

EQUITY - SPAIN

Sector: Trading Companies & Distributors

Closing price: EUR 1,30 (22 Nov 2024)

Report date: 25 Nov 2024 (13:20h)

9m Results 2024

Independent Equity Research

9m Results 2024

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We will maintain our estimates

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GAM is a company specialising in services associated with machinery hire (it has a fleet of 40,000 pieces of equipment) with a revenue mix diversified by sector and a certain balance between generalist and specialist operator. With 80 branches in 9 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%).

Market Data

Market Cap (Mn EUR and USD)	123,0	128,0
EV (Mn EUR and USD) ⁽²⁾	417,0	434,1
Shares Outstanding (Mn)	94,6	
-12m (Max/Med/Min EUR)	1,49 / 1,30 / 1,18	
Daily Avg volume (-12m Mn EUR)	0,02	
Rotation ⁽³⁾	5,1	
Factset / Bloomberg	GAM-ES / GAM SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Francisco Riberas & Family	58,2
Indumenta Pueri	10,6
Pedro Luis Fernández	6,0
Banco Santander	4,5
Free Float	20,7

Financials (Mn EUR)

	2023	2024e	2025e	2026e
Adj. nº shares (Mn)	94,2	94,6	94,6	94,6
Total Revenues	283,6	312,1	337,4	364,9
Rec. EBITDA	62,0	72,5	79,4	88,2
% growth	23,6	16,9	9,5	11,1
% Rec. EBITDA/Rev.	21,9	23,2	23,5	24,2
% Inc. EBITDA sector ⁽⁴⁾	9,4	11,2	10,6	9,2
Net Profit	9,1	6,3	10,8	17,4
EPS (EUR)	0,10	0,07	0,11	0,18
% growth	17,7	-31,1	72,8	60,8
Ord. EPS (EUR)	0,07	0,04	0,09	0,18
% growth	0,8	-47,1	135,0	101,0
Rec. Free Cash Flow ⁽⁵⁾	-46,0	-17,2	-0,4	11,8
Pay-out (%)	0,0	0,0	0,0	0,0
DPS (EUR)	0,00	0,00	0,00	0,00
Net financial debt	246,0	274,2	274,6	262,8
ND/Rec. EBITDA (x)	4,0	3,8	3,5	3,0
ROE (%)	9,3	6,0	9,5	13,6
ROCE (%) ⁽⁵⁾	6,3	5,8	6,1	7,0

Ratios & Multiples (x) ⁽⁶⁾

	2023	2024e	2025e	2026e
P/E	13,5	19,6	11,3	7,1
Ord. P/E	17,6	33,3	14,2	7,1
P/BV	1,2	1,1	1,0	0,9
Dividend Yield (%)	0,0	0,0	0,0	0,0
EV/Sales	1,47	1,34	1,24	1,14
EV/Rec. EBITDA	6,7	5,7	5,3	4,7
EV/EBIT	18,6	17,4	15,5	12,0
FCF Yield (%) ⁽⁵⁾	n.a.	n.a.	n.a.	9,6

(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.

9m24 (in line): GAM starts to reduce Capex and brings closer the idea of FCF breakeven in 2025

SLIGHT SLOWDOWN IN REVENUE (+8.2% VS 9M23)... Slightly below 1H23 (+9.6%) and our estimate for year-end (10.1%). Mainly due to delays in the delivery of machinery required for projects in the Middle East. GAM closes 9m24 with revenues of EUR 219.7Mn (vs EUR 203Mn in 9m23). By geography, Latam (+27%) and Morocco/Arabia (+31%) continue to be the fastest-growing markets.

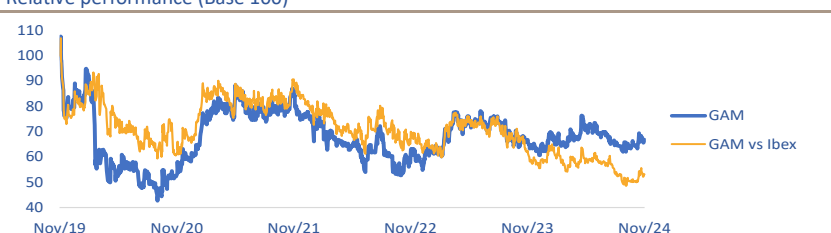
... ESPECIALLY IN THE CAPEX-FREE BUSINESS (+1.5% VS 9M23) WHICH REMAINS FLAT. But the long-term rental business (renting/outsourcing) maintains double-digit growth (+16.8%) and accounts for 34% of total sales. Which, together with high diversification by sector, reduces the cyclicity of the business. The short-term business closes 9m24 with EUR 86Mn (+8.6% vs 9m23).

ALTHOUGH MARGINS IMPROVE... GAM's leadership in Spain and the ability to pass on price increases to its customers allow it to maintain double-digit growth in EBITDA, despite the slight slowdown in revenue growth. At the end of 9m23, EBITDA of EUR 59.1Mn (+12.4%; including activations) which represents an EBITDA Margin 9m24 of 26.9% (vs 25.9% in 9m23).

... DESPITE THE INITIAL PHASE OF ITS INQUIETO AND REVIVER PROJECTS. The launch of the Inquieto project (sustainable mobility in the last mile) and Reviver (extend the useful life of machinery) seek to reduce CAPEX needs, something that is already becoming very visible: EUR 39.7Mn 9m24 vs EUR 61.3Mn in 9m23. We adjust the 2024e CAPEX to EUR 60Mn (vs EUR 70Mn previous est.), c. EUR 50Mn in 2025e and 2026e (FCF Yield 26e: 9.6% in line with its sector).

