

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: \$12.15
 DATE: April 13, 2012

Stock Data

Price	\$12.15
52Wk High	\$15.40
52Wk Low	\$11.15
3mo. Daily Volume	49,000
Market Capitalization	\$206
Shares Outstanding	17 Mil.
Dividend Yield	1.70%
Tangible Book Value Per Share	\$12.37
Net Debt-to-Equity	0%
EV-to-Sales TTM	0.3x
EV-to-EBITDA TTM	6.6x

Financial Data

	OLD	NEW	OLD	NEW
	FY-12E	FY-12E	FY-13E	FY-13E
EPS				
Q1-Aug	\$.06A	\$.06A		
Q2-Nov	\$.09A	\$.09A		
Q3-Feb	\$.09E	\$.09A		
Q4-May	\$.10E	\$.10E		
FY-May	\$.34E	\$.34E	\$.38E	\$.38E
P/E		35.7		32.0
Revenue	\$167	\$159	\$173	\$170
% Chg	3%	0%	3%	7%
ROIC	3%	4%	3%	11%
Cash	\$171	\$164	\$170	\$169
Assets	\$257	\$256	\$257	\$249
Debt	\$0	\$0	\$0	\$0
Equity	\$215	\$214	\$221	\$214

Note: Figures in \$millions except per share data

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Q3 EPS of \$.09 matched our estimate as better than expected cost control compensated for lower than expected sales.

Q3 total sales declined 3.3% YOY to \$38.4 million vs. our estimate of \$41.2 million as softness in the North American semiconductor fabrication sector hurt EDG sales. EDG and Canvys sales declined YOY 4.1% and 1.6% respectively.

Gross margin of 29.5% improved 40 basis points YOY but missed our estimate of 30.3% due to lower sales volumes.

Operating expenses declined 80 basis points sequentially due to effective cost-cutting measures.

The balance sheet remains strong with \$177.3 million in cash and investments (\$10.43/share) and minimal debt.

Approximately \$26 million of stock repurchases remain authorized.

The stock is trading below its tangible book value of \$12.37/share.

We are maintaining prior EPS estimates.



Analysis of Q3 Results

Q3 EPS of \$.09 matched our estimate. Q3 revenues declined 3.3% YOY to \$38.4 million vs. our estimate of \$41.2 million due to lower than expected performance by the EDG unit which was negatively impacted by the North American semiconductor fabrication equipment market. European exposure remains a risk factor but strong EDG tube sales offset Canvys weakness in the region. Combined gross margin of 29.5% grew 40 basis points YOY but missed our estimate of 30.3% due to the lower than expected sales volume. Operating expenses of \$9.5 million were significantly lower than our estimate of \$10.5 million due to continued reduction of support function costs and headcount reduction. Operating margin improved 40 basis points sequentially to 4.7%. The company continues to target a near-term operating margin of 5%.

Business Unit	Net Sales (in thousands)			Gross Profit (in thousands)			
	Q3FY12	Q3FY11	% Change	Q3FY12	% of Sales	Q3FY11	% of Sales
Electron Device Group	\$26,867	\$28,002	-4.1%	\$8,085	30.1%	\$8,412	30.0%
Canvys	\$11,463	\$11,651	-1.6%	\$3,212	28.0%	\$3,145	27.0%
Total	\$38,330	\$39,653	-3.3%	\$11,297	29.5%	\$11,557	29.1%

Net Sales	Sales by Geography		
	Q3FY12	Q3FY11	% Increase
North America	\$17,055	\$17,715	-3.7%
Europe	\$12,682	\$12,694	-0.1%
Asia/Pacific	\$5,852	\$6,042	-3.1%
Latin America	\$2,444	\$2,432	0.5%
Other	\$297	\$770	-61.4%
Total	\$38,330	\$39,653	-3.3%

Operating cash flow was (\$5.6) million for the quarter as inventory levels continued to increase. The balance sheet remains strong with \$177.3 million in cash and investments (\$10.43/share) and minimal debt. The stock currently trades below the company's tangible book value of \$12.37/share.

