

Medical Devices

Remedent, Inc. | REMI - \$0.70 - OTC | Buy

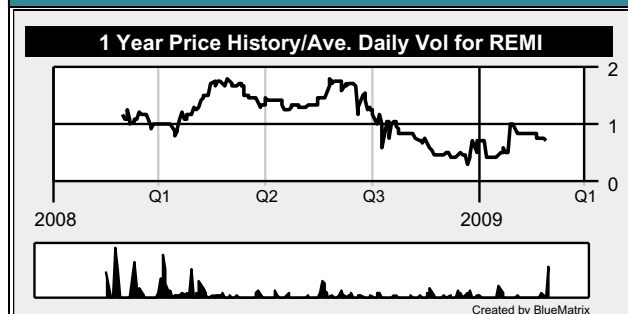
Analysis of Sales/Earnings

Estimates Changed, Rating Changed, Target Price Changed

Stock Data	
52 Week Low - High	\$0.30 - \$1.90
Shares Out. (mil)	20.00
Mkt. Cap.(mil)	\$14.0
3-Mo. Avg. Vol.	4,291
12-Mo.Price Target	\$2.00
Cash (mm)	\$2.6
Tot. Debt (mil)	\$1.1
Est. 3Yr. EPS Growth	NA

EPS (\$)					
Yr Mar	2008	—2009E—		—2010E—	
	Actual	Curr	Prev	Curr	Prev
1Q	(0.03)A	0.01A	0.01A	0.01E	0.00E
2Q	(0.05)A	(0.25)A	(0.02)E	0.01E	0.00E
3Q	(0.06)A	(0.02)A	0.00E	0.01E	0.02E
4Q	(0.03)A	0.00E	0.00E	0.02E	0.03E
YEAR	(0.17)A	(0.26)E	(0.01)E	0.05E	0.05E
P/E	NM	NM	NM	14.0x	14.0x

Revenue (\$ millions)					
Yr Mar	2008	—2009E—		—2010E—	
	Actual	Curr	Prev	Curr	Prev
1Q	1.2A	3.6A	3.6A	4.9E	4.0E
2Q	1.1A	2.8A	2.7E	5.0E	3.6E
3Q	2.1A	4.8A	3.7E	5.3E	5.1E
4Q	3.0A	4.7E	4.0E	5.4E	5.9E
YEAR	7.5A	16.0E	14.1E	20.7E	18.7E



Strong F3Q; Growth & Profitability to Come in '09; Introducing Buy Rating

Remedent reported F3Q09 revenue of \$4.8 million, well ahead of our projection of \$3.2 million, on growth of 127% over the same quarter in the prior year and 75% sequentially.

- Earnings per share came in at \$0.13, which includes about \$2.8 million related to the sale of 50% of its OTC division (announced mid-December). We estimate that excluding the sale of its OTC business net loss per share to be (\$0.02), a penny wider than our projection on an improvement of 4 cents over the same period a year ago. Management noted that its operating loss included \$300k in one-time charges and \$200k in expenses related to the OTC division in 3Q.
- We are introducing a Buy rating on the shares of REMI. Although a tough economic environment continues to persist, we believe the early stage of the GlamSmile / LumiTray rollout worldwide will allow the company to successfully grow its business into FY10. In addition, management has delivered on its goals and has consistently either met or exceeded our expectations over the past few quarters.
- REMI currently trades with a fully-diluted price to sales multiple of 0.9x our FY10 sales projection, which we believe undervalues the company's potential and the milestones it has achieved to date. We are introducing an initial target price of \$2, reflecting a fully diluted price to sales multiple of 2.8x our FY10 revenue projection.

Refer to important disclosure information and rating System Definition on pages 7 - 8 of this report. 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.

SUMMARY

Remedent reported F3Q09 revenue of \$4.8 million, well ahead of our projection of \$3.2 million, on growth of 127% over the same quarter in the prior year and 75% sequentially. Professional sales, which include GlamSmile, came in at \$3.8 million, about \$2.8 million of which was generated within the US, while OTC sales were roughly \$1 million. Gross margin for the quarter came in at roughly 40%, below our projection on direct expense taken in the quarter relating to GlamTech.

