

Papeles y Cartones de Europa SA PAC ★★^Q 19 Feb 2019 02:00 UTC

Last Close
19 Feb 2019
16.80

Fair Value^Q
19 Feb 2019 02:00 UTC
15.15

Market Cap
19 Feb 2019
1,564.9 Mil

Sector
Basic Materials

Industry
Paper & Paper Products

Country of Domicile
ESP Spain

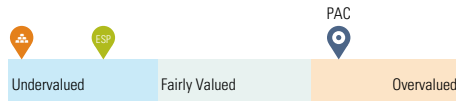
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Company Profile

Europac manufacture and sells paper for packing. In addition to paper, the company manufactures corrugated board for packaging and generates electric power. It has production centers in Spain, Portugal, France and Morocco. Its paper products portfolio ranges from kraft liner paper, white and brown recycled paper, and recycled papers for corrugating. Its segments consist of Paper, Corrugated board and Other segments. The majority of revenue is derived from the manufacturing and sale of kraft liner and recycled paper for

Quantitative Scores

		Scores		
		All	Rel Sector	Rel Country
Quantitative Moat	Narrow	78	84	60
Valuation	Overvalued	3	2	4
Quantitative Uncertainty	Medium	100	100	97
Financial Health	Strong	91	89	74



Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	1.11	1.05	0.78	0.87
Price/Earnings	27.3	14.7	13.3	15.0
Forward P/E	—	—	10.4	12.5
Price/Cash Flow	11.8	6.4	8.0	8.8
Price/Free Cash Flow	21.9	13.3	14.7	15.2
Trailing Dividend Yield %	2.49	3.13	2.43	3.93
Price/Book	3.7	1.8	1.4	1.9
Price/Sales	1.9	0.8	1.0	1.4

Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	14.0	11.7	11.5	12.9
Return on Assets %	4.9	3.9	5.7	3.3
Revenue/Employee (K)	355.6	359.8	857.4	240.3

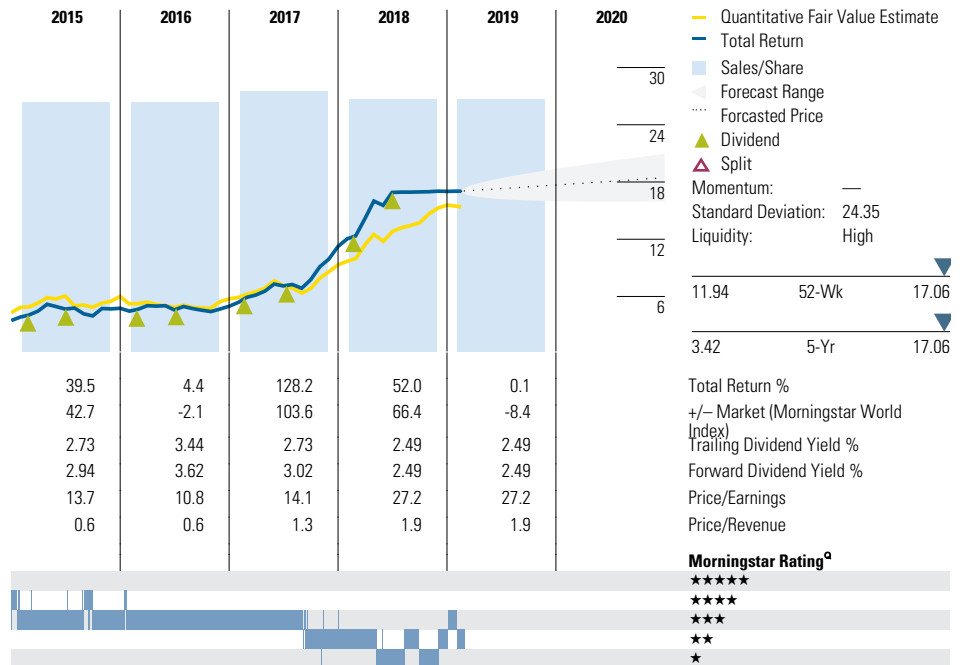
Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	0.8	0.6	0.6	0.7
Solvency Score	513.9	—	474.7	556.5
Assets/Equity	2.6	3.0	1.4	2.7
Long-Term Debt/Equity	0.7	0.9	0.2	0.4

