

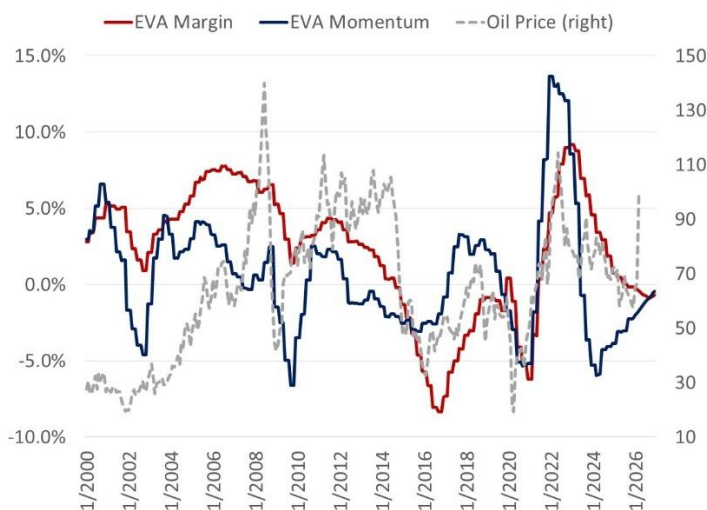
## Oil Price Shock – Studying Renewables & EV Themes

### Sustained Oil Price above \$80?

If the oil price were to remain above \$80 for a sustained period (over 6 months), we think consumer and corporate mindsets may switch towards structural concerns over higher fuel prices, impacting disposable income and corporate profitability. In this report, we look at six categories of sustainable themes, seeing which firms are most exposed and how these firms look from an EVA perspective.

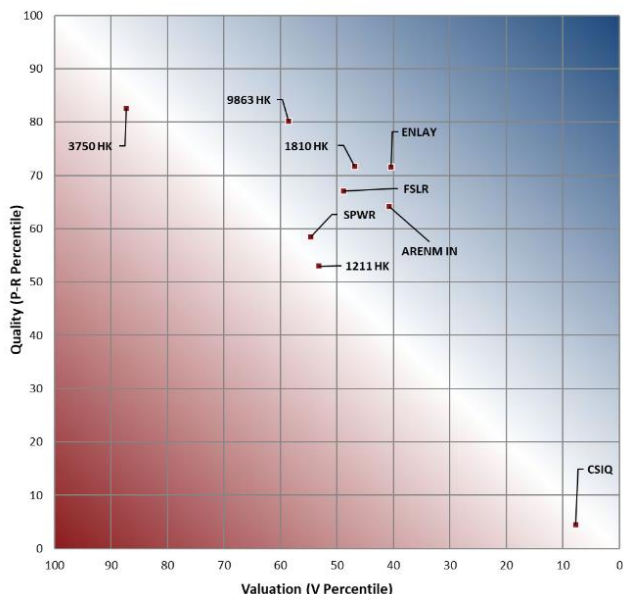
Before we look at the renewable themes, we wanted to reiterate research from our Energy sector [reports](#), where we state that the price of oil remains a key indicator for improving EVA for the Energy sector. Below an oil price of \$60 (WTI), the Energy sector has historically struggled to earn a return above its cost of capital (as indicated by negative EVA Margin) and has also struggled to produce EVA growth (positive EVA Momentum). Equally, when oil prices are above \$80, the industry has seen strong EVA Fundamentals (**Figure 1**).

**Figure 1: Oil Price & EVA Fundamentals**



**Figure 2** shows the top nine EVA-rated renewable and EV-exposed firms in the PRVit Heat Map.

**Figure 2: Top Rated Renewable Firms PRVit Heat Map**



### Key Points

If the oil price were to remain above \$80 for a sustained period (over 6 months) we think consumer and corporate mindsets may switch towards structural concerns over higher fuel prices, impacting disposable income and corporate profitability. When oil prices are above \$80, the Energy sector has seen strong EVA Fundamentals. We look at six categories of sustainable themes, seeing which firms are most exposed and how these firms look from an EVA perspective.

### Why Does EVA Momentum Matter?

EVA Momentum indicates the rate of growth in economic profit, scaled to sales. This is the first derivative of EVA. A higher number indicates higher Performance. EVA Momentum indicates if an industry or company is generating incremental value and can also be thought of as business model momentum.

