



MORNING SUMMARY | EQUITY RESEARCH | May 29, 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).

Cleantech

ROTH China Solar Tour Recap Conference Call Invite - Shen

Solar

Please join Philip Shen and Min Xu, Cleantech Senior Research Analysts, for a conference call, highlighting key takeaways from the recent ROTH China Solar Tour. During the week-long tour in China, the team met with 25 companies, toured four facilities, and attended the 2014 SNEC PV Power Expo, the largest solar conference in the largest solar market in the world. The call is scheduled for Friday, May 30 at 10:30am ET.

Consumer

TLYS: Cutting Estimates Following Disappointing Guidance - King, CFA

Tilly's, Inc., Buy, \$9.00 PT, Target Price Change, \$296.4 Mkt. Cap.(mil)

EPS met estimates, while 2Q14 guidance came in well below expectations due to weak traffic and conversion trends amidst a highly promotional teen retail environment and management's commitment to holding the line on price. For now, we maintain our Buy rating to reflect the company's strong balance sheet and disciplined store growth and pricing strategies and given our expectation that shares will open lower at an attractive valuation.

Healthcare

CNCE: Deuterium, Pipeline and Partners, Oh My; Reinstate Buy and \$28 Target - Pantginis, Ph.D.

Concert Pharmaceuticals, Inc., Buy, \$28.00 PT, \$154.7 Mkt. Cap.(mil)

With a 1) proprietary platform in modifying drugs with deuterium, 2) growing internal pipeline, 3) three partnerships in hand, to date and 4) a strong IP portfolio, we believe Concert is poised for success, which should be supported by upcoming catalysts. We reinstate our Buy rating and \$28 price target.

Semiconductors & IT Hardware

Semiconductors: Valuation Trends and Investment Opportunities - Shankar

Semiconductors & IT Hardware

While the US semiconductor sector as measured by the SMH and SOXX index is up 10 to 12% YTD, we observe a wide variation in key valuation measures such as EV/CY15 revs and EV/TTM EBITDA for our coverage universe. We note that CAVM (5.8x EV/CY15 revs, 60x EV/TTM EBITDA) and INVN (3.9x EV/CY15 revs, 54x EV/TTM EBITDA) represent the high-end while CODE, EMKR, ENTR, GIG, LTRX, PSEM, UCTT trade at 0.4x to 0.9x CY15 revs.

Software

Unwarranted Pullback; We Are "All In" On SaaS - Part 2 - Baldry, CFA

Software

Earnings Calendar

May 29 (BMO): SOL
May 29 (AMC): PSUN
Jun 2 (AMC): KKD, ZQK
Jun 5 (AMC): RALY

Upcoming Events

Jun 23: ROTH Resources Corporate Access Day – London, UK
Jun 23-24: ROTH Healthcare Corporate Access Day – London, UK

Non-Deal Roadshows

May 29: ANIP | NY
Jun 2: LTRX | Boston
Jun 2: PRTS | NY
Jun 3: NEO | San Diego, LA
Jun 3: SZMK | NY
Jun 4: CIMT | Boston
Jun 4: PHGUF | NY
Jun 9: ATTU | NY
Jun 9-11: SHL/SMDCY | NY, Boston
Jun 10-11: CWCO | EU
Jun 12: SUMR | Chicago
Jun 12-13: PLSB | EU
Jun 17-18: UPI | NY, Boston
Jun 17-18: ZAGG | SF, Seattle, Portland
Jun 17-19: FARM | Minneapolis, MILW, CHI
Jun 24-26: LNDC | Minneapolis, Chicago, Detroit
Jun 25: KKD | NY

With "high beta" sector valuations severely pressured recently, we see "high beta" as less risky when primarily driven by accelerated growth. Therefore, we view current SaaS sector valuation pressure as unwarranted. With SaaS stocks down an average of 31%, organic growth averaging 25% is poised to further compress valuations going forward. We believe investors should aggressively overweight SaaS holdings on the pullback and in this report review the depth of share pullbacks to highlight opportunities.

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.

Within the last twelve months, ROTH has received compensation for investment banking services from Concert Pharmaceuticals, Inc., Applied Optoelectronics Inc, ANI Pharmaceuticals, Inc., Attunity Limited, Cimatron Ltd., Spansion, Inc., Canadian Solar Inc., GigOptix, Inc., Pixelworks, Inc., QuickLogic Corp, ReneSola Ltd and Sapiens International Corp. NV.

ROTH makes a market in shares of Concert Pharmaceuticals, Inc., Tilly's, Inc., Applied Optoelectronics Inc, Applied Micro Circuits Corp., ANI Pharmaceuticals, Inc., Attunity Limited, Broadcom Corporation, Callidus Software, Inc., Cavium, Inc., Cimatron Ltd., Spansion, Inc., Canadian Solar Inc., Constant Contact, Inc., Consolidated Water Co. Ltd., EMCORE Corporation, Entropic Communications, Inc., Farmer Bros. Co., FX Energy, Inc., GigOptix, Inc., Hanwha SolarOne Co., Ltd., Intel Corporation, InvenSense, Inc., JA Solar Holdings Co., Ltd., JinkoSolar Holdings Co., Ltd, Landec Corporation, LivePerson, Inc., Lantronix, Inc., MoSys Inc., NeoGenomics Laboratories, Inc., Newport Corporation, NVIDIA Corporation, Nova Measuring Instruments, PLX Technology, Inc., U.S. Auto Parts Network, Inc., Pericom Semiconductor, Pixelworks, Inc., QUALCOMM Inc., QuickLogic Corp, Rally Software Development Corp., Sapiens International Corp. NV, Summer Infant Inc., Sizmek Inc., Tango Inc., Ultra Clean Holdings, Inc., Ultimate Software Group, Inc. and ZAGG Incorporated and as such, buys and sells from customers on a principal basis.

Shares of EMCORE Corporation, Entropic Communications, Inc., FX Energy, Inc., GigOptix, Inc., Lantronix, Inc., MoSys Inc., PLX Technology, Inc., U.S. Auto Parts Network, Inc., QuickLogic Corp, ReneSola Ltd and Yingli Green Energy Holding Co. Ltd. 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 Concert Pharmaceuticals, Inc., Applied Optoelectronics Inc, ANI Pharmaceuticals, Inc., Attunity Limited, Cimatron Ltd., Canadian Solar Inc., GigOptix, Inc., Pixelworks, Inc., QuickLogic Corp and Sapiens International Corp. NV.

Shares of 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 ANI Pharmaceuticals, Inc. 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 05/29/14	
			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

ROTH Capital Partners, LLC expects to receive or intends to seek compensation for investment banking or other business relationships with the covered companies mentioned in this report in the next three months. The material, information and facts discussed in this report other than the information regarding ROTH Capital Partners, LLC and its affiliates, are from sources believed to be reliable, but are in no way guaranteed to be complete or accurate. This report should not be used as a complete analysis of the company, industry or security discussed in the report. Additional information is available upon request. This is not, however, an offer or solicitation of the securities discussed. Any opinions or estimates in this report are subject to change without notice. An investment in the stock may involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Additionally, an investment in the stock may involve a high degree of risk and may not be suitable for all investors. No part of this report may be reproduced in any form without the express written permission of ROTH. Copyright 2014. Member: FINRA/SIPC.