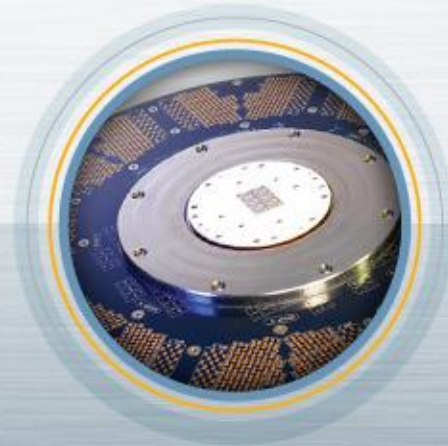
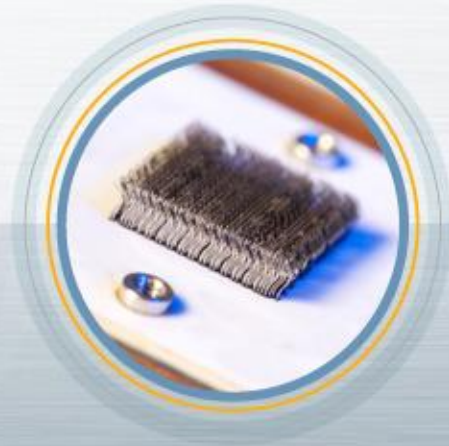
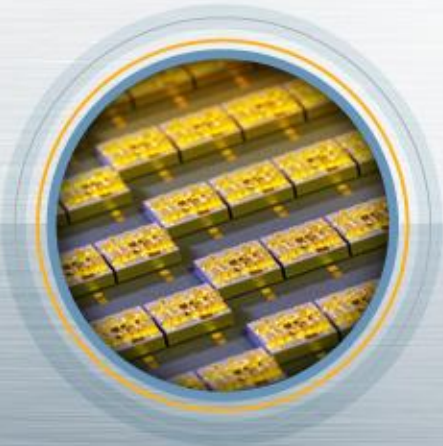


FORMFACTOR INC.



# FormFactor Investor Presentation

*March 2015*



# Disclosure

**FORWARD-LOOKING STATEMENTS:** This presentation contains forward-looking statements within the meaning of the federal securities laws, including statements regarding business momentum, demand for our products and future growth. These forward-looking statements are based on current information and expectations that are inherently subject to change and involve a number of risks and uncertainties. Actual events or results might differ materially from those in any forward-looking statement due to various factors, including, but not limited to: industry conditions that can impact demand for our products and future growth, the relative growth of the SoC, DRAM and Flash memory device markets, the company's ability to meet accelerating customer roadmaps, the company's ability to continue to meet its non-GAAP cash break even targets through semiconductor industry and seasonal cycles, the company's ability to deliver technology innovation and design, develop, introduce and qualify new products and realize revenue from those new products; projections, including statements regarding business momentum and improved financial performance; macro- economic conditions; and statements that contain words like "expects," "anticipates," "believes," "possibly," "should" and the assumptions upon which such statements are based. Additional information concerning factors that could cause actual events or results to differ materially from those in any forward-looking statement is contained in the company's Form 10-K for the fiscal year ended December 27, 2014, as filed with the Securities and Exchange Commission ("SEC"). Copies of the company's SEC filings are available at <http://investors.formfactor.com/edgar.cfm>. We assume no obligation to update the information in this presentation, to revise any forward-looking statements or to update the reasons actual results could differ materially from those anticipated in forward-looking statements.

