

July 28, 2022

## DOGNESS INTERNATIONAL CORP.

(NasdaqGM: DOGZ)

Dogness was founded in 2003 on the philosophy that pet dogs and cats are important, well-loved family members that should be cared for properly. Backed by nearly 200 patents and patents pending, the company's innovative range of high-tech smart products and legacy lease products are designed to enrich pet ownership and lifestyles.

### COMPANY HIGHLIGHTS

- \* DOGZ: A leading developer and manufacturer of a comprehensive line of Dogness-branded, OEM, and private-label pet products, with a record of innovation in the smart tech segment and a strong distribution network.
- \* In our view, Dogness is in the early stage of a growth cycle that led the company back to profitability in fiscal 2021 (ended June 30, 2021), and continued through the first half of fiscal 2022 (December 31, 2021). We think Dogness is well positioned to benefit from a surge in demand for its products, led by a line of higher-margin smart products, amid increased pet ownership during the COVID-19 pandemic.
- \* Dogness achieved 27% revenue growth in fiscal 2021, and 48% growth in the first half of fiscal 2022, despite macro-economic and COVID-related headwinds. We project sustained sales growth, driven by strong demand for the smart product portfolio, where sales and volumes increased by 193% and 155%, respectively, in the first half of fiscal 2022 and over the same period in fiscal 2021. The smart line comprised 54.5% of revenues during the first six months of fiscal 2022, compared with 32.1% for fiscal 2021, driving gross-margin expansion to 39%, compared with 37.6% in fiscal 2021 (a level not seen since 2018).
- \* Over the past two years, Dogness significantly expanded product availability across multiple sales channels (online, specialty stores, big box warehouse clubs, and general retail outlets) in markets including China, the U.S., Canada, Japan,

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### KEY STATISTICS

Key Stock Statistics	
Recent price (7/25/22)	\$1.71
Fair Value Estimate	\$7.50
52 week high/low	\$8.98-\$1.61
Shares outstanding (M)	39.3
Market cap (M)	\$67
Dividend	Nil
Yield	Nil

### Sector Overview

Sector	Consumer Discretionary
Sector % of S&P 500	10.6%

### Financials (\$M, as of 12/31/21)

Cash & Mkt Securities	7.1
Debt	10.3
Working Capital (\$M)	-1.0
Current Ratio	0.9
Total Debt/Equity (%)	14.0%
Payout ratio	NM
Revenue (M) TTM	30.3
Net Income (M) TTM	1.9
Net Margin	6.2%

### Risk

Beta	0.98
Inst. ownership	3%

### Valuation

P/E forward EPS	12.2
Price/Sales (TTM)	2.2
Price/Book (TTM)	0.8

### Top Holders

Susquehanna International Group LLP  
 Societe Generale Securities Investments  
 Group One Trading LP

### Management

CEO	Mr. Silong Chen
CFO	Dr. Yunhao Chen
Company website	www.dogness.com

### PRICE CHART



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and others, We expect this momentum to continue, as Dogness has established new and expanding partnerships with leading retailers including Target, Petco, IKEA, and Walmart, and online platforms, including Amazon and Chewy.com, which we see easing customer concentration risk.

- \* Thus, we expect Dogness to continue its evolution into a higher-margin technology-focused pet products company with a diversified global footprint, and to capitalize on favorable long-term global trends in the pet care industry as pet owners return to offices and require mobile pet monitoring and care.
- \* As of December 31, 2021, Dogness had \$7.1 million in cash and short-term investments on its balance sheet. Subsequently, the company raised more than \$17 million in aggregate gross proceeds from equity offerings completed in February and June 2022. Based on our view of a favorable outlook for sustained positive operational cash flow, we believe the company is capitalized sufficiently to execute on its business plan.
- \* Despite this operational momentum, Dogness' stock has been extremely volatile, trading between \$9.00 and \$1.60 over the past 52 weeks. We attribute this to unfavorable market sentiment towards China-based and operating companies, as well as dilution resulting from recent equity offerings. We do not believe the current valuation reflects the underlying fundamentals and strong demand outlook for its higher-margin product portfolio. We view the shares as having significant upside and, based on our forward P/E analysis, see a fair value of \$7.50.

