

EQUITY - SPAIN

Sector: Trading Companies & Distributors

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3m Results 2021
Closing price: EUR 1.67 (28 May 2021)

3m Results 2021

Opinion ⁽¹⁾: In line

Impact ⁽¹⁾: We will maintain our estimates

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GAM (GALQ) is a company specialising in services associated with machinery hire (it has a fleet of 16,000 pieces of equipment) with a revenue mix diversified by sector and a certain balance between generalist and specialist operator. With 75 branches in 10 countries, it is leader in the Iberian Peninsula (56 branches), where it obtains the bulk of its revenues (>75%), and Latam is the main destination for the company's exports (c.16%).

1Q21 results in line in a year that should improve as it progresses

GALQ MAINTAINS REVENUE GROWTH (EUR 36.5MN VS EUR 33.7MN 1Q20)...

Despite the difficult backdrop, GALQ has maintained the growth trend already seen in 4Q20, generating EUR 36.5Mn of revenue in 1Q21 (+8.3% vs 1Q20). This represents +11.3% vs 1Q19 (pre Covid-19).

... AN EFFECT OF THE STRATEGIC CHANGE OF DIRECTION OF RECENT YEARS. We highlight that the change of strategy towards long-term businesses (more stable, not affected by seasonality and dependent on industrial activity) and no Capex businesses, has played a key role in these results (Revenue vs 1Q20: +19.6% and +53.8%, respectively), offsetting the poor performance of the short-term business (more dependent on the cycle; -17.6% vs 1Q20).

ALTHOUGH THE CHANGE OF MIX HAS IMPACTED THE MARGIN. The EBITDA margin decreased to 19.7% (vs 24.6% in 1Q20), which translates to EBITDA of EUR 7.2Mn (-13.3% vs 1Q20). For two reasons: (i) the increase in the revenue mix of the long-term and no Capex businesses to 57% (vs 44% -1y; with smaller margins than the traditional rental business), and (ii) a short-term business (with greater cyclical exposure) that continued to be affected by the restrictions on the general economic activity and the bad weather in 1Q21.

MAINTAINING A BEARABLE LEVEL OF DEBT. GALQ closed 1H21 with total net debt of EUR 111.8Mn (+3% vs. the 2020 close; ND/EBITDA 2.8x). In addition, it has registered with the Alternative Fixed-Income Market or MARF a EUR 50Mn promissory note programme (with a EUR 12.1Mn issuance already being made in May) and a bond programme for a maximum amount of EUR 80Mn. The company has an objectively favourable position from which to take advantage of any opportunities for growth through M&A.

WITH RESULTS IN LINE, WE LEAVE ESTIMATES UNCHANGED. WHAT CAN BE EXPECTED FOR 2021? 2021e should improve as it progresses (due to the gradual recovery of economic activity thanks to the current rate of vaccination). The scenario we envisage should enable the company to achieve revenue of EUR 156Mn in 2021e (+16% vs 2020; +9% vs 2019) and EBIT of EUR 17.3Mn (2021e EV/EBIT 16.2x vs an average of 15x for the sector), maintaining a positive growth spread vs the sector (2021e-2023e EBIT: +22.7% CAGR vs < 15% CAGR for the sector in Europe).

Market Data

Market Cap (Mn EUR and USD)	158.0	192.6
EV (Mn EUR and USD) ⁽²⁾	279.9	341.3
Shares Outstanding (Mn)	94.6	
-12m (Max/Med/Min EUR)	1.72 / 1.20 / 0.83	
Daily Avg volume (-12m Mn EUR)	0.08	
Rotation ⁽³⁾	12.4	
Refinitiv / Bloomberg	GALQ.MC / GALQ.SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Francisco Riberas & Family	58.2
Indumenta Pueri	9.9
Pedro Luis Fernández	5.8
Banco Santander	4.4
Free Float	21.7

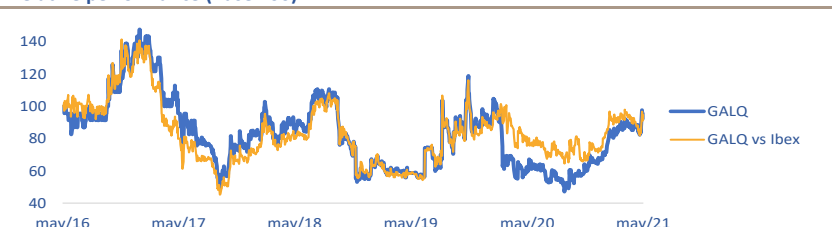
Financials (Mn EUR)

