

Intrinsic Value Weekly

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ECONOMIC SECTOR VALUATION

<u>SECTORS</u>	<u>S&P 500</u>	<u>S&P MIDCAP</u>	<u>S&P SMALL CAP</u>
BASIC INDUSTRY	6.9%	(27.0%)	(17.4%)
CONSUMER CYCLICALS	2.0%	(11.2%)	(13.9%)
CONSUMER STAPLES	8.2%	(16.3%)	(6.1%)
HEALTH	(11.0%)	(21.3%)	(24.2%)
ENERGY	4.3%	5.0%	(21.9%)
FINANCIAL	5.0%	(10.5%)	(22.5%)
CAPITAL GOODS	8.5%	(13.3%)	(13.3%)
TECHNOLOGY	23.5%	(4.0%)	(2.1%)
COMMUNICATIONS	21.7%	33.2%	(35.1%)
UTILITY	(14.9%)	(19.2%)	(8.6%)
TRANSPORTATION	(7.0%)	(3.5%)	(32.2%)
Weighted Total	8.0%	(11.3%)	(14.2%)

Black - Overvalued

Red - (Undervalued)

WEEKLY PRICE CHANGE

<u>SECTORS</u>	<u>S&P 500</u>		<u>S&P MIDCAP</u>		<u>S&P SMALL CAP</u>	
	Weight	Price	Weight	Price	Weight	Price
prices as of 3/26/99	% of Total	% Change	% of Total	% Change	% of Total	% Change
BASIC INDUSTRY	3.1%	(2.5%)	5.3%	(2.4%)	4.6%	(0.5%)
CONSUMER CYCLICALS	9.3%	(2.0%)	16.9%	(0.0%)	20.0%	(0.5%)
CONSUMER STAPLES	14.1%	(1.2%)	7.6%	(3.3%)	9.4%	(0.8%)
HEALTH	12.0%	(2.5%)	9.2%	(2.0%)	11.0%	(2.0%)
ENERGY	5.7%	(0.2%)	4.2%	8.1%	3.2%	8.0%
FINANCIAL	15.8%	(2.1%)	14.8%	(2.1%)	14.9%	(2.1%)
CAPITAL GOODS	8.0%	(2.5%)	8.6%	(1.5%)	12.6%	0.0%
TECHNOLOGY	20.2%	1.0%	17.9%	2.3%	17.0%	(1.6%)
COMMUNICATIONS	8.2%	(2.4%)	2.1%	0.6%	0.2%	(3.3%) *
UTILITY	2.8%	(1.7%)	11.2%	0.3%	4.7%	(0.8%)
TRANSPORTATION	0.9%	(3.4%)	2.3%	(1.9%)	2.6%	(17.4%)
Weighted Total:		(1.36%)		(0.25%)		(1.24%)

* Sector contains only 2 companies

Weekly prices changes may not match prior issues due to changes in composition of sectors.

Sector Comments The trend toward more under-pricing of Mid-Cap And Small Cap stocks continued last week. Further, the drop in Health Sector stocks continued, as forecast in our December 21, 1998, edition. Medicare reform is even more confused now than we had anticipated. Stay tuned for a major buying opportunity. Energy stocks gained some respectability last week, as the consolidations continue. The only energy sector remaining under-priced is the Small Cap, and that by 21%. Some increase in economic growth in Asia could bolster energy revenue growth and boost intrinsic values. With the supply-side tax cuts taking effect this week in Japan, we do expect much more rapid economic growth in that region for the first time since 1989. As Japan's growth kicks in, we'd expect their trade surplus to move down and the yen to strengthen, and for U. S. steel, autos and tourism in Hawaii to improve dramatically. This week we present the data on Large Cap Basic Industry. Note the terrible recent history on sales growth and returns on capital.

