

Rambus First Quarter 2016 Financial Results



April 18, 2016

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

- Q1 2016 revenue of **\$72.7 million**
- Q1 2016 non-GAAP diluted net income per share of **\$0.13**
- Extended patent license agreement with AMD
- Acquired secure mobile payment and smart ticketing solutions businesses, Bell ID and Ecebs
- Bell ID to support Android Pay

Progress with our Recent Acquisitions



- Leader in cloud-based mobile payments
- Simplifying adoption of mobile payments for banks and card issuers
- Support for all mobile payment platforms
- Pioneer in HCE (Host Card Emulation)
 - With a secure element in the cloud
 - Incorporates tokenization

- Leading supplier of Smart Ticketing systems
- Infrastructure for ticket vending, validation, and reconciliation
- Leader in ITSO, the world's leading open smart ticketing standard
- Modernizing and mobilizing ticketing

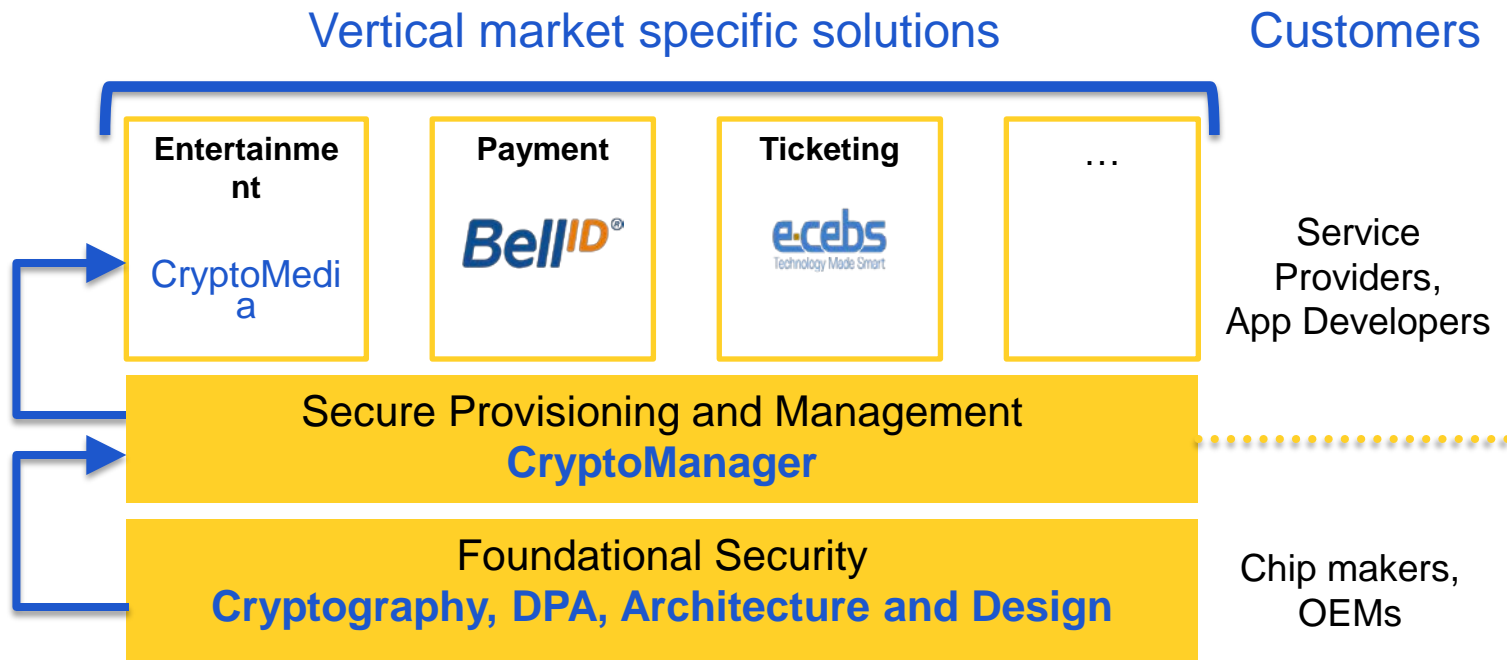


Integration of Secure Identity Services

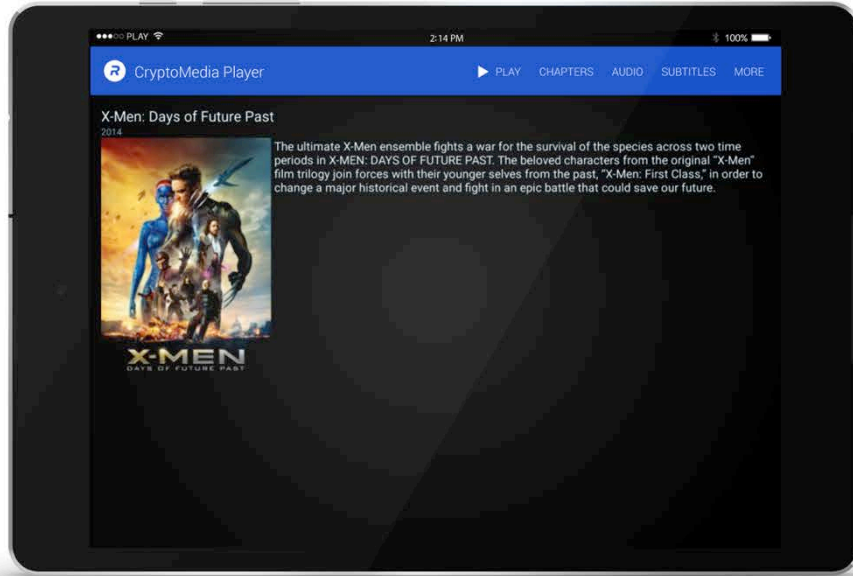


Accelerating In-field Capabilities

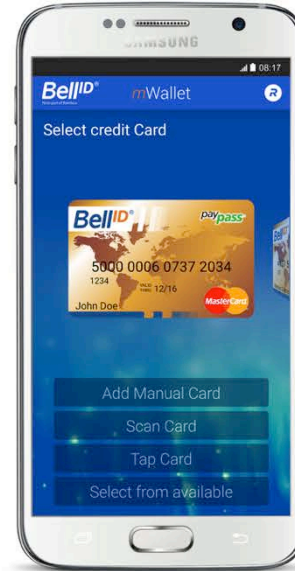
Leverage Foundational Technology to Enable Value-Added Solutions



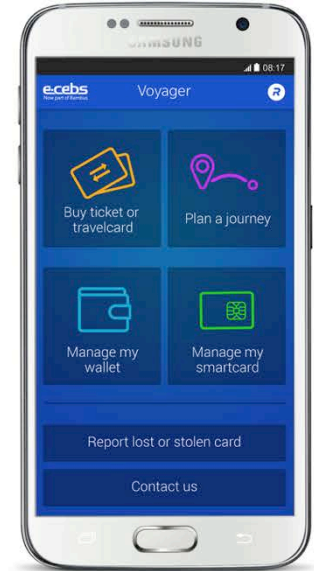
Key Verticals: Entertainment, Banking & ID



Mobile Digital
Rights Management



Mobile
Payment



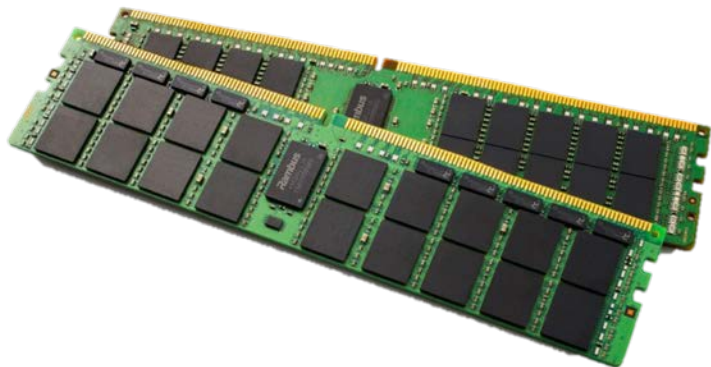
Smart
Ticketing

Charting a New Course for Semiconductors



Standard Made Better

DDR4 Server DIMM Chipset



Industry-leading Performance and Margin

- Compliant with latest JEDEC spec @ 2666 Mbps; built-in support for 2933Mbps
- Wide margin IO design with advanced programmability
- Exceeds JEDEC reliability requirements

