



MORNING SUMMARY | EQUITY RESEARCH | June 20, 2014

Morning Summary is compiled from research reports and summary comments published by ROTH Capital. Please click on the headline of each comment to access a copy of the full research report (including applicable disclosures).

Consumer

BDE: Selling Gregory Mountain Products Brand - King, CFA

Black Diamond, Neutral, \$11.00 PT, \$391.8 Mkt. Cap.(mil)

Black Diamond (BDE, Neutral) announced the previously-expected sale of its Gregory Mountain Products brand for \$85.0M to Samsonite LLC. We believe the divestiture enables the company to delever its balance sheet and focus on its core growth categories like Black Diamond apparel. Gregory Mountain generated \$34.9M in sales in 2013 (17% of total sales) and \$30.6M in 2012, implying a 2.0x multiple on \$69.2M in net proceeds after fees, expenses, and taxes. Proceeds will be used to pay off its \$26.7M in debt with the remainder used for building the Black Diamond and POC brands, while the debt paydown would be ~\$0.07 accretive to our FY15 estimate of \$0.30, all-else-being equal (assuming no impact to profit from the Gregory sale). The deal is expected to close in late July. We continue to like BDE for its sport-defining lifestyle brand portfolio, experienced Board, and meaningful earnings growth potential and believe management is taking a prudent approach to its ongoing apparel launch, but worry about overly optimistic investor expectations.

Energy & Industrials

PSIX: Takeaways from Investor Meetings - Shen

Power Solutions International, Buy, \$90.00 PT, \$811.2 Mkt. Cap.(mil)

We recently hosted investor meetings with Eric Cohen, COO, and Dan Gorey, CFO, and came away incrementally more positive on the diverse set of opportunities ahead for PSIX. Oil & gas and forklift end markets remain robust. While on road opportunities continue to be quite promising, we remain conservative with our 2015 estimate given the uncertainty of the timing of on road adoption. We reiterate our Buy and \$90PT.

Healthcare

CO: 4Q14 Recap - Largely as Expected; EPS Breakout Coming in FY16 - Henry, CFA

China Cord Blood Corporation, Buy, \$6.00 PT, Target Price Change, \$350.4 Mkt. Cap.(mil)

CO reported 4Q14 results (March quarter) that were largely in-line with expectations. Company guidance for new subscribers of 69 - 71K was also in-line with targets. We maintain our Buy rating with an increased price target of \$6/share (motivated by higher cash balance and strong EPS growth outlook in FY16).

MGNX: A DART Debut's, Target goes to \$30 - Chattopadhyay

MacroGenics, Inc., Buy, \$30.00 PT, Target Price Change, \$622.6 Mkt. Cap.(mil)

MacroGenics is pioneering immune-modulation-based therapies through its ability to engineer antibodies at the molecular level. We anticipate up to six (currently two) new compounds in the clinic by the end of 2015, spanning both solid and liquid tumors providing multiple shots on goal. With the MGD006 moving into phase 1 testing we increase our price target from \$28 to \$30, reflecting increased probability of success.

Earnings Calendar

Jun 23 (AMC): MU

Upcoming Events

Jun 23: 3rd Annual ROTH Resources Corporate Access Day – London, UK
Participating company tickers include: AVL, ANFC, DMI-V, ESCR, FXEN, LLEX, MPET, PZG, PED, PLM, PVG, RGX-T, TRCH, TREC, ZEN-V

Jun 23-24: ROTH Healthcare Corporate Access Day – London, UK
Participants will have 1X1 access to ~25 small-cap healthcare companies spanning from generic pharmaceuticals to biotechnology companies. Participating company tickers include: ACRX, BLRX, CANF, CTIC, CRIS, DSCI, DRTX, GALE, IPCI, LCI, LGND, NEO, NWRN, PHARM, RNA, PTCT, RDHL, RNN, TNXP, VSTM.

Sep 3: 5th Annual ROTH Semiconductor Corporate Access Day – San Francisco, CA

Please contact your salesperson for more information.

Non-Deal Roadshows

Jun 24-26: LNDC | Minn, CHI, Milw
Jun 25: KKD | NY
Jun 26: CHKE | Boston
Jul 7-9: JASO | London, Zurich
Jul 9: CNCE | San Diego, LA, SF
Jul 10-11: THRM | London
Aug 5-6: SKUL | Philadelphia, CHI
Aug 12: MXWL | NY

Semiconductors & IT Hardware

Semiconductors: Updates on INVN, PXLW, QUIK - Shankar

Semiconductors & IT Hardware

The Amazon Fire Phone introduced yesterday may be positive for INVN which may have increased content in the phone due to multiple cameras and advanced motion sensors. However, we believe that a potential design win with Apple for upcoming iPhone6 will overshadow any design win with Fire Phone. We believe that the trend toward Ultra high-definition video processing is positive for PXLW and the proliferation of multiple sensors and connectivity options is positive for QUIK.

