



Conference Call Brooks Automation

Third Quarter FY19 Financial Results

August 1, 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 third quarter financial results press release issued on August 1, 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.

Brooks Q3 FY 2019 Overview



- ✓ **GROWTH:** 3% Sequential and 18% YtY revenue growth
 - Life Sciences 3% sequential growth on strength in GENEWIZ; YtY 5% organic growth
 - Semiconductor 3% sequential growth in a weak industry environment

- ✓ **MARGIN EXPANSION:** +120 bps GAAP and +90 bps non-GAAP on sequential Op Margins
 - Life Sciences non-GAAP Op Margins +120 bps on strength of GENEWIZ
 - Semiconductor non-GAAP Op Margins +70 bps with mix and OPEX leverage

- ✓ **RE-SET OF THE BALANCE SHEET:** Closed the Sale of Semi Cryo business on July 1
 - Estimated \$550 million net proceeds after settlement of fees and taxes
 - Applied \$495 million to debt on July 1 leaving \$52 million gross debt, zero net debt
 - In net, \$55 million additional cash and significant debt capacity available

- ✓ **STRONG MARKET OPPORTUNITIES AHEAD**



Brooks Automation Operating Performance

Quarter Ended June 30, 2019



\$ millions, except EPS

	GAAP		non-GAAP		
	Q3'19	QtQ	Q3'19	QtQ	YtY
Revenue	204	3%	204	3%	18%
Gross profit	84	4%	86	4%	25%
%	41.0%	0.4 pts.	42.4%	0.4 pts.	2.3 pts.
R&D	14	1%	14	1%	18%
SG&A	53	0%	46	1%	26%
Operating Income	16	20%	26	10%	27%
%	8.1%	1.2 pts.	12.7%	0.9 pts.	0.9 pts.
Interest Income (Expense)	(7.9)	(\$0)	(7.9)	3%	347%
Loss on debt extinguishment	-	\$9	-	n/a	n/a
Other Income (Expense)	(0.3)	\$0	(0.3)	(60%)	(49%)
Tax Benefit (Expense)	(7.3)	(\$8)	(3.3)	21%	8%
Continuing Ops - Net Income	0.9	\$4	14.3	17%	(4%)
%	0.5%	1.9 pts.	7.0%	0.8 pts.	(1.6) pts.
Continuing Ops - Diluted EPS	0.01	0.05	0.20	0.03	(0.01)
Total Brooks - Diluted EPS	0.10	112%			
Adjusted EBITDA			35.9	9%	30%

- Sequential and YtY revenue growth with operating margin and EBITDA expansion
- Interest expense will be reduced in Q4'19 to less than \$1 million going forward

Brooks Life Sciences Performance



\$ millions
non-GAAP

	<u>Q3'19</u>	<u>QtQ</u>	<u>YtY</u>
Revenue	88	3%	77%
<i>Organic</i>			5%
Gross profit	38	4%	101%
%	43.3%	0.7 pts.	5.1 pts.
Operating expenses	32	1%	78%
Operating income	6	23%	498%
%	7.0%	1.2 pts.	5.0 pts.

- Growth of 3% sequentially and 77% YtY driven on strength of GENEWIZ
 - GENEWIZ 13% sequential growth on strength in all platforms
 - Sample Management declined 3% sequentially
- Organic growth of 5% YtY reflects \$1.3M headwind from currency and ASC 606
- Gross profit and Operating margin expansion driven by GENEWIZ performance

Brooks Semiconductor Solutions Performance



\$ millions

Continuing Operations – non-GAAP

	Q3'19	QtQ	YtY
Revenue	116	3%	(5%)
<i>Organic</i>			(3%)
Gross profit	48	3%	(3%)
%	41.7%	0.1 pts.	0.8 pts.
Operating expenses	28	1%	(7%)
Operating income	20	7%	2%
%	17.4%	0.7 pts.	1.3 pts.

- Growth of 3% driven by strength in Vacuum Automation Systems and CCS Reticle Stockers with modest expansion in Vacuum Robots
- Operating margin expansion
 - Gross margin strength on increased exposure to Tier 2 and End-Users
 - Operating expense management

Summary Cash Flow



\$ millions

	<u>Q3'19</u>	<u>Q3'19 YTD</u>
Net income	7	25
Deferred income tax benefit	3	(9)
Depreciation & amortization	14	40
Stock compensation	5	15
Change in working capital	7	(18)
Loss on extinguishment of debt	-	9
Other operating items	(2)	(4)
Cash flow from operations	36	58
Capital expenditures	(6)	(16)
Free Cash Flow	30	43
Acquisitions	-	(443)
Net proceeds (payments) of debt	(3)	331
Dividends	(7)	(22)
Other	(1)	(1)
Net change in cash and marketable sec.	20	(91)

- \$36M of operating cash flow, an increase of \$20 million, driven by profit increase and working capital improvement
- YTD cash decrease of \$91M reflects the net effect of acquisition and the related debt which we carried through the end of the third quarter