Outlook

The company is guiding for Q4 revenue \$40-\$43 million. The current SG&A run-rate is expected to continue albeit fourth quarter expenses are expected to increase sequentially due to expected one-time expenses. The company reports that February, March and April bookings into the semiconductor vertical have shown marked improvement. Current third party forecasts for the semiconductor industry generally range from 0-5% growth for 2012. The company is beginning its service center expansion in Asia with an initial launch in Korea to be followed by openings in China and Japan. The recent inventory build-up is expected to abate going forward. The company continues to evaluate potential acquisitions and has widened its interest to include larger companies. The CO2 laser market is expected to continue as a strong growth vertical. Gross margin is expected to gradually improve by 100 basis points per year. We are assuming the pace of stock buybacks will continue in FY13. Approximately \$26 million remains authorized under the stock repurchase plan. We have lowered our FY13 revenue forecast slightly downward to reflect recent uneven revenue results but are maintaining prior EPS estimates.

Peer Group Comparison									
(in thousands)									
Ticker	Name	Price	EV / Sales	EV / EBITDA	P/BV	P/E	P/E CY12E	P/E CY13E	
ARW	Arrow Electronics	\$41.04	0.29	5.8	1.3	7.9	8.3	7.5	
AVT	Avnet	\$35.29	0.23	5.6	1.3	8.0	8.2	7.6	
WCC	Wesco International Inc.	\$65.24	0.54	9.2	2.1	16.5	13.9	12.1	
	Median		0.29	5.8	1.3	8.0	8.3	7.6	
RELL	Richardson Electronics	\$12.15	0.32	6.6	1.0	39.2	33.8	NA	