FINANCIAL EXPENSES WILL MARK THE NET PROFIT OF 2024 (-27% VS 9M23). Depreciation expense and financial expenses derived from the evolution of interest rates prevent the transfer of operating growth to 9m24 Net Profit (EUR 2.7Mn).

THE FOCUS SHOULD BE ON 2025E. We maintain estimates for results in line (2024e Revenues: EUR 312Mn and rec. EBITDA EUR 72.5Mn). The evolution of financial income significantly reduces the ability to generate Net Profit. However, GAM is showing the ability to maintain profitable growth. And laying the foundations to reduce the "heavy structure" of the business (high CAPEX, depreciation and high Debt) in the medium term with an impact on rec FCF, which could reach breakeven "already" in 2025e (if the trend seen 9m23 continues). All this, together with a progressive reduction in interest rates in Europe, would imply a 2025e P/E of 11x. Today it trades at an EV/EBITDA 24e of 5.7x (in line with its comps).

Relative performance (Base 100)


Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	3,6	3,2	0,0	10,2	-22,6	-33,2
vs Ibx 35	5,2	-1,3	-15,2	-4,5	-41,4	-46,9
vs Ibx Small Cap Index	10,0	11,3	-2,3	10,7	-19,7	-43,4
vs Eurostoxx 50	6,8	5,2	-9,1	4,0	-29,9	-48,5
vs Sector benchmark ⁽⁴⁾	4,5	-0,3	-19,8	-3,4	-30,8	-55,7

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

9m Results 2024
Table 1. 9m24 Results

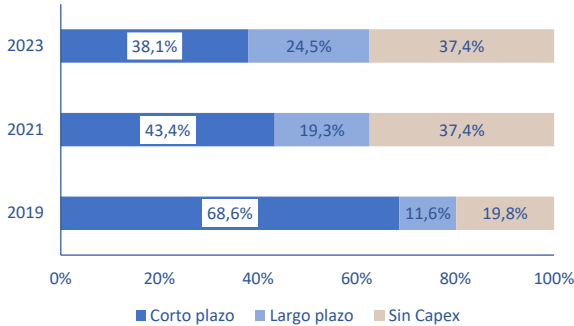
EUR Mn	9m24		9m24 Real		2024e vs 2023
	Real	9m23	vs 9m23	2024e	
Short-term	86.0	79.2	8.6%	114.0	6.6%
Long term	58.5	50.1	16.8%	79.8	15.9%
Without Capex	75.2	74.1	1.5%	115.6	10.0%
Total Revenues	219.7	203.0	8.2%	312.1	10.1%
EBITDA¹	59.1	52.6	12.4%	72.5	16.9%
<i>EBITDA/Revenues</i>	26.9%	25.9%	1.0 p.p.	23.2%	1.4 p.p.
EBIT	16.6	16.4	1.2%	24.0	6.9%
<i>EBIT/Revenues</i>	7.6%	8.1%	-0.5 p.p.	7.7%	-0.2 p.p.
Net profit	2.7	3.7	-27.0%	6.3	-30.9%

Note: 9m24 results do not include information pertaining to the balance sheet.

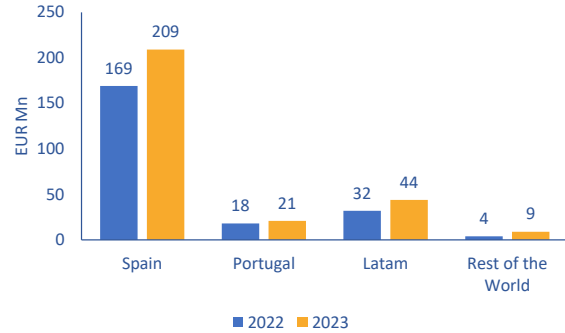
Note 1: 9m24 and 9m23 recurrent EBTDA and EBITDA not adjusted to strip out the impact of capitalised expenses. 24e EBITDA excludes EUR 10.4Mn of capitalised expenses

The company in 8 charts

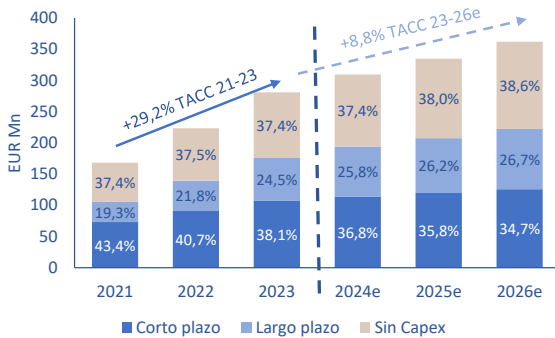
GAM ha ejecutado con éxito su reposicionamiento estratégico: los negocios rec. y sin Capex ya representan el 62% de las ventas



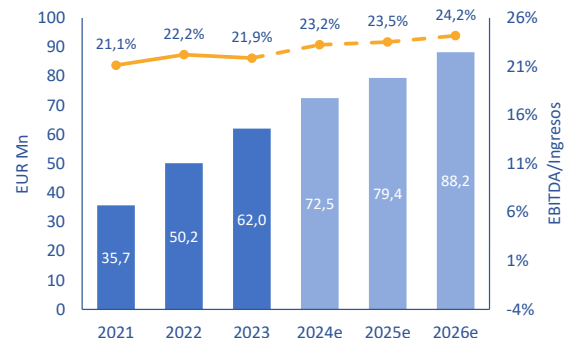
Y está llevando su modelo de diversificación al negocio internacional (donde crece en todas sus geografías)



