

# Faes Farma SA FAE ★★★<sup>Q</sup> 14 Jun 2019 02:00 UTC

**Last Close**  
14 Jun 2019  
4.11

**Fair Value<sup>Q</sup>**  
14 Jun 2019 02:00 UTC  
3.66

**Market Cap**  
14 Jun 2019  
1,128.3 Mil

**Sector**  
Healthcare

**Industry**  
Medical Instruments & Supplies

**Country of Domicile**  
ESP Spain

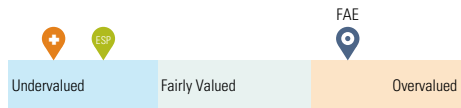
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## Company Profile

Faes Farma SA is a pharmaceutical company that specializes in the research, production, distribution, and sale of prescription and generic drugs, over-the-counter medicines, food supplements and personal care treatments, as well as raw materials for the pharmaceutical use. The company develops new drugs for the treatment of allergy, venous insufficiency, and irritable bowel syndrome. It also provides animal nutrition products. Faes Farma exports its products to more than 60 countries and has operations in Spain, Portugal,

## Quantitative Scores

		Scores		
		All	Rel Sector	Rel Country
Quantitative Moat	Narrow	93	94	92
Valuation	Overvalued	4	5	5
Quantitative Uncertainty	High	92	94	85
Financial Health	Strong	94	92	81



## Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	1.12	1.04	0.82	0.87
Price/Earnings	20.5	21.5	26.5	15.0
Forward P/E	—	—	11.3	12.5
Price/Cash Flow	19.0	18.0	18.4	8.8
Price/Free Cash Flow	24.2	24.0	27.3	15.2
Trailing Dividend Yield %	2.87	4.66	1.50	3.93
Price/Book	3.1	2.6	3.4	1.9
Price/Sales	3.4	3.1	4.2	1.4

## Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	—	13.4	12.4	12.9
Return on Assets %	—	10.8	6.2	3.3
Revenue/Employee (K)	281.1	262.4	309.2	240.3

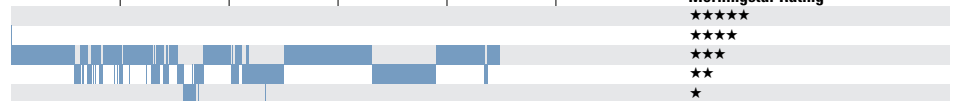
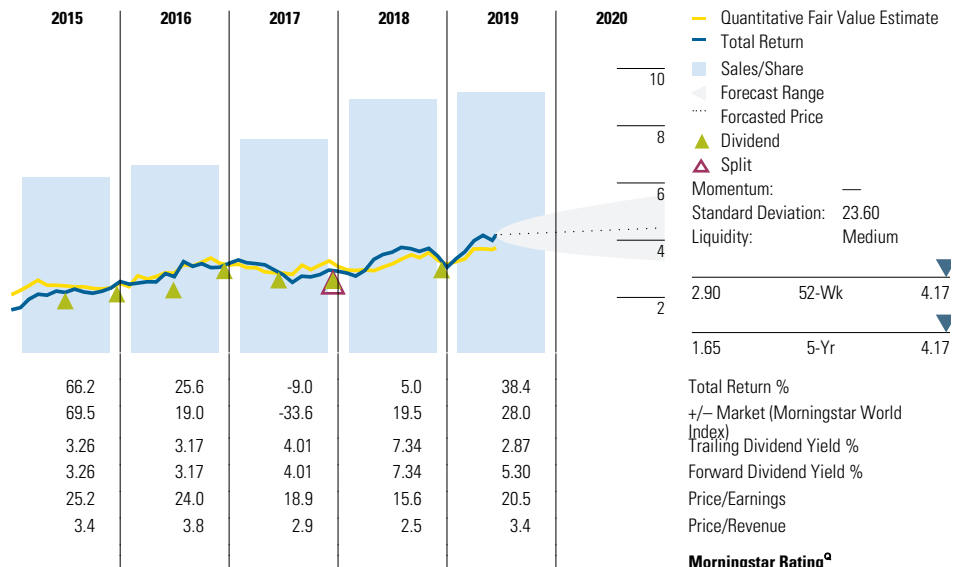
## Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	0.8	0.7	0.6	0.7
Solvency Score	—	—	494.6	556.5
Assets/Equity	1.3	1.2	1.4	2.7
Long-Term Debt/Equity	0.0	0.0	0.1	0.4

