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Zacks Small-Cap Research

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Chembio Diagnostics Inc. (CEMI- NASDAQ)

CEMI: DPP Driving Revenue, HIV/Syph Launch in Brazil Could Be Major Catalyst

Current Recommendation	**Outperform**
Prior Recommendation	N/A
Date of Last Change	06/14/2010
Current Price (03/05/15)	$4.02
Target Price	**$9.50**

OUTLOOK

CLIA Waiver granted for DPP HIV assay. CEMI signed distribution agreements and also bldg direct sales force to sell direct in the U.S. Int'l lateral flow sales remain variable which negatively impacted 2014 revenue. DPP international sales have been very strong with FIOCRUZ still very active and HIV/Syph launch in Mexico the drivers in 2014. DPP HIV/Syph launching in Brazil could be major catalyst in 2015.

DPP HIV CLIA waiver was a significant milestone and allows launch to POC channel. DPP U.S. sales will also help fuel growth in 2015 .

Pipeline progress continues - recent partnerships announced to develop Ebola, Dengue Fever, Febrile illness, TBI, malaria and cancer test on DPP platform. CEMI also focused on complementary revenue opportunities including add'l R&D contracts/grants, expansion of international commercialization footprint, and potentially in-licensing products.
CEMI maintains strong cash position and balance sheet.
We are maintaining our Outperform rating.

SUMMARY DATA

52-Week High	**$5.20**
52-Week Low	**$2.83**
One-Year Return (%)	**12.29**
Beta	**0.15**
Average Daily Volume (sh)	**36,357**
Shares Outstanding (mil)	**10**
Market Capitalization ($mil)	**$39**
Short Interest Ratio (days)	**1.67**
Institutional Ownership (%)	**22**
Insider Ownership (%)	**6**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**19.8**
Earnings Per Share (%)	**-31.0**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2015 Estimate	**N/A**
P/E using 2016 Estimate	**22.3**
Zacks Rank	**N/A**

Risk Level	**Average,**
Type of Stock	**Small-Blend**
Industry	**Med Products**

ZACKS ESTIMATES

Revenue
(millions)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	$5.81 A	$7.42 A	$7.31 A	$7.10 A	$27.65 A
2015	$6.59 E	$6.85 E	$7.26 E	$7.67 E	$28.37 E
2016					$34.06 E
2017					$37.63 E

Adjusted Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	-$0.04 A	-$0.02 A	-$0.03 A	-$0.07 A	-$0.16 A
2015	-$0.04 E	-$0.03 E	-$0.01 E	$0.02 E	-$0.06 E
2016					$0.18 E
2017					$0.31 E

Zacks Projected EPS Growth Rate - Next 4 Years % **41**

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WHAT'S NEW

Q4 / Full-Year 2014: *Solid Ending to 2014. DPP HIV/Syph in Brazil Should Help Drive Growth in 2015…*

Chembio ended 2014 on a solid note, despite revenue slipping 6%. And the dip in revenue is hardly representative of the fundamental financial and operation progress the company has made over the last several quarters. Important to highlight is that most of the $1.9 million contraction in sales over the course of 2014 compared to the prior year relates to international lateral flow sales - most of which are tenders from international aid agencies, are unpredictable and which significantly benefitted 2013 but contributed relatively very little in 2014 (int'l lateral flow accounted for 42% and 10% of total product sales in 2013 and 2014, respectively). Also noteworthy is that since mid-year 2014 CEMI has transitioned much of their U.S. lateral flow portfolio from distribution via Alere to a direct sales force and new distribution partners – which almost certainly caused a hiccup in this portion of the business (domestic lateral flow sales accounted for 32% and 27% of total product sales in 2013 and 2014, respectively).

Most of the underlying value of the company resides in its DPP portfolio and related pipeline. And the DPP part of the business – including already commercialized products as well as pipeline candidates made tremendous progress throughout 2014. DPP product sales increased 138% from $6.6 million in 2013 (accounting for 24% of product sales) to $15.7 million in 2014 (accounting for 60% of product sales). We hugely underestimated at the beginning of 2014 the ramp that the DPP products would experience throughout the year, mostly because most of the minimum purchase requirements for FIOCRUZ to trigger the tech transfer agreement had already been met. In 2014 FIOCRUZ purchased an aggregate of $11.8 million worth of DPP tests that exceeded their minimum purchase requirements in order to trigger the tech transfer agreements. We think another major tailwind to the growth during the year came from sales of the DPP HIV/Syphilis test in Mexico. This test appears to already be a huge winner for CEMI and they will look to double-down in 2015 as the test is expected to launch in Brazil.

