



Rambus Fourth Quarter and Fiscal Year 2019 Financial Results



Safe Harbor for Forward-Looking Statements; Other Disclosures

This presentation contains forward-looking statements under the Private Securities Litigation Reform Act of 1995 including Rambus' financial guidance for future periods, product and investment strategies, timing of expected product launches, demand for existing and newly-acquired technologies, the growth opportunities of the various markets we serve, the expected benefits of our merger, acquisition and divestiture activity, including the success of our integration efforts, and the effects of ASC 606 on reported revenue, amongst other things.

Such forward-looking statements are based on current expectations, estimates and projections, management's beliefs and certain assumptions made by Rambus' management. Actual results may differ materially. Our business is subject to a number of risks which are described more fully in our periodic reports filed with the Securities and Exchange Commission. Rambus undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date hereof.

Effective January 1, 2018, the Company adopted Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers in ASC 606. The adoption of ASC 606 materially impacted the timing of revenue recognition for the Company's fixed-fee intellectual property licensing arrangements. The adoption of ASC 606 did not have a material impact on the Company's other revenue streams, net cash provided by operating activities, or its underlying financial position.

This presentation contains non-GAAP financial measures, including operating costs and expenses, interest and other income (expense), net and diluted net income (loss) per share. In computing these non-GAAP financial measures, stock-based compensation expenses, acquisition-related transaction costs and retention bonus expense, amortization expenses, non-cash interest expense and certain other one-time adjustments were considered. The non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP and reconciliations from these results should be carefully evaluated. Management believes the non-GAAP financial measures are appropriate for both its own assessment of, and to show investors, how the Company's performance compares to other periods. Reconciliation from GAAP to non-GAAP results are made available and more fully described on our website as well as the back of this deck and in the earnings release.

Strategic Priorities

Rambus is a premier silicon IP and chip provider dedicated to delivering data faster and safer



Refocus product portfolio and R&D around core strengths in semiconductor



Optimize the company for operational efficiency and profitability, maximizing synergies across businesses and customer base



Leverage demonstrated ability to generate cash and re-invest to amplify market and technology position

Fourth Quarter and Fiscal Year 2019 Highlights



Delivered excellent fourth quarter, exceeding guidance: \$35.4M in cash from operations in Q4 and \$128.5M in 2019, up 48% YoY



Redefined perimeter to focus on Chips and Silicon IP solutions for semiconductor: sold Payments and Ticketing business, acquired Northwest Logic and Verimatrix Secure Silicon IP and Protocols business



Achieved record Q4 and 2019 revenue from both the Memory Interface Chip and Silicon IP businesses, delivering 64% combined growth YoY (2018 vs. 2019)



Third consecutive quarter of record revenue for Memory Interface Chips; annual revenue nearly doubling YoY



Multiple Silicon IP design wins with new and existing Tier-1 SoC customers; revenue up 29% YoY (2018 vs. 2019)



Financials Profitable Growth

Rambus
Data • Faster • Safer

Financial Highlights



Excellent Q4, exceeding expectations with revenue of \$59.9M, royalty revenue of \$19.4M, licensing billings of \$63.8M



Strong cash from operations of \$35.4M in Q4 2019 and \$128.5M in 2019;
Free cash flow of \$113.7M in 2019

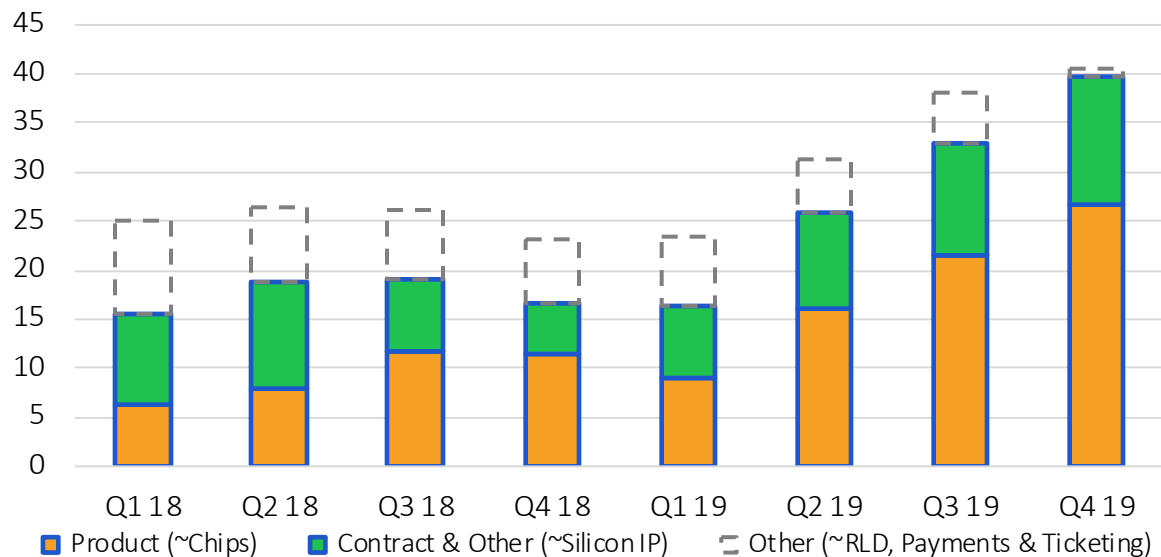


Growth through focus on core business and execution on strategic initiatives

Products Driving Growth

Combined annual revenue up 64% YoY to \$114.5M

Product Revenue (\$M)



