

Business Description

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

Stock Data

Price	\$6.75
52Wk High	\$6.87
52Wk Low	\$5.31
3mo. Daily Volume	25,100
Market Capitalization	\$86.2 m
Shares Outstanding	12.9 Mil.
Dividend Yield	4.00%
Tangible Book Value Per Share	\$9.70
Net Debt-to-Equity	0%
EV-to-Sales TTM	0.2
EV-to-EBITDA TTM	NA

Financial Data

		OLD	NEW
EPS	FY-16	FY-17	FY-18E
Q1-Aug	(\$.11)	(\$.22)	(\$.12E)
Q2-Nov	(\$.18)	(\$.20)	(\$.07E)
Q3-Feb	(\$.23)	(\$.11)	(\$.12E)
Q4-May	(\$.01)	(\$.01)	\$.01E
FY-May	(\$.53)	(\$.54)	(\$.30E)

	FY-16	FY-17	FY-18E	FY-19E
Revenue	\$142	\$137	\$141	\$146
% Chg	3.9%	-3.7%	2.9%	6.3%

Cash	\$61	\$55	\$52	\$52
Assets	\$168	\$157	\$152	\$155
Debt	\$0	\$0	\$0	\$0
Equity	\$142	\$132	\$128	\$132

Note: Figures in \$millions except per share data

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NASDAQ: RELL
PRICE: \$6.75
DATE: 10/13/17

Q1 EPS of (\$.01) beat our estimate of (\$.12) due to better than expected sales and gross margin performance. Q1 EPS in the prior year was (\$.22).

Q1 Sales grew 10.8% YOY to \$37 m and beat our estimate of \$34.1 m. Exclusive of the extra week and PACS divestiture, Sales grew 7.2% YOY.

Q1 PMT sales grew 14.7% YOY boosted by an extra reporting week and vertical strength in wafer fabrication and industrial lasers. Q1 Canvys sales grew 24.8% YOY while Healthcare sales, exclusive of the PACS divestiture, grew 8-9%.

Q1 Gross margin improved 210 bps to 32.8% due to better product mix.

Q1 Operating income improved YOY from (\$2.1 m) to break-even due to higher sales and gross margin coupled with flat op ex.

Q1 Operating cash flow was (\$2.5 m) due to inventory build.

The company remains debt-free with \$61.3 m (\$4.78/share) in cash and investments.

The stock trades at a discount to tangible book value of \$9.70/share. Approximately \$10 m of stock repurchases remain authorized equating to 12% of outstanding shares. The dividend currently yields 4%.



Analysis of Q1 Results

Q1 EPS of (\$.01) beat our estimate of (\$.12) due to better than expected sales and gross margin performance. Q1 Sales grew 10.8% YOY to \$37 m vs. our estimate of \$34.1 m. Exclusive of the extra week in the quarter and decreased sales from the PACS divestiture, sales grew 7.2%. PMT sales grew 14.7% YOY to \$29.1 m vs. our estimate of \$26.7 m due to roughly an additional \$2 m of sales from the extra week coupled with strength in the wafer fabrication and industrial laser verticals. Wafer fab sales represent approximately 10% of PMT sales but grew 20-25% YOY. Q1 Canvys sales grew 24.8% YOY to \$5.8 m and beat our estimate of \$4.6 m. Q1 Healthcare sales declined 37.5% YOY to \$2.1 m due to the PACS divestiture and missed our estimate of \$2.8 m. Exclusive of PACS, Healthcare sales grew approximately 8-9% YOY. Q1 Gross Margin improved 210 bps YOY to 32.8% due to better product mix. Recall that the divested PACS business carried lower gross margins. Q1 Operating Income improved YOY from (\$2.1) m to break-even due to the improvement in sales and gross margin coupled with flat YOY operating expenses. Q1 Operating Cash flow was (\$2.5) m due to elevated inventory purchases. Approximately \$10 m of stock repurchases remain authorized equating to roughly 12% of outstanding shares. The dividend yields 4% and the stock trades substantially below tangible book value of \$9.70/share. The company is debt-free with \$61.3 m (\$4.78/share) in cash and investments.