And the softness in U.S. lateral flow sales may not persist. CEMI has quickly hired a small direct sales force and brought on big-name distributors (McKesson/PSS, Fisher Healthcare and Henry Schein) to detail DPP HIV ½ (which received CLIA waiver in October) as well as these lateral flow products. The company will look to incrementally add to the marketing efforts throughout the current year. Management noted on the Q4 call that demand remains robust for their lateral flow tests so while we continue to view DPP as growth engine of the company, we think lateral flow will remain a meaningful contributor for some time.

On the operational side, as we detailed in a recent investor note, CEMI has been extremely busy stocking its product pipeline. This includes development of tests on its DPP platform for Ebola, Febrille illness, a multiplex test for influenza, Dengue Fever, Malaria and cancer. The company is also now pursuing a test for Traumatic Brain Injury. Some of these pipeline candidates, as management noted on the earnings call, have potential to enter the OUS markets during the current year.

Q4 Financials
Q4 revenue of $7.1 million was down 10% yoy with all (and more) of the contraction related to international lateral flow sales (as noted above, this business is highly irregular and not particularly fundamental to the future of the company). Predictably, U.S. lateral flow sales ticked down single digits in Q4 which we attribute to the roll-off of the distribution agreement with Alere. DPP sales were the highlight, increasing 36% and accounting for 60% of total product sales for the quarter (compared to 41% in Q4 2013).

Q4 gross margin at 41% improved came down slightly from the prior year period (41.6%) but improved significantly from Q3 (36.2%) which we mostly attribute to grant revenue - which was lower than the prior year period but higher than in Q3. For the full year GM was 39.1%, down from 41.6% in 2013. We continue to expect GM to widen with sales of DPP HIV in the U.S. (much of which will be direct and carry relatively high margin). And, as domestic sales account for a larger percentage of total revenue, coupled with the expected introduction of other domestic DPP assays (HIV/Syph for example) in the coming years, we think gross margin can benefit further.

EPS
We use adjusted net income and EPS for consistency purposes. As a reminder, in Q4 2011 CEMI took a non-cash gain of $5.16 million to income from the reversal of deferred tax asset as they expected to generate positive pre-tax income from that point forward. Their GAAP income tax rate of ~35.1% is ~90% non-cash until they exhaust (which, based on our current model will occur sometime in 2019) their entire deferred tax asset which stood at $4.0 million at the end of 2014.

Q4 adjusted net income and EPS of approximately ($653)k and ($0.07) compares to our ($236)k and ($0.02) estimates. Most of the difference relates to higher than modeled R&D expense – which largely relates to grant activities.

Cash
Excluding changes in working capital, cash used in operations was $319k in Q4 and $326k for the full-year. CEMI also used ~$1.5 million during 2014 for enhancements to their manufacturing, distribution and warehouse facilities to improve efficiencies and capacity. CEMI exited 2014 with $4.6M in cash and equivalents, compared to $3.7M at the end of Q3. We note that A/R went up by ~$3.0M since Q2 - which should come down considerably and further improve the company's already healthy cash position and balance sheet.

Business / Pipeline Update
Highlights since the close of 2013 include CEMI terminating the domestic distribution agreement with Alere related to their STAT-PAK HIV rapid lateral flow test. The agreement terminated on June 3, 2014. Alere will continue to distribute CEMI's other lateral flow HIV test, branded as Clearview Complete. CEMI has already hired a small sales force including a director of sales, director of marketing and currently has five sales reps (and expects to add a sixth soon) on board to handle direct sales of STAT-PAK as well as the DPP products. Management has indicated their initial direct sales strategy for STAT-PAK HIV is focused on public health facilities. With CLIA waiver of DPP HIV now granted they expect to incrementally grow their direct sales force which will be complemented with third-party distribution - the company now has at least three distribution agreements in place which includes the major medical device companies, McKesson/PSS, Fisher Healthcare and Henry Schein.

