

FormFactor Investor Presentation

December 2014



Disclosure

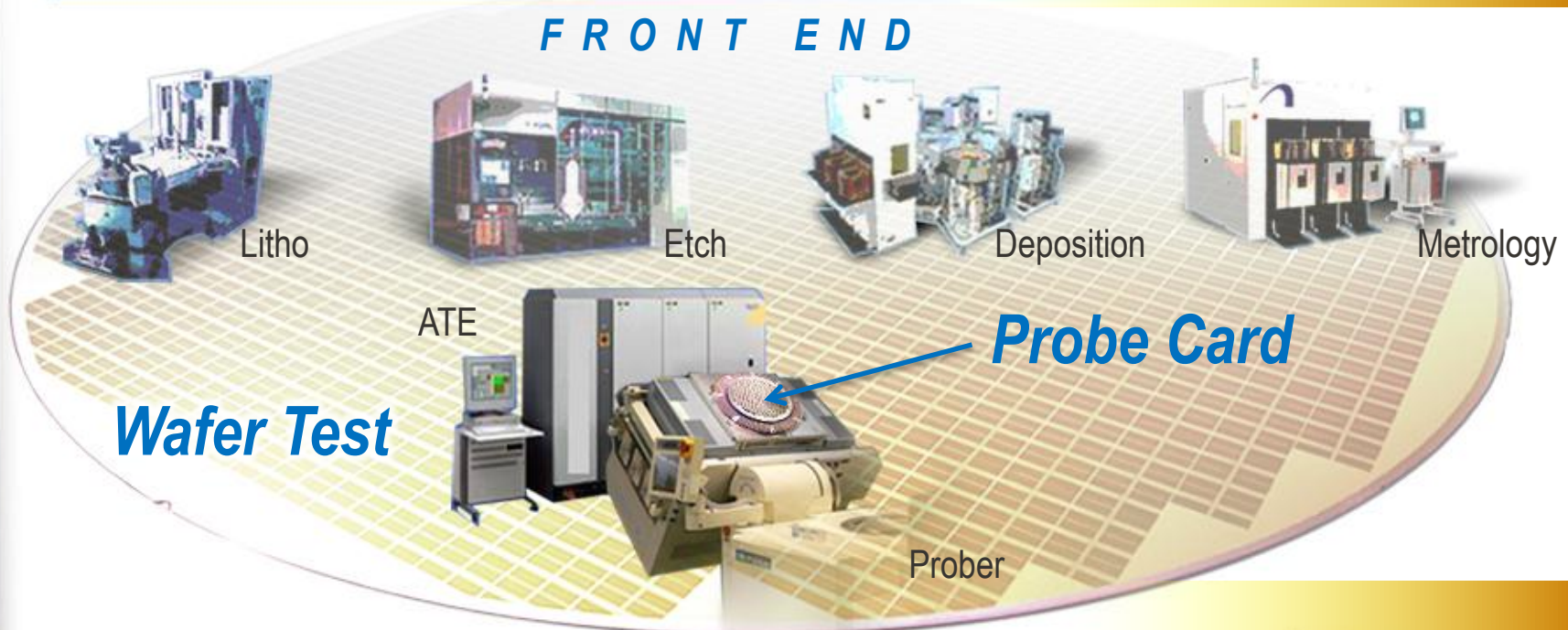
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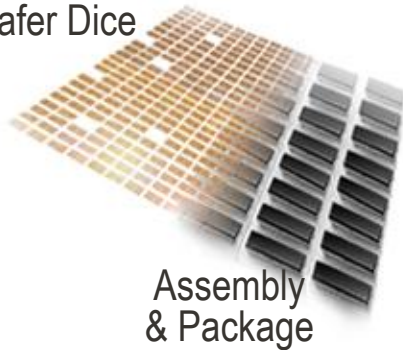
FormFactor at a Glance

- Founded 1993, IPO 2003 (NASDAQ: FORM)
- Largest Probe Card supplier in the Semiconductor Industry
 - 2013 Revenue - **\$231.5M**
 - Leading supplier of advanced probe cards ~ **\$890M market in 2013 with >5% CAGR**
- Headquarters: **Livermore, California**
 - **~940** employees worldwide
 - Sales, Service, Design Centers: **Japan, Korea, Taiwan, Singapore, EU, China**
- Structured for profitability with earnings leverage on incremental revenue
 - In 3rd quarter of 2014, delivered **12% non-GAAP operating margin and \$5.3 cash**
 - 4th quarter guidance for continued profitability and cash generation
- Strong (and strengthening) balance sheet to fund accelerated EPS growth
 - **\$154.8 Cash**, no debt

