

NEW HAMPSHIRE'S PUBLIC 100

STORY BY MARK LALIBERTE

NH-BASED RESEARCH BY HOWARD SMITH OF CHARTWORTH

SUBSIDIARY RESEARCH BY APRIL GUILMET

In 2004, NH's public companies saw their fortunes increase as the economy continued to improve and unemployment rates dropped. This year also brought big changes for some companies. Brookstone, the venerable Nashua business that was once one of the state's strongest publicly-traded companies, is being bought by a three-company consortium led by a Singapore company, making this the last year it will appear on the NH-based list.

Back in Black

Many of NH's publicly-traded companies experienced positive financial developments in 2004. On this year's list, 20 of the 27 NH-based companies showed a profit last year. In addition, only four companies on this year's list did not see an increase in revenues from 2003 to 2004, with three of those companies showing a decrease in revenues of less than 10 percent from the previous year.

Exeter's Fisher Scientific saw an increase of 112 percent in profits for 2004, while Bedford-based Centrix Bank's profits increased nearly 65 percent from the previous year. Brookstone (58 percent profit increase) and White Mountains Insurance Group (49 percent profit increase) also showed solid revenue increases from 2003. iCad Inc. grew gross sales by more than 257 percent from 2003, while Rochester's BrandPartners Group Inc. and Hudson-based Presstek both saw sales increase by about 50 percent.

Along with a 49 percent increase in profits, White Mountains Insurance Group saw its sales increase by about 59 percent while its market cap grew by \$1.9 billion.

"White Mountains Insurance has increased its market value created from \$120 million to more than \$3 billion in five years," says Howard Smith, a principal of Chartworth, a

strategic consulting and investment-banking group in Portsmouth and Manchester. "This sort of performance gets investors' attention. In addition, Berkshire Hathaway is a major investor in the company. Another solid performer has been Fisher Scientific, which acquired NH-based Apogent Technologies last year. They have made smart investments and their market value created has increased 56 percent in five years."

However, Smith says that many of the high-tech companies on the list took a beating during the recession and, while they may now be profitable and seeing growth in revenues, their stocks may be significantly off previous highs.

"The prime example of this is PC Connection. They just went through a large stock correction in the first quarter of 2005. If you look back, since 1999, they have lost \$377 million in market value created," he says.

Smith further notes that 16 of the 29 companies on this list have a market cap of less than \$105 million. "More than half of these companies could not go public today," he says, explaining that "the average market cap of an IPO is around \$225 million."

As noted, Brookstone will leave the list next year due to the recently announced acquisition of the company. "Losing companies from the list due to acquisitions is a common phenomenon." Batesville Casket Co. will disappear from the subsidiary list next year as the company recently announced its intentions to close its Nashua plant by March 2006. Two companies that Smith says would not surprise him to someday appear on the list are Cedar Point Communications in Derry and Vette in Manchester. "These two companies each attracted several rounds of venture capital financing and appear to be doing well. At some point, their management and investors may look at going public," he says. ■



Ranking the Public 100

BY HOWARD SMITH

Everyone loves a winner. In golf or a marathon, it's easy to determine the winner. But what makes a winner in the business world? Traditional measures focus on sales, profitability, asset size or even market value. But these measures fall short in how well a company achieves its most basic mission: maximizing shareholder value.

Business NH Magazine partnered with Chartworth, a corporate finance advisory firm, to present a new ranking system for the NH-based companies listed in the Public 100 this year. The ranking of NH-based public companies is based on how much value they have added to, or subtracted from, their stockholder's investment. Market Value Created (MVC) is the difference between a company's market value of its equity and debt and the total cash invested in the company. Simply put, it's the difference between what investors "put in" and what they would "get out" if they liquidated their investment.

Let's take an example. Suppose a company has a total market value of \$50 million, but has invested \$75 million of capital. Then its MVC is a negative \$25 million. But if this same company had invested only \$10 million of capital, then its MVC is a positive \$40 million and it has added value to the capital resources put at its disposal by investors.

