## FARO Reports First Quarter 2019 Financial Results

May 1, 2019

LAKE MARY, Fla., May 1, 2019 /PRNewswire/ -- FARO<sup>®</sup> (NASDAQ: FARO), the world's most trusted source for 3D measurement and imaging solutions for 3D manufacturing, construction BIM, 3D design, public safety forensics, and photonics applications, today announced its financial results for the first quarter ended March 31, 2019.

"We continue to drive top line growth with new product introductions, as well as with expansion and improvements to our global sales organization," stated Dr. Simon Raab, President and Chief Executive Officer. "Our first quarter 2019 sales increased 1 percent with orders up 5 percent, which included a 4 percent negative impact from foreign exchange rates year-over-year. Our construction BIM and emerging vertical segments performed well by leveraging our sales headcount investments and new products in highly unaddressed market opportunities, with orders up 17 percent and 46 percent year-over-year, respectively. However, our 3D manufacturing segment orders declined by 5 percent due to a short-term sales disruption resulting from the reorganization of its sales force into multiple application portfolios and higher sales headcount turnover in the quarter. Due to the new product introductions over the last year and breadth of our product offerings, a restructuring of the sales force was needed to help ensure all products were adequately represented. While disruptive in the short-term, we believe that it will help us to achieve continued high growth rates and increased sales force efficiencies.

Our 2019 business initiatives are focused on increasing profitability with early success showing profit in all segments this quarter. We continued our increase in gross margin toward our 60 percent long-term objective by reaching 58.8 percent in the quarter due to our service margin improvements. We decreased selling and marketing expense as a percent of sales year-over-year, and controlled R&D spending below fourth quarter 2018. We were very pleased to announce that Michael Burger will assume my duties as President and CEO starting June 17th. We are focused on a successful leadership transition and are confident that Michael shares our drive and focus on technology leadership and increased profitability towards our long-term objectives of building and leading the 3D information revolution."

Total sales were \$93.6 million for first quarter 2019, up 0.8% as compared with \$92.8 million for first quarter 2018. Foreign exchange rates had a negative impact on sales of \$4.0 million, decreasing our overall sales growth rate by approximately 4.3 percentage points. Our sales increase was primarily driven by service revenue growth and an increase in product unit sales in our construction BIM and emerging vertical segments, offset partially by a decrease in product unit sales in our 3D manufacturing segment.

Our new order bookings were \$100.7 million for first quarter 2019, up 4.8% as compared with \$96.1 million for first quarter 2018. With our trailing 12 months new order bookings of \$429.9 million and our trailing 12 months sales full-time experienced ("FTE") headcount of 612, our trailing 12 months orders per sales FTE metric was approximately \$703,000, up from \$698,000 in first quarter 2018.

Gross margin was 58.8% for the quarter, up 0.9 percentage points as compared with 57.9% in the same prior year period, reflecting an increase in our service margin from double-digit revenue growth and improved efficiencies in our customer service repair process.

Operating income was \$0.4 million for first quarter 2019, as compared with \$0.7 million for the first quarter last year. Operating margin was 0.4% for first quarter 2019, down 0.3 percentage points as compared with first quarter 2018. Our operating expenses for first quarter 2019 included aggregate incremental general and administrative expenses of \$1.8 million related to our Chief Executive Officer succession, and the advisory fees incurred during the quarter in connection with our previously disclosed matter related to General Services Administration Federal Supply Schedule contracts (the "GSA Matter").

Net income for first quarter 2019 was \$0.2 million or \$0.01 per share, as compared with \$0.5 million or \$0.03 per share in the first quarter last year.

The company continues to maintain its strong capital structure with high liquidity and no debt. As of March 31, 2019, cash and short-term investments totaled \$135.5 million.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties, such as statements about demand for and customer acceptance of FARO's products, FARO's product development and product launches, FARO's growth, strategic and continuous improvement initiatives and FARO's growth potential. Statements that are not historical facts or that describe the Company's plans, objectives, projections, expectations, assumptions, strategies, or goals are forward-looking statements. In addition, words such as "is," "will" and similar expressions or discussions of FARO's plans or other intentions identify forward-looking statements. Forward-looking statements are not guarantees of future performance and are subject to various known and unknown risks, uncertainties, and other factors that may cause actual results, performances, or achievements to differ materially from future results, performances, or achievements expressed or implied by such forward-looking statements. Consequently, undue reliance should not be placed on these forward-looking statements.

Factors that could cause actual results to differ materially from what is expressed or forecasted in such forward-looking statements include, but are not limited to:

- the results of the Company's and its outside legal counsel's review of the GSA Matter; the outcome of the U.S. Government's review of, or investigation into, the GSA Matter; any resulting penalties, damages, or sanctions imposed on the Company and the outcome of any resulting litigation to which the Company may become a party; loss of future government sales; and potential impacts on customer and supplier relationships and the Company's reputation;
- development by others of new or improved products, processes or technologies that make the Company's products less competitive or obsolete;
- the Company's inability to maintain its technological advantage by developing new products and enhancing its existing products;
- declines or other adverse changes, or lack of improvement, in industries that the Company serves or the domestic and

international economies in the regions of the world where the Company operates and other general economic, business, and financial conditions;

- the impact of fluctuations in foreign exchange rates; and
- other risks detailed in Part I, Item 1A. Risk Factors in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

Forward-looking statements in this release represent the Company's judgment as of the date of this release. The Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise, unless otherwise required by law.

