

Rambus Second Quarter 2015 Financial Results

July 20, 2015

Rambus



Safe Harbor Provision

This presentation will contain forward-looking statements regarding our financial prospects, demand for our products, and product development, among other things. Such forward looking statements are based on current expectations, estimates and projections about the Company's industry, and management's beliefs and assumptions. These statements are subject to risks and uncertainties, which are more fully described in the documents that we file with the SEC, including our 10-Ks, 10-Qs and 8-Ks, and these statements may differ materially from our actual results.

This presentation contains non-GAAP financial measures which exclude stock-based compensation, retention bonus, amortization, and other one-time events. We believe the presentation of pro forma operating costs and expenses provides management and investors with meaningful information to understand and analyze our guidance. However, this presentation should not be considered in isolation or as a substitute for the comparable GAAP measurement, when available. In the case of any forward-looking projections or estimates containing non-GAAP information discussed on this call, reconciliation may not be available due to the unreasonable effort to make such a determination or provide such information as more fully described on our website.

Certain amounts may be off by \$0.1M due to rounding.

Highlights

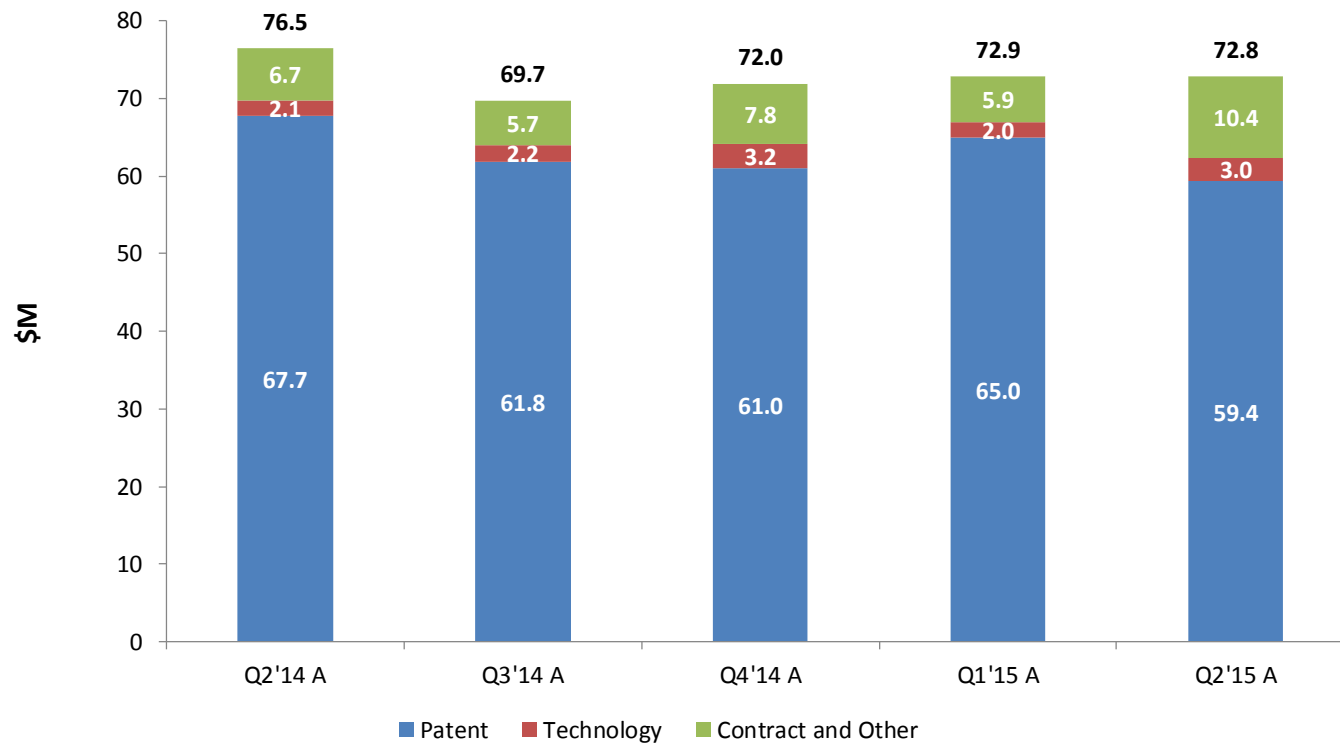
- Q2 2015 revenue of **\$72.8 million**
- Q2 2015 non-GAAP diluted net income per share of **\$0.13**
- **Remained GAAP profitable**
- Extended license agreement with SK hynix to 2024
- Renewed license agreement with Renesas Electronics Corporation

