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Tower Semiconductor (NASDAQ: TSEM)

TSEM: Tower Semiconductor Beats Expectations and Is Ahead of Schedule on Capacity Expansion; Raising Estimates

Using EV to 2028 Sales of 8.1xs, we believe TSEM could be worth $266 per share.

Current Price (10/30/2026)	$166.48
Valuation	**$266.00**

OUTLOOK

Tower is a pure-play analog semiconductor wafer foundry that manufactures SiGe, Silicon Photonics, MEMS, RF, embedded flash-based memory, analog/mixed-signal, and CMOS image-sensor devices in the US, Israel, Japan and Italy. It is serving markets in mobile such as RF High Position analog, as well as in CMOS image sensors, and power management. The company's new Silicon Photonics products are seeing strong demand in optical transceivers used in AI data centers. The company is flush with $1.5 billion in cash (or $13.00 per share), and is increasing capacity as fast as possible to meet demand.

SUMMARY DATA

52-Week High	**316.85**
52-Week Low	**82.45**
One-Year Return (%)	**95.5**
Beta	**1.0**
Average Daily Volume (sh)	**2,571,819**
Shares Outstanding (mil)	**112.6**
Market Capitalization ($mil)	**$18,721**
Short Interest Ratio (days)	**1.0**
Institutional Ownership (%)	**71**
Insider Ownership (%)	**1**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**-0.3**
Earnings Per Share (%)	**5.2**
Dividend (%)	**0**
P/E using TTM EPS	**48.1**
P/E using 2026 Estimate	**41.1**
P/E using 2027 Estimate	**25.2**

Risk Level	**Above Average**
Type of Stock	**Large Growth**
Industry	**Elec Comp-Semis**

ZACKS ESTIMATES

Revenue
(In millions of US$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2024	$327 A	$351 A	$371 A	$387 A	$1,436 A
2025	$358 A	$372 A	$396 A	$440 A	$1,566 A
2026	$414 A	$460 A	$526 A	$600 E	$2,000 E
2027					$2,730 E

Earnings per Share
(non-GAAP)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2024	$0.46 A	$0.53 A	$0.57 A	$0.59 A	$2.15 A
2025	$0.45 A	$0.50 A	$0.55 A	$0.78 A	$2.29 A
2026	$0.65 A	$0.88 A	$1.15 A	$1.38 E	$4.05 E
2027					$6.60 E

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WHAT'S NEW

Tower Semiconductor is Ahead of Schedule on Capacity Expansion

Tower reported another record quarter, beating on revenues and earnings and guiding higher than street estimates for Q4, where they have good visibility. This was driven by 176% growth in RF Infrastructure sales, of which 83% was from SiPho. For Q4 2026, Tower guided to revenues of $600 million plus or minus 5%, another company record. Furthermore, it believes that Q1 2027 will be up sequentially rather than the typical seasonality it has experienced in the past when revenues dropped from Q4 levels. This could result in accelerating year-over-year growth and even higher margins.

Its income statement is revealing the inherent operating leverage of a foundry. Revenues for the quarter at $526 million were up 33%, gross margin was up 92%, and operating income rose 151%. Based on guidance, Q4 should be up at least 36%, an accelerating number.

In its July announcement of Japanese expansion, Tower targeted a $3.6 billion revenue run rate sometime in 2028 and $1.2 billion of net profit, which would result in approximate EPS of $10.25. Since right now the company can sell as much as it can produce of photonics products, it is doing all it can to increase capacity and said it was ahead of schedule on its Track 1 plans.

We are raising our 2026 estimates to reflect sales and earnings beat and the guidance. The revenue estimate for 2026 is now $2.0 billion, and for 2027 is $2.7 billion. Estimates for adjusted EPS have been increased to $4.05 for this year and $6.60 for 2027. As of last night's closing price, the company trades at an enterprise value of $17.4 billion, or 6.4x EV to estimated 2027 sales. As a photonics/AI data center play, we see catalysts in: potential increased guidance and continued beat and raises, increased target model, and announcements of new large customers. Right now, the only gating factor is capacity, and the revenue risk is in future pricing. If investors assume $3.6 billion in revenues, with an 8.1x EV to Sales, and $500 million of the cash spent, the stock price would be $266 per share. Since its low of $28.54 on April 4, 2025, the stock is up 483%.

