

Acerinox SA ACX ★★★★★^Q 18 Sep 2020 02:00 UTC

Last Close
18 Sep 2020
7.07

Fair Value^Q
18 Sep 2020 02:00 UTC
8.10

Market Cap
18 Sep 2020
1,911.6 Mil

Sector
Basic Materials

Industry
Steel

Country of Domicile
ESP Spain

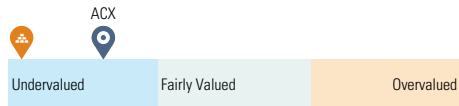
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Company Profile

Acerinox SA is a Spain-based stainless steel maker. Its flat stainless steel segment, which accounts for majority of the company's revenue, produces and distributes slabs, flats, coils, plates, sheets, circles and flat bars. Its long stainless steel segment produces and sells bars, angles, wires and wire rod. It has six stainless steel factories, three manufacturing flat and long products in Spain, one producing flat products in South Africa, one producing flat and long products in United States and one producing flat steel products in Malaysia. The

Quantitative Scores

	Scores	All Rel Sector Rel Country		
		All	Rel Sector	Rel Country
Quantitative Moat	None	3	4	3
Valuation	Undervalued	32	33	60
Quantitative Uncertainty	High	97	98	96
Financial Health	Moderate	75	57	34



Source: Morningstar Equity Research

Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	0.87	1.02	0.78	0.87
Price/Earnings	—	79.0	13.3	15.0
Forward P/E	10.6	—	10.4	12.5
Price/Cash Flow	5.2	21.1	8.0	8.8
Price/Free Cash Flow	8.6	24.2	14.7	15.2
Trailing Dividend Yield %	—	4.44	2.43	3.93
Price/Book	1.0	1.5	1.4	1.9
Price/Sales	0.4	0.6	1.0	1.4

Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	-6.7	5.4	11.5	12.9
Return on Assets %	-2.6	2.4	5.7	3.3
Revenue/Employee (K)	546.0	664.3	857.4	240.3

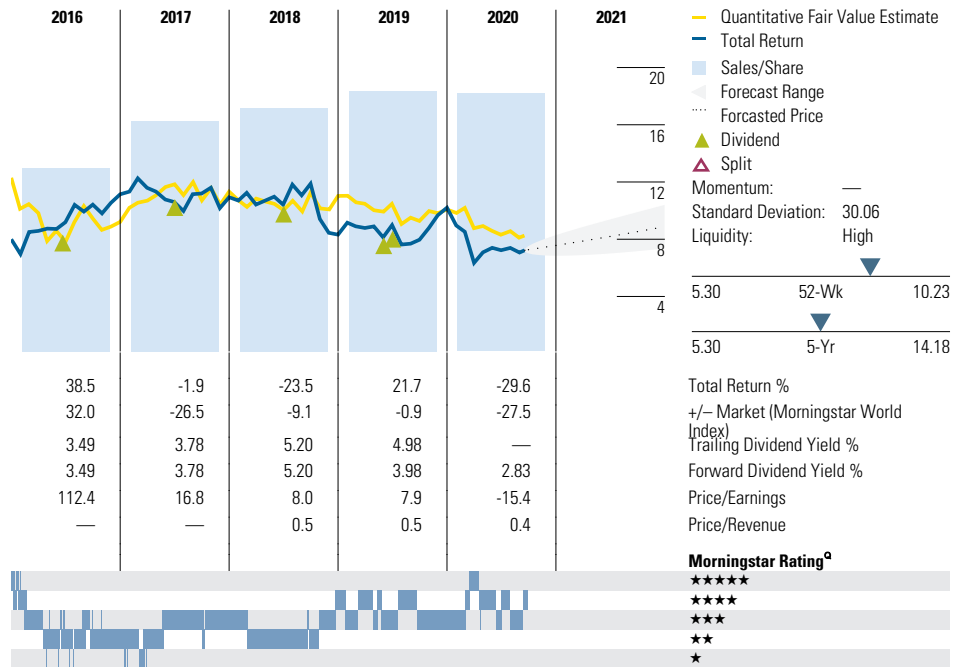
Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	0.6	0.6	0.6	0.7
Solvency Score	720.0	—	474.7	556.5
Assets/Equity	2.3	2.2	1.4	2.7
Long-Term Debt/Equity	0.6	0.5	0.2	0.4

Growth Per Share

	1-Year	3-Year	5-Year	10-Year
Revenue %	-5.1	6.2	1.7	4.7
Operating Income %	-40.9	5.8	-8.5	—
Earnings %	—	—	—	—
Dividends %	11.1	4.4	2.2	7.2
Book Value %	-8.7	-2.8	0.9	0.5
Stock Total Return %	-13.8	-12.5	-0.5	-1.5

