



# Conference Call Brooks Automation Third Quarter FY18 Financial Results

August 6, 2018

# 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, 2017. 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 August 6, 2018 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

## Third Quarter Ending June 30, 2018



\$ millions, except EPS	GAAP		non-GAAP	
	Q3'18	QtQ	Q3'18	QtQ
Revenue	223	16.2	223	16.2
Gross profit	89	5.0	91	6.2
<i>Gross profit margin</i>	<i>39.9%</i>	<i>(0.7) pts.</i>	<i>40.9%</i>	<i>(0.2) pts.</i>
R&D	14	1.1	14	1.1
SG&A	48	1.0	41	0.8
Restructuring	0	0.0	-	-
Operating income	27	2.9	37	4.4
<i>Operating margin</i>	<i>11.9%</i>	<i>0.4 pts.</i>	<i>16.3%</i>	<i>0.8 pts.</i>
Interest income (expense), net	(1.8)	0.1	(1.8)	0.1
Other income (expense), net	(0.3)	(0.1)	(0.3)	(0.1)
Tax provision	(3.3)	(47.2)	(3.4)	(0.2)
JV and noncontrolling interests	1.4	0.0	1.3	(0.1)
Net income	22.7	(44.3)	32.4	4.1
<i>Net income margin</i>	<i>10.2%</i>	<i>(22.2) pts.</i>	<i>14.5%</i>	<i>0.8 pts.</i>
Diluted EPS	0.32	(66%)	0.46	14%
<i>Adjusted EBITDA</i>			<i>45.9</i>	<i>3.8</i>

- Revenue growth of 8% sequentially with 14% growth in non-GAAP net income and EPS

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

# Brooks Life Sciences Performance



<b>\$ millions</b>	<b>Q3'18</b>	<b>QtQ</b>
Revenue	50	1.2
Gross profit *	19	(0.4)
<i>Gross profit margin *</i>	<i>38.1%</i>	<i>(1.7) pts</i>
Operating expenses	17	0.3
Operating income *	2.4	(0.7)
<i>Operating margin *</i>	<i>4.8%</i>	<i>(1.6) pts</i>

- 2% sequential revenue growth
  - Storage, Transport, and Cryo driving QtQ growth
- 35% YtY growth with 13% organic YtY growth
  - YtY growth across product lines
  - \$7.6M from acquisitions and \$0.6M from currency
  - Acquisition of BioSpeciMan, a Canadian biostorage services company

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

# Brooks Semiconductor Solutions Performance



<b>\$ millions</b>	<b>Q3'18</b>	<b>QtQ</b>
Revenue	174	15.1
Gross profit *	73	6.6
<i>Gross profit margin *</i>	<i>41.7%</i>	<i>0.2 pts</i>
Operating expenses	37	2.5
Operating income *	35.6	4.1
<i>Operating margin *</i>	<i>20.5%</i>	<i>0.7 pts</i>

- 9% sequential revenue growth
  - Vacuum robots and advanced packaging solutions drove sequential growth
  - Tec-Sem, acquired in April added \$4.3M of revenue
- 20% YtY growth, and 15% organic YtY growth
- Operating Margins expand above 20% on operating leverage
  - Tec-Sem provided a non-GAAP operating loss of \$0.2M. Expected to be accretive to Non-GAAP operating income in Q4'18.

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

# Summary Balance Sheet



<b>\$ millions</b>	<u><b>Q2'18</b></u>	<u><b>Q3'18</b></u>	<u><b>QtQ</b></u>
Cash and marketable securities	245	232	(13.2)
Accounts receivable, net	142	157	15.2
Inventories	127	132	5.7
Other current assets	27	31	4.6
Accounts payable	(65)	(68)	(2.5)
Deferred revenue	(22)	(25)	(2.5)
Other current liabilities	(71)	(73)	(1.5)
Net working capital	<u>136</u>	<u>156</u>	<u>19.0</u>
Property, plant and equipment	61	62	0.8
Goodwill and intangible assets	377	388	11.0
Long-term debt	(195)	(194)	0.4
Net long-term deferred tax assets (liabilities)	41	40	(1.5)
Other net long-term assets (liabilities)	32	30	(1.3)
Net assets	<u>698</u>	<u>713</u>	<u>15.3</u>

- Sequential revenue growth drove the net working capital increase
- Additional goodwill and intangibles from acquisitions of Tec-Sem and BioSpeciMan

# Summary Cash Flow



<b>\$ millions</b>	<b>Q3'18</b>	<b>YTD</b>
Net income	22.6	106.1
Deferred income tax benefit	0.9	(48.3)
Depreciation & Amortization	10.0	27.6
Stock compensation	4.9	15.0
Change in working capital	(18.0)	(52.2)
Other operating items	(1.0)	(5.5)
Cash flow from operations	19.3	42.8
Capital expenditures	(3.6)	(9.3)
Acquisitions	(18.0)	(83.0)
Net proceeds (payments) of debt	(0.5)	196.6
Dividends	(7.1)	(21.2)
Other	(3.3)	1.9
Net change in cash and marketable sec.	(13.2)	127.7
Cash and marketable securities	232.0	232.0

## The Third Quarter:

- Use of cash included \$18M for acquisitions and \$7M of dividends paid to shareholders
- Finished with \$232M of cash and marketable securities and zero net debt

# Summary and Guidance



<b>\$ millions, except EPS</b>	<b>Q3'18</b>	<b>Guidance Q4'18</b>
Revenue	223	203 - 213
Adjusted EBITDA*	46	38 - 45
Non-GAAP diluted EPS*	\$0.46	\$0.35 - \$0.43
GAAP diluted EPS	\$0.32	\$0.21 - \$0.28





