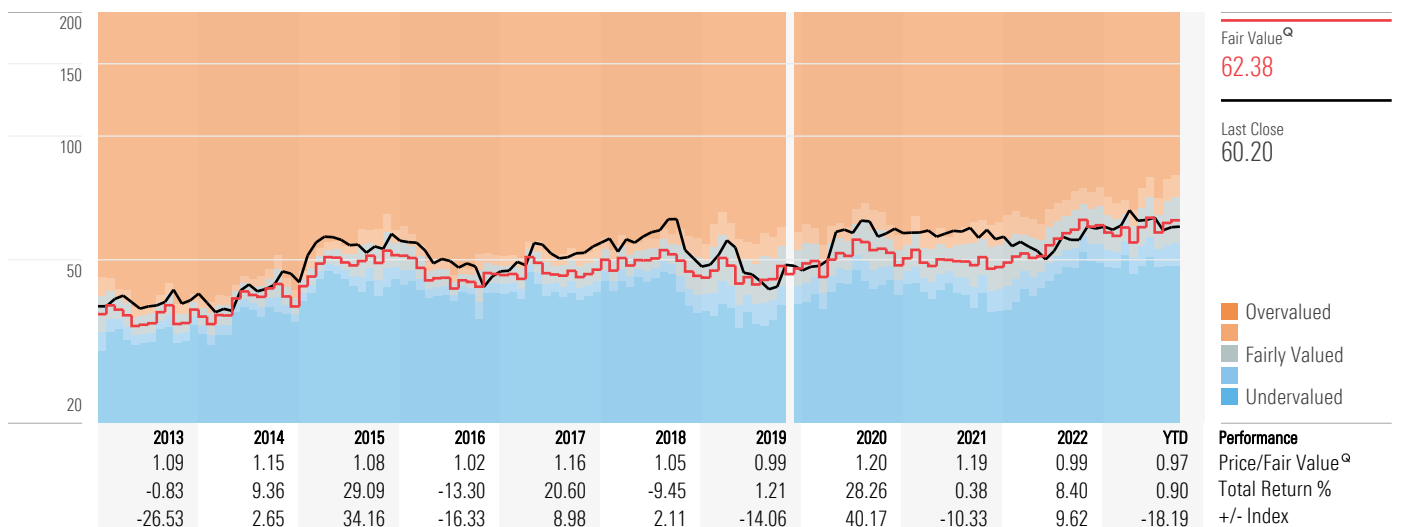


# Viscofan SA VIS ★★★ Q 20 Sep 2023, 22:34 UTC

<b>Economic Moat</b> ◊	<b>Uncertainty</b> ◊	<b>Price/Fair Value</b> ◊	<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>
Narrow	High	1.0	6 Sep 2023 05:00, UTC	3.22	2.7762 Bil	Mid Growth	Consumer Cyclical	Packaging & Containers



As of 20 Sep 2023 | Index: Morningstar Spain GR EUR. Fair Value data as of 20 Sep 2023, 22:34 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 19 Sep 2023

Metrics		Percentile in Sector
Earnings Yield (%)	4.9	61.0
Sales Yield (%)	45.4	22.0
Book Value Yield (%)	34.6	34.0
Return on Assets (%)*	10.2	87.0
Revenue(Bil)*	1.3	65.0
Market Value (Bil)	3.0	76.0
Enterprise Value (Bil)	3.1	73.0
EVMV Ratio	1.1	38.0
Volatility TTM (%)	13.6	8.0
Drawdown TTM (%)	14.9	20.0
Volume (K)	43.8	31.0

\*30 Jun 2023

## 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 21 Sep 2023

Morningstar maintains a 3-star quantitative star rating for Viscofan, derived from the firm's valuation and uncertainty scores. The company's shares last closed at 60.20, in-line with our quantitative fair value estimate of 62.38. These shares have traded between a 7.43% discount and 15.46% premium 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 94th percentile; in the consumer cyclical sector, the firm's score lies at the 94th percentile (meaning the shares are more undervalued than 94% of stocks in the sector).

