

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	24.2%	(14.5%)	(10.8%)
CONSUMER CYCLICALS	6.0%	(7.1%)	(9.8%)
CONSUMER STAPLES	4.0%	(13.4%)	(3.1%)
HEALTH	(13.3%)	(20.6%)	(26.6%)
ENERGY	15.4%	15.1%	(11.2%)
FINANCIAL	5.7%	(6.9%)	(19.6%)
CAPITAL GOODS	18.4%	(5.4%)	(3.3%)
TECHNOLOGY	2.5%	0.7%	(7.0%)
COMMUNICATIONS	17.1%	7.6%	(28.6%) *
UTILITY	(14.8%)	(21.5%)	(6.8%)
TRANSPORTATION	3.7%	(18.2%)	(23.5%)
Weighted Total	5.4%	(8.2%)	(11.4%)

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 4/16/99	% of Total	% Change	% of Total	% Change	% of Total	% Change
BASIC INDUSTRY	3.5%	13.6%	6.0%	16.3%	4.7%	6.4%
CONSUMER CYCLICALS	9.4%	(1.9%)	18.1%	2.1%	20.0%	1.2%
CONSUMER STAPLES	13.3%	(1.5%)	7.6%	2.4%	9.5%	4.1%
HEALTH	11.4%	(7.5%)	9.1%	1.4%	10.1%	(6.2%)
ENERGY	6.1%	6.6%	4.2%	10.4%	3.6%	9.5%
FINANCIAL	15.9%	(4.9%)	14.1%	2.7%	15.1%	3.6%
CAPITAL GOODS	8.3%	5.6%	9.0%	8.6%	13.9%	7.4%
TECHNOLOGY	19.8%	(13.2%)	18.5%	(1.4%)	15.3%	3.5%
COMMUNICATIONS	8.5%	(8.2%)	1.3%	(0.2%)	0.3%	4.6% *
UTILITY	2.7%	1.5%	10.7%	1.9%	4.7%	0.8%
TRANSPORTATION	1.1%	7.0%	1.4%	(18.7%)	2.8%	13.7%
Weighted Total:		(2.2%)		3.1%		4.1%

* Sector contains only 2 companies

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

Sector Comments For anyone following these comments and tables the past few months, the monotony of underpricing in the MidCap and Small Cap markets has been a source of annoyance. And often we have commented that when GDP-sensitive stocks finally did rise and risk premiums in smaller markets began to shrink, the damage among more successful sectors might make this reversal seem hollow. For the S&P 500 Index, the damage was severe in Consumer Staples, Health, Financial and especially in Technology and Communications. Now the over-pricing in Consumer Staples and Technology has been nearly erased. Over-pricing now is pronounced in Large Cap Energy and Capital Goods, still too high in Communications and now Basic Industry stocks in the S&P 500 are severely over-priced. MidCap Energy and Communications are also over-priced. The entire Small Cap market is still under-priced and has an average of 11% to go to fair value, irrespective of the movement of the rest of the market. Nevertheless, we expect more drops in large cap stocks.

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Intrinsic Value Portfolio

Current Data on stocks with Current Intrinsic Value Reports

Symbol	Name	Price 4/16/99	Intrinsic Value	Over/ (Under) Priced	Q Ratio	Weekly Price Change	
ALD	AlliedSignal Inc.	\$ 56.500	\$50.08	13%	2.1	8.5%	
CTL	Century Telephone Ent.	\$ 44.500	\$42.51	5%	2.0	(5.4%)	
DAL	Delta Air Lines, Inc.	\$ 66.313	\$66.79	(1%)	1.1	(7.3%)	
G	Gillette Company	\$ 50.000	\$52.66	(5%)	6.9	(4.3%)	
HD	Home Depot	\$ 63.313	\$53.65	18%	7.5	(5.9%)	
INTC	Intel Corporation	\$ 57.250	\$59.17	(3%)	7.7	(12.5%)	
LOW	Lowe's Companies	\$ 58.000	\$52.28	11%	5.0	(9.8%)	
MLHR	Herman Miller, Inc.	\$ 20.000	\$37.95	(47%)	3.0	12.3%	
NYT	New York Times Co.	\$ 32.500	\$48.21	(33%)	2.1	15.0%	
NUE	Nucor Corporation	\$ 58.750	\$57.99	1%	1.5	17.8%	
SLB	Schlumberger Limited	\$ 61.188	\$51.09	20%	2.6	4.9%	
WEN	Wendy's International	\$ 28.125	\$29.86	(6%)	2.1	0.7%	
Average:				(2.3%)	Average:	1.2%	
						S&P 500	(2.2%)

