

# Applus Services SA APPS ★★★<sup>Q</sup> 14 Jun 2019 02:00 UTC

**Last Close**  
14 Jun 2019  
11.42

**Fair Value<sup>Q</sup>**  
14 Jun 2019 02:00 UTC  
11.55

**Market Cap**  
14 Jun 2019  
1,633.3 Mil

**Sector**  
Industrials

**Industry**  
Business Services

**Country of Domicile**  
ESP Spain

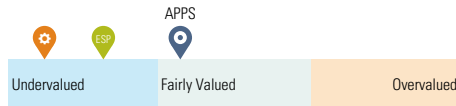
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## Company Profile

Applus Services SA is a Spain-based company that provides testing, inspection and certification services. The company operates through four divisions. The energy and industry division, which accounts for the majority of revenue, is primarily engaged in industrial and environmental inspection, technical assistance, technical staffing, and others. The automotive division conducts statutory vehicle inspection services for safety and emissions. The IDIADA division provides vehicle proving ground, engineering, design and

## Quantitative Scores

		Scores		
		All	Rel Sector	Rel Country
Quantitative Moat	None	58	55	48
Valuation	Fairly Valued	17	14	34
Quantitative Uncertainty	High	95	95	90
Financial Health	Moderate	75	58	46



## Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	0.99	0.97	0.80	0.87
Price/Earnings	39.6	—	16.8	15.0
Forward P/E	14.6	—	13.9	12.5
Price/Cash Flow	10.3	—	11.2	8.8
Price/Free Cash Flow	15.2	—	18.4	15.2
Trailing Dividend Yield %	1.14	—	2.30	3.93
Price/Book	2.2	—	1.6	1.9
Price/Sales	1.0	—	0.9	1.4

## Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	5.5	5.1	11.5	12.9
Return on Assets %	2.1	1.6	4.8	3.3
Revenue/Employee (K)	73.3	83.8	515.1	240.3

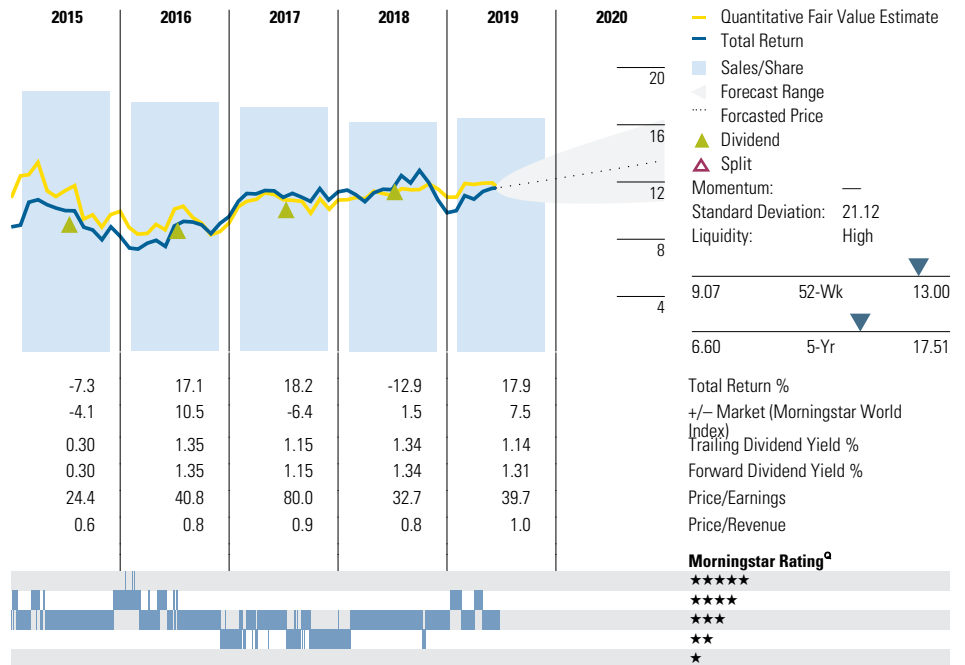
## Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	0.6	0.6	0.6	0.7
Solvency Score	549.2	—	484.2	556.5
Assets/Equity	2.6	3.1	1.8	2.7
Long-Term Debt/Equity	0.8	1.1	0.2	0.4

