

Zacks Small-Cap Research

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Cinedigm Corp.

(CIDM-NASDAQ)

CIDM: The Acquisition of Future Today Should Triple Cinedigm's OTT Streaming and Digital Distribution Business

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 \$2.66 per share.

Current Price (03/14/19) **\$1.63**
Valuation **\$2.66**

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. The pending acquisition of Future Today should easily triple the company's OTT business.

SUMMARY DATA

52-Week High **\$1.72**
52-Week Low **\$0.50**
One-Year Return (%) **20.7**
Beta **1.8**
Average Daily Volume (sh) **132,013**

Shares Outstanding (mil) **35.7**
Market Capitalization (\$mil) **\$58**
Short Interest Ratio (days) **3.8**
Institutional Ownership (%) **7**
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**

WHAT'S NEW

Today Cinedigm announced it entered into a definitive agreement to buy Future Today, Inc. for \$60 million comprised of \$45 million in cash and \$15 million in Cinedigm stock (or approximately 8.3 million shares.) We expect this deal to close mid-May or thereabouts. In calendar year 2018, Future Today generated \$23.9 million in revenues up 150% from the year before. It has positive net income and cash flow and is expected to be immediately accretive to Cinedigm. Approximately a quarter of its revenue has been generated from its own proprietary content that has never been distributed elsewhere. The company is located in Menlo Park, California and has an office in India. It employs eleven people and uses 20 contractors in India.

Bison Capital will be providing the funding to complete the deal by a combination of buying Cinedigm equity and providing a loan. We expect to see full audited financials on Future Today after the deal closes at which point we will update our model.

Future Today is an OTT platform provider and a large AVOD channel network. It owns and operates more than 700 content channels with more than 60 million app installs, and manages more than 200,000 film, television and digital content assets that currently receive more than 85 million video views per month in a variety of categories including entertainment, movies, food and lifestyle, animation, and kids. Its largest channels are Fawesome.tv focused on general entertainment movies and television shows, and HappyKids.tv, the number one free kid's channel providing age-specific edutainment. We believe this family-friendly fare will fit well with Cinedigm's Dove channel offering and the content from both companies will be able to be distributed through each of their respective channels. Future Today also has a complementary technology platform providing capabilities not found on Cinedigm's and visa versa. More than 350 content owners, producers, distributors, and major media companies use Future Now's platform including Filmrise and WatchFreeFlix. Both companies will be able to cross sell new services to their customers.

Since the deal should close mid-May and Future Today generated \$24 million in 2018, we expect it could add \$30 million or more to Cinedigm's FY 2020 revenues pushing total revenues in FY2020 to over \$70 million and up 25% year over year. This would reverse the multi year decline in revenues and solve one problem investors had with the company. Management believes the deal will be accretive including all the increase in interest expense and equity dilution but until we see terms and financials we cannot be sure by how much. At any rate being a much bigger player with a doubling of content revenues should ultimately increase the company's valuation. We had been expecting \$15 million in OTT streaming and digital distribution revenues in FY 2020, but that could now be as much as \$45 million.

Other News

On March 12, 2019 announced a partnership with Comedy Dynamics to launch and distribute its comedy channel branded *Comedy Dynamics Network*. Cinedigm will provide full digital distribution of the channel, including third-party platforms, a la carte licensing options, and a live linear channel in the first phase of launch, giving Comedy Dynamics the ability to launch as both AVOD and SVOD networks across all major mobile devices, connected TVs, and set-top boxes. The live linear channel is slated to rollout this spring, and will showcase its library of top-tier comedy titles. As part of a later launch phase, the Comedy Dynamics Network will be launched as a direct-to-consumer branded service for all its content. Comedy Dynamics is the largest independent producer of comedy content, and has the number one indie comedy audio catalog with hundreds of titles. Its content includes performers such as Jim Gaffigan, Kevin Hart, Ali Wong, Tiffany Haddish, Bill Hicks, D.L. Hughley, and Sam Kinison.

