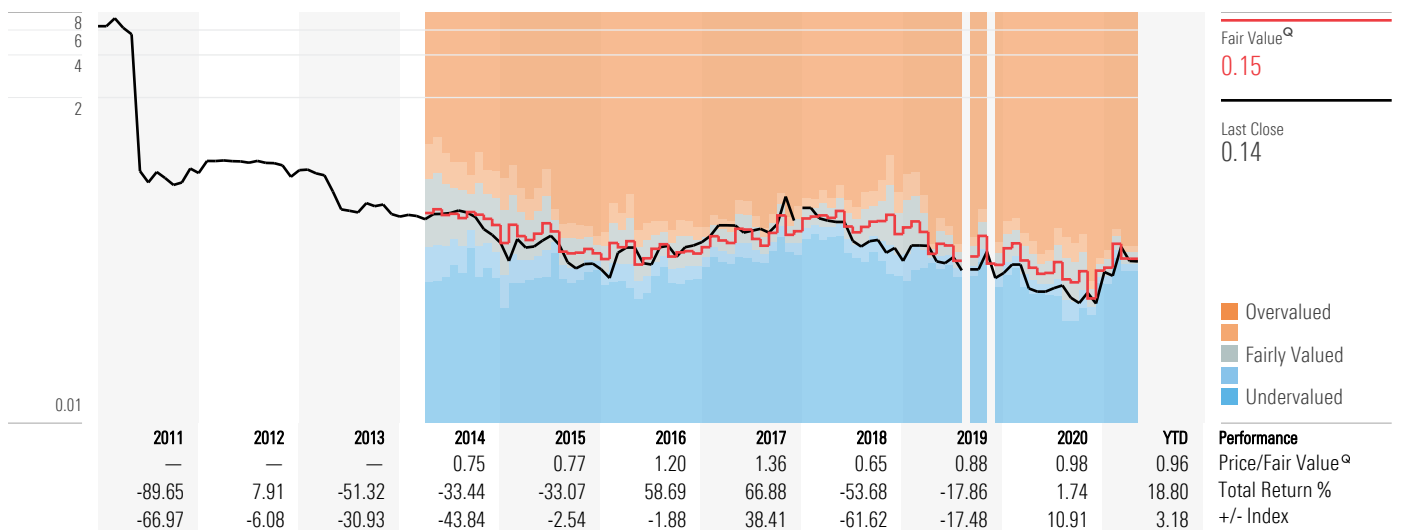


Volcan Compania Minera SAA Pfd Shs -B **XVOLB** ★★★ Q 20 Apr 2021, 22:43 UTC

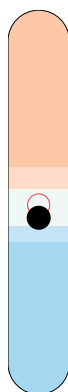
Economic Moat ☐	Uncertainty ☐	Price/Fair Value ☐	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	High	1.0	2.93	1.4904 Bil	Mid Core	Basic Materials	Other Industrial Metals & Mining



Total Return % as of 20 Apr 2021. Last Close as of 20 Apr 2021. Fair Value as of 20 Apr 2021, 22:43 UTC. Index: Morningstar Peru GR PEN.

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Valuation[☐] as of 20 Apr 2021



Fair Value[☐]
0.15
Uncertainty[☐] :
High
Last Close
0.14

XVOLB is trading within a range we consider fairly valued.

Economic Moat[☐]

☐ None

Financial Health[☐]

Moderate

1-Star Price[☐]

> 0.18

5-Star Price[☐]

< 0.12

Financials as of 20 Apr 2021 (Fiscal Year End 31 Dec 2020)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD	Fiscal	
Revenue (Mil)	1,240	1,148	1,035	1,030	799	828	870	797	744	535	535		Revenue (Mil)
Operating Income (K)	534,354	319,777	138,504	153,732	39,250	151,226	189,319	148,835	42,119	-33,984	-33,984		Operating Income (K)
Operating Margin (%)	43.08	27.85	13.38	14.93	4.91	18.26	21.77	18.67	5.66	-6.35	-6.35		Operating Margin (%)
Net Income (K)	328,900	210,950	173,360	56,823	453,912	84,406	477,466	29,375	70,328	-150,442	-150,442		Net Income (K)
Diluted Earnings/Share	0.09	0.06	0.06	0.02	-0.12	0.02	-0.12	0.01	-0.02	-0.04	-0.04		Diluted Earnings/Share
Operating Cash Flow (Mil)	470	275	273	230	233	234	303	235	217	171	171		Operating Cash Flow (Mil)
Capital Spending (Mil)	-267	-381	-563	-414	-162	-114	-217	-195	-171	-117	-117		Capital Spending (Mil)
Free Cash Flow (K)	202,666	106,012	290,249	184,219	70,438	120,691	85,719	40,415	45,508	53,386	53,386		Free Cash Flow (K)
Avg Shares Outstand(Mil)	3,711	3,458	2,917	3,866	3,859	3,859	3,858	3,858	3,858	3,858	3,858		Avg Shares Outstand(Mil)
Dividend Per Share	0.12	0.06	0.04	0.01	—	—	0.03	0.01	—	—	—		Dividend Per Share

Valuation as of 20 Apr 2021

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Current	Calendar
Price/Fair Value [☐]	—	—	—	0.75	0.77	1.20	1.36	0.65	0.88	0.98	0.96	Price/Fair Value [☐]
Price/Sales	2.60	2.69	1.34	0.83	0.60	0.99	1.63	0.73	0.70	1.01	1.20	Price/Sales
Price/Earnings	8.66	14.51	8.04	9.88	19.13	—	15.42	—	—	—	33.43	Price/Earnings
Price/Cash Flow	9.18	11.92	6.21	3.02	1.95	4.42	4.53	1.61	2.33	3.61	3.76	Price/Cash Flow
Price/Book	2.48	2.29	1.04	0.59	0.34	0.74	1.20	0.95	0.80	1.12	1.55	Price/Book

Operating Performance as of — (Fiscal Year End 31 Dec 2020)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Q3	Fiscal (%)
Return on Assets	19.75	9.53	6.24	1.92	-16.36	3.22	-19.2	1.3	-3.2	-7.09	-3.82	Return on Assets
Return on Equity	28.42	16.13	12.16	3.83	-36.05	7.85	-55.32	4.69	-11.54	-30.46	-17.63	Return on Equity

Operating Performance as of — (Fiscal Year End 31 Dec 2020)

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Q3	Fiscal (%)
27.21	13.37	8.44	3.31	-20.56	5.81	-29.13	3.79	-3.22	-18.19	-11.1	Rtn on Invested Capital

Business Description

Volcan Compania Minera SAA is a Peruvian mining company. All of its operations are located in the central mountains of the Peruvian Andes, which include operating units such as Yauli, Chungar, Alpamarca, and Cerro de Pasco. These four operating units include a total of 10 mines, seven concentrator plants, and an oxide leaching plant. Zinc con-

stitutes the largest contribution to consolidated revenue, and with silver, makes up the vast majority of sales. In addition to the zinc and silver business, the company also mines lead, copper, and gold.

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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.

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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