

May 1, 2002  
Technology Research

# AudioCodes Ltd.

Reports March Q; June Q Outlook Improved,  
But Longer-term Visibility Remains Limited...

**Investment Conclusion:** *AUDC reported March Q results slightly above expectations and provided an improved outlook for the June Q. While positive for the stock in the near-term, we believe that AUDC's longer-term recovery remains contingent upon a successful transition to its OEM outsourcing business. As such, we are maintaining our MP rating.*

## Key Points

- AUDC<sup>a,b</sup> reported March Q revenue of \$5.7MM (3% Q-Q) and a LPS of \$0.10 versus the company's outlook of \$4.5-\$5.5MM and a LPS of \$0.13-\$0.15 and our forecast of \$5.1MM and a LPS of \$0.14.
- AUDC's outlook for the June Q is revenue of \$6.0-\$6.3MM (5-10% Q-Q growth) and a LPS of \$0.11-\$0.13 on 39MM shares outstanding versus 38.9MM last Q (AUDC has approved the repurchase of approximately 2.2MM shares). The improved near-term outlook is being attributed to a pick-up in demand at OEM customers; however, visibility beyond the June Q remains limited. As such, AUDC did not provide an outlook for C02.
- For the June Q, we are forecasting revenue of \$6.0MM and a LPS of \$0.12. Shipped/shippable backlog for the June Q was 50%, which was the same as the previous two quarters. Despite continued limited intermediate- to longer-term visibility, we are forecasting revenue of \$25.1MM and a LPS of \$0.47 for C02.
- AUDC is still targeting revenue break-even of \$14-\$15MM/Q, with no explicit timeline for achieving that target. Cash burn is estimated to be \$6-\$7MM/Q through C02. At the end of the March Q, AUDC had a net cash position of \$125.4MM.
- While we are pleased to see a near-term improvement at AUDC, we believe that AUDC's longer-term recovery hinges on a successful transition to its OEM outsourcing business (i.e., high density media gateways). To AUDC's credit, the company recognized its first revenue (3% of total revenue) from this initiative in the March Q. However, pending evidence of sustainable demand for these gateways among OEMs and a clear path to profitability for the overall business, we are maintaining our MP rating.

**AUDC: \$3.34**  
**Rating: Market Perform**

Victor Lim 415.676.2707  
Arun Veerappan 415.693.3391  
Jeremy L. Kwan 415.623.7544

Change In...	Yes/No	Was	Is
Rating:	No		MP
EPS F2002E:	Yes	\$(0.55)	\$(0.47)
EPS F2003E:	No		NA
Rev F2002E:	Yes	\$22.1	\$25.1
Rev F2003E:	No		NA
12-Month Price Target:	No		NA
52-Week Range (NASDAQ)			\$11.20-1.60
FD Shares Outstanding			39.0 MM
Market Cap			\$130.3 MM
Avg Daily Volume (000)			110
Book Value/Share 3/02			\$3.27
5yr Hist. EPS Growth Rate			NM
5yr Proj. EPS Growth Rate			NE
ROA 2002E:			NA
Dividend/Yield			NONE/ NA
Net Cash 3/02:			\$125.4 MM
Net Cash/Share 3/02:			\$3.22

FY December	F2001 A	F2002 E	F2003 E
EPS:			
1Q	\$0.05	\$(0.10) A	NA
2Q	\$0.01	\$(0.12) E	NA
3Q	\$(0.11)	\$(0.13) E	NA
4Q	\$(0.11)	\$(0.12) E	NA
Year	\$(0.15)	\$(0.47)	NA
P/E	NM	NM	NM
Rev (MM):			
1Q	\$13.6	\$5.7 A	NA
2Q	\$11.6	\$6.0 E	NA
3Q	\$5.0	\$6.4 E	NA
4Q	\$5.5	\$7.0 E	NA
Year	\$35.7	\$25.1	NA
Mkt Cap/Rev	NM	5.2x	NM

EPS or loss per share figures quoted in this report are based on earnings from AudioCodes' consolidated statement of operations and a 0-1% tax rate. The Q3:01 loss per share excludes an inventory reserve of \$5.3 million and a bad debt reserve of \$1.0 million. The Q4:01 loss per share excludes a minority equity investment write-down of \$750 thousand.

