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Zacks Small-Cap Research

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Cinedigm Corp. (CIDM-NASDAQ)

CIDM: Raising Estimates As Cinedigm Sells Projectors

Based on industry averages of enterprise value to sales, and calendar year revenues of $30 million for the Content business alone, we believe Cinedigm stock is worth $2.78 per share.

Current Price (12/18/18)	$0.70
Valuation	**$2.78**

OUTLOOK

With new Chinese ownership and a $40 million infusion of capital, Cinedigm is positioned to rapidly grow its OTT business, which we believe is worth more than three times the entire company. It growth has been augmented with its new ability to distribute movies and TV shows to and from China. The Chinese market is severely restricted by the government of China and Cinedigm will be one of few to be able to distribute US movies and TV content to the Chinese.

SUMMARY DATA

52-Week High	**$1.72**
52-Week Low	**$0.70**
One-Year Return (%)	**-52.0**
Beta	**0.2**
Average Daily Volume (sh)	**280,269**
Shares Outstanding (mil)	**35.1**
Market Capitalization ($mil)	**$24**
Short Interest Ratio (days)	**5.0**
Institutional Ownership (%)	**67**
Insider Ownership (%)	**63**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**-10.9**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/M**
P/E using 2019 Estimate	**N/M**
P/E using 2020 Estimate	**N/M**

Risk Level	**High**
Type of Stock	**Small Value**
Industry	**Business Services**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Jun)	Q2 (Sep)	Q3 (Dec)	Q4 (Mar)	Year (Mar)
2017	22.5 A	23.9 A	24.4 A	19.6 A	90.4 A
2018	15.2 A	16.3 A	18.4 A	17.6 A	67.7 A
2019	13.1 A	13.7 A	13.0 E	11.1 E	51.0 E
2020					39.2 E

GAAP Earnings Per Share

	Q1 (Jun)	Q2 (Sep)	Q3 (Dec)	Q4 (Mar)	Year (Mar)
2017	-$0.70 A	-$0.08 A	-$0.07 A	-$1.15 A	-$1.92 A
2018	-$0.48 A	-$0.60 A	-$0.20 A	-$0.00 A	-$0.81 A
2019	-$0.09 A	-$0.09 A	-$0.18 E	-$0.14 E	-$0.49 E
2020					-$0.65 E

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

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WHAT'S NEW

Raising Estimates Due to the Sale of Projectors in FYQ4

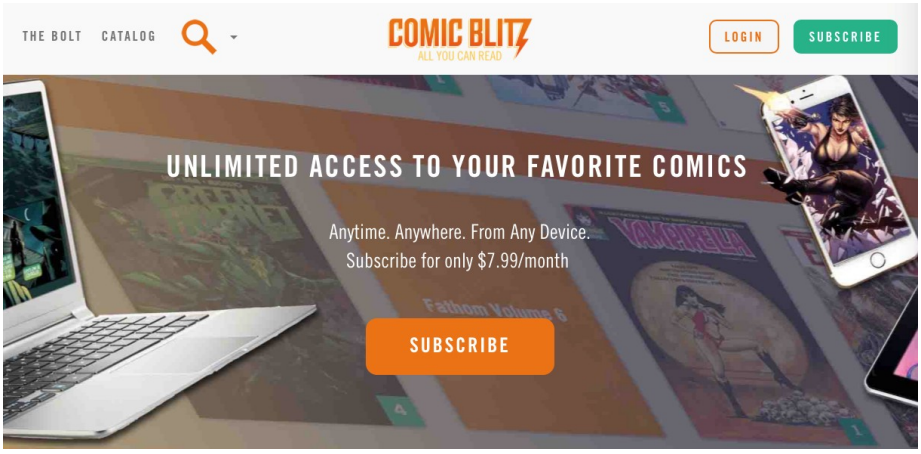
Cinedigm announced plans to sell 125 digital cinema projection systems from the company's Phase 1 purchases on or about January 15, 2019 and is currently in the process of selecting an advisory firm with expertise in this area to monetize the remaining 3,582 equipment systems. 142 of such systems have already been sold or are contracted for sale to date. The company will be accounting for these sales as other income on its income statement and we are adding this number to FY 2019 Q4 and FY 2019 revenues. We estimate that these systems can be sold for approximately $10,000 per machine and this could add $1.25 million in other income to the quarter and the year. As a result we are raising FYQ4 to a loss of $0.14 from a loss of $0.18 and the full year estimate to a loss of $0.49. Since selling the owned equipment is part of the business plan of the company, we expect that these sales may also be added to EBITDA calculations.

