

Codere SA CDR ★★★^Q 16 Nov 2017 02:00 UTC

Last Close
16 Nov 2017
0.35

Fair Value^Q
16 Nov 2017 02:00 UTC
8.13

Market Cap
16 Nov 2017
885.4 Mil

Sector
Consumer Cyclical

Industry
Gambling

Country of Domicile
ESP Spain

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Company Profile

Codere SA is a Spain-based gaming company. The company is mainly engaged in business activities in the private gaming industry, consisting primarily of the operation of amusement and slot machines, sports betting, bingo halls, casinos and racetracks.

Quantitative Scores

		Scores		
		All	Rel Sector	Rel Country
Quantitative Moat	None	8	8	9
Valuation	Undervalued	77	73	84
Quantitative Uncertainty	Very High	24	19	12
Financial Health	Moderate	21	11	7



Undervalued Fairly Valued Overvalued

Source: Morningstar Equity Research

Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	0.93	1.19	0.97	1.01
Price/Earnings	—	10.7	19.2	15.8
Forward P/E	—	—	15.1	13.8
Price/Cash Flow	5.9	0.9	11.1	8.9
Price/Free Cash Flow	12.5	2.6	18.5	13.5
Trailing Dividend Yield %	—	—	2.02	3.08
Price/Book	—	5.3	1.9	1.8
Price/Sales	0.6	0.1	1.1	1.5

Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	—	—	11.7	12.5
Return on Assets %	-77.6	-6.6	5.2	3.1
Revenue/Employee (Mil)	0.1	1.8	0.5	0.3

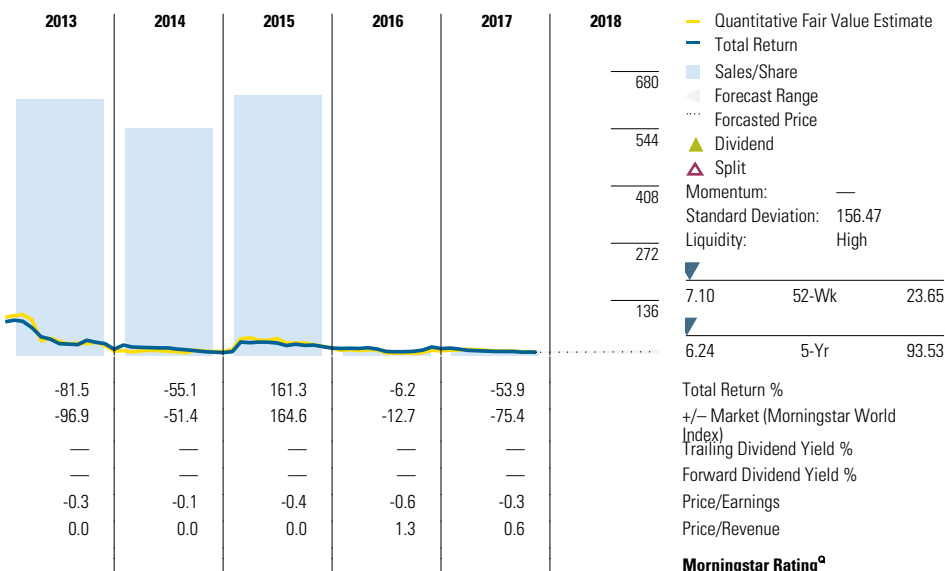
Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	0.3	0.2	0.6	0.6
Solvency Score	—	—	495.3	644.2
Assets/Equity	-2.4	-243.8	1.8	2.8
Long-Term Debt/Equity	-0.2	-146.6	0.2	0.5

Growth Per Share

	1-Year	3-Year	5-Year	10-Year
Revenue %	18.4	-0.6	7.7	13.6
Operating Income %	498.7	25.7	-2.9	10.3
Earnings %	0.0	—	—	—
Dividends %	—	—	—	—
Book Value %	—	28.7	—	—
Stock Total Return %	-39.7	5.3	-37.7	-33.6

Price vs. Quantitative Fair Value

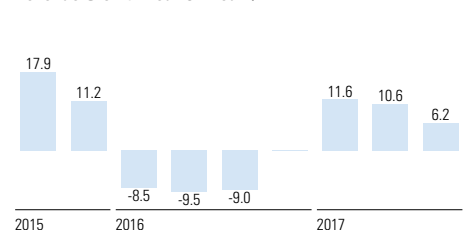


	2011	2012	2013	2014	2015	TTM	Financials (Fiscal Year in Mil)
Revenue	1,374	1,659	1,539	1,377	1,631	1,522	Revenue
% Change	22.3	20.7	-7.2	-10.5	18.4	-6.7	% Change
Operating Income	161	110	-13	21	124	51	Operating Income
% Change	11.8	-31.6	-111.5	—	498.7	-59.2	% Change
Net Income	36	-105	-174	-173	-113	-1,173	Net Income
Operating Cash Flow	232	209	168	93	207	156	Operating Cash Flow
Capital Spending	-106	-236	-121	-84	-67	-83	Capital Spending
Free Cash Flow	127	-27	47	10	140	73	Free Cash Flow
% Sales	9.2	-1.6	3.0	0.7	8.6	4.8	% Sales
EPS	13.97	-41.06	-67.94	-67.94	-54.82	-35.69	EPS
% Change	22.6	-393.8	—	—	—	—	% Change
Free Cash Flow/Share	45.01	-10.50	40.71	12.98	30.18	0.03	Free Cash Flow/Share
Dividends/Share	—	—	—	—	—	—	Dividends/Share
Book Value/Share	38.21	-0.78	-61.49	-153.28	-216.27	-0.01	Book Value/Share
Shares Outstanding (K)	2,560	2,548	2,542	2,547	117,661	117,661	Shares Outstanding (K)
Profitability	47.0	-184.4	—	—	—	—	Profitability
Return on Equity %	3.5	-6.0	-9.6	-10.8	-7.6	-77.6	Return on Equity %
Return on Assets %	3.8	-6.3	-11.3	-12.6	-6.9	-77.1	Return on Assets %
Net Margin %	0.92	0.95	0.85	0.86	1.09	1.01	Net Margin %
Asset Turnover	13.5	—	—	—	—	—	Asset Turnover
Financial Leverage	95.4	96.7	96.6	96.7	97.0	96.8	Financial Leverage
Gross Margin %	11.7	6.6	-0.8	1.5	7.6	3.3	Gross Margin %
Operating Margin %	60	1,167	1,131	146	113	808	Operating Margin %
Long-Term Debt	116	-2	-260	-449	-610	-41	Long-Term Debt
Total Equity	3.1	3.0	2.9	3.4	4.7	4.2	Total Equity
Fixed Asset Turns	—	—	—	—	—	—	Fixed Asset Turns

Quarterly Revenue & EPS

Revenue (Mil)	Mar	Jun	Sep	Dec	Total
2017	405.1	404.9	401.1	—	—
2016	362.9	366.0	377.7	—	—
2015	396.8	404.5	415.1	409.9	1,630.6
2014	329.5	324.1	352.1	368.5	1,377.2
Earnings Per Share (€)					
2017	0.02	-0.03	0.07	—	—
2016	-4.08	-16.34	0.03	—	—
2015	-13.97	-5.16	-9.67	-26.01	-54.82
2014	-10.75	-18.92	-27.73	-14.83	-67.94

Revenue Growth Year On Year %



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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*

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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

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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.

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