

Talgo SA XTG ★★★^Q 14 Jun 2019 02:00 UTC

Last Close
14 Jun 2019
5.55

Fair Value^Q
14 Jun 2019 02:00 UTC
5.35

Market Cap
14 Jun 2019
733.7 Mil

Sector
Industrials

Industry
Railroads

Country of Domicile
ESP Spain

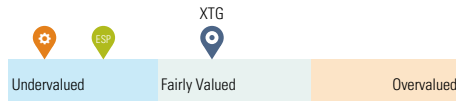
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Company Profile

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 the 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	None	34	36	29
Valuation	Fairly Valued	11	10	21
Quantitative Uncertainty	High	93	93	87
Financial Health	Strong	95	85	84



Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	1.04	0.94	0.80	0.87
Price/Earnings	43.4	—	16.8	15.0
Forward P/E	—	—	13.9	12.5
Price/Cash Flow	5.1	—	11.2	8.8
Price/Free Cash Flow	5.4	—	18.4	15.2
Trailing Dividend Yield %	—	—	2.30	3.93
Price/Book	2.2	—	1.6	1.9
Price/Sales	2.4	—	0.9	1.4

Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	5.5	16.5	11.5	12.9
Return on Assets %	2.0	6.2	4.8	3.3
Revenue/Employee (K)	144.8	219.0	515.1	240.3

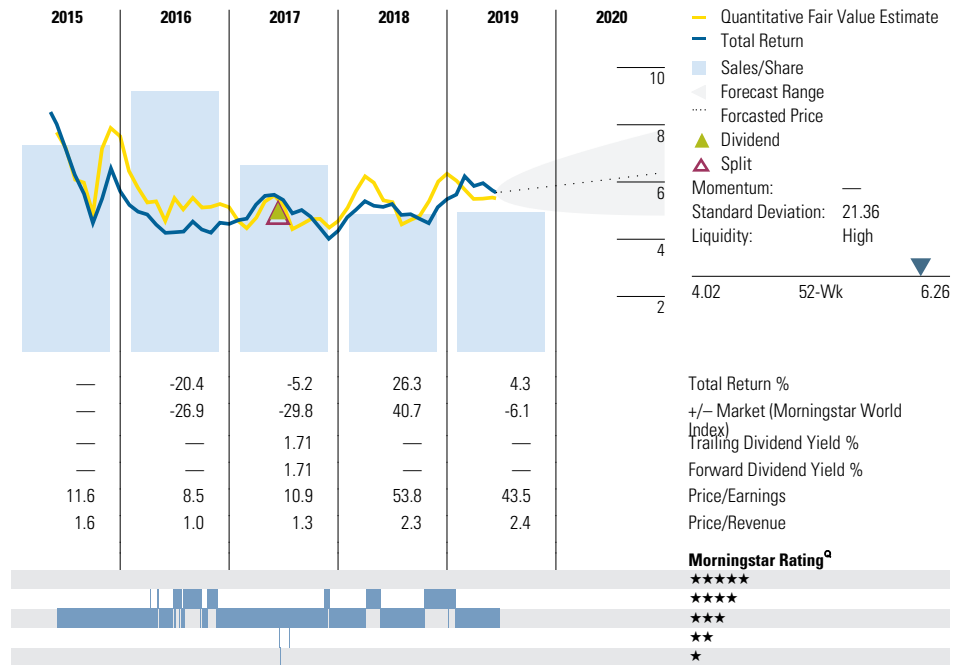
Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	0.8	0.6	0.6	0.7
Solvency Score	597.4	—	484.2	556.5
Assets/Equity	2.8	2.7	1.8	2.7
Long-Term Debt/Equity	0.9	0.7	0.2	0.4

Growth Per Share

	1-Year	3-Year	5-Year	10-Year
Revenue %	-15.6	-14.6	-0.1	—
Operating Income %	-44.3	-25.5	-3.9	—
Earnings %	-48.0	-39.3	-64.4	—
Dividends %	—	—	—	—
Book Value %	5.3	12.7	—	—
Stock Total Return %	9.9	12.7	—	—

