



NASDAQ: HBIO
Q1 '20 Earnings Presentation

Jim Green, Chairman, President & CEO

Mike Rossi, CFO

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Forward-Looking Statements and Non-GAAP Financial Information



Forward-Looking Statements

This information in this presentation or in oral statements of the management of the Company may include forward-looking statements within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. You can identify these statements by our use of such words as "will," "guidance," "objectives," "optimistic," "potential," "future," "expects," "plans," "estimates," "continue," "drive," "strategy," "potential," "potentially," "growth," "long-term," "projects," "projected," "intends," "believes," "goals," "sees," "seek," "develop" "possible" "new," "emerging," "opportunity," "pursue" and similar expressions that do not relate to historical matters. Forward-looking statements in this presentation or that may be made during our presentation may include, but are not limited to, statements or inferences about the Company's or management's beliefs or expectations, the Company's anticipated future revenues and earnings, the strength of the Company's market position and business model, industry outlook; the Company's business strategy, the positioning of the Company for growth, the market demand and opportunity for the Company's current products, or products it is developing or intends to develop, and the Company's plans, objectives and intentions that are not historical facts. These statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Investors should note that many factors, as more fully described under the caption "Risk Factors" in our Form 10-K, including our Form 10-K for the year ended December 31, 2019, Form 10-Q and Form 8-K filings with the Securities and Exchange Commission and as otherwise enumerated herein or therein may cause the Company's actual results to differ materially from those in the forward-looking statements. The forward-looking statements in this presentation are qualified by these risk factors. The Company's results may also be affected by factors of which the Company is not currently aware. The Company may not update these forward-looking statements, even though its situation may change in the future, unless it has obligations under the federal securities laws to update and disclose material developments related to previously disclosed information.

Management's Use of Non-GAAP Financial Information

In this presentation, we have included non-GAAP financial information including adjusted gross profit, adjusted operating income, adjusted net income, adjusted EBITDA and adjusted earnings per diluted share. We believe that this non-GAAP financial information provides investors with an enhanced understanding of the underlying operations of the business. For the periods presented, these non-GAAP financial measures of revenue and income have excluded certain revenue and expenses and income primarily resulting from purchase accounting or events that we do not believe are related to the underlying operations of the business such as currency translation, amortization of intangibles related to acquisitions, costs related to acquisition, disposition and integration initiatives, impairment charges, gains or losses from divestitures, forensic investigation and remediation costs, severance and restructuring expenses, and stock-based compensation expense. They also exclude the tax impact of the reconciling items. This non-GAAP financial information approximates information used by our management to internally evaluate the operating results of the Company. Any non-GAAP measures included herein are accompanied by a reconciliation to the nearest corresponding GAAP measure within this presentation.

The non-GAAP financial information provided in this presentation and should be considered in addition to, not as a substitute for, the financial information provided and presented in accordance with GAAP, and may be different than other companies' non-GAAP financial information.

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2020 Q1 Earnings Presentation

Highlights

Q1 Summary

- Revenue from the combination of CROs and Pharma was up modestly in the quarter
- Academic labs were down significantly as labs shutdown due to Covid-19 pandemic
- Strict cost & cash control maintained strong cash flow, paid down debt principal by approximately \$5M

2020 Outlook

- Expecting further revenue decline in Q2, recovering as the Academic labs reopen in the second half
- Significant expense reductions support margins and cash flow for Q2 and beyond
- Continue to move to leaner organization and operation
- Maintain strict cash and cost discipline, we will continue to meet our debt obligations

2020 Q1 Earnings Presentation

Q1 2020 Performance

- Revenue \$23.8M, down \$4.4M (-15.7%)
- Gross Margin (GAAP) 54.6%, down 270 bps
- Adjusted Gross Margin* 54.6%, down 290 bps
- Operating Income / Margin (GAAP) (\$3.3M) / -13.8%
- Adj. Operating Income / Margin* \$0.5M / 2.0%
- EPS (GAAP) (\$0.12)
- Adjusted Diluted EPS* (\$0.01), down \$0.03
- Cash Flow from Operations \$2.9M
- Debt Principal Paydown \$4.8M

Revenue (\$M)

28.2

23.8

Q1 2019

Q1 2020

Adj. Operating Margin *

8.9%

2.0%

Q1 2019

Q1 2020

* Denotes Non-GAAP, reconciliations to GAAP financial measures are available in the earnings press release and the appendix at the end of this presentation.