Value Drivers

Standard Market Statistics

	Sales Growth		EBIT Margin %	ROC	Leverage at Market	Yield	PE Last 12M	Price/Book	Price/Sales
	Last 12M								
ALD	1.9%	13.0%	11.5%	18.2%	1.2%	20.2	5.2	1.8	
CTL	74.9%	30.4%	10.9%	29.9%	0.4%	28.1	4.2	4.1	
DAL	3.2%	12.0%	11.0%	58.1%	0.2%	9.6	2.6	0.7	
G	-2.8%	23.1%	18.5%	7.9%	1.0%	61.9	13.9	6.7	
HD	25.1%	8.3%	11.8%	5.7%	0.2%	56.6	12.8	3.0	
INTC	11.2%	32.5%	25.8%	0.6%	0.1%	29.3	8.4	7.2	
LOW	20.8%	6.2%	10.4%	8.3%	0.2%	44.2	8.2	1.7	
MLHR	8.1%	12.1%	24.0%	18.5%	0.7%	11.1	6.9	0.9	
NYT	2.0%	17.5%	11.9%	18.0%	1.2%	18.8	3.4	1.8	
NUE	-0.8%	9.9%	12.6%	5.4%	0.9%	14.7	1.9	0.9	
SLB	2.4%	14.7%	11.9%	15.3%	1.2%	32.2	4.0	2.8	
WEN	-4.4%	12.6%	9.7%	23.6%	0.9%	29.6	3.3	1.9	

Notes on Intrinsic Value Portfolio We have rarely witnessed such violent price changes as this past week. Though the portfolio rose more than 3% relative to the S&P 500, the results saw moves of more than 5 percentage points in 9 of the 12 stocks. The three stocks emphasized last week, **MLHR**, **NYT** and **NUE**, rose 12.3%, 15%, and 17.8%, respectively. Moreover, **NUE** is now priced above intrinsic value for the first time since our August recommendation and should now be de-emphasized as we expect no more than market returns from it. **MLHR** and **NYT** remain under-priced. Two other portfolio members, **HD** and **SLB** are more than 15% over-priced and ought to be trimmed. **G**, **WEN** and **INTC** are now moderately under-priced.

Recasting the Fishing Net We re-ran the "no-growth-implied" screen again this week and found more fish in the net. Our original screen had caught 41 names, including **MLHR**. Now the screen now catches 69 stocks. You will note that **MLHR** is no longer on the list. The list is on **Page 3** this week. The bold names have interesting growth and return characteristics and are worth a close look. For the original screen, see IVW, March 8, 1999.

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Re-casting the Net - Trolling for Value II

