

### 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	\$9.60
52Wk High	\$10.40
52Wk Low	\$5.31
3mo. Daily Volume	18,942
Market Capitalization	\$124 m
Shares Outstanding	13 Mil.
Dividend Yield	2.50%
Tangible Book Value Per Share	\$9.68
Net Debt-to-Equity	0%
EV-to-Sales TTM	0.4
EV-to-EBITDA TTM	9x

### Financial Data

				NEW
EPS	FY-16	FY-17	FY-18	FY-19E
Q1-Aug	(\$.11)	(\$.22)	(\$.01)	\$0.01
Q2-Nov	(\$.18)	(\$.20)	\$0.01	\$0.09
Q3-Feb	(\$.23)	(\$.11)	\$0.04	\$0.07
Q4-May	(\$.01)	(\$.01)	\$0.14	\$0.18
FY-May	(\$.53)	(\$.54)	\$0.18	\$0.35

Revenue	\$142	\$137	\$163	\$176
% Chg	3.9%	-3.7%	19.2%	7.9%

Cash	\$61	\$55	\$61	\$58
Assets	\$168	\$157	\$166	\$170
Debt	\$0	\$0	\$0	\$0
Equity	\$142	\$132	\$135	\$140

Note: Figures in \$millions except per share data

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NASDAQ: RELL  
PRICE: \$9.95  
DATE: 7/27/18

Q4 EPS of \$.14 beat our estimate of \$.06 due to better than expected PMT sales and gross margin performance. Q4 EPS was (\$.01) in the prior year.

The company has now reported 3 consecutive quarters of profitability and its first profitable FY since 2013.

Q4 Revenue grew 21.8% YOY to \$45.5 m vs. our estimate of \$43.4 m. Q4 PMT revenue grew 29.1%, Canvys revenue grew 17.3%, and Healthcare declined 43.1% YOY due to the PACS divestiture.

Q4 Gross Margin improved 200 bps YOY to 34.1% due to better product mix and the divestiture of the lower margin PACS business within Healthcare.

Q4 EBITDA improved \$2 m YOY to \$2.8 m due to the aforementioned sales and gross margin performance coupled with SG&A leverage.

The company generated (\$2.3 m) of FCF due to inventory build for its new CT replacement tube business.

The company remains debt-free with \$60.5 m (\$4.65/share) in cash while trading near tangible book value of \$9.68/share. The dividend yields 2.5%.

We are modeling FY19 EPS of \$.35 based on 8% topline growth and leverage at the SG&A level.



## Analysis of Q4 Results

Q4 EPS of \$.14 beat our estimate of \$.06 due to better than expected PMT sales. EPS was (\$.01) in the prior year quarter. Q4 Sales grew 21.8% YOY to \$45.5 m and topped our estimate of \$43.4 m. Q4 PMT sales grew 29.1% YOY to \$37.2 m vs. our estimate of \$33.2 m due to strong performance in the industrial and wafer fab verticals. Q4 Canvys sales grew 17.3% YOY to \$6.6 m due to program wins and improved demand. Q4 Healthcare sales declined 43.1% YOY to \$1.6 m due to the divestiture of the PACS display business. Healthcare recently introduced the new ALTA750 CT tube as an alternative OEM replacement tube for Toshiba imaging machines which number approximately 7,000 worldwide. The Healthcare division is building inventory and currently has the capacity to manufacture 1,000 tubes per annum with a list price of \$75-90K, typically a 20-30% discount to OEM parts. Q4 Gross Margin improved 200 bps YOY to 34.1% due to better product mix and the sale of the lower margin PACs business. Management expects Gross Margin to be relatively flat YOY in FY19. Q4 EBITDA improved \$2 m YOY to \$2.8 m due to improved sales and gross margin. FCF was (\$2.3 m) for FY18 due to a fairly significant inventory build in preparation for the CT tube product launch. The stock has responded to 3 consecutive profitable quarters, closing the gap on its tangible book value of approximately \$9.68/share. The company has \$60.5 m (\$4.65/share) in cash and \$0 debt with a dividend yielding 2.5%.

