

Intrinsic Value Weekly

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"Value Appears"

Briggs & Stratton is not considered to be a growth company. And with the exception of the most recent year, growth has been missing. But the 13% sales growth of the fiscal year ended in June, 1999, was the best in years. The company ascribes its performance to more sales of larger engines. About 21% of sales is overseas, with most going to Europe. The company has recently sold a foundry that makes castings for crankshafts and cams, but will remain the foundry's primary customer. The reduction in capital will boost free cash flow this fiscal year. That, combined with a policy of repurchasing stock will maintain the company's commitment to producing ever higher returns on capital. Our valuation of BGG assumes that revenue growth will only average 7% over the next several years, well below last year's growth. Yet with current margins assumed to continue, we estimate the stock to be worth \$116 per share. This may be reflected in the price sooner or later, but we are confident that the company's ability with its current strong brand franchise and a commitment to parsimony in its use of capital will build intrinsic value at a rate that should produce a 14% rate of return over the long term, measured from the current price. We are adding Briggs & Stratton to our Intrinsic Value portfolio.

Fiscal year June

(\$millions)

Sales

NOPAT*

Intrinsic Value at year-end

| | 1996 | 1997 | 1998 | 1999 | 2000 E | 2001 E |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Sales | \$1,287.0 | \$1,316.4 | \$1,327.6 | \$1,501.7 | \$1,606.8 | \$1,719.4 |
| NOPAT* | \$114.2 | \$96.9 | \$96.8 | \$127.6 | \$138.0 | \$147.4 |
| Intrinsic Value at year-end | | | | | \$118.95 | \$127.60 |

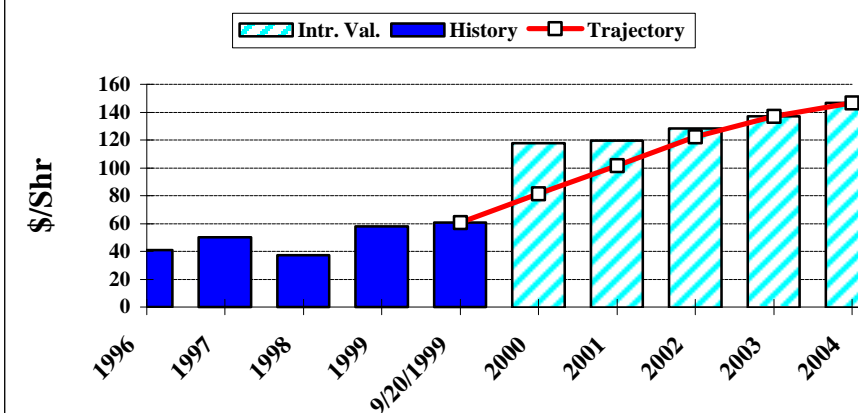
* Net Operating Profit After Tax

| | |
|----------------------|---------|
| Current Price | \$61.75 |
| Current Yield | 1.9% |
| 52 Week High | \$71.13 |
| 52 Week Low | \$36.50 |

| | |
|-------------------------|-------|
| EBIT Margin % | 12.2% |
| Capital Turnover | 2.4 |

| | |
|------------------------|-------|
| Cost of Equity | 8.5% |
| Cost of Capital | 8.4% |
| Leverage | 20.8% |