## Income Statement Review

### Revenue

The company delivered total revenue of \$5.7 million in Q1:02, which was up 3% sequentially and above the high end of company's guidance of \$4.5-\$5.5 million given on January 22, 2002. For the quarter, product revenue was up 1% sequentially to \$5.2 million and accounted for 90% of total revenue. Other revenue (e.g., licensing and software) was up 29% sequentially and accounted for 10% of total revenue. In absolute dollar terms, licensing revenue increased \$130,000 quarter-over-quarter to \$570,000.

Figure 1: Revenue Analysis by Segment (\$ in millions)

	Q2:00	Q3:00	Q4:00	Q1:01	Q2:01	Q3:01	Q4:01	Q1:02
Product Revenue	\$15.8	\$19.3	\$21.4	\$13.0	\$11.2	\$4.5	\$5.1	\$5.2
Q-Q Growth	-	22%	11%	-39%	-14%	-60%	14%	1%
Y-Y Growth	-	-	-	-	-29%	-77%	-76%	-60%
% of Total Revenue	96%	97%	95%	96%	96%	89%	92%	90%
Licensing Revenue	\$0.7	\$0.7	\$1.1	\$0.5	\$0.5	\$0.6	\$0.4	\$0.6
Q-Q Growth	-	0%	61%	-52%	-14%	19%	-20%	29%
Y-Y Growth	-	-	-	-	-34%	-21%	-61%	6%
% of Total Revenue	4%	3%	5%	4%	4%	11%	8%	10%

Source: Company reports.

For the quarter, the company's subsystems business, which consists of boards, modules, and low density media gateways, decreased 6% sequentially to \$2.9 million and accounted for 50% of total revenue. The semiconductor business increased 3% sequentially to \$2.1 million and accounted for 37% of total revenue. Combined, both businesses accounted for 87% of AudioCodes' total revenue. The company's new systems business (i.e., high density media gateways) comprised 3% of total revenue, generating approximately \$172,000 in the quarter.

Figure 2: Revenue Analysis by Product Group (\$ in millions)

	Q2:00	Q3:00	Q4:00	Q1:01	Q2:01	Q3:01	Q4:01	Q1:02
Subsystems Revenue	\$10.4	\$12.0	\$16.0	\$10.2	\$9.2	\$2.6	\$3.0	\$2.9
Q-Q Growth	-	15%	34%	-37%	-10%	-72%	17%	-6%
Y-Y Growth	-	-	-	-	-12%	-78%	-81%	-72%
% of Total Revenue	63%	60%	71%	75%	79%	52%	55%	50%
Chip Revenue	\$5.4	\$7.3	\$5.3	\$2.8	\$1.9	\$1.9	\$2.0	\$2.1
Q-Q Growth	-	36%	-27%	-47%	-35%	0%	10%	3%
Y-Y Growth	-	-	-	-	-65%	-75%	-62%	-26%
% of Total Revenue	33%	37%	24%	21%	16%	37%	37%	37%
Systems Revenue	-	-	-	-	-	-	-	\$0.2
Q-Q Growth	-	-	-	-	-	-	-	-
Y-Y Growth	-	-	-	-	-	-	-	-
% of Total Revenue	-	-	-	-	-	-	-	3%
Other Revenue	\$0.7	\$0.7	\$1.1	\$0.5	\$0.5	\$0.6	\$0.4	\$0.6
Q-Q Growth	-	0%	61%	-52%	-14%	19%	-20%	29%
Y-Y Growth	-	-	-	-	-34%	-21%	-61%	6%
% of Total Revenue	4%	3%	5%	4%	4%	11%	8%	10%

Source: Company reports.

### Gross Margin

Gross margin for Q1:02 was 46.8%, up 370 basis points from the prior quarter. The increase in total gross margin was due primarily to higher sales volume coupled with lower indirect costs. Importantly, we do not believe that the inventory reserve taken in Q3:01 had a significant impact on Q1:02's gross margin.

Figure 3: Historical Gross Margins

	Q2:00	Q3:00	Q4:00	Q1:01	Q2:01	Q3:01	Q4:01	Q1:02
Quarterly Gross Margin	61.0%	60.9%	60.8%	58.9%	57.7%	40.2%	43.1%	46.8%

Source: Company reports.

