



Brooks Automation Conference Call

FY'20 Third Quarter Financial Results

July 30, 2020

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, 2019. 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 30, 2020 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 2020 Overview



- ✓ **Semiconductor Solutions and Life Science fuel 8% YtY revenue growth**
 - Semiconductor growth of 9% YtY and 2% growth sequentially
 - Life Sciences growth of 6% YtY, organic growth of 5%
- ✓ **Margin expansion fuels EPS growth**
 - Non-GAAP EPS of \$0.32 per share, increased \$0.12 YtY and \$0.07 QtQ
- ✓ **Strong balance sheet with net cash of \$213 million**
 - Operating cash flow of \$26 million, free cash flow of \$18 million



Brooks Automation Operating Performance

Quarter ended June 30, 2020



\$ millions, except EPS

	GAAP		non-GAAP		
	Q3'20	QtQ	Q3'20	QtQ	YtY
Revenue	220	0%	220	0%	8%
Gross profit	93	3%	96	3%	11%
%	42.1%	1.1 pts.	43.5%	1.3 pts.	1.1 pts.
R&D	14	(9%)	14	(9%)	(2%)
SG&A	60	(0%)	52	0%	13%
Restructuring	(0)	(105%)	-	n/a	n/a
Operating Income	19.1	31%	30	15%	15%
%	8.7%	2.1 pts.	13.5%	1.8 pts.	0.8 pts.
Interest Income (Expense)	(0.8)	(\$0)	(0.8)	(\$0)	\$7
Other Income (Expense)	0.5	\$2	0.5	\$2	\$1
Tax Benefit (Provision)	(5.1)	(\$2)	(6.2)	(\$1)	(\$3)
Net Income - continuing ops	13.7	\$5	23.3	26%	63%
%	6.2%	2.0 pts.	10.6%	2.2 pts.	3.6 pts.
Diluted EPS - continuing ops	\$ 0.19	\$ 0.06	\$ 0.32	\$ 0.07	\$ 0.12
Adjusted EBITDA			40.3	16%	12%

- Year-over-year revenue growth and margin expansion continues despite the COVID environment

Brooks Life Sciences Performance



\$ millions
Non-GAAP

	Q3'20	QtQ	YtY
Revenue	93	(2%)	6%
<i>Organic</i>			5%
Gross profit	42	(5%)	10%
%	44.6%	<i>(1.2) pts.</i>	<i>1.4 pts.</i>
Operating expenses	35	(1%)	10%
Operating income	7	(19%)	7%
%	<i>7.1%</i>	<i>(1.5) pts.</i>	<i>0.0 pts.</i>

- 6% Revenue growth YtY
 - 9% Products growth driven by strong demand in consumables and instruments
 - 5% Services growth slowed by COVID-19 headwinds
- Operating margin progress held back due to:
 - Lower Services labor utilization in COVID environment
 - A heavier mix of lower margin RUCDR alliance revenue
- 5% Organic growth, excluding acquisition revenue of \$1.9 million and negative FX headwind of \$0.7 million

Brooks Semiconductor Solutions Performance



\$ millions

Continuing Operations – Non-GAAP

	<u>Q3'20</u>	<u>QtQ</u>	<u>YtY</u>
Revenue	127	2%	9%
<i>Organic</i>			9%
Gross profit	54	10%	12%
%	42.7%	<i>3.2 pts.</i>	<i>1.0 pts.</i>
Operating expenses	<u>31</u>	<u>(6%)</u>	<u>9%</u>
Operating income	23	40%	16%
%	<i>18.4%</i>	<i>5.1 pts.</i>	<i>1.0 pts.</i>

- Revenue growth and operating margin expansion
 - Automation drove growth and margin expansion
 - Contamination Control Solutions lower sequentially but still grew YtY and with improved mix contributed to margin expansion

Summary Cash Flow



\$ millions

	<u>Q3'20</u>	<u>YTD'20</u>
Net income	14	36
Deferred income tax benefit (provision)	0	(9)
Depreciation & amortization	17	50
Stock compensation	4	12
Change in working capital	(9)	(12)
Other operating items	0	1
Adjusted operating cash flow	<u>26</u>	<u>78</u>
Income taxes payable - Cryo Sale	-	(92)
Cash flow from operations	26	(14)
Capital expenditures	(9)	(30)
Free Cash Flow	18	(44)
Divestitures (acquisitions), net	-	(16)
Payments of debt	(0)	(1)
Dividends	(7)	(22)
Other	5	3
Net change in cash and marketable sec.	15	(79)

- \$26 million of cash flow from operations, \$18 million of free cash flow
 - Used \$9 million of cash for CAPEX primarily for growth
- \$78 million of YTD adjusted operating cash flow, \$19 million higher than same period of 2019

