

Zardoya Otis SA ZOT ★★★^Q 14 Jun 2019 02:00 UTC

Last Close
14 Jun 2019
6.73

Fair Value^Q
14 Jun 2019 02:00 UTC
5.88

Market Cap
14 Jun 2019
3,166.2 Mil

Sector
Industrials

Industry
Diversified Industrials

Country of Domicile
ESP Spain

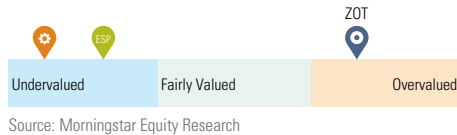
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Company Profile

Zardoya Otis SA and its subsidiaries are in the business of manufacturing and installing elevators and provision of related maintenance services and export of equipment for installation. The company has manufacturing plants in Madrid and San Sebastian and modernization centers in Munguia and Vigo. Its significant contracts include Louvre museum, Stavros niarchos foundation and Auchan supermarkets. The company mainly operates in Spain, Portugal and Morocco.

Quantitative Scores

		Scores		
		All	Rel Sector	Rel Country
Quantitative Moat	Wide	100	100	100
Valuation	Overvalued	3	3	3
Quantitative Uncertainty	Medium	99	99	97
Financial Health	Strong	94	84	80



Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	1.15	1.04	0.80	0.87
Price/Earnings	21.7	27.6	16.8	15.0
Forward P/E	—	—	13.9	12.5
Price/Cash Flow	19.6	24.2	11.2	8.8
Price/Free Cash Flow	20.9	25.2	18.4	15.2
Trailing Dividend Yield %	4.75	3.69	2.30	3.93
Price/Book	7.5	10.9	1.6	1.9
Price/Sales	4.0	5.6	0.9	1.4

Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	34.2	35.9	11.5	12.9
Return on Assets %	20.3	21.2	4.8	3.3
Revenue/Employee (K)	143.2	145.0	515.1	240.3

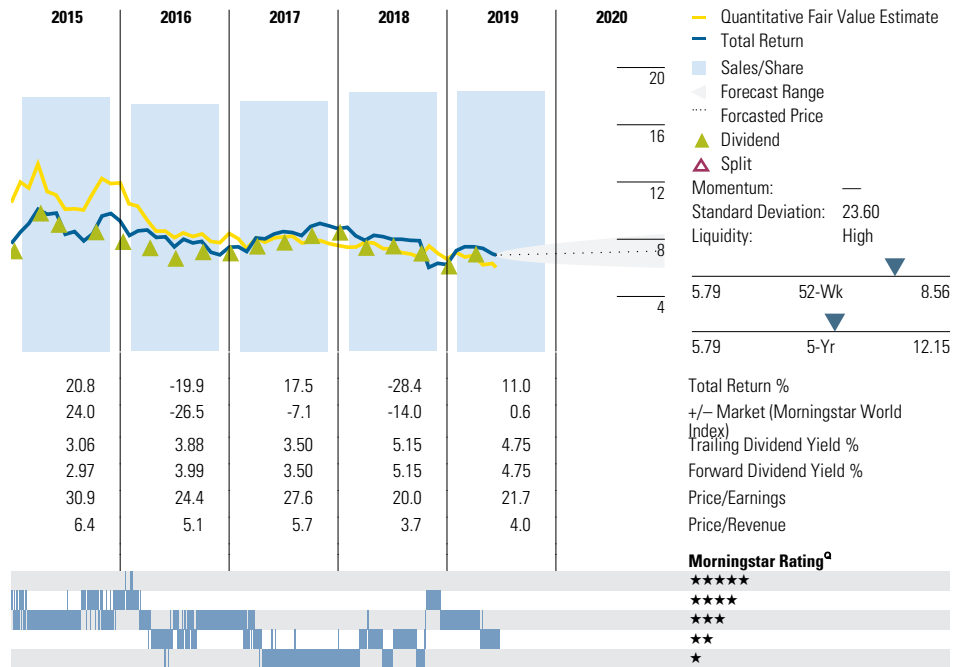
Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	0.8	0.8	0.6	0.7
Solvency Score	196.3	—	484.2	556.5
Assets/Equity	1.7	1.7	1.8	2.7
Long-Term Debt/Equity	—	—	0.2	0.4

