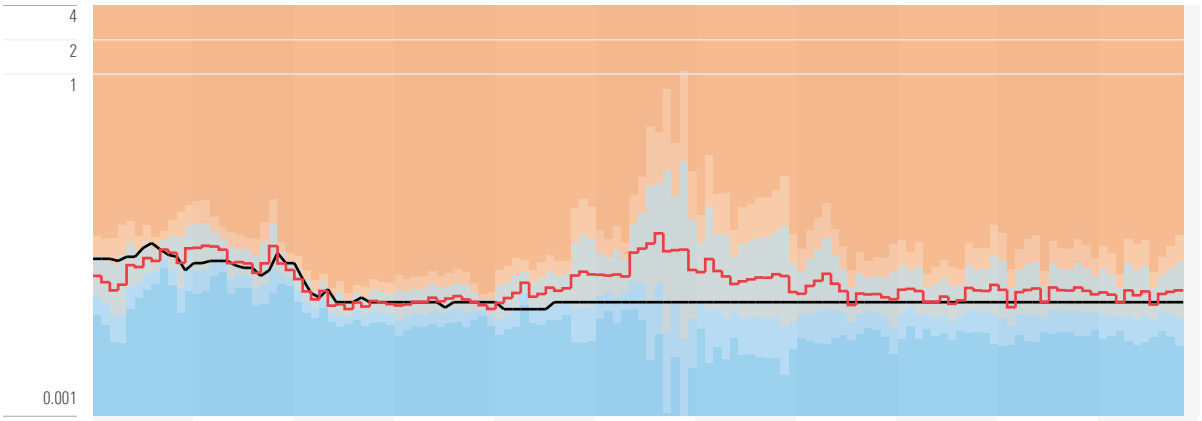
Sare Holding SAB de CV Class B XSARE ★★★ 10 Oct 2024 22:43, UTC

Economic Moat	Uncertainty	Price/Fair Value	ESG Risk Rating Assessment[1]	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
Narrow	Extreme	0.79		0.00	—	Small Growth	Consumer Cyclical	Residential Construction



Last Close
0.01
Fair Value
0.01

Overvalued
Fairly Valued
Undervalued

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD
Price/Fair Value	0.58	0.89	0.81	0.99	0.57	0.52	0.82	0.94	0.71	0.85	0.79
Total Return %	1.80	0.00	-54.55	11.64	15.20	0.00	0.00	0.00	0.00	0.00	0.00
+/- Index	2.54	1.60	6.93	9.87	-13.30	9.21	3.92	23.79	-4.47	25.93	-3.14

As of 10 Oct 2024 | Index: Morningstar Mexico GR MXN. Fair Value data as of 10 Oct 2024 00:00, UTC.

[1]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.

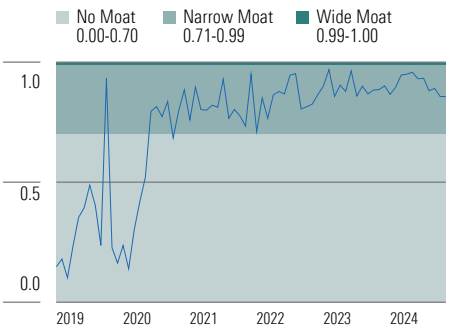
Key Metrics as of 9 Oct 2024

Metrics		Percentile in Sector
Earnings Yield (%)	-523.1	2.0
Sales Yield (%)	522.8	88.0
Book Value Yield (%)	1.4	99.0
Return on Assets (%)*	3.1	52.0
Revenue(Mil)*	583.3	53.0
Market Value (Mil)	300.2	50.0
Enterprise Value (Mil)	523.9	52.0
EVMV Ratio	1.8	76.0
Volatility TTM (%)	0.0	3.0
Drawdown TTM (%)	0.0	3.0
Volume	0.0	3.0

*9 Oct 2024

0% 25 50 75 100

Economic Moat History as of 10 Oct 2024



Business Description

Sare Holding SAB de CV is engaged in the development, construction and sale of residential and touristic buildings in Mexico.

Valuation as of 10 Oct 2024

Sare Holding achieves a 3-star quantitative star rating based on Morningstar's equity model. This reflects the company's valuation and uncertainty scores under this assessment system.

The Quantitative Fair Value estimate is 0.0127, above the previous closing price of 0.0100. The stock has been trading between a 27.96% discount and 11.8% premium to its quantitative fair value over the past year. The stock's current valuation rating sits at the 61st percentile in the coverage universe and 67th percentile in the consumer cyclical sector.

The quantitative uncertainty rating for Sare Holding is Extreme.

Our quantitative star rating remains unchanged over the past year; the uncertainty rating last differed on 09/19/2024, when it was Very High.

The main drivers of the company's valuation and uncertainty are its EV-MV ratio and drawdown. The enterprise value-to-market value ratio of 1.75 falls at the 83rd percentile in the equity universe and the 76th percentile in its sector. The trailing 12-month maximum drawdown of 0.00% corresponds to the 5th percentile overall and the 5th percentile in the industry.

Economic Moat as of 10 Oct 2024

With a Narrow Morningstar quantitative moat rating, the quantitative moat score for Sare Holding falls at the 86th percentile in the consumer cyclical sector and at the 83rd in the equity coverage universe. The company has maintained its Narrow quantitative moat rating for the last year.

We also assign a Moderate quantitative financial health rating to Sare Holding. The company's raw score on this metric, termed Distance to Default, ranks at the 68th percentile overall and 73rd in the consumer cyclical sector. Furthermore, this financial health rating most recently changed from Strong after 09/27/2024.