Price vs. Quantitative Fair Value

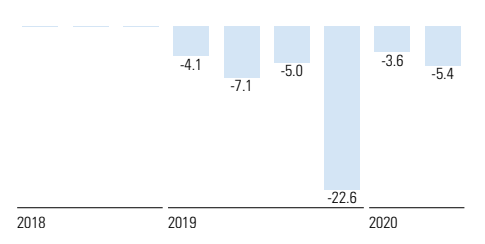


	2015	2016	2017	2018	2019	TTM	Financials (Fiscal Year in Mil)
Revenue	4,221	3,968	4,627	5,011	4,754	4,643	Revenue
% Change	-3.6	-6.0	16.6	8.3	-5.1	-2.3	% Change
Operating Income	121	155	321	318	188	164	Operating Income
% Change	-58.8	28.3	107.5	-1.1	-40.9	-12.4	% Change
Net Income	43	80	234	237	-60	-127	Net Income
Operating Cash Flow	17	269	366	326	359	330	Operating Cash Flow
Capital Spending	-70	-163	-186	-146	-146	-130	Capital Spending
Free Cash Flow	-53	106	180	180	213	200	Free Cash Flow
% Sales	-1.2	2.7	3.9	3.6	4.5	4.3	% Sales
EPS	0.16	0.30	0.85	0.86	-0.22	-0.46	EPS
% Change	-69.8	87.5	183.3	1.2	-125.6	—	% Change
Free Cash Flow/Share	0.35	0.46	0.49	—	0.54	0.83	Free Cash Flow/Share
Dividends/Share	0.45	0.44	0.45	0.45	0.50	0.00	Dividends/Share
Book Value/Share	7.09	6.89	6.66	7.51	7.81	6.80	Book Value/Share
Shares Outstanding (K)	266,707	276,067	276,068	272,088	270,546	270,453	Shares Outstanding (K)
Return on Equity %	2.3	4.0	11.8	12.0	-3.0	-6.7	Profitability
Return on Assets %	1.0	1.9	5.3	5.3	-1.3	-2.6	Return on Assets %
Net Margin %	1.0	2.0	5.1	4.7	-1.3	-2.7	Net Margin %
Asset Turnover	0.99	0.92	1.04	1.11	1.06	0.93	Asset Turnover
Financial Leverage	2.1	2.1	2.3	2.2	2.3	2.8	Financial Leverage
Gross Margin %	28.9	32.0	32.4	30.0	30.0	31.0	Gross Margin %
Operating Margin %	2.9	3.9	6.9	6.3	4.0	3.5	Operating Margin %
Long-Term Debt	743	939	939	1,030	1,061	1,435	Long-Term Debt
Total Equity	1,929	2,079	1,897	2,063	1,873	1,838	Total Equity
Fixed Asset Turns	2.1	1.9	2.3	2.7	2.6	2.4	Fixed Asset Turns

Quarterly Revenue & EPS

Revenue (Mil)	Mar	Jun	Sep	Dec	Total
2020	1,159.0	1,172.1	—	—	—
2019	1,202.0	1,239.5	1,220.0	881.9	4,753.9
2018	1,253.7	1,334.2	1,284.0	1,138.8	5,010.8
2017	—	2,443.8	—	—	4,626.9
Earnings Per Share (€)					
2020	0.10	-0.10	—	—	—
2019	0.12	0.13	0.16	-1.04	-0.22
2018	0.21	0.29	0.30	0.06	0.86
2017	0.35	0.19	0.02	0.28	0.85

Revenue Growth Year On Year %



Quantitative Equity Reports Overview

The quantitative report on equities consists of data, statistics and quantitative equity ratings on equity securities. Morningstar, Inc.'s quantitative equity ratings are forward looking and are generated by a statistical model that is based on Morningstar Inc.'s analyst-driven equity ratings and quantitative statistics. Given the nature of the quantitative report and the quantitative ratings, there is no one analyst in which a given report is attributed to; however, Mr. Lee Davidson, Head of Quantitative Research for Morningstar, Inc., is responsible for overseeing the methodology that supports the quantitative equity ratings used in this report. 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.

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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").

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, and the Quantitative Uncertainty Rating. 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*

Two-Star - the stock is somewhat overvalued.

*Log (Quant FVE/Price) between (-1*Quantitative Uncertainty, -0.5*Quantitative Uncertainty)*

Three-Star – the stock is approximately fairly valued.

*Log (Quant FVE/Price) between (-0.5*Quantitative Uncertainty, 0.5*Quantitative Uncertainty)*

Four-Star – the stock is somewhat undervalued.

*Log (Quant FVE/Price) between (0.5*Quantitative Uncertainty, 1*Quantitative Uncertainty)*

Five-Star – the stock is undervalued with a reasonable margin of safety.

*Log (Quant FVE/Price) > 1*Quantitative Uncertainty*

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.

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