

# TAGLICH BROTHERS

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## Final Report

*Investors should consider this report as only a single factor in making their investment decision.*

### Cemtrex, Inc.

### Dropping Coverage

John Nobile

September 3, 2019

**CETX \$1.58 — (NASDAQ)**

	<u>FY17A</u>	<u>FY18A</u>
Revenues (millions)	\$120.6	\$89.9
Earnings (loss) per share*	\$0.31	\$(0.90)

52-Week range	\$13.44 – \$1.20	Fiscal year ends:	September
Common shares out as of 8/16/19	3.4 million	Revenue per share (TTM)	\$41.04
Approximate float	2.5 million	Price/Sales (TTM)	0.04X
Market capitalization	\$5 million	Price/Sales (FY20)E	NA
Tangible book value/share	\$10.07	Price/Earnings (TTM)	NMF
Price/tangible book value	0.2X	Price/Earnings (FY20)E	NA

\* To common shareholders

Headquartered in Long Island City, NY, Cemtrex is a provider of electronic manufacturing services, industrial contracting services, industrial air filtration & environmental control systems, smart technologies, virtual and augmented technologies, and intelligent security systems. ([www.cemtrex.com](http://www.cemtrex.com))

#### Key investment considerations:

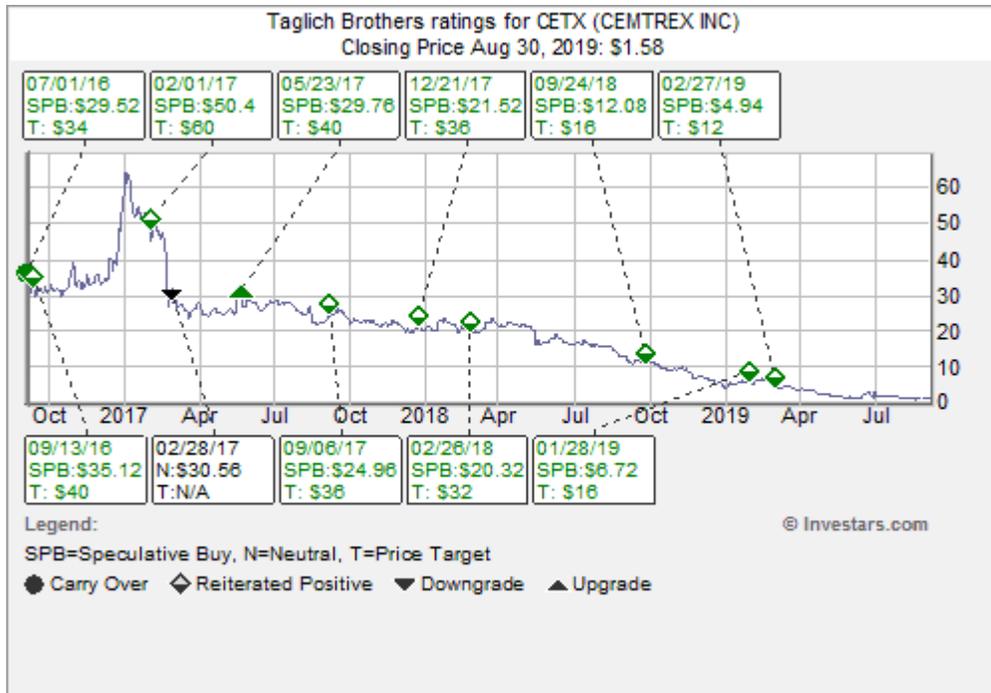
*Dropping coverage due to termination of research services.*

*On August 22, 2019, Cemtrex completed the sale of its EMS business, ROB Cemtrex, for total consideration of approximately \$7.1 million.*

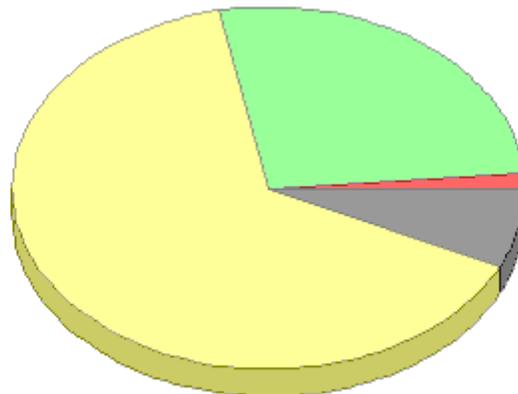
*3Q19 net loss to common was \$(1.59) per share on a 17.2% increase in revenue to \$22.5 million. In 3Q18, the net loss to common was \$(2.41) per share.*

***\*Please view our disclosures on pages 2 - 4.***

**Price Chart**



**Taglich Brothers' Current Ratings Distribution**



26.76 % Buy    64.79 % Hold    7.04 % Not Rated    1.41 % Sell

Investment Banking Services for Companies Covered in the Past 12 Months		
Rating	#	%
Buy	2	9
Hold		
Sell		
Not Rated	1	25

### **Important Disclosures**

As of the date of this report, we, our affiliates, any officer, director or stockholder, or any member of their families do not have a position in the stock of the company mentioned in this report. Taglich Brothers, Inc. does not currently have an Investment Banking relationship with the company mentioned in this report and was not a manager or co-manager of any offering for the company within the last three years.

All research issued by Taglich Brothers, Inc. is based on public information. The company paid a monetary fee of \$4,500 (USD) in December 2015 for the creation and dissemination of research reports for the first three months. From July 2016 to June 2019, the company was to pay Taglich Brothers, Inc. a monthly monetary fee of \$1,500 (USD) for the creation and dissemination of research reports.

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### **Analyst Certification**

**I, John Nobile, the research analyst of this report, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities and issuers; and that no part of my compensation was, is, or will be, directly, or indirectly, related to the specific recommendations or views contained in this report.**

Public companies mentioned in this report:

### **Meaning of Ratings**

**Buy** – The growth prospects, degree of investment risk, and valuation make the stock attractive relative to the general market or comparable stocks.

**Speculative Buy** – Long term prospects of the company are promising but investment risk is significantly higher than it is in our BUY-rated stocks. Risk-reward considerations justify purchase mainly by high risk-tolerant accounts. In the short run, the stock may be subject to high volatility and could continue to trade at a discount to its market.

**Neutral** – Based on our outlook the stock is adequately valued. If investment risks are within acceptable parameters, this equity could remain a holding if already owned.

**Sell** – Based on our outlook the stock is significantly overvalued. A weak company or sector outlook and a high degree of investment risk make it likely that the stock will underperform relative to the general market.

**Dropping Coverage** – Research coverage discontinued due to the acquisition of the company, termination of research services, non-payment for such services, diminished investor interest, or departure of the analyst.

### **Some notable Risks within the Microcap Market**

**Stocks in the Microcap segment of the market have many risks that are not as prevalent in Large-cap, Blue Chips or even Small-cap stocks. Often it is these risks that cause Microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume which can lead to large spreads and high volatility in stock price. In addition, Microcaps tend to have significant company specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the microcap segment of the market.**

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