Zacks Small-Cap Research

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BioLife Solutions Inc (BLFS-NASDAQ)

BLFS: *Q1 Pre-Announcement Inline. Maintain Buy Rec*

OUTLOOK

Demand for biopreservation media is estimated to grow at an annual rate of almost 20% over the next several years, largely driven by rapid growth of the emerging field of regenerative medicine (including cell therapy and tissue engineering). BioLife's strategy is to build greater visibility and awareness of the benefits of their biopreservation products compared to the "home-brews" that currently dominate the market. The company's contract manufacturing business was providing a source of near-term revenue although loss of their major mfg customer caused a big hiccup in revenue in 2014. However, the core biopreservation product sales are growing 25%+ due to growing uptake from clinical trial-stage products as well as in the hair restoration field. This is what we expect to be the long-term driver of revenue and earnings. Company also recently signed a new contract mfg agreement and entered into a JV - both of which we see as complementary revenue opportunities.

Current Recommendation	**Buy**
Prior Recommendation	Neutral
Date of Last Change	02/13/2014
Current Price (04/13/15)	$1.68
Target Price	**$6.00**

SUMMARY DATA

52-Week High	**$4.35**
52-Week Low	**$1.50**
One-Year Return (%)	**-54.12**
Beta	**-0.33**
Average Daily Volume (sh)	**32,363**
Shares Outstanding (mil)	**12**
Market Capitalization ($mil)	**$20**
Short Interest Ratio (days)	**0.21**
Institutional Ownership (%)	**4**
Insider Ownership (%)	**8**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**46.8**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2015 Estimate	**N/A**
P/E using 2016 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**Above Avg.,**
Type of Stock	**Small-Value**
Industry	**Med Products**

ZACKS ESTIMATES

Revenue
(in '000 of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	2065 A	1212 A	1243 A	1670 A	6191 A
2015	1471 E	1529 E	1598 E	2213 E	6811 E
2016					9599 E
2017					13581 E

Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	-$0.10 A	-$0.07 A	-$0.07 A	-$0.08 A	-$0.31 A
2015	-$0.09 E	-$0.08 E	-$0.07 E	-$0.06 E	-$0.31 E
2016					-$0.14 E
2017					$0.00 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

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WHAT'S NEW……

Q1 2015 Revenue Preannouncement: *Product Sales +30% yoy, Flat Sequentially and In-line w/ Our Estimate…*

This morning (4/13/15) BioLife pre-announced expected revenue for Q1 of approximately $1.5M, all of which relates to product sales which represents yoy and sequential growth of 30% and 0%. Total revenue and the fact that there was no contribution from contract manufacturing in Q1 were both consistent with our forecast.

Regenerative medicine continues to drive product sales growth. BLFS notes in this morning's press release that the regenerative medicine customer base grew by 92% from the comparable prior-year period. The company continues to make progress with increasing the customer count and the number of clinical trials using their proprietary preservation media. Just last week BLFS announced Cardio3 Biosciences is using CryoStor in a phase III trial for its cardiac candidate, C-Cure. The company notes that at least 185 regenerative medicine-related studies (clinical and pre-clinical) are now using their preservation media products.

We have made immaterial adjustments to our model following the pre-announcement. We continue to look for revenue and EPS of $6.8M and ($0.31) in 2015. We are maintaining our Buy recommendation and $6.00/share price target.

FINANCIAL MODEL

BioLife Solutions Inc.

