Zacks Small-Cap Research

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March 6, 2013
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POZEN, Inc. (POZN-NASDAQ)

POZN: Stock Is Cheap If You Believe A Partnership For PA Gets Done…

Current Recommendation	**Outperform**
Prior Recommendation	Neutral
Date of Last Change	03/07/2007
Current Price (03/06/13)	$6.15
Target Price	**$9.50**

NOTE

The phase 3 clinical data on Pozen's PA-325/40 product has been presented now at three high-profile medical meetings, ACG in October 2012, AHA in November 2012, and AHA-Stroke in February 2013. We believe the results are highly encouraging with respect to reductions in gastric ulcers and discontinuations rates. We believe that PA-325/40 and lower-dose PA-81/40 has the potential to dramatically improve patient compliance and reduce adverse events associated with daily aspiring therapy, and thus it's a meaningful market opportunity for both Pozen and a potential commercialization partner.

We continue to be optimistic on the story and believe the stock is under-valued today. Our rating is 'Outperform' and our target is $9.50.

SUMMARY DATA

52-Week High	**$7.91**
52-Week Low	**$4.31**
One-Year Return (%)	**48.72**
Beta	**1.48**
Average Daily Volume (sh)	**179,531**
Shares Outstanding (mil)	**30**
Market Capitalization ($mil)	**$194**
Short Interest Ratio (days)	**11.12**
Institutional Ownership (%)	**29**
Insider Ownership (%)	**11**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**4.1**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2013 Estimate	**N/M**
P/E using 2014 Estimate	**N/A**

Risk Level	**Average**
Type of Stock	**Small-Growth**
Industry	**Med-Drugs**

ZACKS ESTIMATES

Revenue
(In millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2012	1.3 A	1.4 A	0.9 A	1.4 A	5.3 A
2013	1.6 E	1.7 E	1.7 E	21.9 E	26.9 E
2014					40.1 E
2015					34.5 E

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

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2012	-$0.28 A	-$0.17 A	-$0.19 A	-$0.20 A	-$0.84 A
2013	-$0.19 E	-$0.24 E	-$0.18 E	$0.47 E	-$0.15 E
2014					$0.26 E
2015					$0.04 E

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WHAT'S NEW

Recent Financials

On March 6, 2013, Pozen reported financial results for the fourth quarter and full year 2012. Pozen reported revenues in the quarter of $1.35 million, driven entirely by royalties on $18.4 million in worldwide sales of Vimovo at AstraZeneca. Vimovo continues to muddle along at AstraZeneca. Sales of $18.4 million represent the best quarter to date for the product, although we are hesitant to call this a breakout just yet. There is clearly still work to do here. To date, AstraZeneca has filed applications in 80 countries, won approval in 63 countries, and launched in 52 countries. These statistics continue to improve every quarter; we now wait for signs that the sales are ramping. The fact that sales in the fourth quarter were up 37% sequentially from the $13.4 million in the third quarter 2012 is clearly a positive sign.

For the full year 2012, Pozen reported total revenues of $5.35 million, driven by $4.85 million in royalties on $64.4 million in worldwide sales of Vimovo at AstraZeneca and $0.5 million in an upfront licensing agreement from Desitin Arzneimittel GmbH for the license of MT-400 in 27 countries of the European Union, as well as Switzerland and Norway in May 2012. A side-note to the MT-400 agreement, Desitin terminated the license and returned all rights to MT-400 back to Pozen in March 2013. MT-400 is the development name to Treximet (85mg sumatriptan + 500mg naproxen). GlaxoSmithKline controls the U.S. rights to Treximet, and sold approximately $78 million of the drug in 2012. We have heard that Glaxo is currently looking to divest Treximet. We remind investors that Pozen sold all royalty rights to Treximet back in November 2011 for roughly $75 million in cash – a brilliant move in our view.

Pozen reported a net loss in the fourth quarter 2012 of $6.1 million, or $0.20 per share. This was slightly better than our model which estimated the net loss at $0.21 per share. SG&A was in-line with our model, but R&D expense at only $2.6 million was lower than expected. For the full year 2012, Pozen reported a net loss of $25.3 million, or $0.84 per share. We continue to be impressed with how Pozen controls operating expenses. R&D in 2012 at $11.9 million was nearly half that of the $23.0 million reported in 2011 and the lowest since 2003. We continue to expect low G&A and R&D costs in 2013. Pozen plans to conduct two phase 1 studies to satisfy the European Medicines Evaluation Board (MEB) request on the PA Marketing Authorization Application (MAA), one phase 1 pharmacodynamic (PD) study demonstrating appropriate gastric pH control with PA-100/40 and one bioequivalence (BE) study comparing PA-100/40 to a currently marketed enteric-coated aspirin 100mg product.