Other News

Since reporting its September quarter Cinedigm has been expanding OTT distribution and content at a rapid pace. Since its FYQ2 conference call it has announced a number of actions that should accelerate the growth of its streaming revenues.

On Nov. 26, 2018 Cinedigm announced that the DOVE CHANNEL, was now available over the Internet on Comcast's Xfinity X1. Xfinity X1 customers can subscribe to and access the service by saying "DOVE CHANNEL" into their X1 Voice Remote or by finding it within the networks section of Xfinity on Demand. DOVE CHANNEL can be added to X1 customers' service for $4.99 per month.

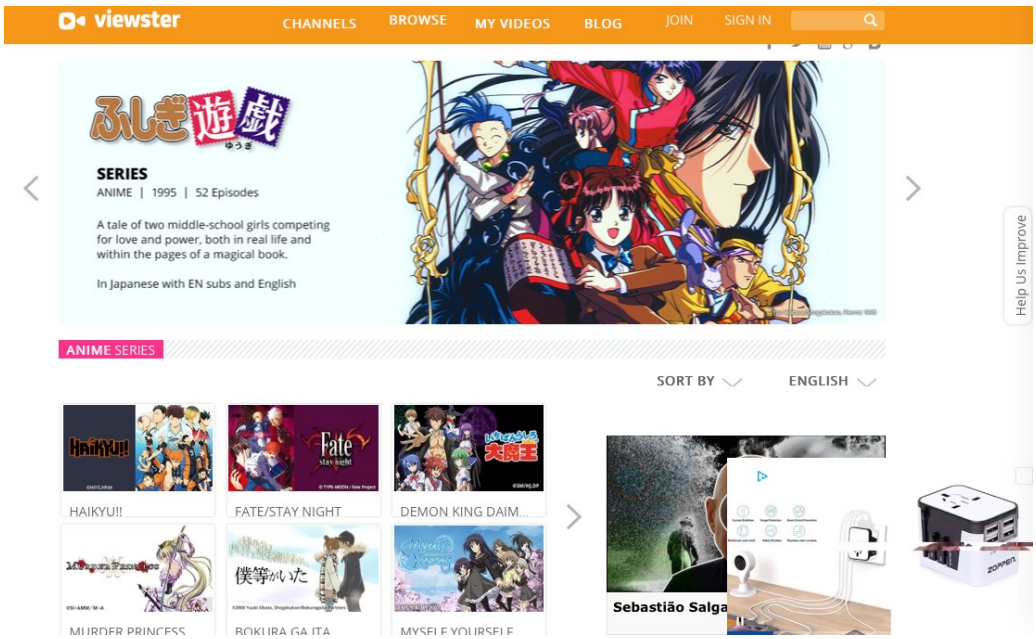
On Nov. 28, 2018 Cinedigm announced an agreement to acquire the digital comic book service ComicBlitz. ComicBlitz was founded in 2014 and is located in Los Angeles. The deal is expected to close by year-end and be accretive within the first quarter following closing, pending certain license deals currently in negotiation. The deal could generate more than $5 million in incremental annual digital revenues within 18-24 months after closing, if all goes according to plan. These revenues are expected to come from content licensing, subscription and advertising revenues, new distribution platform partnerships, and an expansion of Cinedigm's OTT business. For $7.99 per month, ComicBlitz provides unlimited access to approximately 10,000 digital comic books, with more than 175,000 pages of content from a network of over 30 publishers in 133 countries via the web or an app. Titles include: Transformers, Star Trek, Judge Dredd, Bloodshot, Bob's Burgers, Army Of Darkness, Vampirella, Green Hornet, KISS, The Shadow, The Spirit, and 30 Days Of Night. Featured publishers include IDW, Valiant Comics, Dynamite Entertainment, Zenescope, and Lion Forge. ComicBlitz's content is expected to be distributed globally through mobile carriers, OTT providers, and other media companies. It will also be integrated with Cinedigm's existing and planned OTT services, and is a particular fit for its CONtv channel. ComicBlitz founder and CEO Jordan Plosky will join Cinedigm's Digital Networks team. The annual worldwide digital comic book and graphic novel market is estimated at over $1 billion.



On Dec. 04, 2018 the company announced a partnership with China International TV Corporation to bring over 500 hours of popular Chinese content to the US via its Bambu channel that will launch in early 2019. CITVC is one of the most powerful media groups in China. This groundbreaking deal represents a cornerstone of Cinedigm's content strategy for Bambu, providing hundreds of hours of the most popular and highly rated TV series seen in China recently. The deal includes distribution rights to content including *Nirvana in Fire*, the most popular show in China in 2015, *A Bite of China*, the most popular documentary series in recent years, *Journey to the West*, the most watched show in Chinese television history, and *The Advisors Alliance* and *Diamond Lover*, a current hit series in China. The vast majority of the CITVC content will be dubbed into English.