Optimized Power

- Frequency-based power optimization

Best-in-class Debug and Serviceability

- Integrated tools for bring-up and debug
- Works out of the box with default system BIOS



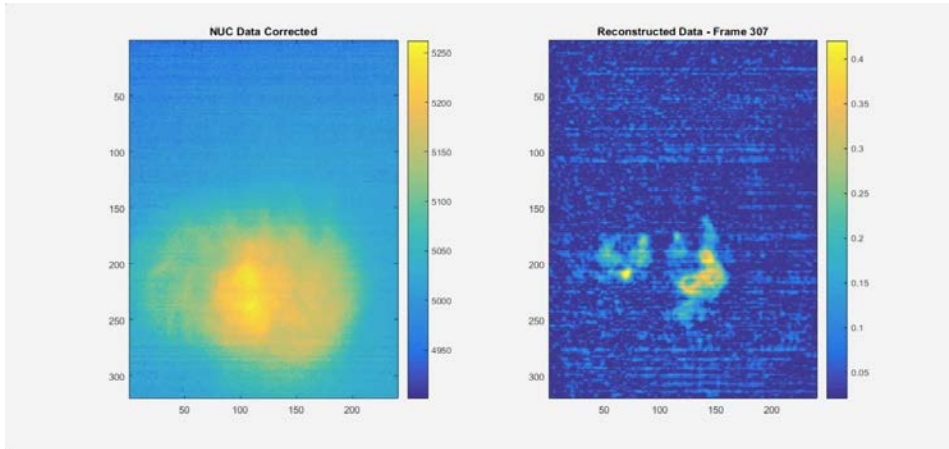
Smart Data Acceleration Research Program



- Exploring alternatives to accelerate the delivery and computation of data
 - System architectures
 - Application and Platform Software
 - FPGA acceleration
- Compatible with existing data center hardware and software infrastructure

Extending Lensless Smart Sensors to Thermal

Diffraction optics combine with optimized algorithms to enable a breadth of capabilities:



- Image change detection
- Point tracking
- Range finding
- Sophisticated gesture recognition
- Object recognition
- Image capture
- Video streaming