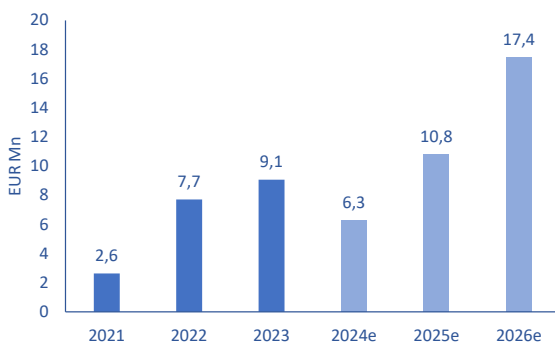
Los negocios recurrentes (l/p) y sin Capex serán los motores del crecimiento a m/p (+8,8% TACC 23-26e)



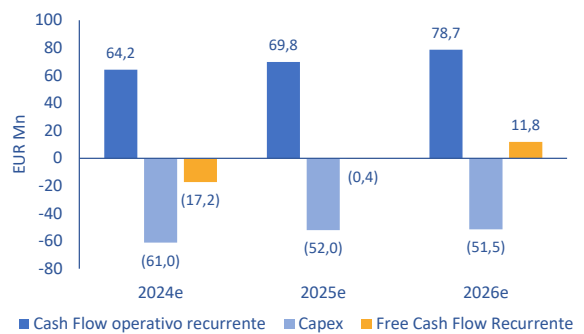
EBITDA 2023-2026e: +12% TACC (23-26e)



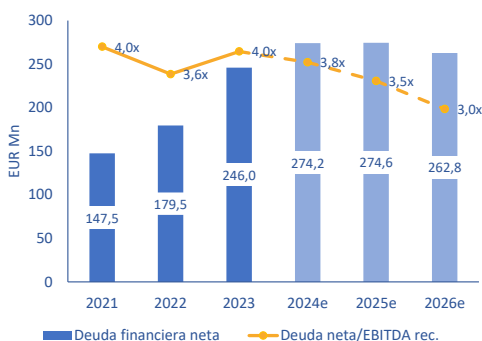
A las puertas de un "despegue" del Beneficio Neto



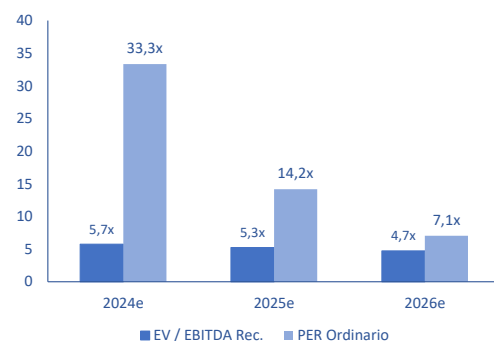
Un negocio muy intensivo en Capex, que seguirá marcando la generación de FCF



Y, pese al M&A ejecutado, no estimamos niveles de apalancamiento superiores a 4x DN/EBITDA



Todo ello, con unos múltiplos (objetivamente) bajos. EV/EBITDA 2026e 4,7x y PER 2026e 7,1x.



Valuation inputs

Inputs for the DCF Valuation Approach

	2024e	2025e	2026e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	(7,8)	17,8	23,7	453,5			
Market Cap	123,0	At the date of this report					
Net financial debt	254,2	Debt net of Cash (Rdos. 6m 2024)					
					Best Case	Worst Case	
Cost of Debt	6,0%	Net debt cost			5,8%	6,3%	
Tax rate (T)	20,0%	T (Normalised tax rate)			=	=	
Net debt cost	4,8%	Kd = Cost of Net Debt * (1-T)			4,6%	5,0%	
Risk free rate (rf)	3,0%	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	10,2%	Ke = Rf + (R * B)			9,0%	11,4%	
Equity / (Equity + Net Debt)	32,6%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	67,4%	D			=	=	
WACC	6,6%	WACC = Kd * D + Ke * E			6,0%	7,1%	
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

Compañía	Ticker Factset	Mkt. Cap	PER 24e	BPA 24e-26e	EV/EBITDA 24e	EBITDA 24e-26e	EV/Vtas. 24e	Ingresos 24e-26e	EBITDA/Vtas. 24e	FCF Yield 24e	FCF 24e-26e
Ashtead Group	AHT-GB	33.316,8	20,4	14,2%	8,7	8,8%	4,0	7,9%	45,9%	4,2%	2,1%
VP	VP-GB	283,8	8,6	12,1%	3,8	5,0%	1,1	4,5%	29,4%	10,5%	30,2%
Speedy Hire	SDY-GB	156,7	7,9	26,9%	3,2	6,0%	0,8	4,6%	24,0%	9,7%	30,2%
HSS Hire Group	HSS-GB	48,6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Europa			12,3	17,7%	5,2	6,6%	2,0	5,7%	33,1%	8,1%	20,8%
United Rentals	URI-US	53.539,3	19,6	9,2%	9,8	4,9%	4,6	4,8%	46,9%	3,7%	10,3%
Herc Rentals	HRI-US	6.082,6	16,7	15,6%	7,2	7,2%	3,2	6,5%	44,5%	4,6%	16,7%
H&E Equipment S.	HEES-US	2.066,5	17,7	14,6%	5,9	0,7%	2,6	6,0%	44,2%	10,2%	n.a.
USA			18,0	13,1%	7,6	4,3%	3,5	5,7%	45,2%	6,2%	13,5%
GAM	GAM-ES	123,0	19,6	66,7%	5,7	10,3%	1,3	8,1%	23,2%	n.a.	55,5%

