

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: \$7.96
 DATE: 1/12/18

Stock Data

Price	\$7.96
52Wk High	\$8.20
52Wk Low	\$5.31
3mo. Daily Volume	19,090
Market Capitalization	\$105.2 m
Shares Outstanding	12.9 Mil.
Dividend Yield	3.50%
Tangible Book Value Per Share	\$9.73
Net Debt-to-Equity	0%
EV-to-Sales TTM	0.3
EV-to-EBITDA TTM	13x

Financial Data

	OLD		NEW	
EPS	FY-16	FY-17	FY-18E	FY-18E
Q1-Aug	(\$.11)	(\$.22)	(\$.01A)	(\$.01A)
Q2-Nov	(\$.18)	(\$.20)	(\$.08E)	\$.01A
Q3-Feb	(\$.23)	(\$.11)	(\$.09E)	\$.00E
Q4-May	(\$.01)	(\$.01)	\$.03E	\$.05E
FY-May	(\$.53)	(\$.54)	(\$.15E)	\$.05E

Revenue	\$142	\$137	\$146	\$153
% Chg	3.9%	-3.7%	6.3%	11.4%

Cash	\$61	\$55	\$52	\$52
Assets	\$168	\$157	\$155	\$155
Debt	\$0	\$0	\$0	\$0
Equity	\$142	\$132	\$132	\$133

Note: Figures in \$millions except per share data

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Q2 EPS of \$.01 beat our estimate of (\$.08) due to better than expected Sales and Gross Margin performance. EPS was (\$.20) in the prior year.

Q2 Sales grew 15.5% YOY to \$39.1 m vs. our estimate of \$35.1 m.

PMT Q2 Sales grew 19.2% YOY due to new design wins and continued strength in the semi wafer fabrication vertical. Q2 Canvys Sales grew 23.3% YOY primarily from strength in the Euro region while Healthcare sales grew mid single-digits exclusive of the PACS divestiture.

Q2 Gross Margin improved 180 bps YOY to 34.2% due to favorable product mix and the increased sales level.

Q2 Operating Income improved to \$.7 m vs (\$2.2 m) in the prior year due to aforementioned Sales and Gross Margin performance coupled with SG&A as a percentage of sales declining 350 bps YOY exclusive of the severance charge in the prior year.

Q2 FCF was a use of funds of (\$1.5) m. The company expects FCF for FY18 to track FY17 which suggests FCF of (\$3-\$4 m).

The stock trades at an 18% discount to tangible book value of \$9.73/share while the annualized dividend yields 3.5%. Approximately 10% of the outstanding shares remain eligible for repurchase.

We have raised our Q3 and Q4 estimates.



FirstCall, FactSet, Capital IQ, MorningStar, and www.tfcency.com.

Analysis of Q2 Results

Q2 EPS of \$.01 beat our estimate of (\$.08) due to better than expected sales in the PMT and Canvys divisions coupled with higher than expected gross margin. Q2 Sales grew 15.5% YOY to \$39.1 m and beat our estimate of \$35.1 m. Q2 PMT Sales grew 19.2% YOY to \$30.1 m vs. our estimate of \$27.1 m due to continued strength in the semi-wafer fab manufacturing vertical combined with new design wins and market share gains stemming from previous investments. Q2 Canvys Sales grew 23.3% YOY to \$6.7 m vs. our estimate of \$5.9 m due to stronger than expected sales in Europe. Q2 Healthcare sales, exclusive of the PACS divestiture, grew mid-single-digits YOY to \$2.3 m and topped our estimate of \$2.1 m due to sales of refurbished CT tubes. Q2 Gross margin increased 180 bps YOY to 34.2% due to favorable product mix and leverage from the higher sales. Our records indicate that the 34% threshold is the highest in years. Q2 Operating income improved to \$.7 m vs. a loss of (\$2.2 m) in the prior year. Exclusive of severance payments in the prior year quarter, Q2 SG&A as a percentage of sales decreased to 32.2% vs. 35.7% in the prior year. Q2 FCF was (\$1.5 m). The stock trades at an 18% discount to tangible book value of \$9.73/share. The company has \$0 debt and \$59.3 m (\$4.60/share) in cash and investments. The company has approximately \$10 m of stock repurchases remaining authorized which equates to roughly 10% of outstanding shares. The dividend currently yields 3.5%