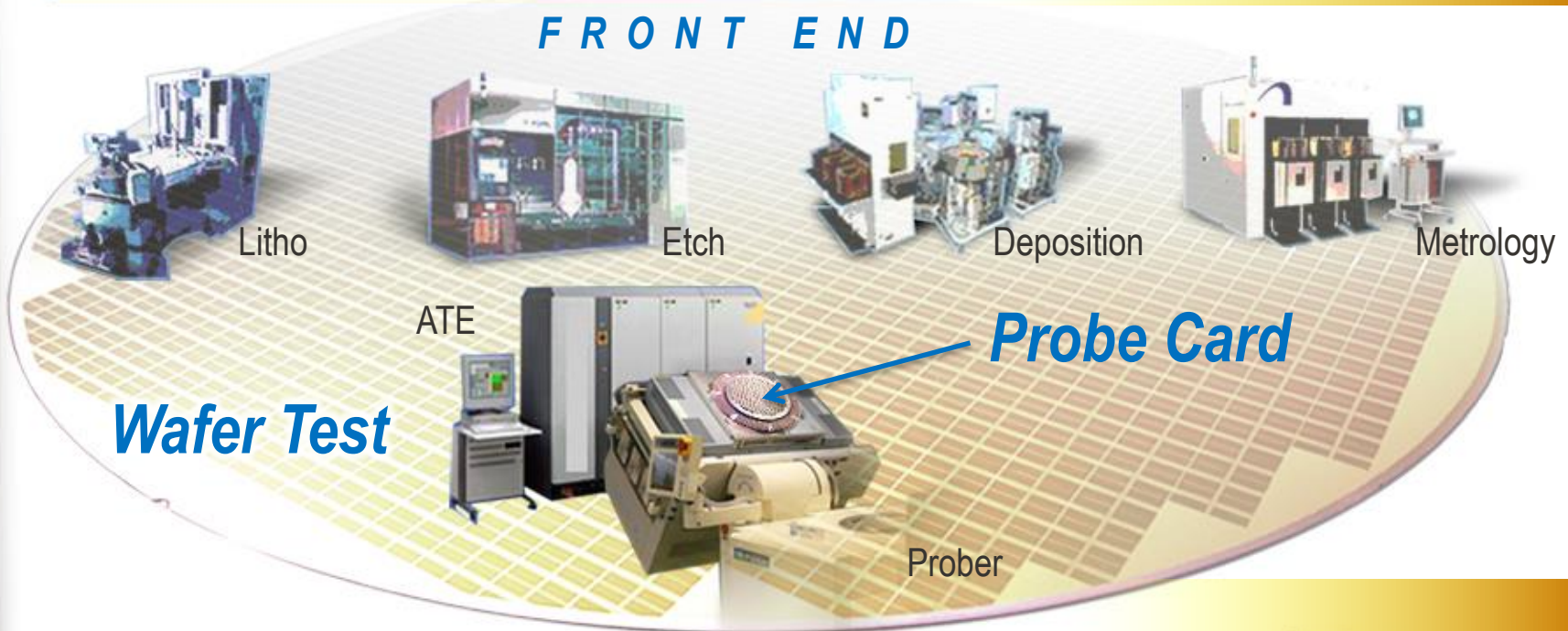
**NON-GAAP MEASURES:** This presentation includes GAAP and non-GAAP financial information. FormFactor excluded from one or more of the non-GAAP measures certain items as described, such as stock-based compensation expenses, and restructuring and impairment charges. By publishing the non-GAAP measures, 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. A reconciliation of our GAAP and non-GAAP measures can be found on our website.

