



CreditRiskMonitor's assessment of Altos Hornos de Mexico SAB de CV ("Altos Hornos") "high risk" status has been determined by a combination of factors:

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MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's proprietary FRISK® score signals that Altos Hornos (MXK: AHMSA) has a 4 to 10 times greater risk of bankruptcy than the average public company.

2Q 2020 consolidated revenue declined by 46% YOY and operational deleveraging led to net losses nearly doubling.

Altos Hornos stated it is willing to pay \$200 million to the federal government in reparations from the asset sale of Pemex.

The Federal Electricity Commission terminated its coal contract with an Altos Hornos subsidiary due to material cost overruns.

Business Name	2020						2021						
	J	A	S	O	N	D	J	F	M	A	M	J	J
Altos Hornos de Mexico SAB de CV	3	2	2	2	2	2	2	2	2	2	2	2	2

Part of an ongoing judicial process, Altos Hornos would continue negotiations in an effort to recapitalize itself.

Q4 2020 revenues cut in half YOY, in part from the lingering impact of pandemic and federal government actions.

The FRISK® score is 96% accurate* in predicting the risk of corporate failure/bankruptcy over a 12-month horizon. All FRISK® scores are recalculated every night for each subsequent 12-month period.

FRISK® SCORE: PROBABILITY OF BANKRUPTCY WITHIN 12 MONTHS

	FRISK®	FROM	TO
BEST	10	0.00%	0.12%
	9	0.12%	0.27%
	8	0.27%	0.34%
	7	0.34%	0.55%
	6	0.55%	0.87%
WORST	5	0.87%	1.40%
	4	1.40%	2.10%
	3	2.10%	4.00%
	2	4.00%	9.99%
	1	9.99%	50.00%

While the risk of bankruptcy varies at each FRISK® score, 96% of public companies that eventually go bankrupt enter the FRISK® "red zone" prior to filing. A FRISK® score of 5 or less is an important warning sign.

* FRISK® score accuracy of 96% is based on backtesting of U.S. public companies; results may vary by country.

THE FRISK® SCORE COMPONENTS

At the core of the CreditRiskMonitor® process is our 96% accurate FRISK® score, which indicates a company's level of financial stress on a scale of 1 to 10, based on the probability of bankruptcy over a 12-month horizon. When available, the FRISK® score incorporates powerful risk indicators including:

Real-time
subscriber
crowdsourcing
research
patterns

A “Merton” type
model using
stock market
capitalization
and volatility

Financial ratios,
including those
used in the
Altman Z”-
Score Model

Bond agency
ratings from
Moody’s, Fitch, &
DBRS Morningstar

[Crowdsourcing](#) has enhanced the accuracy and timeliness of the FRISK® score. We collect and analyze data patterns from thousands of CreditRiskMonitor® subscribers, including professionals from more than 35% of the Fortune 1000 and other large corporations worldwide.

The crowdsourcing advantage is even more powerful in our FRISK® score since many of the professionals who use our service are credit managers:

- Credit managers control one of the largest sources of working capital going into a company
- They are not held to the same “Fair Disclosure” restrictions that prevent non-disclosed information sharing on public companies
- Credit managers use a variety of non-public information sources such as their own company’s management and sales representatives to be alerted to concerns in a public company’s performance
- It is commonly known credit managers confidentially share information with other credit managers, thus collectively, their behavior helps to provide advanced insight to financial problems in public companies

[Read more in Credit Research Foundation’s quarterly journal article, “Assessing Public Company Financial Risk by Crowdsourcing the Research of Credit Professionals”](#)

COMPANY REPORT DETAIL

Altos Hornos de Mexico SAB de CV

Phone: +52 8666493330

Prolongacion Juarez S/N, Colonia La Loma
MONCLOVA, CH 25770 Mexico

Ticker: AHMSA*

Latest Financial Statements as of 3/31/2021

Business Summary

Altos Hornos de Mexico SAB de CV is an integrated steelmaker. The Company operates an industrial chain from the extraction of iron ore and coal to steel manufacturing. The Company is engaged in production and marketing of flat products: hot rolled steel plate, cold rolled steel, tin plate and chrome. It also has facilities for structural profiles. It offers plate and hot-rolled steel grades and specifications covering all steels for applications in the automotive and construction industries, as well as for the manufacture of heavy machinery, piping, structures and pressure vessels, among others. It offers hot rolled products for various markets, such as machinery and equipment, pipeline, wind towers, tanks and automotive. It has approximately two steel plants in the city of Monclova, covering an area of approximately 1,200 hectares. It operates approximately 3.5 million tons of liquid steel per year.

