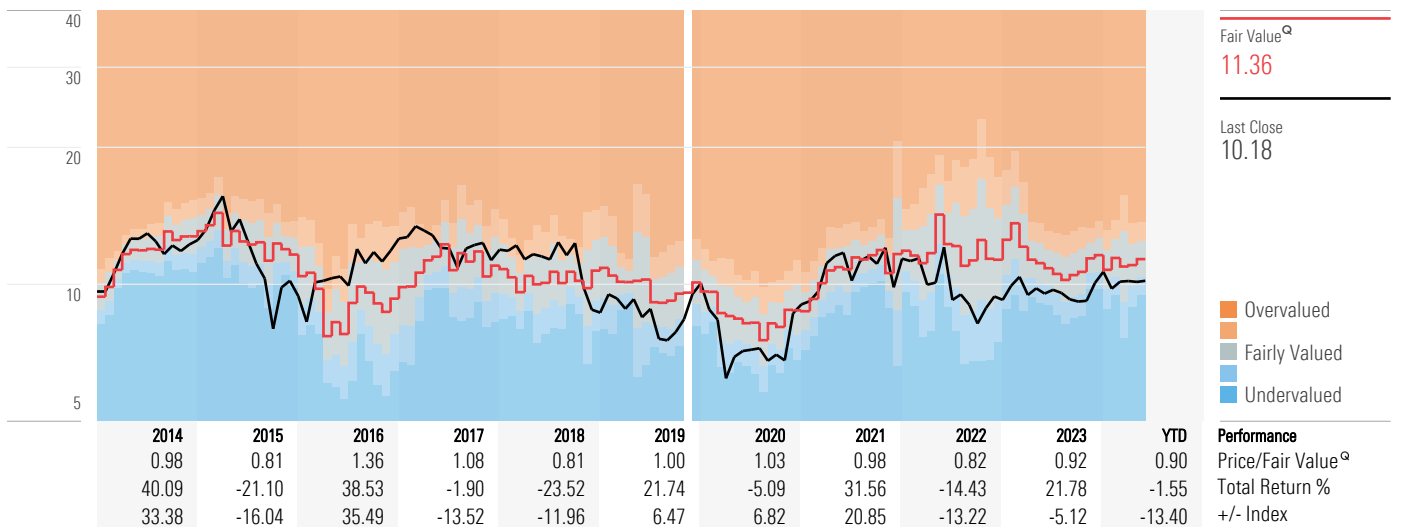


Acerinox SA ACX ★★★ Q 9 May 2024, 22:35 UTC

Economic Moat ^Q	Uncertainty ^Q	Price/Fair Value ^Q	ESG Risk Rating Assessment ¹	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	High	0.9	1 May 2024 05:00, UTC	5.99	2.5446 Bil	Mid Value	Basic Materials	Steel



As of 9 May 2024 | Index: Morningstar Spain GR EUR. Fair Value data as of 9 May 2024, 22:35 UTC.

¹The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating. Lee Davidson, Chief Analytics Officer for Morningstar, Inc, oversees the methodology that supports Quantitative Fair Value Estimates and Quantitative Star Ratings. Mr. Davidson is guided by the Morningstar, Inc. Code of Ethics in carrying out his responsibilities. For information regarding Conflicts of Interests, visit <http://global.morningstar.com/equitydisclosures>.

Key Metrics as of 8 May 2024

Metrics	Value	Percentile in Sector
Earnings Yield (%)	6.0	81.0
Sales Yield (%)	247.9	89.0
Book Value Yield (%)	98.3	70.0
Return on Assets (%)*	2.3	68.0
Revenue(Bil)*	6.8	92.0
Market Value (Bil)	2.7	85.0
Enterprise Value (Bil)	2.9	85.0
EV/MV Ratio	1.1	61.0
Volatility TTM (%)	17.0	7.0
Drawdown TTM (%)	14.7	10.0
Volume (K)	795.7	72.0

*31 Mar 2024

Business Description

Acerinox SA is a Spain-based stainless steel maker engaged in the manufacture, processing, and marketing of stainless steel products and special alloys. The company operates in two segments; the Stainless steel segment which accounts for the majority of the company's revenue, includes both flat and long stainless steel products, and the High-performance alloys segment includes special alloys with high nickel content. This segment includes all the companies in the VDM Metals subgroup. Geographically the company operates in Spain, the Rest of Europe, America, Africa, Asia, and Others.