Stock Price Forecast



Intrinsic Value Driver Sensitivities

| | Units of Change | Forecast Average | Intrinsic Value | | % Ch Intrinsic Value | |
|---------------------------|-----------------|------------------|-----------------|-----------|----------------------|----------|
| | | | Decline | Increase | Decline | Increase |
| Terminal Sales Growth | +1 %age Pt | 7.1% | \$ 116.87 | \$ 118.54 | -1.7% | -0.3% |
| Terminal Spread | +1 %age Pt | 0.0% | \$ 256.67 | \$ 125.90 | 115.8% | 5.8% |
| EBIT Margin | +1 %age Pt | 9.6% | \$ 105.17 | \$ 130.34 | -11.6% | 9.6% |
| Sales Growth | +1 %age Pt | 7.1% | \$ 111.79 | \$ 124.60 | -6.0% | 4.8% |
| Accounts Receivable/Sales | -1 %age Pt | 12.9% | \$ 114.11 | \$ 121.28 | -4.1% | 2.0% |
| Inventories/COGS | -1 %age Pt | 12.0% | \$ 114.89 | \$ 120.45 | -3.4% | 1.3% |
| Operating Cash/Sales | -1 %age Pt | 4.2% | \$ 114.49 | \$ 120.89 | -3.7% | 1.6% |
| Accounts Payable/COGS | +1 %age Pt | 10.3% | \$ 114.89 | \$ 120.45 | -3.4% | 1.3% |
| Net Fixed Assets/Sales | -1 %age Pt | 26.9% | \$ 114.11 | \$ 121.28 | -4.1% | 2.0% |
| Tax Rate | -1 %age Pt | 34.5% | \$ 115.30 | \$ 119.95 | -3.1% | 0.8% |
| Inflection Year | -1 Year | 2009 | \$ 119.75 | \$ 115.84 | 0.7% | -2.6% |
| Terminal Sales Growth | -1 %age Pt | 8.4% | \$ 140.05 | \$ 100.38 | 17.7% | -15.6% |
| Terminal Spread | -1 %age Pt | 20.8% | \$ 117.72 | \$ 117.72 | -1.0% | -1.0% |

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Notes on Intrinsic Value Portfolio The carnage in the IVP last week was truly spectacular, though the year-to-date performance is still respectable at more than 6%. Transport stocks were double-whammied by labor and energy price concerns, DAL following right along of course. The undervaluation there is matched by the over-pricing of energy stocks. These trends often go to extremes, and we therefore emphasize DAL and remove SLB from our portfolio this week. We expect energy prices to return to long-term norms of \$18-19 per barrel in crude oil terms, thus removing much of the reason for owning the group.

Gillette (G) continues to labor mightily, but short-term concerns seem to dominate the price. We expect that coming results could continue to disappoint, but the long run case for the company is intact and current levels are attractive again. Any drop in the cost of capital (say the Fed doesn't raise interest rates again) could provide a powerful boost to the intrinsic value of G and a boost in its price as well.

LOW continues attractive. HD doesn't at current prices. INTC is seriously over-priced and should be reduced. We'll take it out of the portfolio until either the intrinsic value rises enough or the price drops to match it. WEN is a good value again. The long term case for it is still on track with sales performance continuing to surprise analysts.

PFE is also still attractive, though many of you have expressed concern about the high intrinsic value we've estimated for it. Reference to the PFE report of June will show that our assumptions are conservative compared to the company's performance so far. Finally, we add BGG this week. Page 4 looks again at the drivers for Transportation.

Intrinsic Value Portfolio

Companies that create Intrinsic Value

| Symbol | Name | Updated Valuation | Price 9/17/1999 | Intrinsic Value | Over/ (Under) Priced | Q Ratio | Weekly Price Change |
|-----------------|-------------------------------|-------------------|------------------|-----------------|----------------------|--------------------|---------------------|
| ALD | AlliedSignal Inc. | 4/29/1999 | \$ 62.000 | \$64.60 | (4.0%) | 2.6 | (4.1%) |
| CTL | Century Telephone Ent. | 3/1/1999 | \$ 39.125 | \$42.51 | (8.0%) | 1.8 | 0.0% |
| DAL | Delta Air Lines, Inc. | 3/1/1999 | \$ 48.875 | \$66.79 | (26.8%) | 0.9 | (2.6%) |
| G | Gillette Company | 6/23/1999 | \$ 41.563 | \$48.52 | (14.3%) | 5.4 | (5.0%) |
| HD | Home Depot | 3/1/1999 | \$ 67.188 | \$53.65 | 25.2% | 6.3 | (0.8%) |
| INTC | Intel Corporation | 7/23/1999 | \$ 84.625 | \$62.52 | 35.3% | 10.6 | (3.1%) |
| LOW | Lowes Companies | 3/1/1999 | \$ 47.500 | \$52.28 | (9.1%) | 3.5 | 1.2% |
| MLHR | Herman Miller, Inc. | 7/5/1999 | \$ 23.063 | \$46.47 | (50.4%) | 3.3 | (7.7%) |
| NYT | New York Times Co. | 3/1/1999 | \$ 40.500 | \$48.21 | (16.0%) | 2.7 | 0.6% |
| NUE | Nucor Corporation | 3/1/1999 | \$ 49.125 | \$57.99 | (15.3%) | 1.6 | 1.4% |
| PFE | Pfizer, Inc. | 6/23/1999 | \$ 36.438 | \$42.73 | (14.7%) | 11.3 | (2.2%) |
| SLB | Schlumberger Limited | 3/1/1999 | \$ 65.938 | \$51.09 | 29.1% | 2.8 | (5.8%) |
| WEN | Wendy's International | 3/1/1999 | \$ 24.438 | \$29.86 | (18.2%) | 2.1 | (11.3%) |
| Average: | | | | | (6.7%) | Average: | (3.0%) |
| | | | | | | S&P 500 | (1.2%) |

