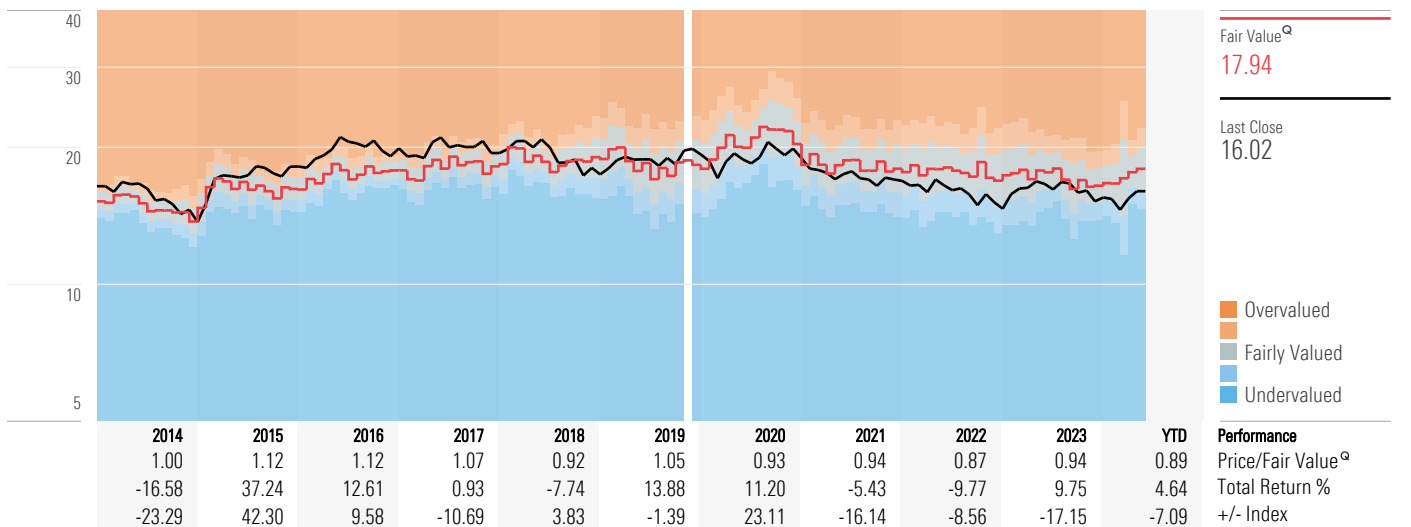


Ebro Foods SA EBRO ★★★★★ Q 1 May 2024, 22:38 UTC

Economic Moat ^Q	Uncertainty ^Q	Price/Fair Value ^Q	ESG Risk Rating Assessment ¹	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
Narrow	High	0.9	1 May 2024 05:00, UTC	4.93	2.4649 Bil	Mid Core	Consumer Defensive	Packaged Foods



As of 30 Apr 2024 | Index: Morningstar Spain GR EUR. Fair Value data as of 1 May 2024, 22:38 UTC.

¹The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating. Lee Davidson, Chief Analytics Officer for Morningstar, Inc, oversees the methodology that supports Quantitative Fair Value Estimates and Quantitative Star Ratings. Mr. Davidson is guided by the Morningstar, Inc. Code of Ethics in carrying out his responsibilities. For information regarding Conflicts of Interests, visit <http://global.morningstar.com/equitydisclosures>.

Key Metrics as of 30 Apr 2024

Metrics	Value	Percentile in Sector
Earnings Yield (%)	7.6	80.0
Sales Yield (%)	125.1	61.0
Book Value Yield (%)	88.7	72.0
Return on Assets (%)*	4.8	59.0
Revenue(Bil)*	3.3	74.0
Market Value (Bil)	2.6	72.0
Enterprise Value (Bil)	3.0	72.0
EV/MV Ratio	1.1	45.0
Volatility TTM (%)	11.3	7.0
Drawdown TTM (%)	13.5	23.0
Volume (K)	63.9	38.0

*31 Dec 2023

Business Description

Ebro Foods SA is a Spanish international food group operating in the pasta, rice, and sauces segments. The company is present in more than 25 countries in Europe, North America, Asia, and Africa, through its wide network of subsidiaries and brands. The core businesses are rice and pasta, offered in dry, fresh, precooked, and frozen varieties. Aside from pasta and rice, Ebro Food offers ready meals, fresh potato, sauces among others. The largest geographical segment for the rice division is in Europe, followed by North America, Asia, and Africa. Pasta, sauces, and other products, accounting for almost half of revenue, are mainly present in Europe and North America.

