Zacks Small-Cap Research

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Rosetta Genomics (ROSG-NASDAQ)

ROSG: Strategic acquisition will accelerate substantial revenue growth, Record revenue for 2014 reported ---Buy

Current Recommendation	**Buy**
Prior Recommendation	N/A
Date of Last Change	02/26/2014
Current Price (04/14/15)	$3.24
Twelve- Month Target Price	**$13.00**

OUTLOOK

Rosetta is a molecular diagnostics company focused on microRNA-based tests for cancers and other indications. The company is currently marketing four cancer assays. The company also has commercial partnerships with two companies. Recent acquisition of PersonalizeDx will greatly accelerate revenue growth.

We are optimistic with its microRNA platform technologies, which serve as the basis of continued development of molecular diagnostics. Revenue will continue to grow in the coming years due to focused marketing strategy. Long term pipeline will provide sustainable growth for the years to come.

We maintain our Buy rating with a price target of $13.0.

SUMMARY DATA

52-Week High	**$4.80**
52-Week Low	**$2.19**
One-Year Return (%)	**-10.50**
Beta	**-3.18**
Average Daily Volume (sh)	**312,265**
Shares Outstanding (mil)	**12**
Market Capitalization ($mil)	**$38**
Short Interest Ratio (days)	**0.25**
Institutional Ownership (%)	**N/A**
Insider Ownership (%)	**N/A**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2014 Estimate	**N/A**
P/E using 2015 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**Above Avg.,**
Type of Stock	**Small-Value**
Industry	**Med-Biomed/Gene**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014		0.55 A		0.77 A	1.33 A
2015		3.50 E		8.00 E	11.50 E
2016					18.50 E
2017					27.50 E

Earnings per Share
(EPS is operating earnings before non recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014		-$0.66 A		-$0.63 A	-$1.29 A
2015		-$0.44 E		-$0.27 E	-$0.70 E
2016					-$0.53 E
2017					-$0.32 E

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

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WHAT'S NEW

- ***Acquisition of PersonalizeDx Will Accelerate Revenue Growth***
- ***Buy rating maintained, PT raised to $13.00***
- ***Record revenue reported for 2014***
- ***Balance sheet remains strong***
- ***On track to launch thyroid cancer assay in 3Q15***

Acquisition of PersonalizeDx Will Accelerate Substantial Revenue Growth

The company completed the strategic acquisition of **PersonalizeDx** from Prelude Corporation on April 14, 2015.

We think there is a synergy between these two companies since PersonalizeDx is a molecular diagnostics and services company serving community-based pathologists, urologists, oncologists and other reference laboratories across the U.S.

Through this transaction, Rosetta gains proprietary FISH tests in prostate (ERG, launched in 2014), bladder (FGFR3, expected to launch before the end of 2015) and lung cancer, strong commercial and laboratory operations capabilities and a state-of-the-art, high-complexity CLIA laboratory in Lake Forest, California.

In connection with this transaction, Rosetta Genomics also gains certain rights to market Prelude's novel assay for ductal carcinoma in situ (DCIS). Rosetta Genomics expects to market Prelude DCIS as a laboratory developed test within the next six months.

Combining the pipelines from both companies, Rosetta Genomics plans to launch five new assays within the next 12 months. This acquisition and the near term product launches will greatly accelerate revenue growth in the coming years and will make Rosetta an important player in the personalized medicine area in the US and around world.

Based on the 2014 revenue of $6.9 million from PersonalizeDx, we modified our financial model. Specifically, we increased our 2015 revenue to $11.50 million from previous $3.7 million. We also increased our estimate of 2016 revenue to $18.5 million from previous $12.5 million. We maintained our estimates from 2017 to 2010 since these estimates already incorporated expected acquisitions.

We think the acquisition greatly de-risks Rosetta in terms of future revenue growth.

Buy Rating Maintained, PT raised to $13.00

We maintain our Buy rating on Rosetta Genomics (ROSG) shares and raise our 12-month price target to $13.00 per share from previous $10.50 per share due to the acquisition of PersonalizeDx.

Rosetta is a revenue generating, emerging molecular diagnostics biotech company focused on molecular testing of cancers and other life threatening diseases. The company develops its diagnostic products based on the unique and proprietary microRNA platform technology.

Currently Rosetta is marketing four cancer tests with focus on its lead Cancer Origin Test. This Cancer Origin Test is covered by Medicare reimbursement and other payors covering over 170 million lives. The company is negotiating for expanded coverage for the Cancer Origin Test as well as for reimbursement for its three other marketed cancer tests.

