Zacks Small-Cap Research

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BioLife Solutions Inc (BLFS-NASDAQ)

BLFS: *Q3 Revenue: New Record, +33% YOY, +13% Sequentially…*

Current Recommendation	**Buy**
Prior Recommendation	Neutral
Date of Last Change	02/13/2014
Current Price (10/05/15)	$2.10
Target Price	**$5.00**

OUTLOOK

Demand for biopreservation media is estimated to grow at an annual rate of almost 20% over the next several years, largely driven by rapid growth of the emerging field of regenerative medicine (including cell therapy and tissue engineering). BioLife's strategy is to build greater visibility and awareness of the benefits of their biopreservation products compared to the "home-brews" that currently dominate the market.

Core biopreservation product sales are growing 25%+ due to growing uptake from clinical trial-stage products as well as in the hair restoration field. This is what we expect to be the long-term driver of revenue and earnings. Company also recently entered into a JV – biologistex which just began roll out, revenue from which could be meaningful. Loss of contract manufacturing not hugely impactful given the low margins in that business.
We are maintaining our Buy recommendation.

SUMMARY DATA

52-Week High	**$4.44**
52-Week Low	**$1.50**
One-Year Return (%)	**-7.27**
Beta	**-0.05**
Average Daily Volume (sh)	**282,096**
Shares Outstanding (mil)	**12**
Market Capitalization ($mil)	**$25**
Short Interest Ratio (days)	**0.15**
Institutional Ownership (%)	**1**
Insider Ownership (%)	**8**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**36.9**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2015 Estimate	**N/A**
P/E using 2016 Estimate	**N/A**
Zacks Rank	**N/A**

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

ZACKS ESTIMATES

Revenue
(in '000 of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	2065 A	1212 A	1243 A	1670 A	6191 A
2015	1501 A	1498 A	1628 E	1663 E	6288 E
2016					8538 E
2017					12278 E

Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	-$0.10 A	-$0.07 A	-$0.07 A	-$0.08 A	-$0.31 A
2015	-$0.09 A	-$0.08 A	-$0.12 E	-$0.11 E	-$0.41 E
2016					-$0.20 E
2017					-$0.04 E

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

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WHAT'S NEW……

Q3 2015 Revenue Preannouncement: *Product Sales +32% yoy, +13% Sequentially…*

This morning (10/5) BioLife pre-announced expected product revenue for Q3 of approximately $1.63 million, which would represent yoy and sequential growth of 32% and 13%, respectively. This will mark a new all-time record for product revenue, besting the previous high of $1.50 million (Q1 2015) by almost 9%. BLFS notes that sales of CryoStor and HypoThermosol to several new customers as well as increased orders to existing accounts helped drive the record revenue. This is in addition to record sales to the company's worldwide distributor. We have upwardly adjusted our Q3 revenue estimate from $1.55M (prior to the pre-announcement) to $1.63M and now look for full-year 2015 revenue of $6.3M, up from $6.2M.

BLFS notes that their biopreservation media are now being used in more than 200 pre-clinical and clinical trials. Of particular note is that HypoThermosol is used in TiGenix's Cx601, that company's lead compound which met its primary endpoint in a phase 3 trial in Crohn's Disease. HypoThermosol is expected to be used in the commercial manufacturing of Cx601. BLFS's CEO, Mike Rice, notes that the company believes "we could begin to see some of our customers gaining regulatory approval as early as the second half of 2016." If that happens, we think BLFS could see a significant steepening in sales volumes of its biopreservation media.

Other recent operational highlights include final validation of the evo Smart Shipper and biologistex cloud-based app. The first order was received for the evo Smart Shipper and additional inventory is now in place to meet further demand. BLFS has also successfully completed GMP manufacturing of BloodStor 27 NaCl, the company's newest cryopreservation product for applications such as freezing of therapeutic platelets.

The update to our model has had an immaterial impact to our estimated Q3 and full-year EPS and valuation. We are maintaining our Buy recommendation and $5.00/share price target.

