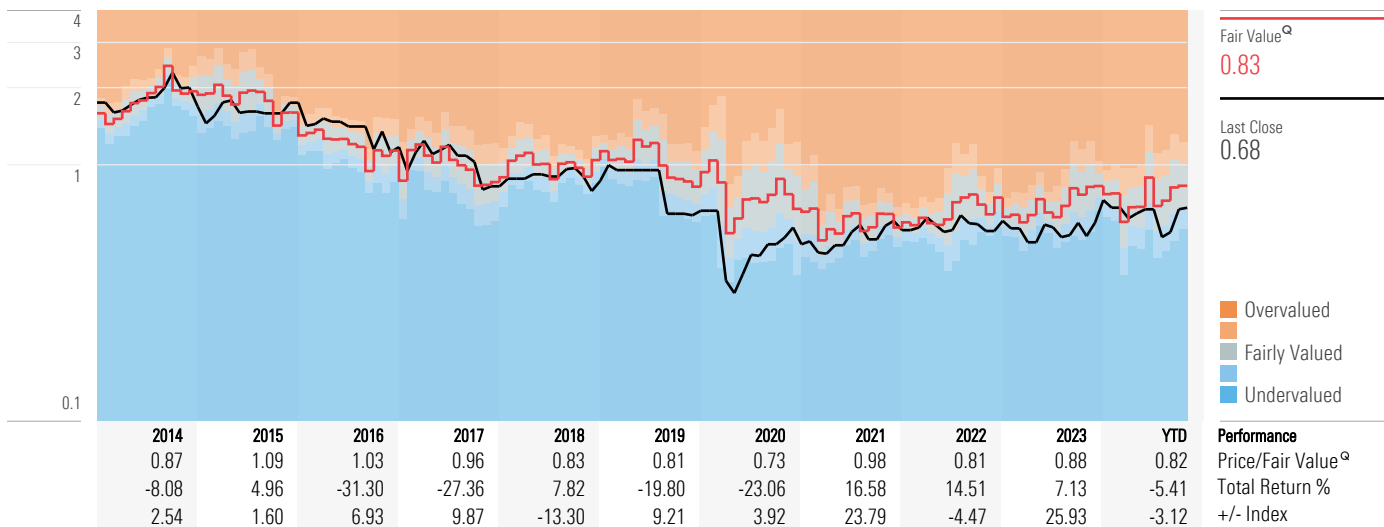


Alfa SAB de CV Class A XALFA ★★★ Q 11 Oct 2024 22:46, UTC

Economic Moat ^Q	Uncertainty ^Q	Price/Fair Value ^Q	ESG Risk Rating Assessment ¹	Trailing Dividend Yield %	Market Cap	Investment Style	Sector	Industry
None	Very High	0.82	2 Oct 2024 05:00, UTC	1.30	—	Mid Value	Basic Materials	Specialty Chemicals



As of 11 Oct 2024 | Index: Morningstar Mexico GR MXN. Fair Value data as of 11 Oct 2024 00:00, 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 10 Oct 2024

Metrics	Value	Percentile in Sector
Earnings Yield (%)	-14.9	35.0
Sales Yield (%)	396.4	94.0
Book Value Yield (%)	36.4	29.0
Return on Assets (%)*	-4.6	46.0
Revenue(Bil)*	14.6	96.0
Market Value (Bil)	3.7	88.0
Enterprise Value (Bil)	8.0	91.0
EV/MV Ratio	2.2	93.0
Volatility TTM (%)	29.5	25.0
Drawdown TTM (%)	29.8	34.0
Volume (Mil)	9.5	94.0

*31 Mar 2024

Business Description

Alfa SAB de CV is a Mexican company controlling three principal businesses: Alpek and Sigma. It operates in two primary segments, which are: Alpek segment operates in the petrochemical and synthetic fibers industry, and its revenues are derived from sales of its products: polyester, plastics, and chemicals; Sigma segment operates in the refrigerated food sector, and its revenues are derived from sales of its main products: deli meats, dairy, and other processed foods; Other segments, include all other companies operating in business services and others that are non-reportable segments.

