

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	\$9.00
52Wk High	\$11.09
52Wk Low	\$8.68
3mo. Daily Volume	16,602
Market Capitalization	\$123 m
Shares Outstanding	13.7 Mil.
Dividend Yield	2.70%
Tangible Book Value Per Share	\$11.66
Net Debt-to-Equity	0%
EV-to-Sales TTM	0.1x
EV-to-EBITDA TTM	NA

Financial Data

		OLD		NEW
EPS	FY-13	FY-14	FY-15E	FY-15E
Q1-Aug	\$.05	\$.14	(\$0.01A)	(\$0.01A)
Q2-Nov	\$.04	\$.04	(\$0.08A)	(\$0.08A)
Q3-Feb	\$.04	(\$0.01)	(\$0.11E)	(\$0.16A)
Q4-May	(\$0.09)	(\$0.21)	(\$0.08E)	(\$0.10E)
FY-May	(\$0.03)	(\$0.03)	(\$0.28E)	(\$0.35E)

Revenue	\$141	\$135	\$139	\$138
% Chg	-11%	-2%	3%	3%

Cash	\$141	\$125	\$125	\$110
Assets	\$217	\$202	\$205	\$180
Debt	\$0	\$0	\$0	\$0
Equity	\$185	\$175	\$180	\$160

Note: Figures in \$millions except per share data

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NASDAQ: RELL
PRICE: \$9.03
DATE: 4/10/15

Q3 EPS of (\$0.16) missed our estimate of (\$0.11) due to lower than expected sales and gross margin offset by a FX gain.

Q3 Revenue increased 1.8% YOY to \$33.5 m but missed our estimate of \$34.7 m due to lower than expected EDG and Canvys sales. The company had guided for revenue of \$34-\$36 m. EDG sales increased 4.2%, Canvys sales declined 7.4%, and Healthcare sales increased 3.5%.

Q3 Gross margin was flat YOY at 29.3% as FX pressure on Canvys gross margin offset gross margin improvement in EDG.

Q3 SG&A, as expected, was elevated as the company continued its new IT system implementation while also investing in new business development.

Q3 operating cash flow was (\$5.7) m for the quarter as working capital management was more cautious to accommodate the new system implementation.

The balance sheet remains strong with \$113.8 m in cash and investments (\$8.31/share) and \$0 debt. The stock continues to trade at a discount to tangible book value of \$11.66/share with a 2.7% dividend yield.



Analysis of Q3 Results

Q3 EPS of (\$.16) missed our estimate of (\$.11) due primarily to lower than expected sales and gross margin offset by an FX gain. Q3 revenue grew 1.8% YOY to \$33.5 m and missed our estimate of \$34.7 m. The company had previously guided for Q3 revenue of \$34-\$36 m. Q3 EDG revenue increased 4.2% to \$25.2 m supported by market share gains across several verticals led by the semiconductor capital equipment market. Canvys sales declined 7.4% YOY to \$6.2 m due to variable customer demand while revenue for the Healthcare division increased 3.5% YOY to \$2 m. North America and Asia/Pacific were the strongest geographies reporting 7.9% and 11.6% sales increases respectively. Total gross margin was flat YOY at 29.3% as improvement in EDG gross margin was offset by lower Canvys gross margin stemming primarily from FX pressure. SG&A was elevated, as expected, due to an ongoing IT system implementation and new business investment. Operating cash flow was (\$5.7) m for the quarter due to cautious working capital management related to the IT system implementation. The balance sheet remains strong with cash and investments of \$113.8 m (\$8.31/share) and \$0 debt. Adverse FX rates trimmed \$4.7 m from cash for the nine month period. The company continues to consistently buy back shares and \$14.6 m of repurchases remains authorized which equates to 11.8% of existing outstanding shares at the current market price. Additionally, the stock dividend yields 2.7%.

