



Stifel Cross Sector Insight Conference

Allen Muhich | Chief Financial Officer

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FARO[®]

Safe Harbor Statement

Certain statements made or incorporated by reference in this presentation reflect management's estimates and beliefs and are intended to be, and are hereby identified as, "Forward-Looking Statements" for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements often include words such as "believe", "expect", "anticipate", "intend", "plan", "estimate" or similar expressions. These statements are based on certain assumptions that FARO has made in light of its experience in the industry as well as its perspective of historical trends, current conditions, expected future developments and other factors it believes are appropriate under the circumstances. Actual results may differ materially from the anticipated results because of certain risks and uncertainties. These risks and uncertainties are set forth in FARO's Annual Report on Form 10-K and other filings made from time to time with the Securities and Exchange Commission.



About **FARO**

Our Mission

We enable customers to capture, measure, interact with and share data from our physical world in a virtual environment and then translate this information back into the physical domain.

Our Vision

FARO will be the global leader in providing 4D Digital Reality solutions. Leveraging 40 years of industrial experience in the capture and digitalization of the physical world, our solutions significantly improve our customers productivity by delivering workflow-based information, via a cloud-based, Software as a Service (SaaS) business model.

FARO Overview – 4D Pioneer

2021 Revenue*

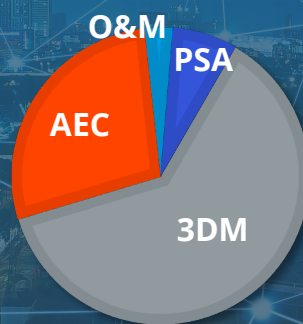
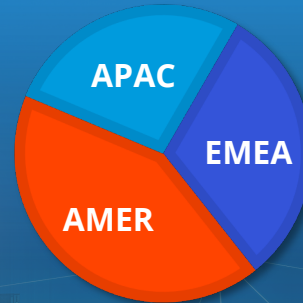
\$337.8M

Gross Margin**

55%

Adjusted EBITDA**

7%



% Software



% Recurring

4D Reality Capture
Hardware + Software

15,000+
3D Customers

76%
Brand Loyalty

513
Active Patents

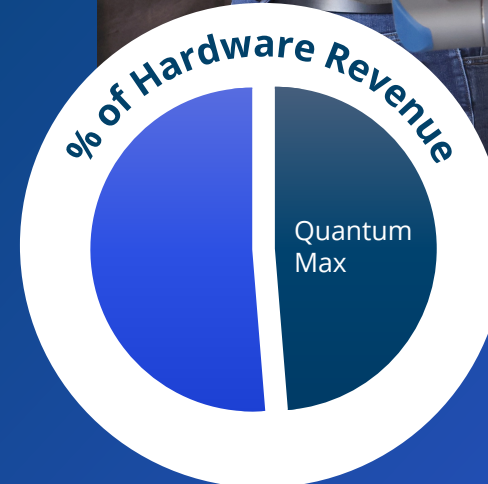
* As reported on Form 10-K as of December 31, 2021.

** Gross Margin and EBITDA on a non-GAAP basis. Reconciliations to GAAP counterparts available in FARO public filings.

Quantum Max ScanArm

Metrology Grade Scanning Accuracy

- Portable Coordinate Measuring Machines (CMM) with 3 hot swappable Laser Line Probes (LLPs)
- LLP portfolio balances the customer's accuracy and speed needs
- Integrated software enables CAD-to-part verification and dimensional analysis
- High speed non-contact inspection, reverse engineering



3D Metrology Market*

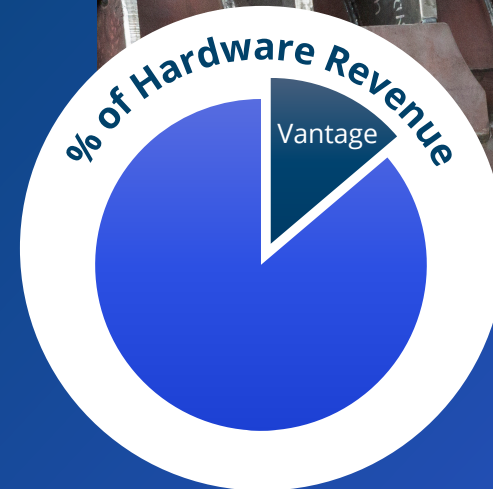
SAM \$1.5B | CAGR ~3%

* Market size and growth represent FARO management estimate considering multiple third-party data sources.

