



Web Slides

August 2, 2017



Revenue By Geographic Region (millions)

	<u>Q2 2017</u>	<u>Q1 2017</u>	<u>Q2 2016</u>
Asia Pacific	\$ 20.4	\$ 26.0	\$ 4.4
United States	50.5	39.8	31.6
Taiwan	29.8	19.6	12.9
South Korea	22.7	18.7	17.6
Europe	9.4	8.8	12.1
Japan	10.6	15.2	4.5
Rest of World	<u>0.6</u>	<u>0.7</u>	<u>0.0</u>
	<u>\$ 144.0</u>	<u>\$ 128.8</u>	<u>\$ 83.1</u>

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

Q2 2017 and Q1 2017 include the financial results from our Cascade Microtech, Inc. acquisition completed on June 24, 2016.

Revenue by Market Segment (millions)

	<u>Q2 2017</u>	<u>Q1 2017</u>	<u>Q2 2016</u>
Foundry & Logic	\$ 88.7	\$ 74.3	\$ 57.9
DRAM	31.5	29.0	24.2
Flash	1.4	3.2	1.0
Systems	<u>22.4</u>	<u>22.3</u>	<u>0.0</u>
	<u>\$ 144.0</u>	<u>\$ 128.8</u>	<u>\$ 83.1</u>

Q2 2017 and Q1 2017 include the financial results from our Cascade Microtech, Inc. acquisition completed on June 24, 2016.

Q2 2017 GAAP to Non-GAAP Reconciliation

(In thousands, except for per share amounts)

	Three Months Ended		Year to Date	
	July 1, 2017	June 25, 2016	July 1, 2017	June 25, 2016
GAAP net income (loss)	\$ 17,577	\$ 36,884	\$ 22,762	\$ 23,084
Stock-based compensation	3,390	1,541	6,692	4,275
Restructuring and impairment charges, net	44	6,910	313	6,910
Acquisition and integration related expenses	419	3,795	1,007	5,796
Amortization of intangibles	7,934	2,767	16,474	5,537
Income tax valuation allowance release	-	(43,938)	-	(43,938)
Contingency	-	-	(206)	-
Income tax effect of non-GAAP adjustments	(130)	-	(557)	-
Non-GAAP net income (loss)	<u>\$ 29,234</u>	<u>\$ 7,959</u>	<u>\$ 46,485</u>	<u>\$ 1,664</u>
Non-GAAP net income (loss) per share:				
Basic	<u>\$ 0.40</u>	<u>\$ 0.13</u>	<u>\$ 0.65</u>	<u>\$ 0.03</u>
Diluted	<u>\$ 0.40</u>	<u>\$ 0.13</u>	<u>\$ 0.64</u>	<u>\$ 0.03</u>
Weighted-average number of shares used in per share calculations:				
Basic	<u>72,200</u>	<u>59,572</u>	<u>71,821</u>	<u>59,001</u>
Diluted	<u>72,922</u>	<u>59,988</u>	<u>73,185</u>	<u>59,639</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 intangibles, contingencies, 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 2017 GAAP to Non-GAAP Reconciliation

(In thousands, except for per share amounts)

	GAAP		Adjustments				Non-GAAP
	Quarter Ended July 1, 2017	Stock-based Compensation	Restructuring & Impairment	Intangible Amortization	Acquisition & Integration	Contingency	Quarter Ended July 1, 2017
Revenues	\$ 143,976	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143,976
Cost of revenues	82,209	(792)	-	(5,903)	-	-	75,514
Gross profit	61,767	792	-	5,903	-	-	68,462
Operating expenses:							
Research and development	18,542	(1,249)	-	-	-	-	17,293
Sales and marketing	15,356	(649)	-	(2,031)	(119)	-	12,557
General and administrative	8,246	(700)	-	-	(300)	-	7,246
Restructuring and impairment charges, net	44	-	(44)	-	-	-	-
Total operating expenses	42,188	(2,598)	(44)	(2,031)	(419)	-	37,096
Operating profit (loss)	19,579	3,390	44	7,934	419	-	31,366
Interest expense, net	(1,069)	-	-	-	-	-	(1,069)
Other income, net	107	-	-	-	-	-	107
Income before income taxes	18,617	3,390	44	7,934	419	-	30,404
Provision for income taxes	1,040	37	-	88	5	-	1,170
Net income	\$ 17,577	\$ 3,353	\$ 44	\$ 7,846	\$ 414	\$ -	\$ 29,234
Net income per share:							
Basic	\$ 0.24	\$ 0.05	\$ 0.00	\$ 0.11	\$ 0.01	\$ -	\$ 0.40
Diluted	\$ 0.24	\$ 0.05	\$ 0.00	\$ 0.11	\$ 0.01	\$ -	\$ 0.40
Weighted-average number of shares							
Basic	72,200	72,200	72,200	72,200	72,200	72,200	72,200
Diluted	73,539	73,539	73,539	73,539	73,539	73,539	73,539

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