

# Prosegur Compania De Seguridad SA PSG ★★★★★<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  
5.49

**Market Cap**  
14 Jun 2019  
2,456.8 Mil

**Sector**  
Industrials

**Industry**  
Security & Protection Services

**Country of Domicile**  
ESP Spain

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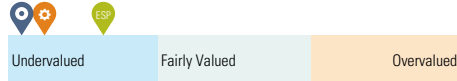
## Company Profile

Spain-listed Prosegur is one of the largest security companies worldwide. Its operations are more focused on emerging markets than those of peers G4S and Securitas, with over two thirds of revenue coming from these regions, in particular Latin America. Prosegur also differs in that much of its revenue and operating profit is derived from cash-in-transit services--that is, armoured-car cash pickups--as well as ancillary services, such as ATM management, cash counting, and reconciliation.

## Quantitative Scores

		Scores		
		All	Rel Sector	Rel Country
Quantitative Moat	Narrow	95	94	95
Valuation	Undervalued	75	77	89
Quantitative Uncertainty	Very High	64	61	52
Financial Health	Moderate	68	52	38

PSG



Source: Morningstar Equity Research

## Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	0.75	0.98	0.80	0.87
Price/Earnings	26.1	20.4	16.8	15.0
Forward P/E	14.2	—	13.9	12.5
Price/Cash Flow	7.9	12.2	11.2	8.8
Price/Free Cash Flow	25.9	38.5	18.4	15.2
Trailing Dividend Yield %	2.98	2.16	2.30	3.93
Price/Book	2.6	3.6	1.6	1.9
Price/Sales	0.6	0.8	0.9	1.4

## Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	10.7	18.5	11.5	12.9
Return on Assets %	2.6	4.7	4.8	3.3
Revenue/Employee (K)	23.2	24.2	515.1	240.3

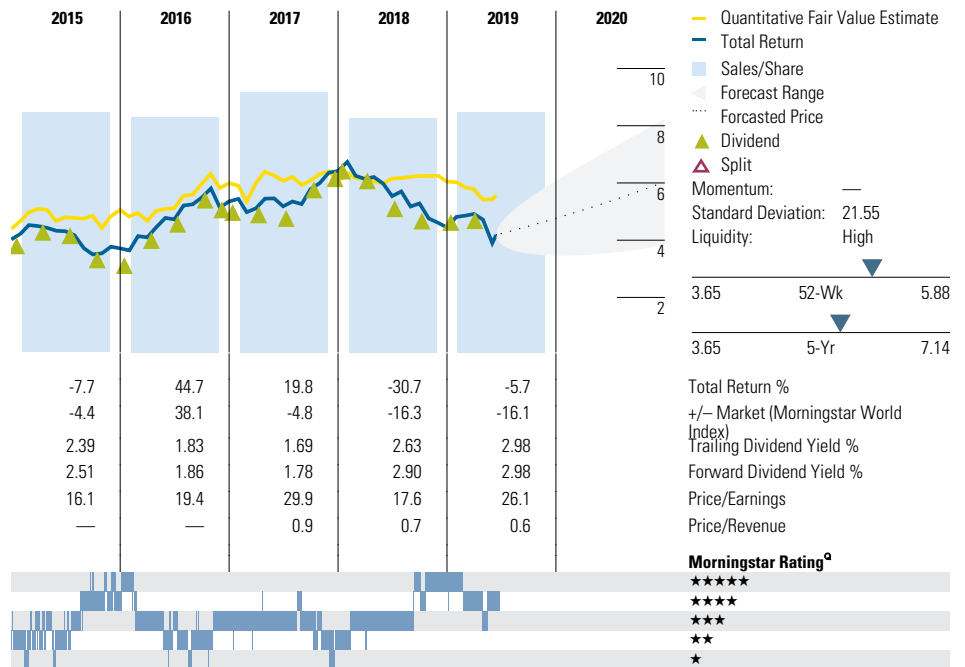
## Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	0.6	0.7	0.6	0.7
Solvency Score	614.2	—	484.2	556.5
Assets/Equity	3.8	3.9	1.8	2.7
Long-Term Debt/Equity	1.4	1.1	0.2	0.4

