

Talgo SA XTG ★★★★Q 21 Sep 2020 02:00 UTC

Last Close
21 Sep 2020
3.69

Fair Value^Q
21 Sep 2020 02:00 UTC
3.95

Market Cap
21 Sep 2020
465.9 Mil

Sector
Industrials

Industry
Railroads

Country of Domicile
ESP Spain

There is no one analyst in which a Quantitative Fair Value Estimate and Quantitative Star Rating are attributed to; however, Mr. Lee Davidson, Head of Quantitative Research for Morningstar, Inc., is responsible for overseeing the methodology that supports the quantitative fair value. 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. For information regarding Conflicts of Interests, visit <http://global.morningstar.com/equitydisclosures>

Company Profile

Talgo SA is a Spain-based company engaged in the design and manufacture of rolling stock. Its activities are divided into three business segments: Rolling stock, Auxiliary machines and Others, as well as General. The Rolling stock division is responsible for train production, as well as for the maintenance of trains that use the company's technology. The Auxiliary machines and Others segment provides manufacture and technical service of lathes, as well as the sale of related spare parts. The General area includes corporate operations.

Quantitative Scores

		Scores		
		All	Rel Sector	Rel Country
Quantitative Moat	Narrow	73	64	46
Valuation	Undervalued	17	22	41
Quantitative Uncertainty	High	98	98	97
Financial Health	Strong	94	76	77



Source: Morningstar Equity Research

Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	0.93	0.93	0.80	0.87
Price/Earnings	25.3	—	16.8	15.0
Forward P/E	—	—	13.9	12.5
Price/Cash Flow	28.5	—	11.2	8.8
Price/Free Cash Flow	—	—	18.4	15.2
Trailing Dividend Yield %	—	—	2.30	3.93
Price/Book	1.7	—	1.6	1.9
Price/Sales	1.1	—	0.9	1.4

Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	6.5	15.5	11.5	12.9
Return on Assets %	2.2	5.7	4.8	3.3
Revenue/Employee (K)	168.9	206.1	515.1	240.3

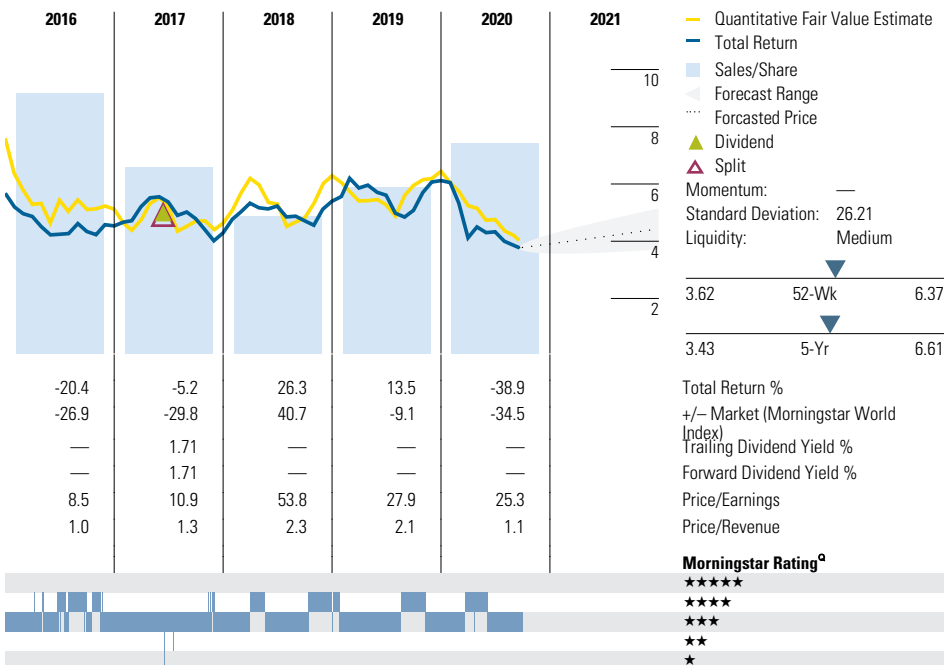
Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	0.7	0.6	0.6	0.7
Solvency Score	610.3	—	484.2	556.5
Assets/Equity	3.0	2.8	1.8	2.7
Long-Term Debt/Equity	0.7	0.8	0.2	0.4

