

FormFactor Investor Presentation

January 2015



Disclosure

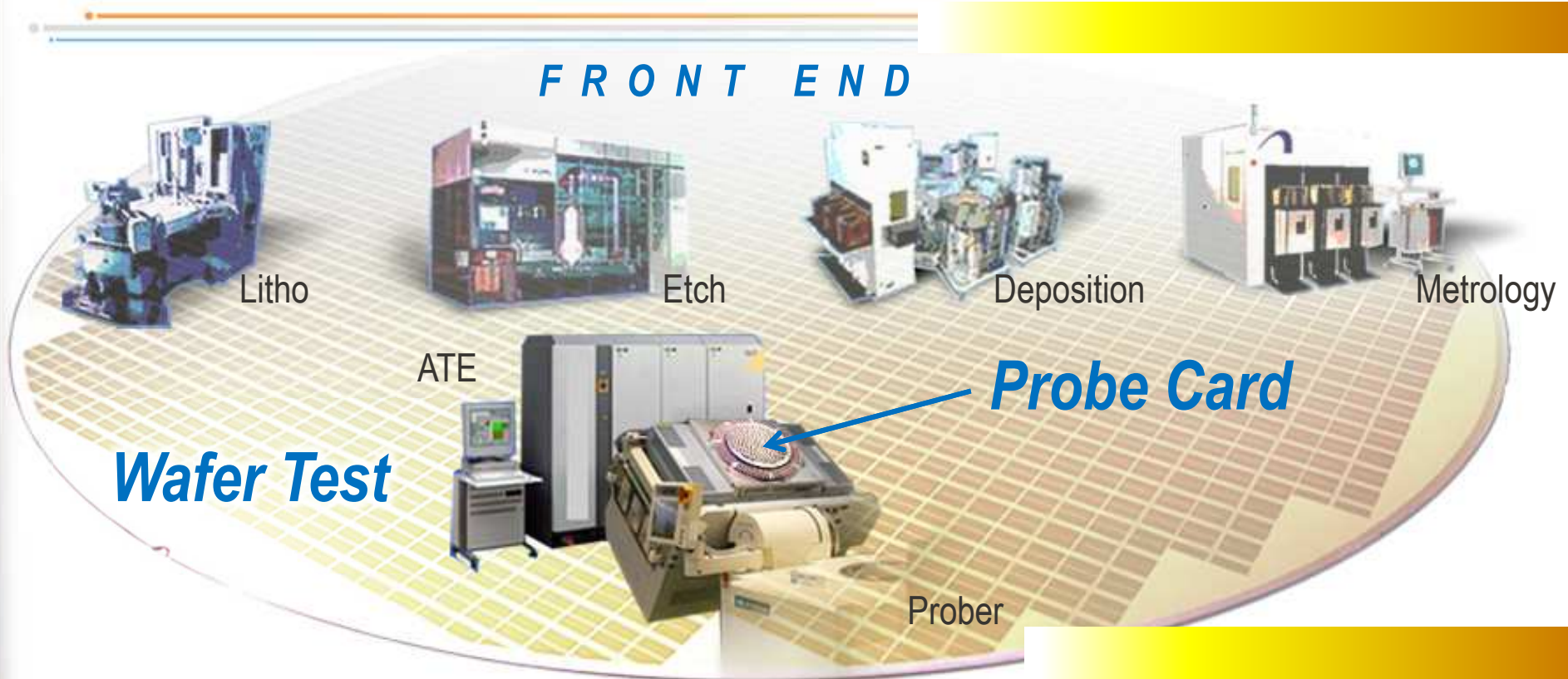
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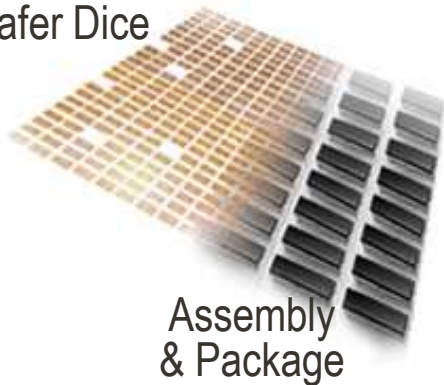
FormFactor at a Glance

