

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	\$6.19
52Wk High	\$7.24
52Wk Low	\$4.71
3mo. Daily Volume	26,269
Market Capitalization	\$80 m
Shares Outstanding	12.8 Mil.
Dividend Yield	3.80%
Tangible Book Value Per Share	\$10.42
Net Debt-to-Equity	0%
EV-to-Sales TTM	0.2
EV-to-EBITDA TTM	NA

Financial Data

		OLD		NEW
EPS	FY-15	FY-16	FY-17E	FY-17E
Q1-Aug	(\$.01)	(\$.11)	(\$.22A)	(\$.22A)
Q2-Nov	(\$.08)	(\$.18)	(\$.12E)	(\$.20A)
Q3-Feb	(\$.16)	(\$.23)	(\$.09E)	(\$.09E)
Q4-May	(\$.16)	(\$.01)	(\$.00E)	(\$.00E)
FY-May	(\$.41)	(\$.53)	(\$.43E)	(\$.51E)

Revenue	\$137	\$142	\$144	\$140
% Chg	-1.0%	3.9%	2.0%	-2.0%

Cash	\$110	\$61	\$50	\$50
Assets	\$185	\$168	\$160	\$150
Debt	\$0	\$0	\$0	\$0
Equity	\$157	\$142	\$136	\$132

Note: Figures in \$millions except per share data

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



NASDAQ: RELL
PRICE: \$6.19
DATE: 1/6/17

Q2 EPS of (\$.20) missed our estimate of (\$.12) due mostly to a one-time severance charge of (\$.10), or \$1.3 m. EPS in the prior year was (\$.18).

Q2 Sales were flat YOY at \$33.8 m but in line with our estimate of \$33.9 m. PMT sales were flat YOY while Canvys declined 7.8% and Healthcare increased 4.5% YOY respectively.

Q2 Gross margin improved 180 bps YOY to 32.4% due to product mix and cost reductions within Canvys.

Q2 Operating cash flow improved sequentially from (\$1.7m) to (\$.3 m) due to working capital efficiency improvements.

The company expects to be profitable by Q4 and continues to evaluate potential acquisitions in the Healthcare space.

Ramping up of its "new technologies" division within PMT and the new sales of repaired or remanufactured CT tubes within Healthcare are expected to produce topline growth in the future.

\$10 m of share repurchases remain authorized which equates to 13% of outstanding shares.

The stock trades substantially below tangible book value of \$10.42/share with a dividend yield of 3.8%.



Analysis of Q2 Results

Q2 EPS of (\$.20) missed our estimate of (\$.12) due mostly to a one-time severance charge of (\$.10), or \$1.3 m. EPS in the prior year was (\$.18). Q2 sales were essentially flat YOY at \$33.8 m in line with our estimate of \$33.9 m. Q2 PMT sales were flat YOY at \$25.2 m vs. our estimate of \$26 m as semiconductor vertical exposure and legacy product declines offset sales growth in its “new technologies” segment. Canvys Q2 sales declined 7.8% YOY to \$5.4 m but beat our estimate of \$4.8 m. Cap ex refresh spending by hospitals remains tepid. Q2 Healthcare sales grew 4.5% YOY to \$3.2 m vs our estimate of \$3.4 m. Q2 gross margin improved 180 bps YOY to 32.4% and beat our estimate of 30.7% due to product mix and specific cost reductions within Canvys. Exclusive of \$1.3 m of one-time severance charges, operating expenses of \$12.1 m were slightly better than our forecast of \$12.3 m. Operating expenses were \$13.2 m in the prior year. Q2 operating cash flow, while negative at (\$.3 m), improved sequentially from (\$1.7 m) in addition to improving nearly \$7 m YOY on a 6 months basis. Share repurchases totaling \$10 m remain authorized which equates to 13% of outstanding shares. The annualized dividend of \$.24/share yields 3.8%. The stock trades significantly below tangible book value of \$10.42/share. The company remains debt free with \$54.1 m in cash, or \$4.23/share. Approximately \$20 m in cash is held domestically and the company is pursuing repatriation strategies for the currency held abroad.