Bold - Outperformed the S&P 500 for the week

Value Drivers

Standard Market Statistics

| Symbol | Sales Growth | | | Quarterly Sales Y/Y | Yield | PE Last 12M | Price/Book | Price/Sales |
|------------|---------------|---------------|--------------|---------------------|-------------|-------------|-------------|-------------|
| | Last 12M | EBIT Margin % | ROC | | | | | |
| ALD | -0.4% | 13.0% | 11.6% | -1.3% | 1.1% | 24.1 | 6.5 | 2.3 |
| CTL | 31.6% | 30.4% | 10.9% | 7.3% | 0.5% | 24.4 | 3.6 | 3.3 |
| DAL | 4.1% | 12.0% | 11.0% | 5.2% | 0.2% | 6.7 | 1.9 | 0.5 |
| G | -1.5% | 23.1% | 18.5% | 3.8% | 1.4% | 51.8 | 10.9 | 5.2 |
| HD | 26.2% | 8.8% | 13.0% | 28.1% | 0.2% | 45.9 | 10.4 | 2.6 |
| INTC | 14.7% | 32.5% | 25.8% | 13.8% | 0.1% | 37.1 | 11.6 | 9.7 |
| LOW | 22.8% | 6.8% | 11.0% | 29.5% | 0.3% | 29.0 | 5.1 | 1.1 |
| MLHR | 2.8% | 12.7% | 23.8% | -7.1% | 0.6% | 13.9 | 9.0 | 1.1 |
| NYT | 2.0% | 17.5% | 11.9% | 4.0% | 1.0% | 25.0 | 4.6 | 2.5 |
| NUE | -14.3% | 9.9% | 12.6% | -11.6% | 1.1% | 19.9 | 2.0 | 1.1 |
| PFE | 22.5% | 27.0% | 20.8% | 14.1% | 0.9% | 60.6 | 16.6 | 9.6 |
| SLB | -16.7% | 14.7% | 11.9% | -29.5% | 1.1% | 78.5 | 4.5 | 3.6 |
| WEN | -2.8% | 12.6% | 9.7% | -0.3% | 1.0% | 25.9 | 3.3 | 1.8 |

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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 | 21.0% | (23.4%) | (5.6%) |
| CONSUMER CYCLICALS | (16.9%) | (15.6%) | (10.8%) |
| CONSUMER STAPLES | (4.4%) | (10.1%) | (1.2%) |
| HEALTH | (28.1%) | (10.2%) | (25.3%) |
| ENERGY | 16.2% | 50.6% | 20.6% |
| FINANCIAL | (14.5%) | (27.1%) | (28.8%) |
| CAPITAL GOODS | 20.9% | 0.2% | (2.6%) |
| TECHNOLOGY | 13.2% | 16.1% | 26.4% |
| COMMUNICATIONS | 11.6% | 13.5% * | 22.0% * |
| UTILITY | (13.6%) | (21.1%) | (1.2%) |
| TRANSPORTATION | <u>0.0%</u> | <u>(29.5%)</u> | <u>(20.3%)</u> |
| Weighted Total: | 0.5% | (4.4%) | (3.5%) |