Business Unit	Net Sales (in thousands)			Gross Profit (in thousands)			
	Q3FY15	Q3FY14	% Change	Q3FY15	% of Sales	Q3FY14	% of Sales
Electron Device Group	\$25,207	\$24,193	4.2%	\$7,680	30.5%	\$7,139	29.5%
Canvys	\$6,236	\$6,732	-7.4%	\$1,621	26.0%	\$1,945	28.9%
Healthcare	\$2,028	\$1,959	3.5%	\$499	24.6%	\$567	28.9%
Total	\$33,471	\$32,884	1.8%	\$9,800	29.3%	\$9,651	29.3%

Sales by Geography			
Net Sales	Q3FY15	Q3FY14	% Increase
North America	\$15,905	\$14,742	7.9%
Europe	\$10,006	\$10,986	-8.9%
Asia/Pacific	\$5,577	\$4,996	11.6%
Latin America	\$1,905	\$1,890	0.8%
Other	\$78	\$270	-71.1%
	\$33,471	\$32,884	1.8%

Outlook

The company is guiding for Q4 revenue of \$37-\$39 m which equates to mid-point YOY revenue growth of 7.6%. Operating expenses are expected to be elevated for one more quarter as the aforementioned IT implementation and business development investments wind down. The company continues to evaluate acquisition opportunities for its Healthcare division and believes a deal may be consummated before Fiscal year end. We have reduced our Q4 EPS estimate to reflect continued possible FX pressure on gross margin. Upside resides in FY16 execution of an accretive acquisition which can leverage the company's revamped cost structure and wide international distribution network. The stock remains a compelling value proposition, trading below tangible book value of \$11.66/share with a dividend yield of 2.7%.

Peer Group Comparison

Ticker	Name	Price	EV / Sales	EV / EBITDA	P/BV	P/E	P/E-CY15E	P/E-CY16E
ARW	Arrow Electronics	\$61.28	0.3	7.3	1.4	12.3	9.9	9.3
AVT	Avnet	\$44.55	0.3	6.9	1.3	10.6	9.4	NA
WCC	Wesco International Inc.	\$69.40	0.6	8.4	1.6	13.4	13.1	11.8
	Median		0.3	7.3	1.4	12.3	9.9	10.5
RELL	Richardson Electronics	\$8.99	0.1	NA	0.8	NA	NA	NA

Note: All figures based on trailing 12-months, except P/E-15 and PE/-16 based on consensus estimates

Prices as of 4/8/15

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21st Century Equity Research

