

FOREVERGREEN WORLDWIDE CORPORATION

Breakout Q1 Results, Higher Guidance Leads to Higher Target Price

Rob Goldman
rob@goldmanresearch.com

May 16, 2014

FOREVERGREEN WORLDWIDE CORPORATION (OTC:QB – FVRG - \$1.54)

New Price Target: \$3.80

Rating: Speculative Buy

COMPANY SNAPSHOT

ForeverGreen Worldwide Corporation develops, manufactures and distributes an expansive line of all natural whole foods and products to North America, Australia, Europe, Asia, South America and Africa. Offerings include their new global offering, PowerStrips. Additionally, they offer Azul and FrequenSea™ whole-food beverages with industry exclusive Marine Phytoplankton, Versativa line of hemp-based whole-food products, A.I.M. Transfer Factor immune support, 03World™ weight management products, Pulse-8 powdered L-arginine formula, TRUessence™ Essential Oils and Apothecary, 24Karat Chocolate®, and an entire catalogue of meals, snacks, household cleaners and personal care products.

KEY STATISTICS

Price as of 5/14/13	\$1.54
52 Week High – Low	\$2.00 – 0.15
Est. Shares Outstanding	20.6 M
Market Capitalization	\$31.3M
3 Mo Avg Vol	55,000
Exchange	OTC:QB

COMPANY INFORMATION

ForeverGreen Worldwide Corporation
972 North 1430 West
Orem UT 84057
801.655.5500
<http://www.ForeverGreen.org>
IR: Craig Smith
craig@forevergreen.org

INVESTMENT HIGHLIGHTS

Higher Price Target: On the heels of a strong breakout 1Q14 and higher financial guidance for 2014, we are raising our price target on ForeverGreen's shares to \$3.80 from \$3.00.

Substantially Raising 2014 Estimates: A strong Q1, higher Q2 guidance and new products that are establishing remarkable sales traction prompt us to substantially raise our revenue projection for 2014 to \$54M from \$36M and net income by 48% as well. Our new EPS forecast is \$0.19 versus \$0.01 last year and \$0.15 previously, yet with 25% rise in the number of shares outstanding.

Sales Growth is Accelerating: Not only is the Company hitting on all cylinders but the rate of top-line growth is accelerating and revenue for the first half of 2014 should easily beat sales recorded for the entire year 2013, aided in part by key changes in infrastructure. These changes have resulted in strong distributor retention and greater cross-selling opportunities.

Strips are Driving Sales: ForeverGreen is enjoying broad adoption of its *PowerStrips*, a FDA-listed Class 1 Medical Device offering to treat pain and the recently introduced *SolarStrips*. *SolarStrips* are an oral, dissolving breath strip containing the same nutrients as the flagship *FrequenSea*.

Stock is Incredibly Undervalued: With a presence in 166 countries, FVRG has a remarkable reach. The stock is up 50% from our original recommendation and is still incredibly cheap, trading less than 8x FY14E EPS forecast despite its 30% income growth rate. Even at our target price of \$3.80, the shares would trade at a reasonable 20x 2014 EPS, which could prove to be conservative given FVRG's propensity to continually raise guidance. We continue to rate these shares Speculative Buy.

THE VIEW FROM 30,000 FEET

PowerStrips

There is no mistaking the fact that the Company is enjoying enviable hockey stick-type growth. While the rest of the market has not yet caught on, it is just a matter of time until this occurs. Perhaps it will happen in conjunction with the migration of the stock to a senior exchange such as NASDAQ in the coming quarters. In the meantime, the Company seems primed to double its distributor force and continually exceed its top-line projections due to the immense popularity of key products such as *PowerStrips* and *SolarStrips*.

As we noted earlier this year, direct marketing firms tend to sell a broad line of products as part of their business models, in the hope of developing a signature personal care product with brand recognition with which to take revenue to a whole new level. Utah-based ForeverGreen Worldwide, Corp. may have found this highly efficacious signature product with its *PowerStrips* line, which along with its FG Xpress segment, was pre-launched a year ago. Given the broad popularity and impressive sales growth during the pre-launch phase last year, the product is now widely available across the globe.

