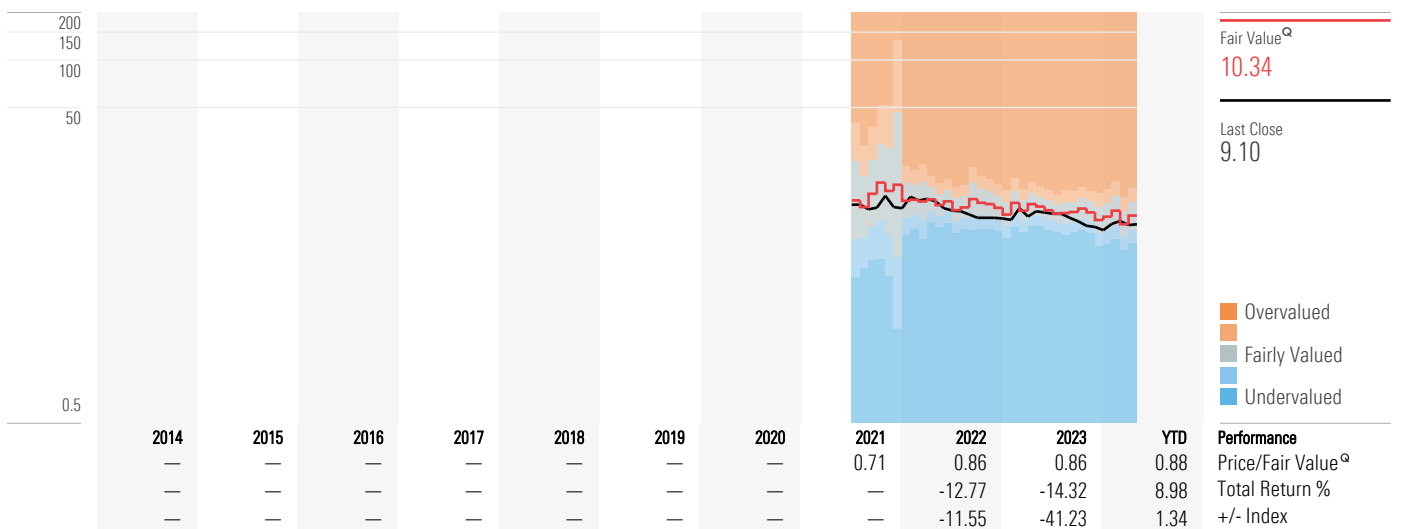


# Llorente Y Cuenca SA LLYC ★★★ Q 19 Apr 2024, 22:37 UTC

<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	Very High	0.9	—	1.45	105.9201 Mil	Small Growth	Industrials	Consulting Services



As of 19 Apr 2024 | Index: Morningstar Spain GR EUR. Fair Value data as of 19 Apr 2024, 22:37 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 15 Apr 2024

Metrics		Percentile in Sector
Earnings Yield (%)	7.0	72.0
Sales Yield (%)	90.7	52.0
Book Value Yield (%)	36.6	34.0
Return on Assets (%)*	9.1	85.0
Revenue(Mil)*	100.5	30.0
Market Value (Mil)	109.5	31.0
Enterprise Value (Mil)	121.0	30.0
EVMV Ratio	1.1	51.0
Volatility TTM (%)	16.6	12.0
Drawdown TTM (%)	23.6	44.0
Volume (K)	1.1	9.0

\*30 Jun 2023

## Business Description

Llorente Y Cuenca SA is a global communications and public affairs consulting firm. It helps clients make strategic decisions and execute them so that they can achieve their business goals, defend their social license to operate, and increase their prestige.

## Valuation <sup>Q</sup> as of 19 Apr 2024

Morningstar maintains a 3-star quantitative star rating for Llorente Y Cuenca, derived from the firm's valuation and uncertainty scores. The company's shares last closed at 9.10, below our quantitative fair value estimate of 9.82. These shares have traded between a 23.4% discount and 0.55% 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 83rd percentile; in the industrials sector, the firm's score lies at the 73rd percentile (meaning the shares are more undervalued than 73% of stocks in the sector).