Termination of the Alere agreement came about as Alere launched a competing product, HIV 1/2 antibody / p24 antigen rapid test. The P24 test was initially launched into the "moderately complex" professional lab market and was granted CLIA waiver in December 2014 – with CLIA waiver Alere will now sell into the POC channel, which offers direct competition to CEMI's rapid tests. However, it is unclear how competitive Alere's test may be as these 4th-gen antigen/antibody tests (which are developed to detect both acute and chronic infection) have not performed particularly well in certain studies in terms of sensitivity on the antigen (acute) marker.

Recent Partnerships Exploring Ebola, Dengue Fever, Febrile and Cancer
Over the last several quarters management has been active in growing their pipeline, most of which has been through partnership agreements. Over the last few months the company announced initiation of development programs for tests on their DPP platform for Ebola, Febrile illness, Dengue fever, malaria, traumatic brain injury and cancer.

Ebola, Febrile illness…
CEMI is collaborating with Gaithersburg, MD-based Integrated Biotherapeutics in development of DPP tests for Ebola and Febrile illness for the POC market. Integrated Bio will provide Ebola antibodies, that CEMI noted have already undergone initial testing, in development of an Ebola assay.

Since the October collaboration announcement, CEMI has made substantive progress which includes successful lab testing of the Ebola assay, signing a research agreement with CDC to develop and validate both an Ebola and Febrile illness test, testing the Ebola assay at CDC's lab, submitting pre-qualification for DPP Ebola to WHO as well as to FDA for Emergency Use Authorization. Next steps include field testing the Ebola assay, which is expected to commence in Q2 and then, hopefully WHO pre-qualification and initial OUS commercialization. We think a DPP Ebola test, depending on continued successful development, could possibly be a fairly near-term contributor.

Relative to febrile illness, CEMI should be able to leverage much of what they have learned from the U.S. government grant that was awarded to the company in May 2013 for development of a POC assay for five infectious diseases associated with febrile illness. CEMI envisions a commercial product under their recent collaboration that would be a multiplex test on the DPP platform that could test for several infectious diseases including Ebola, Febrile illness and potentially Dengue fever.

And specific to Dengue fever, the company entered into another recent collaboration - this time with an unnamed partner, for development of a DPP POC test for Dengue fever. Management noted that they think they can move at least some of these projects (most notably Ebola) along fairly rapidly.

Malaria…
In late January 2015 CEMI was awarded a grant from the Bill and Melinda Gates Foundation to evaluate the feasibility of developing a malaria test on the DPP platform. We see this as another high-potential area, given the dearth of rapid and accurate testing options for malaria and the devastation that the disease causes in certain

emerging countries. Development progress of this, along with the Ebola assay, is something that we will be following closely.

Traumatic Brain Injury…
Another recent addition to the product pipeline was announced in January when CEMI disclosed they are collaborating with the Concussion Science Group (CSG) Division of Perseus Science Group LLC in development of a DPP test for traumatic brain injury. Under the agreement CSG will make milestone payments to CEMI in 2015.

Traumatic brain injuries have received significant mainstream media attention of late due to their association with injuries of NFL players and a potential cause for severe depression and some resultant suicides. Identifying the presence of traumatic brain injuries is currently often not possible until either well into their progression or, in some cases, until an autopsy is done. A reliable POC test that could identify traumatic brain injuries therefore would likely have massive appeal.

Cancer…
Recently signed a collaboration agreement with an unnamed (international diagnostics) company for development of a DPP cancer test. The type of cancer was not disclosed

DPP HCV
Chembio is now even more focused on development of a competitive DPP hepatitis C test following the recently released draft recommendation by the CDC that all Americans ages 45 - 65 be tested for the virus as well as independent data published in the Journal of Virology which indicated relatively high accuracy of CEMI's HCV test.

Chembio efforts relative to DPP HCV have most recently focused on improving upon accuracy and competitiveness compared to rapid HCV tests already on the market. Chembio is now looking at antigen detection on top of antibody detection. All the rapid HCV tests currently on the U.S. market are all antibody tests, which can fail to detect the virus especially in the early stages of the disease when antibody presence is low.

In Q3 2012 CEMI completed an initial feasibility study on proprietary antigens and had been awaiting additional proprietary materials to further improve the performance of their initial DPP HCV test (the initial test was used in the study cited in The Journal of Virology article) compared to competitive products. CEMI has since received these and is continuing with development of the test.

Assuming development continues with positive results, clinical trials could commence in the near future with potential commercialization possibly sometime in 2016.

We note that we had removed a DPP HCV test from our model in early 2011 when it looked like CEMI may abandon the program. While we still do not model the test, we will revisit this depending on how things progress.

