

Brooks Automation, Inc.

Recommendation **HOLD** ★ ★ ★ ★ ★

Price
\$30.03 (as of Oct 05, 2017 4:00 PM ET)

12-Mo. Target Price
\$31.00

Report Currency
USD

Investment Style
Small-Cap Blend

Equity Analyst David Holt

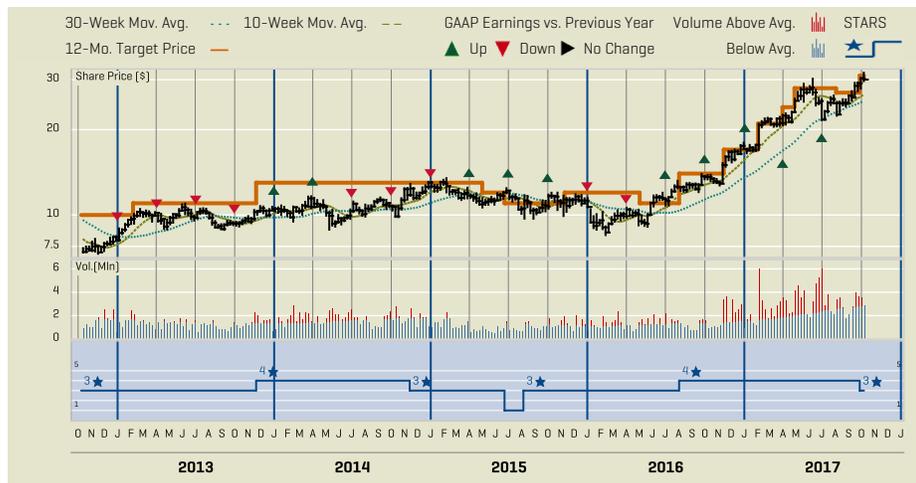
GICS Sector Information Technology
Sub-Industry Semiconductor Equipment

Summary BRKS supplies semiconductor factory automation hardware to semiconductor manufacturers, as well as semiconductor equipment OEMs (original equipment manufacturers).

Key Stock Statistics (Source: CFRA, S&P Global Market Intelligence (SPGMI), Company Reports)

52-Wk Range	\$30.42 - 12.71	Oper. EPS 2017E	1.18	Market Capitalization(B)	\$2.095	Beta	-0.57
Trailing 12-Month EPS	NM	Oper. EPS 2018E	1.36	Yield (%)	1.33	3-Yr Proj. EPS CAGR[%]	39
Trailing 12-Month P/E	38.74	P/E on Oper. EPS 2017E	26.24	Dividend Rate/Share	\$0.40	SPGMI's Quality Ranking	B-
\$10K Invested 5 Yrs Ago	\$44,173	Common Shares Outstg.(M)	69.8	Institutional Ownership [%]	97		

Price Performance



Source: CFRA, S&P Global Market Intelligence

Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst **David Holt** on Sep 27, 2017 04:06 PM, when the stock traded at **\$29.06**.

Highlights

- Revenues in FY 16 [Sep.] grew 1.4%, which we see accelerating by 22.5% in FY 17. For FY 18, we still see solid growth [8%] but note tougher comparables will likely remain a drag. We continue to see ramping chip equipment orders, reflected by solid booking trends [\$42M for Jun-Q], but do note the potential for a temporary pause in Semis in Sep-Q (7%-8% reduction). Demand will likely resume to close out FY 17. We think capital spending levels from key chip makers have stabilized, and we see opportunities for BRKS with future budget increases. Its recent BioStorage acquisition continues to grow as expected, with new customers and strong backlog. We remain positive longer term, given the secular growth trends for smartphones and mobile devices. We remain encouraged by diversification away from the life sciences business.
- We see gross margin expansion from 36% in FY 16 to 38.5% in FY 17. Margins will benefit from tight cost controls and a better product mix [Life Sciences], following previous acquisitions and divestitures. We see R&D expenses at high levels as BRKS looks to invest in new markets.
- We project an EPS of \$1.18 for FY 17 [large rise from FY 16 levels of \$0.47] and \$1.36 for FY 18.

