

ModernGraham Valuation

Company Name:

Surge Energy Inc

Company Ticker TSE:SGY

Date 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.

1. 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
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-381.40%	Fail
5. Earnings Growth	PEmg < 20	-8.75	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	0.93	Fail
7. Moderate Price to Assets			

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	0.71	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-12.80	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		Fail

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

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		Next Fiscal Year Estimate	
Dec2015	-\$0.07	Dec2015	-\$0.38
Dec2014	-\$0.97	Dec2014	-\$0.49
Dec2013	-\$0.17	Dec2013	-\$0.24
Dec2012	-\$0.10	Dec2012	-\$0.26
Dec2011	-\$0.75	Dec2011	-\$0.27
Dec2010	\$0.04	Dec2010	\$0.00
Dec2009	-\$0.21	Dec2009	\$0.02
Dec2008	-\$0.13	Dec2008	\$0.18
Dec2007	\$0.45	Dec2007	\$0.36
Dec2006	\$0.11	Dec2006	\$0.41
Dec2005	\$0.34	Dec2005	\$0.40
Dec2004	\$0.61	Dec2004	\$0.28
Dec2003	\$0.46	Dec2003	\$0.17
Dec2002	\$0.29	Dec2002	\$0.11
Dec2001	\$0.06	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](#)