RED - Overvalued

BLUE - (Undervalued)

Bold - outperformed the relevant index

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 9/17/1999 | % of Total | % Change | % of Total | % Change | % of Total | % Change |
| BASIC INDUSTRY | 3.2% | (2.4%) | 4.9% | (1.7%) | 4.2% | (1.3%) |
| CONSUMER CYCLICALS | 8.6% | (1.4%) | 15.1% | (1.5%) | 19.4% | (1.0%) |
| CONSUMER STAPLES | 12.3% | (1.0%) | 8.6% | (0.1%) | 9.2% | 0.3% |
| HEALTH | 10.5% | (2.3%) | 10.3% | (4.8%) | 9.8% | (2.8%) |
| ENERGY | 6.4% | (3.0%) | 5.4% | (3.8%) | 3.5% | (5.2%) |
| FINANCIAL | 13.5% | (2.0%) | 11.4% | (2.0%) | 13.2% | (2.3%) |
| CAPITAL GOODS | 8.6% | (0.9%) | 8.4% | (1.4%) | 12.6% | (1.9%) |
| TECHNOLOGY | 24.7% | (1.4%) | 23.5% | 1.0% | 20.4% | (0.2%) |
| COMMUNICATIONS | 8.5% | 2.7% | 1.0% | 3.9% * | 0.5% | 1.9% * |
| UTILITY | 2.8% | (1.4%) | 10.0% | (0.6%) | 4.3% | (1.7%) |
| TRANSPORTATION | 0.8% | (3.5%) | 1.4% | (4.7%) | 2.9% | (1.9%) |
| Index Total: | | (1.2%) | | (1.3%) | | (1.5%) |

* Sector contains only 3 companies

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

Sector Comments Energy stocks may have peaked. Trends like these tend to go on well past any reasonable estimate, though. With Transportation stocks down this year nearly as much as Consumer Staples among the Large Cap stocks, some reversion to the mean might soon appear. So, if you believe that oil prices may have run their course, the the Transports are for you. And with any hope of a tax cut package now dead this year and probably next, a drop in energy prices would act much like a tax cut for the rest of the economy. Financial stocks would also act well. With all the financial stocks now under-priced, we would expect them to be particularly powerful in an oil-price-drop-induced rally.

Communications stocks are now fully over-priced and only those with truly solid revenue and earnings forecasts should be kept. Much of the merger-related buzz and the annoyingly omnipresence of cell phones has been responsible. Enthusiasm has definitely outrun the fundamentals in this group.

And much of the Technology group has also entered the zone of mindless enthusiasm. At least wait for the inevitable drop when one of the doyens of tech misses their number.

| (\$millions) | <u>Large Capitalization</u> | <u>Mid-Cap Capitalization</u> | <u>Small-Cap Capitalization</u> |
|--------------|-----------------------------|-------------------------------|---------------------------------|
| | \$ 10,936,004 | 90.0% | \$872,918 |
| | | | 7.2% |
| | | | \$ 343,161 |
| | | | 2.8% |

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These companies all hope for dropping crude oil prices

