February 19, 2019

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

Lisa Thompson
312-265-9154
lthompson@zacks.com

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

Cinedigm Corp. (CIDM-NASDAQ)

CIDM: FYQ3 Comes in Better than Expected; Raising Estimates Due to Projector Sales

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 $2.81 per share.

Current Price (02/18/19)	$1.23
Valuation	**$2.81**

OUTLOOK

With new Chinese ownership and a $40 million infusion of capital, Cinedigm is positioned to rapidly grow its OTT and digital distribution business, which we believe is worth more than twice the entire company. Its 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	**$0.50**
One-Year Return (%)	**-1.2**
Beta	**1.7**
Average Daily Volume (sh)	**95,905**
Shares Outstanding (mil)	**35.7**
Market Capitalization ($mil)	**$44**
Short Interest Ratio (days)	**6.0**
Institutional Ownership (%)	**8**
Insider Ownership (%)	**63**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**-12.9**
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	14.6 A	15.3 E	56.8 E
2020					41.0 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	-$0.09 A	-$0.02 E	-$0.30 E
2020					-$0.49 E

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

© Copyright 2019, Zacks Investment Research. All Rights Reserved.

WHAT'S NEW

Cinedigm Buried the Lede-- the Sale of Projectors Will Be Accounted for as Revenue

While the company reported a stronger than expected FY Q3 due to higher digital cinema revenues, the biggest upside news is the projector sales will be counted as revenue rather than other income. The company has already booked sale of projectors in FYQ4 and has the prospect of more sales in FY2020 and beyond. Cinedigm sold 311 digital cinema projection systems in this current March quarter from the company's Phase 1 purchases and is currently in the process of selecting an advisory firm with expertise in this area to monetize the remaining 3,396 systems. The company will be **accounting for these sales as revenue** in Phase 1 of the Digital Cinema business. In the 10Q, the company said it had sold 328 projectors total for $3.8 million. Using that number to calculate an average price, means the company may book revenues of approximately $3.6 million in the March quarter for the sale of these 311 projectors at what we believe would be 100% gross margin. While we have no way to guess how many projectors may be sold in FY2020, we are putting $4 million in Phase 1 revenues to reflect some sales occurring in that year.

By adding these sales to revenues, the company could now be able to grow total revenues for the company starting in FY2021, not FY2022 as we have previously expected, given that these sales are to be recorded as revenues rather than other income. This should significantly improve investor interest in the company, which has had to fight the visual of a declining top line. In summary, a total of approximately $37 million will now be added to revenues that we previously thought was going to be considered other income.

While we still believe that investors should look solely at the content business, and in particular the OTT streaming and digital distribution revenues, certainly having a better top line will help in valuation.

FYQ3 Earnings

Revenues for the quarter ending December 31, 2019 **came in above expectations at $14.6 million** versus $18.5 million a year ago, declining 21%. $5.3 million came from the legacy projector business, which was higher that our estimate and $9.3 million from content distribution and streaming, on target with projections. The legacy business continued to decline from $8.5 million in Q3 2018, to $5.3 million in Q3 2019 (down 37%) as major studios continue to fulfill their payment obligations, but again it did not fall off as quickly as expected as new studios continue to pay. While Phase 2 has limits on its revenues as the projectors are paid off, Phase 1 can charge new studios if they show films.

The **content business declined 7% to** $9.3 million. This group however, is comprised of physical distribution (i.e. DVDs), streaming distribution and the company's OTT channels. While we know that in the December 2018 quarter $6.6 million was from physical distribution and $2.8 was from digital, the company did not reveal the breakdown between the physical business, which we believe was down year over year, and the streaming business in the December 2017 quarter.

Gross margin was down to 64% from 66% last year. Gross margin dollars declined to $9.4 million versus $12.1 million as digital cinema business revenues fell. However when we drill down to the two segments we see that the gross margin for the projector business declined to 90.5% from 94.6% while the gross margin for content increased to 49.1% this year from 41.1% last.

Total operating expenses declined to $10 million from $13.5 million last year. This was due to one-time expenses last year of due to a bonus payout of $1.5 million to the officers and employees in conjunction with the Bison transaction, and stock-based compensation expense of approximately $1.2 million related to the accelerated vesting of all stock options and restricted stock on November 1, 2017, due to the change in control of the company. Without those expenses, last year's SG&A would have been $6.6 million and resulted in a decline of only 2%.

The operating loss was $612,000 versus a loss of $1.4 million a year ago. Without the one-time expenses, the company would have made an operating profit of $1.3 million last year.