	2014 A	Q1E	Q2E	Q3E	Q4E	2015 E	2016 E	2017 E	2018 E
Prdct Sales/Ctrct Manu/JV	$6,190.7	$1,471.6	$1,529.0	$1,597.5	$2,212.6	$6,810.8	$9,599.0	$13,581.1	$16,433.0
YOY Growth	*-25.8%*	*-28.7%*	*26.2%*	*28.5%*	*32.5%*	*10.0%*	*40.9%*	*41.5%*	*21.0%*
Licensing Revenue	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
YOY Growth	-	-	-	-	-	-	-	-	-
Total Revenues	$6,190.7	$1,471.6	$1,529.0	$1,597.5	$2,212.6	$6,810.8	$9,599.0	$13,581.1	$16,433.0
YOY Growth	*-30.8%*	*-28.7%*	*26.2%*	*28.5%*	*32.5%*	*10.0%*	*40.9%*	*41.5%*	*21.0%*
Cost of Product Sales	$3,155.3	$588.6	$611.6	$664.0	$1,120.0	$2,984.3	$4,714.6	$5,928.5	$6,178.0
Gross Income	$3,035.4	$883.0	$917.4	$933.5	$1,092.6	$3,826.5	$4,884.4	$7,652.6	$10,254.9
Gross Margin	*49.0%*	*60.0%*	*60.0%*	*58.4%*	*49.4%*	*56.2%*	*50.9%*	*56.3%*	*62.4%*
R&D	$871.1	$291.0	$274.0	$185.0	$166.0	$916.0	$805.0	$825.0	$855.0
% R&D	*14.1%*	*19.8%*	*17.9%*	*11.6%*	*7.5%*	*13.4%*	*8.4%*	*6.1%*	*5.2%*
Selling & Mktg	$1,329.7	$495.0	$494.0	$506.0	$525.0	$2,020.0	$2,303.8	$2,512.5	$2,810.0
% Sell&Mktg	*21.5%*	*33.6%*	*32.3%*	*31.7%*	*23.7%*	*29.7%*	*24.0%*	*18.5%*	*17.1%*
G&A	$3,970.3	$1,170.0	$1,185.0	$1,158.0	$1,201.0	$4,714.0	$4,041.2	$4,359.5	$4,667.0
% G&A	*64.1%*	*79.5%*	*77.5%*	*72.5%*	*54.3%*	*69.2%*	*42.1%*	*32.1%*	*28.4%*
Operating Income	($3,135.7)	($1,073.0)	($1,035.6)	($915.5)	($799.4)	($3,823.5)	($2,265.5)	($44.4)	$1,922.9
Operating Margin	*-50.7%*	*-72.9%*	*-67.7%*	*-57.3%*	*-36.1%*	*-56.1%*	*-23.6%*	*-0.3%*	*11.7%*
Total Other Inc. (Exp.)	($165.1)	$7.0	$4.0	$3.0	$1.0	$15.0	$75.0	$100.0	$0.0
Pre-Tax Income	($3,300.9)	($1,066.0)	($1,031.6)	($912.5)	($798.4)	($3,808.5)	($2,190.5)	$55.6	$1,922.9
Taxes	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Tax Rate	-	-	-	-	-	-	-	-	-
Net Income	($3,217.8)	($1,066.0)	($1,031.6)	($912.5)	($798.4)	($3,808.5)	($2,190.5)	$55.6	$1,922.9
YOY Growth	*196.8%*	*90.6%*	*16.8%*	*5.8%*	*-19.8%*	*18.4%*	*-42.5%*	*-102.5%*	*3360.3%*
Net Margin	*-52.0%*	*-72.4%*	*-67.5%*	*-57.1%*	*-36.1%*	*-55.9%*	*-22.8%*	*0.4%*	*11.7%*
EPS	($0.31)	($0.09)	($0.08)	($0.07)	($0.06)	($0.31)	($0.14)	$0.00	$0.11
YOY Growth	*42.6%*					*1.1%*	*-56.7%*	*-102.4%*	*3269.3%*
Diluted Shares O/S	10,425	12,150	12,175	12,202	12,304	12,208	16,200	17,040	17,500

Brian Marckx, CFA

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MANAGEMENT

Michael Rice
Chairman & Chief Executive Officer

Mike Rice became president and chief executive officer and a member of our Board of Directors in August 2006, and Chairman in August 2007. He has more than 20 years of leadership and entrepreneurial experience in the medical and high tech industries. He was most recently the senior business development manager for medical and wireless products at AMI Semiconductor (NASDAQ:AMIS). Mr. Rice also served as the director of marketing and business development at Cardiac Science, Inc., a manufacturer of automated external defibrillators. Prior to that, he was the Vice President, Sales and Marketing for TEGRIS Corporation, a privately held network services provider. Mr. Rice also spent 12 years at Physio Control Corporation in several sales and marketing management roles prior to its acquisition by Medtronic Inc.

