

AMBA F4Q Earnings, Random Briefs

AMBA		Ambarella	
Qtr:	F4Q	Grade:	A
Rev:	31.5	Rev:	+++
GM:	63.3%	EPS:	+++
EPS:	\$0.18	Fcst:	+++
		Growth(qtr-qtr)	
		Rev:	-11.8%
		Fcst:	-2+5%
		Div:	

AMBA announced January-ended F4Q earnings well in excess of expectations for the seasonally soft period, and held its first call as a public company following its IPO October 10. The stock closed yesterday at \$11.97 up from its offering price of \$6 and I do not consider it compelling as either a long or short based on valuation fundamentals.

AMBA raised \$32M from its offering, employs 444 of which 76% are in Taiwan and China, and just reported \$121M in FY13 sales. It makes image processors for cameras used in professional and consumer IP security, wearable/sports cams, and automotive dashboards which are transitioning to digital from analog and to HD from SD. Camera OEMs include Bosch, Samsung, Woodman Labs and GoPro and cameras accounted for 83% of sales last quarter with the balance from infrastructure (broadcast encoding) markets in decline due to weakness in Europe and US as well as one large customer amid a corporate sale. Infrastructure customers include Harmonic, Ericsson, Motorola and RGB Networks. Distributor WTMicro accounted for 50% of sales and ODM Chicony at 30% supporting multiple OEMs. Dashboard cams are growing nicely in Russia, China, Korea and Taiwan for insurance purposes amid high accident rates and sparse law enforcement, and are credited with capturing the recent Russian meteorite. DSC and traditional camcorder markets are in decline due to smartphone encroachment. AMBAs new A9 device in 32nm technology was introduced at CES to good reception supporting 4K ultraHD resolution but also 1080HD at 120fps allowing for slow-motion playback—which is hot in wearable sports cams.

RANDOM COMPANY BRIEFS

Some are less significant than others, but I consider it interesting that the whole set occurred within this week.

- DIOD raised 1Q guidance to \$174-180 after closing the acquisition of BCDS on March 1 consistent with combined previous guidance, although arguably upping the low-end by \$6M and dropping the top by \$2M.
- FSL restructured \$2.7B in debt.
- IKAN sales VP departed in a quiet SEC filing without a press release.
- SIGM CFO is also leaving via a quiet SEC filing without a press release.
- INVN founder and recently-ousted CEO Nasiri quietly left the board via SEC filing and no press release.
- IDTI is transferring its smart meter business to ATML under undisclosed terms.
- NXPI announced a notes offering as well as a secondary offering of common stock by selling shareholders.
- HIMX shares are up +28.9% in the last 5 days on no news, but rumors of LCOS supply to GOOG glasses.
- RMBS sold a collection of display patents to Acacia Research for an undisclosed amount.
- INVN won its motion to stay STM patent infringement charges pending validity challenges at the USPO.
- TSRA proxy battle with Starboard Value generated a couple more public letters from both sides.
- LSCC licensed and settled all patent litigation with Intellectual Ventures for undisclosed terms.

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