Zacks Small-Cap Research

May 9, 2017

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

scr.zacks.com

10 S. Riverside Plaza, Chicago, IL 60606

Cryoport Inc (CYRX-NASDAQ)

CYRX: Biopharma, Clinical Trial Growth, Fuels Another Record Quarter

Average comparable PE/G (excluding high and low outliers) is 1.40 which is applied to our forecasted revenue growth rate of CYRX of 49% through fiscal 2021. The result, $8.70/share, is discounted back to the present at a CAPM-calculated discount rate of 13.3% to come to present value of approximately $6/share.

Current Price (05/09/17)	$2.72
Valuation	**$6.00**

OUTLOOK

At the risk of sounding hyperbolic, Q1 was a blowout quarter – with revenue not only setting a new record but besting the prior high by almost 22% and extending the record-revenue streak to 10 straight quarters. And strength in the financials wasn't just confined to the top-line number as gross margin, which jumped 400 basis points from Q4 2014, also hit a new all-time high. Meanwhile operating expenses, which came in flat compared to the quarterly average in 2016 and representing 111% of revenue, were at the lowest relative level in company history – and this is despite R&D expense jumping to what appears to be the highest level in history (reflecting, in part, additional preparations to support commercial-launch customers). The net result was significant yoy and sequential improvement in operating loss. As the biopharma segment has been the catalyst to the top-line growth, it should come as no surprise that this also marks the 10th straight quarter of consecutive revenue growth of that segment. We continue to expect growth in the number of clinical trials to represent much of the near-term growth. Supporting commercial products – which could begin as soon as later this year, could significantly increase revenue generation.

SUMMARY DATA

52-Week High	**$4.07**
52-Week Low	**$1.50**
One-Year Return (%)	**42.27**
Beta	**0.10**
Average Daily Volume (sh)	**208,875**
Shares Outstanding (mil)	**24**
Market Capitalization ($mil)	**$65**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**3**
Insider Ownership (%)	**13**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**71.5**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2017 Estimate	**N/A**
P/E using 2018 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**High,**
Type of Stock	**Small-Growth**
Industry	**Shipping**

ZACKS ESTIMATES

Revenue
(in '000s of $)

	Q1 (Mar)	Q2 (June)	Q3 (Sep)	Q4 (Dec)	Year (Mar)
2016	1556 A	1918 A	1977 A	2229 A	7,679 A
2017	2712 A	2877 E	3186 E	3591 E	12,366 E
2018					19,979 E
2019					29,098 E

Earnings per Share

	Q1 (June)	Q2 (Sep)	Q3 (Dec)	Q4 (Mar)	Year (Mar)
2016	-$0.26 A	-$0.28 A	-$0.14 A	-$0.25 A	-$0.93 A
2017	-$0.10 A	-$0.08 E	-$0.09 E	-$0.08 E	-$0.35 E
2018					-$0.27 E
2019					-$0.19 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

© Copyright 2017, Zacks Investment Research. All Rights Reserved.

Q1 2017: Biopharma, Clinical Trials Growth, Fuels Another Record Quarter…

CYRX reported Q1 2017 financial results for the period ending March 31st. At the risk of sounding hyperbolic, Q1 was a blowout quarter – with revenue not only setting a new record but besting the prior high by almost 22% and extending the record-revenue streak to 10 straight quarters. And strength in the financials wasn't just confined to the top-line number as gross margin, which jumped 400 basis points from Q4 2016, also hit a new all-time high. Meanwhile operating expenses, which came in flat compared to the quarterly average in 2016 and representing 111% of revenue, were at the lowest relative level in company history – and this is despite R&D expense jumping to what appears to be the highest level in history (reflecting, in part, additional preparations to support commercial-launch customers). The net result was significant yoy and sequential improvement in operating loss.