## Outlook

The company has not issued guidance for FY19 but expects profitable growth. We have modeled less robust PMT sales growth, especially in the second half of FY19, due to industry concern that the semiconductor upcycle may be softening. Upside from continued 5G investment by telecom customers and continued new design wins may help mitigate this. Canvys appears to have near-term momentum with a book to bill ratio of 1.3 and improved backlog but historically this segment has been difficult to forecast due to volatile cap ex plans by healthcare customers. The pace of the sales ramp for CT tubes within Healthcare is uncertain as potential customers await expiration of their existing OEM agreements as a prerequisite for trialing the new Richardson product. Given the relatively high price tag of the units, there is the potential for a meaningful upside revenue surprise. We have modeled flat Gross Margin YOY per management comments. Higher than expected R&D spending and FX exposure could negatively impact EPS. The company plans to pass through most of the impact of tariffs on Chinese imported goods. We expect FCF to be modestly negative as the company continues its inventory build.

Business Unit	Net Sales (in thousands)			Gross Profit (in thousands)			
	Q4FY18	Q4FY17	% Change	Q4FY18	% of Sales	Q4FY17	% of Sales
PMT	\$37,240	\$28,853	29.1%	\$12,762	34.3%	\$9,579	33.2%
Canvys	\$6,626	\$5,651	17.3%	\$2,165	32.7%	\$1,530	27.1%
Healthcare	\$1,624	\$2,855	-43.1%	\$566	34.9%	\$878	30.8%
Total	\$45,490	\$37,359	21.8%	\$15,493	34.1%	\$11,987	32.1%

**Peer Group Comparison**

Ticker	Name	Price	EV /	EV /	P/BV	P/E	P/E-CY18E	P/E-CY19E
			Sales	EBITDA				
ARW	Arrow Electronics	\$76.42	0.4	8.0	1.3	16.0	8.7	8.3
AVT	Avnet	\$43.79	0.3	9.1	1.0	NA	12.4	10.7
WCC	Wesco International Inc.	\$58.95	0.5	10.6	1.3	16.6	12.4	11.0
	<b>Median</b>		<b>0.4</b>	<b>9.1</b>	<b>1.3</b>	<b>16.3</b>	<b>12.4</b>	<b>10.7</b>
<b>RELL</b>	<b>Richardson Electronics</b>	<b>\$9.60</b>	<b>0.4</b>	<b>9.0</b>	<b>0.9</b>	<b>40.0</b>	<b>36.0</b>	<b>NA</b>

Note: All figures based on trailing 12-months, except P/E-18 and PE/-19 based on consensus estimates  
 Prices as of 7/26/18

