

Business Description

Richardson Electronics, Ltd. is a global provider of engineered solutions, serving the Power Conversion, Electron Device, and Display Systems markets. The Company delivers engineered solutions for its customers' through product manufacturing, systems integration, prototype design and manufacture, testing and logistics.

Stock Data

Price	\$9.75
52Wk High	\$12.27
52Wk Low	\$9.65
3mo. Daily Volume	35,529
Market Capitalization	\$137 m
Shares Outstanding	14 Mil.
Dividend Yield	2.40%
Tangible Book Value Per Share	\$12.43
Net Debt-to-Equity	0%
EV-to-Sales TTM	0.1x
EV-to-EBITDA TTM*	13x

Financial Data

EPS	OLD		NEW	
	FY-13	FY-14	FY-15E	FY-15E
Q1-Aug	\$0.05	\$0.14	(\$0.04E)	(\$0.01A)
Q2-Nov	\$0.04	\$0.04	\$0.01E	(\$0.01E)
Q3-Feb	\$0.04	(\$0.01)	\$0.04E	\$0.03E
Q4-May	(\$0.09)	(\$0.21)	\$0.05E	\$0.05E
FY-May	(\$0.03)	(\$0.03)	\$0.06E	\$0.06E
P/E				
* exclusive of one-time charges				
Revenue	\$141	\$138	\$142	\$143
% Chg	-11%	-2%	3%	3%

Cash	\$141	\$125	\$125	\$125
Assets	\$217	\$202	\$205	\$205
Debt	\$0	\$0	\$0	\$0
Equity	\$185	\$175	\$180	\$180

Note: Figures in \$millions except per share data

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NASDAQ: RELL
PRICE: \$9.75
DATE: October 10, 2014

Q1 EPS of (\$.01) beat our estimate of (\$.04) due to better than expected sales and gross margin along with an income tax benefit of \$.01.

Q1 Sales grew 1.3% YOY to \$34.7 m and topped our estimate of \$34.5 m. EDG sales grew 7.7% YOY to \$27.4 m supported by CO2 laser and microwave sales and strength in the semiconductor wafer fabrication vertical. Canvys sales declined 19.8% to \$6 m due to the loss of 1 key North American customer and softness in healthcare digital signage spending.

Q1 Gross margin improved 90 bps YOY to 30.7% due to less unabsorbed manufacturing costs within EDG and better product mix within Canvys.

Q1 SG&A was elevated YOY due to \$.5 m of spending related to a new IT system and \$.5 m of new growth initiative spending.

The company continues to pursue smaller acquisitions for its newly formed Healthcare division which distributes parts for imaging systems in the healthcare system.

The stock trades below its tangible book value of \$12.43/share.

\$17.5 m of stock repurchases remain authorized which translates to 13% of outstanding shares at the current market price for the stock.



Analysis of Q1 Results

Q1 EPS of (\$.01) beat our estimate of (\$.04) due to better than expected gross margin and sales (\$.02) and an income tax benefit (\$.01). Q1 Sales grew 1.3% YOY to \$34.7 m and topped our estimate of \$34.5 m. Q1 EDG sales grew 7.7% YOY to \$27.4 m and beat our estimate of \$26.5 m due to niche market growth such as CO2 laser and microwave products as well as strength in the semiconductor wafer fabrication vertical. EDG sales increased YOY in all geographies led by double-digit growth in North America. Canvys sales continued to struggle and fell 19.8% YOY to \$6 m most acutely impacted by the loss of a key North American customer as well as a general decline in digital signage demand within the healthcare industry. Total gross margin improved 90 bps YOY to 30.7% and exceeded our estimate of 29% as the EDG segment had less unabsorbed manufacturing costs and Canvys had better product mix. Q1 operating expenses increased \$1.1 m YOY to \$11.2 m vs. our estimate of \$10.7 m due to approximately \$.5 m of new growth initiative spending and \$.5 m of new IT system spending. The balance sheet remains strong with cash and investments of \$133.2 m (\$9.58/share). Inventory did tick up sequentially due to new growth initiatives and resulted in slight negative operating cash flow for the quarter. The company has \$17.5 m of stock repurchases remaining authorized. At the present stock price, this would equate to a 13% reduction in outstanding shares.

