



# Conference Call Brooks Automation Third Quarter FY16 Financial Results

July 28, 2016

# 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, 2015. 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 28, 2016 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



\$ millions, except EPS	<u>GAAP</u>		<u>non - GAAP</u>	
	<u>Q3'16</u>	<u>Change</u>	<u>Q3'16</u>	<u>Change</u>
Revenue	148	12.3	148	12.3
Gross profit	54	7.4	55	7.6
<i>Gross profit margin</i>	<i>36.7%</i>	<i>2.1 pts</i>	<i>37.5%</i>	<i>2.2 pts</i>
R&D expenses	13	(0.3)	13	(0.3)
SG&A expenses	32	(0.8)	29	(0.4)
Restructuring	1	(6.3)	-	-
Operating income (loss)	8	14.8	14	8.3
<i>Operating margin</i>	<i>5.8%</i>	<i>10.4 pts</i>	<i>9.2%</i>	<i>5.3 pts</i>
Other income (expense)	(0)	0.0	(0)	(0.1)
Tax benefit (provision)	(0)	78.0	(3)	(1.7)
JV earnings (losses)	0	(0.3)	0	(0.3)
Net income (loss)	9	92.5	11.1	6.2
<i>Net income margin</i>	<i>5.8%</i>	<i>67.9 pts</i>	<i>7.5%</i>	<i>3.9 pts</i>
Diluted EPS	0.12	1.35	0.16	0.09
Adjusted EBITDA			19	7.7

- Continued profit improvement on strength of revenue growth, new product value, and savings from recent restructuring.

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

# Quarterly Revenue Performance



<b>\$ millions</b>	<b>Q2'16</b>	<b>Q3'16</b>	<b>Change</b>
Consolidated Revenue	135	148	12.3
Brooks Semiconductor Solutions	109	118	9.6
Brooks Life Science Systems	26	29	2.6

## Growth Drivers

Semiconductor Solutions: +9% sequentially

- Sales to Front End market grew 15% on strength of Contamination Control
- Sales for Wafer Level Packaging increased 23% to \$11M
- Services revenue for Semiconductor was flat

Life Sciences: +10% sequentially

- Legacy systems business grew 11% on strength of sample storage systems
- BioStorage grew 9%

Life Sciences Growth Summary – Year to Year +73%

- +5% YtY organic growth, +\$12.4M from BioStorage acquisition, -\$1M currency

# Brooks Semiconductor Solutions



<b>\$ millions</b>	<u>Q2'16</u>	<u>Q3'16</u>	<u>Change</u>
Revenue	109	118	9.6
Gross profit *	38	44	6.2
<i>Gross profit margin</i> *	<i>34.5%</i>	<i>36.9%</i>	<i>2.4 pts</i>
Operating expenses	30	30	(0.5)
Operating income *	<u>7.3</u>	<u>14.0</u>	<u>6.7</u>
<i>Operating margin</i> *	<i>6.7%</i>	<i>11.8%</i>	<i>5.1 pts</i>

- Margin expansion with higher value of Contamination Control and cost savings from restructuring
- Includes services and spare parts revenue of \$22M with gross margin of 32%.

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

# Brooks Life Science Systems



<b>\$ millions</b>	<b>Q2'16</b>	<b>Q3'16</b>	<b>Change</b>
Revenue	26	29	2.6
Gross profit *	10	12	1.4
<i>Gross profit margin</i> *	38.5%	40.0%	1.5 pts
Operating expenses	12	12	(0.1)
Operating income (loss) *	(2)	(0)	1.5
<i>Operating margin</i> *	-7.1%	-1.3%	5.9 pts

- Growth and margin improvement from sample store systems and BioStorage

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

# Summary Balance Sheet



<b>\$ millions</b>	<b>Q2'16</b>	<b>Q3'16</b>
Cash and marketable securities	68	72
Accounts receivable, net	104	101
Inventories	101	98
Other current assets	22	21
Net deferred tax assets, current	3	4
Accounts payable	(39)	(42)
Deferred revenue	(34)	(26)
Other current liabilities	(54)	(55)
Net working capital	102	102
Current assets held for sale	3	3
Property, plant and equipment	55	55
Goodwill and intangible assets	292	288
Net long-term deferred tax assets (liabilities)	(7)	(6)
Other net long-term assets (liabilities)	25	29
Stockholders' equity	538	543

