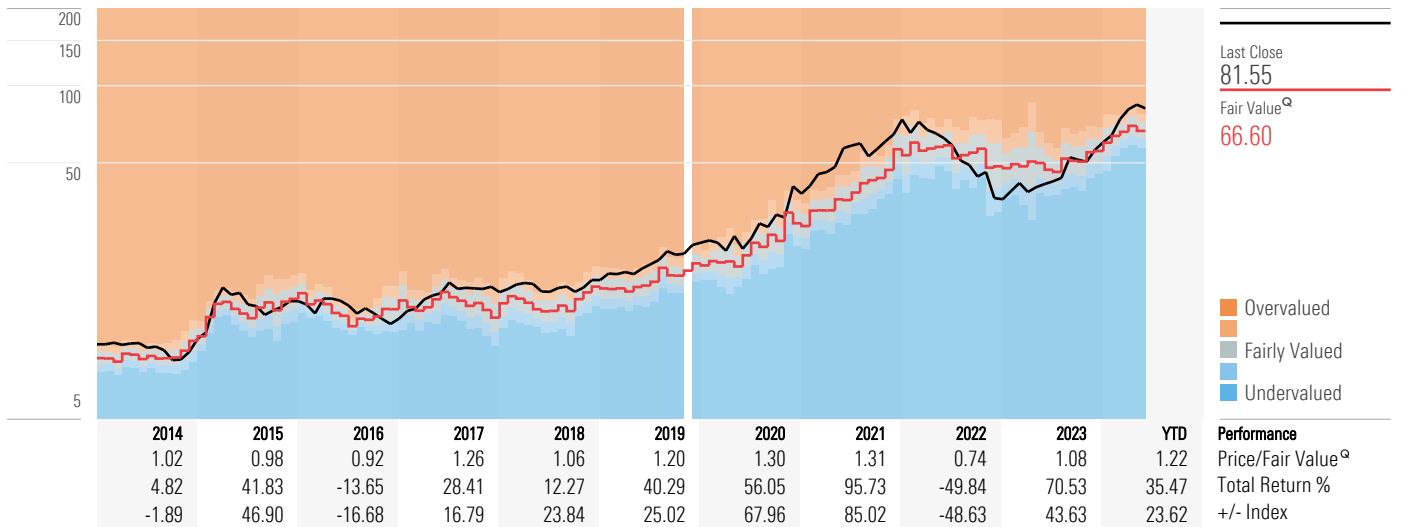


# Laboratorios Farmaceuticos Rovi SA ROVI ★ Q 9 May 2024, 22:35 UTC

<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>
Wide	High	1.2	1 May 2024 05:00, UTC	1.59	4.1682 Bil	Mid Growth	Healthcare	Biotechnology



As of 9 May 2024 | Index: Morningstar Spain GR EUR. Fair Value data as of 9 May 2024, 22:35 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 3 May 2024

Metrics	Value	Percentile in Sector
Earnings Yield (%)	3.9	83.0
Sales Yield (%)	18.8	44.0
Book Value Yield (%)	12.7	24.0
Return on Assets (%)*	20.3	98.0
Revenue(Mil)*	893.2	78.0
Market Value (Bil)	4.6	84.0
Enterprise Value (Bil)	4.6	83.0
EVMV Ratio	1.0	58.0
Volatility TTM (%)	23.2	17.0
Drawdown TTM (%)	13.3	7.0
Volume (K)	95.3	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.

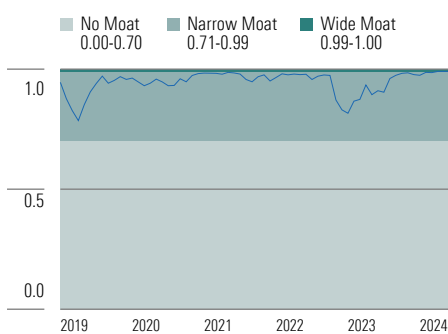
assets. The book value yield of 12.94% falls at the 14th percentile in the equity universe and the 24th percentile in its sector. The return on assets of 20.30 corresponds to the 95th percentile overall and the 95th percentile in the industry.

## Economic Moat <sup>Q</sup> as of 9 May 2024

Morningstar maintains a **Wide** quantitative moat rating on the company. The firm's quantitative moat score of 0.99 sits at the 95th percentile in the healthcare sector, the maximum of its moat scores over the past year. The quantitative financial health rating for Laboratorios is **Moderate**. Its financial health score, termed **Distance to Default**, sits at the 73rd percentile in the universe and 78th percentile in the sector.

The significant drivers of these ratings are the company's book value yield and enterprise value-to-market value ratio. The book value yield for Laboratorios is 12.94%, and its enterprise value-to-market value ratio is 1.01. They sit at the 14th and 46th percentile in the global equity universe, respectively.

## Economic Moat <sup>Q</sup> History as of 9 May 2024



## Valuation <sup>Q</sup> as of 9 May 2024


Laboratorios achieves a 1-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 68.06, below the previous closing price of 81.40. The stock has been trading between a 22.55% discount and 24.77% premium to its quantitative fair value over the past year. The stock's current valuation rating sits at the 95th percentile in the coverage universe and 95th percentile in the healthcare sector (higher percentile indicates more undervalued). The quantitative uncertainty rating for Laboratorios is **High**.

