

Sonics Files for \$80M IPO

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Sonics, which develops "systems on a chip" architecture used by Broadcom, Toshiba, Texas Instruments and others, has filed for an \$80 million initial public offering.

The Mountain View, California-based company's Securities and Exchange Commission filing said it plans to use the proceeds to extend its research and development and for possible acquisitions.

Sonics' largest stakeholders include an array of its venture capital backers. They include: Taipei, Taiwan-based InveStar Capital, owner of a 16.3 percent pre-IPO stake; Wayne, Pennsylvania-based TL Ventures (12.3 percent); Los Angeles-based Smart Technology Ventures (11.4 percent), and New York-based Easton Hunt Capital Partners (8.4 percent). Japanese electronics giant Toshiba also has been an investor.

UBS Securities is the leader of an underwriting syndicate that includes Cowen and Company and ThinkEquity Partners.

Sonics, which competes against companies like ARM and Synopsys as well as the design groups of semiconductor companies, plans to list its stock under the symbol "SNCS" on the Nasdaq National Market.

In fiscal 2007 ended March 31, Sonics posted a net loss attributable to common shareholders of \$4.9 million, or \$1.53 per share, on revenue of \$16.3 million. For the quarter ended June 30, however, the company turned a profit of \$904,000, or \$.23 per share, on revenue of \$4.3 million.

Sonics deals strictly in intellectual property, leaving the manufacturing to its customer. Revenue comes primarily from licensing deals that generate a per-device royalty. Services supplement that revenue stream.

The semiconductor intellectual property market will have a compound growth rate of 31 percent from 2006 to 2010, according to a Semico Research report. That growth will be driven by the increasing complexity of designing and testing systems on a chip, according to the research firm.

As of June 30, 11-year-old Sonics had about 75 employees, about 60 percent of whom were working in research and development.

The company had 21 U.S. patents and 28 patent applications pending as of June 30.