Zacks Small-Cap Research

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Enservco Corp. (ENSV- NYSE MKT)

ENSV: Enservco is in the midst of its seasonally highest revenue quarter with an expanded fleet.

Current Recommendation	**Outperform**
Prior Recommendation	N/A
Date of Last Change	08/07/2013
Current Price (02/18/15)	$2.26
Six- Month Target Price	**$3.44**

OUTLOOK

Enservco Corp. is an oilfield services company providing well enhancement and fluid management services to domestic onshore E&P companies. Through an organic growth strategy of capacity additions and geographic expansion, the company is generating impressive revenue growth. The organic capacity expansion remains on track, though the company's margins were impacted by the expansion program's ancillary costs in the most recent quarter. Revenues are expected to increase significantly this winter season with record top-line and EPS expected in the fourth of 2014 and first quarter of 2015. We maintain our Outperform rating.

SUMMARY DATA

52-Week High	**$3.89**
52-Week Low	**$1.36**
One-Year Return (%)	**-3.75**
Beta	**-0.17**
Average Daily Volume (shrs.)	**116,429**
Shares Outstanding (million)	**36.8**
Market Capitalization ($ mil.)	**$83.3**
Short Interest Ratio (days)	**2.50**
Institutional Ownership (%)	**36**
Insider Ownership (%)	**37**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**29.8**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**32.3**
P/E using 2015 Estimate	**9.4**
P/E using 2016 Estimate	**7.5**
Zacks Rank	**4**

Risk Level	**Above Average**
Type of Stock	**Small-Growth**
Industry	**Oil-Field Services**
Zacks Rank in Industry	**23 of 37**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2013	18.6 A	7.9 A	4.8 A	15.2 A	46.5 A
2014	25.2 A	7.3 A	5.7 A	18.2 E	56.5 E
2015	32.0 E	8.3 E			80.0 E
2016					96.0 E

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

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2013	$0.11 A	$0.01 A	-$0.03 A	$0.03 A	$0.12 A
2014	$0.11 A	-$0.02 A	-$0.05 A	$0.09 E	$0.12 E
2015	$0.16 E	-$0.00 E			$0.24 E
2016					$0.30 E

Zacks Projected EPS Growth Rate - Next 5 Years % **25**

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KEY POINTS

- Enservco Corp. is an **oilfield services company** that provides well enhancement and fluid management services to domestic onshore E&P companies. The majority of the company's service offerings are reoccurring in nature, justifying a premium valuation multiple.
- Enservco is focused on two unique segments of the oil & gas services industry: **production-related services** and **hydraulic fracturing**.
  - The company provides the ongoing services for the transportation and disposal of fluids (water hauling) that accompany the process of oil & gas production, along with the recurring, maintenance services (hot oiling and acidizing) undertaken during workovers.
  - Also, Enservco is a prime beneficiary of the megatrend towards developing unconventional oil & gas resources in the U.S. through hydraulic fracturing.
  - Hence, the company benefits from both the megatrend of hydraulic fracturing to develop unconventional oil & gas resources in the U.S. (frac-water heating) and the stability of providing ongoing water hauling services and workover services (hot oiling and acidizing).
- Through its Heat Waves and Dillco subsidiaries, Enservco has a **geographic footprint over multiple basins** and has **strong relationships** (over 100 MSA's) with many operators in the oil and gas industry, including numerous majors.
- An **organic growth strategy** of **capacity additions** (custom-built service trucks) and geographic expansion is driving annual **revenue momentum**.
- Management also continually looks for acquisition opportunities. In early November, the company announced the acquisition of assets (an operating yard along with 12 hot oil trucks and a frac water heating unit) situated near Tioga, ND and capable of serving the northern Bakken Shale Region.
- Enservco is introducing two more efficient and lower-cost platforms: a **mega frac-water heater** and **a liquefied natural gas (LNG) fuel powered frac-water heater.**
- During the first quarter of 2014, management achieved its goal of **up-listing Enservco's stock to the NYSE MKT Exchange**, which should better institutional investor awareness and increase share liquidity.
- A **significant banking relationship with PNC Bank** was established in November 2012. The company's debt was refinanced, and the revolving credit line has been used to facilitate the development of a larger fleet. In September 2014, a new $40 million Credit Agreement was established with PNC Bank, of which $7.0 million will be utilized to fund Phase 2 of the capacity expansion program.
- Enservco was named the 2013 Rocky Mountain Region's **Oilfield Service Company of the Year** at the annual Rocky Mountain Oil & Gas Awards ceremony.
- We maintain our Outperform rating.

RECENT NEWS

Rick Kasch appointed Chairman of the Board

On December 3, 2014, Enservco announced that CEO **Rick Kasch** has been **appointed Chairman of the Board**, succeeding Michael Herman, who resigned from the Board to pursue other interests.

As part of Michael Herman withdrawing from responsibilities at Enservco, Mr. Herman sold 1,050,000 shares of restricted stock on December 2nd and an additional 3,478,000 shares on January 1, 2015, which he will use to pursue endeavors involving his family.

Cross River Management now owns 14.07% of ENSV

Cross River Management now owns 5,183,117 shares (or 14.07%) of Enservco, having purchased 1,668,617 shares, of which at least 1,000,000 shares were acquired directly from Michael Herman.

OVERVIEW

Headquartered in Denver, Colorado, Enservco Corporation is an oilfield services company that provides well enhancement and fluid management services to domestic onshore exploration and production (E&P) companies. **Well Enhancement Services** (80% of revenues in 2013) is comprised of frac-water heating, hot oiling, acidizing and pressure testing, while **Fluid Management** (19% of revenues) involves water hauling, fluid disposal and frac tank rental. Operations related to **Well Site Construction and Roustabout Services** (1% of revenues) were discontinued in 2013. Enservco provides well-site services through two operating subsidiaries: **Heat Waves Hot Oil Service** and **Dillco Fluid Services**.

Enservco's **unique business profile** differs from most oil and gas equipment service companies in that the company's business mix is skewed towards production rather than drilling. Between 40% and 45% of revenues is derived from recurring, maintenance work related to production (hot oiling, freshwater and saltwater hauling, water disposal and acidizing) and 45% of revenues originates from drilling wells (frac heating, frac fluid hauling and frac tank rental). In addition, drilling-related revenues are derived from hydraulic fracturing, a well stimulation technique benefiting from a secular upswing in the U.S. Therefore, Enservco is less susceptible to the traditional cyclicality exhibited by upstream[1] capital spending budgets of oil and gas companies.

Enservco is **focused on two unique sub-sectors** of the oil & gas services industry: **production-related services** and **fracking**. Management completely avoids the cyclical oilfield equipment industry, which provides rigs, drill bits, valves, pumps, flow control equipment etc. that are needed for the process of drilling new wells. Rather, Enservco concentrates on services related to the ongoing production of oil & gas resources and the megatrend of fracking to release shale gas.

