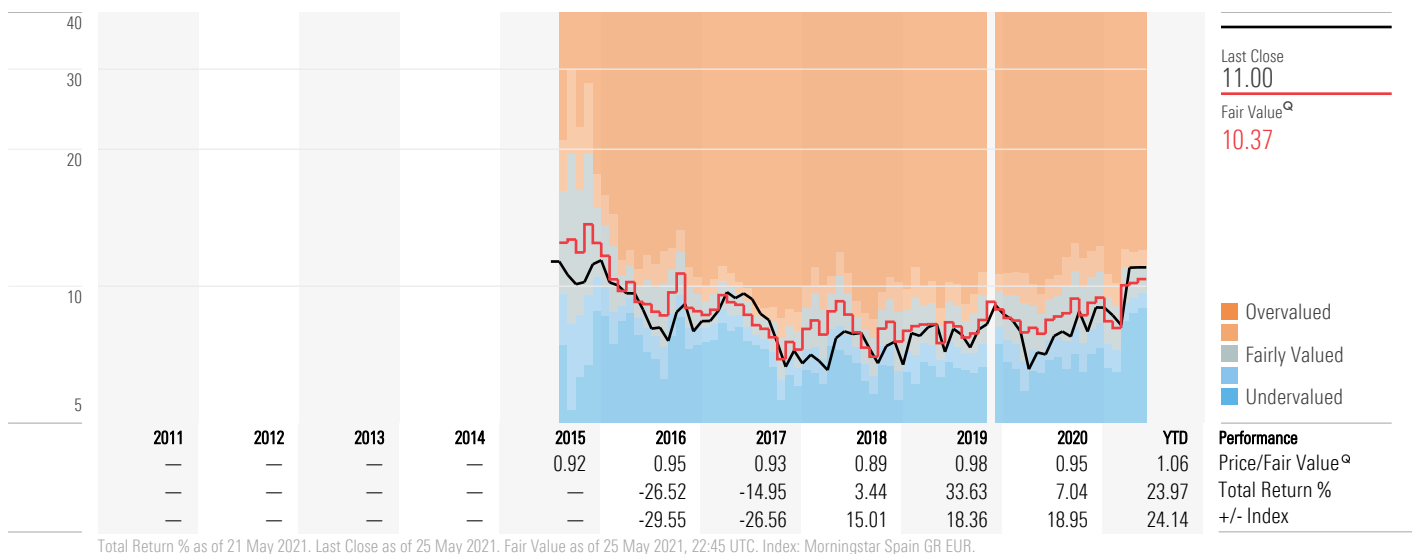


# Euskaltel SA EU4 ★★★

Q 25 May 2021, 22:45 UTC

Economic Moat	Uncertainty	Price/Fair Value	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	Medium	1.1	2.82	1.9705 Bil	Small Growth	Communication Services	Telecom Services



There is no one analyst in which a Quantitative Fair Value Estimate and Quantitative Star Rating are attributed to; however, Mr. Lee Davidson, Head of Quantitative Research for Morningstar, Inc., is responsible for overseeing the methodology that supports the quantitative fair value. As an employee of Morningstar, Inc., Mr. Davidson is guided by Morningstar, Inc.'s Code of Ethics and Personal Securities Trading Policy in carrying out his responsibilities. For information regarding Conflicts of Interests, visit <http://global.morningstar.com/equitydisclosures>

## Valuation as of 25 May 2021



EU4 is Over Valued at a 6% premium.

Last Close  
11.00

Fair Value  
10.37

Uncertainty :  
Medium

Economic Moat

None

Financial Health

Moderate

1-Star Price

> 11.99

5-Star Price

< 8.96

## Financials as of 25 May 2021 (Fiscal Year End 31 Dec 2021)

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD	Fiscal
351	339	329	315	334	561	609	675	668	678	174	Revenue (Mil)
-133	71	75	75	67	131	125	143	136	143	11	Operating Income (Mil)
-38.02	20.95	22.83	23.87	20.02	23.28	20.51	21.22	20.33	21.09	6.2	Operating Margin (%)
-94,477	48,104	50,092	0	7,241	62,145	49,621	62,821	62,018	79,366	-2,100	Net Income (K)
-0.77	7.60	7.92	0.00	0.06	0.41	0.30	0.35	0.35	0.44	-0.01	Diluted Earnings/Share
118	-94	142	126	85	232	218	276	253	277	277	Operating Cash Flow (Mil)
-58	-127	-48	-36	-54	-98	-109	-154	-154	-187	-187	Capital Spending (Mil)
60	-220	94	90	31	134	109	123	99	91	91	Free Cash Flow (Mil)
122.74	6.33	6.33	6.33	128.99	151.68	162.75	178.42	178.49	178.49	178.49	Avg Shares Outstand(Mil)
—	—	—	—	—	—	0.36	—	—	—	0.31	Dividend Per Share