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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
AMERICAN PWR CNVRSION	APCC	\$ 2,822	28.9%	21.7	18.8	17.4	3.8	15.2	34.4	0.00%
AUTODESK INC	ADSK	\$ 1,366	17.0%	13.6	16.9	20.8	5.5	14.4	30.4	0.82%
CADENCE DESIGN SYS INC	CDN	\$ 4,812	31.3%	3.7	30.4	171.7	6.4	47.2	35.8	0.00%
CARLISLE COS INC	CSL	\$ 1,366	20.4%	20.9	9.9	16.6	3.5	11.5	19.9	1.41%
CBRL GROUP INC	CBRL	\$ 1,118	13.8%	13.0	9.2	10.8	1.4	7.2	12.7	0.11%
CENTEX CORP	CTX	\$ 2,371	25.4%	14.6	8.1	9.6	2.0	8.2	14.4	0.40%
CLAYTON HOMES INC	CMH	\$ 1,850	16.4%	15.6	19.2	10.9	1.9	9.7	19.5	0.50%
COMPUTER ASSOCIATES INTL	CA	\$ 19,092	14.2%	47.1	32.2	33.9	7.8	21.4	28.5	0.23%
CRANE CO	CR	\$ 2,042	11.4%	21.5	7.6	12.0	2.6	8.3	13.3	1.34%
CYTEC INDUSTRIES INC	CYT	\$ 1,304	11.9%	28.9	11.1	8.0	2.2	4.8	9.5	0.00%
DAYTON HUDSON CORP	DH	\$ 30,154	11.5%	18.7	6.3	31.1	@NA	16.9	16.8	0.59%
DENTSPLY INTERNATL INC	XRAY	\$ 1,213	10.3%	8.4	12.5	35.8	3.0	16.9	13.9	0.98%
DILLARDS INC -CL A	DDS	\$ 2,817	17.5%	9.2	6.0	20.1	1.0	7.6	8.1	0.61%
FINOVA GROUP INC	FNV	\$ 2,654	18.4%	14.4	65.9	17.1	2.5	12.1	8.3	1.34%
GENERAL DYNAMICS CORP	GD	\$ 8,805	22.4%	16.4	11.2	22.3	3.7	16.6	35.2	1.27%
GENUINE PARTS CO	GPC	\$ 5,666	10.1%	17.3	6.6	14.6	2.5	12.2	13.6	3.29%
GOODRICH (B F) CO	GR	\$ 2,924	17.1%	14.3	11.3	11.1	1.6	6.5	13.2	2.80%
GULFSTREAM AEROSPACE	GAC	\$ 3,624	27.6%	115.1	15.6	14.1	16.1	12.1	46.2	0.00%
HEALTHSOUTH CORP	HRC	\$ 4,975	28.3%	1.4	15.2	94.3	1.3	11.2	9.0	0.00%
HON INDUSTRIES	HNI	\$ 1,486	24.5%	23.0	10.6	12.8	@NA	8.4	23.8	1.57%
HUMANA INC	HUM	\$ 2,063	21.7%	7.6	3.9	22.4	1.7	11.2	11.8	0.00%
ICN PHARMACEUTICALS INC	ICN	\$ 2,264	11.4%	(60.1)	25.0	(5.3)	3.4	(6.4)	16.6	0.81%
INTL GAME TECHNOLOGY	IGT	\$ 1,781	22.4%	28.2	18.3	10.4	2.9	8.8	12.3	0.72%
KAUFMAN & BROAD HOME	KBH	\$ 1,110	38.8%	20.1	7.6	8.8	1.9	7.5	12.8	1.08%
KAYDON CORP	KDN	\$ 1,153	14.3%	22.8	30.5	13.3	3.0	@CF	32.8	1.11%
KEANE INC	KEA	\$ 1,382	47.4%	26.5	10.4	14.6	4.2	@CF	30.0	0.00%
LA-Z-BOY INC	LZB	\$ 1,048	15.9%	12.9	7.6	15.8	2.6	11.4	17.6	1.60%
LEGGETT & PLATT INC	LEG	\$ 4,250	15.9%	17.3	13.3	16.0	@NA	10.5	20.1	1.67%
LEHMAN BROTHERS HOLDING	LEH	\$ 7,012	14.0%	14.4	54.2	10.9	1.4	8.3	8.1	0.61%
MASCO CORP	MAS	\$ 10,350	15.6%	17.4	17.9	19.6	3.5	@CF	16.2	1.44%
MENS WEARHOUSE INC	SUIT	\$ 1,011	21.7%	13.7	9.1	23.9	@NA	16.1	15.5	0.00%
MEREDITH CORP	MDP	\$ 1,649	11.3%	22.8	12.2	19.2	4.4	12.5	19.6	0.91%
MERITOR AUTOMOTIVE INC	MRA	\$ 1,296	11.7%	55.3	8.4	6.9	4.0	4.1	28.2	2.24%
MOHAWK INDUSTRIES INC	MHK	\$ 1,790	38.8%	18.3	6.0	16.0	2.9	@CF	15.9	0.00%
NAVISTAR INTERNATIONAL	NAV	\$ 2,873	18.6%	37.6	6.5	8.5	3.5	5.4	10.1	0.00%
NETWORKS ASSOCIATES INC	NETA	\$ 2,159	40.5%	(7.9)	31.7	118.0	8.9	@NA	75.5	0.00%
NOBLE DRILLING CORP	NE	\$ 2,466	10.5%	12.4	23.4	14.0	1.7	9.7	10.8	0.00%
O REILLY AUTOMOTIVE INC	ORLY	\$ 1,025	94.8%	14.1	38.9	30.9	4.4	@CF	20.9	0.00%
OFFICEMAX INC	OMX	\$ 1,022	15.2%	4.3	3.8	21.6	@NA	@CF	9.6	0.00%
OMNICARE INC	OCR	\$ 2,087	52.3%	8.3	10.2	21.2	@NA	@SF	10.1	0.39%
OWENS CORNING	OWC	\$ 2,002	14.5%	58.7	8.6	(2.6)	(1.5)	(3.7)	9.2	0.81%
OWENS-ILLINOIS INC	OI	\$ 4,450	13.9%	5.4	13.5	35.2	1.9	8.1	8.3	0.00%
PACCAR INC	PCAR	\$ 3,692	16.7%	23.6	10.2	7.7	1.8	@CF	16.5	1.69%
PARKER-HANNIFIN CORP	PH	\$ 5,038	11.3%	19.2	8.4	11.9	2.2	7.6	12.8	1.46%
PEOPLESOFT INC	PSFT	\$ 3,055	61.1%	21.6	20.0	23.2	5.1	17.5	44.2	0.00%
PG&E CORP	PCG	\$ 12,028	29.5%	8.9	10.1	16.5	1.5	5.1	6.5	3.82%
POLICY MANAGEMENT SYSTEM	PMS	\$ 1,043	17.2%	12.4	16.6	20.8	@NA	9.0	17.2	0.00%
PRECISION CASTPARTS CORP	PCP	\$ 1,015	16.1%	14.5	12.5	9.8	1.6	6.1	17.2	0.58%
PRICE (T. ROWE) ASSOCIATES	TROW	\$ 4,056	17.4%	28.3	33.0	23.5	6.7	20.0	47.6	1.19%
PUGET SOUND ENERGY INC	PSD	\$ 2,019	13.7%	11.6	21.3	12.5	1.4	5.8	9.3	7.71%

