

Business Description

Richardson Electronics, Ltd. is a global provider of engineered solutions, serving the 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.



NASDAQ: RELL
 PRICE: \$11.41
 DATE: October 11, 2013

Stock Data

Price	\$11.41
52Wk High	\$12.48
52Wk Low	\$10.61
3mo. Daily Volume	19,659
Market Capitalization	\$167
Shares Outstanding	14.7 Mil.
Dividend Yield	2.20%
Tangible Book Value Per Share	\$12.10
Net Debt-to-Equity	0%
EV-to-Sales TTM	0.3x
EV-to-EBITDA TTM	10x

Financial Data

		OLD	NEW
EPS	FY-13	FY-14E	FY-14E
Q1-Aug	\$.05	\$.01E	\$.14A
Q2-Nov	\$.04	\$.04E	\$.03E
Q3-Feb	\$.04	\$.06E	\$.07E
Q4-May	(\$.09)	\$.09E	\$.11E
FY-May	(\$.03)	\$.21E	\$.33E
P/E			
Revenue	\$141	\$151	\$147
% Chg	-11%	7%	5%

Cash	\$141	\$148	\$125
Assets	\$217	\$230	\$202
Debt	\$0	\$0	\$0
Equity	\$185	\$188	\$175

Note: Figures in \$millions except per share data

Q1 EPS of \$.01 (exclusive of \$.13 legal settlement gain) matched our estimate as lower than expected operating expenses offset lower than expected revenues.

Q1 Sales declined 3.9% YOY to \$34.3 million vs. our estimate of \$36 million due to specific unexpected vertical weaknesses in the EDG segment.

Q1 Gross margin was flat YOY as improved gross margin in Canvys offset a slight Gross Margin decline in the EDG segment stemming from lower sales volumes.

Q1 operating expenses came in \$.4 million lower than expected and offset our missed revenue forecast.

The balance sheet remains strong with \$132 million in cash and cash equivalents (\$8.98/share) and \$0 debt. The company continues to evaluate acquisition opportunities in the healthcare diagnostic imaging replacement parts market.

The company repurchased .6 million of shares during the quarter with approximately \$18 million of share buy backs remaining authorized.

The stock currently trades below its tangible book value of \$12.10 and offers a 2% dividend yield.



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Analysis of Q1 Results

Q1 EPS of \$.01 (exclusive of \$.13 legal settlement gain) matched our estimate as lower than expected operating expenses offset lower than expected revenues. Q1 revenue declined 3.9% YOY to \$34.3 million vs. our estimate of \$36 million due to lower than expected EDG division sales. The company had previously guided for Q1 revenue of \$35-\$37 million. Q1 EDG sales of \$25.5 million were flat YOY and missed our estimate of \$27 million due to vertical weakness in industrial heating, broadcast, and aviation. Vertical strength continues in the auto market for CO2 lasers and sales into the semiconductor wafer fabrication market have now stabilized. Previous geographical weakness in Europe and parts of Asia has also stabilized. Canvys sales declined 12.4% YOY to \$8.8 million, slightly below our estimate of \$9 million due to tentative cap ex spending for PACS (Picture Archive Communication Systems) by U.S. hospitals stemming from uncertainty around the Affordable Care Act and a one-time significant order in the prior year. Europe appears to have stabilized for this segment. In July the company completed the acquisition of a small German engineering firm for approximately \$1 million. The acquisition gives the company entrance into the \$200 million power capacitor market. The company continues to evaluate acquisition opportunities within the healthcare diagnostic imaging replacement parts market but reports that acquisition pricing has been higher than expected. The company repurchased .6 million shares in the quarter for \$6.7 million. The pace of stock buybacks has continued thus far in Q2. Approximately \$18 million of stock buybacks remain authorized. If fully promulgated this could reduce the company's share count by over 10%. The balance sheet remains strong with \$132 million (\$8.98/share) in cash and cash equivalents and \$0 debt.