(Source: Company's Website)

Employees: 22,251 (as of 9/30/2013)

Federal Tax Id: 980200706

Credit Score History

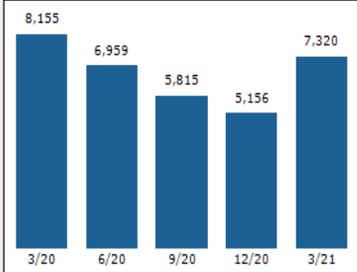
Score/ Index	2020					2021							
	J	A	S	O	N	D	J	F	M	A	M	J	J
FRISK® Score*	3	2	2	2	2	2	2	2	2	2	2	2	2
DBT Index	2	2	2	2	2	2	2	2	2	2	2	2	2
Z"-Score	-5.75			-7.14			-7.96				-8.48		7"

*FRISK® Scores are month-end

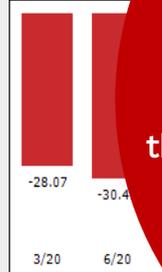
FRISK® Score Analysis

- Probability of bankruptcy within 12 months is 4% to 10%.
- Financial stress

Net Sales(millions)



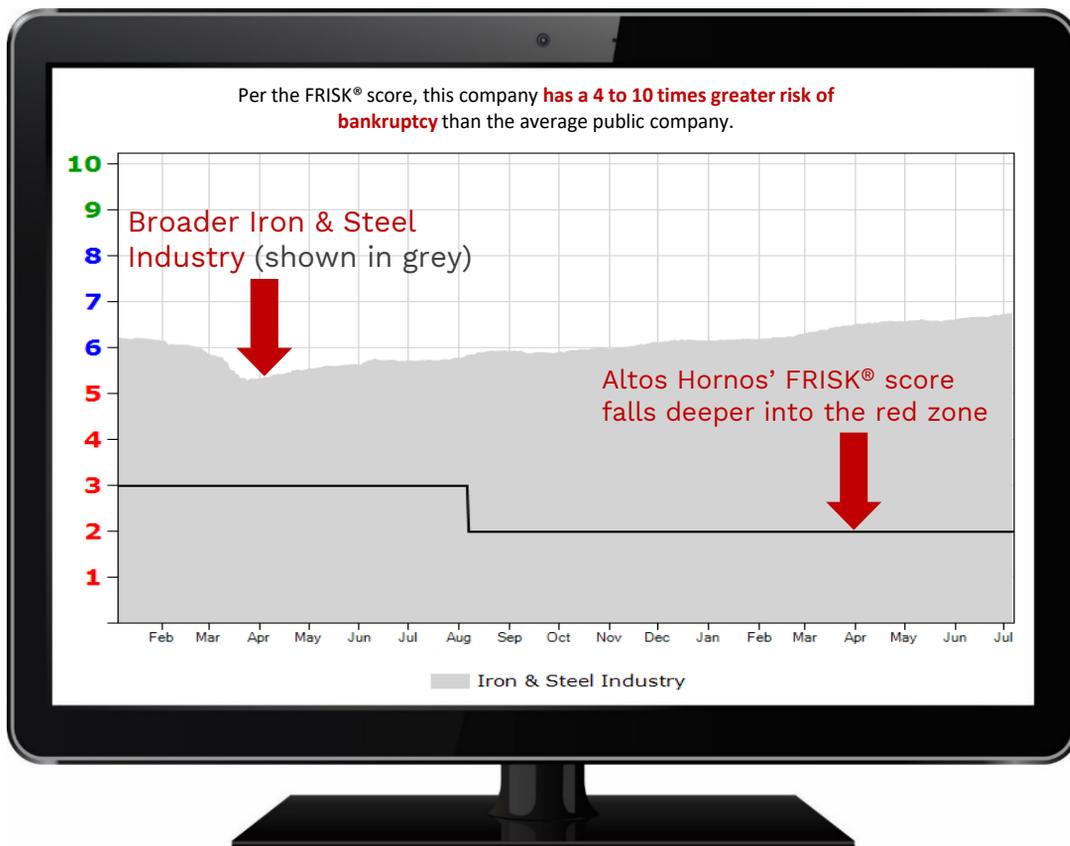
Working Capital



The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk.

