

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: \$5.85
 DATE: 4/7/17

Stock Data

Price	\$5.85
52Wk High	\$7.24
52Wk Low	\$5.09
3mo. Daily Volume	28,185
Market Capitalization	\$75 m
Shares Outstanding	12.8 Mil.
Dividend Yield	4.21%
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
Q1-Aug	(\$0.01)	(\$0.11)	(\$0.22A)
Q2-Nov	(\$0.08)	(\$0.18)	(\$0.20A)
Q3-Feb	(\$0.16)	(\$0.23)	(\$0.09E)
Q4-May	(\$0.16)	(\$0.01)	(\$0.00E)
FY-May	(\$0.41)	(\$0.53)	(\$0.51E)

	FY-15	FY-16	FY-17E	FY-17E
Revenue	\$137	\$142	\$140	\$139
% Chg	-1.0%	3.9%	-2.0%	-2.5%

Cash	\$110	\$61	\$50	\$50
Assets	\$185	\$168	\$150	\$150
Debt	\$0	\$0	\$0	\$0
Equity	\$157	\$142	\$132	\$131

Note: Figures in \$millions except per share data

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Q3 EPS of (\$0.11) missed our estimate of (\$0.09) due primarily to higher than expected op ex and lower than expected sales.

Q3 Sales grew 3.3% YOY to \$32.3 m but missed our estimate of \$33.2 m due mostly to lower than expected sales in the Healthcare segment. Q3 PMT Sales grew 7.6% YOY while Canvys and Healthcare declined 7.1% and 11.9% respectively.

Q3 Gross Margin improved 190 bps YOY to 33.1% due to product mix. Management believes this could rise to the 34-35% range assuming sales growth in the higher margin Healthcare business.

Q3 Operating loss narrowed YOY from (\$2.7 m) to (\$1.3 m) as decreased operating expenses combined with higher sales and gross margin.

The company expects profitability in Q4.

Cash burn continues to subside due to improved financial performance and better inventory management.

\$10 m of share repurchases remain authorized which equates to 17% of outstanding shares and the dividend yields 4%+. The stock currently trades substantially below tangible book value of \$9.49/share.



Analysis of Q3 Results

Q3 EPS of (\$.11) missed our estimate of (\$.09) due to higher than expected operating expenses and lower than expected sales, offset by greater than expected gross margin. Q3 EPS in the prior year was (\$.23). Q3 Sales grew 3.3% YOY to \$32.3 m and missed our estimate of \$33.2 m due mostly to lower than expected sales in the Healthcare Segment. Q3 PMT Sales grew 7.6% YOY to \$24.8 m vs. our estimate of \$25 m. New product sales and recovery in the semiconductor wafer fabrication vertical undergirded growth. Q3 Canvys sales declined 7.1% YOY to \$4.8 m vs. our estimate of \$5 m due to an ongoing challenging North American healthcare market. Q3 Healthcare sales declined 11.9% YOY to \$2.7 m vs. our estimate of \$3.2 m. While sales from the IMES acquisition increased YOY hospitals typically deferred capital purchases related to healthcare legislation uncertainty. Additionally, particular weakness in PACS (picture archiving and communications) displays hurt sales in this segment. In terms of geography, Europe was a strong performer with 13.4% YOY growth. Q3 Gross margin improved 190 bps YOY to 33.1% due to product mix and cost reduction actions taken in the Canvys segment. Q3 Operating loss improved YOY from (\$2.7 m) to (\$1.3 m) as operating expenses declined YOY in conjunction with the increased sales and improved gross margin. The balance sheet remains strong with \$60.2 m in cash and investments and \$0 debt. About \$45 m of this is held abroad, mostly in Asia. Cash burn improved YOY due to better operating performance and improved inventory management. The company has \$10 m of share repurchases remaining authorized equating to 17% of outstanding shares at the current stock price. The \$.24/share annualized dividend yields 4.3% while the stock trades substantially below tangible book value of \$9.49/share.