Investment Rationale/Risk

- Currently, we see strong fundamentals within the semiconductor space and encouraging demand trends from its largest OEM customers, for semi equipment. We positively view recent 3D NAND capacity increases and the build out of the 10-nanometer foundry expansion. We also remain encouraged by demand increases and market share gains from overseas OEMs (China, Korea and Taiwan) in vacuum automation. We continue to grow increasingly optimistic regarding its Life Sciences segment, which continues to deliver solid sequential growth for the past seven consecutive quarters. While BRKS continues to be a direct beneficiary for the ongoing transition to smaller devices, execution remains crucial, given heightened expectations going forward.
- Risks to our recommendation and target price include slower-than-expected semiconductor equipment growth, a weaker-than-expected global economy and a dramatic decline in sales of higher-margin products.
- Our 12-month target of \$31 is on 22.8X our FY 18 EPS estimate, above semi-equip peers at 18.2X, but merited given solid growth [20%+ top-line] and its leading position in automation solutions.

Analyst's Risk Assessment

LOW	MEDIUM	HIGH
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Our risk assessment reflects the historical cyclicality of the semiconductor equipment industry, the lack of visibility in the medium term, and the dynamic nature of changes in BRKS's technologies. This is only partly offset by our view of BRKS's strong market position and balance sheet.

Revenue/Earnings Data

Revenue (Million U.S. \$)

	1Q	2Q	3Q	4Q	Year
2018	--	--	--	--	--
2017	160	169	182	--	--
2016	120	135	148	158	560
2015	123	139	145	146	553
2014	117	126	117	123	483
2013	92	109	111	111	422

Earnings Per Share (U.S. \$)

	1Q	2Q	3Q	4Q	Year
2018	E 0.31	E 0.34	E 0.36	E 0.35	E 1.36
2017	0.20	0.20	0.25	E 0.30	E 1.18
2016	-0.07	-1.22	0.12	0.15	-1.01
2015	-0.04	0.04	0.11	0.10	0.21
2014	0.03	0.03	-0.04	0.00	0.02
2013	-0.16	-0.05	0.07	0.03	-0.11

Fiscal year ended Sep 30. Next earnings report expected: Early Nov. EPS Estimates based on CFRA's Operating Earnings; historical GAAP earnings are as reported in Company reports.

Dividend Data

Amount [\$]	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.10	Nov 10	Nov 30	Dec 02	Dec 23 '16
0.10	Feb 01	Mar 01	Mar 03	Mar 24 '17
0.10	Apr 27	May 31	Jun 02	Jun 23 '17
0.10	Aug 02	Sep 07	Sep 08	Sep 29 '17

Past performance is not an indication of future performance and should not be relied upon as such.

Forecasts are not reliable indicator of future performance.

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Brooks Automation, Inc.

Business Summary September 27, 2017

CORPORATE OVERVIEW. We view Brooks Automation as a leading supplier of semiconductor tools and factory equipment. BRKS currently operates in the following reportable segments: Brooks Product Solutions, Brooks Life Science Systems, and Brooks Global Services. Its Contract Manufacturing business, which provided outsourced contract manufacturing services to semiconductor equipment manufacturers, was sold in June 2011.

Brooks Product Solutions provides products such as robots and robotic modules for atmospheric and vacuum applications and cryogenic vacuum pumping, thermal management and vacuum measurement solutions used to create, measure and control critical process vacuum applications.

Life Science Systems provides automated sample management systems, including automated sample storage, automated blood fractionation equipment, sample preparation and handling equipment, consumables, parts and support services to a wide range of life science customers, including pharmaceutical companies, biotechnology companies, biobanks, national laboratories, research institutes and research universities.

The Global Services segment provides an extensive range of support services including on- and off-site repair services, on- and off-site diagnostic support services, and installation services to enable customers to maximize process tool uptime and productivity. This segment also provides end-user customers with spare part support services to maximize customer tool productivity. The segment mostly serves semiconductor industry customers.

The company has expertise in the areas of cluster-tool vacuum-processing environments and integrated factory automation software applications. Over the years, BRKS's product line has expanded considerably, from individual robots used to transfer semiconductor wafers to fully integrated hardware solutions to control the flow of resources through a factory. Tool automation systems provide makers of semiconductor equipment with standard automation features to add to their tools. Major product lines include atmospheric and vacuum robots and modules, integrated vacuum and atmospheric automation systems, and LCD systems [for flat-panel display manufacturing].

