

AMBARELLA INC
Form 8-K
March 06, 2014

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

March 6, 2014

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)
3101 Jay Street

98-0459628
(I. R. S. Employer

Identification No.)

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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))

Item 2.02 Results of Operations and Financial Condition

On March 6, 2014, Ambarella, Inc. issued a press release announcing its results for the fourth fiscal quarter and fiscal year ended January 31, 2014. 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 March 6, 2014

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: March 6, 2014

Ambarella, Inc.

/s/ George Laplante
George Laplante

Chief Financial Officer

Exhibit Index

Exhibit

Number Exhibit Title

99.1 Press Release dated March 6, 2014

000;">

\$
232.0

\$
(7.4
)
Current Ratio (a)

1.4

1.4

(a) Calculated as Total current assets divided by Total current liabilities

The net \$7.4 million decrease in working capital for the first three months of 2014 is due primarily to the following factors:

• Working capital was negatively affected by an increase in Advances on contracts of \$42.3 million due to increased customer advances in the Harsco Rail Segment;

• Working capital was negatively affected by an increase in Other current liabilities of \$16.6 million primarily due to increased accrued interest payable and the timing of payment of other accruals; and

• Working capital was negatively affected by an increase in Accounts payable of \$11.0 million due to the timing of payments.

These working capital decreases were partially offset by the following:

• Working capital was positively affected by an increase in Trade accounts receivable, net of \$46.5 million due to the timing of invoicing and collections, primarily in the Harsco Metals & Minerals Segment; and

• Working capital was positively affected by an increase in Inventories of \$11.1 million due primarily to the long lead times associated with orders in the Harsco Rail Segment and the Hammco acquisition in the Harsco Industrial Segment.

The net impact of the settlement of Assets held-for-sale and Liabilities of assets held-for-sale related to the Infrastructure transaction did not have a significant impact on the Company's working capital at March 31, 2014.

Certainty of Cash Flows

The certainty of the Company's future cash flows is underpinned by the long-term nature of the Company's metals services contracts, the order backlog for the Company's railway track maintenance services and equipment, and overall discretionary cash flows (operating cash flows plus cash from asset sales in excess of the amounts necessary for capital expenditures to maintain current revenue levels) generated by the Company. Historically, the Company has utilized these discretionary cash flows for growth-related capital expenditures, strategic acquisitions, debt repayment and dividend payments.

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The types of products and services that the Company provides are not subject to rapid technological change, which increases the stability of related cash flows. Additionally, the Company believes each business in its balanced portfolio is a leader in the industries and major markets the Company serves. Due to these factors, the Company is confident in the Company's future ability to generate positive cash flows from operations.

Cash Flow Summary

The Company's cash flows from operating, investing and financing activities, as reflected in the Condensed Consolidated Statements of Cash Flows, are summarized in the following table:

(In millions)	Three Months Ended	
	March 31	
	2014	2013
Net cash provided (used) by:		
Operating activities	\$27.5	\$3.4
Investing activities	(65.6) (40.2
Financing activities	28.3	36.4
Impact of exchange rate changes on cash	(0.5) (1.9
Net change in cash and cash equivalents	\$(10.2) \$(2.3

Cash provided by operating activities — Net cash provided by operating activities in the first three months of 2014 was \$27.5 million, an increase of \$24.1 million from the first three months of 2013. The increase is primarily attributable to increased customer advances and decreased incentive bonus payments, partially offset by the timing of accounts payable disbursements and accounts receivable collections.

Included in the Cash flows from operating activities section of the Condensed Consolidated Statements of Cash Flows is the caption, Other assets and liabilities. For the three months ended March 31, 2014 and 2013, the decreases in this caption were \$13.7 million and \$11.9 million, respectively. A summary of the major components of this caption for the periods presented is as follows:

(In millions)	Three Months Ended	
	March 31	
	2014	2013
Net cash provided by (used in):		
Change in net defined benefit pension liabilities	\$(15.8) \$(12.0
Change in prepaid expenses	(1.0) (3.3
Other	3.1	3.4
Total	\$(13.7) \$(11.9

Cash used by investing activities — Net cash used in investing activities in the first three months of 2014 was \$65.6 million, an increase of \$25.4 million from the first three months of 2013. The net increase was primarily due to the Hammco acquisition in the Harsco Industrial Segment.

Cash provided by financing activities — Net cash provided by financing activities in the first three months of 2014 was \$28.3 million, a decrease of \$8.1 million from the first three months of 2013. The change was primarily due to a decrease in year-over-year net cash borrowings.