Business Unit	Net Sales (in thousands)			Gross Profit (in thousands)			
	Q1FY18	Q1FY17	% Change	Q1FY18	% of Sales	Q1FY17	% of Sales
PMT	\$29,124	\$25,381	14.7%	\$9,574	32.9%	\$7,455	29.4%
Canvys	\$5,765	\$4,620	24.8%	\$1,546	26.8%	\$1,348	29.2%
Healthcare	\$2,106	\$3,372	-37.5%	\$1,028	48.8%	\$1,437	42.6%
Total	\$36,995	\$33,373	10.9%	\$12,148	32.8%	\$10,240	30.7%

Outlook

The company has not issued guidance for FY18 but generally expects sales growth with operating expenses and operating cash flow tracking to FY17. Due to generally good visibility underpinned by a book to bill of 1.26 and continued strength in the wafer fab and industrial laser verticals, we are forecasting PMT sales to maintain its current growth rate of 7% for FY18. We are also assuming that Healthcare sales, excluding the PACS divestiture, will maintain a 10% topline growth pace. While Canvys sales grew nearly 25% YOY in Q1, we're conservatively forecasting 10% growth going forward due to historical sales volatility and macro sensitivity. Backlog was up 40% YOY and the division does appear to have momentum accompanied by new programs outside the traditional medical space. We believe there may be an opportunity for outperformance to our estimates within this division. Additional upside resides in the Healthcare division if missionary efforts to promote company manufactured replacement CT tubes translate faster than expected to sales. Lastly, the company is not actively seeking acquisition opportunities at this time.

Net Sales	Sales by Geography		
	Q1FY18	Q1FY17	% Increase
North America	\$15,063	\$13,049	15.4%
Europe	\$12,500	\$10,264	21.8%
Asia/Pacific	\$7,010	\$7,655	-8.4%
Latin America	\$2,419	\$2,390	1.2%
Other	\$3	\$15	-80.0%
	\$36,995	\$33,373	10.9%

Peer Group Comparison

Ticker	Name	Price	EV /	EV /	P/BV	P/E	P/E-CY17E	P/E-CY18E
			Sales	EBITDA				
ARW	Arrow Electronics	\$83.35	0.4	9.2	1.6	15.2	11.4	10.4
AVT	Avnet	\$40.59	0.3	7.4	1.0	9.9	12.8	11.6
WCC	Wesco International Inc.	\$59.10	0.6	10.8	1.4	28.0	15.8	14.1
	Median		0.4	9.2	1.4	15.2	12.8	11.6
RELL	Richardson Electronics	\$6.75	0.2	NA	0.7	NA	NA	NA

Note: All figures based on trailing 12-months, except P/E-17 and PE/-18 based on consensus estimates
 Prices as of 10/12/17

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21st Century Equity Research

