

Intrinsic Value Weekly

Volume 3, No. 1

Published Weekly by Intrinsic Value Associates, LLC

January 3, 2000

"Time for an Update of an Old Screen"

The market seems so high, just looking at the averages, that there couldn't be values out there, right? We re-ran the "No Growth" screen, the one that finds companies that are priced as if they'll never grow again and found some interesting stocks. We present the list on Page 3, together with relevant data. We'll do some research on the list and report our results next week, including any recommendations for new purchases.

To remind you, the screen seeks stocks that have:

1. Return on Capital higher than Cost of Capital.
2. Market Value of Equity of at least \$500 million.
3. Twelve month sales per share growth of at least 10%.
4. One year growth in Net Operating Profit After Tax of at least 10%.
5. At least a 15% price discount from "No Growth" value.
6. Return on Capital at least as high as the year prior.

The performance of the Intrinsic Value Portfolio during the holiday season wasn't pretty, but opportunity is made of such times. The slow sales growth at **Herman Miller, Inc. (MLHR)** cost the company some credibility and management changes at times of transition don't help either (a new CFO). The company is hoping that current activity is due to caution among their customers related to Y2K concerns. The company continues its strong stock repurchase program, and with the deep discount of its price from intrinsic value, the buy-backs have a super-charged effect on per share earnings. Industry sources project business furniture shipments of 4 to 6 percent in 2000 after a slight decline this year. This would be inline with our longer term forecast for **MLHR** of 2% rising to 6% by 2005. Meanwhile, the company continues to build a strong market position with new products and a strengthened distribution system. As the deepest discount in the IVP, we reiterate our purchase recommendation for **MLHR**.

Intrinsic Value Portfolio

Companies that create Intrinsic Value

Symbol	Name	Updated Valuation	Price 12/31/1999	Intrinsic Value	Over/ (Under) Priced	Q Ratio	2 Week Price Change
AC	Alliance Capital Mgt LP	9/24/1999	\$ 29.938	\$44.68	(33.0%)	7.2	(0.8%)
HON	Honeywell Int'l Inc.	4/29/1999	\$ 57.688	\$64.60	(10.7%)	2.5	(8.1%)
BGG	Briggs & Stratton	9/20/1999	\$ 53.625	\$117.62	(54.4%)	2.0	4.0%
CTL	CenturyTel, Inc.	3/1/1999	\$ 47.375	\$45.97	3.1%	2.0	(0.4%)
DAL	Delta Air Lines, Inc.	3/1/1999	\$ 49.813	\$66.79	(25.4%)	0.9	2.4%
G	Gillette Company	6/23/1999	\$ 41.188	\$48.52	(15.1%)	4.7	2.6%
LOW	Lowes Companies	9/27/1999	\$ 59.750	\$61.77	(3.3%)	3.8	5.5%
MLHR	Herman Miller, Inc.	7/5/1999	\$ 23.000	\$46.47	(50.5%)	3.2	(4.7%)
NYT	New York Times Co.	3/1/1999	\$ 49.125	\$48.21	1.9%	2.6	3.1%
NUE	Nucor Corporation	3/1/1999	\$ 54.813	\$57.99	(5.5%)	1.7	0.6%
PFE	Pfizer, Inc.	6/23/1999	\$ 32.438	\$42.73	(24.1%)	10.9	(2.4%)
WEN	Wendy's International	3/1/1999	\$ 20.813	\$29.86	(30.3%)	1.7	0.9%
Average:					(19.5%)	Average:	0.2%
S&P 500							3.4%

