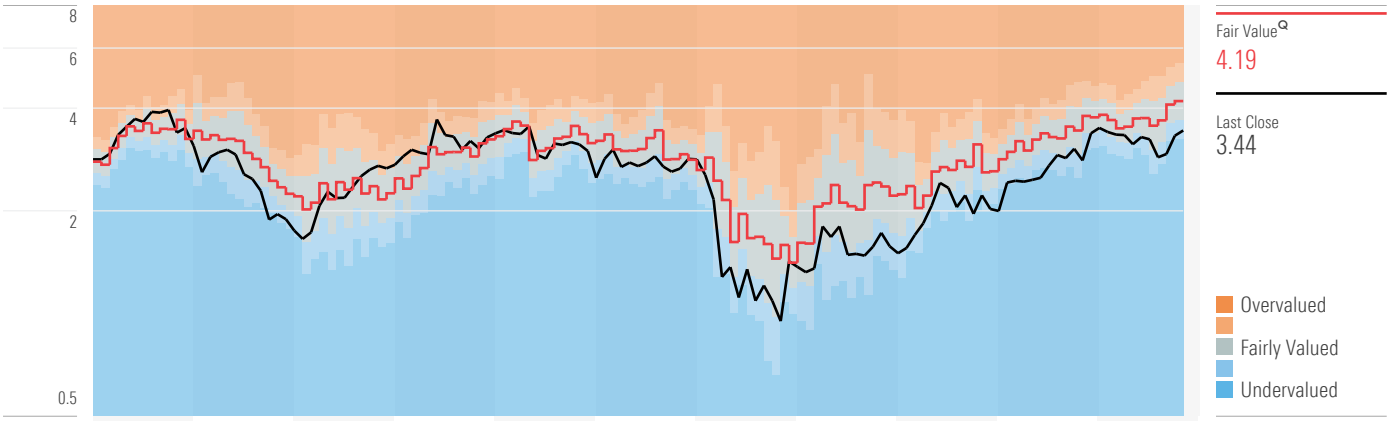
Tubacex SA TUB ★★★★ Q 10 Oct 2024 22:43, UTC

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	0.82		3.43	—	Small Blend	Basic Materials	Steel



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD
Price/Fair Value Q	0.95	0.78	1.21	1.04	0.79	1.00	0.97	0.68	0.76	0.93	0.82
Total Return %	8.07	-41.19	57.48	22.71	-25.37	15.04	-51.59	9.64	33.02	78.33	1.66
+/- Index	6.71	-5.07	3.03	11.62	-11.57	15.27	-11.91	10.71	-1.21	26.91	18.65

As of 10 Oct 2024 | Index: Morningstar Spain GR EUR. Fair Value data as of 10 Oct 2024 00:00, UTC.

[1]The 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.

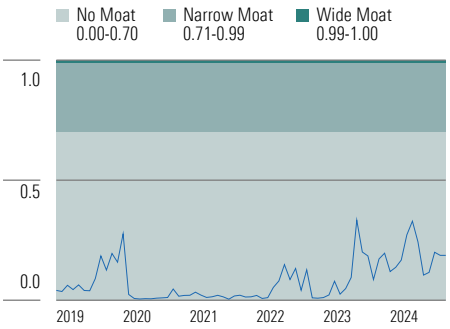
Key Metrics as of 9 Oct 2024

Metrics		Percentile in Sector
Earnings Yield (%)	5.3	80.0
Sales Yield (%)	189.8	86.0
Book Value Yield (%)	57.9	42.0
Return on Assets (%)*	1.9	68.0
Revenue(Mil)*	892.9	78.0
Market Value (Mil)	449.1	71.0
Enterprise Value (Mil)	881.9	74.0
EVMV Ratio	2.0	91.0
Volatility TTM (%)	23.7	16.0
Drawdown TTM (%)	23.3	21.0
Volume (K)	228.5	55.0

*30 Jun 2024

0% 25 50 75 100

Economic Moat Q History as of 10 Oct 2024



Business Description

Tubacex SA together with its subsidiaries, manufactures and markets stainless steel and high-nickel alloy tubes and pipes. The company's product portfolio includes hollow bars, steel and fittings products. It primarily serves oil and gas, petrochemical, chemical and power generation industries. It also devotes part of its production to the mechanical industry, aerospace, food, water desalination, electronics, capital goods and new technologies among other industries. Group has its industrial facilities in the Spain, Austria, the United States, Italy, India, and Thailand. Most of the revenue is generated through the sale of goods and rest from the rendering of services.

Valuation Q as of 10 Oct 2024

Tubacex achieves a 4-star quantitative star rating based on Morningstar's equity model. This reflects the company's valuation and uncertainty scores under this assessment system.

The Quantitative Fair Value estimate is 4.18, above the previous closing price of 3.40. The stock has been trading between a 26.87% and 0.86% discount to its quantitative fair value over the past year. The stock's current valuation rating sits at the 65th percentile in the coverage universe and 80th percentile in the basic materials sector.

The quantitative uncertainty rating for Tubacex is High.

Our quantitative star rating last differed from the current rating on 08/28/2024; the uncertainty rating last differed on 08/12/2024. The previous ratings were 3 and Very High, respectively.

The main drivers of the company's valuation and uncertainty are its EV-MV ratio and volatility. The enterprise value-to-market value ratio of 1.96 falls at the 86th percentile in the equity universe and the 91st percentile in its sector. The annualized trailing 12-month volatility of 23.66% corresponds to the 29th percentile overall and the 16th percentile in the industry.

Economic Moat Q as of 10 Oct 2024

With a Morningstar quantitative moat rating of None, the quantitative moat score for Tubacex falls at the 20th percentile in the basic materials sector and at the 21st in the equity coverage universe. The company has maintained its None quantitative moat rating for the last year.

