

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **January 20, 2004**

FORMFACTOR, INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

000-50307

(Commission
File Number)

13-3711155

(IRS Employer
Identification No.)

2140 Research Drive, Livermore, CA

94550

(Address of principal executive offices)

(Zip Code)

(925) 294-4300

(Registrant's telephone number, including area code)

NOT APPLICABLE

(Former name or former address, if changed since last report)

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Item 7: Financial Statements and Exhibits.

(c) Exhibits.

| Exhibit Number | Exhibit Title or Description |
|---------------------------|---------------------------------------|
| 99.01 | Press Release dated January 20, 2004. |

Item 12: Results of Operations and Financial Condition.

On January 20, 2004, FormFactor, Inc., a Delaware corporation, issued a press release announcing its financial results for the fourth quarter ended December 27, 2003, and for fiscal year 2003. A copy of the press release is furnished as Exhibit 99.01 to this report. FormFactor made reference to non-GAAP financial information in this press release.

Use of Non-GAAP Financial Information

To supplement its consolidated financial statements presented in accordance with Generally Accepted Accounting Principles (GAAP) in the press release, FormFactor, Inc. used non-GAAP measures of earnings per share, which were adjusted from results based on GAAP assuming FormFactor's initial public offering and subsequent follow-on offering had occurred at the beginning of fiscal year 2002. The adjustment assumes the conversion to common stock of all redeemable convertible preferred stock, and the issuance of the common shares issued in FormFactor's initial public offering and subsequent follow-on offering. FormFactor believes the pro forma earnings per share presentation represents a meaningful alternative basis for the comparison of its current results to results during fiscal periods occurring prior to FormFactor's initial public offering. The presentation of this additional information is not meant to be considered in isolation or as a substitute for results prepared in accordance with accounting principles generally accepted in the United States. The non-GAAP financial measures included in our press release have been reconciled to the nearest GAAP financial measure as is required under SEC rules regarding the use of non-GAAP financial measures.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FORMFACTOR, INC.

Date: January 20, 2004

By: /s/ Jens Meyerhoff

Jens Meyerhoff, Chief Financial Officer
and Senior Vice President of Operations

EXHIBIT INDEX

| Exhibit Number | Exhibit Title or Description |
|---------------------------|---------------------------------------|
| 99.01 | Press Release dated January 20, 2004. |

News Release**Contacts:**

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Senior Vice President of Operations
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FOR IMMEDIATE RELEASE

**FormFactor, Inc. Announces 2003 Fourth Quarter and Year End
Financial Results**

Quarterly Revenues of \$31.5 million, up 21% sequentially and up 42% year over year

LIVERMORE, CA — January 20, 2004 — FormFactor, Inc. (NASDAQ: FORM) today announced its financial results for the fourth quarter of fiscal year 2003, ended December 27, 2003, and for fiscal year 2003. Quarterly revenues were \$31.5 million, up 21% from \$26.1 million in the third quarter of fiscal year 2003, and up 42% from \$22.2 million for the fourth quarter of fiscal year 2002.

Revenues for the fiscal year 2003 were \$98.3 million, up 25% from \$78.7 million in the fiscal year 2002.

Operating income for the fourth quarter of fiscal year 2003 was 18.5% of revenues, up from 13.5% for the third quarter of fiscal year 2003, and up from 11.0% for the fourth quarter of fiscal year 2002.

Net income for the fourth quarter of fiscal year 2003 was \$4.1 million or \$0.10 per share on a pro forma fully diluted basis, compared to \$2.5 million or \$0.07 per share on a pro forma fully diluted basis for the third quarter of fiscal year 2003, and \$1.6 million or \$0.04 per share pro forma for the fourth quarter of fiscal year 2002.

Net income for the fiscal year 2003 was \$8.6 million or \$0.22 per share on a pro forma fully diluted basis, compared to \$10.4 million or \$0.27 per share pro forma for the fiscal year 2002, which included a one time benefit for the release of the Company's deferred tax asset valuation allowance of \$5.9 million or \$0.16 per share on a pro forma basis.

Pro forma earnings per share have been adjusted for the three months ended December 27, 2003, September 27, 2003 and December 28, 2002, and for the fiscal years ended December 27, 2003 and December 28, 2002, assuming the Company's initial public offering and subsequent follow-on offering had occurred at the beginning of fiscal year 2002. The pro forma earnings per share reflect the conversion of all redeemable convertible preferred stock to common stock, and the

issuance of the common shares issued in the Company's initial public offering and follow-on offering. The Company believes the pro forma earnings per share presentation represents a meaningful alternative basis for the comparison of its current results to results during fiscal periods occurring prior to the Company's initial public offering.

