

EQUITY - SPAIN

Sector: Transportation - Road & Rail

 Closing price: EUR 7.75 (19 Apr 2023)
 Report date: 20 Apr 2023 (12:00h)

12m Results 2022 - Estimates upgrade

Independent Equity Research

12m Results 2022

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: Estimates upgrade

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Alquiler (ALQ), specialises in the renting of vehicles for commercial and industrial use under the flexible renting model in Spain (where it generates 100% of its activity). With a fleet of c. 15,000 vehicles at the 1H22 close, ALQ has an important position in the sector (with 24 offices in Spain and a market share of c. 13%). The company is controlled by the Acebes family, that is fully involved in the management of the company

2022 results: ALQ meet expectations. Multiples at “lows”

Market Data

Market Cap (Mn EUR and USD)	43.5	47.7
EV (Mn EUR and USD) ⁽²⁾	207.5	227.4
Shares Outstanding (Mn)	5.6	
-12m (Max/Med/Min EUR)	8.60 / 7.17 / 5.75	
Daily Avg volume (-12m Mn EUR)	0.01	
Rotation ⁽³⁾	8.4	
Factset / Bloomberg	ALQ-ES / ALQ SM	
Close fiscal year	31-Dec	

STRONG GROWTH IN TOP-LINE REVENUE (EUR 100.4MN; +31.9% VS 2021)... The flexible renting business (83.6% of revenue) grew 31.4% on the back of: 1) solid growth in the fleet (+21.4% vs 2021), 2) the addition of new regional offices (Cadiz and Granada in April and September 2021 and Leon and San Fernando de Henares in September 2022) and 3) the increase in occupancy to 91% (+0.5p.p. vs 2021). Meanwhile, higher used vehicle prices (+25.7% average price vs 2021) drove revenue from the business of EUR 16.5Mn (+34.4% vs 2021).

...WITH CONTINUOUS IMPROVEMENT IN MARGINS (EBITDA: +39.1% VS 2021), FULLY IN LINE WITH ESTIMATES. Margins improved due to higher prices and operating leverage (as the regional offices opened -12m reach optimum levels of utilisation). The EBITDA margin widened 2.9p.p. to 56.2% (2022 EBITDA: +39.1% vs 2021) and the EBIT margin 3.5p.p. to 15.7%. This helped lead to net profit of EUR 8.9Mn (+84.5% vs 2021) despite the increase in finance costs (from the large volume of debt).

Shareholders Structure (%)

Miguel Ángel Acebes Acebes	39.0
Miguel Acebes Moreno	16.7
Marianela Acebes Moreno	16.7
Free Float	27.6

DESPITE THE DEBT INCREASE, THE COMPANY WAS ABLE TO RAISE EARNINGS AND REDUCE FINANCIAL GEARING AT THE SAME TIME. The increase in the fleet (essential for growth) is reflected inevitably in an increase in net debt (EUR 155.5Mn; +28.4%). ND/EBITDA 2022: 2.7x (vs 3x in 2021).

WE UPGRADE OUR 2023E ESTIMATES. Ongoing fleet growth in 2022 (c. +2,500 vehicles/year vs c. +2,000 in our previous estimate), coupled with higher occupancy (91%; in line with 2022 levels and +0.5p.p. vs our estimate), leaves scope for 2023e revenue of EUR 120Mn and EBITDA of EUR 65Mn (+10% vs our previous estimate).

ALQ STILL HAS A COMPELLING STORY. In the last 12m, the ALQ share price has soared 32.5% in absolute terms and outperformed the market by 21.3%. We see two reasons to expect profit momentum to remain healthy in 2023e: 1) the commercial network already in place (23 offices), and 2) a sector with structural growth and 3) the ability to maintain high occupancy rates. The only ‘but’ could be the pressure on net profit from the interest-rate environment due to the inevitable impact of higher borrowings. Current multiples are still a (clear and “strong”) calling card (PER 23e 4.6x; EV/EBITDA 23e 3.1x).

Financials (Mn EUR)	2022	2023e	2024e	2025e
Adj. n ^o shares (Mn)	5.6	5.6	5.6	5.6
Total Revenues	100.4	118.1	131.7	152.9
Rec. EBITDA	56.9	66.5	76.3	87.0
% growth	39.7	17.0	14.7	13.9
% Rec. EBITDA/Rev.	56.7	56.3	57.9	56.9
% Inc. EBITDA sector ⁽⁴⁾	19.8	11.0	8.2	8.9
Net Profit	8.5	9.4	10.3	13.4
EPS (EUR)	1.52	1.67	1.83	2.39
% growth	79.4	10.0	9.7	30.7
Ord. EPS (EUR)	1.58	1.67	1.83	2.39
% growth	81.6	5.9	9.7	30.7
Rec. Free Cash Flow ⁽⁵⁾	-28.4	-23.2	-14.6	1.7
Pay-out (%)	20.0	0.0	0.0	0.0
DPS (EUR)	0.30	0.00	0.00	0.00
Net financial debt	155.5	181.5	196.1	194.4
ND/Rec. EBITDA (x)	2.7	2.7	2.6	2.2
ROE (%)	25.5	23.0	20.9	22.0
ROCE (%) ⁽⁵⁾	6.7	7.1	7.0	7.7