Unlike other surveys that focus only on the market value of equity, this ranking focuses on the total market of all debt and equity in relation to the capital employed in net assets. After all, managers are stewards of all investment, whether it comes from a bank or equity investor. By looking at total capital invested, distortions caused by differences in leverage employed and certain accounting differences can be minimized. What results is a better understanding of a "cash-on-cash" return on total investment.

The creation of this ranking was undertaken by first identifying all public companies with headquarters in NH. To qualify, companies must have recent price quotes available on its respective stock exchange or have filed recent regulatory filings so their registration and business status could be reviewed. Financial information for the past five years (ending with most recently completed fiscal year) was then analyzed to compile this ranking. What results is a listing of NH's most successful wealth creators.

There are only 29 NH-based public companies listed. The remainder of the Top 100 list is made up of companies based elsewhere, but that have subsidiaries or divisions operating in NH. They are ranked by the number of employees they have working in NH. ■

Howard Smith is principal of Chartworth, which has offices in Portsmouth and Manchester. Smith can be contacted at 603-766-0478 or by e-mail at hsmith@chartworth.com.

TOP 100 LIST/NH-BASED PUBLIC COMPANIES

DEFINITIONS:

Market Value Created: The difference between the total market value (market value equity and debt) and invested capital (cash investors contributed to the business). It measures the difference between what investors "put in" and what it's currently worth.

Capital: An approximation of the book value of all cash invested in the business. For all companies except banks and insurance companies, it is equal to net assets

(total assets minus non-interest-bearing liabilities and short-term investments). For banks, it is equal to the book value of all common and preferred equity. For insurance companies, it is equal to all equity, plus interest-bearing debt and minority interest.

Total Market Value: The company's equity market capitalization at 12/31/04 plus the book value of interest-bearing debt, preferred stock and minority interest. For banks: equity market capitalization plus book value of preferred stock.

