

Laboratorios Farmaceuticos Rovi SA ROVI ★★^Q 22 Sep 2020 02:00 UTC

Last Close
22 Sep 2020
28.90

Fair Value^Q
22 Sep 2020 02:00 UTC
24.67

Market Cap
22 Sep 2020
1,600.9 Mil

Sector
Healthcare

Industry
Biotechnology

Country of Domicile
ESP Spain

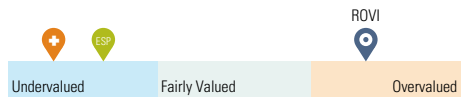
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Company Profile

Laboratorios Farmaceuticos Rovi SA is a biotechnology company engaged in the research, development, manufacturing, and marketing of small molecule and specialty biologic drugs. The company has a diversified portfolio of products that it markets in Spain through its specialized sales force of specialist physicians, hospitals and pharmacies. Laboratories' research and development pipeline is focused on the expansion of applications, indications, and alternative mechanisms of action for heparin-derived products. The

Quantitative Scores

		Scores		
		All	Rel Sector	Rel Country
Quantitative Moat	Narrow	95	95	95
Valuation	Overvalued	3	7	2
Quantitative Uncertainty	High	93	93	92
Financial Health	Strong	94	85	76



Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	1.17	1.12	0.82	0.87
Price/Earnings	30.4	40.1	26.5	15.0
Forward P/E	29.5	—	11.3	12.5
Price/Cash Flow	—	62.2	18.4	8.8
Price/Free Cash Flow	—	119.0	27.3	15.2
Trailing Dividend Yield %	—	0.90	1.50	3.93
Price/Book	4.5	4.1	3.4	1.9
Price/Sales	4.0	2.9	4.2	1.4

Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	16.2	11.4	12.4	12.9
Return on Assets %	10.6	7.3	6.2	3.3
Revenue/Employee (K)	295.1	245.0	309.2	240.3

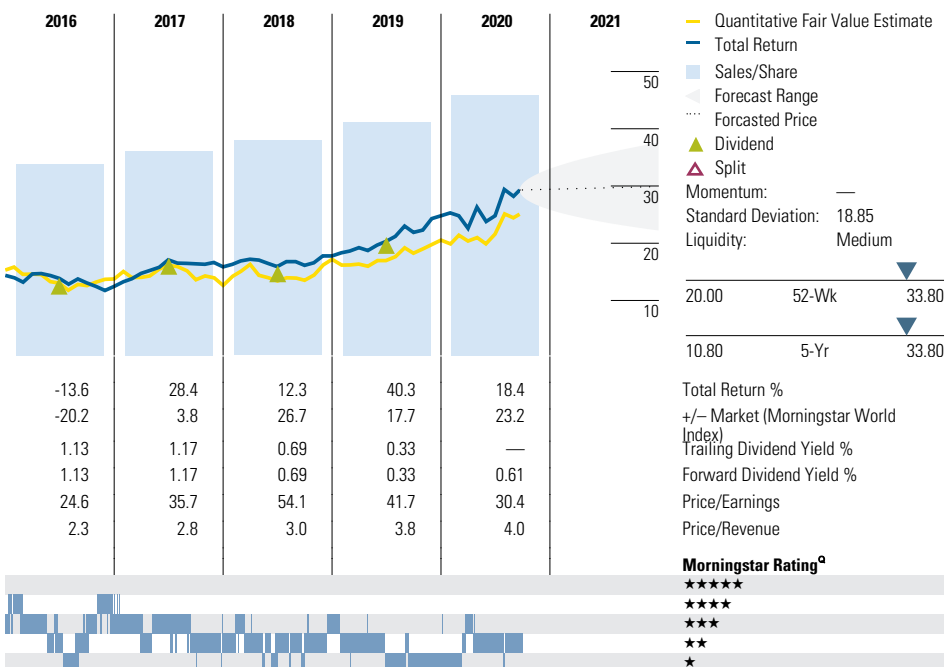
Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	0.7	0.7	0.6	0.7
Solvency Score	226.5	—	494.6	556.5
Assets/Equity	1.6	1.5	1.4	2.7
Long-Term Debt/Equity	0.2	0.1	0.1	0.4

