



## Brooks Automation Conference Call

## FY'20 Second Quarter Financial Results

April 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 second quarter financial results press release issued on April 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](http://www.brooks.com).

# Brooks Q2 FY 2020 Overview



- ✓ **Diversified revenue streams fuel double-digit revenue growth of 11%**
  - Life Sciences 11% growth YtY, with organic growth of 11%
  - Semiconductor 11% growth YtY and 5% sequential expansion
- ✓ **Business model with leverage delivers margin expansion and EPS growth**
  - Non-GAAP EPS increased 48% YtY: \$0.25 per share, + \$0.08
  - Sample Management gross margins up 570 basis points YtY
- ✓ **Strong liquidity with \$198 million net cash**
  - Adjusted operating cash flow of \$26 million



# Brooks Automation Operating Performance

## Quarter ended March 31, 2020



\$ millions, except EPS

|                                     | GAAP           |                  | non-GAAP       |                |                |
|-------------------------------------|----------------|------------------|----------------|----------------|----------------|
|                                     | Q2'20          | QtQ              | Q2'20          | QtQ            | YtY            |
| <b>Revenue</b>                      | <b>220</b>     | <b>5%</b>        | <b>220</b>     | <b>5%</b>      | <b>11%</b>     |
| Gross profit                        | 90             | 6%               | 93             | 6%             | 12%            |
| %                                   | 41.0%          | 0.6 pts.         | 42.2%          | 0.6 pts.       | 0.2 pts.       |
| R&D                                 | 15             | 6%               | 15             | 6%             | 9%             |
| SG&A                                | 60             | 1%               | 52             | 1%             | 14%            |
| Restructuring                       | 1              | 0%               | -              | n/a            | n/a            |
| Operating Income                    | 14.6           | 37%              | 26             | 17%            | 10%            |
| %                                   | 6.6%           | 1.6 pts.         | 11.7%          | 1.2 pts.       | (0.1) pts.     |
| Interest Income (Expense)           | (0.6)          | (\$1)            | (0.6)          | (\$1)          | \$7            |
| Other Income (Expense)              | (1.4)          | (\$1)            | (1.4)          | (\$1)          | (\$1)          |
| Tax Benefit (Expense)               | (3.4)          | (\$6)            | (5.4)          | (\$0)          | (\$3)          |
| Net Income - continuing ops         | 9.2            | (\$4)            | 18.5           | 11%            | 51%            |
| %                                   | 4.2%           | (2.1) pts.       | 8.4%           | 0.5 pts.       | 2.2 pts.       |
| <b>Diluted EPS - continuing ops</b> | <b>\$ 0.12</b> | <b>\$ (0.05)</b> | <b>\$ 0.25</b> | <b>\$ 0.02</b> | <b>\$ 0.08</b> |
| <b>Adjusted EBITDA</b>              |                |                  | <b>34.8</b>    | <b>9%</b>      | <b>6%</b>      |

- High demand, strong supply chain, and adaptive workforce
- Operating leverage of two strong businesses drives margin expansion and EPS growth

# Brooks Life Sciences Performance



\$ millions  
non-GAAP

|                    | <u>Q2'20</u> | <u>QtQ</u>      | <u>YtY</u>      |
|--------------------|--------------|-----------------|-----------------|
| Revenue            | 95           | 4%              | 11%             |
| <i>Organic</i>     |              |                 | 11%             |
| Gross profit       | 44           | 8%              | 20%             |
| %                  | 45.8%        | <i>1.5 pts.</i> | <i>3.3 pts.</i> |
| Operating expenses | 36           | 3%              | 13%             |
| Operating income   | 8            | 36%             | 62%             |
| %                  | <i>8.5%</i>  | <i>2.0 pts.</i> | <i>2.6 pts.</i> |

- Organic revenue growth of 11%
  - GENEWIZ drove 25% organic growth on strong NGS and Synthesis growth
  - Sample Management drove 3% organic growth
- Operating Margin expansion driven by continued gross margin improvement
  - Sample Management up 570 basis points YtY
  - Favorable mix from higher GENEWIZ growth