Business Unit	Net Sales (in thousands)			Gross Profit (in thousands)			
	Q1FY15	Q1FY14	% Change	Q1FY15	% of Sales	Q1FY14	% of Sales
Electron Device Group	\$27,438	\$25,479	7.7%	\$8,686	31.7%	\$7,859	30.8%
Canvys	\$5,968	\$7,446	-19.8%	\$1,656	27.7%	\$1,903	25.6%
Healthcare	\$1,293	\$1,332	-2.9%	\$316	24.4%	\$430	32.3%
Total	\$34,699	\$34,257	1.3%	\$10,658	30.7%	\$10,192	29.8%

Sales by Geography			
Net Sales	Q1FY15	Q1FY14	% Increase
North America	\$14,699	\$14,109	4.2%
Europe	\$11,049	\$11,489	-3.8%
Asia/Pacific	\$6,505	\$6,305	3.2%
Latin America	\$2,321	\$2,197	5.6%
Other	\$125	\$157	-20.4%
	\$34,699	\$34,257	1.3%

Outlook

The company is guiding for Q2 revenue of \$34-\$36 m which suggests flat or slight YOY revenue growth. The company does not view European weakness as a major concern at this point. Long-term the company remains very bullish on its EDG division based on successful niche verticals and new organic growth initiatives. For instance, the company is reporting success in its microwave generator business. One customer is contemplating a 30 system order which could translate to approximately \$10 m of revenue. We expect elevated SG&A spending for at least 1 more quarter as the new IT system is rolled out. We view the recent financial segregation of its Healthcare division as a positive signal to investors as progress on this new initiative can now be more readily assessed as well as punctuating the company's strategy going forward. The company continues to pursue potential smaller acquisitions for this segment. The stock remains an attractive value play, trading below its tangible book value of \$12.43/share with a 2.4% dividend yield. Upside resides in successful management execution of pending organic and acquisitive growth initiatives in addition to continued strength in the semiconductor vertical buoyed by ongoing growth in tablet and smartphone production. Semiconductor spending growth is generally forecasted in the high single digit range for 2014 and 2015. We have maintained our prior total revenue projections but have tweaked gross margin and operating expenses upward, the latter to account for new growth initiative spending.

Peer Group Comparison

Ticker	Name	Price	EV /	EV /	P/BV	P/E	P/E-CY14E	P/E-CY15E
			Sales	EBITDA				
ARW	Arrow Electronics	\$52.59	0.3	7.1	1.2	11.4	9.1	8.4
AVT	Avnet	\$39.90	0.2	6.6	1.1	10.3	9.1	8.3
WCC	Wesco International Inc.	\$74.99	0.6	9.6	1.8	16.1	14.2	12.2
	Median		0.3	7.1	1.2	11.4	9.1	8.4
RELL	Richardson Electronics	\$9.75	0.1	13.0 *	0.8	NA	NA	162.5

Note: All figures based on trailing 12-months, except P/E-14 and PE/-15 based on consensus estimates
 Prices as of 10/9/14

*EBITDA excludes \$1.2 m of employee-related termination costs, goodwill impairment charge of \$1.7m,
 and acquisition search costs of 1.1 m.