Free Cash Flow sensitivity analysis (2025e)

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

Scenario	EBITDA/Sales 25e	EBITDA 25e	EV/EBITDA 25e
Max	25,9%	87,5	4,8x
Central	23,5%	79,4	5,3x
Min	21,1%	71,3	5,8x

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

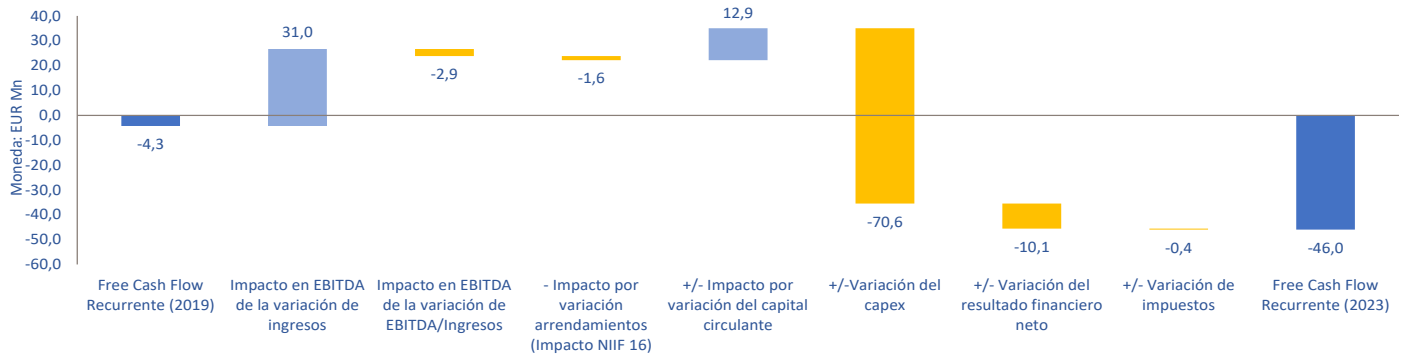
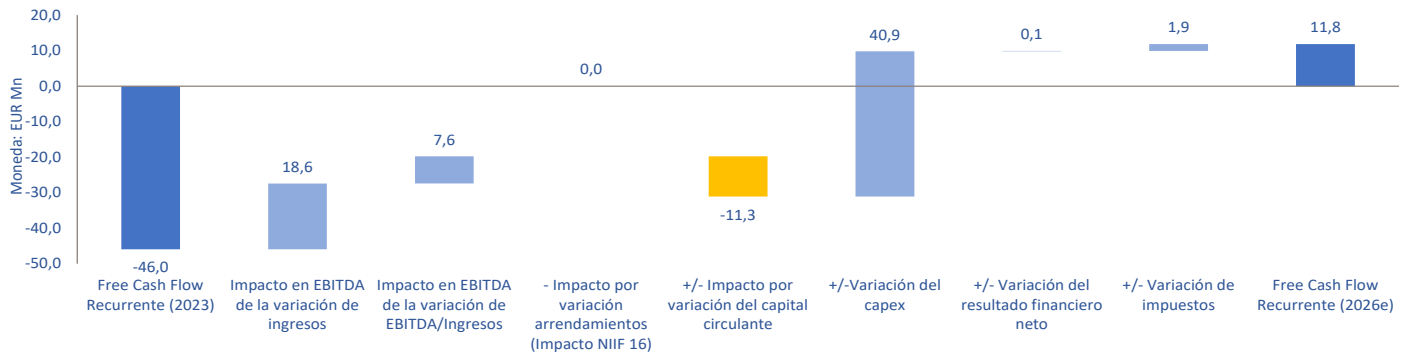
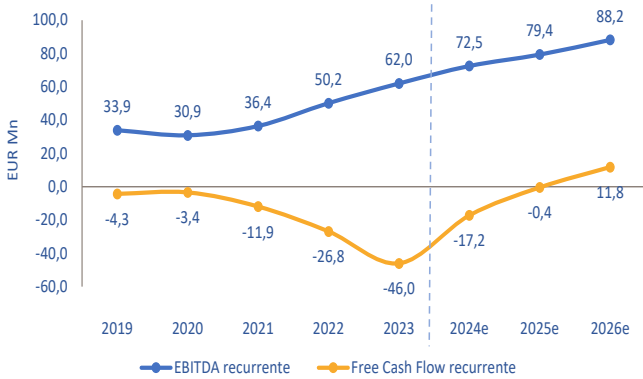
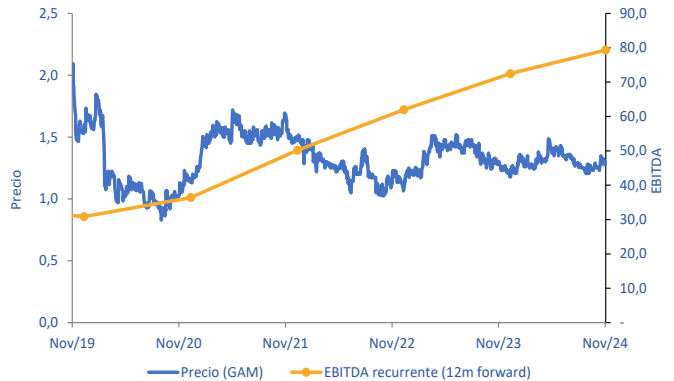
Rec. FCF EUR Mn	CAPEX/Sales 25e			Scenario	Rec. FCF/Yield 25e		
EBITDA 25e	13,9%	15,4%	16,9%		Max	10,4%	6,3%
87,5	12,7	7,7	2,6	Central	3,8%	n.a.	n.a.
79,4	4,7	(0,4)	(5,5)	Min	n.a.	n.a.	n.a.
71,3	(3,4)	(8,5)	(13,6)				