In addition to the high risk warning signal provided by the FRISK® score, the Z"-score signals severe distress and the DBT Index indicates persistently delinquent payments to its suppliers.

FRISK® DEEP DIVE



The FRISK® score relative to the broader Iron & Steel industry raises an additional red flag signaling heightened risk relative to peers, as well...

MAKING IMMEDIATE ATTENTION REQUIRED.

FRISK® STRESS INDEX

#	Business Name	Country	Current FRISK® score
1	Modern Steel Ltd	India	1
2	Altos Hornos de Mexico SAB de CV	Mexico	2
3	E L Forge Ltd	India	2
4	Dana-Y Steel JSC	Vietnam	2
5	RZ Institut AD Skopje	Macedonia	2
6	Titan International Inc	United States	2
7	Nytva AO	Russian Federation	2
8	Tulsyan Nec Ltd	India	2
9	Rathi Steel And Power Ltd	India	2
10	Grand Foundry Ltd	India	2

Primary industry codes only Primary and secondary industry codes

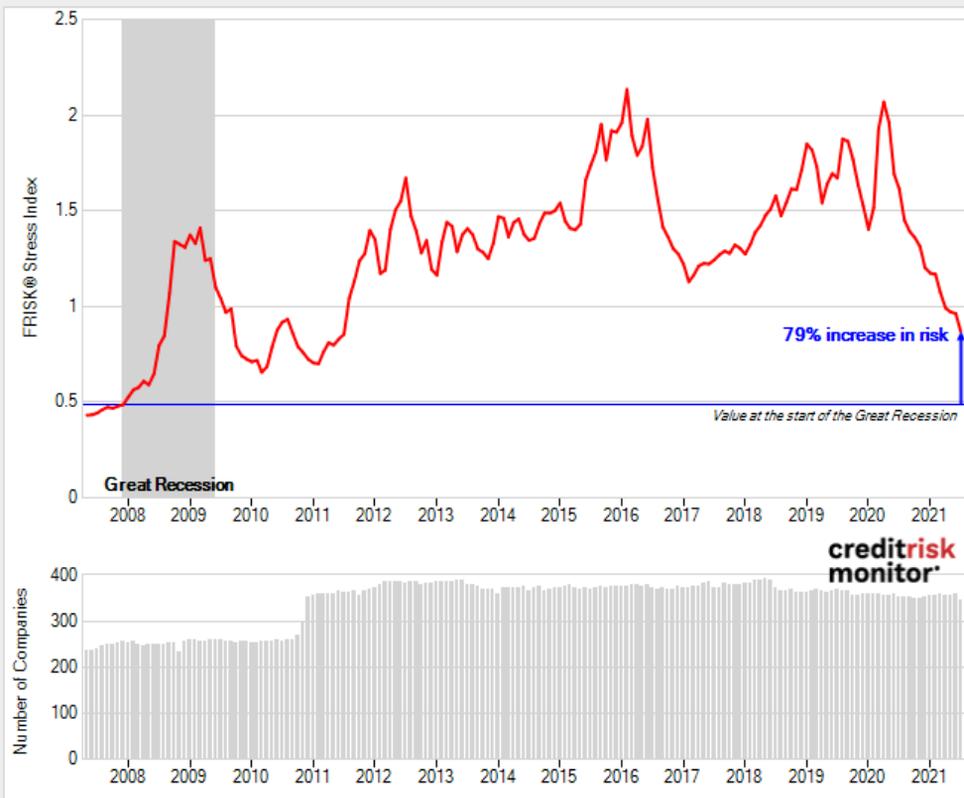
Businesses From: CLEAR

In Industry:

Country:

UPDATE RESULTS

Scale:
Total Companies in all months 533



The FRISK® Stress Index shows the collective probability of failure in a group of companies (such as an industry, country or portfolio) over the next 12 months. It is designed to show trends in risk level across groups of companies and is shown on a zero to 50 scale, with 50 being the most risky.

