

# Lingotes Especiales SA LGT ★★★★★ Q 3 May 2024, 22:45 UTC

Economic Moat <sup>Q</sup>	Uncertainty <sup>Q</sup>	Price/Fair Value <sup>Q</sup>	ESG Risk Rating Assessment <sup>1</sup>	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	Very High	0.7	—	5.93	67.4000 Mil	Small Core	Consumer Cyclical	Auto Parts

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD
Price/Fair Value <sup>Q</sup>	0.89	1.07	1.06	1.10	0.73	1.07	1.09	0.86	0.47	0.64	0.69
Total Return %	28.49	105.52	74.93	31.00	-34.25	29.55	-10.70	4.96	-54.50	19.41	10.13
+/- Index	21.79	110.59	71.89	19.39	-22.68	14.28	1.21	-5.75	-53.29	-7.49	0.40

Fair Value <sup>Q</sup>	9.75
Last Close	6.74

Overvalued	Fairly Valued	Undervalued
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As of 3 May 2024 | Index: Morningstar Spain GR EUR. Fair Value data as of 3 May 2024, 22:45 UTC.

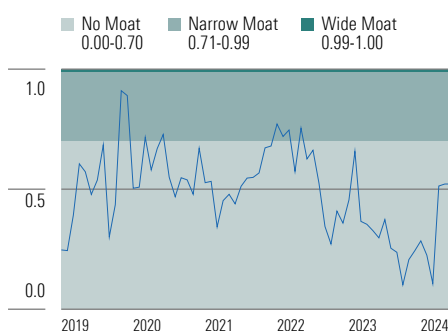
<sup>1</sup>The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating. Lee Davidson, Chief Analytics Officer for Morningstar, Inc, oversees the methodology that supports Quantitative Fair Value Estimates and Quantitative Star Ratings. Mr. Davidson is guided by the Morningstar, 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 26 Apr 2024

Metrics		Percentile in Sector
Earnings Yield (%)	4.7	57.0
Sales Yield (%)	141.9	57.0
Book Value Yield (%)	67.5	54.0
Return on Assets (%)*	3.3	52.0
Revenue(Mil)*	103.4	28.0
Market Value (Mil)	72.8	31.0
Enterprise Value (Mil)	89.0	30.0
EV/MV Ratio	1.2	53.0
Volatility TTM (%)	24.6	32.0
Drawdown TTM (%)	25.8	44.0
Volume (K)	3.0	13.0

\*31 Dec 2023

## Economic Moat<sup>Q</sup> History as of 3 May 2024



## Business Description

Lingotes Especiales SA engages in the design, development, casting, machining, and assembly of grey and ductile iron components primarily for the automobile industry. The company is also involved in the machining and assembly of automotive components, primarily brake discs and drums, flywheels, or pressure-plates; and provision of finishing services, and coating and other additions to components used in automation industry. It also serves electrical appliances, railways, civil engineering, industrial vehicle, farm machinery, compressor, and other markets.

## Valuation<sup>Q</sup> as of 3 May 2024

Morningstar maintains a 4-star quantitative star rating for Lingotes Especiales, derived from the firm's valuation and uncertainty scores. The company's shares last closed at 6.74, below our quantitative fair value estimate of 9.26. These shares have traded between a 47.68% and 21.38% 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 44th percentile; in the consumer cyclical sector, the firm's score lies at the 53rd percentile (meaning the shares are more undervalued than 53% of stocks in the sector). Furthermore, Lingotes Especiales maintains a quantitative valuation uncertainty rating of Very High.

The company has held this star rating since the previous rating of 3, which was last assigned on 04/02/2024. The uncertainty rating for Lingotes Especiales has remained Very High since the previous rating of High, which was last assigned on 04/17/2024.

The key factors behind these ratings are the company's sales yield and drawdown. The sales yield is

143.61%, and its maximum trailing 12-month maximum drawdown is 38.21%. The sales yield falls at the 57th percentile in the consumer cyclical sector while the drawdown is at the 44th percentile. Over the past year, the company's sales yield has been between 130.90% and 175.93%; its drawdown has ranged between 22.56% and 38.21%.