Interest expense declined to $2.6 million down from $3.1 million a year ago due to financial restructuring and the pay down of debt. Non-recourse debt, attributable to the digital cinema business declined $3.4 million and the remaining debt increased $1.1 million.

For the quarter, the company had a net loss to common stockholders $3.3 million versus a loss of $6.0 million in the year ago quarter.

The **EPS loss in Q3 2019 was $0.09 per share versus a loss of $0.20** per share a year ago. With the one-time expense, last year's EPS loss would have been $0.11. This is the third quarter in a row of an EPS loss of $0.09 per share. Shares outstanding were 38.0 million up from 29.4 million a year ago, an increase of 29%. As of February 11, 2019, there were 35.7 million shares outstanding.

On the earnings call the company announced it had 2.4 million active ad-supported viewers and 108,000 active subscribers On Jan. 28, 2019 Cinedigm announced it had 2.4 million monthly active ad-supported viewers and 102,000 active subscribers, meaning it grew the subscriber base by 7,000 in only 16 days.

After the earnings call the company announced that it was eliminating the CFO position and the current CFO Jeff Edell was leaving the company. To streamline operations, it created the role of chief operating officer and appointed Gary Loffredo to that role in addition to his job as general counsel and president of digital cinema.

Recent highlights for the company were:

- Achieved over 370% year-over-year growth in ad-supported user base across linear and ad-supported video on demand platforms.
- Achieved over 205% quarter-over-quarter growth in connected television ad-requests.
- Grew content library by 6,200 film and television assets – more than 116% year-over-year.
- Grew total social media footprint to 857,000 followers across YouTube, Facebook, and Instagram.
- Completed 26 channel launches across 10 new distribution partners over the last two quarters, including Dish Network, Sling TV, Comcast Xfinity, Samsung TV Plus, Xumo, Pluto TV, Sinclair's Stirr, Vizio Watch Free TV, and The Roku Channel, representing a total addressable base of more than 126 million customers and devices.
- Acquired ComicBlitz, a subscription digital comic service, on December 11th and acquired Viewster, a pop-culture ad-supported streaming service, on February 5, 2019. These two acquisitions add more than 7,100 premium film, television, and digital publishing assets from more than 70 new partners.
- Launched Matchpoint™ as the product to be sold to other companies. It is a next-generation OTT platform and application framework that speeds time to market while reducing the total operating expense for channel operators and content distributors. By using it own internal Matchpoint solution, Cinedigm is able to deliver content to partners at an 80% lower operating cost than using an outside vendor.

Subsequent Events After December 31, 2018

On Jan. 16, 2019 Cinedigm announced the launch of the DOVE CHANNEL and CONtv on STIRR, Sinclair Broadcast Group's new free live and on-demand streaming service.

On Jan. 23, 2019 Cinedigm announced it has entered into a non-exclusive content licensing agreement with leading Chinese entertainment company CHINA LION to release over four dozen films on the newly announced Chinese content entertainment streaming channel, BAMBU.

On Jan. 31, 2019 Cinedigm **launched HALLYPOP** in partnership with JungoTV; and added DOCURAMA to Samsung's TV Plus video service. HallyPop is a pop culture network celebrating Korean, Chinese, and South East Asian content, including live concerts, special events, and reality TV, and talent competitions.

HALLYPOP and DOCURAMA join Cinedigm's CONtv and DOVE CHANNEL, which both launched on the TV Plus platform in November 2018.

On February 5, 2019, Cinedigm acquired the free, Zurich-based, OTT VOD service Viewster and its subsidiary platform Viewster Anime. Their offerings were immediately combined with Cinedigm's and the service will be ported to Cinedigm's platform. Viewster contributes over 6,000 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.

The acquisition augments Cinedigm's content, with select programming debuting on CONtv. As part of the move, Cinedigm will also be overseeing the operation of all content, applications, and social assets belonging to both platforms. Ad sales will be handled in-house and through Cinedigm's network of partners. Cinedigm plans to bring ad-supported, linear and subscription offerings of Viewster to additional OEM, cable, telco and digital partners over the next several quarters. Viewster operates in over 30 international markets that includes a combined total of over 256,000 subscribers across YouTube and Amazon Prime Video, as well as more than 1.1 million monthly active viewers around the globe. Viewster Anime boasts an impressive selection of acclaimed Anime films and series, ranging from classic favorites to fresh simulcasts delivered straight from Japan. Acquired content highlights include hit films such as *Jin-Roh: The Wolf Brigade*, *Fist Of The North Star*, and *Galaxy Express 999*, *Street Fighter II: The Animated Movie* and *Night On The Galactic Railroad*, as well as popular series such as *Street Fighter II: The Animated Series*, *Mazinger Edition Z: The Impact!*, *Gunslinger Girl*, *GATE*, and *Food Wars*, among many others.

