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Acerinox SA ACX ★★Q

23 Apr 2018 02:00 UTC

Last Close	Fair ValueQ	Market Cap	Sector	Industry	Country of Domicile
23 Apr 2018 12.01	23 Apr 2018 02:00 UTC 10.45	23 Apr 2018 3,315.6 Mil	Basic Materials	Steel	ESP Spain

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Company Profile

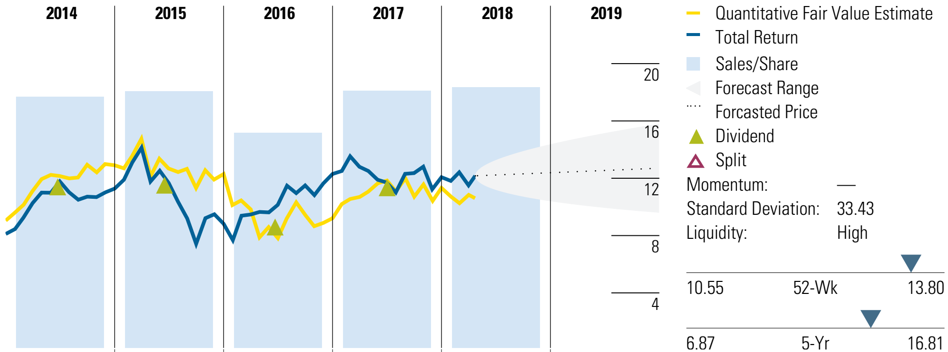
Acerinox SA is engaged in manufacturing & sales of stainless steel products or other derivative products. Its products includes slabs, billets, black coils, hot rolled coils & sheets, cold rolled re-bars, hot rolled black bars, & color coated wires.

Quantitative Scores

		All	Rel Sector	Rel Country
Quantitative Moat	None	1	2	2
Valuation	Overvalued	4	6	5
Quantitative Uncertainty	High	92	97	78
Financial Health	Moderate	71	74	58

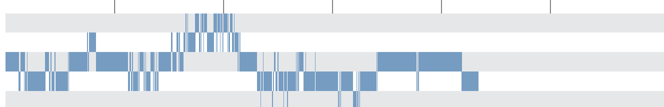
Source: Morningstar Equity Research

Price vs. Quantitative Fair Value



2014	2015	2016	2017	2018	
40.1	-21.1	38.5	-1.9	0.8	Total Return %
43.8	-17.8	32.0	-26.5	-0.2	+/– Market (Morningstar World Index)
3.59	4.77	3.49	3.78	3.75	Trailing Dividend Yield %
—	4.78	3.49	3.78	3.75	Forward Dividend Yield %
21.9	41.3	114.9	16.8	14.1	Price/Earnings
0.8	0.6	0.9	0.7	0.7	Price/Revenue

Morningstar RatingQ



Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	1.15	1.05	0.88	0.97
Price/Earnings	14.4	114.6	16.1	17.7
Forward P/E	12.6	—	12.9	14.6
Price/Cash Flow	9.2	24.4	9.5	10.9
Price/Free Cash Flow	18.7	51.9	16.9	15.1
Trailing Dividend Yield %	3.75	4.06	2.00	3.05
Price/Book	1.8	1.6	1.6	2.0
Price/Sales	0.7	0.7	1.2	1.7

Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	11.8	5.6	11.1	13.1
Return on Assets %	5.3	2.4	5.6	2.9
Revenue/Employee (K)	678.6	618.2	790.8	257.6

Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	0.7	0.6	0.5	0.6
Solvency Score	429.9	—	482.9	574.8
Assets/Equity	2.3	2.4	1.4	2.8
Long-Term Debt/Equity	0.5	0.5	0.2	0.4

Financials (Fiscal Year in Mil)

2013	2014	2015	2016	2017	TTM	
3,966	4,380	4,221	3,968	4,627	4,627	Revenue
-12.9	10.4	-3.6	-6.0	16.6	0.0	% Change
88	298	121	159	327	327	Operating Income
84.9	237.2	-59.4	31.1	106.0	0.0	% Change
22	136	43	80	234	234	Net Income
259	50	17	269	366	366	Operating Cash Flow
-165	-79	-70	-163	-186	-186	Capital Spending
95	-29	-53	106	180	180	Free Cash Flow
2.4	-0.7	-1.2	2.7	3.9	3.9	% Sales
0.09	0.53	0.16	0.30	0.85	0.85	EPS
—	488.9	-69.8	87.5	183.3	0.0	% Change
1.21	0.27	0.35	0.46	0.49	0.65	Free Cash Flow/Share
0.43	0.45	0.45	0.44	0.45	0.45	Dividends/Share
6.30	6.61	7.51	7.21	6.95	6.87	Book Value/Share
257,146	261,702	266,707	276,067	276,068	276,068	Shares Outstanding (K)

Profitability

2013	2014	2015	2016	2017	TTM	
1.5	8.6	2.3	4.0	11.8	11.8	Return on Equity %
0.5	3.2	1.0	1.9	5.3	5.3	Return on Assets %
0.6	3.1	1.0	2.0	5.1	5.1	Net Margin %
0.97	1.04	0.99	0.92	1.04	1.04	Asset Turnover
2.8	2.5	2.1	2.1	2.3	2.3	Financial Leverage
28.3	30.4	28.9	32.0	32.4	32.4	Gross Margin %
2.2	6.8	2.9	4.0	7.1	7.1	Operating Margin %
751	1,020	741	937	937	937	Long-Term Debt
1,437	1,744	1,929	2,079	1,897	1,897	Total Equity
2.0	2.3	2.1	1.9	2.3	2.3	Fixed Asset Turns

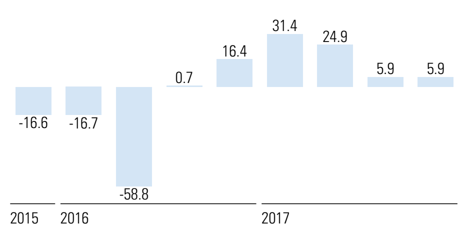
Growth Per Share

	1-Year	3-Year	5-Year	10-Year
Revenue %	16.6	1.8	0.3	-3.9
Operating Income %	100.2	3.1	46.9	-4.7
Earnings %	183.3	17.1	—	-3.4
Dividends %	2.3	0.1	12.5	2.6
Book Value %	-8.7	1.2	1.8	-2.1
Stock Total Return %	-1.4	-2.1	12.8	-0.3

Quarterly Revenue & EPS

Revenue (Mil)	Mar	Jun	Sep	Dec	Total
2017	1,252.5	1,191.3	1,067.2	1,115.8	4,626.9
2016	953.4	953.7	1,007.6	1,053.5	3,968.1
2015	1,144.3	2,315.2	1,000.9	905.3	4,221.4
2014	1,023.8	2,170.0	1,125.4	1,084.9	4,380.3
Earnings Per Share ()					
2017	0.35	0.20	0.02	0.28	0.85
2016	-0.03	0.06	0.13	0.14	0.30
2015	0.12	0.25	-0.03	-0.05	0.16
2014	0.10	0.30	0.22	0.02	0.53

Revenue Growth Year On Year %



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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.

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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.
Farily Valued – Last Price is in line with Morningstar's quantitative fair value estimate.
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