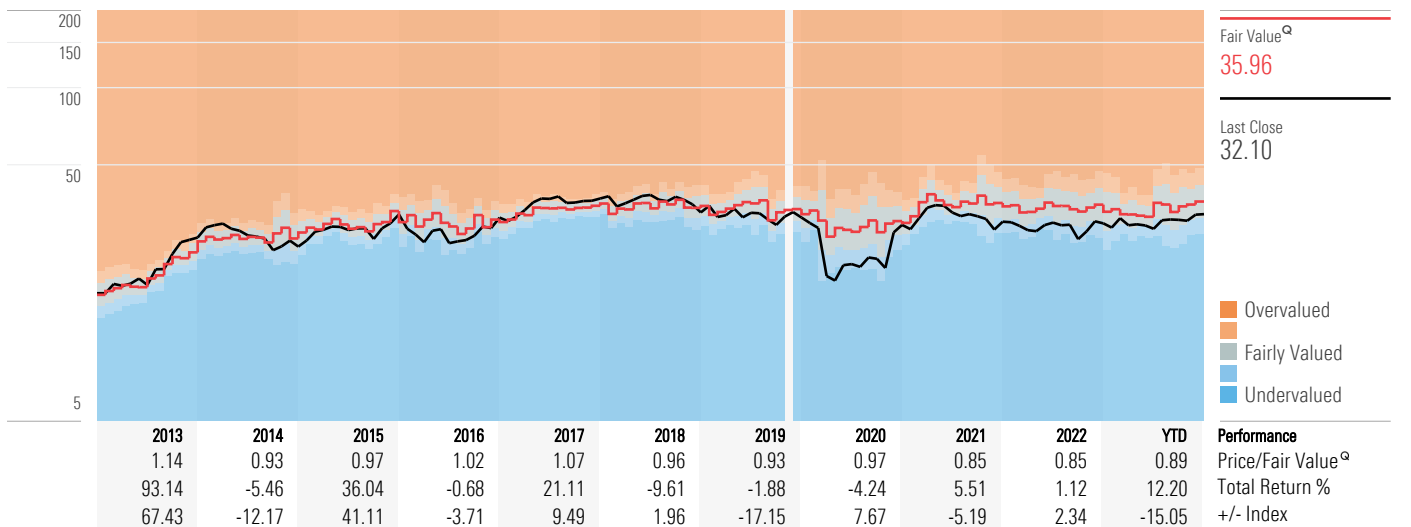


# Grupo Catalana Occidente SA GCO ★★★ Q 1 Dec 2023, 23:40 UTC

<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>
None	High	0.9	1 Nov 2023 05:00, UTC	3.29	3.8340 Bil	Mid Value	Financial Services	Insurance - Diversified



As of 1 Dec 2023 | Index: Morningstar Spain GR EUR. Fair Value data as of 1 Dec 2023, 23:40 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 30 Nov 2023

Metrics		Percentile in Sector
Earnings Yield (%)	15.6	85.0
Sales Yield (%)	127.8	87.0
Book Value Yield (%)	123.7	68.0
Return on Assets (%)*	3.2	80.0
Revenue(Bil)*	5.3	81.0
Market Value (Bil)	4.2	73.0
Enterprise Value (Bil)	2.8	86.0
EV/MV Ratio	0.7	45.0
Volatility TTM (%)	12.4	12.0
Drawdown TTM (%)	10.2	15.0
Volume (K)	55.4	42.0

\*30 Jun 2023

## Business Description

Grupo Catalana Occidente SA is a property and casualty company that operates in the global insurance market, as well as the global credit insurance market. It generates most of its revenue from Spain and other European countries. The company's revenue is generally split between its traditional insurance business and its credit insurance activity. Its traditional insurance business includes residential, commercial, auto, and life insurance products. Grupo's credit insurance business protects companies from the default risk associated with selling products and services on credit.

## Valuation <sup>Q</sup> as of 1 Dec 2023

Morningstar affirms a 3-star quantitative rating for Grupo Catalana Occidente. We calculate this outcome using the company's underlying model-driven valuation and uncertainty scores.

The stock's last closing price was 31.95, a discount of 8.7% to its Quantitative Fair Value estimate of 34.99. This discount has ranged between 18.74% and 3% over the past year. The stock's price to fair value ratio is at the 85th percentile in our global equity coverage universe for this methodology and at the 84th percentile relative to its peers in the financial services sector.