	2020	2021e	2022e	2023e
Adj. nº shares (Mn)	68.5	94.6	94.6	94.6
Total Revenues	134.1	156.0	169.9	179.9
Rec. EBITDA ⁽⁴⁾	30.9	38.3	44.5	47.8
% growth	-9.0	24.0	16.2	7.4
% Rec. EBITDA/Rev.	23.0	24.5	26.2	26.5
% Inc. EBITDA sector ⁽⁵⁾	-9.9	17.3	16.4	9.6
Net Profit	1.1	9.1	13.7	16.1
EPS (EUR)	0.02	0.10	0.14	0.17
% growth	-97.2	473.6	50.8	18.1
Ord. EPS (EUR)	0.03	0.10	0.14	0.17
% growth	771.9	252.9	50.8	18.1
Rec. Free Cash Flow ⁽⁶⁾	-3.4	-1.7	5.1	6.9
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	108.6	106.9	97.9	87.1
ND/Rec. EBITDA (x)	3.5	2.8	2.2	1.8
ROE (%)	1.7	10.5	14.0	14.3
ROCE (%) ⁽⁶⁾	4.0	6.3	8.3	9.1

Ratios & Multiples (x) ⁽⁷⁾

	n.a.	17.5	11.6	9.8
P/E	n.a.	17.5	11.6	9.8
Ord. P/E	61.6	17.5	11.6	9.8
P/BV	1.9	1.7	1.5	1.3
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	2.09	1.79	1.65	1.56
EV/Rec. EBITDA	9.1	7.3	6.3	5.9
EV/EBIT	37.1	16.2	12.1	10.8
FCF Yield (%) ⁽⁶⁾	n.a.	n.a.	3.2	4.4

Relative performance (Base 100)



Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	5.7	10.6	53.8	46.5	8.6	-5.1
vs Ibex 35	0.8	-1.4	20.4	28.2	15.0	-6.3
vs Ibex Small Cap Index	4.2	6.1	2.5	34.7	-6.4	-50.6
vs Eurostoxx 50	4.3	-1.2	16.9	27.9	-7.1	-28.2
vs Sector benchmark ⁽⁵⁾	4.1	-1.1	5.0	26.8	-21.1	-47.3

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).
 (2) Please refer to Appendix 3.
 (3) Rotation is the % of the capitalisation traded - 12m.
 (4) Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 9.7Mn higher due to IFRS 16.
 (5) Sector: Eurostoxx 600 Industrial Goods & Services.
 (6) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.
 (7) Multiples and ratios calculated over prices at the date of this report.

(*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Refinitiv and Lighthouse

3m Results 2021

EUR Mn	3m21 Real	3m20	3m21 Real vs 3m20	2021e	2021e vs 2020
Short-term	15.5	18.8	-17.6%	70.2	14.1%
Long term	6.7	5.6	19.6%	33.5	14.0%
Without Capex	14.3	9.3	53.8%	52.3	22.4%
Total Revenues	36.5	33.7	8.3%	156.0	16.3%
EBITDA¹	7.2	8.3	-13.3%	38.3	28.3%
<i>EBITDA/Revenues</i>	<i>19.7%</i>	<i>24.6%</i>	<i>-4.9 p.p.</i>	<i>24.5%</i>	<i>-2.3 p.p.</i>
Beneficio neto	-2.0	-3.8	47.4%	9.1	387.6%
Free Cash Flow	2.9	2.6	11.5%	1.7	n.a.
Net Debt²	111.8	131.6	-15.0%	106.9	-1.6%

Note 1: EBITDA not adjusted for capitalised expenses (EUR 6.3Mn for the whole of 2020).

Note 2: Net debt ex IFRS 16 (EUR 18.4Mn in 2020).

