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**Cornerstone On Demand, Inc.**  
**CSOD - \$35.00 – NasdaqGS**

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**Recommendation: Close Out Short Position****Reasons For Closing Short Sale Recommendation**

- 1<sup>st</sup> Sell Short recommendation: April 29, 2016 @ \$34.35 Loss \$0.65, -1.9%
- 2<sup>nd</sup> Sell Short recommendation: May 10, 2016 @ \$36.50 Profit \$1.50, +4.1%
- 3<sup>rd</sup> Sell Short recommendation: Feb 22, 2017 @ \$44.20 **Profit \$9.20, +20.8%**
- 4<sup>th</sup> Sell Short recommendation: July 16, 2017 @ \$38.37 Profit \$3.37 +8.8%
- Vs S&P 500 +30%**

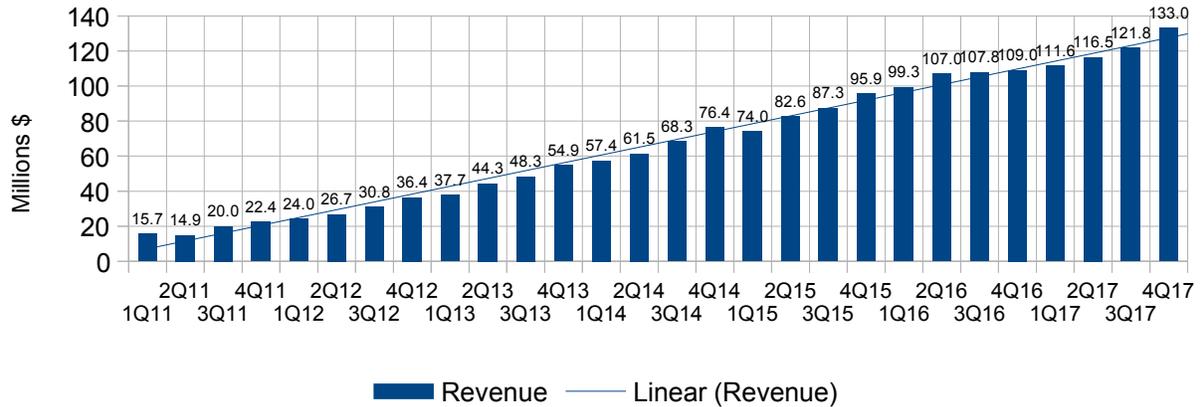
We have a profit on three out of four of our short sell recommendations on Cornerstone On Demand. **Since our first short sell recommendation on April 29, 2016, the S&P 500 is up 30%.**

The company now has 33.5 million users but lost \$12.1 million, or -\$0.26 per share on a GAAP basis. If you can't make a profit with 33.5 million users, when will you ever? The answer is simple, just report Non-GAAP numbers, and magically the \$14.9 million loss becomes a profit of 12 cents per share. So with 33.5 million users they can make 12 cents if they ignore lots of items, great! Revenue growth as we predicted collapsed from 80 percent to an all time low of 9 percent in 2Q17 and 13% in Q3.

Somehow, the market goes along with this charade and values these guys on a non-GAAP basis. Even still the, valuation is ridiculous. Nevertheless, we have a good profit on a short in a bull market that is hitting a new high. We recommend taking the profit. Our holding period ranged from 19 months to 5 months. The stock had rallied from \$34 to \$41 on buyout rumors, but they just announced a \$300 investment from Silver Lake and Linked In. They will use this money to improve the business and buy back stock, sigh! But this means that no buy out is going to occur and the stock has sold back down to \$34-\$35 following the 2017 third quarter earnings. Close out short and take profit.

