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Zacks Small-Cap Research

Brian Marckx, CFA
bmarckx@zacks.com
Ph (312) 265-9474

scr.zacks.com
10 S. Riverside Plaza, Ste 1600, Chicago, IL 60606

Chembio Diagnostics Inc. (CEMI- NASDAQ)

CEMI: Q1 Revenue Soft But Largely Due To Variable International Sales

Current Recommendation	**Outperform**
Prior Recommendation	N/A
Date of Last Change	06/14/2010
Current Price (05/08/14)	$2.89
Target Price	**$10.00**

OUTLOOK

Dist agreement with Alere terminated and Alere launching competing product which could potentially impact CEMI's U.S. sales - particularly in the near term. CEMI now bldg direct sales force to sell direct in the U.S. Int'l lateral flow sales have been very strong but can be variable which negatively impacted Q1 2014 revenue. DPP sales ex-Brazil could accelerate, particularly with the roll-out of new DPP HIV/Syphilis test. This should help reduce the impact of a flattening or contraction of FIOCRUZ sales in 2014 and a significant reduction in FIOCRUZ-related revenue upon trigger of the tech transfer (which we estimate will happen in 2015).
Pipeline progress continues although delay in DPP HIV CLIA waiver was a setback - we now look for this test to launch in U.S. POC mrkt in 2015. 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	**$5.32**
52-Week Low	**$2.83**
One-Year Return (%)	**-31.81**
Beta	**-0.15**
Average Daily Volume (sh)	**45,129**
Shares Outstanding (mil)	**9**
Market Capitalization ($mil)	**$27**
Short Interest Ratio (days)	**0.23**
Institutional Ownership (%)	**24**
Insider Ownership (%)	**15**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**22.5**
Earnings Per Share (%)	**-31.0**
Dividend (%)	**N/A**
P/E using TTM EPS	**26.27**
P/E using 2014 Estimate	**N/A**
P/E using 2015 Estimate	**32.1**
Zacks Rank	**N/A**

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

ZACKS ESTIMATES

Revenue
(millions)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2013	$6.68 A	$5.39 A	$9.62 A	$7.86 A	$29.55 A
2014	$5.81 A	$6.74 E	$7.33 E	$7.16 E	$27.04 E
2015					$26.55 E
2016					$31.85 E

Adjusted Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2013	$0.05 A	-$0.04 A	$0.11 A	-$0.02 A	$0.11 A
2014	-$0.04 A	-$0.02 E	$0.02 E	$0.03 E	-$0.00 E
2015					$0.09 E
2016					$0.28 E

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

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WHAT'S NEW

Q1 2014

Q1 revenue of $5.8 million was down 13% from the comparable period in 2013 with all of the relative weakness due to a poor showing from international lateral flow sales - which were the lowest since Q2 2011. However, as international lateral flow sales are inherently volatile and reflective of ordering patterns and timing of international procurement programs, the softness in this line item in Q1 is not suggestive of a fundamental trend. As a reminder, international lateral flow sales increased 98% in all of 2013 and were the major catalyst behind the 15% total revenue growth for that year.

Meanwhile, domestic lateral flow sales posted yoy growth of 4% in Q1 and at $2.7M were slightly better than our $2.6M estimate. As of June 3, 2014 CEMI will handle direct sales of the HIV 1/2 STAT-PAK (lateral flow) product as the distribution agreement with Alere will then officially terminate. Alere will still distribute the Clearview Complete HIV lateral flow test but also expects to launch a 4th-gen P24 antigen/antibody rapid HIV test to the POC market if and when CLIA waiver is granted.

Exactly what this means in terms of the direction of CEMI's domestic lateral flow sales is highly uncertain although we think it's not unreasonable to expect some downward pressure for at least the initial couple of quarters following termination of the agreement as CEMI gets its sales strategy implemented. How competitive Alere's P24 rapid test may be is also unclear 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.

CEMI has already started building a sales force - expected to be somewhat skeleton crew initially with the potentially that it builds out with CLIA waiver of the DPP HIV test. John Sperzel, the recently hired CEO, was handpicked to lead CEMI following Larry Siebert's retirement as Sperzel comes with extensive expertise in the POC diagnostics market. That potentially gives CEMI a leg-up in transforming from a distribution-based domestic sales model to one of selling direct.