On Feb. 06, 2019 launched the DOVE CHANNEL and DOCURAMA on DISH as part of DISH'S customizable On Demand subscription offerings. Both DOVE CHANNEL and DOCURAMA can be purchased *à la carte* for $4.99 per month each. Additionally, DISH customers can enjoy DOVE and DOCURAMA as part of a free preview of all on-demand subscriptions running from Monday, February 4 through Sunday, February 10. On Demand subscriptions are available to DISH customers with a qualifying base programming package and internet-connected Hopper DVR, Hopper Duo, Joey, or Wally, allowing them to enjoy premium programming from DOVE CHANNEL and DOCURAMA completely commercial-free.

KEY POINTS

- Cinedigm's prospects were supercharged by a huge $40 million capital infusion from Chinese investor, Bison Capital, who now owns 55% 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.

- The company has been rapidly adding distribution channels and more content which should begin to show an accelerating ramp in OTT revenues especially since there is little the company needs to do to reach gain new viewers as the partners provide the new customers.

- Total revenues for Cinedigm have been declining due to its legacy movie equipment business reaching its contracted **ends but that trend is now expected to turn around in FY 2021** as the auditors have allowed the sale of used movie projection equipment to be booked as revenues.

- 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 for its Content business, we believe that business is worth $100 million or $2.81 per share. We are basing this on $30 million in sales in calendar year 2018 and peer averages of 5.0 to 4.4 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 $28.2 million or 25%. We expect the company to book $3.6 million in projector sales in Q4 2019, which was not originally expected.

The content business could decline 5% from a year ago to $28.5 million. We are projecting the physical distribution part could be down 3% which has been aided by picking up market share in a declining market. OTT and digital distribution may also be down year over year as last year the company pivoted its strategy from subscription and direct to consumer, to using distributors with AVOD and linear streaming. This pivot has yielded higher margins. Since the pivot we see that this year it has been growing the business sequentially. These two segments combined should result in total revenues of $56.8 million, down 16% but higher than previously forecast.

FY 2020 will be particularly unusual as the projector business falls off in revenues as contracts end. We had been forecasting revenues for this business at $2.2 million, but since projector sales will be in revenues that number could be in a wide range over that number. For now we are just adding $4 million in projector sales in FY2020. We also expect SG&A and other expenses to also decline somewhat with revenue declines and operation efficiencies in the streaming businesses. 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 expect see most of the income from these sales after that. These sales could be upwards of $37 million in total, but expect most sales to fall into the FY 2021 year.

We still expect the company to announce deals for major movies to be shown in China soon but that will probably start in FY2020. The Bambu channel should be launched mid calendar year 2019. It believes that based on the very positive response from leading North American streaming services, it expects to obtain widespread quality OTT distribution. The content business should grow although there could be headwinds from declining physical distribution, which will continue to be cannibalized by streaming. Countering that effect is consolidation in the business and Cinedigm's ability to increase market share as competitors go out of business. Content could grow to $34 million resulting in total revenues declining 28% year over year. The wild card is of course projector sales.

Investors should continue to focus on the progress of the OTT 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 5.0xs enterprise value to calendar year sales for 2018 and 4.4 times trailing twelve months revenues. If we use those metrics and apply it to our estimate for Cinedigm's content business alone, we get an enterprise value of $140 million. Subtracting off the debt (except for the non-recourse debt of the projector business) this equates to a share price of $2.81.

			Revenue		TTM	Enterprise Value / Sales		EV/	Included	Enterprise
Company	Ticker	2019E	2018E	LTM	EBITDA	2018E	LTM	EBITDA	in Average?	Value
Chicken Soup	CSSE	$40	$36	$30	$33	2.3x	2.8x	2.5x	y	$85
DISH Network	DISH	$12,700	$13,590	$13,800	$2,810	2.0x	2.0x	9.6x	y	$27,050
Entertainment One	ENTMF	NA	NA	$1,370	$138	NA	1.7x	17.0x	y	$2,340
DHX Media	DHXM	NA	NA	$331	$58	NA	0.7x	4.0x	y	$231
Gaia	GAIA	$75	$44	$40	-$24	3.9x	4.4x	-7.1x	y	$175
Lionsgate	LGF-A	$3,870	$3,810	$3,810	$465	1.7x	1.7x	14.2x	y	$6,590
Netflix	NFLX	$20,210	$15,790	$15,790	$1,690	10.3x	10.3x	96.7x	y	$163,340
Roku	ROKU	$984	$728	$655	-$3	7.4x	8.2x	-1992.6x	y	$5,380
WWE	WWE	$1,020	$930	$930	$152	7.3x	7.3x	44.6x	y	$6,790
Average					**$591**	**5.0**	**4.4**	**-201.2**		**$23,553**

