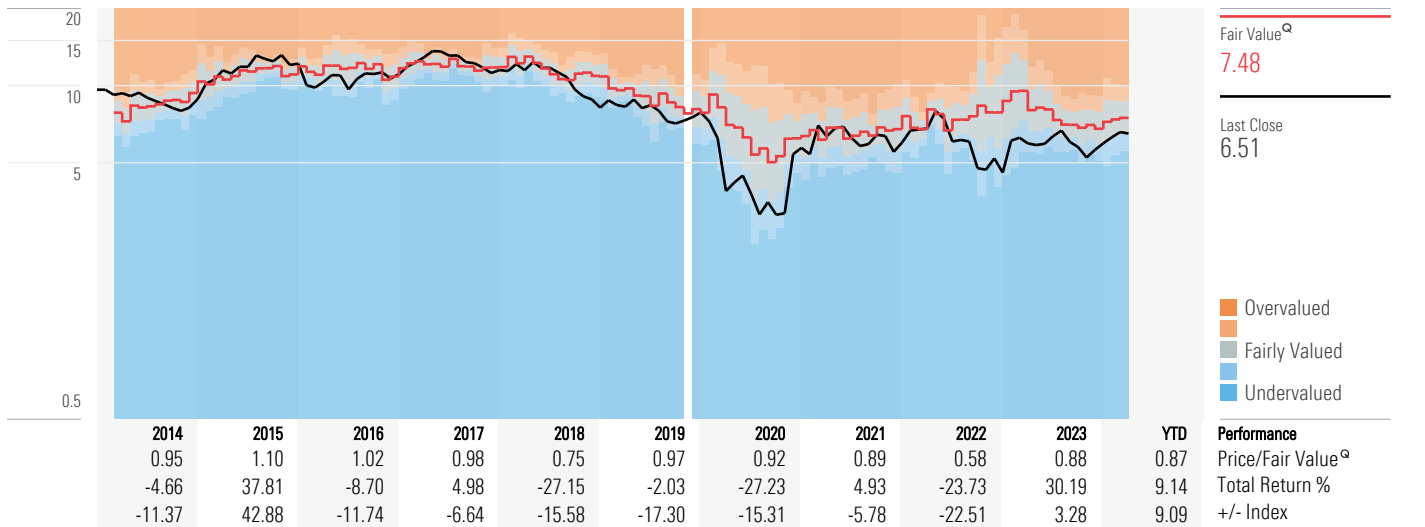


# Melia Hotels International SA MEL ★★★ Q 4 Mar 2024, 23:34 UTC

<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	7 Feb 2024 06:00, UTC	5.45	1.4705 Bil	Small Growth	Consumer Cyclical	Lodging



As of 4 Mar 2024 | Index: Morningstar Spain GR EUR. Fair Value data as of 4 Mar 2024, 23:34 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 1 Mar 2024

Metrics		Percentile in Sector
Earnings Yield (%)	10.4	85.0
Sales Yield (%)	128.2	53.0
Book Value Yield (%)	30.6	30.0
Return on Assets (%)*	3.4	54.0
Revenue(Bil)*	2.0	70.0
Market Value (Bil)	1.6	69.0
Enterprise Value (Bil)	4.6	77.0
EV/MV Ratio	2.9	90.0
Volatility TTM (%)	22.5	26.0
Drawdown TTM (%)	22.9	38.0
Volume (K)	679.8	64.0

\*30 Sep 2023

## Business Description

Melia Hotels International SA is a Spanish owner and operator of hotels. The company operates mid-scale, upscale, and premium hotels across several brands, including Sol Hotels & Resorts, Melia Hotels & Resorts, and Gran Melia. Melia may either own or lease the hotels it operates, and hotel operation contributes the majority of company revenue. In addition, hotel owners may operate hotels under a Melia brand in a franchise agreement, or can contract Melia's management services to operate the hotel on its behalf. The company generates approximately half of its revenue in Spain, and the rest from America and the EMEA region.

