



# Conference Call Brooks Automation Fourth Quarter FY16 Financial Results

November 10, 2016

# Safe Harbor Statement



“Safe Harbor” Statement under the U.S. Private Securities Litigation Reform Act of 1995; certain matters in this presentation, including forecasts of future demand and future Company performance, are forward-looking statements that are subject to risks and uncertainties that could cause actual results to materially differ, either better or worse, from those projected. Further discussions of risk factors are available in the Company’s most recent SEC filings including form 10-K for the fiscal year ended September 30, 2015. The Company assumes no obligation to update the information in this presentation.

## **Regulation G**

This presentation contains certain non-GAAP measures which are provided to assist in an understanding of the Brooks business and its operational performance. These measures should always be considered in conjunction with the appropriate GAAP measure. Reconciliations of all non-GAAP amounts to the relevant GAAP amount are provided in either an attachment to our fourth quarter financial results press release issued on November 10, 2016 or as an attachment to call slides used to accompany prepared comments made during our financial results conference call of the same date. Both documents are available on our website at [www.brooks.com](http://www.brooks.com).

# Quarterly Operating Performance

## Fourth Quarter Ending September 30, 2016



\$ millions, except EPS	<b>GAAP</b>		<b>non - GAAP</b>	
	<b>Q4'16</b>	<b>Vs Q3</b>	<b>Q4'16</b>	<b>Vs Q3</b>
Revenue	158	10.0	158	10.0
Gross profit	57	2.4	58	2.4
<i>Gross profit margin</i>	<i>35.9%</i>	<i>(0.8) pts</i>	<i>36.7%</i>	<i>(0.9) pts</i>
R&D expenses	12	(0.5)	12	(0.5)
SG&A expenses	32	(0.3)	28	(1.1)
Restructuring	2	1.2	-	-
Operating income (loss)	10	1.9	17	3.9
<i>Operating margin</i>	<i>6.6%</i>	<i>0.8 pts</i>	<i>11.1%</i>	<i>1.9 pts</i>
Other income (expense)	(0)	(0.2)	(0)	(0.1)
Tax benefit (provision)	(1)	(0.5)	(3)	(0.4)
JV earnings (losses)	1	0.8	1	0.8
Net income (loss)	10.5	2.0	15.3	4.2
<i>Net income margin</i>	<i>6.7%</i>	<i>0.9 pts</i>	<i>9.7%</i>	<i>2.2 pts</i>
Diluted EPS	0.15	0.03	0.22	0.06
<i>Adjusted EBITDA</i>			<i>25</i>	<i>5.7</i>

- 7% revenue growth and lower expense structure drove non-GAAP EPS growth of 38%.

\* See Appendix to this presentation for a reconciliation of GAAP to non-GAAP.

# Brooks Life Science Systems – Sequential Performance



\$ millions	Q3'16	Q4'16	Change
Revenue	29	32	2.6
Gross profit *	12	12	0.8
<i>Gross profit margin *</i>	<i>40.0%</i>	<i>39.2%</i>	<i>(0.7) pts</i>
Operating expenses	12	11	(1.0)
Operating income (loss) *	(0.4)	1.5	1.8
<i>Operating margin *</i>	<i>-1.3%</i>	<i>4.7%</i>	<i>5.9 pts</i>

- Sequential revenue growth of 9% and profitable
- Q4 Year to Year growth 86% in total; 7% YtY organic growth, \$14.4M growth from BioStorage acquisition, -\$0.9M currency

\* Non-GAAP measure. See Appendix to this presentation for a reconciliation to the appropriate GAAP measure.

# Brooks Semiconductor Solutions – Sequential Performance



<b>\$ millions</b>	<u>Q3'16</u>	<u>Q4'16</u>	<u>Change</u>
Revenue	118	126	7.4
Gross profit *	44	45	1.6
<i>Gross profit margin</i> *	<i>36.9%</i>	<i>36.0%</i>	<i>(0.9) pts</i>
Operating expenses	30	29	(0.5)
Operating income *	14.0	16.0	2.1
<i>Operating margin</i> *	<i>11.8%</i>	<i>12.7%</i>	<i>1.0 pts</i>

- Sequential revenue growth at 6% with expanded operating margins
  - Net of \$4 million decline from dissolved distribution agreement and IP revenue.
- Contamination Control Solutions growth at 37% to \$22 million
- Revenue exceeded guidance on strength of OEM customers
- Services and spares was \$23 million at 29% gross margin

\* Non-GAAP measure. See Appendix to this presentation for a reconciliation to the appropriate GAAP measure.