Earnings per share came in at \$0.13, which includes about \$2.8 million related to the sale of 50% of its OTC division (announced mid-December). We estimate that excluding the sale of its OTC business EPS was (\$0.02), a penny wider than our projection on an improvement of 4 cents over the same period a year ago. Management noted that its operating loss included \$300k in one-time charges and \$200k in expenses related to the OTC division in 3Q.

Key Developments

The company announced three incremental distribution agreements with Den-Mat Holdings, adding to its existing relationship with the company for GlamSmile (aka LumiTray) announced in August. Under the agreement, (1) Den-Mat begins US distribution of Remedent's teeth sensitivity product under the name LumiSense and (2) Remedent's new tray-based foam veneer maintenance product, Lumiboost. Finally, (3) Den-Mat distributes Remedent's Haptic Arm, a software interface tool providing the user the sense of touch.

Despite a souring consumer environment in the US, Remedent continues to make progress with its rollout of LumiTray (aka GlamSmile) through its partner, Den-Mat. Under this agreement, Remedent obtains a 10% royalty on all LumiTray sales (averages around \$200 to \$240), as well as a 5% royalty on Den-Mat sales derived using Remedent's manufacturing technique. This agreement guarantees a \$6.8 million minimum per year over the next three years to Remedent.

Back in November, we attended Den-Mat's training session in Las Vegas, which included the launch of LumiTray (Remedent's tray based veneers product also known as GlamSmile) and was very well attended (500+ dentists). Since then Remedent has announced that Den-Mat is training on the order of 150 dentists a month and that the first LumiTray cases were delivered in January. Going forward, we expect a more than a hundred dentists will be trained on LumiTray each month through Den-Mat's extensive training program.

We continue to view Remedent's relationship with Den-Mat as a significant development that will allow the company to accelerate the rollout and market adoption of its tray-based veneer solution, Remedent only began manufacturing LumiTray in December (before shipments began in January).

FirstFit

Management discussed a new and possibly substantial opportunity for Remedent called FirstFit, a technology designed to be used to speed the manufacturing and placement of crowns. The technology leverages the digital imaging technology used to design Remedent's tray-based veneer products and applies it to a crown application. Put briefly, FirstFit could reduce (1) the amount of time required for a crown (savings of about 1 hour per crown per patient) and (2) the number of temporaries required for the patient (4 visits are shaved down to two). Although management has not yet announced the details of how it intends to launch its FirstFit product, it believes the product could be launched as early as September of 2009.

New Rating

We are introducing a Buy rating on the shares of REMI.OB. Although the economy faces a tough environment over the next several months, we believe the early stage of the GlamSmile / LumiTray rollout worldwide will allow the company to successfully grow its business into FY10. In addition, over the past several quarters that we have covered the company, management has delivered on its goals and has consistently either met or exceeded our expectations on a regular basis.

Going forward, we believe management has positioned the company well strategically, inking a distribution agreement with a significant competitor now turned partner (Den-Mat). We view this as a significant milestone

for Remedent that validates its technology and will solidify the company's ability to grow meaningfully in the coming quarters, particularly because the agreement includes annual minimum requirements.

Shares of REMI currently trade with a fully-diluted price to sales multiple of 0.9x our FY10 sales projections, which we believe undervalues the company's potential and the milestones it has achieved to date. We are introducing an initial target price of \$2, which reflects a fully diluted price to sales multiple of 2.8x our FY10 revenue projection.

VALUATION

Shares of REMI.OB are currently trading with an EV to sales multiple of 0.9x our FY10 sales projections, which we believe undervalues the company's potential and the milestones it has achieved to date. Given its operational strategy, we believe Remedent's business model can achieve significant operating leverage over the next several years. We are introducing an initial target price of \$2, which reflects a fully diluted price to sales multiple of 2.8x our FY10 revenue projection.

RISKS

There exist a number of risks that could impede the realization of our estimates. Foremost, our projections rely heavily on the successful launch of the company's GlamSmile veneer product in the US along with continued adoption of the company's teeth whitening products in the office and over the counter marketplace. GlamSmile has significantly less clinical data than its competitors, Lumineers and traditional porcelain veneers, which could drastically slow down its ability to penetrate the market. With a constantly evolving competitive landscape, any unforeseen product and price competition, along with product malfunctions or defects, could hamper or accelerate future sales growth and accordingly affect the value of shares of REMI.