DPP Syphilis / HIV Combo
We think this DPP Syphilis / HIV combo test is a potentially significant needle-mover for CEMI - initial meaningful revenue contribution appears to have already materialized during 2014. In late October 2013 CEMI announced the test launched in Mexico and that they received their first P.O. for the test from their Mexican distributor. That same month they also announced that the test was accepted on the USAID list of products eligible to be used in international procurement programs. This is the only Syphilis / HIV combo test currently on the USAID waiver list. Management noted the test contributed several million $ worth of revenue during the first 12 months following launch in Mexico. The test looks like it could have potentially significant appeal in emerging markets, particularly for prenatal testing where relatively high rates of both HIV and syphilis are commonplace and programs to reduce the incidence of mother-to-child transmission have been implemented.

Relative to the FDA approval pathway, CEMI submitted a guidance request to the FDA to determine the appropriate regulatory pathway. FDA recently responded that PMA pathway would be required - as opposed to the quicker 510(k). Most recently CEMI announced that FDA indicated to the company that performance of the test will need to comply with a new (higher) standard. CEMI recently requested a meeting with FDA relative to meeting the requirement and hopes to have more information relative to a path to satisfy this standard. If all goes well, we think the test could launch in the point-of-care segment in the U.S. in 2016.

Could Be A Big Contributor in 2015 With Launch in Brazil…
The success of the DPP HIV/Syphilis test in Mexico may be duplicated, or even surpassed in Brazil where it was granted approval by regulators in February 2015. We think the test makes a substantial contribution to product

revenue during the current year. CEMI has also submitted the test for evaluation by CDC and for pre-qualification by WHO for its global procurement programs.

DPP HIV Multiplex P24 Antigen / Antibody

CEMI continues to look to leverage the multiplexing capability of the DPP technology and is now in the early development stages of a DPP HIV P24 Antigen / Antibody test. The potential advantage over their other HIV tests is this multiplex test would be capable of identifying acute (P24 antigen) as well as chronic (antibody) HIV infection, potentially allowing for diagnosis at an earlier state of infection.

Alere has a P24 antigen test which was initially only sold ex-U.S. In late October 2013 Alere received FDA approval of their test (Determine HIV 1/2 Ag/Ab Combo) and in December the test was granted CLIA waiver, allowing it to be used at the point-of-care. While it's currently difficult to judge the potential demand for a P24 test, in part due to somewhat conflicting performance results in clinical studies (earlier P24 test versions suffered from poor sensitivity, although Alere's published clinical test results for their Determine test indicate relatively very high sensitivity and specificity) the advantages of an accurate rapid test that can detect both acute and chronic HIV infection would likely have broad appeal.

In August 2013 CEM announced that they expected to pursue a similar test using its DPP technology. CEMI most recently noted that they will continue to evaluate their strategy for this test.

OTC HIV

CEMI had been waiting for FDA's decision on OraSure's OTC HIV test before going full-bore on their OTC HIV program. In July 2012 the FDA approved OraSure's OraQuick over-the-counter rapid HIV. The test, which uses an oral swab (saliva) as the sample and is basically identical to the test sold to the clinical market, is the first HIV test to be approved for home use.

FDA's decision essentially green-lighted CEMI's move to proceed with their home-use HIV test. Chembio continues to evaluate the OTC market size and opportunity and will proceed cautiously before committing to expensive clinical trials to gain OTC approval of their Sure Check rapid HIV test, which is already FDA approved for the clinical market. The design, scope, size and cost of CEMI's OTC program are yet to be nailed down but Chembio has almost certainly reviewed the path that OraSure already paved and can use that as (at least) a rough guide for what to expect to gain FDA approval. They will also have the advantage of seeing exactly how well OSUR's test sells and the demand for OTC HIV testing.

Chembio completed the self-testing study required for an IDE submittal but it now in sort of a holding pattern and waiting for more history on how OSUR's test does in the market before committing to further development. If CEMI does go ahead and has an IDE granted, CEMI can then work towards their clinical trials. This would initially involve phase II observed clinical studies followed by a pivotal trial.

It's difficult to gauge the scope of the development program that CEMI will need to follow but for reference, OraSure enrolled ~5,800 people in its pivotal clinical trial. We think it's probably safe to assume that this will be a multi-year and multi-million dollar endeavor. As it is now, we assume FDA approval will not happen prior to the out-year (2017) of our model (we have yet to model any contribution from this OTC test). CEMI may also look to partner - we will update our assumptions as necessary.