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

Prices as of 4/12/12

Income Statement (in millions)	2008	2009	Q1-10	Q2-10	Q3-10	Q4-10	2010	Q1-11	Q2-11	Q3-11	Q4-11	2011	Q1-12	Q2-12	Q3-12	Q4-12E	2012E	2013E
Sales	\$568.4	\$496.3	\$109.5	\$115.9	\$121.3	\$145.1	\$491.8	\$137.1	\$41.0	\$39.7	\$40.7	\$258.5	\$41.5	\$39.1	\$38.4	\$40.0	\$159.0	\$170.0
COGS	\$432.8	\$386.7	\$83.0	\$86.9	\$91.9	\$112.0	\$373.8	\$104.5	\$29.2	\$28.1	\$29.3	\$191.1	\$28.8	\$27.4	\$27.1	\$28.0	\$111.3	\$117.0
Gross Profit	\$135.6	\$109.6	\$26.5	\$29.0	\$29.4	\$33.1	\$118.0	\$32.6	\$11.8	\$11.6	\$11.4	\$67.4	\$12.7	\$11.7	\$11.3	\$12.0	\$47.7	\$52.7
Operating Expenses	\$125.4	\$117.9	\$22.9	\$23.6	\$23.7	\$25.5	\$95.7	\$23.3	\$11.2	\$10.7	\$10.8	\$56.0	\$10.7	\$10.0	\$9.5	\$9.8	\$40.0	\$43.5
Operating Income	\$10.2	(\$8.2)	\$3.6	\$5.4	\$5.7	\$7.6	\$22.3	\$9.3	\$0.6	\$0.9	\$0.6	\$11.4	\$2.0	\$1.7	\$1.8	\$2.2	\$7.7	\$9.2
Add back D&A	\$5.3	\$4.1	\$1.0	\$1.1	\$0.9	\$0.9	\$3.9	\$0.9	\$0.5	\$0.3	\$0.3	\$1.9	\$0.3	\$0.3	\$0.3	\$0.3	\$1.2	\$1.2
Add back stock compensation	\$0.7	\$0.7	\$0.1	\$0.2	\$0.2	\$0.2	\$0.7	\$0.1	\$0.2	\$0.1	\$0.2	\$0.6	\$0.2	\$0.1	\$0.1	\$0.2	\$0.6	\$0.7
EBITDA	\$16.2	(\$3.4)	\$4.7	\$6.7	\$6.8	\$8.7	\$26.9	\$10.3	\$1.3	\$1.3	\$1.1	\$13.9	\$2.5	\$2.1	\$2.2	\$2.7	\$9.5	\$11.1
Interest Expense, Net	\$6.9	\$4.6	\$1.2	\$1.0	\$1.0	\$0.7	\$3.9	\$0.2	\$0.1	\$0.0	(\$0.4)	(\$0.1)	(\$0.4)	(\$0.2)	(\$0.4)	(\$0.3)	(\$1.3)	(\$0.5)
Other Expense, Net	\$12.0	(\$2.4)	\$0.8	\$0.7	(\$0.1)	\$0.0	\$1.4	\$0.2	\$0.1	\$0.3	\$0.7	\$0.7	\$1.7	(\$0.5)	\$0.0	\$0.0	\$0.2	\$0.2
Pretax Income	(\$8.7)	(\$10.4)	\$1.6	\$3.7	\$4.8	\$7.0	\$17.1	\$9.4	\$0.4	\$0.8	\$0.7	\$10.8	\$1.7	\$2.4	\$2.2	\$2.5	\$8.8	\$9.5
Income Tax	(\$0.2)	\$1.8	(\$0.3)	(\$0.6)	\$0.3	\$0.4	(\$0.2)	\$0.5	\$0.3	\$0.5	(\$0.4)	\$0.9	\$0.6	\$0.8	\$0.6	\$0.9	\$2.9	\$3.5
Net Income	(\$8.5)	(\$12.2)	\$1.9	\$4.3	\$4.5	\$6.6	\$17.3	\$8.4	\$0.1	\$0.3	\$1.1	\$9.9	\$1.1	\$1.6	\$1.6	\$1.6	\$5.9	\$6.0
Shares Outstanding-Diluted	17.8	17.8	17.9	18.0	18.0	19.0	18.9	17.9	18.1	18.5	18.4	18.2	17.5	17.2	17.0	16.8	17.2	16.0
EPS - Diluted (Continuing Ops)	(\$0.48)	(\$0.69)	\$0.11	\$0.24	\$0.25	\$0.35	\$0.91	\$0.47	\$0.01	\$0.02	\$0.06	\$0.54	\$0.06	\$0.09	\$0.09	\$0.10	\$0.34	\$0.38
Dividend per Share	\$0.12	\$0.08	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.03	\$0.11	\$0.05	\$0.05	\$0.05			
% 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%	100.0%
COGS	76.1%	77.9%	75.8%	75.0%	75.8%	77.2%	76.0%	76.2%	71.2%	70.8%	72.0%	73.9%	69.4%	70.1%	70.6%	70.0%	70.0%	69.0%
Gross Profit	23.9%	22.1%	24.2%	25.0%	24.2%	22.8%	24.0%	23.8%	28.8%	29.2%	28.0%	26.1%	30.6%	29.9%	29.4%	30.0%	30.0%	31.0%