Summary Balance Sheet

Quarter Ended June 30, 2019



\$ millions

	<u>Q2'19</u>	<u>Q3'19</u>	<u>QtQ</u>
Cash and marketable securities	140	160	20
Accounts receivable, net	164	163	(1)
Inventories	109	105	(4)
Other current assets	35	40	5
Accounts payable	(57)	(48)	9
Deferred revenue	(31)	(31)	1
Short-term debt	(8)	(6)	2
Other current liabilities	(67)	(78)	(11)
Net assets held for sale	50	49	(1)
Net working capital	<u>194</u>	<u>195</u>	<u>1</u>
Property, plant and equipment	98	98	0
Goodwill and intangible assets	763	753	(11)
Long-term debt	(535)	(535)	1
Net long-term deferred tax assets (liabilities)	12	9	(3)
Other net long-term assets (liabilities)	(4)	(8)	(3)
Net assets held for sale	63	65	3
Net assets	<u>730</u>	<u>738</u>	<u>8</u>

- Cash balance grew \$20M sequentially driven by operating cash flow
- Debt balance of \$541 million, net of deferred financing costs
 - On July 1: Reduced gross debt to \$52 million on net proceeds from Semi Cryo sale

Summary and Guidance



\$ millions, except EPS

	<u>Q3'19</u>	<u>Guidance Q4'19</u>
Revenue	\$203.9	\$192 - \$200
Adjusted EBITDA*	\$35.9	\$30 - \$34
Non-GAAP diluted EPS*	\$0.20	\$0.21 - \$0.26
GAAP diluted EPS - Total Brooks	\$0.10	\$0.05 - \$0.12

- Q4 Non GAAP tax rate of 18 – 20%
- Q4 interest expense of ~\$1M
- Q4 CAPEX ~\$10 million
- GAAP EPS guidance excludes the gain on the Semiconductor Cryogenics sale which closed on July 1 at an estimated \$5.43 earnings per share



GAAP to Non-GAAP Bridges

GAAP to Non-GAAP Reconciliation

Q3'19 – Continuing Operations



\$ millions, except EPS

	Q3'19							Non-GAAP Results Q3 FY19
	GAAP Results Q3 FY19	Merger and Acquisition Costs	Amortization Expense	Restructuring Charges	Tax Effect on Adjustments	Other Tax Items	Transition Tax	
Revenue	203.9	-	-	-	-	-	-	203.9
Gross profit	83.5	-	2.9	-	-	-	-	86.4
<i>Gross profit margin</i>	<i>41.0%</i>							<i>42.4%</i>
Operating Expenses	(66.8)	0.2	6.2	-	-	-	-	(60.5)
Restructuring charges	(0.3)	-	-	0.3	-	-	-	-
Operating profit	16.4	0.2	9.0	0.3	-	-	-	25.9
<i>Operating profit margin</i>	<i>8.1%</i>							<i>12.7%</i>
Interest income, net	(7.9)	-	-	-	-	-	-	(7.9)
Other income, net	(0.3)	-	-	-	-	-	-	(0.3)
Income tax benefit (provision)	(7.3)	-	-	-	(1.3)	1.0	4.3	(3.3)
Net Income	0.9	0.2	9.0	0.3	(1.3)	1.0	4.3	14.3
Diluted earnings per share	0.01	0.00	0.12	0.00	(0.02)	0.01	0.06	0.20

GAAP to Non-GAAP Reconciliation

Q3'19 Segments – Continuing Operations



\$ millions

	Q3'19		
	GAAP Results Q3 FY19	Amortization Expense	Non-GAAP Results Q3 FY19
BSSG			
Revenue	116.0	-	116.0
Gross profit	47.5	0.9	48.4
<i>Gross profit margin</i>	<i>40.9%</i>		<i>41.7%</i>
Operating expenses	(28.2)		(28.2)
Operating profit	19.3	0.9	20.2
<i>Operating profit margin</i>	<i>16.7%</i>		<i>17.4%</i>
BLS			
Revenue	87.8	-	87.8
Gross profit	36.0	2.0	38.0
<i>Gross profit margin</i>	<i>41.0%</i>		<i>43.3%</i>
Operating expenses	(31.8)		(31.8)
Operating profit	4.2	2.0	6.2
<i>Operating profit margin</i>	<i>4.8%</i>		<i>7.0%</i>