## GAAP to Non-GAAP Reconciliations

# GAAP to Non-GAAP Reconciliation

## Quarterly Operating Performance



\$ millions, except EPS

Q3'18

	GAAP Results Q3 FY18	Merger and Acquisition Costs	Amortization Expense	Restructuring Charges	Noncontrolling Interest	Tax Related Adjustments	Non-GAAP Results Q3 FY18
Revenue	223.5	-	-	-	-	-	223.5
Gross profit	89.2	0.7	1.5	-	-	-	91.5
<i>Gross profit margin</i>	<i>39.9%</i>						<i>40.9%</i>
Operating Expenses	(62.5)	2.5	5.1	-	-	-	(54.9)
Restructuring charges	(0.1)	-	-	0.1	-	-	-
Operating profit	26.7	3.2	6.6	0.1	-	-	36.5
<i>Operating profit margin</i>	<i>11.9%</i>						<i>16.3%</i>
Interest income, net	(1.8)	-	-	-	-	-	(1.8)
Other income, net	(0.3)	-	-	-	-	-	(0.3)
Income tax benefit (provision)	(3.3)	(0.3)	(0.5)	(0.0)	-	0.7	(3.4)
JV and noncontrolling interests	1.4	-	-	-	(0.1)	-	1.3
Net Income	22.7	2.9	6.0	0.1	(0.1)	0.7	32.4
Diluted earnings per share	0.32	0.04	0.09	0.00	(0.00)	0.01	0.46

# GAAP to Non-GAAP Reconciliation

## Quarterly Segment Gross Profit and Operating Profit



	\$ millions, except EPS											
	Q2'18					Q3'18						
	GAAP Results		Merger and Acquisition Costs	Amortization Expense	Restructuring Charges	Non-GAAP Results	GAAP Results		Merger and Acquisition Costs	Amortization Expense	Restructuring Charges	Non-GAAP Results
	Q2	FY18			Q2	FY18	Q3	FY18			Q3	FY18
<b>BSSG</b>												
Revenue	158.7		-	-	158.7		173.8		-	-	-	173.8
Gross profit	65.3		-	0.6	65.9		70.6		0.7	1.1	-	72.5
<i>Gross profit margin</i>	<i>41.1%</i>				<i>41.5%</i>		<i>40.6%</i>					<i>41.7%</i>
Operating Expenses	(34.5)				(34.5)		(37.0)					(37.0)
Operating profit	30.8		-	0.6	31.4		33.7		0.7	1.1	-	35.6
<i>Operating profit margin</i>	<i>19.4%</i>				<i>19.8%</i>		<i>19.4%</i>					<i>20.5%</i>
<b>BLS</b>												
Revenue	48.5		-	-	48.5		49.7		-	-	-	49.7
Gross profit	18.9		-	0.4	19.3		18.6		-	0.4	-	18.9
<i>Gross profit margin</i>	<i>39.0%</i>				<i>39.8%</i>		<i>37.4%</i>					<i>38.1%</i>
Operating Expenses	(16.2)				(16.2)		(16.6)					(16.6)
Operating profit (loss)	2.7		-	0.4	3.1		2.0		-	0.4	-	2.4
<i>Operating profit margin</i>	<i>5.5%</i>				<i>6.4%</i>		<i>4.1%</i>					<i>4.8%</i>
<b>Unallocated Corporate</b>												
Revenue	-		-	-	-		-		-	-	-	-
Gross profit	-				-		-					-
<i>Gross profit margin</i>	-				-		-					-
Operating Expenses	(9.7)		2.7	4.6	0.0	(2.4)	(9.0)		2.5	5.1	0.1	(1.4)
Operating (loss) profit	(9.7)		2.7	4.6	0.0	(2.4)	(9.0)		2.5	5.1	0.1	(1.4)
<b>Brooks Consolidated</b>												
Revenue	207.3		-	-	207.3		223.5		-	-	-	223.5
Gross profit	84.2		-	1.0	85.2		89.2		0.7	1.5	-	91.5
<i>Gross profit margin</i>	<i>40.6%</i>				<i>41.1%</i>		<i>39.9%</i>					<i>40.9%</i>
Operating Expenses	(60.4)		2.7	4.6	0.0	(53.1)	(62.5)		2.5	5.1	0.1	(54.9)
Operating profit	23.8		2.7	5.6	32.1		26.7		3.2	6.6	0.1	36.5
<i>Operating profit margin</i>	<i>11.5%</i>				<i>15.5%</i>		<i>11.9%</i>					<i>16.3%</i>

# GAAP to Non-GAAP Reconciliation

## EBITDA and Adjusted EBITDA



\$ millions	<u>Q2'18</u>	<u>Q3'18</u>
Net income attributable to Brooks Automation, Inc.	67.0	22.7
<u>Non-GAAP adjustments:</u>		
Interest income	(0.4)	(0.7)
Interest expense	2.2	2.5
Income tax provision	(43.9)	3.3
Depreciation	3.5	3.4
Amortization of intangible assets	5.6	6.6
<b>EBITDA</b>	<b>34.1</b>	<b>37.8</b>
Purchase accounting impact on inventory and contracts acquired	-	0.7
Stock-based compensation	5.3	4.9
Restructuring charges	0.0	0.1
Merger and acquisition costs	2.7	2.5
<b>Adjusted EBITDA</b>	<b>42.1</b>	<b>45.9</b>

# GAAP to Non-GAAP Reconciliation

## Cash Flow From Operations to Free Cash Flow



<b>\$ millions</b>	<b>Q3'18</b>
Net income	22.6
Depreciation & amortization	10.0
Stock compensation	4.9
Change in working capital	(18.0)
Deferred income tax (benefit)	0.9
Other items	(1.0)
Cash flow from operations	19.3
Capital expenditures	(3.6)
Free cash flow	15.7