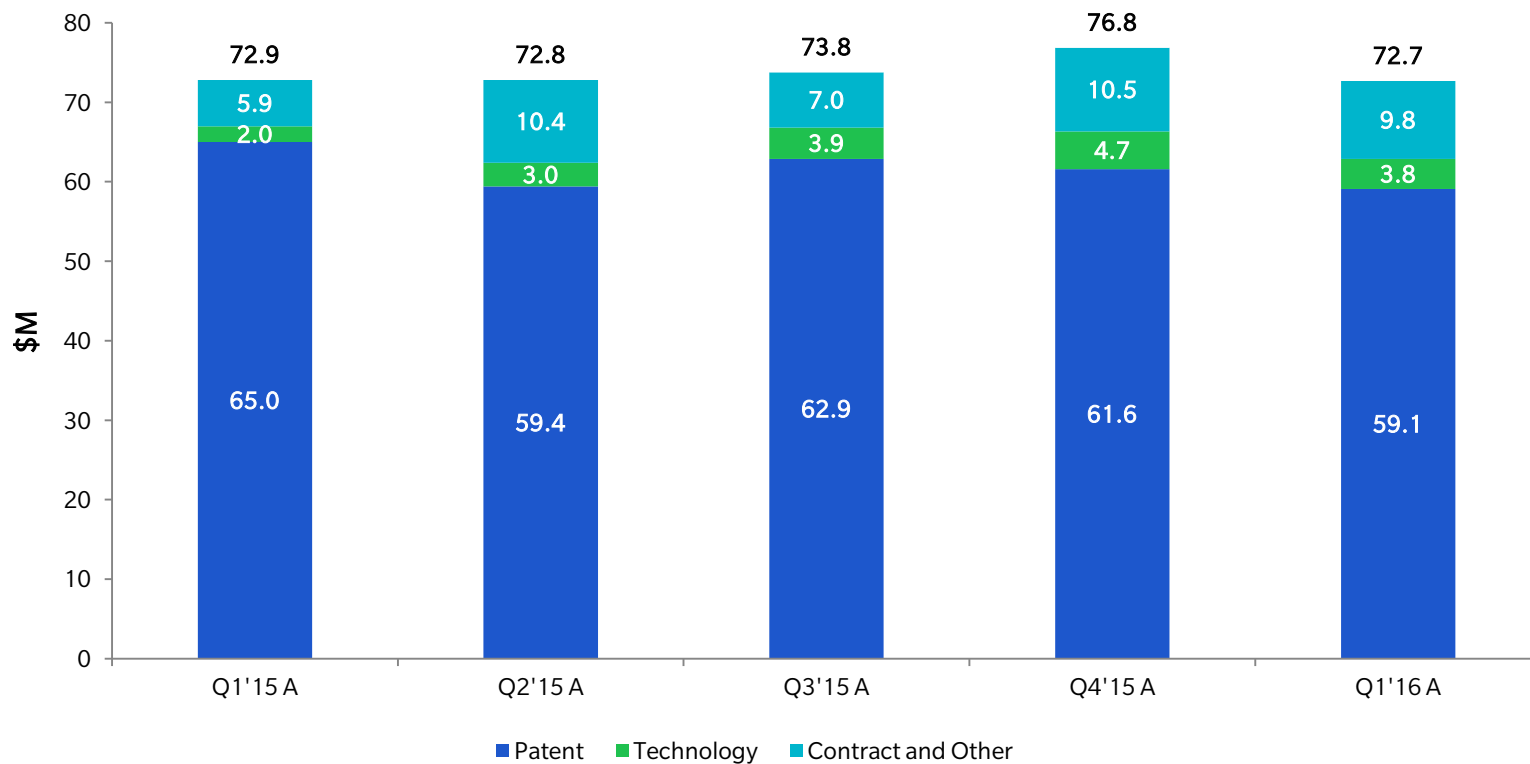
Financial Results



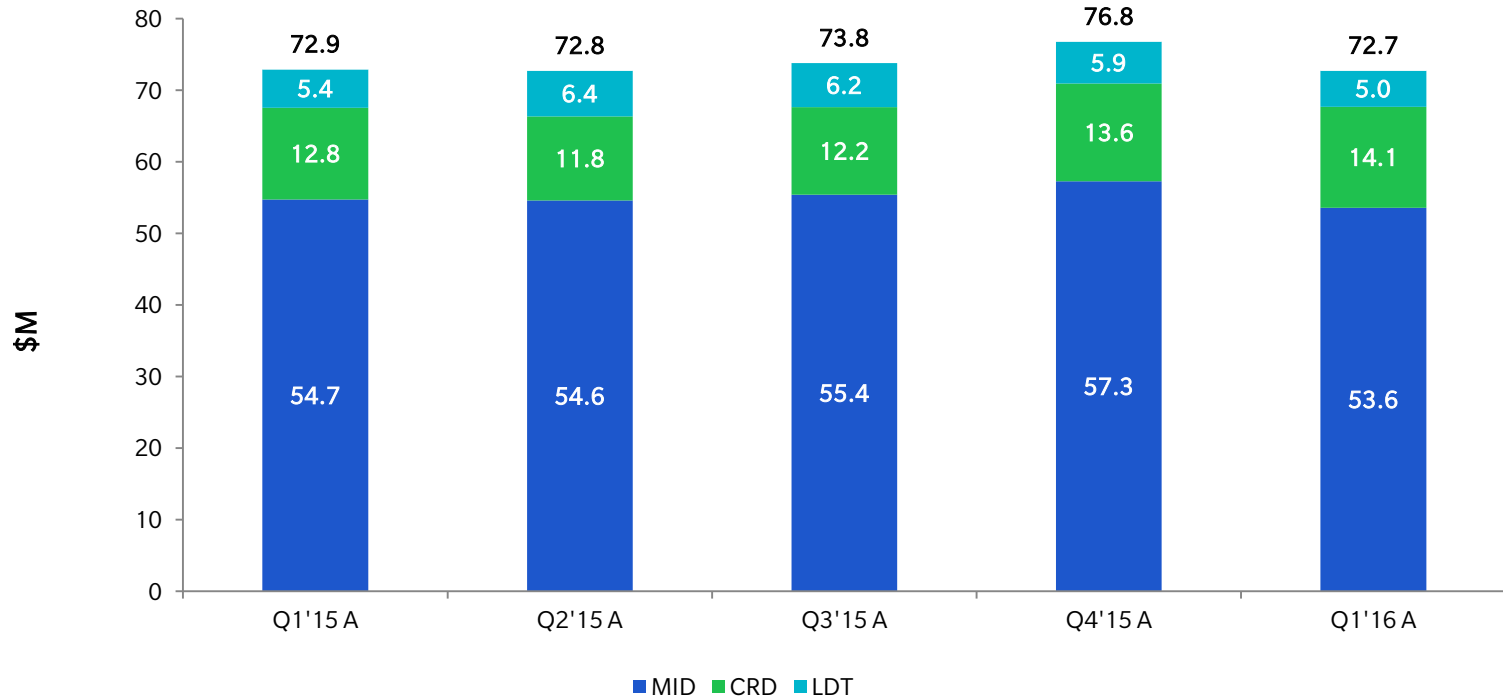
Q1'16 Actual Results Versus Guidance

\$M	Actual Q1'16	Q1'16 Guidance		
Revenue	72.7	71	-	75
Pro forma operating costs and expenses	49.0	55	-	51
Pro forma net income	14.6	10	-	15

Quarterly Revenue



Quarterly Revenue by Business Units



Pro Forma Operating Costs and Expenses

\$M	Actual Q1'16	Actual Q4'15	Variance QoQ	Actual Q1'15	Variance YoY
Cost of revenue (GAAP)	12.2	11.4	0.8	10.8	1.5
Research and development (GAAP)	28.5	25.6	3.0	28.5	0.0
Stock-based compensation	(2.1)	(1.5)	(0.6)	(1.8)	(0.3)
Acquisition-related transaction costs and retention bonus	0.0	0.0	0.0	(0.0)	0.0
Amortization	(6.4)	(5.5)	(0.9)	(5.7)	(0.7)
Pro forma Engineering costs and expenses	32.2	29.9	2.3	31.8	0.4
Sales, general and administrative(SG&A) (GAAP)	23.1	16.9	6.2	18.5	4.6