In addition to currently marketed tests, Rosetta is also developing other tissue or body fluid based molecular diagnostics using its microRNA technologies. Furthermore, Rosetta is developing microRNA based therapeutics. These long term pipeline will provide sustainable growth for the company in the years to come.

Rosetta is also collaborating with pharmaceutical/biotech companies to assist these companies to develop microRNA based therapeutics. This collaboration creates the third avenue for revenue growth.

The acquisition of PersonalizeDx will greatly accelerate revenue growth in the coming quarters. Specifically, we model 2015 revenue to be $11.50 million, and 2016 revenue to be $18.5 million. Revenue will grow to $125 million in 2020, a tremendous compound annual growth rate (CAGR) of 113%. With accelerated revenue growth, Rosetta will become profitable in fiscal 2018 with earnings per share (EPS) of $0.32 based on total revenue of $50 million. EPS will grow to $1.31 per share in fiscal 2020 based on total revenue of $125 million, a 102% increase in the two year period. Recent two partnerships will also accelerate revenue growth in 2015 and beyond.

Rosetta has a relatively strong balance sheet. Current cash is sufficient to fund operations into 2017 according to our model.

With all these in mind, we think Rosetta's shares are undervalued at current market price. Currently, Rosetta shares are trading at about $3.24 per share, which values the company at about $41 million in market cap based on 12.5 million outstanding shares. This is apparently a huge discount compared to its peers. As we said, Rosetta is a revenue generating diagnostics company targeting the high growth market of molecular diagnostics. The company's microRNA platform technology has broad applications targeting both diagnostics and therapeutics. The acquisition of PersonalizeDx also de-risks Rosetta in terms of revenue growth in the coming years. We don't think the Street has recognized the potential of high revenue growth in the coming years for Rosetta.

Based on the reduced risks and our financial model, we think a P/E multiple of 30x is appropriate for Rosetta. If we apply this P/E coupled with EPS of $1.31 in 2020, discounted at 25% for 5 years, we come up with our price target of $13.0 per share. Our price target values Rosetta at $163 million in market cap, which we think is still conservative.

Execution is the key to achieve expected growth and will have a significant impact on the share price. The fluctuation of the broader market in the US will also have impact on the company's share price in the next 6 to 12 months. In general, we think the company has a **favorable risk/award profile** at this time with downside risk relatively low and high upside potential.

ROSG Reports Record Revenue for 2014

Total revenues for 2014 were $1.3 million, an increase of 228% from 2013 revenues of $405,000. This was the first time the company's annual revenue exceeded the $1 million mark.

Total gross billings for 2014 were $2.8 million, more than double gross billings of $1.1 million in 2013.

Cost of revenues for 2014 was $1.3 million, compared to $709,000 for 2013, primarily due to higher volume of processed samples.

R&D expenses for 2014 increased to $1.9 million from $1.7 million for 2013, primarily due to increases in headcount and lab materials to create and advance the Company's expanded pipeline of R&D projects.

SG&A expenses for 2014 were $12.3 million, compared to $$11.3 million for 2013.

Operating loss for 2014 was $14.3 million, including $943,000 of non-cash stock-based compensation expense. This compares with an operating loss for 2013 of $13.3 million, including $893,000 of non-cash stock-based compensation expense.

Net loss for 2014 was $14.5 million ($1.29 per share), compared with a net loss for 2013 of $13.2 million ($1.37 per share).

On a non-GAAP basis, excluding stock-based compensation expense, the net loss for 2014 was $13.6 million ($1.21 per share), compared with a net loss for 2013 of $12.0 million ($1.25 per share).

Balance Sheet Remains Strong

As of December 31, 2014, Rosetta had $15.6 million in cash and cash equivalents, restricted cash and short-term bank deposits, compared with $24.5 million as of December 31, 2013. The Company used approximately $13.6 million in cash to fund operations during 2014.

During 1Q15, Rosetta raised net proceeds of $9.3 million from the sale of approximately 2.2 million ordinary shares through a new Sales Agreement with Cantor Fitzgerald & Co. in February 2015.

We believe the company's balance sheet is strong. We estimate the Company's current cash could last into **2017** based on our financial model.