On Dec. 06, 2018 announced plans to launch **matchpoint™**, an innovative managed-service technology platform that enables content distributors, OTT service operators, web publishers, and OEMs to efficiently and cost-effectively create compelling OTT and media subscription services. **matchpoint** will be offered at a competitive price and will available beginning in fiscal calendar Q1, 2019. The company expects to generate revenues from app development and recurring SaaS fees, while also saving money by using it internally. The platform offers integrated billing, configurable on-boarding, custom watch lists, in-app notifications and alerts, machine learning-based recommendations, single sign-on (SSO), DRM, and more.

On Dec. 10, 2018 Cinedigm agreed to acquire free Zurich-based OTT VOD service Viewster and its subsidiary platform Viewster Anime. Their offerings will be immediately combined with Cinedigm's and the service will be ported to Cinedigm's platform. The acquisition is expected to close in January 2019. Viewster contributes over 5,000 films and TV series across a wide array of genres including, spotlighting cult classics, horror, comedy, gaming, documentaries, action, and more, with an emphasis on anime. Viewster Anime will continue as a standalone brand, classic favorites as well as fresh simulcasts delivered straight from Japan. The platform offers programming in a wide variety of languages, and new content is added every week.



On Dec. 18, announced that CONtv and the DOVE CHANNEL are now available now on Samsung's TV Plus video service. TV Plus is Samsung's owned and operated video service, which provides access to a variety of free streaming channels straight out of the box on select Samsung TVs. It does not require a subscription fee, account set-up, or credit card info to access. CONtv and the DOVE CHANNEL are currently available on 2017 and 2018 Samsung Smart TV models, and will be rolling out to more models in the future.

KEY POINTS

- Cinedigm's prospects were supercharged by a huge $40 million capital infusion from Chinese investor, Bison Capital, who now owns 56% of the company and has two board seats. This relationship has also enabled movie and TV distribution deals approved by the Chinese government through Starrise Media and others.

- This investment allowed Cinedigm to retire all its convertible notes and reduce future interest payments. It should also increase distribution revenues by allowing Cinedigm to release US movies to Chinese theatres as well as stream addition content to Chinese audiences. This could add millions of dollars to future revenues. The Chinese market is highly regulated and to date only major US studios have been allowed to release a limited number of movies there. Cinedigm is the first independent distributor to be given permission. Revenues from this new partnership should begin the December quarter.

- Total revenues for Cinedigm have been declining due to its legacy movie equipment business reaching its contracted ends and that trend is not expected to turn around until FY 2022. If the company manages to spin off or somehow classify its legacy business as a discontinued operation, it would immediately show significant total revenue growth. In the interim, the declining business unit will be treated as a cash cow to pay off its debt.

- Cinedigm is can be valued looking at it two main businesses and valuing them separately. If we assume the projector business has no value at all, the company's worth is entirely based on its distribution and content business. Using a metric of enterprise value to sales and its industry averages and Cinedigm's calendar year sales, we believe that business is worth $121 million or $2.78 per share. We are basing this on an estimate of $30 million in sales in calendar year 2018 and peer averages of 3.9 to 4.1 times EV to sales.

FORECASTS

FY 2019 is expected to show a significant fall off in legacy business as contracts come to a natural end but not as fast as originally thought. This year we are looking for revenues in this business to fall from $37.6 million to $21 million or 44%. The content business should stay flat with a year ago at $30 million as OTT grows over 20% and physical distribution declines. This will result in total revenues of $51 million, down 25% and higher than previously forecast. We have reduced out revenue estimates in Content as it is taking longer to get revenues ramped with China which is now being pushed into FY 2020, as well as a slower ramp domestically. We expect the company to announce a deal for a major movie to be shown in China within the next sixty days and for the Bambu channel to be launched early in calendar year 2019. Cinedigm expects this the channel to launch with over 70 original films and dozens of recently aired top-rated shows from two of the top entertainment studios in China. It believes that based on the very positive response from leading North American streaming services, it expects to obtain widespread quality OTT distribution. In the digital cinema business we upped estimates as business there refuses to quickly die.