DPP sales increased by just better than 2% to $1.2M in Q1 although they were well below our $1.9M number. The vast majority of DPP sales continue to be through FIOCRUZ which purchased approximately $6.3M worth of DPP tests in 2013. On the Q1 call management reiterated the expectation that DPP sales in 2014 should come in at about the same level as 2013 - implying that we should see an average quarterly uptick during the remainder of the current year. We also think the newly launched DPP HIV/Syphilis test, which recently made its introduction in Mexico and could attract significant demand in other parts of the world including Africa and South America through donor funded procurement programs, could make a meaningful contribution to revenue during 2014.

Total revenue in Q1 of $5.8M was also well below our estimate ($7.1M) and consisted of $4.9M in product sales ($6.9M estimate) and $909k ($189k estimate) in R&D contracts, grants and milestone revenue. The difference in product revenue was a combination of the miss in international lateral flow sales and lower than modeled DPP sales. The difference in non-product revenue was the $750k signature fee from RVR Diagnostics related to the technology transfer and distribution agreement signed in February related to sales of the DPP HIV and DPP Syphilis tests in parts of Asia.

Q1 gross margin at 39.1% fell from 40.3% in Q1 2013 but was slightly better than our 38.8% estimate as a result of the significantly better than modeled non-product revenue. Despite total gross margin holding up fairly well, product margin at 27.8% was very weak - management pointed to the lower total revenue to cover fixed costs as the reason. For the full year we continue to look for total gross margin to fall compared to 2013 as we expect lower non-product revenue in the current year. We think gross margin begins to expand in 2015 with growth in domestic product sales (via direct sales force). Q1 operating expenses were $2.7M, largely in-line with our $2.8M number.

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 2018) their entire deferred tax asset which stood at $3.7 million at the end of Q1.

Q1 adjusted net income and EPS of approximately ($365)k and ($0.04) came in lower than our ($55)k and ($0.01) estimates. We now look for adjusted EPS of ($0.00) for the full-year 2014.

Cash
Excluding changes in working capital, cash from operations was an outflow of $124k in Q1. CEMI exited the quarter with $9.1M in cash and equivalents, compared to $9.7M at the end of 2013. The balance sheet remains debt-free.

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 terminates on June 3, 2014. Alere will continue to distribute CEMI's other lateral flow HIV test, branded as Clearview Complete. CEMI has already started assembling a sales force including a director of sales and director of marketing to handle direct sales of STAT-PAK as well as the DPP products. The sales force will initially detail STAT-PAK as well as the DPP HIV 1/2 test, the latter which the company just announced they will first sell to the professional lab market as they wait for CLIA waiver. Indications are that the sales force will be incrementally built over time and as new products reach the market - the first initial inflection point likely being CLIA waiver for DPP HIV 1/2 - which could happen in late 2014 or early 2015.

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 recently launched into the "moderately complex" professional lab market and is awaiting CLIA waiver - if and when granted Alere will sell into the POC channel and offer direct competition to CEMI's rapid tests. However, as noted, 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.

Management was somewhat tight-lipped on the Q1 call in terms of what their direct sales strategy will be although did indicate public health facilities will be on the short-list of initial sales calls. Sperzel's background is commercializing diagnostics to the POC market which we think puts CEMI in good hands in terms of swapping a distribution-based sales model with one of going direct. Management indicated that they will share more of their plans on future calls.

The other most recent noteworthy news came in early February 2014 when CEMI announced that CLIA waiver for the DPP HIV 1/2 test will be delayed due to FDA's request of additional positive (i.e. -new infections) test results. CEMI had expected to undertake additional sample collection to satisfy the agency's initial request but follow-on conversations with FDA resulted in the determination that additional clinical studies would not be required. Instead, CEMI will now perform in-house lab studies which are expected to satisfy FDA's requests. As we noted in our prior update the initial delay prompted us to move our anticipated launch of the DPP HIV test back from 1H 2014 to Q1 2015 - while change from additional sample collection to in-house studies potentially means CLIA waiver may be attainable sooner, we continue to model a launch in the POC market in early 2015.

DPP HIV, U.S.
FDA approval for all sample types (oral fluid, whole blood, serum, and plasma) came in December 2012. Studies to support CLIA waiver wrapped up in Q4 and CLIA waiver application was filed in December 2013. CEMI had hoped to have CLIA waiver and launch the test in the U.S. point-of-care market in the first half of this year. As noted above, FDA's request for additional information has prompted us to push back our anticipated POC channel launch to early 2015.

