



FEATURED OPTIONS RADAR REPORT



Call Buyer in Computer Vision Leader Expects Breakout Move

Ticker/Price: AMBA (\$96.20)

Analysis:

Ambarella (AMBA) shares closed higher by more than 5% on 7/28 and ran into the close as 1100 November \$100 calls opened up to \$9.10, a large stock replacement. AMBA does not really have any other notable options positioning and will not report until September. AMBA shares on the weekly have pulled back to major \$86.50 support as the lower end of a value range that extends up to \$108. AMBA dipped below its 200-day moving average this week but regained the rising level on Wednesday. Ambarella is a leading developer of low-power system-on-a-chip, or SoC, semiconductors providing powerful artificial intelligence, or AI, processing, advanced image signal processing and high-resolution video compression. AMBA has moved into computer vision with key end-markets being security cameras and automotive cameras while seeing potential for emerging industrial and other applications. AMBA beat estimates in June noting its strongest product portfolio in history and is early in a transformation that is seeing operating margins expand. It is really growing out its Auto business and announced a partnership with Arrival on advanced driver assistance system in June. AMBA has a market cap of \$3.27B and trades 10X FY22 EV/Sales and 7.5X Cash with no debt. AMBA revenues are seen rising 34.6% in FY22 with EBITDA jumping 120%. Analysts have an average target of \$135 and short interest low at 4.7% of the float. Roth lowered its target to \$130 on 6/2 positive on the pipeline visibility for CV and Auto. Stifel raised its target to \$140 in June noting the excellent quarter despite a challenging supply environment and CV adoption is accelerating. MSCO in March noted AMBA has turned the corner and its leadership position in the key market for computer vision at the edge is the primary driver moving forward. Hedge Fund ownership fell 9% last quarter.

Hawk Vision:



Hawk's Perspective: AMBA above \$98.25 would clear this small base and could start a nice run, the name is a bit rich on sales/earnings but also a strong balance sheet and one I have always thought of as an ideal takeover target.

Confidence Ranking: \$\$