

ESI - Non-GAAP Financials

Quarterly Trend

(\$000's)

	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4
Bookings	98,939	40,632	45,425	70,343	74,067	34,989	26,321	44,108	58,283	46,198	35,601	31,721
Shipments	83,066	69,349	48,998	50,118	58,937	79,209	35,064	42,629	46,952	56,854	37,448	42,347
Backlog	81,408	52,690	49,415	69,056	84,455	40,236	31,493	32,841	49,179	38,666	37,314	27,440
Revenue	77,046	81,884	49,807	45,492	58,969	80,152	37,931	39,573	46,172	59,647	38,267	37,080
Gross Profit	34,345	36,491	21,752	19,359	24,206	34,282	15,123	16,711	20,260	25,786	17,073	17,124
Gross Margin	44.6%	44.6%	43.7%	42.6%	41.0%	42.8%	39.9%	42.2%	43.9%	43.2%	44.6%	46.2%
Research & Development	10,641	10,158	9,899	9,442	8,987	9,814	8,382	7,965	8,022	9,293	9,372	9,821
Selling, service and administrative	12,443	13,213	12,324	12,017	12,540	13,945	10,653	11,423	11,776	12,775	11,217	12,437
Total OPEX	23,085	23,371	22,222	21,459	21,527	23,759	19,035	19,388	19,798	22,068	20,589	22,258
OPEX %	30.0%	28.5%	44.6%	47.2%	36.5%	29.6%	50.2%					
Operating Income	11,261	13,120	(470)	(2,100)	2,679	10,523	(3,911)	(2,677)	463	3,718	(3,516)	(5,134)
Operating Income %	14.6%	16.0%	-0.9%	-4.6%	4.5%	13.1%	-10.3%	-6.8%	1.0%	6.2%	-9.2%	-13.8%
Other Income/(Expense)	(78)	(406)	47	59	(150)	91	(5)	317	(60)	80	95	(2)
Income Before Taxes	11,183	12,714	(423)	(2,040)	2,529	10,614	(3,916)	(2,360)	403	3,798	(3,421)	(5,136)
Tax Provision/(Benefit)	3,324	3,374	(927)	(186)	660	3,607	(2,445)	(1,380)	48	1,160	(327)	(175)
Tax Rate	29.7%	26.5%	219.0%	9.1%	26.1%	34.0%	62.4%	58.5%	11.9%	30.5%	9.5%	3.4%
Non-GAAP Net Income/(Loss)	7,859	9,340	504	(1,854)	1,868	7,007	(1,471)	(980)	355	2,638	(3,094)	(4,961)
Net Income %	10.2%	11.4%	1.0%	-4.1%	3.2%	8.7%	-3.9%	-2.5%	0.8%	4.4%	-8.1%	-13.4%
Non-GAAP EPS	0.27	0.32	0.02	(0.06)	0.06	0.23	(0.05)	(0.03)	0.01	0.09	(0.10)	(0.16)
Average Shares Outstanding	29,262	29,426	28,849	28,931	29,810	29,961	29,434	29,540	29,745	29,967	30,054	30,130
Operating Cash Flow	(10,868)	26,404	1,407	(2,631)	11,352	11,202	27,384	(10,427)	(8,700)	5,591	(781)	(15,243)
Headcount	684	683	655	627	617	679	655	579	623	626	631	633
Reconciliation to GAAP:												
Non-GAAP Net Income/(Loss)	7,859	9,340	504	(1,854)	1,868	7,007	(1,471)	(980)	355	2,638	(3,094)	(4,961)
Equity Compensation	(4,780)	(2,397)	(2,393)	(1,905)	(2,977)	(1,900)	(1,482)	(1,729)	(2,634)	(1,234)	(974)	(974)
Acquisition-Related Costs	(450)	(408)	(401)	(401)	(1,245)	(674)	(641)	(612)	(955)	(1,322)	(599)	(599)
Other One-Time Charges	2,120	(0)	(861)	(6,071)	-	(70)	15,432	(25,833)	5	(465)	(15,110)	(21,225)
Tax Effects	1,164	2,002	1,269	2,565	1,411	848	(5,070)	(36,597)	(53)	(2,395)	(468)	126
GAAP Net Income/(Loss)	5,913	8,536	(1,881)	(7,665)	(944)	5,211	6,768	(65,751)	(3,283)	(2,778)	(4,641)	(27,633)
EPS	0.20	0.29	(0.07)	(0.26)	0.03	0.17	0.23	(2.23)	(0.11)	(0.09)	(0.15)	(0.92)

ESI Fourth Quarter 2014 Results

Reconciliation of GAAP to Non-GAAP Results

(000's)

	GAAP	Adjustments			Non-GAAP
		Acquisitions	Share-based Compensation	Other	
Revenue	37,080				37,080
Cost of Sales	33,354	(448)	(164)	(12,785)	19,956
Gross Profit	3,727	448	164	12,785	17,124
Gross Margin	10.1%				46.2%
Research & Development	9,927	(47)	(86)	27	9,821
Selling, service and administrative	14,516	(104)	(724)	(1,251)	12,437
Restructuring cost	1,101			(1,101)	-
Total OPEX	25,544	(151)	(810)	(2,325)	22,258
OPEX %	68.9%				60.0%
Operating Income	(21,817)	599	974	15,110	(5,134)
Operating Income %	-58.8%				-13.8%
Other Income/(Expense)	(6,117)			6,115	(2)
Income Before Taxes	(27,934)	599	974	21,225	(5,136)
Tax Provision/(Benefit)	(301)				(175)
Tax Rate	1.1%				3.4%
Net Income/(Loss)	(27,633)				(4,961)
Net Income %	-74.5%				-13.4%
Non-GAAP EPS	(0.92)				(0.16)
Average Shares Outstanding	30,130				30,130