	Revenue		TTM	Enterprise Value / Sales		Valuation Range	
	2018E	LTM	EBITDA	2018E	LTM	Low	High
Cinedigm	**$29,929**	**$29,929**	**(2,469)**	**5.0x**	**4.4x**	**$130,202**	**$149,755**

Conclusion of Enterprise Value	$139,978,578
Market Value	$100,217,578
Shares Outstanding	35,678,248
Price per Share	**$2.81**

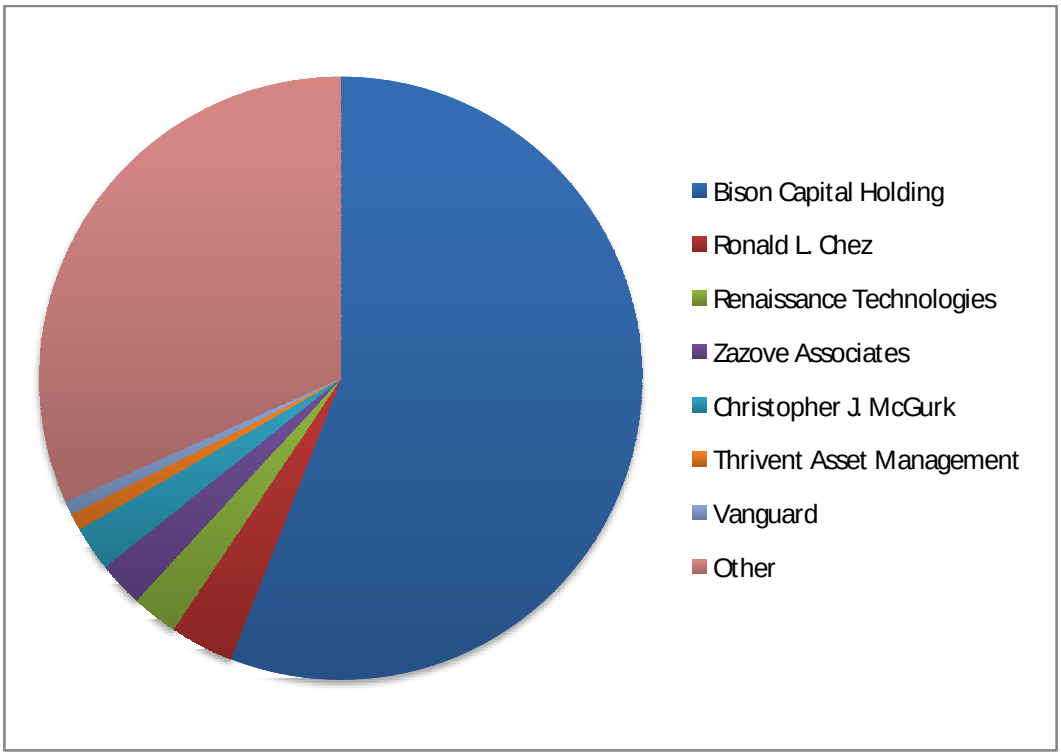
This January, Viacom purchased PlutoTV, an AVOD, for $340 million. PlutoTV is rumored to have generated $160 million in sales in 2018 and exited December at $200 million run rate. This would be approximately two times trailing 12-month sales or 1.7 times the run rate. At two times trailing twelve month revenues CIDM's OTT business would be worth $60 million. Pluto TV is averaging 12 million engaged viewers a month, compared with 2.4 million at Cinedigm.

