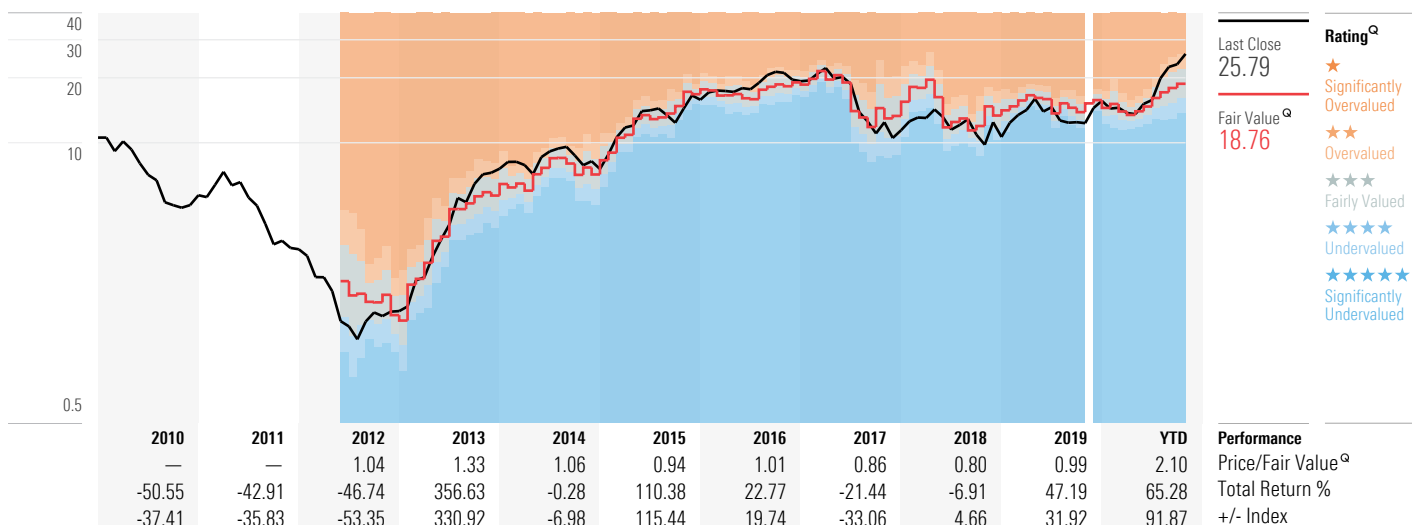


Siemens Gamesa Renewable Energy SA SGRE ★ Q 20 Oct 2020, 22:39 UTC

Economic Moat ^Q	Uncertainty ^Q	Price/Fair Value ^Q	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	High	1.4	0.20	17.5248 Bil	Large Core	Industrials	Specialty Industrial Machinery



Total Return % as of 20 Oct 2020. Last Close as of 20 Oct 2020. Fair Value as of 20 Oct 2020, 22:39 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 20 Oct 2020



Last Close
25.79

Fair Value ^Q
18.76

Uncertainty ^Q:
High

SGRE is overvalued at a 37% premium.

Economic Moat ^Q
⊖ None

Financial Health ^Q
Moderate

1-Star Price ^Q
> 25.64

5-Star Price ^Q
< 13.73

Financials as of 20 Oct 2020 (Fiscal Year End 30 Sep 2020)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD	Fiscal
3	3	3	2	3	4	6	—	9	10	7	Revenue (Bil)
119	163	-201	158	204	303	508	—	211	253	-819	Operating Income (Mil)
4.35	5.43	-7.52	6.76	7.15	8.65	8.24	—	2.31	2.47	-12.38	Operating Margin (%)
50	51	-659	45	92	170	443	—	70	140	-805	Net Income (Mil)
0.21	0.20	-2.63	0.18	0.36	0.62	1.10	—	0.10	0.21	-1.19	Diluted Earnings/Share
739	-514	427	213	309	325	863	—	729	784	183	Operating Cash Flow (Mil)
-139	-234	-225	-138	-111	-168	-393	—	-415	-498	-352	Capital Spending (Mil)
600	-748	202	75	198	157	471	—	314	286	-169	Free Cash Flow (Mil)
244	251	251	251	259	276	402	—	679	679	680	Avg Shares Outstand(Mil)
0.12	0.05	0.05	—	—	0.08	0.15	3.71	—	0.03	0.05	Dividend Per Share

Valuation as of 20 Oct 2020

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Current	Calendar
—	—	1.04	1.33	1.06	0.94	1.01	0.86	0.80	0.99	1.37	Price/Fair Value ^Q
0.48	0.26	0.16	0.85	0.72	1.27	1.24	1.38	0.79	1.04	1.83	Price/Sales
15.15	14.09	—	—	23.66	27.51	20.69	23.27	106.40	75.88	76.59	Price/Earnings
11.69	—	0.83	3.39	6.76	13.12	11.17	33.75	9.92	13.56	11.96	Price/Cash Flow
0.86	0.47	0.41	1.86	—	—	—	1.20	1.22	1.69	3.39	Price/Book

Operating Performance as of 20 Oct 2020 (Fiscal Year End 30 Sep 2020)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Q3	Fiscal (%)
1.02	0.97	-12.27	0.91	2.04	3.83	5.72	—	0.43	0.85	-2.75	Return on Assets
3.14	3.09	-48.74	4.43	7.66	11.69	18.31	—	1.13	2.3	-8.58	Return on Equity
1.97	3.66	-22.71	1.57	4.01	8.0	12.95	—	1.2	2.03	-6.29	Rtn on Invested Capital

Business Description

Siemens Gamesa Renewable Energy is a Spanish wind turbine manufacturer, the result of the 2017 merger between Gamesa and Siemens Wind Power, a carve-out from Siemens Group. The firm operates in two business segments, wind turbines and service. The wind turbines segment designs,

manufactures, and installs onshore and offshore wind turbines. The service segment provides maintenance contracts and spare parts. About 65% of revenue comes from Europe, the Middle East, and Africa, with the Americas accounting for 20% and Asia contributing 15%. Around 85% of revenue comes from the manufacturing and installation of

wind turbines while 15% comes from servicing those turbines.

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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.

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