**Disclaimers & Disclosures**

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Income Statement (in millions)	2014	2015	2016	2017	Q1-18	Q2-18	Q3-18	Q4-18	2018	Q1-19E	Q2-19E	Q3-19E	Q4-19E	2019E
Sales	\$141.9	\$136.8	\$142.1	\$136.9	\$37.0	\$39.1	\$41.7	\$45.5	\$163.2	\$40.5	\$42.8	\$43.8	\$49.1	\$176.1
COGS	\$100.9	\$95.6	\$97.2	\$93.0	\$24.8	\$25.7	\$27.6	\$30.0	\$108.1	\$27.2	\$28.2	\$29.0	\$32.4	\$116.8
Gross Profit	\$41.1	\$41.2	\$44.9	\$43.9	\$12.1	\$13.4	\$14.1	\$15.5	\$55.1	\$13.3	\$14.5	\$14.8	\$16.7	\$59.3
Operating Expenses	\$45.2	\$49.3	\$51.7	\$49.9	\$12.3	\$12.6	\$13.1	\$13.7	\$51.7	\$12.7	\$13.0	\$13.5	\$14.0	\$53.2
(Gain) loss on disposal of assets				(\$0.2)	(\$0.2)			(\$0.1)	(\$0.3)					
<b>Operating Income</b>	<b>(\$4.2)</b>	<b>(\$8.1)</b>	<b>(\$6.8)</b>	<b>(\$5.8)</b>	<b>\$0.0</b>	<b>\$0.8</b>	<b>\$1.0</b>	<b>\$1.9</b>	<b>\$3.7</b>	<b>\$0.6</b>	<b>\$1.5</b>	<b>\$1.3</b>	<b>\$2.7</b>	<b>\$6.1</b>
Add back D&A	\$1.2	\$1.7	\$2.4	\$2.7	\$0.7	\$0.7	\$0.8	\$0.8	\$3.0	\$0.8	\$0.8	\$0.8	\$0.8	\$3.2
Add back stock compensation	\$0.6	\$0.7	\$0.5	\$0.5	\$0.1	\$0.2	\$0.1	\$0.1	\$0.5	\$0.1	\$0.2	\$0.1	\$0.1	\$0.5
<b>EBITDA</b>	<b>(\$2.4)</b>	<b>(\$5.7)</b>	<b>(\$3.9)</b>	<b>(\$2.6)</b>	<b>\$0.8</b>	<b>\$1.7</b>	<b>\$1.9</b>	<b>\$2.8</b>	<b>\$7.2</b>	<b>\$1.5</b>	<b>\$2.5</b>	<b>\$2.2</b>	<b>\$3.6</b>	<b>\$9.8</b>
Interest Expense, Net	(\$1.1)	(\$0.9)	(\$0.5)	(\$0.3)	(\$0.1)	\$0.0	(\$0.2)	(\$0.1)	(\$0.4)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.4)
Proceeds from legal settlement	(\$2.1)	\$0.0	\$0.0	\$0.0					\$0.0					\$0.0
Other Expense, Net	(\$0.3)	(\$0.1)	\$0.2	\$0.6	\$0.2	\$0.1	\$0.2	(\$0.2)	\$0.3					
Pretax Income	(\$0.6)	(\$7.1)	(\$6.5)	(\$6.1)	(\$0.1)	\$0.7	\$1.0	\$2.2	\$3.8	\$0.7	\$1.6	\$1.4	\$2.8	\$6.5
Income Tax	(\$0.1)	(\$1.4)	\$0.5	\$0.8	\$0.1	\$0.5	\$0.5	\$0.5	\$1.6	\$0.5	\$0.5	\$0.5	\$0.5	\$2.0
Net Income	(\$0.6)	(\$5.7)	(\$7.0)	(\$6.9)	(\$0.1)	\$0.2	\$0.5	\$1.7	\$2.3	\$0.2	\$1.1	\$0.9	\$2.3	\$4.5
Shares Outstanding-Diluted	14.3	13.8	13.1	12.8	12.8	12.9	13.0	13.0	12.9	13.0	13.0	13.0	13.0	13.0
EPS - Diluted (Continuing Ops)	(\$0.04)	(\$0.41)	(\$0.53)	(\$0.54)	(\$0.01)	\$0.01	\$0.04	\$0.14	\$0.18	\$0.01	\$0.09	\$0.07	\$0.18	\$0.35
Dividend per Share	\$0.24	\$0.24	\$0.24	\$0.24	\$0.06	\$0.06	\$0.06	\$0.06	\$0.24	\$0.06	\$0.06	\$0.06	\$0.06	\$0.24
<b>% of Sales</b>														
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%