## Economic Moat<sup>Q</sup> as of 3 May 2024

With a Morningstar quantitative moat rating of None, the quantitative moat score for Lingotes Especiales falls at the 59th percentile in the consumer cyclical sector and at the 56th 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 Lingotes Especiales. The company's raw score on this metric, termed Distance to Default, ranks at the 50th percentile overall and 56th in the consumer cyclical 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 68.29%, ranks at the 56th percentile in the covered equity universe and at the 55th percentile among its peers. Meanwhile, its enterprise value-to-market value ratio of 1.22, falls at the 65th percentile in the universe and the 53rd percentile in the consumer cyclical sector.

## Fundamentals as of 3 May 2024

Lingotes Especiales reports earnings per share of 0.32. Its return on invested capital is 5.07%. The company maintains a dividend yield of 5.93%, paying out 125% of earnings. These values are calculated over a trailing 12-month period.

As of last market close, Lingotes Especiales has a

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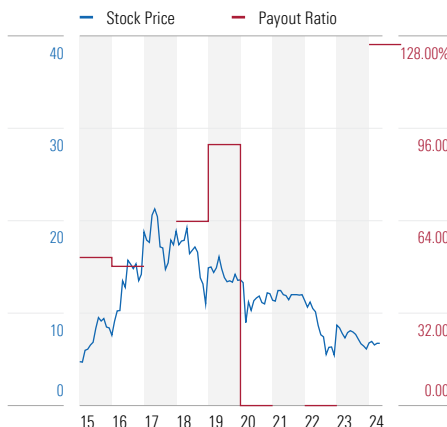
Economic Moat <sup>Q</sup>	Uncertainty <sup>Q</sup>	Price/Fair Value <sup>Q</sup>	ESG Risk Rating Assessment <sup>1</sup>	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	Very High	0.7	—	5.93	67.4000 Mil	Small Core	Consumer Cyclical	Auto Parts

## Earnings as of 26 Apr 2024

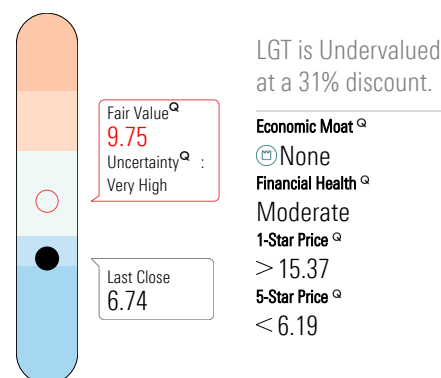
Earnings	%	Percentile in Sector
Dividend Yield*	6.1	87.0
Payout Ratio*	125.0	93.0
Price to Earnings	21.3	59.0
Price to Cash Flow	7.7	30.0
ROIC**	5.1	47.0

\*28 Mar 2024  
\*\*31 Dec 2023

## Dividends as of 3 May 2024



## Valuation<sup>Q</sup> as of 3 May 2024



price-to-earnings ratio of 21, falling at the 61st percentile in its sector (where a lower percentile means a lower ratio) and ranging between 11.77 and 27.06 over the past year. The company's price-to-free cash flow ratio is 7.57, falling at the 28th percentile in its sector and ranging between 6.99 and 101.88 over the past year.