Q1 revenue, at $2.7M, was up 74% yoy and about 5% higher than our $2.6M estimate. It is also a new record and up almost 22% sequentially from Q4 '16. This is the fourth consecutive quarter in which revenue came in slightly better and operating loss much better than our respective estimates. The $121k revenue difference compared to our estimate relates to $122k beat ($2.0M A vs. $1.9M E) in biopharma and $53k beat ($272k A vs. $219k E) in animal health, offset by a $54k miss ($418k A vs. $472k E) in reproductive medicine.

Biopharma revenue increased 100% yoy and 31% on a sequential basis. This segment, which now accounts for 75% of total revenue, up from an average of 69% in 2016, continues to be the main driver of the top-line. As has become clear by now, onboarding of new biopharma clients and clinical trials has been the major catalyst driving revenue of this segment. CYRX added a net 14 clinical trials in Q1 and now supports a total of 139 – up from 78 one-year earlier.

Meanwhile, the animal health segment which saw revenue tick down 1% for the full year 2016, posted strong 28% yoy growth in Q1. At $272k, revenue was up 25% sequentially – this also looks to be the highest revenue level of this segment since CYRX began (publicly) itemizing sales of each business line in calendar Q3 '14. Management noted that animal health, which accounts for 10% of total revenue, is benefitting in part from recent growth in demand for veterinary vaccines and certain regenerative medicines – which we think indicates that the ramping interest in and development of biologics is not just contained in the human-use segment but also spilling over to the animal market.

Reproductive medicine, which saw revenue increase 19% in 2016 and which was a meaningful contributor to revenue growth last year, currently accounts for about 26% total revenue. While the $418k in sales from this segment in Q1 is up 26% from the comparable prior-year period, it's down 10% on a sequential basis – we had been looking for roughly flat growth on a q-o-q basis. While U.S. revenue remains very strong – up 52% yoy and catalyzed by CYRX's growth in the domestic IVF segment, this has been partially offset by softness in international markets due to headwinds related to changes in regulations in certain countries. Nonetheless, we think this business has some room to grow given CYRX's active measures to accelerate activity of the segment which included targeted awareness-building campaigns and the new CryoStork Next Flight Out service, which launched in Q1.

Relative to the rest of the income statement…Q1 gross margin was 46.2% - as noted earlier, this is an all-time high and up 880 basis points from Q1 2016. It's also an increase of 400 basis points from 42.2% in Q4 2016, which was the prior record. Margin improvement has been attributed to a combination of pricing increases and operational efficiencies leveraged with higher business volumes. Management continues to guide for GM to eventually reach 60%

Meanwhile, operating expenses remained just about flat in Q1 relative to the average level in calendar 2016. SG&A, at $2.8M was down 9% from Q1 2016 – and, noteworthy is that stock comp in both periods was approximately equal. R&D expense jumped about $100k from Q1 2016 – the increase was attributed to further refinements to the SmartPak II monitoring system and design-related costs for new packaging options – which in turn are related to preparations to support a commercialized product. These are the types of expense increases that are actually encouraging given that they signal that CYRX could be on the cusp of servicing the launch of a commercialized product from the likes of Kite or Novartis, both of which have BLA's filed with FDA for their respective CAR-T cancer immunotherapy candidates.

As we have noted on a regular basis, management has been diligent on watching costs and their efforts have been obvious. SG&A and total operating expenses represented 102% and 111% of total revenue in Q1 – these are (by

far) the lowest levels in company history. OpEx as a percent of revenue has been falling on a fairly consistent basis since Q1 of last year and, combined with growth in revenue and widening of gross margin has also resulted in regular improvement in operating loss. And while we still expect operating expenses may move around, particularly as the company makes additional preparations to support commercialized products, we think there are a lot of positive signs that suggest CYRX is creeping ever closer to the inflection point where operating income begins to improve on a regular basis.