Net Sales (in thousands)				Gross Profit (in thousands)				Sales by Geography			
Business Unit	Q2FY17	Q2FY16	% Change	% of		% of		Net Sales	Q2FY17	Q2FY16	% Increase
				Q2FY17	Q2FY16	Q2FY17	Q2FY16				
PMT	\$25,229	\$25,162	0.3%	\$8,273	32.8%	\$7,515	29.9%	North America	\$14,059	\$15,032	-6.5%
Canvys	\$5,439	\$5,902	-7.8%	\$1,543	28.4%	\$1,526	25.9%	Europe	\$11,204	\$11,765	-4.8%
Healthcare	\$3,159	\$3,022	4.5%	\$1,148	36.3%	\$1,394	46.1%	Asia/Pacific	\$6,621	\$5,832	13.5%
Total	\$33,827	\$34,086	-0.8%	\$10,964	32.4%	\$10,435	30.6%	Latin America	\$1,956	\$1,455	34.4%
								Other	-\$13	\$2	-750.0%
									\$33,827	\$34,086	-0.8%

Outlook

The company reiterated its expectation to achieve profitability in Q4. Cost cutting efforts have taken out approximately \$3-\$4 m of annualized SG&A expenses resulting in a quarterly SG&A run rate of approximately \$12 m. Additionally, the company continues to arguably out-perform in gross margin performance. Cash burn has consistently been subsiding as working capital management improves and investment initiatives conclude. The primary risk factor remains topline growth execution to accompany a leaner cost structure. The two outlined growth catalysts are the “new technologies” segment within PMT which needs to outpace the single digit secular decline of the power grid tubes business. The second catalyst is the repair or remanufacturing of CT tubes within the Healthcare segment. The company remains quite bullish on this growth potential within Healthcare and expects sales to begin by the end of the fiscal year. The company is attempting to disrupt this market by offering lower cost tube replacement options for hospital imaging equipment vs. the current marketplace norm of OEM replacement service contracts. While the Canvys segment continues to face market headwinds, gross margin has improved. Lastly, foreign currency exposure remains an ongoing risk factor as the majority of sales are outside the US.

Peer Group Comparison

Ticker	Name	Price	EV / Sales	EV / EBITDA	P/BV	P/E	P/E-CY16E	P/E-CY17E
ARW	Arrow Electronics	\$72.72	0.4	8.1	1.5	13.1	10.9	10.3
AVT	Avnet	\$47.13	0.3	7.9	1.3	13.9	14.7	11.8
WCC	Wesco International Inc.	\$67.95	0.6	11.6	1.7	31.8	17.9	17.6
	Median		0.4	8.1	1.5	13.9	14.7	11.8
RELL	Richardson Electronics	\$6.22	0.2	NA	0.6	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 1/6/17

Disclaimers & Disclosures

21st Century Equity Research and the covering analyst receive cash compensation for research coverage directly from the subject company. Information, opinions, or recommendations contained in the reports and updates are submitted solely for advisory and information purposes. The reports and updates are not intended to be construed as an offering or a solicitation of an offer to buy or sell the securities mentioned or discussed. The factual statements in the reports and updates have been taken from generally recognized public sources believed reliable but such statements of fact have not been independently verified and are made without any representation as to accuracy, completeness, or otherwise. The research, analysis, financial projections, and opinions expressed in the reports and updates are those of the analyst and are subject to change without notice. Additionally, the information in this report may become outdated and there is no obligation to update any information contained in this report. The subject company has the opportunity to review the reports and updates for historical factual accuracy, but has no influence over the analysis, financial projections, or opinions made by the analyst.