Bold - Outperformed the S&P 500 for the week

Value Drivers

Standard Market Statistics

Symbol	Sales				Standard Market Statistics			
	Growth Last 12M	EBIT Margin %	ROC	Quarterly Sales Y/Y	Yield	PE Last 12M	Price/Book	Price/Sales
AC	30.1%	27.7%	52.7%	36.2%	6.6%	13.9	11.9	3.1
HON	(0.3%)	13.0%	11.6%	2.6%	1.2%	22.6	6.3	2.2
BGG	14.2%	12.0%	26.4%	33.5%	2.2%	9.7	3.4	0.8
CTL	16.0%	30.4%	10.9%	4.3%	0.4%	27.5	4.2	3.8
DAL	2.8%	12.7%	10.9%	2.0%	0.2%	6.2	1.5	0.5
G	(0.0%)	23.1%	18.5%	(0.9%)	1.4%	32.6	9.4	4.5
LOW	19.7%	6.8%	11.0%	19.2%	0.2%	29.7	5.6	1.2
MLHR	(1.3%)	12.7%	23.8%	(0.2%)	0.6%	13.5	8.7	1.1
NYT	3.7%	17.5%	11.9%	6.9%	0.9%	23.7	4.6	2.4
NUE	(12.2%)	9.9%	12.6%	1.6%	0.9%	21.2	2.1	1.2
PFE	22.1%	27.0%	20.8%	19.8%	1.0%	53.3	16.0	8.8
WEN	2.0%	12.6%	9.7%	11.4%	1.2%	19.7	2.6	1.4

Intrinsic Value Weekly

ECONOMIC SECTOR VALUATION

<u>SECTORS</u>	<u>S&P 500</u>	<u>S&P MIDCAP</u>	<u>S&P SMALL CAP</u>
BASIC INDUSTRY	33.6%	(25.4%)	(7.4%)
CONSUMER CYCLICALS	(2.0%)	(17.6%)	(13.4%)
CONSUMER STAPLES	(4.4%)	(9.2%)	(12.7%)
HEALTH	(34.9%)	(1.5%)	(11.2%)
ENERGY	3.3%	49.8%	0.8%
FINANCIAL	(11.3%)	(29.7%)	(33.4%)
CAPITAL GOODS	25.0%	11.4%	5.9%
TECHNOLOGY	39.0%	30.8%	75.5%
COMMUNICATIONS	10.3%	77.8% *	55.7% *
UTILITY	(21.9%)	(28.9%)	(11.4%)
TRANSPORTATION	(28.4%)	(31.0%)	(8.7%)
Weighted Total:	9.8%	1.9%	12.7%

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 12/31/1999	% of Total	% Change	% of Total	% Change	% of Total	% Change
BASIC INDUSTRY	2.9%	2.0%	4.7%	4.8%	3.8%	4.5%
CONSUMER CYCLICALS	9.3%	1.0%	14.9%	4.3%	17.3%	5.8%
CONSUMER STAPLES	11.2%	2.7%	8.5%	3.0%	7.3%	4.1%
HEALTH	9.1%	1.3%	10.5%	14.5%	10.4%	14.1%
ENERGY	4.8%	(0.7%)	4.8%	9.3%	2.8%	9.8%
FINANCIAL	13.2%	4.1%	10.9%	1.1%	10.5%	2.0%
CAPITAL GOODS	8.4%	5.0%	7.8%	4.3%	13.1%	7.4%
TECHNOLOGY	30.2%	3.9%	26.8%	4.3%	27.1%	7.5%
COMMUNICATIONS	7.9%	(8.1%)	1.5%	8.5% *	0.7%	14.9% *
UTILITY	2.3%	2.4%	8.6%	1.5%	3.6%	0.9%
TRANSPORTATION	0.7%	(1.5%)	1.0%	8.7%	3.4%	8.4%
Index Total:		3.4%		6.6%		7.1%

* Sector contains only 3 companies

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

Sector Comments The last two weeks of the year were explosive for MidCap and Small Cap stocks, closing some of the performance gap. The large cap stocks exhibited continued dominance from Capital Goods, Technology and Financial stocks, while MidCap stars were in the Health and Energy sectors. Small Cap stocks seemed to combine the strengths of its larger brethren, with Health, Energy, Capital Goods, Technology and Communications showing strong gains.