Relative performance (Base 100)

Ratios & Multiples (x) ⁽⁶⁾

P/E	5.1	4.6	4.2	3.2
Ord. P/E	4.9	4.6	4.2	3.2
P/BV	1.2	1.0	0.8	0.6
Dividend Yield (%)	3.9	0.0	0.0	0.0
EV/Sales	2.07	1.76	1.57	1.36
EV/Rec. EBITDA	3.6	3.1	2.7	2.4
EV/EBIT	13.2	10.8	9.6	8.1
FCF Yield (%) ⁽⁵⁾	n.a.	n.a.	n.a.	3.9

Stock performance (%)	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	4.0	6.9	32.5	3.3	43.5	n.a.
vs Ibex 35	-4.5	-1.0	21.3	-10.4	3.9	n.a.
vs Ibex Small Cap Index	4.6	7.4	41.5	-7.5	-1.8	n.a.
vs Eurostoxx 50	-3.8	-0.4	15.5	-10.8	-5.7	n.a.
vs Sector benchmark ⁽⁴⁾	-1.7	1.4	23.6	-8.3	-10.8	n.a.

(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.

Alquiber (ALQ) is a BME Growth company

BME Growth is the segment of BME MTF Equity aimed at small and medium sized companies, directed and managed by the Spanish stock market and is subject to the CNMV supervision. BME MTF Equity is not a Regulated Market but instead falls within the classification of a Multilateral Trading Facility (MTF) as defined under the Markets in Financial Instruments Directive (MiFID). In July 2020, BME Growth obtained the status of SME Growth Market, a new category of EU regulations, which in Spain is called Mercado de Pymes en Expansión.

BME Growth is the Spanish equity market for companies of reduced capitalization which aim to grow, with a special set of regulations, designed specifically for them, and with costs and process tailored to their particular features. Operations in BME Growth (former MAB) started in July 2009. There are currently c. 130 companies listed on it. Companies listed on the MAB can choose to present their financial statements under IFRS or the General Accounting Plan (PGC) and Royal Decree 1159/2010 (NOFCAC).

12m Results 2022
Estimates upgrade
Table 1. 2022 Results

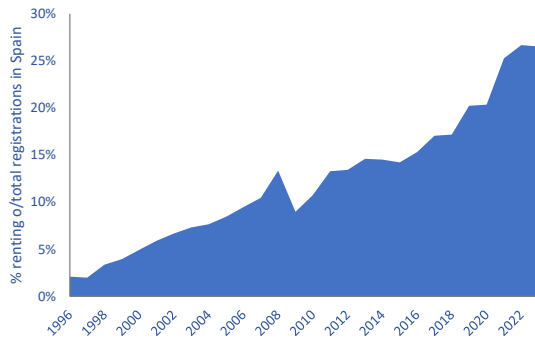
EUR Mn	12m22	12m22 Real		12m22 Real	
	Real	12m21	vs 12m21	2022e	vs 2022e
Total Revenues	100.4	76.1	31.9%	99.7	0.7%
Renting	83.9	63.8	31.4%	81.5	3.0%
Used car revenue	16.5	12.3	34.4%	18.3	-9.6%
Recurrent EBITDA	56.9	40.7	39.7%	55.0	3.4%
<i>Rec. EBITDA/Revenues</i>	56.7%	53.5%	3.1 p.p.	55.2%	1.5 p.p.
EBITDA	56.4	40.6	39.1%	55.0	2.6%
<i>EBITDA/Revenues</i>	56.2%	53.3%	2.9 p.p.	55.2%	1.1 p.p.
EBIT	15.7	9.2	70.5%	15.0	4.6%
PBT	11.2	6.1	83.3%	10.7	4.4%
NP	8.5	4.7	82.3%	8.0	5.9%
Ordinary NP	8.9	4.8	84.5%	8.0	10.1%
Recurrent Operating Cash Flow ¹	57.9	39.3	47.5%	51.7	12.2%
Capex	-95.7	-74.6	-28.2%	-89.7	6.7%
Net Debt	155.5	121.1	28.4%	155.1	0.2%
ND / EBITDA	2.7 x	3.0 x	-0.2 x	2.8 x	
Number of sales offices	23	22	4.5%		
Fleet (number of vehicles)	16,065	13,228	21.4%		
Average purchase price (€)	19,690	16,229	21.3%		
Average sale price (€)	9,083	7,226	25.7%		
Average occupancy	91.0%	90.5%	0.5 p.p.		

Table 2. Estimates Review

EUR Mn	2023e (New)	Review (%)	2024e (New)	Review (%)	2025e (New)
Total Revenues	118.1	7.7%	131.7	9.2%	152.9
Recurrent EBITDA	66.5	10.3%	76.3	11.3%	87.0
<i>Recurrent EBITDA growth</i>	17.0%	-0.7 p.p.	14.7%	1.1 p.p.	13.9%
<i>Rec. EBITDA/Revenues</i>	56.3%	1.3 p.p.	57.9%	1.1 p.p.	56.9%
EBIT	19.2	44.9%	21.6	n.a.	25.5
Net Profit	9.4	39.2%	10.3	33.6%	13.4

The company in 8 charts

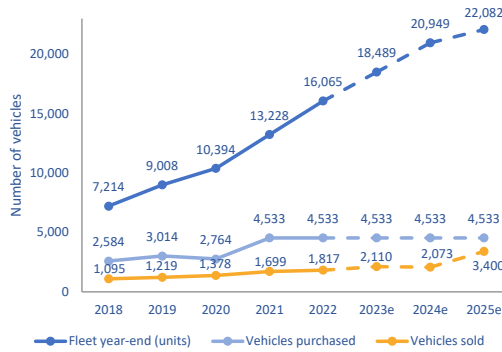
Vehicle renting: A growing sector in Spain...



