

# Zardoya Otis SA ZOT ★★★<sup>Q</sup> 20 Nov 2019 02:00 UTC

**Last Close**  
20 Nov 2019  
7.04

**Fair Value<sup>Q</sup>**  
20 Nov 2019 02:00 UTC  
6.15

**Market Cap**  
20 Nov 2019  
3,307.0 Mil

**Sector**  
Industrials

**Industry**  
Specialty Industrial Machinery

**Country of Domicile**  
ESP Spain

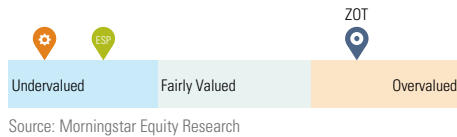
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## Company Profile

Zardoya Otis SA and its subsidiaries are in the business of manufacturing and installing elevators and provision of related maintenance services and export of equipment for installation. The company has manufacturing plants in Madrid and San Sebastian and modernization centers in Munguia and Vigo. Its significant contracts include Louvre museum, Stavros niarchos foundation and Auchan supermarkets. The company mainly operates in Spain, Portugal and Morocco.

## Quantitative Scores

		Scores		
		All	Rel Sector	Rel Country
Quantitative Moat	Wide	100	100	100
Valuation	Overvalued	3	3	5
Quantitative Uncertainty	High	83	80	72
Financial Health	Strong	97	90	88



## Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	1.14	1.05	0.80	0.87
Price/Earnings	23.0	27.6	16.8	15.0
Forward P/E	—	—	13.9	12.5
Price/Cash Flow	20.6	24.2	11.2	8.8
Price/Free Cash Flow	21.7	25.2	18.4	15.2
Trailing Dividend Yield %	4.55	3.69	2.30	3.93
Price/Book	8.7	10.9	1.6	1.9
Price/Sales	4.1	5.6	0.9	1.4

## Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	—	35.9	11.5	12.9
Return on Assets %	—	21.2	4.8	3.3
Revenue/Employee (K)	148.0	145.0	515.1	240.3

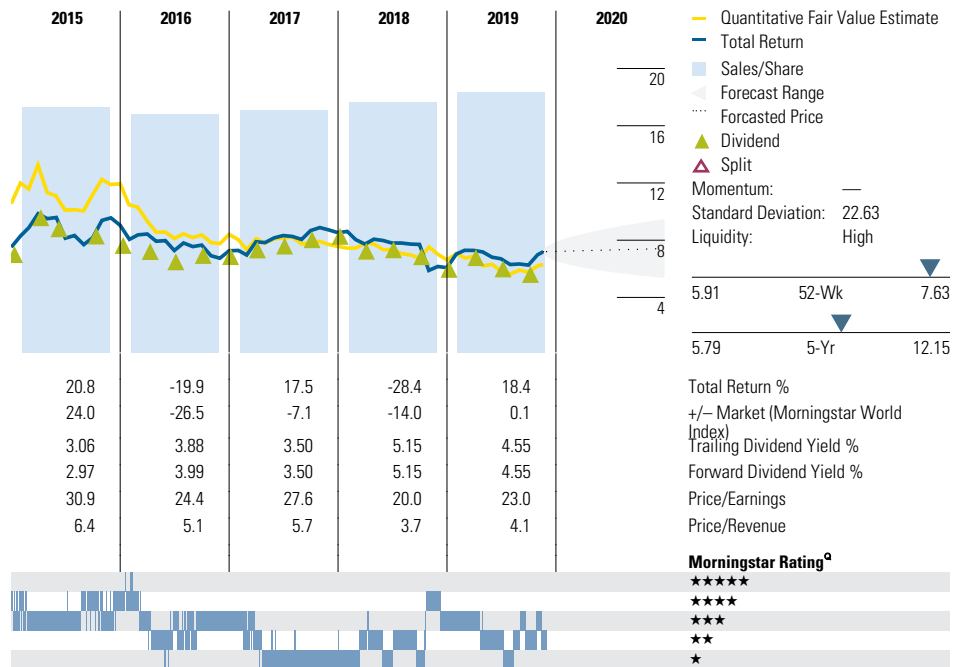
## Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	0.8	0.8	0.6	0.7
Solvency Score	—	—	484.2	556.5
Assets/Equity	1.7	1.7	1.8	2.7
Long-Term Debt/Equity	—	—	0.2	0.4