## Valuation <sup>Q</sup> as of 2 Mar 2024

Melia Hotels Intl achieves a 3-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 7.61, above the previous closing price of 6.68. The stock has been trading between a 45.14% and 4.51% discount to its quantitative fair value over the past year. The stock's current valuation rating sits at the 73rd percentile in the coverage universe and 76th percentile in the consumer cyclical sector (higher percentile indicates more undervalued). The quantitative uncertainty rating for Melia Hotels Intl is High. Our quantitative star rating last differed from the current rating on 12/13/2023; the uncertainty rating last differed on 02/23/2024. The previous ratings were 4 and Very High, respectively. The main drivers of the company's valuation and uncertainty are its earnings yield and volatility. The earnings yield of 10.43% falls at the 86th percentile in the equity universe and the 85th percentile in its sector. The annualized trailing 12-month volatility

of 22.49% corresponds to the 28th percentile overall and the 26th percentile in the industry.


## Economic Moat <sup>Q</sup> as of 4 Mar 2024

With a Morningstar quantitative moat rating of None, the quantitative moat score for Melia Hotels Intl falls at the 63rd percentile in the consumer cyclical sector and at the 57th in the equity coverage universe. The company has maintained its None quantitative moat rating since after 06/29/2023, when it was downgraded from Narrow. We also assign a Moderate quantitative financial health rating to Melia Hotels Intl. The company's raw score on this metric, termed Distance to Default, ranks at the 33rd percentile overall and 38th in the consumer cyclical sector. Furthermore, this financial health rating has stayed Moderate over the last year. Supporting these ratings are the company's sales yield and enterprise value-to-market value ratio. The sales yield of 128.16%, ranks at the 72nd percentile in the covered equity universe and at the 53rd percentile among its peers. Meanwhile, its enterprise value-to-market value ratio of 2.86, falls at the 93rd percentile in the universe and the 90th percentile in the consumer cyclical sector.

## Fundamentals as of 2 Mar 2024

The earnings per share for Melia Hotels Intl is 0.7. We do not have enough information to report on the company's return-on-invested-capital and dividend yield. The company did not report a dividend. Examining valuation further, we find Melia Hotels Intl holds a price-to-earnings ratio of 9.59, a figure greater than 21% of its sector peers. The company's price-to-free cash flow ratio is 3.77, greater than 12% of its sector peers. These values are cal-

# Melia Hotels International SA MEL ★★★ Q 4 Mar 2024, 23:34 UTC

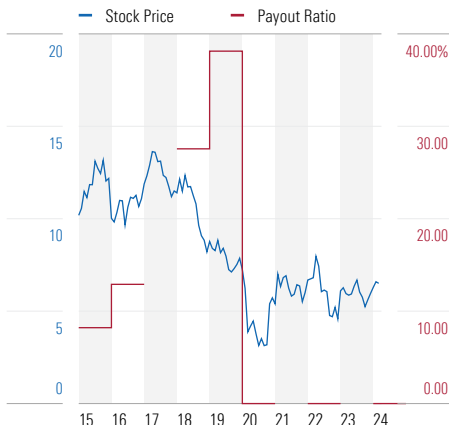
<b>Economic Moat</b> ◊	<b>Uncertainty</b> ◊	<b>Price/Fair Value</b> ◊	<b>ESG Risk Rating Assessment</b> †	<b>Trailing Dividend Yield %</b>	<b>Market Cap</b>	<b>Investment Style</b>	<b>Sector</b>	<b>Industry</b>
None	High	0.9	 7 Feb 2024 06:00, UTC	5.45	1.4705 Bil	Small Growth	Consumer Cyclical	Lodging

## Earnings as of 1 Mar 2024

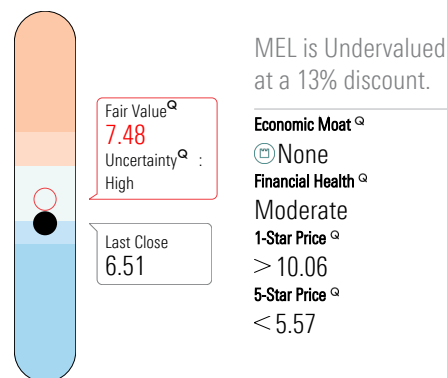
Earnings	%	■ Percentile in Sector
Dividend Yield*	—	—
Payout Ratio*	—	—
Price to Earnings	9.6	21.0
Price to Cash Flow	3.8	12.0
ROIC**	—	—

\*—  
\*\*30 Sep 2023

## Dividends as of 4 Mar 2024



## Valuation ◊ as of 4 Mar 2024



culated using the stock's price at last market close.

