

FARO Technologies Reports Second Quarter Results -- Revenue Grows 11.5% -- -- Net Loss Per Share Narrows for Third Straight Quarter -- -- Company Sees 1999 Revenue Growth of 30%, Renewed Profitability for Q4 --

August 3, 1999

LAKE MARY, Fla., Aug. 3 /PRNewswire/ -- FARO Technologies, Inc. (Nasdaq: FARO), today announced that revenue during the second quarter of 1999 grew 11.5% to \$8.6 million from \$7.7 million in the second quarter of 1998. The Company's net loss decreased by 90% for the second quarter of 1999 to \$165,000 from a net loss of \$1.7 million for the year ago quarter. The loss per share continued to narrow for the third quarter in a row to a negative \$0.01 per basic and diluted share, from a net loss of a negative \$0.16 per basic and diluted share in the second quarter of 1998.

The Company also reported operating income before interest, taxes, depreciation and amortization (EBITDA) of \$258,000 in the second quarter of 1999, compared with EBITDA of negative \$1.5 million in the second quarter of 1998. EBITDA continued to improve from negative \$502,000, negative \$791,000 and negative \$2.0 million for the three preceding quarters, respectively.

"We are pleased not only with the sales growth in the quarter but also with our EBITDA and bottom line progress over the last three quarters," said Simon Raab, President and Chief Executive Officer. "The quarter-to-quarter trend is increasingly positive, indicating our return to operating profitability. We are reporting improved sales over a year ago for the third quarter in a row, and our loss has steadily narrowed over the last three quarters -- from \$0.25 in Q3 1998 to \$0.13 in Q4 1998, then to \$0.10 in Q1 1999, and now to \$0.01. These results reflect the impact of our sales and marketing efforts, our acquisition integration and our expanded product line."

"We are also pleased that the weakening of European currencies relative to the U.S. dollar minimally impacted earnings by no more than \$0.01 per share on a pre-tax basis," Raab added. "Backlog at the end of the quarter was \$1.6 million, compared with \$1.9 million for the first quarter. This strong backlog indicates the continuation of the high growth in new orders reported for the previous quarter. Excluding German sales resulting from our acquisition, for purposes of comparability, orders in the second quarter of 1999 increased 34.9% from the year-ago quarter, and year-to-date orders increased 41.4%."

"Regionally, sales for the quarter increased 23% in the U.S. and 35% in the three European countries where we have offices. Sales decreased 40% elsewhere, suggesting the need for our continued investment in regional sales offices. However continued weakness in Asia and other regions demands caution in their selection for expansion."

"Looking ahead, our sizable presence in Europe exposes us to a negative seasonal impact because of the summer slowdown common there," Raab noted. "Because of this European seasonality and the absence of a perceptible recovery in Asia, which contributed only 3.4% of our second-quarter sales, we are projecting flat revenues and earnings in the third quarter, compared to the second quarter. For the full year, we expect growth in revenue for 1999 over 1998 will be about 30%, representing annual revenues for 1999 of approximately \$36 million and a loss for the year of \$0.04 to \$0.06 per share. More importantly from the standpoint of tracking our recovery this would result from a gain for the second half of \$0.05 to \$0.07."

Faro reported 11,012,619 weighted average shares outstanding increased 4.6% for the second quarter of 1999, compared with 10,531,132 for the year-ago quarter. The Company's balance sheet at the end of the first half included total assets of \$48.5 million, no debt and total liabilities of \$4.6 million.

FARO Technologies, Inc. and its international subsidiaries are pioneers and market leaders in the Computer Aided Manufacturing Measurement (CAMM) market, which is the final frontier of the Computer Aided Design (CAD) revolution. The Company's hardware and software products play a key role in the worldwide trend toward CAD-based total quality management for shortened production cycles and in total quality management for the reduction in scrap and rework. FARO's product line includes portable measurement equipment, a broad line of CAD-based inspection software for portable and fixed-base coordinate measurement machines, and factory-level statistical process control (SPC) software. FARO's products are used worldwide by a wide variety of manufacturing companies, both large and small. News and information are available at the company's Website at <http://www.faro.com>.

