

# ESI - Non-GAAP Financials

## Quarterly Trend

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|                                     | 2016<br>Q1     | 2016<br>Q2     | 2016<br>Q3     | 2016<br>Q4     | 2017<br>Q1    | 2017<br>Q2     | 2017<br>Q3     | 2017<br>Q4      | 2018<br>Q1    | 2018<br>Q2    | 2018<br>Q3     | 2018<br>Q4     |
|-------------------------------------|----------------|----------------|----------------|----------------|---------------|----------------|----------------|-----------------|---------------|---------------|----------------|----------------|
| Bookings                            | 41,930         | 51,550         | 52,631         | 55,633         | 30,448        | 28,018         | 44,103         | 82,302          | 76,639        | 128,939       | 134,019        | 111,842        |
| Shipments                           | 45,137         | 43,977         | 38,813         | 50,767         | 50,022        | 31,509         | 35,847         | 54,440          | 74,644        | 82,644        | 106,269        | 109,409        |
| Backlog                             | 32,314         | 39,403         | 39,403         | 55,159         | 37,073        | 34,284         | 42,284         | 69,529          | 71,650        | 118,614       | 146,233        | 148,369        |
| <b>Revenue</b>                      | <b>43,091</b>  | <b>46,472</b>  | <b>43,342</b>  | <b>51,486</b>  | <b>47,668</b> | <b>29,658</b>  | <b>33,779</b>  | <b>49,918</b>   | <b>72,684</b> | <b>70,967</b> | <b>110,841</b> | <b>113,392</b> |
| Gross Profit                        | 15,772         | 18,860         | 19,451         | 21,996         | 22,273        | 11,345         | 11,649         | 22,827          | 33,932        | 32,934        | 54,239         | 55,831         |
| <b>Gross Margin</b>                 | <b>36.6%</b>   | <b>40.6%</b>   | <b>44.9%</b>   | <b>42.7%</b>   | <b>46.7%</b>  | <b>38.3%</b>   | <b>34.5%</b>   | <b>45.7%</b>    | <b>46.7%</b>  | <b>46.4%</b>  | <b>48.9%</b>   | <b>49.2%</b>   |
| Research & Development              | 8,379          | 7,940          | 7,543          | 7,472          | 7,389         | 7,532          | 7,636          | 8,232           | 8,737         | 8,044         | 7,966          | 8,796          |
| Selling, general and administrative | 11,494         | 11,677         | 11,419         | 11,212         | 11,555        | 11,394         | 11,682         | 11,889          | 11,575        | 10,508        | 10,474         | 10,032         |
| <b>Total OPEX</b>                   | <b>19,874</b>  | <b>19,617</b>  | <b>18,962</b>  | <b>18,684</b>  | <b>18,944</b> | <b>18,926</b>  | <b>19,318</b>  | <b>20,121</b>   | <b>20,312</b> | <b>18,552</b> | <b>18,440</b>  | <b>18,829</b>  |
| OPEX %                              |                |                |                |                |               |                |                |                 |               |               |                |                |
| <b>Operating Income</b>             | <b>(4,101)</b> | <b>(757)</b>   | <b>489</b>     | <b>3,312</b>   | <b>3,329</b>  | <b>(7,582)</b> | <b>(7,669)</b> | <b>2,706</b>    | <b>13,620</b> | <b>14,382</b> | <b>35,799</b>  | <b>37,002</b>  |
| Operating Income %                  | -9.5%          | -1.6%          | 1.1%           | 6.4%           | 7.0%          | -25.6%         | -22.7%         | 5.4%            | 18.7%         | 20.3%         | 32.3%          | 32.6%          |
| <b>EBITDA</b>                       | <b>(2,211)</b> | <b>1,137</b>   | <b>2,313</b>   | <b>4,991</b>   | <b>5,036</b>  | <b>(5,743)</b> | <b>(5,845)</b> | <b>4,615</b>    | <b>15,293</b> | <b>16,019</b> | <b>37,264</b>  | <b>38,551</b>  |
| EBITDA %                            | -5.1%          | 2.4%           | 5.3%           | 9.7%           | 10.6%         | -19.4%         | -17.3%         | 9.2%            | 21.0%         | 22.6%         | 33.6%          | 34.0%          |
| Other Income/(Expense)              | (5)            | 6              | 67             | 127            | (78)          | 16             | 34             | 103             | (184)         | (229)         | 102            | 53             |
| <b>Income Before Taxes</b>          | <b>(4,107)</b> | <b>(751)</b>   | <b>557</b>     | <b>3,439</b>   | <b>3,251</b>  | <b>(7,565)</b> | <b>(7,635)</b> | <b>2,809</b>    | <b>13,436</b> | <b>14,153</b> | <b>35,901</b>  | <b>37,055</b>  |
| Tax Provision/(Benefit)             | 357            | 292            | 158            | 33             | 282           | 102            | (77)           | (78)            | 405           | 440           | 296            | 553            |
| Tax Rate                            | -8.7%          | -38.9%         | 28.4%          | 1.0%           | 8.7%          | -1.3%          | 1.0%           | -2.8%           | 3.0%          | 3.1%          | 0.8%           | 1.5%           |
| <b>Non-GAAP Net Income/(Loss)</b>   | <b>(4,463)</b> | <b>(1,043)</b> | <b>398</b>     | <b>3,405</b>   | <b>2,969</b>  | <b>(7,667)</b> | <b>(7,558)</b> | <b>2,886</b>    | <b>13,031</b> | <b>13,711</b> | <b>35,605</b>  | <b>36,501</b>  |
| Net Income %                        | -10.4%         | -2.2%          | 0.9%           | 6.6%           | 6.2%          | -25.9%         | -22.4%         | 5.8%            | 17.9%         | 19.3%         | 32.1%          | 32.2%          |
| <b>Non-GAAP EPS</b>                 | <b>(0.14)</b>  | <b>(0.03)</b>  | <b>0.01</b>    | <b>0.11</b>    | <b>0.09</b>   | <b>(0.24)</b>  | <b>(0.23)</b>  | <b>0.09</b>     | <b>0.38</b>   | <b>0.39</b>   | <b>0.99</b>    | <b>1.02</b>    |
| Average Shares Outstanding          | 31,177         | 31,384         | 31,713         | 32,393         | 32,530        | 32,396         | 32,919         | 33,822          | 34,321        | 34,874        | 36,010         | 35,830         |
| <b>Operating Cash Flow</b>          | <b>2,327</b>   | <b>2,168</b>   | <b>3,503</b>   | <b>(3,296)</b> | <b>11,448</b> | <b>(7,471)</b> | <b>(3,676)</b> | <b>(1,134)</b>  | <b>7,431</b>  | <b>14,060</b> | <b>15,101</b>  | <b>26,631</b>  |
| <b>Headcount</b>                    | <b>691</b>     | <b>677</b>     | <b>647</b>     | <b>651</b>     | <b>657</b>    | <b>725</b>     | <b>716</b>     | <b>683</b>      | <b>607</b>    | <b>594</b>    | <b>595</b>     | <b>615</b>     |
| <b>Reconciliation to GAAP:</b>      |                |                |                |                |               |                |                |                 |               |               |                |                |
| Non-GAAP Net Income/(Loss)          | (4,463)        | (1,043)        | 398            | 3,405          | 2,969         | (7,667)        | (7,558)        | 2,886           | 13,031        | 13,711        | 35,605         | 36,501         |
| Equity Compensation                 | (1,062)        | (1,240)        | (1,123)        | (981)          | (1,290)       | (1,519)        | (1,718)        | (1,810)         | (1,279)       | (1,330)       | (713)          | (1,291)        |
| Acquisition-Related Costs           | (875)          | (400)          | (535)          | (540)          | (479)         | (591)          | (629)          | (698)           | (299)         | (359)         | (358)          | (357)          |
| Other One-Time Charges              | (62)           | (631)          | (3,300)        | (662)          | (1,253)       | -              | (36)           | (18,268)        | (8,575)       | (8,246)       | (796)          | (989)          |
| Tax Effects                         | 98             | 54             | (26)           | 731            | (64)          | 102            | 248            | (33)            | 24            | 484           | 235            | 41,224         |
| <b>GAAP Net Income/(Loss)</b>       | <b>(6,364)</b> | <b>(3,260)</b> | <b>(4,586)</b> | <b>1,952</b>   | <b>(118)</b>  | <b>(9,675)</b> | <b>(9,693)</b> | <b>(17,923)</b> | <b>2,902</b>  | <b>4,260</b>  | <b>33,973</b>  | <b>75,088</b>  |
| <b>EPS</b>                          | <b>(0.20)</b>  | <b>(0.10)</b>  | <b>(0.15)</b>  | <b>0.06</b>    | <b>-</b>      | <b>(0.30)</b>  | <b>(0.29)</b>  | <b>(0.54)</b>   | <b>0.08</b>   | <b>0.12</b>   | <b>0.94</b>    | <b>2.10</b>    |