Disclosures

Regulation Analyst Certification ("Reg AC"): The research analyst primarily responsible for the content of this report certifies the following under Reg AC: I hereby certify that all views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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Within the last twelve months, ROTH has received compensation for investment banking services from MacroGenics, Inc., Power Solutions International, China Cord Blood Corporation, BioLineRx Ltd., Can-Fite Bio Pharma, Concert Pharmaceuticals, Inc., Spansion, Inc., Galena Biopharma, Inc., GigOptix, Inc., Lannett Company, Inc., PEDEVCO Corp, Pixelworks, Inc., QuickLogic Corp, RedHill Biopharma Ltd., Rexahn Pharmaceuticals, Inc., Tonix Pharmaceuticals Holding Corp and Verastem, Inc..

ROTH makes a market in shares of MacroGenics, Inc., Black Diamond, Power Solutions International, AcetRx Pharmaceuticals, Inc., Applied Micro Circuits Corp., Avalon Rare Metals Inc., BioLineRx Ltd., Broadcom Corporation, Can-Fite Bio Pharma, Cavium, Inc., Concert Pharmaceuticals, Inc., Spansion, Inc., Curis Inc., CTI BioPharma Corp, Durata Therapeutics, Inc., Derma Sciences, Inc., EMCORE Corporation, Entropic Communications, Inc., FX Energy, Inc., Galena Biopharma, Inc., GigOptix, Inc., Intel Corporation, InvenSense, Inc., Intellipharma Int'l Inc., JA Solar Holdings Co., Ltd., Lannett Company, Inc., Ligand Pharmaceuticals, Inc., Landec Corporation, Lantronix, Inc., MoSys Inc., Magellan Petroleum Corporation, Maxwell Technologies, Inc., NeoGenomics Laboratories, Inc., Newport Corporation, NVIDIA Corporation, Nova Measuring Instruments, PLX Technology, Inc., Pericom Semiconductor, PTC Therapeutics Inc, Pretium Resources Inc., Pixelworks, Inc., Paramount Gold and Silver Corp, QUALCOMM Inc., QuickLogic Corp, Prosensa Therapeutic, NV, Rexahn Pharmaceuticals, Inc., Skullcandy, Inc., Gentherm Inc., Tonix Pharmaceuticals Holding Corp, Ultra Clean Holdings, Inc. and Verastem, Inc. and as such, buys and sells from customers on a principal basis.

Shares of China Cord Blood Corporation, Avalon Rare Metals Inc., BioLineRx Ltd., Can-Fite Bio Pharma, Curis Inc., CTI BioPharma Corp, EMCORE Corporation, Entropic Communications, Inc., FX Energy, Inc., Galena Biopharma, Inc., GigOptix, Inc., Intellipharma Int'l Inc., Lantronix, Inc., MoSys Inc., NeoGenomics Laboratories, Inc., PLX Technology, Inc., Paramount Gold and Silver Corp, QuickLogic Corp and Rexahn Pharmaceuticals, Inc. may be subject to the Securities and Exchange Commission's Penny Stock Rules, which may set forth sales practice requirements for certain low-priced securities.

Within the last twelve months, ROTH has managed or co-managed a public offering for MacroGenics, Inc., Power Solutions International, BioLineRx Ltd., Concert Pharmaceuticals, Inc., Galena Biopharma, Inc., GigOptix, Inc., Lannett Company, Inc., PEDEVCO Corp, Pixelworks, Inc., QuickLogic Corp, Tonix Pharmaceuticals Holding Corp and Verastem, Inc..

Shares of Can-Fite Bio Pharma and GigOptix, Inc. may not be eligible for sale in one or more states.

A Research Analyst and/or a member of the Analyst's household own(s) shares of Landec Corporation and Prosensa Therapeutic, NV. stock.

On September 28, 2010, ROTH changed its rating system in order to replace the Hold rating with Neutral.

On May 26, 2011, ROTH changed its rating system in order to incorporate coverage that is Under Review.

Distribution of IB Services Firmwide

Rating	Count	Percent	IB Serv./Past 12 Mos. as of 06/20/14	
			Count	Percent
Buy [B]	191	82.33	106	55.50
Neutral [N]	24	10.34	9	37.50
Sell [S]	1	0.43	0	0
Under Review [UR]	15	6.47	10	66.67

Our rating system attempts to incorporate industry, company and/or overall market risk and volatility. Consequently, at any given point in time, our investment rating on a stock and its implied price movement may not correspond to the stated 12-month price target.

Ratings System Definitions - ROTH employs a rating system based on the following:

Buy: A rating, which at the time it is instituted and or reiterated, that indicates an expectation of a total return of at least 10% over the next 12 months.

Neutral: A rating, which at the time it is instituted and or reiterated, that indicates an expectation of a total return between negative 10% and 10% over the next 12 months.

Sell: A rating, which at the time it is instituted and or reiterated, that indicates an expectation that the price will depreciate by more than 10% over the next 12 months.

Under Review [UR]: A rating, which at the time it is instituted and or reiterated, indicates the temporary removal of the prior rating, price target and estimates for the security. Prior rating, price target and estimates should no longer be relied upon for UR-rated securities.

Not Covered [NC]: ROTH does not publish research or have an opinion about this security.

For important disclosure information regarding the companies in this summary report, please contact: The Director of Research at (800) 678-9147 or write to: ROTH Capital Partners, LLC, Attention: Director of Research, 888 San Clemente Drive, Newport Beach, CA 92660

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