Pozen exited 2012 with $87.2 million in cash and investments. Management believes that cash burn in 2013 will be roughly $22 million, which includes no upfront payment from a commercialization partnership on PA. Guidance for 2013 includes filing the U.S. new drug application (NDA) on PA-325/40 and PA-81/40 in the second quarter 2013 and securing a commercialization partner before the end of the year. We think PA could command an upfront payment of $25 million given our belief that peak U.S. sales are roughly $260 million. We discuss PA in greater detail below.

Valuation

We are maintaining our 'Outperform' rating and $10 per share target on the stock. We are comfortable with the filing strategy on PA-325/40 and PA-81/40 in the U.S. We suspect that the application will include all the necessary data to gain approval during the first half of 2014. Additionally, we are pleased with the company's progress with PA outside the U.S. Guidance from the MEB in the Netherlands suggest that no phase 3 trial is necessary for approval in Europe. We have conducted a discounted cash flow (DCF) analysis on Pozen and arrived at a fair value of $9 per share. The current market capitalization of only $190 million represent a steep discount to the cash on hand, the net present value of the future Vimovo royalties, and the potential to partner PA-325/40 later in the year. We have posted our DCF model in the back of this report.

INVESTMENT OVERVIEW

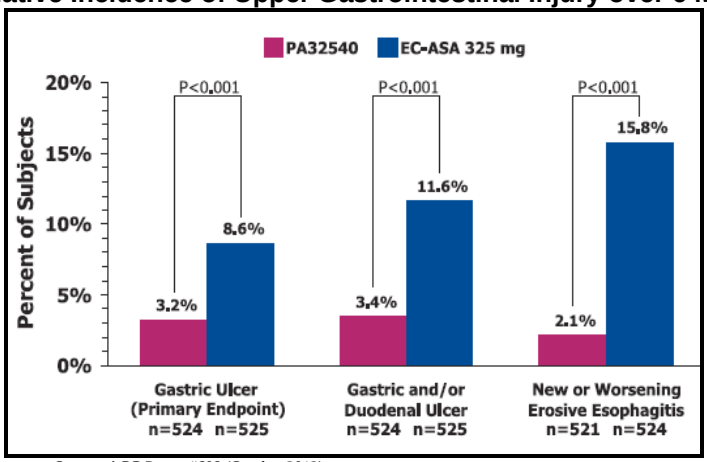
Phase 3 Data Impresses At AHA, ACG, and AHA-Stroke

Full data analysis from the integrated results of the two phase 3 trials with PA-325/40 has now been presented at numerous medical meetings. Management broke up the impressive data between the American College of Gastroenterology (ACG) meeting in late October 2012, the American Heart Association (AHA) meeting in early November 2012, and most recently the American Heart Association International Stroke (AHA-Stroke) conference in early February 2013.

As a reminder, the two phase 3 studies compared PA-325/40 (EC-ASA 325 mg + IR omeprazole 40 mg) to enteric-coated aspirin (EC-ASA) 325 mg in patients requiring aspirin (ASA) for secondary cardiovascular prophylaxis who were at risk for ASA-associated gastric ulceration. In the two phase 3 trials, subjects were randomized to either PA-325/40 or EC-ASA 325 mg, taken once daily in the morning on an empty stomach, approximately 1 hour before breakfast. At baseline, subjects were required to be *H. pylori* stool-antigen negative and have no endoscopic ulcers. Subsequent endoscopies were performed at months 1, 3, and 6. Both trials were run under a special protocol assessment (SPA) with the U.S. Food and Drug Administration (FDA).