Oil & natural gas operations use and produce significant quantities of fluids. Enservco provides a variety of services for the transportation, storage and disposal of fluids that are involved during both the production of oil & gas and the development or remediation of wells (drilling, fracking and workovers). Enservco, through Heat Waves and Dillco**,** operates a fleet of **65 water hauling trucks**.[2]

Operators of oil and gas wells desire to optimize the productivity of their wells through production management. There are a variety of methods to optimize well performance, including the implementation of scheduled maintenance services to enhance the flow of production. **Hot oiling** and **acidizing** are two effective stimulation and workover procedures, both of which improve the permeability in production wells: one (hot oiling) for removing paraffin, tar and other organic deposits and the other (acidizing) for dissolving scale precipitation and fines that have migrated and are blocking the movement of hydrocarbons. Enservco operates **32 hot oiling trucks** and **five acidizing vehicles** with two additional acidizing trucks and nine hot oilers to be in operation later in 2014.

The current energy boom in North America is being driven by the development of domestic shale gas resources, which requires horizontal drilling and hydraulic fracturing. The development of unconventional shale plays offer considerable opportunities for Enservco's offerings of frac heating, frac fluid hauling and frac tank rental services, especially in areas of cold weather where frac fluids must be heated during the

[1] Upstream refers to exploration and production while the downstream segment includes refining and marketing of petroleum products and midstream encompasses transportation, such as pipelines.
[2] Enservco 10-K, as of December 2013, page 8.

fracturing process. For example, it is cold or cool up to four months a year in western Pennsylvania (Marcellus shale formation) and up to 10 months a year in North Dakota (Bakken shale formation). Generally, frac fluids must be heated to at least 80 °F at the well site, and advanced techniques require temperatures of at least 90 °F. As of December 31, 2013, Heat Waves Hot Oil Service operated **34 frac heating trucks** (24 single-burner units and 10 double-burner units)[3] and the rental of **20 frac tanks**. Frac fluid hauling is completed with the water hauling trucks mentioned above.

Recent Financings

On September 12, 2014, Enservco entered into an Amended Credit Agreement with PNC Bank for a new five-year**, $40 million revolving credit facility**, which replaced the prior $16.0 million term loan and credit facility. The new facility is being used to fund the Phase 2 (approximately $7 million) of the 2014 capacity expansion program. Also, management plans to consolidate the prior PNC loan balance and other equipment loans in the new revolving credit facility, which carries a lower average interest rate.

The new revolving credit facility provides an initial $30 million senior secured revolving credit facility with the ability to increase the maximum amount to $40 million under certain conditions which are based the company's receivables and value of Enservco's service equipment. The interest rate can be the PNC Prime rate plus 100-to-200 basis points (bps) or a fixed rate determined by 1, 2, or 3 month LIBOR plus 250-to-350 bps.

Litigation

On October 8, 2014, Heat-On-The-Fly, LLC filed a patent infringement suit against Enservco and Heat Waves Hot Oil Service, LLC in the United States District Court for the Northern District of Texas (Civil Action No. 3:14-cv-03631). The complaint alleges that Heat Waves infringes on two patents held by HOTF (Patents 8,171,993 and 8,739,875, both of which are entitled "Water Heating Apparatus for Continuous Heated Water Flow and Method for Use in Hydraulic Fracturing").

Heat-On-The-Fly has been litigious with energy companies concerning these patents. Some companies have licensed the patents on a non-exclusive basis. Other energy companies are seeking to invalidate the patents. The United States Patent Office has agreed to reexamine Patent 8,171,993 in its entirety.

Enservco and Heat Waves deny any patent infringement, citing among other points, that Heat Waves has been offering water heating services prior to the filing of these patents.

ORGANIC GROWTH

Organic growth is reflected by year-over-year increases in revenue after excluding any impacts from currency exchange and acquisitions/divestitures. Though positive effects of strong pricing and cost cutting can drive organic growth, in Enservco's situation, **capacity additions** from fleet expansion and improvements in equipment **utilization rates** are the stronger contributors to revenue growth and margin expansion. In addition, **geographic expansion** and **new fracking techniques**, which require higher water temperatures, enhance the drivers of organic growth. In addition, the increased activity in the onshore US market of unconventional oil and gas production provides a **favorable macro-trend** to further bolster the demand for Enservco's well enhancement services.

Examining the progress of revenue growth by segment reveals that Enservco is delivering **strong organic growth in the Well Enhancement Services segment**. Fueled by strong demand for frac heating and hot oiling services, both in existing service regions and new areas into which the company has expanded, management embarked on **significant capacity expansion programs in 2011, 2012,**

[3] Enservco 10-K, as of December 2013, page 7.

2013 and 2014, which has enabled organic revenue growth of the Well Enhancement Services segment**.** Management usually targets the delivery dates of additional frac heating and hot oiling units during the seasonally strong fourth and first fiscal quarters,

During 2012, Enservco purchased and fabricated five double-burner frac heating units, two hot oil units and two water hauling trucks under a **$3.8 million** capital expenditure program. The units were deployed into the Rocky Mountain region where heating season tends to be longer (usually starting in mid-September versus mid-November) enabling better capacity utilization. Moreover, at the time, operators were implementing hydraulic fracturing procedures that required higher slurry temperatures, which resulted in extending the heating season in several basins from about four months to as high as ten months.

In 2013, management's organic growth benefitted from a two-phase capex program: an initial $4.7 million tranche (for two double-burner frac heating trucks, six single-burner frac heating trucks, four hot oilers and a well acidizing truck) and an additional tranche of $4.0 million, which was announced in November (for four hot oil units and four frac heating units for delivery in early 2014). The initial capital expenditure program was funded by internally generated cash flow, while the second tranche was financed by a $3.0 million equipment term loan from PNC Bank and $1.0 million received from warrant exercises. Therefore, during 2013, a total of **$8.7 million** was committed toward capacity expansion, which management projected should generate an incremental $14 million in revenues annually when the equipment is fully deployed and increase frac heating capacity by at least 40%.

During 2014, Enservco continues to expand service capacity through another two-phase capex program totaling **$16 million**. Phase 1 consists of the fabrication of 10 frac-water heaters, 10 hot oiling units and two acidizing trucks while Phase 2 calls for eight mega frac-water heaters, six hot oiling units and two acidizing units. The new mega frac-water heaters have twice the capacity of the company's legacy frac-water heating units. The annual revenue potential from the new equipment is expected to be more than $35 million. The first phase is being funded by operational cash flow and the second by the PNC Bank revolving credit facility. Overall, the total 2014 capital expenditure plan, along with the acquisition of assets in late-October (12 hot oil trucks and a frac water heating unit), will expand capacity of frac-water heating by 93%, hot oiling capacity by 119% and acidizing by 133%.

Enservco is well-positioned to benefit from the **U.S. energy renaissance**, which in part is being driven by advances in horizontal drilling and hydraulic fracturing. The increased tempo in drilling activity, especially in pursuit of shale oil & gas along with tight gas, increases the demand for Enservco's well-site services. This **macro-trend provides favorable conditions for the company's top-line growth**. As E&P companies accelerate redevelopment of existing basins, requests for well enhancement services has allowed Enservco to expand into the Marcellus shale region in 2010, Bakken shale and Niobrara shale fields in 2011, the Mississippi Lime play in 2012, the Utica shale in early 2013 and Wyoming's Green River Basin in late 2013.

