

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	\$10.35
52Wk High	\$12.27
52Wk Low	\$10.25
3mo. Daily Volume	23,966
Market Capitalization	\$145 m
Shares Outstanding	14.1 Mil.
Dividend Yield	2.30%
Tangible Book Value Per Share	\$12.24
Net Debt-to-Equity	0%
EV-to-Sales TTM	0.1x
EV-to-EBITDA TTM	7x

Financial Data

		OLD	NEW
EPS	FY-13	FY-14E	FY-14E
Q1-Aug	✓ \$0.05	\$0.14A	\$0.14A
Q2-Nov	✓ \$0.04	\$0.04A	\$0.04A
Q3-Feb	✓ \$0.04	\$0.05E	(\$0.01A)
Q4-May	✓ (\$0.09)	\$0.06E	\$0.01E
FY-May	✓ (\$0.03)	\$0.29E	\$0.17E
P/E			
Revenue	\$141	\$142	\$138
% Chg	-11%	1%	-2%

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NASDAQ: RELL
PRICE: \$10.35
DATE: April 11, 2014

Q3 EPS of (\$.01) missed our estimate of \$.04 due to lower than expected sales and \$.7 million of unexpected expenses stemming from M&A evaluations, IT upgrade spending, and new growth initiatives.

Q3 Sales declined 2.2% YOY to \$32.9 million and missed our estimate of \$35.5 million. Management had previously guided for revenue of \$34-\$36 million.

Q3 EDG sales were flat YOY resulting from the timing of orders in the holiday season while Canvys sales declined 6.5% YOY due to rescheduled deliveries.

Q3 Gross Margin declined 20 bps YOY to 29.3% due to product and geography mix.

The company appears closer to potentially consummating an acquisition in the near term.

The stock presently trades below its tangible book value of \$12.24/share.

The balance sheet remains strong with \$130.5 million (\$9.26/share) in cash and short-term investments with \$0 debt.

Approximately \$15 million of repurchases remain authorized which would reduce the current share count by 10% at the current stock price level.



Analysis of Q3 Results

Q3 EPS of (\$.01) missed our estimate of \$.04 primarily due to lower than expected sales and \$.7 million of unexpected operating expenses (\$.4 m for acquisition evaluations, \$.2 m for new IT system, and \$.1m for growth initiatives). Q3 sales declined 2.2% YOY to \$32.9 million and missed our estimate of \$35.5 million. The company had previously guided for \$34-\$36 m of revenue. Q3 Canvys sales declined 6.5% YOY to \$8.7 m vs. our estimate of \$9 m while EDG sales were flat YOY at \$24.2 m vs. our estimate of \$26.5 million. Management believes EDG underperformance was primarily aberrant related to holiday timing in December and January as well as possible inclement US weather. Sales recovery occurred in February. CO2 laser and industrial heating were the vertical bright spots for EDG. Although Canvys sales declined 6.5% YOY to \$8.7 m due to rescheduled deliveries gross margin improved 200 bps due to better management of freight costs. Previous geographical volatility especially in Europe appears to have abated. Total gross margin in Q3 declined 20 bps YOY to 29.3% due to product and geography mix. Operating expenses of \$10.5 million were higher than our estimate of \$10.1 million due mostly to the aforementioned M&A evaluation expenses. Operating cash flow was (\$.5 m) for the quarter but management expects working capital to improve going forward. The company has \$130.5 m (\$9.26/share) in cash and current investments with \$0 debt. Approximately \$65 million of these assets is domiciled in the US, \$41 million in Asia (\$14-\$15 m China), and \$24 million in Europe.