## About FARO

FARO is the world's most trusted source for 3D measurement and imaging solutions. The Company develops and markets computer-aided measurement and imaging devices and software for the following vertical markets:

- 3D Manufacturing High-precision 3D measurement, imaging and comparison of parts and complex structures within production and quality assurance processes
- Construction BIM 3D capture of as-built construction projects and factories to document complex structures and perform quality control, planning and preservation
- Public Safety Forensics Capture and analysis of on-site real world data to investigate crash, crime and fire events, plan security activities and provide virtual reality training for public safety personnel
- 3D Design Capture and edit 3D shapes of products, people, and/or environments for design purposes in product development, computer graphics and dental and medical applications
- Photonics Develop and market galvanometer-based laser measurement products and solutions

FARO's global headquarters is located in Lake Mary, Florida. The Company also has a technology center and manufacturing facility consisting of approximately 90,400 square feet located in Exton, Pennsylvania containing research and development, manufacturing and service operations of our FARO Laser Tracker ™ and FARO Tracer Laser Projector product lines. The Company's European regional headquarters is located in Stuttgart, Germany and its Asia-Pacific regional headquarters is located in Singapore. FARO has other offices in the United States, Canada, Mexico, Brazil, Germany, the United Kingdom, France, Spain, Italy, Poland, Turkey, the Netherlands, Switzerland, India, China, Malaysia, Thailand, South Korea, Japan, and Australia.

More information is available at http://www.faro.com

## FARO TECHNOLOGIES, INC. AND SUBSIDIARIES

### CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended		
(in thousands, except share and per share data)	Ma	rch 31, 2019Ma	rch 31, 2018
Sales			
Product	\$	68,800 \$	70,581
Service		24,817	22,253
Total sales		93,617	92,834
Cost of Sales			
Product		26,128	26,884
Service		12,470	12,164
Total cost of sales (exclusive of depreciation and amortization, shown separately below)		38,598	39,048
Gross Profit		55,019	53,786
Operating Expenses			
Selling and marketing		26,753	28,271
General and administrative		13,224	11,073
Depreciation and amortization		4,749	4,343
Research and development		9,935	9,406
Total operating expenses		54,661	53,093
Income from operations		358	693
Other expense (income)			
Interest income, net		(144)	(73)
Other expense, net		195	184
Income before income tax expense		307	582
Income tax expense		155	127
Net income	\$	152 \$	455
Net income per share - Basic	\$	0.01 \$	0.03
Net income per share - Diluted	\$	0.01 \$	0.03
Weighted average shares - Basic		17,280,365	16,837,754
Weighted average shares - Diluted		17,868,816	17,142,770