The primary endpoint of the study was cumulative proportion of subjects with endoscopically-confirmed gastric ulceration (defined as a mucosal break of at least 3 mm in diameter with depth) at any time throughout 6 months. Results below show an impressive separation for PA-325/40 vs. EC-ASA:

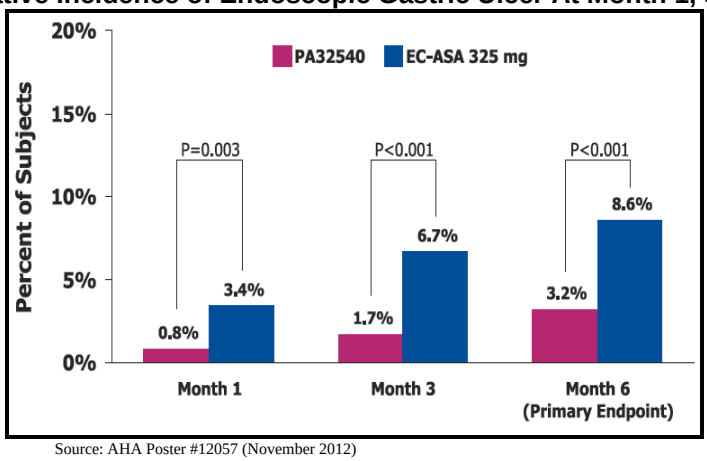
Cumulative Incidence of Upper Gastrointestinal Injury over 6 Months



Source: ACG Poster #608 (October 2012)

Results were even statistically significant as soon as one month after the start of the trial, and held (actually separated from EC-ASA 325 mg) as the trial progressed.

Cumulative Incidence of Endoscopic Gastric Ulcer At Month 1, 3, and 6



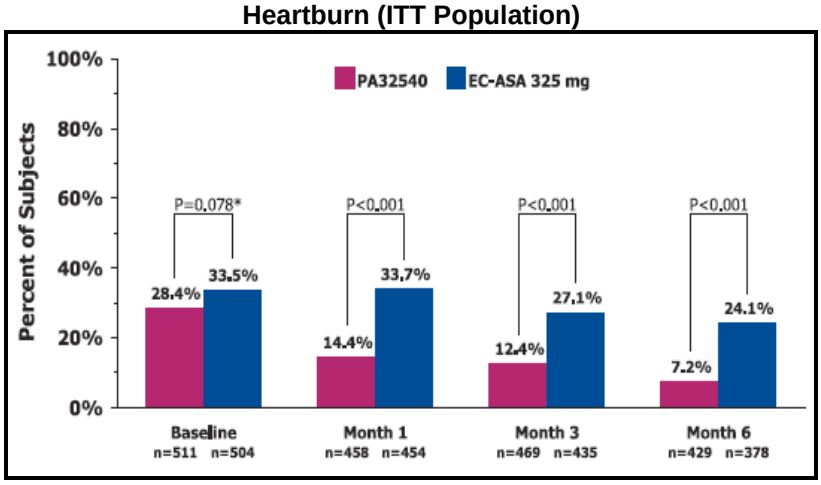
Source: AHA Poster #12057 (November 2012)

The data equate to an impressive 63% reduction in gastric ulcer. The results were remarkably consistent between the two studies, with PA-325/40 yielding 3.8% in Study-1 and 2.7% in Study-2 vs. 8.5% and 8.7%, respectively for EC-ASA 325 mg. Both trials were statistically significant on a stand-alone basis.

These results are consistent with our expectations and show the powerful efficacy of Pozen's drug. When duodenal ulcers were included in the analysis, the reduction increased to 71%. Data on new or worsening erosive esophagitis showed an astonishing 87% reduction in favor of Pozen's PA-325/40 verse EC-ASA 325 mg.

Secondary analysis also show statistically significant reductions in the presence of heartburn as reported on a standardized questionnaire at month 1, 3, and 6. A post-hoc esophageal mucosal assessment showed a meaningful and statistically significant reduction in new esophageal erythema (2.7% vs. 7.6%, p<0.001) and new esophageal erythema or new or worsening erosive esophagitis (4.8% vs. 22.5%, p<0.001).

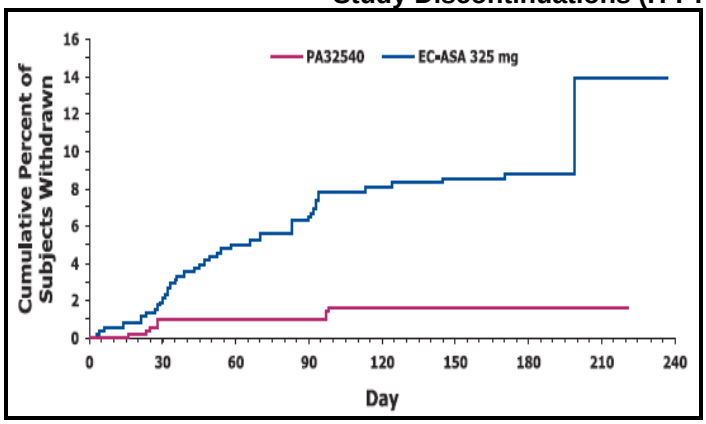
Heartburn (ITT Population)

