Linea Directa Aseguradora SA LDA ★★★  Q 4 Aug 2023, 22:42 UTC

Economic Moat

<table>
<thead>
<tr>
<th>Narrow</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.9</td>
<td>0.5</td>
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Uncertainty

| 30 Jun 2023 |
| 0.89 |

Price/Fair Value

| 0.89 |

Fair Value

| 1.01 |

Business Description

Linea Directa Aseguradora SA is engaged in insurance and reinsurance operations in general insurance. The operating business segments are motor, home, health, other insurance business, and Other activities segments.

Valuation

Morningstar affirms a 3-star quantitative rating for Linea Directa Aseguradora. We calculate this outcome using the company’s underlying model-driven valuation and uncertainty scores. The stock’s last closing price was 0.88, a discount of 10.87% to its Quantitative Fair Value estimate of 0.99. This discount has ranged between 35.23% and 9.76% over the past year. The stock’s price to fair value ratio is at the 79th percentile in our global equity coverage universe for this methodology and at the 81st percentile relative to its peers in the financial services sector.

Linea Directa Aseguradora furthermore holds a High quantitative uncertainty rating.

Fundamentals

Linea Directa Aseguradora reports losses per share of -0.01. The company maintains a dividend yield of 3.23%. These values are calculated over a trailing 12-month period.

As of last market close, the company’s price-to-free cash flow ratio is 27.51, falling at the 83rd percentile in its sector and ranging between 13.21 and 28.03 over the past year.

Contact

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https://www.lineadirectaaseguradora.com

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**Earnings**

- **Dividend Yield**: 3.2% 0.9
- **Payout Ratio**: 
- **Price to Earnings**: 
- **Price to Cash Flow**: 27.5 83.0
- **ROIC**: 

**Valuation**

- **Fair Value**: 1.01
- **Uncertainty**: High
- **Last Close**: 0.89

**Dividends**

- **Stock Price**
- **Payout Ratio**

**Financials**

**Operating Performance**

**Dividends**

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Morningstar’s quantitative equity ratings consist of: (i) Quantitative Fair Value Estimate, (ii) Quantitative Star Rating, (iii) Quantitative Uncertainty, (iv) Quantitative Economic Moat, and (v) Quantitative Financial Health (collectively the "Quantitative Ratings").

The Quantitative Ratings are calculated and daily 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. Log (Quant FVE/Price) > -1.5*Quantitative Uncertainty
- ★ ★ ★ : the stock is somewhat overvalued. Log (Quant FVE/Price) between (-1.5*Quantitative Uncertainty, -0.5*Quantitative Uncertainty)
- ★ ★ ★ ★ : the stock is fairly valued. Log (Quant FVE/Price) between (-0.5*Quantitative Uncertainty, 0.5*Quantitative Uncertainty)
- ★ ★ ★ ★ ★ : the stock is somewhat undervalued. Log (Quant FVE/Price) between (0.5*Quantitative Uncertainty, 1.5*Quantitative Uncertainty)
- ★★★★★: the stock is undervalued with a reasonable margin of safety. Log (Quant FVE/Price) > 1*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
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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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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