

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	\$5.23
52Wk High	\$9.82
52Wk Low	\$4.71
3mo. Daily Volume	28,292
Market Capitalization	\$65.7 m
Shares Outstanding	12.8 Mil.
Dividend Yield	4.60%
Tangible Book Value Per Share	\$10.30
Net Debt-to-Equity	0%
EV-to-Sales TTM	0.1
EV-to-EBITDA TTM	NA

Financial Data

			OLD	NEW
EPS	FY-14	FY-15	FY-16E	FY-16E
Q1-Aug	\$.14	(\$0.01)	(\$0.10A)	(\$0.10A)
Q2-Nov	\$.04	(\$0.08)	(\$0.18A)	(\$0.18A)
Q3-Feb	(\$0.01)	(\$0.16)	(\$0.11)	(\$0.23A)
Q4-May	(\$0.21)	(\$0.16)	(\$0.06)	(\$0.15E)
FY-May	(\$0.03)	(\$0.41)	(\$0.47)	(\$0.66)
Revenue	\$135	\$137	\$148	\$137
% Chg	-2.0%	-1.0%	8.3%	0.0%
Cash	\$125	\$110	\$60	\$58
Assets	\$202	\$185	\$168	\$162
Debt	\$0	\$0	\$0	\$0
Equity	\$175	\$157	\$146	\$139

Note: Figures in \$millions except per share data

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NASDAQ: RELL
PRICE: \$5.23
DATE: 4/8/16

Q3 EPS of (\$0.23) missed our estimate of (\$0.11) due primarily to order push-outs in the PMT segment which resulted in lower than expected sales.

Q3 Sales declined 6.5% YOY to \$31.3 m vs. our estimate of \$37.5 due mostly to the aforementioned push-outs. PMT sales declined 8.7% YOY to \$23 m vs. our estimate of \$28 m. Canvys sales declined 16.8% YOY to \$5.2 m vs. our estimate of \$6m due to channel de-stocking. Healthcare sales grew 52.5% YOY to \$3.1 m due to the IMES acquisition.

Q3 Gross Margin improved 190 bps YOY to 31.2% due to growth in the higher margin Healthcare business as well as beneficial product and geography mix in the PMT segment.

Q3 Operating Income was flat YOY at (\$2.7) m as higher gross margin and lower operating expenses off-set the revenue shortfall.

The company presently has \$10 m remaining in authorized stock repurchases. The company is also exploring strategic options to repatriate cash from abroad.

Working capital efficiency is expected to improve sequentially.

Q4 PMT sales are expected to increase YOY due to the pushed out orders from Q3.

The dividend currently yields 4.6%.



Analysis of Q3 Results

Q3 EPS of (\$.23) missed our estimate of (\$.11) due to lower than expected sales stemming from primarily the push-out of several orders in the PMT division. Q3 EPS in the prior year was (\$.16). Sales in Q3 declined 6.5% YOY to \$31.3 m and missed our estimate of \$37.5 m. PMT sales in Q3 declined 8.7% YOY to \$23 m vs. our estimate of \$28 m as several orders were pushed into Q4 combined with some vertical weakness especially from the semiconductor wafer fabrication industry. Canvys sales declined 16.8% YOY to \$5.2 m and missed our estimate of \$6 m due to channel de-stocking while Healthcare sales grew 52.5% YOY to \$3.1 vs. our estimate of \$3.5 m. Growth in Healthcare sales was primarily from the IMES acquisition. Gross margin in Q3 grew 190 bps YOY to 31.2% due to higher margin diagnostic imaging parts in the Healthcare segment and higher gross margin in the PMT segment resulting from product and geographical mix. Operating income loss was flat YOY at (\$2.7 m) as the improved gross margin and lower operating expenses neutralized the impact from lower sales. Operating cash flow for the quarter was (\$5.7) m due to the net income loss and higher inventory levels. The company did not purchase any stock in the quarter and \$10 m of buybacks remain authorized. Since the divestiture of its RFPD business, the company has repurchased \$65.6 m of stock. Of the company's \$60.2 m in cash approximately \$20 m is domiciled in the US. The company is investigating possible repatriation strategies. The stock currently trades significantly below tangible book value of \$10.30/share. The balance sheet remains strong with \$4.70/share in cash and \$0 debt. The annualized dividend of \$.24/share currently yields 4.7%.

