

Five For Friday- Value and Growth

Following last week's scan for deep value, we think it is also helpful to scan for the combination of value and growth. This week's scan has a larger than normal number of criteria, but the principal scanning factor is the PEG ratio. The PEG ratio (P/E divided by expected growth) helps compare companies that may not be similar.

Most investors consider a PEG ratio of less than 1 to be low. An example would include a company expected to grow 10% a year with a P/E of 10.

After the initial scan for low (<1.0) PEG ratios, we used more typical criteria to find value, growth, and low debt loads. Despite numerous iterations, we only ended up with four stocks this week.

Screen Criteria

- PEG Ratio <1
- Forward Price to Earnings 10-15
- Price to Earnings 10-15
- EPS growth next year >10%
- EPS growth next 5 years >15%
- EPS growth past 5 years >10%
- Sales growth past 5 years >10%
- Debt to equity and LT Debt to equity <.1

Scan Results

Ticker	P/E	Forward P/E	PEG	EPS growth next year	EPS growth past 5 years	EPS growth next 5 years	Sales growth past 5 years
BOOT	12.90	11.33	0.73	13.6%	64.4%	17.6%	18.8%
INMD	13.56	11.33	0.41	12.8%	225.4%	33.2%	73.0%
NTIC	13.25	11.25	0.66	132.6%	54.0%	20.0%	11.4%
PNFP	11.99	10.37	0.37	11.4%	18.3%	32.2%	23.2%

Company Summaries (Corporate Summaries Courtesy of Zacks)

BOOT BARN HOLDINGS (BOOT)

Boot Barn Holdings, Inc. operates as a lifestyle retail chain devoted to western and work-related footwear, apparel and accessories. The company's products include boots, denim, western shirts, cowboy hats, belts and belt buckles, and western-style jewelry and accessories; and rugged footwear, outerwear, overalls, denims, and shirts, as well as safety-toe boots, and flame-resistant and high-visibility clothing. It sells its products through bootbarn.com, an e-commerce Website. Boot Barn Holdings, Inc. is headquartered in Irvine, California.

BOOT is experiencing a rough first half of this year, as is the case with most retail stocks. Inflationary pressures are likely weighing on margins and its customers' pockets. BOOT carries the highest P/E and lowest expectations for sales growth, resulting in the highest PEG ratio of the

screen results. With that being said, its PEG ratio is still low compared to the broader market. BOOT has demonstrated an ability to grow earnings over the past five years, and analysts expect solid growth over the next five years.



INMODE (INMD)

InMode Ltd. is a provider of medical technologies. It develops, manufactures and markets devices harnessing novel radio-frequency technology. The company serves plastic surgery, gynecology, dermatology, otolaryngology and ophthalmology. InMode Ltd. is based in Yokneam, Israel.

INMD has delivered explosive earnings growth throughout the past five years (225.4%). Over the same period, sales have increased by 73%. The stock went on a tear in 2021 but has given up nearly all those gains YTD. If analyst expectations turn out to be accurate, INMD may provide solid growth at a great value.



NORTHERN TECHNOLOGIES INTERNATIONAL (NTIC)

Northern Technologies International Corporation (NTIC) develops and markets proprietary environmentally beneficial products and technical services either directly or via a network of joint ventures and independent distributors in over fifty countries. NTIC's primary business is corrosion prevention. NTIC has been selling its proprietary ZERUST and EXCOR rust and corrosion inhibiting products and services to the automotive, electronics, electrical, mechanical, military and retail consumer markets. In addition, NTIC launched a new product line of compounds and finished products based on a portfolio of proprietary bio-plastic technologies under the Natur- Tec brand. NTIC also is in various stages of development with respect to several other emerging businesses.

NTIC has fallen roughly 45% from its 2021 highs despite strong historical earnings growth and future expectations. Over the past five years, its sales growth has been the lowest on the list, which

likely contributes to lower (but still respectable) EPS growth expectations.



PINNACLE FINANCIAL PARTNERS (PNFP)

Pinnacle Financial Partners, Inc. Provides a full range of banking, investment, trust, mortgage and insurance products and services designed for businesses and their owners and individuals interested in a comprehensive relationship with their financial institution.

PNFP trades at the lowest P/E on the list while claiming the second-highest 5-year earnings growth expectations. As a result, it trades at the lowest PEG ratio on the list. PNFP is down roughly 16% YTD compared to a loss of ~10% for the financial sector ETF, XLF.

