

Rambus Fourth Quarter 2018 Financial Results



Rambus
Data • Faster • Safer

Safe Harbor for Forward-Looking Statements

This presentation contains forward-looking statements under the Private Securities Litigation Reform Act of 1995 including those relating to Rambus' expectations regarding product and service offerings, growth for 2019 and financial guidance for the first quarter of 2019, including revenue, operating costs and expenses, earnings per share and estimated, fixed, long-term projected tax rates. 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.

The Company has provided financial results for the fourth quarter and year ended December 31, 2018 under ASC 606 and ASC 605 in order to provide additional transparency. The Company believes that providing this additional disclosure in the short term will help its investors and analysts understand the impact of the change in revenue recognition standards, especially given the material difference in the timing of revenue recognition for its fixed-fee licensing arrangements as mentioned above. Note that the presentation under ASC 605 is not a substitute for the ASC 606 revenue recognition rules under current GAAP.

This presentation contains non-GAAP financial measures, including operating costs and expenses, operating margin, operating income (loss), adjusted EBITDA and net income (loss). 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.

2019 Strategic Priorities



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



Optimize the company for operational efficiency and profitability, leveraging 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 2018 Highlights



Q4 ASC 606 Revenue \$68.5M; ASC 605 Revenue of \$102.0M; \$35.1M in cash from operations



Annual ASC 606 Revenue \$231.2M; ASC 605 Revenue of \$401.1M, up 6% Y/Y excluding Lighting Division; Annual non-GAAP ASC 606 EPS loss (\$0.06); Annual non-GAAP ASC 605 EPS of \$0.92, up 35% Y/Y



Record server DIMM chip revenue of \$36M in 2018; anticipated growth in 2019 with 2x greater OEM footprint for next-gen Intel CPU platform



Record IP cores revenue in 2018 with wins at Tier 1 data center and communications customers; continued leadership with industry's first GDDR6 PHY



CryptoManager platform selected to securely provision Authentica™ secure memory product line at Micron



Financials

Profitable growth

Rambus
Data • Faster • Safer

Financial Highlights



Under ASC 606: Q4 2018 Revenue of \$68.5M, non-GAAP EPS of \$0.09
Under ASC 605: Q4 2018 Revenue of \$102.0M, non-GAAP EPS of \$0.28, at the high end of expectations



ASC 606 2018 Annual Revenue of \$231.2M, non-GAAP EPS of (\$0.06)
ASC 605 2018 Annual Revenue of \$401.1M, non-GAAP EPS of \$0.92, up 35% year over year



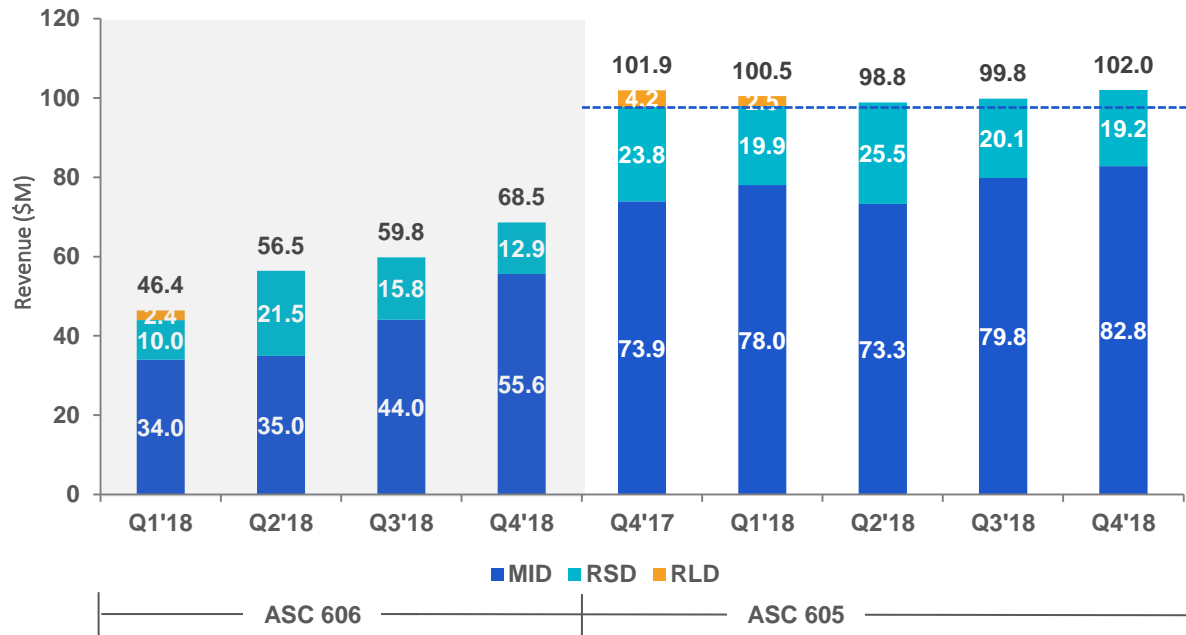
Q4 2018 Cash from Operations of \$35.1M, 2018 Annual Cash from Operations \$87.1M
Q4 2018 EBITDA \$43.0M



