Off Wall Street
Consulting Group, Inc.

P.O. Box 382107
Cambridge, MA 02238

tel: 617.868.7880
fax: 617.868.4933
internet: research@offwallstreet.com
www.offwallstreet.com

All information contained herein is obtained by Off Wall Street Consulting Group, Inc. from sources believed by it to be accurate and reliable. However, such information is presented "as is," without warranty of any kind, and Off Wall Street Consulting Group, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, or completeness of any such information or with regard to the results to be obtained from its use. Off Wall Street has strict policies prohibiting the use of inside information. We have also implemented policies restricting the use of experts. Among other things, Off Wall Street: (1) does not hire expert networking firms; (2) does not hire as experts employees of those companies we research; and (3) specifically instructs consultants whom we hire to not provide us with inside information. All expressions of opinion are subject to change without notice, and Off Wall Street Consulting Group, Inc. does not undertake to update or supplement this report or any of the information contained herein. You should assume that Off Wall Street Consulting Group, Inc. and its employees enter into securities transactions which may include hedging strategies and buying and selling short the securities discussed in its reports before and after the time that Off Wall Street Consulting Group, Inc. determines to issue a report. Off Wall Street Consulting Group, Inc. hereby discloses that its clients and we the company, or our officers and directors, employees and relatives, may now have and from time to time have, directly or indirectly, a long or short position in the securities discussed and may sell or buy such securities at any time.

Copyright 2011 by Off Wall Street Consulting Group, Inc.

N.B: Federal copyright law (Title 17 of the U.S. Code) makes it illegal to reproduce this report by any means and for any purpose, unless you have our written permission. Copyright infringement carries a statutory fine of up to $100,000 per violation. We offer a reward of $2,000 for information that leads to the successful prosecution of copyright violators.

New Rec: ExamWorks Group (EXAM: $25.75) July 4, 2011

Position: Sell **Target: $18**

$000	Q1 11a	Q2 11e	Q3 11e	Q4 11e	2011e	2012e
Revs	66,588	98,320	109,111	111,269	385,288	499,025
EPS $	(0.02)	(0.03)	(0.07)	(0.06)	(0.17)	(0.08)
Y/Y Gr	n/a	n/a	n/a	n/a	n/a	n/a
PE	n/a	n/a	n/a	n/a	n/a	n/a
PSR	n/a	n/a	n/a	n/a	2.7	2.1
Adj. EBITDA	10,902	16,698	18,937	19,853	66,390	94,686
Consens	n/a	17,200	21,800	24,450	74,352	104,030

Shares Out: 41M **Market Cap: $1.1B** **FYE: December**

Concept:

1. Bulls contend that EXAM will grow revenues organically and through acquisitions, and should therefore be valued as a growth stock. However, our research indicates that the IME

market not growing, and also that EXAM does not appear to growing organically, despite its claims otherwise.
2. EXAM's latest acquisitions of MES (11.2X) and Premex (7.6X) were made at a substantial premium to the company's desired acquisition multiple of 5X trailing twelve month (TTM) EBITDA. The remaining acquisition targets are small relative to EXAM's revenues and are unlikely to provide meaningful revenue growth.
3. EXAM's EBITDA projections appear to be too aggressive. Moreover, the company's preferred EBITDA calculation excludes acquisition costs even though acquisitions account for all of recent revenue growth.
4. Customers are increasingly wary of using EXAM more in areas where it has made acquisitions. Our sources tell us that customers continue to want to keep multiple IME providers to get the best pricing and service, and also because of deterioration in service of some IME providers after acquisition by EXAM.

Summary: Atlanta-based EXAM is a rollup of IME (Independent Medical Examinations) provider companies. IMEs contract with doctors to provide medical exams for auto accident, liability, disability and workmen's compensation claims. IMEs are hired by insurers, lawyers, third-party administrators that administer disability and workers compensation programs of self-insured companies, and government agencies. These IME users usually have relationships with multiple providers (at least three, according to interviews with insurance company claims directors). EXAM claims that it has 7%-8% of the IME market. Our conversations with insurers and other IME providers suggest that EXAM's share may be 12%, or even higher.

