

# ESI - Non-GAAP Financials

## Quarterly Trend

(\$000's)

	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3
Bookings	41,930	51,550	52,631	55,633	30,448	28,018	44,103	82,302	76,639	128,939	134,019
Shipments	45,137	43,977	38,813	50,767	50,022	31,509	35,847	54,440	74,644	82,644	106,269
Backlog	32,314	39,403	39,403	55,159	37,073	34,284	42,284	69,529	71,650	118,614	146,233
<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>
Gross Profit	15,772	18,860	19,451	21,996	22,273	11,345	11,649	22,827	33,932	32,934	54,239
<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>
Research & Development	8,379	7,940	7,543	7,472	7,389	7,532	7,636	8,232	8,737	8,044	7,966
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
<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>
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>
Operating Income %	-9.5%	-1.6%	1.1%	6.4%	7.0%	-25.6%	-22.7%	5.4%	18.7%	20.3%	32.3%
<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>
EBITDA %	-5.1%	2.4%	5.3%	9.7%	10.6%	-19.4%	-17.3%	9.2%	21.0%	22.6%	33.6%
Other Income/(Expense)	(5)	6	67	127	(78)	16	34	103	(184)	(229)	102
<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>
Tax Provision/(Benefit)	357	292	158	33	282	102	(77)	(78)	405	440	296
Tax Rate	-8.7%	-38.9%	28.4%	1.0%	8.7%	-1.3%	1.0%	-2.8%	3.0%	3.1%	0.8%
<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>
Net Income %	-10.4%	-2.2%	0.9%	6.6%	6.2%	-25.9%	-22.4%	5.8%	17.9%	19.3%	32.1%
<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>
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
<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>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>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
Equity Compensation	(1,062)	(1,240)	(1,123)	(981)	(1,290)	(1,519)	(1,718)	(1,810)	(1,279)	(1,330)	(713)
Acquisition-Related Costs	(875)	(400)	(535)	(540)	(479)	(591)	(629)	(698)	(299)	(359)	(358)
Other One-Time Charges	(62)	(631)	(3,300)	(662)	(1,253)	-	(36)	(18,268)	(8,575)	(8,246)	(796)
Tax Effects	98	54	(26)	731	(64)	102	248	(33)	24	484	235
<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>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>

Non - GAAP

## ESI Third 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>110,841</b>				<b>110,841</b>
Cost of Sales	57,684	(242)	(64)	(777)	56,602
<b>Gross Profit</b>	<b>53,156</b>	242	64	777	<b>54,239</b>
<b>Gross Margin</b>	<b>48.0%</b>				<b>48.9%</b>
Research & Development	8,165	(47)	(152)		7,966
Selling, General and Administrative	11,040	(69)	(497)		10,474
Restructuring Costs	706			(706)	-
<b>Total OPEX</b>	<b>19,911</b>	(116)	(649)	(706)	<b>18,440</b>
OPEX %	18.0%				16.6%
<b>Operating Income</b>	<b>33,245</b>	358	713	1,483	<b>35,799</b>
Operating Income %	30.0%				32.3%
Other Income/(Expense)	789			(687)	102
<b>Income Before Taxes</b>	<b>34,034</b>	358	713	796	<b>35,901</b>
Tax Provision/(Benefit)	61				296
Tax Rate	0.2%				0.8%
<b>Net Income/(Loss)</b>	<b>33,973</b>				<b>35,605</b>
Net Income %	30.7%				32.1%
<b>Earnings Per Share</b>	<b>0.94</b>				<b>0.99</b>
Average Shares Outstanding	36,010				36,010