On Track to Launch Thyroid Cancer Assay in 3Q15

Rosetta Genomics has been developing **thyroid cancer assay** for the past two years and has conducted several discovery studies with more than 500 thyroid fine needle aspirate (FNA) and surgical samples, representing various histological subtypes. The samples were analyzed using the Company's proprietary microarray and qPCR platforms, and a subset of the samples was also analyzed by deep sequencing. This approach enabled the discovery of new microRNA biomarkers and allows the profiling of small cytological samples to ensure low failure rates.

Several **microRNAs** differentially expressed between benign and malignant tumors, as well as microRNA biomarkers of medullary thyroid carcinoma, one of the deadliest forms of thyroid cancer, were identified in these studies. These studies also demonstrated the ability to extract and profile microRNAs from thyroid FNAs in various sample types, such as cytological smears and cellblocks, and in a manner that is consistent with common clinical practices.

Rosetta is now conducting training studies and will soon commence blinded validation studies at several leading medical centers in Israel, Europe and the U.S., where the Company already has samples ready for testing.

Rosetta showcased the thyroid cancer assay at the 84th Annual Meeting of the American Thyroid Association (ATA) and is on track to launch the assay in **3Q15**.

The standard technique for detecting thyroid cancer is through fine needle aspiration (FNA) to obtain tissue from the thyroid nodule for analysis. Nearly 500,000 FNAs are performed each year in the U.S. and approximately 740,000 are performed annually in Europe. However, the standard assay usually leads to an indeterminate result in up to 30% of the samples.

The company's thyroid cancer assay has competitive advantages as it has the best combination of Negative Predictive Values and Positive Predictive Values. The turnaround time is expected to be less than half that of the market leaders. The specimen collection process is a competitive

differentiator because it can utilize the smear used by the cytologist as part of their standard process rather than taking additional FNAs and preserving them in specialized tubes. The latter process of taking additional FNAs through another needle passage into the patient's neck is required by some currently marketed thyroid tests, which creates the potential for misdiagnosis.

The annual opportunity in the U.S. alone exceeds $350 million and currently available tests in this space generated approximately $50 million in revenues in 2014. Once commercialized, we believe Rosetta's thyroid cancer assay will command a significant chunk of the market due to its competitive advantages.

Broad Patent Allowances Assure Sustainable Growth

Recently, Rosetta Genomics (ROSG) received a Notice of Allowance from the US Patent and Trademark Office for a patent claiming the use of **miR-34a** for the treatment of **p53-associated cancers**. In addition, the Company received its first allowance from the European Patent Office for a patent claiming the specific composition for **miR-451**, a miR relating to the Company's Cancer of Unknown Primary (CUP) testing franchise.

The **miR-34a** patent covers a core element of Rosetta Genomics' microRNA technology in the development of cancer therapeutics relating to cancers associated with the p53 gene. This patent is broader than the previous patent issued last year in that it covers the treatment of any p-53 associated cancer using miR-34a or its variants, delivered by any kind of formulation. This patent is jointly owned with Yeda Research and Development, the technology transfer company of the Weizmann Institute of Science in Rehovot, Israel.

The miR-451 patent covers miR-451 and its complement, as well as a probe comprising the claimed miR. Therapeutic and diagnostic uses of the miR and/or the probe are also covered in the allowed claims.

Earlier in Feb, Rosetta Genomics received a Notice of Allowance from the Japan Patent Office (JPO), which relates to **human miR-92b**. The composition of matter patent claims the sequence of miR-92b and its complement, as well as its use as a probe, including in biochips. miR-92b has been shown to be elevated in cancer and is a key element of the Company's lead oncology diagnostic, the Rosetta Cancer Origin Test™ (COT). The claims allowed cover an isolated nucleic acid having the sequence of human miR-92b and its complement, as well as to variants being at least 90% identical to miR-92b. In addition, the allowed claims encompass a vector and a probe comprising miR-92b, a composition and a biochip comprising probes specific to miR-92b.

We are encouraged by broad patent protection around the world about Rosetta's core mRNA related oncology IP. We believe the company will continue to fortify its leading intellectual property position in microRNA technology. These patents expand, strengthen and complement the company's growing portfolio of over 40 patents worldwide.

These patents support the company's broader oncology strategy to develop and commercialize microRNA-based diagnostics, therapeutics and biomarkers on a global basis in order to enhance clinicians' ability to identify and treat cancers. We believe these patents will allow for sustainable growth for the company.

