

6m Results 2020

Opinion <sup>(1)</sup>: In line.

Impact <sup>(1)</sup>: We will maintain our estimates.

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GAM (GALQ) is a company that specialises in services associated with machinery (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%).

## Although 1H20 was heavily impacted by Covid-19, GALQ's fundamentals remain intact

Market Data

Market Cap (Mn EUR and USD)	61.2	72.3
EV (Mn EUR and USD) <sup>(2)</sup>	207.3	245.1
Shares Outstanding (Mn)	63.1	
-12m (Max/Med/Mín EUR)	2.12 / 1.29 / 0.84	
Daily Avg volume (-12m Mn EUR)	0.10	
Rotation <sup>(3)</sup>	41.2	
Thomson Reuters / Bloomberg	GALQ.MC / GALQ SM	
Close fiscal year	31-Dec	

AN "EXPECTED" DECLINE IN REVENUE (EUR 59.4MN; -17.7% VS 1H19), due to the sharp drop-off in activity caused by Covid-19 (2Q20 revenues: -35%), which hit head on in April (-55%). Despite this, by the end of June GALQ had recovered activity levels of 90% (vs the start of the pandemic). This reinforces the "resilience" argument after the strategic repositioning of the business.

Shareholders Structure (%)

Francisco Riberas	54.3
Pedro Luis Fernández	5.8
Indumenta Pueri	5.3
Banco Santander	4.5
Free Float	30.1

WHICH FED THROUGH TO REC. EBITDA (EUR 11.5Mn; -26.6% VS 1H19), due to the business' high operating leverage. The reduction in total operating costs (-14% vs 1H19; underpinned by the government's furlough scheme during the pandemic) enabled GALQ to obtain a Rec. EBITDA margin of 19.4% (vs 21.7% 2019 and our 2020 estimate of 18.4%).

Financials (Mn EUR)

	2019	2020e	2021e	2022e
Adj. nº shares (Mn)	35.5	63.1	63.1	63.1
Total Revenues	143.1	122.3	135.1	142.5
Rec. EBITDA <sup>(4)</sup>	33.9	22.5	24.8	32.7
% growth	25.7	-33.5	10.0	32.2
% Rec. EBITDA/Rev.	23.7	18.4	18.3	23.0
% Inc. EBITDA sector <sup>(5)</sup>	19.0	-18.3	18.6	13.6
Net Profit	40.0	-4.9	0.4	8.7
EPS (EUR)	1.13	-0.08	0.01	0.14
% growth	n.a.	-107.0	108.1	n.a.
Ord. EPS (EUR)	-0.01	-0.08	0.01	0.14
% growth	-134.7	-911.4	108.3	n.a.
Rec. Free Cash Flow <sup>(6)</sup>	-4.3	0.2	1.4	4.0
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	121.9	118.0	105.3	97.3
ND/Rec. EBITDA (x)	3.6	5.2	4.2	3.0
ROE (%)	238.9	n.a.	0.9	17.2
ROCE (%) <sup>(6)</sup>	6.2	0.1	2.7	7.8

MAINTAINING BEARABLE AND STABLE DEBT. GALQ closed 1H20 with net debt of EUR 133.4Mn (vs. EUR 121.9Mn in 2019). In addition, GALQ has announced the refinancing of the amount pending payment of the syndicated loan (c. EUR 75Mn; which had been due in 1Q21) establishing a new payment schedule over the next five years. The novation agreement is subject to the fulfilment of certain conditions precedent, the most important being the subscription of a c. EUR 30Mn capital increase (guaranteed by the majority shareholder which ensures the novation of the syndicated loan).

Ratios & Multiples (x) <sup>(7)</sup>

	n.a.	n.a.	n.a.	7.0
P/E	n.a.	n.a.	n.a.	7.0
Ord. P/E	n.a.	n.a.	n.a.	7.0
P/BV	1.2	1.3	1.3	1.1
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	1.45	1.70	1.54	1.45
EV/Rec. EBITDA	6.1	9.2	8.4	6.3
EV/EBIT	19.0	n.a.	41.3	14.8
FCF Yield (%) <sup>(6)</sup>	n.a.	0.3	2.3	6.5

FUNDAMENTALS HAVE PROVEN TO BE VERY SOUND... in our view, the main reasons for growth remain intact: i) entry in the long-term rental business; ii) entry in businesses other than rental and without CAPEX (distribution, maintenance); and iii) a positioning on the Iberian Peninsula (where the company is leader with a market share of c. 10%) and in Latam, two regions where convergence with rental utilisation ratios (vs purchasing) similar to those of the US and Europe can be expected. This means growth in the mid term.

...WHICH SHOULD MEAN 3Q WILL MARK A TURNING POINT (FOR THE BETTER).

Although our estimates are unchanged, GALQ's fundamentals could play in its favour. Maintaining a level of margins such as that seen in 1H20 would mean the levels of EBITDA of our most positive scenario would be reached in 2020e (>EUR 26Mn; see table 1).

Relative performance -5y (Base 100)



Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	5.7	-9.8	-39.2	-37.4	-7.3	-51.8
vs Ibex 35	5.7	-2.6	-18.2	-13.7	36.9	-29.8
vs Ibex Small Cap Index	8.1	-13.4	-40.2	-35.6	-18.3	-66.6
vs Eurostoxx 50	7.5	-5.3	-32.6	-27.4	3.6	-51.4
vs Sector benchmark <sup>(5)</sup>	3.7	-14.9	-42.7	-35.0	-18.2	-68.5

(1) The opinion about results is in respect of reported EBITDA and its relation to our estimate for the year (12m). The impact reflects whether, as a consequence of these results, we envisage a significant (>5%) upgrade or downgrade to our EBITDA estimates (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 5.7Mn higher due to IFRS 16.

(5) Sector: Eurostoxx 600 Industrial Goods & Services.

