

Acerinox SA ACX ★★★^Q 15 Nov 2018 02:00 UTC

Last Close
15 Nov 2018
9.29

Fair Value^Q
15 Nov 2018 02:00 UTC
9.78

Market Cap
15 Nov 2018
2,564.6 Mil

Sector
Basic Materials

Industry
Steel

Country of Domicile
ESP Spain

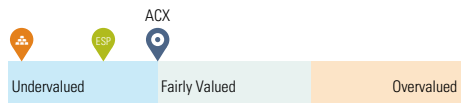
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Company Profile

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
Quantitative Moat	None	17	24	13
Valuation	Undervalued	11	11	20
Quantitative Uncertainty	High	84	89	69
Financial Health	Moderate	72	70	46



Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	0.95	1.07	0.78	0.87
Price/Earnings	8.5	114.5	13.3	15.0
Forward P/E	9.1	—	10.4	12.5
Price/Cash Flow	5.9	21.7	8.0	8.8
Price/Free Cash Flow	9.8	37.6	14.7	15.2
Trailing Dividend Yield %	4.84	4.06	2.43	3.93
Price/Book	1.3	1.7	1.4	1.9
Price/Sales	0.5	0.7	1.0	1.4

Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	—	5.6	11.5	12.9
Return on Assets %	6.6	2.4	5.7	3.3
Revenue/Employee (K)	745.3	618.6	857.4	240.3

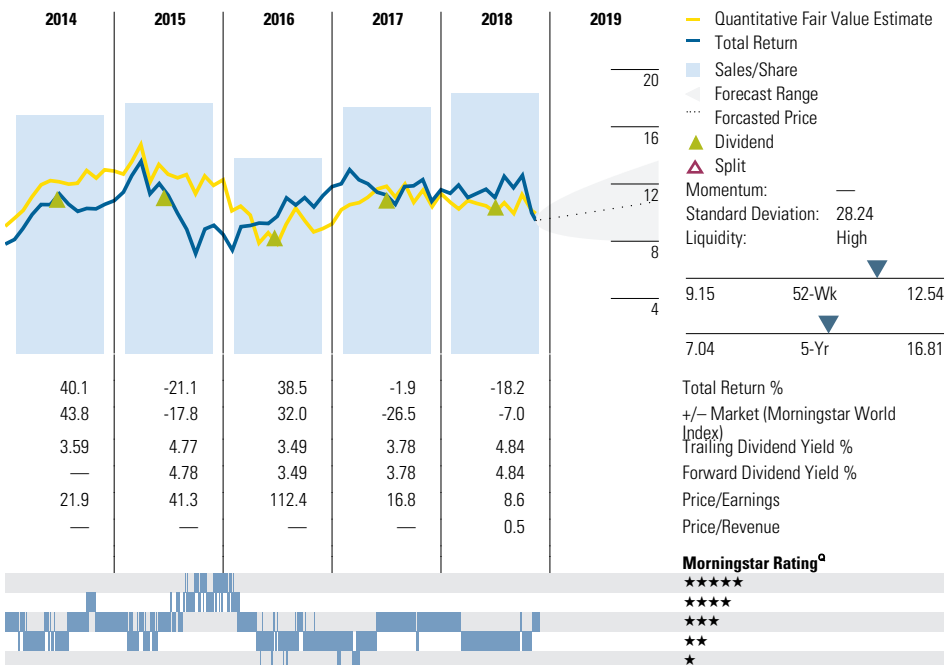
Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	0.6	0.6	0.6	0.7
Solvency Score	—	—	474.7	556.5
Assets/Equity	2.3	2.4	1.4	2.7
Long-Term Debt/Equity	0.5	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 %	102.5	3.1	47.3	-4.8
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 %	-13.3	2.8	3.2	3.3

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	4,988	Revenue
% Change	-12.9	10.4	-3.6	-6.0	16.6	7.8	% Change
Operating Income	88	293	121	155	321	682	Operating Income
% Change	78.1	233.5	-58.8	28.3	107.5	112.4	% Change
Net Income	22	136	43	80	234	298	Net Income
Operating Cash Flow	259	50	17	269	366	—	Operating Cash Flow
Capital Spending	-165	-79	-70	-163	-186	-145	Capital Spending
Free Cash Flow	95	-29	-53	106	180	—	Free Cash Flow
% Sales	2.4	-0.7	-1.2	2.7	3.9	—	% Sales
EPS	0.09	0.53	0.16	0.30	0.85	1.08	EPS
% Change	—	488.9	-69.8	87.5	183.3	27.3	% Change
Free Cash Flow/Share	1.21	0.27	0.35	0.46	0.49	—	Free Cash Flow/Share
Dividends/Share	0.43	0.45	0.45	0.44	0.45	0.45	Dividends/Share
Book Value/Share	—	—	—	—	—	—	Book Value/Share
Shares Outstanding (K)	257,146	261,702	266,707	276,067	276,068	276,000	Shares Outstanding (K)
Return on Equity %	1.5	8.6	2.3	4.0	11.8	—	Profitability
Return on Assets %	0.5	3.2	1.0	1.9	5.3	6.6	Return on Assets %
Net Margin %	0.6	3.1	1.0	2.0	5.1	6.0	Net Margin %
Asset Turnover	0.97	1.04	0.99	0.92	1.04	1.11	Asset Turnover
Financial Leverage	2.8	2.5	2.1	2.1	2.3	—	Financial Leverage
Gross Margin %	28.3	30.4	28.9	32.0	32.4	—	Gross Margin %
Operating Margin %	2.2	6.7	2.9	3.9	6.9	13.7	Operating Margin %
Long-Term Debt	751	1,020	741	937	937	1,091	Long-Term Debt
Total Equity	1,437	1,744	1,929	2,079	1,897	—	Total Equity
Fixed Asset Turns	2.0	2.3	2.1	1.9	2.3	—	Fixed Asset Turns

Quarterly Revenue & EPS

Revenue (Mil)	Mar	Jun	Sep	Dec	Total
2018	1,253.7	1,334.2	1,284.0	—	—
2017	—	2,443.8	—	—	4,626.9
2016	—	1,907.0	—	—	3,968.1
2015	1,144.3	1,170.9	—	—	4,221.4
Earnings Per Share (€)					
2018	0.21	0.29	0.30	—	—
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	0.13	-0.03	-0.05	0.16

Revenue Growth Year On Year %

	2016	2017	2018
Revenue %	16.6	1.8	0.3
Operating Income %	102.5	3.1	47.3
Earnings %	183.3	17.1	—
Dividends %	2.3	0.1	12.5
Book Value %	-8.7	1.2	1.8
Stock Total Return %	-13.3	2.8	3.2

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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*

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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.

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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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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