During 2014, Enservco's existing customers completed major 2014 capital expenditure programs: Noble Energy program called for an investment of $2.0 billion (or 40% of its total capex program) in the D-J Basin drilling during 2014 while Anadarko Petroleum's program included increasing the number of D-J Basin wells drilled from 335 in 2013 to over 360 wells in 2014. Gulfport Energy allocated approximately $500 million for the Utica shale play during 2013 and budgeted between $594 million and $634 million for the drilling of 85 to 95 gross wells in the Utica play during 2014. EQT Corp.'s program was to spend $1.2 billion to drilling more than 200 wells into the Marcellus and Utica formations in the Appalachian Basin, up from $860 million in 2013.

Enservco, therefore, represents a **compelling organic growth opportunity** driven both by external and internal factors, though the recent decline in oil and natural gas prices has tempered the rate of growth. The resurgence in the U.S. oil & gas industry is largely due to advances in horizontal drilling and hydraulic fracturing that are able to unlock tight hydrocarbon-based resources in U.S. basins. We expect E&P companies to continue developing prospects with tight oil and gas in shale and sandstone

formations. Management is taking advantage of the favorable macro-trend by adding organic-growth-enhancing capacity, along with expanding the company's geographic reach through the opening of operations centers strategically located to serve U.S oil & gas basins on a national level. Although Enservco is well-positioned for continued organic growth, management also continues to evaluate acquisition opportunities.

2014 Capacity Expansion Program

Enservco continued to expand service capacity through the procurement of newly fabricated equipment. The 2014 capital expenditure plan was comprised of two Phases. Announced in May, Phase 1 consists of a **$9.0 million** program for the fabrication of **10 mega frac-water heaters**, **10 hot oiling units** and **two acidizing trucks**. The new mega frac-water heaters have twice the capacity of the company's legacy frac-water heating units, which were termed boxes. Also, a mega heater can be operated by one person versus the two required for double-burner trucks. Along with lower labor costs, the heating unit requires less fuel. The new equipment will have the potential of generating annual revenues of approximately $20 million. The initial phase was funded by internally generated cash flow.

Phase 2 was a $7.0 million program for the fabrication of **eight mega frac-water heaters**, **six hot oiling units** and **two acidizing units**. The annual revenue potential from the second tranche of new equipment is estimated to be at least $15 million, raising the estimated annual revenue potential for the entire $16 million capex plan to more than $35 million. The second tranche was being funded with a new PNC Bank revolving credit facility.

In addition to the mega frac-water heater, Enservco introduced a **new liquefied natural gas (LNG) fueling system** for the frac-water heating units this year. Customers can have the option to toggle between using propane or LNG, which is a cleaner-burning fuel source and which can be supplied by the customer or sourced externally. The new fueling system is available to the company's entire customer base through an active marketing campaign. The first units were deployed in late September to customers in the D-J Basin, followed with a frac-water heater delivered to the Marcellus later in the year.

Enservco continues to grow capacity organically by serving expanding demand in both existing and new markets. The capex programs target higher-margin businesses: seasonal hot oiling, modestly-seasonal frac-water heating and non-seasonal well maintenance work. The number of acidizing and hot oiling programs in the Rocky Mountain service region continues to expand. In addition, new acidizing programs will be performed in the Texas Panhandle.

Overall, the total 2014 capital expenditure plan significantly expanded the capacity of the company's current equipment fleet. All units were anticipated to be delivered in 2014 with the exception of six hot oil units, which are scheduled for delivery in the first two months of 2015. In addition, the acquisition in North Dakota added 13 units to the field. The combination of increased capacity through the fabrication of units and the acquisition is anticipated to be capable of increasing the annual revenue base by $41 million.

Acquisition of Assets (Bakken Shale Region)

On October 31st, Enservco closed on the acquisition of a package of oilfield service assets, including 12 hot oil trucks, a frac water heating unit and a 6-acre operating yard near Tioga, North Dakota. The acquisition allows Enservco to economically serve the northern Bakken Shale Region of the Williston Basin. The total purchase price was $3.7 million.

Management anticipates that the assets have the potential to add over $6 million in incremental revenues annually. Prospective customers for the hot oiling and frac water heating services include both those had been served by the prior owner of the assets and Enservco's existing customers with operations in the northern Bakken Shale area.

The closing on the operating yard (which contains a maintenance shop and office facility), is contingent on a successful environmental Phase 1 review. Enservco will lease the property until the real estate transaction closes. Of the 13 units, six hot oilers and the frac water heating unit are currently in the field, three are undergoing maintenance to bring them up to Enservco's standards and three require the hiring of operators before they can be deployed.

HEAT WAVES HOT OIL SERVICE and DILLCO FLUID SERVICES

Enservco conducts well enhancement and fluid management operations through Heat Waves Hot Oil Service and Dillco Fluid Services.

Heat Waves Hot Oil Service (80% of revenues in 2013)

Headquartered in Denver Colorado, Heat Waves Hot Oil Service provides frac heating, hot oiling, fluid hauling, acidizing, pressure testing, water hauling and water disposal services in Kansas, Oklahoma, Colorado, New Mexico, Texas, North Dakota, Montana, Wyoming, Pennsylvania, West Virginia and Ohio. Heat Waves has several operations centers, which are usually composed of shop and equipment yard to support approximately 30 vehicles, along with a maintenance shop, offices and living quarters for between 10 and 32 employees. Located in Platteville, CO (serving the Denver-Julesburg Basin); Carmichaels, PA (Marcellus shale and Utica shale); Killdeer, ND (Bakken formation), Cheyenne, WY (Niobrara formation) and Garden City, KS (Mississippi Lime formation), the properties of the operations centers range in size from 1.5 to 13.3 acres of land with shops between 3,200 to 11,700 square feet. Heat Waves employs approximately 126 of the Enservco's 193 full-time employees.

Founded in April 1998, a majority interest in Heat Waves Hot Oil Service was acquired in March 2006 and the remaining interests in 2008. Heat Waves provides both well stimulation (frac heating and acidizing) and maintenance (hot oiling and water hauling) services to oil and natural gas companies. Since 2006, the geographic scope of operations has expanded from the initial service area of Kansas, Oklahoma, eastern Colorado and northern New Mexico to Pennsylvania ((Marcellus shale), North Dakota (Bakken shale), Wyoming (Niobrara formation) and most recently, eastern Ohio (Utica shale). Also, Heat Waves has deepened its presence in Kansas (Mississippi Lime). The company focuses on fluid management services for hydraulic fracturing jobs and workovers (hot oiling and acidizing) to enhance the production of existing wells.

Dillco Fluid Services (19% of revenues in 2013)

With operations centers in Kansas and Oklahoma, Dillco Fluid Services is primarily a provider of **fluid hauling and disposal services** to energy companies working in the Hugoton gas field in western Kansas, northwestern Oklahoma and in nearby counties in the states of Colorado and Texas. Dillco also offers frac tank rentals.

Originally founded by Gene Dill in 1974, Dillco Fluid Services was acquired by Enservco in December 2007. Today, Dillco owns /leases and operates approximately 65 water hauling trucks and trailers equipped with pumps. Fluid hauling trucks have a capacity of up to 130 barrels (5,460 gallons). Also, Dillco owns **four salt water disposal wells**. Fluid hauling (both fresh and produced water) is Dillco's primary source of revenue.

Dillco owns 20frac tanks, which are offered for rental. Frac tanks can store up to 500 barrels (21,000 gallons) of water at the well site during the hydraulic fracturing process, but can also be used for storage

of other fluids, such as produced water, backflow, etc. Dillco's service area includes southwestern Kansas, the Texas panhandle, northwestern Oklahoma and northern New Mexico with operations centers in Garden City, KS; Hugoton, KS; Liberal, KS; Protection, KS and Keyes OK. Dillco employs approximately 55 of the Enservco's 193 full-time employees.