## Growth Per Share

	1-Year	3-Year	5-Year	10-Year
Revenue %	5.9	-0.5	1.2	—
Operating Income %	25.1	3.6	4.0	—
Earnings %	7.9	-0.7	—	—
Dividends %	0.0	72.6	—	—
Book Value %	1.6	4.2	—	—
Stock Total Return %	-2.1	13.5	-5.7	—

## Price vs. Quantitative Fair Value

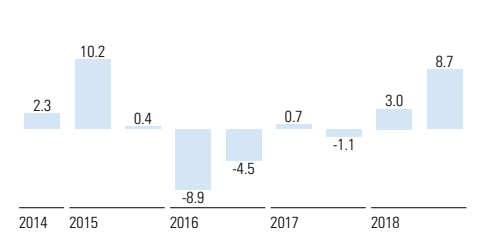


	2014	2015	2016	2017	2018	TTM	Financials (Fiscal Year in Mil)
Revenue	1,619	1,701	1,586	1,583	1,676	1,676	Revenue
% Change	2.4	5.1	-6.8	-0.2	5.9	0.0	% Change
Operating Income	94	101	82	89	112	112	Operating Income
% Change	1.9	7.5	-18.0	8.2	25.1	0.0	% Change
Net Income	24	38	20	36	41	41	Net Income
Operating Cash Flow	123	160	169	137	159	159	Operating Cash Flow
Capital Spending	-48	-51	-54	-59	-51	-51	Capital Spending
Free Cash Flow	75	109	116	78	108	108	Free Cash Flow
% Sales	4.7	6.4	7.3	4.9	6.4	6.4	% Sales
EPS	0.20	0.30	0.15	0.27	0.29	0.29	EPS
% Change	0.70	0.57	0.87	0.86	0.70	0.75	% Change
Free Cash Flow/Share	—	0.03	0.13	0.13	0.13	0.13	Free Cash Flow/Share
Dividends/Share	4.55	4.77	4.67	4.27	5.20	5.20	Dividends/Share
Book Value/Share	129,467	129,210	129,726	142,906	143,018	143,018	Book Value/Share
Shares Outstanding (K)	5.4	6.4	3.2	5.3	5.5	5.5	Shares Outstanding (K)
Return on Equity %	1.2	1.9	1.0	1.8	2.1	2.1	Return on Equity %
Return on Assets %	1.5	2.3	1.2	2.3	2.5	2.5	Return on Assets %
Net Margin %	0.81	0.85	0.79	0.79	0.84	0.84	Net Margin %
Asset Turnover	3.3	3.4	3.3	2.7	2.6	2.6	Asset Turnover
Financial Leverage	84.7	85.5	86.3	88.6	90.5	90.5	Financial Leverage
Gross Margin %	5.8	5.9	5.2	5.6	6.7	6.7	Gross Margin %
Operating Margin %	763	775	764	603	612	612	Operating Margin %
Long-Term Debt	595	604	613	744	756	756	Long-Term Debt
Total Equity	8.4	8.4	7.4	7.4	7.8	7.8	Total Equity
Fixed Asset Turns	—	—	—	—	—	—	Fixed Asset Turns

## Semi-Annual Revenue & EPS

Revenue (Mil)	Mar	Jun	Sep	Dec	Total
2018	—	812.8	—	863.2	1,675.9
2017	—	789.3	—	793.8	1,583.1
2016	—	783.7	—	802.8	1,586.5
2015	—	860.4	—	841.1	1,701.5
Earnings Per Share (€)					
2018	—	0.16	—	0.13	0.29
2017	—	0.13	—	0.14	0.27
2016	—	0.14	—	0.02	0.15
2015	—	0.20	—	0.10	0.30

## Revenue Growth Year On Year %



# Quantitative Equity Reports Overview

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Morningstar's quantitative equity ratings consist of: (i) Quantitative Fair Value Estimate, (ii) Quantitative Star Rating, (iii) Quantitative Uncertainty, (iv) Quantitative Economic Moat, and (v) Quantitative Financial Health (collectively the "Quantitative Ratings").

