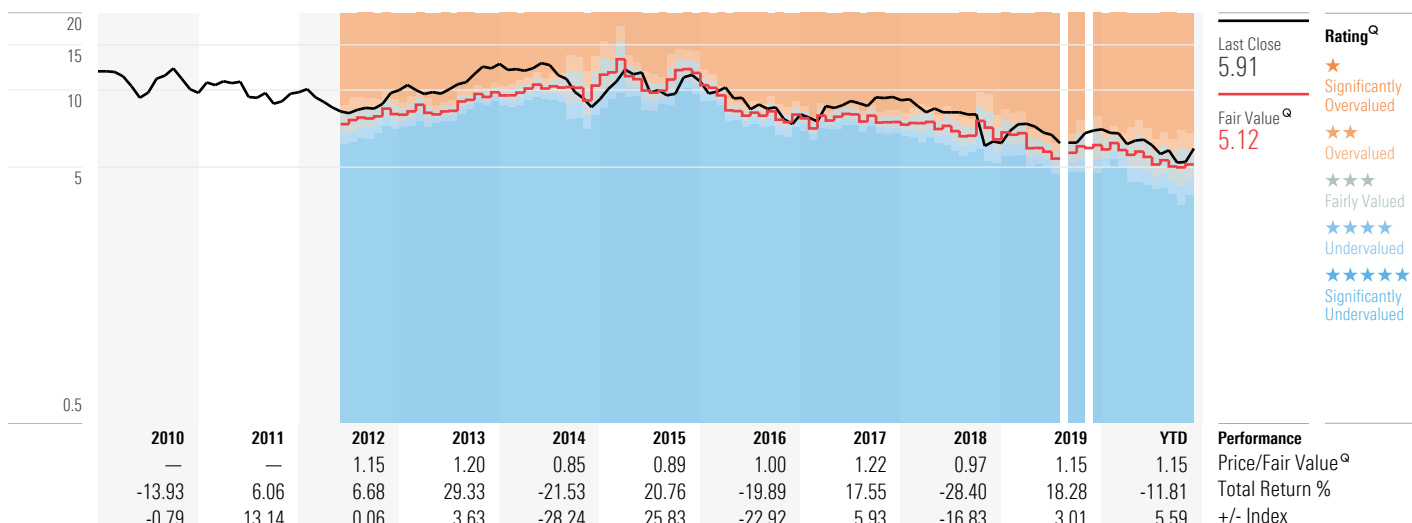


Zardoya Otis SA ZOT ★★★

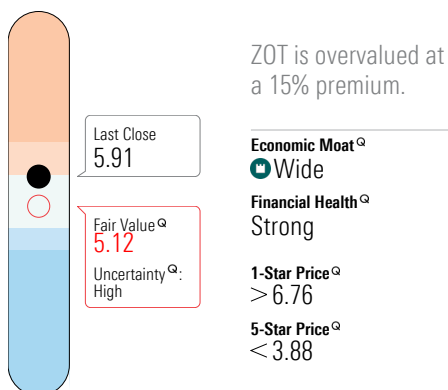
Economic Moat ^Q	Uncertainty ^Q	Price/Fair Value ^Q	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
Wide	High	1.2	4.82	2.7727 Bil	Mid Core	Industrials	Specialty Industrial Machinery



Total Return % as of 23 Nov 2020. Last Close as of 23 Nov 2020. Fair Value as of 23 Nov 2020, 23:35 UTC. Index: Morningstar Spain GR EUR.

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Valuation^Q as of 23 Nov 2020



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Financials as of 23 Nov 2020 (Fiscal Year End 30 Nov 2020)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD	Fiscal
Revenue (Mil)	863	819	809	759	739	732	746	778	784	802	581	Revenue (Mil)
Operating Income (Mil)	290	281	268	230	222	209	204	199	187	185	137	Operating Income (Mil)
Operating Margin (%)	33.56	34.37	33.15	30.32	30.01	28.5	27.28	25.54	23.81	23.06	23.62	Operating Margin (%)
Net Income (Mil)	205	194	181	151	154	149	153	153	146	141	103	Net Income (Mil)
Diluted Earnings/Share	0.55	0.51	0.46	0.35	0.35	0.34	0.33	0.32	0.31	0.30	0.22	Diluted Earnings/Share
Operating Cash Flow (Mil)	218	215	176	183	199	164	163	164	162	172	78	Operating Cash Flow (Mil)
Capital Spending (Mil)	-3	-3	-9	-6	-7	-5	-10	-4	-10	-6	-3	Capital Spending (Mil)
Free Cash Flow (Mil)	215	212	167	177	192	158	153	160	152	167	75	Free Cash Flow (Mil)
Avg Shares Outstand(Mil)	376	383	401	437	440	442	460	470	470	470	470	Avg Shares Outstand(Mil)
Dividend Per Share	0.53	0.50	0.44	0.25	0.33	0.32	0.31	0.32	0.32	0.32	0.26	Dividend Per Share

Valuation as of 23 Nov 2020

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Current	Calendar
Price/Fair Value ^Q	—	—	1.15	1.20	0.85	0.89	1.00	1.22	0.97	1.15	1.15	Price/Fair Value ^Q
Price/Sales	3.95	4.38	4.75	6.97	5.33	6.39	5.07	5.68	3.74	4.07	3.54	Price/Sales
Price/Earnings	16.52	17.82	20.38	33.27	26.58	30.82	24.40	27.66	19.97	22.98	19.85	Price/Earnings
Price/Cash Flow	15.62	16.72	21.82	28.92	21.55	24.64	24.24	24.90	18.81	20.60	16.61	Price/Cash Flow
Price/Book	13.98	15.65	16.15	13.39	10.73	13.01	9.91	11.11	7.55	8.72	6.91	Price/Book

Operating Performance as of 23 Nov 2020 (Fiscal Year End 30 Nov 2020)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Q3	Fiscal (%)
Return on Assets	34.56	34.0	32.35	24.67	21.63	20.99	21.57	21.47	20.29	19.63	4.56	Return on Assets
Return on Equity	86.05	82.07	77.49	49.59	38.17	35.83	36.27	35.81	34.16	33.67	8.19	Return on Equity
Rtn on Invested Capital	82.38	76.94	70.64	46.21	36.86	35.33	36.14	35.74	34.17	33.61	7.74	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 museum, Stavros niarchos foundation and Auchan supermarkets. The company mainly operates in Spain, Portugal and Morocco.

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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").

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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.

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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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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