Heat Waves and Dillco owns over 230 pieces of equipment that service the oil & gas industry, of which at least 140 are specialized trucks used for hot oiling, frac heating, water hauling and acidizing.

ENSERVCO CORP. Equipment Inventory	May 2011	May 2012	May 2013	May 2014	Aug. 2014 E	Feb. 2015 E
Frac heating (single units)	15	24	24	24	24	25
Frac heating (double units)	-	-	-	10	10	10
Frac heating (mega units)	-	-	-	-	2	18
Frac heating TOTAL units	15	24	24	44	48	81
Frac heating trucks	15	24	24	34	36	53
Hot oiling trucks	30	27	27	27	34	59
Hot oiling & Frac heating trucks	45	51	51	61	70	112
Water hauling trucks	80	75	75	65	65	65
Acidizing trucks	5	5	3	3	5	7
Frac tanks	25	15	15	20	20	20
Construction units	25	25	15	12	12	12
Misc.	45	70	70	70	70	70
TOTAL	**225**	**241**	**229**	**231**	**242**	**286**

An immaterial amount of revenues is generated from the rental of frac tanks and from providing pressure testing; however, these services contributes to the level of satisfaction and loyalty of customers.

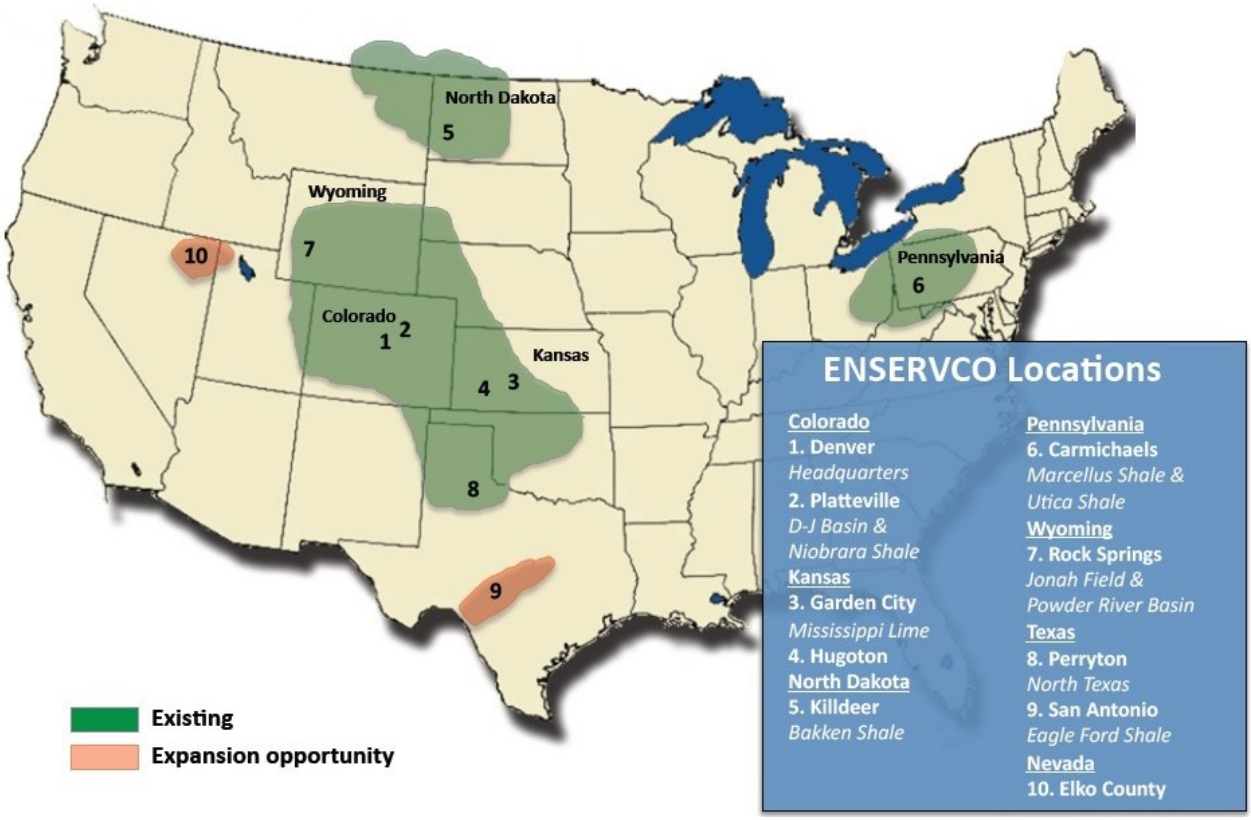
GEOGRAPHIC EXPANSION

Enservco currently provides well-site services to numerous companies in four major, proven, oil and gas basins: **Denver-Julesburg** (targeting Niobrara shale formation in CO and WY), **Hugoton** (Mississippi Lime in KS and OK), **Appalachian** (Marcellus shale in PA and WV and Utica shale in OH) and **Williston** (Bakken shale in ND).

Michael Herman (former COB and CEO) began the formative process of Enservco when he acquired a majority interest in Heat Waves Hot Oil Service LLC in March 2006. At the time, Heat Waves provided hot oiling, frac heating acidizing, pressure testing and water hauling services in eastern **Colorado** and western **Kansas**. The next year, Enservco acquired Dillco Fluid Services, which provided primarily water hauling services in the Hugoton gas field in southwestern **Kansas** and later expanded into nearby areas in adjoining states (northwestern Oklahoma, the Texas panhandle and northern New Mexico). The primary operations centers of Heat Waves and Dillco are in Garden City, KS and Hugoton, KS, respectively.

Timeline of Geographic Expansion

- March 2006 Invest in Heat Waves working in Denver-Julesburg Basin in CO and WY
- December 2007 Add Hugoton Basin (KS) operations by acquiring Dillco Fluid Services
- Mid-2008 Heat Waves enters Uintah Basin (UT and WY)
- January 2010 Expand to Appalachian Basin (PA & WV) with facility in Carmichaels, PA
- September 2011 Enter Williston Basin (Bakken formation) in ND and MT
- September 2011 Expands in D-J Basin (Niobrara formation) - new facility in Cheyenne, WY
- May 2012 Offer water hauling & acidizing services for Mississippi Lime in KS
- August 2012 Exit operations in Uintah Basin due to irrational pricing by competitor
- December 2012 Began operations through MSA agreements for Utica shale formation (OH)
- November 2013 Commissioned for year-round hot oiling work in Green River Basin (WY)
- Mid- 2014 Opened additional service yard in Rock Springs, WY
- October 2014 Acquire yard & 12 hot oil trucks to serve northern Williston Basin (ND)

