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Zacks Small-Cap Research

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MannKind Corp (MNKD-NASDAQ)

Q2 2019: Record Revenue, Margins as Rx Continue to Ramp. Clinical Evidence Driving Adoption

LLY and NVO trade at an average of ~5.5x forward sales. Given MNKD's much more rapid estimated percentage revenue growth, we apply that same multiple to our forecasted 2021 Afrezza sales of $116M, which values the Afrezza portion at approximately $3.40/share. Our 10-year DCF uses a 15% discount and values the TreT collaboration at approximately $105M, or ~$0.56/share. Our sum-of-the-parts calculation puts total value of the company at ~$4.00/share.

Current Price (08/22/19)	$1.11
Valuation	**$4.00**

OUTLOOK

Gross and net product sales set new records in Q2, as did product margin. MNKD continues to see regular growth in both new and repeat Rx. While various sales and marketing strategies have been effective in helping drive awareness, adoption and utilization of Afrezza, the foundation of MNKD's brand-building efforts continues to rely on an evidenced-based approach. Differentiating from other rapid acting insulins based on clinical data that shows Afrezza is associated with superior glucose control, lower risk of hypoglycemia and enhanced QoL has been a potent message and one which we believe underlies the regular and consistent TRx growth over the last 2.5 years. With additional studies either ongoing or nearing commencement and more being published, we think MNKD should have a regular flow of ammunition to further supplement their evidence-based messaging. Given the sub-tier formulary coverage that Afrezza has had to endure for much of its U.S. commercial history, the TRx growth rate is that much more encouraging. We have already seen improvement in third-party coverage as Afrezza makes inroads in taking market share. We believe that the reimbursement picture will continue to improve as adoption rates grow – which we think will be a significant catalyst in driving sales over the longer-term.

SUMMARY DATA

52-Week High	**$3.04**
52-Week Low	**$0.94**
One-Year Return (%)	**0.90**
Beta	**2.19**
Average Daily Volume (sh)	**2,132,310**
Shares Outstanding (mil)	**190**
Market Capitalization ($mil)	**$210**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**30**
Insider Ownership (%)	**8**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2019 Estimate	**N/A**
P/E using 2020 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**Above Avg.,**
Type of Stock	**N/A**
Industry	**Medical Technology**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2018	3 A	4 A	5 A	16 A	28 A
2019	17 A	15 A	15 E	16 E	64 E
2020					91 A
2021					145 E

Earnings Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2018	-$0.25 A	-$0.16 A	-$0.16 A	-$0.06 A	-$0.60 A
2019	-$0.08 A	-$0.07 A	-$0.08 E	-$0.09 E	-$0.32 E
2020					-$0.29 E
2021					-$0.19 E

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

Q2 2019 Update: ***Record Revenue, Margins as Rx Continue to Ramp. Clinical Evidence Driving Adoption…***

Financial Update

MannKind reported financial results for their second quarter ending June 30th and provided a business update. Both gross and net product sales set new records, as did product margin.