FY 2020 will be particularly unusual as the projector business falls off in revenues as contracts end. We are forecasting revenues for this business at $2.2 million. We also expect SG&A and other expenses to decline somewhat with revenue declines. By the end of calendar year 2020, the theatres will have to either give back their projectors, or buy them from Cinedigm. Since they have them until December 31, 2020, we will not see most of the income from these sales until that time. These sales, which could be upwards of $37 million will not be booked as revenues but as other income and fall into the FY 2021 year. The content business should continue to grow although there could be headwinds from declining physical distribution, which will continue to

be cannibalized by streaming. Content could grow to $39 million resulting in total revenues declining 23% year over year.

Investors should continue to focus on the progress of the content business to judge the progress of the company while keeping an eye on the wind down of the projector business which may even have upside depending on how the sale of projectors goes. Worst-case scenario for this business is difficulty paying off the non-recourse loan granted to this business. The Cinedigm parent company is ultimately not responsible for that debt.

VALUATION

While there is no public company that is solely a distributor and a streaming service, there are a number of companies that do one or the other. Chicken Soup for the Soup Entertainment is close, but it also has a large TV content production piece. Netflix only streams and does not distribute for others. Companies with similar businesses to CIDM have an average valuation of 4.1xs enterprise value to calendar year sales for 2018 and 3.9 times trailing twelve months revenues. Valuations have come down during the year. If we use those metrics and apply it to our estimate for Cinedigm's content business alone, we get an enterprise value of $121 million. Subtracting off the debt (except for the non-recourse debt of the projector business) this equates to a share price of $2.78.

		Revenue		TTM	Enterprise Value / Sales		EV/	Included	Enterprise
Company	Ticker	2018E	LTM	EBITDA	2018E	LTM	EBITDA	in Average?	Value
Chicken Soup	CSSE	$36	$30	$33	2.5x	3.0x	2.7x	y	$91
DISH Network	DISH	$13,590	$13,800	$2,810	2.1x	2.0x	10.0x	y	$28,060
Entertainment One	ENTMF	NA	$1,370	$138	NA	2.1x	20.6x	y	$2,840
DHX Media	DHXM	NA	$331	$58	NA	2.8x	16.2x	y	$940
Gaia	GAIA	$44	$40	-$24	3.7x	4.2x	-6.8x	y	$166
Lionsgate	LGF-A	$3,834	$4,020	$476	1.5x	1.4x	12.1x	y	$5,750
Netflix	NFLX	$15,820	$14,890	$1,710	7.7x	8.2x	71.1x	y	$121,630
Roku	ROKU	$728	$655	-$3	4.8x	5.3x	-1285.2x	y	$3,470
WWE	WWE	$912	$869	$151	6.1x	6.4x	37.0x	y	$5,570
Average				**$594**	**4.1**	**3.9**	**-124.7**		**$18,724**

	Revenue		TTM	Enterprise Value / Sales		Valuation Range	
	2018E	LTM	EBITDA	2018E	LTM	Low	High
Cinedigm	**$29,886**	**$30,617**	**(1,908)**	**4.1x**	**3.9x**	**$120,574**	**$121,164**

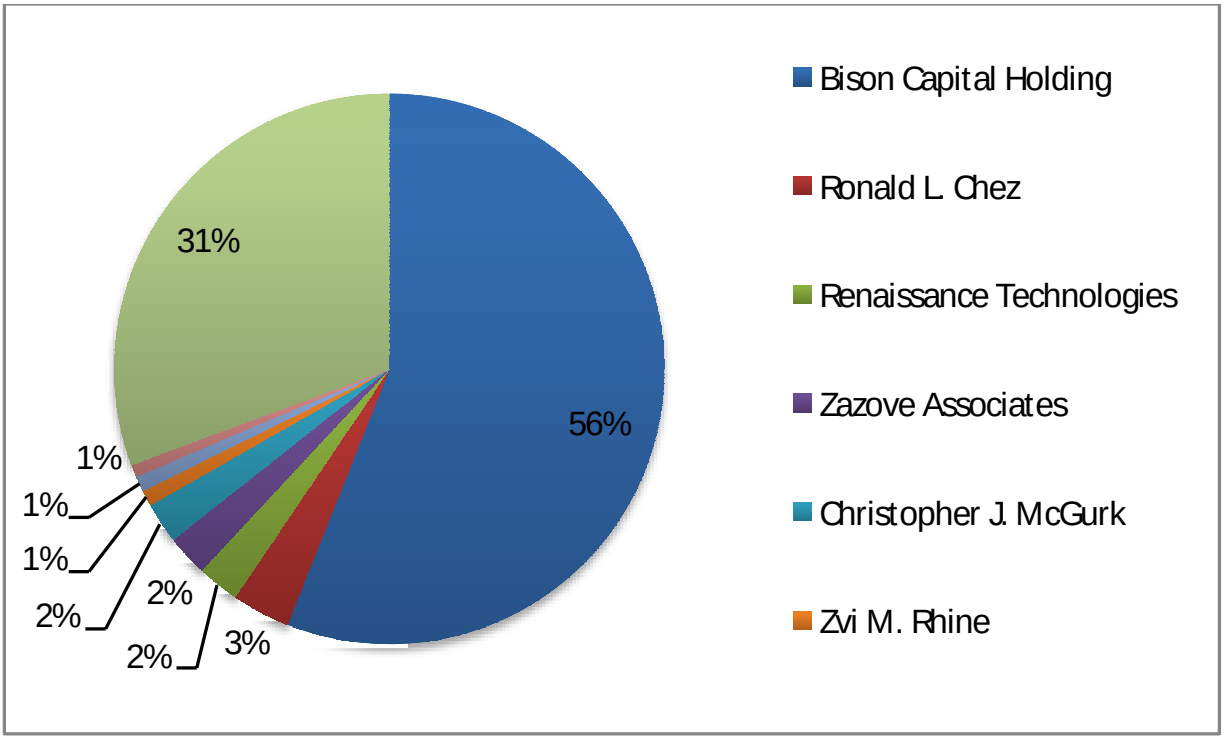
Conclusion of Enterprise Value	$120,869,176
Market Value	$97,869,176
Shares Outstanding	35,143,208
Price per Share	**$2.78**

