Gestamp Automocion GEST ★★★★ Q 4 Aug 2023, 22:42 UTC

### Economic Moat

<table>
<thead>
<tr>
<th>Economic Moat</th>
<th>Uncertainty</th>
<th>Price/Fair Value</th>
<th>ESG Risk Rating Assessment</th>
<th>Trading Dividend Yield %</th>
<th>Market Cap</th>
<th>Investment Style</th>
<th>Sector</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Moat</td>
<td>Very High</td>
<td>0.8</td>
<td></td>
<td>3.25</td>
<td>Mid Value</td>
<td>Consumer Cylindrical</td>
<td>Auto Parts</td>
<td></td>
</tr>
</tbody>
</table>

### Key Metrics as of 3 Aug 2023

- **Earnings Yield (%)**: 12.2
- **Sales Yield (%)**: 48.0
- **Book Value Yield (%)**: 9.5
- **Return on Assets (%)**: 3.1
- **Revenue/Net Profit (%)**: 12.7
- **Market Value (Bill)**: 2.6
- **Enterprise Value (Bill)**: 4.1
- **EV/Net Ratio**: 1.6
- **Volatility TTM (%)**: 25.3
- **Drawdown TTM (%)**: 13.5
- **Volume (K)**: 357.3

### Business Description

Gestamp Automocion is a Spanish automobile components manufacturer. The activities of the group are focused on the design, development, and manufacturing of metal components for the automotive industry via stamping, tooling, assembly, welding, tailoring, blank, die-casting, and machinery. It generates the majority of its revenue from Parts, prototypes, and components, followed by Tooling; and Byproducts & containers. The company operates in the following geographical segments: Western Europe, Eastern Europe, Mercosur, North America, and Asia. It generates the highest revenue from the Western Europe segment.

### Valuation as of 4 Aug 2023

Morningstar maintains a 4-star quantitative star rating for Gestamp Automocion, derived from the firm’s valuation and uncertainty scores. The company’s shares last closed at 4.19, below our quantitative fair value estimate of 5.04. These shares have traded between a 45.78% and 10.43% discount to their fair value estimate over the past year. In Morningstar’s equity coverage universe for this methodology, the company’s valuation rating lands at the 67th percentile; in the consumer cyclical sector, the firm’s score lies at the 69th percentile (meaning the shares are more undervalued than 69% of stocks in the sector). Furthermore, Gestamp Automocion maintains a qualitative valuation uncertainty rating of Very High.

The company has held this star rating since the previous rating of 5, which was last assigned on 05/10/2023. The uncertainty rating for Gestamp Automocion has remained Very High since the previous rating of High, which was last assigned on 08/02/2023. The key factors behind these ratings are the company’s earnings yield and volatility. The earnings yield is 12.19%, and its maximum annualized trailing 12-month volatility is 37.83%. The earnings yield falls at the 88th percentile in the consumer cyclical sector while the volatility is at the 33rd percentile. Over the past year, the company’s earnings yield has been between 8.28% and 12.99%; its volatility has ranged between 25.14% and 37.83%.

### Economic Moat as of 4 Aug 2023

Quantitatively, we do not believe Gestamp Automocion has an economic moat. Its moat score of 0.27 corresponds to the 36th percentile in the consumer cyclical sector. Furthermore, this rating has not changed over the past year, while the company’s moat score fell from its maximum of 0.66 in this period (score of 1 indicates greatest economic moat). The company also maintains a quantitative financial health rating of Moderate. Its score sits at the 38th percentile overall and the 44th percentile in the sector.

Examining the company’s financials and market statistics, we find these ratings are principally driven by its book value yield and annualized trailing 12-month volatility. The book value yield is 94.50%, sitting at the 69th percentile in the consumer cyclical sector. The company’s annualized trailing 12-month volatility is 25.31%, corresponding to the 32nd percentile in the equity coverage universe and the 33rd percentile in the sector.

### Fundamentals as of 4 Aug 2023

Gestamp Automocion maintains earnings per share of 0.51. The company further earns a return on invested capital of 20.19%. The shares offer a dividend yield of 3.07%. These values are calculated over a trailing 12-month period.

