

## Best and Worst Performing Stocks in 2009 and YTD

3/10/2010

### Performance Screen: Examining the Best 2009 Performers that are Down YTD and the Worst 2009 Performers that are Up YTD

- We screen for stocks whose **2009 performance** was among the **best** but whose **YTD** performance has been among the **worst**. Similarly, we screen for stocks whose **2009** performance was among the **worst** but whose **YTD** performance has been among the **worst**.
- We define "best performers" as those posting returns among the top 30%. We define "worst performers" as those posting returns among the bottom 30%.
- Our screen includes companies in the small-cap **S&P 600** & mid-cap **S&P 400** indices.
- **We overlay 3 quality metrics:**
  - Positive 3-year average ROIC;
  - Positive 3-year average Free Cash Flow yield; and
  - Net debt as a percent of capital less than 30%.
- Our screen yields **43 names** among the "**Best in 2009, Worst YTD**" category and **33 names** among the "**Worst in 2009, Best YTD**" category.
- **The median "Worst in 2009, Best YTD" stock:**
  - Posted -9% returns in 2009 but is up 20% YTD;
  - Trades at 8.0x forward EV/EBITDA and 19.4x forward P/E, at or above overall index medians of 8.0x and 16.8x, respectively; and
  - Has posted 7.8% average ROIC and 6.2% Free Cash Flow yield over the past 3 years.
- **The median "Best in 2009, Worst YTD" stock:**
  - Posted 84% returns in 2009 but is down 8% YTD;
  - Trades at 7.6x forward EV/EBITDA and 14.9x forward P/E, both below overall index medians of 8.0x and 16.8x, respectively;
  - Has posted 11.6% average ROIC and 6.9% Free Cash Flow yield over the past 3 years.
- **Please see following pages for list of names and selected charts.**

ENDP trading at nearly half its median 14.4x NTM P/E over the past 5 years and only 80% of its median 9.4x NTM P/E over the past 3 years.

Fig 1. 33 Stocks posting among Worst 2009 returns but among Best YTD returns (Sorted by Sector)\*