High and rising Cost of Capital has been ignored by the market leaders in this period. It is often the case that popular and successful stocks continue to levitate like Wily Coyote, until noticing that nothing of substance is holding them up, then drop like stones with everyone shouting "Correction!!" As you can see in the valuation table above, the areas that have levitated are Capital Goods, Technology and Communications, with dreamy expectations of accelerating sales growth and widening margins. Though our view is not popular, we expect these groups to number among the worst performers for much of this last year of the Millenium. Note the new \$trillion mark breached by large cap stocks this week.

(\$millions)	<u>Large Capitalization</u>	<u>Mid-Cap Capitalization</u>	<u>Small-Cap Capitalization</u>
\$	12,144,186	\$909,015	\$ 369,722
	90.5%	6.8%	2.8%

Intrinsic Value Weekly

An Update of the "No Growth" Screen

Page 3

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	Return on Capital	Dividend Yield
AMERICREDIT CORP	ACF	\$1,359	61.4%	18.5	30.10	48.4	12.9	2.7	13.6	19.14	0.0%
AMERISOURCE HEALTH CP -C	AAS	\$740	26.8%	15.2	25.78	1.4	8.8	8.4	12.1	14.81	0.0%
AVANT CORP	AVNT	\$503	19.0%	15.0	32.18	30.4	15.2	2.2	11.2	34.54	0.0%
BIG FLOWER HOLDINGS INC	BGF	\$616	9.7%	31.3	38.82	6.9	17.1	4.8	5.0	10.73	0.0%
BORDERS GROUP INC	BGP	\$1,254	17.6%	16.3	26.21	8.6	15.2	1.7	8.0	9.98	0.0%
BORG WARNER AUTO	BWA	\$1,082	36.6%	40.5	79.82	8.8	8.0	1.2	5.1	9.86	1.5%
BRIGGS & STRATTON	BGG	\$1,240	33.5%	53.6	112.17	12.2	9.7	3.4	8.0	26.42	2.2%
CASEYS GENERAL STORES INC	CASY	\$550	27.9%	10.4	12.42	5.3	15.7	2.2	7.4	11.61	0.6%
CENTEX CONSTRN PRODS INC	CXP	\$745	28.7%	39.0	92.04	35.7	7.4	2.5	8.2	39.59	0.5%
CENTEX CORP	CTX	\$1,465	15.0%	24.7	106.50	9.8	5.6	1.2	5.5	17.44	0.6%
CLAIRES STORES INC	CLE	\$1,143	16.3%	22.4	33.89	17.0	13.7	3.5	12.2	35.99	0.7%
CONECTIV INC	CIV	\$1,572	6.7%	16.8	26.23	12.6	14.6	1.0	4.4	9.20	5.2%
FAMILY DOLLAR STORES	FDO	\$2,818	15.8%	16.3	19.74	8.1	22.1	4.5	15.3	33.91	1.2%
HAYES LEMMERZ INTL INC	HAZ	\$529	34.8%	17.4	24.66	8.6	8.4	2.2	3.8	8.62	0.0%
HONDA MOTOR LTD -AM SHAF	HMC	\$37,271	33.8%	76.5	133.70	9.2	15.3	2.8	9.3	17.16	0.5%
HUGHES SUPPLY INC	HUG	\$507	19.3%	21.6	28.19	3.3	8.6	1.2	6.2	8.42	1.6%
INTERNATIONAL HOME FOODS	IHF	\$1,281	24.8%	17.4	27.19	12.0	13.4	42.9	23.8	16.38	0.0%
JACK IN THE BOX INC	JBX	\$792	33.0%	20.7	34.33	11.1	10.5	3.7	6.5	11.24	0.0%