## FARO TECHNOLOGIES, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

ASETS     Current assets:       Cash and cash equivalents     \$ 110,696 \$ 108,783       Short-term investments     24,831     24,783       Accounts receivable, net     76,237     88,927       Inventories, net     76,267     88,927       Prepaid expresses and other current assets     24,210     28,795       Total current assets     20,311     20,304       Property and equipment     80,586     76,448       Leasshold improvements     20,311     20,304       Property and equipment at cost     20,311     20,304       Less: accumulated deprecision and amortization     (76,188)     (72,684)       Property and equipment, net     30,850     30,417       Deferred income tax assets, net     34,615     44,16       Other long-term assets     44,16     4,478       Total assets     44,16     4,478       Accounts payable     31,389     36,231	(in thousands, except share and per share data)		h 31, 2019Dec naudited)	ember 31, 2018
Cash and cash equivalents     \$ 110,696 \$ 108,783       Short-term investments     24,831     24,733       Accounts receivable, net     74,556     65,444       Prepaid expenses and other current assets     24,210     22,795       Total current assets     310,560     316,742       Property and equipment:     80,586     76,048       Furniture and fixtures     6,141     6,742       Leasehold improvements     20,311     20,304       Property and equipment at cost     107,038     103,101       Leasehold improvements     20,311     20,304       Property and equipment, net     30,350     30,417       Opcoduil     71,097     67,274       Intangible assets, net     29,507     33,054       Social assets     \$ 518,353     506,244       LABILITIES AND SHAREHOLDERS' EQUIPY     4,416     4,475       Current liabilities     \$ 14,351     20,093       Accounts payable     \$ 14,351     20,093       Accounts payable     \$ 14,351     20,093       Accounts payable     \$ 14,351     2,847 <t< th=""><th></th><th></th><th>,</th><th></th></t<>			,	
Short-term investments     24,831     24,793       Accounts receivable, net     76,237     88,927       Inventories, net     74,586     65,444       Prepaid expenses and other current assets     24,210     28,795       Total current assets     24,210     28,795       Property and equipment:     80,586     76,048       Furniture and fixtures     6,141     6,749       Property and equipment at cost     20,311     20,304       Uses accumulated depreciation and amortization     (76,188)     (72,684)       Operating lease right-of-use asset     18,876        GoodWill     71,097     67,274       Intangible assets, net     29,507     33,551       Deferred income tax assets, net     38,351     39,563       Deferred income tax assets, net     4,416     4,479       Current liabilities:     4,416     4,479       Current liabilities     31,389     36,327       Income tax assets, net     31,439     36,327       Current liabilities     31,389     36,224       Lassets     2,847     5	Current assets:			
Accounts receivable, net     76,237     88,927       Inventories, net     74,586     65,444       Prepaid expenses and other current assets     24,210     28,795       Total current assets     310,560     316,742       Property and equipment:     80,586     76,048       Machinery and equipment at cost     6,141     6,749       Leasehold improvements     20,311     20,301       Property and equipment at cost     107,033     103,101       Less: accurrentized experised and amortization     (76,188)     72,267       Property and equipment, net     30,850     30,417       Operating lease right-of-use asset     18,876        Goodwill     71,097     67,274       Intangible assets, net     29,507     33,054       Service and sales demonstration inventory, net     29,507     33,054       Italiabilities     \$14,351<\$20,093	Cash and cash equivalents	\$	110,696 \$	108,783
Inventories, net     74,586     65,444       Prepaid expenses and other current assets     24,210     28,795       Total current assets     310,560     316,742       Property and equipment:     80,586     76,048       Furniture and fixtures     6,141     6,749       Leasehold improvements     20,311     20,304       Property and equipment at cost     107,033     103,101       Less: accumulated depreciation and amortization     (76,188)     (72,684)       Property and equipment, net     30,950     30,417       Operating lease right-of-use asset     18,876     -       Goodwill     71,097     67,274       Intangible assets, net     14,896     14,719       Other long-term assets     4,416     4,475       Total assets     4,416     4,475       LABLITIES AND SHAREHOLDERS' EQUITY     \$     518,353 \$     506,244       LIABLITIES AND SHAREHOLDERS'EQUITY     \$     14,896     14,719       Current liabilities:     \$     14,363     -       Accrued liabilities     3,747     5,081	Short-term investments		24,831	24,793
Prepaid expenses and other current assets     24,210     28,795       Total current assets     310,560     316,742       Property and equipment:     80,586     76,043       Hurniture and futures     20,311     20,304       Property and equipment at cost     20,311     20,304       Leasehold improvements     20,311     20,304       Property and equipment, et     30,850     30,417       Operating lease right-of-use asset     18,876     -       Goodwill     71,097     67,274       Intangible assets, net     29,507     33,054       Service and sales demonstration inventory, net     38,351     39,563       Deferred income tax assets, net     14,696     14,719       Other long-term assets     4,416     4,475       Total assets     \$ 14,351 \$ 20,093     3,747       Income taxe payable     3,747     5,081       Accounts payable     \$ 14,351 \$ 20,093     3,647       Income taxes payable     3,747     5,081       Current liabilities     3,747     5,081       Income taxes payable     \$ 14,351 \$ 20,	Accounts receivable, net		76,237	88,927
Total current assets     310,560     316,742       Property and equipment     80,586     76,048       Furniture and fixtures     6,141     6,749       Leasehold improvements     20,311     20,304       Property and equipment at cost     107,038     103,101       Less: accurulated depreciation and amortization     (76,188)     (72,684)       Operating lease right-of-use asset     18,876     -       Goodwill     71,097     67,274       Intangible assets, net     29,507     33,054       Service and sales demonstration inventory, net     38,351     39,563       Deferred income tax assets, net     14,696     14,719       Other long-term assets     4,416     4,475       Current liabilities:     \$     518,353 \$     506,224       LIABILITIES AND SHAREHOLDERS' EQUITY     Current liabilities     2,847     3,144       Current liabilities     2,847     3,144     4,463     -       Current liabilities     2,847     3,144     4,463     -       Current liabilities     2,847     3,144     14,663 <td< td=""><td>Inventories, net</td><td></td><td>74,586</td><td>65,444</td></td<>	Inventories, net		74,586	65,444
Property and equipment:     80,586     76,048       Machinery and equipment     6,141     6,749       Leasehold improvements     20,311     20,304       Property and equipment at cost     107,038     103,101       Less: accumulated depreciation and amortization     (76,188)     (72,684)       Property and equipment, net     30,850     30,417       Operating lease right-of-use asset     18,876     71,097       CodWill     71,097     67,274       Intangible assets, net     29,507     33,054       Service and sales demonstration inventory, net     38,351     39,653       Deferred income tax assets, net     4,416     4,475       Other long-term assets     4,416     4,475       Cotal assets     \$ 518,353     506,244       LABILITIES AND SHAREHOLDERS' EQUITY     20,093     31,389     36,327       Current liabilities     31,389     32,878     28,477     5,081       Current portion of unearned service revenues     34,189     32,878     2,847     3,149       Current portion of unearned service revenues - less current portion     16,319	Prepaid expenses and other current assets		24,210	28,795
