ModernGraham Valuation

Company Name: Surge Energy Inc

Company Ticker	TSE:SGY
Date of Analysis	7/29/2018

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	$563,587,892	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.98	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-80.00%	Fail
6. Moderate PEmg Ratio	PEmg < 20	-17.50	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	0.74	Fail

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	0.98	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-333.81	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	-$0.14
MG Growth Estimate	6.32%
MG Value	**$0.00**
MG Value based on 3% Growth	-$2.03
MG Value based on 0% Growth	-$1.19
Market Implied Growth Rate	-13.00%

MG Opinion

Current Price	$2.45
% of Intrinsic Value	N/A
Opinion	**Overvalued**
MG Grade	**C**

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-$1.84
Graham Number	$2.87
PEmg	-17.50
Current Ratio	0.98
PB Ratio	0.74
Current Dividend	$0.09
Dividend Yield	3.71%
Number of Consecutive Years of Dividend Growth	0

EPS History		EPSmg History	
Next Fiscal Year Estimate	$0.11	Next Fiscal Year Estimate	-$0.14
Dec2017	-$0.03	Dec2017	-$0.27
Dec2016	-$0.14	Dec2016	-$0.40
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	**Balance Sheet Information**	**3/1/2018**
Dec2000	$0.18	Total Current Assets	$41,398,000
Dec1999	$0.02	Total Current Liabilities	$42,175,000
Dec1998	-$0.01	Long-Term Debt	$259,370,000
		Total Assets	$1,237,370,000
		Intangible Assets	$0
		Total Liabilities	$470,240,000
		Shares Outstanding (Diluted Average)	233,007,000

MG Value and Stock Price

EPSmg

Price and PEmg

Graham Number and Stock Price

Dividend History
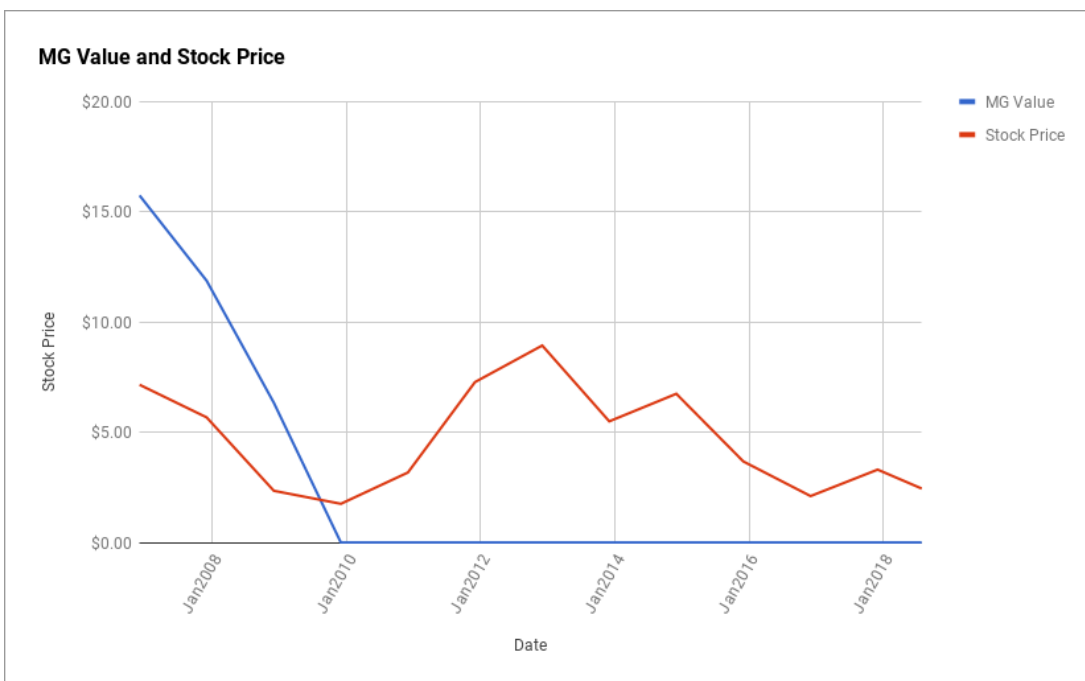
Disclaimer:

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	Surge Energy Inc Valuation – Initial Coverage $TSE:SGY
Other ModernGraham posts about related companies	Imperial Oil Ltd Valuation – July 2018 $IMO CES Energy Solutions Corp – July 2018 $TSE-CEU WPX Energy Inc Valuation – July 2018 $WPX Magellan Midstream Partners LP Valuation – July 2018 $MMP Ensco PLC Valuation – July 2018 $ESV Enterprise Products Partners LP Valuation – July 2018 $EPD Noble Corp PLC Valuation – June 2018 $NE Rowan Companies PLC Valuation – June 2018 $RDC Diamond Offshore Drilling Inc Valuation – June 2018 $DO Transocean Ltd Valuation – June 2018 $RIG