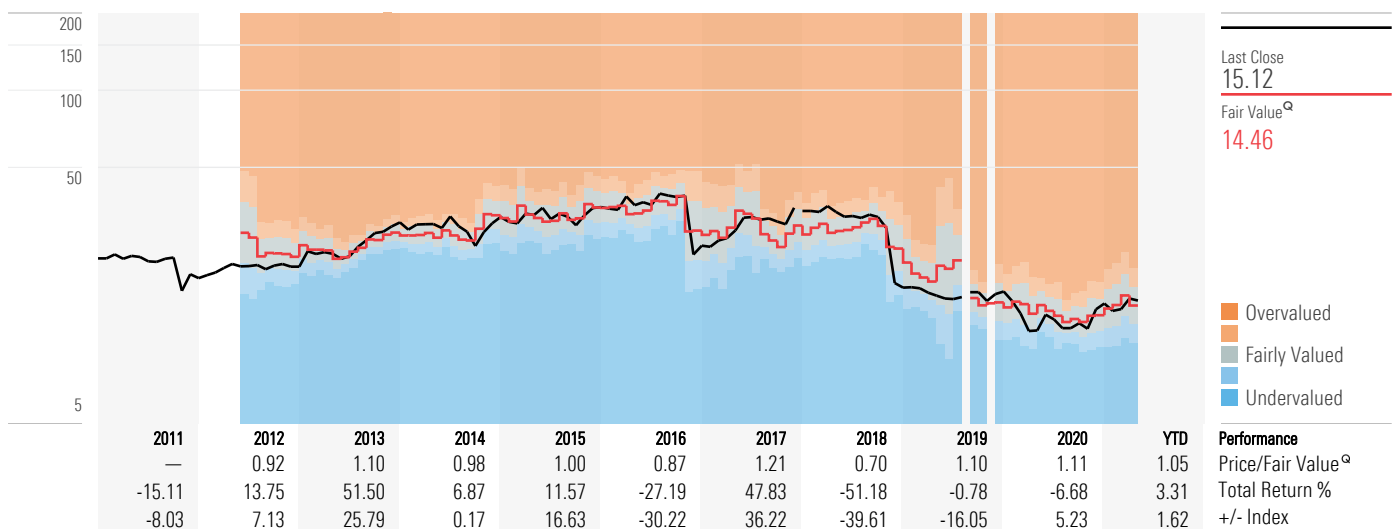


Miquel y Costas & Miquel SA MCM ★★★

14 Apr 2021, 22:42 UTC

Economic Moat ☐	Uncertainty ☐	Price/Fair Value ☐	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	High	1.0	3.84	436.3393 Mil	Small Value	Basic Materials	Paper & Paper Products



Total Return % as of 14 Apr 2021. Last Close as of 14 Apr 2021. Fair Value as of 14 Apr 2021, 22:42 UTC. Index: Morningstar Spain GR EUR.

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Valuation as of 14 Apr 2021



Last Close
15.12

Fair Value^Q
14.46

Uncertainty^Q :
High

MCM is trading within a range we consider fairly valued.

Economic Moat ☐
None

Financial Health ☐
Strong

1-Star Price ☐
> 20.28

5-Star Price ☐
< 10.31

Contact

Tuset 8-10, 7a Planta, Barcelona, — 08006
+34 932906100

<http://www.miquelcostas.com>

Financials as of 14 Apr 2021 (Fiscal Year End 31 Dec 2020)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD	Fiscal
Revenue (Mil)	191	199	190	203	223	228	243	259	263	—	206	Revenue (Mil)
Operating Income (K)	31,509	36,301	29,087	27,661	36,760	42,515	46,273	48,620	50,352	—	29,283	Operating Income (K)
Operating Margin (%)	16.47	18.23	15.28	13.63	16.46	18.67	19.05	18.75	19.17	—	20.97	Operating Margin (%)
Net Income (K)	23,140	27,407	27,114	24,696	30,640	34,233	37,073	37,277	39,218	—	33,621	Net Income (K)
Diluted Earnings/Share	1.86	2.26	2.20	2.00	1.48	1.66	1.15	1.21	1.30	—	1.15	Diluted Earnings/Share
Operating Cash Flow (K)	33,127	39,473	27,926	32,159	37,096	39,857	51,982	30,399	43,735	—	20,943	Operating Cash Flow (K)
Capital Spending (K)	-15,361	-40,678	-23,921	-11,449	-15,988	-13,304	-14,283	-17,730	-26,942	—	-7,850	Capital Spending (K)
Free Cash Flow (K)	17,766	-1,205	4,005	20,710	21,108	26,553	37,699	12,669	16,793	—	13,093	Free Cash Flow (K)
Avg Shares Outstand(K)	12,454	12,110	12,210	12,051	20,730	20,576	32,131	30,925	30,099	—	29,309	Avg Shares Outstand(K)
Dividend Per Share	0.63	0.53	0.56	0.60	0.71	0.73	0.58	0.60	0.45	0.58	0.58	Dividend Per Share

Valuation as of 14 Apr 2021

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Current	Calendar
Price/Fair Value ^Q	—	0.92	1.10	0.98	1.00	0.87	1.21	0.70	1.10	1.11	1.05	Price/Fair Value ^Q
Price/Sales	0.95	1.25	1.92	1.92	1.91	2.23	2.95	1.31	1.84	1.60	1.65	Price/Sales
Price/Earnings	8.44	9.06	12.54	16.82	14.51	8.70	39.53	8.80	20.53	9.93	10.20	Price/Earnings
Price/Cash Flow	5.88	6.29	9.77	14.97	12.12	12.06	16.32	7.71	14.52	9.12	9.37	Price/Cash Flow
Price/Book	1.40	1.30	—	1.68	1.75	1.99	2.76	1.95	1.75	1.44	1.47	Price/Book

Operating Performance as of 14 Apr 2021 (Fiscal Year End 31 Dec 2020)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Q3	Fiscal (%)
Return on Assets	9.19	9.47	8.47	7.47	9.06	9.78	10.25	9.59	9.69	—	2.45	Return on Assets
Return on Equity	13.78	14.95	13.44	11.5	13.48	14.01	14.62	14.23	14.25	—	3.73	Return on Equity
Rtn on Invested Capital	10.83	10.89	8.76	7.47	9.31	10.47	10.9	10.52	10.82	—	3.03	Rtn on Invested Capital

Business Description

Miquel y Costas & Miquel SA is operating in the paper industry. The principal line of business is the manufacturing and distribution of fine and specialty lightweight papers, with the main specialization being cigarette papers. Its product portfolio consists of rolling papers, printing papers, specialty papers and textile pulps. The company's products

are distributed both domestically and abroad.

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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").

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.

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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

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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