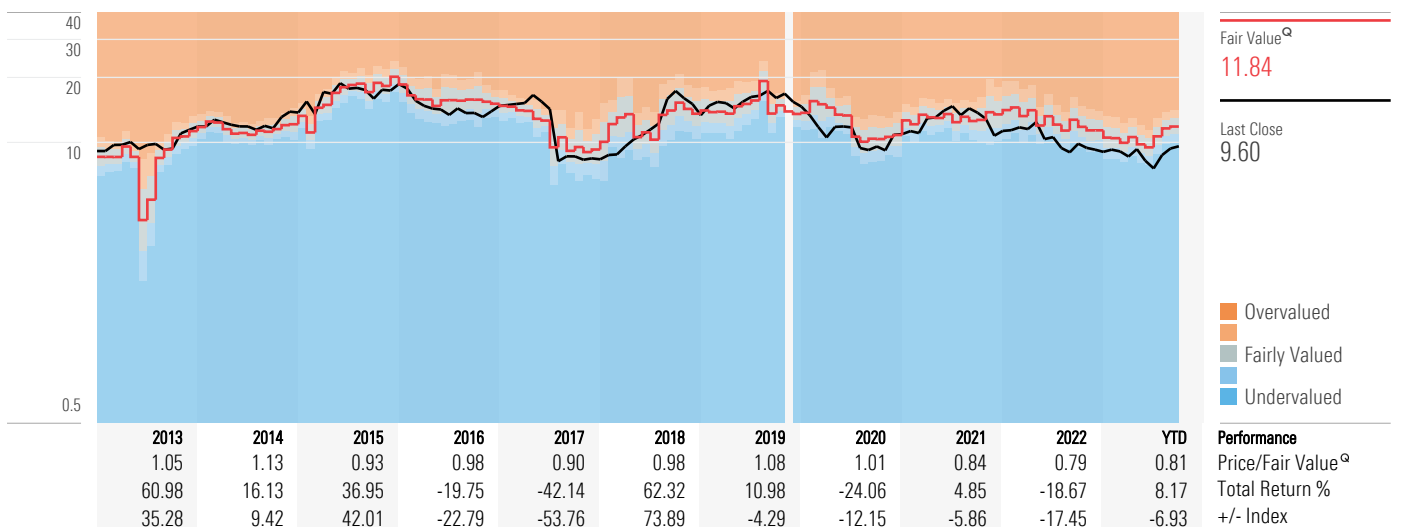


# Almirall SA ALM ★★★★★ Q 20 Sep 2023, 22:34 UTC

<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	0.8	6 Sep 2023 05:00, UTC	1.92	2.0796 Bil	Small Growth	Healthcare	Drug Manufacturers - Specialty & Generic



As of 20 Sep 2023 | Index: Morningstar Spain GR EUR. Fair Value data as of 20 Sep 2023, 22:34 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 19 Sep 2023

Metrics		Percentile in Sector
Earnings Yield (%)	-0.6	61.0
Sales Yield (%)	49.7	67.0
Book Value Yield (%)	73.2	74.0
Return on Assets (%)*	-0.5	62.0
Revenue(Mil)*	954.3	80.0
Market Value (Bil)	2.2	79.0
Enterprise Value (Bil)	2.2	78.0
EVMV Ratio	1.0	52.0
Volatility TTM (%)	18.7	10.0
Drawdown TTM (%)	20.5	18.0
Volume (K)	291.4	52.0

\*30 Jun 2023

## Business Description

Almirall SA is a Spain-based company engaged in development, manufacture, and selling pharmaceutical products across a range of therapeutic areas. It aims to provide treatments in areas of dermatology, respiratory, gastrointestinal, central nervous systems, and other specialties. The company operates in five segments: Sales of its own network, sales of licensees, Research and developments, Sales of Therapeutic dermatological products in the U.S., and Corporate management. The medical dermatology business in the Europe is the key driver of the company's operation. Other than Europe, the company also operates in the Americas, Asia, Africa, and Oceania through subsidiaries.