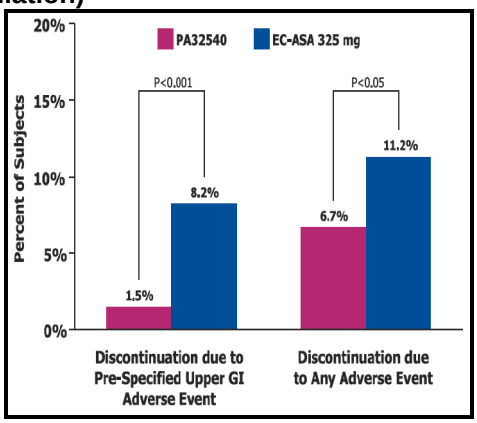


Additional post-hoc analysis of subjects with a history of transient ischemic attack (TIA) or stroke was recently analyzed and presented in February 2013 at AHA-Stroke. The data shows that long-term (6 months) treatment with PA-325/40, compared to EC-ASA (325 mg), was associated with a significantly reduced rate of endoscopic gastroduodenal ulcers (2.0% vs. 12.4% respectively; p=0.005), and study discontinuation due to adverse pre-specified upper GI events (0% vs. 8.0% respectively; p=0.006). The incidence of adjudicated major adverse cardiac events was similar for PA32540 (2.9%) and EC-ASA (325 mg) (4.4%).

Discontinuation rates and treatment success at six months also showed strong statistical significance in favor of Pozen's PA-325/40 versus EC-ASA 325 mg. At six months, the observed incidence of discontinuations due to pre-specified upper-gastrointestinal events was significantly lower with PA-325/40 vs. EC-ASA 325 mg, 1.5% vs. 8.2%, p<0.001. Study discontinuations due to any adverse event showed a 40% reduction in favor of Pozen's drug, 6.7% vs. 11.2% (p<0.05).

Study Discontinuations (ITT Population)





Treatment success at six months was 95.2% for PA-325/40 vs. 83.2% for EC-ASA 325 mg, a 14% improvement in outcome based on intent to treat (p<0.001). However, if we flip that analysis and instead look at treatment failures, the ratios get even more impressive. A 95.2% success rate means a 4.8% failure rate, and an 83.2% success rate means at 16.8% failure rate. Compare 4.8% to 16.8% failure and investors will see that Pozen's drug yields a 71% reduction in treatment failure, with statistical significance. We see that as highly impressive clinical data; and data that should grab the attention of cardiologists as they are looking to effectively treat patients for the secondary prevention of cardiovascular events.

Treatment-emergent adverse events, included GERD, esophagitis, erosive esophagitis, or reflex esophagitis was 6.1% for PA-325/40 versus 23.9% for EC-ASA 325 mg (p<0.001).

Treatment-Emergent Adverse Events

Parameter	PA32540 (n=521)	EC-ASA 325 mg (n=524)
	Number of Subjects (%)	
Gastritis	91 (17.5)	84 (16.0)
Gastritis erosive	60 (11.5)	138 (26.3)
Dyspepsia	59 (11.3)	158 (30.2)
Hiatus hernia	46 (8.8)	56 (10.7)
Duodenitis	29 (5.6)	70 (13.4)
Nausea	17 (3.3)	12 (2.3)
Esophagitis	17 (3.3)	63 (12.0)
Erosive duodenitis	7 (1.3)	37 (7.1)
GERD	7 (1.3)	20 (3.8)
Reflux esophagitis	6 (1.2)	17 (3.2)
Erosive esophagitis	2 (0.4)	33 (6.3)
Duodenal ulcer	1 (0.2)	19 (3.6)

However, potentially the most impressive data from the two posters was the reductions in MACE. Specifically, patients on Pozen's PA-325/40 had a MACE rate of 1.7% vs. 2.5% for EC-ASA 325 mg.