Business Unit	Net Sales (in thousands)			Gross Profit (in thousands)			
	Q3FY14	Q3FY13	% Change	Q3FY14	% of Sales	Q3FY13	% of Sales
Electron Device Group	\$24,193	\$24,333	-0.6%	\$7,139	29.5%	\$7,407	30.4%
Canvys	\$8,691	\$9,297	-6.5%	\$2,512	28.9%	\$2,503	26.9%
Total	\$32,884	\$33,630	-2.2%	\$9,651	29.3%	\$9,910	29.5%

Net Sales	Q3FY14	Q3FY13	% Increase
North America	\$14,742	\$15,531	-5.1%
Europe	\$10,986	\$11,010	-0.2%
Asia/Pacific	\$4,996	\$4,878	2.4%
Latin America	\$1,890	\$2,210	-14.5%
Other	\$270	\$1	26900.0%
	\$32,884	\$33,630	-2.2%

Outlook

The company is guiding for Q4 midpoint revenue of \$35 million which equates to flat YOY growth but 6% sequential growth. The Q3 revenue miss appears more timing related vs. end market weakness. The company continues to evaluate acquisition opportunities in the medical imaging diagnostic space with a major acquisition possible. Product development expenses are expected to continue in the foreseeable future. We have reduced our Q4 EPS estimate based on lower sales guidance and possible higher than expected operating expenses related to product development, IT investment, and M&A activity. The stock presently trades below its tangible book value of \$12.24/share. An additional \$15 million of stock repurchases remains authorized which would reduce the current outstanding share count by 10% given the current stock price. The \$.24/share annualized dividend yields 2.3%. The looming question centers on possible acquisitions and their scope and magnitude. The company is presently operating an extensive distribution network and infrastructure which is markedly underutilized. Absent an acquisition, the company maintains that it could achieve a 5% operating margin when extraneous costs subside.

Peer Group Comparison

Ticker	Name	Price	EV / Sales	EV / EBITDA	P/BV	P/E	P/E-CY14E	P/E-CY15E
ARW	Arrow Electronics	\$59.24	0.4	8.5	1.4	15.4	10.4	9.6
AVT	Avnet	\$46.21	0.3	8.0	1.4	14.1	10.2	NA
WCC	Wesco International Inc.	\$86.63	0.7	10.4	2.2	16.5	15.7	13.5
	Median		0.4	8.5	1.4	15.4	10.4	11.6
RELL	Richardson Electronics	\$10.38		6.7 *	0.8	130.0	NA	NA

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

Prices as of 4/10/14

*EBITDA excludes \$1.2 m of employee-related termination costs and \$1 million of unabsorbed labor and overhead costs

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21st Century Equity Research