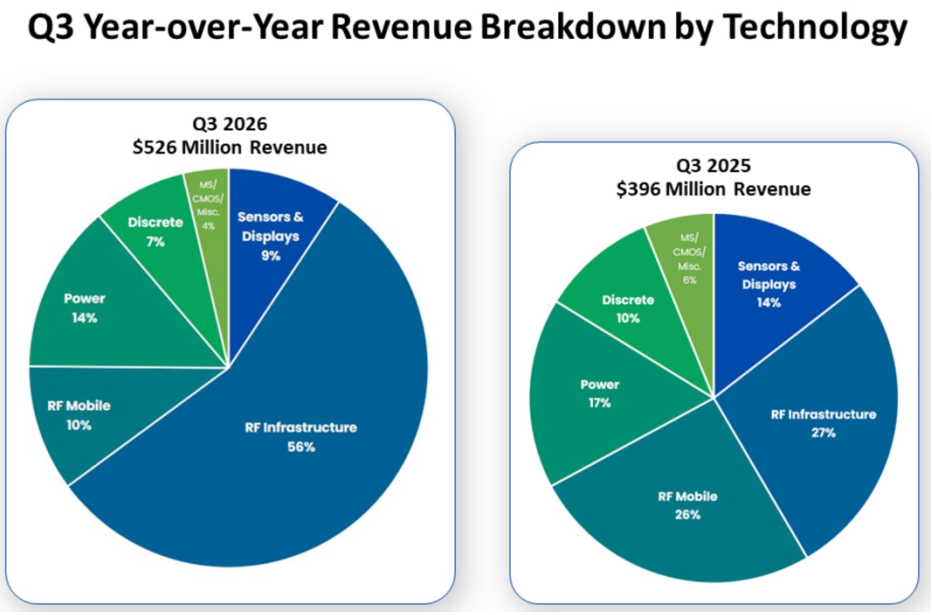
Q3 2026 Revenue Breakdown

The biggest revenue contribution in the quarter was overwhelmingly RF infrastructure, now over half of revenue. In Q3, RF Infrastructure grew 176% to $296 million, up from $107 million in Q3 2025. Its percentage contribution to total sales is growing as other sales categories decline or are flat. As it becomes a bigger portion of total revenues, math dictates growth should continue to accelerate as long as capacity can keep up. The company is in the midst of a SiPho production ramp in Fab 2 Migdal Haemek, Fab 3 Newport Beach, Fab 9 San Antonio, and Fab 7 Uozu, Japan, 300mm.

RF mobile was again down year over year and is expected to be so for all of 2026, but the company expects it to return to growth in 2027 as orders ship for 2028 phones. The industry is going through a transition from 200mm to 300mm and should return to growth in 2027.

Table 1. Revenue by Technology

US Dollars in Millions	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Yr-Yr % Change	Yr-Yr $ Change
Total	$358.2	$372.1	$395.7	$440.2	$413.6	$460.1	$526.2	33.0%	130.5
RF Infrastructure	78.8	93.0	106.8	140.9	157.2	225.4	294.7	175.8%	187.8
RF Mobile	68.1	85.6	102.9	105.6	66.2	55.2	52.6	-48.9%	-50.3
Power	64.5	63.3	67.3	66.0	70.3	64.4	73.7	9.5%	6.4
Sensors and Displays	60.9	55.8	55.4	66.0	62.0	55.2	47.4	-14.5%	-8.0
Discrete	57.3	40.9	39.6	39.6	41.4	41.4	36.8	-6.9%	-2.7
MS/CMOS	21.5	29.8	19.8	22.0	16.5	18.4	21.0	6.4%	1.3



Source: Tower Semiconductor

Table 2. Fab Capacity Utilization

		Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026
Fab 1	Migdal Haemek, Israel 6"	65%	75%	85%	70%	65%	NA	NA	NA	NA	NA	NA
Fab 2	Migdal Haemek, Israel 8"	75%	67%	60%	55%	80%	60%	65%	60%	60%	80-85%	85-90%
Fab 3	Newport Beach, CA 8"	45%	55%	65%	70%	70%	85%	85%	85%	80%	80-85%	85-90%
	TPSCo factories											
Fab 5	Japan 8"	40%	45%	60%	60%	65%	75%	75%	75%	75%	75%	75%
Fab 7	Uozo Japan 12"	75%	85%	85%	90%	90%	90%	90%	90%	90%	90%	90%
Fab 9	San Antonio, 8"	60%	60%	60%	55%	70%	60%	60%	65%	80%	80-85%	85-90%

Q3 2026 Earnings Results

Revenues in Q3 2026 were $526 million versus $396 million in Q3 2025 and were up 33% year over year. This is another quarterly record for the company. The gross margin in Q3 2026 increased to 34.0%, from 23.5% a year earlier. Gross margin dollars were up significantly to $179 million or 34.0%, as incremental revenues came in at higher margins and lower-margin products had declining sales. This was a higher than

usual incremental increase and the company expects that increment to come back to the norm as more tool expense is added as buildout continues.