# FormFactor at a Glance

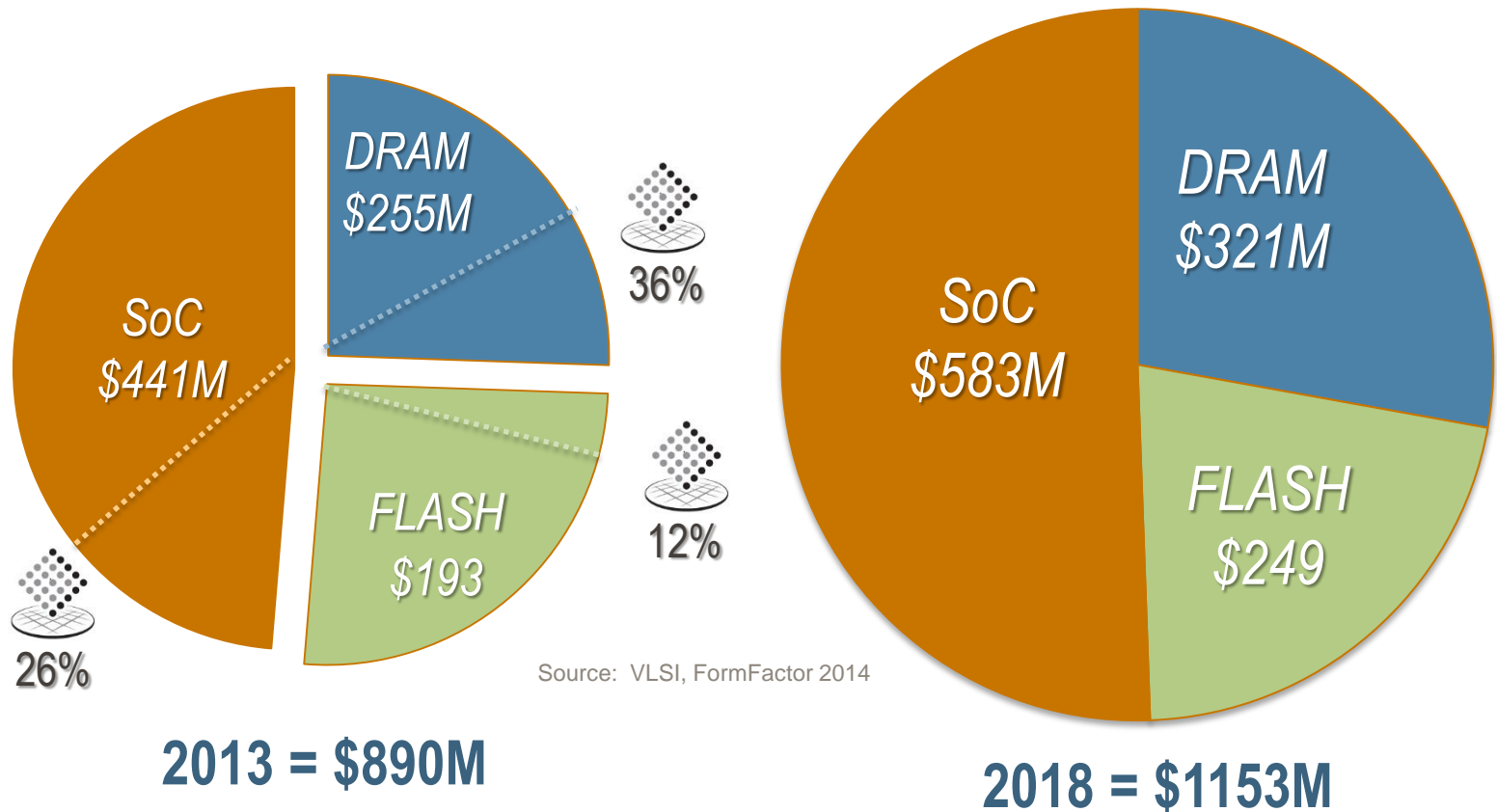
- Founded 1993, IPO 2003 (NASDAQ: FORM)
- Largest probe card supplier in the semiconductor Industry
  - 2013 Revenue - \$231.5M
  - 2014 Revenue - \$268.5M
  - Leading supplier of advanced probe cards ~ \$890M market in 2013 with >5% CAGR
- Headquartered in California with a global presence to support customers
  - ~970 employees worldwide
  - Sales, Service, Design Centers: Japan, Korea, Taiwan, Singapore, EU, China
- Structured for profitability with high earnings leverage on incremental revenue
  - Delivered \$5.0M of non-GAAP operating income and \$9.5M in cash in Q4'14
  - Delivered \$16.8M of non-GAAP operating income and \$12.7M of cash in 2014
- Strong (and strengthening) balance sheet to fund accelerated EPS growth
  - \$164.3M cash and no debt in Q4'14



# FormFactor Owns a Strategic Position in the Semiconductor Manufacturing Process



# FormFactor Holds Significant Share in the Growing Advanced Probe Card Market

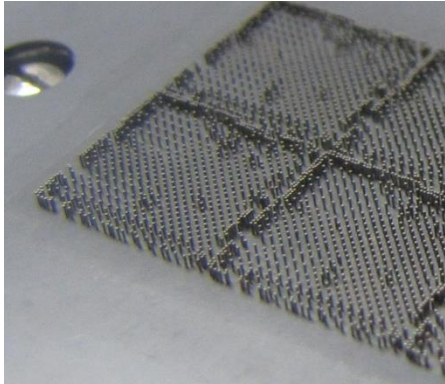


**Market Leadership in Advanced SoC and Memory Segments**

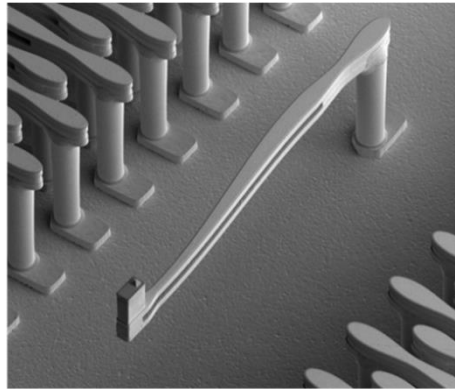
# FormFactor's MEMS Technology

## A Key Competitive Advantage

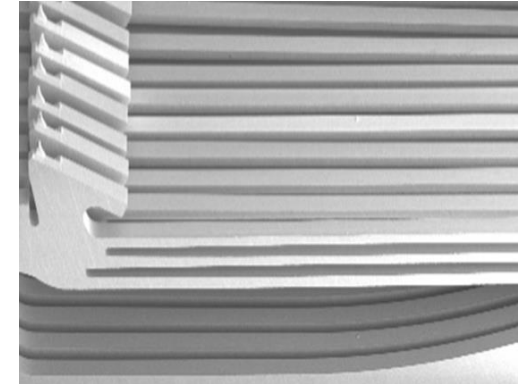
SoC



DRAM



Flash (NAND+NOR)