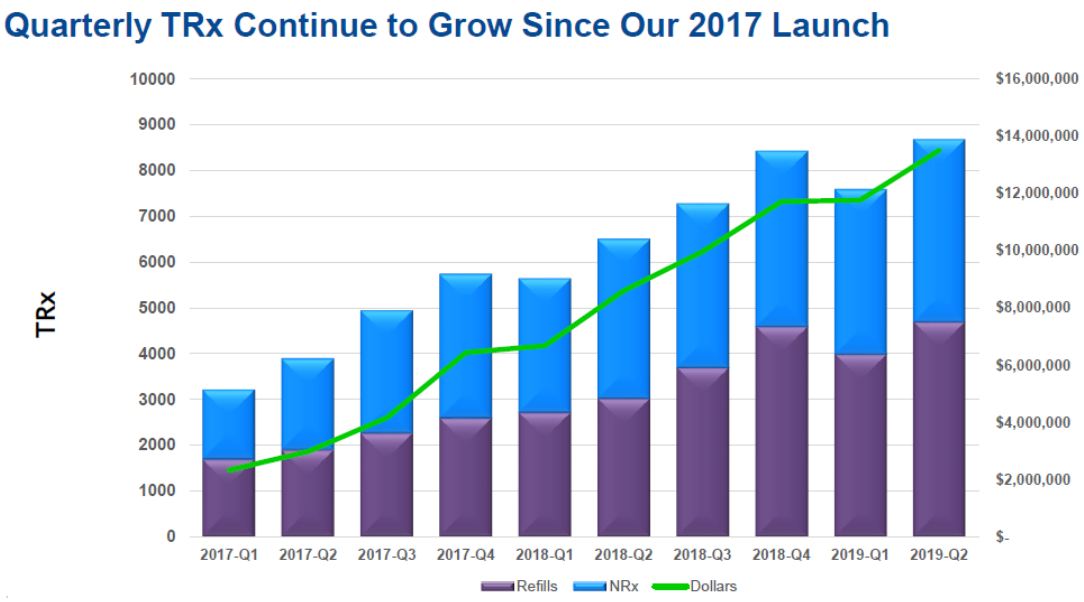
Net revenue from products and collaborations was approximately $6M and $9M, right on target with our respective estimates. Net Afrezza revenue grew by 54% yoy (and +26% qoq) in Q2, reflecting an increase in organic demand, improved pricing and favorable product mix from a continued shift towards higher-priced SKUs. As a reminder, Afrezza is sold in 4-,8- and 12-unit cartridges. Management mentioned on the earnings call that product sales mix has been shifting more towards the 8U and 12U cartridges, which sell for ~double and triple (respectively) the price of the 4U cartridges. This has had a meaningful impact on revenue growth.

Meanwhile, net Afrezza sales (i.e. gross less adjustments such as rebates, discounts, etc), were up 62% yoy and 20% sequentially to $6.1M. Adjustments averaged approximately 41% and 40% of gross sales in Q2 and 1H'19, respectively, compared to 44% and 40% in the comparable prior year periods

Driving TRx Growth Through Focus on Physician, Patient and Payers…

Management shared results related to Afrezza's quarterly prescription growth since they launched their direct sales force in early 2017. As the chart below (from the Q2 earnings presentation) illustrates, MNKD continues to see regular and fairly consistent growth in both new and repeat prescriptions. The annual sequential dip in total Rxs from Q4 to Q1 is expected and commonplace (across Rx drug sales as a whole) as patients reduce spending following beginning-of-year insurance deductible resets.

While various sales and marketing strategies have been effective in helping drive awareness and, to some extent, adoption and utilization of Afrezza, the foundation of MNKD's brand-building efforts continues to rely on an evidenced-based approach. Differentiating from other rapid acting insulins based on clinical data that shows Afrezza is associated with superior glucose control, lower risk of hypoglycemia and enhanced quality of life has been a potent message that is resonating with physicians (and, at least to some extent, with patients as well). That, we believe, is what largely underlies the regular and consistent TRx growth over the last 2.5 years that is shown in the graph below. And, with additional studies either ongoing or nearing commencement and more being published, we think MNKD should have a regular flow of dry ammunition to further supplement their evidence-based messaging.



The company has complemented this foundational marketing strategy, which is largely focused at the physician level, with various ancillary programs directed at patients. These include direct-to-consumer advertising campaigns, affordability initiatives (such as copay assistance and Afrezza direct-purchase program) and, more recently, billboard

and print advertising (which management indicated has yielded promising early results). We remain encouraged that MNKD continues to rely heavily on evidence to educate providers but also embraces the importance of sparking interest at the patient level – which can be a particularly critical catalyst to the adoption curve given that a conversation about switching (i.e. from injected insulin to Afrezza) may not happen in many cases unless initiated by the patient (as doctors' busy schedules means it can be easier to maintain status quo than discuss a different medication option, particularly one like Afrezza which may require somewhat of a titration 'learning curve' for new users).

