Atresmedia Corporacion de Medios de Comunicacion SA

### Economic Moat

<table>
<thead>
<tr>
<th>Economic Moat</th>
<th>Uncertainty</th>
<th>Price/Fair Value</th>
<th>ESG Risk Rating Assessment</th>
<th>Trading Dividend Yield %</th>
<th>Market Cap</th>
<th>Investment Style</th>
<th>Sector</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>High</td>
<td>0.9</td>
<td>Q</td>
<td>10.42</td>
<td>850.2737 Mil</td>
<td>Small Value</td>
<td>Communication Services</td>
<td>Entertainment</td>
</tr>
</tbody>
</table>

### Key Metrics as of 3 Aug 2023

<table>
<thead>
<tr>
<th>Metrics</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings Yield (%)</td>
<td>13.6</td>
</tr>
<tr>
<td>Sales Yield (%)</td>
<td>102.2</td>
</tr>
<tr>
<td>Book Value Yield (%)</td>
<td>81.6</td>
</tr>
<tr>
<td>Return on Assets (%)</td>
<td>7.8</td>
</tr>
<tr>
<td>Revenue/MV*</td>
<td>953.7</td>
</tr>
<tr>
<td>Market Value (MV)</td>
<td>939.6</td>
</tr>
<tr>
<td>Enterprise Value (MV)</td>
<td>973.0</td>
</tr>
<tr>
<td>EV/MV*</td>
<td>1.1</td>
</tr>
<tr>
<td>Volatility TTM (%)</td>
<td>16.9</td>
</tr>
<tr>
<td>Drawdown TTM (%)</td>
<td>8.6</td>
</tr>
<tr>
<td>Volume (K)</td>
<td>333.6</td>
</tr>
</tbody>
</table>

### Business Description

Atresmedia Corporacion de Medios de Comunicacion SA is a diversified media company primarily operating in the television, radio, and cinema industries. The company has three primary business segments that include television, radio, and other. The television segment operates a network of television channels, while its radio segment operates a chain of radio stations. The company’s other business segment produces television shows and television films, promotes events, and offers advertising services. The company generates the majority of its revenue in Spain.

### Valuation

Morningstar affirms a 4-star quantitative rating for Atresmedia Corporacion. We calculate this outcome using the company’s underlying model-driven valuation and uncertainty scores. The stock’s last closing price was 3.78, a discount of 11.27% to its Quantitative Fair Value estimate of 4.26. This discount has ranged between 32.9% and 9.24% 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 84th percentile relative to its peers in the communication services sector.

### Economic Moat

Atresmedia Corporacion reports earnings per share of 0.52. Its return on invested capital is 12.39%. The company maintains a dividend yield of 10.62%, paying out 78.13% of earnings. These values are calculated over a trailing 12-month period as of last market close.

#### Economic Moat

With a Morningstar quantitative moat rating of None, the quantitative moat score for Atresmedia Corporacion falls at the 51st percentile in the communication services sector and at the 54th in the equity coverage universe. The company has maintained its None quantitative moat rating for the last year. We also assign a Strong quantitative financial health rating to Atresmedia Corporacion. The company’s raw score on this metric, termed Distance to Default, ranks at the 82nd percentile overall and 84th in the communication services sector. Furthermore, this financial health rating most recently changed from Moderate after 03/03/2023.

Supporting these ratings are the company’s book value yield and annualized trailing 12-month volatility. The book value yield of 81.60%, ranks at the 63rd percentile in the covered equity universe and at the 67th percentile among its peers. Meanwhile, its annualized trailing 12-month volatility of 16.91%, falls at the 12th percentile in the universe and the 11th percentile in the communication services sector.
price-to-free cash flow ratio is 9.66, falling at the 31st percentile in its sector and ranging between 3.69 and 9.66 over the past year.

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http://www.atresmediacorporacion.com
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Quantitative Equity Ratings

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 daily and 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/eqidytdisclosures 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 somewhat undervalued.

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

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

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

Log (Quant FVE/Price) between (1*Quantitative Uncertainty, -1.5*Quantitative Uncertainty

Micro-Caps: Log (Quant FVE/Price) between (-1*Quantitative Uncertainty, -0.75*Quantitative Uncertainty)

★★★ – the stock is approximately fairly valued.

Log (Quant FVE/Price) between (-0.75*Quantitative Uncertainty, 0.5*Quantitative Uncertainty)

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

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

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 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)

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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