## Valuation as of 25 May 2021

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Current	Calendar
—	—	—	—	0.92	0.95	0.93	0.89	0.98	0.95	1.06	Price/Fair Value
—	—	—	—	4.40	2.74	1.85	1.75	2.31	2.41	2.89	Price/Sales
—	—	—	—	2.59	23.94	19.33	19.52	27.09	21.36	34.24	Price/Earnings
—	—	—	—	10.82	9.71	4.38	5.10	6.03	5.76	7.08	Price/Cash Flow
—	—	—	—	4.05	1.74	1.65	1.24	1.57	1.59	1.95	Price/Book

## Operating Performance as of 25 May 2021 (Fiscal Year End 31 Dec 2021)

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Q3	Fiscal (%)
-8.54	4.4	4.8	4.43	0.0	2.69	1.89	2.17	2.13	2.7	-0.07	Return on Assets
-21.86	10.87	9.53	7.4	0.0	8.61	5.82	6.48	6.34	7.97	-0.21	Return on Equity
-11.32	7.35	7.17	6.56	0.89	4.85	3.63	3.86	4.09	4.59	0.19	Rtn on Invested Capital

## Contact

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<https://www.euskaltel.com>

## Business Description

Euskaltel SA is a telecommunications operator. The services provided by the company include fixed and mobile telecommunication services broadband and wireless Internet, digital television and others. It provides its services to residential customers, self-employed workers, small and medium-sized enterprises (SMEs), large accounts and the wholesale

market.

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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, Quantitative Uncertainty Rating, and momentum. The rating is expressed as One-Star, Two-Star, Three-Star, Four-Star, and Five-Star.
  - ★ – the stock is overvalued with a reasonable margin of safety.  
 $\text{Log (Quant FVE/Price)} < -1 * \text{Quantitative Uncertainty}$   
*Micro-Caps:  $\text{Log (Quant FVE/Price)} < -1.5 * \text{Quantitative Uncertainty}$*
  - ★★ – the stock is somewhat overvalued.  
 $\text{Log (Quant FVE/Price) between } (-1 * \text{Quantitative Uncertainty}, -0.5 * \text{Quantitative Uncertainty})$   
*Micro-Caps:  $\text{Log (Quant FVE/Price) between } (-1.5 * \text{Quantitative Uncertainty}, -0.75 * \text{Quantitative Uncertainty})$*
  - ★★★ – the stock is approximately fairly valued.  
 $\text{Log (Quant FVE/Price) between } (-0.5 * \text{Quantitative Uncertainty}, 0.5 * \text{Quantitative Uncertainty})$   
*Micro-Caps:  $\text{Log (Quant FVE/Price) between } (-0.75 * \text{Quantitative Uncertainty}, 0.75 * \text{Quantitative Uncertainty})$*
  - ★★★★ – the stock is somewhat undervalued.  
 $\text{Log (Quant FVE/Price) between } (0.5 * \text{Quantitative Uncertainty}, 1 * \text{Quantitative Uncertainty})$

## Uncertainty

*Micro-Caps:  $\text{Log (Quant FVE/Price) between } (0.75 * \text{Quantitative Uncertainty}, 1.5 * \text{Quantitative Uncertainty})$*

★★★★ – the stock is undervalued with a reasonable margin of safety.

$\text{Log (Quant FVE/Price)} > 1 * \text{Quantitative Uncertainty}$

*Micro-Caps:  $\text{Log (Quant FVE/Price)} > 1.5 * \text{Quantitative Uncertainty}$*

After the initial calculation for the star rating, there is a final filtering step based on the momentum of the company. We rank the companies based on their 12-1 month momentum, then restrict those below the 30th percentile to a maximum of 3 stars.

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.

**Undervalued – Last Price** is below Morningstar's quantitative fair value estimate.

**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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