### CSOD Revenue

2011 To 2017 est.



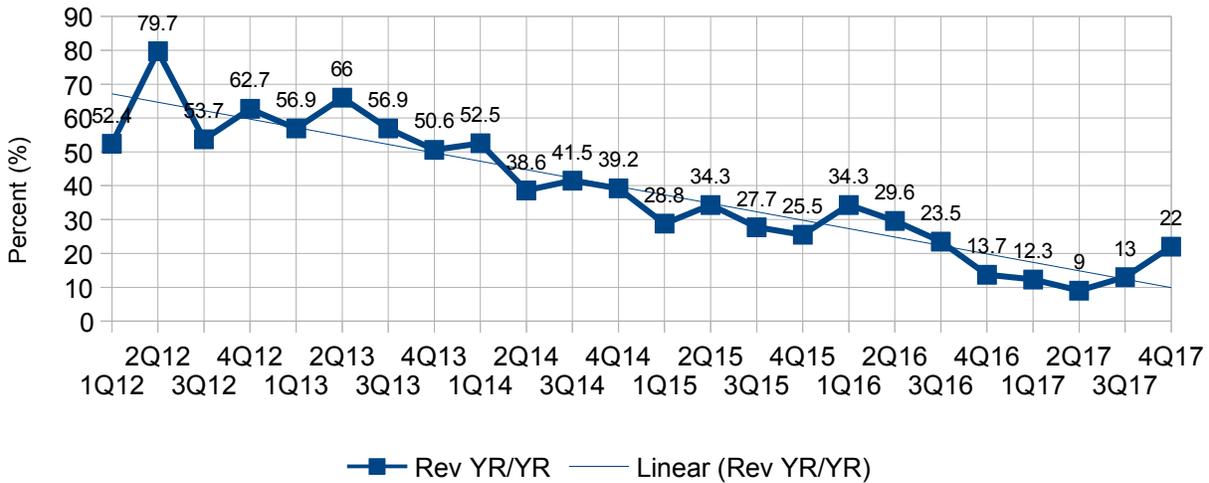
### CSOD Revenue

2011 To 2017 est.



## CSOD YR/YR Revenue Growth

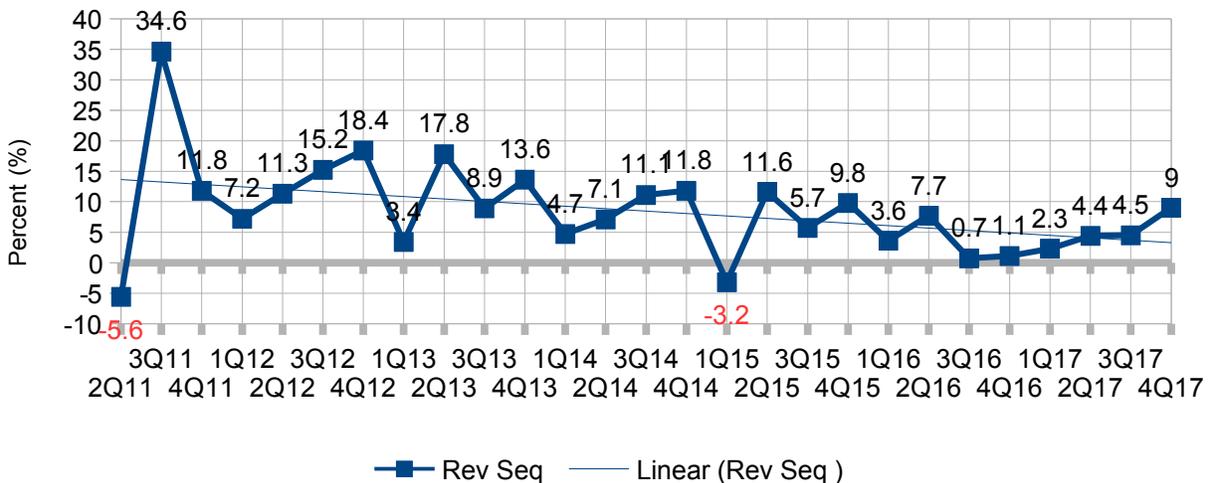
2012 To 2017 est.



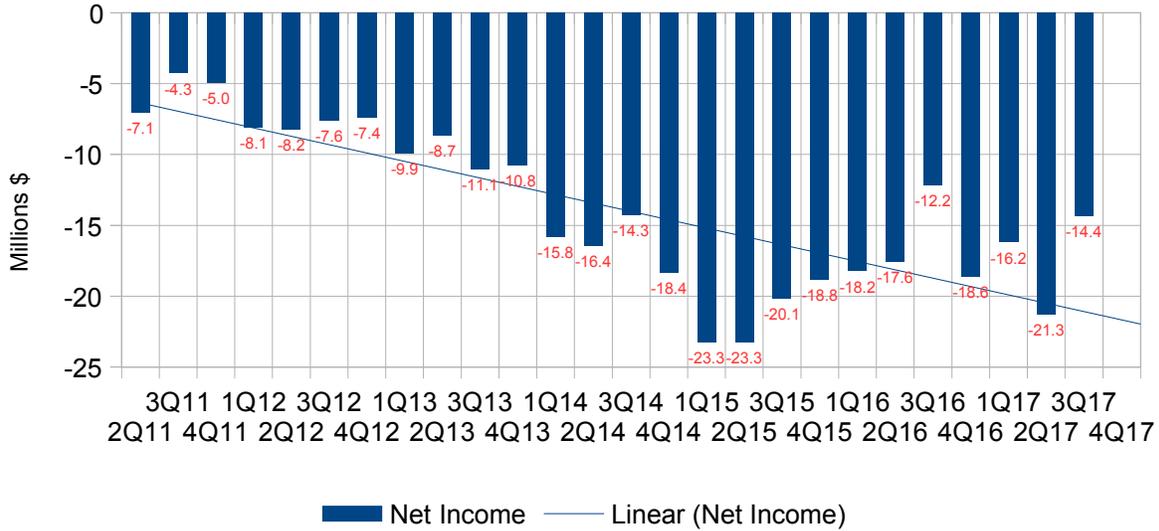
Revenue growth hit an all time low in 2017 second quarter and is ticking back up.

## CSOD Sequential Revenue Growth

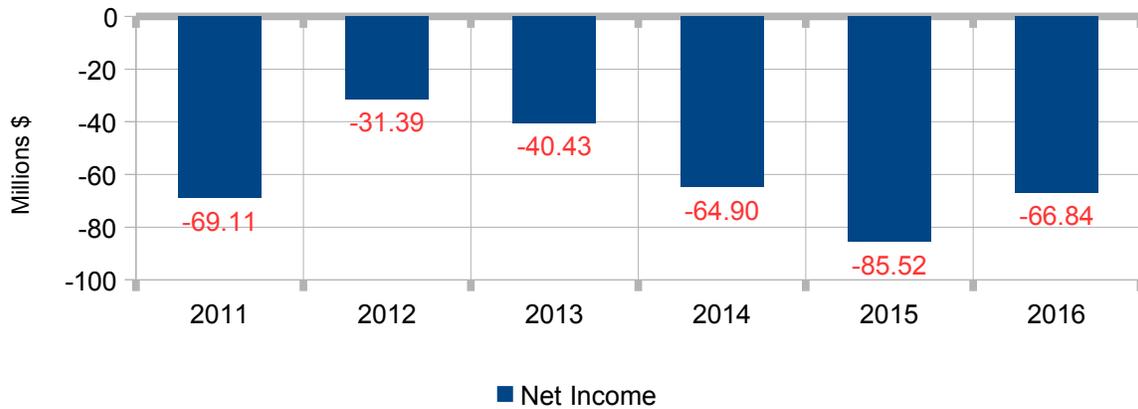
2011 To 2017 est.



