SUMMER 2023 EDITION

BARGAIN STOCKS RADAR

12 MICROCAPS

From around the world to add to your watchlist.

A mix of quality, deep value, growth + more.

BARGAINSTOCKSRADAR.COM

Dear Readers,

Thanks for reading the second edition of Bargain Stocks Radar.

The inaugural edition proved so popular that we decided to publish a summer edition. The objective is still the same, to showcase interesting and obscure companies from the underbelly of the public markets.

Featured in this edition are 12 stocks from around the world we think could be worthy of further investigation.

Most of these companies have healthy balance sheets, high insider ownership, and are trading on single digit pe’s.

Enjoy,

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Nilorngruppen

Ticker - **NIL** (Value)

Listed on Stockholm stock exchange with a market cap of 673 million Krona.

Founded in 1977, Nilorngruppen AB designs high quality tags and labels for European clothing brands.

Nilorn is one of Europe's leading players with deliveries of more than 1.5 billion labels per year of different sizes and types.

The share price has been weak from lower orders, this is due to their customers overstocking during the covid period.

Despite this temporary weakness, the company is highly profitable with consistent operating profit margins of around 12%.

Over the past seven years NIL has averaged an ROCE of 36%. The balance sheet is healthy with no debt and 120m in cash.

The company currently trades on a PE of 9, with a 7.5% dividend yield.

Ilpra Spa

Ticker **ILP** (Quality)

An Italian company listed on the Borsa Italia with a 66 million euro market cap.

ILP designs and manufacturers machines for the packaging industry. These machines include Filling/Dosing, Traysealing and Thermoforming machines. It's main customers reside in the food and pharmaceutical industries.

The pharmaceutical packaging market alone is estimated to be worth $229.9 billion by 2027, growing at a CAGR of 14.9%. ILP is riding this trend.

Ilpra operates within a very fragmented industry and has been using its surplus cash to buy, or invest in, other packaging machine manufacturers. This has added to the revenue growth which has averaged 21% over the past 8 years.

The returns on capital are around 20%, the company has no debt and plenty of cash. The dividend yield is 3% with plenty of cover.

On a forward PE of 8, ILP looks cheap for it's growth rate and quality. I think this company could be a steady compounder.

Argentex

Ticker - **AGFX** (Growth)

Listed on AIM with a market cap of £149 million.

Argentex Group PLC is a United Kingdom-based company. The Company is an international provider of foreign exchange services to institutions, corporate and private individuals.

The company's online platform allows a fully mobile responsive interface allowing its clients to transact anytime, anywhere at their convenience. It also supports flexible risk management hedging solutions. With currencies bouncing all over the place against each other over the past 12 months AGFX services have been in great demand.

The management have plenty of skin in the game with Founder/CEO Harry Adams in particular owning just over 12% of outstanding shares.

Over the past 6 years the revenue has grown by CAGR of 26%, operating margins hover around 33%, and ROCE around 23%.

The stock currently trades on a forward PE of 11 with a PEG of 0.47. With no debt, and £51 million cash in the bank.

DevPort AB

Ticker - **DEVP** (Value)

Listed on Stockholm stock exchange with a market cap of 324 million krona.

DevPort AB is engaged in the development of systems, mechanics, software and electronics. Its primary clients are within many industrial sectors, as well as within automotive, medical and defense areas.

From a numbers perspective this company looks great. Revenue growth over the past 7 years has averaged 17%, with similar levels for net profits. Average returns on capital over this period have been 28%.

The company has no debt, plenty of cash in the bank, and has a current dividend yield of 3.7%

There has been no dilution of shares, and there is high insider ownership.

At a current PE of 9 just seems too low for a business of this quality and expected future growth rate.

Definitely worthy of further research.

Michelmersh Brick Holdings

Ticker - **MBH** (Value)

Listed on AIM with a market cap of £91 million.

As the name suggest the company is involved in the manufacturing and distribution of clay bricks used in the construction industry, mainly at the upper end of the market with a number of distinct brands.

In a recent update MBH says it has continued to add to its order book since March, and is on-track to meet full-year expectations.

Rising interest rates present a risk to their business. However, the UK needs a shed-load of houses to be built to keep up with population growth.

It's a well-run business with a strong franchise and a decent balance sheet. Management is buying back shares, and have a dividend yield of 4.5%

The shares trade on PE of 9, and PB of 1. On a long-term view I think Michelmersh looks reasonably priced.

WeConnect

Ticker **ALWEC** (Value)

Listed on the Euronext Paris Stock Exchange with a market cap of 36 million euros.

We.Connect is a French IT importer and distributor with 3 core businesses, 17 brands, and 1600+ customers. The 3 core businesses are Hardware/Software distribution which includes PCs, laptops, tablets, hard-drives, software, etc.

White-labelled products such as low-cost product add-ons like tripods, webcams and connectors. It also offers custom IT solutions for large corporate clients.

The company is 81% owned by the Gorsd family, who have done a fantastic job of growing revenue at a CAGR of 20% over the past 7 years.

As with most distributors the margins are super thin, the company perhaps over-earned in the past few years. With all that being said the company seems to be just too cheap.

The stock currently trades on a PE of 5.5, and a PB of 0.84, and price to sales of 0.15 - which ever way you slice it ALWEC is being offered to the market at an enticing valuation.

Agronomics

Ticker - **ANIC** (Deep Value)

Listed on LSE with a market cap of £106 million.

Agronomics was created by respected British investor James Mellon as a vehicle to invest in the nascent but fast growing industry of cellular agriculture and cultivated meat. Mellon holds 15% of outstanding shares.

Cultivated is meat produced by invitro cultivation of animal cells, instead of from slaughtered animals - basically we are talking about lab grown meat.

These technologies offer solutions to enhance sustainability, as well as address human health, animal welfare, and environmental damage.

ANIC has so far invested in 20 private companies who own technologies, intellectual property, and products within this space.

The share price has been on a wild ride over the past few years and now seems to have been forgotten about by the market. The company has a market cap of £106 million, however the net assets stand at £160 million, which includes investments of £131 million and uninvested cash of £29 million. The company is profitable and stands on a PE of 5, and PEG of 0.06.

Cirrus Networks

Ticker - **CNW** (Value)

Listed on the ASX with a market cap of $34.7 million.

CNW is an Australian IT services company focused on servicing government agencies and corporates in three main areas - Enterprise Products, Professional Services, and Managed Services.

Since listing in 2014, the company failed to achieve profitability in line with revenue growth. However, in the autumn of 2021 a turnaround plan was created.

The board changed management, reduced costs, and moved the focus away from the competitive Enterprise Product segment into Managed and Professional Services, which has higher profit margins and recurring revenue.

The turnaround has been successful. CNW is now profitable and continues to grow, supported by strong IT market and industry tailwinds

CNW has no debt, plenty of cash in the bank, and a solid management team.

Despite all this positive news, the company trades on a PE of 7, PEG of 0.13, and P/S of 0.25. This seems too cheap.

Supremex

Ticker - **SXP** (Value)

Listed on the Toronto Stock Exchange with a market cap of $166 million Canadian dollars.

A Canada-based company that manufactures and distributes envelope and packaging solutions to corporations, resellers, and government entities.

SXP is a market leader for envelopes in Canada with a market share of 85%. The problem is that over time envelope sales have declined. So SXP are using their cash to acquire other packaging companies. So far management seem to be doing a great job at this.

Over the past 5 years, net profits have compounded at a rate of 18% per year. However, we do have to note the past few years have been a bumper period due to pulp shortages which forced up the price of envelopes.

Despite this successful transition, high returns on capital, and solid management team, the company remains very much under the radar.

SXP trades on a PE of 5 which seems to offer a nice margin of safety.

Unidata Spa

Ticker **UD** (Growth)

Unidata is listed on the Borsa Italiana with a 124 million euro market cap.

An Italian telecom who provide broadband and data storage in the Rome and the surrounding Lazio region.

Since 2017 the company's revenue has grown at a CAGR of 37%, and net profit at 44%. Operating margins have averaged 20% during this period.

Management own over 60% of the company, and have impressive plans for growth in place.

The recent acquisition of TWT Group will nearly double revenues and adds an asset-light services business with a national presence to their Rome-centered infrastructure-heavy business.

UD currently trades on a PE of 12 and PEG of 0.7, which doesn't seem expensive. The recent admission to Euronext Milan Star Segment should boost awareness of this growing company.

This is another Italian microcap which seems to be flying under the radar and is worthy of further investigation.

Glatfelter

Ticker **GLT** (Turnaround)

Listed on the New York Stock Exchange with a market cap of $145 million.

Glatfelter is a specialty materials company listed in the US, but with most of its footprint in Western Europe.

GLT has leading market positions in many stable end markets including specialty papers/materials for tea, and hygiene products such as diapers and wipes.

The stock price has been hit hard over the past 18 months. In January 2022 the stock price was just over $17 per share, it now sits at $3.24.

This fall can be attributed to high energy prices in Europe, high inflation, and rising interest rates. A killer combination for a commodity based company with a mountain of debt.

The stock currently trades on a steep discount to supposed net asset value, with a NAV of $6.96 per share.

With its high debt load GLT is a risky investment. However, it's extremely cheap and has tremendous upside if the turnaround goes to plan. The slowing of inflation should also help performance.

National World

Ticker - **NWOR** (Value)

Listed on AIM with a market cap of £45 million pounds.

National World operate in the news publishing sector. The Company owns a portfolio of multimedia publications including websites, print and digital publications, all with a focus on local content.

CEO David Montgomery previously built a media publishing business called Local World Ltd.

Local World published over 100 UK regional newspaper titles and associated websites, with a strategy of maximising content, digital and advertising synergies.

The company was sold in November 2015 to Reach Plc and delivered a total return to its investors of approximately four times their original investment.

National World intends to apply the Local World strategy on a national scale and to a wider range of media assets.

The company currently stands on a PE of 6, with £27 million cash in the bank and no debt. The dividend yield is 3% with plenty of cover. Despite the low revenue growth NWOR seems too cheap.