Business Unit	Net Sales (in thousands)			Gross Profit (in thousands)			
	Q1FY14	Q1FY13	% Change	Q1FY14	% of Sales	Q1FY13	% of Sales
Electron Device Group	\$25,479	\$25,627	-0.6%	\$7,859	30.8%	\$8,000	31.2%
Canvys	\$8,778	\$10,023	-12.4%	\$2,333	26.6%	\$2,646	26.4%
Total	\$34,257	\$35,650	-3.9%	\$10,192	29.8%	\$10,646	29.9%

Net Sales	Q1FY14	Q1FY13	% Increase
North America	\$14,109	\$15,738	-10.4%
Europe	\$11,489	\$10,744	6.9%
Asia/Pacific	\$6,305	\$6,347	-0.7%
Latin America	\$2,197	\$2,447	-10.2%
Other	\$157	\$374	-58.0%
	\$34,257	\$35,650	-3.9%

Outlook

The company is guiding for Q2 revenue of \$35-\$37 million, the midpoint of which represents flat YOY growth and 5% sequential growth. Generally speaking, demand appears to have stabilized. The company is forecasting an effective tax rate of 29% for FY14 and remains focused on cost control. Uncertainty for Canvys regarding the impact of the Affordable Care Act and foreign currency exposure remain the primary risk factors. The stock trades below tangible book value of \$12.10 and offers a 2% dividend yield with potential meaningful stock buy backs, therefore representing an attractive opportunity for value investors. Potential upside resides in accretive acquisitions and better than expected performance from the EDG division stemming from 2014 rebound forecasts for the semiconductor wafer fabrication vertical and exposure to growing international auto production via CO2 laser product sales.

Peer Group Comparison								
Ticker	Name	Price	EV / Sales	EV / EBITDA	P/BV	P/E	P/E-CY13E	P/E-CY14E
ARW	Arrow Electronics	\$49.62	0.32	7.8	1.3	12.0	10.6	9.0
AVT	Avnet	\$42.77	0.27	7.6	1.4	13.3	11.0	9.6
WCC	Wesco International Inc.	\$76.33	0.70	12.0	2.0	16.5	14.7	12.5
	Median		0.32	7.8	1.4	13.3	11.0	9.6
RELL	Richardson Electronics	\$11.40	0.25	9.9 *	0.9	87.7	95.0	NA

Note: All figures based on trailing 12-months, except P/E-13 and PE-14 based on consensus estimates

