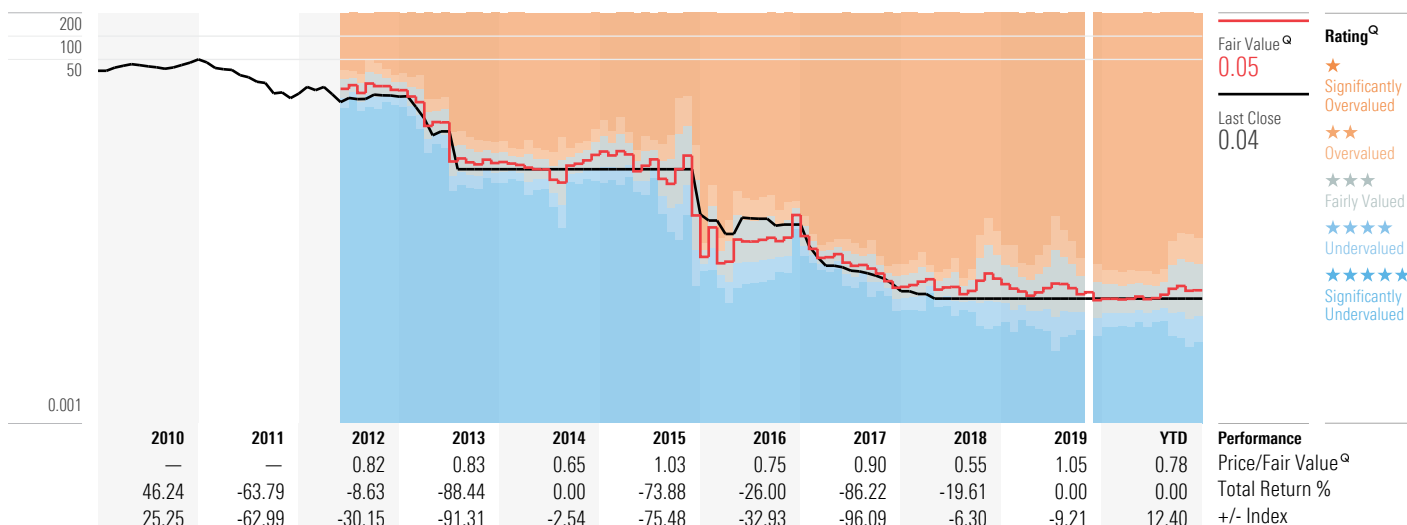


Corporacion Geo SAB de CV XGEO ★★★ Q 4 Dec 2020, 23:33 UTC

Economic Moat ^Q Narrow	Uncertainty ^Q Extreme	Price/Fair Value ^Q 0.8	Trailing Dividend Yield % —	Market Cap 11.9103 Mil	Investment Style Small Value	Sector Consumer Cyclical	Industry Residential Construction
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Total Return % as of 4 Dec 2020. Last Close as of 4 Dec 2020. Fair Value as of 4 Dec 2020, 23:33 UTC. Index: Morningstar Mexico GR MXN.

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Valuation^Q as of 4 Dec 2020



XGEO is undervalued at a 22% discount.

Fair Value^Q
0.05
Uncertainty^Q:
Extreme

Last Close
0.04

Economic Moat^Q
Narrow
Financial Health^Q
Moderate

1-Star Price^Q
> 0.25
5-Star Price^Q
< 0.01

Financials as of 4 Dec 2020 (Fiscal Year End 31 Dec 2017)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD	Fiscal
Revenue (Mil)	19,154	20,105	19,078	5,501	1,397	924	987	—	—	—	192	Revenue (Mil)
Operating Income (Mil)	3,103	3,214	3,027	-16,024	-9,894	-2,468	-74	—	—	—	-78	Operating Income (Mil)
Operating Margin (%)	16.2	15.99	15.87	-291	-708	-267	-7.45	—	—	—	-40.6	Operating Margin (%)
Net Income (Mil)	1,490	1,260	1,053	-19,118	-12,191	18,893	-436	—	—	—	-38	Net Income (Mil)
Diluted Earnings/Share	50.75	55.16	45.97	-660.57	-420.77	45.56	-1.04	—	—	—	-0.09	Diluted Earnings/Share
Operating Cash Flow (Mil)	620	54	-433	-393	213	-1,604	-1,570	—	—	—	-1,570	Operating Cash Flow (Mil)
Capital Spending (Mil)	-1,033	-701	-230	-48	-7	—	-10	—	—	—	-10	Capital Spending (Mil)
Free Cash Flow (Mil)	-413	-647	-663	-441	206	-1,604	-1,580	—	—	—	-1,580	Free Cash Flow (Mil)
Avg Shares Outstand(Mil)	29	29	29	—	29	415	417	—	—	—	417	Avg Shares Outstand(Mil)
Dividend Per Share	—	—	—	—	—	—	—	—	—	—	—	Dividend Per Share

Valuation as of 4 Dec 2020

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Current	Calendar
Price/Fair Value ^Q	—	—	0.82	0.83	0.65	1.03	0.75	0.90	0.55	1.05	0.78	Price/Fair Value ^Q
Price/Sales	1.14	0.46	0.43	—	—	0.04	2.91	0.52	—	—	0.41	Price/Sales
Price/Earnings	13.12	6.52	6.12	—	—	—	—	—	—	—	—	Price/Earnings
Price/Cash Flow	15.62	—	—	—	—	—	—	—	—	—	—	Price/Cash Flow
Price/Book	2.82	1.09	0.86	—	—	—	0.91	0.62	—	—	0.49	Price/Book

Operating Performance as of — (Fiscal Year End 31 Dec 2017)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Q3	Fiscal (%)
Return on Assets	4.73	4.04	2.64	-56.79	-59.59	124	-3.26	—	—	—	-0.6	Return on Assets
Return on Equity	15.47	15.67	11.44	—	—	—	-43.83	—	—	—	-7.39	Return on Equity
Rtn on Invested Capital	10.59	9.28	4.36	—	—	—	-5.47	—	—	—	0.62	Rtn on Invested Capital

Business Description

Corporacion Geo SAB de CV is a developer of housing estates. The company through its subsidiaries is engaged in design, development, construction, marketing, sales and delivery of affordable houses. The group's business model is focused mainly on the entry level and economic segments, which are

supported by government policies. Geographically, the firm has its operation across over 20 states in Mexico.

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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.

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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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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