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Income Statement (in millions)	2008	2009	2010	2011	2012	2013	Q1-14	Q2-14	Q3-14	Q4-14	2014	Q1-15	Q2-15E	Q3-15E	Q4-15E	2015E
Sales	\$668.4	\$496.3	\$491.8	\$258.5	\$157.9	\$141.0	\$34.3	\$35.5	\$32.9	\$35.3	\$136.7	\$34.7	\$35.1	\$35.8	\$36.5	\$142.1
COGS	\$432.8	\$386.7	\$373.8	\$191.1	\$111.1	\$99.6	\$24.1	\$24.5	\$23.3	\$25.1	\$95.7	\$24.0	\$24.4	\$24.9	\$25.3	\$98.5
Gross Profit	\$135.6	\$109.6	\$118.0	\$67.4	\$46.8	\$41.4	\$10.2	\$11.0	\$9.7	\$10.2	\$41.1	\$10.7	\$10.7	\$10.9	\$11.2	\$43.6
Operating Expenses	\$125.4	\$117.9	\$95.7	\$56.0	\$40.6	\$41.4	\$10.1	\$10.5	\$10.5	\$14.1	\$45.2	\$11.2	\$11.0	\$10.5	\$10.5	\$43.2
Operating Income	\$10.2	(\$8.2)	\$22.3	\$11.4	\$6.2	\$0.0	\$0.1	\$0.5	(\$0.9)	(\$3.9)	(\$4.9)	(\$0.9)	(\$0.3)	\$0.4	\$0.7	\$0.4
Add back D&A	\$5.3	\$4.1	\$3.9	\$1.9	\$1.1	\$1.1	\$0.3	\$0.3	\$0.3	\$0.3	\$1.2	\$0.4	\$0.3	\$0.3	\$0.3	\$1.3
Add back stock compensation	\$0.7	\$0.7	\$0.7	\$0.6	\$0.5	\$0.6	\$0.1	\$0.1	\$0.2	\$0.2	\$0.6	\$0.1	\$0.1	\$0.2	\$0.2	\$0.6
EBITDA	\$16.2	(\$3.4)	\$26.9	\$13.9	\$7.8	\$1.7	\$0.5	\$0.9	(\$0.4)	(\$3.4)	(\$2.4)	\$0.0	\$0.1	\$0.9	\$1.2	\$2.3
Interest Expense, Net	\$6.9	\$4.6	\$3.9	(\$0.1)	(\$1.4)	(\$1.4)	(\$0.3)	(\$0.3)	(\$0.3)	(\$0.2)	(\$1.1)	(\$0.3)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.9)
Proceeds from legal settlement							(\$2.1)				(\$2.1)					\$0.0
Other Expense, Net	\$12.0	(\$2.4)	\$1.4	\$0.7	(\$0.1)	\$0.8	\$0.1	\$0.0	(\$0.4)	\$0.0	(\$0.3)					\$0.0
Pretax Income	(\$8.7)	(\$10.4)	\$17.1	\$10.8	\$7.7	\$0.6	\$2.4	\$0.8	(\$0.1)	(\$3.7)	(\$0.6)	(\$0.2)	(\$0.1)	\$0.6	\$0.9	\$1.3
Income Tax	(\$0.2)	\$1.8	(\$0.2)	\$0.9	(\$0.4)	\$0.1	\$0.5	\$0.2	\$0.0	(\$0.8)	(\$0.1)	(\$0.1)	\$0.0	\$0.2	\$0.3	\$0.4
Net Income	(\$8.5)	(\$12.2)	\$17.3	\$9.9	\$8.0	\$0.5	\$2.0	\$0.6	(\$0.1)	(\$2.9)	(\$0.6)	(\$0.1)	(\$0.1)	\$0.4	\$0.6	\$0.9
Shares Outstanding-Diluted	17.8	17.8	18.9	18.2	17.1	15.4	14.7	14.2	14.1	14.0	14.3	13.9	13.8	13.7	13.8	13.8
EPS - Diluted (Continuing Ops)	(\$0.48)	(\$0.69)	\$0.91	\$0.54	\$0.47	\$0.03	\$0.14	\$0.04	(\$0.01)	(\$0.21)	(\$0.04)	(\$0.01)	(\$0.01)	\$0.03	\$0.05	\$0.06
Dividend per Share	\$0.12	\$0.08	\$0.08	\$0.11	\$0.20	\$0.24	\$0.06	\$0.06	\$0.06	\$0.06	\$0.24	\$0.06				
% of Sales																
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
COGS	76.1%	77.9%	76.0%	73.9%	70.4%	70.6%	70.3%	69.0%	70.7%	71.1%	70.0%	69.2%	69.5%	69.5%	69.2%	69.3%
Gross Profit	23.9%	22.1%	24.0%	26.1%	29.6%	29.4%	29.7%	31.0%	29.3%	28.9%	30.0%	30.8%	30.5%	30.5%	30.8%	30.7%