## INVESTMENT THESIS

Dogness International, founded in 2003, is a developer and manufacturer of a comprehensive line of Dogness-branded, OEM and private label pet products. These include smart products, hygiene products, health, and wellness products, and leash products. More recently, growth has been led by the company's expanding suite of smart products that are designed to capitalize on the migration of consumer product trends towards connectivity and remote access. The company has established a record of product innovation and is well positioned, in our view, for long-term growth due to its fully integrated manufacturing chain. It has established commercial infrastructure in its domestic China market, as well as the United States. Over the long-term, we expect Dogness benefit from the high level of growth experienced by the broader industry and the recession-resistant nature of the pet industry.

As of December 31, 2021, Dogness products were sold in 32 countries, many of which are in the early stages of penetration. In recent years, China has accounted for more than 50% of total revenues. However, China sales accounted for approximately 47%

for the first half of fiscal 2022 (December 31, 2021), while export sales accounted for 53%. While first-half revenue growth for fiscal 2022 was 48%, sales in international markets increased by 66%, compared with 33% for domestic China. International growth was led by the United States (73.5%), and Japan/Asia (238%). In terms of international sales mix, sales of its intelligent pet products increased by 293% for the six months ended December 31, 2021, as compared to the same period of 2020. This more than offset declines in sales of traditional products.

The U.S. has represented Dogness' largest market in terms of sales. In fiscal 2021 (ending June 30, 2021), sales represented 24.7% of total revenues, down modestly from 25.7% in the prior year, and still well below approximately one-third of fiscal 2018 sales. We believe that new and expanded relationships with U.S. retailers will drive renewed growth in this important market, as well as other key international markets, including Japan/Asia, Canada, among others.

Despite such challenges, we believe that Dogness' primary markets continue to show solid trends for long-term growth. According to a 2021-2022 American Pet Products Association survey, U.S. pet expenditures, including pet products and care, increased by 20% to \$124 billion in 2021. Further, there were an estimated 90 million U.S. pet-owning families (70% of all households). Pet ownership expanded during the pandemic, as people spent more time at home, and own pets for enjoyment and emotional support. Similarly, in China, a 2021 whitepaper from the China Pet Industry Association estimated that the number of pet owners reached 63 million in 2020, representing approximately 20% of households in China. That equates to a market value of \$46 billion, which represents a 300% increase since 2015. Market growth has been supported by a migration towards younger pet owners and increased demand for smart products.

In our view, Dogness' long-term growth prospects are supported by its reputation for innovation, product quality and leadership in the faster growing smart pet and pet tech segments. The company also has an established commercial infrastructure that includes a retail presence across leading pet-specialty retailers including PetSmart and Petco, which we estimate collectively account for up to half of the U.S. retail market, as well as online through Chewy.com and others. In addition, the company's U.S. subsidiary has entered into agreements with large retail and specialty chains in the U.S., Canada and China for the distribution of smart pet products under the company's own brand (rather than just serving as an OEM supplier). Dogness also sells through mass brick-and-mortar and online retailers such as Walmart and Target, and recently expanded the distribution of its smart products