## Growth Per Share

	1-Year	3-Year	5-Year	10-Year
Revenue %	0.8	2.3	0.7	-1.8
Operating Income %	-6.1	-3.6	-4.1	-4.0
Earnings %	-3.1	-3.0	-2.6	-6.3
Dividends %	0.3	0.1	2.8	-6.0
Book Value %	-1.4	0.3	-0.1	2.9
Stock Total Return %	21.2	2.1	-0.3	-0.6

## Price vs. Quantitative Fair Value

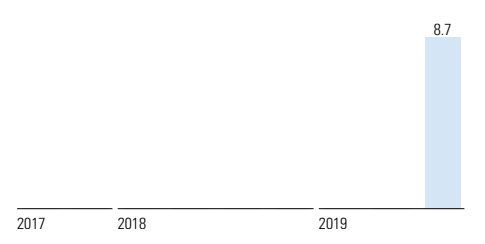


	2014	2015	2016	2017	2018	TTM	Financials (Fiscal Year in K)
Revenue	738,954	732,228	746,041	778,282	784,434	811,034	Revenue
% Change	-2.7	-0.9	1.9	4.3	0.8	3.4	% Change
Operating Income	221,767	208,719	203,527	198,795	186,753	184,453	Operating Income
% Change	-6.2	-5.9	-2.5	-2.3	-6.1	-1.2	% Change
Net Income	154,031	148,745	152,626	152,744	145,731	143,631	Net Income
Operating Cash Flow	199,474	163,757	163,320	163,871	161,902	160,330	Operating Cash Flow
Capital Spending	-7,406	-5,395	-9,853	-4,086	-10,168	-8,176	Capital Spending
Free Cash Flow	192,068	158,362	153,467	159,785	151,734	152,154	Free Cash Flow
% Sales	26.0	21.6	20.6	20.5	19.3	18.8	% Sales
EPS	0.35	0.33	0.33	0.32	0.31	0.31	EPS
% Change	-1.5	-5.6	0.5	-3.0	-3.1	-1.4	% Change
Free Cash Flow/Share	0.40	0.41	0.32	0.35	0.31	0.32	Free Cash Flow/Share
Dividends/Share	0.25	0.32	0.31	0.32	0.32	0.32	Dividends/Share
Book Value/Share	0.83	0.80	0.81	0.82	0.82	0.81	Book Value/Share
Shares Outstanding (K)	450,278	468,289	470,464	470,464	470,464	470,078	Shares Outstanding (K)
Return on Equity %	38.2	35.8	36.3	35.8	34.2	—	Profitability
Return on Assets %	21.6	21.0	21.6	21.5	20.3	—	Return on Assets %
Net Margin %	20.8	20.3	20.5	19.6	18.6	17.7	Net Margin %
Asset Turnover	1.04	1.03	1.05	1.09	1.09	—	Asset Turnover
Financial Leverage	1.7	1.7	1.7	1.7	1.7	1.9	Financial Leverage
Gross Margin %	73.5	71.6	69.4	66.9	66.3	65.4	Gross Margin %
Operating Margin %	30.0	28.5	27.3	25.5	23.8	22.7	Operating Margin %
Long-Term Debt	4,900	0	—	—	—	—	Long-Term Debt
Total Equity	412,104	418,089	423,567	429,566	423,709	378,753	Total Equity
Fixed Asset Turns	11.2	11.7	12.3	12.9	12.8	—	Fixed Asset Turns

## Quarterly Revenue & EPS

Revenue (Mil)	Feb	May	Aug	Nov	Total
2019	—	—	203.1	—	—
2018	—	—	186.9	213.0	784.4
2017	—	382.2	—	396.1	778.3
2016	—	372.2	—	373.9	746.0
Earnings Per Share (€)					
2019	—	—	0.08	—	—
2018	—	—	0.08	0.08	0.31
2017	—	0.16	—	0.16	0.32
2016	—	0.16	—	0.17	0.33

## 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.

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**Fairly Valued – Last Price** is in line with Morningstar's quantitative fair value estimate.

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