COMPANY DESCRIPTION

Remedent, Inc., a publicly-traded company on the OTCBB, specializes in the research, development, manufacturing and marketing of oral care and cosmetic dentistry products. With offices in California, Belgium and Singapore, Remedent distributes its products in more than 35 countries.

MENTIONED COMPANIES

Remedent Inc. (REMI) Revenue and Earnings Model (in \$ thousands)																
March 2, 2009 Fiscal Year End: March 31	FY 2007	FY 2008				FY 2008	FY 2009				FY 2009 (E)	FY 2010				FY 2010 (E)
		Q1 Jun	Q2 Sep	Q3 Dec	Q4 Mar		Q1 Jun	Q2 Sep	Q3 Dec	Q4 Mar (E)		Q1 Jun (E)	Q2 Sep (E)	Q3 Dec (E)	Q4 Mar (E)	
<i>Product sales growth - qtr./qtr.</i>		-31.09%	-13.53%	98.17%	41.98%		20.05%	-23.78%	74.76%	-2.30%		3.52%	2.64%	6.40%	0.92%	
<i>Product sales growth - yr. / yr.</i>	-9.71%	-3.93%	-55.43%	83.97%	67.66%	12.07%	192.08%	157.45%	127.04%	56.23%	113.58%	34.72%	81.42%	10.46%	14.10%	29.36%
Product sales	\$ 6,676	\$ 1,245	\$ 1,076	\$ 2,133	\$ 3,028	\$ 7,482	\$ 3,635	\$ 2,771	\$ 4,843	\$ 4,731	\$ 15,980	\$ 4,898	\$ 5,027	\$ 5,349	\$ 5,398	\$ 20,673
Cost of goods sold	3,343	665	687	1,271	1,352	3,976	1,269	785	2,910	2,413	7,377	2,498	2,539	2,701	2,645	10,383
Gross income (loss)	3,334	579	390	862	1,676	3,506	2,366	1,986	1,933	2,318	8,603	2,400	2,488	2,648	2,753	10,289
Operating Expenses:																
Sales and Marketing	889	103	283	611	889	1,886	671	840	912	858	3,282	882	905	936	945	3,667
General and Administrative	3,289	745	1,059	1,087	1,166	4,057	1,130	1,274	1,269	1,069	4,742	1,095	1,090	1,100	1,150	4,435
Research and Development	342	29	46	172	85	333	125	47	52	62	286	73	75	80	81	310
Depreciation and Amortization	209	66	70	80	85	301	91	183	167	165	607	165	165	165	165	660
Total Expenses	4,729	943	1,458	1,951	2,226	6,577	2,018	2,344	2,400	2,153	8,916	2,215	2,235	2,281	2,341	9,072
Operating income (loss)	(1,395)	(363)	(1,069)	(1,089)	(550)	(3,071)	348	(359)	(467)	165	(313)	185	254	366	412	1,217
Warrants issued pursuant to Distribution Agreement	-	-	-	-	-	-	-	(4,323)	-	-	-	-	-	-	-	-
Interest income (expense), net	(176)	(29)	64	(8)	(45)	(17)	(35)	(5)	121	50	131	50	50	50	50	200
Other Income, Net	75	1	-	-	-	1	18	-	-	-	18	-	-	-	-	-
Income (loss) before income taxes	(1,496)	(391)	(1,005)	(1,097)	(594)	(3,086)	331	(4,687)	(346)	215	(4,488)	235	304	416	462	1,417