21st Century Equity Research

Income Statement (in millions)	2014	2015	Q1-16	Q2-16	Q3-16	Q4-16	2016	Q1-17	Q2-17	Q3-17E	Q4-17E	2017E
Sales	\$141.9	\$136.8	\$37.1	\$34.1	\$31.3	\$39.6	\$142.1	\$33.4	\$33.8	\$33.2	\$39.3	\$139.7
COGS	\$100.9	\$95.6	\$25.8	\$23.7	\$21.5	\$26.2	\$97.2	\$23.2	\$22.8	\$22.7	\$26.3	\$95.0
Gross Profit	\$41.1	\$41.2	\$11.3	\$10.4	\$9.8	\$13.4	\$44.9	\$10.2	\$11.0	\$10.5	\$13.0	\$44.7
Operating Expenses	\$45.2	\$49.3	\$12.3	\$13.2	\$12.5	\$13.7	\$51.7	\$12.3	\$13.4	\$11.6	\$13.0	\$50.3
(Gain) loss on disposal of assets				(\$0.2)								
Operating Income	(\$4.2)	(\$8.1)	(\$1.0)	(\$2.6)	(\$2.7)	(\$0.3)	(\$6.8)	(\$2.1)	(\$2.4)	(\$1.1)	\$0.0	(\$5.5)
Add back D&A	\$1.2	\$1.7	\$0.5	\$0.8	\$0.6	\$0.5	\$2.4	\$0.7	\$0.6	\$0.5	\$0.5	\$2.3
Add back stock compensation	\$0.6	\$0.7	\$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)	(\$0.4)	(\$1.6)	(\$2.0)	\$0.3	(\$3.9)	(\$1.3)	(\$1.6)	(\$0.5)	\$0.6	(\$2.7)
Interest Expense, Net	(\$1.1)	(\$0.9)	(\$0.2)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.5)	\$0.0	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.3)
Proceeds from legal settlement	(\$2.1)	\$0.0					\$0.0					\$0.0
Other Expense, Net	(\$0.3)	(\$0.1)	\$0.2	(\$0.4)	\$0.2	\$0.2	\$0.2	\$0.3	(\$0.2)	\$0.2	\$0.2	\$0.5
Pretax Income	(\$0.6)	(\$7.1)	(\$1.0)	(\$2.1)	(\$2.8)	(\$0.4)	(\$6.5)	(\$2.4)	(\$2.2)	(\$1.2)	(\$0.1)	(\$5.8)
Income Tax	(\$0.1)	(\$1.4)	\$0.4	\$0.2	\$0.1	(\$0.2)	\$0.5	\$0.5	\$0.3	\$0.0	\$0.0	\$0.8
Net Income	(\$0.6)	(\$5.7)	(\$1.4)	(\$2.3)	(\$2.9)	(\$0.2)	(\$7.0)	(\$2.9)	(\$2.5)	(\$1.2)	(\$0.1)	(\$6.6)
Shares Outstanding-Diluted	14.3	13.8	13.5	12.9	12.8	12.8	13.1	12.8	12.8	12.8	12.8	12.8
EPS - Diluted (Continuing Ops)	(\$0.04)	(\$0.41)	(\$0.10)	(\$0.18)	(\$0.23)	(\$0.01)	(\$0.53)	(\$0.22)	(\$0.20)	(\$0.09)	(\$0.00)	(\$0.51)
Dividend per Share	\$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%
COGS	71.1%	69.9%	69.5%	69.5%	68.7%	66.2%	68.4%	69.3%	67.5%	68.5%	66.9%	68.0%
Gross Profit	28.9%	30.1%	30.5%	30.5%	31.3%	33.8%	31.6%	30.7%	32.5%	31.5%	33.1%	32.0%
Operating Expenses	31.9%	36.0%	33.2%	38.7%	39.9%	34.6%	36.4%	36.8%	39.6%	34.8%	33.1%	36.0%
Operating Income	-2.9%	-5.9%	-2.7%	-7.6%	-8.6%	-0.8%	-4.8%	-6.2%	-7.1%	-3.3%	0.1%	-4.0%
Interest Expense, Net	-0.8%	-0.7%	-0.5%	-0.3%	-0.3%	-0.3%	-0.4%	0.0%	-0.1%	-0.3%	-0.3%	-0.2%
Other Expense, Net	-0.2%	-0.1%	0.5%	-1.2%	0.6%	0.4%	0.1%	0.9%	-0.6%	0.6%	0.4%	0.3%
Pretax Income	-0.4%	-5.2%	-2.7%	-6.2%	-8.9%	-0.9%	-4.6%	-7.1%	-6.4%	-3.6%	-0.1%	-4.1%
Income Tax Rate	9.7%	19.7%	-40.0%	-9.5%	-3.6%	53.5%	-7.7%	-21.2%	-14.0%	0.0%	0.0%	-13.9%
Net Income	-0.4%	-4.2%	-3.8%	-6.7%	-9.3%	-0.4%	-4.9%	-8.6%	-7.4%	-3.6%	-0.1%	-4.7%
Revenue by Segment												
RF, Wireless & Power Division												
PMT	\$103.3	\$105.7	\$27.2	\$25.2	\$23.0	\$30.2	\$105.6	\$25.4	\$25.2	\$25.0	\$30.0	\$105.6
Healthcare	\$6.9	\$6.5	\$3.2	\$3.0	\$3.1	\$3.7	\$13.0	\$3.4	\$3.2	\$3.2	\$3.8	\$13.6
Canvys	\$31.7	\$24.6	\$6.7	\$5.9	\$5.2	\$5.7	\$23.5	\$4.6	\$5.4	\$5.0	\$5.5	\$20.5
Corporate												
Total	\$141.9	\$136.8	\$37.1	\$34.1	\$31.3	\$39.6	\$142.1	\$33.4	\$33.8	\$33.2	\$39.3	\$139.7
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%
PMT	72.8%	77.3%	73.3%	73.9%	73.5%	76.3%	74.3%	76.0%	74.6%	75.3%	76.3%	75.6%
Security Systems Division	4.9%	4.8%	8.6%	8.8%	9.9%	9.3%	9.1%	10.2%	9.5%	9.6%	9.7%	9.7%
Canvys	22.3%	18.0%	18.1%	17.3%	16.6%	14.4%	16.5%	13.8%	16.0%	15.1%	14.0%	14.7%
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%