We think, if and when Chembio gets regulatory approval for and launches their OTC HIV test, it can be very competitive to OraSure's OTC test, particularly on performance. We also note that FDA approved OSUR's OraQuick OTC test, despite seemingly low (~92%) sensitivity when administered by consumers (as opposed to by doctors). This low sensitivity is likely in CEMI's sights and we think that if they can show better performance, that would be a very compelling message when the product rolls out. We do note that OSUR's test uses an oral swab as the sample, whereby CEMI's current Sure Check uses blood. Assuming equal performance, oral swab would be considered an advantage from an ease and comfort of administration basis - but this advantage could be potentially largely negated with superior performance. For obvious reasons, FDA and physicians (and consumers) have serious concerns relative to accuracy of HIV home tests - oral swab versus blood sampling may be a relatively benign convenience gap if CEMI's test shows greater accuracy.

Meanwhile, in March 2014 CEMI announced that their HIV 1/2 STAT-PAK lateral flow test received CE Mark. CEMI is in the process of strategizing distribution of the test for the European POC market. However, as we have noted in the past, we think there may be only limited opportunity in the European POC market due to the lower HIV prevalence in Europe and heavier reliance on clinical lab testing (as opposed to the POC setting).

Complementary Revenue Opportunities

CEMI has recently dedicated a greater focus on what we characterize as complementary revenue opportunities - essentially non-core commercialization activities that have the potential to provide incremental revenue with little additional operating expense. The company has had significant success over the years with scoring R&D contracts and grants from private and government entities related to development of various diagnostic tests which have provided a meaningful contribution to both revenue and margins. Management has indicated that they will be very active in pursuing future contracts.

The other complementary revenue opportunities come from expanding their international footprint with their existing suite of products, something that management has clearly put additional effort into recently and is expected to be an ongoing focus going forward. In May 2013 CEMI entered into an assembly and distribution agreement with Labtest Diagnostica of Brazil whereby CEMI will sell Labtest components to certain DPP tests which will be assembled and sold by the Brazilian company. CEMI will receive a royalty on sales.

In February 2014 CEMI penned technology transfer agreement with RVR Diagnostics or Malaysia whereby RVR will manufacture and distribute the DPP HIV 1/2 and DPP HIV/Syphilis tests in parts of Asia (ex-China) and will pay CEMI a royalty on sales as well as consummation and milestone fees. Chembio indicated that they think this RVR opportunity, in particular, could have significant revenue potential.

OUR OUTLOOK

Revenue

We look for 2015 revenue of $28.4 million, implying an increase of 3% from 2014. We think there may continue to be some lingering near-term softness in domestic lateral flow sales as CEMI completes the transition from distribution via Alere but think this business can stabilize in 2H 2015. International lateral flow sales, as indicated, are particularly difficult to predict given their inherent variability – we currently model flat to mid-single digit growth from 2014 but this is highly subject to change – potentially significantly so.

DPP sales, as noted, were extraordinarily strong in 2014 as FIOCRUZ continued to purchase well beyond their minimum purchase requirements for most of the products under the tech transfer agreement and uptake of DPP HIV/Syphilis in Mexico was tremendous. Given no obvious indication that FIOCRUZ will trigger the transfer and an expectation that DPP HIV/Syphilis comes out strong in Brazil and remains so in Mexico, we think flat to low single-digit growth of the DPP portfolio is a reasonable estimate for 2015.

We currently do not model any of the pipeline products – launch of any of which could provide some upside to our estimates.

Net Income / EPS

We look for adjusted net income and EPS of ($420)k and ($0.06) in 2015, which would be an improvement from ($1.1) million and ($0.16) from 2014.

RECOMMENDATION / VALUATION

We continue to use OSUR as a comp for valuation purposes. OSUR trades at approximately 3x 2015 estimated sales and 2.3x EV/2015 sales. P/S comp values CEMI at ~$8.80/share, EV/S values CEMI at ~$10/share. Average is ~$9.50/share. We are maintaining our Outperform recommendation. Our price target is $9.50/share.