Net Sales (in thousands)				Gross Profit (in thousands)				Sales by Geography			
Business Unit	Q2FY18	Q2FY17	% Change	% of Sales		% of Sales		Net Sales	Q2FY18	Q2FY17	% Increase
				Q2FY18	Q2FY17	Q2FY18	Q2FY17				
PMT	\$30,063	\$25,229	19.2%	\$10,262	34.1%	\$8,273	32.8%	North America	\$15,846	\$14,059	12.7%
Canvys	\$6,707	\$5,439	23.3%	\$2,128	31.7%	\$1,543	28.4%	Europe	\$13,615	\$11,204	21.5%
Healthcare	\$2,312	\$3,159	-26.8%	\$984	42.6%	\$1,148	36.3%	Asia/Pacific	\$7,457	\$6,621	12.6%
Total	\$39,082	\$33,827	15.5%	\$13,374	34.2%	\$10,964	32.4%	Latin America	\$2,141	\$1,956	9.5%
								Other	\$23	-\$13	-276.9%
									\$39,082	\$33,827	15.5%

Outlook

We have raised our sales and EPS estimates for Q3 and Q4 based upon increased confidence in continued sales growth. The semi-conductor wafer fab cycle upswing appears sustainable in the near-term and should continue to be a positive catalyst for PMT combined with new business momentum and a general positive outlook for global GDP growth. The book to bill ratio of 1.15 for PMT cements this confidence. Upside to our estimates resides in possible new business related to the 5G build-out in China in 2018 for PMT, continued strength in Europe for the Canvys division, and the roll-out of new tube sales in the Healthcare division. The company is not actively seeking out acquisitions at this time. The discount to tangible book value should dissipate if recent trends of positive ROIC and profitability continue. The company expects FY18 FCF to track FY17 which suggests a mild cash burn in the range of \$3-\$4 m.

Peer Group Comparison

Ticker	Name	Price	EV /		P/BV	P/E	P/E-CY17E	P/E-CY18E
			Sales	EBITDA				
ARW	Arrow Electronics	\$83.29	0.4	8.8	1.5	14.6	11.3	10.2
AVT	Avnet	\$41.78	0.3	8.3	1.0	10.3	12.4	10.9
WCC	Wesco International Inc.	\$66.40	0.6	11.9	1.5	17.2	17.1	15.3
	Median		0.4	8.8	1.5	14.6	12.4	10.9
RELL	Richardson Electronics	\$7.96	0.3	13.4	0.8	NA	NA	NA

Note: All figures based on trailing 12-months, except P/E-17 and PE/-18 based on consensus estimates
Prices as of 1/11/18

