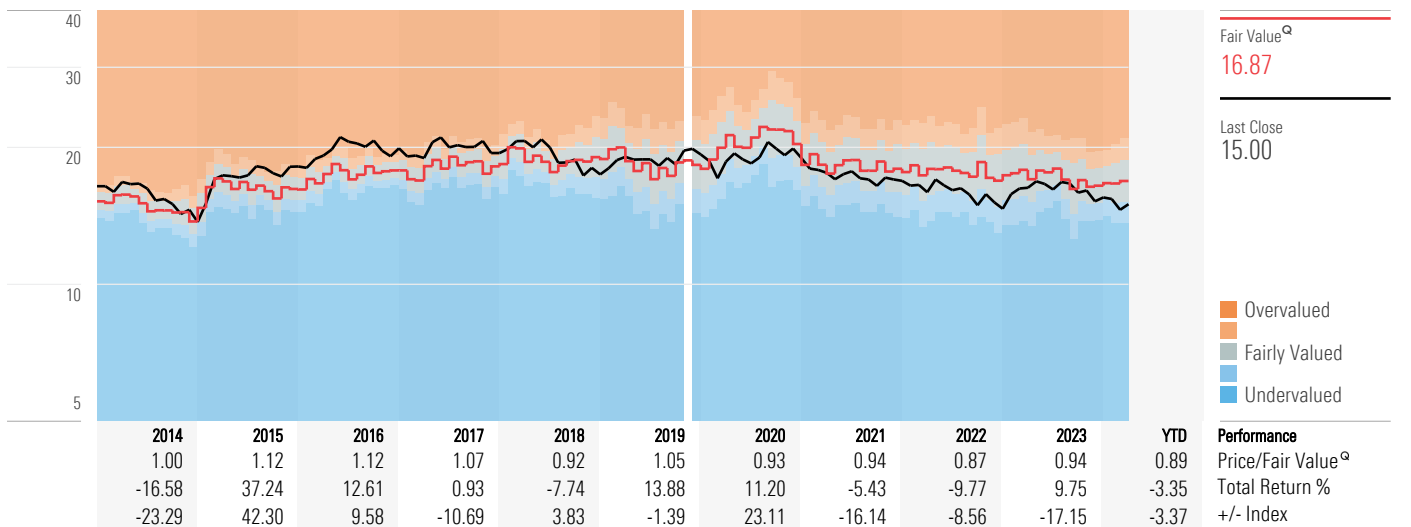


# Ebro Foods SA EBRO ★★★★★ Q 1 Mar 2024, 23:42 UTC

<b>Economic Moat</b> <sup>Q</sup>	<b>Uncertainty</b> <sup>Q</sup>	<b>Price/Fair Value</b> <sup>Q</sup>	<b>ESG Risk Rating Assessment</b> <sup>1</sup>	<b>Trailing Dividend Yield %</b>	<b>Market Cap</b>	<b>Investment Style</b>	<b>Sector</b>	<b>Industry</b>
Narrow	High	0.9	 7 Feb 2024 06:00, UTC	3.80	2.2428 Bil	Small Core	Consumer Defensive	Packaged Foods



As of 1 Mar 2024 | Index: Morningstar Spain GR EUR. Fair Value data as of 1 Mar 2024, 23:42 UTC.

<sup>1</sup>The 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 28 Feb 2024

Metrics		Percentile in Sector
Earnings Yield (%)	7.1	79.0
Sales Yield (%)	137.3	62.0
Book Value Yield (%)	96.7	74.0
Return on Assets (%)*	4.1	56.0
Revenue(Bil)*	3.3	74.0
Market Value (Bil)	2.4	72.0
Enterprise Value (Bil)	3.0	72.0
EV/MV Ratio	1.2	54.0
Volatility TTM (%)	10.4	6.0
Drawdown TTM (%)	13.5	20.0
Volume (K)	51.7	38.0

\*30 Jun 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 <sup>Q</sup> as of 1 Mar 2024