BRKS uses a just-in-time manufacturing strategy for a significant portion of its manufacturing process. It thinks this strategy, along with outsourcing non-critical components such as machined parts, wire harnesses and PC boards, reduces its fixed operating costs, improves working capital efficiency, reduces manufacturing cycle times and improves flexibility to rapidly adjust production capacities.

Some of BRKS's competitors include Daihan, Daikin and Rorze in external vacuum automation; Sumitomo and MKS Instruments in vacuum subsystems; Asyst, Hirata and Kawasaki in atmospheric tool automation; and SHI and Genesis in vacuum cryogenic pumps.

IMPACT OF MAJOR DEVELOPMENTS. In June 2011, BRKS completed the sale of its contract manufacturing services business to Celestica for \$79 million in cash. We view the deal positively, as we expect BRKS to use the funds to expand into higher-growth businesses. We also see the divestiture of this business improving BRKS's longer-term margin profile and profitability potential.

In July 2011, BRKS announced the acquisition of Nexus Biosystems, a maker of automated compound and sample management solutions for life sciences. The net cash purchase price was \$79 million, with another \$6.7 million paid for unrestricted cash held at closing. We think this acquisition will diversify BRKS's end-market exposure. The company has made other acquisitions in the life sciences arena in recent years, but at a much smaller scale.

In October 2014, it acquired FluidX, a consumable same tube and bench-top instrument business. Later, in November 2015, BRKS acquired Biostorage Technologies, and in November 2016, acquired Cool Lab. We think these strategic acquisitions helped broaden its cryogenic transport and cold storage capabilities.

FINANCIAL TRENDS. BRKS's business is significantly reliant on capital expenditures by semiconductor manufacturers and original equipment manufacturers (OEMs) that are dependent on the demand for semiconductors. The demand for semiconductors is extremely cyclical and will often face sharp upturns and downturns. We view BRKS as a technology and market share leader in the automation equipment industry that is continuing to gain market share, which has aided top-line growth. We see improving efficiency in the company's manufacturing and supply chain operations aiding longer-term profitability. Ending FY 16, BRKS has no debt, and around \$91 million in cash on its balance sheet.

Corporate Information

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Officers

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J.R. Martin

CEO & Pres

S.S. Schwartz

EVP & CFO

L.G. Robertson

Secy & General Counsel

J.W. Joseph

Chief Acctg Officer & Cntrl

D.F. Pietrantoni

Board Members

A.C. Allen

R.C. Davis

J.R. Martin

J.K. McGillicuddy

K.G. Palepu

K.P. Pond

S.S. Schwartz

A. Woollacott, III

M.S. Wrighton

E.M. Zane

Domicile

Delaware

Founded

1978

Employees

1,310

Stockholders

593

Auditor

PricewaterhouseCoopers
LLP

Brooks Automation, Inc.

Quantitative Evaluations						
Fair Value Rank	1	1	2	3	4	5
		LOWEST				HIGHEST
		Based on CFRA's proprietary quantitative model, stocks are ranked from most overvalued [1] to most undervalued [5].				
Fair Value Calculation	\$24.82	Analysis of the stock's current worth, based on CFRA's proprietary quantitative model suggests that BRKS is overvalued by \$5.21 or 17.3%.				
Volatility		LOW	AVERAGE	HIGH		
Technical Evaluation	BULLISH	Since August, 2017, the technical indicators for BRKS have been BULLISH.				
Insider Activity		UNFAVORABLE	NEUTRAL	FAVORABLE		

Expanded Ratio Analysis				
	2016	2015	2014	2013
Price/Sales	1.66	1.45	1.47	1.45
Price/EBITDA	19.38	16.33	23.20	32.75
Price/Pretax Income	147.20	45.48	-1545.52	-50.72
P/E Ratio	-13.42	55.76	525.50	-84.64
Avg. Diluted Shares Outsg.(M)	68.51	68.55	67.64	65.91

