

# Bruker Corporation (Nasdaq: BRKR)



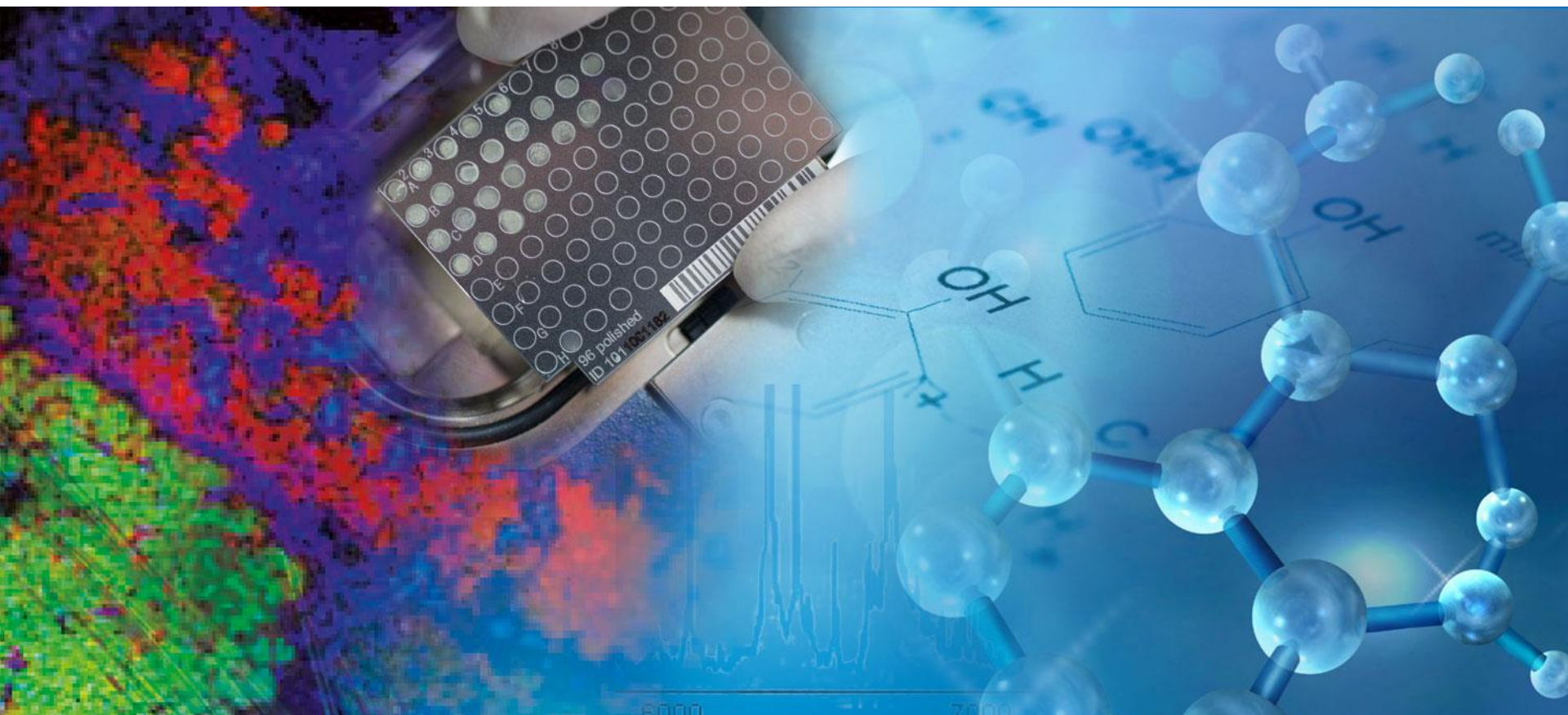
## Q1 2020 Earnings Presentation

May 6, 2020

Frank Laukien, President & CEO

Gerald Herman, Chief Financial Officer

Miroslava Minkova, Director of Investor Relations  
& Corporate Development



# Safe Harbor



Any statements contained in this presentation which do not describe historical facts may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding management's expectations for future financial and operational performance, expected growth, and business outlook; statements regarding our business focus; statements regarding the potential impact of COVID-19 on our business and our responses to the pandemic, including cost reduction initiatives; our fiscal year 2020 outlook; our portfolio transformation; share count; tax rate; product performance; our expectations regarding our future revenue declines. Any forward-looking statements contained herein are based on current expectations, but are subject to risks and uncertainties that could cause actual results to differ materially from those indicated, including, but not limited to, risks and uncertainties relating to the length and severity of the COVID-19 pandemic, the impact of the pandemic on global economic conditions and the length and severity of any resulting recession, continued volatility in the capital markets, the integration and assumption of liabilities of businesses we have acquired or may acquire in the future, fluctuations in foreign currency exchange rates, our ability to successfully implement our restructuring initiatives and other cost reduction initiatives, changing technologies, product development and market acceptance of our products, the cost and pricing of our products, manufacturing, competition, loss of key personnel, dependence on collaborative partners, key suppliers and contract manufacturers, capital spending and government funding