



# Financial Overview

Paul Oldham  
Chief Financial Officer



design brilliance / production engineered

# Core Financial Strategies

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Grow revenues by leveraging our core competencies into large and growing adjacent markets

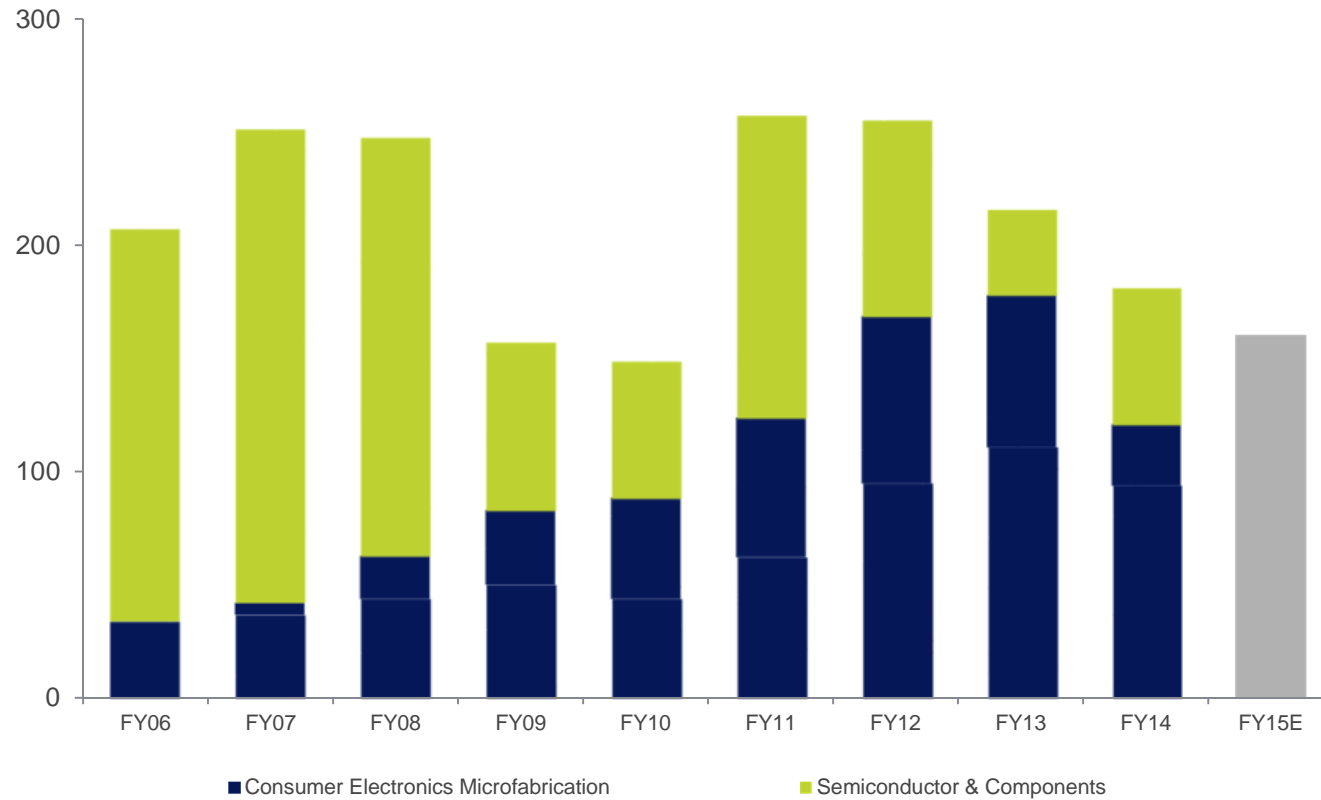
- Market based approach
- Expanded reach through investment in China and channel
- Modular architecture for flexibility and cost of ownership
- Leverage proprietary laser technologies

Drive lean processes and productivity to fund new investments and enable earnings consistent with operating model

Maintain strong balance sheet to provide foundation for growth, enable strategic investments, and improve shareholder return