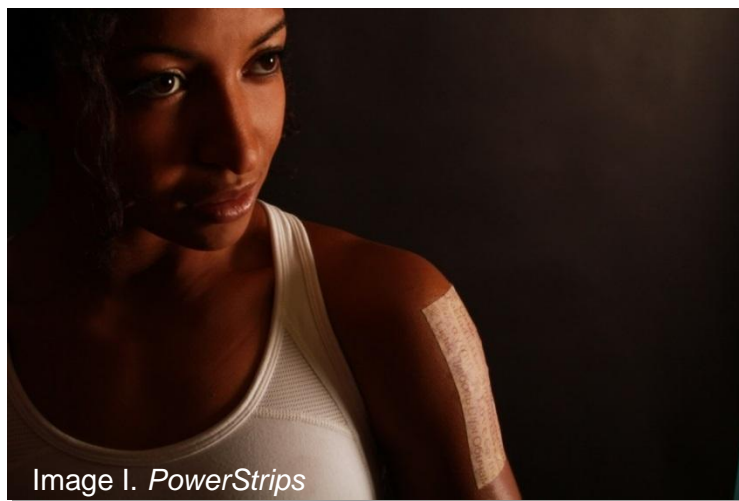


Image 1. *PowerStrips*

Source: www.ForeverGreen.org

In anticipation of the full-scale launch, the company recently added powerful industry leaders to the executive team which not only helps validate the uniqueness of the FDA-listed Class 1 Medical Device, but has substantially aided in enhancing the visibility, distribution and global footprint of the product. If broad adoption and sales of *PowerStrips* continue on their current path, this offering could put ForeverGreen in the top tier of the direct marketing arena.

PowerStrips combine a proprietary blend of ancient herbs, minerals and elements into a patented and proprietary effortless product that is applied topically. Once applied, the technology uses muscle and tissue to activate and boost energy simultaneously in areas of pain and discomfort and at a cellular level, bringing rejuvenation to the body. With 1.5 billion people suffering from chronic pain, this product is a potential game changer as it has a Class 1 medical device listing by the FDA, which is a huge differentiator in the market as compared to other, similar products sold today.

FOREVERGREEN WORLDWIDE (OTCQB - FVRG)

Designed for use every 2 days, each topically applied *PowerStrip* has two layers. The outer layer contains elemental Germanium. The inner or adhesive layer contains a proprietary blend of: Fermented Korean Red Ginseng, Silver and (Alpha-c CMPTM) Marine Phytoplankton. The unique ginseng contains Saponin which is an herb that is not consumed orally due to certain properties that in tests have not assimilated well through oral consumption despite its healing properties. Although specific efficacy data is limited, this herb has demonstrated to be effective in topical form. Testimonials from users of all ages are diverse and very positive. Given that sales of *PowerStrips* alone approached \$12 million in 2013 during the pre-launch phase, it is easy to see why sales are expected to escalate substantially in 2014.

SolarStrips

One of the key ingredients that differentiate the Company from other firms producing and promoting healthy wellness products is its use of Unique Sea Farm's (USF) patent pending Alpha 3 CMP™ Open cell Marine Phytoplankton. Condensed Marine Phytoplankton is a unique nutrient-rich blend of marine phytoplankton harvested from the pristine temperate coastal waters of the Pacific Northwest. What makes these temperate waters an exceptional cauldron of life is the way in which ocean tides interact with fresh water, creating turbulence that draws even more deep water nutrients, supporting a diverse array of marine phytoplankton species. - *National Geographic, August, 2006.*

The proprietary patent pending process harvests natural seawater, capturing the marine phytoplankton in million-liter tanks. This is the only known product to take natural marine phytoplankton communities containing a complete suite of marine trace elements in proportion to those found naturally in human tissue.



Image II. *SolarStrip*

Source: ForeverGreen Worldwide

SolarStrips contain 37.5mg of concentrated Alpha 3 CMP™ Open cell Marine Phytoplankton, the same ingredients used in the sale of the Company's flagship wellness beverage, *FrequenSea*. However, instead of being delivered in liquid form, *SolarStrips*, a breath strip, dissolves on your tongue. Only recently made available, the increasingly popular single pack contains 30 strips.



