BRUKER BIOSCIENCES CORP
Form DEFA14A
June 05, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

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Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o Definitive Proxy Statement
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Bruker BioSciences Corporation
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

o No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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ý Fee paid previously with preliminary materials.
o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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[The following materials were provided to certain stockholders of Bruker BioSciences Corporation beginning on June 5, 2006.]

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Bruker BioSciences Corporation (BRKR)

[GRAPHIC]

Presentation for BRKR Shareholders on Planned Acquisition of Bruker Optics Inc. June 5 & 6, 2006

[GRAPHIC]

Bruker BioSciences:

Frank Laukien, CEO

Bill Knight, CFO

Brian Monahan, Controller

Bruker Optics:

Dirk Laukien, CEO

Dan Klevisha, VP

Safe Harbor Statement of BRKR

Any statements contained in this presentation that do not describe historical facts may constitute forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Any forward-looking statements contained herein are based on current expectations, but are subject to a number of risks and uncertainties. The factors that could cause actual future results to differ materially from current expectations include, but are not limited to, risks and uncertainties relating to the companies reorganization strategies, integration risks, failure of conditions, technological approaches, product development, market acceptance, cost and pricing of the companies products, changes in governmental regulations, capital spending and government funding policies, FDA and other regulatory approvals to the extent applicable, competition, the intellectual property of others, patent protection and litigation. We do not undertake, and expressly disclaim, any obligation to update this forward-looking information except as required by law. For details regarding factors that could cause actual results to differ materially from those anticipated, please refer to our SEC filings, including our Annual Report on Form 10-K for the year ended December 31, 2005.

Please read BRKR Definitive Proxy Statement filed with the SEC on May 25, 2006.

Overview of Presentation

Transaction Overview and Rationale

Bruker Optics Highlights

Bruker BioSciences Today & Tomorrow

[GRAPHIC]

Transaction Overview

BRKR becomes a >$400M revenue leading provider of

high-performance analytical and life-science systems for molecular and materials research, and applications-driven robust analytical solutions for industry.

Purchase price for Bruker Optics: $135M

Cash: $79.2M (59%)

BRKR stock: $55.8M (41%), estimated 10.4M shares

Final # of shares depends on 10-day average BRKR closing price until 3 days prior to Closing

Accounting (common ownership): pooling of interests

Acquisition charges expensed

Negligible goodwill and intangibles

Restated pro-forma historical financials

Cash of BRKR after Closing:

$20M in new debt

Total cash approx. $50M

Transaction Overview

Deal is Accretive:

Historical pro-forma EPS accretion of $0.01-$0.02

	FY 2005	FY 2004	FY 2003
EPS, as reported	**$ 0.04**	**$ (0.09)**	**$ (0.22)**
EPS, pro forma	**$ 0.06**	**$ (0.08)**	**$ (0.21)**

Going forward, BRKR expects accretion to GAAP EPS:

2006 by approx. $0.01 (Non-GAAP by approx. $0.03)

2007 by $0.03-$0.05

[GRAPHIC]

Process & Schedule:

Negotiated and approved by Special Committee (SC) of independent BRKR directors

Advisory services to SC and fairness opinion rendered by Bear Stearns

Legal advice to SC from independent counsel Dewey Ballantine

Requires approval by:

majority of voting BRKR shareholders, and

majority of voting non-affiliated BRKR shareholders

Closing: expected in early Q3 2006

Relevant HSR approvals already received

Transaction Rationale

Increased market access

additional >$500M accessible markets, >$80M revenue

access to fast growth markets PAT, pharma forensics

better demand diversification, higher industrial revenue

Expanded technology base and product line

adds molecular spectroscopy technology: IR, NIR, Raman

adds broad product line with applications solution

adds time-domain NMR analyzer distribution

Broader marketing footprint

enhanced global distribution and customer support

increased brand leverage

cross-selling opportunities

Financial expectations (supported by historical 2005 pro forma)

improved gross, operating and net income margins

increased operating cash flows

immediately accretive

Good partial use of BRKR $100M balance sheet cash

Bruker Optics Highlights

[GRAPHIC]

Bruker Optics Inc.

