

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	29.2%	(10.2%)	(0.0%)
CONSUMER CYCLICALS	(6.5%)	3.5%	0.2%
CONSUMER STAPLES	2.0%	(2.4%)	6.6%
HEALTH	(24.6%)	(13.3%)	(25.4%)
ENERGY	21.0%	25.3%	19.4%
FINANCIAL	1.9%	(11.6%)	(16.8%)
CAPITAL GOODS	24.5%	6.1%	1.8%
TECHNOLOGY	13.5%	20.5%	16.3%
COMMUNICATIONS	22.0%	27.0%	11.2% *
UTILITY	(7.5%)	(18.8%)	1.2%
TRANSPORTATION	(5.3%)	(20.1%)	(19.8%)
Weighted Total:	6.4%	1.6%	(0.7%)

RED - Overvalued

BLUE - (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 7/9/1999	% of Total	% Change	% of Total	% Change	% of Total	% Change
BASIC INDUSTRY	3.3%	0.3%	5.8%	(1.1%)	4.3%	(0.4%)
CONSUMER CYCLICALS	8.9%	(0.6%)	18.1%	1.0%	20.5%	(0.7%)
CONSUMER STAPLES	12.4%	(0.7%)	8.6%	(0.9%)	9.6%	0.6%
HEALTH	10.5%	(1.2%)	9.2%	0.3%	8.9%	(0.0%)
ENERGY	6.0%	2.2%	4.5%	3.8%	3.4%	0.6%
FINANCIAL	15.8%	(0.1%)	12.3%	(0.7%)	14.8%	0.1%
CAPITAL GOODS	8.3%	0.9%	9.4%	0.1%	12.5%	(0.6%)
TECHNOLOGY	22.6%	3.4%	21.6%	0.3%	18.1%	1.6%
COMMUNICATIONS	9.0%	0.5%	1.2%	(1.4%)	0.4%	0.9% *
UTILITY	2.8%	0.2%	9.5%	0.4%	4.6%	0.2%
TRANSPORTATION	0.9%	(3.3%)	1.3%	(0.7%)	2.7%	(2.5%)
Index Total:		0.9%		0.4%		(0.2%)

* Sector contains only 3 companies

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

Sector Comments Given the quiet in the markets last week, you should note that while the S&P 500 sectors average a 6% overpricing, the Mid Cap and Small Cap stocks are as close to fair value as one could ever imagine. Plenty of opportunity within the averages, though, as usual. Technology stocks remain over-priced across the board. Health stocks remain under-priced across the board. If Technology products were "blessed" with being provided to the elderly by the Federal government, no doubt the valuations would be quite different. Something to ponder.

Utility stocks still look interesting and are another "anti" group, specifically "anti" Basic Industry. If the surge in the Journal of Commerce commodity index can be fingered for the current enthusiasm for Basic Industry stocks (and their over-pricing), then perhaps the weakness in Utilities is related as well. Certainly, bond yields have risen during the period of Basic Industry strength. It is also true that Small Cap stocks do better during rising interest rates, so the rise in Small Cap Utilities is illustrative of the principle.

The "Anti-Energy" group, Transportation, performed on the mark this past week, falling as Energy rose.

Page 3 this week reviews the data for Large Cap Basic Industry stocks. With all the enthusiasm, it is hard to find any attractive stocks there. Notice the recent revenue performance.

