
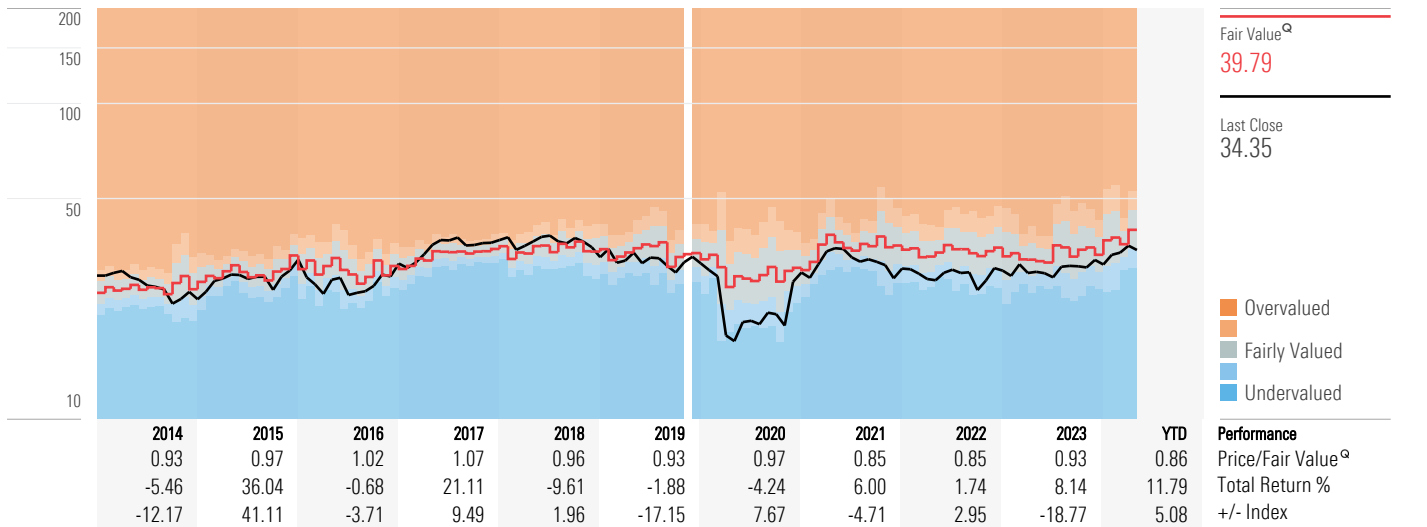


# Grupo Catalana Occidente SA GCO ★★★ Q 17 Apr 2024, 22:36 UTC

<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	 3 Apr 2024 05:00, UTC	3.11	4.0423 Bil	Mid Value	Financial Services	Insurance - Diversified



As of 17 Apr 2024 | Index: Morningstar Spain GR EUR. Fair Value data as of 17 Apr 2024, 22:36 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 16 Apr 2024

Metrics	Value	Percentile in Sector
Earnings Yield (%)	13.6	82.0
Sales Yield (%)	117.0	87.0
Book Value Yield (%)	105.3	59.0
Return on Assets (%)*	2.8	76.0
Revenue(Bil)*	5.0	80.0
Market Value (Bil)	4.3	73.0
Enterprise Value (Bil)	4.5	88.0
EVMV Ratio	1.1	73.0
Volatility TTM (%)	11.7	12.0
Drawdown TTM (%)	5.6	9.0
Volume (K)	28.0	34.0

\*30 Sep 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 17 Apr 2024

Morningstar maintains a 3-star quantitative star rating for Grupo Catalana Occidente, derived from the firm's valuation and uncertainty scores. The company's shares last closed at 34.25, below our quantitative fair value estimate of 39.13. These shares have traded between a 15.44% discount and 7.2% 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 75th percentile; in the financial services sector, the firm's score lies at the 71st percentile (meaning the shares are more undervalued than 71% of stocks in the sector). Furthermore, Grupo Catalana Occidente maintains a quantitative valuation uncertainty rating of High. The company has held this star rating since the previous rating of 4, which was last assigned on 07/25/2023. The uncertainty rating for Grupo Catalana Occidente has remained High since the previous rating of Very High, which was last assigned on 03/21/2024.

The key factors behind these ratings are the company's earnings yield and volatility. The earnings yield is 13.56%, and its maximum annualized trail-

ing 12-month volatility is 16.08%. The earnings yield falls at the 82nd percentile in the financial services sector while the volatility is at the 12th percentile. Over the past year, the company's earnings yield has been between 13.10% and 16.59%; its volatility has ranged between 11.06% and 16.08%.

## Economic Moat <sup>Q</sup> as of 17 Apr 2024

With a Morningstar quantitative moat rating of None, the quantitative moat score for Grupo Catalana Occidente falls at the 44th percentile in the financial services sector and at the 48th in the equity coverage universe. The company has maintained its None quantitative moat rating since after 04/02/2024, 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 85th percentile overall and 50th 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 105.30%, ranks at the 73rd percentile in the covered equity universe and at the 59th percentile among its peers. Meanwhile, its annualized trailing 12-month volatility of 11.70%, falls at the 5th percentile in the universe and the 12th percentile in the financial services sector.

