

# INDUSTRY GROUP WINNERS & LOSERS

## 1998's WINNERS...

EARNINGS CHANGE  
FROM 1997

MISCELLANEOUS LEISURE	708%
HEALTH-CARE SERVICES	338
PAPER	268
PRINTING & ADVERTISING	232
INSTRUMENTS	163
APPAREL	162
AEROSPACE & DEFENSE	92
EATING PLACES	86
APPLIANCES	79
PAPER CONTAINERS	75

## ...AND LAGGARDS

EARNINGS CHANGE  
FROM 1997

NONFERROUS METALS	-65%
COAL, OIL & GAS	-46
AUTO PARTS	-39
RAILROADS	-33
SEMICONDUCTORS	-24
ENTERTAINMENT	-23
STEEL	-21
ELECTRICAL PRODUCTS	-15
GAS UTILITIES	-14
MEDICAL PRODUCTS	-11

## 1999's WINNERS...

EST. EARNINGS CHANGE  
FROM 1998

AUTO PARTS	113%
MEDICAL PRODUCTS	97
COMPUTERS & PERIPHERALS	96
FOREST PRODUCTS	83
SEMICONDUCTORS	73
RAILROADS	68
ENTERTAINMENT	64
POLLUTION CONTROL	63
COAL, OIL & GAS	61
TELECOMMUNICATIONS	55

## ...AND LAGGARDS

EST. EARNINGS CHANGE  
FROM 1998

PETROLEUM SERVICES	-9%
STEEL	-4
CONSTRUCTION & ENG.	+2
CHEMICALS	+5
TOBACCO	+5
BUILDING MATERIALS	+7
TIRE & RUBBER	+7
TEXTILES	+9
FINANCIAL SERVICES	+9
ELECTRICAL UTILITIES	+9

Because of losses in 1997, earnings gains or losses cannot be calculated on a percentage basis for broadcasters, forest products, and pollution-control companies. Because of estimated losses in 1998 and 1999, earnings gains or losses cannot be calculated on a percentage basis for broadcasters.

# A MENU OF INVESTMENT OPPORTUNITIES

If you analyze the data by certain criteria, some companies pop out. Be careful, though. Unusually high or low percentages could also be a sign of trouble. This is just a starting point for further research.

## LOW P-E RATIO, HIGH EARNINGS GROWTH

These companies have a low p-e ratio, and 1999 earnings are forecast to increase smartly

	P-E RATIO	PERCENT CHANGE EARNINGS 1998-99
COMPUCOM SYSTEMS	8.6	62%
NINE WEST GROUP	7.6	35
KAISER ALUMINUM	9.7	33
CELLSTAR	7.8	29
VENATOR GROUP	11.9	45
OAKWOOD HOMES	12.8	59
ORION CAPITAL	8.5	27
KAUFMAN & BROAD HOME	12.7	37
ADVANTA	0.8	20
STAFF LEASING	6.8	20

## LOW PSR, BIG STOCK-PRICE INCREASE

Companies with both a low price-sales ratio and a jump in stock price in 1998

	PRICE CHANGE DEC. 31, 1997-NOV. 30, 1998	PRICE-SALES RATIO
BINDLEY WESTERN INDS.	67%	0.11
BERGEN BRUNSWIG	48	0.18
NVR	80	0.29
MUSICLAND STORES	132	0.33
INGRAM MICRO	46	0.28
MICRO WAREHOUSE	96	0.44
BROWN GROUP	35	0.21
LANDSTAR SYSTEM	55	0.33
AMES DEPT. STORES	36	0.23
SHOPKO STORES	47	0.32

## CHEAP STOCKS

Companies with both a low price-to-book percentage and a low price-earnings ratio

	PRICE AS PERCENT OF BOOK VALUE	P-E RATIO
NOVACARE	33%	3.7
NATIONAL STEEL	35	2.9
ADVANTA	49	0.8
VENCOR	35	5.2
AGCO	48	3.8
LTV	32	7.9
STANDARD COMMERCIAL	66	4.3
TERRA INDUSTRIES	51	6.9
CASE	76	5.0
ARKANSAS BEST	70	6.1

## STOCKS WITH BIG PRICE INCREASES

The prices of these companies' stocks jumped the most in 1998

	PRICE CHANGE DEC. 31, 1997 - NOV. 30, 1998
AMAZON.COM	537%
YAHOO!	455
AMERICA ONLINE	287
BEST BUY	213
DELL COMPUTER	190
EMC	164
MICRON ELECTRONICS	149
APPLE COMPUTER	143
MUSICLAND STORES	132
ASCEND COMMUNS.	129

## THE "A" LIST

Companies with a market cap of above \$5 billion and an A- or better S&P Stock Ranking, where return on equity (ROE) and estimated earnings growth are above the average and the p-e to growth rate (PEG) is below the average

	MARKET VALUE BILLIONS	PRICE CHANGE 12/31/97-11/30/98	ROE	PEG	LONG-TERM EARNINGS GROWTH	S&P EQUITY RANKING
MBNA	\$17.1	25%	33.7	1.1	20.0%	A-
INTEL	179.4	53	25.7	1.4	20.0	A-
EQUIFAX	5.9	17	47.0	1.6	17.7	A-
SERVICEMASTER	6.4	10	20.3	1.9	17.3	A+
CARNIVAL	20.5	25	18.8	1.5	17.1	A
FREDDIE MAC	41.1	44	16.1	1.8	15.0	A+
NEWELL	7.2	4	22.7	1.4	15.0	A+
DAYTON HUDSON	19.8	33	17.4	1.5	15.0	A
STATE STREET	11.0	18	19.2	1.7	14.6	A+
SLM HOLDING	7.3	11	78.7	1.1	14.0	A

## HIGH HOPES FOR EARNINGS

These companies' earnings are forecast to move ahead strongly in 1999

	PERCENT CHANGE 1998-99
SPORTS AUTHORITY	611%
POLAROID	530
SAFETY-KLEEN	524
READER'S DIGEST ASSN.	381
MEDPARTNERS	380
NATIONAL FUEL GAS	284
COMPAQ COMPUTER	278
U.S. OFFICE PRODUCTS	273
MOTOROLA	260
VANSTAR	258