

RPX Corporation Q3 2013 Earnings Call

October 29, 2013

John Amster, Chief Executive Officer and Co-founder
Ned Segal, Chief Financial Officer

Safe Harbor

- ▶ The following presentation contains forward-looking statements, including statements regarding our future financial performance and business strategy, our plans and objectives for future operations, and our expectations regarding the future growth of a market for patents.
- ▶ These forward-looking statements are subject to risks and uncertainties that could cause our actual results to differ materially from those reflected in the forward-looking statements. Many of the factors that could cause or contribute to such differences are described in the “Risk Factors” section of our most recent report on Form 10-Q filed with the SEC, including:
 - the market for our solution is immature,
 - we may experience significant quarterly fluctuations in our operating results,
 - new legislation, regulations or court rulings related to enforcing patents could reduce the value of our service to clients or potential clients, and
 - we may not be able to compete effectively against others to attract new clients or acquire patent assets.
- ▶ In light of these risks and uncertainties, the forward-looking statements contained in this presentation may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. We do not intend, and undertake no duty, to update any forward-looking statements to reflect future events or circumstances.

Q3 2013 Financial Summary

- ▶ **Total revenue of \$58.6 million, up 24% year over year**
 - Subscription revenue of \$57.8 million, up 23% year over year
 - Fee-related revenue of \$0.7 million
- ▶ **3 net client adds**
 - Total 160 clients
- ▶ **23 active insurance clients**
- ▶ **Renewals above 90%**
- ▶ **Cash, cash equivalents and short-term investments of \$277.6 million⁽¹⁾**

⁽¹⁾ As of September 30, 2013

Guidance

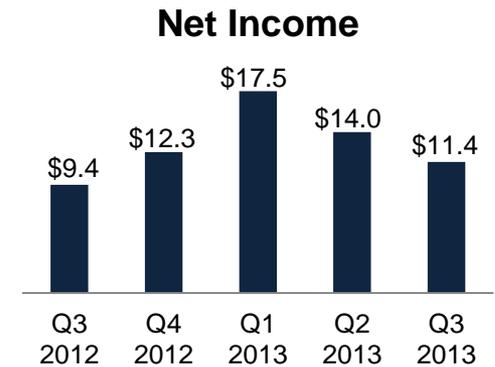
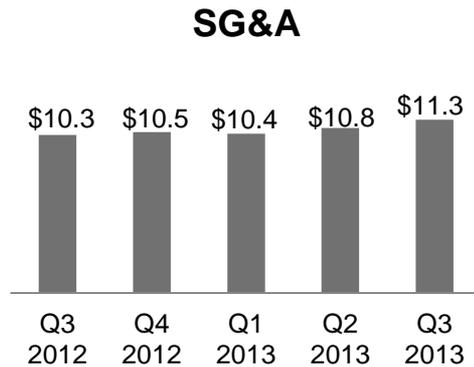
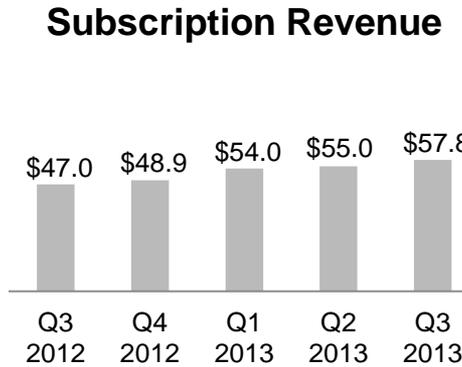
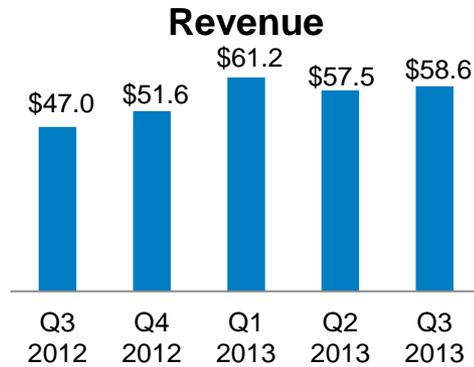
(\$M)	Q4 2013	FY 2013
Subscription revenue	\$57.8 - \$58.2	\$224.6 – \$225.0
Fee-related revenue	\$2.4	\$12.8
Total revenue	\$60.2 - \$60.6	\$237.4 - \$237.8
Cost of revenue		\$110.7 – \$111.1
SG&A		\$44.8 – \$45.3
Net income	\$9.2 – \$10.0	\$52.2 – \$53.0
Effective tax rate	36%	36%
Pro forma WA diluted shares	54.2	53.6
Net acquisition spend		\$120 - \$125

