

ModernGraham Valuation

Company Name:

SkyWest, Inc.

Company Ticker SKYW

Date of Analysis

1/16/2017



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$1,948,677,520	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.48	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end		
5. Earnings Growth		-25.47%	Fail
6. Moderate PEmg Ratio	PEmg < 20	23.27	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.20	Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.48	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	5.27	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.59
MG Growth Estimate	12.86%
MG Value	\$54.42
MG Value based on 3% Growth	\$23.06
MG Value based on 0% Growth	\$13.52
Market Implied Growth Rate	7.39%

MG Opinion

Current Price	\$37.00
% of Intrinsic Value	67.99%
Opinion	Undervalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$48.61
Graham Number	\$42.77
PEmg	23.27
Current Ratio	1.48
PB Ratio	1.20
Current Dividend	\$0.18
Dividend Yield	0.49%
Number of Consecutive Years of Dividend Growth	1

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.59	Next Fiscal Year Estimate	\$1.59
Dec2015	\$2.27	Dec2015	\$0.95
Dec2014	-\$0.47	Dec2014	\$0.38
Dec2013	\$1.12	Dec2013	\$0.86
Dec2012	\$0.99	Dec2012	\$0.86
Dec2011	-\$0.52	Dec2011	\$1.00
Dec2010	\$1.70	Dec2010	\$1.83
Dec2009	\$1.47	Dec2009	\$1.94
Dec2008	\$1.93	Dec2008	\$2.11
Dec2007	\$2.49	Dec2007	\$2.09
Dec2006	\$2.30	Dec2006	\$1.81
Dec2005	\$1.90	Dec2005	\$1.51
Dec2004	\$1.40	Dec2004	\$1.29
Dec2003	\$1.15	Dec2003	\$1.21
Dec2002	\$1.51	Dec2002	\$1.16
Mar2001	\$1.05	Mar2001	\$0.91
Mar2000	\$1.15	Mar2000	\$0.75
Mar1999	\$0.85	Balance Sheet Information 9/1/2016	
Mar1998	\$0.52	Total Current Assets	\$1,124,837,000
Mar1997	\$0.25	Total Current Liabilities	\$759,619,000
Mar1996	\$0.11	Long-Term Debt	\$1,924,991,000
		Total Assets	\$5,299,764,000
		Intangible Assets	\$8,811,000
		Total Liabilities	\$3,675,650,000
		Shares Outstanding (Diluted Average)	52,471,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other
ModernGraham
posts about the
company

#N/A

Other
ModernGraham
posts about related
companies

[Delta Air Lines Inc Valuation – July 2016 \\$DAL](#)
[Southwest Airlines Company Valuation – October 2015 Update \\$LUV](#)
[Alaska Air Group Inc. Analysis – Initial Coverage \\$ALK](#)
[American Airlines Group Analysis – 2015 Initial Coverage \\$AAL](#)
[Delta Air Lines Inc. Annual Valuation – 2015 \\$DAL](#)
[Southwest Airlines Company Annual Valuation – 2014 \\$LUV](#)