Furthermore, Viscofan maintains a quantitative valuation uncertainty rating of High.

The company has held this star rating since the previous rating of 2, which was last assigned on 05/24/2023. The uncertainty rating for Viscofan has remained High since the previous rating of Very High, which was last assigned on 04/10/2023.

The key factors behind these ratings are the company's earnings yield and volatility. The earnings yield is 4.91%, and its maximum annualized trailing 12-month volatility is 15.57%. The earnings yield falls at the 60th percentile in the consumer cyclical

sector while the volatility is at the 8th percentile. Over the past year, the company's earnings yield has been between 4.40% and 5.27%; its volatility has ranged between 13.58% and 15.57%.

## Economic Moat ◊ as of 20 Sep 2023

Quantitatively, we believe Viscofan has a Narrow economic moat. Its moat score of 0.91 corresponds to the 90th percentile in the consumer cyclical sector. Furthermore, this rating has not changed over the past year, while the company's moat score fell from its maximum of 0.97 in this period (score of 1 indicates greatest economic moat).

The company also maintains a quantitative financial health rating of Strong. Its score sits at the 84th percentile overall and the 88th percentile in the sector.


Examining the company's financials and market statistics, we find these ratings are principally driven by its enterprise value and annualized trailing 12-month volatility. The enterprise value is 3.13 billion, sitting at the 73rd percentile in the consumer cyclical sector. The company's annualized trailing 12-month volatility is 13.62%, corresponding to the 8th percentile in the equity coverage universe and the 8th percentile in the sector.

## Fundamentals as of 20 Sep 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 3.23%. These values are calculated over a trailing 12-month period.

As of last market close, Viscofan has a price-to-earnings ratio of 20.34, falling below the 56th percentile in its sector (where a lower percentile means a lower ratio) and ranging between 18.97 and 22.72 over the past year.

# Viscofan SA VIS ★★★ Q 20 Sep 2023, 22:34 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>
Narrow	High	1.0	 6 Sep 2023 05:00, UTC	3.22	2.7762 Bil	Mid Growth	Consumer Cyclical	Packaging & Containers

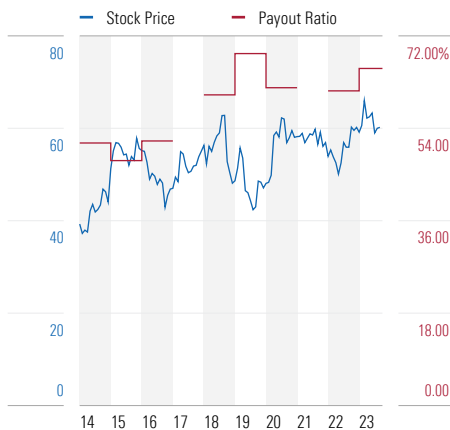
## Earnings as of 19 Sep 2023

Earnings	%	Percentile in Sector
Dividend Yield*	3.2	63.0
Payout Ratio*	65.7	79.0
Price to Earnings	20.3	56.0
Price to Cash Flow	—	—
ROIC**	12.9	81.0