The Quantitative Ratings are calculated daily and derived from the analyst-driven ratings of a company's peers as determined by statistical algorithms. Morningstar, Inc. ("Morningstar", "we", "our") calculates Quantitative Ratings for companies whether or not it already provides analyst ratings and qualitative coverage. In some cases, the Quantitative Ratings may differ from the analyst ratings because a company's analyst-driven ratings can significantly differ from other companies in its peer group.

i. **Quantitative Fair Value Estimate:** Intended to represent Morningstar's estimate of the per share dollar amount that a company's equity is worth today. Morningstar calculates the Quantitative Fair Value Estimate using a statistical model derived from the Fair Value Estimate Morningstar's equity analysts assign to companies. Please go to <http://global.morningstar.com/equitydisclosures> for information about Fair Value Estimate Morningstar's equity analysts assign to companies.

ii. **Quantitative Economic Moat:** Intended to describe the strength of a firm's competitive position. It is calculated using an algorithm designed to predict the Economic Moat rating a Morningstar analyst would assign to the stock. The rating is expressed as Narrow, Wide, or None.

**Narrow** – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 70% but less than 99%.

**Wide** – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 99%.

**None** – assigned when the probability of an analyst receiving a "Wide Moat" rating by an analyst is less than 70%.

iii. **Quantitative Star Rating:** Intended to be the summary rating based on the combination of our Quantitative Fair Value Estimate, current market price, and the Quantitative Uncertainty Rating. The rating is expressed as One-Star, Two-Star, Three-Star, Four-Star, and Five-Star.

**One-Star** – the stock is overvalued with a reasonable margin of safety.

*Log (Quant FVE/Price) < -1\*Quantitative Uncertainty*

**Two-Star** - the stock is somewhat overvalued.

*Log (Quant FVE/Price) between (-1\*Quantitative Uncertainty, -0.5\*Quantitative Uncertainty)*

**Three-Star** – the stock is approximately fairly valued.

*Log (Quant FVE/Price) between (-0.5\*Quantitative Uncertainty, 0.5\*Quantitative Uncertainty)*

**Four-Star** – the stock is somewhat undervalued.

*Log (Quant FVE/Price) between (0.5\*Quantitative Uncertainty, 1\*Quantitative Uncertainty)*

**Five-Star** – the stock is undervalued with a reasonable margin of safety.

*Log (Quant FVE/Price) > 1\*Quantitative Uncertainty*

iv. **Quantitative Uncertainty:** Intended to represent Morningstar's level of uncertainty about the accuracy of the Quantitative Fair Value Estimate. Generally, the lower the Quantitative Uncertainty, the narrower the potential range of outcomes for that particular company. The rating is expressed as Low, Medium, High, Very High, and Extreme.

**Low** – the interquartile range for possible fair values is less than 10%

**Medium** – the interquartile range for possible fair values is less than 15% but greater than 10%

**High** – the interquartile range for possible fair values is less than 35% but greater than 15%

**Very High** – the interquartile range for possible fair values is less than 80% but greater than 35%

**Extreme** – the interquartile range for possible fair values is greater than 80%

v. **Quantitative Financial Health:** Intended to reflect the probability that a firm will face financial distress in the near future. The calculation uses a predictive model designed to anticipate when a company may default on its financial obligations. The rating is expressed as Weak, Moderate, and Strong.

**Weak** – assigned when Quantitative Financial Health < 0.2

**Moderate** – assigned when Quantitative Financial Health is between 0.2 and 0.7

**Strong** – assigned when Quantitative Financial Health > 0.7

## Other Definitions

i. **Last Close** – Price of the stock as of the close of the market of the last trading day before date of the report.

ii. **Quantitative Valuation** – Using the below terms, intended to denote the relationship between the security's **Last Price** and Morningstar's quantitative fair value estimate for that security.

**Undervalued – Last Price** is below Morningstar's quantitative fair value estimate.

**Fairly Valued – Last Price** is in line with Morningstar's quantitative fair value estimate.

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