Vantage Laser Tracker

High Accuracy Inspection & Alignments

- Improves customer productivity and reduces scrap
 - Accelerates inspection cycle time
 - Guided assembly and manufacturing
 - Equipment and fixture alignments
- Integrated handheld probing accelerates measurement through reduced device moves
- FARO metrology software enables comparison to CAD, dimensional analysis and machine calibration



3D Metrology Market*

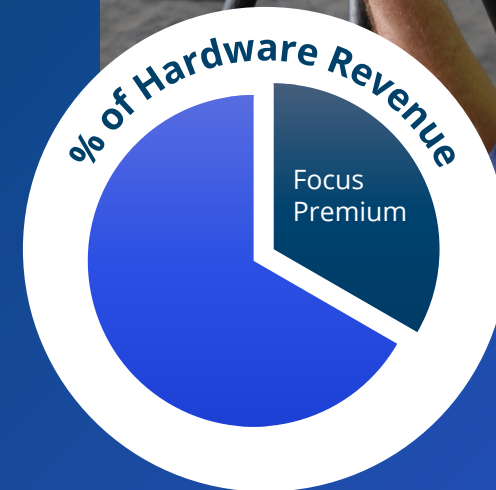
SAM \$1.5B | CAGR ~3%

* Market size and growth represent FARO management estimate considering multiple third-party data sources.

Focus Premium Laser Scanner

3D Digital Reality Capture & Collaboration Platform

- Integrated Focus Premium, Stream mobile app and Sphere solution provides 2x improvement in time-to-data
- Stream App provides in-the-field automatic, real-time, pre-registration
- Cloud-based Sphere platform enables point-cloud collaboration for remote users
- Visualize, measure and track changes to 3D models over time within the Sphere platform



