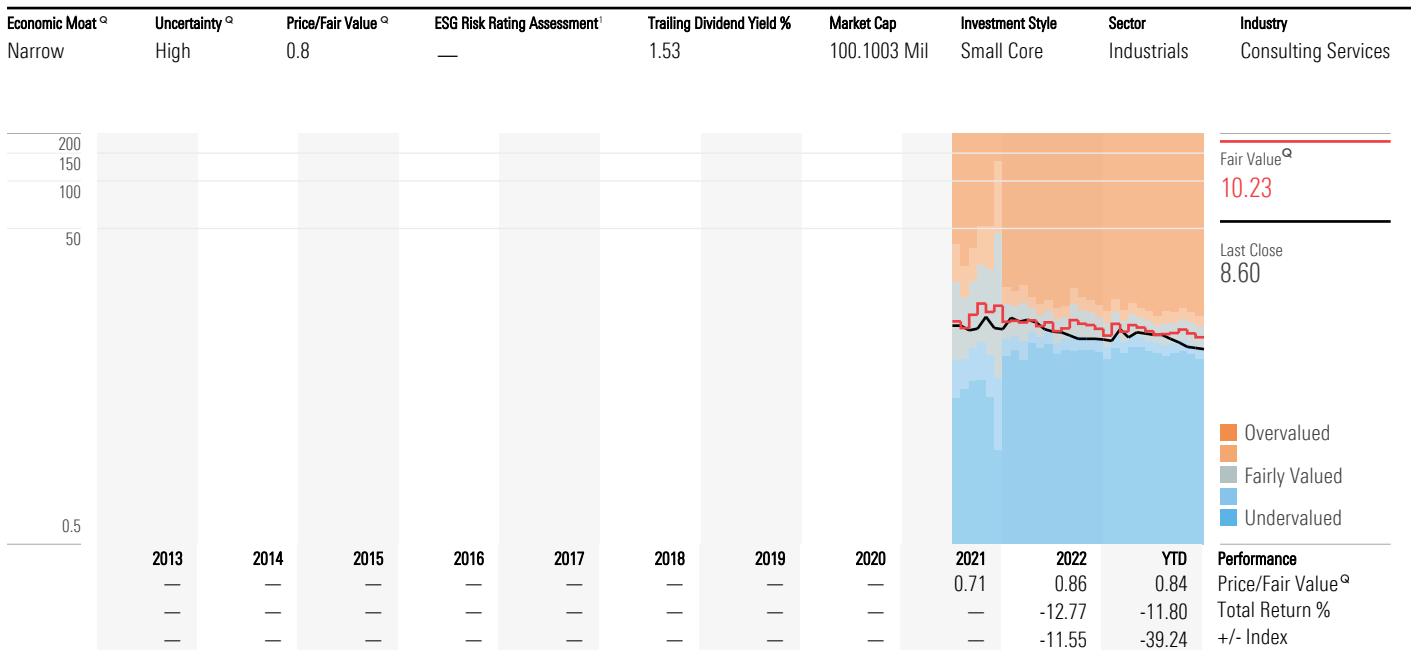


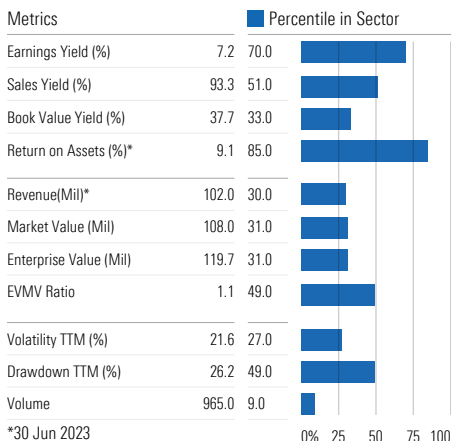
# Llorente Y Cuenca SA LLYC ★★★ Q 8 Dec 2023, 23:44 UTC



As of 7 Dec 2023 | Index: Morningstar Spain GR EUR. Fair Value data as of 8 Dec 2023, 23:44 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 7 Dec 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 8 Dec 2023

Morningstar affirms a 3-star quantitative rating for Llorente Y Cuenca. We calculate this outcome using the company's underlying model-driven valuation and uncertainty scores.

The stock's last closing price was 8.60, a discount of 17.5% to its Quantitative Fair Value estimate of 10.42. The stock has been trading between a 23.4% discount and 0.55% premium to its quantitative fair value over the past year. The stock's price to fair value ratio is at the 68th percentile in our global equity coverage universe for this methodology and at the 54th percentile relative to its peers in the industrials sector.

Llorente Y Cuenca furthermore holds a Very High quantitative uncertainty rating.

The company's quantitative star rating remains unchanged over the past year. The firm's uncertainty rating changed from High to Very High after 12/01/2023.

We examine the financials and market statistics for Llorente Y Cuenca to determine these ratings. Its earnings yield is 7.21% and its trailing 12-month maximum drawdown is 26.18%. These fall at the 75th and 41st percentiles in the equity universe and at the 70th and 49th in the industrials sector, respectively.

## Economic Moat <sup>Q</sup> as of 8 Dec 2023

With a Narrow Morningstar quantitative moat rating, the quantitative moat score for Llorente Y

Cuenca falls at the 76th percentile in the industrials sector and at the 80th in the equity coverage universe. The company has maintained its Narrow quantitative moat rating since after 11/21/2023, when it was upgraded from None.

We also assign a Moderate quantitative financial health rating to Llorente Y Cuenca. The company's raw score on this metric, termed Distance to Default, ranks at the 66th percentile overall and in the industrials sector. Furthermore, this financial health rating most recently changed from Strong after 06/02/2023.