policies, changes in governmental regulations, the use and protection of intellectual property rights, litigation, and other risk factors discussed from time to time in our filings with the Securities and Exchange Commission, or SEC. These and other factors are identified and described in more detail in our filings with the SEC, including, without limitation, our annual report on Form 10-K for the year ended December 31, 2019. We expressly disclaim any intent or obligation to update these forward-looking statements other than as required by law.

## With Four Main Areas of Focus



I. Health & Safety of our employees, customers and partners

II. Business continuity and high service levels for customers; Support for essential priorities of our society

III. Temporary cost reductions; Continued investments in *Project Accelerate* and Operational Excellence

IV. Enabling LS tools for COVID-19 disease, pharma and vaccine R&D; New diagnostic tests to fight COVID-19





### **Market Ramp Starting in Europe in Q2 2020**

- Bruker-Hain products for SARS-CoV-2 virus detection<sup>(1)</sup>:
  - ✓ Automated sample prep systems
  - ✓ Nucleic acid extraction kits
  - ✓ New rt-PCR assay to detect SARS-CoV-2 RNA genes
- Doubling of production rates planned by June-July
- Market demand currently exceeds extraction kit and assay supply

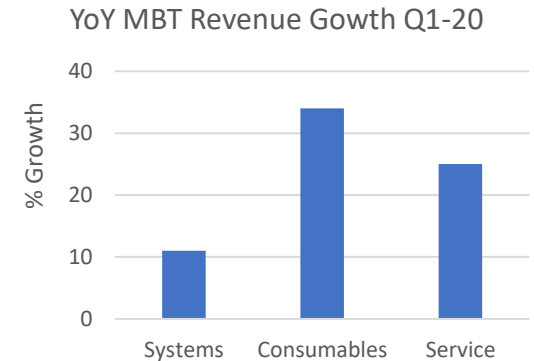
<sup>(1)</sup>CE-IVD for Europe.

# Strong Q1-20 Microbiology Growth in China and Elsewhere

During COVID-19 pandemic, ruling out or identifying bacterial respiratory or other non-viral infections complements viral detection.

- More than 25 MALDI Biotyper orders from China, including orders from Chinese CDC labs
- Strong systems growth in Europe, especially in UK
- Double-digit worldwide revenue growth of MALDI Biotyper systems, consumables and service in Q1 2020 year-over-year

Note: the MALDI Biotyper is not involved in viral detection.