Valuation ^Q as of 11 Oct 2024

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

The stock's last closing price was 0.68, a discount of 19.03% to its Quantitative Fair Value estimate of 0.84. The stock has been trading between a 34.47% discount and 3.18% premium to its quantitative fair value over the past year. The stock's price to fair value ratio is at the 64th percentile in our global equity coverage universe for this methodology and at the 79th percentile relative to its peers in the basic materials sector.

Alfa SAB de furthermore holds a Extreme quantitative uncertainty rating.

The company's quantitative star rating dates to after 10/07/2024, before which it was 4-star. Similarly, the firm's uncertainty rating changed from Very High to Extreme after 10/09/2024.

We examine the financials and market statistics for Alfa SAB de to determine these ratings. Its enterprise value-to-market value ratio is 2.18 and its earnings yield is -14.86%. These fall at the 89th and 20th percentiles in the equity universe and at

the 93rd and 35th in the basic materials sector, respectively.

Economic Moat ^Q as of 11 Oct 2024

With a Morningstar quantitative moat rating of None, the quantitative moat score for Alfa SAB de falls at the 18th 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 Alfa SAB de. The company's raw score on this metric, termed Distance to Default, ranks at the 26th percentile overall and 32nd 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 annualized trailing 12-month volatility. The book value yield of 36.39%, ranks at the 34th percentile in the covered equity universe and at the 29th percentile among its peers. Meanwhile, its annualized trailing 12-month volatility of 29.49%, falls at the 42nd percentile in the universe and the 25th percentile in the basic materials sector.

Fundamentals as of 11 Oct 2024

The earnings per share for Alfa SAB de is -2.19. The company earns a return on invested capital of -4.25%, falling at the 47th percentile in the basic materials sector. The firm maintains a dividend yield of 1.31%. We calculate the above figures over a trailing 12-month period.

Examining valuation further, the company's price-to-free cash flow ratio is 3.76, greater than 9% of its sector peers. These values are calculated using the stock's price at last market close.

Alfa SAB de CV Class A XALFA ★★★ Q 11 Oct 2024 22:46, UTC

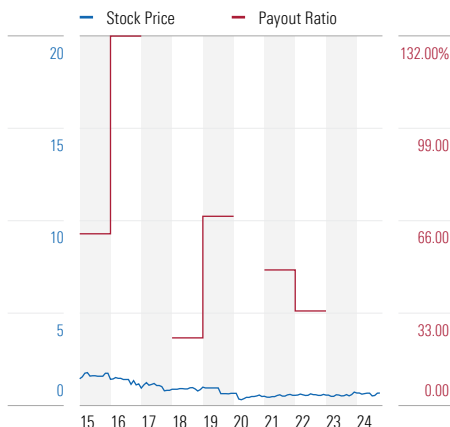
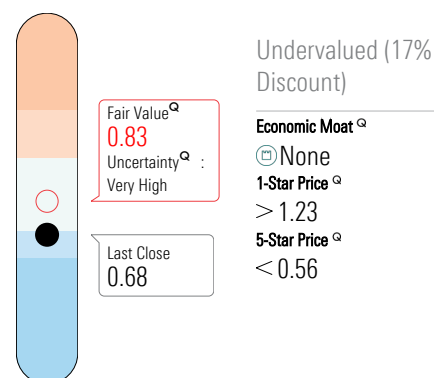
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None	Very High	0.82	2 Oct 2024 05:00, UTC	1.30	—	Mid Value	Basic Materials	Specialty Chemicals

Earnings as of 10 Oct 2024

Earnings	%	Percentile in Sector
Dividend Yield*	1.3	28.0
Payout Ratio*	—	—
Price to Earnings	—	—
Price to Cash Flow	3.8	9.0
ROIC**	-4.3	47.0