Valuation ^Q as of 1 May 2024

Morningstar maintains a 4-star quantitative star rating for Ebro Foods, derived from the firm's valuation and uncertainty scores.

The company's shares last closed at 16.02, below our quantitative fair value estimate of 17.64. These shares have traded between a 13.81% discount and 0.41% premium 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 79th percentile; in the consumer defensive sector, the firm's score lies at the 74th percentile (meaning the shares are more undervalued than 74% of stocks in the sector). Furthermore, Ebro Foods maintains a quantitative valuation uncertainty rating of High.

The company has held this star rating since the previous rating of 3, which was last assigned on 04/05/2024. The uncertainty rating for Ebro Foods has remained High since the previous rating of Very High, which was last assigned on 04/01/2024. The key factors behind these ratings are the company's earnings yield and volatility. The earnings

yield is 7.58%, and its maximum annualized trailing 12-month volatility is 12.80%. The earnings yield falls at the 80th percentile in the consumer defensive sector while the volatility is at the 7th percentile. Over the past year, the company's earnings yield has been between 4.69% and 7.90%; its volatility has ranged between 10.16% and 12.80%.

Economic Moat ^Q as of 1 May 2024

With a Narrow Morningstar quantitative moat rating, the quantitative moat score for Ebro Foods falls at the 66th percentile in the consumer defensive sector and at the 77th in the equity coverage universe. The company has maintained its Narrow quantitative moat rating since after 04/23/2024, when it was upgraded from None.


We also assign a Strong quantitative financial health rating to Ebro Foods. The company's raw score on this metric, termed Distance to Default, ranks at the 81st percentile overall and 82nd in the consumer defensive sector. Furthermore, this financial health rating has stayed Strong over the last year.

Supporting these ratings are the company's enterprise value and annualized trailing 12-month volatility. The enterprise value of 2.96 billion, ranks at the 76th percentile in the covered equity universe and at the 72nd percentile among its peers. Meanwhile, its annualized trailing 12-month volatility of 11.27%, falls at the 5th percentile in the universe and the 7th percentile in the consumer defensive sector.

Fundamentals as of 1 May 2024

Ebro Foods reports earnings per share of 1.22. Its return on invested capital is 6.65%. The company maintains a dividend yield of 4.93%, paying out 46.91% of earnings. These values are calculated

Ebro Foods SA EBRO ★★★★★ Q 1 May 2024, 22:38 UTC

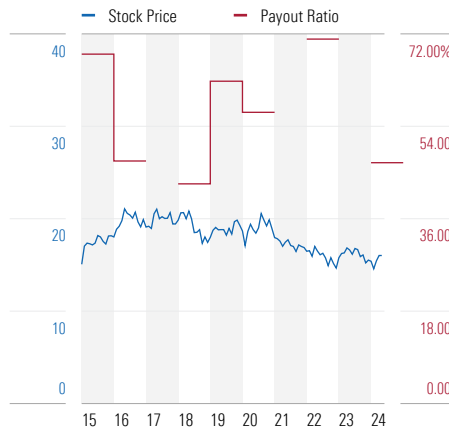
Economic Moat ^Q	Uncertainty ^Q	Price/Fair Value ^Q	ESG Risk Rating Assessment ¹	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
Narrow	High	0.9	 <small>1 May 2024 05:00, UTC</small>	4.93	2.4649 Bil	Mid Core	Consumer Defensive	Packaged Foods

Earnings as of 30 Apr 2024

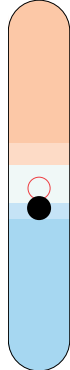
Earnings	%	Percentile in Sector
Dividend Yield*	4.9	80.0
Payout Ratio*	46.9	49.0
Price to Earnings	13.2	30.0
Price to Cash Flow	7.3	22.0
ROIC**	6.7	51.0

*30 Apr 2024
**31 Dec 2023

Dividends as of 1 May 2024



Valuation ^Q as of 1 May 2024




EBRO is Undervalued at a 11% discount.

Fair Value ^Q
17.94

Uncertainty ^Q :
High

Last Close
16.02

Economic Moat ^Q
 **Narrow**

Financial Health ^Q
Strong

1-Star Price ^Q
> 22.01

5-Star Price ^Q
< 14.62

over a trailing 12-month period.

As of last market close, Ebro Foods has a price-to-earnings ratio of 13.19, falling at the 30th percentile in its sector (where a lower percentile means a lower ratio) and ranging between 12.56 and 21.33 over the past year. The company's price-to-free cash flow ratio is 7.32, falling at the 22nd percentile in its sector and ranging between 6.97 and 36.96 over the past year.

