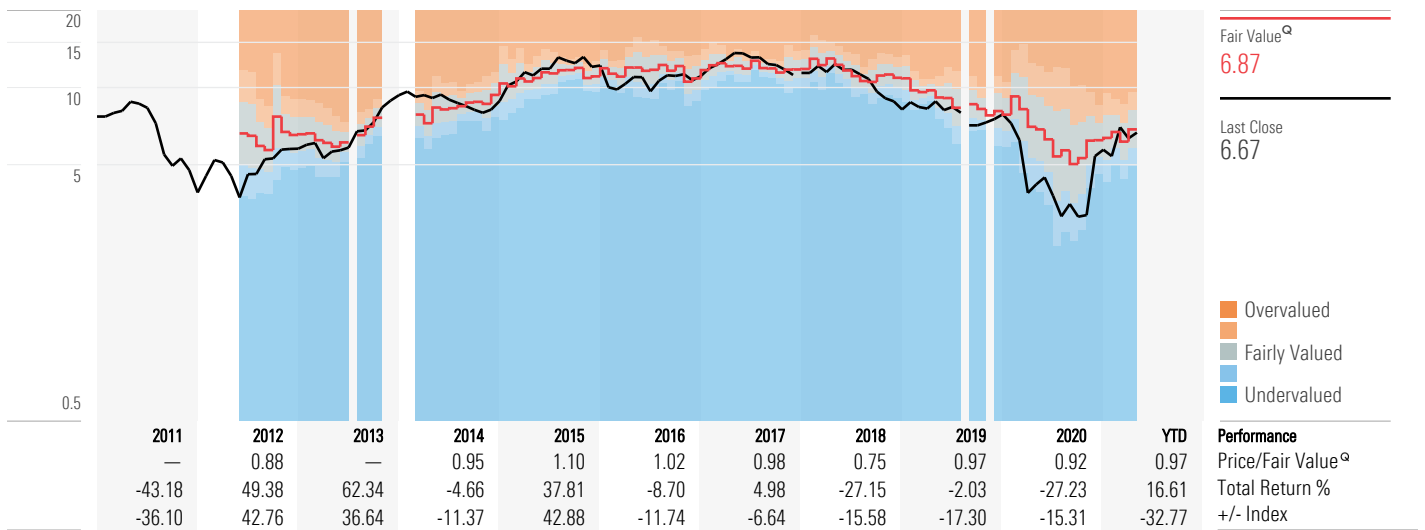


Melia Hotels International SA MEL ★★★ Q 21 Apr 2021, 22:29 UTC

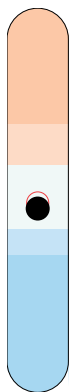
Economic Moat ☐	Uncertainty ☐	Price/Fair Value ☐	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	High	1.0	5.45	1.4093 Bil	Small Value	Consumer Cyclical	Lodging



Total Return % as of 21 Apr 2021. Last Close as of 21 Apr 2021. Fair Value as of 21 Apr 2021, 22:29 UTC. Index: Morningstar Spain GR EUR.

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Valuation^Q as of 21 Apr 2021



Fair Value^Q
6.87
Uncertainty^Q :
High
Last Close
6.67

MEL is trading within a range we consider fairly valued.