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Intrinsic Value Portfolio

Current Data on stocks with Current Intrinsic Value Reports

Symbol	Name	Price 3/26/99	Intrinsic Value	+/- %	Q Ratio	Weekly Price Change
ALD	AlliedSignal Inc.	\$ 50.375	\$50.08	1%	1.9	9.7%
CTL	Century Telephone Ent.	\$ 69.250	\$63.77	9%	1.8	(5.5%)
DAL	Delta Air Lines, Inc.	\$ 67.813	\$66.79	2%	1.0	(1.2%)
G	Gillette Company	\$ 63.563	\$52.66	21%	5.0	2.5%
HD	Home Depot	\$ 63.750	\$53.65	19%	7.2	0.8%
INTC	Intel Corporation	\$ 116.688	\$118.34	(1%)	7.7	(1.9%)
LOW	Lowes Companies	\$ 63.813	\$52.28	22%	4.9	0.1%
MLHR	Herman Miller, Inc.	\$ 17.375	\$37.95	(54%)	2.8	9.0%
NYT	New York Times Co.	\$ 29.313	\$48.21	(39%)	2.3	(2.5%)
NUE	Nucor Corporation	\$ 45.500	\$57.99	(22%)	1.2	1.5%
SLB	Schlumberger Limited	\$ 59.500	\$51.09	16%	2.6	4.3%
WEN	Wendy's International	\$ 28.563	\$29.86	(4%)	1.8	(1.1%)
		Average:		(2.7%)	Average:	1.3%
					S&P 500	(1.3%)

Value Drivers

Standard Market Statistics

	Sales		Leverage at		Yield	PE Last 12M	Price/ Book	Price/ Sales
	Growth Last 12M	EBIT Margin %	ROC	Market				
ALD	4.5%	13.0%	14.9%	19.9%	1.3%	17.5	4.4	1.5
CTL	74.9%	30.4%	10.9%	29.2%	0.4%	24.7	3.7	3.6
DAL	3.2%	12.0%	14.2%	57.6%	0.1%	8.4	2.3	0.6
G	-1.7%	23.1%	20.4%	0.0%	0.8%	56.2	11.7	6.0
HD	25.1%	8.3%	11.8%	5.7%	0.2%	54.3	12.3	2.9
INTC	4.8%	32.5%	37.5%	2.9%	0.1%	32.9	9.2	7.6
LOW	20.8%	6.2%	10.4%	7.6%	0.2%	43.3	8.0	1.7
MLHR	8.1%	12.1%	24.0%	19.8%	0.8%	10.4	6.4	0.9
NYT	2.5%	17.5%	18.6%	19.6%	1.3%	20.4	3.7	2.0
NUE	-0.8%	9.9%	14.5%	0.0%	1.1%	14.9	2.1	0.9
SLB	2.4%	15.5%	14.6%	10.8%	1.3%	26.0	3.6	2.0
WEN	-4.4%	14.9%	11.9%	21.6%	0.8%	24.9	2.3	1.6

Notes on Intrinsic Value Portfolio The value of the portfolio rose sharply again last week, with **ALD**, **MLHR** and **SLB** leading the way. While OPEC and investment bankers helped in the latter two stocks, apparently Street analysts are just now losing their jitters about **ALD**. With such enthusiasm, we'd expect **ALD** could overshoot our intrinsic value target by a fair bit.

In the case of **SLB**, our assumption of 10% revenue growth over the next five years underpins our intrinsic value target. Higher crude prices, if sustained, might boost that growth rate. But our forecast was made in October, 1998, when crude prices were about the same as now, so higher growth would take crude prices above current levels. If energy prices increase a lot from here, perceptions could push the **SLB** price to levels not seen since 1997. We'd be skeptical of forecasts based on production shut-ins by OPEC.

The only remaining under-priced stocks in the Intrinsic Value Portfolio are **NYT**, **NUE** and **MLHR**. Higher newsprint prices would hurt **NYT**, but higher steel prices would help **NUE**: a conundrum. **MLHR** still is priced for the worst case and gets no credit for its stock repurchase, even though the company's leverage is low. Patience.

Finally, with the balance of the Intrinsic Value Portfolio at or above our intrinsic value targets, we find a dearth of new ideas. We don't expect that the Portfolio will continue to outperform the S&P 500 Index as it has by more than 4% year-to-date.

