

# RPX Corporation Q2 2013 Earnings Call

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July 30, 2013

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

# Safe Harbor

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- ▶ 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.

# Q2 2013 Financial Summary

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- ▶ **Total revenue of \$57.5 million, up 4% year over year**
  - Subscription revenue of \$55 million, up 20% year over year
  - Fee-related revenue of \$2.5 million
- ▶ **11 net client adds**
  - Total 157 clients
- ▶ **8 new insurance policies**
  - 19 total insurance clients
- ▶ **Renewals comfortably above 90%**
- ▶ **Cash, cash equivalents and short-term investments of \$259.3 million<sup>(1)</sup>**

<sup>(1)</sup> As of June 30, 2013

# Guidance

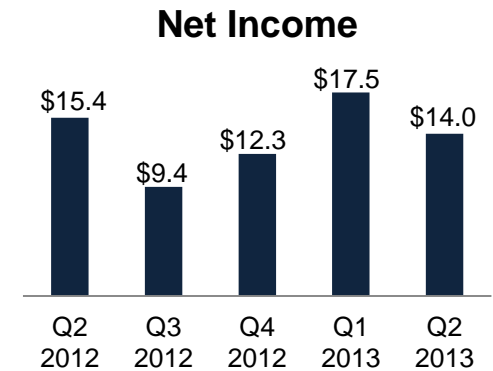
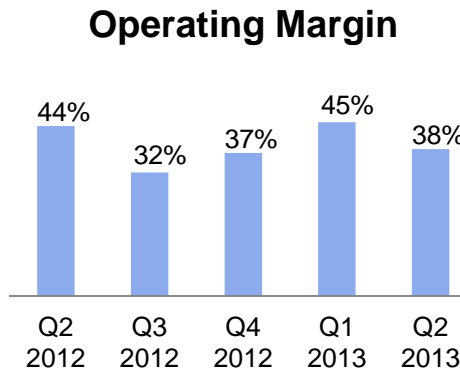
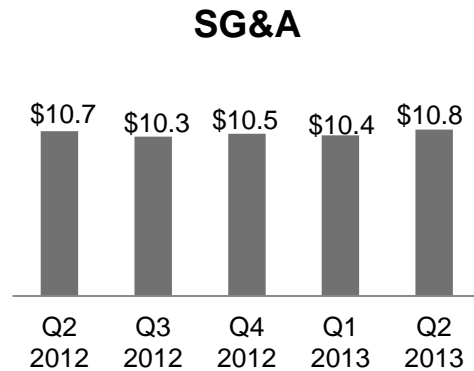
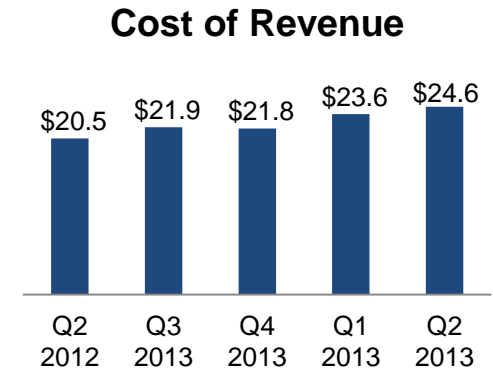
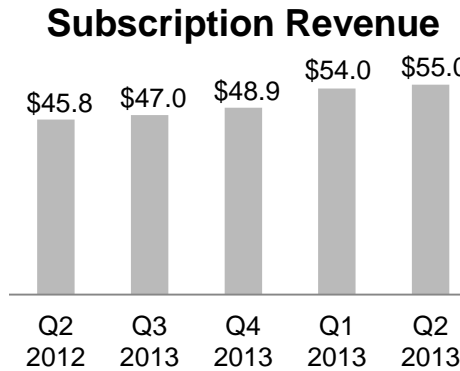
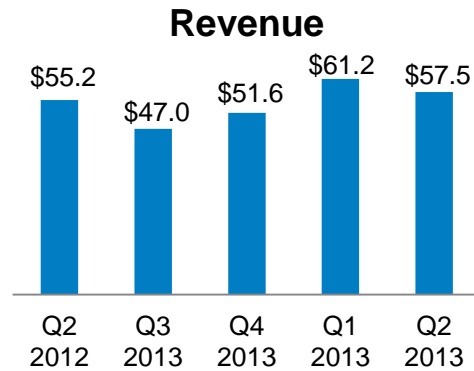
(\$M)	Q3 2013	FY 2013
Subscription revenue	\$57.2 - \$57.7	\$219 - \$225
Fee-related revenue	\$0.5	\$10 - \$11
Total revenue	\$57.7 - \$58.2	\$229 - \$235
Cost of revenue	na	\$103 - \$105
SG&A	na	\$46 - \$48
Net income	\$10.6 – \$11.1	\$50 – \$53
Effective tax rate	37%	37%
Pro forma WA diluted shares	54.2	53.7
Net acquisition spend	na	\$120 - \$125