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### About ISS EVA

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Visit our website [www.EVAexpress.com](http://www.EVAexpress.com)

**Renewable Energy Developers (Utility Solar & Wind)**

A high oil price

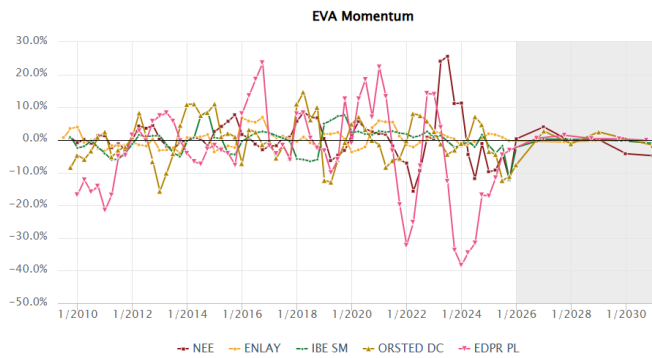
- Improves the competitiveness of renewable power
- Attracts more capital into long-duration infrastructure assets
- Strengthens investor appetite for stable yield and growth

In **Figure 3a**, we show five Utilities sector firms with renewable energy exposure. **ENLAY** is the most attractive through the EVA lens, with a relatively high EVA Margin leading to a strong Profitability score. This is combined with a low Risk score and low Valuation. **NEE** has a positive EVA Margin, as the firm is returning above the cost of capital and has positive EVA Momentum. Due to high Vulnerability (high levels of debt) and high EVA Margin Volatility, however, the firm has a very high-Risk score. Valuation is also the highest amongst the cohort as investors have increased their bet on the outlook for future value creation.

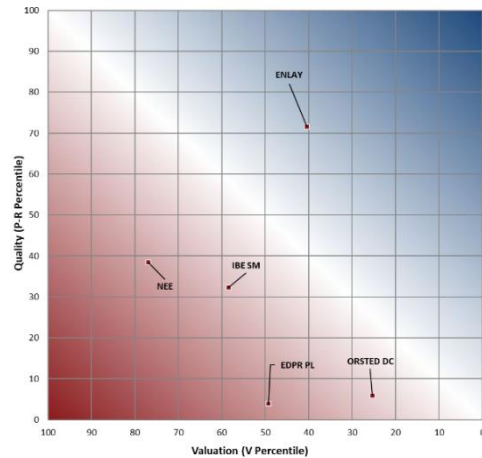
**Figure 3a: Renewable Energy Developers**

Name	Ticker	Industry	Country	Mkt Cap (\$mm)	EVA Margin (%)	EVA Momentum (%)	EVA Mo Post-Inflection Count	FGR (%)	PRVit Prime Score	Quality (P-R)	Profitability Score (P)	Risk Score (R)	Valuation Score (V)	Return YTD (%)	ESG Perf Score
NEXTERA ENERGY INC	NEE	Electric Utilities	U.S.	189,879	3.92%	0.32%	1	41.4%	14	38	61	94	77	14.15%	47.82
IBERDROLA SA	IBE SM	Electric Utilities	Spain	150,604	-1.47%	-2.29%	1	45.8%	16	32	43	74	59	5.43%	56.07
ENEL SPA -ADR	ENLAY	Electric Utilities	Italy	110,898	7.78%	-0.26%	-3	-27.7%	81	72	68	39	40	8.54%	61.04
ORSTED A/S	ORSTED DC	Ind Power & Renewable Elec Producers	Denmark	29,215	-8.47%	-7.63%	2	50.6%	14	6	14	93	25	16.43%	72.4
EDP RENOVAVEIS SA	EDPR PL	Ind Power & Renewable Elec Producers	Spain	15,408	-64.09%	-3.19%	3	87.3%	4	4	7	87	49	4.98%	82.36

**Figure 3b: EVA Momentum**



**Figure 3c: PRVit Heat MAP**

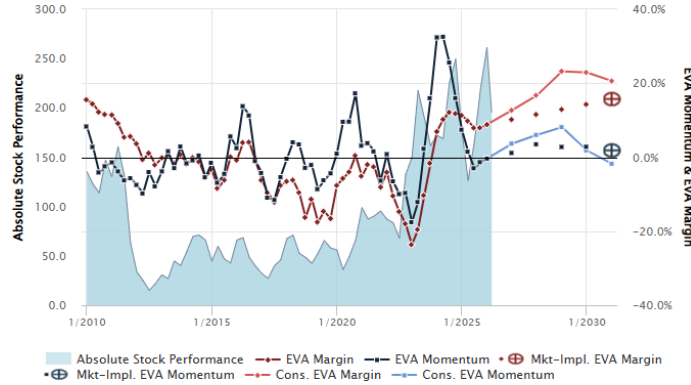


Firm-level summary for Enel SpA (ENEL) on the next page.

