
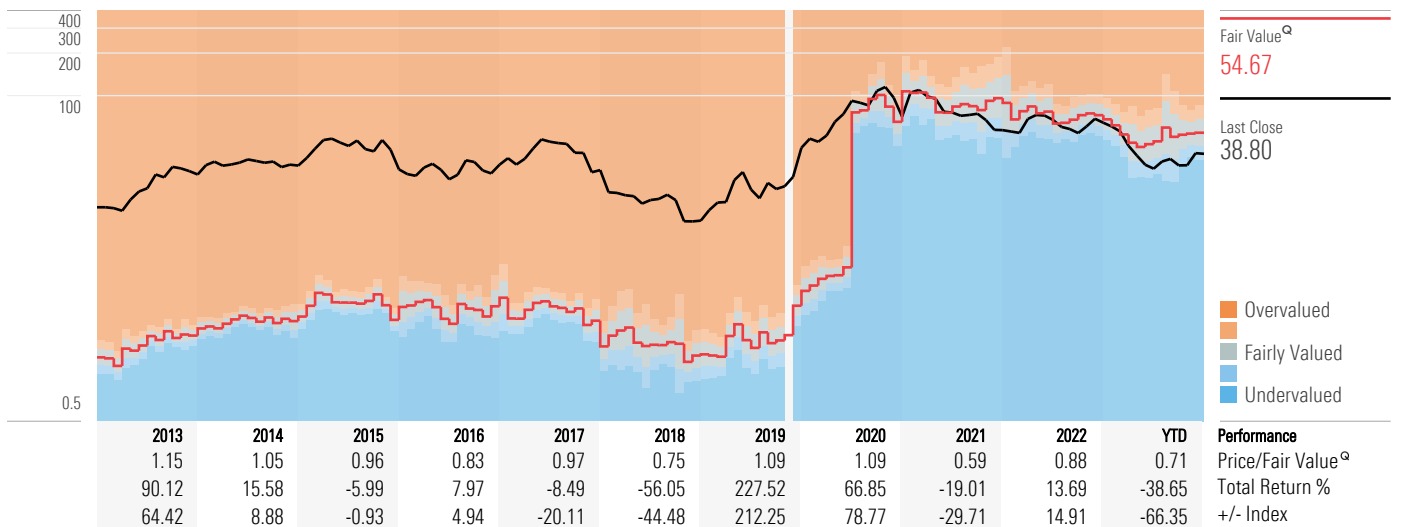


# Pharma Mar SA PHM ★★★ Q 4 Dec 2023, 23:40 UTC

<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	Very High	0.7	 1 Nov 2023 05:00, UTC	1.68	683.1639 Mil	Small Value	Healthcare	Biotechnology



As of 4 Dec 2023 | Index: Morningstar Spain GR EUR. Fair Value data as of 4 Dec 2023, 23:40 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 30 Nov 2023

Metrics		Percentile in Sector
Earnings Yield (%)	3.0	76.0
Sales Yield (%)	24.9	50.0
Book Value Yield (%)	30.3	43.0
Return on Assets (%)*	5.6	81.0
Revenue(Mil)*	191.0	67.0
Market Value (Mil)	758.2	68.0
Enterprise Value (Mil)	604.1	66.0
EV/MV Ratio	0.8	29.0
Volatility TTM (%)	28.8	27.0
Drawdown TTM (%)	52.6	58.0
Volume (K)	53.1	26.0

\*30 Jun 2023

## Business Description

Pharma Mar SA is engaged in the research, development, production, and commercialization of bio-active principles of marine origin for application in oncology. It also produces and market insecticides and air fresheners for household use, household products, wood treatment and decoration products, paints, and similar products. Its operating business segments are Oncology, Diagnostics, Consumer chemicals, and RNAi. The company obtains its revenues from two main areas: biopharmaceuticals and consumer chemicals, but the biopharmaceuticals is the main line of business.