JOHNSON CONTROLS INC	JCI	\$4,857	25.8%	56.9	122.29	4.2	11.4	@NA	5.6	9.53	1.8%
KAUFMAN & BROAD HOME CO	KBH	\$1,154	60.4%	24.2	36.72	7.6	7.8	1.9	8.7	12.81	1.2%
LA-Z-BOY INC	LZB	\$877	15.8%	16.8	30.64	8.5	12.2	2.3	10.0	21.47	1.9%
LENNAR CORP	LEN	\$948	32.0%	16.3	24.46	7.2	5.3	1.3	5.6	12.83	0.3%
LG&E ENERGY CORP	LGE	\$2,261	37.5%	17.4	24.99	19.4	12.1	2.1	6.2	10.50	7.3%
MICHAELS STORES INC	MIKE	\$836	20.9%	28.5	35.04	7.5	19.6	1.9	8.7	9.50	0.0%
NATIONAL SERVICE INDS INC	NSI	\$1,194	19.5%	29.5	38.54	6.9	9.8	1.9	6.6	12.40	4.3%
OGE ENERGY CORP	OGE	\$1,478	37.7%	19.0	46.09	21.2	11.3	1.7	4.9	13.02	7.0%
OMNICARE INC	OCR	\$1,096	23.6%	12.0	15.76	9.3	17.0	1.3	8.5	9.74	0.8%
PACCAR INC	PCAR	\$3,470	17.1%	44.3	121.74	10.2	6.2	1.8	6.4	16.52	1.8%
PULTE CORP	PHM	\$973	28.2%	22.5	54.56	7.8	5.9	0.9	@CF	14.46	0.7%
RELIANT ENERGY INC	REI	\$6,764	42.8%	22.9	40.72	12.9	6.1	1.7	9.5	8.75	6.6%
REXALL SUNDOWN INC	RXSD	\$664	3.6%	10.3	18.64	16.5	11.5	2.5	9.7	33.82	0.0%
SCHEIN HENRY INC	HSIC	\$542	17.5%	13.3	26.82	4.6	14.9	1.1	14.7	12.71	0.0%
SCOTTS COMPANY	SMG	\$741	30.2%	40.3	113.95	11.6	12.4	@NA	7.5	15.08	0.0%
SHAW INDUSTRIES INC	SHX	\$2,134	27.2%	15.5	23.79	8.5	10.6	2.8	21.6	13.93	1.3%
SMITHFIELD FOODS INC	SFD	\$1,081	40.7%	24.0	37.42	4.3	9.7	2.0	6.3	12.42	0.0%
TEREX CORP	TEX	\$763	55.5%	27.8	49.21	9.0	6.1	5.9	7.0	19.88	0.0%
TOLL BROTHERS INC	TOL	\$679	18.3%	18.6	51.40	14.1	6.4	1.3	7.6	16.73	0.0%
TOTAL RENAL CARE HLDG -CI	TRL	\$543	15.2%	6.7	18.23	15.7	33.9	1.2	9.8	13.81	0.0%
UNITED STATIONERS INC	USTR	\$970	10.4%	28.6	44.15	4.5	10.2	2.3	11.6	15.21	0.0%
UNOVA INC	UNA	\$719	24.1%	13.0	18.28	6.2	13.0	1.0	5.6	8.08	0.0%
USG CORP	USG	\$2,330	17.0%	47.1	89.78	12.9	6.2	4.7	5.7	31.41	1.3%
UTILICORP UNITED INC	UCU	\$1,810	69.7%	19.4	32.49	2.8	11.6	1.3	6.3	8.27	6.2%
VULCAN MATERIALS CO	VMC	\$3,996	28.8%	39.9	50.29	19.5	17.3	3.5	10.2	24.87	2.0%
WERNER ENTERPRISES INC	WERN	\$668	23.0%	14.1	26.75	11.3	11.4	1.6	4.8	15.51	0.7%
WISCONSIN ENERGY CORP	WEC	\$2,269	13.8%	19.3	29.76	20.2	10.4	1.2	5.1	8.18	8.1%
WORTHINGTON INDUSTRIES	WTHG	\$1,476	13.1%	16.6	22.95	9.7	16.2	2.1	9.2	11.49	3.6%
YORK INTL	YRK	\$1,098	19.7%	27.4	47.72	5.3	9.4	1.2	5.6	10.42	2.2%

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@AF - Annual Figure

@NA - Not available

@CF - Combined Figure

@SF - SemiAnnual Figure

Blue - Favorable Drivers

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