

Acerinox SA ACX ★★★^Q 20 Jul 2018 02:00 UTC

Last Close
20 Jul 2018
11.23

Fair Value^Q
20 Jul 2018 02:00 UTC
9.75

Market Cap
20 Jul 2018
3,100.2 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 |
| Quantitative Moat | None | 36 | 43 | 23 |
| Valuation | Overvalued | 5 | 5 | 12 |
| Quantitative Uncertainty | High | 89 | 94 | 75 |
| Financial Health | Moderate | 75 | 74 | 58 |



Valuation

| | Current | 5-Yr Avg | Sector Median | Country Median |
|---------------------------|---------|----------|---------------|----------------|
| Price/Quant Fair Value | 1.15 | 1.06 | 0.91 | 1.02 |
| Price/Earnings | 0.7 | 114.6 | 14.5 | 16.1 |
| Forward P/E | 11.8 | — | 11.4 | 14.4 |
| Price/Cash Flow | 11.2 | 24.4 | 8.8 | 10.5 |
| Price/Free Cash Flow | 12.7 | 51.9 | 16.4 | 15.9 |
| Trailing Dividend Yield % | 4.01 | 4.06 | 2.18 | 3.59 |
| Price/Book | 1.6 | 1.7 | 1.5 | 2.2 |
| Price/Sales | 0.7 | 0.7 | 1.1 | 1.5 |

Profitability

| | Current | 5-Yr Avg | Sector Median | Country Median |
|----------------------|---------|----------|---------------|----------------|
| Return on Equity % | — | — | 11.2 | 10.1 |
| Return on Assets % | 100.0 | 40.3 | 5.7 | 2.9 |
| Revenue/Employee (K) | 678.8 | 620.8 | 827.9 | 248.8 |

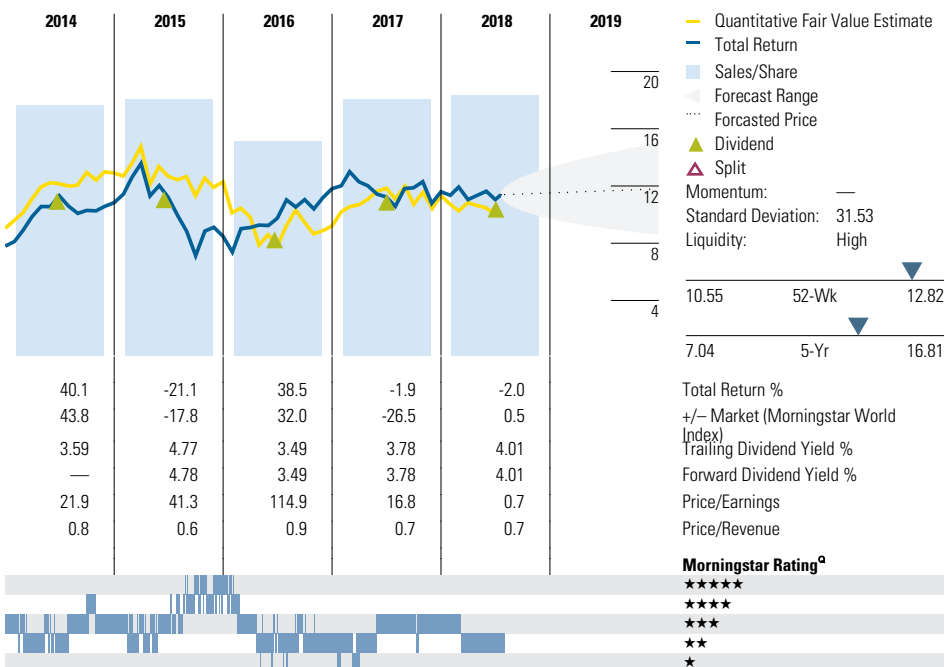
Financial Health

| | Current | 5-Yr Avg | Sector Median | Country Median |
|-----------------------|---------|----------|---------------|----------------|
| Distance to Default | 0.7 | 0.6 | 0.6 | 0.6 |
| Solvency Score | — | — | 485.3 | 575.7 |
| Assets/Equity | — | 2.4 | 1.4 | 2.7 |
| Long-Term Debt/Equity | — | 0.5 | 0.2 | 0.4 |

Growth Per Share

| | 1-Year | 3-Year | 5-Year | 10-Year |
|----------------------|--------|--------|--------|---------|
| Revenue % | 16.6 | 1.8 | 0.3 | -3.9 |
| Operating Income % | 16.6 | 149.6 | 150.5 | 24.3 |
| Earnings % | 16.6 | 216.2 | — | 30.2 |
| Dividends % | 2.3 | 0.1 | 12.5 | 2.6 |
| Book Value % | — | — | — | — |
| Stock Total Return % | 1.4 | 2.9 | 13.0 | 1.8 |