Cash

Cash used in operating activities was $830k (or $864k ex-changes in working capital) in Q1. Capex, which included the purchase of shippers and Smart Pak II monitoring systems, consumed another $641k (other signs of increasing capacity and preparing for increasing business). Cash balance, bolstered by the $12.7M gross ($11.4M net) equity raise in March 31st, was $14.5M at quarter-end. A healthy cash balance, management noted on the Q1 call, was important to the company's larger clients as they want assurance that CYRX has the necessary financial resources to provide the quality and reliability of services that they expect. This level of cash should provide a substantial runway to not only continue to fund current operations and support clinical customers but also to potentially get the company to the point of where they are supporting commercialized products – the latter obviously which greatly depends on regulatory approvals and related timelines. We also note that cash burn (i.e. cash used in operating and investing activities) totaled $5.9M (or $5.7M ex-changes in working capital) in the 12 months ending March 31, 2017 – so even assuming cash burn remains flat (which could be conservative), current cash balance represents approximately 2.5 years worth' of operating capital.

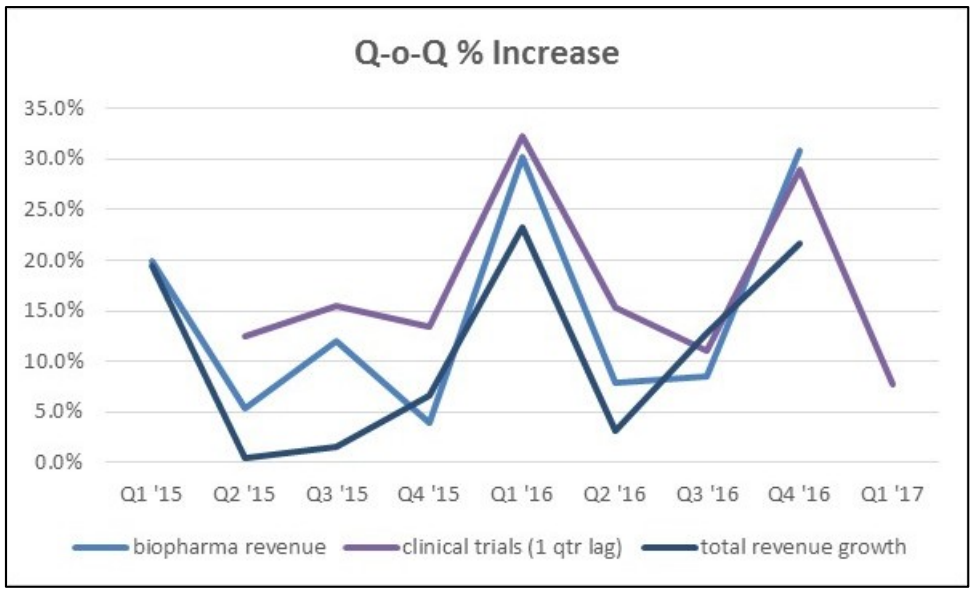
Operational Update:

Biopharma: As we illustrate below, a very strong correlation remains between the growth in the number of clinical trials (with one-quarter lag) that CYRX supports at a given point in time and growth in both biopharma and total revenue. The correlation between clinical trial growth and biopharma revenue not only remained high with the inclusion of Q1 results, it actually ticked up slightly (from 0.960 to 0.968).

Assuming the correlation remains strong and there is not significant deviation in what we term the 'clinical trial revenue multiple' – that is, our calculated average revenue per clinical trial (which on a 1-quarter lag basis, is currently ~$80k annualized), then biopharma revenue should continue to grow (both yoy and sequentially) with continued growth in the number of net clinical trials supported. Of course, biopharma revenue will also benefit – and likely to a much greater degree – once CYRX is supporting a commercialized product. That prospect is coming closer to fruition with several of the company's clients nearing FDA approval of their respective cancer immunotherapy candidates.

As the biopharma segment has been the catalyst to the top-line growth, it should come as no surprise that this also marks the 10th straight quarter of consecutive revenue growth of that segment. The importance of the biopharma segment, which is where management has turned the majority of its focus, is also highlighted by its contribution to overall revenue. In the quarter ending September 30, 2014 (i.e. 2.5 years ago) the biopharma segment accounted for 50% of total revenue – that proportional contribution has grown almost every quarter since and now sits at 75%. Not coincidentally, the number of clinical trials that CYRX supports has also grown quarter-over-quarter – from about 40 in the quarter ending March 31, 2015 (the earliest date that we were able to find when trial customer counts were disclosed) to 139 today.