Income Statement (in millions)	2014	2015	2016	Q1-17	Q2-17	Q3-17	Q4-17	2017	Q1-18	Q2-18E	Q3-18E	Q4-18E	2018E
Sales	\$141.9	\$136.8	\$142.1	\$33.4	\$33.8	\$32.3	\$37.4	\$136.9	\$37.0	\$35.1	\$34.0	\$39.4	\$145.5
COGS	\$100.9	\$95.6	\$97.2	\$23.2	\$22.8	\$21.6	\$25.4	\$93.0	\$24.8	\$23.8	\$23.1	\$26.4	\$98.2
Gross Profit	\$41.1	\$41.2	\$44.9	\$10.2	\$11.0	\$10.7	\$12.0	\$43.9	\$12.1	\$11.3	\$10.9	\$13.0	\$47.3
Operating Expenses	\$45.2	\$49.3	\$51.7	\$12.3	\$13.4	\$12.0	\$12.2	\$49.9	\$12.3	\$12.1	\$12.0	\$12.5	\$48.9
(Gain) loss on disposal of assets							(\$0.2)	(\$0.2)	(\$0.2)				(\$0.2)
Operating Income	(\$4.2)	(\$8.1)	(\$6.8)	(\$2.1)	(\$2.4)	(\$1.3)	\$0.0	(\$5.8)	\$0.0	(\$0.8)	(\$1.1)	\$0.5	(\$1.4)
Add back D&A	\$1.2	\$1.7	\$2.4	\$0.7	\$0.6	\$0.7	\$0.7	\$2.7	\$0.7	\$0.7	\$0.7	\$0.7	\$2.8
Add back stock compensation	\$0.6	\$0.7	\$0.5	\$0.1	\$0.2	\$0.1	\$0.1	\$0.5	\$0.1	\$0.1	\$0.1	\$0.1	\$0.4
EBITDA	(\$2.4)	(\$5.7)	(\$3.9)	(\$1.3)	(\$1.6)	(\$0.5)	\$0.8	(\$2.6)	\$0.8	\$0.0	(\$0.3)	\$1.3	\$1.8
Interest Expense, Net	(\$1.1)	(\$0.9)	(\$0.5)	\$0.0	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.3)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.4)
Proceeds from legal settlement	(\$2.1)	\$0.0	\$0.0					\$0.0					\$0.0
Other Expense, Net	(\$0.3)	(\$0.1)	\$0.2	\$0.3	(\$0.2)	\$0.2	\$0.3	\$0.6	\$0.2	\$0.2	\$0.2	\$0.2	\$0.8
Pretax Income	(\$0.6)	(\$7.1)	(\$6.5)	(\$2.4)	(\$2.2)	(\$1.4)	(\$0.2)	(\$6.1)	(\$0.1)	(\$0.9)	(\$1.2)	\$0.4	(\$1.9)
Income Tax	(\$0.1)	(\$1.4)	\$0.5	\$0.5	\$0.3	\$0.0	\$0.0	\$0.8	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1
Net Income	(\$0.6)	(\$5.7)	(\$7.0)	(\$2.9)	(\$2.5)	(\$1.4)	(\$0.2)	(\$6.9)	(\$0.1)	(\$1.0)	(\$1.2)	\$0.4	(\$1.9)
Shares Outstanding-Diluted	14.3	13.8	13.1	12.8	12.8	12.8	12.9	12.8	12.8	12.9	12.9	12.9	12.9
EPS - Diluted (Continuing Ops)	(\$0.04)	(\$0.41)	(\$0.53)	(\$0.22)	(\$0.20)	(\$0.11)	(\$0.01)	(\$0.54)	(\$0.01)	(\$0.08)	(\$0.09)	\$0.03	(\$0.15)
Dividend per Share	\$0.24	\$0.24	\$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%
COGS	71.1%	69.9%	68.4%	69.3%	67.5%	66.9%	67.9%	67.9%	67.2%	67.8%	68.0%	67.0%	67.5%
