Zacks Small-Cap Research

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Enservco Corp. (ENSV- NYSE MKT)

ENSV: Enservco reports 1Q results; raise target to $3.10.

Current Recommendation	**Outperform**
Prior Recommendation	N/A
Date of Last Change	08/07/2013
Current Price (05/20/14)	$2.49
Six- Month Target Price	**$3.10**

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 and profitable revenue growth. Concurrent with the first quarter earnings report, management announced details concerning the first phase of the 2014 capital expenditure plan, which should generate incremental revenues in excess of $15 million annually and continue to drive 30% top-line growth. We reiterate our Outperform rating and raise our target to $3.10.

SUMMARY DATA

52-Week High	**$2.68**
52-Week Low	**$0.90**
One-Year Return (%)	**118.4**
Beta	**-0.10**
Average Daily Volume (shrs.)	**158,018**
Shares Outstanding (million)	**35.7**
Market Capitalization ($ mil.)	**$88.9**
Short Interest Ratio (days)	**0.70**
Institutional Ownership (%)	**12.6**
Insider Ownership (%)	**49.5**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**29.5**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**20.7**
P/E using 2014 Estimate	**10.8**
P/E using 2015 Estimate	**8.0**
Zacks Rank	**3**

Risk Level	**Above Average**
Type of Stock	**Small-Blend**
Industry	**Oil-Field Services**
Zacks Rank in Industry	**20 of 35**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2012	9.5 A	5.6 A	5.5 A	10.8 A	31.5 A
2013	18.6 A	7.9 A	4.8 A	15.2 A	46.5 A
2014	25.2 A	10.8 E	6.0 E	21.0 E	63.0 E
2015					75.0 E

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

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2012	$0.01 A	-$0.02 A	-$0.02 A	$0.04 A	$0.02 A
2013	$0.11 A	$0.01 A	-$0.03 A	$0.03 A	$0.12 A
2014	$0.11 A	$0.02 E	-$0.01 E	$0.11 E	$0.23 E
2015					$0.31 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 **revenue momentum**.
- During the first quarter of 2014, management achieved its goal of **up-listing Enservco's stock to the NYSE MKT Exchange**.
- 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. Most recently, in May 2014, the Credit Agreement was amended increasing the annual limit on capital expenditures to $12.0 million for 2014, up from $6.6 million.
- 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 reiterate our Outperform rating and **raise our price target to $3.10**.

RECENT NEWS

2014 Capacity Expansion Plan

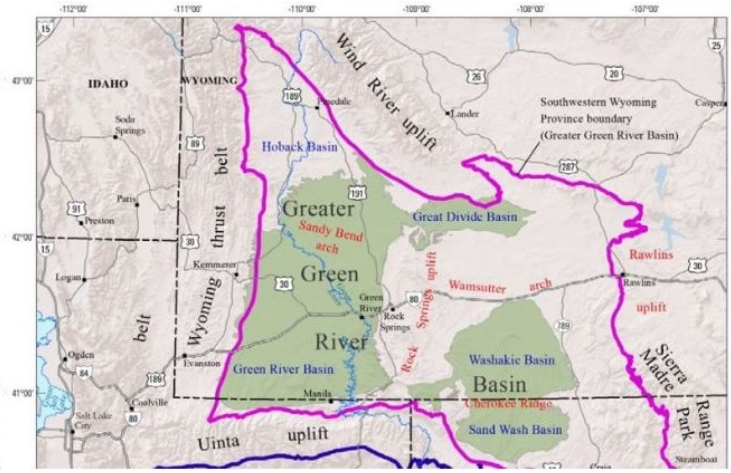
Enservco continues to expand service capacity through the procurement of newly fabricated equipment. Concurrent with the first quarter earnings report, management announced details concerning the **first phase** of the 2014 capital expenditure plan. Many customers have informed Enservco that they anticipate significantly increasing the use of Enservco's acidizing and hot oiling services this year, both in areas currently served by Enservco and in a new geographic market in Wyoming. Also, several customers anticipate higher utilization of Enservco's frac-water heating services during the 2014/2015 cold season. One specific customer indicated the need for up to 20 frac-water heating units, a 500% increase versus the customer's current usage.

Therefore, management has established a two-phase capex program. Phase one consists of a **$9.0 million** program for the fabrication of **10 frac water heaters**, **10 hot oiling units** and **four acidizing trucks**. The new equipment will have the potential of generating annual revenues of between $15 million and $20 million. The initial phase will be funded by internally generated cash flow. The specifics of phase two will be determined later in the second quarter after customer needs, fabrication capabilities and financing options are confirmed.

