



Q3'14 Earnings Call

Web Slide Presentation



Revenue by Geographical Region (millions)

	<u>Q3 2014</u>	<u>Q2 2014</u>	<u>Q3 2013</u>
Asia Pacific	\$ 24.5	\$ 21.4	\$ 27.4
North America	19.6	17.1	17.2
South Korea	14.5	14.7	12.6
Europe / Middle East	8.2	9.1	4.3
Japan	7.1	5.1	6.1
	<u>\$ 73.9</u>	<u>\$ 67.4</u>	<u>\$ 67.6</u>

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

Revenue by Market Segment (millions)

	<u>Q3 2014</u>	<u>Q2 2014</u>	<u>Q3 2013</u>
SOC	\$ 39.4	\$ 36.5	\$ 31.7
DRAM	31.4	26.4	28.8
Flash	3.1	4.5	7.1
	<u>\$ 73.9</u>	<u>\$ 67.4</u>	<u>\$ 67.6</u>

Q3 2014 GAAP to Non-GAAP Reconciliation

(in thousands, except for per share amounts)

	GAAP	Adjustments					Non-GAAP
	Fiscal Quarter Ended Sept. 27, 2014	Stock-based Compensation	Restructuring	Amort. / Dep. of Intangibles and FA Uplift due to Acquisition	Integration	Impairments and Loss Contingency	Fiscal Quarter Ended Sept. 27, 2014
Revenues	\$ 73,933	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,933
Cost of revenues	49,791	(700)	-	(4,294)	-	-	44,797
Gross profit	24,142	700	-	4,294	-	-	29,136
Operating expenses:							
Research and development	11,198	(1,077)	-	(14)	-	-	10,107
Sales and marketing	6,885	(889)	-	(673)	-	-	5,323
General and administrative	6,424	(1,268)	-	(2)	31	(307)	4,878
Restructuring charges, net	28	-	(28)	-	-	-	-
Long-lived asset impairment	86	-	-	-	-	(86)	-
Total operating expenses	24,621	(3,234)	(28)	(689)	31	(393)	20,308
Operating profit (loss)	(479)	3,934	28	4,983	(31)	393	8,828
Other income (expense), net	303	-	-	-	-	-	303
Gain (loss) before income taxes	(176)	3,934	28	4,983	(31)	393	9,131
Provision for (benefit from) income taxes	101	-	-	-	-	-	101
Net profit (loss)	\$ (277)	\$ 3,934	\$ 28	\$ 4,983	\$ (31)	\$ 393	\$ 9,030
Net profit (loss) per share:							
Basic	\$ (0.00)	\$ 0.07	\$ 0.00	\$ 0.09	\$ (0.00)	\$ 0.01	\$ 0.16
Diluted	\$ (0.00)	\$ 0.07	\$ 0.00	\$ 0.09	\$ (0.00)	\$ 0.01	\$ 0.16
Weighted-average number of shares used in per share calculations:							
Basic	56,297	56,297	56,297	56,297	56,297	56,297	56,297
Diluted	57,597	57,597	57,597	57,597	57,597	57,597	57,597

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.

Q3 2014 GAAP to Non-GAAP Reconciliation

(in thousands, except for per share amounts)

	Three Months Ended		Year to Date	
	Sept. 27 2014	Sept. 28 2013	Sept. 27 2014	Sept. 28 2013
GAAP net loss	\$ (277)	\$ (10,714)	\$ (17,314)	\$ (38,894)
Stock-based compensation	3,934	2,958	10,023	9,125
Restructuring charges, net	28	143	2,084	4,215
Acquisition and integration related expenses	(31)	106	398	1,300
Amortization of intangibles and fixed asset fair value adjustment due to acquisition	4,983	3,955	14,885	12,947
Impairment of long-lived assets	86	15	829	494
Loss contingency	307	-	720	-
Income tax valuation allowance	-	-	-	150
Non-GAAP net profit (loss)	<u>\$ 9,030</u>	<u>\$ (3,537)</u>	<u>\$ 11,625</u>	<u>\$ (10,663)</u>
Non-GAAP net profit (loss) per share:				
Basic	<u>\$ 0.16</u>	<u>\$ (0.06)</u>	<u>\$ 0.21</u>	<u>\$ (0.20)</u>
Diluted	<u>\$ 0.16</u>	<u>\$ (0.06)</u>	<u>\$ 0.20</u>	<u>\$ (0.20)</u>
Weighted-average number of shares used in per share calculations:				
Basic	<u>56,297</u>	<u>54,437</u>	<u>55,720</u>	<u>54,070</u>
Diluted	<u>57,597</u>	<u>54,437</u>	<u>57,110</u>	<u>54,070</u>

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