Operating Expenses	22.1%	23.7%	20.9%	20.4%	19.5%	17.6%	19.5%	17.0%	27.3%	27.0%	26.5%	21.7%	25.8%	25.6%	24.7%	24.5%	25.2%	25.6%
Operating Income	1.8%	-1.7%	3.3%	4.7%	4.7%	5.2%	4.5%	6.8%	1.5%	2.3%	1.5%	4.4%	4.8%	4.3%	4.7%	5.5%	4.8%	5.4%
Interest Expense, Net	1.2%	0.9%	1.1%	0.9%	0.8%	0.4%	0.8%	0.1%	0.2%	0.0%	-1.0%	0.0%	-1.0%	-0.5%	-1.0%	-0.8%	-0.8%	-0.3%
Other Expense, Net	2.1%	-0.5%	0.7%	0.6%	-0.1%	0.0%	0.3%	0.1%	0.2%	0.3%	0.7%	0.3%	1.7%	-1.3%	0.0%	0.0%	0.1%	0.1%
Pretax Income	-1.5%	-2.1%	1.5%	3.2%	4.0%	4.8%	3.5%	6.5%	1.0%	2.0%	1.7%	4.2%	4.1%	6.1%	5.7%	6.3%	5.5%	5.6%
Income Tax Rate	2.5%	-17.0%	-18.8%	-16.2%	6.3%	5.8%	-1.2%	5.6%	75.0%	62.5%	-57.1%	8.3%	35.3%	33.3%	27.3%	36.0%	33.0%	36.8%
Net Income	-1.5%	-2.5%	1.7%	3.7%	3.7%	4.5%	3.5%	6.1%	0.2%	0.8%	2.7%	3.8%	2.7%	4.1%	4.2%	4.0%	3.7%	3.5%
Revenue by Segment																		
RF, Wireless & Power Division	\$376.2	\$355.1	\$79.5	\$82.8	\$87.9	\$106.3	\$356.5	\$99.6				\$99.6						
Electron Device Group	\$103.3	\$82.2	\$18.8	\$20.1	\$21.2	\$26.4	\$86.5	\$27.5	\$28.7	\$28.0	\$29.6	\$113.8	\$30.7	\$28.0	\$26.9	\$28.0	\$113.8	\$125.0
Canvys	\$84.7	\$58.9	\$11.2	\$13.0	\$12.2	\$12.4	\$48.8	\$10.0	\$12.3	\$11.7	\$11.1	\$45.1	\$10.8	\$11.1	\$11.5	\$12.0	\$45.4	\$45.0
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	\$0.0
Total	\$568.4	\$496.3	\$109.5	\$115.9	\$121.3	\$145.1	\$491.8	\$137.1	\$41.0	\$39.7	\$40.7	\$258.5	\$41.5	\$39.1	\$38.4	\$40.0	\$159.0	\$170.0
Revenue % by Segment																		
RF, Wireless & Power Division	66.2%	71.5%	72.6%	71.4%	72.5%	73.3%	72.5%	72.6%	0.0%	0.0%	0.0%	38.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Electron Device Group	18.2%	16.6%	17.2%	17.3%	17.5%	18.2%	17.6%	20.1%	70.0%	70.5%	72.7%	44.0%	74.0%	71.6%	70.1%	70.0%	71.4%	73.5%
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%	0.0%	0.0%	0.0%
Canvys	14.9%	11.9%	10.2%	11.2%	10.1%	8.5%	9.9%	7.3%	30.0%	29.5%	27.3%	17.4%	26.0%	28.4%	29.9%	30.0%	28.6%	26.5%
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%	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%	100.0%
Revenue Growth (Year / Year)																		
RF, Wireless & Power Division	1.7%	-5.6%	-17.9%	-11.3%	9.2%	26.1%	0.4%	25.3%	-100.0%	-100.0%	-100.0%							
Electron Device Group	2.0%	-20.4%	-25.0%	-9.6%	17.8%	56.2%	5.3%	46.3%	42.8%	32.1%	12.1%	31.6%	11.6%	-2.4%	-3.9%	-5.4%	-0.2%	10.0%
Canvys	3.1%	-30.4%	-34.6%	-22.6%	4.3%	-8.8%	-17.2%	-10.7%	-5.4%	-4.1%	-10.5%	-7.6%	8.0%	-9.8%	-1.7%	8.1%	0.7%	-0.9%
Corporate	5.6%	-95.1%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%											
Total	2.0%	-12.7%	-21.2%	-12.5%	10.0%	26.6%	-0.9%	25.2%	-64.6%	-67.3%	-72.0%	-47.4%	-69.7%	-4.6%	-3.3%	-1.7%	-38.5%	6.9%
Fiscal Year End - May																		
(\$ in millions, except per share data)																		

