

# Construcciones y Auxiliar de Ferrocarriles SA CAF ★★★<sup>Q</sup> 14 Jun 2019 02:00 UTC

**Last Close**  
14 Jun 2019  
39.70

**Fair Value<sup>Q</sup>**  
14 Jun 2019 02:00 UTC  
40.89

**Market Cap**  
14 Jun 2019  
1,360.9 Mil

**Sector**  
Industrials

**Industry**  
Diversified Industrials

**Country of Domicile**  
ESP Spain

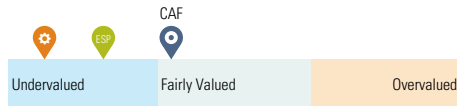
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## Company Profile

Construcciones y Auxiliar de Ferrocarriles SA is a Spain-based company that offers comprehensive railway solutions. The company's train-related products comprise high-speed rolling stock, wheelsets, traction and communication systems, signaling systems, and related services including vehicle maintenance, vehicle upgrading and refurbishment, and aftersales technical supports. In addition to supplying train-related products, the company also helps customers conduct viability studies, civil work, electrification projects, and

## Quantitative Scores

		Scores		
		All	Rel Sector	Rel Country
Quantitative Moat	None	26	29	20
Valuation	Fairly Valued	20	17	41
Quantitative Uncertainty	High	96	97	93
Financial Health	Moderate	78	61	50



Source: Morningstar Equity Research

## Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	0.97	0.99	0.80	0.87
Price/Earnings	31.3	25.5	16.8	15.0
Forward P/E	—	—	13.9	12.5
Price/Cash Flow	3.5	7.8	11.2	8.8
Price/Free Cash Flow	4.5	10.7	18.4	15.2
Trailing Dividend Yield %	—	—	2.30	3.93
Price/Book	1.8	1.5	1.6	1.9
Price/Sales	0.7	0.8	0.9	1.4

## Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	5.8	6.0	11.5	12.9
Return on Assets %	1.2	1.4	4.8	3.3
Revenue/Employee (K)	179.2	177.2	515.1	240.3

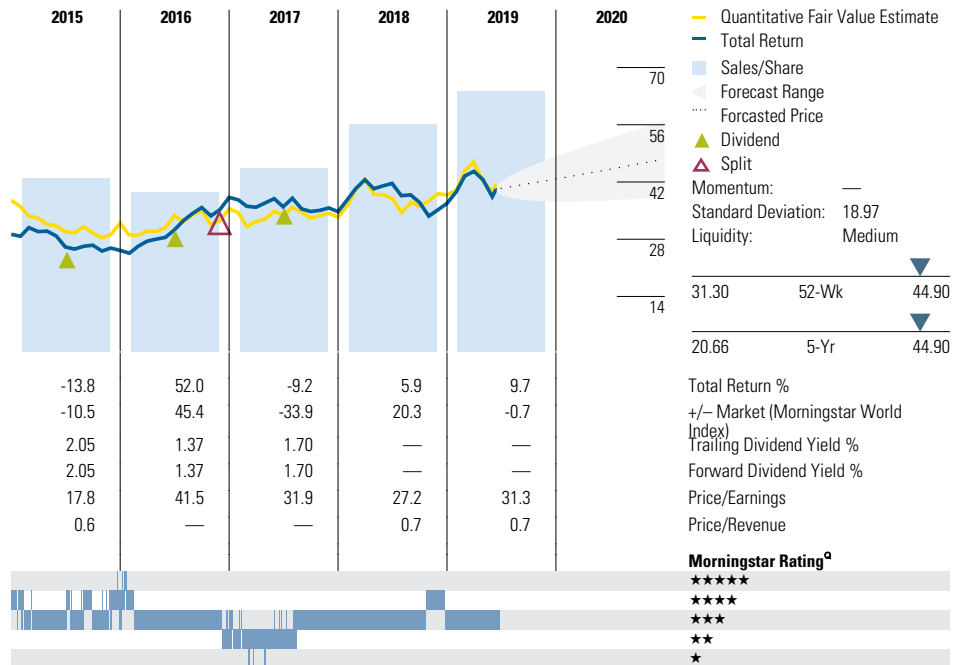
## Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	0.6	0.6	0.6	0.7
Solvency Score	725.0	—	484.2	556.5
Assets/Equity	5.3	4.4	1.8	2.7
Long-Term Debt/Equity	1.0	0.9	0.2	0.4

