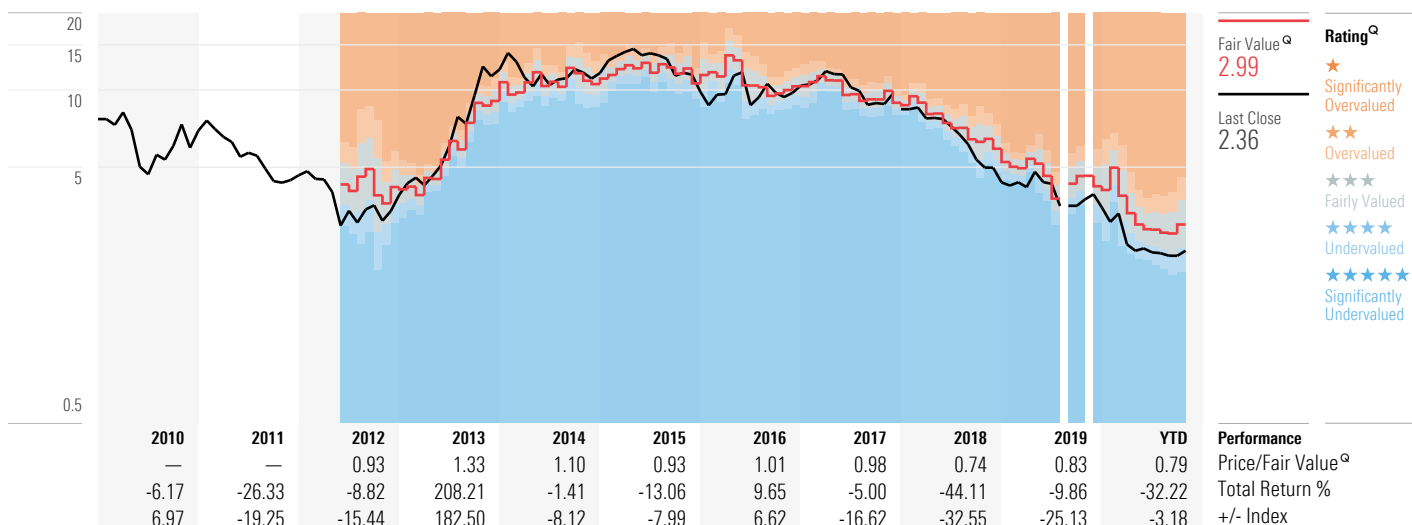


Atresmedia Corporacion de Medios de Comunicacion SA A3M ★★★

29 Oct 2020, 23:06 UTC

Economic Moat ^Q	Uncertainty ^Q	Price/Fair Value ^Q	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	Very High	0.8	8.47	531.3437 Mil	Small Value	Communication	Entertainment Services



Total Return % as of 29 Oct 2020. Last Close as of 29 Oct 2020. Fair Value as of 29 Oct 2020, 23:06 UTC. Index: Morningstar Spain GR EUR.

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Valuation ^Q as of 29 Oct 2020



A3M is undervalued at a 21% discount.

Fair Value ^Q
2.99
Uncertainty ^Q:
Very High

Last Close
2.36

Economic Moat ^Q
⊖ None
Financial Health ^Q
Moderate

1-Star Price ^Q
> 4.59
5-Star Price ^Q
< 1.95

Financials as of 29 Oct 2020 (Fiscal Year End 31 Dec 2019)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD	Fiscal
Revenue (Mil)	773	779	713	796	850	925	963	984	985	979	580	Revenue (Mil)
Operating Income (Mil)	141	109	23	63	111	148	184	184	169	164	59	Operating Income (Mil)
Operating Margin (%)	18.24	13.95	3.21	7.9	13.09	16.04	19.14	18.74	17.12	16.79	10.13	Operating Margin (%)
Net Income (Mil)	109	93	32	46	47	99	129	142	88	118	40	Net Income (Mil)
Diluted Earnings/Share	0.54	0.47	0.15	0.20	0.21	0.44	0.57	0.63	0.39	0.52	0.18	Diluted Earnings/Share
Operating Cash Flow (Mil)	197	169	58	61	82	94	127	210	171	184	47	Operating Cash Flow (Mil)
Capital Spending (Mil)	-41	-41	-24	-25	-35	-32	-38	-32	-57	-32	-9	Capital Spending (Mil)
Free Cash Flow (Mil)	156	128	34	36	47	62	90	178	115	152	37	Free Cash Flow (Mil)
Avg Shares Outstand(Mil)	201	200	214	226	226	226	226	226	226	225	225	Avg Shares Outstand(Mil)
Dividend Per Share	0.35	0.47	0.34	—	0.21	0.28	0.40	1.17	0.50	0.45	—	Dividend Per Share

Valuation as of 29 Oct 2020

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Current	Calendar
Price/Fair Value ^Q	—	—	0.93	1.33	1.10	0.93	1.01	0.98	0.74	0.83	0.79	Price/Fair Value ^Q
Price/Sales	2.16	1.18	1.17	3.25	3.13	2.43	2.44	2.01	1.01	0.82	0.64	Price/Sales
Price/Earnings	20.64	9.96	26.11	46.07	41.69	32.30	17.80	14.98	7.89	9.56	6.86	Price/Earnings
Price/Cash Flow	13.47	5.56	14.49	27.93	33.86	26.97	22.02	10.63	4.56	4.71	5.84	Price/Cash Flow
Price/Book	4.94	3.07	2.44	6.92	5.54	4.47	4.36	3.50	2.10	1.76	1.10	Price/Book

Operating Performance as of — (Fiscal Year End 31 Dec 2019)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Q3	Fiscal (%)
Return on Assets	13.82	11.93	3.26	3.78	3.78	8.04	10.07	10.69	6.51	8.94	1.34	Return on Assets
Return on Equity	38.36	31.24	10.12	12.79	11.21	21.23	25.74	29.49	20.34	27.48	3.61	Return on Equity
Rtn on Invested Capital	25.97	23.74	9.07	11.49	9.12	16.83	19.63	20.74	12.75	16.68	2.14	Rtn on Invested Capital

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Business Description

Atresmedia Corporacion de Medios de Comunicacion SA is a diversified media company primarily operating in the television, radio, and cinema industries. The company has three primary business segments that include television, radio, and other. The television segment operates a network of tele-

vision channels, while its radio segment operates a chain of radio stations. The company's other business segment produces television shows and television films, promotes events, and offers advertising services. The company generates the majority of its revenue in Spain.

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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").

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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.

One-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*

Two-Star - 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)*

Three-Star – 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)*

Four-Star – 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)*

Five-Star – 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

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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.

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.

This Report **has not been made available** to the issuer of the security prior to publication.

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