

TheStreet Quant Ratings

AK STEEL HOLDING CORP

BUY					HOLD			SELL							SELL	RATING SINCE 03/02/2020
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E	E-		
Annual Dividend Rate NA				Annual Dividend Yield NA			Beta 2.92			Market Capitalization \$687.7 Million			52-Week Range \$1.66-\$3.59		Price as of 3/5/2020 \$2.17	

Sector: **Manufacturing** | Industry Group: **Iron and Steel Mills and Ferroalloy Manufacturing**

AKS BUSINESS DESCRIPTION

AK Steel Holding Corporation, through its subsidiary, AK Steel Corporation, produces flat-rolled carbon, and stainless and electrical steel products in the United States and internationally.

STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	-31.55	-26.45	-36.17

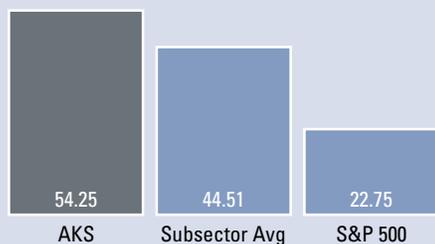
GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	-13.80	-6.73	2.63
Net Income	-260.89	-93.98	50.90
EPS	-254.54	-93.23	81.71

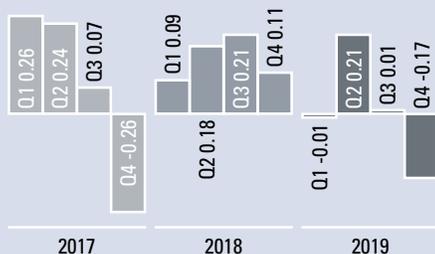
RETURN ON EQUITY (%)

	AKS	Subsector Avg	S&P 500
Q4 2019	7.39	3.62	14.94
Q4 2018	186.18	2.98	15.66
Q4 2017	NM	3.39	13.23

P/E COMPARISON

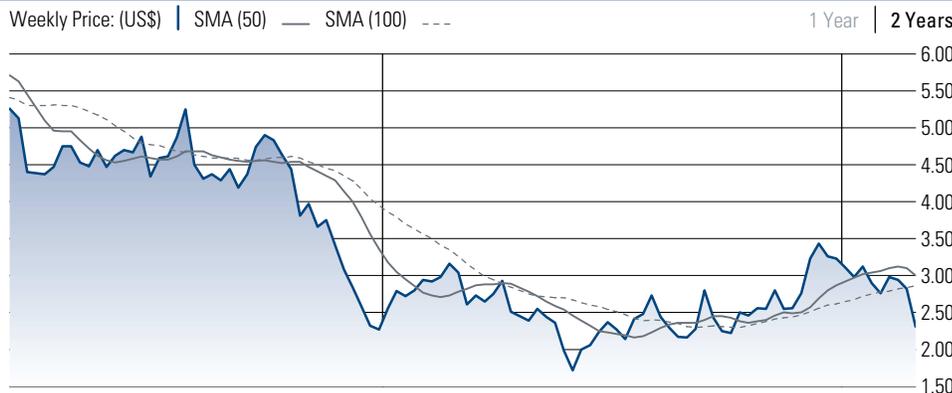


EPS ANALYSIS¹ (\$)



NA = not available NM = not meaningful

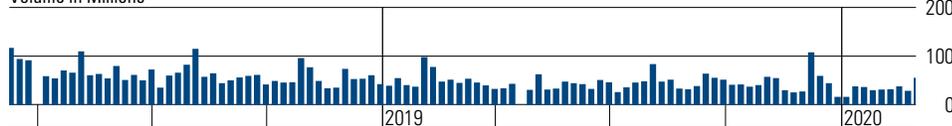
¹ Compustat fiscal year convention is used for all fundamental data items.



Rating History



Volume in Millions



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

RECOMMENDATION

We rate AK STEEL HOLDING CORP (AKS) a SELL. This is driven by several weaknesses, which we believe should have a greater impact than any strengths, and could make it more difficult for investors to achieve positive results compared to most of the stocks we cover. The company's weaknesses can be seen in multiple areas, such as its generally disappointing historical performance in the stock itself, deteriorating net income, generally high debt management risk, poor profit margins and weak operating cash flow.

HIGHLIGHTS

Despite any intermediate fluctuations, we have only bad news to report on this stock's performance over the last year: it has tumbled by 26.45%, worse than the S&P 500's performance. Consistent with the plunge in the stock price, the company's earnings per share are down 254.54% compared to the year-earlier quarter. Despite the heavy decline in its share price, this stock is still more expensive (when compared to its current earnings) than most other companies in its subsector.

