



Rambus Third Quarter 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 expected timing of transaction completions and 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

Third Quarter 2019 Highlights



Delivered great third quarter, exceeding guidance: Q3 revenue of \$57.4M; Solid Q3 cash from operations of \$25.6M, with YTD cash generation totaling \$93.1M



Redefined our perimeter in the semiconductor market with the sale of payments and ticketing business to Visa



Expanded our silicon IP market and technology position with the addition of Northwest Logic and pending acquisition of Inside Secure businesses from Verimatrix



Closed four tier-one SoC design wins for silicon IP across data center, edge, government and IoT



Second consecutive quarter of record revenue for memory interface chips and on track to almost double year over year



Financials

Profitable Growth

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Financial Highlights



Great Q3, exceeding expectations with revenue of \$57.4M, royalty revenue of \$19.4M, licensing billings of \$63.1M



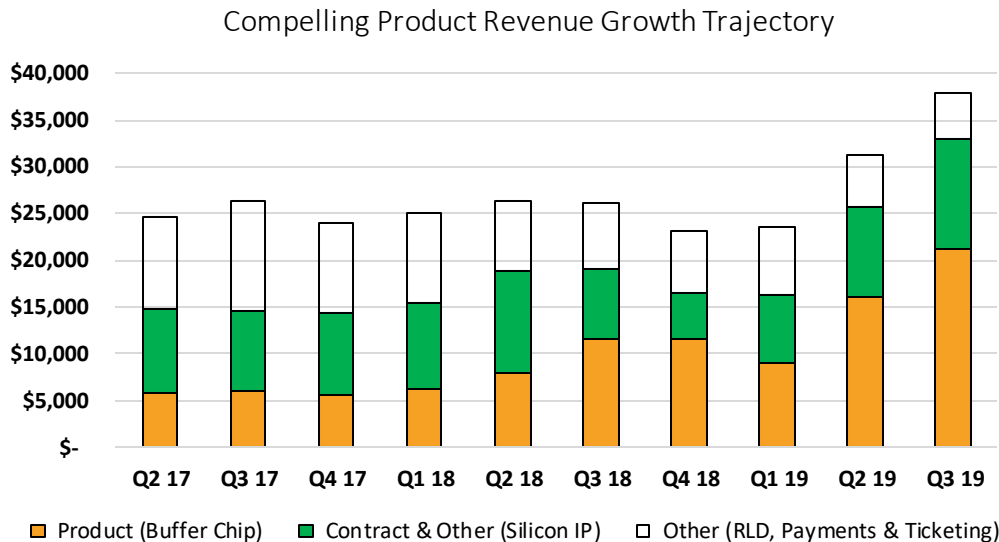
Solid Q3 2019 cash from operations of \$25.6M



Growth through execution on strategic initiatives

Products Driving Growth

In Thousands



- Silicon IP growth driven by design win momentum and acquisitions
- Buffer Chip market share gains expected to continue through DDR4 ramp and DDR5 introduction
- Strong systematic growth in Buffer Chip and Silicon IP product revenue offsets structural declines in Patent Licensing
- Predictability of long-term licensing agreements with key industry partners provides strong cash flow and stability

Key Financial Metrics

<i>In Millions</i>	<u>ASC 606</u> Q3 2018	<u>ASC 606</u> Q4 2018	<u>ASC 606</u> Q1 2019	<u>ASC 606</u> Q2 2019	<u>ASC 606</u> Q3 2019	
Revenue	\$59.8	\$68.5	\$48.4	\$58.3	\$57.4	Driven by the structure and timing of key deals. Year over year growth from product revenue
Total Operating Expenses ¹	\$67.6	\$61.6	\$67.3	\$64.1	\$67.1	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	(\$7.9)	\$6.9	(\$18.9)	(\$5.8)	(\$9.7)	Operating results under ASC 606 do not reflect significant cash flow from fixed-fee licensing arrangements
Cash from Operations	\$31.6	\$35.1	\$28.8	\$38.7	\$25.6	Consistent performance in line with expectations

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

Financial Strength

<i>In Millions</i>	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	
Total Cash & Marketable Securities	\$248.2	\$277.8	\$305.9	\$337.7	\$338.0	Issued \$172.5M convert in Q4 2017 and extinguished \$81.2M of debt in Q3 2018. \$21.9M utilized in Q3 2019 for acquisition of Northwest Logic
Total Assets	\$1,344.0	\$1,361.1	\$1,321.4	\$1,312.2	\$1,299.8	Strong balance sheet with limited debt \$597M and \$560M contract assets in Q2 and Q3 2019 respectively, related to ASC 606 adoption
Stockholders' Equity	\$1,008.3	\$1,012.1	\$999.9	\$973.2	\$961.3	
Cash from Operations	\$31.6	\$35.1	\$28.8	\$38.7	\$25.6	Continued strong cash performance