FormFactor Owns a Strategic Position in the Semiconductor Manufacturing Process



Wafer Dice



BACK END

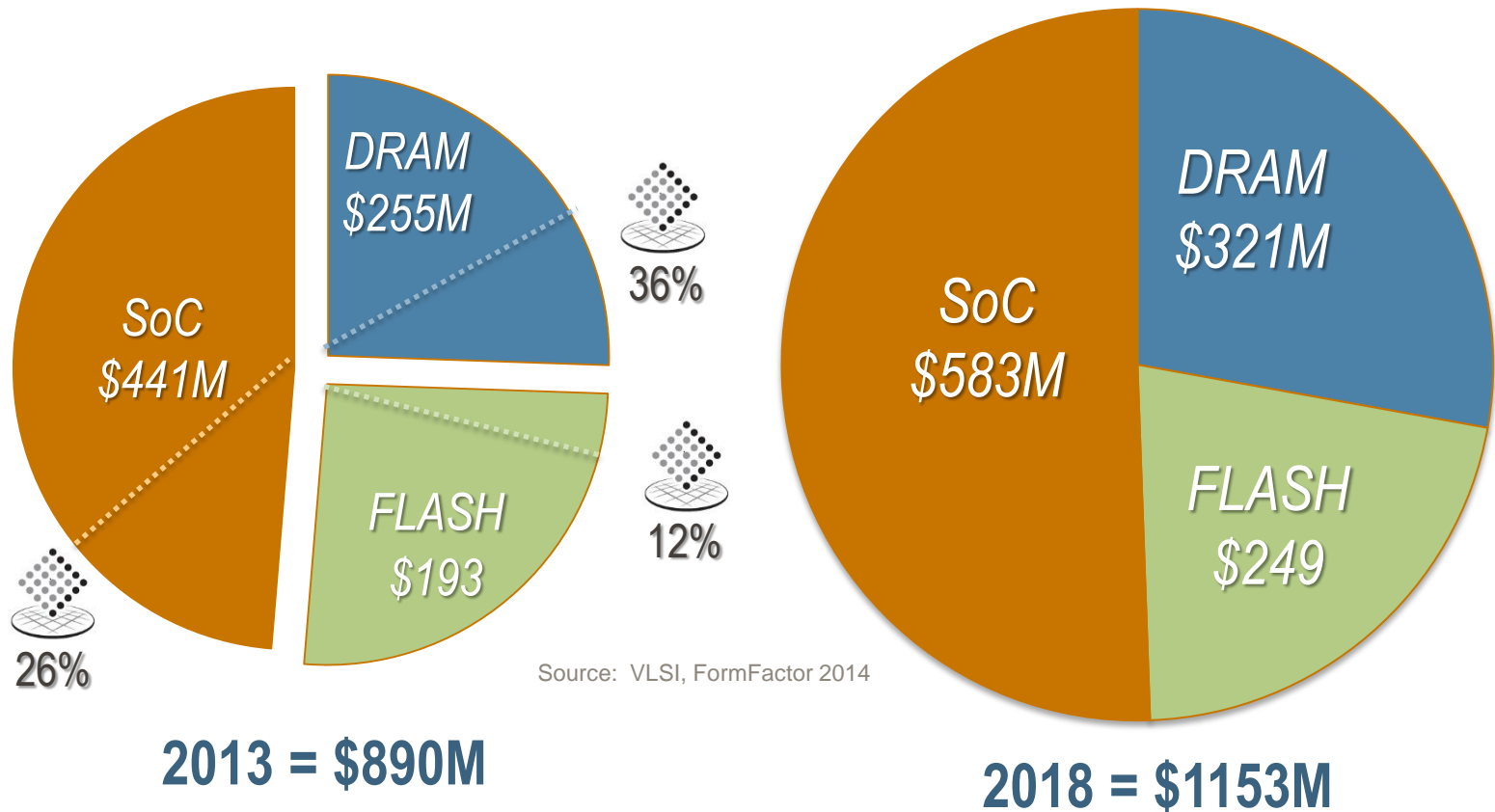


Package
Burn In



ATE
Final Test

FormFactor Holds Significant Share in the Growing Advanced Probe Card Market



Market Leadership in Advanced SoC and Memory Segments

FormFactor Recognized by Customers and VLSIresearch

VLSIresearch

FormFactor Ranked Top Worldwide Supplier of Semiconductor Probe Cards in 2013



FormFactor Rated #1 Worldwide in Customer Satisfaction for Suppliers of Sub-Systems

