Zacks Small-Cap Research
Sponsored – Impartial - Comprehensive

August 6, 2018
Grant Zeng, CFA
Peter Sun
312-265-9466
gzeng@zacks.com

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

Durect Corp (DRRX-NASDAQ)

DRRX: *Even with the failure of Remoxy and Posimir, DUR-928 holds great potential for long term growth. We are still optimistic about DRRX.*

DRRX: *Relative valuation metrics indicate a fair value of $6/share.*

OUTLOOK

We are especially optimistic about the company's epigenetic regulator DUR-928, which holds great market potential for multiple indications, including NAFLD/NASH and acute kidney injury. Multiple Phase II trials will be initiated in 2018.

We continue to be positive about the Durect story.

Current Price (05/03/18)	$1.82
Valuation	**$6.00**

SUMMARY DATA

52-Week High	**$2.51**
52-Week Low	**$0.78**
One-Year Return (%)	**-16.57**
Beta	**1.12**
Average Daily Volume (sh)	**717,533**
Shares Outstanding (mil)	**162**
Market Capitalization ($mil)	**$228**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**N/A**
Insider Ownership (%)	**N/A**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**-17.4**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2017 Estimate	**-4.8**
P/E using 2018 Estimate	**-6.0**
Zacks Rank	**N/A**

Risk Level	**Above Avg.,**
Type of Stock	**Small-Growth**
Industry	**Med-Drugs**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2016	3.6 A	3.2 A	3.7 A	3.5 A	14.0 A
2017	4.6 A	4.3 A	20.8 A	19.5 A	49.2 A
2018	3.5 A	3.4 A	3.7 E	3.7 E	14.3 E
2019					37.0 E

Price/Sales Ratio (Industry = 2.5x)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2016	-$0.06 A	-$0.07 A	-$0.06 A	-$0.06 A	-$0.26 A
2017	-$0.06 A	-$0.07 A	$0.04 A	$0.05 A	-$0.03 A
2018	-$0.05 A	-$0.04 A	-$0.05 E	-$0.05 E	-$0.20 E
2019					-$0.12 E

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

© Copyright 2018, Zacks Investment Research. All Rights Reserved.

WHAT'S NEW

Update on Second Quarter 2018 Financials

Total revenue for the second quarter of 2018 was $3.4 million, compared to $4.3 million in the second quarter of 2017, a decrease of 21%.

Revenue from R&D collaborations was $0.6 million in second quarter of 2018, compared to $1.3 million in the same period of 2017.

Product revenue, largely from the sale of ALZET pumps and LACTEL polymers, was $2.8 million in the second quarter of 2018, as compared to $3.1 million in the same period of 2017.

Cost of product sales was $1.1 million in the second quarter of 2018, as compared to $0.9 million in the same period last year.

R&D expense was $6.1 million in the second quarter of 2018, compared to $9.1 million in the second quarter of 2017.

SG&A expenses were $2.8 million in the second quarter of 2018, compared to $3.7 million in the same period of 2017.

Net loss for the second quarter of 2018 was $7.0 million ($0.04 per share), as compared to a net loss of $9.9 million ($0.07 per share) in the second quarter of 2017.

As of June 30, 2018, cash and investments were $42.5 million. Debt at June 30, 2018 was $19.9 million.

Update on Risperidone Injectable

In October 2017, Durect reached a $17.5 million patent purchase agreement with **Indivior UK Limited**, an affiliate of Indivior PLC (INDV.L). The deal assigned certain of Durect US patent rights to Indivior for RBP-7000, Indivior's investigational **once-monthly injectable risperidone product** for the treatment of schizophrenia. Per the agreement, Indivior has made an upfront non-refundable payment to Durect of $12.5 million, with the potential for an additional $5 million based on a regulatory milestone, as well as quarterly earn-out payments that are based on a single digit percentage of U.S. net sales for certain products covered by the patent rights, including RBP-7000.

The deal not only boosts Durect's balance sheet, but also validate the company's long-acting risperidone formulation technology.

On July 30, 2018, Indivior PLC (LON: INDV) announced that the US FDA has approved the New Drug Application (NDA) for PERSERIS™ (risperidone, formerly known as RBP-7000). PERSERIS is the first once-monthly subcutaneous risperidone-containing, long-acting injectable for the treatment of schizophrenia in adults.

The approval of PERSERIS triggers $5 million milestone payment to Durect and future earn-out payments based on U.S. net sales.