MVC Rank 2004	Company CEO/President	Address	Ticker/ Web Site	Market Value Created (MVC) (\$-mm)					Operating Metrics	
				2004	2003	1999	\$ Change From 2003	\$ Change From 1999	Sales (\$-mm) 2004	
1	White Mountains Insurance Group Ltd. Raymond Barrette	80 South Main St., Hanover 03755-2053	WTM www.whitemountains.com	\$3,072.87	\$1,161.27	\$119.67	\$1,911.60	\$2,953.20	\$4,553.00	
2	Fisher Scientific International Inc. Paul Montrone	1 Liberty Lane, Hampton 03842	FSH www.fisherscientific.com	\$2,503.06	\$1,773.15	\$1,574.84	\$729.91	\$928.22	\$4,662.70	
3	Timberland Co. Jeffrey Swartz	200 Domain Drive, Stratham 03885	TBL www.timberland.com	\$1,625.43	\$1,378.40	\$824.59	\$247.03	\$800.84	\$1,500.58	
4	Presstek Inc. Edward Marino	55 Executive Drive, Hudson 03051-4903	PRST www.presstek.com	\$247.78	\$168.44	\$375.95	\$79.34	\$(128.17)	\$129.85	
5	Brookstone Inc. Michael Anthony	1 Innovation Way, Merrimack 03054	BKST www.brookstone.com	\$243.07	\$156.29	\$69.09	\$86.78	\$173.98	\$480.21	
6	Bottomline Technologies Inc. Joseph Mullen	325 Corporate Drive, Portsmouth 03801	EPAY www.bottomline.com	\$206.52	\$97.70	\$341.06	\$108.82	\$(134.54)	\$89.71	
7	Bentley Pharmaceuticals Inc. James Murphy	Bentley Park, 2 Holland Way, Exeter 03833	BNT www.bentleypharm.com	\$135.59	\$174.64	\$52.86	\$(39.05)	\$82.73	\$73.39	
8	Standex International Corp. Roger Fix	6 Manor Parkway, Salem 03079	SXI www.standex.com	\$112.59	\$122.68	\$80.56	\$(10.09)	\$32.03	\$635.44	
9	iCad Inc. W. Scott Parr	4 Townsend West, Suite 17, Nashua 03063	ICAD www.icadmed.com	\$95.99	\$96.86	\$28.81	\$(0.87)	\$67.18	\$23.31	
10	PC Connection Inc. Patricia Gallup	730 Milford Road, Merrimack 03054	PCCC www.pcconnection.com	\$68.84	\$43.62	\$445.52	\$25.22	\$(376.68)	\$1,353.83	
11	Community Bank & Trust Co. Bradford Gile	15 Varney Road, Wolfeboro 03894	CBNH www.communitybanknh.com	\$60.90	\$63.30	N/A	\$(2.40)	N/A	\$22.40	
12	Omtool Ltd. Robert Voelk	8A Industrial Way, Salem 03079	OMTL www.omtool.com	\$25.80	\$9.30	\$27.30	\$16.50	\$(1.50)	\$14.79	
13	Micronetics Inc. David Robbins	26 Hampshire Drive, Hudson 03051	NOIZ www.micronetics.com	\$25.18	\$24.23	\$23.44	\$0.95	\$1.74	\$14.30	