Machinery and equipment     80.586     76,048       Funiture and fixtures     6,141     6,749       Leasehold improvements     20,311     20,304       Property and equipment at cost     107,038     103,101       Less: accumulated depreciation and amortization     (76,188)     (72,684)       Operating lease right-of-use asset     18,876        GoodWill     71,097     67,274       Intrangible assets, net     29,507     33,054       Service and sales demonstration inventory, net     38,351     39,563       Deferred income tax assets, net     14,696     14,719       Other long-term assets     4,416     4,475       Total assets     \$ 518,353 \$ 506,244     14,896       LIABILTIES AND SHAREHOLDERS' EQUITY     Current liabilities     31,389       Current liabilities     31,389     36,327       Income taxes payable     \$ 14,351 \$ 20,093     20,873       Current portion of unearned service revenues     34,189     32,878       Current liabilities     2,847     3,144       Lease liability     Eastret asset asset asset asset asset asse aspayable <td>Total current assets</td> <td></td> <td>310,560</td> <td>316,742</td>	Total current assets		310,560	316,742
Furniture and fixtures     6,141     6,749       Leasehold improvements     20,311     20,304       Property and equipment at cost     107,038     103,101       Less: accumulated depreciation and amortization     (76,188)     (72,684)       Property and equipment, net     30,850     30,417       Operating lease right-of-use asset     18,876     -       Goodwill     71,097     67,274       Intangible assets, net     29,507     33,054       Service and sales demonstration inventory, net     38,351     39,563       Deferred income tax assets, net     4,416     4,475       Other long-term assets     \$ 518,353 \$ 506,244        LIABILITIES AND SHAREHOLDERS' EQUITY     Current liabilities     31,389     36,327       Accounts payable     \$ 14,351 \$ 20,093     31,389     36,327       Current portion of unearned service revenues     3,4189     32,878        Current portion of unearned service revenues - less current portion     16,319     15,505       Uneamed service revenues - less current portion     16,319     15,505       Income taxes payable - less current portion	Property and equipment:			
Leasehold improvements     20,311     20,304       Property and equipment at cost     107,038     103,101       Less: accumulated depreciation and amortization     (76,188)     (72,684)       Property and equipment, net     30,850     30,417       Operating lease right-of-use asset     18,876     -       Goodwill     71,097     67,274       Intangible assets, net     29,507     33,054       Service and sales demonstration inventory, net     38,351     39,563       Deferred income tax assets, net     4,416     4,475       Total assets     \$ 518,353 \$ 506,244     LIABILITES AND SHAREHOLDERS' EQUITY       Current liabilities:     -     -     -       Accrued liabilities     3,418     36,327     -       Income taxes payable     \$ 14,351 \$ 20,093     -     -       Accrued liabilities     3,418     32,878     -     -       Income taxes payable     \$ 14,351 \$ 20,093     -     -     -       Accrued liabilities     \$ 14,351 \$ 20,093     -     -     -       Uncome taxes payable     \$ 14,351 \$<	Machinery and equipment		80,586	76,048
Property and equipment at cost     107,038     103,101       Less: accumulated depreciation and amortization     (76,188)     (72,684)       Property and equipment, net     30,850     30,417       Operating lease right-of-use asset     18,876     -       GoodWill     71,097     67,274       Intangible assets, net     29,507     33,054       Deferred income tax assets, net     14,696     14,719       Other long-term assets     4,416     4,475       Total assets     \$ 518,353 \$ 506,224     14,896       LIABILITIES AND SHAREHOLDERS' EQUITY     Current liabilities     31,389     36,327       Current protion of unearned service revenues     31,489     36,327     31,489     36,327       Income taxes payable     \$ 14,351 \$ 20,093     31,489     36,327     31,444     Lease liabilities     2,847     3,144     Lease liability     6,446     -     -     70tal current fuibilities     2,847     3,144     Lease liability     Lease Liability     5,319     35,253     Joe,219     99     97,523     Junearned service revenues - less current portion     16,319	Furniture and fixtures		6,141	6,749
Less: accumulated depreciation and amortization     (76.188)     (72,684)       Property and equipment, net     30.850     30,417       Operating lease right-of-use asset     18.876     -       Goodwil     71,097     67,274       Intangible assets, net     29,507     33,054       Service and sales demonstration inventory, net     38,351     39,563       Deferred income tax assets, net     14,696     14,719       Other long-term assets     4,416     4,475       Total assets     \$ 518,353 \$ 506,244     LABILITIES AND SHAREHOLDERS' EQUITY       Current liabilities:     Accrued liabilities     31,389     36,327       Accounts payable     31,389     36,327     50,814       Current liabilities     28,477     3,144     Lease liability     6,446       Current portion of unearned service revenues     34,189     32,878     2,847       Customer deposits     2,847     3,144     Lease liability     6,446     -       Total current liabilities     92,969     97,523     Unearned service revenues - less current portion     16,319     15,255	Leasehold improvements		20,311	20,304
Property and equipment, net     30,850     30,417       Operating lease right-of-use asset     18,876     -       Goodwill     71,097     67,274       Intangible assets, net     29,507     33,054       Service and sales demonstration inventory, net     38,351     39,563       Deferred income tax assets, net     14,696     14,719       Other long-term assets     4,416     4,475       Total assets     \$ 518,353 \$ 506,244       LIABILITIES AND SHAREHOLDERS' EQUITY     -       Current liabilities:     31,389     36,327       Income taxes payable     31,389     36,327       Income taxes payable     3,747     5,081       Current portion of unearned service revenues     2,847     3,144       Lease liability     6,446     -       Otal current liabilities     2,541     736       Income taxes payable - less current portion     16,319     15,505       Lease liability - less current portion     14,463     -       Deferred income tax liabilities     2,541     736       Income taxes payable - less current portion     12,247 <td>Property and equipment at cost</td> <td></td> <td>107,038</td> <td>103,101</td>	Property and equipment at cost		107,038	103,101
