Zacks Small-Cap Research

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OptimizeRx Corp (OPRX-OTC)

OPRX: Q4 Revenue Another Record. 2013 Revenue Up 146%!

OUTLOOK

The expectation is that sales should significantly ramp with growth in revenue from voucher printing - which should pick as SampleMD's distribution is further expanded. The additional functionality and integration into new solutions should also increase awareness, increase value to the end user, increase the physician base and utilization, help to increase the number of drugs promoted, and expand opportunities for further growth. New EHR consulting business is off to strong start and could contribute in the near term. OPRX's business model is super scalable. OPRX was cash flow positive in Q4, full-year 2012 and 9mths 2013. Revenue up 146% in 2013. Distribution growth numbers are very encouraging. Further revenue growth could mean earnings/EPS/cash flow really accelerate.
We are maintaining our Outperform rating.

Current Recommendation	**Outperform**
Prior Recommendation	N/A
Date of Last Change	09/26/2011
Current Price (01/22/14)	$2.05
Target Price	**$3.50**

SUMMARY DATA

52-Week High	**$2.12**
52-Week Low	**$0.86**
One-Year Return (%)	**54.31**
One-Year Return (%)	**8.99**
Beta	**2.21**
Average Daily Volume (sh)	**31,009**
Shares Outstanding (mil)	**15**
Market Capitalization ($mil)	**$30**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**N/A**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**346.6**
Earnings Per Share (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2013 Estimate	**68.3**
P/E using 2014 Estimate	**18.6**
Zacks Rank	**N/A**

Risk Level	**High,**
Type of Stock	**Small-Growth**
Industry	**Comp-Software**

ZACKS ESTIMATES

Revenue
(in '000 of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2012	329 A	515 A	453 A	751 A	2,049 A
2013	669 A	1104 A	1373 A	1884 E	5,030 E
2014					9,212 E
2015					17,893 E

Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2012	-$0.02 A	-$0.01 A	-$0.01 A	-$0.01 A	-$0.03 A
2013	-$0.01 A	$0.01 A	$0.00 A	$0.02 E	$0.03 E
2014					$0.11 E
2015					$0.18 E

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

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WHAT'S NEW....

Q4 2013 Revenue Pre-announcement: Q4 Revenue Up 151%, 2013 Revenue Up 146%

Yesterday (1/22/2014) OptimizeRx pre-announced expected revenue for the fourth quarter of $1.884 million, which will be an increase of 151% from the same period in 2012 and is about 16% better than our $1.630 million estimate. Q4 2013 will mark the third straight quarter of sequential revenue growth and the seventh straight quarter of yoy revenue growth. It also sets an all-time quarterly revenue record, besting the previous record of $1.373 million set in Q3 2013. For the full year 2013, revenue is set to come in at $5.03 million, an increase of 146% from the $2.05 million generated in 2012. Yesterday's press release also notes that the company expects continued growth in 2014 and later.

We have updated our model for the pre-announcement. We look for revenue of $5.03 million in 2013, growing to $9.26 million (+84%) in 2014. We model EPS of $0.03 in 2013 and $0.11 in 2014. We are maintaining our Outperform rating and $3.50/share price target.