New Commercial Partnerships Will Help Revenue Grow in the Coming Quarters

In early Feb 2015, Rosetta entered into a co-promotional commercial partnership with **Precipio Diagnostics** for the sales and marketing of Precipio's oncology tests, which include bone marrow and peripheral blood testing for hematological malignancies, such as leukemias and lymphomas.

Rosetta Genomics will promote these products in California, Connecticut, New Jersey, Oklahoma, Texas, Virginia and Washington, D.C., and expects to expand nationally over time.

This co-promotion partnership expands Rosetta's oncology diagnostics business and provides the company opportunity to access the expertise of renowned pathology department at Yale School of Medicine. The promotion of Precipio's diagnostics products will also enhance awareness of and demand for the Rosetta Cancer Origin Test™. Rosetta sales reps will promote the Precipio diagnostic services to the same doctors who prescribe the Rosetta cancer origin test.

In addition to the co-promotion partnership with **Precipio, i**n October 2014, Rosetta Genomics partnered with **Admera Health** to market and sell Admera Health's molecular tests to oncologists and pathologists. The company launched the first three oncology testing services from Admera **in early Jan 2015**: PGxOne™, a pharmacogenomics test that predicts patients' responses to drugs based on their personal genetic makeup to avoid adverse effects; and EGFR and KRAS clinical sequencing, which provides genomic analysis of those tumor-based mutations from patient tissue to provide clinically relevant information relating to potential response to therapy.

Rosetta Genomics will also launch Admera's OncoGxOne™, a next generation sequencing panel in 2015.

We believe these two partnerships will generate significant revenue growth in the coming quarters.

Specifically, we expect revenue will grow 372% in 2H14. Revenue will reach $5.5 million in in 2015, an increase of 254%. Longer term, we model revenue will grow at a compound annual growth rate (CAGR) of 108% from 2014 to 2020, when revenue will reach $125 million.

Long-term Pipeline Provides Sustainable Growth

We are very pleased to see the strong financial performance in 2014 for the company. Management has made meaningful advances across the three key areas for growth: **current product sales**, **new product development** and **third-party collaborations**.

In addition to strong product sales in 2014, Rosetta also made great progress in **new product development**.

Diagnostics

In addition to the expected launch of thyroid cancer assay in 3Q15, the timeline for new diagnostics launch are as follows:

In 2016, the company plans to launch at least one of the following cancer diagnostics: a) **Bladder cancer** assay that predicts risk of invasiveness, for which the company has done two studies that have been published; b) **ovarian cancer** assay that predicts response to platinum treatment, for which the company has done a study and has a publication; and c) **breast cancer**, which the company is currently assessing.

The third diagnostic product under development is for early diagnosis and refined risk stratification of patients following **myocardial infarction (MI).** Such a test has the potential to influence clinical management in a cost effective manner, by improving diagnosis, refining risk stratification and guiding therapy.

Heart Failure (HF) is a complex clinical syndrome that can result from any structural or functional cardiac disorder that impairs the ability of the ventricles to fill with or eject blood. It is the most prevalent disease

in the western world and its prevalence continues to rise. It is estimated that 5 million Americans are diagnosed with HF and each year there are approximately 500,000 new HF patients. Besides its high prevalence, HF is also the most expensive disease in western countries.

Rosetta Genomics has so far performed two studies. The first study was published in the European Journal of Heart Failure (Goren et. al., 2012), showing that elevated serum levels of specific microRNAs identify heart failure patients. The second one was published in Am J Cardiology (Goren et al., 2013), correlating miR-150 to atrial fibrillation in patients with chronic systolic heart failure.

The company plans to launch HF diagnostics in **2017**.

The company is also developing diagnostic candidates for **chronic kidney rejection** and **Alzheimer's** disease. Progress will be updated over the coming months.

Therapeutic Products

microRNAs are important regulators of gene and protein expression, and as such, they represent potential targets for the development of drugs. Expression studies have indicated significant changes in microRNA expression in different disease states in comparison to normal tissue. Therefore microRNAs can serve as a basis for a new class of therapeutic products.

Rosetta Genomics has demonstrated this in liver cancer, ovarian cancer and pancreatic cancer, where differential microRNAs that were shown in tissues of patients were used to find drug candidates that could inhibit those cancers through either microRNA inhibition or mimetics.