Payers (and PBMs) are the third major stakeholder that can have significant influence over adoption and utilization. Given the sub-tier formulary coverage that Afrezza has had to endure for much of its U.S. commercial history, the TRx growth rate is that much more encouraging, in our opinion. And we have already seen improvement in third-party coverage as Afrezza makes inroads in taking market share. We believe that the reimbursement picture will continue to improve as adoption rates grow – which we think will be a significant catalyst in driving sales over the longer-term.

Product margin continues to widen…

Also encouraging is that cost of product sales has remained largely flat at roughly $4M - $5M on a quarterly basis for about the last two years. Q2 marked the third consecutive quarter (and third quarter in history) of Afrezza generating positive gross profit. Product margin was a record 29% in Q2, up from negative 36% in Q2'18 and 21% in Q1'19. Meanwhile gross margin was 57% in Q2, compared to negative 31% and 68% in the comparable prior year and quarter periods, respectively. Through 1H'19 product and gross margins were 25% and 63%, respectively. For context of the degree of improvement, these were negative 12% and 27% in FY'18 and negative 87% and negative 47% in FY'17.

Margin improvement is related to a combination of higher sales volumes as well as a greater proportion of sales coming from more premium-priced cartridges. Also noteworthy is that accelerating sales of the 12-unit (as well as 8-unit) cartridges is indicative of stickier demand from patients (particularly type 2 diabetics), suggesting that they honed-in their specific titration.

A fee of $2.75M related to another amendment to the Amphastar insulin purchase agreement will be partially recognized in Q3 ($1.5M) and the remainder ($1.25M) in Q4. While we model these to run through COGS (as has been the case in the past), these additional expenses should be at least partially offset by revenue growth outpacing that of cost of products sold in those same periods. We continue to model positive product gross income in every quarter in 2019.

As it relates to the insulin purchase agreement, while the most recent amendment does not change the total commitment, it does significantly reduce how much MNKD is obligated to buy over the near-to-mid term. It also extends the total term by two years (previously ended in 2024, now ends in 2026). MNKD's average purchase requirement was reduced by nearly $11M per year from 2020 through 2023 (and by $46M, in aggregate, from the remainder of 2019 through 2023). This provides more near-term liquidity and operational flexibility and should better align timing of mandated purchases with that of Afrezza demand. In addition to expectations of strong U.S. growth (potentially including that related to a pediatric indication), product demand should be further fueled by international commercialization, including that from anticipated near-term launches in Brazil and India.

Research and development expenses were ~$1.6M million, down 45% from the prior year, 2% lower than Q1'19 and 32% less than what we were anticipating. The decline in expenses was driven by reduced clinical trial activity while the difference as compared to our estimate relates to an assumption of higher costs from commencement of work on TreT (and possibly RLS' candidate).

SG&A expenses, which came in 10% lower than our estimate, decreased by 24% ($5.1M) and 35% ($9.1M) from the comparable prior year and quarter periods, respectively. Much of the decrease from both periods is related to lower spend on television ad campaigns for Afrezza. Going forward, we expect SG&A expenses to increase on a dollar basis as the company continues to fund sales and marketing initiatives. However, we also continue to anticipate that Afrezza revenue will grow faster than SG&A (and the expense base as a whole) over the mid-to-long term.

The company exited the quarter with ~$38.2M in cash and short-term investments (which includes $5.3M in cash that had been in escrow but was since released following repayment of Deerfield debt). Subsequent to Q2 quarter-end, MannKind recapitalized the debt portion of their balance sheet, which had the effect of extending the bulk of maturities to 2022 and later – which, similar to the amendment to the insulin purchase agreement, should better align the level of cash obligations with that of operating cash flow.

Specifically, a portion of a new (up to) $75M ($40M of which was borrowed at signing) credit facility ("MidCap credit facility") was used to fully repay ~$9M of Deerfield notes (due this year) and pay down a portion (i.e. ~$19M worth) of convertible notes (and accrued interest) and the Mann Group note.

