



## FORM Q2 '14 Earnings Call – Web Slides



## Revenue by Geographical Region (millions)

|                      | <u>Q2 2014</u> | <u>Q1 2014</u> | <u>Q2 2013</u> |
|----------------------|----------------|----------------|----------------|
| Asia Pacific         | \$ 21.4        | \$ 13.9        | \$ 23.2        |
| North America        | 17.1           | 15.7           | 15.3           |
| South Korea          | 14.7           | 12.6           | 15.1           |
| Europe / Middle East | 9.1            | 6.1            | 5.7            |
| Japan                | <u>5.1</u>     | <u>7.7</u>     | <u>3.4</u>     |
|                      | <u>\$ 67.4</u> | <u>\$ 56.0</u> | <u>\$ 62.7</u> |

\*Asia Pacific includes all countries in the region except Japan and South Korea, which are disclosed separately.

## Revenue by Market Segment (millions)

|       | <u>Q2 2014</u> | <u>Q1 2014</u> | <u>Q2 2013</u> |
|-------|----------------|----------------|----------------|
| SOC   | \$ 36.5        | \$ 29.8        | \$ 27.5        |
| DRAM  | 26.4           | 22.2           | 26.7           |
| Flash | 4.5            | 4.0            | 8.5            |
|       | <u>\$ 67.4</u> | <u>\$ 56.0</u> | <u>\$ 62.7</u> |

# Q2 2014 GAAP to Non-GAAP Reconciliation

(in thousands, except for per share amounts)

|   | GAAP                               | Adjustments              |                |   |                |                                  | Non-GAAP                           |
|---|------------------------------------|--------------------------|----------------|---|----------------|----------------------------------|------------------------------------|
|   | Fiscal Quarter Ended June 28, 2014 | Stock-based Compensation | Restructuring  | Amort. / Dep. of Intangibles and FA Uplift due to Acquisition | Integration    | Impairments and Loss Contingency | Fiscal Quarter Ended June 28, 2014 |
| Revenues  | \$ 67,352                          | \$ -                     | \$ -           | \$ -  | \$ -           | \$ -                             | \$ 67,352                          |
| Cost of revenues  | 47,328                             | (661)                    | -              | (4,264)   | (94)           | -                                | 42,309                             |
| Gross profit  | 20,024                             | 661                      | -              | 4,264   | 94             | -                                | 25,043                             |
| Operating expenses:   |                                    |                          |                |   |                |                                  |                                    |
| Research and development  | 11,074                             | (937)                    | -              | (14)  | -              | -                                | 10,123                             |
| Sales and marketing   | 7,031                              | (871)                    | -              | (673)   | (281)          | -                                | 5,206                              |
| General and administrative  | 6,160                              | (1,050)                  | -              | (2)   | (13)           | (280)                            | 4,815                              |
| Restructuring charges, net  | 59                                 | -                        | (59)           | -   | -              | -                                | -                                  |
| Long-lived asset impairment                                       | -                                  | -                        | -              | -   | -              | -                                | -                                  |
| Total operating expenses  | 24,324                             | (2,858)                  | (59)           | (689)   | (294)          | (280)                            | 20,144                             |
| Operating profit (loss)   | (4,300)                            | 3,519                    | 59             | 4,953   | 388            | 280                              | 4,899                              |
| Other income (expense), net                                       | (77)                               | -                        | -              | -   | -              | -                                | (77)                               |
| Gain (loss) before income taxes                                   | (4,377)                            | 3,519                    | 59             | 4,953   | 388            | 280                              | 4,822                              |
| Provision for (benefit from) income taxes                         | (51)                               | -                        | -              | -   | -              | -                                | (51)                               |
| Net profit (loss)   | <u>(4,326)</u>                     | <u>\$ 3,519</u>          | <u>\$ 59</u>   | <u>\$ 4,953</u>   | <u>\$ 388</u>  | <u>\$ 280</u>                    | <u>\$ 4,873</u>                    |
| Net loss per share:   |                                    |                          |                |   |                |                                  |                                    |
| Basic   | \$ (0.08)                          | \$ 0.06                  | \$ 0.00        | \$ 0.09   | \$ 0.01        | \$ 0.01                          | \$ 0.09                            |
| Diluted   | <u>\$ (0.08)</u>                   | <u>\$ 0.06</u>           | <u>\$ 0.00</u> | <u>\$ 0.09</u>  | <u>\$ 0.01</u> | <u>\$ 0.00</u>                   | <u>\$ 0.08</u>                     |
| Weighted-average number of shares used in per share calculations: |                                    |                          |                |   |                |                                  |                                    |
| Basic   | 55,812                             | 55,812                   | 55,812         | 55,812  | 55,812         | 55,812                           | 55,812                             |
| Diluted   | <u>55,812</u>                      | <u>57,373</u>            | <u>57,373</u>  | <u>57,373</u>   | <u>57,373</u>  | <u>57,373</u>                    | <u>57,373</u>                      |

The presentation provides the calculations for Non-GAAP net loss and Non-GAAP net loss per share. FormFactor excluded the following items from one or more of the Non-GAAP measures: stock-based compensation expense, acquisition and integration costs, amortization of intangible assets, loss contingencies, valuation allowance and restructuring and impairment charges. By publishing the Non-GAAP measures, the company's management intends to provide investors with additional information to further analyze the company's performance, core results and underlying trends. FormFactor's management evaluates results and makes operating decisions using both GAAP and Non-GAAP measures. Non-GAAP results are not prepared in accordance with GAAP, and Non-GAAP information should be considered a supplement to, and not a substitute for, financial statements prepared in accordance with GAAP.

# Q2 2014 GAAP to Non-GAAP Reconciliation

(in thousands, except for per share amounts)

|  | Three Months Ended |                  | Year to Date    |                   |
|--|--------------------|------------------|-----------------|-------------------|
|  | June 28<br>2014    | June 29<br>2013  | June 28<br>2014 | June 29<br>2013   |
| GAAP net loss  | \$ (4,326)         | \$ (8,407)       | \$ (17,037)     | \$ (28,180)       |
| Stock-based compensation   | 3,519              | 3,132            | 6,089           | 6,166             |
| Restructuring charges, net   | 59                 | 92               | 2,056           | 4,072             |
| Acquisition and integration related expenses   | 388                | 282              | 429             | 1,194             |
| Amortization of intangibles and fixed asset fair value adjustment due to acquisition | 4,953              | 4,206            | 9,902           | 8,992             |
| Impairment of long-lived assets  | -                  | 421              | 743             | 479               |
| Loss contingency   | 280                | -                | 413             | -                 |
| Income tax valuation allowance   | -                  | -                | -               | 150               |
| Non-GAAP net profit (loss)   | <u>\$ 4,873</u>    | <u>\$ (274)</u>  | <u>\$ 2,595</u> | <u>\$ (7,127)</u> |
| Non-GAAP net profit (loss) per share:  |                    |                  |                 |                   |
| Basic  | <u>\$ 0.09</u>     | <u>\$ (0.01)</u> | <u>\$ 0.05</u>  | <u>\$ (0.13)</u>  |
| Diluted  | <u>\$ 0.08</u>     | <u>\$ (0.01)</u> | <u>\$ 0.05</u>  | <u>\$ (0.13)</u>  |
| Weighted-average number of shares used in per share calculations:                    |                    |                  |                 |                   |
| Basic  | <u>55,812</u>      | <u>54,105</u>    | <u>55,431</u>   | <u>53,886</u>     |
| Diluted  | <u>57,373</u>      | <u>54,105</u>    | <u>57,012</u>   | <u>53,886</u>     |

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