# Q2 2013 Consolidated P&L (Non-GAAP)

Non-GAAP Consolidated P&L (in millions, except per share data)	Q2 2013	Q2 2012
Revenue	\$57.5	\$55.2
Subscription Revenue	\$55.0	\$45.8
Cost of Revenue	\$24.6	\$20.5
SG&A	\$10.8	\$10.7
Other Income/Expense	\$0.1	\$0.0
Effective Tax Rate	36%	36%
Net Income	\$14.0	\$15.4
Pro Forma Diluted EPS	\$0.26	\$0.29
Pro Forma WA Diluted Shares	53.5	52.6

# Q2 2013 Non-GAAP Key Performance Metrics

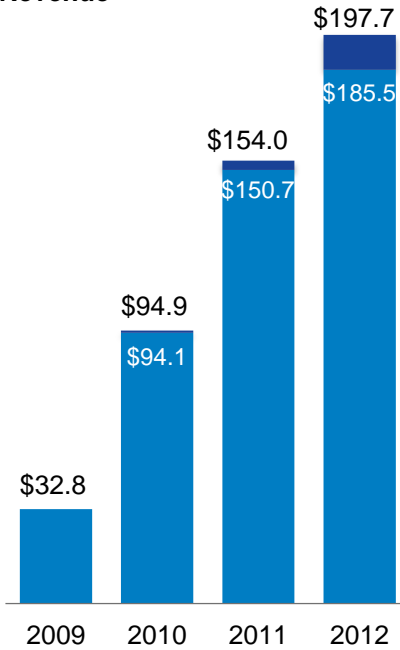
(\$ in millions)