Valuation inputs

Inputs for the DCF Valuation Approach

	2021e	2022e	2023e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	6.2	13.3	14.8	262.2		
Market Cap	158.0	At the date of this report				
Net financial debt	111.8	Debt net of Cash (3m Results 2021)				
					Best Case	Worst Case
Cost of Debt	3.5%	Net debt cost			3.3%	3.8%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	2.8%	Kd = Cost of Net Debt * (1-T)			2.6%	3.0%
Risk free rate (rf)	0.5%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	9.0%	R (own estimate)			8.5%	9.5%
Beta (B)	1.2	B (Refinitiv and Lighthouse)			1.1	1.3
Cost of Equity	11.3%	Ke = Rf + (R * B)			9.8%	12.8%
Equity / (Equity + Net Debt)	58.6%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	41.4%	D			=	=
WACC	7.8%	WACC = Kd * D + Ke * E			6.8%	8.8%
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 Reuters	Mkt. Cap	P/E 21e	EPS 21e-23e	EV/EBITDA 21e	EBITDA 21e-23e	EV/Sales 21e	Revenues 21e-23e	EBITDA/Sales 21e	FCF Yield 21e	FCF 21e-23e
Ashtead Group	AHT.L	26,892.4	28.3	20.2%	11.5	9.5%	5.4	8.8%	46.8%	3.8%	29.0%
Aggreko	AGGK.L	2,573.0	19.1	4.9%	5.1	1.5%	1.6	-1.7%	31.5%	5.9%	5.1%
VP	VP.L	411.8	13.8	13.3%	5.6	8.6%	1.6	5.4%	28.1%	n.a.	n.a.
Speedy Hire	SDY.L	460.5	18.2	15.4%	5.1	5.5%	1.3	4.0%	26.0%	4.5%	33.9%
HSS Hire Group	HSS.L	161.1	15.8	n.a.	4.4	n.a.	1.1	2.4%	25.8%	n.a.	n.a.
Europe			19.0	13.4%	6.3	6.3%	2.2	3.8%	31.6%	4.7%	22.6%
United Rentals	URI	19,830.5	16.0	15.2%	7.7	6.6%	3.6	4.9%	45.9%	6.2%	5.8%
Herc Rentals	HRI	2,793.9	18.7	22.9%	6.0	9.4%	2.5	9.5%	41.9%	1.7%	n.a.
H&E Equipment S.	HEES.O	1,108.4	23.3	39.0%	5.8	6.8%	1.9	6.5%	32.2%	n.a.	n.a.
USA			19.3	25.7%	6.5	7.6%	2.6	7.0%	40.0%	4.0%	5.8%
GALQ	GALQ.MC	158.0	17.5	33.4%	7.3	11.7%	1.8	7.4%	24.5%	n.a.	n.a.

Free Cash Flow sensitivity analysis (2022e)

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

Scenario	EBITDA/Sales 22e	EBITDA 22e	EV/EBITDA 22e
Max	28.8%	48.9	5.7x
Central	26.2%	44.5	6.3x
Min	23.6%	40.1	7.0x

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

Rec. FCF EUR Mn	CAPEX/Sales 22e				Rec. FCF/Yield 22e			
EBITDA 22e	10.8%	12.0%	13.2%		Scenario			
48.9	11.6	9.5	7.5	➔	Max	7.3%	6.0%	4.7%
44.5	7.2	5.1	3.1		Central	4.5%	3.2%	1.9%
40.1	2.7	0.7	(1.3)		Min	1.7%	0.4%	n.a.