Interestingly, overlaying the trends in growth of the clinical trial customer count (with a one-month lag), to growth in biopharma and total revenue produces a very close correlation (chart below). In fact we ran a correlation function comparing the quarter-over-quarter growth in the number of clinical trials that CYRX is supporting (with one-month lag) to the growth in biopharma revenue beginning with the quarter ending June 30, 2015 and concluding with the quarter ending March 31, 2017. The result is a correlation of 97%. We have utilized this correlation to estimate revenue for the last few quarters – and while we have been slightly low, only missed by 4% in the last three quarters combined. CYRX added 30 new clinical trials in Q4 '16 and another 14 in Q1 '17 – which, combined, grew their clinical trial portfolio by 39% (since September 30, 2016) to 139 today. This suggests meaningful growth should continue, at least in the near-term.



Of the current 139 clinical trials that CYRX is currently supporting, the majority are in the regenerative medicine space – the outsized growth of that market over just the last few years has clearly created demand-pull for cryogenic shipping and related services. And clearly CYRX, with their expertise in cryogenic shipping and logistics including their real-time temperature monitoring and tracking capabilities, has been the beneficiary of the strict requirements aimed at ensuring the safety and viability of biological material during handling, transport and storage.

Importantly, CYRX not only continues to grow the number of clinical trials they are supporting, but also continues to consistently grow the number of late-stage trials it supports – they now support 17 phase III trials, which is up from about 10 just 12 months ago. CYRX expects to add additional phase III programs over the course of 2017. Later stage trials, which typical have significantly larger patient enrollments than earlier phases, offer similarly greater revenue potential to CYRX.

And while supporting clinical trials can be a meaningful revenue contributor, logistics and shipping support for a commercialized product could be much more significant. For reference management estimates that the potential revenue range for support of a phase I program is $15k - $75k, phase II is $75k - $125k, phase III is $200k - $1M and for a commercialized product is $2M - $20M.

Another potential near-term needle-mover relates to Moffitt Cancer Center. In December 2016 CYRX penned an agreement with Moffitt Cancer Center, which is one of the largest cancer hospital in the U.S., whereby the company will act as the hospitals' exclusive cryogenics logistics provider for their immunology cancer research and therapy programs. Management noted that the reasons that Moffitt chose CYRX included their monitoring, tracking and logistics capabilities to ensure the safety of their biological material – which essentially translates into, Moffitt chose CYRX for 'piece-of-mind' that their cargo will be well-cared for - which we view as just one more vote of confidence for CYRX as a leader in cryogenic shipping and logistics. Another interesting point is that Moffitt Cancer Center was one of the study sites for Kite's pivotal ZUMA-1 study of axicabtagene ciloleucel (KTE-C19), a CAR-T therapy that CYRX expects to support upon eventual regulatory approval and launch.

Growth In Clinical Trials, Commercialized Products Will Continue To Drive Top-Line…

CYRX should not only benefit from onboarding of additional clinical trial clients and progression of currently supported programs to later stages but even more significantly from supporting these candidates if and when approved and commercialized. Management noted on the Q3 call that of the 17 phase III programs that they are currently supporting, they are in late-stage discussions with at least three of these companies related to commercialization and launch requirements – all of which could launch in the current year. In addition, CYRX believes another two to four phase III customers could file BLAs this year.

One of these that could launch this year is Kite Pharma which completed their BLA submission to FDA at the end of March 2017 for KTE-C19, a chimeric antigen receptor developed to treat aggressive Non-Hodgkin Lymphoma. In February 2017 they announced positive data from their pivotal study (dubbed ZUMA-1), which is supporting the BLA filing. If all goes well Kite believes they could have FDA approval and launch later this year. However, Kite revealed on their Q1 earnings call (May 8th) that a patient died in an ongoing follow-on safety study due to cerebral

edema which was deemed related to the investigational drug. A similar issue, which resulted in five deaths, eventually doomed Juno Therapeutics' CAR-T candidate. While Kite management remains optimistic on the chances for approval, the market seems to be handicapping either FDA approval and/or the market size due to the patient death. Kite's share price dropped as much as 18% following the news. But, perhaps encouraging as it relates to approvability is that the safety study was not put on hold.