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21st Century Equity Research

Balance Sheet	2009	Q1-10	Q2-10	Q3-10	Q4-10	2010	Q1-11	Q2-11	Q3-11	Q4-11	2011	Q1-12	Q2-12	Q3-12	Q4-12E	2012E	2013E
Assets																	
Cash	\$43.9	\$41.8	\$49.9	\$51.5	\$29.0	\$29.0	\$32.0	\$33.0	\$29.9	\$171.0	\$171.0	\$37.2	\$25.2	\$24.4	\$24.0	\$24.0	\$24.0
Accounts Receivable	\$92.4	\$87.6	\$94.1	\$93.1	\$98.7	\$98.7	\$102.0	\$22.1	\$25.0	\$22.4	\$22.4	\$22.8	\$22.3	\$22.9	\$22.0	\$22.0	\$23.3
Inventories	\$81.2	\$83.6	\$77.1	\$79.5	\$78.7	\$78.7	\$85.6	\$26.5	\$28.0	\$30.9	\$30.9	\$33.8	\$35.3	\$38.3	\$31.4	\$31.4	\$32.1
Other Current Assets	\$7.8	\$10.0	\$9.4	\$9.2	\$7.0	\$7.0	\$7.0	\$1.7	\$1.4	\$64.0	\$64.0	\$129.1	\$145.1	\$138.1	\$140.0	\$140.0	\$135.2
Discontinued ops-assets								\$173.2	\$187.9			\$2.1	\$1.7	\$0.6	\$0.0	\$0.0	\$0.0
Current Assets	\$225.3	\$223.0	\$230.5	\$233.3	\$213.4	\$213.4	\$226.6	\$256.5	\$272.2	\$288.3	\$288.3	\$225.0	\$229.6	\$224.3	\$217.4	\$217.4	\$214.6
Net Property, Plant, and Equipment	\$19.4	\$18.7	\$17.8	\$17.0	\$16.7	\$16.7	\$16.2	\$5.7	\$5.5	\$5.2	\$5.0	\$5.1	\$4.7	\$4.5	\$4.5	\$4.5	\$4.5
Goodwill & Other Assets	\$4.1	\$4.3	\$4.5	\$3.9	\$4.7	\$4.7	\$4.1	\$1.9	\$2.1	\$20.6	\$4.0	\$33.9	\$18.9	\$18.4	\$34.0	\$34.0	\$30.0
Total Assets	\$248.8	\$246.0	\$252.8	\$254.2	\$234.8	\$234.8	\$246.9	\$264.1	\$279.8	\$314.1	\$314.1	\$264.0	\$253.2	\$247.2	\$255.9	\$255.9	\$249.1
Liabilities and Stockholders' Equity																	
Current Debt	\$0.0	\$0.0	\$0.0	\$0.0	\$19.5	\$19.5	\$22.0	\$18.0	\$22.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Accounts Payable	\$53.0	\$45.4	\$44.7	\$60.0	\$61.6	\$61.6	\$61.2	\$18.7	\$17.8	\$17.8	\$17.8	\$15.3	\$14.6	\$14.4	\$18.9	\$18.9	\$18.1
Accrued Expenses	\$18.4	\$19.3	\$21.0	\$18.7	\$18.8	\$18.8	\$18.7	\$10.9	\$9.6	\$43.7	\$43.7	\$16.8	\$11.5	\$9.6	\$15.6	\$15.6	\$12.0
Discontinued ops-liabilities								\$61.0	\$64.2	\$13.8	\$13.8	\$7.1	\$4.9	\$0.1	\$0.0	\$0.0	\$0.0
Current Liabilities	\$71.4	\$64.7	\$65.7	\$78.7	\$99.9	\$99.9	\$101.9	\$108.6	\$113.6	\$75.3	\$75.3	\$39.2	\$31.0	\$24.1	\$34.5	\$34.5	\$30.1
Long-term Debt	\$52.4	\$52.4	\$52.4	\$44.0	\$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	\$6.1	\$5.2	\$4.9	\$5.0	\$5.0	\$4.8	\$0.8	\$1.0	\$13.0	\$13.0	\$2.4	\$8.3	\$9.8	\$7.7	\$7.7	\$5.0
