

# Mediaset Espana Comunicacion SA TL5 ★★★<sup>Q</sup> 22 Sep 2020 02:00 UTC

**Last Close**  
22 Sep 2020  
3.26

**Fair Value<sup>Q</sup>**  
22 Sep 2020 02:00 UTC  
4.45

**Market Cap**  
22 Sep 2020  
1,020.9 Mil

**Sector**  
Communication Services  
**Industry**  
Broadcasting

**Country of Domicile**  
ESP Spain

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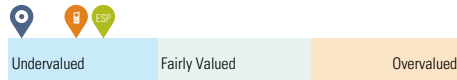
## Company Profile

Mediaset Espana Comunicacion SA is a broadcasting television company. The firm's operations include television networks and media production. Mediaset Espana provides a suite of channels that consist of both free TV as well as pay TV. The company also provides Internet video operations. Mediaset produces a number of television programs that are broadcast on its networks and exported abroad. Mediaset Espana generates the vast majority of its revenue in Spain from both advertising revenue and pay subscriptions.

## Quantitative Scores

|                          |             | Scores |            |             |
|--------------------------|-------------|--------|------------|-------------|
|                          |             | All    | Rel Sector | Rel Country |
| Quantitative Moat        | None        | 34     | 31         | 22          |
| Valuation                | Undervalued | 70     | 61         | 84          |
| Quantitative Uncertainty | Very High   | 65     | 67         | 67          |
| Financial Health         | Moderate    | 80     | 57         | 37          |

TL5



Source: Morningstar Equity Research

## Valuation

|                           | Current | 5-Yr Avg | Sector Median | Country Median |
|---------------------------|---------|----------|---------------|----------------|
| Price/Quant Fair Value    | 0.73    | 0.92     | 0.84          | 0.87           |
| Price/Earnings            | 7.1     | 33.2     | 15.3          | 15.0           |
| Forward P/E               | 6.0     | —        | 14.6          | 12.5           |
| Price/Cash Flow           | 3.6     | 7.9      | 6.0           | 8.8            |
| Price/Free Cash Flow      | 7.5     | 15.6     | 15.6          | 15.2           |
| Trailing Dividend Yield % | —       | 4.98     | 4.22          | 3.93           |
| Price/Book                | 1.0     | 3.2      | 2.0           | 1.9            |
| Price/Sales               | 1.3     | 3.3      | 1.3           | 1.4            |

## Profitability

|                      | Current | 5-Yr Avg | Sector Median | Country Median |
|----------------------|---------|----------|---------------|----------------|
| Return on Equity %   | 17.0    | 19.6     | 13.0          | 12.9           |
| Return on Assets %   | 11.6    | 14.5     | 4.8           | 3.3            |
| Revenue/Employee (K) | 538.5   | 735.3    | 685.3         | 240.3          |

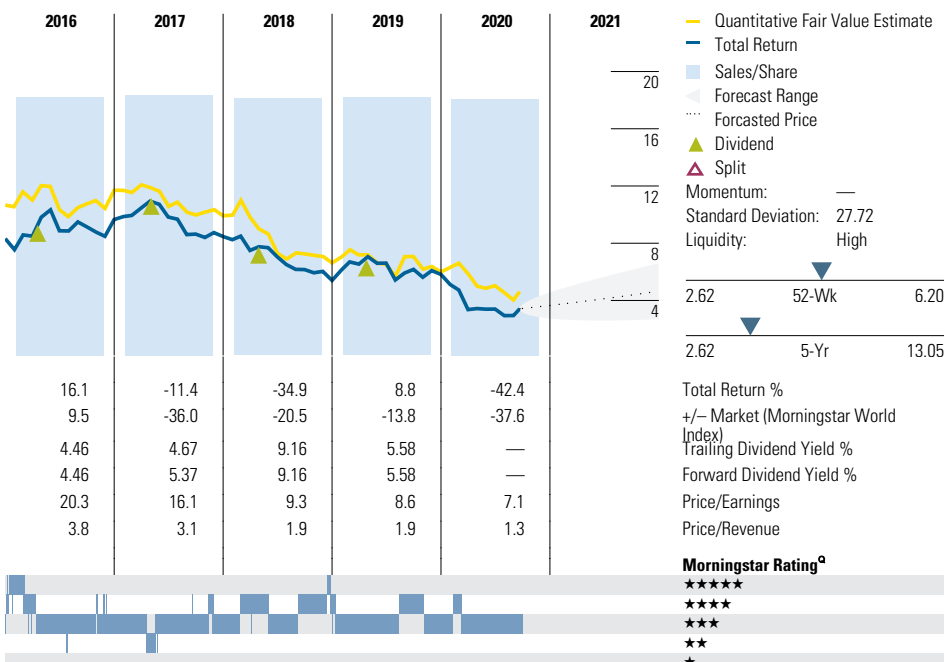
## Financial Health

|                       | Current | 5-Yr Avg | Sector Median | Country Median |
|-----------------------|---------|----------|---------------|----------------|
| Distance to Default   | 0.6     | 0.8      | 0.5           | 0.7            |
| Solvency Score        | 241.6   | —        | 527.0         | 556.5          |
| Assets/Equity         | 1.6     | 1.4      | 1.9           | 2.7            |
| Long-Term Debt/Equity | 0.2     | 0.1      | 0.3           | 0.4            |