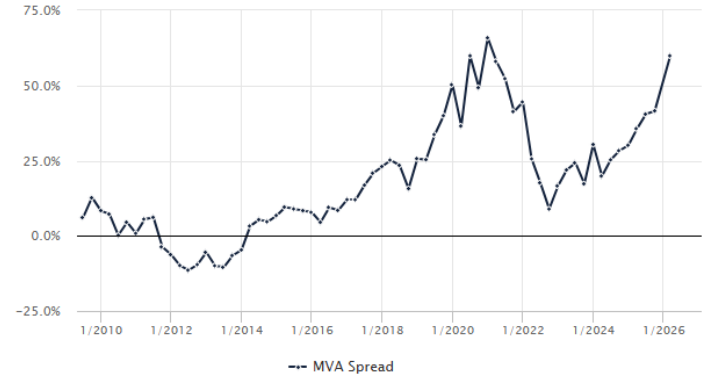
**Enel SpA (ENLAY, rated ‘Buy’)**

EVA Margin has stabilized through the first three quarters of 2025 near historically high levels, at 7.8%. EVA Momentum (growth) peaked out in Q4 2024 before seeing three consecutive quarters of deterioration, turning negative in the most recent one, to -0.3%. EBITDAR Margin has seen a small 20bps improvement as of the latest reported quarter, to 24.4%, but is still below the record highs of 28.3% seen in Q4 2024, given a 410bps contraction over the first two quarters of 2025. Weak sales growth has also resulted in deteriorating asset efficiency for the company, with the Productive Capital Charge (higher is less favorable) currently trending near 9-year highs. MVA Spread, our economic price-to-book measure, has increased to 60% as of March 10, up significantly over the past three years; however, Valuations don’t look too stretched at this stage, especially on an industry-relative basis. We are bullish on the firm given its very strong Quality (P-R), supported by high levels of economic profitability and relatively favorable Valuations.

**ENLAY: EVA Fundamentals**



**ENLAY: Market Value Added (MVA) Spread**



**Solar Manufacturing (Panels, Inverters, Components)**

High oil prices indirectly support the energy transition story, increasing investor flows into solar manufacturing.

Long-term growth has been offset by the following factors:

- The industry has faced severe oversupply across the supply chain
- Price volatility and unsustainably low module prices
- Cost increase in the polysilicon price
- Trade tariffs and barriers
- Demand slowdown in China and the U.S.

In **Figure 4a**, we show four firms with direct exposure to the solar industry. Of the four firms, **FSLR** now looks attractive in the EVA framework, with the share price having corrected by 25% in 2026. Valuation levels have become more attractive, leading to an upgrade to ‘Buy’ in the PRVit framework, with the firm currently trading at a premium of 31%. Of the group, investors are most optimistic on the outlook for **ENPH**, with a maximum Valuation score of 100 (very expensive).

**Figure 4a: Solar Manufacturing (Panels, Inverters, Components)**

Name	Ticker	Industry	Country	Mkt Cap (\$mm)	EVA Margin (%)	EVA Momentum (%)	EVA Mo Post-Inflection Count	FGR (%)	PRVit Prime Score	Quality (P-R)	Profitability Score (P)	Risk Score (R)	Valuation Score (V)	Return YTD (%)	ESG Perf Score
FIRST SOLAR INC	FSLR	Semiconductors & Semi Equipment	U.S.	20,966	8.82%	-0.37%	2	30.7%	91	67	84	79	49	-25.21%	72.01
ENPHASE ENERGY INC	ENPH	Semiconductors & Semi Equipment	U.S.	5,357	3.79%	-0.70%	-1	71.2%	21	30	54	100	79	27.49%	64.59
CANADIAN SOLAR INC	CSIQ	Semiconductors & Semi Equipment	U.S.	1,122	-9.35%	-2.17%	2	70.0%	54	4	13	97	8	-29.53%	72.54
SUNPOWER INC	SPWR	Electrical Equipment	U.S.	147	12.27%		0	-97.5%	51	59	83	96	55	-19.11%	

Solar Manufacturing (Panels, Inverters, Components)