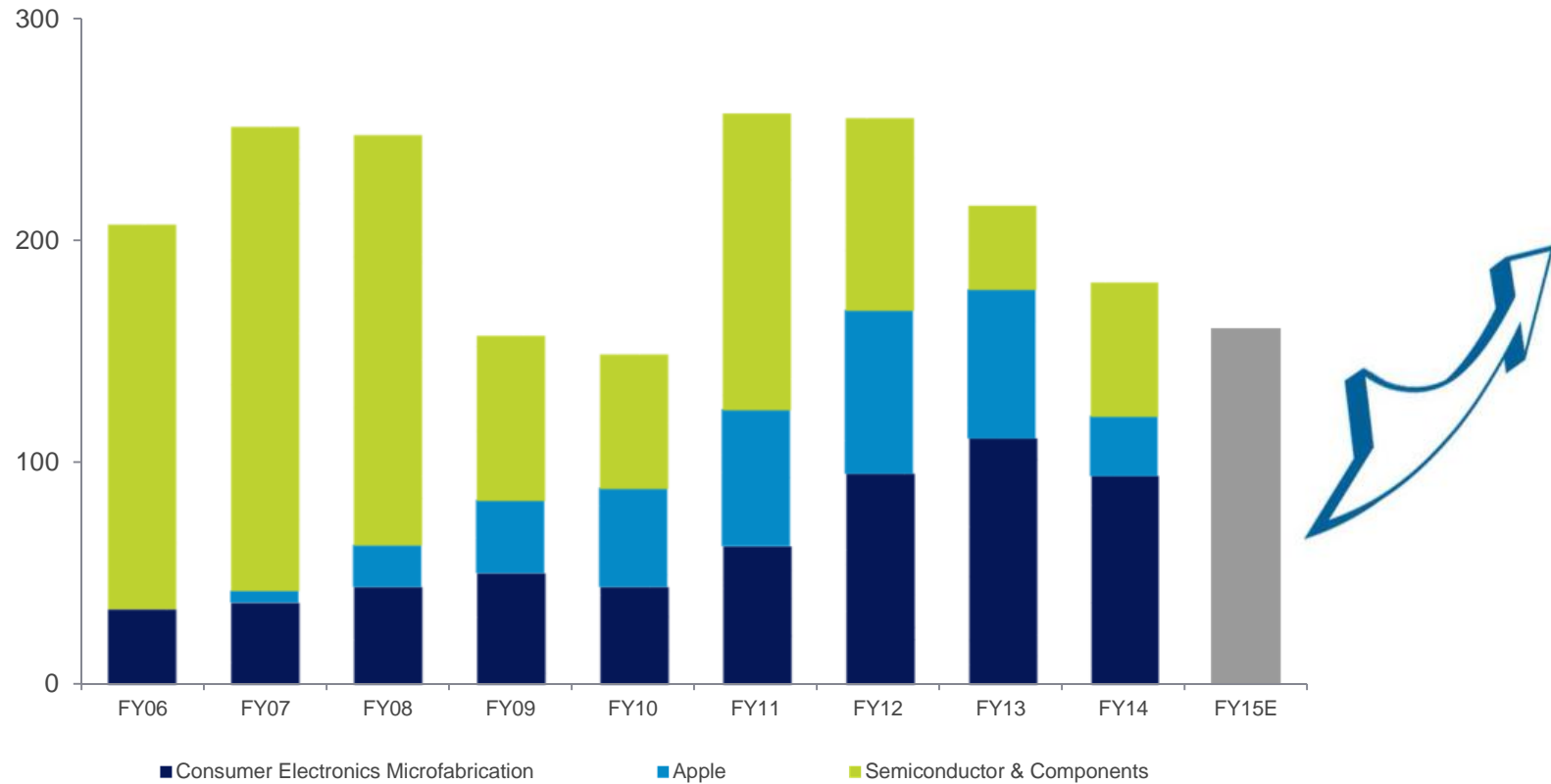
# Our Journey



Grew consumer electronics micro machining revenue



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Grew consumer electronics micro machining revenue