The remaining $35M of the MidCap facility is available under two additional tranches;
- Tranche 2: $10M available until 4/15/20 subject to meeting TTM revenue of $\geq$ $30M
- Tranche 3: $25M available until 6/30/21 subject to milestones related to TreT

Equal monthly (36) principal repayments begins (on each of the three tranches) on 9/1/21 until paid in full in August 2024.

The remaining $12M (i.e. $40M MidCap Tranche 1 less $9M Deerfield less $19M snr converts / Mann Group notes) further bolsters the company's current cash balance – which, pro forma for this recap was ~$50M at quarter-end. Additional near-term cash could come from current (or potentially, future) collaboration agreements including the second $12.5M milestone under the UTH TreT agreement, which the company anticipates receiving later this year.

Prior to this recap, MNKD faced ~$110M of debt (and accrued interest) maturities by the end of 2021. Now, assuming they draw the total $70M new facility, they face just ~$16M of debt maturities through the end of 2021. Management indicated on the earnings call that, with the debt recapitalization completed, that they believe their cash runway is sufficient to fund operations until they achieve a point of cash flow break-even. Importantly, the recap spares any significant dilution to shareholders and, while the interest rate of LIBOR+6.75% (with 8.75% minimum) is not an insignificant expense, we think it will pale in comparison to the return on MNKD's equity value over the ~5-year debt term.

Business Update: Additional Data Supporting Safety/Effectiveness of Afrezza

- ***New data from three different studies of Afrezza was announced at the American Diabetes Association's 79th Scientific Sessions (June 7 – 11) in San Francisco***

This includes safety and PK data from MannKind's ongoing pediatric study. This pediatric data, which comes from the first of three age-based patient cohorts is particularly insightful as it provides one of the initial meaningful glimpses of utility of Afrezza in younger populations. Importantly, these results appear to largely mirror efficacy and safety as seen in adult Afrezza studies and provide additional confidence of regulatory greenlighting of the anticipated pivotal U.S. phase 3 pediatric study.

The other presentations come from a small investigator-initiated Afrezza dosing protocol optimization study in type 2 diabetics – which could presumably help inform Afrezza prescribers in dialing-in the most effective dosing regimens for these patients – and an oral abstract related to mixed meal tolerance testing. Data from both of these studies add further support that uptitration and increasing dosing of Afrezza can further improve upon glucose control and do so without a compromise to safety or tolerability, including incidence of hypoglycemia.

- ***T2D Dose Optimization Study (Late-breaking Poster)***

This was an n=14 study of T2D patients which failed to control HbA1c with oral and/or injected therapies. Patients with HbA1c levels between 7.5% and 11.5% and which were already using two or more diabetes therapies were enrolled in the study, which was funded by MNKD and conducted in a real-world practice setting (and led by Dr. Phil Levin). Afrezza was added to patients' current treatment regimens, which for one-half of participants, included basal insulin. Patients initially received Afrezza in 4-unit doses per meal and graduated to 12-units per meal over seven days. After eight days, the Afrezza dose was adjusted once per week (for up to twelve weeks) based on PPG control.

Key outcomes were time-in-range (TIR, or the amount of time that a patient's HbA1c is at the recommended 70-180 mg/dL) as measured by (blinded) continuous glucose monitoring (CGM), optimal dosing of Afrezza and safety (as measured by hypo and hyperglycemia).