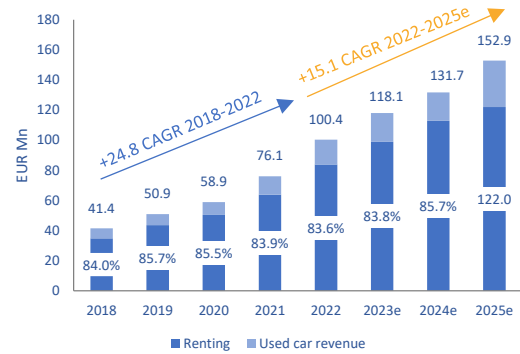
...in which ALQ has a significant presence (23 sales offices)



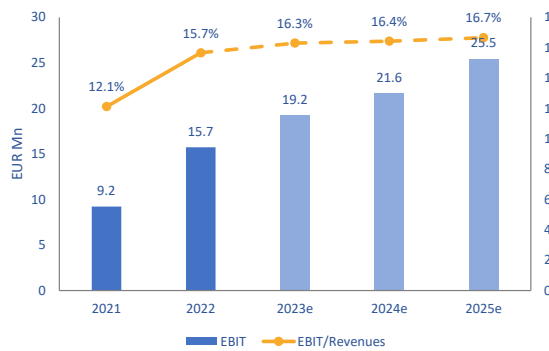
With a continuously growing fleet of vehicles (+11% 22-25e CAGR)



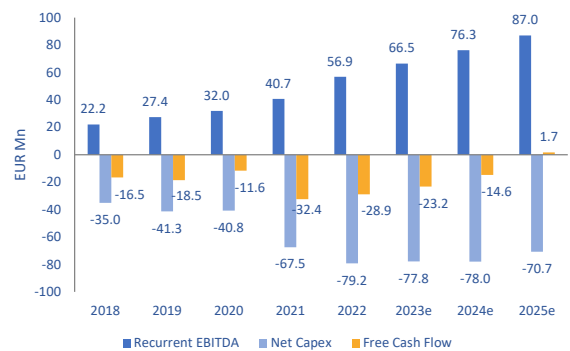
That will allow revenue growth to continue (+15% 22-25e CAGR)



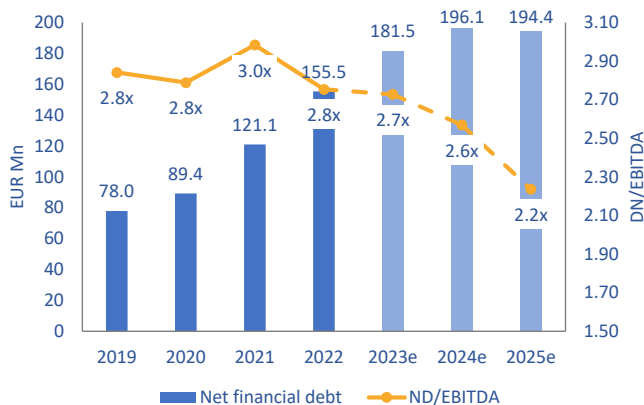
Maintaining an EBIT margin of c. 16%.



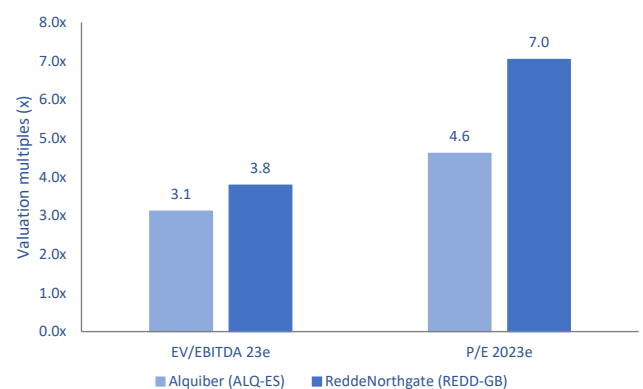
FCF: A business that is still demanding in terms of CAPEX



Despite the investment effort, with debt under control (ND/EBITDA <3x)



Trading at a 2023e P/E of c. 4.5x (vs c. 7x for its main peer)



