

Deep Value: Neglected Gross Profiteers

Companies that trade at low multiples of gross profit

Company	Ticker	Price (\$)	Move To 52-Week		MV (\$mn)	EV (\$mn)	Enterprise Value /			Est. P/E		Price/Tang. Book	Insiders		
			Low	High			Sales	Gross Profit	EBIT	This FY	Next FY		% Own.	Buys/Sells	
1	Molina Healthcare	MOH	20.94	-23%	23%	535	73	.0x	.1x	.8x	12x	11x	1.6x	51%	- / 16
2	Kindred Healthcare	KND	14.66	-34%	27%	573	619	.1x	.2x	5.2x	10x	12x	.7x	3%	- / 20
3	WellCare	WCG	33.16	-81%	3%	1,403	232	.0x	.2x	6.7x	11x	13x	1.9x	4%	- / -
4	Winn-Dixie Stores	WINN	10.96	-27%	48%	601	477	.1x	.2x	6.4x	42x	34x	.9x	1%	1 / 17
5	RealNetworks	RNWK	3.31	-40%	35%	446	84	.1x	.2x	n/m	n/m	n/m	1.2x	37%	- / 1
6	Interactive Brokers	IBKR	16.76	-24%	25%	691	279	.2x	.3x	.4x	15x	12x	1.2x	2%	20 / -
7	Humana	HUM	41.73	-55%	10%	7,087	1,616	.1x	.3x	1.0x	7x	8x	2.1x	1%	- / 1
8	Kelly Services	KELYA	10.39	-41%	36%	363	325	.1x	.4x	n/m	n/m	n/m	.7x	23%	- / -
9	Retail Ventures	RVI	7.70	-88%	5%	377	307	.2x	.5x	n/m	-	-	2.1x	41%	- / -
10	E.W. Scripps	SSP	6.29	-89%	43%	344	341	.4x	.6x	n/m	n/m	37x	.8x	46%	- / 9
11	Blyth	BTH	34.15	-61%	44%	304	300	.3x	.6x	n/m	15x	14x	1.4x	34%	- / 2
12	Great A & P Tea	GAP	11.43	-74%	13%	667	1,682	.2x	.6x	n/m	n/m	n/m	n/m	42%	- / 12
13	Hot Topic	HOTT	5.79	-4%	140%	257	165	.2x	.6x	5.7x	17x	14x	1.0x	2%	- / 2
14	Star Gas Partners	SGU	3.85	-53%	3%	293	205	.2x	.6x	2.5x	-	-	3.5x	18%	- / -
15	* Novell	NOVL	3.90	-24%	28%	1,353	431	.5x	.6x	16.9x	13x	13x	2.7x	0%	1 / -
16	Office Depot	ODP	6.28	-91%	25%	1,725	2,100	.2x	.6x	n/m	n/m	n/m	2.1x	3%	- / -
17	USA Mobility	USMO	10.22	-15%	38%	231	135	.4x	.6x	2.1x	-	-	1.4x	1%	- / 5
18	First American	FAF	31.74	-39%	7%	2,971	2,785	.5x	.7x	10.8x	14x	13x	>9.9x	6%	1 / 5
19	Hutchison Telecom	HTX	3.03	-19%	488%	973	1,453	.6x	.7x	10.7x	-	-	>9.9x	68%	- / -
20	Core-Mark	CORE	30.04	-48%	4%	314	275	.0x	.7x	4.0x	7x	10x	1.0x	7%	- / 12
21	Haverty Furniture	HVT	11.76	-35%	14%	252	213	.4x	.7x	n/m	n/m	18x	1.1x	24%	- / 10
