

Flash Note 27/11/2018

Alex Fusté
@AlexFusteAlex
alex.fuste@andbank.com

Spanish Ibox - An excessive punishment?

Profits benefits have maintained positive growth during the last two years. And we are projecting continued growth in benefits for 2019 (although at a moderate pace of 2.2%).

This leaves us with a clear message: The correction seen during 2018 has been entirely motivated by a severe contraction of multiples (see figure 2).

If the correction had been accompanied by contraction of benefits, the Ibox would be trading at the same but with a multiple PE of 17x, and I would be the first to run and sell all my positions.

What we have today is the same level of (low) price) but with a multiple PE of 12 times; and that offers (in my humble opinion) a relevant safety cushion.