According to insurance companies and competitors, the total number of IMEs has been flat for the last few years. Recent regulatory changes in Texas, California and New York have allowed insurers to approve or deny treatment plans for workers compensation or disability claimants without the need for additional IMEs if the insurers adhere to certain guidelines. If these regulations become more widespread, we may actually see small declines in IME counts in coming years.

The IME market is fragmented. There are perhaps 500 mostly private companies in the IME provider business in the US. In addition, there are thousands of individual doctors that perform IMEs. In February 2011, EXAM acquired its largest competitor, MES. EXAM's remaining larger competitors are Genex, CorVel and MCN. Some competitors such as Genex and CorVel also provide case management and vocational rehabilitation. For instance, in the case of a catastrophic claim in a hospital, the insurer can contract with them. They will send a nurse right to the bedside to talk to the family, talk to the doctors, and inform the insurer of what is going on. In the case of someone who has had a serious accident, a vocational rehabilitation professional will try to get that person back to work. Because they offer a broader range of services, some insurers told us that they prefer these competitors. There are an estimated 90 and 40 IME providers in Canada and the UK, respectively.

Although the company and bulls claim that organic growth will ultimately drive revenue growth, the evidence so far is scant. For instance, in Q1 11, revenue was up just 0.5% Y/Y on a pro forma basis. Excluding the MES acquisition, organic revenue growth was actually down 11% Y/Y. The company blamed the weak Q1 11 results on weather. No one else in the industry with whom we spoke believed this excuse. In addition, on the Q4 10 call, EXAM claimed that organic revenue growth in 2010 was up 12%Y/Y. However, from the figures included in the company's 10-K filing, pro forma revenue growth in 2010 was up a lower 9% Y/Y. We have trouble reconciling these numbers.

The concept underlying EXAM's rollup strategy is that because the IME provider market is fragmented, a consolidator such as EXAM can obtain revenue and cost synergies. Our research suggests that executing this strategy is not straightforward. For instance, cost synergies are limited, since doctor payments account for a large fraction of costs. Based on conversations with other IME providers and doctors who perform IMEs, we estimate that doctor payments constitute 50% of costs. The remaining cost synergies are limited to sales personnel and IT systems. Even in this respect, EXAM is constrained. Because customers prefer multiple IME providers in each market, EXAM has been forced to keep the MES name and systems intact. Industry sources tell us that customers would likely defect if EXAM tried integrate MES into ExamWorks. As a result of this need to keep the systems separate, EXAM has probably realized only limited cost synergies from its largest acquisition.

Revenue synergies are also limited. First, as noted earlier, customers of IME providers prefer multiple suppliers. For instance, medical directors at insurance companies tell us that when EXAM acquires a provider, they generally add another supplier. Second, EXAM thinks that being a national provider will bring it additional business. However, many of the IME provider – claims adjustor relationships are local, and having a national sales force may not be beneficial to generating new business.

Besides the leverage and organic growth issues, EXAM has another problem: acquisitions are getting expensive. For instance, the company has been telling investors that it prefers to make acquisitions at 5X TTM EBITDA. However, the MES and Premex acquisitions were done at 11.2X EBITDA and 7.6X EBITDA, respectively. The company claimed on the MES acquisition call that the multiple was 9X based on acquisition cost of $215M and EBITDA of $24M. However, when the 8-K for the acquisition was filed, the actual EBITDA was just $10M, slightly down Y/Y, rather than the $24M EXAM claimed on the call. The difference is due to $2M of "near-term" synergies, $9M of D&A adjustments and $3M of "other adjustments that the SEC would not allow on the 8-

K," according to the company. Combined with the company's leverage, we do not see many opportunities for EXAM to make meaningful acquisitions in the future. We note that the company itself reports a self serving adjusted EBITDA figure that excludes acquisition costs, although EXAM generates its EBITDA growth through acquisitions.