Operating expenses were up $9.2 million year over year, significantly less than revenue growth. The operating margin was 24.2% compared to 12.8% last year, and operating income soared to $127 million from $51 million in Q3 2025. Other income was $11.9 million compared to $10.5 million in last year's quarter. The company expects it to typically fluctuate between $8 million and $10 million per quarter.

Pretax profit was $139 million versus $61.1 million a year ago, more than double. Taxes were $19 million in the quarter, or 13.8%, versus the expected 18%, but we expect the 18% tax rate in the coming quarters.

GAAP net income was $120 million versus $54 million last year, while non-GAAP net income was $131 million versus $63 million a year ago, up 110%.

Diluted GAAP EPS was $1.05 per share, compared with $0.47 last year. Adjusted non-GAAP diluted EPS was $1.15, up from $0.55 a year ago, or 108%. The average diluted shares for the quarter were 114.5 million, up from 113.8 million last year.

Balance Sheet

As of September 30, the company had cash and short-term deposits of $1.5 billion, or $13.00 in cash per share. We estimate it is earning between 4.0% and 4.5% on about $800 million of that amount. Prepayments from customers for capacity reservations declined by $53 million this quarter. Total debt decreased by $12.0 million to $154 million from the last quarter. Its quick ratio was 3.2x, and it has $1.5 billion in working capital. Operating cash flow, excluding changes in working capital, was $214 million for the quarter. Free cash flow was $23.2 million for the quarter after spending a net $191 million on capex. This reverses the last two quarters of negative free cash flow.

To support the increasing CIFO and CIGI demand, Tower is executing a $920 million investment plan to extend the capacity and capability of CIGI and CIFO equipment across its 8-inch PEBs in Israel, Newport Beach, and Texas, as well as its 12-inch Fab in Japan. Approximately 65% of this has already been spent, while the remaining 35% is expected to be paid through the first half of 2027. This heavy spending could keep the company in negative free cash flow territory for the next year or two.

During the Quarter

Tower Plans to Invest $3B to Expand Capacity in Japan

On July 14, 2026, Tower announced a plan to expand its 300mm Silicon Photonics (SiPho), Silicon Germanium (SiGe), and advanced packaging capabilities in Japan, with support from the Government of Japan. It consists of two tracks of action. Track one adds significant new 300mm Silicon Photonics capacity, with full production readiness expected during the fourth quarter of 2027. It consists of repurposing the Arai facility, formerly Fab 6, for 300mm Silicon Photonics capacity and advanced packaging capabilities, and maximizing Fab 7's 300mm output in Uozu. Track two, happening at the same time, is building an additional 300mm manufacturing facility, adjacent to Fab 7. This facility is expected to provide a multi-fold increase in Silicon Photonics and Silicon Germanium capacity. The new facility is expected to be highly accretive beginning in 2029. This is expected to cost Tower $3 billion, net of grants of $1 billion from the Japanese government.

On August 11, 2026, OpenLight and Tower Semiconductor announced the availability of OpenLight's photonic Process Design Kit (PDK) for Tower Semiconductor's PH18DA indium phosphide (InP)-on-silicon photonics platform in Cadence's electronic design automation (EDA) tools. This enables customers to streamline development of 400G and 1.6T laser-integrated photonic integrated circuits.

On September 17, 2026, Tower Semiconductor and NewPhotonics announced high-volume shipment of laser-integrated serviceable optical engines. Shipping volume production PICs today support data rates from 800G to 1.6T, with future volume manufacturing planned at 6.4T, beginning in 1H27.