CSOD Net Income  
 2011 To 2017

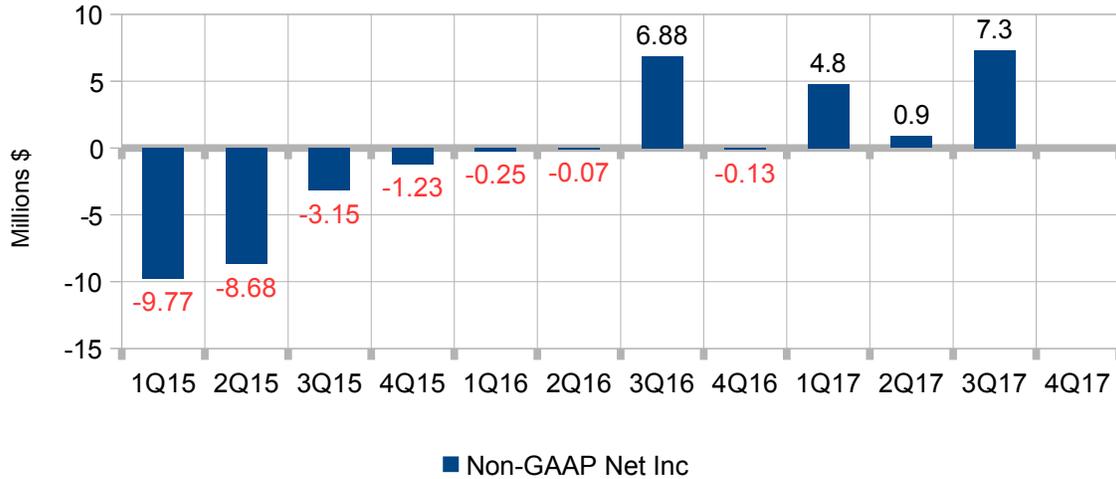


CSOD Net Income  
 2011 To 2016



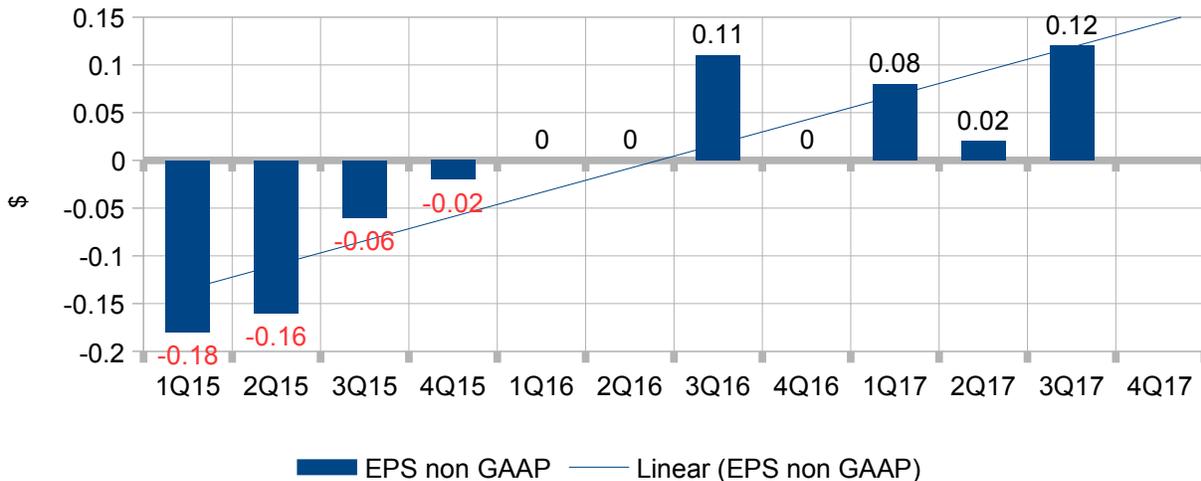
CSOD Non-GAAP Net Income

2015 To 2017



CSOD Non-GAAP EPS

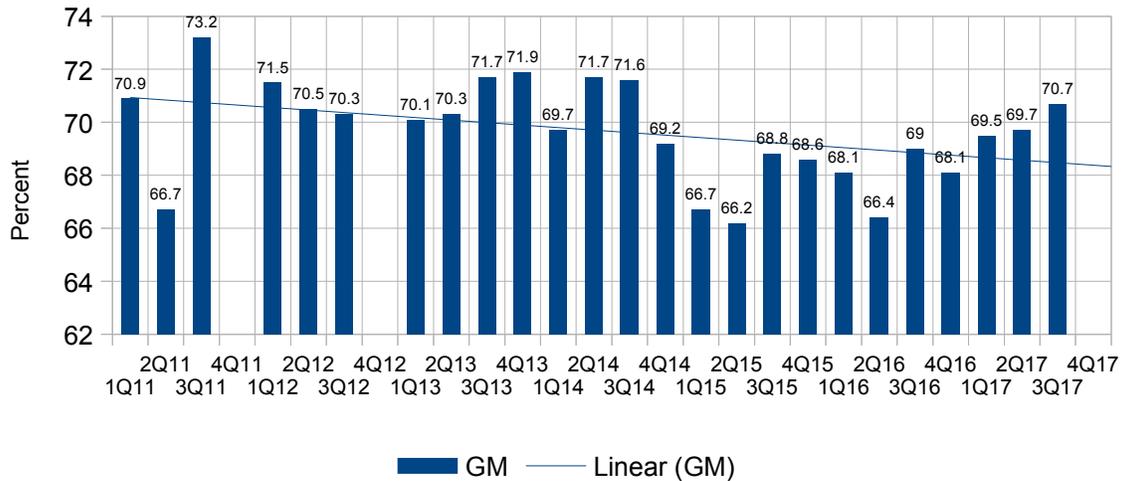
2015 To 2017 est.