FY14 revenue impacted by largest customer

Focused on penetrating adjacent markets to drive turnaround



# Penetrating Adjacent Markets

## Device Micro-Machining

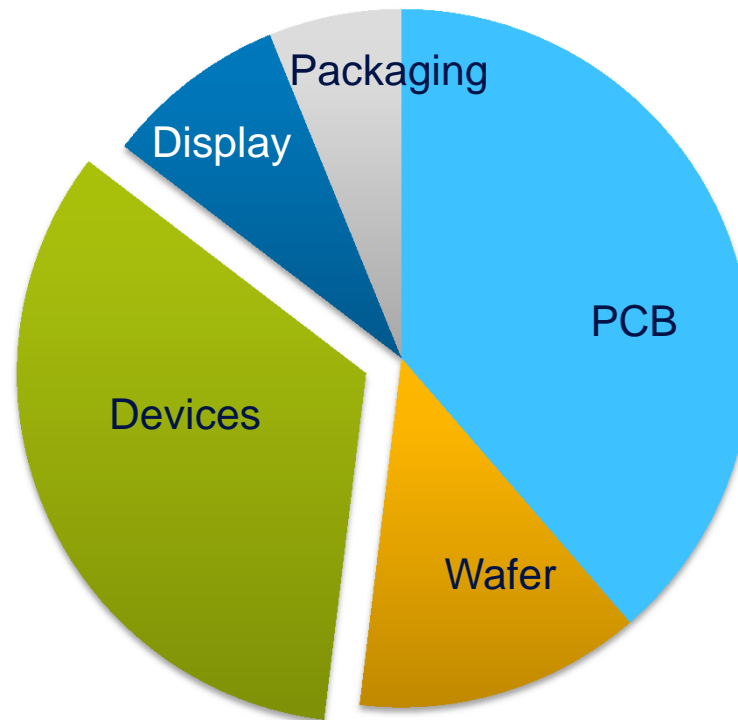
Fast growing with large opportunities

Time to market at design point

Extend channel to penetrate China OEM and contract manufacturers

Leverage mid range and low cost modular platforms

*Upside from large design wins*



Total Available \$2.6 billion

## Component Processing

Large adjacencies in multiple markets

Leverage technology for lower cost of ownership

Common platforms address multiple applications

Initial focus on PCB applications

*Upside from investment in semi and display*

Triple served addressable market by FY17

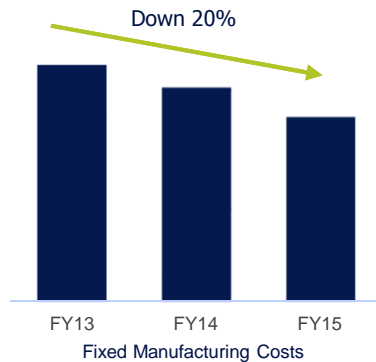
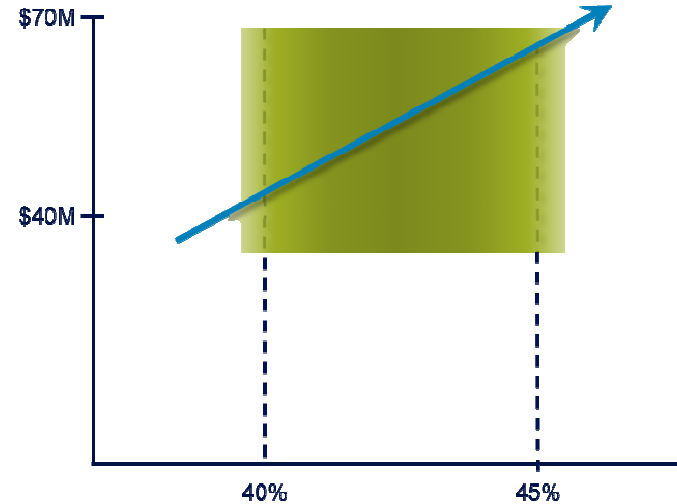


# Managing Gross Margin on Changing Mix

Shift toward mid-range applications drives lower gross margin rates

Mitigated by

- Higher volumes
- Lower cost modular platforms
- Internal laser technology
- Manufacturing productivity



Targeting gross margins in low to mid 40s



# Lean Initiatives Fund Investments

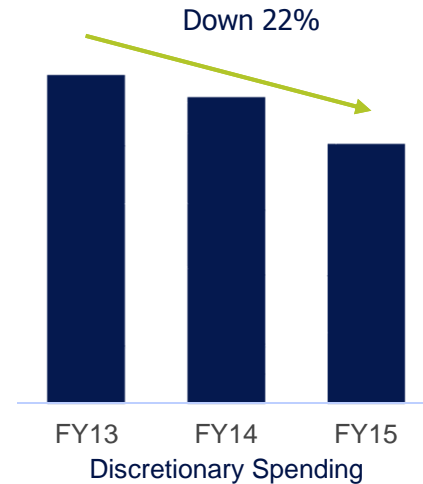
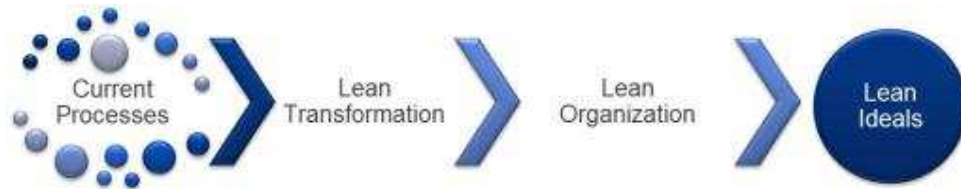
Driving lean process across all functions