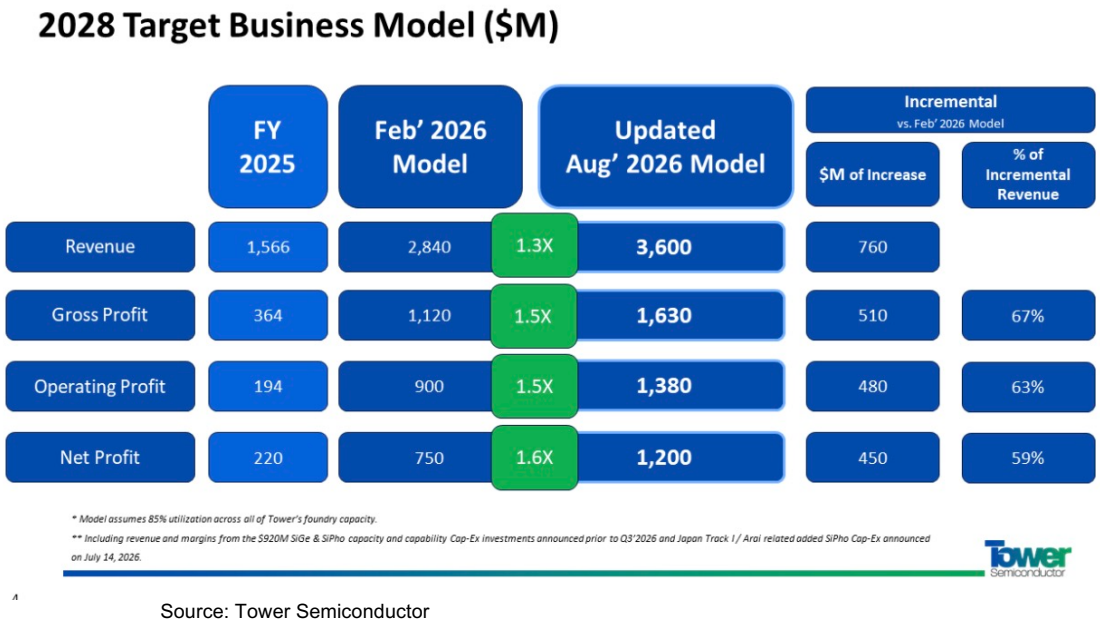
From September 21- 23, 2026, Tower participated in ECOC 2026. It showcased its high-volume and high-performance Silicon Photonics platform, widely utilized across the industry for datacenter and telecom optical transceivers, as well as for high-growth applications, including near- and co-packaged optics (NPO/CPO) for next-generation AI cluster architectures, DWDM lasers, optical circuit switching, FMCW LiDAR for Physical AI, and quantum computing. The company also featured its Silicon Germanium (SiGe) BiCMOS solutions.

After the Quarter Ended

On Oct. 13, 2026, Tower and Semtech Corporation (Nasdaq: SMTC) announced an expanded multi-year agreement. As Semtech's signal integrity portfolio is built on Tower's SiGe process technology, Semtech will invest in securing dedicated silicon germanium (SiGe) capacity at Tower to build its fully retimed optics (FRO), linear pluggable optics (LPO), linear receive optics (LRO), near-packaged optics (NPO), eXtra-dense pluggable optics (XPO), linear equalizers on PCB, and active copper cables (ACC).

The Target Business Model

Today, the company reiterated that its 2028 target business model is still a $3.6 billion revenue run rate achieved sometime in 2028, with $1.2 billion net profit, fully spoken for by its customers. It did admit that this could be conservative.



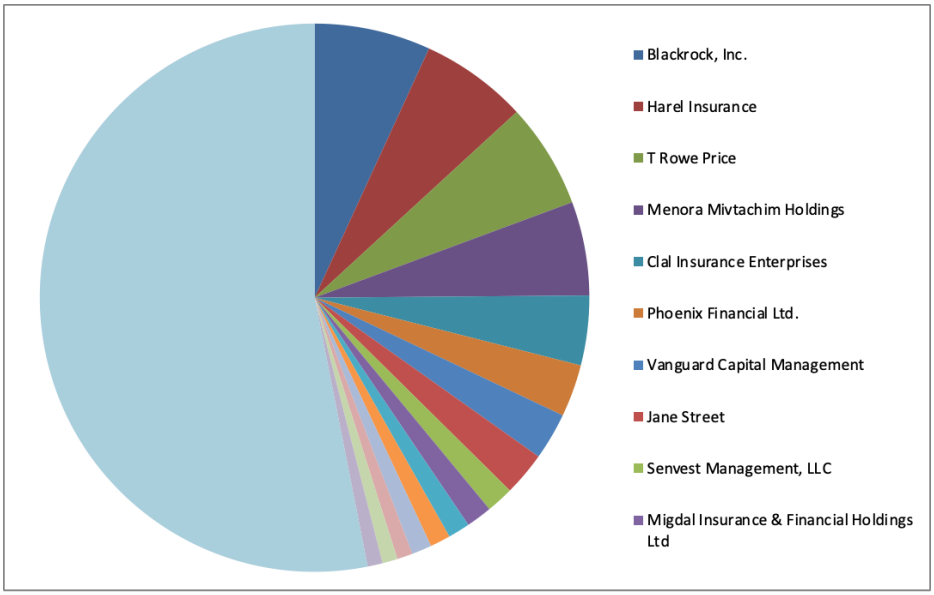
Source: Tower Semiconductor

VALUATION

TSEM trades at an enterprise value of $17.4 billion, or 6.4 EV to estimated sales for 2027, higher than its peers, who trade at an average of 5.0x. However, if we look at the components of that average, we see that Taiwan Semiconductor trades at 8.1x and is much more mature than Tower. At 8.1x 2028 revenues of $3.6 billion, TSEM stock would be worth approximately $266 per share.

