
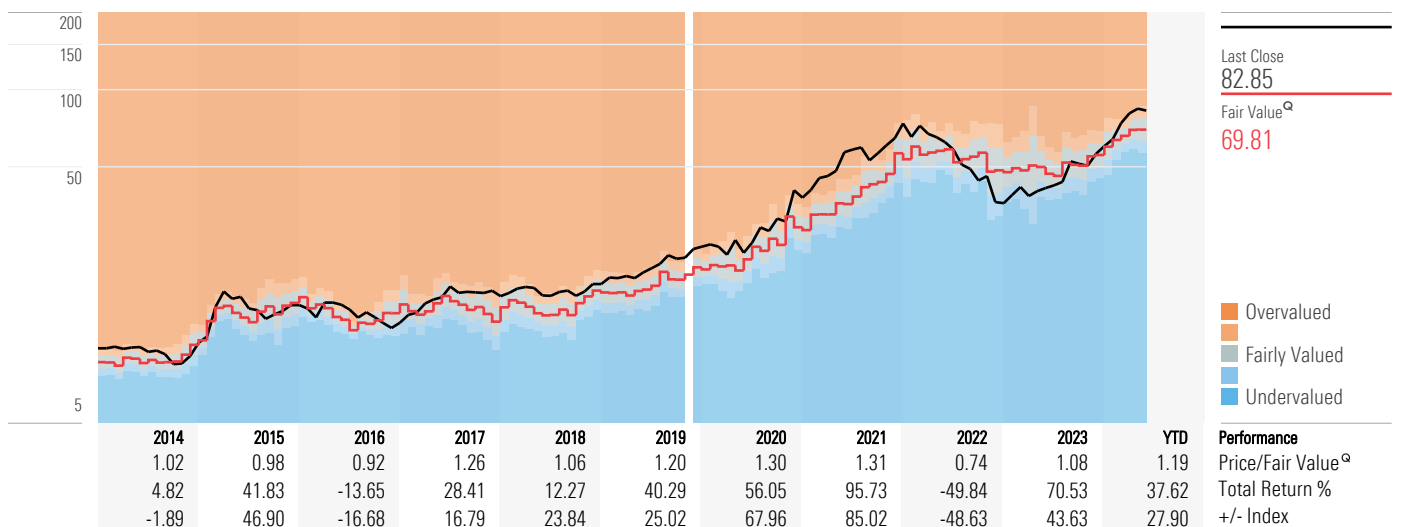


Laboratorios Farmaceuticos Rovi SA ROVI ★★ Q 3 May 2024, 22:46 UTC

Economic Moat ^Q	Uncertainty ^Q	Price/Fair Value ^Q	ESG Risk Rating Assessment ¹	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
Wide	High	1.2	 1 May 2024 05:00, UTC	1.56	4.2091 Bil	Mid Growth	Healthcare	Biotechnology



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 2 May 2024

Metrics		Percentile in Sector
Earnings Yield (%)	3.9	83.0
Sales Yield (%)	19.0	44.0
Book Value Yield (%)	12.8	24.0
Return on Assets (%)*	20.3	98.0
Revenue(Mil)*	886.6	78.0
Market Value (Bil)	4.5	84.0
Enterprise Value (Bil)	4.5	83.0
EV/MV Ratio	1.0	58.0
Volatility TTM (%)	23.2	17.0
Drawdown TTM (%)	13.3	7.0
Volume (K)	95.7	33.0

*31 Dec 2023

Business Description

Laboratorios Farmaceuticos Rovi SA is a biotechnology company engaged in the research, development, manufacturing, and marketing of small molecule and specialty biologic drugs. The company has a diversified portfolio of products that it markets in Spain through its specialized sales force of specialist physicians, hospitals and pharmacies. Laboratorios' research and development pipeline is focused on the expansion of applications, indications, and alternative mechanisms of action for heparin-derived products. The company aims to obtain new pharmaceutical products that enable the regular administration of formulations that are administered daily in chronic and prolonged treatments. Its two segments are Manufacturing and Marketing.