The average probability of failure for SIC code 3312 (Steel works, blast furnaces (including coke ovens), and rolling mills) has increased 79% since 2007. Altos Hornos is among the weakest names in the industry as evidenced by its FRISK® score of 2.

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PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

The Peer Analysis expands to provide a ranking of a company's competitors, which can help provide options for alternate suppliers or new customers

Group: 1266		Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
					Low	Median	High
Credit Ratings							
Z-Score	422	435		-8.48	-9,803.78	3.42	83.98
Performance ratios:							
Net Sales (Thousands of U.S. Dollars)		40			88	923,530	16,193,000
Gross Margin % Of Sales	425	431		-10.27	-210.37	18.10	104.98
Gross Margin % Of Sales -- TTM	433	437		-20.29	-786.03	15.72	100.00
SGA % Of Sales	236	415		6.57	0.21	5.61	773.70
SGA % Of Sales -- TTM	272	422		9.40	0.26	6.48	2,180.33
Operating Margin % Of Sales	422	445		-16.98	-898.44	7.96	14,429.39
Operating Margin % Of Sales -- TTM	441	451					
EBITDA Margin Of Sales	206	212					
EBITDA Margin Of Sales -- TTM	341	346					
Net Profit Margin % Of Sales	432	445					
Net Profit Margin % Of Sales -- TTM	441	451					
Pre-tax Income % Of Sales	432	445					
Effective Tax Rate	36	442					
Depreciation % Of Prop/Plant/Equipment	199	378					
Capital Expense % Of Prop/Plant/Equipment	22	281					
Interest Coverage	189	199		-0.51	-20.52	10.19	7,621.20
Interest Coverage -- TTM	317	337		-1.58	-79.23	5.54	944.14
Liquidity ratios:							
Cash Ratio	414	445		0.01	0.00	0.26	15.02
Quick Ratio	412	432		0.12	0.01	0.74	26.62
Current Ratio	435	445		0.22	0.01	1.51	49.65
Efficiency ratios:							
Accounts Receivable Turnover	259	440		6.58	-225.15	7.95	6,789.37
Days Sales Outstanding	271	445					
% of Inventory Financed by Vendors	16	394					
% of Inventory Financed by Vendors -- TTM	16	404					
Inventory Turnover	62	444					
Inventory Turnover -- TTM	89	446					
Days Sales in Inventory	63	426					
Inventory to Working Capital	427	437					
Accounts Payable Turnover	372	410					
Accounts Payable Turnover -- TTM	382	414					
Leverage & debt coverage:							
Total Debt to Equity Ratio		421			0.00	0.51	34.42
Debt to Tangible Equity Ratio		414			0.00	0.57	67.58
Total Debt to Assets Ratio	416	440		0.60	0.00	0.27	6.44
Short-Term Debt % of Total Debt	299	425		78.65	0.00	56.44	100.00
Short-Term Debt % of Working Capital	414	430		-63.66	-25,393.66	25.02	23,274.78
Liabilities to Net Worth Ratio		421			0.01	1.10	160.31
Total Liabilities to Equity Ratio		428			0.01	1.01	34.80
TTM EBITDA to Total Debt	327	337		-0.25	-1.91	0.33	6,380.56
Net Debt to TTM EBITDA		312			-49.72	1.78	317.76

Rank	Company Name
1	KANESO Co., LTD.
2	Borusan Yatirim ve Pazarlama AS
3	Lysaght Galvanized Steel Bhd
4	Bangsaphan Barmill PCL
5	Rishabh Digha Steel&Allied Products Ltd

Rank	Company Name
1	Nalwa Sons Investments Limited
2	Ashirwad Steels And Industries Ltd
3	KANESO Co., LTD.
4	Yangzhou Seashine New Materials Co Ltd
5	CSC Steel Holdings Berhad

Green - Ranked in Upper Quartile of Peer Group	
White - Ranked in the Middle Two Quartiles of Peer Group	
Red - Ranked in Lower Quartile of Peer Group	
Orange - Confidential	
Grey - Data is Not Available	

TTM = trailing 12 months
N/A = Not Available

Altos Hornos demonstrates bottom quartile ranking in key financial ratios (shown in red) versus its industry peers.