EXAM had $24M in net cash at the end of 2010 following its IPO last November, but now has net debt of over $250M because of the MES and Premex acquisitions. It is interesting that, despite a seemingly highflying stock, the sellers took 90% of the proceeds in cash. The company anticipates another $40M in acquired revenues in 2011 and $75M in 2012. This translates to $520M in revenues in 2012, if we prorate the 2012 acquisition across that year's quarters. However, bulls expect 2012 revenues of $560M.

EXAM's top executives were previously top managers at Practiceworks and TurboChef, both of which were sold. Practiceworks, a dental software management company, posted a large miss in October 2002, and was acquired by Eastman Kodak in October 2003. TurboChef, a maker of commercial and residential ovens, posted losses during most of management's tenure and was sold in January 2009 to Middleby Corporation. The acquisition share price for TurboChef was unchanged from the share price in October 2003 when management assumed charge.

EXAM projects adjusted EBITDA of nearly $90M in 2011. The "street" expects adjusted EBITDA of $104M in 2012. Adjusted EBITDA was $30M in 2010 and pro forma adjusted EBITDA was $45M in 2010. Our adjusted EBITDA forecasts for 2011 and 2012 are $66M and $95M. Even at 9X our 2012 EBITDA estimate, a multiple well above what EXAM says it will normally pay, the EV of the company would be $855M. Excluding the $250M in net debt, the market value of the company at this valuation should be $605M, or $18 per share. This is our initial price target.

Background:

Atlanta-based ExamWorks (EXAM) is a leading provider of independent medical examinations (or IMEs), peer and bill reviews, and related services, which include litigation support services, administrative support services and medical record retrieval services. IMEs account for more than 85% of EXAM's revenues. EXAM has presence in all 50 US states, and also in Canada and the UK. After the acquisition of Premex in May 2011, the US, Canada and the UK account for 76%, 4% and 20%, respectively, of EXAM's sales.

EXAM was founded in July 2008 with the acquisition of three IME providers in New York, New Jersey and Texas. Since then, it has made 28 more

acquisitions. The most sizeable acquisitions made by EXAM are its latest acquisitions of MES and Premex. These acquisitions were also the most expensive, both in terms of cost and multiples. The MES acquisition, completed in February 2011, added $129M in annual revenues and cost $215M. The Premex acquisition, completed in May 2011, added $91M in annual revenues and cost $108M.

The company estimates that there are 5.5M, 400K and 800K IMEs, respectively, conducted in the US, Canada and the UK annually. The average IME cost is $700 in the US, $1,400 in Canada and $640K in the UK. As a result, the size of the market in these three countries totals $4.9B for 6.7M IMEs. Based on these figures and reported revenues of acquired companies, we estimate that EXAM has 12% share in the US, 20% in the UK and 3% share in Canada. However, in its Q4 10 conference call, EXAM asserted that it had just 7%-8% of the US market after the IME acquisition. We suspect the company may be understating its market share to persuade investors that it has more acquisition opportunities than is really the case.

Based on our conversations with insurers and IME providers, we estimate that IME costs range from $200 (for a chiropractor) to $2,000 (for an orthopedic surgeon requested by name). Most IMEs cost under $1,000. The cost of sales is mostly related to doctor compensation and transportation costs and account for nearly 50% of revenues. Our sources said that barriers to entry in this business are low. In fact, a senior executive at an IME provider told us that all that is needed to start an IME provider is a doctor willing to do an exam, a marketer and a phone. Capital requirements are low. It is important to note that if an IME provider wants to expand beyond a local and regional presence, it would have to invest in IT systems to convince larger customers.

The IME provider market in the US is fragmented and there are as many as 500 private companies and many more independent doctors and medical services that provide IMEs. Some larger companies such as CorVel Corporation and Genex Services that primarily provide case and disability management and vocational rehabilitation also offer IMEs.

Discussion:

1. EXAM shares are up more than 60% since their IPO in October 2010, far exceeding the 20% rise in the Russell 2000 index in the same time frame. Investor optimism about EXAM's acquisition of its largest competitor (MES) as well as company statements that it was ahead of its acquisition revenue goals likely boosted shares. Bulls continue to expect positive organic growth, more revenues via acquisitions, and higher adjusted EBITDA from cost and revenue synergies for the remainder of 2011 and in 2012.