Valuation ^Q as of 9 May 2024

Morningstar affirms a 3-star quantitative rating for Acerinox. We calculate this outcome using the company's underlying model-driven valuation and uncertainty scores.

The stock's last closing price was 10.21, a discount of 9.8% to its Quantitative Fair Value estimate of 11.32. This discount has ranged between 16.81% and 2.9% over the past year. The stock's price to fair value ratio is at the 75th percentile in our global equity coverage universe for this methodology and at the 86th percentile relative to its peers in the basic materials sector.

Acerinox furthermore holds a High quantitative uncertainty rating.

The company's quantitative star rating dates to after 03/11/2024, before which it was 4-star. Similarly, the firm's uncertainty rating changed from Very High to High after 04/01/2024.

We examine the financials and market statistics for Acerinox to determine these ratings. Its earnings yield is 5.97% and its annualized trailing 12-month volatility is 17.01%. These fall at the 71st and 13th percentiles in the equity universe and at the 81st

and 7th in the basic materials sector, respectively.

Economic Moat ^Q as of 9 May 2024

Quantitatively, we do not believe Acerinox has an economic moat. Its moat score of 0.16 corresponds to the 20th percentile in the basic materials sector. Furthermore, this rating has not changed over the past year, while the company's moat score fell from its maximum of 0.26 in this period (score of 1 indicates greatest economic moat).

The company also maintains a quantitative financial health rating of Strong. Its score sits at the 77th percentile overall and the 89th 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 98.34%, sitting at the 70th percentile in the basic materials sector. The company's annualized trailing 12-month volatility is 17.01%, corresponding to the 13th percentile in the equity coverage universe and the 7th percentile in the sector.

Fundamentals as of 9 May 2024

Acerinox maintains earnings per share of 0.61. The company further earns a return on invested capital of 3.11%. The shares offer a dividend yield of 6.03%. These values are calculated over a trailing 12-month period.

As of last market close, Acerinox has a price-to-earnings ratio of 16.74, falling below the 46th percentile in its sector (where a lower percentile means a lower ratio) and ranging between 5.53 and 16.74 over the past year. The company's price-to-free cash flow ratio is 4.95, falling at the 16th percentile in its sector and ranging between 4 and 11.89 over the past year.

Acerinox SA ACX ★★★

Q 9 May 2024, 22:35 UTC

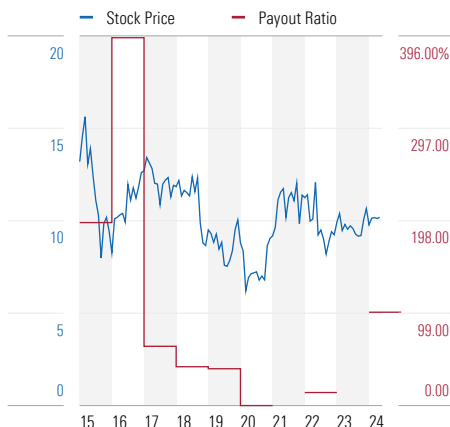
Economic Moat ^Q	Uncertainty ^Q	Price/Fair Value ^Q	ESG Risk Rating Assessment ¹	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	High	0.9	1 May 2024 05:00, UTC	5.99	2.5446 Bil	Mid Value	Basic Materials	Steel

Earnings as of 8 May 2024

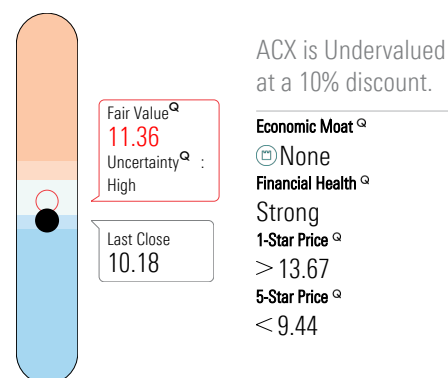
Earnings	%	Percentile in Sector
Dividend Yield*	6.0	83.0
Payout Ratio*	65.2	71.0
Price to Earnings	16.7	46.0
Price to Cash Flow	5.0	16.0
ROIC**	3.1	66.0

*30 Apr 2024
**31 Mar 2024

Dividends as of 9 May 2024



Valuation^Q as of 9 May 2024



Contact

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—
<https://www.acerinox.com>

