



# Conference Call Brooks Automation Second Quarter FY15 Financial Results

April 30, 2015

# Safe Harbor Statement

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“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, 2014. 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 April 30, 2015 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



*Dollars in millions, except earnings per share*

	Q1 FY15	Q2 FY15	Change
Revenue	\$ 123	\$ 139	\$ 16.6
Gross profit *	42	47	5.4
Gross profit margin *	34.1%	34.0%	(0.2) pts
R&D expenses	13	13	(0.8)
SG&A expenses *	27	28	0.5
Operating income *	\$ 1.2	\$ 7.0	\$ 5.8
Operating margin *	1.0%	5.0%	4.0 pts
GAAP diluted earnings per share	\$ (0.04)	\$ 0.04	\$ 0.08
Non-GAAP diluted earnings per share *	\$ 0.05	\$ 0.08	\$ 0.03
Adjusted EBITDA *	\$ 9.1	\$ 14.8	\$ 5.8

- CCS and FluidX acquisitions were each accretive on GAAP and Non-GAAP basis

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

# Quarterly Revenue Performance



<i>Dollars in millions</i>	<b>Q1 FY15</b>	<b>Q2 FY15</b>	<b>Change</b>
Consolidated Revenue	\$ 123	\$ 139	\$ 16.6
Brooks Product Solutions	83	99	16.1
Brooks Global Services	23	23	(0.4)
Brooks Life Science Systems	17	18	0.8

- Product Solutions sequential growth driven pervasively across offerings and end markets
- BGS adversely affected by foreign currency translation
- Life Science Systems growth was 5% in organic base and 4% in FluidX

# Brooks Product Solutions – Sequential Performance



<i>Dollars in millions</i>	<b>Q1 FY15</b>	<b>Q2 FY15</b>	<b>Change</b>
Revenue	\$ 83	\$ 99	\$ 16.1
Gross profit *	28	35	6.5
<i>Gross profit margin *</i>	34.1%	35.1%	1.0 pts
Operating expenses	26	26	(0.5)
Operating income *	\$ 1.8	\$ 8.7	\$ 7.0
<i>Operating margin *</i>	2.1%	8.8%	6.7 pts

- Gross margin expanded on higher volumes and leverage of fixed cost

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

# Brooks Global Services – Sequential Performance



<i>Dollars in millions</i>	<b>Q1 FY15</b>	<b>Q2 FY15</b>	<b>Change</b>
Revenue	\$ 23	\$ 23	\$ (0.4)
Gross profit *	9	7	(1.4)
<i>Gross profit margin *</i>	37.2%	31.5%	(5.6) pts
Operating expenses	5	5	0.0
Operating income *	\$ 3.7	\$ 2.3	\$ (1.4)
<i>Operating margin *</i>	16.0%	9.9%	(6.1) pts

- Revenue decline largely due to unfavorable FX changes
- Gross margins adversely affected by the FX impact on revenue, as well as unfavorable mix of services with higher materials cost content

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

# Brooks Life Science Systems – Sequential Performance



<i>Dollars in millions</i>	<b>Q1 FY15</b>	<b>Q2 FY15</b>	<b>Change</b>
Revenue	\$ 17	\$ 18	\$ 0.8
Gross profit *	5	5	0.3
Gross profit margin *	30.4%	30.7%	0.4 pts
Operating expenses	9	9	0.2
Operating income *	\$ (4.2)	\$ (4.0)	\$ 0.2
Operating margin *	-24.9%	-22.8%	2.1 pts

- Revenue growth driven by base consumables and services
- FluidX provided revenue of \$3.8 million and was accretive on GAAP and non-GAAP basis
- Life Science Systems total backlog closed at \$47 million

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

# Quarterly GAAP and Adjusted Earnings



*Dollars in millions, except earnings per share*

	Q1 FY15	Q2 FY15	Change
Revenue	\$ 123	\$ 139	\$ 16.6
Operating income *	1.2	7.0	5.8
Operating margin *	1.0%	5.0%	4.0 pts
Amortization	(3)	(3)	0.0
Special charges *	(5)	(1)	3.8
Other income (expense), net	1	1	0.1
Income tax benefit (provision)	3	(2)	(4.7)
Joint venture earnings (losses)	(1)	(0)	0.5
GAAP net income from continuing operations	\$ (2.7)	\$ 2.7	\$ 5.4
GAAP diluted earnings per share	\$ (0.04)	\$ 0.04	\$ 0.08
Non-GAAP diluted earnings per share *	\$ 0.05	\$ 0.08	\$ 0.03

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



# Fiscal 2015 Q2 Cash Flow



*Dollars in millions*

	<b>Q2 FY15</b>
Adjusted EBITDA *	\$ 14.8
Change in working capital	(11.3)
Other operating items	(1.6)
Cash flow from operations	1.9
Capital expenditures	(2.1)
Dividends paid to shareholders	(6.7)
Other financing and investing items	(4.7)
Net change in cash and marketable securities	\$ (11.6)
Cash and marketable securities at March 31, 2015	\$ 207.1