Aby J. Mathew, Ph.D.
Sr. Vice President and Chief Technology Officer

Dr. Mathew was part of the founding team of BioLife Solutions, and is a co-developer of BioLife′s biopreservation media solutions. He is a co-inventor on multiple issued and pending patents related to methods, devices, and formulations for the preservation of cells, tissues, and organs. He holds a Ph.D. in Biological Sciences within the Biochemistry, Cell and Molecular Biology Program from Binghamton University and a B.S. in Microbiology from Cornell University. Dr. Mathew has been researching low temperature biopreservation since 1994, and his studies contributed to the development of BioLife′s current commercial HypoThermosol and CryoStor product platforms and intellectual property foundation. Dr. Mathew was part of the scientific team that linked cell death via apoptosis (programmed cell death) to exposure to hypothermic and/or freezing temperatures. These discoveries were integral to the development of BioLife′s improved intracellular-like biopreservation solutions, and also contributed to improvements in cryosurgical ablation of cancer. Dr. Mathew is currently active in, or previously a member of, the International Society for Cell Therapy (ISCT), AABB (formerly the American Association of Blood Banks), BEST (the Biomedical Excellence for Safer Transfusion collaborative), Tissue Engineering & Regenerative Medicine International Society (TERMIS), Society for Cryobiology, International Society for Biological and Environmental Repositories (ISBER), American Society for Cell Biology, and the Society for In Vitro Biology.