Ebro Foods achieves a 4-star quantitative star rating based on Morningstar's equity model. This reflects the company's valuation and uncertainty scores under this assessment system. The Quantitative Fair Value estimate is 16.66, above the previous closing price of 14.58. The stock has been trading between a 13.35% discount and 0.41% premium to its quantitative fair value over the past year. The stock's current valuation rating sits at the 73rd percentile in the coverage universe and 69th percentile in the consumer defensive sector (higher percentile indicates more undervalued). The quantitative uncertainty rating for Ebro Foods is High. Our quantitative star rating last differed from the current rating on 02/09/2024; the uncertainty rating last differed on 01/29/2024. The previous ratings were 3 and Medium, respectively. The main drivers of the company's valuation and uncertainty are its earnings yield and volatility. The earnings yield of 7.10% falls at the 75th percentile in the equity universe and the 79th percentile in its

sector. The annualized trailing 12-month volatility of 10.38% corresponds to the 5th percentile overall and the 6th percentile in the industry.

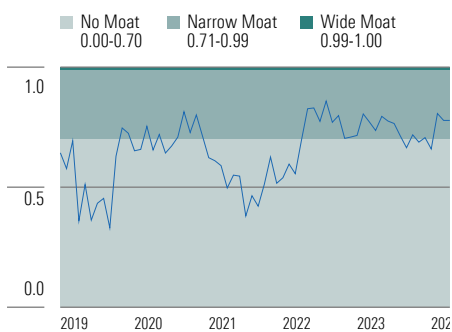
## Economic Moat <sup>Q</sup> as of 1 Mar 2024

With a Narrow Morningstar quantitative moat rating, the quantitative moat score for Ebro Foods falls at the 71st percentile in the consumer defensive sector and at the 79th in the equity coverage universe. The company has maintained its Narrow quantitative moat rating since after 02/28/2024, 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 77th percentile overall and 78th 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 2.99 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 10.38%, falls at the 5th percentile in the universe and the 6th percentile in the consumer defensive sector.


## Fundamentals as of 1 Mar 2024

The earnings per share for Ebro Foods is 1.03. The company earns a return on invested capital of 5.45%, falling at the 46th percentile in the consumer defensive sector. The firm maintains a dividend yield of 3.91%. We calculate the above figures over a trailing 12-month period. Examining valuation further, we find Ebro Foods holds a price-to-earnings ratio of 14.09, a figure

## Economic Moat <sup>Q</sup> History as of 1 Mar 2024



# Ebro Foods SA EBRO ★★★★★ Q 1 Mar 2024, 23:42 UTC

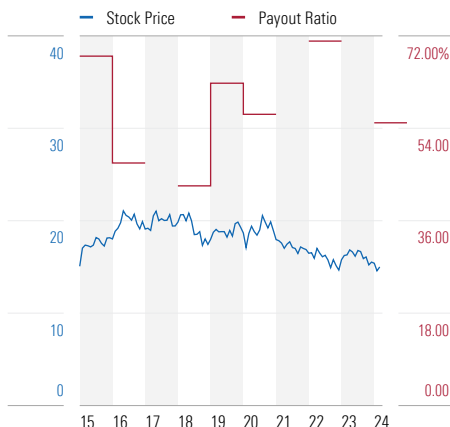
<b>Economic Moat</b> <sup>Q</sup>	<b>Uncertainty</b> <sup>Q</sup>	<b>Price/Fair Value</b> <sup>Q</sup>	<b>ESG Risk Rating Assessment</b> <sup>1</sup>	<b>Trailing Dividend Yield %</b>	<b>Market Cap</b>	<b>Investment Style</b>	<b>Sector</b>	<b>Industry</b>
Narrow	High	0.9	 7 Feb 2024 06:00, UTC	3.80	2.2428 Bil	Small Core	Consumer Defensive	Packaged Foods

## Earnings as of 28 Feb 2024

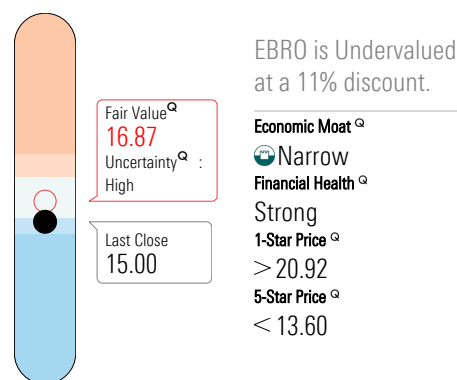
Earnings	%	Percentile in Sector
Dividend Yield*	3.7	68.0
Payout Ratio*	55.1	59.0
Price to Earnings	14.0	32.0
Price to Cash Flow	31.6	78.0
ROIC**	5.5	46.0