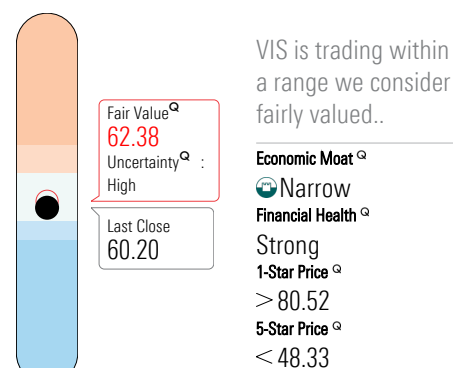
\*31 Aug 2023

\*\*30 Jun 2023

## Dividends as of 20 Sep 2023



## Valuation <sup>Q</sup> as of 20 Sep 2023



## Contact

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<https://www.viscofan.com>

## Financials as of 20 Sep 2023 (Fiscal Year End 31 Dec 2023)

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD	Fiscal
660	687	741	731	778	786	850	912	969	1,201	629	Revenue (Mil)
126	137	161	152	154	141	123	164	177	191	88	Operating Income (Mil)
19.03	19.93	21.72	20.74	19.81	17.96	14.48	18.02	18.25	15.87	14.03	Operating Margin (%)
102	106	120	125	122	124	106	123	133	139	63	Net Income (Mil)
4.67	2.28	2.58	2.68	2.62	2.66	2.27	2.63	2.86	3.00	1.36	Diluted Earnings/Share
124	118	138	141	157	125	178	178	221	121	15	Operating Cash Flow (Mil)
-93	-60	-57	-81	-112	-72	-63	-55	-96	-116	-32	Capital Spending (Mil)
30.80	58.24	81.00	59.77	45.73	53.32	115.18	123.02	125.52	5.16	-16.72	Free Cash Flow (Mil)
47	47	47	47	47	47	46	47	47	46	46	Avg Shares Outstand(Mil)

## Valuation as of 20 Sep 2023

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Current	Calendar
1.09	1.15	1.08	1.02	1.16	1.05	0.99	1.20	1.19	0.99	0.97	Price/Fair Value <sup>Q</sup>
2.51	2.65	3.52	3.02	3.31	2.89	2.62	3.00	2.77	2.46	2.20	Price/Sales
18.44	20.23	22.61	18.02	19.85	18.91	20.31	22.32	19.71	20.16	20.37	Price/Earnings
17.03	18.05	20.40	14.41	15.36	18.04	15.62	15.49	13.43	15.48	30.78	Price/Cash Flow
3.64	3.56	4.21	3.18	3.48	2.97	2.78	3.58	3.12	2.91	2.90	Price/Book

## Operating Performance as of 20 Sep 2023 (Fiscal Year End 31 Dec 2023)

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Q3	Fiscal (%)
12.95	12.77	14.05	14.19	12.91	12.42	9.97	11.53	12.04	11.09	2.62	Return on Assets
19.9	19.4	19.86	18.66	17.01	16.68	13.69	16.11	17.06	16.12	3.9	Return on Equity
16.68	16.86	18.09	17.58	15.84	15.06	12.08	14.17	15.03	13.96	3.34	Rtn on Invested Capital

## Dividends as of 20 Sep 2023

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Current	Calendar (%)
1.10	1.15	1.24	1.39	1.49	1.69	1.60	2.36	1.69	1.83	1.94	Dividend Per Share
2.67	2.62	2.24	2.97	—	3.24	3.4	4.07	—	3.04	3.22	Trailing Dividend Yield
—	—	—	—	—	—	0.24	0.24	—	0.62	0.0	Buyback Yield

# Appendix

**Economic Moat** <sup>®</sup>History as of 20 Sep 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	0.91	0.97	0.96	0.89	0.91	0.91	0.89	0.92	0.91	—	—	—
2022	0.87	0.90	0.98	0.98	0.97	0.98	0.98	0.97	0.93	0.95	0.88	0.93
2021	0.96	0.98	0.98	0.97	0.98	0.96	0.97	0.97	0.96	0.93	0.89	0.91
2020	0.84	0.81	0.89	0.95	0.95	0.92	0.93	0.96	0.96	0.96	0.97	0.96
2019	0.89	0.88	0.86	0.81	0.83	0.93	0.93	0.94	0.92	0.87	0.94	0.90
2018	0.97	0.99	0.99	0.98	0.99	0.99	0.99	0.98	0.99	0.92	0.87	0.85

## Quantitative Equity Reports 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.

**Overvalued – Last Price** is above 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

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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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