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Research Reports
Investment News & Views

Research Reports

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THE following companies are the subjects of research reports issued recently by investment firms. Most of the reports listed are available from Investext, a division of Thomson Financial Networks, in Boston. Share prices at the time the report was issued and the date of the report are in parentheses.

-- AAR (AIR-NYSE)

by Barrington Research

(16, Sept. 5)

A leading supplier of parts and maintenance services to the commercial aviation industry. International in scope, the company is an attractive way for investors to participate in the growth of air travel on a worldwide basis. Is capable of growing at a 15% annual rate over the next 3-5 years. We would begin accumulation of the stock at current levels.

-- A&W Brands (SODA-OTC)

by Bear Stearns

(32, Sept. 19)

Buy. Will have sustainable earnings growth of 17%-18% annually over the next five years.

-- AMBAC (ABK-NYSE)

by Salomon Brothers

(24 3/4, Sept. 5)

A leading insurer of municipal bonds, it garners about one-third of new municipal issue insurance volume. Its financial resources include its triple-A claims-paying ratings, low operating leverage, and a virtually assured future revenue stream from new issues, unearned premium reserves and secondary-market business.

-- American Home Products (AHP-NYSE)

by Brenner Securities

(71 3/4, Sept. 20)

Its announced acquisition of Genetics Institute has raised the price of AHP to an excellent level to Sell now. The company is paying too much for a very uncertain research payday in far-away 1995 or later. American Home Products by Prudential(69 3/4 , Sept. 24) Buy. We expect the shares to reach $80 in 12 months as investors recognize the improved quality of earnings. Sales growth is now fueling earnings rather than a declining share base and tax rate, as in prior years.

-- American Home Products

by Prudential

(69 3/4, Sept. 24)

Buy. We expect the shares to reach $80 in 12 months as investors recognize the improved quality of earnings. Sales growth is now fueling earnings rather than a declining share base and tax rate, as in prior years.

-- Aydin (AYD-NYSE)

by Kidder Peabody

(22, Sept. 19)

We now rate it Buy with a price target of $30 (a market multiple on earnings per share), or nearly 40% above current level. We believe that small-cap investors willing to assume the risk of its heavy reliance on foreign sales (particularly Turkey) will be amply rewarded. Favorable resolution of the Turkish Air Force Inter-Communication System (TAFICS) program could get the stock to our target level by March of next year (or as early as December 1991).

-- Barrett Resources (BARC-OTC)

by Salomon Brothers

(3 3/4, Sept. 16)

We are raising our investment code from M (market performer)to O (outperform the market) because of this year's poor share-price performance, as well as our expectation of positive developments in the near future for this high-quality Rocky Mountain natural-gas producer.)

-- Battle Mountain Gold (BMG-NYSE)

by Prudential

(6 5/8, Sept. 20)

We are lowering our rating from Hold to Sell based on rising operational costs, which have wiped out 1991 earnings, as well as the fact that gold shares are generally out of favor.

-- Bay View Capital (BVFS-OTC)

by Kemper

(22, Sept. 19)

The only stock we have rated a Strong Buy in our universe of Western banks.

-- Bergen Brunswig (BBC-ASE)

by Gruntal

(21 7/8, Sept. 10)

Buy. A leading wholesale distributor of branded and generic-label pharmaceutical products. Growth of the medical-care industry, hospital accounts, the biotech drug market and the generic pharmaceutical market is expected to significantly increase the size of the entire marketplace. These trends are likely to directly benefit the company's top line sales growth.

-- Black & Decker (BDK-NYSE)

by Gerard Klauer Mattison

(17, Sept. 25)

Buy. Appears poised for dramatic earnings improvement.

-- Burlington Northern (BNI-NYSE)

by Wheat First/Butcher & Singer

(32 3/4, Sept. 10)

New Purchase Recommendation. Improvements in coal and grain traffic and reduced operating expenses should result in better earnings for the second half of 1991.

-- Cabletron Systems (CS-NYSE)

by Prudential

(48 7/8, Sept. 25)

We are intiating coverage with a Buy. It is one of the leading vendors of intelligent wiring hubs for the local area network market.

-- Carnival Cruise Lines (CCL-ASE)

by Southeast Research Partners

(22 3/4, Sept. 17)

Buy. Earnings progress has been inhibited by a succession of exogeneous factors such as the war and recession. The infrastructure is in place for substantially higher earnings.