Daphne Taylor
Vice President, Finance & Administration, Chief Financial Officer

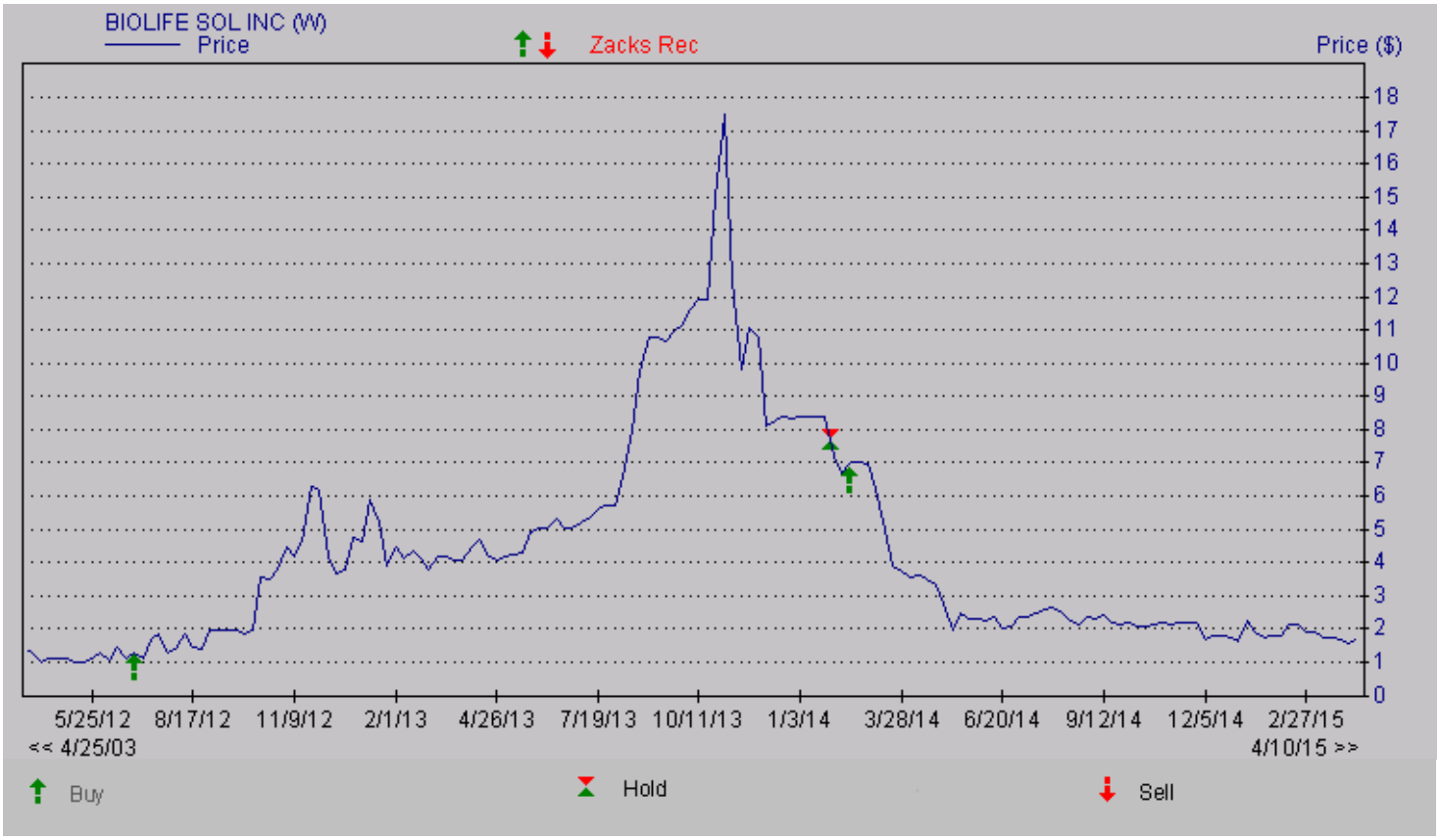
Daphne Taylor has served as Vice President, Finance & Administration, and Chief Financial Officer since August 2011. She has 20 years experience as a finance professional. Prior to joining BioLife, Ms. Taylor served as Vice President, Corporate Controller and Chief Accounting Officer of Cardiac Science Corporation from November 2005 through January 2009. From April 2002 through November 2005, she held various positions, including Vice President and Corporate Controller for LookSmart, a publicly held Internet technology company. In 2001, Ms. Taylor was Controller at SpeedTrak Communications and prior to that she was Controller for ViroLogic, a publicly held biotechnology company. Ms. Taylor held various finance positions at Core-Mark International, a distribution company, from 1996 to 2000. From 1991 to 1994, she was in public accounting with Coopers & Lybrand and is a licensed CPA. Ms. Taylor holds a B.A. in Management/Accounting from Sonoma State University, California.

Joe Annicchiarico
Chief Operating Officer

Joe joined BioLife Solutions in December 2011 after serving for six years at MediQuest Therapeutics, Inc. in Bothell, Washington, where he was an integral part of the company′s first NDA filing. He spearheaded process scale-up and validation efforts, patent protection, and clinical trial supply chain management. His tenure at MediQuest included time as a Scientist, Formulation Manager, and most recently, as Director of Manufacturing and Clinical Supplies. Prior to his tenure at MediQuest, he worked in speciality chemical sales at Drummond American and spent four years as a formulation development Chemist at a pair of personal care products companies in New Jersey. Joe earned his Bachelor′s Degree in Biology from The Johns Hopkins University in Baltimore, Maryland, in 1997.

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The current distribution is as follows: Buy/Outperform- 22.6%, Hold/Neutral- 55.9%, Sell/Underperform – 17.5%. Data is as of midnight on the business day immediately prior to this publication.