# Revenue

## Annual (\$ in millions)

Total Revenue

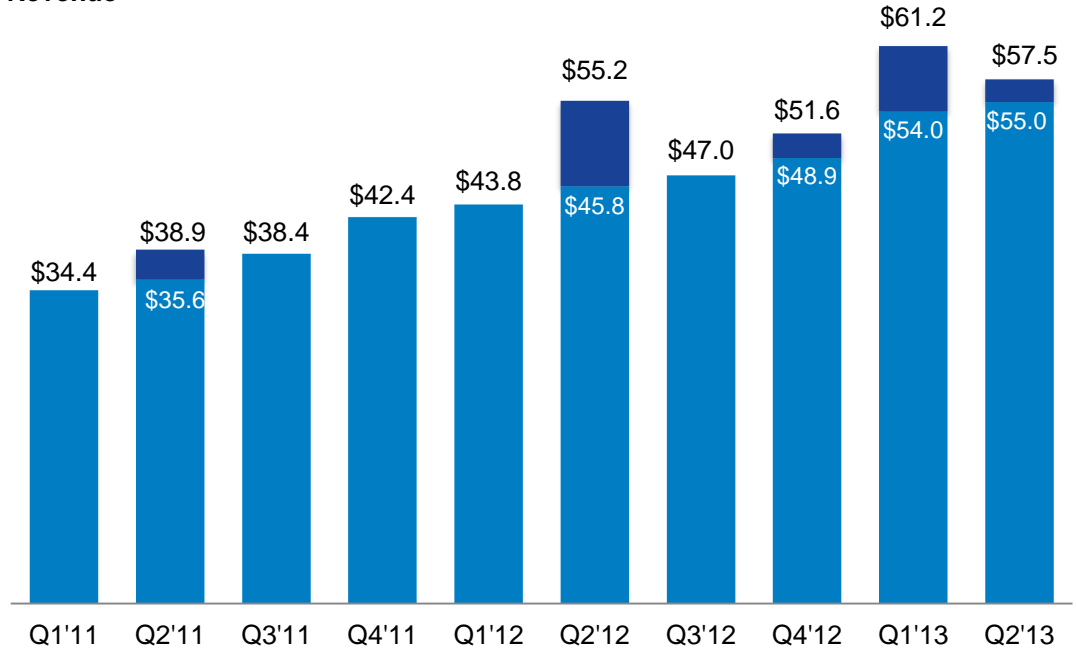


Net  
Clients  
Added

17    49    40    28

## Quarterly (\$ in millions)

Total Revenue



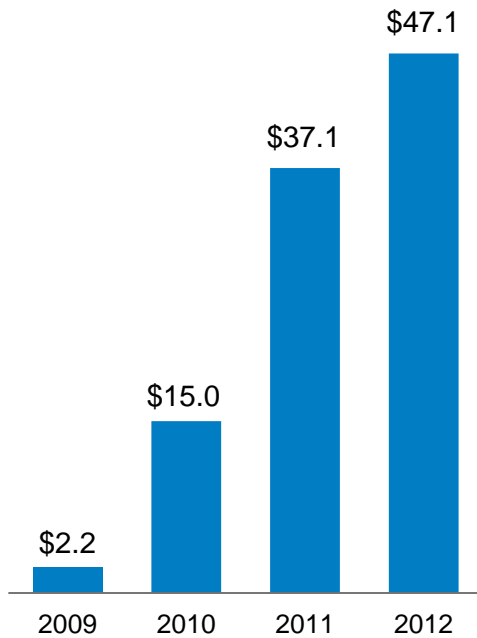
Net  
Clients  
Added

9    15    7    9    4    4    8    12    6    11

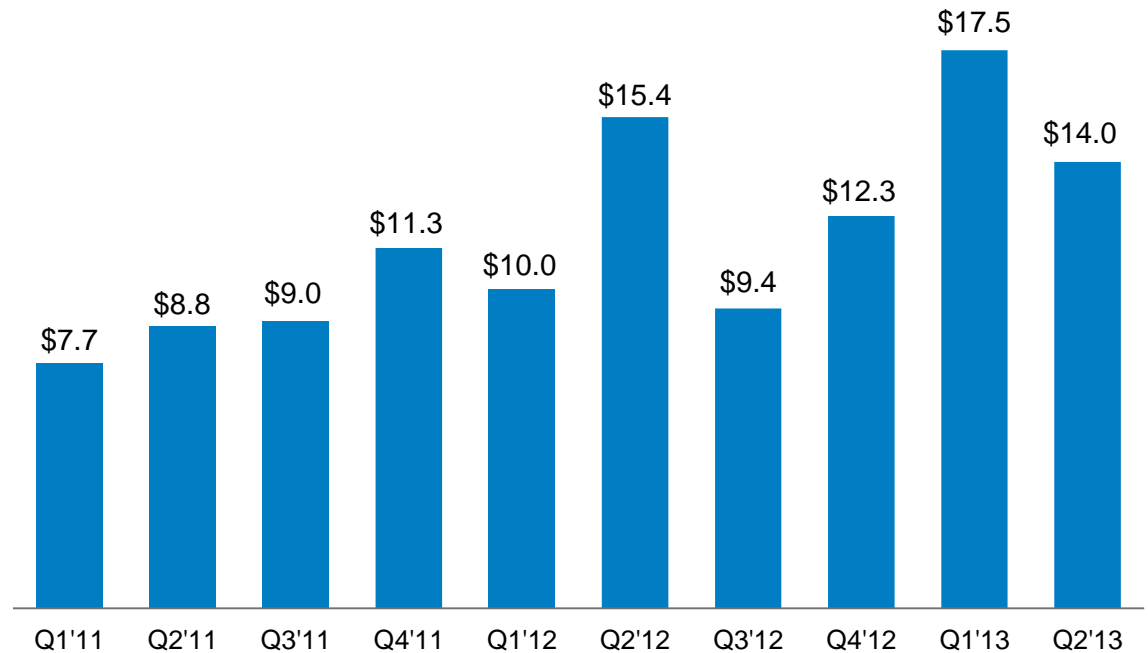
Subscription revenue    Fee-related revenue

