



# Conference Call Brooks Automation First Quarter FY16 Financial Results

February 3, 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 first quarter financial results press release issued on February 3, 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



\$ millions, except EPS	Q4'15	Q1'16	Change
Revenue	146	120	(25.8)
Gross profit*	54	42	(12.1)
<i>Gross profit margin</i> *	37.1%	35.0%	(2.1) pts
R&D expenses	13	13	0.0
SG&A expenses*	26	29	2.7
Operating income *	15	(0)	(14.9)
<i>Operating margin</i> *	10.0%	-0.2%	(10.2) pts
Other income (expense)*	(0)	0	0.3
Tax benefit (provision)*	(3)	1	4.6
JV earnings (losses)*	0	0	(0.1)
Net income*	11	1	(10.1)
<i>Net income margin</i> *	7.8%	1.0%	(6.8) pts
Diluted GAAP EPS	0.10	(0.07)	(0.16)
Diluted Non-GAAP EPS*	0.17	0.02	(0.15)
Adjusted EBITDA	20	8	(12.8)

- BioStorage acquisition closed November 30, providing \$6.5 million revenue and accretive to non-GAAP Op Income

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

# Quarterly Revenue Performance



<b>\$ millions</b>	<b>Q4'15</b>	<b>Q1'16</b>	<b>Change</b>
Consolidated Revenue	146	120	(25.8)
Brooks Product Solutions	104	77	(27.2)
Brooks Global Services	25	23	(2.4)
Brooks Life Science Systems	17	21	3.8

- Product Solutions and Services decline aligned with the industry cycle
- Life Sciences growth driven by the acquisition of BioStorage

# Brooks Product Solutions – Sequential Performance



<b>\$ millions</b>	<b>Q4'15</b>	<b>Q1'16</b>	<b>Change</b>
Revenue	104	77	(27.2)
Gross profit *	40	28	(12.0)
<i>Gross profit margin</i> *	<i>38.5%</i>	<i>36.6%</i>	<i>(1.9) pts</i>
Operating expenses	25	27	(1.4)
Operating income *	15	1	(13.3)
<i>Operating margin</i> *	<i>14.1%</i>	<i>1.7%</i>	<i>(12.4) pts</i>

- Revenue decline of 26% with the capital equipment market
- Gross Margin felt impact from lower absorption of fixed cost

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

# Brooks Global Services – Sequential Performance



<b>\$ millions</b>	<u>Q4'15</u>	<u>Q1'16</u>	<u>Change</u>
Revenue	25	23	(2.4)
Gross profit *	9	8	(1.7)
<i>Gross profit margin</i> *	<i>37.5%</i>	<i>34.0%</i>	<i>(3.5) pts</i>
Operating expenses	5	5	(0.3)
Operating income *	<u>5</u>	<u>3</u>	<u>(2.0)</u>
<i>Operating margin</i> *	<i>18.9%</i>	<i>12.0%</i>	<i>(6.9) pts</i>

- Revenue driven by lower repair activity in North America and Europe

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

# Brooks Life Science Systems – Sequential Performance



<b>\$ millions</b>	<u>Q4'15</u>	<u>Q1'16</u>	<u>Change</u>
Revenue	17	21	3.8
Gross profit *	5	6	1.5
<i>Gross profit margin *</i>	<i>27.9%</i>	<i>30.1%</i>	<i>2.2 pts</i>
Operating expenses	9	10	(1.1)
Operating income *	(5)	(4)	0.4
<i>Operating margin *</i>	<i>-27.1%</i>	<i>-20.2%</i>	<i>6.9 pts</i>