QUARTERLY PERFORMANCE RATIOS

Massive operating and net losses due to heavy fixed cost structure

Poor interest coverage ratio & unstable free cash flow generation

Performance Ratios - Sequential Quarters

(Thousands of Mexican Pesos)

Period Ended	3 mos 3/31/2021	3 mos 12/31/2020	3 mos 9/30/2020	3 mos 6/30/2020	3 mos 3/31/2020
Net Sales	7,319,725	5,155,693	5,815,478	6,959,374	8,154,640
% change	41.97%	-11.35%	-16.44%	-14.66%	-20.23%
Gross Margin	(752,028)	(1,241,034)	(1,622,216)	(1,507,735)	(2,813,683)
% change	39.40%	23.50%	-7.59%	46.41%	-110.48%
% of sales	-10.27%	-24.07%	-27.89%	-21.66%	-34.50%
change as % of incremental sales	22.60%	n/m	n/m	n/m	n/m
SG&A	480,746	626,924	639,669	625,148	685,895
% change	-23.32%	-1.99%	2.32%	-8.86%	-8.55%
% of sales	6.57%	12.16%	11.00%	8.98%	8.41%
change as % of incremental sales	-6.75%	n/m	n/m	n/m	n/m
Operating margin	(1,243,204)	(2,960,701)	(2,128,198)	(3,899,096)	(3,256,573)
% change	58.01%	-39.12%	45.42%	-19.73%	-49.40%
% of sales	-16.98%	-57.43%	-36.60%	-56.03%	-39.94%
change as % of incremental sales	79.37%	n/m	n/m	n/m	n/m
EBITDA	(660,758)	(2,047,575)	(1,281,848)	(3,068,996)	(2,388,799)
% change	67.73%	-59.74%	58.23%	-28.47%	-81.45%
% of sales	-9.03%	-39.71%	-22.04%	-44.10%	-29.29%
change as % of incremental sales	64.08%	n/m	n/m	n/m	n/m
EBIT	(1,366,237)	(3,083,733)	(2,251,231)	(4,022,128)	(3,379,606)
% change	55.70%	-36.98%	44.03%	-19.01%	-45.59%
% of sales	-18.67%	-59.81%	-38.71%	-57.79%	-41.44%
change as % of incremental sales	79.37%	n/m	n/m	n/m	n/m
Pre-tax income	(2,652,899)	(2,220,810)	(2,856,875)	(5,084,029)	(7,452,432)
% change	-19.46%	22.26%	43.81%	31.78%	-173.21%
% of sales	-36.24%	-43.07%	-49.13%	-73.05%	-91.39%
change as % of incremental sales	-19.97%	n/m	n/m	n/m	n/m
Net income (loss)	(2,649,980)	(2,185,135)	(5,563,226)	(4,210,196)	(5,218,496)
% change	-21.27%	60.72%	-32.14%	19.32%	-158.40%
% of sales	-36.20%	-42.38%	-95.66%	-60.50%	-63.99%
change as % of incremental sales	-21.48%	n/m	n/m	n/m	n/m
Tax expense	1,871	(37,186)	2,767,433	(866,969)	(2,242,849)
Effective tax rate	-0.07%	1.67%	-96.87%	17.05%	30.10%
Depreciation expense	705,479	1,036,158	969,383	953,132	990,807
% of sales	9.64%	20.10%	16.67%	13.70%	12.15%
% of capital expenses	1,322.24%	4,779.55%	4,773.40%	662.22%	649.65%
% of PP&E, net (annualized)	8.31%	11.69%	10.45%	10.01%	10.17%
Capital expenditures	53,355	21,679	20,308	143,930	152,514
% change	146.11%	6.75%	-85.89%	-5.63%	-66.65%
% of PP&E, net (annualized)	0.63%	0.24%	0.22%	1.51%	1.57%
% of working capital (annualized)	-0.64%	-0.27%	-0.26%	-1.97%	-2.42%
Interest coverage ratio	(0.51)	(2.31)	(1.39)	(2.21)	(0.59)
% change	77.76%	-65.76%	37.08%	-277.41%	58.62%
Free cash flow	(1,797,407)	370,885	292,602	1,568,547	(610,725)
% change	-584.63%	26.75%	-81.35%	356.83%	-194.92%
Source:	Interim Report 4/30/2021	PRESS 3/1/2021	Interim Report 10/28/2020	Interim Report 7/28/2020	Interim Report 7/31/2020

