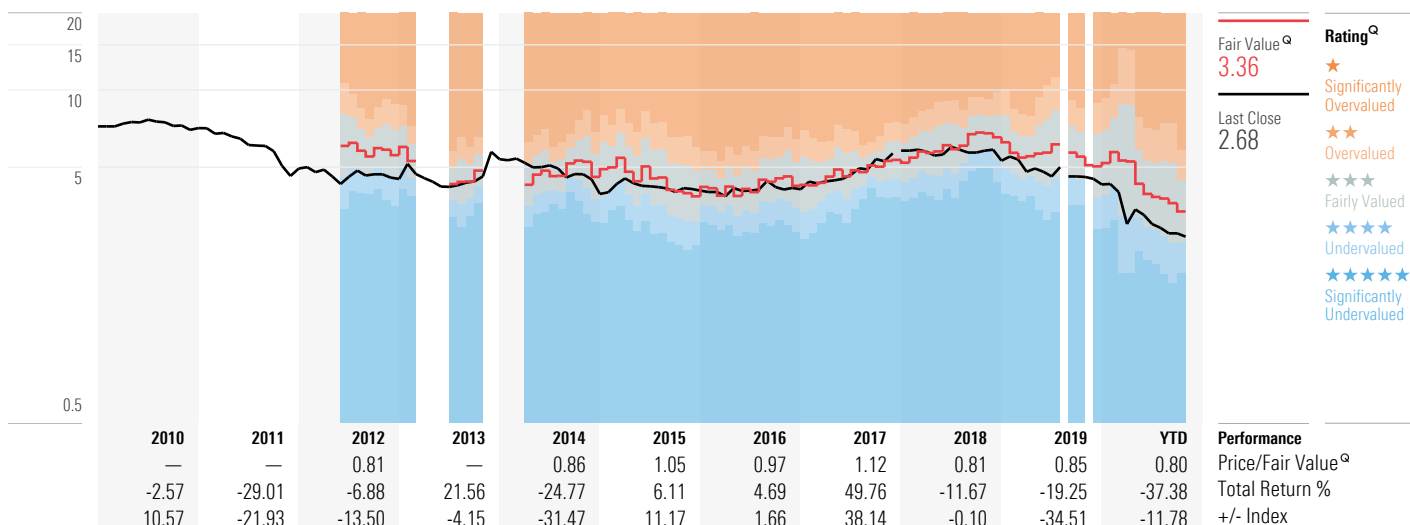


Bodegas Riojanas SA RIO ★★★ Q 26 Oct 2020, 22:31 UTC

Economic Moat ^Q	Uncertainty ^Q	Price/Fair Value ^Q	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	Very High	0.8	2.43	12.9148 Mil	Small Core	Consumer Defensive	Beverages - Wineries & Distilleries



Total Return % as of 26 Oct 2020. Last Close as of 26 Oct 2020. Fair Value as of 26 Oct 2020, 22:31 UTC. Index: Morningstar Spain GR EUR.

There is no one analyst in which a Quantitative Fair Value Estimate and Quantitative Star Rating are attributed to; however, Mr. Lee Davidson, Head of Quantitative Research for Morningstar, Inc., is responsible for overseeing the methodology that supports the quantitative fair value. 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. For information regarding Conflicts of Interests, visit <http://global.morningstar.com/equitydisclosures>

Valuation^Q as of 26 Oct 2020



Fair Value^Q
3.36
Uncertainty^Q:
Very High

Last Close
2.68

RIO is undervalued at a 20% discount.

Economic Moat^Q
⊖ None
Financial Health^Q
Moderate

1-Star Price^Q
> 5.85
5-Star Price^Q
< 1.93

Financials as of 26 Oct 2020 (Fiscal Year End 31 Dec 2019)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD	Fiscal
15	16	17	17	17	18	19	22	19	20	6	Revenue (Mil)
1,597	1,940	2,035	2,026	2,041	1,854	353	1,360	-669	757	429	Operating Income (K)
10.44	12.05	12.16	11.96	11.98	10.57	1.9	6.23	-3.48	3.73	7.37	Operating Margin (%)
699	730	744	831	892	988	-114	631	-635	332	201	Net Income (K)
0.13	0.14	0.14	0.15	0.17	0.19	-0.02	0.13	-0.13	0.07	0.04	Diluted Earnings/Share
1,693	2,224	1,794	2,361	2,090	1,017	1,733	3,737	3,650	862	-3,723	Operating Cash Flow (K)
-954	-621	-731	-683	-1,340	-1,360	-2,735	-1,083	-1,247	-552	-219	Capital Spending (K)
739	1,603	1,063	1,678	750	-343	-1,002	2,654	2,403	310	-3,942	Free Cash Flow (K)
5	5	5	5	5	5	5	5	5	5	5	Avg Shares Outstand(Mil)
0.10	0.10	0.10	0.10	0.11	0.12	0.14	0.14	—	—	—	Dividend Per Share

Valuation as of 26 Oct 2020

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Current	Calendar
—	—	0.81	—	0.86	1.05	0.97	1.12	0.81	0.85	0.80	Price/Fair Value ^Q
2.69	1.79	1.45	1.68	1.25	1.19	1.17	1.41	1.21	1.05	0.67	Price/Sales
51.36	41.45	32.14	34.37	32.80	19.15	19.55	—	41.62	—	134.00	Price/Earnings
8.76	—	13.53	14.09	4.71	12.08	—	9.76	7.82	4.83	16.21	Price/Cash Flow
1.60	1.10	0.99	1.19	0.85	0.88	0.79	1.23	1.23	1.02	0.65	Price/Book

Operating Performance as of — (Fiscal Year End 31 Dec 2019)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Q3	Fiscal (%)
1.32	1.37	1.41	1.58	1.68	1.79	1.8	1.13	-1.2	0.65	0.28	Return on Assets
2.84	2.96	3.01	3.34	3.57	3.91	4.21	2.81	-3.11	1.68	0.72	Return on Equity
3.98	3.27	6.26	3.59	3.71	3.41	3.01	2.21	-0.81	1.6	0.32	Rtn on Invested Capital

Contact

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<http://www.bodegasriojanas.com>

Business Description

Bodegas Riojanas SA is a Spain-based company which engages in winemaking. It engaged in the production and distribution of wine. It also sells its products online. The major brands are Vina Albina, Monte Real, and Puerta Vieja.

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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.

One-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*

Two-Star - 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)*

Three-Star – 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)*

Four-Star – 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)*

Five-Star – 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.

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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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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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