Non - GAAP

## ESI Fourth Quarter 2018 Results

### Reconciliation of GAAP to Non-GAAP Results

(000's)

|                                     | GAAP           | Adjustments  |                          |        | Non-GAAP       |
|-------------------------------------|----------------|--------------|--------------------------|--------|----------------|
|                                     |                | Acquisitions | Share-based Compensation | Other  |                |
| <b>Revenue</b>                      | <b>113,392</b> |              |                          |        | <b>113,392</b> |
| Cost of Sales                       | 58,671         | (242)        | (69)                     | (797)  | 57,562         |
| <b>Gross Profit</b>                 | <b>54,722</b>  | 242          | 69                       | 797    | <b>55,831</b>  |
| <b>Gross Margin</b>                 | <b>48.3%</b>   |              |                          |        | <b>49.2%</b>   |
| Research & Development              | 9,038          | (47)         | (194)                    |        | 8,796          |
| Selling, General and Administrative | 11,128         | (68)         | (1,028)                  |        | 10,032         |
| Restructuring Costs                 | (144)          |              |                          | 144    | -              |
| <b>Total OPEX</b>                   | <b>20,022</b>  | (115)        | (1,222)                  | 144    | <b>18,829</b>  |
| OPEX %                              | 17.7%          |              |                          |        | 16.6%          |
| <b>Operating Income</b>             | <b>34,700</b>  | 357          | 1,291                    | 653    | <b>37,002</b>  |
| Operating Income %                  | 30.6%          |              |                          |        | 32.6%          |
| Other Income/(Expense)              | (283)          |              |                          | 336    | 53             |
| <b>Income Before Taxes</b>          | <b>34,417</b>  | 357          | 1,291                    | 989    | <b>37,055</b>  |
| Tax Provision/(Benefit)             | (40,671)       |              |                          | 41,224 | 553            |
| Tax Rate                            | -118.2%        |              |                          |        | 1.5%           |
| <b>Net Income/(Loss)</b>            | <b>75,088</b>  |              |                          |        | <b>36,501</b>  |
| Net Income %                        | 66.2%          |              |                          |        | 32.2%          |
| <b>Earnings Per Share</b>           | <b>2.10</b>    |              |                          |        | <b>1.02</b>    |
| Average Shares Outstanding          | 35,830         |              |                          |        | 35,830         |