# Non-GAAP Net Income

**Annual**  
(\$ in millions)



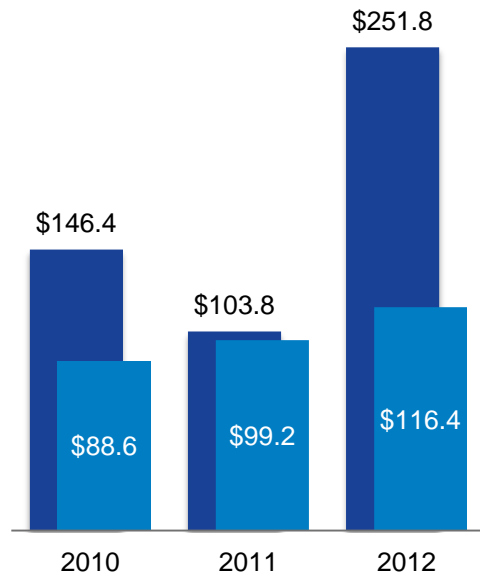
**Quarterly**  
(\$ in millions)



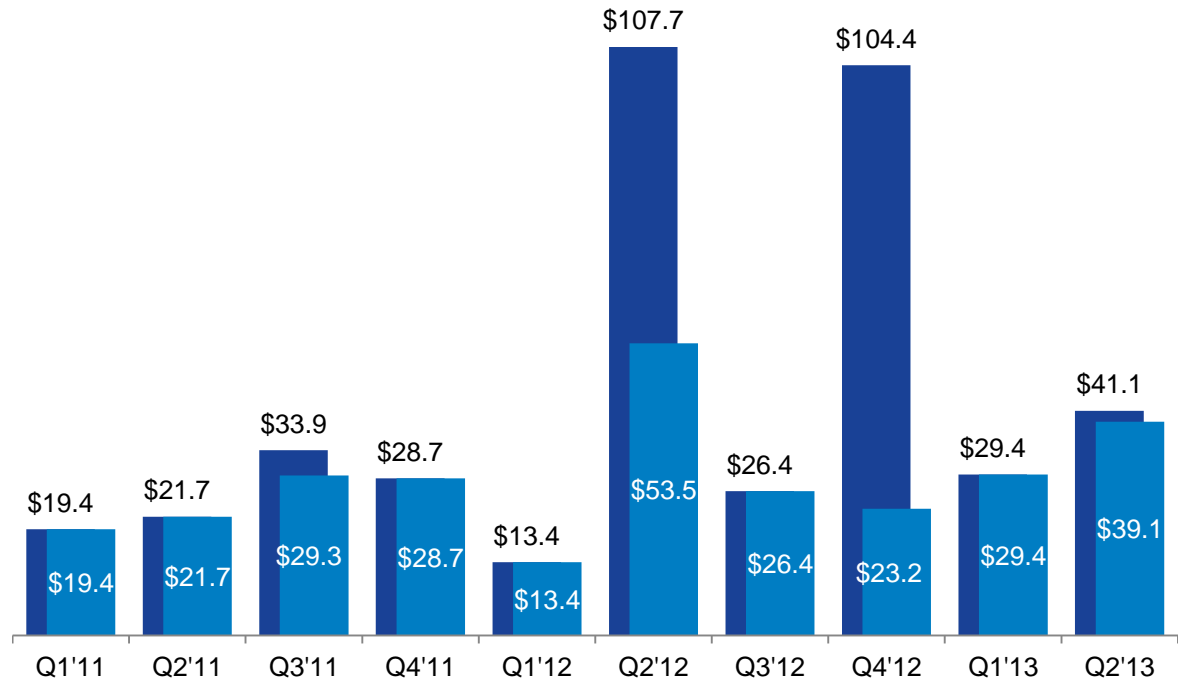


# Patent Acquisition Spend

**Annual**  
(\$ in millions)



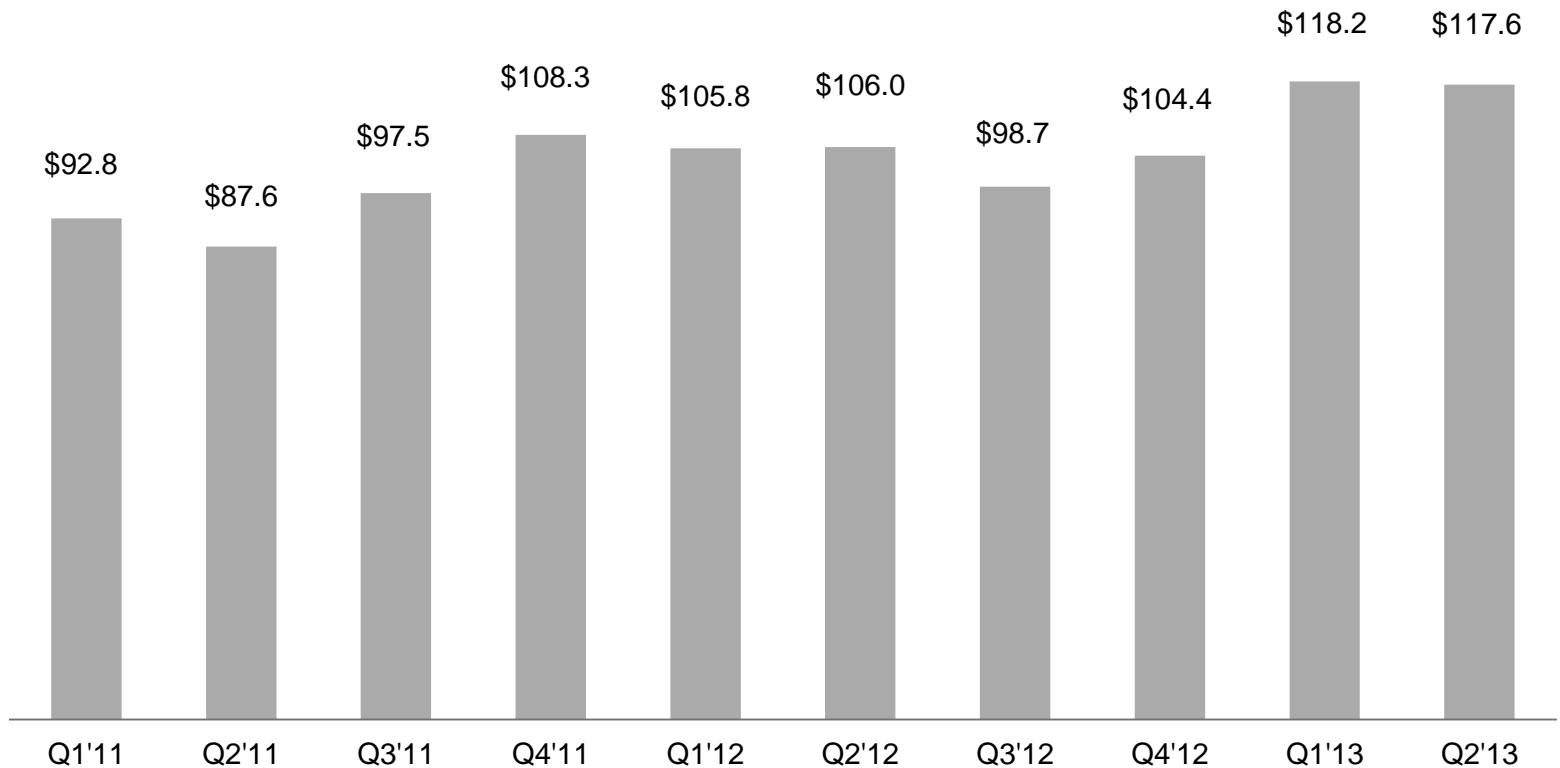
**Quarterly**  
(\$ in millions)



■ Net ■ Gross

# Deferred Revenue

(\$ in millions)



# Q2 2013 GAAP to Non-GAAP Reconciliation

(\$M)	Q2 2013	Q2 2012
Net Income	\$10.7	\$13.2
Stock-based compensation	\$4.7	\$2.6
Amortization of acquired intangible assets	\$0.3	\$0.3
Income tax adjustments	(\$1.7)	(\$0.7)
Non-GAAP net income	\$14.0	\$15.4
Pro forma non-GAAP net income per share		
Basic	\$0.27	\$0.31
Diluted	\$0.26	\$0.29
Pro forma weighted-average shares		
Basic	51.8	50.3
Diluted	53.5	52.6

(\$M)	Q2 2013	Q2 2012
Cost of Revenue	\$24.7	\$20.5
Amortization of acquired intangible assets	(\$0.1)	(\$0.1)
Non-GAAP cost of revenue	\$24.6	\$20.5

(\$M)	Q2 2013	Q2 2012
Selling, general and administrative expenses	\$15.7	\$13.5
Stock-based compensation	(\$4.7)	(\$2.6)
Amortization of acquired intangible assets	(\$0.3)	(\$0.3)
Non-GAAP selling, general and administrative expenses	\$10.8	\$10.7

# Thank You

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