Appendix 1. Financial Projections⁽¹⁾

Balance Sheet (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
Intangible assets	2.6	2.0	1.2	22.1	21.2	21.2	21.2	21.2		
Fixed assets	131.0	125.1	132.8	138.5	151.7	155.6	158.7	162.7		
Other Non Current Assets	4.8	4.8	3.8	3.6	6.8	6.8	6.8	6.8		
Financial Investments	0.6	0.4	-	0.9	3.6	4.2	4.8	5.4		
Goodwill & Other Intangibles	16.2	16.3	16.5	16.4	19.8	19.8	19.8	19.8		
Current assets	52.7	48.9	47.6	47.4	49.9	53.0	56.7	59.3		
Total assets	208.0	197.5	202.0	228.9	253.0	260.6	268.0	275.2		
Equity	(8.7)	(10.5)	(17.6)	51.1	81.9	90.9	104.6	120.7		
Minority Interests	0.6	0.6	0.2	0.2	0.3	0.3	0.3	0.3		
Provisions & Other L/T Liabilities	2.7	0.4	0.3	8.2	13.7	13.7	13.7	13.7		
Other Non Current Liabilities	-	-	-	20.2	18.5	18.5	18.5	18.5		
Net financial debt	181.8	178.3	187.1	121.9	108.6	106.9	97.9	87.1		
Current Liabilities	31.6	28.7	31.9	27.4	30.0	30.3	33.1	35.0		
Equity & Total Liabilities	208.0	197.5	202.0	228.9	253.0	260.6	268.0	275.2		
P&L (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	16-20	20-23e
Total Revenues	105.3	117.2	132.2	143.1	134.1	156.0	169.9	179.9	6.2%	10.3%
<i>Total Revenues growth</i>	-1.6%	11.4%	12.8%	8.2%	-6.3%	16.3%	8.9%	5.9%		
COGS	(18.2)	(24.3)	(34.2)	(40.2)	(42.2)	(45.5)	(50.4)	(54.3)		
Gross Margin	87.1	93.0	98.1	102.9	91.9	110.5	119.5	125.6	1.3%	11.0%
<i>Gross Margin/Revenues</i>	82.7%	79.3%	74.2%	71.9%	68.5%	70.8%	70.3%	69.8%		
Personnel Expenses	(33.4)	(33.3)	(36.7)	(39.5)	(35.8)	(42.0)	(43.5)	(45.2)		
Other Operating Expenses	(34.5)	(35.0)	(34.4)	(29.5)	(25.2)	(30.2)	(31.5)	(32.7)		
Recurrent EBITDA	19.1	24.7	27.0	33.9	30.9	38.3	44.5	47.8	12.7%	15.7%
<i>Recurrent EBITDA growth</i>	37.6%	29.4%	8.9%	25.7%	-9.0%	24.0%	16.2%	7.4%		
<i>Rec. EBITDA/Revenues</i>	18.2%	21.1%	20.4%	23.7%	23.0%	24.5%	26.2%	26.5%		
Restructuring Expense & Other non-rec.	(4.9)	(1.5)	(2.6)	(1.1)	(1.0)	-	-	-		
EBITDA	14.2	23.3	24.3	32.8	29.8	38.3	44.5	47.8	20.4%	17.0%
Depreciation & Provisions	(23.2)	(23.9)	(23.2)	(21.7)	(20.6)	(20.2)	(20.6)	(21.1)		
Capitalized Expense	7.5	6.3	7.5	7.7	6.3	7.2	7.3	7.3		
Rentals (IFRS 16 impact)	-	-	-	(7.9)	(8.1)	(8.0)	(8.0)	(8.0)		
EBIT	(1.5)	5.7	8.7	10.9	7.5	17.3	23.2	26.0	62.4%	51.1%
<i>EBIT growth</i>	82.1%	475.1%	51.4%	25.9%	-30.8%	128.8%	34.1%	12.3%		
<i>EBIT/Revenues</i>	n.a.	4.9%	6.5%	7.6%	5.6%	11.1%	13.6%	14.4%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(8.3)	(12.6)	(10.2)	(13.0)	(7.0)	(5.8)	(5.6)	(5.1)		
Income by the Equity Method	-	-	-	0.7	0.3	0.6	0.6	0.6		
Ordinary Profit	(9.8)	(6.9)	(1.6)	(1.4)	0.8	12.1	18.2	21.5	20.2%	n.a.
<i>Ordinary Profit Growth</i>	56.1%	29.3%	77.1%	12.7%	161.2%	n.a.	50.8%	18.1%		
Extraordinary Results	-	-	-	44.9	-	-	-	-		
Profit Before Tax	(9.8)	(6.9)	(1.6)	43.5	0.8	12.1	18.2	21.5	20.2%	n.a.
Tax Expense	(1.3)	(0.9)	(2.4)	(3.5)	0.3	(3.0)	(4.6)	(5.4)		
<i>Effective Tax Rate</i>	n.a.	n.a.	n.a.	8.0%	n.a.	25.0%	25.0%	25.0%		
Minority Interests	(0.1)	0.0	(0.1)	(0.0)	(0.0)	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	(11.1)	(7.7)	(4.0)	40.0	1.1	9.1	13.7	16.1	20.4%	n.a.
<i>Net Profit growth</i>	-91.5%	30.5%	47.9%	n.a.	-97.1%	692.5%	50.8%	18.1%		
Ordinary Net Profit	(4.9)	(5.4)	0.9	(0.3)	1.9	9.1	13.7	16.1	24.2%	n.a.
<i>Ordinary Net Profit growth</i>	68.6%	-9.4%	117.3%	-128.6%	795.1%	387.6%	50.8%	18.1%		
Cash Flow (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	16-20	20-23e
Recurrent EBITDA						38.3	44.5	47.8	12.7%	15.7%
Rentals (IFRS 16 impact)						(8.0)	(8.0)	(8.0)		
Working Capital Increase						(2.9)	(0.9)	(0.8)		
Recurrent Operating Cash Flow						27.4	35.6	39.0	11.0%	14.0%
CAPEX						(20.3)	(20.4)	(21.6)		
Net Financial Result affecting the Cash Flow						(5.8)	(5.6)	(5.1)		
Tax Expense						(3.0)	(4.6)	(5.4)		
Recurrent Free Cash Flow						(1.7)	5.1	6.9	34.8%	59.0%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestitures of assets						3.4	3.9	3.9		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						1.7	9.0	10.8	-3.8%	47.3%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						(1.7)	(9.0)	(10.8)		