\*31 Jan 2024  
\*\*30 Jun 2023

## Dividends as of 1 Mar 2024



## Valuation <sup>Q</sup> as of 1 Mar 2024



**Economic Moat** <sup>Q</sup>  
Narrow  
**Financial Health** <sup>Q</sup>  
Strong  
**1-Star Price** <sup>Q</sup>  
> 20.92  
**5-Star Price** <sup>Q</sup>  
< 13.60

greater than 33% of its sector peers. The company's price-to-free cash flow ratio is 31.77, greater than 77% of its sector peers. These values are calculated using the stock's price at last market close.

### Contact

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+34 917245250

<http://www.ebrofoods.es>

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	Fiscal
2,121	2,462	2,459	2,507	2,614	2,506	2,429	2,424	2,964	—	1,558	Revenue (Mil)
229	247	264	281	221	206	217	209	233	—	141	Operating Income (Mil)
10.79	10.03	10.72	11.19	8.44	8.23	8.91	8.64	7.86	—	9.04	Operating Margin (%)
146	145	170	221	142	142	192	239	122	—	93	Net Income (Mil)
0.95	0.94	1.10	1.43	0.92	0.92	1.25	1.55	0.79	—	0.61	Diluted Earnings/Share
211	254	186	197	212	250	370	17	-14	—	161	Operating Cash Flow (Mil)
-67	-81	-108	-121	-139	-149	-118	-120	-119	—	-62	Capital Spending (Mil)
144	173	78	76	73	102	252	-103	-133	—	99	Free Cash Flow (Mil)
154	154	154	154	154	154	154	154	154	—	154	Avg Shares Outstand(Mil)

## Valuation as of 1 Mar 2024

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar
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 <sup>Q</sup>
1.07	1.20	1.23	1.20	1.06	1.08	0.93	0.93	0.83	0.78	0.75	Price/Sales
14.68	20.94	17.74	17.17	13.09	21.24	18.85	20.69	18.26	15.00	14.49	Price/Earnings
11.60	12.78	11.44	14.27	18.44	12.03	8.45	17.34	—	11.51	11.13	Price/Cash Flow
1.24	1.49	1.57	1.50	1.29	1.37	1.30	1.30	1.05	1.11	1.07	Price/Book

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

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q3	Fiscal (%)
4.92	4.41	4.82	6.04	3.78	3.45	4.58	5.99	3.11	—	—	Return on Assets
8.21	7.59	8.39	10.62	6.68	6.41	9.19	11.85	5.72	—	—	Return on Equity
6.69	6.04	6.61	8.23	5.19	4.68	6.35	8.24	4.29	—	—	Rtn on Invested Capital

## Dividends as of 1 Mar 2024

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar (%)
0.50	0.66	0.54	—	0.57	0.57	2.51	1.14	0.57	0.57	0.88	Dividend Per Share
3.65	3.5	2.71	—	3.27	2.95	3.01	—	3.89	—	3.8	Trailing Dividend Yield
0.0	—	0.01	—	—	0.02	—	—	—	—	0.03	Buyback Yield

# Appendix

**Economic Moat** <sup>®</sup>History as of 1 Mar 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	0.78	—	—	—	—	—	—	—	—	—
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

# Quantitative Equity Report Overview

The quantitative report on equities consists of data, statistics and quantitative equity ratings on equity securities. Morningstar, Inc.'s quantitative equity ratings are forward looking and are generated by a statistical model that is based on Morningstar Inc.'s analyst-driven equity ratings and quantitative statistics. Given the nature of the quantitative report and the quantitative ratings, there is no one analyst in which a given report is attributed to; however, Mr. Lee Davidson, Head of Quantitative Research for Morningstar, Inc., is responsible for overseeing the methodology that supports the quantitative equity ratings used in this report. As an employee of Morningstar, Inc., Mr. Davidson is guided by Morningstar, Inc.'s Code of Ethics and Personal Securities Trading Policy in carrying out his responsibilities.

## 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/](https://sustainalytics.com/esg-ratings/)

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