Income Statement (in millions)	2014	2015	2016	Q1-17	Q2-17	Q3-17	Q4-17	2017	Q1-18	Q2-18	Q3-18E	Q4-18E	2018E
Sales	\$141.9	\$136.8	\$142.1	\$33.4	\$33.8	\$32.3	\$37.4	\$136.9	\$37.0	\$39.1	\$36.2	\$40.3	\$152.6
COGS	\$100.9	\$95.6	\$97.2	\$23.2	\$22.8	\$21.6	\$25.4	\$99.0	\$24.8	\$25.7	\$24.2	\$26.6	\$101.3
Gross Profit	\$41.1	\$41.2	\$44.9	\$10.2	\$11.0	\$10.7	\$12.0	\$43.9	\$12.1	\$13.4	\$12.0	\$13.7	\$51.3
Operating Expenses	\$45.2	\$49.3	\$51.7	\$12.3	\$13.4	\$12.0	\$12.2	\$49.9	\$12.3	\$12.6	\$12.0	\$12.9	\$49.8
(Gain) loss on disposal of assets							(\$0.2)	(\$0.2)	(\$0.2)				(\$0.2)
Operating Income	(\$4.2)	(\$8.1)	(\$6.8)	(\$2.1)	(\$2.4)	(\$1.3)	\$0.0	(\$5.8)	\$0.0	\$0.8	\$0.0	\$0.8	\$1.7
Add back D&A	\$1.2	\$1.7	\$2.4	\$0.7	\$0.6	\$0.7	\$0.7	\$2.7	\$0.7	\$0.7	\$0.7	\$0.7	\$2.8
Add back stock compensation	\$0.6	\$0.7	\$0.5	\$0.1	\$0.2	\$0.1	\$0.1	\$0.5	\$0.1	\$0.2	\$0.1	\$0.1	\$0.5
EBITDA	(\$2.4)	(\$5.7)	(\$3.9)	(\$1.3)	(\$1.6)	(\$0.5)	\$0.8	(\$2.6)	\$0.8	\$1.7	\$0.8	\$1.6	\$5.0
Interest Expense, Net	(\$1.1)	(\$0.9)	(\$0.5)	\$0.0	(\$0.1)	(\$0.1)	(\$0.1)	\$0.0	(\$0.3)	(\$0.1)	\$0.0	\$0.0	(\$0.1)
Proceeds from legal settlement	(\$2.1)	\$0.0	\$0.0					\$0.0					\$0.0
Other Expense, Net	(\$0.3)	(\$0.1)	\$0.2	\$0.3	(\$0.2)	\$0.2	\$0.3	\$0.6	\$0.2	\$0.1	\$0.1	\$0.2	\$0.6
Pretax Income	(\$0.6)	(\$7.1)	(\$6.5)	(\$2.4)	(\$2.2)	(\$1.4)	(\$0.2)	(\$6.1)	(\$0.7)	(\$0.0)	(\$0.0)	\$0.6	\$1.2
Income Tax	(\$0.1)	(\$1.4)	\$0.5	\$0.5	\$0.3	\$0.0	\$0.0	\$0.8	\$0.1	\$0.5	\$0.0	\$0.0	\$0.6
Net Income	(\$0.6)	(\$5.7)	(\$7.0)	(\$2.9)	(\$2.5)	(\$1.4)	(\$0.2)	(\$6.9)	(\$0.1)	\$0.2	(\$0.0)	\$0.6	\$0.7
Shares Outstanding-Diluted	14.3	13.8	13.1	12.8	12.8	12.8	12.9	12.8	12.8	12.9	12.9	12.9	12.9
EPS - Diluted (Continuing Ops)	(\$0.04)	(\$0.41)	(\$0.53)	(\$0.22)	(\$0.20)	(\$0.11)	(\$0.01)	(\$0.54)	(\$0.01)	\$0.01	(\$0.00)	\$0.05	\$0.05
Dividend per Share	\$0.24	\$0.24	\$0.24	\$0.06	\$0.06	\$0.06	\$0.06	\$0.24	\$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%
COGS	71.1%	69.9%	68.4%	69.3%	67.5%	66.9%	67.9%	67.9%	67.2%	65.7%	66.8%	66.0%	66.4%