Valuation inputs

Inputs for the DCF Valuation Approach

	2023e	2024e	2025e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	(17.2)	(7.6)	8.7	274.6		
Market Cap	43.5	At the date of this report				
Net financial debt	155.5	Debt net of Cash (12m Results 2022)				
					Best Case	Worst Case
Cost of Debt	5.3%	Net debt cost			4.8%	5.8%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	4.2%	$Kd = \text{Cost of Net Debt} * (1-T)$			3.8%	4.6%
Risk free rate (rf)	3.5%	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	10.7%	$Ke = Rf + (R * B)$			9.6%	12.0%
Equity / (Equity + Net Debt)	21.9%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	78.1%	D			=	=
WACC	5.7%	$WACC = Kd * D + Ke * E$			5.1%	6.2%
G "Fair"	2.0%				1.5%	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
Avis Budget	CAR-US	6,486.9	6.4	-14.6%	14.1	4.9%	2.3	0.7%	16.2%	10.6%	n.a.
Hertz	HTZ-US	4,607.3	6.9	-30.8%	14.2	n.a.	2.1	5.1%	14.6%	n.a.	n.a.
Sixt	SIX2-DE	4,548.1	15.2	6.7%	6.7	11.8%	2.3	9.2%	34.2%	4.4%	-56.9%
ALD Automotive Ltd.	ALD-FR	6,127.0	5.6	-2.5%	14.8	7.8%	2.3	6.4%	15.6%	n.a.	-73.7%
Redde Northgate PLC	REDD-GB	989.6	7.1	n.a.	3.8	n.a.	1.0	n.a.	26.2%	2.1%	n.a.
Renting			8.2	-10.3%	10.7	8.2%	2.0	5.3%	21.4%	5.7%	-65.3%
ALQ	ALQ-ES	43.5	4.6	19.7%	3.1	14.3%	1.8	13.8%	56.3%	n.a.	44.0%

Free Cash Flow sensitivity analysis (2024e)

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

Scenario	EBITDA/Sales 24e	EBITDA 24e	EV/EBITDA 24e
Max	60.8%	80.1	2.6x
Central	57.9%	76.3	2.7x
Min	55.0%	72.5	2.9x

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
Intangible assets	0.0	0.1	0.3	0.4	0.4	0.4	0.4	0.4		
Fixed assets	73.5	93.0	107.2	142.4	187.8	218.3	241.6	250.9		
Other Non Current Assets	1.0	1.5	2.1	1.9	1.9	1.9	1.9	1.9		
Financial Investments	0.2	0.3	0.5	0.7	0.6	0.6	0.6	0.6		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	11.6	14.5	14.0	17.6	17.6	20.6	22.9	26.4		
Total assets	86.3	109.4	124.1	163.0	208.4	241.9	267.4	280.2		
Equity	20.9	23.0	25.3	29.3	37.5	44.0	54.2	67.7		
Minority Interests	-	-	-	-	-	-	-	-		
Provisions & Other L/T Liabilities	3.5	4.9	6.3	7.4	9.1	9.1	9.1	9.1		
Other Non Current Liabilities	-	-	-	-	-	-	-	-		
Net financial debt	59.5	78.0	89.4	121.1	155.5	181.5	196.1	194.4		
Current Liabilities	2.4	3.5	3.1	5.3	6.4	7.3	7.9	9.0		
Equity & Total Liabilities	86.3	109.4	124.1	163.0	208.4	241.9	267.4	280.2		
P&L (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Total Revenues	41.4	50.9	58.9	76.1	100.4	118.1	131.7	152.9	24.8%	15.1%
Total Revenues growth	30.1%	22.9%	15.8%	29.1%	31.9%	17.7%	11.6%	16.1%		
COGS	(4.1)	(4.8)	(5.2)	(6.6)	(8.7)	(10.5)	(10.2)	(17.3)		
Gross Margin	37.3	46.0	53.7	69.5	91.7	107.5	121.5	135.5	25.3%	13.9%
Gross Margin/Revenues	90.0%	90.5%	91.1%	91.4%	91.4%	91.1%	92.3%	88.7%		
Personnel Expenses	(3.3)	(4.1)	(4.7)	(5.5)	(6.8)	(8.0)	(8.8)	(9.4)		
Other Operating Expenses	(11.8)	(14.5)	(17.0)	(23.3)	(28.0)	(33.1)	(36.4)	(39.2)		
Recurrent EBITDA	22.2	27.4	32.0	40.7	56.9	66.5	76.3	87.0	26.6%	15.2%
Recurrent EBITDA growth	29.1%	23.8%	16.7%	27.2%	39.7%	17.0%	14.7%	13.9%		
Rec. EBITDA/Revenues	53.5%	53.9%	54.3%	53.5%	56.7%	56.3%	57.9%	56.9%		
Restructuring Expense & Other non-rec.	(0.0)	(0.0)	0.0	(0.2)	(0.4)	-	-	-		
EBITDA	22.1	27.4	32.0	40.6	56.4	66.5	76.3	87.0	26.4%	15.5%
Depreciation & Provisions	(16.7)	(21.4)	(26.1)	(31.3)	(40.7)	(47.3)	(54.7)	(61.5)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	5.4	6.1	5.9	9.2	15.7	19.2	21.6	25.5	30.6%	17.5%
EBIT growth	11.7%	12.2%	-3.0%	56.6%	70.5%	22.4%	12.5%	17.7%		
EBIT/Revenues	13.1%	11.9%	10.0%	12.1%	15.7%	16.3%	16.4%	16.7%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(2.1)	(2.4)	(2.6)	(3.1)	(4.5)	(7.5)	(8.8)	(8.7)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	3.3	3.7	3.3	6.1	11.2	11.7	12.8	16.8	35.5%	14.5%
Ordinary Profit Growth	4.8%	10.6%	-11.2%	87.2%	83.3%	4.7%	9.7%	30.7%		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	3.3	3.7	3.3	6.1	11.2	11.7	12.8	16.8	35.5%	14.5%
Tax Expense	(0.8)	(0.9)	(0.8)	(1.4)	(2.7)	(2.3)	(2.6)	(3.4)		
Effective Tax Rate	25.1%	25.1%	25.0%	23.5%	23.9%	20.0%	20.0%	20.0%		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	2.5	2.7	2.4	4.7	8.5	9.4	10.3	13.4	36.1%	16.4%
Net Profit growth	4.4%	10.6%	-11.0%	91.0%	82.3%	10.0%	9.7%	30.7%		
Ordinary Net Profit	2.5	2.8	2.4	4.8	8.9	9.4	10.3	13.4	37.2%	14.9%
Ordinary Net Profit growth	4.2%	10.2%	-11.5%	97.0%	84.5%	5.9%	9.7%	30.7%		
Cash Flow (EUR Mn)	2018	2019	2020	2021	2022	2023e	2024e	2025e	18-22	22-25e
Recurrent EBITDA						66.5	76.3	87.0	26.6%	15.2%
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(2.1)	(1.6)	(2.5)		
Recurrent Operating Cash Flow						64.5	74.7	84.5	29.2%	13.4%
CAPEX						(89.3)	(89.3)	(89.3)		
Net Financial Result affecting the Cash Flow						(7.5)	(8.8)	(8.7)		
Tax Expense						(2.3)	(2.6)	(3.4)		
- Acquisitions / + Divestures of assets ⁽¹⁾						11.5	11.3	18.5		
Recurrent Free Cash Flow						(23.2)	(14.6)	1.7	-14.6%	27.2%
Restructuring Expense & Other non-rec.						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(23.2)	(14.6)	1.7	-15.0%	27.2%
Capital Increase						(1.2)	-	-		
Dividends						(1.7)	-	-		
Net Debt Variation						26.0	14.6	(1.7)		

