

ModernGraham Valuation

Company Name:

Cree, Inc.

Company Ticker CREE

Date of Analysis

8/11/2018



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	\$5,081,249,414	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.74	Pass
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	-215.38%	Fail
5. Earnings Growth	PEmg < 20	-45.29	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.45	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	3.74	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.47	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		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	-\$1.11
MG Growth Estimate	-4.25%
MG Value	\$3.23
MG Value based on 3% Growth	-\$16.16
MG Value based on 0% Growth	-\$9.47
Market Implied Growth Rate	-26.89%

MG Opinion

Current Price	\$50.48
% of Intrinsic Value	1561.44%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$3.23
Graham Number	\$0.00
PEmg	-45.29
Current Ratio	3.74
PB Ratio	2.45
Current Dividend	\$0.00
Dividend Yield	0.00%
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	
Jun2017	-\$2.39	Jun2017	-\$1.11
Jun2016	-\$1.00	Jun2016	-\$0.32
Jun2015	-\$0.21	Jun2015	\$0.10
Jun2014	-\$0.57	Jun2014	\$0.37
Jun2013	\$1.00	Jun2013	\$0.88
Jun2012	\$0.74	Jun2012	\$0.83
Jun2011	\$0.39	Jun2011	\$0.85
Jun2010	\$1.33	Jun2010	\$1.00
Jun2009	\$1.45	Jun2009	\$0.81
Jun2008	\$0.34	Jun2008	\$0.57
Jun2007	\$0.38	Jun2007	\$0.73
Jun2006	\$0.72	Jun2006	\$0.89
Jun2005	\$0.98	Jun2005	\$0.80
Jun2004	\$1.18	Jun2004	\$0.57
Jun2003	\$0.85	Jun2003	\$0.24
Jun2002	\$0.58	Jun2002	-\$0.03
Jun2001	-\$1.40	Jun2001	-\$0.25
Jun2000	\$0.37	Balance Sheet Information	
Jun1999	\$0.44	3/1/2018	
Jun1998	\$0.21	Total Current Assets	
	\$0.12	\$909,510,000	
		Total Current Liabilities	
		\$243,300,000	
		Long-Term Debt	
		\$316,000,000	
		Total Assets	
		\$2,652,638,000	
		Intangible Assets	
		\$1,018,487,000	
		Total Liabilities	
		\$585,767,000	
		Shares Outstanding (Diluted Average)	
		100,140,000	





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 [Cree Inc Valuation – Initial Coverage \\$CREE](#)

ModernGraham
posts about the
company

Other [Keysight Technologies Inc Valuation – August 2018 \\$KEYS](#)

ModernGraham [Semtech Corp Valuation – August 2018 \\$SMTC](#)

posts about related [Cohu Inc Valuation – August 2018 \\$COHU](#)

companies [Coherent Inc Valuation – August 2018 \\$COHR](#)

[Teradata Corp Valuation – August 2018 \\$TDC](#)

[Silicon Laboratories Inc Valuation – August 2018 \\$SLAB](#)

[Itron Inc Valuation – July 2018 \\$ITRI](#)

[Celestica Inc Valuation – July 2018 \\$TSE-CLS](#)

[Ciena Corp Valuation – July 2018 \\$CIEN](#)

[iRobot Corp Valuation – July 2018 \\$IRBT](#)