RISKS

- Despite being cash flow positive, Cinedigm is not yet profitable and has declining revenues from its legacy business, which may cause growth and profitability to be challenging.
- Its relationship with Bison Capital is new and planned business strategies may not work as expected.

- China has a highly regulated business environment and changes could occur to stop Cinedigm from achieving its objectives in that country.
- The OTT streaming business is highly competitive in the US with new entrants almost on a daily basis. The company may have difficulty marketing its channels due to so many competing alternatives vying for consumer interest and dollars.
- The continued decline in DVD and Blu-ray physical distribution makes distribution growth an uphill battle.
- There is risk in the projector business, as it must resell the projectors it will own at a price sufficient to pay off loans. The number of projectors, the prices they can be sold at, and the timing of these sales are variable and it is uncertain if there will be enough cash to pay off its loans.

OWNERSHIP



PROJECTED INCOME STATEMENT

	Q1 6/30/17	Q2 9/30/17	Q3 12/31/17	Q4 3/31/18	Q1 6/30/18	Q2 9/30/18	Q3 E 12/31/18	Q4 E 3/31/19	FY 2017	FY 2018	FY 2019E	FY 2020E
Phase I	$4,331	$5,329	$3,219	$3,903	$2,605	$2,663	$1,000	$0	$32,068	$16,782	$6,268	$0
Yr-to-yr Growth	-53%	-44%	-56%	-35%	-40%	-50%	-69%	-100%	-12%	-48%	-63%	-100%
Phase II	3,061	2,591	3,193	3,018	3,180	3,257	1,500	1,500	12,538	11,863	9,437	2,000
Yr-to-yr Growth	-4%	-21%	7%	-2%	4%	26%	-53%	-50%	2%	-5%	-20%	-79%
Services	2,396	2,105	2,049	2,382	1,330	1,571	1,225	1,150	11,611	8,932	5,276	1,200
Yr-to-yr Growth	-27%	-33%	-22%	-7%	-44%	-25%	-40%	-52%	-1%	-23%	-41%	-77%
TOTAL DIGITAL CINEMA BUSINESS	**9,788**	**10,025**	**8,461**	**9,303**	**7,115**	**7,491**	**3,725**	**2,650**	**56,217**	**37,577**	**20,981**	**3,200**
Yr-to-yr Growth	-37%	-37%	-34%	-21%	-27%	-25%	-56%	-72%	-7%	-33%	-44%	-85%
Physical Distribution	NA	4,000	NA	NA	3,762	3,971	6,700	4,567	24,827	18,606	19,000	20,000
Yr-to-yr Growth	NA	NA	NA	NA	NA	-1%	NA	NA	-31%	-25%	2%	5%
OTT Streaming and Digital Distribution	NA	2,253	NA	NA	2,201	2,282	2,600	3,917	9,350	11,500	11,000	15,950
Yr-to-yr Growth	NA	NA	NA	NA	NA	1%	NA	NA	19%	23%	-4%	45%
CONTENT	**5,452**	**6,253**	**10,031**	**8,370**	**5,963**	**6,253**	**9,300**	**8,484**	**34,177**	**30,106**	**30,000**	**35,950**
Yr-to-yr Growth	-20%	-21%	-13%	6%	9%	0%	-7%	1%	-22%	-12%	0%	20%
Total revenue	**15,240**	**16,278**	**18,492**	**17,673**	**13,078**	**13,744**	**13,025**	**11,134**	**90,394**	**67,683**	**50,981**	**39,150**
Yr-to-yr Growth	-32%	-32%	-24%	-10%	-14%	-16%	-30%	-37%	-13%	-25%	-25%	-23%
Cost of revenue	4,066	4,041	6,363	5,053	3,425	3,616	5,655	5,125	25,121	19,523	17,820	21,355
Gross profit	11,174	12,237	12,129	12,620	9,653	10,128	7,370	6,009	65,273	48,160	33,161	17,796
Gross Margin %	73%	75%	66%	71%	74%	74%	57%	54%	72%	71%	65%	45%
Operating expenses:												
SG&A	6,318	6,247	9,259	6,630	6,543	6,487	7,500	6,000	23,776	28,454	26,530	17,000
Provision for doubtful accounts	-	949	631	(589)	65	1,067	500	500	1,213	991	2,132	1,000