Growth through licensing and execution on strategic initiatives

Growing Revenue Base

Large portion of our revenue is fixed & predictable



- 2018 showed year-over-year revenue growth of 6% under ASC 605, excluding impact of Lighting Division
- Continue to leverage our high margin historic businesses to fuel growth in adjacent areas

Non-GAAP Income Statement

<i>In Millions</i>	ASC 606	ASC 606	ASC 606	ASC 606	ASC 605	ASC 605	ASC 605	ASC 605	ASC 605	
	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	
Revenue	\$46.4	\$56.5	\$59.8	\$68.5	\$101.9	\$100.5	\$98.8	\$99.8	\$102.0	Growth from product revenue, royalties and incremental licensing agreements
Total Operating Expenses ¹	\$68.7	\$66.8	\$67.6	\$61.6	\$68.4	\$68.7	\$66.8	\$67.6	\$61.6	Managed expenses through refocus on core growth initiatives
Operating Income (Loss) ¹	(\$22.3)	(\$10.3)	(\$7.9)	\$6.9	\$33.5	\$31.7	\$32.0	\$32.2	\$40.4	Operating Income consistently in line with expectations
Operating Margin ¹	(48%)	(18%)	(13%)	10%	33%	32%	32%	32%	40%	Operating Margin expansion
Diluted Net Income (Loss) Per Share ¹	(\$0.10)	(\$0.03)	(\$0.01)	\$0.09	\$0.19	\$0.21	\$0.21	\$0.22	\$0.28	Delivering profitable growth

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

Financial Strength

<i>In Millions</i>	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	
Total Cash & Marketable Securities	\$329.4	\$291.2	\$298.3	\$248.2	\$277.8	Issued \$172.5M convert and extinguished \$56.8M of debt in Q4 2017 and \$81.2M of debt in Q3 2018
Total Assets	\$891.1	\$1,539.7	\$1,525.8	\$1,344.0	\$1,361.1	Strong balance sheet with limited debt \$50M of cash used for share repurchases in Q1 2018
Stockholders' Equity	\$571.6	\$1,119.0	\$1,105.5	\$1,008.3	\$1,012.1	\$700M and \$674M contract assets in Q3 2018 and Q4 2018 respectively, related to ASC 606 adoption
Adjusted EBITDA ¹	\$36.8	\$34.7	\$34.6	\$34.8	\$43.0	\$87.1M Cash from Operations in 2018

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

Q1 2019 Non-GAAP Outlook

Outlook (ASC 606)	
Revenue	\$41 - \$47M
Total Operating Costs ⁽¹⁾	\$66 - \$62M
Operating Loss ⁽¹⁾	(\$26) - (\$16M)
Net Loss ⁽¹⁾	(\$20.3) - (\$12.7)

Outlook ⁽²⁾	
Licensing Billings ⁽³⁾	\$73 - \$79M
Royalty Revenue	\$18 - \$24M

(1) Assumes a non-GAAP interest income and other income (expense) of (\$1.0M), tax rate of 24% and 110M basic and diluted shares. Excludes stock-based compensation expense (\$6.6M), 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 \$5.7M. Please refer to reconciliations of non-GAAP financial measures included below, in our earnings release and on our investor website.

(2) The Company has provided its non-GAAP first quarter outlook under ASC 606, and has provided additional outlook for Royalty revenue (a component of total revenue) and Licensing Billings. The Company believes that providing this 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.