In clinical studies the product has shown to have superior performance to OraSure's oral fluid test as well as other rapid HIV tests using blood samples. CEMI's DPP HIV test's FDA approved label includes claims of sensitivity/specificity on oral fluid and whole blood of 98.9%/99.9% and 99.9%/100%, respectively. Oral fluid sensitivity was 100% among patients not on anti-retroviral medication.

Certain advantages of CEMI's DPP HIV product, including superior performance, long shelf-life, broader label including approved for patients 2 years and older (versus 13 yrs and older with competitors'), and earlier detection on serum samples should bode well for it competing against OraSure's oral fluid rapid HIV test. CEMI's plan for selling the test includes detailing to the public health sector with its own (very small) sales force as well as through distributors to target hospitals and physicians' offices.

DPP Syphilis Screen and Confirm
Syphilis Screen and Confirm (treponemal / non-treponemal) test was CE Marked in Europe in early October 2011. CEMI noted that during Q2 2013 they established distribution for the test in the U.K.

Relative to the road to FDA approval, CEMI believes the data they have, which includes data from a multi-site study done in China with over 3,000 samples and published late last year online in the journal Clinical Infectious Diseases (link: http://cid.oxfordjournals.org/content/early/2012/10/29/cid.cis928.abstract) provides significant support to reinitiate clinical trials in their quest to gain 510(k) clearance from the FDA. CEMI submitted the additional data to the FDA and the regulator responded in February. While CEMI believes they have what they need to pursue trials, in August 2013 they noted that they have a supply issue for a key raw material and until that issue is resolved, the studies will be on hold. Prior to this issue CEMI had hoped to commence the studies in April or May, submit the 510(k) application by end of Q3 2013 and have FDA clearance by mid-2014. Obviously that timeline will now not happen.

As a reminder, CEMI had previously announced that they have already identified 3 study sites and drafted contracts related to the studies - so at least some of the early leg-work seems to be done.

We think CEMI's DPP POC syphilis screen and confirm test could have significant appeal given that it would be the first POC treponemal/non-treponemal test on the market with accuracy competitive to lab tests. The test would potentially draw significant demand overseas as well, particularly in developing countries where infectious diseases (including HIV and syphilis) can be overly problematic.

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 including 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 mid-2014 with potential commercialization in early 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 with initial meaningful revenue contribution beginning this year. 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. In October they also announced that the test was accepted on the USAID list of products eligible to be used in international procurement programs. This will be the only Syphilis / HIV combo test currently on the USAID waiver list. The test could potentially have 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 within the next few months relative to a path to satisfy this standard. With this delay, CEMI now hopes to have the test approved, CLIA waived and launched in the U.S. market sometime next year. We more conservatively model a launch in the point-of-care segment in early 2016, an approximate 6 month delay from our prior timeline.

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).

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 is currently undergoing CLIA waiver studies. Alere noted that they had expected to submit a CLIA waiver application in Q4 2013 although it appears this timeline has been pushed back. Nonetheless, CLIA waiver and launch could happen during the current year. 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.

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.

Management also noted on the Q4 2013 earnings call that they are open to considering in-licensing products - which would presumably leverage off of their future domestic sales force - a low-risk, incremental revenue opportunity.

OUR OUTLOOK

Revenue

We look for 2014 revenue of $27.0 million, implying a decline of 9% from 2013. We currently model mid single-digit growth in U.S. lateral flow sales and a low-to-mid single-digit contraction in international lateral flow sales. We note, however, that international sales in particular are difficult to forecast given that they are largely driven by purchases from international procurement programs - purchase timing and amounts of which can be highly variable. As such, our estimates are subject to change. We model FIOCRUZ-related revenue of approximately $2.8M - a decline of about 8% from 2013 and moderately more conservative than management's guidance. We also look for (non FIOCRUZ-related) contribution from the newly launched DPP HIV/Syphilis test from sales in Mexico as well as other parts of the world.

Net Income / EPS

We think net income and EPS come down due to contraction in revenue, an increase in SG&A expense as a result of the additional sales force and tightening in gross margin. We model adjusted net income and EPS of ($25) and ($0.00) in 2014 (compared to $989k and $0.11 in 2013).

For 2015 we model slight negative revenue growth (due to our expectations that FIOCRUZ will trigger the technology transfer) yet increases in net income and EPS, the latter a result of wider gross margin from a higher percentage of domestic sales and realization of manufacturing efficiencies, greater leverage on SG&A and flat R&D expense.

RECOMMENDATION / VALUATION

We continue to believe that CEMI trades significantly cheaper than warranted. We value CEMI using 3.5x our estimated 2014 revenue which values the company at approximately $10.00/share. We are maintaining our Outperform rating.