## Valuation <sup>Q</sup> as of 21 Sep 2023

Almirall achieves a 5-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 11.84, above the previous closing price of 9.60. The stock has been trading between a 23.75% and 10.16% discount to its quantitative fair value over the past year. The stock's current valuation rating sits at the 69th percentile in the coverage universe and 79th percentile in the healthcare sector (higher percentile indicates more undervalued).

The quantitative uncertainty rating for Almirall is High.

Our quantitative star rating last differed from the current rating on 08/11/2023; the uncertainty rating last differed on 08/10/2023. 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 -0.63% falls at the 36th percentile

in the equity universe and the 61st percentile in its sector. The annualized trailing 12-month volatility of 19.00% corresponds to the 19th percentile overall and the 10th percentile in the industry.

## Economic Moat <sup>Q</sup> as of 20 Sep 2023

Morningstar maintains a quantitative moat rating of None on the company. The firm's quantitative moat score of 0.24 sits at the 19th percentile in the healthcare sector. This is a decrease from 0.66, the maximum of its moat scores over the past year.

The quantitative financial health rating for Almirall is Strong. Its financial health score, termed Distance to Default, sits at the 86th percentile in the universe and 92nd percentile in the sector.

The significant drivers of these ratings are the company's book value yield and annualized trailing 12-month volatility. The book value yield for Almirall is 75.78%, and its annualized trailing 12-month volatility is 19.00%. They sit at the 59th and 19th percentile in the global equity universe, respectively.

## Fundamentals as of 20 Sep 2023

The earnings per share for Almirall is -0.06. The company earns a return on invested capital of -0.36%, falling at the 58th percentile in the healthcare sector. The firm maintains a dividend yield of 1.96%. We calculate the above figures over a trailing 12-month period.

Examining valuation further, the company's price-to-free cash flow ratio is 78.32, greater than 84% of its sector peers. These values are calculated using the stock's price at last market close.

## Contact

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<http://www.almirall.es>

# Almiral SA ALM ★★★★★ Q 20 Sep 2023, 22:34 UTC

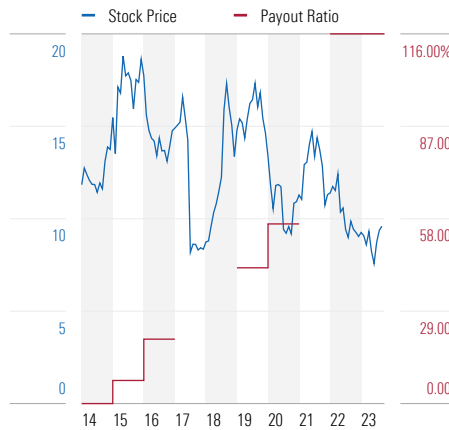
<b>Economic Moat</b> ◊	<b>Uncertainty</b> ◊	<b>Price/Fair Value</b> ◊	<b>ESG Risk Rating Assessment</b> †	<b>Trailing Dividend Yield %</b>	<b>Market Cap</b>	<b>Investment Style</b>	<b>Sector</b>	<b>Industry</b>
None	High	0.8	6 Sep 2023 05:00, UTC	1.92	2.0796 Bil	Small Growth	Healthcare	Drug Manufacturers - Specialty & Generic

## Earnings as of 19 Sep 2023

Earnings	%	Percentile in Sector
Dividend Yield*	2.0	54.0
Payout Ratio*	—	—
Price to Earnings	—	—
Price to Cash Flow	78.3	84.0
ROIC**	-0.4	58.0

\*31 Aug 2023  
\*\*30 Jun 2023

## Dividends as of 20 Sep 2023



## Valuation ◊ as of 20 Sep 2023

Fair Value ◊  
**11.84**

Uncertainty ◊ :  
High

Last Close  
**9.60**

ALM is Under Valued at a 19% discount.

