



**GAM International sales increased 60% and domestic non construction business increases 34%. GAM closes first semester in line with most recent strategic plan.**

- **GAM achieved total revenues of € 123.35 million during first semester, resulting in a recurring EBITDA of € 34.20 million. Total revenues for diversified and international activities represent 40% of total sales.**
- **International subsidiaries increased sales by 60% inter annual (growth of 253% excluding Portugal)**
- **Revenues associated to non construction business in Spain, excluding wind power activities, grew 34% compared to same period 2009.**
- **The slow down in the construction business in Spain is slightly lower than in previous periods due to more aggressive commercial strategy and price increases (+6%). Cost reduction initiatives continue to be implemented in order to adapt cost structure to a lower activity level.**
- **The cost reduction plan put in place during first months of the year achieved 80% of the target established on an annual basis (target of €40 million out of which € 31 million have been executed during first semester). This plan is expected to be finished by the end of July in line with Company projections.**
- **Net debt decreased totalling € 498.67 million, 12% lower than same period 2009. The Company generated a cash flow of € 38.26 million before debt repayments and investments. The company cash and cash equivalent position at the end of June was €34.76 million.**
- **At the end of July, GAM has signed a new financing capex line of €30 million in line with the total capex objectives set for the next two years. This financing will be used to consolidate the International projects and will allow GAM International subsidiaries to accelerate their growth, specially in those countries where the market potential is higher and GAM has already an important market position such as Mexico, Brazil or Panama.**
- **Both sales and EBITDA grew during second quarter compared to first quarter by 2.60% and 11.61% respectively. EBITDA margin also increased by 2.33 percentage points ending the semester slightly below 30%.**

**1. GAM achieved total revenues of €123.35 million during first semester, resulting in a recurring EBITDA of € 34.20 million. Total revenues for diversified and international activities represent 40% of total sales.**

Turnover in the first semester 2010 reached € 123.35 million which represents a decrease of 13.75% inter annual. EBITDA achieved € 30.53 million which includes several extraordinary non recurring expenses associated to cost reduction initiatives and

other non recurring expenses equivalent to €3.66 million. Excluding these extraordinary amounts recurring EBITDA achieved €4.20 million.

Net loss for the period was €18.07 million.

**2. International subsidiaries increased sales by 60% inter annual (growth of 253% excluding Portugal). Revenues associated to non construction business in Spain, excluding wind power activities, grew 34% compared to same period 2009. The slow down in the construction business in Spain is slightly lower than in previous periods due to more aggressive commercial strategy and prices increase (+6%). Cost reduction initiatives continue to be implemented in order to adapt cost structure to a lower activity level.**

**International subsidiaries** have experienced a significant growth, increasing sales by 60%. Excluding Portugal, this growth was even higher up to 253% mainly driven by GAM Brazil and GAM Mexico. The Company has started activities in Morocco. At the same time GAM will start operating in Chile in the coming months and in Colombia before year end. Late this year the Company plans to consolidate its operations in the Middle East and start up new activities in the area.

**International sales figures evolution (quarterly basis)**

Million of Euros	Q1-2009	Q2-2009	Q3-2009	Q4-2009	Q1-2010	Q2-2010
Quarterly Sales by GAM International subsidiaries	5.5	5.9	7.0	7.4	8.3	11.1

International strategy remains based on the 4 pillars that have been occurring in the 10 markets where Company currently operates.

- Growing markets: Focus on those countries with infrastructure plans and civil works in place. GAM has obvious competitive advantages due to consolidated experience, “know-how” and Company size.
- Markets with lack of machinery due to historical poor construction development and lack of rental market.
- Markets with an easy import process for used equipment. During first semester of 2010, 550 units have been sent to those markets totalling € 20.7 million acquisition cost value (50% higher compared to same period last year).
- Markets with greater financial attractiveness: rental prices level higher than Spain; lower operational costs, lower DSO compared to domestic ones and higher machinery useful life.

More than 400 employees are currently working in the more than 30 depots that the Company operates outside Spain. A positive trend is expected for second half of the year. In these markets EBITDA margin is close to 50% as per Company projections despite the investments done to support growth.

**Revenues associated to non construction businesses in Spain** grew 34% compared to same period 2009 and confirms the potential growth of these businesses and the positive trend of rental versus buying option. There is a high demand for rental equipment in the Industrial markets and Railway maintenance works. Both Energy and Harbours are experiencing a certain level of dynamism after a general slow down at the beginning of the period. General macro economical conditions have impacted Wind Power and Events business units.