Incidence of Major Adverse Cardiovascular Events

Major Adverse Cardiovascular Event (MACE)	PA32540 (N=521)	EC-ASA 325 mg (N=524)
	Number of Subjects (%)	
Cardiovascular death	0 (0%)	1 (0.19%)
Nonfatal myocardial infarction	5 (0.96%)	3 (0.57%)
Confirmed ischemic stroke	0 (0%)	0 (0%)
Acute coronary syndrome[2]	0 (0%)	4 (0.76%)
Transient ischemic attack	1 (0.19%)	4 (0.76%)
Congestive heart failure	1 (0.19%)	1 (0.19%)
Other, mild CAD	1 (0.19%)	0 (0%)
Other, planned CABG	1 (0.19%)	0 (0%)
Subjects with any MACE	9 (1.7%)	13 (2.5%)
	Total = 22 (2.1%)	

NDA Expected Q2-2013

We believe Pozen remains on track to file the new drug application (NDA) on PA during the second quarter of 2013. We remind investors that back in August 2012, Pozen provided an update on its Type-A meeting with the FDA. The key topic for discussion at the meeting was to define a path forward for both PA-325/40 and PA-81/40. Talks at that meeting centered on the recently completed phase 1 study (Study 115) to assess the bioequivalence and bioavailability of PA-325/40 to enteric-coated aspirin 325 mg using acetylsalicylic acid (ASA) as the analyte.

At the meeting, the FDA confirmed that, although it still believes the data from Study 115 did not strictly establish bioequivalence, a bridge to Ecotrin 325 mg can be established by the submission of additional data in the NDA. This data includes additional pharmacokinetic, clinical pharmacology, and in vitro dissolution data. We suspect that all this will be compiled and ready for submission in May or June 2013. The NDA will include all the necessary data to gain approval for PA-325/40 and PA-81/40 as well.

…European Application In 2013…

Pozen is also in the process of preparing to file for PA in Europe. Pozen recently gained clarity from the Medicines Evaluation Board (MEB) regarding what is required for the approval of PA-325/40 and a lower dosage form containing 100 mg of aspirin and 40 mg of omeprazole (PA-100/40). Similar to the FDA, MEB confirmed that no phase 3 trial was necessary. Pozen plans to conduct two phase 1 studies to satisfy the MEB requests prior to filing the Marketing Authorization Application (MAA). These include one phase 1 pharmacodynamic (PD) study demonstrating appropriate gastric pH control with PA-100/40 and one bioequivalence (BE) study comparing PA-100/40 to a currently marketed enteric-coated aspirin 100mg product. We expect the MAA filing during the second half of 2013. On a side note, MEB has agreed to be the Reference Member State (RMS) in a decentralized filing procedure of PA-325/40 and PA-100/40. We think this is good news. The Netherlands was the RMS for the European Vimovo application. To date, Vimovo has been approved in 64 countries around the world

The path to approval for PA closely models that of Vimovo. For Vimovo (formerly PN-500/20), Pozen ran two parallel phase 3 trials under and SPA in similar design (actually smaller at around 800 patients total) to the PA-325/40 trials. Pozen submitted additional bioequivalence, clinical pharmacology, and CMC data on PN-375/20 with the PN-500/20 NDA filing. The FDA approved both PN-500/20 and PN-375/20 after the first NDA filing. In our view, this gives clear precedent for both agencies to approve PA-325/40 and PA-81/40 (or PA-100/40) in one application.

…A Simple Concept…

PA is such a simple product concept. Over 50 million American's use daily aspirin therapy, with 50% of those patients at risk of developing major complications due to gastric bleeding. Roughly 25% of the people that start a daily aspirin therapy will discontinue or reduce frequency or dose due to serious gastrointestinal side-effects. Roughly 65% of the market is taking 81 mg "baby" aspirin, and we estimate that half of these patients are being under-dosed because of the potential GI toxicity.

We believe that PA-325/40, at $1/day, is about a $250 million product in the U.S., and that's with only 5% penetration. We think that PA-81/40, also at $1/day, essentially doubles the market opportunity to the company. Gaining approval of a low dose PA opens the door to allow millions access to the drug. We think our sales forecasts are easily achievable. We think a similar opportunity exists in Europe. Aspirin is used pretty commonly all around the world. We peg the E.U. opportunity at around $150 million, bringing peak global sales of PA to around $400 million. Again, we believe these forecasts are conservative.

…Partnership Could Drive Shares Higher…

We believe that Pozen will be able to secure a U.S. commercialization partner for PA in after the NDA filing. Management's goal is to have a deal signed in 2013. We believe an upfront payment on PA could be in the area of $25 million (~10% of peak U.S. sales), along with over $150 million in back-end milestones and royalties on sales. A deal that includes countries outside the U.S. presents upside (perhaps a doubling) to these figures. As a point of reference, the Vimovo transaction with AstraZeneca provided $40 million upfront, $45 million in approval milestones, and $290 million in sales milestones plus roughly 10% royalties on sales. Pulling in a deal of this magnitude has the potential to move the stock significantly higher.