Figure 4b: EVA Momentum

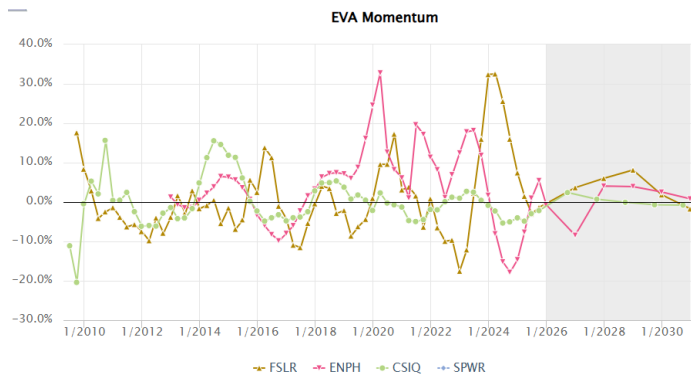
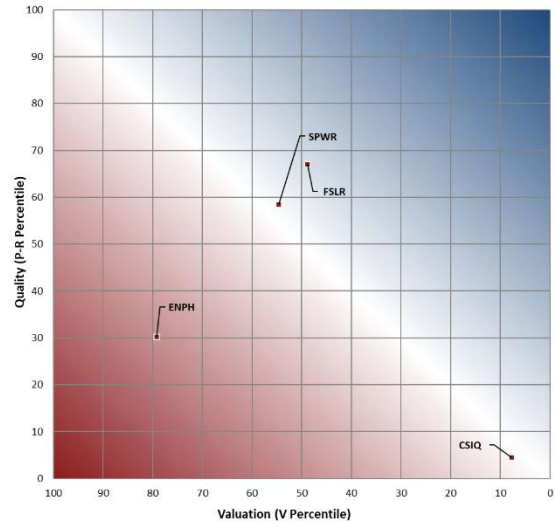


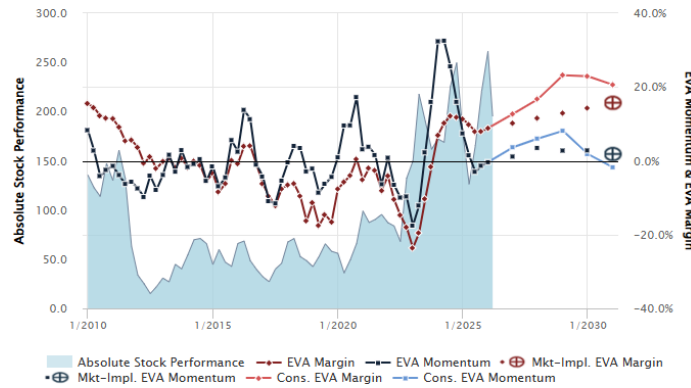
Figure 4c: PRVit Heat MAP



First Solar, Inc. (FSLR, rated 'Buy')

EVA Momentum (growth) registered a recovery through H2 2025 after 5 sequential quarters of deterioration in incremental EVA growth. It has become less negative, at -0.4% as of Q4 last year, supported by an upward inflection in EBITDAR Margin. The EBITDAR Margin improvement was led by both lower adjusted COGS and SG&A expenses, relative to sales. Sales growth rolled over in Q4 but remains strong relative to the 5-year range as of the latest quarter, at 24.1%. Future Growth Reliance (FGR), our P/E equivalent, decreased through 2026 from 49% on December 31 to 31% as of March 9, now below the 9-year midrange.

FSLR: EVA Fundamentals



FSLR: Future Growth Reliance (FGR)



**Battery & Storage Companies**

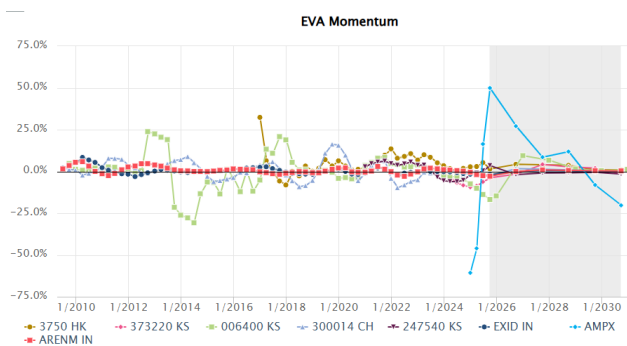
The industry benefits from a structural, multi-year demand trend tied to electrification, renewables, and grid balancing. There has, however, been rising competition and price pressure.