- Balance of cash and equivalents expands \$4M
- Improved inventory and accounts receivable performance
- Deferred revenue reductions due to earnings recognition on Contamination Control and project progression in Life Sciences

# Fiscal 2016 Q3 Cash Flow



<b>\$ millions</b>	<b><u>Q3 FY'16</u></b>
Net income	8.6
Depreciation & Amortization	7.5
Stock compensation	1.6
Change in working capital	(0.0)
Deferred income tax benefit	(1.6)
Other operating items	(0.3)
Cash flow from operations	15.7
Divestitures (acquisitions), net	-
Capital expenditures	(3.3)
Dividends	(6.9)
Other	(1.6)
Net change in cash and marketable sec.	3.9
Cash and marketable securities	72.2

- Improved Cash Flow on improved earnings with flat working capital
- 20<sup>th</sup> consecutive quarterly dividend payment

# Summary and Guidance



<b>\$ millions, except EPS</b>	<b>Q3'16</b>	<b>Guidance Q4'16</b>
Revenue	148	146 - 151
Adjusted EBITDA*	19	17 - 20
Non-GAAP diluted EPS*	0.16	0.14 - 0.17
GAAP diluted EPS	0.12	0.06 - 0.09

- Continued growth in Contamination Control and Life Sciences will be partially offset by a decline in IP income and sales of partner product
- GAAP EPS guidance reflects anticipated restructuring accruals for consolidation of repair centers

\* 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

## Quarterly Operating Performance



\$ millions, except EPS

	Q2 FY16					Q3 FY16						
	GAAP Results Q2 FY16	Acquisition-Related Costs	Amortization Expense	Restructuring Charges	Other	Non-GAAP Results Q2 FY16	GAAP Results Q3 FY16	Acquisition-Related Costs	Amortization Expense	Restructuring Charges	Other	Non-GAAP Results Q3 FY16
Revenue	135.3	-	-	-	-	135.3	147.5	-	-	-	-	147.5
Gross profit	46.8	0.2	0.7	-	-	47.8	54.2	0.1	1.1	-	-	55.4
<i>Gross profit margin</i>	<i>34.6%</i>					<i>35.3%</i>	<i>36.7%</i>					<i>37.5%</i>
Operating Expenses	(45.8)	0.2	3.1	-	-	(42.5)	(44.7)	0.1	2.8	-	-	(41.8)
Restructuring charges	(7.3)	-	-	7.3	-	-	(1.0)	-	-	1.0	-	-
Operating profit	(6.3)	0.5	3.8	7.3	-	5.3	8.5	0.2	3.8	1.0	-	13.5
<i>Operating profit margin</i>	<i>(4.7%)</i>					<i>3.9%</i>	<i>5.8%</i>					<i>9.2%</i>
Interest income, net	0.0	-	-	-	-	0.0	0.0	-	-	-	-	0.0
Other income, net	(0.1)	-	-	-	-	(0.1)	(0.1)	-	-	-	(0.1)	(0.2)
Income tax benefit (provision)	(78.2)	(0.1)	(0.7)	(1.3)	79.3	(1.0)	(0.2)	(0.1)	(1.9)	(0.5)	0.0	(2.6)
JV and noncontrolling interests	0.7	-	-	-	-	0.7	0.4	-	-	-	-	0.4
Income from discontinued operations	-	-	-	-	-	-	-	-	-	-	2.0	-
Net Income	(83.9)	0.4	3.1	6.0	79.3	4.9	8.6	0.1	2.0	0.5	(0.0)	11.1
Diluted earnings per share	(1.22)	0.01	0.05	0.09	1.16	0.07	0.12	0.00	0.03	0.01	(0.00)	0.16

