

Pharma Mar SA PHM ★★★^Q 18 Nov 2019 02:00 UTC

Last Close
18 Nov 2019
1.81

Fair Value^Q
18 Nov 2019 02:00 UTC
1.78

Market Cap
18 Nov 2019
400.0 Mil

Sector
Healthcare

Industry
Biotechnology

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

Pharma Mar SA is engaged in the research, development, production, and commercialization of bio-active principles of marine origin for application in oncology. It also produces and market insecticides and air fresheners for household use, household products, wood treatment and decoration products, paints, and similar products. Its operating business segments are Oncology, Diagnostics, Consumer chemicals, and RNAi. The company obtains its revenues from two main areas: biopharmaceuticals and consumer chemicals, but the

Quantitative Scores

	Scores	All Rel Sector Rel Country		
		All	Rel Sector	Rel Country
Quantitative Moat	None	6	3	5
Valuation	Fairly Valued	13	14	18
Quantitative Uncertainty	Very High	69	75	58
Financial Health	Moderate	46	24	12



Source: Morningstar Equity Research

Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	1.02	0.95	0.82	0.87
Price/Earnings	—	107.8	26.5	15.0
Forward P/E	—	—	11.3	12.5
Price/Cash Flow	—	83.3	18.4	8.8
Price/Free Cash Flow	—	142.9	27.3	15.2
Trailing Dividend Yield %	—	—	1.50	3.93
Price/Book	—	11.0	3.4	1.9
Price/Sales	2.9	3.7	4.2	1.4

Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	-233.9	-19.2	12.4	12.9
Return on Assets %	-21.9	-3.5	6.2	3.3
Revenue/Employee (K)	226.8	256.0	309.2	240.3

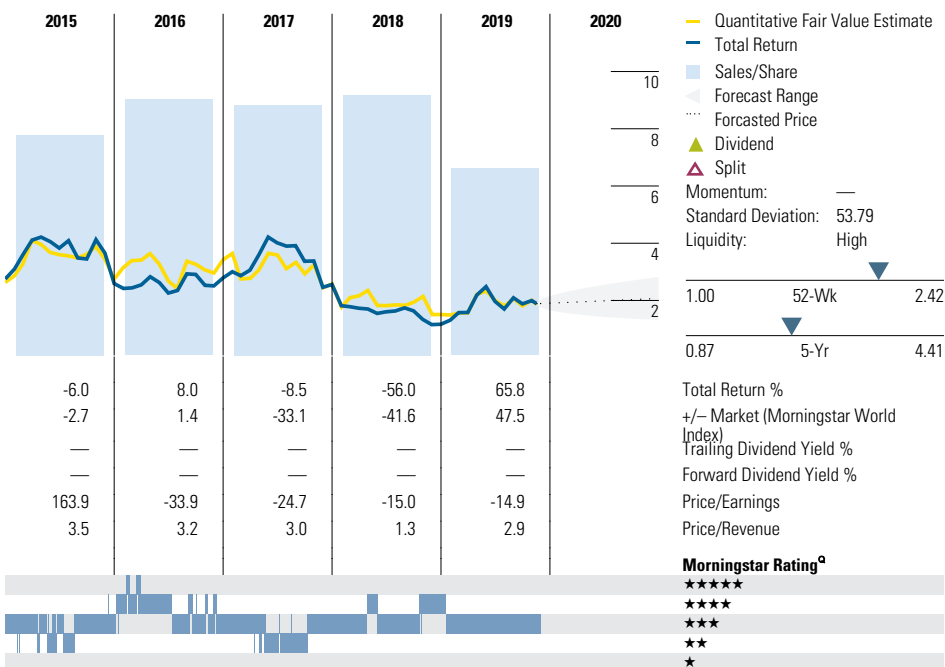
Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	0.4	0.5	0.6	0.7
Solvency Score	959.8	—	494.6	556.5
Assets/Equity	7.4	4.9	1.4	2.7
Long-Term Debt/Equity	3.0	1.7	0.1	0.4