(6) Please see Anex 2 for the theoretical tax rate (ROCE) and recurrent 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, Thomson Reuters and Lighthouse

## 6m20 Results

EUR Mn	6m20	6m19	6m20 vs 6m19	2020e 2020e	2020e vs 2019	2Q20	2Q20 vs 2Q19
Total Revenues	59.4	72.2	-17.7%	122.3	-14.5%	25.7	-34.8%
Recurrent EBITDA	12.3	16.6	-25.8%	22.5	-33.5%	4.0	-40.0%
Rec. EBITDA/Revenues	20.7%	22.9%	-2.2 p.p.	18.4%	-5.3 p.p.	15.6%	-1.4 p.p.
EBITDA <sup>1</sup>	11.5	15.7	-26.6%	22.5	-31.2%	3.2	-44.5%
EBITDA/Revenues	19.4%	21.7%	-2.3 p.p.	18.4%	-4.5 p.p.	12.5%	-2.2 p.p.
EBIT	-0.2	2.7	-108.2%	0.2	-98.2%	-1.1	n.a.
NP	-4.0	6.1	-166.3%	-4.9	-112.4%	-0.2	26%
Net operating result	-3.5	0.3	n.a.	-4.8	n.a.	-2.3	n.a.
Rec. FCF	-2.4	3.0	-180%	0.2	104.4%		
Net Debt <sup>2</sup>	133.4	199.0	-33%	118.0	-3.2%		

(1) 6m20 and 6m19 EBITDA adjusted for capitalized expense (EUR 3Mn and EUR 3.9Mn, respectively). 2020e EBITDA excludes capitalized expense for EUR 5.5Mn.

(2) Net debt ex IFRS 16 (EUR 18.7Mn).

**Table 1. Main figures vs changes in the Current Scenario**

	2020e		
	Worst Case	Current Scenario	Best Case
Total Revenues	110.3	122.3	127.9
Revenues growth vs 2019	-22.9%	-14.5%	-10.6%
Growth vs Current Scenario	-10.0%		5.0%
EBITDA	15.1	22.5	26.0
Growth vs 2019	-55.5%	-33.5%	-23.3%
Growth vs Current Scenario	-33.0%		15.4%
EBITDA/Revenues	13.7%	18.4%	20.3%
EBITDA Mg. increase vs 2019 (p.p.)	(10.0)	(5.3)	(3.4)
EBIT	(7.2)	0.2	3.7
Growth vs 2019	-166.4%	-98.2%	-66.5%
Growth vs Current Scenario	n.a.		n.a.
EBIT/Revenues	n.a.	0.2%	2.9%
EBIT Mg. Increase vs 2019 (p.p.)	n.a.	(7.4)	(4.8)

## Valuation inputs

### Inputs for the DCF Valuation Approach

	2020e	2021e	2022e	Terminal Value <sup>(1)</sup>		
Free Cash Flow "To the Firm"	9.7	17.5	12.2	227.9		
Market Cap	61.2	At the date of this report				
Net financial debt	133.4	Debt net of Cash (6m Results 2020)				
					Best Case	Worst Case
Cost of Debt	3.2%	Net debt cost			3.0%	3.5%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	2.6%	Kd = Cost of Net Debt * (1-T)			2.4%	2.8%
Risk free rate (rf)	0.2%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	9.0%	R (own estimate)			8.5%	9.5%
Beta (B)	1.2	B (Thomson Reuters and Lighthouse)			1.1	1.3
Cost of Equity	11.0%	Ke = Rf + (R * B)			9.5%	12.5%
Equity / (Equity + Net Debt)	31.4%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	68.6%	D			=	=
WACC	5.2%	WACC = Kd * D + Ke * E			4.6%	5.8%
G "Fair"	2.0%				2.0%	1.5%

(1) Terminal value calculated on the recurrent Free Cash Flow "to the Firm" of the last estimated year using the normalised tax rate (T) indicated in the upper table.

### Inputs for the Multiples Valuation Approach

Company	Ticker Reuters	Mkt. Cap	P/E 20e	EPS 20e-22e	EV/EBITDA 20e	EBITDA 20e-22e	EV/Sales 20e	Revenues 20e-22e	EBITDA/Sales 20e	FCF Yield 20e	FCF 20e-22e
Ashtead Group	AHT.L	14,616.1	24.1	25.2%	8.7	9.0%	3.9	6.9%	44.5%	10.5%	-18.3%
Aggreko	AGGK.L	1,320.1	22.2	40.3%	3.9	7.0%	1.2	5.1%	31.6%	12.7%	-0.6%
VP	VP.L	268.3	11.0	88.5%	5.6	8.0%	1.4	5.4%	25.8%	n.a.	n.a.
Speedy Hire	SDY.L	288.6	26.7	86.9%	4.7	14.8%	1.2	11.2%	25.3%	3.5%	n.a.
HSS Hire Group	HSS.L	39.5	n.a.	n.a.	4.2	7.8%	0.8	-0.1%	18.4%	n.a.	n.a.
Europe			21.0	60.3%	5.4	9.3%	1.7	5.7%	29.1%	8.9%	-9.4%
United Rentals	URI	11,544.0	12.6	12.7%	6.4	2.7%	2.9	2.7%	44.8%	16.3%	-21.2%
Herc Rentals	HRI	1,124.9	24.5	53.1%	4.9	4.6%	1.9	6.9%	37.7%	20.4%	-0.8%
H&E Equipment S.	HEES.O	692.4	18.8	40.6%	4.7	0.7%	1.6	3.5%	34.1%	n.a.	n.a.
USA			18.6	35.5%	5.3	2.6%	2.1	4.4%	38.9%	18.4%	-11.0%
GALQ	GALQ.MC	61.2	n.a.	94.1%	9.2	20.6%	1.7	8.0%	18.4%	0.3%	43.3%

### Free Cash Flow sensitivity analysis (2021e)

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

Scenario	EBITDA/Sales 21e	EBITDA 21e	EV/EBITDA 21e
Max	20.1%	27.2	7.6x
Central	18.3%	24.8	8.4x
Min	16.5%	22.3	9.3x

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

Rec. FCF EUR Mn	CAPEX/Sales 21e				Rec. FCF/Yield 21e		
EBITDA 21e	9.0%	10.0%	11.0%	Scenario	Rec. FCF/Yield 21e		
27.2	5.2	3.8	2.5	Max	8.5%	6.3%	4.1%
24.8	2.8	1.4	0.1	Central	4.5%	2.3%	0.1%
22.3	0.3	(1.0)	(2.4)	Min	0.5%	n.a.	n.a.