The company, on the basis of change in net income from the same quarter one year ago, has significantly underperformed when compared to that of the S&P 500 and the Primary Metal Manufacturing subsector. The net income has significantly decreased by 260.9% when compared to the same quarter one year ago, falling from \$33.50 million to -\$53.90 million.

The debt-to-equity ratio is very high at 14.72 and currently higher than the subsector average, implying increased risk associated with the management of debt levels within the company. To add to this, AKS has a quick ratio of 0.57, this demonstrates the lack of ability of the company to cover short-term liquidity needs.

The gross profit margin for AK STEEL HOLDING CORP is currently extremely low, coming in at 7.16%. It has decreased from the same quarter the previous year. Along with this, the net profit margin of -3.72% is significantly below that of the subsector average.

Net operating cash flow has decreased to \$73.40 million or 36.06% when compared to the same quarter last year. In addition, when comparing the cash generation rate to the subsector average, the firm's growth is significantly lower.

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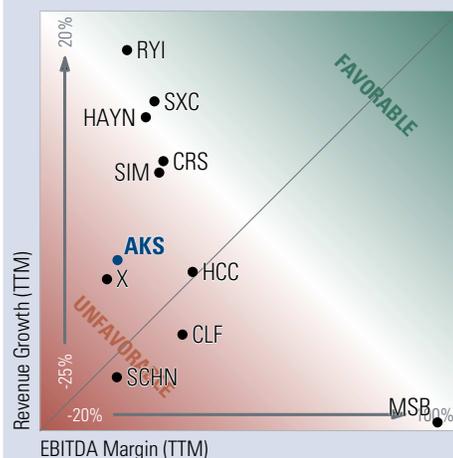
AK STEEL HOLDING CORP

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Annual Dividend Rate NA	Annual Dividend Yield NA	Beta 2.92	Market Capitalization \$687.7 Million	52-Week Range \$1.66-\$3.59	Price as of 3/5/2020 \$2.17
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PEER GROUP ANALYSIS

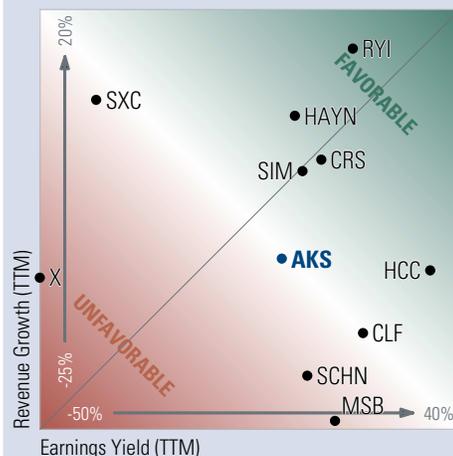
REVENUE GROWTH AND EBITDA MARGIN*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$239.6 Million and \$1.7 Billion. Companies with NA or NM values do not appear.

*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between -24.1% and 15.8%. Companies with NA or NM values do not appear.

SUBSECTOR ANALYSIS

AK STEEL HOLDING CORP falls within the Manufacturing sector and the Iron and Steel Mills and Ferroalloy Manufacturing industry group of the North American Industry Classification System or NAICS.

TheStreet Quant Ratings is currently tracking 1924 companies in the Manufacturing sector that total around \$16,936 billion in market capitalization as well as \$9,529 billion in annual sales.

The Primary Metal Manufacturing subsector accounts for 3.2% of those revenues.

Industries in the Primary Metal Manufacturing subsector smelt and/or refine ferrous and nonferrous metals from ore, pig or scrap, using electrometallurgical and other process metallurgical techniques. Establishments in this subsector also manufacture metal alloys and superalloys by introducing other chemical elements to pure metals. The output of smelting and refining, usually in ingot form, is used in rolling, drawing, and extruding operations to make sheet, strip, bar, rod, or wire, and in molten form to make castings and other basic metal products. Primary manufacturing of ferrous and nonferrous metals begins with ore or concentrate as the primary input. Establishments manufacturing primary metals from ore and/or concentrate remain classified in the primary smelting, primary refining, or iron and steel mill industries regardless of the form of their output. Establishments primarily engaged in secondary smelting and/or secondary refining recover ferrous and nonferrous metals from scrap and/or dross. The output of the secondary smelting and/or secondary refining industries is limited to shapes such as ingot or billet that will be further processed. Recovery of metals from scrap often occurs in establishments that are primarily engaged in activities, such as rolling, drawing, extruding, or similar processes.