Q3 2013 Consolidated P&L (Non-GAAP)

Non-GAAP Consolidated P&L (in millions, except per share data)	Q3 2013	Q3 2012
Revenue	\$58.6	\$47.0
Subscription Revenue	\$57.8	\$47.0
Cost of Revenue	\$29.7	\$21.9
SG&A	\$11.3	\$10.3
Other Income/Expense	\$0.1	\$0.1
Effective Tax Rate	36%	37%
Net Income	\$11.4	\$9.4
Pro Forma Diluted EPS	\$0.21	\$0.18
Pro Forma WA Diluted Shares	54.1	52.4

Q3 2013 Non-GAAP Key Performance Metrics

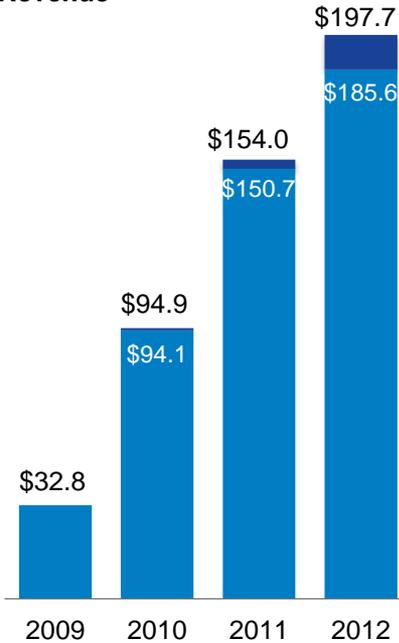
(\$ in millions)



Revenue

Annual (\$ in millions)

Total Revenue

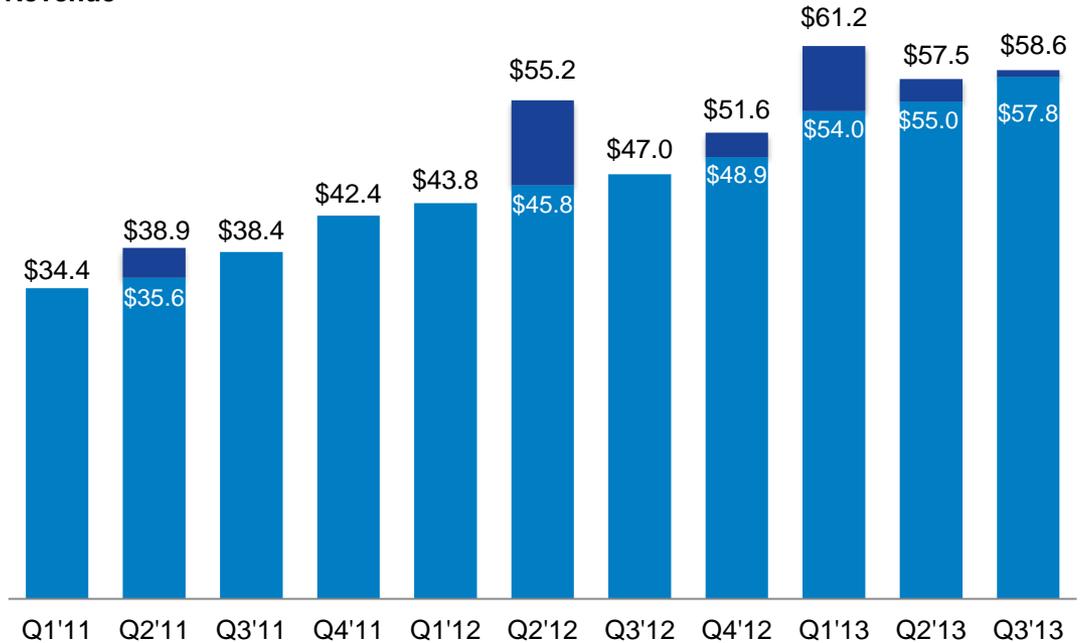


Net Clients Added

17 49 40 28

Quarterly (\$ in millions)

