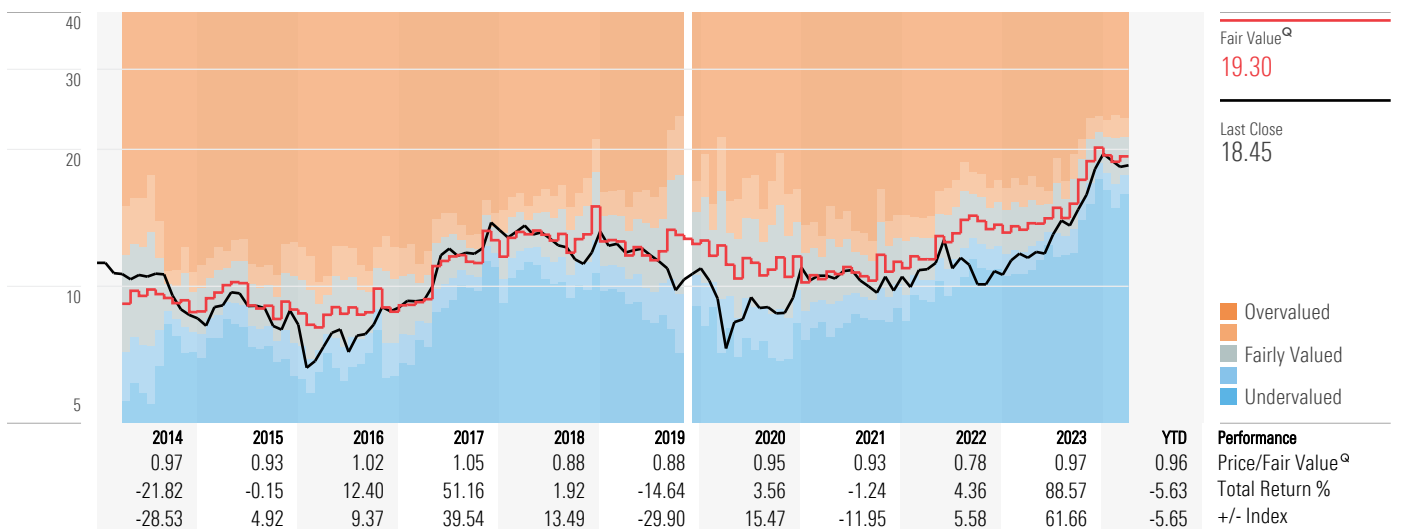


Elecnor SA ENO ★★★ Q 1 Mar 2024, 23:42 UTC

Economic Moat ^Q	Uncertainty ^Q	Price/Fair Value ^Q	ESG Risk Rating Assessment ¹	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	High	1.0	—	2.37	1.5502 Bil	Small Core	Industrials	Infrastructure Operations



As of 1 Mar 2024 | Index: Morningstar Spain GR EUR. Fair Value data as of 1 Mar 2024, 23:42 UTC.

¹The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating. Lee Davidson, Chief Analytics Officer for Morningstar, Inc, oversees the methodology that supports Quantitative Fair Value Estimates and Quantitative Star Ratings. Mr. Davidson is guided by the Morningstar, Inc. Code of Ethics in carrying out his responsibilities. For information regarding Conflicts of Interests, visit <http://global.morningstar.com/equitydisclosures>.

Key Metrics as of 29 Feb 2024

Metrics	Value	Percentile in Sector
Earnings Yield (%)	6.8	70.0
Sales Yield (%)	248.9	80.0
Book Value Yield (%)	55.9	49.0
Return on Assets (%)*	2.9	45.0
Revenue(Bil)*	4.2	80.0
Market Value (Bil)	1.7	70.0
Enterprise Value (Bil)	2.5	72.0
EV/MV Ratio	1.5	76.0
Volatility TTM (%)	18.8	18.0
Drawdown TTM (%)	9.6	8.0
Volume (K)	33.5	28.0

*30 Jun 2023

Business Description

Elecnor SA is a Spanish engineering and construction company. The company organizes itself into two segments: Services and Projects business, and Concessions business. It generates the vast majority of revenue from the Services and Projects business segment. It generates electricity, operates power lines and substations, provides gas pipeline services, provides services for railways, develops telecommunications infrastructure, and constructs and maintains other infrastructure projects. The company derives approximately half of its revenue domestically.