Property and equipment, net     30,850     30,417       Operating lease right-of-use asset     18,876     -       Goodwill     71,097     67,274       Intangible assets, net     29,507     33,054       Service and sales demonstration inventory, net     38,351     39,563       Deferred income tax assets, net     4,416     4,475       Other long-term assets     4,416     4,475       Total assets     4,416     4,475       Current liabilities:     31,389     36,327       Accounts payable     31,389     36,327       Current liabilities     31,389     36,327       Income taxes payable     3,747     5,081       Current liabilities     2,847     3,144       Lease liability     6,446     -       Total current fiabilities     2,541     736       Unearend service revenues - less current portion     16,319     15,505       Lease liability - less current portion     14,765     129,437       Unearent descurve revenues - less current portion     12,247     12,247       Income taxes payable - less current portion <td>Less: accumulated depreciation and amortization</td> <td></td> <td>(76,188)</td> <td>(72,684)</td>	Less: accumulated depreciation and amortization		(76,188)	(72,684)
Operating lease right-of-use asset     18,876        GoodWill     71,097     67,274       Intangible assets, net     29,507     33,054       Service and sales demonstration inventory, net     38,351     39,563       Deferred income tax assets, net     14,696     14,719       Other long-term assets     \$ 518,353 \$ 506,244       LIABILITIES AND SHAREHOLDERS' EQUITY			30,850	30,417
Intangible assets, net     29,507     33,054       Service and sales demonstration inventory, net     38,351     39,563       Deferred income tax assets, net     14,666     14,719       Other long-term assets     4,416     4,475       Total assets     \$ 518,353 \$ 506,244       LIABILITIES AND SHAREHOLDERS' EQUITY      31,389     36,327       Current liabilities:     31,389     36,327     31,489     32,878       Accounts payable     31,389     36,327     3,144     Lease liability     6,446        Current portion of uneared service revenues     2,847     3,144     Lease liability     6,446        Total current liabilities     92,969     97,523			18,876	
Intangible assets, net     29,507     33,054       Service and sales demonstration inventory, net     38,351     39,563       Deferred income tax assets, net     14,666     14,719       Other long-term assets     4,416     4,475       Total assets     \$ 518,353 \$ 506,244       LIABILITIES AND SHAREHOLDERS' EQUITY      31,389     36,327       Current liabilities:     31,389     36,327     31,489     32,878       Accounts payable     31,389     36,327     3,144     Lease liability     6,446        Current portion of uneared service revenues     2,847     3,144     Lease liability     6,446        Total current liabilities     92,969     97,523	Goodwill		71,097	67,274
Deferred income tax assets, net     14,696     14,719       Other long-term assets     4,416     4,475       Total assets     \$ 518,353 \$ 506,244       LABILITIES AND SHAREHOLDERS' EQUITY        Current liabilities:     31,389     36,327       Accounts payable     3,747     5,081       Accounte diabilities     3,747     5,081       Current liabilities     3,4189     32,878       Customer deposits     2,847     3,144       Lease liabilities     6,446     -       Total current liabilities     92,969     97,523       Unearned service revenues - less current portion     16,319     15,505       Lease liability - less current portion     14,363     -       Deferred income tax liabilities     -     2,247       Other long-term liabilities     3,326     3,624       Total current liabilities     3,326     3,624       Income tax liabilities     3,326     3,624       Income tax liabilities     3,326     3,624       Total current liabilities     3,326     3,624       Total liabil	Intangible assets, net			33,054
Other long-term assets     4,416     4,475       Total assets     \$ 518,353 \$ 506,244       LIABILITIES AND SHAREHOLDERS' EQUITY       Current liabilities:       Accounts payable     31,389     36,327       Income taxes payable     3,747     5,081       Current portion of unearned service revenues     34,189     32,878       Customer deposits     2,847     3,144       Lease liability     6,446     -       Total current liabilities     92,969     97,523       Unearned service revenues - less current portion     16,319     15,505       Lease liability - less current portion     12,247     12,247       Deferred income tax liabilities     2,541     736       Income taxes payable - less current portion     12,247     12,247       Other long-term liabilities     3,326     3,624       Total liabilities     3,326     3,624       Total liabilities     141,765     129,635       Shareholders' equity:     252,840     251,329       Common stock - par value \$.001, 50,000,000 shares authorized; 18,731,586 and 18,676,059 issued, respectively; 17,317,875 and 17,253,011 outstanding	Service and sales demonstration inventory, net		38,351	39,563
Total assets     \$ 518,353 \$ 506,244       LIABILITIES AND SHAREHOLDERS' EQUITY     \$       Current liabilities:     31,389     36,327       Accoudi fabilities     31,389     36,327       Income taxes payable     3,747     5,081       Current portion of unearned service revenues     34,189     32,878       Customer deposits     2,847     3,144       Lease liability     6,446     -       Total current liabilities     92,969     97,523       Unearned service revenues - less current portion     16,319     15,505       Lease liability - less current portion     12,247     12,247       Deferred income tax iabilities     2,541     736       Income taxes payable - less current portion     12,247     12,247       Other long-term liabilities     3,326     3,624       Total liabilities     2,541     736       Shareholders' equity:     2000,000 shares authorized; 18,731,586 and 18,676,059 issued, respectively; 17,317,875 and 17,253,011 outstanding, respectively     19     19       Additional paid-in capital     252,840     251,329     252,840     251,329	Deferred income tax assets, net		14,696	14,719
LIABILITIES AND SHAREHOLDERS' EQUITY       Current liabilities:       Accounds payable     \$ 14,351 \$ 20,093       Accrued liabilities     31,389     36,327       Income taxes payable     3,747     5,081       Current portion of unearned service revenues     34,189     32,878       Customer deposits     2,847     3,144       Lease liability     6,446        Total current liabilities     92,969     97,523       Unearned service revenues - less current portion     16,319     15,053       Lease liability - less current portion     14,363        Deferred income tax liabilities     2,541     736       Income taxes payable - less current portion     12,247     12,247       Other long-term liabilities     3,326     3,624       Total liabilities     141,765     129,635       Shareholders' equity:     19     19       Common stock - par value \$.001, 50,000,000 shares authorized; 18,731,586 and 18,676,059 issued,     175,178       respectively; 17,317,875 and 17,253,011 outstanding, respectively     19     19       Additional paid-in capital     252,840	Other long-term assets		4,416	4,475
Current liabilities:   \$ 14,351 \$ 20,093     Accounts payable   \$ 14,351 \$ 20,093     Accounts payable   31,389   36,327     Income taxes payable   3,747   5,081     Current portion of unearned service revenues   34,189   32,878     Customer deposits   2,847   3,144     Lease liability   6,446   -     Total current liabilities   92,969   97,523     Unearned service revenues - less current portion   16,319   15,505     Lease liability - less current portion   14,363   -     Deferred income tax liabilities   2,541   736     Income taxes payable - less current portion   12,247   12,247     Other long-term liabilities   3,326   3,624     Total liabilities   141,765   129,635     Shareholders' equity:   19   19     Common stock - par value \$.001, 50,000,000 shares authorized; 18,731,586 and 18,676,059 issued,   175,178     respectively; 17,317,875 and 17,253,011 outstanding, respectively   19   19     Additional paid-in capital   252,840   251,329     Retained earnings   (20,047)   (18,483)	Total assets	\$	518,353 \$	506,244