**AEC, O&M, Public Safety
Markets***

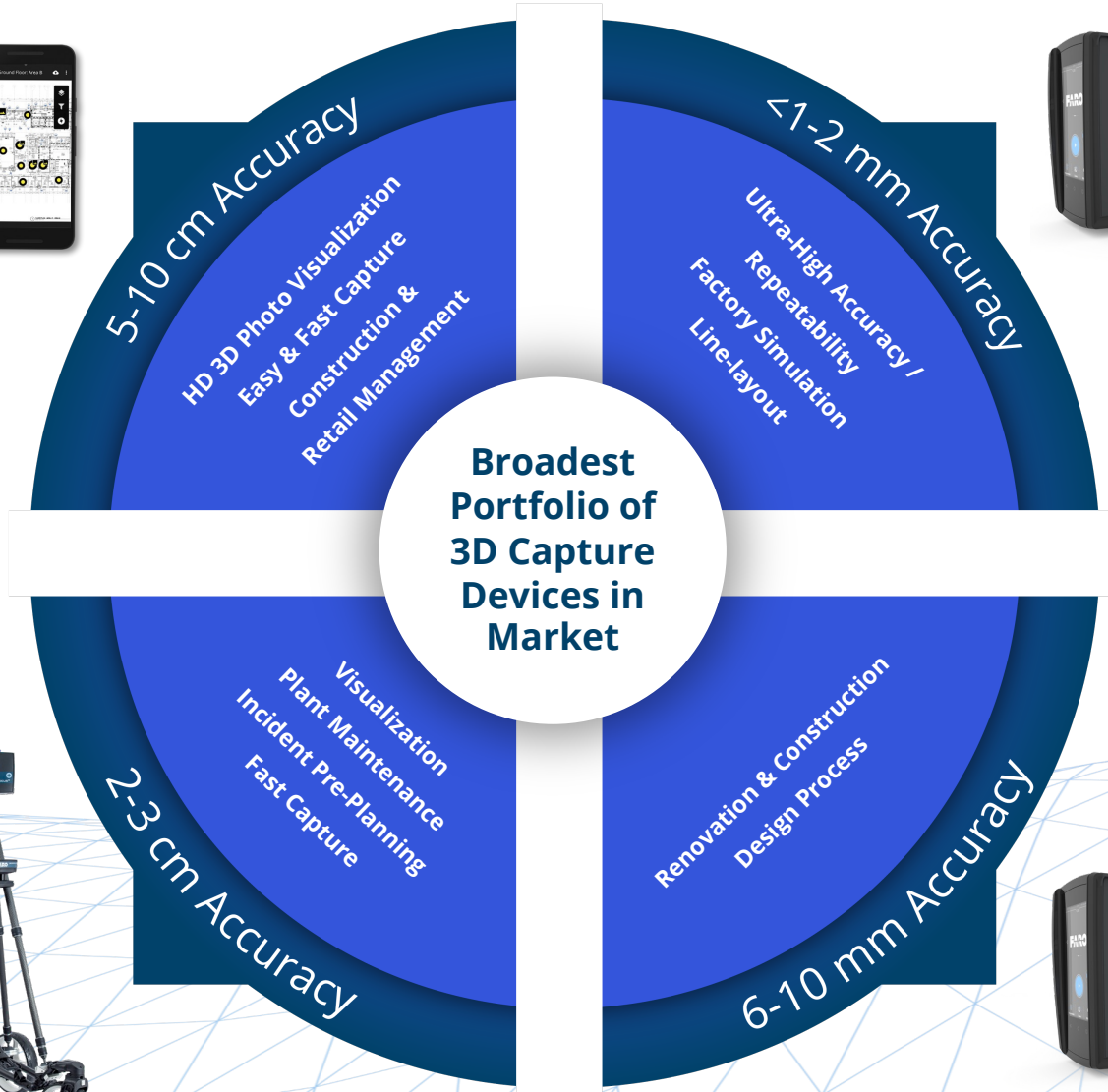
SAM \$2.3B | CAGR 13%



* Market size and growth represent FARO management estimate considering multiple third-party data sources.

3D Capture Portfolio

360° Camera /
Low-Cost LiDAR
Residential / Commercial



Stationary Scanning
with Targeting
Plant



Mobile Scanning
Commercial / Plant



Stationary Scanning
Commercial / Plant



Digital Reality – Adoption Tailwinds



Digital Reality Opportunity

Large Untapped Market Opportunity – Adoption Rate Drives Growth



Annual Recurring Revenue

Digitized Infrastructure Management

- Opportunistic market opportunity
- Infrastructure **daily** construction average between 2018-2050**
 - 32,034 km of water and sewer pipe
 - 3,169 km of roads and highway

Built Facilities

- \$327T Real Estate Market***
- 2T sq meters of space
- Digitalization of the worlds building presents massive recurring revenue opportunity
- Opportunistic market opportunity

Digitized Construction Management

- World population expected to grow 25% to 10B in 2050
- 13,213 new buildings completed per day (Equivalent of NYC in 30 days)
- \$13.3T spent annually on construction, 10% is waste
- FARO's digital tools targeted at enabling efficiency and waste reduction

FARO Initial Focus: 1.7M Global Construction Entities Construction (est. \$3,500 ACV)*

Analytics & Insights Enable Adoption

Building Lifecycle Management

Virtual Construction & Asset Management

“

How much drywall has been installed today?

“

Is the concrete slab level to spec?

“

Do built conditions match the plan?

“

What design changes do the mechanical and/or plumbing trades need to make?

Virtual Building Management

“

What is current configuration of my manufacturing floor?

“

Does the replacement generator fit in the existing space?

“

Where is the location of the water lines inside the walls?

“

What is best up-to-date safety exit route in case of an incident?

Construction Project Value Illustration

Typical Mixed-Use Space – Mid-Size City

- 26 floor mixed use - hotel (8 floors), condos, restaurants
- **\$132M** total project value
- > 60 contractors

Average spend by contractor:

- **Construction Management: 6%**
- **Structure: 15%**
- **MEP (HVAC, Plumbing, Elec): 21%**
- **Drywall: 6%**
- **Glass & Glazing: 6%**
- **Civil Sitework: 4%**

8 trades make up ~60% of construction value



FARO solutions and insights target "high value" trades



Prepare / Pour / Smooth

Analyze / Report / Uncover

Finish Floor

Concrete Floor Flatness

ROI Example

- The structure of a commercial building (concrete / steel) is 15-20% of the total cost of the project
- Rework of cured concrete represents some of the highest cost "fixes" on a construction project and poses a significant risk to cost and schedule
- FARO's latest solutions allow the floor flatness to be analyzed while the concrete is still wet

*Contractors can save \$100,000's a year**



To me that is where the value lies... We get feedback while we can still affect the quality. And so, for us that was always on the roadmap – to get wet scanning – and to figure out ways to effectively communicate that with the people in the field.

Josh DeStefano, Construction Technology Leader,
DPR Construction

From White Paper: 3D Laser Scans Reveal EVERYTHING, Bill Palmer*



Helm Mechanical captures, analyzes and collaborates using FARO generated 3D images to verify installation and placement accuracy remotely from their HQ in Illinois.



Turner Construction uses HoloBuilder 360° photo capture tools to record progress, mitigate project delays and optimize design solutions by providing stakeholders with real-time progress tracking.*



Hensel Phelps Construction uses a suite of FARO tools to capture and provide insights including sub-contractor progress monitoring, installation and placement of key components and product tracking.**



Amazon uses FARO tools and services to capture and visualize 3D point cloud data to quickly and accurately implement robotics within their operations.



