6.0)	(7.4)		
<b>Recurrent EBITDA</b>	<b>33.9</b>	<b>30.9</b>	<b>36.4</b>	<b>50.2</b>	<b>65.2</b>	<b>75.1</b>	<b>82.7</b>	<b>14.0%</b>	<b>18.1%</b>
- 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)	(2.4)	(2.2)	(3.4)		
<b>= Recurrent Operating Cash Flow</b>	<b>24.4</b>	<b>26.3</b>	<b>24.6</b>	<b>25.0</b>	<b>48.4</b>	<b>58.6</b>	<b>65.0</b>	<b>0.7%</b>	<b>37.6%</b>
- CAPEX	(21.8)	(22.4)	(31.1)	(51.2)	(57.6)	(33.2)	(34.3)		
- Taxes (pre- Financial Result)	-	-	(2.5)	-	(4.6)	(6.0)	(7.4)		
<b>= Recurrent Free Cash Flow (To the Firm)</b>	<b>2.7</b>	<b>3.9</b>	<b>(9.0)</b>	<b>(26.2)</b>	<b>(13.8)</b>	<b>19.4</b>	<b>23.3</b>	<i>n.a.</i>	<b>42.4%</b>
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-60.2%	47.4%	-329.8%	-191.8%	47.3%	240.7%	19.8%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	1.9%	2.9%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	6.4%	7.1%		
- Acquisitions / + Divestments	4.2	(5.6)	(8.7)	7.7	(36.0)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	52.0	-	-	-	-	-	-		
<b>= Free Cash Flow "To the Firm"</b>	<b>58.9</b>	<b>(1.7)</b>	<b>(17.7)</b>	<b>(18.5)</b>	<b>(49.8)</b>	<b>19.4</b>	<b>23.3</b>	<b>-32.3%</b>	<b>48.2%</b>
<i>Free Cash Flow (To the Firm) growth</i>	428.2%	-102.9%	-918.6%	-4.7%	-168.9%	139.0%	19.8%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	0.7%	1.1%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	5.2%	6.3%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	15.9%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	5.2%	6.3%		

**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	122.0	
+ Minority Interests	2.1	6m Results 2023
+ Provisions & Other L/T Liabilities	22.4	6m Results 2023
+ Net financial debt	226.7	6m Results 2023
- Financial Investments	2.0	6m Results 2023
+/- Others		
<b>Enterprise Value (EV)</b>	<b>371.2</b>	

## Appendix 4. Historical performance (1)

Historical performance (EUR Mn)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
															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	274.2	302.2	326.8	4.9%	13.1%
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%	21.4%	10.2%	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	65.2	75.1	82.7	16.5%	18.1%
EBITDA growth	-44.4%	-54.6%	-4.1%	27.6%	133.2%	58.7%	8.5%	34.5%	-8.9%	19.8%	40.4%	29.8%	15.3%	10.1%		
EBITDA/Sales	7.8%	4.1%	4.6%	5.8%	13.4%	19.3%	18.4%	22.9%	22.2%	21.1%	22.2%	23.8%	24.9%	25.3%		
Net Profit	(61.3)	(17.1)	(28.3)	(5.8)	(11.1)	(7.7)	(4.0)	40.0	1.1	2.6	7.7	6.0	10.1	16.3	7.8%	28.3%
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%	-21.9%	66.9%	61.9%		
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	0.06	0.11	0.17	7.2%	28.2%
EPS growth	52.1%	72.2%	-50.5%	94.6%	-7.9%	30.7%	47.9%	n.a.	-98.4%	61.2%	n.a.	-22.0%	66.9%	61.9%		
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	0.06	0.11	0.17	7.2%	33.1%
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.	-12.7%	66.9%	61.9%		
CAPEX	(0.7)	(0.3)	(0.3)	(23.7)	(31.3)	(22.9)	(24.8)	(21.8)	(22.4)	(31.1)	(51.2)	(57.6)	(33.2)	(34.3)		
CAPEX/Sales %	0.5%	0.2%	0.2%	22.6%	29.8%	19.7%	18.8%	15.2%	16.7%	18.4%	22.7%	21.0%	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)	(62.3)	5.6	9.8	-9.4%	35.7%
ND/EBITDA (x) <sup>(2)</sup>	32.5x	n.a.	n.a.	27.1x	12.3x	7.8x	7.7x	3.7x	3.6x	4.1x	3.6x	3.7x	3.1x	2.7x		
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	20.3x	12.1x	7.5x		
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	1.35x	1.23x	1.14x		
EV/EBITDA (x) <sup>(2)</sup>	34.2x	n.a.	n.a.	40.2x	18.9x	10.3x	9.5x	6.9x	7.6x	8.8x	6.3x	5.7x	4.9x	4.5x		
Absolute performance	5.3%	80.0%	-70.8%	14.3%	16.7%	-41.1%	-22.4%	56.3%	-25.5%	31.1%	-28.8%	21.1%				
Relative performance vs Ibex 35	10.4%	48.2%	-71.9%	23.1%	19.1%	-45.1%	-8.8%	39.8%	-11.9%	21.5%	-24.6%	6.0%				

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 Factsset.

