

Bolsas y Mercados Espanoles BME ★★★^Q 19 Apr 2019 02:00 UTC

Last Close
18 Apr 2019
25.22

Fair Value^Q
19 Apr 2019 02:00 UTC
23.46

Market Cap
18 Apr 2019
2,093.6 Mil

Sector
Financial Services

Industry
Financial Exchanges

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

Bolsas y Mercados Espanoles is a financial market and securities exchange operator based in Spain but with global exposure. Most investors on the Bolsa are non-Spanish as more than three quarters of trading is due to nonresident buyers or sellers. The company is organized into six business units, including equities, fixed income, derivatives, clearing, settlement, and market data and value-added services. Like most exchanges, the company relies heavily on technology in carrying out its business model and also provides central

Quantitative Scores

		Scores		
		All	Rel Sector	Rel Country
Quantitative Moat	Narrow	99	100	99
Valuation	Overvalued	7	10	14
Quantitative Uncertainty	High	96	98	87
Financial Health	Strong	100	97	98



Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	1.07	0.97	0.87	0.87
Price/Earnings	15.5	16.2	12.7	15.0
Forward P/E	—	—	10.5	12.5
Price/Cash Flow	16.1	16.9	9.5	8.8
Price/Free Cash Flow	16.5	17.3	10.9	15.2
Trailing Dividend Yield %	7.06	8.58	3.64	3.93
Price/Book	5.2	5.8	1.1	1.9
Price/Sales	6.9	7.9	2.9	1.4

Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	32.9	37.5	10.1	12.9
Return on Assets %	0.7	0.6	1.4	3.3
Revenue/Employee (K)	399.2	440.1	762.0	240.3

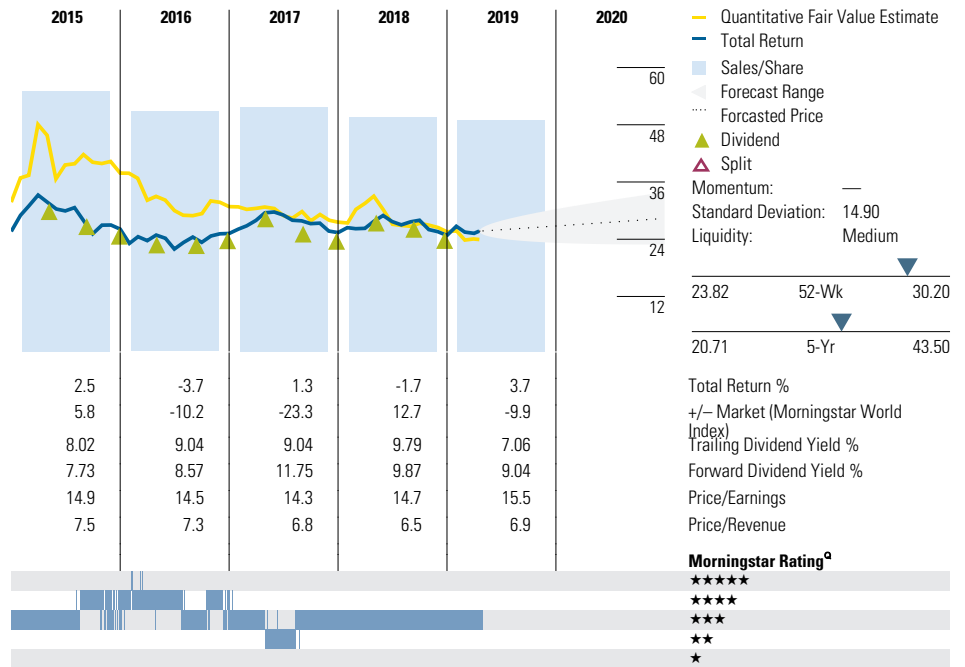
Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	1.0	0.9	0.8	0.7
Solvency Score	305.2	—	503.7	556.5
Assets/Equity	36.1	59.3	3.7	2.7
Long-Term Debt/Equity	—	—	0.3	0.4