Page 4

| Company Name | Ticker | Market Value - Equity | Quarterly Sales Growth | Current Price | Free Cash Flow Annuity | NOPAT Margin | PE Ratio | Price/Book Ratio | Price/Cash Flow per sh. | Return on Capital | Dividend Yield |
|----------------------------------|-------------|-----------------------|------------------------|---------------|------------------------|--------------|----------------|------------------|-------------------------|-------------------|----------------|
| AIR EXPRESS INTERNATIONAL | AEIC | \$766 | -1.4% | 22.9 | 16.50 | 4.6 | 17.7 | 2.7 | 12.6 | 20.26 | 1.2% |
| AIRBORNE FREIGHT CORP | ABF | \$1,119 | 2.0% | 23.0 | 27.10 | 6.2 | 10.0 | 1.6 | 3.5 | 10.98 | 0.7% |
| ALASKA AIR GROUP INC | ALK | \$1,080 | 9.2% | 41.2 | 94.40 | 13.4 | 8.4 | 1.4 | 4.5 | 8.99 | 0.0% |
| ALEXANDER & BALDWIN INC | ALEX | \$1,078 | -28.4% | 24.9 | 69.60 | 6.3 | 28.1 | 1.5 | 9.2 | 4.44 | 3.6% |
| AMERICAN FREIGHTWAYS COI | AFWY | \$630 | 18.2% | 19.8 | 41.91 | 5.4 | 18.1 | 2.6 | 7.5 | 7.22 | 0.0% |
| AMR CORP/DE | AMR | \$7,950 | 1.8% | 52.8 | 104.02 | 11.7 | 9.8 | 1.4 | 3.3 | 8.69 | 0.0% |
| ARKANSAS BEST CORP | ABFS | \$247 | 3.3% | 12.6 | 21.12 | 3.1 | 7.7 | 1.4 | 3.3 | 7.70 | 0.0% |
| ARNOLD INDUSTRIES INC | AIND | \$354 | 2.9% | 14.3 | 7.38 | 14.3 | 9.9 | 1.6 | 5.4 | 20.06 | 3.1% |
| ATLANTIC COAST AIRLINES HL | ACAI | \$337 | 22.0% | 18.1 | 40.82 | 19.8 | 11.6 | 3.5 | 9.6 | 14.43 | 0.0% |
| BRLNGTN NTHRN SANTA FE | BNI | \$13,584 | -0.5% | 29.2 | 51.50 | 22.5 | 12.6 | 1.8 | 6.9 | 8.14 | 1.6% |
| CNF TRANSPORTATION INC | CNF | \$2,069 | 13.5% | 42.8 | 83.87 | 5.4 | 11.6 | 2.1 | 7.2 | 8.49 | 0.9% |
| COMAIR HOLDINGS INC | COMR | \$1,542 | 16.8% | 16.1 | 24.17 | 20.7 | 14.5 | 4.8 | 8.7 | 11.90 | 0.7% |
| CSX CORP | CSX | \$9,524 | 5.1% | 43.7 | 143.61 | 10.5 | 18.9 | 1.6 | 8.3 | 4.55 | 2.7% |
| DELTA AIR LINES INC | DAL | \$6,895 | 5.2% | 48.9 | 83.14 | 13.7 | 6.7 | 1.9 | 3.9 | 11.02 | 0.2% |
| EXPEDITORS INTL WASH INC | EXPD | \$1,818 | 37.2% | 36.3 | 83.92 | 5.0 | 31.4 | 7.3 | 28.2 | 20.84 | 0.3% |
| FDX CORP | FDX | \$11,491 | 5.8% | 38.6 | 79.26 | 6.8 | 19.7 | 2.7 | 6.9 | 7.92 | 0.0% |
| FRITZ COS INC | FRTZ | \$378 | 7.2% | 10.4 | 12.54 | 1.8 | 30.7 | 1.6 | 9.2 | 6.80 | 0.0% |
| FROZEN FOOD EXPRESS INDS | FFEX | \$100 | 8.3% | 6.1 | 3.29 | 4.5 | 13.9 | 1.1 | 5.2 | 14.03 | 2.0% |
| GATX CORP | GMT | \$1,616 | 3.2% | 32.6 | 105.20 | 23.4 | 11.7 | 2.2 | 4.1 | 6.60 | 3.4% |