Geographical Expansion

Enservco continues to expand geographically. During 2014, Enservco will open an additional service yard in Wyoming, probably around mid-year, in order to fulfill stronger demand anticipated during the 2014/2015 season. 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. As a result, new service yard was opened in Rock Springs to initially serve approximately 10 new and existing customers in the region.





Financial Results – 1Q 2014

On May 13, 2014, Enservco reported record quarterly revenue for the first quarter of 2014 ending March 31, 2014. Total revenues increased 35.9% to $25.24 million versus the comparable quarter last year, primarily due to strong demand for well enhancement services (frac heating, hot oiling and acidizing). Revenues of the Well Enhancement segment increased 40.5% to $23.1 million from $16.4 million in the comparable quarter last year, driven colder temperatures, capacity additions in the Rocky Mountain region (where revenues increased 35.4%) and approximately $3.7 million of incremental revenues in the Eastern USA region (where revenues increased 60.6%) from strong demand in the Marcellus (PA and WV) and Utica (OH) regions. However, revenues of the Fluid Management segment increased only 0.1% year-over-year and was impacted by higher labor costs and truck repair costs.

First quarter gross profit improved 11.9% to $8.95 million from $8.00 million in the comparable quarter last year. The gross margin contracted 762 basis points to 35.5% from 43.1% in the comparable quarter last year, primarily due to the effects of higher propane costs. The pricing structure in the DJ Basin was adjusted during January to a cost-plus pricing model, which is used now in all of Enservco's service territories. General and administrative expenses increased 35.3% to $1.16 million versus $857 thousand primarily due to the addition of a CFO in April 2013 and Operations Manager in October 2013, and secondarily from higher investor relations and professional fees. In February 2014, Enservco sold two trucks and a trailer to related parties for $50,000 booking a $12,000 gain. The equipment had not been in service for over two years.

For the quarter, Enservco reported that net income from continuing operations increased 6.4% to $4.19 million versus $3.93 million in the comparable quarter last year. However, EPS were flat at $0.11 per diluted share primarily due to a 9.6 % increase in diluted shares from 34,998,234 to 38,347,173 as in-the-money warrants were exercised. Working capital improved significantly to $11.2 million versus $8.17 million on December 31, 2013.

Financial Results – 4Q and Full Year of 2014

On March 20th, Enservco reported record fourth quarter and full-year revenues for 2013. Revenues and earnings set records for both the fourth quarter and the year. Despite the very strong topline and some pressure on the gross margin due to high propane costs in the Denver-Julesburg (D-J) Basin during the month of December, financial results were in line with estimates, which were recently revised by analysts due to management's pre-announcements concerning strong revenues and propane pricing. Indications of a very robust first quarter of 2014 prompt price target increase.

For the quarter, total revenues increased 39.7% to $15.16 million versus the comparable quarter last year, primarily driven by strong demand for Well Enhancement Services (revenues +46%). Despite the significant increase in revenues, the top line could have been more robust if the flooding in Colorado during September had not extended the delivery schedule for frac heating trucks from November to between late-February and early-March. The gross margin was compressed by 555 basis points from 32.3% in the comparable quarter last year to 26.5% due to a steep increase in propane costs that affected the company's margins in the D-J Basin during the fourth quarter. Pricing agreements in the D-J Basin for frac water heating fees historically have been on a per-barrel-of-water-heated basis. Fortunately, Enservco entered in to pricing agreements that contained propane price adjustment triggers allowing for renegotiated frac water heating fees that pass along changes in the cost of propane. The new pricing structure in the D-J Basin is now permanent and mirrors the pricing agreements that the company has in place in other basins. General and administrative expenses increased 32.5% to $1,265,609 due to higher stock-based compensation, investor relations costs and professional fees. However, total operating expenses increased only 10.1% since depreciation and amortization declined 27.4% due to an accounting change in the estimated useful lives of trucks, equipment and disposal wells that became effective in the second quarter of 2012.

For the year, Enservco reported that total revenues from continuing operations increased 47.5% from $31.5 million to $46.5 million. Revenues of the Well Enhancement segment increased 72.0% from $21.6 million to $37.2 million, driven by capacity additions and increased customer demand in the Rocky Mountain region (revenues +60%) and Eastern USA region (+136%). The increase in revenues from the Rocky Mountain region was driven by increased drilling and completion activity in the Niobrara shale of the D-J Basin, while the impressive revenue increase in the Eastern USA region was a result of the company's further expansion into the Utica shale play and the addition of two sizable customers. During 2013, the company deployed two new hot oil units and five double-burner frac water heating units in the beginning of the year; four additional hot oil trucks near the beginning of the fourth quarter; and three additional frac heaters and a double burner frac heater in December.