We also assign a Moderate quantitative financial health rating to Tubacex. The company's raw score on this metric, termed Distance to Default, ranks at the 38th percentile overall and 52nd in the basic materials sector. Furthermore, this financial health rating has stayed Moderate over the last year.

Supporting these ratings are the company's book value yield and enterprise value-to-market value ratio. The book value yield of 57.86%, ranks at the 50th percentile in the covered equity universe and at the 42nd percentile among its peers. Meanwhile, its enterprise value-to-market value ratio of 1.96, falls at the 86th percentile in the universe and the 91st percentile in the basic materials sector.

Fundamentals as of 10 Oct 2024

Tubacex reports earnings per share of 0.18. Its return on invested capital is 7.39%. The company maintains a dividend yield of 3.56%, paying out 65.32% of earnings. These values are calculated over a trailing 12-month period.

As of last market close, Tubacex has a price-to-earnings ratio of 18.78, falling at the 50th percentile in its sector (where a lower percentile means a lower ratio) and ranging between 10.65 and 18.78 over the past year.

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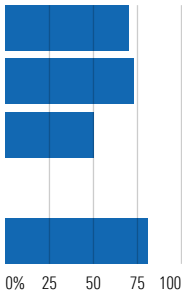
None	High	0.82		3.43	—	Small Blend	Basic Materials	Steel

Earnings as of 9 Oct 2024

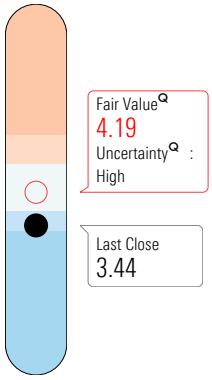
Earnings	%	Percentile in Sector
Dividend Yield*	3.6	70.0
Payout Ratio*	65.3	73.0
Price to Earnings	18.8	50.0
Price to Cash Flow	—	—
ROIC**	7.4	81.0



*30 Sep 2024
**30 Jun 2024

Dividends as of 10 Oct 2024

Valuation Q as of 10 Oct 2024



Undervalued (17% Discount)

Economic Moat Q
None
1-Star Price Q
>5.41
5-Star Price Q
<3.25

Contact

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T +34 946719300
https://www.tubacex.com

Financials (Fiscal Year End 31 Dec 2019)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	06/2024	Fiscal
546.65	533.42	494.03	490.36	677.32	—	—	—	—	—	815.66	Revenue (Mil)
43.66	-0.36	2.52	-28.26	34.45	—	—	—	—	—	74.98	Operating Income (Mil)
7.99	-0.07	0.51	-5.76	5.09	—	—	—	—	—	9.47	Operating Margin (%)
23.76	8.41	0.51	-19.71	17.39	—	—	—	—	—	22.79	Net Income (Mil)
0.18	0.07	0.00	-0.15	0.13	—	—	—	—	—	0.18	Diluted Earnings/Share
69.58	62.21	49.94	2.21	-15.74	—	—	—	—	—	-13.95	Operating Cash Flow (Mil)
25.46	26.91	36.91	35.82	29.71	—	—	—	—	—	74.23	Capital Spending (Mil)
24.03	-6.01	-16.33	-19.02	24.37	—	—	—	—	—	-9.87	Free Cash Flow (Mil)
129.84	129.84	129.84	129.84	129.84	—	—	—	—	—	129.65	Avg Shares Outstand(Mil)

Valuation as of 10 Oct 2024

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar
0.95	0.78	1.21	1.04	0.79	1.00	0.97	0.68	0.76	0.93	0.82	Price/Fair Value Q
0.76	0.40	0.72	0.92	0.49	0.55	0.35	0.52	0.44	0.51	0.53	Price/Sales
14.71	11.48	—	670.00	—	29.74	—	—	16.83	13.90	19.02	Price/Earnings
12.48	5.06	15.62	26.16	18.69	6.12	6.63	157.61	7.00	4.76	6.76	Price/Cash Flow
1.44	0.78	1.24	1.56	1.22	1.28	0.67	0.87	1.05	1.77	1.75	Price/Book

Operating Performance (Fiscal Year End 31 Dec 2019)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	06/2024	Fiscal (%)
3.55	1.08	0.06	-2.24	1.83	—	—	—	—	—	1.89	Return on Assets
8.77	2.95	0.18	-7.25	6.54	—	—	—	—	—	9.79	Return on Equity
6.11	2.97	0.96	-2.15	4.36	—	—	—	—	—	7.39	Rtn on Invested Capital

Dividends as of 10 Oct 2024

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar (%)
0.02	0.07	0.03	—	—	0.05	—	—	—	0.06	0.12	Dividend Per Share
0.75	4.18	0.95	0.00	0.00	1.63	0.00	0.00	0.00	1.80	3.43	Trailing Dividend Yield
—	—	—	—	—	—	0.38	2.55	—	1.21	—	Buyback Yield

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Appendix

Economic Moat History as of 10 Oct 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	0.12	0.14	0.17	0.27	0.33	0.24	0.10	0.12	0.20	0.19	—	—
2023	0.01	0.02	0.08	0.03	0.05	0.09	0.33	0.20	0.18	0.09	0.17	0.20
2022	0.02	0.01	0.01	0.05	0.08	0.15	0.09	0.13	0.04	0.13	0.01	0.01
2021	0.02	0.03	0.02	0.01	0.01	0.02	0.01	0.00	0.02	0.02	0.01	0.01
2020	0.28	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.05	0.02	0.02
2019	0.04	0.04	0.06	0.04	0.06	0.04	0.04	0.09	0.18	0.13	0.19	0.16

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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.

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

Farily 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

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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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