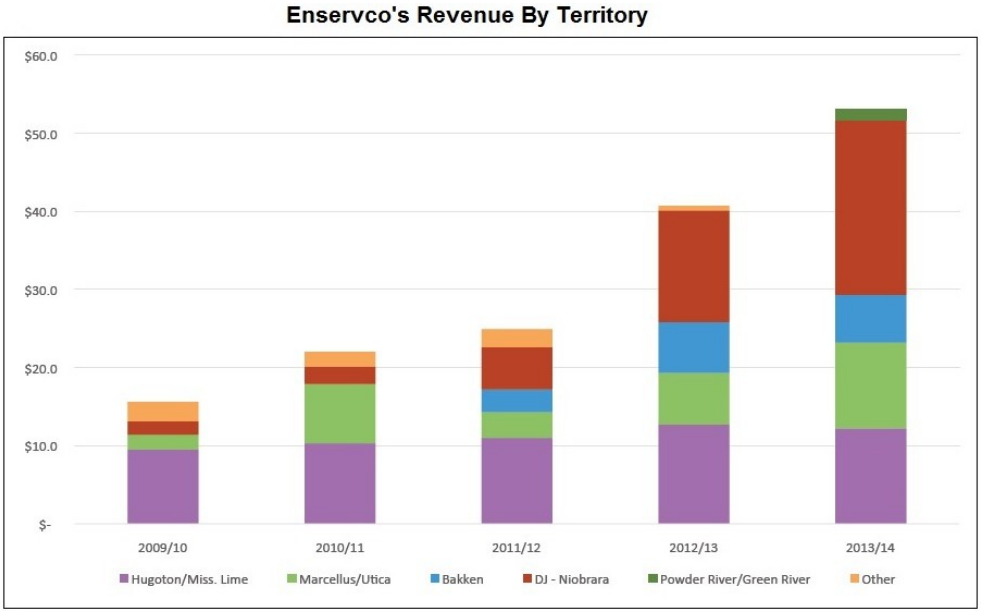


In mid-2008, Heat Waves began serving customers operating in the Uintah Basin in northeastern **Utah** by providing frac heating, hot oiling, water hauling and acidizing services out of an operations center located in Roosevelt, Utah. However, during 2012, a local mom-and-pop company began offering oil & gas services at cost, and management decided to terminate operations in the Uintah Basin due to the irrational pricing practices by a competitor. The facilities in Roosevelt were sold and Heat Waves' equipment was redeployed to more stable and active operations centers.

In early 2010, Heat Waves expanded into the Appalachian Basin through the request of a large, longtime customer to provide frac-heating services for the development of the Marcellus formation in southwestern **Pennsylvania** and northern **West Virginia**. Heat Waves opened an operations center in Carmichaels, PA in January 2010. Within a year, frac heating, hot oiling and water hauling services were being provided to 12 major exploration and production companies in the region. At the present time, four of the five largest operators developing the Marcellus in southwestern Pennsylvania are customers of Enservco. In December 2012, Enservco entered into master service agreements (MSAs) with five major E&P companies which are targeting the Utica shale formation in eastern **Ohio**, where fracking techniques require higher fluid temperatures than in the Marcellus. Therefore, demand for frac fluid heating services

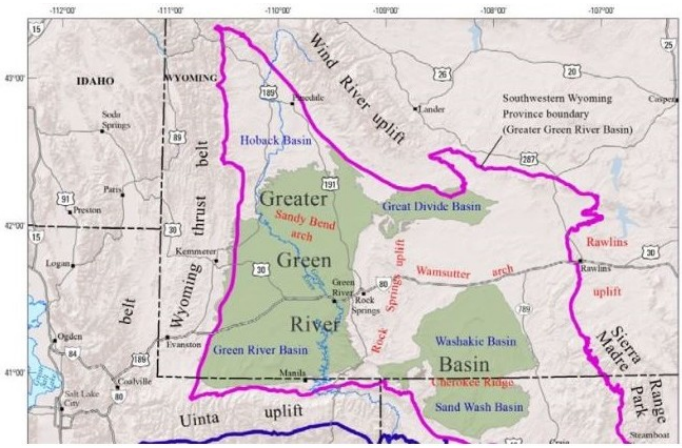
in Ohio should extend throughout most of the year. In the first quarter of 2013, revenues generated from the Eastern USA region increased just over $3.0 million due, in part, to the company's expansion into the Utica.

During September 2011**,** Enservco dramatically expanded its footprint in the Rocky Mountain region. In the north, a new operations center was opened in Killdeer, **North Dakota** to serve operators in the Bakken shale play with a service fleet of frac heaters and hot oilers. In the central Rockies, the company augmented its base of operations addressing Niobrara play in western Colorado and southeastern **Wyoming**. The opening of an operations center in Cheyenne, WY supplemented the company's initial foray into northern Colorado and eastern Wyoming when the yard in Platteville, Colorado opened its doors prior to 2010.



Enservco continues to expand geographically. During the third quarter of 2013, at the request of several existing customers, the company's service territory **expanded to Wyoming's Powder River** and **Green River Basins.** Enservco was commissioned for year-round hot oiling work in the Green River Basin by one of the region's largest operators; this hot oiling program alone potentially could add annual incremental revenue annually of more than $4 million. During 2014, Enservco opened a new service yard in Rock Springs, Wyoming, which will initially serve approximately 10 new and existing customers in the region. Enservco located a hot oiler and an acidizing truck to serve new business opportunities in Texas during the second half of 2014. In October 2014, management opportunistically acquired a package of oilfield service assets, including 12 hot oil trucks, a frac water heating unit and a 6-acre operating yard near Tioga, North Dakota in order to serve the **northern Bakken Shale Region** of the Williston Basin.





Currently, Enservco's most significant territories are the Denver-Julesburg (D-J) Basin in Colorado and Wyoming and the Hugoton gas field in Kansas and Oklahoma, the latter being the service area of Dillco Fluid Services.

SEASONALITY

Historically, Enservco's businesses have experienced seasonality, primarily due to the climate-based demand changes for the services of frac heating and hot oiling that are offered by Heat Waves. The colder weather months of October through March generate a substantial percentage of the company's annual revenues, on average about 66% over the last four years. During the colder months, successful fracturing requires that large amounts of water be heated to properly prepare the frac slurry. Frac heating trucks are also used to heat water flow lines in order to prevent freezing. Incremental demand for hot oiling arises during cold weather periods from services such as heating oil in storage tanks to reduce its viscosity for ease of handling and transport.

Quarterly Revenues as a % of Annual Revenues					
	2010	2011	2012	2013	Average
1Q	32%	39%	30%	40%	35%
2Q	18%	19%	18%	17%	18%
3Q	18%	19%	17%	10%	16%
4Q	32%	24%	34%	33%	31%

Typically, less frac heating and hot oiling are required during the summer season. Consequently, the warmer weather months of April through September have generated only 36% of the company's annual sales. Water hauling from producing wells (primarily Dillco in the mid-West) is not as seasonal since operating wells in the lower 48 produce water regardless of weather conditions.

Management is striving towards moderating the company's seasonality. Efforts to expand into regions that have less variation in demand during the year are being pursued. For example, Enservco entered the service area of the Utica formation in Ohio where demand for frac-water heating extends over most of the year, specifically during nine-to-ten months annually. Furthermore, relatively-new advanced techniques for hydraulic fracturing necessitate higher downhole temperatures and are extending the frac heating season for Heat Waves in Colorado and Wyoming. Lastly, management is working towards expanding services that tend to be schedules during non-winter months, such as acidizing. Through a multi-prong effort, management is attempting to mitigate the seasonality of the company's revenue base.