Results showed:
- Optimal dosing: between 16 and 20 units per meal
- HbA1c control
    - Afrezza use resulted in a (significant) mean HbA1c decrease of 1.6% (p=0.001) by week 12
    - Baseline HbA1c of 9.1% fell to a mean of 7.5% by week 12
    - 93% of patients (13/14) achieved HbA1c levels of less than 8%
    - Time-in-range (70-180 md/dL): Afrezza increased TIR by 76% (p<0.0001)

- No significant change in hypoglycemia

- CGM found that

  - Hyperglycemia
    - Hyperglycemia (glucose >180mg/dL) incidences decreased by 47% (p<0.0001)
    - Severe hyperglycemia (glucose >250mg/dL) incidences decreased by 74% (p=0.0005)
  - Mean daily glucose fell by 23% (p=0.0002) from baseline through week 12 (208 mg/dL at baseline to 161 mg/dL at 12 weeks)

These results in our opinion not only further add to the growing body of evidence showing that use of Afrezza (either alone or in combination with other diabetes therapies) can increase time-in-range and/or reduce rates of hyperglycemia (and, in many cases, also reduce rates of hypoglycemia), but also provides physicians with additional insight into dosing protocol optimization. Afrezza's novel PK profile (as compared to injected insulin) and ultra-rapid mode of action has often dictated a trial-and-error approach to dialing-in a particular patient's optimal dosing. As that can act as headwind to adoption, additional learnings towards streamlining that process, such as this study provides, may help facilitate initial uptake and repeat prescriptions of Afrezza.

This study lends support for uptitration and, potentially, increasing dosing of Afrezza as a way to further improve upon glucose control – and do so without a significant compromise to risk of hypoglycemia. Results of this study also appear to support the reasoning behind the recently observed increasing demand for higher volume cartridges (i.e. 12-unit cartridges) – specifically that physicians are becoming more comfortable with the idea that increasing Afrezza dosing can further benefit glucose control without compromise to safety and tolerability (an all but antithetical proposition to dosing injectable insulin). This is a phenomenon that we will be closely watching as physician (and patient) comfort with adjusting dosing is likely to be a progressive step towards optimizing prescribing protocol – and one that can have significant influence in driving switching from injected to inhaled insulin.

- ***Pediatric Study Data (Poster presentation)***

As a reminder, MannKind's ongoing safety and pharmacokinetics (PK) pediatric study is anticipated to lead to an FDA registration study for similarly aged populations. The current study is expected to include a total of 46 patients with type 1 diabetes across three cohorts; cohort 1 encompasses children ages 13 – 17 years, cohort 2 covers ages 8 – 12 years and cohort 3 includes patients 4 – 7 years. Cohort 3, which completed testing in September 2018, was the subject of the just-presented data.

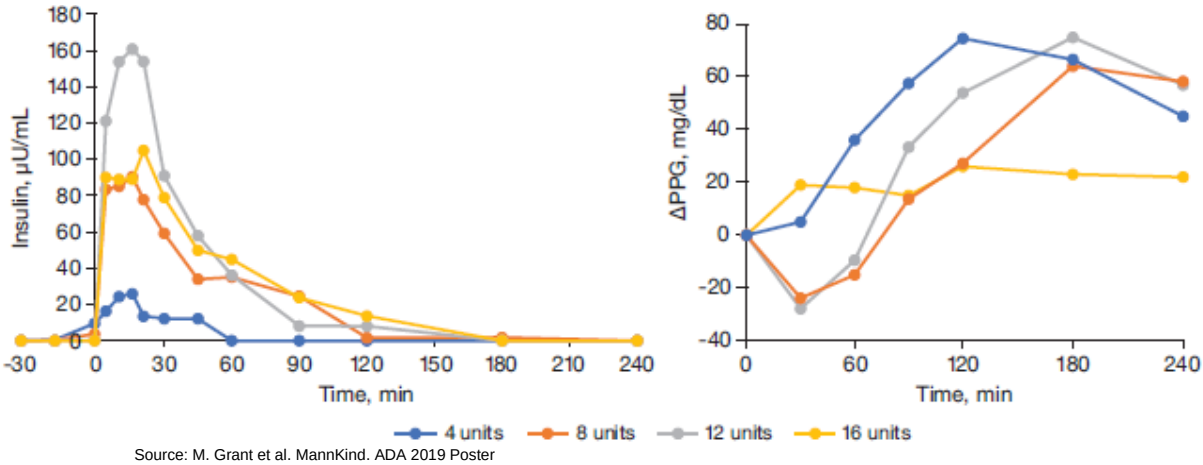
This is an open-label, interventional study evaluating the PK and safety of Afrezza in patients under the age of 18. Primary outcomes are the number of patients with treatment-emergent adverse events and number of patients with hypoglycemic events. Inclusion criteria included use of insulin for at least one year and on a stable regimen of basal-bolus insulin therapy via multiple daily injections for at least six weeks prior to study enrollment.

