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Chembio Diagnostics Inc. (CEMI- NASDAQ)

CEMI: Record DPP Sales, Should Benefit Further With CLIA Waiver Now Granted

Current Recommendation	**Outperform**
Prior Recommendation	N/A
Date of Last Change	06/14/2010
Current Price (11/07/14)	$4.29
Target Price	**$10.00**

OUTLOOK

CLIA Waiver granted for DPP HIV assay. CEMI signed distribution agreements and also bldg direct sales force to sell direct in the U.S. Int'l lateral flow sales remain variable which has negatively impacted 2014 revenue. DPP international sales have been very strong the last two quarters, likely aided by the recent launch of DPP HIV/Syphilis test.

DPP HIV CLIA waiver was a significant milestone and allows launch to POC channel. DPP U.S. sales will be imminent.

Pipeline progress continues - recent partnerships announced to develop Ebola, Dengue Fever, Febrile illness and cancer test on DPP platform. CEMI also focused on complementary revenue opportunities including add'l R&D contracts/grants, expansion of international commercialization footprint, and potentially in-licensing products.
CEMI maintains strong cash position and balance sheet.
We are maintaining our Outperform rating.

SUMMARY DATA

52-Week High	**$5.20**
52-Week Low	**$2.83**
One-Year Return (%)	**10.65**
Beta	**0.07**
Average Daily Volume (sh)	**258,655**
Shares Outstanding (mil)	**10**
Market Capitalization ($mil)	**$41**
Short Interest Ratio (days)	**0.19**
Institutional Ownership (%)	**18**
Insider Ownership (%)	**6**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**21.1**
Earnings Per Share (%)	**-31.0**
Dividend (%)	**N/A**
P/E using TTM EPS	**39.0**
P/E using 2014 Estimate	**N/A**
P/E using 2015 Estimate	**429.0**
Zacks Rank	**N/A**

Risk Level	**High,**
Type of Stock	**Small-Blend**
Industry	**Med Products**

ZACKS ESTIMATES

Revenue
(millions)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2013	$6.68 A	$5.39 A	$9.62 A	$7.86 A	$29.55 A
2014	$5.81 A	$7.42 A	$7.31 A	$7.16 E	$27.71 E
2015					$28.53 E
2016					$34.21 E

Adjusted Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2013	$0.05 A	-$0.04 A	$0.11 A	-$0.02 A	$0.11 A
2014	-$0.04 A	-$0.02 A	-$0.03 A	-$0.02 E	-$0.11 E
2015					$0.01 E
2016					$0.19 E

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

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WHAT'S NEW

Q3 2014: *DPP Remains Very Strong, DPP HIV CLIA Waiver, New Products Enter Development Pipeline…*

The third quarter saw several highlights for Chembio, not the least of which was that international DPP sales set an all-time quarterly record. This is the second consecutive quarter that international DPP sales were at a level that almost doubled that of the prior best quarter. In addition, DPP sales accounted for almost 75% (71% in Q2) of total product sales - this compares to just 24% of product sales in 2013 and 42% in 2012. As the DPP platform is the future of the company and which is now just entering the U.S. POC channel, these recent trends are indicative of demand for the technology and clearly positive indicators. The recent strength in international DPP sales has prompted an upward revision to our forecast.

Another recent highlight was that CEMI's DPP HIV 1/2 assay received CLIA waiver in late October. While not unexpected, this is a significant event in that in now allows use of the test at the point of care - which is where the bulk of the opportunity lies with HIV rapid tests. CEMI has acted quickly in getting distribution and sales capabilities in place including already consummating agreements with three (unnamed) "major" third party U.S. distributors and began assembling small sales force. The timing is working in CEMI's favor given the roll-off of the agreement with Alere (for sales of CEMI's lateral flow HIV 1/2 STAT-PAK product) as their new distribution and sales team can detail both the DPP and lateral flow products.

And the other major recent news was CEMI's collaboration with new partners to develop new DPP-based tests. These announcements were just made within the last two weeks. Under one agreement, CEMI will collaborate with Gaithersburg, MD-based Integrated Biotherapeutics in development of DPP tests for Ebola and Febrile illness for the POC market. Integrated Bio will provide Ebola antibodies, that CEMI noted have already undergone initial testing, in development of an Ebola assay. And while successful development on a POC Ebola test is likely not a near-term event and may not be finalized for use with the current epidemic, the current crises offers a glimpse of the potential high demand than an accurate, fast and reliable point-of-care test would garner.

