

ModernGraham Valuation

Sierra Wireless, Inc.
(USA)



Company Name:

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.

1. 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 beginning and end	-172.13%	Fail
5. Earnings Growth	PEmg < 20	47.31	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.51	Pass
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	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 Score		Pass

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

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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.

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