**Economic Moat** ◊  
None

**Financial Health** ◊  
Strong

**1-Star Price** ◊  
> 14.12

**5-Star Price** ◊  
< 9.93

## Financials as of 20 Sep 2023 (Fiscal Year End 31 Dec 2021)

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD	Fiscal
752	819	689	764	639	757	1,711	807	827	863	466	Revenue (Mil)
16	565	125	97	16	112	1,017	110	111	69	39	Operating Income (Mil)
2.16	69.0	18.09	12.69	2.53	14.74	59.43	13.58	13.46	7.97	8.47	Operating Margin (%)
-33.72	448.43	131.83	75.48	-303.96	77.67	105.91	74.28	-40.86	4.28	12.02	Net Income (Mil)
-0.20	2.59	0.76	0.44	-1.76	0.41	0.58	0.42	-0.23	0.02	0.07	Diluted Earnings/Share
67.11	646.94	170.88	105.06	6.09	143.21	276.15	112.76	233.85	155.10	57.11	Operating Cash Flow (Mil)
-61	-21	—	-77	-69	-599	-135	-77	-71	-116	-61	Capital Spending (Mil)
5.91	626.25	170.88	28.43	-62.69	-455.68	141.06	36.23	162.70	38.62	-4.01	Free Cash Flow (Mil)
173	173	173	173	173	188	189	179	181	181	184	Avg Shares Outstand(Mil)

## Valuation as of 20 Sep 2023

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Current	Calendar
1.05	1.13	0.93	0.98	0.90	0.98	1.08	1.01	0.84	0.79	0.81	Price/Fair Value ◊
2.94	2.85	4.48	3.43	2.15	3.33	3.02	2.29	1.25	1.94	1.94	Price/Sales
296.00	—	6.75	15.70	—	—	31.50	31.09	—	56.50	—	Price/Earnings
51.77	43.26	4.29	16.85	—	13.69	13.42	8.99	7.05	9.03	11.09	Price/Cash Flow
2.17	2.53	2.30	1.67	1.08	1.93	1.99	1.47	1.59	1.21	1.32	Price/Book

## Operating Performance as of 20 Sep 2023 (Fiscal Year End 31 Dec 2021)

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Q3	Fiscal (%)
-2.16	20.79	5.2	2.82	-12.17	3.4	4.39	3.14	-1.84	0.2	-0.06	Return on Assets
-3.72	40.26	9.41	5.06	-22.91	6.68	8.57	5.75	-3.16	0.33	-0.11	Return on Equity
-3.19	31.24	7.43	4.06	-18.76	4.95	6.69	4.64	-1.81	0.49	-0.08	Rtn on Invested Capital

## Dividends as of 20 Sep 2023

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Current	Calendar (%)
0.15	—	0.20	0.19	0.19	0.18	0.20	0.20	0.19	0.19	0.18	Dividend Per Share
1.29	—	1.07	1.29	2.28	1.38	1.35	1.81	—	2.06	1.92	Trailing Dividend Yield
—	—	—	—	—	—	—	—	—	0.02	0.01	Buyback Yield

# Appendix

**Economic Moat** <sup>®</sup>History as of 20 Sep 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	0.05	0.04	0.20	0.28	0.10	0.11	0.09	0.28	0.24	—	—	—
2022	0.37	0.15	0.17	0.19	0.23	0.43	0.24	0.50	0.66	0.42	0.20	0.12
2021	0.68	0.70	0.74	0.67	0.71	0.79	0.46	0.38	0.33	0.58	0.59	0.43
2020	0.82	0.81	0.73	0.80	0.64	0.62	0.44	0.52	0.67	0.69	0.76	0.72
2019	0.54	0.64	0.82	0.80	0.67	0.84	0.78	0.90	0.73	0.90	0.89	0.94
2018	0.11	0.10	0.29	0.33	0.13	0.12	0.26	0.28	0.30	0.46	0.50	0.27

## Quantitative Equity Reports 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.

**Overvalued – Last Price** is above 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

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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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