Grenergy Renovables SA GRE ★★★ as of 4 Aug 2023, 22:41 UTC

Economic Moat as of 4 Aug 2023

- Narrow
- No Moat

Uncertainty High
Price/Fair Value 0.9

Key Metrics as of 3 Aug 2023

<table>
<thead>
<tr>
<th>Metrics</th>
<th>Percentile in Sector</th>
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</thead>
<tbody>
<tr>
<td>Earnings Yield (%)</td>
<td>1.3</td>
</tr>
<tr>
<td>Sales Yield (%)</td>
<td>14.2</td>
</tr>
<tr>
<td>Book Value Yield (%)</td>
<td>31.7</td>
</tr>
<tr>
<td>Return on Assets (%)*</td>
<td>1.4</td>
</tr>
<tr>
<td>Revenue(Mil)*</td>
<td>120.9</td>
</tr>
<tr>
<td>Market Value (Mil)</td>
<td>645.1</td>
</tr>
<tr>
<td>Enterprise Value (Bill)</td>
<td>1.2</td>
</tr>
<tr>
<td>EV/Rev Ratio</td>
<td>1.4</td>
</tr>
<tr>
<td>Volatility TTM (%)</td>
<td>30.1</td>
</tr>
<tr>
<td>Drawdown TTM (%)</td>
<td>29.2</td>
</tr>
<tr>
<td>Volume (K)</td>
<td>44.1</td>
</tr>
</tbody>
</table>

Economic Moat History as of 4 Aug 2023

- Wide Moat
- Narrow Moat
- No Moat

Business Description
Grenergy Renovables SA is a Spanish Independent Power Producer (IPP) that designs, develops, and executes renewable energy plants on a large scale. Its services are divided into different activities including development; engineering, procurement, construction, financing, operations and maintenance; and asset management. It operates in three divisions: Development and Construction; Energy; and Services. The company holds photovoltaic and wind projects in Chile, Mexico, Peru, Argentina, Colombia, and Spain.

Valuation as of 4 Aug 2023
Morningstar affirms a 3-star quantitative rating for Grenergy Renovables. We calculate this outcome using the company's underlying model-driven valuation and uncertainty scores. The stock's last closing price was 25.88, a discount of 12.15% to its Quantitative Fair Value estimate of 29.46. The stock has been trading between a 22.93% discount and 9.22% premium to its quantitative fair value over the past year. The stock's price to fair value ratio is at the 77th percentile in our global equity coverage universe for this methodology and at the 65th percentile relative to its peers in the industrials sector.

Grenergy Renovables maintains earnings per share of 0.34. The company further earns a return on invested capital of 3.75%. These values are calculated over a trailing 12-month period. As of last market close, Grenergy Renovables has a price-to-earnings ratio of 76.12, falling below the 93rd percentile in its sector (where a lower percentile means a lower ratio) and ranging between 27.28 and 87.76 over the past year.

Economic Moat as of 4 Aug 2023
Quantitatively, we believe Grenergy Renovables has a Narrow economic moat. Its moat score of 0.89 corresponds to the 84th percentile in the industrials sector. Furthermore, this rating has not changed over the past year, while the company's moat score fell from its maximum of 0.99 in this period (score of 1 indicates greatest economic moat).

The company also maintains a quantitative financial health rating of Moderate. Its score sits at the 31st percentile overall and the 30th percentile in the sector.

Examining the company's financials and market statistics, we find these ratings are principally driven by its sales yield and annualized trailing 12-month volatility. The sales yield is 14.24%, sitting at the 8th percentile in the industrials sector. The company's annualized trailing 12-month volatility is 30.12%, corresponding to the 44th percentile in the equity coverage universe and the 53rd percentile in the sector.

Fundamentals as of 4 Aug 2023
Grenergy Renovables maintains earnings per share of 0.34. The company further earns a return on invested capital of 3.75%. These values are calculated over a trailing 12-month period. As of last market close, Grenergy Renovables has a price-to-earnings ratio of 76.12, falling below the 93rd percentile in its sector (where a lower percentile means a lower ratio) and ranging between 27.28 and 87.76 over the past year.

Contact
Rafael Boti, 26, Madrid, — 28023
+34 917081970
**Grenergy Renovables SA GRE ★★★**


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**Earnings as of 3 Aug 2023**

- **Earnings %**
- **Percentile in Sector**

<table>
<thead>
<tr>
<th>Dividend Yield*</th>
<th>—</th>
<th>—</th>
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<tbody>
<tr>
<td>Payout Ratio*</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Price to Earnings</th>
<th>76.1</th>
<th>93.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price to Cash Flow</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>ROIC**</td>
<td>3.8</td>
<td>34.9</td>
</tr>
</tbody>
</table>

* as of 31 Dec 2022

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**Dividends as of 4 Aug 2023**

- **Stock Price**
- **Payout Ratio**

**Valuation as of 4 Aug 2023**

- **Fair Value**
- **Uncertainty**

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**Financials as of 4 Aug 2023 (Fiscal Year End 31 Dec 2023)**