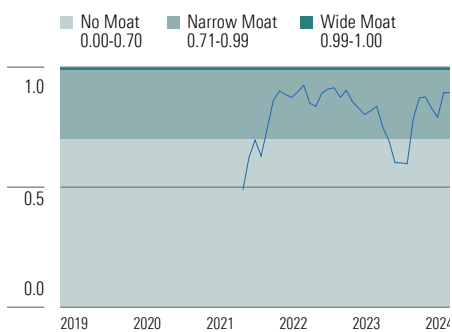
Furthermore, Llorente Y Cuenca maintains a quantitative valuation uncertainty rating of Very High. The company has held this star rating over the past year. The uncertainty rating for Llorente Y Cuenca has remained Very High since the previous rating of High, which was last assigned on 01/05/2024. The key factors behind these ratings are the company's earnings yield and drawdown. The earnings yield is 6.81%, and its maximum trailing 12-month maximum drawdown is 27.33%. The earnings yield falls at the 71st percentile in the industrials sector while the drawdown is at the 44th percentile. Over the past year, the company's earnings yield has been between 5.31% and 7.61%; its drawdown has ranged between 14.41% and 27.33%.

Quantitatively, we believe Llorente Y Cuenca has a Narrow economic moat. Its moat score of 0.91 corresponds to the 85th percentile in the industrials sector. Furthermore, this rating last differed from its previous rating of None on 11/21/2023, although the company's moat score is in-line with its maximum of 0.95 (score of 1 indicates greatest economic moat).

The company also maintains a quantitative financial health rating of Strong. Its score sits at the 77th percentile overall and the 78th percentile in the sector.

Examining the company's financials and market statistics, we find these ratings are principally driven by its return on assets and annualized trailing 12-month volatility. The return on assets is 9.09, sitting at the 85th percentile in the industrials sector. The company's annualized trailing 12-month volatility is 16.50%, corresponding to the 12th percentile in the equity coverage universe and the 12th percentile in the sector.

## Economic Moat <sup>Q</sup> History as of 19 Apr 2024



## Fundamentals as of 19 Apr 2024

Llorente Y Cuenca reports earnings per share of 0.63. Its return on invested capital is 14.53%. The company maintains a dividend yield of 1.47%, paying out 21.29% of earnings. These values are calculated over a trailing 12-month period.

As of last market close, Llorente Y Cuenca has a price-to-earnings ratio of 14.68, falling at the 40th percentile in its sector (where a lower percentile means a lower ratio) and ranging between 13.15 and 18.83 over the past year. The company's price-to-free cash flow ratio is 22, falling at the 63rd percentile in its sector and ranging between 19.7 and 197.8 over the past year.

## Contact

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## Economic Moat <sup>Q</sup> as of 19 Apr 2024

# Llorente Y Cuenca SA LLYC ★★★

Q 19 Apr 2024, 22:37 UTC

Economic Moat	Uncertainty	Price/Fair Value	ESG Risk Rating Assessment	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
Narrow	Very High	0.9	—	1.45	105.9201 Mil	Small Growth	Industrials	Consulting Services

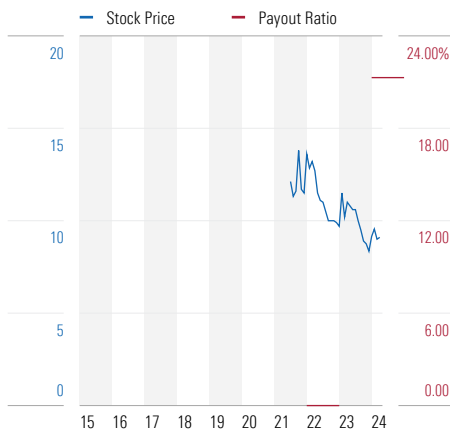
## Earnings as of 15 Apr 2024

Earnings	%	Percentile in Sector
Dividend Yield*	1.5	31.0
Payout Ratio*	21.3	26.0
Price to Earnings	14.3	39.0
Price to Cash Flow	21.4	62.0
ROIC**	14.5	84.0