To understand the IME business and EXAM's position in that business, we spoke with and corresponded with a variety of industry sources, including EXAM's customers, former employees of companies acquired by EXAM, and competitors. Our research suggests that each of the bullish assumptions is flawed in certain respects. We detail our concerns in the following paragraphs. Based on our research, we think that EXAM will likely fail to meet bullish expectations for revenues and EBITDA for the remainder of 2011 and in 2012.

2. According to many of the industry sources we interviewed, the overall IME market in the US is flat. Some ventured that regulatory changes in the last few years in Texas, California and New York may have led to small declines in the number of IMEs performed in those states. The regulatory changes allow insurers to skip IMEs if tightly prescribed treatment guidelines are adhered to. An executive at an IME provider told us that claims volume has actually been down 25%-30% in the last few years due to regulatory changes and unemployment. Although catastrophic claims, which substantially boost volumes, have trended up, the overall decline in claims volumes has resulted in IME volumes being flat to down across all jurisdictions, according to this person.

In Table 1, we show recent pro forma revenue results for EXAM.

Table 1: Pro forma revenue change for EXAM in 2010 and in Q1 11

(Amounts in $000)	2009	2010	Q1 10	Q1 11
Pro forma revenues	211,113	229,669	87,372	87,840
Y/Y change in pro forma revenues	n/a	8.8%	n/a	0.5%

Source: Company reports

On its Q4 10 call, EXAM claimed that Y/Y organic growth in 2010 was 12%. However, despite the claim, we note that Y/Y pro forma growth in 2010 was a somewhat lower 9%.

In Q1 11, the company's Y/Y pro forma revenue growth was 0.5%. The company stated that MES revenues grew 13% Y/Y in Q1 11 on a pro forma basis. MES contributed $13.2M in revenues to EXAM in Q1 11. From the pro forma revenue disclosure, we estimate that MES generated $34M in Q1 11 (=$13.2M contributed by MES in Q1 11 + pro forma EXAM revenue of $87.8M – reported EXAM revenue of $66.6M – prorated pro forma revenue of $476K from the acquisition of National IME). Thus, MES revenues were $30.1M in Q1 10, and EXAM revenues ex-MES, assuming flat Y/Y National IME revenues, were $56.8M in Q1 10. In Q1 11, EXAM revenues, excluding $34M of MES revenues and $476K of National IME revenues, totaled $53.3M. Therefore, it appears that

revenue from all the other acquisitions EXAM made in the past decreased by more than 6% Y/Y in Q1 11.

EXAM claimed that this decline was because of severe winter weather. When we asked our sources about this, many were amused by EXAM's explanation. They said that January and February are always slow, and this winter was no different. One insurance company executive told us that, in any case, property claims are the only ones that are affected at the margin by severe winter weather.

3. Bulls claim that EXAM's acquisition strategy should lead to revenue synergies because the company can sell more services and also because there would be more doors (or salespeople) selling EXAM's IME services. We think neither assumption is true. First, EXAM's acquisitions have all been in the IME business. Even the acquisition of MES, which generates a higher proportion of its revenues from peer reviews, did not significantly affect EXAM's mix. (Peer review is the process by which a peer doctor reviews a treatment plan proposed by the patient's doctor.) MES generates 83% of its revenues from IMEs versus 88% for EXAM pre-MES.

Second, virtually every insurance and third party executive told us that he/she prefers to maintain at least three suppliers. Having multiple suppliers ensures competitive pricing. In addition, one insurance medical director told us, "In spite of what any national medical examination vendor may tell you, nobody has national coverage. Everybody has strong areas and they all have sort of empty pockets so we attempt to build a mosaic."