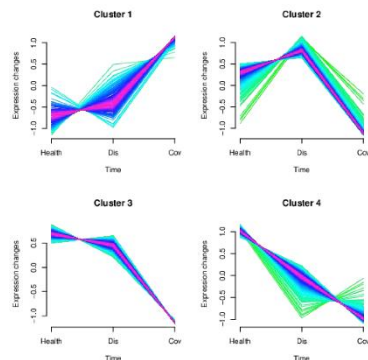
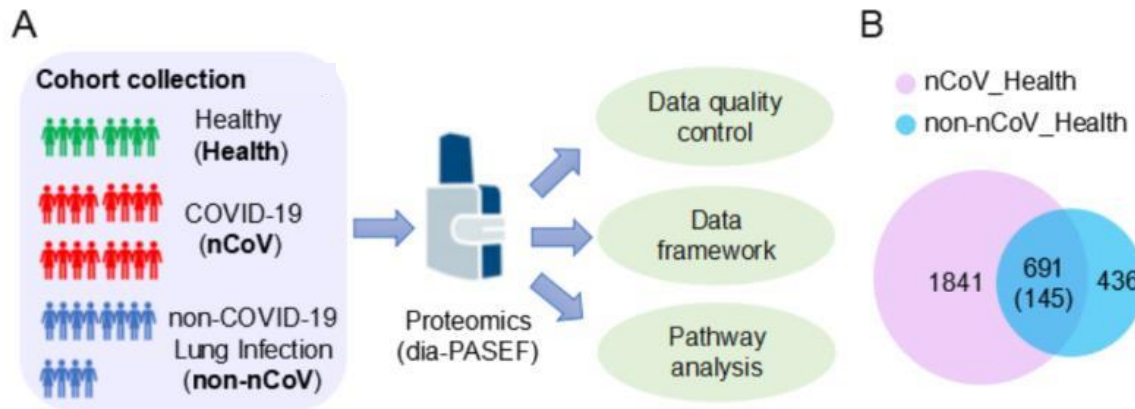
New MALDI Biotyper® sirius

# RESPONDING TO THE COVID-19 PANDEMIC

## Partnership with Dr. Catherine Wong, Peking & Tsinghua Universities to Support COVID-19 Research



- Using timsTOF Pro™ **dia-PASEF** to identify and quantify changes in proteins and protein pathways as a result of COVID-19 infection



*"In my lab, dia-PASEF has made a such a difference, that it has become the de facto standard on my timsTOF Pros running proteomics analysis. The robustness is exactly what we need for large cohort studies as was the case in our **analysis of biological samples for COVID-19 research**. It allowed us to identify and quantify changes not only in individual proteins but also protein pathways as a result of COVID-19 infection."*

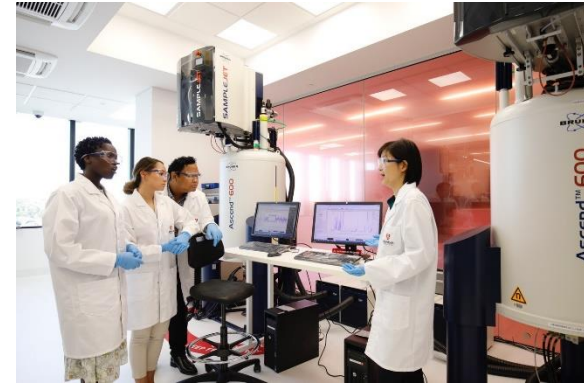
– Dr. Catherine C L Wong, Principal Investigator, Multi-Omics MS

## RESPONDING TO THE COVID-19 PANDEMIC

# Partnership with the Australian National Phenome Center to Support COVID-19 Research by NMR and Mass Spec



- Launch of a major research and prognostics project to understand and predict COVID-19 severity in patient subpopulations
- Study complex interactions of age, co-morbidities, and clinical protocols that influence diverse symptoms and severity in different phases of COVID-19 in individuals
- Engage with clinical trials of novel therapies and antiviral agents and, when available, SARS-CoV-2 vaccines



*"At the ANPC, we are dedicating 100% of our resources to the COVID-19 fight for at least a year. This is the greatest emergent healthcare challenge on the planet and there is no better equipped metabolic lab in Australia, or possibly anywhere in the world, to undertake this type of investigative work in an excellent clinical and hospital framework."*

– Prof. Jeremy Nicholson, ProVice Chancellor for Health Sciences, Murdoch University