Foundry Companies	Ticker	EPS 26E	EPS 27E	Price	PE 2026E	PE 2027E	Growth Rate	PE/Growth	Sales 2027E	EV/Sales	EV
Company											
GLOBALFOUNDRIES	GFS	1.96	2.63	41.90	21.4	15.9	34.2%	0.6	8,220	2.8	22,700
SMIC	0981.HK	0.18	0.23	5.48	30.4	23.8	27.8%	1.1	14,310	5.3	76,000
Taiwan Semiconductor	TSM	17.50	23.39	406.13	23.2	17.4	33.7%	0.7	220,000	8.1	1,790,000
United Microelectronics	UMC	1.13	0.90	16.68	14.8	18.5	-20.4%	- 0.7	10,640	3.8	40,340
Average					22.4	18.9		0.4	63,293	5.0	482,260

OWNERSHIP



INCOME STATEMENT

	March Q1 25	June Q2 25	Sept Q3 25	Dec Q4 25	March Q1 26	June Q2 26	Sept Q3 26	Dec Q4 26E	2024	2025	2026E	2027E
REVENUE	358.2	372.1	395.7	440.2	413.6	460.1	526.2	600.1	1,436.1	1,566.1	2,000.0	2,730.0
Yr-to-yr Gr.	9%	6%	7%	14%	15%	24%	33%	36%	1%	9%	28%	37%
OPERATING EXPENSES												
Cost of goods sold	285.0	292.0	302.6	322.6	302.7	322.3	347.4	378.5	1,096.7	1,202.3	1,350.8	1,679.4
Gross Margin	73.2	80.0	93.0	117.6	111.0	137.8	178.8	221.6	339.4	363.9	649.1	1050.6
% of Sales	20.4%	21.5%	23.5%	26.7%	26.8%	29.9%	34.0%	36.9%	23.6%	23.2%	32.5%	38.5%
R&D	20.2	19.4	22.1	24.9	23.5	23.6	26.6	26.6	79.4	86.5	100.3	110.0
M, G&A	20.1	20.7	20.4	21.9	22.9	23.9	25.0	26.0	75.0	83.2	97.8	100.0
One-time charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(6.3)	0.0	0.0	0.0
Tot Operating Exp.	40.3	40.2	42.5	46.8	46.4	47.5	51.6	52.6	148.1	169.7	198.1	210.0
Operating Income	32.9	39.9	50.6	70.8	64.6	90.3	127.1	169.0	191.3	194.2	451.0	840.6
Yr-to-yr Gr.	-3%	-28%	-9%	53%	96%	126%	151%	139%	-65%	1%	132%	86%
Operating Margin	9.2%	10.7%	12.8%	16.1%	15.6%	19.6%	24.2%	28.2%	13%	12%	23%	31%
Interest & other non-cash financing e	10.6	14.4	10.5	10.7	9.5	15.9	11.9	10.0	26.1	46.2	47.4	34.0
Gain from acqusiition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit before tax	43.5	54.3	61.1	81.6	74.1	106.2	139.1	179.0	217.4	240.4	498.4	874.6
Profit margin	12.1%	14.6%	15.4%	18.5%	17.9%	23.1%	26.4%	29.8%	15.1%	14.0%	14.0%	14.0%
Taxes	(3.8)	(8.7)	(7.6)	(1.5)	(6.5)	(15.6)	(19.2)	(32.2)	(10.2)	(21.6)	(73.5)	(157.4)
Tax Rate	8.7%	16.0%	12.5%	1.8%	8.8%	14.7%	13.8%	18.0%	4.7%	9.0%	14.7%	18.0%
Profit before non-controlling	39.7	45.6	53.4	80.1	67.6	90.6	119.9	146.8	207.2	218.8	424.9	717.2
Minority Income	0.4	1.0	0.2	0.1	(2.5)	0.2	0.4	0.1	0.6	1.7	(2.5)	0.0
GAAP Net income	40.1	46.6	53.6	80.1	65.0	90.8	120.3	146.9	207.9	220.5	422.3	717.2
Yr-to-yr Gr.	-10%	-13%	-2%	45%	62%	95%	124%	83%	-60%	6%	92%	70%
Net Margin %	11%	13%	14%	18%	16%	20%	23%	24%	14%	14%	21%	26%
Non-GAAP Net Income	50.5	57.1	62.7	89.5	74.5	100.7	131.3	157.9	241.0	259.9	463.8	759.2
Yr-to-yr Gr.	-3%	-3%	-2%	35%	48%	76%	110%	76%	0%	8%	78%	64%
GAAP primary EPS	$0.36	$0.42	$0.48	$0.71	$0.58	$0.80	$1.06	$1.30	$1.87	$1.97	$3.74	$6.32
Fully diluted GAAP EPS	$0.35	$0.41	$0.47	$0.70	$0.57	$0.79	$1.05	$1.28	$1.85	$1.94	$3.69	$6.24
Adj Non-GAAP EPS-Fully dil.	**$0.45**	**$0.50**	**$0.55**	**$0.78**	**$0.65**	**$0.88**	**$1.15**	**$1.38**	**$2.15**	**$2.29**	**$4.05**	**$6.60**
Yr-to-yr Gr.	-4%	-4%	-3%	33%	46%	74%	108%	76%	-1%	7%	77%	63%
Primary Share Out	111.6	111.8	112.1	112.4	112.6	112.9	113.3	113.3	111.2	112.0	113.0	113.5
Fully Diluted GAAP	113.2	113.3	113.8	114.2	114.3	114.4	114.5	114.6	112.3	113.6	114.5	115.0
EBITDA	**107.1**	**114.5**	**127.0**	**148.6**	**138.8**	**100.7**	**131.3**	**157.9**	**448.8**	**497.3**	**463.8**	**759.2**
EBITDA Margin	30%	31%	32%	34%	34%	22%	25%	26%	31%	32%	23%	28%

