

Web Slides

February 8, 2017

Revenue By Region

	<u>Q4 2016</u>	<u>Q3 2016</u>	<u>Q4 2015</u>
Asia Pacific	\$ 32.2	\$ 35.2	\$ 22.4
North America	39.5	39.6	20.2
South Korea	21.5	17.6	17.5
Europe	13.1	16.5	5.2
Japan	16.9	14.1	6.5
Rest of World	0.7	0.3	0.0
	<u>\$ 123.9</u>	<u>\$ 123.3</u>	<u>\$ 71.8</u>

Revenue by Market Segment

	<u>Q4 2016</u>	<u>Q3 2016</u>	<u>Q4 2015</u>
Foundry & Logic	\$ 68.5	\$ 75.1	\$ 41.4
DRAM	24.1	22.3	28.2
Flash	6.0	5.3	2.2
Systems	<u>25.3</u>	<u>20.6</u>	<u>0.0</u>
	<u>\$ 123.9</u>	<u>\$ 123.3</u>	<u>\$ 71.8</u>

Q4 2016 GAAP to Non-GAAP Reconciliation

	Fiscal Quarter Ended Dec 31, 2016	Stock-based Compensation	Restructuring & Impairment	Amortization of Intangibles	Acquisition & Integration	Recovery	Loss Contingency	Deferred Revenue	Valuation Allowance	Fiscal Quarter Ended Dec 31, 2016
Revenues	\$ 123,888	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 640	\$ -	\$ 124,528
Cost of revenues	83,613	(806)	-	(11,022)	(5)	-	-	-	-	71,780
Gross profit	40,275	806	-	11,022	5	-	-	640	-	52,748
Operating expenses:										
Research and development	18,218	(1,078)	-	-	(2)	-	-	-	-	17,138
Sales and marketing	14,529	(480)	-	(2,037)	(173)	-	-	-	-	11,839
General and administrative	9,361	(881)	-	-	(519)	-	(781)	-	-	7,180
Restructuring and impairment charges, net	12,697	-	(12,697)	-	-	-	-	-	-	-
Total operating expenses	54,805	(2,439)	(12,697)	(2,037)	(694)	-	(781)	-	-	36,157
Operating profit (loss)	(14,530)	3,245	12,697	13,059	699	-	781	640	-	16,591
Other income (expense), net	(887)	-	-	-	-	(145)	-	-	-	(1,032)
Gain (loss) before income taxes	(15,417)	3,245	12,697	13,059	699	(145)	781	640	-	15,559
(Benefit from) provision for income taxes	26	155	362	281	90	(3)	18	17	197	1,143
Net profit (loss)	\$ (15,443)	\$ 3,090	\$ 12,335	\$ 12,778	\$ 609	\$ (142)	\$ 763	\$ 623	\$ (197)	\$ 14,416
Net profit (loss) per share:										
Basic	\$ (0.22)	\$ 0.04	\$ 0.17	\$ 0.18	\$ 0.01	\$ (0.00)	\$ 0.01	\$ 0.01	\$ (0.00)	\$ 0.20
Diluted	\$ (0.21)	\$ 0.04	\$ 0.17	\$ 0.18	\$ 0.01	\$ (0.00)	\$ 0.01	\$ 0.01	\$ (0.00)	\$ 0.20
Weighted-average number of shares										
Basic	70,807	70,807	70,807	70,807	70,807	70,807	70,807	70,807	70,807	70,807
Diluted	72,116	72,116	72,116	72,116	72,116	72,116	72,116	72,116	72,116	72,116

The presentation provides the calculations for Non-GAAP net loss and Non-GAAP net loss per share. FormFactor excluded the following items from one or more of the Non-GAAP measures: stock-based compensation expense, acquisition and integration costs, amortization of intangible assets, loss contingencies, valuation allowance 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.

Q4 2016 GAAP to Non-GAAP Reconciliation

	Three Months Ended		Year to Date	
	Dec 31, 2016	Dec 26, 2015	Dec 31, 2016	Dec 26, 2015
GAAP net income (loss)	\$ (15,443)	\$ (619)	\$ (6,557)	\$ (1,523)
Deferred revenues	640	0	903	0
Stock-based compensation	3,245	3,060	10,722	11,575
Restructuring and impairment charges, net	12,697	(3)	19,692	567
Acquisition and integration related expenses	699	35	7,459	231
Amortization of intangibles, inventory and and fixed asset fair value adjustment due to acquisition	13,059	3,359	45,527	13,509
Valuation allowance release	(197)	-	(44,048)	-
Martek settlement	-	-	(400)	-
Promos	(145)	-	(145)	-
Loss contingency	781	-	781	-
Gain on sale of IP and business interruption insurance claim recovery	-	-	-	(2,561)
Income tax effect of non-GAAP adjustments	(920)	-	(1,907)	-
Non-GAAP net income (loss)	<u>\$ 14,416</u>	<u>\$ 5,832</u>	<u>\$ 32,027</u>	<u>\$ 21,798</u>
Non-GAAP net income (loss) per share:				
Basic	<u>\$ 0.20</u>	<u>\$ 0.10</u>	<u>\$ 0.49</u>	<u>\$ 0.38</u>
Diluted	<u>\$ 0.20</u>	<u>\$ 0.10</u>	<u>\$ 0.49</u>	<u>\$ 0.37</u>
Weighted-average number of shares used in per share calculations:				
Basic	<u>70,807</u>	<u>58,128</u>	<u>64,941</u>	<u>57,850</u>
Diluted	<u>72,116</u>	<u>59,138</u>	<u>65,948</u>	<u>59,069</u>

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