# Full Year Operating Performance



\$ millions, except EPS	FY15	FY16	Change
Revenue	553	560	7.6
Gross profit*	196	203	7.1
<i>Gross profit margin</i> *	35.4%	36.2%	0.8 pts
R&D expenses	52	52	(0.7)
SG&A expenses*	107	115	8.4
Operating income *	37	36	(0.6)
<i>Operating margin</i> *	6.6%	6.4%	(0.2) pts
Other income (expense)*	3	(0)	(3.2)
Tax benefit (provision)*	(10)	(5)	4.3
JV earnings (losses)*	1	2	1.6
Net income*	30.5	32.6	2.1
<i>Net income margin</i> *	5.5%	5.8%	0.3 pts
Diluted GAAP EPS	0.21	(1.00)	(1.21)
Diluted Non-GAAP EPS*	0.45	0.47	0.02
Adjusted EBITDA	64	63	(1.6)

- Revenue and margin expansion supporting non-GAAP EPS growth
- Life Sciences finished at 20% of total revenue

\* Non-GAAP measure. See Appendix to this presentation for a reconciliation to the appropriate GAAP measure.

# Summary Balance Sheet



<b>\$ millions</b>	<b>Q3'16</b>	<b>Q4'16</b>
Cash and marketable securities	72	91
Accounts receivable, net	101	106
Inventories	98	93
Other current assets	21	15
Accounts payable	(42)	(41)
Deferred revenue	(26)	(15)
Other current liabilities	(55)	(64)
Net working capital	99	94
Current assets held for sale	3	-
Property, plant and equipment	55	55
Goodwill and intangible assets	288	284
Net long-term deferrred tax assets (liabilities)	(2)	(1)
Other net long-term assets (liabilities)	29	30
Net assets	543	554

- Improved working capital efficiency in receivables and inventory
- \$91m of cash, equivalents, & marketable securities, with no bank debt

# Fiscal 2016 Cash Flow



\$ millions	<u>Q4 FY'16</u>	<u>FY'16</u>
Net income	10.5	(69.5)
Depreciation & Amortization	6.7	28.0
Stock compensation	3.5	11.7
Change in working capital	4.6	0.2
Deferred income tax benefit	(1.6)	70.3
Other operating items	(0.4)	(1.3)
Cash flow from operations	23.4	39.5
Divestitures (acquisitions), net	0.3	(125.2)
Capital expenditures	(3.4)	(12.8)
Dividends	(6.9)	(27.5)
Other	5.7	3.2
Net change in cash and marketable sec.	19.0	(122.8)
Cash and marketable securities	91.2	91.2

- \$19 million increase to cash balance in the quarter
- \$125 million of cash used in the year on BioStorage acquisition



# Summary and Guidance



<b>\$ millions, except EPS</b>	<b>Q4'16</b>	<b>Guidance Q1'17</b>
Revenue	158	157 - 162
Adjusted EBITDA*	25	21 - 25
Non-GAAP diluted EPS*	0.22	\$ 0.18 - \$ 0.22
GAAP diluted EPS	0.15	\$ 0.13 - \$ 0.17

\* Non-GAAP measure. See Appendix to this presentation for a reconciliation to the appropriate GAAP measure.



## GAAP to Non-GAAP Reconciliations

# GAAP to Non-GAAP Reconciliation

## Quarterly Operating Performance



\$ millions, except EPS

	Q3 FY16					Non-GAAP Results Q3 FY16	Q4 FY16					Non-GAAP Results Q4 FY16
	GAAP Results Q3 FY16	Acquisition- Related Costs	Amortization Expense	Restructuring Charges	Other Special Charges		GAAP Results Q4 FY16	Acquisition- Related Costs	Amortization Expense	Restructuring Charges	Other Special Charges	
Revenue	147.5	-	-	-	-	147.5	157.6	-	-	-	-	157.6
Gross profit	54.2	0.1	1.1	-	-	55.4	56.6	0.1	1.1	-	-	57.8
<i>Gross profit margin</i>	<i>36.7%</i>					<i>37.5%</i>	<i>35.9%</i>					<i>36.7%</i>
Operating Expenses	(44.7)	0.1	2.8	-	-	(41.8)	(43.9)	0.1	2.7	-	0.8	(40.3)
Restructuring charges	(1.0)	-	-	1.0	-	-	(2.2)	-	-	2.2	-	-
Operating profit	8.5	0.2	3.8	1.0	-	13.5	10.4	0.2	3.8	2.2	0.8	17.5
<i>Operating profit margin</i>	<i>5.8%</i>					<i>9.2%</i>	<i>6.6%</i>					<i>11.1%</i>
Interest income, net	0.0	-	-	-	-	0.0	0.0	-	-	-	-	0.0
Other income, net	(0.1)	-	-	-	(0.1)	(0.2)	(0.3)	-	-	-	-	(0.3)
Income tax benefit (provision)	(0.2)	(0.1)	(1.9)	(0.5)	0.0	(2.6)	(0.7)	(0.1)	(1.2)	(0.7)	(0.3)	(3.0)
JV and noncontrolling interests	0.4	-	-	-	-	0.4	1.1	-	-	-	-	1.1
Income from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Income	8.6	0.1	2.0	0.5	(0.0)	11.1	10.5	0.1	2.6	1.5	0.5	15.3
Diluted earnings per share	0.12	0.00	0.03	0.01	(0.00)	0.16	0.15	0.00	0.04	0.02	0.01	0.22