## Appendix 1. Financial Projections<sup>(1)</sup>

Balance Sheet (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
Intangible assets	2.3	2.6	2.0	1.2	22.1	22.1	22.1	22.1		
Fixed assets	131.1	131.0	125.1	132.8	138.5	130.2	120.5	121.4		
Other Non Current Assets	5.9	4.8	4.8	3.8	3.6	3.6	3.6	3.6		
Financial Investments	0.8	0.6	0.4	-	0.9	1.6	2.3	3.0		
Goodwill & Other Intangibles	16.2	16.2	16.3	16.5	16.4	16.4	16.4	16.4		
Current assets	52.5	52.7	48.9	47.6	47.4	46.3	47.1	48.6		
<b>Total assets</b>	<b>208.7</b>	<b>208.0</b>	<b>197.5</b>	<b>202.0</b>	<b>228.9</b>	<b>220.1</b>	<b>211.9</b>	<b>215.1</b>		
Equity	1.7	(8.7)	(10.5)	(17.6)	51.1	46.1	46.5	55.3		
Minority Interests	0.6	0.6	0.6	0.2	0.2	0.2	0.2	0.2		
Provisions & Other L/T Liabilities	2.6	2.7	0.4	0.3	8.2	8.2	8.2	8.2		
Other Non Current Liabilities	-	-	-	-	20.2	22.4	24.6	26.8		
Net financial debt	170.7	181.8	178.3	187.1	121.9	118.0	105.3	97.3		
Current Liabilities	33.1	31.6	28.7	31.9	27.4	25.2	27.1	27.3		
<b>Equity &amp; Total Liabilities</b>	<b>208.7</b>	<b>208.0</b>	<b>197.5</b>	<b>202.0</b>	<b>228.9</b>	<b>220.1</b>	<b>211.9</b>	<b>215.1</b>		
P&L (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	15-19	19-22e
<b>Total Revenues</b>	<b>107.0</b>	<b>105.3</b>	<b>117.2</b>	<b>132.2</b>	<b>143.1</b>	<b>122.3</b>	<b>135.1</b>	<b>142.5</b>	<b>7.5%</b>	<b>-0.1%</b>
<i>Total Revenues growth</i>	3.0%	-1.6%	11.4%	12.8%	8.2%	-14.5%	10.5%	5.5%		
COGS	(18.5)	(18.2)	(24.3)	(34.2)	(40.2)	(37.1)	(41.5)	(39.1)		
<b>Gross Margin</b>	<b>88.6</b>	<b>87.1</b>	<b>93.0</b>	<b>98.1</b>	<b>102.9</b>	<b>85.2</b>	<b>93.5</b>	<b>103.4</b>	<b>3.8%</b>	<b>0.2%</b>
<i>Gross Margin/Revenues</i>	82.8%	82.7%	79.3%	74.2%	71.9%	69.7%	69.3%	72.6%		
Personnel Expenses	(33.3)	(33.4)	(33.3)	(36.7)	(39.5)	(35.0)	(39.6)	(40.6)		
Other Operating Expenses	(41.4)	(34.5)	(35.0)	(34.4)	(29.5)	(27.7)	(29.1)	(30.1)		
<b>Recurrent EBITDA</b>	<b>13.9</b>	<b>19.1</b>	<b>24.7</b>	<b>27.0</b>	<b>33.9</b>	<b>22.5</b>	<b>24.8</b>	<b>32.7</b>	<b>25.0%</b>	<b>-1.1%</b>
<i>Recurrent EBITDA growth</i>	32.7%	37.6%	29.4%	8.9%	25.7%	-33.5%	10.0%	32.2%		
<i>Rec. EBITDA/Revenues</i>	13.0%	18.2%	21.1%	20.4%	23.7%	18.4%	18.3%	23.0%		
Restructuring Expense & Other non-rec.	(6.0)	(4.9)	(1.5)	(2.6)	(1.1)	-	-	-		
<b>EBITDA</b>	<b>7.9</b>	<b>14.2</b>	<b>23.3</b>	<b>24.3</b>	<b>32.8</b>	<b>22.5</b>	<b>24.8</b>	<b>32.7</b>	<b>42.6%</b>	<b>0.0%</b>
Depreciation & Provisions	(24.6)	(23.2)	(23.9)	(23.2)	(21.7)	(19.9)	(18.3)	(17.3)		
Capitalized Expense	8.2	7.5	6.3	7.5	7.7	5.5	6.4	6.4		
Rentals (IFRS 16 impact)	-	-	-	-	(7.9)	(7.9)	(7.9)	(7.9)		
<b>EBIT</b>	<b>(8.5)</b>	<b>(1.5)</b>	<b>5.7</b>	<b>8.7</b>	<b>10.9</b>	<b>0.2</b>	<b>5.0</b>	<b>14.0</b>	<b>34.6%</b>	<b>8.8%</b>
<i>EBIT growth</i>	43.7%	82.1%	475.1%	51.4%	25.9%	-98.2%	n.a.	179.4%		
<i>EBIT/Revenues</i>	n.a.	n.a.	4.9%	6.5%	7.6%	0.2%	3.7%	9.8%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(13.8)	(8.3)	(12.6)	(10.2)	(13.0)	(5.7)	(5.3)	(4.8)		
Income by the Equity Method	-	-	-	-	0.7	0.7	0.7	0.7		
<b>Ordinary Profit</b>	<b>(22.3)</b>	<b>(9.8)</b>	<b>(6.9)</b>	<b>(1.6)</b>	<b>(1.4)</b>	<b>(4.8)</b>	<b>0.5</b>	<b>9.9</b>	<b>50.1%</b>	<b>n.a.</b>
<i>Ordinary Profit Growth</i>	29.5%	56.1%	29.3%	77.1%	12.7%	-247.5%	109.4%	n.a.		
Extraordinary Results	18.0	-	-	-	44.9	-	-	-		
<b>Profit Before Tax</b>	<b>(4.3)</b>	<b>(9.8)</b>	<b>(6.9)</b>	<b>(1.6)</b>	<b>43.5</b>	<b>(4.8)</b>	<b>0.5</b>	<b>9.9</b>	<b>86.9%</b>	<b>-38.9%</b>
Tax Expense	(2.2)	(1.3)	(0.9)	(2.4)	(3.5)	(0.1)	(0.1)	(1.2)		
<i>Effective Tax Rate</i>	n.a.	n.a.	n.a.	n.a.	8.0%	n.a.	12.0%	12.0%		
Minority Interests	0.6	(0.1)	0.0	(0.1)	(0.0)	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
<b>Net Profit</b>	<b>(5.8)</b>	<b>(11.1)</b>	<b>(7.7)</b>	<b>(4.0)</b>	<b>40.0</b>	<b>(4.9)</b>	<b>0.4</b>	<b>8.7</b>	<b>72.6%</b>	<b>-39.8%</b>
<i>Net Profit growth</i>	79.4%	-91.5%	30.5%	47.9%	n.a.	-112.4%	108.1%	n.a.		
<b>Ordinary Net Profit</b>	<b>(15.7)</b>	<b>(4.9)</b>	<b>(5.4)</b>	<b>0.9</b>	<b>(0.3)</b>	<b>(4.8)</b>	<b>0.4</b>	<b>8.7</b>	<b>63.9%</b>	<b>n.a.</b>
<i>Ordinary Net Profit growth</i>	38.9%	68.6%	-9.4%	117.3%	-128.6%	n.a.	108.3%	n.a.		
Cash Flow (EUR Mn)	2015	2016	2017	2018	2019	2020e	2021e	2022e	15-19	19-22e
<b>Recurrent EBITDA</b>						<b>22.5</b>	<b>24.8</b>	<b>32.7</b>	<b>25.0%</b>	<b>-1.1%</b>
Rentals (IFRS 16 impact)						(5.7)	(5.7)	(5.7)		
Working Capital Increase						(1.0)	1.1	(1.4)		
<b>Recurrent Operating Cash Flow</b>						<b>15.8</b>	<b>20.2</b>	<b>25.6</b>	<b>3.3%</b>	<b>1.6%</b>
CAPEX						(9.8)	(13.5)	(15.7)		
Net Financial Result affecting the Cash Flow						(5.7)	(5.3)	(4.8)		
Tax Expense						(0.1)	(0.1)	(1.2)		
<b>Recurrent Free Cash Flow</b>						<b>0.2</b>	<b>1.4</b>	<b>4.0</b>	<b>16.7%</b>	<b>43.1%</b>
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						3.7	11.3	3.9		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
<b>Free Cash Flow</b>						<b>3.9</b>	<b>12.8</b>	<b>7.9</b>	<b>28.9%</b>	<b>-46.2%</b>
Capital Increase						-	-	-		
Dividends						-	-	-		
<b>Net Debt Variation</b>						<b>(3.9)</b>	<b>(12.8)</b>	<b>(7.9)</b>		