Income Statement (in millions)	2008	2009	2010	2011	2012	Q1-13	Q2-13	Q3-13	Q4-13	2013	Q1-14	Q2-14	Q3-14	Q4-14E	2014E
Sales	\$568.4	\$496.3	\$491.8	\$258.5	\$157.9	\$35.6	\$36.6	\$33.6	\$35.2	\$141.0	\$34.3	\$35.5	\$32.9	\$35.0	\$137.7
COGS	\$432.8	\$386.7	\$373.8	\$191.1	\$111.1	\$25.0	\$25.9	\$23.7	\$25.0	\$99.6	\$24.1	\$24.5	\$23.3	\$24.3	\$96.2
Gross Profit	\$135.6	\$109.6	\$118.0	\$67.4	\$46.8	\$10.6	\$10.7	\$9.9	\$10.2	\$41.4	\$10.2	\$11.0	\$9.7	\$10.7	\$41.5
Operating Expenses	\$125.4	\$117.9	\$95.7	\$56.0	\$40.6	\$10.1	\$10.2	\$9.3	\$11.8	\$41.4	\$10.1	\$10.5	\$10.5	\$10.5	\$41.6
Operating Income	\$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)	\$0.2	-\$0.1
Add back D&A	\$5.3	\$4.1	\$3.9	\$1.9	\$1.1	\$0.3	\$0.3	\$0.2	\$0.3	\$1.1	\$0.3	\$0.3	\$0.3	\$0.3	\$1.2
Add back stock compensation	\$0.7	\$0.7	\$0.7	\$0.6	\$0.5	\$0.1	\$0.2	\$0.1	\$0.2	\$0.6	\$0.1	\$0.1	\$0.2	\$0.1	\$0.5
EBITDA	\$16.2	(\$3.4)	\$26.9	\$13.9	\$7.8	\$0.9	\$1.0	\$0.9	(\$1.1)	\$1.7	\$0.5	\$0.9	(\$0.4)	\$0.6	\$1.6
Interest Expense, Net	\$6.9	\$4.6	\$3.9	(\$0.1)	(\$1.4)	(\$0.4)	(\$0.4)	(\$0.3)	(\$1.4)	(\$1.4)	(\$0.3)	(\$0.3)	(\$0.3)	(\$0.2)	(\$1.1)
Proceeds from legal settlement											(\$2.1)				(\$2.1)
Other Expense, Net	\$12.0	(\$2.4)	\$1.4	\$0.7	(\$0.1)	\$0.0	\$0.3	\$0.5	\$0.0	\$0.8	\$0.1	\$0.0	(\$0.4)	\$0.1	(\$0.2)
Pretax Income	(\$8.7)	(\$10.4)	\$17.1	\$10.8	\$7.7	\$0.9	\$0.6	\$0.4	(\$1.3)	\$0.6	\$2.4	\$0.8	(\$0.1)	\$0.3	\$3.4
Income Tax	(\$0.2)	(\$0.2)	(\$0.2)	\$0.9	(\$0.4)	\$0.2	\$0.0	(\$0.2)	\$0.1	\$0.1	\$0.5	\$0.2	\$0.0	\$0.2	\$0.9
Net Income	(\$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)	\$0.1	\$2.4
Shares Outstanding-Diluted	17.8	17.8	18.9	18.2	17.1	15.8	15.3	15.2	15.1	15.4	14.7	14.2	14.1	14.0	14.3
EPS - Diluted (Continuing Ops)	(\$0.48)	(\$0.69)	\$0.91	\$0.54	\$0.47	\$0.05	\$0.04	\$0.04	(\$0.09)	\$0.03	\$0.14	\$0.04	(\$0.01)	\$0.01	\$0.17
Dividend per Share	\$0.12	\$0.08	\$0.08	\$0.11	\$0.20	\$0.06	\$0.06	\$0.06	\$0.06	\$0.24	\$0.06	\$0.06	\$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%
COGS	76.1%	77.9%	76.0%	73.9%	70.4%	70.2%	70.8%	70.5%	71.0%	70.6%	70.3%	69.0%	70.7%	69.5%	69.8%
Gross Profit	23.9%	22.1%	24.0%	26.1%	29.6%	29.8%	29.2%	29.5%	29.0%	29.4%	29.7%	31.0%	29.3%	30.5%	30.2%
Operating Expenses	22.1%	23.7%	19.5%	21.7%	25.7%	28.4%	27.9%	27.7%	33.6%	29.4%	29.4%	29.6%	31.9%	30.0%	30.2%
Operating Income	1.8%	-1.7%	4.5%	4.4%	3.9%	1.4%	1.4%	1.8%	-4.6%	0.0%	0.3%	1.4%	-2.6%	0.5%	-0.1%
Interest Expense, Net	1.2%	0.9%	0.8%	0.0%	-0.9%	-1.1%	-1.1%	-0.9%	-0.9%	-1.0%	-0.9%	-0.8%	-0.9%	-0.6%	-0.8%
Other Expense, Net	2.1%	-0.5%	0.3%	0.3%	-0.1%	0.0%	0.8%	1.5%	0.0%	0.6%	0.3%	0.0%	-1.3%	0.3%	-0.2%
Pretax Income	-1.5%	-2.1%	3.5%	4.2%	4.9%	2.5%	1.6%	1.2%	-3.7%	0.4%	7.0%	2.3%	-0.4%	0.8%	2.4%
Income Tax Rate	2.5%	-17.0%	-1.2%	8.3%	-5.2%	22.2%	0.0%	-50.0%	-7.7%	16.7%	20.8%	30.0%	0.0%	72.7%	28.0%
Net Income	-1.5%	-2.5%	3.5%	3.8%	5.1%	2.1%	1.6%	1.8%	-4.0%	0.4%	5.8%	1.6%	-0.3%	0.3%	1.8%
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	\$25.6	\$26.2	\$24.3	\$26.5	\$102.6	\$25.5	\$26.2	\$24.2	\$26.3	\$102.2
Canvus	\$84.7	\$58.9	\$48.8	\$45.1	\$45.3	\$10.0	\$10.4	\$9.3	\$8.7	\$38.4	\$8.8	\$9.3	\$8.7	\$8.7	\$35.5
Corporate	\$4.3	\$0.2	\$0.0	\$0.0	\$0.0										
Total	\$568.4	\$496.3	\$491.8	\$258.5	\$157.9	\$35.6	\$36.6	\$33.6	\$35.2	\$141.0	\$34.3	\$35.5	\$32.9	\$35.0	\$137.7
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%
Electron Device Group	18.2%	16.6%	17.6%	44.0%	71.3%	71.9%	71.6%	72.3%	75.2%	72.8%	74.3%	73.8%	73.6%	75.1%	74.2%
Security Systems 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%	0.0%	0.0%
Canvus	14.9%	11.9%	9.9%	17.4%	28.7%	28.1%	28.4%	27.7%	24.8%	27.2%	25.7%	26.2%	26.4%	24.9%	25.8%
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%
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%
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%	-16.6%	-6.4%	-9.7%	-2.0%	-8.9%	-0.4%	0.0%	-0.4%	-0.6%	-0.3%
Canvus	3.1%	-30.4%	-17.2%	-7.6%	0.4%	-7.4%	-6.3%	-19.1%	-26.9%	-15.2%	-12.0%	-10.6%	-6.5%	0.0%	-7.6%
Corporate	5.6%	-95.1%	-100.0%												
Total	2.0%	-12.7%	-0.9%	-47.4%	-38.9%	-14.2%	-6.4%	-12.5%	-9.6%	-10.7%	-3.7%	-3.0%	-2.1%	-0.4%	-2.3%