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 12/31/18	Q4 E 3/31/19	FY 2016	FY 2017	FY 2018	FY 2019E	FY 2020E
Phase I	$4,331	$5,329	$3,219	$3,903	$2,605	$2,663	$2,156	$5,500	$36,488	$32,068	$16,782	$12,924	$4,000
Yr-to-yr Growth	-53%	-44%	-56%	-35%	-40%	-50%	-33%	41%	NA	-12%	-48%	-23%	-69%
Phase II	3,061	2,591	3,193	3,018	3,180	3,257	1,754	1,500	12,257	12,538	11,863	9,691	2,000
Yr-to-yr Growth	-4%	-21%	7%	-2%	4%	26%	-45%	-50%	NA	2%	-5%	-18%	-79%
Services	2,396	2,105	2,049	2,382	1,330	1,571	1,410	1,293	11,782	11,611	8,932	5,604	1,200
Yr-to-yr Growth	-27%	-33%	-22%	-7%	-44%	-25%	-31%	-46%	NA	-1%	-23%	-37%	-79%
TOTAL DIGITAL CINEMA BUSINESS	**9,788**	**10,025**	**8,461**	**9,303**	**7,115**	**7,491**	**5,300**	**8,293**	**60,527**	**56,217**	**37,577**	**28,199**	**7,200**
Yr-to-yr Growth	-37%	-37%	-34%	-21%	-27%	-25%	-37%	-11%	NA	-7%	-33%	-25%	-74%
Physical Distribution	NA	4,000	NA	NA	3,762	3,971	6,565	3,700	36,072	24,827	18,606	17,998	18,000
Yr-to-yr Growth	NA	NA	NA	NA	NA	-1%	NA	NA	NA	-31%	-25%	-3%	0%
OTT Streaming and Digital Distribution	NA	2,253	NA	NA	2,201	2,282	2,758	3,300	7,850	9,350	11,500	10,541	15,812
Yr-to-yr Growth	NA	NA	NA	NA	NA	1%	NA	NA	NA	19%	23%	-8%	50%
CONTENT	**5,452**	**6,253**	**10,031**	**8,370**	**5,963**	**6,253**	**9,343**	**7,000**	**43,922**	**34,177**	**30,106**	**28,539**	**33,812**
Yr-to-yr Growth	-20%	-21%	-13%	6%	9%	0%	-7%	-16%	NA	-22%	-12%	-5%	18%
Total revenue	**15,240**	**16,278**	**18,492**	**17,673**	**13,078**	**13,744**	**14,643**	**15,293**	**104,449**	**90,394**	**67,683**	**56,758**	**41,012**
Yr-to-yr Growth	-32%	-32%	-24%	-10%	-14%	-16%	-21%	-13%	-1%	-13%	-25%	-16%	-28%
Cost of revenue	4,066	4,041	6,363	5,053	3,425	3,616	5,246	4,009	31,341	25,121	19,523	16,296	17,514
Gross profit	11,174	12,237	12,129	12,620	9,653	10,128	9,397	11,284	73,108	65,273	48,160	40,462	23,497
Gross Margin %	73%	75%	66%	71%	74%	74%	64%	74%	70%	72%	71%	71%	57%
Operating expenses:													
SG&A	6,318	6,247	9,259	6,630	6,543	6,487	6,425	6,200	33,367	23,776	28,454	25,655	17,000
Provision for doubtful accounts	-	949	631	(589)	65	1,067	113	-	789	1,213	991	1,245	1,000
Restructuring expenses, net	-	-	-	-	-	-	-	-	1,130	87	-	-	-
Goodwill impairment	-	-	-	-	-	-	-	-	18,000	-	-	-	-
Litigation and related, net	-	-	-	-	-	-	-	-	(2,228)	-	-	-	-
Dep and amortization of property and equipt	4,357	3,645	2,213	2,197	2,089	2,076	2,074	1,796	37,344	27,722	12,412	8,035	6,500
Amortization of intangible assets	1,395	1,395	1,395	1,395	1,395	1,395	1,397	1,397	5,852	5,718	5,580	5,584	5,588
Total operating expenses	12,070	12,236	13,498	9,633	10,092	11,025	10,009	9,393	94,254	58,516	47,437	40,519	30,088