DCF MODEL

POZEN, INC.	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Royalties on Treximet (~18%)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
YoY	-	-	-	-	-	-	-	-	-	-	-
Royalties on Vimovo (~10%)	$6.9	$7.6	$9.5	$10.4	$11.3	$12.2	$13.1	$15.0	$15.0	$15.0	$15.0
YoY	*34%*	*10%*	*24%*	*10%*	*9%*	*8%*	*7%*	*15%*	*0%*	*0%*	*0%*
Royalties on PA (~25%)	$0.0	$12.5	$25.0	$37.5	$50.0	$62.5	$75.0	$87.5	$81.3	$75.0	$62.5
YoY	-	-	*100%*	*50%*	*33%*	*25%*	*20%*	*17%*	*-7%*	*-8%*	*-17%*
Licensing & Collaborative	$20.0	$15.0	$0	$5.0	$0	$5.0	$0	$5.0	$0	$0	$0
Revenues (in Millions)	**$26.9**	**$35.1**	**$34.5**	**$52.9**	**$61.3**	**$79.7**	**$88.1**	**$107.5**	**$96.3**	**$90.0**	**$77.5**
CoGS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
R&D	$12.6	$12.5	$12.5	$10.0	$7.5	$5.0	$5.0	$5.0	$5.0	$5.0	$5.0
SG&A	$19.2	$20.0	$20.5	$20.5	$20.5	$20.5	$20.5	$20.5	$20.5	$20.5	$20.5
EBITDA	($4.9)	$2.6	$1.5	$22.4	$33.3	$54.2	$62.6	$82.0	$70.8	$64.5	$52.0
Depreciation and amortization	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$1.8
EBIT	**($5.7)**	**$1.8**	**$0.7**	**$21.6**	**$32.5**	**$53.4**	**$61.8**	**$81.2**	**$70.0**	**$63.7**	**$50.2**
EBITDA margin	*-21.3%*	*5.1%*	*1.9%*	*40.8%*	*53.0%*	*67.0%*	*70.1%*	*75.5%*	*72.7%*	*70.8%*	*64.8%*
Cash Taxes	$0	$0	$0	$0	($4.9)	($16.0)	($18.5)	($24.4)	($21.0)	($19.1)	($15.1)
Tax Rate	*0%*	*0%*	*0%*	*0%*	*15%*	*30%*	*30%*	*30%*	*30%*	*30%*	*30%*
Balance Sheet											
Capital Expenditures	($0.5)	($0.5)	($0.5)	($0.5)	($0.5)	($0.5)	($0.5)	($0.5)	($0.5)	($0.5)	($0.5)
Working Capital	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0
Other Expense	$3.4	$3.6	$3.8	$4.0	$4.0	$4.0	$4.0	$4.0	$4.0	$4.0	$4.0
Captial Adjustments	**$3.9**	**$4.1**	**$4.3**	**$4.5**	**$4.5**	**$4.5**	**$4.5**	**$4.5**	**$4.5**	**$4.5**	**$4.5**
Net Margin	*-21.3%*	*5.1%*	*1.9%*	*40.8%*	*45.0%*	*46.9%*	*49.1%*	*52.9%*	*50.9%*	*49.5%*	*45.3%*
Discounted Cash Flow											
Net Income	($5.7)	$1.8	$0.7	$21.6	$27.6	$37.3	$43.2	$56.8	$49.0	$44.6	$35.1
Depreciation and amortization	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$0.8	$1.8
Net Cash Changes	$3.9	$4.1	$4.3	$4.5	$4.5	$4.5	$4.5	$4.5	$4.5	$4.5	$4.5
Post-Tax Operating Cash Flow	**($1.0)**	**$6.7**	**$5.8**	**$26.9**	**$32.9**	**$42.6**	**$48.5**	**$62.1**	**$54.3**	**$49.9**	**$41.4**
Dividends	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1
Free Cash Flow	**($1.0)**	**$6.7**	**$5.8**	**$26.9**	**$32.9**	**$42.6**	**$48.5**	**$62.1**	**$54.3**	**$49.9**	**$40.4**

Assumptions	
Beta:	1.75
Equity Risk Premium:	6.1%
Risk Free Rate:	1.9%
Risk Adjustment:	100.0%
Discount Rate:	**14.1%**

Valuation	
10-Year Model:	$141
Terminal Growth:	1.0%
Terminal Value:	$72.3
Cash - Debt:	$87
Firm Value:	**$300**