Those microRNAs served to design modified oligonucleotides with anti-sense sequences that were used in vitro in proliferation assays. If the microRNA inhibition can lead to reduction in proliferation of cancer cell lines, the anti- microRNAs with the strongest effect over cell proliferation were chosen as the drug candidates with most potential. The ability to specifically silence virtually every gene including previously non-druggable targets has made RNAi-based therapeutics a very attractive approach for treating diseases in many therapeutic areas.

Rosetta Genomics is developing a therapeutic for cytomegalovirus **(CMV) infection**.

In January 2011, Rosetta joined the **Rimonim Consortium**, which is supported by the Office of the Chief Scientist at the Ministry of Industry, Trade and Labor of the State of Israel (OCS). The purpose of the consortium is to develop RNA interference (RNAi)-based therapeutics. As a member of the consortium, Rosetta is entitled to certain grants to support its research and development activities.

We believe the long term pipeline will provide sustainable growth for the company.

Collaborations Accelerate Product Development and Represents New Avenue for Revenue Growth

A third **revenue growth platform** for Rosetta is through collaboration with biotech/pharmaceutical companies to monetize its microRNA platform technologies.

In September, 2014, Rosetta Genomics entered into a strategic alliance with **Moffitt Cancer Center** to discover, develop and commercialize a variety of **microRNA-based cancer diagnostics**.

This is a three-year alliance. Rosetta will provide funding for Moffitt investigator-initiated projects that align with Rosetta's strategic priorities. This strategic alliance will leverage Rosetta's capabilities and expertise.

In June 2014, Rosetta Genomics also entered into an agreement with **Moffitt Cancer Center** to advance the development and commercialization of Rosetta's **thyroid neoplasia assay**.

Under the agreement, Rosetta will work with Marino Leon, M.D., associate member of the Department of Anatomic Pathology at Moffitt.

An estimated 4-7 percent of the general population develops nodules in the thyroid that can be felt on examination, though fewer than 10 percent are malignant. A fine needle aspiration (FNA), a non-surgical procedure used to obtain tissue for analysis by a pathologist, is the standard technique for detecting cancer. However, interpretation of FNA samples is not always conclusive, and up to 30 percent of samples have indeterminate results.

In April 2014, Rosetta Genomics entered into a strategic alliance with **Marina Biotech** to identify and develop microRNA-based products designed to **diagnose** and **treat** various **neuromuscular diseases** and **dystrophies**.

The Alliance is exclusive as it relates to neuromuscular diseases and dystrophies, with both Companies free to develop and collaborate outside this field both during and after the terms of the Alliance. The Companies' initial efforts are expected to be focused on Becker and Duchenne muscular dystrophies as well as myotonic dystrophy. Financial terms and other details of the agreement are not being disclosed at this time.

Under the terms of the Alliance, Rosetta will apply its industry leading microRNA discovery expertise for the identification of microRNAs involved in the various dystrophy diseases. If the microRNA is determined to be correlative to the disease, **Rosetta** may further develop the microRNA into a **diagnostic** for patient identification and stratification. If the microRNA is determined to be involved in the disease pathology and represents a potential therapeutic target, **Marina** may develop the resulting microRNA-based **therapeutic** for clinical development.

In January 2014, Rosetta Genomics announced that it signed a **master service provider agreement** with an undisclosed major global biopharmaceutical company, under which, Rosetta will provide its microRNA profiling and other services pursuant to a collaboration in important areas of unmet medical need utilizing a novel therapeutic approach.

Rosetta Genomics has successfully completed the feasibility phase of the master service agreement with the global biopharmaceutical company and is now advancing to the next stage of this collaboration, which is expected to **generate revenues by the end of 2014**. In addition, the company has initiated proof-of-concept studies with its global pharmaceutical partner to advance the development of an assay for the earlier detection of **Alzheimer's disease** which could have applications both as a diagnostic as well as for patient selection for clinical trials.

This agreement leverages Rosetta’s microRNA biomarker platform and expertise to assist one of the world's leading biopharmaceutical companies to advance their research and development efforts on this important, novel therapeutic approach.

In addition to the company’s current cancer testing services and new products from its own, internal research and development initiatives, collaborations such as these represent **third major platform** for revenue growth for the company.

Moving forward, we believe Rosetta will enter into additional similar agreements as the company seeks to monetize its leading microRNA platform and expertise.