Business Unit	Net Sales (in thousands)			Gross Profit (in thousands)			
	Q3FY16	Q3FY15	% Change	Q3FY16	% of Sales	Q3FY15	% of Sales
PMT	\$23,008	\$25,207	-8.7%	\$7,140	31.0%	\$7,680	30.5%
Canvys	\$5,190	\$6,236	-16.8%	\$1,204	23.2%	\$1,621	26.0%
Healthcare	\$3,093	\$2,028	52.5%	\$1,406	45.5%	\$499	24.6%
Total	\$31,291	\$33,471	-6.5%	\$9,750	31.2%	\$9,800	29.3%

Sales by Geography			
Net Sales	Q3FY16	Q3FY15	% Increase
North America	\$14,215	\$15,905	-10.6%
Europe	\$9,659	\$10,006	-3.5%
Asia/Pacific	\$6,081	\$5,577	9.0%
Latin America	\$1,402	\$1,905	-26.4%
Other	-\$66	\$78	-184.6%
	\$31,291	\$33,471	-6.5%

Outlook

The company is not issuing formal guidance but maintains that PMT sales in Q4 will grow YOY due to the aforementioned orders from Q3 being pushed into Q4. The company expects incremental improvement in working capital going forward. The primary risk factor is management execution in rejuvenating topline growth to fill the fixed cost structure of its international distribution infrastructure. The company is most focused on growing its Healthcare division due to compelling imaging equipment replacement part trends and the relatively higher margins this division carries. Mild FX headwinds from Europe and Brazil will most likely continue. The semiconductor wafer fabrication vertical is arguably the most macro sensitive vertical. We have lowered our Q4 EPS estimate to (\$.15) to reflect more conservative sales forecasts based on recent PMT topline volatility.

Peer Group Comparison

Ticker	Name	Price	EV / Sales	EV / EBITDA	P/BV	P/E	P/E-CY16E	P/E-CY17E
ARW	Arrow Electronics	\$62.66	0.3	7.6	1.4	12.1	9.5	8.8
AVT	Avnet	\$43.35	0.3	6.8	1.2	10.4	9.4	8.8
WCC	Wesco International Inc.	\$52.99	0.5	8.5	1.3	12.7	13.8	12.7
	Median		0.3	7.6	1.3	12.1	9.5	8.8
RELL	Richardson Electronics	\$5.23	0.1	NA	0.5	NA	NA	NA

Note: All figures based on trailing 12-months, except P/E-16 and PE/-17 based on consensus estimates
 Prices as of 4/07/16