Update on Remoxy

On August 6, 2018, Durect's partner Pain Therapeutics reported that it received a Complete Response Letter (CRL) from the FDA for Pain Therapeutics' New Drug Application (NDA) for REMOXY® ER (oxycodone) extended-release capsules CII. The CRL concluded that "The data submitted in [the] NDA

do not support the conclusion that the benefits of [REMOXY] Extended-Release Capsules outweigh the risks."

Following the CRL, Pain Therapeuticsfurther announced a strategic reorganization to align its resources on advancing its drug and diagnostic assets in Alzheimer's disease. We don't know at this point how Pain is going to treat Remoxy, but with the strategic reorganization and its limited resources, Pain probably will give up the development of Remoxy in our view.

Update on POSIMIR®

On Oct. 19, 2017, DURECT reported that PERSIST, the **Phase III** clinical trial for POSIMIR® (SABER®-Bupivacaine), **did not** meet its primary efficacy endpoint of reduction in pain on movement over the first 48 hours after surgery as compared to standard bupivacaine HCl. While results trended in favor of POSIMIR versus the comparator, they did not achieve statistical significance.

The Posimir (SABER®-Bupivacaine) Program

The company **completed** the enrollment of patients in PERSIST, a POSIMIR **Phase III** clinical trial consisting of patients undergoing laparoscopic cholecystectomy (gallbladder removal) surgery in June 2017.

In a previous clinical trial of 50 patients in the same surgical model (laparoscopic cholecystectomy), POSIMIR was compared with the active control bupivacaine HCl, against which POSIMIR demonstrated in a post hoc analysis an approximately 25% reduction in pain intensity on movement for the first 3 days after surgery (p=0.024) and for the first 2 days after surgery (p=0.0198), using the same statistical methodology specified for the current trial.

POSIMIR is the company's investigational post-operative pain relief depot that utilizes the company's patented SABER technology and is intended to deliver bupivacaine to provide 3 days of pain relief after surgery.

In May 2017, Durect announced a development and commercialization agreement with Sandoz AG, a division of Novartis (NVS), to develop and market in the United States Durect's POSIMIR® (SABER®-Bupivacaine). Under the terms of the agreement, Sandoz will make an upfront payment to DURECT of $20 million, with the potential for up to an additional $43 million in development and regulatory milestones, up to an additional $230 million in sales-based milestones, as well as a tiered double-digit royalty on product sales in the **United States**.

In May 2018， Durect and Sandoz entered into an amendment to the development and commercialization agreement regarding POSIMIR® in the United States.

Pursuant to the amended agreement, Durect is now eligible for up to $30 million in milestone payments based on NDA approval, and remains eligible for up to an additional $230 million in sales-based milestones. Each party is also permitted to develop or commercialize competing products. The Amendment also includes modifications to Durect's development obligations and to both parties' termination provisions, including a right for Durect to terminate for convenience prior to NDA approval. There is also a new termination fee payable to Durect in the event that Sandoz terminates the agreement for convenience. The agreement between the two companies remains in full force and effect, except as expressly covered in the Amendment.

Focus Is on DUR-928 Development Program

With the CRL for Remoxy and the failure of the Phase III trial for Posimir, we believe Durect will shift its focus to the company's epigenetic program **DUR-928.**

Update on Phase II of Injectable Dur-928 for AH

In late April 2018, Durect commenced patient dosing in a **Phase IIa** clinical trial of DUR-928 in patients with **alcoholic hepatitis (AH).**

This is an open label, dose escalation study conducted in two parts.

- **Part A** includes patients with moderate alcoholic hepatitis, and
- **Part B** will include patients with severe alcoholic hepatitis.

The study is being conducted using **three dose levels** (30, 90 and 150 mg) in Part A, with sequential dose escalation following review of safety and PK results of the prior dose level. Patients will receive DUR-928 by intravenous infusion, and the dose may be adjusted in Part B based on the findings from Part A. Patients will be enrolled at multiple clinical sites in the US and the target number of participants to complete the study is **24-36**.

The objectives of this study include safety, PK and PD signals, as determined by improvement in liver biochemistry, MELD and Lille scores, and other biomarkers.

Durect expects to generate data during the course of 2018.