Ticker	Name	Sector	Price \$	MC \$m	EV \$m	2010E		3-Year Average		Debt / Cap	Stock Perf.	
						EV/EBITDA	P/E	ROIC	FCF		2009	YTD
ELY	Callaway Golf	Cons Disc	8.84	570	483	5.7x	27.8x	6.3	2.5	-11.0	-18.8	17.2
COCO	Corinthian Colleges	Cons Disc	17.56	1,539	1,306	3.9x	9.6x	9.4	2.3	-37.4	-15.9	27.5
ESI	ITT Educational Services	Cons Disc	109.25	3,872	3,748	5.9x	10.6x	83.7	4.8	-40.5	1.0	13.8
MOV	Movado Group	Cons Disc	13.64	335	312	13.6x	107.6x	6.3	0.5	-5.7	3.5	40.3
RCII	Rent-A-Center	Cons Disc	23.22	1,535	2,403	6.5x	9.4x	5.4	17.8	29.8	0.4	31.0
SFG	StanCorp Financial Group	Financials	46.56	2,223	2,670	6.7x	9.2x	10.1	16.2	19.5	-4.2	16.3
WTNY	Whitney Holding	Financials	12.60	1,222	2,016	NA	NA	5.8	6.0	26.9	-43.0	38.3
WIBC	Wilshire Bancorp	Financials	9.49	279	423	NA	15.5x	7.8	9.5	23.6	-9.8	15.9
CBST	Cubist Pharmaceuticals	Health Care	21.88	1,267	1,160	5.9x	13.4x	16.9	7.6	-35.3	-21.5	15.3
EBS	Emergent BioSolutions	Health Care	15.91	490	456	11.1x	18.4x	14.6	0.6	-13.0	-48.0	17.1
ENDP	Endo Pharmaceuticals	Health Care	23.52	2,758	2,422	4.2x	7.4x	16.7	11.0	-20.2	-20.7	14.6
MATK	Martek Biosciences	Health Care	22.50	749	601	5.1x	14.6x	6.1	7.1	-24.2	-37.5	18.7
OMCL	Omniceil	Health Care	14.86	475	305	11.7x	32.9x	12.1	3.7	-69.8	-4.3	27.1
OSIP	OSI Pharmaceuticals	Health Care	56.30	3,279	3,103	15.6x	19.1x	33.3	4.0	-15.3	-20.5	81.3
SMA	Symmetry Medical	Health Care	9.30	333	415	7.5x	19.8x	4.2	3.1	23.2	1.1	15.4
THOR	Thoratec	Health Care	32.24	1,839	1,698	15.1x	30.7x	2.1	1.3	-20.9	-17.1	19.8
VPHM	ViroPharma	Health Care	13.04	1,010	984	NA	22.9x	8.5	13.9	-21.7	-35.6	55.4
AYI	Acuity Brands	Industrials	40.87	1,742	1,923	9.1x	17.3x	14.3	9.1	25.4	2.1	14.7
ALGT	Allegiant Travel	Industrials	54.31	1,077	890	5.3x	13.4x	15.2	5.0	-60.4	-2.9	15.1
CASC	Cascade	Industrials	32.62	355	402	12.4x	32.6x	7.6	6.3	16.2	-7.9	18.7
CDI	CDI	Industrials	15.25	289	227	13.0x	117.3x	6.4	4.8	-25.0	0.1	17.8
CRDN	Ceradyne	Industrials	23.32	592	432	5.8x	29.7x	16.4	13.1	-22.0	-5.4	21.3
CIR	Circor International	Industrials	31.73	539	479	8.5x	22.6x	0.3	7.0	-17.2	-8.4	26.0
LDL	Lydall	Industrials	8.31	142	135	NA	NA	0.5	6.2	-3.6	-9.4	59.5
ORB	Orbital Sciences	Industrials	18.23	1,037	783	8.4x	22.8x	7.6	7.1	-40.6	-21.9	19.5
SXI	Standex International	Industrials	26.92	335	391	NA	12.8x	3.4	10.4	20.9	1.3	34.0
CBR	CIBER	Info Tech	4.13	287	318	6.1x	16.7x	4.1	15.9	5.2	-28.3	19.7
FORR	Forrester Research	Info Tech	31.08	698	428	11.7x	29.2x	8.3	6.3	-87.3	-8.0	19.8
GRB	Gerber Scientific	Info Tech	6.37	161	197	8.4x	26.7x	5.6	3.9	14.6	-1.2	26.1
HPY	Heartland Payment Systems	Info Tech	17.38	652	656	7.6x	19.4x	14.1	4.0	2.7	-25.0	32.4
IN	Intermec	Info Tech	15.18	944	706	14.6x	35.9x	3.8	3.1	-48.6	-3.2	18.0
NCR	NCR	Info Tech	13.29	2,121	1,713	6.2x	27.5x	9.3	9.6	-72.3	-21.3	19.4
ZEP	ZEP	Materials	23.02	489	508	9.5x	19.0x	8.2	5.4	12.8	-10.3	32.9
<b>Average</b>			<b>24.63</b>	<b>1,068</b>	<b>1,051</b>	<b>8.7x</b>	<b>26.2x</b>	<b>11.3</b>	<b>6.9</b>	<b>-14.3</b>	<b>-13.3</b>	<b>26.1</b>
<b>Median</b>			<b>18.23</b>	<b>698</b>	<b>601</b>	<b>8.0x</b>	<b>19.4x</b>	<b>7.8</b>	<b>6.2</b>	<b>-15.3</b>	<b>-9.4</b>	<b>19.7</b>

Source: FRP and FactSet; \*Negative Debt/Cap ratio implies a net cash position

These stocks were down significantly last year. Despite each posting respectable YTD returns, only one (VPHM, +20 bps), has posted a positive return from '09-start through 3/8/10.