Restructuring expenses, net	-	-	-	-	-	-	-	-	87	-	-	-
Goodwill impairment	-	-	-	-	-	-	-	-	-	-	-	-
Litigation and related, net	-	-	-	-	-	-	-	-	-	-	-	-
Dep and amortization of property and equipt	4,357	3,645	2,213	2,197	2,089	2,076	1,882	1,796	27,722	12,412	7,843	6,500
Amortization of intangible assets	1,395	1,395	1,395	1,395	1,395	1,395	1,395	1,395	5,718	5,580	5,580	5,580
Total operating expenses	12,070	12,236	13,498	9,633	10,092	11,025	11,277	9,691	58,516	47,437	42,085	30,080
Operating income:	(896)	1	(1,369)	2,987	(439)	(897)	(3,907)	(3,682)	6,757	723	(8,924)	(12,285)
Operating margin	-5.9%	0.0%	-7.4%	16.9%	-3.4%	-6.5%	-30.0%	-33.1%	7.5%	1.1%	-17.5%	-31.4%
Other income:												
interest expense, net	(4,041)	(3,975)	(3,147)	(3,029)	(2,695)	(2,572)	(2,572)	(2,572)	(18,995)	(14,193)	(10,411)	(10,288)
Loss on extingusihment of note payable	-	-	-	-	(10)	-	-	-	(1,063)	-	(10)	-
Debt conv exp and loss on ext of notes payable	-	(3,205)	(1,299)	-	-	-	-	-	(4,352)	(4,504)	-	-
Other (expense) income, net	(69)	(133)	(40)	(35)	-	(18)	-	1,250	31	(277)	1,232	-
Gain on termination of capital lease	-	-	-	-	-	-	-	-	2,535	-	-	-
Change in fair value of interest rate derivatives	40	43	44	30	-	-	-	-	142	157	-	-
Total other income	(4,070)	(7,270)	(4,442)	(3,034)	(2,705)	(2,590)	(2,572)	(1,322)	(21,702)	(18,817)	(9,189)	(10,288)
Income before income taxes	(4,966)	(7,269)	(5,811)	(47)	(3,144)	(3,487)	(6,479)	(5,004)	(14,945)	(18,094)	(18,113)	(22,573)
Pretax Margin	-32.6%	-44.7%	-31.4%	-0.3%	-24.0%	-25.4%	-49.7%	-44.9%	-16.5%	-26.7%	-35.5%	-57.7%
Income taxes	(186)	(196)	(113)	94	(139)	-	-	-	(252)	(401)	(139)	-
Tax rate	4%	3%	2%	-200%	4%	0%	0%	0%	2%	2%	1%	0%
Net loss	(5,152)	(7,465)	(5,924)	47	(3,283)	(3,487)	(6,479)	(5,004)	(15,197)	(18,495)	(18,252)	(22,573)
Yr-over-Yr	13%	1446%	1132%	-100%	-36%	-53%	9%	-10746%	-64%	22%	-1%	24%
Net loss attributable to noncontrolling interest	6	11	15	9	16	8	15	15	68	41	54	54
Net loss attributable to controlling interests	(5,146)	(7,454)	(5,909)	9	(3,267)	(3,479)	(6,464)	(4,989)	(15,129)	(18,454)	(18,198)	(22,519)
Preferred stock dividends	(89)	(89)	(89)	(89)	(89)	(89)	(89)	(89)	(356)	(356)	(356)	(356)
Net loss attributable to common stockholders	(5,235)	(7,543)	(5,998)	(80)	(3,356)	(3,568)	(6,553)	(5,078)	(15,485)	(18,810)	(18,554)	(22,875)
Net income per share:												
Primary EPS	**(0.48)**	**(0.60)**	**(0.20)**	**(0.00)**	**(0.09)**	**(0.09)**	**(0.18)**	**(0.14)**	**(1.92)**	**(0.81)**	**(0.49)**	**(0.65)**
Diluted EPS	(0.42)	(0.53)	(0.18)	0.00	(0.08)	(0.08)	(0.17)	(0.13)	(1.64)	(0.76)	(0.44)	(0.58)
	-15%	1008%	273%	-100%	-81%	-84%	-10%	-11112%	-64%	-54%	-42%	30%
Shares												
Basic	10,920	12,651	29,389	37,545	37,639	37,696	35,143	35,143	8,049	23,105	37,639	35,143
Yr-over-Yr	65%	75%	251%	275%	245%	198%	20%	-6%	24%	187%	63%	-7%
Diluted	12,332	14,132	32,283	40,436	41,231	41,645	39,092	39,092	9,466	24,796	41,231	39,092
GAAP Adjusted EBITDA	**5,379**	**5,875**	**5,476**	**6,309**	**3,147**	**2,899**	**(44)**	**1,345**	**43,363**	**23,039**	**7,348**	**1,140**
EBITDA Margin	35%	36%	30%	36%	24%	21%	0%	12%	48%	34%	14%	3%