14	NH Thrift Bancshares Inc. Stephen Ensign	9 Main St., PO Box 9, Newport 03773	NHTB www.lakesunbank.com	\$24.41	\$28.28	\$(0.51)	\$(3.87)	\$24.92	\$22.72	
15	Centrix Bank & Trust Joseph Reilly	1 Atwood Lane, Bedford 03110	CXBT www.centrixbank.com	\$14.40	\$11.20	N/A	\$3.20	N/A	\$6.90	
16	BrandPartners Group Inc. James Brooks	10 Main St., Rochester 03839	BPTR www.bptr.com	\$13.91	\$12.71	\$125.57	\$1.20	\$(111.66)	\$50.61	
17	Storage Computer Corp. Theodore Goodlander	11 Riverside Drive, Nashua 03062	SOSO www.storage.com	\$9.64	\$11.07	\$53.07	\$(1.43)	\$(43.43)	\$0.41	
18	MangoSoft Inc. Dale Vincent	12 Technology Way, Nashua 03062	MGOF www.mangosoft.com	\$9.20	\$1.88	\$18.32	\$7.32	\$(9.12)	\$0.47	
19	StockerYale Inc. Mark Blodgett	32 Hampshire Road, Salem 03079	STKR www.stockeryale.com	\$8.64	\$(2.85)	\$(0.89)	\$11.49	\$9.53	\$17.65	
20	Connecticut River Bancorp Inc. Gary Gray	245 Main St., Charlestown 03603	CORB www.crbna.com	\$5.20	\$7.20	N/A	\$(2.00)	N/A	\$10.30	
21	Monadnock Community Bancorp Inc. Kenneth Christian	1 Jaffrey Road, Peterborough 03458	MNCK www.monadnockbank.com	\$5.13	N/A	N/A	N/A	N/A	\$1.76	
22	Brazilian Resources Inc. (4) Daniel Titcomb	48 Pleasant St., Concord 03301	BZIH www.brazilianresources.com	\$4.80	\$2.95	\$1.20	\$1.85	\$3.60	\$0.00	
23	Northway Financial Inc. William Woodward	9 Main St., Berlin 03570	NWFI www.northwayfinancialinc.com	\$0.52	\$3.66	\$3.56	\$(3.14)	\$(3.04)	\$27.45	
24	Pennichuck Corp. Donald Correll	25 Manchester St., Merrimack 03054	PNNW www.pennichuck.com	\$(4.86)	\$2.86	\$12.13	\$(7.72)	\$(16.99)	\$23.03	
25	BayCorp Holdings Ltd. Frank Getman	1 New Hampshire Ave., Suite 125, Portsmouth 03801	MWH N/A	\$(5.20)	\$(1.65)	\$(72.33)	\$(3.55)	\$67.13	\$5.54	
26	Nashua Corp. Andrew Albert	11 Trafalgar Square, Second Floor, Nashua 03063	NSH www.nashua.com	\$(19.39)	\$(37.78)	\$(41.74)	\$18.39	\$22.35	\$289.22	
27	Environmental Power Corp. Joseph Cresci	1 Cate St., Fourth Floor, Portsmouth 03801	EPG www.environmentalpower.com	\$(57.26)	\$(62.12)	\$(41.64)	\$4.86	\$(15.62)	\$59.79	
28	Unitil Corp. Robert Schoenberger	6 Liberty Lane West, Hampton 03842-1720	UTL www.unitil.com	\$(135.91)	\$(179.17)	\$(67.78)	\$43.26	\$(68.13)	\$214.14	
—	Hathaway Inc. Saeed Talari	670 North Commercial St., Manchester 03101	HWYI N/A	N/A	N/A	N/A	N/A	N/A	\$0.00	

