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Supercomputer maker Cray warns on outlook and misses Street's 4Q earnings estimate

The supercomputer maker Cray Inc fell short of Wall Street's earnings in the fourth quarter and said it would report a "substantial" non-GAAP net loss for 2019.

The news didn't sit well with investors who sent Cray shares down by 6.6% in after-hours trading to \$20.60.

In a statement, CEO Peter Ungaro forecast that 2019 would be a "transition year" as the company begins to ship its next-generation Shasta supercomputing platform later this year.

Shasta is billed as Cray's attempt to bring about the "next era" of supercomputing. In a coup for the company, the National Energy Research Scientific Computing Center, recently bought a Shasta supercomputer in a \$146 million contract.

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"Shasta will deliver a balance of performance, flexibility and ease of use unlike anything available today, as well as a true exascale-class architecture capable of scaling well into the future," Ungaro said in a statement.

For the three months until the close of December 31, the Seattle company posted a non-GAAP net loss of \$9 million, or \$0.22 per share, compared to net income of \$9 million, or \$0.22 per share in the fourth quarter of 2017. The results fell short of the expectations of analysts who had forecast that Cray would see a loss of \$0.02 per share.

Its revenue in the fourth quarter came in at \$163 million, down from \$167 million in the fourth quarter of 2017, but ahead of analysts' estimates of \$158 million.

Looking ahead to 2019, Cray expects revenue to grow modestly compared to 2018, with gross margins set to be in the 30% range and operating expenses likely to grow. "Based on this outlook, the company expects to recognize a substantial GAAP and non-GAAP net loss for 2019," Cray said in a statement.

Its net loss for 2018 was \$72 million compared to a net loss of \$134 million in 2017. Its revenue last year, meanwhile, came in at \$456 million, compared to \$393 million in 2017.

In business for more than 45 years, Cray develops some of the world's most advanced supercomputers.

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1 Year Share Price Graph



Share Information

Code: CRAY
Listing: NASDAQ
Sector:
Website: www.cray.com

Company Synopsis:

Our portfolio consists of three product lines: supercomputers, storage and data management systems, and data analytics solutions. We offer them individually or integrated into a complete solution depending on a customer's need.

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