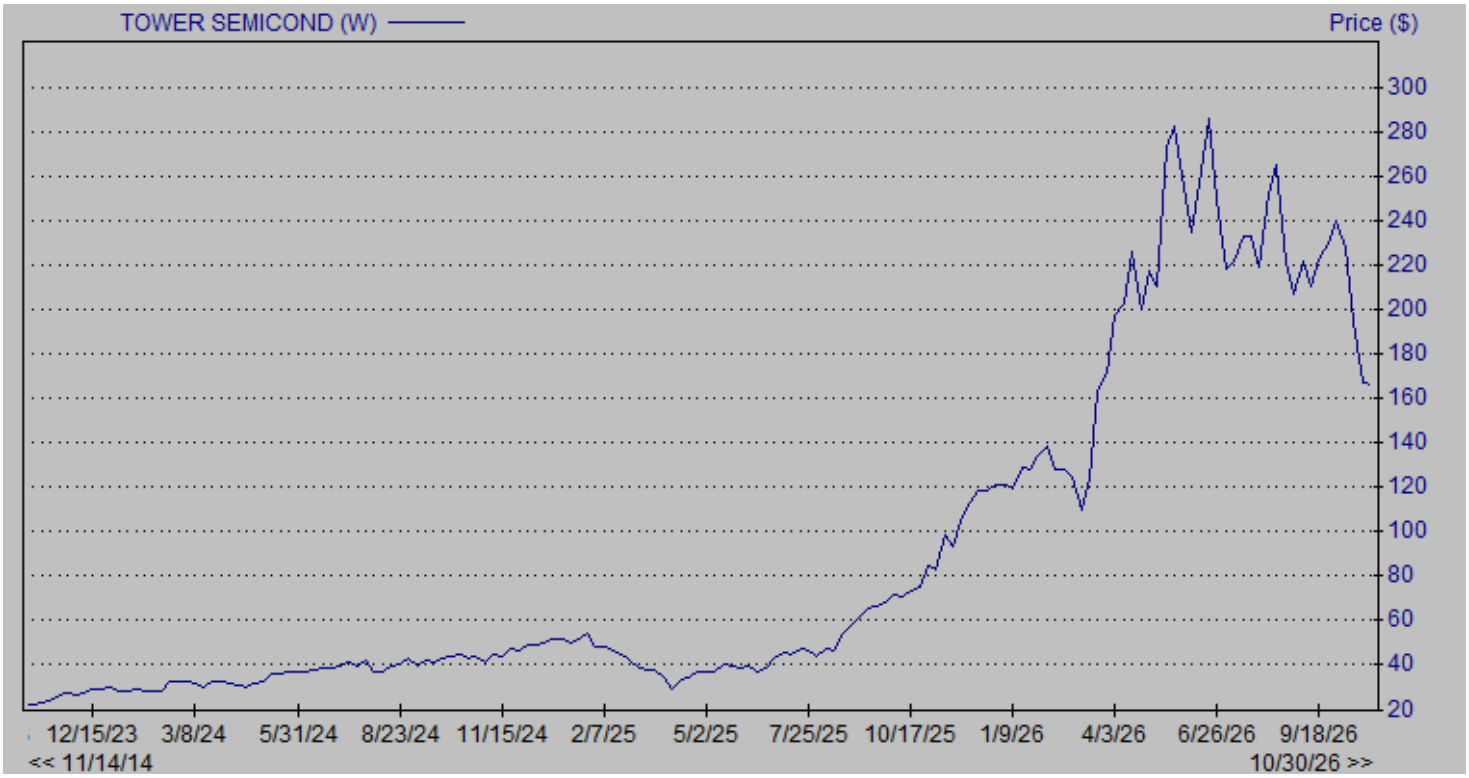
BALANCE SHEET

$ in thousands	Sept 30, 2026	June 30, 2026	Qtr-Qtr % Change	Sept 30, 2025	Yr-Yr % Change
CURRENT ASSETS					
Cash and cash equivalents	**$250,748**	**$231,188**	8.5%	**$272,742**	-8.1%
Short term deposits	**1,222,124**	**1,250,225**	-2.2%	**950,560**	28.6%
Trade accounts receivable	226,845	202,871	11.8%	213,013	6.5%
Inventories	263,448	244,356	7.8%	286,682	-8.1%
Other current assets	47,548	57,330	-17.1%	56,564	-15.9%
Total current assets	2,010,713	1,985,970	1.2%	1,779,561	13.0%
PROPERTY AND EQUIPMENT, NET	1,825,403	1,649,600	10.7%	1,440,238	26.7%
Other long-term assets	181,091	135,866	33.3%	32,803	452.1%
TOTAL ASSETS	4,017,207	3,771,436	6.5%	3,252,602	23.5%
CURRENT LIABILITIES					
Short term debt	**13,452**	**16,921**	-20.5%	**33,204**	-59.5%
Trade accounts payable	193,858	122,605	58.1%	131,906	47.0%
Deferred revenue	248,930	176,038	41.4%	19,926	1149.3%
Other current liabilities	84,673	88,647	-4.5%	84,206	0.6%
