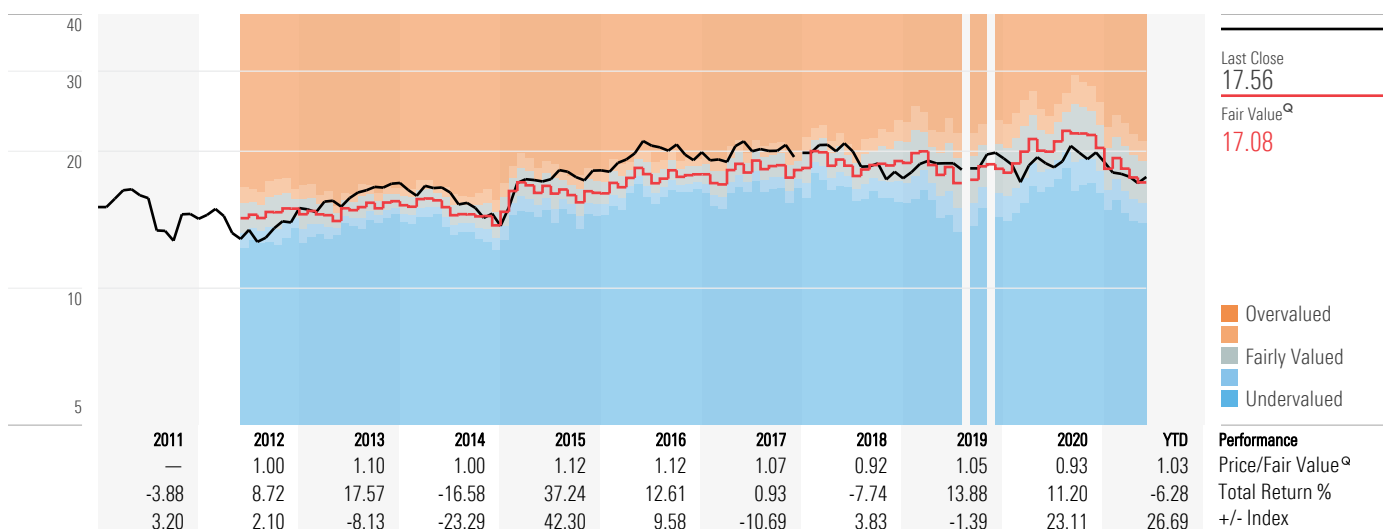


Ebro Foods SA EBRO ★★★

Q 14 May 2021, 22:44 UTC

| | | | | | | | |
|------------------------|----------------------|---------------------------|----------------------------------|-------------------|-------------------------|--------------------|-----------------|
| Economic Moat ☐ | Uncertainty ☐ | Price/Fair Value ☐ | Trailing Dividend Yield % | Market Cap | Investment Style | Sector | Industry |
| None | High | 1.0 | 3.25 | 2.7019 Bil | Mid Value | Consumer Defensive | Packaged Foods |



Total Return % as of 14 May 2021. Last Close as of 14 May 2021. Fair Value as of 14 May 2021, 22:44 UTC. Index: Morningstar Spain GR EUR.

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Valuation^Q as of 14 May 2021



EBRO is trading within a range we consider fairly valued.

Economic Moat ☐

☐ None

Financial Health ☐

Strong

1-Star Price ☐

> 21.03

5-Star Price ☐

< 13.87

Contact

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<http://www.ebrofoods.es>

Financials as of 14 May 2021 (Fiscal Year End 31 Dec 2019)