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e		
Intangible assets	22,1	21,2	22,3	24,4	22,0	22,0	22,0	22,0		
Fixed assets	138,5	151,7	201,3	237,3	328,5	358,7	364,9	369,5		
Other Non Current Assets	3,6	6,8	6,9	6,9	11,5	14,1	16,3	14,3		
Financial Investments	0,9	3,6	3,8	5,7	2,2	2,2	2,2	2,2		
Goodwill & Other Intangibles	16,4	19,8	20,5	25,4	28,5	28,5	28,5	28,5		
Current assets	47,4	49,9	70,6	92,4	105,3	113,8	122,8	132,3		
Total assets	228,9	253,0	325,3	392,0	498,1	539,4	556,7	569,0		
Equity	51,1	81,9	84,5	93,5	101,9	108,2	119,1	136,5		
Minority Interests	0,2	0,3	0,4	4,0	2,1	2,1	2,1	2,1		
Provisions & Other L/T Liabilities	8,2	13,7	30,7	39,2	52,3	52,3	52,3	52,3		
Other Non Current Liabilities	20,2	18,5	17,3	19,9	18,5	18,5	18,5	18,5		
Net financial debt	121,9	108,6	147,5	179,5	246,0	274,2	274,6	262,8		
Current Liabilities	27,4	30,0	44,9	55,8	77,3	84,1	90,2	96,8		
Equity & Total Liabilities	228,9	253,0	325,3	392,0	498,1	539,4	556,7	569,0		
CAGR										
P&L (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	19-23	23-26e
Total Revenues	143,1	134,1	169,1	225,8	283,6	312,1	337,4	364,9	18,7%	8,8%
<i>Total Revenues growth</i>	8,2%	-6,3%	26,1%	33,5%	25,6%	10,1%	8,1%	8,1%		
COGS	(40,2)	(42,2)	(60,1)	(80,6)	(105,5)	(115,6)	(125,3)	(134,4)		
Gross Margin	102,9	91,9	109,0	145,2	178,1	196,5	212,1	230,4	14,7%	9,0%
<i>Gross Margin/Revenues</i>	71,9%	68,5%	64,4%	64,3%	62,8%	63,0%	62,9%	63,2%		
Personnel Expenses	(39,5)	(35,8)	(43,1)	(52,7)	(68,0)	(72,6)	(77,6)	(83,0)		
Other Operating Expenses	(29,5)	(25,2)	(29,5)	(42,3)	(48,1)	(51,4)	(55,1)	(59,2)		
Recurrent EBITDA	33,9	30,9	36,4	50,2	62,0	72,5	79,4	88,2	16,3%	12,5%
<i>Recurrent EBITDA growth</i>	25,7%	-9,0%	18,0%	37,8%	23,6%	16,9%	9,5%	11,1%		
<i>Rec. EBITDA/Revenues</i>	23,7%	23,0%	21,5%	22,2%	21,9%	23,2%	23,5%	24,2%		
Restructuring Expense & Other non-rec.	(1,1)	(1,0)	(0,7)	-	-	-	-	-		
EBITDA	32,8	29,8	35,7	50,2	62,0	72,5	79,4	88,2	17,3%	12,5%
Depreciation & Provisions	(21,7)	(20,6)	(20,0)	(26,9)	(33,4)	(42,7)	(45,9)	(46,9)		
Capitalized Expense	7,7	6,3	7,2	8,0	10,0	10,4	9,5	9,6		
Rentals (IFRS 16 impact)	(7,9)	(8,1)	(12,1)	(14,3)	(16,2)	(16,2)	(16,2)	(16,2)		
EBIT	10,9	7,5	10,8	17,0	22,4	24,0	26,8	34,7	19,8%	15,7%
<i>EBIT growth</i>	25,9%	-30,8%	43,6%	56,8%	32,1%	7,1%	11,7%	29,4%		
<i>EBIT/Revenues</i>	7,6%	5,6%	6,4%	7,5%	7,9%	7,7%	8,0%	9,5%		
Impact of Goodwill & Others	-	-	-	-	0,8	-	-	-		
Net Financial Result	(13,0)	(7,0)	(7,5)	(9,6)	(16,3)	(20,3)	(18,2)	(15,4)		
Income by the Equity Method	0,7	0,3	0,2	(0,3)	0,0	0,0	0,0	0,0		
Ordinary Profit	(1,4)	0,8	3,5	7,1	6,9	3,7	8,7	19,4	62,7%	40,9%
<i>Ordinary Profit Growth</i>	12,7%	161,2%	316,4%	101,8%	-2,5%	-46,7%	135,0%	123,3%		
Extraordinary Results	44,9	-	-	-	-	-	-	-		
Profit Before Tax	43,5	0,8	3,5	7,1	6,9	3,7	8,7	19,4	-36,8%	40,9%
Tax Expense	(3,5)	0,3	(0,8)	0,8	2,1	2,6	2,2	(1,9)		
<i>Effective Tax Rate</i>	8,0%	n.a.	23,4%	n.a.	n.a.	n.a.	n.a.	10,0%		
Minority Interests	(0,0)	(0,0)	(0,1)	(0,2)	0,0	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	40,0	1,1	2,6	7,7	9,1	6,3	10,8	17,4	-31,0%	24,3%
<i>Net Profit growth</i>	n.a.	-97,1%	130,4%	193,1%	17,7%	-30,9%	72,8%	60,8%		
Ordinary Net Profit	(0,3)	1,9	3,2	6,9	6,9	3,7	8,7	17,4	n.a.	35,9%
<i>Ordinary Net Profit growth</i>	-128,6%	795,1%	70,3%	118,1%	0,8%	-46,9%	135,0%	101,0%		
CAGR										
Cash Flow (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	19-23	23-26e
Recurrent EBITDA						72,5	79,4	88,2	16,3%	12,5%
Rentals (IFRS 16 impact)						(6,7)	(6,7)	(6,7)		
Working Capital Increase						(1,7)	(2,9)	(2,9)		
Recurrent Operating Cash Flow						64,2	69,8	78,7	27,1%	7,2%
CAPEX						(61,0)	(52,0)	(51,5)		
Net Financial Result affecting the Cash Flow						(20,3)	(18,2)	(15,4)		
Tax Expense						-	-	-		
Recurrent Free Cash Flow						(17,2)	(0,4)	11,8	-80,9%	31,2%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						(11,0)	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(28,2)	(0,4)	11,8	-34,8%	29,6%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						28,2	0,4	(11,8)		

Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
								20-23	23-26e
Recurrent EBITDA	30,9	36,4	50,2	62,0	72,5	79,4	88,2	26,2%	12,5%
<i>Recurrent EBITDA growth</i>	-9,0%	18,0%	37,8%	23,6%	16,9%	9,5%	11,1%		
<i>Rec. EBITDA/Revenues</i>	23,0%	21,5%	22,2%	21,9%	23,2%	23,5%	24,2%		
- Rentals (IFRS 16 impact)	(4,7)	(6,0)	(6,5)	(6,7)	(6,7)	(6,7)	(6,7)		
+/- Working Capital increase	0,2	(5,8)	(10,9)	8,5	(1,7)	(2,9)	(2,9)		
= Recurrent Operating Cash Flow	26,3	24,6	32,8	63,8	64,2	69,8	78,7	34,3%	7,2%
<i>Rec. Operating Cash Flow growth</i>	7,8%	-6,5%	33,1%	94,6%	0,6%	8,7%	12,7%		
<i>Rec. Operating Cash Flow / Sales</i>	19,6%	14,6%	14,5%	22,5%	20,6%	20,7%	21,6%		
- CAPEX	(22,4)	(31,1)	(50,8)	(92,4)	(61,0)	(52,0)	(51,5)		
- Net Financial Result affecting Cash Flow	(6,7)	(4,5)	(9,6)	(15,5)	(20,3)	(18,2)	(15,4)		
- Taxes	(0,7)	(0,9)	0,8	(1,9)	-	-	-		
= Recurrent Free Cash Flow	(3,4)	(11,9)	(26,8)	(46,0)	(17,2)	(0,4)	11,8	<i>n.a.</i>	31,2%
<i>Rec. Free Cash Flow growth</i>	20,3%	-247,8%	-125,4%	-71,4%	62,7%	97,6%	<i>n.a.</i>		
<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>	<i>n.a.</i>	3,2%		
- Restructuring expenses & others	(1,0)	(0,7)	-	-	-	-	-		
- Acquisitions / + Divestments	(5,6)	(8,7)	(6,2)	(19,9)	(11,0)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(10,1)	(21,3)	(33,0)	(65,9)	(28,2)	(0,4)	11,8	-86,9%	29,6%
<i>Free Cash Flow growth</i>	-119,9%	-110,9%	-54,8%	-99,9%	57,3%	98,5%	<i>n.a.</i>		
<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>	<i>n.a.</i>	9,6%		
<i>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>	<i>n.a.</i>	9,6%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2020	2021	2022	2023	2024e	2025e	2026e		
Recurrent FCF(FY - 1)	(4,3)	(3,4)	(11,9)	(26,8)	(46,0)	(17,2)	(0,4)		
EBITDA impact from revenue increase	(2,1)	8,1	12,2	12,8	6,2	5,9	6,5		
EBITDA impact from EBITDA/Sales variation	(0,9)	(2,5)	1,5	(1,0)	4,3	1,0	2,4		
= Recurrent EBITDA variation	(3,0)	5,6	13,8	11,8	10,5	6,9	8,8		
- Rentals (IFRS 16 impact) variation impact	0,3	(1,3)	(0,5)	(0,2)	-	-	-		
+/- Working capital variation impact	4,6	(6,0)	(5,1)	19,4	(10,1)	(1,2)	0,0		
= Recurrent Operating Cash Flow variation	1,9	(1,7)	8,1	31,0	0,4	5,6	8,9		
+/- CAPEX impact	(0,7)	(8,7)	(19,7)	(41,5)	31,4	9,0	0,6		
+/- Financial result variation	(1,2)	2,1	(5,1)	(5,9)	(4,8)	2,2	2,8		
+/- Tax impact	0,8	(0,2)	1,7	(2,7)	1,9	-	-		
= Recurrent Free Cash Flow variation	0,9	(8,5)	(14,9)	(19,2)	28,8	16,8	12,2		
Recurrent Free Cash Flow	(3,4)	(11,9)	(26,8)	(46,0)	(17,2)	(0,4)	11,8		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
EBIT	7,5	10,8	17,0	22,4	24,0	26,8	34,7	43,8%	15,7%
* Theoretical Tax rate	0,0%	23,4%	0,0%	0,0%	0,0%	0,0%	10,0%		
= Taxes (pre- Net Financial Result)	-	(2,5)	-	-	-	-	(3,5)		
Recurrent EBITDA	30,9	36,4	50,2	62,0	72,5	79,4	88,2	26,2%	12,5%
- Rentals (IFRS 16 impact)	(4,7)	(6,0)	(6,5)	(6,7)	(6,7)	(6,7)	(6,7)		
+/- Working Capital increase	0,2	(5,8)	(10,9)	8,5	(1,7)	(2,9)	(2,9)		
= Recurrent Operating Cash Flow	26,3	24,6	32,8	63,8	64,2	69,8	78,7	34,3%	7,2%
- CAPEX	(22,4)	(31,1)	(50,8)	(92,4)	(61,0)	(52,0)	(51,5)		
- Taxes (pre- Financial Result)	-	(2,5)	-	-	-	-	(3,5)		
= Recurrent Free Cash Flow (To the Firm)	3,9	(9,0)	(18,0)	(28,6)	3,2	17,8	23,7	<i>n.a.</i>	41,5%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	47,4%	-329,8%	-100,8%	-58,3%	111,1%	461,1%	33,5%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	2,9%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	1,0%	5,3%	6,5%		
- Acquisitions / + Divestments	(5,6)	(8,7)	(6,2)	(19,9)	(11,0)	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(1,7)	(17,7)	(24,2)	(48,5)	(7,8)	17,8	23,7	<i>n.a.</i>	35,5%
<i>Free Cash Flow (To the Firm) growth</i>	-102,9%	-918,6%	-36,8%	-100,5%	83,9%	326,9%	33,5%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	0,9%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	0,8%	4,3%	5,7%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	4,3%	5,7%		