Current liabilities:   \$ 14,351 \$ 20,093     Accounts payable   \$ 14,351 \$ 20,093     Accounts payable   31,389   36,327     Income taxes payable   3,747   5,081     Current portion of unearned service revenues   34,189   32,878     Customer deposits   2,847   3,144     Lease liability   6,446   -     Total current liabilities   92,969   97,523     Unearned service revenues - less current portion   16,319   15,505     Lease liability - less current portion   14,363   -     Deferred income tax liabilities   2,541   736     Income taxes payable - less current portion   12,247   12,247     Other long-term liabilities   3,326   3,624     Total liabilities   141,765   129,635     Shareholders' equity:   19   19     Common stock - par value \$.001, 50,000,000 shares authorized; 18,731,586 and 18,676,059 issued,   175,178     respectively; 17,317,875 and 17,253,011 outstanding, respectively   19   19     Additional paid-in capital   252,840   251,329     Retained earnings   (20,047)   (18,483)	LIABILITIES AND SHAREHOLDERS' EQUITY			
Accrued liabilities   31,389   36,327     Income taxes payable   3,747   5,081     Current portion of unearned service revenues   34,189   32,878     Customer deposits   2,847   3,144     Lease liability   6,446      Total current liabilities   92,969   97,523     Unearned service revenues - less current portion   16,319   15,505     Lease liability - less current portion   14,363      Deferred income tax liabilities   2,541   736     Income taxes payable - less current portion   12,247   12,247     Other long-term liabilities   3,326   3,624     Total liabilities   141,765   129,635     Shareholders' equity:   Common stock - par value \$.001, 50,000,000 shares authorized; 18,731,586 and 18,676,059 issued, respectively; 17,317,875 and 17,253,011 outstanding, respectively   19   19     Additional paid-in capital   252,840   251,329   251,329     Retained earnings   175,178   175,553   376,588 \$   376,609     Common stock in treasury, at cost; 1,413,711 and 1,423,048 shares, respectively   \$   31,402) \$   (31,609)     Total shareho				
Accrued liabilities   31,389   36,327     Income taxes payable   3,747   5,081     Current portion of unearned service revenues   34,189   32,878     Customer deposits   2,847   3,144     Lease liability   6,446	Accounts payable	\$	14,351 \$	20,093
Income taxes payable     3,747     5,081       Current portion of unearned service revenues     34,189     32,878       Customer deposits     2,847     3,144       Lease liability     6,446        Total current liabilities     92,969     97,523       Unearned service revenues - less current portion     16,319     15,505       Lease liability - less current portion     14,363        Deferred income tax liabilities     2,541     736       Income taxes payable - less current portion     12,247     12,247       Other long-term liabilities     3,326     3,624       Total liabilities     141,765     129,635       Shareholders' equity:     19     19       Common stock - par value \$.001, 50,000,000 shares authorized; 18,731,586 and 18,676,059 issued,     respectively; 17,317,875 and 17,253,011 outstanding, respectively     19     19       Additional paid-in capital     252,840     251,329     252,840     251,329       Retained earnings     175,178     175,353     175,178     175,353     376,588     376,609       Common stock in treasury, at cost; 1,413,711 and 1,423,048 s		·	31,389	
Customer deposits     2,847     3,144       Lease liability     6,446     -       Total current liabilities     92,969     97,523       Unearned service revenues - less current portion     16,319     15,505       Lease liability - less current portion     14,363     -       Deferred income tax liabilities     2,541     736       Income taxes payable - less current portion     12,247     12,247       Other long-term liabilities     3,326     3,624       Total liabilities     141,765     129,635       Shareholders' equity:     Common stock - par value \$.001, 50,000,000 shares authorized; 18,731,586 and 18,676,059 issued,     respectively; 17,317,875 and 17,253,011 outstanding, respectively       Additional paid-in capital     252,840     251,329       Retained earnings     175,178     175,353       Accumulated other comprehensive loss     (20,047)     (18,483)       Common stock in treasury, at cost; 1,413,711 and 1,423,048 shares, respectively     \$ 376,588 \$ 376,609       Total shareholders' equity     \$ 376,588 \$ 376,609			3,747	5,081
Lease liability     6,446     —       Total current liabilities     92,969     97,523       Unearned service revenues - less current portion     16,319     15,505       Lease liability - less current portion     14,363     —       Deferred income tax liabilities     2,541     736       Income taxes payable - less current portion     12,247     12,247       Other long-term liabilities     3,326     3,624       Total liabilities     141,765     129,635       Shareholders' equity:     Common stock - par value \$.001, 50,000,000 shares authorized; 18,731,586 and 18,676,059 issued, respectively; 17,317,875 and 17,253,011 outstanding, respectively     19     19       Additional paid-in capital     252,840     251,329     252,840     251,329       Retained earnings     175,178     175,353     (20,047)     (18,483)     (20,047)     (18,483)       Common stock in treasury, at cost; 1,413,711 and 1,423,048 shares, respectively     \$ 376,588 \$ 376,609     \$ 376,588 \$ 376,609     \$ 376,588 \$ 376,609	Current portion of unearned service revenues		34,189	32,878
Total current liabilities     92,969     97,523       Unearned service revenues - less current portion     16,319     15,505       Lease liability - less current portion     14,363     —       Deferred income tax liabilities     2,541     736       Income taxes payable - less current portion     12,247     12,247       Other long-term liabilities     3,326     3,624       Total liabilities     141,765     129,635       Shareholders' equity:     Common stock - par value \$.001, 50,000,000 shares authorized; 18,731,586 and 18,676,059 issued,     respectively; 17,317,875 and 17,253,011 outstanding, respectively       Additional paid-in capital     252,840     251,329       Retained earnings     175,178     175,353       Accumulated other comprehensive loss     (20,047)     (18,483)       Common stock in treasury, at cost; 1,413,711 and 1,423,048 shares, respectively     \$ 376,588 \$ 376,609       Total shareholders' equity     \$ 376,588 \$ 376,609	Customer deposits		2,847	3,144
Unearned service revenues - less current portion     16,319     15,505       Lease liability - less current portion     14,363     —       Deferred income tax liabilities     2,541     736       Income taxes payable - less current portion     12,247     12,247       Other long-term liabilities     3,326     3,624       Total liabilities     141,765     129,635       Shareholders' equity:     19     19       Common stock - par value \$.001, 50,000,000 shares authorized; 18,731,586 and 18,676,059 issued,     19     19       respectively; 17,317,875 and 17,253,011 outstanding, respectively     19     19     19       Additional paid-in capital     252,840     251,329     251,329       Retained earnings     175,178     175,353     Accumulated other comprehensive loss     (20,047)     (18,483)       Common stock in treasury, at cost; 1,413,711 and 1,423,048 shares, respectively     \$ (31,402) \$ (31,609)     376,588 \$ 376,609       Total shareholders' equity     \$ 376,588 \$ 376,609     \$ 376,588 \$ 376,609     \$ 376,588 \$ 376,609	Lease liability		6,446	