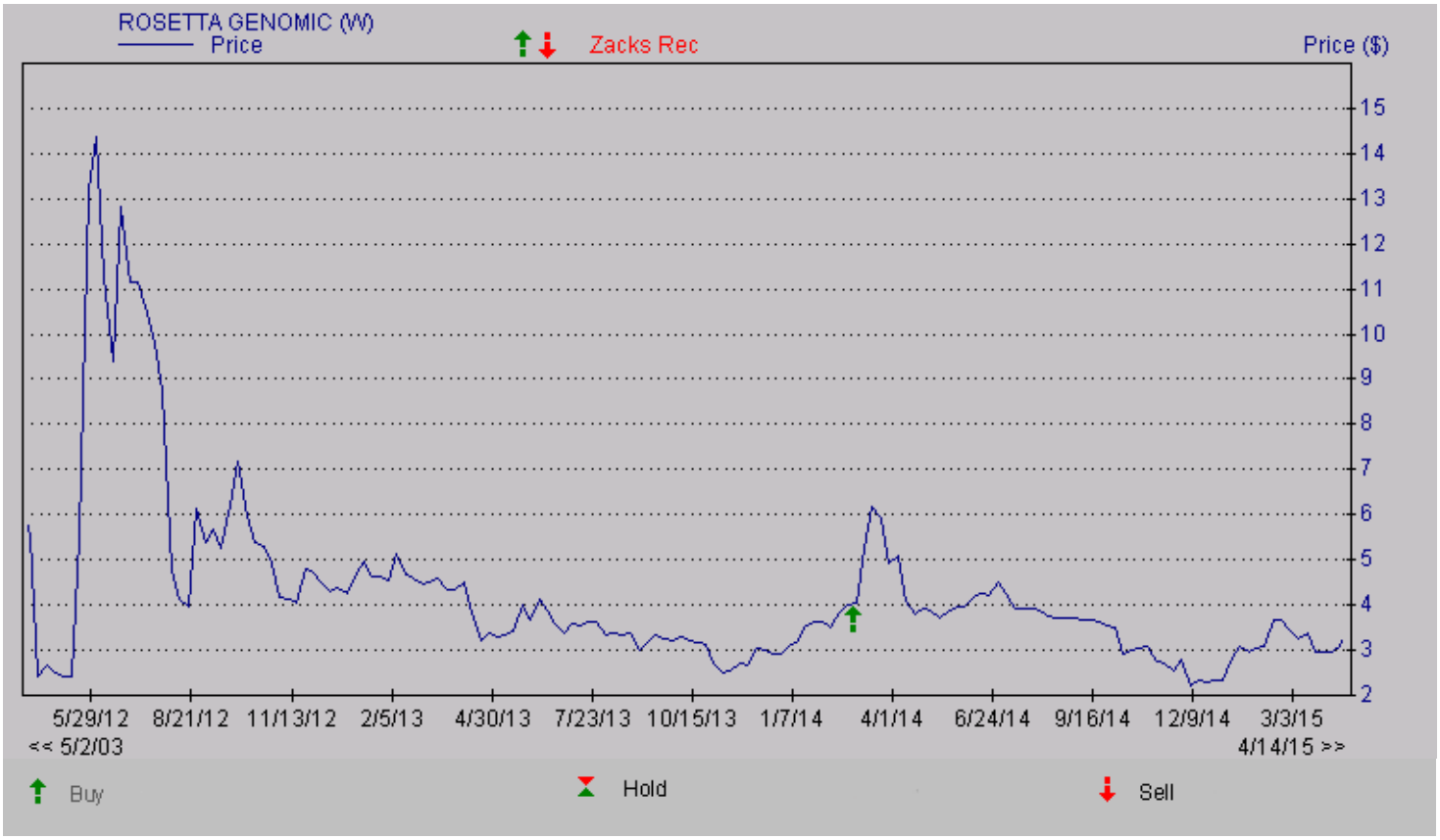
PROJECTED INCOME STATEMENT

	2013A (Dec)			2014A (Dec)			2015E (Dec)			2016E (Dec)	2017E (Dec)	2018E (Dec)	2019E (Dec)	2020E (Dec)
$ in million except per share data	1H13	2H13	FYE	1H14	2H14	FYA	1H15	2H15	FYE	FYE	FYE	FYE	FYE	FYE
Total Revenues	**$0.19**	**$0.21**	**$0.41**	**$0.55**	**$0.77**	**$1.33**	**$3.50**	**$8.00**	**$11.50**	**$18.50**	**$27.50**	**$50.00**	**$80.00**	**$125.00**
YOY Growth	278.4%	41.3%	101.5%	187.0%	264.6%	227.7%	531.8%	934.9%	766.6%	60.9%	48.6%	81.8%	60.0%	56.3%
CoGS	0.43	0.28	0.71	0.77	0.54	1.31	0.70	1.60	2.30	2.31	3.44	6.25	10.00	15.63
Gross Income	**($0.24)**	**($0.06)**	**($0.30)**	**($0.22)**	**$0.23**	**$0.02**	**$2.80**	**$6.40**	**$9.20**	**$16.19**	**$24.06**	**$43.75**	**$70.00**	**$109.38**
Gross Margin	-124.9%	-29.7%	-75.1%	-39.0%	30.1%	1.3%	80.0%	80.0%	80.0%	87.5%	87.5%	87.5%	87.5%	87.5%
R&D	$0.88	$0.87	$1.74	$1.01	$0.92	$1.93	$1.20	$1.50	$2.70	$5.00	$7.50	$10.00	$13.00	$15.50
% R&SD	454.4%	409.0%	430.6%	182.5%	118.5%	145.2%	34.3%	18.8%	23.5%	27.0%	27.3%	20.0%	16.3%	12.4%
SG&A	$5.55	$5.75	$11.30	$6.01	$6.33	$12.34	$7.50	$8.50	$16.00	$20.00	$22.50	$25.00	$30.00	$45.00
% SG&A	2876.7%	2710.8%	2789.9%	1085.4%	818.8%	930.1%	214.3%	106.3%	139.1%	108.1%	81.8%	50.0%	37.5%	36.0%
Other Expense	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Operating Income	**($6.7)**	**($6.7)**	**($13.3)**	**($7.2)**	**($7.0)**	**($14.3)**	**($5.9)**	**($3.6)**	**($9.5)**	**($8.8)**	**($5.9)**	**$8.8**	**$27.0**	**$48.9**
Operating Margin	-3456.0%	-3149.5%	-3295.6%	-1306.9%	-907.1%	-1074.0%	-168.6%	-45.0%	-82.6%	-47.6%	-21.6%	17.5%	33.8%	39.1%