Q1 2020

# Business Update



# Q1 2020 Financial Results Negatively Affected by COVID-19 Disruption



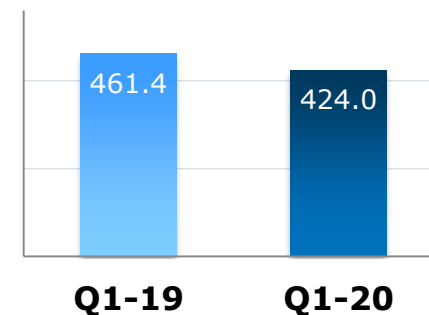
## Q1 2020 Performance Year-over-Year

- Revenues decreased -\$37M, or -8.1%
  - Organic decline of -7.9%
  - Acquisitions add +0.9%
  - Negative FX translation of -1.1%
  - Lower revenues in Europe and North America
  - Approximately 30% revenue decline in China
- Non-GAAP gross margin of 46.7%, down -220 bps
- Non-GAAP operating margin of 7.6%, down -590 bps
- GAAP EPS of \$0.07, compared to \$0.20 in Q1-19
- Non-GAAP EPS of \$0.14, compared to \$0.28 in Q1-19

### Q1 Financials

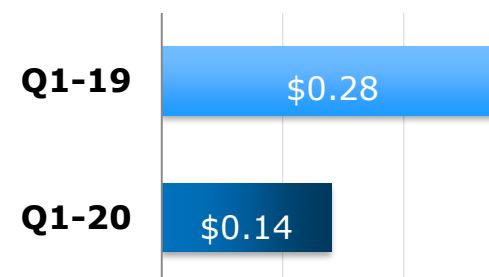
#### Revenues [\$M]

-8.1%



#### Non-GAAP EPS

-50%



Reconciliations of non-GAAP to GAAP financial measures are available in our earnings press release and at the end of this presentation. Y-o-y: year over year. Bps: basis points

## Bruker BIOSPIN Group



- BIOSPIN down mid-single digits due to COVID-19 customer disruptions, including a significant revenue drop in China
- NMR system revenue lower, as a number of deliveries were delayed on customer disruptions
- Preclinical imaging higher due to deliveries early in Q1
- Aftermarket and software revenue modestly higher

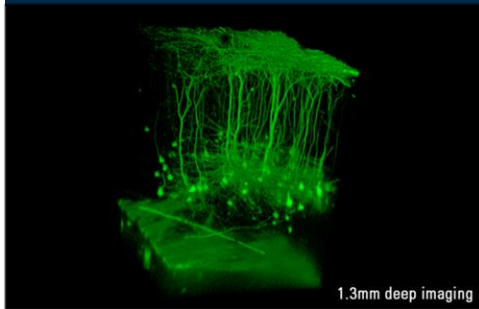
## Bruker CALID Group



- CALID down low single digits, as a decline in molecular spectroscopy more than offset continued growth in microbiology and mass spec
- Microbiology and infectious disease revenues grew
- Continued solid performance in timsTOF proteomics business
- Molecular spectroscopy (FTIR/NIR) revenue down due to COVID-19 Bruker Optics factory and customer disruptions

<sup>(1)</sup>All in constant currency and in comparison to the three months ended March 31, 2019.

## Bruker NANO Group



- NANO down mid-teens due to worldwide COVID-19 disruptions and weakened industrial demand
- X-ray, Nano-surface and Semi Metrology tools revenue lower; semi metrology market demand with signs of improvement
- Nano-analysis tools (e.g. EDS, microXRF) approximately flat