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Income Statement (in millions)	2008	2009	2010	2011	2012	2013	2014	Q1-15	Q2-15	Q3-15	Q4-15	2015	Q1-16	Q2-16	Q3-16	Q4-16E	2016E
Sales	\$568.4	\$496.3	\$491.8	\$258.5	\$157.9	\$141.0	\$141.9	\$34.7	\$33.8	\$33.4	\$34.9	\$136.8	\$37.1	\$34.1	\$31.3	\$34.7	\$137.2
COGS	\$432.8	\$386.7	\$373.8	\$191.1	\$111.1	\$99.6	\$100.9	\$24.0	\$23.3	\$23.6	\$24.7	\$95.6	\$25.8	\$23.7	\$21.5	\$23.8	\$94.8
Gross Profit	\$135.6	\$109.6	\$118.0	\$67.4	\$46.8	\$41.4	\$41.1	\$10.7	\$10.5	\$9.8	\$10.2	\$41.2	\$11.3	\$10.4	\$9.8	\$10.9	\$42.4
Operating Expenses	\$125.4	\$117.9	\$95.7	\$56.0	\$40.6	\$41.4	\$45.2	\$11.2	\$12.6	\$12.6	\$12.9	\$49.3	\$12.3	\$13.2	\$12.5	\$13.1	\$51.1
(Gain) loss on disposal of assets																	
Operating Income	\$10.2	(\$8.2)	\$22.3	\$11.4	\$6.2	\$0.0	(\$4.2)	(\$0.5)	(\$2.1)	(\$2.8)	(\$2.7)	(\$8.1)	(\$1.0)	(\$2.6)	(\$2.7)	(\$2.1)	(\$8.6)
Add back D&A	\$5.3	\$4.1	\$3.9	\$1.9	\$1.1	\$1.1	\$1.2	\$0.4	\$0.4	\$0.4	\$0.5	\$1.7	\$0.5	\$0.8	\$0.6	\$0.5	\$2.4
Add back stock compensation	\$0.7	\$0.7	\$0.7	\$0.6	\$0.5	\$0.6	\$0.6	\$0.3	\$0.1	\$0.3	\$0.2	\$0.7	\$0.1	\$0.2	\$0.1	\$0.2	\$0.6
EBITDA	\$16.2	(\$3.4)	\$26.9	\$13.9	\$7.8	\$1.7	(\$2.4)	\$0.0	(\$1.4)	(\$2.3)	(\$2.3)	(\$5.7)	(\$0.4)	(\$1.6)	(\$2.0)	(\$1.4)	(\$5.6)
Interest Expense, Net	\$6.9	\$4.6	\$3.9	(\$0.1)	(\$1.4)	(\$1.4)	(\$1.1)	(\$0.3)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.9)	(\$0.2)	(\$0.1)	(\$0.1)	(\$0.2)	\$0.0
Proceeds from legal settlement																	\$0.0
Other Expense, Net	\$12.0	(\$2.4)	\$1.4	\$0.7	(\$0.1)	\$0.8	(\$0.3)		(\$0.3)	(\$0.3)	\$0.2	(\$0.1)	\$0.2	(\$0.4)	\$0.2	\$0.2	\$0.0
Pretax Income	(\$8.7)	(\$10.4)	\$17.1	\$10.8	\$7.7	\$0.6	(\$0.6)	(\$0.2)	(\$1.9)	(\$2.3)	(\$2.7)	(\$7.1)	(\$1.0)	(\$2.1)	(\$2.8)	(\$1.9)	(\$8.0)
Income Tax	(\$0.2)	\$1.8	(\$0.2)	\$0.9	(\$0.4)	\$0.1	(\$0.1)	(\$0.8)	\$0.0	(\$0.5)	(\$0.5)	(\$1.4)	\$0.4	\$0.2	\$0.1	\$0.0	\$0.7
Net Income	(\$8.9)	(\$12.2)	\$17.3	\$9.9	\$8.0	\$0.5	(\$0.6)	(\$0.1)	(\$1.1)	(\$2.3)	(\$2.2)	(\$5.7)	(\$1.4)	(\$2.3)	(\$2.9)	(\$1.9)	(\$8.7)
Shares Outstanding-Diluted	17.8	17.8	18.9	18.2	17.1	15.4	14.3	13.9	13.8	13.7	13.6	13.8	13.5	12.9	12.8	12.8	13.1
EPS - Diluted (Continuing Ops)	(\$0.49)	(\$0.69)	\$0.91	\$0.54	\$0.47	\$0.03	(\$0.04)	(\$0.01)	(\$0.08)	(\$0.16)	(\$0.16)	(\$0.41)	(\$0.10)	(\$0.18)	(\$0.23)	(\$0.15)	(\$0.66)
Dividend per Share	\$0.12	\$0.08	\$0.08	\$0.11	\$0.20	\$0.24	\$0.24	\$0.06	\$0.06	\$0.06	\$0.06	\$0.24	\$0.06	\$0.06	\$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%	100.0%
COGS	76.1%	77.9%	76.0%	73.9%	70.4%	70.6%	71.1%	69.2%	69.0%	70.7%	70.8%	69.9%	69.5%	69.5%	68.7%	68.5%	69.1%
