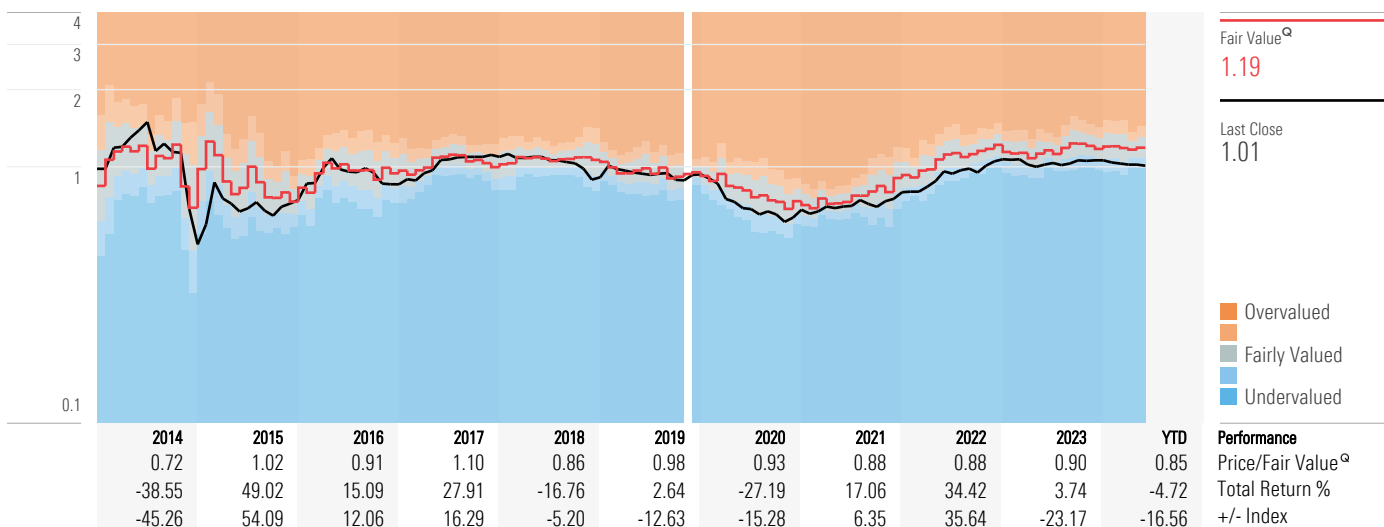


# Realia Business SA RLIA ★★★★★ Q 9 May 2024, 22:35 UTC

<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>
None	High	0.9	1 May 2024 05:00, UTC	4.95	819.2001 Mil	Small Core	Real Estate	Real Estate Services



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 (%)	2.9	53.0
Sales Yield (%)	16.0	36.0
Book Value Yield (%)	141.1	63.0
Return on Assets (%)*	1.2	51.0
Revenue(Mil)*	142.4	50.0
Market Value (Mil)	895.2	64.0
Enterprise Value (Bil)	1.5	58.0
EV/MV Ratio	1.6	47.0
Volatility TTM (%)	13.6	14.0
Drawdown TTM (%)	7.7	11.0
Volume (K)	527.2	62.0

\*31 Dec 2023

## Business Description

Realia Business SA is a real estate company. It is mainly engaged in the promotion, management, and operation of all kinds of real estate assets. Its areas of activity include property, through the development and lease of its own offices and shopping centers, the development of housing and land management. In addition, the company holds a diversified portfolio of tenants, including great international firms of high solvency, and several public institutions. It has two reportable segments: Sale of property developments and land consisting of the majority of the revenue and followed by Property rentals segment.

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

Morningstar maintains a 4-star quantitative star rating for Realia Business, derived from the firm's valuation and uncertainty scores. The company's shares last closed at 1.01, below our quantitative fair value estimate of 1.17. These shares have traded between a 17.27% and 3.51% 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 67th percentile; in the real estate sector, the firm's score lies at the 76th percentile (meaning the shares are more undervalued than 76% of stocks in the sector). Furthermore, Realia Business maintains a quantitative valuation uncertainty rating of High. The company has held this star rating since the previous rating of 3, which was last assigned on 04/02/2024. The uncertainty rating for Realia Business has remained High since the previous rating of Very High, which was last assigned on 01/01/2024.

The key factors behind these ratings are the company's EV-MV ratio and volatility. The enterprise

value-to-market value ratio is 1.64, and its maximum annualized trailing 12-month volatility is 16.21%. The EV-MV ratio falls at the 47th percentile in the real estate sector while the volatility is at the 14th percentile. Over the past year, the company's EV-MV ratio has been between 1.58 and 1.64; its volatility has ranged between 13.58% and 16.21%.

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

With a Morningstar quantitative moat rating of None, the quantitative moat score for Realia Business falls at the 26th percentile in the real estate sector and at the 15th in the equity coverage universe. The company has maintained its None quantitative moat rating since after 02/27/2024, when it was downgraded from Narrow. We also assign a Moderate quantitative financial health rating to Realia Business. The company's raw score on this metric, termed Distance to Default, ranks at the 62nd percentile overall and 77th in the real estate sector. Furthermore, this financial health rating has stayed Moderate over the last year. Supporting these ratings are the company's book value yield and enterprise value-to-market value ratio. The book value yield of 142.52%, ranks at the 83rd percentile in the covered equity universe and at the 64th percentile among its peers. Meanwhile, its enterprise value-to-market value ratio of 1.64, falls at the 81st percentile in the universe and the 47th percentile in the real estate sector.