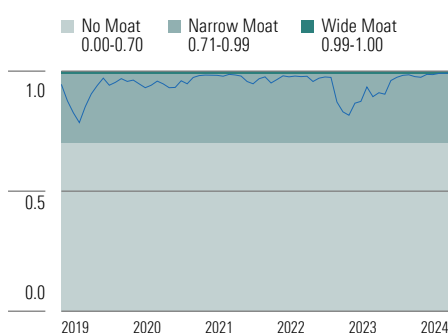
The key factors behind these ratings are the company's book value yield and volatility. The book value yield is 12.81%, and its maximum annualized trailing 12-month volatility is 28.74%. The book value yield falls at the 24th percentile in the healthcare sector while the volatility is at the 17th percentile. Over the past year, the company's book value yield has been between 12.39% and 28.21%; its volatility has ranged between 20.95% and 28.74%.

Economic Moat^Q as of 3 May 2024

With a Wide Morningstar quantitative moat rating, the quantitative moat score for Laboratorios falls above the 95th percentile in both the equity coverage universe and sector. The company has maintained its Wide quantitative moat rating since after 05/01/2024, when it was upgraded from Narrow. We also assign a Moderate quantitative financial health rating to Laboratorios. The company's raw score on this metric, termed Distance to Default, ranks at the 73rd percentile overall and 78th in the healthcare sector. Furthermore, this financial health rating most recently changed from Strong after 05/01/2024.

Supporting these ratings are the company's book value yield and enterprise value-to-market value ratio. The book value yield of 12.81%, ranks at the 14th percentile in the covered equity universe and at the 24th percentile among its peers. Meanwhile, its enterprise value-to-market value ratio of 1.01, falls at the 46th percentile in the universe and the 58th percentile in the healthcare sector.

Economic Moat^Q History as of 3 May 2024




Valuation^Q as of 3 May 2024

Morningstar maintains a 2-star quantitative star rating for Laboratorios, derived from the firm's valuation and uncertainty scores. The company's shares last closed at 82.20, above our quantitative fair value estimate of 69.16. These shares have traded between a 22.55% discount and 24.77% 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 95th percentile; in the healthcare sector, the firm's score lies at the 95th percentile (meaning the shares are more undervalued than 95% of stocks in the sector). Furthermore, Laboratorios maintains a quantitative valuation uncertainty rating of High. The company has held this star rating since the previous rating of 1, which was last assigned on 04/01/2024. The uncertainty rating for Laboratorios has remained High since the previous rating of Medium, which was last assigned on 03/29/2024.

Fundamentals as of 3 May 2024

Laboratorios reports earnings per share of 3.2. Its return on invested capital is 28.55%. The company maintains a dividend yield of 1.53%, paying out

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Wide	High	1.2		1.56	4.2091 Bil	Mid Growth	Healthcare	Biotechnology

Earnings as of 2 May 2024

Earnings	%	Percentile in Sector
Dividend Yield*	1.5	42.0
Payout Ratio*	40.4	51.0
Price to Earnings	25.7	45.0
Price to Cash Flow	75.3	87.0
ROIC**	28.6	97.0

*30 Apr 2024
**31 Dec 2023

40.43% of earnings. These values are calculated over a trailing 12-month period.

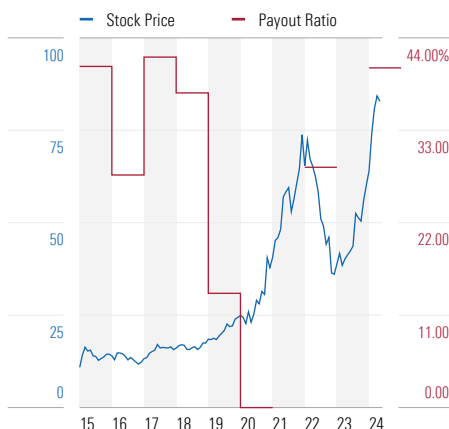
As of last market close, Laboratorios has a price-to-earnings ratio of 25.69, falling at the 45th percentile in its sector (where a lower percentile means a lower ratio) and ranging between 10.51 and 26.56 over the past year. The company's price-to-free cash flow ratio is 75.31, falling at the 87th percentile in its sector and ranging between 11.59 and 77.87 over the past year.