The revenues of the Fluid Management segment, which represent approximately 19% of total consolidated revenues, declined 5.2%, primarily due to water hauling customer transitioning in Kansas that resulted in about five weeks of lost revenue. Having lost a low margin water hauling customer during the third quarter, a higher margin service agreement was reached with a new customer in September. Fourth quarter fluid management revenues returned to the level of the fourth quarter of 2013.

In 2013, the gross margin increased by 602 basis points to 31.3% from 25.2% in 2012, despite the impact from higher propane costs in the D-J Basin during the fourth quarter. For the year, net income from continuing operations increased 990% to $4.38 million (or $0.13 per diluted share) versus $401,488 ($0.02 per diluted share) in 2012. Earnings benefited from a sizeable decrease in depreciation expense ($2.07 million), again since the estimated useful lives of the company's trucks, equipment and disposal wells were increased during a reassessment in the second quarter of 2012. Working capital increased significantly to $8.17 million versus $1.56 million on December 31, 2012. During the year, the company received net proceeds of $1,246,300 from the exercise of warrants, and the number of shares outstanding increased 9.4% to 34,822,536.

Enservco listed on the NYSE MKT

On March 5, 2014 Enservco was approved for listing on the NYSE MKT. The company's stock began trading on the NYSE MKT on March 10th.

Investor Presentations

For the last two years, management facilitated **greater investor awareness** of Enservco through presentations at investor conferences. During the months of December 2013 and January 2014, management made road trips to Milwaukee, Chicago, New York City and Boston, along with presenting at the Sidoti Semiannual Micro-Cap Conference at the Grand Hyatt in New York City. During early March 2014, management presented at the 26th Annual ROTH Capital Partners conference in Los Angeles and Northland Capital Markets 2014 Growth Conference in New York City. In April, Enservco participated in the Oil & Gas Investment Symposia (OGIS) of the Independent Petroleum Association of America (IPAA) held in New York City. This month, management presented at the 14th Annual B. Riley & Co. Investor Conference on May 19th in Santa Monica and will participate at the Barrington Research Spring Conference in Chicago, on May 21st.

Financings

In May 2014, the Credit Agreement with PNC Bank was amended increasing the annual limit on capital expenditures to $12.0 million for 2014, up from $6.6 million.

During the first quarter of 2014, warrants were exercised for net proceeds of $89,629 (162,962 shares) and options were exercised for net proceeds of $41,250 (100,000 shares). In addition, the cashless exercise of warrants increased the share count by 1,119,173 shares.

Enservco Wins Award

On March 13, 2014, Enservco was named the Rocky Mountain Region's **Oilfield Service Company of the Year** at the annual Rocky Mountain Oil & Gas Awards event held in Denver. Enservco was selected by a panel of more than 60 judges from a field of approximately a dozen energy service companies operating within the Rocky Mountain region.

Shelf Filing

On April 17, 2014, Enservco filed a shelf registration statement (aka Form S-3) with the SEC, which declared it effective on May 1st. Several purposes were accomplished through the filing:

1. The S-3 allows management the flexibility to offer and sell newly issued securities up to $50 million
2. The S-3 maintains the registration of shares that were previously registered under the S-1 filed on April 26, 2013, which was scheduled to expire.
3. An effective S-3 registration is required to be maintained on shares issued in November 2012 through a private placement.

However, management publically stated in at least two press releases that it has no intention to offer and issue any shelf shares under this filing.

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 45% and 50% 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 **27 hot oiling trucks** and **three acidizing vehicles** with two additional acidizing trucks and four 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 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. Heat Waves Hot Oil Service operates **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.

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

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, 2013 and 2014**, which has enabled organic revenue growth of the Well Enhancement Services segment**.**

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%. ,

Management usually targets the delivery dates of additional frac heating and hot oiling units during the seasonally strong fourth and first fiscal quarters. However, equipment deliveries were altered by weather-related events. Four hot oilers and three frac heating trucks were delivered in the third quarter of 2013 on schedule. However, deliveries for the remaining units under the initial order and all the units of the second tranche were delayed until the first quarter of 2014. Since the fabricator of hot oilers and frac heating trucks is based in Colorado, the flood damage (and later abnormally cold temperatures) impacted the delivery schedule. To fulfill its obligations, the company leased three frac heating units through the end of the season to help meet the strong demand.

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.

Enservco's existing customers have announced major 2014 capital expenditure plans: Noble Energy plans to invest $2.0 billion (or 40% of its total capex program) in the D-J Basin drilling during 2014 while Anadarko Petroleum plans increase 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 has budgeted between $594 million and $634 million for the drilling of 85 to 95 gross wells in the Utica play during 2014. EQT Corp. plans 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. 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. E&P companies are ramping up development of 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.

