



MORNING SUMMARY | EQUITY RESEARCH | June 9, 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

PSMT: Buy Thesis Intact Following Lackluster May Comp - King, CFA

PriceSmart Inc., Buy, \$108.00 PT, \$2,759.0 Mkt. Cap.(mil)

PriceSmart's May comp of 2.3% decelerated from April and came in below estimates due to new store cannibalization. We continue to recommend PSMT for its quality business model, which includes low-cost as Latin America's largest warehouse club store. Shares should soon begin to benefit from accelerating store and membership growth, while comp pressure from new store cannibalization could subside over the next 12-13 months.

ZQK: Shares Increasingly Attractive, But Concerns Remain - King, CFA

Quiksilver, Inc., Neutral, \$4.00 PT, Estimate Change, \$628.9 Mkt. Cap.(mil)

We are lowering our estimates and price target following disappointing 2Q14 results and FY14 guidance. We believe ZQK represents an attractive risk-reward after the recent sell-off, but are waiting for signs of a turn in revenue now that expense cuts are seemingly less of a management priority. We remain concerned by the company's significant debt load, but covenants do not appear overly onerous and we are encouraged by recent insider buying.

Healthcare

BDSI: Bunavail Approved - PT to \$15.50/share - Henry, CFA

BioDelivery Sciences International, Buy, \$15.50 PT, Target Price Change, \$484.4 Mkt. Cap.(mil)

BDSI announced Friday after the market close that Bunavail had been approved for the maintenance treatment of opioid dependence. This event was expected as it occurred on the compound's PDUFA date. That said, this risk reduction increased our price target on BDSI shares to \$15.50/share from \$14. We maintain our Buy rating.

LCI: Digoxin/Levo Script Tracker - Week ending 5/30/2014 (Holiday Noise) - Henry, CFA

Lannett Company, Inc., Buy, \$45.00 PT, \$1,636.6 Mkt. Cap.(mil)

This report is a weekly update tracking prescriptions for Lannett's Digox (digoxin) and Levo (levothyroxine). These are the two largest LCI products at ~23% and ~38% of 2014E revenues. For the current week, we consider the trend for Digox in-line with expectations, and the trend for Levo slightly ahead of expectations. Volumes are lower this week due to the Memorial Day holiday.

MGNX: The Era of Molecular Engineering is Upon Us - Chattopadhyay

MacroGenics, Inc., Buy, \$28.00 PT, \$553.2 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. Backed

Earnings Calendar

Jun 12 (AMC): CPST

Upcoming Events

Jun 23: 3rd Annual ROTH Resources Corporate Access Day - London, UK: Participating company tickers include: AVL, ANFC, DMI-V, ESCR, LLEX, MPET, PZG, PED, PLM, PVG, RGX-T, SARA, 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, PRTA, 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 9: ATTU | NY
Jun 9-11 SHL/SMDCY - NY, BOS
Jun 10-11: CWCO | EU
Jun 12: SUMR | CHI
Jun 17-18: UPI | NY, Boston
Jun 17-18: ZAGG | SF, Seattle, Portland
Jun 17-19: FARM | Minneapolis, MILW, CHI
Jun 24-26: LNDC | Minn, CHI, Detroit
Jun 25: KKD | NY
Jun 26: CHKE | Boston
Jul 9: CNCE | San Diego, LA, SF
Jul 10-11: THRM | London
Aug 12: MXWL | NY

by a robust balance sheet, multiple high-value partnerships, and a robust clinical program, we initiate MacroGenics with a Buy rating and a \$28 price target.

NEO: 2015 Could Be a Watershed Year - Chattopadhyay

NeoGenomics Laboratories, Inc., Buy, \$6.00 PT, \$168.9 Mkt. Cap.(mil)

We recently hosted a series of investor meetings with NeoGenomics management. In our opinion, investor focus on CMS-related reimbursement challenges ignores the continuously improving business fundamentals and we continue to believe that our above consensus estimates for 2015 could become the consensus. We reiterate our Buy rating and \$6.00 price target based on a 3.7 multiple to our 2015 revenue estimate and discounted to PV at 12%.