- Multiple projects underway

Reducing discretionary expenses

Reallocating resources to fund critical investments

Leverage fixed expenses on revenue growth



Fixed costs flat through transition period



# Returning to Profitability

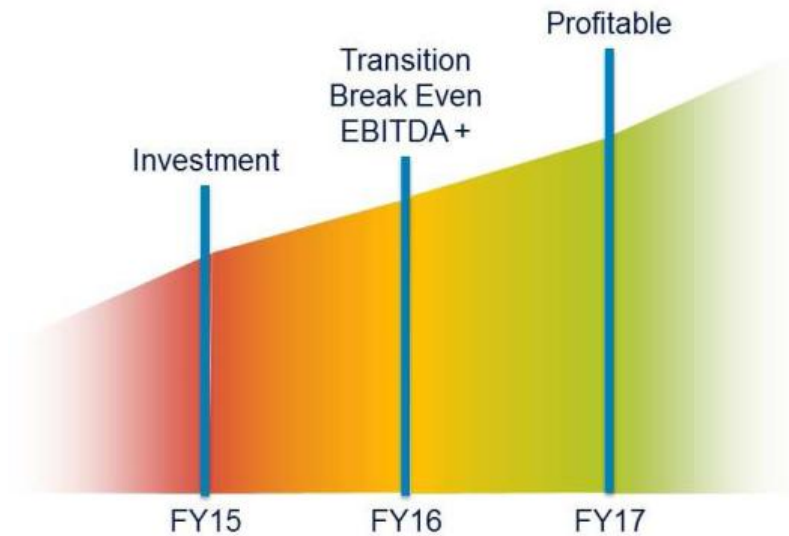
Break even ~\$50M per quarter

Operating leverage ~35%

- Lower gross margin on higher revenue
- Fund channel expansion on variable basis
- Maintain fixed cost structure

Tax expense relatively flat on growing income

- Expect cash based tax expense of \$1-2M per year





# Solid Balance Sheet Provides Ample Runway

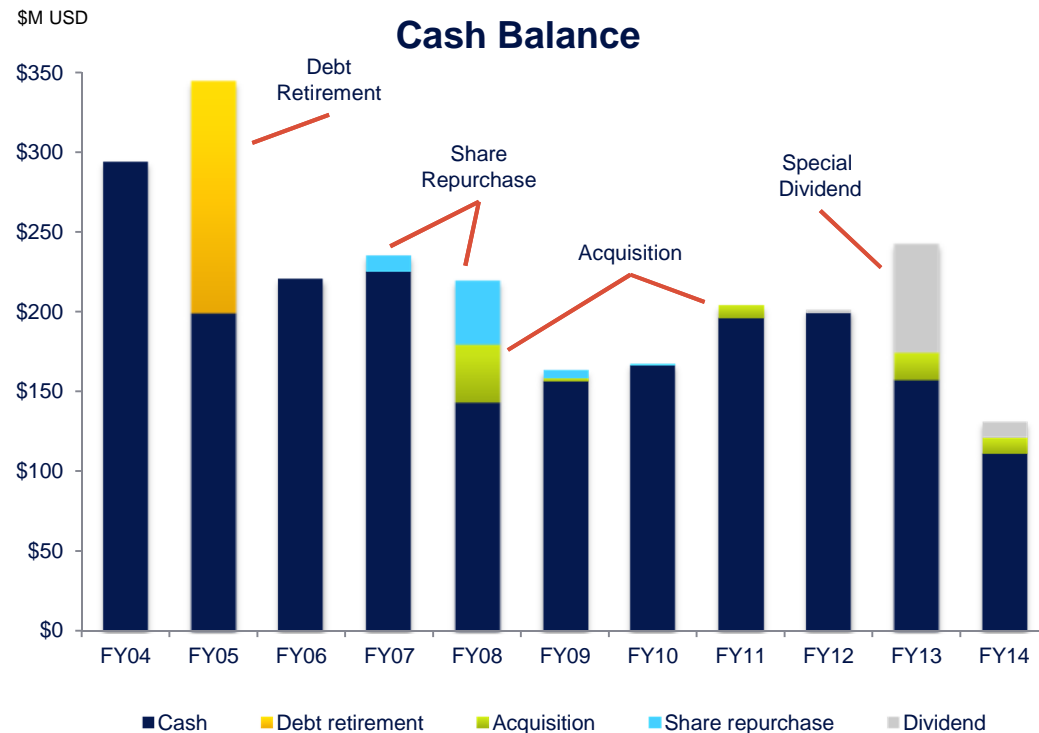
Current cash of \$105M, no debt

Minimum cash target of \$50M

Maintain dividend

Potential line of credit to fund working capital as needed

Ability to fund modest strategic investments



# Revitalization of ESI Underway

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Growth driven by penetrating known adjacent markets

- Upside from design wins and previous investments

Lean processes fund investment and sustain margins

Investment – Transition – Profitability

- Clear operational milestones

Solid balance sheet provides ample runway

