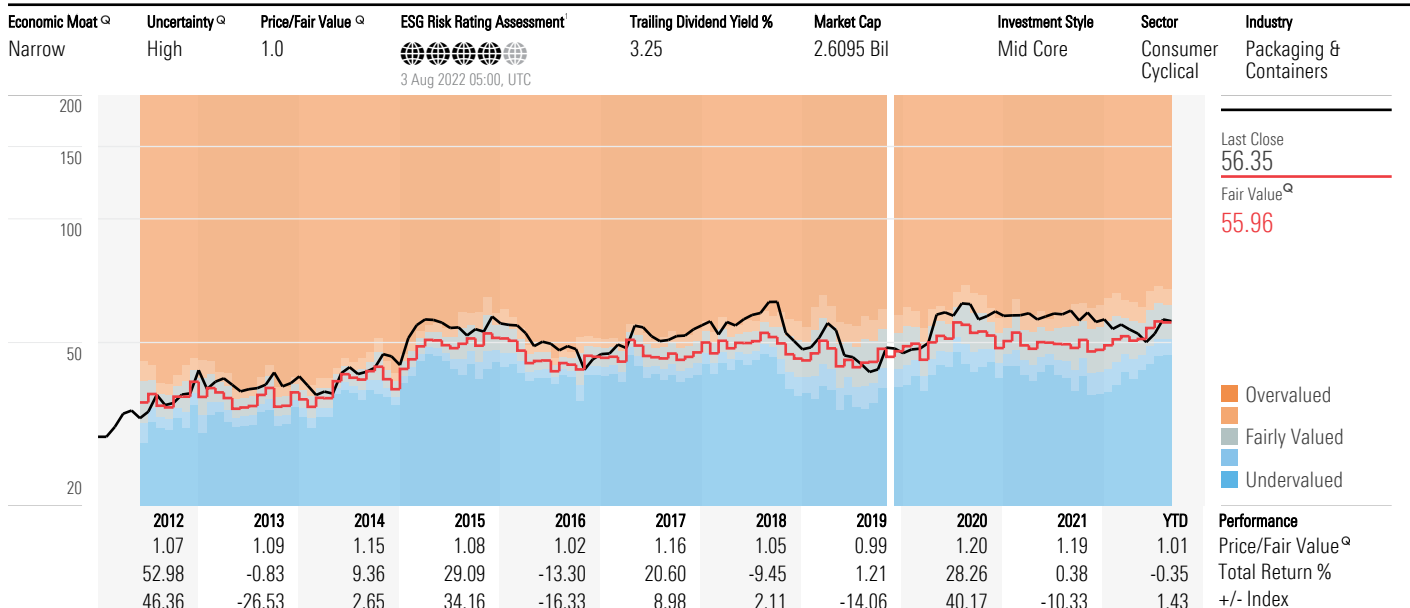


Viscofan SA VIS ★★★

9 Aug 2022, 22:52 UTC



Total Return % as of 9 Aug 2022. Last Close as of 9 Aug 2022. Fair Value as of 9 Aug 2022, 22:52 UTC. Index: Morningstar Spain GR EUR.

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Valuation as of 9 Aug 2022



VIS is trading within a range we consider fairly valued.

Economic Moat

Narrow

Financial Health

Strong

1-Star Price

> 67.52

5-Star Price

< 46.37

Financials as of 9 Aug 2022 (Fiscal Year End 31 Dec 2022)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD	Fiscal
Revenue (Mil)	753	660	687	741	731	778	786	850	912	969	568	Revenue (Mil)
Operating Income (Mil)	140	126	137	161	152	154	141	123	164	177	84	Operating Income (Mil)
Operating Margin (%)	18.65	19.03	19.93	21.72	20.74	19.81	17.96	14.48	18.02	18.25	14.86	Operating Margin (%)
Net Income (Mil)	105	102	106	120	125	122	124	106	123	133	65	Net Income (Mil)
Diluted Earnings/Share	2.25	4.67	2.28	2.58	2.68	2.62	2.66	2.27	2.63	2.86	1.41	Diluted Earnings/Share
Operating Cash Flow (Mil)	104	124	118	138	141	157	125	178	178	221	45	Operating Cash Flow (Mil)
Capital Spending (Mil)	-69	-93	-60	-57	-81	-112	-72	-63	-55	-96	-36	Capital Spending (Mil)
Free Cash Flow (Mil)	34.97	30.80	58.24	81.00	59.77	45.73	53.32	115.18	123.02	125.52	9.72	Free Cash Flow (Mil)
Avg Shares Outstand (Mil)	47	47	47	47	47	47	47	46	47	47	46	Avg Shares Outstand (Mil)
Dividend Per Share	1.03	1.10	1.15	1.24	1.39	—	1.69	1.60	2.36	—	1.83	Dividend Per Share

Valuation as of 9 Aug 2022

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Current	Calendar
Price/Fair Value	1.07	1.09	1.15	1.08	1.02	1.16	1.05	0.99	1.20	1.19	1.01	Price/Fair Value
Price/Sales	2.65	2.51	2.65	3.52	3.02	3.31	2.89	2.62	3.00	2.77	2.43	Price/Sales
Price/Earnings	18.99	18.44	20.23	22.61	18.02	19.85	18.91	20.31	22.32	19.71	19.55	Price/Earnings
Price/Cash Flow	19.14	17.03	18.05	20.40	14.41	15.36	18.04	15.62	15.49	13.43	14.49	Price/Cash Flow
Price/Book	4.00	3.64	3.56	4.21	3.18	3.48	2.97	2.78	3.58	3.12	2.91	Price/Book

Operating Performance as of 9 Aug 2022 (Fiscal Year End 31 Dec 2022)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Q3	Fiscal (%)
Return on Assets	14.25	12.95	12.77	14.05	14.19	12.91	12.42	9.97	11.53	12.04	2.99	Return on Assets
Return on Equity	22.17	19.9	19.4	19.86	18.66	17.01	16.68	13.69	16.11	17.06	4.22	Return on Equity
Rtn on Invested Capital	18.49	16.68	16.86	18.09	17.58	15.84	15.06	12.08	14.17	15.03	3.77	Rtn on Invested Capital

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 Latin America.

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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

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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.

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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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/

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