# Brooks Semiconductor Solutions Performance



\$ millions

Continuing Operations – non-GAAP

|                    | <b>Q2'20</b> | <b>QtQ</b>        | <b>YtY</b>        |
|--------------------|--------------|-------------------|-------------------|
| Revenue            | 125          | 5%                | 11%               |
| <i>Organic</i>     |              |                   | 11%               |
| Gross profit       | 49           | 5%                | 5%                |
| %                  | 39.5%        | <i>(0.1) pts.</i> | <i>(2.0) pts.</i> |
| Operating expenses | 33           | 2%                | 17%               |
| Operating income   | 17           | 11%               | (12%)             |
| %                  | <i>13.4%</i> | <i>0.7 pts.</i>   | <i>(3.4) pts.</i> |

- Second consecutive quarter of record level revenue from Contamination Control Solutions
- Operating margin expanded sequentially and down YtY
  - Gross margins stable sequentially but down year over year driven by mix
  - Gross margin improvement in robots, CCS, and services
  - Operating expense increased on R&D investment and Corporate expense

# Summary Cash Flow



\$ millions

|   | <u>Q2'20</u> | <u>YTD'20</u> |
|---|--------------|---------------|
| Net income                                    | 9            | 22            |
| Deferred income tax benefit                   | (1)          | (9)           |
| Depreciation & amortization                   | 17           | 33            |
| Stock compensation                            | 4            | 9             |
| Change in working capital                     | (3)          | (4)           |
| Other operating items                         | 0            | 1             |
| <b>Adjusted operating cash flow</b>           | <u>26</u>    | <u>51</u>     |
| Income taxes payable - Cryo Sale              | (92)         | (92)          |
| <b>Cash flow from operations</b>              | <b>(66)</b>  | <b>(40)</b>   |
| Capital expenditures                          | (12)         | (21)          |
| <b>Free Cash Flow</b>                         | <b>(77)</b>  | <b>(61)</b>   |
| Divestitures (Acquisitions) Net               | (16)         | (16)          |
| Payments of debt                              | -            | (0)           |
| Dividends                                     | (7)          | (15)          |
| Other   | (4)          | (1)           |
| <b>Net change in cash and marketable sec.</b> | <b>(105)</b> | <b>(94)</b>   |

- \$26 million of adjusted cash flow from operations
  - Reported cash flow from operations includes \$92 million of tax payments related to the 2019 sale of the Semiconductor Cryo business
- Used \$12 million of cash for growth CAPEX and \$16 million for RURO acquisition

# Summary Balance Sheet

## Quarter Ended March 31, 2020



\$ millions

|   | <b>Dec 31<br/>2019</b> | <b>Mar 31<br/>2020</b> | <i>QtQ</i>   |
|---|------------------------|------------------------|--------------|
| <b>Cash, restricted cash, and marketable securities</b> | <b>353</b>             | <b>249</b>             | <b>(105)</b> |
| Accounts receivable, net                                | 165                    | 179                    | 14           |
| Inventories   | 105                    | 108                    | 3            |
| Other current assets                                    | 43                     | 40                     | (3)          |
| Accounts payable  | (65)                   | (64)                   | 1            |
| Deferred revenue  | (29)                   | (29)                   | (0)          |
| Short-term debt   | (1)                    | (1)                    | (0)          |
| Other current liabilities                               | (188)                  | (103)                  | 85           |
| <b>Net working capital</b>                              | <b>30</b>              | <b>130</b>             | <b>99</b>    |
| Property, plant and equipment                           | 105                    | 109                    | 3            |
| Goodwill and intangible assets                          | 733                    | 735                    | 2            |
| Long-term debt  | (50)                   | (50)                   | (0)          |
| Net long-term deferred tax assets (liabilities)         | (8)                    | (7)                    | 1            |
| Other net long-term assets (liabilities)                | (5)                    | (3)                    | 2            |
| <b>Net assets</b>                                       | <b>1,159</b>           | <b>1,161</b>           | <b>2</b>     |