Grupo Catalana Occidente furthermore holds a High quantitative uncertainty rating.

The company's quantitative star rating dates to after 07/25/2023, before which it was 4-star. Similarly, the firm's uncertainty rating changed from Very High to High after 11/14/2023.

We examine the financials and market statistics for Grupo Catalana Occidente to determine these ratings. Its earnings yield is 15.55% and its annualized trailing 12-month volatility is 12.44%. These fall at the 92nd and 6th percentiles in the equity universe and at the 85th and 12th in the financial services

sector, respectively.

## Economic Moat <sup>Q</sup> as of 1 Dec 2023

With a Morningstar quantitative moat rating of None, the quantitative moat score for Grupo Catalana Occidente falls at the 42nd percentile in the financial services sector and at the 46th in the equity coverage universe. The company has maintained its None quantitative moat rating since after 07/28/2023, when it was downgraded from Narrow.

We also assign a Strong quantitative financial health rating to Grupo Catalana Occidente. The company's raw score on this metric, termed Distance to Default, ranks at the 95th percentile overall and 87th in the financial services sector. Furthermore, this financial health rating has stayed Strong over the last year.


Supporting these ratings are the company's book value yield and annualized trailing 12-month volatility. The book value yield of 123.69%, ranks at the 77th percentile in the covered equity universe and at the 68th percentile among its peers. Meanwhile, its annualized trailing 12-month volatility of 12.44%, falls at the 6th percentile in the universe and the 12th percentile in the financial services sector.

## Fundamentals as of 1 Dec 2023

Grupo Catalana Occidente reports earnings per share of 4.8. The company maintains a dividend yield of 3.3%, paying out 20.7% of earnings. These values are calculated over a trailing 12-month period.

As of last market close, Grupo Catalana Occidente has a price-to-earnings ratio of 6.43, falling at the 22nd percentile in its sector (where a lower percentile means a lower ratio) and ranging between

# Grupo Catalana Occidente SA GCO ★★★ Q 1 Dec 2023, 23:40 UTC

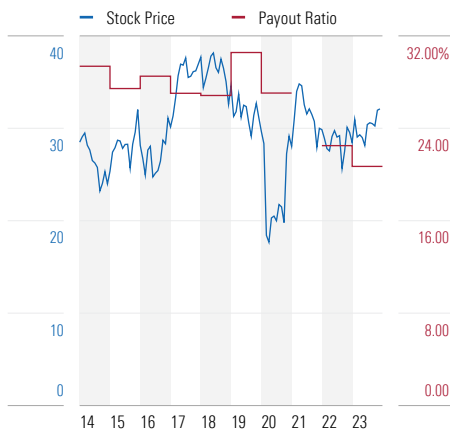
<b>Economic Moat</b> ◊	<b>Uncertainty</b> ◊	<b>Price/Fair Value</b> ◊	<b>ESG Risk Rating Assessment</b> <sup>1</sup>	<b>Trailing Dividend Yield %</b>	<b>Market Cap</b>	<b>Investment Style</b>	<b>Sector</b>	<b>Industry</b>
None	High	0.9	 1 Nov 2023 05:00, UTC	3.29	3.8340 Bil	Mid Value	Financial Services	Insurance - Diversified

## Earnings as of 30 Nov 2023

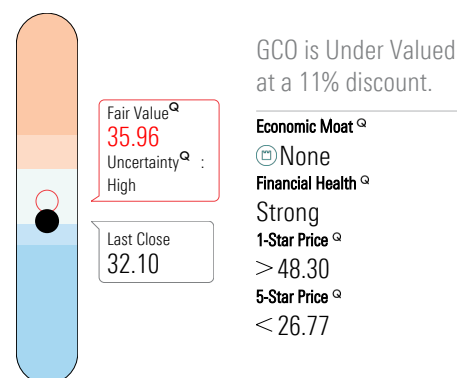
Earnings	%	Percentile in Sector
Dividend Yield*	3.3	39.0
Payout Ratio*	20.7	22.0
Price to Earnings	6.4	22.0
Price to Cash Flow	9.2	56.0
ROIC**	—	—

\*30 Nov 2023  
\*\*30 Jun 2023

## Dividends as of 1 Dec 2023



## Valuation ◊ as of 1 Dec 2023



**Economic Moat** ◊  
None  
**Financial Health** ◊  
Strong  
**1-Star Price** ◊  
> 48.30  
**5-Star Price** ◊  
< 26.77

6.03 and 7.19 over the past year. The company's price-to-free cash flow ratio is 9.2, falling at the 56th percentile in its sector and ranging between 6.34 and 9.25 over the past year.