- Founded 1993, IPO 2003 (NASDAQ: FORM)
- Largest probe card supplier in the semiconductor Industry
 - 2013 Revenue - \$231.5M
 - 2014 Revenue* - \$266.3M to \$271.3M
 - Leading supplier of advanced probe cards ~ \$890M market in 2013 with >5% CAGR
- Headquartered in California with a global presence to support customers
 - ~900 employees worldwide
 - Sales, Service, Design Centers: Japan, Korea, Taiwan, Singapore, EU, China
- Structured for profitability with high earnings leverage on incremental revenue
 - Delivered 12% non-GAAP operating margin and \$5.3M in cash in Q3'14
 - Q4'14 guidance for continued profitability and cash generation
- Strong (and strengthening) balance sheet to fund accelerated EPS growth
 - \$154.8M cash and no debt in Q3'14

FormFactor Owns a Strategic Position in the Semiconductor Manufacturing Process



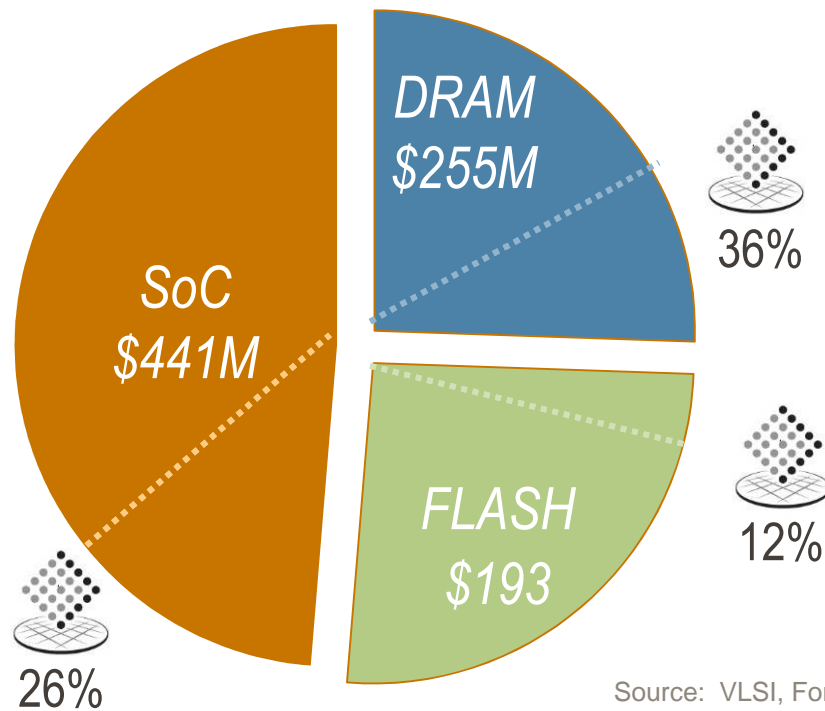
Wafer Dice



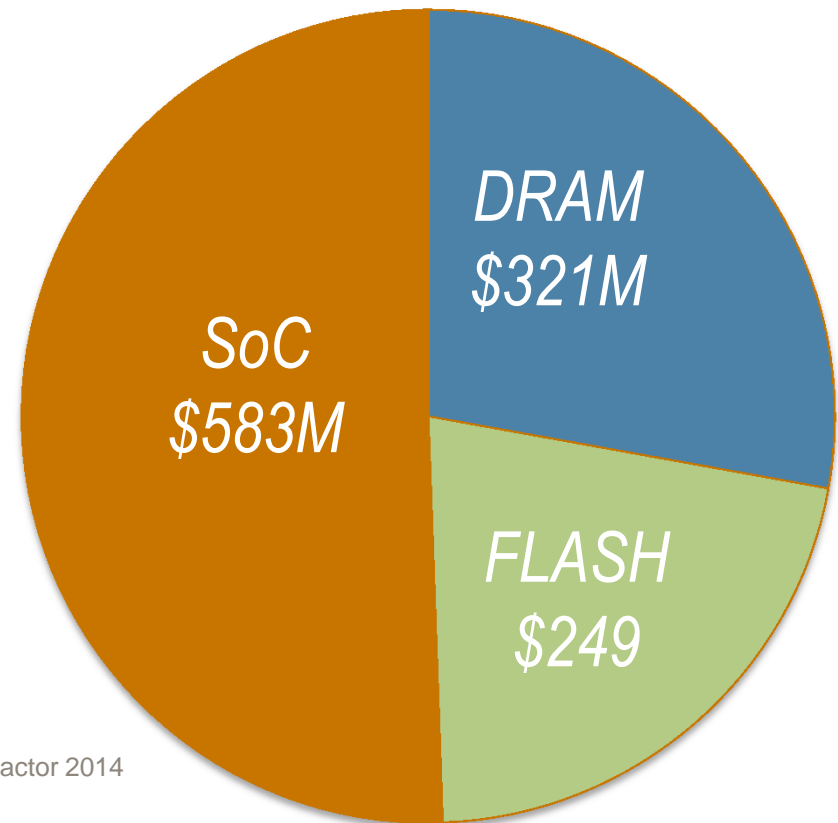
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FormFactor Holds Significant Share in the Growing Advanced Probe Card Market



2013 = \$890M



2018 = \$1153M

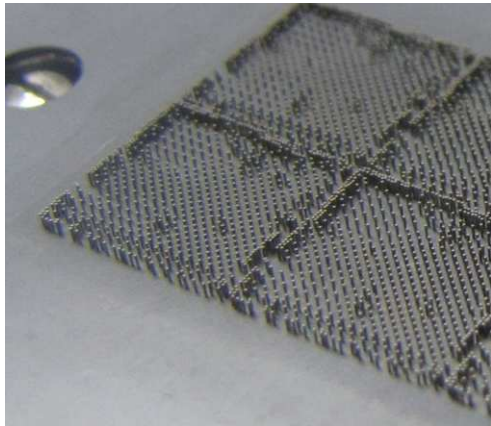
Source: VLSI, FormFactor 2014

Market Leadership in Advanced SoC and Memory Segments

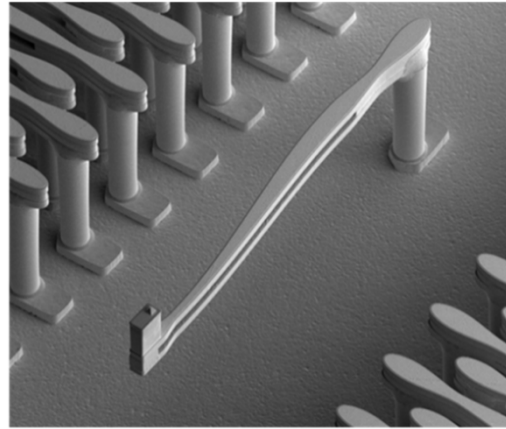
FormFactor's MEMS Technology

A Key Competitive Advantage

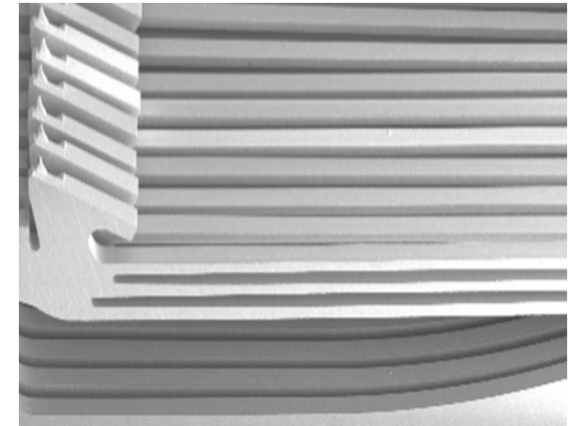
SoC



DRAM



Flash (NAND+NOR)