Total Revenue



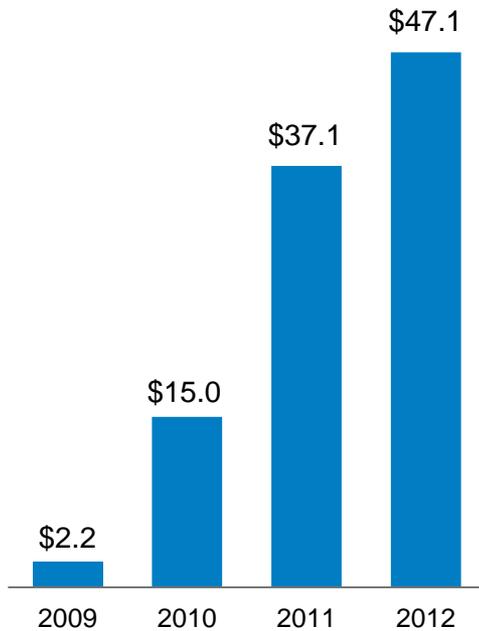
Net Clients Added

9 15 7 9 4 4 8 12 6 11 3

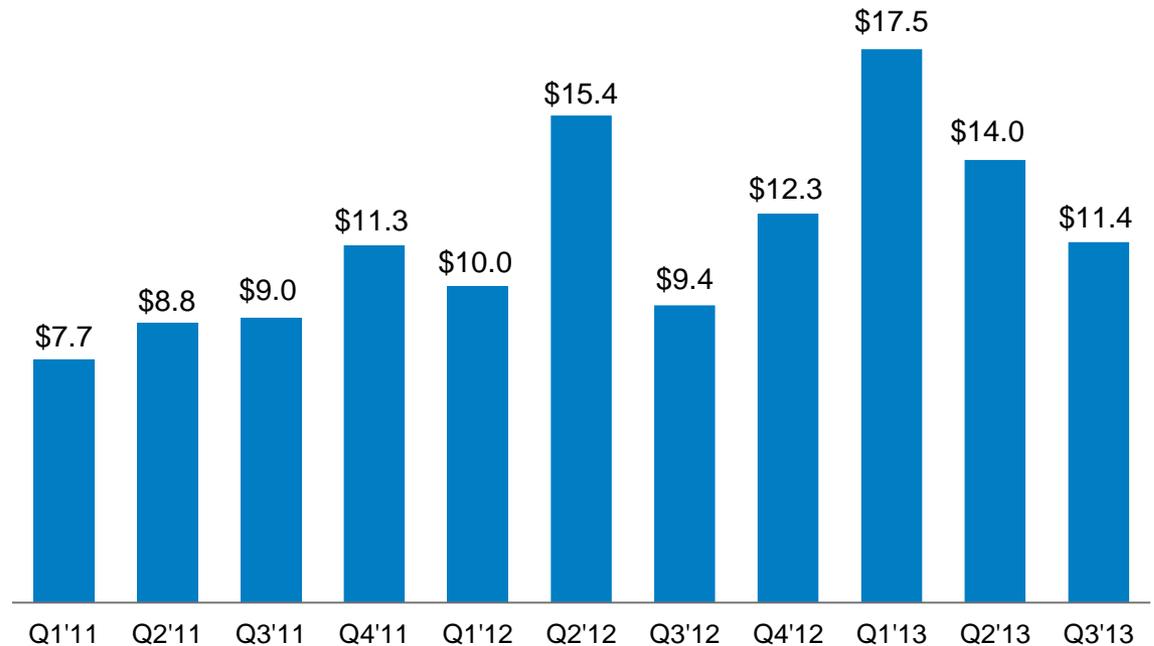
Subscription revenue Fee-related revenue