22	* Pacific Sunwear	PSUN	3.27	-78%	122%	216	190	.2x	.7x	n/m	n/m	n/m	.6x	2%	- / -
23	Brown Shoe	BWS	10.41	-80%	18%	446	606	.3x	.7x	n/m	58x	19x	1.5x	2%	- / -
24	Vonage	VG	1.25	-75%	110%	250	430	.5x	.7x	29.7x	n/m	n/m	n/m	27%	- / 8
25	Fred's	FRED	10.06	-15%	48%	403	357	.2x	.7x	10.3x	15x	13x	1.0x	7%	- / 2
26	Christopher & Banks	CBK	5.96	-55%	51%	215	115	.2x	.8x	n/m	n/m	n/m	1.1x	2%	- / 1
27	Cabela's	CAB	12.13	-60%	46%	815	783	.3x	.8x	5.3x	10x	10x	.8x	40%	6 / 10
28	AnnTaylor Stores	ANN	14.24	-83%	23%	836	702	.4x	.8x	n/m	>99x	27x	2.1x	3%	- / 1
29	Barnes & Noble	BKS	24.39	-48%	18%	1,364	1,206	.2x	.8x	9.0x	39x	22x	2.4x	30%	5 / 1
30	Spherion	SFN	5.19	-79%	34%	264	276	.2x	.8x	n/m	n/m	>99x	.9x	3%	- / 1
31	Repsol	REP	27.62	-49%	4%	30,958	46,527	.3x	.8x	2.9x	15x	11x	1.3x	21%	- / -
32	CDI	CDI	11.79	-45%	42%	224	155	.2x	.8x	n/m	>99x	59x	1.0x	34%	- / -
33	Genesco	GCO	26.70	-58%	11%	605	642	.4x	.8x	12.5x	15x	13x	1.8x	4%	- / 2
34	* Furniture Brands	FBN	4.18	-83%	50%	204	229	.2x	.8x	n/m	n/m	n/m	1.0x	2%	1 / -
35	Liz Claiborne	LIZ	4.15	-61%	90%	394	1,198	.4x	.8x	n/m	n/m	n/m	>9.9x	1%	- / -
36	* American Equity	AEL	7.19	-59%	23%	419	725	.7x	.8x	10.8x	4x	4x	.6x	5%	2 / 1
37	* Sierra Wireless	SWIR	8.62	-69%	27%	268	135	.3x	.8x	n/m	-	-	1.9x	1%	- / -
38	Alaska Air Group	ALK	29.44	-54%	5%	1,038	1,466	.4x	.8x	13.6x	11x	8x	1.3x	0%	- / -
39	Medicines	MDCO	7.79	-21%	115%	412	240	.6x	.8x	n/m	n/m	31x	1.5x	1%	1 / -
40	New York & Company	NWY	4.06	-64%	50%	241	204	.2x	.9x	n/m	n/m	14x	1.2x	53%	- / -
41	Imation	IMN	8.93	-22%	63%	340	229	.1x	.9x	n/m	>99x	20x	.6x	2%	5 / -
42	Select Comfort	SCSS	5.37	-96%	31%	245	285	.5x	.9x	n/m	28x	16x	n/m	52%	2 / 1
43	* Investment Tech	ITG	18.28	-19%	58%	799	504	.7x	.9x	3.7x	12x	10x	2.3x	1%	- / 5
44	US Airways Group	LCC	3.47	-46%	180%	559	3,943	.4x	.9x	n/m	n/m	n/m	n/m	2%	- / -
45	KT Corp.	KTC	16.82	-38%	5%	6,803	12,725	.8x	.9x	10.5x	8x	8x	1.1x	7%	- / -

