Global Dominion Access SA DOM ★★★★ Q 4 Aug 2023, 22:41 UTC

Economic Moat a, History of as of 4 Aug 2023

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<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
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<td>0.7</td>
<td>0.8</td>
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<td>2019</td>
<td>0.6</td>
<td>0.7</td>
<td>0.8</td>
<td>0.9</td>
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<tr>
<td>2020</td>
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<td>1.1</td>
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<td>2021</td>
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<td>1.0</td>
<td>1.1</td>
<td>1.2</td>
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Business Description
Global Dominion Access SA provides multi-technical services and engineering solutions. The company provides its services and solutions to telecom, banking, education, and the healthcare industry. Its business activity is functionalized through two segments namely Multi-technological Services, and Solutions and Specialized Engineering segments. The group derives the majority of revenue from Multi-technological Services which is engaged in design, implementation, and maintenance of fixed and mobile telecommunications networks manages sales and distribution processes for telecommunications carriers, maintenance, repair and renovation services for industrial and energy firms.

Valuation as of 4 Aug 2023
Morningstar maintains a 4-star quantitative star rating for Global Dominion Access, derived from the firm’s valuation and uncertainty scores. The company’s shares last closed at €3.69, below our fair value estimate of €4.27. These shares have traded between a 30.97% and 11.48% discount to their fair value estimate over the past year. In Morningstar’s equity coverage universe for this methodology, the company’s valuation rating lands at the 74th percentile; in the technology sector, the firm’s score lies at the 70th percentile (meaning the shares are more undervalued than 70% of stocks in the sector).

Economic Moat as of 4 Aug 2023
Quantitatively, we do not believe Global Dominion Access has an economic moat. Its moat score of 0.21 corresponds to the 24th percentile in the technology sector. Furthermore, this rating has not changed over the past year, while the company’s moat score fell from its maximum of 0.61 in this period (score of 1 indicates greatest economic moat).

The company also maintains a quantitative financial health rating of Moderate. Its score sits at the 68th percentile in both the universe and sector. Examining the company’s financials and market statistics, we find these ratings are principally driven by its book value yield and enterprise value-to-market value ratio. The book value yield is 55.13%, sitting at the 67th percentile in the technology sector. The company’s enterprise value-to-market value ratio is 1.16, corresponding to the 60th percentile in the equity coverage universe and the 67th percentile in the sector.

Fundamentals as of 4 Aug 2023
Global Dominion Access maintains earnings per share of 0.25. The company further earns a return on invested capital of 7.8%. The shares offer a dividend yield of 2.58%. These values are calculated over a trailing 12-month period. As of last market close, Global Dominion Access
Earnings as of 3 Aug 2023

Dividend Yield*  2.6 63.0
Payout Ratio*  33.1 47.0
Price to Earnings  12.4 20.0
Price to Cash Flow  5.9 10.0
ROIC**  7.8 62.0

Valuation as of 4 Aug 2023

Fair Value**  4.21
Uncertainty**: High
Last Close  3.69

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has a price-to-earnings ratio of 12.4, falling below the 20th percentile in its sector (where a lower percentile means a lower ratio) and ranging between 12.04 and 15.78 over the past year. The company’s price-to-free cash flow ratio is 5.94, falling at the 10th percentile in its sector and ranging between 5.94 and 11.64 over the past year.

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Financials as of 4 Aug 2023 (Fiscal Year End 31 Dec 2023)

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Operating Performance as of 4 Aug 2023 (Fiscal Year End 31 Dec 2023)

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Dividends as of 4 Aug 2023

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   - 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.
     \[ \log(\text{Quant FVE/Price}) < -1.0 \times \text{Quantitative Uncertainty} \]
   - Micro-Caps: \( \log(\text{Quant FVE/Price}) < -1.5 \times \text{Quantitative Uncertainty} \)
   - ★★ – the stock is somewhat undervalued.
     \[ \log(\text{Quant FVE/Price}) < -1.5 \times \text{Quantitative Uncertainty} \]
   - Micro-Caps: \( \log(\text{Quant FVE/Price}) < -2.0 \times \text{Quantitative Uncertainty} \)
   - ★★★ – the stock is approximately fairly valued.
     \[ \log(\text{Quant FVE/Price}) < -0.75 \times \text{Quantitative Uncertainty} \]
   - Micro-Caps: \( \log(\text{Quant FVE/Price}) < -1.5 \times \text{Quantitative Uncertainty} \)

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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%

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   - 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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   - Undervalued – Last Price is below Morningstar’s quantitative fair value estimate.
   - Farily Valued – Last Price is in line with Morningstar’s quantitative fair value estimate.

iii. 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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Based on their quantitative scores, companies are grouped into one of five Risk
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The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

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