Update on Phase Ib Oral Study of DUR-928 for NASH

In January 2016, Durect initiated a single-ascending-dose **Phase Ib** clinical trial with oral DUR-928 in patients with nonalcoholic steatohepatitis **(NASH)** in **Australia.**

This Phase Ib trial of DUR-928 was a dose ranging (50 mg and 200 mg), single-ascending-dose safety and pharmacokinetic (PK) study of **oral DUR-928** in subjects with NASH and matched control subjects (MCS). This study was conducted in successive cohorts evaluating single-dose levels (first a low dose and then a high dose) of oral DUR-928. Both cohorts consisted of 10 NASH patients and 6 MCS.

Table 1. Patient Demographics (mean ±SD)

	Cohort 1 (50 mg)		Cohort 2 (200 mg)	
Demographics	NASH	MCS	NASH	MCS
# of Patients	10	6	10	6
Age (yrs)	53.4 (10.7)	56.8 (6.5)	53.2 (12.9)	54.7 (6.0)
BMI (kg/m2)	34.7 (6.2)	31.2 (2.4)	36.6 (6.4)	33.2 (4.4)
Gender (M/F)	5/5	5/1	5/5	3/3
Baseline ALT (U/L)	66.7 (18.9)	19.3 (6.5)	78.9 (45.5)	20.8 (4.8)
Cirrhotic Patients	2	--	3	--
Non-Cirrhotic Patients	6	--	5	--
Undetermined	2	--	2	--

On April 24, 2017, Durect presented the updated **Phase Ib** data at the International Liver Congress™2017 (the 52nd annual meeting of the European Association for the Study of the Liver (EASL)) in Amsterdam.

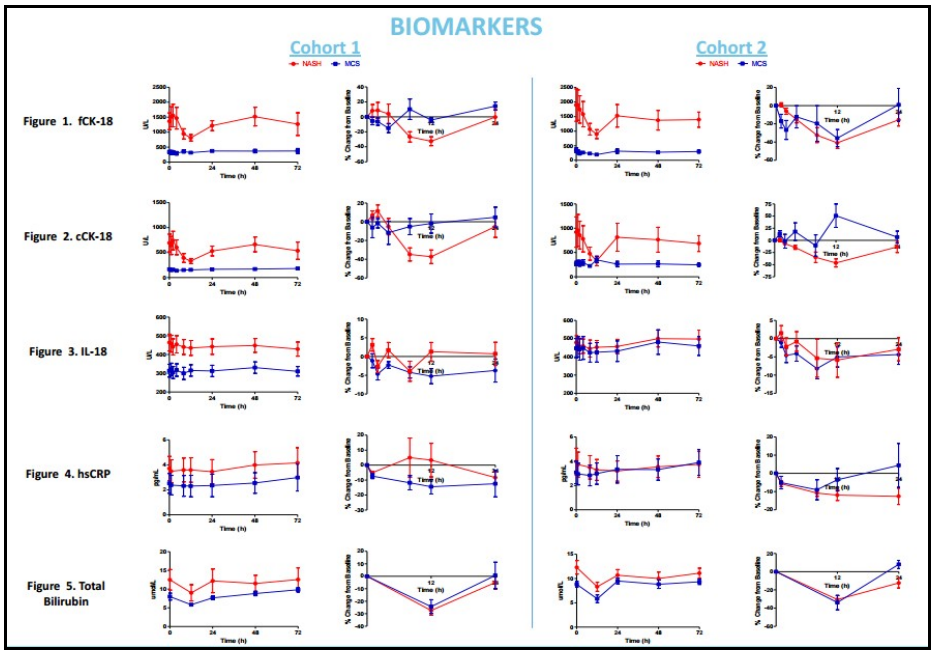
In both cohorts, DUR-928 was **well tolerated overall**. There was approximately a 10-30% increase in DUR-928 exposure in NASH patients compared to MCS. A single serious adverse event (shortness of breath), designated as possibly related to study drug, was reported in Cohort 2 in a NASH patient with a prior history of arrhythmia and an ongoing viral infection; no unusual abnormal biochemistry was observed and the symptom spontaneously resolved.

Table 2. Pharmacokinetic Parameters (mean ±SEM)

	Cohort 1		Cohort 2	
PK Parameters	NASH	MCS	NASH	MCS
Cmax (ng/mL)	113.2 (36.3)	94.0 (27.4)	332.7 (99.5)	260.5 (54.8)
Tmax (hr)	2.4 (0.8)	3.0 (1.1)	2.9 (1.2)	2.7 (1.0)
T½ (hr)	1.6 (0.2)	1.7 (0.3)	1.9 (0.4)	1.7 (0.4)
AUClast (ng*hr/mL)	512.7 (219.1)	476.5 (187.6)	1723.7 (470.9)	1316.9 (203.4)
AUCinf (ng*hr/mL)	528.1 (216.4)	487.9 (190.2)	1732.6 (470.5)	1325.5 (202.9)

Exploratory biomarker analysis indicated that a single oral dose of DUR-928 resulted in reductions from baseline in the levels of both full-length and cleaved cytokeratin-18 (CK-18), bilirubin, hsCRP and IL-18 in NASH patients.