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## PEER COMPARISON

Company	Ticker	Recent Price (\$)	52-Week High (\$)	52-Week Low (\$)	Mkt. Cap (\$MIL)	1-yr Price Change (%)	1-yr Rev Growth (%)	1 YR EPS Growth (%)	P/E Ratio	Beta	Yield (%)
DOGNESS INTL CORP.	NASDAQ: DOGZ	1.71	8.98	1.61	67	0	27	NA	34.2	0.98	NA
PETMED EXPRESS INC	NASDAQ: PETS	20.70	32.67	19.09	419	-27	9	18	13.6	0.57	5.7
CENTRAL GARDEN AND PET CO	NASDAQ: CENT	44.19	57.32	40.03	2302	-11	23	25	16.1	0.56	NA
BOQII HOLDING LTD	NYSE: BQ	2.12	24.72	1.33	32	-90	31	NA	NA	NA	NA

online through these vendors, as well as online leader Amazon.com, among many others. In November 2020, Dogness announced a new U.S. online distribution deal with Target for its smart pet products, including Smart feeders, water fountains and treat dispensers, and also announced expanded distribution pacts, both in-store and online, with Petco and Chewy.com. In November 2020, Dogness announced a new U.S. sales partnership with Costco and, in 2021, received orders from Petco for its products to be sold at Petco's 1,600 retail locations. Dogness also began providing its products on Home Depot's online platform. We are encouraged by recent announcements that major warehouse retailers have expanded the distribution of Dogness products into new regions across the U.S. to fulfill existing product orders, while also expanding the breadth of the Dogness product line they carry.

In China, company products are available on such sites as JD, Tmall and Taobao, and sales have been increasing via platforms across social media channels. We think that online sales will provide a tailwind for commercial growth in China, enhancing customer reach at a lower cost and thus expanding profit margins. Since 2020, Dogness entered into a strategic partnership with Huayuan Pet and Chongai Trading. The former is an established and integrated producer and marketer of pet products on an online platform in China that carries 20 brands covering the toiletry, bedding, clothing, toy, staple food, and snack categories. The latter is a leading pet-food and pet-supply distributor in China, and an experienced brand promoter. In July 2022, Dogness entered into a new retail distribution partnership with China-based pet chain Xiuhu, which will feature many of the new products across multiple categories.

The company's product portfolio focuses on connected pet care, linking pets and pet caregivers, and aims to establish a "Smart Pet Ecosystem" with a cohesive, integrated platform that can utilize smart technology for pet owners. The Smart Pet Ecosystem, which was launched in fiscal 2018, has four major areas: smart pet technology, leashes and collars, pet care, and pet health and wellness. We are encouraged by the company's investments in R&D, as it continues to launch innovative products with enhanced functionality. At a March 2022 event, Dogness launched 25 new products, most of which were immediately available.

Since launch in calendar 2018, smart product line sales have been the primary driver of Dogness' revenue growth. Sales of intelligent pet products accounted for approximately 54.5% of the total sales during the six months ended December 31, 2021, compared with 27.6% in the same period of 2020. For the full-years of fiscal 2021, 2020, and 2019, this figure was 32.1%, 22.6%, and 8%, respectively. Despite macro-economic and COVID-related headwinds, the smart product line has seen strong demand trends, as evidenced by 193% and 155% sales and volume increases, respectively, seen in the first half of fiscal 2022, as compared with the same six-month period in the previous year. Further, the higher margins and higher selling prices associated with the smart product line boosted gross margin to 39% for the first half of fiscal 2022, expanding the fiscal 2021 figure of 37.6%, which represented a level not seen since 2018.

Smart products that cover the full spectrum of categories remain a key focus area for Dogness, and we see this representing

revenue and gross margin growth drivers. Many of these products have high-definition cameras that enable pet owners to interact with their pet remotely. Of the 25 new products recently introduced, 18 represented new smart pet products, including new members to its Smart GPS Tracker, Smart Feeder and Smart Water Fountains families, and brand new Smart Vacuumed Pet Food Storage Containers.

In February 2022, Dogness reported that its new Smart GPS Pet Tracker has already become the second most popular product in this category in China after three weeks on the market. The product features next-generation technology for more accurate, real-time pet tracking on its pet parents' smartphone through a smartphone app, as well as an extra-long battery standby time (of up to one week). We expect Dogness to expand availability into new markets over the balance of the calendar year, including North America, South America, Japan, Australia and Europe.