## Valuation <sup>Q</sup> as of 2 Dec 2023

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

The company's shares last closed at 38.54, below our quantitative fair value estimate of 53.93. These shares have traded between a 47.54% and 3.58% 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 49th percentile; in the healthcare sector, the firm's score lies at the 67th percentile (meaning the shares are more undervalued than 67% of stocks in the sector).

Furthermore, Pharma Mar maintains a quantitative valuation uncertainty rating of Very High.

The company has held this star rating over the past year. The uncertainty rating for Pharma Mar has remained Very High since the previous rating of High, which was last assigned on 11/28/2023.

The key factors behind these ratings are the company's return on assets and volatility. The return on assets is 5.57, and its maximum annualized trailing 12-month volatility is 35.27%. The return on assets falls at the 81st percentile in the healthcare sector

while the volatility is at the 26th percentile. Over the past year, the company's return on assets has been between 5.57 and 22.44; its volatility has ranged between 24.59% and 35.27%.

## Economic Moat <sup>Q</sup> as of 4 Dec 2023

With a Morningstar quantitative moat rating of None, the quantitative moat score for Pharma Mar falls at the 73rd percentile in the healthcare sector and at the 62nd in the equity coverage universe. The company has maintained its None quantitative moat rating since after 09/27/2023, when it was downgraded from Narrow.

We also assign a Strong quantitative financial health rating to Pharma Mar. The company's raw score on this metric, termed Distance to Default, ranks at the 85th percentile overall and 91st in the healthcare sector. Furthermore, this financial health rating has stayed Strong over the last year.


Supporting these ratings are the company's enterprise value and enterprise value-to-market value ratio. The enterprise value of 587.23 million, ranks at the 60th percentile in the covered equity universe and at the 65th percentile among its peers. Meanwhile, its enterprise value-to-market value ratio of 0.79, falls at the 19th percentile in the universe and the 28th percentile in the healthcare sector.

## Fundamentals as of 2 Dec 2023

The earnings per share for Pharma Mar is 1.16. The company earns a return on invested capital of 8.26%, falling at the 78th percentile in the healthcare sector. The firm maintains a dividend yield of 1.66%. We calculate the above figures over a trailing 12-month period.

Examining valuation further, we find Pharma Mar holds a price-to-earnings ratio of 33.29, a figure

## Pharma Mar SA PHM ★★★ 4 Dec 2023, 23:40 UTC

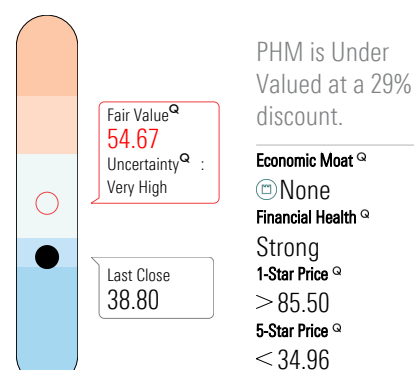
<b>Economic Moat</b> <sup>Q</sup>	<b>Uncertainty</b> <sup>Q</sup>	<b>Price/Fair Value</b> <sup>Q</sup>	<b>ESG Risk Rating Assessment</b> <sup>1</sup>	<b>Trailing Dividend Yield</b> %	<b>Market Cap</b>	<b>Investment Style</b>	<b>Sector</b>	<b>Industry</b>
None	Very High	0.7	 1 Nov 2023 05:00, UTC	1.68	683.1639 Mil	Small Value	Healthcare	Biotechnology

**Earnings** as of 30 Nov 2023

Earnings	%	Percentile in Sector
Dividend Yield*	1.7	45.0
Payout Ratio*	112.3	91.0
Price to Earnings	33.9	63.0
Price to Cash Flow	—	—
ROIC**	8.3	78.0

\*30 Nov 2023

\*\*30 Jun 2023

**Dividends** as of 4 Dec 2023**Valuation** <sup>Q</sup> as of 4 Dec 2023

PHM is Under Valued at a 29% discount.

**Economic Moat** <sup>Q</sup>

None

**Financial Health** <sup>Q</sup>

Strong

**1-Star Price** <sup>Q</sup>

&gt; 85.50

**5-Star Price** <sup>Q</sup>

&lt; 34.96

greater than 62% of its sector peers.