In **Figure 5a**, we show the EVA data for firms exposed to the Battery & Storage business. **3750 HK** and **ARENM IN** are most attractive in the EVA framework and are the only two firms with a positive EVA Margin. **006400 KS** is an example of a firm that has had very depressed economic Profitability, reaching the all-time low seen in 2016 of -30% EVA Margin, but has started to see a bottoming, as shown by an EVA Momentum post-inflection count of 1. Sales growth has started to become less negative, with EBITDAR Margin bottoming and investment peaking as a percentage of sales.

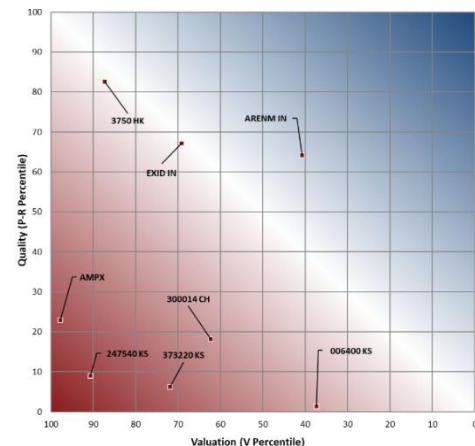
**Figure 5a: Battery & Storage Companies**

Name	Ticker	Industry	Country	Mkt Cap (\$mm)	EVA Margin (%)	EVA Momentum (%)	EVA Mo Post-Inflection Count	FGR (%)	PRVIt Prime Score	Quality (P-R)	Valuation Score (V)	Return YTD (%)	ESG Perf Score
CONTEMPORARY AMPEREX TECH CO	3750 HK	Electrical Equipment	China	236,976	11.71%	1.45%	-1	60.6%	70	83	87	-3.40%	43.27
LG ENERGY SOLUTION LTD	373220 KS	Electrical Equipment	S. Korea	59,480	-19.07%	-3.82%	3	104.1%	3	6	72	2.44%	58.84
SAMSUNG SDI CO LTD	006400 KS	Electronic Equipment & Components	S. Korea	22,538	-30.15%	-14.62%	1	102.7%	11	1	37	52.32%	56.04
EVE ENERGY CO LTD	300014 CH	Electrical Equipment	China	18,135	-3.74%	-2.64%	1	69.7%	20	18	62	-8.30%	44.39
ECOPRO BM CO LTD	247540 KS	Electrical Equipment	S. Korea	13,339	-12.61%	3.52%	5	96.8%	2	9	91	38.13%	40.37
EXIDE INDUSTRIES LTD	EXID IN	Automobile Components	India	2,922	-0.22%	-1.86%	1	61.0%	30	67	69	-12.77%	
AMPRIUS TECHNOLOGIES INC	AMPX	Electrical Equipment	U.S.	2,316	-46.02%	49.93%	3	110.5%	2	23	98	106.97%	24.66
AMARA RAJA ENERGY & MOBILITY	ARENM IN	Electrical Equipment	India	1,609	0.12%	-2.84%	-9	45.1%	74	64	41	-11.19%	

**Figure 5b: EVA Momentum**



**Figure 5c: PRVIt Heat MAP**



**EV Charging & Infrastructure**

Demand has been strong, but Profitability has been a struggle for the industry, which is investing heavily, leading to negative economic Profitability (all the firms have a negative EVA Margin).

In **Figure 6a**, we show firms exposed to the EVA Charging and Infrastructure business. The industry is heavily capital-intensive, leaving EVA Profitability at this point of the investment cycle very depressed. **CHPT** is the most attractive player in the list, with the highest EVA Momentum, supported by improving P&L Profitability, Sales growth becoming less negative, and a peaking in new investment.

**Figure 6a: EV Charging & Infrastructure**

Name	Ticker	Industry	Country	Mkt Cap (\$mm)	EVA Margin (%)	EVA Momentum (%)	EVA Mo Post-Inflection Count	FGR (%)	PRVIt Prime Score	Quality (P-R)	Valuation Score (V)	Return YTD (%)	ESG Perf Score
KEMPOWER OYJ	KEMPOWR FH	Electrical Equipment	Finland	827	-6.96%	3.00%	5	111.0%	1	8	84	-15.91%	
FASTNED BV	FAST NA	Specialty Retail	Netherlands	491	-33.18%	-13.04%	2	126.2%	2	6	66	5.64%	
EVGO INC	EVGO	Specialty Retail	U.S.	299	-3.38%	-3.78%	-2	151.5%	8	31	72	-24.05%	37.08
CHARGEPOINT HOLDINGS INC	CHPT	Electrical Equipment	U.S.	150	-60.93%	3.32%	1		47	12	1	-12.35%	38.31
GARO AB	GARO SS	Electrical Equipment	Sweden	67	-9.46%	0.11%	-1	102.6%	26	13	23	-28.04%	37.52