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | YTD | Fiscal |
|---------------------------|-------|--------|-------|--------|--------|-------|-------|-------|--------|--------|--------|---------------------------|
| Revenue (Mil) | 1,804 | 1,981 | 1,957 | 2,121 | 2,462 | 2,459 | 2,507 | 2,614 | 2,506 | 2,893 | 2,893 | Revenue (Mil) |
| Operating Income (Mil) | 240 | 250 | 228 | 229 | 247 | 264 | 281 | 221 | 206 | 256 | 256 | Operating Income (Mil) |
| Operating Margin (%) | 13.33 | 12.61 | 11.63 | 10.79 | 10.03 | 10.72 | 11.19 | 8.44 | 8.23 | 8.86 | 8.86 | Operating Margin (%) |
| Net Income (Mil) | 152 | 159 | 133 | 146 | 145 | 170 | 221 | 142 | 142 | 192 | 192 | Net Income (Mil) |
| Diluted Earnings/Share | 0.98 | 1.05 | 0.86 | 0.95 | 0.94 | 1.10 | 1.43 | 0.92 | 0.92 | 1.25 | 1.25 | Diluted Earnings/Share |
| Operating Cash Flow (Mil) | 58 | 221 | 161 | 211 | 254 | 186 | 197 | 212 | 250 | 370 | 370 | Operating Cash Flow (Mil) |
| Capital Spending (Mil) | -67 | -53 | -61 | -67 | -81 | -108 | -121 | -139 | -149 | -118 | -118 | Capital Spending (Mil) |
| Free Cash Flow (Mil) | -8.10 | 167.80 | 99.81 | 144.15 | 172.67 | 77.94 | 76.05 | 72.78 | 101.75 | 252.26 | 252.26 | Free Cash Flow (Mil) |
| Avg Shares Outstand(Mil) | 154 | 152 | 154 | 154 | 154 | 154 | 154 | 154 | 154 | 154 | 154 | Avg Shares Outstand(Mil) |
| Dividend Per Share | 0.86 | 0.45 | 0.60 | 0.50 | 0.66 | 0.54 | 0.57 | 0.57 | 0.57 | 2.51 | 0.76 | Dividend Per Share |

Valuation as of 14 May 2021

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | Current | Calendar |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------|-------------------------------|
| Price/Fair Value ^Q | — | 1.00 | 1.10 | 1.00 | 1.12 | 1.12 | 1.07 | 0.92 | 1.05 | 0.93 | 1.03 | Price/Fair Value ^Q |
| Price/Sales | 1.29 | 1.11 | 1.28 | 1.07 | 1.20 | 1.23 | 1.21 | 1.06 | 1.08 | 0.93 | 0.93 | Price/Sales |
| Price/Earnings | 19.85 | 14.34 | 15.99 | 14.68 | 20.94 | 17.74 | 17.24 | 13.09 | 21.24 | 18.85 | 21.34 | Price/Earnings |
| Price/Cash Flow | 26.23 | 10.31 | 15.78 | 11.60 | 12.78 | 11.44 | 14.33 | 18.44 | 12.03 | 8.45 | 7.31 | Price/Cash Flow |
| Price/Book | 1.49 | 1.36 | 1.57 | 1.24 | 1.49 | 1.57 | 1.50 | 1.29 | 1.37 | 1.30 | 1.40 | Price/Book |

Operating Performance as of 14 May 2021 (Fiscal Year End 31 Dec 2019)

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | Q3 | Fiscal (%) |
|-------------------------|------|------|------|------|------|------|-------|------|------|------|----|-------------------------|
| Return on Assets | 5.42 | 5.83 | 4.82 | 4.92 | 4.41 | 4.82 | 6.04 | 3.78 | 3.45 | 4.58 | — | Return on Assets |
| Return on Equity | 9.53 | 9.67 | 7.81 | 8.21 | 7.59 | 8.39 | 10.62 | 6.68 | 6.41 | 9.19 | — | Return on Equity |
| Rtn on Invested Capital | 6.3 | 7.85 | 6.47 | 6.76 | 6.11 | 6.66 | 8.36 | 5.31 | 4.79 | 6.42 | — | Rtn on Invested Capital |

Business Description

Ebro Foods SA is a Spanish international food group operating in the pasta, rice, and sauces segments. The company is present in more than 25 countries in Europe, North America, Asia, and Africa, through its wide network of subsidiaries and brands. The core businesses are rice and pasta, offered in dry, fresh, precooked, and frozen

varieties. Aside from pasta and rice, Ebro Food offers ready meals, fresh potato, sauces among others. The largest geographical segment for the rice division is in Europe, followed by North America, Asia, and Africa. Pasta, sauces, and other products, accounting for almost half of revenue, are mainly present in Europe and North America.

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Quantitative Equity 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.
 - ★ – 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

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- 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.
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 - 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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