

### 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	\$6.31
52Wk High	\$7.24
52Wk Low	\$4.71
3mo. Daily Volume	19,766
Market Capitalization	\$81 m
Shares Outstanding	12.8 Mil.
Dividend Yield	3.50%
Tangible Book Value Per Share	\$9.75
Net Debt-to-Equity	0%
EV-to-Sales TTM	0.2
EV-to-EBITDA TTM	NA

### Financial Data

		OLD		NEW
EPS	FY-15	FY-16	FY-17E	FY-17E
Q1-Aug	(\$ .01)	(\$ .11)	(\$ .06E)	(\$ .22A)
Q2-Nov	(\$ .08)	(\$ .18)	(\$ .15E)	(\$ .12E)
Q3-Feb	(\$ .16)	(\$ .23)	(\$ .19E)	(\$ .09E)
Q4-May	(\$ .16)	(\$ .01)	(\$ .04E)	(\$ .00E)
FY-May	(\$ .41)	(\$ .53)	(\$ .44E)	(\$ .43E)

Revenue	\$137	\$142	\$144	\$140
% Chg	-1.0%	3.9%	2.0%	-2.0%

Cash	\$110	\$61	\$50	\$50
Assets	\$185	\$168	\$160	\$160
Debt	\$0	\$0	\$0	\$0
Equity	\$157	\$142	\$136	\$136

Note: Figures in \$millions except per share data

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NASDAQ: RELL  
PRICE: \$6.31  
DATE: 10/7/16

**Q1 EPS of (\$ .22) missed our estimate of (\$ .06) due mostly to lower than expected sales accompanied by lower than expected gross margin. EPS in the prior year was (\$ .10).**

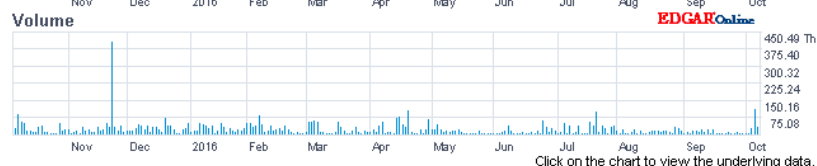
**Q1 Sales declined 10% YOY to \$33.4 m vs. our estimate of \$37.6 m. The shortfall in the PMT segment was related to missed deliveries and order push-outs while the Canvys decline was a result of weak demand. Healthcare segment sales grew 5.5% YOY.**

**Q1 Gross margin improved 30 bps YOY to 30.7% despite the revenue decline.**

**The company has implemented significant staff reductions in response to the revenue decline which is expected to result in \$3 m of annualized savings. Executive management has also agreed to \$.8 m in salary cuts.**

**The company expects to be profitable by Q4 and continues to evaluate potential acquisitions in the Healthcare space.**

**The stock trades significantly below tangible book value of \$9.75/share with nearly \$5/share in cash and cash equivalents and \$0 debt. The dividend yields 3.5% and \$10 m of stock buybacks remain authorized, or 13% of outstanding shares at the current stock price.**



## Analysis of Q1 Results

Q1 EPS of (\$.22) missed our estimate of (\$.06) due mostly to lower than expected sales. An income tax provision of (\$.04) was the other major contributor to the earnings miss. Q1 Revenue declined 10% YOY to \$33.4 m vs. our estimate of \$37.6 m. Q1 PMT Sales declined 6.7% YOY to \$25.4 m vs. our estimate of \$28 m due to timing of deliveries and several large OEM orders being pushed out to Q2 or Q3. Q2 Canvys sales declined 30.8% YOY to \$4.6 m vs. our estimate of \$6.2 m due to overstocking and weak demand. The company has implemented significant staff reductions within this segment to cope with weaker demand. Q1 Healthcare sales grew 5.5% YOY to \$3.4 m and matched our estimate. Q1 Gross margin improved 30 bps YOY to 30.7% but underperformed our estimate of 31.6% due to lower than expected sales. Q1 operating expenses of \$12.3 m were slightly lower than our estimate of \$12.5 m. Operating cash flow for the quarter improved to (\$1.7 m) vs. (\$6.5 m) in the prior year. Cash and cash equivalents stand at \$63.9 m or \$4.99/share. Please note that the company repatriated \$11.2 m in cash from China in the quarter bringing its US cash balance to \$24.6 m. The company did not repurchase any stock in the quarter and has approximately \$10 m of repurchases authorized equating to nearly 13% of outstanding shares. The dividend currently yields 3.5% and the stock trades substantially below the tangible book value of \$9.75/share.