CSOD is trading at 90 times Non-GAAP EPS.

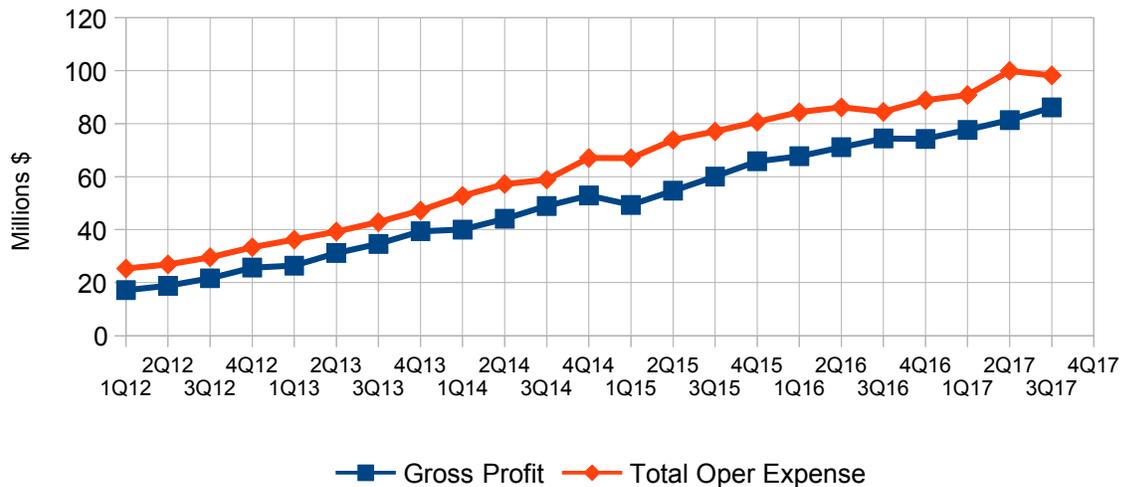
## CSOD Gross Margin

2011 To 2015



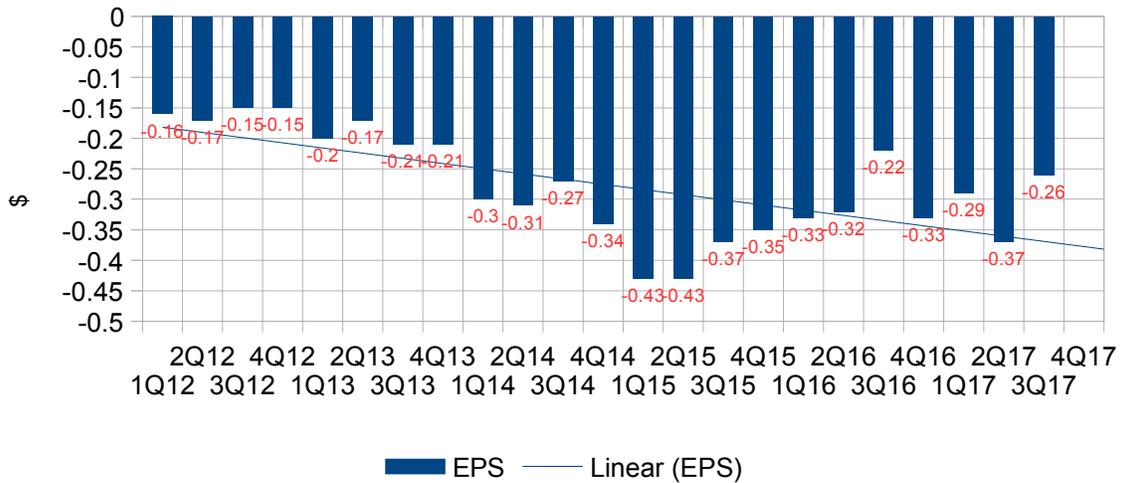
## CSOD Gross Profit Vs Total Operating Expenses

