New Projects

Construction engineering

CLERHP

Announcement of new projects

8 September 2021

Price/sh.	€ 1.56
Market Cap.	€ 15.7m
EV	€ 22.2m
Number of shares	10.07m
Free-Float	23.1%
Code	CLR
Stock Exchange	MAB (BME)
YTD evolution	+18.2%

Shareholders (last update 31/12/2020)

Rhymar Projects Dev., S.L. 48.31%
D. Alejandro Clemares Sempere 12.05%,
D. Felix Poza Ceballos 6.40%, Victor Manuel Rodríguez Martín 6.53%,
Autocartera 1.2%

Share evolution

Company description

CLERHP is a company specialized in the integral service of calculation and construction of structures

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On Monday 6 September, CLERHP announced the signing of 9 new contracts for a total amount of more than € 2.2m.
These new contracts are distributed in 4 contracts for a total amount of € 1.58m in Paraguay, with the remaining amount of € 0.6m corresponding to new contracts in Bolivia for the execution of concrete structure works and which will have the technical assistance of the parent company.
At the end of 2020, CLERHP's project pipeline stood at €22m (vs. €25m at 9M20 and vs. target revenues of €13.6m in 2021). This figure did not include the project management contract closed in Spain (€ 2.9m, to be developed over 3-4 years). Therefore, the new contracts represent 10% of the current portfolio (ex-project management in Spain), and 16% of the expected revenues in 2021.

The announcement of new contracts is good news for CLERHP as it increases the visibility in the fulfilment of its ambitious Business Plan (+7% CAGR'19-23 in Revenues, +23.7% CAGR'19-23 in EBITDA, and +37% CAGR'19-23 in Net Profit).

Note that our base case scenario includes estimates aligned with those of CLERHP's Business Plan, obtaining a valuation of € 2.36/sh. (51% upside).
A slowdown scenario with Revenue growth of only 2-3%, and EBITDA margins at levels of 27-28% (vs. CLERHP´s target of 32-35%), would reduce the valuation to (€ 1.47 sh., 6% downside).
Finally, in an optimistic scenario including a faster growth than expected in the Business Plan (CAGR'20-23 +8.35% in total Revenue vs. +5.67% of the current Business Plan), CLERHP's valuation would improve to levels of € 2.63/sh. (68% upside).

According to our estimates, CLERHP is trading at 8x P/E'21, and 5.5x EV/EBITDA'21, and 5.9x P/E'22, and 4x EV/EBITDA'22. The multiples corresponding to the base scenario (€ 2.36/sh.) would be 13.3x P/E'21, 7.9x EV/EBITDA'21, and 9.9x P/E'22, 5.8x EV/EBITDA'22.

1. BALANCE SHEET

Below CLERHP's Balance Sheet for the period 2015 to 2020, and estimates for 2021 to 2023 linked to our base case valuation, are included:

Balance Sheet (€ Million)	2015	2016	2017	2018	2019	2020	2021 e	2022 e	2023 e
Intagible Assets	6,099	12,576	9,484	287,197	421,104	2,301,463	296,059	250,928	215,106
Property, plant and equipment	1,248,722	1,392,549	1,196,702	2,849,088	4,203,767	4,160,758	6,856,969	7,026,836	7,014,153
Investments in Group companies	31,913	4,913	4,913	1,913	6,396	354,189	352,000	352,000	352,000
Financial assets	47,347	25,242	27,218	43,833	171,853	462,105	351,155	351,155	351,155
Deferred tax assets	0	0	0	439	90,316	101,029	83,000	83,000	83,000
Non-Current Trade receivables	0	0	0	0	23,543	22,307	0	0	0
TOTAL NON-CURRENT ASSETS	**1,334,081**	**1,435,280**	**1,238,317**	**3,182,470**	**4,916,979**	**7,401,851**	**7,939,183**	**8,063,920**	**8,015,413**
Inventories	608,322	686,508	808,483	1,027,674	1,215,490	2,622,449	2,046,425	1,723,748	1,733,622
Financial receivables	35,641	176,302	115,009	121,028	176,243	248,820	176,243	176,243	176,243
Trade receivables	952,630	2,139,017	2,393,070	3,655,708	4,248,986	4,537,494	4,167,265	4,826,494	5,547,590
Operating receivables	900,215	243,527	147,258	116,027	1,446,394	3,255,764	1,446,394	1,003,984	1,003,984
Prepaid expenses	90	6,630	7,783	9,773	23,502	17,332	23,502	23,502	23,502
Liquid funds	520,361	364,048	431,328	2,073,613	640,630	966,351	2,430,000	2,755,000	4,459,000
TOTAL CURRENT ASSETS	**3,017,259**	**3,616,032**	**3,902,931**	**7,003,823**	**7,751,245**	**11,648,210**	**10,289,829**	**10,508,971**	**12,943,941**
TOTAL ASSETS	**4,351,340**	**5,051,312**	**5,141,248**	**10,186,293**	**12,668,224**	**19,050,061**	**18,229,013**	**18,572,891**	**20,959,354**
Stockholders´ equity	1,999,734	1,997,157	1,800,853	2,634,478	3,698,913	2,255,585	5,127,268	7,507,416	10,434,860
Minority interests	214,644	223,922	141,895	213,841	267,886	746,322	438,886	678,886	1,022,886
Provisions	18,598	28,818	32,543	25,210	67,784	453,261	-52,000	-52,000	-52,000
Financial liabilities	1,293,098	2,188,386	2,366,918	4,714,038	6,326,461	11,720,775	10,289,807	9,407,960	8,434,543
Operating liabilities	825,266	604,806	799,039	2,598,726	2,109,623	2,982,547	2,227,495	833,073	921,508
Other liabilities	0	8,223	0	0	189,124	785,856	189,124	189,124	189,124
Deferred taxes	0	0	0	0	8,433	105,715	8,433	8,433	8,433
Total Equity and Liabilities	**4,351,340**	**5,051,312**	**5,141,248**	**10,186,293**	**12,668,224**	**19,050,061**	**18,229,013**	**18,572,891**	**20,959,354**