Patients were followed over a 4-week titration period (following initial PK assessment). Of the 15 patients in cohort 1 (average age of which was 15 years), two received 4-unit doses, six received 8-unit doses, another six received 12-unit doses and one received 16-unit doses).

Results showed;

Rapid onset, peak serum insulin concentrations, rapid glucose knockdown and swift insulin clearance all appeared to largely mimick what we have seen in adult Afrezza studies – which, in-turn, largely mirror the action of endogenous insulin. Specifically, peak insulin concentration was reached within approximately 30 minutes following Afrezza administration and insulin levels returned to baseline within two hours. This quick onset (i.e. peak) and rapid insulin clearance appears nearly identical to what has been observed in earlier adult studies (for comparison, we have included the PK graph from an Afrezza adult T1D study) and reflects the ability of Afrezza to quickly control glucose and do so without the 'long tail' of injected insulin (which is often associated with hypoglycemia).

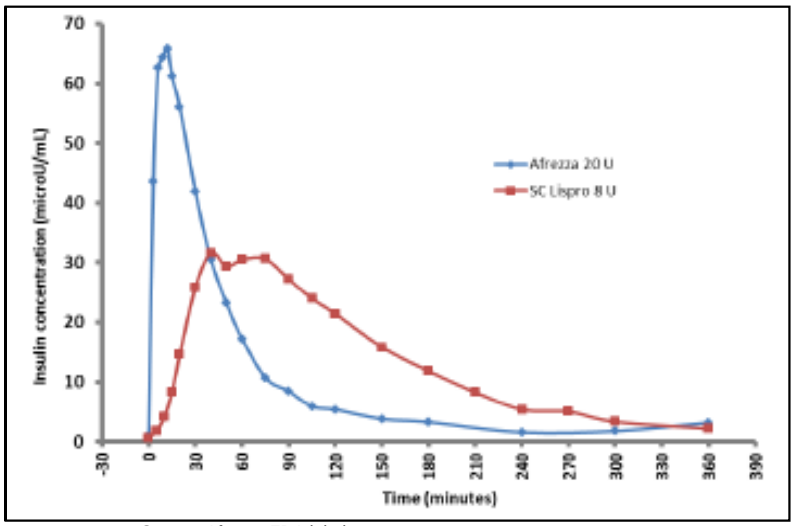
Rapid peak serum insulin concentration (L) and glucose control (R)



Source: M. Grant et al. MannKind. ADA 2019 Poster

Glucose knockdown, as measured by postprandial glucose (PPG) levels is depicted in the graph on the right (below). Both the 8 and 12-unit doses (n=6 in each) show markedly decrease in PPG within 30 minutes following administration (demonstrating rapid glucose control).

Afrezza Adult T1D PK Profile (vs. SC Lispro)



Source: Afrezza FDA label

Safety

- Overall safety appeared acceptable and largely similar to that of prior adult Afrezza studies. Of the 19 reported treatment-emergent adverse events, there was one serious event; diabetic ketoacidosis. It is our understanding that this particular patient was not compliant with dosing treatment guidelines. And, importantly the DA was not related to Afrezza
- Two of the fifteen patients discontinued due to adverse events (diabetic ketoacidosis and coughing)
- Importantly, while there were seven reported cases of coughing, all resolved over time and there were no 'clinically relevant declines in pulmonary function'
- No serious hypoglycemia events were observed

Upcoming Milestones

➢ An investigator-initiated study is being conducted in a small group of T2D patients in Texas. The study, led by Dr. Mark Kipnes, MD, is evaluating the effect of Afrezza therapy using Dexcom continuous glucose monitoring (CGM) transmitter. Dr. Kipnes is investigating how a fixed titration schedule can be implemented to achieve better time in range and reduce overall A1c. Management indicated on the Q2 earnings call that the study is nearing enrollment completion.