## Growth Per Share

	1-Year	3-Year	5-Year	10-Year
Revenue %	18.1	16.6	12.5	9.4
Operating Income %	25.9	14.5	16.5	26.1
Earnings %	21.0	17.0	14.9	5.5
Dividends %	0.0	9.5	14.5	2.8
Book Value %	9.3	9.2	8.3	6.1
Stock Total Return %	16.2	15.8	14.7	1.4

## Price vs. Quantitative Fair Value

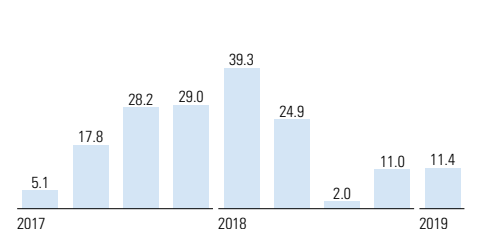


	2014	2015	2016	2017	2018	TTM	Financials (Fiscal Year in K)
Revenue	191,742	204,724	228,635	274,576	324,312	333,917	Revenue
% Change	6.3	6.8	11.7	20.1	18.1	3.0	% Change
Operating Income	36,348	41,702	48,234	50,733	62,559	67,936	Operating Income
% Change	24.8	14.7	15.7	5.2	23.3	8.6	% Change
Net Income	25,334	30,361	36,591	42,221	51,592	54,210	Net Income
Operating Cash Flow	32,259	40,912	49,625	41,727	59,336	59,336	Operating Cash Flow
Capital Spending	-4,149	-10,146	-11,981	-16,648	-12,667	-12,667	Capital Spending
Free Cash Flow	28,110	30,766	37,644	25,079	46,669	46,669	Free Cash Flow
% Sales	14.7	15.0	16.5	9.1	14.4	14.0	% Sales
EPS	0.10	0.12	0.15	0.16	0.19	0.20	EPS
% Change	-1.9	21.6	16.9	13.1	18.3	3.5	% Change
Free Cash Flow/Share	0.06	0.14	0.12	0.12	0.15	0.17	Free Cash Flow/Share
Dividends/Share	0.10	0.09	0.11	0.12	0.12	0.12	Dividends/Share
Book Value/Share	0.94	0.98	1.07	1.17	1.29	1.31	Book Value/Share
Shares Outstanding (K)	231,954	244,712	251,571	258,053	266,023	274,529	Shares Outstanding (K)
Return on Equity %	11.9	12.6	13.6	14.0	15.2	—	Profitability
Return on Assets %	9.2	10.9	11.8	11.1	11.3	—	Return on Assets %
Net Margin %	13.2	14.8	16.0	15.4	15.9	16.2	Net Margin %
Asset Turnover	0.69	0.73	0.74	0.72	0.71	—	Asset Turnover
Financial Leverage	1.2	1.1	1.2	1.3	1.3	1.3	Financial Leverage
Gross Margin %	65.7	65.3	66.1	64.9	62.9	63.5	Gross Margin %
Operating Margin %	19.0	20.4	21.1	18.5	19.3	20.4	Operating Margin %
Long-Term Debt	5,324	13	3	43,053	885	885	Long-Term Debt
Total Equity	228,619	254,327	284,883	320,243	359,883	359,883	Total Equity
Fixed Asset Turns	8.4	7.7	6.6	5.7	5.2	—	Fixed Asset Turns

## Quarterly Revenue & EPS

Revenue (Mil)	Mar	Jun	Sep	Dec	Total
2019	92.8	—	—	—	—
2018	83.3	82.5	74.3	84.2	324.3
2017	59.8	66.0	72.9	75.9	274.6
2016	56.9	56.1	56.8	58.8	228.6
Earnings Per Share (€)					
2019	0.06	—	—	—	—
2018	0.05	0.06	0.05	0.04	0.19
2017	0.04	0.05	0.05	0.04	0.16
2016	0.03	0.04	0.05	0.03	0.15

## Revenue Growth Year On Year %



# 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").

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

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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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