

QLogic Reiterates, Barron's Sensors

QLogic (*QLGC*, \$11.80 +0.08, Rated Long—But Upside Incremental on my latest Semiconductor Investment Ideas) **Reiterates F4Q Guidance, Restructures, Closes Deal:** Late last Thursday QLGC reiterated March-ending F4Q guidance of sequential revenue growth down by -8-3%. It also announced the closure of its previously announced acquisition of Broadcom's 10/40/100G Ethernet controller assets. And, it announced a restructuring pursuant to that closure that includes a workforce reduction. The press release headlined the deal closure, then mentioned the restructuring in the second paragraph, and then reiterated guidance in the last paragraph. I consider the priority of importance to be the reverse order, but that's just my opinion.

The Broadcom deal will cost QLGC \$147M in cash, plus another \$62M to license fiber channel IP from Broadcom, and will be accretive to revenue and pro forma earnings beginning F1Q15. The engineering consolidation restructuring will incur charges of \$13-16M mostly in F4Q and be completed over the next three months. Along with the reiteration, I consider this it to be incrementally good news at the margin for the company and its shares.

InvenSense (*INVN*, \$21.36 -0.61, Rated Short on my latest Semiconductor Investment Ideas)

OmniVision (*OVTI*, \$17.12 +0.17, Rated Buy, Target \$30, FY14: \$2.11 on \$1.42B, FY15: \$1.91 on \$1.43B)

Barron's Mention: Sensor technology noted as a strong tech theme at last week's South By Southwest in Austin, TX in a Barron's article this week titled 'Finally, Sensors Get Personal.' Prominent mention of INVN, OVTI and SYNA (Synaptics) in the piece, albeit with a quick warning of volatility—that I can't disagree with if you note my divergent recommendations above.

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