Business Unit	Net Sales (in thousands)			Gross Profit (in thousands)			
	Q1FY17	Q1FY16	% Change	Q1FY17	% of Sales	Q1FY16	% of Sales
PMT	\$25,381	\$27,195	-6.7%	\$7,455	29.4%	\$8,138	29.9%
Canvys	\$4,620	\$6,681	-30.8%	\$1,348	29.2%	\$1,709	25.6%
Healthcare	\$3,372	\$3,195	5.5%	\$1,437	42.6%	\$1,415	44.3%
<b>Total</b>	<b>\$33,373</b>	<b>\$37,071</b>	<b>-10.0%</b>	<b>\$10,240</b>	<b>30.7%</b>	<b>\$11,262</b>	<b>30.4%</b>

Net Sales	Sales by Geography		
	Q1FY17	Q1FY16	% Increase
North America	\$13,049	\$17,792	-26.7%
Europe	\$10,264	\$11,358	-9.6%
Asia/Pacific	\$7,655	\$6,132	24.8%
Latin America	\$2,390	\$1,607	48.7%
Other	\$15	\$182	-91.8%
<b>Total</b>	<b>\$33,373</b>	<b>\$37,071</b>	<b>-10.0%</b>

## Outlook

While not issuing formal guidance, management expects profitability by Q4 of this fiscal year. Staff reductions and executive management salary concessions are expected to yield \$3.8 m of annualized cost savings. Capital expenditures are expected to taper off vs. the abnormally high level of \$2.1 m this quarter. We have tweaked our Canvys sales down more for FY17 due to the apparent greater than expected demand weakness. The expectation is that EDG sales may be a bit more erratic due to supply timing and order push-outs. We have also lessened our operating expense estimate due to the cost savings guidance on the staff reductions and executive management salary reduction. One-time restructuring charges are expected in the near-term. The company continues to review possible acquisitions for the Healthcare segment although acquisition multiples appear frothy to management. The company also believes its organic growth initiatives will bear more fruit in the future. Although still relatively immaterial, the company's "new technologies" segment with EDG is growing rapidly with a 1.73 book to bill ratio. Cost restructuring execution, return on new growth initiatives, and global macro economy exposure remain the primary risk factors. Management appears committed to maintaining the dividend as a favored form of capital allocation.

## Peer Group Comparison

Ticker	Name	Price	EV / Sales	EV / EBITDA	P/BV	P/E	P/E-CY16E	P/E-CY17E
ARW	Arrow Electronics	\$64.62	0.3	7.4	1.3	11.9	19.9	22.2
AVT	Avnet	\$42.58	0.3	6.8	1.2	11.2	15.7	13.6
WCC	Wesco International Inc.	\$62.97	0.5	9.5	137.0	15.4	13.7	12.7
	<b>Median</b>		<b>0.3</b>	<b>7.4</b>	<b>1.3</b>	<b>11.9</b>	<b>15.7</b>	<b>13.6</b>
<b>RELL</b>	<b>Richardson Electronics</b>	<b>\$6.37</b>	<b>0.2</b>	<b>NA</b>	<b>0.6</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

Note: All figures based on trailing 12-months, except P/E-16 and PE/-17 based on consensus estimates

