

## FARO Technologies Reports First Quarter Results

May 11, 2000

Q1 Revenue Increases 42.0%, Q1 Net Loss Decreases 62.0%

LAKE MARY, Fla., May 11 /PRNewswire/ -- FARO Technologies, Inc. (Nasdaq: FARO), a leading provider of computer-aided manufacturing measurement (CAM2) solutions, today announced that its revenues for the first quarter ended March 31, 2000, increased 42.0% to \$9.8 million from \$6.9 million in the first quarter of 1999. The Company's gross margin remained strong, at 60.0%, compared to 60.3% in the first quarter of 1999. The Company's first quarter 2000 earnings before interest, taxes, depreciation and amortization (EBITDA) were \$23,000, an improvement of \$445,000 from a loss before interest, taxes, depreciation and amortization of \$422,000 in the first quarter of 1999.

"Our growth rate improved substantially in the first quarter," said Simon Raab, FARO's President and CEO. "Our investments in marketing and other infrastructure are beginning to pay off after more than two years of spending in these areas. Despite a loss in the first quarter, which traditionally is one of our weakest quarters, we continue to expect a profitable year in 2000. Likewise, we continue to expect first half sales growth to be at least 30%, despite a strong sales performance in the second quarter of 1999. Had European exchange rates remained unchanged in the first quarter, FARO would have had its second consecutive quarter with sales over \$10 million."

Selling, general and administrative expenses (SG&A) for the first quarter of 2000 were \$4.9 million, or 50.0% of sales, compared with \$3.9 million, or 56.5% of sales, a year ago.

The Company's net loss in the first quarter was \$418,000, or \$0.04 per basic and diluted share, compared with \$1.1 million, or \$0.10 per basic and diluted share, a year ago.

For the quarter ended March 31, 2000, FARO's worldwide revenues increased 42.0% to \$9.8 million from \$6.9 million in the same quarter of 1999. Sales in the United States increased by 30.6%, from \$3.6 million in 1999 to \$4.7 million in 2000, while sales in the three European countries where the Company has a direct presence -- France, Germany and the United Kingdom -- increased by 81.0%, from \$2.1 million to \$3.8 million. Export sales to other regions increased by 8.3%, from \$1.2 million to \$1.3 million.

"With our sales growth increasing, strong capitalization and efforts underway that will further simplify our product line and improve its customer acceptance, we continue to be excited about our prospects in 2000," concluded Raab.

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) and computer-aided manufacturing (CAM) revolution. FARO's product line includes portable, 3D measurement equipment, a broad range of CAD-based inspection software for portable and fixed-base coordinate measurement machines, as well as factory-level statistical process control (SPC), and manufacturing quality consulting services. The Company's products play a key role in the worldwide trend toward CAD-based total quality management for shortened production cycles and for the reduction in scrap and rework. 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 web site 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.

Financial Tables Follow.

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:

- \* inability of the Company's products to attain broad market acceptance,
- \* foreign exchange fluctuation,
- \* the impact of competitive products and pricing,
- \* fluctuations in quarterly operating results as a result of the size, timing and recognition of revenue from significant orders, increases in operating expenses required for product development and marketing, the timing and market acceptance of new products and product enhancements; customer order deferrals in anticipation of new products and product enhancements; the Company's success in expanding its sales and marketing programs, and general economic condition,
- \* increased length of the Company's sales cycle,
- \* uncertainties in patent enforcement or the protection of other proprietary rights,
- \* dependence on Simon Raab and Gregory A. Fraser and other key personnel,
- \* the cyclical nature of the industries of the Company's customers,
- \* 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  
SUMMARY FINANCIAL TABLE

CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

	Three Months Ended	
	March 31,	
	2000	1999
Sales	\$9,849,767	\$6,904,496
Cost of sales	3,940,360	2,738,729
Gross profit	5,909,407	4,165,767
Operating expenses:		
Selling	3,630,141	2,544,114
General and administrative	1,295,134	1,307,334
Depreciation and amortization	638,099	864,469
Research and development	1,001,447	774,266
Employee stock options	31,671	42,246
Total operating expenses	6,596,492	5,532,429
Loss from operations	(687,085)	(1,366,662)
Interest income	197,249	94,469
Other income	72,266	79,927
Loss before income taxes	(417,570)	(1,192,266)
Income tax benefit	--	51,475
Net loss	\$(417,570)	\$(1,140,791)
Net loss per common share -- Basic	\$(0.04)	\$(0.10)
Weighted average shares -- Basic	11,019,836	11,009,247
Net loss per common share -- Diluted	\$(0.04)	\$(0.10)
Weighted average shares -- Diluted	11,019,836	11,009,247

SELECTED CONSOLIDATED BALANCE SHEET DATA

	March 31,	December 31,
	2000	1999
	(Unaudited)	
Cash and investments	\$15,881,806	\$16,879,140
Current assets	\$32,064,893	\$30,320,150
Total assets	\$41,841,377	\$42,103,912
Current liabilities	\$6,214,146	\$5,450,306
Total debt	\$19,160	\$26,236
Total liabilities	\$6,282,013	\$5,504,566
Total shareholders' equity	35,559,364	36,599,346
Total liabilities and shareholders' equity	\$41,841,377	\$42,103,912

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