QUARTERLY LEVERAGE RATIOS

Shareholders' equity turns negative due to steepening accumulated deficit

Significant increase in total debt to assets ratio signals limit on future borrowing capacity

Leverage Ratios - Sequential Quarters

(Thousands of Mexican Pesos)

Period Ended	3/31/2021	12/31/2020	9/30/2020	6/30/2020	3/31/2020
Total debt	27,996,191	20,510,039	20,999,569	21,689,411	24,013,155
% change	36.50%	-2.33%	-3.18%	-9.68%	13.39%
Stockholders' equity	(12,217,601)	(5,257,483)	(2,949,479)	2,713,083	7,047,471
% change	-132.39%	-78.25%	-208.71%	-61.50%	-39.16%
Total debt to equity ratio	n/a	n/a	n/a	7.99	3.41
% change	n/a	n/a	n/a	134.63%	86.38%
Tangible net worth	(14,024,696)	(7,075,365)	(4,845,009)	800,414	3,813,942
% change	-98.22%	-46.03%	-705.31%	-79.01%	-55.82%
Total debt to tangible net worth	n/a	n/a	n/a	27.10	6.30
% change	n/a	n/a	n/a	330.38%	156.63%
Total assets	46,701,743	45,625,623	49,272,478	54,399,496	58,802,076
% change	2.36%	-7.40%	-9.42%	-7.49%	1.73%
Total debt to assets ratio	0.60	0.45	0.43	0.40	0.41
% change	33.37%	5.47%	6.90%	-2.38%	11.46%
Tangible assets	44,894,648	43,807,741	47,376,948	52,486,827	55,568,547
% change	2.48%	-7.53%	-9.74%	-5.55%	1.31%
Short-term debt	22,018,147	17,825,488	18,262,716	18,714,242	20,705,295
% change	23.52%	-2.39%	-2.41%	-9.62%	14.34%
Short-term debt % of total debt	78.65%	86.91%	86.97%	86.28%	86.22%
% change	-9.51%	-0.06%	0.79%	0.07%	0.84%
Short-term debt % of working capital	-63.66%	-56.04%	-56.64%	-61.53%	-73.77%
% change	-13.60%	1.08%	7.94%	16.59%	9.10%
Total liabilities	58,919,344	50,883,106	52,221,957	51,686,413	51,754,605
% change	15.79%	-2.56%	1.04%	-0.13%	11.98%
Total liabilities to equity ratio	n/a	n/a	n/a	19.05	7.34
% change	n/a	n/a	n/a	159.42%	84.06%
Total liabilities to tangible net worth ratio	n/a	n/a	n/a	64.57	13.57
% change	n/a	n/a	n/a	375.87%	153.43%
Source:	Interim Report				
	10/28/2020	7/28/2020	7/28/2020	7/31/2020	7/31/2020

High proportion of short-term debt reflects heavy reliance on credit revolver and liquidity stress

QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Expanding working capital deficit

Weak cash, quick and current ratios

Liquidity Ratios - Sequential Quarters

(Thousands of Mexican Pesos)

Period Ended	3/31/2021	12/31/2020	9/30/2020	6/30/2020	3/31/2020
Current assets	9,825,919	7,986,168	8,804,878	9,854,417	12,191,353
% change	23.04%	-9.30%	-10.65%	-19.17%	-1.25%
% of short-term debt	44.63%	44.80%	48.21%	52.66%	58.88%
Current liabilities	44,414,348	39,797,529	41,046,034	40,268,445	40,257,298
% change	11.60%	-3.04%	1.93%	0.03%	16.16%
Working capital	(34,588,429)	(31,811,361)	(32,241,156)	(30,414,028)	(28,065,945)
% change	-8.73%	1.33%	-6.01%	-8.37%	-25.80%
% of sales (annualized)	-118.13%	-154.25%	-138.60%	-109.26%	-86.04%
Cash	598,777	293,083	164,864	278,293	353,826
% change	104.30%	77.77%	-40.76%	-21.35%	-39.72%
% of short-term debt	2.72%	1.64%	0.90%	1.49%	1.71%
Cash ratio	0.01	0.01	0.00	0.01	0.01
% change	82.43%	85.00%	-42.03%	-21.59%	-47.93%
Quick assets	5,394,224	4,395,923	4,807,640	5,037,196	5,899,765
% change	22.71%	-8.56%	-4.56%	-14.62%	2.68%
% of short-term debt	24.50%	24.66%	26.32%	26.92%	28.49%
Quick ratio	0.12	0.11	0.12	0.13	0.15
% change	9.95%	-5.64%	-6.39%	-14.67%	-11.58%
Current ratio	0.22	0.20	0.21	0.24	0.30
% change	10.21%	-6.43%	-12.34%	-19.19%	-14.99%
Source:	Interim Report 4/30/2021	PRESS 3/1/2021	Interim Report 10/28/2020	Interim Report 7/28/2020	Interim Report 7/31/2020