Figures based on fiscal year-end price

Key Growth Rates and Averages			
Past Growth Rate [%]	1 Year	3 Years	5 Years
Sales	1.38	9.87	-4.03
Net Income	NM	NM	-12
Ratio Analysis [Annual Avg.]			
Net Margin [%]	NM	NM	NM
Return on Equity [%]	-11.72	-3.08	2.44

Company Financials Fiscal year ending Sep. 30

Per Share Data [U.S. \$]	2016	2015	2014	2013	2012	2011	2010
Tangible Book Value	4.07	7.07	7.38	7.44	8.19	6.02	5.14
Free Cash Flow	0.39	0.41	0.72	0.77	0.42	1.26	0.49
Earnings	-1.01	0.21	0.02	-0.11	2.01	2.01	0.93
Earnings [Normalized]	0.20	0.24	0.08	-0.02	0.16	0.85	0.51
Dividends	0.40	0.40	0.34	0.32	0.32	0.16	NA
Payout Ratio [%]	NM	190	73	NM	15	4	NA
P/E Ratio: High	NM	64.2	NM	NM	6.3	7.3	11.6
P/E Ratio: Low	NM	46.0	NM	NM	3.7	3.2	5.9

Income Statement Analysis [Million U.S. \$]	2016	2015	2014	2013	2012	2011	2010
Revenue	560	553	483	422	489	688	593
Operating Income	20.1	24.0	7.2	-5.4	13.5	81.5	49.5
Depreciation + Amortization	28.0	25.2	23.5	24.2	21.6	17.2	18.4
Interest Expense	0.157	0.395	0.202	0.002	0.014	0.065	0.080
Pretax Income	6.3	17.7	-0.5	-12.1	5.6	132.4	57.1
Effective Tax Rate	1,197	19	430	41	-2,240	1	-5
Net Income	-69.5	14.2	31.4	-2.2	136.8	130.4	59.8
Net Income [Normalized]	13.6	16.4	5.7	-1.4	10.8	55.3	32.5

Balance Sheet and Other Financial Data [Million U.S. \$]	2016	2015	2014	2013	2012	2011	2010
Cash	85	151	162	129	140	125	109
Current Assets	299	356	374	355	347	321	327
Total Assets	686	759	778	737	742	637	518
Current Liabilities	120	113	114	93	81	96	108
Long Term Debt	NA	NA	NA	NA	NA	NA	NA
Total Capital	554	632	651	633	649	519	389
Capital Expenditures	12.85	16.15	5.52	3.63	8.65	6.46	3.47
Cash from Operations	39.5	43.7	53.8	54.4	36.0	87.7	27.9
Current Ratio	2.50	3.15	3.29	3.83	4.28	3.35	3.03
% Long Term Debt of Capitalization	NA	NA	NA	NA	NA	NA	NA
% Net Income of Revenue	-12.4	2.6	6.5	-0.5	28.0	18.9	10.1
% Return on Assets	1.74	1.95	0.59	-0.46	1.22	8.82	6.65
% Return on Equity	-11.7	2.2	0.2	-1.1	22.6	28.7	16.9

Source: S&P Global Market Intelligence. Data may be preliminary or restated; before results of discontinued operations/special items. Per share data adjusted for stock dividends; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Brooks Automation, Inc.

Sub-Industry Outlook

Our fundamental outlook for the semiconductor equipment sub-industry for the next 12 months is neutral. We see an increase in orders as leading-edge manufacturers invest in next generation tools, and remain optimistic about growth in the foreseeable future. Memory spending will likely account for about 40%-50% of overall revenues in 2018, growing in importance over the last several years. CFRA sees continued growing demand for NAND flash memory equipment, given a healthy global demand for smartphones and the ongoing adoption for solid-state devices. In addition, technology investments related to 3D NAND should provide a boost to spending demand conditions. We expect DRAM related investments will remain steady and note that following consolidation over the past decade, Samsung and Micron virtually control the DRAM market.

Foundry spending in 2018 will likely be driven by 10m and below investments, as customers add capacity on these advanced technology nodes. We estimate that spending by foundry manufacturers will rise slightly in 2018. Foundries' share in total capital expenditures should be between 40% and 45% in 2018, based on our estimates. Logic equipment spending, driven by Intel, will likely represent about 10% of industry sales in 2018. Semiconductor equipment sales are highly concentrated, with Intel, Taiwan Semiconductor, and Samsung expected to comprise more than 60% of total sales in the coming year. We also note that equipment providers exposed to the flat panel display industry should also benefit from a surge in mobile device demand for Organic LED [OLED] displays.