Income Statement (in millions)	2008	2009	2010	2011	2012	2013	Q1-14	Q2-14	Q3-14	Q4-14	2014	Q1-15	Q2-15	Q3-15	Q4-15E	2015E
Sales	\$568.4	\$496.3	\$491.8	\$288.5	\$157.9	\$141.0	\$34.3	\$35.5	\$34.9	\$35.3	\$135.0	\$34.7	\$33.8	\$33.4	\$36.5	\$132.4
COGS	\$432.8	\$386.7	\$373.8	\$191.1	\$111.1	\$99.6	\$24.1	\$24.5	\$25.3	\$25.1	\$94.0	\$24.0	\$23.3	\$23.6	\$25.6	\$96.5
Gross Profit	\$135.6	\$109.6	\$118.0	\$97.4	\$46.8	\$41.4	\$10.2	\$11.0	\$9.7	\$10.2	\$41.1	\$10.7	\$10.5	\$9.8	\$11.0	\$41.9
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	\$12.6	\$12.6	\$12.5	\$48.9
Operating Income	\$10.2	(\$8.2)	\$22.3	\$11.4	\$6.2	\$0.0	\$0.1	\$0.5	(\$0.9)	(\$3.9)	(\$4.2)	(\$0.5)	(\$2.1)	(\$2.8)	(\$1.6)	(\$6.9)
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	\$0.4	\$0.4	\$0.3	\$1.5
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	\$0.3	\$0.1	\$0.2	\$0.7
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	(\$1.4)	(\$2.3)	(\$1.1)	(\$4.7)
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)									\$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)			(\$0.3)		(\$0.3)
Pretax Income	(\$5.7)	(\$10.4)	\$17.1	\$10.8	\$7.7	\$0.6	\$2.4	\$0.8	(\$0.1)	(\$3.7)	(\$0.6)	(\$0.2)	(\$1.9)	(\$2.3)	(\$1.4)	(\$5.7)
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)	(\$0.8)	\$0.0	\$0.0	(\$0.9)
Net Income	(\$5.9)	(\$12.2)	\$17.3	\$9.9	\$8.0	\$0.5	\$2.0	\$0.6	(\$0.1)	(\$2.9)	(\$0.6)	(\$0.1)	(\$1.1)	(\$2.3)	(\$1.4)	(\$4.8)
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	13.6	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)	(\$0.08)	(\$0.16)	(\$0.10)	(\$0.35)
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	\$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%	100.0%
COGS	76.1%	77.9%	76.0%	73.9%	70.4%	70.6%	70.3%	69.0%	72.3%	71.1%	69.6%	69.2%	69.0%	70.7%	70.0%	69.7%
Gross Profit	23.9%	22.1%	24.0%	26.1%	29.6%	29.4%	29.7%	31.0%	27.7%	28.9%	30.4%	30.8%	31.0%	29.3%	30.0%	30.3%
Operating Expenses	22.1%	23.7%	19.5%	21.7%	25.7%	29.4%	29.6%	30.1%	39.9%	33.5%	32.3%	37.3%	37.6%	34.2%	35.3%	35.3%
Operating Income	1.8%	-1.7%	4.5%	4.4%	3.9%	0.0%	0.3%	1.4%	-2.4%	-11.0%	-3.1%	-1.4%	-6.3%	-8.3%	-4.2%	-5.0%
Interest Expense, Net	1.2%	0.9%	0.8%	0.0%	-0.9%	-1.0%	-0.9%	-0.8%	-0.9%	-0.8%	-0.8%	-0.9%	-0.6%	-0.6%	-0.5%	-0.7%
Other Expense, Net	2.1%	-0.5%	0.3%	0.3%	-0.1%	0.6%	0.3%	0.0%	-1.2%	0.0%	-0.2%	0.0%	-0.9%	0.0%	-0.2%	
Pretax Income	-1.5%	-2.1%	3.5%	4.2%	4.9%	0.4%	7.0%	2.3%	-0.3%	-10.5%	-0.5%	-0.6%	-5.7%	-6.8%	-3.7%	-4.2%
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%	41.3%	0.0%	0.0%	15.7%
Net Income	-1.5%	-2.5%	3.5%	3.8%	5.1%	0.4%	5.8%	1.6%	-0.3%	-8.2%	-0.4%	-0.3%	-3.4%	-6.8%	-3.7%	-3.5%
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	\$26.8	\$25.2	\$28.0	\$107.4
Healthcare							\$1.3	\$1.7	\$2.0			\$1.3	\$1.1	\$2.0	\$2.0	\$6.4
Canvus	\$84.7	\$58.9	\$48.8	\$45.1	\$45.3	\$38.4	\$7.5	\$7.6	\$8.7	\$7.9	\$31.7	\$6.0	\$5.9	\$6.2	\$6.5	\$24.6
Corporate	\$4.3	\$0.2	\$0.0	\$0.0	\$0.0											
Total	\$568.4	\$496.3	\$491.8	\$288.5	\$157.9	\$141.0	\$34.3	\$35.5	\$34.9	\$35.3	\$135.0	\$34.7	\$33.8	\$33.4	\$36.5	\$132.4
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%	69.3%	77.6%	76.5%	79.0%	79.3%	75.4%	76.7%	77.8%
Security Systems Division	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.8%	4.8%	5.7%	0.0%	0.0%	3.7%	3.3%	6.0%	5.5%	4.8%
Canvus	14.9%	11.9%	9.9%	17.4%	28.7%	27.2%	21.9%	21.4%	24.9%	22.4%	23.5%	17.3%	17.5%	18.6%	17.8%	17.8%
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%	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%	2.3%	4.1%	2.2%	4.0%
Healthcare												0.0%	-35.3%			
Canvus	3.1%	-30.4%	-17.2%	-7.6%	0.4%	-15.2%	-25.0%	-26.9%	-6.5%	-9.2%	-17.4%	-20.0%	-22.4%	-28.7%	-17.7%	-22.4%
Corporate	5.6%	-95.1%	-100.0%													
Total	2.0%	-12.7%	-0.9%	-47.4%	-38.9%	-10.7%	-3.7%	-3.0%	3.9%	0.4%	-4.2%	1.2%	-4.8%	-4.3%	3.4%	2.5%

