ModernGraham Valuation

Company Name:

Company Ticker CREE Date of Analysis Cree, Inc.



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

8/11/2018

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
5.	Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-215.38%	Fail
6.	Moderate PEmg Ratio	PEmg < 20	-45.29	Fail
7.	Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.45	Fail
Enterprising Investor; mus	st pass 4 out of the following 5 tests, or be s	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		Fail
		Score		

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	

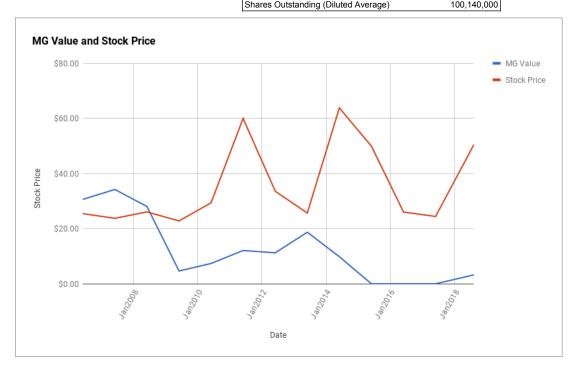
Stage 3: Information for Further Research

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 Google Finance Yahoo Finance GuruFocus Morningstar MSN Money Seeking Alpha SEC Filings

EPS History		EPSmg History	
Next Fiscal Year			
Estimate		Next Fiscal Year Estimate	-\$1.11
Jun2017	-\$1.00	Jun2017	-\$0.32
Jun2016	-\$0.21	Jun2016	\$0.10
Jun2015	-\$0.57	Jun2015	\$0.37
Jun2014	\$1.00	Jun2014	\$0.88
Jun2013	\$0.74	Jun2013	\$0.83
Jun2012	\$0.39	Jun2012	\$0.85
Jun2011	\$1.33	Jun2011	\$1.00
Jun2010	\$1.45	Jun2010	\$0.81
Jun2009	\$0.34	Jun2009	\$0.57
Jun2008	\$0.38	Jun2008	\$0.73
Jun2007	\$0.72	Jun2007	\$0.89
Jun2006	\$0.98	Jun2006	\$0.80
Jun2005	\$1.18	Jun2005	\$0.57
Jun2004	\$0.85	Jun2004	\$0.24
Jun2003	\$0.58	Jun2003	-\$0.03
Jun2002	-\$1.40	Jun2002	-\$0.25
Jun2001	\$0.37	Balance Sheet Information	3/1/2018
Jun2000	\$0.44	Total Current Assets	\$909,510,000
Jun1999	\$0.21	Total Current Liabilities	\$243,300,000
Jun1998	\$0.12	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 ModernGraham posts about related companies Keysight Technologies Inc Valuation – August 2018 \$KEYS Semtech Corp Valuation – August 2018 \$SMTC Cohu Inc Valuation – August 2018 \$COHU 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