## BEST Segment



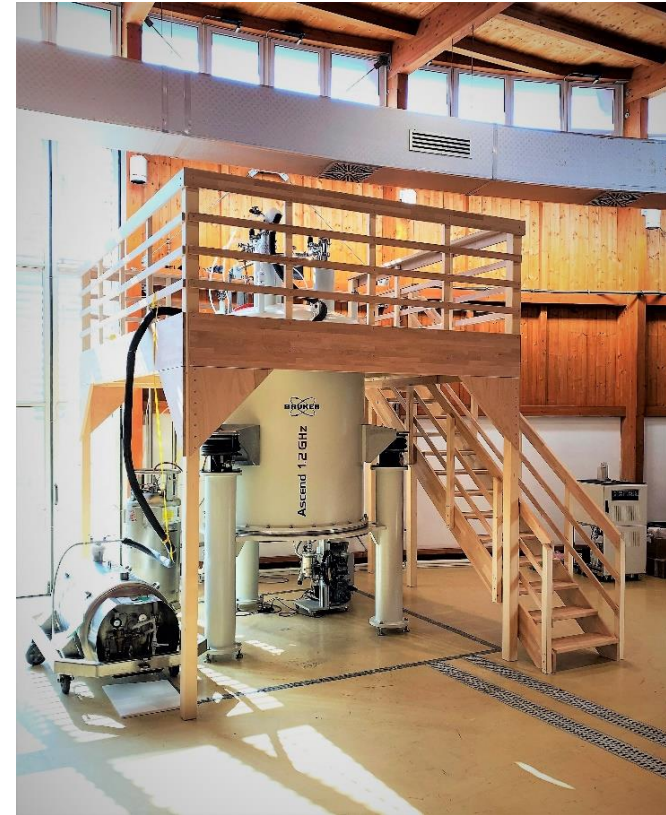
- BEST down mid-single digits, net of intercompany eliminations, as superconductor demand softened towards the end of Q1
- BEST quarterly revenues can fluctuate

<sup>(1)</sup> All in constant currency and in comparison to the three months ended March 31, 2019.

# First 1.2 GHz NMR Successfully Installed and Accepted



- World's first Avance™ NEO 1.2 GHz NMR system accepted at the CERM of University of Florence, Italy (in April 2020)
  - ✓ Stable, homogeneous magnet suited for high-resolution biomolecular NMR
  - ✓ Enables novel research in *functional* structural biology of proteins
- Ramping GHz-class production in Switzerland
- CERM customer case includes partial revenue recognition for NMR console and probes, with 1.2 GHz magnet subject to a long-term lease



*"We are thrilled to have the world's first 1.2 GHz NMR spectrometer successfully installed in our lab. We are looking forward to putting the instrument to use in our research on the structures and function of proteins linked to neurodegenerative diseases, such as Alzheimer's and Parkinson's Diseases, as well as in cancer and viral protein structure and functional research. Right now, we are actively working on SARS-CoV-2 proteins, and we will soon record the first 1.2 GHz NMR spectra of a protein from this coronavirus!"*

– Professors Lucia Banci and Claudio Luchinat, CERM, University of Florence, Italy





- Major multi-year investments in 'Project 2020' at Biospin Group to consolidate two historically grown, inefficient major German sites
- Goal for 2021: modern, lean and customer-oriented single site in Ettlingen, Germany
- Exit original Bruker Rheinstetten site from 1960s
- Goals are higher productivity and capacity for growth, and improved customer interface



A horizontal banner image showing a dark blue background with numerous glowing, semi-transparent molecular models. Each model is composed of small spheres (purple and white) connected by thin lines, representing a complex chemical structure. The models are scattered across the banner, with some in sharp focus and others blurred in the background, creating a sense of depth and scientific activity.

Q1 2020

# Financial Update

# NON-GAAP FINANCIAL PERFORMANCE: Q1 2020 Overview



[\$ m, except EPS]	Q1 2020	Q1 2019	Δ
Revenues	424.0	461.4	-8.1%
Operating Profit	32.2	62.3	-48.3%
<i>Operating Margin (%)</i>	<i>7.6%</i>	<i>13.5%</i>	<i>-590 bps</i>
Non-GAAP EPS	\$0.14	\$0.28	-50.0%
Free Cash Flow	4.5	3.6	+0.9M