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 129 are specialized trucks used for hot oiling, frac heating, water hauling and acidizing.

Enservco's Equipment Inventory

Equipment Inventory	May 2011	May 2012	May 2013	Nov. 2013	May 2014
Hot oiling & Frac heating trucks	45[4]	55	51[5]	59[6]	61[7]
Water hauling trucks	80	75	75	75	65
Acidizing trucks	5	5	3	3	3
Frac tanks	25	15	15	15	20
Construction units	25	25	15	15	12
Misc.	45	70	70	70	70
TOTAL	225	245	229	236	231

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.

[4] 30 hot oiling trucks and 15 frac heating trucks.
[5] 27 hot oiling trucks and 24 frac heating trucks.
[6] 31 hot oiling trucks and 28 frac heating trucks.
[7] 27 hot oiling trucks and 34 frac heating trucks (24 single-burner units and 10 double-burner units).

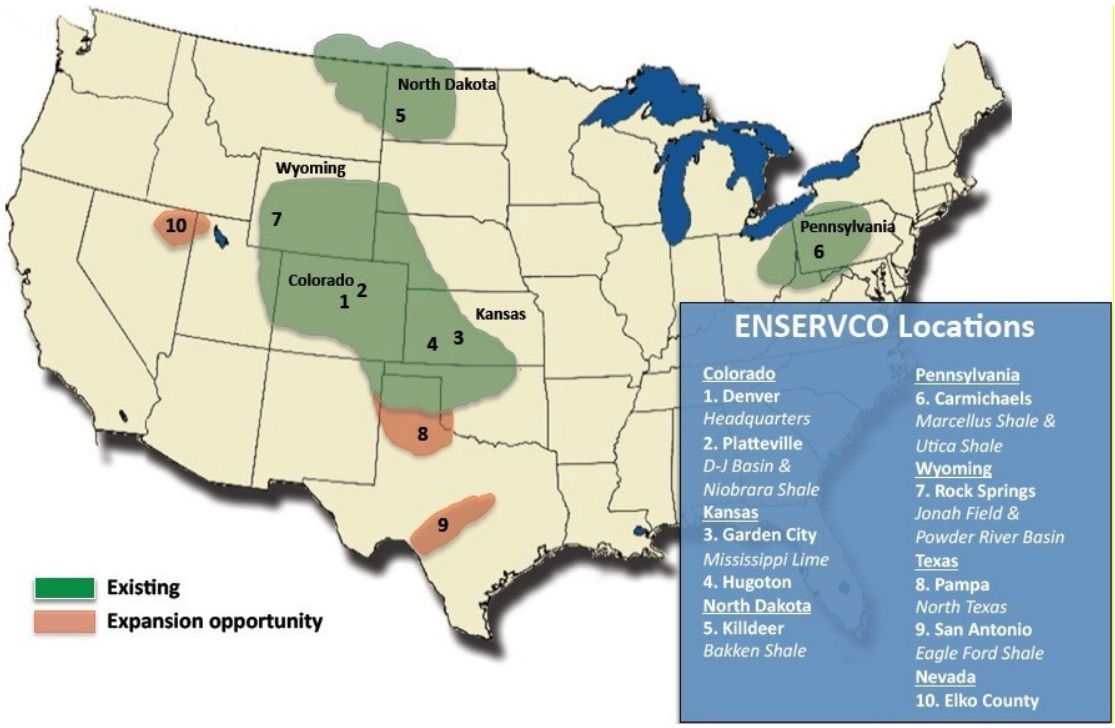
GEOGRAPHIC EXPANSION

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).

CEO Michael Herman 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	Begin offering water hauling & acidizing services for Mississippi Lime out of Garden City, 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)