Non-GAAP Net Income

Annual
(\$ in millions)



Quarterly
(\$ in millions)

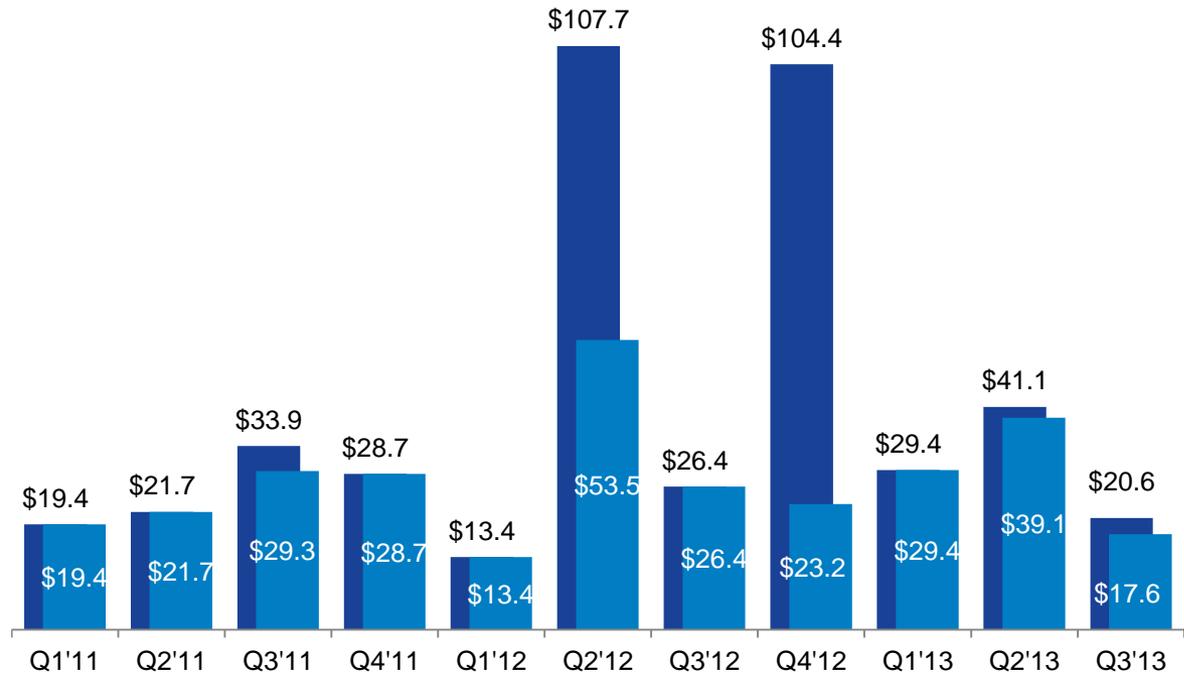


Patent Acquisition Spend

Annual
(\$ in millions)