FOREVERGREEN WORLDWIDE (OTCQB - FVRG)

RECENT EVENTS

On May 15th, the Company released strong 1Q14 financial results. Revenue of \$10.5M was nearly 4x greater than the \$2.7M recorded in 1Q13 and generated net income of \$181,000 versus a loss of \$211,000. EPS of \$0.01 compares with a loss per share of **(\$0.01)**. We should note that the shares outstanding for the period increased by 25% from Q4, reflecting the sale of stock to distributors.

Plus, the Company recently provided revenue guidance for 2Q14 of \$13-15M. Just like Q1, sales will be driven by *PowerStrips* and *SolarStrips* sales. We should note that with this new guidance, management expects sales for the first half of the year to be \$23-25M. Moreover, management announced revenue guidance for the year of \$41 - \$50M. This contrasts with our original full year revenue expectation of \$36M and we believe is too conservative, considering the current revenue run-rate. After all, we deem it unlikely that the Company will experience a sequential decline in quarterly sales. Therefore, our new projections call for sales of \$54M and net income of \$3.8M. These new figures compare with \$17.8M and \$119,000, respectively. EPS is now forecast to jump to \$0.19 from \$0.01 in 2013, despite a 25% increase in shares outstanding.

VALUATION AND CONCLUSION

While the rest of the small cap and micro cap markets are a minefield, ForeverGreen management has consistently raised the bar for itself, raising guidance three times in recent months, including a new forecast for 2Q14 revenue that is projected to be more than triple that of 2Q13. With this backdrop, we are substantially increasing our financial forecasts for 2014 and raising our price target to \$3.80 from \$3.00.

Not only is the Company hitting on all cylinders but the rate of top-line growth is accelerating and revenue for the first half of 2014 should easily sales recorded for the entire year in 2013, aided in part by solid changes in infrastructure. These changes have resulted in strong distributor retention and greater cross-selling opportunities. With a presence in 166 countries, FVRG has a remarkable reach. The stock is up 50% from our original recommendation and is still incredibly cheap, trading less than 8x FY14E EPS despite the 30% income growth rate. Even at our target price of \$3.80, the shares would trade at a reasonable 20x 2014 EPS, which could prove to be conservative given FVRG's propensity to continually raise guidance. We continue to rate these shares Speculative Buy.

FOREVERGREEN WORLDWIDE (OTCQB - FVRG)

FOREVERGREEN WORLDWIDE CORPORATION

Projected Income Statement (\$, in thousands)

	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FYE
	2012	2013	2013	2013	2013	2013	2014A	2014E	2014E	2014E	2014
Revenue	\$12,481	\$2,694	\$4,008	\$4,794	\$6,262	\$17,758	\$10,536	\$13,500	\$14,500	\$15,500	\$54,036
Cost of Revs	\$8,638	\$1,917	\$2,638	\$3,267	(\$3,073)	\$4,749	\$2,559	\$3,173	\$3,379	\$3,565	\$12,675
Gross Profit	\$3,843	\$777	\$1,369	\$1,527	\$9,335	\$13,008	\$7,977	\$10,328	\$11,122	\$11,935	\$41,361
SG&A Expenses	\$3,932	\$835	\$1,276	\$1,226	\$9,095	\$12,432	\$7,610	\$9,180	\$9,860	\$10,540	\$37,190
Other Op Exp.	\$257	\$38	\$0	\$0	\$155	\$193	\$100	\$50	\$50	\$50	\$250
Total Op Exp.	\$4,189	\$873	\$1,276	\$1,226	\$9,250	\$12,625	\$7,710	\$9,230	\$9,910	\$10,590	\$37,440
Operating Inc.	(\$346)	(\$96)	\$93	\$302	\$85	\$384	\$267	\$1,098	\$1,212	\$1,345	\$3,921
Int. Inc (Exp)	(\$448)	(\$116)	(\$93)	(\$196)	(\$68)	(\$473)	(\$75)	(\$20)	(\$20)	(\$20)	(\$135)
Other Inc (Exp)	(\$91)	(\$1)	(\$5)	\$221	(\$9)	\$206	\$11	\$10	\$10	\$10	\$41
Pre-tax Inc	(\$885)	(\$211)	(\$5)	\$327	\$8	\$119	\$181	\$1,088	\$1,202	\$1,335	\$3,827
Net from Cont Ops	(\$885)	(\$211)	(\$5)	\$327	\$8	\$119	\$181	\$1,088	\$1,202	\$1,335	\$3,827
Net Income	(\$885)	(\$211)	(\$5)	\$327	\$8	\$119	\$181	\$1,088	\$1,202	\$1,335	\$3,827
Shares Outstanding	14,936	15,212	15,212	15,550	16,300	15,569	20,241	20,250	20,300	20,350	20,285
Earnings Per Share	(\$0.06)	-\$0.01	\$0.00	\$0.02	\$0.00	\$0.01	\$0.01	\$0.05	\$0.06	\$0.07	\$0.19

