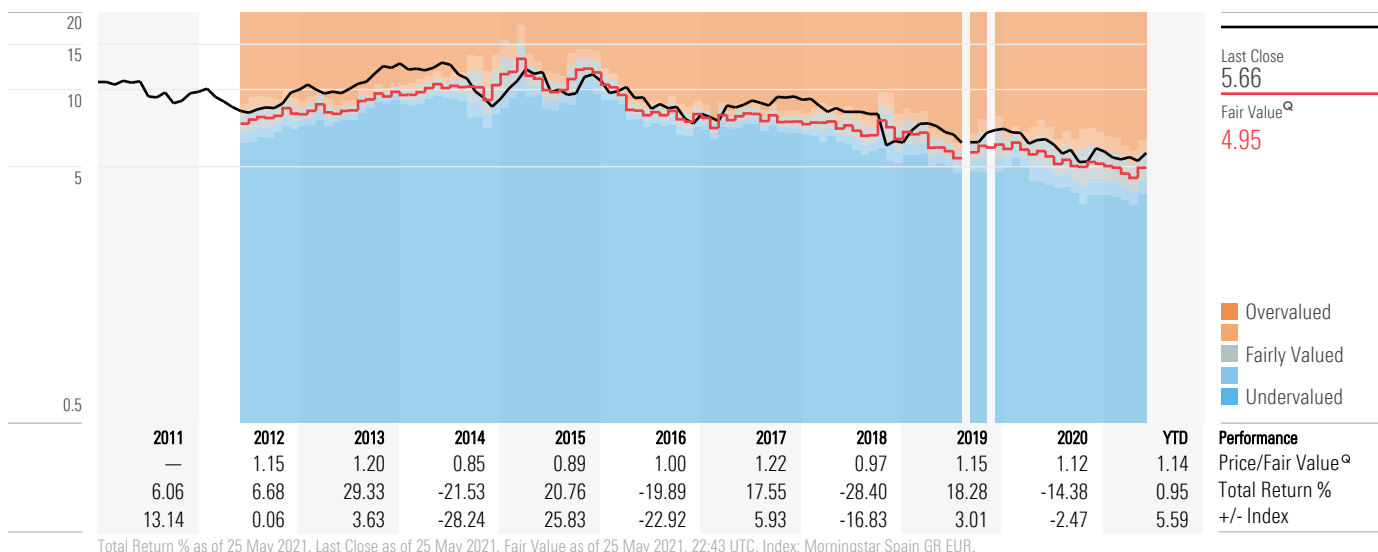
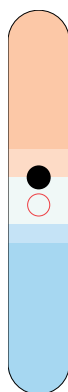


## Zardoya Otis SA ZOT ★★ Q 25 May 2021, 22:43 UTC

Economic Moat <sup>Q</sup>	Uncertainty <sup>Q</sup>	Price/Fair Value <sup>Q</sup>	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
Wide	High	1.1	4.65	2.6651 Bil	Mid Core	Industrials	Specialty Industrial Machinery



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 <sup>Q</sup> as of 25 May 2021

ZOT is Over Valued at a 14% premium.

Last Close  
5.66

Fair Value<sup>Q</sup>  
4.95

Uncertainty<sup>Q</sup> :  
High

Economic Moat <sup>Q</sup>

Wide

Financial Health <sup>Q</sup>

Strong

1-Star Price <sup>Q</sup>

> 6.32

5-Star Price <sup>Q</sup>

< 3.88

## Financials as of 25 May 2021 (Fiscal Year End 30 Nov 2020)

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD	Fiscal
819	809	759	739	732	746	778	784	802	786	197	Revenue (Mil)
281	268	230	222	209	204	199	187	185	188	44	Operating Income (Mil)
34.37	33.15	30.32	30.01	28.5	27.28	25.54	23.81	23.06	23.94	22.24	Operating Margin (%)
194	181	151	154	149	153	153	146	141	140	33	Net Income (Mil)
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
215	176	183	199	164	163	164	162	172	179	179	Operating Cash Flow (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)
212	167	177	192	158	153	160	152	167	170	170	Free Cash Flow (Mil)
383	401	437	440	442	460	470	470	470	470	467	Avg Shares Outstand(Mil)
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 25 May 2021

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Current	Calendar
—	1.15	1.20	0.85	0.89	1.00	1.22	0.97	1.15	1.12	1.14	Price/Fair Value <sup>Q</sup>
4.38	4.75	6.97	5.33	6.39	5.07	5.68	3.74	4.07	3.43	3.37	Price/Sales
17.82	20.38	33.27	26.58	30.82	24.40	27.66	19.97	22.98	19.25	18.77	Price/Earnings
16.72	21.82	28.92	21.55	24.64	24.24	24.90	18.81	20.60	16.11	14.73	Price/Cash Flow
15.65	16.15	13.39	10.73	13.01	9.91	11.11	7.55	8.72	6.68	6.49	Price/Book

## Operating Performance as of 25 May 2021 (Fiscal Year End 30 Nov 2020)

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Q3	Fiscal (%)
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
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
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.

# Quantitative Equity Reports Overview

The quantitative report on equities consists of data, statistics and quantitative equity ratings on equity securities. Morningstar, Inc.'s quantitative equity ratings are forward looking and are generated by a statistical model that is based on Morningstar Inc.'s analyst-driven equity ratings and quantitative statistics. Given the nature of the quantitative report and the quantitative ratings, there is no one analyst in which a given report is attributed to; however, Mr. Lee Davidson, Head of Quantitative Research for Morningstar, Inc., is responsible for overseeing the methodology that supports the quantitative equity ratings used in this report. 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.

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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.  
 $\text{Log (Quant FVE/Price)} < -1 * \text{Quantitative Uncertainty}$   
*Micro-Caps:  $\text{Log (Quant FVE/Price)} < -1.5 * \text{Quantitative Uncertainty}$*
  - ★★ – the stock is somewhat overvalued.  
 $\text{Log (Quant FVE/Price)}$  between  $(-1 * \text{Quantitative Uncertainty}, -0.5 * \text{Quantitative Uncertainty})$   
*Micro-Caps:  $\text{Log (Quant FVE/Price)}$  between  $(-1.5 * \text{Quantitative Uncertainty}, -0.75 * \text{Quantitative Uncertainty})$*
  - ★★★ – the stock is approximately fairly valued.  
 $\text{Log (Quant FVE/Price)}$  between  $(-0.5 * \text{Quantitative Uncertainty}, 0.5 * \text{Quantitative Uncertainty})$   
*Micro-Caps:  $\text{Log (Quant FVE/Price)}$  between  $(-0.75 * \text{Quantitative Uncertainty}, 0.75 * \text{Quantitative Uncertainty})$*
  - ★★★★ – the stock is somewhat undervalued.  
 $\text{Log (Quant FVE/Price)}$  between  $(0.5 * \text{Quantitative Uncertainty}, 1 * \text{Quantitative Uncertainty})$

## Uncertainty

*Micro-Caps:  $\text{Log (Quant FVE/Price)}$  between  $(0.75 * \text{Quantitative Uncertainty}, 1.5 * \text{Quantitative Uncertainty})$*

★★★★ – the stock is undervalued with a reasonable margin of safety.

$\text{Log (Quant FVE/Price)} > 1 * \text{Quantitative Uncertainty}$

*Micro-Caps:  $\text{Log (Quant FVE/Price)} > 1.5 * \text{Quantitative Uncertainty}$*

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.

**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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