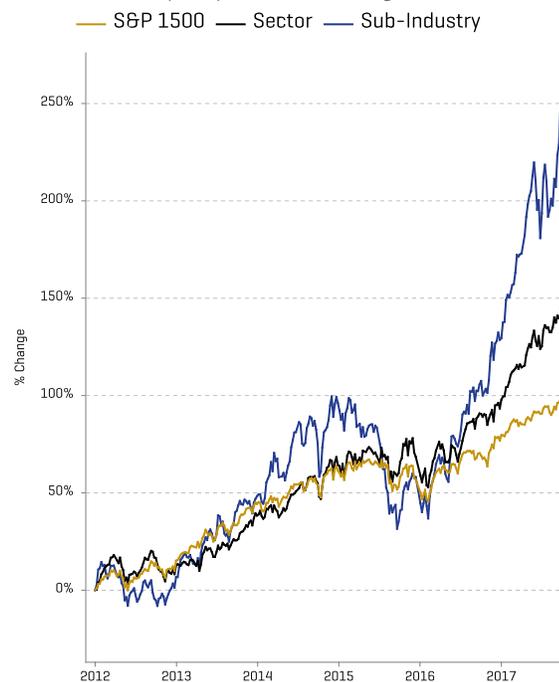
Despite limited visibility, we anticipate that customers will look to invest in next generation technology, assuming modest global economic growth. In addition, we think customer utilization will remain at healthy levels to support capital investments by leading edge manufacturers. We expect normalized semiconductor inventories, as customers closely monitor production levels to better align supply with slowing demand. Longer term, we see rising orders supported by the emergence of new products as well as improving demand for devices such as computers and handsets. We think customers are placing orders on advanced machinery at lower technology nodes, and we think the release of lower priced/more efficient mobile devices should provide additional growth drivers for end-demand.

Year-to-date through September 29, 2017, the S&P 1500 Semiconductor Equipment Index is up 52.9% compared with an increase of 12.5% for the S&P 1500. The S&P Semiconductor Equipment Index rose 42.4% for the full year in 2016, versus an increase of 10.6% for the S&P 1500.

Industry Performance

GICS Sector: Information Technology Sub-Industry: Semiconductor Equipment

Based on S&P 1500 Indexes
Five-Year market price performance through Oct 07, 2017



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS).

Past performance is not an indication of future performance and should not be relied upon as such.

Source: S&P Global Market Intelligence

Sub-Industry: Semiconductor Equipment Peer Group*: Semiconductor Equipment

Peer Group	Stock Symbol	Exchange	Currency	Recent Stock Price [\$]	Stk. Mkt. Cap. [M \$]	30-Day Price Chg. [%]	1-Year Price Chg. [%]	P/E Ratio	Yield [%]	Return on Equity [%]	LTD to Cap [%]
Brooks Automation, Inc.	BRKS	NasdaqGS	USD	30.03	2,095	15.9	121.0	38	1.3	-11.7	NA
Aixtron SE	AIXX.F	OTCPK	USD	12.98	1,443	28.4	114.2	NM	Nil	-6.3	NA
Amkor Technology, Inc.	AMKR	NasdaqGS	USD	10.54	2,522	18.3	6.5	10	Nil	12.8	50.0
BE Semiconductor Industries N.V.	BESI.Y	OTCPK	USD	69.35	2,777	4.4	96.8	23	2.7	19.3	25.5
Cabot Microelectronics Corporation	CCMP	NasdaqGS	USD	80.39	2,034	13.3	52.2	25	1.0	12.9	22.7
FormFactor, Inc.	FORM	NasdaqGS	USD	17.05	1,237	13.7	53.6	NM	Nil	-1.9	23.3
Kulicke and Soffa Industries, Inc.	KLIC	NasdaqGS	USD	22.03	1,566	15.6	65.4	18	Nil	6.0	2.0
SolarEdge Technologies, Inc.	SEDG	NasdaqGS	USD	28.75	1,210	8.7	67.3	25	Nil	36.2	NA
Ultra Clean Holdings, Inc.	UCTT	NasdaqGS	USD	29.97	1,006	31.6	302.3	22	Nil	4.8	17.9
Veeco Instruments Inc.	VECO	NasdaqGS	USD	20.80	1,007	6.9	-0.6	NM	Nil	-18.7	0.1
Xperi Corporation	XPER	NasdaqGS	USD	25.85	1,280	-2.3	-33.5	NM	3.1	11.0	52.9

*For Peer Groups with more than 10 companies or stocks, selection of issues is based on market capitalization.