## Growth Per Share

	1-Year	3-Year	5-Year	10-Year
Revenue %	38.7	16.9	5.9	7.4
Operating Income %	6.3	6.6	-3.0	6.7
Earnings %	2.4	1.9	-13.6	-8.5
Dividends %	—	—	—	—
Book Value %	0.2	2.2	0.9	7.6
Stock Total Return %	-4.0	11.4	4.2	3.7

## Price vs. Quantitative Fair Value



	2014	2015	2016	2017	2018	TTM	Financials (Fiscal Year in Mil)
Revenue	1,447	1,284	1,318	1,477	2,048	2,048	Revenue
% Change	-5.7	-11.3	2.7	12.0	38.7	0.0	% Change
Operating Income	104	128	101	146	155	155	Operating Income
% Change	-42.3	22.7	-21.2	44.7	6.3	0.0	% Change
Net Income	60	41	35	42	43	43	Net Income
Operating Cash Flow	62	96	335	165	389	389	Operating Cash Flow
Capital Spending	-24	-19	-27	-51	-91	-91	Capital Spending
Free Cash Flow	38	76	308	114	299	299	Free Cash Flow
% Sales	2.6	5.9	23.4	7.7	14.6	14.6	% Sales
EPS	1.74	1.20	1.02	1.24	1.27	1.27	EPS
% Change	-33.8	-31.2	-14.8	21.6	2.4	0.0	% Change
Free Cash Flow/Share	-4.72	2.49	9.04	3.84	3.63	8.73	Free Cash Flow/Share
Dividends/Share	1.05	0.53	0.53	0.58	0.00	0.00	Dividends/Share
Book Value/Share	21.47	21.52	21.55	21.82	21.17	21.93	Book Value/Share
Shares Outstanding (K)	34,281	34,281	34,281	34,281	34,281	34,281	Shares Outstanding (K)
Return on Equity %	8.2	5.7	4.8	5.6	5.8	5.8	Profitability
Return on Assets %	2.1	1.4	1.2	1.3	1.2	1.2	Return on Assets %
Net Margin %	4.1	3.2	2.7	2.9	2.1	2.1	Net Margin %
Asset Turnover	0.50	0.44	0.43	0.47	0.58	0.58	Asset Turnover
Financial Leverage	4.0	4.1	4.2	4.2	5.3	5.3	Financial Leverage
Gross Margin %	46.3	53.3	50.0	55.7	48.1	48.1	Gross Margin %
Operating Margin %	7.2	9.9	7.6	9.9	7.6	7.6	Operating Margin %
Long-Term Debt	683	662	648	626	766	766	Long-Term Debt
Total Equity	736	704	772	750	752	752	Total Equity
Fixed Asset Turns	5.2	5.0	5.6	6.2	6.7	6.7	Fixed Asset Turns

## Quarterly Revenue & EPS

Revenue (Mil)	Mar	Jun	Sep	Dec	Total
2018	—	—	428.8	676.4	2,048.4
2017	—	755.5	—	—	1,477.0
2016	—	631.9	—	—	1,318.2
2015	—	660.0	—	—	1,283.6
Earnings Per Share (€)					
2018	0.35	0.18	0.38	0.36	1.27
2017	0.28	0.19	0.36	0.41	1.24
2016	—	—	0.34	0.25	1.02
2015	—	—	0.11	0.15	1.20

## Revenue Growth Year On Year %

	2016	2017	2018
Revenue %	—	—	—
Operating Income %	—	—	—
Earnings %	—	—	—
Dividends %	—	—	—
Book Value %	—	—	—
Stock Total Return %	—	—	—

# Quantitative Equity Reports Overview

The quantitative report on equities consists of data, statistics and quantitative equity ratings on equity securities. Morningstar, Inc.'s quantitative equity ratings are forward looking and are generated by a statistical model that is based on Morningstar Inc.'s analyst-driven equity ratings and quantitative statistics. Given the nature of the quantitative report and the quantitative ratings, there is no one analyst in which a given report is attributed to; however, Mr. Lee Davidson, Head of Quantitative Research for Morningstar, Inc., is responsible for overseeing the methodology that supports the quantitative equity ratings used in this report. As an employee of Morningstar, Inc., Mr. Davidson is guided by Morningstar, Inc.'s Code of Ethics and Personal Securities Trading Policy in carrying out his responsibilities.

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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").

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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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