
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

December 1, 2016

Date of Report (date of earliest event reported)

AMBARELLA, INC.

(Exact name of Registrant as specified in its charter)

Cayman Islands
(State or other jurisdiction
of incorporation)

001-35667
(Commission File Number)

98-0459628
(I. R. S. Employer
Identification No.)

3101 Jay Street
Santa Clara, CA 95054
(Address of principal executive offices)

Registrant's telephone number, including area code: (408) 734-8888

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition

On December 1, 2016, Ambarella, Inc. issued a press release announcing its results for the third quarter of fiscal year 2017 ending October 31, 2016. A copy of the press release is attached as Exhibit 99.1 to this current report on Form 8-K and is incorporated by reference herein.

The information in this current report on Form 8-K and the exhibits attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1 Press Release dated December 1, 2016

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: December 1, 2016

Ambarella, Inc.

/s/ George Laplante

George Laplante

Chief Financial Officer

Exhibit Index

**Exhibit
Number**

Exhibit Title

99.1

Press Release dated December 1, 2016

Ambarella, Inc. Announces Third Quarter Fiscal Year 2017 Financial Results**Company Reports First \$100 million Quarter**

Contact:

Deborah Stapleton
650.815.1239
deb@stapleton.com

Dec. 1, 2016 —Santa Clara, Calif. – Ambarella, Inc. (NASDAQ: AMBA), a leading developer of low-power, HD and Ultra HD video compression and image processing semiconductors, today announced financial results for its third quarter of fiscal year 2017 ended October 31, 2016.

- Revenue for the third quarter of fiscal 2017 was \$100.5 million, up 7.8% from \$93.2 million in the same period in fiscal 2016. For the nine months ended October 31, 2016, revenue was \$222.8 million, down 10.3% from \$248.4 million for the nine months ended October 31, 2015.
- Gross margin under U.S. generally accepted accounting principles (GAAP) for the third quarter of fiscal 2017 was 66.0%, compared with 65.7% for the same period in fiscal 2016. For the nine months ended October 31, 2016, GAAP gross margin was 65.8%, compared with 65.2% for the nine months ended October 31, 2015.
- GAAP net income for the third quarter of fiscal 2017 was \$29.0 million, or \$0.84 per diluted ordinary share, compared with GAAP net income of \$29.5 million, or \$0.87 per diluted ordinary share, for the same period in fiscal 2016. GAAP net income for the nine months ended October 31, 2016 was \$39.5 million, or \$1.15 per diluted ordinary share. This compares with GAAP net income of \$71.4 million, or \$2.12 per diluted ordinary share, for the nine months ended October 31, 2015.

Financial results on a non-GAAP basis for the third quarter of fiscal 2017 are as follows:

- Gross margin on a non-GAAP basis for the third quarter of fiscal 2017 was 66.3%, compared with 65.9% for the same period in fiscal 2016. For the nine months ended October 31, 2016, non-GAAP gross margin was 66.1%, compared with 65.4% for the nine months ended October 31, 2015.
- Non-GAAP net income for the third quarter of fiscal 2017 was \$38.4 million, or \$1.11 per diluted ordinary share. This compares with non-GAAP net income of \$36.6 million, or \$1.08 per diluted ordinary share, for the same period in fiscal 2016. Non-GAAP net income for the nine months ended October 31, 2016 was \$68.4 million, or \$2.00 per diluted ordinary share. This compares with non-GAAP net income of \$90.0 million, or \$2.67 per diluted ordinary share, for the nine months ended October 31, 2015.

Based on information available as of today, Ambarella is offering the following guidance for the fourth quarter of fiscal year 2017, ending January 31, 2017:

- Revenue is expected to be between \$84.0 million and \$87.0 million
- Gross margin on a non-GAAP basis is expected to be between 64.0% and 65.5%
- Operating expenses on a non-GAAP basis are expected to be between \$25.5 million and \$27.0 million
- Effective tax rate on a non-GAAP basis is expected to be between 11% and 12%

Ambarella reports gross margin, net income and earnings per share in accordance with GAAP and, additionally, on a non-GAAP basis. Non-GAAP financial information for the third fiscal quarter excludes the impact of stock-based compensation adjusted for the associated tax impact which includes the effect of any benefits or shortfalls recognized. A reconciliation of the GAAP to non-GAAP gross margin, net income and earnings per share numbers for the periods presented, as well as a description of the items excluded from the non-GAAP calculations, is included in the financial statements portion of this press release.