Growth Per Share

	1-Year	3-Year	5-Year	10-Year
Revenue %	0.8	2.3	0.7	-1.8
Operating Income %	-6.1	-3.6	-4.1	-4.0
Earnings %	-3.1	-1.9	-2.6	-6.3
Dividends %	0.3	0.1	2.8	-6.0
Book Value %	-1.4	0.3	-0.1	2.9
Stock Total Return %	-16.7	-2.1	-7.0	-1.4

Price vs. Quantitative Fair Value

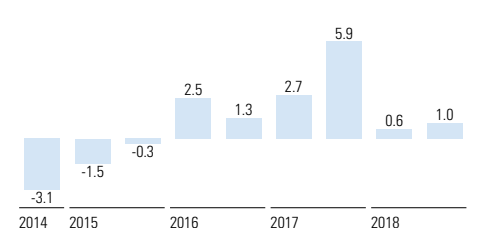


	2014	2015	2016	2017	2018	TTM	Financials (Fiscal Year in K)
Revenue	738,954	732,228	746,041	778,282	784,434	784,434	Revenue
% Change	-2.7	-0.9	1.9	4.3	0.8	0.0	% Change
Operating Income	221,767	208,719	203,527	198,795	186,753	186,753	Operating Income
% Change	-6.2	-5.9	-2.5	-2.3	-6.1	0.0	% Change
Net Income	154,031	148,745	152,626	152,744	145,731	145,731	Net Income
Operating Cash Flow	199,474	163,757	163,320	163,871	161,902	161,902	Operating Cash Flow
Free Cash Flow	-7,406	-5,395	-9,853	-4,086	-10,168	-10,168	Free Cash Flow
% Sales	192,068	158,362	153,467	159,785	151,734	151,734	% Sales
EPS	26.0	21.6	20.6	20.5	19.3	19.3	EPS
% Change	0.35	0.33	0.33	0.32	0.31	0.31	% Change
Free Cash Flow/Share	0.40	0.41	0.32	0.35	0.31	0.32	Free Cash Flow/Share
Dividends/Share	0.25	0.32	0.31	0.32	0.32	0.32	Dividends/Share
Book Value/Share	0.83	0.80	0.81	0.82	0.82	0.90	Book Value/Share
Shares Outstanding (K)	450,278	468,289	470,464	470,464	470,464	470,464	Shares Outstanding (K)
Return on Equity %	38.2	35.8	36.3	35.8	34.2	34.2	Return on Equity %
Return on Assets %	21.6	21.0	21.6	21.5	20.3	20.3	Return on Assets %
Net Margin %	20.8	20.3	20.5	19.6	18.6	18.6	Net Margin %
Asset Turnover	1.04	1.03	1.05	1.09	1.09	1.09	Asset Turnover
Financial Leverage	1.7	1.7	1.7	1.7	1.7	1.7	Financial Leverage
Gross Margin %	73.5	71.6	69.4	66.9	66.3	66.3	Gross Margin %
Operating Margin %	30.0	28.5	27.3	25.5	23.8	23.8	Operating Margin %
Long-Term Debt	4,900	0	—	—	—	—	Long-Term Debt
Total Equity	412,104	418,089	423,567	429,566	423,709	423,709	Total Equity
Fixed Asset Turns	11.2	11.7	12.3	12.9	12.8	12.8	Fixed Asset Turns

Semi-Annual Revenue & EPS

Revenue (Mil)	Feb	May	Aug	Nov	Total
2018	—	384.5	—	400.0	784.4
2017	—	382.2	—	396.1	778.3
2016	—	372.2	—	373.9	746.0
2015	—	363.1	—	369.1	732.2
Earnings Per Share (€)					
2018	—	0.15	—	0.16	0.31
2017	—	0.16	—	0.16	0.32
2016	—	0.16	—	0.17	0.33
2015	—	0.16	—	0.17	0.33

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

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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