Operating Expenses	22.1%	23.7%	19.5%	21.7%	25.7%	29.4%	29.4%	29.6%	31.9%	39.9%	33.1%	32.3%	31.3%	29.3%	28.8%	30.4%
Operating Income	1.8%	-1.7%	4.5%	4.4%	3.9%	0.0%	0.3%	1.4%	-2.6%	-11.0%	-3.0%	-1.4%	-0.8%	1.2%	2.0%	0.3%
Interest Expense, Net	1.2%	0.9%	0.8%	0.0%	-0.9%	-1.0%	-0.9%	-0.8%	-0.9%	-0.6%	-0.8%	-0.9%	-0.6%	-0.6%	-0.5%	-0.6%
Other Expense, Net	2.1%	-0.5%	0.3%	0.3%	-0.1%	0.6%	0.3%	0.0%	-1.3%	0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Pretax Income	-1.5%	-2.1%	3.5%	4.2%	4.9%	0.4%	7.0%	2.3%	-0.4%	-10.5%	-0.5%	-0.6%	-0.3%	1.7%	2.6%	0.9%
Income Tax Rate	2.5%	-17.0%	-1.2%	8.3%	-5.2%	16.7%	20.8%	30.0%	0.0%	21.6%	9.7%	50.0%	0.0%	32.3%	31.8%	31.8%
Net Income	-1.3%	-2.5%	3.5%	3.8%	5.1%	0.4%	5.8%	1.6%	-0.3%	-8.2%	-0.4%	-0.3%	-0.3%	1.2%	1.8%	0.6%
Revenue by Segment																
RF, Wireless & Power Division	\$376.2	\$355.1	\$356.5	\$99.6												
Electron Device Group	\$103.3	\$82.2	\$86.5	\$113.8	\$112.6	\$102.6	\$25.5	\$26.2	\$24.2	\$27.4	\$103.3	\$27.4	\$27.5	\$27.5	\$28.0	\$110.4
Healthcare							\$1.3					\$1.3	\$1.4	\$1.5	\$1.6	\$5.8
Canvus	\$84.7	\$58.9	\$48.8	\$45.1	\$45.3	\$38.4	\$7.5	\$9.3	\$8.7	\$7.9	\$33.4	\$6.0	\$6.2	\$6.8	\$6.9	\$25.9
Corporate	\$4.3	\$0.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$568.4	\$496.3	\$491.8	\$258.5	\$157.9	\$141.0	\$34.3	\$35.5	\$32.9	\$35.3	\$136.7	\$34.7	\$35.1	\$35.8	\$36.5	\$142.1
Revenue % by Segment																
RF, Wireless & Power Division	66.2%	71.5%	72.5%	38.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Electron Device Group	18.2%	16.6%	17.6%	44.0%	71.3%	72.8%	74.3%	73.8%	73.6%	77.6%	75.6%	79.0%	78.3%	76.8%	76.7%	77.7%
Healthcare	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.8%	0.0%	0.0%	0.0%	0.0%	3.7%	4.0%	4.2%	4.4%	4.1%
Canvus	14.9%	11.9%	9.9%	17.4%	28.7%	27.2%	21.9%	26.2%	26.4%	22.4%	24.4%	17.3%	17.7%	19.0%	18.9%	18.2%
Corporate	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue Growth (Year / Year)																
RF, Wireless & Power Division	1.7%	-5.6%	0.4%													
Electron Device Group	2.0%	-20.4%	5.3%	31.6%	-1.1%	-8.9%	-0.4%	0.0%	-0.4%	3.6%	0.7%	7.5%	5.0%	13.6%	2.2%	6.9%
Healthcare												0.0%				
Canvus	3.1%	-30.4%	-17.2%	-7.6%	0.4%	-15.2%	-25.0%	-10.6%	-6.5%	-9.2%	-13.0%	-20.0%	-33.3%	-21.8%	-12.7%	-22.5%
Corporate	5.8%	-95.1%	-100.0%													
Total	2.0%	-12.7%	-0.9%	-4.7%	-38.9%	-10.7%	-3.7%	-3.0%	-2.1%	0.4%	-3.0%	1.2%	-1.1%	8.8%	3.4%	4.0%
Fiscal Year End - May																