Gross Profit	28.9%	30.1%	31.6%	30.7%	32.5%	33.1%	32.1%	32.1%	32.8%	32.2%	32.0%	33.0%	32.5%
Operating Expenses	31.9%	36.0%	36.4%	36.8%	39.6%	37.2%	32.6%	36.4%	33.2%	34.4%	35.3%	31.8%	33.6%
Operating Income	-2.9%	-5.9%	-4.8%	-6.2%	-7.1%	-4.0%	0.0%	-4.2%	0.1%	-2.2%	-3.3%	1.2%	-1.0%
Interest Expense, Net	-0.8%	-0.7%	-0.4%	0.0%	-0.1%	-0.3%	-0.3%	-0.2%	-0.3%	-0.1%	-0.3%	-0.3%	-0.2%
Other Expense, Net	-0.2%	-0.1%	0.1%	0.9%	-0.6%	0.6%	0.7%	0.4%	0.5%	0.6%	0.6%	0.5%	0.5%
Pretax Income	-0.4%	-5.2%	-4.6%	-7.1%	-6.4%	-4.3%	-0.5%	-4.4%	-0.1%	-2.7%	-3.6%	0.9%	-1.3%
Income Tax Rate	9.7%	19.7%	-7.7%	-21.2%	-14.0%	0.0%	0.0%	-13.2%	-96.2%	0.0%	0.0%	0.0%	-2.7%
Net Income	-0.4%	-4.2%	-4.9%	-8.6%	-7.4%	-4.3%	-0.5%	-5.0%	-0.3%	-2.8%	-3.6%	0.9%	-1.3%
Revenue by Segment													
RF, Wireless & Power Division													
PMT	\$103.3	\$105.7	\$105.6	\$25.4	\$25.2	\$24.8	\$28.9	\$104.3	\$29.1	\$27.1	\$26.5	\$30.9	\$113.7
Healthcare	\$6.9	\$6.5	\$13.0	\$3.4	\$3.2	\$2.7	\$2.8	\$12.1	\$2.1	\$2.1	\$2.2	\$2.2	\$8.6
Canvys	\$31.7	\$24.6	\$23.5	\$4.6	\$5.4	\$4.8	\$5.7	\$20.5	\$5.8	\$5.9	\$5.3	\$6.3	\$23.3
Corporate													
Total	\$141.9	\$136.8	\$142.1	\$33.4	\$33.8	\$32.3	\$37.4	\$136.9	\$37.0	\$35.1	\$34.0	\$39.4	\$145.5
Revenue % by Segment													
RF, Wireless & Power Division	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%
PMT	72.8%	77.3%	74.3%	76.0%	74.6%	76.8%	77.3%	76.2%	78.7%	77.1%	78.1%	78.5%	78.1%
Security Systems Division	4.9%	4.8%	9.1%	10.2%	9.5%	8.4%	7.5%	8.8%	5.7%	6.0%	6.4%	5.6%	5.9%
Canvys	22.3%	18.0%	16.5%	13.8%	16.0%	14.9%	15.2%	15.0%	15.6%	16.9%	15.5%	15.9%	16.0%
Corporate	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%
Revenue Growth (Year / Year)													
RF, Wireless & Power Division													
PMT	0.7%	2.3%	-0.1%	-6.6%	0.0%	7.8%	-4.3%	-1.2%	14.7%	7.5%	7.0%	7.0%	9.0%
Healthcare		-5.8%	100.0%	6.2%	6.7%	-12.9%	-24.3%	-6.9%	-38.1%	-34.4%	-19.6%	-21.4%	-29.1%
Canvys	-17.4%	-22.4%	-4.5%	-31.3%	-8.5%	-7.7%	0.0%	-12.8%	25.3%	10.0%	10.0%	10.0%	13.4%
Corporate													
Total	0.7%	-3.6%	3.9%	-10.0%	-0.9%	3.2%	-5.6%	-3.7%	10.8%	4.0%	5.2%	5.3%	6.3%