### Contact

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<http://www.lingotes.com>

## Financials as of 3 May 2024 (Fiscal Year End 31 Dec 2019)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	Fiscal
62	78	95	104	115	114	91	86	113	97	97	Revenue (Mil)
4.38	7.79	14.47	12.24	12.33	11.67	8.58	-2.03	4.59	5.02	5.02	Operating Income (Mil)
7.05	10.01	15.29	11.79	10.73	10.2	9.44	-2.37	4.05	5.19	5.19	Operating Margin (%)
3.98	6.72	10.49	8.93	9.20	8.73	5.96	-1.48	3.15	3.23	3.23	Net Income (Mil)
0.46	0.67	1.05	0.89	0.92	0.87	0.60	-0.15	0.32	0.32	0.32	Diluted Earnings/Share
3.99	16.10	17.99	9.95	12.02	15.63	11.50	1.67	4.93	18.42	18.42	Operating Cash Flow (Mil)
-3.47	-6.11	-18.09	-10.01	-11.47	-7.51	-5.91	-6.29	-4.08	-9.55	-9.55	Capital Spending (Mil)
516	9,988	-100	-58	553	8,122	5,594	-4,620	850	8,876	8,876	Free Cash Flow (K)
10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	Avg Shares Outstand(K)

## Valuation as of 3 May 2024

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar
0.89	1.07	1.06	1.10	0.73	1.07	1.09	0.86	0.47	0.64	0.69	Price/Fair Value <sup>Q</sup>
0.63	1.16	1.56	1.74	1.21	1.22	1.30	1.26	0.56	0.57	0.70	Price/Sales
11.42	9.84	13.86	22.80	9.97	17.49	26.54	19.67	—	11.77	21.06	Price/Earnings
5.01	8.51	7.86	12.63	8.22	10.95	53.91	7.09	101.73	5.02	3.66	Price/Cash Flow
1.19	2.37	3.40	4.20	2.42	3.07	2.77	2.59	1.27	1.38	1.46	Price/Book

## Operating Performance as of 3 May 2024 (Fiscal Year End 31 Dec 2019)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q3	Fiscal (%)
7.11	11.29	14.96	11.01	10.36	9.38	6.08	-1.55	3.4	3.29	1.45	Return on Assets
12.16	19.8	27.17	21.34	21.21	19.26	13.04	-3.33	6.97	6.95	3.28	Return on Equity
10.09	15.94	21.74	16.3	14.91	13.2	8.99	-1.85	5.02	5.07	2.12	Rtn on Invested Capital

## Dividends as of 3 May 2024

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar (%)
0.13	0.44	0.49	0.80	0.70	0.70	—	0.70	—	0.40	0.40	Dividend Per Share
2.94	5.21	3.48	—	6.4	5.17	—	—	—	—	5.93	Trailing Dividend Yield
11.99	—	—	—	—	—	—	—	—	—	—	Buyback Yield

Appendix

Economic Moat <sup>®</sup> History as of 3 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	0.28	0.23	0.11	0.51	0.52	—	—	—	—	—	—	—
2023	0.46	0.66	0.37	0.35	0.33	0.30	0.37	0.25	0.24	0.10	0.21	0.24
2022	0.77	0.72	0.75	0.57	0.75	0.63	0.66	0.52	0.34	0.27	0.41	0.36
2021	0.53	0.53	0.34	0.45	0.48	0.44	0.51	0.55	0.55	0.57	0.67	0.68
2020	0.50	0.51	0.72	0.58	0.67	0.73	0.55	0.47	0.55	0.54	0.48	0.67
2019	0.25	0.24	0.39	0.61	0.57	0.48	0.54	0.68	0.30	0.44	0.91	0.89

# Quantitative Equity Report Overview

The quantitative report on equities consists of data, statistics and quantitative equity ratings on equity securities. Morningstar, Inc.'s quantitative equity ratings are forward looking and are generated by a statistical model that is based on Morningstar Inc.'s analyst-driven equity ratings and quantitative statistics. Given the nature of the quantitative report and the quantitative ratings, there is no one analyst in which a given report is attributed to; however, Mr. Lee Davidson, Head of Quantitative Research for Morningstar, Inc., is responsible for overseeing the methodology that supports the quantitative equity ratings used in this report. As an employee of Morningstar, Inc., Mr. Davidson is guided by Morningstar, Inc.'s Code of Ethics and Personal Securities Trading Policy in carrying out his responsibilities.

## 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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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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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/](https://sustainalytics.com/esg-ratings/)

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