Contact

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+34 917245250

<http://www.ebrofoods.es>

Financials as of 1 May 2024 (Fiscal Year End 31 Dec 2019)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	Fiscal
Revenue (Mil)	2,121	2,462	2,459	2,507	2,614	2,510	2,430	2,427	2,968	3,084	3,084	Revenue (Mil)
Operating Income (Mil)	229	247	264	281	221	207	217	210	234	288	288	Operating Income (Mil)
Operating Margin (%)	10.79	10.03	10.72	11.19	8.44	8.23	8.92	8.64	7.88	9.33	9.33	Operating Margin (%)
Net Income (Mil)	146	145	170	221	142	142	192	239	122	187	187	Net Income (Mil)
Diluted Earnings/Share	0.95	0.94	1.10	1.43	0.92	0.92	1.25	1.55	0.79	1.22	1.22	Diluted Earnings/Share
Operating Cash Flow (Mil)	211	254	186	197	212	250	370	17	-14	478	478	Operating Cash Flow (Mil)
Capital Spending (Mil)	-67	-81	-108	-121	-139	-149	-118	-120	-119	-142	-142	Capital Spending (Mil)
Free Cash Flow (Mil)	144	173	78	76	73	102	252	-103	-133	337	337	Free Cash Flow (Mil)
Avg Shares Outstand(Mil)	154	154	154	154	154	154	154	154	154	154	154	Avg Shares Outstand(Mil)

Valuation as of 1 May 2024

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar
Price/Fair Value ^Q	1.00	1.12	1.12	1.07	0.92	1.05	0.93	0.94	0.87	0.94	0.89	Price/Fair Value ^Q
Price/Sales	1.07	1.20	1.23	1.20	1.06	1.08	0.93	0.93	0.83	0.78	0.80	Price/Sales
Price/Earnings	14.68	20.94	17.74	17.17	13.09	21.24	18.85	20.69	18.26	15.00	13.19	Price/Earnings
Price/Cash Flow	11.60	12.78	11.44	14.27	18.44	12.03	8.45	17.34	—	11.51	5.15	Price/Cash Flow
Price/Book	1.24	1.49	1.57	1.50	1.29	1.37	1.30	1.30	1.05	1.11	1.13	Price/Book

Operating Performance as of 1 May 2024 (Fiscal Year End 31 Dec 2019)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q3	Fiscal (%)
Return on Assets	4.92	4.41	4.82	6.04	3.78	3.45	4.58	5.99	3.11	4.81	—	Return on Assets
Return on Equity	8.21	7.59	8.39	10.62	6.68	6.41	9.19	11.85	5.72	8.6	—	Return on Equity
Rtn on Invested Capital	6.72	6.07	6.64	8.27	5.22	4.71	6.37	8.26	4.31	6.65	—	Rtn on Invested Capital

Dividends as of 1 May 2024

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar (%)
Dividend Per Share	0.50	0.66	0.54	0.57	0.57	0.57	2.51	1.14	0.57	0.57	0.88	Dividend Per Share
Trailing Dividend Yield	3.65	3.5	2.71	—	3.27	2.95	3.01	—	3.89	—	4.93	Trailing Dividend Yield
Buyback Yield	0.0	—	0.01	—	—	0.02	—	—	—	—	0.03	Buyback Yield

Appendix

Economic Moat [®]History as of 1 May 2024 (No Moat: 0.00-0.70, Narrow Moat: 0.70-0.99, Wide Moat: 0.99-1.00)

Year	January	February	March	April	May	June	July	August	September	October	November	December
2024	0.66	0.81	0.66	0.77	0.71	—	—	—	—	—	—	—
2023	0.72	0.80	0.77	0.74	0.79	0.78	0.77	0.71	0.66	0.72	0.69	0.71
2022	0.54	0.60	0.56	0.69	0.83	0.83	0.77	0.86	0.77	0.80	0.70	0.71
2021	0.62	0.61	0.59	0.50	0.55	0.55	0.38	0.46	0.42	0.51	0.63	0.52
2020	0.65	0.66	0.75	0.66	0.72	0.64	0.67	0.71	0.81	0.73	0.80	0.71
2019	0.64	0.58	0.69	0.36	0.51	0.36	0.43	0.45	0.33	0.63	0.75	0.72

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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/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*Quantitative Uncertainty*

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

★★ – the stock is somewhat overvalued.

*Log (Quant FVE/Price) between (-1*Quantitative Uncertainty, -0.5*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (-1.5*Quantitative Uncertainty, -0.75*Quantitative Uncertainty)*

★★★ – the stock is approximately fairly valued.

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

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

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

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

*Micro-Caps: Log (Quant FVE/Price) > 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.

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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Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree

of unmanaged ESG risk across all subindustries covered.

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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