A leading provider of molecular spectroscopy tools and solutions

FT-IR **FT-NIR** **Raman** **TD-NMR**

Bruker Optics Management

Name and Position	Years in Industry	Years at Bruker
Dirk D. Laukien, Ph.D. *Chairman, President and CEO*	15+	15+
Arno Simon, Ph.D. *Vice President, R & D, Director Optik GmbH*	25+	25+
Daniel Klevisha *Vice President, Marketing & Sales*	15+	10
Qian Wang, Ph.D. *Vice President, NIR, Director Asia Pacific*	15+	10
Rolf Lang *CFO, Director Optik GmbH*	15+	5
Frank Mueller *Production Manager, Director Optik GmbH*	9	9
Jonathan D. Hitchcock *Treasurer and Controller, Director Asia Pacific*	6	6

Bruker Optics Key Markets

Leading technology for molecular spectroscopy and materials research

[GRAPHIC]
Industrial R&D

[GRAPHIC]
Academic and Government

[GRAPHIC]
Laboratory Analysis

Developing advanced measurements into routine analysis tools

Bruker Optics accessible markets: >$500M p.a.

[GRAPHIC]	***Enabling real-time science-based control of pharmaceutical manufacturing process***	
Pharmaceutical Process Analytical Technologies (PAT)	[GRAPHIC]	
	Chemical, Polymer Analysis	[GRAPHIC]
	Rapid analysis for food quality traits & feed optimization	***Food, Feed and Agricultural Analysis***

Bruker Optics Customers Include:

Life Science	**Analytical**	**Process**
[LOGO]	[LOGO]	[LOGO]

In addition, Bruker Optics has a significant presence in most large academic and national research laboratories.

Bruker Optics Leading Technologies

>30 years of Molecular Spectroscopy Leadership:

1974 Delivery of the first FT-IR spectrometer

1976 Modular vacuum research FT-IR spectrometer

1981 First FT-IR spectrometer for industrial routine

1984 First FT-IR microscope

1985 IFS 120 - Highest resolution FT-IR spectrometer

1988 R&D award for StepScan Technology

1988 FT-Raman Products Launched

1993 Dedicated FT-NIR Spectrometers

1996 Life Science Applications

2000 R&D award for dedicated process FT-NIR

2001 Imaging system with focal plane array detector

2004 iF Design Award for MPA FT-NIR spectrometer

2005 Senterra Dispersive Raman Microscope

2005 FT-NIR Feed Analyzer

2006 VERTEX 80v High-Resolution Vacuum Research FTIR

[GRAPHIC]

Bruker Optics Products

[GRAPHIC]

FT-IR and Raman Spectrometers

Applications:

Routine Quality Control Applications

Academic and Industrial R&D

Drug Discovery (Proteomics)

[GRAPHIC]

Near Infrared Spectrometers

Applications:

Routine Quality Control Applications

Pharmaceutical Raw Material ID, Tablet Testing and Identification

Food/Feed/Agriculture Quality control

Pharma-Forensics, Fake Drug Analysis

[GRAPHIC]

Time Domain NMR Analyzers

Applications:

Food, Edible Oil and Grain Analysis QC

Textile Analysis

Live Animal Testing for Body Fat Studies

[GRAPHIC]

Microspectroscopy Solutions

Based on FT-IR and Raman Microscopy

Applications:

Contamination Analysis

Forensics

Art Conservation

Materials Research

[GRAPHIC]

Process Analyzers

Based on FT-IR, FT-NIR and Raman Systems

Real-time QC during all stages of manufacturing:

Chemical Industry

Petrochemical industry

Pharma PAT (Process Analytical Technology)

Bruker Optics New Opportunities

Pharma/biotech PAT: Process Analytical Technologies

[GRAPHIC]

Factory Shift *

New Prescription
For Drug Makers:
Update the Plants

After Years of Neglect, Industry
Focuses on Manufacturing;
FDA Acts as a Catalyst

Pharma/biotech PAT:

Enabling real-time, science based

process control to improve product

quality, reduce risk and improve

manufacturing efficiency

Bruker Optics technologies are highly applicable to PAT

Bruker Optics seized this opportunity and became a PAT leader

Placement in 23 of the top 25 pharma companies

*** Front page Wall Street Journal Article dated September 3, 2003.**

Pharma Forensics :
Chinese SFDA Battling Fake Drugs

[GRAPHIC]

Front page Wall Street Journal Article in 2006.