To receive additional information on FARO Technologies, Inc. via fax at no charge, dial 1-800-PRO-INFO and enter code FARO. For international access, dial 732-544-2850.

Statements contained in this press release that are not historical facts are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities and Litigation Reform Act of 1995. In addition, words such as "believes," "anticipates," "expects" and similar expressions are intended to identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties or other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause such a difference include, but are not limited to:

- customer acceptance of the company's products,
- seasonality in Europe,
- foreign exchange fluctuation,
- the impact of competitive products and pricing,
- the other risks detailed in the company's 10-K report and other filings from time to time with the Securities and Exchange Commission.

Forward-looking statements in this release represent the company's judgment as of the date of this release. The company disclaims, however, any intent or obligation to update these forward-looking statements.

FARO TECHNOLOGIES, INC.
SUMMARY FINANCIAL TABLE

CONSOLIDATED INCOME STATEMENTS
(Unaudited)

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|---------------|------------------|--------------|
| | June 30, | | June 30, | |
| | 1999 | 1998 | 1999 | 1998 |
| Sales | \$8,611,436 | \$7,721,808 | \$15,515,932 | \$14,404,009 |
| Cost of Sales | 3,447,453 | 2,779,843 | 6,186,182 | 5,461,605 |
| Gross Profit | 5,163,983 | 4,941,965 | 9,329,750 | 8,942,404 |
| Operating Expenses | | | | |
| Selling | 2,750,972 | 2,211,523 | 5,295,086 | 3,795,059 |
| General and Administrative | 1,199,013 | 517,136 | 2,506,347 | 1,115,718 |
| Depreciation and amortization | 863,627 | 569,961 | 1,728,096 | 680,323 |
| Research and development | 913,301 | 435,534 | 1,687,567 | 821,978 |
| Employee stock options | 42,228 | 43,041 | 84,474 | 86,082 |
| In-process R&D from acquisition | -- | 3,210,000 | -- | 3,210,000 |
| Total operating expenses | 5,769,141 | 6,987,195 | 11,301,570 | 9,709,160 |
| Income (Loss) From Operations | (605,158) | (2,045,230) | (1,971,820) | (766,756) |
| Interest Income | 262,254 | 302,835 | 356,723 | 622,779 |
| Other Income (Expense) | 70,474 | 5,408 | 150,401 | 2,754 |
| Interest Expense | -- | (7,865) | -- | (7,865) |
| Income (Loss) Before Income Taxes | (272,430) | (1,744,835) | (1,464,696) | (149,088) |
| Income Tax Benefit (Expense) | 107,875 | 35,119 | 159,350 | (537,237) |
| Net Income (Loss) | \$(164,555) | \$(1,709,716) | \$(1,305,346) | \$(686,325) |
| Net Income (Loss) Per Common Share - Basic | \$(0.01) | \$(0.16) | \$(0.12) | \$(0.07) |
| Weighted Average Shares | 11,012,619 | 10,531,132 | 11,011,943 | 10,239,613 |
| Net Income (Loss) Per Common Share - Assuming Dilution | \$(0.01) | \$(0.16) | \$(0.12) | \$(0.07) |
| Weighted Average Shares and Assumed Conversions | 11,012,619 | 10,531,132 | 11,011,943 | 10,239,613 |

CONSOLIDATED BALANCE SHEETS
(Unaudited)
June 30, December 31,

| | 1999 | 1998 |
|--|--------------|--------------|
| Current Assets | \$34,840,621 | \$34,595,076 |
| Total Assets | \$48,512,442 | \$49,120,147 |
| Current Liabilities | \$4,603,169 | \$3,597,307 |
| Total Liabilities | \$4,634,104 | \$3,744,756 |
| Shareholders' Equity | 43,878,338 | 45,375,391 |
| Total Liabilities and Shareholders' Equity | \$48,512,442 | \$49,120,147 |

SOURCE FARO Technologies Inc.
Web site: <http://www.faro.com>
CONTACT: