SPRING 2023 EDITION

BARGAIN STOCKS RADAR

15 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 inaugural edition of Bargain Stocks Radar.

If this proves popular we will continue publishing this report every quarter as we discover more interesting and obscure companies from the underbelly of the public markets.

Below are 15 stocks from around the world that we think could be worthy of further investigation.

All but three of these companies is sub $100m dollars in market cap. All have healthy balance sheets, and high insider ownership. Many are trading on single digit pe’s.

Enjoy,

Jon Kingston
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Please note the information in this report is for informational and fun purposes only and should not be seen as investment advice.

Wellard Ltd

Ticker **WLD** (Deep Value)

Listed on the ASX with a market cap of $23m.

An Australian company engaged in agribusiness that connects primary producers of cattle, sheep and other livestock to international customers.

The company previously had many struggles but since 2019 new management have come in, cleared the debt, grown the revenues, improved margins, and increased returns on capital.

This has been a successful turnaround story. However, in recent weeks the company stated that trading conditions so far this year have been tough. This, together with recent market volatility, made the stock price plummet south.

However, WLD is profitable and supplies a growing beef eating market in the Middle East and South America.

Wellard has $15 million in cash with no debt. The stock currently trades on a PE of 3, and a PB of 0.57.

Table-Trac Inc

Ticker **TBTC** (Quality)

Listed on the OTC Pink Sheets with a market cap of $22.6m

TBTC provides system sales and technical support to casinos.

The Company has developed an information and management system called Table Trac system that automates and monitors the operations of casino table game operations.

As you can imagine the company growth stalled due to the lockdowns shutting down its target market. Since the pointless lockdowns ended TBTC has bounced back with sales growing strongly.

The company has high insider ownership, and has produced a five-year CAGR of 19%.

The stock currently trades on a PE of 10, and a PEG of 0.13 - this seems good value for a well managed business with a stable business model, and lots of room for growth.

Autostrade Meridionali SpA

Ticker **AUTME** (Deep Value)

An Italian company listed on the Borsa Italia with a e65 million euro market cap.

The Company focuses on the design, construction, maintenance and operation of the highway A3 Naples-Pompei-Salerno.

They also implement and manage the parking spaces and infrastructure related to the highway network, such as green areas, traffic signs and station buildings.

The company has no debt and is sitting on cash of around 200 million euros, placing it squarely in net-net territory.

It seems management are committed to paying this cash back to shareholders and have announced a dividend of 3.5 euros per share, which equates to a 24% dividend yield. This is to be paid on 24th April 2023.

Could be worth a closer look.

Property Franchise Group

Ticker - **TPFG** (Quality)

Listed on AIM with a market cap of £81 million.

TPFG is the largest property franchisor in the UK and manages the second largest estate agency network and portfolio of lettings properties in the UK.

They operate a traditional franchise model, receiving fees from their franchisees.

As they explain on their website their unique selling point to franchisees is that the beauty of being part of a franchise system is that the first years of hard work to create and establish a brand have been done for you.

I’ve been impressed with the management, they have lots of experience in UK property.

The company founder, and current board member, still owns 21% of outstanding shares. So plenty of skin in the game.

The stock currently trades on a PE of 9 with a 5% dividend yield.

DDH1 Limited

Ticker - **DDH** (Value)

Listed on the ASX with a market cap of $331m

DDH1 Limited is a drilling company, which serves the mining and exploration sectors.

The Company provides a range of specialized surface and underground drilling services to mining and exploration clients in Australia.

Its fleet of drilling rigs includes dual-purpose rigs that can perform reverse circulation drilling as a precursor for its clients.

The fundamentals and macro trends driving long-term demand for DDH's services remain compelling with 85% of DDH1's revenue derived from production and resource definition drilling programs. With 190 rigs it is the largest in the Australian market and fifth largest in the world.

DDH trades on a PE of just 6.2. The company has a strong balance sheet, and is generating a large amount of free cash, allowing it to pay a 7% dividend, as well as undertake buy-backs.

Transense Technologies

Ticker - **TRT** (Turnaround)

Listed on AIM with a market cap of £13.8m

Transense is a developer of specialist sensor systems.

They have been listed since 1999 and after almost 20 years of pretty dismal performance, and mostly losses, they finally decided to change track.

In 2021 the company changed their strategy by pivoting to a royalties model, and signed contracts with major tyre manufacturers such as Bridgestone.

TRT is now a very lean IP business with rising margins, and top line growth as they seek to further exploit their technology. Management has been adding to their positions as well as doing buybacks with the extra cash at their disposal.

Despite this transition, and new found growth, they trade on a forward pe of 8, and peg of 0.25. They have no debt.

Hydratec Industries NV

Ticker - **HYDRA** (Quality)

Listed on the Amsterdam Stock Exchange with a market cap of e110 million euros.

Hydratec Industries NV, based in Holland, is a producer of industrial systems and components. The Company focuses on the agriculture and food, automotive and health technology markets, and operates through two segments: Agri & Food Systems and Plastic Components.

The plastic components side of the business was hit by the pandemic, followed by Europe's energy crisis plus inflation. This has knocked the share price lower, but those with a longer time horizon may see this as a good buying opportunity.

Over the past 10 years HYDRA has produced a CAGR of 13%, ROIC has averaged 21% per year, and revenue (apart from 2020) slowly grinds higher.

The PE ratio is 8, and has a 5.5% dividend yield. This is a high quality operation selling at a reasonable valuation.

I3 Energy

Ticker - **I3E** (Value)

Listed on AIM with a market cap of £208 million.

I3 Energy operates in the oil and gas industry. The company’s principal activities consist of the appraisal of oil and gas production in the Western Canadian Sedimentary Basin.

In Q4, i3 achieved record corporate production, with peak daily rates exceeding 24,000 boepd in December as new wells were brought on stream, cleaned-up and optimised.

The company currently trades on a PE of 4, with a 13% dividend yield which is distributed to shareholders on a monthly basis.

If you’re bullish on oil, or seeking income, this company could be worth researching further.

Onfolio Holdings

Ticker - **ONFO** (Growth)

Onfolio Holdings trades on the Nasdaq under the ticker ONFO. It's a tiny under-the-radar company with a market cap of $8m.

ONFO buy small profitable cash flowing online businesses such as WordPress plugins, content sites, marketing service companies, and small display advertising brands.

At time of writing their market cap is roughly the same as the cash they have in the bank. They are trading well below net asset value.

As more investors learn about the company, and overall market sentiment improves, the discount to net asset value should close. This provides a near term +65% upside.

Over a longer time frame it could become a multi-bagger if they can successfully execute an acquisition strategy within the very fragmented space of small online businesses.

Read the full write-up here

Vietnam Holding

Ticker - **VNH** (Growth)

Listed on AIM with a market cap of £75 million.

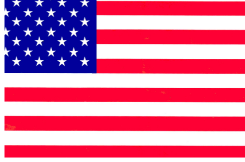
VNH is a closed-end fund listed on the London Stock Exchange. The aim is to achieve long-term capital appreciation by investing in high-growth companies in Vietnam. It has an actively managed high conviction portfolio. Core investment themes are domestic consumption, industrialisation and urbanization.

Vietnam is one of the emerging markets (I hate that term) that excites me the most. My simple thesis for investing in Vietnam is that it is young, ambitious, and has a growing population of 96 million people. With low private debt there is plenty of room to grow.

The fund has 26 stocks. The average forecast PE for NTM is 8.6, while the average EPS is 19.3% - some decent GARP going on there.

The share price sits on a -14.5% discount to NAV, so has decent margin of safety.

Vietnam Holding could be a nice decade long buy and hold opportunity as it taps into the country's growth.



Leatt

Ticker - **LEAT** (Quality)

Listed on the OTC Pink Sheets with a market cap of $99.35 million.

Leatt Corporation designs, develops, markets and distributes personal protective equipment for participants in various forms of motor sports and leisure activities, including riders of motorcycles, bicycles, snowmobiles and all-terrain vehicles (ATVs), as well as racing car drivers. The Company sells its products to customers across the world, through a network of distributors and retailers.

The technology and patents are all designed in house, and they do all the distribution too. Their manufacturing is outsourced to subcontractors in China, which could be seen as a risk if Cold War 2.0 persists.

However, this does result in the company being capital light. Gross margins over the past five years have been consistently in the 40% range, with ROIC in the 30–40% range.

The company is run by the founder, Dr. Chris Leatt who has plenty of skin in the game. Leatt is a well managed business with potentially lots of growth ahead.

The company currently trades on a PE of 7, and PEG of 0.2.

Xtek

Ticker - **XTE** (Turnaround)

Listed on the ASX with a market cap of $66 million.

XTEK Limited is an Australia-based company engaged in providing products and tailored solutions to military, law enforcement, government agencies, and commercial sectors. The Company also sells a range of soft and hard armor, helmets, shields, carriers and armor gear.

The company had a major restructuring during 2022. The previous management departed the company, and Scott Basham was appointed Group CEO, the headcount in AUS/RoW reduced by 45% and 30% in the US, certain business lines were discontinued or consolidated and costs were significantly reduced. As a result, the company now operates two distinct divisions- Ballistics and Technology.

Over the past year XTE has won many contracts from the Australian and US government and posted record revenue for the year.

The company currently trades on a pe of 4, and a peg of 0.1. With $6.9 million cash in the bank and no debt.

UMT United Mobility Technology AG

Ticker - **UMDK** (Deep Value)

Listed on XETRA with a market cap of e12.6 million euros.

There has been a savage bear market in the German microcap space. Many companies are sitting at all time lows. However, searching among the rubble has produced a few with multi-bagger upside if market sentiment improves.

One such company is UMDK, a technology and financial services company based in Munich. The company develops services for mobile and electronic payment systems, based on its own Mobile Payment and Loyalty Platform.

The stock is trading at historic lows with a price-to-book value ratio of 0.24 and pe of 2.7.

For those who like their net-net nanocaps, UMDK might be worthy of deeper analysis.

Somero Enterprises

Ticker - **SOM** (Quality)

Listed on AIM with a market cap of £220 million.

The company has established itself as the only world-wide supplier of patented, laser screeding equipment, which automates the process of spreading and levelling concrete floors.

Demand for Somero's equipment is driven by many factors including the need for more warehouse space, rising labour costs, and a shortage of skilled workers.

With the increase in ecommerce and the automation of tasks in the construction industry an on-going structural trend, Somero is well placed to exploit this cyclical tail-wind. Worries over rising interest rates and the effect on construction has dampened the share price.

Over the past 5 years operating margins have been 30%, and average returns on capital employed at 40%. SOM is a highly profitable and well-managed business.

The company is trading on a pe of 8, with a 11% dividend yield.

Auto Partner

Ticker - **APR** (Growth)

Listed on WSE with a market cap of z2.4 billion zloty.

Auto Partner SA is a Poland-based company engaged in the auto, truck and motorcycle parts industry. The Company is an importer and distributor of spare parts for cars and light commercial vehicles.

The company has picked up a lot of interest among investors on fintwit, and it's not hard to see why.

APR has high operating margins, high returns on capital employed, high insider ownership, with year-on year sales growing well over the 20% range.

Poland is one of the cheapest markets in the world right now, which is understandable considering it's suffering from 17% inflation and interest rates at 6.75%.

Putting that to one side, there are many high quality companies in Poland with long runways for growth trading at low multiples. APR is one these.

The company is trading on a pe of 11, which seems to be very reasonable considering its growth and quality.

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Full disclosure: The author holds shares in Property Franchise Group and Vietnam Holdings.