Valuation^Q as of 1 Mar 2024

Morningstar maintains a 3-star quantitative star rating for Elecnor, derived from the firm's valuation and uncertainty scores. The company's shares last closed at 18.30, in-line with our quantitative fair value estimate of 18.78. These shares have traded between a 22.53% discount and 1.59% premium to their fair value estimate over the past year. In Morningstar's equity coverage universe for this methodology, the company's valuation rating lands at the 87th percentile; in the industrials sector, the firm's score lies at the 80th percentile (meaning the shares are more undervalued than 80% of stocks in the sector). Furthermore, Elecnor maintains a quantitative valuation uncertainty rating of High. The company has held this star rating since the previous rating of 4, which was last assigned on 07/04/2023. The uncertainty rating for Elecnor has remained High since the previous rating of Very High, which was last assigned on 01/01/2024. The key factors behind these ratings are the company's return on assets and volatility. The return on assets is 2.86, and its maximum annualized trailing 12-month volatility is 20.77%. The return on assets

falls at the 45th percentile in the industrials sector while the volatility is at the 18th percentile. Over the past year, the company's return on assets has been between 2.73 and 2.86; its volatility has ranged between 16.72% and 20.77%.

Economic Moat^Q as of 1 Mar 2024

Quantitatively, we do not believe Elecnor has an economic moat. Its moat score of 0.39 corresponds to the 34th 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 0.64 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 54th percentile in both the universe and sector. Examining the company's financials and market statistics, we find these ratings are principally driven by its book value yield and enterprise value-to-market value ratio. The book value yield is 55.93%, sitting at the 49th percentile in the industrials sector. The company's enterprise value-to-market value ratio is 1.51, corresponding to the 77th percentile in the equity coverage universe and the 76th percentile in the sector.

Fundamentals as of 1 Mar 2024

The earnings per share for Elecnor is 1.25. The company earns a return on invested capital of 6.53%, falling at the 50th percentile in the industrials sector. The firm maintains a dividend yield of 2.39%. We calculate the above figures over a trailing 12-month period. Examining valuation further, we find Elecnor holds a price-to-earnings ratio of 14.64, a figure greater than 41% of its sector peers.

Elecnor SA ENO ★★★ Q 1 Mar 2024, 23:42 UTC

Economic Moat ^Q	Uncertainty ^Q	Price/Fair Value ^Q	ESG Risk Rating Assessment ¹	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
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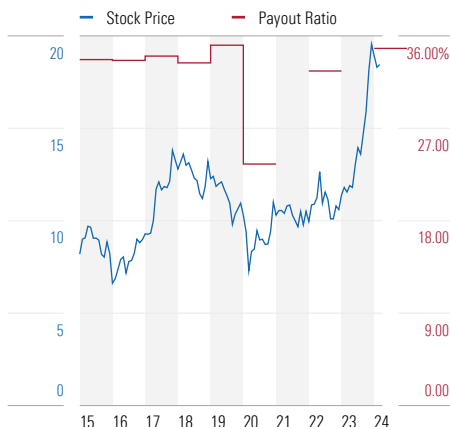
Earnings as of 29 Feb 2024

Earnings	%	Percentile in Sector
Dividend Yield*	2.4	48.0
Payout Ratio*	34.8	46.0
Price to Earnings	14.6	41.0
Price to Cash Flow	—	—
ROIC**	6.5	50.0