2012 To 2017



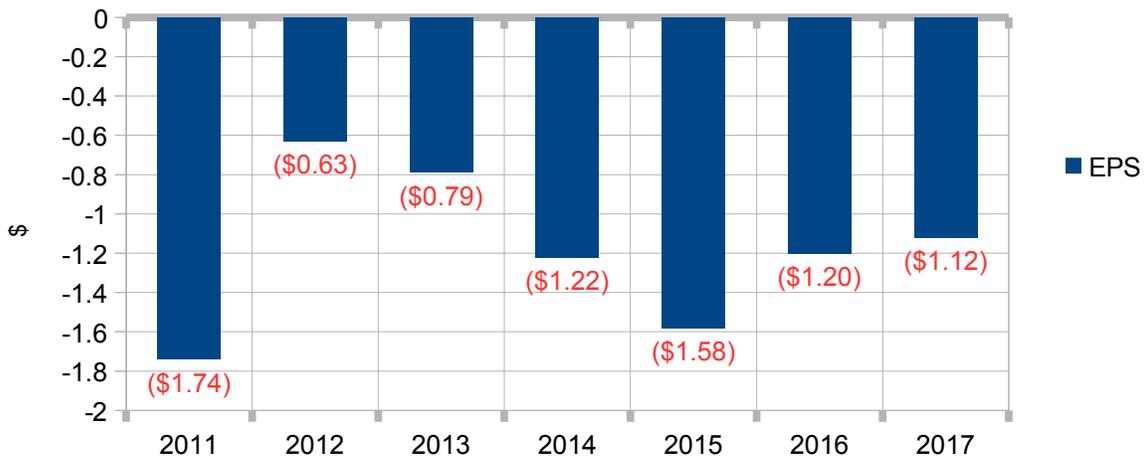
### CSOD GAAP Earnings Per Share

2012 To 2017 est.



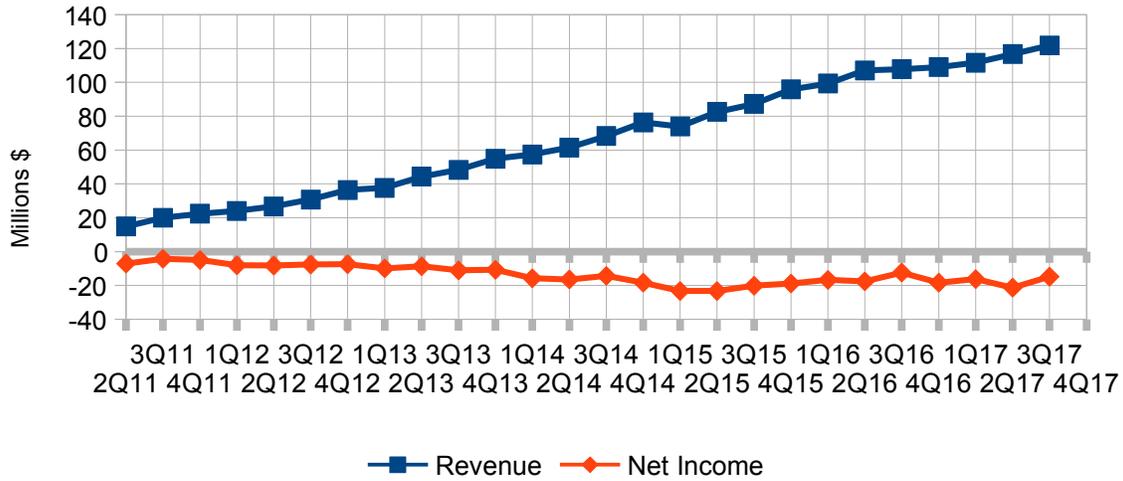
### CSOD Earnings Per Share

2011 To 2017 Est.



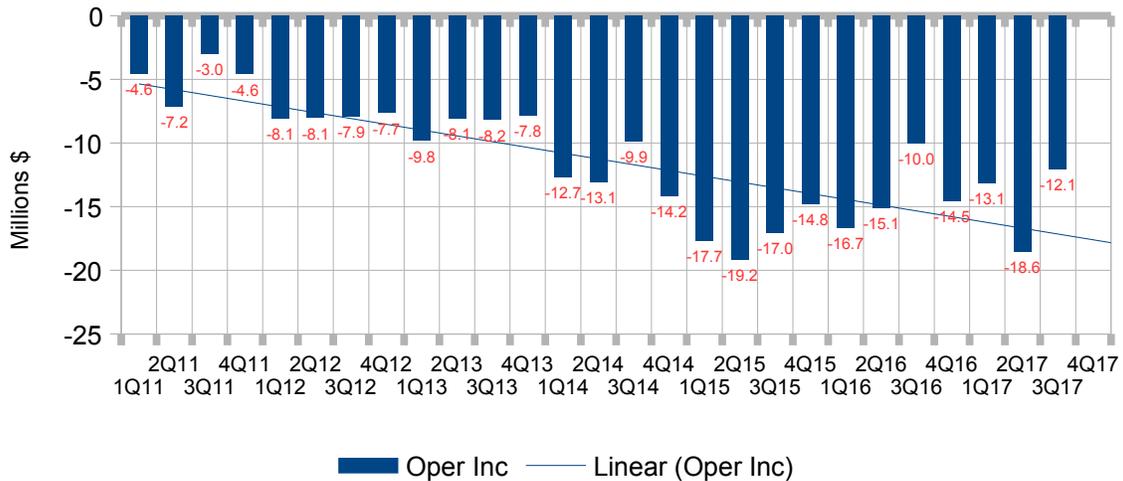
### CSOD Revenue Vs Net Income

June 2011 To March 2017



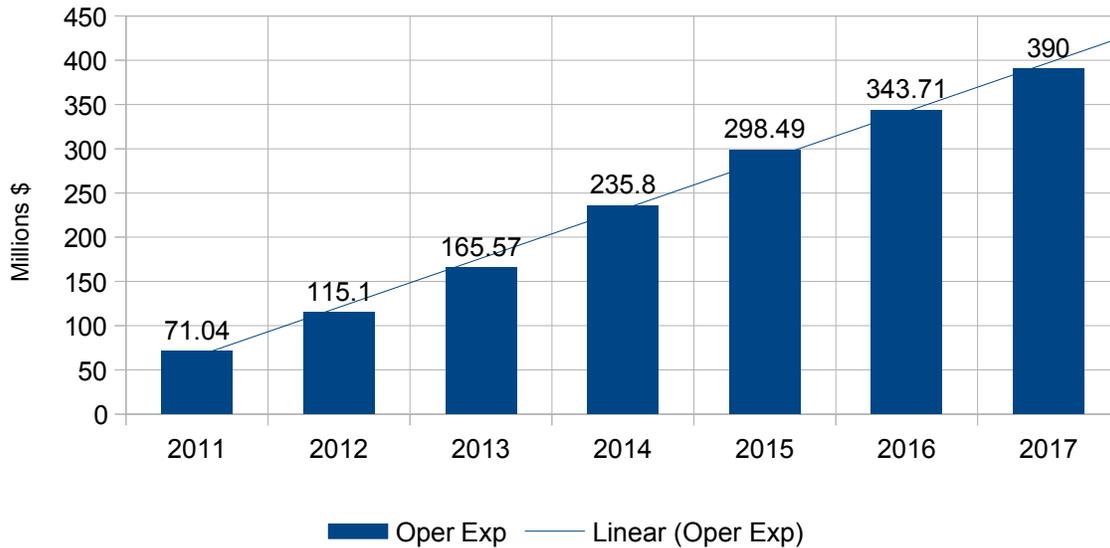
