



# Conference Call Brooks Automation First Quarter FY19 Financial Results

February 5, 2019

# 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, 2018. 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 5, 2019 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).

# Brooks Automation Operating Performance

## Quarter Ended December 31, 2018



\$ millions, except EPS

	GAAP		non-GAAP		
	Q1'19	QtQ	Q1'19	QtQ	YtY
<b>Revenue</b>	<b>179</b>	<b>12%</b>	<b>179</b>	<b>12%</b>	<b>26%</b>
Gross profit	72	15%	74	16%	32%
%	40.2%	1.0 pts.	41.4%	1.3 pts.	1.9 pts.
R&D	13	8%	13	8%	15%
SG&A	54	14%	41	12%	27%
Operating Income	5	47%	20	31%	62%
%	3.0%	0.7 pts.	11.0%	1.6 pts.	2.4 pts.
Interest Income (Expense)	(4.9)	(\$3)	(4.9)	(\$3)	(\$3)
Other Income (Expense)	(0.0)	\$0	(0.0)	\$0	\$2
Tax Benefit (Expense)	5.8	\$8	(2.9)	(\$2)	(\$1)
Continuing Ops - Net Income	6.3	\$7	11.9	1%	89%
%	3.5%	4.3 pts.	6.6%	(0.7) pts.	2.2 pts.
<b>Continuing Ops - Diluted EPS</b>	<b>0.09</b>	<b>0.10</b>	<b>0.17</b>	<b>0.00</b>	<b>0.08</b>
Total Brooks - Diluted EPS	0.20	0.05			
<b>Adjusted EBITDA</b>			<b>27.9</b>	<b>24%</b>	<b>58%</b>

- Revenue growth of 12% sequentially with operating margin increase of 1.6 pts

# Brooks Semiconductor Solutions Performance



\$ millions

Continuing Operations – non-GAAP

	<u>Q1'19</u>	<u>QtQ</u>	<u>YtY</u>
Revenue	113	4%	18%
<i>Organic</i>			9%
Gross profit	47	5%	21%
%	41.7%	0.4 pts.	0.7 pts.
Operating expenses	<u>30</u>	<u>(2%)</u>	<u>11%</u>
Operating income	17	19%	41%
%	15.3%	2.0 pts.	2.4 pts.

- Growth and improved gross margins driven by strength in Vacuum Systems delivered to Tier 2 OEMs and Contamination Control Solutions

# Brooks Life Sciences Performance



\$ millions

Continuing Operations – non-GAAP

	<u>Q1'19</u>	<u>QtQ</u>	<u>YtY</u>
Revenue	67	31%	41%
<i>Organic</i>			8%
Gross profit	27	42%	57%
%	40.9%	3.1 pts.	4.4 pts.
Operating expenses	<u>25</u>	<u>33%</u>	<u>43%</u>
Operating income	3	271%	1868%
%	4.0%	2.6 pts.	3.7 pts.

- GENEWIZ added \$16M of revenue and was accretive to operating income on a GAAP and non-GAAP basis
- 41% YtY revenue Growth, 8% organic growth
  - Acquisition growth added \$16.6M
  - \$1M headwind from currency and ASC 606 revenue recognition change

# Summary Balance Sheet



\$ millions

	Q4'18	Q1'19	Sequential Quarterly Change	
			From Operations	From GENEWIZ Acquisition
Cash and marketable securities	251	138	332	(445)
Accounts receivable, net	125	165	12	27
Inventories	97	110	9	4
Other current assets	32	42	(4)	14
Accounts payable	(56)	(71)	(8)	(7)
Deferred revenue	(26)	(31)	(5)	(0)
Short-term debt	(2)	(10)	(3)	(5)
Other current liabilities	(73)	(75)	9	(11)
Net assets held for sale (liabilities)	59	64	5	-
Net working capital	155	194	15	24
Property, plant and equipment	60	96	(0)	36
Goodwill and intangible assets	356	770	(11)	425
Long-term debt	(194)	(531)	(332)	(5)
Net long-term deferred tax assets (liabilities)	37	8	8	(37)
Other net long-term assets (liabilities)	(6)	(6)	(3)	2
Net assets held for sale (liabilities)	58	61	3	-
Stockholder's Equity	718	730	12	-