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Intrinsic Value Portfolio

Current Data on stocks with Current Intrinsic Value Reports

Symbol	Name	Updated Valuation	Price 7/9/1999	Intrinsic Value	Over/ (Under) Priced	Q Ratio	Weekly Price Change	
ALD	AlliedSignal Inc.	4/29/99	\$ 65.813	\$64.60	1.9%	2.6	4.1%	
CTL	Century Telephone Ent.	3/1/99	\$ 39.500	\$42.51	(7.1%)	1.8	(0.8%)	
DAL	Delta Air Lines, Inc.	3/1/99	\$ 59.500	\$66.79	(10.9%)	1.0	(2.6%)	
G	Gillette Company	5/24/99	\$ 43.125	\$48.52	(11.1%)	4.9	4.5%	
HD	Home Depot	3/1/99	\$ 65.813	\$53.65	22.7%	6.6	2.8%	
INTC	Intel Corporation	3/1/99	\$ 66.250	\$59.17	12.0%	7.7	4.3%	
LOW	Lowes Companies	3/1/99	\$ 58.938	\$52.28	12.7%	4.2	4.7%	
MLHR	Herman Miller, Inc.	3/1/99	\$ 24.063	\$46.27	(48.0%)	3.2	3.2%	
NYT	New York Times Co.	3/1/99	\$ 39.688	\$48.21	(17.7%)	2.6	3.1%	
NUE	Nucor Corporation	3/1/99	\$ 50.250	\$57.99	(13.3%)	1.6	2.7%	
PFE	Pfizer, Inc.	5/31/99	\$ 37.000	\$42.73	(13.4%)	11.0	(4.2%)	
SLB	Schlumberger Limited	3/1/99	\$ 64.313	\$51.09	25.9%	2.7	3.5%	
WEN	Wendy's International	3/1/99	\$ 29.938	\$29.86	0.3%	2.1	3.5%	
					Average:	(3.5%)	Average:	2.2%
						S&P 500		0.9%

Bold - Outperformed the S&P 500 for the week

Value Drivers

Standard Market Statistics

Symbol	Sales Growth		Free Cash Flow		Yield	PE Last 12M	Price/Book	Price/Sales
	Last 12M	EBIT Margin %	ROC	Annuity				
ALD	1.9%	13.0%	11.5%	\$44.1	1.0%	25.8	6.6	2.3
CTL	50.8%	30.4%	10.9%	\$50.7	0.5%	23.6	3.6	3.4
DAL	4.3%	12.0%	11.0%	\$65.6	0.2%	7.7	2.2	0.6
G	-2.8%	23.1%	18.5%	\$20.9	1.4%	42.7	9.6	4.6
HD	25.1%	8.8%	13.0%	-\$5.6	0.2%	53.7	10.9	3.0
INTC	11.2%	32.5%	25.8%	\$32.7	0.2%	29.3	8.4	7.3
LOW	20.5%	6.8%	11.0%	-\$14.0	0.2%	39.6	6.4	1.5
MLHR	2.8%	12.1%	24.0%	\$44.3	0.6%	12.4	7.9	1.1
NYT	2.0%	17.5%	11.9%	\$27.6	1.1%	24.2	4.4	2.4
NUE	-9.4%	9.9%	12.6%	\$69.7	1.0%	18.4	2.0	1.1
PFE	30.2%	27.0%	20.8%	\$27.3	0.8%	61.6	16.0	9.5
SLB	-8.8%	14.7%	11.9%	\$38.8	1.2%	47.9	4.3	3.1
WEN	-3.2%	12.6%	9.7%	\$54.4	0.8%	27.4	3.3	1.9

Notes on Intrinsic Value Portfolio

Most of the portfolio outperformed the S&P 500 Index last week. Expectations of earnings are dominating the current market commentators' agendas. Valuation, though is very important at times of earnings reports. Highly esteemed stocks that disappoint investors are getting very sharp price drops. We believe that forecasting quarterly earnings is very difficult for companies themselves, let alone analysts. And thus the incentive to keep your portfolio invested only in under-priced value-building companies is especially important at earnings release times. We know that **G** is expected to have lower earnings this quarter, but the company is under-priced now, so the risk is reduced. **MLHR**'s earnings were better than expected, so being under-priced already simply added to the performance boost. **PFE**'s earnings are due today; **ALD**, **NYT** and **G** on Wednesday.

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Basic Industry - Find the attractive stocks.