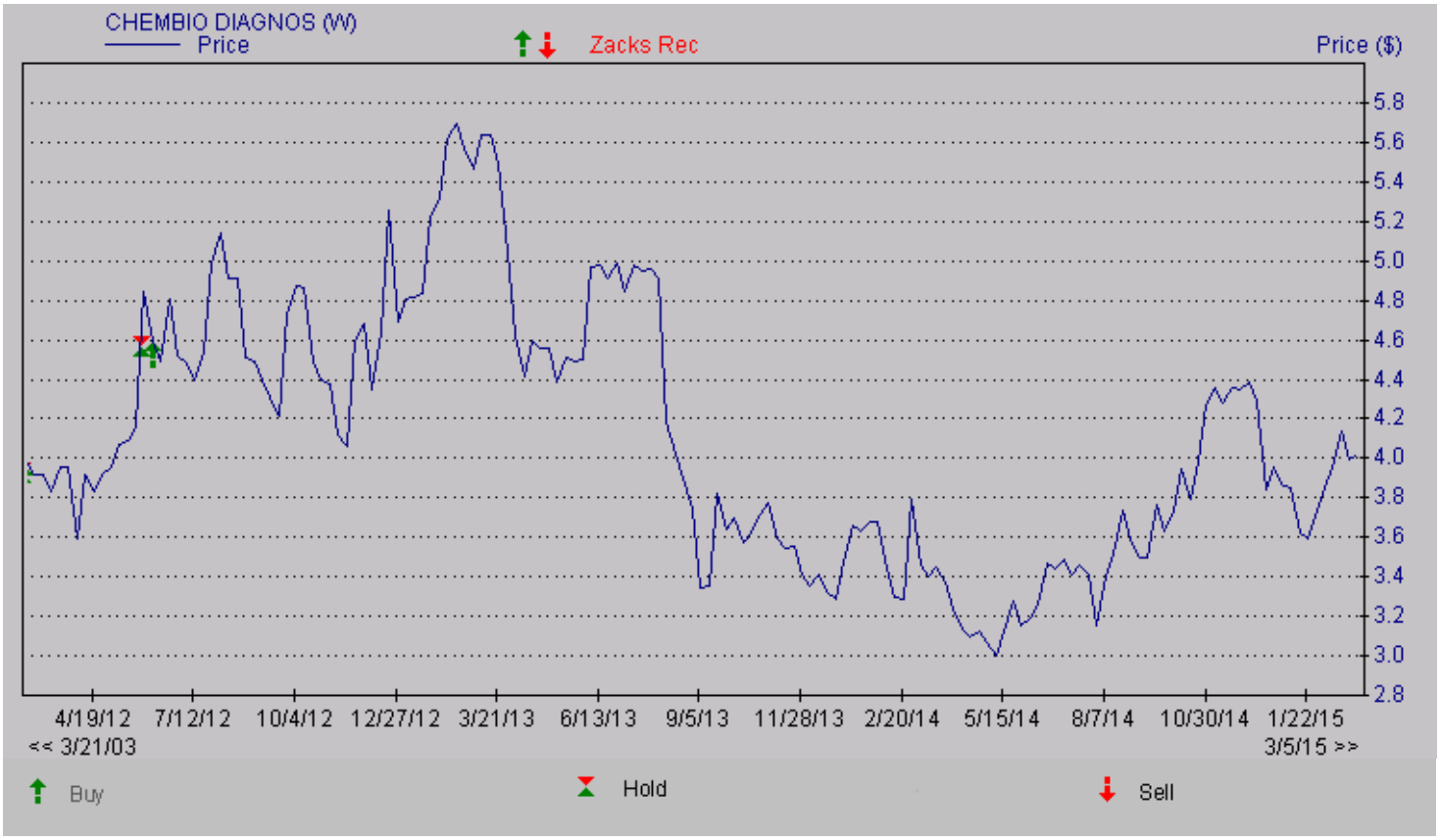
INCOME STATEMENT

Chembio Diagnostics, Inc.