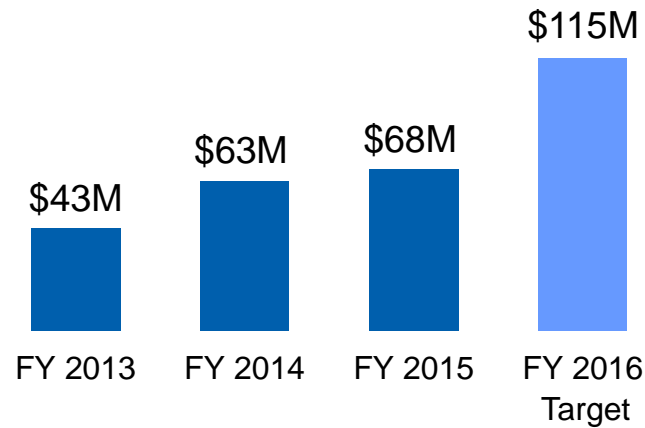
- Improved base margins driven by recent restructuring
- BioStorage \$6.5M of revenue and accretive to operating income
  - Record month led with a high mix of genomic services

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

# Brooks Life Science Systems Advances the Portfolio and Growth Target

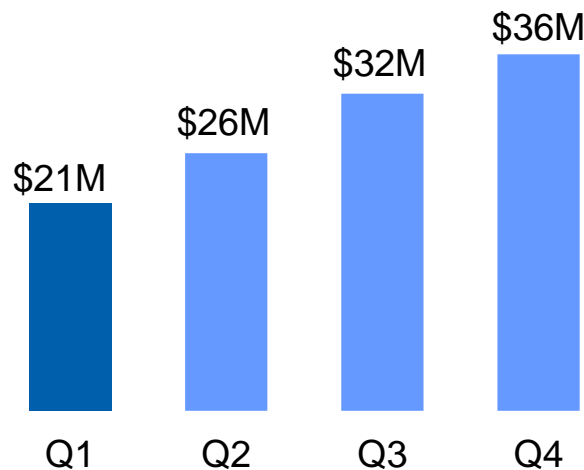


## Revenue



## Key Drivers

- ✓ BioStorage acquisition & growth
- ✓ Twinbank bookings & pipeline
- ✓ FluidX consumables
- ✓ BioStore III Cryo automated sample store – First of its kind



## 2016 Targets

\$115 Million Revenue

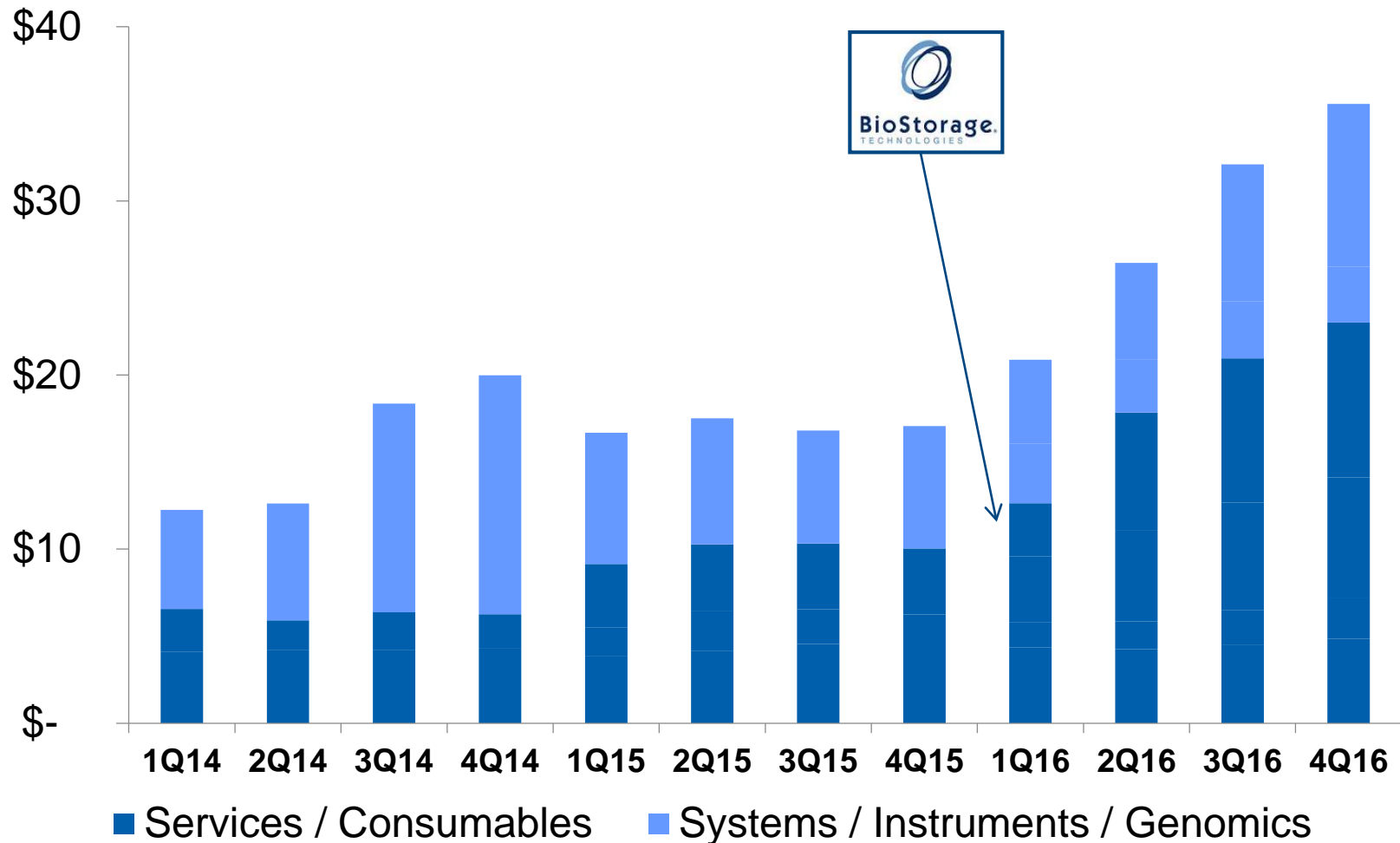
Profitable in the 2<sup>nd</sup> half of the year