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

# Summary Balance Sheet



<i>Dollars in millions</i>	<b>December 31, 2014</b>	<b>March 31, 2015</b>
Cash and marketable securities	\$ 219	\$ 207
Accounts receivable, net	76	95
Inventories	95	91
Accounts payable	(38)	(44)
Deferred revenue	(26)	(20)
Other current liabilities, net	(9)	(10)
Net working capital	98	111
Property, plant and equipment	48	47
Goodwill and intangible assets	180	178
Other long-term assets, net	85	86
Stockholders' equity	\$ 631	\$ 629

- Working capital increase driven by higher Accounts Receivable with growth in the business
- Deferred tax assets total \$85 million

# Operating Performance and Guidance



<i>Dollars in millions, except earnings per share</i>	<b>Q2 FY15</b>	<b>Guidance for Q3 FY15</b>
Revenue	\$ 139	\$136 - \$142
Adjusted EBITDA*	\$ 15	\$13 - \$17
Non-GAAP diluted EPS*	\$ 0.08	\$0.08 - \$0.12

\* 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

## Consolidated Gross Profit and Gross Profit Margin



<i>Dollars in millions</i>	Q1 FY15		Q2 FY15	
	\$	%	\$	%
GAAP gross profit	\$ 39.1	31.8%	\$ 46.0	33.0%
<u>Non-GAAP adjustments:</u>				
Amortization of intangible assets	1.3	1.1%	1.3	0.9%
Purchase accounting impact on inventory and contracts acquired	1.5	1.2%	-	0.0%
Non-GAAP gross profit	\$ 41.9	34.1%	\$ 47.3	34.0%

# GAAP to Non-GAAP Reconciliation

## Consolidated Operating Profit and Operating Margin



<i>Dollars in millions</i>	Q1 FY15		Q2 FY15	
	\$	%	\$	%
GAAP operating profit	\$ (6.5)	(5.3%)	\$ 3.1	2.2%
<u>Non-GAAP adjustments:</u>				
Amortization of intangible assets	3.2	2.6%	3.2	2.3%
Purchase accounting impact on inventory and contracts acquired	1.5	1.2%	-	0.0%
Restructuring charges	2.7	2.2%	0.7	0.5%
Merger costs	0.3	0.3%	0.1	0.0%
Non-GAAP operating profit	\$ 1.2	1.0%	\$ 7.0	5.0%

# GAAP to Non-GAAP Reconciliation

## Net Income and Earnings per Share



*Dollars in millions, except earnings per share*

	Q1 FY15		Q2 FY15	
	\$	per diluted share	\$	per diluted share
Net income attributable to Brooks	\$ (2.7)	\$ (0.04)	\$ 2.7	\$ 0.04
<u>Non-GAAP adjustments, net of tax:</u>				
Amortization of intangible assets	2.2	0.03	2.2	0.03
Purchase accounting impact on inventory and contracts acquired	1.2	0.02	-	-
Impairment - Equity method investments	0.7	0.01	-	-
Restructuring charges	1.8	0.03	0.5	0.01
Merger costs	0.3	-	0.0	-
Non-GAAP net income	\$ 3.4	\$ 0.05	\$ 5.4	\$ 0.08

# GAAP to Non-GAAP Reconciliation

## EBITDA and Adjusted EBITDA



*Dollars in millions*

	<u>Q1 FY15</u>	<u>Q2 FY15</u>
Net income attributable to Brooks	\$ (2.7)	\$ 2.7
<u>Non-GAAP adjustments:</u>		
Interest income	(0.3)	(0.2)
Interest expense	0.1	0.1
Income tax provision	(3.1)	1.6
Depreciation	3.2	3.1
Amortization of intangible assets	3.2	3.2
EBITDA	<u>0.4</u>	<u>10.5</u>
Purchase accounting impact on inventory and contracts acquired	1.5	-
Stock-based compensation	3.5	3.6
Impairment of equity method investments	0.7	-
Restructuring charges	2.7	0.7
Merger costs	0.3	0.1
Adjusted EBITDA	<u>\$ 9.1</u>	<u>\$ 14.8</u>



# GAAP to Non-GAAP Reconciliation

## Segment Gross Profit and Operating Profit



<i>Dollars in millions</i>	<b>Brooks</b>		<b>Brooks</b>		<b>Brooks</b>	
	<b>Product Solutions</b>		<b>Global Services</b>		<b>Life Science Systems</b>	
	<b>Q1 FY15</b>	<b>Q2 FY15</b>	<b>Q1 FY15</b>	<b>Q2 FY15</b>	<b>Q1 FY15</b>	<b>Q2 FY15</b>
GAAP gross profit	\$ 26.9	\$ 34.0	\$ 8.5	\$ 7.0	\$ 3.7	\$ 5.0
<u>Non-GAAP adjustments:</u>						
Amortization of intangible assets	0.7	0.7	0.2	0.2	0.4	0.4
Purchase accounting impact on inventory and contracts acquired	0.6	-	-	-	1.0	-
Non-GAAP gross profit	28.2	34.7	8.6	7.2	5.1	5.4
Operating expenses	26.5	26.0	4.9	4.9	9.2	9.4
Non-GAAP operating profit	\$ 1.8	\$ 8.7	\$ 3.7	\$ 2.3	\$ (4.2)	\$ (4.0)