

Faes Farma SA FAE ★★★^Q 21 Sep 2020 02:00 UTC

Last Close
21 Sep 2020
3.54

Fair Value^Q
21 Sep 2020 02:00 UTC
3.97

Market Cap
21 Sep 2020
993.9 Mil

Sector
Healthcare

Industry
Drug Manufacturers -
Specialty & Generic

Country of Domicile
ESP Spain

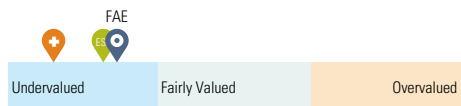
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Company Profile

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	93	91
Valuation	Undervalued	27	29	54
Quantitative Uncertainty	High	94	94	92
Financial Health	Strong	97	94	89



Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	0.89	1.07	0.82	0.87
Price/Earnings	13.4	21.2	26.5	15.0
Forward P/E	—	—	11.3	12.5
Price/Cash Flow	12.5	17.7	18.4	8.8
Price/Free Cash Flow	17.1	23.8	27.3	15.2
Trailing Dividend Yield %	4.75	4.21	1.50	3.93
Price/Book	2.2	2.8	3.4	1.9
Price/Sales	2.6	3.2	4.2	1.4

Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	17.4	14.3	12.4	12.9
Return on Assets %	14.3	11.7	6.2	3.3
Revenue/Employee (K)	254.0	265.7	309.2	240.3

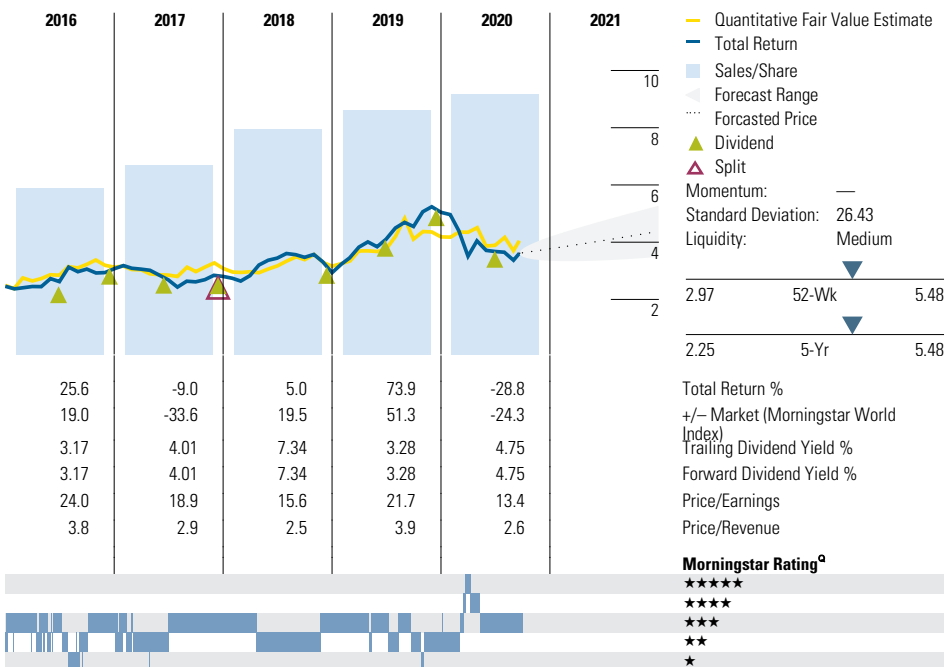
Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	0.8	0.8	0.6	0.7
Solvency Score	150.9	—	494.6	556.5
Assets/Equity	1.2	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 %	10.2	16.1	13.3	6.2
Operating Income %	20.7	16.1	15.7	11.5
Earnings %	20.0	17.3	17.8	7.9
Dividends %	39.0	15.5	11.5	6.2
Book Value %	11.4	10.0	8.9	5.3
Stock Total Return %	-21.3	11.5	11.8	2.9

Price vs. Quantitative Fair Value

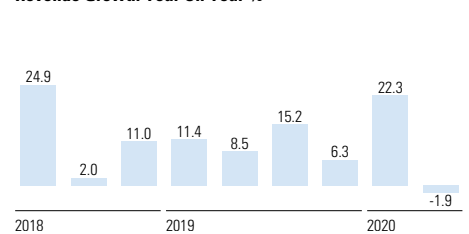


	2015	2016	2017	2018	2019	TTM	Financials (Fiscal Year in K)
Revenue	204,724	228,635	274,576	324,312	357,398	376,429	Revenue
% Change	6.8	11.7	20.1	18.1	10.2	5.3	% Change
Operating Income	41,702	48,234	50,733	62,559	75,468	90,636	Operating Income
% Change	14.7	15.7	5.2	23.3	20.6	20.1	% Change
Net Income	30,361	36,591	42,221	51,592	63,962	72,942	Net Income
Operating Cash Flow	40,912	49,625	41,727	59,336	67,585	77,654	Operating Cash Flow
Capital Spending	-10,146	-11,981	-16,648	-12,667	-21,404	-20,879	Capital Spending
Free Cash Flow	30,766	37,644	25,079	46,669	46,181	56,775	Free Cash Flow
% Sales	15.0	16.5	9.1	14.4	12.9	15.1	% Sales
EPS	0.12	0.15	0.16	0.19	0.23	0.26	EPS
% Change	21.6	16.9	13.1	18.3	20.6	12.8	% Change
Free Cash Flow/Share	0.14	0.12	0.12	0.15	0.22	0.21	Free Cash Flow/Share
Dividends/Share	0.09	0.11	0.12	0.12	0.16	0.17	Dividends/Share
Book Value/Share	0.98	1.07	1.17	1.29	1.43	1.60	Book Value/Share
Shares Outstanding (K)	244,712	251,571	258,053	266,023	273,938	281,171	Shares Outstanding (K)
Return on Equity %	12.6	13.6	14.0	15.2	16.6	17.4	Return on Equity %
Return on Assets %	10.9	11.8	11.1	11.3	13.1	14.3	Return on Assets %
Net Margin %	14.8	16.0	15.4	15.9	17.9	19.4	Net Margin %
Asset Turnover	0.73	0.74	0.72	0.71	0.73	0.74	Asset Turnover
Financial Leverage	1.1	1.2	1.3	1.3	1.2	1.2	Financial Leverage
Gross Margin %	65.3	66.1	64.9	62.9	63.6	63.9	Gross Margin %
Operating Margin %	20.4	21.1	18.5	19.3	21.1	24.1	Operating Margin %
Long-Term Debt	13	3	43,053	885	379	—	Long-Term Debt
Total Equity	254,327	284,883	320,243	359,883	412,968	448,703	Total Equity
Fixed Asset Turns	7.7	6.6	5.7	5.2	4.7	4.6	Fixed Asset Turns

Quarterly Revenue & EPS

Revenue (Mil)	Mar	Jun	Sep	Dec	Total
2020	113.5	87.8	—	—	—
2019	92.8	89.5	85.6	89.5	357.4
2018	83.3	82.5	74.3	84.2	324.3
2017	59.8	66.0	72.9	75.9	274.6
Earnings Per Share (€)					
2020	0.07	0.09	—	—	—
2019	0.06	0.07	0.06	0.04	0.23
2018	0.05	0.06	0.05	0.04	0.19
2017	0.04	0.05	0.05	0.04	0.16

Revenue Growth Year On Year %



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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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