Other Net	$0.4	($0.2)	$0.2	$0.1	($0.3)	($0.3)	($0.3)	($0.3)	($0.5)	($0.5)	($0.5)	($0.5)	($0.5)	($0.5)
Pre-Tax Income	**($6.3)**	**($6.9)**	**($13.2)**	**($7.2)**	**($7.3)**	**($14.5)**	**($6.2)**	**($3.9)**	**($10.0)**	**($9.3)**	**($6.4)**	**$8.3**	**$26.5**	**$48.4**
Income taxes(benefit)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$1.0	$4.5	$9.0
Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	12.1%	17.0%	18.6%
Reported Net Income	**($6.3)**	**($6.9)**	**($13.2)**	**($7.2)**	**($7.4)**	**($14.5)**	**($6.2)**	**($3.9)**	**($10.0)**	**($9.3)**	**($6.4)**	**$7.3**	**$22.0**	**$39.4**
YOY Growth	-	-	-	-	-	-	-	-	-	-	-	-212.6%	203.4%	79.0%
Net Margin	-	-	-	-	-	-	-	-	-	-	-23.4%	14.5%	27.5%	31.5%
Diluted Shares Out	9.2	10.0	9.6	10.8	11.7	11.2	13.9	14.5	14.2	17.5	20.0	22.5	25.0	30.0
Reported EPS	**($0.68)**	**($0.69)**	**($1.37)**	**($0.66)**	**($0.63)**	**($1.29)**	**($0.44)**	**($0.27)**	**($0.70)**	**($0.53)**	**($0.32)**	**$0.32**	**$0.88**	**$1.31**
One time charge	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*
Non GAAP Net Income	**($6.3)**	**($6.9)**	**($13.2)**	**($7.2)**	**($7.4)**	**($14.5)**	**($6.2)**	**($3.9)**	**($10.0)**	**($9.3)**	**($6.4)**	**$7.3**	**$22.0**	**$39.4**
Non GAAP EPS	**($0.68)**	**($0.69)**	**($1.37)**	**($0.66)**	**($0.63)**	**($1.29)**	**($0.44)**	**($0.27)**	**($0.70)**	**($0.53)**	**($0.32)**	**$0.32**	**$0.88**	**$1.31**

Source: Company filing and Zacks estimates

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HISTORICAL ZACKS RECOMMENDATIONS



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