# Brooks Life Science Systems Expands Recurring Revenue Mix with BioStorage Technologies



\$M



# Summary Balance Sheet



\$ millions	Q4'15	Q1'16	Sequential Quarterly Change	
			From Operations	From BioStorage Acquisition
Cash and marketable securities	214	65	(21)	(128)
Accounts receivable, net	86	103	(1)	17
Inventories	101	100	(1)	0
Other current assets	33	36	0	3
Accounts payable	(45)	(39)	8	(2)
Deferred revenue	(18)	(28)	(9)	(2)
Other current liabilities	(51)	(49)	12	(10)
Net working capital	106	122	10	7
Property, plant and equipment	42	55	(1)	14
Goodwill and intangible assets	177	296	(3)	121
Other long-term assets, net	91	79	3	(14)
Stockholders' equity	629	617	(12)	0

- BioStorage acquisition: \$128M net use of cash; \$125M ascribed to purchase price
- Working Capital: \$16M increase
  - \$7M in acquisition driven largely by accounts receivable acquired
  - \$10M from operations
    - Lower accounts payable and accrued payroll
    - Increased deferred revenue from advanced billings for BLSS stores bookings and Contamination Control Solutions products

# Fiscal 2016 Q1 Cash Flow



<b>\$ millions</b>	<b><u>Q1 FY'16</u></b>
Net income	(4.6)
Depreciation & Amortization	6.4
Stock compensation	4.7
Change in working capital	(15.2)
Deferred income tax benefit	(3.8)
Other operating items	0.1
Cash flow from operations	<u>(12.4)</u>
Divestitures (acquisitions), net	(125.5)
Capital expenditures	(2.5)
Dividends	(6.8)
Other	<u>(1.6)</u>
Net change in cash and marketable sec.	(148.8)
Cash and marketable securities	<u>65.2</u>

# Summary and Guidance



<b>\$ millions, except EPS</b>	<b>Q1'16</b>	<b>Guidance Q2'16</b>
Revenue	120	133 - 137
Adjusted EBITDA*	8	10 - 13
Non-GAAP diluted EPS*	0.02	0.03 - 0.05

