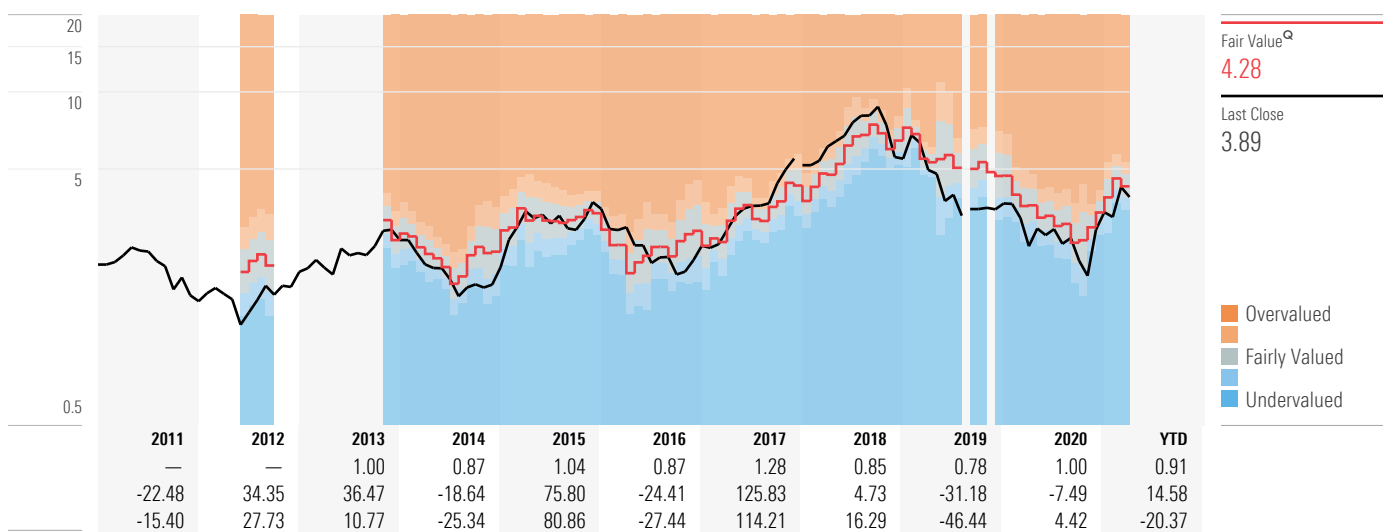


ENCE Energia y Celulosa SA **ENC** ★★★ Q 5 Mar 2021, 23:35 UTC

Economic Moat ^Q	Uncertainty ^Q	Price/Fair Value ^Q	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	High	0.9	2.66	948.1867 Mil	Small Growth	Basic Materials	Paper & Paper Products

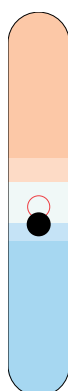


Total Return % as of 5 Mar 2021. Last Close as of 5 Mar 2021. Fair Value as of 5 Mar 2021, 23:35 UTC. Index: Morningstar Spain GR EUR.

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>

Contact

Valuation ^Q
as of 5 Mar 2021



Fair Value ^Q

4.28

Uncertainty ^Q :

High

Last Close

3.89

ENCE is Under Valued
at a 9% discount.

Economic Moat ^Q

None

Financial Health ^Q

Strong

1-Star Price ^Q

> 5.31

5-Star Price ^Q

< 3.45

Financials as of 5 Mar 2021 (Fiscal Year End 31 Dec 2020)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD	Fiscal
Revenue (Mil)	825	828	853	688	664	605	740	832	735	708	708	Revenue (Mil)
Operating Income (Mil)	89	112	71	-41	138	63	142	212	68	-21	-21	Operating Income (Mil)
Operating Margin (%)	10.73	13.58	8.35	-6.03	20.72	10.46	19.21	25.51	9.27	-2.97	-2.97	Operating Margin (%)
Net Income (Mil)	41	43	4	-141	50	38	92	129	9	-26	-26	Net Income (Mil)
Diluted Earnings/Share	0.15	0.15	0.02	-0.56	0.20	0.15	0.37	0.48	0.04	-0.11	-0.11	Diluted Earnings/Share
Operating Cash Flow (Mil)	111	112	176	9	111	123	176	227	185	62	62	Operating Cash Flow (Mil)
Capital Spending (Mil)	-95	-120	-114	-60	-59	-67	-52	-188	-292	-97	-97	Capital Spending (Mil)
Free Cash Flow (Mil)	15	-9	62	-50	51	55	124	39	-107	-35	-35	Free Cash Flow (Mil)
Avg Shares Outstand(Mil)	277	273	258	250	250	250	245	263	266	264	264	Avg Shares Outstand(Mil)
Dividend Per Share	0.09	0.06	0.07	0.08	0.14	0.13	0.17	0.27	0.11	—	—	Dividend Per Share

Valuation as of 5 Mar 2021

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Current	Calendar
Price/Fair Value ^Q	—	—	1.00	0.87	1.04	0.87	1.28	0.85	0.78	1.00	0.91	Price/Fair Value ^Q
Price/Sales	0.49	0.66	0.78	0.62	1.31	1.03	1.91	1.63	1.14	1.22	1.45	Price/Sales
Price/Earnings	11.89	13.31	12.61	—	—	16.03	17.48	10.97	16.68	—	165.00	Price/Earnings
Price/Cash Flow	3.34	4.86	3.76	2.98	11.41	6.46	8.27	5.81	5.26	7.85	16.48	Price/Cash Flow
Price/Book	0.57	0.68	0.87	0.94	1.57	1.11	2.17	1.99	1.35	1.34	1.33	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	3.05	3.13	0.31	-11.2	4.22	3.17	7.24	8.53	0.53	-1.41	0.78	Return on Assets
Return on Equity	5.54	5.96	0.6	-22.49	8.97	6.9	15.47	19.69	1.38	-3.86	2.31	Return on Equity
Rtn on Invested Capital	3.99	4.8	1.95	-17.23	9.59	7.27	14.49	15.56	1.78	-1.12	1.19	Rtn on Invested Capital

Business Description

ENCE Energia y Celulosa SA produces and sells pulp. The company owns and manages eucalyptus forests throughout Spain and harvests timber. The timber is transported to the firm's mills, where it produces pulp for sale to paper manufacturers. Over half of the company's pulp is sold to tissue

paper producers. Other customers include manufacturers of specialty paper, printing and writing paper, and packaging paper. Ence also generates and sells electricity from forest biomass. The vast majority of revenue comes from Europe.

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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.

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.

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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