On the call management highlighted an issue with current lab-based tests with highly infectious diseases such as Ebola - that being the inherent risks of extra handling and transporting of bodily fluids from the point of blood sampling to the point of testing. This problem is further detailed in an article in today's (Nov 7th) USA Today, explaining that four of the largest commercial labs have refused to accept blood samples from Ebola patients and also notes that some manufacturers of (expensive) hospital equipment (including blood testing) recommend destroying the equipment after being used with an Ebola patient. A POC test, which CEMI endeavors to develop, allows sampling and testing to be accomplished at the same time, at the same location and by the same healthcare professional, thereby reducing risk of contagion and eliminating any concern about contaminating expensive testing equipment.

Relative to febrile illness, CEMI should be able to leverage much of what they have learned from the U.S. government grant that was awarded to the company in May 2013 for development of a POC assay for five infectious diseases associated with febrile illness. CEMI envisions a commercial product under their recent collaboration that would be a multiplex test on the DPP platform that could test for several infectious diseases including Ebola, Febrile illness and potentially Dengue fever.

And specific to Dengue fever, the company entered into another recent collaboration - this time with an unnamed partner, for development of POC tests for DPP Dengue fever and for a (undisclosed) type of cancer. Management noted that they think they can move at least some of these projects (most notably Ebola) along fairly rapidly and have already begun some related R&D work. But while we expect to hear about ongoing progress with development in the coming periods, we do not expect any of these projects to result in a commercialized product in the very near term. Nonetheless, we see these as potentially high-value opportunities, particularly over the mid-to-long term.

Q3 Financials

Q3 revenue of $7.3M was down 24% but the yoy comparison is not particularly relevant given that revenue in the year-earlier period included a $3.9M non-recurring domestic lateral flow order. Excluding the non-recurring order, product sales increased almost 40% yoy and were flat on a sequential basis. As noted, DPP sales (all of which are international) have been extraordinarily strong, coming in at $5.4M in Q3, up 188% yoy. This follows a similarly impressive Q2 where DPP sales were $5.2M. Q3 DPP sales were an all-time record, significantly besting the prior

record (prior to Q2) of $2.9M set in Q4 2013. While FIOCRUZ likely still accounts for much of the DPP revenue, we continue to think that a meaningful contribution is coming from sales of the DPP HIV/Syphilis assay in Mexico.

Meanwhile, domestic and lateral flow sales were approximately $1.2 and $513k, down about 47% and 89%, respectively, from the year-earlier period. The roll-off of the distribution agreement with Alere for the U.S. market has predictably impacted domestic lateral flow sales. CEMI has already started building a sales force and began detailing the (CLIA waived) STAT-PAK HIV test, although we continue to think there may be some downward pressure for at least the next couple of quarters to U.S. sales as they get their sales strategy implemented. With CLIA waiver for DPP HIV 1/2, however, the overall domestic business should begin to rebound in the near-term - which we model to happen beginning in early 2015. Management noted that they have already begun building a small internal sales team and, as noted, have consummated agreements with three U.S. distributors.

International lateral flow sales have been relatively very soft for the last three quarters - although this business has historically been highly variable and susceptible to ordering patterns and tenders of international aid agencies.

Q3 gross margin at 36.2% fell from 42.2% in Q3 2013 and from 40.2% in Q2 2014 - the yoy and sequential tightening we think may relate to a relative decrease in domestic lateral flow sales and an increase in DPP international sales. But while GM may continue to be slightly narrow in Q4 and perhaps in early 2015, we would expect this to widen with sales of DPP HIV in the U.S. (much of which will be direct and carry relatively high margin). And, as domestic sales account for a larger percentage of total revenue, coupled with the expected introduction of other domestic DPP assays (HIV/Syph for example) in the coming years, we think gross margin can benefit further.