Gross Profit	28.9%	30.1%	31.6%	30.7%	32.5%	33.1%	32.1%	32.1%	32.8%	34.3%	33.2%	34.0%	33.6%
Operating Expenses	31.9%	36.0%	36.4%	36.8%	39.6%	37.2%	32.6%	36.4%	33.2%	32.2%	33.1%	32.0%	32.6%
Operating Income	-2.9%	-5.9%	-4.8%	-6.2%	-7.1%	-4.0%	0.0%	-4.2%	0.1%	2.0%	0.1%	2.0%	1.1%
Interest Expense, Net	-0.8%	-0.7%	-0.4%	0.0%	-0.1%	-0.3%	-0.3%	-0.2%	-0.3%	0.0%	0.0%	0.0%	-0.1%
Other Expense, Net	-0.2%	-0.1%	0.1%	0.9%	-0.6%	0.6%	0.7%	0.4%	0.5%	0.3%	0.1%	0.5%	0.4%
Pretax Income	-0.4%	-5.2%	-4.6%	-7.1%	-6.4%	-4.3%	-0.5%	-4.4%	-0.1%	1.8%	-0.1%	1.5%	0.8%
Income Tax Rate	9.7%	19.7%	-7.7%	-21.2%	-14.0%	0.0%	0.0%	-13.2%	-96.2%	71.4%	0.0%	0.0%	45.5%
Net Income	-0.4%	-4.2%	-4.9%	-8.6%	-7.4%	-4.3%	-0.5%	-5.0%	-0.3%	0.4%	-0.1%	1.5%	0.4%
Revenue by Segment													
RF, Wireless & Power Division													
PMT	\$103.3	\$105.7	\$105.6	\$25.4	\$25.2	\$24.8	\$28.9	\$104.3	\$29.1	\$30.1	\$28.5	\$31.8	\$119.5
Healthcare	\$6.9	\$6.5	\$13.0	\$3.4	\$3.2	\$2.7	\$2.8	\$12.1	\$2.1	\$2.3	\$2.2	\$2.2	\$8.8
Canvus	\$31.7	\$24.6	\$23.5	\$4.6	\$5.4	\$4.8	\$5.7	\$20.5	\$5.8	\$6.7	\$5.5	\$6.3	\$24.3
Corporate													
Total	\$141.9	\$136.8	\$142.1	\$33.4	\$33.8	\$32.3	\$37.4	\$136.9	\$37.0	\$39.1	\$36.2	\$40.3	\$152.6
Revenue % by Segment													
RF, Wireless & Power 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%
PMT	72.8%	77.3%	74.3%	76.0%	74.6%	76.8%	77.3%	76.2%	78.7%	77.0%	78.8%	79.0%	78.3%
Security Systems Division	4.9%	4.8%	9.1%	10.2%	9.5%	8.4%	7.5%	8.8%	5.7%	5.9%	6.0%	5.5%	5.8%
Canvus	22.3%	18.0%	16.5%	13.8%	16.0%	14.9%	15.2%	15.0%	15.6%	17.1%	15.2%	15.6%	15.9%
Corporate	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%
Revenue Growth (Year / Year)													
RF, Wireless & Power Division													
PMT	0.7%	2.3%	-0.1%	-6.6%	0.0%	7.8%	-4.3%	-1.2%	14.7%	19.4%	15.0%	10.0%	14.6%
Healthcare		-5.8%	100.0%	6.2%	6.7%	-12.9%	-24.3%	-6.9%	-38.1%	-28.1%	-19.6%	-21.4%	-27.5%
Canvus	-17.4%	-22.4%	-4.5%	-31.3%	-8.5%	-7.7%	0.0%	-12.8%	25.3%	24.1%	15.0%	10.0%	18.3%
Corporate													
Total	0.7%	-3.6%	3.9%	-10.0%	-0.9%	3.2%	-5.6%	-3.7%	10.8%	15.7%	12.1%	7.6%	11.4%