Growth Per Share

	1-Year	3-Year	5-Year	10-Year
Revenue %	8.4	3.9	3.7	8.5
Operating Income %	36.6	33.2	21.9	7.7
Earnings %	55.0	43.8	39.8	6.9
Dividends %	76.3	24.9	11.8	—
Book Value %	11.8	5.5	4.4	—
Stock Total Return %	40.7	56.6	37.2	20.1

Price vs. Quantitative Fair Value

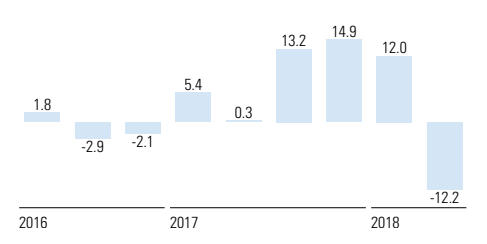


	2013	2014	2015	2016	2017	TTM	Financials (Fiscal Year in K)
Revenue	801,959	775,138	805,660	801,150	868,219	805,713	Revenue
% Change	10.8	-3.3	3.9	-0.6	8.4	-7.2	% Change
Operating Income	54,454	44,995	60,285	77,891	106,407	73,405	Operating Income
% Change	38.0	-17.4	34.0	29.2	36.6	-31.0	% Change
Net Income	27,427	24,781	32,449	48,884	77,963	55,862	Net Income
Operating Cash Flow	95,400	78,549	82,642	121,094	132,668	132,668	Operating Cash Flow
Capital Spending	-23,102	-43,933	-59,325	-53,131	-61,205	-61,205	Capital Spending
Free Cash Flow	72,298	34,616	23,317	67,963	71,463	71,463	Free Cash Flow
% Sales	9.0	4.5	2.9	8.5	8.2	8.9	% Sales
EPS	0.31	0.29	0.36	0.53	0.85	0.62	EPS
% Change	97.1	-9.0	26.2	47.3	59.7	-27.3	% Change
Free Cash Flow/Share	0.39	0.61	0.58	0.31	0.56	0.77	Free Cash Flow/Share
Dividends/Share	0.06	0.16	0.14	0.18	0.31	0.63	Dividends/Share
Book Value/Share	3.68	3.58	3.61	3.83	3.96	4.56	Book Value/Share
Shares Outstanding (K)	90,128	93,143	94,148	93,889	93,148	93,148	Shares Outstanding (K)
Return on Equity %	8.4	7.4	9.4	13.5	20.0	14.0	Profitability
Return on Assets %	2.6	2.3	3.0	4.4	7.1	4.9	Return on Assets %
Net Margin %	3.4	3.2	4.0	6.1	9.0	6.9	Net Margin %
Asset Turnover	0.75	0.72	0.74	0.73	0.79	0.70	Asset Turnover
Financial Leverage	3.2	3.2	3.1	3.0	2.6	2.7	Financial Leverage
Gross Margin %	49.5	48.6	50.0	50.5	51.8	49.1	Gross Margin %
Operating Margin %	6.8	5.8	7.5	9.7	12.3	9.1	Operating Margin %
Long-Term Debt	320,074	329,788	308,105	329,366	301,892	197,052	Long-Term Debt
Total Equity	334,286	337,105	356,450	369,456	411,878	424,626	Total Equity
Fixed Asset Turns	1.2	1.2	1.2	1.2	1.3	1.2	Fixed Asset Turns

Quarterly Revenue & EPS

Revenue (Mil)	Mar	Jun	Sep	Dec	Total
2018	235.4	181.8	—	—	—
2017	210.1	207.0	224.0	227.1	868.2
2016	199.4	206.4	197.8	197.6	801.2
2015	197.4	202.8	203.8	201.8	805.7
Earnings Per Share (€)					
2018	0.27	0.08	—	—	—
2017	0.12	0.23	0.27	0.23	0.85
2016	0.11	0.11	0.12	0.19	0.53
2015	0.05	0.09	0.10	0.13	0.36

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.

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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