| HEARTLAND EXPRESS INC | HTLD | \$439 | -4.5% | 14.6 | 8.23 | 19.2 | 13.5 | 2.4 | 8.6 | 27.29 | 0.0% |
| HUNT (JB) TRANSPRT SVCS IN | JBHT | \$499 | 7.9% | 14.0 | 13.04 | 5.4 | 12.2 | 1.4 | 2.7 | 10.96 | 1.4% |
| KANSAS CITY SOUTHERN INDS | KSU | \$5,200 | 33.6% | 47.1 | 83.51 | 24.2 | 22.3 | 5.5 | 19.6 | 10.81 | 0.3% |
| KIRBY CORP | KEX | \$428 | -0.3% | 21.3 | 45.50 | 6.4 | 44.4 | 2.9 | 11.8 | 5.11 | 0.0% |
| LANDSTAR SYSTEM INC | LSTR | \$397 | 5.4% | 39.4 | 38.07 | 2.7 | 9.9 | 3.4 | 9.2 | 14.37 | 0.0% |
| M S CARRIERS INC | MSCA | \$347 | 14.9% | 28.3 | 26.56 | 8.6 | 12.4 | 1.7 | 4.6 | 12.01 | 0.0% |
| MESA AIR GROUP INC | MESA | \$235 | -10.5% | 6.9 | 546.12 | 0.6 | 15.6 | 1.6 | (7.1) | 0.27 | 0.0% |
| NORFOLK SOUTHERN CORP | NSC | \$10,319 | 10.7% | 27.1 | 52.26 | 24.6 | 19.8 | 1.7 | 9.6 | 6.03 | 2.9% |
| OVERSEAS SHIPHOLDING GRC | OSG | \$494 | -12.4% | 13.6 | 32.08 | 11.0 | (11.6) | 0.7 | 10.8 | 2.50 | 4.4% |
| PITTSTON CO-BAX GROUP | PZX | \$186 | 13.1% | 8.9 | 106.90 | 0.8 | (22.9) | 0.6 | 8.3 | 1.84 | 2.7% |
| RAILTEX INC | RTEX | \$121 | 14.8% | 13.1 | 21.65 | 14.9 | 9.3 | 0.9 | 4.5 | 6.75 | 0.0% |
| ROLLINS TRUCK LEASING | RLC | \$588 | 0.9% | 10.3 | 12.86 | 18.0 | 10.8 | 2.1 | 2.7 | 9.12 | 2.0% |
| RYDER SYSTEM INC | R | \$1,586 | 7.4% | 22.7 | 59.59 | 10.4 | 12.3 | 1.4 | 2.1 | 8.06 | 2.6% |
| SKYWEST INC | SKYW | \$509 | 36.1% | 20.8 | 46.48 | 16.9 | 10.5 | 1.9 | 7.6 | 8.92 | 0.6% |
| SOUTHWEST AIRLINES | LUV | \$7,844 | 13.1% | 15.6 | 23.57 | 16.3 | 17.4 | 3.5 | 11.4 | 11.33 | 0.2% |
| SWIFT TRANSPORTATION CO | SWFT | \$1,284 | 21.6% | 20.0 | 34.70 | 9.2 | 21.8 | 4.1 | 12.6 | 10.47 | 0.0% |
| UNION PACIFIC CORP | UNP | \$12,872 | 17.4% | 51.9 | 492.84 | 4.6 | (139.1) | 1.6 | 29.4 | 1.56 | 1.5% |
| US AIRWAYS GROUP INC | U | \$1,758 | -0.4% | 24.6 | 94.20 | 14.3 | 4.1 | 4.4 | 2.4 | 9.23 | 0.0% |
| USFREIGHTWAYS CORP | USFC | \$1,218 | 22.8% | 46.1 | 64.73 | 4.8 | 15.3 | 2.8 | 8.0 | 10.38 | 0.8% |
| WERNER ENTERPRISES INC | WERN | \$952 | 23.1% | 20.1 | 16.99 | 11.3 | 16.4 | 2.3 | 6.8 | 15.51 | 0.5% |
| WISCONSIN CENTRAL TRANSF | WCLX | \$780 | 6.8% | 15.3 | 20.01 | 37.5 | 11.7 | 1.8 | 8.1 | 10.61 | 0.0% |
| YELLOW CORP | YELL | \$401 | 3.9% | 16.1 | 17.74 | 3.6 | 9.7 | 1.1 | 2.9 | 10.06 | 0.0% |

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@AF - Annual Figure

@NA - Not available

@CF - Combined Figure

@SF - SemiAnnual Figure

Bold Blue - Favorable Drivers

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