- The decrease of full-length CK-18 (a generalized cell death marker) at 12 hours was approximately 33% in the NASH patients in the low dose cohort and approximately 41% in the high dose cohort. The decrease of cleaved CK-18 (a cell apoptosis marker) at 12 hours was approximately 37% in the NASH patients in the low dose cohort and approximately 47% in the high dose cohort.
- The decrease in total bilirubin (a liver function marker for which a decrease would be seen as positive) at 12 hours in the NASH patients was approximately 27% in the low dose cohort and approximately 31% in the high dose cohort.
- High sensitivity C-Reactive Protein (hsCRP), a marker of inflammation, trended higher at 12 hours in the NASH patients by approximately 3% in the low dose cohort but trended lower by approximately 12% in the high dose cohort.
- IL-18, an inflammatory mediator implicated in both liver and kidney diseases, trended lower at 12 hours by approximately 5% in both the low dose cohort and in the high dose cohort.



Update on Phase Ib Injectable DUR-928 for Kidney Disease

This ongoing trial is also conducted in **Australia**.

This **Phase Ib** trial of DUR-928 is an open-label single-ascending-dose safety and pharmacokinetic study in patients **with impaired kidney function** (stage 3 and 4 chronic kidney disease) and matched control

subjects. This study will be conducted in successive cohorts (first a low dose and then a high dose) evaluating single-dose levels of DUR-928 administered **by injection.**

The company recently **completed the Phase Ib** study. The low dose cohort enrolled 6 kidney function impaired patients and 3 matched control subjects, and the high dose cohort enrolled 5 kidney function impaired patients and 3 matched control subjects.

In this trial, DUR-928 was well tolerated among all subjects and the PK parameters between the kidney function impaired patients and the matched control subjects were comparable.

In addition, Durect has held a pre-IND meeting with the Cardiovascular and Renal Products Division of the FDA, and the company is utilizing feedback from that meeting as well as from its clinical advisors to prepare an IND which is required to enable a future kidney disease clinical trial **in the United States**.

Topical Formulation

Durect **completed** an initial **exploratory Phase Ib** trial in **psoriasis** patients (n = 9 evaluable patients) in Australia. The decision to proceed with clinical testing in psoriasis was based on the anti-inflammatory and cell survival properties of DUR-928, including the downregulation of IL-17, full length CK-18, cleaved CK-18, as well as the results of a psoriasis study with DUR-928 in mice.

The **Phase Ib** trial was conducted with intradermal micro injections of DUR-928, and the company thinks the results warrant further investigation. As a result, the company has developed several topical formulations of DUR-928 that the company is evaluating for a topical application microplaque trial which will commence next year.

There is a large unmet medical need for new topical drugs for psoriasis for use prior to systemic biologic treatments which often have significant associated side effects.

Update on Phase II Study of Oral DUR-928 for PSC

On February 26, 2018, Durect announced it has commenced patient dosing in a **Phase IIa** study of DUR-928 in patients with primary sclerosing cholangitis **(PSC).**

- The Phase IIa trial will be a randomized, open label study with two cohorts (a low dose cohort of 10 mg and a high dose cohort of 50 mg), in which patients (n = 20 per cohort) will receive **oral dosing** of DUR-928 for 4-weeks with follow-up for an additional four-weeks.

- The objectives of this study include safety, pharmacokinetic (PK) and pharmacodynamic (PD) markers, including the percent change from baseline of serum alkaline phosphatase (ALP) and other biomarkers.

The company expects to generate data during the course of 2018.

Durect has received orphan drug designation for DUR-928 to treat patients with PSC. PSC is a chronic liver disease characterized by a progressive cause of cholestasis (decrease in bile flow) with inflammation and fibrosis of bile ducts. It is an orphan medical condition for which there is no established medical treatment.

Future Development Plans

Injectable Administration:
Durect now has an open IND for an initial **Phase II** trial of injectable DUR-928. The company is currently finalizing the protocol based on detailed input received in October 2017 from AASLD. This Phase II study

will be conducted in patients with moderate and severe acute liver function impairment to assess the safety and pharmacokinetics of several doses of DUR-928.