Stock-based compensation	(2.8)	(1.9)	(0.9)	(2.0)	(0.8)
Acquisition-related transaction costs and retention bonus	(1.8)	0.0	(1.8)	0.0	(1.8)
Amortization	(1.3)	(0.6)	(0.7)	(0.6)	(0.7)
Pro forma SG&A costs and expenses	17.2	14.4	2.9	15.9	1.3
Gain from sale of intellectual property	0.0	(0.4)	0.4	(2.3)	2.3
Gain from settlement	(0.4)	(0.5)	0.1	(0.5)	0.1
Pro forma operating costs and expenses	49.0	43.4	5.7	44.9	4.1

Operating and EBITDA Margins

\$M	GAAP	Pro Forma	GAAP	Pro Forma	GAAP	Pro Forma
	Actual	Actual	Actual	Actual	Actual	Actual
	Q1'16	Q1'16	Q4'15	Q4'15	Q1'15	Q1'15
Revenue	72.7	72.7	76.8	76.8	72.9	72.9
Total operating costs and expenses	63.4	49.0	56.4	43.4	55.0	44.9
Operating income	9.3	23.7	20.3	33.4	17.9	28.0
Operating margin %	13%	33%	26%	44%	25%	38%
Add Back:						
Depreciation	3.0	3.0	3.0	3.0	3.2	3.2
Amortization	7.7	-	6.2	-	6.3	-
EBITDA	20.0	26.7	29.5	36.4	27.4	31.2
EBITDA %	27%	37%	38%	47%	38%	43%

