

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.



NASDAQ: RELL
PRICE: \$6.22
DATE: 10/9/15

Stock Data

Price	\$6.22
52Wk High	\$10.20
52Wk Low	\$5.43
3mo. Daily Volume	131,912
Market Capitalization	\$84.6 m
Shares Outstanding	13.5 Mil.
Dividend Yield	4.00%
Tangible Book Value Per Share	\$11.00
Net Debt-to-Equity	0%
EV-to-Sales TTM	NA
EV-to-EBITDA TTM	NA

Financial Data

		OLD		NEW
EPS	FY-14	FY-15	FY-16E	FY-16E
Q1-Aug	\$.14	(\$0.01)	(\$0.20)	(\$0.10A)
Q2-Nov	\$.04	(\$0.08)	(\$0.16)	(\$0.10)
Q3-Feb	(\$0.01)	(\$0.16)	(\$0.10)	(\$0.06)
Q4-May	(\$0.21)	(\$0.16)	(\$0.07)	(\$0.04)
FY-May	(\$0.03)	(\$0.41)	(\$0.53)	(\$0.30)

Revenue	\$135	\$137	\$156	\$157
% Chg	-2.0%	-1.0%	14.0%	15.0%

Cash	\$125	\$110	\$85	\$60
Assets	\$202	\$185	\$170	\$170
Debt	\$0	\$0	\$0	\$0
Equity	\$175	\$157	\$147	\$148

Note: Figures in \$millions except per share data

Mark Zinski
414.236.4786
mzinski@tfcency.com
www.tfcency.com

Q1 EPS of (\$.10) beat our estimate of \$(.20) due to better than expected sales and gross margin combined with lower than expected new business investments within SG&A.

Q1 Sales grew 6.8% YOY to \$37.1 m and beat our estimate of \$35.8 m due to better than expected performance by the PMT and Canvys divisions.

Q1 Gross margin declined 30 bps YOY to 30.4% but beat our estimate of 29.2% due to 44.3% gross margin for the Healthcare division.

Q1 SG&A of \$12.3 m was lower than our estimate of \$13.3 m as investments in growth initiatives were lower than expected.

The PMT division engaged with 8 new suppliers during Q1. Design cycles are 6-18 months but should provide foundation for long-term growth.

The company repurchased .5 m shares of stock during Q1. As of 8/31/15, approximately \$11.3 m of stock repurchases remain authorized, equating to more than 10% of outstanding stock at present prices.

The stock presently trades significantly below its tangible book value of \$11/share. The dividend yields 4%.

We have raised our estimates for the year based on more subdued investment levels in new business initiatives reflected in lower SG&A estimates.



Analysis of Q1 Results

Q1 EPS of (\$.10) beat our estimate of (\$.20) due to better than expected sales and gross margin coupled with lower than expected investments in new business within the SG&A line. Recall that management has not issued guidance on EPS for FY16 but is classifying itself as in investment mode for FY16. Q1 sales grew 6.8% YOY to \$37.1 m and beat our estimate of \$35.8 m. PMT(Power and Microwave Technologies) sales, formerly classified as EDG, were essentially flat YOY at \$27.2 m while Canvys sales grew 11.9% YOY to \$6.7 m. Healthcare sales grew 147.1% YOY to \$3.2 m due to the IMES acquisition which closed in Q1. Overall gross margin declined slightly by 30 bps as product mix and FX headwinds for PMT and Canvys offset the significant improvement of 2000 bps for the Healthcare division off a relatively lower revenue base. Geographically, sales improved YOY in North America and China while sales declined in Latin America due to market challenges in Brazil. Sales in Europe were essentially flat YOY exclusive of FX headwinds. SG&A, as expected, was elevated YOY as the company continues to invest in new business initiatives. The company repurchased .5 m shares during the quarter and approximately \$11.3 m of stock repurchases remain authorized as of 8/31/15. At the present stock price this would equate to a more than 10% reduction in outstanding shares. The stock presently trades significantly below its tangible book value of \$11/share while the annualized dividend of \$.24 yields 4%. Operating cash flow was (\$6.5) m for the quarter due to aforementioned investments and DSO expansion due to a new accounting system installation. The company's balance sheet remains strong with \$68.4 m (\$5.06/share) of cash and \$0 debt. The company continues to evaluate potential acquisitions within its Healthcare segment.