REVENUE AND GROSS MARGIN ANALYSIS

Owing to the seasonality of Enservco's business mix, sequential quarter comparisons are usually not meaningful. Moreover, a warmer-than-normal winter can negatively impact revenues, which was the case in the winter of 2011.

Also, weather can impact the analysis of year-over-year (YOY) revenue growth of the Well Enhancement Services segment. In the first quarter of 2012 and the third quarter of 2013 appear inordinately low in comparison to other quarters. In the first quarter of 2012, the frac heating and hot oiling components of the Well Enhancement Services segment were affected by higher-than-average temperatures and moderate weather resulting in modest 10.2% YOY top-line growth. However, in the first quarter of 2013, growth accelerated to a rate of 124%. The rapid increase was driven by the multi-dimensional effects of normal weather, capacity additions, new customers and geographic expansion. In the third quarter of

2013, severe flooding in the area of the Denver-Julesburg Basin significantly hampered the growth of revenue from the Well Enhancement segment. The flooding considerably disrupted oil and natural gas operations in the region; Anadarko Petroleum shut down about 650 of its wells in the area and Noble Energy idled 758 wells.

In addition, unusual events can adversely affected revenue growth. The Well Enhancement Services segment was impacted during the second quarter of 2014 when a work stoppage occurred as a result of an incident in the DJ Basin was investigated and evaluated.

Revenue Growth (YOY)					
Well Enhancement Services					
	1Q	**2Q**	**3Q**	**4Q**	**Year**
2011	N/A	N/A	N/A	N/A	35.9%
2012	10.2%	77.5%	37.0%	137.5%	56.8%
2013	123.9%	78.2%	10.8%	40.4%	72.0%
2014	40.5%	-14.6%	45.6%		
Fluid Management					
	1Q	**2Q**	**3Q**	**4Q**	**Year**
2011	N/A	N/A	N/A	N/A	28.7%
2012	-10.9%	-5.5%	19.2%	-6.5%	-0.7%
2013	-3.5%	-2.8%	-18.1%	12.8%	-5.2%
2014	0.1%	5.3%	-9.2%		

Due to the nature of frac heating and hot oiling, quarterly analysis of revenue growth and gross margin aids in the examination of organic growth and its level of profitability. Seasonal variation can be observed with the first and fourth quarters demonstrating higher growth rates and gross margins. Also, unusual events impact quarterly gross margins.

Gross Margin Analysis					
Enservco Corp.					
	1Q	**2Q**	**3Q**	**4Q**	**Year**
2011	37.4%	15.3%	12.8%	23.9%	25.4%
2012	30.9%	20.4%	6.8%	32.3%	25.2%
2013	43.1%	29.0%	3.1%	26.5%	31.3%
2014	35.5%	11.6%	-9.1%		

The Fluid Management segment (water hauling) does not exhibit the robust growth rate of Well Enhancement Services. In addition, management's capacity augmentation programs are emphasizing higher margin frac heating, hot oiling and acidizing services; therefore, in 2013, Fluid Management only represented 19% of Enservco's revenue base, down from 48% in 2009.

Enservco Corp.					
(% of revenues)					
	2009	**2010**	**2011**	**2012**	**2013**
Fluid Management	48%	40%	40%	30%	19%
Well Enhancement Services	42%	54%	58%	69%	80%
Well Site Construction & Roustabout	10%	6%	2%	1%	1%
	100%	100%	100%	100%	100%
	2009	**2010**	**2011**	**2012**	**2013**
Eastern USA (Heat Waves)	0%	26%	28%	11%	18%
Rocky Mountains (Heat Waves)	19%	7%	29%	52%	56%
Central USA (Heat Waves & Dillco)	81%	67%	43%	37%	26%
	100%	100%	100%	100%	100%

INSIDER TRADING AND OWNERSHIP

Corporate insiders own 37.1% of the outstanding common stock. Michael D. Herman (former Chairman and CEO) beneficially controls 10,726,367 shares (or 29.1% of the shares outstanding). Rick Kasch (President) owns 1,546,924 shares (or 4.2%). Over the last three months, Michael Herman sold 3,489,000 shares as he retired from the Board; Rick Kasch purchased 2,400 shares in December, and Gerald Laheney (Director) sold 40,000 shares.

Institutional investors own 35.9% of the shares outstanding of Enservco with Cross River Management LLC beneficially controlling 5,183,117 shares (14.1%), Granahan Investment Management owning 2,240,681 shares (6.1%), Wellington holding 1,050,000 shares (2.8%), Driehaus Capital Management LLC holding 832,172 shares (2.3%), North Star Investment Management owning 493,856 share (1.3%), Hunter Associates holding 492,400 shares and BlackRock Fund Advisors holding 475,536 shares (1.3%). Over the last three months, Cross River Management, Granahan Investment Management, Wellington, Driehaus, North Star and Perritt purchased shares; Blackrock initiated its position. Hunter sold 707,600 shares.

VALUATION

The appropriate security valuation methodology for Enservco is comparative analysis of similar oil service companies. Enservco's mix is relatively unique among public oil services companies, since the majority of revenues are derived from services provided during the hydraulic fracturing process or well site work overs. Therefore, the industry comparables should be carefully chosen such that a significant portion of their revenues are derived from similar services since the character of reoccurring revenues and the related profitability are usually assigned higher valuation multiples. Accordingly, Oil Services & Equipment and E&P companies ought to be avoided.

The applicable valuation parameters for Enservco are price-to-sales (P/S) and enterprise value-to-EBITDA (EV/EBITDA) due the character of the company's enterprise, namely a small-capitalization company with a rapidly growing revenue profile that should continue to expand over time as management invests in the underlying businesses, deepens the company's presence in existing markets and expands into new service territories. **Price-to-sales** valuation incorporates a company's ability to generate revenues and cash flow. The classic valuation parameter for large-cap companies, such as Schlumberger and Halliburton, is **EV/EBITDA**, which is known to be the highest correlated metric and relatively reliable determinant of stock price in the Oil Services & Equipment company universe. Though the risks associated with newer, smaller companies, such as Enservco, are greater than that for more established companies with longer track records, in our view, so are the growth prospects.

Industry Comparables	**% Chg YTD**	**P/E CFY**	**EPS Gr 5Yr Est**	**Rev Grth Est. CFY**	**Price/ Book**	**Price/ Sales**	**EV/ EBITDA**
ENSERVCO CORP.	43.5	9.4	25.0	21.5	5.5	1.6	11.4
S&P 500	2.0	16.7	10.8	N/A	6.1	3.4	15.3
Industry Mean	4.1	19.4	12.7	33.2	3.6	1.2	8.2
Industry Median	0.9	14.8	14.6	33.1	1.9	1.1	4.6
RPC INC.	5.1	37.4	16.0	25.7	2.8	1.3	4.8
WESTERN ENERGY SVC.	-3.8	8.3	15.0	40.5	0.8	1.0	4.2
C&J ENERGY SVCS.	0.7	81.8	19.5	46.7	1.0	0.5	4.5
FLOTEK INDUSTRIES	-7.5	16.9	22.0	20.0	3.0	2.1	19.3

The average P/S multiple of the industry comparables is 1.2 versus ENSV's current multiple of 1.6; the average EV/EBITDA multiple is 8.2 versus ENSV's 11.4. Due to recent pressure on oil service stocks from the decline in the price of oil, Enservco's stock is now trading at a premium to the industry's average P/S and EV/EBITDA multiples. However, given management's aggressive growth plan and its successful implementation, we believe that Enservco stock should be valued in the top decile of comparable companies. Based on evaluating the current price-to-sales and EV/EBITDA of comparable companies, our top decile **target for Enservco stock is $3.44**.