Q2'15 Actual Results Versus Guidance

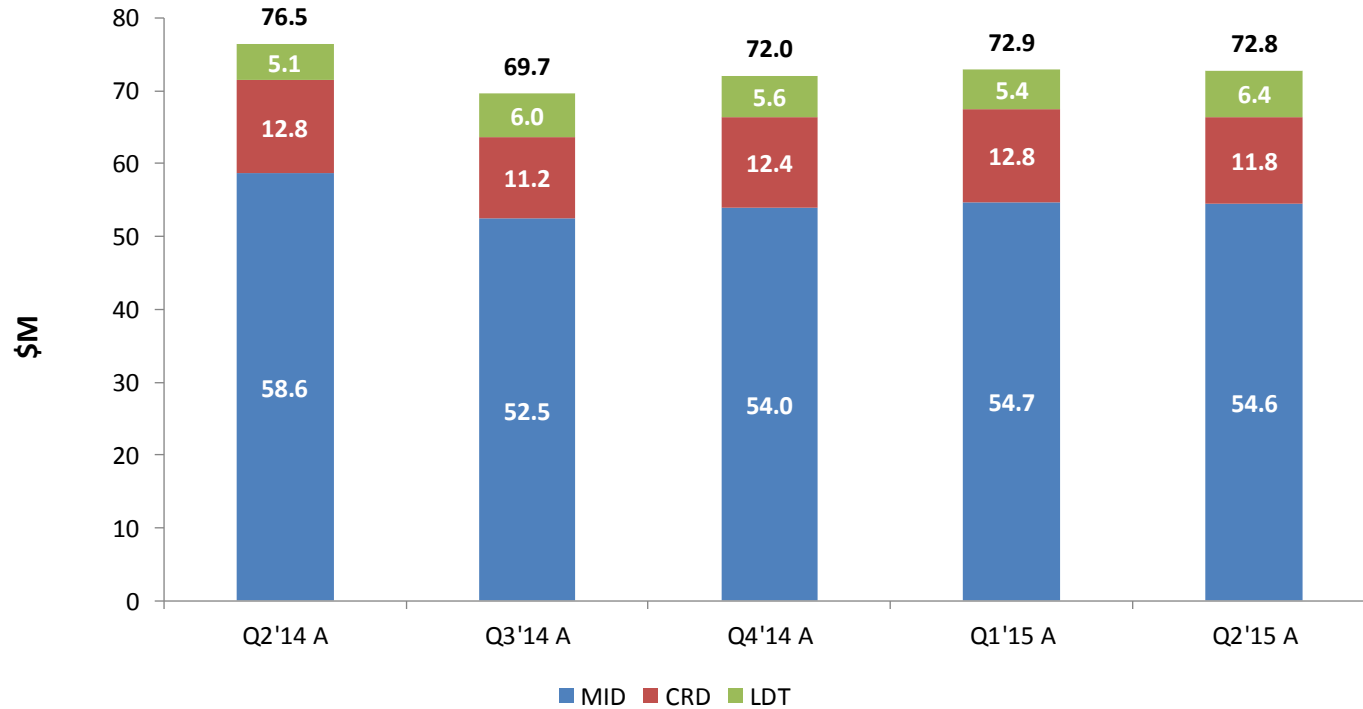
\$M	Actual Q2'15	Q2'15 Guidance		
Revenue	72.8	70	-	74
Pro forma operating costs and expenses	46.5	49	-	46
Pro forma net income	16.0	13	-	17

- Close to mid-point of revenue guidance
- At high-end of net income guidance

Quarterly Revenue



Quarterly Revenue by Business Units



Q2'15 Pro Forma Operating Costs and Expenses

\$M	Actual Q2'15	Actual Q1'15	Variance QoQ	Actual Q2'14	Variance YoY
Cost of revenue (GAAP)	12.1	10.8	1.4	10.6	1.5
Research and development (GAAP)	29.2	28.5	0.7	27.7	1.5
Stock-based compensation	(2.1)	(1.8)	(0.3)	(2.6)	0.6
Acquisition-related transaction costs and retention bonus	0.0	(0.0)	0.0	(0.9)	0.9
Amortization	(5.7)	(5.7)	0.0	(6.4)	0.7
Pro forma Engineering costs and expenses	33.6	31.8	1.8	28.4	5.1
Sales, general and administrative(SG&A) (GAAP)	17.3	18.5	(1.2)	18.6	(1.3)
Stock-based compensation	(2.4)	(2.0)	(0.4)	(2.2)	(0.1)
Acquisition-related transaction costs and retention bonus	0.0	0.0	0.0	(0.2)	0.2
Amortization	(0.6)	(0.6)	0.0	(0.4)	(0.2)
Pro forma SG&A costs and expenses	14.4	15.9	(1.5)	15.8	(1.5)
Gain from sale of intellectual property	(0.9)	(2.3)	1.4	0	(0.9)
Gain from settlement	(0.5)	(0.5)	0.0	(0.5)	0.0
Pro forma operating costs and expenses	46.5	44.9	1.6	43.8	2.7

Q2'15 Operating and EBITDA Margins

\$M Revenue Total operating costs and expenses Operating income Operating margin % Add Back: Depreciation Amortization EBITDA EBITDA %	GAAP	Pro Forma	GAAP	Pro Forma	GAAP	Pro Forma
	Actual	Actual	Actual	Actual	Actual	Actual
	Q2'15	Q2'15	Q1'15	Q1'15	Q2'14	Q2'14
Revenue	72.8	72.8	72.9	72.9	76.5	76.5
Total operating costs and expenses	57.3	46.5	55.0	44.9	56.4	43.8
Operating income	15.6	26.3	17.9	28.0	20.1	32.7
Operating margin %	21%	36%	25%	38%	26%	43%
Add Back:						
Depreciation	3.1	3.1	3.2	3.2	3.5	3.5
Amortization	6.3	0	6.3	0	6.8	0
EBITDA	24.9	29.4	27.4	31.2	30.4	36.2
EBITDA %	34%	40%	38%	43%	40%	47%

