

Braskem SA Preferred XBRK ★★★^Q 14 Oct 2019 02:00 UTC

Last Close
14 Oct 2019
6.45

Fair Value^Q
14 Oct 2019 02:00 UTC
10.56

Market Cap
14 Oct 2019
5,199.0 Mil

Sector
Basic Materials

Industry
Chemicals

Country of Domicile
BRA Brazil

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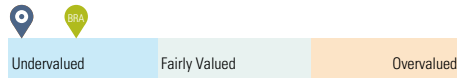
Company Profile

Braskem manufactures and sells chemicals, petrochemicals, fuels, and utilities. The company also generates electricity. The firm's five segments are based on product type or geography. The basic petrochemicals segment, which generates the most revenue of any segment, sells petrochemicals throughout Brazil. The polyolefins segment sells polyethylene and polypropylene. The vinyls segment sells polymer vinyl chloride, caustic soda, and chloride. The USA and Europe Unit includes the production, operations and sale

Quantitative Scores

		Scores		
		All	Rel Sector	Rel Country
Quantitative Moat	Narrow	94	97	92
Valuation	Undervalued	74	65	89
Quantitative Uncertainty	Very High	58	67	59
Financial Health	Moderate	42	23	16

XBRK



Source: Morningstar Equity Research

Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	0.61	1.00	0.78	0.84
Price/Earnings	8.4	15.4	13.3	13.7
Forward P/E	21.4	—	10.4	11.4
Price/Cash Flow	6.3	5.5	8.0	7.3
Price/Free Cash Flow	24.5	85.4	14.7	11.6
Trailing Dividend Yield %	2.87	3.88	2.43	2.55
Price/Book	2.9	4.7	1.4	1.3
Price/Sales	0.4	0.5	1.0	1.1

Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	—	40.6	11.5	12.0
Return on Assets %	—	3.7	5.7	4.8
Revenue/Employee (Mil)	7.5	5.8	0.9	1.0

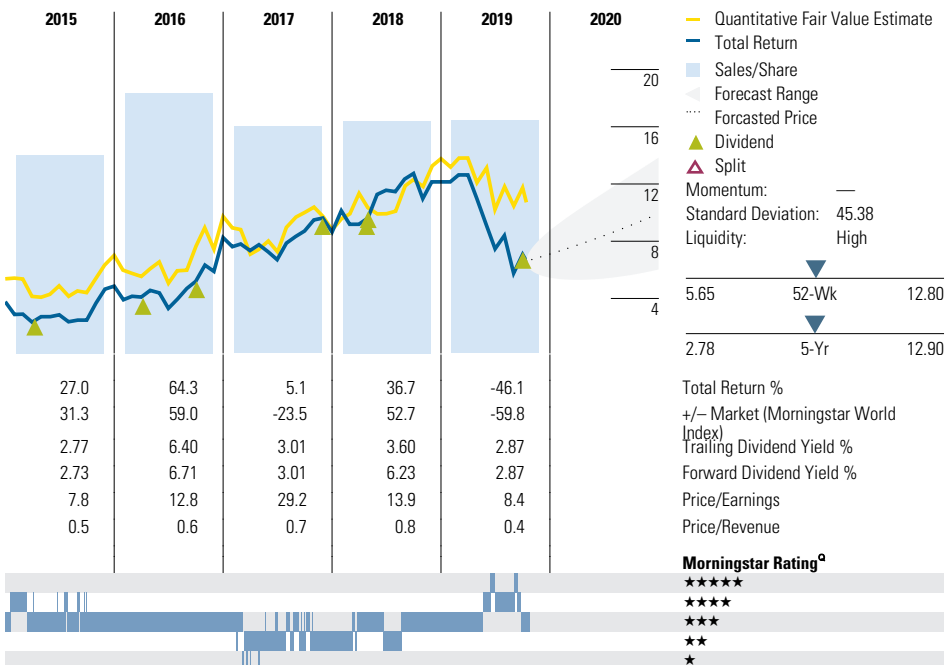
Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	0.4	0.4	0.6	0.6
Solvency Score	—	—	474.7	530.5
Assets/Equity	8.7	14.8	1.4	2.1
Long-Term Debt/Equity	3.9	7.9	0.2	0.3

Growth Per Share

	1-Year	3-Year	5-Year	10-Year
Revenue %	17.7	7.4	7.2	12.4
Operating Income %	-18.7	1.3	24.5	20.9
Earnings %	-25.7	-1.5	47.4	—
Dividends %	50.1	46.0	—	11.3
Book Value %	7.9	60.9	-1.7	1.6
Stock Total Return %	-46.9	6.3	13.5	8.0