### Contact

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—  
<https://www.melia.com>

## Financials as of 4 Mar 2024 (Fiscal Year End 31 Dec 2023)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	Fiscal
Revenue (Mil)	1,495	1,738	1,802	1,859	1,820	1,790	528	827	1,680	—	1,478	Revenue (Mil)
Operating Income (Mil)	149	223	197	218	269	229	-436	-209	154	—	195	Operating Income (Mil)
Operating Margin (%)	9.98	12.83	10.95	11.7	14.8	12.77	-82.43	-25.22	9.17	—	13.2	Operating Margin (%)
Net Income (Mil)	30	36	101	124	147	113	-596	-193	111	—	96	Net Income (Mil)
Diluted Earnings/Share	0.15	0.18	0.44	0.54	0.65	0.50	-2.78	-0.88	0.50	—	0.44	Diluted Earnings/Share
Operating Cash Flow (Mil)	188	271	257	259	571	383	-250	127	493	—	493	Operating Cash Flow (Mil)
Capital Spending (Mil)	-41	-64	-138	-153	-230	-108	-52	-78	-112	—	-112	Capital Spending (Mil)
Free Cash Flow (Mil)	148	206	119	107	341	275	-302	48	381	—	381	Free Cash Flow (Mil)
Avg Shares Outstand(Mil)	199	198	228	228	228	228	214	220	220	—	220	Avg Shares Outstand(Mil)

## Valuation as of 4 Mar 2024

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar
Price/Fair Value ◊	0.95	1.10	1.02	0.98	0.75	0.97	0.92	0.89	0.58	0.88	0.87	Price/Fair Value ◊
Price/Sales	1.13	1.45	1.42	1.41	1.00	0.99	1.52	1.91	0.67	0.70	0.76	Price/Sales
Price/Earnings	—	33.32	35.74	21.70	13.46	16.38	—	—	40.00	8.56	9.34	Price/Earnings
Price/Cash Flow	13.59	9.76	10.61	10.11	6.27	4.98	16.50	—	3.30	2.64	2.88	Price/Cash Flow
Price/Book	1.55	1.85	1.76	1.74	1.47	1.56	1.77	3.91	3.18	2.92	3.18	Price/Book

## Operating Performance as of — (Fiscal Year End 31 Dec 2023)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q3	Fiscal (%)
Return on Assets	0.92	1.13	3.1	3.93	4.18	2.74	-13.5	-4.66	2.59	—	0.96	Return on Assets
Return on Equity	2.63	2.9	7.23	8.53	9.9	8.76	-69.39	-49.55	30.9	—	9.55	Return on Equity
Rtn on Invested Capital	4.07	3.2	5.09	5.83	7.05	5.58	-15.94	-4.25	4.99	—	1.91	Rtn on Invested Capital

## Dividends as of —

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar (%)
Dividend Per Share	0.04	0.03	0.04	0.13	0.17	0.18	—	—	—	—	—	Dividend Per Share
Trailing Dividend Yield	0.45	0.25	0.36	—	2.05	2.33	—	—	—	—	5.45	Trailing Dividend Yield
Buyback Yield	—	—	—	—	—	0.07	3.67	—	0.02	—	0.02	Buyback Yield

# Appendix

**Economic Moat** <sup>®</sup>History as of 4 Mar 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	0.25	0.61	0.61	—	—	—	—	—	—	—	—	—
2023	0.47	0.67	0.79	0.80	0.81	0.60	0.37	0.24	0.38	0.24	0.23	0.24
2022	0.67	0.60	0.28	0.36	0.58	0.53	0.41	0.52	0.54	0.47	0.52	0.49
2021	0.13	0.08	0.12	0.11	0.29	0.28	0.35	0.41	0.56	0.56	0.49	0.34
2020	0.35	0.25	0.15	0.16	0.12	0.01	0.07	0.09	0.13	0.06	0.31	0.26
2019	0.79	0.80	0.57	0.67	0.59	0.70	0.47	0.81	0.65	0.45	0.54	0.43

# 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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