21st Century Equity Research

Balance Sheet	2009	2010	2011	2012	2013	2014	2015	Q1-16	Q2-16	Q3-16	Q4-16	2016	Q1-17	Q2-17	Q3-17	Q4-17	2017	Q1-18
Assets																		
Cash	\$43.9	\$29.0	\$171.0	\$43.9	\$102.0	\$102.8	\$74.5	\$68.4	\$67.9	\$60.2	\$60.5	\$60.5	\$57.5	\$54.1	\$51.4	\$55.3	\$55.3	\$56.4
Accounts Receivable	\$92.4	\$98.7	\$22.4	\$19.7	\$18.3	\$18.4	\$20.8	\$24.0	\$21.0	\$20.9	\$24.9	\$24.9	\$21.5	\$20.5	\$21.2	\$20.8	\$20.8	\$19.3
Inventories	\$81.2	\$78.7	\$30.9	\$34.7	\$34.0	\$33.9	\$38.8	\$41.2	\$43.1	\$45.5	\$45.4	\$45.4	\$45.2	\$43.1	\$42.9	\$42.8	\$42.8	\$46.1
Other Current Assets	\$7.8	\$7.0	\$64.0	\$0.0	\$0.3	\$0.0	\$0.0	\$27.0	\$9.8	\$6.8	\$6.4	\$5.1	\$8.2	\$9.0	\$9.1	\$9.5	\$9.5	\$5.8
Discontinued ops-assets												\$0.0						\$0.0
Current Assets	\$225.3	\$213.4	\$288.3	\$213.3	\$202.9	\$192.2	\$161.1	\$143.4	\$138.8	\$133.0	\$135.9	\$135.9	\$132.4	\$126.7	\$124.6	\$128.4	\$128.4	\$127.6
Net Property, Plant, and Equipment	\$19.4	\$16.7	\$5.0	\$5.4	\$5.1	\$7.2	\$10.1	\$10.8	\$10.9	\$11.6	\$13.0	\$13.0	\$14.4	\$15.1	\$15.2	\$15.8	\$15.8	\$16.2
Goodwill & Other Assets	\$4.1	\$4.7	\$4.0	\$12.7	\$9.3	\$4.1	\$13.8	\$22.3	\$19.1	\$19.4	\$19.2	\$19.2	\$13.8	\$13.6	\$13.5	\$13.2	\$13.2	\$13.3
Total Assets	\$248.8	\$234.8	\$297.3	\$231.4	\$217.3	\$203.5	\$185.0	\$176.5	\$168.8	\$164.0	\$168.1	\$168.1	\$160.6	\$155.4	\$153.3	\$157.4	\$157.4	\$157.1
Liabilities and Stockholders' Equity																		
Current Debt	\$0.0	\$19.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0					\$0.0						\$0.0
Accounts Payable	\$53.0	\$51.6	\$17.8	\$12.6	\$14.3	\$12.3	\$15.8	\$14.3	\$13.6	\$12.7	\$14.9	\$14.9	\$12.6	\$11.5	\$12.3	\$15.9	\$15.9	\$13.4
Accrued Expenses	\$18.4	\$18.8	\$43.7	\$8.5	\$9.6	\$9.2	\$10.1	\$9.3	\$8.9	\$8.1	\$9.1	\$9.1	\$8.0	\$9.9	\$8.7	\$8.3	\$8.3	\$9.2
Discontinued ops-liabilities			\$13.8	\$0.2	\$0.0	\$0.0	\$0.0					\$0.0						\$0.0
Current Liabilities	\$71.4	\$99.9	\$75.3	\$21.1	\$24.1	\$21.5	\$25.9	\$23.6	\$22.5	\$20.8	\$24.0	\$24.0	\$20.6	\$21.4	\$21.0	\$24.2	\$24.2	\$22.6