Business Unit	Net Sales (in thousands)			Gross Profit (in thousands)			
	Q1FY16	Q1FY15	% Change	Q1FY16	% of Sales	Q1FY15	% of Sales
PMT	\$27,195	\$27,438	-0.9%	\$8,138	29.9%	\$8,686	31.7%
Canvys	\$6,681	\$5,968	11.9%	\$1,709	25.6%	\$1,656	27.7%
Healthcare	\$3,195	\$1,293	147.1%	\$1,415	44.3%	\$316	24.4%
Total	\$37,071	\$34,699	6.8%	\$11,262	30.4%	\$10,658	30.7%

Sales by Geography			
Net Sales	Q1FY16	Q1FY15	% Increase
North America	\$17,792	\$14,699	21.0%
Europe	\$11,358	\$11,049	2.8%
Asia/Pacific	\$6,132	\$6,505	-5.7%
Latin America	\$1,607	\$2,321	-30.8%
Other	\$182	\$125	45.6%
	\$37,071	\$34,699	6.8%

Outlook

We have raised our EPS estimates going forward for FY16 by paring back our SG&A estimates and assuming slightly better than expected total gross margin stemming from the gross margin contribution of the IMES acquisition. We believe SG&A fluctuations due to occasional one-time investments will be narrower than we had previously forecasted. The primary risk factor continues to be FX headwinds and possible weakness in the semiconductor wafer fabrication vertical for the PMT division. At this point, softness in China does not appear to be negatively impacting the company. Upside resides in further accretive acquisitions within the Healthcare segment like the IMES deal. Further upside could materialize if recent distribution wins incur shorter than expected design cycles. The company's sales pitch of its expansive international distribution network which can guarantee faster shipment times appears to be winning contracts. Lastly, new management and ongoing reorganization within the Canvys division could generate outperformance.

Peer Group Comparison

Ticker	Name	Price	EV /		P/BV	P/E	P/E-CY15E	P/E-CY16E
			Sales	EBITDA				
ARW	Arrow Electronics	\$59.33	0.3	7.4	1.3	11.8	9.4	8.9
AVT	Avnet	\$45.76	0.3	6.7	1.3	11.1	9.3	NA
WCC	Wesco International Inc.	\$51.87	0.4	7.0	1.2	10.7	11.7	10.8
	Median		0.3	7.0	1.3	11.1	9.4	9.8
RELL	Richardson Electronics	\$6.22	0.1	NA	0.6	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 10/08/15

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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	Q2-16E	Q3-16E	Q4-16E	2016E
Sales	\$568.4	\$496.3	\$491.8	\$259.5	\$157.9	\$141.0	\$141.9	\$34.7	\$33.8	\$33.4	\$34.5	\$136.3	\$37.1	\$37.6	\$40.5	\$42.1	\$157.3
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	\$26.3	\$28.6	\$29.7	\$110.4
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	\$11.3	\$11.9	\$12.4	\$46.9
Operating Expenses	\$125.4	\$117.9	\$95.7	\$56.0	\$40.6	\$41.4	\$45.2	\$11.2	\$12.6	\$12.9	\$12.9	\$49.3	\$12.3	\$12.8	\$12.9	\$13.1	\$51.1
Operating Income	\$10.2	(\$8.2)	\$22.3	\$11.4	\$6.2	\$0.0	(\$4.2)	(\$0.5)	(\$2.1)	(\$2.7)	(\$2.7)	(\$8.1)	(\$1.0)	(\$1.5)	(\$1.0)	(\$0.7)	(\$4.2)
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	\$0.5	\$0.5	\$0.5	\$2.0
Add back stock compensation	\$0.7	\$0.7	\$0.7	\$0.6	\$0.5	\$0.6	\$0.6	\$0.1	\$0.3	\$0.1	\$0.2	\$0.7	\$0.1	\$0.2	\$0.2	\$0.2	\$0.7
EBITDA	\$16.2	(\$3.4)	\$26.9	\$13.9	\$7.8	\$1.7	(\$2.4)	\$0.0	(\$1.4)	(\$2.3)	(\$2.0)	(\$5.7)	(\$0.4)	(\$0.8)	(\$0.3)	\$0.0	(\$1.5)
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)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.8)
Proceeds from legal settlement							(\$2.1)					\$0.0					\$0.0
Other Expense, Net	\$12.0	(\$2.4)	\$1.4	\$0.7	(\$0.1)	\$0.8	(\$0.3)			(\$0.3)	\$0.2	(\$0.1)	\$0.2				\$0.2
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)	(\$1.3)	(\$0.8)	(\$0.5)	(\$3.6)
Income Tax	(\$0.2)	\$1.8	(\$0.2)	\$0.9	(\$0.4)	\$0.1	(\$0.1)	(\$0.8)	\$0.0	(\$0.5)	(\$1.4)	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.4
Net Income	(\$8.9)	(\$12.2)	\$17.3	\$9.9	\$8.0	\$0.5	(\$0.6)	(\$1.1)	(\$2.3)	(\$2.8)	(\$5.7)	(\$5.7)	(\$1.4)	(\$1.3)	(\$0.8)	(\$0.5)	(\$4.0)
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	13.0	12.8	12.8	13.0
EPS - Diluted (Continuing Ops)	(\$0.48)	(\$0.69)	\$0.91	\$0.54	\$0.47	\$0.03	(\$0.04)	(\$0.08)	(\$0.16)	(\$0.16)	(\$0.16)	(\$0.41)	(\$0.10)	(\$0.10)	(\$0.06)	(\$0.04)	(\$0.30)
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%	70.8%	71.1%	69.2%	69.0%	70.7%	70.8%	69.9%	69.5%	70.0%	70.6%	70.5%	70.2%
Gross Profit	23.9%	22.1%	24.0%	26.1%	29.6%	29.4%	28.9%	30.8%	31.0%	29.3%	29.2%	30.1%	30.5%	30.0%	29.4%	29.5%	29.8%
Operating Expenses	22.1%	23.7%	19.5%	21.7%	25.7%	29.4%	31.9%	32.3%	37.3%	37.6%	37.0%	36.0%	33.2%	34.0%	31.9%	31.0%	32.5%
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%	-4.0%	-2.5%	-1.5%	-2.6%
Interest Expense, Net	0.01	0.01	0.01	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	0.00	0.00	-0.01
Other Expense, Net	0.02	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.01	0.00	0.01	0.00	0.00	0.00	0.00
Pretax Income	-0.02	-0.02	0.03	0.04	0.05	0.00	0.00	-0.01	-0.06	-0.07	-0.08	-0.05	-0.03	-0.04	-0.02	-0.01	-0.02
Income Tax Rate	0.03	-0.17	-0.01	0.08	-0.05	0.17	0.10	0.50	0.41	0.00	0.19	0.20	-0.40	0.00	0.00	0.00	-0.11
Net Income	-0.01	-0.02	0.04	0.04	0.05	0.00	0.00	0.00	-0.03	-0.07	-0.06	-0.04	-0.04	-0.04	-0.02	-0.01	-0.03
Revenue by Segment																	
RF, Wireless & Power Division	\$376.2	\$355.1	\$356.5	\$99.6													
PMT	\$103.3	\$82.2	\$86.5	\$113.8	\$112.6	\$102.6	\$103.3	\$27.4	\$26.8	\$25.2	\$26.3	\$105.7	\$27.2	\$28.0	\$30.0	\$31.0	\$116.2
Healthcare							\$6.9	\$1.3	\$1.1	\$2.0	\$2.1	\$6.5	\$3.2	\$3.6	\$4.5	\$4.6	\$15.9
Canys	\$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	\$6.0	\$6.0	\$6.5	\$25.2
Corporate	\$4.3	\$0.2	\$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	\$568.4	\$496.3	\$491.8	\$259.5	\$157.9	\$141.0	\$141.9	\$34.7	\$33.8	\$33.4	\$34.9	\$136.8	\$37.1	\$37.6	\$40.5	\$42.1	\$157.3
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%
Electron Device Group	18.2%	16.6%	17.6%	44.0%	71.3%	72.8%	72.8%	79.3%	79.3%	75.4%	75.4%	77.3%	73.3%	74.5%	74.1%	73.6%	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%	9.6%	11.1%	10.9%	10.1%
Canys	14.8%	11.9%	9.9%	17.4%	28.7%	27.2%	22.3%	17.3%	17.5%	18.6%	18.6%	18.0%	18.1%	16.0%	14.8%	15.4%	16.0%
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%														
Electron Device Group	2.0%	-20.4%	5.3%	31.6%	-1.1%	-8.9%	0.7%	7.5%	2.3%	4.1%	-4.0%	2.3%	-0.7%	4.5%	19.0%	17.9%	9.9%
Healthcare								0.0%	-35.3%	0.0%	10.5%	-5.8%	146.2%	227.3%	125.0%	119.0%	144.6%
Canys	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%	1.7%	-3.2%	0.0%	2.4%
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%	11.2%	21.3%	20.6%	15.0%