*30 Sep 2024
**31 Mar 2024

Dividends as of 11 Oct 2024

Valuation ^Q as of 11 Oct 2024

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Financials (Fiscal Year End 31 Dec 2024)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	06/2024	Fiscal
Revenue (Bil)	229.23	258.30	293.78	317.63	366.43	337.75	263.87	308.06	363.86	291.21	319.79	
Operating Income (Bil)	17.10	22.33	26.41	20.53	27.65	19.54	15.82	27.75	32.34	15.70	20.20	
Operating Margin (%)	7.46	8.64	8.99	6.46	7.54	5.79	6.00	9.01	8.89	5.39	5.39	
Net Income (Bil)	-2.04	3.78	2.33	-2.05	13.14	5.81	3.93	4.11	11.72	-12.25	-10.46	
Diluted Earnings/Share	-0.40	0.74	0.45	-0.40	2.60	1.15	0.80	0.84	2.42	-2.55	-2.09	
Operating Cash Flow (Bil)	23.95	30.51	37.30	34.40	35.05	30.57	29.36	26.38	27.66	25.57	25.57	
Capital Spending (Bil)	14.43	17.39	26.07	21.17	17.61	16.58	7.73	11.50	7.98	6.63	—	
Free Cash Flow (Bil)	3.65	10.51	4.92	3.83	12.67	5.98	4.73	16.46	18.94	2.96	—	
Avg Shares Outstand(Bil)	5.13	5.12	5.12	5.06	5.06	5.02	4.80	4.90	4.73	4.73	4.73	

Valuation as of 11 Oct 2024

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar
Price/Fair Value ^Q	0.87	1.09	1.03	0.96	0.83	0.81	0.73	0.98	0.81	0.88	0.82	
Price/Sales	0.81	0.68	0.48	0.32	0.32	0.24	0.23	0.25	0.23	0.23	0.20	
Price/Earnings	32.43	—	35.92	—	14.10	9.31	8.24	—	8.29	—	—	
Price/Cash Flow	10.55	9.91	4.27	3.18	4.24	2.83	2.66	6.11	2.88	2.90	6.83	
Price/Book	2.87	3.10	2.11	1.55	1.59	1.16	0.92	1.65	1.55	1.97	2.52	

Operating Performance (Fiscal Year End 31 Dec 2024)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	03/2024	Fiscal (%)
Return on Assets	-1.02	1.51	0.76	-0.58	3.61	1.64	1.32	1.56	4.31	-5.06	-4.64	
Return on Equity	-3.64	6.43	3.37	-2.82	18.40	8.00	7.13	10.58	28.94	-38.27	-36.16	
Rtn on Invested Capital	0.27	4.35	3.44	1.52	8.48	4.92	4.65	5.37	9.56	-5.84	-4.25	

Dividends as of 11 Oct 2024

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar (%)
Dividend Per Share	—	0.45	0.59	0.69	0.63	0.78	0.48	0.41	0.82	0.37	0.01	
Trailing Dividend Yield	0.00	1.40	2.27	3.37	2.75	4.80	3.92	3.33	5.32	2.46	1.30	
Buyback Yield	0.06	0.16	0.44	0.00	1.37	0.00	1.33	1.69	0.17	1.76	0.02	

Appendix

Economic Moat [®]History as of 11 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	0.27	0.40	0.65	0.47	0.50	0.37	0.25	0.22	0.18	0.19	—	—
2023	0.31	0.18	0.23	0.29	0.12	0.09	0.16	0.21	0.43	0.42	0.33	0.26
2022	0.17	0.12	0.14	0.12	0.04	0.06	0.16	0.13	0.18	0.19	0.11	0.17
2021	0.10	0.26	0.14	0.20	0.10	0.09	0.06	0.08	0.16	0.11	0.15	0.11
2020	0.22	0.11	0.10	0.09	0.06	0.03	0.01	0.03	0.04	0.15	0.11	0.11
2019	0.11	0.12	0.13	0.40	0.24	0.38	0.60	0.32	0.24	0.36	0.23	0.36

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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