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

## Appendix 5. Main peers 2023e

		Europe				USA					
		Ashtead Group	VP	Speedy Hire	HSS Hire Group	Average	United Rentals	Herc Rentals	H&E Equipment S.	Average	GAM
EUR Mn											
Market data	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	25,014.7	237.1	158.9	92.8		27,673.0	3,030.8	1,425.6		122.0
	Enterprise value (EV)	33,590.0	454.7	381.1	218.6		39,463.4	7,144.5	2,888.7		371.2
Basic financial information	Total Revenues	10,408.7	440.0	522.6	395.6		13,279.3	3,088.8	1,368.1		274.2
	Total Revenues growth	12.7%	3.3%	3.4%	3.7%	5.8%	22.2%	20.8%	17.8%	20.3%	21.4%
	2y CAGR (2023e - 2025e)	9.4%	3.8%	5.2%	3.5%	5.5%	4.3%	6.2%	6.7%	5.7%	9.2%
	EBITDA	4,782.6	131.6	126.0	73.7		6,350.2	1,368.0	626.2		65.2
	EBITDA growth	13.4%	13.5%	7.7%	-12.3%	5.6%	24.9%	23.2%	26.8%	25.0%	29.8%
	2y CAGR (2023e - 2025e)	10.2%	2.7%	5.1%	4.2%	5.5%	3.5%	7.6%	7.4%	6.2%	12.7%
	EBITDA/Revenues	45.9%	29.9%	24.1%	18.6%	29.6%	47.8%	44.3%	45.8%	46.0%	23.8%
	EBIT	2,837.3	59.3	53.6	27.5		3,598.5	641.5	254.8		23.1
	EBIT growth	17.7%	54.8%	52.7%	-26.1%	24.8%	19.3%	22.9%	27.9%	23.4%	36.3%
	2y CAGR (2023e - 2025e)	11.3%	4.2%	8.2%	7.6%	7.8%	5.7%	10.1%	11.5%	9.1%	26.7%
	EBIT/Revenues	27.3%	13.5%	10.3%	7.0%	14.5%	27.1%	20.8%	18.6%	22.2%	8.4%
	Net Profit	1,782.0	35.7	26.7	9.6		2,291.3	331.0	151.2		6.0
	Net Profit growth	15.3%	35.4%	n.a.	-59.0%	-2.8%	16.6%	7.5%	21.2%	15.1%	-21.9%
	2y CAGR (2023e - 2025e)	13.0%	6.4%	11.3%	15.0%	11.4%	6.1%	12.0%	11.0%	9.7%	64.4%
CAPEX/Sales %	33.7%	13.3%	11.1%	8.7%	16.7%	21.9%	40.2%	24.9%	29.0%	21.0%	
Free Cash Flow	596.5	26.8	17.1	(6.7)		2,206.2	(168.6)	(47.5)		(62.3)	
Net financial debt	8,490.6	173.0	181.8	54.7		10,145.2	3,585.7	1,332.3		241.8	
ND/EBITDA (x)	1.8	1.3	1.4	0.7	1.3	1.6	2.6	2.1	2.1	3.7	
Pay-out	24.8%	50.2%	56.5%	50.4%	45.5%	13.3%	15.8%	24.4%	17.8%	0.0%	
Multiples and Ratios	P/E (x)	13.6	6.5	5.8	9.6	8.9	10.9	9.2	9.4	9.9	20.3
	P/BV (x)	3.9	1.1	0.7	n.a.	1.9	3.6	n.a.	3.0	3.3	1.2
	EV/Revenues (x)	3.2	1.0	0.7	0.6	1.4	3.0	2.3	2.1	2.5	1.4
	EV/EBITDA (x)	7.0	3.5	3.0	3.0	4.1	6.2	5.2	4.6	5.3	5.7
	EV/EBIT (x)	11.8	7.7	7.1	7.9	8.6	11.0	11.1	11.3	11.1	16.0
	ROE	28.9	17.1	12.3	n.a.	19.5	33.2	n.a.	31.3	32.3	6.2
	FCF Yield (%)	2.4	11.3	10.8	n.a.	8.1	8.0	n.a.	n.a.	8.0	n.a.
	DPS	1.01	0.45	0.03	0.01	0.37	4.30	1.77	1.03	2.36	0.00
Dvd Yield	1.8%	7.7%	9.0%	5.2%	5.9%	1.1%	1.7%	2.6%	1.8%	0.0%	

Note 1: Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).

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



## LIGHTHOUSE

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
10-Nov-2023	n.a.	1.29	n.a.	n.a.	9m Results 2023	Luis Esteban Arribas
01-Aug-2023	n.a.	1.47	n.a.	n.a.	6m Results 2023	Luis Esteban Arribas
12-Jun-2023	n.a.	1.40	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
02-May-2023	n.a.	1.45	n.a.	n.a.	3m Results 2023	David López Sánchez
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