Operating income:	(896)	1	(1,369)	2,987	(439)	(897)	(612)	1,891	(21,146)	6,757	723	(57)	(6,591)
Operating margin	-5.9%	0.0%	-7.4%	16.9%	-3.4%	-6.5%	-4.2%	12.4%	-20.2%	7.5%	1.1%	-0.1%	-16.1%
Other income:													
interest expense, net	(4,041)	(3,975)	(3,147)	(3,029)	(2,695)	(2,572)	(2,593)	(2,593)	(20,560)	(18,995)	(14,193)	(10,453)	(10,372)
Loss on extingusihment of note payable	-	-	-	-	(10)	-	-	-	(931)	(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)	(12)	-	513	31	(277)	(30)	-
Gain on termination of capital lease	-	-	-	-	-	-	-	-	-	2,535	-	-	-
Change in fair value of interest rate derivatives	40	43	44	30	-	-	-	-	(40)	142	157	-	-
Total other income	(4,070)	(7,270)	(4,442)	(3,034)	(2,705)	(2,590)	(2,605)	(2,593)	(21,018)	(21,702)	(18,817)	(10,493)	(10,372)
Income before income taxes	(4,966)	(7,269)	(5,811)	(47)	(3,144)	(3,487)	(3,217)	(702)	(42,164)	(14,945)	(18,094)	(10,550)	(16,963)
Pretax Margin	-32.6%	-44.7%	-31.4%	-0.3%	-24.0%	-25.4%	-22.0%	-4.6%	-40.4%	-16.5%	-26.7%	-18.6%	-41.4%
Income taxes	(186)	(196)	(113)	94	(139)	-	(55)	-	(345)	(252)	(401)	(194)	-
Tax rate	4%	3%	2%	-200%	4%	0%	2%	0%	1%	2%	2%	2%	0%
Net loss	(5,152)	(7,465)	(5,924)	47	(3,283)	(3,487)	(3,272)	(702)	(42,509)	(15,197)	(18,495)	(10,744)	(16,963)
Yr-over-Yr	13%	1446%	1132%	-100%	-36%	-53%	-45%	-1594%	47%	-64%	22%	-42%	58%
Net loss attributable to noncontrolling interest	6	11	15	9	16	8	14	15	767	68	41	53	53
Net loss attributable to controlling interests	(5,146)	(7,454)	(5,909)	9	(3,267)	(3,479)	(3,258)	(687)	(41,742)	(15,129)	(18,454)	(10,691)	(16,910)
Preferred stock dividends	(89)	(89)	(89)	(89)	(89)	(89)	(89)	(89)	(356)	(356)	(356)	(356)	(356)
Net loss attributable to common stockholders	(5,235)	(7,543)	(5,998)	(80)	(3,356)	(3,568)	(3,347)	(776)	(42,098)	(15,485)	(18,810)	(11,047)	(17,266)
Net income per share:													
Primary EPS	**(0.48)**	**(0.60)**	**(0.20)**	**(0.00)**	**(0.09)**	**(0.09)**	**(0.09)**	**(0.02)**	**(6.51)**	**(1.92)**	**(0.81)**	**(0.30)**	**(0.49)**
Diluted EPS	(0.42)	(0.53)	(0.18)	0.00	(0.08)	(0.08)	(0.08)	(0.02)	(4.59)	(1.64)	(0.76)	(0.26)	(0.40)
Non-GAAP EPS			(0.11)										
	-15%	1008%	273%	-100%	-81%	-84%	-58%	-1625%		-64%	-54%	-66%	55%
Shares													
Basic	10,920	12,651	29,389	37,545	37,639	37,696	38,034	35,678	6,468	8,049	23,105	37,262	35,000
Yr-over-Yr	65%	75%	251%	275%	245%	198%	29%	-5%	-122%	24%	187%	61%	-6%
Diluted	12,332	14,132	32,283	40,436	41,231	41,645	41,983	39,627	9,179	9,466	24,796	41,211	41,983
GAAP Adjusted EBITDA	**5,379**	**5,875**	**5,476**	**6,309**	**3,147**	**2,899**	**3,588**	**5,170**	**43,156**	**43,363**	**23,039**	**14,804**	**6,841**
EBITDA Margin	35%	36%	30%	36%	24%	21%	25%	34%	41%	48%	34%	26%	17%