Total of cash, cash equivalents and marketable securities on hand at the end of the third fiscal quarter of 2017 was \$372.1 million, compared with \$276.7 million at the end of the same quarter a year ago.

Stock Repurchase

Ambarella's Board of Directors has authorized an extension of the duration of the current share repurchase plan initially authorized in June 2016, to allow the repurchase of up to an aggregate of \$75 million of the company's ordinary shares through June 30, 2017. As of December 1, 2016, Ambarella has repurchased a total of 405,089 shares for total cash consideration of \$20.2 million. No repurchases were made under the program in the third fiscal quarter ended October 31, 2016. Repurchases under the program may be made from time-to-time through open market purchases or through privately negotiated transactions subject to market conditions, applicable legal requirements and other relevant factors. The repurchase program does not obligate the company to acquire any particular amount of ordinary shares, and it may be suspended at any time at the company's discretion. The repurchase program will be funded using Ambarella's working capital.

"We are very proud to have achieved more than \$100 million in revenue in the quarter, a new milestone," said Fermi Wang, CEO of Ambarella. "We saw continued revenue growth in IP security, home monitoring and the automotive camera markets, as well as a ramp in revenue from action sports cameras for the holiday season. We were also pleased to enable the introduction of a new generation of products, offering 4Kp60 video performance for the first time," he said.

Quarterly Conference Call

Ambarella plans to hold a conference call at 4:30 p.m. Eastern Time / 1:30 p.m. Pacific Time today with Fermi Wang, chief executive officer, and George Laplante, chief financial officer, to discuss the third quarter fiscal year 2017 results. The call can be accessed by dialing 877-304-8963 in the USA; international callers should dial 760-666-4834. Participant passcode is “Ambarella.” Please dial in ten minutes prior to the scheduled conference call time. A live and archived webcast of the call will be available on Ambarella’s website at <http://www.ambarella.com/> for up to 30 days after the call.

About Ambarella

Ambarella, Inc. (NASDAQ: AMBA), is a leading developer of low-power, high-definition (HD) and Ultra HD video compression and image processing solutions. The company’s products are used in a variety of HD cameras including security IP-cameras, sports cameras, wearable cameras, flying cameras and automotive video camera recorders. Ambarella compression chips are also used in broadcasting TV programs worldwide. Ambarella is the recipient of the Global Semiconductor Alliance 2015 awards for “Most Respected Public Semiconductor Company” and “Best Financially Managed Semiconductor Company,” with annual sales of between \$100M and \$500M.

For more information about Ambarella, please visit www.ambarella.com.

“Safe harbor” statement under the Private Securities Litigation Reform Act of 1995

This press release contains forward-looking statements that are not historical facts and often can be identified by terms such as “outlook,” “projected,” “intends,” “will,” “estimates,” “anticipates,” “expects,” “believes,” “could,” or similar expressions, including the guidance for the fourth quarter of fiscal year 2017, ending January 31, 2017, and the comments of our CEO relating to growth of the company’s markets, product ramps for the holiday season, and the ability of the company’s new products to generate design wins and revenue. The achievement or success of the matters covered by such forward-looking statements involves risks, uncertainties and assumptions. Our actual results could differ materially from those predicted or implied and reported results should not be considered as an indication of our future performance.

The risks and uncertainties referred to above include, but are not limited to, risks associated with revenue being generated from new customers or design wins, neither of which is assured; the commercial success of our customers’ products; our growth strategy; our ability to anticipate future market demands and future needs of our customers; our ability to introduce new and enhanced solutions; our ability to retain and expand customer relationships and to achieve design wins; the expansion of our current markets and our ability to successfully enter new markets; anticipated trends and challenges, including competition, in the markets in which we operate; our ability to effectively manage growth; our ability to retain key employees; and the potential for intellectual property disputes or other litigation.

