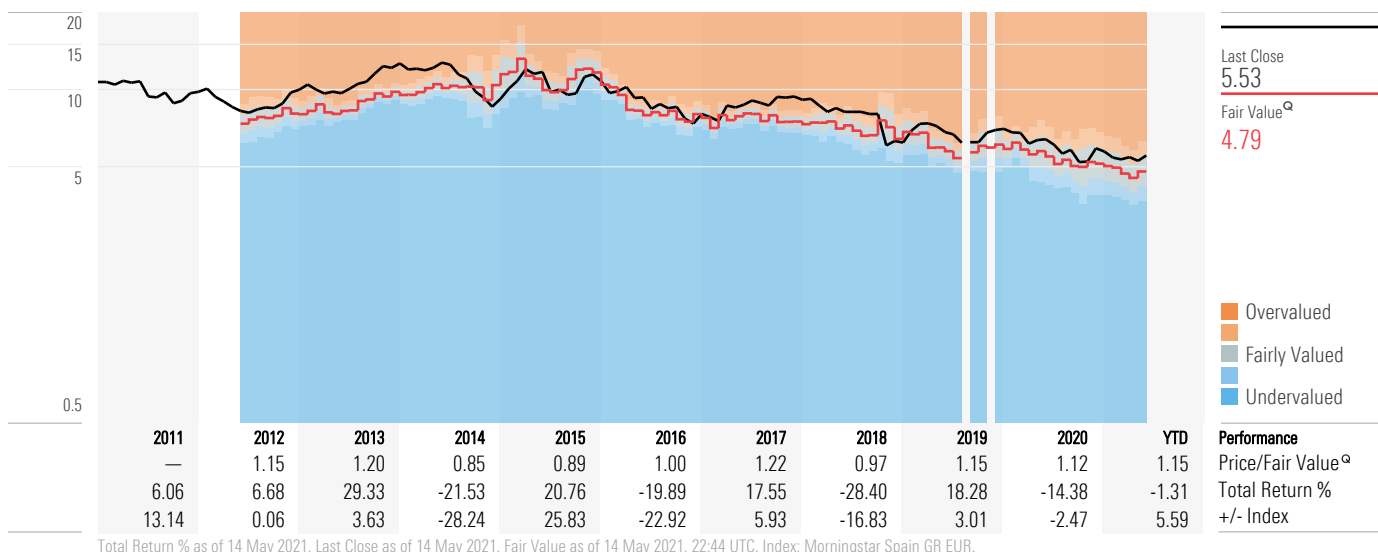


Zardoya Otis SA ZOT ★★ Q 14 May 2021, 22:44 UTC

Economic Moat ^Q	Uncertainty ^Q	Price/Fair Value ^Q	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
Wide	High	1.2	4.76	2.5811 Bil	Mid Core	Industrials	Specialty Industrial Machinery



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Valuation ^Q as of 14 May 2021

ZOT is Over Valued at a 15% premium.

Last Close
5.53

Fair Value ^Q
4.79
Uncertainty ^Q :
High

Economic Moat ^Q

Wide

Financial Health ^Q

Strong

1-Star Price ^Q

> 6.28

5-Star Price ^Q

< 3.65

Financials as of 14 May 2021 (Fiscal Year End 30 Nov 2020)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD	Fiscal
Revenue (Mil)	819	809	759	739	732	746	778	784	802	786	197	Revenue (Mil)
Operating Income (Mil)	281	268	230	222	209	204	199	187	185	188	44	Operating Income (Mil)
Operating Margin (%)	34.37	33.15	30.32	30.01	28.5	27.28	25.54	23.81	23.06	23.94	22.24	Operating Margin (%)
Net Income (Mil)	194	181	151	154	149	153	153	146	141	140	33	Net Income (Mil)
Diluted Earnings/Share	0.51	0.46	0.35	0.35	0.34	0.33	0.32	0.31	0.30	0.30	0.07	Diluted Earnings/Share
Operating Cash Flow (Mil)	215	176	183	199	164	163	164	162	172	179	179	Operating Cash Flow (Mil)
Capital Spending (Mil)	-2.80	-9.22	-6.02	-7.41	-5.40	-9.85	-4.09	-10.17	-5.71	-9.80	-9.80	Capital Spending (Mil)
Free Cash Flow (Mil)	212	167	177	192	158	153	160	152	167	170	170	Free Cash Flow (Mil)
Avg Shares Outstand(Mil)	383	401	437	440	442	460	470	470	470	470	467	Avg Shares Outstand(Mil)
Dividend Per Share	0.50	0.44	0.25	0.33	0.32	0.31	0.32	0.32	0.32	0.29	0.29	Dividend Per Share

Valuation as of 14 May 2021

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Current	Calendar
Price/Fair Value ^Q	—	1.15	1.20	0.85	0.89	1.00	1.22	0.97	1.15	1.12	1.15	Price/Fair Value ^Q
Price/Sales	4.38	4.75	6.97	5.33	6.39	5.07	5.68	3.74	4.07	3.43	3.29	Price/Sales
Price/Earnings	17.82	20.38	33.27	26.58	30.82	24.40	27.66	19.97	22.98	19.25	18.34	Price/Earnings
Price/Cash Flow	16.72	21.82	28.92	21.55	24.64	24.24	24.90	18.81	20.60	16.11	14.39	Price/Cash Flow
Price/Book	15.65	16.15	13.39	10.73	13.01	9.91	11.11	7.55	8.72	6.68	6.34	Price/Book

Operating Performance as of 14 May 2021 (Fiscal Year End 30 Nov 2020)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Q3	Fiscal (%)
Return on Assets	34.0	32.35	24.67	21.63	20.99	21.57	21.47	20.29	19.63	19.45	5.16	Return on Assets
Return on Equity	82.07	77.49	49.59	38.17	35.83	36.27	35.81	34.16	33.67	34.31	9.31	Return on Equity
Rtn on Invested Capital	76.94	70.64	46.21	36.86	35.33	36.14	35.74	34.17	33.61	32.59	8.74	Rtn on Invested Capital

Business Description

Zardoya Otis SA and its subsidiaries are in the business of manufacturing and installing elevators and provision of related maintenance services and export of equipment for installation. The company has manufacturing plants in Madrid and San Sebastian and modernization centers in Munguia and Vigo. Its significant contracts include Louvre mu-

seum, Stavros niarchos foundation and Auchan supermarkets. The company mainly operates in Spain, Portugal and Morocco.

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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.

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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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