# GAAP to Non-GAAP Reconciliation – FY'16

## Quarterly Operating Performance



\$ millions, except EPS	GAAP Results	Acquisition- Related Costs	Amortization Expense	Restructuring Charges	Tax Valuation Reversal	Other Special Charges	Non-GAAP Results
Revenue	560.3	-	-	-		-	560.3
Gross profit	198.1	0.6	4.2	-		-	202.9
<i>Gross profit margin</i>	<i>35.4%</i>						<i>36.2%</i>
Research and development	(51.5)	-	-	-		-	(51.5)
Selling, general and administrative	(130.3)	3.4	10.8	-		0.8	(115.3)
Restructuring charges	(12.0)	-	-	12.0		-	-
Operating profit	4.2	4.0	15.0	12.0		0.8	36.1
<i>Operating profit margin</i>	<i>0.8%</i>						<i>6.4%</i>
Interest income, net	0.3	-	-	-	-	-	0.3
Other income, net	(0.6)	-	-	-	-	-	(0.6)
Income tax benefit (provision)	(75.8)	(0.8)	(4.9)	(3.0)	79.3	(0.3)	(5.5)
JV and noncontrolling interests	2.4	-	-				2.4
Net Income	(69.5)	3.2	10.1	9.0	79.3	0.5	32.6
Diluted earnings per share	(1.01)	0.05	0.14	0.13	1.15	0.01	0.47

# GAAP to Non-GAAP Reconciliation

## EBITDA and Adjusted EBITDA



\$ millions	<u>Q3'16</u>	<u>Q4'16</u>	<u>FY'15</u>	<u>FY'16</u>
Net income attributable to Brooks	8.6	10.5	14.2	(69.5)
<u>Non-GAAP adjustments:</u>				
Interest income	(0.1)	(0.1)	(0.9)	(0.5)
Interest expense	0.0	0.1	0.4	0.2
Income tax provision	0.2	0.7	3.4	75.8
Depreciation	3.6	2.9	12.3	13.1
Amortization of intangible assets	3.8	3.8	12.9	15.0
<b>EBITDA</b>	<b>16.2</b>	<b>18.0</b>	<b>42.3</b>	<b>34.1</b>
Purchase accounting impact on inventory and contracts acquired	0.1	0.1	1.5	0.6
Stock-based compensation	1.6	3.5	12.2	11.7
Impairment of notes receivable	-	0.8	0.7	0.8
Restructuring charges	1.0	2.2	4.7	12.0
Merger costs	0.1	0.1	0.7	3.4
Additional income attributed to a joint venture	-	-	0.2	-
(Gain) Loss on Assets held for Sale	(0.1)	-	1.9	(0.1)
<b>Adjusted EBITDA</b>	<b>19.0</b>	<b>24.7</b>	<b>64.2</b>	<b>62.6</b>