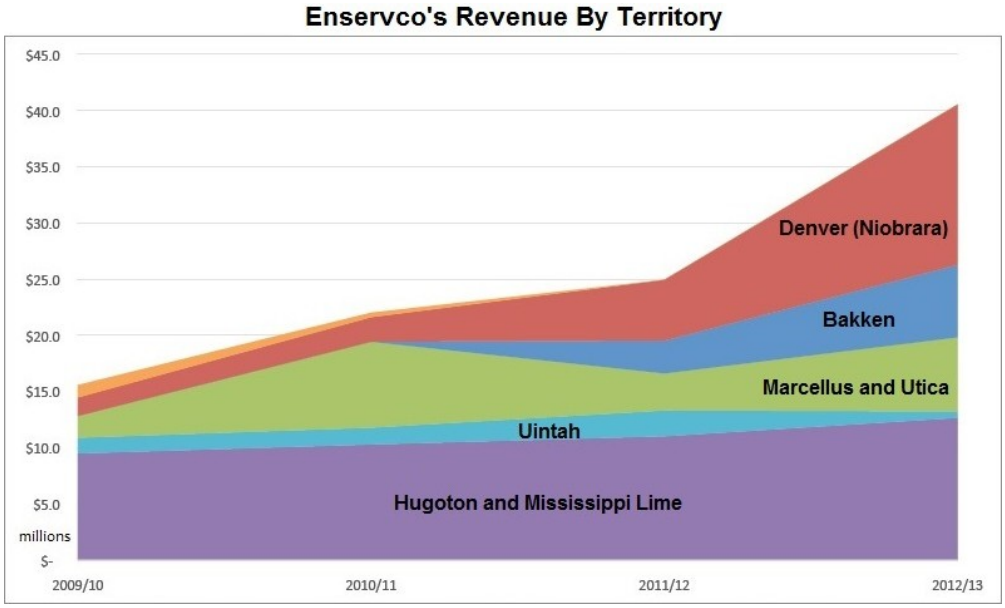


In mid-2008, Heat Waves began serving customers operating in the Uintah Basin in northeastern **Utah** by providing frac heating, hot oiling, water hauling and acidizing services out of an operations center located in Roosevelt, Utah. However, during 2012, a local mom-and-pop company began offering oil &

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. In late 2013, Enservco was commissioned to begin performing year-round hot oiling work in Wyoming's Green River Basin, which is expected to generate more than $4 million in incremental revenue annually.



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.

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%				
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%				

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.

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%				

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 49.5% of the outstanding common stock. Michael D. Herman (Chairman and CEO) beneficially controls 14,215,367 shares (or 41.1% of the shares outstanding). Rick Kasch (President) owns 1,546,924 shares (or 4.5%). Over the last three months, neither Michael Herman nor Rick Kasch has reported any open market transactions.

Institutional investors own 12.6% of the shares outstanding of Enservco as of the end of the latest reporting period, with Cross River Management LLC beneficially controls 3,514,500 shares (10.2%), Perritt Ultra MicroCap Fund holds 406,990 shares (1.2%) and Hunter Associates holds 439,000 shares (1.3%) and Dowling & Yahnke, LLC owns 54,950 shares (0.2%). Over the last three months, Dowling & Yahnke, LLC sold its holding of 54,950 shares while Hunter Associates purchased 102,500 shares. The Perritt funds sold 17,910 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	28.2	10.8	25.0	35.7	4.8	1.6	8.0
S&P 500	2.0	16.1	10.8	N/A	4.6	3.0	13.8
Industry Mean	16.3	28.3	15.4	18.6	4.3	1.7	12.4
Industry Median	4.3	17.1	14.1	18.6	1.6	1.3	8.9
RPC INC	21.0	21.4	10.0	18.2	4.8	2.4	9.3
NUVERRA ENVIRONMENTAL	5.8	N/M	25.0	12.0	0.7	0.9	11.8
C&J ENERGY SVCS	32.8	26.0	20.0	25.2	2.3	1.5	10.4
FLOTEK INDUSTRIES	36.3	27.5	22.0	18.9	5.5	3.7	18.3

The average P/S multiple of the industry comparables is 1.7 versus ENSV's current multiple of 1.6; the average EV/EBITDA multiple is 12.4 versus ENSV's 8.0. In other words, Enservco's stock is trading at a 8% discount to the industry's average P/S multiple and a 36% discount to the average EV/EBITDA

multiple (or an average combined discount of 22%). Given management's aggressive growth plan and its successful implementation, we believe that Enservco stock should be valued at least at a 10% premium to the average multiple of comparable companies. Based on evaluating the current price-to-sales and EV/EBITDA of comparable companies, our **target for Enservco stock is now $3.10**.