FormFactor's Industry Leading MEMS Factory

***Enabling Capability Leveraged Across SoC, DRAM & Flash Markets***

# Advanced Probe Card 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 secular commodity decline
  - Smartphone+tablet unit growth and content-per-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***



# FormFactor's 2014 Key Milestones and Results

Milestone	Delivered Results
Sustained profitability and cash generation	<ul style="list-style-type: none"> <li>✓ \$16.8M non-GAAP operating income and \$12.7M cash generated in 2014</li> <li>✓ Profitable &amp; cash-flow positive in 3 consecutive quarters</li> </ul>
Demonstrated high leverage model	<ul style="list-style-type: none"> <li>✓ Validated model with &gt;60% conversion of incremental revenue to operating income in Q2, Q3, and Q4 2014</li> </ul>
Gained market share	<ul style="list-style-type: none"> <li>✓ Grew revenue by 16% against ~5% CAGR TAM growth</li> </ul>
Qualified at all three major DRAM manufacturers	<ul style="list-style-type: none"> <li>✓ Now qualified at all three, delivered &gt;\$5M revenue at 3<sup>rd</sup> customer in Q4 2014</li> </ul>
Qualified new Vector NAND Flash architecture	<ul style="list-style-type: none"> <li>✓ Qualified Vector architecture at two major NAND Flash suppliers</li> </ul>



# Financial Results and Guidance

	Q4 2014	2014	Q1 2015 Guidance
Revenue (\$M)	\$71.3	\$268.5	\$66M-\$71M
Gross Margin (\$M*)	\$24.5	\$95.8	
<b>Gross Margin (%)</b>	<b>34.4%</b>	<b>35.7%</b>	<b>34%-38%</b>
Operating Expenses (\$M*)	\$19.5	\$79.0	\$20M-\$21M
Operating Income (\$M*)	\$5.0	\$16.8	
<b>Cash Flow (\$M)</b>	<b>\$9.5</b>	<b>\$12.7</b>	<b>\$4M-\$6M</b>

\*Non-GAAP

- Q1 2015 guidance themes
  - Continue to see solid demand in typically seasonally weak quarter
  - Expect product mix to be more favorable relative to Q4 2014 (gross margin)
  - Operating expense increase from early-year fringe benefit cost

# Near-Term Model at \$300M Annual Revenue

Financial Metric (non-GAAP)	Result
Revenue	~ \$300M
Gross Margin	36% - 38%
Operating Expenses	27% - 28%
Operating 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 and Earnings Growth (2013-2016)

- SoC: \$25M - \$30M / year incremental opportunity
  - Application processors & copper pillar packaging at  $\leq 28\text{nm}$
  - FormFactor holds a  $>65\%$  market share position today
- NAND Flash: \$15 - 20M / year incremental opportunity
  - Continued growth in industry NAND capacity & wafer starts
  - New Vector product qualified at two customers
- DRAM: \$25M - \$30M / year incremental opportunity
  - Continued strength and growth in mobile and server
  - In production at all 3 DRAM manufacturers
- Incremental revenue “falls through” to operating income at  $\sim 60\%$

Achieved most of incremental opportunity in 2014, momentum continuing into 2015

Vector quals and subsequent design wins enable profitable 2015 share growth in Flash

Captured  $\sim 2/3$  of incremental opportunity in 2014, continued progress in 2015

***\$65M to \$75M in incremental “line-of-sight” annual 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, and Flash	Revenue and EPS growth from 8% - 10% share gains in advanced probe card market
Leverage and re-use of key roadmap technologies and manufacturing investments across SoC, DRAM, and Flash	EPS growth from Gross Margin expansion and R&D Operating Expense efficiency
Expansion of addressable market via adjacencies in test and backend consumables	Revenue and EPS growth from executing M&A and organic “near-to-core” applications



# Summary

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- Improved market position at reduced cost structure have returned FormFactor to profitability, as demonstrated in 2014
- Advanced probe cards offers an attractive growth opportunity
  - \$65-75M incremental FormFactor revenue opportunity 2013 to 2016
  - Further share expansion in growing market
- Industry-leading MEMS capability is a competitive advantage in all areas of advanced probe card market
  - Leveraging key enabling technologies across SoC, DRAM, and Flash
- High-leverage model provides significant EPS growth from incremental revenue
  - Organic and M&A revenue growth opportunities