

# TAGLICH BROTHERS

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## Final Report

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

### Orchids Paper Products Company

### Dropping Coverage

**TIS \$4.49 — (NYSE MKT)**

John Nobile  
May 25, 2018

	<u>2016A</u>	<u>2017A</u>	<u>1Q18A</u>
Revenues (millions)	\$164.5	\$162.5	\$48.2
Earnings per share	\$1.24	\$0.64	\$(0.21)

52-Week range	\$15.74 – \$4.41	Fiscal year ends:	December
Shares outstanding as/of 4/30/18	10.7 million	Revenue per share (TTM)	\$15.62
Approximate float	9.8 million	Price/Sales (TTM)	0.3X
Market capitalization	\$48 million	Price/Sales (FY2019)E	NA
Tangible book value/share	\$13.62	Price/Earnings (TTM)	7.0X
Price/tangible book value	0.3X	Price/Earnings (FY2019)E	NA

*Orchids Paper Products, headquartered in Pryor, Oklahoma, manufactures consumer tissue products. The company produces bulk tissue paper, known as parent rolls, and converts parent rolls into finished products, including paper towels, bathroom tissue and paper napkins.*

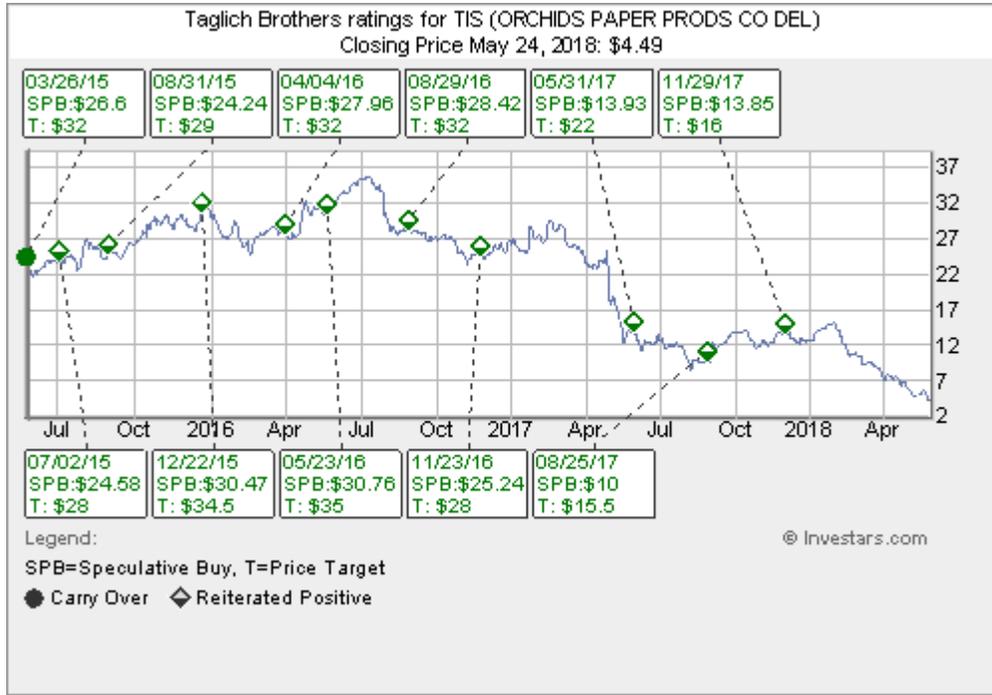
#### **Key investment considerations:**

***Dropping coverage of Orchids Paper Products Company due to diminished investor interest.***

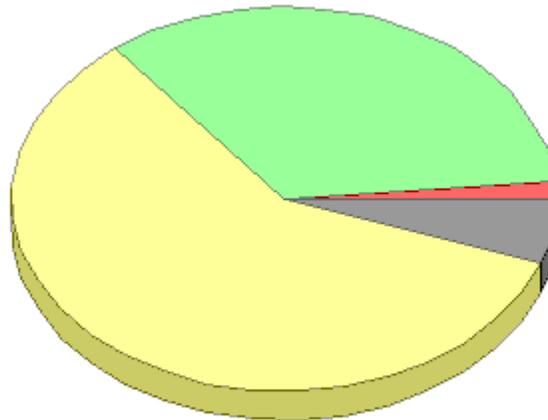
***Orchids reported 1Q18 revenue of \$48.2 million and a loss of \$2.3 million or \$(0.21) per share. In the year earlier period Orchids reported 1Q17 revenue of \$35.4 million and a loss of \$860,000 or \$(0.08) per share.***

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

**Price Chart**



**Taglich Brothers' Current Ratings Distribution**



34.25 % Buy 58.9 % Hold 5.48 % Not Rated 1.37 % Sell

**Investment Banking Services for Companies Covered in the Past 12 Months**

Rating	#	%
Buy	3	12
Hold		
Sell		
Not Rated		

### **Important Disclosures**

As of the date of this report, Taglich Brothers, Inc. and/or its affiliates, own more than 1% of TIS common stock. Michael Taglich, President of Taglich Brothers, Inc., owns or has a controlling interest in 115,670 shares of TIS common stock. Robert Taglich, Managing Director of Taglich Brothers, Inc., owns or has a controlling interest in 2,000 shares of TIS common stock. Doug Hailey, Director of Investment Banking at Taglich Brothers, Inc. and a Director of Orchids Paper Products Company, owns 97,900 shares of TIS common stock. Other employees at Taglich Brothers, Inc. own 30 shares of TIS common stock. Taglich Brothers, Inc. had an Investment Banking relationship with the company mentioned in this report. In March 2004, Orchids Acquisition Group, Inc. was formed by Taglich Brothers, Inc. and Weatherly Group, LLC exclusively for the purpose of acquiring all of the outstanding shares of Orchids Paper Products Company, and was subsequently merged into the company. In July 2005, Orchids completed its initial public offering (of which Taglich Brothers, Inc. was the managing underwriter) and began trading on the American Stock Exchange under the symbol TIS.

All research issued by Taglich Brothers, Inc. is based on public information. From April 2008 to December 2012, the company paid a monthly monetary fee of \$2,000 (USD) to Taglich Brothers, Inc. for the creation and dissemination of research reports.

### **General Disclosures**

The information and statistical data contained herein have been obtained from sources, which we believe to be reliable but in no way are warranted by us as to accuracy or completeness. We do not undertake to advise you as to changes in figures or our views. This is not a solicitation of any order to buy or sell. Taglich Brothers, Inc. is fully disclosed with its clearing firm, Pershing, LLC, is not a market maker and does not sell to or buy from customers on a principal basis. The above statement is the opinion of Taglich Brothers, Inc. and is not a guarantee that the target price for the stock will be met or that predicted business results for the company will occur. There may be instances when fundamental, technical and quantitative opinions contained in this report are not in concert. We, our affiliates, any officer, director or stockholder or any member of their families may from time to time purchase or sell any of the above-mentioned or related securities. Analysts and members of the Research Department are prohibited from buying or selling securities issued by the companies that Taglich Brothers, Inc. has a research relationship with, except if ownership of such securities was prior to the start of such relationship, then an Analyst or member of the Research Department may sell such securities after obtaining expressed written permission from Compliance.

### **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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From time to time our analysts may choose to withhold or suspend a rating on a company. We continue to publish informational reports on such companies; however, they have no ratings or price targets. In general, we will not rate any company that has too much business or financial uncertainty for our analysts to form an investment conclusion, or that is currently in the process of being acquired.