Growth Per Share

	1-Year	3-Year	5-Year	10-Year
Revenue %	25.8	12.9	9.9	10.4
Operating Income %	147.4	15.1	9.3	5.4
Earnings %	102.9	10.2	8.1	5.6
Dividends %	-33.9	-16.9	-13.1	-0.8
Book Value %	12.1	16.1	12.8	12.8
Stock Total Return %	39.6	22.1	17.3	19.5

Price vs. Quantitative Fair Value

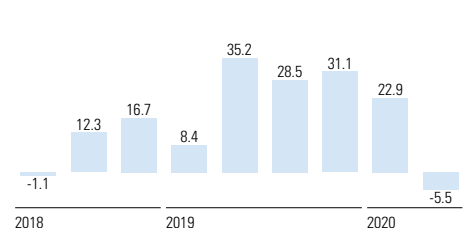


	2015	2016	2017	2018	2019	TTM	Financials (Fiscal Year in K)
Revenue	246,009	265,166	275,649	303,203	381,313	394,906	Revenue
% Change	3.3	7.8	4.0	10.0	25.8	3.6	% Change
Operating Income	21,842	28,300	19,009	17,458	43,184	58,323	Operating Income
% Change	-21.1	29.6	-32.8	-8.2	147.4	35.1	% Change
Net Income	19,809	26,089	17,241	17,895	39,273	52,705	Net Income
Operating Cash Flow	29,392	45,526	18,039	8,531	-9,044	-26,664	Operating Cash Flow
Capital Spending	-19,901	-18,076	-19,944	-26,459	-40,525	-25,767	Capital Spending
Free Cash Flow	9,491	27,450	-1,905	-17,928	-49,569	-52,431	Free Cash Flow
% Sales	3.9	10.4	-0.7	-5.9	-13.0	-13.3	% Sales
EPS	0.40	0.53	0.35	0.35	0.71	0.95	EPS
% Change	-16.7	32.5	-34.0	0.0	102.9	33.8	% Change
Free Cash Flow/Share	-0.07	0.59	0.04	-0.26	-0.70	-0.95	Free Cash Flow/Share
Dividends/Share	0.17	0.14	0.18	0.12	0.08	0.00	Dividends/Share
Book Value/Share	3.29	3.63	3.88	3.63	5.67	6.36	Book Value/Share
Shares Outstanding (K)	49,324	49,282	49,315	55,374	55,382	55,393	Shares Outstanding (K)
Return on Equity %	12.3	15.0	9.2	7.5	12.9	16.2	Profitability
Return on Assets %	7.5	9.5	5.9	5.1	8.6	10.6	Return on Assets %
Net Margin %	8.1	9.8	6.3	5.9	10.3	13.4	Net Margin %
Asset Turnover	0.94	0.96	0.94	0.87	0.83	0.80	Asset Turnover
Financial Leverage	1.6	1.6	1.6	1.4	1.6	1.5	Financial Leverage
Gross Margin %	60.5	57.8	60.8	57.6	56.3	57.0	Gross Margin %
Operating Margin %	8.9	10.7	6.9	5.8	11.3	14.8	Operating Margin %
Long-Term Debt	32,631	20,828	27,029	16,589	54,693	—	Long-Term Debt
Total Equity	164,785	183,406	191,687	287,472	322,386	352,243	Total Equity
Fixed Asset Turns	3.2	3.2	3.2	3.3	3.4	3.1	Fixed Asset Turns

Quarterly Revenue & EPS

Revenue (Mil)	Mar	Jun	Sep	Dec	Total
2020	101.0	90.2	—	—	—
2019	82.2	95.4	93.2	110.5	381.3
2018	75.8	70.5	72.6	84.3	303.2
2017	67.5	71.3	64.7	72.2	275.6
Earnings Per Share (€)					
2020	0.25	0.28	—	—	—
2019	0.12	0.17	0.26	0.16	0.71
2018	0.14	0.01	0.16	0.04	0.35
2017	0.13	0.19	0.03	0.00	0.35

Revenue Growth Year On Year %



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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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