Total current liabilities	540,913	404,211	33.8%	269,242	100.9%
LONG-TERM DEBT	**140,275**	**124,775**	12.4%	**130,883**	7.2%
LONG-TERM CUSTOMERS' ADVANCES	92,052	145,368	-36.7%	NA	NA
OTHER LONG-TERM LIABILITIES	35,843	25,710	39.4%	19,895	80.2%
Total liabilities	809,083	700,064	15.6%	420,020	92.6%
SHAREHOLDERS' EQUITY	3,208,124	3,071,372	4.5%	2,832,582	13.3%
TOTAL LIABILITIES AND EQUITY	$4,017,207	$3,771,436	6.5%	$3,252,602	23.5%
Current Ratio	3.7	4.9	-24.3%	6.6	-43.8%
Quick Ratio	3.2	4.3	-25.0%	5.5	-41.7%
Working Capital	1,469,800	1,581,759	-7.1%	1,510,319	-2.7%
Debt Percent of Assets	3.8%	3.8%	1.9%	5.0%	-24.1%
Debt to Equity	0.0	0.0	3.9%	0.1	-17.3%
Cash and equivalents	1,472,872	1,481,413	-0.6%	1,223,302	20.4%
Cash and equivalents per share	$13.00	$13.12	-0.9%	$10.91	19.1%
Debt	153,727	141,696	8.5%	164,087	-6.3%
Change in cash	(8,541)	(17,135)	-50.2%	15,699	-154.4%
Change in debt	12,031	(14,160)	-185.0%	(12,010)	-200.2%