PEER GROUP: Primary Metal Manufacturing

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
AKS	AK STEEL HOLDING CORP	2.17	688	54.25	6,359.40	11.20
HCC	WARRIOR MET COAL INC	17.38	896	2.97	1,268.31	301.70
SCHN	SCHNITZER STEEL INDS	16.04	432	13.71	1,974.35	33.16
SXC	SUNCOKE ENERGY INC	4.35	364	NM	1,600.30	-152.30
RYI	RYERSON HOLDING CORP	8.73	330	5.86	4,700.10	56.60
HAYN	HAYNES INTERNATIONAL INC	25.17	316	21.70	491.60	14.62
MSB	MESABI TRUST	18.26	240	7.55	33.52	31.76
CRS	CARPENTER TECHNOLOGY CORP	35.88	1,715	9.72	2,409.70	180.00
SIM	GRUPO SIMEC SA DE CV	9.72	1,613	15.93	1,738.33	96.18
CLF	CLEVELAND-CLIFFS INC	5.46	1,482	5.20	1,989.90	292.80
X	UNITED STATES STEEL CORP	7.44	1,265	NM	12,937.00	-630.00

The peer group comparison is based on Major Primary Metal Manufacturing companies of comparable size.

TheStreet Quant Ratings

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COMPANY DESCRIPTION

AK Steel Holding Corporation, through its subsidiary, AK Steel Corporation, produces flat-rolled carbon, and stainless and electrical steel products in the United States and internationally. It produces flat-rolled carbon steel products, including coated, cold-rolled, and hot-rolled carbon steel products; grain-oriented specialty stainless and electrical steels; and carbon and stainless steel tubing products. The company also buys and sells steel and steel products, as well as other materials; and produces metallurgical coal from reserves in Somerset County, Pennsylvania. It sells its flat-rolled carbon steel products, primarily to automotive manufacturers and their suppliers; customers in the infrastructure and manufacturing markets, including the manufacturers of power transmission and distribution transformers, who produce equipment for the electrical grid, as well as electrical motors and generators; and manufacturers of heating, ventilation, and air conditioning equipment, and appliances. The company also sells its carbon steel products to distributors, service centers, and converters. AK Steel Holding Corporation was founded in 1993 and is headquartered in West Chester, Ohio.

AK STEEL HOLDING CORP
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STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of AKS shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
Growth	2.0 out of 5 stars	★	★	☆	☆	☆
Measures the growth of both the company's income statement and cash flow. On this factor, AKS has a growth score better than 30% of the stocks we rate.		weak				strong
Total Return	1.0 out of 5 stars	★	☆	☆	☆	☆
Measures the historical price movement of the stock. The stock performance of this company has beaten 10% of the companies we cover.		weak				strong
Efficiency	2.5 out of 5 stars	★	★	★	☆	☆
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 40% of the companies we review.		weak				strong
Price volatility	1.5 out of 5 stars	★	★	☆	☆	☆
Measures the volatility of the company's stock price historically. The stock is less volatile than 20% of the stocks we monitor.		weak				strong
Solvency	0.5 out of 5 stars	★	☆	☆	☆	☆
Measures the solvency of the company based on several ratios. The company is less solvent than nearly all of the companies we analyze.		weak				strong
Income	0.5 out of 5 stars	★	☆	☆	☆	☆
Measures dividend yield and payouts to shareholders. This company pays no dividends.		weak				strong

THESTREET QUANT RATINGS RESEARCH METHODOLOGY

TheStreet Quant Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

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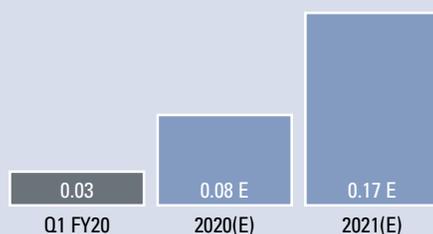
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Consensus EPS Estimates² (\$)

IBES consensus estimates are provided by Thomson Financial



INCOME STATEMENT

	Q4 FY19	Q4 FY18
Net Sales (\$mil)	1,445.70	1,677.10
EBITDA (\$mil)	31.20	128.90
EBIT (\$mil)	-16.60	71.40
Net Income (\$mil)	-53.90	33.50

BALANCE SHEET

	Q4 FY19	Q4 FY18
Cash & Equiv. (\$mil)	31.00	48.60
Total Assets (\$mil)	4,590.60	4,515.70
Total Debt (\$mil)	2,230.50	1,993.70
Equity (\$mil)	151.50	99.90

PROFITABILITY

	Q4 FY19	Q4 FY18
Gross Profit Margin	7.16%	12.86%
EBITDA Margin	2.15%	7.68%
Operating Margin	-1.15%	4.26%
Sales Turnover	1.39	1.51
Return on Assets	0.24%	4.11%
Return on Equity	7.39%	186.18%

