

MELLANOX TECHNOLOGIES, LTD.

FORM 8-K (Current report filing)

Filed 12/07/17 for the Period Ending 12/07/17

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Sector	Technology
Fiscal Year	12/31

**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**

Date of report (Date of earliest event reported): December 7, 2017

Mellanox Technologies, Ltd.

(Exact name of Registrant as Specified in its Charter)

Israel
(State or other jurisdiction
of incorporation)

001-33299
(Commission
File Number)

98-0233400
(I.R.S. Employer
Identification No.)

Beit Mellanox
Yokneam, Israel 2069200
(Address of Principal Executive Offices, including Zip Code)

+972-4-909-7200
(Registrant's telephone number, including area code)

Not Applicable
(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:

- 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

Spokespersons of Mellanox Technologies, Ltd. (the “Company,” “we,” or “us”) plan to present the information in the presentation slides attached hereto as Exhibit 99.1 (the “Presentation Slides”) at the Barclays Global Technology, Media and Telecommunications Conference on Thursday, December 7, 2017 at 1:30 p.m. Pacific Time, at the Palace Hotel in San Francisco, CA.

The furnishing of the Presentation Slides is not an admission as to the materiality of any information therein. The information contained in the Presentation Slides is summary information that is intended to be considered in the context of more complete information included in the Company’s filings with the U.S. Securities and Exchange Commission (the “SEC”) and other public announcements that the Company has made and may make from time to time by press release or otherwise.

Cautionary Statement: The Presentation Slides may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that involve risks, uncertainties and assumptions. Words such as “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “predict,” “potential” and similar expressions, as they relate to us, our business and our management, are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements in the Presentation Slides. The identification of certain statements as “forward-looking” is not intended to mean that other statements not specifically identified are not forward-looking. All statements other than statements about historical facts are statements that could be deemed forward-looking statements, including, but not limited to, statements that relate to our future revenues, product development and introductions, customer demand, our dependence on key customers for a substantial portion of our revenue, performance of our subcontractors, growth rates, market adoption of our products, competitive factors, gross margins, levels of research, development and other related costs, expenditures, protection of our proprietary rights and patents, tax expenses and benefits, cash flows, management’s plans and objectives for current and future operations, and worldwide economic conditions.

Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including but not limited to those set forth under the section entitled “Risk Factors” in Part II, Item 1A of the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2017 and in the section entitled “Risk Factors” in Part I, Item 1A of the Company’s Annual Report on Form 10-K for fiscal year ended December 31, 2016. We urge you not to place undue reliance on these forward-looking statements, which speak only as of the date of the Presentation Slides. All forward-looking statements included in the Presentation Slides are based on information available to the Company on the date of the Presentation Slides, and the Company assumes no obligation to update any forward-looking statements contained in the Presentation Slides.

The information in this Item 7.01 of this Current Report on Form 8-K and Exhibit 99.1 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act. The information contained in this Item 7.01 and in the Presentation Slides attached as Exhibit 99.1 to this Current Report shall not be incorporated by reference into any filing with the SEC made by the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Company slide presentation.

SIGNATURES

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.

Date: December 7, 2017

MELLANOX TECHNOLOGIES, LTD.

By: /s/ Jacob Shulman

Name: Jacob Shulman

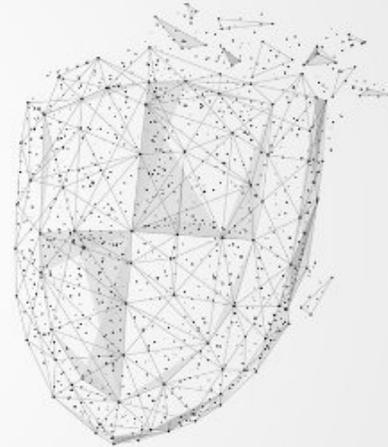
Title: Chief Financial Officer

Corporate Update

December 7, 2017

Safe Harbor Statement

These slides and the accompanying oral presentation contain forward-looking statements and information. The use of words such as “may”, “might”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “project”, “intend”, “future”, “potential” or “continued”, and other similar expressions are intended to identify forward-looking statements. All of these forward-looking statements are based on estimates and assumptions by our management that, although we believe to be reasonable, are inherently uncertain. Forward-looking statements involve risks and uncertainties, including, but not limited to, economic, competitive, governmental and technological factors outside of our control, that may cause our business, industry, strategy or actual results to differ materially from the forward-looking statement. These risks and uncertainties may include those discussed under the heading “Risk Factors” in the Company’s most recent 10K and 10Qs on file with the Securities and Exchange Commission, and other factors which may not be known to us. Any forward-looking statement speaks only as of its date. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.