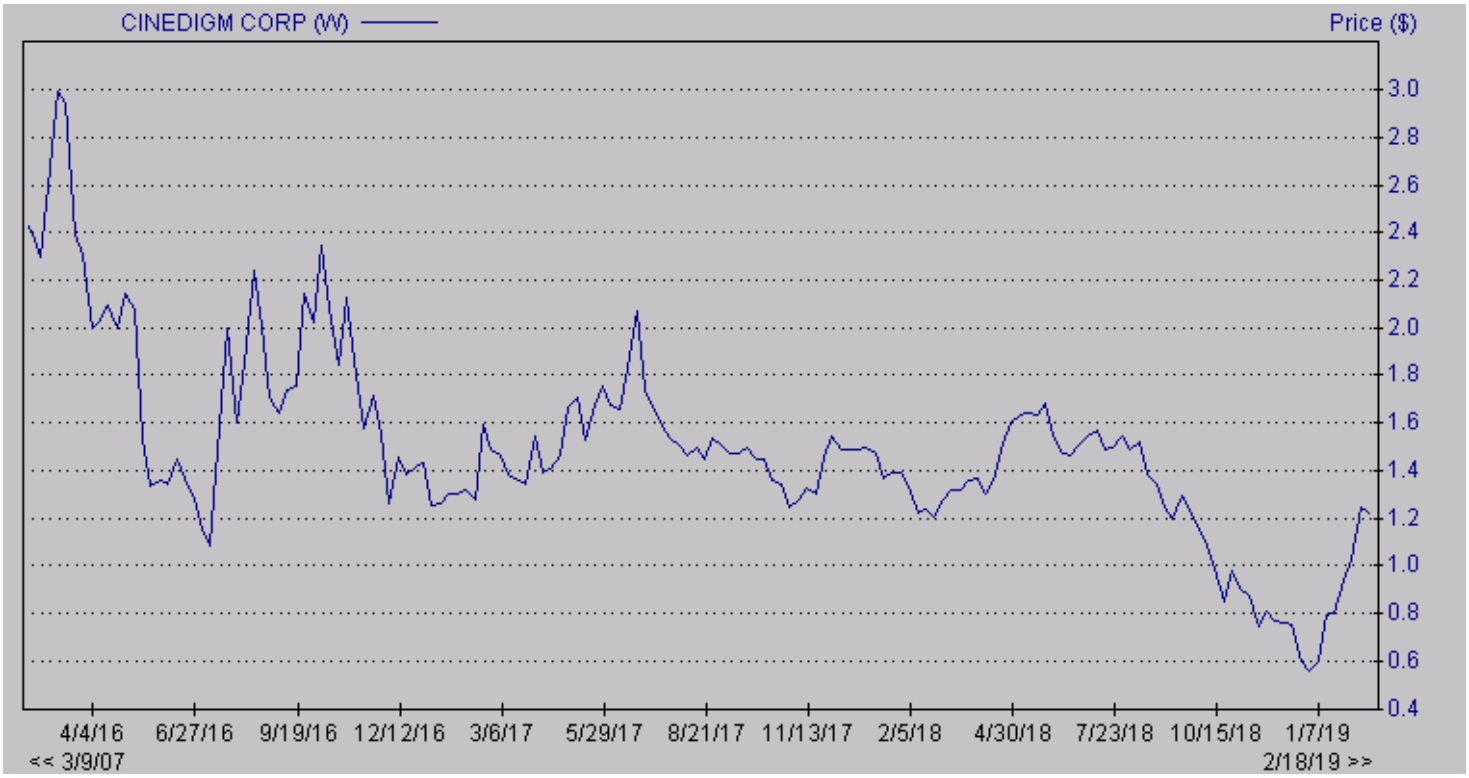
BALANCE SHEET

	Dec. 31, 2018	Sept. 30, 2018	Qtr-Qtr % Change	Dec. 31, 2017	Yr-Yr % Change
Current assets					
Cash and cash equivalents	$ 17,141	$ 15,691	9%	$ 17,218	0%
Accounts receivable, net	38,893	30,834	26%	37,870	3%
Inventory, net	632	626	1%	812	-22%
Unbilled revenue	1,946	2,632	-26%	4,747	-59%
Prepaid and other current assets	9,397	8,647	9%	10,885	-14%
Total current assets	68,009	58,430	16%	71,532	-5%
Restricted cash	1,000	1,000	0%	1,000	0%
Property and equipment, net	16,312	18,173	-10%	23,479	-31%
Intangible assets, net	10,685	11,867	-10%	16,045	-33%
Goodwill	8,701	8,701	0%	8,701	0%
Debt issuance costs	0	0	0%	134	-100%
Other assets	1,107	1,137	-3%	1,336	-17%
Total assets	105,814	99,308	7%	122,227	-13%
Current liabilities					
Accounts payable and accrued expenses	67,511	55,777	21%	63,460	6%
Current portion of notes payable	**24,772**	**24,627**	1%	**16,491**	50%
Current portion of notes payable, non-recourse	**279**	**300**	-7%	**2,954**	-91%
Current portion of deferred revenue	1,728	1,687	2%	1,855	-7%
Total current liabilities	94,290	82,391	14%	84,760	11%
Notes payable, non-recourse, net	**24,742**	**28,140**	-12%	**38,331**	-35%
Notes payable, net	**14,989**	**14,076**	6%	**16,997**	-12%
Deferred revenue, net of current portion	2,728	3,101	-12%	4,213	-35%
Other long-term liabilities	229	255	-10%	331	-31%
Total liabilities	136,978	127,963	7%	144,632	-5%
Stockholders' deficit					
Preferred stock	3,559	3,559	0%	3,559	0%
Class A common stock	36	35	3%	35	3%
Paid in capital	367,630	366,804	0%	366,092	0%
Treasury stock	(11,603)	(11,603)	0%	(11,603)	0%
Accumulated deficit	(389,496)	(386,149)	1%	(379,191)	3%
Accumulated other comprehensive loss	3	(22)	-114%	(51)	-106%
Total stockholder's deficit of Cinedigm	(29,871)	(27,376)	9%	(21,159)	41%
Deficit attributable to noncontrolling interest	(1,293)	(1,279)	1%	(1,246)	4%
Total deficit	(31,164)	(28,655)	9%	(22,405)	39%
Total liabilities and deficit	105,814	99,308	7%	122,227	-13%
Current ratio	0.7	0.7	2%	0.8	-15%
Quick ratio	0.7	0.7	2%	0.8	-14%
Working capital	(26,281)	(23,961)	10%	(13,228)	99%
Non-recourse debt	25,021	28,440	-12%	41,285	-39%
Other debt	39,761	38,703	3%	33,488	19%
Total Debt	64,782	67,143	-4%	74,773	-13%
Debt/TA	61%	68%	-9%	61%	0%