21st Century Equity Research

Balance Sheet	2009	2010	2011	2012	Q1-13	Q2-13	Q3-13	Q4-13	2013	Q1-14	Q2-14	Q3-14	Q4-14	2014	Q1-15
Assets															
Cash	\$43.9	\$29.0	\$171.0	\$43.9	\$41.2	\$53.5	\$77.0	\$102.0	\$102.0	\$92.5	\$92.6	\$97.2	\$102.8	\$102.8	\$98.0
Accounts Receivable	\$92.4	\$98.7	\$22.4	\$19.7	\$20.5	\$21.7	\$19.7	\$18.3	\$18.3	\$19.5	\$20.2	\$20.0	\$18.4	\$18.4	\$18.5
Inventories	\$81.2	\$78.7	\$30.9	\$34.7	\$35.4	\$35.3	\$34.8	\$34.0	\$34.0	\$35.3	\$35.3	\$35.2	\$33.9	\$33.9	\$35.6
Other Current Assets	\$7.8	\$7.0	\$64.0	\$115.0	\$109.1	\$96.3	\$74.2	\$48.3	\$48.3	\$46.5	\$46.0	\$40.0	\$37.1	\$37.1	\$29.8
Discontinued ops-assets			\$0.0				\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.1			
Current Assets	\$225.3	\$213.4	\$288.3	\$213.3	\$206.2	\$206.8	\$205.7	\$202.9	\$202.9	\$194.1	\$194.4	\$192.5	\$192.2	\$192.2	\$181.9
Net Property, Plant, and Equipment	\$19.4	\$16.7	\$5.0	\$5.4	\$4.2	\$4.4	\$4.7	\$5.1	\$5.1	\$5.6	\$5.9	\$6.5	\$7.2	\$7.2	\$7.7
Goodwill & Other Assets	\$4.1	\$4.7	\$4.0	\$12.7	\$14.0	\$11.4	\$10.9	\$9.3	\$9.3	\$8.1	\$6.4	\$6.0	\$4.1	\$4.1	\$11.3
Total Assets	\$248.8	\$234.8	\$297.3	\$231.4	\$224.4	\$222.6	\$221.3	\$217.3	\$217.3	\$207.8	\$206.7	\$205.0	\$203.5	\$203.5	\$200.9
Liabilities and Stockholders' Equity															
Current Debt	\$0.0	\$19.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Accounts Payable	\$53.0	\$61.6	\$17.8	\$12.6	\$11.2	\$14.0	\$13.0	\$14.3	\$14.3	\$11.8	\$12.2	\$11.3	\$12.3	\$12.3	\$12.3
Accrued Expenses	\$18.4	\$18.8	\$43.7	\$8.5	\$8.5	\$8.3	\$7.8	\$9.6	\$9.6	\$7.4	\$7.5	\$7.4	\$9.2	\$9.2	\$8.5
Discontinued ops-liabilities			\$13.8	\$0.2	\$0.2	\$0.4	\$0.8	\$0.2	\$0.2	\$0.5				\$0.0	
Current Liabilities	\$71.4	\$99.9	\$75.3	\$21.1	\$19.9	\$22.7	\$21.6	\$24.1	\$24.1	\$19.7	\$19.7	\$18.7	\$21.5	\$21.5	\$20.8
Long-term Debt	\$52.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Deferred Taxes & Other Long-term Liabilities	\$6.3	\$5.0	\$13.0	\$8.5	\$8.2	\$6.9	\$8.4	\$8.0	\$8.0	\$7.8	\$7.5	\$7.7	\$5.7	\$5.7	\$5.9
Discontinued ops-non-current liabilities			\$1.6	\$1.4	\$1.4	\$2.7	\$1.5	\$0.0	\$0.0	\$0.0			\$1.4	\$1.4	\$1.4
Total Liabilities	\$130.1	\$104.9	\$89.9	\$29.6	\$29.5	\$32.3	\$31.5	\$32.1	\$32.1	\$27.5	\$27.2	\$26.4	\$28.6	\$28.6	\$28.1
Shareholder Equity	\$118.7	\$129.9	\$224.2	\$200.2	\$194.9	\$190.3	\$189.8	\$185.2	\$185.2	\$180.3	\$179.5	\$178.6	\$174.9	\$174.9	\$172.8
Total Liabilities and Equity	\$248.8	\$234.8	\$314.1	\$229.8	\$224.4	\$222.6	\$221.3	\$217.3	\$217.3	\$207.8	\$206.7	\$205.0	\$203.5	\$203.5	\$200.9
Book Value Per Share	\$6.67	\$6.87	\$12.32	\$11.71	\$12.34	\$12.44	\$12.49	\$12.26	\$12.07	\$12.27	\$12.64	\$12.67	\$12.49	\$12.27	\$12.43
Asset Utilization and Efficiency															
Accounts Receivable Turnover	4.9	5.1	4.3	7.5	6.6	6.7	6.3	7.4	7.4	6.9	6.8	6.6	7.7	7.4	7.3
Days' Sales in Receivables Outstanding	67.9	73.3	31.6	45.5	52.5	54.1	53.5	47.5	47.4	51.9	51.9	55.5	47.6	49.1	48.6
Inventory Turnover	4.4	3.8	2.9	3.4	2.9	2.9	2.6	2.9	2.9	2.7	2.8	2.7	3.0	2.8	2.7
Days' Sales in Inventory Outstanding	76.6	76.8	59.0	114.0	129.2	124.4	134.0	124.3	124.7	133.7	131.5	138.2	123.2	129.4	135.4
Accounts Payable Turnover	7.3	5.8	5.0	7.3	7.5	7.2	6.9	7.4	7.4	8.4	7.5	7.7	7.5	7.2	8.0
Days' Purchases in Payables Outstanding	50.0	60.1	34.0	41.4	40.9	49.3	50.1	52.3	52.4	44.7	45.4	44.3	44.7	46.9	46.8
Cash Conversion Cycle (Days)	94.6	89.9	56.6	118.1	140.9	129.1	137.4	119.6	119.6	140.9	138.0	149.3	126.1	131.6	137.2
Capital Structure															
Total Debt-to-Total Capital Ratio	30.6%	13.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Debt-to-Equity Ratio	44.1%	15.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Fiscal Year End - May															
(\$ in millions, except per share data)															