2020 Q1 Revenue by Product Family



(in \$M)	Q1 2020	Q1 2019	△	
Cellular & Molecular Products	15.5	18.4	-15.7%	<p><u>CMT Products</u>: primarily Academic revenues, down world-wide as labs shutdown and personnel began working from home, impacting orders processing and receipt of equipment</p> <p>Includes \$0.3M exit of non-strategic product (rationalization)</p>
Pre-Clinical Products	8.5	9.8	-14.0%	<p><u>Contract Research Organizations (CROs)</u>: returned to overall growth in Q1, driven by strength in North America and China recovering</p> <p><u>Pharma</u>: remained steady overall to Q1 prior year, excitement for new inhalation product</p> <p><u>Academic/Distributors</u>: impacted by lab personnel working from home</p> <p><u>Government</u>: down \$0.7M on internal government funding delays</p>
Currency	(0.2)			
Revenue	23.8	28.2	-15.7%	

2020 Q1 Earnings Presentation

Q4 2019 Restructuring Plan Update

- Initiated Connecticut manufacturing consolidation
- Initiated downsizing of UK operation
- Reduction in force > 10% across overall business – substantially complete
- Annualized savings > \$4M phasing in primarily 1st half 2020, 1x costs \$4-\$5M

2020 Q1 Earnings Presentation

Immediately Implemented Significant Cost Reductions to Mitigate Covid-19 Impact

Cost Actions

- Worldwide reductions in work hours and compensation
- Reductions in force
- Management compensation reductions
- Expected savings of approximately \$3M for the period of April through June

Business Continuity and Employee Safety

- Implemented measures for safe factory operations, work-from-home for non-factory employees
- Stable, manufacturing operations continue

Financial Section

Q1 2020 Non-GAAP Results

(in \$M, except EPS)	Q1 2020	Q1 2019	△
Revenue	23.8	28.2	-15.7%
Adjusted Gross Profit* <i>Adj. Gross Margin</i>	13.0 54.6%	16.2 57.5%	-19.8% -290 bps
Adj. Operating Expenses* <i>(% of revenue)</i>	(12.5) 52.6%	(13.7) 48.6%	-8.8%
Adj. Operating Income* <i>Adj. Operating Margin</i>	0.5 2.0%	2.5 8.9%	-80.0% -690 bps
Adjusted Tax Rate*	32.6%	21.1%	
Adjusted Net (Loss) Income* <i>% of revenue</i>	(0.5) -2.0%	0.7 2.3%	
Adjusted Diluted EPS*	(0.01)	0.02	
Diluted Shares Outstanding	38.3	37.7	+1.6%
(\$M)	Q1 2020	Q1 2019	△
Net Debt	(44.3)	(52.8)	-16.1%
Cash Flow From Operations	2.9	2.0	+0.9

- Gross margin down primarily from global reduction in revenue with COVID-19 onset
- Operating expense reduction includes impact of Q4'19 restructuring, ongoing cost focus – Covid-19 actions start in Q2
- Operating margin decline on volume
- Positive cash flow, net debt reduction continues including \$5M term loan principal payment in March

* Denotes Non-GAAP, reconciliations to GAAP financial measures are available in the earnings press release and the appendix at the end of this presentation.

2020 Outlook

2020 Looking Forward

Aggressive actions through Covid-19, lean the business to create profitable platform

- Expect combined CROs and Pharma revenues to continue to grow
- Covid-19 impact: expecting second quarter revenue to decrease 20-30% year over year and to begin recovering as Academic labs reopen in the second half
- Took immediate action to offset Q2 margin impacts and continue to move to leaner organization and operation
- Expect improving gross margins and operating margins as Academic revenues recover
- Maintain cash flows, meet debt obligations while we build a leaner more profitable business