At AASLD poster presentation, DUR-928 demonstrated dose-dependent effect in stabilizing mitochondrial membranes, which is an important factor in cell viability and prevention of cell death. In this poster, DUR-928 demonstrated 90% survival vs. 10% survival on placebo, when the toxicity was caused by injected acetaminophen. This poster also demonstrated the pharmacological effect of DUR-928 in animal models of both endotoxin and drug induced multiple organ injuries, including the liver, the kidney and the lungs.

Topical Administration:
The company has had pre-IND interactions with the FDA and is incorporating FDA's comments in its upcoming IND while the company is actively working with expert advisors to finalize the study protocol for a **Phase II** proof-of-concept study in inflammatory skin diseases such as **psoriasis and atopic dermatitis**. The company expects to initiate this study in the **third quarter of 2018**.

Large Market Opportunity for DUR-928

Although DUR-928 may have broad applications in many indications, we believe the initial focus will be in **NAFLD/NASH** and acute **kidney injury**.

Non-alcoholic fatty liver disease (NAFLD) is the build-up of extra fat in liver cells that is not caused by alcohol. It is normal for the liver to contain some fat. However, if more than 5% - 10% percent of the liver's weight is fat, then it is called a fatty liver (steatosis). The more severe form of NAFLD is called non-alcoholic steatohepatitis (NASH). NASH causes the liver to swell and become damaged.

NAFLD affects about 30% of adults and 10% of children in the US, among which 10-30% will develop NASH. 25-40% NASH patients will develop progressive liver fibrosis, while 20-30% NASH patients with advanced fibrosis will develop cirrhosis, which could lead to liver cancer.

Currently there are no FDA approved medicines for the treatment of NAFLD/NASH.

Acute kidney injury (AKI) is defined as an abrupt or rapid decline in renal filtration function. This condition is usually marked by a rise in serum creatinine concentration or by azotemia (a rise in blood urea nitrogen [BUN] concentration).

Per Medscape, in the United States, approximately 1% of patients admitted to hospitals have AKI at the time of admission. The estimated incidence rate of AKI during hospitalization is 2-5%. AKI develops within 30 days postoperatively in approximately 1% of general surgery cases and arises in up to 67% of intensive care unit (ICU) patients. Approximately 95% of consultations with nephrologists are related to AKI. The appropriate nephrologist referral rate is approximately 70 cases per million populations.

The current treatment for AKI is mainly supportive in nature. No therapeutic modalities to date have shown efficacy in treating the condition. Therapeutic agents (eg, dopamine, nesiritide, fenoldopam, mannitol) are not indicated in the management of AKI and may be harmful for the patient.

Certainly, there are highly unmet medical needs in the NAFLD/NASH and acute kidney injury fields. The unique mechanism of action and the compelling animal and human data so far make DUR-928 a highly promising candidate for the management of NAFLD/NASH and kidney injury.

Attractive Valuation

We continue to be optimistic about Durect story even with the failure of Remoxy and/or POSIMIR® program. Our fair value stands at $6.00 per share solely based on the value of its DUR-928 programs.

As we discussed above, among the company's multiple candidates, we are especially optimistic about the company's epigenetic regulator program **DUR-928**, which holds great potential for multiple indications, such as NASH and acute kidney injury.

We believe even with the only NAFLD/NASH indication, the market is big enough for DUR-928 to support the company's long-term growth and valuation. If we look at the valuation of similar companies, we will have some sense how DUR-928 will impact Durect's valuation. We notice that two other companies have similar NASH programs. ICPT's NASH program is in Phase III and MDGL's is in Phase II. Both's company's valuations are over three billion US dollars.

Although Durect's DUR-928 is in Phase I/II clinical trial, it has potential to generate positive data based on preclinical studies. Our $6.00 per share values the company at $972 million in market cap based on 162 million outstanding shares, which is still conservative compared to its peers in our view.

If the company can show positive DUR-928 data for NASH and/or acute kidney injury in the planned Phase II trials, share price can easily triple.