	2014 A	Q1E	Q2E	Q3E	Q4E	2015 E	2016 E	2017 E	2018 E
Product sales	**$25,950**	**$6,321**	**$6,422**	**$6,765**	**$6,919**	**$26,427**	**$31,894**	**$35,313**	**$38,192**
% of total revenue	*93.9%*	*95.9%*	*93.7%*	*93.2%*	*90.2%*	*93.1%*	*93.6%*	*93.9%*	*93.9%*
YOY Growth	*-5.7%*	*28.9%*	*-11.4%*	*-6.7%*	*5.6%*	*1.8%*	*20.7%*	*10.7%*	*8.2%*
License & royalty income	**$24**	**$6**	**$90**	**$139**	**$316**	**$551**	**$864**	**$948**	**$1,079**
% of total revenue	*0.1%*	*0.1%*	*1.3%*	*1.9%*	*4.1%*	*1.9%*	*2.5%*	*2.5%*	*2.7%*
R&D contracts, grants, milestones	**$1,672**	**$265**	**$341**	**$352**	**$438**	**$1,396**	**$1,300**	**$1,365**	**$1,400**
% of total revenue	*6.0%*	*4.0%*	*5.0%*	*4.9%*	*5.7%*	*4.9%*	*3.8%*	*3.6%*	*3.4%*
Total Revenues	$27,645.3	$6,592.0	$6,853.0	$7,256.0	$7,673.0	$28,374.0	$34,057.7	$37,625.9	$40,671.3
YOY Growth	*-6.4%*	*13.4%*	*-7.7%*	*-0.8%*	*8.1%*	*2.6%*	*20.0%*	*10.5%*	*8.1%*
Cost of Revenues	$16,831	$3,951	$3,982	$4,160	$4,186	$16,279	$18,435	$19,952	$21,349
Gross Income	$10,814	$2,641	$2,871	$3,096	$3,487	$12,095	$15,623	$17,674	$19,322
Gross Margin	*39.1%*	*40.1%*	*41.9%*	*42.7%*	*45.4%*	*42.6%*	*45.9%*	*47.0%*	*47.5%*
Product Margin	*35.1%*	*37.5%*	*38.0%*	*38.5%*	*39.5%*	*40.8%*	*42.2%*	*43.5%*	*44.1%*
Research & Development	$4,833	$1,018	$1,066	$1,112	$1,152	$4,348	$4,985	$4,854	$4,688
% R&D	*17.5%*	*15.4%*	*15.6%*	*15.3%*	*15.0%*	*15.3%*	*14.6%*	*12.9%*	*11.5%*
Selling General & Admin	$7,532	$2,044	$2,124	$2,111	$2,118	$8,397	$8,889	$9,595	$9,964
% SG&A	*27.2%*	*31.0%*	*31.0%*	*29.1%*	*27.6%*	*27.4%*	*26.1%*	*25.5%*	*24.5%*
Operating Income	($1,550)	($420)	($319)	($128)	$217	($650)	$1,749	$3,226	$4,669
Operating Margin	*-5.6%*	*-6.4%*	*-4.7%*	*-1.8%*	*2.8%*	*-2.3%*	*5.1%*	*8.6%*	*11.5%*
Other income (expense)	($6)	$0	$0	$0	$0	$0	$0	$0	$0
Interest income, net	$6	$1	$1	$1	$1	$4	$125	$155	$160
Pre-Tax Income	($1,550)	($419)	($318)	($127)	$218	($646)	$1,874	$3,381	$4,829
Taxes	($413)	($147)	($111)	($44)	$76	($226)	$703	$1,268	$1,811
Tax Rate	*26.6%*	*35.0%*	*35.0%*	*35.0%*	*35.0%*	*37.5%*	*37.5%*	*37.5%*	*37.5%*
Net Income	($1,137)	($272)	($207)	($83)	$142	($420)	$1,171	$2,113	$3,018
YOY Growth	*-314.1%*	*21.2%*	*41.6%*	*-69.5%*	*-128.6%*	*-63.1%*	*-379.0%*	*80.4%*	*42.9%*
Net Margin	*-4.1%*	*-4.1%*	*-3.0%*	*-1.1%*	*1.8%*	*-1.5%*	*3.4%*	*5.6%*	*7.4%*
GAAP EPS	($0.12)	($0.03)	($0.02)	($0.01)	$0.01	($0.04)	$0.12	$0.20	$0.28
Adjusted EPS	($0.16)	($0.04)	($0.03)	($0.01)	$0.02	($0.06)	$0.18	$0.31	$0.43
YOY Growth	*-302.1%*	*9.2%*	*34.8%*	*-53.8%*	*-131.7%*	*-63.8%*	*-372.2%*	*69.1%*	*40.5%*
Weighted Avg. Shares O/S	9,529	9,635	9,700	9,728	9,788	9,713	9,955	10,620	10,800

Brian Marckx, CFA

HISTORICAL ZACKS RECOMMENDATIONS



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