CYRX noted that they are supporting all of Kite's current seven clinical trials including for their T cell receptor candidate being developed for the treatment of solid tumors. In addition to FDA filings, Kite expects to submit for European regulatory approval as well. We think Kite could be the one of the first major commercial launch that CYRX supports – meaningful revenue from which we think could begin in calendar 2018.

CYRX also revealed that Novartis is another client and that if and when their CAR-T candidate, CTL019, is approved, that they expect to support its commercialization. Novartis filed a BLA for CTL019 in late March which was accepted and granted priority review by FDA.

Management has noted that they believe supporting a commercialized product could contribute between $2M and $20M annually to the company – assuming that is the case and Kite launches KTE-C19 by early 2018, we expect CYRX's 2018 top-line to see a meaningful contribution from this program. Similar to Kite's candidate, CTL019 could possibly be approved and launched later this year. In addition, Novartis expects to make a regulatory filing in Europe in the near-term.

In addition to these expected BLA candidates, the other potential near-term commercial-product related revenues could come from CYRX's previously announced relationship with a big pharma customer – which was revealed to be Bristol-Myers (BMY). CYRX is still somewhat tight-lipped on exactly what their role will be, although management said that they will be involved in the "cryogenic component" and will generate revenue from management fees as well as on a per-shipment basis. The specific drug that the agreement relates to has also not been disclosed, although we do know it is a multi-billion dollar monoclonal antibody - which could suggest it relates to BMY's coveted oncology portfolio (either owned or licensed by BMY). Revenue related to this relationship is expected to commence following completion of quality and regulatory requirements – which may be wrapped up sometime this summer. We think this could be a good litmus test and potentially lead to additional follow-on services either directly related to the existing agreement or with other of BMY's products.

On the call for the period ending December 31, 2016 management mentioned that they also now have agreements with Sanofi and J&J – while again not disclosing exactly what their involvement will be, CYRX indicated that it relates to operational components in support of one (or maybe more) of their drug therapies. Management also noted that contracts with pharma companies encompass those clients eliminating their cryogenic shipping fleet in place of Cryoport's. CYRX noted on the Q1 '17 call that they expect activities related to these contracts to ramp throughout 2017.

Valuation: $6/share

A large study assessing clinical development success rates found that approximately 50% of phase III candidates and 85% BLA/NDA submissions are ultimately approved for sale in the U.S. by FDA. Assuming these ratios prove to be consistent with the outcomes of CYRX's current clinical trial customer's development experiences and given our supposition (above) that regulatory burdens provide barriers to switching to another shipping/logistics/storage provider upon commercialization, we might expect that CYRX could be supporting as many as eight commercialized products from their current phase III customers and one of the two (upcoming) BLA candidates within the next 12 – 36 months. As noted, the first of these (Kite's KTE-C19 and Novartis' CTL019) could potentially launch later this year. As CYRX's clinical customer pipeline grows, including into later stages, so does their shots on goal and opportunities for additional revenue growth. And, as we illustrated above, CYRX's revenue growth has closely track growth in their clinical trial customer base.

Cryoport estimates that there are 855 ongoing clinical trials in the regenerative medicine space – approximately 15% of which we estimate that CYRX is currently supporting. We think the ~43% growth in the number of regenerative medicine clinical trials that the company supports over just the last nine to twelve months along with the double-digit percentage of total regenerative medicine trials that they are involved in speaks to validation of the company's offerings. This is also a major component driving our modeled continued growth of the number of supported clinical trials – which in turn, drives our modeled revenue growth.

