

FARO Technologies Reports Year-End Results

March 13, 2001

-- Year-Over-Year Sales Increased By 22% --
-- Year-Over-Year EPS Increased By 67 Cents --

LAKE MARY, Fla., March 13 /PRNewswire/ -- FARO Technologies, Inc. (Nasdaq: FARO), a leading provider of computer-aided manufacturing measurement (CAM2) solutions, today announced financial results for the fourth quarter and year ended December 31, 2000, highlighted by improved sales, gross margins and earnings compared to 1999. (Photo: NewsCom: <http://www.newscom.com/cgi-bin/prnh/20000522/FLM035LOGO>)

Fourth quarter sales increased by 2.9% to \$10.9 million in 2000 from \$10.6 million in the fourth quarter of 1999. Gross margin improved to 66.7% from 62.3% in the fourth quarter of 1999 before non-recurring charges in that quarter. Earnings per Share (EPS) for the fourth quarter of 2000 increased 42 cents to 2 cents from a Loss per Share of 40 cents in the fourth quarter of 1999. The Company's fourth quarter 2000 earnings before interest, taxes, depreciation and amortization (EBITDA) increased \$4.3 million from a loss of \$3.3 million in the fourth quarter of 1999 to income of \$1 million in the fourth quarter of 2000.

For the year ended December 31, 2000, sales increased 22.2% to \$40.5 million from \$33.1 million in 1999. The Company's gross margin improved to 63.5%, compared to 57.2% in 1999. Net income for the year ended December 31, 2000 improved 67 cents per diluted share to break even from a loss of \$7.4 million in 1999. For the year 2000, the Company's EBITDA improved by \$7.3 million to \$2.5 million from a loss of \$4.8 million in 1999.

"Despite early indications of a softer economy, we managed to close the period strongly with almost \$11 million in sales," said Simon Raab, FARO's President and CEO. "Additionally, our continued improvement in gross margin through cost reductions has yielded positive contributions to the fourth quarter's results."

Selling, general and administrative expenses for the year ended December 31, 2000 were \$19.8 million or 48.9% of sales compared to \$17.1 million or 51.7% of sales in 1999. Depreciation and amortization for the year ended December 31, 2000 dropped 34.4% to \$2.9 million from \$4.5 million in 1999 mainly due to non-recurring \$3.1 million impairment loss and \$1 million non-recurring write down of certain assets in the U.S. in 1999.

Regionally, sales in the United States increased 13% from \$17.7 million in 1999 to \$20 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 33%, from \$10.6 million to \$14.1 million. Export sales to other regions increased by 33%, from \$4.8 million to \$6.4 million.

"The economic slowdown that began in the second half of 2000 has continued into 2001. We anticipate that first quarter 2001 sales will be lower than the first quarter of 2000 by as much as 30%. To counter this challenge, we have continued a restructuring of our North American sales and marketing organization which commenced in the fourth quarter of 2000. This, along with the good reviews for the Control Station from early users and our expansion into Italy, Spain, and Japan keeps us optimistic that we can sustain growth and continue our improvements in profitability. In retrospect, the Company's break-even results in 2000 represent a great comeback from a \$7.4 million loss in 1999," Mr. Raab concluded.

The Company remains virtually debt free and had cash and marketable securities of \$19.2 million at December 31, 2000.

FARO Technologies, Inc. and its international subsidiaries are pioneers and market leaders in the computer-aided manufacturing measurement (CMM) 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

FARO TECHNOLOGIES
SUMMARY FINANCIAL TABLE

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended		Twelve Months Ended	
	December 31		December 31,	
	2000	1999	2000	1999
Sales	\$10,868,895	\$10,564,803	\$40,452,913	\$33,105,740
Cost of sales	3,614,829	4,583,727	14,748,628	14,160,938
Gross profit	7,254,066	5,981,076	25,704,285	18,944,802

Operating expenses:				
Selling	3,769,270	4,019,524	14,033,725	12,139,567
General and administrative	1,638,077	956,861	5,763,040	4,974,558
Depreciation and amortization	863,614	1,857,810	2,931,546	4,465,441
Research and development	858,210	1,246,007	3,549,670	3,828,801
Employee stock options	28,391	42,195	123,404	168,912
Impairment loss on acquired intangible assets	---	3,073,000	---	3,073,000
Total operating expenses	7,157,562	11,195,397	26,401,385	28,650,279
Income (loss) from operations	96,504	(5,214,321)	(697,100)	(9,705,477)
Interest income	275,650	195,782	860,254	715,953
Other income, net	48,410	92,315	301,044	473,238
Income (loss) before income taxes	420,564	(4,926,224)	464,198	(8,516,286)
Income tax provision (benefit)	194,488	(500,498)	424,681	(1,121,464)
Net income (loss)	\$226,076	\$(4,425,726)	\$39,517	\$(7,394,822)
Net income (loss) per common share - Basic	\$0.02	\$(0.40)	\$0.00	\$(0.67)
Weighted average shares - Basic	11,025,225	11,018,352	11,021,606	11,015,140
Net income (loss) per common share - Diluted	\$0.02	\$(0.40)	\$0.00	\$(0.67)
Weighted average shares - Diluted	11,109,037	11,018,352	11,094,144	11,015,140

SELECTED CONSOLIDATED
BALANCE SHEET DATA
(Unaudited)

December 31,
2000 1999

Cash and investments	\$19,190,990	\$16,879,140
Current assets	\$32,594,323	\$30,320,150
Total assets	\$44,699,273	\$42,103,912
Current liabilities	\$8,606,175	\$5,450,306
Total debt	\$52,264	\$26,236
Total liabilities	\$8,743,821	\$5,504,566
Total shareholders' equity	35,955,452	36,599,346
Total liabilities and shareholders' equity	\$44,699,273	\$42,103,912

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,
- * increased stand-alone software sales,
- * 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.

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

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