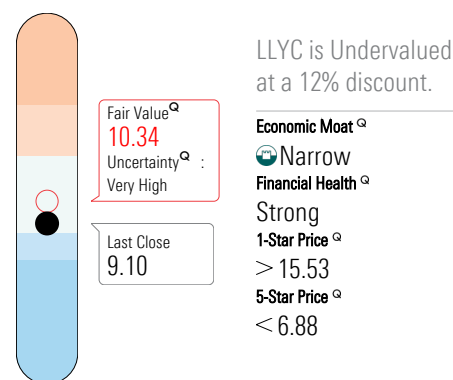
\*28 Mar 2024

\*\*30 Jun 2023

## Dividends as of 19 Apr 2024



## Valuation as of 19 Apr 2024



### Economic Moat

Narrow

### Financial Health

Strong

### 1-Star Price

&gt; 15.53

### 5-Star Price

&lt; 6.88

## Contact

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## Financials as of 19 Apr 2024 (Fiscal Year End —)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	Fiscal
Revenue (Mil)	—	—	—	—	—	48	45	64	89	—	49	Revenue (Mil)
Operating Income (Mil)	—	—	—	—	—	7.81	6.50	9.04	12.00	—	7.23	Operating Income (Mil)
Operating Margin (%)	—	—	—	—	—	16.23	14.53	14.09	13.41	—	14.86	Operating Margin (%)
Net Income (K)	—	—	—	—	—	4,254	2,271	5,328	6,957	—	4,185	Net Income (K)
Diluted Earnings/Share	—	—	—	—	—	0.37	0.20	0.46	0.60	—	0.35	Diluted Earnings/Share
Operating Cash Flow (Mil)	—	—	—	—	—	7.30	9.79	12.76	3.17	—	0.40	Operating Cash Flow (Mil)
Capital Spending (K)	—	—	—	—	—	-521	-3,190	-1,479	-2,508	—	-1,295	Capital Spending (K)
Free Cash Flow (Mil)	—	—	—	—	—	6.78	6.60	11.28	0.66	—	-0.90	Free Cash Flow (Mil)
Avg Shares Outstand(Mil)	—	—	—	—	—	12	12	12	12	—	12	Avg Shares Outstand(Mil)

## Valuation as of 19 Apr 2024

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar
Price/Fair Value <sup>Q</sup>	—	—	—	—	—	—	—	0.71	0.86	0.86	0.88	Price/Fair Value <sup>Q</sup>
Price/Sales	—	—	—	—	—	—	—	2.99	1.40	1.04	1.13	Price/Sales
Price/Earnings	—	—	—	—	—	—	—	58.94	18.89	13.47	14.68	Price/Earnings
Price/Cash Flow	—	—	—	—	—	—	—	13.68	856.74	12.70	13.84	Price/Cash Flow
Price/Book	—	—	—	—	—	—	—	6.39	3.44	2.58	2.81	Price/Book

## Operating Performance as of 19 Apr 2024 (Fiscal Year End —)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q3	Fiscal (%)
Return on Assets	—	—	—	—	—	10.16	5.47	9.37	9.59	—	—	Return on Assets
Return on Equity	—	—	—	—	—	19.24	10.58	21.69	22.3	—	—	Return on Equity
Rtn on Invested Capital	—	—	—	—	—	15.73	8.8	14.92	15.31	—	—	Rtn on Invested Capital

## Dividends as of 19 Apr 2024

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar (%)
Dividend Per Share	—	—	—	—	—	—	—	—	0.13	0.13	0.13	Dividend Per Share
Trailing Dividend Yield	—	—	—	—	—	—	—	—	1.33	—	1.45	Trailing Dividend Yield
Buyback Yield	—	—	—	—	—	—	—	—	—	—	0.0	Buyback Yield

# Appendix

**Economic Moat** <sup>®</sup>History as of 19 Apr 2024 (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
2024	0.88	0.83	0.79	0.89	—	—	—	—	—	—	—	—
2023	0.86	0.83	0.80	0.82	0.84	0.75	0.69	0.60	0.60	0.60	0.78	0.87
2022	0.90	0.89	0.87	0.90	0.92	0.85	0.84	0.89	0.91	0.91	0.87	0.90
2021	—	—	—	—	—	—	0.49	0.62	0.70	0.63	0.74	0.86
2020	—	—	—	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—	—	—	—

## Quantitative Equity Report 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.

**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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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 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/](https://sustainalytics.com/esg-ratings/)

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