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
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
Accounts Receivable	\$92.4	\$98.7	\$22.4	\$19.7	\$18.3	\$18.4	\$20.8	\$24.0	\$21.0	\$20.9	\$24.9	\$24.9	\$21.5	\$20.5
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
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
Discontinued ops-assets				\$0.0	\$0.3		\$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
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
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	\$13.8	\$13.6
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
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
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
Discontinued ops-liabilities			\$13.8	\$0.2	\$0.2	\$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
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	\$2.3	\$2.2	\$1.7	\$2.0	\$2.4	\$2.4	\$1.4	\$1.2
Discontinued ops-non-current liabilities			\$1.6	\$1.4	\$0.0	\$1.4	\$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
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
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
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
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
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
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	2.1
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
Accounts Payable Turnover	7.3	5.8	5.0	7.3	7.4	7.6	6.8	7.8	7.0	7.2	6.8	6.3	6.9	7.3
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
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
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	2015	Q1-16	Q2-16	Q3-16	Q4-16	2016	Q1-17	Q2-17
NOPAT															
EBIT	\$10.2	(\$8.2)	\$22.3	\$11.4	\$6.2	\$0.0	(\$4.2)	(\$8.1)	(\$1.0)	(\$2.6)	(\$2.7)	(\$0.3)	(\$6.8)	(\$2.1)	(\$2.4)
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
NOPAT	\$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)
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
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	(\$0.1)	\$0.0	\$0.0	\$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
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	\$156.7	\$150.7	\$144.6	\$141.2	\$141.7	\$141.7	\$138.6	\$132.8
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	\$65.6	\$65.7	\$63.1
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
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%	-5.6%	-5.8%	-0.3%	-11.1%	-3.5%	-3.9%
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)	(\$5.7)	(\$1.4)	(\$2.3)	(\$2.9)	(\$0.2)	(\$7.0)	(\$2.9)	(\$2.5)
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
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	(\$1.4)	\$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
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	\$0.3	\$0.5	\$0.8	\$0.6	\$0.5	\$2.4	\$0.7	\$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)	(\$2.4)	(\$3.2)	\$3.0	\$0.1	(\$4.0)	(\$4.1)	\$3.4	\$1.0
Decrease (Increase) in Inventories	\$16.3	\$12.7	\$2.5	\$47.8	(\$3.8)	\$0.7	\$0.1	(\$4.9)	(\$2.4)	(\$1.9)	(\$2.4)	\$0.1	(\$6.6)	\$0.2	\$2.1
Decrease (Increase) in Other Current Assets	\$1.1	(\$1.4)	\$0.8	(\$57.0)	\$51.0	\$0.0	\$0.0	\$0.0	\$1.0	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
(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)
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	\$0.0	(\$1.0)				(\$1.1)	(\$0.4)
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
Net Cash Flow from Operations	\$1.7	\$12.2	\$27.6	\$239.9	\$53.9	\$5.5	\$3.8	(\$5.7)	(\$7.0)	(\$2.0)	(\$5.5)	(\$1.4)	(\$16.2)	(\$2.0)	(\$0.3)
Capital Expenditures															
Time Deposit Purchases	(\$4.5)	(\$1.6)	(\$1.4)	(\$0.5)	(\$0.2)	(\$1.3)	(\$2.7)	(\$4.7)	(\$1.0)	(\$0.8)	(\$1.3)	(\$1.7)	(\$4.8)	(\$2.1)	(\$1.2)
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)
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)	(\$0.32)	(\$0.12)
Fiscal Year End - May															
(\$ in millions, except per share data)															