- The formulation work for the undisclosed PAH compound is complete. A decision from UTHR is expected sometime in Q3 – which we will be eagerly awaiting.
- Management's priority in the near term will be to continue their marketing strategy aimed at educating prescribers and patients on the benefits of Afrezza and, ultimately, on driving adoption and usage. We continue to think MNKD's approach will pay dividends over the long-term and we support their strategy of leading their awareness-building efforts with a science-based approach. While educating entrenched 'old-school' injected-insulin delivery prescribers on the clinical benefits of inhaled insulin (specifically of Afrezza) is undoubtedly an uphill climb, we think the ever-growing database of proven clinical benefits of Afrezza will progressively soften the traditional insulin-only mindset. Meanwhile, indications are that patients that try Afrezza largely do experience quality-of-life benefits – this stickiness, we continue to think, represents the major catalyst to steepening the adoption and utilization curves for the product over the long term.
- MannKind's bluetooth enabled inhaler, BluHale, allows monitoring of inhalation effort and insulin doses for patients. The A-One randomized control trial, conducted in February 2019 to evaluate inhalable insulin and digital therapy among T2D patients, demonstrated that using Afrezza with One Drop provided a significant improvement in A1c levels. OneDrop has signed a partnership with MannKind to integrate automatic dose detection into their platform. OneDrop's platform will also offer glucose forecasts, predictive insights as well as the opportunity for diabetic patients to connect one-on-one with One Drop's certified diabetes educators, an educational service that has been recognized by the ADA. This will allow collection of evidence (such as reduction in A1c, effective diabetes self-management and support provided by certified diabetes educators) demonstrating clinical impact of a diabetes mobile app. It also provides patients with more insight into how best manage their disease and optimize dosing based on their particular lifestyle and eating habits.

Partnerships

- The initial milestone (of four) payment related to the TreT program of $12.5M was received from UTHR earlier this year. Management anticipates receiving the second $12.5M milestone later this year
- MannKind plans to establish sales in India by partnering with Cipla, which has one of the largest portfolios of inhalation products. Initiation of an India-based clinical study is expected to be any day. We remain optimistic that there might not be any hiccups related to this development.
- The launch of Afrezza in Brazil, which has one of the highest rates of diabetes in the world, was subject to approval by the Brazilian Health Regulatory Agency (ANVISA). The approval was obtained in June and the commercial launch is expected in October 2019, as previously anticipated. MannKind has teamed-up with Biomm to market Afrezza in that country. Given the high rates of diabetes, we think Brazil could represent a meaningful opportunity – and while not likely to be an overly significant revenue catalyst, it should at least provide some meaningful incremental demand to help burn the insulin purchase commitment.
- Additionally, the company is pursuing approval of Afrezza in other geographic locations including Australia where a regulatory filing is underway. MannKind signed a marketing and distribution agreement with Australasian Medical & Scientific Ltd. (AMSL) for commercializing Afrezza in that country.

Valuation

We use a sum-of-the-parts methodology to value MNKD, applying a P/S multiple to the Afrezza portion of the business while using DCF to value the UTHR collaboration related to TreT. Our model and valuation are subject to updating, including incorporating other collaboration candidates, if and when we feel there is enough information with which to base reasonably-confident assumptions (including related to RLS) – which could provide upside to our current target price.