-- Cincinnati Bell (CSN-NYSE)

by Raymond James

(18 1/8, Sept. 13)

We are initiating coverage with our strongest Buy rating. The financial outlook is anchored by its basic local exchange telecommunications business and its 4.4% current dividend yield. As with all other telephone companies, this segment has been adversely affected by the recession, but it continues to be a solid, stable "public utility" component of the corporation.

-- CMS Enchancements (CME-NYSE)

by L.H. Friend, Weinress & Frankson

(3 1/8, Sept. 26)

Buy. Establishing a network of about 1,000 dealers that will sell personal computers made by Tri-Gem of South Korea. This will lead to a new growth phase in earnings.

-- Eli Lilly (LLY-NYSE)

by Hancock Institutional

(81 3/8, Sept. 26)

Increased pressure on its major drug, Prozac, and difficult financial comparisons cause us to lower our investment rating from Buy to Hold.

-- Emcon Associates (MCON-OTC)

by Kidder Peabody

(26, Sept. 9)

Buy. Small-cap investors have an attractive opportunity for upside as uncertainties over first-half earnings abate during the next six months, with an expected re-acceleration of earnings growth beginning in the third quarter.

-- Fluor (FLR-NYSE)

by Hancock Institutional

(43 3/8, Sept. 11)

Buy. One of the world's largest engineering and construction firms. Political events in the Soviet Union highlight the improving prospects -- people want a better life. That spells the need for heavy-construction infrastructure as the world builds productive capacity.

-- General Mills (GIS-NYSE)

by Dain Bosworth

(60 5/8, Sept. 16)

Buy. Its cereal and restaurant businesses are in growing segments of attractive markets. Management has an excellent track record of successfully executing strategies to achieve company goals.

-- J.P. Morgan (JPM-NYSE)

by Raymond James

(55 3/4, Sept. 5)

Buy. Well positioned to produce above-average results; it has a well-established franchise, a cohesive corporate culture, strong financial ratios and a wide range of attractive products. The company's shares are selling at 69% of the market multiple and we consider them undervalued. The current yield of 3.6% exceeds that of the S&P 500.

-- Oceaneering International (OCER-OTC)

by Howard Weil Labouisse Friedrichs

(10 7/8, Sept. 6)

Earnings growth has slowed markedly owing to a slowdown in the Gulf of Mexico underwater services market and continued intense competition in the North Sea market. This slowdown has resulted in lackluster stock-price performance. However, the longer-term outlook appears excellent, and we view the current weakness as a buying opportunity.

-- Reuters Holdings (RTRSY-OTC)

County NatWest USA

(46 3/4, Sept. 18)

Buy. Service cancellations in New York and London have begun to slow, and modest growth forecasts for information services are reasonable. The company's leadership in automated trading services will contribute materially to its revenue, earnings and valuation within a two-to-four-year period. The stock's present multiple discounts little of the improving near-term outlook and none of longer-term contributions of automated trading.

-- Syncor International (SCOR-OTC)

by Alex. Brown

(19 1/4, Sept. 13)

The leading provider of nuclear pharmacy services in the United States.

-- UNO Restaurant (UNO-NYSE)

by Hibbard Brown

(12 1/8, Sept. 19)

Pizza typically has been classified and served as fast food. However, by combining a unique version of this popular menu item with full service and comfortable surroundings, the company has created a dining experience with wide consumer appeal.

-- Vencor (VCOR-OTC)

by Alex. Brown

(24 1/4, Sept. 11)

Strong Buy. The first and only company to have established a national chain of long-term hospitals providing services primarily to ventilator-dependent patients. An increasing body of evidence demonstrates that these hospitals represent a major new niche in the rapidly growing alternate-site health-care-services market.

-- Walbro (WALB-OTC)

by Stifel Nicolaus

(11 1/4, Sept. 12)

Buy. A fast-growth manufacturer of specialized automotive fuel-system components.

-- WorldCorp (WOA-NYSE)

by County NatWest USA

(9 1/4, Sept. 24)

Buy. Following the recent secondary offering, the attractiveness of the shares should be enhanced by the substantial increase in public float and expanded research coverage. Near-term earnings growth will likely be generated primarily by World Airways' core operations, while future earnings can benefit from the upside at Key Air and US Order.

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