ROIC and Free Cash Flow	2008	2009	2010	2011	2012	Q1-13	Q2-13	Q3-13	Q4-13	2013	Q1-14	Q2-14	Q3-14	Q4-14	2014	Q1-15
NOPAT																
EBIT	\$10.2	(\$8.2)	\$22.3	\$11.4	\$6.2	\$0.5	\$0.5	\$0.6	(\$1.6)	\$0.0	\$0.1	\$0.5	(\$0.9)	(\$3.9)	(\$4.2)	(\$0.5)
Cash Taxes on EBIT	(\$0.4)	\$2.5	(\$0.2)	\$0.9	(\$0.5)	\$0.3	\$0.0	(\$0.4)	\$0.1	\$0.3	\$0.6	\$0.3	\$0.0	(\$0.8)	\$0.0	\$0.1
NOPAT	\$10.6	(\$10.8)	\$22.5	\$10.5	\$6.7	\$0.2	\$0.5	\$1.0	(\$1.7)	(\$0.3)	(\$0.5)	\$0.2	(\$0.9)	(\$3.1)	(\$4.2)	(\$0.6)
Cash Taxes on EBIT																
Income Tax Provision	(\$0.2)	\$1.8	(\$0.2)	\$0.9	(\$0.4)	\$0.2	\$0.0	(\$0.2)	\$0.1	\$0.1	\$0.5	\$0.2	\$0.0	(\$0.8)	(\$0.1)	(\$0.1)
Tax Deduction on Interest Expense	\$0.2	(\$0.8)	(\$0.0)	(\$0.0)	\$0.1	(\$0.1)	\$0.0	\$0.2	\$0.0	(\$0.2)	(\$0.1)	\$0.0	\$0.0	(\$0.0)	(\$0.1)	(\$0.2)
Cash Taxes on EBIT	(\$0.4)	\$2.5	(\$0.2)	\$0.9	(\$0.5)	\$0.3	\$0.0	(\$0.4)	\$0.1	\$0.3	\$0.6	\$0.3	\$0.0	(\$0.8)	\$0.0	(\$0.1)
Invested Capital																
Total Debt	\$55.7	\$52.4	\$19.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Stockholders' Equity	\$141.4	\$118.7	\$129.9	\$224.2	\$200.2	\$194.9	\$190.3	\$189.8	\$185.2	\$185.2	\$180.3	\$179.5	\$178.6	\$174.9	\$174.9	\$172.8
Total Cash & Short-term Investments	\$40.0	\$43.9	\$29.0	\$171.0	\$158.9	\$150.3	\$149.8	\$151.2	\$150.3	\$150.3	\$139.0	\$138.6	\$130.5	\$136.0	\$139.9	\$136.0
Invested Capital	\$157.1	\$127.2	\$120.4	\$52.2	\$41.3	\$44.6	\$40.5	\$38.6	\$34.9	\$34.9	\$41.3	\$40.9	\$48.1	\$38.9	\$36.0	\$36.8
Return on Invested Capital																
Return on Invested Capital (Average)	6.3%	-7.6%	18.1%	12.1%	14.1%	0.4%	1.2%	2.2%	-4.4%	-0.9%	-1.1%	0.4%	-2.0%	-8.5%	-12.0%	-1.4%
Note: Quarterly Figures Have Been Annualized																
Free Cash Flow																
Net Income (Loss)	(\$8.5)	(\$12.2)	\$17.3	\$9.9	\$8.0	\$0.7	\$0.6	\$0.6	(\$1.4)	\$0.5	\$2.0	\$0.6	(\$0.1)	(\$2.9)	(\$0.6)	(\$0.1)
Adjustments:																
Depreciation	\$5.5	\$5.3	\$4.3	\$1.8	\$1.2	\$0.3	\$0.3	\$0.2	\$0.3	\$1.2	\$0.3	\$0.3	\$0.3	\$0.3	\$1.2	\$0.4
