



Conference Call Brooks Automation First Quarter FY18 Financial Results

February, 1 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 first quarter financial results press release issued on February 1, 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.

Quarterly Operating Performance

First Quarter Ending December 31, 2017



\$ millions, except EPS	GAAP		non - GAAP	
	Q1'18	QtQ	Q1'18	QtQ
Revenue	189	7.4	189	7.4
Gross profit	75	0.9	77	2.1
<i>Gross profit margin</i>	<i>39.7%</i>	<i>(1.2) pts.</i>	<i>40.8%</i>	<i>(0.5) pts.</i>
R&D	13	0.3	13	0.3
SG&A	41	(2.4)	36	(0.5)
Restructuring	-	(0.6)	-	-
Operating income	21	3.5	28	2.3
<i>Operating margin</i>	<i>11.0%</i>	<i>1.5 pts.</i>	<i>14.8%</i>	<i>0.7 pts.</i>
Interest expense, net	(2.0)	(1.9)	(2.0)	(1.9)
Other expense, net	(1.7)	(1.9)	(1.7)	(1.9)
Tax provision	(2.8)	(0.6)	(4.1)	(0.6)
JV earnings	2.2	0.0	2.2	0.0
Net income	16.5	(0.9)	22.5	(2.0)
<i>Net income margin</i>	<i>8.7%</i>	<i>(0.9) pts.</i>	<i>11.9%</i>	<i>(1.6) pts.</i>
Diluted EPS	0.23	(5%)	0.32	(8%)
<i>Adjusted EBITDA</i>			<i>36.5</i>	<i>(1.0)</i>

- Revenue growth and stable OPEX drove Operating Income margin expansion
- EPS trend muted sequentially on new interest expense and high FX losses, but remains on model track with non-GAAP EPS improving 28% year over year.

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

Brooks Life Sciences Performance



\$ millions	Q1'18	QtQ
Revenue	47	3.5
Gross profit *	17	0.5
<i>Gross profit margin</i> *	36.5%	(1.7) pts
Operating expenses	16	1.5
Operating income *	1.4	(1.0)
<i>Operating margin</i> *	2.9%	(2.4) pts

- 8% sequential revenue growth, 42% YtY, and 22% organic YtY growth
 - 4titude, acquired October 5, contributed \$3.4 million and was accretive to non-GAAP earnings
 - \$59 million of new contracts signed
 - \$6.4M from acquisitions YtY, and \$0.5M benefit from currency YtY
- Gross margins – Progress in core infrastructure margins partially offset the mix impact of seasonally higher Genomic services

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

Brooks Semiconductor Solutions Performance



\$ millions	<u>Q1'18</u>	<u>QtQ</u>
Revenue	142	4.0
Gross profit *	60	1.6
<i>Gross profit margin</i> *	42.3%	(0.1) pts
Operating expenses	33	(1.5)
Operating income *	27	3.1
<i>Operating margin</i> *	19.0%	1.7 pts

- 3% revenue growth sequentially with continued strength in Robots and Systems
- Operating margin expansion on continued strength in gross margins and reduced OPEX

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

Summary Balance Sheet



\$ millions	<u>Q4'17</u>	<u>Q1'18</u>	<u>QtQ</u>
Cash and marketable securities	104	232	127.6
Accounts receivable, net	121	139	18.2
Inventories	106	115	8.6
Other current assets	23	24	1.3
Accounts payable	(49)	(54)	(5.1)
Deferred revenue	(24)	(26)	(1.4)
Other current liabilities	(73)	(69)	3.9
Net working capital	<u>103</u>	<u>129</u>	<u>25.6</u>
Property, plant and equipment	58	60	1.8
Goodwill and intangible assets	317	378	61.3
Long-term debt	-	(195)	(195.3)
Net long-term deferred tax assets (liabilities)	(2)	(7)	(4.6)
Other net long-term assets (liabilities)	26	28	1.9
Net assets	<u>608</u>	<u>626</u>	<u>18.4</u>

- \$232 million of cash reserves to fund future acquisition pipeline
- Working capital increase driven on receivables timing and inventory for volume ramp

Q1 2018 Cash Flow



\$ millions	<u>Q1'18</u>
Net income	16.5
Depreciation & Amortization	8.5
Stock compensation	4.8
Change in working capital	(23.9)
Deferred income tax benefit	(0.7)
Other operating items	<u>(2.1)</u>
Cash flow from operations	3.2
Capital expenditures	(2.7)
Acquisitions	(65.1)
Proceeds from issuance of debt	197.6
Dividends	(7.1)
Other	<u>1.7</u>
Net change in cash and marketable sec.	127.6
Cash and marketable securities	<u>231.9</u>

- Strong earnings funded annual variable compensation and other working capital
- \$65 million acquisition of 4titude, a Life Sciences supplier of DNA sequencing consumables

Summary and Guidance



\$ millions, except EPS	Q1'18	Guidance Q2'18
Revenue	189.3	195 - 205
Adjusted EBITDA*	36.5	39 - 46
Non-GAAP diluted EPS*	0.32	\$0.33 - \$0.41
GAAP diluted EPS	0.23	\$0.24 - \$0.32

