

Five for Friday- Another Look at Value and Growth

If one can find a bright spot in the market action this year, it's that value opportunities are growing more plentiful with each leg lower. This week's screen seeks value stocks with a track record of solid growth and expectations for it to continue. We start with the typical criteria used to find value and refine our results with the PEG ratio and growth criteria. The PEG ratio (P/E divided by expected growth) helps compare valuations of companies that may not be similar.

Screen Criteria

- Market Capitalization >\$10B
- Price to Earnings <15
- Forward Price to Earnings <10
- PEG Ratio <1
- EPS growth next year >10%
- EPS growth next 5 years >15%
- EPS growth past 5 years >15%
- Sales growth past 5 years >5%

Scan Results

All five stocks are priced attractively given analyst growth estimates as shown below. The group is relatively small; all are mid-cap stocks except for MU (large cap). Two companies operate in the technology sector, and one in each of industrials, discretionary, and energy.

All five stocks look incredibly cheap on a forward P/E basis, but exercise caution. In many cases, analysts still have not revised down their earnings estimates despite a deterioration in the economic outlook getting priced into stocks. This could be a factor at play in some of the stocks featured below.

Ticker	P/E	Forward P/E	PEG Ratio	EPS Growth Next Year	EPS Growth Past 5 Years	EPS Growth Next 5 Years	Sales Growth Past 5 Years
MU	7.09	4.56	0.24	29.45%	84.3%	29.7%	17.4%
OVV	14.37	2.96	0.39	39.29%	24.5%	37.3%	22.1%
URI	11.35	7.37	0.49	13.07%	24.2%	23.0%	11.0%
WDC	7.86	4.75	0.34	16.44%	21.6%	22.8%	5.4%
WRK	13.25	7.07	0.67	11.35%	39.9%	19.8%	5.8%

Company Summaries (Corporate Summaries Courtesy of Zacks)

Micron Technology (MU)

Through global brands, namely Micron, Crucial and Ballistix, Micron manufactures and markets high-performance memory and storage technologies including Dynamic Random Access Memory, NAND flash memory, NOR Flash, 3D XPoint memory and other technologies. Its solutions are used in leading-edge computing, consumer, networking and mobile products.



Ovintiv (OVV)

Ovintiv Inc. is an independent energy producer, which explores and churns out oil and natural gas from diverse assets located in the U.S. and Canada. They acquired Newfield Exploration. A significant portion of the company's output comes from 3 core unconventional positions in N. America, Montney in British Columbia and Alberta, Anadarko Basin in Oklahoma and the Permian Basin in New Mexico. Its multi-basin premium portfolio also include acreage in N. Dakota's Bakken Shale and the Eagle Ford in Texas. It focuses on growth through a combination of acquisitions and active drilling. The company has consistently posted some of the strongest operational and financial results among the independent oil and gas producers.



United Rentals (URI)

United Rentals, Inc. is the largest equipment rental company in the world, with an integrated network of rental locations in United States, Canada and Europe. The company's customer base includes construction and industrial companies, utilities, municipalities, government agencies, independent contractors and homeowners and other individuals that use equipment for projects that range from simple repairs to major renovations. The company's principal products and

services are equipment rental, sale of rental equipment, new equipment, contractor supplies, services and other. United Rentals serves customers as a single-source solution, provided through two business segments: General Rentals and Specialty or Trench, Power and Fluid Solutions.



Western Digital (WDC)

Western Digital Corporation is one of the largest hard disk drive producers in the U.S. The company designs, develops, manufactures and markets a broad range of HDDs used in desktop PCs, servers, network-attached storage devices, video game consoles, digital video recorders and a host of other consumer electronic devices. The acquisition of SanDisk enabled the company to venture into the flash drive storage technology space. Western Digital sells hard drives of 3.5-inch and 2.5-inch form factors with storage capacities ranging from 30 gigabytes (GB) to 6 terabytes (TB). The company's solid-state drives (SSDs) include 2.5-inch, mSATA, MO-297 and CompactFlash form factors, with storage capacities ranging from 128 megabytes (MB) to 400 GB. The company provides WD software applications, such as WD Photos and WD 2GO to the mobile computing market. The company's solutions are compatible with Apple's iOS, Google's Android and Microsoft's Windows Platforms.



WestRock (WRK)

WestRock is a multinational provider of paper and packaging solutions for consumer and corrugated packaging markets. The company is one of the largest integrated producers of containerboard by tons produced, and one of the largest producers of high-graphics preprinted linerboard on the basis of net sales in North America. It is also one of the largest paper recyclers in North America. The company's operations outside the United States are conducted through

subsidiaries located in Canada, Mexico, South America, Europe, Asia and Australia.



Disclosure

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