NA-Not Available NM-Not Meaningful.

Note: Peers are selected based on Global Industry Classification Standards and market capitalization. The peer group list includes companies with similar characteristics, but may not include all the companies within the same industry and/or that engage in the same line of business.

Brooks Automation, Inc.

Analyst Research Notes and other Company News

September 27, 2017

02:57 pm ET... quote;CFRA LOWERS VIEW ON SHARES OF BROOKS AUTOMATION TO HOLD FROM BUY" (BRKS 29.0554***): quote;We increase our 12-month target price by \$4 to \$31, 22.8X our FY 18 EPS estimate, above semi-equipment peers at 18.2X, largely supported by co.'s top-line growth profile (20%+ in FY 17) and demand in packaging and automation (3D memory). We lift our FY 17 EPS est. to \$1.18 from \$1.09 and FY 18 EPS to \$1.36 from \$1.22. Our downgrade largely reflects price performance (up 72% YTD). While we think the slowdown for semis in Sep-Q (7%-8% sequentially) is most likely transient, we see unfavorable risk/reward at these elevated levels if demand expectations fail to fully materialize." quote;/David Holt"

August 03, 2017

12:17 pm ET... quote;CFRA MAINTAINS BUY OPINION ON SHARES OF BROOKS AUTOMATION" (BRKS 22.86***): quote;We trim our 12-month target by \$1 to \$27, 22.1X FY 18 EPS est., above semi-equip peers at 20X, justified by co.'s top-line growth (20%+ for FY 17) and share gains in packaging automation. We lift our FY 17 EPS estimate by \$0.04 to \$1.09 and FY 18 by \$0.06 to \$1.22. BRKS posts Jun-Q EPS of \$0.36 vs. \$0.16, above consensus by \$0.06, on gross margin expansion (270 bps). Revenues rose 23% (2.4% above consensus). Despite a likely pause in Sep-Q for semis (down 7%-8% sequentially), we expect growth to resume to close out FY 17, given solid demand in 3D memory and vacuum equipment." quote;/D. Holt"

April 28, 2017

02:16 pm ET... quote;CFRA MAINTAINS BUY OPINION ON SHARES OF BROOKS AUTOMATION" (BRKS 25.24***): quote;We raise our 12-month target by \$4 to \$28, 24.1X our FY18 EPS estimate, higher than semi-equipment peers at 23X, but warranted given growth (25% revenue growth in Mar-Q) and leading position in automation applications. We lift our FY17 EPS estimate to \$1.05 from \$0.98 and FY18 to \$1.16 from \$1.11. BRKS posts Mar-Q EPS of \$0.28, vs. \$0.07, beating consensus by \$0.03, on 270 bps of sequential gross margin expansion. Semiconductor bookings (up 40% at \$172M) continue to suggest a strong H2 outlook, as increased complexity in substrate handling continues to drive market share gains." quote;/D. Holt"

March 31, 2017

12:47 pm ET... quote;S&P CAPITAL IQ MAINTAINS BUY OPINION OF BROOKS AUTOMATION" (BRKS 22.12***): quote;We raise our 12-month target by \$3 to \$24, 21.6X our FY 18 EPS estimate, in line with relative peers. We lift our FY 17 EPS estimate by \$0.11 to \$0.98 and FY 18 by \$0.01 to \$1.11, which we believe reflects solid demand (bookings of \$187M) from strong semiconductor equipment ramps (foundry and logic), as production could likely extend its rise (30% or higher). We think sequential gross margin expansion could occur in Mar-Q on better mix in BioStorage. Given noted catalysts, this has fully translated to a turnaround in sales and earnings growth year-over-year (18% and 109%)." quote;/D. Holt"