FINANCIAL MODEL

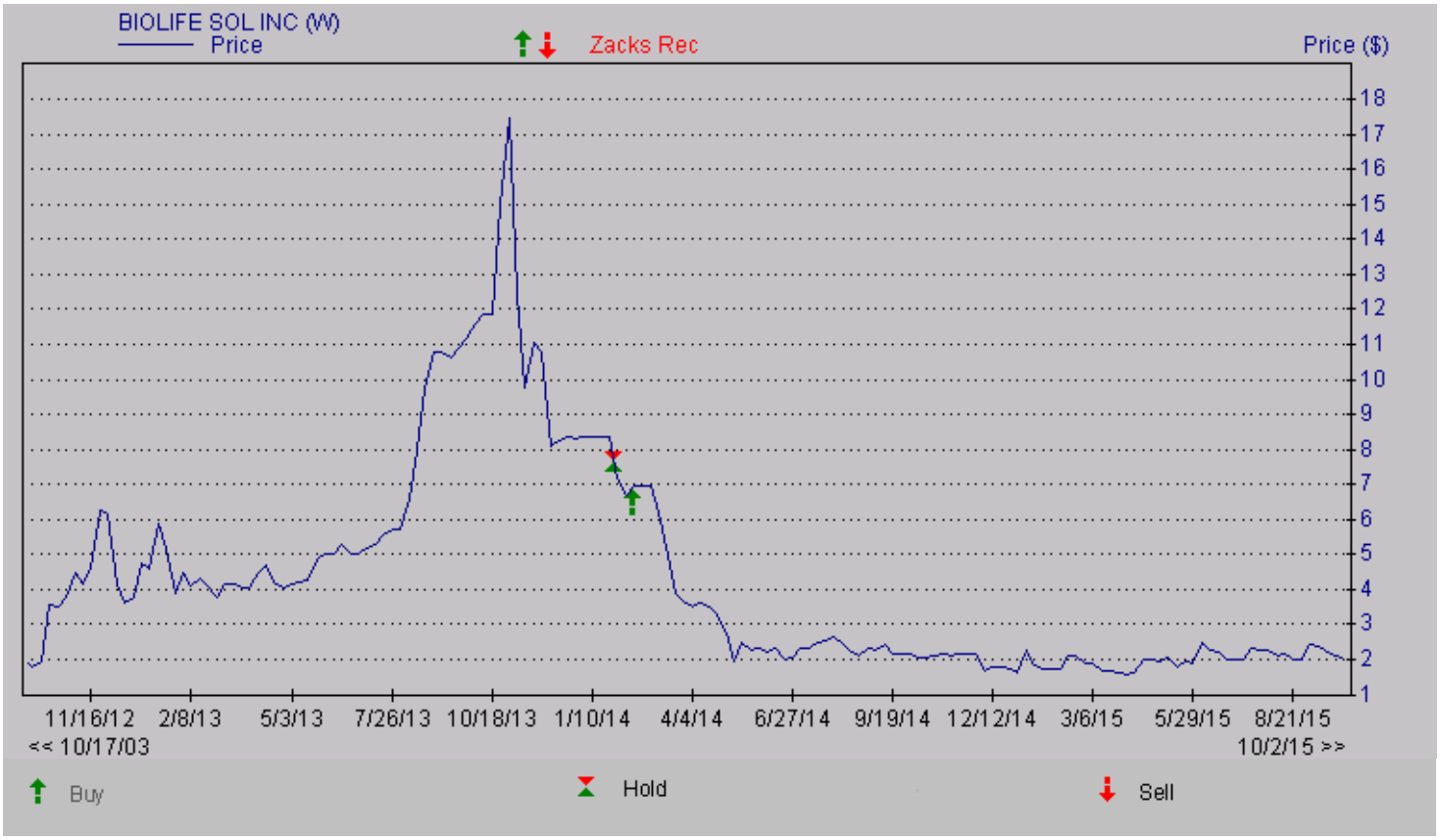
BioLife Solutions Inc.