## Fundamentals as of 17 Apr 2024

Grupo Catalana Occidente maintains earnings per share of 4.46. The shares offer a dividend yield of 3.01%. These values are calculated over a trailing

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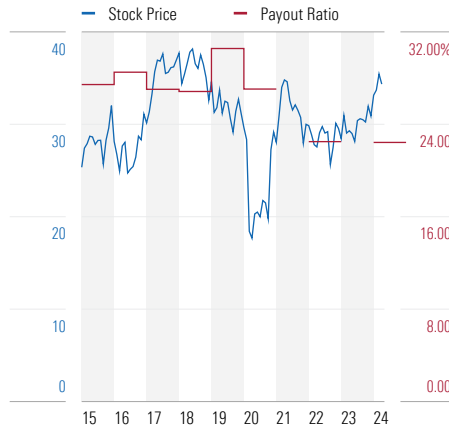
<b>Economic Moat</b> ◊	<b>Uncertainty</b> ◊	<b>Price/Fair Value</b> ◊	<b>ESG Risk Rating Assessment</b> <sup>1</sup>	<b>Trailing Dividend Yield %</b>	<b>Market Cap</b>	<b>Investment Style</b>	<b>Sector</b>	<b>Industry</b>
None	High	0.9	 3 Apr 2024 05:00, UTC	3.11	4.0423 Bil	Mid Value	Financial Services	Insurance - Diversified

## Earnings as of 16 Apr 2024

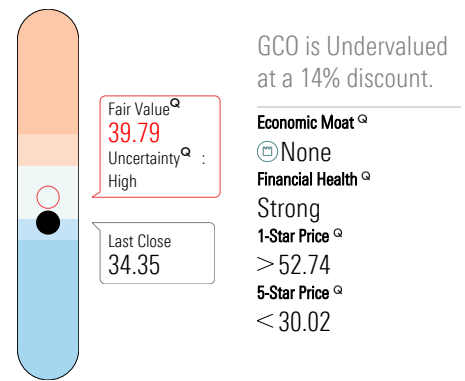
Earnings	%	Percentile in Sector
Dividend Yield*	3.0	38.0
Payout Ratio*	22.4	26.0
Price to Earnings	7.4	26.0
Price to Cash Flow	9.9	57.0
ROIC**	—	—

\*28 Mar 2024  
\*\*30 Sep 2023

## Dividends as of 17 Apr 2024



## Valuation ◊ as of 17 Apr 2024



12-month period.

As of last market close, Grupo Catalana Occidente has a price-to-earnings ratio of 7.37, falling below the 26th percentile in its sector (where a lower percentile means a lower ratio) and ranging between 6.03 and 7.63 over the past year. The company's price-to-free cash flow ratio is 9.87, falling at the 57th percentile in its sector and ranging between 6.52 and 10.21 over the past year.

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<https://www.grupocatalanaoccidente.com>

## Financials as of 17 Apr 2024 (Fiscal Year End 31 Dec 2022)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	Fiscal
2,998	3,384	3,762	3,811	3,870	4,156	4,203	4,143	4,494	—	4,270	Revenue (Mil)
—	—	—	—	—	—	—	—	—	—	—	Operating Income
—	—	—	—	—	—	—	—	—	—	—	Operating Margin (%)
242	268	296	325	352	386	262	427	487	—	471	Net Income (Mil)
2.05	2.27	2.51	2.76	2.99	3.27	2.22	3.62	4.12	—	3.99	Diluted Earnings/Share
373	229	431	381	486	513	498	549	534	—	298	Operating Cash Flow (Mil)
-33	-36	-63	-71	-88	-79	-87	-80	-35	—	-31	Capital Spending (Mil)
341	194	368	310	399	434	411	469	499	—	267	Free Cash Flow (Mil)
118	118	118	118	118	118	118	118	118	—	118	Avg Shares Outstand(Mil)

## Valuation as of 17 Apr 2024

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar
0.93	0.97	1.02	1.07	0.96	0.93	0.97	0.85	0.85	0.93	0.86	Price/Fair Value ◊
—	—	—	—	0.99	0.91	0.82	0.89	0.72	0.77	0.86	Price/Sales
11.67	13.86	13.00	13.67	11.18	9.63	11.61	8.85	6.93	6.65	7.40	Price/Earnings
9.90	10.03	11.01	14.16	8.75	5.00	5.84	12.81	5.89	8.26	9.19	Price/Cash Flow
1.37	1.72	1.50	1.62	1.32	1.07	1.00	0.91	0.94	0.86	0.95	Price/Book

## Operating Performance as of 17 Apr 2024 (Fiscal Year End 31 Dec 2022)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q3	Fiscal (%)
2.27	2.18	2.17	2.32	2.46	2.48	1.54	2.4	2.69	—	0.54	Return on Assets
12.44	12.0	12.23	12.31	12.54	12.17	7.44	11.16	12.38	—	2.23	Return on Equity
—	—	—	—	—	—	—	—	—	—	—	Rtn on Invested Capital

## Dividends as of 17 Apr 2024

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar (%)
0.61	0.64	0.69	0.74	0.79	0.84	0.68	0.90	0.97	1.06	2.16	Dividend Per Share
2.54	2.0	2.22	2.0	2.42	2.69	2.33	—	3.29	—	3.11	Trailing Dividend Yield
—	0.0	0.01	0.01	0.1	—	0.04	—	—	—	0.0	Buyback Yield

# Appendix

**Economic Moat** <sup>®</sup>History as of 17 Apr 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	0.45	0.57	0.48	0.53	—	—	—	—	—	—	—	—
2023	0.41	0.44	0.34	0.44	0.29	0.33	0.43	0.41	0.37	0.32	0.44	0.39
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

## 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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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

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

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