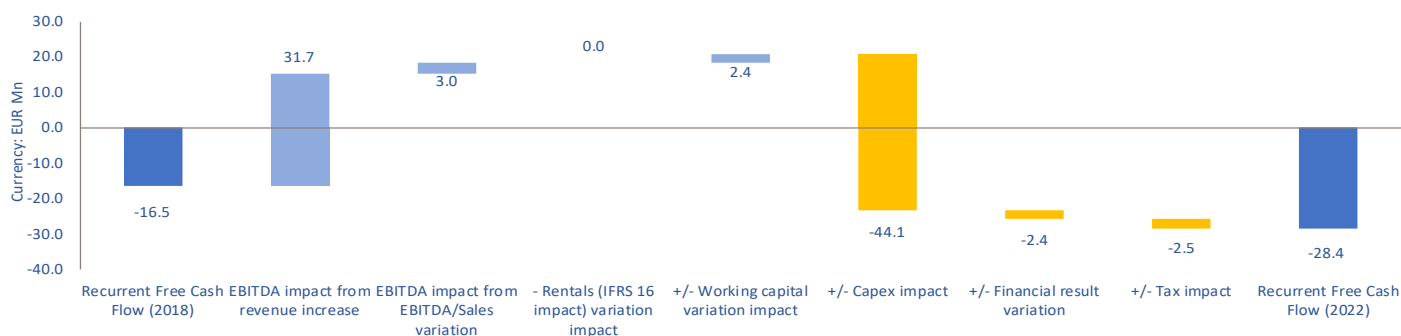
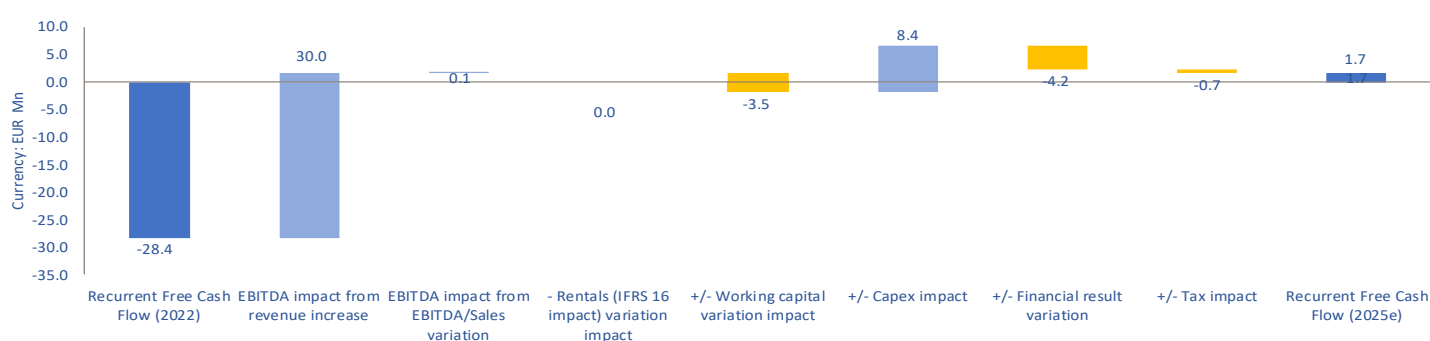
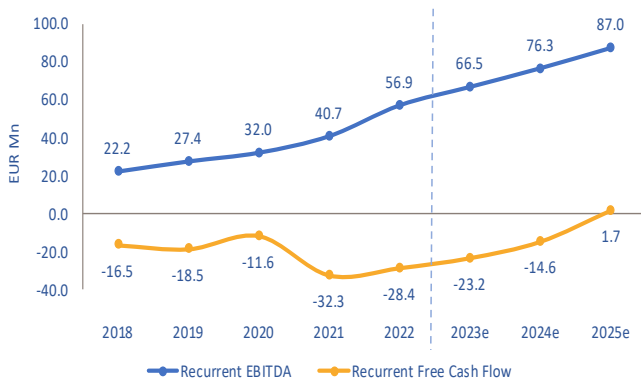
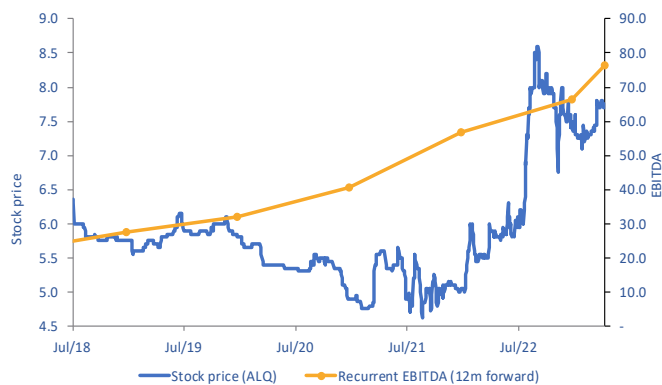
Note 1: Acquisitions / Disinvestments reflects the adjustment to FCF for the salvage value of the used vehicles sold