### Contact

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+34 915661302

<https://www.grupocatalanaoccidente.com>

## Financials as of 1 Dec 2023 (Fiscal Year End 31 Dec 2022)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD	Fiscal
Revenue (Mil)	2,840	2,998	3,384	3,762	3,811	3,870	4,156	4,203	4,143	4,494	1,070	Revenue (Mil)
Operating Income	—	—	—	—	—	—	—	—	—	—	—	Operating Income
Operating Margin (%)	—	—	—	—	—	—	—	—	—	—	—	Operating Margin (%)
Net Income (Mil)	221	242	268	296	325	352	386	262	427	487	370	Net Income (Mil)
Diluted Earnings/Share	1.88	2.05	2.27	2.51	2.76	2.99	3.27	2.22	3.62	4.12	3.14	Diluted Earnings/Share
Operating Cash Flow (Mil)	302	373	229	431	381	486	513	498	549	534	298	Operating Cash Flow (Mil)
Capital Spending (Mil)	-41	-33	-36	-63	-71	-88	-79	-87	-80	-35	-31	Capital Spending (Mil)
Free Cash Flow (Mil)	261	341	194	368	310	399	434	411	469	499	267	Free Cash Flow (Mil)
Avg Shares Outstand(Mil)	118	118	118	118	118	118	118	118	118	118	118	Avg Shares Outstand(Mil)

## Valuation as of 1 Dec 2023

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Current	Calendar
Price/Fair Value ◊	1.14	0.93	0.97	1.02	1.07	0.96	0.93	0.97	0.85	0.85	0.89	Price/Fair Value ◊
Price/Sales	—	—	—	—	—	0.99	0.91	0.82	0.89	0.72	0.79	Price/Sales
Price/Earnings	14.79	11.67	13.86	13.00	13.67	11.18	9.63	11.61	8.85	6.93	6.46	Price/Earnings
Price/Cash Flow	12.97	9.90	10.03	11.01	14.16	8.75	5.00	5.84	12.81	5.89	8.58	Price/Cash Flow
Price/Book	1.89	1.37	1.72	1.50	1.62	1.32	1.07	1.00	0.91	0.94	0.81	Price/Book

## Operating Performance as of 1 Dec 2023 (Fiscal Year End 31 Dec 2022)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Q3	Fiscal (%)
Return on Assets	2.23	2.27	2.18	2.17	2.32	2.46	2.48	1.54	2.4	2.69	1.23	Return on Assets
Return on Equity	14.0	12.44	12.0	12.23	12.31	12.54	12.17	7.44	11.16	12.38	5.18	Return on Equity
Rtn on Invested Capital	—	—	—	—	—	—	—	—	—	—	—	Rtn on Invested Capital

## Dividends as of 1 Dec 2023

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Current	Calendar (%)
Dividend Per Share	0.57	0.61	0.64	0.69	0.74	0.79	0.84	0.68	0.90	0.97	0.77	Dividend Per Share
Trailing Dividend Yield	2.21	2.54	2.0	2.22	2.0	2.42	2.69	2.33	—	3.29	3.29	Trailing Dividend Yield
Buyback Yield	0.0	—	0.0	0.01	0.01	0.1	—	0.04	—	—	0.0	Buyback Yield

# Appendix

**Economic Moat** <sup>®</sup>History as of 1 Dec 2023 (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
2023	0.41	0.44	0.34	0.44	0.29	0.33	0.43	0.41	0.37	0.32	0.44	0.43
2022	0.11	0.23	0.11	0.27	0.16	0.14	0.17	0.32	0.22	0.21	0.26	0.45
2021	0.22	0.16	0.26	0.21	0.08	0.07	0.06	0.11	0.06	0.18	0.23	0.14
2020	0.19	0.21	0.12	0.10	0.08	0.06	0.07	0.12	0.13	0.19	0.20	0.22
2019	0.36	0.17	0.59	0.35	0.34	0.37	0.59	0.23	0.10	0.12	0.13	0.27
2018	0.79	0.76	0.83	0.58	0.63	0.63	0.68	0.62	0.46	0.31	0.27	0.41

## Quantitative Equity Report Overview

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

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