NOTATIONS:

- Historical results taken from the most recently filed annual report for each period.
- CAGR=Compounded Annual Growth Rate
- Growth Rates are calculated in originally reported currency only and do not reflect any currency conversion.
- Reported in \$USD. Currency conversion based on historical exchange rates. Growth rates based on local currency.

- Market Data Source: Capital IQ
- N/A=Not Available or Not Applicable, N/M=Not Meaningful
- 52 week high/low based on closing stock price date 4/15/2005
- Analysis and calculations provided by Chartworth

					Investment Data								
2003	% CAGR 1 yr.	Net Income (\$-mm) 2004	2003	% CAGR 1 yr.	Capital (\$-mm) 2004	52-Week High/Low	% Stock Price Chg. 2004	Total Market Value (\$-mm) 2004	2004 Total Market Value to Sales	Capital	NH Employees	Description Product or Service	
\$3,793.80	20.01%	\$418.70	\$280.60	49.22%	\$5,472.40	\$695.00/\$467.00	40.74%	\$8,545.27	1.88	1.56	56	Provides property and casualty insurance	
\$3,564.40	30.81%	\$166.40	\$78.40	112.24%	\$7,161.90	\$64.95/\$52.24	50.79%	\$9,664.96	2.07	1.35	850	Laboratory instruments, consumables, supplies	
\$1,342.12	11.81%	\$152.69	\$117.88	29.53%	\$531.32	\$74.10/\$52.59	20.36%	\$2,156.75	1.44	4.06	723	Designs, develops and distributes footwear	
\$87.10	48.86%	\$3.87	\$8.49	-52.27%	\$131.22	\$12.00/\$7.05	34.26%	\$379.00	2.92	2.89	165	Digital laser imaging and chemistry-free plate tech.	
\$400.26	19.97%	\$20.36	\$12.85	58.44%	\$164.81	\$21.00/\$13.30	37.61%	\$407.88	0.85	2.47	250	Product development and specialty retail company	
\$75.39	19.00%	\$2.10	(\$6.62)	N/M	\$51.16	\$17.35/\$7.40	60.67%	\$257.68	2.87	5.04	166	Payment, billing, banking solutions software	
\$64.68	13.48%	\$5.69	\$6.10	-6.68%	\$96.59	\$14.10/\$7.10	-19.17%	\$232.18	3.16	2.40	17	Research/development of drug delivery technologies	
\$490.33	29.60%	\$15.44	\$13.93	10.79%	\$356.15	\$30.09/\$21.55	5.06%	\$468.74	0.74	1.32	51	Food service, consumer and industrial products	
\$6.52	257.47%	(\$0.83)	(\$8.20)	N/M	\$60.65	\$5.29/\$2.49	-15.34%	\$156.64	6.72	2.58	75	Computer-aided detection products	
\$1,312.89	3.12%	\$8.30	\$5.89	41.03%	\$181.77	\$10.17/\$5.36	15.74%	\$250.61	0.19	1.38	961	Markets technology products and services	
\$19.80	13.13%	\$7.93	\$7.00	13.00%	\$39.60	\$34.50/\$29.00	5.29%	\$100.50	4.49	2.54	124	Chartered commercial bank	
\$13.75	7.59%	\$1.60	(\$1.95)	N/M	\$7.09	\$12.49/\$6.00	130.81%	\$32.89	2.22	4.64	64	Electronic document delivery/management software	
\$12.67	12.82%	\$1.28	\$1.25	1.99%	\$12.27	\$11.00/\$5.50	13.73%	\$37.45	2.62	3.05	60	Wireless components and test equipment	
\$21.99	3.34%	\$5.10	\$5.77	-11.67%	\$43.84	\$18.45/\$13.81	-0.20%	\$68.24	3.00	1.56	174	Holding company of Lake Sunapee Bank	
\$4.90	39.00%	\$1.40	\$0.85	65.00%	\$18.90	\$20.50/\$14.88	15.03%	\$33.30	4.83	1.76	62	Offers customized business banking	
\$33.67	50.33%	\$14.22	(\$10.96)	N/M	\$26.62	\$1.20/\$0.46	50.79%	\$40.53	0.80	1.52	150	Services/products for financial services industry	
\$1.05	-60.58%	(\$3.52)	(\$4.75)	N/M	(\$0.69)	\$0.45/\$0.08	-36.11%	\$8.95	21.83	(12.97)	9	Storage software solutions	
\$0.50	-7.52%	(\$0.30)	(\$0.93)	N/M	(\$0.34)	\$10.00/\$2.50	464.52%	\$8.86	18.85	(26.06)	5	Internet business software and services	
\$14.12	25.05%	(\$12.69)	(\$11.65)	N/M	\$29.16	\$7.75/\$0.83	31.00%	\$37.80	2.14	1.30	28	Light lasers, light emitting diodes, fiber optic tech.	
\$9.90	4.00%	\$1.60	\$1.50	6.70%	\$17.00	\$15.55/\$13.25	-5.00%	\$22.20	2.16	1.31	104	A state commercial bank	
\$1.41	25.23%	\$0.03	\$0.03	20.91%	\$5.21	\$14.00/\$7.20	30.18%	\$10.34	5.88	1.98	25	Holding co. for Monadnock Community Bank	
\$0.00	N/A	\$1.72	\$1.37	140.05%	\$3.33	\$0.14/\$0.06	-10.12%	\$8.13	N/M	2.44	7	Finances development projects in Brazil	
\$27.62	-0.62%	\$3.39	\$3.62	-6.33%	\$49.51	\$36.75/\$29.30	-0.98%	\$50.03	1.82	1.01	280	Berlin City Bank, Pemigewasset National Bank	
\$21.39	7.65%	\$1.82	\$1.25	45.95%	\$98.45	\$28.50/\$23.98	-4.68%	\$93.59	4.06	0.95	90	Water utility/real estate development company	
\$4.00	38.42%	(\$2.54)	(\$4.17)	N/M	\$12.48	\$13.69/\$11.40	-3.14%	\$7.28	1.31	0.58	7	Subsidiaries generate and sell electricity	
\$288.91	0.11%	\$3.79	\$0.10	3612.75%	\$121.43	\$11.95/\$8.25	33.65%	\$102.04	0.35	0.84	230	Labels, specialty papers and imaging products	
\$53.36	12.04%	(\$3.96)	(\$0.98)	N/M	\$96.83	\$8.45/\$4.60	10.64%	\$39.57	0.66	0.41	7	Energy systems using waste/coal/farm manure	
\$220.65	-2.95%	\$8.23	\$7.96	3.37%	\$432.23	\$29.10/\$25.31	15.38%	\$296.32	1.38	0.69	234	Public utility holding company	
N/A	N/A	(\$0.04)	N/A	N/A	\$2.38	N/A / N/A	N/A	N/A	N/A	N/A	N/A	Develops enterprise software products	