



Ambarella Speculative Call Buy Positions for Major Move Higher in 2020

Ticker/Price: AMBA (\$60.60)

Analysis:

Ambarella (AMBA) on 12/31 with a buyer of 1000 August \$80 far OTM calls for \$240K which followed a buy of 400 of the \$75 calls for \$150K on 12/26. AMBA also has 1500 Jan. 10th (W) \$55 calls bought 12/11 in OI that are sitting on a large profit. AMBA shares surged higher in August/September and then consolidated with strength the last four weeks as shares gained. The \$2B Semi trades 9X Sales and 42.55X FCF and revenue growth seen accelerating in FY21 to 4.7% with 15% growth seen for FY22. AMBA has taken a strong focus towards Artificial Intelligence (AI) and is a leader in computer vision system-on-a-chip. Automotive is around 20% of AMBA's revenues while 60% is the security camera market. It also sees a number of emerging opportunities with Robotics/Automation, Machine Vision, and Building Access. Analysts have an average target of \$60 on shares and short interest at 9% of the float is down 32% Q/Q and hitting a five-year low. AMBA could see near-term catalysts from the Consumer Electronics Show (CES) in early January. AMBA is coming off a beat and raise quarter with a noted ramp in shipments. Craig Hallum raised its target to \$70 on 11/26 seeing strong execution on computer vision in security and auto markets. Hedge Fund ownership surged 41.9% higher in Q3 filings.

Hawk Vision:



Hawk's Perspective: AMBA is positioned well in its niche which has strong growing markets and feel it is a very attractive M&A target at this market cap, and the far OTM calls signal the same.

Confidence Ranking: \$\$