While each of these stocks are considered among the worst performers YTD (ie, in the bottom 30% based on performance), their nominal YTD declines pale in comparison to the outsized gains they posted last year. The median stock among this list is still up 80% in the past 14+ months.

Fig 2. 43 Stocks posting among Best 2009 returns but among Worst YTD returns (Sorted by Sector)\*

Ticker	Name	Sector	Price \$	MC \$m	EV \$m	2010E		3-Year Average		Debt / Cap	Stock Perf.	
						EV/EBITDA	P/E	ROIC	FCF		2009	YTD
AEO	American Eagle Outfitters	Cons Disc	16.80	3,474	3,008	6.1x	16.3x	22.1	3.2	-30.6	81.4	-1.1
BYI	Bally Technologies	Cons Disc	39.03	2,148	2,263	7.1x	15.0x	15.4	3.8	17.0	71.8	-5.5
NILE	Blue Nile	Cons Disc	56.09	816	724	22.3x	55.0x	36.3	3.1	-209.5	158.6	-11.4
LL	Lumber Liquidators	Cons Disc	24.70	673	637	10.7x	21.1x	21.0	3.6	-24.0	153.8	-7.8
NTRI	NutriSystem	Cons Disc	16.07	497	435	6.0x	15.1x	53.6	10.1	-48.5	113.6	-48.4
SCHL	Scholastic	Cons Disc	29.20	1,064	1,222	5.7x	12.6x	5.3	17.1	14.3	119.7	-2.1
DAR	Darling International	Cons Stpls	8.21	675	639	5.4x	12.6x	16.9	7.5	-11.5	52.6	-2.0
DNEX	Dionex	Health Care	73.26	1,292	1,225	11.8x	21.3x	26.1	4.9	-27.9	64.7	-0.8
HMSY	HMS Holdings	Health Care	45.60	1,225	1,160	13.4x	27.7x	11.1	2.6	-27.2	54.5	-6.3
IPCM	IPC - The Hospitalist	Health Care	32.77	530	498	12.1x	23.1x	11.4	2.6	-21.7	97.6	-1.4
MRX	Medicis Pharmaceutical	Health Care	23.14	1,342	1,157	5.1x	12.1x	4.5	6.9	-41.5	94.6	-14.5
MD	MEDNAX	Health Care	54.37	2,553	2,633	7.9x	13.4x	14.9	7.6	4.5	89.6	-9.5
MTD	Mettler-Toledo Intl	Health Care	105.29	3,564	3,773	10.7x	17.1x	18.7	5.8	22.8	55.8	0.3
PRX	Par Pharmaceutical	Health Care	25.13	876	761	6.1x	13.7x	3.3	9.6	-23.1	101.8	-7.1
VARI	Varian	Health Care	51.70	1,501	1,290	9.9x	23.1x	9.4	5.4	-31.9	53.8	0.3
WCG	WellCare Health Plans	Health Care	29.68	1,254	36	0.2x	13.7x	11.1	13.0	-138.6	185.8	-19.3
HNI	HNI	Industrials	24.85	1,119	1,226	9.7x	29.5x	9.2	11.4	17.2	74.4	-10.1
IIVI	II VI	Industrials	30.81	911	799	11.6x	23.6x	17.5	3.7	-33.0	66.6	-3.1
TBI	TrueBlue	Industrials	14.54	637	513	14.1x	53.1x	10.4	10.7	-43.4	54.8	-1.8
ARW	Arrow Electronics	Info Tech	28.73	3,443	3,705	6.0x	11.3x	0.3	17.7	6.3	57.2	-3.0
BR	Broadridge Financial Sol	Info Tech	21.44	2,886	3,063	7.1x	12.8x	18.5	13.0	15.1	79.9	-5.0
CVLT	CommVault Systems	Info Tech	21.92	932	784	14.4x	28.2x	46.5	5.3	-103.4	76.7	-7.5