- \$249 million of cash and marketable securities
- \$198 million of net cash available for operations and investments



# Summary and Guidance



|                                 | <u>Q2'20</u> | <u>Guidance<br/>Q3'20</u> |
|---------------------------------|--------------|---------------------------|
| Revenue                         | \$220        | \$200 - \$215             |
| Adjusted EBITDA                 | \$35         | \$26 - \$34               |
| Non-GAAP diluted EPS            | \$0.25       | \$0.16 - \$0.24           |
| GAAP diluted EPS - Total Brooks | \$0.12       | \$0.04 - \$0.12           |

- ✓ **Fundamentals of the business remain strong for the long term**
  - Leadership positions in both markets
  - Strong liquidity provides strategic flexibility
- ✓ **Our momentum in the market remains strong with near-term caveats**
  - Semi Capex environment depends on decisions of the concentrated end-users and continuity of the industry supply chain
  - Life Sciences' pharma, biotech, and clinical markets are actively feeding our momentum, while academic research has not returned
  - Maintaining investments now to keep team in place, accelerate development, and to extend our leadership during these turbulent times



## **GAAP to Non-GAAP Bridges**

# Reconciliation of GAAP to Non-GAAP – Q2'20

## Continuing Operations



\$ millions, except EPS

|                                | <b>GAAP<br/>Results<br/>Q2 FY20</b> | <b>Merger and<br/>Acquisition<br/>Costs</b> | <b>Amortization<br/>Expense</b> | <b>Restructuring<br/>Charges</b> | <b>Tax Effect on<br/>Adjustments</b> | <b>Other Tax<br/>Items</b> | <b>Non-GAAP<br/>Results<br/>Q2 FY20</b> |
|--------------------------------|-------------------------------------|---|---------------------------------|----------------------------------|--------------------------------------|----------------------------|---|
| Revenue                        | 220.2                               | -   | -                               | -                                | -                                    | -                          | 220.2                                   |
| Gross profit                   | 90.3                                | -   | 2.7                             | -                                | -                                    | -                          | 93.0                                    |
| <i>Gross profit margin</i>     | <i>41.0%</i>                        |   |                                 |                                  |                                      |                            | <i>42.2%</i>                            |
| Operating Expenses             | (75.1)                              | 0.3   | 7.6                             | -                                | -                                    | -                          | (67.2)                                  |
| Restructuring charges          | (0.6)                               | -   | -                               | 0.6                              | -                                    | -                          | -                                       |
| Operating profit               | 14.6                                | 0.3   | 10.4                            | 0.6                              | -                                    | -                          | 25.8                                    |
| <i>Operating profit margin</i> | <i>6.6%</i>                         |   |                                 |                                  |                                      |                            | <i>11.7%</i>                            |
| Interest expense, net          | (0.6)                               | -   | -                               | -                                | -                                    | -                          | (0.6)                                   |
| Other income (expense), net    | (1.4)                               | -   | -                               | -                                | -                                    | -                          | (1.4)                                   |
| Income tax benefit (provision) | (3.4)                               | -   | -                               | -                                | (3.0)                                | 1.0                        | (5.4)                                   |
| Net Income                     | 9.2                                 | 0.3   | 10.4                            | 0.6                              | (3.0)                                | 1.0                        | 18.5                                    |
| Diluted EPS                    | 0.12                                | 0.00  | 0.14                            | 0.01                             | (0.04)                               | 0.01                       | 0.25                                    |