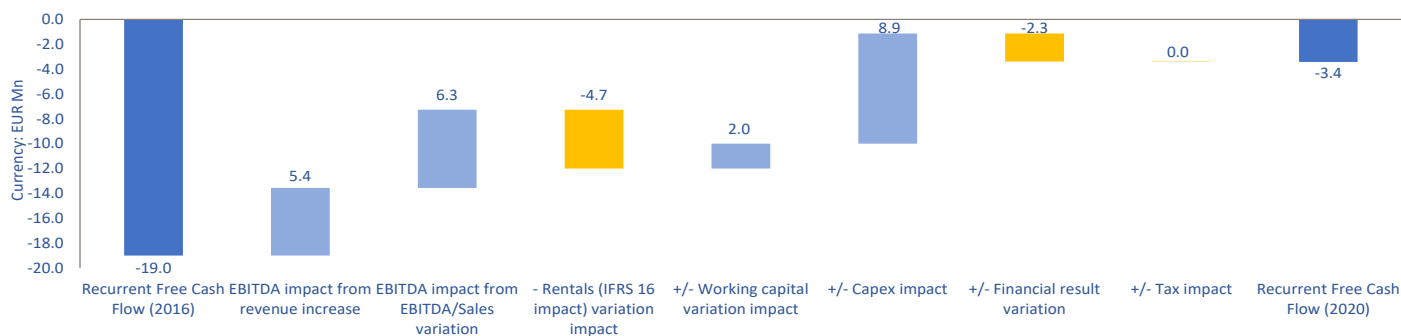
Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 9.7Mn higher due to IFRS 16.