Company	*Ticker*	*NASH stage*	*Current Share Price*	*Market Cap ($million)*
Intercept Pharmaceuticals	ICPT	Phase III	$114.7	$3,393.00
Madrigal Pharmaceuticals	MDGL	Phase II	$247.2	$3,767.00
Average			**$180.9**	**$3,580.00**
DURECT Corporation	DRRX	Phase I/II	$1.44	$232.86

Source: Zacks Investment Research

PROJECTED INCOME STATEMENT

DURECT Corp	Q1	Q2	Q3	Q4	2017A	Q1	Q2	Q3	Q4	2018 E	2019 E	2020 E
Posimir (Royalty)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
YOY Growth	-	-	-	-	-	-	-	-	-	-	-	#DIV/0!
Remoxy (Royalty)	$0	$0	$0	$0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
YOY Growth	-	-	-	-	-	-	-	-	-	-	-	#DIV/0!
DUR-928	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
YOY Growth	-	-	-	-	-	-	-	-	-	-	-	-
Alzet Pumps & Lactel Polymers	$4.1	$3.1	$2.6	$3.3	$13.1	$2.4	$2.8	$2.5	$2.5	$10.2	$12.0	$12.0
YOY Growth	29.6%	9.5%	-22.0%	17.5%	7.8%	-42.1%	-9.3%	-5.4%	-23.4%	-22.4%	18.1%	0.0%
Collaborative Revenue	$0.4	$1.3	$5.6	$16.3	$23.6	$1.1	$0.6	$1.2	$1.2	$4.1	$25.0	$50.0
YOY Growth	3.6%	241.8%	1491.5%	2105.0%	1154.1%	152.5%	-49.1%	-78.6%	-92.6%	-82.4%	503.7%	100.0%
Revenue from sale of IP rights			$12.5		$12.5	$0.0	$0.0	$0.0	$0.0	0.0%		
Total Revenues	$4.6	$4.3	$20.75	$19.5	$49.17	$3.49	$3.41	$3.70	$3.70	$14.3	$37.0	$62.0
YOY Growth	26.6%	36.8%	454.3%	455.5%	250.6%	-23.6%	-21.0%	-82.2%	-81.1%	-70.9%	158.7%	67.6%
Cost of Goods Sold	$1.5	$0.9	$3.1	$1.1	$6.6	$1.2	$1.1	$1.2	$1.2	$4.7	$5.2	$5.5
Product Gross Margin	62.7%	69.7%	-17.4%	67.5%	49.3%	50.9%	60.8%	52.0%	52.0%	54.2%	56.7%	54.2%
SG&A	$3.0	$3.7	$3.1	$3.3	$13.2	$3.2	$2.8	$3.0	$3.2	$12.2	$15.0	$18.0
% SG&A	66.6%	85.2%	15.1%	16.9%	26.8%	91.6%	82.5%	81.1%	86.5%	85.4%	40.5%	29.0%
R&D	$7.5	$9.1	$8.4	$6.6	$31.6	$7.0	$6.1	$7.0	$7.2	$27.3	$35.0	$40.0
% R&D	165.3%	210.2%	40.4%	33.8%	64.3%	199.3%	179.3%	189.2%	194.6%	190.7%	94.6%	64.5%
Operating Income	($7.6)	($9.4)	$6.1	$8.6	($2.2)	($7.8)	($6.6)	($7.5)	($7.9)	($29.8)	($18.2)	($1.5)
Operating Margin	-	-	-	-	-	-	-	-	-	-	-	-2.4%
Interest & Other Net	($0.5)	($0.6)	($0.0)	($0.3)	($1.5)	($0.5)	($0.4)	($0.5)	($0.5)	($1.9)	($1.0)	($1.0)
Pre-Tax Income	($8.1)	($9.9)	$6.1	$8.2	($3.7)	($8.3)	($7.0)	($8.0)	($8.4)	($31.7)	($19.2)	($2.5)
Taxes	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Income	($8.1)	($9.9)	$6.1	$8.2	($3.7)	($8.3)	($7.0)	($8.0)	($8.4)	($31.7)	($19.2)	($2.5)
YOY Growth	-	-	-	-	-					-	-39.4%	-87.0%
Reported EPS	($0.06)	($0.07)	$0.04	$0.05	($0.03)	($0.05)	($0.04)	($0.05)	($0.05)	($0.20)	($0.12)	($0.01)
YOY Growth					-					-	-	-
Shares Outstanding	141.8	142.5	147.2	150.8	145.6	153.6	161.6	162.0	162.0	159.8	165.0	170.0

Source: company filings and Zacks estimates

© Copyright 2018, Zacks Investment Research. All Rights Reserved.

HISTORICAL STOCK PRICE



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, Grant Zeng, 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

© Copyright 2018, Zacks Investment Research. All Rights Reserved.

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.