CTS	CTS Corp	Info Tech	8.00	271	270	5.9x	14.8x	1.9	7.2	-0.3	74.6	-16.8
CYBS	CyberSource	Info Tech	19.02	1,331	1,203	18.1x	21.0x	6.0	2.2	-23.3	67.7	-5.4
CYMI	Cymer	Info Tech	34.71	1,038	858	6.5x	13.9x	7.7	4.9	-33.7	75.2	-9.6
TRAK	DealerTrack Holdings	Info Tech	16.41	663	465	10.0x	30.7x	3.4	6.4	-47.4	58.0	-12.7
GPN	Global Payments	Info Tech	43.96	3,582	3,059	7.4x	16.6x	11.6	9.9	-46.0	64.3	-18.4
LRCX	Lam Research	Info Tech	34.95	4,454	3,854	7.8x	13.1x	14.6	6.9	-37.0	84.3	-10.9
NVTL	Novatel Wireless	Info Tech	6.97	215	79	6.6x	NA	7.7	8.8	-60.3	71.8	-12.5
PSEM	Pericom Semiconductor	Info Tech	9.75	249	142	NA	18.8x	5.3	2.0	-48.5	110.4	-15.4
SLAB	Silicon Laboratories	Info Tech	47.03	2,153	1,742	13.1x	19.3x	5.9	4.8	-65.1	95.2	-2.8
SYNA	Synaptics	Info Tech	26.20	872	735	7.9x	12.2x	13.7	7.1	-60.9	85.1	-14.5
TECD	Tech Data	Info Tech	42.86	2,181	1,473	4.4x	11.7x	4.8	13.8	-29.3	161.5	-8.1
TTEC	TeleTech Holdings	Info Tech	17.95	1,117	1,016	5.9x	14.4x	14.1	8.4	-23.2	139.9	-10.4
TSRA	Tessera Technologies	Info Tech	20.17	1,005	615	8.4x	14.0x	12.9	7.3	-67.8	95.9	-13.3
TTMI	TTM Techs	Info Tech	9.17	396	419	5.0x	12.2x	2.0	12.6	-15.8	121.3	-20.5
TYL	Tyler Technologies	Info Tech	19.04	669	650	10.6x	21.5x	14.4	5.2	-11.7	66.2	-4.4
VSEA	Varian Semiconductor	Info Tech	31.10	2,282	2,008	11.8x	18.0x	11.2	5.1	-49.9	98.0	-13.3
WXS	Wright Express	Info Tech	30.84	1,178	1,348	7.9x	12.9x	23.5	9.0	27.7	152.9	-3.2
CLW	Clearwater Paper	Materials	49.09	558	515	3.7x	12.3x	23.9	21.0	-8.3	555.2	-10.7
NEU	NewMarket	Materials	100.92	1,535	1,633	6.4x	10.0x	16.7	2.3	14.5	228.8	-12.1
SWM	Schweitzer Mauduit Intl	Materials	42.68	667	670	4.1x	9.2x	1.7	2.3	0.6	251.4	-39.3
EGN	Energen	Utilities	46.18	3,307	3,792	4.7x	10.3x	15.1	3.8	20.2	59.6	-1.3
	<b>Average</b>		<b>33.26</b>	<b>1,468</b>	<b>1,351</b>	<b>8.6x</b>	<b>18.5x</b>	<b>14.0</b>	<b>7.4</b>	<b>-29.9</b>	<b>108.8</b>	<b>-9.8</b>
	<b>Median</b>		<b>29.20</b>	<b>1,117</b>	<b>1,016</b>	<b>7.6x</b>	<b>14.9x</b>	<b>11.6</b>	<b>6.9</b>	<b>-27.2</b>	<b>84.3</b>	<b>-8.1</b>

Source: FRP and FactSet; \*Negative Debt/Cap ratio implies a net cash position

SWM trading below its median 14x NTM P/E over the past 5 years and median 13x NTM P/E over the past 3 years.

**Comments from readers and friends:**

It goes without saying, I encourage comments and dialogue.

All the Best,

**Jim**

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