



# FARO Technologies, Inc.

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Q1 2017 Investor Presentation

# Cautionary Statement

Certain statements made or incorporated by reference in this presentation reflect management's estimates and beliefs and are intended to be, and are hereby identified as, "Forward-Looking Statements" for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements often include words such as "believe", "expect", "anticipate", "intend", "plan", "estimate" or similar expressions. These statements are based on certain assumptions that FARO has made in light of its experience in the industry as well as its perspective of historical trends, current conditions, expected future developments and other factors it believes are appropriate under the circumstances. Actual results may differ materially from the anticipated results because of certain risks and uncertainties. These risks and uncertainties are set forth in FARO's Annual Report on Form 10-K and other filings from time to time with the Securities and Exchange Commission



# Company Overview

- Develop portable, high-precision 3D measurement and imaging devices
- Founded in 1981, and listed on NASDAQ (Symbol: FARO) since 1997
- Broad, global presence with over 15,000 customers served by approximately 1,500 employees
- 2016 sales revenue of \$325.6 million with 9.2% of sales re-invested into research and development

# Vertical Markets

- factory metrology
  - Measurement and inspection in industrial or manufacturing environment
- construction BIM-CIM
  - As-built data capturing and 3D visualization for customers in the architecture, engineering, and construction markets
- product design
  - 3D solutions to assist in the engineering or design of an object
- public safety forensics
  - Capture 2D and 3D scenes for crime, crash, and scene investigations
- 3D solutions
  - Customized measurement and realization

# Factory Metrology Products

## FaroArm & FARO ScanArm

- Portable coordinate measuring machine (CMM)
  - CAD-to-part analysis
  - Machine calibration
  - Reverse engineering



## Laser Tracker

- High accuracy, portable large volume measurement up to 80 meters
  - Large part inspection
  - Assembly alignment



# Construction BIM-CIM Products



## Focus Laser Scanner

- Assembles millions of 3D measurement points in color to produce an exact digital reproduction
- Designed for measurement and 3D documentation of indoor and outdoor environments
  - Building construction
  - Surveying
  - Crime and accident scenes



## Freestyle Scanner

- Handheld laser scanner offering ability to scan in tight or hard-to-reach places

# Key Differentiators

- 3D imaging
- 3D measurement
- 3D realization

- ✓ portable/adaptable solutions
- ✓ highly accurate
- ✓ ease of use
- ✓ low purchase price
- ✓ rapid ROI: 5-6 months common

# Long-Term Financial Objectives

- Delivering mid-teens sales growth
- Restoring gross margin to 60% or better
- Achieve double-digit operating margin
- Generate strong cash flow from operations



# Strategic Renewal Initiatives

- Re-align by vertical
  - Improve sales growth by better meeting needs of our customer
- Create new product drumbeat
  - Reinvigorate entrepreneurial spirit that grew this company
- Implement sales process modernization
  - On-line product demonstrations to increase sales efficiency
- Leverage global horizontal departments
  - Harmonize operations and business support functions

Expect to Complete by Mid 2017

# New Product Drumbeat

- Systematic, regular cadence of new product introductions
- 20 new or upgraded products launched since start of 2016
- Released two primary platform products in past 2 quarters
  - Vantage Laser Tracker
  - Focus 350 S150 and S350 Laser Scanners
- Introduced Early Adopters Program to increase speed to market and decrease product development time

# Recent Acquisitions

- **BuildIT Software & Solutions (July 2016)**
  - Metrology software used in 5 out of the 10 largest aerospace & defense firms
- **Laser Projection Technologies (August 2016)**
  - Excited by the possibilities of the VectorRI which we envision delivering unmatched capabilities in large-volume, non-contact metrology applications.
- **MWF-Technology (December 2016)**
  - Innovator in mobile augmented reality solutions with capabilities to transfer data that enables large data to be transferred to a tablet
- **Nutfield Technology (April 2017)**
  - Specializes in the design and manufacture of advanced galvanometer-based optical scanners, scan heads, and laser kits.

# First Quarter 2017

- Released next generation Vantage Laser Tracker
- New order bookings up 18.2% to \$86.9M
  - Expanded sales force by 30%
- Sales up 7.7% to \$81.6M
  - Construction BIM-CIM segment sales up 22.8%
  - Factory metrology segment sales up 6.0%
- Gross margin at 53.6%, up 0.5 percentage points from Q4 16
- EPS loss at \$0.09, as we pro-actively expanded our salesforce
- Cash at \$148.8M with no debt

# The Road Ahead

- Complete reorganization initiatives by mid-2017
  - Remain on-track for 12-18 month timeline at the start of 2016
- Drive new product drumbeat
  - Establish technical leadership position to drive higher margins
- Continue to expand salesforce
  - Build sales infrastructure for emerging verticals
- Execute acquisition drumbeat
  - Focus on early to mid-stage technology companies