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



## GAAP to Non-GAAP Reconciliations

# Q1'16 GAAP to Non-GAAP Reconciliation Consolidated Results



\$ millions, except EPS	<u>GAAP Results</u>	<u>Acquisition- Related Costs</u>	<u>Amortization Expense</u>	<u>Restructuring Charges</u>	<u>Non-GAAP Results</u>
Revenue	120.0	-	-	-	120.0
Gross profit	40.6	0.1	1.3	-	42.0
<i>Gross profit margin</i>	<i>33.8%</i>				<i>35.0%</i>
Research and development	(13.3)	-	-	-	(13.3)
Selling, general and administrative	(34.1)	3.0	2.2	-	(28.9)
Restructuring charges	(1.5)	-	-	1.5	-
Operating profit	(8.3)	3.1	3.5	1.5	(0.2)
<i>Operating profit margin</i>	<i>(6.9%)</i>				<i>(0.2%)</i>
Interest income, net	0.2	-	-	-	0.2
Other income, net	(0.1)	-	-	-	(0.1)
Income tax benefit (provision)	3.4	(0.6)	(1.1)	(0.5)	1.2
JV and noncontrolling interests	0.2	-	-	-	0.2
Net Income	(4.6)	2.5	2.4	1.0	1.2
Diluted earnings per share	(0.07)	0.04	0.03	0.01	0.02

# Q4'15 GAAP to Non-GAAP Reconciliation Consolidated Results



\$ millions, except EPS	<u>GAAP Results</u>	<u>Acquisition- Related Costs</u>	<u>Amortization Expense</u>	<u>Restructuring</u>	<u>JV Liquidation</u>	<u>Asset Held for Sale</u>	<u>Non-GAAP Results</u>
Revenue	145.8	-	-	-	-		145.8
Gross profit	52.8	-	1.3	-	-	-	54.1
<i>Gross profit margin</i>	<i>36.2%</i>						<i>37.1%</i>
Research and development	(13.2)	-	-	-	-	-	(13.2)
Selling, general and administrative	(28.4)	0.3	1.9	-	-	-	(26.2)
Restructuring charges	(1.0)	-	-	1.0	-	-	-
Operating profit	10.1	0.3	3.2	1.0	-	-	14.6
<i>Operating profit margin</i>	<i>7.0%</i>						<i>10.0%</i>
Interest income, net	0.1	-	-	-	-		0.1
Other income, net	(2.2)	-	-	-		1.9	(0.3)
Income tax benefit (provision)	(1.6)	-	(1.0)	(0.3)	-	(0.5)	(3.4)
JV and noncontrolling interests	0.1	-	-		0.2	-	0.3
Net Income	6.6	0.3	2.2	0.7	0.2	1.5	11.4
Diluted earnings per share	0.10	0.00	0.03	0.01	0.00	0.02	0.17

# GAAP to Non-GAAP Reconciliation

## EBITDA and Adjusted EBITDA



\$ millions	<u>Q4'15</u>	<u>Q1'16</u>
Net income attributable to Brooks	6.6	(4.6)
<u>Non-GAAP adjustments:</u>		
Interest income	(0.2)	(0.2)
Interest expense	0.1	0.0
Income tax provision	1.6	(3.4)
Depreciation	3.0	2.9
Amortization of intangible assets	3.2	3.5
EBITDA	<u>14.3</u>	<u>(1.8)</u>
Stock-based compensation	2.7	4.7
Restructuring charges	1.0	1.5
Merger costs	0.3	3.0
Disolution of Joint Venture	0.2	-
Loss on Assets held for Sale	1.9	-
Adjusted EBITDA	<u>20.3</u>	<u>7.5</u>



# Quarterly GAAP to Non-GAAP Reconciliation

## Segment Gross Profit and Operating Profit



\$ millions	Brooks Product Solutions		Brooks Global Services		Brooks Life Science Systems	
	Q4'15	Q1'16	Q4'15	Q1'16	Q4'15	Q1'16
GAAP gross profit	39.2	27.1	9.2	7.6	4.4	5.9
<u>Non-GAAP adjustments:</u>						
Amortization of intangible assets	0.7	0.8	0.2	0.1	0.4	0.4
Non-GAAP gross profit	40.0	28.0	9.4	7.7	4.8	6.3
Operating expenses	25.4	26.8	4.6	5.0	9.4	10.5
Non-GAAP operating profit	14.6	1.3	4.7	2.7	(4.6)	(4.2)