* New additions are highlighted.

Screening criteria: ► EV not more than trailing gross profit ► Market value not more than 2x gross profit ► Market value > \$200 million
New additions are highlighted. MV = market value. EV = enterprise value. Number of insider transactions relates to most recent six-month period.



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About This Publication

10x45 Bargain Hunter is a bi-weekly screening service for investors looking to uncover hidden value in the stock market. *Bargain Hunter* is brought to you by the acclaimed Manual of Ideas research team.

Inspired by the Zeiss 10x45 Victory Rangefinding Binocular ("essential equipment for long range hunting and a reliable shot"), the *10x45 Bargain Hunter* is designed as an essential tool for every value investor's arsenal. Whether you run your own screens or not, we hope you'll find *10x45 Bargain Hunter* a valuable ally as you seek out undervalued companies trading in U.S. markets.

Top Three Screen Results, by Category

Company	Ticker	Price	Market Value	Enterprise Value		
"Magic Formula," based on Trailing Financials					Trailing EBIT / EV	
1	KHD Humboldt Wedag	KHD	\$11.61	\$351mn	\$2mn	925%
2	Synta Pharma	SNTA	\$3.88	\$132mn	\$83mn	73%
3	Cass Information	CASS	\$28.48	\$267mn	\$138mn	27%
"Magic Formula," based on This Year's EPS Estimates					EPS Yield FY0	
1	Synta Pharma	SNTA	\$3.88	\$132mn	\$83mn	59%
2	PRG-Schultz	PRGX	\$4.61	\$107mn	\$95mn	13%
3	EarthLink	ELNK	\$8.10	\$867mn	\$443mn	13%
"Magic Formula," based on Next Year's EPS Estimates					EPS Yield FY1	
1	GigaMedia	GIGM	\$4.07	\$222mn	\$139mn	16%
2	Endo Pharma	ENDP	\$22.60	\$2,650mn	\$2,491mn	13%
3	Pre-Paid Legal	PPD	\$39.02	\$427mn	\$426mn	13%
Contrarian: Shunned by the market, but not by insiders					Insider Buys	
1	* Resolute Energy	REN	\$10.66	\$736mn	\$196mn	\$33,249mn
2	Iridium Comms	IRDM	\$8.29	\$582mn	n/m	\$11,871mn
3	* GTC Biotherapeutics	GTCB	\$1.00	\$11mn	\$27mn	\$3,388mn
Contrarian: Biggest Losers (deleveraged & profitable)					Δ Price YTD	
1	Questcor Pharma	QCOR	\$4.28	\$275mn	\$201mn	-54%
2	EMS Technologies	ELMG	\$12.79	\$195mn	\$192mn	-51%
3	Aceto	ACET	\$5.19	\$129mn	\$77mn	-48%
Value with Catalyst: Cheap Repurchasers of Stock					Δ Shares Q-Q	
1	* Chunghwa Telecom	CHT	\$17.75	\$18,930mn	\$16,687mn	-9%
2	LaBranche	LAB	\$2.53	\$136mn	n/m	-7%
3	Tongjitang Chinese	TCM	\$3.80	\$129mn	\$73mn	-5%
Profitable Dividend Payors with Decent Balance Sheets					Div. Yield	
1	Am. Capital Agency	AGNC	\$25.87	\$500mn	\$414mn	22%
2	* Prospect Capital	PSEC	\$10.77	\$591mn	n/m	15%
3	MV Oil Trust	MVO	\$19.00	\$219mn	n/m	13%
Deep Value: Lots of Revenue, Low Enterprise Value					EV/Revenue	
1	Tech Data	TECD	\$42.64	\$2,144mn	\$1,358mn	.06x
2	Ingram Micro	IM	\$17.40	\$2,847mn	\$2,053mn	.07x
3	Tutor Perini	TPC	\$16.81	\$816mn	\$574mn	.10x
Deep Value: Neglected Gross Profiteers					EV/GP	
1	Molina Healthcare	MOH	\$20.94	\$535mn	\$73mn	.15x
2	Kindred Healthcare	KND	\$14.66	\$573mn	\$619mn	.16x
3	WellCare	WCG	\$33.16	\$1,403mn	\$232mn	.22x
Activist Targets: Potential Sales, Liquidations or Recaps					NCAV / MV	
1	Axcelis Technologies	ACLS	\$1.18	\$123mn	\$81mn	141%
2	Myriad Pharma	MYRX	\$5.02	\$123mn	-\$36mn	124%
3	Insmmed	INSM	\$0.77	\$100mn	-\$21mn	119%

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