- Long-term debt increased due to \$350M incremental senior secured term loan
- Finished the quarter with \$138M of cash and marketable securities and net debt of \$403M

# Summary Cash Flow



\$ millions

	<b>Q1'19</b>
Net income	14
Deferred income tax benefit	(8)
Depreciation & Amortization	12
Stock compensation	4
Change in working capital	(15)
Other operating items	(2)
<b>Cash flow from operations</b>	<b>6</b>
Capital expenditures	(4)
<b>Free Cash Flow</b>	<b>3</b>
Acquisitions	(445)
Net proceeds (payments) of debt	339
Dividends	(7)
Other	(2)
<b>Net change in cash and marketable sec.</b>	<b>(113)</b>

- Uses of cash included \$445M for acquisitions
- 30<sup>th</sup> consecutive quarter of dividends paid

# Summary and Guidance



\$ millions, except EPS

	<b>Q1'19</b>	<b>Guidance Q2'19</b>
Revenue	\$179	\$190 - \$200
Adjusted EBITDA*	\$28	\$25 - \$30
Non-GAAP diluted EPS*	\$0.17	\$0.07 - \$0.12
GAAP diluted EPS - Total Brooks	\$0.20	\$0.01 - \$0.06

- Guidance includes \$8M of net interest expense, an increase of \$3M QtQ



## GAAP to Non-GAAP Bridges

# GAAP to Non-GAAP Reconciliation

## Q1'19 – Continuing Operations



\$ millions, except EPS  
Continuing Operations

	Q1'19						Non-GAAP Results Q1 FY19
	GAAP Results Q1 FY19	Merger and Acquisition Costs	Amortization Expense	Restructuring Charges	Tax Effect on Adjustments	Other Tax Items	
Revenue	179.4	-	-	-	-	-	179.4
Gross profit	72.1	0.2	2.0	-	-	-	74.3
<i>Gross profit margin</i>	<i>40.2%</i>						<i>41.4%</i>
Operating Expenses	(66.7)	6.4	5.8	-	-	-	(54.6)
Restructuring charges	(0.1)	-	-	0.1	-	-	-
Operating profit	5.3	6.5	7.8	0.1	-	-	19.7
<i>Operating profit margin</i>	<i>3.0%</i>						<i>11.0%</i>
Interest expense, net	(4.9)	-	-	-	-	-	(4.9)
Other income (expense), net	(0.0)	-	-	-	-	-	(0.0)
Income tax expense	5.8	-	-	-	(3.2)	(5.5)	(2.9)
Net Income - continuing operations	6.3	6.5	7.8	0.1	(3.2)	(5.5)	11.9
Diluted EPS - continuing operations	0.09	0.09	0.11	0.00	(0.04)	(0.08)	0.17

# GAAP to Non-GAAP Reconciliation

## Q1'19 Segments – Continuing Operations



\$ millions  
Continuing Operations

	Q1'19					Non-GAAP Results Q1 FY19
	GAAP Results Q1 FY19	Merger and Acquisition Costs	Amortization Expense	Restructuring Charges	Other Special Charges	
<b>BSSG</b>						
Revenue	112.7	-	-	-	-	112.7
Gross profit	45.9	0.2	0.9	-	-	47.0
<i>Gross profit margin</i>	<i>40.7%</i>					<i>41.7%</i>
Operating expenses	(29.8)					(29.8)
Operating profit	16.1	0.2	0.9	-	-	17.3
<i>Operating profit margin</i>	<i>14.3%</i>					<i>15.3%</i>
<b>BLS</b>						
Revenue	66.7	-	-	-	-	66.7
Gross profit	26.2	-	1.1	-	-	27.2
<i>Gross profit margin</i>	<i>39.3%</i>					<i>40.9%</i>
Operating expenses	(24.6)					(24.6)
Operating profit (loss)	1.6	-	1.1	-	-	2.7
<i>Operating profit margin</i>	<i>2.4%</i>					<i>4.0%</i>

