

ESI - Non-GAAP Financials

Quarterly Trend

(\$'000's)

	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3
Bookings	28,669	29,318	61,225	54,193	64,059	70,157	77,876	72,516	98,939	40,632	45,425
Shipments	23,087	28,351	33,804	66,002	55,865	65,264	63,353	75,093	83,066	69,349	48,998
Backlog	23,346	25,016	52,437	40,638	48,831	53,803	68,112	65,535	81,408	52,690	49,415
Revenue	22,603	27,638	39,048	59,604	58,471	59,554	67,209	71,577	77,046	81,884	49,807
Gross Profit	6,465	10,065	15,358	26,191	22,044	26,584	30,569	31,993	34,345	36,491	21,752
Gross Margin	28.6%	36.4%	39.3%	43.9%	37.7%	44.6%	45.5%	44.7%	44.6%	44.6%	43.7%
Research & Development	7,115	7,068	8,388	9,559	9,798	9,782	9,754	10,041	10,641	10,158	9,899
Selling, service and administrative	9,751	9,697	10,690	12,072	11,321	12,988	13,606	13,675	12,443	13,213	12,324
Total OPEX	16,866	16,765	19,078	21,631	21,119	22,770	23,360	23,716	23,085	23,371	22,222
OPEX %	74.6%	60.7%	48.9%	36.3%	36.1%	38.2%	34.8%	33.1%	30.0%	28.5%	44.6%
Operating Income	(10,401)	(6,700)	(3,720)	4,560	925	3,813	7,208	8,278	11,261	13,120	(470)
Operating Income %	-46.0%	-24.2%	-9.5%	7.7%	1.6%	6.4%	10.7%	11.6%	14.6%	16.0%	-0.9%
Other Income/(Expense)	342	357	369	289	58	187	(39)	(18)	(78)	(406)	47
Income Before Taxes	(10,059)	(6,343)	(3,351)	4,850	983	4,000	7,170	8,260	11,183	12,714	(423)
Tax Provision/(Benefit)	(3,861)	(2,487)	(2,463)	482	215	1,142	1,266	1,792	3,324	3,374	(927)
Tax Rate	38.4%	39.2%	73.5%	9.9%	21.9%	28.5%	17.7%	21.7%	29.7%	26.5%	219.0%
Non-GAAP Net Income/(Loss)	(6,198)	(3,856)	(888)	4,367	768	2,858	5,904	6,467	7,859	9,340	504
Net Income %	-27.4%	-14.0%	-2.3%	7.3%	1.3%	4.8%	8.8%	9.0%	10.2%	11.4%	1.0%
Non-GAAP EPS	(0.23)	(0.14)	(0.03)	0.16	0.03	0.10	0.21	0.22	0.27	0.32	0.02
Average Shares Outstanding	27,234	27,356	27,517	28,058	28,313	28,010	28,667	28,956	29,262	29,426	28,849
Operating Cash Flow	(911)	(1,178)	924	4,020	14,769	(1,877)	8,358	29,340	(10,868)	26,404	1,407
Headcount	565	569	573	581	597	627	638	648	684	683	655
Reconciliation to GAAP:											
Non-GAAP Net Income/(Loss)	(6,198)	(3,856)	(888)	4,367	768	2,858	5,904	6,467	7,859	9,340	504
Equity Compensation	(2,307)	(2,148)	(1,651)	(1,614)	(2,883)	(2,331)	(2,086)	(2,026)	(4,780)	(2,397)	(2,393)
Acquisition-Related Costs	(759)	(522)	(514)	(514)	(514)	(464)	(477)	(459)	(450)	(408)	(401)
Other One-Time Charges	4,517	-	-	(1,347)	889	(280)	(2,138)	682	2,120	(0)	(861)
Tax Effects	(783)	406	641	1,186	1,941	(394)	1,149	1,329	1,164	2,002	1,269
GAAP Net Income/(Loss)	(5,530)	(6,120)	(2,413)	2,078	201	(611)	2,351	5,993	5,913	8,536	(1,881)
EPS	(0.20)	(0.22)	(0.09)	0.07	0.01	(0.02)	0.08	0.21	0.20	0.29	(0.07)

ESI Third Quarter 2012 Results

Reconciliation of GAAP to Non-GAAP Results

(000's)

	GAAP	Adjustments			Non-GAAP
		Acquisitions	Share-based Compensation	Other	
Revenue	49,807				49,807
Cost of Sales	28,646	(289)	(302)		28,055
Gross Profit	21,161	289	302	-	21,752
Gross Margin	42.5%				43.7%
Research & Development	10,433	(47)	(534)	47	9,899
Selling, service and administrative	14,852	(64)	(1,557)	(908)	12,323
Total OPEX	25,285	(111)	(2,091)	(861)	22,222
OPEX %	50.8%				44.6%
Operating Income	(4,124)	400	2,393	861	(470)
Operating Income %	-8.3%				-0.9%
Other Income/(Expense)	47	-	-	-	47
Income Before Taxes	(4,077)	400	2,393	861	(423)
Tax Provision/(Benefit)	(2,196)				(927)
Tax Rate	53.9%				219.2%
Non-GAAP Net Income/(Loss)	(1,881)				504
Net Income %	-3.8%				1.0%
Non-GAAP EPS	(0.07)				0.02
Average Shares Outstanding	28,849				28,849