COGS	71.1%	69.9%	68.4%	67.9%	67.2%	65.7%	66.2%	66.0%	66.2%	67.2%	66.0%	66.2%	66.0%	66.3%
Gross Profit	28.9%	30.1%	31.6%	32.1%	32.8%	34.3%	33.8%	34.0%	33.8%	32.8%	34.0%	33.8%	34.0%	33.7%
Operating Expenses	31.9%	36.0%	36.4%	36.4%	33.2%	32.2%	31.4%	30.1%	31.7%	31.4%	30.4%	30.8%	28.5%	30.2%
Operating Income	-2.9%	-5.9%	-4.8%	-4.2%	0.1%	2.0%	2.4%	4.1%	2.3%	1.4%	3.6%	3.0%	5.5%	3.5%
Interest Expense, Net	-0.8%	-0.7%	-0.4%	-0.2%	-0.3%	0.0%	-0.5%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%
Other Expense, Net	-0.2%	-0.1%	0.1%	0.4%	0.5%	0.3%	0.5%	-0.4%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Pretax Income	-0.4%	-5.2%	-4.6%	-4.4%	-0.1%	1.8%	2.4%	4.7%	2.3%	1.7%	3.8%	3.2%	5.7%	3.7%
Income Tax Rate	9.7%	19.7%	-7.7%	-13.2%	-96.2%	71.4%	50.0%	23.2%	40.7%	74.6%	30.5%	35.6%	17.9%	30.7%
Net Income	-0.4%	-4.2%	-4.9%	-5.0%	-0.3%	0.4%	1.2%	3.7%	1.4%	0.4%	2.7%	2.1%	4.7%	2.6%
<b>Revenue by Segment</b>														
RF, Wireless & Power Division														
PMT	\$103.3	\$105.7	\$105.6	\$104.3	\$29.1	\$30.1	\$31.9	\$37.2	\$128.4	\$32.0	\$33.1	\$33.5	\$39.1	\$137.7
Healthcare	\$6.9	\$6.5	\$13.0	\$12.1	\$2.1	\$2.3	\$2.2	\$1.6	\$8.2	\$2.4	\$2.6	\$2.8	\$3.0	\$10.9
Canvys	\$31.7	\$24.6	\$23.5	\$20.5	\$5.8	\$6.7	\$7.6	\$6.6	\$26.7	\$6.0	\$7.0	\$7.5	\$7.0	\$27.5
Corporate														
Total	\$141.9	\$136.8	\$142.1	\$136.9	\$37.0	\$39.1	\$41.7	\$45.5	\$163.2	\$40.5	\$42.8	\$43.8	\$49.1	\$176.1
<b>Revenue % by Segment</b>														
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%	0.0%
PMT	72.8%	77.3%	74.3%	76.2%	78.7%	77.0%	76.6%	81.9%	78.6%	79.2%	77.4%	76.5%	79.6%	78.2%
Security Systems Division	4.9%	4.8%	9.1%	8.8%	5.7%	5.9%	5.2%	3.5%	5.0%	6.0%	6.2%	6.4%	6.1%	6.2%
Canvys	22.3%	18.0%	16.5%	15.0%	15.6%	17.1%	18.2%	14.6%	16.4%	14.8%	16.4%	17.1%	14.3%	15.6%
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%	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%
<b>Revenue Growth (Year / Year)</b>														
RF, Wireless & Power Division														
PMT	0.7%	2.3%	-0.1%	-1.2%	14.7%	19.4%	28.6%	28.9%	23.1%	10.0%	10.0%	5.0%	5.0%	7.3%
Healthcare	-5.8%	-5.8%	100.0%	-6.9%	-38.1%	-28.1%	-19.6%	-42.9%	-32.4%	15.0%	15.0%	29.0%	87.5%	32.9%
Canvys	-17.4%	-22.4%	-4.5%	-12.8%	25.3%	24.1%	58.3%	16.3%	30.2%	4.1%	4.5%	-1.3%	5.6%	3.0%
Corporate														
Total	0.7%	-3.6%	3.9%	-3.7%	10.8%	15.7%	29.0%	21.6%	19.2%	9.4%	9.3%	5.1%	8.0%	7.9%