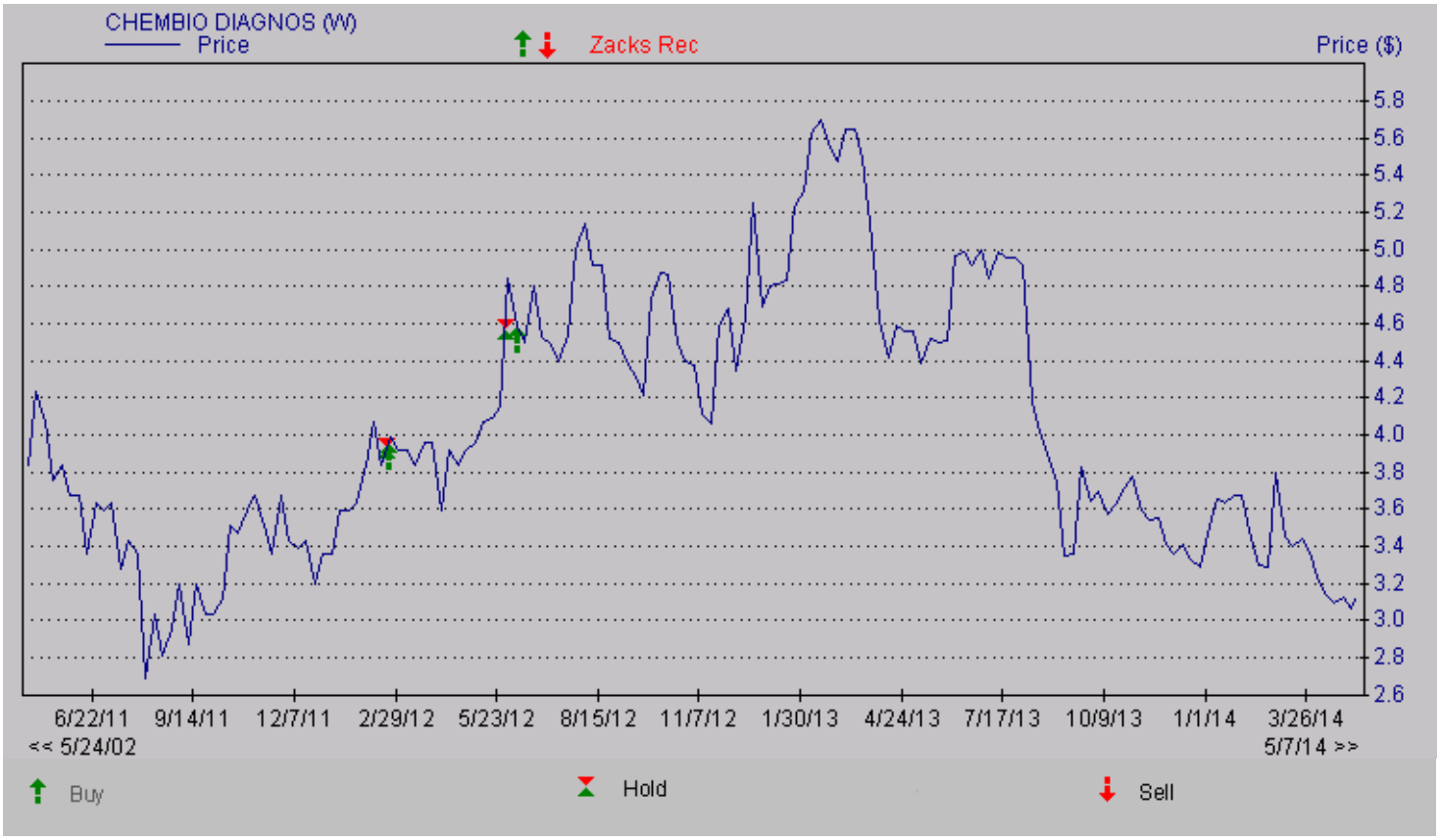
INCOME STATEMENT

Chembio Diagnostics, Inc.