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+34 918466000<http://www.pharmamar.com>**Financials** as of 4 Dec 2023 (Fiscal Year End 31 Dec 2020)

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD	Fiscal
140	174	193	181	159	109	86	270	230	196	118	Revenue (Mil)
18.96	20.24	11.30	-18.71	-19.54	-16.03	-17.48	156.21	92.35	44.44	0.97	Operating Income (Mil)
13.49	11.63	5.86	-10.34	-12.3	-14.74	-20.36	57.86	40.18	22.63	0.83	Operating Margin (%)
11.32	13.12	6.59	-24.08	-26.75	-5.54	-11.38	137.26	92.86	49.36	7.96	Net Income (Mil)
0.60	0.72	0.36	-1.32	-1.45	-0.36	-0.60	7.50	5.13	2.73	0.45	Diluted Earnings/Share
20.73	22.79	11.08	-8.41	-1.46	-16.83	-24.21	278.94	25.68	38.32	-10.76	Operating Cash Flow (Mil)
-6.48	-10.18	-9.29	-6.09	-4.67	-1.89	-3.96	-3.00	-7.80	-8.85	-10.25	Capital Spending (Mil)
14.25	12.61	1.80	-14.51	-6.12	-18.71	-28.17	275.94	17.87	29.47	-21.01	Free Cash Flow (Mil)
18	18	18	18	18	18	18	18	18	18	18	Avg Shares Outstand(Mil)

**Valuation** as of 4 Dec 2023

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Current	Calendar
1.15	1.05	0.96	0.83	0.97	0.75	1.09	1.09	0.59	0.88	0.71	Price/Fair Value <sup>Q</sup>
3.72	3.97	3.47	3.23	3.01	1.28	5.82	5.25	5.36	5.04	4.10	Price/Sales
32.52	41.44	163.20	—	—	—	—	8.78	17.36	13.85	49.75	Price/Earnings
—	23.58	98.68	166.78	151.09	—	—	4.78	29.48	28.18	59.56	Price/Cash Flow
9.02	8.41	6.88	9.99	14.03	7.50	—	13.10	7.17	5.48	3.34	Price/Book

**Operating Performance** as of 4 Dec 2023 (Fiscal Year End 31 Dec 2020)

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Q3	Fiscal (%)
5.82	6.71	3.19	-11.12	-13.08	-3.21	-8.06	60.34	26.58	12.96	0.43	Return on Assets
23.7	22.4	9.36	-37.27	-67.52	-22.95	-69.5	240	66.18	24.62	0.73	Return on Equity
10.57	12.2	6.4	-12.05	-16.73	-1.25	-8.0	108	49.55	20.49	0.6	Rtn on Invested Capital

**Dividends** as of 4 Dec 2023

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Current	Calendar (%)
—	—	—	—	—	—	—	0.48	0.60	0.65	0.65	Dividend Per Share
—	—	—	—	—	—	—	0.68	—	1.01	1.68	Trailing Dividend Yield
0.33	0.3	—	0.56	0.2	—	0.02	2.39	—	0.08	0.92	Buyback Yield

# Appendix

**Economic Moat** <sup>®</sup>History as of 4 Dec 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	0.86	0.84	0.71	0.33	0.31	0.51	0.44	0.68	0.64	0.54	0.56	0.61
2022	0.80	0.87	0.93	0.95	0.89	0.96	0.79	0.80	0.90	0.92	0.98	0.96
2021	0.77	0.77	0.87	0.93	0.85	0.91	0.87	0.87	0.84	0.80	0.94	0.88
2020	0.01	0.09	0.05	0.63	0.74	0.89	0.83	0.61	0.78	0.89	0.79	0.73
2019	0.04	0.10	0.15	0.12	0.07	0.08	0.10	0.03	0.05	0.05	0.06	0.02
2018	0.04	0.02	0.06	0.07	0.15	0.10	0.04	0.06	0.04	0.09	0.08	0.03

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

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