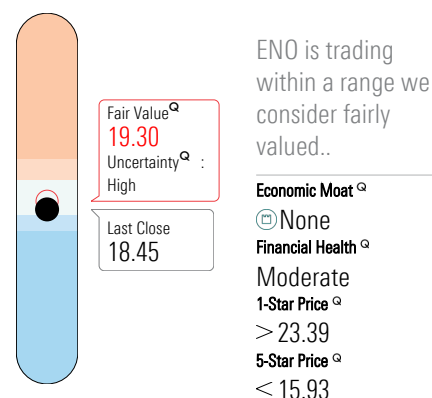
*29 Feb 2024

**30 Jun 2023

Dividends as of 1 Mar 2024



Valuation ^Q as of 1 Mar 2024



Economic Moat ^Q

None

Financial Health ^Q

Moderate

1-Star Price ^Q

> 23.39

5-Star Price ^Q

< 15.93

Contact

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<https://www.elecnor.com>

Financials as of 1 Mar 2024 (Fiscal Year End 31 Dec 2023)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	Fiscal
Revenue (Mil)	1,724	1,881	2,035	2,317	2,251	2,454	2,456	3,122	3,614	—	1,835	Revenue (Mil)
Operating Income (Mil)	152	143	171	198	162	152	153	173	183	—	67	Operating Income (Mil)
Operating Margin (%)	8.81	7.61	8.41	8.56	7.18	6.21	6.23	5.54	5.08	—	3.67	Operating Margin (%)
Net Income (Mil)	59	66	68	71	82	126	78	86	103	—	47	Net Income (Mil)
Diluted Earnings/Share	0.69	0.78	0.81	0.84	0.97	1.49	0.92	1.01	1.21	—	0.56	Diluted Earnings/Share
Operating Cash Flow (Mil)	-78	237	198	43	168	231	194	206	227	—	27	Operating Cash Flow (Mil)
Capital Spending (Mil)	-155	-174	-137	-109	-36	-122	-230	-108	-156	—	-145	Capital Spending (Mil)
Free Cash Flow (Mil)	-232	62	61	-67	132	109	-36	98	71	—	-118	Free Cash Flow (Mil)
Avg Shares Outstand(Mil)	85	85	85	85	85	85	85	85	85	—	85	Avg Shares Outstand(Mil)

Valuation as of 1 Mar 2024

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar
Price/Fair Value ^Q	0.97	0.93	1.02	1.05	0.88	0.88	0.95	0.93	0.78	0.97	0.96	Price/Fair Value ^Q
Price/Sales	0.44	0.37	0.39	0.49	0.48	0.41	0.39	0.32	0.27	0.43	0.41	Price/Sales
Price/Earnings	18.00	10.77	11.16	15.94	15.28	12.17	7.59	10.94	9.72	15.64	14.76	Price/Earnings
Price/Cash Flow	20.50	2.90	3.51	13.80	6.44	8.15	3.59	4.31	6.33	7.48	7.06	Price/Cash Flow
Price/Book	1.48	1.44	1.66	2.16	2.37	1.85	1.59	1.45	1.18	1.91	1.80	Price/Book

Operating Performance as of 1 Mar 2024 (Fiscal Year End 31 Dec 2023)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q3	Fiscal (%)
Return on Assets	1.69	1.87	1.85	1.84	1.96	3.73	2.6	2.71	3.0	—	0.45	Return on Assets
Return on Equity	12.77	14.87	14.15	13.27	14.39	20.82	12.22	14.49	14.52	—	2.22	Return on Equity
Rtn on Invested Capital	3.36	3.95	4.57	3.66	2.81	8.21	5.76	6.72	7.4	—	0.85	Rtn on Invested Capital

Dividends as of 1 Mar 2024

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar (%)
Dividend Per Share	0.24	0.26	0.27	0.28	0.34	0.32	0.34	0.36	0.36	0.44	0.44	Dividend Per Share
Trailing Dividend Yield	2.83	3.13	3.01	2.14	2.2	2.9	3.09	—	3.38	—	2.37	Trailing Dividend Yield
Buyback Yield	3.94	0.15	0.01	0.31	—	0.05	—	—	0.01	—	0.01	Buyback Yield

Appendix

Economic Moat [®]History as of 1 Mar 2024 (No Moat: 0.00-0.70, Narrow Moat: 0.70-0.99, Wide Moat: 0.99-1.00)

Year	January	February	March	April	May	June	July	August	September	October	November	December
2024	0.36	0.39	0.36	—	—	—	—	—	—	—	—	—
2023	0.31	0.52	0.40	0.39	0.45	0.47	0.50	0.40	0.44	0.30	0.26	0.31
2022	0.31	0.49	0.37	0.45	0.37	0.48	0.38	0.66	0.55	0.55	0.24	0.41
2021	0.51	0.59	0.64	0.62	0.47	0.59	0.67	0.46	0.38	0.50	0.38	0.42
2020	0.64	0.32	0.24	0.38	0.29	0.39	0.54	0.40	0.64	0.72	0.70	0.77
2019	0.94	0.95	0.94	0.92	0.92	0.94	0.88	0.24	0.73	0.68	0.76	0.64

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Quantitative Equity Ratings

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.

*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.

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.

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 measures 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 Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree

of unmanaged ESG risk across all subindustries covered.

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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