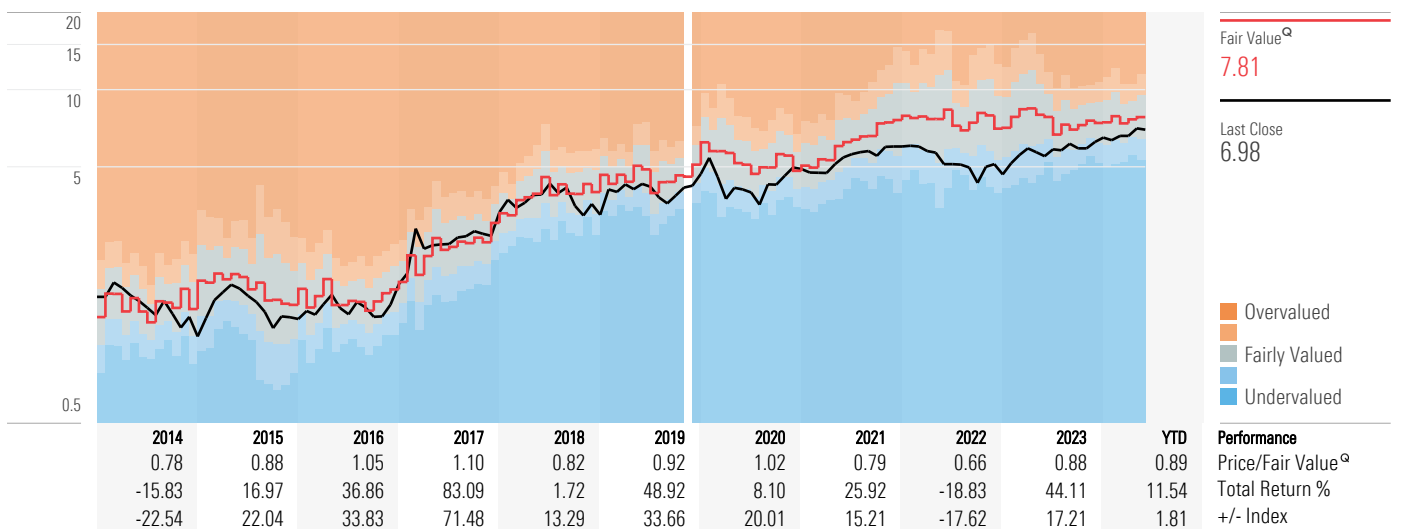


Nicolas Correa SA NEA ★★★ Q 3 May 2024, 22:45 UTC

Economic Moat ^Q	Uncertainty ^Q	Price/Fair Value ^Q	ESG Risk Rating Assessment ¹	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	Very High	0.9	—	3.87	85.7685 Mil	Small Core	Industrials	Specialty Industrial Machinery



As of 3 May 2024 | Index: Morningstar Spain GR EUR. Fair Value data as of 3 May 2024, 22:45 UTC.

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 26 Apr 2024

Metrics		Percentile in Sector
Earnings Yield (%)	12.3	89.0
Sales Yield (%)	128.2	62.0
Book Value Yield (%)	85.7	71.0
Return on Assets (%)*	8.1	82.0
Revenue(Mil)*	117.3	33.0
Market Value (Mil)	91.9	29.0
Enterprise Value (Mil)	80.2	26.0
EVMV Ratio	0.9	18.0
Volatility TTM (%)	17.8	15.0
Drawdown TTM (%)	10.6	9.0
Volume (K)	6.8	16.0

*31 Dec 2023

Business Description

Nicolas Correa SA is primarily engaged in the design and manufacture of milling machines. The company mainly specializes in the provision of milling solutions for the manufacturers of dies and moulds, monolithic elements for aeronautics, automotive, railway, wind, energy, as well as energy and general mechanical sectors, among others.

Valuation ^Q as of 3 May 2024

Morningstar maintains a 3-star quantitative star rating for Nicolas Correa, derived from the firm's valuation and uncertainty scores.

The company's shares last closed at 7.04, below our quantitative fair value estimate of 7.89. These shares have traded between a 32.03% and 7.74% discount 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 76th percentile; in the industrials sector, the firm's score lies at the 63rd percentile (meaning the shares are more undervalued than 63% of stocks in the sector).