EPS

We use adjusted net income and EPS for consistency purposes. As a reminder, in Q4 2011 CEMI took a non-cash gain of $5.16 million to income from the reversal of deferred tax asset as they expected to generate positive pre-tax income from that point forward. Their GAAP income tax rate of ~35.1% is ~90% non-cash until they exhaust (which, based on our current model will occur sometime in 2018) their entire deferred tax asset which stood at $3.8 million at the end of Q3.

Q3 adjusted net income and EPS of approximately ($262)k and ($0.03) came in largely in-line with our ($193)k and ($0.02) estimates. We now look for adjusted EPS of ($0.11) for the full-year 2014.

Cash

Excluding changes in working capital, cash from operations was an inflow of $28k in Q3. The company used $543k in Q3 and $1.1M through the first nine months of the year for their pre-announced enhancements to their manufacturing, distribution and warehouse facilities to improve efficiencies and capacity. CEMI exited the quarter with $3.7M in cash and equivalents, compared to $6.8M at the end of Q2. We note that A/R went up by $2.9M in Q3 - which should come down considerably and further improve the company's already healthy cash position and balance sheet.

Business / Pipeline Update

Highlights since the close of 2013 include CEMI terminating the domestic distribution agreement with Alere related to their STAT-PAK HIV rapid lateral flow test. The agreement terminated on June 3, 2014. Alere will continue to distribute CEMI's other lateral flow HIV test, branded as Clearview Complete. CEMI has already started assembling a sales force including a director of sales, director of marketing and currently has two sales reps on board to handle direct sales of STAT-PAK as well as the DPP products. Management has indicated that their initial direct sales strategy for STAT-PAK HIV will be focused on public health facilities. With CLIA waiver of DPP HIV now granted they expect to incrementally grow their direct sales force which will be complemented with third-party distribution - the company now has three distribution agreements in place.

Termination of the Alere agreement came about as Alere launched a competing product, HIV 1/2 antibody / p24 antigen rapid test. The P24 test was recently launched into the "moderately complex" professional lab market and is awaiting CLIA waiver - if and when granted Alere will sell into the POC channel and offer direct competition to CEMI's rapid tests. However, it is unclear how competitive Alere's test may be as these 4th-gen antigen/antibody tests (which are developed to detect both acute and chronic infection) have not performed particularly well in certain studies in terms of sensitivity on the antigen (acute) marker.

Recent Partnerships Exploring Ebola, Dengue Fever, Febrile and Cancer

Over the last several quarters management has alluded to growing their pipeline, potentially through partnerships. Over the last two weeks the company announced two separate partnerships focused on developing new DPP-

based POC tests. Under one agreement, CEMI will collaborate with Gaithersburg, MD-based Integrated Biotherapeutics in development of DPP tests for Ebola and Febrile illness for the POC market. Integrated Bio will provide Ebola antibodies, that CEMI noted have already undergone initial testing, in development of an Ebola assay. And while successful development on a POC Ebola test is likely not a near-term event and may not be finalized for use with the current epidemic, the current crises offers a glimpse of the potential high demand than an accurate, fast and reliable point-of-care test would garner.

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DPP HCV

Chembio is now even more focused on development of a competitive DPP hepatitis C test following the recently released draft recommendation by the CDC that all Americans ages 45 - 65 be tested for the virus as well as independent data published in the Journal of Virology which indicated relatively high accuracy of CEMI's HCV test.

Chembio efforts relative to DPP HCV have most recently focused on improving upon accuracy and competitiveness compared to rapid HCV tests already on the market. Chembio is now looking at antigen detection on top of antibody detection. All the rapid HCV tests currently on the U.S. market are all antibody tests, which can fail to detect the virus especially in the early stages of the disease when antibody presence is low.

In Q3 2012 CEMI completed an initial feasibility study on proprietary antigens and had been awaiting additional proprietary materials to further improve the performance of their initial DPP HCV test (the initial test was used in the study cited in The Journal of Virology article) compared to competitive products. CEMI has since received these and is continuing with development of the test.

Assuming development continues with positive results, clinical trials could commence in the near future with potential commercialization possibly sometime in 2016.

We note that we had removed a DPP HCV test from our model in early 2011 when it looked like CEMI may abandon the program. While we still do not model the test, we will revisit this depending on how things progress.