Growth Per Share

	1-Year	3-Year	5-Year	10-Year
Revenue %	23.8	-11.5	0.9	—
Operating Income %	13.9	-19.5	-1.6	—
Earnings %	130.8	-12.6	-59.7	—
Dividends %	—	—	—	—
Book Value %	-3.7	2.7	-58.2	—
Stock Total Return %	-31.3	-8.6	-6.2	—

Price vs. Quantitative Fair Value

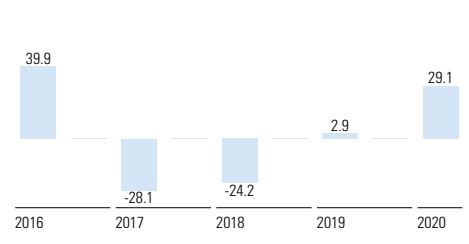


	2015	2016	2017	2018	2019	TTM	Financials (Fiscal Year in K)
Revenue	520,695	579,770	384,382	324,449	401,695	450,547	Revenue
% Change	35.5	11.3	-33.7	-15.6	23.8	12.2	% Change
Operating Income	78,498	88,817	59,418	40,721	46,391	27,258	Operating Income
% Change	56.4	13.1	-33.1	-31.5	13.9	-41.2	% Change
Net Income	59,575	61,854	34,302	17,708	38,466	18,775	Net Income
Operating Cash Flow	-20,411	-57,794	184,867	151,635	46,372	16,649	Operating Cash Flow
Capital Spending	-10,269	-9,036	-11,543	-9,574	-18,711	-22,448	Capital Spending
Free Cash Flow	-30,680	-66,830	173,324	142,061	27,661	-5,799	Free Cash Flow
% Sales	-5.9	-11.5	45.1	43.8	6.9	-1.3	% Sales
EPS	0.58	0.45	0.25	0.13	0.30	0.15	EPS
% Change	-97.9	-22.4	-44.4	-48.0	130.8	-50.0	% Change
Free Cash Flow/Share	-0.50	-0.30	-0.49	1.07	1.36	-0.05	Free Cash Flow/Share
Dividends/Share	—	—	0.07	0.00	0.00	0.00	Dividends/Share
Book Value/Share	1.43	1.94	2.15	2.39	2.45	2.21	Book Value/Share
Shares Outstanding (K)	136,833	136,833	136,563	135,772	125,334	122,920	Shares Outstanding (K)
Return on Equity %	24.8	23.6	11.3	5.5	12.4	6.5	Profitability
Return on Assets %	9.4	8.6	4.3	2.0	4.3	2.2	Return on Assets %
Net Margin %	11.4	10.7	8.9	5.5	9.6	4.2	Net Margin %
Asset Turnover	0.82	0.81	0.48	0.37	0.45	0.52	Asset Turnover
Financial Leverage	2.9	2.6	2.7	2.8	3.0	3.2	Financial Leverage
Gross Margin %	32.4	28.0	36.4	33.8	26.4	19.5	Gross Margin %
Operating Margin %	15.1	15.3	15.5	12.6	11.6	6.1	Operating Margin %
Long-Term Debt	148,003	227,264	270,326	284,087	213,887	233,696	Long-Term Debt
Total Equity	230,997	293,783	313,535	328,115	291,726	272,117	Total Equity
Fixed Asset Turns	7.5	8.7	5.9	5.1	6.6	7.2	Fixed Asset Turns

Semi-Annual Revenue & EPS

Revenue (Mil)	Mar	Jun	Sep	Dec	Total
2020	—	216.6	—	—	—
2019	—	—	107.7	126.2	401.7
2018	—	—	73.8	87.6	324.4
2017	121.0	94.1	85.0	84.4	384.4
Earnings Per Share (€)					
2020	—	-0.05	—	—	—
2019	—	—	0.09	0.11	0.30
2018	—	—	0.04	0.02	0.13
2017	0.11	0.08	0.07	-0.01	0.25

Revenue Growth Year On Year %



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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*

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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

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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.

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