Price Target	
Basic Outstanding:	30.4
Warrants / Options:	0.5
Dilution:	0.5
Fully Diluted:	31.4
Target Price:	**$9.56**

Source: Zacks Investment Research, Inc. *Jason Napodano, CFA*

PROJECTED INCOME STATEMENT

Income statement:

	2011 A	Q1 A	Q2 A	Q3 A	Q4 A	2012 A	Q1 E	Q2 E	Q3 E	Q4 E	2013 E	2014 E	2015 E
Treximet / MT400 (royalty)	**$12.2**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
YOY Growth	*-22.6%*	-	-	-	-	*-100.0%*	-	-	-	-	-	-	-
Vimovo (sales)	$33.8	$16.0	$16.6	$13.4	$18.4	$64.4	$20.0	$21.0	$21.0	$24.0	$86.0	$95.0	$105.0
Vimovo (royalty)	**$2.9**	**$1.3**	**$1.3**	**$0.9**	**$1.4**	**$4.8**	**$1.6**	**$1.7**	**$1.7**	**$1.9**	**$6.9**	**$7.6**	**$9.5**
YOY Growth	*533.0%*	-	-	-	-	*66.5%*	-	-	-	-	*41.9%*	*10.5%*	*24.3%*
PA-Franchise (royalty)	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$12.5**	**$25.0**
YOY Growth	-	-	-	-	-	-	-	-	-	-	-	-	*100.0%*
Licensing / Development	**$71.9**	**$0**	**$0.5**	**$0**	**$0**	**$0.5**	**$0**	**$0**	**$0**	**$20.0**	**$20.0**	**$20.0**	**$0**
YOY Growth	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	$87.0	$1.3	$1.8	$0.9	$1.4	$5.3	$1.6	$1.7	$1.7	$21.9	$26.9	$40.1	$34.5
YOY Growth	*26.8%*	*-70.3%*	*-93.9%*	*-98.6%*	*-69.7%*	*-93.8%*	*-67.4%*	*-97.7%*	*-98.1%*	*1600.5%*	*402.5%*	*49.2%*	*-14.1%*
Cost of Goods Sold	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Product Gross Margin	*100.0%*	-	-	-	-	*100.0%*	-	-	-	-	*100.0%*	*100.0%*	*100.0%*
SG&A	$21.8	$5.6	$4.1	$4.4	$4.9	$19.0	$4.8	$4.8	$4.6	$5.0	$19.2	$20.0	$21.0
% SG&A	*25.0%*	*438.2%*	*230.2%*	*472.8%*	*359.6%*	*355.7%*	*300.0%*	*285.7%*	*273.8%*	*22.8%*	*71.4%*	*49.9%*	*61.0%*
R&D	$23.0	$4.1	$2.9	$2.3	$2.6	$11.9	$2.8	$4.4	$2.6	$2.8	$12.6	$12.5	$12.5
% R&D	*26.5%*	*318.4%*	*162.6%*	*240.0%*	*194.6%*	*221.8%*	*175.0%*	*261.9%*	*154.8%*	*12.8%*	*46.9%*	*31.2%*	*36.3%*
Operating Income	$42.2	($8.5)	($5.2)	($5.8)	($6.1)	($25.5)	($6.0)	($7.5)	($5.5)	$14.1	($4.9)	$7.6	$1.0
Operating Margin	*48.5%*	*-656.6%*	*-292.8%*	*-612.8%*	*-454.2%*	*-477.5%*	*-375.0%*	*-447.6%*	*-328.6%*	*64.4%*	*-18.3%*	*19.0%*	*2.8%*
Interest Income / Net	$0.2	$0.1	$0.1	$0.1	$0.1	$0.3	$0.1	$0.1	$0.1	$0.1	$0.4	$0.4	$0.4
Pre-Tax Income	$42.3	($8.4)	($5.1)	($5.7)	($6.1)	($25.3)	($5.9)	($7.4)	($5.4)	$14.2	($4.5)	$8.0	$1.4
Taxes	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tax Rate	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Net Income	$42.3	($8.4)	($5.1)	($5.7)	($6.1)	($25.3)	($5.9)	($7.4)	($5.4)	$14.2	($4.5)	$8.0	$1.4
YOY Growth	*83.5%*	-	-	-	-	*-159.7%*	-	-	-	-	*-82.1%*	*-277.0%*	*-83.1%*
Net Margin	*48.7%*	*-651.3%*	*-288.7%*	*-605.9%*	*-450.4%*	*-472.7%*	*-368.8%*	*-441.7%*	*-322.6%*	*64.9%*	*-16.8%*	*20.0%*	*3.9%*
Reported EPS	$1.40	($0.28)	($0.17)	($0.19)	($0.20)	($0.84)	($0.19)	($0.24)	($0.18)	$0.47	($0.15)	$0.26	$0.04
Fully Diluted Shares	30.3	30.0	30.0	30.1	30.3	30.1	30.3	30.3	30.4	30.5	30.4	31.0	32.0

Source: Jason Napodano, CFA - Zacks Investment Research, Inc.