[\$ m]	Mar 31, 2020	Mar 31, 2019	Δ
Cash, Equivalents & Short-term Investments	851.7	298.8	+185%
Net (Debt)/ Cash	-158.9	-35.8	-344%
WC-to-revenue ratio*	\$0.40	\$0.40	<i>Flat</i>

## COMMENTS

- Reported revenue -8.1%, organic revenue -7.9%
- Operating profit drops 48%
- Operating margin down -590 bps, due to lower revenue and unfavorable mix from COVID-19 disruptions
- March 31, 2020 cash & equivalents of \$851.7M
- Net debt position in Q1-20 following Dec. 2019 debt financing
- Working capital ratio unchanged from Q1-19

\*Represents the ratio of working capital (WC) over trailing twelve months revenue. WC = (Accounts Receivable + Inventory - Accounts Payable)

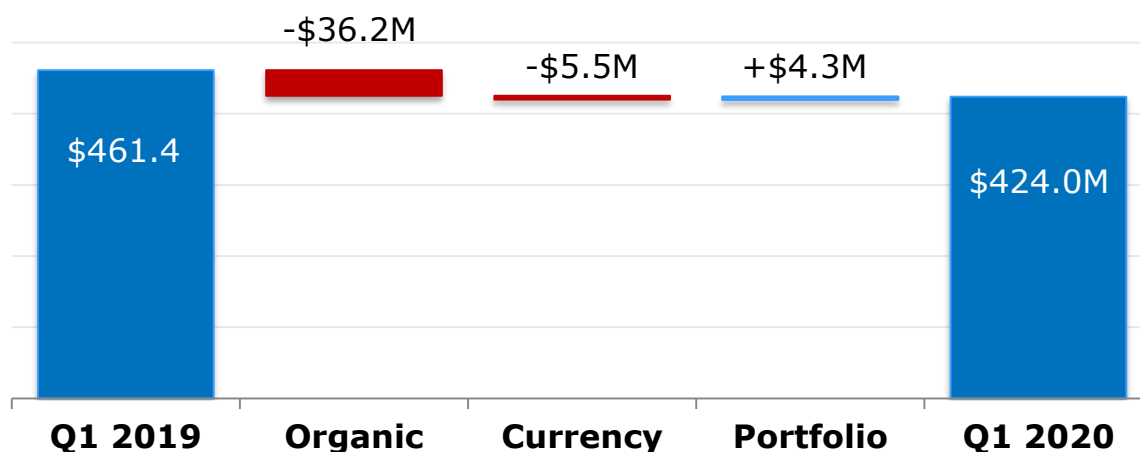


# Q1 2020 Revenue Bridge

## Q1 2020 Revenue Performance Year-over-Year

Organic	Currency	Portfolio	Total
-7.9%	-1.1%	+0.9%	-8.1%

## Q1 2020 Revenue Bridge [\$M]



## Q1 2020 DRIVERS

- Reported revenue -8.1%
  - Lower revenues in Europe and North America
  - China revenue declined ~30%
- Organic revenue -7.9%
  - BSI Groups collectively down -8.2% organic
  - BEST down -4.3% organic (net of intercompany eliminations)
- Acquisitions add +0.9%
- FX headwind of -\$5.5M, or -1.1%



# Q1 2020 Non-GAAP Results Year-over-Year



[\$ m, except EPS]	Q1 2020	Q1 2019	Δ
<b>Total Revenues</b>	<b>424.0</b>	<b>461.4</b>	<b>-8.1%</b>
Gross Profit <i>Margin (% of revenues)</i>	198.1 46.7%	225.5 48.9%	-12.2% -220 bps
SG&A <i>(% of revenues)</i>	-117.4 27.7%	-116.8 25.3%	+0.5%
R&D <i>(% of revenues)</i>	-48.5 11.4%	-46.4 10.1%	+4.5%
Operating Profit <i>(% of revenues)</i>	32.2 7.6%	62.3 13.5%	-48.3% -590 bps
Tax Rate	23.9%	24.5%	-60 bps
Net Income*	22.2	44.5	-50.1%
<b>Non-GAAP EPS</b>	<b>\$0.14</b>	<b>\$0.28</b>	<b>-50.0%</b>
Shares Outstanding	155.4	157.9	-1.6%