Prices as of 10/10/13

*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	Q2-14E	Q3-14E	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	\$38.2	\$39.4	\$147.4
COGS	\$432.8	\$386.7	\$373.8	\$191.1	\$111.1	\$25.0	\$25.9	\$23.7	\$25.0	\$99.6	\$24.1	\$25.1	\$27.0	\$27.7	\$103.9
Gross Profit	\$135.6	\$109.6	\$118.0	\$67.4	\$46.8	\$10.6	\$10.7	\$9.9	\$10.2	\$41.4	\$10.2	\$10.4	\$11.2	\$11.7	\$43.5
Operating Expenses	\$125.4	\$117.9	\$95.7	\$56.0	\$40.6	\$10.1	\$10.2	\$9.3	\$11.8	\$41.4	\$10.1	\$10.0	\$9.9	\$9.6	\$39.6
Operating Income	\$10.2	(\$8.2)	\$22.3	\$11.4	\$6.2	\$0.5	\$0.5	\$0.6	-\$1.6	\$0.0	\$0.1	\$0.4	\$1.3	\$2.1	\$3.9
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	\$0.1	\$0.1	\$0.4
EBITDA	\$16.2	(\$3.4)	\$26.9	\$13.9	\$7.8	\$0.9	\$1.0	\$0.9	(\$1.1)	\$1.7	\$0.5	\$0.8	\$1.7	\$2.5	\$5.5
Interest Expense, Net	\$6.9	\$4.6	\$3.9	(\$0.1)	(\$1.4)	(\$0.4)	(\$0.4)	(\$0.3)	(\$0.3)	(\$1.4)	(\$0.3)	(\$0.3)	(\$0.2)	(\$0.2)	(\$1.0)
Proceeds from legal settlement															
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	\$0.1	\$0.1	\$0.1	\$0.4
Pretax Income	(\$8.7)	(\$10.4)	\$17.1	\$10.8	\$7.7	\$0.9	\$0.6	\$0.4	(\$1.3)	\$0.6	\$2.4	\$0.6	\$1.4	\$2.2	\$6.6
Income Tax	(\$0.2)	\$1.8	(\$0.2)	\$0.9	(\$0.4)	\$0.2	\$0.0	(\$0.2)	\$0.1	\$0.1	\$0.5	\$0.2	\$0.4	\$0.6	\$1.7
Net Income	(\$8.5)	(\$12.2)	\$17.3	\$9.9	\$8.0	\$0.7	\$0.6	\$0.6	(\$1.4)	\$0.5	\$2.0	\$0.4	\$1.0	\$1.5	\$4.8
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	14.3	14.3	14.3	14.4
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	\$0.03	\$0.07	\$0.11	\$0.33
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				
% 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%	70.8%	70.6%	70.4%	70.5%
Gross Profit	23.9%	22.1%	24.0%	26.1%	29.6%	29.8%	29.2%	29.5%	29.0%	29.4%	29.7%	29.2%	29.4%	29.6%	29.5%
Operating Expenses	22.1%	23.7%	19.5%	21.7%	25.7%	28.4%	27.9%	27.7%	33.6%	29.4%	29.4%	28.2%	25.9%	24.4%	26.9%
Operating Income	1.8%	-1.7%	4.5%	4.4%	3.9%	1.4%	1.8%	1.8%	-4.6%	0.0%	0.3%	1.0%	3.5%	5.2%	2.6%
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%	-0.5%	-0.5%	-0.7%
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%	0.3%	0.3%	0.3%	0.3%
Pretax Income	-1.5%	-2.1%	3.5%	4.2%	4.9%	2.5%	1.6%	1.2%	-3.7%	0.4%	7.0%	1.6%	3.7%	5.5%	4.4%
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%	30.0%	30.0%	26.6%
Net Income	-1.5%	-2.5%	3.5%	3.8%	5.1%	2.1%	1.6%	1.8%	-4.0%	0.4%	5.8%	1.1%	2.6%	3.8%	3.3%
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	\$26.5	\$29.0	\$30.0	\$111.0
Canvys	\$84.7	\$58.9	\$48.8	\$45.1	\$45.3	\$10.0	\$10.4	\$9.3	\$8.7	\$38.4	\$8.8	\$9.0	\$9.2	\$9.4	\$36.4
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	\$38.2	\$39.4	\$147.4
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%
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%	74.6%	75.9%	76.1%	75.3%
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%
Canvys	14.9%	11.9%	9.9%	17.4%	28.7%	28.1%	28.4%	27.7%	24.8%	27.2%	25.7%	25.4%	24.1%	23.9%	24.7%
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%	1.1%	19.3%	13.4%	8.2%
Canvys	3.1%	-30.4%	-17.2%	-7.6%	0.4%	-7.4%	-6.3%	-19.1%	-26.9%	-15.2%	-12.0%	-13.5%	-1.1%	8.0%	-5.2%
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%	13.7%	12.1%	4.6%