Legacy products include high quality, functional and fashionable leashes, collars, harnesses, retractable dog leashes, and gift suspenders. The traditional pet product category accounted for 58.9% of fiscal 2021 sales, down from 68.9% in fiscal 2020 and 91.2% in fiscal 2019. Beginning in fiscal 2020, Dogness strategically decreased production of these lower-margin, high raw-material-dependent legacy products, as it shifts focus to its smart product line.

We also view the company's strategy to integrate vertical production as a key competitive advantage. Dogness manufactures much of its products internally, which promotes better control of costs, quality and delivery times. Its vertical integration and strong retail presence promotes greater efficiency and economies of scale. In 2018, the company acquired a manufacturing plant in Xiamen, China, which will be used to manufacture its line of traditional pet products, including collars, harnesses, leashes, and lanyards, using new equipment featuring advanced automation components.

We expect Dogness to be able to increase its production efficiency significantly, lower its selling price for traditional products, but achieve their margin, which we estimate to have been about 35% prior to the COVID-19 pandemic. We see opportunity for Dogness to continue servicing its legacy product customers, while increasing exposure of its smart product line.

In November 2018, Dogness opened its U.S. headquarters in Plano, Texas. The complex includes a science-based Pet Wellness and Health unit that will research and develop pet supplements and functional pet foods, in partnership with a leading U.S. company in this area. The companies aim to develop and manufacture in the U.S. and sell through the partners' global network, sharing the advancement of the biotechnology in the U.S. with the worldwide pet population. In November 2020, Dogness opened a new China headquarters campus in Dongguan, China, which features state-of-the-art facilities for manufacturing, R&D, sales and marketing, warehousing and logistics, and a showroom that displays the full range of its pet products. While products for pets may seem commoditized, Dogness has developed advanced technologies for its products.

As of April 2022, the company cited 187 patents received, including 102 in China and 85 overseas. This total is comprised of 27 invention patents, 58 utility patents, and 102 appearance

patents. As of mid-2021, the company had more than 20 dedicated members on its R&D team and 10 for quality control. Because of its R&D efforts, Dogness became certified as a National High-Tech Enterprise in China by the State Intellectual Property Office in March 2015, and this certification was renewed in 2019. This certification entitles the company to tax rates of 15%, rather than the unified, uncertified rate of 25%.

## RECENT DEVELOPMENTS

In 2021, DOGZ shares nearly tripled, increasing by 299% compared with a 27% gain for the S&P 500. Year-to-date in 2022, however, the shares have declined approximately 80%, compared with a 17% decline for the S&P 500.

In May 2022, Dogness reported results for the first six months of fiscal 2022 (ended December 31, 2021), that were highlighted by a 48% revenue increase to \$18.2 million, and EPS of \$0.04 compared with EPS of \$0.03 in the same period in fiscal 2021.

In July 2022, Dogness announced a new retail distribution partnership with Xiuhu, which operates more than 200 locations throughout China.

In June 2022, Dogness closed on an offering with institutional investors, raising approximately \$12 million in gross proceeds from the sale of 3.64 million shares, and warrants to purchase 2.2 million shares.

In March 2022, Dogness announced the launch of 25 new products, 20 of which were already available for sale. The new products include 18 new smart pet products, spanning 37 SKUs.

In February 2022, Dogness closed on an offering with institutional investors, raising \$5.7 million in gross proceeds from the sale of 1.97 million shares.

Also in February, the company announced that its Discover Smart GPS Pet Tracker has become the second most popular product in its category in China after only 3 weeks on the market.

In September 2021, Dogness announced that it had increased the availability of its intelligent pet-tech products in China, by expanding its portfolio on Boqii, a leading pet-focused platform.

In July 2021, Dogness completed a registered direct offering of nearly 2 million common shares to certain institutional investors, which raised approximately \$4 million in gross proceeds.