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Company Name	Ticker	Market Value - Equity	Last 12MM Sales Growth	Current Price	Free Cash Flow Annuity	NOPAT Margin	PE Ratio	Price/Book Ratio	Price/Cash Flow per share	Return on Capital	Dividend Yield
AIR PRODUCTS & CHEMICALS	APD	\$9,860	4.1%	43.0	@CF	11.3	17.2	3.2	8.6	8.27	1.7%
ALCAN ALUMINIUM LTD	AL	\$7,053	-2.6%	32.4	28.20	4.8	23.3	1.3	8.5	4.05	1.8%
ALCOA INC	AA	\$22,977	19.3%	62.6	(114.23)	6.2	25.2	3.8	13.5	6.03	1.4%
ALLEGHENY TELEDYNE INC	ALT	\$4,455	-3.7%	23.1	@CF	6.6	16.3	3.3	12.8	9.39	2.8%
ARCHER-DANIELS-MIDLAND CO	ADM	\$8,859	-3.3%	15.1	@CF	2.9	30.6	1.4	9.7	4.30	1.3%
ASARCO INC	AR	\$797	-20.8%	20.1	(45.19)	(6.8)	(5.6)	0.5	56.8	(4.00)	1.0%
BARRICK GOLD CORPORATION	ABX	\$7,074	7.1%	18.0	11.51	30.3	23.6	2.0	13.1	9.08	1.1%
BATTLE MTN GOLD CO	BMG	\$517	-27.6%	2.3	16.14	(73.3)	(2.2)	4.2	(3.2)	(22.85)	2.2%
BEMIS CO	BMS	\$2,030	-0.3%	38.8	36.61	7.2	19.5	3.1	10.1	10.42	2.4%
BETHLEHEM STEEL CORP	BS	\$1,052	-5.8%	8.1	@CF	5.3	(76.9)	1.1	2.9	5.32	0.0%
BOISE CASCADE CORP	BCC	\$2,615	10.1%	46.4	111.41	2.2	(104.6)	1.8	10.3	2.90	1.3%
CHAMPION INTERNATIONAL CO	CHA	\$5,184	-6.8%	54.2	121.18	4.5	46.5	1.5	9.2	2.81	0.4%
CYPRUS AMAX MINERALS CO	CYM	\$1,346	-28.4%	14.9	243.66	2.4	(11.3)	0.7	4.7	1.14	1.3%
DOW CHEMICAL	DOW	\$29,166	-9.2%	132.8	160.36	8.0	23.3	3.8	11.3	6.82	2.6%
DU PONT (E I) DE NEMOURS	DD	\$80,802	5.4%	71.7	143.87	15.3	56.9	5.6	26.0	9.25	2.0%
EASTMAN CHEMICAL CO	EMN	\$4,179	-6.4%	53.6	124.85	8.3	20.5	2.1	7.1	6.04	3.3%
ECOLAB INC	ECL	\$5,530	14.0%	42.7	@CF	8.2	35.8	8.2	21.8	11.02	1.0%
ENGELHARD CORP	EC	\$3,223	15.1%	22.4	(4.01)	5.9	17.8	3.6	11.2	12.96	1.8%
FMC CORP	FMC	\$2,217	1.0%	69.8	69.63	6.5	12.2	3.1	6.1	7.16	0.0%
FREEMT MCMOR COP&GLD	FCX	\$3,004	-5.1%	18.4	42.51	21.8	27.6	11.6	7.0	10.06	1.1%
GEORGIA-PACIFIC GROUP	GP	\$8,664	2.6%	50.4	@CF	4.3	42.9	2.6	6.3	5.17	1.0%
GRACE (W R) & CO	GRA	\$1,318	0.6%	19.1	@CF	8.6	(10.0)	14.6	(23.0)	19.56	0.0%
GREAT LAKES CHEMICAL CORP	GLK	\$2,767	5.1%	47.4	121.41	5.5	38.7	2.6	19.8	3.90	0.7%
HERCULES INC	HPC	\$3,971	39.1%	39.4	(558.24)	14.1	151.2	7.1	41.8	7.27	2.7%
HOMESTAKE MINING	HM	\$1,854	-10.6%	7.8	(26.29)	(18.5)	(8.3)	2.5	(22.4)	(11.47)	1.3%