February 02, 2017

10:03 am ET... quote;S&P CAPITAL IQ KEEPS BUY OPINION OF BROOKS AUTOMATION" (BRKS 17.69***): quote;We raise our 12-month target price by \$4 to \$21, 19X our FY 18 EPS estimate, in line with peers. We keep FY 17's EPS estimate of \$0.87 but lift FY 18's EPS by \$0.04 to \$1.10. BRKS posts Dec-Q EPS of \$0.25 vs. \$0.02, beating the Capital IQ consensus by \$0.05 on strong revenue growth (up 33%) and lower operating expense. Demand remains favorable for BRKS (bookings of \$187M), which we think reflects the ongoing supply chain ramps in Semiconductor Solutions (skewed towards memory and logic).

We see improved gross margin, led by recovery in Life Sciences, on mix and higher sales." quote;/D. Holt"

November 14, 2016

02:13 pm ET... quote;S&P CAPITAL IQ KEEPS BUY OPINION OF BROOKS AUTOMATION" (BRKS 15.38***): quote;We raise our 12-month target by \$3 to \$17, on a 19.6X our FY 17 EPS estimate, in line with peers. We raise our FY 17 EPS estimate by \$0.07 to \$0.87 and introduce FY 18 EPS at \$1.06. BRKS reports Sep-Q EPS of \$0.22 vs \$0.17, better than the Capital IQ consensus of \$0.16. Revenues were up 7% sequentially, driven by a 9% increase in Brooks Life Science Systems and 6% rise in Semiconductor Solutions. We think benefits from its revamp in both Life Sciences and in its semiconductor product portfolio

Note: Research notes reflect S&P Global Market Intelligence's published opinions and analysis on the stock at the time the note was published. The note reflects the views of the equity analyst as of the date and time indicated in the note, and may not reflect S&P Global Market Intelligence's current view on the company.

(10 nanometer and 3D NAND) continue to materialize, and position it nicely for FY 17." quote;/D. Holt"

August 02, 2016

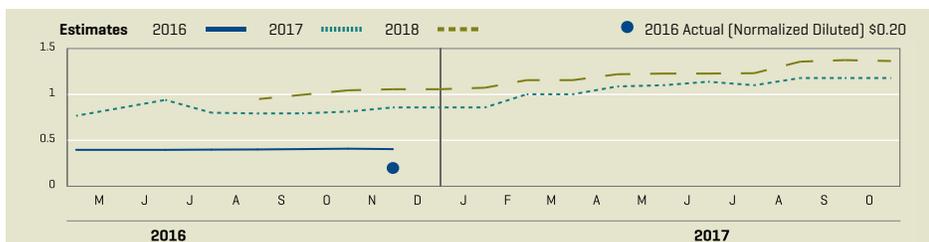
01:27 pm ET... quote;S&P GLOBAL LIFTS VIEW OF BROOKS AUTOMATION TO BUY FROM HOLD" (BRKS 12.28***): quote;We raise our 12-month target by \$3 to \$14, on a 17.5X our '17 EPS estimate, a discount to peers at 20.9X, balancing lumpy demand with restructuring initiatives. We keep FY 16 EPS at \$0.40 and raise our FY 17's by \$0.03 to \$0.80. BRKS posts Jun-Q EPS of \$0.16 vs. \$0.15, higher than Capital IQ consensus of \$0.13. Revenues rose 9% sequentially, driven by a 10% increase in life sciences and 9% from semiconductor solutions. BioStorage continues to ramp as expected (12 new customers). We positively view recent 3D NAND capacity increases and demand increases from overseas OEM's." quote;/D. Holt"

May 02, 2016

03:42 pm ET... quote;S&P GLOBAL MAINTAINS HOLD RECOMMENDATION ON SHARES OF BROOKS AUTOMATION INC." (BRKS 9.38***): quote;We trim our 12-month target price by \$1 to \$11, on an above peer price-to-sales of 1.4X our FY 16 (Sep.) sales estimate, as we balance lumpy product demand with upside from recent restructuring initiatives. We raise our FY 16 EPS to \$0.40 from \$0.33 and FY 17's to \$0.77 from \$0.65. BRKS reports Mar-Q EPS of \$0.07 vs. \$0.08, \$0.03 higher than CapIQ consensus. Revenue increased 13% sequentially, driven by healthy semiconductor demand and contribution from its recent acquisition of BioStorage. While we remain positive on increased adoption of products, visibility remains limited." quote;/D. Holt"

Brooks Automation, Inc.