Prices as of 10/6/16

Income Statement (in millions)	2014	2015	Q1-16	Q2-16	Q3-16	Q4-16	2016	Q1-17	Q2-17E	Q3-17E	Q4-17E	2017E
Sales	\$141.9	\$136.8	\$37.1	\$34.1	\$31.3	\$39.6	\$142.1	\$33.4	\$33.9	\$33.2	\$39.3	\$139.8
COGS	\$100.9	\$95.6	\$25.8	\$23.7	\$21.5	\$26.2	\$97.2	\$23.2	\$23.2	\$22.7	\$26.3	\$95.4
Gross Profit	\$41.1	\$41.2	\$11.3	\$10.4	\$9.8	\$13.4	\$44.9	\$10.2	\$10.7	\$10.5	\$13.0	\$44.4
Operating Expenses	\$45.2	\$49.3	\$12.3	\$13.2	\$12.5	\$13.7	\$51.7	\$12.3	\$12.0	\$11.6	\$13.0	\$48.9
(Gain) loss on disposal of assets				(\$0.2)								
<b>Operating Income</b>	<b>(\$4.2)</b>	<b>(\$8.1)</b>	<b>(\$1.0)</b>	<b>(\$2.6)</b>	<b>(\$2.7)</b>	<b>(\$0.3)</b>	<b>(\$6.8)</b>	<b>(\$2.1)</b>	<b>(\$1.3)</b>	<b>(\$1.1)</b>	<b>\$0.0</b>	<b>(\$4.4)</b>
Add back D&A	\$1.2	\$1.7	\$0.5	\$0.8	\$0.6	\$0.5	\$2.4	\$0.7	\$0.5	\$0.5	\$0.5	\$2.2
Add back stock compensation	\$0.6	\$0.7	\$0.1	\$0.2	\$0.1	\$0.1	\$0.5	\$0.1	\$0.1	\$0.1	\$0.1	\$0.4
<b>EBITDA</b>	<b>(\$2.4)</b>	<b>(\$5.7)</b>	<b>(\$0.4)</b>	<b>(\$1.6)</b>	<b>(\$2.0)</b>	<b>\$0.3</b>	<b>(\$3.9)</b>	<b>(\$1.3)</b>	<b>(\$0.7)</b>	<b>(\$0.5)</b>	<b>\$0.6</b>	<b>(\$1.8)</b>
Interest Expense, Net	(\$1.1)	(\$0.9)	(\$0.2)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.5)	\$0.0	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.3)
Proceeds from legal settlement	(\$2.1)	\$0.0					\$0.0					\$0.0
Other Expense, Net	(\$0.3)	(\$0.1)	\$0.2	(\$0.4)	\$0.2	\$0.2	\$0.2	\$0.3	\$0.2	\$0.2	\$0.2	\$0.9
Pretax Income	(\$0.6)	(\$7.1)	(\$1.0)	(\$2.1)	(\$2.8)	(\$0.4)	(\$6.5)	(\$2.4)	(\$1.5)	(\$1.2)	(\$0.1)	(\$5.0)
Income Tax	(\$0.1)	(\$1.4)	\$0.4	\$0.2	\$0.1	(\$0.2)	\$0.5	\$0.5	\$0.0	\$0.0	\$0.0	\$0.5
Net Income	(\$0.6)	(\$5.7)	(\$1.4)	(\$2.3)	(\$2.9)	(\$0.2)	(\$7.0)	(\$2.9)	(\$1.5)	(\$1.2)	(\$0.1)	(\$5.5)
Shares Outstanding-Diluted	14.3	13.8	13.5	12.9	12.8	12.8	13.1	12.8	12.8	12.8	12.8	12.8
EPS - Diluted (Continuing Ops)	(\$0.04)	(\$0.41)	(\$0.10)	(\$0.18)	(\$0.23)	(\$0.01)	(\$0.53)	(\$0.22)	(\$0.12)	(\$0.09)	(\$0.00)	(\$0.43)
Dividend per Share	\$0.24	\$0.24	\$0.06	\$0.06	\$0.06	\$0.06	\$0.24	\$0.06				
<b>% of Sales</b>												