FINANCIAL MODEL

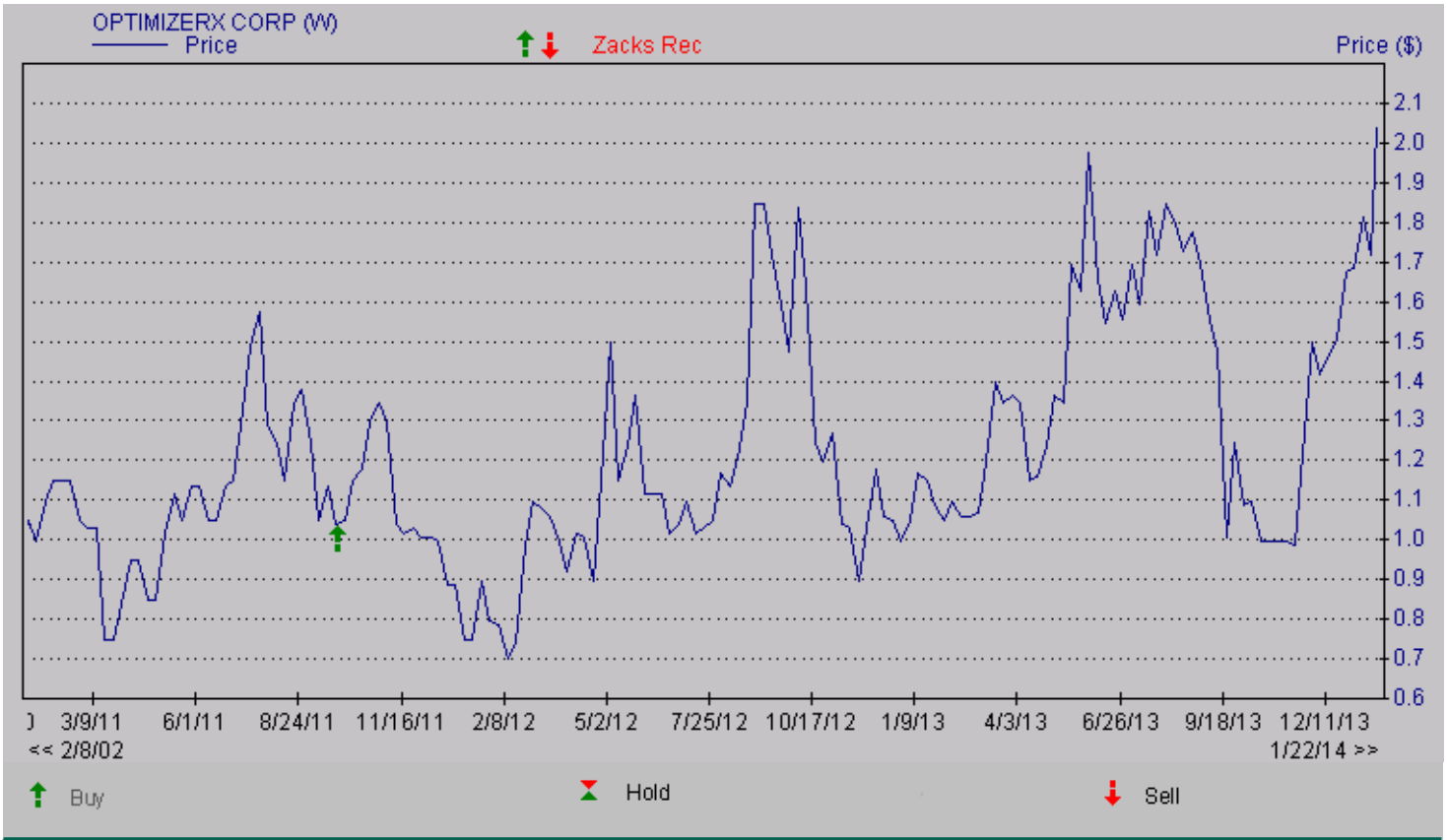
OptimizeRx Corporation

	2012 A	Q1A	Q2A	Q3A	Q4E	2013 E	2014 E	2015 E	2016 E
Revenue	$2,048.7	$669.3	$1,104.1	$1,373.0	$1,884.0	$5,030.4	$9,258.5	$17,918.0	$26,515.0
YOY Growth	*84.3%*	*103.2%*	*114.2%*	*203.0%*	*151.0%*	*145.5%*	*84.1%*	*93.5%*	*48.0%*
SG&A	$2,413.0	$774.2	$750.0	$1,362.3	$1,246.3	$4,132.8	$5,239.6	$8,700.4	$12,459.8
% SG&A	*117.8%*	*115.7%*	*67.9%*	*99.2%*	*66.2%*	*60.6%*	*56.6%*	*48.6%*	*47.0%*
Operating Income	($364.3)	($104.9)	$354.1	$10.7	$637.7	$897.6	$4,018.9	$9,217.6	$14,055.2
Operating Margin	*-17.8%*	*-15.7%*	*32.1%*	*0.8%*	*33.8%*	*17.8%*	*43.4%*	*51.4%*	*53.0%*
Other income	$0.0	$0.1	$1.0	$0.1	$1.0	$2.1	$75.0	$100.0	$135.0
Pre-Tax Income	($364.3)	($104.8)	$355.1	$10.8	$638.7	$899.7	$4,093.9	$9,317.6	$14,190.2
Taxes (benefit)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$1,422.0	$4,115.2
Tax Rate	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*15.3%*	*29.0%*
Net Income	($364.3)	($104.8)	$355.1	$10.8	$638.7	$899.7	$4,093.9	$7,895.6	$10,075.0
Net Margin	*-17.8%*	*-15.7%*	*32.2%*	*0.8%*	*33.9%*	*17.9%*	*44.2%*	*44.1%*	*38.0%*
EPS	($0.03)	($0.01)	$0.01	$0.00	$0.02	$0.03	$0.11	$0.18	$0.21
YOY Growth	-					*-220.9%*	*258.3%*	*66.0%*	*16.7%*
Pro-forma adjustments									
Pro-forma income									
Pro-forma EPS									
Diluted Shares O/S	14,264	14,232	33,608	34,086	34,600	29,132	37,000	43,000	47,000

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