Q4 2019 Non-GAAP Outlook

Outlook ⁽¹⁾	
Licensing Billings ⁽³⁾ (~Architecture License)	\$60 – \$66M
Contract & Other Revenue (~Silicon IP)	\$10 – \$16M
Product Revenue (~Chips)	\$19 – \$25M

Outlook (ASC 606) ⁽²⁾	
Total Operating Costs ⁽²⁾	\$63 – \$59M
Interest Income/Expense ⁽²⁾	\$1M
Fully Diluted Shares Outstanding	115M

(1) The Q4 2019 outlook for Royalty revenue (a component of total revenue) is \$15 - \$21M. 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 (\$7.4M), amortization expense (\$3.2M), 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 \$5.0M.

(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



Strong patent portfolio of interface and security IP has continued relevance



Predictable 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

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Reconciliation of Non-GAAP Financial Measures

Net Income (Loss) in Millions	Q3 2018 (ASC 606)	Q4 2018 (ASC 606)	Q1 2019 (ASC 606)	Q2 2019 (ASC 606)	Q3 2019 (ASC 606)
GAAP Net Loss	(\$105)	(\$2)	(\$27)	(\$37)	(\$17)
Adjustments:					
Stock-based compensation	\$6	\$6	\$7	\$7	\$7
Acquisition-related/divestiture costs	\$0	\$0	\$0	\$0	\$3
Amortization	\$5	\$5	\$5	\$5	\$3
Restructuring charges and other	\$0	\$0	\$0	\$3	\$1
Non-cash interest expense	\$2	\$2	\$2	\$2	\$2
Provision for (benefit from) income taxes	\$90	(\$2)	\$3	\$4	(\$0)
Impairment (recovery) on assets held for sale	\$0	\$0	\$0	\$17	(\$2)
Escrow settlement refund	\$0	\$0	\$0	\$(0)	\$0
Non-GAAP Net Income (Loss)	(\$1)	\$9	(\$9)	\$1	\$(3)

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

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

GAAP to Non-GAAP Income Statement

In \$ Millions	GAAP Actual Q3'19	Non-GAAP Actual Q3'19	Delta to GAAP
Revenue	\$ 57.4	\$ 57.4	\$ -
Cost of revenue	12.6	9.6	(3.0)
Research and development	41.5	38.1	(3.4)
Sales, general and administrative	26.7	19.5	(7.2)
Recovery on assets held for sale	(1.9)	0.0	1.9
Restructuring charges and other	1.4	0.0	(1.4)
Total operating cost and expenses	80.3	67.1	(13.1)
Operating loss	(22.9)	(9.7)	13.1
Interest and other income (expense), net	4.2	6.0	1.7
Loss before income taxes	(18.6)	(3.8)	14.9
Benefit from income taxes	(1.3)	(0.9)	0.4
Net loss	(\$17.3)	(\$2.9)	\$14.5

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

Non-GAAP Provision for (Benefit from) Income Taxes

In \$ Millions	Actual Q3'19	Actual Q2'19	Variance QoQ
Provision for (benefit from) income taxes (GAAP)	(1.3)	4.4	
Adjustment to GAAP provision for (benefit from) income taxes	0.4	(4.3)	
Non-GAAP provision for (benefit from) income tax	(0.9)	0.1	(1.0)

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

	Actual Q3'19	Actual Q2'19	Variance QoQ
GAAP effective tax rate	7%	(13)%	
Adjustment to GAAP effective tax rate	17%	37%	
Non-GAAP effective tax rate	24%	24%	0%

(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 24 percent for 2019, 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 and Licensing Billings

	ASC 606					ASC 606				ASC 605				
In Thousands	Q1'18	Q2'18	Q3'18	Q4'18	FY 2018	Q1'19	Q2'19	Q3'19	YTD 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	\$71,351	\$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	\$46,372	\$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	\$46,357	\$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	\$164,080	\$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	YTD 2019
Royalty Revenue	\$21,374	\$30,049	\$33,599	\$45,430	\$130,452	\$24,853	\$27,050	\$19,448	\$71,351
Licensing Billings ¹	\$75,924	\$73,210	\$75,374	\$76,717	\$301,225	\$75,460	\$64,948	\$63,058	\$203,466
Delta	\$54,550	\$43,161	\$41,775	\$31,287	\$170,773	\$50,607	\$37,898	\$43,610	\$132,115

In Thousands	Q1'18	Q2'18	Q3'18	Q4'18	FY 2018	Q1'19	Q2'19	Q3'19	YTD 2019
ASC 606 Interest Income ²	\$7,514	\$7,041	\$6,532	\$6,147	\$27,234	\$5,707	\$5,288	\$4,925	\$15,920

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.