On a GAAP fully diluted basis, net income for the fourth quarter of fiscal year 2003 was \$0.10 per share, \$0.07 per share for the third quarter of fiscal year 2003 and \$0.05 per share for the fourth quarter of fiscal year 2002. Also on a GAAP fully diluted basis, net income for the fiscal year 2003 was \$0.25 per share, compared to \$0.35 per share for the fiscal year 2002.

Bookings of \$37.3 million for the fourth quarter of fiscal year 2003 increased 28% from \$29.1 million for the third quarter of fiscal year 2003 and were up 57% from \$23.8 million for the fourth quarter of fiscal year 2002.

Igor Khandros, President and CEO of FormFactor stated, "During the fourth quarter we witnessed further momentum building in our business driven by our DRAM customers. The key technology transitions in the DRAM industry have gained significant momentum, particularly in the ramp of 110 nanometer based designs and increased 300mm capacity. We experienced a notable increase in demand for low power DRAM wafer test probe cards as we continue to supply the highest volume production parallelism in the industry enabling higher yields and lower overall cost of test."

The Company will conduct a conference call at 1:30 p.m. PDT, or 4:30 p.m. EDT, today. The public is invited to listen to a live web cast of FormFactor's conference call on the investor relations section of the Company's website at www.formfactor.com. A replay of the web cast will be available approximately two hours after the conclusion of the call. An audio replay of the conference call will also be made available approximately two hours after the conclusion of the call. The audio replay will remain available until January 24, 2004 at 10:00 p.m. PDT and can be accessed by dialing (888) 203-1112 or (719) 457-0820 and entering confirmation code 123050.

About FormFactor:

FormFactor, Inc. (Nasdaq: FORM) is an industry leader in the design, development, manufacture, sale and support of precision, high-performance advanced semiconductor wafer probe cards. The Company's products are based on its proprietary technology, including its MicroSpring interconnect technology and proprietary design processes, which enables FormFactor to produce wafer probe cards for test applications that require reliability, speed, precision and signal integrity. FormFactor is headquartered in Livermore, California. For more information, visit the Company's Web site at www.formfactor.com.

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FormFactor and MicroSpring are registered trademarks of FormFactor, Inc. All other product, trademark, company or service names mentioned herein are the property of their respective owners.

Statements in this press release that are not strictly historical in nature are forward-looking statements within the meaning of the federal securities laws, including statements regarding business momentum, future growth and the performance of our products. 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: the demand for certain semiconductor devices; the rate at which semiconductor manufacturers make the transition to 110 and 90 nanometer technology nodes; the performance and market acceptance of the Company's new products or technologies; the implementation of

volume production of the Company's new products; changes in semiconductor manufacturers' test strategies, equipments or processes; the Company's ability to add manufacturing capacity; and the Company's relationships with customers and companies that manufacture semiconductor test equipment. 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 most recent quarterly report on Form 10-Q for the quarter ended September 27, 2003, filed with the Securities and Exchange Commission ("SEC"). Copies of filings made by the Company with the SEC are available at <http://investors.formfactor.com/edgar.cfm>. The Company assumes no obligation to update the information in this press release, to revise any forward-looking statements or to update the reasons actual results could differ materially from those anticipated in forward-looking statements.

FORMFACTOR, INC.
PRO FORMA vs. GAAP RESULTS
(in thousands, except per share data)
(Unaudited)

A reconciliation of the denominator used in calculating pro forma fully diluted earnings per share is as follows:

| | Three Months Ended | | | Fiscal Years Ended | |
|---|----------------------|-----------------------|----------------------|----------------------|----------------------|
| | December 28, 2002 | September 27, 2003 | December 27, 2003 | December 28, 2002 | December 27, 2003 |
| Net income | \$ 1,589 | \$ 2,505 | \$ 4,068 | \$10,359 | \$ 8,559 |
| Weighted-average shares outstanding, diluted | 29,228 | 37,905 | 39,460 | 29,554 | 34,165 |
| Adjustment to reflect the IPO and follow-on offering shares as if they had been outstanding since the beginning of 2002 | 8,765 | — | 939 | 8,199 | 5,082 |
| Pro forma weighted-average shares outstanding, diluted | 37,993 | 37,905 | 40,399 | 37,753 | 39,247 |
| Net income per share diluted as reported | \$ 0.05 | \$ 0.07 | \$ 0.10 | \$ 0.35 | \$ 0.25 |
| Net income per share diluted pro forma | \$ 0.04 | \$ 0.07 | \$ 0.10 | \$ 0.27 | \$ 0.22 |