# 21<sup>st</sup> Century Equity Research

Balance Sheet	2009	2010	2011	2012	2013	2014	2015	2016	Q1-17	Q2-17	Q3-17	Q4-17	2017	Q1-18	Q2-18	Q3-18	Q4-18	2018	
<b>Assets</b>																			
Cash	\$43.9	\$29.0	\$171.0	\$43.9	\$102.0	\$102.8	\$74.5	\$60.5	\$57.5	\$54.1	\$51.4	\$55.3	\$55.3	\$56.4	\$54.5	\$59.9	\$60.5	\$60.5	
Accounts Receivable	\$92.4	\$98.7	\$22.4	\$19.7	\$18.3	\$18.4	\$20.8	\$24.9	\$21.5	\$20.5	\$21.2	\$20.8	\$20.8	\$19.3	\$21.0	\$21.9	\$22.9	\$22.9	
Inventories	\$81.2	\$78.7	\$30.9	\$34.7	\$34.0	\$33.9	\$38.8	\$45.4	\$45.2	\$43.1	\$42.9	\$42.8	\$42.8	\$46.1	\$48.1	\$49.1	\$50.7	\$50.7	
Other Current Assets	\$7.8	\$7.0	\$64.0	\$115.0	\$48.3	\$37.1	\$27.0	\$5.1	\$8.2	\$9.0	\$9.1	\$9.5	\$9.5	\$5.8	\$7.8	\$4.0	\$3.7	\$3.7	
Discontinued ops-assets				\$0.0	\$0.3		\$0.0	\$0.0					\$0.0					\$0.0	
Current Assets	\$225.3	\$213.4	\$288.3	\$213.3	\$202.9	\$192.2	\$161.1	\$135.9	\$132.4	\$126.7	\$124.6	\$128.4	\$128.4	\$127.6	\$131.4	\$134.9	\$137.8	\$137.8	
Net Property, Plant, and Equipment	\$19.4	\$16.7	\$5.0	\$5.4	\$5.1	\$7.2	\$10.1	\$13.0	\$14.4	\$15.1	\$15.2	\$15.8	\$15.8	\$16.2	\$17.3	\$18.0	\$18.2	\$18.2	
Goodwill & Other Assets	\$4.1	\$4.7	\$4.0	\$12.7	\$9.3	\$4.1	\$13.8	\$19.2	\$13.8	\$13.6	\$13.5	\$13.2	\$13.2	\$13.3	\$11.3	\$10.5	\$10.3	\$10.3	
Total Assets	\$248.8	\$234.8	\$297.3	\$231.4	\$217.3	\$203.5	\$185.0	\$168.1	\$160.6	\$155.4	\$153.3	\$157.4	\$157.4	\$157.1	\$160.0	\$163.4	\$166.3	\$166.3	
<b>Liabilities and Stockholders' Equity</b>																			
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	\$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	\$14.9	\$12.6	\$11.5	\$12.3	\$15.9	\$15.9	\$13.4	\$15.2	\$15.9	\$19.6	\$19.6	
Accrued Expenses	\$18.4	\$18.8	\$43.7	\$8.5	\$9.6	\$9.2	\$10.1	\$9.1	\$8.0	\$9.9	\$8.7	\$8.3	\$8.3	\$9.2	\$8.6	\$9.9	\$10.3	\$10.3	
Discontinued ops-liabilities			\$13.8	\$0.2	\$0.2	\$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	\$24.0	\$20.6	\$21.4	\$21.0	\$24.2	\$24.2	\$22.6	\$23.8	\$25.8	\$29.9	\$29.9	