# Net Income Reconciliation to Adjusted EBITDA

## Q1'19 - Continuing Operations



\$ millions  
Continuing Operations

	<u>Q1'18</u>	<u>Q4'18</u>	<u>Q1'19</u>
Revenue	143	160	179
Net income attributable to Brooks Automation, Inc.	16	10	14
<i>Net Income Margin</i>	<i>11.6%</i>	<i>6.5%</i>	<i>8.0%</i>
<u>Non-GAAP adjustments:</u>			
Interest income	(0)	(1)	(0)
Interest expense	2	3	5
Income tax provision	(1)	3	(6)
Depreciation	3	3	4
Amortization of intangible assets	5	7	8
<b>EBITDA</b>	<b>26</b>	<b>25</b>	<b>25</b>
<i>EBITDA Margin</i>	<i>18.4%</i>	<i>15.4%</i>	<i>14.1%</i>
Income from discontinued operations, net of tax	(15)	(12)	(8)
Purchase accounting impact on inventory and contracts acquired	1	-	0
Stock-based compensation	5	5	4
Restructuring charges	-	1	0
Merger and acquisition costs	1	4	6
<b>Adjusted EBITDA - continuing ops</b>	<b>18</b>	<b>22</b>	<b>28</b>
<i>Adjusted EBITDA Margin</i>	<i>12.4%</i>	<i>14.1%</i>	<i>15.6%</i>

# GAAP to Non-GAAP Reconciliation

## Q4'18 – Continuing Operations



\$ millions, except EPS  
Continuing Operations

	Q4'18						Non-GAAP Results Q4 FY18
	GAAP Results Q4 FY18	Merger and Acquisition Costs	Amortization Expense	Restructuring Charges	Tax Effect on Adjustments	Other Tax Items	
Revenue	159.6	-	-	-	-	-	159.6
Gross profit	62.6	-	1.5	-	-	-	64.1
<i>Gross profit margin</i>	<i>39.2%</i>						<i>40.2%</i>
Operating Expenses	(58.4)	4.3	5.0	-	-	-	(49.1)
Restructuring charges	(0.6)	-	-	0.6	-	-	-
Operating profit	3.6	4.3	6.5	0.6	-	-	15.0
<i>Operating profit margin</i>	<i>2.3%</i>						<i>9.4%</i>
Interest expense, net	(2.0)	-	-	-	-	-	(2.0)
Other income (expense), net	(0.3)	-	-	-	-	-	(0.3)
Income tax expense	(2.6)	-	-	-	0.9	0.7	(1.0)
Net Income - continuing operations	(1.2)	4.3	6.5	0.6	0.9	0.7	11.8
Diluted EPS - continuing operations	(0.02)	0.06	0.09	0.01	0.01	0.01	0.17

# GAAP to Non-GAAP Reconciliation

## Q3'18 – Continuing Operations



\$ millions, except EPS  
Continuing Operations

	Q3'18						
	GAAP Results Q3 FY18	Merger and Acquisition Costs	Amortization Expense	Restructuring Charges	Tax Effect on Adjustments	Other Tax Items	Non-GAAP Results Q3 FY18
Revenue	172.4	-	-	-	-	-	172.4
Gross profit	66.8	0.7	1.5	-	-	-	69.1
<i>Gross profit margin</i>	<i>38.8%</i>						<i>40.1%</i>
Operating Expenses	(54.2)	0.4	5.1	-	-	-	(48.7)
Restructuring charges	(0.1)	-	-	0.1	-	-	(0.0)
Operating profit	12.5	1.1	6.6	0.1	-	-	20.3
<i>Operating profit margin</i>	<i>7.3%</i>						<i>11.8%</i>
Interest expense, net	(1.8)	-	-	-	-	-	(1.8)
Other income (expense), net	(0.6)	-	-	-	-	-	(0.6)
Income tax expense	(5.4)	-	-	-	1.6	0.7	(3.1)
Net Income - continuing operations	4.8	1.1	6.6	0.1	1.6	0.7	14.8
Diluted EPS - continuing operations	0.07	0.02	0.09	0.00	0.02	0.01	0.21