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	Q4-14	2014	Q1-15	Q2-15	Q3-15
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	\$89.9	\$78.4
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	\$17.6	\$19.1
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	\$37.1	\$35.9
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	\$26.9	\$26.6
Discontinued ops-assets			\$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	\$192.2	\$192.2	\$181.9	\$171.5	\$160.0
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	\$8.4	\$9.1
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	\$14.4	\$14.0
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	\$203.5	\$203.5	\$200.9	\$194.3	\$183.1
Liabilities and Stockholders' Equity																	
Current Debt	\$0.0	\$19.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$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	\$13.5	\$11.2
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	\$7.9	\$8.2
Discontinued ops-liabilities			\$13.8	\$0.2	\$0.2	\$0.4	\$0.8	\$0.2	\$0.2	\$0.5							
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	\$21.4	\$19.5
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
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	\$6.7	\$3.8
Discontinued ops-non-current liabilities			\$1.6	\$1.4	\$1.4	\$2.7	\$1.5	\$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	\$28.1	\$23.3
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	\$166.2	\$159.8
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	\$194.3	\$183.1
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	\$12.04	\$11.66
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	7.0	7.7	7.4	7.3	7.2	6.8
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	52.3	47.6	49.7	48.6	47.5	52.2
Inventory Turnover	4.4	3.8	2.9	3.4	2.9	2.9	2.6	2.9	2.9	2.7	2.8	2.9	3.0	2.8	2.7	2.6	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	127.2	123.2	131.7	135.4	145.1	138.8
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	8.3	7.5	7.1	8.0	7.3	8.4
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	40.8	44.7	47.8	46.8	52.8	43.3
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	138.7	126.1	133.7	137.2	139.8	147.7
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%
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%
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	Q2-15	Q3-15	
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)	(\$2.1)	(\$2.8)	(\$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	(\$0.8)	\$0.0	\$0.1	(\$0.7)	\$0.0	\$0.0
NOPAT	\$10.6	(\$10.0)	\$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)	(\$1.0)	(\$2.8)	\$0.0
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)	(\$0.8)	\$0.0	\$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	(\$0.0)	(\$0.1)	(\$0.2)	(\$0.1)	\$0.0	\$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	(\$0.8)	\$0.0	\$0.1	(\$0.7)	\$0.0	\$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	\$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	\$172.8	\$166.2	\$169.8
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	\$137.0	\$138.0	\$138.0
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	\$38.9	\$35.0	\$36.8	\$29.2	\$21.8	\$0.0
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%	-4.1%	-7.9%	
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)	(\$1.1)	(\$2.3)	
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	\$0.4	\$0.4	\$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	\$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	\$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	\$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	\$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	\$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	\$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	\$0.0	\$1.7	\$1.7	\$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	\$0.3	\$0.3	\$0.2	\$0.3	\$1.2	\$0.3	\$0.3	\$0.3	\$0.3	\$2.9	\$0.4	\$0.4	\$0.4	(\$0.1)
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)	\$0.9	(\$1.5)	(\$1.5)
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)	(\$1.5)	\$1.2	\$1.2
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)	\$1.0	\$0.0	\$2.5	\$0.6	\$0.4	\$0.4	\$0.4
(Decrease) Increase in Accounts Payable	\$3.3	(\$5.9)	\$6.6	(\$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	\$1.3	(\$0.1)	(\$0.1)
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)	(\$0.4)	(\$0.4)	(\$0.4)
Total Changes in Operating Assets and Liabilities	\$4.7	\$19.1	\$6.0	\$48.2	\$52.3	(\$2.0)	\$1.9	\$3.0	\$3.7	\$2.4	(\$2.8)	(\$0.0)	(\$0.7)	\$7.1	\$1.3	\$0.5	(\$0.3)	(\$0.4)	(\$0.4)
Net Cash Flow from Operations	\$1.7	\$12.2	\$27.6	\$239.9	\$61.5	(\$1.3)	\$2.8	\$3.8	\$2.8	\$4.1	(\$0.5)	\$0.9	(\$0.8)	\$6.2	\$3.6	\$0.8	(\$1.0)	(\$2.9)	(\$2.9)
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)	(\$0.6)	(\$1.0)	(\$2.7)	(\$0.9)	(\$1.1)	(\$1.3)	(\$1.3)
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)	(\$2.1)	(\$4.1)	(\$4.1)
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	(\$0.08)	\$0.37	\$0.07	(\$0.00)	(\$0.15)	(\$0.30)	(\$0.30)
Fiscal Year End - May																			
(\$ in millions, except per share data)																			