In July 2021, the company announced a series of market-expanding initiatives, including the availability of its products on HomeDepot.com, and an agreement with three new distributors focused on Europe and Asia.

In June 2021, Dogness announced the delivery of large-scale orders to Petco, which expanded the availability of Dogness' programmable automatic dog/cat feeders across Petco's 1,600 retail stores.

In December 2020, the company appointed Andy Alfaro, an executive with more than 30 years of sales experience within the Consumer Electronics and Consumer Products channels, as its U.S. National Sales Director.

In November 2020, Dogness announced an expansion of its sales activities at numerous leading U.S. retailers, both in-store and online. These retailers include Chewy.com, Costco, Petco, and Target.

## EARNINGS & GROWTH ANALYSIS

We expect fiscal 2022 revenue to increase by 77% to \$43 million, and fiscal 2023 revenue to advance to \$65 million, which would represent 51% growth. In our view, Dogness has navigated challenges successfully including U.S.-China trade disputes, COVID-19, and supply-chain issues that have constrained product availability. However, Dogness' integrated operations and supply-chain capabilities enabled a swift adaptation to challenging market conditions, allowing it to meet retail orders and maintain sufficient inventory of high-demand items during the transient period. We expect continued sales growth momentum for Dogness' smart-product portfolio, driven by higher demand, as it further penetrates multiple new retail channels and vendors, including faster-growing and higher-margin online markets, and further optimizes its product and geographic mix.

Since the launch of its smart product line, Dogness has seen improvement in its gross margin, driven by higher selling prices. For fiscal 2021, gross margins reached 37.6%, a level not seen since fiscal 2018, and gross margin for the first half of fiscal 2022 was 38.9%. We note that gross margin declined modestly from the same period in fiscal 2021, due to investments to upgrade production lines, which should enhance long-term margins. Thus, we project gross margins of 40% and 43% in fiscal 2022 and 2023, respectively.

We project EPS of \$0.14 in fiscal 2022 and \$0.29 in fiscal 2023. We expect latter-period results to benefit from enhanced economies of scale from the integration of new production facilities in China, enhanced product-line capabilities, and the expansion of the global commercial portfolio to include more higher-margin technology-driven and smart products. Our estimates assume 33.5 million shares outstanding in fiscal 2022 and 40 million in fiscal 2023.

## FINANCIAL STRENGTH & DIVIDEND

Our financial strength rating for Dogness is Medium-Low. As of December 31, 2021, the company had \$7.1 million in cash and short-term investments. To date in 2022, the company has raised an aggregate \$17.7 million in gross proceeds from equity offerings with institutional investors. We see the potential for modest additional future capital to be available to the company from warrant exercises.

During fiscal 2021, net cash provided by operating activities was \$3.7 million, compared with net cash used of \$2.2 million in fiscal 2020. During the first six months of fiscal 2022, cash provided by operating activities was approximately \$3.8 million, compared with cash used of approximately \$100,000 for the six months ended December 31, 2020.

Net cash used in investing activities was \$11.2 million in fiscal 2021, as compared to net cash used of \$2.5 million in fiscal 2020 (which was primarily due to purchased machinery and equipment to improve production capacity and construction projects to improve manufacturing facilities and warehousing). Net cash used in investing activities was approximately \$8.6 million for the six months ended December 31, 2021, compared with net cash used of approximately \$4.8 million for the same period in fiscal 2020.

Net cash provided by financing activities was approximately \$11.1 million in fiscal 2021, compared with net cash provided of \$3.0 million during fiscal 2020, driven by proceeds of \$6.6 mil-

lion from equity offerings, \$2.4 million in bank loans, and related party proceeds of approximately \$1.9 million. During the first six months of fiscal 2022, cash provided by financing activities was approximately \$6.6 million, compared with \$4.9 million for the six months ended December 31, 2020.

As of December 31, 2021, current assets were \$16.7 million, and current liabilities were \$17.7 million, resulting in a current ratio of 0.9X. As noted earlier, the company has raised \$17.7 million in gross proceeds from a series of equity offerings completed to date in 2022.