Amortization of Intangibles and Financing Costs	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Deferred Income Taxes	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Loss from Disposition of a Business	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Provision for Inventory Obsolescence	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other Charges	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Divestitures	\$0.0	\$0.0	\$0.0	\$180.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Goodwill and Other Intangible Assets Impairment, Net of Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1.7	\$1.7	\$0.0
Other Non-cash Items in Net Income	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Adjustments	\$5.5	\$5.3	\$4.3	\$181.8	\$1.2	\$0.3	\$0.3	\$0.2	\$0.3	\$1.2	\$0.3	\$0.3	\$0.3	\$2.0	\$2.9	\$0.4
Changes in Working Capital, Net of Currency Translation Effects and Business Acquisitions:																
Decrease (Increase) in Accounts Receivable	(\$3.8)	\$17.1	(\$6.3)	\$76.3	\$2.7	(\$0.8)	(\$1.2)	\$2.0	\$1.4	\$1.4	(\$1.2)	(\$0.7)	\$0.2	\$1.6	(\$0.1)	(\$0.1)
Decrease (Increase) in Inventories	\$16.3	\$12.7	\$2.5	\$47.8	\$3.8	(\$0.7)	\$0.1	\$0.5	\$0.8	(\$0.7)	(\$1.3)	\$0.0	\$0.1	\$1.3	(\$0.1)	(\$1.7)
Decrease (Increase) in Other Current Assets	\$1.1	(\$1.4)	\$0.8	(\$57.0)	\$51.0	\$0.0	\$0.0	\$1.0	\$2.0	\$0.0	\$0.4	(\$0.2)	\$0.4	\$1.0	\$0.0	\$2.5
(Decrease) Increase in Accounts Payable	\$3.3	(\$5.9)	\$8.6	(\$43.6)	(\$5.2)	(\$1.4)	\$2.8	(\$1.0)	\$1.3	\$1.7	(\$2.5)	\$0.4	(\$0.9)	\$1.0	\$1.5	\$0.5
Decrease (Increase) Assets Held for Sale																
(Decrease) Increase in Other Current Liabilities	(\$12.2)	(\$3.4)	\$0.4	\$24.9	\$0.0	\$0.0	\$0.2	\$0.5	(\$1.8)	\$0.0	\$2.2	(\$0.1)	\$0.1	\$2.2	\$0.0	(\$0.7)
Total Changes in Operating Assets and Liabilities	\$4.7	\$19.1	\$6.0	\$48.2	\$52.3	(\$2.9)	\$1.9	\$3.0	\$3.7	\$2.4	(\$2.8)	(\$0.0)	(\$0.7)	\$7.1	\$1.3	\$0.5
Net Cash Flow from Operations	\$1.7	\$12.2	\$27.6	\$239.9	\$61.5	(\$1.9)	\$2.8	\$3.8	\$2.6	\$4.1	(\$0.5)	\$0.9	(\$0.5)	\$6.2	\$3.6	\$0.8
Capital Expenditures	(\$4.5)	(\$1.6)	(\$1.4)	(\$0.5)	(\$0.2)	(\$0.1)	(\$0.1)	(\$0.5)	(\$0.6)	(\$1.3)	(\$0.4)	(\$0.5)	(\$0.8)	(\$1.0)	(\$2.7)	(\$0.8)
Time Deposit Purchases																
Free Cash Flow	(\$2.8)	\$10.6	\$26.2	\$239.4	(\$21.5)	(\$2.0)	\$2.7	\$3.3	\$2.0	\$2.8	(\$0.9)	\$0.4	(\$1.3)	\$5.2	\$0.9	(\$0.0)
Free Cash Flow per Share	(\$0.16)	\$0.59	\$1.38	\$13.15	(\$1.26)	(\$0.12)	\$0.18	\$0.22	\$0.13	\$0.18	(\$0.06)	\$0.03	(\$0.09)	\$0.37	\$0.07	(\$0.00)
Fiscal Year End - May																
(\$ in millions, except per share data)																