Our quantitative star rating last differed from the current rating on 05/06/2024; the uncertainty rating last differed on 03/29/2024. The previous ratings were 2 and Medium, respectively. The main drivers of the company's valuation and uncertainty are its book value yield and return on

## Fundamentals as of 9 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 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 25.44, falling at the 46th 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 74.58, falling at the 85th percentile in its sector and ranging between 19.37 and

# Laboratorios Farmaceuticos Rovi SA ROVI ★ Q 9 May 2024, 22:35 UTC

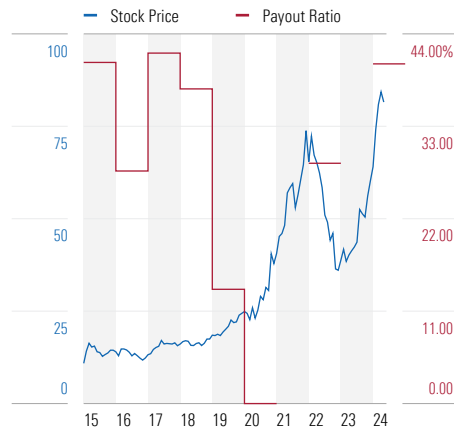
<b>Economic Moat</b> ◊	<b>Uncertainty</b> ◊	<b>Price/Fair Value</b> ◊	<b>ESG Risk Rating Assessment</b> <sup>1</sup>	<b>Trailing Dividend Yield %</b>	<b>Market Cap</b>	<b>Investment Style</b>	<b>Sector</b>	<b>Industry</b>
Wide	High	1.2	 1 May 2024 05:00, UTC	1.59	4.1682 Bil	Mid Growth	Healthcare	Biotechnology

## Earnings as of 3 May 2024

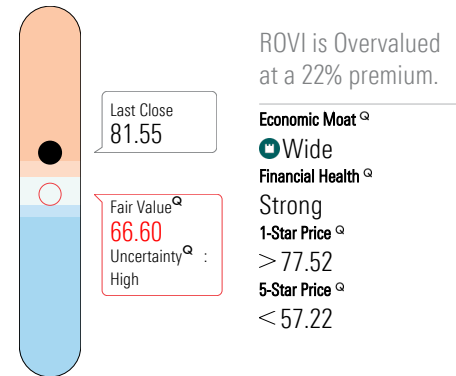
Earnings	%	Percentile in Sector
Dividend Yield*	1.5	42.0
Payout Ratio*	40.4	51.0
Price to Earnings	25.9	48.0
Price to Cash Flow	75.9	86.0
ROIC**	28.6	97.0

\*30 Apr 2024  
\*\*31 Dec 2023

## Dividends as of 9 May 2024



## Valuation ◊ as of 9 May 2024



77.87 over the past year.

### Contact

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+34 913756230

<https://www.rovi.es>

## Financials as of 9 May 2024 (Fiscal Year End 31 Dec 2023)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	Fiscal
Revenue (Mil)	238	246	265	276	303	381	420	649	818	830	830	Revenue (Mil)
Operating Income (Mil)	28	22	28	19	17	43	77	181	256	220	220	Operating Income (Mil)
Operating Margin (%)	11.63	8.88	10.67	6.9	5.76	11.33	18.44	27.98	31.29	26.55	26.55	Operating Margin (%)
Net Income (Mil)	24	20	26	17	18	39	61	153	200	170	170	Net Income (Mil)
Diluted Earnings/Share	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
Operating Cash Flow (Mil)	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)
Capital Spending (Mil)	-25	-20	-18	-20	-26	-41	-40	-41	-51	-55	-55	Capital Spending (Mil)
Free Cash Flow (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)
Avg Shares Outstand(Mil)	50	50	49	49	51	55	55	55	53	53	53	Avg Shares Outstand(Mil)

## Valuation as of 9 May 2024

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar
Price/Fair Value ◊	1.02	0.98	0.92	1.26	1.06	1.20	1.30	1.31	0.74	1.08	1.22	Price/Fair Value ◊
Price/Sales	2.23	2.94	2.34	2.78	2.96	3.81	5.09	7.03	2.43	3.81	5.23	Price/Sales
Price/Earnings	21.38	34.69	24.56	35.67	54.14	41.60	37.85	36.17	10.79	16.70	25.48	Price/Earnings
Price/Cash Flow	17.09	33.02	13.89	36.05	105.33	219.01	—	21.57	10.20	26.64	38.30	Price/Cash Flow
Price/Book	3.31	4.39	3.39	4.03	4.80	4.31	5.68	8.93	4.27	5.66	7.74	Price/Book

## Operating Performance as of 9 May 2024 (Fiscal Year End 31 Dec 2023)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q3	Fiscal (%)
Return on Assets	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
Return on Equity	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
Rtn on Invested Capital	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 9 May 2024

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar (%)
Dividend Per Share	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
Trailing Dividend Yield	1.57	1.17	1.13	1.17	0.69	0.33	0.46	—	2.65	—	1.59	Trailing Dividend Yield
Buyback Yield	0.39	0.63	0.19	—	0.01	—	—	—	7.34	—	1.95	Buyback Yield

# Appendix

**Economic Moat** <sup>®</sup>History as of 9 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

## 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

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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