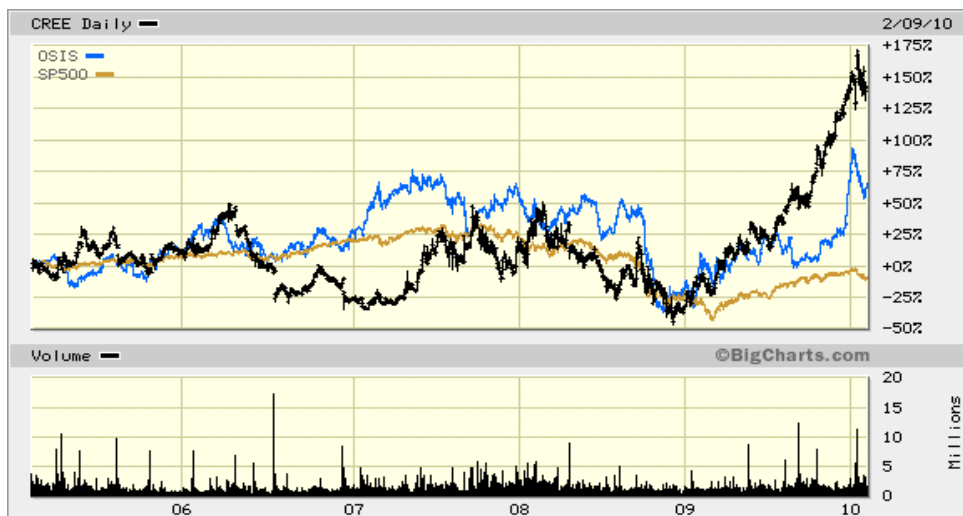


Cree Inc. (CREE) 2/9/10

CREE designs and produces a variety of products that go into electrical devices. Such products include LEDs, gallium nitride products, and silicon carbide products. CREE as offices located in Vienna, Tokyo, and Hong Kong as well as being headquartered in Durham, North Carolina. The company was founded in 1987.

Current Price	\$57.09
52 Week High	\$63.95
52 Week Low	\$17.88
One Yr Target	\$65.00
Market Cap (in billions)	\$6.06
P/E (Trailing)	78.85
P/E(1 Yr Forward)	28.98
P/E/G	1.65
ROA	4.18%
ROE	4.57%
EPS	\$0.72
Beta	1.23
Annualized Dividend	\$0.00
Dividend Yield	0.00%
Analyst Consensus	2.50
Debt to Equity	0.09



Copyright © equityrecap.com

Annual EPS

2006	\$0.99	
2007	\$0.68	-31.80%
2008	\$0.38	-43.94%
2009	\$0.34	-10.92%
ttm	\$0.72	114.11%

Annual Revenue (in millions)

2006	\$422.95	
2007	\$394.12	-6.82%
2008	\$493.30	25.16%
2009	\$567.25	14.99%

Annual Net Income (in millions)

2006	\$76.67	
2007	\$57.33	-25.22%
2008	\$33.44	-41.67%
2009	\$30.32	-9.33%

Free Cash Flows (in millions)

2006	\$70.15	
2007	\$21.93	-68.74%
2008	\$32.24	47.01%
2009	\$113.98	253.54%

Required Rate of Return

12.00%

Dividend Growth Model

Present Value of 2015 Price	n/a
Holding Period Return (5 years)	n/a

Expected Annualized Return Model

Present Value of 2015 Price	\$34.31
Holding Period Return (5 years)	-8.29%

Residual Income Model

Intrinsic Stock Price	\$20.10
-----------------------	---------

Analysis

Positives

High expected EPS growth rate

Very low amount of Debt

Negatives

Current stock price is expensive, even with high growth rate

Financial Statements

Income Statement is ok, revenues as slowed lately and margins aren't great

Balance Sheet is average, no Debt but also no Dividends or Treasury Stock

Cash Flows are pedestrian, Capital Expenditures are a concern

Industry Analysis

Demand for LED chips should increase, but so should competition amongst producers

CREE has average financial ratios for its industry

Summary

CREE seems to operate in a nice industry but doesn't seem to have a great competitive advantage. Its financial ratios are solid and its financial statements somewhat lacking. Sales for its products are good but margins are quite low. Demand for its products should increase with the expansion and development of new smart-phones, laptops, and tablets. CREE seems to be in favor with the market but not much by analysts. Its current stock price is expensive with a P/E ratio around 75, which helps make the valuation models prices be overvalued. CREE is a decent candidate for a sell if only because its high fundamentals but outlook for its products are strong and thus it lands somewhere between.