# GAAP to Non-GAAP Reconciliation

## Q2'20 Segments – Continuing Operations



\$ millions

|                                | <b>GAAP<br/>Results</b> | <b>Amortization</b> | <b>Non-GAAP<br/>Results</b> |
|--------------------------------|-------------------------|---------------------|-----------------------------|
|                                | <b>Q2 FY20</b>          | <b>Expense</b>      | <b>Q2 FY20</b>              |
| <b>BSSG</b>                    |                         |                     |                             |
| Revenue                        | 124.9                   | -                   | 124.9                       |
| Gross profit                   | 48.6                    | 0.7                 | 49.4                        |
| <i>Gross profit margin</i>     | <i>38.9%</i>            |                     | <i>39.5%</i>                |
| Operating expenses             | (32.7)                  |                     | (32.7)                      |
| Operating profit               | 16.0                    | 0.7                 | 16.7                        |
| <i>Operating profit margin</i> | <i>12.8%</i>            |                     | <i>13.4%</i>                |
| <b>BLS</b>                     |                         |                     |                             |
| Revenue                        | 95.3                    | -                   | 95.3                        |
| Gross profit                   | 41.7                    | 2.0                 | 43.7                        |
| <i>Gross profit margin</i>     | <i>43.7%</i>            |                     | <i>45.8%</i>                |
| Operating expenses             | (35.6)                  |                     | (35.6)                      |
| Operating profit               | 6.1                     | 2.0                 | 8.1                         |
| <i>Operating profit margin</i> | <i>6.4%</i>             |                     | <i>8.5%</i>                 |

# Reconciliation of GAAP to Non-GAAP – Q1'20

## Continuing Operations



\$ millions, except EPS

|                                | GAAP Results |              | Merger and Acquisition Costs | Amortization Expense | Restructuring Charges | Tax Effect on Adjustments | Other Tax Items | Non-GAAP Results |              |
|--------------------------------|--------------|--------------|------------------------------|----------------------|-----------------------|---------------------------|-----------------|------------------|--------------|
|                                | Q1           | FY20         |                              |                      |                       |                           |                 | Q1               | FY20         |
| Revenue                        |              | 210.5        | -                            | -                    | -                     | -                         | -               |                  | 210.5        |
| Gross profit                   |              | 85.0         | -                            | 2.7                  | -                     | -                         | -               |                  | 87.7         |
| <i>Gross profit margin</i>     |              | <i>40.4%</i> |                              |                      |                       |                           |                 |                  | <i>41.6%</i> |
| Operating Expenses             |              | (73.7)       | 0.2                          | 7.9                  | -                     | -                         | -               |                  | (65.6)       |
| Restructuring charges          |              | (0.6)        | -                            | -                    | 0.6                   | -                         | -               |                  | -            |
| Operating profit               |              | 10.7         | 0.2                          | 10.6                 | 0.6                   | -                         | -               |                  | 22.0         |
| <i>Operating profit margin</i> |              | <i>5.1%</i>  |                              |                      |                       |                           |                 |                  | <i>10.5%</i> |
| Interest expense, net          |              | (0.0)        | -                            | -                    | -                     | -                         | -               |                  | (0.0)        |
| Other income (expense), net    |              | (0.4)        | -                            | -                    | -                     | -                         | -               |                  | (0.4)        |
| Income tax benefit (provision) |              | 3.0          | -                            | -                    | -                     | (2.7)                     | (5.2)           |                  | (4.9)        |
| Net Income                     |              | 13.2         | 0.2                          | 10.6                 | 0.6                   | (2.7)                     | (5.2)           |                  | 16.6         |
| Diluted EPS                    |              | 0.18         | 0.00                         | 0.14                 | 0.01                  | (0.04)                    | (0.07)          |                  | 0.23         |