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

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Re-casting the Net - Trolling for Value

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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
PULTE CORP	PHM	\$ 1,106	13.6%	11.0	7.8	8.9	1.0	@CF	14.5	0.01
RAYTHEON CO -CL B	RTN.B	\$ 23,618	45.1%	8.0	12.3	22.9	1.8	12.2	10.1	0.01
RELIANT ENERGY INC	REI	\$ 7,774	67.0%	(3.3)	12.9	(52.1)	1.8	10.8	8.8	0.06
RITE AID CORP	RAD	\$ 5,951	11.9%	10.8	8.5	41.0	2.2	14.7	10.1	0.02
SNYDER COMMUNICATIONS INC	SNC	\$ 1,997	33.2%	5.6	14.3	84.5	@NA	@CF	26.6	-
STERLING COMMERCE INC	SE	\$ 2,826	37.3%	(8.2)	33.2	(55.9)	3.9	(493.3)	23.0	-
STERLING SOFTWARE INC	SSW	\$ 1,604	29.4%	8.8	19.8	30.8	2.3	@CF	19.2	-
SUIZA FOODS CORP	SZA	\$ 1,088	84.9%	15.7	6.2	10.8	1.7	5.8	10.0	-
SUNDSTRAND CORP	SNS	\$ 3,849	14.4%	41.5	18.8	17.3	@NA	13.1	22.8	0.01
SUNGARD DATA SYSTEMS INC	SDS	\$ 3,383	25.4%	15.6	19.1	35.1	@NA	24.2	23.9	-
TECH DATA CORP	TECD	\$ 1,171	63.4%	12.7	1.6	8.9	1.6	7.1	10.2	-
TEXAS UTILITIES CO	TXU	\$ 10,729	85.5%	9.0	17.7	15.1	1.4	6.2	9.0	0.06
TOWER AUTOMOTIVE INC	TWR	\$ 1,010	48.6%	14.5	9.2	9.8	1.4	4.9	10.2	-
TRANSOCEAN OFFSHORE INC	RIG	\$ 2,960	17.7%	17.4	35.5	8.4	1.5	6.3	12.7	0.00
TRINITY INDUSTRIES	TRN	\$ 1,474	24.9%	11.7	10.4	6.9	1.4	5.0	23.2	0.02
U S FOODSERVICE INC	UFS	\$ 2,111	10.4%	(6.4)	3.1	35.5	3.7	18.8	17.4	-
UNIVERSAL HEALTH SVCS -CL	UHS	\$ 1,624	23.4%	12.7	8.1	16.6	@NA	7.3	12.0	-
WEATHERFORD INTL INC	WFT	\$ 2,910	18.5%	4.3	12.9	39.0	1.7	@SF	14.4	-

@NA - Not available

@CF - Combined Figure

@SF - SemiAnnual Figure

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