Figure 6b: EVA Momentum

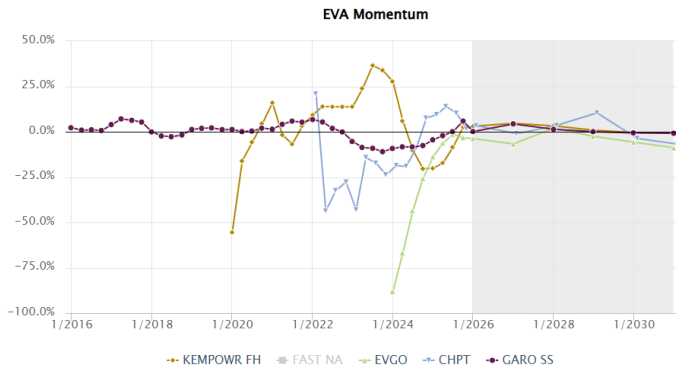
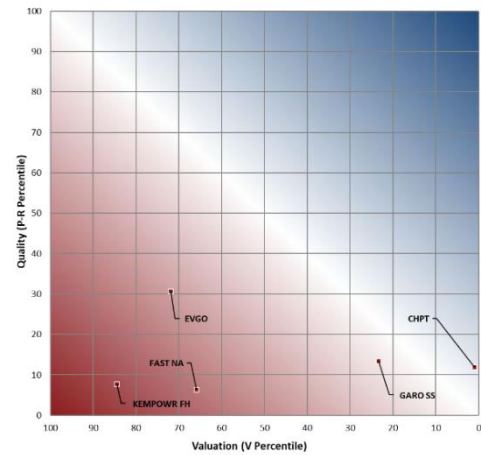


Figure 6c: PRVit Heat MAP



**Electric Vehicle (EV) Makers**

EV sales in China and the U.S. have proven to be sensitive to oil price hikes and EV adoption while Europe has also been sensitive to government policy.

In **Figure 7a**, we show the pure play EV Auto OEMs. **1810 HK** and **9863 HK** are both rated ‘Buy’ in the PRVit framework, with strong Quality and relatively high Valuations. Both firms have seen four quarters of expanding EVA Profitability, benefiting from all three EVA Drivers (Sales, Margins, and Asset Turns) moving favorably. **TESLA** is unattractive, having seen a continued weakening trend in economic profitability while investor expectations for a turnaround are historically elevated.

Figure 7a: Electric Vehicle (EV) Makers

Name	Ticker	Industry	Country	Mkt Cap (\$mm)	EVA Margin (%)	EVA Momentum (%)	EVA Mo Post-Inflection Count	FGR (%)	PRVit Prime Score	Quality (P-R)	Profitability Score (P)	Risk Score (R)	Valuation Score (V)	Return YTD (%)	ESG Perf Score
TESLA INC	TSLA	Automobiles	U.S.	1,578,446	0.71%	-3.15%	-2	95.9%	1	29	41	78	100	-11.78%	59.4
BYD COMPANY LTD	1211 HK	Automobiles	China	118,359	2.63%	-0.80%	-2	37.8%	58	53	74	89	53	-2.55%	49.46
XIAOMI CORPORATION	1810 HK	Technology Hardware	China	111,739	4.73%	5.37%	4	32.4%	94	72	90	81	47	-16.56%	53.85
RIVIAN AUTOMOTIVE INC	RIVN	Automobiles	U.S.	19,578	-76.18%	10.10%	-1	446.1%	8	16	33	96	48	-22.02%	50.73
LI AUTO INC -ADR	LI	Automobiles	China	18,827	-3.21%	-12.00%	-2	119.9%	26	24	45	99	49	1.36%	51.55
XPENG INC -ADR	XPEV	Automobiles	China	16,555	-6.83%	8.51%	-2	102.7%	29	37	62	99	62	-14.60%	52.16
NIO INC -ADR	NIO	Automobiles	China	11,489	-26.77%	-4.45%	2	566.2%	5	2	3	91	55	-6.27%	53.54
ZHEJIANG LEAPMOTOR TECHNO CO	9863 HK	Automobiles	China	5,891	1.86%	18.46%	4	58.0%	83	80	88	59	59	-17.78%	44.57

