

FormFactor Investor Presentation

February 2016



Disclosure

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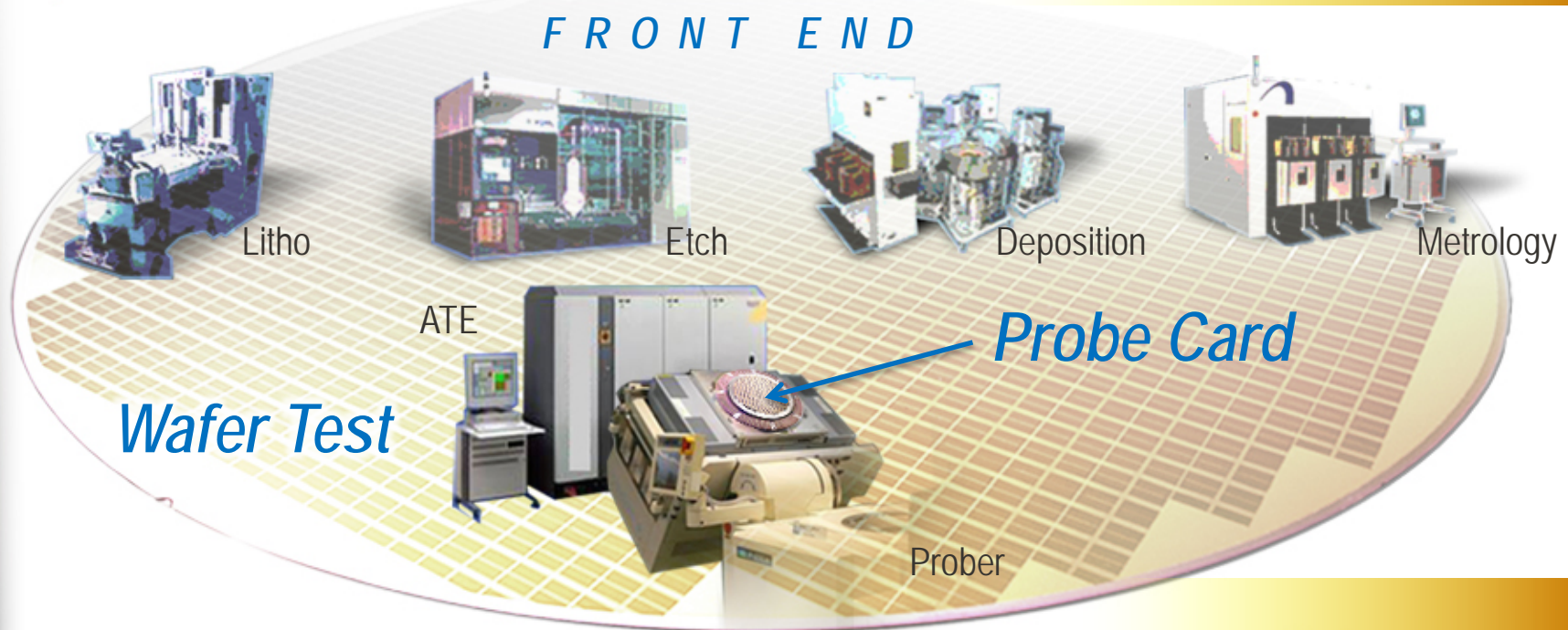
FormFactor at a Glance

- Largest supplier of probe cards to the semiconductor industry
 - Leading >\$1B market growing at >5% CAGR over next 5 years
 - Revenue of \$282.4M in 2015, grew 5% over 2014
 - Grew share of advanced probe card market to >25% in 2014
 - Continued momentum through 2015 along similar themes
 - Headquartered in California, global presence to support customers
- Uniquely leveraging scale and investments across advanced probe card market
- Structurally profitable with high earnings leverage on incremental revenue
 - Delivered 7 consecutive quarters of profitability* and cash generation
 - Demonstrated resilience of financial model despite Q3 2015 demand slowdown
 - Provided Q1'16 guidance** for an 8th quarter of profitability and cash generation
- Strong (and strengthening) balance sheet to fund EPS growth
 - \$188.0M cash and no debt in Q4'15