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Basic Sector - S&P 500 Index

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Company Name	Ticker	Market Value Equity	Last 12MM Sales Growth	ROE	NOPAT Margin	PE Ratio	Price/ Book Ratio	Price/ Cash Flow	Return on Capital	Dividend Yield
AIR PRODUCTS & CHEMICALS I	APD	\$ 7,811	4.4%	20.5	17.7	13.4	2.5	7.3	13.0	2.00%
ALCAN ALUMINIUM LTD	AL	\$ 6,017	0.2%	7.3	9.5	14.2	@NA	6.4	7.7	2.25%
ALCOA INC	AA	\$ 14,856	15.2%	14.2	9.2	16.6	2.5	8.8	9.0	1.89%
ALLEGHENY TELEDYNE INC	ALT	\$ 3,703	-0.9%	18.0	11.7	16.8	@NA	11.5	16.0	3.37%
ARCHER-DANIELS-MIDLAND CC	ADM	\$ 8,622	8.5%	6.2	5.1	25.2	1.4	9.6	7.5	1.37%
ASARCO INC	AR	\$ 602	-17.9%	(8.6)	(5.1)	(4.3)	@NA	40.0	(3.0)	1.32%
BARRICK GOLD CORPORATION	ABX	\$ 6,621	0.2%	(3.7)	(7.0)	22.4	2.0	13.5	(2.1)	1.02%
BATTLE MTN GOLD CO	BMG	\$ 704	-19.8%	(181.5)	(73.3)	(3.1)	5.8	(4.8)	(22.9)	1.63%
BEMIS CO	BMS	\$ 1,725	-1.6%	16.8	6.9	16.2	2.8	8.9	11.1	2.79%
BETHLEHEM STEEL CORP	BS	\$ 1,066	-3.3%	5.3	4.0	13.8	@NA	3.1	3.7	0.00%
BOISE CASCADE CORP	BCC	\$ 1,845	12.2%	(3.6)	3.4	(36.5)	1.3	6.9	4.6	1.83%
CHAMPION INTERNATIONAL CC	CHA	\$ 3,967	-1.4%	(17.1)	1.6	46.8	1.1	6.1	0.9	0.48%
CYPRUS AMAX MINERALS CO	CYM	\$ 1,128	-23.3%	(4.4)	6.0	(11.0)	@NA	3.5	2.7	6.40%
DOW CHEMICAL	DOW	\$ 20,054	-7.9%	17.6	11.8	16.9	@NA	8.4	9.5	3.82%
DU PONT (E I) DE NEMOURS	DD	\$ 62,503	-16.1%	11.9	10.4	35.4	@NA	18.6	6.1	2.52%
EASTMAN CHEMICAL CO	EMN	\$ 3,560	-4.2%	12.9	11.4	15.0	1.9	6.2	8.3	3.91%
ECOLAB INC	ECL	\$ 4,790	15.1%	24.3	8.2	33.2	9.3	20.8	10.4	1.14%
ENGELHARD CORP	EC	\$ 2,418	15.0%	20.8	6.2	13.7	@NA	8.9	11.0	2.37%
FMC CORP	FMC	\$ 1,586	2.8%	25.4	8.2	9.4	@NA	4.3	8.4	0.00%
FREEMPT MCMOR COP&GLD -(FCX	\$ 1,828	-12.2%	(48.0)	19.8	14.1	@NA	3.6	9.2	1.80%
GEORGIA-PACIFIC GROUP	GP	\$ 6,627	2.0%	(2.4)	1.8	59.6	1.9	@CF	2.1	1.35%
GOODRICH (B F) CO	GR	\$ 2,524	17.1%	14.3	13.0	11.0	1.6	6.4	15.3	3.24%
GRACE (W R) & CO	GRA	\$ 914	-1.1%	18.9	3.6	(6.9)	2.1	(19.1)	3.2	4.66%
GREAT LAKES CHEMICAL CORP	GLK	\$ 2,242	6.3%	5.5	11.5	47.5	1.8	17.8	6.9	0.84%
HERCULES INC	HPC	\$ 2,430	15.0%	47.0	16.1	275.0	3.8	33.4	12.2	4.20%