Recurrent Free Cash Flow accumulated variation analysis (2019 - 2023)

Recurrent Free Cash Flow accumulated variation analysis (2023 - 2026e)

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	123,0	
+ Minority Interests	2,1	Rdos. 6m 2024
+ Provisions & Other L/T Liabilities	40,5	Rdos. 6m 2024
+ Net financial debt	254,2	Rdos. 6m 2024
- Financial Investments	2,8	Rdos. 6m 2024
+/- Others		
Enterprise Value (EV)	417,0	

Appendix 4. Historical performance (1)

Historical performance (EUR Mn)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
															13-23	23-26e
Total Revenues	120,8	103,9	105,1	105,2	116,4	132,0	143,1	134,1	169,1	225,8	283,6	312,1	337,4	364,9	8,9%	8,8%
Total Revenues growth	-13,5%	-14,0%	1,2%	0,0%	10,7%	13,4%	8,4%	-6,3%	26,1%	33,5%	25,6%	10,1%	8,1%	8,1%		
EBITDA	5,0	4,8	6,1	14,1	22,4	31,9	32,8	29,8	35,7	50,2	62,0	72,5	79,4	88,2	28,7%	12,5%
EBITDA growth	-54,6%	-4,1%	27,6%	133,2%	58,7%	42,1%	2,7%	-8,9%	19,8%	40,4%	23,6%	16,9%	9,5%	11,1%		
EBITDA/Sales	4,1%	4,6%	5,8%	13,4%	19,3%	24,2%	22,9%	22,2%	21,1%	22,2%	21,9%	23,2%	23,5%	24,2%		
Net Profit	(17,1)	(28,3)	(5,8)	(11,1)	(7,7)	(4,0)	40,0	1,1	2,6	7,7	9,1	6,3	10,8	17,4	9,7%	24,3%
Net Profit growth	72,2%	-65,7%	79,4%	-91,5%	30,5%	47,9%	n.a.	-97,1%	130,4%	193,1%	17,7%	-30,9%	72,8%	60,8%		
Adjusted number shares (Mn)	6,5	24,4	43,4	43,5	43,5	36,0	66,2	94,6	94,6	94,2	94,2	94,6	94,6	94,6		
EPS (EUR)	-2,64	-1,16	-0,13	-0,26	-0,18	-0,11	0,60	0,01	0,03	0,08	0,10	0,07	0,11	0,18	7,4%	24,1%
EPS growth	74,7%	56,2%	88,4%	-90,8%	30,5%	36,9%	n.a.	-98,0%	n.a.	n.a.	17,7%	-31,1%	72,8%	60,8%		
Ord. EPS (EUR)	-2,64	-1,16	-0,13	-0,26	-0,18	-0,11	0,00	0,02	0,03	0,07	0,07	0,04	0,09	0,18	7,3%	35,7%
Ord. EPS growth	74,7%	56,2%	88,4%	-90,8%	30,5%	36,9%	96,4%	n.a.	70,4%	n.a.	0,8%	-47,1%	n.a.	n.a.		
CAPEX	(0,3)	(0,3)	(23,7)	(31,3)	(22,9)	(24,8)	(21,8)	(22,4)	(31,1)	(50,8)	(92,4)	(61,0)	(52,0)	(51,5)		
CAPEX/Sales %	0,2%	0,2%	22,6%	29,8%	19,7%	18,8%	15,2%	16,7%	18,4%	22,5%	32,6%	19,5%	15,4%	14,1%		
Free Cash Flow	38,4	16,5	(2,6)	(14,2)	11,4	9,2	50,8	(10,1)	(21,3)	(33,0)	(65,9)	(28,2)	(0,4)	11,8	-14,0%	29,6%
ND/EBITDA (x) ⁽²⁾	n.a.	n.a.	27,1x	12,3x	7,8x	5,9x	3,7x	3,6x	4,1x	3,6x	4,0x	3,8x	3,5x	3,0x		
P/E (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2,5x	94,4x	53,7x	13,0x	12,3x	19,6x	11,3x	7,1x		
EV/Sales (x)	2,65x	2,64x	2,32x	2,54x	1,98x	1,74x	1,59x	1,69x	1,87x	1,41x	1,45x	1,34x	1,24x	1,14x		
EV/EBITDA (x) ⁽²⁾	n.a.	n.a.	40,2x	18,9x	10,3x	7,2x	6,9x	7,6x	8,8x	6,3x	6,6x	5,7x	5,3x	4,7x		
Absolute performance	80,0%	-70,8%	14,3%	16,7%	-41,1%	-22,4%	56,3%	-25,5%	31,1%	-28,8%	10,8%	10,2%				
Relative performance vs Ibx35	48,2%	-71,9%	23,1%	19,1%	-45,1%	-8,8%	39,8%	-11,9%	21,5%	-24,6%	-9,7%	-4,5%				