Bruker Optics SFDA order in 2006:

- **300+ Unit Order valued at >$15M in revenue**
- **Largest project of its kind in China**
- **Largest single order for Bruker Optics**
- **Good chances for follow-up business globally**

Bruker Optics Revenue

Strong organic

revenue growth

in 2001-2005:

CAGR of 23%

[CHART]

Bruker Optics Margins & Income

[CHART]

	2005 % of Revenue	01 - 05 CAGR
Adjusted EBITDA	**19%**	**44%**
Operating Income	**15%**	**46%**
Net Income	**8%**	**47%**

Bruker Optics Adjusted EBITDA

(in $M)

	2001	2002	2003	2004	2005
Operating Income	**$ 2.7**	**$ 3.7**	**$ 4.0**	**$ 7.7**	**$ 12.0**
Depreciation and amortization	**0.5**	**0.8**	**1.7**	**1.4**	**1.9**
Write-down of demonstration equipment	**0.3**	**0.5**	**1.2**	**1.4**	**1.2**
Adjusted EBITDA	**$ 3.5**	**$ 5.0**	**$ 6.9**	**$ 10.5**	**$ 15.1**

USE OF NON-GAAP FINANCIAL MEASURES: In addition to the financial measures prepared in accordance with generally accepted accounting principles (GAAP), we use the non-GAAP measure of Adjusted EBITDA, defined as US GAAP operating income excluding depreciation and amortization expense and the write-down of demonstration equipment to net realizable value. We believe that the inclusion of this non-GAAP measure helps investors gain a better understanding of our core operating results and future prospects, consistent with how management measures and forecasts the Company s performance, especially when comparing such results to previous periods or forecasts.

BRKR Today & Tomorrow

[GRAPHIC]

A leading provider of

high-performance analytical and life-science systems for molecular and materials research,

applications-driven robust analytical solutions for industry

Innovation for Customers, Delivered with Integrity

Post-Acquisition Industrial Markets with Strong Marketing Synergies

Market & Application	Industrial Customers	BDAL	BAXS	BOPT
Drug Discovery & Development (DDD)	**Pharma, biotech & diagnostics**	[GRAPHIC] **DDD-Responsibility**	BDAL to assist BAXS in DDD market	BDAL to market FTIR for drug discovery, proteomics
Process Analytical Technology (PAT) **Pharma Forensics**	**Pharma, biotech & generics**	BOPT to market BDAL MS & IMS for PAT	BOPT to market BAXS XRD & XRF for PAT	[GRAPHIC] **PAT-Responsibility**
Materials Science & Analysis (MSA)	**Adv. materials, semicon, oil, cement, metal**	No products	[GRAPHIC] **MSA-Responsibility**	BAXS to market FTIR cement, oil analyzers, IR wafer system
Food, Feed & Agriculture (FFA)	**Food & Beverage, Agricultural**	BOPT to market BDAL MS for food safety	assists BOPT in FFA market	[GRAPHIC] **FFA-Responsibility**

BRKR Stand-Alone Trends

	Q1-06	2005	2004
Revenue	**$ 74.4M**	**$ 297.6M**	**$ 284.4M**
Op. Income	**$ 3.0M***	**$ 10.6M**	**$ (1.1)M**
Adjusted EBITDA	**$ 6.6M**	**$ 26.9M**	**$ 16.8M**
Net Income	**$ 1.8M***	**$ 3.6M**	**$ (7.8)M**
EPS	**$ 0.02***	**$ 0.04**	**$ (0.09)**

(* Non-GAAP Operating Income, Net Income and EPS in Q1-06 exclude acquisition related charges of $1.2M pretax, $1.0M after tax)

Solid improvements with 5 profitable quarters

> $40M cash generated from operations in 2005

Significant operating cash flow in 2005

BRKR 2005 Actual vs. Pro-Forma

	2005 Actual	2005 Pro-Forma Combined
Revenue	**$ 297.6M**	**$ 372.3M**
Op. Income	**$ 10.6M**	**$ 21.7M**
Adjusted EBITDA	**$ 26.9M**	**$ 41.1M**
Net Income	**$ 3.6M**	**$ 5.6M**
EPS	**$ 0.04**	**$ 0.06**
Op. Cash Flow	**$ 42.2M**	**$ 49.7M**

Unaudited Pro-Forma Combined Financials give effect to the acquisition as if it had been completed on January 1, 2005.

