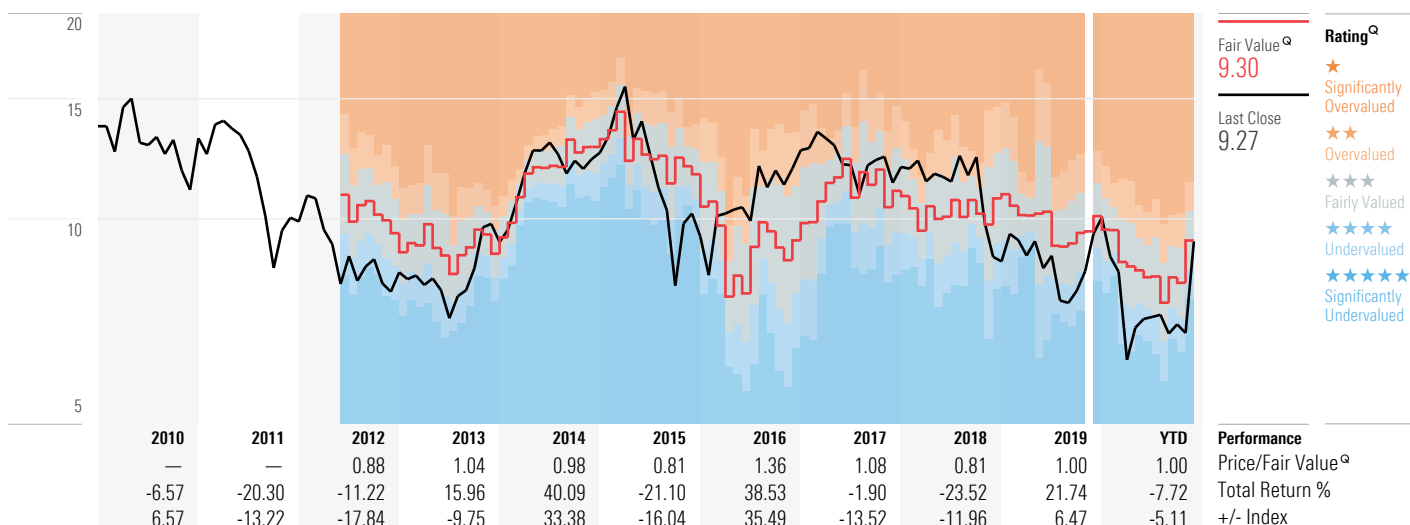


# Acerinox SA ACX ★★★ Q 27 Nov 2020, 23:31 UTC

Economic Moat	Uncertainty	Price/Fair Value	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	High	1.0	2.71	2.5071 Bil	Mid Growth	Basic Materials	Steel



Total Return % as of 27 Nov 2020. Last Close as of 27 Nov 2020. Fair Value as of 27 Nov 2020, 23:31 UTC. Index: Morningstar Spain GR EUR.

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## Valuation as of 27 Nov 2020



ACX is trading within a range we consider fairly valued.

### Economic Moat

None

### Financial Health

Moderate

### 1-Star Price

> 11.32

### 5-Star Price

< 7.64

## Financials as of 27 Nov 2020 (Fiscal Year End 31 Dec 2019)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD	Fiscal
5	5	5	4	4	4	4	5	5	5	3	Revenue (Bil)
232	198	46	88	293	121	159	321	318	188	76	Operating Income (Mil)
5.16	4.23	1.02	2.21	6.69	2.86	4.0	6.94	6.34	3.95	3.27	Operating Margin (%)
123	74	-22	22	136	43	80	234	237	-60	31	Net Income (Mil)
0.49	0.30	-0.09	0.09	0.53	0.16	0.30	0.85	0.86	-0.22	0.11	Diluted Earnings/Share
356	438	565	259	50	17	269	366	326	359	75	Operating Cash Flow (Mil)
-224	-181	-153	-165	-79	-70	-163	-186	-146	-146	-53	Capital Spending (Mil)
131	257	413	95	-29	-53	106	180	180	213	22	Free Cash Flow (Mil)
249	249	249	253	259	264	271	276	276	273	271	Avg Shares Outstand(Mil)
0.45	0.55	0.45	0.43	0.45	0.45	0.44	0.45	0.45	0.50	0.50	Dividend Per Share

## Valuation as of 27 Nov 2020

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Current	Calendar
—	—	0.88	1.04	0.98	0.81	1.36	1.08	0.81	1.00	1.00	Price/Fair Value
0.79	0.52	0.46	—	—	—	—	—	0.48	0.52	0.55	Price/Sales
33.01	19.43	—	—	21.86	41.27	112.87	16.81	8.01	7.93	6.60	Price/Earnings
69.05	5.63	3.68	4.65	22.76	15.51	14.29	9.58	—	9.09	7.61	Price/Cash Flow
1.66	1.33	1.33	1.60	2.02	1.33	1.83	1.79	1.15	1.29	1.42	Price/Book

## Operating Performance as of 27 Nov 2020 (Fiscal Year End 31 Dec 2019)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Q3	Fiscal (%)
3.12	1.77	-0.44	0.54	3.24	1.0	1.87	5.29	5.26	-1.32	0.54	Return on Assets
7.19	4.21	-1.11	1.47	8.57	2.34	4.01	11.78	11.97	-3.03	1.55	Return on Equity
5.15	3.92	0.98	2.36	6.18	2.47	3.37	7.98	7.51	-1.43	0.74	Rtn on Invested Capital

## Business Description

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 company's products are used in automotive, electrics, home appliances, and other items. America, Europe and

Asia are the top three markets for Acerinox.

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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, Quantitative Uncertainty Rating, and momentum. 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*

*Micro-Caps: Log (Quant FVE/Price) < -1.5\*Quantitative Uncertainty*

**Two-Star** - the stock is somewhat overvalued.

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

*Micro-Caps: Log (Quant FVE/Price) between (-1.5\*Quantitative Uncertainty, -0.75\*Quantitative Uncertainty)*

**Three-Star** – the stock is approximately fairly valued.

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

*Micro-Caps: Log (Quant FVE/Price) between (-0.75\*Quantitative Uncertainty, 0.75\*Quantitative Uncertainty)*

**Four-Star** – the stock is somewhat undervalued.

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

*Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (0.75\*Quantitative Uncertainty, 1.5\*Quantitative Uncertainty)*

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

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

*Micro-Caps: Log (Quant FVE/Price) > 1.5\*Quantitative Uncertainty*

After the initial calculation for the star rating, there is a final filtering step based on the momentum of the company. We rank the companies based on their 12-1 month momentum, then restrict those below the 30th percentile to a maximum of 3 stars.

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

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

**Overvalued** – **Last Price** is above Morningstar's quantitative fair value estimate.

This Report **has not been made available** to the issuer of the security prior to publication.

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