Economic Moat ☐
None
Financial Health ☐
Moderate

1-Star Price ☐
> 9.60
5-Star Price ☐
< 4.91

Contact

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Financials as of 21 Apr 2021 (Fiscal Year End 31 Dec 2019)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD	Fiscal	
Revenue (Mil)	1,335	1,330	1,369	1,495	1,738	1,802	1,859	1,820	1,790	—	—	430	Revenue (Mil)
Operating Income (Mil)	165	174	158	151	223	203	218	269	229	—	—	-416	Operating Income (Mil)
Operating Margin (%)	12.34	13.06	11.53	10.07	12.81	11.26	11.7	14.8	12.77	—	—	-96.68	Operating Margin (%)
Net Income (K)	40,134	36,727-73,219	30,406	35,975	100,693	123,923	147,094	112,898	—	—	—	-469,600	Net Income (K)
Diluted Earnings/Share	0.23	0.21	-0.41	0.15	0.18	0.44	0.54	0.65	0.50	—	—	-2.13	Diluted Earnings/Share
Operating Cash Flow (Mil)	142	156	118	188	271	257	259	571	383	—	—	-111	Operating Cash Flow (Mil)
Capital Spending (K)	-134,799	-40,276-35,145	-40,504	-64,206-138,331	-152,887-230,107-107,966	—	—	—	—	—	—	-39,474	Capital Spending (K)
Free Cash Flow (K)	6,946	115,784	83,110	147,604	206,371	118,757	106,530	341,260	275,004	—	—	-150,963	Free Cash Flow (K)
Avg Shares Outstanding (Mil)	174	175	179	199	198	228	228	228	228	—	—	220	Avg Shares Outstanding (Mil)
Dividend Per Share	0.05	0.04	0.04	0.04	0.03	0.04	0.13	0.17	0.18	—	—	—	Dividend Per Share

Valuation as of 21 Apr 2021

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Current	Calendar	
Price/Fair Value ^Q	—	0.88	—	0.95	1.10	1.02	0.98	0.75	0.97	0.92	0.97	1.77	Price/Fair Value ^Q
Price/Sales	0.55	0.72	1.14	1.13	1.45	1.42	1.41	1.00	0.99	1.52	1.77	1.77	Price/Sales
Price/Earnings	45.55	26.25	165.91	33.33	25.71	21.70	13.46	16.38	—	39.83	39.83	39.83	Price/Earnings
Price/Cash Flow	6.28	10.74	13.59	9.76	10.61	10.11	6.27	4.98	16.50	19.24	19.24	19.24	Price/Cash Flow
Price/Book	0.70	0.90	1.50	1.55	1.85	1.76	1.47	1.56	1.69	1.98	1.98	1.98	Price/Book

Business Description

Melia Hotels International SA is a Spanish owner and operator of hotels. The company operates mid-scale, upscale, and premium hotels across several brands, including Sol Hotels & Resorts, Melia Hotels & Resorts, and Gran Melia. Melia may either own or lease the hotels it operates, and hotel operation contributes the majority of company revenue.

Operating Performance as of (Fiscal Year End 31 Dec 2019)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Q3	Fiscal (%)	
Return on Assets	1.19	1.09	-2.14	0.92	1.13	3.1	3.93	4.18	2.74	—	—	-6.64	Return on Assets
Return on Equity	3.84	3.47	-6.66	2.63	2.9	7.23	8.53	9.9	8.76	—	—	-39.12	Return on Equity
Rtn on Invested Capital	3.56	1.38	-2.7	4.07	3.55	4.1	5.2	7.05	5.58	—	—	-8.14	Rtn on Invested Capital

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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, 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.

*Log (Quant FVE/Price) < -1*Quantitative Uncertainty*

*Micro-Caps: Log (Quant FVE/Price) < -1.5*Quantitative Uncertainty*

★★ – the stock is somewhat overvalued.

*Log (Quant FVE/Price) between (-1*Quantitative Uncertainty, -0.5*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (-1.5*Quantitative Uncertainty, -0.75*Quantitative Uncertainty)*

★★★ – the stock is approximately fairly valued.

*Log (Quant FVE/Price) between (-0.5*Quantitative Uncertainty, 0.5*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (-0.75*Quantitative Uncertainty, 0.75*Quantitative Uncertainty)*

★★★★ – the stock is somewhat undervalued.

*Log (Quant FVE/Price) between (0.5*Quantitative Uncertainty, 1*Quantitative*

Uncertainty)

*Micro-Caps: Log (Quant FVE/Price) between (0.75*Quantitative Uncertainty, 1.5*Quantitative Uncertainty)*

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

*Log (Quant FVE/Price) > 1*Quantitative Uncertainty*

*Micro-Caps: Log (Quant FVE/Price) > 1.5*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

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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.

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.

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