Gross Profit	23.9%	22.1%	24.0%	26.1%	29.6%	29.4%	28.9%	31.0%	29.3%	29.2%	29.2%	30.1%	30.5%	30.5%	31.3%	31.5%	30.9%
Operating Expenses	22.1%	23.7%	19.5%	21.7%	25.7%	29.4%	31.9%	32.3%	37.6%	37.6%	37.0%	36.0%	33.2%	38.7%	39.9%	37.7%	37.2%
Operating Income	1.8%	-1.7%	4.5%	4.4%	3.9%	0.0%	-2.9%	-1.4%	-6.3%	-8.3%	-7.7%	-5.9%	-2.7%	-7.6%	-6.6%	-6.2%	-6.3%
Interest Expense, Net	1.2%	0.9%	0.8%	0.0%	-0.9%	-1.0%	-0.8%	-0.9%	-0.6%	-0.6%	-0.6%	-0.7%	-0.5%	-0.3%	-0.3%	-0.6%	-0.4%
Other Expense, Net	2.1%	-0.5%	0.3%	0.3%	-0.1%	0.6%	-0.2%	0.0%	-0.9%	-0.9%	0.6%	-0.1%	0.5%	-1.2%	0.6%	0.0%	0.0%
Pretax Income	-1.5%	-2.1%	3.5%	4.2%	4.9%	0.4%	-0.4%	-0.6%	-5.7%	-6.8%	-7.7%	-5.2%	-2.7%	-6.2%	-8.9%	-5.9%	-5.9%
Income Tax Rate	2.5%	-17.0%	-1.2%	8.3%	-5.2%	16.7%	9.7%	50.0%	41.3%	0.0%	18.6%	19.7%	-40.0%	-9.5%	-3.6%	0.0%	-8.7%
Net Income	-1.5%	-2.5%	3.5%	3.8%	5.1%	0.4%	-0.4%	-0.3%	-3.4%	-6.8%	-6.3%	-4.2%	-3.8%	-6.7%	-9.3%	-5.6%	-6.4%
Revenue by Segment																	
RF, Wireless & Power Division	\$376.2	\$355.1	\$356.5	\$99.6	\$112.6	\$102.6	\$103.3	\$27.4	\$26.8	\$25.2	\$26.3	\$105.7	\$27.2	\$25.2	\$23.0	\$26.0	\$104.5
PMT	\$103.3	\$82.2	\$86.5	\$113.8	\$112.6	\$102.6	\$6.9	\$1.3	\$1.1	\$2.0	\$2.1	\$6.5	\$3.2	\$3.0	\$3.1	\$3.2	\$12.5
Healthcare																	
Canvus	\$84.7	\$58.9	\$48.8	\$45.1	\$45.3	\$38.4	\$31.7	\$6.0	\$5.9	\$6.2	\$6.5	\$24.6	\$6.7	\$5.9	\$5.2	\$5.5	\$23.3
Corporate	\$4.3	\$0.2	\$0.0	\$0.0	\$0.0	\$141.0	\$141.9	\$34.7	\$33.8	\$33.4	\$34.9	\$136.8	\$37.1	\$34.1	\$31.3	\$34.7	\$137.2
Total	\$568.4	\$496.3	\$491.8	\$258.5	\$157.9	\$141.0	\$141.9	\$34.7	\$33.8	\$33.4	\$34.9	\$136.8	\$37.1	\$34.1	\$31.3	\$34.7	\$137.2
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%	0.0%
PMT	18.2%	16.6%	17.6%	44.0%	71.3%	72.8%	72.8%	79.0%	79.3%	75.4%	75.4%	77.3%	73.3%	73.9%	73.5%	74.9%	73.9%
Security Systems Division	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.9%	3.7%	3.3%	6.0%	6.0%	4.8%	8.6%	8.8%	9.9%	9.2%	9.1%
Canvus	14.9%	11.9%	9.9%	17.4%	28.7%	27.2%	22.3%	17.3%	17.5%	18.6%	18.6%	18.0%	18.1%	17.3%	16.6%	15.9%	17.0%
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%	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%	100.0%
Revenue Growth (Year / Year)																	
RF, Wireless & Power Division	1.7%	-5.6%	0.4%	31.6%	-1.1%	-8.9%	0.7%	7.5%	2.3%	4.1%	-4.0%	2.3%	-0.7%	-6.0%	-8.7%	-1.1%	-4.1%
PMT	2.0%	-20.4%	5.3%	31.6%	-1.1%	-8.9%	0.7%	0.0%	-35.3%	0.0%	10.5%	-5.6%	146.2%	172.7%	55.0%	52.4%	92.3%
Healthcare																	
Canvus	3.1%	-30.4%	-17.2%	-7.6%	0.4%	-15.2%	-17.4%	-20.0%	-22.4%	-28.7%	-17.7%	-22.4%	11.7%	0.0%	-16.1%	-15.4%	-5.3%
Corporate	5.6%	-95.1%	-100.0%														
Total	2.0%	-12.7%	-0.9%	-47.4%	-38.9%	-10.7%	0.7%	1.2%	-4.8%	-4.3%	-6.2%	-3.6%	6.9%	0.9%	-6.3%	-0.6%	0.3%