Business Unit	Net Sales (in thousands)			Gross Profit (in thousands)			
	Q3FY17	Q3FY16	% Change	Q3FY17	% of Sales	Q3FY16	% of Sales
PMT	\$24,763	\$23,008	7.6%	\$8,075	32.6%	\$7,140	31.0%
Canvys	\$4,824	\$5,190	-7.1%	\$1,331	27.6%	\$1,204	23.2%
Healthcare	\$2,726	\$3,093	-11.9%	\$1,286	47.2%	\$1,406	45.5%
Total	\$32,313	\$31,291	3.3%	\$10,692	33.1%	\$9,750	31.2%

Net Sales	Sales by Geography		% Increase
	Q3FY17	Q3FY16	
North America	\$13,807	\$14,215	-4.3%
Europe	\$10,950	\$9,659	13.4%
Asia/Pacific	\$5,916	\$6,081	-2.7%
Latin America	\$1,792	\$1,402	27.8%
Other	\$48	-\$86	-172.7%
	\$32,313	\$31,291	3.3%

Outlook

The company reiterated its view that it will achieve profitability next quarter as operating expenses are expected to maintain a similar level to Q3 within the company's typically strongest sales quarter. Upside resides in possible continued gross margin outperformance and better than expected PMT sales spurred by a continuing recovery in the semiconductor wafer fabrication vertical which is estimated to continue through 2017. Additionally, the company appears to be gaining some traction with its new products in the PMT segment as they are contributing materially to YOY growth. The primary risks going forward are sales growth execution and less than robust capital spending in the North American healthcare system which is negatively impacting the Canvys and Healthcare segments. While 60% of the company's sales are international, it does not expect to sustain much impact from possible changes in US trade policies.

Peer Group Comparison

Ticker	Name	Price	EV / Sales	EV / EBITDA	P/BV	P/E	P/E-CY17E	P/E-CY18E
ARW	Arrow Electronics	\$71.10	0.4	7.9	1.4	12.5	10.1	9.4
AVT	Avnet	\$44.80	0.3	8.4	1.2	14.9	13.5	11.2
WCC	Wesco International Inc.	\$70.45	0.7	12.2	1.7	33.5	18.3	15.2
	Median		0.4	8.4	1.4	14.9	13.5	11.2
RELL	Richardson Electronics	\$5.85	0.1	NA	0.6	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 4/6/17