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	
Deferred Taxes & Other Long-term Liabilities	\$6.3	\$5.0	\$13.0	\$8.5	\$8.0	\$5.7	\$2.3	\$2.4	\$1.4	\$1.2	\$1.0	\$0.9	\$0.9	\$0.9	\$1.1	\$1.1	\$1.2	\$1.2	
Discontinued ops-non-current liabilities			\$1.6	\$1.4	\$0.0	\$1.4	\$0.0	\$0.0					\$0.0					\$0.0	
Total Liabilities	\$130.1	\$104.9	\$89.9	\$29.6	\$32.1	\$28.6	\$28.3	\$26.4	\$22.0	\$22.6	\$22.0	\$25.1	\$25.1	\$23.5	\$24.9	\$26.9	\$31.1	\$31.1	
Shareholder Equity	\$118.7	\$129.9	\$224.2	\$200.2	\$185.2	\$174.9	\$156.7	\$141.7	\$138.6	\$132.8	\$131.3	\$132.3	\$132.3	\$133.7	\$135.1	\$136.5	\$135.2	\$135.2	
Total Liabilities and Equity	\$248.8	\$234.8	\$297.3	\$231.4	\$217.3	\$203.5	\$185.0	\$168.1	\$160.6	\$155.4	\$153.3	\$157.4	\$157.4	\$157.1	\$160.0	\$163.4	\$166.3	\$166.3	
Book Value Per Share	\$6.67	\$6.87	\$12.32	\$11.71	\$12.07	\$12.27	\$11.40	\$10.78	\$10.83	\$10.42	\$10.22	\$10.30	\$10.30	\$10.44	\$10.47	\$10.50	\$10.40	\$10.48	
<b>Asset Utilization and Efficiency</b>																			
Accounts Receivable Turnover	4.9	5.1	4.3	7.5	7.4	7.7	7.0	6.2	5.9	6.5	6.1	6.5	6.0	7.3	7.5	7.7	8.3	7.5	
Days' Sales in Receivables Outstanding	67.9	73.3	31.6	45.5	47.4	47.3	55.5	64.0	58.7	55.3	59.9	50.7	55.5	47.6	49.0	48.0	46.0	51.2	
Inventory Turnover	4.4	3.8	2.9	3.4	2.9	3.0	2.6	2.3	2.1	2.1	2.0	2.3	2.1	2.2	2.3	2.4	2.6	2.3	
Days' Sales in Inventory Outstanding	76.6	76.8	59.0	114.0	124.7	122.7	148.1	170.5	178.1	172.5	181.2	153.8	168.1	169.3	170.8	162.5	154.2	171.1	
Accounts Payable Turnover	7.3	5.8	5.0	7.3	7.4	7.6	6.8	6.3	6.9	7.3	6.9	6.6	6.0	7.7	7.7	7.8	6.8	6.1	
Days' Purchases in Payables Outstanding	50.0	60.1	34.0	41.4	52.4	44.5	60.3	56.0	49.6	46.0	52.0	57.1	62.4	49.0	54.0	52.6	59.6	66.2	
Cash Conversion Cycle (Days)	94.6	89.9	56.6	118.1	119.6	125.5	143.3	178.5	187.2	181.8	189.2	147.4	161.1	167.9	165.8	157.8	140.5	156.2	
<b>Capital Structure</b>																			
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%	
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%	

