

BROOKS AUTOMATION INC
Form 10-Q
February 05, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended: December 31, 2017

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number 000-25434

BROOKS AUTOMATION, INC.

(Exact name of registrant as specified in its charter)

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Delaware 04-3040660
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

15 Elizabeth Drive

Chelmsford, Massachusetts

(Address of principal executive offices)

01824

(Zip Code)

Registrant's telephone number, including area code: (978) 262-2400

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date, January 26, 2018: common stock, \$0.01 par value and 70,429,583 shares outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

BROOKS AUTOMATION, INC.

CONSOLIDATED BALANCE SHEETS

(unaudited)

(In thousands, except share and per share data)

	December 31, 2017	September 30, 2017
	(In thousands, except share and per share data)	
Assets		
Current assets		
Cash and cash equivalents	\$ 202,339	\$ 101,622
Marketable securities	15,658	28
Accounts receivable, net	139,047	120,828
Inventories	115,033	106,395
Prepaid expenses and other current assets	24,782	23,138
Total current assets	496,859	352,011
Property, plant and equipment, net	60,294	58,462
Long-term marketable securities	13,885	2,642
Long-term deferred tax assets	1,642	1,692
Goodwill	272,724	233,638
Intangible assets, net	105,757	83,520
Equity method investment	30,925	28,593
Other assets	5,591	6,070
Total assets	\$ 987,677	\$ 766,628
Liabilities and Stockholders' Equity		
Current liabilities		
Current portion of long term debt	\$ 1,993	\$ —
Accounts payable	54,242	49,100
Deferred revenue	25,701	24,292
Accrued warranty and retrofit costs	8,218	8,054
Accrued compensation and benefits	16,027	27,065
Accrued restructuring costs	1,127	1,708
Accrued income taxes payable	15,120	11,417
Accrued expenses and other current liabilities	26,977	25,142
Total current liabilities	149,405	146,778
Long-term debt	195,276	—
Long-term tax reserves	1,412	1,687
Long-term deferred tax liabilities	8,290	3,748
Long-term pension liabilities	1,995	1,979
Other long-term liabilities	5,295	4,792
Total liabilities	361,673	158,984

Commitments and contingencies (Note 16)

Stockholders' Equity

Preferred stock, \$0.01 par value- 1,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock, \$0.01 par value- 125,000,000 shares authorized, 83,891,452 shares issued and 70,429,583 shares outstanding at December 31, 2017, 83,294,848 shares issued and 69,832,979 shares outstanding at September 30, 2017	839	833
Additional paid-in capital	1,879,721	1,874,918
Accumulated other comprehensive income	19,335	15,213
Treasury stock, at cost- 13,461,869 shares	(200,956)	(200,956)
Accumulated deficit	(1,072,935)	(1,082,364)
Total stockholders' equity	626,004	607,644
Total liabilities and stockholders' equity	\$ 987,677	\$ 766,628

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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BROOKS AUTOMATION, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

(In thousands, except per share data)

	Three Months Ended December 31,	
	2017	2016
Revenue		
Products	\$ 142,184	\$ 122,114
Services	47,144	37,841
Total revenue	189,328	159,955
Cost of revenue		
Products	84,177	75,679
Services	29,936	27,333
Total cost of revenue	114,113	103,012
Gross profit	75,215	56,943
Operating expenses		
Research and development	13,200	10,845
Selling, general and administrative	41,175	31,962
Restructuring charges	—	975
Total operating expenses	54,375	43,782
Operating income	20,840	13,161
Interest income	149	68
Interest expense	(2,181)	(96)
Gain on settlement of equity method investment	—	1,847
Other expenses, net	(1,652)	(251)
Income before income taxes and earnings of equity method investments	17,156	14,729
Income tax provision	2,850	2,800
Income before equity in earnings of equity method investments	14,306	11,929
Equity in earnings of equity method investments	2,180	1,942
Net income	\$ 16,486	\$ 13,871
Basic net income per share	\$ 0.23	\$ 0.20
Diluted net income per share	0.23	0.20
Dividend declared per share	0.10	0.10
Weighted average shares used in computing net income per share:		
Basic	70,183	69,181
Diluted	70,864	69,870

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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BROOKS AUTOMATION, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)

(In thousands)

	Three Months Ended December 31,	
	2017	2016
Net income	\$ 16,486	\$ 13,871
Other comprehensive income (loss), net of tax:		
Cumulative foreign currency translation adjustments	4,131	(10,103)
Unrealized losses on marketable securities, net of tax effects of \$0 during each of the three months ended December 31, 2017 and 2016	—	(11)
Actuarial (losses) gains, net of tax effects of (\$2), and \$2 during the three months ended December 31, 2017 and 2016	(9)	11
Total other comprehensive income (loss), net of tax	4,122	(10,103)
Comprehensive income	\$ 20,608	\$ 3,768

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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BROOKS AUTOMATION, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(In thousands)

	Three Months Ended December 31,	
	2017	2016
Cash flows from operating activities		
Net income	\$ 16,486	\$ 13,871
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,521	6,752
Gain on settlement of equity method investment	—	(1,847)
Stock-based compensation	4,809	2,498
Amortization of premium on marketable securities and deferred financing costs	122	79
Earnings of equity method investments	(2,180)	(1,942)
Deferred income tax benefit	(689)	(421)
Other gains on disposals of assets	—	(109)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(16,157)	(11,137)