Balance Sheet	2009	2010	2011	2012	2013	2014	Q1-15	Q2-15	Q3-15	Q4-15	2015	Q1-16	Q2-16	Q3-16
Assets														
Cash	\$43.9	\$29.0	\$171.0	\$43.9	\$102.0	\$102.8	\$98.0	\$89.9	\$78.4	\$74.5	\$74.5	\$68.4	\$67.9	\$60.2
Accounts Receivable	\$92.4	\$98.7	\$22.4	\$19.7	\$18.3	\$18.4	\$18.5	\$17.6	\$19.1	\$20.8	\$20.8	\$24.0	\$21.0	\$20.9
Inventories	\$81.2	\$78.7	\$30.9	\$34.7	\$34.0	\$33.9	\$35.6	\$37.1	\$35.9	\$38.8	\$38.8	\$41.2	\$43.1	\$45.5
Other Current Assets	\$7.8	\$7.0	\$64.0	\$115.0	\$48.3	\$37.1	\$29.8	\$26.9	\$26.6	\$27.0	\$27.0	\$9.8	\$6.8	\$6.4
Discontinued ops-assets			\$0.0	\$0.3							\$0.0			
Current Assets	\$225.3	\$213.4	\$288.3	\$213.3	\$202.9	\$192.2	\$181.9	\$171.5	\$160.0	\$161.1	\$161.1	\$143.4	\$138.8	\$133.0
Net Property, Plant, and Equipment	\$19.4	\$16.7	\$5.0	\$5.4	\$5.1	\$7.2	\$7.7	\$8.4	\$9.1	\$10.1	\$10.1	\$10.8	\$10.9	\$11.6
Goodwill & Other Assets	\$4.1	\$4.7	\$4.0	\$12.7	\$9.3	\$4.1	\$11.3	\$14.4	\$14.0	\$13.8	\$13.8	\$22.3	\$19.1	\$19.4
Total Assets	\$248.8	\$234.8	\$297.3	\$231.4	\$217.3	\$203.5	\$200.9	\$194.3	\$183.1	\$185.0	\$185.0	\$176.5	\$168.8	\$164.0
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			
Accounts Payable	\$53.0	\$61.6	\$17.8	\$12.6	\$14.3	\$12.3	\$12.3	\$13.5	\$11.2	\$15.8	\$15.8	\$14.3	\$13.6	\$12.7
Accrued Expenses	\$18.4	\$18.8	\$43.7	\$8.5	\$9.6	\$9.2	\$8.5	\$7.9	\$8.2	\$10.1	\$10.1	\$9.3	\$8.9	\$8.1
Discontinued ops-liabilities			\$13.8	\$0.2	\$0.2	\$0.0					\$0.0			
Current Liabilities	\$71.4	\$99.9	\$75.3	\$21.1	\$24.1	\$21.5	\$20.8	\$21.4	\$19.5	\$26.0	\$25.9	\$23.6	\$22.5	\$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		
Deferred Taxes & Other Long-term Liabilities	\$6.3	\$5.0	\$13.0	\$8.5	\$8.0	\$5.7	\$5.9	\$6.7	\$3.8	\$2.3	\$2.3	\$2.2	\$1.7	\$2.0
Discontinued ops-non-current liabilities			\$1.6	\$1.4	\$0.0	\$1.4	\$1.4				\$0.0			
Total Liabilities	\$130.1	\$104.9	\$89.9	\$29.6	\$32.1	\$28.6	\$28.1	\$28.1	\$23.3	\$28.3	\$28.3	\$25.8	\$24.2	\$22.8
Shareholder Equity	\$118.7	\$129.9	\$224.2	\$200.2	\$185.2	\$174.9	\$172.8	\$166.2	\$159.8	\$156.7	\$156.7	\$150.7	\$144.6	\$141.2
Total Liabilities and Equity	\$248.8	\$234.8	\$314.1	\$229.8	\$217.3	\$203.5	\$200.9	\$194.3	\$183.1	\$185.0	\$185.0	\$176.5	\$168.8	\$164.0
Book Value Per Share	\$6.67	\$6.87	\$12.32	\$11.71	\$12.07	\$12.27	\$12.43	\$12.04	\$11.66	\$11.52	\$11.40	\$11.16	\$11.21	\$11.03
Asset Utilization and Efficiency														
Accounts Receivable Turnover	4.9	5.1	4.3	7.5	7.4	7.7	7.3	7.2	6.8	7.1	7.0	7.0	7.1	6.3
Days' Sales in Receivables Outstanding	67.9	73.3	31.6	45.5	47.4	47.3	48.6	47.5	52.2	54.4	55.5	59.0	56.2	60.9
Inventory Turnover	4.4	3.8	2.9	3.4	2.9	3.0	2.7	2.6	2.7	2.7	2.6	2.7	2.4	2.1
Days' Sales in Inventory Outstanding	76.6	76.8	59.0	114.0	124.7	122.7	135.4	145.1	138.8	143.3	148.1	145.7	165.9	193.1
Accounts Payable Turnover	7.3	5.8	5.0	7.3	7.4	7.6	8.0	7.3	8.4	7.0	6.8	7.8	7.0	7.2
Days' Purchases in Payables Outstanding	50.0	60.1	34.0	41.4	52.4	44.5	46.8	52.8	43.3	58.4	60.3	50.6	52.4	53.9
Cash Conversion Cycle (Days)	94.6	89.9	56.6	118.1	119.6	125.5	137.2	139.8	147.7	139.4	143.3	154.2	169.8	200.1
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%
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%
Fiscal Year End - May														
(\$ in millions, except per share data)														