Business Unit	Sales Variation 1H 2010 vs. 1H 2009
Green	+62%
Railway	+56%
Industrial	+32%
Harbours	+28%
Energy	+16%
Events	-29%
Wind Power	-77%

Diversification Units employ 170 people, excluding Servigam shops. Most of them are sales people and specialized technicians. They offer a national service, using the same general infrastructure and common services as construction activity. Growth of diversification activities has a strong operating level.

**Construction activity in Spain** is managed according to three main principles: (1) presence in works and projects; (2) price increases (3) cost structure to be adapted to level of activity.

GAM is currently present in 50% of the works under execution in the country and in 70% of those more important from the budget stands point (budget over €50 million). GAM is the leading Company in terms of presence and service quality. As per a recent study carried out among more than 500 work construction managers, 71% say that “GAM is the best company in the machine rental sector with specific leading position in size fleet and hence availability of machines, high quality technical service and sales team professionalism”. Only 12% of the interviewed people preferred the second player.

- Daily sales decline has diminished from the decreasing trend experienced in 2009 and 2008
  - Construction activity with private funding (industrial, warehouses, private residential construction) represents 25% of total sales and keeps a stable level of activity.
  - Construction activity with public funding (50/ 50 roads & high speed train) represents 25% of total sales. High speed train activity remains stable while activities in roads showing slow down in the last months.

- Since GAM implemented a price increase strategy at the beginning of the year, average rental prices grew 6%, reaching the same price level as per the end of June 2009. This policy is still in place and will contribute to improve average rental prices. The Company is obtaining the double effect on price increase and leading market share.
- Costs associated to Spanish construction activity continue to be adapted as per Company projections. Company annualized expenses in June 2010 totalled € 165 million, versus €196 million annualized expenses of last quarter 2009. This represents a saving of €31 million.

Million of euros	Annualized	
2008. Annual Expenses	226	
<b>2009. Annualized: Q4 expenses</b>	<b>196</b>	-31
2010. Annualized: 1st semester expenses	175	
<b>2010. Annualized: June expenses</b>	<b>165</b>	

The table below shows the evolution of the key financial indicators:

P&L	1S 2009	1S 2010	Var % Vs 09
Sales	143.010	123.350	-13,75%
EBITDA	43.323	30.539	-29,51%
Net result	-6.391	-18.072	182,79%
Recurring expenses	-95.352	-88.075	-7,63%
Non recurring expenses	-3.059	-3.669	19,95%
<b>EBITDA Normalized</b>	<b>46.383</b>	<b>34.208</b>	<b>-26,25%</b>

**3. Net debt decreased totalling €498.67 million, 12% lower than same period 2009. The Company generated a cash flow of €38.26 million before debt repayments and investments. The company cash and cash equivalent position at the end of June was €34.76 million.**

Debt service during first semester of 2010 was €42.14 million.

The Company cash and cash equivalent position at the end of the period was €34.76 million.

The table below shows debt evolution:

Thousand of Euros	Closing 2009	1S 2010	Var.	Var. Percentage
Gross Debt	553.883	518.591	-35.293	-6,37%
Cash	-10.470	-19.913	-9.442	90,18%
<b>Net Debt</b>	<b>543.412</b>	<b>498.678</b>	<b>-44.735</b>	<b>-8,23%</b>

GAM sold 1.730 equipment units during first semester of 2010 equivalent to acquisition cost value of €44.5 million and 15% higher than same period last year. These sales generated € 7.9 million cash and € 0.37 million profit. Sales have been executed according to optimization profitability criteria.

Commercial risk management procedures allowed to significantly reduce insolvency level from €10.3 million (TAM= sum of last 12 months) at the end of June 2009 to €4.5 million at the end of June 2010. (3.1% of receivables and 1.9% over sales). DSO remained stable in the level of 170 days.

**4. At the end of July, GAM has signed a new financing capex line of €30 million in line with the total capex objectives set for the next two years. This financing will be used to consolidate the International projects and will allow GAM International subsidiaries to accelerate their growth, specially in those countries where the market potential is higher and GAM has already an important market position such as Mexico, Brazil or Panama.**

The financing capex line has been signed by a pool of some of the most relevant financial entities that include Spanish Official Credit Institute (ICO); Bank of Santander; BBVA; Bank Popular; Bank Sabadell and the four saving and loans shareholders: Caja Navarra, Cajastur; BBK and Caixanova.

**5. Both sales and EBITDA grew during second quarter compared to first quarter by 2.60% and 11.61% respectively. EBITDA margin also increased by 2.33 percentage points, ending the semester slightly below 30%.**

Thousand of euros	1T 2010	2T 2010	Var %2T Vs 1T 2010
Sales	60.883	62.468	2,60%
Recurrent EBITDA	16.166	18.042	11,61%
Recurrent EBITDA Margin/Sales	26,55%	28,88%	8,67%