



Conference Call Brooks Automation Third Quarter FY14 Financial Results

July 31, 2014

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, 2013. 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 third quarter financial results press release issued on July 31, 2014 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.

Operating Performance



Dollars in millions, except earnings per share

	Q2 FY14	Q3 FY14	Change
Revenue	\$ 126	\$ 117	\$ (8.5)
Gross profit *	45	42	(3.0)
<i>Gross profit margin</i> *	36.0%	36.1%	0.1 pts
R&D expenses	12	13	1.0
SG&A expenses *	27	25	(1.6)
Operating income *	\$ 5.8	\$ 3.5	\$ (2.4)
Operating margin *	4.6%	2.9%	(1.7) pts
Non-GAAP diluted earnings per share *	\$ 0.06	\$ 0.05	\$ (0.01)
Adjusted EBITDA *	\$ 13.1	\$ 9.2	\$ (3.9)

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

Revenue Performance



Dollars in millions

	<u>Q2 FY14</u>	<u>Q3 FY14</u>	<u>Change</u>
Consolidated Revenue	\$ 126	\$ 117	\$ (8.5)
Brooks Product Solutions	90	75	(14.5)
Brooks Global Services	23	24	0.2
Brooks Life Science Systems	13	18	5.7

Brooks Product Solutions – Sequential Performance



<i>Dollars in millions</i>	Q2 FY14	Q3 FY14	Change
Revenue	\$ 90	\$ 75	\$ (14.5)
Gross profit *	32	27	(5.6)
Gross profit margin *	36.0%	35.5%	(0.6) pts
Operating expenses	26	25	(0.4)
Operating income *	\$ 6.5	\$ 1.3	\$ (5.2)

Includes the impact of acquiring DMS, our new Contamination Control Systems business:

- Revenue of \$1 million, non-GAAP operating income of (\$1.9) million and non-GAAP EPS impact of (\$0.02).
- Excluding CCS, the segment base margins improved to 36.6%.

* 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>	Q2 FY14	Q3 FY14	Change
Revenue	\$ 23	\$ 24	\$ 0.2
Gross profit *	8	9	0.7
<i>Gross profit margin *</i>	33.5%	36.2%	2.7 pts
Operating expenses	5	5	(0.8)
Operating income *	\$ 2.4	\$ 3.9	\$ 1.5

- 1% sequential revenue growth and Operating Income growth of 64%.
- Gross Margin improvement driven by efficiencies.

* 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>	Q2 FY14	Q3 FY14	Change
Revenue	\$ 13	\$ 18	\$ 5.7
Gross profit *	5	7	1.9
Gross profit margin *	40.6%	38.4%	(2.2) pts
Operating expenses	8	8	(0.6)
Operating income *	\$ (3.1)	\$ (0.6)	\$ 2.5

- 46% sequential revenue growth fueled by new Twinbank installations.
- Margin decline primarily driven by one contract.

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

GAAP and Adjusted Earnings



Dollars in millions, except earnings per share

	Q2 FY14	Q3 FY14	Change
Revenue	\$ 126	\$ 117	\$ (8.5)
Operating income *	6	3	(2.4)
Amortization	(2)	(3)	(0.4)
Special charges *	(1)	(7)	(5.5)
Other income (expense), net	0	0	(0.1)
Income tax (provision) benefit	(1)	3	4.0
Noncontrolling and joint venture earnings	0	0	(0.4)
Discontinued operations, net of tax	1	27	26.1
GAAP net income	\$ 3.2	\$ 24.5	\$ 21.3
GAAP diluted earnings per share	\$ 0.05	\$ 0.36	\$ 0.31
Non-GAAP diluted earnings per share *	\$ 0.06	\$ 0.05	\$ (0.01)

- Special charges in the third quarter include \$3.1 million charge for restructuring and \$2.6 million for impairment of a note receivable.

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

Fiscal 2014 Q3 and YTD Cash and Cash Flow



<i>Dollars in millions</i>	Q3 FY14	YTD Q3 FY14
Adjusted EBITDA *	\$ 9.2	\$ 34.5
Changes in working capital	(0.5)	11.8
Other operating items	(4.0)	(6.0)
Cash flow from operations	4.7	40.3
Capital expenditures	(0.7)	(3.4)
Dividends paid to shareholders	(5.3)	(16.1)
Divestitures and acquisitions, net	51.5	47.5
Other financing and investing items	1.3	2.0
Net change in cash and marketable securities	\$ 51.5	\$ 70.4
Cash and marketable securities at June 30, 2014		\$ 243.8

- The change in cash is primarily driven by our sale of the Granville-Phillips business offset with the acquisition of DMS.