There are other reasons why revenue synergies may be difficult to achieve. We noted earlier many insurance companies prefer to use competitors such as CorVel and Genex for the broader range of services (such as case and disability management and vocational rehabilitation) that they offer. Another reason for using multiple suppliers is legal liability. A judge or jury might react negatively towards an insurer if it was discovered that the insurer used just one provider for all of its IMEs. As a medical claims management director at a company put it, "It's called the independent medical exam. If you have one company, how independent is it?"

Some insurance executives were wary of having further dealings with EXAM because they felt that management had not given them a vision of where EXAM with going with its strategy. They also suggested that EXAM lacked organizational structure to execute integration of its acquisitions. One executive told us that she was no longer contracting with EXAM because of her concern regarding the company's serial acquisitions. She did say that she was leaving her MES contract unchanged, but that she would monitor quality

and pricing closely for the remainder of the contract term. As a result of customer concerns, EXAM has been forced to leave MES alone as a separate operation and brand.

Finally, we have heard anecdotally of "revenue dis-synergies" at many of EXAM's acquisition after the founders of these firms left or were let go. For instance, Ricwel, which was acquired in April 2009, lost a major federal contract in 2010, worth at least $3M, according to knowledgeable sources. Another 2010 west coast acquisition has reportedly experienced a 50% decline in revenues since it was folded into EXAM.

4. An additional bullish argument for buying EXAM shares is cost synergy. However, we think achieving cost synergies will be problematic for EXAM for a couple of reasons. First, the majority of the cost of IMEs is doctor compensation, which accounts for 50% of revenues on the average. As one executive at an IME provider told us, doctors are free agents and can take their services elsewhere if EXAM tries to cut their compensation. While there are many doctors on the coasts who could provide IMEs, industry sources tell us it can be difficult to find doctors who can perform IMEs in a timely manner in the south. In Minneapolis and Chicago, reducing prices can be difficult because of apparent price collusion by IME doctors.

Even other cost synergies may be difficult for EXAM to achieve. For instance, because of customer concerns, EXAM is going to maintain MES as a separate company. EXAM and MES operate on separate IT platforms, and while EXAM plans to ultimately move to platform that combines the strengths of both platforms, it is forced to maintain a separate IT system in the interim.

Finally, most industry sources were puzzled by EXAM's decision to expand in Canada and the UK, since they think there are few synergies with the US operations.

5. EXAM has sought to be regarded as a disciplined acquirer, and has professed a preference for paying around 5X TTM EBITDA for its acquisitions. While its earlier smaller acquisitions were generally done in this ballpark, EXAM had to substantially up the multiple for its last two acquisitions. The company paid $215M, including $185M in cash, to acquire MES, which generated $129M of revenues and $19M of EBITDA in 2010. This translates to a multiple of 11.2X on TTM EBITDA. On its conference call announcing the acquisition, EXAM said it was paying 9X for a unique asset with $24M of EBITDA. Management said that the MES acquisition did not change EXAM's disciplined acquisition strategy in any manner and implied that future acquisitions would be made at the historic norm of 5X

TTM EBITDA. After the company filed its 8-K for MES, it turned out that the company was counting on near-term synergies of $2M and $3M of other EBITDA that the SEC apparently did not allow the company to include on the 8-K. We are obviously curious to see how this $3M non-SEC approved EBITDA was generated.

Additionally, the acquisition discipline that the company promised in January 2011 did not last very long. Four months after the announcement of the MES acquisition, EXAM acquired Premex, a UK IME provider, for $108M, or 7.6X TTM EBITDA of $14.6M. While this was an "extremely attractive" multiple for another almost unique asset, lest investors think management had backtracked on its words, the company assured us that it had found $27M of excess working capital that should be backed out of the purchase price. Voila! The multiple is now down to 5.5X, and the "street" chorused "Hallelujah!"

There are two problems now. Pro forma revenues are currently $450M and acquisitions need to be big to have an impact. However, the company is now in debt to the tune of $250M, net. While Bank of America has generously allowed an increase in the senior leverage ration from 3:1 to 3.5:1 for another two quarters, the ratio needs to be down to 3:1 by the end of the year. Thus, surprise acquisitions of size meaningful enough to attract growth investors' attention are unlikely for some time.