Appendix 2. Free Cash Flow^{(1) (2)}

A) Cash Flow Analysis (EUR Mn)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR	
								19-22	22-25e
Recurrent EBITDA	27.4	32.0	40.7	56.9	66.5	76.3	87.0	27.5%	15.2%
<i>Recurrent EBITDA growth</i>	23.8%	16.7%	27.2%	39.7%	17.0%	14.7%	13.9%		
<i>Rec. EBITDA/Revenues</i>	53.9%	54.3%	53.5%	56.7%	56.3%	57.9%	56.9%		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(1.8)	0.1	(1.4)	1.1	(2.1)	(1.6)	(2.5)		
= Recurrent Operating Cash Flow	25.7	32.1	39.3	57.9	64.5	74.7	84.5	31.2%	13.4%
<i>Rec. Operating Cash Flow growth</i>	23.3%	25.1%	22.4%	47.5%	11.2%	15.9%	13.1%		
<i>Rec. Operating Cash Flow / Sales</i>	50.5%	54.5%	51.6%	57.7%	54.6%	56.7%	55.3%		
- CAPEX	(46.4)	(46.5)	(74.6)	(95.7)	(89.3)	(89.3)	(89.3)		
- Net Financial Result affecting Cash Flow	(2.4)	(2.6)	(3.1)	(4.5)	(7.5)	(8.8)	(8.7)		
- Taxes	(0.5)	(0.4)	(1.0)	(2.7)	(2.3)	(2.6)	(3.4)		
- Acquisitions / + Divestments	5.1	5.7	7.2	16.5	11.5	11.3	18.5		
= Recurrent Free Cash Flow	(18.5)	(11.6)	(32.3)	(28.4)	(23.2)	(14.6)	1.7	-15.3%	27.2%
<i>Rec. Free Cash Flow growth</i>	-12.4%	37.1%	-177.1%	11.9%	18.5%	37.0%	111.7%		
<i>Rec. Free Cash Flow / Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.1%		
- Restructuring expenses & others	(0.0)	0.0	(0.2)	(0.4)	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	(18.5)	(11.6)	(32.4)	(28.9)	(23.2)	(14.6)	1.7	-15.9%	27.2%
<i>Free Cash Flow growth</i>	-12.3%	37.2%	-178.8%	11.0%	19.7%	37.0%	111.7%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.9%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.9%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	(16.5)	(18.5)	(11.6)	(32.3)	(28.4)	(23.2)	(14.6)		
EBITDA impact from revenue increase	5.1	4.3	9.3	13.0	10.0	7.7	12.3		
EBITDA impact from EBITDA/Sales variation	0.2	0.2	(0.6)	3.2	(0.4)	2.1	(1.6)		
= Recurrent EBITDA variation	5.3	4.6	8.7	16.2	9.7	9.8	10.6		
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-		
+/- Working capital variation impact	(0.4)	1.8	(1.5)	2.5	(3.1)	0.5	(0.9)		
= Recurrent Operating Cash Flow variation	4.8	6.4	7.2	18.7	6.5	10.3	9.8		
+/- CAPEX impact	(6.2)	0.5	(26.7)	(11.7)	1.4	(0.2)	7.2		
+/- Financial result variation	(0.3)	(0.2)	(0.5)	(1.4)	(3.0)	(1.3)	0.1		
+/- Tax impact	(0.3)	0.2	(0.6)	(1.7)	0.3	(0.2)	(0.8)		
= Recurrent Free Cash Flow variation	(2.0)	6.9	(20.6)	3.8	5.3	8.6	16.3		
Recurrent Free Cash Flow	(18.5)	(11.6)	(32.3)	(28.4)	(23.2)	(14.6)	1.7		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	6.1	5.9	9.2	15.7	19.2	21.6	25.5	37.3%	17.5%
* <i>Theoretical Tax rate</i>	25.1%	25.0%	23.5%	23.9%	20.0%	20.0%	20.0%		
= Taxes (pre- Net Financial Result)	(1.5)	(1.5)	(2.2)	(3.8)	(3.8)	(4.3)	(5.1)		
Recurrent EBITDA	27.4	32.0	40.7	56.9	66.5	76.3	87.0	27.5%	15.2%
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	(1.8)	0.1	(1.4)	1.1	(2.1)	(1.6)	(2.5)		
= Recurrent Operating Cash Flow	25.7	32.1	39.3	57.9	64.5	74.7	84.5	31.2%	13.4%
- CAPEX	(46.4)	(46.5)	(74.6)	(95.7)	(89.3)	(89.3)	(89.3)		
- Taxes (pre- Financial Result)	(1.5)	(1.5)	(2.2)	(3.8)	(3.8)	(4.3)	(5.1)		
- Acquisitions / + Divestments	5.1	5.7	7.2	16.5	11.5	11.3	18.5		
= Recurrent Free Cash Flow (To the Firm)	(17.1)	(10.1)	(30.4)	(25.0)	(17.2)	(7.6)	8.7	-13.4%	32.9%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-10.0%	40.7%	-199.2%	17.7%	31.4%	55.8%	214.2%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	5.7%		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	(17.1)	(10.1)	(30.4)	(25.0)	(17.2)	(7.6)	8.7	-13.4%	32.9%
<i>Free Cash Flow (To the Firm) growth</i>	-10.0%	40.7%	-199.2%	17.7%	31.4%	55.8%	214.2%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.2%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.2%		