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	3 Mo Dec 31, 2018
Cash flows from operating activities:									
Net loss	(15,197)	(5,152)	(7,465)	$ (5,924)	47	(18,495)	(3,283)	(3,487)	$ (3,272)
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	3,471
Gain on termination of capital lease	(2,535)	-	-	-	-	-	-	-	0
Loss on disposal of property and equipment	-	2	62	-	-	64	-	-	0
Amortization of debt issuance costs included in interest expense	2,688	487	581	505	462	2,035	410	467	500
Provision for doubtful accounts	1,213	-	949	631	(589)	991	65	1,067	113
Provision for inventory reserve	376	529	188	(390)	(719)	(392)	(28)	36	(57)
Stock-based compensation and expenses	1,726	317	330	1,567	65	2,279	86	317	360
Change in fair value of interest rate derivatives	142	40	43	44	30	157	-	-	0
Accretion and PIK int exp added to note	1,034	410	152	300	441	1,303	489	413	414
Debt conversion expense and loss on extinguishment of notes payable	5,415	-	3,205	1,299	-	4,504	-	-	0
Changes in operating assets and liabilities;									
Accounts receivable	(2,186)	13,346	13,144	(12,110)	490	14,870	5,067	1,095	(8,172)
Inventory	511	(195)	(196)	389	739	737	179	(21)	51
Unbilled revenue	(85)	451	536	(79)	(2,052)	(1,144)	2,991	1,176	686
Prepaid expenses and other assets	1,873	907	(187)	1,663	551	2,934	1,429	461	(720)
Accounts payable and accrued expenses	5,932	(11,623)	(50)	2,707	5,650	(3,316)	(4,985)	(8,467)	11,734
Deferred revenue	(2,648)	(645)	(498)	(574)	(405)	(2,122)	(589)	(286)	(332)
Net cash provided by operating activities	31,699	4,626	15,834	(6,364)	8,302	22,397	5,315	(3,758)	4,776
Cash flows from investing activities:									
Purchases of property and equipment	(481)	(227)	(118)	(186)	(394)	(925)	(194)	(661)	(213)
Purchases of intangible assets	(5)	-	-	(3)	(3)	(6)	(3)	(1)	(107)
Net cash used in investing activities	(486)	(227)	(118)	(189)	(397)	(931)	(197)	(662)	(320)
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)	(8,580)
Net repay under revolving credit agreement	(2,328)	-	(7,624)	(166)	(3,582)	(11,372)	-	7,000	574
Proceeds from issuance of notes payable	5,525	-	-	10,000	-	10,000	3,000	(3,000)	5,000
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	39	-	-	-	-	-	-	-	-
Net cash used in financing activities	(44,128)	(7,173)	(15,847)	14,110	(7,170)	(16,080)	(5,250)	2,291	(3,006)
Net change in cash and cash equivalents	(12,915)	(2,774)	$ (131)	$ 7,557	$ 735	5,386	(132)	$ (2,129)	$ 1,450
Cash and cash equiv at beginning of period	25,481	12,566	9,792	$ 9,661	$ 17,218	12,566	18,952	18,820	$ 16,691
Cash and cash equivalents at end of period	12,566	9,792	9,661	$ 17,218	$ 17,953	17,952	18,820	16,691	$ 18,141
Cash interest paid	16,464	3,449	6,495	8,533	(4,589)	13,888	2,310	2,147	2,170
Cash taxes paid	322	89	89	89	135	402	-	-	0
Cash flow	28,302	2,385	3,085	1,640	3,329	10,438	1,223	2,284	1,529
Free cash flow	27,816	2,158	2,967	1,451	2,932	9,507	1,026	1,622	1,209

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, Lisa Thompson, 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 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.