

# Creso Pharma Ltd CPH ★★★<sup>Q</sup> 11 Oct 2017 02:00 UTC

**Last Close**  
10 Oct 2017  
0.56

**Fair Value<sup>Q</sup>**  
11 Oct 2017 02:00 UTC  
0.99

**Market Cap**  
10 Oct 2017  
51.2 Mil

**Sector**  
Healthcare

**Industry**  
Biotechnology

**Country of Domicile**  
AUS Australia

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## Company Profile

Creso Pharma Ltd is a medical company. It is engaged in developing, registering and commercializing pharmaceutical-grade cannabis- and hemp-based products and treatments that target the body's endocannabinoid system.

## Quantitative Scores

		Scores		
		All	Rel Sector	Rel Country
Quantitative Moat	None	19	16	31
Valuation	Undervalued	100	99	100
Quantitative Uncertainty Extreme		3	12	4
Financial Health	Moderate	62	45	48

CPH



Undervalued Fairly Valued Overvalued

Source: Morningstar Equity Research

## Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	0.57	—	0.92	0.87
Price/Earnings	—	—	28.3	16.9
Forward P/E	—	—	11.6	13.9
Price/Cash Flow	—	—	18.4	11.4
Price/Free Cash Flow	—	—	25.9	18.0
Trailing Dividend Yield %	—	—	1.37	4.63
Price/Book	4.9	—	3.5	1.7
Price/Sales	2,140.0	—	4.1	2.5

## Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	-141.5	—	12.9	12.3
Return on Assets %	-121.7	—	6.4	6.1
Revenue/Employee (K)	—	—	307.7	427.3

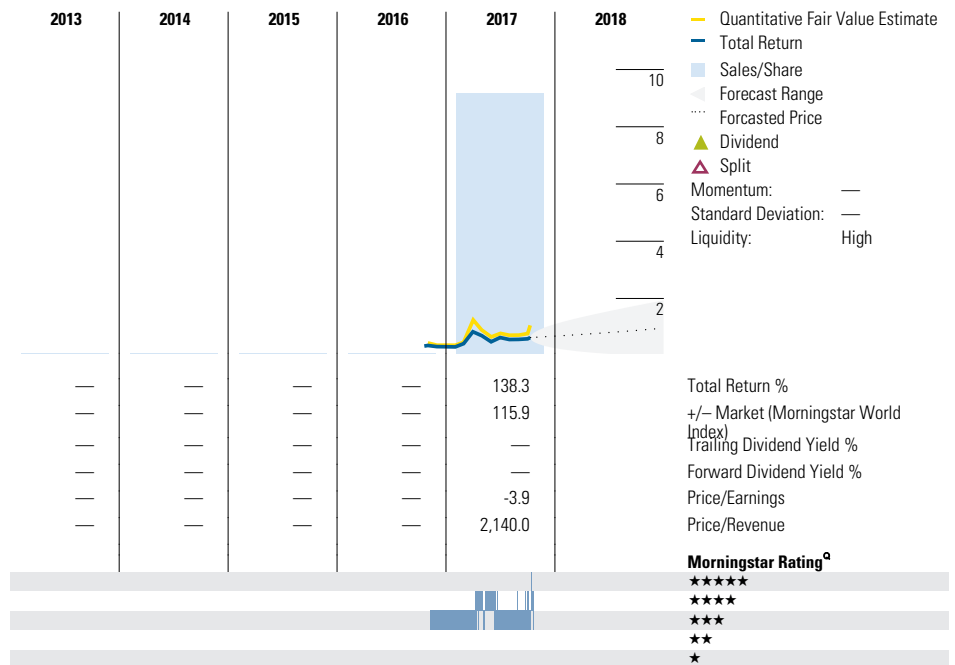
## Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	0.6	—	0.6	0.6
Solvency Score	—	—	519.6	496.7
Assets/Equity	1.2	—	1.4	1.3
Long-Term Debt/Equity	—	—	0.1	0.3

## Growth Per Share

	1-Year	3-Year	5-Year	10-Year
Revenue %	—	—	—	—
Operating Income %	—	—	—	—
Earnings %	—	—	—	—
Dividends %	—	—	—	—
Book Value %	—	—	—	—
Stock Total Return %	—	—	—	—

## Price vs. Quantitative Fair Value



	2012	2013	2014	2015	2016	TTM	Financials (Fiscal Year in K)
Revenue	—	—	—	—	8	8	Revenue
% Change	—	—	—	—	0.0	0.0	% Change
Operating Income	—	—	—	—	-4,554	-4,554	Operating Income
% Change	—	—	—	—	—	—	% Change
Net Income	—	—	—	—	-4,584	-4,584	Net Income
Operating Cash Flow	—	—	—	—	-2,565	-2,565	Operating Cash Flow
Capital Spending	—	—	—	—	-5	-5	Capital Spending
Free Cash Flow	—	—	—	—	-2,571	-2,571	Free Cash Flow
% Sales	—	—	—	—	-32,044.7	-32,044.7	% Sales
EPS	—	—	—	—	-0.14	-0.14	EPS
% Change	—	—	—	—	—	—	% Change
Free Cash Flow/Share	—	—	—	—	-0.08	-0.08	Free Cash Flow/Share
Dividends/Share	—	—	—	—	—	—	Dividends/Share
Book Value/Share	—	—	—	—	—	0.11	Book Value/Share
Shares Outstanding (K)	—	—	—	—	57,725	91,446	Shares Outstanding (K)
Profitability	—	—	—	—	-141.5	-141.5	Profitability
Return on Equity %	—	—	—	—	-121.7	-121.7	Return on Equity %
Return on Assets %	—	—	—	—	-57,145.8	-57,145.8	Return on Assets %
Net Margin %	—	—	—	—	0.00	0.00	Net Margin %
Asset Turnover	—	—	—	—	1.2	—	Asset Turnover
Financial Leverage	—	—	—	—	-309.2	-309.2	Financial Leverage
Gross Margin %	—	—	—	—	-56,768.7	-56,768.7	Gross Margin %
Operating Margin %	—	—	—	—	—	—	Operating Margin %
Long-Term Debt	—	—	—	—	3,240	—	Long-Term Debt
Total Equity	—	—	—	—	0.5	0.5	Total Equity
Fixed Asset Turns	—	—	—	—	—	—	Fixed Asset Turns

## Semi-Annual Revenue & EPS

Revenue (I)	Mar	Jun	Sep	Dec	Total
2017	—	4,903.0	—	—	—
2016	—	—	—	—	8,022.0
2015	—	—	—	—	—
2014	—	—	—	—	—
Earnings Per Share (I)					
2017	—	-0.05	—	—	—
2016	—	—	—	—	-0.14
2015	—	—	—	—	—
2014	—	—	—	—	—

## Revenue Growth Year On Year %

	2013	2014	2015	2016	2017
Revenue Growth	—	—	—	—	—

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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*

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**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.

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**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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**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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