Lease liability - less current portion     14,363     —       Deferred income tax liabilities     2,541     736       Income taxes payable - less current portion     12,247     12,247       Other long-term liabilities     3,326     3,624       Total liabilities     141,765     129,635       Shareholders' equity:     19     19       Common stock - par value \$.001, 50,000,000 shares authorized; 18,731,586 and 18,676,059 issued,     19     19       respectively; 17,317,875 and 17,253,011 outstanding, respectively     19     19     19       Additional paid-in capital     252,840     251,329     251,329       Retained earnings     (20,047)     (18,483)     (20,047)     (18,483)       Common stock in treasury, at cost; 1,413,711 and 1,423,048 shares, respectively     \$ (31,402) \$ (31,609)     (31,609)       Total shareholders' equity     \$ 376,588 \$ 376,609     376,588 \$ 376,609	Total current liabilities		92,969	97,523
Deferred income tax liabilities     2,541     736       Income taxes payable - less current portion     12,247     12,247       Other long-term liabilities     3,326     3,624       Total liabilities     141,765     129,635       Shareholders' equity:     19     19       Common stock - par value \$.001, 50,000,000 shares authorized; 18,731,586 and 18,676,059 issued,     19     19       respectively; 17,317,875 and 17,253,011 outstanding, respectively     19     19     19       Additional paid-in capital     252,840     251,329     252,840     251,329       Retained earnings     175,178     175,353     175,047     (18,483)       Common stock in treasury, at cost; 1,413,711 and 1,423,048 shares, respectively     \$ (31,402) \$ (31,609)     \$ 376,588 \$ 376,609       Total shareholders' equity     \$ 376,588 \$ 376,609     \$ 376,588 \$ 376,609     \$ 376,588 \$ 376,609	Unearned service revenues - less current portion		16,319	15,505
Income taxes payable - less current portion   12,247   12,247     Other long-term liabilities   3,326   3,624     Total liabilities   141,765   129,635     Shareholders' equity:   141,765   129,635     Common stock - par value \$.001, 50,000,000 shares authorized; 18,731,586 and 18,676,059 issued,   19   19     respectively; 17,317,875 and 17,253,011 outstanding, respectively   19   19   19     Additional paid-in capital   252,840   251,329     Retained earnings   175,178   175,353     Accumulated other comprehensive loss   (20,047)   (18,483)     Common stock in treasury, at cost; 1,413,711 and 1,423,048 shares, respectively   \$ (31,402) \$ (31,609)     Total shareholders' equity   \$ 376,588 \$ 376,609	Lease liability - less current portion		14,363	_
Other long-term liabilities     3,326     3,624       Total liabilities     141,765     129,635       Shareholders' equity:     141,765     129,635       Common stock - par value \$.001, 50,000,000 shares authorized; 18,731,586 and 18,676,059 issued,     19     19       respectively; 17,317,875 and 17,253,011 outstanding, respectively     19     19     19       Additional paid-in capital     252,840     251,329     251,329       Retained earnings     175,178     175,353     175,178     175,353       Accumulated other comprehensive loss     (20,047)     (18,483)     (20,047)     (18,483)       Common stock in treasury, at cost; 1,413,711 and 1,423,048 shares, respectively     \$ (31,402) \$ (31,609)     \$ 376,588 \$ 376,609       Total shareholders' equity     \$ 376,588 \$ 376,609     \$ 376,588 \$ 376,609     \$ 376,588 \$ 376,609	Deferred income tax liabilities		2,541	736
Total liabilities     141,765     129,635       Shareholders' equity:     Common stock - par value \$.001, 50,000,000 shares authorized; 18,731,586 and 18,676,059 issued,     19     19       respectively; 17,317,875 and 17,253,011 outstanding, respectively     19     19     19       Additional paid-in capital     252,840     251,329       Retained earnings     175,178     175,353       Accumulated other comprehensive loss     (20,047)     (18,483)       Common stock in treasury, at cost; 1,413,711 and 1,423,048 shares, respectively     \$ (31,402) \$ (31,609)       Total shareholders' equity     \$ 376,588 \$ 376,609	Income taxes payable - less current portion		12,247	12,247
Shareholders' equity:     19     19       Common stock - par value \$.001, 50,000,000 shares authorized; 18,731,586 and 18,676,059 issued,     19     19       respectively; 17,317,875 and 17,253,011 outstanding, respectively     19     19     19       Additional paid-in capital     252,840     251,329       Retained earnings     175,178     175,353       Accumulated other comprehensive loss     (20,047)     (18,483)       Common stock in treasury, at cost; 1,413,711 and 1,423,048 shares, respectively     \$ (31,402) \$ (31,609)       Total shareholders' equity     \$ 376,588 \$ 376,609	Other long-term liabilities		3,326	3,624
Common stock - par value \$.001, 50,000,000 shares authorized; 18,731,586 and 18,676,059 issued,       respectively; 17,317,875 and 17,253,011 outstanding, respectively     19     19       Additional paid-in capital     252,840     251,329       Retained earnings     175,178     175,353       Accumulated other comprehensive loss     (20,047)     (18,483)       Common stock in treasury, at cost; 1,413,711 and 1,423,048 shares, respectively     \$ (31,402) \$ (31,609)       Total shareholders' equity     \$ 376,588 \$ 376,609	Total liabilities		141,765	129,635
respectively; 17,317,875 and 17,253,011 outstanding, respectively   19   19     Additional paid-in capital   252,840   251,329     Retained earnings   175,178   175,353     Accumulated other comprehensive loss   (20,047)   (18,483)     Common stock in treasury, at cost; 1,413,711 and 1,423,048 shares, respectively   \$ (31,402) \$ (31,609)   \$ 376,588 \$ 376,609     Total shareholders' equity   \$ 076,588 \$ 076,009   \$ 076,588 \$ 076,009   \$ 076,588 \$ 076,009	Shareholders' equity:			
Additional paid-in capital   252,840   251,329     Retained earnings   175,178   175,353     Accumulated other comprehensive loss   (20,047)   (18,483)     Common stock in treasury, at cost; 1,413,711 and 1,423,048 shares, respectively   \$ (31,402) \$ (31,609)     Total shareholders' equity   \$ 376,588 \$ 376,609	Common stock - par value \$.001, 50,000,000 shares authorized; 18,731,586 and 18,676,059 issued	d,		
Retained earnings     175,178     175,353       Accumulated other comprehensive loss     (20,047)     (18,483)       Common stock in treasury, at cost; 1,413,711 and 1,423,048 shares, respectively     \$ (31,402) \$ (31,609)       Total shareholders' equity     \$ 376,588 \$ 376,609	respectively; 17,317,875 and 17,253,011 outstanding, respectively		19	19
Accumulated other comprehensive loss     (20,047)     (18,483)       Common stock in treasury, at cost; 1,413,711 and 1,423,048 shares, respectively     \$ (31,402) \$ (31,609)       Total shareholders' equity     \$ 376,588 \$ 376,609	Additional paid-in capital		252,840	251,329
Common stock in treasury, at cost; 1,413,711 and 1,423,048 shares, respectively     \$ (31,402) \$ (31,609)       Total shareholders' equity     \$ 376,588 \$ 376,609	Retained earnings		175,178	175,353
State     \$ 376,588 \$ 376,609       \$ 376,588 \$ 376,609     \$ 376,588 \$ 376,609	Accumulated other comprehensive loss		(20,047)	(18,483)
	Common stock in treasury, at cost; 1,413,711 and 1,423,048 shares, respectively		(31,402) \$	(31,609)
Total liabilities and shareholders' equity \$ 518,353 \$ 506,244	Total shareholders' equity	\$	376,588 \$	376,609
	Total liabilities and shareholders' equity	\$	518,353 \$	506,244