Figure 7b: EVA Momentum

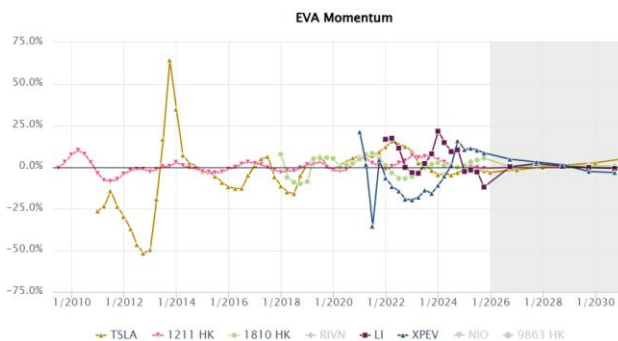
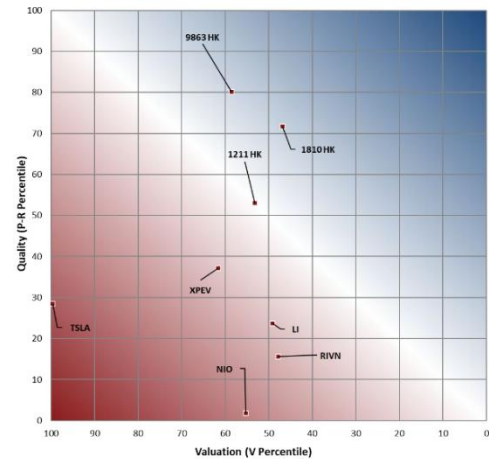


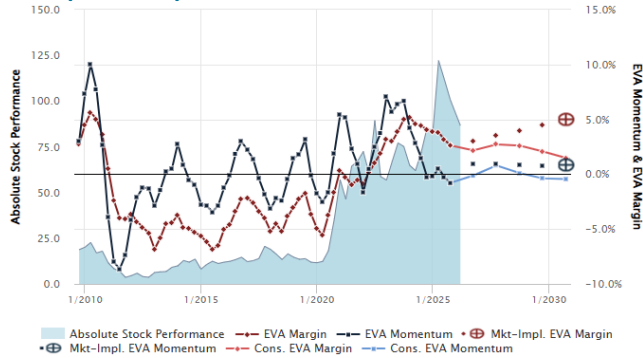
Figure 7c: PRVit Heat MAP



**BYD Company Limited (1211 HK, rated ‘Hold’)**

**BYD (1211 HK)** has seen seven sequential quarters of decline in EVA Margin since peaking out in Q4 2023 at 5.2% and is currently trending at 2.6%. EVA Momentum (growth) turned positive in Q1 2025 but reverted to negative territory in the following quarter, deteriorating to -0.8% by Q4. Incremental EVA growth has been pressured due to a combination of all three EVA drivers weakening: slowing top-line growth, contracting P&L Profitability, and deteriorating asset efficiency. Valuations have improved, with FGR peaking out at 50% in March 2025 before decreasing to 40% as of March 9. However, PRVit Score has dropped over the past three quarters given increased Risk score (higher is worse), driven by weaker (higher) Risk sub-factors: R1 Volatility and R2 Vulnerability. The EV maker is currently in its longest EVA growth downcycle and may be closer to a bottoming out, but we are cautious at this stage, given intense price competition in the industry.

**BYD (1211 HK): EVA Fundamentals**



**BYD (1211 HK): Future Growth Reliance (FGR)**



**Green Hydrogen & Industrial Decarbonization**

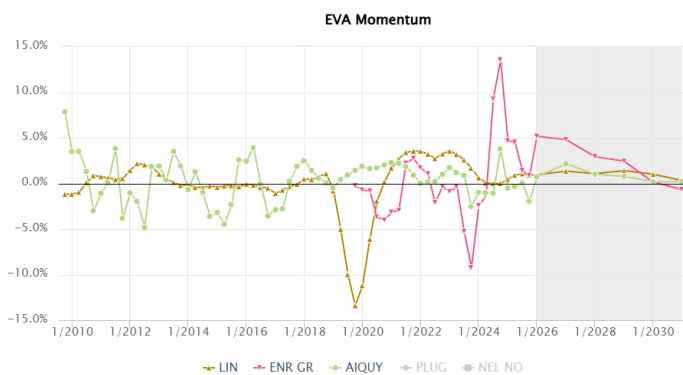
Green hydrogen demand is rising due to global decarbonization mandates, national hydrogen strategies, and climate policies providing long-term growth opportunity for industry players.