Note 1: ALQ reports its financial statements on the basis of the Spanish General Chart of Accounts, not being affected by the application of IFRS 16.

Note 2: Acquisitions / Disinvestments reflects the adjustment to FCF for the salvage value of the used vehicles sold.

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	43.5	
+ Minority Interests	-	12m Results 2022
+ Provisions & Other L/T Liabilities	9.1	12m Results 2022
+ Net financial debt	155.5	12m Results 2022
- Financial Investments	0.6	12m Results 2022
+/- Others		
Enterprise Value (EV)	207.5	

Appendix 4. Historical performance ^{(1) (2)}

Historical performance (EUR Mn)											CAGR	
	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	16-22	22-25e
Total Revenues	23.6	31.8	41.4	50.9	58.9	76.1	100.4	118.1	131.7	152.9	27.3%	15.1%
Total Revenues growth	25.3%	34.9%	30.1%	22.9%	15.8%	29.1%	31.9%	17.7%	11.6%	16.1%		
EBITDA	13.2	17.1	22.1	27.4	32.0	40.6	56.4	66.5	76.3	87.0	27.4%	15.5%
EBITDA growth	26.6%	29.8%	29.2%	23.9%	16.8%	26.6%	39.1%	17.9%	14.7%	13.9%		
EBITDA/Sales	56.0%	53.9%	53.5%	53.9%	54.4%	53.3%	56.2%	56.3%	57.9%	56.9%		
Net Profit	2.3	2.4	2.5	2.7	2.4	4.7	8.5	9.4	10.3	13.4	24.3%	16.4%
Net Profit growth	49.6%	3.0%	4.4%	10.6%	-11.0%	91.0%	82.3%	10.0%	9.7%	30.7%		
Adjusted number shares (Mn)	5.6	5.6	5.6	5.6	5.5	5.5	5.6	5.6	5.6	5.6		
EPS (EUR)	0.42	0.43	0.45	0.49	0.44	0.85	1.52	1.67	1.83	2.39	24.1%	16.4%
EPS growth	49.6%	3.0%	4.5%	10.6%	-10.7%	91.3%	79.4%	10.0%	9.7%	30.7%		
Ord. EPS (EUR)	0.42	0.43	0.45	0.50	0.44	0.87	1.58	1.67	1.83	2.39	24.8%	14.9%
Ord. EPS growth	6.7%	3.4%	4.3%	10.2%	-11.2%	97.4%	81.6%	5.9%	9.7%	30.7%		
CAPEX	(20.5)	(31.6)	(39.4)	(46.4)	(46.5)	(74.6)	(95.7)	(89.3)	(89.3)	(89.3)		
CAPEX/Sales %	86.9%	99.2%	95.2%	91.2%	78.9%	98.1%	95.3%	75.6%	67.8%	58.4%		
Free Cash Flow	(11.0)	(13.9)	(16.5)	(18.5)	(11.6)	(32.4)	(28.9)	(23.2)	(14.6)	1.7	-17.4%	27.2%
ND/EBITDA (x) ⁽³⁾	2.9x	3.0x	2.7x	2.8x	2.8x	3.0x	2.8x	2.7x	2.6x	2.2x		
P/E (x)	n.a.	n.a.	12.5x	11.6x	10.9x	5.9x	4.6x	4.6x	4.2x	3.2x		
EV/Sales (x)	n.a.	n.a.	2.30x	2.27x	2.08x	2.05x	2.05x	1.76x	1.57x	1.36x		
EV/EBITDA (x) ⁽³⁾	n.a.	n.a.	4.3x	4.2x	3.8x	3.8x	3.7x	3.1x	2.7x	2.4x		
Absolute performance	n.a.	n.a.	n.a.	n.a.	3.1%	-16.2%	3.9%	50.0%	3.3%			
Relative performance vs Ibex 35	n.a.	n.a.	n.a.	-7.8%	-0.9%	-3.8%	58.8%	-10.4%				

Note 1: The multiples are historical, calculated based on the price and EV at the end of each year, except (if applicable) in the current year, when multiples would be given at current prices.