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Economic Moat Q
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</thead>
<tbody>
<tr>
<td>None</td>
<td>Very High</td>
<td>0.8</td>
<td></td>
<td>3.25</td>
<td>2.4035 Bil</td>
<td>Mid Value</td>
<td>Consumer</td>
<td>Cyclicical</td>
</tr>
</tbody>
</table>

### Earnings as of 3 Aug 2023

<table>
<thead>
<tr>
<th>Dividend Yield*</th>
<th>3.1</th>
<th>61.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payout Ratio*</td>
<td>20.4</td>
<td>27.0</td>
</tr>
<tr>
<td>Price to Earnings</td>
<td>8.2</td>
<td>18.0</td>
</tr>
<tr>
<td>Price to Cash Flow</td>
<td>8.9</td>
<td>12.0</td>
</tr>
<tr>
<td>ROIC**</td>
<td>20.2</td>
<td>93.0</td>
</tr>
</tbody>
</table>

*31 Jul 2023  
**31 Mar 2023

As of last market close, Gestamp Automocion has a price-to-earnings ratio of 8.2, falling below the 18th percentile in its sector (where a lower percentile means a lower ratio) and ranging between 7.7 and 12.07 over the past year. The company's price-to-free cash flow ratio is 8.92, falling at the 32nd percentile in its sector and ranging between 8.37 and 12.55 over the past year.

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Lebario Industrial Park, Abadino, — 48220  
+34 944507000

https://www.gestamp.com

### Valuation as of 4 Aug 2023

| Fair Value Q | Uncertainty Q | 5.07 | Very High |

### Financials as of 4 Aug 2023 (Fiscal Year End 31 Dec 2023)

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5.85</td>
<td>6.26</td>
<td>7.03</td>
<td>7.55</td>
<td>8.20</td>
<td>8.55</td>
<td>9.07</td>
<td>7.46</td>
<td>8.09</td>
<td>10.73</td>
<td>9.42</td>
<td>Revenue (Bil)</td>
</tr>
<tr>
<td>384</td>
<td>393</td>
<td>398</td>
<td>472</td>
<td>480</td>
<td>529</td>
<td>562</td>
<td>73</td>
<td>411</td>
<td>535</td>
<td>540</td>
<td>Operating Income (Mli)</td>
</tr>
<tr>
<td>1.59</td>
<td>1.54</td>
<td>1.53</td>
<td>1.63</td>
<td>1.67</td>
<td>1.94</td>
<td>1.98</td>
<td>1.77</td>
<td>1.90</td>
<td>1.95</td>
<td>1.99</td>
<td>Operating Margin (%)</td>
</tr>
<tr>
<td>1.14</td>
<td>1.26</td>
<td>1.61</td>
<td>2.21</td>
<td>2.40</td>
<td>2.58</td>
<td>2.12</td>
<td>1.51</td>
<td>1.55</td>
<td>2.90</td>
<td>2.42</td>
<td>Net Income (Mli)</td>
</tr>
<tr>
<td>0.20</td>
<td>0.22</td>
<td>0.28</td>
<td>0.38</td>
<td>0.42</td>
<td>0.45</td>
<td>0.37</td>
<td>0.26</td>
<td>0.27</td>
<td>0.45</td>
<td>0.42</td>
<td>Diluted Earnings/Share</td>
</tr>
<tr>
<td>367</td>
<td>565</td>
<td>600</td>
<td>653</td>
<td>684</td>
<td>613</td>
<td>849</td>
<td>880</td>
<td>827</td>
<td>1,045</td>
<td>663</td>
<td>Operating Cash Flow (Mli)</td>
</tr>
<tr>
<td>-674</td>
<td>-452</td>
<td>-616</td>
<td>-672</td>
<td>-883</td>
<td>-967</td>
<td>-832</td>
<td>-558</td>
<td>-613</td>
<td>-783</td>
<td>-673</td>
<td>Capital Spending (Mli)</td>
</tr>
<tr>
<td>-360.51</td>
<td>113.44</td>
<td>-16.38</td>
<td>-19.07</td>
<td>-199.41</td>
<td>-294.67</td>
<td>17.91</td>
<td>322.75</td>
<td>213.95</td>
<td>-613.70</td>
<td>-96.66</td>
<td>Free Cash Flow (Mli)</td>
</tr>
<tr>
<td>576</td>
<td>576</td>
<td>576</td>
<td>576</td>
<td>576</td>
<td>575</td>
<td>575</td>
<td>574</td>
<td>575</td>
<td>575</td>
<td>575</td>
<td>Avg Shares Outstanding</td>
</tr>
</tbody>
</table>

