

## FARO Technologies Reports Second Quarter Results

August 9, 2000

-- Q2 EPS Increases to \$0.05 - Six Month Revenues Increase by 33.9% --

-- Continued Growth Fuels Return to Profitability --

LAKE MARY, Fla., Aug. 9 /PRNewswire/ -- FARO Technologies, Inc. (Nasdaq: FARO), a leading provider of computer-aided manufacturing measurement (CAM2) solutions, today announced net income of \$591,000, or \$0.05 per diluted share, for the quarter ended June 30, 2000, an improvement of \$756,000 from a net loss of \$165,000, or \$0.01 per diluted share, for the second quarter of 1999. The Company's earnings before interest, taxes, depreciation and amortization (EBITDA) for the second quarter of 2000 was \$1.4 million, an increase of \$1.0 million from \$329,000 for the second quarter of 1999.

The Company also reported that, for the second quarter of 2000, revenues increased 26.8% to \$10.9 million from \$8.6 million in the second quarter of 1999. Regionally, for the quarter ended June 30, 2000, sales in the three European countries where the Company has a direct presence -- France, Germany and the United Kingdom -- increased by 33.0%, from \$3.0 million in 1999 to \$4.0 million in 2000. Sales in the United States increased by 23.5%, from \$4.5 million in 1999 to \$5.6 million in 2000, while export sales in other geographic markets increased by 23.9%, from \$1.1 million to \$1.3 million. The Company also announced that gross margin improved to 63.4% in the second quarter of 2000, compared to 60.0% in the second quarter of 1999.

"In our ongoing effort to build and enhance shareholder value, we are very pleased with the growth we have been able to achieve in the second quarter 2000," said Simon Raab, FARO's President and CEO. "The long-term investments we have made in marketing and infrastructure needed for future growth are paying off. FARO has returned to profitability, and we remain committed to achieving a profitable year, even though the third quarter is typically our slowest. Traditionally, we have seen that manufacturers experience a summer season slowdown, especially in Europe, but we have factored that in our forecast for the balance of the year. We are also very pleased with our continued strong gross margin in 2000, which results from cost reductions for computer hardware and software products."

For the six months ended June 30, 2000, revenues increased 33.9% to \$20.8 million, from \$15.5 million in the first half of 1999. The Company's gross margin improved to 61.8%, compared to 60.1% in the first half of 1999. Selling, general and administrative expenses (SG&A) were \$9.7 million (or 46.6% of sales), compared with \$7.8 million (or 50.3% of sales) a year ago. For the six months ended June 30, 2000, the Company reported net income of \$174,000 (or \$0.02 per share), an improvement of \$1.5 million from a net loss of \$1.3 million (or \$0.12 per share) in the first half of 1999.

"With our continued sales growth, 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, despite the historically seasonally-weak third quarter," concluded Raab.

The Company will host a conference call at 10 a.m. EDT to discuss results for the quarter ended June 30, 2000. The dial in number is (800) 314-7867, Code # 560504. A replay of the conference call will be available until Tuesday, August 15 at (888) 203-1112, Code # 560504.

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>.

### 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		Six Months Ended	
	June 30,		June 30,	
	2000	1999	2000	1999
Sales	\$10,923,279	\$8,611,436	\$20,773,046	\$15,515,932
Cost of sales	3,996,544	3,447,453	7,936,904	6,186,182
Gross profit	6,926,735	5,163,983	12,836,142	9,329,750
Operating expenses:				
Selling	3,401,020	2,750,972	7,031,161	5,295,086
General and administrative	1,348,761	1,199,013	2,643,895	2,506,347
Depreciation and amortization	803,316	863,627	1,441,415	1,728,096
Research and development	813,408	913,301	1,814,855	1,687,567
Employee stock options	31,671	42,228	63,342	84,474
Total operating expenses	6,398,176	5,769,141	12,994,668	11,301,570
Income (loss) from operations	528,559	(605,158)	(158,526)	(1,971,820)
Interest income	167,545	262,254	364,794	356,723
Other income, net	40,431	70,474	112,697	150,401
Income (loss) before income taxes	736,535	(272,430)	318,965	(1,464,696)
Income tax benefit (provision)	(145,137)	107,875	(145,137)	159,350
Net income (loss)	\$ 591,398	\$(164,555)	\$ 173,828	\$(1,305,346)
Net income (loss) per common share - Basic	\$0.05	\$(0.01)	\$0.02	\$(0.12)
Weighted average shares - Basic	11,020,682	11,012,619	11,020,252	11,011,943
Net income (loss) per common share - Diluted	\$0.05	\$(0.01)	\$0.02	\$(0.12)
Weighted average shares - Diluted	11,079,398	11,012,619	11,072,763	11,011,943

SELECTED CONSOLIDATED BALANCE SHEET DATA

	June 30, 2000 (Unaudited)	December 31, 1999
Cash and investments	\$14,821,292	\$16,879,140
Current assets	\$31,133,851	\$30,320,150
Total assets	\$42,968,710	\$42,103,912
Current liabilities	\$6,811,510	\$5,450,306
Total debt	\$18,440	\$26,236
Total liabilities	\$6,873,478	\$5,504,566
Total shareholders' equity	36,095,232	36,599,346
Total liabilities and shareholders' equity	\$42,968,710	\$42,103,912

SOURCE FARO Technologies, Inc.

Web site: <http://www.faro.com>

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