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 2024e

Datos Mercado	Europa				USA			Average	GAM
	EUR Mn	Ashtead Group	VP	Speedy Hire	Average	United Rentals	Herc Rentals		
Ticker (Factset)		AHT-GB	VP-GB	SDY-GB		URI-US	HRI-US	HEES-US	GAM-ES
Pais		United Kingdom				USA		USA	Spain
Market cap	33.316,8	283,8	156,7		53.539,3	6.082,6	2.066,5		123,0
Enterprise value (EV)	43.355,8	504,2	404,3		66.926,4	10.895,2	3.748,2		417,0
Total Ingresos	10.870,9	447,3	530,8		14.595,1	3.399,7	1.446,5		312,1
Cto. Total Ingresos	4,6%	0,8%	4,7%	3,4%	6,0%	7,8%	2,5%	5,4%	10,1%
2y TACC (2024e - 2026e)	7,9%	4,5%	4,6%	5,7%	4,8%	6,5%	6,0%	5,7%	8,1%
EBITDA	4.986,6	131,7	127,5		6.852,3	1.512,4	639,7		72,5
Cto. EBITDA	6,5%	-16,9%	9,3%	-0,4%	7,5%	11,0%	-3,1%	5,1%	16,9%
2y TACC (2024e - 2026e)	8,8%	5,0%	6,0%	6,6%	4,9%	7,2%	0,7%	4,3%	10,3%
EBITDA/Ingresos	45,9%	29,4%	24,0%	33,1%	46,9%	44,5%	44,2%	45,2%	23,2%
EBIT	2.695,4	57,6	39,9		4.012,1	718,9	225,6		24,0
Cto. EBIT	6,1%	22,8%	25,3%	18,1%	8,3%	12,9%	-15,9%	1,8%	7,1%
2y TACC (2024e - 2026e)	10,7%	6,6%	14,9%	10,7%	6,6%	9,4%	4,8%	6,9%	20,3%
EBIT/Ingresos	24,8%	12,9%	7,5%	15,1%	27,5%	21,1%	15,6%	21,4%	7,7%
Beneficio Neto	1.624,8	32,4	13,9		2.522,2	363,3	116,2		6,3
Cto. Beneficio Neto	6,2%	609,0%	327,4%	314,2%	8,3%	9,0%	-28,6%	-3,7%	-30,9%
2y TACC (2024e - 2026e)	14,8%	12,7%	48,3%	25,2%	7,5%	15,0%	7,7%	10,1%	66,7%
CAPEX/Ventas	22,6%	15,3%	11,0%	16,3%	20,4%	29,0%	26,2%	25,2%	19,5%
Free Cash Flow	1.401,7	29,7	15,2		1.993,9	277,0	211,3		(28,2)
Deuda financiera Neta	9.433,5	199,7	191,0		11.874,8	3.894,6	1.686,2		274,2
DN/EBITDA (x)	1,9	1,5	1,5	1,6	1,7	2,6	2,6	2,3	3,8
Pay-out	28,0%	58,6%	104,5%	63,7%	17,0%	19,2%	32,8%	23,0%	0,0%
P/E (x)	20,4	8,6	7,9	12,3	19,6	16,7	17,7	18,0	19,6
P/BV (x)	4,4	1,5	0,7	2,2	6,3	4,0	3,4	4,6	1,1
EV/Ingresos (x)	4,0	1,1	0,8	2,0	4,6	3,2	2,6	3,5	1,3
EV/EBITDA (x)	8,7	3,8	3,2	5,2	9,8	7,2	5,9	7,6	5,7
EV/EBIT (x)	16,1	8,8	10,1	11,7	16,7	15,2	16,6	16,2	17,4
ROE	21,5	17,1	9,2	16,0	32,3	23,9	19,4	25,2	6,0
FCF Yield (%)	4,2	10,5	9,7	8,1	3,7	4,6	10,2	6,2	n.a.
DPA	1,04	0,48	0,03	0,52	6,25	2,44	1,06	3,25	0,00
Dvd Yield	1,4%	6,8%	9,3%	5,8%	0,8%	1,1%	1,9%	1,3%	0,0%

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

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

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
25-Nov-2024	n.a.	1.30	n.a.	n.a.	9m Results 2024	Luis Esteban Arribas, CESGA
26-Jul-2024	n.a.	1.35	n.a.	n.a.	6m Results 2024	Luis Esteban Arribas, CESGA
27-May-2024	n.a.	1.40	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
01-Mar-2024	n.a.	1.27	n.a.	n.a.	12m Results 2023	Luis Esteban Arribas, CESGA
10-Nov-2023	n.a.	1.29	n.a.	n.a.	9m Results 2023	Luis Esteban Arribas, CESGA
01-Aug-2023	n.a.	1.47	n.a.	n.a.	6m Results 2023	Luis Esteban Arribas, CESGA
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