SLXP: Xifaxan Tracker - Week ending 5/30/2014 (Holiday Week) - Henry, CFA

Salix Pharmaceuticals, Ltd., Buy, \$130.00 PT, \$7,071.3 Mkt. Cap.(mil)

This report is a weekly update tracking Salix Pharmaceuticals expanded launch of Xifaxan to treat hepatic encephalopathy (HE). We view this week's script data as neutral given noise created by the Memorial Day Holiday. The key indicator for us is year-over-year change in total milligrams prescribed, which decreased to a still strong growth rate of 20% versus the prior week of 21% (16% growth is our target for May).

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.

ROTH and/or its employees, officers, directors and owners own options, rights or warrants to purchase shares of Can-Fite Bio Pharma, Rexahn Pharmaceuticals, Inc. and Tonix Pharmaceuticals Holding Corp stock.

Within the last twelve months, ROTH has received compensation for investment banking services from MacroGenics, Inc., Lannett Company, Inc., BioDelivery Sciences International, Attunity Limited, BioLineRx Ltd., Can-Fite Bio Pharma, Concert Pharmaceuticals, Inc., Galena Biopharma, Inc., PEDEVCO Corp, Prothena Corporation plc, RedHill Biopharma Ltd., Rexahn Pharmaceuticals, Inc., Tonix Pharmaceuticals Holding Corp and Verastem, Inc..

ROTH makes a market in shares of MacroGenics, Inc., Quiksilver, Inc., NeoGenomics Laboratories, Inc., PriceSmart Inc., Salix Pharmaceuticals, Ltd., Lannett Company, Inc., BioDelivery Sciences International, AcetRx Pharmaceuticals, Inc., Attunity Limited, Avalon Rare Metals Inc., BioLineRx Ltd., Can-Fite Bio Pharma, Concert Pharmaceuticals, Inc., Capstone Turbine Corp., Curis Inc., CTI BioPharma Corp, Consolidated Water Co. Ltd., Durata Therapeutics, Inc., Derma Sciences, Inc., Farmer Bros. Co., Galena Biopharma, Inc., Intellipharma Int'l Inc., Ligand Pharmaceuticals, Inc., Landec Corporation, Magellan Petroleum Corporation, Maxwell Technologies, Inc., Prothena Corporation plc, Pretium Resources Inc., Paramount Gold and Silver Corp, Rexahn Pharmaceuticals, Inc., Summer Infant Inc., Gentherm Inc., Tonix Pharmaceuticals Holding Corp, Verastem, Inc. and ZAGG Incorporated and as such, buys and sells from customers on a principal basis.

Shares of NeoGenomics Laboratories, Inc., Avalon Rare Metals Inc., BioLineRx Ltd., Can-Fite Bio Pharma, Capstone Turbine Corp., Curis Inc., CTI BioPharma Corp, Galena Biopharma, Inc., Intellipharma Int'l Inc., Paramount Gold and Silver Corp, Rexahn Pharmaceuticals, Inc., Summer Infant Inc., Uroplasty, Inc and ZAGG Incorporated 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., Lannett Company, Inc., Attunity Limited, BioLineRx Ltd., Concert Pharmaceuticals, Inc., Galena Biopharma, Inc., PEDEVCO Corp, Prothena Corporation plc, Tonix Pharmaceuticals Holding Corp and Verastem, Inc..

Shares of Can-Fite Bio Pharma 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 BioDelivery Sciences International and Landec Corporation 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 06/09/14	
			Count	Percent
Buy [B]	185	81.50	102	55.14
Neutral [N]	24	10.57	9	37.50
Sell [S]	1	0.44	0	0
Under Review [UR]	16	7.05	10	62.50

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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