DEBT

	Q4 FY19	Q4 FY18
Current Ratio	1.91	1.95
Debt/Capital	0.94	0.95
Interest Expense	34.60	38.30
Interest Coverage	-0.48	1.86

SHARE DATA

	Q4 FY19	Q4 FY18
Shares outstanding (mil)	316	316
Div / share	0.00	0.00
EPS	-0.17	0.11
Book value / share	0.48	0.32
Institutional Own %	NA	NA
Avg Daily Volume	7,267,757	9,313,295

² Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

FINANCIAL ANALYSIS

AK STEEL HOLDING CORP's gross profit margin for the fourth quarter of its fiscal year 2019 has significantly decreased when compared to the same period a year ago. Sales and net income have dropped, underperforming the average competitor within its subsector. AK STEEL HOLDING CORP has weak liquidity. Currently, the Quick Ratio is 0.57 which shows a lack of ability to cover short-term cash needs. The liquidity decreased from the same period a year ago, despite already having weak liquidity to begin with. This would indicate deteriorating cash flow.

At the same time, stockholders' equity ("net worth") has greatly increased by 51.65% from the same quarter last year. Overall, the key liquidity measurements indicate that the company is in a position in which financial difficulties could develop in the future.

STOCKS TO BUY: TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit www.TheStreetRatings.com.

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AK STEEL HOLDING CORP

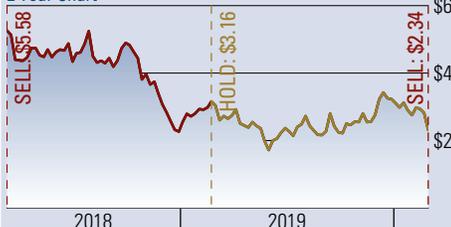
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RATINGS HISTORY

Our rating for AK STEEL HOLDING CORP was recently downgraded from Hold to Sell on 3/2/2020. As of 3/5/2020, the stock was trading at a price of \$2.17 which is 39.6% below its 52-week high of \$3.59 and 30.7% above its 52-week low of \$1.66.

2 Year Chart



MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
3/2/20	\$2.34	Downgrade	Hold	Sell
2/22/19	\$3.16	Upgrade	Sell	Hold
3/5/18	\$5.58	No Change	Sell	Sell

Price reflects the closing price as of the date listed, if available

RATINGS DEFINITIONS & DISTRIBUTION OF THESTREET RATINGS

(as of 3/5/2020)

36.84% Buy - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

34.39% Hold - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

28.77% Sell - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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VALUATION

SELL. AK STEEL HOLDING CORP's P/E ratio indicates a significant premium compared to an average of 12.47 for the Primary Metal Manufacturing subsector and a significant premium compared to the S&P 500 average of 22.75. To use another comparison, its price-to-book ratio of 4.53 indicates a premium versus the S&P 500 average of 3.27 and a significant premium versus the subsector average of 2.14. The price-to-sales ratio is well below both the S&P 500 average and the subsector average, indicating a discount. After reviewing these and other key valuation criteria, AK STEEL HOLDING CORP proves to trade at a premium to investment alternatives.

Price/Earnings	1	2	3	4	5
		premium			discount

AKS 54.25 Peers **44.51**

- Premium. A higher P/E ratio than its peers can signify a more expensive stock or higher growth expectations.
- AKS is trading at a premium to its peers.

Price/Projected Earnings	1	2	3	4	5
		premium			discount

AKS 12.76 Peers **13.89**

- Premium. A higher price-to-projected earnings ratio than its peers can signify a more expensive stock or higher future growth expectations.
- AKS is trading at a significant premium to its peers.

Price/Book	1	2	3	4	5
		premium			discount

AKS 4.53 Peers **2.14**

- Premium. A higher price-to-book ratio makes a stock less attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- AKS is trading at a significant premium to its peers.

Price/Sales	1	2	3	4	5
		premium			discount

AKS 0.11 Peers **3.42**

- Discount. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- AKS is trading at a significant discount to its subsector on this measurement.

Price/CashFlow	1	2	3	4	5
		premium			discount

AKS 2.58 Peers **9.00**

- Discount. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- AKS is trading at a significant discount to its peers.

Price to Earnings/Growth	1	2	3	4	5
		premium			discount

AKS 0.54 Peers **0.20**

- Premium. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- AKS trades at a significant premium to its peers.

Earnings Growth	1	2	3	4	5
		lower			higher

AKS -93.23 Peers **88.18**

- Lower. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- However, AKS is expected to significantly trail its peers on the basis of its earnings growth rate.

Sales Growth	1	2	3	4	5
		lower			higher

AKS -6.73 Peers **7.28**

- Lower. A sales growth rate that trails the subsector implies that a company is losing market share.
- AKS significantly trails its peers on the basis of sales growth.

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