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%
COGS	71.1%	69.9%	69.5%	69.5%	68.7%	66.2%	68.4%	69.3%	68.4%	68.5%	66.9%	68.2%
Gross Profit	28.9%	30.1%	30.5%	30.5%	31.3%	33.8%	31.6%	30.7%	31.6%	31.5%	33.1%	31.8%
Operating Expenses	31.9%	36.0%	33.2%	38.7%	39.9%	34.6%	36.4%	36.8%	35.4%	34.8%	33.1%	34.9%
Operating Income	-2.9%	-5.9%	-2.7%	-7.6%	-8.6%	-0.8%	-4.8%	-6.2%	-3.8%	-3.3%	0.1%	-3.2%
Interest Expense, Net	-0.8%	-0.7%	-0.5%	-0.3%	-0.3%	-0.3%	-0.4%	0.0%	-0.3%	-0.3%	-0.3%	-0.2%
Other Expense, Net	-0.2%	-0.1%	0.5%	-1.2%	0.6%	0.4%	0.1%	0.9%	0.6%	0.6%	0.4%	0.6%
Pretax Income	-0.4%	-5.2%	-2.7%	-6.2%	-8.9%	-0.9%	-4.6%	-7.1%	-4.3%	-3.6%	-0.1%	-3.6%
Income Tax Rate	9.7%	19.7%	-40.0%	-9.5%	-3.6%	53.5%	-7.7%	-21.2%	0.0%	0.0%	0.0%	-10.0%
Net Income	-0.4%	-4.2%	-3.8%	-6.7%	-9.3%	-0.4%	-4.9%	-8.6%	-4.3%	-3.6%	-0.1%	-3.9%
<b>Revenue by Segment</b>												
RF, Wireless & Power Division												
PMT	\$103.3	\$105.7	\$27.2	\$25.2	\$23.0	\$30.2	\$105.6	\$25.4	\$26.0	\$25.0	\$30.0	\$106.4
Healthcare	\$6.9	\$6.5	\$3.2	\$3.0	\$3.1	\$3.7	\$13.0	\$3.4	\$3.1	\$3.2	\$3.8	\$13.5
Canvys	\$31.7	\$24.6	\$6.7	\$5.9	\$5.2	\$5.7	\$23.5	\$4.6	\$4.8	\$5.0	\$5.5	\$19.9
Corporate												
Total	\$141.9	\$136.8	\$37.1	\$34.1	\$31.3	\$39.6	\$142.1	\$33.4	\$33.9	\$33.2	\$39.3	\$139.8
<b>Revenue % by Segment</b>												
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%
PMT	72.8%	77.3%	73.3%	73.9%	73.5%	76.3%	74.3%	76.0%	76.7%	75.3%	76.3%	76.1%
Security Systems Division	4.9%	4.8%	8.6%	8.8%	9.9%	9.3%	9.1%	10.2%	9.1%	9.6%	9.7%	9.7%
Canvys	22.3%	18.0%	18.1%	17.3%	16.6%	14.4%	16.5%	13.8%	14.2%	15.1%	14.0%	14.2%
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%
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%
<b>Revenue Growth (Year / Year)</b>												
RF, Wireless & Power Division												
PMT	0.7%	2.3%	-0.7%	-6.0%	-8.7%	14.8%	-0.1%	-6.6%	3.2%	8.7%	-0.7%	0.8%
Healthcare		-5.8%	146.2%	172.7%	55.0%	76.2%	100.0%	6.2%	3.3%	3.2%	2.7%	3.8%
Canvys	-17.4%	-22.4%	11.7%	0.0%	-16.1%	-12.3%	-4.5%	-31.3%	-18.6%	-3.8%	-3.5%	-15.3%
Corporate												
Total	0.7%	-3.6%	6.9%	0.9%	-6.3%	13.5%	3.9%	-10.0%	-0.6%	6.1%	-0.8%	-1.6%