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21st Century Equity Research

Balance Sheet	2009	2010	2011	2012	2013	2014	2015	Q1-16	Q2-16	Q3-16	Q4-16	2016	Q1-17	Q2-17	Q3-17	Q4-17	2017	Q1-18	Q2-18
Assets																			
Cash	\$43.9	\$29.0	\$171.0	\$43.9	\$102.0	\$102.8	\$74.5	\$68.4	\$67.9	\$60.2	\$60.5	\$60.5	\$57.5	\$54.1	\$51.4	\$55.3	\$55.3	\$56.4	\$54.5
Accounts Receivable	\$92.4	\$98.7	\$22.4	\$19.7	\$18.3	\$18.4	\$20.8	\$24.0	\$21.0	\$20.9	\$24.9	\$21.5	\$20.5	\$21.2	\$20.8	\$20.8	\$19.3	\$21.0	\$21.0
Inventories	\$81.2	\$78.7	\$30.9	\$34.7	\$34.0	\$33.9	\$38.8	\$41.2	\$43.1	\$45.5	\$45.4	\$45.4	\$45.2	\$43.1	\$42.9	\$42.8	\$42.8	\$46.1	\$48.1
Other Current Assets	\$7.8	\$7.0	\$64.0	\$115.0	\$48.3	\$37.1	\$27.0	\$9.8	\$6.8	\$6.4	\$5.1	\$5.1	\$8.2	\$9.0	\$9.1	\$9.5	\$9.5	\$5.8	\$7.8
Discontinued ops-assets				\$0.0	\$0.3		\$0.0					\$0.0					\$0.0		
Current Assets	\$225.3	\$213.4	\$288.3	\$213.3	\$202.9	\$192.2	\$161.1	\$143.4	\$138.8	\$133.0	\$135.9	\$135.9	\$132.4	\$126.7	\$124.6	\$128.4	\$128.4	\$127.6	\$131.4
Net Property, Plant, and Equipment	\$19.4	\$16.7	\$5.0	\$5.4	\$5.1	\$7.2	\$10.1	\$10.8	\$10.9	\$11.6	\$13.0	\$13.0	\$14.4	\$15.1	\$15.2	\$15.8	\$15.8	\$16.2	\$17.3
Goodwill & Other Assets	\$4.1	\$4.7	\$4.0	\$12.7	\$9.3	\$4.1	\$13.8	\$22.3	\$19.1	\$19.4	\$19.2	\$19.2	\$13.9	\$13.6	\$13.5	\$13.2	\$13.2	\$13.3	\$11.3
Total Assets	\$248.8	\$234.8	\$297.3	\$231.4	\$217.3	\$203.5	\$185.0	\$176.5	\$168.8	\$164.0	\$168.1	\$168.1	\$160.6	\$155.4	\$153.3	\$157.4	\$157.4	\$157.1	\$160.0
Liabilities and Stockholders' Equity																			
Current Debt	\$0.0	\$19.5	\$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	\$15.8	\$14.3	\$13.6	\$12.7	\$14.9	\$14.9	\$12.6	\$11.5	\$12.3	\$15.9	\$15.9	\$13.4	\$15.2
Accrued Expenses	\$18.4	\$18.8	\$43.7	\$8.5	\$9.6	\$9.2	\$10.1	\$9.3	\$8.9	\$8.1	\$9.1	\$9.1	\$8.0	\$9.9	\$8.7	\$8.3	\$8.3	\$9.2	\$8.6
Discontinued ops-liabilities			\$13.8	\$0.2	\$0.2	\$0.0	\$0.0					\$0.0				\$0.0	\$0.0	\$0.0	
Current Liabilities	\$71.4	\$99.9	\$75.3	\$21.1	\$24.1	\$21.5	\$25.9	\$23.6	\$22.5	\$20.8	\$24.0	\$24.0	\$20.6	\$21.4	\$21.0	\$24.2	\$24.2	\$22.6	\$23.8
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	\$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	\$2.3	\$2.2	\$1.7	\$2.0	\$2.4	\$2.4	\$1.4	\$1.2	\$1.0	\$0.9	\$0.9	\$0.9	\$1.1