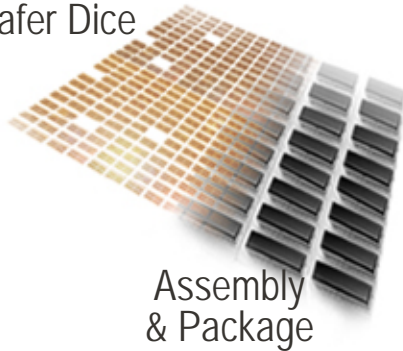
*On a non-GAAP basis

**From 02/04/16 earnings call

FormFactor Owns a Strategic Position in the Semiconductor Manufacturing Process



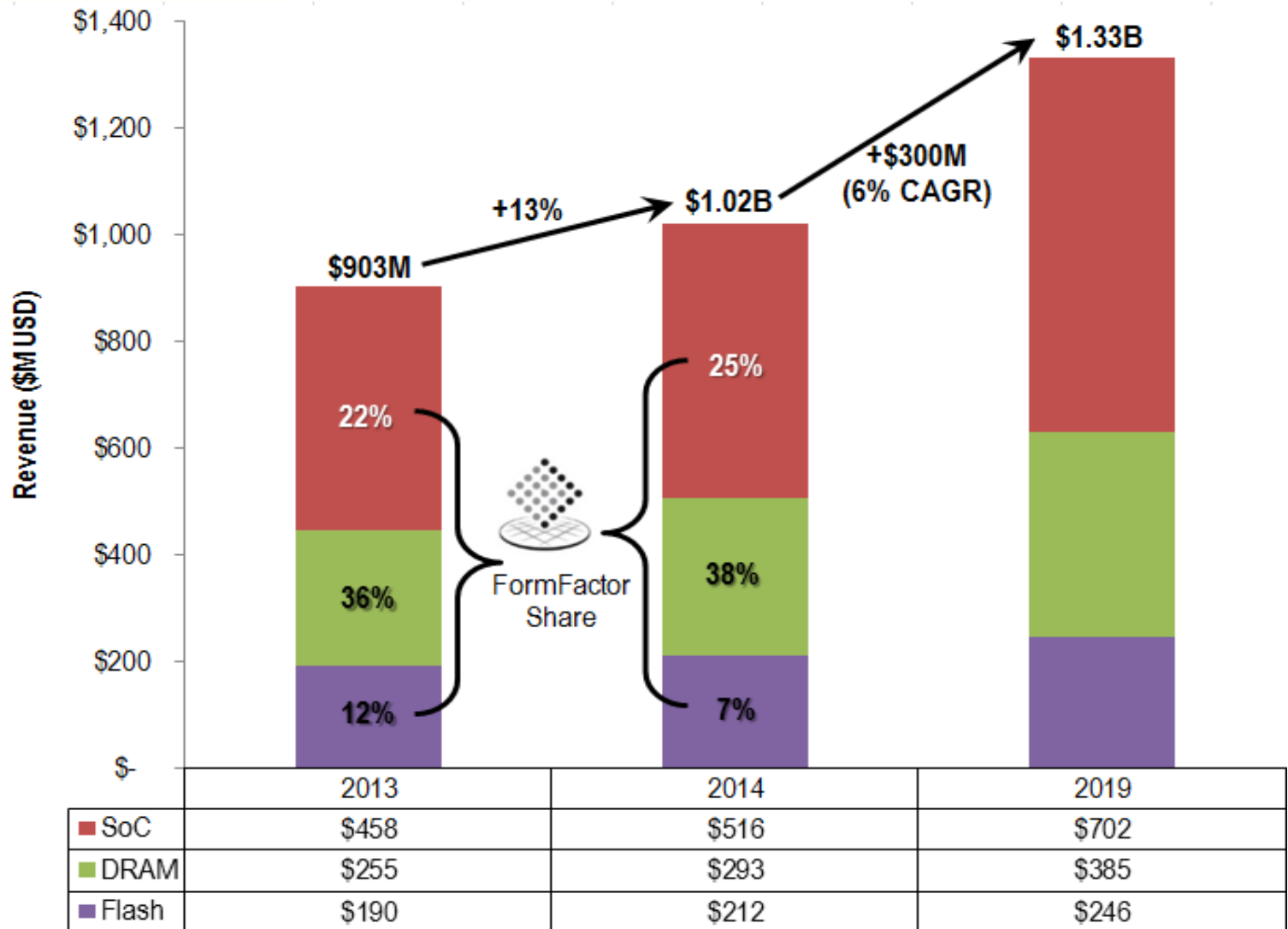
Wafer Dice



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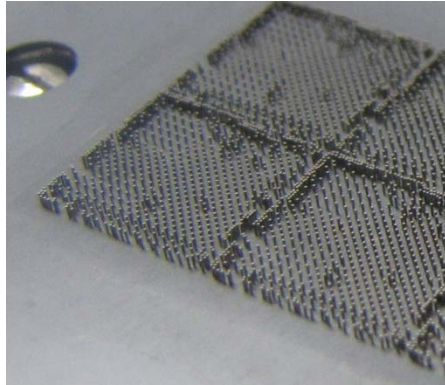
FormFactor - Gaining Share in a Growing Market



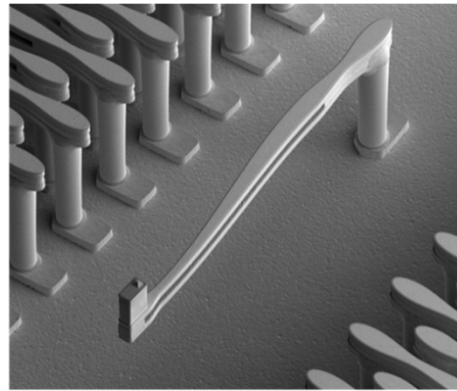
FormFactor's MEMS Technology Leadership

Enabling Customers' Roadmaps With A Key Competitive Advantage

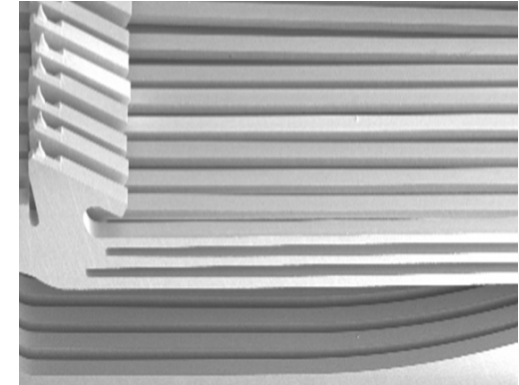
SoC



DRAM



Flash




In 2015, probe cards manufactured with MEMS technology were both the largest and fastest growing part of the market

