

Obrascon Huarte Lain SA OHL ★★★^Q 20 Jul 2018 02:00 UTC

Last Close
20 Jul 2018
2.65

Fair Value^Q
20 Jul 2018 02:00 UTC
2.77

Market Cap
20 Jul 2018
724.5 Mil

Sector
Industrials

Industry
Engineering & Construction **ESP** Spain

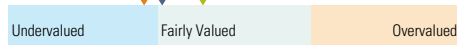
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Company Profile

Obrascon Huarte Lain SA constructs civil engineering works and buildings for public and private clients. It has concession arrangements from various government authorities to promote, develop, and operate transportation infrastructures. The concessions include toll roads, railways, airports, and other networks. In addition, the company provides maintenance and support services to various developments and facilities. Obrascon Huarte Lain has five operating divisions: concessions, construction (majority of total

Quantitative Scores

		Scores		
		All	Rel Sector	Rel Country
Quantitative Moat	None	13	13	10
Valuation	Fairly Valued	42	37	80
Quantitative Uncertainty	Very High	51	51	36
Financial Health	Weak	15	6	4



Source: Morningstar Equity Research

Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	0.96	0.90	0.93	1.02
Price/Earnings	—	80.8	18.5	16.1
Forward P/E	5.4	—	16.0	14.4
Price/Cash Flow	—	26.7	12.0	10.5
Price/Free Cash Flow	—	—	19.6	15.9
Trailing Dividend Yield %	—	—	2.14	3.59
Price/Book	0.4	0.8	1.7	2.2
Price/Sales	0.2	0.5	1.0	1.5

Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	-7.6	-0.2	11.3	10.1
Return on Assets %	-1.3	-0.1	4.7	2.9
Revenue/Employee (K)	146.3	151.9	506.5	248.8

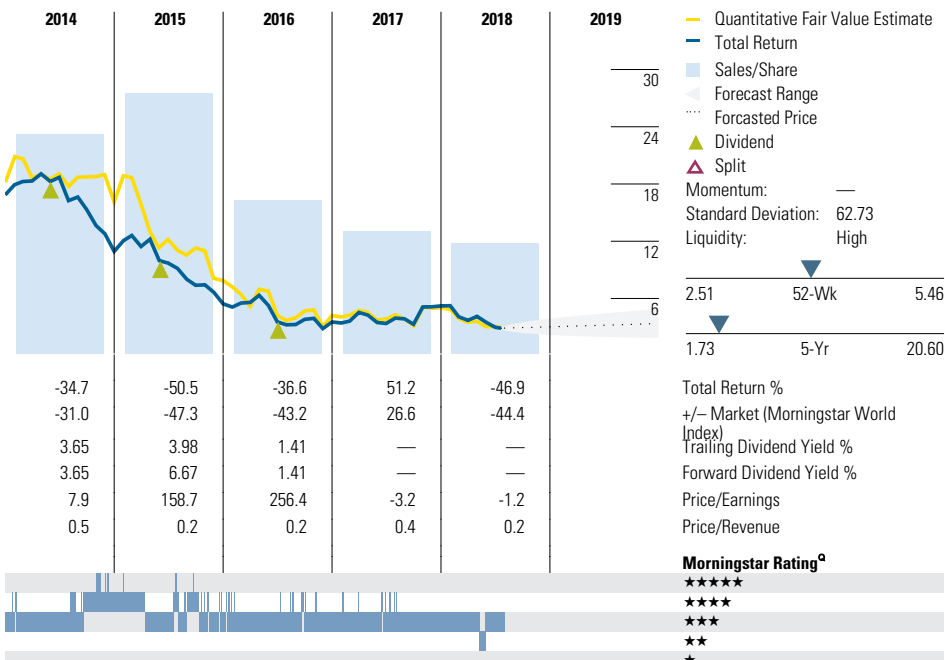
Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	0.2	0.3	0.6	0.6
Solvency Score	831.1	—	487.0	575.7
Assets/Equity	5.6	5.7	1.8	2.7
Long-Term Debt/Equity	0.4	1.7	0.2	0.4