Appendix 2. Free Cash Flow⁽¹⁾

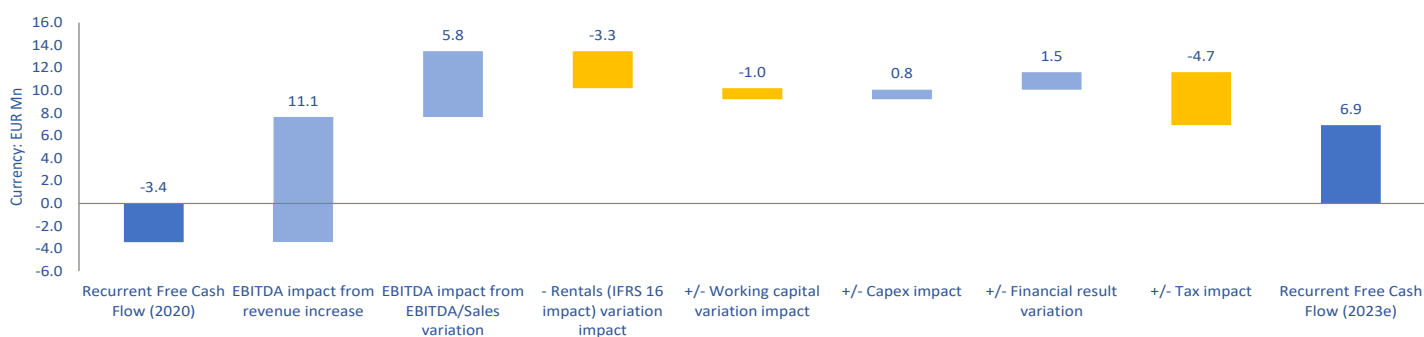
A) Cash Flow Analysis (EUR Mn)	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
								17-20	20-23e
Recurrent EBITDA	24.7	27.0	33.9	30.9	38.3	44.5	47.8	7.6%	15.7%
<i>Recurrent EBITDA growth</i>	29.4%	8.9%	25.7%	-9.0%	24.0%	16.2%	7.4%		
<i>Rec. EBITDA/Revenues</i>	21.1%	20.4%	23.7%	23.0%	24.5%	26.2%	26.5%		
- Rentals (IFRS 16 impact)	-	-	(5.1)	(4.7)	(8.0)	(8.0)	(8.0)		
+/- Working Capital increase	0.9	4.6	(4.4)	0.2	(2.9)	(0.9)	(0.8)		
= Recurrent Operating Cash Flow	25.7	31.5	24.4	26.3	27.4	35.6	39.0	0.9%	14.0%
<i>Rec. Operating Cash Flow growth</i>	48.0%	22.7%	-22.5%	7.8%	4.0%	30.0%	9.5%		
<i>Rec. Operating Cash Flow / Sales</i>	21.9%	23.8%	17.1%	19.6%	17.6%	21.0%	21.7%		
- CAPEX	(22.9)	(24.8)	(21.8)	(22.4)	(20.3)	(20.4)	(21.6)		
- Net Financial Result affecting Cash Flow	(4.4)	(4.4)	(5.5)	(6.7)	(5.8)	(5.6)	(5.1)		
- Taxes	(0.5)	(1.2)	(1.5)	(0.7)	(3.0)	(4.6)	(5.4)		
= Recurrent Free Cash Flow	(2.1)	1.0	(4.3)	(3.4)	(1.7)	5.1	6.9	-17.2%	59.0%
<i>Rec. Free Cash Flow growth</i>	88.8%	148.1%	-519.7%	20.3%	50.4%	401.5%	35.3%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	0.8%	n.a.	n.a.	n.a.	3.0%	3.8%		
- Restructuring expenses & others	(1.5)	(2.6)	(1.1)	-	-	-	-		
- Acquisitions / + Divestments	7.0	6.0	4.2	(5.6)	3.4	3.9	3.9		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	(1.5)	52.0	-	-	-	-		
= Free Cash Flow	3.4	2.9	50.8	(9.1)	1.7	9.0	10.8	-67.3%	47.3%
<i>Free Cash Flow growth</i>	143.4%	-14.2%	n.a.	-117.9%	118.6%	434.8%	20.3%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	0.6%	n.a.	n.a.	n.a.	3.2%	4.4%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	2.1%	1.8%	32.2%	n.a.	1.1%	5.7%	6.9%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	(19.0)	(2.1)	1.0	(4.3)	(3.4)	(1.7)	5.1		
EBITDA impact from revenue increase	2.2	3.2	2.2	(2.1)	5.0	3.4	2.6		
EBITDA impact from EBITDA/Sales variation	3.4	(1.0)	4.7	(0.9)	2.4	2.8	0.7		
= Recurrent EBITDA variation	5.6	2.2	6.9	(3.0)	7.4	6.2	3.3		
- Rentals (IFRS 16 impact) variation impact	-	-	(5.1)	0.3	(3.3)	-	-		
+/- Working capital variation impact	2.7	3.6	(8.9)	4.6	(3.1)	2.0	0.1		
= Recurrent Operating Cash Flow variation	8.3	5.8	(7.1)	1.9	1.1	8.2	3.4		
+/- CAPEX impact	8.4	(1.9)	3.1	(0.7)	2.2	(0.1)	(1.2)		
+/- Financial result variation	(0.0)	0.0	(1.1)	(1.2)	0.9	0.2	0.4		
+/- Tax impact	0.2	(0.8)	(0.2)	0.8	(2.3)	(1.5)	(0.8)		
= Recurrent Free Cash Flow variation	16.9	3.1	(5.3)	0.9	1.7	6.8	1.8		
Recurrent Free Cash Flow	(2.1)	1.0	(4.3)	(3.4)	(1.7)	5.1	6.9		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	5.7	8.7	10.9	7.5	17.3	23.2	26.0	9.7%	51.1%
* <i>Theoretical Tax rate</i>	0.0%	0.0%	0.0%	0.0%	25.0%	25.0%	25.0%		
= Taxes (pre- Net Financial Result)	-	-	-	-	(4.3)	(5.8)	(6.5)		
Recurrent EBITDA	24.7	27.0	33.9	30.9	38.3	44.5	47.8	7.6%	15.7%
- Rentals (IFRS 16 impact)	-	-	(5.1)	(4.7)	(8.0)	(8.0)	(8.0)		
+/- Working Capital increase	0.9	4.6	(4.4)	0.2	(2.9)	(0.9)	(0.8)		
= Recurrent Operating Cash Flow	25.7	31.5	24.4	26.3	27.4	35.6	39.0	0.9%	14.0%
- CAPEX	(22.9)	(24.8)	(21.8)	(22.4)	(20.3)	(20.4)	(21.6)		
- Taxes (pre- Financial Result)	-	-	-	-	(4.3)	(5.8)	(6.5)		
= Recurrent Free Cash Flow (To the Firm)	2.8	6.7	2.7	3.9	2.8	9.4	10.9	12.1%	40.8%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	119.9%	139.8%	-60.2%	47.4%	-28.4%	237.0%	15.6%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	2.4%	5.0%	1.9%	2.9%	1.8%	5.6%	6.1%		
- Acquisitions / + Divestments	7.0	6.0	4.2	(5.6)	3.4	3.9	3.9		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	(1.5)	52.0	-	-	-	-		
= Free Cash Flow "To the Firm"	9.8	11.2	58.9	(1.7)	6.2	13.3	14.8	-29.6%	n.a.
<i>Free Cash Flow (To the Firm) growth</i>	356.1%	14.0%	428.2%	-102.9%	455.8%	115.6%	11.2%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	1.0%	2.4%	0.9%	1.4%	1.0%	3.4%	3.9%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	3.5%	4.0%	21.0%	n.a.	2.2%	4.8%	5.3%		

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

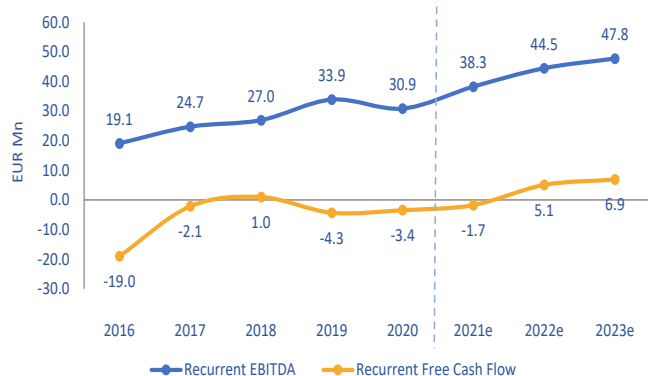
Recurrent Free Cash Flow accumulated variation analysis (2016 - 2020)



