



## MORNING & MID-DAY SUMMARY | EQUITY RESEARCH | March 7, 2014

Morning & Mid-Day 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).

### Cleantech

#### **MBII: Despite Q4 Miss, We are Bullish on Biologicals; Reiterate Buy - Shen** **Marrone Bio Innovations, Inc., Buy, \$20.00 PT, \$278.3 Mkt. Cap.(mil)**

We continue to believe MBII represents a strong LT holding for investors looking for exposure to the growing bio-agricultural segment. Nearly every major chemical pesticide manufacturer and distributor is looking to gain a foothold in the biological market, in our opinion. We believe MBII is the industry leader with its strong suite of existing products, considerable pipeline, and unique biological capabilities. As a result, we maintain our Buy rating and \$20 PT.

### Consumer

#### **JMBA: Betting On Juice And JambaGO - Brenner**

##### **Jamba, Inc., Neutral, \$13.50 PT, Target Price Change, \$216.4 Mkt. Cap.(mil)**

The competitive environment remains difficult, in our view. Jamba is focused on a premium juice platform currently being installed in stores and JambaGo, a vending machine being placed in schools and retail venues. Productivity initiatives also may bolster restaurant profit margins. We are not confident that these efforts will be sufficient to generate sustained attractive sales and earnings growth, and we believe the current valuation is ample. We are raising our price target to \$13.50.

#### **SKUL: Raising Price Target Following Strong Results & Guide - King, CFA**

##### **Skullcandy, Inc., Buy, \$10.00 PT, Target Price Change, \$206.4 Mkt. Cap.(mil)**

4Q13 results surpassed expectations, while 1Q14 and 2014 were guided above estimates. New management's strategies appear to be bearing fruit and new products are gaining traction. With a clean balance sheet and renewed focus on brand, Skullcandy seems well-positioned for a trend back toward in-ear headphones, now that door losses have subsided and with much easier comparisons in the quarters ahead.

### Energy & Industrials

#### **CVU: Mixed Q4; Transferring Lead Coverage - Koranda**

##### **CPI Aerostructures Inc., Buy, \$16.00 PT, \$116.1 Mkt. Cap.(mil)**

CVU posted a top and bottom line beat for Q4, however two items drove the stock down, in our opinion: (1) long-time CEO Ed Fred resigned for personal reasons and (2) GM guidance came in weaker-than-expected. We see mostly positives ahead, however, as funded backlog is at \$110mn, setting the company up for growth in 2014 and 2015. We reiterate our Buy rating and \$16 PT. Effective with this report, we are transferring lead coverage to Matt Koranda.

#### **MNTX: Inline Q4; Reiterate Buy - Shen**

##### **Manitex International, Inc., Buy, \$20.00 PT, Target Price Change, \$220.0 Mkt. Cap. (mil)**

### Earnings Calendar

Mar 7 (BMO): PPHM  
Mar 10 (AMC): NES, POWR  
Mar 11 (BMO): SNTA  
Mar 11 (AMC): SUMR  
Mar 12 (AMC): KKD  
Mar 13 (BMO): GSOL  
Mar 13 (AMC): TEAR, ZUMZ

### Upcoming Events

Mar 9-12:  
26th Annual ROTH Conference | Ritz  
Carlton, Laguna Niguel

### Non-Deal Roadshows

Mar 12-14: CNAT | Brussels, Stockholm, London  
Mar 20: SQBG | Boston  
Mar 24-25: VOLC | Seattle, Portland, SF  
Apr 2-3 LNDC | Cleveland, Detroit  
Apr 9-11: MPA | London, Zurich

MNTX issued an inline Q4 report. Although management did not issue 2014 guidance and had a low YE'13 backlog, order activity in Q1 has been strong, resulting in much better visibility into 2014. Despite touching down our estimates, we continue to like management's strategy and the company's ability to win market share in a slow growth environment. As a result, we reiterate our Buy and increase our PT to \$20.