Thank You

Appendix

GAAP Income Statements

(in \$M, except EPS)	Q1 2020	Q1 2019
Revenue	23.8	28.2
Gross Profit <i>Gross Margin</i>	13.0 54.6%	16.2 57.3%
Operating Expenses <i>% of revenue</i>	16.3 68.4%	16.3 57.7%
Operating Loss <i>Operating Margin</i>	(3.3) -13.8%	(0.1) -0.4%
Net Loss <i>% of revenue</i>	(4.5) -19.0%	(2.4) -8.4%
EPS	(0.12)	(0.06)

Balance Sheet

(in \$M)	Q1 2020	Q4 2019
<u>Assets</u>		
Cash & Cash Equivalents	5.9	8.3
Accounts Receivable	15.4	20.7
Inventories	23.2	22.1
Other Current Assets	3.7	2.5
Total Current Assets	48.2	53.6
Property, Plant, Equipment	4.5	4.8
Goodwill & Other Intangibles	93.6	95.8
Other Assets	10.0	10.7
Total Assets	156.3	164.9
<u>Liabilities & Stockholders' Equity</u>		
Current Portion, LT Debt	2.8	6.9
Other Current Liabilities	20.7	18.4
Total Current Liabilities	23.5	25.3
Long-Term Debt	46.3	46.9
Other Long-Term Liabilities	10.5	11.0
Stockholders Equity	76.0	81.7
Total Liabilities & Stockholders' Equity	156.3	164.9

Cash Flow Statements

(in \$M)	Q1 2020	Q1 2019
Net Cash Provided by Operating Activities	2.9	2.0
Additions to PP&E	(0.2)	(0.1)
Other investing activities*	-	-
Net Cash Used in Investing Activities	(0.2)	(0.1)
Repayments of debt	(4.8)	(4.6)
Other financing activities	(0.3)	(0.4)
Net Cash Used in Financing Activities	(5.1)	(5.0)
Effect of exchange rate changes on cash*	-	-
Cash at Beginning of Period	8.3	8.2
Cash at End of Period	5.9	5.0
Decrease in cash	(2.4)	(3.1)

* - less than \$0.1 million

GAAP to Non-GAAP Reconciliation



(In thousands)

	Three Months Ended	
	March 31,	
	2020	2019
GAAP gross profit	\$ 12,982	\$ 16,154
Stock-based compensation expense	10	14
Severance, restructuring and acquisition costs	(41)	2
Non-cash expense - acquisition accounting	20	57
Adjusted gross profit	\$ 12,971	\$ 16,227
GAAP gross profit % of revenue	54.6%	57.3%
Adjusted gross profit % of revenue	54.6%	57.5%
GAAP operating expenses	\$ 16,255	\$ 16,273
Stock-based compensation expense	(783)	(573)
Severance, restructuring and acquisition costs	(1,512)	(493)
Intangible assets amortization and impairments	(1,427)	(1,430)
Non-cash expense - acquisition accounting	(37)	(62)
Adjusted operating expenses	\$ 12,496	\$ 13,715

GAAP to Non-GAAP Reconciliation



(In thousands, except EPS)

	Three Months Ended	
	March 31,	
	2020	2019
GAAP operating loss	\$ (3,273)	\$ (119)
Stock-based compensation expense	793	587
Severance, restructuring and acquisition costs	1,471	495
Intangible assets amortization and impairments	1,427	1,430
Non-cash expense - acquisition accounting	57	119
Adjusted operating income	\$ 475	\$ 2,512
GAAP operating loss % of revenue	-13.8%	-0.4%
Adjusted operating income % of revenue	2.0%	8.9%
GAAP net loss	\$ (4,516)	\$ (2,370)
Stock-based compensation expense	793	587
Severance, restructuring and acquisition costs	1,471	495
Intangible assets amortization and impairments	1,427	1,430
Non-cash expense - acquisition accounting	57	119
Income taxes (A)	287	399
Adjusted net (loss) income	\$ (481)	\$ 660
GAAP loss per common share	\$ (0.12)	\$ (0.06)
Adjusted items after tax per share assuming dilution	0.11	0.08
Adjusted diluted (loss) earnings per common share	\$ (0.01)	\$ 0.02

(A) Income taxes includes the tax effect of adjusting for the reconciling items using the calculated effective tax rate, including the post-2017 impact of tax reform in the jurisdictions in which the reconciling items arise.