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. Bison will also provide financing for CIDM to complete the acquisition of Future Today.
- 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 additional 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. The acquisition of Future Today, a much bigger player in the OTT streaming business will supercharge that growth.
- 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 2020** with the acquisition of Future Today.
- Cinedigm can be valued looking at its 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 at least \$100 million or \$2.81 per share based on \$30 million in sales in calendar year 2018. With the acquisition of Future Today, that \$30 million could double just by the acquisition without including the growth of CIDM's own business. We are not yet revising estimates until the deal closes and we can see Future Today's financials and how the deal is financed to see how accretive it might be.

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 4.5 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 \$135 million. Subtracting off the debt (except for the non-recourse debt of the projector business) this equates to a share price of \$2.66.

Company	Ticker	Revenue			TTM EBITDA	Enterprise Value / Sales		EV/ EBITDA	Included in Average?
		2019E	2018	LTM		2018	LTM		
Chicken Soup	CSSE	\$40	\$36	\$30	\$33	2.5x	3.0x	2.7x	y
DISH Network	DISH	\$12,410	\$13,620	\$13,620	\$2,870	2.1x	2.1x	10.0x	y
Entertainment One	ENTMF	NA	\$1,377	\$1,377	\$242	1.9x	1.9x	10.5x	y
DHX Media	DHXM	NA	\$327	\$327	\$65	0.8x	0.8x	3.8x	y
Gaia	GAIA	\$75	\$44	\$44	-\$29	3.6x	3.6x	-5.4x	y
Lionsgate	LGF-A	\$3,870	\$3,810	\$3,810	\$465	1.7x	1.7x	14.2x	y
Netflix	NFLX	\$20,210	\$15,790	\$15,790	\$1,690	10.3x	10.3x	95.9x	y
Roku	ROKU	\$1,020	\$743	\$743	-\$7	10.2x	10.2x	-1097.0x	y
WWE	WWE	\$1,020	\$930	\$930	\$152	7.2x	7.2x	44.2x	y

Average **\$609** **4.5** **4.5** **-102.3**

Cinedigm	Revenue		TTM EBITDA	Enterprise Value / Sales		Valuation Range	
	2018	LTM		2018	LTM	Low	High
	\$29,929	\$29,929	(2,469)	4.5x	4.5x	\$133,688	\$135,388

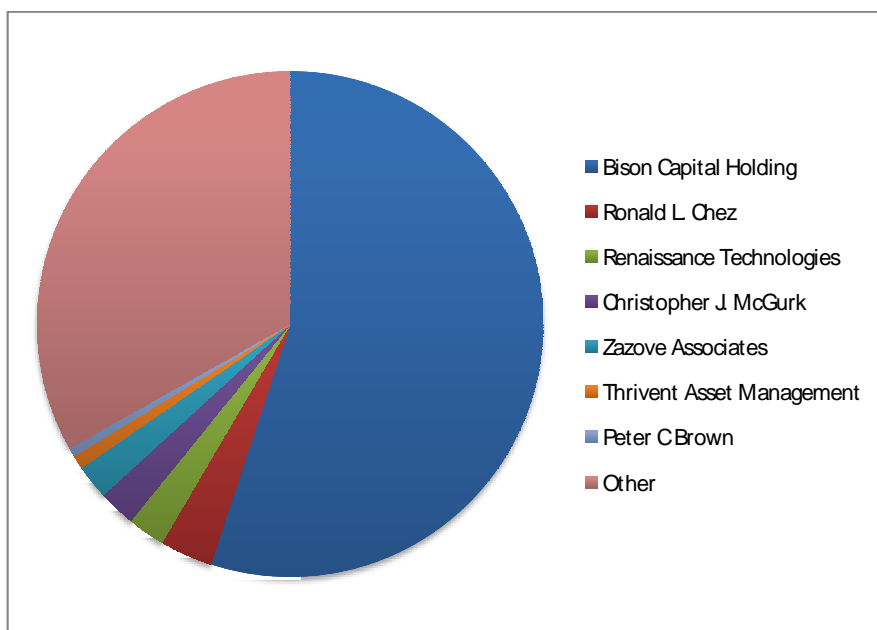
Conclusion of Enterprise Value \$134,537,935
 Market Value \$94,776,935
 Shares Outstanding 35,678,248
 Price per Share **\$2.66**

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 and 5.2 million at Future Today or 7.6 million total. Valuing by users per month gives us a valuation of \$215 million after the acquisition closes.