GAAP to Non-GAAP Reconciliation

Q2'19 – Continuing Operations



\$ millions, except EPS

	Q2'19							
	GAAP Results Q2 FY19	Merger and Acquisition Costs	Amortization Expense	Restructuring Charges	Loss on debt extinguishment	Tax Effect on Adjustments	Other Tax Items	Non-GAAP Results Q2 FY19
Revenue	198.4	-	-	-	-	-	-	198.4
Gross profit	80.5	-	2.8	-	-	-	-	83.3
<i>Gross profit margin</i>	<i>40.6%</i>							<i>42.0%</i>
Operating Expenses	(66.5)	0.0	6.6	-	-	-	-	(59.8)
Restructuring charges	(0.4)	-	-	0.4	-	-	-	-
Operating profit	13.7	0.0	9.4	0.4	-	-	-	23.5
<i>Operating profit margin</i>	<i>6.9%</i>							<i>11.8%</i>
Interest income, net	(7.7)	-	-	-	-	-	-	(7.7)
Loss on debt extinguishment	(9.1)	-	-	-	9.1	-	-	-
Other income (expense), net	(0.8)	-	-	-	-	-	-	(0.8)
Income tax benefit (provision)	1.0	-	-	-	-	(4.6)	0.8	(2.8)
Net Income (Loss)	(2.8)	0.0	9.4	0.4	9.1	(4.6)	0.8	12.2
Diluted EPS	(0.04)	0.00	0.13	0.01	0.13	(0.06)	0.01	0.17

GAAP to Non-GAAP Reconciliation

Q2'19 Segments – Continuing Operations



\$ millions

	Q2'19		
	GAAP Results Q2 FY19	Amortization Expense	Non-GAAP Results Q2 FY19
BSSG			
Revenue	112.9	-	112.9
Gross profit	46.0	0.9	46.9
<i>Gross profit margin</i>	<i>40.7%</i>		<i>41.6%</i>
Operating expenses	(28.0)		(28.0)
Operating profit	18.0	0.9	18.9
<i>Operating profit margin</i>	<i>15.9%</i>		<i>16.7%</i>
BLS			
Revenue	85.5	-	85.5
Gross profit	34.5	1.9	36.4
<i>Gross profit margin</i>	<i>40.4%</i>		<i>42.6%</i>
Operating expenses	(31.4)		(31.4)
Operating profit	3.1	1.9	5.0
<i>Operating profit margin</i>	<i>3.7%</i>		<i>5.9%</i>

GAAP to Non-GAAP Reconciliation

Q3'18 – Continuing Operations



\$ millions, except EPS

	Q3'18							Non-GAAP Results Q3 FY18
	GAAP Results Q3 FY18	Merger and Acquisition Costs	Amortization Expense	Restructuring Charges	Tax Effect on Adjustments	Other Tax Items		
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 provision	(5.4)	-	-	-	1.7	0.6	-	(3.1)
Net Income	4.8	1.1	6.6	0.1	1.7	0.6	-	14.8
Diluted EPS	0.07	0.02	0.09	0.00	0.02	0.01	-	0.21

GAAP to Non-GAAP Reconciliation

Q3'18 Segments – Continuing Operations



\$ millions

	Q3'18			Non-GAAP Results Q3 FY18
	GAAP Results Q3 FY18	Merger and Acquisition Costs	Amortization Expense	
BSSG				
Revenue	122.7	-	-	122.7
Gross profit	48.2	0.7	1.1	50.1
<i>Gross profit margin</i>	<i>39.3%</i>			<i>40.9%</i>
Operating expenses	(30.3)			(30.3)
Operating profit	17.9	0.7	1.1	19.8
<i>Operating profit margin</i>	<i>14.6%</i>			<i>16.1%</i>
BLS				
Revenue	49.7	-	-	49.7
Gross profit	18.6	-	0.4	18.9
<i>Gross profit margin</i>	<i>37.4%</i>			<i>38.1%</i>
Operating expenses	(17.9)			(17.9)
Operating profit	0.7	-	0.4	1.0
<i>Operating profit margin</i>	<i>1.4%</i>			<i>2.1%</i>

Net Income Reconciliation to Adjusted EBITDA

Q3'19 - Continuing Operations



\$ millions

	<u>Q3'18</u>	<u>Q2'19</u>	<u>Q3'19</u>
Net income attributable to Brooks Automation, Inc.	22.7	3.4	7.3
Income from discontinued operations, net of tax	(17.8)	(6.2)	(6.3)
Net income (loss) from continuing operations	4.9	(2.8)	0.9
<u>Adjustments:</u>			
Interest income	(0.7)	(0.3)	(0.1)
Interest expense	2.5	8.0	8.0
Income tax provision (benefit)	5.4	(1.0)	7.3
Depreciation	3.2	5.1	5.0
Amortization of intangible assets	6.6	9.4	9.0
Loss on extinguishment of debt	-	9.1	-
EBITDA-from Continuing Operations	21.8	27.4	30.2
<u>Non-GAAP adjustments:</u>			
Purchase accounting impact on inventory and contracts acquired	0.7	-	-
Stock-based compensation	4.6	5.1	5.3
Restructuring charges	0.1	0.4	0.3
Merger and acquisition costs / Other	0.4	0.0	0.2
Adjusted EBITDA - from Continuing Operations	27.7	32.9	35.9