We recently updated our valuation methodology to what we believe best represents publicly traded industry comparables of companies in the delivery and logistics/transportation sectors. Our list does not include peers solely focused on cold/cryogenic shipping of biological materials or any logistics organizations primarily operating in the biotechnology/pharmaceutical space – the reason is that, other than CYRX, there are no publicly traded companies with viable operations solely focused on those areas. We do believe, however, that there is enough crossover among our list and CYRX in terms of industry fundamentals, challenges and opportunities that it is a fair representation of comparable valuation.

Average comparable PE/G (excluding high and low outliers) is 1.40 which is applied to our forecasted revenue growth rate of CYRX of 49% through fiscal 2021. The result, $8.70/share, is discounted back to the present at a CAPM-calculated discount rate of 13.3% to come to present value of approximately $6/share.

	P/E		P/S							
Delivery	1yr trailng	1yr frwrd	1yr Tr	1yr Fr	5yr G	P/E 4yr Fr	P/S 4yr Fr	PE/G	P/B	EV/EBITDA
FDX	27.01	13.97	0.88	0.83	10.1%	16.70	0.54	1.65	3.35	8.03
UPS	27.16	16.51	1.49	1.43	8.2%	18.31	1.00	2.23	166	13.94
DPSGY	15.85	14.15	0.66	0.62	15.5%	7.71	0.32	0.50	3.64	9.96
ABC	14.68	13.86	0.13	0.12	8.9%	9.58	0.08	1.08	9.01	8.95
Logist/Transp										
CHRW	19.57	18.46	0.75	0.7	7.3%	13.77	0.53	1.89	7.62	12.54
RLGT	525	27.42	0.41	0.41	16.4%	17.39	0.19	1.06	2.48	13.03
RRTS	10.7	9.48	0.13	0.13	NA	NA	NA	NA	0.42	6.49
JANL	1.87	NA	0.07	NA	NA	NA	NA	NA	0.43	5.15
EXPD	22.55	20.08	1.54	1.46	3.6%	18.87	1.29	~~5.20~~	5.19	11.96
HUBG	18.4	17.06	0.34	0.33	24.0%	6.29	0.12	~~0.26~~	1.97	8.02
LSTR	25.05	20.81	1.08	0.99	10.7%	15.07	0.65	1.41	6.1	12.88
Average								**1.40**		

Inputs			**CYRX**				
Treasury	Disc Rate	Ind. PE/G	Beta	5yr G	Yr5 EPS	Yr5 Value	PV
2.60%	13.3%	1.40	1.44	50%	$0.13	$8.7	**$5.99**