Financials as of 9 May 2024 (Fiscal Year End 31 Dec 2024)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	Fiscal
Revenue (Mil)	4,380	4,221	3,968	4,627	5,011	4,754	4,668	6,706	8,688	6,608	1,481	Revenue (Mil)
Operating Income (Mil)	293	121	159	321	318	188	198	802	1,074	538	538	Operating Income (Mil)
Operating Margin (%)	6.69	2.86	4.0	6.94	6.34	3.95	4.25	11.96	12.36	8.15	8.15	Operating Margin (%)
Net Income (Mil)	136	43	80	234	237	-60	49	572	556	228	53	Net Income (Mil)
Diluted Earnings/Share	0.53	0.16	0.30	0.85	0.86	-0.22	0.18	2.11	2.16	0.92	0.21	Diluted Earnings/Share
Operating Cash Flow (Mil)	50	17	269	366	326	359	421	388	544	481	188	Operating Cash Flow (Mil)
Capital Spending (Mil)	-79	-70	-163	-186	-146	-146	-101	-102	-137	-175	-175	Capital Spending (Mil)
Free Cash Flow (Mil)	-29	-53	106	180	180	213	319	286	407	307	188	Free Cash Flow (Mil)
Avg Shares Outstand(Mil)	259	264	271	276	276	273	271	270	258	249	252	Avg Shares Outstand(Mil)

Valuation as of 9 May 2024

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar
Price/Fair Value ^Q	0.98	0.81	1.36	1.08	0.81	1.00	1.03	0.98	0.82	0.92	0.90	Price/Fair Value ^Q
Price/Sales	—	—	—	—	0.48	0.52	0.54	0.52	0.27	0.39	0.40	Price/Sales
Price/Earnings	21.86	41.27	112.87	16.81	8.01	7.93	—	7.85	2.58	15.22	16.69	Price/Earnings
Price/Cash Flow	22.76	15.51	14.29	9.58	—	9.09	7.41	6.81	10.52	3.61	3.69	Price/Cash Flow
Price/Book	2.02	1.33	1.83	1.79	1.15	1.29	1.38	1.60	0.77	0.97	1.01	Price/Book

Operating Performance as of 9 May 2024 (Fiscal Year End 31 Dec 2024)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q3	Fiscal (%)
Return on Assets	3.24	1.0	1.87	5.29	5.26	-1.32	1.07	10.67	9.04	3.67	0.86	Return on Assets
Return on Equity	8.57	2.34	4.01	11.78	11.97	-3.03	2.85	30.69	24.02	9.34	2.16	Return on Equity
Rtn on Invested Capital	6.18	2.48	3.38	7.99	7.52	-1.43	2.38	16.63	13.74	5.36	1.15	Rtn on Invested Capital

Dividends as of 9 May 2024

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar (%)
Dividend Per Share	0.45	0.45	0.44	0.45	0.45	0.50	0.50	0.50	0.50	0.60	0.62	Dividend Per Share
Trailing Dividend Yield	3.59	4.77	3.49	3.78	5.2	4.98	5.53	—	5.41	—	5.99	Trailing Dividend Yield
Buyback Yield	1.43	0.01	—	0.0	—	1.88	2.21	—	—	—	0.08	Buyback Yield

Appendix

Economic Moat [®]History as of 9 May 2024 (No Moat: 0.00-0.70, Narrow Moat: 0.70-0.99, Wide Moat: 0.99-1.00)

Year	January	February	March	April	May	June	July	August	September	October	November	December
2024	0.06	0.12	0.18	0.10	0.16	—	—	—	—	—	—	—
2023	0.18	0.14	0.15	0.02	0.02	0.08	0.03	0.03	0.06	0.02	0.03	0.06
2022	0.09	0.09	0.10	0.08	0.07	0.12	0.11	0.07	0.02	0.05	0.09	0.07
2021	0.11	0.12	0.40	0.33	0.43	0.39	0.16	0.16	0.22	0.17	0.17	0.08
2020	0.30	0.05	0.01	0.01	0.03	0.03	0.03	0.02	0.01	0.05	0.04	0.07
2019	0.12	0.04	0.01	0.03	0.02	0.01	0.05	0.03	0.06	0.42	0.24	0.14

Quantitative Equity Report Overview

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Quantitative Equity Ratings

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, Quantitative Uncertainty Rating, and momentum. The rating is expressed as One-Star, Two-Star, Three-Star, Four-Star, and Five-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*

★★ – 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)*

★★★ – 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)*

★★★★ – 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)*

★★★★★ – 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.

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

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.

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

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 measures 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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