Income Statement (in millions)	2014	2015	Q1-16	Q2-16	Q3-16	Q4-16	2016	Q1-17	Q2-17	Q3-17	Q4-17E	2017E
Sales	\$141.9	\$136.8	\$37.1	\$34.1	\$31.3	\$39.6	\$142.1	\$33.4	\$33.8	\$32.3	\$39.1	\$138.6
COGS	\$100.9	\$95.6	\$25.8	\$23.7	\$21.5	\$26.2	\$97.2	\$23.2	\$22.8	\$21.6	\$26.2	\$93.7
Gross Profit	\$41.1	\$41.2	\$11.3	\$10.4	\$9.8	\$13.4	\$44.9	\$10.2	\$11.0	\$10.7	\$12.9	\$44.9
Operating Expenses	\$45.2	\$49.3	\$12.3	\$13.2	\$12.5	\$13.7	\$51.7	\$12.3	\$13.4	\$12.0	\$12.8	\$50.5
(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)	(\$1.3)	\$0.1	(\$5.6)
Add back D&A	\$1.2	\$1.7	\$0.5	\$0.8	\$0.6	\$0.5	\$2.4	\$0.7	\$0.6	\$0.7	\$0.7	\$2.7
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)	\$0.9	(\$2.4)
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)	(\$1.4)	\$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)	(\$1.4)	\$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)	(\$0.11)	\$0.00	(\$0.53)
Dividend per Share	\$0.24	\$0.24	\$0.06	\$0.06	\$0.06	\$0.06	\$0.24	\$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%
COGS	71.1%	69.9%	69.5%	69.5%	68.7%	66.2%	68.4%	69.3%	67.5%	66.9%	66.9%	67.6%
Gross Profit	28.9%	30.1%	30.5%	30.5%	31.3%	33.8%	31.6%	30.7%	32.5%	33.1%	33.1%	32.4%
Operating Expenses	31.9%	36.0%	33.2%	38.7%	39.9%	34.6%	36.4%	36.8%	39.6%	37.2%	32.7%	36.4%
Operating Income	-2.9%	-5.9%	-2.7%	-7.6%	-8.6%	-0.8%	-4.8%	-6.2%	-7.1%	-4.0%	0.4%	-4.1%
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%	-4.3%	0.2%	-4.2%
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%	-13.7%
Net Income	-0.4%	-4.2%	-3.8%	-6.7%	-9.3%	-0.4%	-4.9%	-8.6%	-7.4%	-4.3%	0.2%	-4.8%
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	\$24.8	\$31.0	\$106.4
Healthcare	\$6.9	\$6.5	\$3.2	\$3.0	\$3.1	\$3.7	\$13.0	\$3.4	\$3.2	\$2.7	\$3.1	\$12.4
Canvys	\$31.7	\$24.6	\$6.7	\$5.9	\$5.2	\$5.7	\$23.5	\$4.6	\$5.4	\$4.8	\$5.0	\$19.8
Corporate												
Total	\$141.9	\$136.8	\$37.1	\$34.1	\$31.3	\$39.6	\$142.1	\$33.4	\$33.8	\$32.3	\$39.1	\$138.6
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%
PMT	72.8%	77.3%	73.3%	73.9%	73.5%	76.3%	74.3%	76.0%	74.6%	76.8%	79.3%	76.8%
Security Systems Division	4.9%	4.8%	8.6%	8.8%	9.9%	9.3%	9.1%	10.2%	9.5%	8.4%	7.9%	8.9%
Canvys	22.3%	18.0%	18.1%	17.3%	16.6%	14.4%	16.5%	13.8%	16.0%	14.9%	12.8%	14.3%
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%
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%
Revenue Growth (Year / Year)												
RF, Wireless & Power Division												
PMT	0.7%	2.3%	-0.7%	-6.0%	-8.7%	14.8%	-0.1%	-6.6%	0.0%	7.8%	2.6%	0.8%
Healthcare		-5.8%	146.2%	172.7%	55.0%	76.2%	100.0%	6.2%	6.7%	-12.9%	-16.2%	-4.6%
Canvys	-17.4%	-22.4%	11.7%	0.0%	-16.1%	-12.3%	-4.5%	-31.3%	-8.5%	-7.7%	-12.3%	-15.7%
Corporate												
Total	0.7%	-3.6%	6.9%	0.9%	-6.3%	13.5%	3.9%	-10.0%	-0.9%	3.2%	-1.3%	-2.5%

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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
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
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	\$21.2
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
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
Discontinued ops-assets			\$0.0	\$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	\$124.6
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
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	\$13.5
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
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
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
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	\$21.0
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	\$1.0
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	\$22.0
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
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
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
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
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
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	2.0
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
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	6.9
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
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
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%
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%
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	Q3-17
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)	(\$1.3)
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
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)	(\$1.3)
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
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	\$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
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
Stockholders' Equity	\$141.4	\$118.7	\$129.9	\$224.2	\$200.2	\$185.2	\$174.9	\$166.7	\$150.7	\$144.6	\$141.2	\$141.7	\$141.7	\$138.6	\$132.8	\$131.3
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	\$60.5
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
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%	-5.6%	-0.3%	-11.1%	-3.5%	-3.9%	-1.8%
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)	(\$1.4)
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
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
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
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	\$0.1
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
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
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	\$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	\$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
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
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)
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	\$0.2
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	\$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)	\$0.8
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)	\$0.0	\$0.0	\$0.0	(\$1.1)	(\$0.4)	(\$1.1)
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)
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)	(\$1.4)
Capital Expenditures	(\$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)	(\$0.8)
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)
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)	(\$0.17)
Fiscal Year End - May																

(\$ in millions, except per share data)