In **Figure 8a**, we show firms exposed to the industrial decarbonization theme. None of the firms are currently rated favorably in the PRVit framework, with the highest Quality firms being offset by high levels of Valuation. **LIN**, **ENR GR**, and **AIQUY** do, however, look attractive from a growth perspective, having positive and improving EVA Momentum (**Figure 8b**).

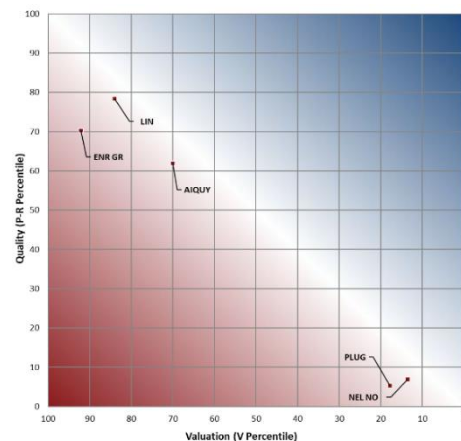
**Figure 8a: Green Hydrogen & Industrial Decarbonization**

Name	Ticker	Industry	Country	Mkt Cap (\$mm)	EVA Margin (%)	EVA Momentum (%)	EVA Mo Post-Inflection Count	PRVit Prime Score	Quality (P-R)	Profitability Score (P)	Risk Score (R)	Valuation Score (V)	Return YTD (%)	ESG Perf Score
LINDE PLC	LIN	Chemicals	U.K.	225,108	6.53%	0.94%	1	35	78	73	34	84	13.42%	60.5
SIEMENS ENERGY AG	ENR GR	Electrical Equipment	Germany	148,486	2.42%	5.16%	1	18	70	88	81	92	24.13%	56.99
L'AIR LIQUIDE SA -ADR	AIQUY	Chemicals	France	111,361	4.85%	0.73%	1	36	62	70	61	70	3.19%	51.78
PLUG POWER INC	PLUG	Electrical Equipment	U.S.	3,045	-222.21%	67.56%	1	19	5	14	95	18	10.66%	42.64
NEL ASA	NEL NO	Electrical Equipment	Norway	387	-92.07%	-18.92%	-1	21	7	17	93	14	-9.23%	59.72

**Figure 8b: EVA Momentum**



**Figure 8c: PRVit Heat MAP**



## About ISS EVA

We are an independent equity research provider offering investing insights through the use of our proprietary Economic Value Added (EVA) framework. EVA converts accounting profits into economic profits and charges businesses for the use of Invested Capital. EVA is superior to traditional measures of profit because it is comparable across companies, industries, and countries, links to a consistent, transparent valuation framework, and provides a unique, unbiased view of Quality, Value, and Growth.

Our experienced team of analysts offers both fundamental and quantitative company analysis through written research, bespoke research, a stock selection model, an online analytical tool offering +29,000 companies as viewed through the EVA framework, custom screening, and portfolio analysis.

## Key EVA Concepts

### The value of a firm = Capital + PV of EVA

If EVA is increasing then the intrinsic value of the firm is too, suggesting that market value should follow (and vice versa).

### EVA = NOPAT - Capital Charge

EVA is profit after all costs, including the cost of giving shareholders a decent return.

### EVA Margin = EVA / Sales

A true economic profit margin covering income and asset efficiency. Our EVA Income Statement examines EVA's line item drivers and offers key insights into business profitability.

### EVA Momentum = $\Delta$ EVA / Sales

An incremental EVA growth rate indicator and key valuation signal and screening measure. The more positive the Momentum, the greater the growth in EVA, and upward pressure on shareholder returns. Inflections in EVA Momentum are an early and more reliable indicator of stock price inflections.

### EVA Shock = $\Delta$ EVA Momentum

Changes in EVA Momentum is a powerful signal within our framework, with significant relationship with stock price performance.

### Market Implied Momentum (MIM)

The annual EVA improvement required for 10 years to justify the prevailing market enterprise value, expressed as a percent of sales; represents a market implied, long-range EVA margin improvement target.

### Future Growth Reliance (FGR) = (Market implied value of future EVA growth) / EV

Measures the % of a company's total enterprise value represented by expectations for future growth in EVA. FGR is key to understanding embedded expectations today and versus history. A low FGR versus history coupled with improving EVA trends indicates that the market is not pricing in the improving business model.

## Additional Resources

evaExpress.com ([link](#)): Our online offering provides a comprehensive suite of fundamental and quantitative tools utilizing the EVA framework

EVA for Investors ([link](#)): A full introduction to the key EVA concepts and metrics

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