Contact

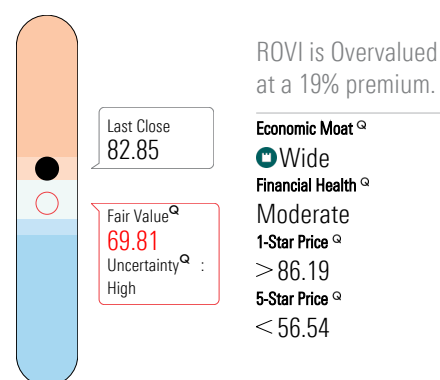
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<https://www.rovi.es>

Dividends as of 3 May 2024



Valuation ^Q as of 3 May 2024



Economic Moat ^Q

Wide

Financial Health ^Q

Moderate

1-Star Price ^Q

> 86.19

5-Star Price ^Q

< 56.54

Financials as of 3 May 2024 (Fiscal Year End 31 Dec 2023)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	Fiscal
238	246	265	276	303	381	420	649	818	830	830	Revenue (Mil)
28	22	28	19	17	43	77	181	256	220	220	Operating Income (Mil)
11.63	8.88	10.67	6.9	5.76	11.33	18.44	27.98	31.29	26.55	26.55	Operating Margin (%)
24	20	26	17	18	39	61	153	200	170	170	Net Income (Mil)
0.48	0.40	0.53	0.35	0.35	0.71	1.10	2.76	3.73	3.20	3.20	Diluted Earnings/Share
23.00	29.39	45.53	18.04	8.53	-9.04	46.88	149.44	237.60	113.25	113.25	Operating Cash Flow (Mil)
-25	-20	-18	-20	-26	-41	-40	-41	-51	-55	-55	Capital Spending (Mil)
-2.05	9.49	27.45	-1.91	-17.93	-49.57	7.18	108.50	186.21	58.06	58.06	Free Cash Flow (Mil)
50	50	49	49	51	55	55	55	53	53	53	Avg Shares Outstand(Mil)

Valuation as of 3 May 2024

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar
1.02	0.98	0.92	1.26	1.06	1.20	1.30	1.31	0.74	1.08	1.19	Price/Fair Value ^Q
2.23	2.94	2.34	2.78	2.96	3.81	5.09	7.03	2.43	3.81	5.31	Price/Sales
21.38	34.69	24.56	35.67	54.14	41.60	37.85	36.17	10.79	16.70	25.89	Price/Earnings
17.09	33.02	13.89	36.05	105.33	219.01	—	21.57	10.20	26.64	38.91	Price/Cash Flow
3.31	4.39	3.39	4.03	4.80	4.31	5.68	8.93	4.27	5.66	7.87	Price/Book

Operating Performance as of 3 May 2024 (Fiscal Year End 31 Dec 2023)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q3	Fiscal (%)
9.7	7.54	9.46	5.88	5.1	8.59	11.25	23.42	24.78	20.29	6.32	Return on Assets
15.92	12.26	14.99	9.19	7.47	12.88	17.54	36.25	40.3	32.16	9.44	Return on Equity
13.92	10.58	12.5	8.03	6.62	10.93	14.45	30.98	35.23	28.55	8.62	Rtn on Invested Capital

Dividends as of 3 May 2024

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar (%)
0.16	0.17	0.14	0.18	0.12	0.08	0.18	0.38	0.96	1.29	1.29	Dividend Per Share
1.57	1.17	1.13	1.17	0.69	0.33	0.46	—	2.65	—	1.56	Trailing Dividend Yield
0.39	0.63	0.19	—	0.01	—	—	—	7.34	—	1.92	Buyback Yield

Appendix

Economic Moat [®] History as of 3 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	0.97	0.99	0.99	0.99	0.99	—	—	—	—	—	—	—
2023	0.82	0.87	0.87	0.93	0.89	0.91	0.90	0.96	0.97	0.98	0.98	0.98
2022	0.97	0.98	0.98	0.98	0.98	0.98	0.96	0.97	0.98	0.97	0.87	0.83
2021	0.98	0.98	0.98	0.98	0.99	0.98	0.98	0.96	0.95	0.97	0.98	0.95
2020	0.96	0.95	0.93	0.94	0.96	0.95	0.93	0.93	0.96	0.95	0.97	0.98
2019	0.94	0.88	0.83	0.79	0.85	0.91	0.94	0.97	0.94	0.95	0.97	0.96

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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.

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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/

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