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

Balance Sheet	2009	2010	2011	2012	2013	2014	Q1-15	Q2-15	Q3-15	Q4-15	2015	Q1-16
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
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
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
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
Discontinued ops-assets			\$0.0	\$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
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
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
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
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	\$14.3	\$12.3	\$12.3	\$13.5	\$11.2	\$15.8	\$15.8	\$14.3
Accrued Expenses	\$18.4	\$18.8	\$43.7	\$6.5	\$9.6	\$9.2	\$8.5	\$7.9	\$8.2	\$10.1	\$10.1	\$9.3
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
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
Discontinued ops-non-current liabilities			\$1.6	\$1.4	\$0.0	\$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
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
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
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
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
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
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
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
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
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
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
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)												



21st Century Equity Research

ROIC and Free Cash Flow	2008	2009	2010	2011	2012	2013	2014	Q1-15	Q2-15	Q3-15	Q4-15	2015	Q1-16
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)
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
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)
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
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
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
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	\$185.2	\$174.9	\$172.8	\$166.2	\$159.8	\$156.7	\$156.7	\$150.7
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
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
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%
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)
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
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	(\$0.5)	(\$0.9)	(\$1.4)	\$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
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				\$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	\$1.7	\$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	\$1.2	\$2.9	\$0.4	\$0.4	(\$0.1)	(\$0.4)	\$0.3	\$0.5
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)
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)
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
(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)
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
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)
Net Cash Flow from Operations	\$1.7	\$12.2	\$27.6	\$239.9	\$53.9	\$6.5	\$3.8	\$0.8	(\$1.0)	(\$2.8)	(\$2.8)	(\$5.7)	(\$7.0)
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)
Time Deposit Purchases					(\$82.8)								
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)
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)
Fiscal Year End - May													
(\$ in millions, except per share data)													