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	\$0.0	\$0.0	\$0.0
Deferred Taxes & Other Long-term Liabilities	\$6.3	\$5.0	\$13.0	\$8.5	\$8.0	\$5.7	\$2.3	\$2.2	\$1.7	\$2.0	\$2.4	\$2.4	\$1.4	\$1.2	\$1.0	\$0.9	\$0.9	\$0.9
Discontinued ops-non-current liabilities			\$1.6	\$1.4	\$0.0	\$1.4	\$0.0					\$0.0						\$0.0
Total Liabilities	\$130.1	\$104.9	\$89.9	\$29.6	\$32.1	\$28.6	\$28.3	\$25.8	\$24.2	\$22.8	\$26.4	\$26.4	\$22.0	\$22.6	\$22.0	\$25.1	\$25.1	\$23.5
Shareholder Equity	\$118.7	\$129.9	\$224.2	\$200.2	\$185.2	\$174.9	\$156.7	\$150.7	\$144.6	\$141.2	\$141.7	\$141.7	\$138.6	\$132.9	\$131.3	\$132.3	\$132.3	\$133.7
Total Liabilities and Equity	\$248.8	\$234.8	\$314.1	\$229.8	\$217.3	\$203.5	\$185.0	\$176.5	\$168.8	\$164.0	\$168.1	\$168.1	\$160.6	\$155.4	\$153.3	\$157.4	\$157.4	\$157.1
Book Value Per Share	\$6.67	\$6.87	\$12.32	\$11.71	\$12.07	\$12.27	\$11.40	\$11.16	\$11.21	\$11.03	\$11.07	\$10.78	\$10.83	\$10.42	\$10.22	\$10.30	\$10.30	\$10.44
Asset Utilization and Efficiency																		
Accounts Receivable Turnover	4.9	5.1	4.3	7.5	7.4	7.7	7.0	7.0	7.1	6.3	6.9	6.2	5.9	6.5	6.1	6.5	6.0	7.3
Days' Sales in Receivables Outstanding	67.9	73.3	31.6	45.5	47.4	47.3	55.5	59.0	56.2	60.9	57.4	64.0	58.7	55.3	59.9	50.7	55.5	47.6
Inventory Turnover	4.4	3.8	2.9	3.4	2.9	3.0	2.6	2.7	2.4	2.1	2.5	2.3	2.1	2.1	2.0	2.3	2.1	2.2
Days' Sales in Inventory Outstanding	76.6	76.8	59.0	114.0	124.7	122.7	148.1	145.7	165.9	193.1	158.1	170.5	178.1	172.5	181.2	153.8	168.1	169.3
Accounts Payable Turnover	7.3	5.8	5.0	7.3	7.4	7.6	6.8	7.8	7.0	7.2	6.8	6.3	6.9	7.3	6.9	6.6	6.0	7.7
Days' Purchases in Payables Outstanding	50.0	60.1	34.0	41.4	52.4	44.5	60.3	50.6	52.4	53.9	51.9	56.0	49.6	46.0	52.0	57.1	62.4	49.0
Cash Conversion Cycle (Days)	94.6	89.9	56.6	118.1	119.6	125.5	143.3	154.2	169.8	200.1	163.6	178.5	187.2	181.8	189.2	147.4	161.1	167.9
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%	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%	0.0%	0.0%	0.0%
Fiscal Year End - May																		
(\$ in millions, except per share data)																		