DPP Syphilis / HIV Combo

We think this DPP Syphilis / HIV combo test is a potentially significant needle-mover for CEMI - initial meaningful revenue contribution appears to have already materialized during 2014. In late October 2013 CEMI announced the test launched in Mexico and that they received their first P.O. for the test from their Mexican distributor. That same month they also announced that the test was accepted on the USAID list of products eligible to be used in international procurement programs. This is the only Syphilis / HIV combo test currently on the USAID waiver list. The test looks like it could have potentially significant appeal in emerging markets, particularly for prenatal testing where relatively high rates of both HIV and syphilis are commonplace and programs to reduce the incidence of mother-to-child transmission have been implemented.

Relative to the FDA approval pathway, CEMI submitted a guidance request to the FDA to determine the appropriate regulatory pathway. FDA recently responded that PMA pathway would be required - as opposed to the quicker 510(k). Most recently CEMI announced that FDA indicated to the company that performance of the test will need to comply with a new (higher) standard. CEMI recently requested a meeting with FDA relative to meeting the requirement and hopes to have more information relative to a path to satisfy this standard. With this delay, CEMI now hopes to have the test approved, CLIA waived and launched in the U.S. market sometime next year. We more conservatively model a launch in the point-of-care segment in 2016.

DPP HIV Multiplex P24 Antigen / Antibody

CEMI continues to look to leverage the multiplexing capability of the DPP technology and is now in the early development stages of a DPP HIV P24 Antigen / Antibody test. The potential advantage over their other HIV tests is this multiplex test would be capable of identifying acute (P24 antigen) as well as chronic (antibody) HIV infection, potentially allowing for diagnosis at an earlier state of infection.

Alere has a P24 antigen test which was initially only sold ex-U.S. In late October 2013 Alere received FDA approval of their test (Determine HIV 1/2 Ag/Ab Combo) and is currently undergoing CLIA waiver studies. Alere noted that they had expected to submit a CLIA waiver application in Q4 2013 although this was missed. Nonetheless, CLIA waiver and launch could happen in the near-term. While it's currently difficult to judge the potential demand for a P24 test, in part due to somewhat conflicting performance results in clinical studies (earlier P24 test versions suffered from poor sensitivity, although Alere's published clinical test results for their Determine test indicate relatively very high sensitivity and specificity) the advantages of an accurate rapid test that can detect both acute and chronic HIV infection would likely have broad appeal.

In August 2013 CEM announced that they expected to pursue a similar test using its DPP technology. CEMI most recently noted that they will continue to evaluate their strategy for this test.

OTC HIV

CEMI had been waiting for FDA's decision on OraSure's OTC HIV test before going full-bore on their OTC HIV program. In July 2012 the FDA approved OraSure's OraQuick over-the-counter rapid HIV. The test, which uses an oral swab (saliva) as the sample and is basically identical to the test sold to the clinical market, is the first HIV test to be approved for home use.

FDA's decision essentially green-lighted CEMI's move to proceed with their home-use HIV test. Chembio continues to evaluate the OTC market size and opportunity and will proceed cautiously before committing to expensive clinical trials to gain OTC approval of their Sure Check rapid HIV test, which is already FDA approved for the clinical market. The design, scope, size and cost of CEMI's OTC program are yet to be nailed down but Chembio has almost certainly reviewed the path that OraSure already paved and can use that as (at least) a rough guide for what to expect to gain FDA approval. They will also have the advantage of seeing exactly how well OSUR's test sells and the demand for OTC HIV testing.

Chembio completed the self-testing study required for an IDE submittal but it now in sort of a holding pattern and waiting for more history on how OSUR's test does in the market before committing to further development. If CEMI does go ahead and has an IDE granted, CEMI can then work towards their clinical trials. This would initially involve phase II observed clinical studies followed by a pivotal trial.

It's difficult to gauge the scope of the development program that CEMI will need to follow but for reference, OraSure enrolled ~5,800 people in its pivotal clinical trial. We think it's probably safe to assume that this will be a multi-year and multi-million dollar endeavor. As it is now, we assume FDA approval will not happen prior to the out-year (2017) of our model (we have yet to model any contribution from this OTC test). CEMI may also look to partner - we will update our assumptions as necessary.