Fiscal Year End - May
(\$ in millions, except per share data)

Balance Sheet	2009	2010	2011	2012	Q1-13	Q2-13	Q3-13	Q4-13	2013	Q1-14	Q2-14	Q3-14
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
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
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
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
Discontinued ops-assets			\$0.0	\$0.0				\$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
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
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
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
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
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
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
Discontinued ops-liabilities			\$13.8	\$0.2	\$0.2	\$0.4	\$0.8	\$0.2	\$0.2	\$0.5	\$0.5	\$0.1
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
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	\$8.2	\$6.9	\$8.4	\$8.0	\$8.0	\$7.8	\$7.5	\$7.7
Discontinued ops-non-current liabilities			\$1.6	\$1.4	\$1.4	\$2.7	\$1.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
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
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
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
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
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	1.7	1.7	1.7
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
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
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
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
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
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
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%
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%
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
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)
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
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)
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
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)	(\$0.1)	\$0.0
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
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
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
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
Invested Capital	\$157.1	\$127.2	\$120.4	\$53.2	\$41.3	\$44.6	\$40.5	\$38.6	\$34.9	\$34.9	\$41.3	\$40.9	\$48.1
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%
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)
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
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
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
Loss on 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
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
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
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
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
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
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
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
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
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	\$0.4	(\$0.2)
(Decrease) Increase in Accounts Payable	\$3.3	(\$5.9)	\$8.6	(\$43.8)	(\$5.2)	(\$1.4)	\$2.8	(\$1.0)	\$1.3	\$1.7	(\$2.5)	\$0.4	(\$0.9)
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
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)
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)
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)
Time Deposit Purchases					(\$82.8)								
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)
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)
Fiscal Year End - May													
(\$ in millions, except per share data)													