Discontinued ops-non-current liabilities			\$1.6	\$1.4	\$0.0	\$1.4	\$0.0					\$0.0				\$0.0			
Total Liabilities	\$130.1	\$104.9	\$89.9	\$29.6	\$32.1	\$28.6	\$28.3	\$25.8	\$24.2	\$22.8	\$26.4	\$26.4	\$22.0	\$22.6	\$22.0	\$25.1	\$25.1	\$23.5	\$24.9
Shareholder Equity	\$118.7	\$129.9	\$224.2	\$200.2	\$185.2	\$174.9	\$156.7	\$150.7	\$144.6	\$141.2	\$141.7	\$141.7	\$138.6	\$132.8	\$131.3	\$132.3	\$132.3	\$133.7	\$135.1
Total Liabilities and Equity	\$248.8	\$234.8	\$314.1	\$229.8	\$217.3	\$203.5	\$185.0	\$176.5	\$168.8	\$164.0	\$168.1	\$168.1	\$160.6	\$155.4	\$153.3	\$157.4	\$157.4	\$157.1	\$160.0
Book Value Per Share	\$6.67	\$6.87	\$12.32	\$11.71	\$12.07	\$12.27	\$11.40	\$11.16	\$11.21	\$11.03	\$11.07	\$10.78	\$10.83	\$10.42	\$10.22	\$10.30	\$10.30	\$10.44	\$10.47
Asset Utilization and Efficiency																			
Accounts Receivable Turnover	4.9	5.1	4.3	7.5	7.4	7.7	7.0	7.0	7.1	6.3	6.9	6.2	5.9	6.5	6.1	6.5	6.0	7.3	7.5
Days' Sales in Receivables Outstanding	67.9	73.3	31.6	45.5	47.4	47.3	55.5	59.0	56.2	60.9	57.4	64.0	58.7	55.3	59.9	50.7	55.5	47.6	49.0
Inventory Turnover	4.4	3.8	2.9	3.4	2.9	3.0	2.6	2.7	2.4	2.1	2.5	2.3	2.1	2.0	2.3	2.1	2.2	2.2	2.3
Days' Sales in Inventory Outstanding	76.6	76.8	59.0	114.0	124.7	122.7	148.1	145.7	165.9	193.1	158.1	170.5	178.1	172.5	181.2	153.8	168.1	169.3	170.8
Accounts Payable Turnover	7.3	6.8	6.0	7.3	7.4	7.6	6.8	7.8	7.0	7.2	6.8	6.8	6.9	7.3	6.9	6.6	6.0	7.7	7.7
Days' Purchases in Payables Outstanding	50.0	60.1	34.0	41.4	52.4	44.5	60.3	50.6	52.4	53.9	51.9	56.0	49.6	46.0	52.0	57.1	62.4	49.0	54.0
Cash Conversion Cycle (Days)	94.6	89.9	56.6	118.1	119.6	125.5	143.3	154.2	169.8	200.1	163.6	178.5	187.2	181.8	189.2	147.4	161.1	167.9	165.8
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%	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%	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	2015	Q1-16	Q2-16	Q3-16	Q4-16	2016	Q1-17	Q2-17	Q3-17	Q4-17	2017	Q1-18	Q2-18	
NPAT																					
EBIT	\$10.2	(\$8.2)	\$22.3	\$11.4	\$6.2	\$0.0	(\$4.2)	(\$8.1)	(\$1.0)	(\$2.8)	(\$2.7)	(\$0.9)	(\$6.8)	(\$2.1)	(\$2.4)	(\$1.3)	\$0.0	(\$5.8)	\$0.0	\$0.8	
Cash Taxes on EBIT	(\$0.4)	\$2.5	(\$0.2)	\$0.9	(\$0.5)	\$0.3	\$0.0	(\$1.2)	\$0.3	\$0.2	\$0.1	(\$0.1)	\$0.5	\$0.5	\$0.3	\$0.0	\$0.0	\$0.8	(\$0.0)	\$0.5	