ROIC and Free Cash Flow	2008	2009	2010	2011	2012	2013	2014	Q1-15	Q2-15	Q3-15	Q4-15	2015	Q1-16	Q2-16	Q3-16
NOPAT															
EBIT	\$10.2	(\$8.2)	\$22.3	\$11.4	\$6.2	\$0.0	(\$4.2)	(\$0.5)	(\$2.1)	(\$2.8)	(\$2.7)	(\$8.1)	(\$1.0)	(\$2.6)	(\$2.7)
Cash Taxes on EBIT	(\$0.4)	\$2.5	(\$0.2)	\$0.9	(\$0.5)	\$0.3	\$0.0	\$0.1	(\$0.7)	\$0.0	(\$0.5)	(\$1.2)	\$0.3	\$0.2	\$0.1
NOPAT	\$10.6	(\$10.8)	\$22.5	\$10.5	\$6.7	(\$0.3)	(\$4.2)	(\$0.6)	(\$1.4)	(\$2.8)	(\$2.2)	(\$6.9)	(\$1.3)	(\$2.8)	(\$2.8)
Cash Taxes on EBIT															
Income Tax Provision	(\$0.2)	\$1.8	(\$0.2)	\$0.9	(\$0.4)	\$0.1	(\$0.1)	(\$0.1)	(\$0.8)	\$0.0	(\$0.5)	(\$1.4)	\$0.4	\$0.2	\$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)	(\$0.2)	\$0.1	\$0.0	\$0.0
Cash Taxes on EBIT	(\$0.4)	\$2.5	(\$0.2)	\$0.9	(\$0.5)	\$0.3	\$0.0	\$0.1	(\$0.7)	\$0.0	(\$0.5)	(\$1.2)	\$0.3	\$0.2	\$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
Stockholders' Equity	\$141.4	\$118.7	\$129.9	\$224.2	\$200.2	\$185.2	\$174.9	\$172.8	\$166.2	\$159.8	\$156.7	\$156.7	\$150.7	\$144.6	\$141.2
Total Cash & Short-term Investments	\$40.0	\$43.9	\$29.0	\$171.0	\$158.9	\$150.3	\$139.9	\$136.0	\$137.0	\$138.0	\$139.0	\$101.5	\$78.2	\$74.7	\$66.6
Invested Capital	\$157.1	\$127.2	\$120.4	\$53.2	\$41.3	\$34.9	\$35.0	\$36.8	\$29.2	\$21.8	\$17.7	\$55.2	\$72.5	\$69.9	\$74.6
Return on Invested Capital															
Return on Invested Capital (Average)	6.3%	-7.6%	18.1%	12.1%	14.1%	-0.9%	-12.0%	-1.4%	-4.1%	-7.9%	-7.9%	-15.2%	-2.4%	-5.6%	-5.8%
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)	(\$0.1)	(\$1.1)	(\$2.3)	(\$2.2)	(\$5.7)	(\$1.4)	(\$2.3)	(\$2.9)
Adjustments:															
Depreciation	\$5.5	\$5.3	\$4.3	\$1.8	\$1.2	\$1.2	\$1.2	\$0.4	\$0.4	\$0.4	\$0.5	\$1.7	\$0.5	\$0.8	\$0.6
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
Deferred Income Taxes	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$0.5)	(\$0.9)	(\$1.4)	\$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