Growth Per Share

	1-Year	3-Year	5-Year	10-Year
Revenue %	-4.2	-2.9	0.3	-1.3
Operating Income %	-11.8	-9.3	-2.5	-2.9
Earnings %	-10.9	-7.6	-1.0	-3.3
Dividends %	-1.1	-2.0	-0.6	-1.0
Book Value %	-7.1	-2.5	0.4	-1.5
Stock Total Return %	-4.5	0.8	2.8	8.2

Price vs. Quantitative Fair Value

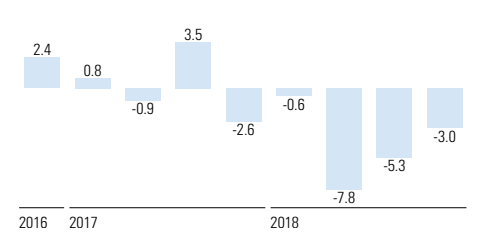


	2014	2015	2016	2017	2018	TTM	Financials (Fiscal Year in K)
Revenue	332,901	335,358	320,428	320,777	307,359	307,359	Revenue
% Change	10.1	0.7	-4.5	0.1	-4.2	0.0	% Change
Operating Income	232,994	239,025	208,520	202,163	178,360	178,360	Operating Income
% Change	15.4	2.6	-12.8	-3.0	-11.8	0.0	% Change
Net Income	164,924	173,463	160,260	153,319	136,288	136,288	Net Income
Operating Cash Flow	155,954	185,496	130,481	152,451	130,644	130,644	Operating Cash Flow
Capital Spending	-4,013	-4,423	-4,302	-4,413	-3,083	-3,083	Capital Spending
Free Cash Flow	151,941	181,073	126,179	148,038	127,561	127,561	Free Cash Flow
% Sales	45.6	54.0	39.4	46.1	41.5	41.5	% Sales
EPS	1.97	2.08	1.91	1.83	1.63	1.63	EPS
% Change	15.2	5.6	-8.2	-4.2	-10.9	0.0	% Change
Free Cash Flow/Share	1.78	1.96	1.74	1.77	1.54	1.53	Free Cash Flow/Share
Dividends/Share	1.65	1.89	1.93	1.80	1.78	1.78	Dividends/Share
Book Value/Share	5.13	5.32	5.24	5.32	5.24	4.81	Book Value/Share
Shares Outstanding (K)	83,352	83,420	83,091	83,126	83,012	83,012	Shares Outstanding (K)
Return on Equity %	40.7	40.7	37.4	35.9	32.9	32.9	Return on Equity %
Return on Assets %	0.5	0.5	0.6	0.7	0.7	0.7	Return on Assets %
Net Margin %	49.5	51.7	50.0	47.8	44.3	44.3	Net Margin %
Asset Turnover	0.01	0.01	0.01	0.01	0.02	0.02	Asset Turnover
Financial Leverage	81.0	72.2	54.5	52.7	36.1	36.1	Financial Leverage
Gross Margin %	101.1	101.7	98.6	97.6	96.7	96.7	Gross Margin %
Operating Margin %	70.0	71.3	65.1	63.0	58.0	58.0	Operating Margin %
Long-Term Debt	—	—	—	—	—	—	Long-Term Debt
Total Equity	418,932	433,082	423,792	430,147	399,210	399,210	Total Equity
Fixed Asset Turns	7.6	7.8	7.6	7.5	7.2	7.2	Fixed Asset Turns

Quarterly Revenue & EPS

Revenue (Mil)	Mar	Jun	Sep	Dec	Total
2018	80.6	76.5	72.7	77.6	307.4
2017	81.1	82.9	76.8	80.0	320.8
2016	80.5	83.7	74.2	82.1	320.4
2015	89.5	86.0	79.7	80.2	335.4
Earnings Per Share (€)					
2018	0.46	0.40	0.36	0.42	1.63
2017	0.47	0.49	0.43	0.44	1.83
2016	0.51	0.52	0.42	0.47	1.91
2015	0.56	0.53	0.49	0.49	2.08

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.

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