



Publication of Results

Construction engineering

CLERHP Results 2020

7 May 2021

Price/sh.	€ 1.89
Market Cap.	€ 19.05m
EV	€ 30.25m
Number of shares	10.07m
Free-Float	23.1%
Code	CLR
Stock Exchange	MAB (BME)
YTD evolution	+43.18%

Shareholders (last update 31/12/2020)

Rhymer 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 2 May, CLERHP published its 2020 results, which registered a lower than expected decline in Sales and EBITDA compared to the updated budget at the end of 2020 (-23.8% and -38.9% respectively, vs -29.5% and -52% of the updated target as of December 2020), reflecting a better than expected recovery of the activity in 2H'20.

Bottom-line Results were worse than expected (€ -1.1m vs. -498k of target and vs. € 1m in 2019) due to a higher level of depreciation and amortisation (€ 986k vs € 818k expected), and the provisioning of € 550k. This provision is linked to contracts that had not been started by the end of 2020.

Juan Andrés Romero, President of CLERHP, in an interview after the results **confirmed that they remain optimistic about meeting the 2021 targets and the Strategic Plan ones until 2023**. The 2021 targets do not include growth in new markets, which they expect to come from 2022 (CLERHP is already analysing the Colombian and Dominican Republic markets), nor the additional potential of the technological business, reinforced during 2020 with the acquisition of Civigner and Visual Technology LAB.

Net debt position stood at € 10.7m at year-end 2020, above the targeted € 8.9m, due to the delay in the collection process (trade receivables increased from € 5.6m to € 7.8m at year-end 2020 vs. € 5.1m expected by CLERHP).

Despite the increase in the total Net Debt figure, the improvement in EBITDA recorded placed the Net debt ratio slightly below expectations (6.5x DN/EBITDA'20 vs. 6.8x expected). This indebtedness level would be 3x if the 2H'20 EBITDA is extrapolated for the full year (€ 3.5m EBITDA vs. € 4m CLERHP 2021 target vs. €1.6m in 2020), and it would improve to 2x by the end of 2021 under CLERHP's Business Plan estimates.

The Contracted Projects pipeline stood at € 22m (vs € 25m at 9M'20). The difference comes from a reduction in the Uruguay portfolio (9.6% of the total, from € 4.6m at 9M20 to € 2.1m in 2021). The impact of Covid19 would have hindered the growth acceleration in this new market. It should be noted that this portfolio does not include the project management contract recently closed in Spain by CLERHP (€2.9m, to be developed over 3-4 years).

Note that our base case scenario includes estimates aligned with those of CLERHP's Business Plan, obtaining a valuation of € 2.36/sh. (25% 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., 22% downside). Finally, in an optimistic scenario (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. (39% upside).

According to our estimates, CLERHP is trading at 13.1x P/E'21, and 7.9x EV/EBITDA'21, and 9.9x P/E'22, and 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
Intangible 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
<i>Other Results</i>	-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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