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

# 21<sup>st</sup> Century Equity Research

ROIC and Free Cash Flow	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Q1-18	Q2-18	Q3-18	Q4-18	2018
<b>NOPAT</b>															
EBIT	\$10.2	(\$8.2)	\$22.3	\$11.4	\$6.2	\$0.0	(\$4.2)	(\$8.1)	(\$6.8)	(\$5.8)	\$0.0	\$0.8	\$1.0	\$1.9	\$3.7
Cash Taxes on EBIT	(\$0.4)	\$2.5	(\$0.2)	\$0.9	(\$0.5)	\$0.3	\$0.0	(\$1.2)	\$0.5	\$0.8	(\$0.0)	\$0.5	\$0.6	\$0.5	\$1.7
<b>NOPAT</b>	<b>\$10.6</b>	<b>(\$10.8)</b>	<b>\$22.5</b>	<b>\$10.5</b>	<b>\$6.7</b>	<b>(\$0.3)</b>	<b>(\$4.2)</b>	<b>(\$6.9)</b>	<b>(\$7.3)</b>	<b>(\$6.5)</b>	<b>\$0.1</b>	<b>\$0.3</b>	<b>\$0.4</b>	<b>\$1.3</b>	<b>\$2.0</b>
<b>Cash Taxes on EBIT</b>															
Income Tax Provision	(\$0.2)	\$1.8	(\$0.2)	\$0.9	(\$0.4)	\$0.1	(\$0.1)	(\$1.4)	\$0.5	\$0.8	\$0.1	\$0.5	\$0.5	\$0.5	\$1.6
Tax Deduction on Interest Expense	\$0.2	(\$0.8)	(\$0.0)	(\$0.0)	\$0.1	(\$0.2)	(\$0.1)	(\$0.2)	\$0.0	\$0.0	\$0.1	\$0.0	(\$0.1)	(\$0.0)	(\$0.2)
<b>Cash Taxes on EBIT</b>	<b>(\$0.4)</b>	<b>\$2.5</b>	<b>(\$0.2)</b>	<b>\$0.9</b>	<b>(\$0.5)</b>	<b>\$0.3</b>	<b>\$0.0</b>	<b>(\$1.2)</b>	<b>\$0.5</b>	<b>\$0.8</b>	<b>(\$0.0)</b>	<b>\$0.5</b>	<b>\$0.6</b>	<b>\$0.5</b>	<b>\$1.7</b>
<b>Invested Capital</b>															
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	\$141.7	\$132.3	\$133.7	\$135.1	\$136.5	\$135.2	\$135.2
Total Cash & Short-term Investments	\$40.0	\$43.9	\$29.0	\$171.0	\$158.9	\$150.3	\$139.9	\$101.5	\$65.6	\$64.8	\$62.2	\$62.3	\$63.9	\$64.2	\$64.2
<b>Invested Capital</b>	<b>\$157.1</b>	<b>\$127.2</b>	<b>\$120.4</b>	<b>\$53.2</b>	<b>\$41.3</b>	<b>\$34.9</b>	<b>\$35.0</b>	<b>\$55.2</b>	<b>\$76.1</b>	<b>\$67.5</b>	<b>\$71.5</b>	<b>\$72.8</b>	<b>\$72.6</b>	<b>\$71.0</b>	<b>\$71.0</b>
<b>Return on Invested Capital</b>															
Return on Invested Capital (Average)	6.3%	-7.6%	18.1%	12.1%	14.1%	-0.9%	-12.0%	-15.2%	-11.1%	-9.1%	0.1%	0.4%	0.6%	1.9%	2.9%
Note: Quarterly Figures Have Been Annualized															
<b>Free Cash Flow</b>															
Net Income (Loss)	(\$8.5)	(\$12.2)	\$17.3	\$9.9	\$8.0	\$0.5	(\$0.6)	(\$5.7)	(\$7.0)	(\$6.9)	(\$0.1)	\$0.2	\$0.5	\$1.7	\$2.3
Adjustments:															
Depreciation	\$5.5	\$5.3	\$4.3	\$1.8	\$1.2	\$1.2	\$1.2	\$1.7	\$2.4	\$2.7	\$0.7	\$0.7	\$0.8	\$0.8	\$2.7
