Viscofan SA VIS ★★★ Q 4 Aug 2023, 22:39 UTC

Economic Moat® as of 4 Aug 2023

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<td>Mid Core</td>
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Business Description

Viscofan SA is a Spanish producer and distributor of artificial casings for the meat industry. The company offers both natural and synthetic materials for the customised casing and animal gut meat processing industry. Its business segments are cellulose, collagen, plastic, nonpack films, fibrous, and machinery. The breakdown by geographical area is: North America, with approximately one third of sales, Europe, and Asia, with more than half of sales, and South America.

Valuation® as of 4 Aug 2023

Morningstar affirms a 3-star quantitative rating for Viscofan. We calculate this outcome using the company’s underlying model-driven valuation and uncertainty scores. The stock’s last closing price was 59.60, in-line with its Quantitative Fair Value estimate of 59.70. The stock has been trading between a 7.43% discount and 15.46% premium to its quantitative fair value over the past year. The stock’s price to fair value ratio is at the 93rd percentile in our global equity coverage universe and at the 87th percentile relative to its peers in the consumer cyclical sector. Viscofan Furthermore holds a High quantitative uncertainty rating. The company’s quantitative star rating dates to after 05/24/2023, before which it was 2-star. Similarly, the firm’s uncertainty rating changed from Very High to High after 04/10/2023.

We examine the financials and market statistics for Viscofan to determine these ratings. Its earnings yield is 4.96% and its annualized trailing 12-month volatility is 15.10%. These fall at the 65th and 9th percentiles in the equity universe and at the 62nd and 9th in the consumer cyclical sector, respectively.

Fundamentals as of 4 Aug 2023

Viscofan maintains earnings per share of 2.97. The company further earns a return on invested capital of 12.91%. The shares offer a dividend yield of 3.29%. These values are calculated over a trailing 12-month period. As of last market close, Viscofan has a price-to-earnings ratio of 20.17, falling below the 55th percentile in its sector (where a lower percentile means a lower ratio) and ranging between 18.97 and 22.72 over the past year.

Contact

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Viscofan SA VIS

Economic Moat
Narrow
Uncertainty
High
Price/Fair Value
1.0

Valuation as of 4 Aug 2023
Fair Value
59.71
Uncertainty
High
Last Close
59.40

Earnings as of 3 Aug 2023
Earnings
Dividend Yield*
3.3
64.0%
Percentile in Sector
64.0%
Payout Ratio*
65.7
80.0%
Price to Earnings
20.2
55.0%
Price to Cash Flow
—
—
ROIC**
12.9
81.0%

Dividends as of 4 Aug 2023
Stock Price
Payout Ratio

Valuation as of 4 Aug 2023

Financials as of 4 Aug 2023 (Fiscal Year End 31 Dec 2023)

Contact
https://www.viscofan.com
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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 somewhat undervalued.

Log (Quant FVE/Price) between (0.75*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) between (0.75*Quantitative Uncertainty, 1*Quantitative Uncertainty)

Micro-Caps: Log (Quant FVE/Price) between (0.75*Quantitative Uncertainty, 1.5*Quantitative Uncertainty)

★★★ – the stock is overvalued.

Log (Quant FVE/Price) < -1*Quantitative Uncertainty

Micro-Caps: Log (Quant FVE/Price) < -1.5*Quantitative Uncertainty

★★★★ – the stock is significantly overvalued.

Log (Quant FVE/Price) < -2*Quantitative Uncertainty

Micro-Caps: Log (Quant FVE/Price) < -2.5*Quantitative Uncertainty

★★★★★ – the stock is extremely overvalued.

Log (Quant FVE/Price) < -3*Quantitative Uncertainty

Micro-Caps: Log (Quant FVE/Price) < -3.5*Quantitative Uncertainty

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

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i. Last Close – Price of the stock as of the close of the market of the last trading day before date of the report.

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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
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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/

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