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

Condensed Balance Sheet



<i>Dollars in millions</i>	June 30, 2014	Balance Sheet Highlights
Cash and marketable securities	\$ 244	<ul style="list-style-type: none"> • Cash increased \$51.5 million. • Working capital increased \$11 million driven by \$10.5 million acquired with CCS business. • \$0.7 million Capex in the quarter. CCS added \$1.9 million of PP&E. • Goodwill and intangible assets increased \$23 million. \$26 million from CCS. • Other net assets include net Deferred Tax Assets of \$81 million.
Accounts receivable, net	83	
Inventories	103	
Accounts payable	(30)	
Deferred revenue	(35)	
Other current assets, net	(17)	
Net working capital	<u>104</u>	
Property, plant and equipment	52	
Goodwill and intangible assets	176	
Other long-term assets, net	82	
Stockholders' equity	<u>\$ 658</u>	

Revenue, EBITDA and Earnings Guidance



<i>Dollars in millions, except per share amounts</i>	Q3 FY14	Guidance for Q4 FY14
Revenue	\$ 117	\$114 - \$120
Adjusted EBITDA *	\$ 9	\$8 - \$11
Non-GAAP diluted EPS *	\$ 0.05	\$0.04 - \$0.07
Dividend payment per share	\$ 0.08	\$0.10

* 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>	Q2 FY14		Q3 FY14	
	\$	%	\$	%
GAAP gross profit	\$ 44.3	35.2%	\$ 40.7	34.7%
<u>Non-GAAP adjustments:</u>				
Amortization of intangible assets	0.9	0.7%	1.1	1.0%
Purchase accounting impact on inventory and contracts acquired	0.1	0.1%	0.1	0.1%
Inventory write-downs related to restructuring programs	-	-	0.3	0.3%
Non-GAAP gross profit	\$ 45.3	36.0%	\$ 42.3	36.1%

GAAP to Non-GAAP Reconciliation

Consolidated Operating Profit and Operating Margin



<i>Dollars in millions</i>	Q2 FY14		Q3 FY14	
	\$	%	\$	%
GAAP operating profit (loss)	\$ 2.4	1.9%	\$ (5.9)	(5.0%)
<u>Non-GAAP adjustments:</u>				
Amortization of intangible assets	2.4	1.9%	2.7	2.3%
Impairment of note receivable	-	-	2.6	2.2%
Purchase accounting impact on inventory and contracts acquired	0.1	0.1%	0.1	0.1%
Restructuring charges	0.8	0.6%	3.1	2.7%
Inventory write-downs related to restructuring programs	-	-	0.3	0.3%
Merger costs	0.2	0.1%	0.4	0.4%
Non-GAAP operating profit	\$ 5.8	4.6%	\$ 3.5	2.9%

GAAP to Non-GAAP Reconciliation Net Income and Earnings per Share



	Q2 FY14		Q3 FY14	
	\$	per diluted share	\$	per diluted share
<i>Dollars in millions, except earnings per share</i>				
Net income attributable to Brooks	\$ 3.2	\$ 0.05	\$ 24.5	\$ 0.36
<u>Non-GAAP adjustments, net of tax:</u>				
Income from discontinued operations	(1.2)	(0.02)	(27.3)	(0.40)
Amortization of intangible assets	1.6	0.02	1.9	0.03
Impairment of note receivable	-	-	1.7	0.03
Purchase accounting impact on inventory and contracts acquired	0.1	-	0.1	-
Restructuring charges	0.5	0.01	2.1	0.03
Inventory write-downs related to restructuring programs	-	-	0.2	-
Merger costs	0.1	-	0.4	0.01
Non-GAAP net income	\$ 4.3	\$ 0.06	\$ 3.6	\$ 0.05

GAAP to Non-GAAP Reconciliation

EBITDA and Adjusted EBITDA



<i>Dollars in millions</i>	<u>Q2 FY14</u>	<u>Q3 FY14</u>
Net income attributable to Brooks	\$ 3.2	\$ 24.5
<u>Non-GAAP adjustments:</u>		
Interest income	(0.3)	(0.2)
Interest expense	-	0.1
Income tax provision (benefit)	1.1	(2.8)
Depreciation	3.0	3.3
Amortization of intangible assets	2.4	2.7
EBITDA	<u>9.4</u>	<u>27.6</u>
Income from discontinued operations	(1.2)	(27.3)
Impairment of note receivable	-	2.6
Purchase accounting impact on inventory and contracts acquired	0.1	0.1
Stock-based compensation	3.8	2.3
Restructuring charges	0.8	3.1
Inventory write-downs related to restructuring programs	-	0.3
Merger costs	0.2	0.4
Adjusted EBITDA	<u>\$ 13.1</u>	<u>\$ 9.2</u>

GAAP to Non-GAAP Reconciliation

Segment Gross Profit and Operating Profit



<i>Dollars in millions</i>	Brooks Product Solutions		Brooks Global Services		Brooks Life Science Systems	
	Q2 FY14	Q3 FY14	Q2 FY14	Q3 FY14	Q2 FY14	Q3 FY14
GAAP gross profit	\$ 32.0	\$ 25.8	\$ 7.7	\$ 8.4	\$ 4.7	\$ 6.5
<u>Non-GAAP adjustments:</u>						
Amortization of intangible assets	0.4	0.6	0.2	0.2	0.3	0.3
Impairment of intangible assets	-	-	-	-	-	-
Purchase accounting impact on inventory and contracts acquired	-	0.1	-	-	0.1	-
Inventory write-downs related to restructuring programs	-	0.1	-	-	-	0.2
Non-GAAP gross profit	32.4	26.7	7.8	8.6	5.1	7.1
Operating expenses	25.8	25.4	5.4	4.6	8.2	7.6
Non-GAAP operating profit (loss)	\$ 6.5	\$ 1.3	\$ 2.4	\$ 3.9	\$ (3.1)	\$ (0.6)