INCO LTD	N	\$3,041	-24.4%	18.3	31.22	(6.9)	(27.3)	1.0	23.4	(1.65)	0.5%
INTL FLAVORS & FRAGRANCES	IFF	\$4,746	-1.1%	44.8	60.21	22.7	24.7	4.9	18.8	27.47	3.4%
INTL PAPER CO	IP	\$15,877	-2.3%	51.8	77.32	3.3	76.1	1.7	11.2	2.52	1.9%
LOUISIANA-PACIFIC CORP	LPX	\$2,551	-1.8%	23.8	@CF	2.8	46.8	2.1	13.6	3.31	2.4%
MEAD CORP	MEA	\$4,460	1.1%	43.9	101.24	7.1	33.4	1.9	11.2	5.73	1.5%
MONSANTO CO	MTC	\$26,476	19.1%	41.9	@CF	13.5	(74.6)	5.0	74.3	10.51	0.3%
NALCO CHEMICAL CO	NLC	\$3,418	10.3%	51.9	@CF	16.7	101.7	6.2	24.6	19.34	1.9%
NEWMONT MINING CORP	NEM	\$3,034	-12.1%	18.1	1.25	(26.3)	(8.7)	2.3	(42.5)	(14.86)	0.7%
NUCOR CORP	NUE	\$4,385	-9.4%	50.3	69.71	7.9	18.4	2.0	8.5	12.62	1.0%
PHELPS DODGE CORP	PD	\$3,832	-20.7%	66.2	56.74	4.6	131.8	1.4	7.9	2.94	3.0%
PIONEER HI-BRED INTERNATIONAL	PHB	\$9,295	1.0%	38.8	23.47	19.6	38.9	7.5	25.9	25.39	1.0%
PLACER DOME INC	PDG	\$2,579	2.5%	10.3	22.94	18.8	28.7	2.1	6.9	10.33	1.0%
POTLATCH CORP	PCH	\$1,243	0.5%	42.9	112.84	6.4	47.2	1.4	6.7	4.46	4.1%
PPG INDUSTRIES INC	PPG	\$10,672	-1.5%	61.4	49.66	11.6	14.2	3.6	9.3	13.21	2.5%
PRAXAIR INC	PX	\$7,893	-0.6%	50.1	48.26	13.7	18.0	3.3	8.8	8.40	1.1%
REYNOLDS METALS CO	RLM	\$3,992	-20.6%	61.9	@CF	3.6	47.6	1.7	9.9	3.18	2.3%
ROHM & HAAS CO	ROH	\$7,764	-5.7%	46.2	73.67	9.3	16.6	4.8	10.6	9.58	1.6%
SIGMA-ALDRICH	SIAL	\$3,540	5.8%	35.1	@CF	15.0	20.9	2.8	15.5	13.13	0.8%
TEMPLE-INLAND INC	TIN	\$4,011	0.9%	72.0	(535.08)	10.6	63.5	1.9	11.7	5.30	1.8%
UNION CARBIDE CORP	UK	\$6,616	-14.4%	49.9	35.90	5.3	19.8	2.6	8.4	4.50	1.8%
USX-U S STEEL GROUP	X	\$2,596	-17.6%	29.4	77.08	9.1	9.2	1.1	4.0	6.60	3.4%
WESTVACO CORP	W	\$3,087	-5.4%	30.8	51.97	9.9	25.0	1.3	7.5	5.52	2.9%

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	Current Price	Free Cash Flow Annuity	NOPAT Margin	PE Ratio	Price/Book Ratio	Price/	Return on Capital	Dividend Yield
WEYERHAEUSER CO	WY	\$12,934	-3.4%	64.8	110.85	7.5	54.6	3.0	14.2	6.80	2.5%
WILLAMETTE INDUSTRIES	WLL	\$5,609	5.0%	50.5	@CF	6.7	52.3	2.6	12.2	5.58	1.4%
WORTHINGTON INDUSTRIES	WTHG	\$1,378	8.5%	15.0	5.64	9.5	18.3	2.0	10.1	10.65	4.0%

@AF - Annual Figure

@NA - Not available

@CF - Combined Figure

@SF - SemiAnnual Figure

Blue - Favorable Drivers

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