



UBIQUITI NETWORKS, INC. (NASDAQ: UI)



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### **Company Profile:**

Ubiquiti Networks, Inc. develops networking technology for service providers, enterprises, and consumers. It focuses on three principal technologies, including high-capacity distributed Internet access, unified information technology, and consumer electronics for home and personal use. The company's service provider product platforms offer carrier-class network infrastructure for fixed wireless broadband, wireless backhaul systems, and routing; and enterprise product platforms provide wireless LAN infrastructure, video surveillance products, switching and routing solutions, security gateways, and other WLAN products, as well as offers consumer products under the Ubiquiti Labs brand name. Its proprietary products and solutions include radios, antennas, software, communications protocols, and management tools to deliver wireless broadband access and other services. In addition, it offers UniFi Enterprise WLAN; UniFi Video, a video surveillance system; UniFi Switch that deliver performance, switching, and PoE+ support for enterprise networks; and UniFi Security Gateway that provide routing and network security, as well as develops AmpliFi platform, a Wi-Fi system solution for connected homes. Further, Ubiquiti Networks, Inc. offers embedded radio products; and mounting brackets, cables, and power over Ethernet adapters. It serves customers through a network of approximately 100 distributors and online retailers worldwide. The company was formerly known as Pera Networks, Inc. and changed its name to Ubiquiti Networks, Inc. in 2005. Ubiquiti Networks, Inc. was incorporated in 2003 and is headquartered in New York, New York.

### **Key Statistics**

Market Cap	10.6B
Enterprise Value	11.12B
Revenue [TTM]	1.20B
Net Income [TTM]	343.15M
Dividend Yield	0.90%
Historical Volatility	36.58%
Beta [3 year]	1.25

### **The Story:**

The Founder and CEO of Ubiquiti, Robert Pera, grew up in Silicon Valley idolizing Steve Jobs. He graduated from college in 2003 and took a job at Apple. One of his duties was to test Apple's routers. During his testing he saw a way to improve the routers and pitched it to his superiors. They ignored him. So, Pera built a prototype and left Apple to start his own company. He still owns 70% of the company shares today. As passive investors we love to hear that the CEO is a founder who still has a lot of skin in the game – it means management's interests are more aligned with ours.

Ubiquiti's strategy has been simple since day one. Use disruptive pricing and quality products to capture market share in the wireless internet space. Most companies that try to compete on price don't make very much money, if they make any money at all. Ubiquiti makes a lot of money with profit margins of almost 30% vs. the average S&P 500 stock at around 10%.

### **Exit Strategy:**

This is a long-term investment. We will use a dynamic trailing stop derived from actual historical volatility in the security to exit the position. As of this writing our stop is set at 25.79% - if the share price closes 25.79% below its high since our entry this will trigger our stop and we will sell the next day. We will also sell if the story changes.