FormFactor's Customer Value Proposition

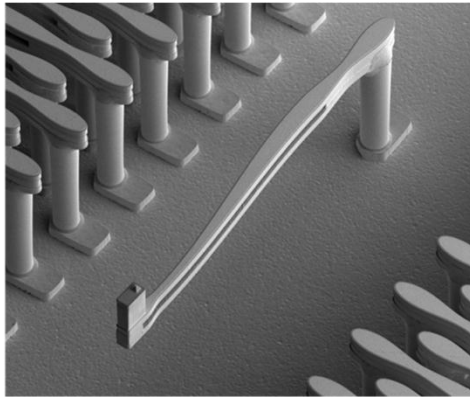
- Technology to meet accelerating customer requirements
 - MEMS technology leadership enables our customers' roadmaps
- Broadest probe card product portfolio in the industry
 - Wafer test solutions to meet a wide range of customer needs
- Industry's largest service and support infrastructure
 - Technical support resources in all major IC manufacturing regions

***Technology & Product Leadership backed by
Worldwide Customer Support***

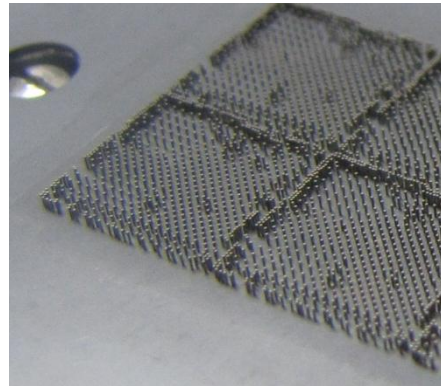
FormFactor's MEMS Technology

A Key Competitive Advantage

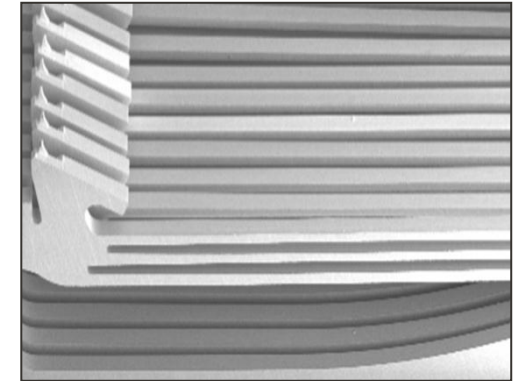
DRAM



SoC



NAND



FormFactor's Industry Leading MEMS Factory

Enabling Capability Leveraged Across SoC, DRAM & Flash Markets

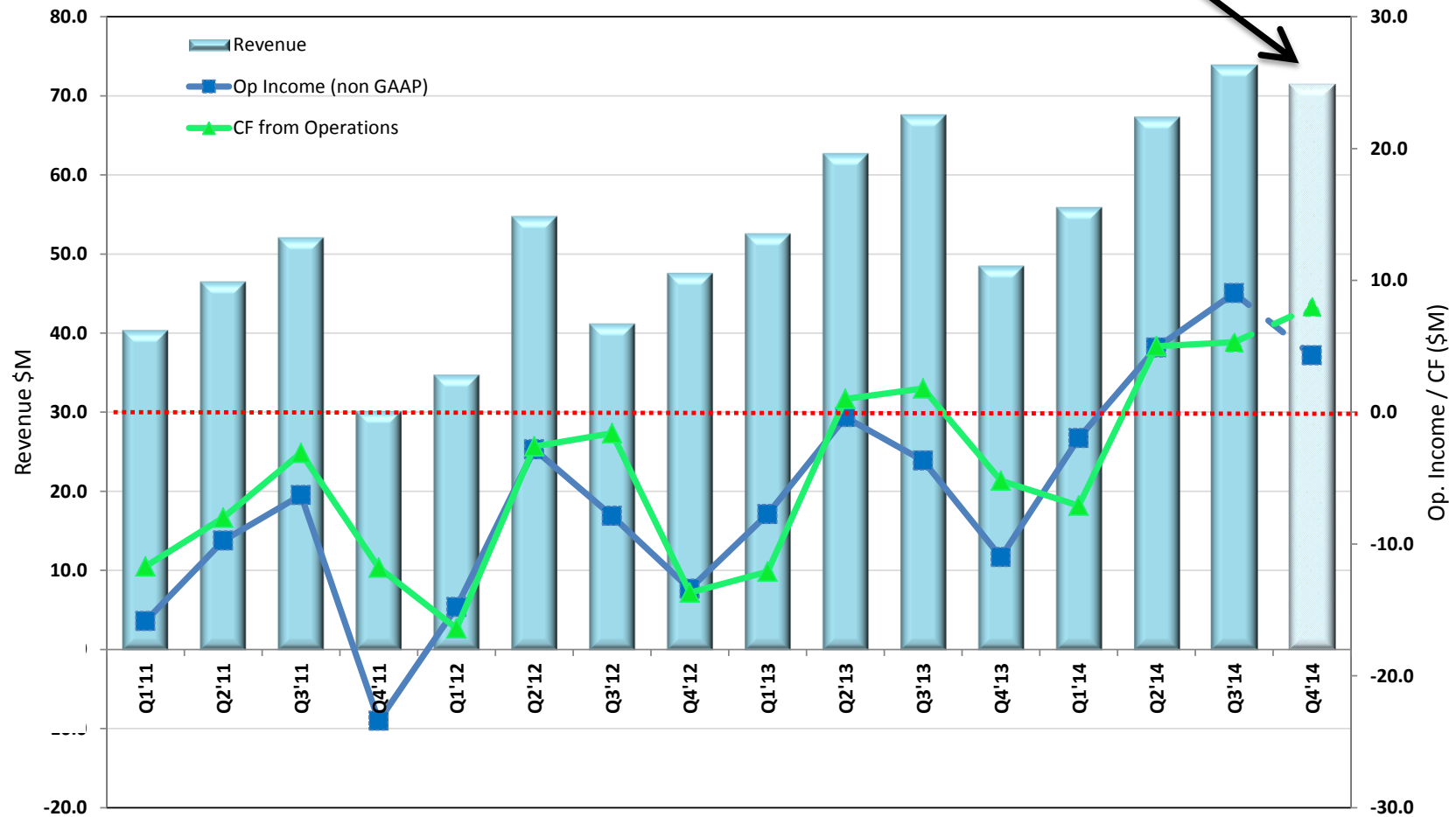
The Wafer Test Demand Landscape

- Mobile computing, automotive, and industrial markets are driving demand for both SoC and memory probe cards
 - Strong broad-based demand environment
- High-performance application processors driving advanced packaging and wafer test requirements
 - Copper pillar packaging adoption at 28nm and below
- Mobile DRAM demand growth offsetting PC-driven decline
 - Smartphone+tablet unit growth and average MByte / unit growth
- NAND Flash on a long term growth trajectory
 - More wafer starts = more probe cards = ~\$150M incremental served market

Transition to mobile-centric computing creates growth opportunities for FormFactor

Demonstrated Profitability in 2014 from Cost Reduction and Efficiency Improvement

Q4'14 Guidance
Midpoint of \$71.5M



FormFactor's Q4'14 Guidance

- Unseasonably strong broad-based demand continuing in both SOC and DRAM product segments
 - Revenue range of \$69M to \$74M
 - Fueled by product design cycles, technology node transitions
 - Non-GAAP gross margin of 32% to 36%
 - Different product mix