We think, if and when Chembio gets regulatory approval for and launches their OTC HIV test, it can be very competitive to OraSure's OTC test, particularly on performance. We also note that FDA approved OSUR's OraQuick OTC test, despite seemingly low (~92%) sensitivity when administered by consumers (as opposed to by doctors). This low sensitivity is likely in CEMI's sights and we think that if they can show better performance, that would be a very compelling message when the product rolls out. We do note that OSUR's test uses an oral swab as the sample, whereby CEMI's current Sure Check uses blood. Assuming equal performance, oral swab would be considered an advantage from an ease and comfort of administration basis - but this advantage could be potentially largely negated with superior performance. For obvious reasons, FDA and physicians (and consumers) have serious concerns relative to accuracy of HIV home tests - oral swab versus blood sampling may be a relatively benign convenience gap if CEMI's test shows greater accuracy.

Meanwhile, in March 2014 CEMI announced that their HIV 1/2 STAT-PAK lateral flow test received CE Mark. CEMI is in the process of strategizing distribution of the test for the European POC market. However, as we have noted in the past, we think there may be only limited opportunity in the European POC market due to the lower HIV prevalence in Europe and heavier reliance on clinical lab testing (as opposed to the POC setting).

DPP Syphilis Screen and Confirm

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

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

We think CEMI's DPP POC syphilis screen and confirm test could have significant appeal given that it would be the first POC treponemal/non-treponemal test on the market with accuracy competitive to lab tests. The test would potentially draw significant demand overseas as well, particularly in developing countries where infectious diseases (including HIV and syphilis) can be overly problematic. However, given the recent lack of progress on moving this project forward, we have removed any contribution from it from our model.

Complementary Revenue Opportunities

CEMI has recently dedicated a greater focus on what we characterize as complementary revenue opportunities - essentially non-core commercialization activities that have the potential to provide incremental revenue with little additional operating expense. The company has had significant success over the years with scoring R&D contracts and grants from private and government entities related to development of various diagnostic tests which have provided a meaningful contribution to both revenue and margins. Management has indicated that they will be very active in pursuing future contracts.

The other complementary revenue opportunities come from expanding their international footprint with their existing suite of products, something that management has clearly put additional effort into recently and is expected to be an ongoing focus going forward. In May 2013 CEMI entered into an assembly and distribution agreement with Labtest Diagnostica of Brazil whereby CEMI will sell Labtest components to certain DPP tests which will be assembled and sold by the Brazilian company. CEMI will receive a royalty on sales.

In February 2014 CEMI penned technology transfer agreement with RVR Diagnostics or Malaysia whereby RVR will manufacture and distribute the DPP HIV 1/2 and DPP HIV/Syphilis tests in parts of Asia (ex-China) and will pay CEMI a royalty on sales as well as consummation and milestone fees. Chembio indicated that they think this RVR opportunity, in particular, could have significant revenue potential.

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

OUR OUTLOOK

Revenue

We look for 2014 revenue of $27.7 million, implying a decline of 6% from 2013. We currently model double-digit declines in both U.S. and international lateral flow sales. We note, however, that international sales in particular are difficult to forecast given that they are largely driven by purchases from international procurement programs - purchase timing and amounts of which can be highly variable. As such, our estimates are subject to change. Meanwhile we model significant growth in international DPP-related revenue as a result of the recent outperformance.

Net Income / EPS

We think net income and EPS come down due to contraction in revenue, an increase in SG&A expense as a result of the additional sales force and tightening in gross margin. We model adjusted net income and EPS of ($1.1)M and ($0.11) in 2014 (compared to $989k and $0.11 in 2013).