# GAAP to Non-GAAP Reconciliation

## Q2'18 – Continuing Operations



\$ millions, except EPS  
Continuing Operations

	Q2'18					Non-GAAP Results Q2 FY18
	GAAP Results Q2 FY18	Merger and Acquisition Costs	Amortization Expense	Tax Effect on Adjustments	Other Tax Items	
Revenue	157.0	-	-	-	-	157.0
Gross profit	62.4	-	1.0	-	-	63.4
<i>Gross profit margin</i>	<i>39.7%</i>					<i>40.4%</i>
Operating Expenses	(52.0)	1.6	4.6	-	-	(45.7)
Restructuring charges	(0.0)	-	-	-	-	0.0
Operating profit	10.3	1.6	5.6	-	-	17.6
<i>Operating profit margin</i>	<i>6.6%</i>					<i>11.2%</i>
Interest expense, net	(1.8)	-	-	-	-	(1.8)
Other income (expense), net	(0.5)	-	-	-	-	(0.5)
Income tax expense	54.5	-	-	0.6	(58.0)	(2.9)
Net Income - continuing operations	62.5	1.6	5.6	0.6	(58.0)	12.4
Diluted EPS - continuing operations	0.89	0.02	0.08	0.01	(0.82)	0.18

# GAAP to Non-GAAP Reconciliation

## Q1'18 – Continuing Operations



\$ millions, except EPS  
Continuing Operations

	Q1'18					
	GAAP Results Q1 FY18	Merger and Acquisition Costs	Amortization Expense	Tax Effect on Adjustments	Other Tax Items	Non-GAAP Results Q1 FY18
Revenue	142.6	-	-	-	-	142.6
Gross profit	54.3	1.2	0.9	-	-	56.3
<i>Gross profit margin</i>	<i>38.1%</i>					<i>39.5%</i>
Operating Expenses	(49.3)	0.6	4.6	-	-	(44.1)
Restructuring charges	(0.0)	-	-	-	-	-
Operating profit	4.9	1.8	5.5	-	-	12.2
<i>Operating profit margin</i>	<i>3.5%</i>					<i>8.5%</i>
Interest expense, net	(2.0)	-	-	-	-	(2.0)
Other income (expense), net	(1.9)	-	-	-	-	(1.9)
Income tax expense	0.7	-	-	(1.9)	(0.7)	(1.9)
Net Income - continuing operations	1.6	1.8	5.5	(1.9)	(0.7)	6.3
Diluted EPS - continuing operations	0.02	0.03	0.08	(0.03)	(0.01)	0.09

# GAAP to Non-GAAP Reconciliation

## Q4'18 Segments – Continuing Operations



\$ millions  
Continuing Operations

	Q4'18				Non-GAAP Results Q4'18
	GAAP Results Q4'18	Merger and Acquisition Costs	Amortization Expense	Restructuring Charges	
<b>BSSG</b>					
Revenue	108.8	-	-	-	108.8
Gross profit	43.8	-	1.2	-	44.9
<i>Gross profit margin</i>	<i>40.2%</i>				<i>41.3%</i>
Operating Expenses	(30.5)				(30.5)
Operating profit	13.3	-	1.2	-	14.5
<i>Operating profit margin</i>	<i>12.2%</i>				<i>13.3%</i>
<b>BLS</b>					
Revenue	50.9	-	-	-	50.9
Gross profit	18.8	-	0.3	-	19.2
<i>Gross profit margin</i>	<i>37.1%</i>				<i>37.7%</i>
Operating Expenses	(18.5)				(18.5)
Operating profit (loss)	0.4	-	0.3	-	0.7
<i>Operating profit margin</i>	<i>0.8%</i>				<i>1.4%</i>

# GAAP to Non-GAAP Reconciliation

## Q1'18 Segments – Continuing Operations



\$ millions  
Continuing Operations

	Q1'18				
	GAAP Results Q1 FY18	Merger and Acquisition Costs	Amortization Expense	Restructuring Charges	Non-GAAP Results Q1 FY18
<b>BSSG</b>					
Revenue	95.2	-	-	-	95.2
Gross profit	38.5	-	0.5	-	39.0
<i>Gross profit margin</i>	40.5%				41.0%
Operating expenses	(26.8)				(26.8)
Operating profit	11.7	-	0.5	-	12.3
<i>Operating profit margin</i>	12.3%				12.9%
<b>BLS</b>					
Revenue	47.4	-	-	-	47.4
Gross profit	15.8	1.2	0.4	-	17.3
<i>Gross profit margin</i>	33.2%				36.5%
Operating expenses	(17.2)				(17.2)
Operating profit (loss)	(1.4)	1.2	0.4	-	0.1
<i>Operating profit margin</i>	(2.9%)				0.3%