## Fundamentals as of 9 May 2024

The earnings per share for Realia Business is 0.03. The company earns a return on invested capital of 2.65%, falling at the 54th percentile in the real estate sector. The firm maintains a dividend yield of

# Realia Business SA RLIA ★★★★★

Q 9 May 2024, 22:35 UTC

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None	High	0.9	1 May 2024 05:00, UTC	4.95	819.2001 Mil	Small Core	Real Estate	Real Estate Services

## Earnings as of 3 May 2024

Earnings	%	Percentile in Sector
Dividend Yield*	4.9	49.0
Payout Ratio*	166.7	82.0
Price to Earnings	34.2	78.0
Price to Cash Flow	12.1	52.0
ROIC**	2.7	55.0

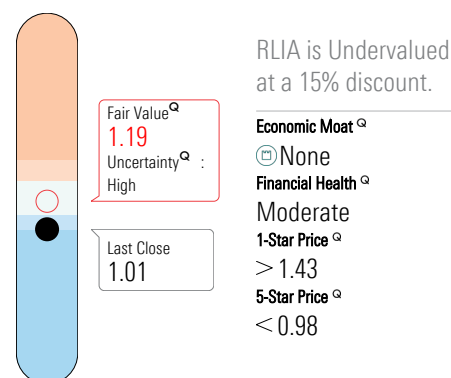
\*30 Apr 2024

\*\*31 Dec 2023

## Dividends as of 9 May 2024



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



4.9%. We calculate the above figures over a trailing 12-month period.

Examining valuation further, we find Realia Business holds a price-to-earnings ratio of 33.67, a figure greater than 78% of its sector peers. The company's price-to-free cash flow ratio is 11.95, greater than 51% of its sector peers. These values are calculated using the stock's price at last market close.

### Contact

Avenue Del Camino de Santiago 40, Madrid, —  
28050

+34 913534400

—

<https://www.realia.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)	98	76	80	83	76	76	86	162	113	132	132	Revenue (Mil)
Operating Income (Mil)	18	11	-24	29	34	41	19	50	53	39	39	Operating Income (Mil)
Operating Margin (%)	18.7	13.84	-30.44	35.23	44.42	54.18	22.68	31.06	46.89	29.7	29.7	Operating Margin (%)
Net Income (Mil)	-77.49	17.21	115.70	30.46	40.16	44.88	2.11	57.86	58.14	24.70	24.70	Net Income (Mil)
Diluted Earnings/Share	-0.25	0.05	0.25	0.05	0.06	0.06	0.00	0.07	0.07	0.03	0.03	Diluted Earnings/Share
Operating Cash Flow (Mil)	83	46	56	60	25	45	38	99	70	89	89	Operating Cash Flow (Mil)
Capital Spending (Mil)	—	-5.46	-6.71	-3.39	-2.31	-29.22	-7.49	-7.68	-16.83	-20.85	-20.85	Capital Spending (Mil)
Free Cash Flow (Mil)	83	40	49	57	23	15	30	91	53	69	69	Free Cash Flow (Mil)
Avg Shares Outstand(Mil)	314	314	462	644	649	818	813	811	811	811	811	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 <sup>Q</sup>	0.72	1.02	0.91	1.10	0.86	0.98	0.93	0.88	0.88	0.90	0.85	Price/Fair Value <sup>Q</sup>
Price/Sales	0.88	2.91	7.39	8.49	7.53	10.18	7.23	5.24	5.18	9.71	6.19	Price/Sales
Price/Earnings	—	—	4.68	10.97	20.35	12.97	68.00	18.95	11.89	36.88	33.67	Price/Earnings
Price/Cash Flow	1.42	4.16	10.70	12.39	22.17	14.13	18.93	9.23	7.89	17.13	9.16	Price/Cash Flow
Price/Book	0.82	1.37	0.92	0.88	0.89	0.74	0.53	0.60	0.75	0.75	0.70	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	-1.5	0.78	5.38	1.5	1.97	2.15	0.1	2.78	2.8	1.19	1.19	Return on Assets
Return on Equity	-22.23	5.06	17.92	3.85	4.45	4.41	0.2	5.41	5.1	2.11	2.26	Return on Equity
Rtn on Invested Capital	-0.91	1.65	7.09	2.54	3.23	3.37	0.22	4.0	3.94	2.65	1.44	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	—	—	—	—	—	—	—	—	—	0.05	0.05	Dividend Per Share
Trailing Dividend Yield	—	—	—	—	—	—	—	—	—	—	4.95	Trailing Dividend Yield
Buyback Yield	—	—	—	—	0.06	—	1.08	—	—	—	0.03	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	0.73	0.64	0.10	0.24	0.18	—	—	—	—	—	—	—
2023	0.70	0.87	0.78	0.73	0.70	0.78	0.68	0.60	0.64	0.65	0.76	0.72
2022	0.19	0.20	0.29	0.31	0.32	0.48	0.51	0.75	0.63	0.69	0.57	0.80
2021	0.20	0.21	0.14	0.11	0.13	0.10	0.11	0.10	0.12	0.09	0.14	0.20
2020	0.08	0.18	0.29	0.26	0.27	0.29	0.35	0.17	0.29	0.28	0.34	0.26
2019	0.12	0.05	0.05	0.05	0.32	0.53	0.03	0.14	0.04	0.07	0.07	0.08

## Quantitative Equity Report Overview

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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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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

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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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