### Operating Margin

The operating loss for Q1:02 was \$5.0 million, which was better than we had forecasted by approximately \$1.1 million. This was achieved in part due to higher sales volume. Importantly, we would note that AudioCodes was able to increase headcount by 10 people to 261 people without increasing operating expenses. In fact, the company grew headcount quarter-over-quarter in each of the past four quarters, but was able to post modest sequential improvement in operating expenses. Total operating expenses in Q2:01 declined from a high of \$8.2 million to \$7.9 million in Q3 to \$7.8 million in Q4 to \$7.7 million in Q1:02.

### EPS

The company reported a loss per share of \$0.10, which was better than the company's guidance of a loss per share of \$0.13 to \$0.15. The loss per share of \$0.10 also reflects interest income of \$972,000, a 0% tax rate, and approximately 39.0 million shares outstanding.

## **Balance Sheet Review**

### Net Cash

AudioCodes' net cash per share decreased from \$3.35 in Q4 to \$3.21 in Q1. Actual net cash and cash equivalents decreased to \$125.4 million in Q1 from \$130.1 million in Q4. The cash decline in the quarter was less than expected due to a lower than forecasted net operating loss coupled with favorable collections and working capital improvements during the period. Despite our forecast that AudioCodes will continue to lose money on an operating basis through 2002, we believe that the company currently has adequate cash balances to sustain itself through its recovery phase.

## DSO and DOI

Days sales outstanding (DSO) declined to 49 days from 56 days quarter-over-quarter, indicating a less back-end loaded quarter. Days of inventory decreased to 170 from 189 sequentially, and was down on an absolute dollar basis to \$5.7 million from \$6.5 million.

Figure 4: Key Balance Sheet Metrics

	Q2:00	Q3:00	Q4:00	Q1:01	Q2:01	Q3:01	Q4:01	Q1:02
Cash (\$ in millions)	\$126.0	\$133.4	\$145.2	\$137.2	\$135.2	\$133.8	\$130.1	\$125.4
Q-Q Growth	-	6%	9%	-6%	-1%	-1%	-3%	-4%
Net Cash (\$ in millions)	\$126.0	\$133.4	\$145.2	\$137.2	\$135.2	\$133.8	\$130.1	\$125.4
Q-Q Growth	-	6%	9%	-6%	-1%	-1%	-3%	-4%
Net Cash/Share	\$2.93	\$3.06	\$3.41	\$3.23	\$3.26	\$3.38	\$3.35	\$3.21
Q-Q Growth	-	5%	11%	-5%	1%	4%	-1%	-4%
Accts. Receivable (\$ in millions)	\$10.0	\$10.9	\$11.6	\$12.1	\$10.4	\$3.8	\$3.4	\$3.1
Q-Q Growth	-	10%	6%	5%	-14%	-63%	-10%	-10%
DSO	55	50	47	81	81	69	56	49
Q-Q Growth	-	-10%	-6%	74%	0%	-15%	-18%	-13%
Inventory (\$ in millions)	\$6.8	\$9.2	\$10.7	\$13.0	\$12.1	\$7.5	\$6.5	\$5.7
Q-Q Growth	-	36%	16%	22%	-7%	-38%	-13%	-13%
DOI	96	107	110	213	225	229	189	170
Q-Q Growth	-	12%	3%	93%	6%	2%	-17%	-10%

Source: Company reports.

## Other Analysis

### Top Customers

There were no 10%+ customers in the quarter. As expected, Clarent (CLRN, Not Rated) did not make AudioCodes' top customer list this quarter. AudioCodes' Top 15 customers accounted for 65% of total revenue versus 70% in the December 2001 quarter. We would note that Q1 represents AUDC's lowest level of customer concentration in the past eight quarters.

Figure 5: Customer Concentration

	Q2:00	Q3:00	Q4:00	Q1:01	Q2:01	Q3:01	Q4:01	Q1:02
Top Customers % of Total Revenue	Top 10 77%	Top 15 69%	Top 15 77%	Top 15 88%	Top 15 79%	Top 15 77%	Top 15 70%	Top 15 65%

Source: Company reports.

### Distribution Channels

The revenue mix between the company's direct and indirect businesses was approximately 47% and 53%, respectively. The company's direct business declined sequentially due to a lower contribution from Israel than in the prior quarter (i.e., AudioCodes uses a direct sales model in Israel and the U.S.). Indirect sales grew 37% quarter-over-quarter as Asia Pacific and Europe experienced a pick-up in demand.