FORMFACTOR, INC.
CONSOLIDATED INCOME STATEMENTS
(in thousands, except per share data)

| | Three Months Ended | | Fiscal Years Ended | |
|---|--------------------|-------------------|--------------------|-------------------|
| | December 28, 2002 | December 27, 2003 | December 28, 2002 | December 27, 2003 |
| | (Unaudited) | (Unaudited) | | (Unaudited) |
| Revenues | \$22,157 | \$31,463 | \$78,684 | \$98,302 |
| Cost of revenues | 10,916 | 15,447 | 39,456 | 49,929 |
| Gross margin | <u>11,241</u> | <u>16,016</u> | <u>39,228</u> | <u>48,373</u> |
| Operating expenses: | | | | |
| Research and development | 3,936 | 4,247 | 14,592 | 15,569 |
| Selling, general and administrative | 4,576 | 5,573 | 17,005 | 19,044 |
| Stock-based compensation | 289 | 384 | 1,039 | 1,484 |
| Total operating expenses | <u>8,801</u> | <u>10,204</u> | <u>32,636</u> | <u>36,097</u> |
| Operating income | 2,440 | 5,812 | 6,592 | 12,276 |
| Interest income | 237 | 416 | 808 | 1,041 |
| Interest expense | (20) | — | (79) | (38) |
| Other income (expense), net | 21 | 370 | (87) | 563 |
| | <u>238</u> | <u>786</u> | <u>642</u> | <u>1,566</u> |
| Income before income taxes | 2,678 | 6,598 | 7,234 | 13,842 |
| Benefit (provision) for income taxes | (1,089) | (2,530) | 3,125 | (5,283) |
| Net income | <u>\$ 1,589</u> | <u>\$ 4,068</u> | <u>\$10,359</u> | <u>\$ 8,559</u> |
| Net income per share: | | | | |
| Basic | <u>\$ 0.35</u> | <u>\$ 0.11</u> | <u>\$ 2.33</u> | <u>\$ 0.41</u> |
| Diluted | <u>\$ 0.05</u> | <u>\$ 0.10</u> | <u>\$ 0.35</u> | <u>\$ 0.25</u> |
| Weighted-average number of shares used in per share calculations: | | | | |
| Basic | <u>4,529</u> | <u>35,617</u> | <u>4,448</u> | <u>21,047</u> |
| Diluted | <u>29,227</u> | <u>39,460</u> | <u>29,554</u> | <u>34,165</u> |

FORMFACTOR, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

| | December 28, 2002 | December 27, 2003 |
|--|----------------------|----------------------|
| ASSETS | | |
| (Unaudited) | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 26,786 | \$ 116,305 |
| Short-term marketable securities | 7,557 | 14,139 |
| Accounts receivable, net of allowance for doubtful accounts of \$253 in 2002 and \$103 in 2003 | 11,986 | 19,698 |
| Inventories, net | 4,230 | 8,025 |
| Deferred tax assets | 2,571 | 2,575 |
| Prepaid expenses and other current assets | 3,463 | 2,744 |
| | <hr/> | <hr/> |
| Total current assets | 56,593 | 163,486 |
| Restricted cash | 2,835 | 2,550 |
| Property and equipment, net | 16,538 | 20,495 |
| Deferred tax assets | 1,068 | 398 |
| Long-term marketable securities | — | 48,826 |
| Other assets | 484 | 356 |
| | <hr/> | <hr/> |
| Total assets | \$ 77,518 | \$ 236,111 |
| <hr/> | | |
| LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT) | | |
| Current liabilities | | |
| Bank line of credit | \$ 375 | \$ — |
| Notes payable, current portion | 500 | — |
| Accounts payable | 6,712 | 10,579 |
| Accrued liabilities | 7,677 | 10,147 |
| Deferred revenue | 793 | 1,005 |
| | <hr/> | <hr/> |
| Total current liabilities | 16,057 | 21,731 |
| Notes payable, less current portion | 625 | — |
| Deferred revenue | 672 | 433 |
| | <hr/> | <hr/> |
| Total liabilities | 17,354 | 22,164 |
| | <hr/> | <hr/> |
| Redeemable convertible preferred stock, \$0.001 par value | 64,895 | — |
| Redeemable convertible preferred stock warrants | 306 | — |
| | <hr/> | <hr/> |
| | 65,201 | — |
| Commitments and contingencies | | |
| Stockholders' equity (deficit) | | |
| Preferred stock, \$0.001 par value | — | — |
| Common stock, \$0.001 par value | 5 | 37 |
| Additional paid-in capital | 20,064 | 226,630 |
| Notes receivable from stockholders | (3,447) | (661) |
| Deferred stock-based compensation, net | (12,294) | (11,249) |
| Accumulated other comprehensive loss | — | (4) |
| Accumulated deficit | (9,365) | (806) |
| | <hr/> | <hr/> |
| Total stockholders' equity (deficit) | (5,037) | 213,947 |
| Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit) | \$ 77,518 | \$ 236,111 |
| | <hr/> | <hr/> |