# GAAP to Non-GAAP Reconciliation

## Q1'20 Segments – Continuing Operations



\$ millions

|                                | <b>GAAP<br/>Results</b> | <b>Amortization</b> | <b>Non-GAAP<br/>Results</b> |
|--------------------------------|-------------------------|---------------------|-----------------------------|
|                                | <b>Q1 FY20</b>          | <b>Expense</b>      | <b>Q1 FY20</b>              |
| <b>BSSG</b>                    |                         |                     |                             |
| Revenue                        | 118.8                   | -                   | 118.8                       |
| Gross profit                   | 46.3                    | 0.7                 | 47.0                        |
| <i>Gross profit margin</i>     | <i>39.0%</i>            |                     | <i>39.6%</i>                |
| Operating expenses             | (32.0)                  |                     | (32.0)                      |
| Operating profit               | 14.3                    | 0.7                 | 15.0                        |
| <i>Operating profit margin</i> | <i>12.0%</i>            |                     | <i>12.6%</i>                |
| <b>BLS</b>                     |                         |                     |                             |
| Revenue                        | 91.7                    | -                   | 91.7                        |
| Gross profit                   | 38.7                    | 1.9                 | 40.6                        |
| <i>Gross profit margin</i>     | <i>42.2%</i>            |                     | <i>44.3%</i>                |
| Operating expenses             | (34.7)                  |                     | (34.7)                      |
| Operating profit               | 4.0                     | 1.9                 | 6.0                         |
| <i>Operating profit margin</i> | <i>4.4%</i>             |                     | <i>6.5%</i>                 |

# Reconciliation of GAAP to Non-GAAP – Q2'19

## Continuing Operations



\$ millions, except EPS

|                                | <b>GAAP<br/>Results<br/>Q2 FY19</b> | <b>Merger and<br/>Acquisition<br/>Costs</b> | <b>Amortization<br/>Expense</b> | <b>Restructuring<br/>Charges</b> | <b>Loss on debt<br/>extinguishment</b> | <b>Tax Effect<br/>on<br/>Adjustments</b> | <b>Other<br/>Tax<br/>Items</b> | <b>Non-GAAP<br/>Results<br/>Q2 FY19</b> |
|--------------------------------|-------------------------------------|---|---------------------------------|----------------------------------|--|--|--------------------------------|---|
| 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

|                                | <b>GAAP<br/>Results</b> | <b>Amortization</b> | <b>Non-GAAP<br/>Results</b> |
|--------------------------------|-------------------------|---------------------|-----------------------------|
|                                | <b>Q2 FY19</b>          | <b>Expense</b>      | <b>Q2 FY19</b>              |
| <b>BSSG</b>                    |                         |                     |                             |
| 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>                |
| <b>BLS</b>                     |                         |                     |                             |
| 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>                 |



# Net Income Reconciliation to Adjusted EBITDA

## Q2'20 – Continuing Operations



\$ millions

|  | <u>Q2'19</u> | <u>Q1'20</u> | <u>Q2'20</u> |
|--|--------------|--------------|--------------|
| Net income   | 3.4          | 13.1         | 9.1          |
| Income (loss) from discontinued operations, net of tax | (6.2)        | 0.1          | 0.1          |
| <b>Net income (loss) from continuing operations</b>    | <b>(2.8)</b> | <b>13.2</b>  | <b>9.2</b>   |
| <u>Adjustments:</u>                                    |              |              |              |
| Interest income  | (0.3)        | (0.7)        | (0.1)        |
| Interest expense                                       | 8.0          | 0.7          | 0.7          |
| Income tax provision (benefit)                         | (1.0)        | (3.0)        | 3.4          |
| Depreciation   | 5.1          | 5.9          | 6.2          |
| Amortization of intangible assets                      | 9.4          | 10.6         | 10.4         |
| Loss on extinguishment of debt                         | 9.1          | -            | -            |
| <b>EBITDA-from Continuing Operations</b>               | <b>27.4</b>  | <b>26.7</b>  | <b>29.8</b>  |
| <u>Non-GAAP adjustments:</u>                           |              |              |              |
| Stock-based compensation                               | 5.1          | 4.4          | 4.2          |
| Restructuring charges                                  | 0.4          | 0.6          | 0.6          |
| Restructuring related charges                          | -            | -            | -            |
| Merger and acquisition costs / Other                   | 0.0          | 0.2          | 0.3          |
| <b>Adjusted EBITDA - from Continuing Operations</b>    | <b>32.9</b>  | <b>31.9</b>  | <b>34.8</b>  |