BALANCE SHEET & PROJECTED INCOME STATEMENT

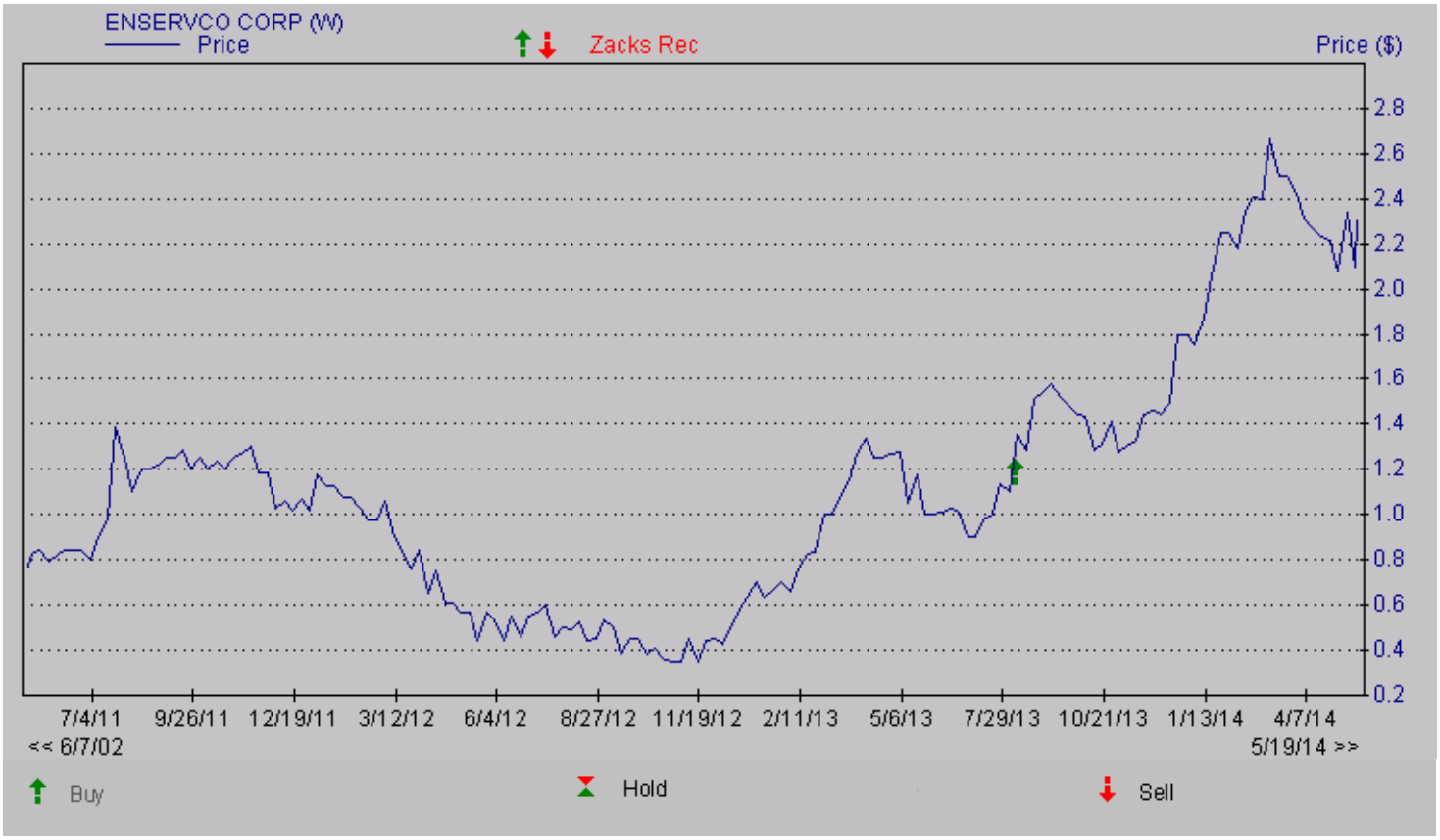
ENSERVCO CORP.					
Year ending December 31	2010 (12/31/2010)	2011 (12/31/2011)	2012 (12/31/2012)	2013 (12/31/2013)	2014 (03/31/2014)
ASSETS					
Cash and cash equivalents	1,637,807	417,005	533,627	1,868,190	1,114,448
Accounts receivable, net	4,101,331	4,505,254	7,791,342	11,685,866	17,814,928
Marketable securities	365,786	150,793	-		
Prepaid expenses and other current assets	315,521	593,291	802,020	923,758	1,293,654
Inventories	300,527	549,432	273,103	315,004	367,813
Income taxes receivable	634,941	-			
Deferred tax asset	20,041	187,170	153,466	336,561	338,973
Total current assets	**7,375,954**	**6,402,945**	**9,553,558**	**15,129,379**	**20,929,816**
Property and Equipment, net	14,452,298	14,759,039	15,020,890	17,425,828	18,217,879
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	12,393
Other Assets	71,537	64,770	630,891	547,338	480,015
TOTAL ASSETS	**22,620,876**	**22,120,672**	**25,857,026**	**33,422,248**	**39,941,190**
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable and accrued liabilities	2,066,353	2,954,687	3,585,785	3,102,912	3,167,423
Income taxes payable	0	0	0	1,278,599	2,762,913
Line of credit borrowings	1,050,000	2,263,227	2,151,052	0	1,158,971
Current portion of long-term debt	3,107,122	3,867,658	2,236,343	2,562,141	2,652,594
Current portion of interest rate swap	0	0	24,048	11,966	11,928
Total current liabilities	**6,223,475**	**9,085,572**	**7,997,228**	**6,955,618**	**9,753,829**
Long-Term Liabilities					
Deferred rent payable	-	22,044	20,860	0	0
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	10,531,321
Deferred income taxes, net	1,434,282	387,487	451,662	2,421,466	2,421,517
Total long-term liabilities	**11,791,957**	**9,907,726**	**11,043,450**	**13,621,514**	**12,952,838**
Total liabilities	**18,015,432**	**18,993,298**	**19,040,678**	**20,577,132**	**22,706,667**
Stockholders' Equity					
Common stock	108,894	108,894	159,127	174,113	181,024
Additional paid-in-capital	5,489,823	6,112,674	9,864,363	11,568,033	11,768,346
Accumulated earnings (deficit)	(1,150,011)	(3,117,267	(3,202,337	1,098,900	5,284,856
Accumulated other comprehensive income	156,738	23,073	(4,805)	4,070	297
Total stockholders' equity	**4,605,444**	**3,127,374**	**6,816,348**	12,845,116	17,234,523
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**22,620,876**	**22,120,672**	**25,857,026**	**33,422,248**	**39,941,190**
Shares outstanding	21,778,866	21,778,866	31,825,294	34,822,536	36,308,271