6. Recent results.

EXAM posted revenues of $66.6M in Q1 11, about $3M higher than "street" expectations. Adjusted EBITDA was $10.9M versus the $9.4M consensus. Despite the decline in organic revenues, which the company blamed on the weather as noted earlier, the "street" applauded the results, especially since they were announced in conjunction with the Premex acquisition. Gross margin was down 190 basis points Y/Y to 34.6%, due to a poorer mix resulting from recent acquisitions. The gross margin deterioration was offset by a 220 basis point improvement in SG&A expenses. Loss per share was two cents.

The company's preferred metric, adjusted EBITDA, excludes costs related to share-based compensation, acquisitions, amortization charges resulting from acquisitions, and what the company claims are other "non-recurring" costs that, not surprisingly, seem to recur frequently. Adjusted EBITDA margin in the quarter was 16.4%, flat Y/Y. EXAM appears to have told investors that it expects to hit 20% adjusted EBITDA margin by the end of the year. We think this is a very aggressive target, because competitors with whom we spoke told us that they run very tight ships and they think that 17%+ margins would be tough to achieve.

DSO at the end of Q1 11 was 71 days, up 7 days Q/Q. The company said that US DSO was 51 days. In the UK, EXAM does not get paid until a case is settled. Consequently, DSO for UK revenues averages over 270 days.

Table 2 shows EXAM's historical FCF performance. Note that even excluding acquisition costs, the stock trades at 30X FCF. Including acquisitions, FCF per share has been deteriorating.

Table 2: EXAM FCF performance

(Amounts in $000)	2008	2009	2010	Q1 11
Net income	(2,172)	(4,404)	(6,038)	(559)
D&A	2,392	6,889	19,505	8,609
Other items	(509)	1,692	4,836	(1,784)
Cash Flow From Operations	(289)	4,177	18,303	6,266
Capex	(358)	(1,559)	(1,730)	(1,968)
Acquisition cost	(22,731)	(25,707)	(115,225)	(187,303)
Acquisition settlements	-	1,482	418	(325)
FCF, ex acquisitions	(647)	2,618	16,573	4,298
FCF, including acquisitions	(23,378)	(21,607)	(98,234)	(183,330)
FCF per share (ex-acquisitions)	(0.13)	0.25	0.90	0.13
FCF per share (including acquisitions)	(4.77)	(2.06)	(5.31)	(5.60)

Source: Company reports

7. Financial assumptions.

The primary difference between our assumptions and those of the "street" relate to organic growth. The "street" appears to accept management's contention that EXAM can achieve organic revenue growth in the mid single digits despite a flat to down overall IME business. Secondarily, the "street" thinks that adjusted EBITDA margins can grow to 20% by 2012 because of cost synergies.

Based on our research, we think that EXAM's Q1 11 Y/Y organic revenue decline is not a weather-related aberration, but a combination of a flat to declining IME market and a customer shift away from EXAM in some markets. Many customers told us that they would monitor MES's performance and pricing post-acquisition, and would cut MES off if service deteriorates. Therefore, we think there is a continuing probability of share loss. We project a modest 1% decline in organic revenue growth for the remainder of 2011 and in 2012. Management has forecast acquisitions amounting to $40M of annualized revenue in 2011, and $75M of annualized revenue in 2012. We have incorporated these assumptions in our model, even though we think that management's ability to pursue future acquisitions is dependent on reducing leverage meaningfully.

Regarding costs, while we do assume some leverage in SG&A costs, we think the need to keep MES separate will result in lower synergies than the "street" anticipates. Accordingly, our estimated adjusted EBITDA margins are 90 basis points and 60 basis points below the "street" in 2011 and 2012, respectively, at 17.2% and 19%.

While we normally comment on differences between our estimates and those of "street" analysts on items below the operating line as well, in this case the "street" and the company are fixated on adjusted EBITDA. Thus, while our interest expense assumptions are much higher than those of the "street" because of the company's substantial current indebtedness, the focus of investors on the adjusted EBITDA metric makes this difference irrelevant.