# Quarterly GAAP to Non-GAAP Reconciliation

## Segment Gross Profit and Operating Profit



\$ millions, except EPS

	Q2 FY16					Q3 FY16				
	GAAP Results Q2 FY16	Acquisition-Related Costs	Amortization Expense	Restructuring Charges	Non-GAAP Results Q2 FY16	GAAP Results Q3 FY16	Acquisition-Related Costs	Amortization Expense	Restructuring Charges	Non-GAAP Results Q3 FY16
<b>BSSG</b>										
Revenue	108.8	-	-	-	108.8	118.4	-	-	-	118.4
Gross profit	36.9	0.3	0.4	-	37.6	42.9	0.1	0.7	-	43.7
<i>Gross profit margin</i>	<i>33.9%</i>				<i>34.5%</i>	<i>36.2%</i>				<i>36.9%</i>
Operating Expenses	(30.3)				(30.3)	(29.8)				(29.8)
Operating profit	6.7	0.3	0.4	-	7.3	13.119	0.1	0.7	-	14.0
<i>Operating profit margin</i>	<i>6.1%</i>				<i>6.7%</i>	<i>11.1%</i>				<i>11.8%</i>
<b>BLSS</b>										
Revenue	26.5	-	-	-	26.5	29.1	-	-	-	29.1
Gross profit	9.9		0.3		10.2	11.3		0.4		11.6
<i>Gross profit margin</i>	<i>37.2%</i>				<i>38.5%</i>	<i>38.7%</i>				<i>40.0%</i>
Operating Expenses	(12.1)				(12.1)	(12.0)				(12.0)
Operating profit	(2.2)	-	0.3	-	(1.9)	(0.736)	-	0.4	-	(0.4)
<i>Operating profit margin</i>	<i>(8.4%)</i>				<i>(7.1%)</i>	<i>(2.5%)</i>				<i>(1.3%)</i>
<b>Unallocated Corporate</b>										
Revenue	-	-	-	-	-	-	-	-	-	-
Gross profit	-				-	-				-
Operating Expenses	(10.8)	0.2	3.1	7.3	(0.1)	(3.9)	0.1	2.8	1.0	(0.1)
Operating profit	(10.8)	0.2	3.1	7.3	(0.1)	(3.9)	0.1	2.8	1.0	(0.1)
<b>Brooks Consolidated</b>										
Revenue	135.3	-	-	-	135.3	147.5	-	-	-	147.5
Gross profit	46.8	0.3	0.7	-	47.8	54.2	0.1	1.1	-	55.4
<i>Gross profit margin</i>	<i>34.6%</i>				<i>35.3%</i>	<i>36.7%</i>				<i>37.5%</i>
Operating Expenses	(53.1)	0.2	3.1	7.3	(42.5)	(45.7)	0.1	2.8	1.0	(41.8)
Operating profit	(6.3)	0.5	3.8	7.3	5.3	8.5	0.2	3.8	1.0	13.5
<i>Operating profit margin</i>	<i>(4.7%)</i>				<i>3.9%</i>	<i>5.8%</i>				<i>9.2%</i>

# GAAP to Non-GAAP Reconciliation

## EBITDA and Adjusted EBITDA



\$ millions	<u>Q2'16</u>	<u>Q3'16</u>
Net income attributable to Brooks	(83.9)	8.6
<u>Non-GAAP adjustments:</u>		
Interest income	(0.1)	(0.1)
Interest expense	0.0	0.0
Income tax provision	78.2	0.2
Depreciation	3.6	3.6
Amortization of intangible assets	3.8	3.8
<b>EBITDA</b>	<b>1.7</b>	<b>16.2</b>
Purchase accounting impact on inventory and contracts acquired	0.2	0.1
Stock-based compensation	1.9	1.6
Restructuring charges	7.3	1.0
Merger costs	0.2	0.1
Gain on Assets held for Sale	-	(0.1)
<b>Adjusted EBITDA</b>	<b>11.3</b>	<b>19.0</b>