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Balance Sheet	2009	2010	2011	2012	2013	2014	2015	Q1-16	Q2-16	Q3-16	Q4-16	2016	Q1-17
<b>Assets</b>													
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
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
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
Other Current Assets	\$7.8	\$7.0	\$64.0	\$115.0	\$48.3	\$37.1	\$27.0	\$9.8	\$6.8	\$6.4	\$5.1	\$5.1	\$8.2
Discontinued ops-assets			\$0.0	\$0.0	\$0.3		\$0.0					\$0.0	
<b>Current Assets</b>	<b>\$225.3</b>	<b>\$213.4</b>	<b>\$288.3</b>	<b>\$213.3</b>	<b>\$202.9</b>	<b>\$192.2</b>	<b>\$161.1</b>	<b>\$143.4</b>	<b>\$138.8</b>	<b>\$133.0</b>	<b>\$135.9</b>	<b>\$135.9</b>	<b>\$132.4</b>
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
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
<b>Total Assets</b>	<b>\$248.8</b>	<b>\$234.8</b>	<b>\$297.3</b>	<b>\$231.4</b>	<b>\$217.3</b>	<b>\$203.5</b>	<b>\$185.0</b>	<b>\$176.5</b>	<b>\$168.8</b>	<b>\$164.0</b>	<b>\$168.1</b>	<b>\$168.1</b>	<b>\$160.6</b>
<b>Liabilities and Stockholders' Equity</b>													
Current Debt	\$0.0	\$19.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0					\$0.0	
Accounts Payable	\$53.0	\$61.6	\$17.8	\$12.6	\$14.3	\$12.3	\$15.8	\$14.3	\$13.6	\$12.7	\$14.9	\$14.9	\$12.6
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
Discontinued ops-liabilities			\$13.8	\$0.2	\$0.2	\$0.0	\$0.0					\$0.0	
<b>Current Liabilities</b>	<b>\$71.4</b>	<b>\$99.9</b>	<b>\$75.3</b>	<b>\$21.1</b>	<b>\$24.1</b>	<b>\$21.5</b>	<b>\$25.9</b>	<b>\$23.6</b>	<b>\$22.5</b>	<b>\$20.8</b>	<b>\$24.0</b>	<b>\$24.0</b>	<b>\$20.6</b>
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	
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
Discontinued ops-non-current liabilities			\$1.6	\$1.4	\$0.0	\$1.4	\$0.0					\$0.0	
<b>Total Liabilities</b>	<b>\$130.1</b>	<b>\$104.9</b>	<b>\$89.9</b>	<b>\$29.6</b>	<b>\$32.1</b>	<b>\$28.6</b>	<b>\$28.3</b>	<b>\$25.8</b>	<b>\$24.2</b>	<b>\$22.8</b>	<b>\$26.4</b>	<b>\$26.4</b>	<b>\$22.0</b>
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
<b>Total Liabilities and Equity</b>	<b>\$248.8</b>	<b>\$234.8</b>	<b>\$314.1</b>	<b>\$229.8</b>	<b>\$217.3</b>	<b>\$203.5</b>	<b>\$185.0</b>	<b>\$176.5</b>	<b>\$168.8</b>	<b>\$164.0</b>	<b>\$168.1</b>	<b>\$168.1</b>	<b>\$160.6</b>
<b>Book Value Per Share</b>	<b>\$6.67</b>	<b>\$6.87</b>	<b>\$12.32</b>	<b>\$11.71</b>	<b>\$12.07</b>	<b>\$12.27</b>	<b>\$11.40</b>	<b>\$11.16</b>	<b>\$11.21</b>	<b>\$11.03</b>	<b>\$11.07</b>	<b>\$10.78</b>	<b>\$10.83</b>
<b>Asset Utilization and Efficiency</b>													
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
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
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
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
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
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
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
<b>Capital Structure</b>													
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%
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%
Fiscal Year End - May													
(\$ in millions, except per share data)													