Further information on these and other factors that could affect our financial results is included in the company's Annual Report on Form 10-K for our 2016 fiscal year, which is on file with the Securities and Exchange Commission. Additional information will also be set forth in the company's quarterly reports on Form 10-Q, annual reports on Form 10-K and other filings the company makes with the Securities and Exchange Commission from time to time, copies of which may be obtained by visiting the Investor Relations portion of our web site at www.ambarella.com or the SEC's web site at www.sec.gov. Undue reliance should not be placed on the forward-looking statements in this release, which are based on information available to us on the date hereof. The results we report in our quarterly report on Form 10-Q for the third quarter of fiscal year 2017 ended October 31, 2016 could differ from the preliminary results announced in this press release.

Ambarella assumes no obligation and does not intend to update the forward-looking statements made in this press release, except as required by law.

Non-GAAP Financial Measures

The company has provided in this release non-GAAP financial information including non-GAAP gross margin, net income, and earnings per share, as a supplement to the condensed consolidated financial statements, which are prepared in accordance with generally accepted accounting principles ("GAAP"). Management uses these non-GAAP financial measures internally in analyzing the company's financial results to assess operational performance and liquidity. The company believes that both management and investors benefit from referring to these non-GAAP financial measures in assessing its performance and when planning, forecasting and analyzing future periods. Further, the company believes these non-GAAP financial measures are useful to investors because they allow for greater transparency with respect to key financial metrics that the company uses in making operating decisions and because the company believes that investors and analysts use them to help assess the health of its business and for comparison to other companies. Non-GAAP results are presented for supplemental informational purposes only for understanding the company's operating results. The non-GAAP information should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from non-GAAP measures used by other companies.

With respect to its financial results for the third quarter of fiscal year 2017, the company has provided below reconciliations between its non-GAAP financial measures to its most directly comparable GAAP financial measures. With respect to the company's expectations for the fourth quarter of fiscal year 2017, a reconciliation of non-GAAP gross margin, non-GAAP operating expenses and non-GAAP effective tax rate guidance to the closest corresponding GAAP measure is not available without unreasonable efforts on a forward-looking basis due to the high variability and low visibility with respect to the charges excluded from these non-GAAP measures. We expect the variability of the above charges to have a significant, and potentially unpredictable, impact on our future GAAP financial results.

AMBARELLA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)
(unaudited)

| | Three Months Ended October 31, | | Nine Months Ended October 31, | |
|---|-----------------------------------|------------------|----------------------------------|------------------|
| | 2016 | 2015 | 2016 | 2015 |
| Revenue | \$ 100,490 | \$ 93,200 | \$ 222,789 | \$ 248,406 |
| Cost of revenue | 34,167 | 31,938 | 76,289 | 86,378 |
| Gross profit | 66,323 | 61,262 | 146,500 | 162,028 |
| Operating expenses: | | | | |
| Research and development | 25,967 | 22,062 | 74,076 | 59,485 |
| Selling, general and administrative | 10,686 | 8,873 | 32,144 | 26,970 |
| Total operating expenses | 36,653 | 30,935 | 106,220 | 86,455 |
| Income from operations | 29,670 | 30,327 | 40,280 | 75,573 |
| Other income | 132 | 169 | 330 | 323 |
| Income before income taxes | 29,802 | 30,496 | 40,610 | 75,896 |
| Provision for income taxes | 757 | 1,035 | 1,150 | 4,484 |
| Net income | \$ 29,045 | \$ 29,461 | \$ 39,460 | \$ 71,412 |
| Net income per share attributable to ordinary shareholders: | | | | |
| Basic | \$ 0.89 | \$ 0.93 | \$ 1.21 | \$ 2.27 |
| Diluted | \$ 0.84 | \$ 0.87 | \$ 1.15 | \$ 2.12 |
| Weighted-average shares used to compute net income per share attributable to ordinary shareholders: | | | | |
| Basic | 32,670,784 | 31,815,588 | 32,552,077 | 31,476,668 |
| Diluted | 34,599,992 | 33,899,202 | 34,242,065 | 33,758,541 |

The following table presents details of stock-based compensation expense included in each functional line item in the condensed consolidated statements of operations above:

| | Three Months Ended October 31, | | Nine Months Ended October 31, | |
|---------------------------------------|-----------------------------------|----------------|----------------------------------|-----------------|
| | 2016 | 2015 | 2016 | 2015 |
| | (unaudited, in thousands) | | | |
| Stock-based compensation: | | | | |
| Cost of revenue | \$ 282 | \$ 157 | \$ 773 | \$ 408 |
| Research and development | 7,804 | 5,201 | 21,396 | 11,966 |
| Selling, general and administrative | 4,621 | 2,587 | 13,305 | 7,174 |
| Total stock-based compensation | \$12,707 | \$7,945 | \$35,474 | \$19,548 |