Furthermore, Nicolas Correa maintains a quantitative valuation uncertainty rating of Very High.

The company has held this star rating since the previous rating of 4, which was last assigned on 06/30/2023. The uncertainty rating for Nicolas Correa has remained Very High since the previous rating of High, which was last assigned on 04/30/2024.

The key factors behind these ratings are the company's earnings yield and book value yield. The earnings yield is 12.33%, and its maximum book value yield is 101.14%. The earnings yield falls at the 89th percentile in the industrials sector while the book value yield is at the 71st percentile. Over the past year, the company's earnings yield has been between 7.50% and 15.78%; its book value

yield has ranged between 80.61% and 101.14%.

Economic Moat ^Q as of 3 May 2024

With a Morningstar quantitative moat rating of None, the quantitative moat score for Nicolas Correa falls at the 58th percentile in the industrials sector and at the 66th in the equity coverage universe. The company has maintained its None quantitative moat rating since after 04/26/2024, when it was downgraded from Narrow.

We also assign a Strong quantitative financial health rating to Nicolas Correa. The company's raw score on this metric, termed Distance to Default, ranks at the 91st percentile overall and 94th in the industrials 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 85.93%, ranks at the 65th percentile in the covered equity universe and at the 71st percentile among its peers. Meanwhile, its annualized trailing 12-month volatility of 18.02%, falls at the 16th percentile in both the universe and the industrials sector.

Fundamentals as of 3 May 2024

Nicolas Correa maintains earnings per share of 0.87. The company further earns a return on invested capital of 13.44%. The shares offer a dividend yield of 3.26%. These values are calculated over a trailing 12-month period.

As of last market close, Nicolas Correa has a price-to-earnings ratio of 8.11, falling below the 15th percentile in its sector (where a lower percentile means a lower ratio) and ranging between 6.34 and 8.25 over the past year. The company's price-to-free cash flow ratio is 22.05, falling at the 63rd percentile in its sector and ranging between 11.53

Nicolas Correa SA NEA ★★★

Q 3 May 2024, 22:45 UTC

Economic Moat ^Q	Uncertainty ^Q	Price/Fair Value ^Q	ESG Risk Rating Assessment ¹	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	Very High	0.9	—	3.87	85.7685 Mil	Small Core	Industrials	Specialty Industrial Machinery

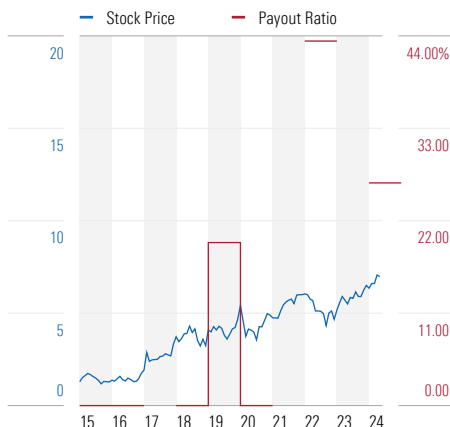
Earnings as of 26 Apr 2024

Earnings	%	Percentile in Sector
Dividend Yield*	3.5	69.0
Payout Ratio*	26.5	35.0
Price to Earnings	8.1	16.0
Price to Cash Flow	22.1	63.0
ROIC**	13.4	82.0

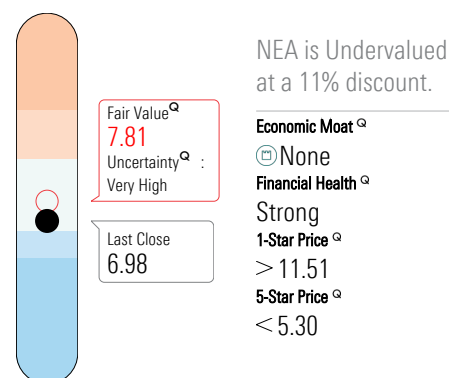
*28 Mar 2024

**31 Dec 2023

Dividends as of 3 May 2024



Valuation ^Q as of 3 May 2024

Economic Moat ^Q

None

Financial Health ^Q

Strong

1-Star Price ^Q

> 11.51

5-Star Price ^Q

< 5.30

and 22.42 over the past year.