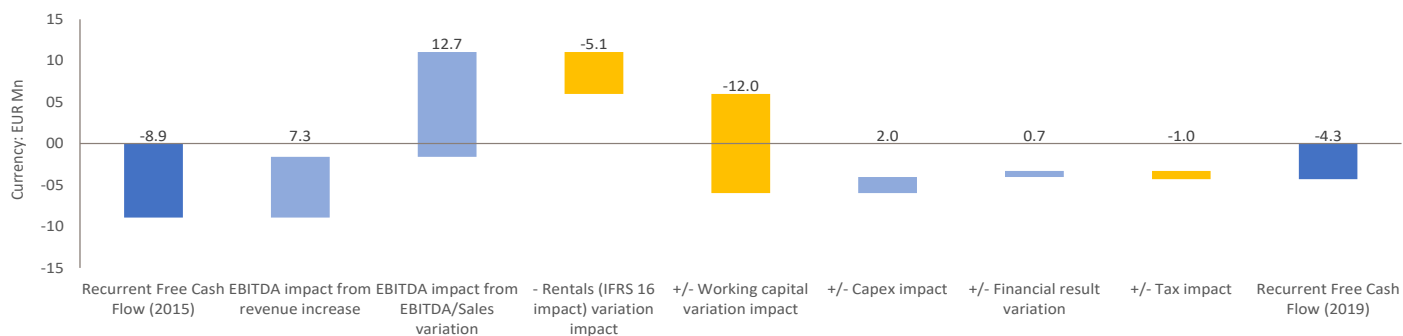
Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 5.7Mn higher due to IFRS 16.

