



October 9, 2012

Sidoti Initiates Research Coverage on Newtek Business Services, Inc. with a BUY Rating

NEW YORK, Oct. 9, 2012 /PRNewswire/ -- [Newtek Business Services](#), NASDAQ: NEWT, [The Small Business Authority](#), announced that [Sidoti & Company, LLC](#) initiated research coverage on the Company.

The Sidoti micro-cap universe ratings are based on a proprietary matrix that ranks companies according to five key metrics: Earnings, Cash Flow, Balance Sheet, PEG Valuation and Governance. The five components are ranked from 1-5, with 5 being the highest rating and 1 being the lowest. A sum of individual parameters equal to 18 or higher equate to a BUY rating. In research issued October 8, 2012, [Newtek](#) received a BUY rating after receiving a total sum of 19 (Earnings = 5, Balance Sheet = 1, Cash Flow = 5, Corporate Governance = 3, PEG Valuation = 5). [Sidoti](#) forecasts revenues to increase 3% to \$129.5 million in 2012 and 8% to \$140.2 million in 2013, each from \$125.3 million in 2011. They expect revenue from the Electronic Payment Processing to grow at 10% in 2013 after industry-wide changes to interchange costs on debit card transactions limited its growth in 2012. [Sidoti](#) forecasts the operating margin will improve to 5.6% in 2012 and 7.1% in 2013 from 1.8% in 2011. As a result, they expect EPS to expand to \$0.12 in 2012 and \$0.17 in 2013, each from \$0.10 in 2011.

If you have any questions for Sidoti & Company regarding this research report, you can contact analyst Greg Cole at (212) 542-4003 or gcole@sidoti.com.

About Newtek Business Services, Inc.

[Newtek](#) Business Services, [The Small Business Authority](#), provides the following products and services:

- | **[Electronic Payment Processing](#)**: eCommerce, electronic solutions to accept non-cash payments, including credit and debit cards, check conversion, remote deposit capture, ACH processing, and electronic gift and loyalty card programs.
- | **[Managed Technology Solutions \(Cloud Computing\)](#)**: Full-service web host, which offers eCommerce solutions, shared and dedicated web hosting and related services including domain registration and online shopping cart tools.
- | **[eCommerce](#)**: A suite of services that enable small businesses to get up and running on-line quickly and cost effectively, with integrated web design, payment processing and shopping cart services.
- | **[Business Lending](#)**: Broad array of lending products including SBA 7(a) and SBA 504 loans through its lending subsidiary [Newtek](#) Small Business Finance, Inc.
- | **[Insurance Services](#)**: Commercial and personal lines of insurance, including health and employee benefits in all 50 states, working with over 40 insurance carriers.
- | **[Web Services](#)**: Customized web design and development services.
- | **[Data Backup, Storage and Retrieval](#)**: Fast, secure, off-site data backup, storage and retrieval designed to meet the specific regulatory and compliance needs of any business.
- | **[Accounts Receivable Financing](#)**: Receivable purchasing and financing services.
- | **[Payroll](#)**: Complete payroll management and processing services.

[Newtek](#) Business Services, Inc., [The Small Business Authority](#), is a direct distributor of a wide range of business services and financial products to the small- and medium-sized business market under the Newtek® brand. Since 1999, [Newtek](#) has helped small- and medium-sized business owners realize their potential by providing them with the essential tools needed to manage and grow their businesses and to compete effectively in today's marketplace. [Newtek](#) provides its services to over 100,000 business accounts and has positioned the Newtek® brand as a one-stop-shop provider of such business services. According to the U.S. Small Business Administration, there are over 27.5 million small businesses in the United States, which in total represent 99.7% of all employer firms.

About Sidoti & Company, LLC

[Sidoti & Company, LLC](#), founded in 1999, continues to set the Wall Street standard for independent small-cap (i.e., companies with sub-\$3 billion market capitalizations) equity research. The firm covers 502 small-cap equities and anticipates extending coverage to 550 by the end of 2012. Leveraging its small-cap research lead, Sidoti is also rapidly becoming a driving force in micro-cap research, launching coverage of more than 400 equities with market capitalizations of \$250 million or less since mid-2010. The firm contends that, while inexplicably ignored by investors, many micro-cap equities offer favorable P/E, cash flow, and low debt. Sidoti easily surpassed a goal to cover more than 250 micro-cap equities by early 2011 and now aims to cover 500 names by the end of 2012. Sidoti research is exclusive to institutional investors, and

the firm's deep, experienced sales force and trading desk serve hundreds of clients in the U.S., Canada, and the U.K. A Sidoti hallmark is corporate access, with the firm arranging at least 1,000 management marketing meetings per year and hosting several Investor Forums in New York City.

Note Regarding Forward Looking Statements

Statements in this press release including statements regarding Newtek's beliefs, expectations, intentions or strategies for the future, may be "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. All forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from the plans, intentions and expectations reflected in or suggested by the forward-looking statements. Such risks and uncertainties include, among others, intensified competition, operating problems and their impact on revenues and profit margins, anticipated future business strategies and financial performance, anticipated future number of customers, business prospects, legislative developments and similar matters. Risk factors, cautionary statements and other conditions, which could cause Newtek's actual results to differ from management's current expectations, are contained in Newtek's filings with the Securities and Exchange Commission and available through <http://www.sec.gov>.

<http://www.thesba.com>

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