Figure 6: Revenue Analysis by Channel (as a % of total revenue)

	Q4:00	Q1:01	Q2:01	Q3:01	Q4:01	Q1:02
Direct - OEMs	80%	80%	77%	57%	60%	47%
Indirect - Distributors/Sales	20%	20%	23%	43%	40%	53%

Source: Company reports.

### Geography

Revenue growth was led by sales to the Asia Pacific region, which increased 39% quarter-over-quarter, followed by growth from the U.S. and Europe, both of which increased 33% quarter-over-quarter. Sales to Israel, however, decreased 64% quarter-over-quarter.

Figure 7: Revenue Analysis by Geography (as a % of total revenue)

	Q2:00	Q3:00	Q4:00	Q1:01	Q2:01	Q3:01	Q4:01	Q1:02
U.S.	\$10.9	\$11.8	\$14.6	\$8.7	\$7.6	\$2.0	\$1.6	\$2.1
Q-Q Growth	-	8%	24%	-41%	-13%	-74%	-21%	33%
Y-Y Growth	-	-	-	-	-31%	-83%	-89%	-76%
% of Total Revenue	66%	59%	65%	64%	65%	39%	28%	36%
Asia Pacific	\$2.1	\$1.6	\$2.7	\$1.9	\$2.2	\$1.2	\$1.4	\$2.0
Q-Q Growth	-	-25%	69%	-30%	16%	-48%	25%	39%
Y-Y Growth	-	-	-	-	3%	-28%	-47%	6%
% of Total Revenue	13%	8%	12%	14%	19%	23%	26%	35%
Israel	\$2.0	\$3.4	\$2.9	\$1.8	\$1.4	\$0.9	\$1.8	\$0.6
Q-Q Growth	-	72%	-14%	-40%	-21%	-35%	96%	-64%
Y-Y Growth	-	-	-	-	-30%	-73%	-39%	-64%
% of Total Revenue	12%	17%	13%	13%	12%	18%	32%	11%
Europe	\$1.5	\$3.2	\$2.3	\$1.2	\$0.5	\$1.0	\$0.8	\$1.0
Q-Q Growth	-	115%	-30%	-46%	-62%	116%	-23%	33%
Y-Y Growth	-	-	-	-	-69%	-69%	-66%	-16%
% of Total Revenue	9%	16%	10%	9%	4%	20%	14%	18%

Source: Company reports.

# Company Info

## The Company

Headquartered in Yehud, Israel, AudioCodes develops and sells (1) communications boards, (2) Voice-over-Packet (VoP) processors, (3) media gateway subsystems, (4) media gateway modules, (5) IP media platforms, (6) media gateways, and (7) communications software. Many of these products are used in applications such as Voice-over-IP (VoIP) gateways, IP-enabled call centers, and Voice-over-ATM (VoATM) access switches. Other products from AudioCodes are designed to enable enterprise customers to migrate from a PBX environment to a VoIP environment without losing investments in legacy phone equipment. AudioCodes utilizes a network of direct sales people and indirect channel partners to reach its targeted end markets.

## Investment Thesis

We believe that AudioCodes is well positioned to benefit from the ongoing convergence of voice, data, and video into a single, data-centric, packet-based network due to its broad offering of VoP-based products. Specifically, the company develops a set of algorithms that run on network processors manufactured by a third party vendor. The company's algorithms essentially code and compress voice signals, and package and manage those signals to enable communication service providers and enterprise customers to more effectively use networking resources while still enabling clear and delay-free voice conversations. We believe that this value proposition of better utilization at a lower price will attract more customers to deploy VoIP technology over time. AudioCodes is also directing a portion of its core expertise toward the OEM outsourcing market. However, we would note that this opportunity is furthest from fruition with regard to generating meaningful revenue for the company.

## Investment Risks

Among the risks are rapidly-changing market requirements, rapid price erosion, and short product life spans and the cyclical nature of the global semiconductor industry, all of which are generic to the communications IC industry. Because the VoIP market is a nascent market, the success of AudioCodes will be dependent on how quickly this market ramps. The take-up rate of the technology will be impacted by the rate at which technology improvements enable quality and reliability levels in the VoIP market to reach levels similar to that of the Public Switched Telephone Network (PSTN). The quality of VoIP services, in turn, will be determined by bandwidth availability and management both in the core of the network and at the access gateways which are a function of the service providers' resources in any locality, as well as the performance of routing/switching gateway devices they employ. AudioCodes is also at risk with regard to customer concentration. For instance, Clarent has accounted for 10-45% of total revenue in prior quarters. AudioCodes is dependent on TI for its DSPs on which its VoIP algorithms are run. TI acquired a competitor of the company's called Telogy, which runs its algorithms on TI's DSPs. Despite reassurances to the contrary, the relationship does pose some level of threat to AudioCodes, in our view, given the competitor/customer relationship with TI as it stands today. Commoditization of AudioCodes' products is likely over time as new entrants from Asia use their manufacturing economies of scale to drive down VoIP pricing.