NPAT	\$10.6	(\$10.8)	\$22.5	\$10.5	\$6.7	(\$0.3)	(\$4.2)	(\$6.9)	(\$1.3)	(\$2.8)	(\$2.8)	(\$0.2)	(\$7.3)	(\$2.6)	(\$2.7)	(\$1.3)	\$0.0	(\$6.5)	\$0.1	\$0.3	
Cash Taxes on EBIT																					
Income Tax Provision	(\$0.2)	\$1.8	(\$0.2)	\$0.9	(\$0.4)	\$0.1	(\$0.1)	(\$1.4)	\$0.4	\$0.2	\$0.1	(\$0.2)	\$0.5	\$0.5	\$0.3	\$0.0	\$0.0	\$0.8	\$0.1	\$0.5	
Tax Deduction on Interest Expense	\$0.2	(\$0.9)	(\$0.0)	(\$0.0)	\$0.1	(\$0.2)	(\$0.1)	(\$0.2)	\$0.1	\$0.0	\$0.0	(\$0.1)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	
Cash Taxes on EBIT	(\$0.4)	\$2.5	(\$0.2)	\$0.9	(\$0.5)	\$0.3	\$0.0	(\$1.2)	\$0.3	\$0.2	\$0.1	(\$0.1)	\$0.5	\$0.5	\$0.3	\$0.0	\$0.0	\$0.8	(\$0.0)	\$0.5	
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	\$0.0	
Stockholders' Equity	\$141.4	\$118.7	\$129.9	\$224.2	\$200.2	\$185.2	\$174.9	\$156.7	\$150.7	\$144.6	\$141.2	\$141.7	\$141.7	\$138.6	\$132.8	\$131.3	\$132.3	\$132.3	\$133.7	\$135.1	
Total Cash & Short-term Investments	\$40.0	\$43.9	\$29.0	\$171.0	\$158.9	\$150.3	\$139.9	\$101.5	\$78.2	\$74.7	\$66.6	\$65.6	\$65.7	\$65.7	\$63.1	\$60.5	\$64.8	\$64.9	\$62.2	\$62.3	
Invested Capital	\$157.1	\$127.2	\$120.4	\$53.2	\$41.3	\$34.9	\$35.0	\$55.2	\$72.5	\$69.9	\$74.6	\$76.1	\$76.1	\$72.9	\$69.7	\$70.8	\$67.5	\$67.5	\$71.5	\$72.8	
Return on Invested Capital																					
Return on Invested Capital (Average)	6.3%	-7.6%	18.1%	12.1%	14.1%	-0.9%	-12.0%	-15.2%	-2.4%	-6.6%	-6.8%	-0.3%	-11.1%	-3.9%	-3.9%	-1.8%	0.0%	-8.1%	0.1%	0.4%	
Note: Quarterly Figures Have Been Annualized																					
Free Cash Flow																					
Net Income (Loss)	(\$8.5)	(\$12.2)	\$17.3	\$9.9	\$8.0	\$0.5	(\$0.8)	(\$5.7)	(\$1.4)	(\$2.3)	(\$2.9)	(\$0.2)	(\$7.0)	(\$2.9)	(\$2.6)	(\$1.4)	(\$0.2)	(\$8.9)	(\$0.1)	\$0.2	
Adjustments:																					
Depreciation	\$5.5	\$5.3	\$4.3	\$1.8	\$1.2	\$1.2	\$1.2	\$1.7	\$0.5	\$0.8	\$0.6	\$0.5	\$2.4	\$0.7	\$0.6	\$0.7	\$0.7	\$2.7	\$0.7	\$0.7	
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	\$1.0	
Deferred Income Taxes	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$1.4)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
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	\$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	\$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	\$0.0	