Q2'15 Pro Forma Provision for Income Taxes

\$M	Actual Q2'15	Actual Q1'15	Variance QoQ	Actual Q2'14	Variance YoY
Provision for income taxes (GAAP)	5.8	5.4		6.4	
Adjustment to GAAP provision for income taxes	3.2	4.1		4.2	
Pro forma provision for income taxes	9.0	9.6	(0.6)	10.6	(1.6)

Supplemental Reconciliation of GAAP to Non-GAAP Effective Tax Rate (1)

\$M	Actual Q2'15	Actual Q1'15	Variance QoQ	Actual Q2'14	Variance YoY
GAAP effective tax rate	46%	36%		56%	
Adjustment to GAAP effective tax rate	-10%	0%		-20%	
Pro forma effective tax rate	36%	36%	(0.0)	36%	(0.0)

(1) For purposes of internal forecasting, planning and analyzing future periods that assumes net income from operations, the Company estimates a fixed, long-term projected tax rate of approximately 36 percent, which consists of estimated U.S. federal and state tax rates, and excludes tax rates associated with certain items such as withholding tax, tax credits and deferred tax asset valuation allowance. Accordingly, the Company has applied the 36 percent tax rate to its non-GAAP financial results for all periods to assist the Company's planning for future periods.

Q2'15 Pro Forma Net Income

\$M	Actual Q2'15	Actual Q1'15	Variance QoQ	Actual Q2'14	Variance YoY
Revenue	72.8	72.9	(0.1)	76.5	(3.7)
Pro forma operating costs and expenses	46.5	44.9	1.6	43.8	2.7
Pro forma operating income	26.3	28.0	(1.7)	32.7	(6.5)
Pro forma Interest and other income (expenses), net	(1.3)	(1.4)	0.1	(3.2)	1.9
Pro forma income before income taxes	25.0	26.6	(1.6)	29.5	(4.6)
Pro forma income tax provision (at 36%)	9.0	9.6	(0.6)	10.6	(1.6)
Pro forma net income	16.0	17.0	(1.0)	18.9	(2.9)

Pro forma Basic EPS

\$0.14

\$0.15

\$0.17

Pro forma Diluted EPS

\$0.13

\$0.14

\$0.16

Cash & Marketable Securities

\$M	Actual Q2'15	Actual Q1'15	Actual Q2'14
Cash & marketable securities - beginning	318	300	403
Cash generated/(used) from operations	24	15	10
Cash generated/(used) from investing & financing	6	3	(167)
Cash & marketable securities - ending	348	318	246

Q3'15 Guidance

\$M	Q3'15 Guidance		
	Low		High
Revenue	73	-	78
Pro forma operating costs and expenses	49	-	46
Pro forma operating income	24	-	32
Pro forma interest and other income (expense), net	(1)	-	(1)
Pro forma income before income taxes	23	-	31
Pro forma tax provision @ 36%	8	-	11
Pro forma net income	15	-	20

2015 Guidance

2015 Guidance	2015 Guidance		
	Low		High
Revenue	300	-	315
Pro forma operating costs and expenses	190	-	185
Pro forma net income	67	-	79

Thank you



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Appendix

Q2'15 Pro Forma Operating Costs and Expenses

SM	Actual Q2'15	Actual Q1'15	Variance QoQ	Actual Q2'14	Variance YoY
GAAP operating costs and expenses	57.3	55.0	2.2	56.4	0.8
<u>Adjustments</u>					
Stock based compensation	(4.4)	(3.8)	(0.6)	(4.9)	0.4
Acquisition-related transaction costs and retention bonus	0.0	(0.0)	0.0	(1.0)	1.0
Amortization	(6.3)	(6.3)	0.0	(6.8)	0.4
Restructuring charges	-	-	-	0.0	0.0
Pro Forma operating costs and expenses	46.5	44.9	1.6	43.8	2.7

Q2'15 GAAP and Pro Forma P&L

\$M	GAAP Actual Q2'15	Pro Forma Actual Q2'15	Delta to GAAP
Revenue	72.8	72.8	-
Cost of revenue	12.1	6.4	(5.7)
Research and development	29.2	27.2	(2.0)
Sales, general and administrative	17.3	14.4	(3.0)
Gain from sale of intellectual property	(0.9)	(0.9)	-
Gain from settlement	(0.5)	(0.5)	-
Total operating costs and expenses	57.3	46.5	(10.7)
Operating Income	15.6	26.3	10.7
Interest and other income (expense), net	(2.9)	(1.3)	1.6
Income before income taxes	12.7	25.0	12.3
Income tax provision	5.8	9.0	3.2
Net Income	6.9	16.0	9.1