FOREVERGREEN WORLDWIDE (OTCQB - FVRG)

RECENT TRADING HISTORY FOR FVRG

(Source: Stockta.com)





FOREVERGREEN WORLDWIDE (OTCQB - FVRG)

Senior Analyst: Robert Goldman

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

Analyst Certification

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

Disclaimer

This *Opportunity Research* report was prepared for informational purposes only. *Goldman Small Cap Research*, (a division of Two Triangle Consulting Group, LLC) produces research via two formats: *Goldman Select Research* and *Goldman Opportunity Research*. The *Select* product reflects the Firm's internally generated stock ideas while the *Opportunity* product reflects sponsored research reports. It is important to note that while we may track performance separately, we utilize the same coverage criteria in determining coverage of all stocks in both research formats. While stocks in the *Opportunity* format may have a higher risk profile, they typically offer greater upside as well. Since the initiation of coverage in December 2013, *Goldman Small Cap Research* has been compensated by the Company in the amount of \$6,000 for a research subscription service and by a third party in the amount of \$3500. All information contained in this report was provided by the Company via filings, press releases, presentations, and our own due diligence. Our analysts are responsible only to the public, and are paid in advance to eliminate pecuniary interests, retain editorial control, and ensure independence. Analysts are compensated on a per report basis and not on the basis of his/her recommendations.

Goldman Small Cap Research is not affiliated in any way with Goldman Sachs & Co.

The information used and statements of fact made have been obtained from sources considered reliable but we neither guarantee nor represent the completeness or accuracy. *Goldman Small Cap Research* did not make an independent investigation or inquiry as to the accuracy of any information provided by the Company, or other firms. *Goldman Small Cap Research* relied solely upon information provided by the Company through its filings, press releases, presentations, and through its own internal due diligence for accuracy and completeness. Such information and the opinions expressed are subject to change without notice. A *Goldman Small Cap Research* report or note is not intended as an offering, recommendation, or a solicitation of an offer to buy or sell the securities mentioned or discussed.

This report does not take into account the investment objectives, financial situation, or particular needs of any particular person. This report does not provide all information material to an investor's decision about whether or not to make any investment. Any discussion of risks in this presentation is not a disclosure of all risks or a complete discussion of the risks mentioned. Neither *Goldman Small Cap Research*, nor its parent, is registered



FOREVERGREEN WORLDWIDE (OTCQB - FVRG)

as a securities broker-dealer or an investment adviser with FINRA, the U.S. Securities and Exchange Commission or with any state securities regulatory authority.

ALL INFORMATION IN THIS REPORT IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESSED OR IMPLIED, OR REPRESENTATIONS OF ANY KIND. TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, *TWO TRIANGLE CONSULTING GROUP, LLC* WILL NOT BE LIABLE FOR THE QUALITY, ACCURACY, COMPLETENESS, RELIABILITY OR TIMELINESS OF THIS INFORMATION, OR FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT MAY ARISE OUT OF THE USE OF THIS INFORMATION BY YOU OR ANYONE ELSE (INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, LOSS OF OPPORTUNITIES, TRADING LOSSES, AND DAMAGES THAT MAY RESULT FROM ANY INACCURACY OR INCOMPLETENESS OF THIS INFORMATION). TO THE FULLEST EXTENT PERMITTED BY LAW, *TWO TRIANGLE CONSULTING GROUP, LLC* WILL NOT BE LIABLE TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY, OR OTHER THEORY WITH RESPECT TO THIS PRESENTATION OF INFORMATION.

For more information, visit our Disclaimer: www.goldmanresearch.com