Wall Street Consensus Estimates



Wall Street Consensus Opinion

BUY/HOLD

Wall Street Consensus vs. Performance

For fiscal year 2017, analysts estimate that BRKS will earn USD \$1.18. For the 3rd quarter of fiscal year 2017, BRKS announced earnings per share of USD \$0.25, representing 21.2% of the total revenue estimate. For fiscal year 2018, analysts estimate that BRKS's earnings per share will grow by 15% to USD \$1.36.

Fiscal Years	Avg Est.	High Est	Low Est.	# of Est.	Est. P/E
2018	1.36	1.49	1.28	6	22.0
2017	1.18	1.19	1.16	6	25.5
2018 vs. 2017	▲15%	▲25%	▲10%	0%	▼-14%
Q4'18	0.36	0.41	0.33	5	83.9
Q4'17	0.29	0.31	0.27	6	NM
Q4'18 vs. Q4'17	▲24%	▲32%	▲22%	▼-17%	NA

Forecasts are not reliable indicator of future performance.

Note: A company's earnings outlook plays a major part in any investment decision. S&P Global Market Intelligence organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

Note: For all tables, graphs and charts in this report that do not cite any reference or source, the source is S&P Global Market Intelligence.

Brooks Automation, Inc.

Glossary

STARS

Since January 1, 1987, CFRA Equity and Fund Research Services, and its predecessor S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, we have ranked Asian and European equities since June 30, 2002. Under proprietary STARS (Stock Appreciation Ranking System), equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index [S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index]), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Global Market Intelligence's Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Global Market Intelligence's earnings and dividend rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

EPS Estimates

CFRA's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, EPS estimates reflect either forecasts of equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by S&P Global Market Intelligence, a data provider to CFRA. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

12-Month Target Price

The equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including Fair Value.

CFRA Equity Research

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Abbreviations Used in Equity Research Reports

CAGR	- Compound Annual Growth Rate
CAPEX	- Capital Expenditures
CY	- Calendar Year
DCF	- Discounted Cash Flow
DDM	- Dividend Discount Model
EBIT	- Earnings Before Interest and Taxes
EBITDA	- Earnings Before Interest, Taxes, Depreciation & Amortization
EPS	- Earnings Per Share
EV	- Enterprise Value
FCF	- Free Cash Flow
FFO	- Funds From Operations

FY	- Fiscal Year
P/E	- Price/Earnings
P/NAV	- Price to Net Asset Value PEG Ratio - P/E-to-Growth Ratio PV - Present Value
R&D	- Research & Development ROCE - Return on Capital Employed ROE - Return on Equity
ROI	- Return on Investment
ROIC	- Return on Invested Capital
ROA	- Return on Assets
SG&A	- Selling, General & Administrative Expenses
SOTP	- Sum-of-The-Parts
WACC	- Weighted Average Cost of Capital

Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

Qualitative Risk Assessment

Reflects an equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ 5-STARs (Strong Buy):

Total return is expected to outperform the total return of a relevant benchmark, by a notable margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★ 4-STARs (Buy):

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★ 3-STARs (Hold):

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★★ 2-STARs (Sell):

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price is not anticipated to show a gain.

★★★ 1-STAR (Strong Sell):

Total return is expected to underperform the total return of a relevant benchmark by a notable margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

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Quantitative Stock Reports:

Quantitative recommendations are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative recommendations refer to the Glossary section of the report for detailed methodology and the definition of Quantitative rankings.

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STARS Stock Reports:

Global STARS Distribution as of June 30, 2017

Ranking	North America	Europe	Asia	Global
Buy	37.4%	25.9%	36.6%	35.4%
Hold	55.1%	56.1%	39.4%	53.5%
Sell	7.5%	18.0%	24.0%	11.1%
Total	100.0%	100.0%	100.0%	100.0%

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