## COMMENTS

- Gross margin down -220 bps, due to lower revenues, operational inefficiencies and unfavorable mix from COVID-19 disruptions
- Opex +1.7% year-over-year
- Operating margin down -590 bps, due to lower revenue and unfavorable mix from COVID-19 disruptions
- Non-GAAP EPS down 50% on lower revenues and margins
- Share count slightly lower year-over-year

\*Attributable to Bruker

Sum of items may not total due to rounding

# Q1 2020 Cash Flow Year-over-Year



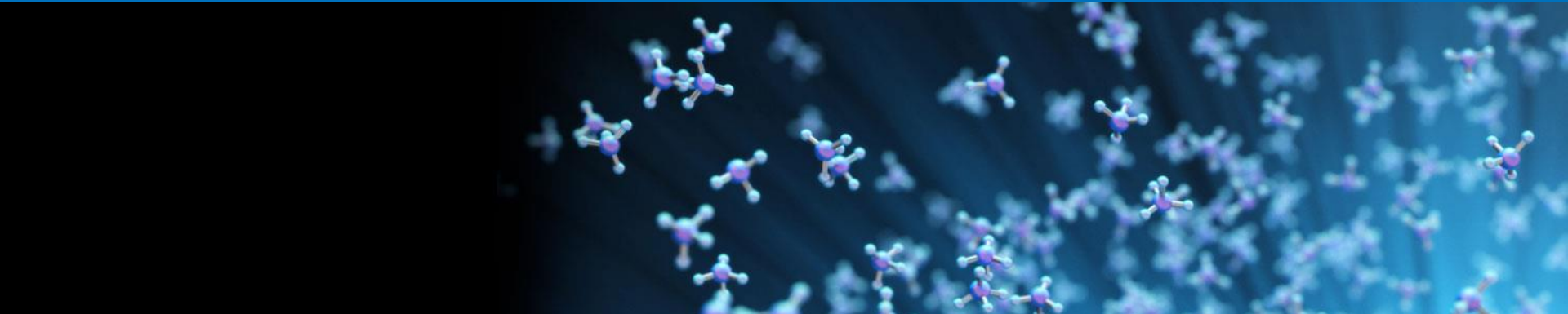
[\$ m]	Q1 2020	Q1 2019	Δ
<b>GAAP Net Income</b>	<b>10.6</b>	<b>30.7</b>	<b>-20.1</b>
Depreciation & amortization	19.0	19.0	0.0
Changes in working capital*	-21.3	-26.0	+4.7
Other	+26.7	-9.5	+36.2
<b>Operating cash flow</b>	<b>35.0</b>	<b>14.2</b>	<b>+20.8</b>
Capital expenditures	-30.5	-10.6	-19.9
<b>Free cash flow (non-GAAP)</b>	<b>4.5</b>	<b>3.6</b>	<b>+0.9</b>

## COMMENTS

- Q1 2020 free cash flow of \$4.5M compared to \$3.6M in Q1-19:
  - Lower net income
  - Continued capex investments in production facilities for productivity gains and expansion
  - Higher cash advances from customers
  - Increased non-cash charges

\*WC = (Accounts Receivable + Inventory - Accounts Payable)

Sum of items may not total due to rounding



# FY 2020 Outlook

## FY 2020 Guidance Remains Suspended

- On March 27, 2020, Bruker suspended its FY 2020 guidance due to the uncertain business conditions created by COVID-19.

## Potential Q2 2020 Scenarios

- Bruker anticipates that the pandemic will have a significant negative impact on its second quarter 2020 financial results.
- Potential scenarios for Q2 2020 year-over-year revenue declines appear to be in a range between -15% to -25% based on current information, but actual results could differ.
- Further cost saving actions to reduce COGS and Opex were implemented in Q2 2020.