## Appendix 2. Free Cash Flow<sup>(1)</sup>

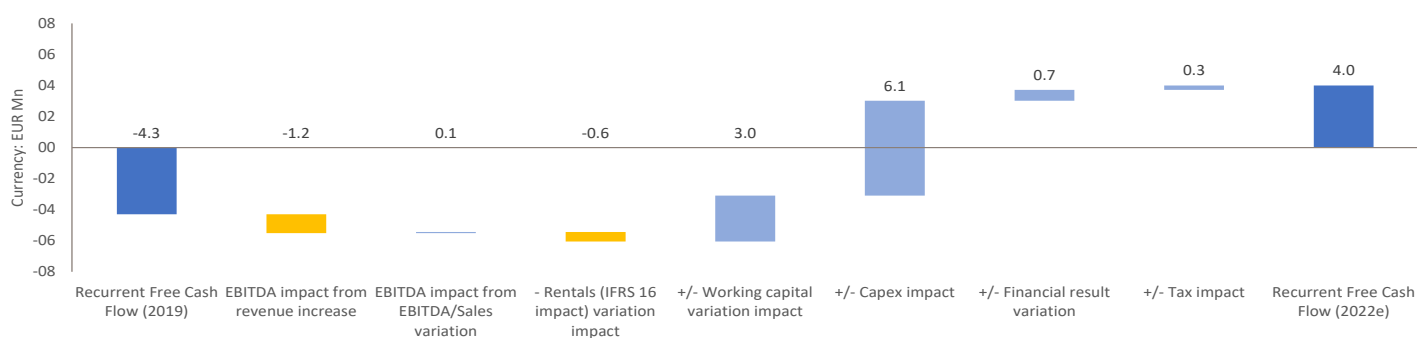
A) Cash Flow Analysis (EUR Mn)	2016	2017	2018	2019	2020e	2021e	2022e	CAGR	
								16-19	19-22e
<b>Recurrent EBITDA</b>	<b>19.1</b>	<b>24.7</b>	<b>27.0</b>	<b>33.9</b>	<b>22.5</b>	<b>24.8</b>	<b>32.7</b>	<b>21.0%</b>	<b>-1.1%</b>
<i>Recurrent EBITDA growth</i>	37.6%	29.4%	8.9%	25.7%	-33.5%	10.0%	32.2%		
<i>Rec. EBITDA/Revenues</i>	18.2%	21.1%	20.4%	23.7%	18.4%	18.3%	23.0%		
- Rentals (IFRS 16 impact)	-	-	-	(5.1)	(5.7)	(5.7)	(5.7)		
+/- Working Capital increase	(1.8)	0.9	4.6	(4.4)	(1.0)	1.1	(1.4)		
<b>= Recurrent Operating Cash Flow</b>	<b>17.4</b>	<b>25.7</b>	<b>31.5</b>	<b>24.4</b>	<b>15.8</b>	<b>20.2</b>	<b>25.6</b>	<b>12.1%</b>	<b>1.6%</b>
<i>Rec. Operating Cash Flow growth</i>	-19.2%	48.0%	22.7%	-22.5%	-35.3%	27.9%	26.8%		
<i>Rec. Operating Cash Flow / Sales</i>	16.5%	21.9%	23.8%	17.1%	12.9%	15.0%	18.0%		
- CAPEX	(31.3)	(22.9)	(24.8)	(21.8)	(9.8)	(13.5)	(15.7)		
- Net Financial Result affecting Cash Flow	(4.4)	(4.4)	(4.4)	(5.5)	(5.7)	(5.3)	(4.8)		
- Taxes	(0.6)	(0.5)	(1.2)	(1.5)	(0.1)	(0.1)	(1.2)		
<b>= Recurrent Free Cash Flow</b>	<b>(19.0)</b>	<b>(2.1)</b>	<b>1.0</b>	<b>(4.3)</b>	<b>0.2</b>	<b>1.4</b>	<b>4.0</b>	<b>39.1%</b>	<b>43.1%</b>
<i>Rec. Free Cash Flow growth</i>	-112.5%	88.8%	148.1%	-519.7%	104.4%	637.9%	184.4%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	n.a.	0.8%	n.a.	0.2%	1.0%	2.8%		
- Restructuring expenses & others	(4.9)	(1.5)	(2.6)	(1.1)	-	-	-		
- Acquisitions / + Divestments	16.1	7.0	6.0	4.2	3.7	11.3	3.9		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	(1.5)	52.0	-	-	-		
<b>= Free Cash Flow</b>	<b>(7.8)</b>	<b>3.4</b>	<b>2.9</b>	<b>50.8</b>	<b>3.9</b>	<b>12.8</b>	<b>7.9</b>	<b>n.a.</b>	<b>-46.2%</b>
<i>Free Cash Flow growth</i>	-142.4%	143.4%	-14.2%	n.a.	-92.4%	230.5%	-37.9%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	n.a.	1.7%	n.a.	0.3%	2.3%	6.5%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	5.5%	4.7%	83.1%	6.3%	20.8%	13.0%		
<b>B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)</b>									
<b>Recurrent FCF(FY - 1)</b>	<b>(8.9)</b>	<b>(19.0)</b>	<b>(2.1)</b>	<b>1.0</b>	<b>(4.3)</b>	<b>0.2</b>	<b>1.4</b>		
EBITDA impact from revenue increase	(0.2)	2.2	3.2	2.2	(4.9)	2.4	1.4		
EBITDA impact from EBITDA/Sales variation	5.5	3.4	(1.0)	4.7	(6.4)	(0.1)	6.6		
<b>= Recurrent EBITDA variation</b>	<b>5.2</b>	<b>5.6</b>	<b>2.2</b>	<b>6.9</b>	<b>(11.4)</b>	<b>2.2</b>	<b>8.0</b>		
- Rentals (IFRS 16 impact) variation impact	-	-	-	(5.1)	(0.6)	-	-		
+/- Working capital variation impact	(9.3)	2.7	3.6	(8.9)	3.4	2.2	(2.6)		
<b>= Recurrent Operating Cash Flow variation</b>	<b>(4.1)</b>	<b>8.3</b>	<b>5.8</b>	<b>(7.1)</b>	<b>(8.6)</b>	<b>4.4</b>	<b>5.4</b>		
+/- CAPEX impact	(7.6)	8.4	(1.9)	3.1	12.0	(3.7)	(2.2)		
+/- Financial result variation	1.8	(0.0)	0.0	(1.1)	(0.2)	0.4	0.5		
+/- Tax impact	(0.2)	0.2	(0.8)	(0.2)	1.3	0.1	(1.1)		
<b>= Recurrent Free Cash Flow variation</b>	<b>(10.1)</b>	<b>16.9</b>	<b>3.1</b>	<b>(5.3)</b>	<b>4.5</b>	<b>1.2</b>	<b>2.6</b>		
<b>Recurrent Free Cash Flow</b>	<b>(19.0)</b>	<b>(2.1)</b>	<b>1.0</b>	<b>(4.3)</b>	<b>0.2</b>	<b>1.4</b>	<b>4.0</b>		
<b>C) "FCF to the Firm" (pre debt service) (EUR Mn)</b>									
<b>EBIT</b>	<b>(1.5)</b>	<b>5.7</b>	<b>8.7</b>	<b>10.9</b>	<b>0.2</b>	<b>5.0</b>	<b>14.0</b>	<b>n.a.</b>	<b>8.8%</b>
* <i>Theoretical Tax rate</i>	0.0%	0.0%	0.0%	0.0%	0.0%	12.0%	12.0%		
= Taxes (pre- Net Financial Result)	-	-	-	-	-	(0.6)	(1.7)		
<b>Recurrent EBITDA</b>	<b>19.1</b>	<b>24.7</b>	<b>27.0</b>	<b>33.9</b>	<b>22.5</b>	<b>24.8</b>	<b>32.7</b>	<b>21.0%</b>	<b>-1.1%</b>
- Rentals (IFRS 16 impact)	-	-	-	(5.1)	(5.7)	(5.7)	(5.7)		
+/- Working Capital increase	(1.8)	0.9	4.6	(4.4)	(1.0)	1.1	(1.4)		
<b>= Recurrent Operating Cash Flow</b>	<b>17.4</b>	<b>25.7</b>	<b>31.5</b>	<b>24.4</b>	<b>15.8</b>	<b>20.2</b>	<b>25.6</b>	<b>12.1%</b>	<b>1.6%</b>
- CAPEX	(31.3)	(22.9)	(24.8)	(21.8)	(9.8)	(13.5)	(15.7)		
- Taxes (pre- Financial Result)	-	-	-	-	-	(0.6)	(1.7)		
<b>= Recurrent Free Cash Flow (To the Firm)</b>	<b>(14.0)</b>	<b>2.8</b>	<b>6.7</b>	<b>2.7</b>	<b>6.0</b>	<b>6.1</b>	<b>8.3</b>	<b>29.9%</b>	<b>46.2%</b>
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-519.2%	119.9%	139.8%	-60.2%	127.1%	1.5%	35.5%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	2.4%	5.0%	1.9%	4.9%	4.5%	5.8%		
- Acquisitions / + Divestments	16.1	7.0	6.0	4.2	3.7	11.3	3.9		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	(1.5)	52.0	-	-	-		
<b>= Free Cash Flow "To the Firm"</b>	<b>2.1</b>	<b>9.8</b>	<b>11.2</b>	<b>58.9</b>	<b>9.7</b>	<b>17.5</b>	<b>12.2</b>	<b>n.a.</b>	<b>-40.8%</b>
<i>Free Cash Flow (To the Firm) growth</i>	-93.1%	356.1%	14.0%	428.2%	-83.5%	80.1%	-30.1%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	1.3%	3.2%	1.3%	2.9%	2.9%	4.0%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	1.0%	4.7%	5.4%	28.4%	4.7%	8.4%	5.9%		

Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 5.7Mn higher due to IFRS 16.

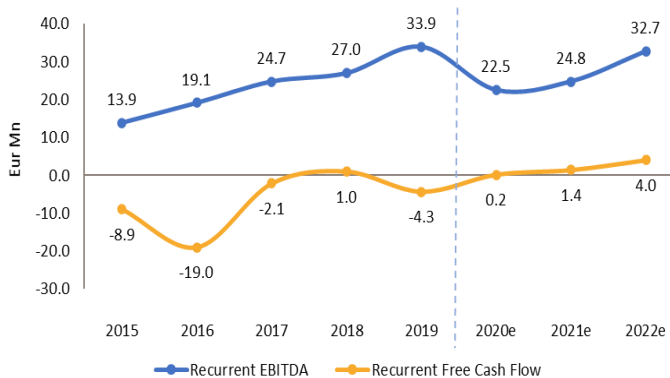
### Recurrent Free Cash Flow accumulated variation analysis (2015 - 2019)



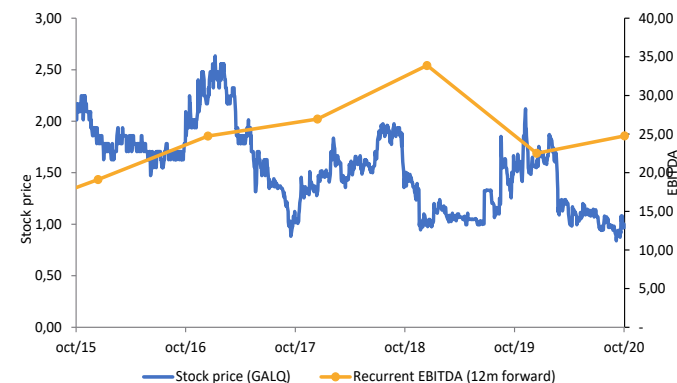
### Recurrent Free Cash Flow accumulated variation analysis (2019 - 2022e)



