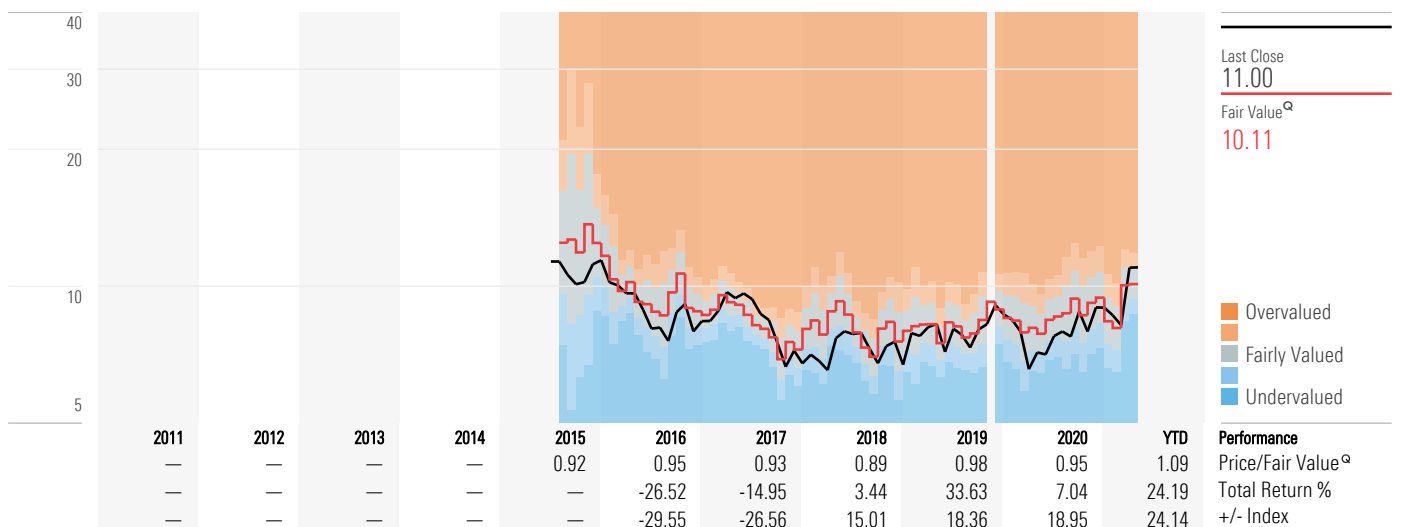


Euskaltel SA EU4 ★★★ Q 20 Apr 2021, 22:46 UTC

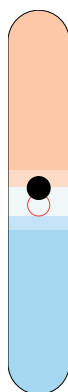
Economic Moat ☐	Uncertainty ☐	Price/Fair Value ☐	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	High	1.1	2.82	1.9777 Bil	Small Growth	Communication Services	Telecom Services



Total Return % as of 20 Apr 2021. Last Close as of 20 Apr 2021. Fair Value as of 20 Apr 2021, 22:46 UTC. Index: Morningstar Spain GR EUR.

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^Q as of 20 Apr 2021



EU4 is Over Valued at a 9% premium.

Last Close
11.00

Fair Value^Q
10.11

Uncertainty^Q :
High

Economic Moat ☐
None

Financial Health ☐
Moderate

1-Star Price ☐
> 11.80

5-Star Price ☐
< 8.65

Financials as of 20 Apr 2021 (Fiscal Year End 31 Dec 2021)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD	Fiscal
Revenue (Mil)	351	339	329	315	334	561	609	675	668	678	678	
Operating Income (K)	-133,276	70,928	75,153	75,213	66,938	130,695	124,975	143,173	135,839	142,931	142,931	
Operating Margin (%)	-38.02	20.95	22.83	23.87	20.02	23.28	20.51	21.22	20.33	21.09	21.09	
Net Income (K)	-94,477	48,104	50,092	0	7,241	62,145	49,621	62,821	62,018	79,366	79,366	
Diluted Earnings/Share	-0.77	7.60	7.92	0.00	0.06	0.41	0.30	0.35	0.35	0.44	0.44	
Operating Cash Flow (K)	118,018	-93,853	141,577	126,358	85,271	232,417	217,683	276,264	253,301	277,237	277,237	
Capital Spending (K)	-57,936	-126,578	-47,927	-36,386	-54,287	-98,297	-108,574	-153,510	-154,259	-186,699	-186,699	
Free Cash Flow (K)	60,082	-220,431	93,650	89,972	30,984	134,120	109,109	122,754	99,042	90,538	90,538	
Avg Shares Outstand(K)	122,740	6,327	6,327	6,327	128,989	151,683	162,747	178,418	178,489	178,489	178,489	
Dividend Per Share	—	—	—	—	—	—	0.36	—	—	—	0.31	

Valuation as of 20 Apr 2021

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Current	Calendar
Price/Fair Value ^Q	—	—	—	—	0.92	0.95	0.93	0.89	0.98	0.95	1.09	
Price/Sales	—	—	—	—	4.40	2.74	1.85	1.75	2.31	2.41	2.90	
Price/Earnings	—	—	—	—	2.59	23.94	19.33	19.52	27.09	21.36	25.00	
Price/Cash Flow	—	—	—	—	10.82	9.71	4.38	5.10	6.03	5.76	7.08	
Price/Book	—	—	—	—	4.05	1.74	1.65	1.24	1.57	1.59	1.95	

Operating Performance as of 20 Apr 2021 (Fiscal Year End 31 Dec 2021)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Q3	Fiscal (%)
Return on Assets	-8.54	4.4	4.8	4.43	0.0	2.69	1.89	2.17	2.13	2.7	0.92	
Return on Equity	-21.86	10.87	9.53	7.4	0.0	8.61	5.82	6.48	6.34	7.97	2.7	

Operating Performance as of 20 Apr 2021 (Fiscal Year End 31 Dec 2021)

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Q3	Fiscal (%)
-11.32	7.35	7.17	6.56	0.89	4.85	3.63	3.86	4.09	4.59	1.06	Rtn on Invested Capital

Business Description

Euskaltel SA is a telecommunications operator. The services provided by the company include fixed and mobile telecommunication services broadband and wireless Internet, digital television and others. It provides its services to residential customers, self-employed workers, small and medium-sized enterprises (SMEs), large accounts and the wholesale

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Quantitative Equity Ratings

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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.

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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.

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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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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