Growth Per Share

	1-Year	3-Year	5-Year	10-Year
Revenue %	-3.8	-4.0	-4.4	-1.6
Operating Income %	—	—	—	—
Earnings %	—	—	—	—
Dividends %	—	—	—	—
Book Value %	-11.0	-15.9	-10.0	14.7
Stock Total Return %	-25.2	-37.7	-27.9	-8.1

Price vs. Quantitative Fair Value

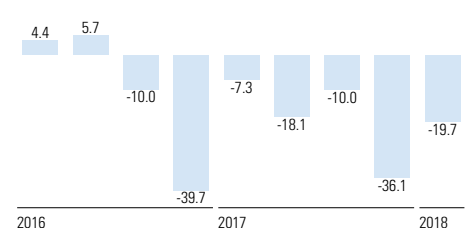


	2013	2014	2015	2016	2017	TTM	Financials (Fiscal Year in Mil)
Revenue	3,684	3,731	4,369	3,863	3,216	3,155	Revenue
% Change	-8.6	1.3	17.1	-11.6	-16.7	-1.9	% Change
Operating Income	1,031	654	685	22	-133	-168	Operating Income
% Change	56.2	-36.6	4.7	-96.8	-705.0	—	% Change
Net Income	270	23	56	-432	-12	-165	Net Income
Operating Cash Flow	29	-8	283	-240	-158	-195	Operating Cash Flow
Capital Spending	-460	-284	-296	-133	-96	—	Capital Spending
Free Cash Flow	-430	-292	-12	-373	-255	-291	Free Cash Flow
% Sales	-11.7	-7.8	-0.3	-9.7	-7.9	-9.2	% Sales
EPS	1.63	0.14	0.42	-1.47	-0.04	-0.58	EPS
% Change	-6.18	-2.42	-0.01	-1.03	-0.18	-1.02	% Change
Free Cash Flow/Share	0.39	0.40	0.21	0.05	0.00	0.00	Free Cash Flow/Share
Dividends/Share	12.88	14.14	6.90	9.92	8.13	5.92	Dividends/Share
Book Value/Share	166,612	166,622	298,502	286,797	286,227	273,924	Book Value/Share
Shares Outstanding (K)	12.3	1.1	2.2	-15.8	-0.5	-7.6	Shares Outstanding (K)
Return on Equity %	2.1	0.2	0.4	-3.1	-0.1	-1.3	Return on Equity %
Return on Assets %	7.3	0.6	1.3	-11.2	-0.4	-5.2	Return on Assets %
Net Margin %	0.28	0.27	0.30	0.27	0.26	0.25	Net Margin %
Asset Turnover	6.1	6.7	5.0	5.3	5.6	7.3	Asset Turnover
Financial Leverage	46.5	45.2	41.6	28.9	34.1	—	Financial Leverage
Gross Margin %	28.0	17.5	15.7	0.6	-4.1	-5.3	Gross Margin %
Operating Margin %	5,716	5,256	4,723	3,777	894	895	Operating Margin %
Long-Term Debt	2,258	2,121	3,047	2,440	2,167	1,694	Long-Term Debt
Total Equity	6.6	6.5	7.1	8.7	13.7	13.7	Total Equity
Fixed Asset Turns	—	—	—	—	—	—	Fixed Asset Turns

Quarterly Revenue & EPS

Revenue (Mil)	Mar	Jun	Sep	Dec	Total
2018	712.5	—	—	—	—
2017	886.8	916.8	936.4	476.4	3,216.4
2016	956.7	1,119.3	1,040.9	745.7	3,862.6
2015	916.6	1,059.0	1,156.6	1,236.7	4,368.9
Earnings Per Share (€)					
2018	-0.51	—	—	—	—
2017	0.03	-0.14	0.06	0.01	-0.04
2016	0.08	-0.07	0.00	-1.48	-1.47
2015	0.29	0.02	0.10	0.00	0.42

Revenue Growth Year On Year %



Quantitative Equity Reports Overview

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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*

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

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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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