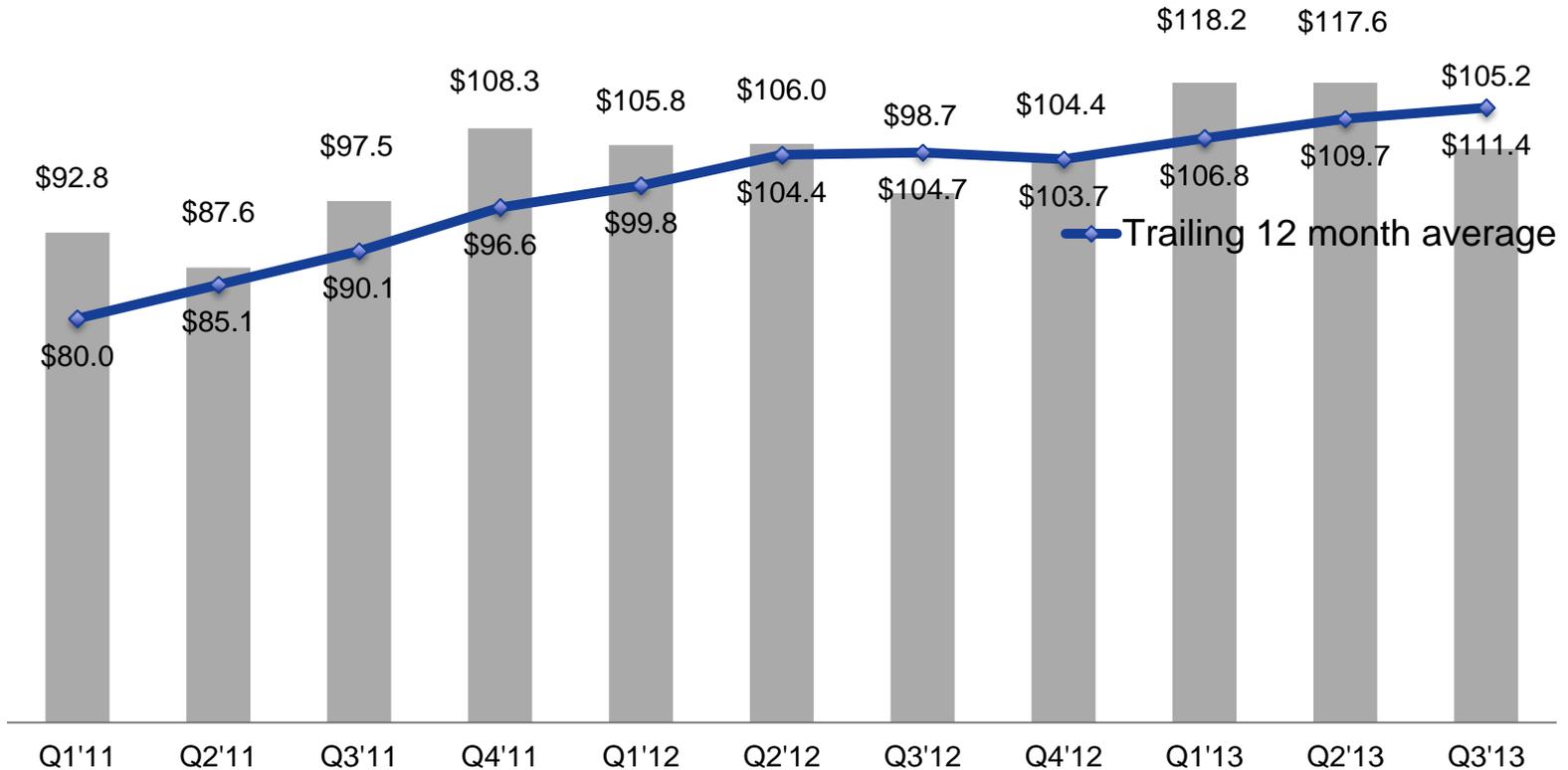
Quarterly
(\$ in millions)



■ Net ■ Gross

Deferred Revenue

(\$ in millions)



Q3 2013 GAAP to Non-GAAP Reconciliation

(\$M)	Q3 2013	Q3 2012
Net Income	\$8.4	\$7.6
Stock-based compensation	\$4.0	\$2.5
Amortization of acquired intangible assets	\$0.4	\$0.4
Income tax adjustments	(\$1.4)	(\$1.1)
Non-GAAP net income	\$11.4	\$9.4
Pro forma non-GAAP net income per share		
Basic	\$0.22	\$0.19
Diluted	\$0.21	\$0.18
Pro forma weighted-average shares		
Basic	52.3	50.7
Diluted	54.1	52.4

(\$M)	Q3 2013	Q3 2012
Cost of Revenue	\$29.8	\$22.0
Amortization of acquired intangible assets	(\$0.1)	(\$0.1)
Non-GAAP cost of revenue	\$29.7	\$21.9

(\$M)	Q3 2013	Q3 2012
Selling, general and administrative expenses	\$15.6	\$13.1
Stock-based compensation	(\$4.0)	(\$2.5)
Amortization of acquired intangible assets	(\$0.3)	(\$0.3)
Non-GAAP selling, general and administrative expenses	\$11.3	\$10.3

Thank You