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

Investment Summary



Refocusing product portfolio around core strengths in semiconductor; targeting data center, artificial intelligence, IoT and automotive markets



Optimizing for operational efficiency and profitability, leveraging synergies across businesses and customer base



Strong balance sheet and cash generation, supporting strategic initiatives to amplify our market and technology position



Large portion of our cash flows are predictable and committed long-term

Thank you



R

Rambus
Data • Faster • Safer

Reconciliation of Non-GAAP Financial Measures

Net Income (Loss) in Millions	Q1 2018 (ASC 606)	Q2 2018 (ASC 606)	Q3 2018 (ASC 606)	Q4 2018 (ASC 606)	Q4 2017 (ASC 605)	Q1 2018 (ASC 605)	Q2 2018 (ASC 605)	Q3 2018 (ASC 605)	Q4 2018 (ASC 605)
GAAP Net Income (Loss)	(\$36)	(\$15)	(\$105)	(\$2)	(\$36)	\$6	\$14	(\$61)	\$25
Adjustments:									
Stock-based compensation	\$8	\$2	\$6	\$6	\$7	\$8	\$2	\$6	\$6
Acquisition-related transaction costs & retention bonus	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Amortization	\$11	\$9	\$5	\$5	\$11	\$11	\$9	\$5	\$5
Restructuring charges	\$3	(\$1)	\$0	\$0	\$0	\$3	(\$1)	\$0	\$0
Non-cash interest expense / Loss on extinguishment of debt	\$3	\$3	\$2	\$2	\$3	\$3	\$3	\$2	\$2
Provision for (benefit from) income taxes	(\$0)	(\$0)	\$90	(\$2)	\$36	(\$6)	(\$3)	\$72	(\$8)
Non-GAAP Net Income (Loss)	(\$11)	(\$3)	(\$1)	\$9	\$21	\$24	\$24	\$24	\$30
Operating Income (Loss) in Millions	Q1 2018 (ASC 606)	Q2 2018 (ASC 606)	Q3 2018 (ASC 606)	Q4 2018 (ASC 606)	Q4 2017 (ASC 605)	Q1 2018 (ASC 605)	Q2 2018 (ASC 605)	Q3 2018 (ASC 605)	Q4 2018 (ASC 605)
GAAP Operating Income (Loss)	(\$44)	(\$20)	(\$19)	(\$4)	\$16	\$11	\$22	\$21	\$29
Adjustments:									
Stock-based compensation	\$8	\$2	\$6	\$6	\$7	\$8	\$2	\$6	\$6
Acquisition-related transaction costs & retention bonus	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Amortization	\$11	\$9	\$5	\$5	\$11	\$11	\$9	\$5	\$5
Restructuring charges	\$3	(\$1)	\$0	\$0	\$0	\$3	(\$1)	\$0	\$0
Non-GAAP Operating Income (Loss)	(\$22)	(\$10)	(\$8)	\$7	\$34	\$32	\$32	\$32	\$40
Depreciation	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3
Adjusted EBITDA	(\$19)	(\$7)	(\$5)	\$10	\$37	\$35	\$35	\$35	\$43

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

GAAP & Non-GAAP P&L

<u>ASC 606</u> In \$ Millions	GAAP Actual Q4'18	Pro Forma Actual Q4'18	Delta to GAAP
Revenue	68.5	68.5	0.0
Cost of revenue	10.6	6.7	(3.9)
Research and development	37.4	34.5	(2.9)
Sales, general and administrative	24.8	20.4	(4.3)
Total operating costs and expenses	72.8	61.6	(11.1)
Operating Income (loss)	(4.2)	6.9	11.1
Interest and other income (expense), net	4.0	5.7	1.7
Income (Loss) before income taxes	(0.2)	12.6	12.8
Provision for income taxes	1.8	3.0	1.2
Net income (loss)	(2.0)	9.6	11.6

<u>ASC 605</u> In \$ Millions	GAAP Actual Q4'18	Pro Forma Actual Q4'18	Delta to GAAP
Revenue	102.0	102.0	0.0
Cost of revenue	10.6	6.7	(3.9)
Research and development	37.4	34.5	(2.9)
Sales, general and administrative	24.8	20.4	(4.3)
Total operating costs and expenses	72.8	61.6	(11.1)
Operating income	29.2	40.4	11.1
Interest and other income (expense), net	(2.2)	(0.5)	1.7
Income before income taxes	27.1	39.9	12.8
Provision for income taxes	1.8	9.6	7.8
Net income	25.2	30.3	5.1