LLY and NVO trade at an average of approximately 5.5x forward sales. Given MNKD's much more rapid estimated percentage revenue growth, we apply that same multiple to our forecasted 2021 Afrezza sales of $116M, which values the Afrezza portion at approximately $3.40/share. Our 10-year DCF uses a 15% discount and values the TreT collaboration at approximately $105M, or ~$0.56/share (which is subject to our 35% risk-of-failure discount). **Our sum-of-the-parts calculation puts total value of the company at ~$4.00/share.**

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MannKind Financial Model

	2018 A	Q1A	Q2A	Q3E	Q4E	2019 E	2020 E	2021 E
Product sales	$17.3	$5.1	$6.1	$7.1	$8.6	$26.8	$62.3	$116.0
YOY Growth	*87.9%*	*49.2%*	*61.6%*	*61.7%*	*49.8%*	*55.3%*	*132.1%*	*86.3%*
Collaboration revenue	$10.5	$12.4	$8.9	$8.3	$7.8	$37.4	$29.1	$29.3
YOY Growth	*4112.0%*	*19538.1%*	*10172.4%*	*9991.5%*	*-24.5%*	*254.8%*	*-22.2%*	*0.9%*
Other revenue	$0.1	$0.0	$0.0	$0.0	$0.0	$0.0	$0.1	$0.1
YOY Growth	*-97.7%*	-	-	-	-	*-100.0%*	-	*0.0%*
Revenue	$27.9	$17.4	$15.0	$15.4	$16.4	$64.2	$91.4	$145.4
YOY Growth	*137.2%*	*403.5%*	*285.4%*	*243.9%*	*2.1%*	*130.4%*	*42.4%*	*59.0%*
Cost of Goods Sold	$19.4	$4.0	$4.3	$5.6	$5.7	$19.7	$20.5	$27.6
Product margin	*-12.3%*	*20.8%*	*28.7%*	*20.9%*	*33.4%*	*26.6%*	*67.1%*	*76.2%*
Cost of collaboration rev	$1.1	$1.5	$2.1	$1.2	$1.2	$6.1	$4.4	$4.4
Gross Income	$7.4	$11.9	$8.5	$8.5	$9.5	$38.4	$66.6	$113.4
Gross Margin	*26.5%*	*68.2%*	*56.9%*	*55.4%*	*57.9%*	*12.0%*	*72.8%*	*78.0%*
R&D	$8.7	$1.7	$1.6	$2.7	$4.1	$10.1	$17.0	$19.1
R&D % sales	*31.4%*	*9.6%*	*10.9%*	*17.6%*	*25.1%*	*15.7%*	*18.6%*	*13.1%*
SG&A	$79.7	$25.7	$16.6	$19.7	$19.3	$81.3	$96.0	$114.1
SG&A % Prod Sales	*461.4%*	*505.8%*	*273.8%*	*277.4%*	*225.1%*	*292.2%*	*154.2%*	*98.4%*
Operating Income	($81.1)	($15.4)	($9.7)	($13.9)	($14.0)	($53.0)	($46.4)	($19.8)
Operating Margin	-	-	-	-	-	-	-	-
Total Other Income, net	($1.9)	$0.0	($2.7)	($2.2)	($2.6)	($7.4)	($19.3)	($27.5)
Pre-Tax Income	($86.7)	($14.9)	($12.4)	($16.1)	($16.5)	($60.4)	($65.7)	($47.3)
Taxes (benefit)	$0.2	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Tax Rate	*-0.3%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Net Income	($87.0)	($14.9)	($12.4)	($16.1)	($16.5)	($60.4)	($65.7)	($47.3)
Net Margin	*-312.2%*	*-85.3%*	*-82.6%*	*-104.5%*	*-100.9%*	*-94.1%*	*-71.9%*	*-32.5%*
EPS	($0.60)	($0.08)	($0.07)	($0.08)	($0.09)	($0.32)	($0.29)	($0.19)
YOY Growth		-	-	-	-			
Diluted Shares O/ S	144.0	187.4	188.1	189.2	193.1	189.4	227.0	250.0

Brian Marckx, CFA / Anita Dushyanth, PhD

HISTORICAL STOCK PRICE

DISCLOSURES

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