# 21<sup>st</sup> 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
<b>NOPAT</b>														
EBIT	\$10.2	(\$8.2)	\$22.3	\$11.4	\$6.2	\$0.0	(\$4.2)	(\$8.1)	(\$1.0)	(\$2.6)	(\$2.7)	(\$0.3)	(\$6.8)	(\$2.1)
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
<b>NOPAT</b>	<b>\$10.6</b>	<b>(\$10.8)</b>	<b>\$22.5</b>	<b>\$10.5</b>	<b>\$6.7</b>	<b>(\$0.3)</b>	<b>(\$4.2)</b>	<b>(\$6.9)</b>	<b>(\$1.3)</b>	<b>(\$2.8)</b>	<b>(\$2.8)</b>	<b>(\$0.2)</b>	<b>(\$7.3)</b>	<b>(\$2.6)</b>
<b>Cash Taxes on EBIT</b>														
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
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
<b>Cash Taxes on EBIT</b>	<b>(\$0.4)</b>	<b>\$2.5</b>	<b>(\$0.2)</b>	<b>\$0.9</b>	<b>(\$0.5)</b>	<b>\$0.3</b>	<b>\$0.0</b>	<b>(\$1.2)</b>	<b>\$0.3</b>	<b>\$0.2</b>	<b>\$0.1</b>	<b>(\$0.1)</b>	<b>\$0.5</b>	<b>\$0.5</b>
<b>Invested Capital</b>														
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
Stockholders' Equity	\$141.4	\$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
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	\$65.6	\$65.7
<b>Invested Capital</b>	<b>\$157.1</b>	<b>\$127.2</b>	<b>\$120.4</b>	<b>\$53.2</b>	<b>\$41.3</b>	<b>\$34.9</b>	<b>\$35.0</b>	<b>\$55.2</b>	<b>\$72.5</b>	<b>\$69.9</b>	<b>\$74.6</b>	<b>\$76.1</b>	<b>\$76.1</b>	<b>\$72.9</b>
<b>Return on Invested Capital</b>														
Return on Invested Capital (Average)	6.3%	-7.6%	18.1%	12.1%	14.1%	-0.9%	-12.0%	-15.2%	-2.4%	-5.6%	-5.8%	-0.3%	-11.1%	-3.5%
Note: Quarterly Figures Have Been Annualized														
<b>Free Cash Flow</b>														
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)
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
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
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
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
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
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
Divestitures				\$180.0	\$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
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
<b>Total Adjustments</b>	<b>\$5.5</b>	<b>\$5.3</b>	<b>\$4.3</b>	<b>\$181.8</b>	<b>\$1.2</b>	<b>\$1.2</b>	<b>\$2.9</b>	<b>\$0.3</b>	<b>\$0.5</b>	<b>\$0.8</b>	<b>\$0.6</b>	<b>\$0.5</b>	<b>\$2.4</b>	<b>\$0.7</b>
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
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
Decrease (Increase) in Other Current Assets	\$1.1	(\$1.4)	\$0.8	(\$57.0)	\$51.0	\$0.0	\$0.0	\$0.0	\$1.0	\$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)
Decrease (Increase) Assets Held for Sale														
(Decrease) Increase in Other Current Liabilities	(\$12.2)	(\$3.4)	\$0.4	\$24.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$1.0)				(\$1.1)
<b>Total Changes in Operating Assets and Liabilities</b>	<b>\$4.7</b>	<b>\$19.1</b>	<b>\$6.0</b>	<b>\$48.2</b>	<b>\$44.7</b>	<b>\$3.8</b>	<b>\$1.5</b>	<b>(\$0.3)</b>	<b>(\$6.1)</b>	<b>(\$0.5)</b>	<b>(\$3.2)</b>	<b>(\$1.7)</b>	<b>(\$11.6)</b>	<b>\$0.2</b>
<b>Net Cash Flow from Operations</b>	<b>\$1.7</b>	<b>\$12.2</b>	<b>\$27.6</b>	<b>\$239.9</b>	<b>\$53.9</b>	<b>\$5.5</b>	<b>\$3.8</b>	<b>(\$5.7)</b>	<b>(\$7.0)</b>	<b>(\$2.0)</b>	<b>(\$5.5)</b>	<b>(\$1.4)</b>	<b>(\$16.2)</b>	<b>(\$2.0)</b>
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)
Time Deposit Purchases					(\$82.8)									
<b>Free Cash Flow</b>	<b>(\$2.8)</b>	<b>\$10.6</b>	<b>\$26.2</b>	<b>\$239.4</b>	<b>(\$29.1)</b>	<b>\$4.2</b>	<b>\$1.1</b>	<b>(\$10.4)</b>	<b>(\$8.0)</b>	<b>(\$2.8)</b>	<b>(\$6.8)</b>	<b>(\$3.1)</b>	<b>(\$21.0)</b>	<b>(\$4.1)</b>
Free Cash Flow per Share	(\$0.16)	\$0.69	\$1.38	\$13.15	(\$1.70)	\$0.27	\$0.08	(\$0.76)	(\$0.59)	(\$0.22)	(\$0.53)	(\$0.24)	(\$1.60)	(\$0.32)
Fiscal Year End - May														
(\$ in millions, except per share data)														