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
Assets										
Cash	\$43.9	\$29.0	\$171.0	\$43.9	\$41.2	\$53.5	\$77.0	\$102.0	\$102.0	\$92.5
Accounts Receivable	\$92.4	\$98.7	\$22.4	\$19.7	\$20.5	\$21.7	\$19.7	\$18.3	\$18.3	\$19.5
Inventories	\$81.2	\$78.7	\$30.9	\$34.7	\$35.4	\$35.3	\$34.8	\$34.0	\$34.0	\$35.3
Other Current Assets	\$7.8	\$7.0	\$64.0	\$115.0	\$109.1	\$96.3	\$74.2	\$48.3	\$48.3	\$46.5
Discontinued ops-assets			\$0.0	\$0.0			\$0.3	\$0.3	\$0.3	\$0.3
Current Assets	\$225.3	\$213.4	\$288.3	\$213.3	\$206.2	\$206.8	\$205.7	\$202.9	\$202.9	\$194.1
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
Goodwill & Other Assets	\$4.1	\$4.7	\$4.0	\$12.7	\$14.0	\$11.4	\$10.9	\$9.3	\$9.3	\$8.1
Total Assets	\$248.8	\$234.8	\$297.3	\$231.4	\$224.4	\$222.6	\$221.3	\$217.3	\$217.3	\$207.8
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
Accounts Payable	\$53.0	\$61.6	\$17.8	\$12.6	\$11.2	\$14.0	\$13.0	\$14.3	\$14.3	\$11.8
Accrued Expenses	\$18.4	\$18.8	\$43.7	\$8.5	\$8.5	\$8.3	\$7.8	\$9.6	\$9.6	\$7.4
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
Long-term Debt	\$52.4	\$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
Discontinued ops-non-current liabilities			\$1.6	\$1.4	\$1.4	\$2.7	\$1.5	\$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
Shareholder Equity	\$118.7	\$129.9	\$224.2	\$200.2	\$194.9	\$190.3	\$189.8	\$185.2	\$185.2	\$180.3
Total Liabilities and Equity	\$248.8	\$234.8	\$314.1	\$229.8	\$224.4	\$222.6	\$221.3	\$217.3	\$217.3	\$207.8
Book Value Per Share	\$6.67	\$6.87	\$12.32	\$11.71	\$12.34	\$12.44	\$12.49	\$12.26	\$12.07	\$12.27
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
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
Inventory Turnover	4.4	3.8	2.9	3.4	2.9	2.9	2.6	2.9	2.9	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
Accounts Payable Turnover	7.3	5.8	5.0	7.3	7.5	7.2	6.9	7.4	7.4	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
Cash Conversion Cycle (Days)	94.6	89.9	56.6	118.1	140.9	129.1	137.4	119.6	119.6	140.9
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%
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%
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
NOPAT											
EBIT	\$10.2	(\$8.2)	\$22.3	\$11.4	\$6.2	\$0.5	\$0.5	\$0.6	(\$1.6)	\$0.0	\$0.1
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
NOPAT	\$10.6	(\$10.8)	\$22.5	\$10.5	\$6.7	\$0.2	\$0.5	\$1.0	(\$1.7)	(\$0.3)	(\$0.5)
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
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)
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
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
Stockholders' Equity	\$141.4	\$118.7	\$129.9	\$224.2	\$200.2	\$194.9	\$190.3	\$189.8	\$185.2	\$185.2	\$180.3
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
Invested Capital	\$157.1	\$127.2	\$120.4	\$53.2	\$41.3	\$44.6	\$40.5	\$38.6	\$34.9	\$34.9	\$41.3
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%

Note: Quarterly Figures Have Been Annualized

Free Cash Flow	2008	2009	2010	2011	2012	Q1-13	Q2-13	Q3-13	Q4-13	2013	Q1-14
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
Adjustments:											
Depreciation	\$5.5	\$5.3	\$4.3	\$1.8	\$1.2	\$0.3	\$0.3	\$0.2	\$0.3	\$1.2	\$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
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
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
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
Other Charges	\$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
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
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
Total Adjustments	\$5.5	\$5.3	\$4.3	\$181.8	\$1.2	\$0.3	\$0.3	\$0.2	\$0.3	\$1.2	\$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)
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)
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	\$0.0
(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)
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
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)
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)
Capital Expenditures	(\$4.5)	(\$1.6)	(\$1.4)	(\$0.5)	(\$0.2)	(\$0.1)	(\$0.1)	(\$0.5)	(\$0.6)	(\$1.3)	(\$0.4)
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)
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)

Fiscal Year End - May

(\$ in millions, except per share data)