Recurrent Free Cash Flow accumulated variation analysis (2020 - 2023e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward



Appendix 3. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	158.0	
+ Minority Interests	0.3	12m Results 2020
+ Provisions & Other L/T Liabilities	13.5	12m Results 2020
- Net financial debt	111.8	3m Results 2021
- Financial Investments	3.6	12m Results 2020
+/- Others		
Enterprise Value (EV)	279.9	

Appendix 4. Historical performance (1)(2)

Historical performance (EUR Mn)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
															10-20	20-23e
Total Revenues	205.3	139.6	120.8	103.9	105.1	107.0	105.3	117.2	132.2	143.1	134.1	156.0	169.9	179.9	-4.2%	10.3%
Total Revenues growth	-15.4%	-32.0%	-13.5%	-14.0%	1.2%	1.8%	-1.6%	11.4%	12.8%	8.2%	-6.3%	16.3%	8.9%	5.9%		
EBITDA	24.0	14.5	11.5	14.3	16.1	7.9	14.2	23.3	24.3	32.8	29.8	38.3	44.5	47.8	2.2%	17.0%
EBITDA growth	-60.0%	-39.6%	-20.5%	24.1%	12.8%	-50.8%	79.3%	63.6%	4.7%	34.5%	-8.9%	28.3%	16.2%	7.4%		
EBITDA/Sales	11.7%	10.4%	9.5%	13.8%	15.3%	7.4%	13.5%	19.8%	18.4%	22.9%	22.2%	24.5%	26.2%	26.5%		
Net Profit	(128.1)	(61.3)	(17.3)	(28.6)	(6.4)	(5.8)	(11.1)	(7.7)	(4.0)	40.0	1.1	9.1	13.7	16.1	7.2%	n.a.
Net Profit growth	-103.5%	52.1%	71.8%	-65.0%	77.4%	9.7%	-91.5%	30.5%	47.9%	n.a.	-97.1%	692.5%	50.8%	18.1%		
Adjusted number shares (Mn)	5.9	5.9	5.9	6.5	24.4	43.4	43.5	43.5	36.0	66.2	68.5	94.6	94.6	94.6		
EPS (EUR)	-21.82	-10.45	-2.95	-4.42	-0.26	-0.13	-0.26	-0.18	-0.11	0.60	0.02	0.10	0.14	0.17	7.2%	n.a.
EPS growth	-95.8%	52.1%	71.8%	-49.8%	94.0%	49.1%	-90.8%	30.5%	36.9%	n.a.	-97.2%	n.a.	50.8%	18.1%		
Ord. EPS (EUR)	-21.82	-10.45	-2.95	-4.38	-0.24	-0.36	-0.11	-0.12	0.03	0.00	0.03	0.10	0.14	0.17	7.2%	84.5%
Ord. EPS growth	-95.8%	52.1%	71.8%	-48.4%	94.6%	-52.1%	68.7%	-9.4%	n.a.	n.a.	n.a.	n.a.	50.8%	18.1%		
CAPEX	(3.6)	(0.7)	(0.3)	(0.3)	(23.7)	(23.7)	(31.3)	(22.9)	(24.8)	(21.8)	(22.4)	(20.3)	(20.4)	(21.6)		
CAPEX/Sales %	1.8%	0.5%	0.2%	0.2%	22.6%	22.2%	29.7%	19.5%	18.8%	15.2%	16.7%	13.0%	12.0%	12.0%		
Free Cash Flow	33.1	42.0	38.4	16.5	(2.6)	18.4	(7.8)	3.4	2.9	50.8	(9.1)	1.7	9.0	10.8	-8.6%	47.3%
ND/EBITDA (x) ⁽³⁾	18.7x	6.8x	4.0x	18.3x	-0.3x	21.5x	12.8x	7.7x	7.7x	3.7x	3.6x	2.8x	2.2x	1.8x		
P/E (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.5x	68.4x	17.5x	11.6x	9.8x		
EV/Sales (x)	2.52x	0.83x	0.54x	2.86x	0.08x	0.77x	0.91x	0.59x	1.46x	1.65x	1.69x	1.79x	1.65x	1.56x		
EV/EBITDA (x) ⁽³⁾	21.6x	8.0x	5.7x	20.8x	0.5x	10.3x	6.7x	3.0x	7.9x	7.2x	7.6x	7.3x	6.3x	5.9x		
Absolute performance	-66.2%	-74.8%	5.3%	80.0%	-70.8%	14.3%	16.7%	-41.1%	-22.4%	56.3%	-25.5%	46.5%				
Relative performance vs Ibx 35	-59.1%	-71.0%	10.4%	48.2%	-71.9%	23.1%	19.1%	-45.1%	-8.8%	39.8%	-11.9%	28.2%				

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 Refinitiv.