Amortization of Intangibles and Financing Costs	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1.0	\$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	\$0.2	\$0.2	\$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/Discont. Ops	\$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	\$0.0	\$1.5
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	\$1.5	0.4	0.4	0
<b>Total Adjustments</b>	<b>\$5.5</b>	<b>\$5.3</b>	<b>\$4.3</b>	<b>\$181.8</b>	<b>\$1.2</b>	<b>\$1.2</b>	<b>\$2.9</b>	<b>\$0.3</b>	<b>\$2.4</b>	<b>\$2.7</b>	<b>\$1.7</b>	<b>\$2.2</b>	<b>\$1.4</b>	<b>\$1.4</b>	<b>\$4.2</b>
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)	(\$4.1)	\$4.1	\$1.5	(\$1.7)	(\$0.9)	(\$1.0)	(\$2.1)
Decrease (Increase) in Inventories	\$16.3	\$12.7	\$2.5	\$47.8	(\$3.8)	\$0.7	\$0.1	(\$4.9)	(\$6.6)	\$2.6	(\$3.3)	(\$2.0)	(\$1.0)	(\$1.6)	(\$7.9)
Decrease (Increase) in Other Current Assets	\$1.1	(\$1.4)	\$0.8	(\$57.0)	\$51.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	-0.3	0.7	0.7	-0.6
(Decrease) Increase in Accounts Payable	\$3.3	(\$5.9)	\$8.6	(\$43.8)	(\$5.2)	\$1.7	\$1.5	\$7.0	(\$0.9)	\$1.0	(\$2.6)	\$1.9	\$0.7	\$3.7	\$3.7
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	(\$2.0)	\$0.0	\$0.0	\$1.1	\$1.1	\$1.9
<b>Total Changes in Operating Assets and Liabilities</b>	<b>\$4.7</b>	<b>\$19.1</b>	<b>\$6.0</b>	<b>\$48.2</b>	<b>\$44.7</b>	<b>\$3.8</b>	<b>\$1.5</b>	<b>(\$0.3)</b>	<b>(\$11.6)</b>	<b>\$5.7</b>	<b>(\$4.4)</b>	<b>(\$2.2)</b>	<b>\$0.6</b>	<b>\$2.9</b>	<b>(\$5.0)</b>
<b>Net Cash Flow from Operations</b>	<b>\$1.7</b>	<b>\$12.2</b>	<b>\$27.6</b>	<b>\$239.9</b>	<b>\$53.9</b>	<b>\$5.5</b>	<b>\$3.8</b>	<b>(\$5.7)</b>	<b>(\$16.2)</b>	<b>\$1.5</b>	<b>(\$2.8)</b>	<b>\$0.2</b>	<b>\$2.5</b>	<b>\$6.0</b>	<b>\$1.5</b>
Capital Expenditures	(\$4.5)	(\$1.6)	(\$1.4)	(\$0.5)	(\$0.2)	(\$1.3)	(\$2.7)	(\$4.7)	(\$4.8)	(\$5.2)	(\$1.0)	(\$1.7)	(\$1.5)	(\$1.0)	(\$5.2)
Time Deposit Purchases					(\$82.8)										
<b>Free Cash Flow</b>	<b>(\$2.8)</b>	<b>\$10.6</b>	<b>\$26.2</b>	<b>\$239.4</b>	<b>(\$29.1)</b>	<b>\$4.2</b>	<b>\$1.1</b>	<b>(\$10.4)</b>	<b>(\$21.0)</b>	<b>(\$3.7)</b>	<b>(\$3.8)</b>	<b>(\$1.5)</b>	<b>\$1.0</b>	<b>\$5.0</b>	<b>(\$3.7)</b>
<b>Free Cash Flow per Share</b>	<b>(\$0.16)</b>	<b>\$0.59</b>	<b>\$1.38</b>	<b>\$13.15</b>	<b>(\$1.70)</b>	<b>\$0.27</b>	<b>\$0.08</b>	<b>(\$0.76)</b>	<b>(\$1.60)</b>	<b>(\$0.29)</b>	<b>(\$0.29)</b>	<b>(\$0.12)</b>	<b>\$0.08</b>	<b>\$0.38</b>	<b>(\$0.29)</b>
Fiscal Year End - May															
(\$ in millions, except per share data)															