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**Market Perform** describes stocks that we expect to change plus or minus 20%.

**Market Underperform** describes stocks that we expect to decline by more than 20%.

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### **Victor Lim**

Victor is an equity research analyst in the communications components and semiconductor devices group at Robertson Stephens. He focuses primarily on semiconductor companies that sell into the edge and the core of the wireline network. Victor has six years of equity research experience having also followed semiconductor capital equipment and software companies at Robertson Stephens. Victor received a BA in economics from the University of California, Santa Barbara.

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Current Model: 5/01/02  
Previous Model: 1/23/02

**AudioCodes Ltd.**  
Earnings Model (\$ Million)

Victor Lim 415-676-2707  
Arun Veerappan 415-693-3391  
Jeremy Kwan 415-623-7544

FY December	-----2000-----					-----2001-----					-----2002E-----				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1A	Q2	Q3	Q4	Year
<b>Revenues</b>	\$12.7	\$16.5	\$20.0	\$22.5	\$71.8	\$13.6	\$11.6	\$5.0	\$5.5	\$35.7	\$5.7	\$6.0	\$6.4	\$7.0	\$25.1
Sequential Change	24.7%	30.0%	21.1%	12.5%		(39.8)%	(14.2)%	(56.9)%	10.5%		3.4%	5.0%	6.0%	10.0%	
Change Vs Year Ago	120.4%	138.9%	140.9%	120.8%	130.1%	6.6%	(29.7)%	(75.0)%	(75.4)%	(50.2)%	(57.8)%	(48.3)%	27.1%	26.6%	(29.7)%
<b>Cost of Goods</b>	\$4.9	\$6.4	\$7.8	\$8.8	\$28.0	\$5.6	\$4.9	\$3.0	\$3.1	\$16.6	\$3.0	\$3.2	\$3.4	\$3.6	\$13.3
Percent of Revenues	38.8%	39.0%	39.1%	39.2%	39.0%	41.1%	42.3%	59.8%	56.9%	46.6%	53.2%	53.0%	53.0%	52.0%	52.8%
<b>Gross Margin</b>	\$7.8	\$10.1	\$12.2	\$13.7	\$43.8	\$8.0	\$6.7	\$2.0	\$2.4	\$19.1	\$2.7	\$2.8	\$3.0	\$3.4	\$11.9
Percent of Revenues	61.2%	61.0%	60.9%	60.8%	61.0%	58.9%	57.7%	40.2%	43.1%	53.4%	46.8%	47.0%	47.0%	48.0%	47.2%
<b>R&amp;D</b>	\$1.9	\$2.4	\$3.0	\$3.4	\$10.6	\$3.5	\$3.4	\$3.5	\$3.4	\$13.8	\$3.2	\$3.8	\$4.0	\$4.2	\$15.2
Percent of Revenues	14.6%	14.3%	15.0%	15.0%	14.7%	25.8%	29.1%	69.9%	61.9%	38.6%	56.3%	63.2%	62.8%	59.9%	60.6%
<b>SG&amp;A</b>	\$2.5	\$3.3	\$3.8	\$4.5	\$14.1	\$4.4	\$4.8	\$4.4	\$4.3	\$17.9	\$4.4	\$4.4	\$4.5	\$4.6	\$17.9
Percent of Revenues	19.9%	20.1%	19.0%	19.8%	19.7%	32.2%	41.5%	87.0%	78.5%	50.1%	77.5%	73.2%	70.6%	65.6%	71.4%
<b>Total Operating Expense</b>	\$4.4	\$5.7	\$6.8	\$7.8	\$24.7	\$7.9	\$8.2	\$7.9	\$7.8	\$31.7	\$7.7	\$8.2	\$8.5	\$8.8	\$33.2