### 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	61.2	
+ Minority Interests	0.3	6m Results 2020
+ Provisions & Other L/T Liabilities	14.8	6m Results 2020
+ Net financial debt	133.4	6m Results 2020
- Financial Investments	2.4	6m Results 2020
+/- Others	-	6m Results 2020
<b>Enterprise Value (EV)</b>	<b>207.3</b>	



## Appendix 4. Historical performance <sup>(1)(2)</sup>

Historical performance (EUR Mn)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e	CAGR 09-19	CAGR 19-22e
<b>Total Revenues</b>	<b>283.5</b>	<b>242.8</b>	<b>205.3</b>	<b>139.6</b>	<b>120.8</b>	<b>103.9</b>	<b>107.0</b>	<b>105.3</b>	<b>117.2</b>	<b>132.2</b>	<b>143.1</b>	<b>122.3</b>	<b>135.1</b>	<b>142.5</b>	<b>-6.6%</b>	<b>-0.1%</b>
Total Revenues growth	-25.0%	-14.3%	-15.4%	-32.0%	-13.5%	-14.0%	3.0%	-1.6%	11.4%	12.8%	8.2%	-14.5%	10.5%	5.5%		
<b>EBITDA</b>	<b>77.0</b>	<b>60.0</b>	<b>24.0</b>	<b>14.5</b>	<b>11.5</b>	<b>14.3</b>	<b>7.9</b>	<b>14.2</b>	<b>23.3</b>	<b>24.3</b>	<b>32.8</b>	<b>22.5</b>	<b>24.8</b>	<b>32.7</b>	<b>-8.2%</b>	<b>0.0%</b>
EBITDA growth	-47.5%	-22.1%	-60.0%	-39.6%	-20.5%	24.1%	-44.5%	79.3%	63.6%	4.7%	34.5%	-31.2%	10.0%	32.2%		
EBITDA/Sales	27.2%	24.7%	11.7%	10.4%	9.5%	13.8%	7.4%	13.5%	19.8%	18.4%	22.9%	18.4%	18.3%	23.0%		
<b>Net Profit</b>	<b>(8.9)</b>	<b>(62.9)</b>	<b>(128.1)</b>	<b>(61.3)</b>	<b>(17.3)</b>	<b>(28.6)</b>	<b>(5.8)</b>	<b>(11.1)</b>	<b>(7.7)</b>	<b>(4.0)</b>	<b>40.0</b>	<b>(4.9)</b>	<b>0.4</b>	<b>8.7</b>	<b>20.5%</b>	<b>-39.8%</b>
Net Profit growth	-165.6%	-604.0%	-103.5%	52.1%	71.8%	-65.0%	79.6%	-91.5%	30.5%	47.9%	n.a.	-112.4%	108.1%	n.a.		
Adjusted number shares (Mn)	3.9	5.6	5.8	5.8	5.8	6.4	24.1	42.8	43.0	43.0	35.5	63.1	63.1	63.1		
EPS (EUR)	-2.31	-11.29	-22.11	-10.59	-2.99	-4.48	-0.24	-0.26	-0.18	-0.09	1.13	-0.08	0.01	0.14	9.5%	-50.3%
EPS growth	n.a.	n.a.	-95.8%	52.1%	71.8%	-49.8%	94.6%	-7.9%	30.7%	47.9%	n.a.	n.a.	n.a.	n.a.		
Ord. EPS (EUR)	-2.31	-11.29	-22.11	-10.59	-2.99	-4.44	-0.65	-0.12	-0.13	0.02	-0.01	-0.08	0.01	0.14	43.6%	n.a.
Ord. EPS growth	n.a.	n.a.	-95.8%	52.1%	71.8%	-48.4%	85.3%	82.3%	-9.1%	n.a.	n.a.	n.a.	n.a.	n.a.		
CAPEX	(10.0)	(5.0)	(3.6)	(0.7)	(0.3)	(0.3)	(23.7)	(31.3)	(22.9)	(24.8)	(21.8)	(9.8)	(13.5)	(15.7)		
CAPEX/Sales %	3.5%	2.1%	1.8%	0.5%	0.2%	0.2%	22.2%	29.7%	19.5%	18.8%	15.2%	8.0%	10.0%	11.0%		
<b>Free Cash Flow</b>	<b>74.7</b>	<b>45.0</b>	<b>33.1</b>	<b>42.0</b>	<b>38.4</b>	<b>16.5</b>	<b>18.4</b>	<b>(7.8)</b>	<b>3.4</b>	<b>2.9</b>	<b>50.8</b>	<b>3.9</b>	<b>12.8</b>	<b>7.9</b>	<b>-3.8%</b>	<b>-46.2%</b>
ND/EBITDA (x) <sup>(3)</sup>	7.1x	8.3x	18.7x	6.8x	4.0x	18.3x	21.5x	12.8x	7.7x	7.7x	3.7x	5.2x	4.2x	3.0x		
P/E (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
EV/Sales (x)	2.43x	2.32x	2.27x	0.83x	0.66x	2.67x	2.34x	2.61x	1.99x	1.74x	1.53x	1.70x	1.54x	1.45x		
EV/EBITDA (x) <sup>(3)</sup>	9.0x	9.4x	19.4x	8.0x	7.0x	19.4x	31.6x	19.3x	10.0x	9.4x	6.7x	9.2x	8.4x	6.3x		
Absolute performance	-10.9%	-66.2%	-74.8%	5.3%	80.0%	-70.8%	14.3%	16.7%	-41.1%	-22.4%	56.3%	-37.4%				
Relative performance vs Ibxex 35	-31.4%	-59.1%	-71.0%	10.4%	48.2%	-71.9%	23.1%	19.1%	-45.1%	-8.8%	39.8%	-13.7%				

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 Thomson Reuters.

Note 2: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 5.7Mn higher due to IFRS 16.