8. Valuation and risks.

Table 3 shows our estimates for revenues and adjusted EBITDA for 2011 and 2012, as well as "street" estimates for the same metrics. As we noted in the previous section, the differences between our estimates and "street" estimates result primarily from assumptions regarding organic growth and secondarily from operating margin assumptions.

Table 3: OWS and "street" forecasts for EXAM

(Amounts in $M)	OWS estimates	"Street" estimates
2011 revenues	385.3	408.5
2011 adjusted EBITDA	66.4	74.4
2012 revenues	499.0	532.8
2012 adjusted EBITDA	94.7	104.0

Source: OWS estimates, "street" reports

It is difficult to value EXAM because the company does not generate earnings or cash. The company says that it will not pay more than 5X TTM EBITDA on the average for acquisitions. Therefore, we think that 9X forward EBITDA would be a generous valuation. If we apply this multiple to our 2012 EBITDA of $95M and subtract the $250M of net debt that EXAM has now, we obtain a value of $605M for the equity, or $18 per share. This is our initial price target.

The primary risk with our recommendation, as is the case with rollups in general, is that the roll up party lasts longer than we think. However, given that there are no sizeable acquisitions available, and also given that EXAM is significantly levered, we think a large acquisition is unlikely. We asked industry sources about EXAM acquiring CorVel or Genex. The response was that CorVel

and Genex were organizations with established cultures and that an acquisition by EXAM would be messy and likely disastrous for both parties.

9. Financial projections.

a. Quarterly projections.

	Q1 11	Q2 11e	Q3 11e	Q4 11e	Q1 12e	Q2 12e	Q3 12e	Q4 12e
Revenues	66,588	98,320	109,111	111,269	115,461	121,689	127,870	134,004
Costs of sales	43,569	62,925	69,831	71,212	73,895	77,881	81,837	85,762
SG&A	14,328	20,647	22,368	22,254	22,515	23,121	23,656	24,121
D&A	8,609	12,782	14,184	14,465	15,010	15,820	16,623	17,420
Total costs	66,506	96,353	106,384	107,931	111,420	116,822	122,116	127,303
Operating inc	82	1,966	2,728	3,338	4,041	4,868	5,754	6,700
Int exp, net	1,182	3,500	6,500	6,500	6,500	6,500	6,500	6,500
Int rate swap	(170)	-	-	-	-	-	-	-
Pretax income	(930)	(1,534)	(3,772)	(3,162)	(2,459)	(1,632)	(746)	200
Income taxes	(371)	(598)	(1,471)	(1,233)	(959)	(637)	(291)	78
Net income	(559)	(936)	(2,301)	(1,929)	(1,500)	(996)	(455)	122
Diluted shares	32,739	33,500	34,000	34,000	34,000	34,000	34,000	34,000
Diluted EPS	(0.02)	(0.03)	(0.07)	(0.06)	(0.04)	(0.03)	(0.01)	0.00
Adj. EBITDA	10,902	16,698	18,937	19,853	21,126	22,787	24,502	26,271

Y/Y change

	Q1 11	Q2 11e	Q3 11e	Q4 11e	Q1 12e	Q2 12e	Q3 12e	Q4 12e
Revenues	162%	179%	125%	105%	73%	24%	17%	20%
Costs of sales	170%	184%	129%	104%	70%	24%	17%	20%
SG&A	138%	147%	133%	62%	57%	12%	6%	8%
D&A	189%	258%	140%	105%	74%	24%	17%	20%
Total costs	165%	183%	132%	94%	68%	21%	15%	18%
Operating inc	-71%	63%	3%	n/a	4828%	148%	111%	101%
Int exp, net	-18%	168%	143%	136%	450%	86%	0%	0%
Int rate swap	n/a	-100%	-100%	-100%	-100%	n/a	n/a	n/a
Pretax income	-21%	972%	n/a	-57%	164%	6%	-80%	n/a
Income taxes	-37%	742%	n/a	-34%	158%	6%	-80%	n/a
Net income	-6%	1199%	n/a	-65%	168%	6%	-80%	n/a
Diluted shares	135%	119%	52%	25%	4%	1%	0%	0%
Diluted EPS	-60%	492%	n/a	-72%	158%	5%	-80%	n/a
Adj. EBITDA	162%	170%	91%	97%	94%	36%	29%	32%