Price vs. Quantitative Fair Value

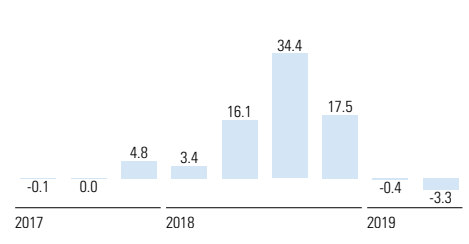


	2015	2016	2017	2018	2019	2020	
Quantitative Fair Value Estimate	27.0	64.3	5.1	36.7	-46.1		
Total Return	31.3	59.0	-23.5	52.7	-59.8		
Sales/Share	2.77	6.40	3.01	3.60	2.87		
Forecast Range	2.73	6.71	3.01	6.23	2.87		
Forecast Price	7.8	12.8	29.2	13.9	8.4		
Dividend	0.5	0.6	0.7	0.8	0.4		
Split							
Momentum:							—
Standard Deviation:							45.38
Liquidity:							High
52-Wk	5.65						12.80
5-Yr	2.78						12.90
Total Return %							
+/- Market (Morningstar World Index)							
Trailing Dividend Yield %							
Forward Dividend Yield %							
Price/Earnings							
Price/Revenue							
Morningstar Rating^Q							
	★★★★★						
	★★★★						
	★★★						
	★★						
	★						
2014	2015	2016	2017	2018	TTM	Financials (Fiscal Year in Mil)	
46,031	47,283	47,664	49,261	58,000	57,500	Revenue	
12.4	2.7	0.8	3.3	17.7	-0.9	% Change	
3,565	7,050	6,173	9,799	7,968	6,480	Operating Income	
30.0	97.7	-12.4	58.7	-18.7	-18.7	% Change	
864	3,140	-411	3,865	2,867	2,757	Net Income	
3,792	8,125	4,746	2,462	9,250	3,669	Operating Cash Flow	
-5,332	-4,077	-2,875	-2,273	-2,706	-2,722	Capital Spending	
-1,540	4,048	1,871	188	6,544	947	Free Cash Flow	
-3.3	8.6	3.9	0.4	11.3	1.6	% Sales	
1.09	3.95	-0.52	4.86	3.60	3.46	EPS	
69.6	263.6	-113.1	—	-25.9	-3.8	% Change	
-0.99	0.89	1.17	0.02	1.99	0.26	Free Cash Flow/Share	
0.61	0.61	2.51	1.26	1.89	0.00	Dividends/Share	
2.89	0.68	1.96	2.45	2.03	2.23	Book Value/Share	
795,834	795,754	795,734	796,968	795,734	796,968	Shares Outstanding (K)	
12.7	77.9	-17.3	85.5	43.8	—	Profitability	
1.8	5.7	-0.7	7.4	5.1	—	Return on Equity %	
1.9	6.6	-0.9	7.9	4.9	4.8	Return on Assets %	
0.94	0.86	0.85	0.94	1.04	—	Net Margin %	
8.2	29.6	18.9	8.4	8.7	7.6	Asset Turnover	
13.0	22.0	26.7	26.6	20.0	15.7	Financial Leverage	
7.8	14.9	13.0	19.9	13.7	11.3	Gross Margin %	
27,261	38,884	22,357	24,219	26,611	27,045	Operating Margin %	
6,039	2,023	2,739	6,300	6,788	8,067	Long-Term Debt	
1.7	1.5	1.5	1.7	1.9	—	Total Equity	
						Fixed Asset Turns	

Quarterly Revenue & EPS

Revenue (Mil)	Mar	Jun	Sep	Dec	Total
2019	12,978.0	13,337.3	—	—	—
2018	13,028.8	13,786.2	16,348.2	14,837.0	57,999.9
2017	12,599.7	11,870.4	12,162.0	12,628.4	49,260.6
2016	12,171.9	11,886.2	12,162.4	12,046.0	47,664.0
Earnings Per Share (€)					
2019	1.29	0.16	—	—	—
2018	1.32	0.69	1.69	-0.10	3.60
2017	2.27	1.37	1.00	0.21	4.86
2016	0.97	0.52	1.03	-3.18	-0.52

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.

Overvalued – Last Price is above Morningstar's quantitative fair value estimate.

This Report **has not been made available** to the issuer of the security prior to publication.

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