ModernGraham Valuation

Company Name:

Surge Energy Inc

Company Ticker Date of Analysis TSE:SGY

te of Analysis 1/7/2017



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.

Adequate Size of the Enterprise	Market Cap > \$2Bil	\$754,003,090 Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.71 Fail
3. Earnings Stability	Positive EPS for 10 years prior	Fail
Dividend Record	Dividend Payments for 10 years prior	Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at	
Earnings Growth	beginning and end	-381.40% Fail
Moderate PEmg Ratio	PEmg < 20	-8.75 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	0.93 Fail

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

Sufficiently Strong Financial Condition	Current Ratio > 1.5	0.71 F	ail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-12.80 F	ail
3. Earnings Stability	Positive EPS for 5 years prior	F	ail
4. Dividend Record	Currently Pays Dividend	P	ass
5. Earnings Growth	EPSmg greater than 5 years ago	F	ail

Suitability

Defensive No Enterprising No

Stage 2: Determination of Intrinsic Value

EPSmg	-\$0.38
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	-\$5.50
MG Value based on 0% Growth	-\$3.22
Market Implied Growth Rate	-8.63%

MG Opinion

Current Price \$3.32 % of Intrinsic Value N/A

Opinion Overvalued MG Grade D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$1.36
Graham Number	\$0.00
PEmg	-8.75
Current Ratio	0.71
PB Ratio	0.93
Current Dividend	\$0.13
Dividend Yield	3.80%
Number of Consecutive Years of Dividend	
Growth	0

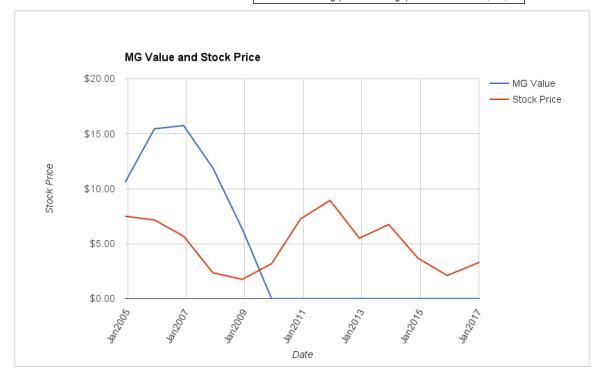
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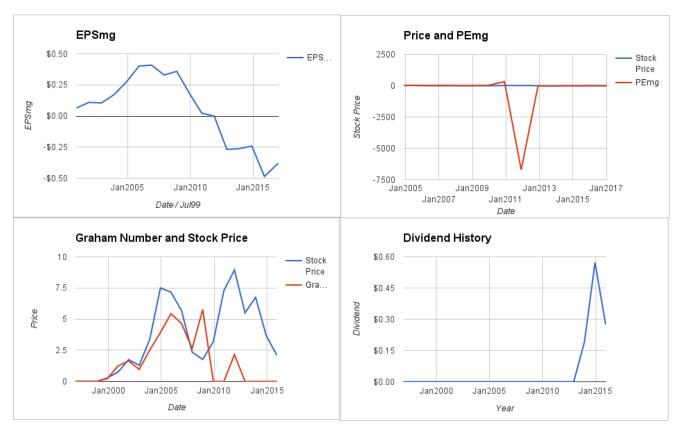
 Google Finance
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 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

EPS History		EPSmg History	
Next Fiscal Year			
Estimate	•	Next Fiscal Year Estimate	-\$0.38
Dec2015	-\$0.97	Dec2015	-\$0.49
Dec2014	-\$0.17	Dec2014	-\$0.24
Dec2013	-\$0.10	Dec2013	-\$0.26
Dec2012	-\$0.75	Dec2012	-\$0.27
Dec2011	\$0.04	Dec2011	\$0.00
Dec2010	-\$0.21	Dec2010	\$0.02
Dec2009	-\$0.13	Dec2009	\$0.18
Dec2008	\$0.45	Dec2008	\$0.36
Dec2007	\$0.11	Dec2007	\$0.33
Dec2006	\$0.34	Dec2006	\$0.41
Dec2005	\$0.61	Dec2005	\$0.40
Dec2004	\$0.46	Dec2004	\$0.28
Dec2003	\$0.29	Dec2003	\$0.17
Dec2002	\$0.06	Dec2002	\$0.11
Dec2001	\$0.18	Dec2001	\$0.11
Dec2000	\$0.18	Dec2000	\$0.06
Dec1999	\$0.02	Balance Sheet Information	9/1/2016
Dec1998	-\$0.01	Total Current Assets	\$27,251,000
Dec1997	\$0.00	Total Current Liabilities	\$38,174,000
Dec1996	\$0.00	Long-Term Debt	\$139,818,000
		Total Assets	\$1,117,519,000
		Intangible Assets	\$0
		Total Liabilities	\$328,996,000
		Shares Outstanding (Diluted Average)	221,615,000





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 CIRCOR International Inc Valuation - Initial Coverage \$CIR

National-Oilwell Varco Valuation – December 2016 \$NOV

Canadian Energy Services & Technology Corp Valuation – Initial Coverage \$CEU

WPX Energy Inc Valuation – September 2016 \$WPX

Newfield Exploration Co Valuation – December 2016 \$NFX

World Fuel Services Corp Valuation - Initial Coverage \$INT

Shawcor Ltd Valuation - Initial Coverage \$TSE:SCL

Imperial Oil Limited Valuation - Initial Coverage \$IMO

Phillips 66 Valuation – August 2016 \$PSX

FMC Technologies Inc Valuation - August 2016 \$FTI