

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
Bookings	28,669	29,318	61,225	54,193	64,059	70,157	77,876	72,516	98,939
Shipments	23,087	28,351	33,804	66,002	55,865	65,264	63,353	75,093	83,066
Backlog	23,346	25,016	52,437	40,638	48,831	53,803	68,112	65,535	81,408
Revenue	22,603	27,638	39,048	59,604	58,471	59,554	67,209	71,577	77,046
Gross Profit	6,465	10,065	15,358	26,191	22,044	26,584	30,569	31,993	34,345
Gross Margin	28.6%	36.4%	39.3%	43.9%	37.7%	44.6%	45.5%	44.7%	44.6%
Research & Development	7,115	7,068	8,388	9,559	9,798	9,782	9,754	10,041	10,641
Selling, service and administrative	9,751	9,697	10,690	12,072	11,321	12,988	13,606	13,675	12,443
Total OPEX	16,866	16,765	19,078	21,631	21,119	22,770	23,360	23,716	23,085
OPEX %	74.6%	60.7%	48.9%	36.3%	36.1%	38.2%	34.8%	33.1%	30.0%
Operating Income	(10,401)	(6,700)	(3,720)	4,560	925	3,813	7,208	8,278	11,261
Operating Income %	-46.0%	-24.2%	-9.5%	7.7%	1.6%	6.4%	10.7%	11.6%	14.6%
Other Income/(Expense)	342	357	369	289	58	187	(39)	(18)	(78)
Income Before Taxes	(10,059)	(6,343)	(3,351)	4,850	983	4,000	7,170	8,260	11,183
Tax Provision/(Benefit)	(3,861)	(2,487)	(2,463)	482	215	1,142	1,266	1,792	3,324
Tax Rate	38.4%	39.2%	73.5%	9.9%	21.9%	28.5%	17.7%	21.7%	29.7%
Non-GAAP Net Income/(Loss)	(6,198)	(3,856)	(888)	4,367	768	2,858	5,904	6,467	7,859
Net Income %	-27.4%	-14.0%	-2.3%	7.3%	1.3%	4.8%	8.8%	9.0%	10.2%
Non-GAAP EPS	(0.23)	(0.14)	(0.03)	0.16	0.03	0.10	0.21	0.22	0.27
Average Shares Outstanding	27,234	27,356	27,517	28,058	28,313	28,010	28,667	28,956	29,247
Operating Cash Flow	(911)	(1,178)	924	4,020	14,769	(1,877)	8,358	29,340	(10,868)
Headcount	565	569	573	581	597	627	638	648	684
Reconciliation to GAAP:									
Non-GAAP Net Income/(Loss)	(6,198)	(3,856)	(888)	4,367	768	2,858	5,904	6,467	7,859
Equity Compensation	(2,307)	(2,148)	(1,651)	(1,614)	(2,883)	(2,331)	(2,086)	(2,026)	(4,780)
Acquisition-Related Costs	(759)	(522)	(514)	(514)	(514)	(464)	(477)	(459)	(450)
Other One-Time Charges	4,517	-	-	(1,347)	889	(280)	(2,138)	682	2,120
Tax Effects	(783)	406	641	1,186	1,941	(394)	1,149	1,329	1,164
GAAP Net Income/(Loss)	(5,530)	(6,120)	(2,413)	2,078	201	(611)	2,351	5,993	5,913
EPS	(0.20)	(0.22)	(0.09)	0.07	0.01	(0.02)	0.08	0.21	0.20

ESI First Quarter 2012 Results

Reconciliation of GAAP to Non-GAAP Results

(000's)

	GAAP	Adjustments			Non-GAAP
		Acquisitions	Share-based Compensation	Other	
Revenue	77,046				77,046
Cost of Sales	43,286	(289)	(296)		42,701
Gross Profit	33,760	289	296	-	34,345
Gross Margin	43.8%				44.6%
Research & Development	11,234	(47)	(546)		10,641
Selling, service and administrative	16,496	(114)	(3,938)		12,444
Legal Settlement Costs	550			(550)	-
Total OPEX	28,280	(161)	(4,484)	(550)	23,085
OPEX %	36.7%				30.0%
Operating Income	5,480	450	4,780	550	11,260
Operating Income %	7.1%				14.6%
Other Income/(Expense)	2,592	-	-	(2,670)	(78)
Income Before Taxes	8,072	450	4,780	(2,120)	11,182
Tax Provision/(Benefit)	2,159				3,323
Tax Rate	26.7%				29.7%
Non-GAAP Net Income/(Loss)	5,913				7,859
Net Income %	7.7%				10.2%
Non-GAAP EPS	0.20				0.27
Average Shares Outstanding	29,262				29,247