Price vs. Quantitative Fair Value

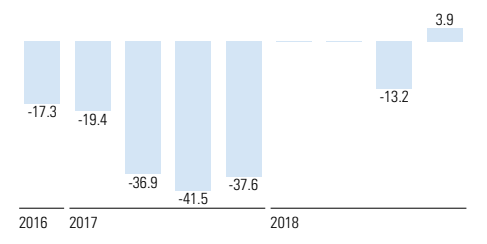


	2014	2015	2016	2017	2018	TTM	Financials (Fiscal Year in K)
Revenue	384,311	520,695	579,770	384,382	324,449	324,449	Revenue
% Change	17.6	35.5	11.3	-33.7	-15.6	0.0	% Change
Operating Income	50,877	80,030	87,632	59,350	33,084	33,084	Operating Income
% Change	26.3	57.3	9.5	-32.3	-44.3	0.0	% Change
Net Income	38,484	59,575	61,854	34,302	17,708	17,708	Net Income
Operating Cash Flow	555	-20,411	-57,794	184,867	151,635	151,635	Operating Cash Flow
Capital Spending	-23,887	-10,269	-9,036	-11,543	-9,574	-9,574	Capital Spending
Free Cash Flow	-23,332	-30,680	-66,830	173,324	142,061	142,061	Free Cash Flow
% Sales	-6.1	-5.9	-11.5	45.1	43.8	43.8	% Sales
EPS	28.12	0.58	0.45	0.25	0.13	0.13	EPS
% Change	24.2	-97.9	-22.4	-44.4	-48.0	0.0	% Change
Free Cash Flow/Share	—	-0.50	-0.30	-0.49	1.07	1.04	Free Cash Flow/Share
Dividends/Share	—	—	—	0.07	0.00	0.00	Dividends/Share
Book Value/Share	—	1.43	1.94	2.15	2.39	2.52	Book Value/Share
Shares Outstanding (K)	1,368	136,833	136,833	136,563	135,772	130,084	Shares Outstanding (K)
Return on Equity %	17.5	24.8	23.6	11.3	5.5	5.5	Profitability Return on Equity %
Return on Assets %	6.8	9.4	8.6	4.3	2.0	2.0	Return on Assets %
Net Margin %	10.0	11.4	10.7	8.9	5.5	5.5	Net Margin %
Asset Turnover	0.68	0.82	0.81	0.48	0.37	0.37	Asset Turnover
Financial Leverage	2.4	2.9	2.6	2.7	2.8	2.8	Financial Leverage
Gross Margin %	25.4	27.9	24.0	30.2	33.8	33.8	Gross Margin %
Operating Margin %	13.2	15.4	15.1	15.4	10.2	10.2	Operating Margin %
Long-Term Debt	73,209	148,003	227,264	270,326	284,087	284,087	Long-Term Debt
Total Equity	249,613	230,997	293,783	313,535	328,115	328,115	Total Equity
Fixed Asset Turns	5.7	7.5	8.7	5.9	5.1	5.1	Fixed Asset Turns

Quarterly Revenue & EPS

Revenue (Mil)	Mar	Jun	Sep	Dec	Total
2018	—	—	73.8	87.6	324.4
2017	121.0	94.1	85.0	84.4	384.4
2016	150.1	149.2	145.2	135.3	579.8
2015	86.5	127.5	143.1	163.6	520.7
Earnings Per Share (€)					
2018	—	—	0.04	0.02	0.13
2017	0.11	0.08	0.07	-0.01	0.25
2016	0.13	0.12	0.06	0.13	0.45
2015	6.22	0.11	0.20	0.06	0.58

Revenue Growth Year On Year %



Quantitative Equity Reports Overview

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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.

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