Discontinued ops-non-current liabilities								\$3.3	\$1.7	\$1.6	\$1.6	\$1.6	\$1.2	\$0.0	\$0.0	\$0.0	\$0.0
Total Liabilities	\$130.1	\$123.2	\$123.3	\$127.6	\$104.9	\$104.9	\$106.7	\$112.7	\$116.3	\$89.9	\$89.9	\$43.2	\$40.9	\$35.1	\$42.2	\$42.2	\$35.1
Shareholder Equity	\$118.7	\$122.8	\$129.5	\$126.7	\$129.9	\$129.9	\$140.2	\$151.4	\$163.5	\$224.2	\$224.2	\$220.8	\$212.3	\$212.1	\$213.7	\$213.7	\$214.0
Total Liabilities and Equity	\$248.8	\$246.0	\$252.8	\$254.2	\$234.8	\$234.8	\$246.9	\$264.1	\$279.8	\$314.1	\$314.1	\$264.0	\$253.2	\$247.2	\$255.9	\$255.9	\$249.1
Book Value Per Share	\$6.67	\$6.86	\$7.19	\$7.04	\$6.84	\$6.87	\$7.83	\$8.36	\$8.84	\$12.18	\$12.32	\$12.62	\$12.34	\$12.48	\$12.72	\$12.42	\$13.38
Asset Utilization and Efficiency																	
Accounts Receivable Turnover	4.9	4.5	4.8	5.2	6.1	5.1	5.8	2.8	2.7	2.7	4.3	2.7	7.0	6.4	7.2	7.2	7.5
Days' Sales in Receivables Outstanding	67.9	73.0	74.1	70.0	62.1	73.3	67.9	49.2	57.5	50.2	31.6	50.1	52.0	54.4	50.0	50.5	50.0
Inventory Turnover	4.4	3.6	3.9	4.2	5.6	3.8	4.9	2.3	2.1	2.1	2.9	1.9	3.5	3.3	3.6	3.6	3.7
Days' Sales in Inventory Outstanding	76.6	91.9	81.0	78.9	64.1	76.8	74.7	82.8	90.9	96.2	59.0	107.1	117.6	129.0	102.0	102.9	100.0
Accounts Payable Turnover	7.3	6.2	6.5	6.5	7.8	5.8	7.8	3.7	2.9	3.0	5.0	3.0	6.6	6.7	6.1	6.1	6.3
Days' Purchases in Payables Outstanding	50.0	49.9	46.9	59.6	50.2	60.1	53.4	58.4	57.8	55.4	34.0	48.5	48.6	48.5	55.0	62.0	55.0
Cash Conversion Cycle (Days)	94.6	115.0	108.1	89.4	76.0	89.9	89.2	73.6	90.6	91.0	56.6	108.7	121.0	134.9	97.0	91.4	95.0
Capital Structure																	
Total Debt-to-Total Capital Ratio	30.6%	29.9%	28.8%	25.8%	13.1%	13.1%	13.6%	10.6%	11.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Debt-to-Equity Ratio	44.1%	42.7%	40.5%	34.7%	15.0%	15.0%	15.7%	11.9%	13.5%	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	Q1-10	Q2-10	Q3-10	Q4-10	2010	Q1-11	Q2-11	Q3-11	Q4-11	2011	Q1-12	Q2-12	Q3-12	Q4-12E	2012E	2013E
NOPAT																		
EBIT	\$10.2	(\$8.2)	\$3.6	\$5.4	\$5.7	\$7.6	\$22.3	\$9.3	\$0.6	\$0.9	\$0.6	\$11.4	\$2.0	\$1.7	\$1.8	\$2.2	\$7.7	\$9.2
Cash Taxes on EBIT	(\$0.4)	\$2.5	(\$0.1)	(\$0.4)	\$0.2	\$0.4	(\$0.2)	\$0.5	\$0.2	\$0.5	(\$0.6)	\$0.9	\$0.7	\$0.9	\$0.7	\$1.0	\$3.3	\$3.7