21st Century Equity Research

ROIC and Free Cash Flow	2008	2009	2010	2011	2012	2013	2014	2015	Q1-16	Q2-16	Q3-16	Q4-16	2016	Q1-17	Q2-17	Q3-17	Q4-17	2017	Q1-18	
NOPIAT																				
EBIT	\$10.2	(\$8.2)	\$22.3	\$11.4	\$6.2	\$0.0	(\$4.2)	(\$8.1)	(\$1.0)	(\$2.6)	(\$2.7)	(\$3.3)	(\$6.8)	(\$2.1)	(\$2.4)	(\$1.3)	\$0.0	\$0.0	(\$5.8)	\$0.0
Cash Taxes on EBIT	(\$0.4)	\$2.5	(\$0.2)	\$0.9	(\$0.5)	\$0.3	\$0.0	(\$1.2)	\$0.3	\$0.2	\$0.1	(\$0.1)	\$0.5	\$0.5	\$0.3	\$0.0	\$0.0	\$0.0	\$0.8	(\$0.0)
NOPIAT	\$10.6	(\$10.8)	\$22.5	\$10.5	\$6.7	(\$0.3)	(\$4.2)	(\$6.9)	(\$1.3)	(\$2.8)	(\$2.8)	(\$3.2)	(\$7.3)	(\$2.6)	(\$2.7)	(\$1.3)	\$0.0	\$0.0	(\$6.5)	\$0.1
Cash Taxes on EBIT																				
Income Tax Provision	(\$0.2)	\$1.8	(\$0.2)	\$0.9	(\$0.4)	\$0.1	(\$0.1)	(\$1.4)	\$0.4	\$0.2	\$0.1	(\$0.2)	\$0.5	\$0.5	\$0.3	\$0.0	\$0.0	\$0.8	\$0.1	
Tax Deduction on Interest Expense	\$0.2	(\$0.8)	(\$0.0)	(\$0.0)	\$0.1	(\$0.2)	(\$0.1)	(\$0.2)	\$0.1	\$0.0	\$0.0	(\$0.1)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Cash Taxes on EBIT	(\$0.4)	\$2.5	(\$0.2)	\$0.9	(\$0.5)	\$0.3	\$0.0	(\$1.2)	\$0.3	\$0.2	\$0.1	(\$0.1)	\$0.5	\$0.5	\$0.3	\$0.0	\$0.0	\$0.8	(\$0.0)	
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	\$0.0	\$0.0	\$0.0	
Stockholders' Equity	\$144.4	\$118.7	\$129.9	\$224.2	\$200.2	\$155.2	\$174.9	\$158.7	\$150.7	\$144.6	\$141.2	\$141.7	\$138.5	\$132.8	\$131.3	\$132.3	\$132.3	\$132.3	\$133.7	
Total Cash & Short-term Investments	\$40.0	\$43.9	\$29.0	\$171.0	\$158.9	\$150.3	\$139.9	\$101.5	\$78.2	\$74.7	\$66.6	\$65.6	\$65.7	\$65.1	\$60.5	\$64.8	\$64.8	\$64.8	\$62.2	
Invested Capital	\$157.1	\$127.2	\$120.4	\$53.2	\$41.3	\$34.9	\$35.0	\$55.2	\$72.5	\$69.9	\$74.6	\$76.1	\$76.1	\$72.9	\$69.7	\$70.8	\$67.5	\$67.5	\$71.5	
Return on Invested Capital																				
Return on Invested Capital (Average)	6.3%	-7.6%	18.1%	12.1%	14.1%	-0.9%	-12.0%	-16.2%	-2.4%	-5.8%	-6.8%	-0.3%	-11.1%	-3.5%	-3.9%	-1.8%	0.0%	-0.1%	0.1%	
Note: Quarterly Figures Have Been Annualized																				
Free Cash Flow																				
Net Income (Loss)	(\$8.5)	(\$12.2)	\$17.3	\$9.9	\$8.0	\$0.5	(\$0.6)	(\$5.7)	(\$1.4)	(\$2.3)	(\$2.9)	(\$0.2)	(\$7.0)	(\$2.9)	(\$2.5)	(\$1.4)	(\$0.2)	(\$6.9)	(\$0.1)	
Adjustments:																				
Depreciation	\$5.5	\$5.3	\$4.3	\$1.8	\$1.2	\$1.2	\$1.2	\$1.7	\$0.5	\$0.8	\$0.6	\$0.5	\$2.4	\$0.7	\$0.6	\$0.7	\$0.7	\$0.7	\$2.7	
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	\$0.0	\$0.0	\$1.0	