RISKS

- The acquisition of Future Today may not integrate with Cinedigm as expected.
- 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

(to be revised after merger closes)

	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 extinguishment 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)										
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%

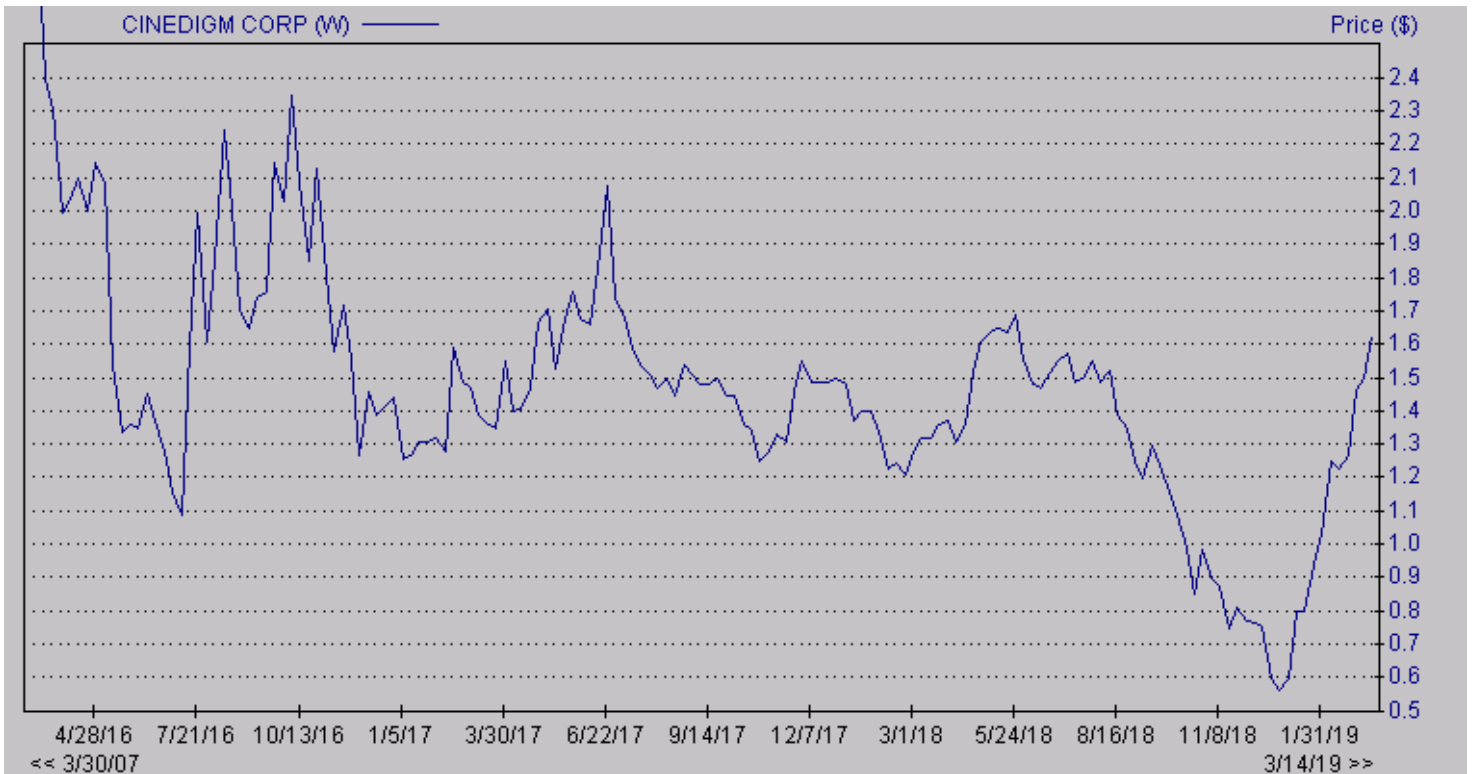
BALANCE SHEET

	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



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