## Growth Per Share

	1-Year	3-Year	5-Year	10-Year
Revenue %	-8.2	-0.2	1.3	6.7
Operating Income %	-22.1	-3.1	-0.8	4.4
Earnings %	-12.0	-10.3	-3.9	0.7
Dividends %	5.5	4.7	2.2	5.9
Book Value %	-6.7	12.5	7.9	9.3
Stock Total Return %	-29.1	-0.9	0.3	10.6

## Price vs. Quantitative Fair Value

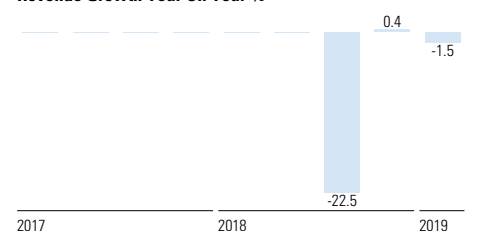


	2014	2015	2016	2017	2018	TTM	Financials (Fiscal Year in Mil)
Revenue	3,783	3,959	3,902	4,291	3,939	3,924	Revenue
% Change	2.4	4.7	-1.4	10.0	-8.2	-0.4	% Change
Operating Income	324	348	366	406	316	302	Operating Income
% Change	-1.4	7.3	5.3	10.8	-22.1	-4.7	% Change
Net Income	159	183	134	150	132	108	Net Income
Operating Cash Flow	247	299	268	279	276	311	Operating Cash Flow
Capital Spending	-139	-144	-166	-213	-215	-216	Capital Spending
Free Cash Flow	108	155	102	66	62	95	Free Cash Flow
% Sales	2.9	3.9	2.6	1.5	1.6	2.4	% Sales
EPS	0.26	0.31	0.22	0.25	0.22	0.16	EPS
% Change	-2.3	16.3	-26.9	12.0	-12.0	-28.8	% Change
Free Cash Flow/Share	0.23	0.10	0.26	0.12	0.10	0.16	Free Cash Flow/Share
Dividends/Share	0.11	0.10	0.11	0.11	0.12	0.15	Dividends/Share
Book Value/Share	1.40	1.29	1.23	2.37	1.76	1.60	Book Value/Share
Shares Outstanding (K)	598,368	598,368	598,430	598,497	598,583	598,350	Shares Outstanding (K)
Return on Equity %	21.1	23.6	18.5	16.5	12.8	10.7	Profitability
Return on Assets %	5.4	6.3	4.2	4.0	3.5	2.6	Return on Assets %
Net Margin %	4.2	4.6	3.4	3.5	3.4	2.8	Net Margin %
Asset Turnover	1.28	1.37	1.22	1.15	1.03	0.94	Asset Turnover
Financial Leverage	3.5	4.0	4.8	3.6	3.8	4.2	Financial Leverage
Gross Margin %	23.2	23.6	23.4	24.0	24.2	—	Gross Margin %
Operating Margin %	8.6	8.8	9.4	9.5	8.0	7.7	Operating Margin %
Long-Term Debt	694	605	1,209	705	1,385	—	Long-Term Debt
Total Equity	853	700	751	1,069	998	957	Total Equity
Fixed Asset Turns	7.7	8.1	7.6	7.5	6.1	5.4	Fixed Asset Turns

## Quarterly Revenue & EPS

Revenue (Mil)	Mar	Jun	Sep	Dec	Total
2019	993.0	—	—	—	—
2018	1,007.8	1,003.3	817.8	1,110.3	3,939.2
2017	—	—	1,055.6	1,106.4	4,290.7
2016	—	1,837.1	—	—	3,902.3
Earnings Per Share (€)					
2019	0.04	—	—	—	—
2018	0.10	0.06	0.06	0.02	0.22
2017	0.07	0.06	0.08	0.04	0.25
2016	0.10	0.06	0.02	0.07	0.22

## Revenue Growth Year On Year %



# Quantitative Equity Reports Overview

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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%

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**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.

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

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