Note 2: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 9.7Mn higher due to IFRS 16.

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

Appendix 5. Main peers 2021e

		Europe					USA				
		Ashtead Group	Aggreko	VP	Speedy Hire	HSS Hire	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	26,892.4	2,573.0	411.8	460.5	161.1		19,830.5	2,793.9	1,108.4	158.0
	Enterprise value (EV)	31,868.9	3,006.2	623.4	575.8	425.3		27,053.4	4,080.0	1,860.4	279.9
Basic financial information	Total Revenues	5,933.3	1,891.3	399.4	433.6	372.0		7,619.6	1,626.5	1,002.3	156.0
	Total Revenues growth	4.9%	19.0%	14.3%	12.1%	3.8%	10.8%	8.9%	11.3%	4.5%	16.3%
	2y CAGR (2021e - 2023e)	8.8%	-1.7%	5.4%	4.0%	2.4%	3.8%	4.9%	9.5%	6.5%	7.4%
	EBITDA	2,778.7	595.2	112.0	112.8	95.8		3,496.3	681.5	322.6	38.3
	EBITDA growth	6.5%	25.6%	14.0%	13.6%	7.8%	13.5%	12.3%	23.4%	3.3%	28.3%
	2y CAGR (2021e - 2023e)	9.5%	1.5%	8.6%	5.5%	n.a.	6.3%	6.6%	9.4%	6.8%	11.7%
	EBITDA/Revenues	46.8%	31.5%	28.1%	26.0%	25.8%	31.6%	45.9%	41.9%	32.2%	24.5%
	EBIT	1,462.2	259.2	47.7	39.9	37.1		1,865.9	274.1	106.5	17.3
	EBIT growth	13.0%	81.1%	33.3%	64.1%	18.7%	42.0%	25.8%	61.6%	14.5%	128.8%
	2y CAGR (2021e - 2023e)	11.4%	1.8%	20.8%	10.8%	n.a.	11.2%	9.6%	15.6%	26.4%	22.7%
	EBIT/Revenues	24.6%	13.7%	12.0%	9.2%	10.0%	13.9%	24.5%	16.9%	10.6%	11.1%
	Net Profit	955.4	138.4	30.8	n.a.	10.5		1,228.9	155.9	47.6	9.1
	Net Profit growth	17.2%	207.1%	45.4%	n.a.	80.0%	87.4%	68.3%	157.9%	277.8%	692.5%
	2y CAGR (2021e - 2023e)	16.3%	3.3%	23.7%	n.a.	73.2%	29.1%	11.8%	19.1%	38.1%	33.4%
CAPEX/Sales %	19.2%	15.4%	13.8%	13.2%	11.0%	14.5%	21.7%	33.6%	19.6%	-13.0%	
Free Cash Flow	1,017.2	151.7	n.a.	20.7	(0.5)		1,236.9	48.7	n.a.	1.7	
Net financial debt	4,226.9	457.1	(214.3)	63.9	219.1		6,952.4	1,344.8	1,162.1	106.9	
ND/EBITDA (x)	1.5	0.8	(1.9)	0.6	2.3	0.6	2.0	2.0	3.6	2.8	
Pay-out	26.0%	48.2%	47.7%	n.a.	0.0%	30.5%	0.0%	0.0%	69.9%	0.0%	
Multiples and Ratios	P/E (x)	28.3	19.1	13.8	18.2	15.8	19.0	16.0	18.7	23.3	17.5
	P/BV (x)	6.6	1.6	2.1	1.9	n.a.	3.1	4.3	n.a.	5.7	1.7
	EV/Revenues (x)	5.4	1.6	1.6	1.3	1.1	2.2	3.6	2.5	1.9	1.8
	EV/EBITDA (x)	11.5	5.1	5.6	5.1	4.4	6.3	7.7	6.0	5.8	7.3
	EV/EBIT (x)	21.8	11.6	13.1	14.4	11.5	14.5	14.5	14.9	17.5	16.2
	ROE	23.8	9.1	n.a.	12.3	n.a.	15.1	31.4	20.0	23.4	10.5
	FCF Yield (%)	3.8	5.9	n.a.	4.5	n.a.	4.7	6.2	1.7	n.a.	n.a.
	DPS	0.54	0.26	0.37	0.02	0.00	0.24	0.00	0.00	0.92	0.00
Dvd Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%	0.0%	

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

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

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
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