CASH FLOW

	Year 2023	Year 2024	3-Mo 3/31/25	3-Mo 6/30/25	3-Mo 9/30/25	3-Mo 12/31/25	Year 2025	3-Mo 3/31/26	3-Mo 6/30/26	3-Mo 9/30/26
CASH FLOWS - OPERATING ACTIVITIES										
Net profit (loss)	$ 519,530	$ 207,222	$ 39,717	$ 45,592	$ 53,446	$ 80,059	$ 218,814	$ 67,565	$ 90,619	$ 119,885
Income and non-cash expense items:										
Depreciation and amortization	258,021	266,279	74,228	74,636	76,456	77,792	303,112	82,925	83,574	90,461
Effect of fair value measurement on debt	(1,632)	133	0	0	0	0	0	0	0	0
Other expense (income), net	(7,047)	24,721	558	3,559	(122)	6,532	10,527	3,107	4,130	3,512
Changes in assets and liabilities:										
Trade accounts receivable	(3,160)	(60,169)	(6,354)	4,972	1,853	(10,969)	(10,498)	8,566	10,620	(23,270)
Other assets	(9,541)	(33,992)	5,622	(5,002)	6,770	(30,888)	(25,453)	17,521	(724)	8,182
Inventories	8,682	4,778	(4,128)	(7,745)	(1,983)	25,656	11,800	769	9,088	(16,573)
Other long-term assets	0	0	0	0	0	(111,018)	(111,018)	6,057	2,921	(41,337)
Trade accounts payable	(8,254)	35,784	(11,114)	8,218	(6,516)	(4,695)	(12,157)	8,722	(11,624)	22,615
Deferred revenue	(35,676)	(14,783)	(1,119)	(7,297)	4,223	8,352	(1,832)	30,091	(18,780)	(3,278)
Other current liabilities	(70,163)	22,021	3,718	5,580	2,958	1,573	12,029	(1,840)	3,981	(8,016)
Employee related liabilities	(1,210)	0	0	0	0	0	0	0	0	0
Deferred tax liability, net	27,011	0	0	0	0	0	0	0	0	0
Other long-term liabilities	0	(3,312)	(3,893)	86	2,338	(178)	158	1,370	5,694	10,130
Increase in customer advances			(3,313)	NA	NA	(2,678)		285,116	(2,534)	22,848
Net cash provided by operating activities	**676,561**	**448,682**	**93,922**	**122,599**	**139,423**	**39,538**	**395,482**	**509,969**	**176,965**	**185,159**
CASH FLOWS - INVESTING ACTIVITIES										
Investments in property and equipment, net	**(432,184)**	**(431,653)**	**(111,411)**	**(110,682)**	**(103,490)**	**(110,978)**	**(436,561)**	**(156,368)**	**(186,585)**	**(190,683)**
Interest bearing deposits, incl designated deposits	(288,663)	31,414	44,470	(28,000)	(20,000)	42,000	38,470	(340,000)	10,000	30,000
Net cash provided by (used in) investing activities	(720,847)	(400,239)	(66,941)	(138,682)	(123,490)	(68,978)	(398,091)	(496,368)	(176,585)	(160,683)
CASH FLOWS - FINANCING ACTIVITIES										
Exercise of warrants and options	0	0	0	0	0	0	0	0	0	0
Debt repayment	(32,346)	(32,455)	(26,874)	5,104	(6,875)	(4,708)	(33,353)	(4,581)	(11,112)	(7,301)
Proceeds from investment in subsidiary	1,932	0	0	0	0	0	0	0	0	0
Net cash used in financing activities	(30,414)	(32,455)	(26,874)	5,104	(6,875)	(4,708)	(33,353)	(4,581)	(11,112)	(7,301)
Effect of foreign exchange rate change	(5,395)	(4,758)	2,817	1,454	(1,609)	(3,225)	(563)	(1,080)	(1,389)	2,385
INCREASE (DECREASE) IN CASH & CASH EQUIV	(80,095)	11,230	2,924	(9,525)	7,449	(37,373)	(36,525)	7,940	(12,121)	19,560
CASH & CASH EQTS - BEGINNING OF PERIOD	340,759	260,664	271,894	274,818	265,293	272,742	271,894	235,369	243,309	231,188
CASH & CASH EQUIVALENTS - END OF PERIOD	260,664	271,894	274,818	265,293	272,742	235,369	235,369	243,309	231,188	250,748
Operating Cash Flow	$ 768,872	$ 498,355	$ 114,503	$ 123,787	$ 129,780	$ 164,383	$ 532,453	$ 153,597	$ 178,323	$ 213,858
Free cash flow	$ 336,688	$ 66,702	$ 3,092	$ 13,105	$ 26,290	$ 53,405	$ 95,892	$ (2,771)	$ (8,262)	$ 23,175

HISTORICAL STOCK PRICE



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