# Quarterly GAAP to Non-GAAP Reconciliation Segment Gross Profit and Operating Profit



\$ millions, except EPS

	Q3 FY16					Q4 FY16					
	GAAP Results Q3 FY16	Acquisition- Related Costs	Amortization Expense	Restructuring Charges	Non-GAAP Results Q3 FY16	GAAP Results Q4 FY16	Acquisition- Related Costs	Amortization Expense	Restructuring Charges	Other Special Charges	Non-GAAP Results Q4 FY16
<b>BSSG</b>											
Revenue	118.4	-	-	-	118.4	125.9	-	-	-	-	125.9
Gross profit	42.9	0.1	0.7	-	43.7	44.5	0.1	0.7	-	-	45.3
<i>Gross profit margin</i>	36.2%				36.9%	35.4%					36.0%
Operating Expenses	(29.8)				(29.8)	(29.3)					(29.3)
Operating profit	13.1	0.1	0.7	-	14.0	15.2	0.1	0.7	-	-	16.0
<i>Operating profit margin</i>	11.1%				11.8%	12.1%					12.7%
<b>BLSS</b>											
Revenue	29.1	-	-	-	29.1	31.7	-	-	-	-	31.7
Gross profit	11.3		0.4		11.6	12.1		0.4			12.4
<i>Gross profit margin</i>	38.7%				40.0%	38.1%					39.2%
Operating Expenses	(12.0)				(12.0)	(10.9)					(10.9)
Operating profit	(0.7)	-	0.4	-	(0.4)	1.1	-	0.4	-	-	1.5
<i>Operating profit margin</i>	(2.5%)				(1.3%)	3.5%					4.7%
<b>Unallocated Corporate</b>											
Revenue	-	-	-	-	-	-	-	-	-	-	-
Gross profit	-				-	-					-
Operating Expenses	(3.9)	0.1	2.8	1.0	(0.1)	(5.9)	0.1	2.7	2.2	0.8	(0.0)
Operating profit	(3.9)	0.1	2.8	1.0	(0.1)	(5.9)	0.1	2.7	2.2	0.8	(0.0)
<b>Brooks Consolidated</b>											
Revenue	147.5	-	-	-	147.5	157.6	-	-	-	-	157.6
Gross profit	54.2	0.1	1.1	-	55.4	56.6	0.1	1.1	-	-	57.8
<i>Gross profit margin</i>	36.7%				37.5%	35.9%					36.7%
Operating Expenses	(45.7)	0.1	2.8	1.0	(41.8)	(46.2)	0.1	2.7	2.2	0.8	(40.3)
Operating profit	8.5	0.2	3.8	1.0	13.5	10.4	0.2	3.8	2.2	0.8	17.5
<i>Operating profit margin</i>	5.8%				9.2%	6.6%					11.1%

# GAAP to Non-GAAP Reconciliation – FY'15

## Quarterly Operating Performance



\$ millions, except EPS	<u>GAAP Results</u>	<u>Acquisition- Related Costs</u>	<u>Amortization Expense</u>	<u>Restructuring Charges</u>	<u>Other Special Charges</u>	<u>Non-GAAP Results</u>
Revenue	552.7	-	-	-	-	552.7
Gross profit	189.1	1.5	5.2	-	-	195.8
<i>Gross profit margin</i>	<i>34.2%</i>					<i>35.4%</i>
Research and development	(52.2)	-	-	-	-	(52.2)
Selling, general and administrative	(115.3)	0.7	7.7	-	-	(106.9)
Restructuring charges	(4.7)	-	-	4.7	-	-
Operating profit	16.9	2.2	12.9	4.7	-	36.7
<i>Operating profit margin</i>	<i>3.1%</i>					<i>6.6%</i>
Interest income, net	0.5	-	-	-	-	0.5
Other income, net	0.4	-	-	-	1.9	2.4
Income tax benefit (provision)	(3.4)	(0.4)	(4.0)	(1.5)	(0.5)	(9.7)
JV and noncontrolling interests	(0.2)	-	-	-	0.9	0.7
Net Income	14.2	1.9	8.9	3.2	2.4	30.5
Diluted earnings per share	0.21	0.03	0.13	0.05	0.03	0.45

# GAAP to Non-GAAP Reconciliation – FY'15 & FY'16

## Segment Gross Profit and Operating Profit



	FY15				FY16			
	GAAP Results FY15	Acquisition-Related Costs	Amortization Expense	Non-GAAP Results FY15	GAAP Results FY16	Acquisition-Related Costs	Amortization Expense	Non-GAAP Results FY16
<b>BSSG</b>								
Revenue	484.6	-	-	484.6	452.2	-	-	452.2
Gross profit	171.4	0.6	3.6	175.5	159.0	0.6	2.7	162.4
<i>Gross profit margin</i>	<i>35.4%</i>			<i>36.2%</i>	<i>35.2%</i>			<i>35.9%</i>
Operating Expenses	(121.7)			(121.7)	(121.1)			(121.1)
Operating profit	49.7	0.6	3.6	53.9	37.9	0.6	2.7	41.3
<i>Operating profit margin</i>	<i>10.3%</i>			<i>11.1%</i>	<i>8.4%</i>			<i>9.1%</i>
<b>BLSS</b>								
Revenue	68.1	-	-	68.1	108.1	-	-	108.1
Gross profit	17.7	1.0	1.6	20.3	39.1		1.5	40.5
<i>Gross profit margin</i>	<i>26.0%</i>			<i>29.8%</i>	<i>36.1%</i>			<i>37.5%</i>
<i>Gross profit margin</i>	<i>26.0%</i>			<i>29.8%</i>	<i>36.1%</i>			<i>37.5%</i>
Operating Expenses	(37.3)			(37.3)	(45.5)			(45.5)
Operating profit	(19.6)	1.0	1.6	(17.0)	(6.5)	-	1.5	(5.0)
<i>Operating profit margin</i>	<i>(28.8%)</i>			<i>(25.0%)</i>	<i>(6.0%)</i>			<i>(4.6%)</i>