Acquisition creates larger, more profitable BRKR with increased margins and operating cash flows.

BRKR Adjusted EBITDA

(in $M)

	Q1-06 Actual	2005 Actual	2004 Actual	2005Pro-Forma Combined
Operating Income	**$ 1.8**	**$ 10.6**	**$ (1.1)**	**$ 21.7**
Depreciation and amortization	**2.1**	**8.6**	**9.5**	**10.5**
Write-down of demonstration equipment	**1.5**	**7.7**	**8.4**	**8.9**
Acquisition related charges	**1.2**			
Adjusted EBITDA	**$ 6.6**	**$ 26.9**	**$ 16.8**	**$ 41.1**

USE OF NON-GAAP FINANCIAL MEASURES: In addition to the financial measures prepared in accordance with generally accepted accounting principles (GAAP), we use the non-GAAP measure of Adjusted EBITDA, defined as US GAAP operating income excluding depreciation and amortization expense, the write-down of demonstration equipment to net realizable value and acquisition related charges. We believe that the inclusion of this non-GAAP measure helps investors gain a better understanding of our core operating results and future prospects, consistent with how management measures and forecasts the Company s performance, especially when comparing such results to previous periods or forecasts.

BRKR Drivers & Goals 2006-2008

Innovation: even more significant driver within our markets

Growth: above industry-standard (organic and bolt-ons)

Gross margin initiative 2006-2008:

RTC and more in-house core technologies

Higher margin after-market revenue

More complete solutions

Higher margin new products

Expense leverage: 2000-05 enormous R&D, M&S investment

Significant expense leverage

Balance sheet, cash flow:

Continuing reduction in effective tax rate

Continued strong free cash flow

Profitability: reach industry-standard (and above)

The acquisition of Bruker Optics accelerates BRKR s drive towards these goals in all aspects.

BRKR Growth & Strategy

[GRAPHIC]

1995: BDAL was private European $30M company

Bruker Daltonics faced stagnating NBC detection markets

$5.6M U.S. revenue, virtually no Asian revenue

$7.5M life-science revenue (25%), 3 products

1997: acquired $50M AXS business from Siemens: GM<35%, systems integrator with few core technologies

2005: BRKR is public ~$300M revenue company

10-year build up of BDAL life-science technology, IP, product line, Proteineer and ClinProt solutions, global distribution

$142M BDAL life-science revenue (88%), $50M US revenue

Developed BAXS infrastructure, R&D, technology base, product line, global distribution to $137M (GM 39%)

BAXS entered bio-SCD, EDXRF industrial market, microanalysis, became XRD market leader, #2 in JP

BDAL-BAXS merged into BRKR in 2003

2005: BRKR profitable, ~$42M op. cash flow, ~$100M year-end cash balance

BRKR Growth & Strategy

[GRAPHIC]

BRKR with Bruker Optics in 2006 and beyond: >$400M revenue

Leverage marketing and distribution synergies of BRKR

Maintain very innovative R&D and engineering processes: differentiated high-performance, high quality products with excellent brand recognition

Strong IP position in technologies with high barriers to entry

Increasing focus on solutions for customer-driven applications

Continue to drive above-average organic growth

Selective acquisitions, leveraging Bruker-brand and global distribution

Continue to build world-class organization

BRKR Growth & Strategy

[GRAPHIC]

Combined Opportunities for Dramatic Growth:

Molecular tools: chemistry, metabolomics, proteomics, structural biology

Clinical research tools: biomarkers, molecular imaging, IVD, personalized medicine, theranostics, infectious disease

Pharma/biotech: drug discovery, drug development, biomarkers, pharmacoproteomics, PAT, pharma forensics

Materials research: advanced materials, composites, thin films, nanotechnology

Industrial analysis: semicon research and FABs, petroleum, polymers, metals industry, cement industry

Food, beverage and agricultural analysis

New NBC detection opportunities in homeland security