As of December 31, 2021, Dogness had \$7.8 million in total outstanding bank loans, of which \$1.7 million is due in 2022, and \$4.1 million in 2023. In the past, company debt has been guaranteed by related parties, including CEO Silong Chen and his family. We expect that the company will be able to repay these loans over the long-term, with positive operating cash flow.

Dogness does not pay a dividend, and we do not expect one to be initiated in the near-term, as it focuses on launching new products and investing in long-term growth initiatives -- including manufacturing and building infrastructure to support its vertically integrated model.

## MANAGEMENT

Mr. Silong Chen serves as chairman & CEO. Mr. Chen founded the Chinese subsidiary in 2003 and has more than 15 years of experience in the pet products industry. He created the Dogness brand in 2008. As the sole holder of Class B Common Shares, which hold a three-to-one voting ratio over Class A Common Shares, Mr. Chen controls a majority of the combined voting power. The company's directors, executive officers, and their affiliates held, in aggregate, approximately 55% of the voting power of the capital stock, as of June 30, 2021.

Dr. Yunhao Chen serves as chief financial officer (CFO) and a member of the board of directors. She has previous public company experience, managing financial reporting and accounting functions. Dr. Chen holds a Ph.D. in Accounting and an MBA from the University of Minnesota, and a BE degree from University of International Business and Economics of China.

As of June 30, 2021, Dogness had five directors, the majority of whom are independent and non-employee in status.

## RISKS

Risks include the competitive nature of the pet wearable and smart pet product industries. Although we view Dogness' reputation for innovative technology products and robust sales distribution network favorably, its products are less well known than competing products from the dozen-plus competitors to its smart collar and harness products. We expect the company to face intense competition over the long-term for its home-based smart products, as market trends shift towards products becoming more connected.

In addition, we see customer concentration risk for Dogness, as its top four customers accounted for roughly 40% of revenues, as of the six months ending December 31, 2021. Still, we note that the company has been diversifying its customer base, as its top three customers accounted for approximately half its revenues for the same period in fiscal 2021. The company has also added several new global customers, spanning brick-and-mortar and online markets, which we expect to further diversify its revenue base.

Lastly, the company's functional currency is the RMB. However, the global sale of its products, half of which occur outside of China, subject the company to financial currency risks which can impact the results in its financial statements that are presented in U.S. dollars.

## COMPANY DESCRIPTION

Dogness was founded in 2003 with the belief that pet dogs and cats are important, well-loved family members. Through its smart products, leash products, hygiene products and health and wellness products, Dogness is able to simplify pet lifestyles, make them more scientific, and enhance the relationship between pets and pet caregivers. The company targets industry-leading quality through its fully integrated vertical supply chain and research and development capabilities, which has resulted in nearly 200 patents and patents pending. Its products reach families worldwide through global chain stores and distributors, with a network that includes Chewy, Petco, Walmart.com, Target.com, Amazon, Lowes.com, Wayfair.com, Costco and more.

## VALUATION

DOGZ shares have been extremely volatile over the past year, trading within a range of \$8.98 and \$1.60. We attribute this to several factors, including a lack of investor appetite for small-cap companies, and more specifically, those with significant exposure to China. In addition, we attribute some of the stock weakness to negative investor sentiment over recent dilutive offerings, amid turbulent broader markets. To date in 2022, Dogness has issued approximately 10 million shares and warrants, which could increase total sharecount by up to approximately 40% from the total at the end of the last fiscal year on June 30, 2021.

That said, the stock price decline has more than outpaced this dilution and does not reflect, in our view, the company's 48% revenue growth for the first six months of fiscal 2022, and prospects for sustained growth over the coming years. Thus, with the stock trading near the bottom of its 52-week range, we do not believe the current valuation near \$65 million in market capitalization reflects favorable fundamentals, prospects for enhanced product efficiency, economies of scale, margin leverage, strong demand for its smart pet product line and an expanding global retailer network that Dogness has assembled to help drive its long-term growth.