### Valuation as of 4 Aug 2023

| — | — | — | 0.98 | 0.70 | 0.73 | 0.87 | 0.78 | 0.72 | 0.82 | Price/Fair Value |
| — | — | — | — | 0.42 | 0.34 | 0.27 | 0.30 | 0.31 | 0.21 | Price/Sales |
| — | — | — | — | 13.98 | 11.32 | 11.02 | — | 21.02 | 8.75 | 8.18 | Price/Earnings |
| — | — | — | — | 4.62 | 4.59 | 3.47 | 2.17 | 2.79 | 2.20 | Price/Cash Flow |
| — | — | — | — | 2.32 | 1.72 | 1.34 | 1.52 | 1.52 | 0.94 | 1.06 | Price/Book |

### Operating Performance as of 4 Aug 2023 (Fiscal Year End 31 Dec 2023)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2.23</td>
<td>2.3</td>
<td>2.81</td>
<td>3.84</td>
<td>3.51</td>
<td>3.45</td>
<td>2.62</td>
<td>-1.69</td>
<td>1.73</td>
<td>2.78</td>
<td>1.6</td>
<td>Return on Assets</td>
</tr>
<tr>
<td>0.14</td>
<td>0.91</td>
<td>12.01</td>
<td>15.18</td>
<td>16.67</td>
<td>15.7</td>
<td>11.83</td>
<td>-8.65</td>
<td>9.52</td>
<td>13.4</td>
<td>7.16</td>
<td>Return on Equity</td>
</tr>
<tr>
<td>7.39</td>
<td>6.57</td>
<td>7.63</td>
<td>8.53</td>
<td>7.89</td>
<td>8.01</td>
<td>6.53</td>
<td>-9.52</td>
<td>4.57</td>
<td>6.45</td>
<td>5.21</td>
<td>ROi on Invested Capital</td>
</tr>
</tbody>
</table>

### Dividends as of 4 Aug 2023

| — | — | — | — | 0.13 | 0.14 | 0.06 | — | 0.08 | 0.15 | Dividend Per Share |
| — | — | — | — | 2.52 | 3.15 | 1.39 | — | 2.24 | 3.25 | Trailing Dividend Yield |
| — | — | — | — | — | — | — | — | — | 1.0 | Buyback Yield |

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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 99% but less than 70%.

Wide – assigned when the probability of a stock receiving a “Wide Moat” rating by an analyst is greater than 70% but less 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.

★ – the stock is somewhat undervalued.

Log (Quant FVE/Price) between (0.5*Quantitative Uncertainty, 1.5*Quantitative Uncertainty)

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

★★ – the stock is undervalued with a reasonable margin of safety.

Log (Quant FVE/Price) between (0.75*Quantitative Uncertainty, 1*Quantitative Uncertainty)

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

★★★ – 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, -0.5*Quantitative Uncertainty)

★★★★ – the stock is overvalued with a reasonable margin of safety.

Log (Quant FVE/Price) between (-1.5*Quantitative Uncertainty, -0.5*Quantitative Uncertainty)

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

★★★★★ – the stock is undervalued with a reasonable margin of safety.

Log (Quant FVE/Price) between (0.5*Quantitative Uncertainty, 1.5*Quantitative Uncertainty)

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

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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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.

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Sustainalytics analyzes over 1,300 data points to assess a company’s exposure to and management of ESG risks. In other words, ESG Risk Ratings measure a company’s unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk
Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a ‘high risk’ assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

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