The absolute and relative behavior corresponds to each exercise (1/1 to 31/12). The source, both historical multiples and the evolution of the price, is Factset.

Note 2: ALQ reports its financial statements on the basis of the Spanish General Chart of Accounts, not being affected by the application of IFRS 16.

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

Appendix 5. Main peers 2023e

		Renting						
		ALD				Redde Northgate		
		Automotive		Ltd.		PLC		
		Avis Budget		Hertz		Sixt		
		EUR Mn		Average		ALQ		
Market data	Ticker (Factset)	CAR-US	HTZ-US	SIX2-DE	ALD-FR	REDD-GB		ALQ-ES
	Country	USA	USA	Germany	France	UK		Spain
	Market cap	6,486.9	4,607.3	4,548.1	6,127.0	989.6		43.5
	Enterprise value (EV)	25,056.9	17,623.5	7,726.8	25,558.0	1,721.0		207.5
Basic financial information	Total Revenues	10,990.3	8,448.5	3,344.7	11,089.6	1,735.4		118.1
	Total Revenues growth	0.4%	6.6%	9.1%	-0.7%	7.9%	4.6%	17.7%
	2y CAGR (2023e - 2025e)	0.7%	5.1%	9.2%	6.4%	n.a.	5.3%	13.8%
	EBITDA	1,782.5	1,237.6	1,145.3	1,726.4	454.3		66.5
	EBITDA growth	-67.9%	-55.0%	83.2%	-68.5%	2.1%	-21.2%	17.9%
	2y CAGR (2023e - 2025e)	4.9%	n.a.	11.8%	7.8%	n.a.	8.2%	14.3%
	EBITDA/Revenues	16.2%	14.6%	34.2%	15.6%	26.2%	21.4%	56.3%
	EBIT	1,715.0	1,398.0	547.8	1,384.2	212.4		19.2
	EBIT growth	-42.8%	-26.2%	14.6%	-25.0%	-1.1%	-16.1%	22.4%
	2y CAGR (2023e - 2025e)	-4.5%	-10.2%	10.8%	10.1%	n.a.	1.6%	15.0%
	EBIT/Revenues	15.6%	16.5%	16.4%	12.5%	12.2%	14.7%	16.3%
	Net Profit	979.1	686.0	342.7	1,322.8	141.8		9.4
	Net Profit growth	-61.2%	-63.5%	-11.1%	9.9%	-8.3%	-26.8%	10.0%
	2y CAGR (2023e - 2025e)	-14.4%	-29.4%	6.6%	3.0%	n.a.	-8.5%	19.7%
CAPEX/Sales %	5.7%	2.2%	2.2%	24.2%	9.5%	8.8%	75.6%	
Free Cash Flow	688.4	(418.5)	201.1	(1,000.5)	20.7		(23.2)	
Net financial debt	3,878.5	9,615.7	2,262.4	32,089.2	701.0		181.5	
ND/EBITDA (x)	2.2	7.8	2.0	18.6	1.5	6.4	2.7	
Pay-out	0.0%	0.0%	49.6%	31.9%	45.1%	25.3%	0.0%	
Multiples and Ratios	P/E (x)	6.4	6.9	15.2	5.6	7.1	8.2	4.6
	P/BV (x)	n.a.	1.7	2.6	0.8	0.8	1.5	1.0
	EV/Revenues (x)	2.3	2.1	2.3	2.3	1.0	2.0	1.8
	EV/EBITDA (x)	14.1	14.2	6.7	14.8	3.8	10.7	3.1
	EV/EBIT (x)	14.6	12.6	14.1	18.5	8.1	13.6	10.8
	ROE	n.a.	25.4	17.2	15.1	11.6	17.3	23.0
	FCF Yield (%)	10.6	n.a.	4.4	n.a.	2.1	5.7	n.a.
	DPS	0.00	0.00	3.62	0.93	0.27	0.96	0.00
Dvd Yield	0.0%	0.0%	3.2%	8.6%	6.2%	3.6%	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
20-Apr-2023	n.a.	7.75	n.a.	n.a.	12m Results 2022 - Estimates upgrade	David López Sánchez
20-Oct-2022	n.a.	8.00	n.a.	n.a.	6m Results 2022 - Estimates upgrade	David López Sánchez
07-Apr-2022	n.a.	6.00	n.a.	n.a.	12m Results 2021	David López Sánchez
09-Mar-2022	n.a.	5.55	n.a.	n.a.	Initiation of Coverage	David López Sánchez