Unable to generate any positive returns

Rate of Return - Sequential Quarters

(Thousands of Mexican Pesos)

Period Ended	3 mos 3/31/2021	3 mos 12/31/2020	3 mos 9/30/2020	3 mos 6/30/2020	3 mos 3/31/2020
Return on equity	n/a	n/a	-205.05%	-59.74%	-45.05%
% change	n/a	n/a	-243.24%	-32.62%	-216.08%
Return on net tangible equity	n/a	n/a	-695.04%	-110.39%	-60.46%
% change	n/a	n/a	-529.63%	-82.59%	-235.14%
Return on total assets	-5.74%	-4.61%	-10.73%	-7.44%	-8.95%
% change	-24.65%	57.09%	-44.28%	16.90%	-168.52%
Return on tangible assets	-5.98%	-4.79%	-11.14%	-7.79%	-9.45%
% change	-24.67%	56.98%	-42.97%	17.56%	-169.68%
Source:	Interim Report 4/30/2021	PRESS 3/1/2021	Interim Report 10/28/2020	Interim Report 7/28/2020	Interim Report 7/31/2020

YEAR OVER YEAR STATEMENT OF CASH FLOWS

Negative cash from operating activities

Debt issuance required to bridge cash outflows

Statement of Cash Flows - Year-over-Year - Standardized - Year

(Thousands of Mexican Pesos)

Period Ended	3 mos 3/31/2021	3 mos 3/31/2020	3 mos 3/31/2019	3 mos 3/31/2018	3 mos 3/31/2017
					Reclassified 3/31/2018
Cash Flows from Operating Activities:					
Net income	(2,654,770)	(5,209,583)	(680,632)	35,791	(163,028)
Depreciation/depletion	705,479	990,807	1,006,365	1,058,554	1,073,491
Non-cash Items	466,514	3,140,884	(31,817)	(226,855)	(240,496)
Changes in working capital	(261,275)	619,681	1,174,137	164,275	(4,804)
Total cash from operating activities	(1,744,052)	(458,211)	1,468,053	1,031,765	665,163
Cash Flows from Investing Activities:					
Capital expenditures	(53,355)	(152,514)	(433,790)	(606,976)	(457,090)
Other investing cash flow items, total	121,940	814,202	39,956	(300,430)	20,572
Total cash from investing activities	68,585	661,688	(393,834)	(907,406)	(436,518)
Cash Flows from Financing Activities:					
Financing cash flow items	(314,016)	(587,243)	(277,090)	(187,837)	(99,335)
Issuance/retirement of debt, net	2,210,928	(738,622)	(724,034)	(787,212)	(290,765)
Total cash from financing activities	1,896,912	(1,325,865)	(1,001,124)	(975,049)	(390,100)
Foreign exchange effects	100,656	1,152,099	(97,018)	(375,714)	(459,444)
Net change in cash	322,101	29,711	(23,923)	(1,226,404)	(620,899)
Net cash-beginning balance	268,612	286,455	389,094	1,677,039	944,556
Net cash-ending balance	590,713	316,166	365,171	450,635	323,657
Supplemental Disclosures:					
Cash interest paid	297,558	584,110	277,090	187,837	157,178
Cash taxes paid, supplemental	(13,903)	32,044	116,218	118,281	78,596
Source:	Interim Report 4/30/2021	Interim Report 7/31/2020	Interim Report 5/1/2019	Interim Report 4/27/2018	Interim Report 4/27/2018

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