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**	**63,046,847**
Cost of Revenue	13,489,099	14,422,412	17,828,834	23,286,561	31,944,279	41,027,33
Gross Profit	**1,899,647**	**4,218,874**	**6,075,550**	**8,211,226**	**14,529,623**	**22,019,516**
Operating Expenses						
General and administrative expenses	1,486,124	2,540,859	3,515,213	3,550,438	4,070,884	4,588,904
Depreciation and amortization	4,423,934	3,992,367	4,188,052	2,960,153	2,088,767	1,692,094
Total operating expenses	5,910,058	6,533,226	7,703,265	6,510,591	6,159,651	6,280,998
Income (Loss) from Operations	**(4,010,411)**	**(2,314,352)**	**(1,627,715)**	**1,700,635**	**8,369,972**	**15,738,518**
Other Income (Expense)						
Interest expense	(699,125)	(728,241	(699,230	(902,152)	(1,072,912)	(992,451)
Gain (loss) on sale and disposal of equipment	(79,785)	(71,003	(119,023)	(5,739)	169,194	14,365
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	36,900
Total other income (expense)	(912,171)	(457,501	(868,018	(872,368)	(867,335	(941,186)
Income (Loss) From Continuing Ops Before Tax	(4,922,582)	(2,771,853	(2,495,733	828,267	7,383,218	14,797,333
Income Tax (Expense) Benefit	(972,882)	926,188	897,923	(426,779)	(3,080,059)	(5,794,701
Income (Loss) From Continuing Operations	**(5,895,464)**	**(1,845,665)**	**(1,597,810)**	**401,488**	**4,375,700**	**9,002,631**
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**	**9,002,631**
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	(273)
Settlements - interest rate swap	0	0	0	0	27,331	25,099
Reclassification into earnings, net of tax	0	0	0	(40,579)	(27,331)	(25,099
Total other comprehensive gain (loss)	0	156,738	(133,665)	(27,878)	8,875	(273)
Comprehensive Income / Loss	**(5,895,464)**	**(1,688,927**	**(2,100,921**	**(112,948)**	**4,310,112**	**9,002,358**
Earnings (Loss) per Common Share - Basic						
Income from continuing operations ($ per share)	-0.41	-0.10	-0.07	0.02	0.13	0.24
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	0.24
Earnings (Loss) per Common Share - Diluted						
Income from continuing operations ($ per share)	-0.41	-0.10	-0.07	0.02	0.12	0.23
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	0.23
Basic weighted average shares outstanding	14,519,214	17,641,87	21,778,86	23,389,15	32,454,965	36,820,47
Diluted weight average shares outstanding	14,519,214	17,641,87	21,778,86	24,316,86	37,113,017	39,513,00
Gross Margin	12.3%	22.6%	25.4%	26.1%	31.3%	34.9%