Divestitures	\$0.0	\$0.0	\$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	
Goodwill and Other Intangible Assets Impairment, Net of Tax	\$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	\$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	\$0.0	\$0.0	\$0.0	\$0.0	\$1.5	
Total Adjustments	\$5.5	\$5.3	\$4.3	\$181.8	\$1.2	\$1.2	\$2.9	\$0.3	\$0.5	\$0.8	\$0.6	\$0.5	\$2.4	\$0.7	\$0.6	\$0.8	\$1.0	\$2.7	\$1.7	\$2.2	
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)	(\$2.4)	(\$3.2)	\$3.0	\$0.1	(\$4.0)	(\$4.1)	\$3.4	\$1.0	(\$0.7)	\$0.4	\$4.1	\$1.5	(\$1.7)	
Decrease (Increase) in Inventories	\$16.3	\$12.7	\$2.5	\$47.8	(\$3.8)	\$0.7	\$0.1	(\$4.9)	(\$2.4)	(\$1.9)	\$0.1	(\$6.6)	\$0.2	\$2.1	\$0.2	\$0.1	\$2.6	\$0.1	(\$3.3)	(\$2.0)	
Decrease (Increase) in Other Current Assets	\$1.1	(\$1.4)	\$0.8	(\$37.0)	\$5.0	\$0.0	\$0.0	\$1.0	\$0.1	(\$2.4)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	-\$0.3	
(Decrease) Increase in Accounts Payable	\$3.3	(\$5.9)	\$8.6	(\$43.8)	(\$5.2)	\$1.7	\$1.5	\$7.0	(\$1.5)	(\$0.7)	(\$0.9)	\$2.2	(\$0.9)	(\$2.3)	(\$1.1)	\$0.8	\$3.6	\$1.0	(\$2.6)	\$1.9	
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	\$0.0	(\$1.0)	(\$0.0)	(\$1.0)	(\$1.1)	(\$1.1)	(\$0.4)	(\$1.1)	(\$0.1)	(\$2.0)	(\$0.1)	(\$5.0)	\$0.0	
Total Changes in Operating Assets and Liabilities	\$4.7	\$19.1	\$6.0	\$48.2	\$44.7	\$3.8	\$1.5	(\$0.3)	(\$6.1)	(\$0.5)	(\$3.2)	(\$1.7)	(\$11.6)	\$0.2	\$1.6	(\$0.8)	\$4.0	\$5.7	(\$4.4)	(\$2.2)	
Net Cash Flow from Operations	\$17.2	\$12.2	\$27.6	\$239.9	\$53.9	\$5.5	\$3.8	(\$5.7)	(\$1.0)	(\$2.0)	(\$5.5)	(\$1.4)	(\$16.2)	(\$2.0)	(\$1.0)	(\$1.4)	\$4.8	\$1.5	(\$2.8)	\$0.2	
Capital Expenditures	(\$4.2)	(\$1.6)	(\$1.4)	(\$5.5)	(\$0.1)	(\$1.3)	(\$2.7)	(\$4.7)	(\$1.0)	(\$0.8)	(\$1.3)	(\$1.7)	(\$4.8)	(\$3.1)	(\$1.2)	(\$0.8)	(\$1.1)	(\$5.2)	(\$1.0)	(\$1.7)	
Time Deposit Purchases																					
Free Cash Flow	(\$2.8)	\$10.6	\$26.2	\$239.4	(\$29.1)	\$4.2	\$1.1	(\$10.4)	(\$8.0)	(\$2.8)	(\$6.8)	(\$3.1)	(\$21.0)	(\$4.1)	(\$1.5)	(\$2.2)	\$3.7	(\$1.7)	(\$3.8)	(\$1.5)	
Free Cash Flow per Share	(\$0.16)	\$0.59	\$1.38	\$13.15	(\$1.70)	\$0.27	\$0.08	(\$0.76)	(\$0.59)	(\$0.22)	(\$0.53)	(\$0.24)	(\$1.60)	(\$0.30)	(\$0.12)	(\$0.17)	\$0.29	(\$0.29)	(\$0.29)	(\$0.12)	
Fiscal Year End - May																					

(\$ in millions, except per share data)