NOPAT	\$10.6	(\$10.8)	\$3.7	\$5.8	\$5.5	\$7.2	\$22.5	\$8.8	\$0.4	\$0.4	\$1.2	\$10.5	\$1.3	\$0.8	\$1.1	\$1.2	\$4.4	\$5.5
Cash Taxes on EBIT																		
Income Tax Provision	(\$0.2)	\$1.8	(\$0.3)	(\$0.6)	\$0.3	\$0.4	(\$0.2)	\$0.5	\$0.3	\$0.5	(\$0.4)	\$0.9	\$0.6	\$0.8	\$0.6	\$0.9	\$2.9	\$3.5
Tax Deduction on Interest Expense	\$0.2	(\$0.8)	(\$0.2)	(\$0.2)	\$0.1	\$0.0	(\$0.0)	\$0.0	\$0.1	\$0.0	\$0.2	(\$0.0)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.4)	(\$0.2)
Cash Taxes on EBIT	(\$0.4)	\$2.5	(\$0.1)	(\$0.4)	\$0.2	\$0.4	(\$0.2)	\$0.5	\$0.2	\$0.5	(\$0.6)	\$0.9	\$0.7	\$0.9	\$0.7	\$1.0	\$3.3	\$3.7
Invested Capital																		
Total Debt	\$55.7	\$52.4	\$52.4	\$52.4	\$44.0	\$19.5	\$19.5	\$22.0	\$18.0	\$22.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Stockholders' Equity	\$141.4	\$118.7	\$122.8	\$129.5	\$126.7	\$129.9	\$129.9	\$140.2	\$151.4	\$163.5	\$224.2	\$224.2	\$220.8	\$212.3	\$212.1	\$213.7	\$213.7	\$214.0
Total Cash & Short-term Investments	\$40.0	\$43.9	\$41.8	\$49.9	\$51.5	\$29.0	\$29.0	\$32.0	\$33.0	\$29.9	\$171.0	\$171.0	\$166.3	\$170.3	\$162.5	\$164.0	\$164.0	\$159.2
Invested Capital	\$157.1	\$127.2	\$133.4	\$132.0	\$119.2	\$120.4	\$120.4	\$130.2	\$136.4	\$155.6	\$53.2	\$53.2	\$54.5	\$42.0	\$49.6	\$49.7	\$49.7	\$54.8
Return on Invested Capital																		
Return on Invested Capital (Average)	6.3%	-7.6%	10.1%	16.4%	16.7%	23.4%	18.1%	26.7%	1.1%	1.2%	5.7%	12.1%	1.4%	0.7%	0.8%	0.9%	3.7%	10.6%
Note: Quarterly Figures Have Been Annualized																		
Free Cash Flow																		
Net Income (Loss)	(\$8.5)	(\$12.2)	\$1.9	\$4.3	\$4.5	\$6.6	\$17.3	\$8.4	\$7.6	\$0.3	\$1.1	\$9.9	\$1.1	\$1.6	\$1.6	\$1.6	\$5.9	\$6.0
Adjustments:																		
Depreciation	\$5.5	\$5.3	\$1.1	\$1.1	\$1.0	\$1.1	\$4.3	\$0.9	\$0.3	\$0.3	\$0.3	\$1.8	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$1.2
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
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	\$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
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
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
Divestitures	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$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	\$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