RECOMMENDATION / VALUATION

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

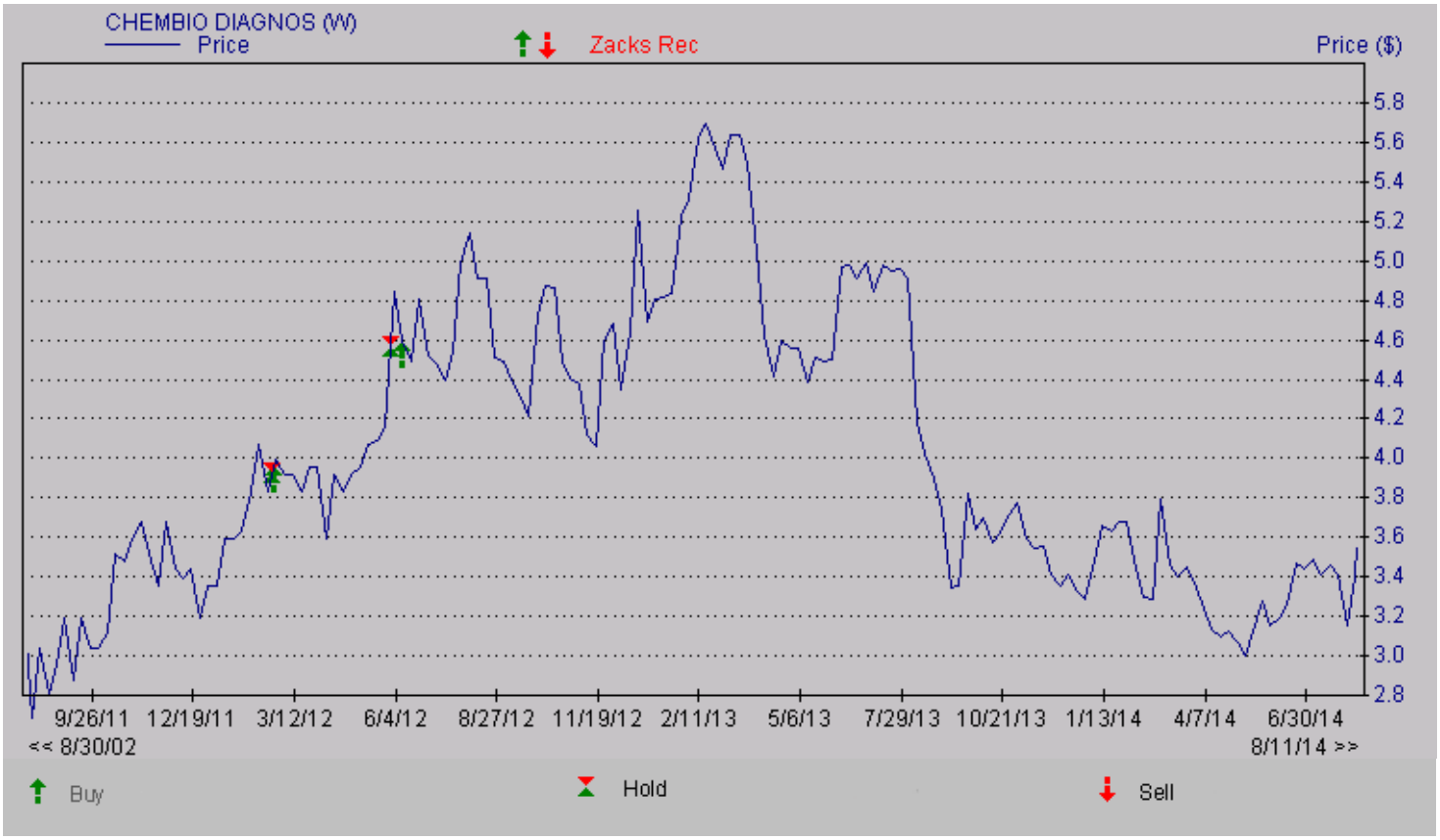
INCOME STATEMENT

Chembio Diagnostics, Inc.