	2013 A	Q1A	Q2E	Q3E	Q4E	2014 E	2015 E	2016 E	2017 E
Product sales	**$27,516**	**$4,904**	**$6,573**	**$7,160**	**$6,978**	**$25,615**	**$24,696**	**$30,029**	**$33,143**
% of total revenue	*93.1%*	*84.4%*	*97.6%*	*97.7%*	*97.5%*	*94.7%*	*93.0%*	*94.3%*	*94.5%*
YOY Growth	*13.1%*	*-22.3%*	*29.8%*	*-20.8%*	*-1.7%*	*-6.9%*	*-3.6%*	*21.6%*	*10.4%*
License & royalty income	**$5**	**$0**	**$15**	**$20**	**$30**	**$65**	**$452**	**$518**	**$580**
% of total revenue	*0.0%*	*0.0%*	*0.2%*	*0.3%*	*0.4%*	*0.2%*	*1.7%*	*1.6%*	*1.7%*
R&D contracts, grants, milestones	**$2,029**	**$909**	**$150**	**$150**	**$150**	**$1,359**	**$1,400**	**$1,300**	**$1,365**
% of total revenue	*6.9%*	*15.6%*	*2.2%*	*2.0%*	*2.1%*	*5.0%*	*5.3%*	*4.1%*	*3.9%*
Total Revenues	$29,550.2	$5,813.1	$6,738.0	$7,330.0	$7,158.0	$27,039.1	$26,547.8	$31,846.8	$35,088.4
YOY Growth	*15.4%*	*-13.0%*	*24.9%*	*-23.8%*	*-8.9%*	*-8.5%*	*-1.8%*	*20.0%*	*10.2%*
Cost of Revenues	$17,249	$3,540	$4,134	$4,389	$4,222	$16,286	$14,546	$17,116	$18,494
Gross Income	$12,301	$2,273	$2,604	$2,941	$2,936	$10,753	$12,002	$14,730	$16,594
Gross Margin	*41.6%*	*39.1%*	*38.6%*	*40.1%*	*41.0%*	*39.8%*	*45.2%*	*46.3%*	*47.3%*
Product Margin	*37.3%*	*27.8%*	*37.1%*	*38.7%*	*39.5%*	*36.4%*	*41.1%*	*43.0%*	*44.2%*
Research & Development	$5,834	$1,198	$1,350	$1,265	$1,150	$4,963	$4,934	$4,987	$4,754
% R&D	*19.7%*	*20.6%*	*20.0%*	*17.3%*	*16.1%*	*18.4%*	*18.6%*	*15.7%*	*13.5%*
Selling General & Admin	$5,461	$1,458	$1,415	$1,510	$1,439	$5,821	$6,239	$6,974	$7,404
% SG&A	*18.5%*	*25.1%*	*21.0%*	*20.6%*	*20.1%*	*21.5%*	*23.5%*	*21.9%*	*21.1%*
Operating Income	$1,005	($383)	($161)	$166	$348	($31)	$829	$2,769	$4,437
Operating Margin	*3.4%*	*-6.6%*	*-2.4%*	*2.3%*	*4.9%*	*-0.1%*	*3.1%*	*8.7%*	*12.6%*
Other income (expense)	$8	$0	$0	$0	$0	$0	$0	$0	$0
Interest income, net	$5	$2	$1	$1	($1)	$3	$95	$125	$155
Pre-Tax Income	$1,018	($381)	($160)	$167	$347	($28)	$924	$2,894	$4,592
Taxes	$487	($156)	($56)	$58	$121	($33)	$347	$1,085	$1,722
Tax Rate	*47.8%*	*41.0%*	*35.0%*	*35.0%*	*35.0%*	*36.8%*	*37.5%*	*37.5%*	*37.5%*
Net Income	$531	($225)	($104)	$109	$225	$5	$578	$1,809	$2,870
YOY Growth	*-43.6%*	*-170.9%*	*-56.7%*	*-84.9%*	*-186.1%*	*-99.1%*	*12002.2%*	*213.1%*	*58.7%*
Net Margin	*1.8%*	*-3.9%*	*-1.5%*	*1.5%*	*3.1%*	*0.0%*	*2.2%*	*5.7%*	*8.2%*
GAAP EPS	$0.06	($0.02)	($0.01)	$0.01	$0.02	$0.00	$0.06	$0.18	$0.27
Adjusted EPS	$0.11	($0.04)	($0.02)	$0.02	$0.03	($0.00)	$0.09	$0.28	$0.42
YOY Growth	*-34.5%*	*-172.3%*	*-58.1%*	*-84.1%*	*-275.1%*	*-99.2%*	*11633.1%*	*209.0%*	*48.7%*
Weighted Avg. Shares O/S	8,994	9,339	9,540	9,600	9,622	9,525	9,825	9,955	10,620

Brian Marckx, CFA

HISTORICAL ZACKS RECOMMENDATIONS



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