FINANCIAL MODEL

CryoPort Inc.
Format Reflects Calendar-Year Reporting

	2015 A	Q1 A	Q2 A	Q3 A	Q4 A	2016 A	Q1 A	Q2 E	Q3 E	Q4 E	2017 E	2018 E	2019 E
Total Revenues	$5,525.2	$1,555.5	$1,917.6	$1,976.8	$2,228.9	$7,678.8	$2,712.2	$2,877.2	$3,186.1	$3,590.6	$12,366.1	$19,978.5	$29,097.6
YOY Growth	*54.7%*	*29.8%*	*34.0%*	*37.6%*	*52.8%*	*39.0%*	*74.4%*	*50.0%*	*61.2%*	*61.1%*	*61.0%*	*61.6%*	*45.6%*
Cost of Revenues	$3,846.6	$973.7	$1,135.6	$1,180.0	$1,288.0	$4,577.4	$1,458.7	$1,611.2	$1,736.4	$1,931.8	$6,738.1	$9,969.2	$13,414.0
Gross Income	$1,678.6	$581.8	$782.0	$796.8	$940.8	$3,101.4	$1,253.5	$1,266.0	$1,449.7	$1,658.9	$5,628.0	$10,009.2	$15,683.6
Gross Margin	*30.4%*	*37.4%*	*40.8%*	*40.3%*	*42.2%*	*40.4%*	*46.2%*	*44.0%*	*45.5%*	*46.2%*	*45.5%*	*50.1%*	*53.9%*
SG&A	$8,997.6	$3,061.4	$2,625.4	$2,743.0	$2,839.6	$11,269.4	$2,773.0	$3,049.8	$3,326.2	$3,569.1	$12,718.1	$16,462.2	$20,193.7
%SG&A	*162.8%*	*196.8%*	*136.9%*	*138.8%*	*154.0%*	*146.8%*	*102.2%*	*106.0%*	*104.4%*	*99.4%*	*102.8%*	*82.4%*	*69.4%*
R&D	$490.8	$144.5	$135.8	$214.7	$103.1	$598.1	$249.8	$221.0	$234.0	$228.0	$932.8	$848.0	$882.0
%R&D	*8.9%*	*9.3%*	*7.1%*	*10.9%*	*4.6%*	*7.8%*	*9.2%*	*7.7%*	*7.3%*	*6.3%*	*7.5%*	*4.2%*	*3.0%*
Operating Income	($7,809.8)	($2,624.1)	($1,979.3)	($2,160.8)	($2,001.9)	($8,766.1)	($1,769.3)	($2,004.8)	($2,110.6)	($2,138.2)	($8,023.0)	($7,301.0)	($5,392.1)
Operating Margin		*-168.7%*	*-103.2%*	*-109.3%*	*-89.8%*		*-65.2%*	*-69.7%*	*-66.2%*	*-59.5%*	*-64.9%*	*-36.5%*	*-18.5%*
Other income, net	($6.5)	($4.9)	($1,931.7)	($1.4)	$1.5	($1,936.6)	$0.0	$0.0	$0.0	$0.0	$0.0	($12.0)	($15.0)
Interest income, net	($1,227.4)	($81.2)	($21.2)	($19.3)	($17.7)	($139.4)	($15.7)	$0.0	$0.0	$0.0	($15.7)	$0.0	$2.0
Loss on asset sale	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Change in derivative value	$0.0	$0.0	$0.0	$0.0	($2,265.4)	($2,265.4)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Pre-Tax Income	($9,043.7)	($2,710.2)	($3,932.2)	($2,181.6)	($4,283.5)	($13,107.5)	($1,785.0)	($2,004.8)	($2,110.6)	($2,138.2)	($8,038.6)	($7,313.0)	($5,405.1)
Taxes	$3.6	$0.0	$2.5	$2.9	$0.0	$5.4	$4.2	$0.0	$0.0	$0.0	$4.2	$0.0	$0.0
Tax Rate	*0.0%*	*0.0%*	*0.1%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*				*0.0%*	*0.0%*	*0.0%*
Charge	($6,376.9)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Net Income	($9,845.0)	($2,785.6)	($3,934.7)	($2,184.5)	($4,283.5)	($13,188.4)	($1,789.2)	($2,004.8)	($2,110.6)	($2,138.2)	($8,042.9)	($7,313.0)	($5,405.1)
YOY Growth		*-29.5%*	*-40.4%*	*-18.0%*	*42.8%*		*-35.8%*				*-39.0%*	*-9.1%*	*-26.1%*
Net Margin		*-179.1%*	*-205.2%*	*-110.5%*	*-192.2%*		*-66.0%*				*-65.0%*	*-36.6%*	*-18.6%*
EPS	($1.65)	($0.26)	($0.28)	($0.14)	($0.25)	($0.93)	($0.10)	($0.08)	($0.09)	($0.08)	($0.35)	($0.27)	($0.19)
YOY Growth		*-66.6%*	*-78.8%*	*-64.7%*	*-38.8%*		*-61.3%*				*-62.3%*	*-33.9%*	*-55.1%*
Diluted Shares O/S	5,951	10,601	14,200	15,120	16,847	14,192	17,604	24,000	24,600	25,600	22,951	27,000	29,000

Brian Marckx, CFA

© Copyright 2017, Zacks Investment Research. All Rights Reserved.

HISTORICAL ZACKS RECOMMENDATIONS



© Copyright 2017, Zacks Investment Research. All Rights Reserved.

DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, Brian Marckx, CFA, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.
Zacks SCR has received compensation from the issuer directly or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.
SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.