

6m Results 2024

 Opinion ⁽¹⁾: Below expectations

 Impact ⁽¹⁾: We will have to lower our estimates

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Business description

Clerhp Estructuras (CLR), is a small structural engineering company (vertically integrated). In 2022, it acquired land in the Dominican Republic (DR) to start the Larimar project (construction of c.20,000 apartments and villas, hotels...). Completely changing the company. It would become (from 2025e) essentially a tourism and residential developer in DR. CLR has been listed on BME Growth since March 2016.

Market Data

Market Cap (Mn EUR and USD)	61.9	67.5
EV (Mn EUR and USD) ⁽²⁾	70.1	76.4
Shares Outstanding (Mn)	14.6	
-12m (Max/Med/Mín EUR)	5.02 / 4.11 / 3.12	
Daily Avg volume (-12m Mn EUR)	0.14	
Rotation ⁽³⁾	58.7	
Factset / Bloomberg	CLR-ES / CLR SM	
Close fiscal year	31-Dec	

Shareholders Structure (%) ⁽⁵⁾

Romero Family	26.5
Trina World Wide	10.2
Alejandro Clemares Sempere	6.8
Víctor Manuel Rodríguez Martín	6.2
Free Float	45.2

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	-4.5	7.1	32.0	234.6
vs Ibex 35	-5.7	-3.2	3.9	166.9
vs Ibex Small Cap Index	-2.7	10.9	23.4	175.0
vs Eurostoxx 50	-2.5	2.3	13.6	152.8
vs Sector benchmark ⁽⁴⁾	2.5	8.7	16.2	373.2

(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 1.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) vs Stoxx Europe 600 Real State.

(5) Others: Meca Alcázar 5.1%

(*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

1H24 results: strong revenue growth (+41.2%) but cost pressure from Larimar

REVENUE GROWS TO EUR 8.6MN (+41.2% VS 1S23)... CLR closed the first half of the year with consolidated revenue of EUR 8.6Mn (+41.2% vs 1S23), 100% engineering and construction of structures. The increase is explained by contracts signed in the Dominican Republic. The first revenues from the Larimar project (a pillar in CLR's equity story) will not be reflected in the P&L until 2025e.

...BUT THE INCREASE IN COSTS PRESSURES EBITDA (-38.1% VS 1S23). The improvement in gross margin (89.3%, +5.2pp vs 1S23; due to the greater weight of the engineering business) does not compensate for the increase in structural costs for the start-up of Larimar, which (temporarily) sinks the EBITDA margin to 22.5% (vs 51.3% in 1S23). EBITDA 1S24 falls to EUR 1.9Mn (-38.1% vs 1S23). We will have to lower 2024e revenue and EBITDA estimates. While 2025e and 2026e depend on the pace of Larimar deliveries.

ALTHOUGH EXTRAORDINARY ITEMS SAVE THE RESULT. Below EBITDA, the extraordinary sale of the Paraguayan subsidiary generates a capital gain of EUR 1.1Mn which, together with "zero" financial results (vs -0.6Mn in 1S23), allow net income to be placed at EUR 2.0Mn (+15.6% vs 1S23).

DEBT CONTINUES TO RISE. Due to the growth of operating activity, working capital needs and the purchase of land. CLR's Net Debt 1S24 stands at EUR 10.5Mn (+10% vs 2023; 1.2x DN/PPE) and we expect it to continue to increase as a result of the increase in real estate development activity.

STRENGTH IN THE PROJECT PORTFOLIO (ENGINEERING) AND PRE-SALES (LARIMAR) ANTICIPATES A LARGE INCREASE IN ACTIVITY. After the sale of the Paraguayan subsidiary, the engineering project portfolio amounts to EUR 109Mn (vs EUR 125Mn 2023). The pre-sales portfolio of the Larimar project amounts to EUR 202Mn (EUR 89Mn B2C channel and EUR 113Mn B2B channel).

GREAT OPPORTUNITY ON PAPER. BUT VISIBILITY IS LOW. EVERYTHING HINGES ON PRE-SALES AND THE START OF DELIVERIES (2025E). The disparity between CLR's balance sheet and the investment in Larimar is the great unknown (Larimar demands an investment > EUR 300 Mn in two years). The theoretical value reserve for Larimar is evident, although the uncertainty about the execution of the project is very high. Performance in line with the market (-12m +1.7% vs Ibex 35). The potential jump in size is enormous (aspiration to generate c. EUR 200Mn in revenue in 2025e+2026e). But visibility is low. The level of pre-sales is key to improving visibility and allowing Larimar to be priced: which has not yet happened...

Table 1. 1H24 Results table

EUR Mn	6m24	6m23	6m24 vs 6m23
Total Revenues	8.6	6.1	41.2%
Gross Margin	7.7	5.1	50.0%
<i>Gross Margin / Revenue</i>	89.3%	84.1%	5.2 p.p.
Recurrent EBITDA	1.9	3.1	-38.1%
<i>Rec. EBITDA/Revenues</i>	22.5%	51.3%	-28.8 p.p.
NP	2.0	1.7	15.6%
	2023		
Net Debt	10.5	9.6	10%
ND / Equity	1.2 x	1.6 x	

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Appendix 1. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	61.9	
+ Minority Interests	(0.2)	6m Results 2024
+ Provisions & Other L/T Liabilities	0.1	6m Results 2024
+ Net financial debt	10.5	6m Results 2024
- Financial Investments	2.3	6m Results 2024
+/- Others		
Enterprise Value (EV)	70.1	

LIGHTHOUSE

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05-Nov-2024	n.a.	4.25	n.a.	n.a.	6m Results 2024	José Miguel Cabrera van Grieken
01-Jul-2024	n.a.	4.31	n.a.	n.a.	Estimates downgrade	Enrique Andrés Abad, CFA
27-May-2024	n.a.	4.98	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
14-May-2024	n.a.	4.06	n.a.	n.a.	Initiation of Coverage	Enrique Andrés Abad, CFA