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
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
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
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
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
Total Adjustments	\$5.5	\$5.3	\$4.3	\$181.8	\$1.2	\$1.2	\$2.9	\$0.4	\$0.4	(\$0.1)	(\$0.4)	\$0.3	\$0.5	\$0.8	\$0.6
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)	(\$0.1)	\$0.9	(\$1.5)	(\$1.7)	(\$2.4)	(\$3.2)	\$3.0	\$0.1
Decrease (Increase) in Inventories	\$16.3	\$12.7	\$2.5	\$47.8	(\$3.8)	\$0.7	\$0.1	(\$1.7)	(\$1.5)	\$1.2	(\$2.9)	(\$4.9)	(\$2.4)	(\$1.9)	(\$2.4)
Decrease (Increase) in Other Current Assets	\$1.1	(\$1.4)	\$0.8	(\$57.0)	\$51.0	\$0.0	\$0.0	\$2.5	-\$0.6	\$0.4	-\$1.0	\$0.0	\$1.0	\$0.1	\$0.0
(Decrease) Increase in Accounts Payable	\$3.3	(\$5.9)	\$8.6	(\$43.8)	(\$5.2)	\$1.7	\$1.5	\$0.5	\$1.3	(\$0.1)	\$3.5	\$7.0	(\$1.5)	(\$0.7)	(\$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	\$0.0	(\$0.7)	(\$0.4)	(\$0.4)	\$1.9	\$0.0	\$0.0	(\$1.0)	
Total Changes in Operating Assets and Liabilities	\$4.7	\$19.1	\$6.0	\$48.2	\$44.7	\$3.8	\$1.5	\$0.5	(\$0.3)	(\$0.4)	(\$0.2)	(\$0.3)	(\$6.1)	(\$0.5)	(\$3.2)
Net Cash Flow from Operations	\$1.7	\$12.2	\$27.6	\$239.9	\$53.9	\$5.5	\$3.8	\$0.8	(\$1.0)	(\$2.8)	(\$2.8)	(\$5.7)	(\$7.0)	(\$2.0)	(\$5.5)
Capital Expenditures	(\$4.5)	(\$1.6)	(\$1.4)	(\$0.5)	(\$0.2)	(\$1.3)	(\$2.7)	(\$0.8)	(\$1.1)	(\$1.3)	(\$1.5)	(\$4.7)	(\$1.0)	(\$0.8)	(\$1.3)
Time Deposit Purchases															
Free Cash Flow	(\$2.8)	\$10.6	\$26.2	\$239.4	(\$29.1)	\$4.2	\$1.1	(\$0.0)	(\$2.1)	(\$4.1)	(\$4.3)	(\$10.4)	(\$8.0)	(\$2.8)	(\$6.8)
Free Cash Flow per Share	(\$0.16)	\$0.59	\$1.38	\$13.15	(\$1.70)	\$0.27	\$0.08	(\$0.00)	(\$0.15)	(\$0.30)	(\$0.32)	(\$0.76)	(\$0.59)	(\$0.22)	(\$0.53)
Fiscal Year End - May															
(\$ in millions, except per share data)															