## Healthcare

### **CNAT - Building Emricasan Castles - Hazlett**

#### **Conatus Pharmaceuticals Inc., Buy, \$23.00 PT, \$176.8 Mkt. Cap.(mil)**

Conatus develops therapeutics for serious liver disease. Emricasan, a broad-acting caspase inhibitor, its primary asset, has been characterized in multiple studies, and is now finishing important Phase 2 work in patients with chronic liver failure that are deteriorating rapidly (ACLF); that study should finish in 1H14 and inform upcoming work in chronic liver failure and NASH. Emricasan's significant potential in several liver disease settings drives our Buy rating and \$23/share target.

### **KIN: 4Q13 Recap - Execution Strong; Downgrading on Valuation - Henry, CFA**

#### **Kindred Biosciences, Inc., Neutral, \$25.00 PT, Estimate Change, \$397.5 Mkt. Cap. (mil)**

KIN reported a 4Q13 EPS loss of \$0.40 versus our target of a loss of \$0.19. The greater loss was largely noise, and the quarter was fundamentally as expected. We are downgrading shares to Neutral based on a significant share price run-up that makes the valuation less attractive for new purchases. We did increase our price target to \$25/share to reflect higher multiples for animal health comps.

### **SNSS: 2013 Results; VALOR Data Coming 3Q14; Reiterate Buy - Pantginis, Ph.D.**

#### **Sunesis Pharmaceuticals, Inc., Buy, \$12.00 PT, \$404.4 Mkt. Cap.(mil)**

SNSS announced 2013 results, posting EPS of (\$0.66), compared to our estimate of (\$0.73) and the consensus estimate of (\$0.72). The company ended the year with \$39.3 million in cash and in March 2014 raised an additional \$43 million through an equity financing. Phase III VALOR study unblinding is expected 3Q14. Reiterate Buy.

### **SPPI: 2013 Results; Drive Toward Profitability Continues; Maintain Buy - Pantginis, Ph.D.**

#### **Spectrum Pharmaceuticals, Inc., Buy, \$15.00 PT, \$521.9 Mkt. Cap.(mil)**

SPPI reported 2013 results with EPS of (\$1.02) versus our estimate of (\$0.44) and consensus of (\$0.45). SPPI ended the year with \$159.8 million in cash. Fusilev sales have stabilized and Marqibo has been well received since its September launch. The Beleodaq NDA has been accepted for Priority Review with a PDUFA date of August 9, 2014. We believe SPPI continues on its path to profitability again. Maintain Buy.

### **TGTX: 2013 Results; Waiting for the Great Data Flood of 2014; Reiterate Buy - Pantginis, Ph.D.**

#### **TG Therapeutics, Inc., Buy, \$15.00 PT, \$231.8 Mkt. Cap.(mil)**

TGTX posted 2013 results of (\$0.81) and cash of \$45.4 million. We believe 2014 represents a transformational year for the company with multiple data readouts. We believe the ongoing combination studies with the two lead drugs will deliver strong data and look toward ASCO and ASH this year as the anchor points for new data. Reiterate Buy and \$15 target.

## Internet & Media

### **PRTS: 4Q13 Results Ahead; Raising Price Target to \$4.00 - Schramm**

#### **U.S. Auto Parts Network, Inc., Buy, \$4.00 PT, Target Price Change, \$82.2 Mkt. Cap. (mil)**

PRTS reported 4Q13 results ahead of our expectations driven by a 2.7% y/y sales improvement in the company's core websites and lower than anticipated marketing expenses in the quarter. We remain encouraged by the continued stabilization at PRTS's core sites and believe the company has re-entered a growth phase following the recent completion of its restructuring initiative. Reiterate Buy rating and raising price target to \$4.00.

## Disclosures

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**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 03/07/14	
			Count	Percent
<b>Buy [B]</b>	<b>181</b>	<b>77.02</b>	<b>101</b>	<b>55.80</b>
<b>Neutral [N]</b>	<b>35</b>	<b>14.89</b>	<b>14</b>	<b>40.00</b>
<b>Sell [S]</b>	<b>1</b>	<b>0.43</b>	<b>0</b>	<b>0</b>
<b>Under Review [UR]</b>	<b>18</b>	<b>7.66</b>	<b>7</b>	<b>38.89</b>

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.

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