Deferred Income Taxes	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$1.4)	\$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	\$0.1	-\$0.2	\$0.8	\$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	\$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	\$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	\$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	\$1.7	\$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 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	\$0.0	\$0.0	\$0.0	
Total Adjustments	\$5.5	\$5.3	\$4.3	\$181.8	\$1.2	\$1.2	\$2.9	\$0.3	\$0.5	\$0.8	\$0.6	\$0.5	\$2.4	\$0.7	\$0.6	\$0.8	\$1.0	\$2.7	\$1.7	
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	\$1.4	(\$0.1)	(\$2.4)	(\$3.2)	\$3.0	\$0.1	(\$4.0)	(\$4.1)	\$3.4	\$1.0	(\$0.7)	\$0.4	\$4.1	\$1.5	
Decrease (Increase) in Inventories	\$16.3	\$12.7	\$2.5	\$47.8	(\$3.8)	\$0.7	\$0.1	(\$4.9)	(\$2.4)	(\$1.9)	(\$2.4)	\$0.1	(\$6.6)	\$0.2	\$2.1	\$0.2	\$0.1	\$2.6	(\$3.3)	
Decrease (Increase) in Other Current Assets	\$1.1	(\$1.4)	\$0.8	(\$37.0)	\$51.0	\$0.0	\$0.0	\$0.0	\$1.0	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	
Decrease (Increase) in Accounts Payable	\$3.3	(\$5.9)	\$8.6	(\$43.8)	(\$5.2)	\$1.7	\$1.5	\$7.0	(\$1.5)	(\$0.7)	(\$0.9)	\$2.2	(\$0.9)	(\$2.3)	(\$1.1)	\$0.8	\$3.6	\$1.0	(\$2.6)	
Decrease (Increase) Assets Held for Sale	(\$12.2)	(\$3.4)	\$0.4	\$24.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$1.0)	\$0.0	\$0.0	(\$1.1)	(\$0.4)	(\$1.1)	(\$0.1)	(\$0.1)	(\$2.0)	\$0.0	
Decrease (Increase) in Other Current Liabilities	\$4.7	\$19.1	\$6.0	\$48.2	\$44.7	\$3.8	\$1.5	(\$0.3)	(\$6.1)	(\$0.5)	(\$3.2)	(\$1.7)	(\$11.8)	\$0.2	\$1.6	(\$0.8)	\$4.0	\$5.7	(\$4.4)	
Total Changes in Operating Assets and Liabilities	\$1.7	\$12.2	\$27.6	\$239.9	\$53.9	\$5.5	\$3.8	(\$5.7)	(\$7.0)	(\$2.0)	(\$5.5)	(\$1.4)	(\$16.2)	(\$2.0)	(\$0.3)	(\$1.4)	\$4.8	\$1.5	(\$2.8)	
Net Cash Flow from Operations	\$1.7	\$12.2	\$27.6	\$239.9	\$53.9	\$5.5	\$3.8	(\$5.7)	(\$7.0)	(\$2.0)	(\$5.5)	(\$1.4)	(\$16.2)	(\$2.0)	(\$0.3)	(\$1.4)	\$4.8	\$1.5	(\$2.8)	
Capital Expenditures	(\$4.5)	(\$1.6)	(\$1.4)	(\$0.5)	(\$0.2)	(\$1.3)	(\$2.7)	(\$4.7)	(\$1.0)	(\$0.8)	(\$1.3)	(\$1.7)	(\$4.8)	(\$2.1)	(\$1.2)	(\$0.8)	(\$1.1)	(\$5.2)	(\$1.0)	
Time Deposit Purchases																				
Free Cash Flow	(\$2.8)	\$10.6	\$26.2	\$239.4	(\$29.1)	\$4.2	\$1.1	(\$10.4)	(\$8.0)	(\$2.8)	(\$6.8)	(\$3.1)	(\$21.0)	(\$4.1)	(\$1.5)	(\$2.2)	\$3.7	(\$3.7)	(\$3.8)	
Free Cash Flow per Share	(\$0.16)	\$0.59	\$1.38	\$13.15	(\$1.70)	\$0.27	\$0.08	(\$0.76)	(\$0.58)	(\$0.22)	(\$0.53)	(\$0.24)	(\$1.60)	(\$0.32)	(\$0.12)	(\$0.17)	\$0.29	(\$0.28)	(\$0.29)	
Fiscal Year End - May																				
(\$ in millions, except per share data)																				