### CSOD Operating Income

March 2011 To March 2017



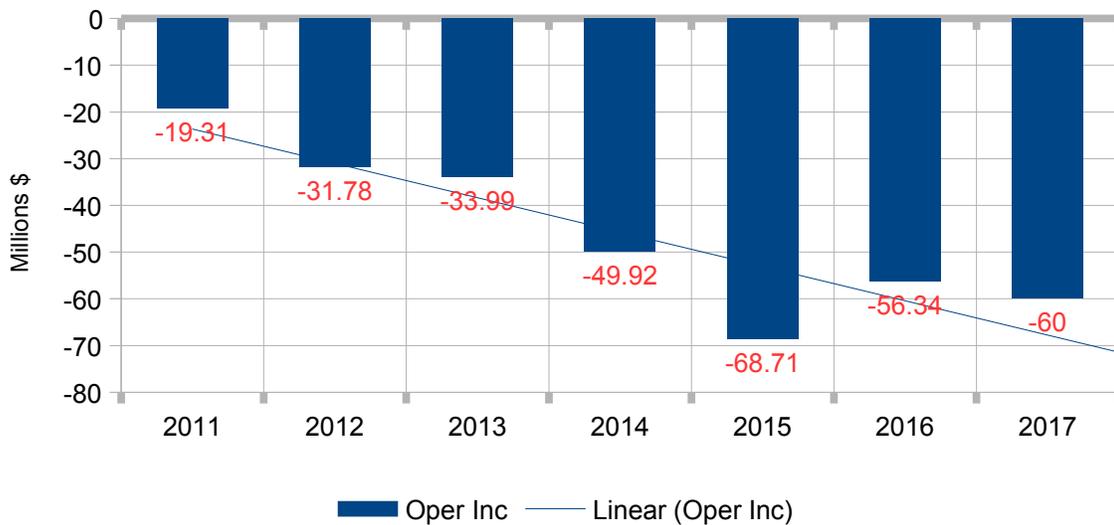
### CSOD Operating Expenses

2011 To 2015



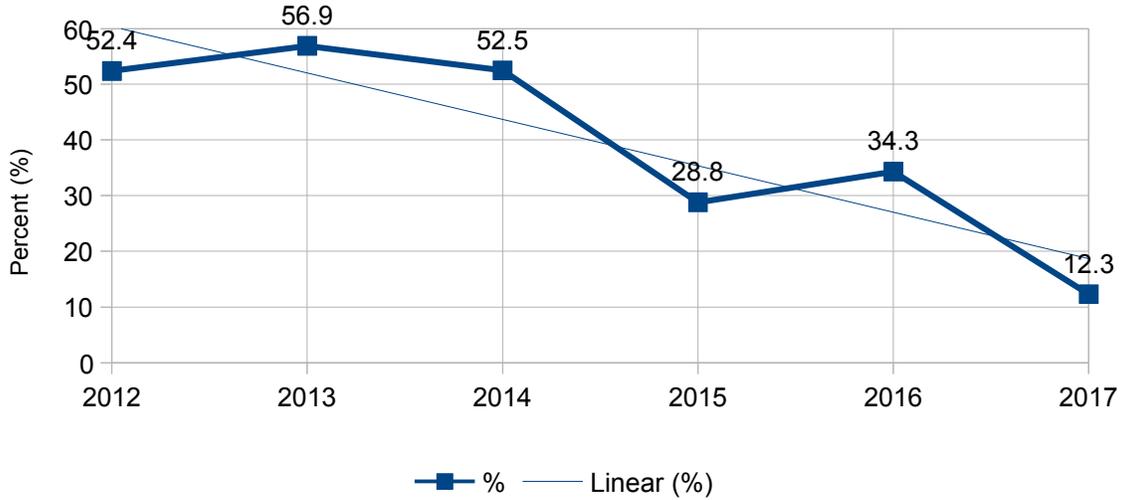
### CSOD Operating Income

2011 To 2015



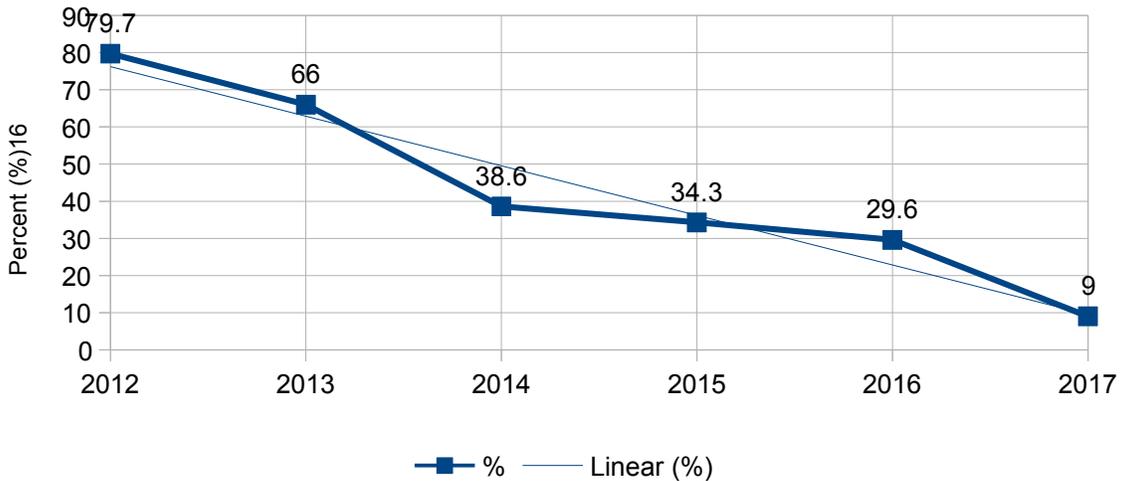
### CSOD 1st Quarter Revenue Growth

2012 to 2017 est.