## FARO TECHNOLOGIES, INC. AND SUBSIDIARIES

# CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Three Months Ended (in thousands) Cash flows from: March 31, 2019March 31, 2018 **Operating activities:** Net income \$ 152 \$ 455 Adjustments to reconcile net income to net cash provided by (used in) operating activities: 4,749 Depreciation and amortization 4,343 Stock-based compensation 2,564 1,553 (Recoveries) provisions for bad debts, net (100) 24 Loss on disposal of assets 57 127 896 Provision for excess and obsolete inventory 312

(UNAUDITED)

Deferred income tax expense (benefit)	8	(128)
Change in operating assets and liabilities:		
Decrease (Increase) in:		
Accounts receivable	12,410	1,808
Inventories	(10,908)	(5,208)
Prepaid expenses and other current assets	4,463	(936)
(Decrease) Increase in:		
Accounts payable, accrued liabilities, and lease liability	(9,172)	(4,846)
Income taxes payable	(1,323)	(2,571)
Customer deposits	(310)	(213)
Unearned service revenues	 2,324	1,231
Net cash provided by (used in) operating activities	 5,810	(4,049)
Investing activities:		
Purchases of property and equipment	(1,543)	(2,243)
Payments for intangible assets	(529)	(650)
Acquisition of businesses	 	(3,966)
Net cash used in investing activities	 (2,072)	(6,859)
Financing activities:		
Payments on finance leases	(90)	(46)
Payments of contingent consideration for acquisitions	(250)	_
Payments for taxes related to net share settlement of equity awards	(1,138)	_
Proceeds from issuance of stock related to stock option exercises	292	6,785
Net cash (used in) provided by financing activities	 (1,186)	6,739
Effect of exchange rate changes on cash and cash equivalents	 (639)	2,035
Increase (decrease) in cash and cash equivalents	1,913	(2,134)
Cash and cash equivalents, beginning of period	108,783	140,960
Cash and cash equivalents, end of period	\$ 110,696 \$	138,826
	 , +	1

## FARO TECHNOLOGIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (UNAUDITED)

		Three Months Ended			
(in thousands)	March 31, 2019		March 31, 2018		
Net income	\$	152	\$	455	
Currency translation adjustments		(1,564)		5,214	
Comprehensive (loss) income	\$	(1,412)	\$	5,669	

## FARO TECHNOLOGIES, INC. AND SUBSIDIARIES UNAUDITED SUPPLEMENTAL DATA

	Three Months Ended				
	Q1	2019		Q1 2018	
(sales in thousands)	S	Sales		Sales	% Change
Reporting Segments					
3D Manufacturing <sup>(1)</sup>	\$	56,567	\$	60,657	(6.7)%
Construction BIM <sup>(2)</sup>		25,440		22,682	12.2%
Emerging Verticals <sup>(3)</sup>		11,610		9,495	22.3%
Total	\$	93,617	\$	92,834	0.8%

<sup>(1)</sup> The 3D Manufacturing reporting segment contains solely our 3D Manufacturing vertical.

<sup>(2)</sup> The Construction BIM reporting segment contains solely our Construction BIM vertical.

<sup>(3)</sup> The Emerging Verticals reporting segment includes our 3D Design, Public Safety Forensics, and Photonics verticals.

## FARO TECHNOLOGIES, INC. AND SUBSIDIARIES UNAUDITED SUPPLEMENTAL DATA

	New Order Bookings (in millions)	Ending Sales Headcount	Sales FTE Headcount <sup>(1)</sup>	Trailing 12 Months Sales FTE Headcount <sup>(1)</sup>	Trailing 12 Months Orders per Sales FTE (in thousands) <sup>(1)</sup>
Q2-16	\$81.6	468	424	419	\$782
Q3-16	\$79.8	507	435	424	\$790
Q4-16	\$95.8	536	454	432	\$766
Q1-17	\$86.9	593	486	450	\$765

Q2-17	\$89.0	627	516	473	\$743
Q3-17	\$90.5	635	548	501	\$723
Q4-17	\$110.6	631	568	530	\$711
Q1-18	\$96.1	653	581	553	\$698
Q2-18	\$106.5	672	591	572	\$706
Q3-18	\$100.5	707	604	586	\$706
Q4-18	\$122.2	733	621	599	\$710
Q1-19	\$100.7	737	633	612	\$703

<sup>(1)</sup> Sales full-time experienced ("FTE") is a metric whereby sales headcount is measured as a time-weighted average with the first year contribution of a new employee discounted by an experience factor.

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SOURCE FARO Technologies, Inc.

Nancy Setteducati, Nancy.setteducati@faro.com