<b>Operating Income</b>	\$3.4	\$4.4	\$5.4	\$5.9	\$19.1	\$0.1	\$(1.5)	\$(5.9)	\$(5.4)	\$(12.6)	\$(5.0)	\$(5.4)	\$(5.5)	\$(5.4)	\$(21.3)
Percent of Revenues	26.8%	26.7%	27.0%	26.0%	26.5%	0.9%	(12.9)%	(116.7)%	(97.3)%	(35.3)%	(86.9)%	(89.4)%	(86.4)%	(77.5)%	(84.7)%
<b>Other Income (Exp)</b>	\$1.8	\$1.9	\$2.1	\$2.2	\$8.1	\$2.1	\$1.8	\$1.4	\$1.1	\$6.4	\$1.0	\$0.7	\$0.6	\$0.6	\$2.9
Percent of Revenues	13.9%	11.5%	10.7%	9.9%	11.2%	15.2%	15.5%	28.0%	20.2%	17.9%	17.0%	11.6%	9.4%	8.6%	11.4%
<b>Profit Before Taxes</b>	\$5.2	\$6.3	\$7.5	\$8.1	\$27.1	\$2.2	\$0.3	\$(4.4)	\$(4.3)	\$(6.2)	\$(4.0)	\$(4.7)	\$(4.9)	\$(4.8)	\$(18.4)
Percent of Revenues	40.7%	38.1%	37.7%	35.9%	37.8%	16.2%	2.6%	(88.7)%	(77.1)%	(17.4)%	(69.9)%	(77.7)%	(77.0)%	(69.0)%	(73.3)%
<b>Taxes</b>	\$0.2	\$0.1	\$0.1	\$0.1	\$0.4	\$0.0	\$0.0	\$0.0	\$(0.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Tax Rate	3.0%	2.0%	1.0%	1.0%	1.6%	1.0%	0.0%	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Income Before Minority Interest</b>	\$5.0	\$6.2	\$7.5	\$8.0	\$26.7	\$2.2	\$0.3	\$(4.4)	\$(4.2)	\$(6.2)	\$(4.0)	\$(4.7)	\$(4.9)	\$(4.8)	\$(18.4)
Percent of Revenues	39.5%	37.4%	37.3%	35.6%	37.2%	16.0%	2.6%	(88.7)%	(76.7)%	(17.4)%	(69.9)%	(77.7)%	(77.0)%	(69.0)%	(73.3)%
<b>Minority Interest</b>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Net Income-Cont Ops</b>	\$5.0	\$6.2	\$7.5	\$8.0	\$26.7	\$2.2	\$0.3	\$(4.4)	\$(4.2)	\$(6.2)	\$(4.0)	\$(4.7)	\$(4.9)	\$(4.8)	\$(18.4)
Percent of Revenues	39.5%	37.4%	37.3%	35.6%	37.2%	16.0%	2.6%	(88.7)%	(76.7)%	(17.4)%	(69.9)%	(77.7)%	(77.0)%	(69.0)%	(73.3)%
<b>Extraordinary Item</b>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Total Net Income</b>	\$5.0	\$6.2	\$7.5	\$8.0	\$26.7	\$2.2	\$0.3	\$(4.4)	\$(4.2)	\$(6.2)	\$(4.0)	\$(4.7)	\$(4.9)	\$(4.8)	\$(18.4)
Percent of Revenues	39.5%	37.4%	37.3%	35.6%	37.2%	16.0%	2.6%	(88.7)%	(76.7)%	(17.4)%	(69.9)%	(77.7)%	(77.0)%	(69.0)%	(73.3)%
<b>EPS Ops.</b>	\$0.12	\$0.14	\$0.17	\$0.19	\$0.62	\$0.05	\$0.01	\$(0.11)	\$(0.11)	\$(0.15)	\$(0.10)	\$(0.12)	\$(0.13)	\$(0.12)	\$(0.47)
Change Vs Year Ago	119.0%	128.2%	128.5%	93.3%	108.5%	(56.4)%	(94.9)%	-	-	-	-	-	-	-	-
<b>Common &amp; Equiv Sh (Mill)</b>	42.9	43.1	43.6	42.6	43.1	42.4	41.5	39.5	38.9	40.6	39.0	39.0	39.1	39.2	39.1
Change Vs Year Ago	46.0%	30.2%	12.1%	1.2%	20.0%	(1.1)%	(3.6)%	(9.3)%	(8.8)%	(5.7)%	(8.0)%	(6.0)%	(1.1)%	0.9%	(3.7)%

Source: Company reports and Robertson Stephens estimates.