# Appendix

# Q1 2020 GAAP Results Year-over-Year



[\$M, except EPS]	Q1 2020	Q1 2019	Δ
<b>Total Revenues</b>	<b>424.0</b>	<b>461.4</b>	<b>-8%</b>
Gross Profit <i>Margin (% of sales)</i>	192.3 45.4%	214.7 46.5%	-10%
SG&A <i>(% of revenues)</i>	-121.2 28.6%	-120.1 26.0%	+1%
R&D <i>(% of revenues)</i>	-48.5 11.4%	-46.4 10.1%	+5%
Operating Income <i>(% of revenues)</i>	16.4 3.9%	41.9 9.1%	-61% -520 bps
Net Income*	10.5	30.8	-66%
<b>EPS</b>	<b>\$0.07</b>	<b>\$0.20</b>	<b>-65%</b>
Shares Outstanding	155.4	157.9	-1.6%

\*Attributable to Bruker

Sum of items may not total due to rounding

# Q1 2020 Reconciliation of GAAP and Non-GAAP Results Year-over-Year



[\$M, except EPS]	Q1 2020	Q1 2019
<b>GAAP Operating Income</b>	<b>16.4</b>	<b>41.9</b>
Restructuring Costs	2.3	4.0
Acquisition-Related Costs	-1.1	4.9
Purchased Intangible Amortization	8.7	10.1
Other Costs	5.9	1.4
TOTAL	15.8	20.4
<b>Non-GAAP Operating Income</b>	<b>32.2</b>	<b>62.3</b>
Non-GAAP Interest & Other Expense, net	-2.9	-3.5
Non GAAP Profit Before Tax	29.3	58.8
Non-GAAP Income Tax Provision	-7.0	-14.4
<i>Non-GAAP Tax Rate</i>	23.9%	24.5%
Minority Interest	-0.1	0.1
<b>Non-GAAP Net Income*</b>	<b>22.2</b>	<b>44.5</b>
<b>Non-GAAP EPS</b>	<b>\$0.14</b>	<b>\$0.28</b>

\*Attributable to Bruker

Sum of items may not total due to rounding

# Balance Sheet



[\$M]	Mar 31, 2020	Dec 31, 2019	Mar 31, 2019
Total Assets	2,961.9	2,771.5	2,242.5
Working Capital*	824.0	821.0	775.7
Intangibles, Net & Other Long-Term Assets	591.0	603.5	553.8

[\$M]	Mar 31, 2020	Dec 31, 2019	Mar 31, 2019
Cash, Cash Equivalents & Short-term Investments	851.7	684.9	298.8
Financial Debt	1,010.6	813.3	334.6
Net Cash	(158.9)	(128.4)	(35.8)

\* WC = (Accounts Receivable + Inventory - Accounts Payable)

Sum of items may not total due to rounding

Q1 2020 GAAP SEGMENT RESULTS:



# BSI and BEST GAAP Performance Year-over-Year

[\$ m]	Q1 2020	Q1 2019	Δ
<b>REVENUE</b>			
Scientific Instruments (BSI)	381.5	416.8	-8%
<i>Organic Revenue Growth (%)</i>	-8.2%	+5.5%	
Energy & Supercon Technologies (BEST)	46.2	47.8	-3%
Corporate Eliminations	-3.7	-3.2	
Energy & Supercon Technologies (BEST), net of Corporate Eliminations	42.5	44.6	-5%
<i>Organic Revenue Growth (%)</i>	-4.3%	+5.4%	
<b>Total Revenue</b>	<b>424.0</b>	<b>461.4</b>	<b>-8%</b>
<b>OPERATING INCOME</b>			
Scientific Instruments (BSI)	14.8	38.6	-62%
Energy & Supercon Technologies (BEST)	1.7	3.1	-45%
Corporate Eliminations	-0.1	0.2	
<b>Total Operating Income</b>	<b>16.4</b>	<b>41.9</b>	<b>-61%</b>

Sum of items may not total due to rounding