* 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	Q4 FY17					Q1 FY18				
	GAAP Results	Merger and Acquisition Costs	Amortization Expense	Restructuring Charges	Non-GAAP Results	GAAP Results	Merger and Acquisition Costs	Amortization Expense	Tax Reform	Non-GAAP Results
	Q4 FY17	Costs	Expense	Charges	Q4 FY17	Q1 FY18	Costs	Expense	Reform	Q1 FY18
Revenue	181.9	-	-	-	181.9	189.3	-	-	-	189.3
Gross profit	74.4	-	0.8	-	75.2	75.2	1.2	0.9	-	77.3
<i>Gross profit margin</i>	<i>40.9%</i>				<i>41.3%</i>	<i>39.7%</i>				<i>40.8%</i>
Operating Expenses	(56.4)	3.5	3.6	-	(49.4)	(54.4)	0.6	4.6	-	(49.2)
Restructuring charges	(0.6)	-	-	0.6	-	-	-	-	-	-
Operating profit	17.4	3.5	4.4	0.6	25.8	20.8	1.8	5.5	-	28.1
<i>Operating profit margin</i>	<i>9.6%</i>				<i>14.2%</i>	<i>11.0%</i>				<i>14.8%</i>
Interest expense, net	(0.1)	-	-	-	(0.1)	(2.0)	-	-	-	(2.0)
Other income (expense), net	0.2	-	-	-	0.2	(1.7)	-	-	-	(1.7)
Income tax expense	(2.2)	(0.5)	(0.7)	(0.1)	(3.5)	(2.8)	(0.3)	(0.3)	(0.7)	(4.1)
JV and noncontrolling interests	2.1	-	-	-	2.1	2.2	-	-	-	2.2
Net Income	17.4	3.0	3.7	0.5	24.5	16.5	1.5	5.2	(0.7)	22.5
Diluted earnings per share	0.25	0.04	0.05	0.01	0.35	0.23	0.02	0.07	(0.01)	0.32

GAAP to Non-GAAP Reconciliation

Quarterly Segment Gross Profit and Operating Profit



	Q4 FY17					Q1 FY18				
	GAAP Results Q4 FY17	Merger and Acquisition Costs	Amortization Expense	Restructuring Charges	Non-GAAP Results Q4 FY17	GAAP Results Q1 FY18	Merger and Acquisition Costs	Amortization Expense	Restructuring Charges	Non-GAAP Results Q1 FY18
BSSG										
Revenue	137.9	-	-	-	137.9	141.9	-	-	-	141.9
Gross profit	57.8	-	0.6	-	58.4	59.5	-	0.5	-	60.0
<i>Gross profit margin</i>	41.9%				42.3%	41.9%				42.3%
Operating expenses	(34.6)				(34.6)	(33.1)				(33.1)
Operating profit	23.2	-	0.6	-	23.8	26.4	-	0.5	-	26.9
<i>Operating profit margin</i>	16.8%				17.2%	18.6%				19.0%
BLS										
Revenue	43.9	-	-	-	43.9	47.4	-	-	-	47.4
Gross profit	16.6	-	0.2	-	16.8	15.8	1.2	0.4	-	17.3
<i>Gross profit margin</i>	37.7%				38.2%	33.2%				36.5%
Operating expenses	(14.4)				(14.4)	(15.9)				(15.9)
Operating profit (loss)	2.2	-	0.2	-	2.3	(0.1)	1.2	0.4	-	1.4
<i>Operating profit margin</i>	4.9%				5.3%	(0.3%)				2.9%
Unallocated Corporate										
Revenue	-	-	-	-	-	-	-	-	-	-
Gross profit	-				-	-				-
<i>Gross profit margin</i>	-				-	-				-
Operating expenses	(7.9)	3.5	3.6	0.6	(0.3)	(5.4)	0.6	4.6	-	(0.2)
Operating (loss) profit	(7.9)	3.5	3.6	0.6	(0.3)	(5.4)	0.6	4.6	-	(0.2)
Brooks Consolidated										
Revenue	181.9	-	-	-	181.9	189.3	-	-	-	189.3
Gross profit	74.4	-	0.8	-	75.2	75.2	1.2	0.9	-	77.3
<i>Gross profit margin</i>	40.9%				41.3%	39.7%				40.8%
Operating expenses	(57.0)	3.5	3.6	0.6	(49.4)	(54.4)	0.6	4.6	-	(49.2)
Operating profit	17.4	3.5	4.4	0.6	25.8	20.8	1.8	5.5	-	28.1
<i>Operating profit margin</i>	9.6%				14.2%	11.0%				14.8%

GAAP to Non-GAAP Reconciliation

EBITDA and Adjusted EBITDA



\$ millions	<u>Q4'17</u>	<u>Q1'18</u>
Net income	17.4	16.5
<u>Non-GAAP adjustments:</u>		
Interest income	(0.0)	(0.1)
Interest expense	0.1	2.2
Income tax provision	2.2	2.8
Depreciation	3.1	3.0
Amortization of intangible assets	4.4	5.5
EBITDA	<u>27.2</u>	<u>29.9</u>
Purchase accounting impact on inventory and contracts acquired	-	1.2
Stock-based compensation	6.2	4.8
Restructuring charges	0.6	-
Merger and acquisition costs	3.5	0.6
Adjusted EBITDA	<u>37.4</u>	<u>36.5</u>

GAAP to Non-GAAP Reconciliation

Cash Flow From Operations to Free Cash Flow



\$ millions	Q1'18
Net income	16.5
Depreciation & Amortization	8.5
Stock compensation	4.8
Change in working capital	(23.9)
Deferred income tax (benefit)	(0.7)
Other items	(2.1)
Cash flow from operations	3.2
Capital expenditures	(2.7)
Free cash flow	0.5