AMBARELLA, INC.
RECONCILIATION OF GAAP TO NON-GAAP DILUTED EARNINGS PER SHARE
(in thousands, except share and per share data)

| | Three Months Ended October 31, | | Nine Months Ended October 31, | |
|--|-----------------------------------|------------------|----------------------------------|------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | (unaudited) | | | |
| GAAP net income | \$ 29,045 | \$ 29,461 | \$ 39,460 | \$ 71,412 |
| Non-GAAP adjustments: | | | | |
| Stock-based compensation expense | 12,707 | 7,945 | 35,474 | 19,548 |
| Acquisition cost | — | — | — | 1,229 |
| Income tax effect | (3,312) | (771) | (6,550) | (2,197) |
| Non-GAAP net income | <u>\$ 38,440</u> | <u>\$ 36,635</u> | <u>\$ 68,384</u> | <u>\$ 89,992</u> |
| GAAP - diluted weighted average shares | 34,599,992 | 33,899,202 | 34,242,065 | 33,758,541 |
| Non-GAAP - diluted weighted average shares | 34,599,992 | 33,899,202 | 34,242,065 | 33,758,541 |
| GAAP - diluted net income per share | \$ 0.84 | \$ 0.87 | \$ 1.15 | \$ 2.12 |
| Non-GAAP adjustments: | | | | |
| Stock-based compensation expense | 0.37 | 0.23 | 1.04 | 0.58 |
| Acquisition cost | — | — | — | 0.04 |
| Income tax effect | (0.10) | (0.02) | (0.19) | (0.07) |
| Non-GAAP - diluted net income per share | \$ 1.11 | \$ 1.08 | \$ 2.00 | \$ 2.67 |

The difference between GAAP and non-GAAP gross margin was 0.3% and 0.2%, or \$282,000 and \$157,000 for the three months ended October 31, 2016 and 2015, respectively. The difference between GAAP and non-GAAP gross margin was 0.3% and 0.2%, or \$773,000 and \$408,000 for the nine months ended October 31, 2016 and 2015, respectively. The difference was due to the effect of stock-based compensation.

AMBARELLA, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands)

| | <u>October 31,</u> <u>2016</u> | <u>January 31,</u> <u>2016</u> |
|---|-----------------------------------|-----------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 313,455 | \$ 268,056 |
| Marketable securities | 58,645 | 39,837 |
| Accounts receivable, net | 41,394 | 39,408 |
| Inventories | 23,340 | 18,167 |
| Restricted cash | 8 | 7 |
| Prepaid expenses and other current assets | 4,762 | 4,170 |
| Total current assets | <u>441,604</u> | <u>369,645</u> |
| Property and equipment, net | 4,291 | 3,448 |
| Deferred tax assets, non-current | 6,024 | 4,626 |
| Intangible assets, net | 4,162 | 4,178 |
| Goodwill | 26,601 | 26,601 |
| Other non-current assets | 2,162 | 2,117 |
| Total assets | <u>\$ 484,844</u> | <u>\$ 410,615</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | 28,364 | 14,175 |
| Accrued liabilities | 23,332 | 23,778 |
| Income taxes payable | 1,359 | 787 |
| Deferred revenue | 6,885 | 10,077 |
| Total current liabilities | <u>59,940</u> | <u>48,817</u> |
| Other long-term liabilities | 2,291 | 12,342 |
| Total liabilities | <u>62,231</u> | <u>61,159</u> |
| Shareholders' equity: | | |
| Preference shares | — | — |
| Ordinary shares | 15 | 15 |
| Additional paid-in capital | 198,554 | 176,306 |
| Accumulated other comprehensive loss | (18) | (7) |
| Retained earnings | <u>224,062</u> | <u>173,142</u> |
| Total shareholders' equity | <u>422,613</u> | <u>349,456</u> |
| Total liabilities and shareholders' equity | <u>\$ 484,844</u> | <u>\$ 410,615</u> |