Provision for income taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Tax rate</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Minority Interest	NM	NM	NM	(78)	(76)	(153)	(78)	(80)	(86)	(86)	(153)	(78)	(80)	(86)	(86)	(331)
GAAP Net Income	(1,496)	(391)	(1,005)	(1,097)	(594)	(3,086)	331	(4,687)	(424)	139	(4,641)	235	304	416	462	1,087
GAAP EPS Basic	(0.12)	(0.03)	(0.05)	(0.06)	(0.03)	(0.17)	0.02	(0.25)	(0.02)	0.01	(0.24)	0.01	0.02	0.02	0.02	0.07
GAAP EPS Diluted	\$ (0.12)	(0.03)	(0.05)	(0.06)	(0.03)	\$ (0.17)	0.01	(0.25)	(0.02)	-	\$ (0.26)	0.01	0.01	0.01	0.02	\$ 0.05
Shares outstanding - basic	12,972	13,612	18,596	18,602	20,483	17,823	18,638	18,969	19,269	19,569	19,111	19,869	20,169	20,469	20,769	20,319
Shares outstanding - diluted	12,972	13,612	25,897	26,197	26,497	23,051	27,001	27,301	27,601	27,901	27,451	28,201	28,501	28,801	29,101	28,651
Margin Analysis:																
<i>Gross Margin</i>	<i>49.9%</i>	<i>46.5%</i>	<i>36.2%</i>	<i>40.4%</i>	<i>55.3%</i>	<i>46.9%</i>	<i>65.1%</i>	<i>71.7%</i>	<i>39.9%</i>	<i>49.0%</i>	<i>53.8%</i>	<i>49.0%</i>	<i>49.5%</i>	<i>49.5%</i>	<i>51.0%</i>	<i>49.8%</i>
<i>Sales and Marketing</i>	<i>13.3%</i>	<i>8.3%</i>	<i>26.3%</i>	<i>28.7%</i>	<i>29.4%</i>	<i>25.2%</i>	<i>18.5%</i>	<i>30.3%</i>	<i>18.8%</i>	<i>18.1%</i>	<i>20.5%</i>	<i>18.0%</i>	<i>18.0%</i>	<i>17.5%</i>	<i>17.5%</i>	<i>17.7%</i>
<i>General and Administrative</i>	<i>49.3%</i>	<i>59.8%</i>	<i>98.4%</i>	<i>51.0%</i>	<i>38.5%</i>	<i>54.2%</i>	<i>31.1%</i>	<i>46.0%</i>	<i>26.2%</i>	<i>22.6%</i>	<i>29.7%</i>	<i>22.4%</i>	<i>21.7%</i>	<i>20.6%</i>	<i>21.3%</i>	<i>21.5%</i>
<i>Research and Development</i>	<i>5.1%</i>	<i>2.4%</i>	<i>4.3%</i>	<i>8.1%</i>	<i>2.8%</i>	<i>4.4%</i>	<i>3.4%</i>	<i>1.7%</i>	<i>1.1%</i>	<i>1.3%</i>	<i>1.8%</i>	<i>1.5%</i>	<i>1.5%</i>	<i>1.5%</i>	<i>1.5%</i>	<i>1.5%</i>
<i>Depreciation and Amortization</i>	<i>3.1%</i>	<i>5.3%</i>	<i>6.5%</i>	<i>3.8%</i>	<i>2.8%</i>	<i>4.0%</i>	<i>2.5%</i>	<i>6.6%</i>	<i>3.5%</i>	<i>3.5%</i>	<i>3.8%</i>	<i>3.4%</i>	<i>3.3%</i>	<i>3.1%</i>	<i>3.1%</i>	<i>3.2%</i>
<i>Total Expenses</i>	<i>70.8%</i>	<i>75.7%</i>	<i>135.5%</i>	<i>91.5%</i>	<i>73.5%</i>	<i>87.9%</i>	<i>55.5%</i>	<i>84.6%</i>	<i>49.6%</i>	<i>45.5%</i>	<i>55.8%</i>	<i>45.2%</i>	<i>44.5%</i>	<i>42.6%</i>	<i>43.4%</i>	<i>0.0%</i>
Operating Margin	-20.9%	-29.2%	-99.3%	-51.1%	-18.1%	-41.0%	9.6%	-12.9%	-9.6%	3.5%	-2.0%	3.8%	5.0%	6.9%	7.6%	5.9%
Net profit Margin	-22.4%	-31.4%	-93.3%	-51.4%	-19.6%	-41.3%	9.1%	-169.1%	-8.8%	2.9%	-29.0%	4.8%	6.0%	7.8%	8.6%	5.3%