Supporting these ratings are the company's return on assets and enterprise value-to-market value ratio. The return on assets of 9.09, ranks at the 86th percentile in the covered equity universe and at the 85th percentile among its peers. Meanwhile, its enterprise value-to-market value ratio of 1.11, falls at the 56th percentile in the universe and the 49th percentile in the industrials sector.

## Fundamentals as of 8 Dec 2023

The earnings per share for Llorente Y Cuenca is 0.63. The company earns a return on invested capital of 14.53%, falling at the 82nd percentile in the industrials sector. The firm maintains a dividend yield of 1.51%. We calculate the above figures over a trailing 12-month period.

Examining valuation further, we find Llorente Y Cuenca holds a price-to-earnings ratio of 13.87, a figure greater than 42% of its sector peers. The company's price-to-free cash flow ratio is 20.79, greater than 63% of its sector peers. These values are calculated using the stock's price at last market close.

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# Llorente Y Cuenca SA LLYC ★★★

Q 8 Dec 2023, 23:44 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	0.8	—	1.53	100.1003 Mil	Small Core	Industrials	Consulting Services

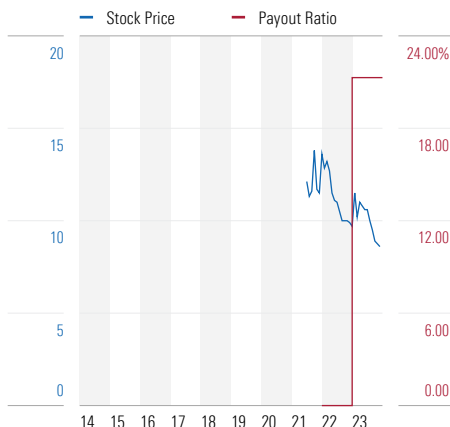
## Earnings as of 7 Dec 2023

Earnings	%	Percentile in Sector
Dividend Yield*	1.5	28.0
Payout Ratio*	21.3	24.0
Price to Earnings	13.9	42.0
Price to Cash Flow	20.8	63.0
ROIC**	14.5	82.0

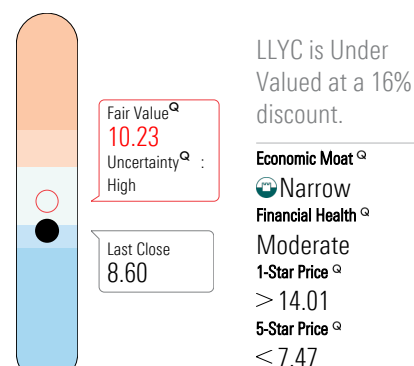
\*30 Nov 2023

\*\*30 Jun 2023

## Dividends as of 8 Dec 2023



## Valuation <sup>Q</sup> as of 8 Dec 2023

Economic Moat <sup>Q</sup>

Narrow

Financial Health <sup>Q</sup>

Moderate

1-Star Price <sup>Q</sup>

&gt; 14.01

5-Star Price <sup>Q</sup>

&lt; 7.47

## Contact

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<https://www.llorenteycuenca.com>

## Financials as of 8 Dec 2023 (Fiscal Year End —)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD	Fiscal
—	—	—	—	—	—	—	48	45	64	89	49	Revenue (Mil)
—	—	—	—	—	—	—	7.81	6.50	9.04	12.00	7.23	Operating Income (Mil)
—	—	—	—	—	—	—	16.23	14.53	14.09	13.41	14.86	Operating Margin (%)
—	—	—	—	—	—	—	4,254	2,271	5,328	6,957	4,185	Net Income (K)
—	—	—	—	—	—	—	0.37	0.20	0.46	0.60	0.35	Diluted Earnings/Share
—	—	—	—	—	—	—	7.30	9.79	12.76	3.17	0.40	Operating Cash Flow (Mil)
—	—	—	—	—	—	—	-521	-3,190	-1,479	-2,508	-1,295	Capital Spending (K)
—	—	—	—	—	—	—	6.78	6.60	11.28	0.66	-0.90	Free Cash Flow (Mil)
—	—	—	—	—	—	—	12	12	12	12	12	Avg Shares Outstand(Mil)

## Valuation as of 8 Dec 2023

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Current	Calendar
—	—	—	—	—	—	—	—	—	0.71	0.86	0.84	Price/Fair Value <sup>Q</sup>
—	—	—	—	—	—	—	—	—	2.99	1.40	1.07	Price/Sales
—	—	—	—	—	—	—	—	—	58.94	18.89	13.87	Price/Earnings
—	—	—	—	—	—	—	—	—	13.68	856.74	13.08	Price/Cash Flow
—	—	—	—	—	—	—	—	—	6.39	3.44	2.65	Price/Book

## Operating Performance as of 8 Dec 2023 (Fiscal Year End —)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Q3	Fiscal (%)
—	—	—	—	—	—	—	10.16	5.47	9.37	9.59	—	Return on Assets
—	—	—	—	—	—	—	19.24	10.58	21.69	22.3	—	Return on Equity
—	—	—	—	—	—	—	15.73	8.8	14.92	15.31	—	Rtn on Invested Capital

## Dividends as of 8 Dec 2023

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Current	Calendar (%)
—	—	—	—	—	—	—	—	—	—	0.13	0.13	Dividend Per Share
—	—	—	—	—	—	—	—	—	—	1.33	1.53	Trailing Dividend Yield
—	—	—	—	—	—	—	—	—	—	—	0.0	Buyback Yield

# Appendix

**Economic Moat** <sup>®</sup>History as of 8 Dec 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	0.86	0.83	0.80	0.82	0.84	0.75	0.69	0.60	0.60	0.60	0.78	0.79
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	—	—	—	—	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—	—	—	—	—

## 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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