Supporting these ratings are the company's enterprise value-to-market value ratio and enterprise value-to-market value ratio. The enterprise value-to-market value ratio of 1.75, ranks at the 83rd percentile in the covered equity universe and at the 76th percentile among its peers. Meanwhile, its enterprise value-to-market value ratio of 1.75, falls at the 83rd percentile in the universe and the 76th percentile in the consumer cyclical sector.

Fundamentals as of 10 Oct 2024

The data is not available to drive this analysis

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Economic Moat	Uncertainty	Price/Fair Value	ESG Risk Rating Assessment[1]	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
Narrow	Extreme	0.79		0.00	—	Small Growth	Consumer Cyclical	Residential Construction

Earnings as of 9 Oct 2024

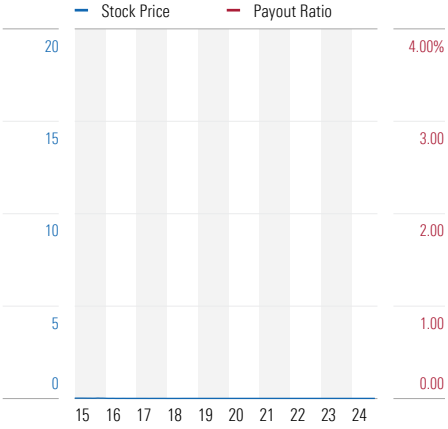
Earnings	%	Percentile in Sector
Dividend Yield*	—	—
Payout Ratio*	—	—
Price to Earnings	—	—
Price to Cash Flow	—	—
ROIC**	—	—

0% 25 50 75 100

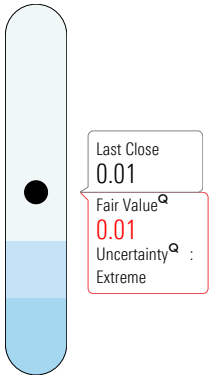
*—

**9 Oct 2024

Dividends as of 19 Oct 2018



Valuation as of 10 Oct 2024



Undervalued (21% Discount)

Economic Moat
Narrow

1-Star Price
>0.04

5-Star Price
<0.00

Financials (Fiscal Year End 31 Dec 2017)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	09/2017	Fiscal
15.78	204.88	390.40	—	—	—	—	—	—	—	320.55	Revenue (Mil)
-164.73	-11.42	83.04	—	—	—	—	—	—	—	70.32	Operating Income (Mil)
-1,044	-5.57	21.27	—	—	—	—	—	—	—	21.27	Operating Margin (%)
-630.37	-42.65	-202.09	—	—	—	—	—	—	—	-262.05	Net Income (Mil)
-0.11	-0.01	-0.04	—	—	—	—	—	—	—	-0.05	Diluted Earnings/Share
-112.56	-279.12	102.03	—	—	—	—	—	—	—	-103.51	Operating Cash Flow (Mil)
0.17	1.13	0.12	—	—	—	—	—	—	—	0.12	Capital Spending (Mil)
-168.29	-42.76	172.45	—	—	—	—	—	—	—	130.59	Free Cash Flow (Mil)
5.57	5.57	5.57	—	—	—	—	—	—	—	5.57	Avg Shares Outstand(Bil)

Valuation as of

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar
0.58	0.89	0.81	0.99	0.57	0.52	0.82	0.94	0.71	0.85	0.79	Price/Fair Value
3.23	25.30	3.89	3.18	—	—	—	—	—	—	—	Price/Sales
—	0.67	—	—	—	—	—	—	—	—	—	Price/Earnings
0.82	—	—	7.80	—	—	—	—	—	—	—	Price/Cash Flow
1.30	1.83	0.81	1.21	—	—	—	—	—	—	—	Price/Book

Operating Performance (Fiscal Year End 31 Dec 2017)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	09/2017	Fiscal (%)
-22.63	-1.60	-8.26	—	—	—	—	—	—	—	-11.17	Return on Assets
-102.09	-4.16	-22.36	—	—	—	—	—	—	—	-30.78	Return on Equity
-33.34	-0.43	-11.07	—	—	—	—	—	—	—	-18.61	Rtn on Invested Capital

Dividends as of 19 Oct 2018

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar (%)
—	—	—	—	—	—	—	—	—	—	—	Dividend Per Share
0.00	0.00	0.00	0.00	—	—	—	—	—	—	0.00	Trailing Dividend Yield
—	23.90	0.00	—	—	—	—	—	—	—	—	Buyback Yield

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Appendix

Economic Moat History as of 10 Oct 2024 (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
2024	0.87	0.90	0.95	0.95	0.96	0.93	0.93	0.88	0.89	0.86	—	—
2023	0.90	0.97	0.86	0.90	0.88	0.96	0.86	0.90	0.87	0.88	0.89	0.90
2022	0.71	0.85	0.77	0.86	0.88	0.87	0.95	0.95	0.81	0.81	0.83	0.86
2021	0.76	0.90	0.80	0.80	0.82	0.81	0.93	0.77	0.80	0.78	0.73	0.95
2020	0.24	0.14	0.30	0.42	0.52	0.80	0.81	0.77	0.84	0.68	0.80	0.88
2019	0.15	0.18	0.10	0.24	0.35	0.39	0.49	0.40	0.24	0.93	0.23	0.16

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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.

Farily Valued – Last Price is in line with Morningstar's quantitative fair value estimate.

Farily 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.

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of unmanaged ESG risk across all subindustries covered.

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