* 3Q09 EPS excludes \$2.8 million gain on disposition of OTC

Source: Company Reports and ROTH Capital Partners Estimates

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Remedent Inc. (REMI) March 2, 2009	FY 2008				FY 2009				FY 2010				FY2007	FY2008	FY2009 (E)	FY2010 (E)
	Q1 Jun	Q2 Sep	Q3 Dec	Q4 Mar	Q1 Jun	Q2 Sep	Q3 Dec	Q4 Mar (E)	Q1 Jun (E)	Q2 Sep (E)	Q3 Dec (E)	Q4 Mar (E)				
<i>Rev. Growth - Qrt. / Qrt.</i>	-22.1%	-13.7%	95.0%	39.4%	22.0%	-23.8%	74.8%	-2.3%	3.5%	2.6%	6.4%	0.9%				
<i>Rev. Growth - Yr. / Yr.</i>	-15.1%	-62.4%	62.3%	82.8%	186.3%	152.8%	126.6%	58.8%	34.7%	81.4%	10.4%	14.1%	37.5%	1.7%	113.6%	29.4%
Total Revenue	\$ 1,270	\$ 1,096	\$ 2,137	\$ 2,979	\$3,635	\$2,771	\$ 4,843	\$ 4,731	\$ 4,898	\$ 5,027	\$ 5,349	\$ 5,398	\$7,356	\$7,482	\$15,981	\$20,673
Product Sales	\$1,270	\$1,096	\$2,137	\$2,979	\$3,635	\$2,771	\$4,843	\$4,731	\$4,898	\$5,027	\$5,349	\$5,398	\$7,356	\$7,482	\$15,981	\$20,673
<i>Yr / Yr Grth</i>	-15.1%	-62.4%	62.3%	82.8%	186.3%	152.8%	126.6%	58.8%	34.7%	81.4%	10.4%	14.1%	-9.7%	1.7%	113.6%	29.4%
<i>QoQ Grth</i>	-22.1%	-13.7%	95.0%	39.4%	22.0%	-23.8%	74.8%	-2.3%	3.5%	2.6%	6.4%	0.9%	NM	NM	NM	NM
US LumiTray (Den-Mat)	\$0	\$0	\$60	\$256	\$1,151	\$1,729	\$3,005	\$2,944	\$2,878	\$3,026	\$3,306	\$3,327	NM	\$316	\$8,829	\$12,535
<i>Yr / Yr Grth</i>	NM	NM	NM	NM	NM	NM	NM	1050%	150%	75%	10%	13%	NM	NM	2694%	42%
<i>QoQ Grth</i>	NM	NM	NM	327%	350%	50%	74%	-2%	-2%	5%	9%	1%	NM	NM	NM	NM
<i>% of Sales</i>	NM	NM	2.8%	9%	32%	62%	62%	62%	59%	60%	62%	62%	NM	4%	55%	61%
OUS GlamSmile	\$58	\$162	\$290	\$367	\$450	\$550	\$821	\$881	\$990	\$1,018	\$1,026	\$1,075	\$40	\$878	\$2,702	\$4,108
<i>Yr / Yr Grth</i>					674%	239%	183%	140%	120%	85%	25%	22%	-10%	2088%	208%	52%
<i>QoQ Grth</i>	152%	179%	79%	26%	23%	22%	49%	7%	12%	3%	1%	5%	NM	NM	NM	NM
<i>% of Sales</i>	5%	15%	14%	12%	12%	20%	17%	19%	20%	20%	19%	20%	100%	12%	17%	20%
Professional Sales	\$58	\$162	\$350	\$623	\$1,601	\$2,279	\$3,826	\$3,825	\$3,868	\$4,043	\$4,332	\$4,401	\$40	\$1,194	\$11,531	\$16,644
<i>Yr / Yr Grth</i>	5009%	2675%	3372%	2604%	2654%	1306%	992%	514%	142%	77%	13%	15%	-10%	2876%	866%	44%
<i>QoQ Grth</i>	152%	179%	116%	78%	157%	42%	68%	0%	1%	5%	7%	2%	NM	NM	NM	NM
<i>% of Sales</i>	5%	15%	16%	21%	44%	82%	79%	81%	79%	80%	81%	82%	100%	16%	72%	81%
OTC Sales	\$792	\$598	\$1,696	\$2,266	\$1,944	\$492	\$1,017	\$906	\$1,030	\$984	\$1,017	\$997	\$5,251	\$5,352	\$4,360	\$4,029
<i>Yr / Yr Grth</i>	-6%	-75%	96%	99%	145%	-18%	-40%	-60%	-47%	100%	0%	10%	-10%	2%	-19%	-8%
<i>QoQ Grth</i>	-30%	-24%	183%	34%	-14%	-75%	107%	-11%	14%	-4%	3%	-2%	NM	NM	NM	NM
<i>% of Sales</i>	62%	55%	79%	76%	53%	18%	21%	19%	21%	20%	19%	18%	100%	72%	27%	19%
Other Professional Sales	\$419	\$336	\$91	\$90	\$90	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,065	\$936	\$90	\$0
<i>Yr / Yr Grth</i>	-35%	-33%	-79%	-81%	-79%	NM	NM	NM	NM	NM	NM	NM	-10%	-55%	-90%	-100%
<i>QoQ Grth</i>	-11%	-20%	-73%	-1%	0%	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
<i>% of Sales</i>	33%	31%	4%	3%	2%	0%	0%	0%	0%	0%	0%	0%	100%	13%	1%	0%