HOMESTAKE MINING	HM	\$ 1,981	-3.1%	(29.7)	(26.2)	(9.0)	@NA	(26.5)	(15.3)	1.15%
INCO LTD	N	\$ 2,377	-25.4%	(0.5)	6.5	(14.9)	0.6	16.1	2.1	0.70%
INTL FLAVORS & FRAGRANCES	IFF	\$ 3,943	-1.4%	21.8	23.3	21.7	4.5	17.3	27.4	4.10%
INTL PAPER CO	IP	\$ 13,585	-3.0%	(1.7)	3.6	60.0	1.5	9.1	2.7	2.26%
LOUISIANA-PACIFIC CORP	LPX	\$ 2,025	-4.4%	0.2	2.9	918.8	@NA	10.5	3.2	2.97%
MEAD CORP	MEA	\$ 3,080	0.7%	6.2	9.1	22.4	1.4	@SF	7.4	2.12%
MONSANTO CO	MTC	\$ 29,026	15.1%	(5.0)	9.4	(111.1)	@NA	74.3	6.5	0.26%
MORTON INTERNATIONAL INC	MII	\$ 4,413	-0.8%	13.8	14.9	23.9	3.0	13.6	15.9	1.42%
NALCO CHEMICAL CO	NLC	\$ 1,786	9.8%	4.8	15.3	70.3	@NA	13.3	16.2	3.67%
NEWMONT MINING CORP	NEM	\$ 2,937	-7.6%	4.3	16.3	(7.6)	1.7	(43.2)	12.7	0.68%
NUCOR CORP	NUE	\$ 3,975	-0.8%	12.7	10.0	14.9	@NA	7.5	14.5	1.05%
PHELPS DODGE CORP	PD	\$ 2,957	-21.7%	7.4	7.4	14.8	@NA	5.8	4.6	3.92%
PIONEER HI-BRED INTERNATIO	PHB	\$ 9,024	3.3%	20.9	19.6	24.0	4.5	16.5	25.4	1.06%
PLACER DOME INC	PDG	\$ 2,828	5.8%	(19.6)	(15.5)	30.4	2.0	7.3	(7.6)	0.88%
POTLATCH CORP	PCH	\$ 978	-0.2%	4.0	6.4	27.1	1.1	5.3	4.5	5.15%
PPG INDUSTRIES INC	PPG	\$ 8,844	1.8%	27.8	17.4	11.5	3.2	7.9	19.8	3.01%
PRAXAIR INC	PX	\$ 5,436	2.1%	18.2	17.7	13.0	2.4	6.2	10.8	1.45%
REYNOLDS METALS CO	RLM	\$ 3,207	-14.9%	5.0	7.3	19.6	1.2	6.8	6.9	2.81%
ROHM & HAAS CO	ROH	\$ 5,646	-7.0%	30.0	16.3	12.3	3.5	7.2	16.7	2.14%
SIGMA-ALDRICH	SIAL	\$ 2,974	6.0%	15.7	15.9	16.0	2.5	11.9	15.4	0.98%
TEMPLE-INLAND INC	TIN	\$ 3,586	3.2%	2.5	9.8	49.1	1.7	9.8	5.5	1.98%

Source: Standard & Poors Corporation Compustat PC Plus®, Intrinsic Value Associates, LLC

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Company Name	Ticker	Market Value - Equity	Last 12MM Sales Growth	ROE	NOPAT Margin	PE Ratio	Price/ Book Ratio	Price/ Cash Flow	Return on Capital	Dividend Yield
UNION CAMP CORP	UCC	\$ 4,700	0.6%	4.0	5.4	238.8	2.3	13.9	5.2	2.65%
UNION CARBIDE CORP	UK	\$ 6,206	-13.0%	28.4	13.2	14.8	2.6	7.4	13.5	1.93%
USX-U S STEEL GROUP	X	\$ 2,070	-9.8%	17.0	10.5	6.3	1.1	3.5	7.6	4.27%

@NA - Not available

@CF - Combined Figure

@SF - SemiAnnual Figure

Source: Standard & Poors Corporation Compustat PC Plus®, Intrinsic Value Associates, LLC