Contact

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Financials as of 3 May 2024 (Fiscal Year End 31 Dec 2021)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	Fiscal
Revenue (Mil)	56	56	60	58	72	74	67	77	98	110	110	Revenue (Mil)
Operating Income (Mil)	3.66	3.48	4.80	2.47	7.58	8.48	6.39	7.55	9.76	12.08	12.08	Operating Income (Mil)
Operating Margin (%)	6.58	6.22	8.05	4.22	10.57	11.47	9.61	9.86	9.94	10.99	10.99	Operating Margin (%)
Net Income (Mil)	1.35	1.36	4.11	2.24	7.83	8.05	5.76	5.57	9.04	10.54	10.54	Net Income (Mil)
Diluted Earnings/Share	0.11	0.11	0.34	0.18	0.64	0.66	0.47	0.46	0.75	0.87	0.87	Diluted Earnings/Share
Operating Cash Flow (Mil)	4.08	3.18	3.67	3.80	7.24	7.63	2.51	15.76	7.80	8.22	8.22	Operating Cash Flow (Mil)
Capital Spending (K)	-920	-1,486	-934	-1,035	-1,902	-1,771	-2,867	-2,393	-3,023	-4,340	-4,340	Capital Spending (K)
Free Cash Flow (Mil)	3.16	1.70	2.73	2.77	5.33	5.86	-0.35	13.37	4.78	3.88	3.88	Free Cash Flow (Mil)
Avg Shares Outstand(Mil)	12	12	12	12	12	12	12	12	12	12	12	Avg Shares Outstand(Mil)

Valuation as of 3 May 2024

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar
Price/Fair Value ^Q	0.78	0.88	1.05	1.10	0.82	0.92	1.02	0.79	0.66	0.88	0.89	Price/Fair Value ^Q
Price/Sales	0.27	0.26	0.38	0.66	—	0.74	0.89	1.03	0.67	0.76	0.77	Price/Sales
Price/Earnings	47.25	9.11	14.44	9.67	7.16	6.07	9.79	12.40	10.13	7.49	8.06	Price/Earnings
Price/Cash Flow	5.17	21.61	7.63	12.26	3.53	6.53	—	5.91	9.83	7.00	10.34	Price/Cash Flow
Price/Book	0.46	0.47	0.62	1.08	0.94	1.14	1.07	1.29	0.94	1.18	1.16	Price/Book

Operating Performance as of 3 May 2024 (Fiscal Year End 31 Dec 2021)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q3	Fiscal (%)
Return on Assets	1.75	1.74	5.59	3.11	10.14	9.49	6.22	5.25	7.62	8.11	2.33	Return on Assets
Return on Equity	4.25	4.05	11.51	5.84	18.1	16.08	10.55	9.62	14.37	15.06	4.02	Return on Equity
Rtn on Invested Capital	4.18	4.66	9.16	5.01	15.71	15.01	9.22	8.13	12.51	13.44	3.11	Rtn on Invested Capital

Dividends as of 3 May 2024

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar (%)
Dividend Per Share	—	—	—	—	—	0.15	0.17	0.17	0.20	0.23	0.27	Dividend Per Share
Trailing Dividend Yield	—	—	—	—	—	3.2	3.47	—	4.28	—	3.87	Trailing Dividend Yield
Buyback Yield	—	—	—	—	—	—	—	—	0.0	—	0.0	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	0.45	0.55	0.52	0.69	0.58	—	—	—	—	—	—	—
2023	0.21	0.25	0.27	0.24	0.21	0.31	0.38	0.36	0.23	0.20	0.33	0.33
2022	0.39	0.49	0.50	0.53	0.56	0.57	0.58	0.62	0.30	0.42	0.30	0.19
2021	0.23	0.23	0.19	0.38	0.38	0.30	0.34	0.39	0.40	0.45	0.36	0.39
2020	0.43	0.19	0.34	0.31	0.45	0.39	0.25	0.41	0.29	0.32	0.31	0.45
2019	0.14	0.19	0.24	0.11	0.10	0.13	0.17	0.27	0.43	0.34	0.31	0.24

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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/

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