Source: Company Reports and ROTH Capital Partners Estimates

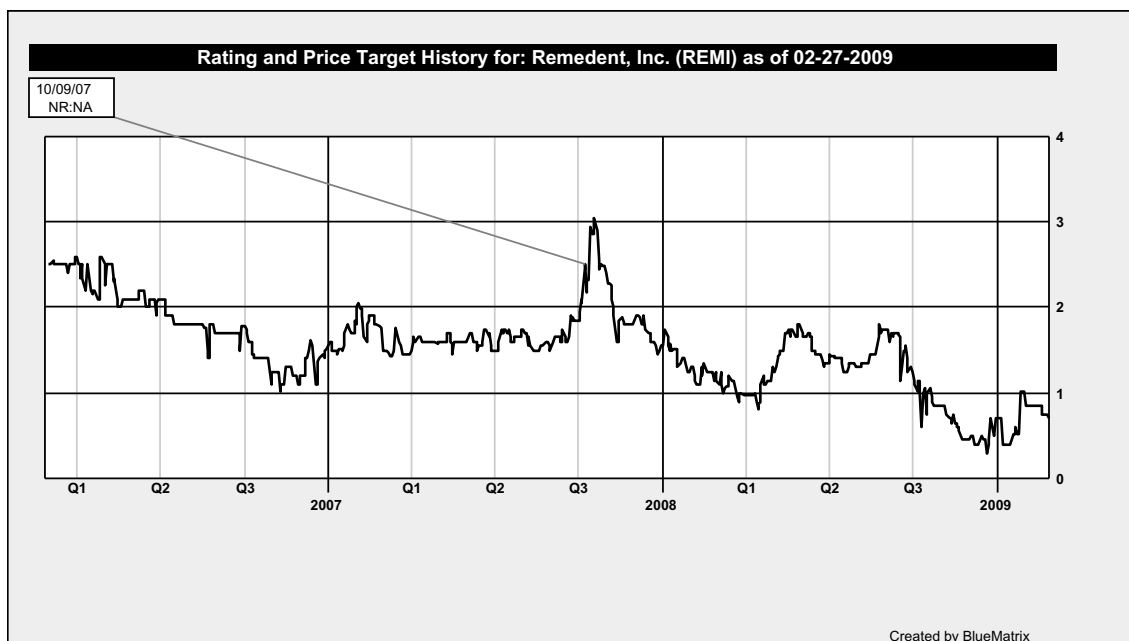
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Disclosures:

ROTH makes a market in shares of Remedent, Inc. and as such, buys and sells from customers on a principal basis.

Shares of Remedent, Inc. may not be eligible for sale in one or more states.



Each box on the Rating and Price Target History chart above represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first note written during the past three years. **Distribution Ratings/IB Services** shows the number of companies in each rating category from which Roth or an affiliate received compensation for investment banking services in the past 12 month.

Distribution of IB Services Firmwide

Rating	Count	Percent	IB Serv./Past 12 Mos. as of 03/02/09	
			Count	Percent
BUY [B]	126	63.3	11	8.7
HOLD [H]	64	32.2	3	4.7
SELL [S]	2	1.0	0	0
NOT RATED [NR]	6	3.0	0	0

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 security, which at the time the rating is instituted and or reiterated, indicates an expectation of a total return of at least 10% over the next 12 months.

Hold: A security, which at the time the rating is instituted and or reiterated, indicates an expectation of a total return between negative 10% and 10% over the next 12 months.

Sell: A security, which at the time the rating is instituted and or reiterated, indicates an expectation that the price will depreciate by more than 10% over the next 12 months.

Not Rated: A security which at the time the rating is instituted and or reiterated, indicates that we have no opinion or expectations as to the price of the security over the next 12 months.

Not Covered (NC): ROTH does not publish research or have an opinion about this security.

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