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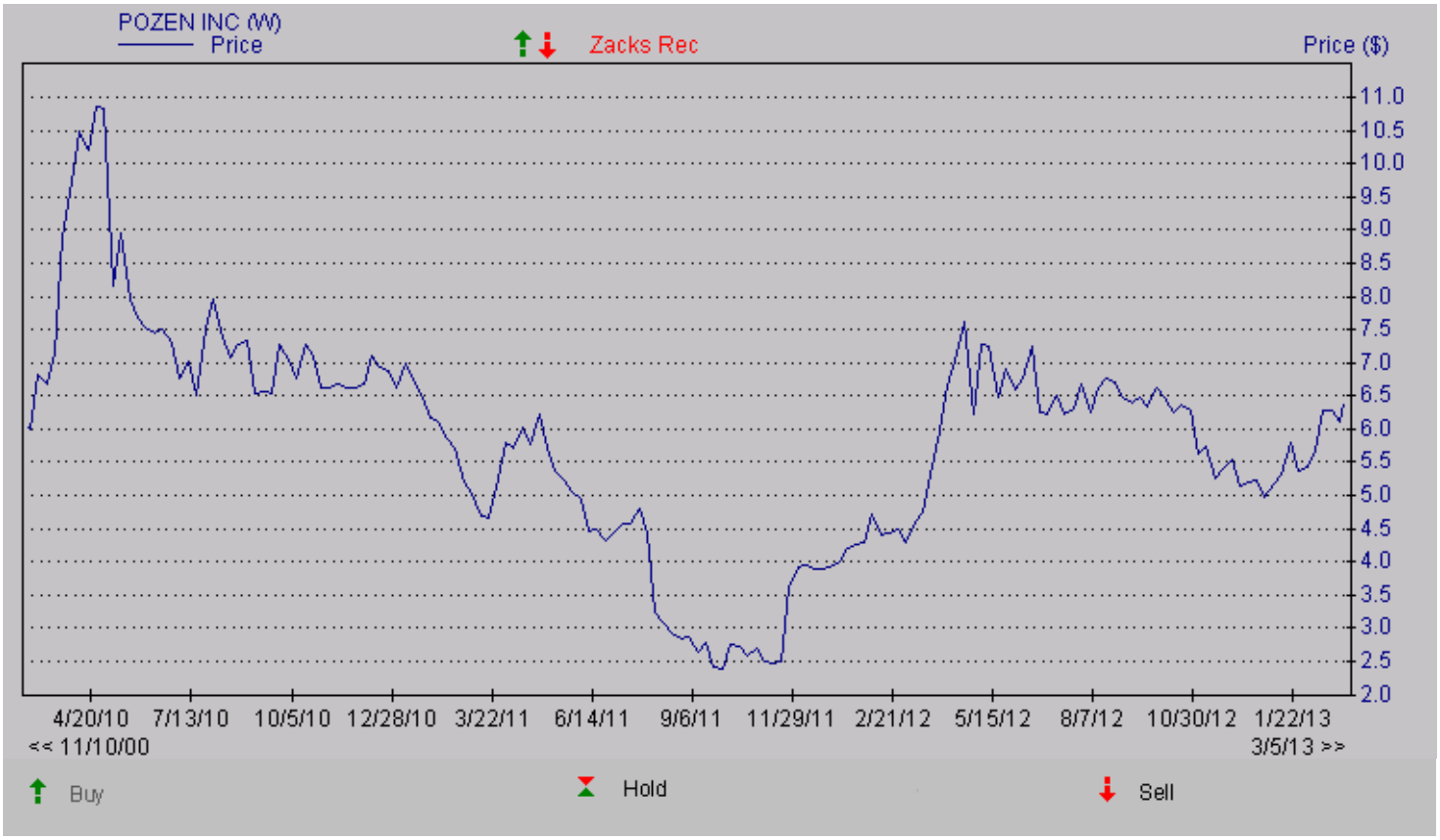

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