Pro Forma Provision for Income Taxes

\$M	Actual Q1'16	Actual Q4'15	Variance QoQ	Actual Q1'15	Variance YoY
Provision for (benefit from) income taxes (GAAP)	4.5	4.6		5.4	
Adjustment to GAAP provision for income taxes	3.4	7.0		4.1	
Pro forma provision for income taxes	7.9	11.6	(3.8)	9.6	(1.7)

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

\$M	Actual Q1'16	Actual Q4'15	Variance QoQ	Actual Q1'15	Variance YoY
GAAP effective tax rate	71%	26%		36%	
Adjustment to GAAP effective tax rate	-36%	10%		0%	
Pro forma effective tax rate	35%	36%	(0.0)	36%	(0.0)

(1) For purposes of internal forecasting, planning and analyzing future periods that assume net income from operations, the Company estimates a fixed, long-term projected tax rate of approximately 35 percent for periods in 2016 and 36 percent for periods in 2015, 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, deferred tax asset valuation allowance and the release of any deferred tax asset valuation allowance. Accordingly, the Company has applied these tax rates to its non-GAAP financial results for all periods in the relevant year to assist the Company's planning for future periods.

Pro Forma Net Income

\$M	Actual Q1'16	Actual Q4'15	Variance QoQ	Actual Q1'15	Variance YoY
Revenue	72.7	76.8	(4.1)	72.9	(0.2)
Pro forma operating costs and expenses	49.0	43.4	5.6	44.9	4.1
Pro forma operating income	23.7	33.4	(9.7)	28.0	(4.3)
Pro forma Interest and other income (expenses), net	(1.2)	(1.1)	(0.1)	(1.4)	0.1
Pro forma income before income taxes	22.4	32.3	(9.8)	26.6	(4.2)
Pro forma income tax provision (35% in 2016 and 36% in 2015)	7.9	11.6	(3.8)	9.6	(1.7)
Pro forma net income	14.6	20.7	(6.1)	17.0	(2.4)

Pro forma Basic EPS

\$0.13

\$0.19

\$0.15

Pro forma Diluted EPS

\$0.13

\$0.18

\$0.14

Cash & Marketable Securities

\$M	Actual Q1'16	Actual Q4'15	Actual Q1'15
Cash & marketable securities - beginning	288	363	300
Cash generated/(used) from operations	16	23	15
Cash generated/(used) from investing & financing	(78)	(98)	3
Cash & marketable securities - ending	226	288	318

Q2'16 Guidance

\$M	Q2'16 Guidance		
	Low		High
Revenue	72	-	77
Pro forma operating costs and expenses	52	-	49
Pro forma operating income	20	-	28
Pro forma interest and other income (expense), net	(1)	-	(1)
Pro forma income before income taxes	19	-	27
Pro forma tax provision @ 35%	7	-	9
Pro forma net income	12	-	18



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Appendix

Pro Forma Operating Costs and Expenses

\$M	Actual Q1'16	Actual Q4'15	Variance QoQ	Actual Q1'15	Variance YoY
GAAP operating costs and expenses	63.4	56.4	6.9	55.0	8.4
<u>Adjustments</u>					
Stock based compensation	(4.9)	(3.3)	(1.5)	(3.8)	(1.1)
Acquisition-related transaction costs and retention bonus	(1.8)	0.0	(1.8)	(0.0)	(1.8)
Amortization	(7.7)	(6.2)	(1.6)	(6.3)	(1.4)
Restructuring charges	0.0	(3.6)	3.6	0.0	0.0
Pro Forma operating costs and expenses	49.0	43.4	5.6	44.9	4.1

GAAP and Pro Forma P&L

\$M	GAAP Actual Q1'16	Pro Forma Actual Q1'16	Delta to GAAP
Revenue	72.7	72.7	-
Cost of revenue	12.2	5.8	(6.4)
Research and development	28.5	26.4	(2.1)
Sales, general and administrative	23.1	17.2	(5.9)
Gain from settlement	(0.4)	(0.4)	-
Total operating costs and expenses	63.4	49.0	(14.4)
Operating Income	9.3	23.7	14.4
Interest and other income (expense), net	(2.9)	(1.2)	1.7
Income before income taxes	6.4	22.4	16.0
Income tax provision (benefit)	4.5	7.9	3.4
Net Income	1.9	14.6	12.7