Note 3: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

## Appendix 5. Main Competitors 2020e

		Europe					USA				
		Ashtead Group	Aggreko	VP	Speedy Hire	HSS Hire Group	Average	United Rentals	Herc Rentals	H&E Equipment S.	GALQ
Market data	EUR Mn	AHT.L	AGGK.L	VP.L	SDY.L	HSS.L		URI	HRI	HEES.O	GALQ.MC
	Country	UK	UK	UK	UK	UK		USA	USA	USA	Spain
	Market cap	14,616.1	1,320.1	268.3	288.6	39.5		11,544.0	1,124.9	692.4	61.2
	Enterprise value (EV)	19,892.8	1,858.6	521.9	455.2	288.2		20,238.7	2,704.3	1,544.8	207.3
Basic financial information	Total Revenues	5,165.2	1,493.2	362.3	379.8	376.6		7,087.3	1,450.3	964.5	122.3
	Total Revenues growth	-11.1%	-21.7%	-11.3%	-17.1%	-1.9%	-12.6%	-15.0%	-18.7%	-19.8%	-14.5%
	2y CAGR (2020e - 2022e)	6.9%	5.1%	5.4%	11.2%	-0.1%	5.7%	2.7%	6.9%	3.5%	8.0%
	EBITDA	2,297.2	471.1	93.5	96.0	69.1		3,177.6	547.5	328.9	22.5
	EBITDA growth	-23.3%	-28.1%	-32.0%	-16.6%	-17.9%	-23.6%	-15.0%	-14.5%	-20.7%	-31.2%
	2y CAGR (2020e - 2022e)	9.0%	7.0%	8.0%	14.8%	7.8%	9.3%	2.7%	4.6%	0.7%	20.6%
	EBITDA/Revenues	44.5%	31.6%	25.8%	25.3%	18.4%	29.1%	44.8%	37.7%	34.1%	18.4%
	EBIT	1,048.1	153.7	n.a.	18.6	23.0		1,422.0	138.4	99.5	0.2
	EBIT growth	-37.3%	-43.7%	n.a.	-47.6%	-32.4%	-40.2%	-26.0%	-37.3%	-40.7%	-98.2%
	2y CAGR (2020e - 2022e)	17.7%	19.6%	n.a.	67.8%	22.7%	32.0%	9.0%	23.2%	12.8%	n.a.
	EBIT/Revenues	20.3%	10.3%	n.a.	4.9%	6.1%	10.4%	20.1%	9.5%	10.3%	0.2%
	Net Profit	626.5	60.8	n.a.	9.1	n.a.		887.8	38.4	36.8	(4.9)
	Net Profit growth	-26.3%	-60.2%	n.a.	-51.9%	n.a.	-46.1%	-15.2%	-9.3%	-52.7%	-112.4%
	2y CAGR (2020e - 2022e)	25.9%	38.3%	n.a.	n.a.	n.a.	32.1%	10.6%	70.5%	41.1%	94.1%
CAPEX/Sales %	7.8%	14.1%	n.a.	6.3%	n.a.	9.4%	8.4%	20.1%	9.0%	-8.0%	
Free Cash Flow	1,535.5	169.0	n.a.	9.9	n.a.		1,892.3	232.8	n.a.	3.9	
Net financial debt	4,101.9	502.5	n.a.	87.8	201.2		7,865.4	1,506.6	1,044.1	118.0	
ND/EBITDA (x)	1.8	1.1	n.a.	0.9	2.9	1.7	2.5	2.8	3.2	5.2	
Pay-out	30.8%	63.1%	n.a.	31.7%	n.a.	41.9%	0.0%	0.0%	101.1%	0.0%	
Multiples and Ratios	P/E (x)	24.1	22.2	11.0	26.7	n.a.	21.0	12.6	24.5	18.8	n.a.
	P/BV (x)	4.3	0.9	n.a.	1.3	n.a.	2.2	3.0	n.a.	3.2	1.3
	EV/Revenues (x)	3.9	1.2	1.4	1.2	0.8	1.7	2.9	1.9	1.6	1.7
	EV/EBITDA (x)	8.7	3.9	5.6	4.7	4.2	5.4	6.4	4.9	4.7	9.2
	EV/EBIT (x)	19.0	12.1	n.a.	24.5	12.5	17.0	14.2	19.5	15.5	n.a.
	ROE	18.2	4.5	n.a.	6.6	n.a.	9.7	25.7	5.2	15.0	n.a.
	FCF Yield (%)	10.5	12.7	n.a.	3.5	n.a.	8.9	16.3	20.4	n.a.	0.3
	DPS	0.42	0.15	0.38	0.01	0.00	0.19	0.00	0.00	1.04	0.00
Dvd Yield	1.3%	2.9%	5.7%	1.0%	0.0%	2.2%	0.0%	0.0%	5.4%	0.0%	

Note 1: Financial data, multiples and ratios based on market consensus (Thomson Reuters). 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).

## IMPORTANT LEGAL INFORMATION REGARDING THIS REPORT

### LIGHTHOUSE

Lighthouse is a project of IEAF Servicios de Análisis S.L.U. Lighthouse is a research project funded by Bolsas y Mercados Españoles S.A. Lighthouse aims to improve the research coverage of the "orphan stocks" of the Spanish market: those which lack real and continuous research coverage. Lighthouse reports will not include valuation and target price. Lighthouse does not seek to provide investment advice to any natural or legal person. For this reason, Lighthouse will not provide a valuation, target price or investment recommendation for any of the securities analysed.

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
21-Oct-2020	n.a.	0.97	n.a.	n.a.	6m Results 2020	David López Sánchez
13-May-2020	n.a.	1.08	n.a.	n.a.	3m Results 2020	David López Sánchez
08-Apr-2020	n.a.	1.23	n.a.	n.a.	Initial Coverage	David López Sánchez