BALANCE SHEET

	Sept. 30, 2018	June 30, 2018	Qtr-Qtr % Change	Sept. 30, 2017	Yr-Yr % Change
Current assets					
Cash and cash equivalents	$ 15,691	$ 17,820	-12%	$ 9,661	62%
Accounts receivable, net	30,834	32,996	-7%	26,280	17%
Inventory, net	626	641	-2%	811	-23%
Unbilled revenue	2,632	3,808	-31%	4,668	-44%
Prepaid and other current assets	8,647	9,081	-5%	12,557	-31%
Total current assets	58,430	64,346	-9%	53,977	8%
Restricted cash	1,000	1,000	0%	1,000	0%
Property and equipment, net	18,173	19,588	-7%	25,541	-29%
Intangible assets, net	11,867	13,261	-11%	17,439	-32%
Goodwill	8,701	8,701	0%	8,701	0%
Debt issuance costs	0	0	0%	546	-100%
Other assets	1,137	1,164	-2%	1,447	-21%
Total assets	99,308	108,060	-8%	108,651	-9%
Current liabilities					
Accounts payable and accrued expenses	55,777	64,232	-13%	61,306	-9%
Current portion of notes payable	**24,627**	**25,155**	-2%	**58,746**	-58%
Current portion of notes payable, non-recourse	**300**	**512**	-41%	**3,813**	-92%
Current portion of capital leases	0	0	0%	8	-100%
Current portion of deferred revenue	1,687	1,603	5%	2,059	-18%
Total current liabilities	82,391	91,502	-10%	125,932	-35%
Notes payable, non-recourse, net	**28,140**	**29,478**	-5%	**42,519**	-34%
Notes payable, net	**14,076**	**8,826**	59%	**11,670**	21%
Deferred revenue, net of current portion	3,101	3,471	-11%	4,583	-32%
Other long-term liabilities	255	280	-9%	357	-29%
Total liabilities	127,963	133,557	-4%	185,061	-31%
Stockholders' deficit					
Preferred stock	3,559	3,559	0%	3,559	0%
Class A common stock	35	35	0%	14	150%
Paid in capital	366,804	366,398	0%	294,494	25%
Treasury stock	(11,603)	(11,603)	0%	0	NM
Accumulated deficit	(386,149)	(382,581)	1%	(373,193)	3%
Accumulated other comprehensive loss	(22)	(34)	-35%	(53)	-58%
Total stockholder's deficit of Cinedigm	(27,376)	(24,226)	13%	(75,179)	-64%
Deficit attributable to noncontrolling interest	(1,279)	(1,271)	1%	(1,231)	4%
Total deficit	(28,655)	(25,497)	12%	(76,410)	-62%
Total liabilities and deficit	99,308	108,060	-8%	108,651	-9%
Current ratio	0.7	0.7	1%	0.4	65%
Quick ratio	0.7	0.7	1%	0.4	66%
Working capital	(23,961)	(27,156)	-12%	(71,955)	-67%
Non-recourse debt	28,440	29,990	-5%	46,332	-39%
Other debt	38,703	33,981	14%	70,416	-45%
Total Debt	67,143	63,971	5%	116,748	-42%
Debt/TA	68%	59%	14%	107%	-37%