ENSERVCO CORP.	2012 Year	2013 1Q	2013 2Q	2013 3Q	2013 4Q	2013 Year	2014 1Q	2014 2Q E	2014 3Q E	2014 4Q E	2014 E Year
	(restated)	(restated)									
Revenues	**31,497,787**	**18,567,166**	**7,947,635**	**4,803,503**	**15,155,598**	**46,473,902**	**25,242,045**	**10,804,802**	**6,000,000**	**21,000,000**	**63,046,847**
Cost of Revenue	**23,545,101**	10,569,098	5,639,686	4,656,508	11,145,205	**31,944,279**	16,292,018	7,455,314	5,520,000	11,760,000	**41,027,332**
Gross Profit	**7,952,686**	7,998,068	2,307,949	146,995	4,010,393	**14,529,623**	8,950,027	3,349,489	480,000	9,240,000	**22,019,516**
Operating Expenses											
General and administrative expenses	**3,291,898**	857,073	1,169,620	890,675	1,205,342	**4,070,884**	1,159,985	1,228,101	935,209	1,265,609	**4,588,904**
Depreciation and amortization	**2,960,153**	563,836	586,365	543,671	394,896	**2,088,767**	677,463	289,987	161,032	563,612	**1,692,094**
Total operating expenses	**6,252,051**	1,420,909	1,755,985	1,434,346	1,600,238	**6,159,651**	1,837,448	1,518,088	1,096,241	1,829,221	**6,280,998**
Income (Loss) from Operations	**1,700,635**	6,577,159	551,964	(1,287,351)	2,410,155	**8,369,972**	7,112,579	1,831,401	(616,241)	7,410,779	**15,738,518**
Other Income (Expense)											
Interest expense	**(902,152)**	(315,015)	(251,655	(247,346)	(259,860)	**(1,072,912)**	(253,524)	(251,655)	(247,346)	(239,926)	**(992,451)**
Gain (loss) on sale and disposal of equipment	**(5,739)**	306,457	0	6,842	(144,105)	**169,194**	14,365	0	0	0	**14,365**
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	10,000	5,000	15,000	**36,900**
Total other income (expense)	**(872,368)**	5,555	(241,440)	(235,904)	(396,920)	**(867,335)**	(232,259)	(241,655)	(242,346)	(224,926)	**(941,186)**
Income (Loss) From Cont. Ops. Before Taxes	**828,267**	6,582,714	310,524	(1,523,255)	2,013,235	**7,383,218**	6,880,320	1,589,746	(858,587)	7,185,853	**14,797,333**
Income Tax (Expense) Benefit	**(426,779)**	(2,648,683)	(118,443)	603,835	(916,768)	**(3,080,059)**	(2,694,364)	(622,552)	336,226	(2,814,012)	**(5,794,701)**
Income (Loss) From Continuing Operations	**401,488**	3,934,031	192,081	(919,420)	1,096,467	**4,375,700**	4,185,956	967,194	(522,360)	4,371,841	**9,002,631**
Discontinued Operations											
Loss from discontinued operations	**(797,636)**	(118,918)	(1,927)	0	(1,225)	**(122,070)**	0	0	0	0	**0**
Income tax benefit	**311,078**	46,378	753	0	477	**47,607**	0	0	0	0	**0**
Loss on discontinued operations, net of tax	**(486,558)**	(72,540)	(1,174)	0	(748)	**(74,463)**	0	0	0	0	**0**
Net Income / Loss	**(85,070)**	3,861,491	190,907	(919,420)	1,095,719	**4,301,237**	4,185,956	967,194	(522,360)	4,371,841	**9,002,631**
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)	3,000	4,000	(3,500)	**(273)**
Settlements - interest rate swap	**0**	0	6,838	7,070	6,441	**27,331**	6,599	7,000	6,500	5,000	**25,099**
Reclassification into earnings, net of tax	**(40,579)**	338	(6,838)	(7,070)	(6,441)	**(27,331)**	(6,599)	(7,000)	(6,500)	(5,000)	**(25,099)**
Total other comprehensive gain (loss)	**(27,878)**	10,570	(4,135)	355	5,423	**8,875**	(3,773)	3,000	4,000	(3,500)	**(273)**
Comprehensive Income / Loss	**(112,948)**	3,872,061	186,772	(919,065)	1,101,142	**4,310,112**	4,182,183	970,194	(518,360)	4,368,341	**9,002,358**
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	0.03	-0.01	0.12	**0.24**
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	0.03	-0.01	0.12	**0.24**
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	-0.01	0.11	**0.23**
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	-0.01	0.11	**0.23**
Basic weighted average shares outstanding	23,389,151	31,825,294	32,099,337	32,262,639	33,614,572	32,454,965	35,734,093	36,448,773	37,177,748	37,921,303	36,820,479
Diluted weight average shares outstanding	24,316,869	34,998,234	35,688,557	32,262,639	37,359,035	37,113,017	38,347,173	39,114,116	39,896,399	40,694,327	39,513,004
Gross Margin	**25.2%**	43.1%	29.0%	3.1%	26.5%	31.3%	35.5%	31.0%	8.0%	44.0%	34.9%

HISTORICAL ZACKS RECOMMENDATIONS



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