Total Adjustments	\$5.5	\$5.3	\$1.1	\$1.1	\$1.0	\$1.1	\$4.3	\$0.9	\$0.3	\$180.3	\$0.3	\$181.8	\$0.3	\$0.3	\$0.3	\$0.3	\$1.2	\$1.2
Changes in Working Capital, Net of Currency Translation Effects and Business Acquisitions:																		
Decrease (Increase) in Accounts Receivable	(\$3.8)	\$17.1	\$4.8	(\$6.5)	\$1.0	(\$5.6)	(\$6.3)	(\$3.3)	(\$9.5)	(\$2.9)	\$2.6	\$76.3	\$79.2	(\$0.2)	\$2.1	\$0.4	\$0.4	(\$1.3)
Decrease (Increase) in Inventories	\$16.3	\$12.7	(\$2.4)	\$6.5	(\$2.4)	\$0.8	\$2.5	(\$6.9)	(\$3.5)	(\$1.5)	(\$2.9)	\$47.8	\$51.8	(\$8.8)	(\$10.3)	(\$0.5)	\$0.5	\$0.8
Decrease (Increase) in Other Current Assets	\$1.1	(\$1.4)	(\$2.2)	\$0.6	\$0.2	\$2.2	\$0.8	\$0.0	\$0.3	(\$62.6)	(\$57.0)	(\$122.1)	(\$143.4)	(\$136.7)	(\$76.0)	\$76.0	(\$4.8)	(\$0.8)
(Decrease) Increase in Accounts Payable	\$3.3	(\$5.9)	(\$7.6)	(\$0.7)	\$15.3	\$1.6	\$8.6	(\$0.4)	\$7.4	(\$0.9)	\$0.0	(\$43.8)	(\$45.9)	(\$4.1)	(\$3.4)	\$1.1	\$1.1	(\$0.8)
Decrease (Increase) Assets Held for Sale																		
(Decrease) Increase in Other Current Liabilities	(\$12.2)	(\$3.4)	\$0.9	\$1.7	(\$2.3)	\$0.1	\$0.4	(\$0.1)	\$0.4	(\$1.3)	\$34.1	\$24.9	(\$1.9)	\$0.6	\$0.0	(\$28.1)	\$0.0	\$0.0
Total Changes in Operating Assets and Liabilities	\$4.7	\$18.1	(\$6.3)	\$1.6	\$11.8	(\$0.9)	\$6.0	(\$10.7)	(\$5.2)	(\$6.3)	(\$28.3)	\$48.2	(\$38.9)	(\$155.3)	(\$148.3)	(\$103.1)	\$78.0	(\$6.2)
Net Cash Flow from Operations	\$1.7	\$12.2	(\$4.5)	\$7.0	\$17.3	\$6.8	\$27.8	(\$1.4)	\$2.7	\$174.3	(\$27.4)	\$239.9	(\$37.5)	(\$154.0)	(\$148.4)	(\$101.2)	\$85.1	\$1.0
Capital Expenditures	(\$4.5)	(\$1.6)	(\$0.3)	(\$0.2)	(\$0.2)	(\$0.7)	(\$1.4)	(\$0.4)	(\$0.1)	(\$0.2)	(\$0.2)	(\$0.9)	(\$0.7)	(\$0.1)	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)
Time Deposit Purchases																		
Free Cash Flow	(\$2.8)	\$10.6	(\$3.8)	\$6.8	\$17.1	\$6.1	\$26.2	(\$1.8)	\$2.6	\$174.1	(\$27.6)	\$239.0	(\$116.8)	(\$158.3)	(\$147.4)	(\$102.2)	\$1.3	\$0.0
Free Cash Flow per Share	(\$0.16)	\$0.59	(\$0.21)	\$0.38	\$0.95	\$0.32	\$1.38	(\$0.10)	\$0.14	\$9.41	(\$1.50)	\$13.13	(\$6.67)	(\$9.20)	(\$8.67)	(\$6.08)	\$0.08	\$0.00
Fiscal Year End - May																		
(\$ in millions, except per share data)																		