BALANCE SHEET & PROJECTED INCOME STATEMENT

ENSERVCO CORP.

Year ending December 31	2010 (12/31/2010)	2011 (12/31/2011)	2012 (12/31/2012)	2013 (12/31/2013)	2014 (9/30/2014)
ASSETS					
Cash and cash equivalents	1,637,807	417,005	533,627	1,868,190	1,848,435
Accounts receivable, net	4,101,331	4,505,254	7,791,342	11,685,866	3,704,780
Marketable securities	365,786	150,793	-		
Prepaid expenses and other current assets	315,521	593,291	802,020	923,758	1,325,390
Inventories	300,527	549,432	273,103	315,004	376,618
Income taxes receivable	634,941	-			278,268
Deferred tax asset	20,041	187,170	153,466	336,561	285,777
Total current assets	**7,375,954**	**6,402,945**	**9,553,558**	**15,129,379**	**7,819,268**
Property and Equipment, net	14,452,298	14,759,039	15,020,890	17,425,828	27,856,726
Fixed Assets Held for Sale, net	-	412,831	304,429	0	0
Non-Competition Agreements, net	420,000	180,000	30,000	0	0
Goodwill	301,087	301,087	301,087	301,087	301,087
Long-term portion of interest rate swap	-	0	16,171	18,616	2,407
Other Assets	71,537	64,770	630,891	547,338	717,274
TOTAL ASSETS	**22,620,876**	**22,120,672**	**25,857,026**	**33,422,248**	**36,696,762**
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable and accrued liabilities	2,066,353	2,954,687	3,585,785	3,102,912	3,832,833
Income taxes payable	0	0	0	1,278,599	0
Line of credit borrowings	1,050,000	2,263,227	2,151,052	0	0
Current portion of long-term debt	3,107,122	3,867,658	2,236,343	2,562,141	469,786
Current portion of interest rate swap	0	0	24,048	11,966	7,272
Total current liabilities	**6,223,475**	**9,085,572**	**7,997,228**	**6,955,618**	**4,309,891**
Long-Term Liabilities					
Deferred rent payable	-	22,044	20,860	0	0
Senior revolving credit facility	-				13,763,001
Subordinated debt - related party	1,700,000	1,477,760	0	0	0
Long-term debt, less current portion	8,657,675	8,020,435	10,570,928	11,200,048	810,727
Deferred income taxes, net	1,434,282	387,487	451,662	2,421,466	2,430,451
Total long-term liabilities	**11,791,957**	**9,907,726**	**11,043,450**	**13,621,514**	**17,004,179**
Total liabilities	**18,015,432**	**18,993,298**	**19,040,678**	**20,577,132**	**21,314,070**
Stockholders' Equity					
Common stock	108,894	108,894	159,127	174,113	184,577
Additional paid-in-capital	5,489,823	6,112,674	9,864,363	11,568,033	12,615,260
Accumulated earnings (deficit)	(1,150,011)	(3,117,267	(3,202,337)	1,098,900	2,585,810
Accumulated other comprehensive income	156,738	23,073	(4,805)	4,070	-2,955
Total stockholders' equity	**4,605,444**	**3,127,374**	**6,816,348**	12,845,116	15,382,692
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**22,620,876**	**22,120,672**	**25,857,026**	**33,422,248**	**36,696,762**
Shares outstanding	21,778,866	21,778,866	31,825,294	34,822,536	37,018,920

ENSERVCO CORP.

Years ending December 31	2009	2010	2011	2012	2013	2014E
Revenues	**15,388,746**	**18,641,286**	**23,904,384**	**31,497,787**	**46,473,902**	**56,472,373**
Cost of Revenue	13,489,099	14,422,412	17,828,834	23,286,561	31,944,279	41,379,410
Gross Profit	**1,899,647**	**4,218,874**	**6,075,550**	**8,211,226**	**14,529,623**	**15,092,963**
Operating Expenses						
General and administrative expenses	1,486,124	2,540,859	3,515,213	3,550,438	4,070,884	5,076,697
Depreciation and amortization	4,423,934	3,992,367	4,188,052	2,960,153	2,088,767	3,362,414
Total operating expenses	5,910,058	6,533,226	7,703,265	6,510,591	6,159,651	8,439,111
Income (Loss) from Operations	**(4,010,411)**	**(2,314,352)**	**(1,627,715)**	**1,700,635**	**8,369,972**	**6,653,852**
Other Income (Expense)						
Interest expense	(699,125)	(728,241	(699,230	(902,152)	(1,072,912)	(938,799)
Gain (loss) on sale and disposal of equipment	(79,785)	(71,003	(119,023)	(5,739)	169,194	9,743
Gain (loss) on sale of investments	0	188,186	0	24,653	0	0
Unrealized derivative gain (loss)	(140,733)	0	0	0	0	0
Other	7,472	153,557	(49,765)	10,870	36,383	50,218
Total other income (expense)	(912,171)	(457,501	(868,018	(872,368)	(867,335)	(878,838
Income (Loss) From Continuing Ops Before Tax	(4,922,582)	(2,771,853	(2,495,733)	828,267	7,383,218	5,775,014
Income Tax (Expense) Benefit	(972,882)	926,188	897,923	(426,779)	(3,080,059)	(1,056,638
Income (Loss) From Continuing Operations	**(5,895,464)**	**(1,845,665)**	**(1,597,810)**	**401,488**	**4,375,700**	**4,718,376**
Discontinued Operations						
Loss from discontinued operations	0	0	(605,650)	(797,636)	(122,070)	0
Income tax benefit	0	0	236,204	311,078	47,607	0
Loss on discontinued operations, net of tax	0	0	(369,446)	(486,558)	(74,463)	0
Net Income	**(5,895,464)**	**(1,845,665)**	**(1,967,256)**	**(85,070)**	**4,301,237**	**4,718,376**
Other Comprehensive Gain (Loss)						
Unrealized gain (loss) on available-for-sale securities	0	156,738	(133,665)	17,506	0	0
Unrealized gain (loss) on interest rate swap, net	0	0	0	(4,805)	8,875	(10,525)
Settlements - interest rate swap	0	0	0	0	27,331	24,369
Reclassification into earnings, net of tax	0	0	0	(40,579)	(27,331	(24,369
Total other comprehensive gain (loss)	0	156,738	(133,665)	(27,878)	8,875	(10,525)
Comprehensive Income / Loss	**(5,895,464)**	**(1,688,927**	**(2,100,921**	**(112,948)**	**4,310,112**	**4,707,851**
Earnings (Loss) per Common Share - Basic						
Income from continuing operations ($ per share)	-0.41	-0.10	-0.07	0.02	0.13	0.13
Discontinued operations ($ per share)	0.00	0.00	-0.02	-0.02	0.00	0.00
Net Income ($ per share)	-0.41	-0.10	-0.09	0.00	0.13	0.13
Earnings (Loss) per Common Share - Diluted						
Income from continuing operations ($ per share)	-0.41	-0.10	-0.07	0.02	0.12	0.12
Discontinued operations ($ per share)	0.00	0.00	-0.02	-0.02	0.00	0.00
Net Income ($ per share)	-0.41	-0.10	-0.09	0.00	0.12	0.12
Basic weighted average shares outstanding	14,519,214	17,641,876	21,778,86	23,389,151	32,454,965	36,638,23
Diluted weight average shares outstanding	14,519,214	17,641,876	21,778,86	24,316,869	37,113,017	37,957,84
Gross Margin	12.3%	22.6%	25.4%	26.1%	31.3%	26.7%