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

Non-GAAP Provision for (Benefit from) Income Taxes

ASC 606 In \$ Millions	Actual Q4'18	Actual Q3'18	Variance QoQ
Provision for income taxes (GAAP)	1.8	89.8	
Adjustment to GAAP provision for income taxes	1.2	(90.2)	
Non-GAAP Provision for (benefit from) income taxes	3.0	(0.4)	3.4

Supplemental Reconciliation of GAAP to Non-GAAP Effective Tax Rate (1)

	Actual Q4'18	Actual Q3'18	Variance QoQ
GAAP effective tax rate	(894)%	(593)%	
Adjustment to GAAP effective tax rate	918%	617%	
Non-GAAP effective tax rate	24%	24%	0.0

ASC 605 In \$ Millions	Actual Q4'18	Actual Q3'18	Variance QoQ	Actual Q4'17	Variance YoY
Provision for income taxes	1.8	79.2		47.7	
Adjustment to provision for (benefit from) income taxes	7.8	(71.6)		(36.3)	
Non-GAAP provision for (benefit from) income taxes	9.6	7.7	1.9	11.4	(1.8)

Supplemental Reconciliation of GAAP to Non-GAAP Effective Tax Rate (1)

	Actual Q4'18	Actual Q3'18	Variance QoQ	Actual Q4'17	Variance YoY
GAAP effective tax rate	7%	430%		413%	
Adjustment to GAAP effective tax rate	17%	(406)%		(378)%	
Non-GAAP effective tax rate	24%	24%	0%	35%	(11)%

(1) For purposes of internal forecasting, planning and analyzing future periods that assume net income from operations, the Company estimates a fixed, long-term projected tax rate of approximately 35 percent for 2017 and 24 percent for 2018, which consists of estimated U.S. federal and state tax rates, and excludes tax rates associated with certain items such as withholding tax, tax credits, deferred tax asset valuation allowance and the release of any deferred tax asset valuation allowance. Accordingly, the Company has applied these tax rates to its non-GAAP financial results for all periods in the relevant year to assist the Company's planning. Certain amounts may be off by \$0.1M due to rounding.

Revenue Breakdown

In Millions

	ASC 606					ASC 605					ASC 605				
	Q1'18	Q2'18	Q3'18	Q4'18	FY 2018	Q1'17	Q2'17	Q3'17	Q4'17	FY 2017	Q1'18	Q2'18	Q3'18	Q4'18	FY 2018
Rambus															
Royalty Revenue	\$21.4	\$30.0	\$33.6	\$45.4	\$130.5	\$69.0	\$70.0	\$72.8	\$77.9	\$289.6	\$77.2	\$73.6	\$75.7	\$76.7	\$303.2
Product Revenue	\$7.3	\$8.1	\$11.8	\$11.5	\$38.7	\$10.9	\$8.4	\$8.7	\$8.5	\$36.5	\$7.6	\$8.2	\$11.8	\$11.9	\$39.4
Contract and Other Revenue	\$17.7	\$18.3	\$14.4	\$11.6	\$62.0	\$17.6	\$16.3	\$17.7	\$15.5	\$67.0	\$15.7	\$17.0	\$12.4	\$13.4	\$58.5
Total	\$46.4	\$56.5	\$59.8	\$68.5	\$231.2	\$97.4	\$94.7	\$99.1	\$101.9	\$393.1	\$100.5	\$98.8	\$99.8	\$102.0	\$401.1
MID															
Royalty Revenue	\$19.5	\$18.3	\$27.3	\$40.3	\$105.4	\$56.6	\$54.9	\$56.6	\$61.0	\$229.1	\$64.3	\$56.6	\$63.6	\$65.9	\$250.4
Product Revenue	\$6.3	\$7.6	\$11.3	\$11.1	\$36.4	\$4.8	\$5.3	\$5.1	\$5.2	\$20.3	\$6.3	\$7.6	\$11.3	\$11.1	\$36.4
Contract and Other Revenue	\$8.2	\$9.1	\$5.4	\$4.2	\$26.8	\$9.3	\$7.2	\$7.1	\$7.8	\$31.3	\$7.4	\$9.0	\$4.9	\$5.7	\$27.0
Total	\$34.0	\$35.0	\$44.0	\$55.6	\$168.6	\$70.6	\$67.4	\$68.8	\$73.9	\$280.7	\$78.0	\$73.3	\$79.8	\$82.8	\$313.9
RSD															
Royalty Revenue	\$1.5	\$11.8	\$6.3	\$5.1	\$24.6	\$12.3	\$14.4	\$15.5	\$16.2	\$58.5	\$12.3	\$17.0	\$12.2	\$10.8	\$52.3
Product Revenue	\$0.1	\$0.4	\$0.5	\$0.4	\$1.4	\$3.5	\$0.6	\$0.9	\$0.6	\$5.6	\$0.3	\$0.6	\$0.5	\$0.7	\$2.1
Contract and Other Revenue	\$8.5	\$9.3	\$9.0	\$7.4	\$34.2	\$7.4	\$8.4	\$9.9	\$7.0	\$32.6	\$7.2	\$7.9	\$7.4	\$7.7	\$30.3
Total	\$10.0	\$21.5	\$15.8	\$12.9	\$60.2	\$23.2	\$23.4	\$26.3	\$23.8	\$96.7	\$19.9	\$25.5	\$20.1	\$19.2	\$84.7
RLD															
Royalty Revenue	\$0.4	\$0.0	\$0.0	\$0.0	\$0.4	\$0.1	\$0.6	\$0.6	\$0.7	\$1.9	\$0.5	\$0.0	\$0.0	\$0.0	\$0.5
Product Revenue	\$0.9	\$0.0	\$0.0	\$0.0	\$0.9	\$2.6	\$2.5	\$2.7	\$2.8	\$10.6	\$0.9	\$0.0	\$0.0	\$0.0	\$0.9
Contract and Other Revenue	\$1.1	\$0.0	\$0.0	\$0.0	\$1.1	\$0.9	\$0.8	\$0.8	\$0.7	\$3.2	\$1.1	\$0.0	\$0.0	\$0.0	\$1.1
Total	\$2.4	\$0.0	\$0.0	\$0.0	\$2.4	\$3.6	\$4.0	\$4.0	\$4.2	\$15.7	\$2.5	\$0.0	\$0.0	\$0.0	\$2.5

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

Revenue and Licensing Billings

In Thousands

Rambus	ASC 606					ASC 605					ASC 605				
	Q1'18	Q2'18	Q3'18	Q4'18	FY 2018	Q1'17	Q2'17	Q3'17	Q4'17	FY 2017	Q1'18	Q2'18	Q3'18	Q4'18	FY 2018
Royalty Revenue	\$21,374	\$30,049	\$33,599	\$45,430	\$130,452	\$68,956	\$69,990	\$72,787	\$77,861	\$289,594	\$77,174	\$73,626	\$75,704	\$76,717	\$303,221
Product Revenue	\$7,313	\$8,087	\$11,753	\$11,537	\$38,690	\$10,904	\$8,401	\$8,661	\$8,543	\$36,509	\$7,556	\$8,221	\$11,753	\$11,867	\$39,397
Contract and Other Revenue	\$17,739	\$18,322	\$14,402	\$11,596	\$62,059	\$17,491	\$16,329	\$17,686	\$15,487	\$66,993	\$15,729	\$16,973	\$12,383	\$13,398	\$58,483
Total	\$46,426	\$56,458	\$59,754	\$68,563	\$231,201	\$97,351	\$94,720	\$99,134	\$101,891	\$393,096	\$100,459	\$98,820	\$99,840	\$101,982	\$401,101

Rambus	Q1'18	Q2'18	Q3'18	Q4'18	FY 2018	Q1'17	Q2'17	Q3'17	Q4'17	FY 2017	Q1'18	Q2'18	Q3'18	Q4'18	FY 2018
Royalty Revenue	\$21,374	\$30,049	\$33,599	\$45,430	\$130,452	\$68,956	\$69,990	\$72,787	\$77,861	\$289,594	\$77,174	\$73,626	\$75,704	\$76,717	\$303,221
Licensing Billings ¹	\$75,924	\$73,210	\$75,374	\$76,717	\$301,225	\$68,556	\$72,890	\$71,537	\$76,611	\$289,594	\$75,924	\$73,210	\$75,374	\$76,717	\$301,225
Delta	\$54,550	\$43,161	\$41,775	\$31,287	\$170,773	(\$400)	\$2,900	(\$1,250)	(\$1,250)	\$0	(\$1,250)	(\$416)	(\$330)	\$0	(\$1,996)

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.