Growth Per Share

	1-Year	3-Year	5-Year	10-Year
Revenue %	2.1	-5.6	2.9	4.4
Operating Income %	—	—	—	—
Earnings %	—	—	—	—
Dividends %	—	—	—	—
Book Value %	-20.4	-34.7	-16.8	-8.0
Stock Total Return %	73.9	-9.5	-6.8	-8.0

Price vs. Quantitative Fair Value

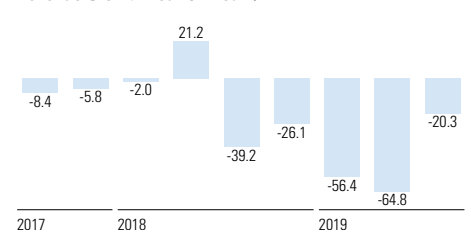


	2014	2015	2016	2017	2018	TTM	Financials (Fiscal Year in K)
Revenue	148,686	192,814	180,943	179,337	162,163	135,851	Revenue
% Change	5.8	29.7	-6.2	-0.9	-9.6	-16.2	% Change
Operating Income	20,237	11,329	-18,706	-17,681	-14,149	-25,698	Operating Income
% Change	6.8	-44.0	-265.1	—	—	—	% Change
Net Income	13,115	6,588	-24,082	-26,745	-5,535	-31,390	Net Income
Operating Cash Flow	22,109	11,101	-8,414	-1,459	-16,340	-23,110	Operating Cash Flow
Capital Spending	-10,179	-9,221	-6,093	-4,665	-2,375	-1,158	Capital Spending
Free Cash Flow	11,930	1,880	-14,507	-6,124	-18,715	-24,268	Free Cash Flow
% Sales	8.0	1.0	-8.0	-3.4	-11.5	-17.9	% Sales
EPS	0.06	0.03	-0.11	-0.12	-0.03	-0.14	EPS
% Change	0.10	-0.04	-0.02	0.00	-0.10	-0.11	% Change
Free Cash Flow/Share	—	—	—	—	—	—	Free Cash Flow/Share
Dividends/Share	0.32	0.36	0.27	0.18	0.15	—	Dividends/Share
Book Value/Share	219,229	221,309	220,995	221,276	221,233	221,353	Book Value/Share
Shares Outstanding (K)	—	—	—	—	—	—	Shares Outstanding (K)
Return on Equity %	22.4	9.4	-37.3	-67.5	-23.0	-233.9	Return on Equity %
Return on Assets %	6.7	3.2	-11.1	-13.1	-3.2	-21.9	Return on Assets %
Net Margin %	8.8	3.4	-13.3	-14.9	-3.4	-23.1	Net Margin %
Asset Turnover	0.76	0.93	0.84	0.88	0.94	0.95	Asset Turnover
Financial Leverage	3.2	2.8	4.2	7.0	7.4	—	Financial Leverage
Gross Margin %	76.6	76.3	75.7	74.5	77.9	73.2	Gross Margin %
Operating Margin %	13.6	5.9	-10.3	-9.9	-8.7	-18.9	Operating Margin %
Long-Term Debt	47,003	64,973	67,583	73,607	64,922	56,897	Long-Term Debt
Total Equity	63,882	76,874	52,358	26,866	21,373	-5,296	Total Equity
Fixed Asset Turns	5.2	6.4	5.9	5.8	5.6	5.1	Fixed Asset Turns

Quarterly Revenue & EPS

Revenue (Mil)	Mar	Jun	Sep	Dec	Total
2019	19.4	22.0	21.1	—	—
2018	44.6	62.4	26.4	28.8	162.2
2017	45.5	51.5	43.5	38.9	179.3
2016	42.2	50.0	47.5	41.3	180.9
Earnings Per Share (€)					
2019	-0.05	-0.05	-0.03	—	—
2018	-0.01	0.02	0.01	-0.05	-0.03
2017	-0.01	-0.02	-0.03	-0.06	-0.12
2016	-0.03	-0.03	-0.02	-0.03	-0.11

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*

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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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