ENSERVCO CORP.	2012 Year	2013 1Q	2013 2Q	2013 3Q	2013 4Q	2013 Year	2014 1Q	2014 2Q	2014 3Q	2014 4Q E	2014 E Year
	(restated)	(restated)	(restated)	(restated)							
Revenues	**31,497,787**	**18,567,166**	**7,947,635**	**4,803,503**	**15,155,598**	**46,473,902**	**25,242,045**	**7,294,856**	**5,748,754**	**18,186,718**	**56,472,373**
Cost of Revenue	**23,545,101**	10,569,098	5,702,716	4,687,53(	11,145,205	**31,944,279**	16,292,018	6,449,925	6,270,49(	12,366,968	**41,379,410**
Gross Profit	**7,952,686**	7,998,068	2,244,919	115,967	4,010,393	**14,529,623**	8,950,027	844,931	(521,745)	5,819,750	**15,092,963**
Operating Expenses											
General and administrative expenses	**3,291,898**	857,073	1,108,516	859,647	1,205,342	**4,070,884**	1,159,985	1,272,496	1,332,80(	1,311,41(	**5,076,697**
Depreciation and amortization	**2,960,153**	563,836	586,365	543,671	394,896	**2,088,767**	677,463	726,424	884,964	1,073,563	**3,362,414**
Total operating expenses	**6,252,051**	1,420,909	1,694,88(	1,403,31(	1,600,23(	**6,159,651**	1,837,448	1,998,92(	2,217,76(	2,384,97(	**8,439,111**
Income (Loss) from Operations	**1,700,635**	6,577,159	550,038	(1,287,351)	2,410,155	**8,369,972**	7,112,579	(1,153,989)	(2,739,513	3,434,775	**6,653,852**
Other Income (Expense)											
Interest expense	**(902,152)**	(315,015)	(251,655	(247,346)	(259,860)	**(1,072,912)**	(253,524)	(241,903)	(225,062)	(218,310)	**(938,799)**
Gain (loss) on sale and disposal of equipment	**(5,739)**	306,457	0	6,842	(144,105)	**169,194**	14,365	(5,129)	507	0	**9,743**
Gain (loss) on sale of investments	**0**	0	0	0	0	**0**	0	0	0	0	**0**
Unrealized derivative gain (loss)	**0**	0	0	0	0	**0**	0	0	0	0	**0**
Other	**35,523**	14,113	10,215	4,600	7,045	**36,383**	6,900	7,050	21,268	15,000	**50,218**
Total other income (expense)	**(872,368)**	5,555	(241,440)	(235,904)	(396,920)	**(867,335)**	(232,259)	(239,982)	(203,287)	(203,310)	**(878,838)**
Income (Loss) From Cont. Ops. Before Taxes	**828,267**	6,582,714	308,598	(1,523,255)	2,013,235	**7,381,292**	6,880,320	(1,393,971)	(2,942,800	3,231,465	**5,775,014**
Income Tax (Expense) Benefit	**(426,779)**	(2,648,683)	(117,691)	603,835	(916,768)	**(3,079,307)**	(2,694,364)	542,952	1,094,774	0	**(1,056,638)**
Income (Loss) From Continuing Operations	**401,488**	3,934,031	190,907	(919,420)	1,096,467	**4,375,700**	4,185,956	(851,019)	(1,848,026)	3,231,465	**4,718,376**
Discontinued Operations											
Loss from discontinued operations	**(797,636)**	0	0	0	(1,225)	**(122,070)**	0	0	0	0	**0**
Income tax benefit	**311,078**	0	0	0	477	**47,607**	0	0	0	0	**0**
Loss on discontinued operations, net of tax	**(486,558)**	0	0	0	(748)	**(74,463)**	0	0	0	0	**0**
Net Income / Loss	**(85,070)**	3,934,031	190,907	(919,420)	1,095,719	**4,301,237**	4,185,956	(851,019)	(1,848,026)	3,231,465	**4,718,376**
Other Comprehensive Gain (Loss)											
Unrealized gain (loss)-available-for-sale sec. net	**17,506**	0	0	0	0	**0**	0	0	0	0	**0**
Unrealized gain (loss)-int. rate swap, net of tax	**(4,805)**	10,232	(4,135)	355	5,423	**8,875**	(3,773)	483	(3,735)	(3,500)	**(10,525)**
Settlements - interest rate swap	**0**	0	6,838	7,070	6,441	**27,331**	6,599	6,517	6,253	5,000	**24,369**
Reclassification into earnings, net of tax	**(40,579)**	338	(6,838)	(7,070)	(6,441)	**(27,331)**	(6,599)	(6,517)	(6,253)	(5,000)	**(24,369)**
Total other comprehensive gain (loss)	**(27,878)**	10,570	(4,135)	355	5,423	**8,875**	(3,773)	483	(3,735)	(3,500)	**(10,525)**
Comprehensive Income / Loss	**(112,948)**	3,944,601	186,772	(919,065)	1,101,142	**4,310,112**	4,182,183	(850,536)	(1,851,761)	3,227,965	**4,707,851**
Earnings (Loss) per Common Share - Basic											
Income from continuing operations ($ per share)	**0.02**	0.12	0.01	-0.03	0.03	**0.13**	0.12	-0.02	-0.05	0.09	**0.13**
Discontinued operations ($ per share)	**-0.02**	0.00	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	0.00	**0.00**
Net Income / Loss ($ per share)	**0.00**	0.12	0.01	-0.03	0.03	**0.13**	0.12	-0.02	-0.05	0.09	**0.13**
Earnings (Loss) per Common Share - Diluted											
Income from continuing operations ($ per share)	**0.02**	0.11	0.01	-0.03	0.03	**0.12**	0.11	-0.02	-0.05	0.09	**0.12**
Discontinued operations ($ per share)	**-0.03**	0.00	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	0.00	**0.00**
Net Income / Loss ($ per share)	**-0.02**	0.11	0.01	-0.03	0.03	**0.11**	0.11	-0.02	-0.05	0.09	**0.12**
Basic weighted average shares outstanding	23,389,151	31,825,29(	32,099,33(	32,262,63(	33,614,57(	32,454,96(	35,734,09(	36,448,77(	36,816,87(	37,553,21(	36,638,23(
Diluted weighted average shares outstanding	24,316,869	34,998,23(	35,688,55(	32,262,63(	37,359,03(	37,113,01(	38,347,17(	39,114,11(	36,816,87(	37,553,21(	37,957,84(
Gross Margin	**25.2%**	43.1%	28.2%	2.4%	26.5%	31.3%	35.5%	11.6%	-9.1%	32.0%	26.7%

HISTORICAL ZACKS RECOMMENDATIONS



DISCLOSURES

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