 - Non GAAP Operating Expenses of \$19.5M to \$20.5M
 - Cash Flow of \$7M to \$9M

FormFactor's Near-Term Growth Drivers

- SoC: \$25M - \$30M / year incremental opportunity 2016 vs. 2013
 - Mobile application processors and copper pillar packaging at 28nm & below
 - FormFactor holds a >65% market share position today
- NAND Flash: \$15 - 20M / year incremental opportunity 2016 vs. 2013
 - Continued growth in industry NAND capacity & wafer starts
 - New product qualified at initial customer with production shipments Q3'14
- DRAM: \$25M - \$30M / year incremental opportunity 2016 vs. 2013
 - Continued strength and growth in mobile computing
 - 8% - 10% FormFactor market share gains
- Incremental revenue “falls through” to operating income at ~60%

\$65M to \$75M in incremental “line-of-sight” annual revenue growth opportunities driving topline and bottom-line

FormFactor's Long-Term Growth Path

- Long term market fundamentals very favorable
 - Advanced probe card CAGR >5% thru 2018 @ \$1.1B
- Market share growth opportunity supported by improved execution and product capabilities
 - Increasing complexity in SoC, new NAND product, expanded DRAM customer base
- Inorganic growth opportunities to expand served market
 - Leveraging MEMS technology, wafer probe engineering, global customer sales & service organization

FormFactor's Financial Model at \$300M Annual Revenue

Non-GAAP Financial Metrics	Results
Revenue	~ \$300M
Gross Margin	36% - 38%
Operating Expenses	27% - 28%
Operating Income	9% - 10%
EBITDA	13% - 14%

Summary

- Improved market position at reduced cost structure have returned FormFactor to profitability
- Advanced probe card market provides significant (~\$70M) incremental mid-term growth opportunities
- Industry-leading MEMS capability is a competitive advantage in all areas of advanced probe card market
- Evaluating and pursuing M&A opportunities to accelerate growth