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</tr>
<tr>
<td>3.19</td>
<td>2.08</td>
<td>1.22</td>
<td>10.17</td>
<td>26.58</td>
<td>72.29</td>
<td>73.39</td>
<td>82.51</td>
<td>110.58</td>
<td>110.58</td>
<td>—</td>
<td>Revenue (Mil)</td>
</tr>
<tr>
<td>0.70</td>
<td>-1.26</td>
<td>-2.40</td>
<td>-2.55</td>
<td>6.36</td>
<td>9.27</td>
<td>23.16</td>
<td>34.63</td>
<td>36.15</td>
<td>36.15</td>
<td>—</td>
<td>Operating Income (Mil)</td>
</tr>
<tr>
<td>21.98</td>
<td>-57.8</td>
<td>-196</td>
<td>-25.08</td>
<td>23.91</td>
<td>12.82</td>
<td>31.55</td>
<td>41.98</td>
<td>32.69</td>
<td>32.69</td>
<td>—</td>
<td>Operating Margin (%)</td>
</tr>
<tr>
<td>1.72</td>
<td>2.94</td>
<td>-3.04</td>
<td>3.51</td>
<td>9.73</td>
<td>11.44</td>
<td>15.23</td>
<td>16.31</td>
<td>10.30</td>
<td>10.30</td>
<td>—</td>
<td>Net Income (Mil)</td>
</tr>
<tr>
<td>0.09</td>
<td>0.15</td>
<td>-0.12</td>
<td>0.14</td>
<td>0.41</td>
<td>0.48</td>
<td>0.64</td>
<td>0.60</td>
<td>0.34</td>
<td>0.34</td>
<td>—</td>
<td>Diluted Earnings/Share</td>
</tr>
<tr>
<td>-1.30</td>
<td>-1.38</td>
<td>8.19</td>
<td>14.76</td>
<td>9.69</td>
<td>15.88</td>
<td>-8.33</td>
<td>13.73</td>
<td>38.40</td>
<td>38.40</td>
<td>—</td>
<td>Operating Cash Flow (MI)</td>
</tr>
<tr>
<td>-2.31</td>
<td>-6.08</td>
<td>-18.65</td>
<td>39.27</td>
<td>26.92</td>
<td>45.69</td>
<td>-80.32</td>
<td>198.16</td>
<td>189.98</td>
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<td>Capital Spending (MI)</td>
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<tr>
<td>-3.61</td>
<td>-7.45</td>
<td>-10.45</td>
<td>54.03</td>
<td>17.23</td>
<td>30.70</td>
<td>-88.65</td>
<td>184.43</td>
<td>151.58</td>
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<td>Free Cash Flow (MI)</td>
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<tr>
<td>20</td>
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<td>24</td>
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<td>24</td>
<td>24</td>
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<td>30</td>
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<td>Avg Shares Outstanding(Mil)</td>
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**Valuation as of 4 Aug 2023**

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<tr>
<td>—</td>
<td>—</td>
<td>—</td>
<td>0.63</td>
<td>0.64</td>
<td>0.92</td>
<td>1.01</td>
<td>1.42</td>
<td>1.08</td>
<td>0.85</td>
<td>0.88</td>
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<td>8.77</td>
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<td>Price/Sales</td>
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<td>10.52</td>
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<td>56.23</td>
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<td>Price/Earnings</td>
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<td>64.33</td>
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<td>20.78</td>
<td>Price/Cash Flow</td>
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<td>4.93</td>
<td>2.37</td>
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<td>7.08</td>
<td>9.21</td>
<td>21.16</td>
<td>4.87</td>
<td>3.33</td>
<td>Price/Book</td>
</tr>
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**Operating Performance as of — (Fiscal Year End 31 Dec 2023)**

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<td>—</td>
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<td>—</td>
<td>7.96</td>
<td>13.91</td>
<td>-6.56</td>
<td>6.57</td>
<td>22.94</td>
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<td>7.33</td>
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<td>24.16</td>
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<td>58.87</td>
<td>34.48</td>
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<td>11.76</td>
<td>17.21</td>
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<td>13.91</td>
<td>35.35</td>
<td>15.9</td>
<td>11.39</td>
<td>7.32</td>
<td>3.75</td>
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**Dividends as of —**

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<td>Trailing Dividend Yield</td>
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<td>—</td>
<td>—</td>
<td>—</td>
<td>Buyback Yield</td>
</tr>
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**Contact**

https://www.grenergy.eu

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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.

★★ – the stock is somewhat undervalued.

Log (Quant FVE/Price) between (0.75*Quantitative Uncertainty, 1.5*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) between (0.75*Quantitative Uncertainty, 1.5*Quantitative Uncertainty)

Micro-Caps: Log (Quant FVE/Price) between (0.75*Quantitative Uncertainty, 1.5*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)

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.

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Sustainalytics analyzes over 1,300 data points to assess a company’s exposure to and management of ESG risks. In other words, ESG Risk Ratings measure a company’s unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk.

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The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

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This Report has not been made available to the issuer of the security prior to publication.

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