Mellanox Operating Model

■ Defining 2018 targets

■ Return to double digit growth in 2018

■ Operating expense rationalization driving significant margin expansion in 2018 and beyond

2018 Targets

■ Low-to-mid teens revenue growth

■ Operating margin:

■ > 20% ending Q4'18

■ High teens for FY18

■ 50%+ y-o-y operating income growth

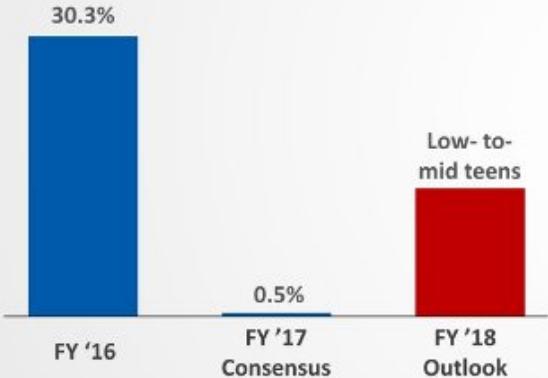
2019 and Beyond

■ Significant operating leverage

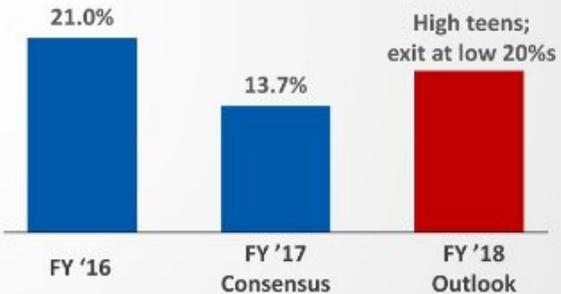
Note: Financials indicate non-GAAP metrics

2018 Target

Revenue Growth



Operating Margin



Source: Company financial statements; FactSet as of 12/6/17
Note: Financials indicate non-GAAP metrics

Key Investments Made in 2017

Results

ConnectX



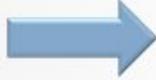
- Gained leadership position in Ethernet NIC for 25G and above
- Improved InfiniBand competitive strength and enabled Bluefield development

BlueField



- Accessing ~\$2bn addressable market and seeing significant design win traction

Spectrum



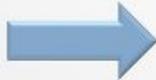
- New design wins – HPE, Baidu, Tencent, financial services, enterprise and Hyperscale opportunities and continue leveraging the channel

InfiniBand



- Investments in InfiniBand 200G generation (2018 deployment) addressing AI and HPC markets

Go-to-Market



- Significant design wins / future growth opportunities in Asia (i.e. Alibaba, Tencent, JD.com, Baidu and others)

Key Growth Drivers for 2018

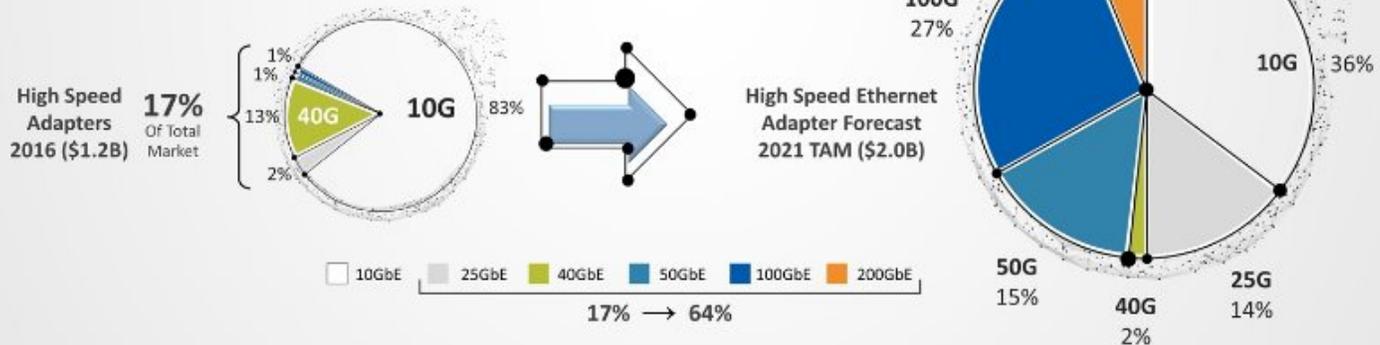
2018 Growth Outlook

Market Position and Trend

 Ethernet Switch	More than double		Strong OEM, Hyperscale and enterprise design win momentum
 Ethernet NIC	25%+		>65% market share; wide adoption in Hyperscale; Significant Tier 1 OEM server and storage design wins
 Ethernet LinkX	50%+		Hyperscale customers and Ethernet Switch attach
 InfiniBand	Flat to slightly up		Market leader in AI and HPC
 NPU / SoC	Low- to mid- single digits		Continued growth and design win momentum with SoC