Contract & Other (~Silicon IP)

2019 Up 29% YoY to \$41.7M

Product (~Chips)

2019 ~2X increase YoY to
\$72.9M

Continued Strong Cash Generation

<i>In Millions</i>	<u>ASC 606</u> Q4 2018	<u>ASC 606</u> Q1 2019	<u>ASC 606</u> Q2 2019	<u>ASC 606</u> Q3 2019	<u>ASC 606</u> Q4 2019	
Revenue	\$68.5	\$48.4	\$58.3	\$57.4	\$59.9	Driven by the structure and timing of key licensing arrangements. Year over year growth from chip and Silicon IP revenue
Total Operating Expenses ¹	\$61.6	\$67.3	\$64.1	\$67.1	\$62.3	Managed expenses through refocus on core growth initiatives. Adoption of ASC 842 in Q1'19 increased operating expense with corresponding decrease in interest expense
Operating Income (Loss) ¹	\$6.9	(\$18.9)	(\$5.8)	(\$9.7)	(\$2.3)	Operating results under ASC 606 do not reflect significant cash flow from fixed-fee licensing arrangements
Cash from Operations	\$35.1	\$28.8	\$38.7	\$25.6	\$35.4	Outstanding cash generation

¹Please refer to reconciliations of non-GAAP financial measures included in this presentation and in our earnings release

Solid Balance Sheet Supports Strategic Initiatives

<i>In Millions</i>	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	
Total Cash & Marketable Securities	\$277.8	\$305.9	\$337.7	\$338.0	\$407.7	Utilized \$21.9M for acquisition of Northwest Logic in Q319, and \$45.0M for acquisition of silicon IP, secure protocols and provisioning business from Verimatrix in Q419. Received \$83.6M from sale of Payments & Ticketing business to Visa in Q419.
Total Assets	\$1,361.1	\$1,321.4	\$1,312.2	\$1,299.8	\$1,339.0	Strong balance sheet with limited debt \$560M and \$528M contract assets in Q3 and Q4 2019 respectively, related to ASC 606 adoption
Stockholders' Equity	\$1,012.1	\$999.9	\$973.2	\$961.3	\$970.9	
Cash from Operations	\$35.1	\$28.8	\$38.7	\$25.6	\$35.4	Outstanding cash generation

Q1 2020 Non-GAAP Outlook

Outlook ⁽¹⁾	
Licensing Billings ⁽³⁾ (~Architecture License)	\$60 – \$66M
Contract & Other Revenue (~Silicon IP)	\$13 – \$19M
Product Revenue (~Chips)	\$18 – \$24M

Outlook (ASC 606) ⁽²⁾	
Total Operating Costs ⁽²⁾	\$68 – \$64M
Interest Income/Expense ⁽²⁾	\$1M
Fully Diluted Shares Outstanding	115M

(1) The Q1 2020 outlook for Royalty revenue (a component of total revenue) is \$7 - \$13M. The Company believes that providing non-GAAP additional disclosure will help investors and analysts understand the impact of the change in revenue recognition standards, especially given the material difference expected in the timing of revenue recognition for fixed-fee licensing arrangements as between ASC 606 and the prior standard, ASC 605.

(2) Assumes a tax rate of 24%. Excludes stock-based compensation expense (\$7.0M), amortization expense (\$5.0M), non-cash interest expense of (\$1.7M) and interest income associated with the significant financing component of licensing agreements as a result of the adoption of ASC 606 of \$5.3M.

(3) Licensing billings is an operational metric that reflects amounts invoiced to our licensing customers during the period, as adjusted for certain differences.

Rambus Investment Summary



Focusing on core strengths in semiconductor with unique expertise



Growing patent portfolio of interface and security IP has continued relevance



Strong balance sheet and cash generation to re-invest in R&D and M&A in areas of focus



Delivering to performance-intensive, high-growth market segments including data center, edge, AI and automotive



Thank you

Rambus
Data • Faster • Safer

Reconciliation of Non-GAAP Financial Measures

Net Income (Loss) in Millions	Q4 2018 (AC 606)	Q1 2019 (ASC 606)	Q2 2019 (ASC 606)	Q3 2019 (ASC 606)	Q4 2019 (ASC 606)
GAAP Net Loss	(\$2)	(\$27)	(\$37)	(\$17)	(\$10)
Adjustments:					
Stock-based compensation	\$6	\$7	\$7	\$7	\$5
Acquisition-related/divestiture costs	\$0	\$0	\$0	\$3	\$4
Amortization	\$5	\$5	\$5	\$3	\$4
Restructuring charges and other	\$0	\$0	\$3	\$1	\$5
Non-cash interest expense	\$2	\$2	\$2	\$2	\$2
Impairment (recovery) on assets held for sale	\$0	\$0	\$17	(\$2)	(\$8)
Escrow settlement refund	\$0	\$0	\$(0)	\$0	\$0
Facility restoration costs	\$0	\$0	\$0	\$0	\$1
Provision for (benefit from) income taxes	(\$2)	\$3	\$4	(\$0)	(\$1)
Non-GAAP Net Income (Loss)	\$9	(\$9)	\$1	\$(3)	\$2