Summary Balance Sheet

Quarter Ended June 30, 2020



\$ millions

	Mar 31 2020	Jun 30 2020	<i>QtQ</i>
Cash, restricted cash, and marketable securities	249	263	15
Accounts receivable, net	179	183	4
Inventories	108	118	10
Other current assets	40	41	1
Accounts payable	(64)	(70)	(6)
Deferred revenue	(29)	(31)	(2)
Short-term debt	(1)	(1)	0
Other current liabilities	(103)	(103)	(0)
Net working capital	130	136	6
Property, plant and equipment	109	111	3
Goodwill and intangible assets	735	727	(8)
Long-term debt	(50)	(50)	0
Net long-term deferred tax assets (liabilities)	(7)	(7)	(0)
Other net long-term assets (liabilities)	(3)	(6)	(3)
Net assets	1,161	1,175	14

- \$263 million of cash and marketable securities, up \$15M QtQ

Summary and Guidance



\$ millions, except EPS

	<u>Q3'20</u>	<u>Guidance Q4'20</u>
Revenue	\$220	\$229 - \$241
Adjusted EBITDA	\$40	\$41 - \$49
Non-GAAP diluted EPS	\$0.32	\$0.32 - \$0.40
GAAP diluted EPS - Total Brooks	\$0.19	\$0.19 - \$0.27

- COVID environment still carries constraints and risk, but we expect another quarter of growth from both segments in Q4



GAAP to Non-GAAP Bridges

Reconciliation of GAAP to Non-GAAP Continuing Operations



\$ millions, except EPS

	Q3 FY19	Q2 FY20	Q3 FY20
Revenue	204	220	220
GAAP gross profit	84	90	93
Amortization expense	3	3	3
Restructuring and related charges	-	-	0
Non-GAAP gross profit	86	93	96
<i>Gross profit margin</i>	41%	41%	42%
<i>Non-GAAP gross profit margin</i>	42%	42%	44%
GAAP operating expenses	(67)	(76)	(74)
Merger and acquisition costs	0	0	0
Amortization expense	6	8	8
Restructuring and related charges	0	1	(0)
Non-GAAP operating expenses	(60)	(67)	(66)
GAAP operating profit	16	15	19
Non-GAAP operating profit	26	26	30
<i>Operating profit margin</i>	8%	7%	9%
<i>Non-GAAP operating profit margin</i>	13%	12%	14%
GAAP net income	1	9	14
Merger and acquisition costs	0	0	0
Amortization expense	9	10	10
Restructuring and related charges	0	1	0
Tax related adjustments	5	1	2
Tax effect of adjustments	(1)	(3)	(3)
Non-GAAP net income	14	18	23
<i>Diluted earnings per share</i>	0.01	0.12	0.19
<i>Non-GAAP diluted earnings per share</i>	0.20	0.25	0.32

Segment GAAP to Non-GAAP Reconciliation

Continuing Operations



\$ millions

	Q3 FY19	Q2 FY20	Q3 FY20
<u>BSSG</u>			
Revenue	\$ 116	\$ 125	\$ 127
GAAP gross profit	47	49	54
Amortization expense	1	1	1
Non-GAAP gross profit	48	49	54
<i>Gross profit margin</i>	41%	39%	42%
<i>Non-GAAP gross profit margin</i>	42%	40%	43%
Operating expenses	(28)	(33)	(31)
GAAP operating profit	19	16	23
Non-GAAP operating profit	20	17	23
<i>Operating profit margin</i>	17%	13%	18%
<i>Non-GAAP operating profit margin</i>	17%	13%	18%
<u>BLS</u>			
Revenue	\$ 88	\$ 95	\$ 93
GAAP gross profit	36	42	39
Amortization expense	2	2	2
Other special charges	-	-	0
Non-GAAP gross profit	38	44	42
<i>Gross profit margin</i>	41%	44%	42%
<i>Non-GAAP gross profit margin</i>	43%	46%	45%
Operating expenses	(32)	(36)	(35)
GAAP operating profit	4	6	4
Non-GAAP operating profit	6	8	7
<i>Operating profit margin</i>	5%	6%	5%
<i>Non-GAAP operating profit margin</i>	7%	9%	7%

Net Income Reconciliation to Adjusted EBITDA Continuing Operations



\$ millions

	<u>Q3'19</u>	<u>Q2'20</u>	<u>Q3'20</u>
Net income	7.3	9.1	13.7
Income (loss) from discontinued operations, net of tax	(6.3)	0.1	-
Net income from continuing operations	0.9	9.2	13.7
<u>Adjustments:</u>			
Interest income	(0.1)	(0.1)	(0.0)
Interest expense	8.0	0.7	0.8
Income tax provision	7.3	3.4	5.1
Depreciation	5.0	6.2	6.3
Amortization of intangible assets	9.0	10.4	10.4
EBITDA-from Continuing Operations	30.2	29.8	36.3
<u>Non-GAAP adjustments:</u>			
Stock-based compensation	5.3	4.2	3.7
Restructuring charges	0.3	0.6	(0.0)
Restructuring related charges	-	-	0.3
Merger and acquisition costs / Other	0.2	0.3	0.0
Adjusted EBITDA - from Continuing Operations	35.9	34.8	40.3