

FORCEFIELD ENERGY, INC.

Stock Breaks through \$7 Target; New \$10 Target Price

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FORCEFIELD ENERGY, INC. (NASDAQ – FNRG - \$7.48)

Price Target: \$10

Rating: Speculative Buy

COMPANY SNAPSHOT

ForceField Energy Inc. and its subsidiaries comprise a global company whose products and solutions focus on sustainable energy solutions and improved energy efficiency. ForceField is a distributor of LED and other lighting products for a number of premier LED lighting manufacturers; and through its award-winning subsidiaries, American Lighting and ESCO, have completed lighting installations and retrofits as well as energy efficiency upgrades, for numerous high profile concerns in a variety of industries.

KEY STATISTICS

Price as of 2/27/15	\$7.48
52 Week High – Low	\$7.49 - \$4.44
Est. Shares Outstanding	18.1M
Market Capitalization	\$135.4M
3 Mo Avg. Vol.	56,000
Exchange	NASDAQ

COMPANY INFORMATION

ForceField Energy, Inc.

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KEY TAKEAWAYS

The Bottom Line: In recent trading sessions, FNRG's stock has strongly broken through our previous \$7.00 price target and is up 25% since our last update dated September 12, 2014. While the strength of the stock is based upon very favorable fundamentals and operating developments, the stock's technical attributes are also very bullish. The recent gains to new 52-week highs have occurred via steady and increasing volume. Moreover, we do not believe the stock will have much resistance as it approaches its all-time high of around \$8.18 and we believe that breaking through that level, along with continued positive business developments, will serve as catalysts to drive the stock to our new target price of \$10.

FNRG offers a business model that is dynamic and a valuation that is attractive. A true, diversified green energy provider, FNRG's recently acquired subsidiaries enable the Company to serve as distributors, installers, and managers of large scale LED lighting projects for Fortune 500 companies. Since FNRG does not produce its own products, it can offer best of class solutions and not be subject to current and potential gross margin deterioration of a commoditized product like LED lights, that may plague other companies. Moreover, its "No Money Down" project financing approach has already garnered sizable deals and a hit list of over \$100M worth of potential projects in its pipeline, via active bids. This clever model typically fosters greater than industry standard top-line growth, thus justifying a future market cap that could approach \$200M in the next 12-18 months.

Recent Deals Help Fuel Value Rise

Over the last few weeks, ForceField Energy's ESCO subsidiary has announced key events in Connecticut and Massachusetts that serve as a great baseline for future business.

For example, the Company's ESCO subsidiary has entered into letter of intent agreements for two LED street light conversion projects as part of its previously announced selection to participate in the Connecticut Conference of Municipalities ("CCM") municipal "Street Light LED Conversion Program." The installation of the projects in Plainville, CT and Cromwell, CT, is worth an estimated value \$1 million+, and is expected to be completed by Q3 2015. The initial installations in both towns will include the conversion of more than 2,600 street light fixtures with an estimated annual savings of approximately \$225,000. ESCO is also currently in active discussions with more than 20 communities which make up CCM's 153 member-communities; and currently estimates the revenue generation potential of streetlight projects to be between \$25 and \$30 million which will be recognized over a three-to-five year period.

As we have noted in previous reports and updates, the primary industry driver of the conversion to LED lights is the substantial projected operating savings provided to operators, as compared with existing lighting solutions. These catalysts are further driven by increased state and federal initiatives such as the *President's Challenge for Advanced Outdoor Lighting* and the DOE's *Better Building Program*. Therefore, FNRG remains at the forefront of what are the early innings of a multi-billion dollar market opportunity that is enjoying a migration to switch to high efficiency lighting for street lights and other outdoor applications, with hockey stick-type growth expected over the 2-3 years. Moreover, ESCO's innovative, turn-key Municipal LED Street Light Conversion Program, ensures that FNRG is a candidate for large scale, high profile installations, since it is typically structured with no initial capital outlay required and is completely paid from the savings generated by the conversion thus generating immediate positive cash flow to the municipality.

ESCO has also been designated as a Prime Certified Energy Efficiency Contractor by the [State of Massachusetts Division of Capital Asset Management & Maintenance](#) ("DCAMM"). As a Prime Energy Efficiency Contractor, ESCO can now serve as a lead bidder in undertaking larger (in excess of \$100,000) projects. In addition, ESCO will now have direct access to DCAMM's bid system with automatic notifications of impending opportunities. Prior to being designated as a Prime Contractor, ESCO had already contracted with DCAMM for more than \$1.5 million in comprehensive energy savings solutions across a wide range of facilities.

Conclusion

In our view, the latest trading activity is just the beginning for these shares as the Street wished to see the fruits of FNRG's labors via new contracts from businesses acquired in 2014. Considering ESCO has a history of \$10M in revenue and over \$1M in EBITDA and American Lighting has an enviable customer base through its 28 years in business, FNRG is primed to take leverage these subsidiaries' operational strengths, and geography to become a dominant force in the multi-billion dollar industry. Plus, the Company's financing model and synergistic relationships with companies like Noveda for its LED Lighting Management Systems,

and FNRG's \$100M+ in active bids should make for a banner revenue year for the Company as it takes a big bite out of the market.

Recent Trading History For FORCEFIELD ENERGY, INC.

(Source: www.StockCharts.com)



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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

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