ModernGraham Valuation

Company Name:

Sierra Wireless, Inc. (USA)



Company Ticker TSE:SW

Date of Analysis 9/1/2018

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.

Adequate Size of the Enterprise	Market Cap > \$2Bil	\$687,068,923	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.61	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		
5. Earnings Growth	beginning and end	-172.13%	Fail
Moderate PEmg Ratio	PEmg < 20	47.31	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.51	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	1.61 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.33 Pass
3. Earnings Stability	Positive EPS for 5 years prior	Fail
4. Dividend Record	Currently Pays Dividend	Fail
5. Earnings Growth	EPSmg greater than 5 years ago	Pass
	C	

Score

Suitability

Defensive No Enterprising No

Stage 2: Determination of Intrinsic Value

EPSmg	\$0.52
MG Growth Estimate	9.51%
MG Value	\$14.31
MG Value based on 3% Growth	\$7.54
MG Value based on 0% Growth	\$4.42
Market Implied Growth Rate	19.40%

MG Opinion

 Current Price
 \$24.61

 % of Intrinsic Value
 171.95%

Opinion Overvalued MG Grade F

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$2.63
Graham Number	\$21.29
PEmg	47.31
Current Ratio	1.61
PB Ratio	1.51
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend	
Growth	0

Morningstar

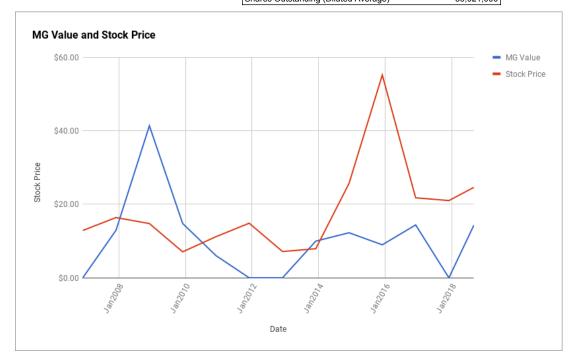
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 GuruFocus
 SEC Filings

EPS History		EPSmg History	
Next Fiscal Year			
Estimate	\$1.21	Next Fiscal Year Estimate	\$0.52
Dec2017	\$0.17	Dec2017	\$0.25
Dec2016	\$0.64	Dec2016	\$0.37
Dec2015	-\$0.11	Dec2015	\$0.23
Dec2014	-\$0.61	Dec2014	\$0.32
Dec2013	\$1.90	Dec2013	\$0.52
Dec2012	\$0.87	Dec2012	-\$0.08
Dec2011	-\$0.96	Dec2011	-\$0.31
Dec2010	-\$0.47	Dec2010	\$0.16
Dec2009	-\$1.36	Dec2009	\$0.38
Dec2008	\$2.47	Dec2008	\$1.07
Dec2007	\$1.16	Dec2007	\$0.34
Dec2006	\$0.44	Dec2006	-\$0.31
Dec2005	-\$1.67	Dec2005	-\$0.90
Dec2004	\$1.17	Dec2004	-\$0.70
Dec2003	\$0.16	Dec2003	-\$1.50
Dec2002	-\$3.99	Dec2002	-\$1.97
Dec2001	-\$2.37	Balance Sheet Information	6/1/2018
Dec2000	-\$0.30	Total Current Assets	\$408,261,000
Dec1999	\$0.34	Total Current Liabilities	\$253,760,000
Dec1998	\$0.15	Long-Term Debt	\$50,659,000
		Total Assets	\$900,606,000
		Intangible Assets	\$406,206,000
		Total Liabilities	\$313,381,000
		Shares Outstanding (Diluted Average)	36,021,000





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 Sierra Wireless Inc Valuation - Initial Coverage \$TSE:SW

Other ModernGraham posts about related companies

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Shaw Communications Inc Valuation – July 2018 \$TSE:SJR.B

ARRIS International PLC Valuation - July 2018 \$ARRS

<u>Iridium Communications Inc Valuation – July 2018 \$IRDM</u>

CenturyLink Inc Valuation - June 2018 \$CTL

American Tower Corp Valuation - June 2018 \$AMT

Charter Communications Inc Valuation - May 2018 \$CHTR

DISH Network Corp Valuation - Initial Coverage \$DISH

AT&T Inc Valuation - April 2018 \$T