FormFactor's Industry Leading MEMS Factory

Enabling Capability Leveraged Across SoC, DRAM & Flash Markets

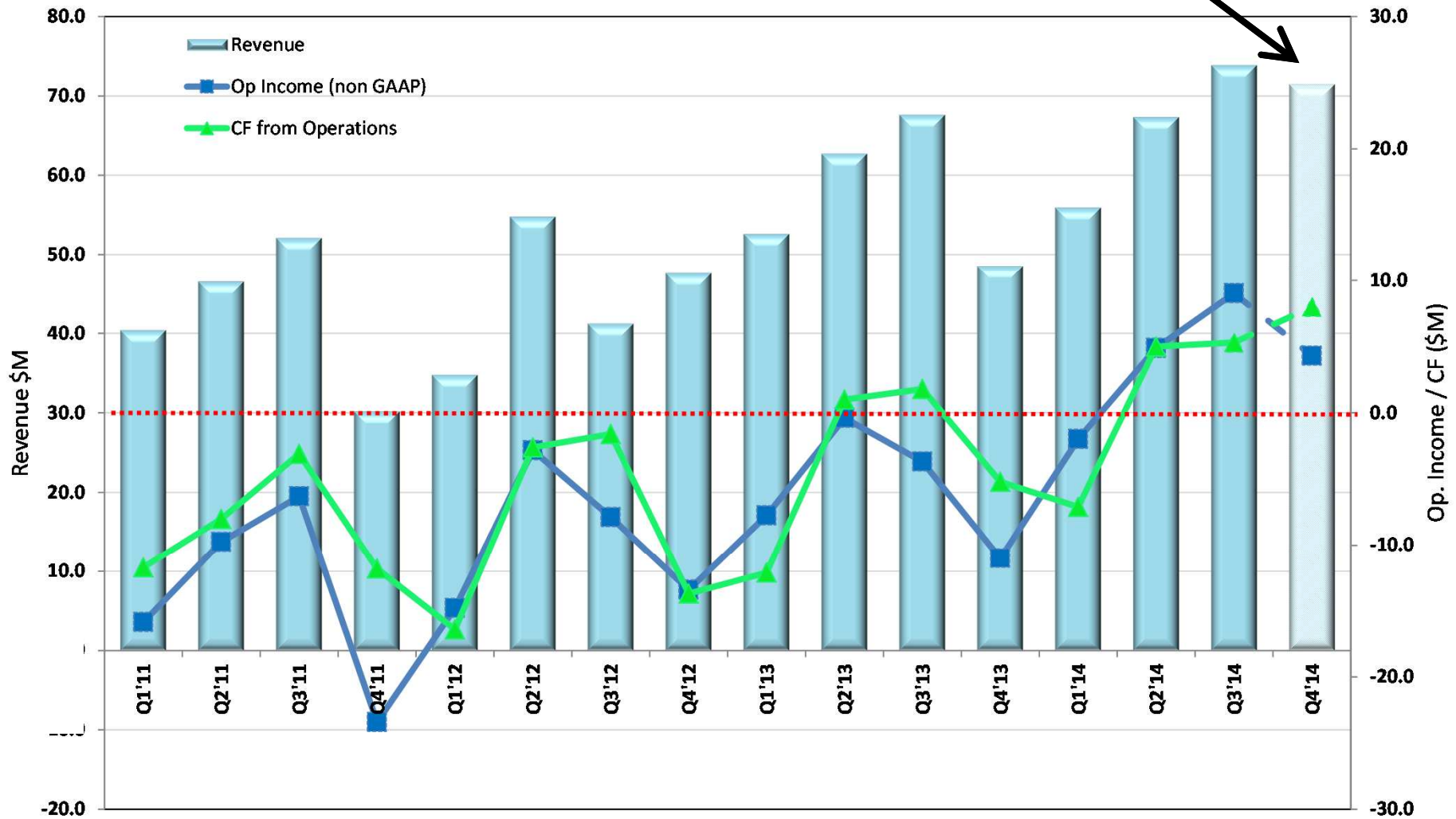
Advanced Probe Card Demand Landscape

- 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

Demonstrated Profitability in 2014 from Cost Reduction and Efficiency Improvement

Q4'14 Guidance
Midpoint of \$71.5M



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

- 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