Price vs. Quantitative Fair Value

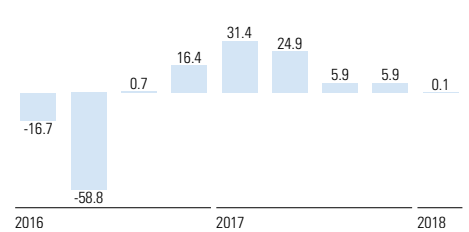


| | 2013 | 2014 | 2015 | 2016 | 2017 | TTM | Financials (Fiscal Year in Mil) |
|------------------------|---------|---------|---------|---------|---------|---------|---------------------------------|
| Revenue | 3,966 | 4,380 | 4,221 | 3,968 | 4,627 | 4,628 | Revenue |
| % Change | -12.9 | 10.4 | -3.6 | -6.0 | 16.6 | 0.0 | % Change |
| Operating Income | 88 | 298 | 121 | 159 | 4,627 | 4,628 | Operating Income |
| % Change | 77.0 | 237.5 | -59.4 | 31.1 | 2,818.7 | 0.0 | % Change |
| Net Income | 22 | 136 | 43 | 80 | 4,627 | 4,587 | Net Income |
| Operating Cash Flow | 259 | 50 | 17 | 269 | 366 | 277 | Operating Cash Flow |
| Capital Spending | -165 | -79 | -70 | -163 | — | — | Capital Spending |
| Free Cash Flow | 95 | -29 | -53 | 106 | 366 | 243 | Free Cash Flow |
| % Sales | 2.4 | -0.7 | -1.2 | 2.7 | 7.9 | 5.2 | % Sales |
| EPS | 0.09 | 0.53 | 0.16 | 0.30 | 16.76 | 16.61 | EPS |
| % Change | — | 488.9 | -69.8 | 87.5 | 5,486.6 | -0.9 | % Change |
| Free Cash Flow/Share | 1.21 | 0.27 | 0.35 | 0.46 | 0.49 | 0.88 | Free Cash Flow/Share |
| Dividends/Share | 0.43 | 0.45 | 0.45 | 0.44 | 0.45 | 0.45 | Dividends/Share |
| Book Value/Share | — | — | 7.51 | 7.21 | — | — | Book Value/Share |
| Shares Outstanding (K) | 257,146 | 261,702 | 266,707 | 276,067 | 276,068 | 276,068 | Shares Outstanding (K) |
| Return on Equity % | 1.5 | 8.6 | 2.3 | 4.0 | — | — | Profitability |
| Return on Assets % | 0.5 | 3.2 | 1.0 | 1.9 | 104.5 | 100.0 | Return on Assets % |
| Net Margin % | 0.6 | 3.1 | 1.0 | 2.0 | 100.0 | 99.1 | Net Margin % |
| Asset Turnover | 0.97 | 1.04 | 0.99 | 0.92 | 1.04 | 1.01 | Asset Turnover |
| Financial Leverage | 2.8 | 2.5 | 2.1 | 2.1 | — | — | Financial Leverage |
| Gross Margin % | 28.3 | 30.4 | 28.9 | 32.0 | — | — | Gross Margin % |
| Operating Margin % | 2.2 | 6.8 | 2.9 | 4.0 | 100.0 | 100.0 | Operating Margin % |
| Long-Term Debt | 751 | 1,020 | 741 | 937 | — | 998 | Long-Term Debt |
| Total Equity | 1,437 | 1,744 | 1,929 | 2,079 | — | — | Total Equity |
| Fixed Asset Turns | 2.0 | 2.3 | 2.1 | 1.9 | — | — | Fixed Asset Turns |

Quarterly Revenue & EPS

| Revenue (Mil) | Mar | Jun | Sep | Dec | Total |
|------------------------|---------|---------|---------|---------|---------|
| 2018 | 1,253.7 | — | — | — | — |
| 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 |
| Earnings Per Share (€) | | | | | |
| 2018 | 0.21 | — | — | — | — |
| 2017 | 0.35 | 0.20 | 0.02 | 16.19 | 16.76 |
| 2016 | -0.03 | 0.06 | 0.13 | 0.14 | 0.30 |
| 2015 | 0.12 | 0.25 | -0.03 | -0.05 | 0.16 |

Revenue Growth Year On Year %



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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*

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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

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Undervalued – Last Price is below Morningstar's quantitative fair value estimate.

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