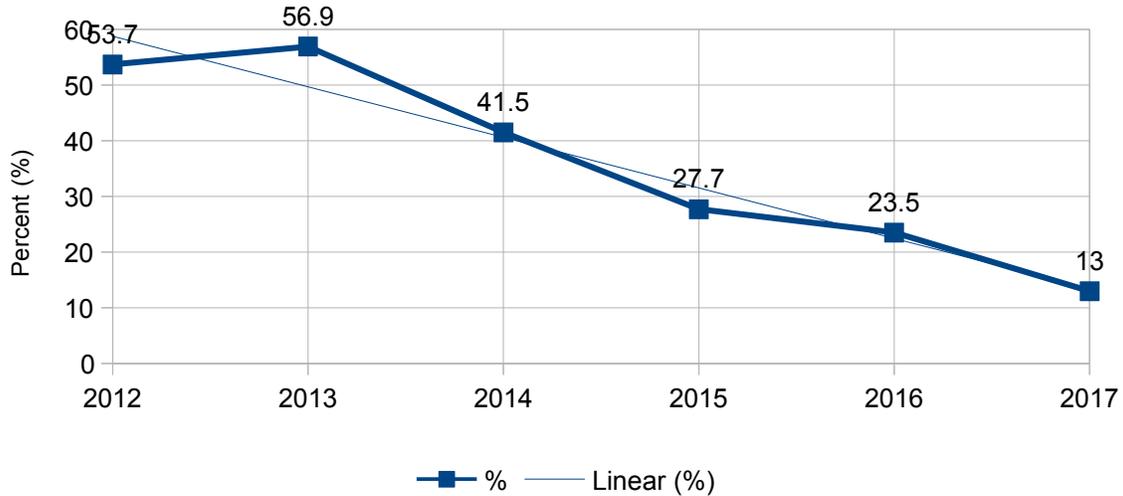
### CSOD 2nd Quarter Revenue Growth

2012 To 2017 est.



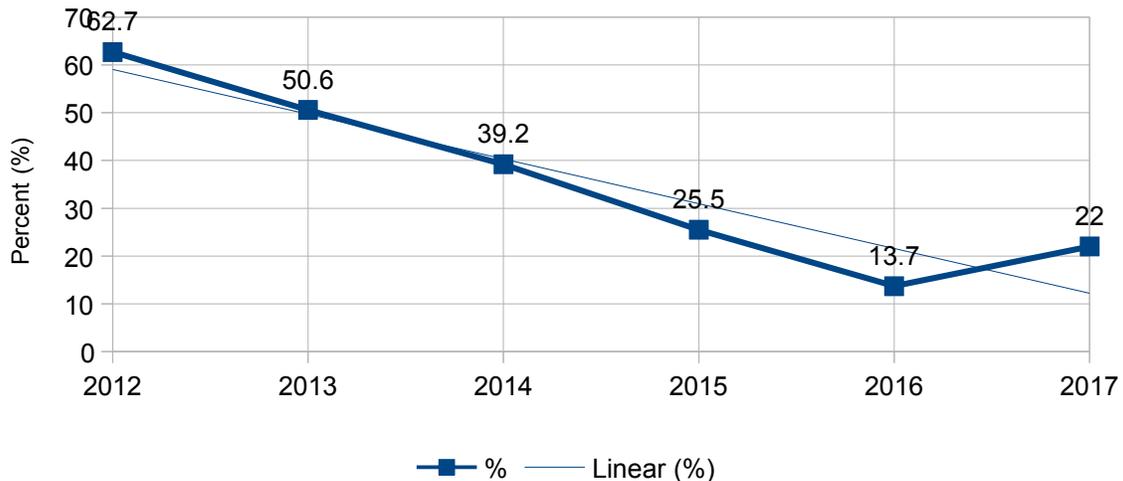
### CSOD 3rd Quarter Revenue Growth

2012 To 2017 est.



### CSOD 4th Quarter Revenue Growth

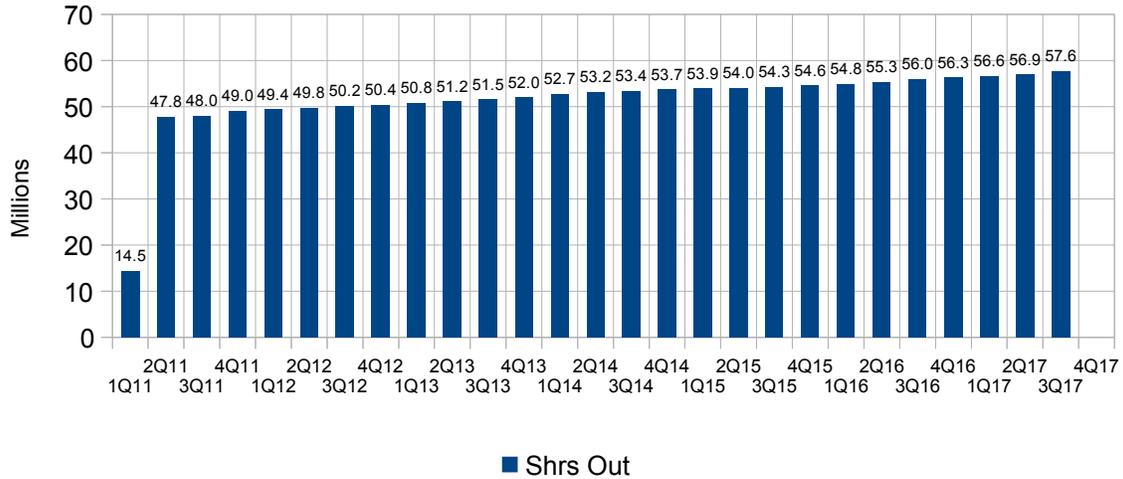
2012 To 2016