We compare DOGZ to a basket of global animal-care product producers, for which we estimate an approximate 30-times forward multiple of earnings, down from approximately 33-times earlier in 2022. DOGZ shares are currently trading at 12-times our estimate for fiscal 2022, and roughly six-times our fiscal 2023 estimate, during which we expect accelerating growth.

As we see fiscal 2022 results reflecting transient impacts related to global supply-chain challenges on product availability, we view fiscal 2023 as a more-normalized environment. As such, we apply a 30- multiple for DOGZ on our fiscal 2023 EPS estimate of \$0.29, discounted back by 1 period at 15%, to arrive at a fair value estimate of \$7.50 for the company's shares, well above current levels.

Steve Silver,  
Argus Research Analyst

**INCOME STATEMENT**

<b>Growth Analysis (\$MIL)</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>1H FY2022</b>	<b>2H FY2022E</b>	<b>FY 2022E</b>	<b>1H FY2023E</b>	<b>2H FY2023E</b>	<b>FY 2023E</b>
Revenue	30.1	26.2	19.2	24.3	18.2	24.8	43.0	29.5	35.5	65.0
Gross Profit	12.1	9.4	2.4	9.2			17.1			28.0
SG&A	5.6	8.1	8.1	6.8			9.0			13.2
R&D	0.6	0.7	1.5	0.5			0.7			1.0
Operating Income	5.9	0.6	-8.7	1.9			7.4			13.8
Interest Expense	0.0	0.6	0.1	0.3			0.1			0.1
Pretax Income	5.5	1.8	0.2	1.9			7.5			13.9
Tax Rate (%)	17	21	NA	33			17			17
Net income	4.6	1.4	-8.4	1.5			6.0			11.5
Diluted Shares	20.8	25.9	25.9	27.6			33.5			40.0
EPS	0.22	0.05	-0.33	0.05	0.04	0.10	0.14	0.13	0.16	0.29
Dividend	NA	NA	NA	NA			NA			NA
<b>Growth Rates (%)</b>										
Revenue	42	-13	-27	27			77			51
Operating Income	2	-90	NA	NA			289			86
Net Income	-7	-70	NA	NA			300			92
EPS	-33	-77	NA	NA			180			107
<b>Valuation Analysis</b>										
Price (\$): High	6.40	4.45	3.28	4.85			NA			NA
Price (\$):Low	3.55	1.77	0.78	1.03			NA			NA
PE: High	19.4	20.2	65.6	NA			NA			NA
PE: Low	10.8	8.0	15.6	NA			NA			NA
PS: High	4.5	3.1	3.2	6.5			NA			NA
PS: Low	2.5	1.2	0.8	1.4			NA			NA
Yield: High	NA	NA	NA	NA			NA			NA
Yield: Low	NA	NA	NA	NA			NA			NA
<b>Financial &amp; Risk Analysis (\$MIL)</b>										
Cash	7.1	2.9	4.8	5.5			NA			NA
Working Capital	37.4	17.9	0.9	-7.0			NA			NA
Current Ratio	5.23	3.2	1.1	0.7			NA			NA
LTDebt/Equity (%)	NA	5	13	11.8			NA			NA
Total Debt/Equity (%)	8	5	13	17.5			NA			NA
<b>Ratio Analysis</b>										
Gross Profit Margin	40.3%	36%	13%	38%			40%			43%
Operating Margin	19.7%	2%	-45%	8%			17%			21%
Net Margin	15.3%	5%	-44%	6%			14%			18%
Return on Assets (%)	9	1	NA	2			NA			NA
Return on Equity (%)	14	2	NA	2			NA			NA
Op Inc/Int Exp	248	1	-87	6			74			138
Div Payout	NA	NA	NA	NA			NA			NA

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