## Growth Per Share

|                      | 1-Year | 3-Year | 5-Year | 10-Year |
|----------------------|--------|--------|--------|---------|
| Revenue %            | -3.6   | -1.6   | 0.4    | 4.0     |
| Operating Income %   | 3.1    | 5.7    | 12.9   | 8.0     |
| Earnings %           | 6.6    | 7.7    | 34.1   | 12.5    |
| Dividends %          | -37.3  | -14.1  | —      | -8.7    |
| Book Value %         | 5.4    | 0.2    | -1.9   | 10.2    |
| Stock Total Return % | -47.1  | -23.9  | -12.1  | -3.1    |

## Price vs. Quantitative Fair Value

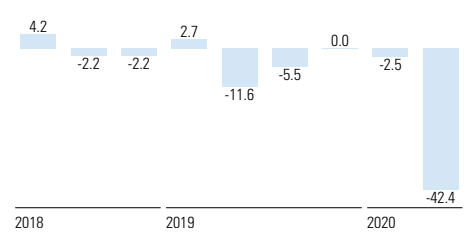


|                        | 2015      | 2016     | 2017     | 2018     | 2019     | TTM      | Financials (Fiscal Year in K) |
|------------------------|-----------|----------|----------|----------|----------|----------|-------------------------------|
| Revenue                | 957,891   | 985,038  | 985,649  | 974,477  | 939,001  | 829,900  | Revenue                       |
| % Change               | 4.2       | 2.8      | 0.1      | -1.1     | -3.6     | -11.6    | % Change                      |
| Operating Income       | 205,184   | 224,434  | 245,340  | 256,892  | 264,894  | 199,567  | Operating Income              |
| % Change               | 41.7      | 9.4      | 9.3      | 4.7      | 3.1      | -24.7    | % Change                      |
| Net Income             | 166,167   | 170,997  | 197,496  | 200,326  | 211,713  | 154,326  | Net Income                    |
| Operating Cash Flow    | 395,246   | 447,564  | 425,841  | 364,721  | 359,478  | 295,587  | Operating Cash Flow           |
| Capital Spending       | -187,092  | -203,019 | -199,937 | -153,751 | -186,577 | -153,430 | Capital Spending              |
| Free Cash Flow         | 208,154   | 244,545  | 225,904  | 210,970  | 172,901  | 142,157  | Free Cash Flow                |
| % Sales                | 21.7      | 24.8     | 22.9     | 21.6     | 18.4     | 17.1     | % Sales                       |
| EPS                    | 0.48      | 0.52     | 0.59     | 0.61     | 0.65     | 0.46     | EPS                           |
| % Change               | 220.0     | 8.3      | 13.5     | 3.4      | 6.6      | -29.2    | % Change                      |
| Free Cash Flow/Share   | 0.53      | 0.68     | 0.77     | 0.65     | 0.63     | 0.52     | Free Cash Flow/Share          |
| Dividends/Share        | 0.10      | 0.50     | 0.44     | 0.50     | 0.32     | 0.00     | Dividends/Share               |
| Book Value/Share       | 3.11      | 2.78     | 2.52     | 2.59     | 2.73     | 2.99     | Book Value/Share              |
| Shares Outstanding (K) | 346,699   | 336,717  | 336,717  | 327,435  | 313,166  | 313,166  | Shares Outstanding (K)        |
| Return on Equity %     | 14.8      | 16.8     | 21.1     | 22.2     | 23.3     | 17.0     | Profitability                 |
| Return on Assets %     | 11.6      | 12.7     | 15.6     | 16.5     | 16.2     | 11.6     | Return on Assets %            |
| Net Margin %           | 17.4      | 17.4     | 20.0     | 20.6     | 22.6     | 18.6     | Net Margin %                  |
| Asset Turnover         | 0.67      | 0.73     | 0.78     | 0.80     | 0.72     | 0.62     | Asset Turnover                |
| Financial Leverage     | 1.3       | 1.3      | 1.4      | 1.3      | 1.6      | 1.6      | Financial Leverage            |
| Gross Margin %         | 75.8      | 75.6     | 76.6     | 74.7     | 78.1     | 77.0     | Gross Margin %                |
| Operating Margin %     | 21.4      | 22.8     | 24.9     | 26.4     | 28.2     | 24.1     | Operating Margin %            |
| Long-Term Debt         | 7,380     | 13,654   | 0        | —        | 180,334  | 254,633  | Long-Term Debt                |
| Total Equity           | 1,061,734 | 975,394  | 900,077  | 904,805  | 912,288  | 981,173  | Total Equity                  |
| Fixed Asset Turns      | 18.6      | 17.6     | 16.7     | 16.5     | 16.6     | 15.4     | Fixed Asset Turns             |

## Quarterly Revenue & EPS

| Revenue (Mil)          | Mar   | Jun   | Sep   | Dec   | Total |
|------------------------|-------|-------|-------|-------|-------|
| 2020                   | 229.8 | 140.2 | —     | —     | —     |
| 2019                   | 235.8 | 243.3 | 178.2 | 278.2 | 939.0 |
| 2018                   | 229.6 | 275.1 | 188.5 | 278.1 | 974.5 |
| 2017                   | 240.4 | 264.0 | 192.8 | 284.3 | 985.6 |
| Earnings Per Share (€) |       |       |       |       |       |
| 2020                   | 0.16  | 0.06  | —     | —     | —     |
| 2019                   | 0.17  | 0.24  | 0.09  | 0.15  | 0.65  |
| 2018                   | 0.16  | 0.22  | 0.07  | 0.16  | 0.61  |
| 2017                   | 0.18  | 0.19  | 0.06  | 0.14  | 0.59  |

## Revenue Growth Year On Year %



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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

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

**Overvalued – Last Price** is above Morningstar's quantitative fair value estimate.

This Report **has not been made available** to the issuer of the security prior to publication.

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