2017 fourth quarter revenue growth will finally break the downtrend.

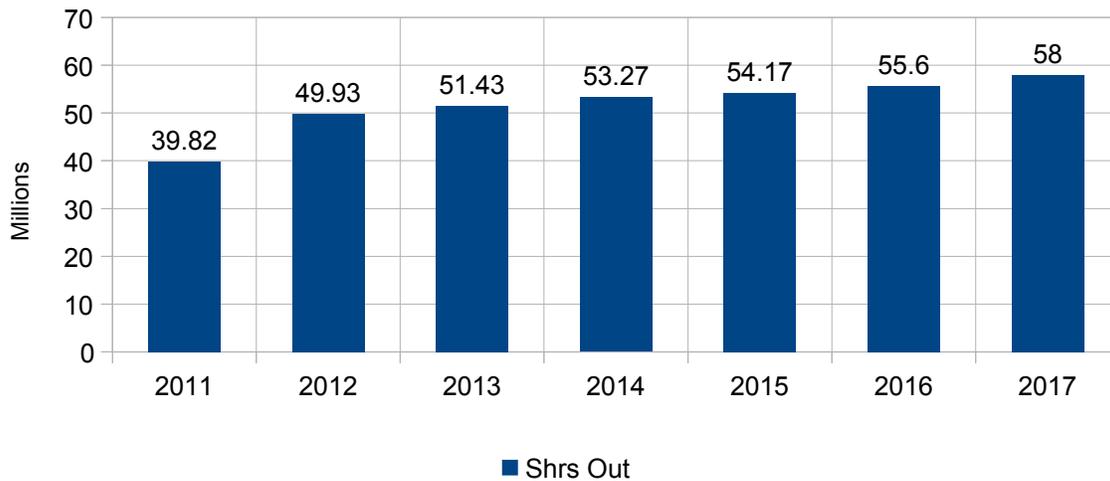
### CSOD Shares Outstanding (FD)

March 2011 To March 2017



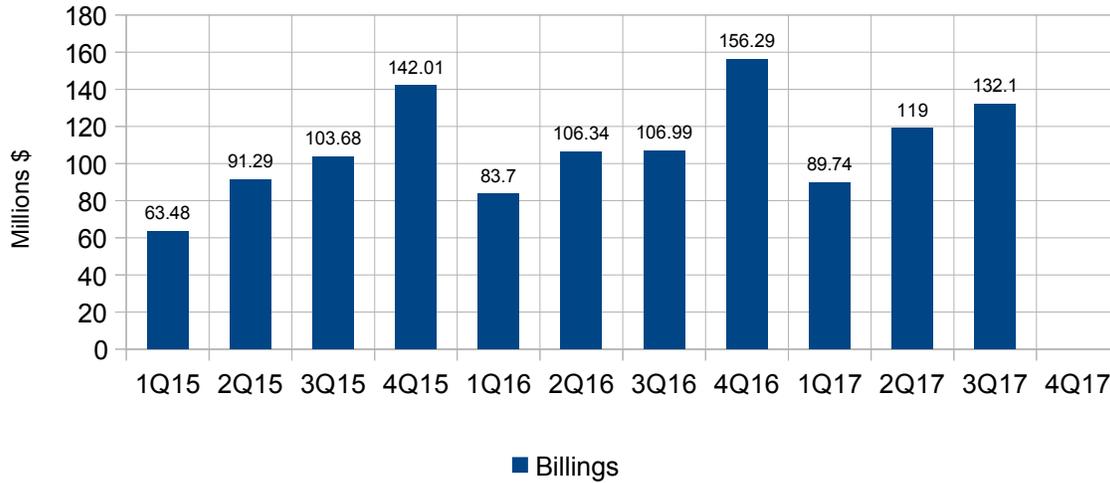
### CSOD Shares Outstanding (FD)

2011 To 2017



### CSOD Billings

2015 To 2017



### CSOD Number of Users

2015 To 2017