As % of sales

	Q1 11	Q2 11e	Q3 11e	Q4 11e	Q1 12e	Q2 12e	Q3 12e	Q4 12e
Revenues	100%	100%	100%	100%	100%	100%	100%	100%
Costs of sales	65%	64%	64%	64%	64%	64%	64%	64%
SG&A	22%	21%	21%	20%	20%	19%	19%	18%
D&A	13%	13%	13%	13%	13%	13%	13%	13%
Total costs	100%	98%	98%	97%	97%	96%	96%	95%
Operating inc	0%	2%	2%	3%	4%	4%	5%	5%
Int exp, net	2%	4%	6%	6%	6%	5%	5%	5%
Int rate swap	0%	0%	0%	0%	0%	0%	0%	0%
Pretax income	-1%	-2%	-3%	-3%	-2%	-1%	-1%	0%
Income taxes	-1%	-1%	-1%	-1%	-1%	-1%	0%	0%
Net income	-1%	-1%	-2%	-2%	-1%	-1%	0%	0%
Adj. EBITDA	16%	17%	17%	18%	18%	19%	19%	20%

b. Annual projections.

	2008	2009	2010	2011e	2012e
Revenues	14,694	49,634	163,511	385,288	499,025
Costs of revenues	9,828	32,027	103,606	247,537	319,376
SG&A	4,610	15,810	37,689	79,597	93,413
D&A	2,392	6,889	19,505	50,040	64,873
Total costs	16,830	54,726	160,800	377,174	477,661
Operating inc	(2,136)	(5,092)	2,711	8,114	21,363
Int exp, net	515	1,203	8,178	17,682	26,000
Int rate swap	955	722	3,055	(170)	-
Pretax income	(3,606)	(7,017)	(8,522)	(9,398)	(4,637)
Income taxes	(1,434)	(2,613)	(2,484)	(3,673)	(1,808)
Net income	(2,172)	(4,404)	(6,038)	(5,724)	(2,829)
Diluted shares	4,896	10,479	18,501	33,560	34,000
Diluted EPS	(0.44)	(0.42)	(0.33)	(0.17)	(0.08)
Adjusted EBITDA	1,076	6,496	30,321	66,390	94,686

Y/Y change

	2008	2009	2010	2011e	2012e
Revenues		238%	229%	136%	30%
Costs of revenues		226%	223%	139%	29%
SG&A		243%	138%	111%	17%
D&A		188%	183%	157%	30%
Total costs		225%	194%	135%	27%
Operating inc		138%	n/a	199%	163%
Int exp, net		134%	580%	116%	47%
Int rate swap		-24%	323%	n/a	-100%
Pretax income		95%	21%	10%	-51%
Income taxes		82%	-5%	48%	-51%
Net income		103%	37%	-5%	-51%
Diluted shares		114%	77%	81%	1%
Diluted EPS		-5%	-22%	-48%	-51%
Adjusted EBITDA		504%	367%	119%	43%

As % of change

	2008	2009	2010	2011e	2012e
Revenues	100%	100%	100%	100%	100%
Costs of revenues	67%	65%	63%	64%	64%
SG&A	31%	32%	23%	21%	19%
D&A	16%	14%	12%	13%	13%
Total costs	115%	110%	98%	98%	96%
Operating inc	-15%	-10%	2%	2%	4%
Int exp, net	4%	2%	5%	5%	5%
Int rate swap	6%	1%	2%	0%	0%
Pretax income	-25%	-14%	-5%	-2%	-1%
Income taxes	-10%	-5%	-2%	-1%	0%
Net income	-15%	-9%	-4%	-1%	-1%
Adjusted EBITDA	7%	13%	19%	17%	19%