	2014 A	Q1A	Q2A	Q3E	Q4E	2015 E	2016 E	2017 E	2018 E
Prdct Sales/Ctrct Manu/JV	$6,190.7	$1,500.7	$1,496.8	$1,628.0	$1,662.6	$6,288.1	$8,538.2	$12,278.2	$15,154.8
YOY Growth	*-25.8%*	*-27.3%*	*23.5%*	*30.9%*	*-0.5%*	*1.6%*	*35.8%*	*43.8%*	*23.4%*
Licensing Revenue	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
YOY Growth	-	-	-	-	-	-	-	-	-
Total Revenues	$6,190.7	$1,500.7	$1,496.8	$1,628.0	$1,662.6	$6,288.1	$8,538.2	$12,278.2	$15,154.8
YOY Growth	*-30.8%*	*-27.3%*	*23.5%*	*30.9%*	*-0.5%*	*1.6%*	*35.8%*	*43.8%*	*23.4%*
Cost of Product Sales	$3,155.3	$618.1	$678.1	$708.2	$703.2	$2,707.6	$3,962.1	$5,081.6	$5,840.1
Gross Income	$3,035.4	$882.6	$818.6	$919.8	$959.4	$3,580.5	$4,576.0	$7,196.7	$9,314.7
Gross Margin	*49.0%*	*58.8%*	*54.7%*	*56.5%*	*57.7%*	*56.9%*	*53.6%*	*58.6%*	*61.5%*
R&D	$871.1	$322.2	$301.3	$298.0	$294.0	$1,215.5	$1,121.0	$874.0	$855.0
% R&D	*14.1%*	*21.5%*	*20.1%*	*18.3%*	*17.7%*	*19.3%*	*13.1%*	*7.1%*	*5.6%*
Selling & Mktg	$1,329.7	$500.3	$642.5	$774.0	$682.0	$2,598.7	$3,005.4	$3,204.6	$3,212.8
% Sell&Mktg	*21.5%*	*33.3%*	*42.9%*	*47.5%*	*41.0%*	*41.3%*	*35.2%*	*26.1%*	*21.2%*
G&A	$3,970.3	$1,220.7	$1,030.7	$1,285.0	$1,291.0	$4,827.4	$3,739.7	$3,818.5	$3,864.5
% G&A	*64.1%*	*81.3%*	*68.9%*	*78.9%*	*77.6%*	*76.8%*	*43.8%*	*31.1%*	*25.5%*
Operating Income	($3,135.7)	($1,160.5)	($1,155.9)	($1,437.2)	($1,307.6)	($5,061.1)	($3,290.1)	($700.5)	$1,382.4
Operating Margin	*-50.7%*	*-77.3%*	*-77.2%*	*-88.3%*	*-78.6%*	*-80.5%*	*-38.5%*	*-5.7%*	*9.1%*
Total Other Inc. (Exp.)	($165.1)	$8.2	$5.5	$4.0	$2.5	$20.2	$22.0	$18.0	$41.0
Pre-Tax Income	($3,300.9)	($1,152.3)	($1,150.4)	($1,433.2)	($1,305.1)	($5,040.9)	($3,268.1)	($682.5)	$1,423.4
Taxes	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Tax Rate	-	-	-	-	-	-	-	-	-
Net Income	($3,217.8)	($1,031.5)	($994.4)	($1,433.2)	($1,305.1)	($5,040.9)	($3,268.1)	($682.5)	$1,423.4
YOY Growth	*196.8%*	*84.4%*	*12.6%*	*66.2%*	*31.1%*	*56.7%*	*-35.2%*	*-79.1%*	*-308.6%*
Net Margin	*-52.0%*	*-68.7%*	*-66.4%*	*-88.0%*	*-78.5%*	*-80.2%*	*-38.3%*	*-5.6%*	*9.4%*
EPS	($0.31)	($0.09)	($0.08)	($0.12)	($0.11)	($0.41)	($0.20)	($0.04)	$0.08
YOY Growth	*42.6%*					*34.0%*	*-51.2%*	*-80.1%*	*-303.1%*
Diluted Shares O/S	10,425	12,101	12,145	12,202	12,304	12,188	16,200	17,040	17,500

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