Debt Covenants

The Company's Credit Agreement contains covenants that provide for a maximum total consolidated debt to consolidated EBITDA ratio not to exceed 3.5 to 1.0, limit the proportion of subsidiary consolidated indebtedness to a maximum of 10% of consolidated tangible assets and require a minimum total consolidated EBITDA to consolidated interest charges ratio of 3.0 to 1.0. The Company's 5.75% and 2.70% notes include covenants that require the Company to offer to repurchase the notes at 101% of par in the event of a change of control of the Company or disposition of substantially all of the Company's assets in combination with a downgrade in the Company's credit rating to non-investment grade. At March 31, 2014, the Company was in compliance with these covenants as the total consolidated debt to consolidated EBITDA ratio was 2.5 to 1.0, the proportion of subsidiary consolidated indebtedness to consolidated tangible assets was 6.0% and total consolidated EBITDA to consolidated interest charges

was 7.8 to 1.0. Based on balances at March 31, 2014, the Company could increase borrowings by \$396.2 million and still be in compliance with these debt covenants. Alternatively, keeping all other factors constant, the Company's EBITDA could decrease by \$113.2 million and the Company would still be within these debt covenants. The Company expects to continue to be in compliance with these debt covenants for at least the next twelve months.

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Cash and Value-Based Management

The Company has various cash management systems throughout the world that centralize cash in various bank accounts where it is economically justifiable and legally permissible to do so. These centralized cash balances are then redeployed to other operations to reduce short-term borrowings and to finance working capital needs or capital expenditures. Due to the transitory nature of cash balances, they are normally invested in bank deposits that can be withdrawn at will or in very liquid short-term bank time deposits and government obligations. The Company's policy is to use the largest banks in the various countries in which the Company operates. The Company monitors the creditworthiness of banks and when appropriate will adjust banking operations to reduce or eliminate exposure to less credit worthy banks. The Company plans to continue the strategy of targeted, prudent investing for strategic purposes for the foreseeable future and to make more efficient use of existing investments.

At March 31, 2014, the Company's consolidated cash and cash equivalents included approximately \$80 million held by non-U.S. subsidiaries. At March 31, 2014, less than 10% of the Company's consolidated cash and cash equivalents had regulatory restrictions that would preclude the transfer of funds with and among subsidiaries. The cash and cash equivalents held by non-U.S. subsidiaries also included approximately \$17 million held in consolidated strategic ventures. The strategic venture agreements may require strategic venture partner approval to transfer funds with and among subsidiaries. While the Company's remaining non-U.S. cash and cash equivalents can be transferred with and among subsidiaries, the majority of these non-U.S. cash balances will be used to support the on-going working capital needs and continued growth of the Company's non-U.S. operations.

The Company currently expects to continue paying dividends to stockholders. In April 2014, the Company declared its 257th consecutive quarterly cash dividend, payable in August 2014.

The Company's financial position and debt capacity should enable it to meet current and future requirements. As additional resources are needed, the Company should be able to obtain funds readily and at competitive costs. The Company intends to continue investing in high-return, organic growth projects and prudent, strategic alliances and ventures; and pay cash dividends as a means of enhancing stockholder value.

Recently Adopted and Recently Issued Accounting Standards

Information on recently adopted and recently issued accounting standards is included in Note 2, Recently Adopted and Recently Issued Accounting Standards, in Part I, Item 1, Financial Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risks have not changed significantly from those disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

ITEM 4. CONTROLS AND PROCEDURES

Based on the evaluation required by Securities Exchange Act Rules 13a-15(b) and 15d-15(b), the Company's management, including the Interim Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of disclosure controls and procedures, as defined in Securities Exchange Act Rules 13a-15(e) and 15d-15(e), at March 31, 2014. Based on that evaluation, the Interim Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective at March 31, 2014. There have been no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting during the first quarter of 2014.

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PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information on legal proceedings is included in Note 10, Commitments and Contingencies, in Part I, Item 1, Financial Statements.

ITEM 1A. RISK FACTORS

The Company's risk factors as of March 31, 2014 have not changed materially from those described in Part 1, Item 1A, "Risk Factors," of the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

ITEM 6. EXHIBITS

See the Exhibit Index following the signature page to this Quarterly Report on Form 10-Q for a list of exhibits filed or furnished with this report, which Exhibit Index is incorporated herein by reference.

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SIGNATURES

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

HARSCO CORPORATION
(Registrant)

DATE May 8, 2014

/s/ F. NICHOLAS GRASBERGER, III
F. Nicholas Grasberger, III
President, Chief Operating Officer and Chief Financial
Officer
(Principal Financial and Accounting Officer)

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EXHIBIT INDEX

Exhibit Number	Description
10.1	Notification Letter to David Everitt, dated March 14, 2014.
31.1	Certification Pursuant to Rule 13a-14(a) or 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer).
31.2	Certification Pursuant to Rule 13a-14(a) or 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer).
32	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer and Chief Financial Officer).
101	The following financial statements from Harsco Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, filed with the Securities and Exchange Commission on May 8, 2014, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets; (ii) the Condensed Consolidated Statements of Operations; (iii) the Condensed Consolidated Statements of Comprehensive Income; (iv) the Condensed Consolidated Statements of Cash Flows; (v) the Condensed Consolidated Statements of Equity; and (vi) the Notes to Condensed Consolidated Financial Statements.