	2013 A	Q1A	Q2A	Q3A	Q4E	2014 E	2015 E	2016 E	2017 E
Product sales	**$27,516**	**$4,904**	**$7,248**	**$7,248**	**$6,978**	**$26,379**	**$26,689**	**$32,314**	**$35,464**
% of total revenue	*93.1%*	*84.4%*	*97.6%*	*99.1%*	*97.5%*	*95.2%*	*93.6%*	*94.5%*	*94.7%*
YOY Growth	*13.1%*	*-22.3%*	*43.2%*	*-19.9%*	*-1.7%*	*-4.1%*	*1.2%*	*21.1%*	*9.7%*
License & royalty income	**$5**	**$0**	**$7**	**$9**	**$30**	**$46**	**$587**	**$598**	**$636**
% of total revenue	*0.0%*	*0.0%*	*0.1%*	*0.1%*	*0.4%*	*0.2%*	*2.1%*	*1.7%*	*1.7%*
R&D contracts, grants, milestones	**$2,029**	**$909**	**$167**	**$58**	**$150**	**$1,284**	**$1,250**	**$1,300**	**$1,365**
% of total revenue	*6.9%*	*15.6%*	*2.2%*	*0.8%*	*2.1%*	*4.6%*	*4.4%*	*3.8%*	*3.6%*
Total Revenues	$29,550.2	$5,813.1	$7,422.6	$7,314.3	$7,158.0	$27,708.0	$28,525.7	$34,212.3	$37,465.3
YOY Growth	*15.4%*	*-13.0%*	*37.6%*	*-23.9%*	*-8.9%*	*-6.2%*	*3.0%*	*19.9%*	*9.5%*
Cost of Revenues	$17,249	$3,540	$4,440	$4,664	$4,361	$17,006	$15,800	$18,419	$19,789
Gross Income	$12,301	$2,273	$2,983	$2,650	$2,797	$10,702	$12,726	$15,793	$17,676
Gross Margin	*41.6%*	*39.1%*	*40.2%*	*36.2%*	*39.1%*	*38.6%*	*44.6%*	*46.2%*	*47.2%*
Product Margin	*37.3%*	*27.8%*	*38.7%*	*35.6%*	*37.5%*	*35.5%*	*40.8%*	*43.0%*	*44.2%*
Research & Development	$5,834	$1,198	$1,269	$972	$1,074	$4,513	$4,934	$5,136	$4,754
% R&D	*19.7%*	*20.6%*	*17.1%*	*13.3%*	*15.0%*	*16.3%*	*17.3%*	*15.0%*	*12.7%*
Selling General & Admin	$5,461	$1,458	$1,947	$1,940	$1,966	$7,311	$7,816	$8,861	$9,067
% SG&A	*18.5%*	*25.1%*	*26.2%*	*26.5%*	*26.1%*	*26.4%*	*27.4%*	*25.9%*	*24.2%*
Operating Income	$1,005	($383)	($233)	($262)	($243)	($1,121)	($24)	$1,796	$3,856
Operating Margin	*3.4%*	*-6.6%*	*-3.1%*	*-3.6%*	*-3.4%*	*-4.0%*	*-0.1%*	*5.3%*	*10.3%*
Other income (expense)	$8	$0	($6)	$0	$0	($6)	$0	$0	$0
Interest income, net	$5	$2	$2	$1	($1)	$4	$95	$125	$155
Pre-Tax Income	$1,018	($381)	($237)	($261)	($244)	($1,124)	$71	$1,921	$4,011
Taxes	$487	($156)	($91)	$9	($85)	($323)	$27	$720	$1,504
Tax Rate	*47.8%*	*41.0%*	*38.4%*	*-3.6%*	*35.0%*	*36.8%*	*37.5%*	*37.5%*	*37.5%*
Net Income	$531	($225)	($146)	($271)	($159)	($800)	$44	$1,201	$2,507
YOY Growth	*-43.6%*	*-170.9%*	*-39.4%*	*-137.8%*	*-39.3%*	*-250.6%*	*-105.6%*	*2603.3%*	*108.8%*
Net Margin	*1.8%*	*-3.9%*	*-2.0%*	*-3.7%*	*-2.2%*	*-2.9%*	*0.2%*	*3.5%*	*6.7%*
GAAP EPS	$0.06	($0.02)	($0.02)	($0.03)	($0.02)	($0.08)	$0.00	$0.12	$0.24
Adjusted EPS	$0.11	($0.04)	($0.02)	($0.03)	($0.02)	($0.11)	$0.01	$0.19	$0.36
YOY Growth	*-34.5%*	*-171.1%*	*-39.3%*	*-125.8%*	*23.4%*	*-242.1%*	*-105.4%*	*2568.0%*	*95.7%*
Weighted Avg. Shares O/S	8,994	9,339	9,556	9,611	9,622	9,532	9,825	9,955	10,620

Brian Marckx, CFA

HISTORICAL ZACKS RECOMMENDATIONS



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