Source: VLSIresearch



Update on FormFactor's Recent Performance

Structural profitability today with future growth components

Initiative	Result
Sustained profitability and cash generation	<ul style="list-style-type: none"> ✓ \$21.8M of non-GAAP net income and \$32.0M of cash in last 12 months (excluding \$8.2M stock buyback) ✓ Profitable & cash-flow positive for 7 consecutive quarters
Gained market share	<ul style="list-style-type: none"> ✓ Grew revenue by 16% in 2014 against 11% probe card market growth and 13% advanced probe card market growth
Strengthened customer relationships	<ul style="list-style-type: none"> ✓ Ranked 1st Worldwide in Customer Satisfaction in Suppliers of Sub-Systems for 2 years in a row 
Expanded SoC leadership position	<ul style="list-style-type: none"> ✓ Retained strong share for PC/MPU at 14nm and 10nm ✓ Expanded mobile share with copper pillar foundry ramp
Qualified SmartMatrix at all three DRAM manufacturers	<ul style="list-style-type: none"> ✓ All three major DRAM manufacturers now >10% customers
Qualified new Vector product	<ul style="list-style-type: none"> ✓ Qualified at two major NAND Flash manufacturers in 2015

Financial Results and Guidance

	2015 Actual	Q4 2015 Actual	Q1 2016 Guidance*
Revenue (\$M)	\$282.4	\$71.8	\$65M-\$70M
Gross Margin (\$M**)	\$99.2	\$24.6	
Gross Margin (%)	35.1%	34.3%	31%-35%
Operating Expenses (\$M**)	\$77.4	\$18.9	
Net Income (\$M**)	\$21.8	\$5.8	
Diluted EPS**	\$0.37	\$0.10	\$0.03 to \$0.07
Cash Flow*** (\$M)	\$32.0	\$5.0	\$2M-\$5M

*From 02/04/15 earnings call

**Non-GAAP results

***Excluding stock buyback

■ Q1 2016 guidance themes*

- Strong SOC probe card demand at leading edge nodes
- Weak DRAM probe card demand, consistent with other equipment and consumables suppliers

Near-Term Model at \$300M Annual Revenue

Financial Metric (non-GAAP)	Result
Revenue	~ \$300M
Gross Margin	36% - 38%
Operating Expenses	27% - 28%
Operating and Net Income	9% - 10%
EBITDA	13% - 14%

Incremental revenue above ~\$250M* breakeven annual revenue level “falls through” to Operating Income at ~60%

Near-Term Components of Revenue & Earnings Growth

- **SoC (\$516M TAM in 2014, 25% FormFactor share):**
 - Increasing devices with demanding technical requirements (e.g., copper pillars) at $\leq 28\text{nm}$
 - Strong leadership position in advanced SoC probe cards
- **DRAM (\$293M TAM in 2014, 38% FormFactor share):**
 - Continued growth in both mobile and server, primarily DDR4 devices on 2Znm nodes
 - Qualified and supporting volume production at all 3 major DRAM manufacturers
- **Flash (\$212M TAM in 2014, 7% FormFactor share):**
 - Continued growth in industry NAND capacity & wafer starts
 - New Vector product qualified at two customers, transitioning away from legacy platform
- Incremental revenue “falls through” to operating income at ~60%

Continuing to execute on “line-of-sight” revenue growth opportunities, expanding both top- and bottom-line

Long-Term Revenue and Earnings Growth Path

Strategic Element	Result
Continued share gains along “line-of-sight” components in SoC, DRAM, Flash	Revenue and EPS growth from increasing share to mid-30’s% in large and growing advanced probe card market
Leverage and re-use of key roadmap technologies and investments across all markets	EPS growth from Gross Margin expansion and R&D Operating Expense efficiency
Lead M&A and consolidation in test consumables, analytical instrumentation, failure analysis, and yield enhancement	Revenue and EPS growth from increased addressable market and market share positions

Summary

- FormFactor owns a structurally profitable market leadership position in production probe cards
- Advanced probe cards offer an attractive growth opportunity
 - >\$1B market growing at >5% CAGR over next 5 years
 - Growth opportunities targeted to produce 8-10% market share gain
- Industry-leading MEMS capability is a competitive advantage in all areas of advanced probe card market
 - Leveraged across SoC, DRAM, and Flash products
 - Probe cards using MEMS are largest and fastest growing part of market
- Model provides significant EPS growth from incremental revenue
 - Organic and M&A growth opportunities