Source: CLERHP Results and own estimates

2. PROFIT & LOSS ACCOUNT

A summary of CLERHP's P&L for the period 2015 to 2020, and estimates for the period 2021 to 2023 linked to our base valuation, are included below:

P&L (€ Million)	2015	2016	2017	2018	2019	2020	2021 e	2022 e	2023 e
Net Revenue	**4,344,929**	**4,980,958**	**5,274,376**	**10,526,569**	**13,787,513**	**10,577,313**	**13,580,820**	**15,729,200**	**18,079,200**
Change (%)	22.4%	14.6%	5.9%	99.6%	31.0%	-23.3%	28.4%	15.8%	14.9%
Stock change for finished products						8,220			
Works completed (R&D)	0	0	0	253,905	135,509	803,756	699,096	812,988	865,616
Supplies & works 3rd parties	-1,917,415	-2,034,866	-1,435,097	-3,290,175	-4,057,721	-2,425,098	-3,850,162	-4,372,718	-5,179,691
Gross Profit	**2,427,514**	**2,946,092**	**3,839,279**	**7,490,299**	**9,865,301**	**8,964,191**	**10,429,753**	**12,169,470**	**13,765,126**
margin (%)	55.9%	59.1%	72.8%	71.2%	71.6%	84.7%	76.8%	77.4%	76.1%
Staff cost	-534,615	-824,646	-996,692	-2,929,034	-5,113,927	-4,586,207	-4,301,168	-4,611,645	-4,905,731
Other operating income	11,330	32,465	0	90,562	218,550	187,885	73,000	73,000	73,000
Other operating expenses	-1,386,026	-1,544,708	-1,853,013	-2,597,350	-2,247,050	-2,904,251	-2,187,870	-2,351,515	-2,549,167
EBITDA	**518,203**	**609,203**	**989,574**	**2,054,477**	**2,722,874**	**1,661,618**	**4,013,715**	**5,279,310**	**6,383,227**
margin (%)	11.9%	12.2%	18.8%	19.5%	19.7%	15.7%	29.6%	33.6%	35.3%
Amortization charges	-245,031	-421,839	-409,971	-347,028	-722,516	-985,712	-862,768	-1,089,345	-1,320,869
Allocation of subsidies	0	0	0	0	8,433	9,865	0	0	0
Impairments and disposals of ass	96,312	7,688	49,520	-5,293	-53,658	27,055	28,000	0	0
Other Results	-10,034	20,216	-13,126	-73,564	54,612	-64,687	0	0	0
EBIT	**359,450**	**215,268**	**615,997**	**1,628,592**	**2,009,745**	**648,139**	**3,178,948**	**4,189,966**	**5,062,358**
margin (%)	8.3%	4.3%	11.7%	15.5%	14.6%	6.1%	23.4%	26.6%	28.0%
Net Financial Results	55,855	21,228	-366,727	-253,131	-625,724	-1,592,045	-528,662	-496,594	-460,622
EBT	**415,305**	**236,496**	**249,270**	**1,375,461**	**1,384,021**	**-943,906**	**2,650,286**	**3,693,372**	**4,601,736**
Taxes	-245,635	-126,769	-166,829	-495,046	-353,127	-190,631	-736,779	-1,045,224	-1,302,291
Consolidated Net Profit	169,670	109,727	82,441	880,415	1,030,894	-1,134,537	1,913,506	2,648,148	3,299,445
Minority interest	57,645	-4,361	-13,801	67,714	56,421	47,345	122,000	240,000	344,000
Net income	**112,025**	**114,088**	**96,242**	**812,701**	**974,473**	**-1,181,882**	**1,791,506**	**2,408,148**	**2,955,445**
margin (%)	2.6%	2.3%	1.8%	7.7%	7.1%	-11.2%	13.2%	15.3%	16.3%

Source: CLERHP Results and own estimates

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