CASH FLOWS

	FY Year 2017	3 Mo Jun 30, 2017	3 Mo Sep 30, 2017	3 Mo Dec 31, 2017	3 Mo Mar 31, 2018	FY Year 2018	3 Mo Jun 30, 2018	3 Mo Sep 30, 2018
Cash flows from operating activities:								
Net loss	(15,197)	(5,152)	(7,465)	$ (5,924)	47	(18,495)	(3,283)	(3,487)
Adjustments to reconcile net loss to net cash provided by operating activities:								
Depreciation and amortization	33,440	5,752	5,040	3,608	3,592	17,992	3,484	3,471
Gain on termination of capital lease	(2,535)	-	-	-	-	-	-	-
Loss on disposal of property and equipment	-	2	62	-	-	64	-	-
Amortization of debt issuance costs included in interest expense	2,688	487	581	505	462	2,035	410	467
Provision for doubtful accounts	1,213	-	949	631	(589)	991	65	1,067
Provision for inventory reserve	376	529	188	(390)	(719)	(392)	(28)	36
Stock-based compensation and expenses	1,726	317	330	1,567	65	2,279	86	317
Change in fair value of interest rate derivatives	142	40	43	44	30	157	-	-
Accretion and PIK interest expense added to note payable	1,034	410	152	300	441	1,303	489	413
Debt conversion expense and loss on extinguishment of notes payable	5,415	-	3,205	1,299	-	4,504	-	-
Changes in operating assets and liabilities;								
Accounts receivable	(2,186)	13,346	13,144	(12,110)	490	14,870	5,067	1,095
Inventory	511	(195)	(196)	389	739	737	179	(21)
Unbilled revenue	(85)	451	536	(79)	(2,052)	(1,144)	2,991	1,176
Prepaid expenses and other assets	1,873	907	(187)	1,663	551	2,934	1,429	461
Accounts payable and accrued expenses	5,932	(11,623)	(50)	2,707	5,650	(3,316)	(4,985)	(8,467)
Deferred revenue	(2,648)	(645)	(498)	(574)	(405)	(2,122)	(589)	(286)
Net cash provided by operating activities	31,699	4,626	15,834	(6,364)	8,302	22,397	5,315	(3,758)
Cash flows from investing activities:								
Purchases of property and equipment	(481)	(227)	(118)	(186)	(394)	(925)	(194)	(661)
Purchases of intangible assets	(5)	-	-	(3)	(3)	(6)	(3)	(1)
Net cash used in investing activities	(486)	(227)	(118)	(189)	(397)	(931)	(197)	(662)
Cash flows from financing activities:								
Payment of notes payable	(53,088)	(6,976)	(8,066)	(23,333)	(3,354)	(41,729)	(8,250)	(1,709)
Net repay under revolving credit agreement	(2,328)	-	(7,624)	(166)	(3,582)	(11,372)	-	7,000
Proceeds from issuance of notes payable	5,525	-	-	10,000	-	10,000	3,000	(3,000)
Repurchase of Class A common stock	-	-	-	(163)	-	(163)	-	-
Net proceeds from issuance of common stock	-	-	-	28,054	(23)	28,031	-	-
Principal payments on capital leases	(224)	(30)	(28)	(8)	-	(66)	-	-
Payments of debt issuance costs	(2,035)	(167)	(129)	(274)	(211)	(781)	-	-
Change in restricted cash balances	7983	-	-	-	-	-	-	-
Capital contributions from noncontrolling interest	39	-	-	-	-	-	-	-
Net cash used in financing activities	(44,128)	(7,173)	(15,847)	14,110	(7,170)	(16,080)	(5,250)	2,291
Net change in cash and cash equivalents	(12,915)	(2,774)	$ (131)	$ 7,557	$ 735	5,386	(132)	$ (2,129)
Cash and cash equivalents at beginning of period	25,481	12,566	9,792	$ 9,661	$ 17,218	12,566	18,952	18,820
Cash and cash equivalents at end of period	12,566	9,792	9,661	$ 17,218	$ 17,953	17,952	18,820	16,691
Cash interest paid	16,464	3,449	6,495	8,533	(4,589)	13,888	2,310	2,147
Cash taxes paid	322	89	89	89	135	402	-	-
Cash flow	28,302	2,385	3,085	1,640	3,329	10,438	1,223	2,284
Free cash flow	27,816	2,158	2,967	1,451	2,932	9,507	1,026	1,622

HISTORICAL STOCK PRICE



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