Operating Income (Loss) in Millions	Q4 2018 (AC 606)	Q1 2019 (ASC 606)	Q2 2019 (ASC 606)	Q3 2019 (ASC 606)	Q4 2019 (ASC 606)
GAAP Operating Loss	(\$4)	(\$31)	(\$37)	(\$23)	(\$13)
Adjustments:					
Stock-based compensation	\$6	\$7	\$7	\$7	\$5
Acquisition-related/divestiture costs	\$0	\$0	\$0	\$3	\$4
Amortization	\$5	\$5	\$5	\$3	\$4
Restructuring and other charges	\$0	\$0	\$3	\$1	\$5
Impairment (recovery) on assets held for sale	\$0	\$0	\$17	(\$2)	(\$8)
Escrow settlement refund	\$0	\$0	\$(0)	\$0	\$0
Facility restoration costs	\$0	\$0	\$0	\$0	\$1
Non-GAAP Operating Income (Loss)	\$7	(\$19)	(\$6)	(\$10)	(\$2)
Depreciation	\$3	\$3	\$3	\$4	\$5
Adjusted EBITDA	\$10	(\$16)	\$(3)	\$(5)	\$3

Certain amounts may be off \$1.0M due to rounding.

GAAP to Non-GAAP Income Statement

In \$ Millions	GAAP Actual Q4'19	Non-GAAP Actual Q4'19	Delta to GAAP
Revenue	\$ 59.9	\$ 59.9	\$ -
Cost of revenue	14.6	10.9	(3.6)
Research and development	36.8	33.3	(3.5)
Sales, general and administrative	24.9	18.0	(6.9)
Recovery on assets held for sale	(7.7)	0.0	7.7
Restructuring charges and other	4.6	0.0	(4.6)
Total operating cost and expenses	73.2	62.3	(10.9)
Operating loss	(13.2)	(2.3)	10.9
Interest and other income (expense), net	3.7	5.5	1.7
Income (loss) before income taxes	(9.5)	3.1	12.6
Provision for income taxes	0.0	0.8	0.7
Net income (loss)	(\$9.5)	\$2.4	\$11.9

Certain amounts may be off \$0.1M due to rounding.

Revenue and Licensing Billings

In Thousands	ASC 606					ASC 606					ASC 605				
	Q1'18	Q2'18	Q3'18	Q4'18	FY 2018	Q1'19	Q2'19	Q3'19	Q4'19	FY 2019	Q1'18	Q2'18	Q3'18	Q4'18	FY 2018
Royalty Revenue	\$21,374	\$30,049	\$33,599	\$45,430	\$130,452	\$24,853	\$27,050	\$19,448	\$19,434	\$90,785	\$77,174	\$73,626	\$75,704	\$76,717	\$303,221
Product Revenue	\$7,313	\$8,087	\$11,753	\$11,537	\$38,690	\$8,964	\$16,031	\$21,377	\$26,600	\$72,972	\$7,556	\$8,221	\$11,753	\$11,867	\$39,397
Contract and Other Revenue	\$17,739	\$18,322	\$14,402	\$11,596	\$62,059	\$14,567	\$15,216	\$16,574	\$13,913	\$60,270	\$15,729	\$16,973	\$12,383	\$13,398	\$58,483
Total	\$46,426	\$56,458	\$59,754	\$68,563	\$231,201	\$48,384	\$58,297	\$57,399	\$59,947	\$224,027	\$100,459	\$98,820	\$99,840	\$101,982	\$401,101

In Thousands	Q1'18	Q2'18	Q3'18	Q4'18	FY 2018	Q1'19	Q2'19	Q3'19	Q4'19	FY 2019
Royalty Revenue	\$21,374	\$30,049	\$33,599	\$45,430	\$130,452	\$24,853	\$27,050	\$19,448	\$19,434	\$90,785
Licensing Billings ¹	\$75,924	\$73,210	\$75,374	\$76,717	\$301,225	\$75,460	\$64,948	\$63,058	\$63,758	\$267,224
Delta	\$54,550	\$43,161	\$41,775	\$31,287	\$170,773	\$50,607	\$37,898	\$43,610	\$44,324	\$176,439

In Thousands	Q1'18	Q2'18	Q3'18	Q4'18	FY 2018	Q1'19	Q2'19	Q3'19	Q4'19	FY 2019
ASC 606 Interest Income ²	\$7,514	\$7,041	\$6,532	\$6,147	\$27,234	\$5,707	\$5,288	\$4,925	\$4,469	\$20,389

¹ Licensing billings is an operational metric that reflects amounts invoiced to our patent and technology licensing customers during the period, as adjusted for certain differences.

² Interest income associated with the significant financing component of licensing agreements as a result of the adoption of ASC 606.