Volvo relies on FARO's broad portfolio of high accuracy capture tools, services, and cloud accessibility to quickly changeover manufacturing cells. The insights from FARO's tools help distinguish Volvo as one of the nimblest car manufacturers in the world.



Yale University successfully uses 360° photos visualized through FARO's cloud tools to more effectively manage their assets and projects across a broad set of geographically dispersed stakeholders.***

[*Turner International | Case Study | English | GC | Malaysia Based | Tenaga Nasional Berhad \(TNB\) Platinum Project | Value: Record Projecy Delays, Design Solutions & Progress Tracking](#)

[**Hensel Phelps | Case Study | English | GC | US Based | ENR Top 20 Contractor | SFO T1C | Value: Speed of Progress Documentation, close to 5,000 hours/year saved](#)

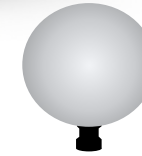
[***Yale University | Case Study | English | US Based | Owner | Usage of HoloBuilder by the Office of Facilities / Capital Projects \(Owner Use Case\)](#)

Digital Reality Solutions

**360° Camera /
Low-Cost LiDAR**
Residential / Commercial



**Stationary Scanning
with Targeting**
Plant



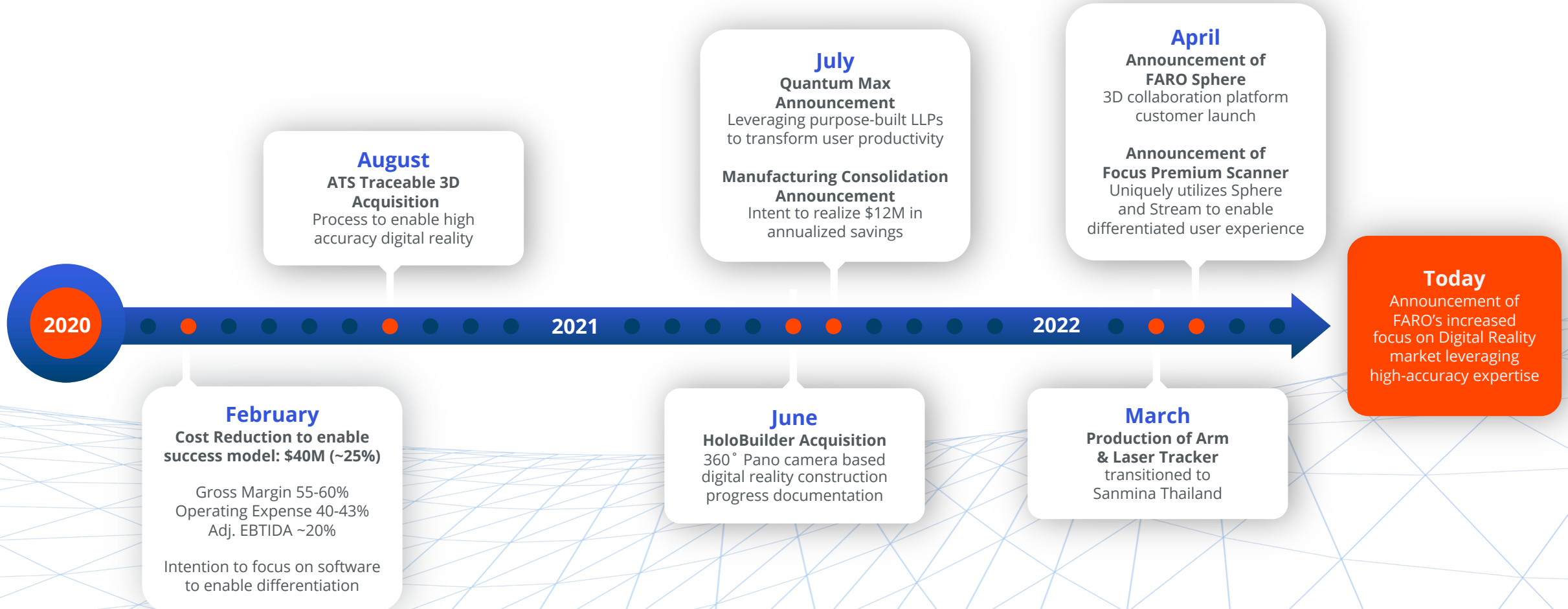
Mobile Scanning
Commercial / Plant



Stationary Scanning
Commercial / Plant



Transformation Timeline – Key Milestones



Financial Model Update

2021-2024 CAGR

7-10%

OpEx

40-43%

Gross Margin

55-60%

Adjusted EBITDA

~20%



20% Software



25% Recurring

Focus on software enables long-term differentiation, entrance to new and large untapped markets and improved FARO financial model.

Q&A