Transition to 25Gb/s and Above is Here

25G and above growing to 64% of the market @ 45% 5Y CAGR

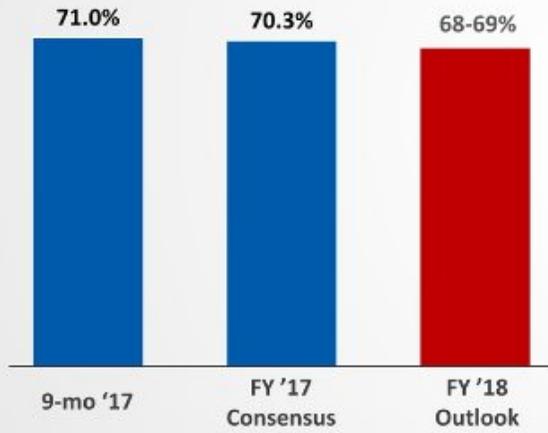


Enabling the Future of Machine Learning

HPC and Machine Learning Share Same Interconnect Needs



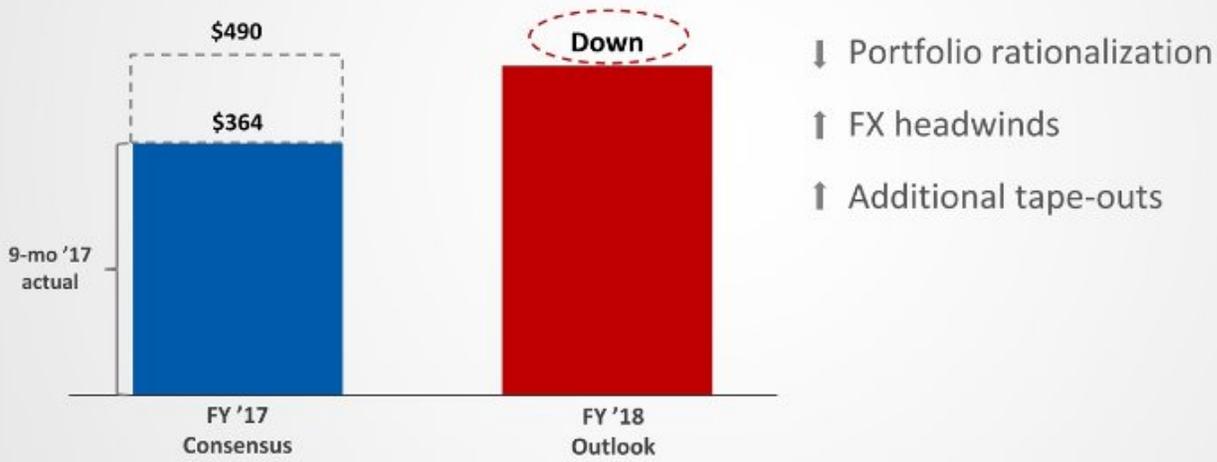
Gross Margins



■ Retaining high gross margins with diversified product mix

Source: Company financial statements; FactSet as of 12/6/17
Note: Financials indicate non-GAAP metrics

Operating Expenses



Source: Company financial statements

Note: Financials in \$mm and indicate non-GAAP metrics; non-GAAP expenses, excludes stock-based compensation, amortization of goodwill and other one-time expenses

Portfolio Optimization Drives Operating Margins

- New product introduction facilitated exiting NPS product line
 - Implemented in early Q4
- Another low ROIC product line being discontinued
 - Will provide update in January

2018 Targets

- Low-to-mid teens revenue growth
- Gross margin 68-69%
- Operating expenses down
- Full-year operating margin in high teens
- Exit 2018 with operating margin >20%
- 50%+ y-o-y operating income growth

Note: Financials indicate non-GAAP metrics. A reconciliation of GAAP to non-GAAP condensed consolidated statements of operations is presented in the financial statements of our most recent earnings release located on the "Investor Relations" page on our website.